

## 4. Region and LGA Contribution to GRP and GSP 2015-16

EconSearch Pty Ltd has prepared economic data for the Regional Development Australia Whyalla and Eyre Peninsula (RDAWEP) region, and the 11 member Councils of the Eyre Peninsula Local Government Association (EPLGA). The project was jointly commissioned and funded by RDAWEP and the EPLGA.

The project provides data about the region's economic structure. This is necessary to get a better understanding of the industries that contribute to Gross Regional Product (GRP) and the region's contribution to the South Australian economy – i.e. Gross State Product (GSP).

GRP is a measure of the net contribution of an activity to the regional economy, and is measured as the value of output less the cost of goods and services. The contribution of an individual industry to GRP is calculated as the sum of household income, gross operating surplus and gross mixed income, and indirect taxes less subsidies.

GSP is a measure of the net contribution of an activity to the South Australian economy.

These EconSearch data are for the period 2015-16, which are the latest available for the region. These data will be updated annually so that longer term economic trends can be identified.

### Gross Regional Product

In 2015-16, RDAWEP GRP was estimated at approximately \$3.7 billion (\$3.686). The main industries contributing to GRP were:

- Mining – 15.5% of GRP, valued at \$571 million,
- Agriculture – 13.8% of GRP, valued at \$509 million,
- Health Care and Social Assistance – 7.2%, at \$264 million,
- Construction – 6.5%, at \$239 million
- Manufacturing – 5.9%, at \$219 million,
- Transport, Postal and Warehousing – 5.8%, at \$215 million,
- Retail Trade – 4.5%, at \$165 million,
- Education and Training – 4.4%. at \$164 million, and
- Financial and Insurance Services- 4.2%, valued at \$155 million – **Table 1**.

Key industry sectors contributing to GRP were (in ranked order):

- Iron and Non-ferrous Ore Mining – 9.0% of GRP, valued at \$332 million,
- Grain production – 9.0%, at \$331 million,
- Exploration and Mining Services – 5.0%, at \$183 million,
- Finance – 3.8%, at \$139 million,
- Iron and Steel Manufacturing – 3.4%, at \$126 million,
- Construction Services – 3.2%, at \$117 million,
- Road Transport – 3.1%, at \$115 million,
- Public Administration and Regulatory Services – 2.3% of GRP, valued at \$85 million, and
- Residential Building Construction – 2.3%, valued at \$85 million – see **Table 1**.

The aquaculture industry contributed 3.2% of GRP valued at \$120 million; and Fishing, Hunting and Trapping contributed 1.5%, valued at \$55 million.

| INDUSTRY             | INDUSTRY SECTOR                            | GRP        |             |
|----------------------|--|------------|-------------|
|                      |  | (\$m)      | (%)         |
| <b>Agriculture</b>   | Sheep                                      | 105        | 2.8         |
|                      | Grains                                     | 331        | 9.0         |
|                      | Beef Cattle                                | 47         | 1.3         |
|                      | Dairy Cattle                               | 0          | 0.0         |
|                      | Poultry                                    | 0          | 0.0         |
|                      | Pigs                                       | 0          | 0.0         |
|                      | Other Livestock                            | 0          | 0.0         |
|                      | Wine grapes                                | 1          | 0.0         |
|                      | Vegetables                                 | 3          | 0.1         |
|                      | Fruit and Nuts                             | 0          | 0.0         |
|                      | Other Agriculture                          | 2          | 0.0         |
|                      | Forestry and Logging                       | 2          | 0.1         |
|                      | Agriculture, Forestry and Fishing Services | 18         | 0.5         |
|                      | <b>Sub-total</b>                           | <b>509</b> | <b>13.8</b> |
| <b>Aquaculture</b>   | Aquaculture                                | 120        | 3.2         |
| <b>Fishing</b>       | Fishing, Hunting and Trapping              | 55         | 1.5         |
| <b>Mining</b>        | Coal Mining                                | 1          | 0.0         |
|                      | Oil and Gas Extraction                     | 29         | 0.8         |
|                      | Iron and Non-ferrous Ore Mining            | 332        | 9.0         |
|                      | Non-metallic Mineral Mining                | 26         | 0.7         |
|                      | Exploration and Mining Services            | 183        | 5.0         |
|                      | <b>Sub-total</b>                           | <b>571</b> | <b>15.5</b> |
| <b>Manufacturing</b> | Meat and Meat Products                     | 1          | 0.0         |
|                      | Processed Seafood Products                 | 23         | 0.6         |
|                      | Dairy Products                             | 0          | 0.0         |
|                      | Fruit and Vegetable Products               | 4          | 0.1         |
|                      | Oils and Fats Manufacturing                | 1          | 0.0         |
|                      | Grain Mill and Cereal Products             | 1          | 0.0         |
|                      | Other Food Products                        | 13         | 0.4         |
|                      | Other Beverages                            | 0          | 0.0         |
|                      | Beer                                       | 0          | 0.0         |
|                      | Wine and Spirits                           | 1          | 0.0         |
|                      | Textiles, Clothing and Footwear            | 0          | 0.0         |
|                      | Sawmill Products                           | 0          | 0.0         |
|                      | Other Wood Products                        | 2          | 0.1         |
|                      | Pulp, Paper and Paperboard                 | 0          | 0.0         |
|                      | Paper Products                             | 0          | 0.0         |
|                      | Printing (including Recordings)            | 0          | 0.0         |
|                      | Petroleum and Coal products                | 1          | 0.0         |
|                      | Pharma and Other Chemical Products         | 7          | 0.2         |
|                      | Non-metal Mineral Products                 | 8          | 0.2         |
|                      | Iron and Steel                             | 126        | 3.4         |
|                      | Basic Non-ferrous Metals                   | 1          | 0.0         |
|                      | Metal Products                             | 13         | 0.4         |
|                      | Motor Vehicles and Parts                   | 1          | 0.0         |
|                      | Other Machinery and Equipment              | 12         | 0.3         |
|                      | Furniture Manufacturing                    | 1          | 0.0         |
|                      | Other Manufactured Products                | 0          | 0.0         |
|                      | <b>Sub-total</b>                           | <b>216</b> | <b>5.7</b>  |

Table 1: Regional GRP by Industry and Sector 2015-16 (Cont'd over page)

| INDUSTRY   | INDUSTRY SECTOR                                 | GRP          |              |
|--|---|--------------|--------------|
|  |   | (\$m)        | (%)          |
| <b>Electricity, Gas, Water and Waste Services</b>      | Electricity Generation                          | 0            | 0.0          |
|  | Electricity Supply                              | 13           | 0.4          |
|  | Gas Supply                                      | 2            | 0.0          |
|  | Water Supply, Sewer and Drainage                | 39           | 1.0          |
|  | Waste management Services                       | 14           | 0.4          |
|  | <b>Sub-total</b>                                | <b>68</b>    | <b>1.8</b>   |
| <b>Construction</b>                                    | Residential Building Construction               | 85           | 2.3          |
|  | Other Construction                              | 37           | 1.0          |
|  | Construction Services                           | 117          | 3.2          |
|  | <b>Sub-total</b>                                | <b>239</b>   | <b>6.5</b>   |
| <b>Wholesale Trade</b>                                 | Wholesale Trade                                 | 134          | 3.6          |
| <b>Retail Trade</b>                                    | Retail Trade                                    | 165          | 4.5          |
| <b>Accommodation and Food Services</b>                 | Accommodation                                   | 45           | 1.2          |
|  | Food and Beverage Services                      | 52           | 1.4          |
|  | <b>Sub-total</b>                                | <b>97</b>    | <b>2.6</b>   |
| <b>Transport, Postal and Warehousing</b>               | Road Transport                                  | 115          | 3.1          |
|  | Rail Transport                                  | 15           | 0.4          |
|  | Water, Pipeline and Other Transport             | 10           | 0.3          |
|  | Air and Space Transport                         | 2            | 0.1          |
|  | Transport Support and Storage                   | 73           | 2.0          |
|  | <b>Sub-total</b>                                | <b>215</b>   | <b>5.9</b>   |
| <b>Information, Media and Telecommunications</b>       | Publishing (excluding Web and Music)            | 5            | 0.1          |
|  | Communication Services                          | 10           | 0.3          |
|  | <b>Sub-total</b>                                | <b>15</b>    | <b>0.4</b>   |
| <b>Finance and Insurance</b>                           | Finance   | 139          | 3.8          |
|  | Insurance and Other Financial Services          | 16           | 0.4          |
|  | <b>Sub-total</b>                                | <b>155</b>   | <b>4.2</b>   |
| <b>Rental, Hiring and Real Estate</b>                  | Rental, Hiring and Real Estate                  | 57           | 1.6          |
| <b>Ownership of Dwellings</b>                          | Ownership of Dwellings                          | 188          | 5.1          |
| <b>Professional, Scientific and Technical Services</b> | Professional, Scientific and Technical Services | 68           | 1.8          |
| <b>Administration Support Services</b>                 | Administration Support Services                 | 41           | 1.1          |
| <b>Public Administration and Safety</b>                | Public Administration and Regulatory Services   | 85           | 2.3          |
|  | Defence   | 0            | 0.0          |
|  | Public Order and Safety                         | 29           | 0.8          |
|  | <b>Sub-total</b>                                | <b>114</b>   | <b>3.1</b>   |
| <b>Education and Training</b>                          | Education and Training                          | 164          | 4.4          |
| <b>Health Care and Social Assistance</b>               | Health and Community Services                   | 264          | 7.2          |
| <b>Arts and Recreational Services</b>                  | Cultural and Recreational Services              | 13           | 0.4          |
| <b>Other Services</b>                                  | Personal and Other Services                     | 64           | 1.7          |
|  | Net Taxes in Final Demand                       | 153          | 4.1          |
| <b>TOTAL GRP<sup>1</sup></b>                           |   | <b>3,685</b> | <b>100.0</b> |

<sup>1</sup>Variations in totals from other data tables are caused by rounding.

**Table 1: Regional GRP by Industry and Sector 2015 -16.**

| LOCAL GOVERNMENT AREA | TOP INDUSTRIES CONTRIBUTING TO GRP BY LGA 2015-16 |                   |   |                    |                     |   |                    |                              |  | Total GRP Contribution All Industries in LGA (\$m) | LGA Contribution to GRP % |
|-----------------------|---|-------------------|---|--------------------|---------------------|---|--------------------|------------------------------|--|--|---------------------------|
|                       | Mining (\$m)                                      | Agriculture (\$m) | Health Care and Social Assistance (\$m) | Construction (\$m) | Manufacturing (\$m) | Transport, Postal and Warehousing (\$m) | Retail Trade (\$m) | Education and Training (\$m) | Financial and Insurance Services (\$m) |  |                           |
| Whyalla               | 459   | 0                 | 126                                     | 108                | 149                 | 91                                      | 73                 | 81                           | 68                                     | 1,528  | 41.5                      |
| Port Lincoln          | 10  | 9                 | 76                                      | 76                 | 56                  | 61                                      | 49                 | 42                           | 54                                     | 850  | 23.1                      |
| Ceduna                | 56  | 34                | 21                                      | 15                 | 2                   | 29                                      | 13                 | 14                           | 3                                      | 291  | 7.9                       |
| Cleve                 | 0   | 59                | 7                                       | 7                  | 0                   | 9                                       | 5                  | 3                            | 6                                      | 132  | 3.6                       |
| Elliston              | 0   | 62                | 3                                       | 1                  | 0                   | 1                                       | 1                  | 2                            | 0                                      | 87   | 2.4                       |
| Franklin Harbour      | 15  | 22                | 3                                       | 4                  | 2                   | 1                                       | 2                  | 3                            | 1                                      | 80   | 2.2                       |
| Kimba                 | 0   | 54                | 3                                       | 5                  | 0                   | 3                                       | 3                  | 2                            | 6                                      | 94   | 2.5                       |
| Lower Eyre Pen.       | 1   | 88                | 8                                       | 7                  | 4                   | 10                                      | 6                  | 5                            | 7                                      | 231  | 6.3                       |
| Streaky Bay           | 0   | 53                | 6                                       | 4                  | 1                   | 6                                       | 4                  | 4                            | 2                                      | 129  | 3.5                       |
| Tumby Bay             | 27  | 71                | 7                                       | 8                  | 3                   | 3                                       | 6                  | 5                            | 3                                      | 166  | 4.5                       |
| Wudinna               | 3   | 51                | 4                                       | 5                  | 0                   | 1                                       | 3                  | 3                            | 4                                      | 98   | 2.6                       |
| <b>REGION</b>         | <b>571</b>  | <b>509</b>        | <b>264</b>                              | <b>239</b>         | <b>216</b>          | <b>215</b>                              | <b>165</b>         | <b>164</b>                   | <b>155</b>                             | <b>3,686</b>                                       | <b>100</b>                |

Table 2: Top Industry Contributors to GRP by LGA 2015-16.

## Council Contribution to GRP

In 2015-16, the City of Whyalla contributed 41.5% of GRP, valued at \$1.528 billion – see Table 2. The main contributing industries and sectors were:

- Iron and non-ferrous ore mining – 17.1% of Whyalla's GRP, valued at \$261 million,
- Exploration and mining Services – 10.7%, at \$163 million,
- Health care and social assistance – 8.2%, at \$126 million,
- Iron and steel manufacturing – 7.7%, at \$118 million, and
- Education and training – 5.3% of Whyalla's GRP, valued at \$81 million (EconSearch, *City of Whyalla, 78-industry Level GRP Data 2015-16*).

The City of Port Lincoln was the second main contributor, with 23.1% of GRP, valued at \$850 million. The main contributing industries and sectors in Port Lincoln were:

- Health care and social assistance – 9.0% of Council GRP, valued at \$76 million,
- Construction – 9.0% of GRP at \$76 million,
- Transport, postal and warehousing – 7.1% at \$61 million,
- Manufacturing – 6.6% at \$56 million, and
- Financial and insurance services – 6.4% of Council GRP, valued at \$54 million (EconSearch, *City of Port Lincoln, 78-industry Level GRP Data 2015-16*).

Ceduna (7.9% of GRP, at \$291 million) and Lower Eyre Peninsula (6.3% of GRP, valued at \$231 million) were the other main Council contributors to GRP.

Iron and non-ferrous ore mining was the main contributing industry sector in Ceduna (16.4% of Council GRP, valued at \$48 million); followed by grain production and aquaculture, each contributing 7.5% of Council GRP, valued at \$22 million.

Grain production was the main contributing industry sector in Lower Eyre Peninsula (24.2% of Council GRP, valued at \$56 million); followed by aquaculture (11.5% at \$27 million), and sheep (7.4% of Council GRP contribution, valued at \$17 million) – see individual Council 78-industry level EconSearch data tables.

## Contribution to Gross State Product

In 2015-16, South Australia's GSP was valued at \$100.3 billion. Regional GRP was valued at approximately \$3.7 billion, which means that the RDAWEP region accounted for approximately 3.7% of the State economy.

On a per capita basis, given that the RDAWEP regional population is approximately 3.5% of the State population, the region is exceeding its fair contribution to the State economy. The same applies on a per capita basis for The City of Whyalla (1.5% of GSP); and the District Councils of Ceduna (0.3%) and Tumby Bay (0.2%). The City of Port Lincoln and the other EPLGA Councils generally matched their per capita contribution to GSP – **Table 3**.

A per capita analysis of Council contribution to the region's GRP shows that Kimba was the main Council contributor providing \$86,397 per person; followed by Ceduna (\$83,621), Elliston (\$83,174), Wudinna (\$78,212), and Cleve (\$76,168). The larger population centres of Whyalla, Port Lincoln and Lower Eyre Peninsula made smaller per capita contributions by comparison – see **Table 3**.

However, a per capita analysis undersells the importance of the region's contribution to the State economy, and needs to be put into context. One of the State Government's key economic priorities is the *production of premium food and wine from our clean environment exported to the world*. This is an important brand SA platform for promoting South Australia internationally, and is a driving force for developing new export markets in Asia. This State Government economic priority is very much reliant

on the RDAWEP region because the Eyre Peninsula produces and exports most of South Australia's premium food product.

- **Agriculture Industry:** The region is renowned for its high quality grains, and on average produces 40% of the State's wheat crop, 24% of the barley crop, and 22% of canola. Approximately 97% of the region's grain crop is exported, and was valued at \$622.6 million in 2015-16.
- **Fishing and Aquaculture:** The region is renowned internationally for its premium seafood. On average, the region produces 100% of South Australia's Southern Bluefin Tuna (with approximately 99% of tuna exported to Japan): along with 100% of the State's marine finfish, 97% of oysters, 92% of mussels, and about 62% of the State's abalone production. In total, approximately 82% of South Australia's seafood product is exported from the RDAWEP region. (Regions SA, *Regions in Focus: Whyalla and Eyre Peninsula*, July 2015).

| COUNCIL AREA       | Population <sup>1</sup> | % of Regional Population | % of State Population | Contribution to GRP (\$m) | Contribution to GRP (%) | Contribution to GSP* (%) | Per Capita Council Contribution to GRP |
|--------------------|-------------------------|--------------------------|-----------------------|---------------------------|-------------------------|--------------------------|--|
| Whyalla            | 22,088                  | 39.2                     | 1.38                  | 1,528                     | 41.5                    | 1.5                      | 69,178                                 |
| Port Lincoln       | 14,086                  | 25.0                     | 0.88                  | 850                       | 23.1                    | 0.8                      | 60,344                                 |
| Ceduna             | 3,480                   | 6.2                      | 0.22                  | 291                       | 7.9                     | 0.3                      | 83,621                                 |
| Cleve              | 1,733                   | 3.1                      | 0.11                  | 132                       | 3.6                     | 0.1                      | 76,168                                 |
| Elliston           | 1,046                   | 1.9                      | 0.06                  | 87                        | 2.4                     | 0.1                      | 83,174                                 |
| Franklin Harbour   | 1,273                   | 2.3                      | 0.08                  | 80                        | 2.2                     | 0.1                      | 62,844                                 |
| Kimba              | 1,088                   | 1.9                      | 0.07                  | 94                        | 2.5                     | 0.1                      | 86,397                                 |
| Lower Eyre Pen.    | 4,916                   | 8.7                      | 0.31                  | 231                       | 6.3                     | 0.2                      | 46,989                                 |
| Streaky Bay        | 2,102                   | 3.7                      | 0.13                  | 129                       | 3.5                     | 0.1                      | 61,370                                 |
| Tumby Bay          | 2,586                   | 4.6                      | 0.16                  | 166                       | 4.5                     | 0.2                      | 64,192                                 |
| Wudinna            | 1,253                   | 2.2                      | 0.08                  | 98                        | 2.6                     | 0.1                      | 78,212                                 |
| Other <sup>2</sup> | 745                     | 1.3                      | 0.05                  | N/A                       | N/A                     | N/A                      | N/A                                    |
| <b>REGION</b>      | <b>56,396</b>           | <b>100.0</b>             | <b>3.53</b>           | <b>3,686</b>              | <b>100.0</b>            | <b>3.7</b>               | <b>N/A</b>                             |

**Table 3: Contribution to Gross Regional Product (GRP) and Gross State Product (GSP) by LGA 2015-16.**

<sup>1</sup> Population from ABS 2011 Census. <sup>2</sup> Includes Unincorporated West Coast, Maralinga Tjarutja, Yalata Community, and Nullarbor Regional Reserve Land.

\* In 2015-16 South Australia's Gross State Product was \$100.3 billion.

Other State Government economic priorities are to *unlock the full potential of South Australia's resources*, and to enhance South Australia's prosperity by *promoting international connections and engagement* to increase State exports. The RDAWEP region produces approximately 45% of GSP for iron and steel manufacturing, which highlights the importance of Whyalla to the State economy.

In summary, the RDAWEP region might only contribute 3.7% of GSP, however the growth and sustainability of Whyalla and the Eyre Peninsula are vital to the achievement of key State Government economic priorities.

### ***Changes to GRP and GSP Contribution in the Period 2013-14 to 2015-16***

In 2013-14, the region's GRP was approximately \$4.2 billion, which accounted for approximately 4.3% of GSP. In 2015-16, GRP was estimated at \$3.7 billion, providing about 3.7% of GSP.

This 0.6% decrease in GSP contribution can be attributed to substantially reduced GRP by the mining industry, as a result of the lower commodity price of iron ore.

During 2013-14, the commodity price of iron ore was high at \$US152.76 per tonne in February 2013, before dropping to \$US123.94 per tonne in May. The iron ore price then declined further, reaching \$US98.50 in May 2014, and less than \$US40.00 per tonne in 2015. Further decline in the iron commodity continued in 2016 due to a slowdown in Chinese steel production. (*The Australian, Business Review*, Miners brace as prices tumble, Thursday April 2, 2015, p.19).

The consequence was that the region's mining contribution to GRP fell from \$1.22 billion (29.2% of GRP) in 2013-14 to \$1.08 billion (18.6% of GRP) in 2014-15; and then declined to \$571 million and 15.5% of GRP in 2015-16 – see Table 4.

Most of this decrease occurred in the region's iron and non-ferrous ore mining sector, which fell substantially from \$987 million and 23.5% of GRP in 2013-14, to \$332 million and 9.0% of GRP in 2015-16.

The retail trade and health care and social assistance industries recorded steady GRP growth across the three years, whereas the GRP contribution of other industries fluctuated during this period.

| INDUSTRY/SECTOR                   | GRP 2013-14  |      | GRP 2014-15  |      | GRP 2015-16  |      |
|-----------------------------------|--------------|------|--------------|------|--------------|------|
|                                   | \$m          | %    | \$m          | %    | \$m          | %    |
| Mining                            | 1,224        | 29.2 | 1,080        | 18.6 | 571          | 15.5 |
| Iron and Non-ferrous Ore Mining   | 987          | 23.5 | 747          | 17.9 | 332          | 9.0  |
| Agriculture                       | 502          | 12.0 | 609          | 14.7 | 509          | 13.8 |
| Construction                      | 251          | 6.0  | 224          | 5.4  | 239          | 6.5  |
| Transport, Postal and Warehousing | 202          | 4.8  | 221          | 5.3  | 215          | 5.8  |
| Financial and Insurance Services  | 150          | 3.6  | 143          | 3.4  | 155          | 4.2  |
| Health Care and Social Assistance | 241          | 5.8  | 255          | 6.1  | 264          | 7.2  |
| Manufacturing                     | 229          | 5.5  | 218          | 5.2  | 219          | 5.9  |
| Education and Training            | 162          | 3.9  | 162          | 3.9  | 164          | 4.4  |
| Retail Trade                      | 150          | 3.6  | 152          | 3.7  | 165          | 4.5  |
| <b>TOTAL GRP</b>                  | <b>4,185</b> |      | <b>4,166</b> |      | <b>3,686</b> |      |

Table 4: RDAWEP Region, Gross Regional Product 2013-14 to 2015-16.