There are different types of investors

All are needed and welcome in the Western Australian horticulture industry

Farmers continuously invest in land, genetics and farm innovations to drive growth. Western Australian horticulture producers supply fresh and processed produce locally, across Australia and beyond.

Integrated growers, packers and shippers are significant investors in the horticulture industry, driving innovation, new product development and expansions in Western Australia.

Packers, marketers and wholesalers play a large role in wholesaling and marketing products across the world.

Industry bodies and various produce research and science organisations all invest in the Western Australian sector, providing innovative solutions across the whole value chain, from farm to consumer.

State and Federal Government – across multiple agencies and departments – invests heavily in the industry through research, grants, education and support.

Important notice: The recent COVID-19 pandemic has affected the community and aspects of the global economy. Disruptions to supply chains, air freight and other business activities are acknowledged. Collaborative efforts by governments, industries and communities will chart the way forward knowing global demand for food and the supply of the many products from Western Australia’s primary industries will continue. The information presented in this Industry Snapshot as at February 2020 serves as a reference point for continued industry innovation and growth.
Twenty year growth rate of fruit and vegetable import volume

CAGR; tonnes; import volume

Growing demand from Asia and the Middle East

Total fruit and vegetable import value
US dollars billion

- $1 (1967)
- $3 (1977)
- $7 (1987)
- $15 (1997)
- $28 (2007)
- $75 (2017)

Markets include: China, Indonesia, the Middle East, all other Asia and North Africa

- **China**: 6%
- **Indonesia**: 5%
- **Vietnam**: 23%
- **UAE**: 18%

US $47 billion growth in demand over the last decade

CAGR = Compound annual growth rate
Source: UN FAO Stat system
UAE = United Arab Emirates
Western Australia is well positioned to deliver

Western Australia is the closest, most accessible Western region to Asia; it is in the same, or adjacent, time zone as Beijing, Manila, Hong Kong, Tokyo, Singapore, Kuala Lumpur and other regional centres.
Western Australia has regular flights out of Perth to Asia and the Middle East and global destinations. In addition, the Busselton Margaret River Airport (225 km south west of Perth) has completed a runway upgrade, providing an international alternative for the South West.

“Western Australia is the perfect location to supply into Asia. We can fly perishable products directly into Asian markets faster than our eastern counterparts.”

Horticultural producer

As at April 2020, the COVID-19 pandemic has reduced air freight carried on passenger aircraft due to fewer flights. Until resumption of regular flights, chartered air-freighters will serve export supply chains.
Excellent trade access

“Australia has excellent trade access with low to no tariffs with many regional partners.”

CEO, Diversified Agrifood Company

CURRENT FTAs
- NZ (ANZCERTA)
- Singapore (SAFTA)
- US (AUSFTA)
- Thailand (TAFTA)
- Chile (ACIFTA)
- ASEAN-NZ (AANZFTA)
- Malaysia (MAFTA)
- Korea (KAFTA)
- Japan (JAEPAs)
- China (ChAFTA)
- Trans-Pacific Partnership (CPTPP)
- Peru (PAFTA)
- Hong Kong (AHKFTA)
- Indonesia (IACEPA)

FTAs UNDER NEGOTIATION
- Gulf (AGCCFTA)
- India (AICECA)
- EU (AEUFTA)
- Pacific Alliance (PAFTA)
- Regional (RCEP)

FTAs CONCLUDED NOT YET IN FORCE
- Pacific Islands (PACER Plus)

FTAs = Free trade agreements
As at 21 February 2020
Source: Department of Foreign Affairs and Trade
Western Australia is well positioned to supply South East and East Asia with fresh, high quality products consistently.

**Fresh**
“The advantage of Western Australia is the close proximity to South East Asia. The geographic location is a windfall. We get a good logistics advantage.”

*Regional Director, Multinational*

**Consistent quality**
“Western Australia has a good reputation as a reliable supplier, with good product performance and a stable supply.”

*General Manager, Exporter*

**Reliable**
“Western Australia is a very attractive place to invest; stable Government, trusted systems, and it’s easy to do business.”

*CEO, Horticultural Company, Grower, Packer, Shipper*
Western Australia can produce more

Resources
- Large land area for farming
- Opportunities for productivity increases
- Small local population to feed (2.6 million people)
- Readily available inputs
- Significant, reliable, inexpensive and good quality water resources in production areas
- Well managed water and environmental regulation

Skills and systems
- Educated population
- Modern farming systems
- High productivity
- Pool of service providers
- Well organised industry
- High food safety, and advanced traceability systems

Reputation
- Brand Western Australia
- Clean and green
- Strict biosecurity standards
- High levels of food safety
- Modern handling and processing facilities

Comparative advantages

Close to key markets
- Capable producers with a history of production for export to Asia and beyond
- Western Australia is well positioned to supply fresh, chilled and frozen products into Asia
- You can harvest in the morning and have your product in Singapore, Hong Kong, Vietnam and other Asian markets by the end of the day
- More competitive cost to Asia considering Australian east coast

Environment conducive to horticultural production
- Range of temperature and climatic zones
- Potential for year round production
- Range of soil types
- Large range of unique bushfoods to use as products and flavourings
- Respected and effective water and environmental licencing systems

Biosecure auditable environment
- Free from numerous pests and disease due to isolation
- Use for production of seeds for international markets
- Well resourced regulation
- Meet environmental and food safety global standards (e.g. BRCGS Global Standard for Food Safety, GlobalG.A.P.)
- Traceable production through supply chain
- Supportive Government commitment to industry
- Industry benefits from effective biosecurity management

Experienced industry
- Sophisticated and experienced industry
- Modern farming systems
- Ongoing research and development and investment in genetics and productivity increases
- Strong, organised inclusive community
- Large farms at scale
What do we have?

Western Australian has a broad range of key products:

- Carrots
- Potatoes
- Tomatoes
- Greens
- Beans
- Onions
- Broccoli
- Corn
- Truffles
- Avocados
- Apples
- Citrus
- Strawberries
- Table grapes
- Mangoes/melons
- Stone Fruit
- Nuts
- Many others

“Products have a great reputation in international markets and with diversity in growing locations, quality crops are produced in different seasons.”

Research Director
Western Australia’s horticulture industry is concentrated in the **south**, but with counter-seasonal **north** and **mid-state** supply

“Our benchmarking initiative has gone very well. Companies really appreciate being able to compare their finances and make improvements. There is an ongoing motivation to improve. This is very good for the industry overall.”

**CEO, Industry Association**
The efficiency of Western Australian horticulture is increasing

“As our trees grow and mature our yields will continue to increase.”

CEO, Diversified Agrifoods Company
Export focused horticulture

**Root crops**
- Long historical export success into growth markets
- Strong in Asia and Middle East
- Achieves premium in-market
- Carrots are WA's largest horticultural export in value and volume
- Seed and ware potatoes and onions achieve export success

**Berry fruit**
- Attracting significant investment
- Growing local and export demand
- New varieties and genetics
- Export success in strawberries
- Pollinating research advancing blueberry production

**Tree fruit and vines**
- Strong track record of breeding, production and development (e.g. Bravo® branded apples)
- Long history of supplying export markets
- High level of vertical and horizontal integration
- Proven entrepreneurs in table grapes, avocados and citrus who have improved quality and production for export

**Leafy vegetables**
- Established domestic market
- Select airfreight markets
- Can reach Asian destinations on day of harvest
- Excellent food safety standards

**Specialty other opportunities**
- Leading global truffle suppliers – Manjimup is an ideal production area
- Differentiated range of or native crops and bush foods (e.g. finger limes)
- Wide range of other products (e.g. nuts, bush foods)

**Access to land and water**
- Large amounts of available land and abundant water can support industry growth
- Regions including the Ord River Irrigation Area, the La Grange groundwater south of Broome, Carnarvon, the Swan Coastal Plain, Collie, Manjimup and other areas have reliable good quality water for irrigation
Western Australian horticulture exports are growing

Source: ABS, Project analysis
3 different production systems

Mechanised field agriculture
- Regional clusters around packhouses in each production area
- Efficient irrigation systems
- Large at scale modern farming operations
- High technology systems
- Latest genetics well adapted
- Year round production across climatic regions
- Strong reputation in export markets

High productivity orchards and vines
- Modern packhouses service surrounding growers
- Accessing proven genetics
- Track record of innovation
- Highly skilled workforce
- Strong reputation in export markets
- Temperate through tropical production areas

Greenhouses and other protected cropping
- Focused on high value crops
- Modern high output production systems
- Leveraging global proven technology
- World class capabilities and systems
- Untapped potential for growth where markets identified
Western Australia has **growth upside** in farm sizes relative to competitors

Western Australia can grow average farm size significantly and achieve more efficiency to match key competitor states¹

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**Average Fruit Farm Size**

<table>
<thead>
<tr>
<th>State</th>
<th>Hectares, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tasmania</td>
<td>17</td>
</tr>
<tr>
<td>Western Australia</td>
<td>20</td>
</tr>
<tr>
<td>South Australia</td>
<td>28</td>
</tr>
<tr>
<td>New South Wales</td>
<td>30</td>
</tr>
<tr>
<td>Queensland</td>
<td>35</td>
</tr>
<tr>
<td>Victoria</td>
<td>57</td>
</tr>
</tbody>
</table>

**Average Vegetable Farm Size**

<table>
<thead>
<tr>
<th>State</th>
<th>Hectares, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>New South Wales</td>
<td>18</td>
</tr>
<tr>
<td>Western Australia</td>
<td>22</td>
</tr>
<tr>
<td>Tasmania</td>
<td>32</td>
</tr>
<tr>
<td>South Australia</td>
<td>35</td>
</tr>
<tr>
<td>Queensland</td>
<td>38</td>
</tr>
<tr>
<td>Victoria</td>
<td>47</td>
</tr>
</tbody>
</table>

¹ Subject to regional water availability. Source: ABS, Project analysis
There will be solid demand for fruit and vegetables in the future

“Australian fruit exports to China have grown fivefold in just four years, and there is ample opportunity to ramp up exports of vegetables into Asia... Asia has fuelled significant growth in Australian fresh fruit and vegetable exports, with China, Hong Kong, Japan and India leading the way.”

ANZ InFocus Future of Fresh, March 2018
High level macro drivers support **solid export demand** for horticultural products

**Aggregate Global Fruit and Vegetable Production Growth**

- 40yr CAGR
- 2.3 %PA

**Fruit and Vegetable Consumption Growth per Person**

- 40yr CAGR
- 0.9 %PA

**Total Global Fruit and Nut Trade 10yr CAGR**

- Volume Growth
- 3.5 %PA
- Price Growth
- 3.1 %PA
- Value Growth
- 6.7 %PA

**Global Vegetable Trade 10yr CAGR**

- Volume Growth
- 3.6 %PA
- Price Growth
- 0.8 %PA
- Value Growth
- 4.5 %PA

CAGR = Compound annual growth rate. Source: United Nations FAO; Project analysis
Attracting global investment

Global berry company

Major NZ based produce Co-operative

Canadian based Pension Fund

Chinese investment company

Chinese private real estate company
## Investment is occurring

<table>
<thead>
<tr>
<th>Firm</th>
<th>Year</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fruit West Cooperative</td>
<td>2019</td>
<td>Memorandum of Understanding (MOU) signed with Australian licensee for Bravo® branded apples owner Fruit West Cooperative and Star Fruits Diffusion and Top Fruits (South Africa).</td>
</tr>
<tr>
<td>Harvest Road</td>
<td>2019</td>
<td>Harvest Road plans to develop 100 hectares of land in the Pilbara and Gasgoyne – potential for $100 million worth of produce annually.</td>
</tr>
<tr>
<td>MULTIPLE FIRMS</td>
<td>2015 onward</td>
<td>Substantial investment in developing avocado industry in the South.</td>
</tr>
<tr>
<td></td>
<td>2016 onwards</td>
<td>Significant investment in growing citrus.</td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>Cotton, horticulture, field crops and cattle.</td>
</tr>
<tr>
<td></td>
<td>2018</td>
<td>$1 million on packing technology (to reduce packaging and plastic).</td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>$10 million investment in infrastructure for growth (e.g. irrigation).</td>
</tr>
</tbody>
</table>
The Western Australian horticulture sector has a strong group of companies

Vegetables
- LJM Produce
- Berry Sweet Strawberry Farm
- JASPER FARMS
- WEST PEMBERTON AVOCADOS
- JOE BENDOTTI & CO.

Fruit
- A & S Canzirri & Sons
- JASPER FARMS
- WEST PEMBERTON AVOCADOS
- JOE BENDOTTI & CO.

Other
- Five Acre Nursery
Returns across the supply chain

Australia’s **high performing sectors** are showing **strong returns** across the supply chain.

<table>
<thead>
<tr>
<th>Growing</th>
<th>Vegetable</th>
<th>Grape Growing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citrus, Nut, Other</td>
<td><strong>8.3%</strong></td>
<td><strong>16.6%</strong></td>
</tr>
<tr>
<td>Apple, Pear, Stone</td>
<td><strong>11.4%</strong></td>
<td><strong>6.8%</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fruit and Vegetable Wholesaling</th>
<th>4.4%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fruit and Vegetable Processing</td>
<td>4.7%</td>
</tr>
</tbody>
</table>

**Note:** Australia-wide statistics. 1. Australian industry average profit margins (EBIT/Revenue), 2018

*EBIT = Earnings before interest and tax. Source: IBISWorld, Project analysis.*
Four investment themes

Four investment themes exist to create growth in the Western Australian horticulture industry

1. Investing in world-class systems
   Opportunities exist to continue to grow overall productivity through technologies, genetics and crop and farm management

2. Investing in ongoing post farm gate efficiencies
   Opportunities exist to continue to drive industry consolidation and packhouse scale

3. Investing in value chain development
   Opportunities exist to build more integrated value chain linkages into key high value markets

4. Investing in growing production
   Opportunities exist to produce significantly more horticulture from Western Australian resources
Value propositions exist that promote opportunities for investment

**Expand Bravo® branded apples platform**
- Western Australia has developed several unique apple varieties marketed as Pink Lady®, Joya® and Bravo®
- Industry currently in scale up mode
- Opportunity to expand world wide with global export opportunities

**Develop mangoes targeting Asia**
- North Western Australia tropical counter seasonal conditions
- Growing demand for premium mangoes in key markets
- Queensland experience indicates significant upside

**Bush crops targeting global CTF* houses**
- Unique and diverse range of plants available
- Deep traditional knowledge base
- Positive consumer story and positioning
- Emerging scientific research

*CTF – Cosmetics, toiletries and fragrances*
The Department of Primary Industries and Regional Development is ready to assist you

For further information please contact:

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phone +61 (0)8 9368 3590
website agric.wa.gov.au/agribusiness-food-trade

The Department of Primary Industries and Regional Development commissioned Coriolis Australia Pty Ltd to provide the information in this publication in consultation with selected industry stakeholders.

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