ATTACHMENT A

2020 State Wage Case – Economic Conditions and Outlook[1]

1. Overview

The State's economic outlook was last published in the 2019-20 Government Mid-Year Financial Projections Statement (Mid-year Review) on 17 December 2019, prior to the outbreak of the COVID-19 pandemic.

The coronavirus outbreak, the impact of efforts to contain it, and policy responses to address its impact continue to evolve. These, together with developments in the international oil market and stock markets have heightened uncertainty about the economic outlook. As such, the outlook in the 2019-20 Mid-year Review is dated. The COVID-19 outbreak and other developments are being monitored closely and will inform the preparation of the economic outlook contained in the 2020-21 Budget, which has been delayed (as have the Commonwealth and other State and Territory budgets), and will now be tabled on 8 October 2020.

This attachment outlines recent changes in various aggregates and outlines the risks around the latest economic forecasts.

The Western Australian economy (as measured by Gross State Product, GSP) expanded by 1% in 2018-19, with moderate growth in net exports partly offset by a contraction in the domestic economy (as measured by State Final Demand, SFD).

The 2019-20 Mid-year Review projected GSP growth to strengthen to 3% in 2019-20 as business investment was expected to grow for the first time in seven years, underpinned by spending on iron ore projects designed to maintain capacity at existing mines. Exports were also anticipated to support GSP growth in 2019-20 as iron ore production lifts following significant and unplanned disruptions in 2018-19.

As always, the State's economic outlook is subject to a number of potential risks. However, the outbreak of the COVID-19 virus since the 2019-20 Mid-year Review was finalised presents an unprecedented downside risk to the State's economic outlook.

The COVID-19 outbreak is likely to affect the economy in a number of ways. Social distancing and related restrictions to control the spread of COVID-19 have had a direct impact on the domestic economy, with sharp declines in consumer and business confidence, weak conditions in the housing market, widespread job losses and some downward revisions to business investment expectations.

Forecasting the economic impact of COVID-19 is challenging because there is no prior experience of this type of shock. The risks to economic growth for the State weigh heavily on the downside. Activity in the State's domestic economy is likely to be significantly lower than projected at Mid-year Review and will continue to contract in the short to mid-term. However, the impact on GSP, which includes net exports, is likely to be smaller than for the domestic economy, given that the State's mining exports have held up well to date.

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[1] Data for historical levels of activity and historical growth rates are based on data published by the Australian Bureau of Statistics, unless otherwise stated.

Current business operating restrictions and weaker demand in various sectors of the domestic economy have led to extensive job losses and firms limiting new hiring decisions. This presents downward risks to the employment growth outlook relative to the Mid-year Review projections in the near term. Consistent with downside risks to employment and job losses to date, the unemployment rate is likely to be substantially higher, particularly in the short term, than forecast at Mid-year Review.

Population growth is likely to be significantly weaker than anticipated at Mid-year Review in the near-term, as the closing of the international borders halts overseas migration (which is the major contributing factor to population growth). Net interstate migration and net international migration are expected to lift once interstate and international borders are reopened, although likely at a slower pace than previously forecast.

A table providing detailed forecasts as at 2019-20 Mid-year Review is provided at the end of this Attachment.

2. Global Outlook

Global economic conditions have rapidly deteriorated due to the COVID-19 pandemic, with many countries expecting to experience their worst economic contractions since the first half of the 20th century. The International Monetary Fund (IMF) has declared the event the "Great Lockdown", downgrading its global growth forecast to -3.0% in 2020 (from a previous January 2020 forecast of 3.3%), an outcome far worse than the Global Financial Crisis and the worst recession since the Great Depression.

According to IMF projections, economic growth in advanced economies will decrease from 1.7% in 2019 to -6.1% in 2020, before rebounding to 4.5% as countries begin to remove their respective COVID-19 restrictions. The IMF does not expect an annual contraction in emerging and developing Asia, including China and India, although it notes that much worse growth outcomes are possible if the pandemic and containment measures last longer than expected.

Table 1 – IMF Global Economic Forecasts

Annual GDP Growth, %

			IMF Projections	
	2018	**2019**	**2020**	**2021**
World	3.6	2.9	-3.0	5.8
Advanced Economies	2.2	1.7	-6.1	4.5
United States	2.9	2.3	-5.9	4.7
Euro Area	1.9	1.2	-7.5	4.7
Japan	0.3	0.7	-5.2	3.0
Australia	**2.7**	**1.8**	**-6.7**	**6.1**
Emerging market and developing economies	4.5	3.7	-1.0	6.6
Asia	6.3	5.5	1.0	8.5
China	6.7	6.1	1.2	9.2

Source: IMF World Economic Outlook, April 2020

Despite the global curtailment of economic activity, key commodity prices – particularly iron ore – have remained relatively elevated, supported in large part by resilient steel production and the end of coronavirus-related lockdowns in China.

Risks to the global economic outlook are more heavily weighted to the downside and are discussed in the risks section.

2.1 Global commodity markets

Demand for commodities has remained strong over the past year, with the value of Western Australian exports rising by 22.3% (or $33.8 billion) to $185.1 billion over the year to March 2020 due to both higher export volumes and higher $A commodity prices. China accounted for 52.7% of the total value of Western Australia's exports over the year to March 2020, at $97.5 billion, recording 34.8% annual growth. Higher commodity prices in 2019-20 to date – particularly for iron ore – have supported mining revenue, with a stronger US dollar relative to the Australian dollar also increasing the value of exports (as key commodities are priced in $US terms).

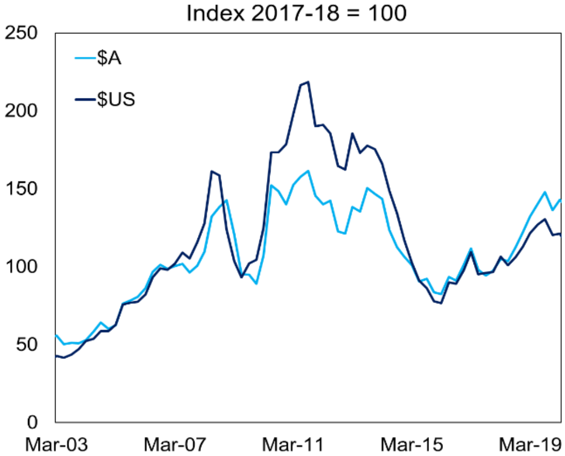
After averaging $US120 per tonne in July 2019 following the collapse of Brazilian tailings dam in late January 2019, the 62% Fe benchmark iron ore price has remained relatively elevated, averaging $US92.0 per tonne in 2019-20 to date. The dam collapse reduced Brazilian producer Vale's production and tightened global supply, shifting the iron ore market from a small surplus position immediately prior to the collapse to a deficit in 2019-20. Vale has continued to experience operational issues following the dam collapse, including due to poor weather and possible coronavirus related delays in dam inspections, assessments and authorisations. Meanwhile, shipments from Western Australian producers have been tracking well, with year to date exports in line with the 2019-20 Mid-year Review estimates.

The iron ore price has also been supported by resilient demand in China. China's crude steel output at major producers declined only marginally during its coronavirus-related lockdowns, and steel inventories – which built up to record highs during the lockdowns – have rapidly declined, suggesting domestic steel consumption has recovered.

Chart 1[2]

COMMODITY PRICE INDEX

Index 2017-18 = 100



This contrasts with developments in the oil market, an important sector for Western Australia as it is a major cost input for business and a significant source of export income, largely through the link between oil and LNG prices. The price of Brent crude oil averaged just $US18.60 a barrel in April 2020, as global coronavirus-related restrictions curtailed economic activity and subsequently oil demand, sending the market into a large surplus. While prices may gradually recover as global production is curtailed and economic lockdowns are eased, volatility is likely to continue in the sector for some time.

The Treasury index of commodity prices, which is weighted by export value, remained at an elevated level in March 2020 because falls in the price of crude oil had yet to translate into lower LNG prices (due to lags), while the iron ore price had remained resilient and the gold price was elevated due to robust demand (see Chart 1).

2 The Commodity Price Index is weighted index of prices of iron ore, gold, oil, LNG, copper, nickel, zinc, alumina and lithium. Source: Refinitiv and Treasury

3. National Economic Conditions and Outlook

The Australian economy (as measured by Gross Domestic Product, GDP) grew by 1.8% in 2019 following growth of 2.0% in 2018-19, below the historical average of 3.0% per annum. However, given the challenge that the COVID-19 presents to both the national and global economies, the outlook is subject to significant downside risks.

Indeed, in the April 2020 World Economic Outlook (WEO), the International Monetary Fund has downgraded its growth projections for Australia to -6.7% in 2020 (down 8.9 percentage points from the October 2019 WEO) and 6.1% in 2021 (up 3.5 percentage points from the October 2019 WEO).

A survey of economists published in the Australian Financial Review on 6 April 2020 has a mean GDP forecast of -3.85% in 2020 and +3.74% in 2021. This includes 2020 forecasts from economists at the Commonwealth Bank (-3.4%), Goldman Sachs (-6.0%), JP Morgan (-4.0%), Macquarie (-3.0%) and Westpac (-5.4%). The mean forecast unemployment rate reaches 8.76% at the end of June 2020 and then falls slightly to 7.98% by the end of December 2020.

More recently UBS has forecast a contraction in Australia's GDP of -6.1% in 2020 and then growth of 5.2% in 2021. Furthermore, HSBC has forecast that GDP contracts by -4.3% over 2020 and then grows by 4.9% over 2021.

In the May 2020 Statement on Monetary Policy (SMP), the Reserve Bank of Australia (RBA) has indicated that it expects Australian output to contract by about 10% from peak to trough, mostly in the June quarter 2020, with unemployment peaking at about 10%. The RBA forecasts that in annual average terms, Australian GDP will decline by 1% in 2019-20 and 3% in 2020-21, before rebounding to 6% in 2021-22.

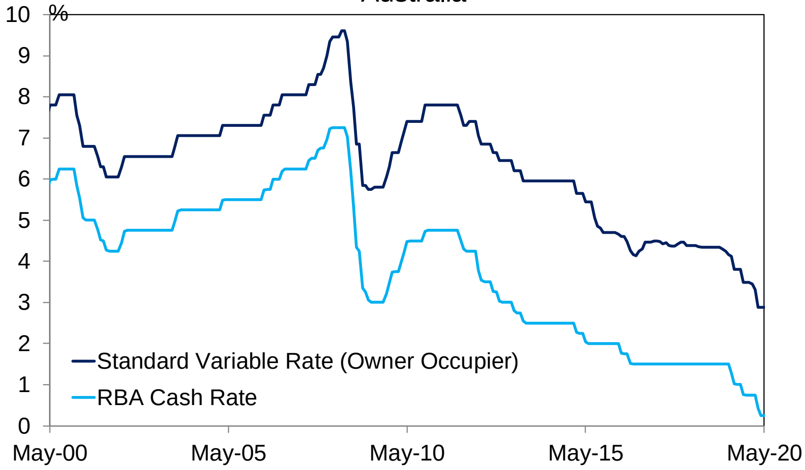
Since May 2019, the RBA has reduced the cash rate on four occasions, most recently lowering the cash rate by 0.5 percentage points to a record low of 0.25% in March 2020. This was part of its response to the unprecedented disruptions to domestic and global economic activity brought by the COVID-19 pandemic. Other initiatives include introducing a target for the 3-year Australian Government bond yield to lower borrowing costs in the economy, and introducing a Term Funding Facility (TFF), which supports banks to increase their lending to small- and medium-sized firms.

Since March, the RBA board has reiterated that the cash rate will not be increased until sufficient progress is made towards full employment and inflation is rising towards its 2-3 per cent target band (see Chart 2).

Chart 2

INTEREST RATES

Australia



Source: Reserve Bank of Australia

4. Western Australia's Economic Outlook and Risks

The 2019-20 Mid-year Review forecast that the Western Australian economy will grow by 3.0% in 2019-20, up from 1.0% in 2018-19, with both the domestic economy, particularly business investment and household consumption, as well as net exports, expected to contribute to GSP growth.

The Mid-year Review forecast the State's domestic economy, as measured by State Final Demand (SFD), to grow by 2.25% in 2019-20, after contracting by 1.0% in 2018-19. Indeed, SFD expanded by 0.4% in 2019, a turnaround from a contraction of 0.6% in 2018, and the first calendar year expansion since 2012.

However, the short-term economic outlook for the State has deteriorated significantly since the 2019-20 Mid-year Review, coinciding with sharp declines in economic activity at both the global and national levels since the onset of the COVID-19 pandemic.

While containment measures, including travel restrictions and social distancing rules introduced by the State and national governments, coupled with individuals and businesses taking precautionary actions, have limited the spread of the virus, these measures have significantly impacted the domestic economy since mid-March 2020. Moreover, there has been a marked increase in economic uncertainty and a sharp decline in household and business confidence about the near-term prospects for the economic recovery.

The impact of the pandemic on GSP, which includes net exports, is likely to be smaller than for the domestic economy in the short to medium term, given that the State's mining exports have held up well to date.

A more detailed analysis of the outlook for the individual components of GSP is contained in the remainder of this section.

4.1 Consumer Spending

The 2019-20 Mid-year Review projected household consumption to grow by a moderate 1.25% in 2019-20, after increasing by 1.0% in 2018-19, reflecting a soft outlook for wealth (proxied by house prices) and modest growth in wages. A gradual recovery in household income and wealth, together with a steady increase in population growth over the forecast horizon, was expected to support a modest increase in consumption growth to 2.25% in 2020-21 and 3.0% by 2022-23.

Household spending increased by 1.2% in 2019. While this was slightly lower than growth of 1.3% in 2018, there were signs that growth was strengthening, including that household consumption grew by 0.5% in the December quarter, its strongest quarterly rate of growth in a year. Retail trade data indicate that retail trade grew by 1.0% in the March quarter (supported in part by consumers stocking up on selected items), and by 0.5% in annual average terms – the first annual average increase two years.

However, the COVID-19 pandemic presents significant downside risks to the Mid-year Review forecasts for household consumption growth.

Spending is likely to be impacted by Government restrictions, social distancing, job losses and/or a fall in earnings, and significantly lower consumer confidence. These factors are expected to more than offset any initial panic-related purchasing.

In addition, given that households tend to spend less and save more in an environment of elevated uncertainty (particularly surrounding job and income security), weaker household spending (especially for discretionary items) is likely to persist to some degree over the longer term.

4.2 Dwelling Investment

Dwelling construction has been subdued in recent years. The 2019-20 Mid-year Review forecast dwelling investment to decline by 7.0% in 2019-20 before returning to growth from 2020-21.

Dwelling investment data released after the Mid-year Review forecasts were finalised indicate that dwelling investment declined by 11.3% in 2019, as a result of a decline in the construction of new dwellings and alterations and additions.

While there were signs of a pick-up in construction activity in early 2020, the implementation of social distancing measures, including restricting display home opens to appointments only in late March, led to sharp declines in display centre traffic which tend to lead to sales.

While housing related restrictions have been relaxed somewhat recently, new housing construction will likely remain subdued for an extended period, given lower household confidence, significant job losses and restrictions on migration, which leads to lower population growth, a key driver of housing demand.

However, record low interest rates may provide some support for new construction.

4.3 Business Investment

In the 2019-20 Mid-year Review, business investment was expected to return to growth (of 6.0%) in 2019-20, for the first time in seven years, with solid growth projected over the forecast period.

While business investment fell by 1.3% in 2019, this was a substantially smaller fall than in 2018 (-6.9%). Private new capital spending data released in March 2020 indicate that firms were expecting capital spending to be higher in 2019-20 than in 2018-19, and higher still in 2020-21.

However, the challenging economic environment is likely to moderate businesses' appetite to invest, representing a downside risk to the Mid-year Review projections.

Within the mining industry (by far the State's largest source of investment), there have been numerous announcements of projects being delayed since the onset of COVID-19 (largely in oil and gas, where the price has collapsed), along with capital and exploration budgets being lowered.

Most significantly, Woodside has delayed its final investment decision on the Browse and Scarborough/Pluto projects. However, work continues on three large back-fill projects in the iron ore sector which will provide support for mining investment.

Outside of mining, investment is expected moderate as restrictions and lower consumer demand weigh heavily on firm profitability. This is particularly the case for industries such as accommodation and food services, real estate, recreation and culture, and tourism. Even once restrictions are lifted, it is likely that this investment will remain subdued for a period thereafter as weaker confidence lingers and as firms take time repairing their balance sheets.

International Trade

4.4 Exports

In the 2019-20 Mid-year Review, merchandise exports were forecast to grow by 4.0% in 2019-20 with iron ore production expected to recover close to capacity levels. Growth was forecast to ease from 2020-21 as investment has become more focused on maintaining rather than increasing output for key commodities.

While to date the outbreak of COVID-19 has not had a noticeable impact on mining and shipping operations and hence exports, risks to the short to medium term are weighted on the downside. These include weaker agricultural exports (such as for canola and crustaceans) and subdued manufacturing exports. Cyclone Damien also disrupted some shipments in the March quarter 2020.

Beyond 2019-20 risks include further declines in commodity prices which may force some operators to close. However, most of the State's largest iron ore and LNG exporters have relatively low operating costs and the outlook for gold miners is positive.

The COVID-19 related travel restrictions have, however, introduced substantial downside risks to services exports, particularly the State's two largest service exports - tourism and education. Business services are also likely to be negatively impacted by the sharp contraction in global demand in 2020.

4.5 Imports

In the 2019-20 Mid-year Review, merchandise imports were forecast to return to growth in 2019-20 (2.0%) and beyond, in line with the expected pick-up in both consumption and business investment.

However, the significantly weaker outlook for household consumption and business investment as a result of the outbreak of COVID-19 is likely to result in fewer imported consumption and capital goods.

Moreover, services imports projections are likely to be substantially lower than previously forecast as a result of travel restrictions preventing domestic residents consuming tourism services abroad.

5. The Labour Market

Conditions in Western Australia's labour market have softened since the onset of the COVID-19 virus, in line with the sharp deterioration of the broader economic conditions.

5.1 Employment

The Mid-year Review forecast employment to grow by 1.5% in 2019-20 after increasing by 0.9% in 2018-19, with growth increasing to 2.25% by 2022-23.

Employment growth in annual average terms picked up to 1.4% in March 2020, from 1.0% in 2019. Growth over the year to March was supported by part-time hiring, which contributed 1.0 percentage points to overall growth, with full-time hiring contributing 0.4 percentage points.

Restrictions on economic activity introduced to combat COVID-19 are expected to significantly impact the labour market. However, the labour force estimates compiled by the Australian Bureau of Statistics (ABS) for March were not impacted by COVID-19 due to the timing of the Labour Force survey. A number of different and more timely data sets indicate that there has been a significant drop in employment since restrictions to address COVID-19 were introduced. These include:

- Weekly Payroll Jobs and Wages in Australia, a new dataset published by the ABS, which shows a 6.6% fall in the number of jobs (compared to -7.5% nationally) in Western Australia between 14 March (when the last Labour Force survey period ended) and 18 April, with significant falls across most industries;

- JobSeeker payments data compiled by the Department of Social Services, which indicate that the number of JobSeeker payments increased by almost 48,000 payments (or 54.9%) to 135,073 payments between 1 December 2019 and 24 April 2020; and

- the number of Job Active caseloads, compiled by the Commonwealth Department of Education, Skills and Employment, increased by 58,980 (or 70.6%) between 29 February 2020 and 3 May.

The Accommodation and Food Services industry has been hit the hardest in terms of jobs, which is consistent with the industry having been affected by both Government restrictions and reduced consumer discretionary spending.

These trends present substantial downward risks to the 2019-20 Mid-year Review projections in the near term.

The length that restrictions are in place and the pace of a subsequent economic recovery may further impact employment over the forecast period, as firms may be hesitant to commit to hiring new staff. Moreover, any delays in investment decisions (particularly in the resources sector) will place further downward pressure on employment, along with uncertain global economic conditions and any change in demand for the State's resources.

5.2 Unemployment

The 2019-20 Mid-year Review forecasts that the unemployment rate would average 5.75% in 2019-20 and 2020-21, before gradually declining to 5.25% by 2022-23.

The unemployment rate averaged 5.6% over 2019-20 to date and 5.4% in the March quarter.

However, consistent with downside risks to employment and the job losses to date, the unemployment rate is likely to be substantially higher than forecast at the 2019-20 Mid-year Review in the near term and is likely to remain higher than forecast at Mid-year Review over the forecast period.

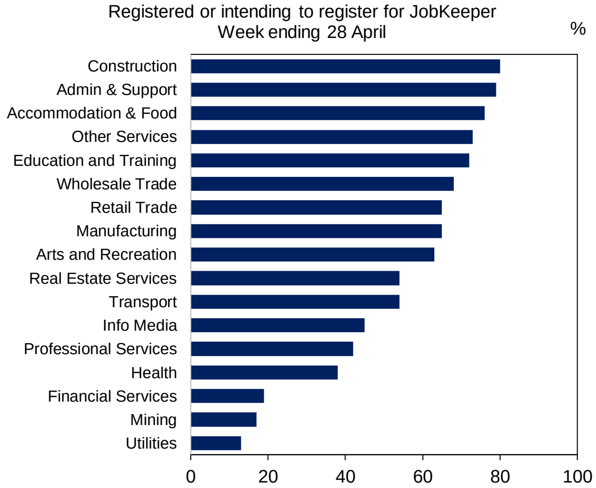
The Commonwealth's JobKeeper program, which is intended to maintain the connection between employers and employees, is likely to mitigate job losses as a result of the COVID-19 outbreak.

The extent of business participation in the program will impact on the unemployment rate. The latest survey by the ABS (Chart 3) shows that 80% of businesses surveyed in the construction industry are registered or intend to register for the Commonwealth JobKeeper program (the highest of all industries), while 17% of mining firms surveyed intend to participate (the second lowest).

Chart 3

SHARE OF BUSINESSES BY INDUSTRY

Registered or intending to register for JobKeeper
Week ending 28 April



6. Wages

6.1 Wage Price Index[3]

The 2019-20 Mid-year Review forecast the Western Australia's Wage Price Index (WPI) to grow by 2.0% in 2019-20, after increasing by 1.6% in 2018-19. The WPI was then forecast to progressively increase to 2.75% by 2022-23.

Latest WPI data shows annual average WPI growth picked up slightly to 1.6% in 2019, from 1.5% in 2018 and 1.4% in 2017. Year-ended growth, which tends to lead annual average growth, increased by 1.7% in the December quarter 2019.

The restrictions relating to COVID-19 are likely to result in softer than forecast wages growth. In particular, a substantial increase in labour market spare capacity, a decline in firm balance sheet strength, efforts to cut costs, and lower inflationary pressures all represent a significant downside risk to the WPI growth forecasts at 2019-20 Mid-year Review.

Even after employment opportunities recover when COVID-19 related restrictions are lifted, firms are likely to seek to repair balance sheets by minimising operating costs. However, there will also be scheduled wage increases agreed to prior to the onset of COVID-19 for a proportion of the labour force.

7. Inflation

The 2019-20 Mid-year Review projected Perth's Consumer Price Index (CPI) to lift to 1.75% in 2019-20 and gradually rise to 2.25% by 2021-22, supported by an expected recovery in the rental market, scheduled increases to health insurance premiums and the Commonwealth's tobacco excise.

The Perth CPI increased by 1.7% in annual terms to March 2020, up from 1.5% in 2019. This was the strongest rate of annual growth since 2014-15 but remains well below the 20-year average growth rate of 2.6% per annum. As most COVID-19 related restrictions only came into effect in mid to late March they have had only a small impact on the CPI for the March quarter.

The national CPI increased by 1.8% in annual average terms in the March quarter 2020. While the gap between national and Perth inflation has narrowed, inflation in Perth remains below the national rate in annual average terms, reflecting weaker domestic economic conditions in Western Australia. The drivers of recent price movements have been broadly similar at the State and national level and across all capital cities, with the exception that rent costs have fallen substantially in Perth relative to other capitals and continue to act as a drag on annual growth.

However, the inflation outlook as at Mid-year Review is subject to a number of downside risks following the aftermath of the COVID-19 pandemic.

[3] Of the various wage indicators published by the Australian Bureau of Statistics, the WPI is generally viewed as the preferred measure of underlying wage growth. This is because the WPI is designed to measure wage changes for a fixed quantity and quality of labour, and thus abstracts from changes in average hours worked and other compositional changes in the labour market.

In the immediate term, the RBA expects national year-ended inflation to turn negative temporarily in the June quarter 2020, due to falls in oil prices, the introduction of free childcare and deferrals of various price increases across the nation, including Western Australia. With oil prices having declined by over 70% since the start of the calendar year, lower fuel prices are likely to have broader-ranging deflationary impacts (as fuel is used for transporting a wide variety of goods).

Beyond 2019-20, the Mid-year Review forecast for inflation in 2021-22 was partly underpinned by an improvement in the housing market (i.e. rent prices and the price of new dwellings). Any delays to this recovery represent a downside risk to the Mid-year Review forecast CPI growth. Moreover, subdued household demand is also likely to suppress inflationary pressure over the medium to long term.

8. Global Risks

The single largest risk to global economic activity is how severe the COVID-19 pandemic is in terms of impacts on human life and the economic restrictions imposed to combat the outbreak and the length of the outbreak. The IMF's baseline forecast (of a 3.0% contraction in global activity in 2020) assumes the pandemic fades in the second half of 2020 and containment measures are gradually unwound. It then expects activity to rebound, supported by policy interventions, and projects the economy to grow by 5.8% in 2021.

However, its latest World Economic Outlook emphasises the risks to its projections are on the downside. Indeed, it outlines a number of other scenarios as to how the outbreak and its economic impact play out, including that the outbreak in 2020 is 50% longer than its baseline assumption, that there is a second out-break in 2021 (although not as severe) and a combination of these scenarios. In each case, the reduction in activity is larger and is more sustained than in its base-case.

China is by far Western Australia's most important trading partner, accounting for around 50% of the State's merchandise exports and is by far the world's largest consumer of many of the raw materials exported from the State, such as iron ore, copper and lithium. Therefore, the economic recovery in China is of particular importance to the State. There are reasons to be cautiously optimistic, as to date, Chinese economic activity appears to be gradually returning to pre-coronavirus levels.

There exist other risks to the global economy, beyond the COVID-19 related contraction. Foremost among these is the ongoing tension between the world's two largest economies, the US and China. However, over the short to medium term at least, the coronavirus related contraction appears to dominate all other risks to the global economy.

WESTERN AUSTRALIAN 2019-20 MID-YEAR REVIEW STATEMENT FORECASTS
COMPONENTS OF GROSS STATE PROUCT

Western Australia

	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual	Mid-year Review Estimate	Forward Estimate	Forward Estimate	Forward Estimate
	(%)	(%)	(%)	(%)	(%)
Demand and output [(a)]					
- Household Consumption	1.0	1.25	2.25	2.75	3.0
- Dwelling Investment	-3.8	-7.0	4.75	7.5	4.0
- Business Investment	-7.4	6.0	7.0	6.0	4.0
- Government Consumption	1.7	1.5	1.25	1.75	2.75
- Government Investment	-1.7	10.5	2.0	7.0	3.0
State Final Demand (SFD)	-0.9	2.25	3.25	3.5	3.5
- Merchandise Exports	1.6	4.0	1.5	1.25	1.25
- Merchandise Imports	-7.2	2.0	2.75	2.75	2.5
Net Exports [(b)]	5.1	4.5	1.0	0.75	1.0
Gross State Product (GSP) [(c)]	1.0	3.0	2.5	2.75	2.75
Labour market					
Employment	0.9	1.5	1.75	2.0	2.25
Unemployment Rate [(d)]	6.1	5.75	5.75	5.5	5.25
Participation Rate [(d)]	68.3	68.2	68.3	68.3	68.4
Population					
Population	0.9	1.3	1.5	1.6	1.7
Working Age Population (15-64)	0.4	0.7	1.0	1.3	1.5
Prices					
Consumer Price Index (CPI)	1.3	1.75	2.0	2.25	2.25
Wage Price Index (WPI)	1.6	2.0	2.25	2.5	2.75
Perth Median House Price	-2.3	-1.1	2.2	2.8	3.0
Other key parameters [(c)]					
Exchange Rate $US/$A (cents)	71.5	68.2	68.5	68.7	68.9
Iron Ore Price ($US per tonne) cost and freight inclusive (CFR)	80.4	85.8	66.2	64.0	64.0
Crude Oil Price ($US/barrel)	68.6	61.8	58.5	57.2	56.8

(a) Based on the 2018-19 annual State Accounts data, updated with the latest State Final Demand and Balance of Payment data for the December quarter 2019.

(b) Net exports refer to international trade in both goods and services.

(c) Forecasts for ownership transfer costs, international trade in services and the balancing item are not separately reported.

(d) Data expressed as annual average during the financial year.