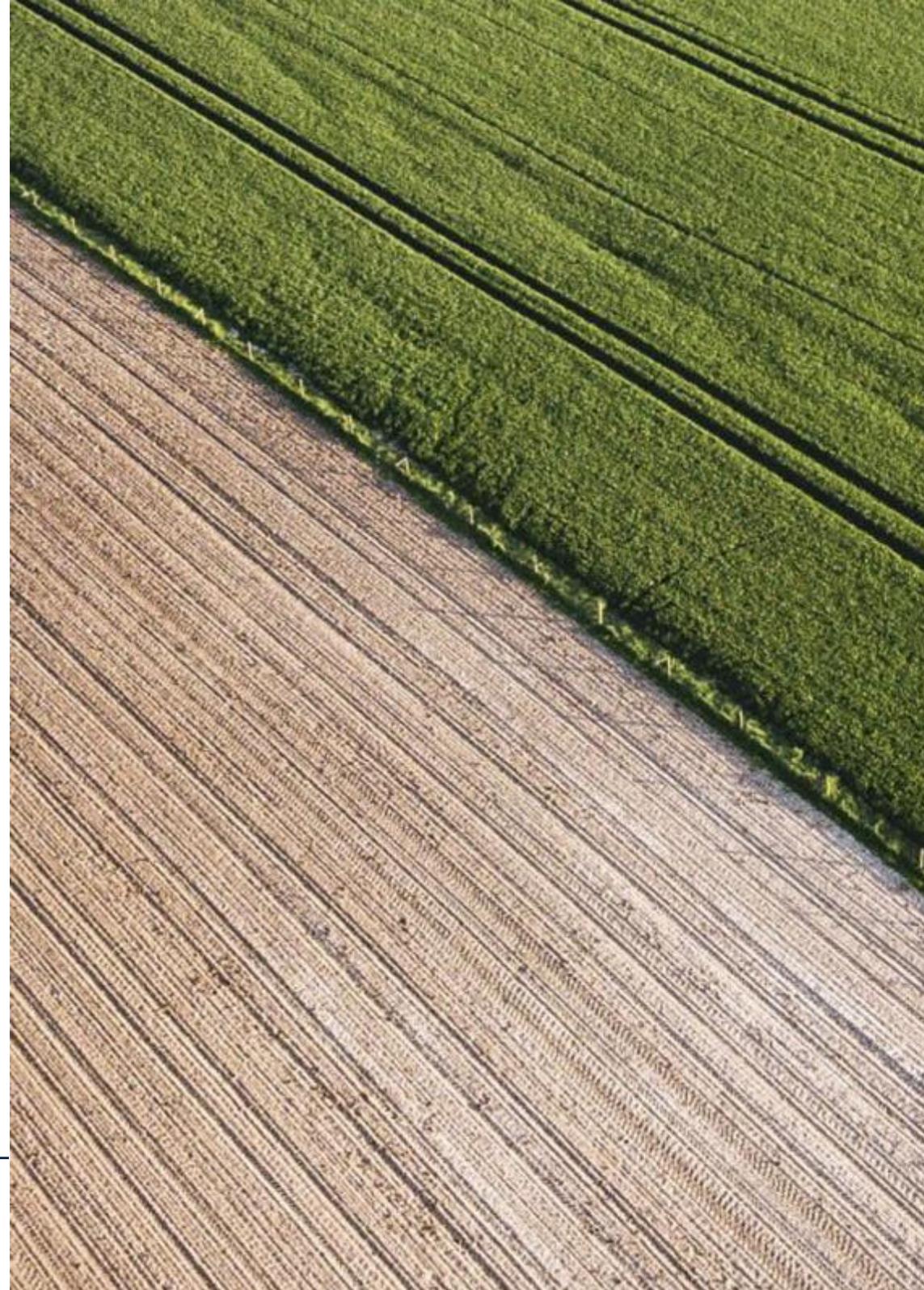


# Sustainably produced food

Opportunities for Western Australia

A Summary Report prepared for Department of Primary  
Industries and Regional Development

30 July 2021



# Summary Report

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Growth in demand for sustainably produced food, especially in Asian markets, will help shape the future of Western Australia's agrifood industry. The extent to which the industry makes the most of this opportunity will help determine its future success.

To understand the opportunities and challenges presented by sustainable production, consultation with producers and customers operating in the sustainable food space in Western Australia and Asian export markets was undertaken.

Based on the findings of the stakeholder consultation and additional desktop research, this report assesses the demands and preferences for sustainable food both now and in the future.

The report identifies the potential benefits of investing in sustainably produced food in Western Australia and provides recommended next steps for industry and government to make the most of this future opportunity.

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# The purpose of the project

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## Objectives and scope

This project has been undertaken to provide the Department of Primary Industries and Regional Development (DPIRD) and industry with a strategic understanding of the value of sustainably produced food for Western Australia including consumer preferences, barriers, risks, opportunities and benefits for industry and the wider community.

The project focussed on key Asian export markets for Western Australia's agrifood products to identify key findings and recommendations. The project did not include an analysis of domestic markets.

## Methodology

The findings and recommended next steps identified by this project were developed through an in-depth stakeholder consultation process, supported by desktop review and analysis.

The stakeholder consultation process focussed on interviews with producers, retailers, distributors and industry bodies across five key products and export markets agreed with DPIRD. A survey was also undertaken and provided to producers, retailers, and others in

DPIRD's food industry and innovation network. The survey did not have a particular focus on specific products or markets.

The findings from the stakeholder consultation process were used to guide additional supporting desktop research and analysis. The desktop research included drawing out key findings from four global case studies on sustainable production initiatives at a regional scale. A conceptual approach to assessing the potential economic, social and environmental benefits of increasing sustainable production in Western Australia was also developed to inform the key findings and recommended next steps.

## About this report

This report identifies key findings and recommends next steps for government and industry, including in partnership, to overcome the challenges and leverage the opportunities of sustainably produced food. The recommended next steps intend to provide a set of low-risk actions that can enable Western Australian agrifood producers to maximise the benefits and minimise the risks associated with shifts to more sustainable production methods.

The report is structured around the four key thematic findings from the project in addition to an opening summary of the context and drivers for sustainable agrifood production in Western Australia.

# Sustainable agrifood production has an important role in meeting future demand for food in Western Australia's key export markets

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## *Agrifood production is an important sector for Western Australia*

Agricultural production in Western Australia is a valuable industry with an estimated \$8.8 billion (2019-20) annual production supporting more than 55,000 jobs. Agrifood exports account for around five per cent of the state's total exports. Asia continues to be the major export destination for Western Australian agricultural products, led by China, Indonesia, Vietnam and Japan.

The most important commodities in Western Australia, based on the gross value of agricultural production in 2019-20, were wheat (\$2.0 billion), followed by barley (\$1.3 billion) and beef cattle (\$899 million) (ABS, 2021). Fisheries production was \$573 million (2018-19), 87.5 per cent from wild catch and 12.5 per cent from aquaculture (ABARES, n.d.).

There is also a growing trend towards higher-value premium food and beverage processing, representing more than 11 per cent of the state's total manufacturing sector and comprises approximately 1,200 businesses with a labour force of approximately 19,500 (DPIRD, 2018).

## *A step-change in agrifood production is needed to meet future demand for food while reaching sustainable development goals*

To meet the nutritional needs of the close to 10 billion people expected to be on the planet by 2050, the FAO has estimated that food production will need to increase by 70 per cent under a business-as-usual scenario. However, food production can have a heavy ecological footprint, including carbon emissions and freshwater consumption. Other issues, such as land degradation, can lead to lower agricultural productivity. In response, governments and industry, including in Western Australia and Western Australia's key export markets, are changing policies and practices to drive more sustainable food production.

## *Providing a simple definition of sustainable production is challenging*

Sustainability has a range of potential meanings for different people, industry sectors and countries. Sustainability covers an array of environmental, social and economic issues. For Western Australian producers, environmental stewardship and healthy food are central themes that define their sustainability focus.

# Key finding: Demand from end consumers in Asian markets is currently focused on price, quality, health, and food safety above sustainability

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## Insights

Producers and retailers identified that consumer demand in Asia is primarily driven by price, quality, and health before sustainability, although this can vary by market and product.

Currently, many consumers do not have a clear understanding of sustainability and considerations of sustainability are often focused on personal wellbeing relating to health and food safety. This is particularly prevalent in Asian markets, but also occurs to some extent in the UK, EU and USA.

Agrifood producers in Western Australia cannot consistently achieve price premiums from sustainability alone, but sustainability can be used to justify premiums in some markets.

*"Price is still the number one factor right now [in Japan]. Sustainable items are expensive, so most consumers do not consider them. Consumers are not aware of the whole lifecycle; they generally think of price and country of origin." – Japanese trading house*

## Next steps for government and industry groups



# Key finding: The demand for sustainability credentials is expected to increase

## Insights

Although current demand for sustainably produced food from consumers is low, it is growing rapidly. Producers and retailers expect that, in future, sustainability will become a "right to play" and not a point of differentiation.

In response to consumer trends, business to business customers such as retailers, distributors, and manufacturers are actively demanding sustainability credentials in markets around the world. Some markets, particularly within the EU, already require proof of sustainability to access opportunities. Asian customers are becoming aware of demands for sustainability in supply chains. Dominant distributors or wholesalers, in particular, are starting to require sustainability credentials in this area.

Accreditation and auditing may be required to demonstrate sustainability credentials; however, there are many potential accreditation systems with no one clear market preference.

*"If you don't have Aquaculture Stewardship Council (ASC) certification you can't access European and US markets" – Western Australian seafood producer*

## Next steps for government and industry groups



# Key finding: Increased demand for sustainable food presents risks and opportunities for agrifood producers

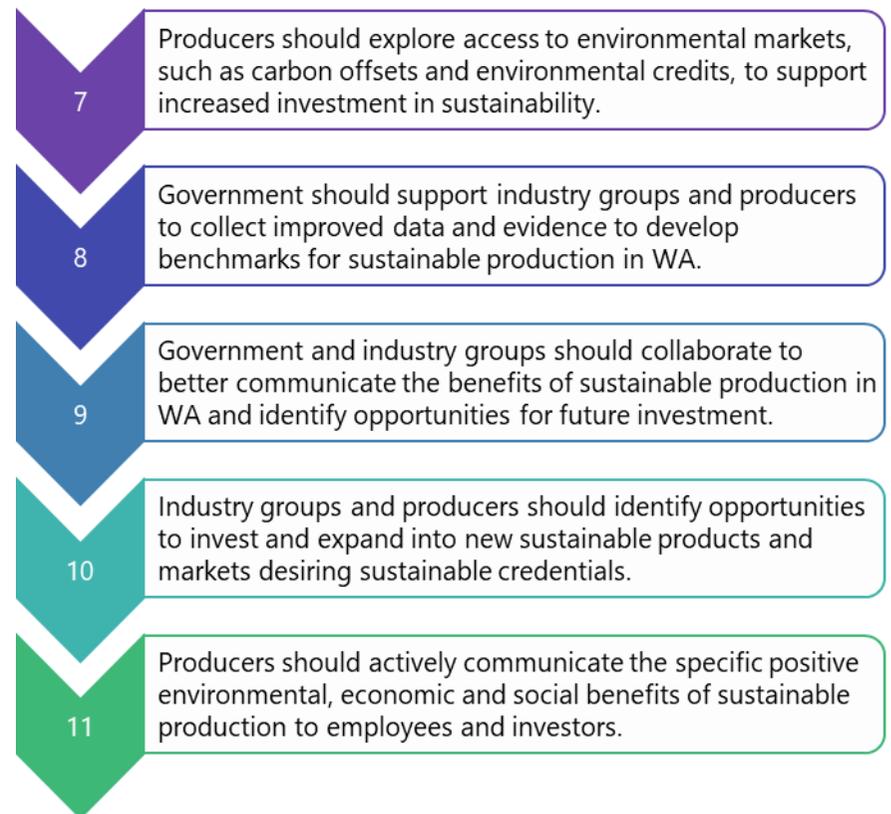
## Insights

Companies are investing in sustainability now to prepare for the expected future changes in customer requirements and consumer perceptions. However, transitioning to sustainable production and demonstrating sustainability credentials can be complex, costly in the short term, and time-consuming.

Sustainable practices can provide benefits from long-term cost reductions and reduced supply chain risks. Sustainable production may also provide a 'social license to operate' within communities and improve employee retention. Sustainable practices can also attract additional investment or reduce borrowing costs for producers and enable access to environmental markets.

*"[Sustainability provides] a licence to operate in the local communities, people want to know their waterways are going to stay healthy. Employees get excited and take ownership, overall boosts morale and retention because of shared vision and purpose." – Western Australian producer*

## Next steps for government and industry groups



# Key finding: Western Australia can benefit from sustainable production

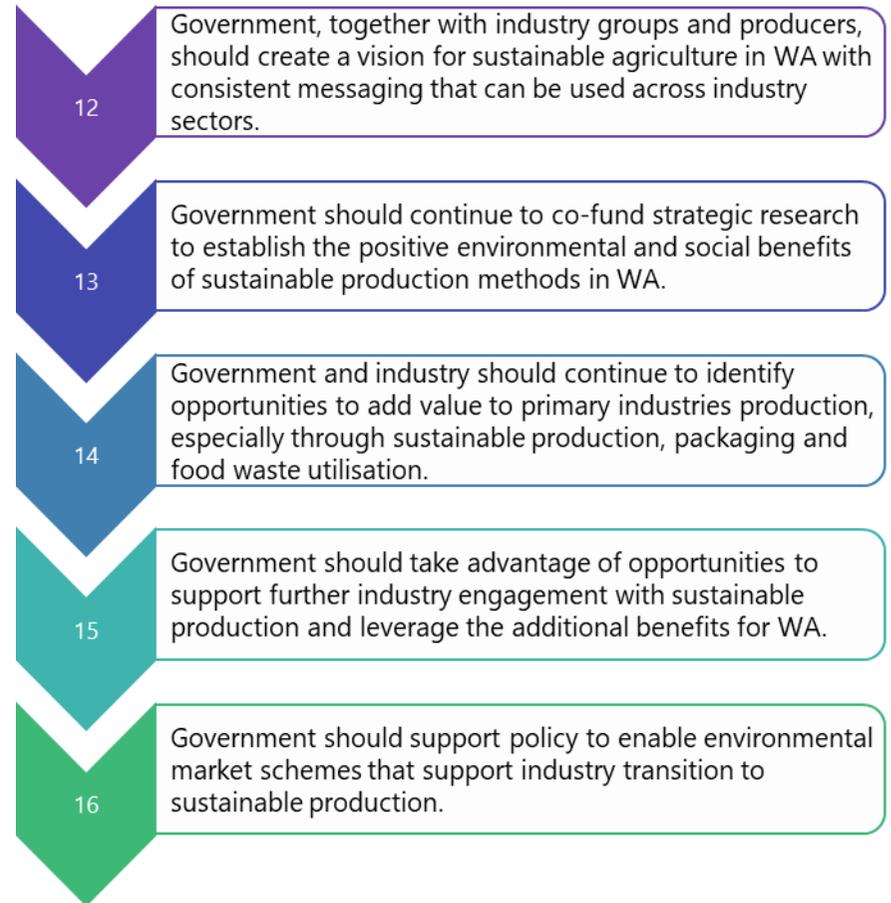
## Insights

Moving to more sustainable production methods could attract increased investment to Western Australia. Increasing the sustainability of agrifood production supports delivery of improved environmental and social outcomes for Western Australia. Providing further support and investment for value-add and innovative opportunities for Western Australia could therefore support environmental and social benefits for the community. The Western Australia Government is also seeking to improve access to environmental markets, which provide payment for carbon offsets or other environmental benefits, and can therefore support increased investment in sustainable production.

However, there is currently limited data and evidence on the sustainability performance of agrifood businesses, including financial performance and improved environmental and social outcomes. This is limiting the uptake of opportunities for improvements in sustainable production.

*"So far, one of the greatest challenges is measuring the impact any management practice changes may have on emissions." – Farm manager in Western Australia*

## Next steps for government and industry groups



# Industry and government must collaborate to enable the transition to sustainably produced food

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This project identified benefits, opportunities and challenges in increasing the sustainability of agrifood production in Western Australia. The main challenges facing agrifood producers looking to increase sustainable production include:

- There is no consistent price premium available for sustainability as most consumers place more value on quality, price and health.
- Consumers do not have a consistent understanding of sustainability and often focus on health and food safety.
- Accreditation will likely be required to demonstrate sustainability; however, it can be complex, costly, and time-consuming.
- There is limited data and evidence on the sustainability performance of agrifood businesses, including financial performance and improved environmental and social outcomes.
- Western Australian producers may struggle to access existing environmental markets due to incompatibility of some existing methodologies with the Western Australian landscape.

Overcoming these challenges requires action from both government and industry, including in partnership, to fully understand and achieve the potential for sustainable agrifood

production in Western Australia. This project identified a range of recommended next steps for government and industry based on the findings. The recommended next steps for industry and government are focused on:

- knowledge building and capability development to enable increased uptake of sustainable production led by industry
- improving available evidence and data to demonstrate the health and environmental benefits of sustainable agrifood production in Western Australia
- improving the communication of the outcomes of sustainable production, including through increased transparency in supply chains and undertaking environmental assessments
- providing further support and investment in valuable future opportunities for Western Australia, including specific growth industries and environmental market opportunities.

Delivering the recommended next steps across these areas of focus will enable Western Australian agrifood producers to maximise the benefits and minimise the risks of transitioning to more sustainably produced food.

# Document Information

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