

Resilient iron ore sector a shining light in troubled times

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Editorial courtesy of the West Australian

The resources sector has long been the State and the nation's economic powerhouse.

And in this time of crisis, with unemployment lines lengthening and governments spending buckets of money at a great rate in a bid to save jobs and limit the economic damage from COVID-19 shutdowns, it is more apparent than ever how much we need the sector.

The revenue which flows into WA as a result of the work done in our north west benefits not just the big companies.

It is spread to their contractors, associated businesses and the towns which form the sector's hubs.

It provides thousands of jobs, both directly and indirectly, for WA families. And it pumps royalties into government coffers, which are then used to fund essential services, schools, healthcare, law and order and the like.

So there is heartening news in The West Australian today, with the revelation that BHP's iron ore division posted record production in the nine months to March.

The mining giant yesterday reported iron ore production from its Pilbara operations was up 4 per cent to 205Mt over the period.

BHP also kept its full-year iron ore production guidance intact at 273Mt-286Mt, suggesting no major impact on output is expected in the June quarter.

Naturally, there is some uncertainty about the COVID-19 impact and whether major customer China experiences a second wave of coronavirus infections.

BHP said Chinese domestic industrial activity had been improving in recent weeks as it recovered from its coronavirus lockdowns, spurred on by supportive credit and fiscal policy.

"The majority of heavy industrial activity had restarted as of the end of March, albeit with considerable variation across provinces and sectors," the company said.

"The major risk to maintaining that positive trajectory is the possibility of a second wave of infections emerging." But BHP suggested steel production in China could rise beyond last year's record of just shy of one billion tonnes if the Middle Kingdom avoided a second wave of COVID-19 infections.

BHP also reported yesterday a small number of confirmed COVID-19 cases across its global workforce of 72,000, all of whom had either recovered or were recovering well.

WestBusiness understands none of the cases are in its WA operations.

The company has introduced a range of measures to identify infected workers and protect its sites.

It's all further evidence of how lucky WA is to have the resilience of the iron ore sector.

