

The Economic Impact of
Aquaculture on the
South Australian State
and Regional
Economies, 2003/04

A report prepared for
PIRSA Aquaculture

Prepared by



28 February 2006

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Abbreviations

ABARE	Australian Bureau of Agricultural and Resource Economics
AFMA	Australian Fisheries Management Authority
fte	full-time equivalent
PIRSA	Primary Industries and Resources South Australia
SA	South Australia
SARDI	South Australian Research and Development Institute
GRP	gross regional product
GSP	gross state product

Document History and Status

Doc Ver	Doc Status	Issued To	Qty elec	Qty hard	Date	Reviewed	Approved
1	Draft	Ian Nightingale, Heather Montgomery	1	-	21/02/06	JBM	JBM
2	Final	Ian Nightingale, Heather Montgomery	1	2	28/02/06	JBM	JBM

Printed: 28/02/2006 9:59 AM
 Last Saved: 28/02/2006 9:37 AM
 File Name: S:\1_Projects\Current\0525_Aqua
 Impacts\Reports\2004\AquaImpacts04_Final_060228.doc
 Project Manager: Julian Morison
 Principal Author/s: Matthew Ferris and Julian Morison
 Name of Client: PIRSA Aquaculture
 Name of Project: The Economic Impact of Aquaculture on the South Australian
 State and Regional Economies, 2003/04
 Document Version: 2
 Job Number: 0525

Executive Summary

The aim of this study was to estimate the economic impact of aquaculture activity in South Australia in 2003/04. The results reported here update and expand on those provided in previous studies (EconSearch 1997, 1998, 1999, 2001, 2002a, 2003 and 2004). This report provides estimates of economic impact for 2003/04 by aquaculture sector (tuna, oysters, abalone, mussels, barramundi and yabby/marron farming and other aquaculture enterprises) at the state and regional (Eyre Peninsula, Limestone Coast and balance of South Australia) levels.

The results of this study illustrate clearly the significance of aquaculture in South Australia in terms of business activity, household income and contribution to the state's growth and employment levels.

Some previous studies have only included the first level of processing, marketing or handling of aquaculture production in the overall economic impact (EconSearch 1997, 1998, 1999, 2001 and 2002a). However, for the purpose of this, the previous two (EconSearch 2003 and 2004) and future analyses, the following stages in the marketing chain are included in the quantifiable economic impact:

- the farm gate value of production;
- the net value of local (SA) processing;
- the net value of local retail and food service trade; and
- the value of local transport services at all stages of the marketing chain.

In addition, other facets of regional economic development associated with the aquaculture industry are qualitatively assessed.

The results of the analysis, at the state level, are summarised in Table E.1. The **direct impact** measures on-farm and downstream aquaculture related activities (fish processing, transport, retail and food services). The **flow-on impact** measures the economic effects in other sectors of the economy (trade, transport, etc) generated by the aquaculture industry, that is, the ripple or multiplier effects.

Value of output is a measure of the business turnover or gross revenue of an activity. **Direct output** equates to the **PIRSA Scorecard** estimate of **net food revenue**, estimated to be \$187m in 2003/04 (Table E.1). **Total output** (\$499m) needs to be used with care as it includes elements of double counting. Approximately 70 per cent of the output impact was generated in regional South Australia (Table E.2).

Contribution to gross state or regional product (GSP/GRP) is measured as value of output less the cost of goods and services (including imports) used in producing the output. As such, it provides an estimate of the net contribution of aquaculture to the state's economy. In 2003/04, aquaculture's **total contribution to GSP** (\$244m) (Table E.1) represented 0.45 per cent of the total (\$53,897m)¹. Almost 75 per cent of the contribution to GSP was generated in regional South Australia (Table E.2).

Contribution to GSP/GRP, as a measure of economic impact, avoids the problem of double counting that arises from using output for this purpose.

¹ ABS (2004).

Table E.1 The economic impact of aquaculture in South Australia, 2003/04

	Tuna	Oysters	Abalone	Mussels	Barramundi	Yabby/ Marron	Other ^a	Total
Output (\$m)								
Direct								
<i>On-farm</i>	151.0	21.2	3.2	0.7	2.3	0.6	7.9	186.8
<i>Downstream</i>	16.9	34.6	0.2	0.8	0.8	0.3	2.1	55.7
Total Direct	167.9	55.8	3.3	1.5	3.0	0.9	10.0	242.4
Total Flow-on	180.0	61.4	5.6	2.6	2.4	0.6	7.8	260.5
Total	347.9	117.1	9.0	4.2	5.4	1.5	17.8	502.9
Contribution to GSP (\$m)								
Direct								
<i>On-farm</i>	60.4	14.1	1.2	0.5	1.5	0.4	3.4	81.5
<i>Downstream</i>	4.6	13.2	0.0	0.3	0.3	0.1	0.8	19.3
Total Direct	65.0	27.2	1.2	0.8	1.9	0.6	4.2	100.9
Total Flow-on	106.9	29.1	2.8	1.3	1.2	0.3	3.8	145.4
Total	171.9	56.4	4.0	2.1	3.0	0.8	8.0	246.2
Employment (fte)								
Direct								
<i>On-farm</i>	739	397	105	54	32	13	121	1,461
<i>Downstream</i>	61	260	1	6	6	2	14	350
Total Direct	800	657	106	60	38	15	135	1,812
Total Flow-on	958	370	44	16	14	3	46	1,453
Total	1,759	1,028	149	76	52	19	182	3,264
Household income (\$m)								
Direct								
<i>On-farm</i>	23.6	9.0	2.1	1.1	0.9	0.1	2.4	39.2
<i>Downstream</i>	2.9	8.7	0.0	0.2	0.2	0.1	0.5	12.7
Total Direct	26.6	17.7	2.1	1.3	1.1	0.2	3.0	51.9
Total Flow-on	50.3	16.5	1.6	0.7	0.6	0.2	2.1	72.0
Total	76.9	34.2	3.7	2.0	1.7	0.3	5.1	123.9

^a Other aquaculture production is comprised of yellowtail kingfish, Atlantic salmon, rainbow trout, other marine finfish (e.g. mullet) and other aquaculture enterprises (e.g. algae production).

Source: EconSearch analysis.

Employment is a measure of the number of working proprietors, managers, directors and other employees, in terms of the number of full-time equivalent (fte) jobs. Direct employment was estimated to be over 1,800 fte in 2003/04 with over 1,400 flow-on jobs, giving **total employment** of over 3,200 fte (Table E.1). Over 75 per cent of these jobs were in regional South Australia (Table E.2).

Household income is a measure of wages and salaries, drawings by owner operators and other payments to labour including overtime payments and income tax, but excluding payroll tax. Direct household income was estimated to be around \$52m in 2003/04 and flow-on income approximately \$72m, giving **total household income** of almost \$124m (Table E.1). Approximately 70 per cent of the household income was generated in regional South Australia (Table E.2).

In regional areas, the impact of the aquaculture industry in 2003/04 was concentrated in the Eyre Peninsula region, reflecting the dominance of tuna farming in the total (Table E.2).

Table E.2 The total regional economic impact (direct and flow-on) of aquaculture in South Australia, 2003/04

Sector	Output		Contribution to GSP		Employment		Household Income	
	(\$m)		(\$m)		(fte)		(\$m)	
Eyre Peninsula	338.1	95%	173.7	95%	2,234	90%	81.0	93%
Limestone Coast	3.9	1%	2.3	1%	46	2%	1.3	1%
Balance of SA	14.4	4%	6.9	4%	207	8%	4.8	6%
Total Regional Impact	356.4	100%	182.9	100%	2,487	100%	87.1	100%
Regional Impact as a Proportion of Total	-	71%	-	74%	-	76%	-	70%

Source: EconSearch analysis.

1. Introduction

The aim of this study was to estimate the economic impact of aquaculture activity in South Australia in 2003/04. The results reported here update and expand on those provided in previous studies (EconSearch 1997, 1998, 1999, 2001, 2002a, 2003 and 2004). Estimates of the economic impact of aquaculture activity in South Australia in 2003/04 are provided for the following aquaculture sectors:

- tuna;
- oysters;
- abalone;
- mussels;
- barramundi;
- yabbies/marron; and
- other aquaculture.

The impacts of these sectors are presented at both the regional and state levels. Regional impacts are based on the following disaggregation:

- Eyre Peninsula;
- Limestone Coast; and
- the balance of SA.

The report is structured as follows.

- Section 2: The general approach to the study is outlined.
- Section 3: A summary of aquaculture production in South Australia.
- Sections 4 to 7: The economic impacts of each aquaculture sector are presented at the state and regional levels.
- Section 8: Other facets of regional economic development associated with aquaculture activity in SA are presented.
- Section 9: Summary of the results.

2. Study Approach

2.1 Method of Analysis

The presence of a large industry or set of enterprises has considerable effects on the character of the local economy in which it is embedded. In the case of an aquaculture development, the enterprise, to support its own activities, makes purchases of spat or fingerlings, feedstuffs, other material inputs, labour, energy and services. Much of the expenditure goes to persons and companies situated in the local region.

The principle of this expenditure dependence is clearly defined. If aquaculture activity were to cease, there would be consequent reductions in the gross revenues of other sectors in the region. Conversely, if aquaculture activity were to increase, there would be increases in the gross revenues of other sectors. The extent of this type of economic impact can be measured through input-output modelling. This study applies input-output analytical procedures to measure the impact of aquaculture development on the South Australian state and regional economies.

Economic impacts at the state and regional levels were based on input-output models prepared for the Regional Communities Consultative Council, Local Government Association of South Australia and Regional Development SA (EconSearch 2005). For a technical description of the input-output modelling procedure refer Appendix 1 and for a glossary of input-output terminology refer to Appendix 2.

In terms of scope, some previous studies (EconSearch 1997, 1998, 1999, 2001 and 2002a) have only included the first level of processing, marketing or handling of aquaculture production in the overall economic impact. Estimates of the economic impact of aquaculture presented in this report (i.e. for 2003/04) and for 2001/02 and 2002/03 (EconSearch 2003 and 2004) are consistent with 'message' and method in²:

- South Australian Aquaculture Council (2002), *Final Draft State Aquaculture Action Plan*;
- PIRSA's *Food for the Future* value chain analysis 2003/04 (Seafood Scorecard); and
- the overview of PIRSA Aquaculture's strategic direction for South Australian marine and land based aquaculture industries.

To this end, the following stages in the marketing chain have been included in the quantifiable economic impact:

- the farm gate value of production³;
- the net value of local (SA) processing;
- the net value of local retail and food service trade; and
- the value of local transport services at all stages of the marketing chain.

In addition, other facets of regional economic development associated with the aquaculture industry were qualitatively assessed. The table below illustrates the change in scope of the economic impact assessment.

² As discussed at the State Aquaculture Plan Working Group meeting at the Hilton Hotel on 19 November 2002.

³ For tuna this will include the net value of farm gate production and the gross value of tuna fishing.

Table 2.1 Change in scope of the economic impact assessment

Stage in Market Chain	Scope of Impact Analysis In Previous Studies ^a	Scope of Impact Analysis in Recent and Future Studies ^b
Farm gate production	Yes	Yes
Processing	Yes	Yes
Retail	No	Yes
Food Service	No	Yes
Transport between stages	Part	Yes
Other aspects of the economic impact of aquaculture		
Regional investment	Yes (tuna only)	Yes – qualitative only
Tourism	No	Yes – qualitative only
Education and training	No	Yes – qualitative only

^a For the years 1996/97, 1997/98, 1998/99, 1999/00 and 2000/01 (EconSearch 1997, 1998, 1999, 2001 and 2002a).

^b For the years 2001/02 (EconSearch 2003), 2002/03 (EconSearch 2004) and 2003/04.

As with previous reports, estimates of direct and flow-on economic impact are presented in terms of the following indicators:

- output;
- contribution to gross state or regional product⁴;
- employment; and
- household income.

(Value of) Output is a measure of the gross revenue of goods and services produced by commercial organisations (e.g. farm-gate value of tuna production) and gross expenditure by government agencies. Total output needs to be used with care as it includes elements of double counting (e.g. the value of tuna farm output includes the gross value of tuna fishing).

Contribution to gross state or regional product (GSP or GRP) is a measure of the net contribution of an activity to the state or regional economy. Contribution to GSP/GRP is measured as value of output less the cost of goods and services (including imports) used in producing the output. In other words, it can be measured as household income plus other value added (gross operating surplus and all taxes, less subsidies). It represents payments to the primary inputs of production (labour, capital and land). Using contribution to GRP/GSP as a measure of economic impact avoids the problem of double counting that may arise from using value of output for this purpose.

⁴ The terminology 'contribution to gross state or regional product' and 'value added' can be used interchangeably. 'Value added' was used in previous reports (EconSearch 1997 to 2004).

Employment is a measure of the number of working proprietors, managers, directors and other employees, in terms of the number of full-time equivalent (fte) jobs.

Household income is a component of GSP/GRP and is a measure of wages and salaries, drawings by owner operators and other payments to labour including overtime payments and income tax, but excluding payroll tax

Estimates of economic impact are presented in terms of

- direct impacts;
- flow-on (or indirect) impacts; and
- total impacts.

Direct impacts are the initial round of output, employment and household income generated by an economic activity. Estimates of the direct economic impact of aquaculture on the South Australian state and regional economies are consistent with the method employed in PIRSA's *Food for the Future* value-chain analysis, 2003/04, as outlined above⁵.

Flow-on (or indirect) impacts are the sum of production-induced effects and consumption-induced effects. Production-induced effects are additional output, employment and household income resulting from re-spending by firms (e.g. transport contractors) that receive payments from the sale of services to firms undertaking, for example, oyster production. Consumption-induced effects are additional output, employment and household income resulting from re-spending by households that receive income from employment in direct and indirect activities.

Total impacts are the sum of direct and flow-on impacts.

2.2 Data

Despite the growing importance of the aquaculture industry in South Australia, very little economic data is compiled on the industry. The main sources of collated statistical information are the production (quantity and value) data collected by SARDI Aquatic Sciences and the value chain analysis conducted by PIRSA (Scorecard team).

For the current study, representative cost structures and other relevant information for enterprises operating in individual sectors of the aquaculture and fishing industries were updated from 2002/03 to 2003/04 using a range of indicators⁶. The representative cost structures were applied to industry value of output estimates (provided by SARDI Aquatic Sciences) to obtain estimates of aggregate expenditures on a regional and state basis.

⁵ Note that direct output equates to the PIRSA Seafood Scorecard estimate of net food revenue.

⁶ The original data were obtained from consultation with key industry contacts in 2003 (EconSearch 2003) and from EconSearch (2002b and 2002c).

Estimates of the net value of local (SA and regional) processing margins, the net value of local retail and food service trade margins and the value of local transport margins at all stages of the marketing chain were imputed for each aquaculture sector on the basis of discussions with a range of relevant industry contacts in each sector. In previous years (i.e. for 2001/02 and 2002/03), these margins were based on estimates presented in PIRSA's Seafood Scorecard.

3. Aquaculture Production in South Australia

Estimates of farm-gate aquaculture production and value of production for South Australia in 2003/04 are summarised in Tables 3.1 to 3.3.

Estimates of tuna catch, tuna farm production and value of production from ABARE and SARDI Aquatic Sciences for the eight-year period, 1995/96 to 2003/04, are provided in Table 3.1.

The farm output values in 1995/96 were significantly affected by the tuna disaster at Port Lincoln in April 1996. Over the period 1996/97 to 2000/01, whole weight of tuna into farms and processed weight out of farms increased at an average rate of 22 per cent per annum while the farm gate value of tuna increased at an average rate of 31 per cent per annum. Between 2000/01 and 2002/03, however, there were only marginal changes in farm output and value.

Although farm output between 2002/03 and 2003/04 increased by 2 per cent, the total farm-gate value of tuna over this period decreased by 43 per cent. The significant decline in the per unit value of farmed tuna (45 per cent) over this period was attributable principally to increased supplies of farmed tuna from Mediterranean countries being sold on the Japanese market and an appreciation of the Australian dollar against the Japanese yen.

Table 3.1 Farmed tuna production, South Australia, 1996/97 to 2003/04

	Into Farms	Farm Output	
	Whole Weight	Processed Weight	Farm Gate Value
	'000kg	'000kg	\$m
1995/96	3,362	1,170	29.3
1996/97	2,498	4,069	91.5
1997/98	3,610	4,927	120.7
1998/99	4,991	6,805	166.7
1999/00	5,133	7,750	240.0
2000/01	5,282	9,051	263.8
2001/02	5,296	9,245	260.5
2002/03	5,409	9,102	266.9
2003/04	5,080	9,290	151.0

Source: SARDI Aquatic Sciences and ABARE (2004)

Estimates of oyster production and value of production from SARDI Aquatic Sciences for the period 1994/95 to 2003/04 are provided in Table 3.2. The gross value of (adult oyster and spat) production has increased at an average rate of 23 per cent per annum over this nine-year period.

Table 3.2 Oyster production, South Australia, 1994/95 to 2003/04 ^a

	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04
Production (adult only):										
Weight ('000 kg)	855	976	1,359	na	na	na	na	na	na	na
Number ('000 doz.)	na	na	1,336	1,298	1,441	2,516	2,936	3,464	3,865	4,644
Value:										
Adult oysters (\$'000)	3,535	3,950	5,205	4,908	5,489	9,389	11,011	13,303	15,116	19,959
Spat (\$'000)	na	na	610	1,168	997	800	579	856	1,002	1,193
Total (\$'000)	3,535	3,950	5,815	6,076	6,486	10,189	11,590	14,159	16,118	21,152

^a All figures have been rounded to the nearest thousand. Individual figures provided in the columns may not sum to the 'Total' for this reason.

Source: SARDI Aquatic Sciences.

Table 3.3 Other aquaculture production, South Australia, 1994/95 to 2003/04 ^a

	1994/95		1995/96		1996/97		1997/98		1998/99		1999/00		2000/01		2001/02		2002/03		2003/04	
	Whole Weight ('000kg)	Value (\$'000)	Whole Weight ('000kg)	Value (\$'000)	Whole Weight ('000kg)	Value (\$'000)	Whole Weight ('000kg)	Value (\$'000)	Whole Weight ('000kg)	Value (\$'000)	Whole Weight ('000kg)	Value (\$'000)	Whole Weight ('000kg)	Value (\$'000)	Whole Weight ('000kg)	Value (\$'000)	Whole Weight ('000kg)	Value (\$'000)	Whole Weight ('000kg)	Value (\$'000)
Barramundi	na	na	na	na	138	1,642	193	2,681	249	3,192	279	3,330	264	2,743	255	2,653	471	6,166	216	2,255
Marron	5	99	6	141	5	116	6	131	7	160	12	304	8	196	11	282	22	533	18	480
Blue Mussels	na	na	na	na	na	na	na	na	84	183	81	173	111	260	171	371	254	466	400	697
Abalone	na	na	na	na	na	na	na	na	21	856	40	2,000	53	2,677	34	1,901	59	3,080	105	3,155
Yabbies	9	86	17	175	10	111	11	115	27	231	16	156	17	172	8	95	7	93	10	153
Rainbow Trout	32	188	21	158	25	191	23	118	14	101	8	49	13	176	26	192	18	156	40	330
Atlantic Salmon	na	na	na	na	na	na	na	na	na	na	na	na	na	na	64	596	na	na	na	na
Other ^b	296	2,629	323	3,158	280	2,012	379	3,041	412	3,259	337	2,828	480	4,322	270	2,779	1,077	8,769	894	7,533
Total	342	3,002	367	3,632	458	4,072	612	6,086	814	7,982	773	8,840	946	10,546	839	8,869	1,908	19,263	1,683	14,603

^a All figures have been rounded to the nearest thousand. Individual figures provided in the columns may not sum to the 'Total' for this reason.

^b Other aquaculture production is comprised of yellowtail kingfish, Atlantic salmon, rainbow trout, other marine finfish (e.g. mullet) and other aquaculture enterprises (e.g. algae production).

Source: SARDI Aquatic Sciences

Estimates of other aquaculture production and value of production from SARDI Aquatic Sciences for the nine-year period, 1994/95 to 2003/04, are provided in Table 3.3. Both production and value of production increased significantly between 1994/95 and 2003/04, production by an average of 25 per cent per annum and gross value of production by 27 per cent per annum. The decrease in production and value of production between 2002/03 and 2003/04 was attributable to declines in the barramundi and 'other aquaculture' sectors.

In aggregate, tuna is the largest single sector in the state's aquaculture industry, accounting for approximately 81 per cent of the state's gross value of aquaculture production in 2003/04⁷. The state's total value of seafood production (landed) in 2003/04 was almost \$372 million⁸. Of this, tuna farming contributed approximately 41 per cent.

⁷ The total value of aquaculture production in SA in 2003/04 was estimated to be \$187 million (SARDI Aquatic Sciences).

⁸ This was comprised of \$185 million for wild catch fisheries, \$151 million for tuna farming and \$36 million for other aquaculture.

4. The Economic Impact of Aquaculture in South Australia, 2003/04

Estimates of the direct economic impact of aquaculture production, aquaculture processing, the transport of aquaculture products and the sale of aquaculture products to the retail and food service sectors in South Australia in 2003/04 are provided in this section of the report. Complementary estimates of the flow-on effects generated by these activities through the purchase of materials, services and labour are also provided.

4.1 The Economic Impact of Tuna Farming in South Australia, 2003/04

Estimates of the economic impact generated by the tuna farming industry in SA on a sector-by-sector basis for 2003/04 are provided in Table 4.1 and Figures 4.1 to 4.4. Impacts are measured in terms of value of output, contribution to gross state product (GSP), employment and household income.

Table 4.1 The economic impact of tuna farming in South Australia, 2003/04

Sector	Output		Contribution to GSP		Employment		Household Income	
	(\$m)		(\$m)		(fte)		(\$m)	
Direct effects								
Tuna farming ^a	151.0	43%	60.4	35%	739	42%	23.6	31%
Processing	14.4	4%	3.4	2%	49	3%	2.1	3%
Transport	2.5	1%	1.2	1%	13	1%	0.8	1%
Retail	0.0	0%	0.0	0%	0	0%	0.0	0%
Food services	0.0	0%	0.0	0%	0	0%	0.0	0%
Total Direct	167.9	48%	65.0	38%	800	46%	26.6	35%
Flow-on effects								
Tuna fishing	38.1	11%	32.1	19%	217	12%	9.3	12%
Property and business serv.	26.7	8%	15.8	9%	90	5%	5.2	7%
Manufacturing	23.3	7%	5.5	3%	79	4%	3.4	4%
Trade	18.4	5%	8.4	5%	196	11%	6.7	9%
Pilchards	21.4	6%	16.2	9%	49	3%	9.1	12%
Transport	7.4	2%	3.6	2%	37	2%	2.4	3%
Finance	9.3	3%	6.1	4%	41	2%	2.2	3%
Other Sectors	35.3	10%	19.2	11%	249	14%	12.0	16%
Total Flow-on	180.0	52%	106.9	62%	958	54%	50.3	65%
Total	347.9	100%	171.9	100%	1,759	100%	76.9	100%
Total/Direct	2.07		2.65		2.20		2.89	

^a Note the double counting in the output impact which also includes the value of tuna fishing.

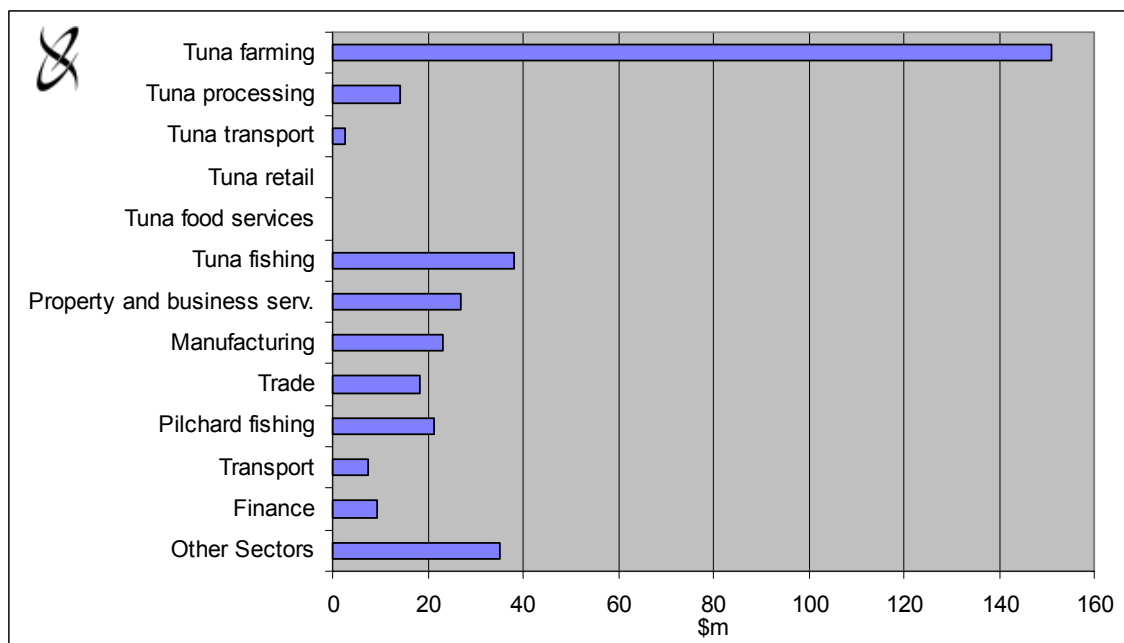
Source: EconSearch analysis.

Output impacts...

There are substantial economic impacts from the tuna farming industry in South Australia. Direct output (business turnover) generated in South Australia by tuna farms summed to \$151 million and in other sectors (processing and transport), almost \$17 million, in 2003/04. Flow-on output in other sectors of the state economy summed to over \$176 million (Table 4.1). The sectors most affected were the tuna fishing (tuna capture⁹), pilchard fishing, manufacturing, trade, business and property services, transport and finance sectors (Figure 4.1).

The bottom row of Table 4.1 gives the total impact/direct impact ratio for each economic indicator. For output, the ratio of 2.07 indicates that for each dollar of sales generated by the tuna industry (farming and downstream) there was a total of \$2.07 of in output generated by businesses throughout the state, \$1.00 in the tuna industry (farming and downstream) and \$1.07 in other sectors of the economy.

Figure 4.1 Tuna farming in South Australia, output impacts by sector, 2003/04



Source: EconSearch analysis.

Contribution to gross state product...

Contribution to gross state product (GSP) is calculated as the value of output less the cost of goods and services used in producing the output. GSP provides an assessment of the net contribution to state economic growth of a particular enterprise or activity¹⁰.

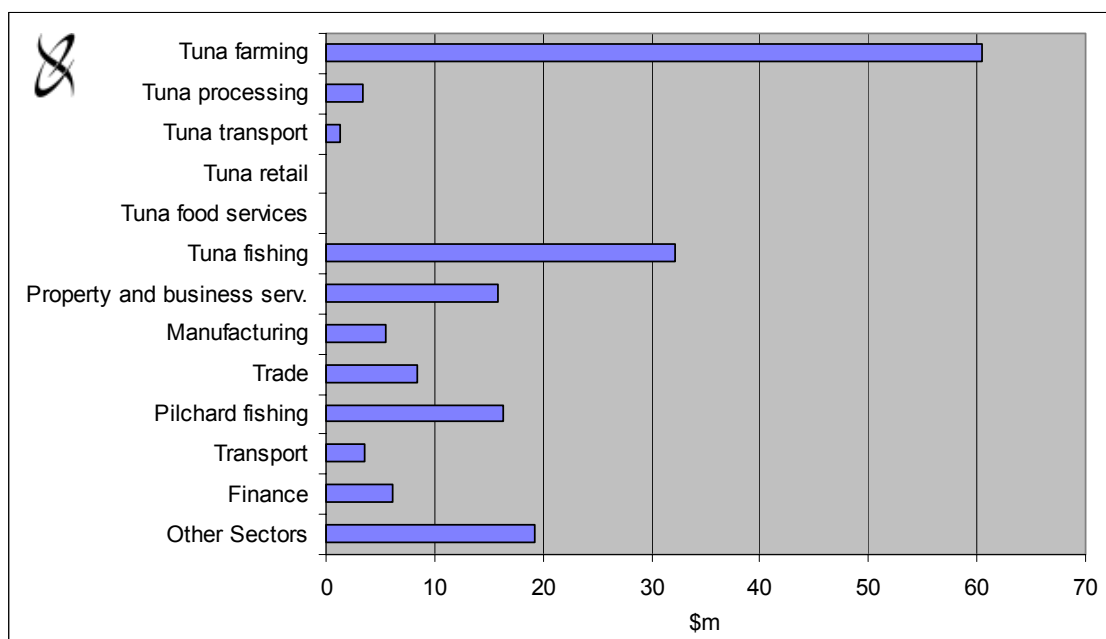
⁹ Note that the value of tuna fishing is also included in the direct impact of tuna farming.

¹⁰ The use of 'contribution to GSP' (or GRP) as a measure of economic impact overcomes the problem of double counting that arises from using 'value of output' for this purpose.

The direct contribution to GSP by the tuna industry (i.e. farming, processing and transport) was \$65 million in 2003/04. Associated with this was flow-on GSP in the other sectors of the state economy of \$107 million (Table 4.1).

The flow-ons were greatest in the tuna fishing (\$32m), pilchard fishing (\$16 million), property and business services (\$16m), manufacturing (\$6m), trade (\$8m) and finance (\$6m) sectors (Figure 4.2). The bottom row in Table 4.1 shows that for each one dollar contribution to GSP by the tuna industry there was an additional \$1.65 (\$2.65 total) contribution to GSP in other sectors of the state economy.

Figure 4.2 Tuna farming in South Australia, contribution to GSP by sector, 2003/04



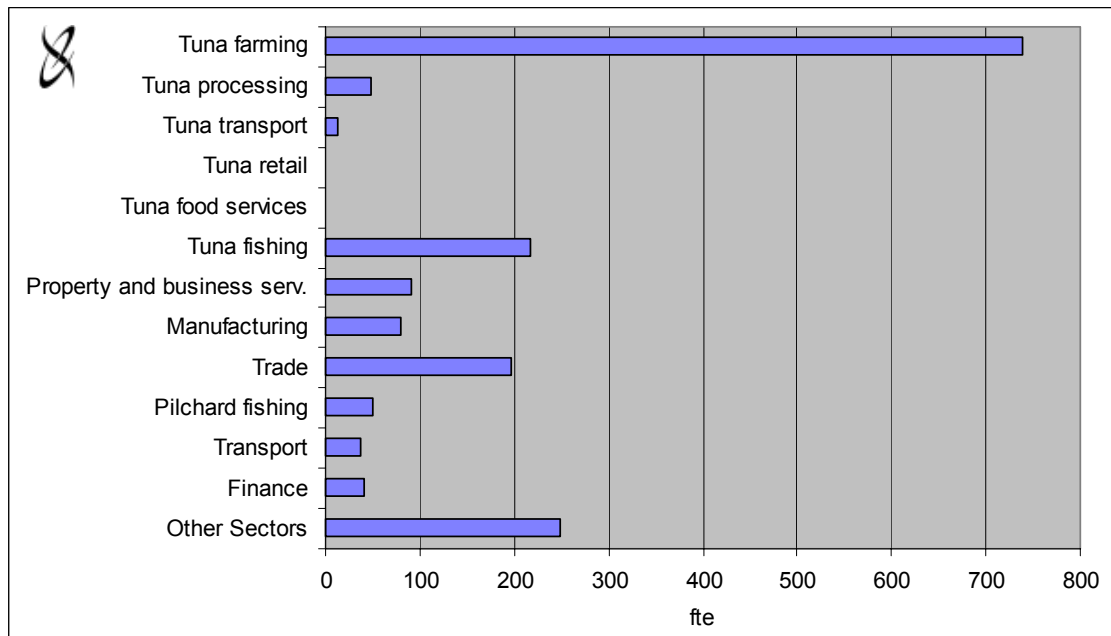
Source: EconSearch analysis.

Employment and household income...

A significant number of jobs were created as a result of the flow-on business activity associated with tuna farming, processing and transport. The tuna farms were responsible for the direct employment of approximately 740 full-time equivalents (fte) and, through the associated processing and transport activities, another 60 fte in 2003/04 (Table 4.1). Flow-on business activity was estimated to generate a further 958 fte to give total employment of approximately 1,760 fte in the state. The sectors of the economy with employment flow-ons from tuna farming, processing and transport include the tuna fishing (217 fte), trade (196), manufacturing (79), property and business services (90), pilchard fishing (49) and transport (37) sectors (Figure 4.3).

The bottom row in Table 4.1 shows that for each fte job generated directly in tuna farming, processing and transport there were an additional 1.20 jobs (2.20 jobs total) in the rest of the state.

Figure 4.3 Tuna farming in South Australia, employment impacts by sector, 2003/04

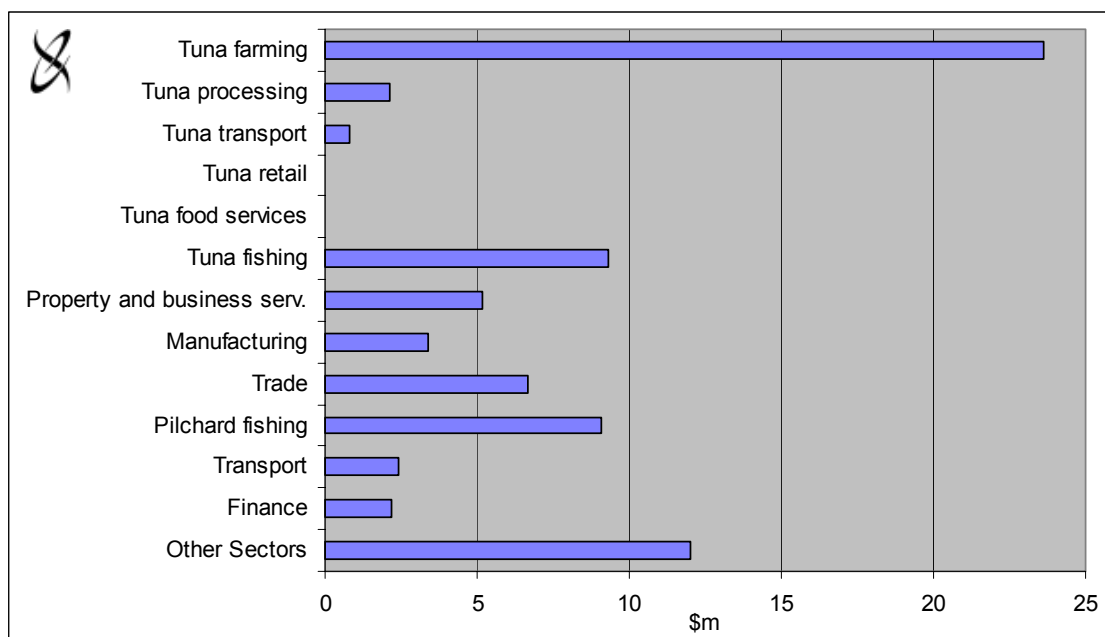


Source: EconSearch analysis.

It was estimated that personal income of almost \$24 million was earned in the tuna farming sector in 2003/04, comprising both wages by employees and drawings by owner/operators. An additional \$9.3 million was earned by licence holders and crew in the tuna fishing sector and a further \$44 million by wage and salary earners in all other sectors of the state economy (Figure 4.4).

For each \$1.00 of household income generated directly by tuna farming, processing and transport in 2003/04 there was an additional \$1.89 (\$2.89 total) generated in other sectors of the state economy (Table 4.1).

Figure 4.4 Tuna farming in South Australia, household income impacts by sector, 2003/04



Source: EconSearch analysis.

4.2 The Economic Impact of Oyster Farming in South Australia, 2003/04

Table 4.2 provides estimates of the economic impact generated by oyster farming in South Australia on a sector-by-sector basis in 2003/04. As for tuna in the previous section, impacts are measured in terms of output (business turnover), contribution to GSP, employment and household income.

Output impacts...

Direct output (business turnover) generated in SA by oyster farming enterprises summed to over \$21 million in 2003/04 while output generated in SA by associated downstream activities (processing, transport, retail and food service) summed to almost \$35 million in 2003/04. Flow-ons to other sectors of the state economy added another \$61 million in output in 2003/04. The sectors most affected were the trade, manufacturing and property and business services sectors.

Contribution to gross state product...

As noted above, contribution to GSP is calculated as the value of output less the cost of goods and services used in producing the output. In 2003/04, total oyster farming-related contribution to GSP in South Australia was over \$56 million, \$14 million generated by oyster farming directly, \$13 million generated directly by downstream activities and \$29 million generated in other sectors of the state economy.

Table 4.2 The economic impact of oyster farming in South Australia, 2003/04 ^a

Sector	Output		Contribution to GSP		Employment		Household Income	
	(\$m)		(\$m)		(fte)		(\$m)	
Direct effects								
Oyster farming ^b	21.2	18%	14.1	25%	397	39%	9.0	26%
Processing	5.8	5%	1.4	2%	20	2%	0.8	2%
Transport	5.4	5%	2.6	5%	27	3%	1.8	5%
Retail	0.7	1%	0.3	1%	8	1%	0.3	1%
Food services	22.7	19%	8.9	16%	206	20%	5.8	17%
Total Direct	55.8	48%	27.2	48%	657	64%	17.7	52%
Flow-on effects								
Property and business serv	14.3	12%	8.2	14%	55	5%	3.2	9%
Manufacturing	12.9	11%	3.0	5%	44	4%	1.9	6%
Trade	9.2	8%	4.2	7%	98	10%	3.3	10%
Transport	2.8	2%	1.3	2%	14	1%	0.9	3%
Finance	4.1	3%	2.7	5%	18	2%	1.0	3%
Other Sectors	18.1	15%	9.8	17%	141	14%	6.2	18%
Total Flow-on	61.4	52%	29.1	52%	370	36%	16.5	48%
Total Impact	117.1	100%	56.4	100%	1,028	100%	34.2	100%
Total/Direct	3.54		3.07		2.28		2.88	

^a Constitutes an upper estimate of the flow-on effects given the likelihood of some double counting of consumption induced effects in the retail and food services margins.

^b Includes sales of spat.

Source: EconSearch analysis.

Employment and household income...

In 2003/04, SA oyster farming was responsible for the direct employment of around 400 fte and downstream activities created employment for around 260 fte. Flow-on business activity was estimated to generate a further 370 fte. These jobs were concentrated in the trade (98), manufacturing (44) and property and business services (55) sectors.

Personal income of \$9 million was earned in the oyster farming sector and another \$8.7 million in downstream activities. This comprised both wages by employees and estimated drawings by owner/operators. An additional \$16.5 million of household income was earned in other businesses in the state as a result of oyster farming and downstream activities. The total household income impact was over \$34 million.

4.3 The Economic Impact of Other Aquaculture in South Australia, 2003/04

The economic impacts of other aquaculture sectors in South Australia in 2003/04 (abalone, mussels, barramundi, marron/yabbies and other aquaculture) are reported in Tables to 4.3 to 4.7, respectively.

These results are reported without comment, as the interpretation is identical to that for oysters and tuna farming described in the previous sections.

For most of the other aquaculture sectors, the impacts in terms of flow-on employment and household income are relatively low. As these sectors grow and sales increase, household income and flow-on employment impacts generated by recurrent expenditure are expected to increase as well. The flow-on effects constitute an upper estimate given the likelihood of some double counting of consumption-induced effects in the retail and food services margins.

Table 4.3 The economic impact of abalone farming in South Australia, 2003/04

Sector	Output		Contribution to GSP		Employment		Household Income	
	(\$m)		(\$m)		(fte)		(\$m)	
Direct effects								
Abalone farming	3.2	35%	1.2	30%	105	70%	2.1	57%
Processing	0.1	2%	0.0	1%	0	0%	0.0	1%
Transport	0.0	0%	0.0	0%	0	0%	0.0	0%
Retail	0.0	0%	0.0	0%	0	0%	0.0	0%
Food services	0.0	0%	0.0	0%	0	0%	0.0	0%
<i>Total Direct</i>	3.3	37%	1.2	31%	106	71%	2.1	58%
Flow-on effects								
Property and business serv	1.1	12%	0.7	17%	3	2%	0.2	5%
Manufacturing	0.8	8%	0.2	4%	3	2%	0.1	3%
Trade	0.7	8%	0.3	9%	8	5%	0.3	7%
Transport	0.2	2%	0.1	2%	1	1%	0.1	2%
Finance	0.3	4%	0.2	5%	1	1%	0.1	2%
Other Sectors	2.6	29%	1.3	32%	28	19%	0.9	23%
<i>Total Flow-on</i>	5.6	63%	2.8	69%	44	29%	1.6	42%
Total	9.0	100%	4.0	100%	149	100%	3.7	100%
Total/Direct	2.71		3.27		1.42		1.73	

Source: EconSearch analysis.

Table 4.4 The economic impact of mussel farming in South Australia, 2003/04

Sector	Output		Contribution to GSP		Employment		Household Income	
	(\$m)		(\$m)		(fte)		(\$m)	
Direct effects								
Mussel farming	0.7	17%	0.5	24%	54	71%	1.1	54%
Processing	0.2	5%	0.0	2%	1	1%	0.0	2%
Transport	0.1	3%	0.1	3%	1	1%	0.0	2%
Retail	0.1	2%	0.0	2%	1	1%	0.0	2%
Food services	0.4	9%	0.2	7%	4	5%	0.1	5%
Total Direct	1.5	37%	0.8	39%	60	79%	1.3	65%
Flow-on effects								
Property and business serv	0.6	15%	0.4	18%	2	3%	0.1	5%
Manufacturing	0.5	12%	0.1	6%	2	2%	0.1	4%
Trade	0.4	10%	0.2	9%	4	6%	0.1	7%
Transport	0.1	3%	0.1	3%	1	1%	0.0	2%
Finance	0.2	5%	0.1	6%	1	1%	0.0	2%
Other Sectors	0.8	19%	0.4	21%	7	9%	0.3	15%
Total Flow-on	2.6	63%	1.3	61%	16	21%	0.7	35%
Total	4.2	100%	2.1	100%	76	100%	2.0	100%
Total/Direct	2.73		2.59		1.27		1.54	

Source: EconSearch analysis.

Table 4.5 The economic impact of barramundi farming in South Australia, 2003/04

Sector	Output		Contribution to GSP		Employment		Household Income	
	(\$m)		(\$m)		(fte)		(\$m)	
Direct effects								
Barramundi farming	2.3	42%	1.5	51%	32	62%	0.9	51%
Processing	0.0	0%	0.0	0%	0	0%	0.0	0%
Transport	0.3	5%	0.1	5%	1	3%	0.1	6%
Retail	0.1	1%	0.0	1%	1	1%	0.0	1%
Food services	0.4	7%	0.2	5%	4	7%	0.1	6%
Total Direct	3.0	56%	1.9	61%	38	73%	1.1	63%
Flow-on effects								
Property and business serv	0.6	11%	0.3	11%	2	4%	0.1	6%
Manufacturing	0.4	8%	0.1	3%	2	3%	0.1	4%
Trade	0.4	8%	0.2	6%	4	9%	0.2	9%
Transport	0.1	2%	0.0	2%	0	1%	0.0	2%
Finance	0.2	3%	0.1	4%	1	1%	0.0	2%
Other Sectors	0.7	13%	0.4	12%	5	10%	0.2	14%
Total Flow-on	2.4	44%	1.2	39%	14	27%	0.6	37%
Total	5.4	100%	3.0	100%	52	100%	1.7	100%
Total/Direct	1.79		1.63		1.37		1.58	

Source: EconSearch analysis.

Table 4.6 The economic impact of yabby/marron farming in South Australia, 2003/04

Sector	Output		Contribution to GSP		Employment		Household Income	
	(\$m)		(\$m)		(fte)		(\$m)	
Direct effects								
Yabby/marron farming	0.6	42%	0.4	53%	13	69%	0.1	25%
Processing	0.0	0%	0.0	0%	0	0%	0.0	0%
Transport	0.0	2%	0.0	2%	0	1%	0.0	4%
Retail	0.0	0%	0.0	0%	0	0%	0.0	0%
Food services	0.3	17%	0.1	12%	2	12%	0.1	20%
Total Direct	0.9	61%	0.6	66%	15	82%	0.2	50%
Flow-on effects								
Property and business serv	0.1	9%	0.1	9%	1	3%	0.0	10%
Manufacturing	0.1	8%	0.0	3%	0	2%	0.0	6%
Trade	0.1	7%	0.0	5%	1	6%	0.0	11%
Transport	0.0	2%	0.0	1%	0	1%	0.0	3%
Finance	0.0	3%	0.0	3%	0	1%	0.0	3%
Other Sectors	0.2	11%	0.1	11%	1	6%	0.1	18%
Total Flow-on	0.6	39%	0.3	34%	3	18%	0.2	50%
Total	1.5	100%	0.8	100%	19	100%	0.3	100%
Total/Direct	1.64		1.50		1.22		2.01	

Source: EconSearch analysis.

Table 4.7 The economic impact of other aquaculture in South Australia, 2003/04 ^a

Sector	Output		Contribution to GSP		Employment		Household Income	
	(\$m)		(\$m)		(fte)		(\$m)	
Direct effects								
Other aquaculture	7.9	44%	3.4	42%	121	67%	2.4	48%
Processing	0.5	3%	0.1	2%	2	1%	0.1	1%
Transport	0.5	3%	0.3	3%	3	1%	0.2	3%
Retail	0.1	1%	0.1	1%	1	1%	0.0	1%
Food services	0.9	5%	0.4	5%	8	5%	0.2	5%
Total Direct	10.0	56%	4.2	52%	135	74%	3.0	58%
Flow-on effects								
Property and business serv	1.7	10%	1.0	13%	6	3%	0.3	7%
Manufacturing	1.5	8%	0.3	4%	5	3%	0.2	4%
Trade	1.4	8%	0.7	8%	15	8%	0.5	10%
Transport	0.3	2%	0.2	2%	2	1%	0.1	2%
Finance	0.6	3%	0.4	5%	2	1%	0.1	3%
Other Sectors	2.3	13%	1.3	16%	16	9%	0.8	16%
Total Flow-on	7.8	44%	3.8	48%	46	26%	2.1	42%
Total	17.8	100%	8.0	100%	182	100%	5.1	100%
Total/Direct	1.79		1.91		1.34		1.71	

^a Other aquaculture production is comprised of yellowtail kingfish, Atlantic salmon, rainbow trout, other marine finfish (e.g. mullet) and other aquaculture enterprises (e.g. algae production).

Source: EconSearch analysis.

5. The Economic Impact of Aquaculture in the Eyre Peninsula Region, 2003/04

5.1 The Economic Impact of Tuna Farming in the Eyre Peninsula Region, 2003/04

Estimates of the economic impact of tuna farming in the Eyre Peninsula region of South Australia in 2003/04 are reported in Table 5.1. The interpretation of these results is identical to the state-level impacts described in Section 4 of the report.

Table 5.1 The economic impact of tuna farming in the Eyre Peninsula Region, 2003/04

Sector	Output		Contribution to GRP		Employment		Household Income	
	(\$m)		(\$m)		(fte)		(\$m)	
Direct effects								
Tuna farming ^a	151.0	52%	60.4	41%	739	48%	23.6	38%
Processing	14.4	5%	3.4	2%	49	3%	2.1	3%
Transport	2.5	1%	1.2	1%	13	1%	0.8	1%
Retail	0.0	0%	0.0	0%	0	0%	0.0	0%
Food services	0.0	0%	0.0	0%	0	0%	0.0	0%
Total Direct	167.9	58%	65.0	45%	800	52%	26.6	43%
Flow-on effects								
Tuna fishing	38.1	13%	32.1	22%	217	14%	9.3	15%
Property and business serv.	14.2	5%	9.0	6%	40	3%	1.9	3%
Manufacturing	7.1	2%	2.0	1%	36	2%	1.3	2%
Trade	11.7	4%	5.4	4%	147	10%	4.2	7%
Pilchards	21.4	7%	16.2	11%	49	3%	9.1	15%
Transport	4.9	2%	2.5	2%	30	2%	1.7	3%
Finance	3.1	1%	2.2	1%	17	1%	0.8	1%
Other Sectors	20.3	7%	11.6	8%	190	12%	7.6	12%
Total Flow-on	120.9	42%	80.3	55%	701	48%	35.4	57%
Total	288.8	100%	146.0	100%	1,527	100%	62.5	100%
Total/Direct	1.72		2.25		1.91		2.35	

^a Note the double counting in the output impact, also includes the value of tuna fishing.

Source: EconSearch analysis.

Output impacts...

Direct output (business turnover) generated locally by tuna farms summed to \$151 million and in other sectors (processing and transport), almost \$17 million, in 2003/04. Flow-on output in other sectors summed to \$121 million. The sectors most affected were the tuna fishing (tuna capture¹¹), pilchard fishing, manufacturing, trade, property and business services, transport, and finance sectors (Table 5.1).

¹¹ Note that the value of tuna fishing is also included in the direct impact of tuna farming.

The bottom row of Table 5.1 gives the total impact/direct impact ratio for each economic indicator. For output, the ratio of 1.72 indicates that for each dollar of sales generated directly by tuna farming, processing and transport there was a total of \$1.72 of output generated by businesses throughout the Eyre Peninsula region, \$1.00 in tuna farming, processing and transport and \$0.72 in other sectors of the regional economy.

Contribution to gross regional product...

The direct contribution to gross regional product (GRP) in the Eyre Peninsula region by tuna farming, processing and transport was \$65 million in 2003/04. Flow-on GRP generated in the other sectors of the regional economy was approximately \$80 million in 2003/04. The flow-ons were greatest in the tuna fishing (\$32m), property and business services (\$9m), trade (\$5m), transport (\$3m) and pilchard fishing (\$16m) sectors.

The bottom row in Table 5.1 shows that for each dollar of GRP generated directly in tuna farming, processing and transport there was an additional \$1.25 (\$2.25 total) generated in other sectors of the regional economy.

Employment and household income...

A significant number of jobs are created as a result of the flow-on business activity. The tuna farms were responsible for the direct employment of around 740 fte and associated processing and transport, approximately 60 fte, in the Eyre Peninsula region in 2003/04. Flow-on business activity was estimated to have generated a further 700 fte jobs locally to give total employment of almost 1,530 fte in the region. The sectors of the local economy with employment flow-ons from tuna farming, processing and transport included the tuna fishing (217 fte), trade (147), manufacturing (36), property and business services (40), transport (30) and pilchard fishing (49) sectors.

The bottom row in Table 5.1 shows that for each job generated directly in tuna farming, processing and transport there was an additional 0.91 jobs (1.91 jobs total) in the rest of the region.

It was estimated that personal income of almost \$24 million was earned directly in the tuna farming sector in 2003/04, comprising both wages by employees and drawings by owner/operators. An additional \$9.3 million of household income was earned by licence holders and crew in the tuna fishing sector and a further \$29.5 million in other sectors of the regional economy.

For each \$1.00 of household income generated directly by tuna farming, processing and transport in 2003/04 there was an additional \$1.35 (\$2.35 total) generated in other sectors of the Eyre Peninsula regional economy.

5.2 The Economic Impact of Oyster Farming in the Eyre Peninsula Region, 2003/04

Estimates of the economic impact of oyster farming in the Eyre Peninsula region in 2003/04 are reported in Table 5.2. The interpretation of these results is identical to the state-level impacts described in Section 4 of the report.

Output impacts...

Direct output (business turnover) generated by oyster enterprises in the Eyre Peninsula region summed to over \$20 million in 2003/04 while output generated in the Eyre Peninsula region by associated downstream activities (processing, transport, retail and food service) summed to almost \$8 million. Flow-ons to other sectors of the regional economy added another \$13 million in output in 2003/04. The sectors most affected were the trade, transport, manufacturing and property and business services sectors (Table 5.2).

Table 5.2 The economic impact of oyster farming in the Eyre Peninsula region, 2003/04 ^a

Sector	Output		Contribution to GRP		Employment		Household Income	
	(\$m)		(\$m)		(fte)		(\$m)	
Direct effects								
Oyster farming ^b	20.2	49%	13.4	57%	382	71%	8.6	59%
Processing	1.4	3%	0.4	2%	7	1%	0.3	2%
Transport	5.2	13%	2.6	11%	32	6%	1.8	12%
Retail	0.0	0%	0.0	0%	0	0%	0.0	0%
Food services	1.1	3%	0.4	2%	12	2%	0.3	2%
Total Direct	27.9	68%	16.9	71%	433	80%	10.9	75%
Flow-on effects								
Property and business serv.	3.1	8%	2.0	8%	8	1%	0.4	2%
Manufacturing	1.0	2%	0.3	1%	5	1%	0.2	1%
Trade	2.5	6%	1.2	5%	32	6%	0.9	6%
Transport	0.6	1%	0.3	1%	3	1%	0.2	1%
Finance	0.6	1%	0.4	2%	3	1%	0.2	1%
Other Sectors	5.3	13%	2.7	11%	56	10%	1.9	13%
Total Flow-on	13.1	32%	6.9	29%	108	20%	3.7	25%
Total	41.0	100%	23.8	100%	540	100%	14.7	100%
Total/Direct	1.53		1.44		1.28		1.38	

^a Constitutes an upper estimate of the flow-on effects given the likelihood of some double counting of consumption-induced effects in the retail and food services margins.

^b Includes sales of spat.

Source: EconSearch analysis.

Contribution to gross regional product...

Total oyster farming-related contribution to GRP in the Eyre Peninsula region was almost \$24 million in 2003/04, \$13.4 million generated by oyster farming directly, \$3.5 million generated by downstream activities and almost \$7 million generated in other sectors of the regional economy.

Employment and household income...

In 2003/04 in the Eyre Peninsula region, oyster farming was responsible for the direct employment of over 380 fte and associated downstream activities created employment for an additional 50 fte. Flow-on business activity was estimated to generate a further 108 fte.

In 2003/04, personal income of almost \$11 million was earned in oyster farming and downstream activities in the Eyre Peninsula region comprising both wages by employees and estimated drawings by owner/operators. An additional \$3.7 million of household income was earned in other local businesses as a result of oyster industry operations. The total household income impact was almost \$15 million.

5.3 The Economic Impact of Other Aquaculture in the Eyre Peninsula Region, 2003/04

The economic impacts of other aquaculture sectors in the Eyre Peninsula region in 2003/04 (abalone, mussel, yellowtail kingfish farming and other aquaculture enterprises) are reported in aggregate in Table 5.3. These results are reported without comment, as the interpretation is identical to that for oysters and tuna farming described in the previous sections.

Note that for most of the other aquaculture sectors, the impacts in terms of flow-on employment and household income are relatively low. As these sectors grow and sales increase, household income and flow-on employment impacts generated by recurrent expenditure are expected to increase as well. The flow-on effects constitute an upper estimate given the likelihood of some double counting of consumption-induced effects in the retail and food services margins.

Table 5.3 The economic impact of other aquaculture ^a in the Eyre Peninsula region, 2003/04 ^b

Sector	Output		Contribution to GRP		Employment		Household Income	
	(\$m)		(\$m)		(fte)		(\$m)	
Direct effects								
Other aquaculture	4.2	51%	1.9	49%	134	80%	2.7	70%
Processing	0.4	5%	0.1	3%	2	1%	0.1	2%
Transport	0.3	3%	0.1	3%	2	1%	0.1	2%
Retail	0.0	0%	0.0	0%	0	0%	0.0	0%
Food services	0.0	0%	0.0	0%	0	0%	0.0	0%
<i>Total Direct</i>	4.9	60%	2.2	56%	138	83%	2.8	75%
Flow-on effects								
Property and business serv.	0.7	9%	0.5	12%	1	1%	0.1	2%
Manufacturing	0.2	3%	0.1	2%	1	1%	0.0	1%
Trade	0.6	8%	0.3	8%	8	5%	0.2	6%
Transport	0.1	1%	0.1	2%	1	0%	0.0	1%
Finance	0.1	2%	0.1	2%	1	0%	0.0	1%
Other Sectors	1.5	18%	0.7	19%	17	10%	0.5	14%
<i>Total Flow-on</i>	3.3	40%	1.7	44%	29	17%	0.9	25%
Total	8.2	100%	3.9	100%	167	100%	3.8	100%
Total/Direct	1.68		1.81		1.21		1.34	

^a Includes abalone, mussel, yellowtail kingfish farming and other aquaculture enterprises.

^b Constitutes an upper estimate of the flow-on effects given the likelihood of some double counting of consumption-induced effects in the retail and food services margins.

Source: EconSearch analysis.

6. The Economic Impact of Aquaculture in the Limestone Coast Region, 2003/04

Estimates of the economic impact of aquaculture in the Limestone Coast region in 2003/04 (i.e. barramundi, Atlantic salmon, yabby/marron farming and other aquaculture enterprises) are reported in aggregate in Table 6.1. The interpretation of these results is identical to the state and regional level impacts described in Sections 4 and 5 of the report.

Note that for most of the aquaculture sectors in the Limestone Coast region the impacts in terms of flow-on employment and household income are relatively low. As these sectors grow and sales increase, household income and flow-on employment impacts generated by recurrent expenditure are expected to increase as well. The flow-on effects constitute an upper estimate given the likelihood of some double counting of consumption-induced effects in the retail and food services margins.

Table 6.1 The economic impact of aquaculture ^a in the Limestone Coast region, 2003/04 ^b

Sector	Output		Contribution to GRP		Employment		Household Income	
	(\$m)		(\$m)		(jobs)		(\$m)	
Direct effects								
Other aquaculture	2.4	63%	1.5	67%	36	78%	0.9	68%
Processing	0.0	1%	0.0	1%	0	0%	0.0	0%
Transport	0.3	7%	0.1	6%	2	4%	0.1	8%
Retail	0.0	0%	0.0	0%	0	0%	0.0	0%
Food services	0.0	1%	0.0	0%	0	0%	0.0	0%
Total Direct	2.8	71%	1.7	74%	38	83%	1.0	77%
Flow-on effects								
Property and business serv.	0.3	7%	0.2	8%	0	1%	0.0	2%
Manufacturing	0.2	4%	0.0	2%	1	2%	0.0	2%
Trade	0.3	7%	0.1	6%	3	7%	0.1	8%
Transport	0.0	1%	0.0	1%	0	1%	0.0	1%
Finance	0.1	1%	0.0	2%	0	1%	0.0	1%
Other Sectors	0.3	8%	0.2	8%	3	6%	0.1	9%
Total Flow-on	1.1	29%	0.6	26%	8	17%	0.3	23%
Total	3.9	100%	2.3	100%	46	100%	1.3	100%
Total/Direct	1.42		1.36		1.21		1.31	

^a Includes barramundi, Atlantic salmon, yabby/marron farming and other aquaculture enterprises.

^b Constitutes an upper estimate of the flow-on effects given the likelihood of some double counting of consumption-induced effects in the retail and food services margins.

Source: EconSearch analysis.

Output impacts...

Direct output (business turnover) generated by aquaculture summed to \$2.4 million and associated downstream activities, \$0.3 million, in the Limestone Coast region in 2003/04. Flow-on output in other sectors of the regional economy summed to \$1.1 million in 2003/04. The sectors most affected were the manufacturing, trade and property and business services sectors (Table 6.1).

Contribution to gross regional product...

Total aquaculture-related contribution to GRP in the Limestone Coast region was \$2.3 million in 2003/04, \$1.5 million generated by aquaculture directly, \$0.2 million generated in associated downstream activities and \$0.6 million generated in other sectors of the regional economy.

Employment and household income...

Aquaculture and downstream activities were responsible for the direct employment of 38 fte in 2003/04 in the Limestone Coast region. Flow-on business activity was estimated to generate a further 8 fte.

In 2003/04, personal income of \$1.0 million was earned in aquaculture and downstream activities in the Limestone Coast region comprising both wages by employees and estimated drawings by owner/operators. An additional \$0.3 million of household income was earned in other local businesses as a result of aquaculture industry operations.

7. The Economic Impact of Aquaculture in the Balance of South Australia, 2003/04

Estimates of the economic impact of aquaculture in the balance of SA in 2003/04 (i.e. oysters, abalone, mussels, barramundi, yellowtail kingfish, yabby/marron farming and other aquaculture enterprises) are reported in aggregate in Table 7.1.

Note that for most of the aquaculture sectors in the balance of SA, the impacts in terms of flow-on employment and household income are relatively low. As these sectors grow and sales increase, household income and flow-on employment impacts generated by recurrent expenditure are expected to increase as well. The flow-on effects constitute an upper estimate given the likelihood of some double counting of consumption-induced effects in the retail and food services margins.

Table 7.1 The economic impact of aquaculture ^a in the balance of SA, 2003/04 ^b

Sector	Output		Contribution to GRP		Employment		Household Income	
	(\$m)		(\$m)		(jobs)		(\$m)	
Direct effects								
Other aquaculture	8.8	62%	4.2	61%	173	83%	3.4	71%
Processing	0.5	3%	0.1	2%	2	1%	0.1	1%
Transport	0.7	5%	0.3	5%	4	2%	0.2	5%
Retail	0.0	0%	0.0	0%	0	0%	0.0	0%
Food services	0.1	1%	0.1	1%	1	1%	0.0	1%
Total Direct	10.2	71%	4.8	68%	180	87%	3.8	78%
Flow-on effects								
Property and business serv.	1.1	8%	0.7	10%	2	1%	0.1	2%
Manufacturing	0.6	4%	0.2	2%	2	1%	0.1	2%
Trade	0.9	6%	0.4	6%	10	5%	0.3	6%
Transport	0.1	1%	0.0	1%	1	0%	0.0	1%
Finance	0.1	1%	0.1	1%	1	0%	0.0	1%
Other Sectors	1.4	10%	0.8	12%	12	6%	0.5	10%
Total Flow-on	4.2	29%	2.2	32%	27	13%	1.1	22%
Total	14.4	100%	6.9	100%	207	100%	4.8	100%
Total/Direct	1.43		1.48		1.16		1.29	

^a Includes oysters, abalone, mussels, barramundi, yellowtail kingfish, yabby/marron farming and other aquaculture enterprises.

Source: EconSearch analysis.

Output impacts...

Direct output (business turnover) generated by aquaculture summed to \$8.8 million and associated downstream activities, \$1.3 million, in the balance of SA in 2003/04. Flow-on output in other sectors of the regional economy summed to \$4.2 million in 2003/04. The sectors most affected were the manufacturing, trade and property and business services sectors (Table 6.1).

Contribution to gross regional product...

Total aquaculture-related contribution to gross regional product in the balance of SA was \$6.9 million in 2003/04, \$4.2 million generated by aquaculture directly, \$0.5 million generated in associated downstream activities and \$2.2 million generated in other sectors of the regional economy.

Employment and household income...

Aquaculture and downstream activities were responsible for the direct employment of 180 fte in 2003/04 in the balance of SA. Flow-on business activity was estimated to generate a further 27 fte.

In 2003/04, personal income of \$3.8 million was earned in aquaculture and downstream activities in the balance of SA comprising both wages by employees and estimated drawings by owner/operators. An additional \$1.1 million of household income was earned in other local businesses as a result of aquaculture industry operations.

8. Other Facets of Regional Economic Development Associated with Aquaculture Activity in South Australia

In addition to the quantifiable economic impacts outlined above there are a number of other facets of regional economic development associated with aquaculture activity in South Australia.

Increasing the diversity and complexity of regional economies

Many of the small regional towns in South Australia are characterised by a heavy reliance on one or a small number of major industries, combined with a set of other "fundamental" activities that provide basic services and infrastructure to those industries. They lack the diversity and complexity of larger economic units.

The aquaculture industry has developed rapidly in recent years. Through its relatively large requirement for labour and material inputs, the industry has shown the potential to increase the complexity and diversity of local economies. The demand for local labour, goods and services assists in offsetting the contraction of other local industry and may help avoid a range of other economic and social pressures associated with declining regional economies.

Re-investment of profits in local enterprises

In addition to the regional impacts generated by recurrent expenditures in the aquaculture sector, further economic impacts are generated by the investment of profits in new or under-resourced local ventures by aquaculture operators.

For example, the current profitability in the tuna farming sector underpins the very substantial local investment by tuna farmers in the local cannery, shipyard, marinas, property (e.g. hotels) and other industries (e.g. yellowtail kingfish aquaculture and viticulture) (Brian Jeffries, pers. comm.)

Tourism

Tourism activities associated with the aquaculture sector (e.g. recreational fishing and farm tours) provide a further source of income and employment for regional economies with a well-developed aquaculture sector (e.g. the Eyre Peninsula region).

Education and Research

The aquaculture sector, particularly the tuna industry, is characterised by a high level of innovation. These innovative ideas have been directed towards value adding opportunities in the tuna industry itself (e.g. fresh fish direct marketed to Japan) and to the development of new aquaculture industries (e.g. yellowtail kingfish farming).

The success of the tuna industry, in particular, has been a catalyst for the development of significant research (e.g. CRC for Sustainable Aquaculture of Finfish) and education resources (e.g. the Marine Science Centre at Port Lincoln) within South Australia.

9. Summary

The results of the economic impact analysis are summarised in Tables 9.1 to 9.5. For the state as a whole the aquaculture industry in 2003/04 was estimated to have a farm gate value of \$187 million with associated direct output impacts in the processing, transport, retail and food service sectors of \$56 million (Table 9.1). In total, the value of aquaculture industry output was estimated at over \$242 million. This activity generated flow-on output of \$257 million in other South Australian industries. In terms of employment, there were over 1,460 fte jobs generated directly in aquaculture, 350 fte generated in downstream activities (total direct of 1,812 fte) and approximately 1,430 flow-on fte generated in other sectors of the state's economy in 2003/04. Tuna farming dominates the South Australian aquaculture industry, in aggregate.

Table 9.1 The economic impact of aquaculture in South Australia, 2003/04

Sector	Output		Contribution to GSP		Employment		Household Income	
	(\$m)		(\$m)		(fte)		(\$m)	
Direct effects								
Aquaculture production	186.8	37%	81.5	33%	1,461	45%	39.2	32%
Aquaculture downstream ^a	55.7	11%	19.3	8%	350	11%	12.7	10%
<i>Total Direct</i>	<i>242.4</i>	<i>48%</i>	<i>100.9</i>	<i>41%</i>	<i>1,812</i>	<i>55%</i>	<i>51.9</i>	<i>42%</i>
Flow-on effects								
Tuna Fishing	38.1	8%	32.1	13%	217	7%	9.3	8%
Other Sectors	222.4	44%	113.3	46%	1,236	38%	62.6	51%
<i>Total Flow-on</i>	<i>260.5</i>	<i>52%</i>	<i>145.4</i>	<i>59%</i>	<i>1,453</i>	<i>45%</i>	<i>72.0</i>	<i>58%</i>
Total	502.9	100%	246.2	100%	3,264	100%	123.9	100%

^a Processing, transport, retail and food services.

Source: EconSearch analysis.

For the Eyre Peninsula region the aquaculture industry in 2003/04 was estimated to have a farm gate value of \$176 million with associated direct output impacts in the processing, transport, retail and food service sectors of \$25 million (Table 9.2). In total, the value of aquaculture industry output was estimated to be approximately \$201 million. This activity generated flow-on output of \$137 million in other regional industries. In terms of employment, there were approximately 1,250 fte jobs generated directly in aquaculture, almost 120 fte generated in downstream activities (total direct of 1,321 fte) and over 860 flow-on fte generated in other sectors of the region's economy in 2003/04. Tuna farming dominates the aquaculture industry in the Eyre Peninsula region.

Table 9.2 The economic impact of aquaculture in the Eyre Peninsula region, 2003/04

Sector	Output		Contribution to GRP		Employment		Household Income	
	(\$m)		(\$m)		(fte)		(\$m)	
Direct effects								
Aquaculture production	175.5	52%	75.8	44%	1,254	56%	34.9	43%
Aquaculture downstream ^a	25.3	7%	8.3	5%	116	5%	5.4	7%
<i>Total Direct</i>	<i>200.8</i>	<i>59%</i>	<i>84.1</i>	<i>48%</i>	<i>1,371</i>	<i>61%</i>	<i>40.3</i>	<i>50%</i>
Flow-on effects								
Tuna Fishing	38.1	11%	32.1	18%	217	10%	9.3	12%
Other Sectors	99.2	29%	57.5	33%	646	29%	31.3	39%
<i>Total Flow-on</i>	<i>137.3</i>	<i>41%</i>	<i>89.6</i>	<i>52%</i>	<i>863</i>	<i>39%</i>	<i>40.6</i>	<i>50%</i>
Total	338.1	100%	173.7	100%	2,234	100%	81.0	100%

^a Processing, transport, retail and food services.

Source: EconSearch analysis.

For the Limestone Coast region the aquaculture industry in 2003/04 was estimated to have a farm gate value of \$2.4 million with associated direct output impacts in the processing, transport, retail and food service sectors of \$0.3 million (Table 9.3). This activity generated flow-on output of \$1.1 million in other regional industries. In terms of employment, there were 38 fte jobs generated directly in aquaculture and downstream activities and approximately 8 flow-on fte generated in other sectors of the region's economy in 2003/04.

Table 9.3 The economic impact of aquaculture in the Limestone Coast region, 2003/04

Sector	Output		Contribution to GRP		Employment		Household Income	
	(\$m)		(\$m)		(jobs)		(\$m)	
Direct effects								
Aquaculture production	2.4	63%	1.5	67%	36	78%	0.9	68%
Aquaculture downstream ^a	0.3	9%	0.2	7%	2	5%	0.1	9%
<i>Total Direct</i>	<i>2.8</i>	<i>71%</i>	<i>1.7</i>	<i>74%</i>	<i>38</i>	<i>83%</i>	<i>1.0</i>	<i>77%</i>
Other Sectors (flow-on)	1.1	29%	0.6	26%	8	17%	0.3	23%
Total	3.9	100%	2.3	100%	46	100%	1.3	100%

^a Processing, transport, retail and food services.

Source: EconSearch analysis.

For the balance of SA region the aquaculture industry in 2003/04 was estimated to have a farm gate value of almost \$9 million with associated direct output impacts in the processing, transport, retail and food service sectors of \$1.3 million (Table 9.4). This activity generated flow-on output of over \$4 million in other regional industries. In terms of employment, there were 180 fte jobs generated directly in aquaculture and downstream activities and almost 30 flow-on fte generated in other sectors of the region's economy in 2003/04.

Table 9.4 The economic impact of aquaculture in the balance of SA, 2003/04

Sector	Output		Contribution to GRP		Employment		Household Income	
	(\$m)		(\$m)		(jobs)		(\$m)	
Direct effects								
Aquaculture production	8.8	62%	4.2	61%	173	83%	3.4	71%
Aquaculture downstream ^a	1.3	9%	0.5	7%	7	3%	0.3	7%
<i>Total Direct</i>	<i>10.2</i>	<i>71%</i>	<i>4.8</i>	<i>68%</i>	<i>180</i>	<i>87%</i>	<i>3.8</i>	<i>78%</i>
Other Sectors (flow-on)	4.2	29%	2.2	32%	27	13%	1.1	22%
Total	14.4	100%	6.9	100%	207	100%	4.8	100%

^a Processing, transport, retail and food services.

Source: EconSearch analysis.

For the state as a whole the aquaculture industry is dominated by the tuna farming sector (Table 9.5). In 2003/04, it accounted for almost 70 per cent of total aquaculture industry related (direct and flow-on) output and GSP, over 50 per cent of aquaculture related employment and over 60 per cent of aquaculture related household income.

Table 9.5 The total economic impact (direct and flow-on) of aquaculture in South Australia, by aquaculture sector, 2003/04

Sector	Output		Contribution to GSP		Employment		Household Income	
	(\$m)		(\$m)		(fte)		(\$m)	
Tuna farming	347.9	69.2%	171.9	69.8%	1,759	53.9%	76.9	62.1%
Oyster farming	117.1	23.3%	56.4	22.9%	1,028	31.5%	34.2	27.6%
Abalone farming	9.0	1.8%	4.0	1.6%	149	4.6%	3.7	3.0%
Mussels farming	4.2	0.8%	2.1	0.9%	76	2.3%	2.0	1.6%
Barramundi farming	5.4	1.1%	3.0	1.2%	52	1.6%	1.7	1.4%
Yabby/Marron farming	1.5	0.3%	0.8	0.3%	19	0.6%	0.3	0.3%
Other aquaculture	17.8	3.5%	8.0	3.2%	182	5.6%	5.1	4.1%
Total (SA)	502.9	100.0%	246.2	100.0%	3,264	100.0%	123.9	100.0%

Source: EconSearch analysis.

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Appendix 1 Input-Output Methodology

Overview of Input-Output Analysis

Input-output analysis provides a comprehensive economic framework that is extremely useful in the resource planning process. Broadly, there are two ways in which the input-output method can be used.

First, the input-output table provides a numerical picture of the size and shape of the economy and its essential features. The input-output transactions table can be used to describe some of the important features of an economy, the interrelationships between sectors, and the relative importance of the individual sectors.

Second, input-output analysis provides a standard approach for the estimation of the economic impact of a particular activity. The input-output model is used to calculate industry multipliers that can then be applied to various development scenarios.

Linkages between sectors

The standard approach for the estimation of the regional economic impact of a particular activity, such as wine production, is to employ *input-output analysis*. The input-output model conceives the economy of the region as being divided up into a number of sectors, and this allows the analyst to trace expenditure flows.

To illustrate this, consider the example of a winery that, in the course of its operation, purchases goods and services from other sectors. These goods and services would include grapes, bottles, and corks and, of course, labour. The direct employment created is regarded in the model as an expenditure flow into the household sector, which is one of several non-industrial sectors recognised in the input-output model.

Upon receiving expenditure by the winery, the other sectors in the state economy engage in their own expenditures. For example, as a consequence of winning a contract for work with a winery, a bottle manufacturer buys materials from its suppliers and labour from its own employees. Suppliers and employees in turn engage in further expenditure, and so on. These *indirect effects*, as they are called, are part of the impact of the winery on the regional or state economy. They must be added to the *direct effects* (which are expenditures made in immediate support of the winery itself) in order to arrive at a measure of the total impact of the winery.

It may be thought that these indirect effects go on indefinitely, and that their amount adds up without limit, the presence of *leakages*, however, prevents this from occurring. In the context of the impact on a *regional or state* economy, an important leakage is expenditure on imports, that is, products or services that originate from *outside the region, state or country* (e.g. French oak barrels).

Thus some of the expenditure for imports to the region is lost to the local economy. Consequently, the indirect effects get smaller and smaller in successive expenditure rounds, due to this and other leakages. Hence the total expenditure created in the local economy is limited in amount, and so (in principle) it can be measured.

The performance of the input-output analysis calculations require a great deal of information. The analyst needs to know the magnitude of various expenditures and where they occur. Also needed is information on how the sectors that receiving this expenditure share *their* expenditures among the various sectors from whom they buy, and so on for the further expenditure rounds.

In applying the input-output model, the standard procedure is to determine the direct or first-round expenditures only. No attempt is made to pursue such inquiries on expenditure in subsequent rounds, not even (for example) to trace the effects in the local economy on household expenditures by winery employees on food, clothing, entertainment, and so on, as it is impracticable to measure these effects for an individual case, here the winery.

The input-output model is instead based on a set of assumptions about constant and uniform proportions of expenditure. If households in general in the local economy spend (say) 13.3 per cent of their income on food and non-alcoholic beverages, it is assumed that those working in wineries do likewise. Indeed, the effects of all expenditure rounds after the first are calculated by using such standard proportions (*multiplier* calculations).

Multipliers

Multipliers are an indication of the strength of the linkages between a particular sector and the rest of the regional economy. As well, they can be used to estimate the impact of a change in that particular sector on the rest of the economy. As noted above, detailed explanations on calculating input-output multipliers (and the underlying assumptions) are provided in any regional economics or input-output analysis textbook (see for example Hewings (1985), Jensen and West (1986), Midmore and Harrison-Mayfield (1996), Powell et al. (1985), and West (1993)). Suffice to note that they are calculated through a routine set of mathematical operations based on coefficients derived from the input-output transactions table.

Input-output transactions table

The structure and linkages of a local economy can be described with the aid of input-output analysis. Input-output analysis, as an accounting system of inter-industry transactions, is based on the notion that no industry exists in isolation.

This assumes, within any economy, each firm depends on the existence of other firms to purchase inputs from, or sell products to, for further processing. The firms also depend on final consumers of the product and labour inputs to production. An input-output transactions table is a convenient way to illustrate the purchases and sales of goods and services taking place in an economy at a given time.

Input-output tables provide a numerical picture of the size and shape of the economy and its essential features. Products produced in the economy are aggregated into a number of groups of industries and the transactions between them recorded in the transactions table. The rows and columns of the input-output table can be interpreted in the following way:

- The rows of the input-output table illustrate sales for intermediate usage (to other firms) and for final demand (consumers, exports, capital formation).

- The columns show the origin of the inputs and hence the purchases made at that time (labour, capital and intermediate inputs).
- Each item is shown as a purchase by one sector and a sale by another, thus constructing two sides of a double accounting schedule.

In summary, the input-output transactions table can be used to describe some of the important features of a regional economy, the interrelationships between sectors, and the relative importance of the individual sectors. The table is also used for the calculation of sector multipliers and the estimation of economic impacts arising from some change in the local economy.

Appendix 2 Glossary of Input-Output Terminology

Basic value is the price received for a good or service by the producer. It is also known as *producers' price*. It excludes indirect taxes and transport, trade and other margins.

Consumption-induced effects are additional output, employment and income resulting from re-spending by households that receive income from employment in direct and indirect activities. Consumption-induced effects are sometimes referred to as "induced effects".

Contribution to gross state/regional product is calculated as the value of output less the cost of goods and services (including imports) used in producing the output. It represents payments to the primary inputs of production (labour, capital and land). Contribution to GSP/GRP is consistent with standard measures of economic activity, such as gross domestic, State or regional product and it provides an assessment of the net contribution to regional economic growth of a particular enterprise or activity.

Direct effects are the initial round of output, employment and income generated by an economic activity.

Employment is the number of working proprietors, managers, directors and other employees, in terms of the number of full-time equivalent jobs.

Exports refers to the sale of goods and services to final consumers outside the region of interest. In a state input-output table, exports refers to the sale of goods and services interstate and overseas. In a regional input-output table exports refers to the sale of goods and services interstate, overseas and to other regions within the state.

Flow-on effects are the sum of the production-induced effects and the consumption-induced effects.

Household income is wages and salaries, drawings by owner operators and other payments to labour including overtime payments and income tax, but excluding payroll tax.

Input-output analysis is an accounting system of inter-industry transactions based on the notion that no industry exists in isolation.

Input-output table is a transactions table that illustrates and quantifies the purchases and sales of goods and services taking place in an economy at a given point in time. It provides a numerical picture of the size and shape of the economy and its essential features. Each item is shown as a purchase by one sector and a sale by another, thus constructing two sides of a double accounting schedule.

Multiplier is an index (ratio) indicating the overall change in the level of activity that results from an initial change in economic activity. They are an indication of the strength of the linkages between a particular sector and the rest of the regional economy. They can be used to estimate the impact of a change in that particular sector on the rest of the economy.

Other Final Demand includes government expenditure, private and public sector investment (gross fixed capital formation) and change in stocks (inventories).

Other Value Added includes gross operating surplus and all taxes, less subsidies.

Output is gross revenue of goods and services produced by commercial organisations plus gross expenditure by government agencies.

Purchasers' price is the price paid for a good or service paid by the purchaser. It includes indirect taxes and transport, trade and other margins.

Production-induced effects are additional output, employment and income resulting from re-spending by firms that receive income from the sale of goods and services to firms undertaking, for example, agricultural activities. Production-induced effects are sometimes referred to as "indirect effects".

Total impact is the sum of the direct effects and the flow-on effects.

Type I multiplier is calculated as $(\text{direct effects} + \text{production-induced effects}) / \text{direct effects}$.

Type II multiplier is calculated as $(\text{direct effects} + \text{production-induced effects} + \text{consumption-induced effects}) / \text{direct effects}$.