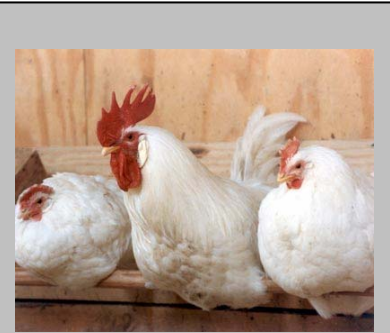


CHICKEN MEAT INDUSTRY

CONTENTS

1. BACKGROUND TO THE SA & MURRAYLANDS CHICKEN MEAT INDUSTRY
2. REGIONAL DEVELOPMENT / EXPANSION POTENTIAL
3. IDENTIFYING INVESTMENT POTENTIAL
4. CHALLENGES
5. STRUCTURE & OWNERSHIP OF FARMS AND PROCESSING
6. GEOGRAPHICAL DISTRIBUTION OF CHICKEN FARMS
7. POULTRY MEAT IN S.A.- STRATEGIC DIRECTIONS 2005 - 2015
8. REVIEW OF RE-CYCLED ORGANIC WASTE (EX.SUM)
9. CRACKING THE EGG INDUSTRY CHALLENGE (EX. SUM)
10. GENERAL INFORMATION



1. Background to the S.A. & Murraylands Chicken Meat Industry

- The Chicken Industry Structure and Ownership www.chicken.org.au/page.php?id=2
- South Australia's chicken meat industry contributed \$334 million to the State's gross food revenue of \$10.1 billion. This is 12% of the total meat industry gross food revenue of \$2.7 billion for year 2005-06.
- Large integrated companies that operate across a number of States dominate poultry meat production in Australia. The industry has a domestic focus with less than 2% of industry value being from exports.
- South Australia produces 44 million chickens or 10% of Australia's annual chicken production. The farm gate value of these chickens is estimated to be \$98.8million.
www.safoodcentre.com/foodtalk/files/communities/docman/141/b2livestockindustryovervie.pdf
- Virtually all locally produced chickens are processed in South Australia producing 71,000 tonnes of chicken meat with a wholesale value of \$232million.
www.safoodcentre.com/foodtalk/files/communities/docman/141/chicken0506.pdf
- The four major chicken processors in South Australia are situated in the Northern Adelaide region. Gawler and Murray Bridge are the main chicken producing regions in SA
www.safoodcentre.com/facts/a8_publish/modules/publish/content.asp?id=15722&navgrp=359
- Inghams, Adelaide Poultry, and Gourmet Chickens can process 1,250,000 birds per week
- S. A. has (as at 2005 – 06); -
 - 70 grow-out facilities (predominately contracted to processors)
 - 4 feed mills
 - 9 rendering plants (in various locations)
 - 3 hatcheries (birds also brought in from interstate)
 - 10 processing plants (3 major plants)
 - Approximately 70 secondary processors (adding value through further processing)
- Australian Distribution of farms www.chicken.org.au/page.php?id=3
- In the Murraylands, Inghams currently has seven contracted chicken growers. There is one chicken processor under development, and one hatchery (Inghams). There are several boutique processors and a number of smaller growers.
- South Australia is virtually self sufficient in chicken meat and not importing any from overseas or interstate. The industry is dominated by chicken and to a much lesser extent turkey meat

2) *Regional Development / Expansion Potential*

- REPORT – “Poultry Meat in South Australia – Strategic Directions 2005-2015”
[www.pir.sa.gov.au/ data/assets/pdf file/0003/42366/poultry_industry_strategy.pdf](http://www.pir.sa.gov.au/data/assets/pdf_file/0003/42366/poultry_industry_strategy.pdf)
- The Poultry Meat Strategic Directions plan seeks to grow the gross food value of the industry to almost \$1billion per annum by 2015
- The Poultry Meat Strategic Directions 2015 document has targeted;
 - More than \$300million in capital investment
 - Up to 12 new breeder farms
 - 2 new hatcheries
 - Up to 20 new 500,000 bird grow-out facilities
 - Additional processing capacity of 650,000 birds per week
 - Additional 7,000 tonnes of feed per week
 - Additional energy, water, transport, road and housing infrastructure
- Given the right conditions there is still the opportunity for further growth in Australia’s domestic consumption. A key driver in increasing consumption will be price competitiveness and perceived value for money
- Murraylands is a logical Region to develop the existing Chicken growing industry, particularly around the Monarto area. Poultry processing plants have developed close to markets and labour sources, with many of the largest operations within 50km of a capital city.
- Chicken grow-out farms, where chickens grow from day-olds until they are ready for processing, are generally within 100km of the processing plant
- Growers look for:
 - a nearby feed mill
 - guaranteed water supply
 - guaranteed electric power, preferably three phase
 - access for heavy transport for feed and live poultry
 - available labour, depending on farm size
 - available services such as tradesmen, servicemen and veterinarians
- Inghams’ plans to extend its Monarto based hatchery to boost the weekly throughput of chickens from 500,000 up to 1.2 million. www.inghams.com.au
- Exports to S.E.Asia – the ongoing ‘bird flu’ issues in S.E.Asia offer potential for exports. The Philippines imported 30,000 tonnes of chicken meat from the USA last year.

3. *Identifying Investment Potential*

- It is understood that Inghams expect to refocus and expand the SA operations to be a significant contributor to their Australian supply, substituting existing facilities near the eastern coast where environmental and neighbourhood issues are restricting their operations. www.acqc.org.au
- Compared to other growing areas; the lower cost of land, bio-security of farms, lower cost of birds and with a more suitable climate should see a migration of growers from the Eastern States as demand from the processors increase.

4. *Challenges*

- Planning Processes – the industry lacks clear understanding of the application assessment and approval processes and the rules governing the decisions by EPA and local councils.
- Environmental - Disposal of the shed waste-litter is one of the biggest issues currently within the Industry **REPORT** – “Review of Recycled Organic Wastes” www.epa.sa.gov.au/pdfs/organicwaste.pdf
- **REPORT** – “Cracking the Egg Industry Challenge”
www.pir.sa.gov.au/_data/assets/pdf_file/0009/18693/egg_plan_final_report.pdf
- Regional Infrastructure – 3 phase power and water at competitive prices

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