

3. Regional Exports 2015-16

EconSearch provides data about the value of exports on an industry and sector basis for the RDAWEP region and each LGA. These data apply to exports to interstate and overseas markets, and other parts of South Australia. However, the proportion and value of exports to each market is not identified.

The regional contribution to total South Australian exports also cannot be identified. This is because these data include intrastate exports, whereas data for South Australia only apply to exports out of the State. The comparison of regional and State export data would consequently overstate the regional contribution to South Australian exports.

In 2015-16, exports from the RDAWEP region were valued at \$2.633 billion. The region's major export industries were:

- Agriculture – providing 33.2% of regional exports, valued at \$873.4 million,
- Mining – which provided 18.8% of exports, valued at \$495.1 million, and
- Manufacturing – 13.7% of exports, valued at \$361.3 million – see **Table 1**.

These three industries contributed almost two-thirds (65.7%) of total exports from the region, valued at \$1.73 billion. The key exporting sectors within these industries were:

- **Agriculture:** grains, 23.7% of the region's exports, valued at \$622.6 million,
- **Mining:** iron and non-ferrous ore, 12.5% of exports, valued at \$328.2 million, and
- **Manufacturing:** iron and steel production, providing 8.9% of regional exports, valued at \$233.6 million.

The other main regional exporting industries were (in ranked order):

- Aquaculture – 5.6%, of exports, valued \$146.7 million,
- Construction – 5.3%, at \$139 million,
- Accommodation and Food Services – 3.2%, at \$84.8 million,
- Retail Trade – 3.1%, at \$82.6 million,
- Fishing, Hunting and Trapping – 2.5%, at \$66.4 million,
- Transport, Postal and Warehousing – 2.4%, at \$59.7 million, and
- Health and Community Services – 2.0% of exports, valued at \$53.8 million – see **Table 1**.

These seven industries contributed approximately 24% of total exports from the region, valued at \$633 million – see **Table 1**.

Collectively, the top ten exporting industries contributed 89.7% of the region's exports, valued at \$2.36 billion.

INDUSTRY	INDUSTRY SECTOR	TOTAL EXPORTS	
		(\$m)	(%)
Agriculture	Sheep	169.6	6.5
	Grains	622.6	23.7
	Beef Cattle	74.1	2.8
	Dairy Cattle	0	0.0
	Poultry	0	0.0
	Pigs	0.4	0.0
	Other Livestock	0	0.0
	Wine grapes	0.3	0.0
	Vegetables	2	0.1
	Fruit and Nuts	0	0.0
	Other Agriculture	0.1	0.0
	Forestry and Logging	3.3	0.1
	Ag, Forestry and Fishing Services	1.0	0.0
	Sub-total	873.4	33.2
Aquaculture	Aquaculture	146.7	5.6
Fishing, Hunting and Trapping	Fishing, Hunting and Trapping	66.4	2.5
Mining	Coal Mining	0.3	0.0
	Oil and Gas Extraction	10.1	0.4
	Iron and Non-ferrous Ore Mining	328.2	12.5
	Non-metallic Mineral Mining	7.2	0.3
	Exploration and Mining Services	149.3	5.7
	Sub-total	495.1	18.9
Manufacturing	Meat and Meat Products	1.3	0.0
	Processed Seafood Products	73.7	2.8
	Dairy Products	0	0.0
	Fruit and Vegetable Products	4.9	0.2
	Oils and Fats Manufacturing	1.3	0.0
	Grain Mill and Cereal Products	2.5	0.1
	Other Food Products	3.1	0.1
	Other Beverages	0	0.0
	Beer	0	0.0
	Wine and Spirits	0.8	0.0
	Textiles, Clothing and Footwear	0.2	0.0
	Sawmill Products	0	0.0
	Other Wood Products	0.6	0.0
	Pulp, Paper and Paperboard	0	0.0
	Paper Products	0.9	0.0
	Printing (including Recordings)	1.0	0.0
	Petroleum and Coal Products	0.4	0.0
	Pharma and Other Chemical Products	4.3	0.2
	Non-met Mineral Products	1.1	0.0
	Iron and Steel	233.6	8.9
	Basic Non-ferrous Metals	23.2	0.9
	Metal Products	2.0	0.1
	Motor Vehicles and Parts	2.1	0.1
	Other Machinery and Equipment	3.9	0.1

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

INDUSTRY	INDUSTRY SECTOR	TOTAL EXPORTS	
		(\$m)	(%)
	Furniture Manufacturing	0.1	0.0
	Other Manufactured Products	0.3	0.0
	Sub-total	361.3	13.5
Electricity, Gas, Water and Waste Services	Electricity Generation	0	0.0
	Electricity Supply	5.0	0.2
	Gas Supply	2.5	0.1
	Water Supply, Sewerage and Drainage	5.2	0.2
	Waste Management Services	1.6	0.1
	Sub-total	14.3	0.6
Construction	Residential Building Construction	122.0	4.6
	Other Construction	12.0	0.5
	Construction Services	5.0	0.2
	Sub-total	139.0	5.3
Wholesale Trade	Wholesale Trade	32.4	1.2
Retail Trade	Retail Trade	82.6	3.1
Accommodation and Food Services	Accommodation	62.7	2.4
	Food and Beverage Services	22.1	0.8
	Sub-total	84.8	3.2
Transport, Postal and Warehousing	Road Transport	33.4	1.3
	Rail Transport	14.7	0.6
	Water, Pipeline and Other Transport	4.3	0.2
	Air and Space Transport	2.7	0.1
	Transport Support and Storage	4.6	0.2
	Sub-total	59.7	2.4
Information, Media and Telecommunications	Publishing (excluding Web and Music)	1.1	0.0
	Communication Services	2.9	0.1
	Sub-total	4.0	0.1
Finance and Insurance	Finance	29.6	1.1
	Insurance and Other Financial Services	12.3	0.5
	Sub-total	41.9	1.6
Rental Hiring and Real Estate	Rental, Hiring and Real Estate	5.7	0.2
Ownership of Dwellings	Ownership of Dwellings	11.7	0.4
Prof., Scientific and Technical	Professional, Scientific and Technical Services	6.1	0.2
Administrative Support Services	Administrative Support Services	2.0	0.1
Public Administration and Safety	Public Administration and Regulatory Services	0.0	0.0
	Defence	0.0	0.0
	Public Order and Safety	0.1	0.0
	Sub-total	0.1	0.0
Education and Training	Education and Training	23.9	0.9
Health Care and Social Assistance	Health and Community Services	53.8	2.0
Arts and Recreational Services	Cultural and Recreational Services	2.1	0.1
Other Services	Personal and Other Services	2.5	0.1
	Taxes Less Subsidies ¹	17.8	0.7
	Imports ²	96.4	3.7
TOTAL EXPORTS³		2,633.2	100.00

Table 1: RDAWEP Regional Exports by Industry and Sector 2015-16.

¹Taxes less subsidies is included to factor in instances where exported goods incur taxation – e.g. GST can be payable on some intra and interstate exports.

² Imports are included to factor in re-exported goods which are passing through the region.

³Variations in totals from other data tables are caused by rounding.

Exports by Key Industry Sector and Local Government Area

Whyalla was the main exporting Council, with total exports in 2015-16 valued at \$1.033 billion. This was largely due to high export levels in mining (\$441 million) and manufacturing (\$266 million); with their combined exports valued at \$707 million – see **Table 2**.

Port Lincoln was the second main exporting Council with the value of exports totalling \$615 million. The main export industries in Port Lincoln were manufacturing (\$120 million); construction (\$101 million); aquaculture (\$65 million); and fishing, hunting and trapping (\$47 million) – **Table 2**. The main contributing sector in the manufacturing industry was the processing of seafood products, with exports valued at \$81 million.

Ceduna had exports totalling \$264 million, with the main export industries being mining (\$69 million) and agriculture (\$19 million).

The District Council of Lower Eyre Peninsula was the largest agriculture exporting Council with exports valued at \$153 million. Other key agriculture exporting Councils were Tumby Bay (\$117 million); Cleve and Elliston (\$108 million each); Kimba (\$98 million); Wudinna (\$97 million), and Streaky Bay (\$95 million) – **Table 2**.

Tumby Bay had total exports valued at \$172 million, due to high levels of export from agriculture (\$117 million) and mining activity (\$27 million).

Council and Region Export Value Difference

The total value of exports generated by the region's 11 EPLGA Councils in 2015-16 was \$3.038 billion. This is \$405 million higher than the total value of regional exports estimated at \$2.633 billion.

The cause of this difference is that these collective Council data include the value of product and services traded between the 11 Council areas, but *within* the RDAWEP region; whereas the regional data only include the value of goods and services exported *from* the region to interstate and overseas markets and other parts of South Australia.

These data indicate that the region experienced a high level of internal trade activity between the 11 EPLGA Councils, valued at \$405 million. The largest differences occurred in the mining industry (\$68 million); manufacturing (\$40 million), construction (\$68 million), and transport, postal and warehousing (\$45 million) – see **Table 2**.

Agriculture Exports

A discrepancy is apparent with the EconSearch data for agricultural exports. The data in Table 2 indicate that total agricultural exports from the Councils summed to \$849 million, which is lower than the regional export estimate of \$873 million. Clarification was sought from EconSearch about this matter.

EconSearch advised that the grain sector exports from individual Councils have probably been underestimated. This is an outcome of the input-output table balancing process, which is complicated because much of the grains manufacturing and processing occurs outside the region. EconSearch has advised that, in aggregate, the Council agricultural exports should be more in line with, or greater than, the regional total. Data glitches and inconsistencies only become apparent when data are being analysed. These issues are gradually being resolved through continuous data improvement and greater familiarity with the region's economic characteristics.

LOCAL GOVERNMENT AREA	TOP TEN EXPORTING INDUSTRIES IN REGION 2015-16										Total (All of Council Exports) (\$m)
	Agriculture (\$m)	Mining (\$m)	Manufacturing (\$m)	Aquaculture (\$m)	Construction (\$m)	Accommodation and Food Services (\$m)	Retail Trade (\$m)	Fishing, Hunting and Trapping (\$m)	Transport, Postal and Warehousing (\$m)	Health and Community Services (\$m)	
Whyalla	0	441	266	4	67	35	50	0	42	52	1,033
Port Lincoln	15	6	120	65	101	18	26	47	33	26	615
Ceduna	19	69	3	11	10	17	8	0	19	8	264
Cleve	108	0	0	14	3	1	3	4	3	3	150
Elliston	108	0	0	0	1	4	1	7	0	0	125
Franklin Harbour	39	17	7	10	3	2	1	0	0	0	88
Kimba	98	0	0	0	9	1	1	0	0	0	117
Lower Eyre Pen.	153	0	0	34	2	2	1	0	7	0	209
Streaky Bay	95	0	1	6	3	4	2	6	1	0	149
Tumby Bay	117	27	4	0	6	3	2	3	0	0	172
Wudinna	97	3	0	0	2	1	1	0	0	0	116
LGA Totals	849	563	401	144	207	88	96	67	105	89	3,038
REGION TOTALS¹	873	495	361	147	139	85	82	66	60	54	2,633

Table 2: Top Ten Exports and Total Exports by Industry and LGA 2015-16.

¹ Variations in totals from other data tables are caused by rounding.

Changes to Exports Between 2012-13 to 2015-16

In 2012-13, the value of the region's exports was estimated at \$3.14 billion. The value of regional exports grew by approximately \$1 billion to an estimated \$4.144 billion in 2013-14.

The growth of the mining industry was the main reason for this difference, with the value of mining exports increasing by approximately \$744 million; from \$519 million in 2012-13 to \$1.263 billion in 2013-14 – see **Table 3**. This increase can be attributed to a combination of factors, including:

- **Increased iron ore exports by Arrium:** In July 2013, Arrium formally opened a \$200 million upgrade of the Whyalla Port. This upgrade was undertaken to enhance port export capacity to 12 million tonnes per annum. The loading of Cape-class vessels commenced prior to the port opening in February 2013, and grew to a record 195,000 tonnes of iron ore being loaded on the *Cape Kallia* in November that year. In August 2013, Arrium also announced the reinvestment of \$165 million to mine additional iron ore reserves that had been identified at Iron Knob.
- **The relatively high commodity price of iron ore:** In November 2012, the iron ore price per dry metric tonne was approximately \$US119.00 and rose to \$US152.76 in February 2013. The commodity price then slumped to \$US123.94 per tonne in May 2013. (*Iron Ore Monthly Commodity Prices*, www.indexmundi.com). In April 2014, iron ore was trading at \$US113.20 per tonne, up from a low of \$US105 per tonne in March 2014. Predictions indicated that the price would reach \$US120 per tonne, however the price declined to \$US98.50 per tonne in May 2014, a fall of 26% from January. (*The Advertiser*, Iron ore plunges below \$US100, May 20, 2014).

Even though the commodity price of iron ore declined between 2012-13 and 2013-14, the fluctuations were largely offset by increased export tonnages.

- **High levels of mining exploration activity across the Eyre Peninsula:** In 2013-14, there was also a peak in mining exploration by companies such as Centrex Metals/Eyre Iron (for the Fusion Joint Venture); Iron Road Limited (for the Central Eyre Iron Project); and graphite exploration by Valence Industries, Lincoln Minerals and Archer Exploration Limited. This activity led to higher levels of mining contribution to GRP in this period.

Circumstances changed during 2014-16, when the commodity price of iron ore continued to fall; down to the \$US39.60 per tonne in December 2015, before fluctuating up to \$US54.85 in May 2016. The region's mining exports consequently dropped from \$1.263 billion in 2013-14 to \$778 million in 2014-15; and then dropped dramatically to \$328 million in 2015-16.

There was a corresponding decline in manufacturing exports from \$792 million in 2013-14 to \$361 million in 2015-16. These combined factors partly led to the decline of profitability at Arrium in Whyalla during 2015-16, with the company going into voluntary administration in April 2016.

There was an overall decline in exports for many industries during 2013-14 to 2015-16 (**Table 3**). This was partly due to a revision of the EconSearch methodology used for estimating aggregate imports and exports.

It is interesting to note that the health and community services industry did not rate among the top 10 exporters during 2013-15; producing 0.4% of exports in 2014-15 valued at \$13 million. However, health and community services ranked at number 10 in 2015-16, producing 2.0% of exports valued at \$53.8 million. This is a result of an ageing population and growth in the aged care sector, along with revised data estimates by EconSearch.

INDUSTRY RANKING	2013-14	Export (\$m)	2014-15	Export (\$m)	2015-16	Export (\$m)
1	Mining	1,263	Agriculture	807	Agriculture	873
2	Agriculture	882	Mining	778	Mining	328
3	Manufacturing	792	Manufacturing	535	Manufacturing	361
4	Construction	260	Construction	171	Aquaculture	147
5	Transport, Postal and Warehousing	136	Aquaculture	109	Construction	139
6	Aquaculture	129	Accommodation and Food Services	82	Accommodation and Food Services	85
7	Retail Trade	107	Fishing, Hunting and Trapping	60	Retail Trade	83
8	Accommodation and Food Services	97	Retail Trade	59	Fishing, Hunting and Trapping	66
9	Financial and Insurance Services	88	Transport, Postal and Warehousing	49	Transport, Postal and Warehousing	60
10	Fishing, Hunting and Trapping	46	Financial and Insurance Services	17	Health and Community Services	54
TOTAL	Total Regional Exports	4,144	Total Regional Exports	2,888	Total Regional Exports	2,633

Table 3: Comparative RDAWEP Regional Top 10 Industry Rankings by Export, 2013-14 to 2015-16.