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INVESTMENT ATTRACTION ADDS VALUE TO WA AGRICULTURE

Agriculture Western Australia’s Agri-Industry Opportunities Project recognises that value-adding to the State’s agricultural products offers significant long-term economic advantages. The project therefore seeks to identify and evaluate opportunities for investment in agri-industry enterprises, particularly those involved in further processing, and to promote these opportunities to potential investors.

Paul Frapple reports on a range of specific investment opportunities currently being promoted within Western Australia’s cereals, pig and dairy sectors to attract processing and other value-adding companies to the State.

Western Australia has been the fastest growing State economy in Australia for the past 10 years – achieving an average five per cent annual growth compared with the national average of 2.8 per cent. What’s more, with only 10 per cent of Australia’s population, Western Australia is responsible for 25 per cent of the nation’s exports. In 1998-99, the State’s export trade was worth $22 billion.

Western Australia’s agricultural, fisheries and food industry is the second largest export industry after mining, and makes up 20 per cent of the State’s total exports. In 1998-99, agriculture and fisheries exports were valued at $4.4 billion - representing almost 20 per cent of total agricultural, food and fisheries exports nation-wide.

Despite the outstanding success of Western Australia’s agricultural production industries, further processing within Western Australia has generally been limited, and most products have been exported as raw materials with little added value.

Attracting investment in processing has long-term economic advantages for the industry and the State, and provides additional marketing options for the producer. In addition, by having processing companies based in Western Australia, producers have the benefit of receiving direct feedback from the processing industry and are able to gain a more intimate understanding of end-user and market requirements.

Attracting investment to Western Australia

The State Government strongly supports the establishment and expansion of industries targeting export growth, particularly in the areas of agricultural production and food processing. The Government also encourages strategic investment from overseas, particularly from companies providing access to markets and new technology.

The Agri-Industry Opportunities Project seeks to identify and evaluate opportunities for investment in Western Australian agri-industry enterprises, particularly those involved in further processing. Working together with Government and private organisations, the project is now facilitating the establishment of new agricultural enterprises by promoting opportunities to potential investors. In addition, the project has provided a single point of reference to assist proponents in dealing with Government utilities when establishing processing facilities.

Cereals

While Western Australia is the major wheat-producing State in Australia, less than five per cent of wheat is further processed within Western Australia. The Government encourages further processing, as there are opportunities to produce and export a range of products including flour, pre-mixes, noodles, pasta and stock feed.

In addition, the State has many strategic advantages as a location for cereal processing, including:

- Western Australia produced 10.7 million tonnes of cereals in 1999.
- Cereal production is very consistent as the State does not suffer greatly from droughts or floods.
Western Australia is a major supplier of quality wheat for noodle manufacture - particularly specialty wheat for udon noodle production in Japan.

The domestic cereal market is not regulated so processors can source cereals directly from producers.

The State has an excellent grain storage and handling system which is regarded as the most efficient and economical in Australia.

A dedicated grain-processing precinct, incorporating a $100 million grain storage complex with a capacity of 212,000 tonnes, has been established close to Perth to encourage further grain processing.

Serviced land is available at the precinct so that grain processors can utilise the storage, segregation and grading facilities, thereby reducing capital and operating costs.

Agriculture Western Australia operates a major cereal breeding and testing program to produce cereals to buyer specifications.

Pigs

Opportunities for investment have been identified in all sectors of the pig industry. In particular, overseas investors are being encouraged to become strategic partners in the areas of processing and marketing, where market opportunities in Asia have already been identified.

Western Australia has many advantages as a strategic location for investment in the pig industry, including:

- Good access to markets for fresh pork, such as Singapore and Japan.
- A reliable supply of grain, with production averaging over 10 million tonnes per year.
- Competitive production costs.
- A pig herd free of major diseases, such as Foot and Mouth disease and Swine Fever.
- Minimal environmental concerns if the operation is sited correctly.
- An ideal climate for pig production, including 'outdoor' production where pigs are grown in shelters on straw rather than in intensive piggeries.

Dairy

Western Australian dairy cattle are the biggest producers of the highest quality milk in Australia. The milk has long-life characteristics and can be sea-freighted in large quantities.
The dairy industry in Western Australia also offers:

- Strong potential for expansion based on the State's large grain supply.
- Access to rapidly expanding markets for dairy products in Asia.
- Competitive production costs.
- The use of modern technologies such as UHT (ultra-high temperature) and ESL (extended shelf-life) to provide a range of value-added dairy products.

Current activities

As a result of the Agri-Industry Opportunities Project, Western Australia's pig industry has received significant interest from overseas and discussions are continuing with major Taiwanese, Singaporean and Japanese companies.

Negotiations regarding cereal processing are also continuing with companies from Taiwan, the United Arab Emirates and Italy, and assistance is being provided to local organisations with interest in dairy and meat processing.

The Agri-Industry Opportunities Project welcomes any enquiries about investment in food and fibre processing. For further information, please contact:

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