



Waikerie

Economic Profile

Prepared for: District Council of Loxton Waikerie

April 2007

Disclaimer

This report is prepared on the instructions of the party to whom or which it is addressed and is thus not suitable for use other than by that party. As the report involves future forecasts, it can be affected by a number of unforeseen variables. It represents for the party to whom or which it is addressed the best estimates of Urbis JHD Pty Ltd, but no assurance is able to be given by Urbis JHD Pty Ltd that the forecasts will be achieved.

UrbisJHD staff responsible for this report were:

Director	Andrew McDougall
Senior Consultant	Dean Brostek
Senior Consultant	Craig Lofts
Date	30 April 2007
Client Code	LOXTON30PE
Job Code	MPE1-0225
Report Number	M07/64



Contents

	Executive Summary	1
1	Introduction	2
2	The Waikerie Economy	5
2.1	Agriculture	5
2.1.1	Viticulture	6
2.1.2	Citrus	7
2.1.3	Almonds	8
2.1.4	Olives	8
2.1.5	Dayland Farming	9
2.1.6	Stone Fruits	10
2.1.7	Agricultural Outlook	11
2.2	Manufacturing	11
2.3	Aquaculture	11
2.4	Transport & Logistics	11
2.5	Construction and Development	13
2.6	Health	14
2.7	Education	14
2.7.1	Further Education	14
2.7.2	Primary and Secondary Schools	14
2.7.3	Child Care	15
2.8	Utilities	15
2.9	Tourism	15
2.10	Retail	16
2.11	Labour Force	18
2.12	Summary	20
3	Waikerie Catchment Area	21
3.1	Catchment Area Definition	21
3.2	Population	21
3.3	Demographic Characteristics	24
3.4	Retail Spending Market	24
3.5	Summary	26
	Definitions	27

Executive Summary

This report provides an independent profile of the local economy of Waikerie including a review of the key industry sectors, as well as the outlook for population growth and retail spending.

Waikerie is situated in South Australia around 140 kms by road north-east of outer metropolitan Adelaide. It is located on the Murray River and in the Riverland region which is renowned as one Australia's most important areas for the production of food and beverages.

The local economy is built around agriculture. The predominant crops are grapes/wine and citrus but others including nuts, berries, and other fruits and vegetables. Some of the largest businesses in the Waikerie area are Mitolo, Banrock Station and Boars Rock wineries, Crusta, Jubilee Almonds, Nippy's Fruit Juices and Hansen Electrical. Significant value added activities occur locally with food and beverages being processed, packaged, stored and distributed within and from the local area. An associated and exciting potential industry is aquaculture which is under advanced development by the South Australian Research and Development Institute (SARDI).

Waikerie performs an important role as a service centre to the businesses and employees of the agricultural sector. The town offers a good range of health, education and retail facilities which support local industries and employ a significant number of local residents. Locals also enjoy a wide range of good sporting facilities.

Waikerie caters to a catchment area which extends to the south and west, including the townships of Blanchetown, Cadell and Morgan. The resident population in this area amounts to around 7,200 people. Unemployment is at a very low level. The retail spending market is currently estimated at \$64 million, and is forecast to grow in real terms to \$71 million in 2016.



1 Introduction

Waikerie is located on the southern bank of the Murray River, about 140 kms by road north-east of the outer suburbs of Adelaide (see Map 1). It is one of the key towns in the Riverland region, one of Australia's more significant agricultural production areas.

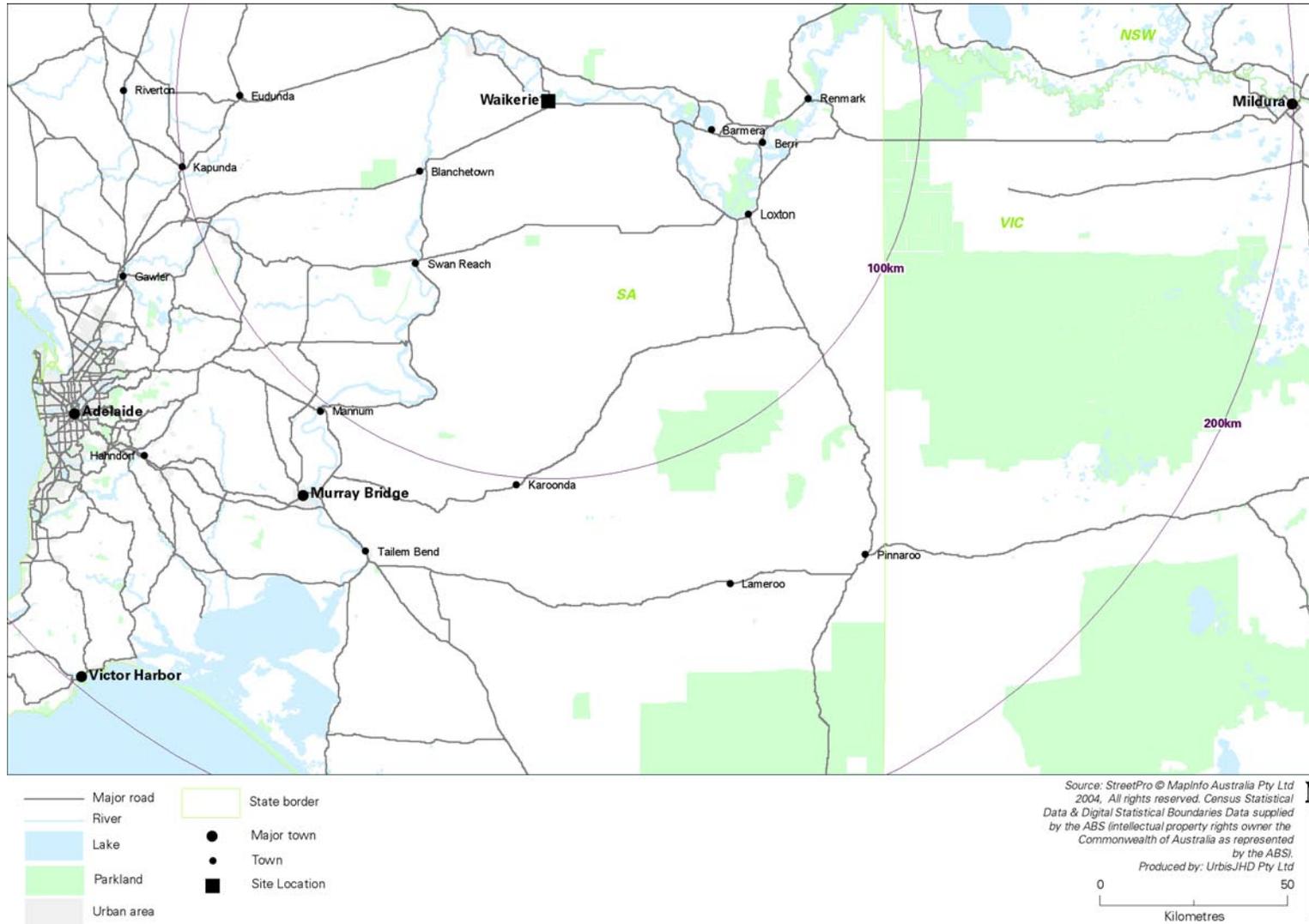
Waikerie is a picturesque town, located just off the Sturt Highway and overlooking the beautiful Murray River. The town itself is well presented and its parks and gardens particularly attractive. One of the strengths of Waikerie is its very strong local community.

This report provides an overview of Waikerie's local economy. The report highlights that despite the very real impact of the current drought on a town, there are many positives for Waikerie both now and in the future. In addition, a retail catchment is defined for the region to which Waikerie's service facilities cater. The population levels, demographic characteristics, retail spending market and outlook for growth are presented.



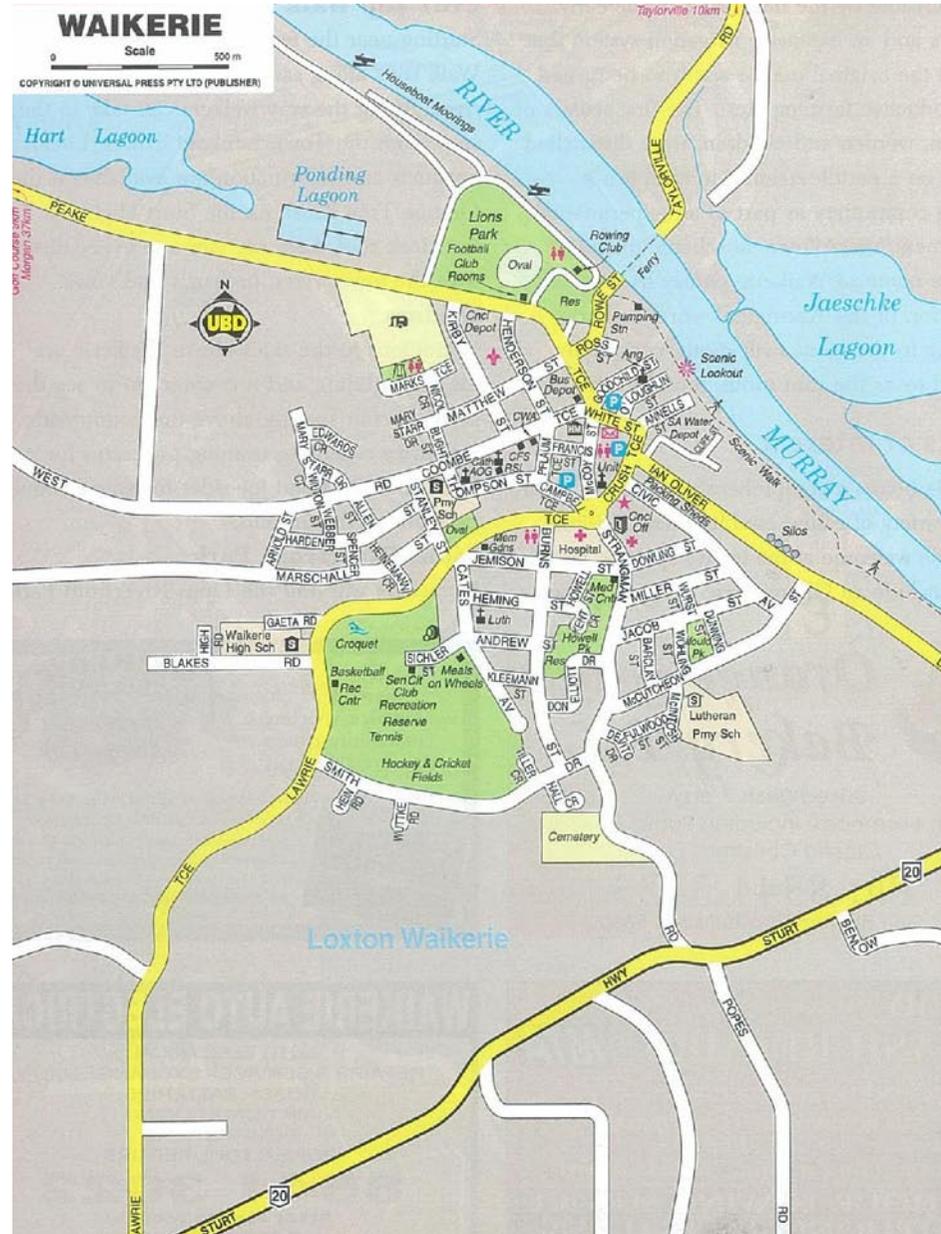
Regional Context

Map 1



Town Centre

Map 2



2 The Waikerie Economy

A description of the local economy of Waikerie by industry sector is provided in this section.

2.1 Agriculture

More than one in three employed people in Waikerie work directly in the agricultural sector, with the main crops being grapes and citrus. In terms of production, at the broader Riverland region, half of food and wine production in the region comes from horticulture and 37% from wine, while some 8% comes from field crops and a further 5% from livestock.

**Riverland
Food and Wine Production, 2005/06**

Table 2.1

	Value ¹	
	(\$ mil.)	(%)
Field Crops	38	8%
Livestock	25	5%
Horticulture	230	50%
Wine	170	37%
Total	463	100%

1. Approximate.

Source : SA Foodcentre, "Riverland Regional Food Scorecard, 2005/06"; UrbisJHD.



2.1.1 Viticulture

The Riverland is renowned as one of Australia's premier wine production regions. The region produces nearly 60% of South Australia's grapes and nearly 30% of Australia's grape production. The Waikerie area is home to such brands as Banrock Station and Kingston Estate amongst others. McGuigan Simeon and Yalumba have vineyards in the region.

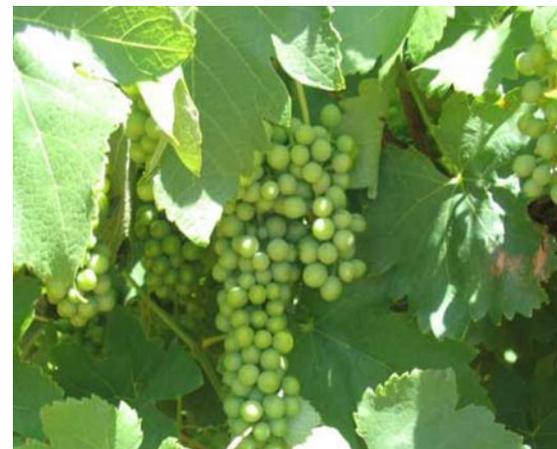
The combination of a hot climate, relatively high evaporation rates and low rainfall make irrigation essential. The supply of irrigation water from the Murray River turns the region's combination of good soil and a sunny, reliable climate into an environment ideal for the growing of wine grapes. Modern viticultural and winemaking techniques take advantage of the region's climate.

Grape yields for the 2006/07 were between one-third and one-fifth below average. There is no doubt that the drought conditions particularly over the last 12 months have had an adverse affect on the wine industry, not just in Waikerie but Australia-wide. Having said that, there has been a wine glut in recent times and the significant over-supply had forced prices down. The drought conditions and reduced production have therefore enabled a market correction.

The largest winery in Waikerie is Boars Rock which is a contract crusher for grapes mostly grown and then bottled in the Riverland. The business' current success and growth potential has it intending to double capacity in the medium term. This would include a doubling of its current permanent workforce of around 25 to 50 and twice that during vintage.

There are a number of boutique wineries also operating in the area.

In excess of 500 tonnes (per annum) of table grapes are produced with approximately 60% of this crop exported to New Zealand and Singapore with the remainder sent to local and interstate markets.



Outlook is for a relatively tough year that is heavily dependent on rainfall. Despite this, the industry has been able to endure extreme drought conditions over the past 12 18 months.

2.1.2 Citrus

The citrus industry is one of the Riverland's major industries, with 15% of all food and wine production in the Riverland region coming from the citrus industry. Some important facts about the citrus industry are outlined below :

- The citrus industry has over 7,500 hectares of plantings, all being located in the Riverland (Renmark, Berri, Loxton, Waikerie) and Lower Murray (Mypolonga).
- In recent years, there has been significant replanting of citrus orchards with the move from production of juice fruit to production of fruit for fresh sales. Approximately one third of the South Australian industry's citrus trees are not yet bearing (less than 6 years old).
- The South Australian citrus industry exports approximately \$52 million (2003-04) of fruit and other citrus products to 39 countries. Of this, 43% is exported to the US, and 40% to Asia. Citrus represents over half of the total value of horticulture exports from South Australia.
- The region boasts a large number of packing sheds targeting export and juice markets.

The 2006 season has been average across the board although, as always, some growers have faired better than others. Citrus crop performance is directly linked with water availability and if rainfall increases, farmers are reasonably well positioned





to capitalise on stronger crop yields. Preliminary signs for the 2007 season suggest a more positive outcome.

Citrus grown in the Waikerie area is sold to export and domestic markets through well known brands such as Nippy's, All Seasons and Crusta.

2.1.3 Almonds

There are two main almond production groups in Australia being the smaller growers based in the traditional growing areas around Adelaide and the newer larger growers in the Riverland and Sunraysia (Victoria) regions. One of the largest producers in Waikerie is Jubilee Almonds.

The Riverland region is recognized as having one of the best climates in the world for almond growing. Its ideal climate conditions include hot summers plus normally dry weather in the late summer and autumn harvest period. Added to that is the undulating topography which enables low frost risk areas to be selected for plantings plus well drained soils and adequate irrigation water.

2.1.4 Olives

It is estimated that there are about 400 000 trees in the Riverland region. The Riverland and Mallee constitute nearly one quarter of South Australia's total production. The breakdown of varieties is as follows :

- Barnea - 35%
- Manzanillo - 25%
- Frantoio, Correggiola, Paragon - 30%
- Kalamata - 5%
- Other - 5%



The Mitolo Group is one of the largest agricultural producers in the region currently employing more than 100 people at harvest time. The group has 400 hectares of olive plantings in the region, and crush, bottle and market the produce under the “Ollo” brand. In addition at their Comit farm near Waikerie, Mitolo have significant plantings and distribution of potatoes and onions.

2.1.5 Dryland Farming

Waikerie also relies on the dryland farming sector which is the other main agricultural foundation of the community.

Department of Primary Industries and Resources SA Rural Solutions estimates the following main crop types and quantities are produced in the Council area:

Grain in this region is renown for being clean, dry and high in protein in comparison to other higher rainfall areas

Crop	Quantity
Wheat	170 – 200 Kt
Barley	50 – 60 Kt
Cereal Rye	2 – 5 Kt
Oats	2 – 5 Kt
Canola	1 – 2 Kt

The area also has a number of piggeries which produce in the vicinity of 14000 baconer weight pigs per annum, equating to approximately 1.8 million kilograms of dressed weight meat. In conjunction with the piggery operation, one business operates a composting activity where 800 tonnes of composted product is onsold to vineyards, organic vegetable growers and orchards.

Vegetable production also occurs including garlic as a seed source from which approximately 100 tonne of garlic is grown annually, with significant potato production being undertaken to the east of Waikerie with areas under large centre pivot watering systems.

2.1.6 Stone Fruits

Stone fruits continue to be grown in the Waikerie area, albeit this is a much smaller component of the irrigated cropping.

During 2006/07 Sunbeam Foods purchased approximately \$7.0 M of stone fruits from the Riverland area, representing approximately 1000 tonnes of dried tree fruits (apricots, peaches, pears and plums) and 650 tonnes of dried vine fruits (sultanas, currants, raisins etc)

Much of the dried tree fruit is processed at the Sunbeam Foods owned Angas Parks plant in Loxton during December to February, where the seasonal labour force totals approximately 100 employees.

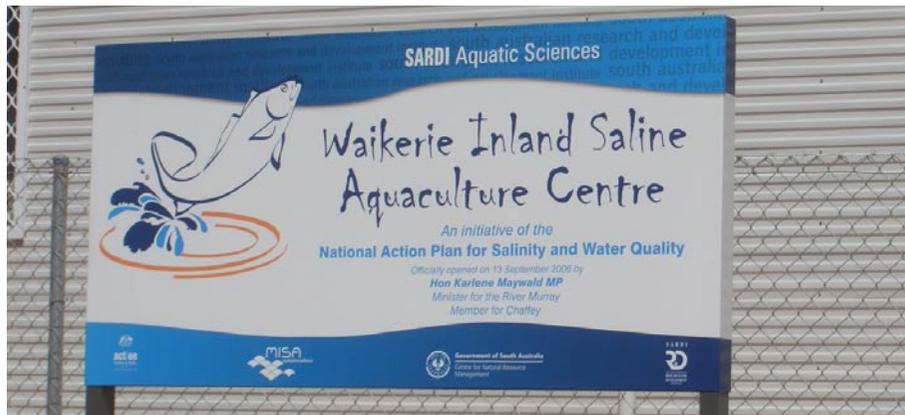


2.1.7 Agricultural Outlook

A number of scenarios have been developed to estimate the potential impact of sustained drought conditions on the economic well-being of regions dependent on agriculture. The outlook for the greater region is uncertain however it is generally accepted that the worst of the drought is over and an increased rainfall will benefit the farmers who have survived recent drought conditions.

Larger operators such as Crusta and the Mitolo Group are best positioned to cope with the current difficult conditions due to their economies of scale. As such, the drought has hit the smaller operators harder. Consolidation is therefore occurring and is likely to continue. Despite some worrying worst case scenarios, the well established region is considered one of the most significant agricultural areas in Australia. The current situation is best considered in the context that fortunes in the agricultural industry fluctuate with weather patterns and cycles. When the drought breaks, as is expected, the local businesses and economy should benefit from improved productivity levels and water management practices.





2.2 Manufacturing

Manufacturing in Waikerie is focused on adding value to the agricultural sector. The majority of operations are therefore involved with wine production, olive oil production and the processing and packaging of fruit and vegetables. In addition, there are some firms providing engineering products, such as irrigation equipment, for manufacturers and farmers both in the Riverland and beyond. In 2004 Crusta and its processing and bottling facility in Waikerie was acquired by Coca-Cola Amatil and consequently there is potential for investment and expansion in the operation possibly into soft drinks and not just juices.

2.3 Aquaculture

The South Australian Research and Development Institute (SARDI) is undertaking a research project using saline waste water from salt interception schemes. The Waikerie Inland Saline Aquaculture Centre (WISAC) is attempting to establish a feasible aquaculture industry in the area. Already, the project has attracted significant investor interest. The intention is to establish a new industry to the value of \$20m by 2015. Whilst fish is the most obvious application, other viable uses for the treated water could include turf production and micro-algae for bio-diesel fuels.

2.4 Transport & Logistics

Road is the primary form of transport servicing Waikerie (refer Map 1). The quality of the regional road network is generally good. Waikerie is well situated on the Sturt Highway which is the main road link in the region, connecting the Riverland to northern Adelaide and Mildura. Therefore Waikerie is well located to supply the Adelaide market and link into Port Adelaide and the Adelaide airport.

Waikerie has an airfield with sealed runway and an active gliding club. However, the Riverland does not have an airport with significant passenger and freight services.

The logistics industry is an important component of the Waikerie and regional economy, storing and transporting the local food and beverage products. As such it is a significant employer with the largest firm being Lochert Bros.

2.5 Construction and Development

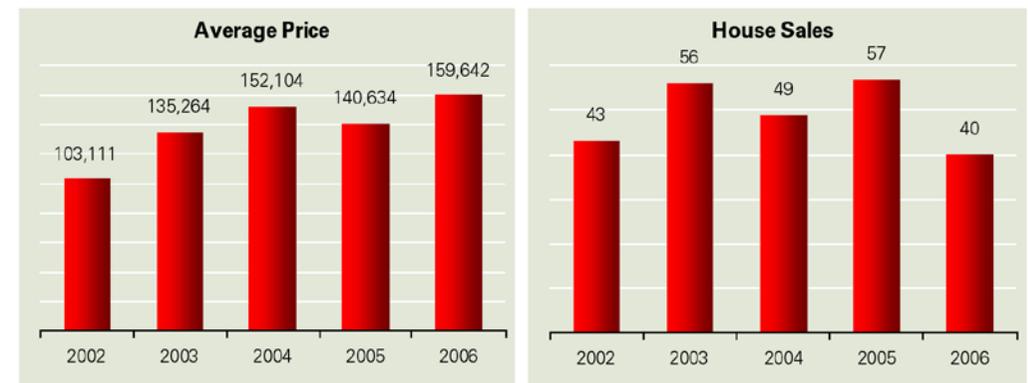
Like elsewhere in Australia, the residential property market in Waikerie has performed well over recent years. Chart 2.2 shows the average house price and number of house sales in Waikerie from 2002-2006. Chart 2.3 shows this period in greater detail by quarter including sales and the medium house price, including the first quarter of 2007. From 2002 to 2006 the average house price increased at an average annual rate of 9.3%. Growth was particularly strong in 2003 and 2004. Since then growth has moderated. At present some of the key factors influencing the residential market are as follows :

- A trend of decreasing household size is seeing a continuation of household formation despite a stable population level.
- Growing demand for retirement living options.
- A very tight rental market with low vacancy rates.
- Residential property purchasers are from Waikerie, the broader Riverland and elsewhere.

New dwelling approval data released by the ABS is presented in Chart 2.4. This shows that dwelling approvals declined in the late 1990s but increased in 2001/02, peaking in 2003/04. It should be noted, however, that the annual number is small and so any variation appears to be very large. Waste water (STEDS) capacity and connection issues, which have now been resolved, may have acted as a constraint on development. Also, with increased land releases by council, there is room for future growth.

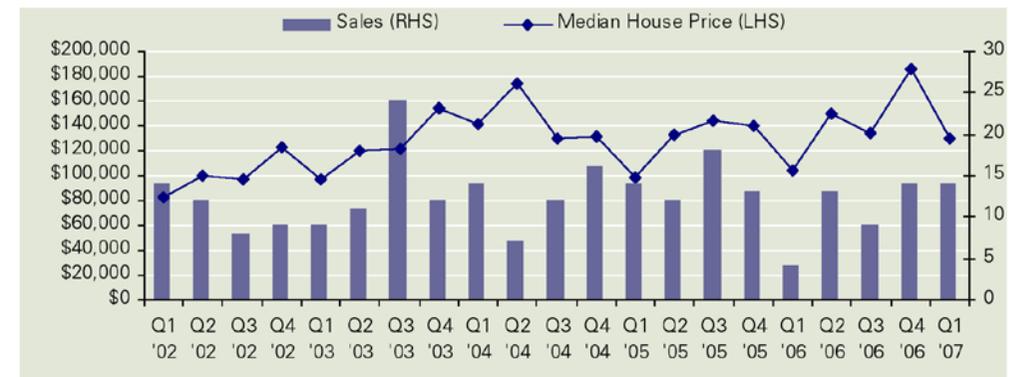
Currently, retirement living options in Waikerie include the council operated Warrawee Lodge with 70 independent living units plus the Karingal Hostel. Looking forward there is likely to be increased demand for retirement living facilities, ranging from lifestyle villages through to nursing homes.

Waikerie Chart 2.1
Average House Price And Sales, 2002 - 2006



Source : Real Estate Institute of South Australia

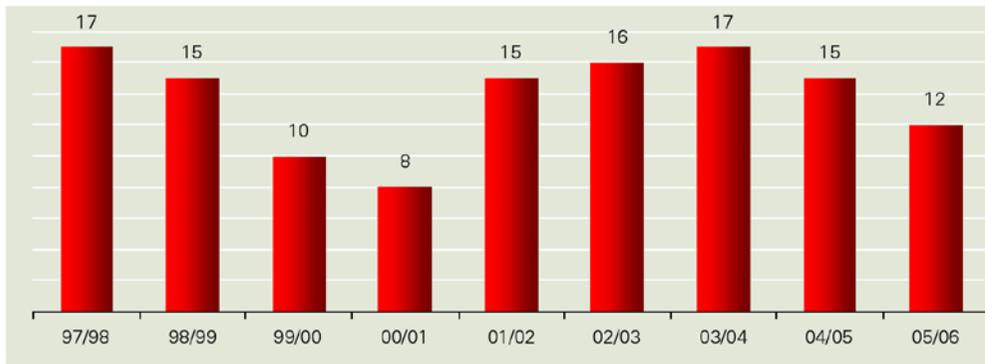
Waikerie Chart 2.2
Median House Price and Sales, Qtr 1 2002 - Qtr 1 2007



Source : Real Estate Institute of South Australia

Waikerie¹
New Dwelling Approvals, 1997/98 - 2005/06

Chart 2.3



1. Statistical Local Area of Loxton Waikerie (DC) - West.
 Source : ABS, Building Approvals, Australia (8731.0); Urbis/JHD

2.6 Health

Waikerie Hospital is a community hospital with 30 approved beds and 42 residential care places. With 120 employees, it is also one of the biggest employers in town. The hospital provides the following services :

- Emergency
- Obstetrics
- Urology
- Gynaecology
- Orthopaedic surgery
- General surgery
- Domiciliary care

The largest hospital in the Riverland region is the Berri hospital which is able to provide for more seriously ill patients. When necessary, patients are flown to Adelaide to receive treatment. It can be said that Riverland is well provided with medical facilities.

There are aged care placements available via Warrawee Lodge and Riversgate Housing Association.

2.7 Education

A range of primary, secondary and further education services are offered in Waikerie.

2.7.1 Further Education

TAFE SA campuses stretch from the heart of the Adelaide CBD throughout the suburbs and out to the north, south east and west of rural and regional South Australia. There are four campuses in the Riverland with distance and access issues to be considered. The Waikerie campus offers the following main areas of study :

- Business Administration
- Financial Services
- Workplace Training
- Aged Care
- Community Services
- Women's Education

The campus has a number of students who study by correspondence and as such there is only a relatively small number of on-site students.

2.7.2 Primary and Secondary Schools

Five schools currently operate in the region :

- Waikerie High School
- Waikerie Primary School
- Waikerie Lutheran School
- Ramco Primary School
- Waikerie Childrens Centre

Over the next decade, demand for school places from the Waikerie area is expected to decline slightly due to a general aging demographic profile.

2.7.3 Child Care

Waikerie Children's Centre is the single child care provider in the town. It currently has around 55 places which are fully booked. Over the next decade we expect there to be a moderate decline in the demand for child care. However, the current situation of excess demand should remain. There is probably an ongoing demand for around a further five places over the next ten years.

Out of School Hours Care and Vocational Care programs are also offered.

2.8 Utilities

Council is in the process of finalising a \$3.0 million upgrade to the town's waste water processing facility. The new scheme is estimated to be commissioned in September 2007.

Currently, gas is supplied to Murray Bridge and Berri. The Riverland Development Corporation and local government have investigated extending gas services to Loxton, Renmark and Waikerie as a priority.

Waikerie has reliable power and telecommunications infrastructure, including ADSL broadband.

2.9 Tourism

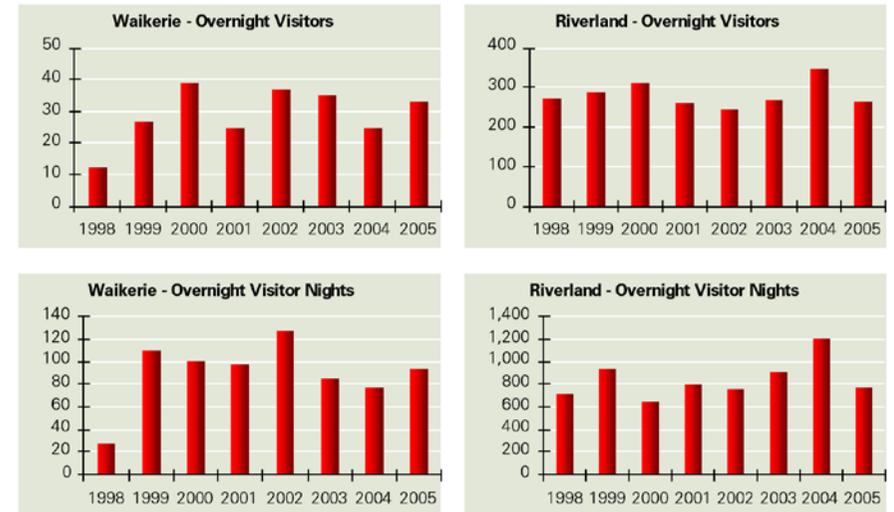
In 2005, Waikerie welcomed around 33,000 overnight visitors who stayed a total of 93,000 nights (Chart 2.5). This equates to around a 12% share of the total Riverland market. Nearly 80% came from South Australia and 63% from Adelaide.

Visiting family and friends is the main reason for overnight visitors coming to Waikerie, followed closely by holiday and leisure activity (Chart 2.6).

Riverland & Waikerie ¹

Overnight Visitors and Visitor Nights, 1998 - 2005

Chart 2.4

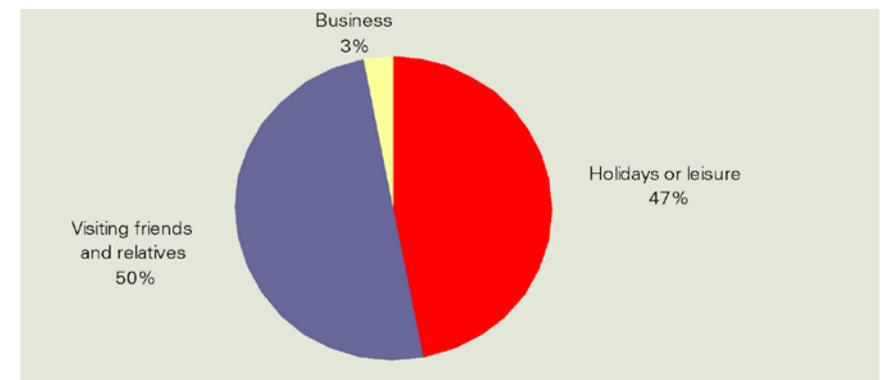


¹ Statistical Local Area of Loxton Waikerie (DC) - West.
Source : Tourism Research Australia; UrbisJHD.

Waikerie ¹

Overnight Visitors Main Purpose of Visit, 2005

Chart 2.5



¹ Statistical Local Area of Loxton Waikerie (DC) - West.
Source : Tourism Research Australia; UrbisJHD.

Attractions in Waikerie and the Riverland focus on the water activities and camping on the Murray as well as tasting the local food and wine produce. Specifically, attractions in Waikerie include :

- Murray River Queen (floating motel, restaurant and function centre on a historic paddle steamer).
- Waikerie Golf Club (one of the best country courses in South Australia).
- Banrock Station Wine & Wetland Centre (and other wineries).
- Rock 'n' Roll Festival (each May).
- Waikerie International Soaring Centre (gliding club).
- Australia Day Spectacular (largest in regional SA).
- Music on the Murray.
- Santas Cave.
- Rotary Food Fair.

The Award winning Birds Australia Gluepot Reserve is situated to the north of Waikerie and attracts 4000 visitors to the region each year.

Waikerie is well located to attract day and weekend visitors from Adelaide which is only a short drive away. However, it does face strong competition in this market from other regions, especially the Barossa and Clare Valleys. Waikerie's local food and wine produce, its golf courses, along with its scenery and outdoor activities, are clearly the leading attractions. Further development of the accommodation and food and beverage offer, along with improved packaging and marketing, are opportunities for the town.

One exciting current tourism development is the purchase and redevelopment of the Waikerie Caravan Park by Beston Parks, a major caravan park operator in Australia. Beston Parks estimate an increase of 15-20,000 site nights per annum over the next three years which will be a boost for local businesses.

2.10 Retail

The retail sector is fundamental to Waikerie's role as a regional service centre as well as being a significant employer of local residents.

Waikerie contains around 9,000 sq.m of retail floorspace in Gross Leasable Area (GLA). The retail is focused in the town centre mostly on McCoy Street and Crush Terrace. There is a relatively large Woolworths supermarket, developed in 2003. The range and size of the retail offer in Waikerie is generally sufficient for residents' weekly needs and is appropriate for a town of its size. Most of the operators are local and there is an absence of major national retailers with the exception of the Woolworths supermarket and a Mitre 10 Handy.



For shopping needs currently not located in Waikerie, residents must travel to Adelaide. The nearest metropolitan centre at Gawler is around 140 kms away by road. The larger regional towns of Berri (58 kms) and Renmark (70 kms) are closer alternatives and have retail offers which are bigger in size compared with Waikerie but not substantially different in quality (Refer Table 2.2). The closest centre of Berri has only a slightly larger amount of retail floorspace in the town, however, it also has, on the outskirts, Riverland Central Plaza (8,900 sq.m). This enclosed centre has a Coles supermarket as well as a Target Country and a large Radio Rentals. However, this centre is poorly presented.

Renmark, a little under one hour away by car, has the strongest offer in the region presently with around 15,000 sq.m. The offer will improve when the new Renmark Plaza opens in 2007. This new enclosed shopping centre anchored by a Big W and Woolworths is expected to be the best presented retail facility in the region. Furthermore it will bring the first discount department store into the Riverland. Experience elsewhere leads us to expect that any impact on retail sales in Waikerie will be only short term. Indeed there may actually be some net benefit for the region because the improved retail offer will help to retain spending within the local towns rather than escaping to Adelaide. Importantly, the Renmark Plaza development demonstrates the confidence of major national investors and retailers such as Macquarie Countrywide and Woolworths in the outlook for retail in the Riverland, particularly for proven retail formats executed according to sound planning principles.

Whilst we do not see any major gaps and Waikerie's retail offer, particularly considering the size of the town's population, a good operator who identified a niche could be successful.

Waikerie and Surrounds

Table 2.2

Retail Floorspace and Major Retailer Provision

	Distance ¹ (km)	Floorspace ² (sq.m)	Major Retailers
Waikerie	-	9,000	Woolworths; Foodland SA; Mitre10 Handy
Loxton	63.0	11,000	Woolworths; Foodland SA; Mitre10 Handy
Berri	58.0		
• CBA		10,500	Woolworths; Cheap as Chips; Mitre10 Handy
• Riverland Central Plaza		<u>8,900</u>	Coles; Target Country; Radio Rentals
Total Berri		19,400	
Renmark	70.0		
• CBA		15,000	Woolworths; Foodland SA; Target Country; GoLo; Mitre10 Handy
• Renmark Plaza (u/c)		<u>11,500</u>	Big W; Woolworths
Total Renmark		26,500	

1. Distance from Waikerie measured in a straight line.

2. Estimated floorspace refers to gross leaseable area (GLA).

(u/c) = Under Construction

Source: UrbisJHD.

2.11 Labour Force

Table 2.3 shows the structure of employment in Waikerie by industry type. This data was obtained from the 2001 Census of Population and Housing, however no material change to this structure would have occurred since then. It is clear that agriculture is the predominant sector accounting for 36% of employment in the area. Manufacturing represents 10% but the majority of this (8%) is food and beverage manufacturing which is obviously very closely linked to the agricultural sector. Therefore around 44% of local employment is directly involved in agricultural production. The next largest employment sector is retail trade accounting for 16%. Government, business and community services, in total, are a significant employer accounting for around 21% of the workforce.

The biggest single employers in Waikerie include Mitolo Group, Loxton and Waikerie Council, Waikerie Hospital, Crusta, Nippys, Boars Rock Winery and Hansen Electrical.

Figure 2.1 illustrates where people who work in Waikerie come from and where people residing in Waikerie go to work. This information is derived from the ABS Journey to Work data obtained from the 2001 Census of Population and Housing. The overwhelming majority of workers in Waikerie reside locally (87%). A significant 5% come from the west and south west in Mid Murray area. Less than 2% reside in Loxton. Of employed people who reside in Waikerie, more than four in five, or 81%, work locally. The only other significant area is Mid Murray, at nearly 5%. Less than 2% work in Berri. Waikerie's labour force is therefore very self-contained with limited interaction with the towns to the east of Loxton, Berri and Renmark.

The unemployment rate in Waikerie is presented in Chart 2.7. This shows that in the last four years in particular Waikerie has experienced very low rates of unemployment. In December 2006 the unemployment rate in Waikerie was 3.3%. This compares very well with the South Australian level of 5.1% and the non-metropolitan South Australian level of 4.4%. It also compares favourably with the nearby towns of Berri (6.7%), Renmark (5.2%) and Loxton (4.0%).

Waikerie ¹

Table 2.3

Employment by Industry (Location of Employment), 2001

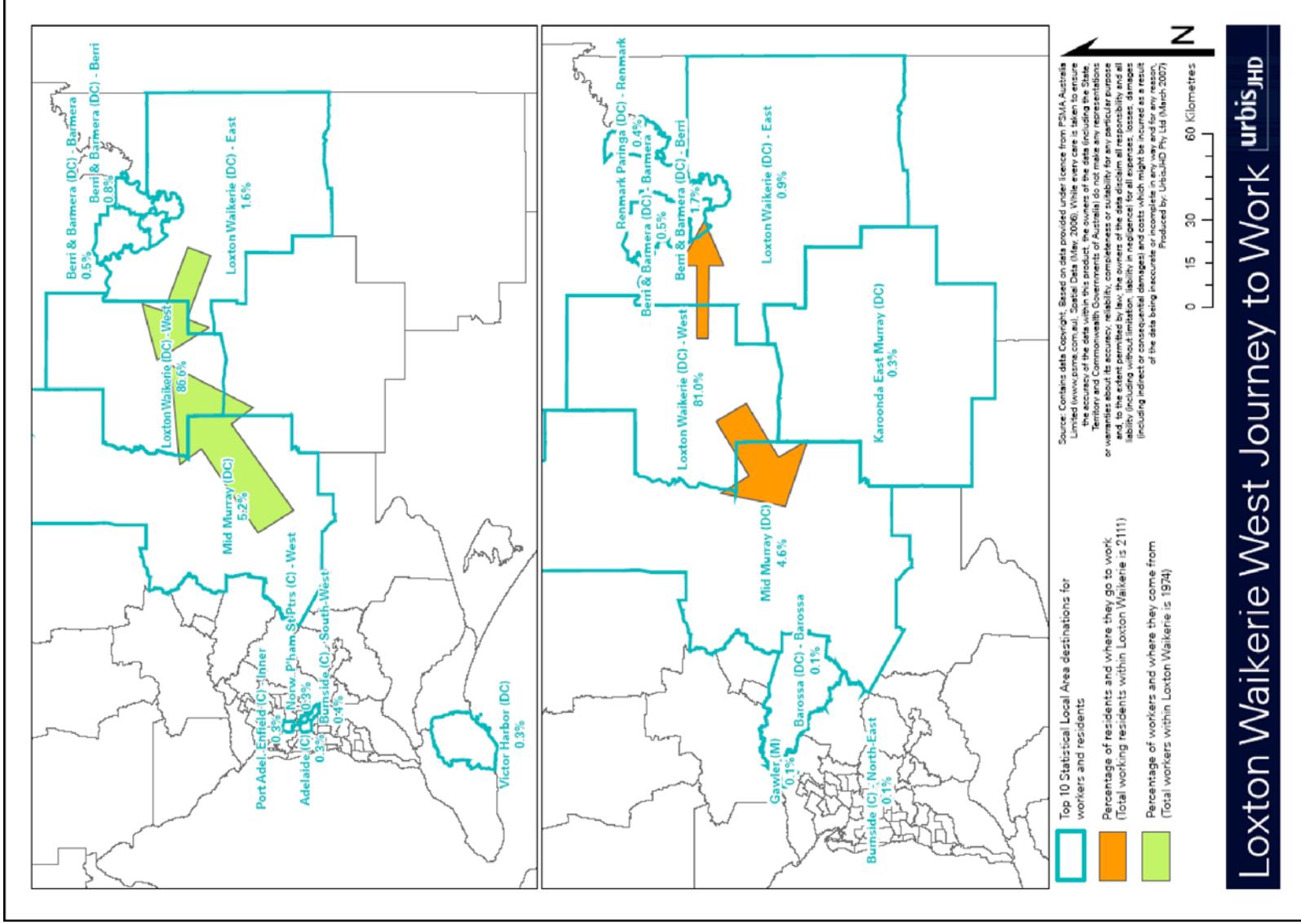
Industry	Employees	
	(No.)	(%)
Agriculture, Fishing & Forestry	713	36%
Mining	0	0%
Manufacturing	202	10%
Electricity, Gas & Water Supply	14	1%
Construction	83	4%
Wholesale Trade	196	10%
Retail Trade	312	16%
Transport & Storage	53	3%
Communication	12	1%
Finance & Insurance	23	1%
Property & Business Services	66	3%
Govt, Admin. & Defence (Incl. Edu.)	116	6%
Health & Community Services	137	7%
Cultural & Recreational Services	15	1%
Personal & Other Services	49	2%
Not Stated	5	0%
Total Employment	1,996	100%

¹ Statistical Local Area of Loxton Waikerie (DC) - West.

Source: ABS Census of Population & Housing, 2001; UrbisJHD.

Origin and Destination of Workforce

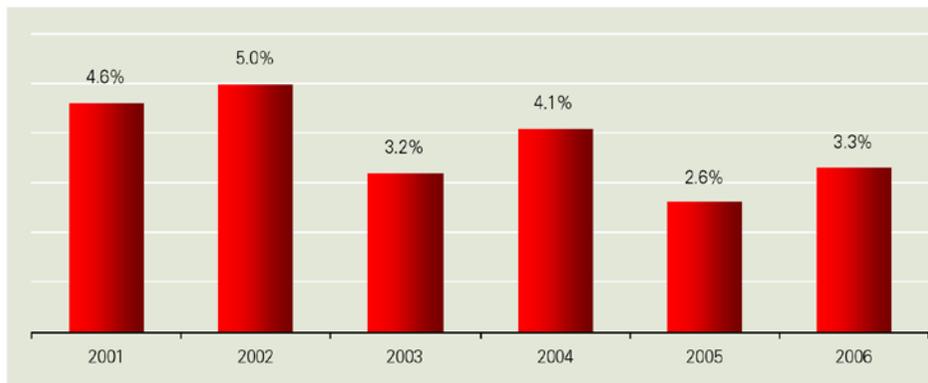
Figure 2.1



Loxton Waikerie West Journey to Work | urbis JHD

Waikerie¹
Unemployment Rate, December 2001-2006²

Chart 2.6



1. Statistical Local Area of Loxton Waikerie (IDC) - West.

2. Note 2001 data is Loxton Waikerie (IDC), that is Loxton and Waikerie combined.

Source: Department of Employment and Workplace Relations, December Quarter, smoothed series.

2.12 Summary

The basis of the local economy in Waikerie is agriculture. Local businesses have shown themselves to be innovative and competitive both domestically and internationally. The sector is diverse in its produce, growing citrus, grapes, nuts, stonefruits as well as vegetables and fruits. Considerable value adding activities remain in the locality through processing, packaging as well as storage and distribution. The greatest multiplier or spin off benefits to the local community from investment are most likely to come from development of this sector. The skill set of locals combined with the land and climate are the key strengths of the local economy. The region has shown itself to be innovative and flexible, introducing new varieties of produce.

The current drought will result in structural changes, but the promise of new

applications of existing skills and technologies, for example food and beverage processing and packaging, and new varieties of foods, even potentially aquaculture, are exciting prospects. Therefore, it is the expansion and improved profitability of the agricultural sector which should be the focus for economic development strategies in the region.

The town of Waikerie plays a key function as a service centre for the agricultural sector. Whilst it is part of the Riverland, and therefore closely tied to the other main regional towns of Renmark and Berri in particular, its location makes it more oriented towards the Mid Murray area and Adelaide. Whilst Waikerie provides a sufficient and appropriate level of services within the town, it is to these larger centres that residents must travel for their higher order requirements. Ongoing investment in Waikerie's provision of services, including range and quality of retail, commercial, education and health services as well as utilities, tourism infrastructure and general amenity, is important to improve the towns positioning.

There is currently much focus on the implications of the drought, which is affecting the Riverland and elsewhere. Certainly it is a difficult time for many people in the area and some long run structural changes will result. Consolidation in the farming sector is occurring due to the economies of scale available to large operators. Improvements in productivity and also water management strategies will be a positive legacy from the current drought.

Expectation of the drought easing in the short to medium term, combined with evidence of continued investment in the region in agriculture, manufacturing and services such as retail, supports a positive outlook for the local economy.

3 Waikerie Catchment Area

3.1 Catchment Area Definition

The catchment area likely to be served by retail facilities in Waikerie has been defined with regards to the following factors :

- The role and function of the town in the region;
- The strength, range and appeal of services and facilities within Waikerie;
- The proximity and composition of competing services and facilities;
- The level of accessibility influenced by such factors as the road network, distance and the presence of physical barriers such as rivers, railways and highways;
- The flow of workers into Waikerie from surrounding areas, as shown in Figure 2.1; and
- Discussions with local retailers.

Waikerie's defined catchment area is illustrated in Map 3.1. It is a reasonably large area, which is common for rural regions. It is mostly constrained by larger retail offers in Renmark/Berri/Loxton to the east and the outskirts of the Adelaide metropolitan area (i.e. Gawler) to the south-west.

The catchment area as defined contains two sectors, as follows :

- The primary sector corresponds to the population concentration around Waikerie town itself.
- The secondary sector extends predominantly east and includes the towns of Cadell, Morgan and Blanchetown.

3.2 Population

The historic and forecast population of Waikerie is detailed in Table 3.1. The historic levels from 1991 to 2001 are derived from the Census of Population and Housing in those years. The 2006 level is obtained from ABS estimates of resident population however it does not include the 2006 Census of Population and Housing, for which data has not yet been released. In deriving our forecasts for the years 2011 and 2016, we have given consideration to the historic growth trends, official forecasts by Planning SA, the recent level of new dwelling approvals, as well as our outlook for the economy as described in Section 2.12.

The primary catchment has shown steady but modest growth since 1991, averaging nearly 10 people or 0.3% per annum. The secondary sector has had a very different experience, having grown from 4,900 in 1991 to 5,500 in 1996 then declining to 4,630 in 2001. Since then it has declined marginally to 4,605 in 2006.

In 2006, the population of the total catchment is estimated to be 7,230 comprising 4,605 in the primary and 2,625 in the secondary sector.

The forecast population for Waikerie is also presented in Table 3.1. The key assumptions relating to our forecasts are as follows :

- An easing of the current tough drought conditions in the medium and long term.
- No major industrial or infrastructure investments which require an unforeseen volume of workers and their families to be brought to the town.
- The trend of consolidation in the rural farming sector to continue.
- The trend of retiring locals to move into residences within the town to continue.

Considering all these factors together we have derived population forecasts for the trade area. The primary sector population is expected to be stable and remain at its current level until 2016. Modest decline is forecast in the secondary sector of -10 or -0.2% per annum. Therefore the trade area population is expected to be around 7,180 in 2011, including 2,625 in the primary and 4,555 in the secondary sectors. In 2016 the population is forecast to be 7,130 including 2,625 in the primary and 4,505 in the secondary sectors.

If significant employment opportunities were created, for example development of an aquaculture sector, then population growth could be stronger.

Table 3.1

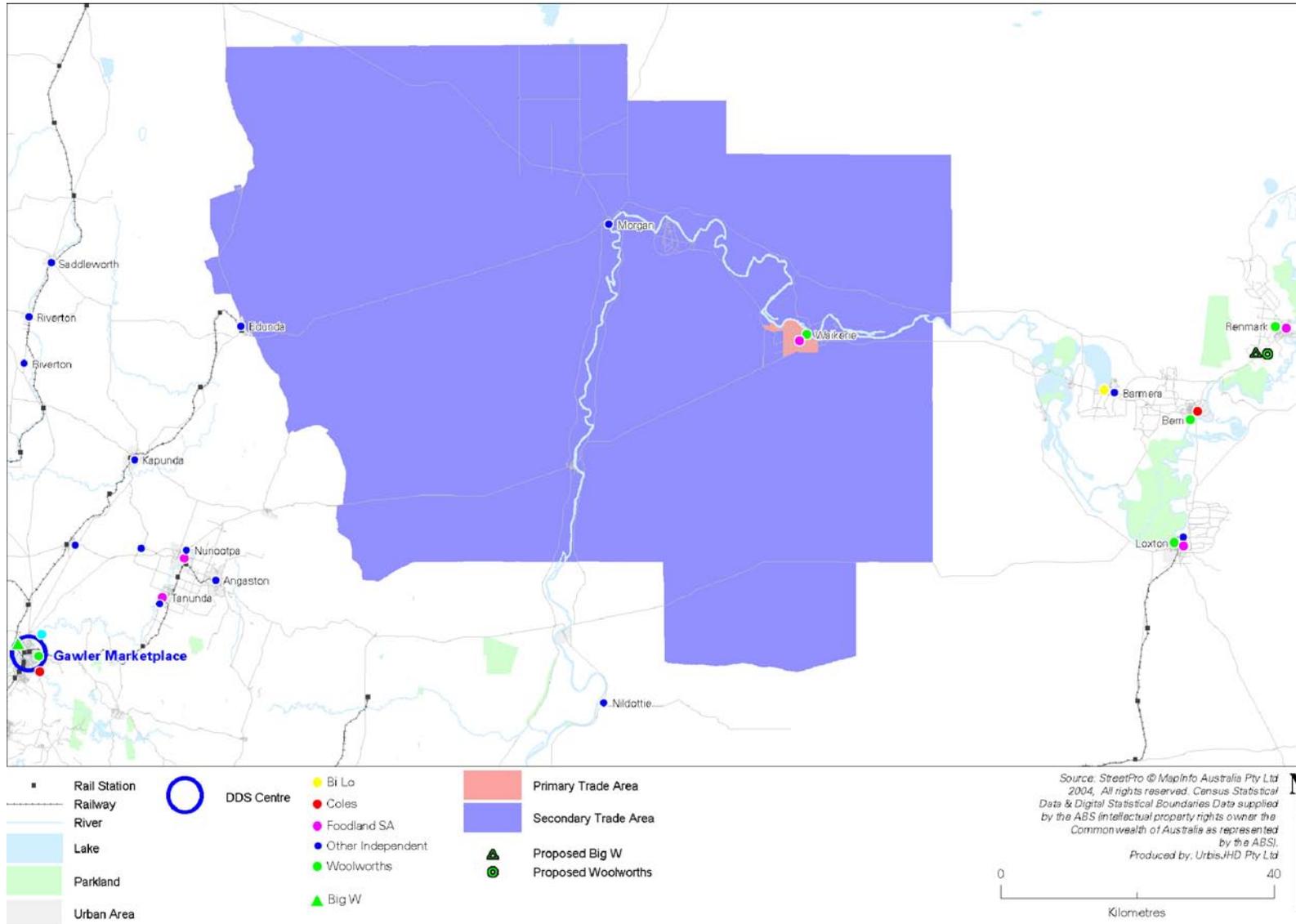
Waikerie Trade Area Population, 1991-2016							
Trade Area Sector	Estimated Resident Population ¹						
	1991	1996	Actual 2001	2006	Forecast 2011 2016		
Primary Trade Area	2,500	2,500	2,610	2,626	2,626	2,626	
Secondary Trade Area	<u>4,900</u>	<u>5,500</u>	<u>4,630</u>	<u>4,605</u>	<u>4,555</u>	<u>4,505</u>	
Main Trade Area	7,400	8,000	7,240	7,231	7,181	7,131	
Average Annual Change (No.)							
		1991-96	1996-01	2001-06	2006-11	2011-16	
Primary Trade Area		0	22	3	0	0	
Secondary Trade Area		120	-174	-5	-10	-10	
Main Trade Area		120	-152	-2	-10	-10	
Average Annual Change (%)							
		1991-96	1996-01	2001-06	2006-11	2011-16	
Primary Trade Area		0.0%	0.9%	0.1%	0.0%	0.0%	
Secondary Trade Area		<u>2.3%</u>	<u>-3.4%</u>	<u>-0.1%</u>	<u>-0.2%</u>	<u>-0.2%</u>	
Main Trade Area		1.6%	-2.0%	0.0%	-0.1%	-0.1%	

¹. as at June

Source : ABS Cdata 1991, 1996 and 2001; ABS, Regional Population Growth, Australia, Electronic Delivery (3218.0.55.001); Department for Transport and Urban Planning - Planning SA, "Population Forecasts by SLA", 2004; UrbisJHD.

Catchment Area and Retail Competition

Map 3.1



3.3 Demographic Characteristics

Key socio-economic characteristics of the catchment population are presented in Table 3.2. It should be noted that this information is derived from the 2001 Census as results from the 2006 Census have not yet been released. Key points from this demographic data are as follows :

- The average per capita income in the primary catchment in 2001 was \$17,100 which was around 2% below the non-metropolitan South Australian average. The average income in the secondary sector was lower at \$15,750 or 10% below the average. This was largely due to a relatively low representation of people with incomes in the range of \$36,400-\$78,000.
- The age profile of the primary sector is older than the non-metropolitan South Australian with an average age of 40.2 years versus the benchmark of 37.2. There is a higher proportion of people in the retiree or over 60 years age bracket. The secondary sector has a demographic more in line with the benchmark average with an average age of 37.3. However, like so many other places in Australia, the profile is ageing in Waikerie with proportionately more people moving into the 60+ age bracket.
- Home ownership is high at 85% in the secondary sector but relatively low at 64% in the primary sector, compared with the benchmark of 75%.
- Car ownership levels are high with only 4% of households without cars in the secondary sector, but low at 11% in the primary sector against the benchmark of 8%.
- Around 89% of people in both the primary and secondary sectors were born in Australia which is only marginally above the benchmark of 88%. Of those born outside Australia, Europe is the predominant background although there is a significant minority of people with Asian backgrounds.

3.4 Retail Spending Market

Retail spending per capita in the primary catchment is estimated in 2007 to be \$9,137. This is slightly below the South Australian non-metropolitan benchmark of \$9,310 (-1.9%). Spending in the secondary sector is lower at \$8,607 which is 7.6% below the benchmark. The size of the retail spending market generated by catchment area residents is presented in Table 3.3. Expressed in real terms, excluding inflation, the primary sector in 2007 is estimated to be \$24.0 million and is forecast to grow in real terms to \$25.3 million in 2011 and \$27.2 million in 2016 representing average annual growth of around 1.4%. The secondary catchment is estimated to be around \$39.6 million in size and is forecast to grow to \$41.3 million in 2011 and \$43.8 million in 2016 at an average annual growth rate of 1.1%. Therefore the size of the total catchment in 2007 is estimated to be \$63.6 million, expected to grow to \$66.6 million in 2011 and \$70.9 million in 2016.

The spending market for the total catchment area is divided into six product group categories as quantified in Table 3.4. The categories are defined in Table 3.5. The homewares and bulky goods product groups are those expected to have the strongest growth at 3.7% and 2.2% per annum respectively, excluding inflation.

Given the limited higher order retail offer in Waikerie, a substantial amount of the spending market generated by residents in the catchment area is not spent at stores in Waikerie or other townships in the catchment. This spending is instead conducted largely in Adelaide or in Renmark and Berri. The level of "escape" expenditure is estimated to be currently around 30% for food (comprising retail and catering) and 60 - 70% for all non-food items combined.

Waikerie Catchment Area Table 3.2

Characteristics	Catchment			Non-Metro SA Average
	Primary	Secondary	Total	
Key Socio-Economic Characteristics of the Trade Area Population, 2001				
Household Income				
\$0 - \$15,600	20.7%	16.4%	18.1%	16.7%
\$15,600 - \$36,400	40.3%	43.5%	42.3%	39.4%
\$36,400 - \$78,000	29.1%	31.7%	30.7%	32.7%
\$78,000 +	9.9%	8.3%	8.9%	11.2%
Average Household Income	\$42,850	\$39,895	\$41,026	\$45,416
Variation from Non-Metro SA Avg	-6%	-12%	-10%	
Average Household Size	2.42	2.57	2.51	2.56
Usual Residents Personal Income				
\$0 - \$15,600	45.8%	47.7%	47.0%	44.6%
\$15,600 - \$36,400	41.3%	40.2%	40.6%	37.7%
\$36,400 - \$78,000	10.9%	10.2%	10.5%	15.6%
\$78,000 +	1.9%	1.9%	1.9%	2.1%
UR Average Per Capita Income	\$17,072	\$15,735	\$16,224	\$17,423
UR Per Capita Income Variation	-2%	-10%	-7%	
Age Distribution				
Aged 0-14	20.1%	22.3%	21.5%	21.9%
Aged 15-24	10.7%	10.5%	10.6%	11.3%
Aged 25-39	18.5%	19.8%	19.3%	20.1%
Aged 40-59	27.2%	29.3%	28.5%	27.8%
Aged 60+	23.5%	18.2%	20.1%	18.9%
Average Age	40.2	37.3	38.4	37.4
Dependency Ratio ¹	43.6%	40.5%	41.6%	40.9%
Housing Status				
Owner/Purchaser	63.7%	82.8%	75.7%	74.9%
Renter	36.3%	17.2%	24.3%	25.1%
Car Ownership				
% 0 Cars	10.8%	4.2%	6.6%	7.7%
% 1 Car	38.4%	32.2%	34.5%	37.8%
% 2+ Cars	50.8%	63.5%	58.9%	54.4%
Birthplace				
Australian Born	88.7%	89.0%	88.9%	88.2%
Overseas Born	11.3%	11.0%	11.1%	11.8%
• Asia	3.8%	1.5%	2.3%	0.8%
• Europe	6.4%	8.0%	7.4%	9.5%
• Other	1.2%	1.5%	1.4%	1.5%

1. Dependency ratio refers to the proportion of the population between 0-14 and over 65 years

2. Proportion of adult population

Source : ABS Census of Population and Housing 2001, Cdata 2001; UrbisJHD

Waikerie Catchment Area Table 3.3

Year (end June)	Retail Spending by Trade Area, 2007-2016 (\$2007, Excl. GST)		
	Primary (\$M)	Secondary (\$M)	Main TA (\$M)
2007	24.0	39.6	63.6
2011	25.3	41.3	66.6
2016	27.2	43.8	70.9
Average Annual Growth ¹			
2007-11	1.3%	1.1%	1.2%
2011-16	1.4%	1.2%	1.3%
2007-16	1.4%	1.1%	1.2%
Share of Total Trade Area			
2007	37.7%	62.3%	100.0%
2011	38.0%	62.0%	100.0%
2016	38.3%	61.7%	100.0%

1. Assumes average annual per capita growth of 2.2% in 2006-2010 & 1.3% thereafter, with different growth rates for each product group.

Source: MDS, MarketInfo 2004; ABS, Australian National Accounts: National Income, Expenditure and Product Accounts (5206.0); UrbisJHD

Waikerie Catchment Area Table 3.4

Year	Retail Spending by Product Group, 2007-2016 (\$2007, Excl. GST)							Total
	Food Ret.	Catering	Apparel	H'wares	Bulky	General /Leisure	Services	
2007	31.7	5.8	5.8	3.9	6.6	8.4	1.3	63.6
2011	32.3	6.1	6.3	4.5	7.2	8.9	1.4	66.6
2016	32.9	6.7	6.9	5.4	8.0	9.5	1.4	70.9
Average Annual Growth ¹								
2007-11	0.5%	1.5%	2.0%	4.0%	2.4%	1.6%	1.1%	1.3%
2011-16	0.4%	1.6%	1.9%	3.5%	2.1%	1.4%	0.8%	1.2%
2007-16	0.4%	1.6%	1.9%	3.7%	2.2%	1.4%	0.9%	1.2%
Spending Distribution (2007)								
Waikerie Trade Area	49.2%	9.4%	9.0%	6.6%	10.2%	13.2%	2.5%	100%
Non-Metro SA Avg. (%)	47.1%	9.7%	9.6%	6.9%	10.9%	13.6%	2.1%	100%
NM Aust. Avg. (%)	44.3%	12.0%	9.4%	7.0%	11.6%	11.7%	3.9%	100%

1. Assumes average annual per capita growth of 2.2% in 2006-2010 & 1.3% thereafter, with different growth rates for each product group.

Source: MDS, MarketInfo 2004; ABS, Australian National Accounts: National Income, Expenditure and Product Accounts (5206.0); UrbisJHD

Waikerie Catchment Area

Table 3.5

Product Groups and UrbisJHD Classifications

Product Group	Commodity Items	Classifications	
		F/NF	DSTM ¹
Food Retail	Food, Groceries, Tobacco, Liquor	Food	-
Food Catering	Take-Away, Meals	Food	-
Apparel	Clothing, Footwear, Jewellery, Accessories	Non-Food	DSTM
Homewares	Household, TV/Sound, Small Elec., Manchester	Non-Food	DSTM
Bulky	Furniture, Floor Coverings, Hardware, Lge Elec.	Non-Food	DSTM
General/Leisure	Books, Music, Sports, Toys, Chemist, News	Non-Food	DSTM
Services	Hair, Optician, Film Processing, Dry Cleaning, Video Hire, Repairs	Non-Food	-
Total Retail	All Retail Commodities	Total Retail	-
Non-Retail	Includes Financial, Business and Medical services, Entertainment	Non-R	

1. DSTM indicates Non-Food Department Store Type Merchandise and is the market of relevance for Department Stores and Discount Department Stores (DSTM = Apparel + Homewares + Bulky + Leisure).

Source: UrbisJHD

3.5 Summary

The population level in Waikerie is expected to remain stable over the next ten years, at around 7,200 for the catchment area. Acknowledging that income levels in the region are subject to fluctuations in agricultural markets, income and retail spending levels are moderately below average for a non-metropolitan South Australian town. The retail spending market is expected to grow positively, albeit modestly, in real terms over the forecast ten year period. The bulky goods and homewares markets are expected to exhibit the highest levels of growth.

Definitions

The following definitions have been adopted for the purposes of this report :

1. **Retail** refers to the Australian Bureau of Statistics (ABS) definition adopted for the purposes of the 1991/92 Retail and Services Census, with some minor exclusions. This definition includes Total Shopfront Retailing less garden supplies and marine equipment. Motor vehicle and related retailers are also excluded. This definition has been adopted for the purposes of detailing the retail market using the ABS Household Expenditure Survey (HES), and also for categorising shopping centre turnover and tenancy details.

2. **Non-Retail** therefore refers to various store types, services and expenditure categories, not included in the appropriate Australian & New Zealand Standard Industrial Classification (ANZSIC) included within the scope of the latest Retail and Services Census. The non-retail component includes the following tenancy types:

- | | |
|-----------------------------------|-------------------------------|
| • Amusements | • Garden Supplies |
| • Appliance Rental | • Lottery & Gaming |
| • Auto Accessories | • Marine Equipment |
| • Banks and Building Societies | • Medical and Dental Services |
| • Cinemas | • Offices |
| • Equipment Hire | • Post Office |
| • Financial and Property Services | • Travel Agency |

In addition to the above tenant types which are quite often found in shopping centres, facilities such as garden supplies, builders supplies, and similar businesses which are predominantly wholesale, are usually treated entirely as non-retail stores, despite the fact that a proportion of the business may be retail orientated.

3. The **Food & Groceries (F&G)** market refers to the market relevant to supermarkets, and comprises spending on take home food and groceries. Some non-supermarket traders, including fresh food specialties, milk bars and convenience stores and to a limited extent non-food stores such as Discount

Department Stores (DDSs), also compete for F&G spending. The F&G category includes food items only and therefore does not include the general merchandise items sold in supermarkets. The F&G category also excludes spending on liquor. Where a specific supermarket competes for bottled liquor spending, the analysis takes this component into account separately.

4. The **Department Store Type Merchandise (DSTM)** market specifically refers to the market relevant to department stores and DDSs. It comprises expenditure on department store and DDS type merchandise, all of which is included in the defined retail market. More specifically it comprises expenditure on :

- Clothing and Accessories including all clothing, footwear, clothing accessories, jewellery and cosmetics.
- Furniture, Floor Coverings and Major Electrical including all furniture, floor coverings, televisions, refrigerators, and other large electrical appliances.
- General Merchandise including books, printed material, toys, hardware items, small electrical appliances, bikes, photographic equipment, etc.

This category excludes spending on food items which these stores also stock, such as confectionery, soft drinks, tobacco, tea and coffee and other consumable items.

5. **Financial Years.** Analysis throughout this report relates to financial years (ending June) unless otherwise specified.

Abbreviations

The following abbreviations are used in this report :

ABS	Australian Bureau of Statistics
CBD	Central Business District
GLA	Gross Leasable Area
GST	Goods and Services Tax

Goods and Services Tax (GST)

The tax package has had differential effects on turnover by various categories of retailers as a result of changes in prices and consumer demand.

These effects have been estimated by UrbisJHD and from 2001 the spending market and turnover forecasts presented in this report are exclusive of GST.

MarketInfo

Spending estimates provided in this report are based on the MarketInfo 2004 micro simulation model developed by MDS Market Data Systems. MarketInfo 2004 is based on the Household Expenditure Survey and Australian National Accounts. Given that the estimates are based on survey data they will be subject to sampling variability.

