

# Opportunities in Agriculture

## Overview

Western Australia is a vast, resource rich State that produces an extensive variety of agricultural produce. It is a major world producer and trader of grains and a significant producer of wool. The Western Australian farm sector is among the most efficient in the world.

In terms of total quantity of crops produced in Australia, Western Australia in 1998/99 produced:

- 70% of Australia's lupins**
- 40% of Australia's wheat**
- 45% of Australia's malting barley**
- 37% of Australia's oats**
- 42% of Australia's canola**

The value of the State's agricultural production in 1998/99 was \$A5.6 billion. The **Wheatbelt** region contributes around 46% of the State's total agricultural production.

## Western Australia Agricultural Production 1998/99

Commodity Group	Value \$Amillion	% Share
Cereals	2,400	48.8
Wool	470	9.6
Meat & Animals	800	16.3
Pulses & Oilseeds	520	10.6
Horticulture	450	9.1
Dairy	200	4.1
New Industries	80	1.6
<b>Total</b>	<b>5,600</b>	<b>100.0</b>

Source: Department of Agriculture Western Australia

Western Australia exports 80 per cent of its agricultural production. It has an international reputation for exporting high quality items produced in an environment that is pest and disease free. Agriculture makes an important contribution to the State's exports. In 1998/99 agricultural exports totalled \$A4.3 billion and accounted for 20% of the State's total exports.

## Investment Opportunities in Agriculture

The range of investment opportunities in agriculture is broad. Separate investment attraction sheets have been written for horticulture and viticulture.

Opportunities in general agriculture include:

### Cereal Industry

The cereal industry in Western Australia is regarded as the mainstay of the agricultural sector contributing 49 per cent to the State's gross value of agricultural production. The cereal production belt extends from Geraldton on the northwest coast to Esperance on the southeast coast.

The prospects for the cereal industry are good with the continued development and integration of new technologies and the increasing focus on developing sustainable farming systems. State production is expected to increase to over 12 million tonnes by 2005.

Cereals are increasingly export-market focused, at all levels to meet the ever-changing needs of international customers. In Western Australia there is the added advantage of being close to expanding



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Asian markets. In addition, Western Australia produces grains that are preferred for the production of noodles and biscuits. It has an international reputation for being clean and residue free.

Investment opportunities in the cereal industry focus on value adding. Within wheat production there is scope to expand into Asian food products, flour, biscuits, semolina and pasta. With the expansion in malt requirements by the world's markets (especially China) there are opportunities for barley malting to meet the growing demand for malt and beer in Asia.

There are also opportunities in oat processing and the production of gluten and starch for export as feed stuffs to Asia.

### Wool and Wool Processing

Australia is recognised as the world's leading producer of quality fine apparel wool. Western Australia produces more than a quarter of Australia's exported fine merino wool, which represents 14 per cent of global fine wool production. Approximately 150,000 tonnes of wool is produced in Western Australia each year with an export value of \$A400 million. The State produces 21 percent of the total Australian wool clip.

Late stage wool processing capacity is being substantially relocated out of Europe and Japan and into India and Asian countries. This has resulted in the relocation of significant early stage processing into Australia to supply washed wool and wool tops to processors. The wool processing industry in Western Australia is now ready to share in this expansion.

Western Australia has a strong wool washing industry with an international reputation for quality, reliability and timely delivery. The industry has capacity to wash more than 25 per cent of the State's clip and potential for substantial growth. The State's wool washing industry has been consolidated at a new state-of-the-art plant with a

capacity of 25,000 tonnes and provision has been made for plant capacity to be increased to process over 30,000 tonnes of clean wool a year.

A number of sites within wool growing areas of Western Australia have been identified as having potential for wool processing. They offer large areas of low-cost land suitable for land-based effluent management systems. All sites are located close to major regional centres and port facilities.

### Pig Industry

The Western Australian pig industry is relatively small, with approximately 35,900 sows producing 37,500 tonnes of carcass meat annually of which 30,000 tonnes are consumed annually in Western Australia. The balance of production is exported to the eastern seaboard with a small, but increasing quantity exported to Asia. The Western Australian herd amounts to 12 per cent of the national pig herd.

The industry has identified substantial opportunities for pig production and processing in the **Wheatbelt**, which currently accounts for over half of the State's present pork production.

There are many competitive advantages for regional Western Australia, making it an ideal site for locating major pig production and processing businesses:

- The State's best pig producers have costs below \$A1.40 per kilo live weight, which is highly competitive by world standards.
- Western Australia is also a major supplier of feed grains at competitive prices.
- Western Australia is free from many of the diseases that plague many other pig producing countries.
- Abundant land and water and good climatic conditions exist in regional areas.
- Close proximity to Asian markets.
- The environmental impact of pig production in regional areas will be low with the ready availability of land and low population density.

### Pulse and Oilseed Industry

Western Australia's pulse industry is committed to a program of rapid expansion to meet growing world demand.

By 2008 analysts predict 1.8 million tonnes of pulses will be produced in Western Australia. The growth is driven by the demand for food pulses: chickpeas, faba beans, field peas, and lentils. Production of Australian Sweet, Albus and Yellow lupins will be increased.

The State has a number of competitive advantages, which will enhance future investment in the industry. These include:

- A large, established, export oriented grain industry.
- Location is close to the pulse markets of Asia.
- Current use of modern, sophisticated farming methods.
- High quality storage and handling facilities.
- The industry is supported by world class research and development facilities.
- Reliable rainfall and efficient management ensures continuity of supply, which will complement the growing season in the Northern Hemisphere.

Western Australian production of canola seed amounted to 620,000 tonnes in 1998/99, which increased to 1 million tonnes in 1999/2000. Production is expected to stabilise at around 600,000 tonnes for 2000/2001. There are opportunities to establish a canola crushing plant near Albany in the **Great Southern** Region.

### Dairy Industry

In 1998/99 Western Australia produced 404 million litres of milk valued at \$A135 million. The Western Australian dairy industry is one of the highest value-adding rural industries with product sales exceeding \$A366 million.

Exports of dairy produce are becoming increasingly important. Asia remains Western Australia's key export region accounting for over 90 per cent of total exports. Key markets in Asia, include Singapore, Japan, Malaysia, South Korea, Hong Kong and Taiwan.

Western Australia has a number of comparative advantages and investment opportunities in the Dairy industry. It offers:

- Strong potential for expansion based on the State's large grain supply.
- Access to large expanding markets for dairy products in Asia.
- Production of premium processed dairy foods like cream, ice cream and cheese.
- 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.

Further growth in the Western Australian dairy industry will be essential to service the growing markets in Asia.

Potential exists to increase milk production by 50 per cent from existing dairy farms. There is also the potential for non-dairy farms to be converted. However, investment will be required to establish the necessary infrastructure.

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