



Department of
Primary Industries and
Regional Development

*We're working for
Western Australia.*

Western Australian meal solutions

Business opportunity outline



Changing lifestyles, growing incomes, longer working hours and increased workforce participation are driving long-term demand for prepared meals.

Western Australia (WA) has what it takes to meet this growing demand and deliver prepared meal solutions to consumers in domestic and in high-value export markets.

Our highly successful meal solutions industry continues to attract investment and is poised for further growth. Numerous opportunities exist to transform WA's bountiful ingredients into convenient, consumer-ready products.

Clear opportunity for growth

WA is an efficient, low-cost producer of all major temperate climate ingredients with large, well-developed supply chains delivering high-quality and flavoursome meats, seafoods, grains, vegetables, fruits, oils and fats. We are a known and trusted source for food across the Asia-Pacific region.

Our comparative advantage in climate is encouraging a wide range of successful meal solutions firms to emerge in WA. These firms are growing successfully launching new products and targeting new channels into new markets.

#2

Agricultural area of any state in Australia.

#1

Grain exporting state in Australia.

Solid drivers

Meal solutions is an umbrella term for a wide range of products and services that reduce the time required to prepare a meal.

The category includes retail ready meals and home meal delivery but excludes traditional food service. Market growth drivers include consumers' busy lifestyles, growing incomes, longer work weeks, increased participation in the workforce and the need for consumers to achieve work-life balance. Together, these conditions have created the ideal environment for innovative meal solutions.

Consumers worldwide are turning to highly convenient meal solutions that deliver healthy, appetising meals in short times with minimal effort. COVID-19 has accelerated the trend and consumers are demonstrating their willingness to pay a premium for the convenience.

Consumer requirements for meal solutions are changing as they learn more about the category. Once expensive attributes such as healthy, organic and sustainable are now mainstream requirements in many segments.

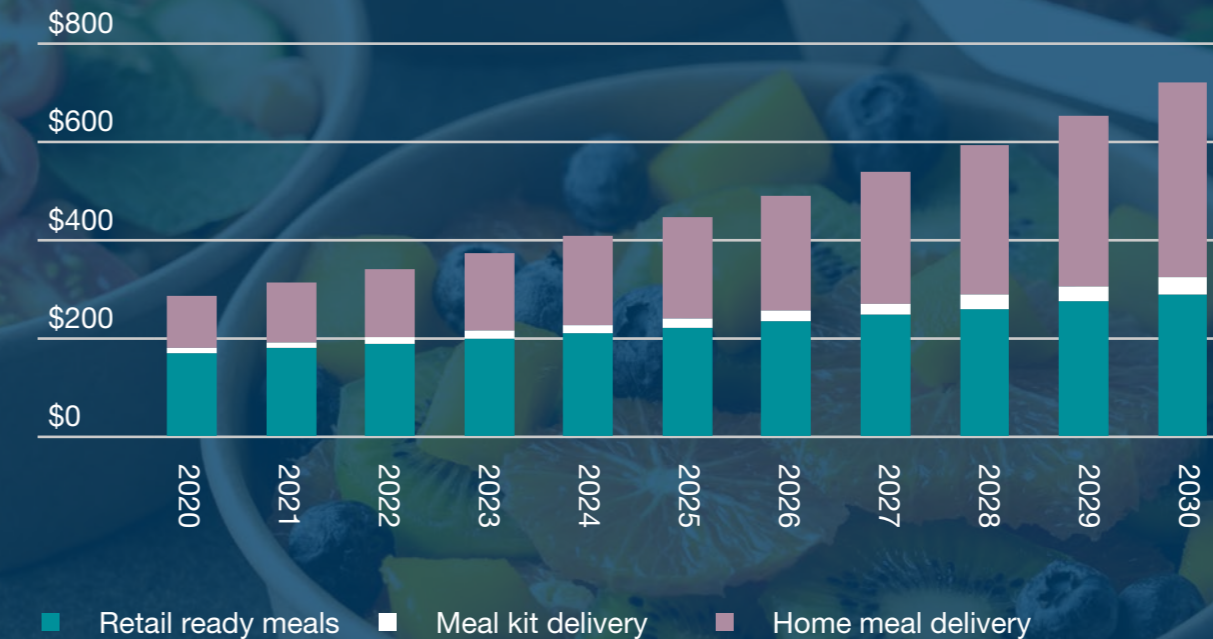
Rapidly growing demand

Global demand for meal solutions is showing solid, healthy growth across ready meals, meal kits and home meal delivery. Retail ready meals, a US\$168 billion market in 2020, is forecast to grow into a US\$287 billion market by 2030, driven by a 5.5% compound annual growth rate (CAGR). Delivery meal kits, a US\$10 billion market in 2020, is forecast to grow into a US\$35 billion market by 2030, driven by a 13% CAGR. Home meal delivery, a US\$107 billion market in 2020, is forecast to grow into a US\$395 billion market by 2030, driven by a 14% CAGR. There is also a strong and growing non-voluntary sector, for example aged care facilities.

Paying to do less

Meal solutions is a commodity category with good margins and healthy profits where a significant consumer segment are willing to pay higher prices for greater convenience. While meal solutions shoppers expect restaurant quality food, they are willing to pay higher prices for quality and convenience.

Forecast global meal solutions market
(US\$; billion; 2020-2030).



14%
per annum ↑
Forecast home meal delivery market growth rate

13%
per annum ↑
Forecast meal kit delivery market growth rate

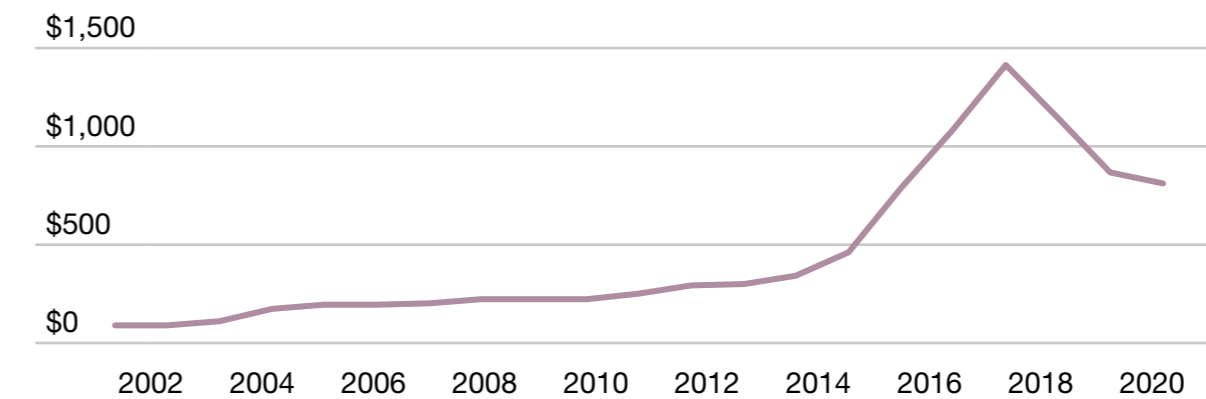
Exports



Growing exports

Australia is a major exporter of ready meals and similar products (HS210690 and similar). Total Australian exports were worth US\$825 million in 2020 and exports are showing strong growth, achieving 11% CAGR between 2000 and 2020.

Australian ready meals and similar export value
(US\$; million; free on board; 2000-2020)

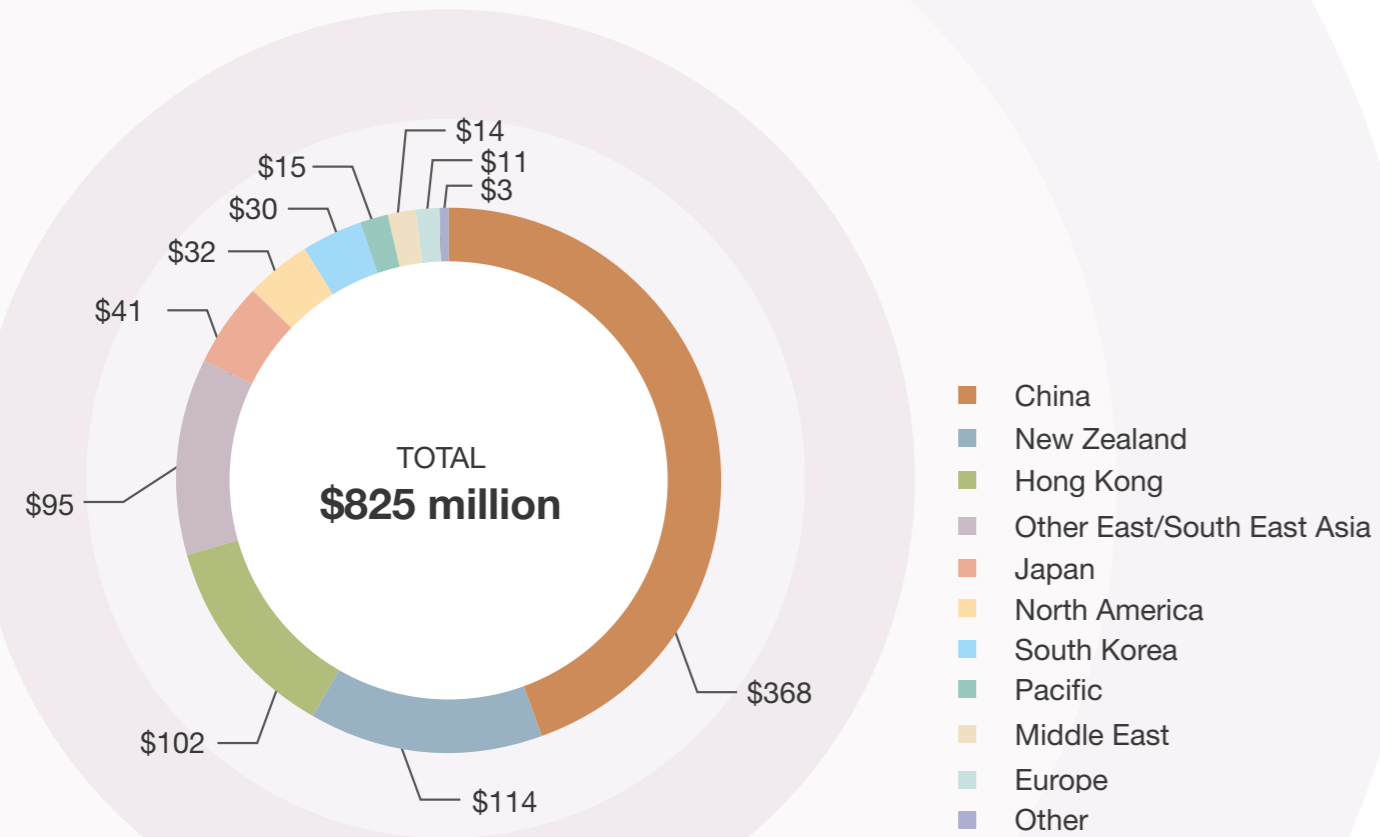


Key markets

Australia exports ready meals and similar products to more than 100 countries in an average year, with the Asia-Pacific region currently the major market. Key markets include China (US\$368 million), New Zealand (US\$114 million), Hong Kong (US\$102 million), Japan (US\$41 million) and South Korea (US\$41 million).

Australian ready meals and similar export value

(US\$; million; free on board; 2020)

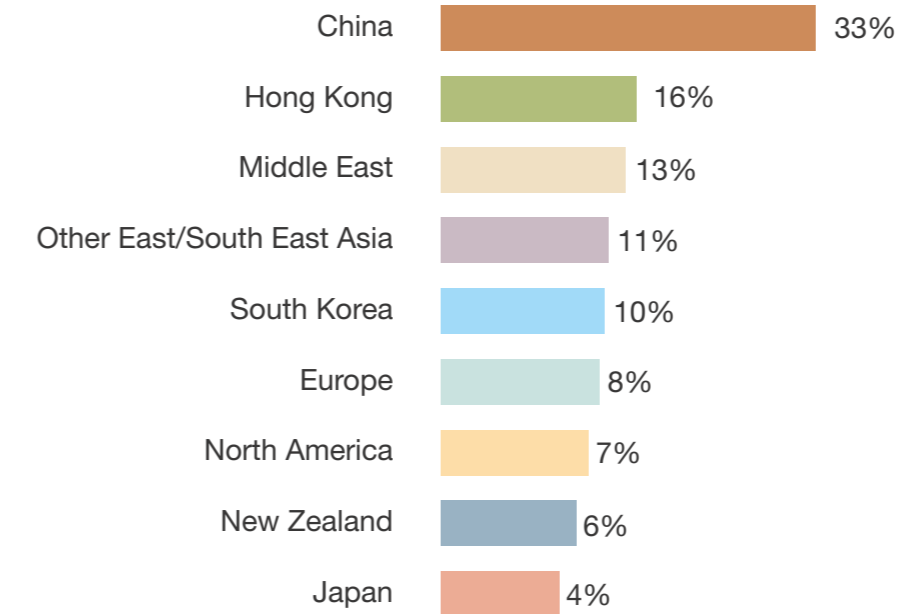


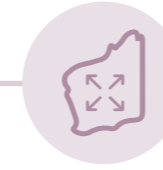
Market growth

Australian exports of ready meals and similar are growing strongly to major markets. China (33%), Hong Kong (16%) and the Middle East (13%) are all growing strongly.

Australian ready meals and similar export value 20 year growth rate

(US\$; CAGR; 2000-2020)





High quality raw materials

WA's agricultural environment is one of the world's cleanest making us a leader in delivering clean and healthy food-safe products with most crops grown using sustainable farming systems.

Safe and secure

WA is part of an island continent with desert separating it from other states. Our isolated Mediterranean climate is relatively free of pests and disease and we have zero tolerance of live insects in our exports. Nationally, we have strong biosecurity protocols and systems to ensure our production environment remains healthy and safe.

WA is a trusted source of Australian food ingredients, foods, beverages and agricultural products for consumers, retailers, restaurants and factories in Europe, Asia and North America. 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.

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 land well-suited to producing high-quality meat, grain and vegetables. Most production occurs in rain-fed areas that do not require irrigation. WA also has 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.

WA has the longest coastline (20,781 kilometres, including islands) of any Australian state, longer even than China or the United States.

Large, efficient, sustainable farms

WA has large, highly productive and efficient farms with a deep pool of experienced farm operators using modern, automated production systems. Our agricultural products are competitive globally and produced with negligible agricultural subsidies.



Meat-based ingredients

WA's meat production system focuses on three key export meats where it has clear comparative advantage: sheep, beef and pork. We also produce chicken for domestic consumption.

Beef

Australia is a major global beef supplier and our production is growing to meet market demand. WA is a significant beef producer, with long-term growth in livestock numbers. In the 2020 financial year, WA processed half a million cattle and we are well placed to provide prime beef products for use in prepared meal solutions.

Pork

WA is well-positioned to produce additional pork. Our pork industry accounts for 13% of domestic pig meat production and 28% of Australia's pork exports. Our pork is mostly exported to Singapore, Papua New Guinea, Vietnam, the Philippines, New Zealand and Hong Kong. In the 2020 financial year, WA processed almost a million pigs and we are well positioned to provide premium quality pork for use in prepared meal solutions.

Lamb

Australia and New Zealand dominate the global sheep meat trade and the market is growing with North America, the Middle East and China the major destinations for Australian lamb. WA has Australia's second largest flock and in the 2020 financial year we processed 3.4 million sheep and lambs. We are well placed to supply lamb and quality sheep-based meat for use in prepared meal solutions.

Other meats

As well as beef, lamb and pork, WA produces a range of other meats. Chicken production is growing and replacing imports from the eastern states.

Many in the industry are seeing opportunities in goat meat and there is also a range of exotic meats available, including kangaroo.

Additionally, WA has a large wild capture seafood industry and a rapidly growing aquaculture sector, which can supply a wide variety of cost competitive quality seafood ingredients for meal solutions processors.



Plant-based ingredients

WA is home to many plant-based ingredients suitable for meal solutions, spanning across arable crops, vegetables, fruits, nuts and spices.

Arable crops

WA's arable production system focuses on five key export crops where it has clear comparative advantage: wheat, barley, oats, canola and lupins. Wheat is the core crop with other grains, pulses and oilseeds planted as part of a crop rotation sequence. We are the Southern Hemisphere's second largest wheat producing region and typically export 45-50% of Australia's wheat. We are also the Southern Hemisphere's largest barley producer, second largest oat producer (the largest per capita) and the largest canola producer in total and per capita. WA exports more than two-thirds of Australia's total canola and volumes are showing strong growth. A growing proportion of our canola crop is transformed into oils.

Vegetables

WA has a large and expanding vegetable industry focused on domestic and select export markets. We have real strengths in carrots, potatoes, onions, celery, broccoli and a wide range of other vegetables.

Other ingredients and supplies

WA's meal solutions producers have access to a wide range of suppliers for all required ingredients, including fruits, spices and other flavours. We also provide meal solutions processing and packaging systems.

The Australian Export Grains Innovation Centre based in Perth is currently researching healthy oat noodles and oat products specifically for consumers in Asia seeking healthier alternatives.



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 having well-developed, efficient and smoothly operating supply chains supplying domestic and export markets. COVID-19 has highlighted the need for effective logistics and supply chains.

Large and efficient processing

WA has more than 1,000 modern food and beverage processors. Processing of all major ingredients occurs at scale in export standard facilities, which are monitored by Australian government inspectors. Ingredient prices are generally at world prices and almost any volume for meal solutions can be sourced locally.

Growing meal solutions industry

WA's comparative advantage in meat, grains and vegetable production and processing has offered a strong platform for growth into meal solutions. We now have more than 20 firms producing prepared meal solutions and new firms continue to emerge to meet growing consumer demand. Standout firms include Vesco, Mrs Macs, Mt Barker, Fresh Frontier Co., Odeum and KB's.

Growth ready environment



Productive meat, grain and vegetable farming



Efficient primary processing



Meal solutions production and processing



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 temperate climate foods to the tropical climate countries of South-East Asia and well-positioned to supply East Asia and the Middle East.

The WA meat, seafood and agriculture industries have focused on exports for more than 100 years and we have supplied food products to many Asian countries for that time. Asia's rapid economic and population growth and Westernisation of the population has increased demand for meal solutions as they adopt Western behaviour and lifestyles.

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 export markets. We are in the same time zone as much of South Asia and can ship within five days 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 the breadbasket of the Asia region.



Attracting investment

Producing a wide range of meal solutions in WA is an attractive proposition. Multiple firms have already invested in significant processing facilities.

WA's meal solutions industry is ready for further investment, particularly meals with high-quality, provenance, functional benefits and aged care requirements, and we can facilitate further meal solutions processing operations at significant scale.

Investment in WA meal solutions production and processing would suit a wide range of investors, including large Australian firms looking for growth, private equity investors, private investor consortiums, investors with access to new markets, Asia's leading integrated food processors and start-ups.

Scale of potential investment

	small	large
Investment	A\$5 million	A\$50 million
Employees	5-10	180-240
Facility size	500 m ²	10,000 m ²
Input volumes	5-10 kt	80-100 kt
Turnover	A\$5-12 million	A\$100 - 120 million
Operating margins	15-20%	18-22%

Existing WA industry examples



Supporting investment

The WA government is committed to working closely with investors to develop our meal solutions 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

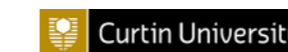
Our team is available to provide support to identify and develop your project or business' potential, including guidance on raising capital and getting your project investment-ready.

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:

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w agric.wa.gov.au/investment

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Sources: DPIRD, Heritage Foundation, Forbes, UN FAO, UN Comtrade, Australian Bureau of Statistics, Grand View Research, industry interviews, Coriolis and DPIRD analysis and estimates.

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ABN: 18951343745