• Western Australia’s gross state product (GSP) of $239.7 billion in 2015-16 was 14.5% of Australia’s gross domestic product (GDP).
• GSP per capita of $92,056 in 2015-16 was 33% above Australia’s GDP per capita of $69,134.
• Real GSP growth of 1.9% in 2015-16 was below average growth of 5.0% over the past ten years.
• The WA Treasury forecasts real GSP growth of 0.5% in 2016-17 and 2.5% in 2017-18.
• Australia’s real GDP rose 2.8% in 2015-16. The Australian Government forecasts GDP growth of 1.75% in 2016-17 and 2.75% in 2017-18.

• Goods-producing industries accounted for 46% ($109.5b) of GSP in 2015-16, followed by services industries (42% or $101.8b) and dwelling ownership and other items (12% or $28.4b).
• Mining accounted for 23% of GSP in 2015-16, followed by construction (13%) and business and property services (10%).
• Manufacturing accounted for 5% of GSP in 2015-16.
• Agriculture, forestry and fishing accounted for 2% of GSP in 2015-16.

• An industry’s contribution to real GSP growth depends on real changes to its gross value added and its share of GSP.
• Mining gross value added rose 7% in 2015-16, and with its large share of GSP, contributed 1.9 percentage points to real GSP growth.
• Healthcare and social assistance gross value added rose 5% in 2015-16, contributing 0.2 percentage points to real GSP growth.
• Construction gross value added fell 3% in 2015-16, detracting 0.4 percentage points from real GSP growth.
Gross state income and terms of trade (% change)

- Changes in export prices relative to import prices (terms of trade) affects the GSI and accounts for the difference between changes in GSI and GSP.
- Western Australia's terms of trade fell 14% in 2015-16. This meant that despite growth in real GSP, Western Australia’s gross state income (GSI) fell 5% in 2015-16, compared with annual average growth of 5% over the past ten years.
- The Reserve Bank of Australia’s (RBA) $A commodity price index for Australia fell 11% in 2015-16.
- The RBA’s monthly $A commodity price index fell 3% in July 2017. The annual index rose 22% in 2016-17.
- The monthly average price of iron ore$ rose 18% to US$68 a tonne in July 2017. The annual average price of iron ore$ rose 35% to US$70 a tonne in 2016-17 and is forecast by the WA Treasury to be US$69 a tonne in 2017-18 and US$65 a tonne in 2018-19.
- The monthly average $A exchange rate rose 4% to US80 cents in July 2017. The annual average $A exchange rate rose 4% to US75 cents in 2016-17 and is forecast by the WA Treasury to be US75 cents in 2017-18 and 2018-19.
- Western Australia’s population of 2.57 million in 2016 was 11% of Australia’s population.
- Population growth of 0.7% (16,835) in 2016 was below annual average growth of 2.1% over the past ten years.
- Natural increase (20,587) and net overseas migration (up 12,921) offset falling net interstate migration (down 10,824) in 2016.
- The WA Treasury forecasts annual average population growth of 1.2% in 2016-17 and 1.3% in 2017-18.
- The 2015 WA Tomorrow report forecasts a population of 3.27 million by 2026.
LABOUR MARKET

Employment (monthly)

- Western Australia’s employment fell by 1,200 to 1.37 million in July 2017.
- Full-time employment rose by 1,700 to 944,300 in July 2017.
- Part-time employment fell by 2,900 to 421,800 in July 2017.
- Total employment rose 2% (25,700) through the year to July 2017, due to rising full-time employment (up 5% or 44,400) offsetting falling part-time employment (down 4% or 18,700).
- The WA Treasury forecasts annual average employment growth of 0.25% in 2017-18 and 1.5% in 2018-19.

Industry sector employment (quarterly)

- Services industries accounted for 73% (1,001,300) of total employment in the June quarter 2017 and goods-producing industries accounted for 27% (369,300).
- The largest increases in employment through the year to the June quarter 2017 were in healthcare and social assistance (up 13,200), education and training (up 11,900) and construction (up 7,800).
- The largest falls in employment through the year to the June quarter 2017 were in mining (down 17,600) and manufacturing (down 12,100).
- The participation rate measures the proportion of the civilian working age population that is employed or unemployed.
- The participation rate of 67.8% in the June quarter 2017 was above the 67.5% in the previous quarter and 67.7% a year ago.
- The WA Treasury forecasts an annual average participation rate of 66.2% in 2017-18 and 66.0% in 2018-19.
- There were 19,100 job vacancies in the June quarter 2017, 1,300 more than in the previous quarter and 3,600 more than a year ago.
LABOUR MARKET continued

Unemployment rate (monthly)

- The unemployment rate measures the proportion of the labour force that is unemployed (people who are not employed and actively looking for work).
- Western Australia’s unemployment rate of 5.4% in July 2017 was below the 5.6% in the previous month and 6.4% a year ago.
- Australia’s unemployment rate was 5.6% in July 2017.
- The WA Treasury forecasts an annual average unemployment rate of 6.5% in 2017-18 and 6.25% in 2018-19.

Underutilisation rate (quarterly)

- The underutilisation rate measures the proportion of the labour force that is unemployed or underemployed (workers who want and are able to work more hours).
- The underutilisation rate of 15.5% in the June quarter 2017 was below the 17.3% in the previous quarter, but above the 14.7% a year ago.
- The underutilisation rate in the June quarter 2017 comprised an underemployment rate of 10.3% and an unemployment rate of 5.2%.
- The underemployment rate of 10.3% in the June quarter 2017 was below the 10.6% in the previous quarter, but above the 8.9% a year ago.

Average annual earnings and wages growth

- Western Australia’s average annual adult full-time total earnings were 12% ($9,875) above Australia’s average annual adult full-time total earnings of $83,491 in 2016-17.
- Average annual adult full-time total earnings rose 0.01% to $93,366 in 2016-17.
- Wages growth of 1.4% in 2016-17 was below annual average growth of 3.3% over the past ten years, and below Australia's wages growth of 1.9% in 2016-17.
- The WA Treasury forecasts wages growth of 1.75% in 2017-18 and 2.5% in 2018-19.
CONSUMPTION

Real household consumption (% change)

- Western Australia accounted for 11% of Australia’s household consumption in 2015-16.
- Household consumption accounted for 43% of GSP in 2015-16 and contributed 0.6 percentage points to real GSP growth.
- Real household consumption growth of 1.4% in 2016 was below annual average growth of 3.3% over the past ten years.
- The WA Treasury forecasts real household consumption to rise 1.75% in 2016-17 and 2.0% in 2017-18.

Nominal household consumption rose 1.4% to $103.6 billion in 2016.

The largest increases in household consumption in 2016 were in insurance, finance and other (up $702m or 5%), health (up $421m or 6%) and electricity, gas and other fuel (up $306m or 16%).

The largest falls in household consumption in 2016 were in net expenditure interstate (down $319m or 59%), transport (down $244m or 3%) and rent and other dwelling services (down $196m or 1%).

Western Australia’s gross household disposable income per capita of $50,146 in 2015-16 was 6% ($2,877) above Australia’s gross household disposable income per capita of $47,269.

Gross household disposable income per capita fell 4% in 2015-16 (the only fall in 20 years), compared with annual average growth of 5% over the past ten years.

Total gross household disposable income fell by $3.2 billion in 2015-16, due to changes in employee wages (down $2.7 billion), interest and tax on secondary income (up $1.6 billion), self-employed and property income (up $1.0 billion) and social benefits and other secondary income (up $172 million).
- Western Australia accounted for 24% of Australia’s business investment in 2015-16 (20% in 2016).
- Business investment accounted for 22% of GSP in 2015-16, but detracted 4.2 percentage points from real GSP growth.
- Nominal business investment fell 27% to $43.0 billion in 2016.
- Nominal dwelling investment fell 15% to $11.2 billion in 2016.
- Nominal public investment was unchanged at $8.3 billion in 2016.
- The WA Treasury forecasts real business investment to fall 32.5% in 2016-17 and 17.0% in 2017-18.

Source: ABS 5220.0 State Accounts; and 5206.0 Quarterly National Accounts.

- Western Australia accounted for 57% of Australia’s mining new capital expenditure in 2016-17.
- Mining accounted for 77% of Western Australia’s private new capital expenditure in 2016-17.
- Mining new capital expenditure fell 37% to $2.2 billion in 2016, mainly due to increases in gold and copper exploration.
- New capital expenditure in other selected industries fell 14% to $6.8 billion in 2016-17.
- In March 2017, Western Australia had $100.7 billion of major resource projects under construction or committed and $51.7 billion under consideration.

Source: ABS 5625.0 Private New Capital Expenditure.

- Western Australia accounted for 65% of Australia’s minerals exploration expenditure and 71% of Australia’s petroleum exploration expenditure in 2016.
- Minerals exploration expenditure rose 10% to $928 million in 2016, mainly due to increases in gold and copper exploration.
- Petroleum exploration expenditure fell 38% to $996 million in 2016.

Source: ABS 8412.0 Mineral and Petroleum Exploration.
PROPERTY MARKET AND CONSTRUCTION ACTIVITY

Median established house prices and rents

- Perth’s median established house price fell 3% to $510,000 in the March quarter 2017.
- Perth’s median established house price was 43% below Sydney’s and 22% below Melbourne’s in the March quarter 2017.
- The median established house price in the rest of Western Australia (excluding Perth) fell 2% to $345,000 in the March quarter 2017.
- Perth rents fell 2% in the March quarter 2017 and 7% through the year to the March quarter 2017, compared with annual average growth of 3% over the past ten years.

Building and engineering construction activity

- Residential building activity fell 20% to $7.7 billion in 2016, compared with annual average growth of 3% over the past ten years.
- Non-residential building activity fell 12% to $4.5 billion in 2016, compared with annual average growth of 7% over the past ten years.
- Heavy engineering construction activity fell 35% to $19.2 billion in 2016, compared with annual average growth of 9% over the past ten years.
- All other engineering construction activity fell 46% to $6.7 billion in 2016, compared with annual average growth of 1% over the past ten years.

Building construction activity outlook

- Western Australia had $6.6 billion of building activity in the pipeline in the March quarter 2017.
- Approvals rose for residential (up 9% to $1.5 billion) and non-residential (up 20% to $1.2 billion) building in the June quarter 2017. Residential building approvals typically lead building activity by one/two quarters.
- Housing finance for the construction of new dwellings rose 29% to $1.0 billion in the June quarter 2017. Housing finance typically leads residential building activity by two/three quarters.
**MERCHANDISE EXPORTS**

**Merchandise exports (nominal)**

- Western Australia accounted for 42% of Australia’s merchandise exports in 2016-17.
- Merchandise exports accounted for 43% of GSP in 2015-16 and contributed 2.8 percentage points to real GSP growth.
- Real merchandise exports growth of 6% in 2015-16 was in line with annual average of growth of 6% over the past ten years.
- The WA Treasury forecasts real merchandise exports growth of 8.0% in 2016-17 and 6.5% in 2017-18.
- Nominal merchandise exports rose 21% to $120.8 billion in 2016-17.

**Major export markets (top 10)**

- Western Australia’s largest export market in 2016-17 was China ($60.2b or 50%), followed by Japan ($15.7b or 13%) and Hong Kong ($9.6b or 8%).
- Western Australia had majority shares of Australian exports to Hong Kong (75%), United Kingdom (64%) and China (63%) in 2016-17.
- Minerals and petroleum accounted for 90% ($95.3b) of merchandise exports in 2016. (2016-17 is not available yet).
- Agricultural and food exports accounted for 7% ($8.6b) of merchandise exports in 2016-17.

**Major export commodities: 2016**

<table>
<thead>
<tr>
<th>Iron ore</th>
<th>$m (%)</th>
<th>Gold</th>
<th>$m (%)</th>
<th>Petroleum</th>
<th>$m (%)</th>
<th>Alumina</th>
<th>$m (%)</th>
<th>Cereals</th>
<th>$m (%)</th>
<th>Canola</th>
<th>$m (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>43,708 (81)</td>
<td>6,963 (39)</td>
<td>7,805 (55)</td>
<td>UAE</td>
<td>966 (22)</td>
<td>China</td>
<td>821 (23)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>5,216 (10)</td>
<td>Hong Kong</td>
<td>6,425 (36)</td>
<td>China</td>
<td>1,936 (14)</td>
<td>Bahrain</td>
<td>608 (14)</td>
<td>Indonesia</td>
<td>680 (19)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Korea</td>
<td>3,234 (6)</td>
<td>China</td>
<td>2,401 (14)</td>
<td>Singapore</td>
<td>1,100 (8)</td>
<td>Mozambique</td>
<td>378 (6)</td>
<td>Japan</td>
<td>430 (12)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>1,724 (3)</td>
<td>Other</td>
<td>1,962 (11)</td>
<td>Other</td>
<td>3,412 (24)</td>
<td>Other</td>
<td>2,535 (57)</td>
<td>Other</td>
<td>1,665 (46)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>53,882 (100)</td>
<td>Total</td>
<td>17,751 (100)</td>
<td>Total</td>
<td>14,253 (100)</td>
<td>Total</td>
<td>4,487 (100)</td>
<td>Total</td>
<td>3,596 (100)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Base metals</th>
<th>$m (%)</th>
<th>Nickel</th>
<th>$m (%)</th>
<th>Meat &amp; livestock</th>
<th>$m (%)</th>
<th>Chemicals</th>
<th>$m (%)</th>
<th>Canola</th>
<th>$m (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korea</td>
<td>866 (27)</td>
<td>Malaysia</td>
<td>434 (28)</td>
<td>Indonesia</td>
<td>206 (17)</td>
<td>China</td>
<td>152 (13)</td>
<td>Germany</td>
<td>396 (45)</td>
</tr>
<tr>
<td>China</td>
<td>764 (24)</td>
<td>China</td>
<td>297 (19)</td>
<td>Qatar</td>
<td>96 (8)</td>
<td>Korea</td>
<td>140 (12)</td>
<td>Belgium</td>
<td>266 (30)</td>
</tr>
<tr>
<td>Philippines</td>
<td>597 (19)</td>
<td>Taiwan</td>
<td>216 (14)</td>
<td>Vietnam</td>
<td>88 (7)</td>
<td>USA</td>
<td>93 (8)</td>
<td>France</td>
<td>101 (11)</td>
</tr>
<tr>
<td>Other</td>
<td>973 (30)</td>
<td>Other</td>
<td>587 (38)</td>
<td>Other</td>
<td>821 (68)</td>
<td>Other</td>
<td>749 (66)</td>
<td>Other</td>
<td>117 (13)</td>
</tr>
<tr>
<td>Total</td>
<td>3,201 (100)</td>
<td>Total</td>
<td>1,533 (100)</td>
<td>Total</td>
<td>1,212 (100)</td>
<td>Total</td>
<td>1,133 (100)</td>
<td>Total</td>
<td>880 (100)</td>
</tr>
</tbody>
</table>

1. Includes LNG, crude oil, condensate and LPG.
2. Includes bauxite.
3. Includes wheat, barley and other cereals.
4. Includes copper, lead and zinc.

Source: WA Department of Mines, Industry Regulation and Safety, Resource Data Files, and ABS 5368.0 International Trade in Goods and Services.
Western Australia accounted for 10% of Australia’s services exports in 2015-16 (9% in 2016).

Services exports accounted for 3% of GSP in 2015-16 and contributed 0.1 percentage points to real GSP growth.

Real services exports growth of 3% in 2015-16 was in line with annual average growth of 3% over the past ten years.

Nominal services exports rose 2% to $6.4 billion in 2016.

Western Australia accounted for 7.75% of Australia’s international student enrolments in 2016, below the 7.85% share in 2015.

Tourism accounted for 2% ($5.5 billion) of GSP and 5% (72,000) of total employment in 2015-16.

Takings from accommodation fell 3% to $922 million in 2015-16.

The number of guest rooms fell 0.1% to 23,050 in 2015-16.

The room occupancy rate of 61.6% in 2015-16 was below the 61.9% in 2014-15.

The number of paying guests at accommodation establishments (per night) fell 0.2% to 2.03 million in 2015-16.
MINING

Western Australia’s share of Australian and world mining production: 2016

<table>
<thead>
<tr>
<th>Unit</th>
<th>World % share</th>
<th>Aust. % share</th>
<th>WA</th>
<th>Australia</th>
<th>World</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rutile</td>
<td>'000 tonnes</td>
<td>41</td>
<td>88</td>
<td>307</td>
<td>350</td>
</tr>
<tr>
<td>Iron ore</td>
<td>million tonnes</td>
<td>38</td>
<td>99</td>
<td>769</td>
<td>781</td>
</tr>
<tr>
<td>Garnet</td>
<td>'000 tonnes</td>
<td>34</td>
<td>100</td>
<td>575</td>
<td>575</td>
</tr>
<tr>
<td>Rare earths</td>
<td>'000 tonnes</td>
<td>13</td>
<td>100</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Alumina</td>
<td>million tonnes</td>
<td>12</td>
<td>67</td>
<td>14</td>
<td>21</td>
</tr>
<tr>
<td>Ilimenite</td>
<td>'000 tonnes</td>
<td>11</td>
<td>90</td>
<td>648</td>
<td>720</td>
</tr>
<tr>
<td>Zircon</td>
<td>'000 tonnes</td>
<td>8</td>
<td>22</td>
<td>123</td>
<td>550</td>
</tr>
<tr>
<td>Diamonds</td>
<td>million carats</td>
<td>8</td>
<td>100</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Nickel</td>
<td>'000 tonnes</td>
<td>7</td>
<td>100</td>
<td>166</td>
<td>166</td>
</tr>
<tr>
<td>Gold</td>
<td>tonnes</td>
<td>6</td>
<td>68</td>
<td>196</td>
<td>287</td>
</tr>
</tbody>
</table>

Source: WA Department of Mines, Industry Regulation and Safety, Resource Data Files; International Group of Liquefied Natural Gas Importers, The LNG Industry 2017; and EnergyQuest Quarterly.

Western Australia is the main minerals and petroleum exporting region of Australia and produces a significant proportion of the world's minerals and petroleum commodities.

Western Australia accounted for 55% of Australia’s mining gross value added in 2015-16, below its 60% share in 2014-15 and 63% share in 2013-14.

Mining accounted for 23% of GSP in 2015-16, below its 26% share in 2014-15 and 35% share in 2010-11.

Nominal mining gross value added fell 15% to $54.9 billion in 2015-16, compared with annual average growth of 7% over the past ten years.

Iron ore accounted for 59% of minerals and petroleum sales in 2016, followed by:
- LNG (11%)
- Gold (11%)
- Alumina and bauxite (5%)
- Crude oil and condensate (5%)
- Nickel (2%)
- Base metals (1%)
- Mineral sands (1%)

Minerals and petroleum sales rose 2% to $93.3 billion in 2016, mainly due to increased sales of iron ore and gold.
**MINING continued**

### Iron ore sales

- Western Australia accounted for 53% of world seaborne exports in 2016.
- Iron ore sales rose 11% to $55.1 billion in 2016, due to rising sales volumes and average prices.
- The volume of iron ore sales rose 4% to 769 million tonnes in 2016, below annual average growth of 12% over the past ten years.
- The annual average $A unit price (free on board) of iron ore sales rose 7% in 2016.
- The WA Treasury forecasts iron ore sales to rise to 830 million tonnes by 2019-20.

**Source:** WA Department of Mines, Industry Regulation and Safety, Resource Data Files (2006 = 100.0).

### LNG sales

- Western Australia accounted for 9% of world LNG exports in 2016.
- LNG sales fell 8% to $10.7 billion in 2016, due to falling average prices offsetting rising sales volumes.
- The volume of LNG sales rose 17% to 23.8 million tonnes in 2016, above annual average growth of 7% over the past ten years.
- The annual average $A unit price (free on board) of LNG sales fell 21% in 2016.
- Western Australia’s LNG production capacity will grow to 49.9 million tonnes a year by 2017-18.

**Source:** WA Department of Mines, Industry Regulation and Safety, Resource Data Files (2006 = 100.0).

### Gold sales

- Western Australia’s gold sales rose 10% to $10.6 billion in 2016, due to rising sales volumes and average prices.
- The volume of gold sales rose 1% to 196 tonnes in 2016, below annual average growth of 2% over the past ten years.
- The annual average $A unit price (free on board) of gold sales rose 9% in 2016.