



An Australian Government Initiative



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PILBARA

# Pilbara June 2023 Bi- Monthly Economic Snapshot



## HIGHLIGHTS

### Interest rates

At its fifth meeting for 2023 (6 June 2023), the Reserve Bank of Australia (RBA), raised interest for the twelfth time since May 2023. The RBA increased the official cash rate by 0.25% to take rates to the highest level in 11 years at 4.1%. The RBA advised that *"inflation in Australia has passed its peak, but at 7 per cent is still too high and it will be some time yet before it is back in the target range. This further increase in interest rates is to provide greater confidence that inflation will return to target within a reasonable timeframe"*.

The RBA advised that its actions arose from its Board seeking to keep the economy on an even keel as inflation returns to the 2–3 per cent target range, noting that the path to achieving a soft landing remains a narrow one. A significant source of uncertainty continues to be the outlook for household consumption. The combination of higher interest rates and cost-of-living pressures is leading to a substantial slowing in household spending. Housing prices are rising again, and some households have substantial savings buffers, although others are experiencing a painful squeeze on their finances. There are also uncertainties regarding the global economy, which is expected to grow at a below-average rate over the next couple of years.

### Inflation

On 28 June 2023, the Australian Bureau of Statistics advised that the rate of inflation slowed to 5.6% in May from April's 6.8%. The monthly CPI also came in under economists' expectations of a 6.1%. The decline was driven by an expected fall in fuel prices, which were 8% lower over the year, and a drop in holiday travel and accommodation prices, which fell 11% in May.

This data will hopefully influence the RBA's decision to increase interest rates in July as the RBA has become increasingly concerned about the possibility inflation could prove harder to tame than first thought, as accelerating wages growth and stagnant labour productivity drives prices in the labour-intensive services sector higher.



## HIGHLIGHTS



## COST OF LIVING IN THE PILBARA



## OTHER PILBARA NEWS (INVESTMENT, LEGISLATION, GOVERNANCE)





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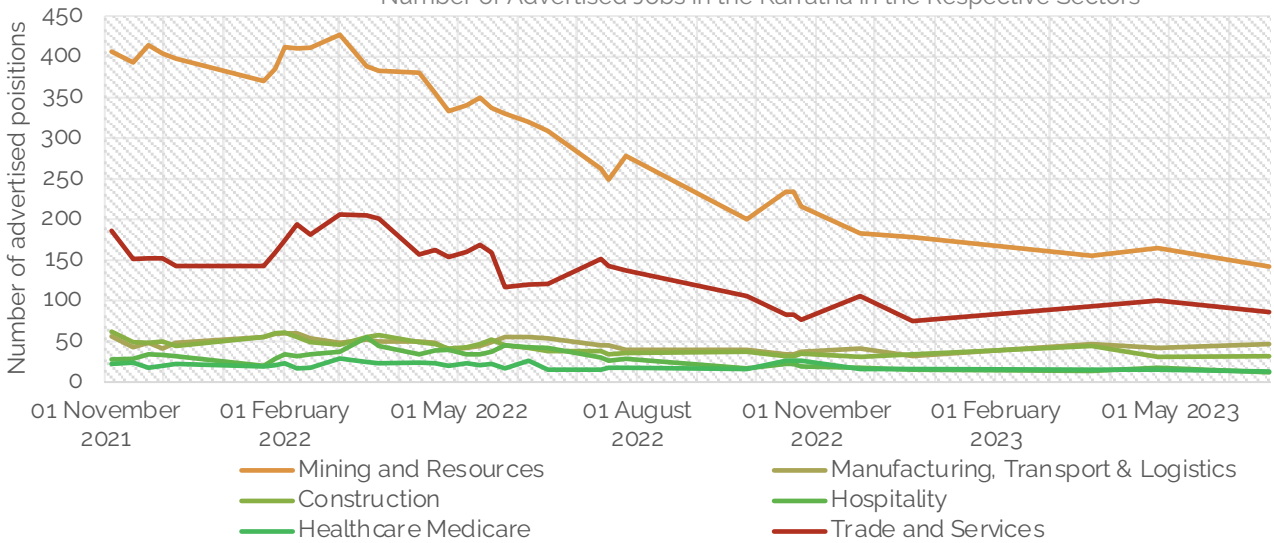
# COST OF LIVING IN THE PILBARA

## Employment

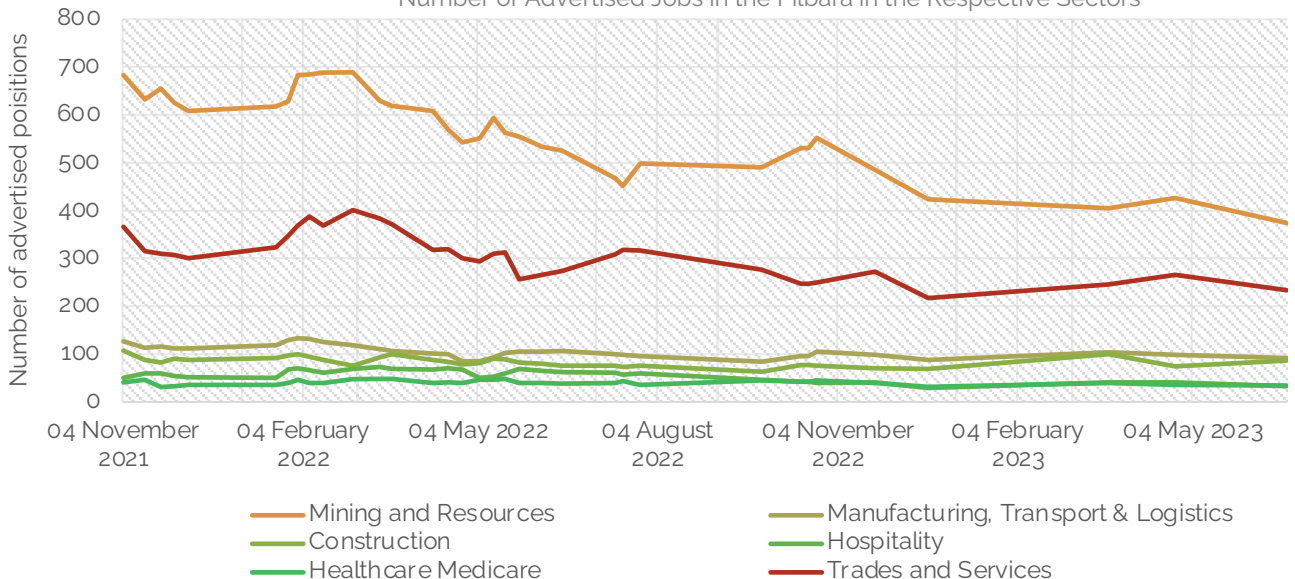
The Pilbara region's advertised job availabilities trend have decreased by half since an all-time high in February 2022. The only sectors to have increased employment availabilities are the Manufacturing, Transport and Logistics and Construction sectors. The total number of total jobs available in Karratha, Port Hedland and surrounding towns is 1300 in a variety of sectors.

The Billion Dollar Benefit Report by the Settlement Services International suggests that the best way of dealing with Australia's skills shortage through harnessing skills from refugees and migrants.

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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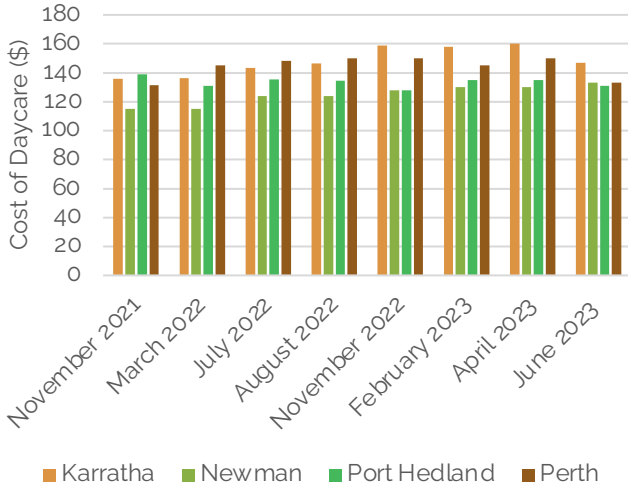


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## COST OF LIVING IN THE PILBARA CONT'

Cost of a Day of Childcare Across Western Australia



### Childcare Centre Costs

Childcare services have kept the same prices for the last six months; however, several are planning increases for the New Financial Year. On average, the cost of childcare remains the highest in suburbs in Karratha when compared to the rest of the country. For example, one national childcare service provider offers a full day permanent/casual bookings for as low as \$63 at Yarralin, \$135 at Pannawonica, \$145 at Derby with the highest cost at \$150 at their Wickham facility (One Tree, 2023).

Overall, the pinch point for many families in rural areas is that childcare centres are full and waiting lists extend for up to 3 years in some cases. Dampier, Karratha and Port Hedland each recommend signing up for the waitlist for babies' rooms as soon as possible. Perth's childcare prices offer a greater range of choices depending on location and program. Most importantly, many centres have immediate availability families with children.

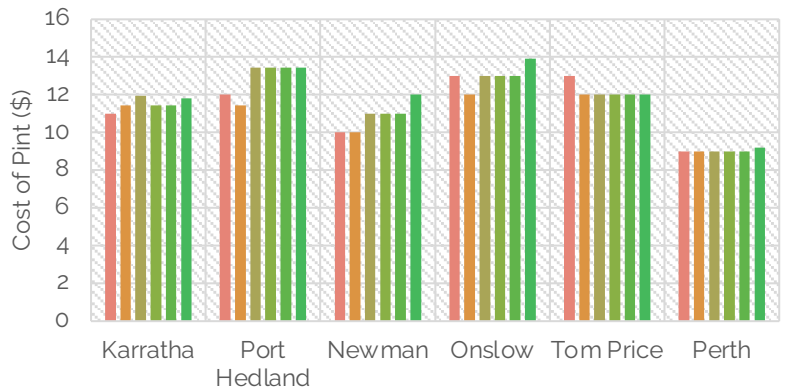
### Alcohol Prices in Western Australia

Alcohol prices remain one of the key indicators of the cost of living in Australia. Rural areas have higher prices than metropolitan areas due to cost of transportation, fuel, storage, electricity and retaining staff members.

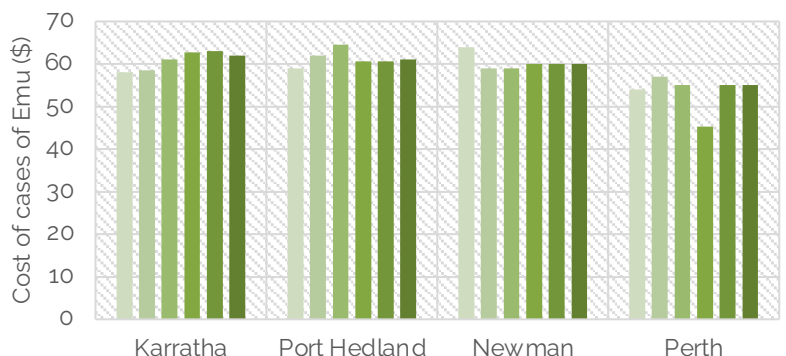
Data gathered from a selection of hotels in Western Australia in June 2023 showed a pint of Swan Draught is on average \$3 more in rural areas when compared to Perth. As with previous months, Newman has the cheapest pint of beer available out of the regional towns while Port Hedland's prices are at the highest end. Many pubs offer pints at \$10 during Happy Hour that helps rival Perth's \$9 average cost.

The cost of a case of Emu cans in Perth on average has stayed below even specials offered in regional areas. Port Hedland, Newman and Karratha also all offer frequent sales and specials with a case of Emu Export cans dipping to \$58.

Comparing the Cost of a Pint of Swan at a Pub



Cost of a Case of Emu Cans across Western Australia





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# COST OF LIVING IN THE PILBARA CONT.

## Fuel Price Trend

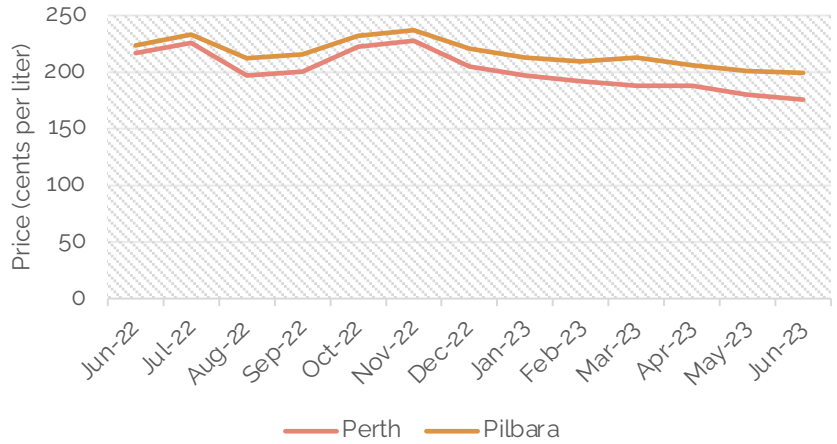
### Fuel Prices in the Pilbara

ULP and Diesel prices have both continued their downward trend from the all time high in November 2022. Diesel dropped by 7 and 4 cents in Perth and the Pilbara, respectively. The ULP in Perth dropped marginally by 3 cents in the past month in comparison to the Pilbara's smaller drop of 1 cent on average

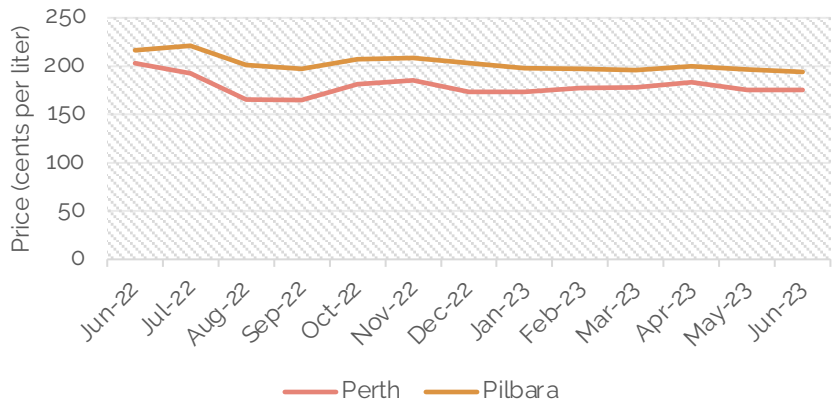
The average duration of fuel price cycles in Sydney are around 6 weeks, in Melbourne and Brisbane they are around 5 weeks and in Adelaide it was just over 2 weeks. Perth currently has regular weekly price cycles. Currently the prices have overall experienced a downward trend. The buying tip is to purchase fuel on weekdays around midday.

Australian fuel prices are closely linked to relevant international prices. The Singapore benchmark price of petrol is a key benchmark to domestic fuel prices across the country (Australian Institute of Petroleum, 2023). Petrol plus shipping costs in addition to Australian taxes contribute to the entire wholesale price of petrol. This then trickles down to the consumers with regional areas such as the Pilbara experiencing a 7-cent surcharge on average.

Average Price of Diesel from June 2022 until June 2023



Average Price of ULP June 2022 until June 2023



Data from Fuel Watch



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## OTHER PILBARA NEWS (INVESTMENT, LEGISLATION, GOVERNANCE)

### BCI's Mardi Salt Secures Offtake Agreement

BCI Minerals has signed an offtake agreement with Japanese investment firm Itochu Corporations to supply salt from its flagship Mardi Project located in the Pilbara. BCI is developing the project located on the Pilbara coast in the centre of Western Australia's key salt production region. Mardie has been designed to produce about 5.3 million tonnes per annum of high-purity salt and about 140ktpa of Sulphate of Potash (SOP) via solar evaporation of seawater

### Federal Government's Critical Minerals Strategy

On 20 June the Australian Federal Government released its Critical Minerals Strategy (**CM Strategy**). The CM Strategy sets out the Federal Government's vision to grow Australia's critical minerals wealth, create Australian jobs in mining and manufacturing, strengthen global clean energy supply chains, and support the world to achieve net zero emissions. Under the Strategy, the Government will target \$500 million of new investment into critical minerals projects, via the Northern Australia Infrastructure Facility.

Independent modelling has found increasing exports of critical minerals and energy-transition minerals could create more than 115,000 new jobs and add \$71.2 billion to GDP by 2040. However, job numbers could increase by 262,600, and the increase in GDP strengthen to \$133.5 billion by 2040 if Australia builds downstream refining and processing capability and secures a greater share of trade and investment.

Australia is the world's largest producer of lithium, the third largest producer of cobalt and fourth largest producer of rare earths. Australia also produces significant amounts of metals such as aluminium, nickel and copper, which combined with critical minerals, are crucial for low-emissions technology such as electric vehicles, batteries, solar panels, and wind turbines.

### Federal Childcare Subsidies (CCS)

From 10 July 2023, CCS subsidies will increase with the maximum amount of CCS available increasing from 85% to 90% for families earning up to \$80,000. In most cases, the increased subsidies will be implemented automatically.

The income limit for CCS is also increasing from \$356,756 to \$530,000. If individuals earn over \$80,000, they may get a subsidy starting from 90%. This will go down by 1% for each \$5,000 of income your family earns. The CCS percentage received depends on a family's overall income.

### Aboriginal Cultural Heritage Act 2023

On 1 July 2023, the WA Aboriginal Cultural Heritage Act will come into effect. This Act requires approval from Aboriginal groups for any activity potentially impacting cultural heritage.

The new Act establishes Local Aboriginal Cultural Heritage Services, or LACHS, which will be responsible for determining whether an activity will cause "harm" to cultural heritage. Under a three-tiered system, anyone on more than 1100 square metres of land will be required to apply for a permit from their LACHS before carrying out certain activities, such as digging fences, planting trees or clearing tracks.

Penalties for damaging a cultural heritage site range from \$25,000 to \$1 million for individuals and \$250,000 to \$10 million for corporations, as well as jail time.

### Chamber of Minerals & Energy Annual Survey

An analysis of 71 Western Australian resources sector companies by the CME has found the the WA's mining, energy and contractor industries contributed a direct \$98.98 billion to Australia's economy in 2021-22 and directly employed more than 69,000 full-time Australians.

The results aggregate responses from the CME's annual survey of ordinary member companies, supplemented with data from public company reports. The data collected and analysed covers more than 100 operational sites and a dozen commodities across the State, representing 83 per cent of the WA resources sector by production.

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