

November 2020

# Unpacking the global and local economies

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An aerial photograph of a modern city waterfront, likely Sydney, Australia. The image shows a large, curved bridge with a distinctive arch design spanning a body of water. In the background, a dense urban skyline is visible, featuring several tall skyscrapers. The foreground shows the water with some small boats and a few people walking on the bridge. The overall scene is captured in a blue-tinted, slightly desaturated style.

# The global picture



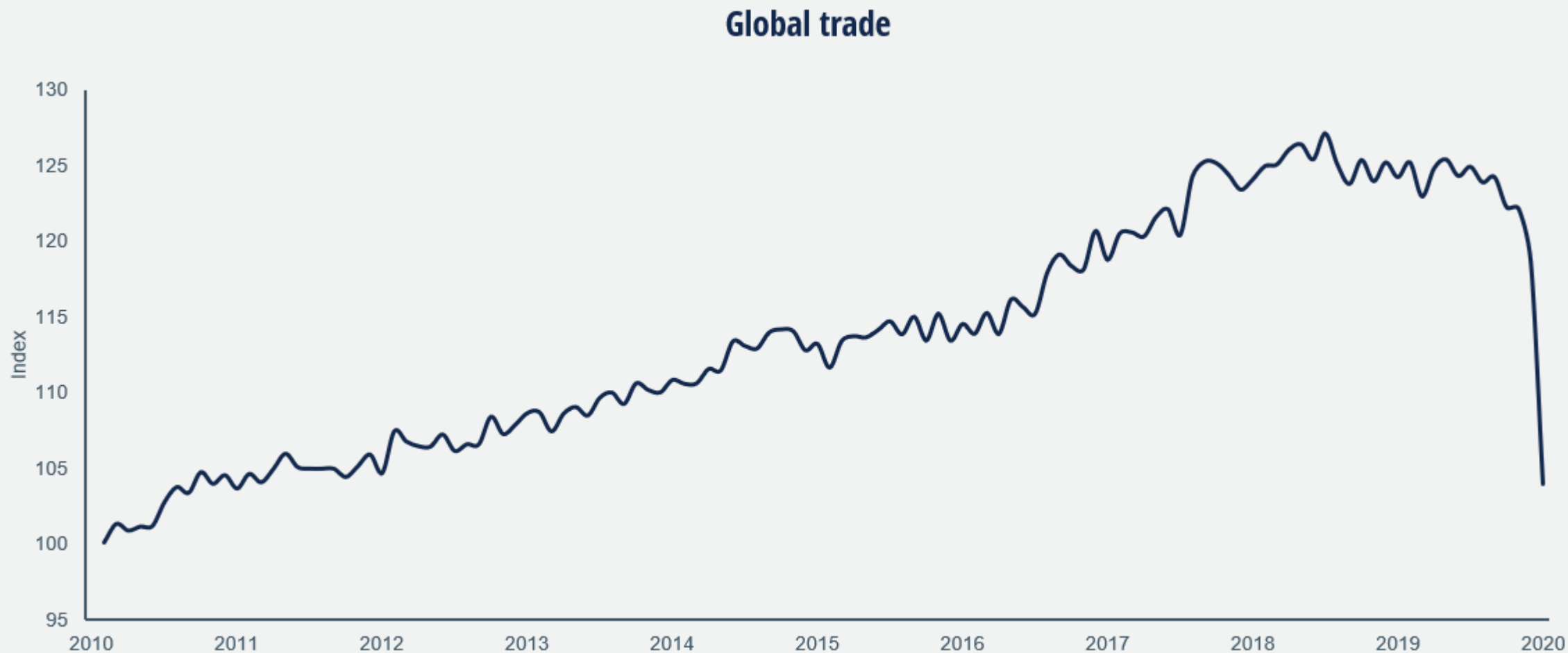
Chamber of Commerce  
and Industry WA



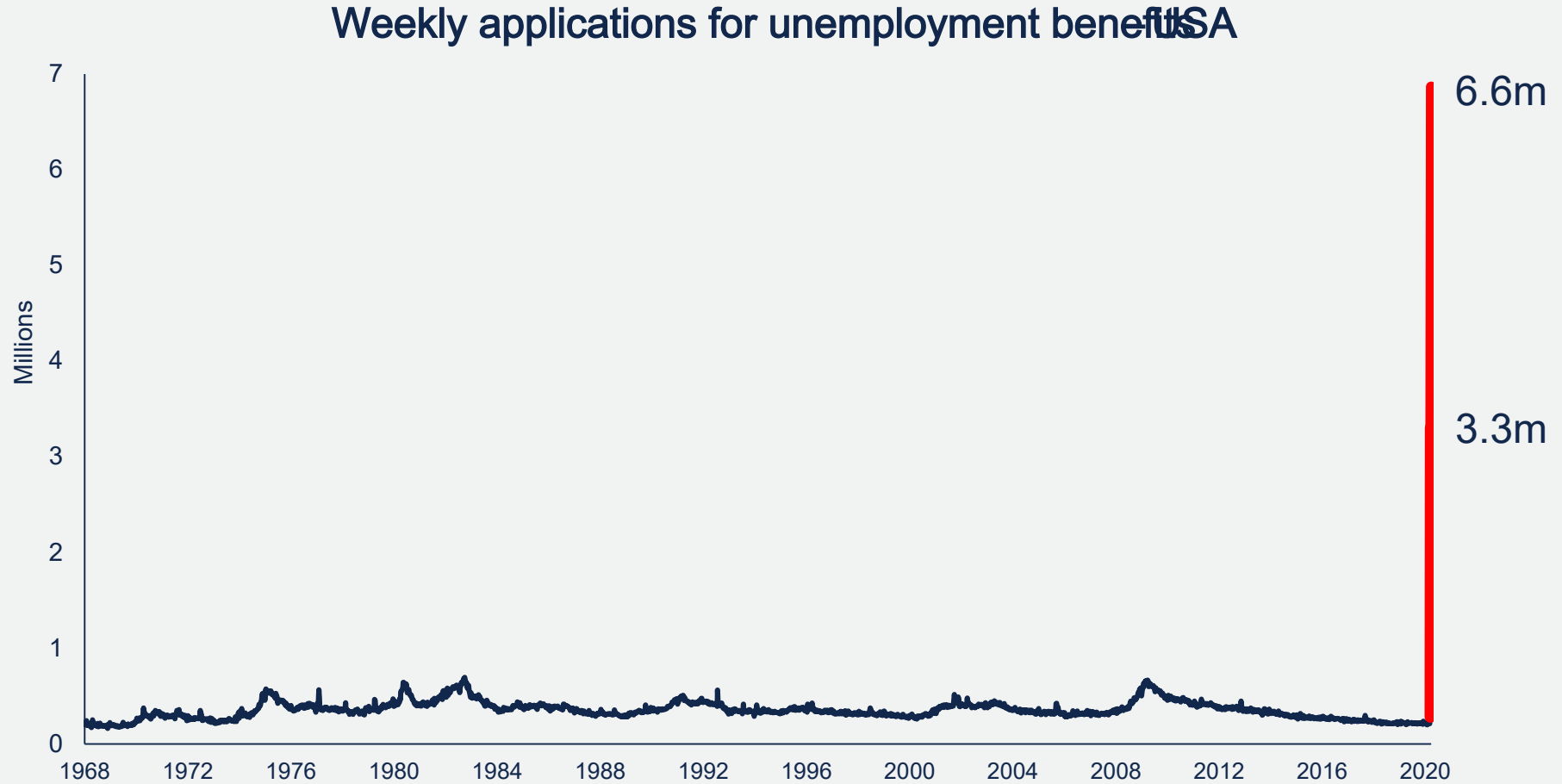
# A world in lockdown



# Global trade hammered



# An economic shock like no other



# Australia has weathered the storm relatively well



# COVID hotspots past 7 days



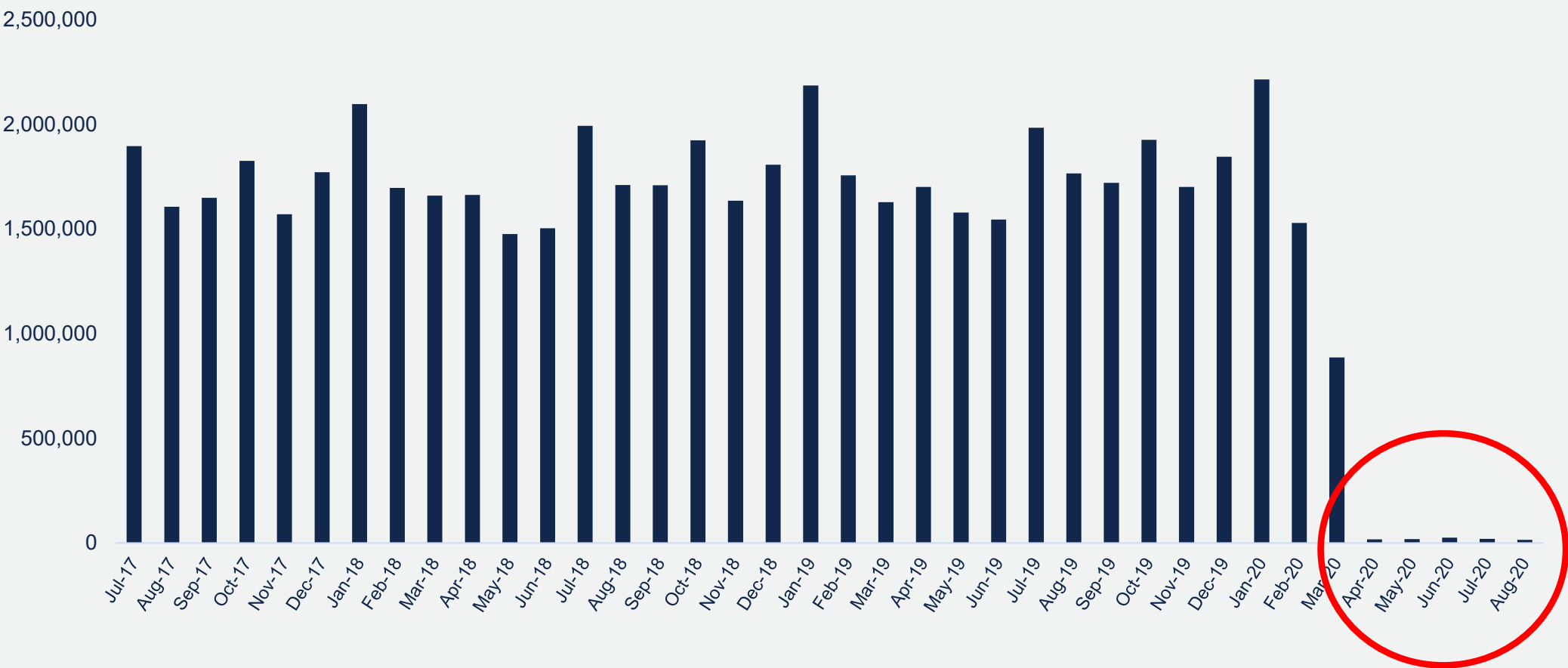
# Global trade is bouncing back





# Global movement of people is not

Australia inbound passengers





An aerial photograph of Perth, Western Australia, featuring the city skyline in the background and the Arts Centre bridge in the foreground. The bridge is a modern, curved pedestrian bridge with a large, sculptural arch. The Swan River flows through the city, and a small boat is visible on the water. The image is overlaid with a semi-transparent blue filter.

# The WA Economy

## Three key forces



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An aerial photograph of a modern city waterfront, likely Sydney, Australia. The image shows a large, curved bridge with a prominent arch structure spanning a body of water. In the background, a dense urban skyline with various skyscrapers is visible. The foreground features the water and a small boat. The entire image is overlaid with a semi-transparent blue filter.

# Force One

## Global commodity markets

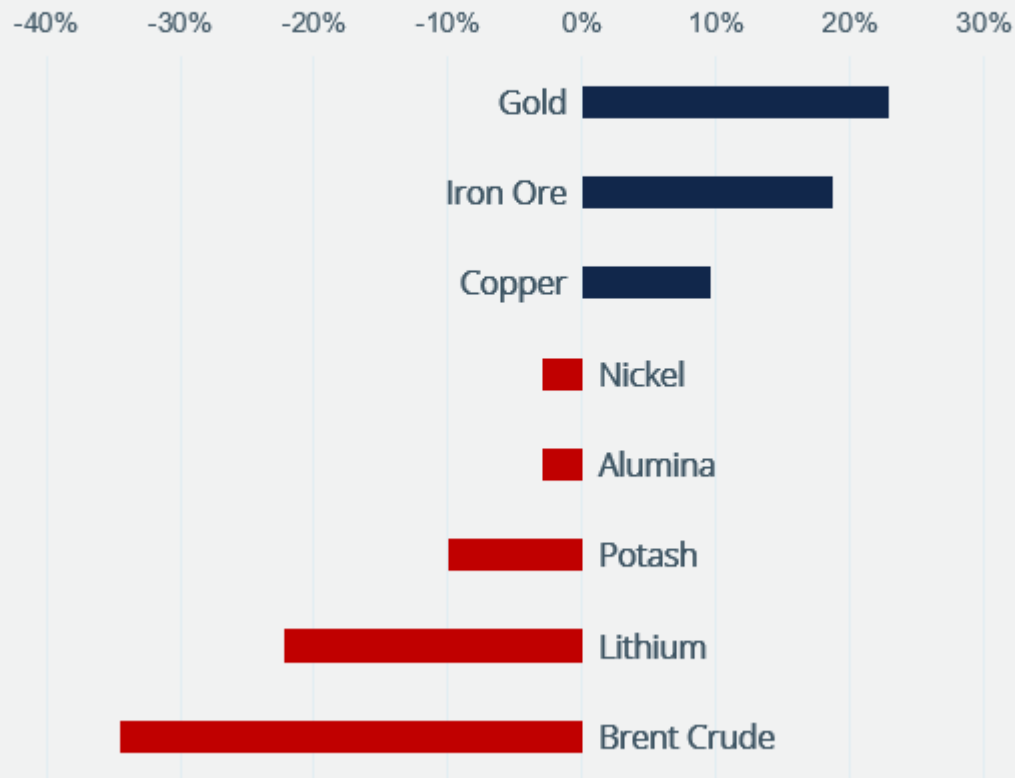


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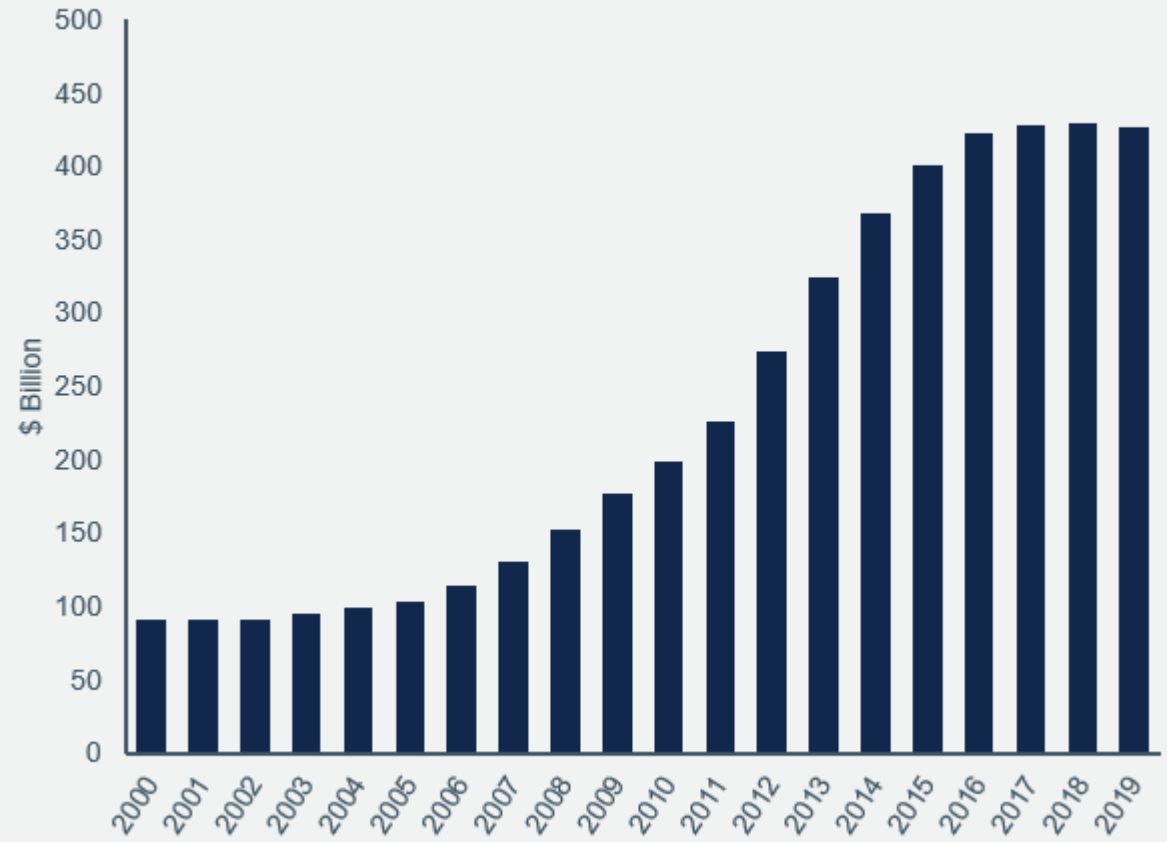


# Mining fundamentals

## Change in commodity prices - 2020



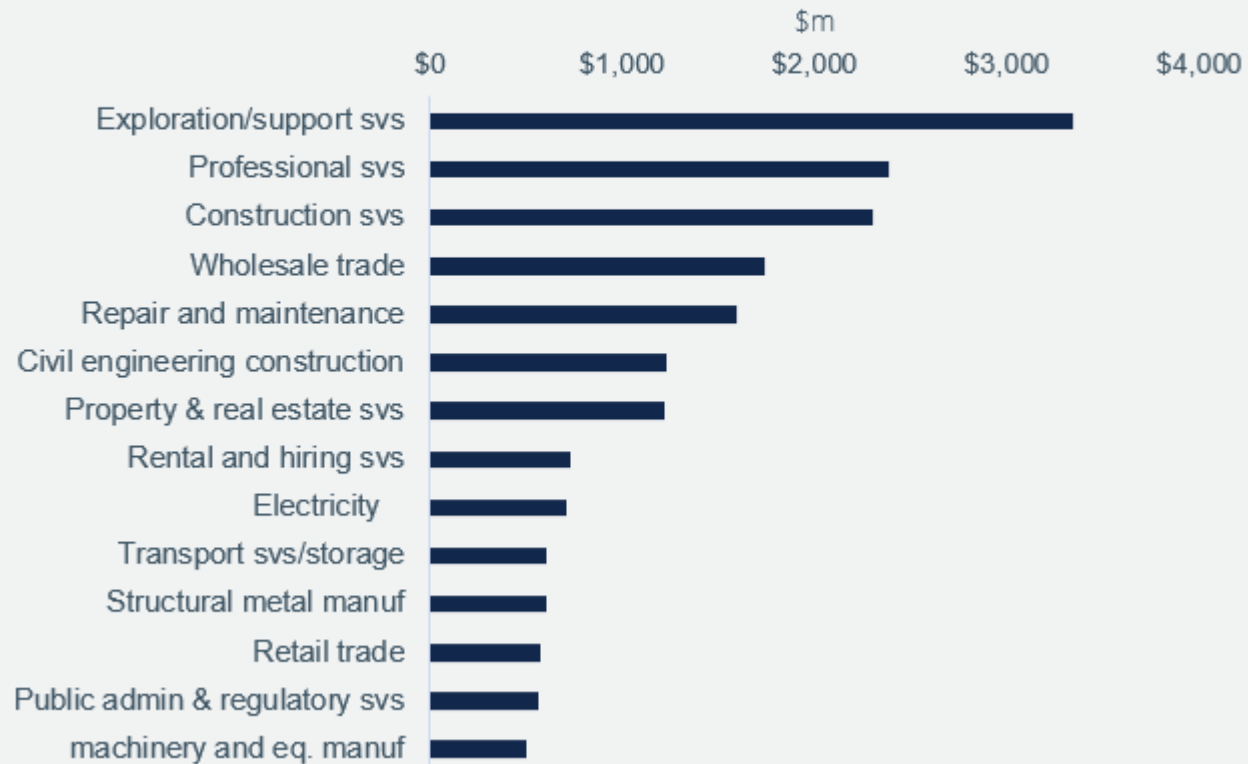
## WA's Mining Capital Stock



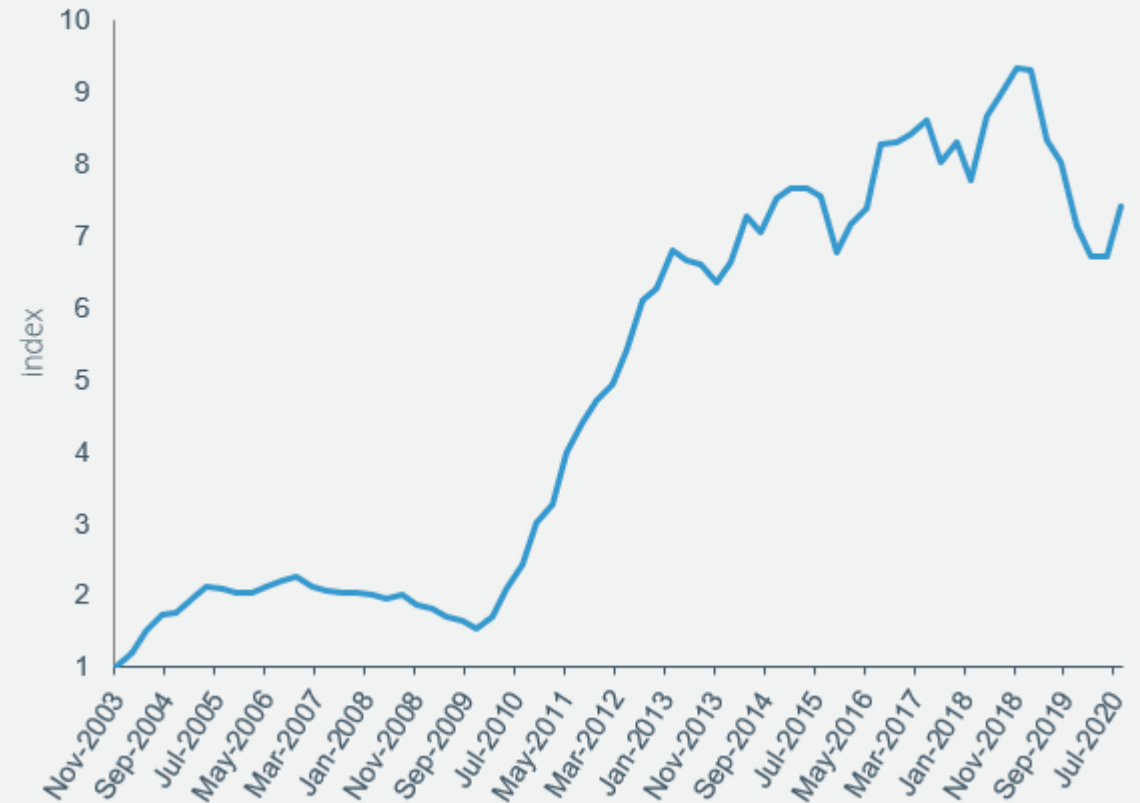


# Flowing through the economy

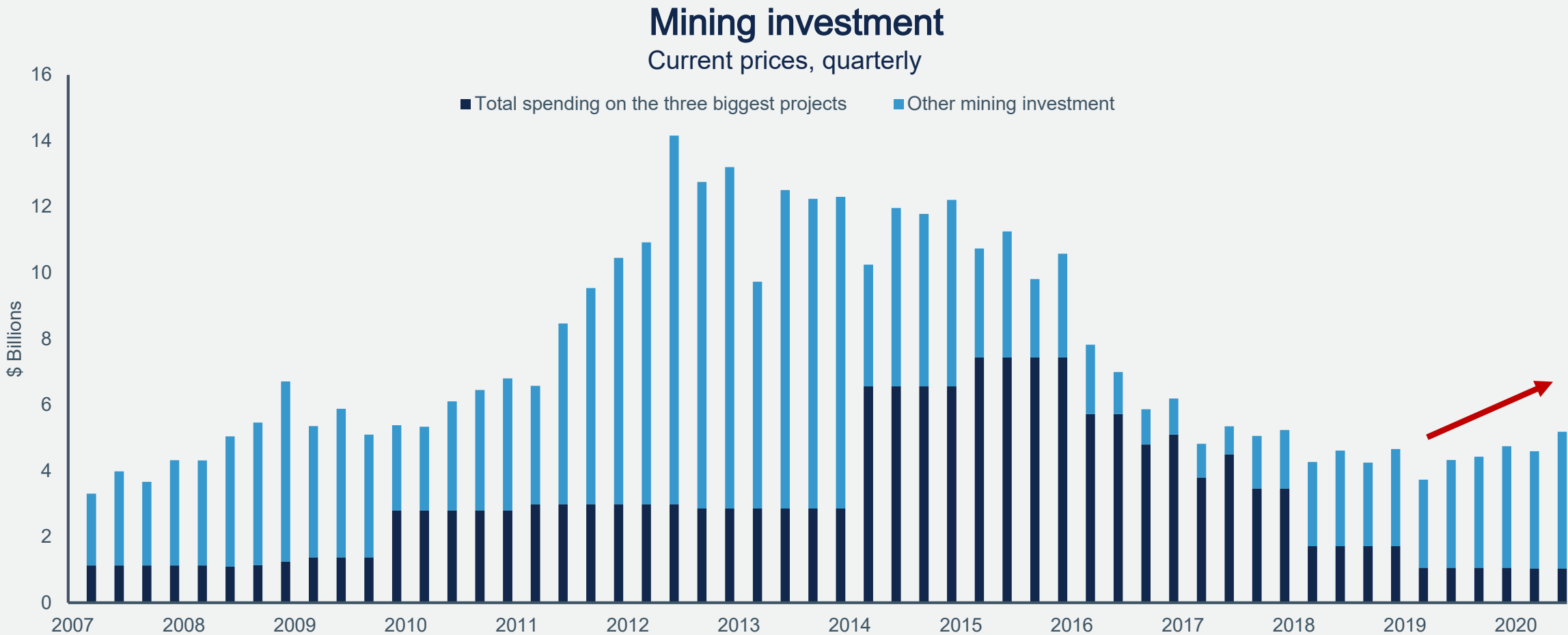
## Inputs into gold sector



## Mining services employment - WA



# Mining investment





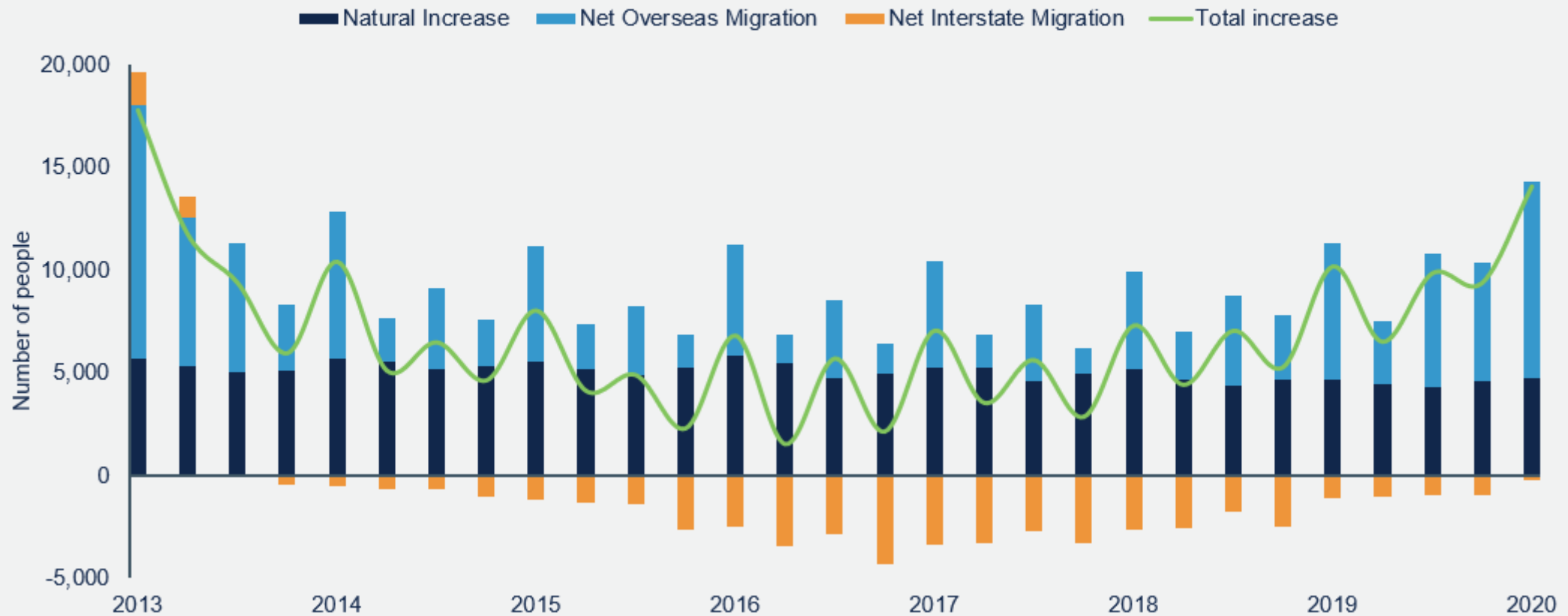
An aerial photograph of a city waterfront, likely Perth, Australia. In the foreground, a large, modern bridge with two prominent arches spans a body of water. A small boat is visible in the water below the bridge. In the background, a dense urban skyline with various skyscrapers and buildings is visible under a clear sky. The entire image has a blue color overlay.

# Force Two Relocators and construction stimulus



# Population bounce

## Quarterly population growth - WA



# Rental vacancy rate

Perth Rental Vacancy Rate

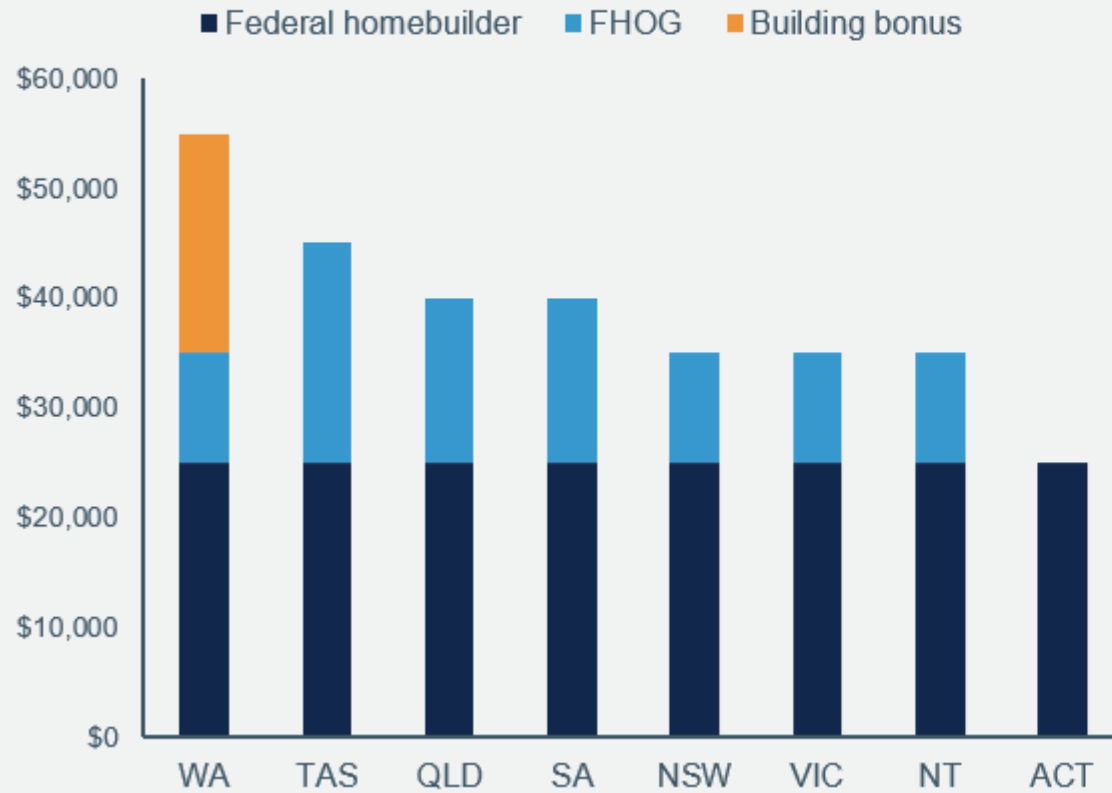


Source: REIWA Research



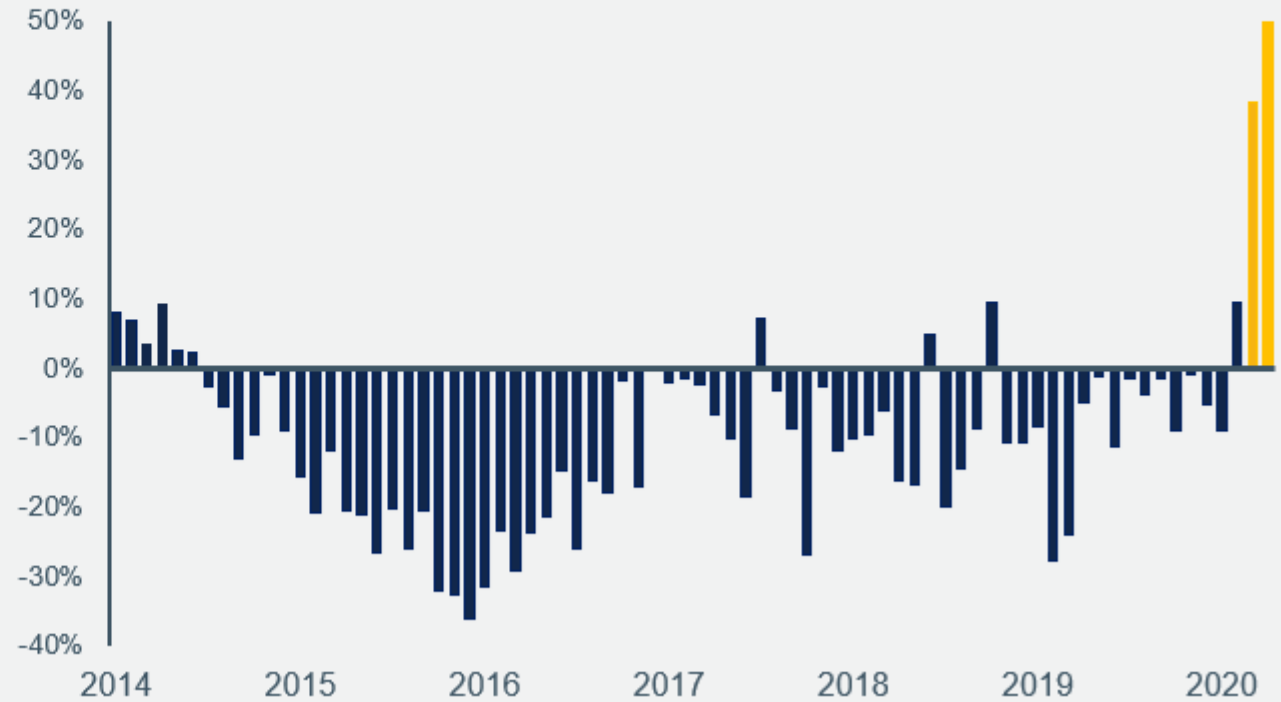
# Construction activity

## Potential first home owner grants

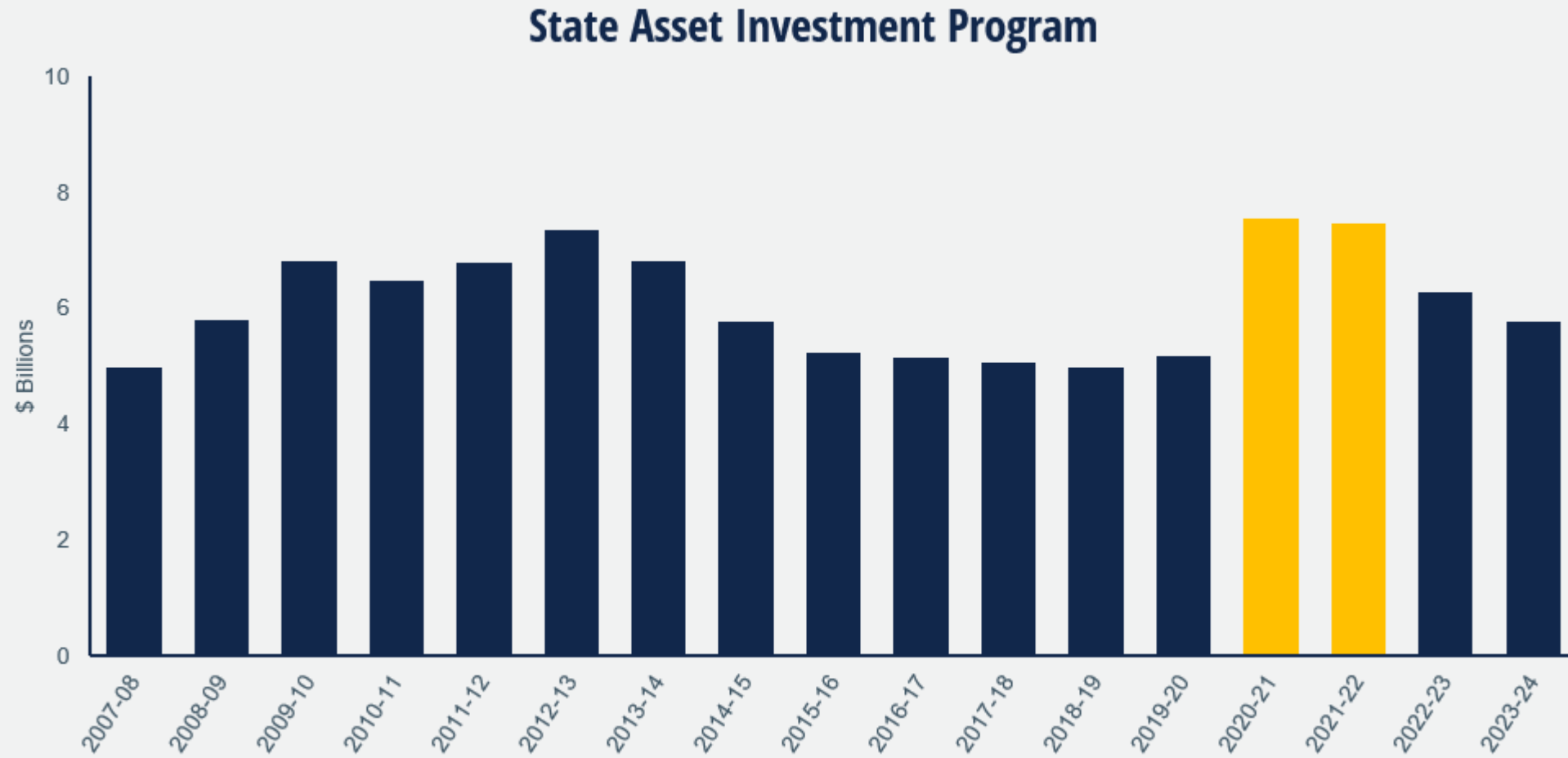


## Building Approvals - Houses

WA, Year-on-Year Change

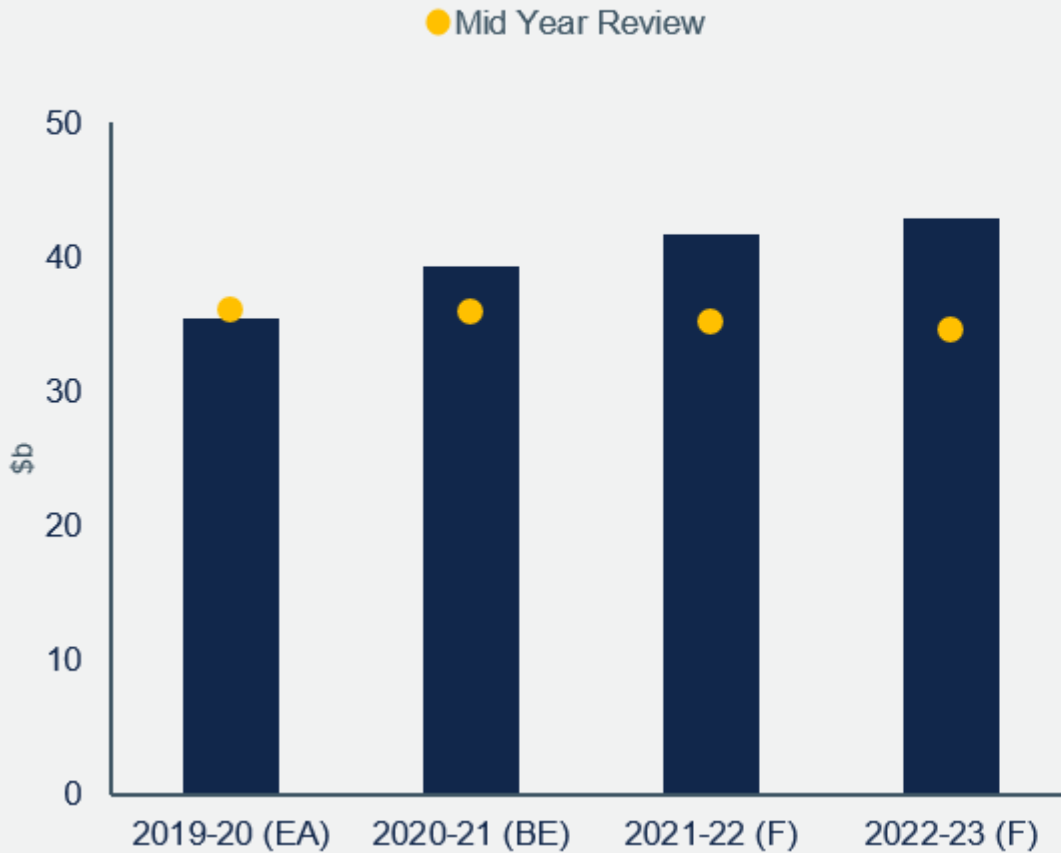


# Record infrastructure spend

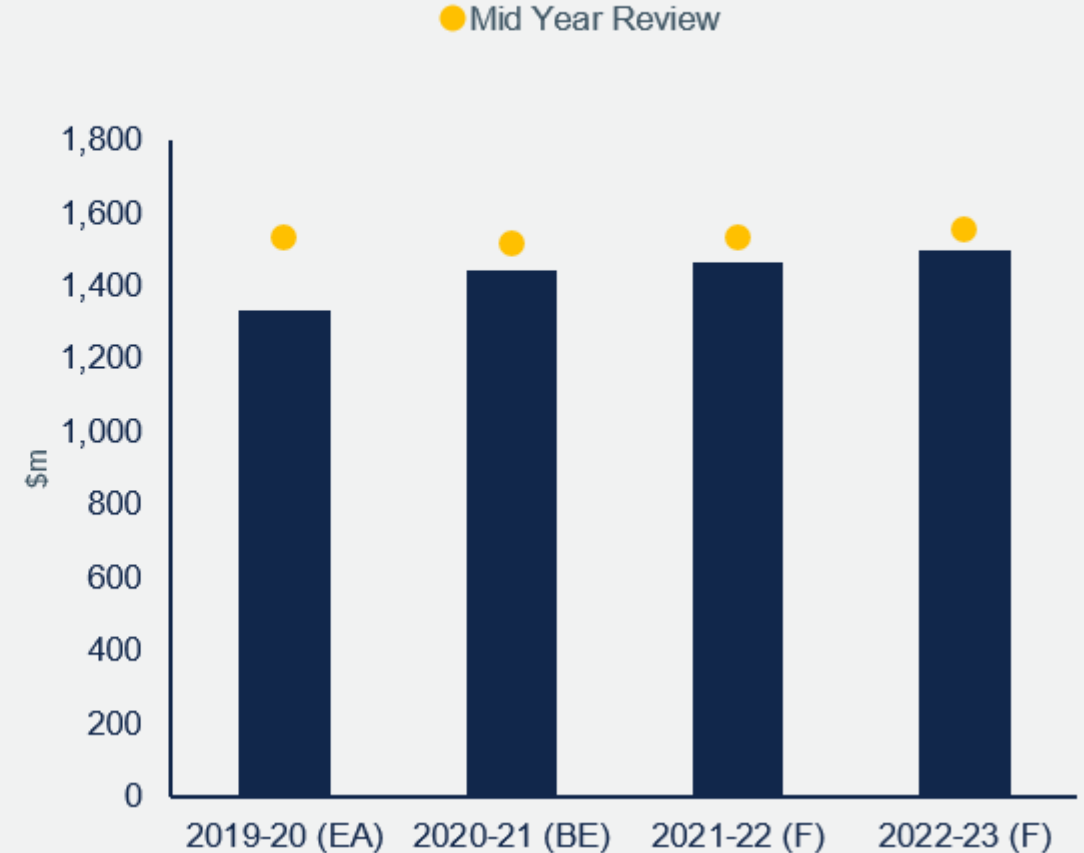


# Financial impact

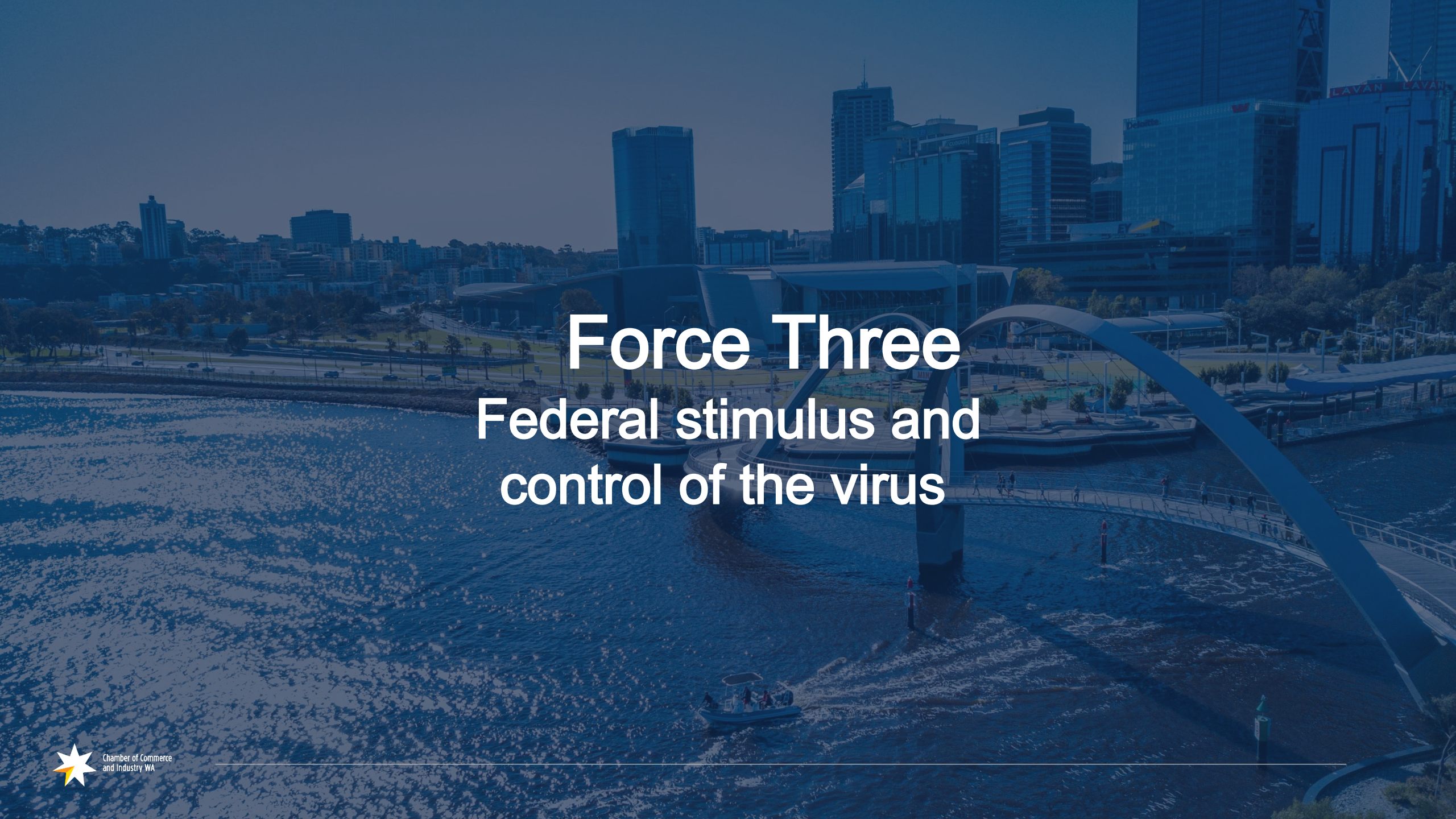
## WA Government Net Debt projections



## Interest payment projections





The background image is an aerial view of a city waterfront. In the foreground, a large, modern bridge with a curved, metallic structure spans a body of water. A small boat is visible on the water near the bridge. In the background, a dense urban skyline is visible, featuring several tall skyscrapers. The entire image has a blue color overlay.

# Force Three

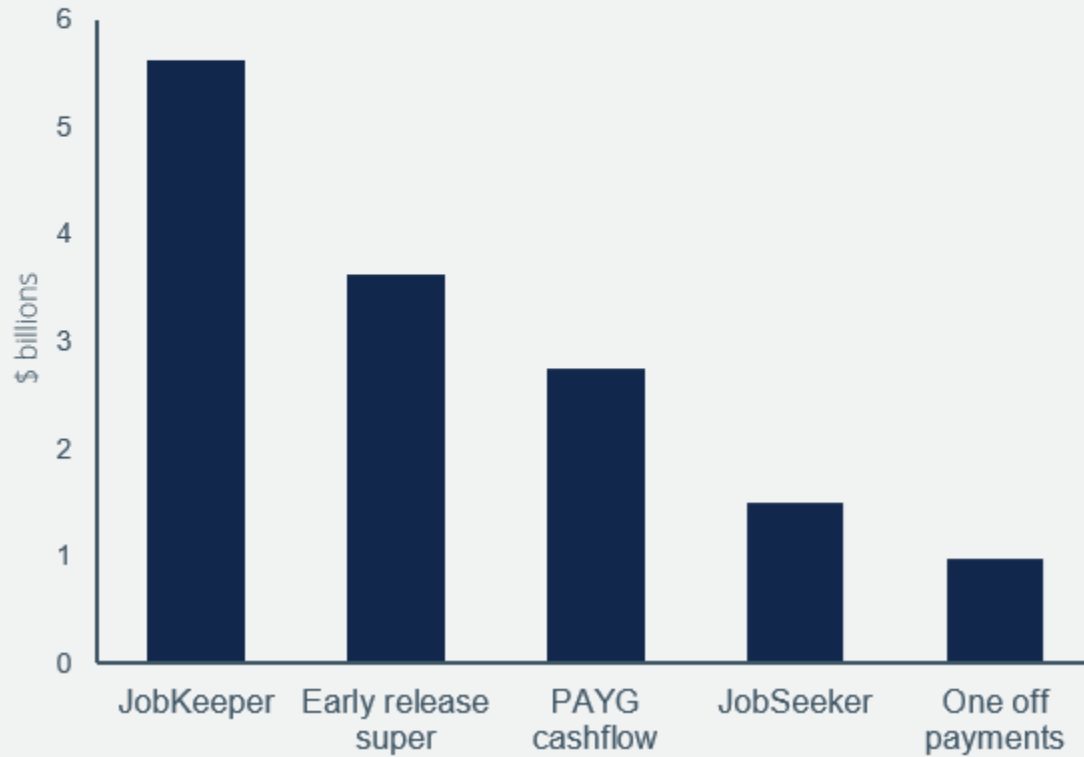
## Federal stimulus and control of the virus



# Stimulus unlocked

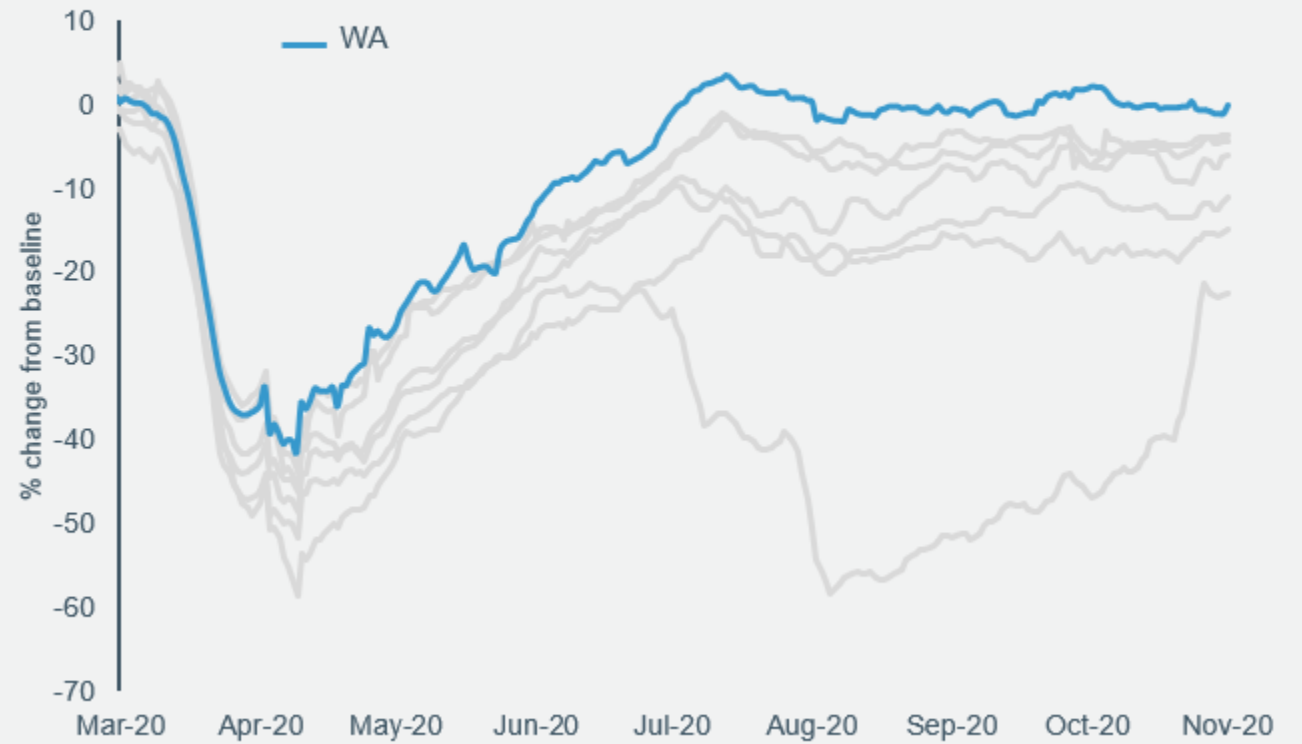
## Commonwealth stimulus in WA

As at October 2020



## Google Mobility

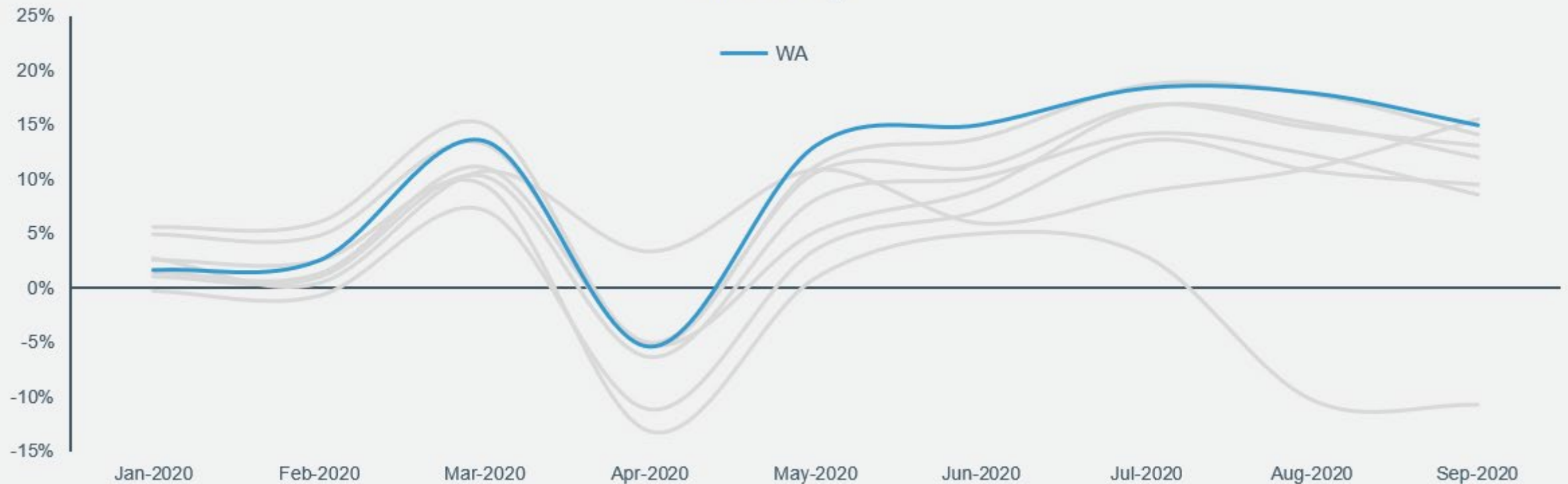
Retail + Recreation





# WA retail sector ahead of the pack

**Retail Turnover - States and Territories**  
Annual Change





An aerial photograph of the Perth waterfront, featuring modern architecture, a curved pedestrian bridge, and a body of water. The image is overlaid with a semi-transparent blue filter. The text "The Goldfields" is centered in white.

# The Goldfields



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2014

“Gold is a way of going long on fear.

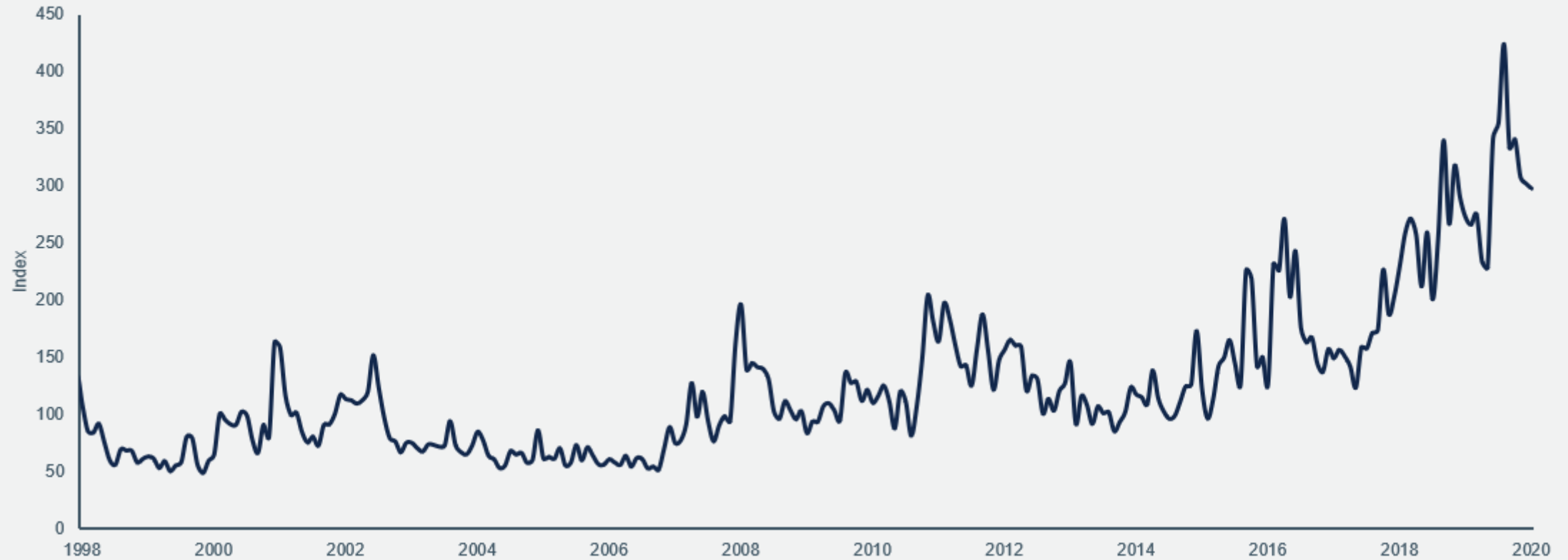
People become more afraid, you  
make money.”

Warren Buffett



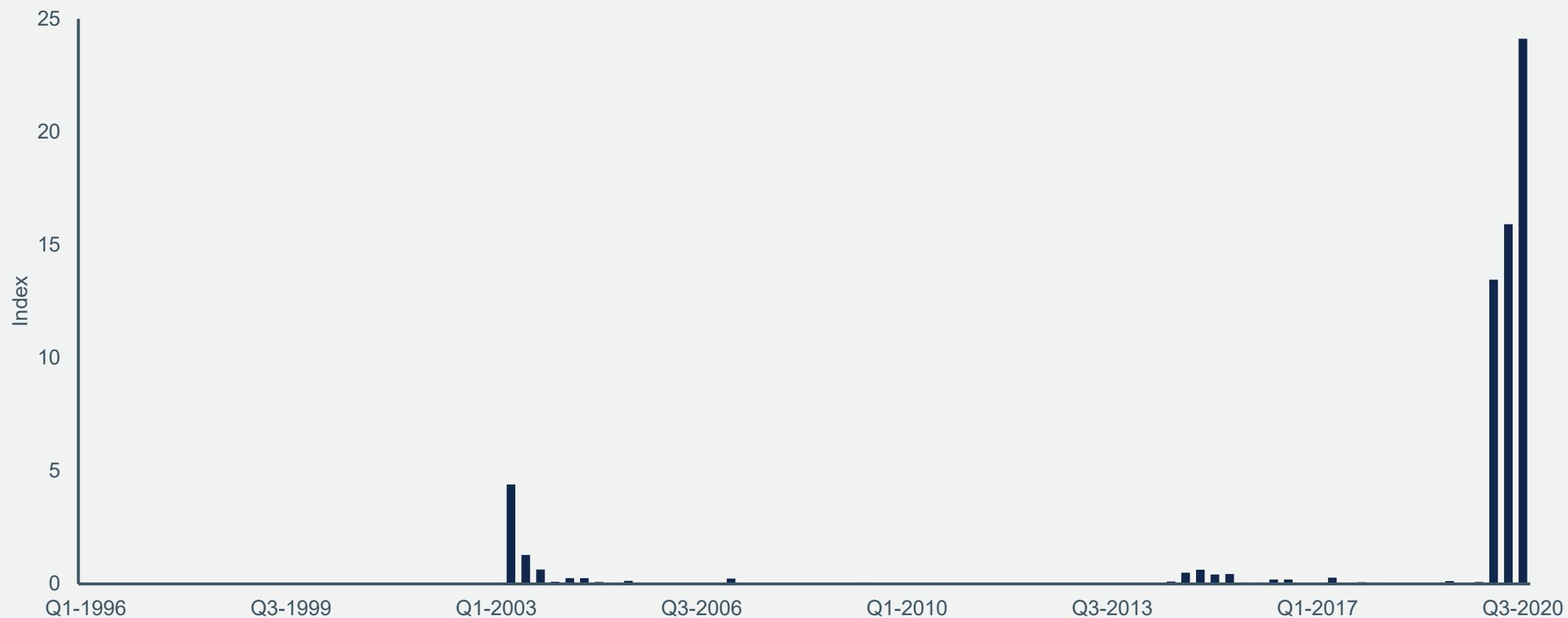
# Fear abounds

**Global Economic Policy Uncertainty Index**



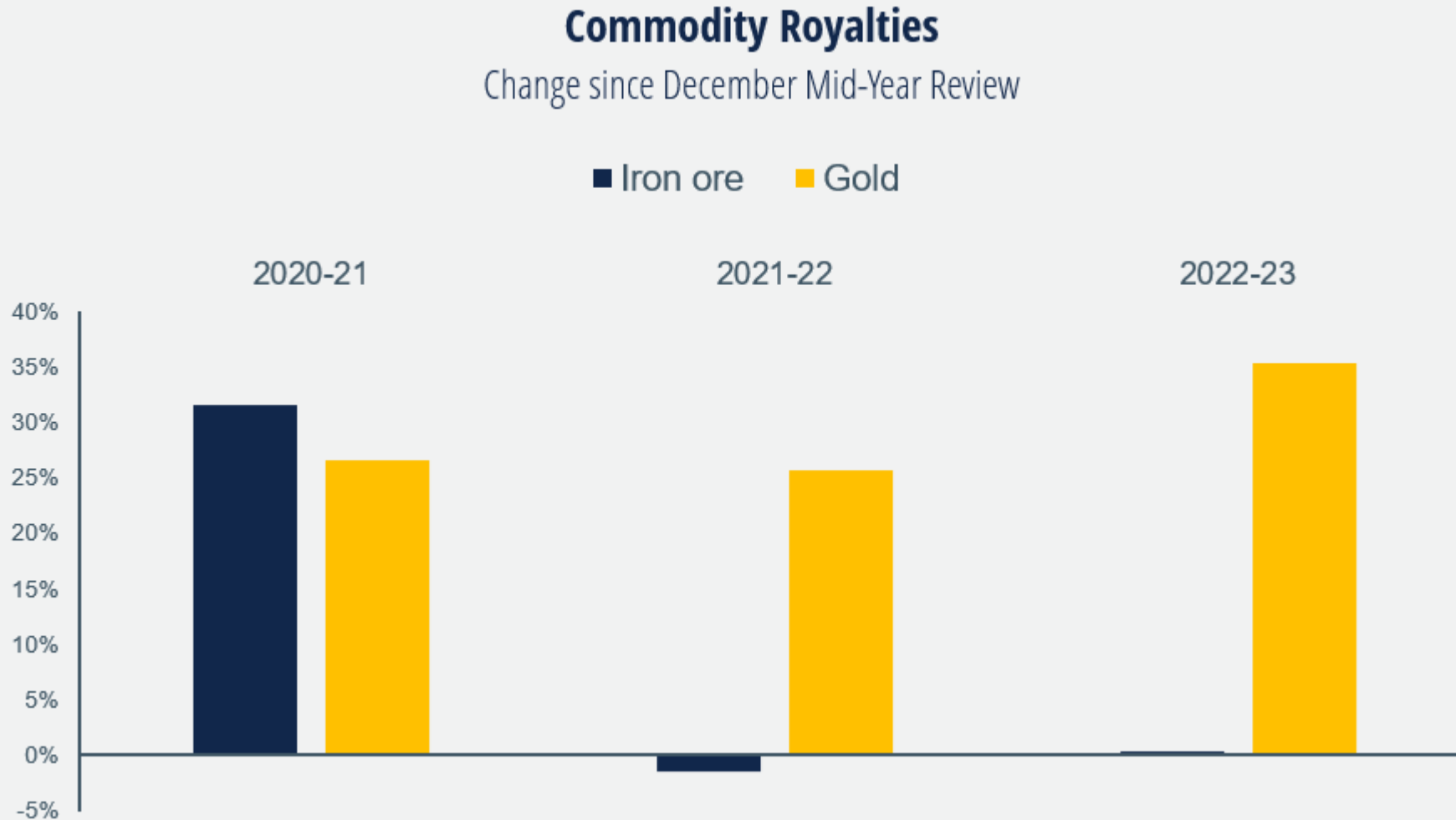
# Fear compounded

World Pandemic Uncertainty Index





# Sustained strength in gold

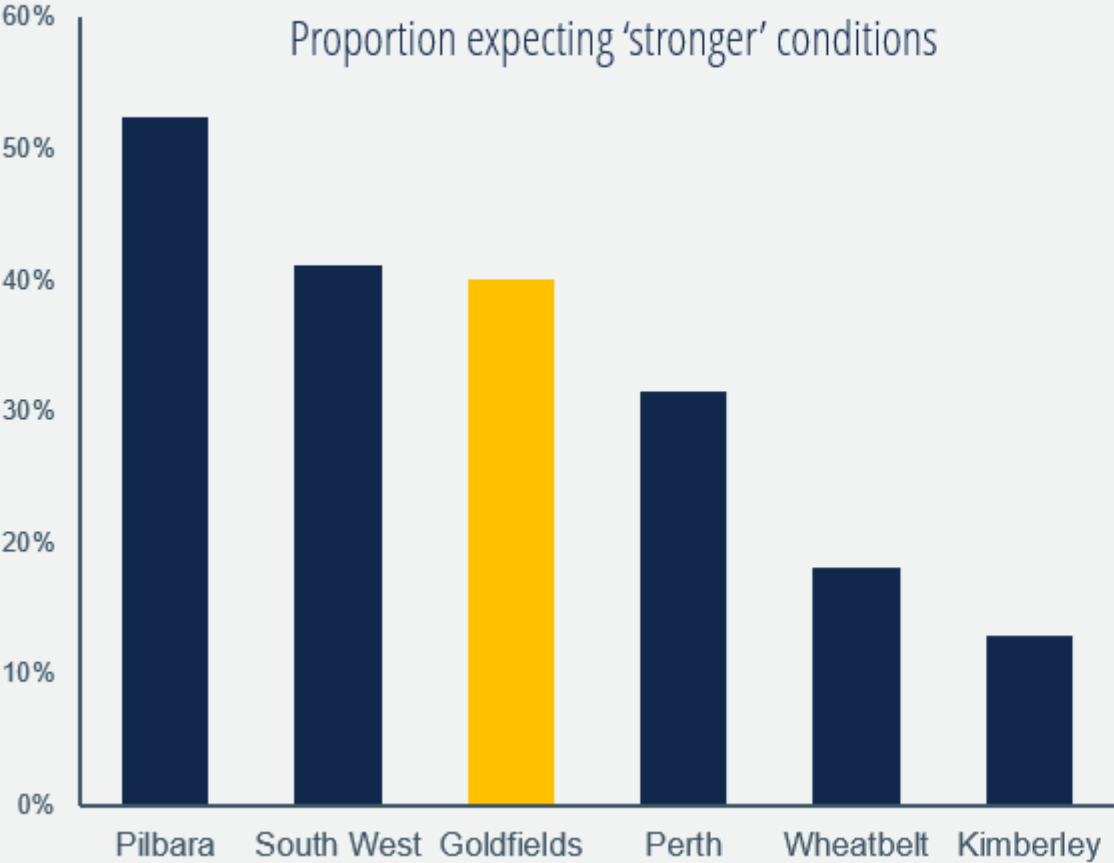


# Business Confidence across the regions

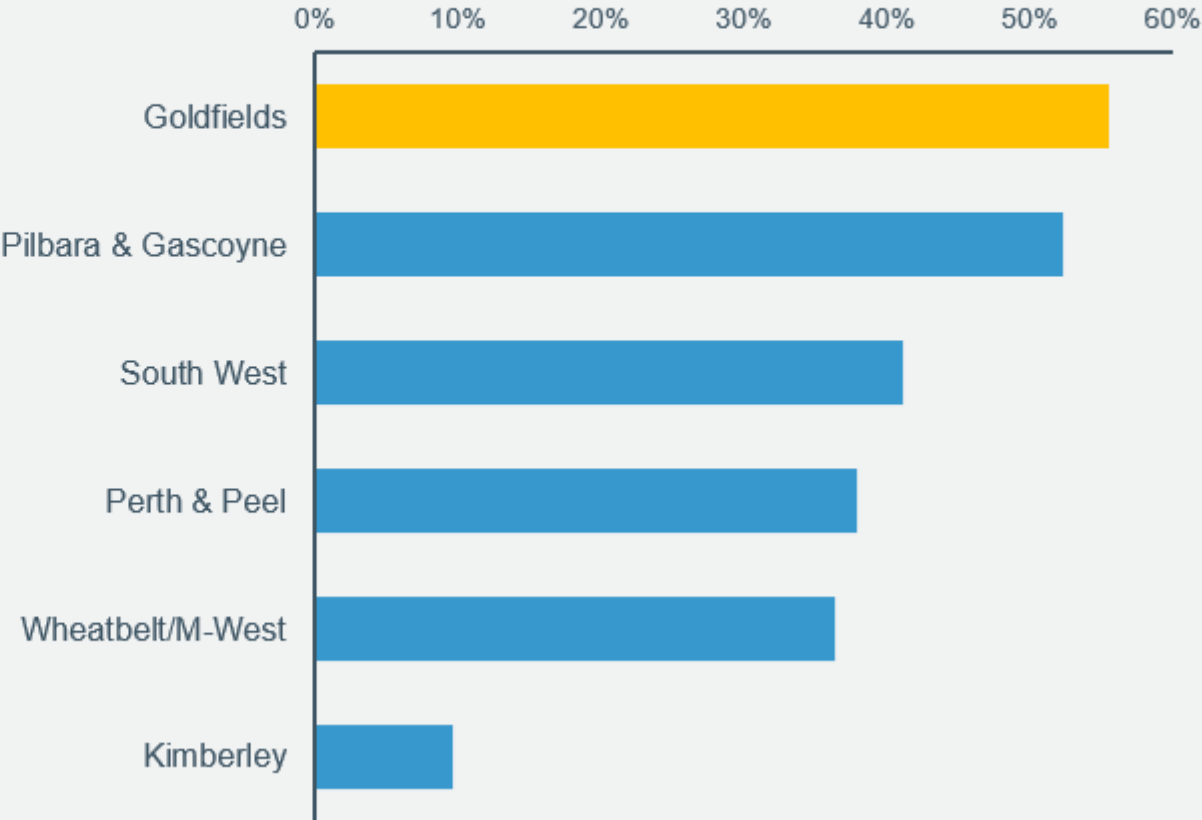
CCIWA Business Confidence Survey: September 2020

## Short-term Business Confidence

Proportion expecting 'stronger' conditions



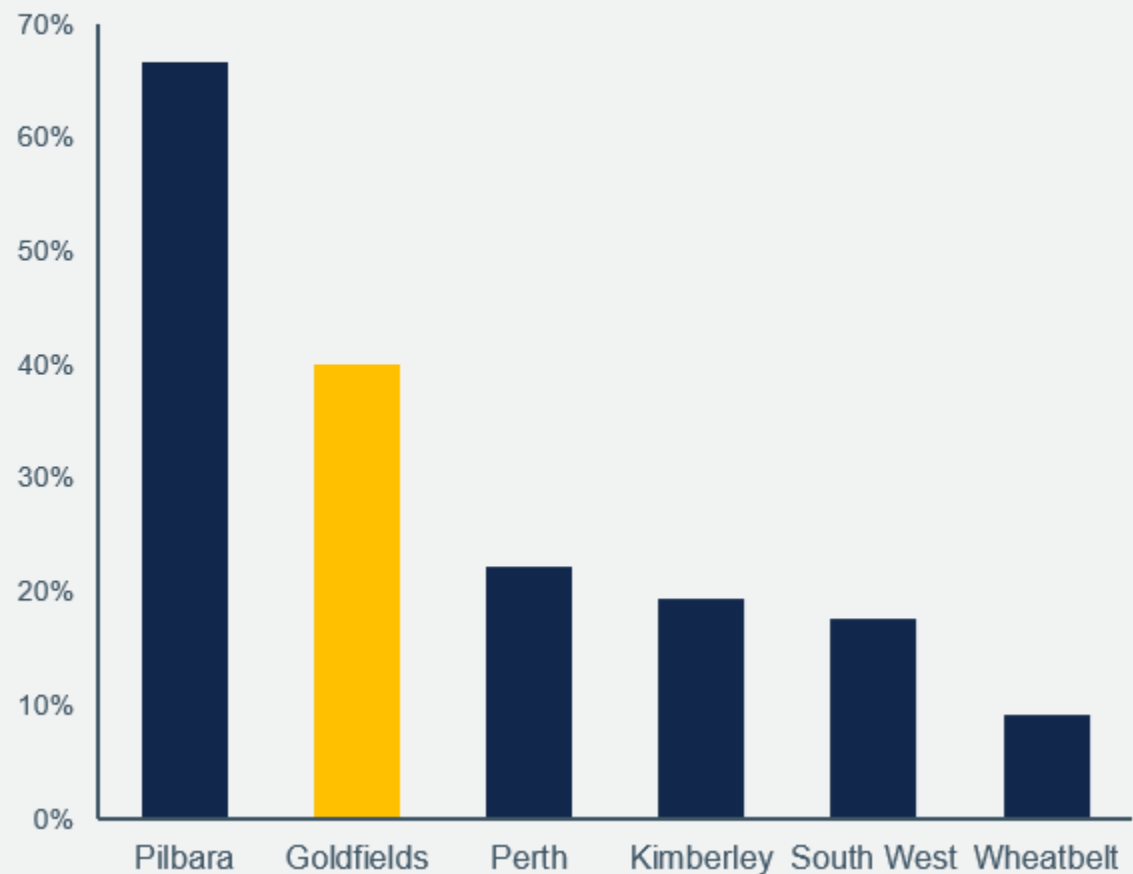
## Expect to increase employment next quarter



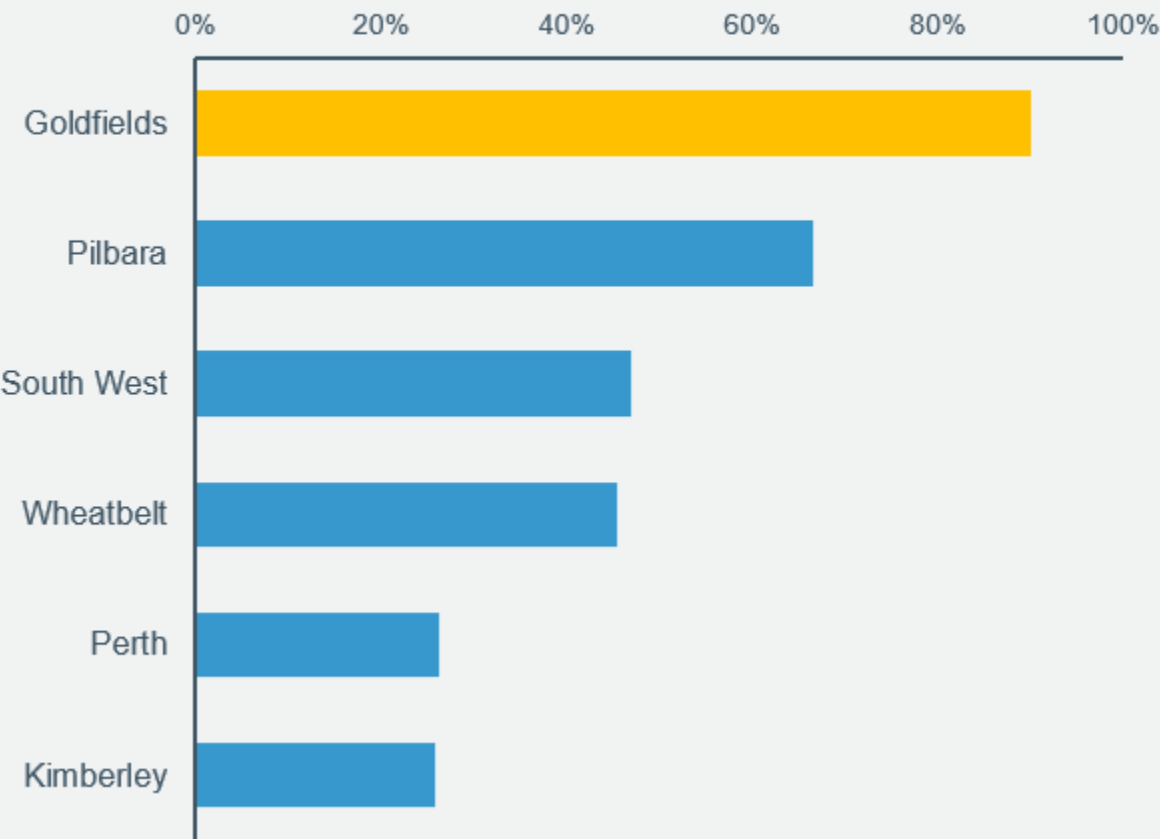
# Skill shortages a handbrake on growth

CCIWA Business Confidence Survey: September 2020

Skill shortages biggest growth barrier



Expect to increase labour costs next quarter





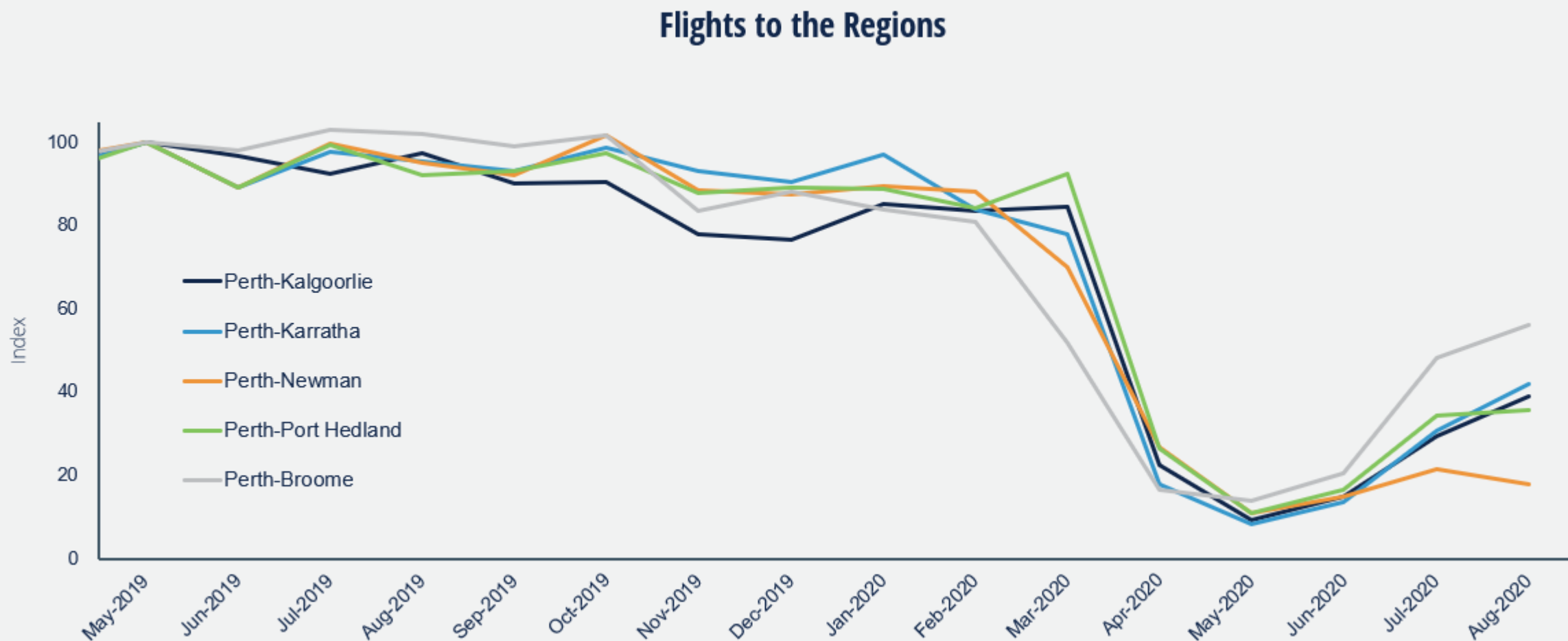
# Other parts of regional WA



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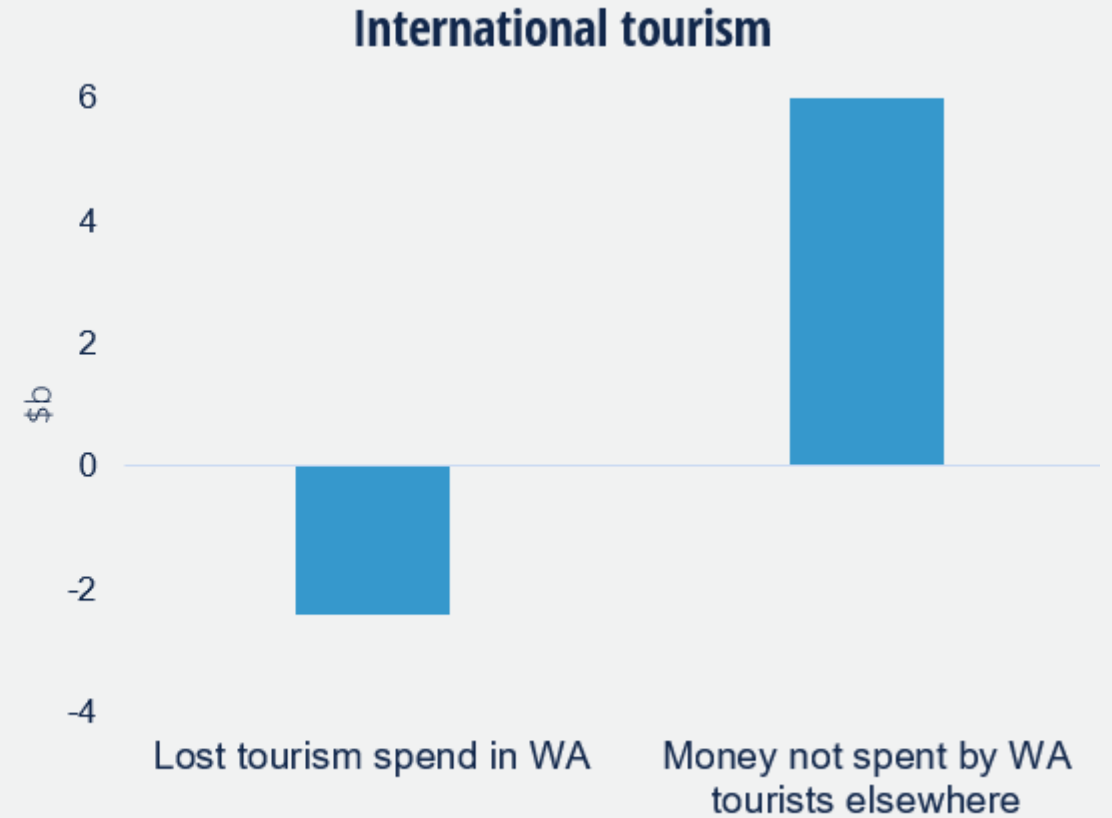


# Regional flights stalled

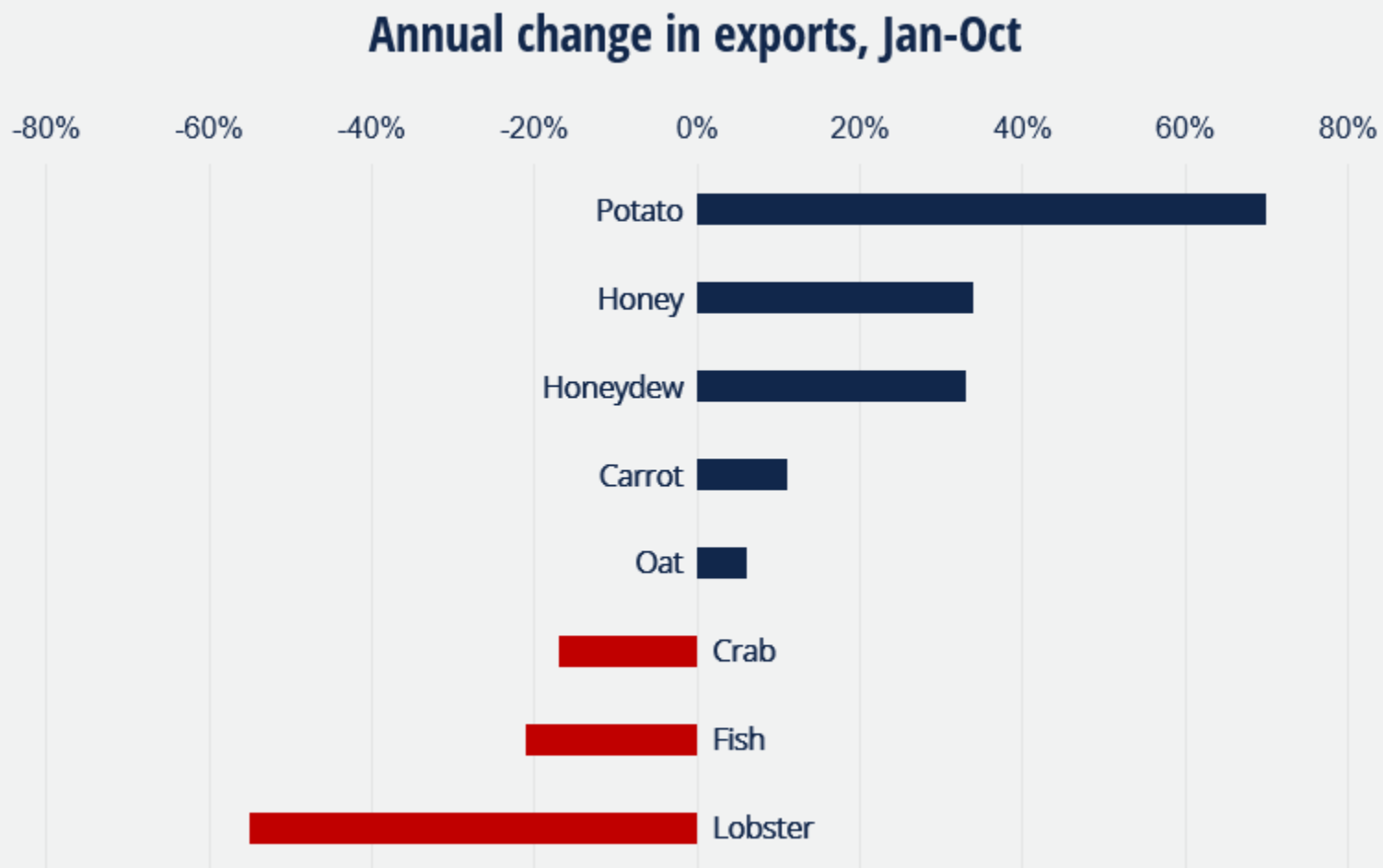




# Tourism spend

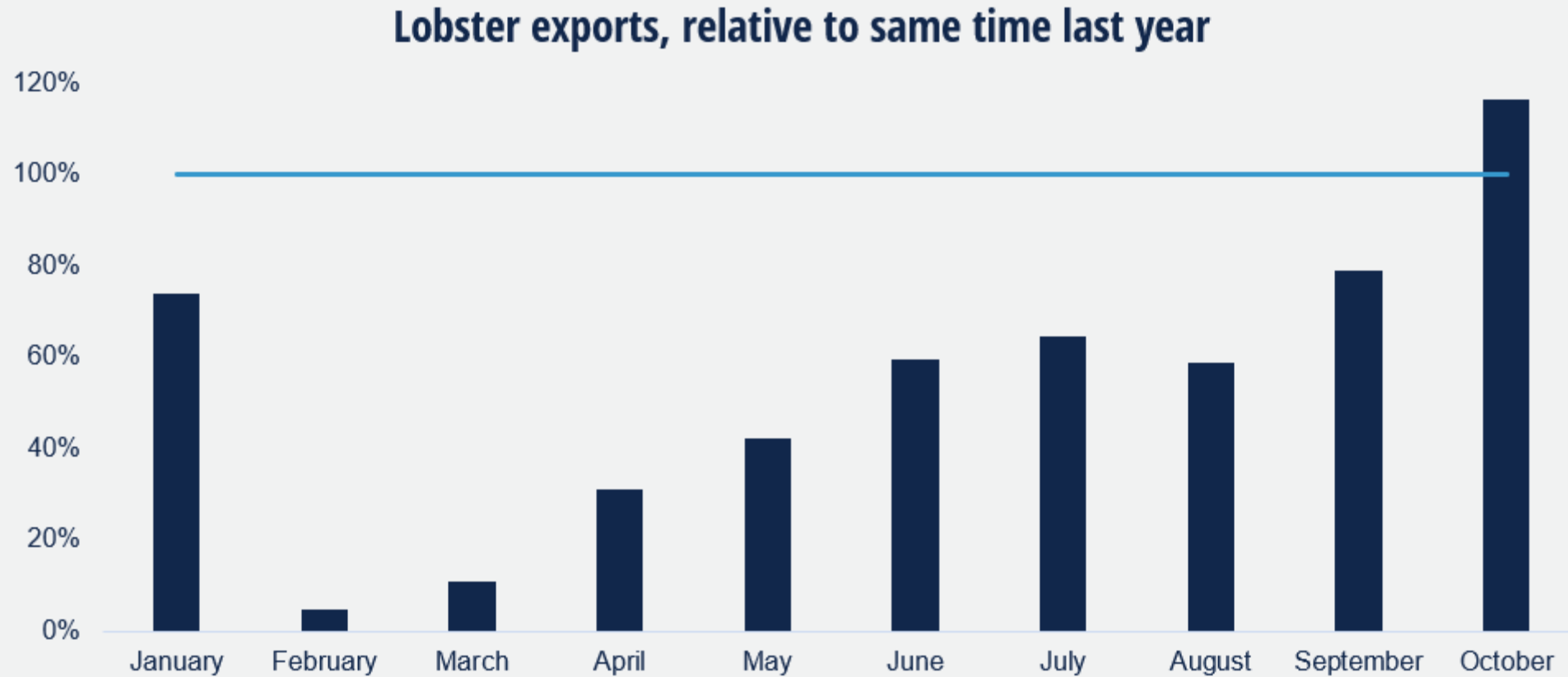


# Mixed fortunes in agriculture



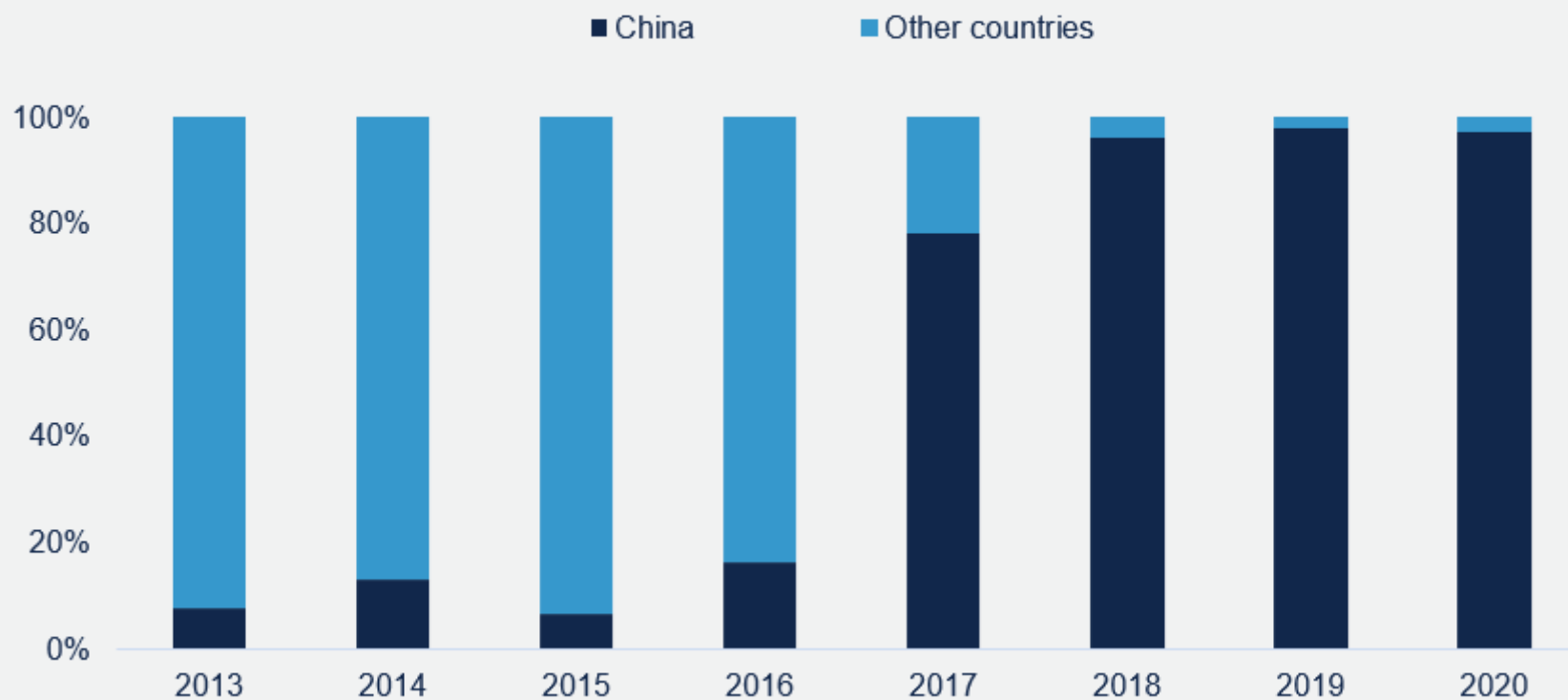


# The shuttering of Chinese restaurants



# Growing trade dependence

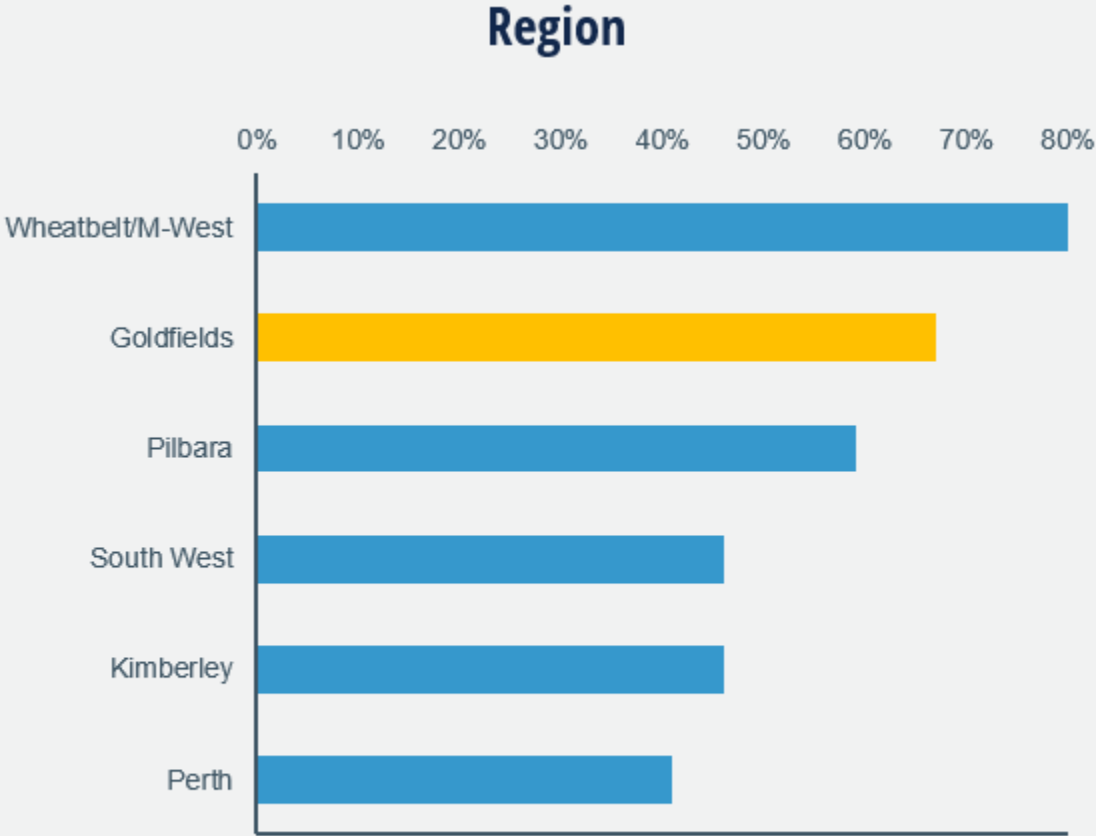
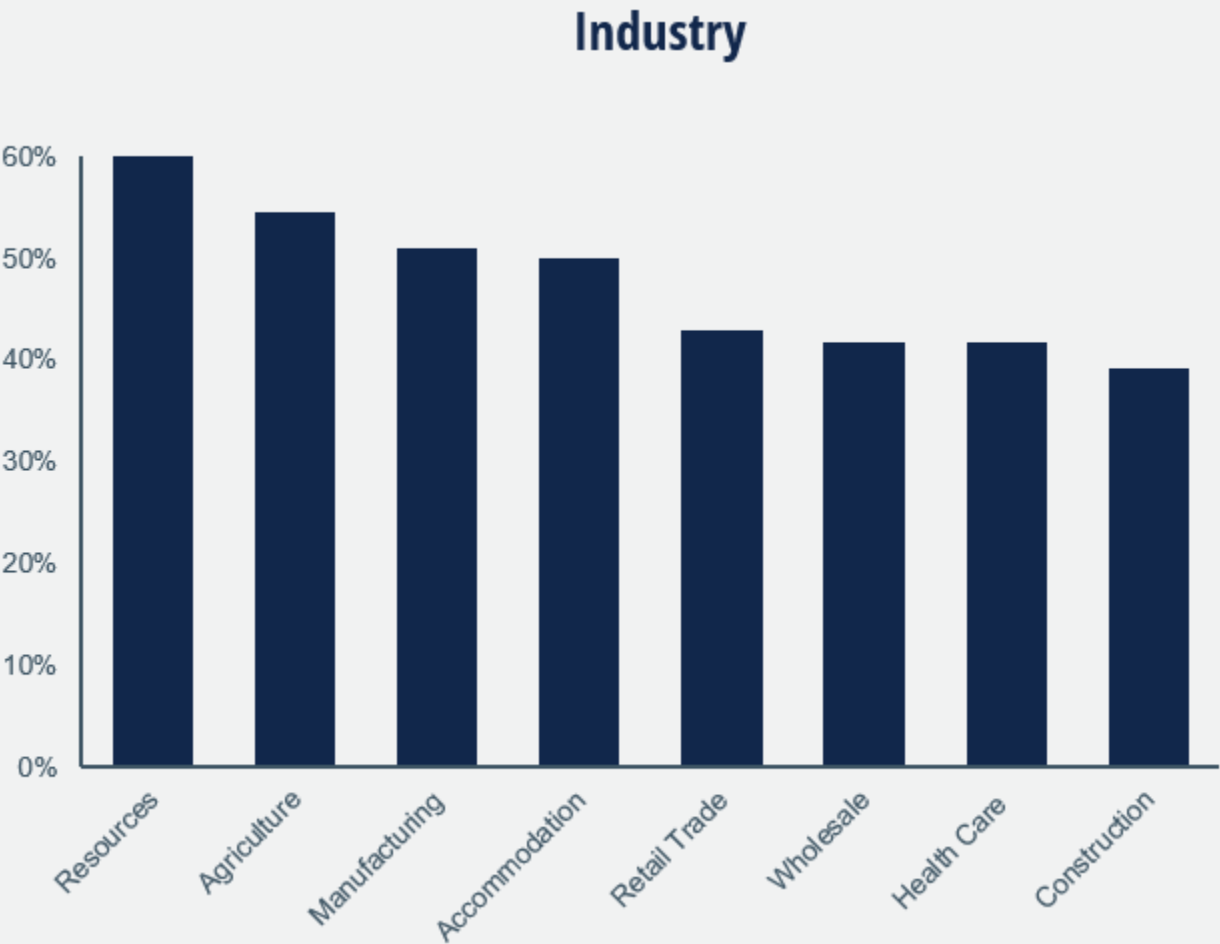
## China's share of WA rock lobster exports





# Businesses looking to diversify

WA Super – CCIWA Business Confidence Survey: September 2020





# Government approach going forward

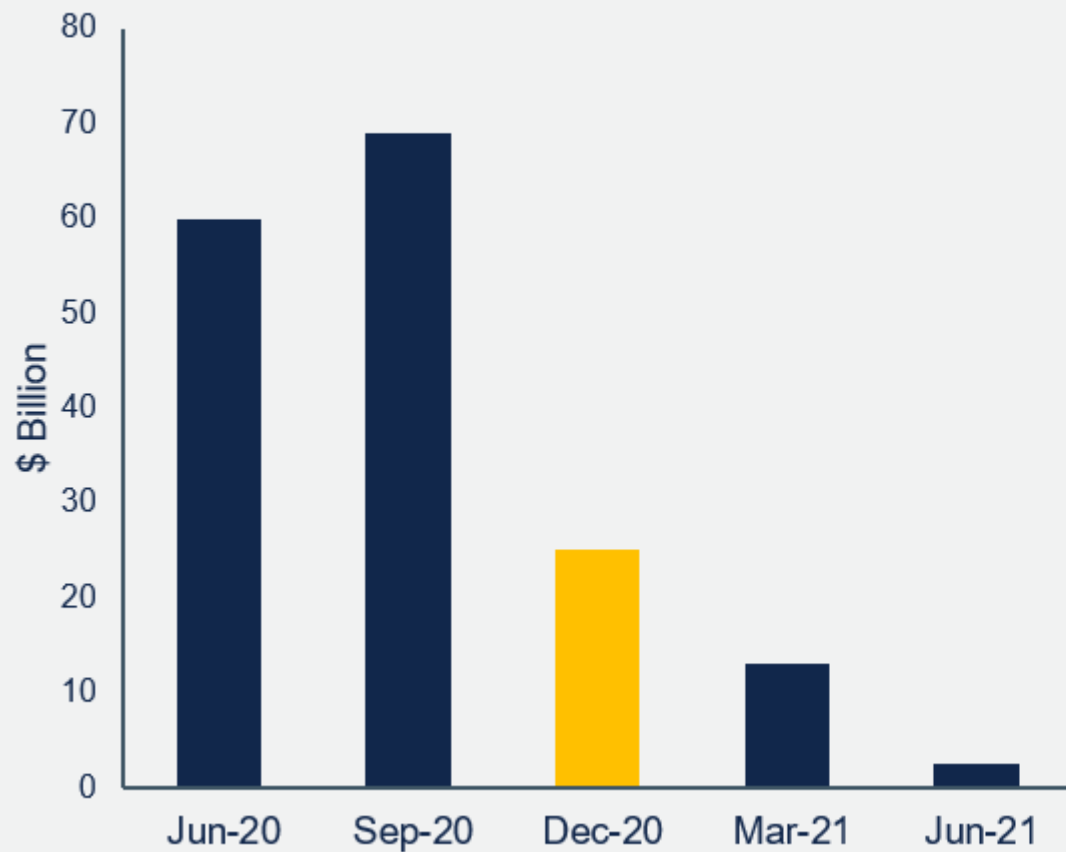


Chamber of Commerce  
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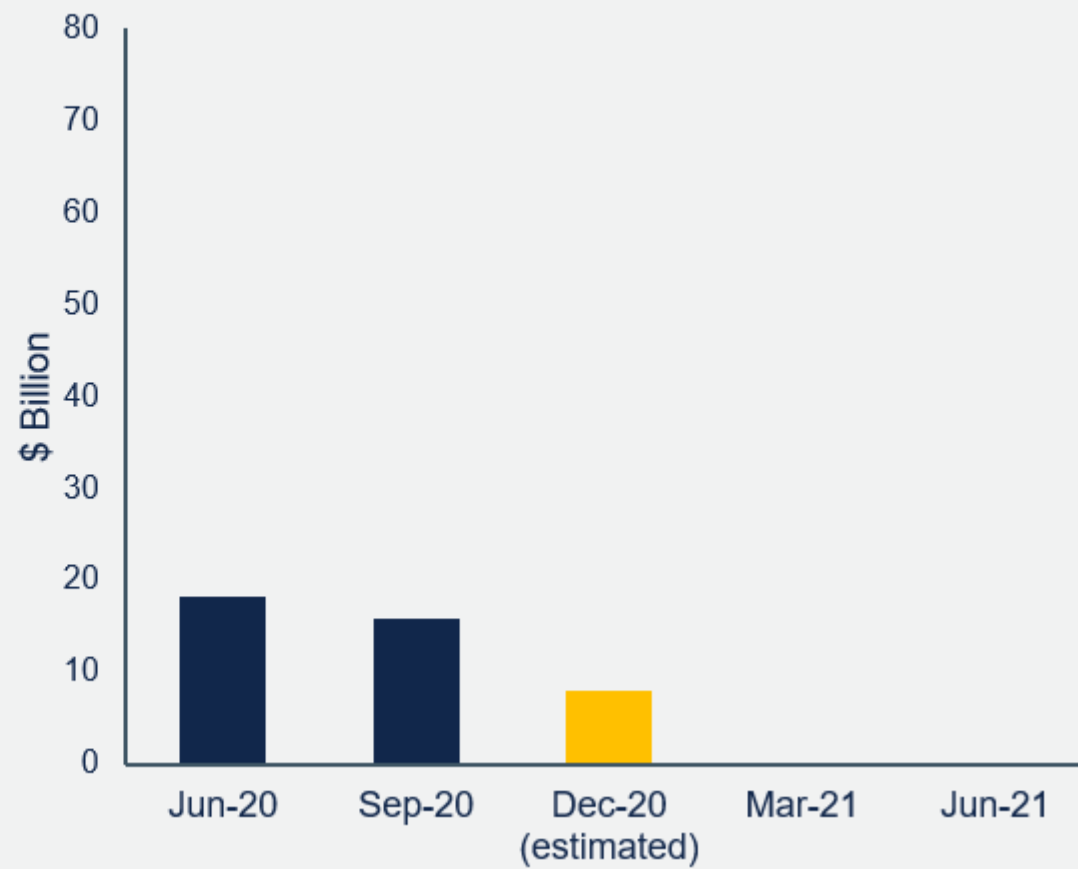


# Stimulus tap turning off

## Fiscal income support



## Early Super Withdrawals



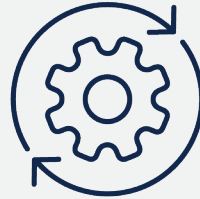


# Business set to take the reigns



## Tax incentives

- \$27b asset deductions
  - \$5b loss carryback
- \$2b R&D tax incentives



## Workforce incentives

- \$1.2b apprentice subsidy
- \$4b youth wage subsidy
- Remove FBT on re-training



## Industry policy

- \$10b infrastructure investment
  - \$1.5b manufacturing plan
  - \$800m digital business

# Focus for governments going forward



## Get the border arrangements right

- Invest in contact tracing and testing
- Relax criteria for opening to other states
- Take a risk-based approach to bringing people in



## Reform the economy

- More competitive tax system
- Smarter regulation and industry policy
- More adaptable and responsive skills system



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