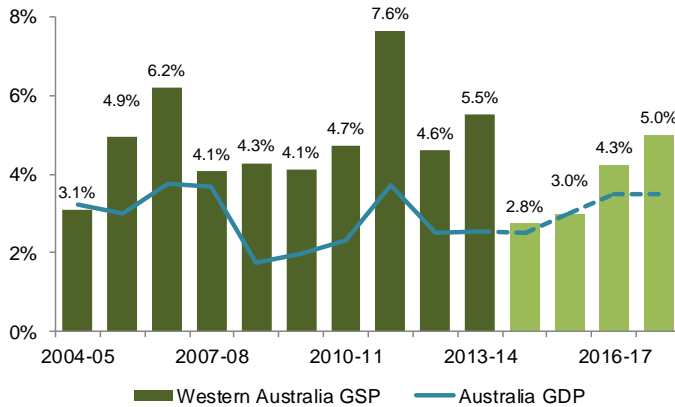




WESTERN AUSTRALIA ECONOMIC PROFILE – December 2014

Western Australia's gross state product (GSP) was \$265 billion in 2013-14, contributing 17% of Australia's gross domestic product (GDP). GSP per capita was \$103,770, 53% higher than the national average of \$67,932. The State's share of national population was 11.0% (2.57 million) in the March quarter 2014, and is projected by the Australian Bureau of Statistics (ABS) to rise to 12.2% (3.32 million) by 2022-23.

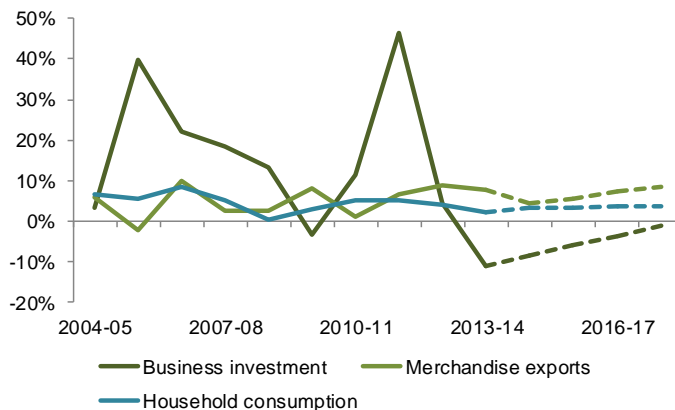
Economic growth



Note – Forecasts start in 2014-15.
Source: ABS 5220.0 State Accounts and 5204.0 National Accounts; Western Australia 2014-15 State Budget; and Australia 2014-15 Mid-Year Economic and Fiscal Outlook.

- Western Australia's real GSP rose 5.5% in 2013-14, following 4.6% growth in 2012-13, and was above annual average growth of 4.9% over the past 10 years.
- GSP is forecast to rise 2.75% in 2014-15 and 3.0% in 2015-16.
- Australia's GDP rose 2.5% to \$1,584 billion in 2013-14 and is forecast to rise by 2½% in 2014-15 and 3% in 2015-16.
- Weighted annual average GDP growth of Western Australia's major export markets is expected to rise from 4.9% in 2012 to 5.5% in both 2013 and 2014.

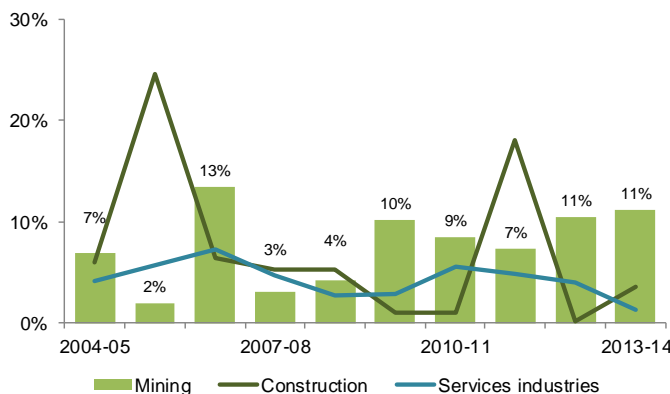
Major expenditure on GSP (% change)



Note – Forecasts start in 2014-15.
Source: ABS 5220.0 State Accounts, 5206.0 National Accounts and 6302.0 Balance of Payments; and Western Australia 2014-15 State Budget.

- Western Australia's merchandise exports rose 8% in volume terms in 2013-14. This was the largest contributor to GSP growth ahead of household consumption (up 2%) and dwelling investment (up 11%).
- Business investment fell 11% in volume terms in 2013-14.
- Merchandise exports are expected to rise by an annual average of 6% between 2014-15 and 2017-18, offsetting falling business investment over the period.

Industry sectors real value added (% change)

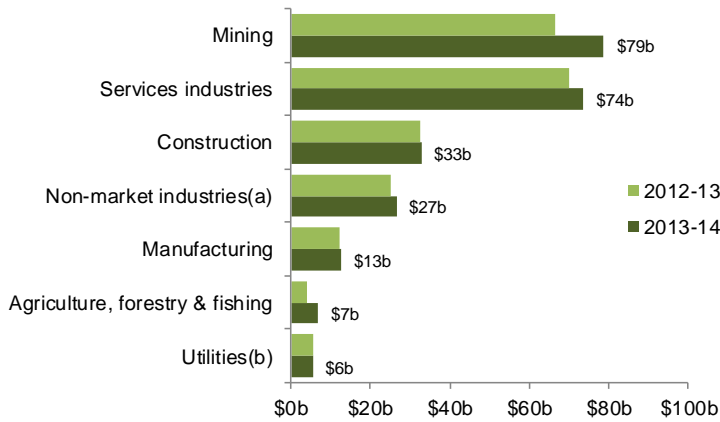


¹ Public administration and safety; health care and social assistance; and education and training.
² Electricity, gas, water and waste services.
Source: ABS 5220.0 State Accounts.

- Mining made the largest industry contribution to GSP growth in 2013-14, with real value added rising 11%.
- Other industry sectors contributing to GSP growth included agriculture, forestry and fishing (up 59%), non-market industries¹ (up 5%), construction (up 4%), services industries (up 1%) and utilities² (up 1%).
- The manufacturing industry detracted from GSP growth in 2013-14 (down 3%).



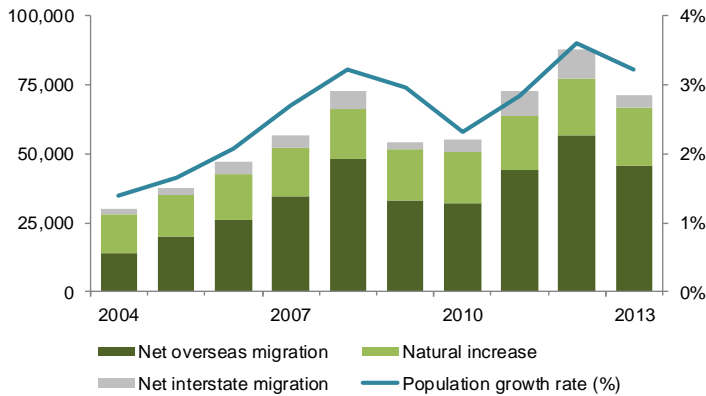
Industry sectors nominal value added



(a) Public administration and safety; health care and social assistance; and education and training.
(b) Electricity, gas, water and waste services.
Source: ABS 5220.0 State Accounts.

- The mining industry accounted for 30% of GDP in 2013-14. Services industries comprised 28% and construction 12% of GDP.
- Mining industry nominal value added rose 18% to \$79 billion in 2013-14.
- Nominal value added in services industries rose by 5% to \$74 billion and construction by 1% to \$33 billion in 2013-14.
- Agriculture, forestry and fishing nominal value added rose 64% to \$7 billion in 2013-14.

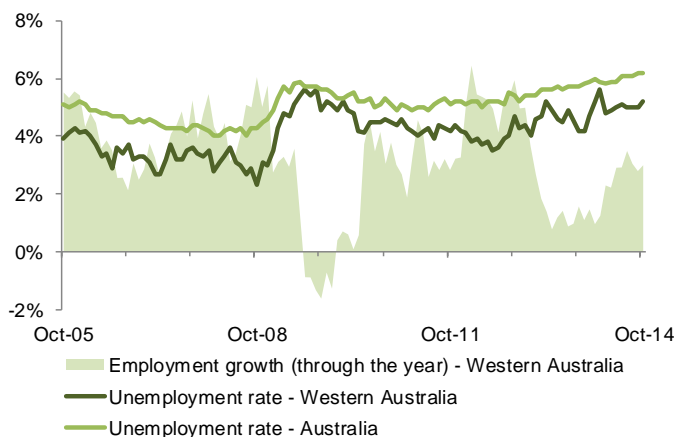
Population growth



Source: ABS 3101.0 Australian Demographic Statistics.

- Western Australia's population rose 3.2% in 2013, following 3.6% growth in 2012, and was above annual average growth of 2.6% in the past 10 years.
- The population was 2,550,874 in December 2013, 71,301 more than a year earlier. Net overseas migration contributed 64% (45,401) of the growth in 2013.
- Population growth is forecast to slow from 3.5% in 2012-13 to 2.6% in 2013-14 and 2.1% in each year to 2017-18, according to the 2014-15 State Budget.

Labour market

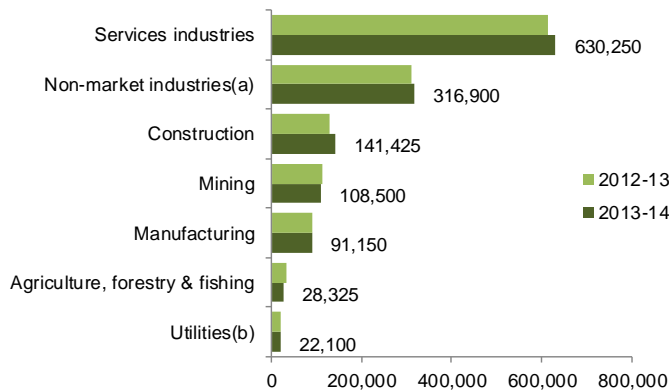


Source: ABS 6202.0 Monthly Labour Force.

- Employment in Western Australia rose 0.3% (4,700) to 1.39 million in November 2014. Employment grew 2.5% (51,300) through the year to November 2014, higher than Australia's growth of 1.2% (140,000).
- The State's unemployment rate was 5.2% in November 2014; higher than the 5.1% in the previous month and 4.2% a year earlier. Australia's unemployment rate was 6.3% in November 2014.
- The State's annual average employment is forecast to grow by 1.5% in 2014-15, with an average unemployment rate of 5.5%, according to the 2014-15 State Budget.



Industry sector employment (annual average)

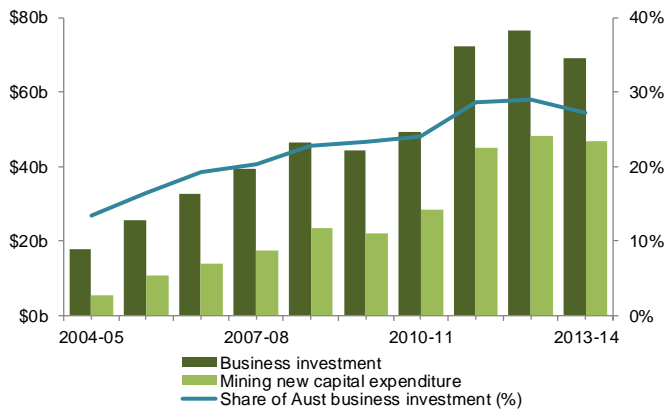


(a) Public administration and safety; health care and social assistance; and education and training.
(b) Electricity, gas, water and waste services.
¹ Other mining includes non-metallic minerals mining, coal mining and mining not further defined.
Source: ABS 6291.0.55.003 Quarterly Labour Force.

- Services industries accounted for 47% of Western Australia's employment in 2013-14. Non-market industries comprised 24%, construction 11% and mining 8%.
- In 2013-14, employment rose in services industries (up 16,975 or 3%), construction (up 10,925 or 8%) and non-market industries (up 5,215 or 2%) but fell in all other industries.
- Mining employment fell 5% (6,100) in 2013-14, due to falls in other mining¹ (down 5,825 or 32.5%), metal ore mining (down 4,575 or 7%) and oil and gas extraction (down 600 or 5.5%), offsetting a rise in exploration and other services employment (up 4,900 or 23%).

Business investment contributed 26% of GSP in 2013-14. The State accounted for 27% of Australia's business investment in 2013-14 and 51% of the value of Australia's resource projects under construction or committed in October 2014. In September 2014 there was \$160 billion of resource projects under construction or committed in Western Australia and a further \$108 billion under consideration.

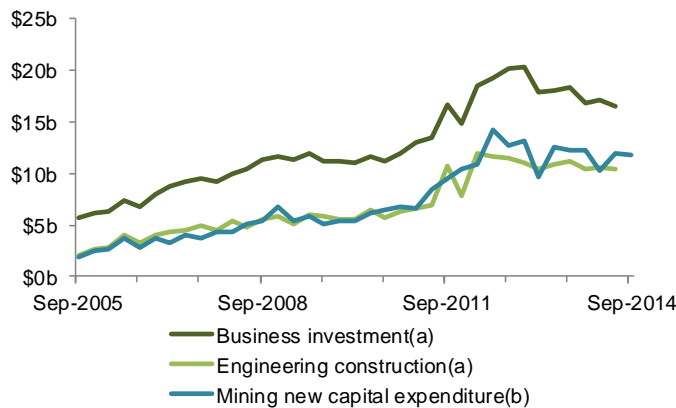
Annual business investment



¹ Excludes new capital expenditure in the industries of agriculture, forestry and fishing; public administration and safety; education and training; health care and social assistance; and superannuation funds.
Source: ABS 5206.0 National Accounts, 5220.0 State Accounts and 5625.0 Private New Capital Expenditure.

- Business investment in Western Australia fell 11% in real terms in 2013-14, compared with annual average growth of 13% in the past 10 years.
- The value of business investment fell 9% to \$69 billion in 2013-14.
- The value of private new capital expenditure of selected industries¹ in Western Australia fell 4% to \$56 billion in 2013-14; 35% of the Australian total.
- The value of mining new capital expenditure fell 3% to \$47 billion in 2013-14; 52% of the Australian mining total.

Quarterly business investment



(a) Seasonally adjusted time series. (b) Original time series (not adjusted for seasonal factors).
Source: ABS 5206.0 National Accounts, 8762.0 Engineering Construction and 5625.0 Private New Capital Expenditure.

- Business investment in Western Australia fell 4% to \$16 billion in the June quarter 2014.
- Engineering construction work done fell 2% to \$10 billion in the June quarter 2014. It fell 3% to \$43 billion in 2013-14.
- Mining new capital expenditure fell 1.5% to \$12 billion in the September quarter 2014 (not adjusted for seasonal factors).



Investment in major resource projects by commodity (\$ billion)

	Construction/committed		Under consideration ¹	
	Sep. 2014	Mar. 2014	Sep. 2014	Mar. 2014
Iron ore	19.5	17.3	20.0	21.0
Iron ore infrastructure	8.7	6.1	10.3	10.3
LNG	127.0	120.5	59.9	63.0
Natural gas and pipelines	3.3	3.1	0.8	1.4
Crude oil and condensate	0.6	1.0	1.0	0.9
Gold	0.1	-	3.5	3.7
Nickel	-	0.2	3.8	3.8
Alumina	-	-	-	-
Other commodities and infrastructure	0.5	0.5	9.0	7.4
Total	159.8	148.7	108.3	111.6

¹ Yet to reach a final investment decision.

Source: Western Australia Department of Mines and Petroleum, Resources Data Files.

Major iron ore and LNG operations and projects

	A\$ billion	Mtpa [target]	Start up
Iron ore and associated infrastructure:			
<i>Operations of major producers in 2013-14:</i>			
Rio Tinto		254 [360]	
BHP Billiton		211 [290]	
Fortescue Metals Group		113 [155]	
Others		54 [165]	
Total exports¹		632 [970]	
<i>Recently completed major projects:</i>			
Rio Tinto – Pilbara 290 Iron Ore Expansion	10.2	53	Sep.2013
Fortescue Metals Group – Solomon Firetail (Port and Rail) T115	6.2*	20	Sep.2013
BHP Billiton – Jimblebar Mine Expansion	3.7	35	Sep.2013
CITIC Pacific – Sino Iron Cape Preston Mine & Processing Plant	9.0	8	Sep.2013
Fortescue Metals Group – Solomon Kings T155	2.4*	40	Nov. 2013
Total recently completed major projects	31.5	156	
<i>Major projects under construction or committed:</i>			
Rio Tinto – Nammuldi Mine Expansion (Ore for Pilbara 360 Expansion)	2.0	(9)	Dec. 2014
Fortescue Metals Group/Baosteel/Formosa – Iron Bridge	1.8	2 [11]	Mar. 2015
Rio Tinto – Pilbara 360 Iron Ore Expansion (Port and Rail) ²	6.1	70	Jun. 2015
Hancock Prospecting – Iron Ore Mine & Infrastructure – Roy Hill	9.9	55	Sep. 2015
Total projects under construction or committed	19.8	127	
Total exports plus committed capacity expansions		759	
LNG and associated gas supply and infrastructure:			
<i>Operating plants:</i>			
North West Shelf	27.0	17.1	Aug.1989
Woodside – Pluto	15.0	4.3 [12.9]	Apr.2012
Total operating capacity	42.0	21.4	
<i>Recently completed major projects:</i>			
Woodside – North Rankin Redevelopment	5.0	-	Oct.2013
<i>Major projects under construction or committed:</i>			
Gorgon Joint Venture Gas Processing Plant	55.0	15.6 [26]	Dec. 2015
Woodside – Greater Western Flank (Phase 1)	2.5	-	Jun. 2016
Chevron – Wheatstone LNG Plant	30.7	8.9 [25]	Dec. 2016
Inpex/Total – Ichthys Gas Field	21.7*	-	Dec. 2016
Apache/KUFPEC – Julimar Development (Gas for Wheatstone)	1.4	(1.7)	Dec. 2016
Shell – Prelude Floating LNG Plant	12.6	3.6	Jun. 2017
Woodside – Persephone Gasfield (Gas for North West Shelf)	1.2	-	Mar. 2018
Total projects under construction or committed	125.1	28.1	
Total capacity of current operations and committed expansions		49.5	

¹ Estimated dry tonnes for actual sales and wet tonnes for sales targets. Rio Tinto, BHP Billiton and Fortescue Metals Group inclusive of third party tonnes.

² Investment approved for port, rail, autonomous trains and power components. Investment in associated mine expansions yet to be fully approved.

Mtpa - Million tonnes per annum.

* Western Australia Department of State Development estimate.

Source: Deloitte Access Economics, Investment Monitor; Department of Industry, Mining Industry Major Projects; WA Chamber of Commerce and Industry, Resource and Energy Projects Service; and company announcements, reports and presentations.



The value of minerals and petroleum sales in Western Australia rose 20% to \$122 billion in 2013-14. The Reserve Bank of Australia's non-rural commodity price index fell 10% in 2013-14 (down 8% in 2013). The Australian dollar exchange rate fell 11% to US91.5 cents in 2013-14 and is forecast by the Western Australian Treasury to fall to US90.6 cents in 2014-15 and US84.9 cents by 2017-18.

Iron ore and LNG prices (monthly average)



¹ Western Australia 2014-15 State Budget.
Source: World Bank, Commodity Price Data (monthly prices in nominal US dollars).

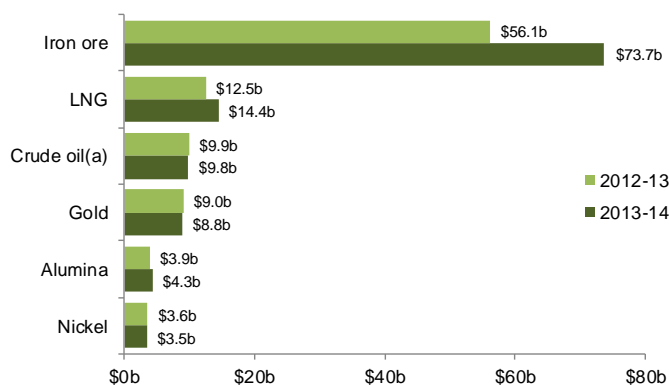
- The monthly average price of iron ore fell 9% to US\$74 a tonne in November 2014. The annual average price fell 3% to US\$123/t in 2013-14 (up 5% to US\$135/t in 2013) and is forecast by Treasury to fall to US\$115/t by 2017-18.¹
- The monthly average price of LNG fell 10% to US\$13.9 a million British thermal unit in November 2014. The annual average price fell 2% to US\$16.0/mmbtu in 2013-14 (down 4% to US\$16.0/mmbtu in 2013).
- The monthly average price of crude oil fell 10% to US\$76 a barrel in November 2014. The annual average price rose 10% to US\$101/bbl in 2013-14 (up 4% to US\$98/bbl in 2013).
- The monthly average price of gold fell 4% to US\$1,175 a troy ounce in November 2014. The annual average price fell 19% to US\$1,296/oz in 2013-14 (down 15.5% to US\$1,411/oz in 2013).

World resource commodity production: 2013

Unit	WA % of world	WA % of Australia	Western Australia	Australia	World
Iron ore	29.9	97.3	593	609	1,981
Garnet	15.3	100.0	260	260	1,700
Zircon	14.7	35.2	211	600	1,440
Alumina	14.2	63.3	14	22	96
Nickel	12.1	100.0	234	234	1,941
Ilmenite	9.0	64.9	610	940	6,790
Diamonds	6.7	100.0	11,482	11,482	171,800
Rutile	6.7	11.4	51	450	770
LNG	6.4	82.6	19	23	300
Gold	6.1	69.6	183	263	2,989

Source: Western Australia Department of Mines and Petroleum, Resources Data Files.

Major minerals and petroleum sales (value)

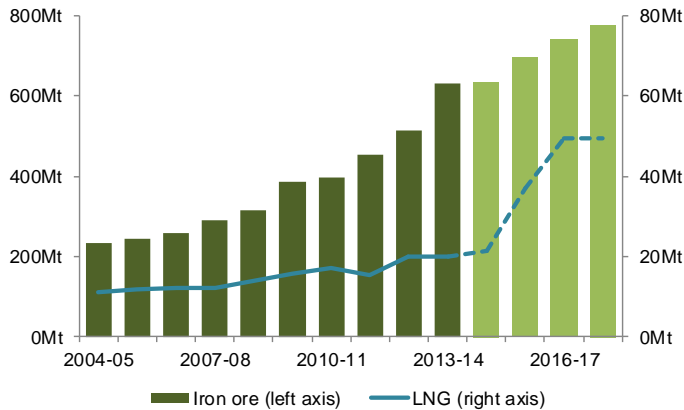


(a) Includes condensate.
Source: Western Australia Department of Mines and Petroleum, Minerals and Petroleum Summary Tables.

- Western Australia's iron ore sales rose 31% to \$74 billion in 2013-14 (61% of minerals and petroleum sales), with sales volumes up 23% to 631 million tonnes.
- LNG sales rose 16% to \$14 billion in 2013-14 (12% of minerals and petroleum sales), with volumes up 1% to 20 million tonnes.
- Crude oil and condensate sales fell 1% to \$10 billion in 2013-14 (8% of minerals and petroleum sales), with volumes down 12% to 13 gigalitres.
- Gold sales fell 2% to \$9 billion in 2013-14 (7% of minerals and petroleum sales), despite volumes rising 9% to 195 tonnes.



Iron ore and LNG sales outlook (volume)



Note – Projections and/or forecasts start in 2014-15.
Source: Western Australia Department of Mines and Petroleum, Minerals and Petroleum Summary Tables; Western Australia 2014-15 State Budget; and Western Australia Department of State Development.

- Western Australia's iron ore sales are forecast to rise by an annual average of 5% to 777 million tonnes between 2013-14 and 2017-18.
- LNG sales are expected to grow from 20 million tonnes in 2013-14 to almost 50 million tonnes in 2017-18, assuming the Gorgon, Wheatstone and Prelude projects are operating at full capacity at this time and the North West Shelf maintains current production levels.
- Western Australia accounted for 40% of proposed iron ore expansions by the top 10 iron ore exporting countries in 2012 and 27% of global LNG capacity under construction in 2014.

World iron ore and natural gas reserves¹

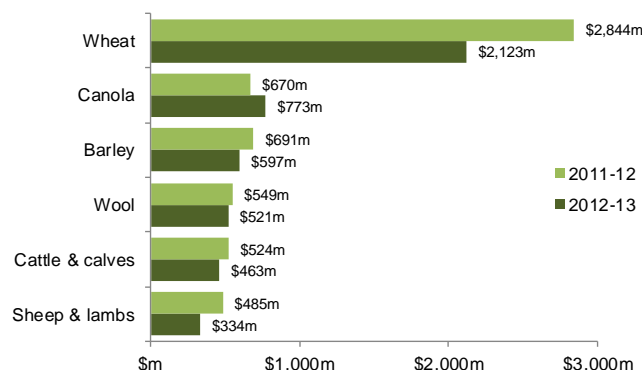
Iron ore		Natural gas	
Million tonnes	World % share	Trillion cubic feet	World % share
Western Australia: June. 2014		Western Australia: Nov. 2014	
Pilbara	25,679	Carnarvon Basin	60.1
Mid West	6,587	Browse Basin	14.9
Central Yilgarn	2,662	Bonaparte Basin	0.8
Other regions	573	Perth Basin	0.03
Total²	35,501	Total	75.9
World: Feb. 2014		World: Dec. 2013	
Australia (1 st)	35,000	Iran (1 st)	1,193
Brazil (2 nd)	31,000	Russia (2 nd)	1,104
Russia (3 rd)	25,000	Qatar (3 rd)	872
China (4 th)	23,000	Turkmenistan (4 th)	617
India (5 th)	8,100	USA (5 th)	330
USA (6 th)	6,900	Australia (11 th)	130
World	169,300	World	6,558
	100.0		100.0

¹ Economic demonstrated resource or proved and probable reserves.

² Includes magnetite.

Source: Western Australia Department of State Development; United States Geological Survey, Mineral Commodity Summaries; Energy Quest, Energy Quarterly Reports; and BP Statistical Review of World Energy.

Principal¹ agricultural commodities



¹ Includes wheat, barley, oats, grain sorghum, canola, cotton, apples, grapes, hay, lupins, nursery production, potatoes, tomatoes, cattle and calves, sheep and lambs, pigs, poultry, wool, milk and eggs.

² Includes agriculture, forestry and fishing industry products, natural and cultured pearls, and food and beverage manufacturing.

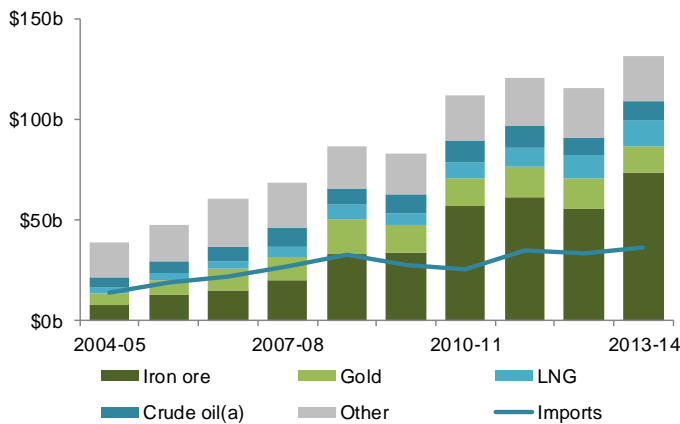
Source: ABS 5220.0 State Accounts, 5368.0 International Trade in Goods and Services, 7501.0 Value of Principal Agricultural Commodities Produced, 7111.0 Principal Agricultural Commodities.

- The gross value of agriculture production in Western Australia rose 22% to \$11.0 billion in 2013-14.
- The gross value of principal¹ agricultural commodities produced fell 23% to \$5.4 billion in 2012-13.
- Wheat production fell 25% to \$2.1 billion in 2012-13, with volumes down 40% to 7 million tonnes.
- The value of the State's agri-food² exports rose 10% to \$6.4 billion in 2013-14.



In 2013-14 exports of goods and services accounted for 52% of GDP. In 2013-14 minerals and petroleum contributed 90% (\$119 billion) of the State's merchandise exports. Western Australia contributed 51% of Australia's merchandise exports in 2013-14 and large shares of national exports to China (71%), Korea (50%) and Japan (49%). China was the largest market for the State's exports of iron ore (76%), gold (64%) and crude oil and condensate (22%) in 2013-14. In volume terms, 75% of the State's LNG went to Japan in 2013-14.

Merchandise trade



Source: ABS 5368.0 International Trade in Goods and Services, 5206.0 National Accounts and 5220.0 State Accounts.

- Western Australia's merchandise exports rose 14% to \$132 billion in 2013-14.
- Merchandise export volumes rose 8% in 2013-14, above annual average growth of 5% in the past 10 years.
- Merchandise imports rose 8% to \$37 billion in 2013-14, mainly due to higher imports of petroleum (up \$1.5 billion or 19%) and general industrial machinery and equipment (up \$1.2 billion or 47%).
- Merchandise exports mainly comprised iron ore (56%), LNG (10.0%), gold (9.6%) and crude oil and condensate (7%) in 2013-14.

Major trading partners: 2013-14



Source: ABS 5368.0 International Trade in Goods and Services.

- China was Western Australia's largest export market in 2013-14 (\$72 billion or 55%), followed by Japan (\$24 billion or 18%).
- China overtook Japan as the State's largest export market in 2006-07 (2006).
- The State's exports rose to China by 32% (\$17.4 billion) and Japan by 11% (\$2.4 billion) in 2013-14.
- Singapore was the State's largest source of imports in 2013-14 (\$4.6 billion or 13%), followed by China (\$4.1 billion or 11%).

Major export commodity markets: 2013-14

Iron ore	\$ billion	Mt	Gold	\$ billion	t	LNG ¹	\$ billion	Mt
China	56.1	490	China	8.1	178	Japan ²	12.9	15
Japan	9.6	76	Singapore	2.3	50	China ²	0.7	3.5
Korea	6.1	51	UK	0.6	13	Korea ²	0.4	0.5
Taiwan	1.7	14	Turkey	0.5	12	Taiwan/others	0.4	0.9
Total	73.7	632	Total	12.7	279	Total	14.4	20

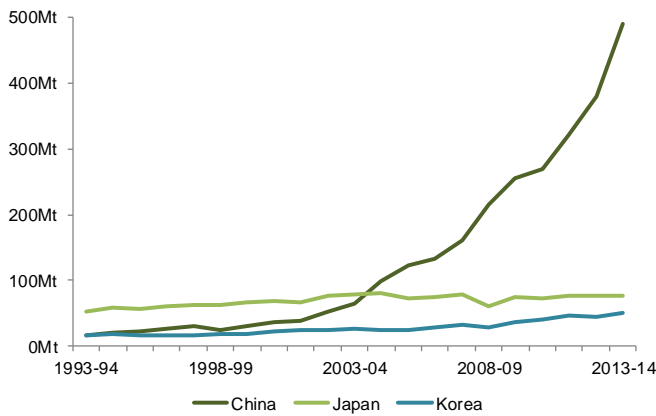
Crude oil ³	\$ billion	Gt	Nickel	\$ billion	000t	Alumina	\$ billion	Mt
China ²	2.1	3	Malaysia	0.9	n.a.	UAE	0.6	n.a.
Korea ²	1.7	2	China	0.8	n.a.	China	0.6	n.a.
Singapore ²	1.4	2	Singapore	0.3	n.a.	South Africa	0.4	n.a.
Japan ²	1.4	2	Japan	0.2	n.a.	Bahrain	0.4	n.a.
Total	9.3	12	Total	2.5	154	Total	3.4	11

¹ Sales² DSD estimates³ Includes condensate.

Source: ABS 5368.0 International Trade in Goods and Services; Western Australia Department of Mines and Petroleum, Resources Data Files; International Group of LNG Importers, The LNG Industry; Japanese Ministry of Finance, Japan LNG Imports; Korean Customs Service, Korea LNG Imports; and CEIC China Premium Database.



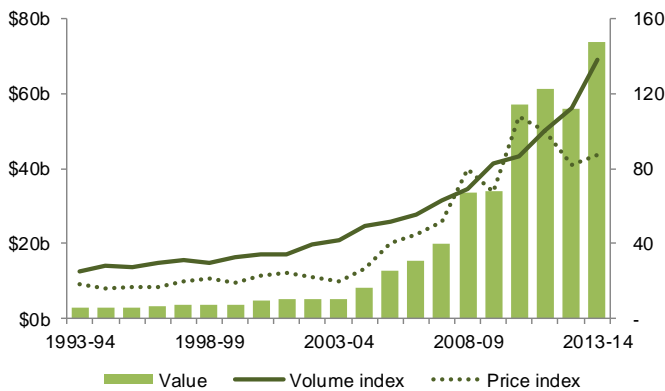
Major iron ore export markets (volume)



Source: ABS 5368.0 International Trade in Goods and Services; and Western Australia Department of Mines and Petroleum, Resource Data Files.

- Western Australia accounted for 47% of global iron ore exports in 2013.
- The State's iron ore exports to China rose 29% to 490 million tonnes in 2013-14, higher than the 22% annual average growth in the past 10 years.
- Iron ore exports to Japan rose 0.2% to 76 million tonnes in 2013-14.
- Iron ore exports to Korea rose 16% to 51 million tonnes in 2013-14.
- China overtook Japan as Western Australia's largest iron ore export market in 2004-05 (2005).

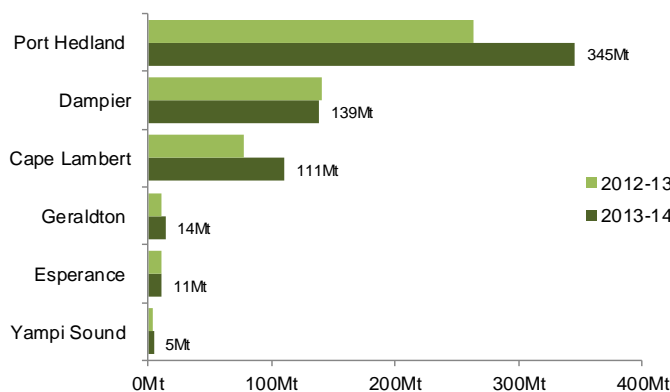
Iron ore exports



Source: ABS 5368.0 International Trade in Goods and Services; and Western Australia Department of Mines and Petroleum, Resource Data Files.

- The value of Western Australia's iron ore exports rose 32% to \$74 billion in 2013-14, above annual average growth of 30% in the past 10 years.
- The annual average price of the State's iron ore exports rose 7% in 2013-14.
- The volume of the State's iron ore exports rose 23% to 632 million tonnes in 2013-14, above annual average growth of 13% in the past 10 years.

Major iron ore exporting ports

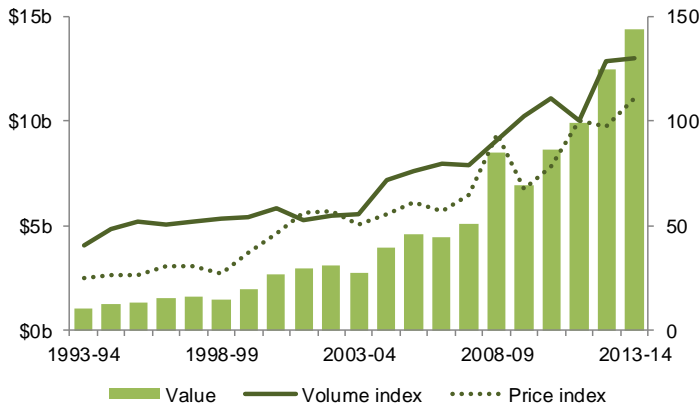


Source: ABS 5368.0 International Trade in Goods and Services.

- Iron ore exports from Port Hedland rose 31% to 345 million tonnes in 2013-14, accounting for 55% of the State's iron ore exports.
- Iron ore exports from Dampier fell 1% to 139 million tonnes in 2013-14, contributing 22% of the State's iron ore exports.
- Iron ore exports from Cape Lambert rose 42% to 111 million tonnes in 2013-14, contributing 17% of the State's iron ore exports.
- Port authorities and iron ore producers have identified port total capacity expansion targets of 495 million tonnes for Port Hedland by 2017-18, 210 million tonnes for Cape Lambert by 2014-15 and 150 million tonnes for Dampier by 2014-15.



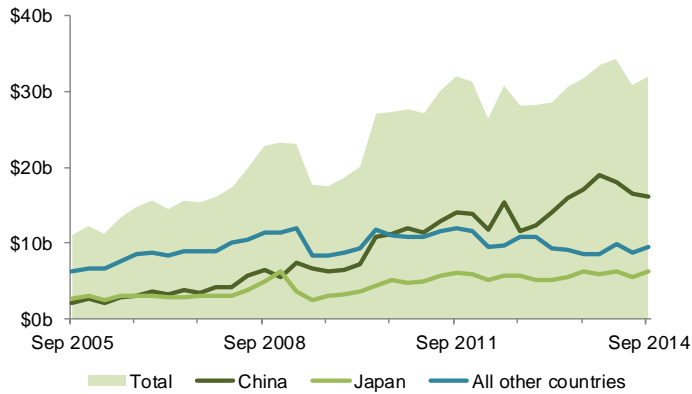
LNG sales



Source: Western Australia Department of Mines and Petroleum, Resource Data Files.

- The value of Western Australia's LNG sales rose 16% to \$14 billion in 2013-14, below annual average growth of 18% in the past 10 years.
- The annual average price of the State's LNG sales rose 14% in 2013-14, above annual average growth of 8% in the past 10 years.
- The volume of State's LNG sales rose 1% to 20 million tonnes in 2013-14, below annual average growth of 9% in the past 10 years.

Quarterly merchandise exports



Source: ABS 5368.0 International Trade in Goods and Services.

- Western Australia's merchandise exports rose 4% to \$32.0 billion in the September quarter 2014.
- Western Australia's merchandise exports to China fell 2.5% to \$16.1 billion in the September quarter 2014; the third successive quarterly decline.
- The State's merchandise exports to Japan rose 15% to \$6.3 billion in the September quarter 2014.
- The State's merchandise exports to all other countries (excluding China and Japan) rose 8% to \$9.5 billion in the September quarter 2014.

Services trade

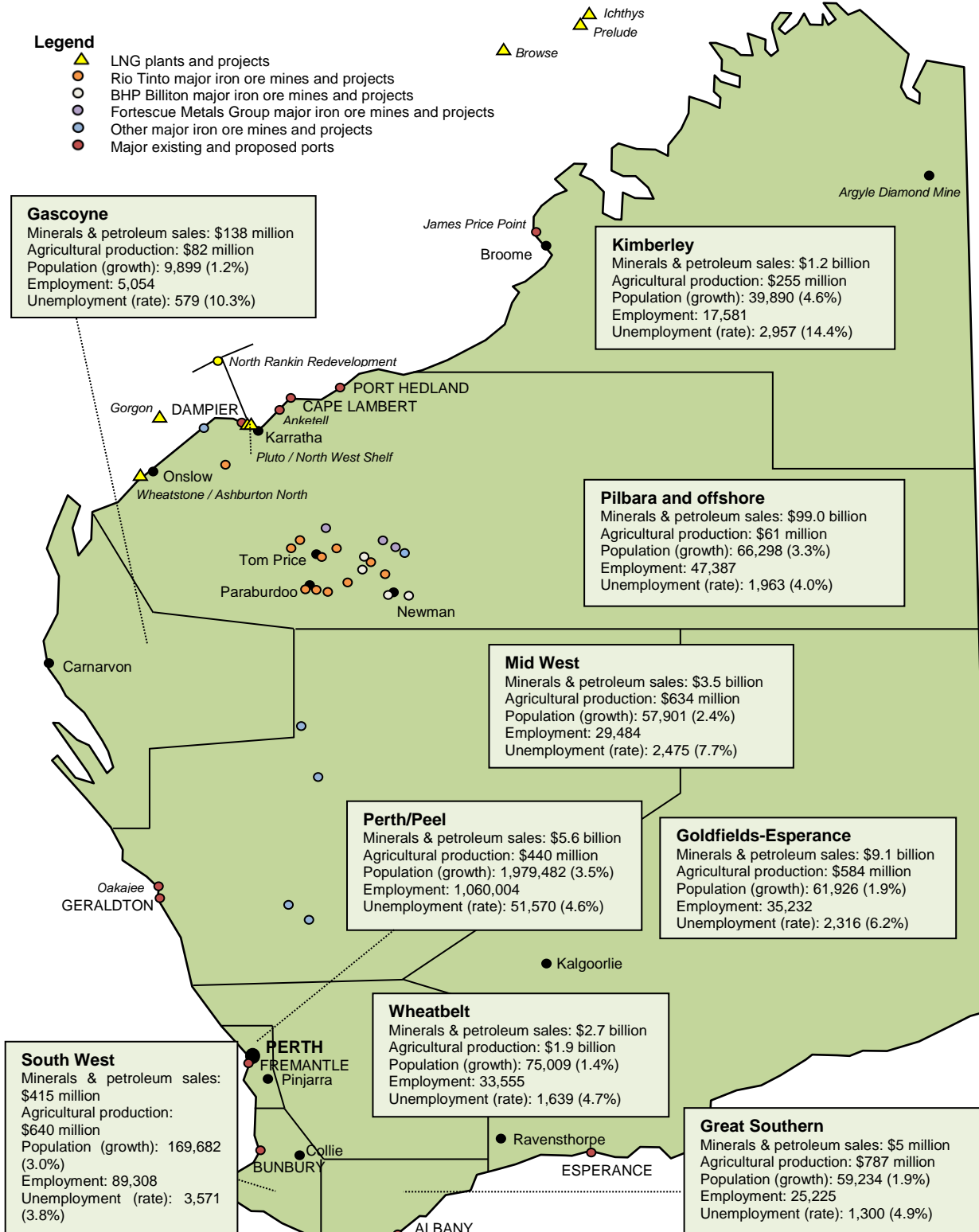


Source: ABS 5368.0.55.003(004) International Trade in Services by Country, State and Detailed Services Category.

- Western Australia contributed 10.8% of Australia's services exports in 2013-14.
- The State's services exports in 2013-14 mainly comprised personal travel (27%), education travel (21%), transport (16%), business travel (13%) and technical, trade and other business services (9%).
- Western Australia's services exports rose 5% to \$6.2 billion in 2013-14, mainly due to increases in education travel to the State (up 10% to \$1.3 billion), personal travel to the State (up 7% to \$1.7 billion), transport services (up 6% to \$1.0 billion) and computer services (up 64% to \$113 million).
- Services imports rose 3% to \$10.7 billion in 2013-14, mainly due to increases in personal travel from the State (up 11% to \$4.1 billion) and freight services (up 5% to \$1.5 billion).



Regions (map is indicative only)



Reference periods – Minerals and petroleum sales (2013-14), agricultural production (2010-11), population (2012-13) and labour markets (June quarter 2014).
Source: Western Australia Department of Mines and Petroleum, Statistics Digest; Department of Education, Employment and Workplace Relations, Small Area Labour Markets; and ABS 3218.0 Regional Population Growth and 7503.0 Value of Agricultural Commodities Produced.