

Media Release

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## **PORT HEDLAND DRIVES JOBS, WEALTH ACROSS THE NATION**

The Port of Port Hedland and its supply chain pumped \$54.7 billion into WA's economy in 2018/19 and supports one in every 12 jobs throughout the State, a major economic assessment commissioned by the Port Hedland Industries Council has revealed.

Reinforcing the Pilbara and the Port of Port Hedland as the powerhouses of the State and national economies, *The Economic Significance of the Port of Port Hedland* report compiled by ACIL Allen Consulting found that the port's economic contribution accounted for 20 per cent of WA's Gross State Product in 2018/19.

In Port Hedland, the economic value of the port and its supply chain is even more significant.

It contributed \$1.1 billion to the town of Port Hedland's economy in 2018-19, creating 3,581 direct and indirect full-time jobs — 44per cent of all jobs in Port Hedland in the year — and paid almost \$500 million in wages and salaries to resident workers.

For every full-time job directly employed by the Port and the companies that trade through the Port, a further two full-time jobs are created in other parts of the town's economy.

The economic benefits of the Port of Port Hedland and its associated supply chain flow beyond the region and WA.

The report said the Port of Port Hedland and the trade facilitated through the port in 2018/19 boosted Australia's GDP by more than \$64 billion, generated more than 133,000 full time jobs across Australia, and delivered almost \$4 billion in taxes to the Federal Government.

The report updates a 2017 economic study of the value of the Port of Port Hedland and its supply chain, expanding the assessment beyond iron ore to include lithium and salt exports and the indirect benefits.

PHIC members — the Pilbara Ports Authority, BHP, Fortescue, and Roy Hill — and port users Atlas Iron, Rio Tinto (salt), Sandfire Resources, Pilbara Minerals, and Mineral Resources contributed production and financial details for the report.

Drawing on future production estimates, the report said the economic benefits would grow over the next 10 years, delivering an extra \$26.2 billion to regional, State and national economies by 2028/29, with an average extra benefit of \$2.6 billion a year.

An extra \$21 billion would be paid to the WA and Federal Governments in taxes and royalties.

PHIC Chief Executive Kirsty Danby said the figures revealed in the report were a powerful reminder of the economic muscle of the Pilbara, the Port of Port Hedland, and the town.

"That the port supply chain is responsible for one in every 12 jobs in WA is extraordinary and a reflection of the importance of the port to the economic futures of the town, the State and the nation," Ms Danby said.

“Industry is not only contributing directly through taxes, royalties, wages and salaries. It provides vital indirect benefits to a range of contractors and services providers and contributes to the vitality and development of Port Hedland community through its support for a range of programs.

“The report also reflects the enormous economic potential that will flow based on the production and export targets of a range of industries.”

The report said total iron ore production was expected to increase from 524.9Mt in 2019-20, peaking at 547.5Mt in 2022-23 before easing to an average of 545.2Mt over the remainder of the period to 2028/29.

For lithium, spodumene concentrate production is expected to accelerate from 180,000 dry metric tonnes in 2019-20 to 370,000 DMT in 2020-21 and then again to 1,500,000 DMT in 2021-22. In subsequent years, total production is expected to average 1,600,000 DMT to 2028/29.

### **Ends**

*\*Please Note: A more detailed summary of key points from the report are outlined below.*

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### **ABOUT PHIC**

PHIC is an incorporated organisation with the overarching objective of assisting the Port and Port Hedland to achieve its maximum potential.

PHIC provides a forum for information sharing and knowledge transfer and assists partner companies to manage and minimise the impacts of industry on the community.

Through its members, PHIC brings substantial industry expertise and a coordinated response to industry issues and is a single, industry-wide point of contact for government and community engagement concerning industry development, environment, safety and land-use planning.

As an organisation, PHIC takes a collaborative approach and works to achieves its goals through inputs from several committees set up to actively participate and provide input on a range of common issues.

Committee members are volunteers with experience, expertise and authority within member companies.

PHIC acts collaboratively for the benefit of industry and the Port Hedland community to ensure the long-term, sustainable growth of the Port.

PHIC comprises the Pilbara Ports Authority, BHP, FMG, Roy Hill and Consolidated Minerals.

## ***THE ECONOMIC SIGNIFICANCE OF THE PORT OF PORT HEDLAND REPORT***

## A SUMMARY BY THE NUMBERS

*\*Please Note: Figures and projections relate to the Port Hedland Port Supply Chain.*

### ECONOMIC CONTRIBUTION 2018/19

#### Contribution to the Port Hedland Economy

- \$531.8 million in direct economic output in 2018/19.
- \$526.5 million of indirect economic output in 2018/19.
- Total economic contribution was nearly \$1.1 billion (\$1.058 billion) in 2018-19.
- Supported almost 3,600 FTE jobs (1,142 direct FTE jobs and 2,440 indirect FTE jobs) in 2018-19, which was 44 per cent of all jobs in the Town of Port Hedland that year.

#### Contribution to the Pilbara Economy

- \$41.1 billion in direct economic output in the Pilbara region in 2018-19. This was 45 per cent of the economic output produced in the Pilbara region in the financial year.
- \$1.7 billion of indirect economic output in the region.
- Total economic contribution estimated to be \$42.8 billion, or 47 per cent of total economic output produced in the Pilbara region in the year.
- Supported 10,178 direct and indirect FTE jobs in the Pilbara region in 2018-19, accounting for 29 per cent of total employment.

#### Contribution to the WA Economy

- \$44.5 billion in direct economic contribution to the WA economy in 2018/19. This was more than 17 per cent of the State's GSP.
- \$10.2 billion in indirect economic contribution.
- Total economic contribution of \$54.7 billion, accounting for more than 20 per cent of WA's GSP in 2018-19.
- Supported 75,302 (21,428 direct and 53,874 indirect FTE jobs) FTE jobs, or around one in every 12 FTE jobs in the State.

#### Contribution to the Australian Economy

- \$45.7 billion direct contribution.
- \$18.4 billion indirect contribution.
- Total \$64.1 billion contribution to the Australian economy in 2018/19. This is equivalent to 3.4 per cent of GDP.
- Of this amount, 85 per cent was realised in Western Australia.
- Supported 133,349 direct and indirect FTE jobs.
- Contributed \$14.2 billion in wages and salaries.
- Of this amount, \$3.9 billion was paid wages and salaries to workers not directly related to the Port Hedland Port Supply Chain and living outside of WA.

#### Contribution to Taxes and Royalties

- \$2.8 billion in taxation receipts (including \$2.6 billion in resource royalties) to the WA Government in 2018/19.
- \$4 billion to the Federal Government (including company income taxes \$2.6 billion, personal income tax \$1.1 billion).

### **Contribution to Wages**

- \$9.1 billion in wages and salaries to workers across Western Australia.
- \$14.2 billion in wages and salaries across Australia.
- \$3.9 billion wages and salaries paid to workers not directly working in the Port Hedland Supply Chain and living outside WA.
- \$1.33 billion in wages across the Pilbara region.
- \$225.6 million in direct wages and salaries in Port Hedland.
- \$266.3 million in indirect wages and salaries in Port Hedland.

## **FORECAST ECONOMIC IMPACT 2028/29**

### **Gross Product**

- Extra \$26.2 billion of gross regional, State and domestic product (Average of \$2.6 billion per annum) above a 2018/19 baseline of \$64.1 billion.
- \$27.3 billion in potential increase in real output in the Pilbara region.
- \$3.1 billion in potential increase in real output in the Rest of Western Australia.

### **Real Income**

- \$32.1 billion in potential increase over 10 years (Pilbara \$14.9 billion, Rest of WA \$14.4 billion, \$2.9 billion Rest of Australia).

### **Employment**

- On average, an extra 5,307 FTE jobs per annum (ranging from 8,243 FTE jobs in 2019-20 to 3,694 FTE jobs in 2028-29) over and above the current 133,349 FTE jobs across Australia.
- Most of the potential impact on jobs occurs in the Rest of Western Australia (potential increase of 5,587 FTE jobs on average per annum).
- Potential increase of 1,072 FTE jobs on average per annum in the Pilbara region, the equivalent of 3 per cent of its current workforce.

### **Taxes and Royalties**

- Extra \$21 billion over the 10 years to 2028-29, or an additional \$2.1 billion per annum over and above the baseline contribution of \$6.8 billion in 2018-19.
- Most of the potential impact on taxation receipts (on average 49 per cent annually) is attributed to Australian company taxation receipts, which are forecasted to average over \$1 billion annually over 10 years.
- WA royalty receipts potentially \$2.3 billion higher.
- WA payroll tax receipts \$789 million higher.
- Personal income taxes potentially \$6 billion higher.
- Other taxes are potentially \$1.7 billion higher.