



Loxton

Economic Profile

Prepared for: District Council of Loxton Waikerie

April 2007

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Executive Summary

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

Loxton is situated on the Murray River in South Australia, around 250 kms north-east of Adelaide and 185 kms west of Mildura. It is one of the key centres (along with the towns of Renmark, Berri and Waikerie) servicing the Riverland, one of Australia's more significant food and beverage production regions.

Agriculture is the backbone of the economy. The Riverland has a long established history in the production of grapes/wine and citrus. Farms near Loxton also grow produce including nuts, berries, and other fruits and vegetables. Local producers can be said to be innovative and competitive with a high proportion of produce sold on export markets, as well as throughout Australia. A few of the largest companies in the Loxton area include McGuigan Simeon Wines, Riverland Almonds and Century Orchards. Significant value added activities occur locally with food and beverages being processed, packaged, stored and distributed within and from the local area. There is also significant dryland farming south of Loxton, comprising grains, wool and meat.

The town of Loxton provides essential services to support the businesses and employees in the food and beverage production sector. Good health, education and retail facilities support local industries and employ a significant proportion of local residents. Locals enjoy a wide range of good sporting facilities.

Loxton services a catchment area which extends more than 100kms to the south and includes the townships of Lameroo, Karoonda and Pinnaroo. The resident population in this area amounts to nearly 10,000 people. The area benefits from very low levels of unemployment and reasonable average income levels. The retail spending market is currently estimated at \$88 million, and is forecast to grow in real terms to \$95 million in 2016, expressed in constant currency terms.



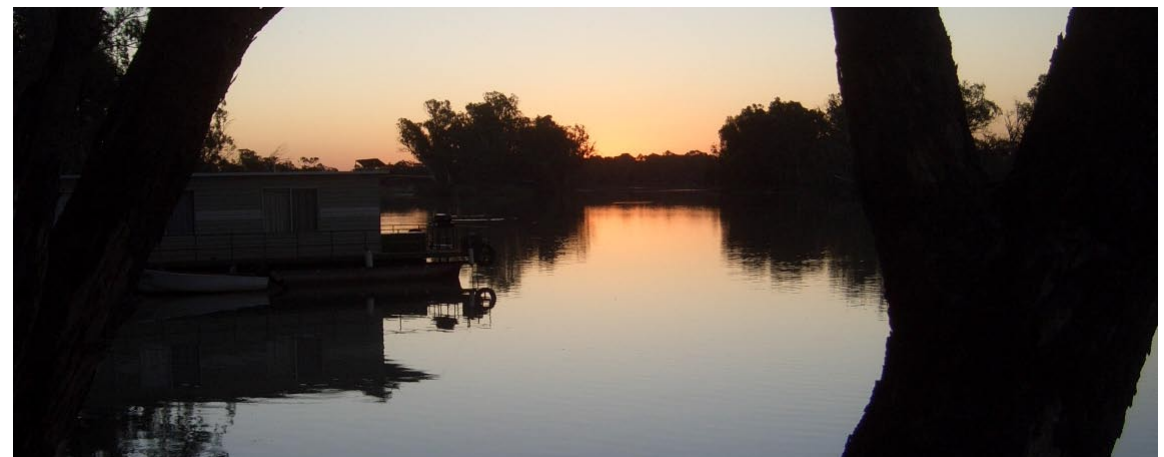


1 Introduction

Loxton is located about 250 kms north-east of Adelaide (see Map 1). It is situated on the southern bank of the Murray River, and is one of the major towns in the Riverland region. Loxton was initially a farming and grazing area, but has developed over time as an irrigation town supporting its major industries of agriculture and horticulture, and in particular, the citrus and wine industries.

Loxton is a charming town with beautifully maintained gardens and historic buildings. The town itself is neatly laid out with clear dispersion of residential, servicing and industrial uses. It is a resilient town with a very strong community, evidenced by the fact that despite adverse weather conditions over the past few years, the town has maintained its population level of over 5,000 people.

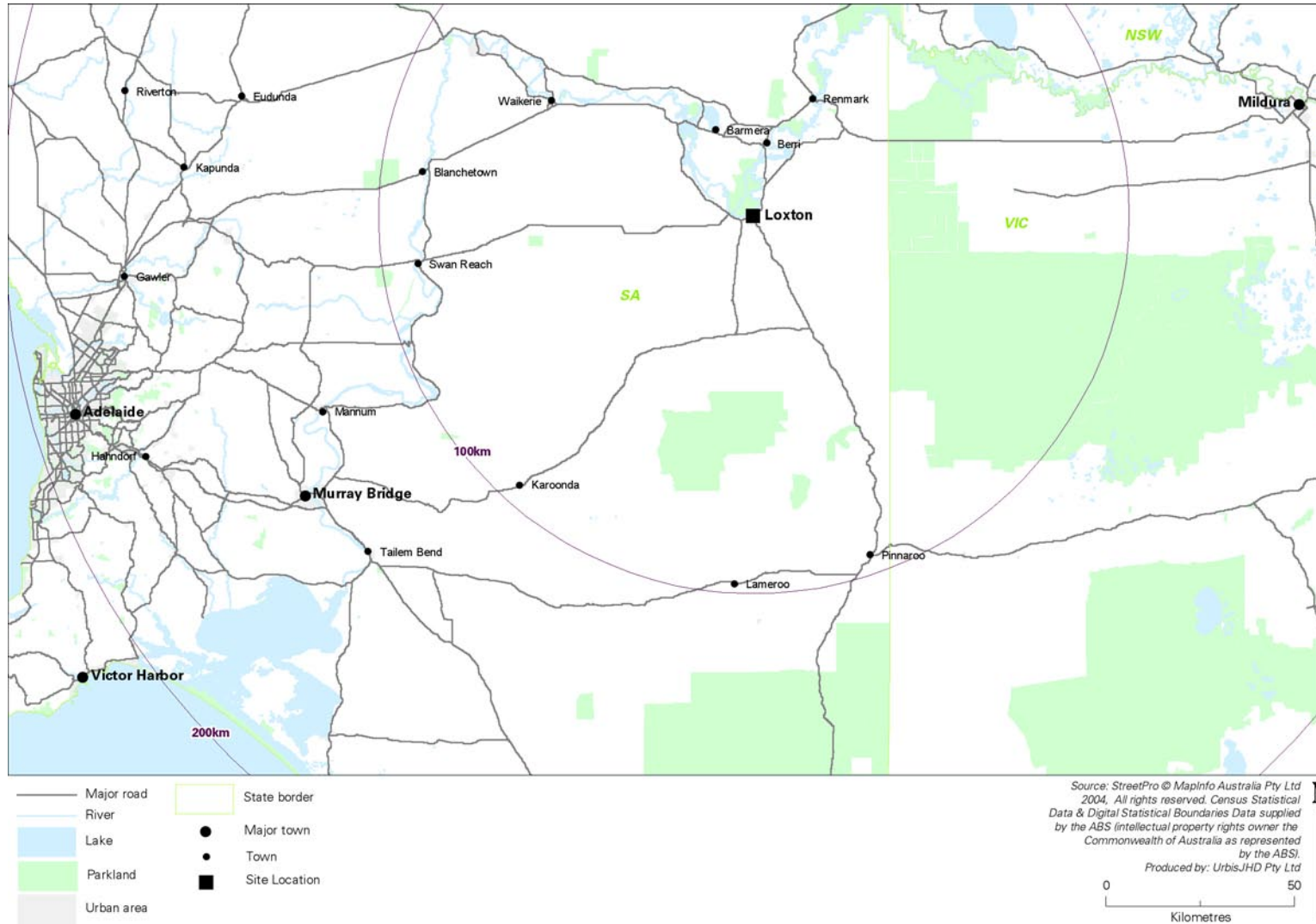
This report provides an overview of Loxton's local economy. The report highlights that despite the very real impact of the current drought on a town which is based on the agricultural sector, there are many positives for Loxton both now and into the future. In addition, a retail catchment is defined for the region to which Loxton'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 Loxton Economy

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

2.1 Agriculture

Nearly 40% of Loxton's 3,100 working residents are employed in agricultural industries. The largest sectors are viticulture and citrus. Loxton is home to some of Australia's largest wine producers and citrus growers.

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 8% comes from field crops and a further 5% from livestock (refer Table 2.1).



**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.

There is also significant dryland farming areas south of Loxton, producing grains, wool and meat.



2.1.1 Viticulture

The Riverland is renowned as one of Australia's premier wine production regions. The region produces nearly 60 percent of South Australia's grapes and nearly 30 percent of Australia's grape production.

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 grape growing. 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 Loxton 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.

In terms of local production, Loxton is home to some of Australia's largest wine producers. McGuigan Simeon Wines are the 5th largest winery in Australia and the 2nd largest winery in the Riverland. Their Loxton winery has been in operation since 1948. The winery and surrounding vineyard holdings produced about 50,000 tonnes of grapes last year, with the winery capable of crushing 64,000 tonnes every year, some 10-15% of all grapes grown in the Riverland.

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.





McGuigans employs about 50 full-time staff and during harvest season (January through to mid May) employs between 35 and 40 additional staff.

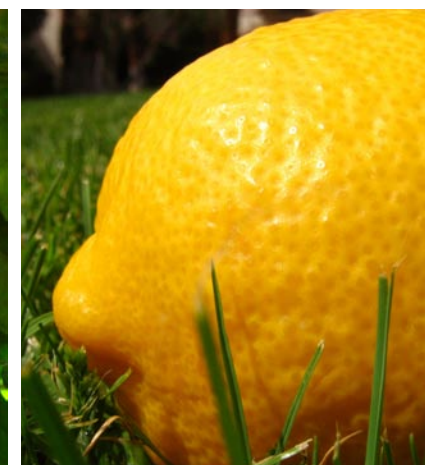
McGuigans sell a large proportion of their products in export markets. Despite the likely increase in wine prices as a result of the limited supply, key markets Argentina and Chile are expected to remain as tough competition due to the global over-supply of wine.

The 2008 outlook is for a relatively tough year that is heavily dependent on rainfall. Notwithstanding 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 fared 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.

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.

There are a number of large almond producers in Loxton. Century Orchards consists of over 450 hectares of almonds along with 100 hectares of vines. After many years of searching for a suitable property, Century Orchards began development in 1998 with 50 hectares of vines planted. In 1999, an additional 137 hectares of almonds were planted. Today Century Orchards consists of 457 hectares of almonds and around 120,000 almond trees. The company employs about 30 full-time equivalent (FTE) staff, with an increase in the number of casual staff at harvest time.

Riverland Almonds is one of the three major handlers of almonds in Australia. The South Australian company had its beginnings in 1986 in Renmark. New and increased plantings on the southern side of the River Murray led to the establishment of a new factory in 1997 at Loxton. The new state of the art, custom built, stand alone, facility, which had a \$4 million expansion about three years ago has been modelled on the best facilities in California, where over 70 per cent of the world's almonds are grown and processed.

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 with many in Loxton. 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%

2.1.5 Dryland Farming

Loxton, and in particular the areas to the south, has a significant dryland farming sector. Department of Primary Industries and Resources SA Rural Solutions estimates the following main crop types and quantities are produced in the Council area:

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

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

The area sustains a sheep industry consisting of approximately 30,000 Merino breeding ewes and 50000 Merino ewes for the cross breeding lambing industry. A large feedlot to the south of Loxton produces in excess of 100,000 lambs per annum with approximately half of this number exported. The wool clip equates to approximately 400,000 kilograms per annum of sound Marino wool.



Stock markets are held on a fortnightly basis in Loxton which supplies the local and Mildura Butchers.

There are also cattle feed lots located in the area.

There are a number of piggeries in the area totalling in excess of a combined 2,000 breeding sows which produce over 1,000 baconers per week to the Murray Bridge abattoirs. At least one of the piggeries also produces compost as a bi-product and sells this commercially throughout the region. The piggeries are increasingly value adding from within the region to the local produced grain.

A local abattoir slaughters for local and interstate markets and is licensed provide organically produced product.

Significant potato production occurs to the south of Loxton, with areas under large centre pivot watering systems using underground water.

2.1.6 Stone Fruits

Stone fruits continue to be grown in the Loxton area, where the Sunbeam Foods owned Angas Park Drying facility is located. During 2006/07 Sunbeam Foods purchased approximately \$7.0 M of stone fruits from the Riverland area, representing approximately 1,000 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 Loxton plant 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 agricultural industries. The outlook for the greater region is uncertain however it is generally accepted that the drought conditions should ease. An increased rainfall will benefit the farmers who have survived harsh drought conditions over the past few years.



Large operators such as McGuigan Simeon Wines are best positioned to cope with the tough conditions due to their economies of scale. The recent conditions have hit the smaller operators harder, and there is even some suggestion that some of these small operators will consider selling their water allocations and miss one season's production. 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 industry will be well placed to benefit from improved productivity levels and water management strategies.

2.2 Manufacturing

Manufacturing in Loxton is focused on adding value to the agricultural sector. The majority of operations are therefore involved with wine production and the processing and packaging of fruit and vegetables. In addition there are firms providing engineering products, such as irrigation equipment, for manufacturers and farmers both in the Riverland and beyond.

2.3 Mining

There are substantial deposits of mineral sands in the region. Geological surveys have highlighted potential for other minerals to be explored including gold, lead, zinc, iron ore, nickel, chromium, coal, granite, gypsum and diamonds.

Australian Zircon is currently developing a titanium and zircon mine at Mindarie, south of Loxton. The mine is planned to be commissioned in August 2007 with the first export shipments to leave from Port Adelaide in September. The current planned life is in excess of 12 years and is anticipated to be extended with the discovery of further reserves. Around 60 jobs are expected to be created directly at the mine.



2.4 Transport & Logistics

Road is the primary form of transport servicing Loxton (refer Map 1). The quality of the regional road network is generally good. The Sturt Highway is the main road link in the region, connecting the Riverland to northern Adelaide and Mildura. Loxton links with the Sturt Highway through Berri, 22 kms to the north. Loxton also has good roads to the south, Karoonda and Paruna Roads, and west, Swan Reach Road. Ready access to Adelaide is via Karoonda and Murray Bridge linking to the South East Freeway.

A standard gauge rail line links Loxton to Tailem Bend and then Adelaide. This line is part of the regional network which facilitates the grain industry.

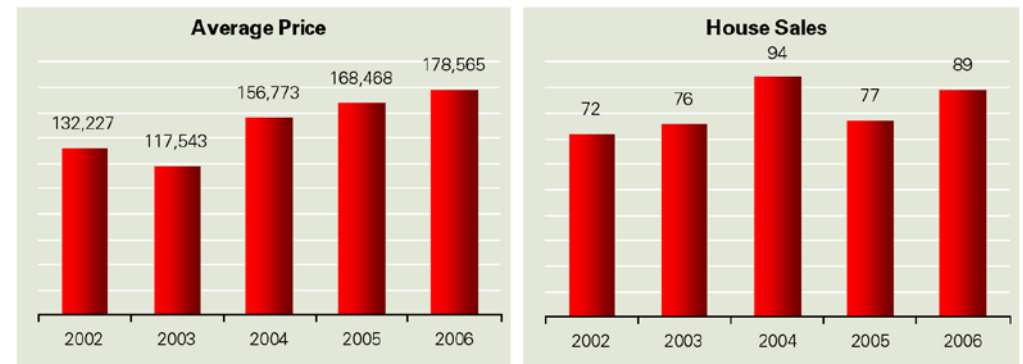
Loxton has an airfield and there are several other active flying clubs in the region. However the Riverland does not have an airport with significant passenger and freight services.

2.5 Construction and Development

Like elsewhere in Australia, the residential property market in Loxton has performed well over recent years. Chart 2.1 shows the average house price and number of house sales in Loxton from 2002-2006. Chart 2.2 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 6.2%. There has also been a slight upward trend in the volume of transactions. There was good growth in the price of housing over 2004. More recently the market seems to be stabilising. At present some of the key factors influencing the residential market are as follows :

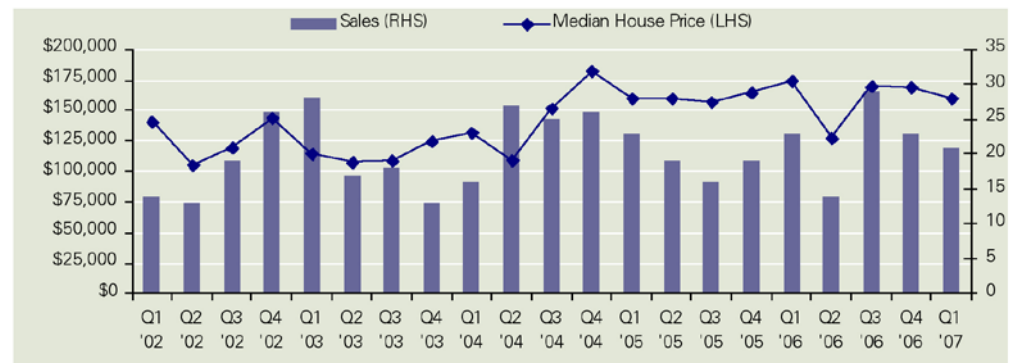
- Despite a stable population, housing formation continues with decreasing household sizes and especially with young people moving out from home and living with friends.

Loxton **Chart 2.1**
Average House Price And Sales, 2002 - 2006



Source : Real Estate Institute of South Australia

Loxton **Chart 2.2**
Median House Price, Qtr 1 2002 - Qtr 1 2007



Source : Real Estate Institute of South Australia



- Increasing demand for retirement living.
- A very tight rental market with low vacancy rates.
- Buyers originating not only from Loxton but also the wider region.

As a consequence of the current state of the market, there has been increased activity in residential development. Currently there are a number of land release projects around the town. New dwelling approval data released by the ABS, is presented in Chart 2.3. This shows that dwelling approvals in 2005/06 are returning to levels not seen since the late 1990s. Given the amount of activity in the town currently we expect that dwelling approvals since June 2006 should also have been relatively strong.

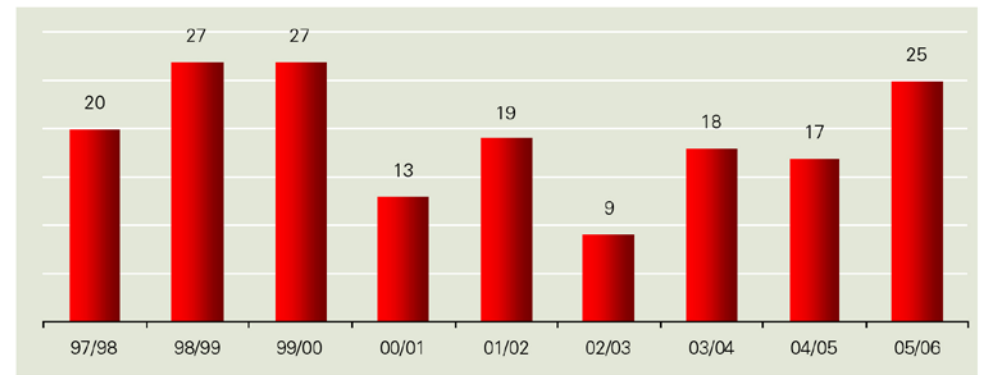
Looking forward, we expect the main trend to be continued growth in demand for retirement living options. This will include a range of types from units and lifestyle villages through to aged care, hostels and nursing homes. Currently there are three Council owned lifestyle villages with around 80 dwellings in total with land available for a further 50. There is also a Lutheran resthome, the Loxton hostel, and a private independent living provider.

2.6 Health

The Loxton Hospital Complex is the largest single employer in the region with 160 employees. The hospital offers the following services :

- Acute care
- Mid-wifery
- Surgery
- Catering/Home care
- Community health care including physio and other visiting specialists
- Aged Care services and living

Loxton¹ **Chart 2.3**
New Dwelling Approvals, 1997/98 - 2005/06



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

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 the Riverland is well provided with medical facilities.

Aged Care and hostel facilities are also provided by Loxton Retirement Village, Riverview Rest Home and Anzac Crescent Retirement Village.



2.7 Education

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

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 Loxton campus offers the following main areas of study :

- Community Services
- Travel and Tourism
- Conservation and Land Management
- Horticulture
- Rural Business

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

Eight schools currently operate in the region :

- Loxton High School
- Loxton Primary School
- Loxton Lutheran School
- St Alberts Parish School
- Loxton North Primary School
- KOM Primary School
- Moorook Primary School
- Brownswell District Area School



The largest of these is Loxton High School which expects enrolments of about 600 students per annum for the next four years. The school is well regarded drawing students from throughout the Riverland. Loxton Primary typically have about 350 enrolments per year, Loxton Lutheran Primary around 185 while St Alberts Primary School and Loxton North Primary School expect about 100 enrolments per year into the future. Overall demand for school places from the Loxton area is expected to decline moderately over the next ten years as the general profile of the population ages. However, schools in Loxton and the Riverland do compete for students and so some individual schools may see increased enrolments, especially if they are able to attract students from elsewhere in the region.

2.7.3 Child Care

Woodleigh Child Care Centre is the sole centre in Loxton, although there are three other fulltime day care facilities offering a small additional number of places. Currently, all places are fully booked and there is wait list of around 7 months for 40 places. This current level of excess demand is expected to decline slightly over the next ten years. However, there is expected to be an ongoing need for around 25-35 additional places in Loxton over this period.

Out of school hours care and vocational care programs are also available.

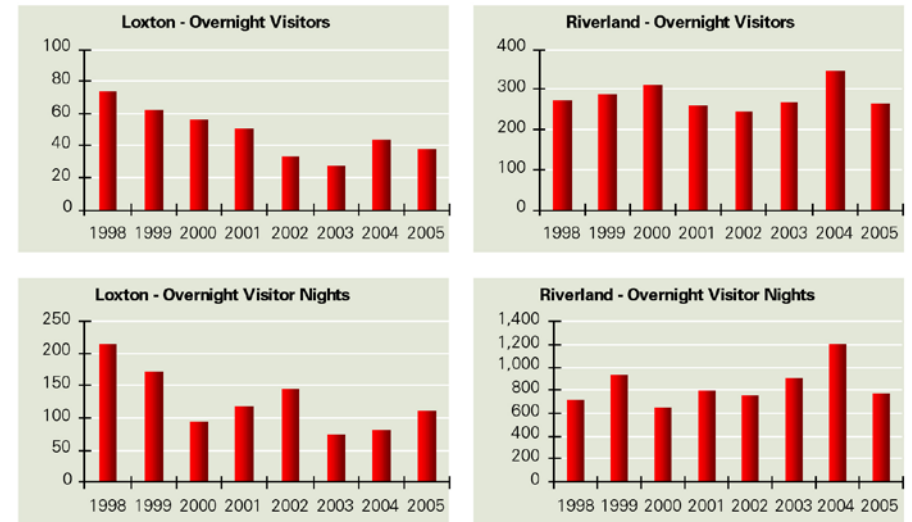
2.8 Utilities

Loxton has good mobile phone coverage and is one of four towns in the Riverland, along with Waikerie, Berri and Renmark, with ADSL broadband.

The town is serviced by a plant through the United Utilities Rural South Australian Water Filtration Project with capacity for 14.5 megalitres per day.

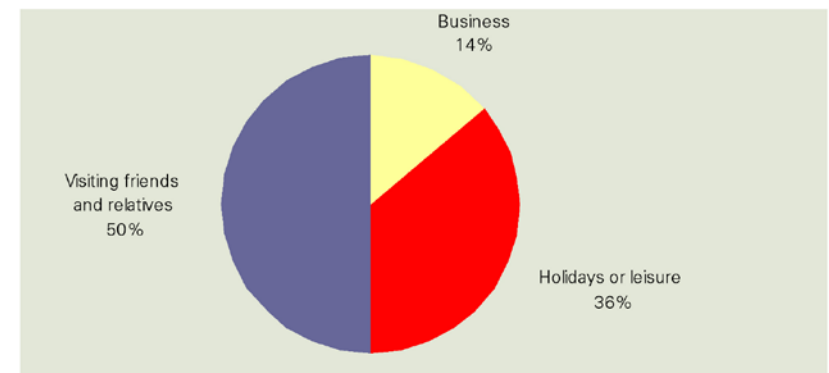
Currently, gas is supplied to Murray Bridge and Berri. The Riverland Development Corporation and local government have investigated extending gas services to Loxton, Renmark and Waikerie as a priority.

Riverland & Loxton ¹
Overnight Visitors and Visitor Nights, 1998 - 2005 Chart 2.4



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

Loxton ¹
Overnight Visitors Main Purpose of Visit, 2005 Chart 2.5



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



2.9 Tourism

In 2005, Loxton welcomed around 38,000 overnight visitors who stayed a total of 110,000 nights (Chart 2.4). This equates to around a 15% share of the total Riverland market. Nearly 80% came from South Australia and 63% from Adelaide. In addition there are day visitors coming to Loxton from the Riverland, Adelaide or elsewhere.

Visiting family and friends is the main reason for overnight visitors coming to Loxton, as well as holiday and leisure activity (Chart 2.5).

Attractions in Loxton 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 Loxton include:

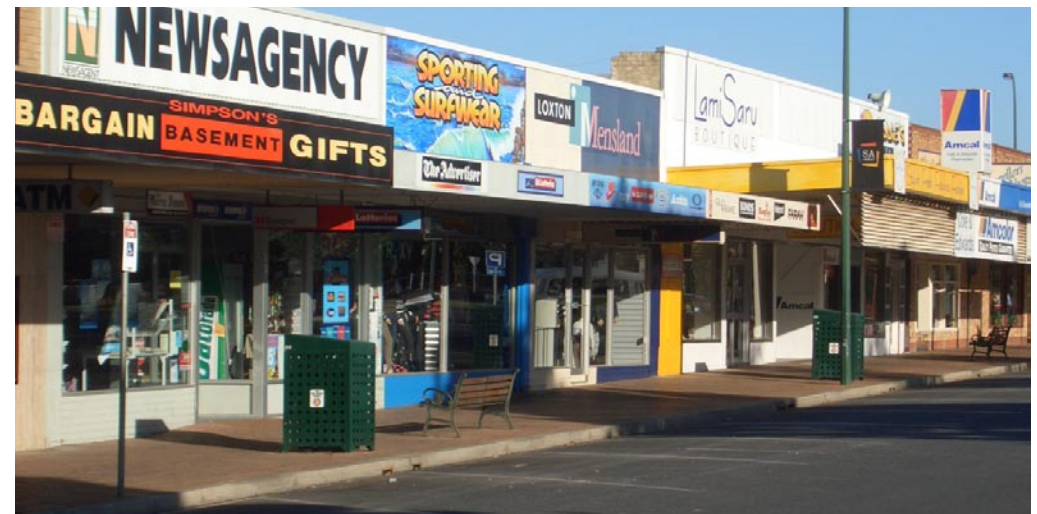
- Pines Historic House
- The award winning Loxton Historical Village
- McGuigan Simeon, Banrock Station and other wineries
- Loxton Golf Course (ranked in the top 10 in S.A.)
- Loxton Spring Show
- Lights Up and Christmas Lights Festival
- The nearby Murray River National Park
- Nippy's Loxton Gift (2nd richest foot race in S.A.)
- Loxton Mardi Gras

One challenge for Loxton in attracting tourists is that, whilst it is easily accessible by road, it is located off the Sturt Highway. Consequently Renmark, and also Berri, are more obvious places for travellers to stop. In order to capture a greater share of the tourist market, Loxton would need to provide an improved destination appeal through stronger attractions which are well marketed and prominently signposted on the main roads in the region. Continued development of accommodation options will also be of benefit. Once tourists have entered the town, then stores providing attractive food and beverage offerings, interesting souvenirs and gifts as well as general travellers' needs are best positioned to benefit. Such offers focusing on the excellent local agricultural produce would be most appropriate.

2.10 Retail

Retail is an important industry sector in Loxton given that it is a significant employer of local residents and is fundamental to Loxton's role as a regional service centre.

Loxton contains around 11,000 sq.m of retail floorspace in Gross Leasable Area (GLA). Almost all of this is concentrated on East Terrace from the main round-a-bout down to the Loxton Hotel. The largest retailer in town is the Woolworths supermarket which is situated just behind East Terrace with frontage onto Martha Street. There are also Foodland SA and IGA supermarkets on East Terrace. The retail offer in Loxton is appropriate for the needs of town. Most of the operators are local and there is an absence of major national retailers with the exception of the supermarket and a Mitre 10 Handy situated near the corner of Bookpurnong and Gratwick Roads.





Whilst Loxton provides for most weekly shopping needs, for higher order purchases residents must travel to Mildura or Adelaide which are around 185 kms and 250 kms away respectively by road. The larger towns of Berri (22 kms) and Renmark (41 kms) are closer alternatives and have retail offers which are bigger in size compared with Loxton but not substantially different in quality (Refer Table 2.2). The closest centre of Berri has a similar amount of retail floorspace in the town to Loxton 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 the centre is poorly presented.

Renmark 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. Importantly it will bring the first discount department store, in Big W, to the Riverland. Experience elsewhere leads us to expect that any impact on retail sales in Loxton 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 the larger centres in Mildura or Adelaide. Significantly, 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 consider the existing retail facilities in Loxton to be appropriate for the town and its retail catchment, there are some gaps in Loxton's offer. Consideration of comparable towns around Australia suggest that the following opportunities may be supportable in Loxton for a good retail operator:

- Furniture, whitegoods and domestic appliances
- Home decorator items, soft furnishings, kitchen ware and manchester
- Possibly a small discount variety store
- Possibly a small offer of goods such as electronics, music and games.

Loxton and Surrounds

Table 2.2

Retail Floorspace and Major Retailer Provision

	Distance ¹ (km)	Floorspace ² (sq.m)	Major Retailers
Loxton	-	11,000	Woolworths; Foodland SA; Mitre10 Handy
Berri	18.0		
• CBA		10,500	Woolworths; Cheap as Chips; Mitre10 Handy
• Riverland Central Plaza		8,900	Coles; Target Country; Radio Rentals
Total Berri		19,400	
Renmark	34.0		
• CBA		15,000	Woolworths; Foodland SA; Target Country; GoLo; Mitre10 Handy
• Renmark Plaza (u/c)		11,500	Big W; Woolworths
Total Renmark		26,500	
Waikerie	63.0	9,000	Woolworths; Foodland SA; Mitre10 Handy

1. Distance from Loxton 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 Loxton 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 38% of employment in the area.

Manufacturing represents 8% but the majority of this (6%) 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 biggest employment sector is retail trade accounting for 15%. Government, business and community services in total are a significant employer accounting for around 23% of the workforce.

The biggest single employers in Loxton include the Loxton Hospital, Loxton and Waikerie Council, McGuigan Simeon Wines, Century Orchards, Riverview Rest Home and Angas Park. The Zircon mine at Mindarie south of Loxton town, will also be a major employer once operational.

Figure 2.1 illustrates firstly where people who work in Loxton come from and secondly where people residing in Loxton 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 Loxton reside locally (83%). A significant 6% come from Berri as well as 3% from Barmera and nearly 2% from Renmark. Less than 1% reside in Waikerie. Of employed people who reside in Loxton, nearly three quarters, or 73%, work locally. However 10% work in Berri. The remainder are spread amongst Renmark, Barmera, Paringa, Waikerie and Karoonda. On the basis of these statistics, Loxton is a net exporter of workers.

The unemployment rate in Loxton is presented in Chart 2.6. This shows that since 2001 there has been a general trend downwards in the unemployment rate. In December 2006 the unemployment rate in Loxton was around 4%. This compares favourably to 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%) and Renmark (5.2%).

Loxton ¹

Table 2.3

Employment by Industry (Location of Employment), 2001

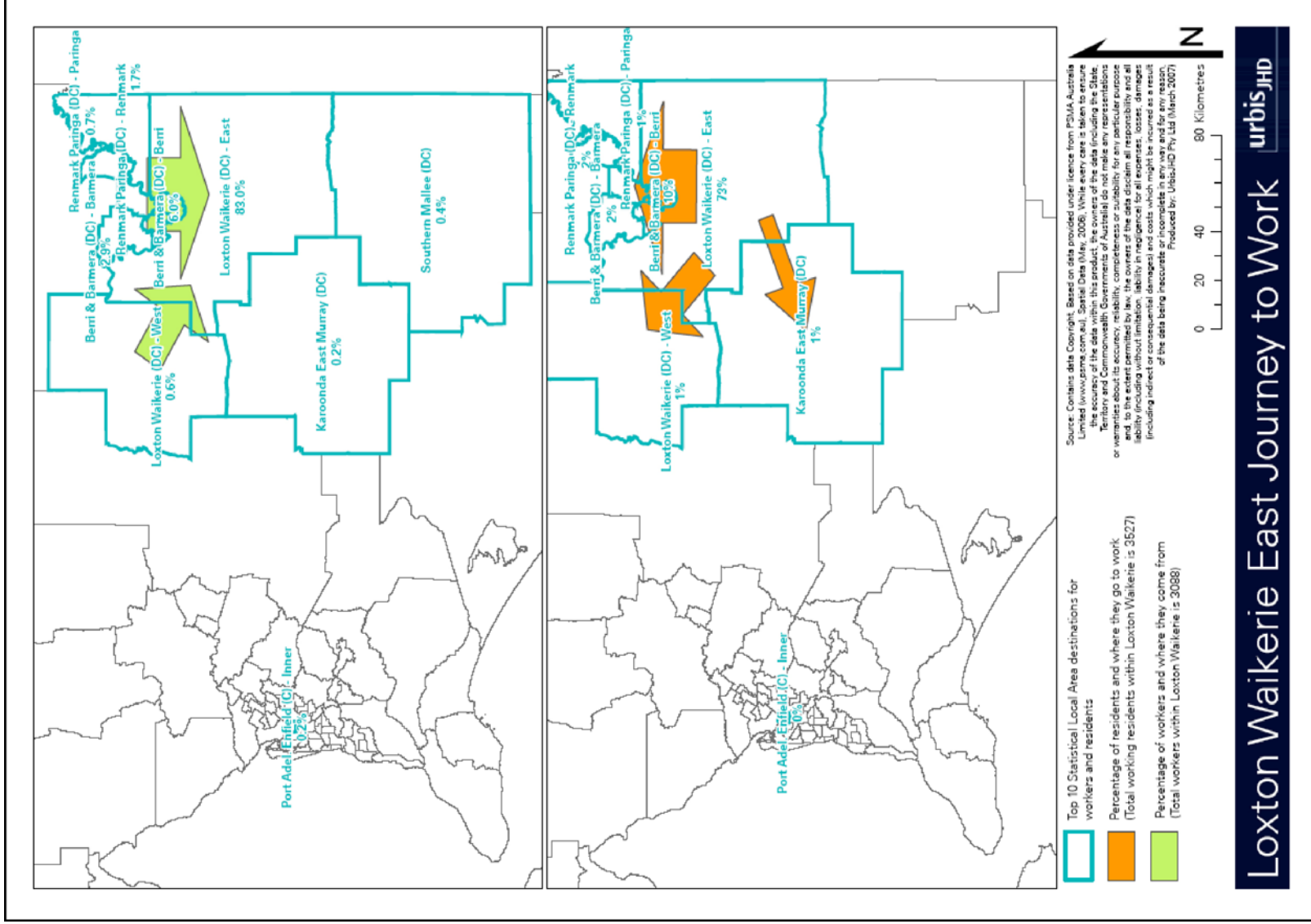
Industry	Employees	
	(No.)	(%)
Agriculture, Fishing & Forestry	1,173	38%
Mining	9	0%
Manufacturing	261	8%
Electricity, Gas & Water Supply	11	0%
Construction	113	4%
Wholesale Trade	257	8%
Retail Trade	475	15%
Transport & Storage	88	3%
Communication	12	0%
Finance & Insurance	32	1%
Property & Business Services	125	4%
Govt, Admin. & Defence (Incl. Edu.)	209	7%
Health & Community Services	242	8%
Cultural & Recreational Services	31	1%
Personal & Other Services	56	2%
Not Stated	13	0%
Total Employment	3,107	100%

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

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

Origin and Destination of Workforce

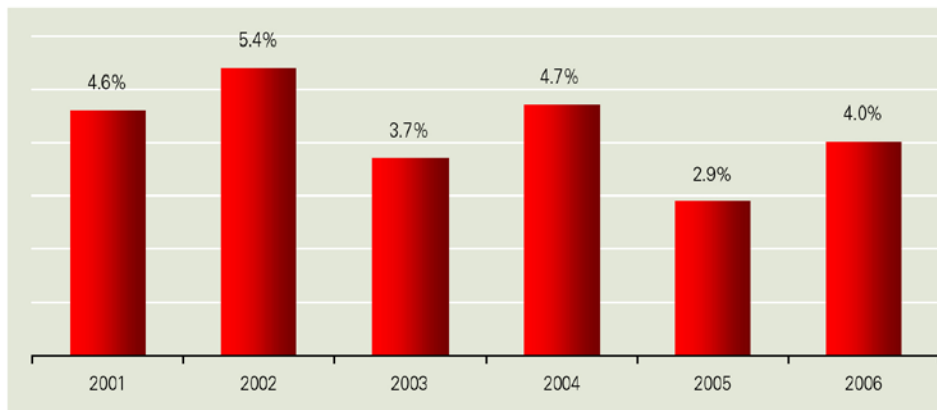
Figure 2.1





Loxton¹
Unemployment Rate, December 2001-2006²

Chart 2.6



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

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

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

2.12 Summary

Agriculture is the backbone of Loxton's economy. It is a sector which has shown itself 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. It is the people employed directly in agricultural production that the service industries in Loxton support. The greatest multiplier or spin off benefits to the local community from investment are most likely to come from development of this sector. The land and climate combined with the skill set of local agricultural employees are Loxton's key economic strengths. Consequently the expansion and profitability of this sector should be a priority of focus for strategies in the region.

Loxton is a key service centre supporting the agricultural sector. It is true that it is the smaller of the three main regional towns, comprising Loxton, Berri and Renmark, in terms of population and therefore service offer. However Loxton does provide a good mix and appropriate offer of facilities for its community. Ongoing investment in its range and quality of retail, commercial, education and health services as well as infrastructure and general amenity, is important to maintain and even moderately improve Loxton's regional positioning.

There is currently much focus on the implications of the drought 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 Loxton Catchment Area

Like so many rural towns, the facilities of Loxton cater to a catchment area which extends beyond the town itself. This section defines the catchment area which Loxton retail facilities serve and details the population level and forecast growth along with the demographic characteristics. The size of the retail spending market and outlook for growth is also outlined.

3.1 Catchment Area Definition

The catchment area likely to be served by retail facilities in Loxton 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 Loxton;
- 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 Loxton from surrounding areas, as shown in Figure 2.1; and
- Discussions with local retailers.

Loxton's defined catchment area is illustrated in Map 3.1. It is quite a large area, which is common in rural regions and, in this instance, reflects the lack of facilities, particularly to the south.

The catchment area as defined contains two sectors as follows :

- The primary sector corresponds to the population concentration around Loxton town itself.

- The secondary sector extends predominantly to the south to include towns of Pinnaroo, Lameroo, Geranium and Karoonda.

Retail and service businesses in Loxton do serve customers residing in Berri, Renmark, Paringa and Barmera to the north. These customers will largely be visiting Loxton for employment or other business purposes or visiting friends and relatives. However these towns do have their own facilities, which in the case of Berri and Renmark are currently greater in size and breadth of offer. Therefore we have not defined the catchment to extend any further to the north.

3.2 Population

The historic and forecast population of Loxton is detailed in Table 3.1. The historic levels from 1991 to 2001 are derived from the Census of Population and Housing. 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 population level in the primary catchment has been stable from 1991 to 2001. The last five years however have seen a marginal decline of around 10 people or -0.2% per annum. The secondary catchment has seen a steady population decline which has averaged 50 or 1.0% per annum from 1991 to 2006. These general trends can be explained by consolidation in the farming sector, resulting in fewer rural households coupled with many children from farming families opting to choose employment in the metropolitan areas or mining sector. At the same time the population of the township has remained basically steady partly due to some people, particularly retirees, moving from the secondary sector into town permanently. In 2006, the population of the total catchment is estimated to be 9,890 comprising 5,170 in the primary and 4,620 in the secondary sectors. The forecast population for Loxton 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.

Therefore, with these factors in mind, the population of the catchment area is expected to decrease slightly, thereby continuing historic trends. However, the population in the primary catchment, that is Loxton town itself, is expected to be stable to 2011 and then decreasing marginally. The secondary catchment is expected to decrease by around 55 people per annum to 2011 and then 60 people to 2016, which equates to around -1.3% over the 10 year period. Therefore we are forecasting in 2011 the catchment population to be around 9,515 people including 5,170 in the primary and 4,345 in the secondary sectors. In 2016 the population level is forecast to be 9,190 including 5,145 in the primary and 4,045 in the secondary catchments.

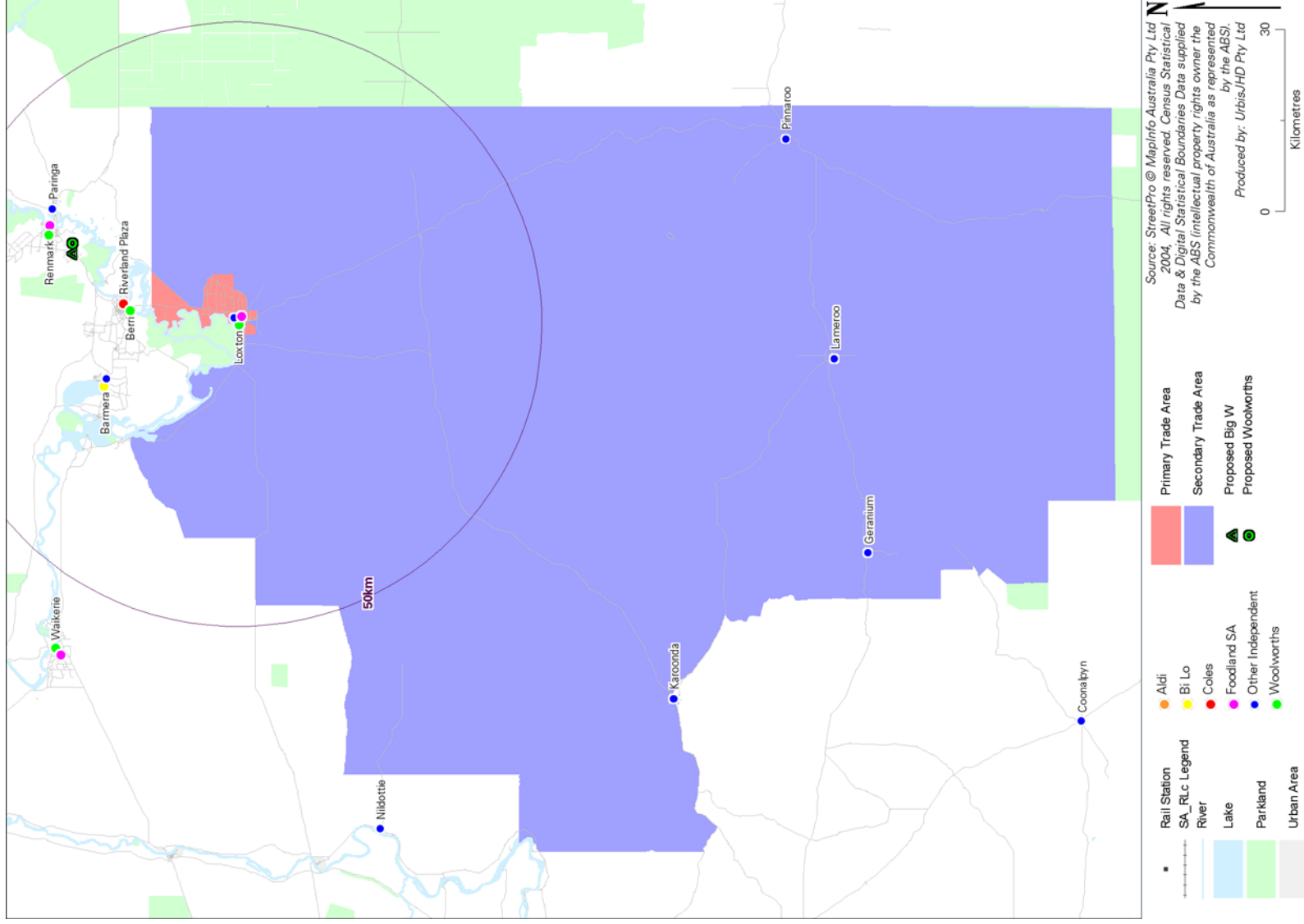
Loxton							Table 3.1
Catchment Population, 1991-2016							
Sector	Estimated Resident Population ¹						
	<u>Actual</u>			<u>Forecast</u>			
	1991	1996	2001	2006	2011	2016	
Primary Catchment	5,200	5,200	5,220	5,170	5,170	5,140	
Secondary Catchment	<u>5,400</u>	<u>5,100</u>	<u>4,900</u>	<u>4,620</u>	<u>4,350</u>	<u>4,050</u>	
Total Catchment	10,600	10,300	10,120	9,790	9,520	9,190	
Average Annual Change (No.)							
	1991-96	1996-01	2001-06	2006-11	2011-16		
Primary Catchment	0	4	-10	0	-6		
Secondary Catchment	<u>-60</u>	<u>-40</u>	<u>-56</u>	<u>-54</u>	<u>-60</u>		
Main Trade Area	-60	-36	-66	-54	-66		
Average Annual Change (%)							
	1991-96	1996-01	2001-06	2006-11	2011-16		
Primary Catchment	0.0%	0.1%	-0.2%	0.0%	-0.1%		
Secondary Catchment	<u>-1.1%</u>	<u>-0.8%</u>	<u>-1.2%</u>	<u>-1.2%</u>	<u>-1.4%</u>		
Main Trade Area	-0.6%	-0.4%	-0.7%	-0.6%	-0.7%		

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 \$17,800 which was around 2% above the non-metropolitan South Australian average. The average income in the secondary sector was slightly lower at \$17,200 or 1% below the average. Interestingly, both sectors had a relatively low representation of people earning less than \$15,600 and a relatively high proportion of people earning \$15,600-\$36,400. This is probably explained by the relatively low levels of unemployment in the area.
- The age profile of the primary sector is broadly similar to the non-metropolitan South Australian average except that it is slightly older (38.8 years versus 37.4 years) due to the higher proportion of people in the retiree or over 60 years age bracket. The secondary sector has a younger demographic averaging 36.1 years. With a relatively higher proportion of children in the 0-14 age group (25% versus 21.9%), relatively low proportion of young people in the 15-24 age bracket and a relatively low proportion of people in the over 60 years age category, this sector is therefore characterised by farming families.
- As in many places in Australia, the long run trend in Loxton has been an ageing of the demographic profile and this trend will continue into the future.
- Home ownership is high at 85% in the secondary sectors and 72% in the primary sector.
- Not surprisingly car ownership levels are high with only 4% of households without cars in the secondary sector and 7.6% in the primary sector against the benchmark of 7.7%.

- Around 95% of people in the secondary sector and 93% in the primary sector were born in Australia which compares with the benchmark of 88%. Of those born outside Australia, Europe is the predominant background.

3.4 Retail Spending Market

Retail spending per capita in the primary catchment is estimated in 2007 to be \$9,372. This is slightly above the South Australian non-metropolitan benchmark of \$9,310 (+0.7%). Spending in the secondary sector is lower at \$8,717 which is 6.4% 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 \$48.4 million and forecast to grow in real terms to \$51.1 million in 2011 and \$54.7 million in 2016, representing average annual growth of around 1.4%. The secondary catchment is estimated to be around \$40.0 million in size and is forecast to remain stable over the forecast period. Therefore the size of the total catchment in 2007 is estimated to be \$88.5 million, expected to grow to \$91.2 million in 2011 and \$94.8 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 3.2% and 1.7% per annum respectively, excluding inflation.

Given the limited higher order retail offer in Loxton, a substantial amount of the spending market generated by residents in the catchment area is not spent at stores in Loxton or other townships in the catchment. The level of "escape" expenditure is estimated to be currently around 40% for food (comprising retail and catering) and 60 - 70% for all non-food items combined. In products which the Loxton retail offer is limited, for example whitegoods and furniture, the escape spend would be even greater, even close to 100%.



Loxton Table 3.2

Key Socio-Economic Characteristics of the Catchment Area Population, 2001

Characteristics	Catchment			Non-Metro SA Average
	Primary	Secondary	Total	
Household Income				
\$0 - \$15,600	17.0%	14.4%	15.8%	16.7%
\$15,600 - \$36,400	39.1%	40.9%	39.9%	39.4%
\$36,400 - \$78,000	33.0%	31.8%	32.4%	32.7%
\$78,000 +	10.9%	12.9%	11.8%	11.2%
Average Household Income	\$44,585	\$46,060	\$45,265	\$45,416
Variation from Non-Metro SA Avg	-2%	+1%	-0%	
Average Household Size	2.49	2.67	2.57	2.56
Usual Residents Personal Income				
\$0 - \$15,600	40.8%	40.1%	40.5%	44.6%
\$15,600 - \$36,400	43.7%	43.7%	43.7%	37.7%
\$36,400 - \$78,000	13.7%	12.8%	13.3%	15.6%
\$78,000 +	1.8%	3.4%	2.5%	2.1%
UR Average Per Capita Income	\$17,781	\$17,211	\$17,504	\$17,423
UR Per Capita Income Variation	+2%	-1%	+0%	
Age Distribution				
Aged 0-14	20.5%	25.0%	22.7%	21.9%
Aged 15-24	11.3%	9.9%	10.6%	11.3%
Aged 25-39	19.8%	20.5%	20.1%	20.1%
Aged 40-59	26.9%	28.3%	27.5%	27.8%
Aged 60+	21.5%	16.4%	19.0%	18.9%
Average Age	38.8	36.1	37.5	37.4
Dependency Ratio ¹	42.0%	41.4%	41.7%	40.9%
Housing Status				
Owner/Purchaser	72.4%	84.8%	78.0%	74.9%
Renter	27.6%	15.2%	22.0%	25.1%
Car Ownership				
% 0 Cars	7.6%	4.2%	6.0%	7.7%
% 1 Car	36.4%	26.5%	31.8%	37.8%
% 2+ Cars	56.0%	69.4%	62.2%	54.4%
Birthplace				
Australian Born	92.9%	94.9%	93.9%	88.2%
Overseas Born	7.1%	5.1%	6.1%	11.8%
• Asia	0.7%	0.4%	0.5%	0.8%
• Europe	5.5%	3.8%	4.7%	9.5%
• Other	0.9%	0.9%	0.9%	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

Loxton Catchment Area Table 3.3

Retail Spending by Catchment Area, 2007-2016 (\$2007, Excl. GST)

Year (end June)	Primary (\$M)	Secondary (\$M)	Total ¹ (\$M)
2007	48.4	40.0	88.5
2011	51.1	40.1	91.2
2016	54.7	40.1	94.8
Average Annual Growth ¹			
2007-11	1.3%	0.1%	0.8%
2011-16	1.4%	0.0%	0.8%
2007-16	1.4%	0.0%	0.8%
Share of Total Trade Area			
2007	54.7%	45.3%	100.0%
2011	56.0%	44.0%	100.0%
2016	57.7%	42.3%	100.0%

1. Assumes average annual per capita growth of 1.4% in 2006-2010 & 1.5% 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

Loxton Catchment Area Table 3.4

Retail Spending by Product Group, 2007-2016 (\$2007, Excl. GST)

Year	General							Total
	Food Ret.	Catering	Apparel	H'wares	Bulky	/Leisure	Services	
2007	42.7	8.5	8.5	5.8	9.1	12.1	1.9	88.5
2011	42.7	8.8	9.0	6.5	9.7	12.6	1.9	91.2
2016	42.4	9.4	9.7	7.6	10.6	13.2	1.9	94.8
Average Annual Growth ¹								
2007-11	0.1%	1.1%	1.6%	3.5%	2.0%	1.1%	0.7%	0.9%
2011-16	-0.1%	1.1%	1.4%	3.0%	1.6%	0.9%	0.3%	0.7%
2007-16	-0.1%	1.1%	1.5%	3.2%	1.7%	1.0%	0.5%	0.8%
Spending Distribution (2007)								
Loxton Trade Area	47.5%	9.8%	9.5%	7.0%	10.1%	13.7%	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 1.4% in 2006-2010 & 1.5% 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



Retail Spending 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

Loxton is a town whose population has proved resilient to climatic cycles. Consolidation in the farming sector has seen a long run gentle decline in population levels, although the town itself has remained stable. Acknowledging that income levels in the region are subject to fluctuations in agricultural markets, income and retail spending levels are reasonable and around 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
- Appliance Rental
- Auto Accessories
- Banks and Building Societies
- Cinemas
- Equipment Hire
- Financial and Property Services
- Garden Supplies
- Lottery & Gaming
- Marine Equipment
- Medical and Dental Services
- Offices
- Post Office
- 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.

