

Mining will lead the recovery

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While the economic benefits of Western Australia's mining and energy sector have long been acknowledged, the impacts of COVID-19 has brought home just how essential the sector is to the nation's wellbeing.

Back in April this year, it was reported in *The West Australian* that WA's decision to keep the resources sector running through the coronavirus had saved the national economy from collapse during a financial shock never seen before in Australia nor other countries worldwide.

The article was based on comments by Federal Treasury secretary Steven Kennedy to a Senate committee in which he said the decision to allow the sector to continue operating had been very helpful in putting a floor under what would otherwise be a much larger fall.

It was a sentiment echoed by WA Treasurer Ben Wyatt, who didn't mince his words when he said: "I know Josh Frydenberg, the Commonwealth Treasurer, every day will be waking up and thanking Western Australia's mining sector".

While our political leaders have long espoused the economic importance of the resources sector, most people would not be aware of just how far-reaching those benefits are to the community.

Last year, the Chamber of Minerals and Energy of Western Australia asked its members to provide information on direct expenditure spent on wages and salaries, purchases of goods and services, community contributions and payments to local governments and State Government.

A total of 53 companies across the WA resources sector provided data, representing 73 per cent of the WA resources sector by production.

This data includes more than 100 operational sites across the State from mining, oil and gas,



illustration: Don Lindsay

downstream processing, as well as major service providers.

This fact-finding exercise demonstrated how every community in WA and beyond benefits from the resources sector through residents who work in the industry and businesses who supply goods and services to the sector.

The results revealed the sector contributed more than \$67.1 billion to Australia's economy and directly created more than 71,000 full-time jobs in 2018-19.

Considering this survey is just a snapshot of the sector's direct contributions to the broader economy, the actual figure is

likely to be substantially higher than \$67.1 billion.

Overall, these companies contributed \$45.8 billion to the WA economy and a further \$21.2 billion to the Australian economy, made up of:

- \$41.7 billion spent on purchasing goods and services from 14,464 WA businesses;
- More than \$8.5 billion in wages and salaries paid to 71,244 full-time workers; and
- \$5.7 billion in payments to State Government and \$11.1 billion to Federal Government.

On top of the \$67.1 billion direct contribution to Australia, there is an additional \$50.3 billion in value created by the

WA resources sector through supply-chain purchases and creation of 311,796 full-time jobs in related fields, such as freight and logistics, engineering and geologists, laboratory testing of ore samples and site preparation services.

All in all, the sector supports one in five jobs in WA.

While the combined economic contribution of these WA resources companies to Australia was \$67.1 billion, the contribution of the sector is not just an economic one.

There were 902 art, education, health, sports, indigenous, environment and social organisations and 77 local

governments who received support from the sector.

This information demonstrates that each community in WA has people living there who work in the resources sector or work for local businesses supplying goods and services to the sector.

From this, there are both direct and indirect benefits spread across these communities flowing from the financial contributions made by companies.

As Federal Resources Minister Keith Pitt said in May, the resilience of the WA resources sector provides the royalties and company taxes to help fund the vital government services that Australians deserve.

As COVID-19 stubbornly refuses to loosen its grip on Australia, it has become obvious that industries like mining and oil and gas will form an important part of our State's, and indeed the nation's, economic recovery over the next 18 months.

For its part, the sector has significantly changed many of its procedures and introduced new safety measures to maintain its operations, health of its employees and continue to financially support community organisations who have been particularly affected by COVID-19.

We are quite proud to say the measures we have implemented here in WA are being rolled out nationwide, and in some cases, more broadly to projects across the world.

I think all West Australians would be appreciative of the efforts of our hardworking mining and oil and gas workforce who have made personal sacrifices to keep this vital industry operating during this crisis.

Collectively, we are committed to working with WA to get through this crisis and support the State's economic recovery.

Regardless of any future spike in cases, we are poised and well equipped to keep on working.

Paul Everingham is the chief executive officer of the Chamber of Minerals & Energy of WA