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PILBARA

Pilbara August 2023 Bi- Monthly Economic Snapshot



HIGHLIGHTS

Interest rates

At its seventh meeting for 2023, held 1 August 2023, the RBA Board decided to leave the cash rate unchanged at 4.10%. Interest rates have been increased by 4% since May 2022 with the aim of the higher interest rates being to establish a more sustainable balance between supply and demand in the Australian economy. The Board determined that in view of the uncertainty surrounding Australia's economic outlook that it would leave interest rates on hold to allow the RBA further time to assess the impact of the higher interest rates on the economy.

The RBA noted that inflation in Australia is declining however is still too high at 6%. Goods inflation has eased however the cost of many services are continuing to increase. Rent inflation is also elevated. Importantly the RBA advised that its forecast is for CPI inflation to continue to decline, to be around 3.25% by the end of 2024 and to be back within the 2-3% range in late 2025.

GDP growth is below trend and household consumption growth is weak. Labour market conditions remain very tight with job vacancies and advertisement still at high levels. Wages growth has picked up in response to the tight labour market and high inflation. The labour market is extremely tight in the Pilbara, exacerbated by the lack of affordable housing.

WA's Aboriginal Cultural Heritage Act 2023

In early August 2023 the WA Premier announced that the State's controversial Aboriginal cultural heritage laws, the *Aboriginal Cultural Heritage Act 2023* (which came into effect on 1 July 2023) would be abolished and the law would revert to the original 1972 legislation with 'simple and effective amendments'.

The WA Premier announced that under the new amendments the WA Government would embark on a 'long term plan over the next decade to undertake heritage surveys of unsurveyed areas in high-priority sections of the state and with the consent of landowners. (cont' p5)



HIGHLIGHTS



COST OF LIVING IN THE PILBARA



OTHER PILBARA NEWS (INVESTMENT, LEGISLATION, GOVERNANCE)





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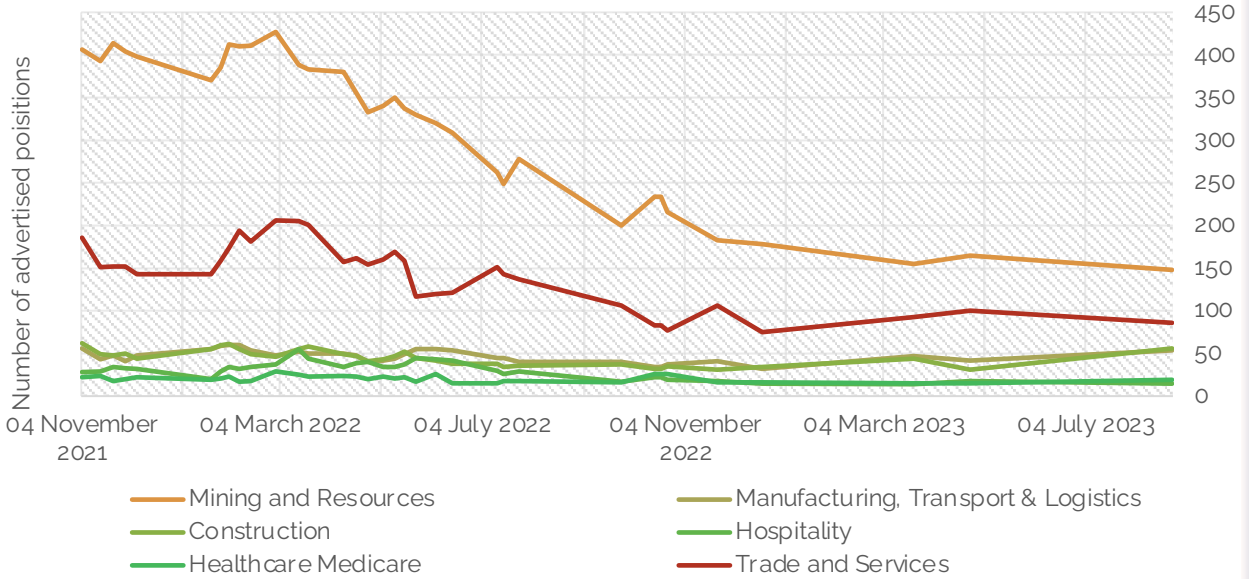
COST OF LIVING IN THE PILBARA

Employment

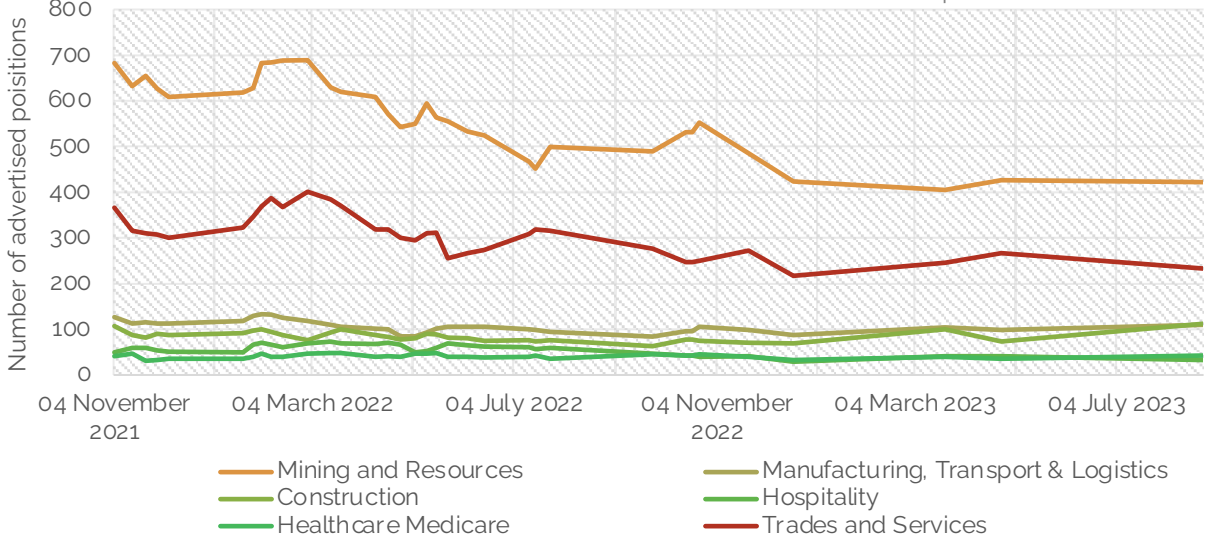
The Pilbara region's advertised job availabilities trend has remained steady since the start of 2023. Minor increases in job availabilities have been observed in the Manufacturing, Transport & Logistics and Construction sectors. The total number of Pilbara based jobs advertised at the end of August was 1198, some 600 positions fewer than at the end of 2021.

Western Australia's unemployment rate in July 2023 was 3.5% which marks the 16th consecutive month where WA's unemployment rate sat below 4% (Australian Bureau of Statistics 2023). Australia's national unemployment average is 3.6% with Queensland, South Australia and Tasmania having the greatest unemployment over 4% while New South Wales has the lowest unemployment rate at 3.2%. Australia Bureau of Statistics wide wages increased 0.8 % this quarter and 3.6 % annually.

Number of Advertised Jobs in the Karratha in the Respective Sectors



Number of Advertised Jobs in the Pilbara in the Respective Sectors





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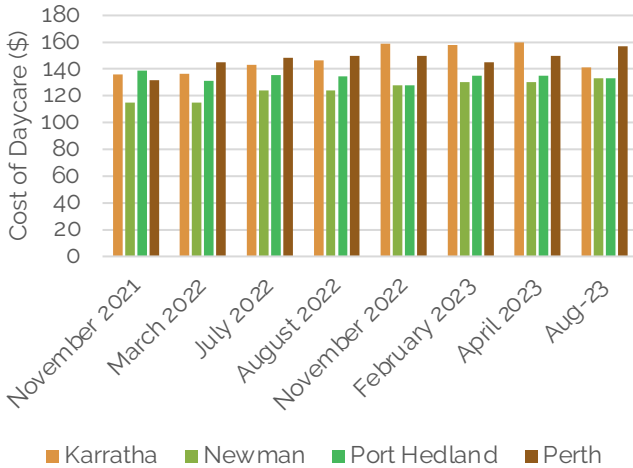


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COST OF LIVING IN THE PILBARA CONT'

Cost of a Day of Childcare Across Western Australia



Childcare Centre Costs
 The recorded averages of Childcare centres have overall increased at the start of the 23/24 financial year. On average, the cost of childcare remains the highest in Karratha and certain suburbs in Perth. Newman and Port Hedland's childcare centre prices vary around \$130 per day on a casual rate.

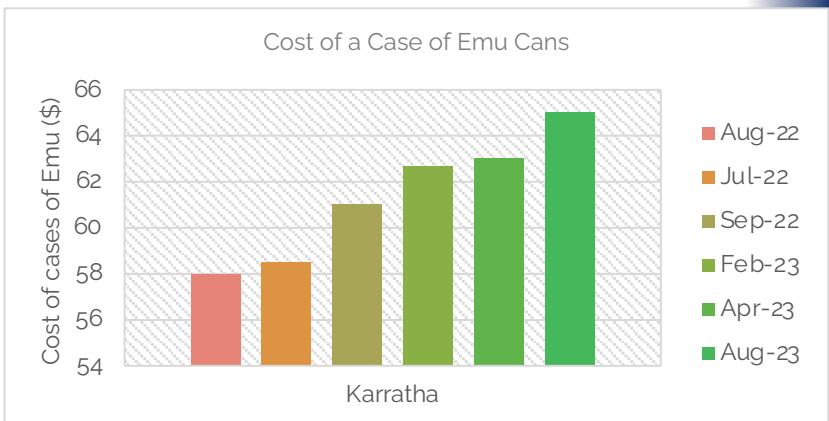
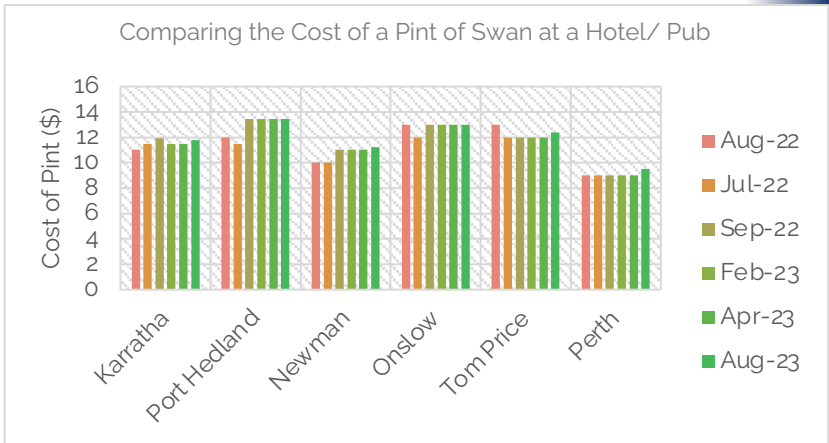
The website Care for Kids has data representations of average costs of childcare and vacancies in the centres listed. From the ones presented, Perth had 100% availability in their centres, 80% in Port Hedland, 66% in Port Hedland and 50% in Newman. In Karratha and Dampier, many childcare centres have availabilities in older children rooms 3+ while waiting lists for baby rooms could be up to 2 years. Many of the Karratha childcare centres recommend putting your name down on the waitlist as early as possible, with an option of adding unborn babies to waiting lists for baby rooms.

Alcohol Prices in Western Australia

Alcohol prices are a key indicator of the cost of living in areas of Australia. Rural regions have historically had higher prices than metropolitan areas due to isolation factors. The cost of transportation, fuel, storage, electricity and retaining staff members are all contributing factors for price increases.

Data gathered from a cross selection of outlets in August 2023 revealed that the cost of a pint of Swan Draught has increased on by around \$1 since April 2023. The average pint of Swan Draught is \$3 more in rural areas when compared to Perth, Newman's licensed venues have the cheapest pint of beer available in the Pilbara. Meanwhile, Port Hedland's prices are at the higher end. Locals take advantage of happy hours for Swan Draught pints frequently discounted to \$10 to rival Perth's \$9 average cost.

The cost of a carton of Emu Cans in Karratha has been tracked from an average of selected bottle shops to see an upwards trend steadily increasing in price since August 2022. Bottle shops make use of smart pricing and discounts to move stock, so prices are subject to specific retailers.





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COST OF LIVING IN THE PILBARA CONT.

Fuel Price Trend

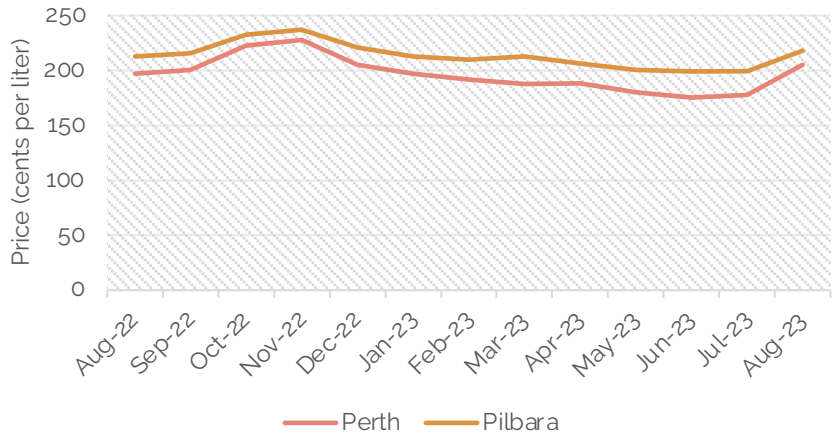
Fuel Prices in the Pilbara

ULP and Diesel prices have both experienced a steep increase from July 2023 to August 2023. This is primarily due to wholesale price rises for oil. Diesel prices have risen by 25 cents in Perth and 20 cents in the Pilbara from their low in May 2023. ULP prices have similarly increased by 20 cents in Perth and 15 cents in the Pilbara. The smaller increases in the rural areas can be due to previously steady higher prices (Fuel watch 2023).

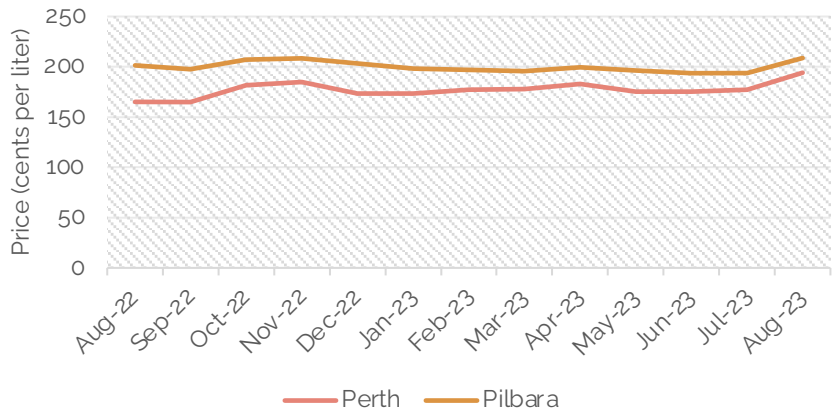
Australian fuel prices have reached the highest levels for 2023 to date as the pressures from the global oil market flow to petrol stations across the country. Since the Federal Government's halving of the fuel excise ended in September 2022, the national average was between 175 and 180 cents a litre. Perth's prices were firmly within this range while Pilbara's fuel stations were frequently 15 cents more on average. The global pressures of crude oil prices and wholesale price for both ULP and diesel jumped as much as 20-30 cents a litre in the past month (ABC 2023).

The two main reasons for rising petrol prices across the country include tightening oil markets due to resilient demand and OPEC+ supply cuts; and the fall of the Australian dollar.

Average Price of Diesel from August 2022 until August 2023



Average Price of ULP August 2022 until August 2023



Data from Fuel Watch



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Fortescue's First Magnetite Shipment

Fortescue's first shipment from its newly built, majority-owned Iron Bridge operations, in Western Australia, has been delivered to Vietnam marking the first time the company has exported a high-grade magnetite product. It follows first production earlier this year, which saw the plant surpass expectations with a first run grade of greater than 67% Fe.

Renewables Investment in the Pilbara

On 29th August the Prime Minister announced \$3billion in concessional loans and equity investment from the Clean Energy Finance Corporation would be allocated to projects that expand and modernise WA's energy grid. The majority of the money will be invested in projects in the Pilbara (considered by the the Energy Minister, Chris Bowen, to be Australia's hardest grid to decarbonise. The \$3b investment is anticipated by the WA State Government to create about 1800 jobs across WA

Renewables currently account for only 2% of the Pilbara regions energy.

Roll back of Aboriginal Cultural Heritage Act 2023

The survey results would be held and published by government. Areas where development is imminent would be prioritised. Aboriginal groups may appeal ministerial approvals to destroy Aboriginal cultural heritage sites and organisations are required to inform the government of any Aboriginal cultural heritage discoveries on their land.

Increased Gas Capacity at Wheatstone

On 23 August 2023, Chevron announced that WA's domestic gas production has increased after it made technical enhancement and plant modifications to increase production rates at its Wheatstone domestic gas facility. The official nameplate capacity of Wheatstone's domestic gas plant will increase from 205 terajoules per day to 215 terajoules per day - an increase of 5 per cent.

The Wheatstone domestic gas name plate change will be reflected on the Gas Bulletin Board WA which is operated by the Australian Energy Market Operator.

Fortescue Results & Closure of Clean Energy Funding Policy

On 28 August Fortescue Metals Group announced its full year results. FMG delivered US\$10 billion in underlying EBITDA (6% down on FY22), the third highest result in its history, underlying NPAT of US\$5.5b (11% down on FY22), net cash flow of US\$7.4b and free cash flow of US\$4.3b in FY23 on record iron ore sales of 192Mt. FMG also announced a \$US726m (A\$1.1 billion) impairment on the Iron Bridge magnetite project. This impairment dragged FMG's \$US5.5b underlying profit down to \$US4.8b.

FMG has announced that it has ended its capital allocation policy that dedicated 10% of iron ore earnings towards funding projects within the clean energy division. It was announced that going forward, all projects will be judged on their merits regardless of being either mining or energy projects.

National Economic Development Conference 2023

The NEDC Conference 2023 was held from 22-24 August in Karratha, WA.

Federal Government's 1.2m new homes target

On 16 August, the Albanese Government announced that it had pledged \$3b in federal funding to address Australia's housing shortage and that the Federal Government had struck an agreement with the state premiers and chief minister for National Cabinet on increasing the target for the National Housing Accord to build 1.2 million new well-located homes over five years from 1 July 2024.

Future Energy Prices

In a speech to the Australian National University on 29th August 2023, the incoming RBA governor, Michel Bullock stated that "sky-high energy prices could increase even further if the closure of coal-fired power plants is not matched with renewable generation and storage capacity". Ms Bullock warned that a failure to invest in sufficient alternative general capacity would pose a major risk to the Australian economy.

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