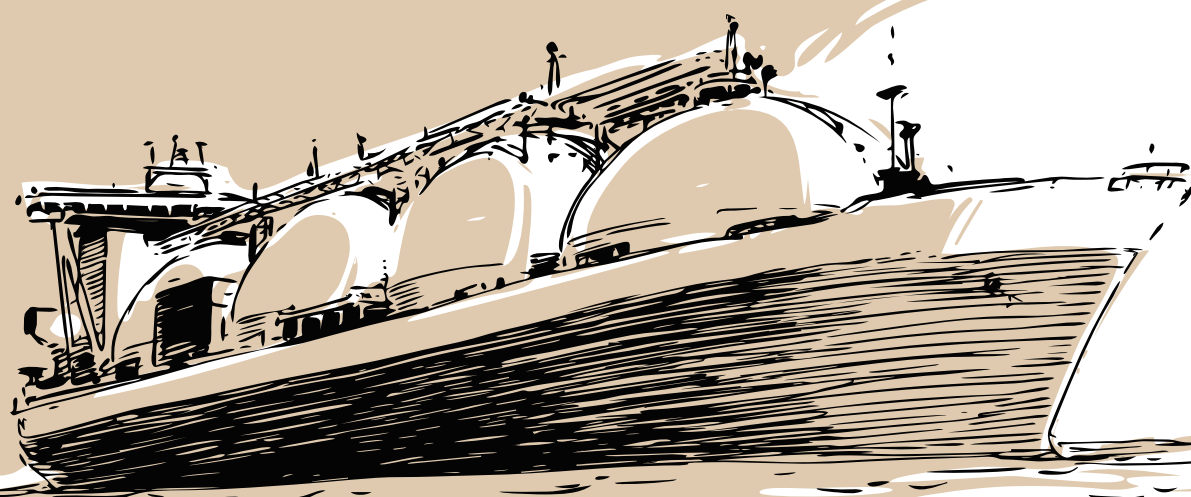




BUSINESSNEWS
WESTERN AUSTRALIA



BIGGEST EXPORTERS

SPECIAL REPORT



Key takeaways

- High iron ore price, increased LNG production boosting export numbers
- Universities bring in \$466m (page 20)
- Grain export revenue likely to be lower (page 21)



Matt McKenzie

matthew.mckenzie@businessnews.com.au

@Matt_Mckenzie_

US-BASED energy giant Chevron has finally cemented its position as a long-term powerhouse of Western Australia's economy, according to the latest *Business News* biggest exporters list.

Chevron dramatically lifted annual exports from WA operations, by more than \$10 billion on this time last year, to \$14.8 billion.

It now ranks fifth, up one position from the 2018 list.

Businesses are ranked by export revenue from their operations, rather than their equity share from facilities.

That means Chevron's number comprises shipments from its Gorgon and Wheatstone operations, but not the North West Shelf Venture.

The estimate is calculated using data from Chevron's most recent annual report, for the year to December 2018, and from Woodside Petroleum, as the two

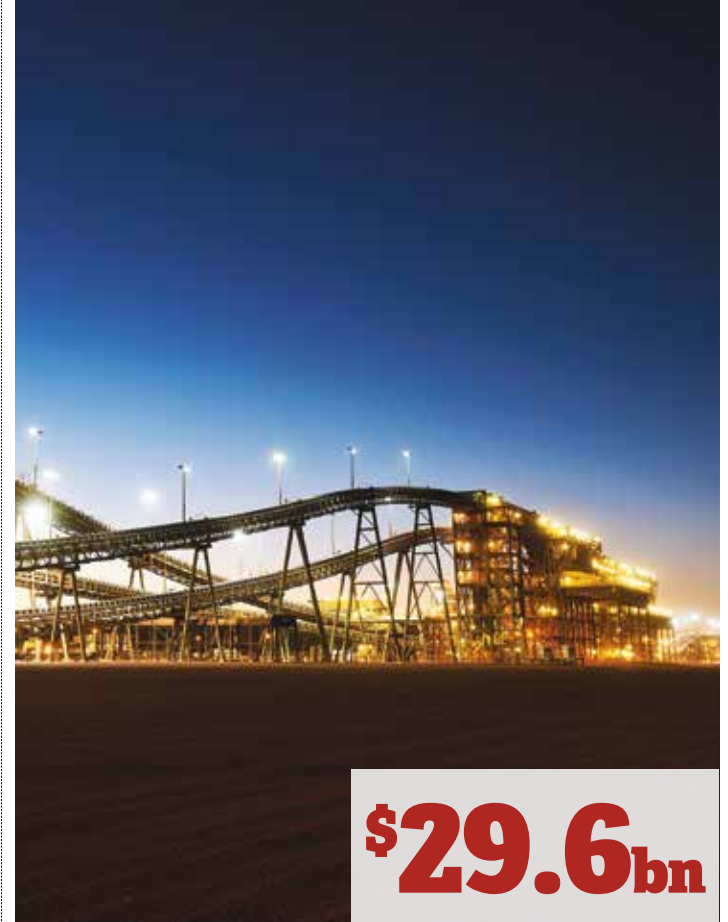
WA's BIGGEST EXPORTERS Ranked by operator



\$30.7bn

Most recent year

Previous year Exports



\$29.6bn

1 Rio Tinto

\$30.7bn

\$29.8bn Iron ore, diamonds and salt

Pilbara Iron

\$29.5bn

\$28.8bn

Production: 338mt
Hamersley: 220mt
Hope Downs: 45mt
Robe River- Robe Valley: 32mt
Robe River- West Angelas: 33mt
Channar: 7mt

Argyle Diamonds

\$709m

\$729m

Production: 14,069 carats
Production down 18%

Dampier Salt

\$480m

\$280m

2 BHP

\$29.6bn

\$23.8bn Iron ore, nickel

WA Iron Ore

\$27.9bn

\$22.2bn

Production: 280mt
Newman: 78mt
Yandi JV: 77mt
Jimblebar: 69mt
Area C: 56mt

Nickel West

\$1.65bn

\$1.7bn

Production: 87,000t

Investment boom pays

As big projects have entered production, numbers on *Business News*' annual with the top 10 companies shipping at a rate of \$136 billion annually.

companies partner on both North West Shelf and Wheatstone.

Chevron's ascension on the *Business News* list has been a lengthy process.

The final investment decision for the 15.6 million tonne per annum Gorgon LNG plant on Barrow Island was made in September 2009, with first gas produced at train one in March 2016.

Production at the third LNG train began a year later.

The 8.9mtpa Wheatstone plant was given the green light in September 2011, with first gas in October 2017, and production from the second train in June 2018.

Business News estimates revenue from the Gorgon plant was \$9.7 billion, while Wheatstone revenue was \$5.1 billion.

Woodside maintains fourth position on the list, with revenue up from \$14.3 billion to \$14.8 billion.

The company's three WA operations are the North West Shelf

Venture, where export revenue is estimated to be \$10.5 billion, Pluto LNG (\$3.6 billion), and Australia Oil (\$640 million).

Business News made adjustments to remove domestic gas sales, which we valued at about 8 per cent of project revenue, and assumes contract pricing is similar across all stakeholders.

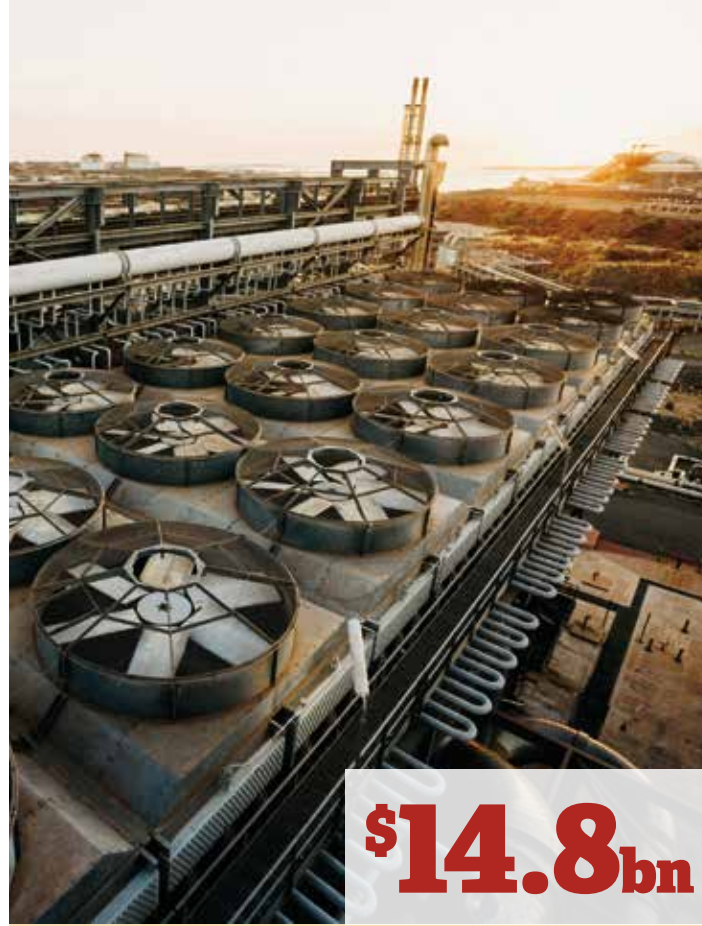
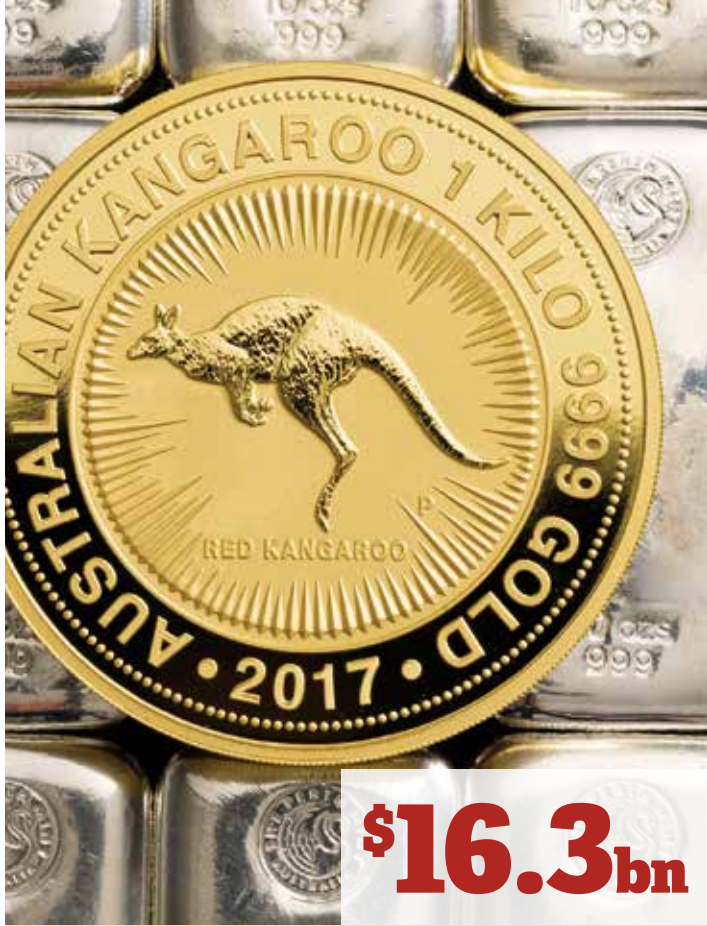
Shell does not yet feature on the list because shipments from the Prelude LNG vessel only started in the middle of this year.

If the facility were operating at full capacity, however, the company would rank about 11th.

The eight iron ore miners on the list have benefited from strong prices since a Brazilian tailings dam collapsed in January.

The price reached highs of more than \$US120 per tonne in July, around 70 per cent above where it started the year.

Notably, businesses on the list report on different time periods,



3 THE PERTH MINT AUSTRALIA

\$16.3bn \$17bn Gold, silver, precious metals

Refining throughput: 27.48mt
7.77 million coins, medallions and bars sold

4 Woodside

\$14.8bn \$14.3bn LNG, oil

91 million barrels of oil equivalent
NWSV **\$10.5bn** \$10.2bn
79% LNG, 14% liquids
Average price: \$48/boe

Pluto **\$3.6bn** \$3.1bn

Australia Oil **\$640m** \$1bn

revenue from \$3.8 billion to \$5.7 billion.

Roy Hill's number assumes an anticipated 52.5mt of iron ore shipments, slightly below the company's capacity of 55mtpa.

Fortescue shipped 167.7mt, and reported a realised price of \$US65/t (\$87), up 48 per cent on the previous financial year.

Citic Pacific (10th) revenue was \$2.4 billion, according to its latest annual report.

These figures combine to deliver a significant economic impact for the WA economy, as highlighted in recent research by EY funded by Fortescue.

"Australia's resource sector is the powerhouse of our economy, and at 3 per cent of GDP the iron ore sector directly contributes 68 cents to the economy per dollar of output with a further 17 cents per dollar indirectly flowing through strong linkages to other industries," FMG chief executive Elizabeth Gaines said.

"Modelling of the flow-on employment impact shows that for each full-time employee directly employed in the industry, an additional 2.15 full-time employees are employed in other sectors.

"Today, the iron ore industry directly employs around 37,000 people and indirectly creates nearly 80,000 additional roles."

Other iron ore miners on the list were 12th placed Mineral Resources, Karara Mining (15th), and Atlas Iron (18th).

Numbers for Atlas and Karara are becoming more difficult to clarify, with Atlas now owned by Hancock Prospecting and Karara by Chinese company Ansteel.

Business News estimates Atlas shipped 7.8mt of lower grade ore, earning a price of \$US60/t.

For Karara, former owner Gindalbie Metals reported to the ASX that 7.5mt of magnetite was shipped in the year to March 2019, with a price of about \$120/t.

That implies revenue of about \$900 million over a year.

Mineral Resources provides a useful demonstration of two of the trends in this year's data.

Its iron ore sales rose 52 per cent to be nearly \$1 billion, while lithium output dropped 65 per cent to \$230 million.

That almost netted out, with overall revenue down \$91 million to \$1.2 billion.

export dividends

biggest exporters list have lifted,

while exchange rate or price volatility can create big movements in the figures that lead or lag for particular companies.

For example a 10 per cent rise in the iron ore price would lift export revenue across the state's economy by about \$6 billion.

The top exporter on the Business News list was Rio Tinto, which produced 338mt of iron ore at its Pilbara iron ore operations with a value of about \$29.5 billion.

Rio reports on a calendar year basis, so those numbers will not include this year's price surge.

The total production figure across the company's 16 Pilbara mines was only 2 per cent up on the previous period.

Rio also operates Dampier Salt and Argyle Diamonds, which have a combined revenue of about \$1.2 billion.

BHP remained in second position, with exports of \$29.6 billion, about \$27.9 billion of which came

\$161.8bn WA MERCHANDISE EXPORTS FY19

from the WA Iron Ore division.

Iron ore was up from \$22.2 billion last year thanks to the higher iron ore sale price, which appreciated 16 per cent to average \$US80/t, and an exchange rate fall of about 6 cents to US75 cents.

Sales at BHP's Nickel West operation fell 3 per cent to

\$1.65 billion after a fire at the Kalgoorlie smelter in September 2018 reduced output.

Three other iron ore exporters were in the top 10.

Fortescue Metals Group (sixth) surged from \$8.9 billion to \$14.2 billion, while Business News estimates Roy Hill (seventh) lifted

Old favourites perform for exporters

From page 17

"Lithium prices fell sharply after a flurry of new lithium concentrate supply overwhelmed the processing capacity of the world's battery makers," MinRes chairman Peter Wade said in the company's annual report.

"This was not unexpected and mirrored some of the hype, and then financial pain, that the iron

\$81.4bn

WA MERCHANDISE EXPORTS TO CHINA FY19

ore market experienced earlier this decade.

"As lithium prices fell, the iron ore price rallied."

But managing director Chris Ellison also noted that the iron ore business had struggled earlier



\$14.8bn

Most recent year

Previous year Exports

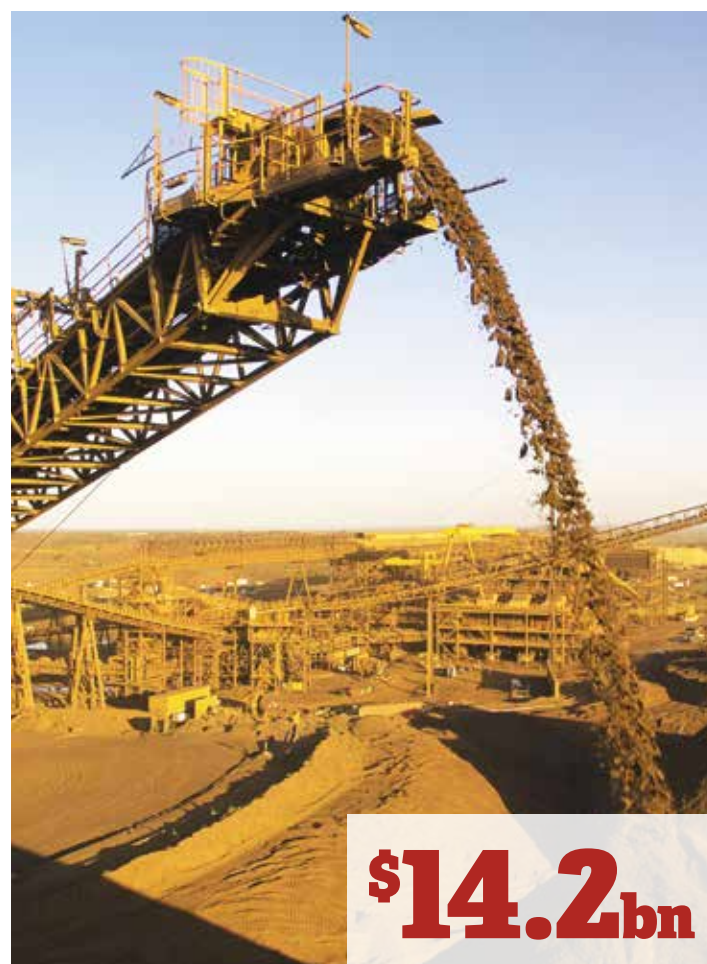
5



\$14.8bn

\$4.4bn LNG, oil

Gorgon \$9.7bn
Wheatstone \$5.1 bn



\$14.2bn

6



Fortescue

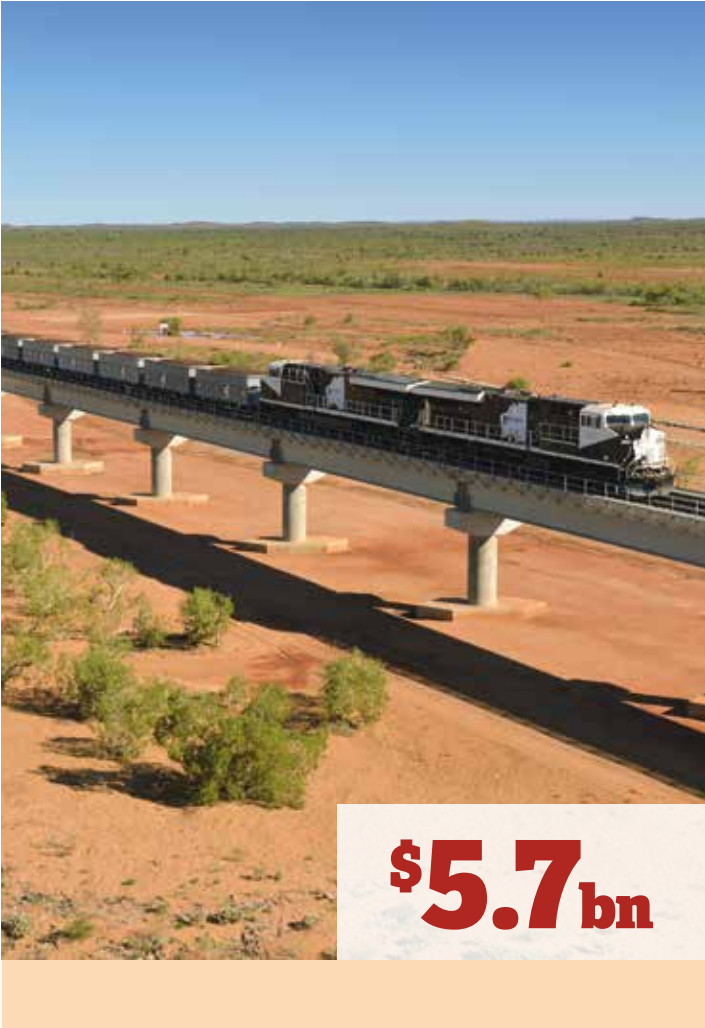
The New Force in Iron Ore

\$14.2bn

\$8.9bn Iron ore

Shipments: 167.7mt

Rank	Biggest exporters - ranked by operator	Most recent year	Previous year	Exports
9	South32	\$2.4bn <i>Worsley Alumina sales: 3.9mt</i> <i>Sale price: \$US420/t</i>	\$2.2bn	Alumina
10	Citic Pacific Mining	\$2.4bn	\$2bn	Iron ore (magnetite)
11	CBH Group	\$1.5bn <i>Wheat export estimate: 6mt</i> <i>Wheat price estimate: \$355/t</i> <i>Barley export estimate: 1mt</i> <i>Barley price estimate: \$330/t</i>	\$3bn	Grain
12	Mineral Resources	\$1.2bn <i>Iron ore exports: 9.3mt</i> <i>Lithium DSO exports: 1.8mt</i> <i>Spodumene exports: 382kt</i>	\$867m	Iron ore, lithium
13	Iluka Resources	\$970m <i>WA revenue: 1bn</i> <i>Export ratio: 97% of production</i>	\$604m	Mineral sands



in the year because of heavy discounting of lower grades.

Further changes are expected in the ranking among lithium producers, however.

Talison Lithium may drop off the list in future years as output is sent to local refiners, with co-owners Tianqi Lithium and Albemarle Corporation likely to move onto the list when their plants are completed.

Tianqi will produce 24,000t of lithium hydroxide annually, with Albemarle likely to operate 50,000t tonnes of capacity.

Similarly, Covalent Lithium, owned by Wesfarmers and SQM, will operate a Kwinana refinery with output of 44,000t.

Perhaps lithium hopefuls will be encouraged by two other businesses that mine and process in WA – South32 and Alcoa, exporting alumina.

Alcoa revenue grew from \$4.1 billion to \$5.5 billion, while South

\$24.1bn

WA MERCHANDISE EXPORTS TO JAPAN FY19

32 lifted from \$2.2 billion to \$2.4 billion.

That followed a period of volatility on markets early in this financial year, with production and supply disruptions, although prices have since dropped.

<div>7</div> <div></div> <div><div>\$5.7bn</div><div>\$3.8bn</div><div>Iron ore</div></div> <div><div>Estimated exports: 52.5mt</div><div>Estimated price: \$US76/t</div></div>	<div>8</div> <div></div> <div><div>\$5.5bn</div><div>4.1bn</div><div>Alumina, bauxite</div></div>
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Rank	Biggest exporters - ranked by operator	Most recent year	Previous year	Exports
14	Glencore	\$955m	\$745m	Nickel
15	Karara Mining	\$900m	\$800m	Iron ore (magnetite)
		Concentrate shipped: 5.7mt		
16	Talison Lithium	\$683m	\$550m	Lithium
17	Sandfire Resources	\$642m	\$596m	Copper
18	Atlas Iron	\$468m	\$547m	Iron ore
		Production estimate: 7.8mt		
		Price estimate (lower grade ore): \$US60/t		
19	Tronox	\$444m	\$452m	Mineral sands
20	Plum Grove	\$430m	\$500m	Grain

Tuition fees from onshore international students



State's universities bring in \$466m

International students' tuition is one of the state's biggest services exports, though we are losing market share to other states.

Matt McKenzie

matthew.mckenzie@businessnews.com.au
@Matt_Mckenzie_

IT may not have the impact of iron ore, but education exports are a significant creator of economic value for Western Australia.

The state's four publicly owned institutions earned \$465.6 million between them from tuition fees for international students in 2018, according to their annual reports.

That was up 3.9 per cent on the level in 2017.

The medium-term movement is also positive, with tuition fee revenue up more than 26 per cent on 2015, when it was \$368 million.

Curtin University has maintained its place as the biggest earner from international students with fees of \$158.6 million in 2018.

That was down 4.6 per cent from \$166.2 million in 2015, however.

Second-placed The University of Western Australia has grown rapidly during the corresponding period, nearly catching up to Curtin.

UWA earned \$150.2 million from international student fees in 2018, up nearly 56 per cent on a figure of \$96.5 million in 2015.

The third biggest operator, Edith Cowan University, grew 52.9 per cent to \$98.9 million, while Murdoch University lifted 44 per cent to \$57.9 million.

At WA universities as a whole, international student commencements numbered 10,358 in the first seven months of this year, according to Austrade data.

That was up from 8,416 over the same period in 2018 and 6,940 in the corresponding timeframe in 2015.

But across all institutions, including schools and vocational training, numbers were flat at

23,152 in the seven months to July 2015 and 23,631 in that period this year.

Study Perth senior manager Angela Beechey said WA was becoming less competitive.

"We have a slower growth rate than any of the other states in Australia; that's quite concerning and our market share is actually going down," Ms Beechey told *Business News*.

"(Education tuition) is one area that people underestimate.

"Fifty-seven per cent of (tourism) exports are from the international student market; because they come here and stay for a longer period of time, the contribution is much greater."

Ms Beechey said inflow from China was falling at a time when there was a lot of commentary about Australia's reliance on the Chinese international student market.

“We have a slower growth rate than any of the other states in Australia; that’s quite concerning and our market share is actually going down – Angela Beechey

"That's not the case here in WA," she said.

"We have a much more diverse cohort of international students ... the majority actually come from India.

"We need to show that we are open for business, and more than just mining.

"Chinese visitors and students want to know that we're diversifying WA.

"We're innovative.

"We've got lithium here, a great deal of entrepreneurs and new

businesses coming out of WA as well."

It was important that local universities built partnerships with those in foreign markets, she said.

Ms Beechey also highlighted that although some students in overseas markets were able to study a Western Australian Certificate of Education curriculum, they often went onward to universities on the east coast.

At least 12 schools in foreign markets have offered the WACE program.

“ Price and improved quality have allowed Black Sea wheat to expand beyond the feed sector, capturing market share from higher priced Australian wheat - USDA

HARVEST: Foreign competitors are steaming into WA's main market. Photo: CBH Group

Unpacking the grain drain

Lower demand from Indonesia for WA wheat as well as growing need interstate should lead to a fall in grain export numbers.

Matt McKenzie

matthew.mckenzie@businessnews.com.au

@Matt_Mckenzie_

COMPETITION from Argentina and Ukraine is displacing Western Australian grain exports from the Indonesian market, although it is unclear exactly how much that will affect the state's grain traders.

This year in particular, a major drought on Australia's east coast has also meant plenty of WA wheat has headed interstate.

These factors have led to reports that Australian grain exports for the 2019 financial year could be less than half their level of the previous period.

Data from a presentation by Bogasari Flour Mills deputy director Erwin Sudharma at a recent Grain Industry Association of Western Australia conference suggested Australian grain exports to Indonesia had fallen from 5.1 million tonnes in 2017 to 440,000t in the first six months of 2019.

The big winner was Argentina, which increased exports over that

period from 152,000t to 1.7mt for the first six months of 2019.

This will have a big impact on WA, traditionally the country's grain export powerhouse, and grain handling cooperative CBH Group, which will release its annual report in December.

Taking this into account, *Business News* has estimated **CBH Group's** wheat exports would be about half the level of the previous year, with prices about \$355/t over the growing season.

One industry insider estimated CBH would have made a loss of between \$100 million and \$300 million, and said it was a hard season for all local grain marketers.

Australia's market share had dropped drastically, he said.

A paper analysing the Indonesian grain market published by the United States Department of Agriculture in March said Australia's status as a preferred supply source for noodle wheat was changing.

"Price and improved quality have allowed Black Sea wheat to

expand beyond the feed sector, capturing market share from higher priced Australian wheat," the report said.

"Russian wheat exports to Indonesia increased by 579 per cent in 2017.

"These increases have come at the expense of Australian wheat, which in addition to price, has had inconsistent supply due to weather-related problems.

"Most flour mills expect to continue sourcing Black Sea wheat in the coming years."

But there is some evidence that the market may not be too bleak.

Data from **Fremantle Ports** said 7.3mt of grains passed through its facilities in the 2019 financial year, with about 16 per cent destined for customers in Australia.

That implies about 6.1mt went overseas.

Southern Ports Authority reported 5.5mt of grain shipments across its three harbours, slightly down on the previous year.

Mid West Ports Authority numbers showed 1.8mt of grain were

shipped, twice the amount during the previous financial year.

Added together, and assuming a similar portion of interstate sales across the authorities, provides a figure of 12mt of grain exports in the 2019 financial year.

Business News understands demand from Japan and South Korea has held up better than other Asian destinations.

All of this was despite a good season for growers.

GIWA's season summary, issued in February, said 17.9mt had been produced, the second highest on record.

That was valued at about \$7 billion, the association said.

Wheat production had been 10mt, and barley about 5mt.

Bankwest's annual Planfarm benchmark report found grain productivity had been above average and prices high.

"This resulted in a high average operating profit per hectare, a high average return on capital and a stronger equity position for the average grower at the

end of the 2018 season," the report said.

"WA's broadacre agriculture is now in an incredibly strong position, with excellent long-term profitability and growing confidence in the sector."

Meatier matters

At **WAMMCO**, the farmer's cooperative for selling lamb and sheep meat, revenue in the 2018 financial year was \$380 million, with about 90 per cent generated from exports.

That was the most recent year data was available.

Sales in 2017 were \$296 million.

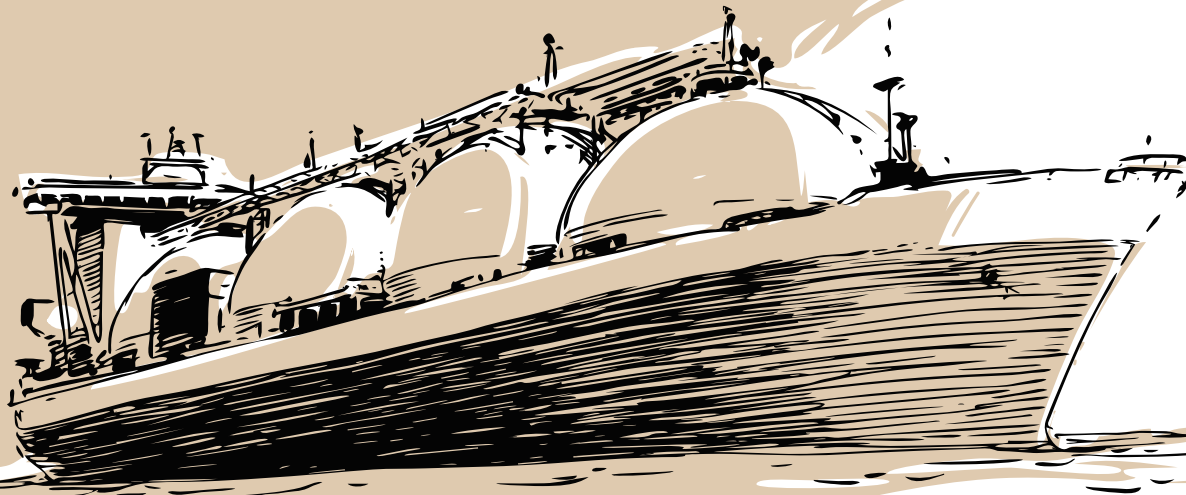
Wellard, which ships live exports from WA and the Northern Territory, reported revenue of \$235 million in the year to June 2019, down 1 per cent.

That was less than half the level in the 2017 financial year, due to reduced trading activity.

The company said at the time that it was moving from trading to chartering vessels, which led to lower income.

BIGGEST EXPORTERS

SPECIAL REPORT



BNiQ SEARCH *Exporters*



There are **xxx** results from our index of **100,491** articles,
10,046 companies and **37,827** people

WA sheep exporter to fight cruelty charges

04 Oct 2019 by AAP

Emanuel Exports previously lost its live export licence. AAP Agribusiness Regulation Live export ... company Emanuel Exports and two of its former directors have indicated through their lawyer they will ... by compliance officers within the department. Emanuel Exports Graham Daws Michael Stanton Nicholas ...

PharmAust wins big at WA Industry and Export Awards

04 Oct 2019 by Matt Birney

Epichem, a subsidiary of ASX-listed biotech, PharmAust, has been rewarded for its contribution to WA and nominated as the year's winner of the prestigious WA Industry and Export Awards. The company was acknowledged for its contributions to the global health ...

Perth company starts medicinal cannabis exports

12 Sep 2019 by Jessica Mascione

Little Green Pharma is the first Australian company to export a locally-grown medicinal cannabis ...

Trade surplus, WA exports smash ceiling

06 Aug 2019 by Matt McKenzie

Western Australia's exports surpassed \$161 billion in the year to June, as Australia recorded its largest ever trade surplus in the month. ...

Port Hedland iron ore exports fall for FY19

17 Jul 2019 by Adrian Rauso

The port of Port Hedland recorded a fall in iron ore exports for the 2019 fiscal year, with its major customer BHP today disclosing a decline in its annual production ...

LNG exports up 21% in FY19

15 Jul 2019 by Adrian Rauso

Australia exported 75.1 million tonnes of LNG in the 2019 financial year, 21.2 per cent higher than the previous fiscal year prior, and is expected to become the largest LNG producer in the world this financial year. ...

Export focus for development commission

15 May 2019 by Matt McKenzie

The South West Development Commission has won a \$400,000 contract to deliver the federal government's Tradestart service in the southern parts of Western Australia. ...

Outward looking, export focused

28 Mar 2019 by Mark Pownall

Over the years, WA business has finessed its offering, from commodities to services, the arts and sophisticated technologies. ...

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