

RESOURCES BRIEFING

The great economic driver keeps WA's wheels turning

■ Reg Howard-Smith



As someone working in the resources sector, it's often easy for me to see firsthand the benefits of the sector to both WA and Australia. What is much harder to do, however, is actually quantify the positive flow-on effects of the State's resources sector on the broader community.

The Chamber of Minerals and Energy of WA and KPMG have released a study which explores the economic reach of the WA resources sector and confirms the range of positive impacts. The report highlights the benefits of activity in the resources sector which have made WA a stand-out economic performer over recent years.

The WA resources sector (including resource extraction and services, resource-related manufacturing and resource-related construction) is a significant contributor to the WA and Australian economy through its contribution to gross State product and Australian gross domestic product.

The resources sector also



Jobs boon: Some 56 per cent of the resource sector's employment comes from regional communities.

consequences for many other industries within the WA and Australian economies and impacts positively on our broader standard of living.

The resource sector's important links with other industries in the economy — construction, wholesale and retail trade, accommodation and food services, financial and business services — means they all benefit from an increase in resource export demand.

The clearest benefit identified by the report was the

people in WA. When resources-related manufacturing (18,698) and resources-related construction (20,546) is added to resources sector employment (103,796) this totals 143,040 direct employees in the WA resources sector (figures for May this year). This equates to 11 per cent direct employment in the State, making it the single-biggest sector employer.

Regional WA is the main beneficiary of this employment effort, with 56 per cent of the

from regional communities, including 25 per cent in the Pilbara and 31 per cent in the remaining regions.

While driving substantial income growth and prosperity for many adjacent industries in WA, the rapid development and structural change, along with the upward movement of the Australian dollar, until recently, has put pressure on the price and availability of inputs such as wages, materials, energy and transport and in areas such as government administrative support.

Despite facing volatile global commodity markets, uncertain international economic conditions and some of the highest costs in materials and labour in the world, the WA economy continues to grow and investment in resources will continue, though in the immediate term more slowly than in previous years.

Outlining the economic reach of the WA resources sector highlights the importance of a sustainable, strong and growing industry which, with the right policy settings, can continue to deliver benefits for all.

■ Reg Howard-Smith is chief executive of the Chamber of Minerals and

IN BRIEF

Mirabela returns

Mirabela Nickel's bonds were worth 33.4¢ in the dollar yesterday ahead of the stricken nickel company's expected return to the market this morning with a corporate and operational update. The company called a halt to trading in its Australian-listed shares on Monday, with its stock worth only 1.6¢. The value of its \$US395 million (\$418 million) unsecured notes has crashed since the start of the month when the company announced the major customer for concentrate from its Brazilian nickel mine had shut its nickel refinery. Within days two major ratings agencies had cut Mirabela's credit rating, saying doubts were growing that the company could make debt repayments given its operational troubles.

Contracts bonanza

Monadelphous has secured new maintenance and infrastructure construction contracts in WA and Queensland worth \$250 million. It won extensions to its facilities management contract at Chevron's Gorgon LNG project, worth \$150 million, along with a pipeline construction contract for the Wheatstone Ashburton West Pipeline near Onslow. Monadelphous said yesterday it had also won a tender for a water treatment plant in Queensland. Shares closed