

Appendices



Appendix A Definitions and classifications

A.1 Exchange rates

In this report, the AUD/USD exchange rate (Australian dollar relative to the US dollars) is based on the median of economic forecasters at the time that the report is prepared. The source is the Bloomberg survey of economic forecasters.

World commodity prices are typically denominated in US dollars, and exchange rate movements can have a significant effect on the actual outcomes of commodity prices and export earnings. A change in the value of the US dollar against other floating international currencies can influence movements in world resources and energy prices. A change in the Australian dollar against the US dollar will impact on export earnings for domestic commodity exporters and producers. There is substantial uncertainty surrounding any exchange rate forecast, with changes to exchange rates influenced by changes in financial market sentiment, sometimes resulting in strong volatility.

A.2 Conversion to real dollars

Nominal values and prices are converted to real dollars using Australian and US consumer price indexes (CPI). The Australian and US CPI forecasts are based on the median of economic forecasters at the time that the report was prepared. The source is the Bloomberg survey of economic forecasters.

A.3 Time periods

The terms ‘estimate’, ‘forecast’ and ‘projection’ refer to different time periods in this report. Estimate refers to a time period that has passed, but for which full historical data is not yet available, while ‘forecast’ and ‘projection’ refer to different periods in the future. It is important to distinguish between different future time horizons, as factors affecting production, consumption and prices in the short-term differ from factors affecting these components in the medium to long-term. Forecasts also become increasingly imprecise over longer time horizons, due to increased risk and uncertainty. For these reasons, the Department of Industry, Science and Resources’ Office of the Chief Economist (DISR OCE) uses different terminology to distinguish between short-term forecasts and medium to long-term projections, as outlined in *Table A2*.

Table A1: OCE terminology for different time periods/horizons

Period	Years	Terminology
Historical	Time period has passed but complete data for the period is not yet available	Estimate
Short-term	1 to 2 years	Forecast
Medium-term	3 to 5 years	Projection
Long-term	Beyond 5 years	n/a

Source: Department of Industry, Science and Resources (2022)

A.4 Commodity classifications

The DISR OCE defines exports for each commodity by a selected set of 8-digit Australian Harmonised Export Commodity Classification (AHECC) codes. Where possible, the choice of AHECC codes is based on alignment with international trade data, to ensure that direct comparisons can be made. For example, groupings for various commodities are aligned with classifications used by the International Energy Agency, World Steel Association, International Nickel Study Group, International Lead and Zinc Study Group, International Copper Study Group and World Bureau of Metal Statistics.

In this report, benchmark prices and Australian production and exports are forecast for 21 commodities, as shown in *Table A2*. In estimating a total for Australia's resources and energy exports, the remaining commodities, defined as 'other resources' and 'other energy', are forecast as a group.

Table A2: Resources and energy commodities groupings and definitions

	Resources (non-energy)	Energy
Definition	Resource commodities are non-energy minerals and semi-manufactured products produced from non-energy minerals	Energy commodities are minerals and petroleum products that are typically used for power generation
Australian Harmonised Export Commodity Classification (AHECC) chapters	25 (part); 26 (part); 28 (part); 31 (part); 73 (part); 74; 75; 76; 78; 79; 80; 81	27 (part)
Commodities for which data is published, forecasts are made and analysed in detail in this report	Aluminium; alumina; bauxite; copper; gold; iron ore; crude steel; nickel; zinc, lithium	Crude oil and petroleum products; LNG; metallurgical coal; thermal coal; uranium

Notes: The AHECC chapter is the first two digits of the trade code. Groupings are made at the 8-digit level.

Source: Department of Industry, Science and Resources (2022)

Appendix B Glossary

Term	Description
A\$	Australian dollar
ABS	Australian Bureau of Statistics
AHECC	Australian Harmonized Export Commodity Classification
AISC	All-In Sustaining Cost — an extension of existing cash cost metrics and incorporates costs related to sustaining production.
Base metals	A common metal that is not considered precious (includes aluminium, copper, lead, nickel, tin, zinc)
Bbl	Barrel
Bcm	Billion cubic metres
Benchmark	A standard specification used to price commodities.
BF and BOF	Blast furnace and basic oxygen furnace — used in an integrated steelmaking process that uses iron ore and coal.
Bulks	Non-liquid and non-gaseous commodities shipped in mass and loose (iron ore, coal, bauxite)
CAGR	Compound annual growth rate
Capex	Capital expenditure
CFR	Cost and freight — Seller clears exports, and pays freight.
CIF	Cost, Insurance, and Freight
Coal Seam Gas (CSG)	Natural gas found in coal seams. Also known as Coal Bed Methane (CBM)
Coke	Made by heating coal at high temperatures without oxygen, and used to reduce iron ore to molten iron saturated with carbon, called hot metal

Conventional gas	Natural gas that can be produced from reservoirs using traditional techniques. Contrasts with unconventional gas.
COVID-19	2019 Novel Coronavirus
CPB	CPB Netherlands Bureau for Economic Policy Analysis
CPI	Consumer Price Index — measures quarterly changes in the price of a basket of goods and services which account for a high proportion of expenditure by the CPI population group (i.e. metropolitan households).
Crude steel	Steel in the first solid state after melting, suitable for further processing or for sale.
DES	Delivered Ex Ship — price of LNG including shipping and insurance.
DISR	Department of Industry, Science and Resources
DMO	Domestic Market Obligation — a policy to reserve energy commodities for domestic usage
DRC	Democratic Republic of the Congo
ECB	European Central Bank
Economic growth	An increase in the capacity of an economy to produce goods and services, compared from one period of time to another. It is measured in nominal or real gross domestic product (GDP).
EIA	The United States Energy Information Administration
EAF	Electric arc furnace — a furnace that melts steel scrap using the heat generated by a high power electric arc.
ETF	Exchange Traded Fund — an exchange traded fund that allows investors to invest in gold on the exchange.
EUV	Export unit value — export value/volumes exported
EV	Electric vehicle
f	Forecast — a two year outlook
FEED	Front end engineering design
FID	Final investment decision

FOB	Free on board — seller clears export, buyer pays freight.
GAD	Gross air dried basis — For measuring coal quality.
GAR	Gross as received basis — For measuring coal quality.
GBP	Great Britain Pounds
GDP	Gross Domestic Product — measures the value of economic activity within a country/group.
GFC	Global Financial Crisis — the period of extreme stress in global financial markets and banking systems between mid-2007 and early 2009.
GJ	Gigajoule
GST	Goods and Services Tax — a value-added tax levied on most goods and services sold for domestic consumption.
HCC	Hard coking coal — The best grade of metallurgical coal used in the steel production process. Australian hard coking coal is regarded as the industry benchmark.
IEA	International Energy Agency
IMF	International Monetary Fund — an international organisation that promotes international financial stability and monetary cooperation.
IMO	International Maritime Organisation
IP	Industrial Production — measures the output of the industrial sector that comprises mining, manufacturing, utilities and construction.
IPO	Initial public offering — a process of offering shares of a private corporation to the public in a new stock issuance.
ISM	US Institute for Supply Management
ISM	Institute of Supply Management
JCC	Japan Customs-cleared Crude (or Japan Crude Cocktail) — average price of crude oil imported by Japan and a common price index in long-term LNG contracts.
JFY	Japanese fiscal year
kcal/kg	Kilocalories per kilogram

kt	Thousand tonnes
ktpa	Kilotonnes per annum
LBMA	London Bullion Market Association
LCE	Lithium Content Equivalent
Li OH	Lithium Hydroxide
LME	London Metal Exchange
LNG	Liquefied natural gas
LNy	Lunar New Year
LPG	Liquefied petroleum gas
LVPCI	Low volatile pulverised coal injection — a type of low volatile coal used in the PCI process
m	Million
MMbtu	Million British thermal units
Mt	Million tonnes
mtpa	Million tonnes per annum
MW	Megawatts
Nameplate capacity	The theoretical maximum annual production capacity
NAR	Net as received basis — For measuring coal quality
NDRC	China's National Development and Reform Commission
NEV	New energy vehicle — term used for plug-in electric vehicles eligible for public subsidies (battery electric vehicles and plug-in hybrid vehicles)

OCE	Office of the Chief Economist
OECD	Organisation for Economic Co-operation and Development
OPEC	Organisation of Petroleum Exporting Countries, a formal alliance of 14 countries to collaborate to manage the world oil market
OPEC+	Informal term for agreements between OPEC and ten other oil-producing countries (which are not members of OPEC)
Oz	Ounce
PCE	Personal Consumption Expenditure — a measure of the changes in price of consumer services and goods.
PCI	Pulverised coal injection — PCI coal is used for its heat value and injected directly into blast furnaces as a supplementary fuel, which reduces the amount of coke required.
PCI	Pulverised coal injection — a process used in blast furnace operations
PM	The afternoon price of gold set at 3.00pm each business day at the London Bullion Market Association
PMI	Purchasing Managers Index — an indicator of economic health for manufacturing and service sectors.
PPP	Purchasing Power Parity — a way of measuring economic variables in different countries that equalise the purchasing power of different currencies
RoW	Rest of world
s	Estimate — Incomplete data or subject to revision
Shale gas	Natural gas found in shales
SDR	Special drawing right
SHFE	Shanghai Futures Exchange
SSCC	Semi-soft coking coal — A type of metallurgical coal used in the steel production process alongside hard coking coal, but results in a lower coke quality and more impurities.
Tariff	A tax on imports or exports that is used by governments to generate revenue or to protect domestic industries from competition.
Tight gas	Natural gas found in low quality reservoirs

TWI	Trade Weighted Index — a measure of the foreign exchange value of the US dollar against a basket of major foreign currencies.
U3O8	Triuranium octoxide — a compound of uranium.
UAE	United Arab Emirates
UK	United Kingdom
Unconventional gas	Natural gas that is more difficult to extract, including coal seam gas, shale gas and tight gas. Contrasts with conventional gas.
US	United States
US\$	United States dollar
WEO	The International Energy Agency's World Energy Outlook
WTI	West Texas Intermediate crude oil price
z	Projection a five year outlook