

THE BEEF & SHEEP MEAT INDUSTRY

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1. *Background to the SA and Murraylands Beef & Sheep Meat Industry*

- PIRSA SA Beef Sector Analysis 2005-06
<http://www.safoodcentre.com/foodtalk/files/communities/docman/141/beef0506.pdf>
- SA Livestock Industry Overview – 2005 -06
www.safoodcentre.com/foodtalk/files/communities/docman/141/b2livestockindustryovervie.pdf
- Whilst providing significant value to the S.A. economy, the S.A. Beef Industry participates in a global economy and market place and is a relatively small player in world trade. World beef production is estimated at 62 million tonnes. S.A. produces 4% of national production and 0.1% of the world's beef.
- The S.A. Beef Industry is poised to take advantage of a range of opportunities that could grow the industry value to \$1.2 billion by 2015. SA will be known as the 'Finishing state' which will be achieved by increasing pasture utilisation implementing supplementary feeding systems and encouraging growth in the feedlot sector.
- The feedlot industry is centred in Queensland and New South Wales. S.A. supplies stock and feed for these enterprises. Significant proportions of S.A. cattle are exported to Victoria for domestic processing and NSW for finishing in feedlots.
- However, significant numbers of cattle are imported into SA from Victoria and Northern Territory for export slaughter to enable consistent supply.
- Forecasts suggest production (kg) in Australia will increase in the medium term and demand for grain fed cattle will rise due to demands for quality and consistency. Price is expected to decline over time in real terms
- In SA, feedlot capacity and utilisation is declining over time (2% of national). Only a small number of dedicated establishments exist. In 2003 less than 20,000 head were under feedlot
- PIRSA SA Sheep Industry Sector Analysis
www.safoodcentre.com/foodtalk/files/communities/docman/141/sheep0506.pdf
- The sheep industry is a complex agri-business enterprise spread across a diverse set of production conditions, and the inter-relationship between meat, wool and co-products.
- The wholesale value of the industry's output is estimated to be worth \$1.1 billion annually. Achievable productivity and quality gains in the total SA flock can increase that value to \$1.5 billion in 10 years.
- In 2005-06 South Australia's sheep flock consisted of 12.5 million head. This represents approximately 12% of the nation's total of 101 million sheep.
- There are approximately 5,500 sheep properties producing wool, sheep and lambs for meat. The main regions producing sheep in South Australia are South East (29%), Mid North and Northern (21%), Eyre Peninsula (14%) and Murraylands (12%).
- In 2005-06 the South Australian livestock industry contributed \$2.7 billion or 27% of SA's gross food revenue. SA's Sheep and lamb meat contributed 24% or \$635 million of the total.
- In 2005 -2006 the farm-gate value of livestock production in South Australia was \$895million. Sheep and lamb meat contributed \$227 million or 26% of the total
- Livestock commodity exports consist of live sheep, goats and cattle exports. In 2005-06 South Australia exported 294,191 sheep and lambs valued at \$20 million, 13,344 goats for \$0.8 million and 373 beef cattle worth \$0.5 million

- A high percentage of livestock bred for slaughter in South Australia are processed within the State. The total value of processed livestock products, at the wholesale level, is estimated to be \$1.3 billion in 2005 – 06. Processed sheep and lamb meat contributed 34% or \$427 million to the total processed livestock products.
- South Australian abattoirs slaughtered and processed one million sheep into 25,000 tonnes (carcase weight) of mutton and three million lambs into 73,000 tonne of lamb meat. The wholesale value of the mutton and lamb meat processed was \$62 million and \$365 million respectively. A further 1.2 million lambs needed to be sourced from interstate for a value of \$92 million.
- Of the 25,000 tonnes of mutton processed, 23,000 tonnes were exported overseas for \$54 million (FOB). 43,000 tonnes of lamb meat was also exported overseas for \$226 million (FOB). An additional 12,000 tonnes of lamb meat were sold interstate for \$59 million
- Nationally, there is an increased interest in feedlots and there are three active sheep feed-lots (1 sheep, 2 lamb) in the Mallee Prescribed Wells Area. "A Feedlot Definition for Water Allocation for Mallee Prescribed Wells Area (MPWA)" <http://www.rivermurray.sa.gov.au/major/pdfs/Feedlot%20Definition%20Discussion%20paper%20July%202006.pdf>
- Murraylands has one very successful red meat abattoirs - T& R Pastoral www.tandrpastoral.com.au/CorporateBrochure.pdf

2.) *Expansion/ Development Potential*

- **REPORT** – "Beef Industry Strategy 2005 – 2015 Directions for S.A." http://www.safoodcentre.com/industry/files/links/beef_industry_strategy.pdf
- The beef industry future strategy calls for an increase in supplementary feeding systems and a 50,000 head increase in feedlot capacity in SA.
- Potential expansion in the water secure areas - Mallee Prescribed Wells Area may be considered a target area for feedlot expansion. www.dwlbc.sa.gov.au/assets/files/SAMDB_Report_0405.pdf
- **REPORT** – "SA Sheep Industry 10 Year Strategic Plan" www.pir.sa.gov.au/data/assets/pdf_file/0008/18782/sheep_10year_plan_web.pdf
- **WEBPAGE** – "SA Lamb" http://www.pir.sa.gov.au/livestock/industries/sheep/sa_lamb
- A strong export growth opportunity remains, provided supply reliability and price factors remain at sustainable levels for marketers and processors.
- Competing sheep meat producer countries are reducing lamb production resulting in significantly lower world supply in the medium to long term.
- Sophisticated Asian food markets are expanding and being led by global retail chains.
- Increasing diversity of food markets with changing consumer preferences.
- Increasing sophistication of food service meal solutions.
- A sustainable lamb value chain at dressed carcase prices which allow all players a reasonable return on investment.
- Ongoing strong demand for whole-carcase products and meat cuts in ethnic markets.

3. Identifying Investment Potential

- Attract a major feedlot enterprise to the Murraylands
- Any expansion in the stock numbers through feedlots will create opportunities in fodder production.
- Boutique / specialty abattoirs
- Pet food manufacturers
- Based on growing market access, scope exists for increased investment in processing in SA, provided the entire value chain is competitive in terms of quality, reliability and consistency of products

4. Challenges

- There is an increasing need to closely align retailers and export customers to understand market requirements and scope for product innovation.
- Industry development initiatives need to focus on enhancing competitiveness of sheep meat production
- The live export trade continues to face pressures from animal welfare lobby groups.
- Competition for labour recruitment and retention, however, labour shortages are also driving process innovation and processing innovation.
- Limitations of resources – water and land. Limitations in infrastructure including power, water and transport (roads)
- Processing – investigate and implement technologies that reduce water consumption
- Increasing regulation and legislation reducing the incentive to invest / develop
- Limited cooperation and relationships between sectors.
- Environment - Waste utilisation (feedlots)

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