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South Australian Budget 2024/25 fails to deliver on resource industry support

The South Australian Government released a surplus budget today as a result of better than expected GST and state tax revenues. Supported in part by the $420 million received in royalties from the minerals and petroleum industry.

However, debt will escalate beyond $38 billion as the Government borrows to fund ongoing initiatives, which underscores the importance of growing the SA resources industry and its annual royalty revenue.

The announcements that offer industry support include a $3.6 million commitment over 2 years to fund a Green Iron and Steel initiative and further invest in existing steel industry with $1.7 million for the Whyalla steelworks.

“I am pleased to see $4.1 million commitment in today’s budget to deliver the new hydrogen and renewable energy legislative program.”

“We hope to see mining policy and development approvals back in the spotlight as critical government resources have been diverted from mining over recent years to deliver this legislation,” said Mr Warren Pearce, CEO of the Association of Mining and Exploration Companies (AMEC).

“South Australia has big plans for Green Iron and Steel and a recent supply chain analysis demonstrates a 21% advantage to produce Green Iron in South Australia. This is underpinned by the States significant magnetite resources, and we welcome the commitment to support industry to grow value-adding opportunities.”

These initiatives aside, there was little in the budget to address major industry requests. AMEC has long requested additional funding to better resource the Department for Energy and Mining (DEM), little has been forthcoming.

The Government also remains silent on funding the Accelerated Discovery Initiative (ADI) and the long-awaited Critical Minerals Strategy and an accompanying development fund, for which there were no allocations made.

Mr Pearce added, “This lack of government investment will have a knock-on effect for the junior explorers who are already doing more with less, as capital raising and inflationary pressures are also biting their businesses.”

“The delay in ADI funding comes at a time when SA has dropped its global investment attraction ranking. With the latest Fraser Institute survey showing SA fell to 19th position after maintaining a top 10 ranking for over a decade, and this is a real concern.”

The ABS exploration expenditure figures released on Tuesday saw South Australia reach its highest value greenfield expenditure of $47.2 million. However, most of this can be attributed to the effort to define the copper resource at Oak Dam. Without that investment, the rest of the South Australian sector looks much weaker.

The funding commitment of $15.4 million for an acid drainage treatment plant to support the rectification at the former Brukunga mine is a responsible and necessary investment in this legacy mine that remains the responsibility of the Government.

AMEC continues to ask for funding to grow the economy with value-add opportunities for downstream critical minerals processing and to showcase South Australia’s critical minerals investment opportunities to the world.

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The SA Government's decision not to allocate funding to complement the Federal Government's recently announced Production Tax Incentive (PTI), put forward by AMEC, is extremely disappointing.

"Minerals are critical for building the renewable energy infrastructure for decarbonisation goals and the materials for our growing housing needs along with the State's strong defence space and high-tech industries."

"To grow the State's ambitions for green minerals will require a serious financial commitment from Government in the future if the State is to compete with other national and global jurisdictions for precious investment."

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