



Department of  
Primary Industries and  
Regional Development

*We're working for  
Western Australia.*

# Western Australian animal-based health products

Business opportunity outline



Global demand for **animal-based health products** continues to grow.

**While plant-based products are gaining attention, it is animal-based health supplements that continue to drive growth.**

Major animal-based health products include collagen, bone broth and marine oils, and there are numerous other possibilities. Western Australia (WA) has all the required ingredients for successful animal-based health products for consumers and manufacturers seeking safe, trusted supplies. Animal-based health products can leverage existing Brand WA strengths and the industry can tell a good provenance story.

## Clear opportunity for **growth**

WA has a large supply of animals along with large processing facilities. We produce low cost inputs and are a major global exporter of beef, lamb and select seafoods, with large supplies available. We also have a range of exotic and niche species available (e.g. kangaroo).

The current industry has a surplus of by-products and waste streams suitable for value-added processing into animal-based health products.

**4.5%**

Forecast annual global bone broth growth rate over the next decade

**5.9%**

Forecast annual global collagen growth rate over the next decade

# Solid drivers

**Animal-based health products are part of a wider natural health products and supplements market, which is large and growing strongly driven by solid consumer demand.**

**Key drivers for market growth include:**

- Growth in chronic health conditions
- Aging populations across developed markets
- Growing scientific support for the efficacy of many natural health products
- A growing number of health and beauty influencers
- A shift by consumers to complementary and alternative medicines
- The rise of lifestyles of health and sustainability shoppers.

Animal-based health products exist in a unique space at the intersection of modern medicine and traditional Chinese medicine.

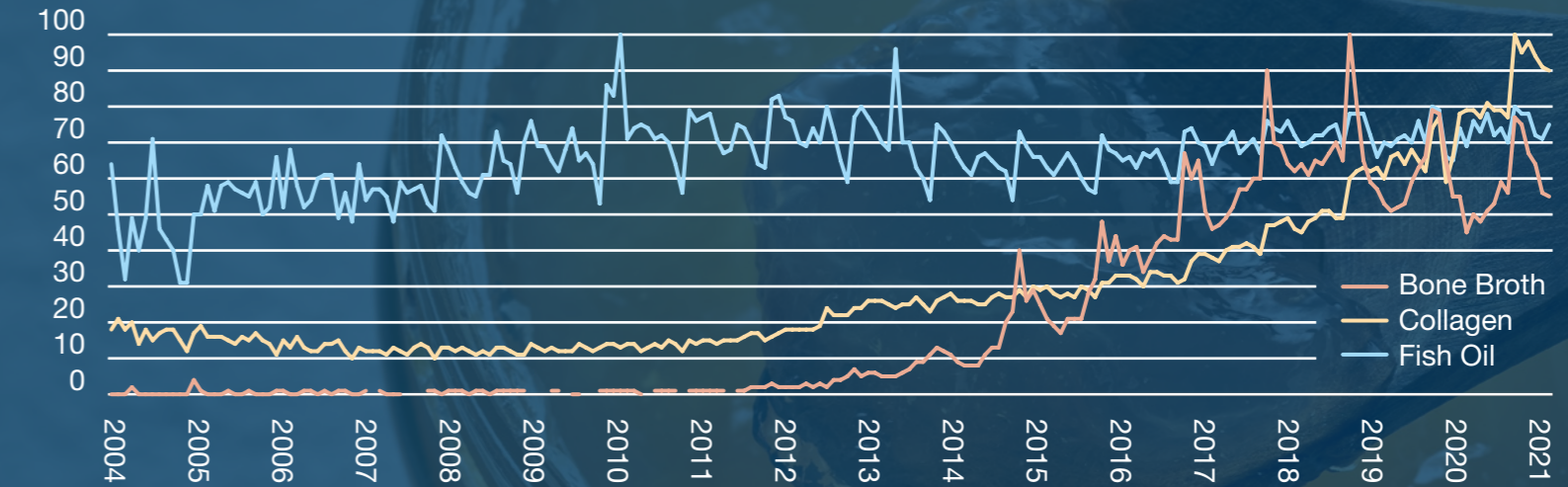
Rapid economic and population growth and growing health concern across large parts of Asia have increased regional demand for animal-based health products. This includes strong demand from China for bones and offal. In addition, as the pharmaceutical industry shifts its focus towards COVID-19 relief, opportunities are opening up for animal-based health supplements.

These conditions have created the ideal environment for consumers to turn to new solutions and drive the growth in animal-based natural health products. WA is in a strong position as a sustainable and traceable source of animals for collagen, bone broth and fish oils.

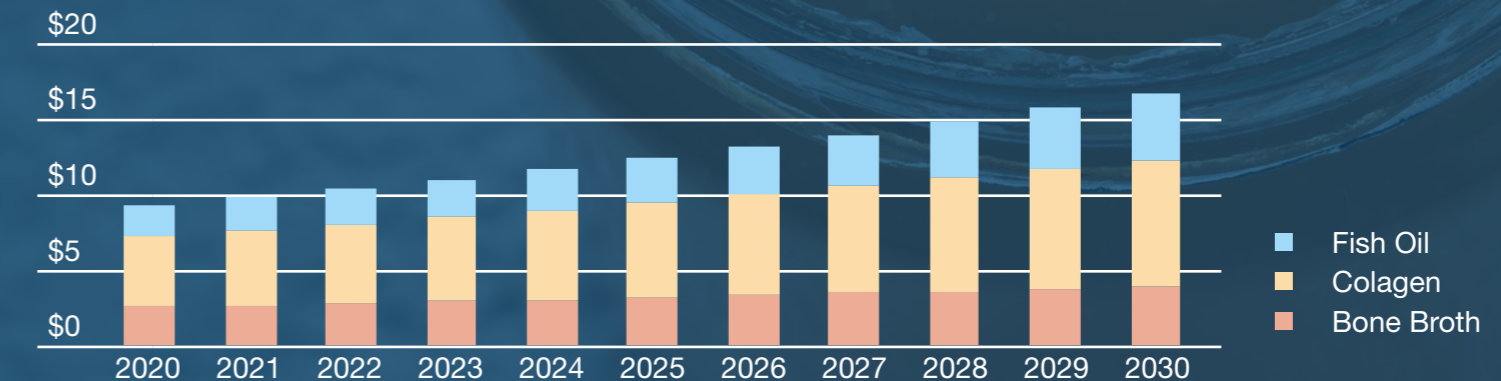
## Rapidly growing demand

Global demand for bone broth, collagen and fish oils are all showing solid, healthy growth. Bone broth, a US\$2.6 billion market in 2020, is forecast to grow into a US\$4.1 billion market by 2030, driven by a 4.5% compound annual growth rate (CAGR). Collagen, currently a US\$4.8 billion market in 2020, is forecast to grow into a US\$8.5 billion market by 2030, driven by a 5.9% CAGR. Fish oil, currently a US\$2.1 billion market in 2020, is forecast to grow into a US\$4.4 billion market by 2030, driven by a 7.9% CAGR.

**Worldwide Google trends search interest**  
(Relative index; Peak interest = 100; 2004-2021)



**Forecast global collagen, bone broth and fish oil market value (US\$; billion; 2020-2030)**



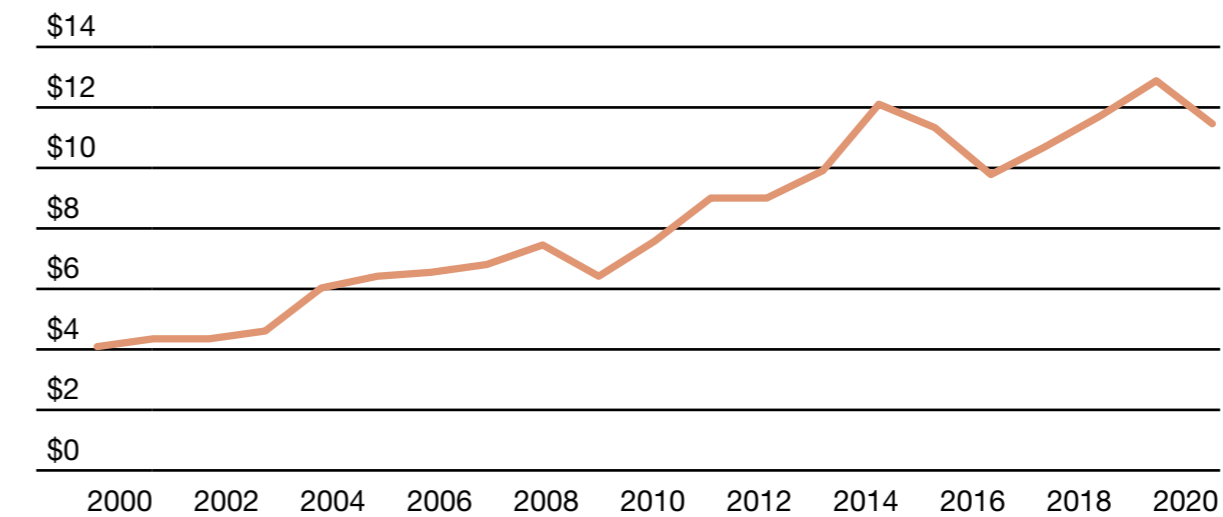
# Exports



## Growing exports

Australia is a leading global exporter of meat (HS02 and others), seafood (HS03 and others) and value-added meat products (HS16 and others). Total Australian exports of meat, seafood and animal-based value-added products were worth US\$11.4 billion in 2020 and are showing solid growth, achieving a 5% CAGR between 2000 and 2020.

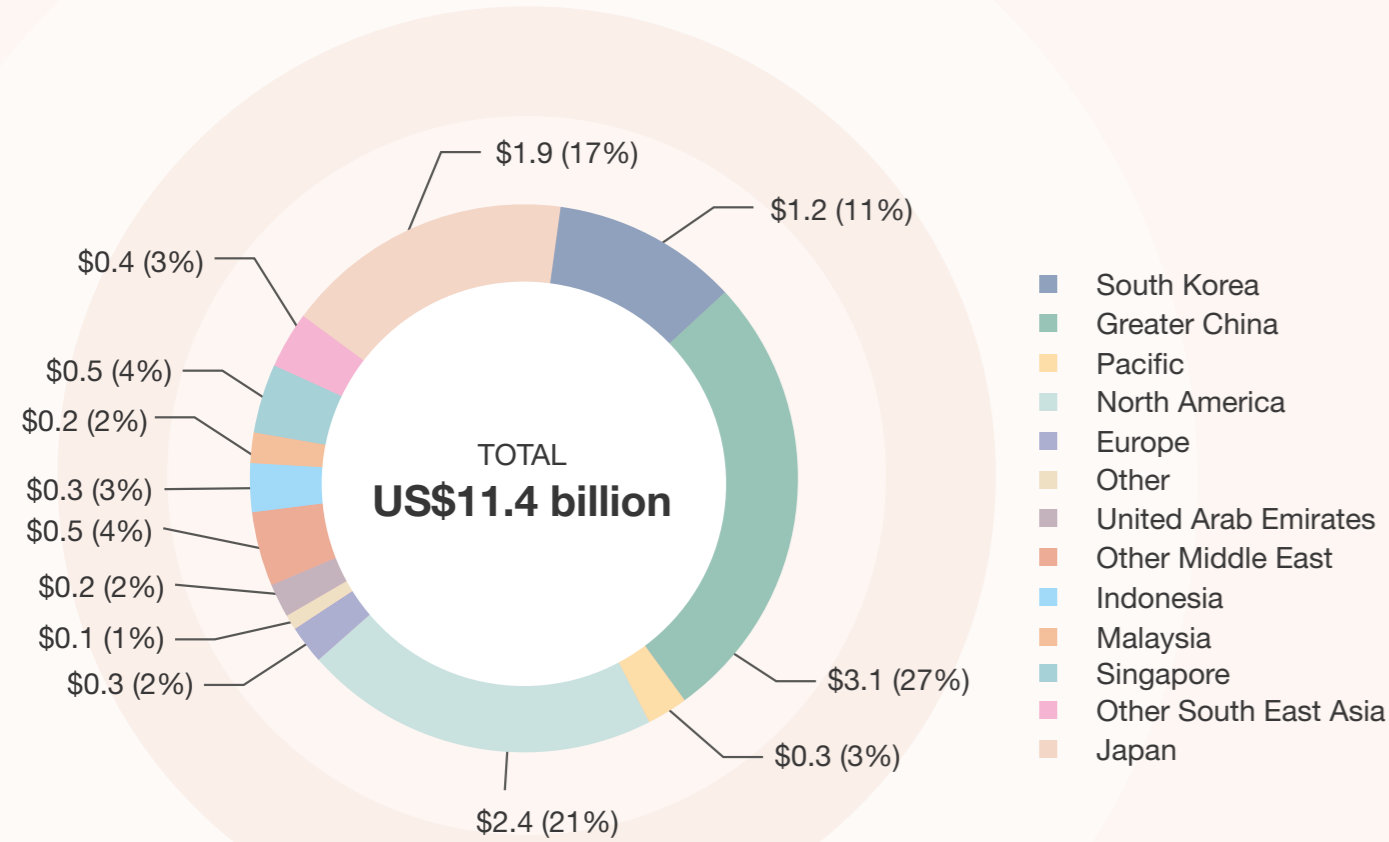
**Australian meat and seafood export value**  
(US\$; billion; 2000-2020)



## Key markets

Australia exports meat, seafood and value-added meat products to more than 150 countries in an average year. All major Asia-Pacific and high-income Western markets buy Australian animal-based products. Key markets include Greater China (US\$3.1 billion), Japan (US\$1.9 billion), South Korea (US\$1.2 billion) and North America (US\$2.4 billion).

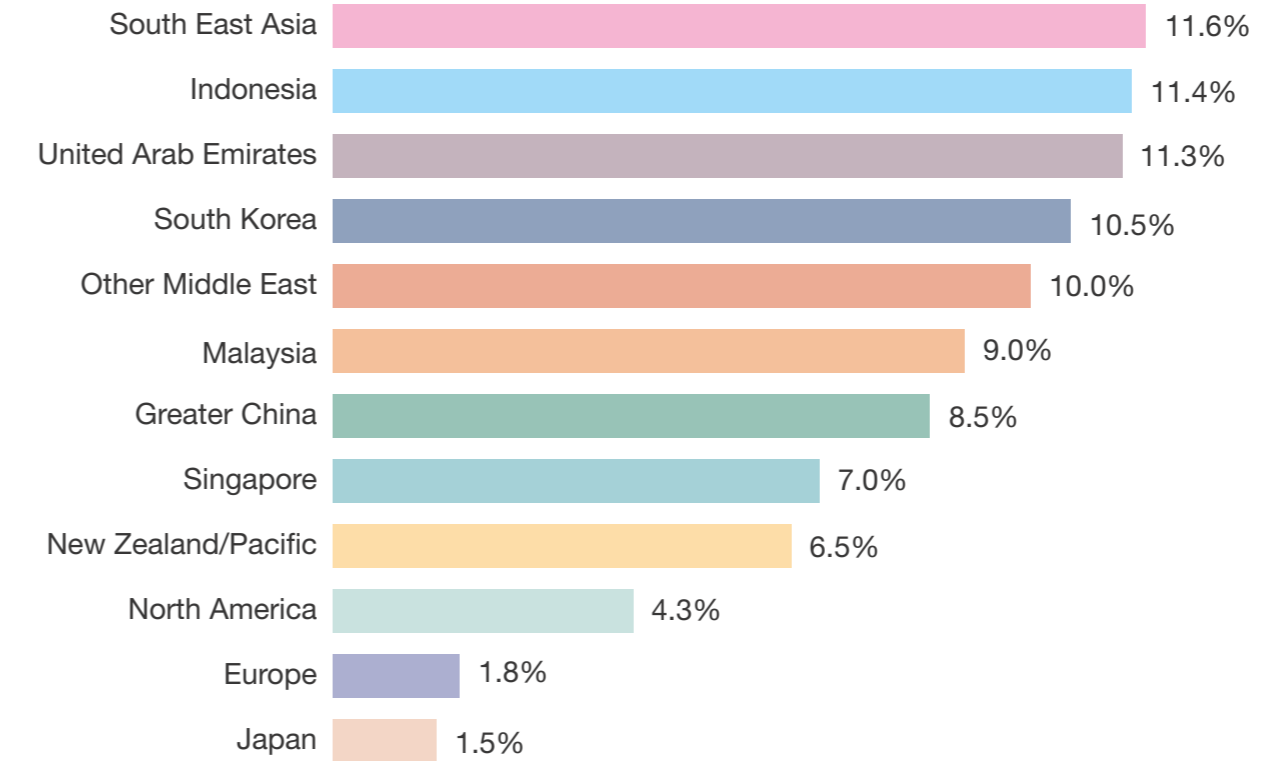
**Australian meat, seafood and products export value**  
(US\$; billion; free on board; 2020)



## Market growth

Australian exports of meat, seafood and value-added meat products are growing strongly to all markets other than Japan and Europe. Indonesia (11.4%), the United Arab Emirates (11.3%) and South Korea (10.5%) all stand out as growing markets.

**Australian meat, seafood and products export value 20 year growth rate**  
(US\$; CAGR; 2000-2020)





## Available capacity

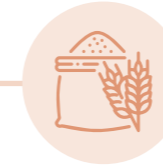
Being the size of western Europe with a population equalling Jamaica, WA has a very large land mass with a relatively small population. We have huge areas of arable land well-suited to high-quality meat production with the longest coastline (20,781 kilometres, including islands) of any Australian state, longer even than China or the United States.

We also have a wide range of climatic regions and growing conditions, ranging from a tropical climate in the north to a temperate Mediterranean climate in the south.



## Large, efficient, sustainable farms

WA has large, highly productive and efficient livestock farms, fishing grounds and aquaculture operations compared with other regions globally. We have large production units with large production per unit and a deep pool of experienced farm and fishing operators using modern, efficient production systems. Our agricultural and marine products are competitive globally and produced without subsidies.



## High quality raw materials

The risks of microbial and heavy metal contamination are higher with natural products depending on soil or water quality, environmental conditions and climate. Historical concerns regarding the transfer of contaminants and diseases from animal-based raw materials (e.g. Bovine spongiform encephalopathy) that have limited growth in the meat-based health supplements market are not an issue in Australia. Our animal products are produced in one of the world's cleanest environments making us a leader in delivering clean and healthy food-safe products.



## Safe and secure

WA produces a range of high-quality, safe, eco- friendly, ethically produced livestock and meat products. Our livestock has high animal health status, is free from major transmissible diseases and is backed by supply chain assurance programs and an effective biosecurity system that includes mandatory traceability and surveillance.

Nationally, Australia has strong biosecurity protocols and systems, ensuring our production environment remains healthy and safe. We are a trusted source of premium meat, seafood and other animal-based products into all major East Asia and South-East Asia markets.

Being placed on Asia's doorstep WA is ideally positioned to build on its trusted trade relationships with the fast-growing Association of Southeast Asian Nations (ASEAN) members. Our firms can meet the markets' increasing focus on product quality and safety.

## Land-based ingredients

WA's land-based animal production system focuses on a handful of export products where it has clear comparative advantage: sheep, beef, pork, and wild capture seafood. Goat, chickens and a range of other products form a second tier of ingredient opportunities.

### Beef

Global demand for Australian beef is growing. Australia is the world's largest global beef supplier by value and production is growing with the market. WA is a significant beef producer, achieving long-term growth in livestock numbers. In the 2020 financial year we processed half a million cattle, giving us a strong position in cattle-based ingredients for use in value-added products.

### Lamb

Australia and New Zealand dominate the moderately growing global sheep meat trade with North America, the Middle East and China. WA has Australia's second largest flock and in the 2020 financial year we processed 3.4 million sheep and lambs. Our strong position in sheep meat production means we can readily supply sheep-based ingredients for use in value-added products.

**Western Australia Beef Abattoir Locations**  
Active, idle and proposed; 2021



**Western Australia Lamb Abattoir Locations**  
Active, idle and proposed; 2021



## Pork

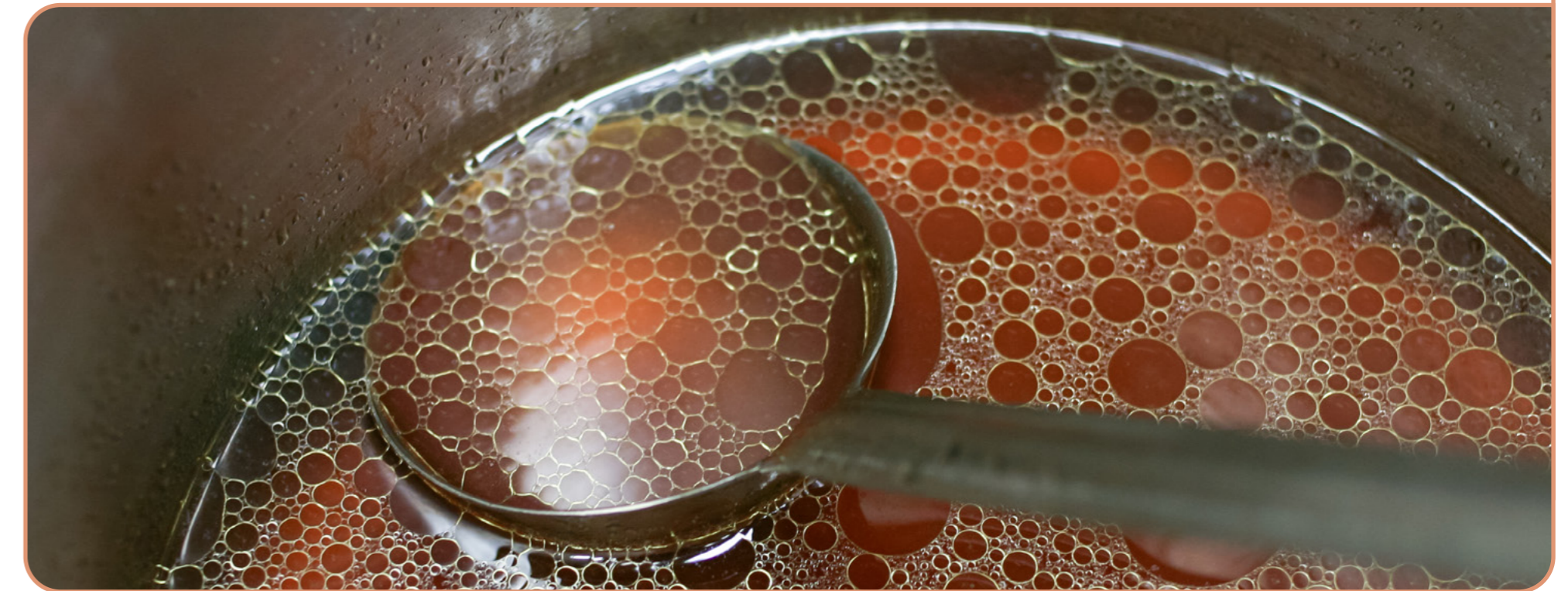
WA is well-positioned to grow its pork production. Our pork industry accounts for 13% of domestic pig meat production and 28% of export value. Australian pork exports go mostly to Singapore, Hong Kong, New Zealand and Papua New Guinea. In the 2020 financial year WA processed almost a million pigs putting us in a strong position to supply pig-based ingredients.

## Other meats

As well as beef, pork and lamb, WA has a range of other meats. Chicken production is growing and many in the industry see goat as a future opportunity. There are also a range of exotic meats available, including kangaroo.

## Marine-based ingredients

WA has a large wild capture seafood industry and a rapidly growing aquaculture sector. These industries produced significant by-products suitable for processing into health-based products.



# Efficient primary processing

**WA has a large and modern meat processing industry with more than 20 plants processing cattle, sheep, pigs, goats, poultry and other specialty meats.**

We also have more than 150 aquaculture operations and 31 seafood processors. All have significant throughput and produce a wide range of ingredients suitable for processing into meat-based foods and extracts.

Collagen is extracted from skins, hides, bones or fish scales. There are three types of collagen:

- Insoluble native collagen used in medical materials and casings
- Gelatin used in desserts and confectionery
- Collagen peptides used as dietary supplements and in functional foods.

Bone broth is a dietary collagen. Bones and tendons are cooked to extract nutrients, including collagen. A bone broth facility targeting exports to Asia could be established for a relatively minor investment of \$1 million, where collagen extraction would require a substantial \$10 million to \$30 million investment.

Extracting fish oil by wet pressing is the most common method for fish oil production and is carried out in four stages: cooking, pressing, decantation and centrifugation.



## Growth ready environment

### Growing value-added industry

WA's comparative advantage in meat and seafood processing offers a strong platform for growth into value-added products and we now have more than 50 manufacturing operations adding value to our plentiful supply of raw materials.

### Efficient infrastructure

WA is one of the world's most advanced and productive regions with efficient supply chains and world-class quality control and quality assurance systems. We have an international reputation for our well-developed and efficient animal products supply chains.



**Productive production systems**



**Efficient primary processing**



**Value-added meat processing opportunity**



**World class distribution**



**Skilled workforce**



**Strong research and development capabilities**



**Supportive business environment**



# #9

Forbes  
'Best Countries for  
Business 2019'  
(Australia)

# #3

Heritage Foundation  
'Index of Economic  
Freedom 2021'  
(Australia)

## Close to key markets

WA is close to Asia, particularly East Asia and South East Asia, both of which are large and growing markets. We are the natural and logical supplier of animal-based health products to the tropical climate countries of South East Asia and well-positioned to supply East Asia and the Middle East.

WA's meat industry has been exporting for more than 100 years and has supplied numerous food products to many Asian countries for that time.

## Ease of doing business

Australia is politically and economically stable and a safe country in which to do business. Our businesses have sound governance and represent low sovereign risk to investors and customers.

## Fast time to market-free trade agreements

WA is geographically and strategically well-placed to supply Asia's rapidly expanding markets. We are in the same time zone as much of South Asia and within five days can ship to Indonesia, six days to Singapore and eight days to Southern China. Australia has Free Trade Agreements in place or under negotiation with more than 25 countries and regions and our combination of location and access means we are uniquely positioned as both the breadbasket and the natural products pharmacy of the Asia region.



## Attracting investment

Producing animal-based health products in WA is attractive and multiple firms have already invested in value-added meat and marine processing facilities. With most meat and meat-based by-products still exported in raw ingredient form, there is significant potential for growth and for further processing operations at significant scale.

WA's animal-based health products market is ripe for further investment from global multinationals focused on health products, large Australian firms looking for growth, investors with access to new markets, private investor consortiums, large domestic companies, and start-ups.



## Existing WA industry examples

WA has a large and well-developed agri-food processing industry. Several firms stand out as potential partners for animal-based health products venture.



## Supporting investment

The WA government is committed to working closely with investors to develop our animal-based health products industry. The Department of Primary Industries and Regional Development's Investment Services team offers a range of investment concierge services to de-risk and support investment.

The team is made up of experienced industry professionals, who operate with a commercial focus, bringing together businesses, government departments and agencies to support industry investment initiatives.



## How we can help

### Information to support investment decisions

As a central point of contact for information and advice on investing in WA's agriculture, fisheries, and food and beverage sectors, we provide:

- Information on conducting business in WA.
- Various data and market intelligence.
- Background on relevant regulatory requirements and approval processes.

### Investment facilitation

Drawing on in-depth knowledge of the agribusiness, food and beverage industry, and extensive business networks in Australia and overseas, our team can provide guidance and introductions to help secure the investment or opportunity you are looking for. We can:

- Provide introductions to WA agribusiness, food and beverage businesses.
- Identify investment and research partnership opportunities.
- Help plan and conduct site visits to assess opportunities.
- Identify access to available natural resources and infrastructure.
- Identify suitable investor and investment opportunities.

### Regulatory approval support

Understanding and securing the required regulatory approvals for your project can be a roadblock to investment. We can provide assistance to streamline processes and simplify your dealings with relevant government departments and agencies by:

- Providing information and guidance on WA's regulatory environment.
- Helping obtain regulatory approvals.
- Coordinating with other government departments and agencies.

### Investment-ready project support

Our team is available to provide support to identify and develop your project or business' potential, including guidance on raising capital and getting your project investment-ready.

We can also work with you to provide information on the different types of investment available and investment partners.

By understanding your goals and requirements, we can assist you to identify and develop your project's potential.

## Support available

A wide range of national and state-based agencies, industry bodies and research institutions are available to support research and development, commercialisation and investment.



**We understand your project and investment requirements are unique.**

**To get started or expand on your Western Australian investment journey, contact us today.**

Speak to our Investment Services team for support and guidance:

**e** [investment@dpiird.wa.gov.au](mailto:investment@dpiird.wa.gov.au)

**p** +61 (0)8 9368 3590

**w** [agric.wa.gov.au/investment](http://agric.wa.gov.au/investment)

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*Sources: DPIRD, Heritage Foundation, Forbes, UN FAO, UN Comtrade, Australian Bureau of Statistics, AMR, Fortune Business Insights, Grand View Research, Google Trends, DPIRD, industry interviews, Coriolis and DPIRD analysis and estimates*

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