



An Australian Government Initiative



Regional Development Australia

PILBARA

Pilbara April 2023 Bi- Monthly Economic Snapshot



HIGHLIGHTS

Interest rates

At its third meeting for 2023 (4 April 2023), the Reserve Bank of Australia (RBA), decided to hold interest rates at 3.6% for the first time in 2023. This decision follows a 10 months cumulative increase in interest rates of 3½ percentage points since May last year. The RBA's decision to hold interest rates steady in April 2023 is to provide it with additional time to assess the impact of the increase in interest rates to date and the economic outlook including whether inflation has peaked in Australia.

The RBA advised that "global inflation remains very high.. The outlook for the global economy remains subdued, with below-average growth expected this year and next. The recent banking system problems in the United States and Switzerland have resulted in volatility in financial markets and a reassessment of the outlook for global interest rates. These problems are also expected to lead to tighter financial conditions, which would be an additional headwind for the global economy.

It further advised that goods price inflation is expected to moderate over the months ahead due to global developments and softer demand in Australia.

Meanwhile, rents are increasing at the fastest rate in some years, with vacancy rates low in many parts of the country. The prices of utilities are also rising quickly. The central forecast is for inflation to decline this year and next, to around 3 per cent in mid-2025.

Growth in the Australian economy has slowed, with growth over the next couple of years expected to be below trend. There is further evidence that the combination of higher interest rates, cost-of-living pressures and a decline in housing prices is leading to a substantial slowing in household spending.. The unemployment rate is at a near 50-year low and underemployment is also low. Many firms continue to experience difficulty hiring workers, although some report an easing in labour shortages and the number of vacancies has declined a little. As economic growth slows, unemployment is expected to increase.



HIGHLIGHTS



COST OF LIVING IN THE PILBARA



OTHER PILBARA NEWS (INVESTMENT, LEGISLATION, GOVERNANCE)





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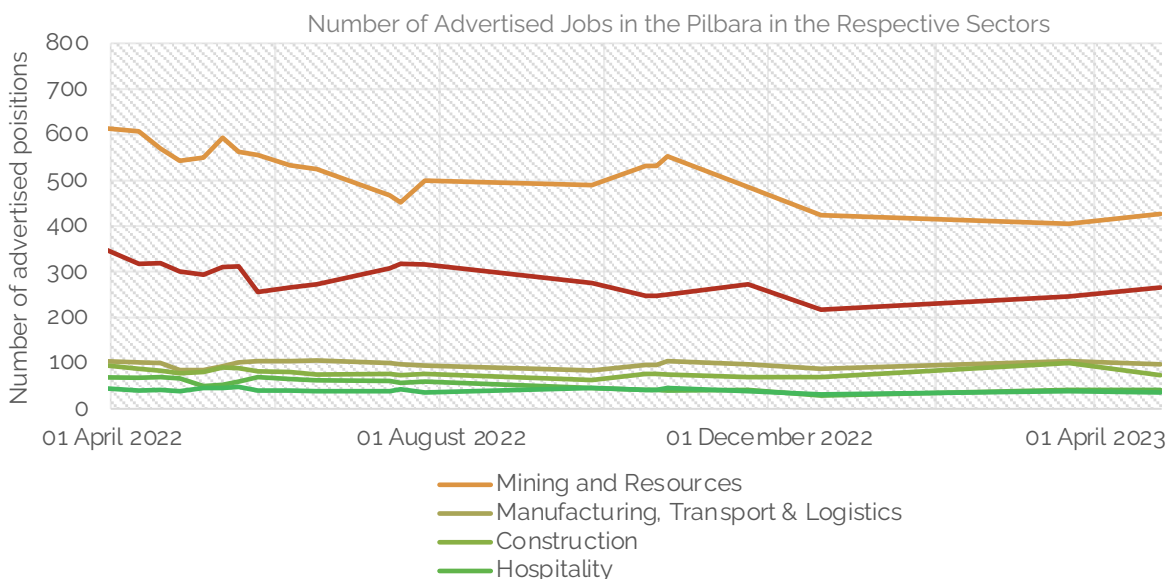
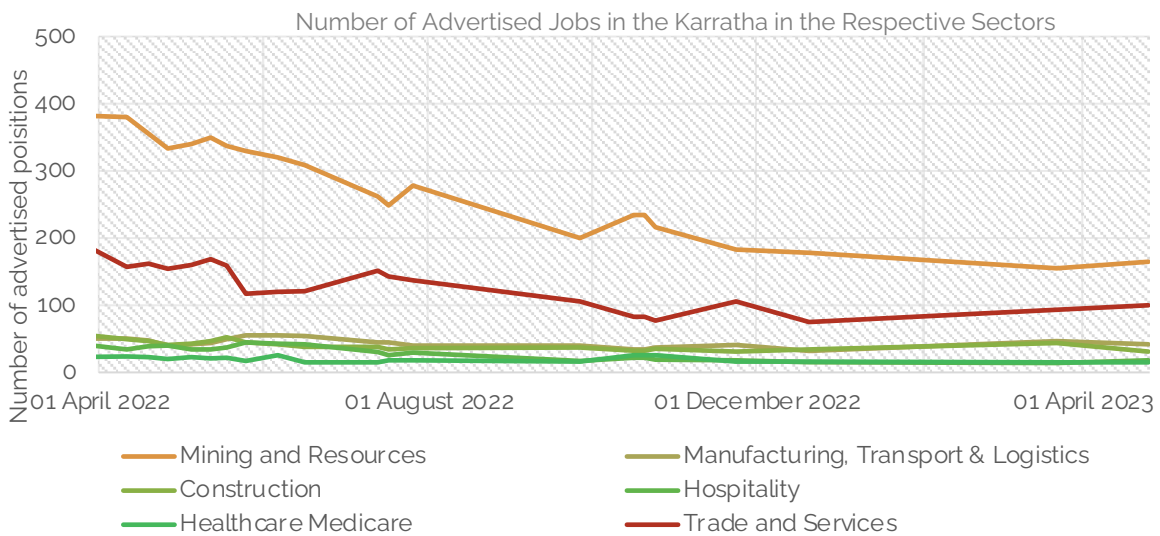
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COST OF LIVING IN THE PILBARA

Job Vacancies

The Pilbara region has witnessed a steady employment growth trend since the beginning of 2023. Among the various sectors, Trades & Services, along with Mining & Resources, have observed a marginal increase in job advertisements. This indicates growing activity in the mining sector, including a 3% rise in output at the Pilbara Ports Authority between March 2022 and 2023. Karratha's advertised positions reflect similar trends to the greater Pilbara, with Construction, Manufacturing, Transport & Logistics being the only sectors with fewer job advertisements than the start of 2023.

The unemployment rate in the Pilbara region has significantly declined over the years. As per the REMPLAN (2023) report, the unemployment rate in Pilbara was 3.5% in December 2019, which decreased to 1.5% in March 2023. This is a remarkable reduction compared to Australia's overall unemployment rate, which remained steady at 3.5% since February 2023, as per the Australian Bureau of Statistics (2023) report. It is noteworthy that Australia's unemployment rate has decreased from 5.5% in March 2018 to the current low, which is a significant positive trend.





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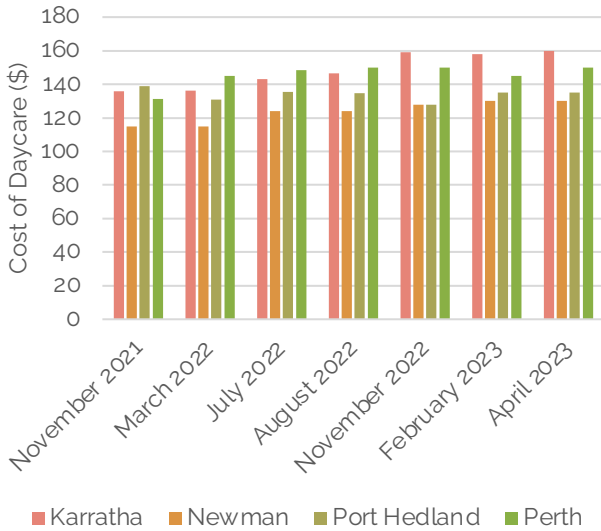


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COST OF LIVING IN THE PILBARA CONT'

Cost of a Day of Childcare Across Western Australia



Child Care

The Pilbara region childcare demand remains a key limiting factor to families migrating to the area. Despite the establishment of several new childcare centres, the demand for baby and toddler day-care options remains significant. This can be attributed to a shortage of skilled workers in the childcare service industry, a trend that is prevalent across the country.

Prices for a day of childcare have remained constant since the last increase in 2022 across the Pilbara (excluding Karratha), with availability the limiting factor.

The shortage of quality childcare services is not unique to the Pilbara region but is a nationwide concern, with approximately one-third of Australians living in childcare deserts, including the Pilbara region, as reported by the Guardian in 2022 Guardian.

Comparing Alcohol Prices in the Pilbara

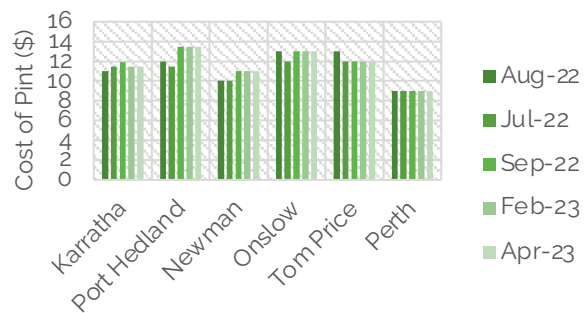
Alcohol in rural areas has historically been subject to higher pricing as compared to metropolitan areas. Such elevated pricing patterns can be attributed to increased transportation costs and the associated expenses pertaining to fuel, storage and electricity.

As per the WA data collected since March 2022, a pint of Swan Draught remains 3-4 dollars higher in rural and regional areas in comparison to Perth. In the Pilbara, Newman boasts the lowest average price for Swan Draught, whereas Port Hedland has the highest average price for Swan Draught.

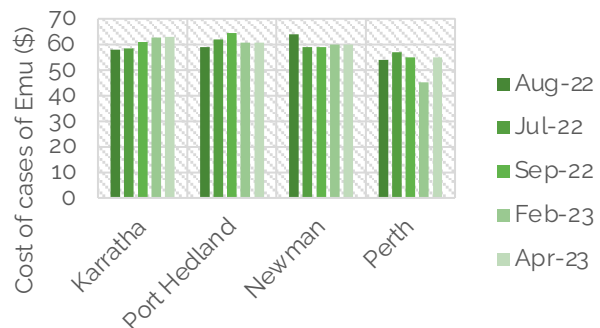
In the example of Emu Export cans, prices have fluctuated in recent years. Specifically, Perth's prices have remained notably lower than Pilbara prices across all towns.

According to the Australian Broadcasting Corporation (ABC), in 2023 there is a possibility of the imposition of new alcohol restrictions on local liquor licenses in Carnarvon. This development is based on the 10-year high crime rates that were recorded in December 2022. These restrictions are similar to those implemented in the Pilbara region in March 2019.

Comparing the Cost of a Pint of Swan at Pubs in Western Australia



Cost of a Case of Emu Cans at Bottle Shops in Western Australia





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COST OF LIVING IN THE PILBARA CONT.

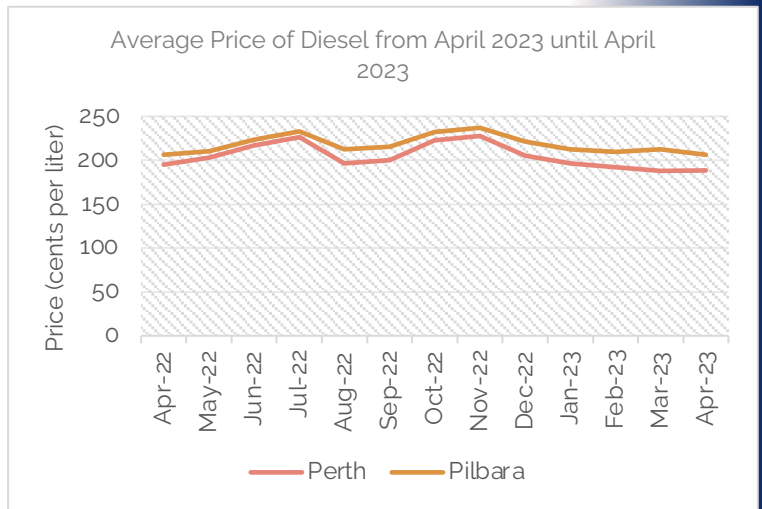
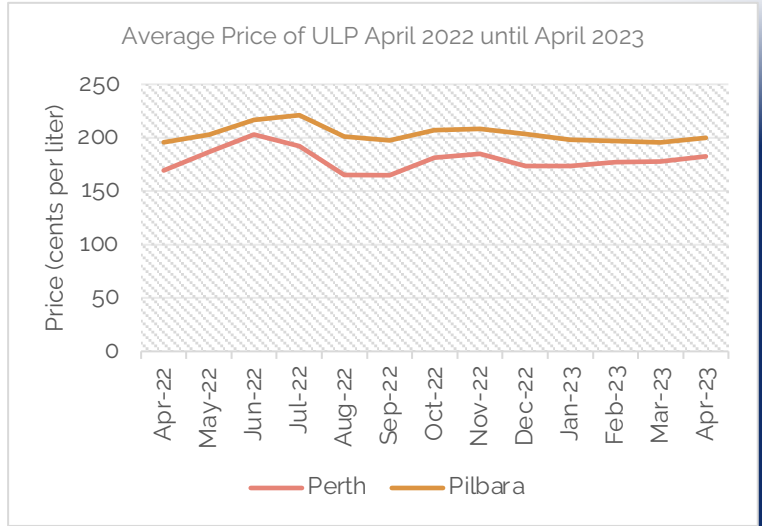
Fuel Price Trends

The average retail price of ULP in Perth increased from 178.0 cpl in March 2023 to 182.8 cpl in April 2023. Meanwhile the Pilbara also experienced a 4-cent increase from 195.6 to 199.7 cpl.

Despite a lower global oil price in April 2023, the retail refined ULP experienced a slight increase. This growth in petrol prices in the March Quarter is a result of the fuel excise and higher retail margins. Average retail ULP prices in Perth are expected to rise due to a climbing crude oil price from its lows in February and March 2023.

Diesel prices increased by 1 cent in Perth from 187.9 to 188.1 cpl while Pilbara's prices dropped from 212 cpl to 206.3 cpl. Diesel prices remain on average 10 cents higher than petrol prices. International factors contributed to these higher retail diesel prices Australia wide.

Retail diesel prices remain higher than ULP prices due to international prices. Despite decreasing by 4 cents since February, international diesel prices remain high. Reduced supplies exported from Russia due to its invasion of Ukraine combined with a high demand for diesel as fuel in the Northern Hemisphere further contributed to a higher diesel price. In addition, refinery strikes in France kept Diesel prices high (Australian Competition & Consumer Commission 2023).



Data from Fuel Watch



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WA Record Annual Sales Record

On 23 April the Department of Mines, Industry Regulation and Safety revealed a new annual sales record for WA of \$246 billion. This \$15 billion increase on the 2022 record, was due to WA's flourishing lithium sector and soaring oil and gas prices.

Iron ore sales of \$126 billion were the leading contributor to the strong performance, despite prices coming off from all-time highs during 2021 amid a downturn in China's property and construction sectors.

Global Oversupply of LNG

An unexpected oversupply in the global LNG market has added to the challenges faced by Australia's gas producers just as they are being hammered on all sides by price intervention, toughened requirements on emissions reductions and looming petroleum tax changes.

The Australian Federal Treasurer is currently contemplating how to extract more from the 40% Petroleum Resource Rent Tax from offshore liquefied natural gas producers such as Woodside Energy (including its Pluto and Julimar-Brunello projects), and Santos as well as multinational giants Shell, Chevron and ConocoPhillips by bringing forward the taxing point on gas projects and the tightening of deductions.

The short-term price for LNG in North Asia has dived by about two thirds since its peak in August 2022 after a mild northern winter, leaving storage plants relatively full for this time of year. Reduced operations at French LNG import terminals over the past several weeks due to strike action is said to have contributed to the oversupply.

At \$US12.50 per million British thermal units, the price remains above long-term historical averages, and many analysts anticipate the oversupply hitting the market will be temporary as Europe continues to struggle to replace Russia as the key supplier of gas to their economies.

Peregrine Gold Explorations

Peregrine has raised \$3m to carry out exploration at its Pilbara based projects. It will use the funds to carry out costean sampling and diamond drilling at its Newman gold project, continue ongoing exploration at the Mallina gold project, and exploration activities at the Pilgangoora North, Stoney Creek, Rocklea and East Pilbara projects. .

Austin Engineering – Delivery of Indonesian Manufactured Truck Trays into the Pilbara to help supply chain issues.

Austin Engineering has completed its first shipment of Indonesia-built truck trays to the Pilbara in a strategic bid to mitigate supply issues as demand continues to grow in the Pilbara. Austin Engineering, a truck parts and products manufacturer shipped four truck trays from Indonesia through Singapore and into Port Hedland.

Skilled fabrication labour shortages had been a limiting factor for production, according to Austin stating that "alleviating these supply constraints has enabled the company's local WA facility to maintain more even operational output in line with local labour availability while ensuring Austin's customers continue to have access to products. A return of freight costs to pre-pandemic levels has also enabled Austin to augment the shipping of sub-assemblies into Perth for final build with the delivery of full truck trays direct to the Pilbara."

Austin has stated that "the shipment of truck trays directly from Indonesia to Port Hedland had removed the need for road haulage from Perth to their clients' mine sites in the Pilbara."

Perdaman Project Ceres

On Friday, 21 April 2023 it was announced that the Perdaman Project has secured funding for its giant \$6.4billion urea project to proceed in on the Burrup Peninsula. Construction commenced in late April with the Project expected to require 2000 - 2500 workers to complete design, construction and commissioning of the urea plant.

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