

1. Context

In 2020, the South Australian Chamber of Mines & Energy (SACOME) undertook analysis of the expenditure patterns of 12 operating member companies to determine their contribution to the South Australian economy.

The data, which included employee salaries and wages, business purchases, community contributions and local and state government payments, was collected by postcode to allow local, regional, and state-wide economic benefits to be assessed.

2. Headline Messages

State Economic Impact

- In 2019/20 twelve SACOME operating member companies contributed **\$5.9 billion of direct and indirect spending** to the South Australian economy.
- This contribution is equivalent to **5.3% of Gross State Product (GSP)**, with **one dollar in every twenty** created by the South Australian resources sector.

Employment

- The twelve operating member companies **directly employ 5,489 people in South Australia and support the employment of 24,895 people in total.**
- **One in every thirty-three South Australian jobs** is supported by the resources sector which equates to 3% of State employment.
- **\$747.3 million in wages and salaries** were paid in 2019/20 to direct full-time residing employees, representing an **average salary level of \$136,152 per annum.**

State Government Payments

- **\$435.8 million** in State Government payments were made by the sector in 2019/20, incorporating royalties, stamp duty, payroll tax and land tax.
- This is enough to pay for the duplication of two Joy Baluch Bridges a year (at \$200m each), with \$35.8 million left over. Or two Festival Plaza redevelopments (\$214m each).

Economic Contribution by State Electorate

- The resources sector makes significant contribution to metropolitan as well as regional South Australia, demonstrating a 'whole of state' economic impact.
- In terms of total value contributed by the resources sector (combining direct and indirect spending), eight of the top ten electorates are metropolitan:

Electorate	Member	Total Value
Adelaide	Ms Rachel Sanderson MP	\$811.4m
Giles	Mr Eddie Hughes MP	\$621.2m
Port Adelaide	Ms Susan Close MP	\$344.3m
Unley	Mr David Pisoni MP	\$334.1m
Enfield	Ms Andrea Michaels MP	\$227.1m
Frome	Mr Geoff Brock MP	\$199.5m
Dunstan	Mr Steven Marshall MP	\$177.5m
Taylor	Mr Jon Gee MP	\$162.6m
Badcoe	Ms Jayne Stinson MP	\$161.2m
Croydon	Mr Peter Malinauskas MP	\$135.3m

Economic Contribution by Local Government Area

- The City of Adelaide is the Local Government Area with the highest total economic contribution at \$798.7m, followed by The City of Port Adelaide Enfield at \$735.4m; and the City of Unley at \$437.4m.
- This data again demonstrates the economic contribution of the sector to metropolitan areas.

Economic Contribution by Region

- Aggregate data derived from regional (SA4) shows that the Adelaide Central & Hills region has the highest total economic contribution (\$1.7 billion); followed by Adelaide North (\$948.3m); and Adelaide West (\$791.2m).

Purchases

- **\$1.7 billion in supply chain purchases** in 2019/20 from **over 1,950 local businesses**.

Community Contributions

- **\$3.2 million** in 2019/20 in contributions to **133 community groups**.

Local Government Payments

- **\$2.0 million in local government payments** across 2019/20 comprising council rates, fees and charges.

Q & A – SACOME Economic Contribution Study

1. Which SACOME member companies were involved in this study?

Adbri	Cooper Energy	OZ Minerals
Beach Energy	Heathgate Resources	Santos
BHP	Iluka Resources	Senex Energy
Boss Energy	Nyrstar	SIMEC Mining

2. What does 'direct and indirect spending' mean?

- Direct impacts:
 - Wages for direct employment of workforce;
 - Expenditure on business goods and services in local and regional economies;
 - Community contributions; and
 - Local and State Government payments.
- Indirect impacts:
 - Supply chain (or flow-on) effects from those supplying industries increasing their purchases to meet the additional demand.
- Consumption-induced (household spending)
 - Employment and output supported by the spending of those employed directly or indirectly by the sector.

3. How is the 5.3% GSP contribution figure calculated?

- The method used in SACOME's study uses a different definition to that used by the Australian Bureau of Statistics and includes both direct and indirect impacts, factoring in businesses providing support services to the resources sector.
- Using this methodology the sector's **direct and indirect economic GSP contribution is 5.3%**.

4. What methodology has been used to undertake this work?

- For this study, input-output (I-O) modelling has been used to estimate the sum of direct, indirect and consumption induced effects of the companies surveyed on different regions of South Australia.
- I-O techniques provide a reliable basis for taking account the inter-relationships between the various sectors of the economy in the short-term and are an appropriate tool for determining the direct, indirect and induced impact of economic stimuli.
- This methodology has been used to determine the economic contribution of the resources sector in other States, including Western Australia, Queensland and New South Wales.