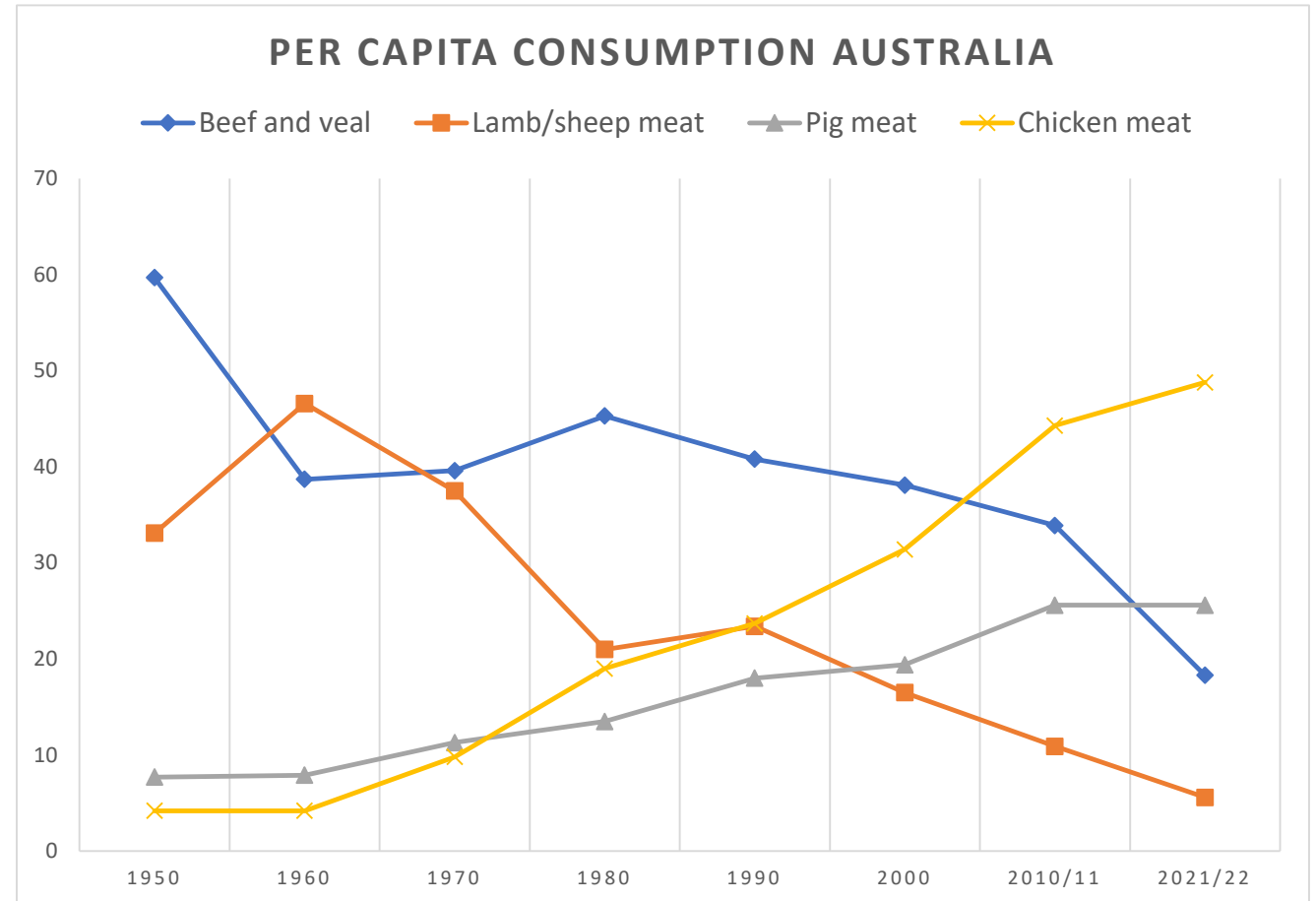


Guide to
Investing in a
Meat Poultry
Enterprise in
Loddon Shire

2022

Industry Insights

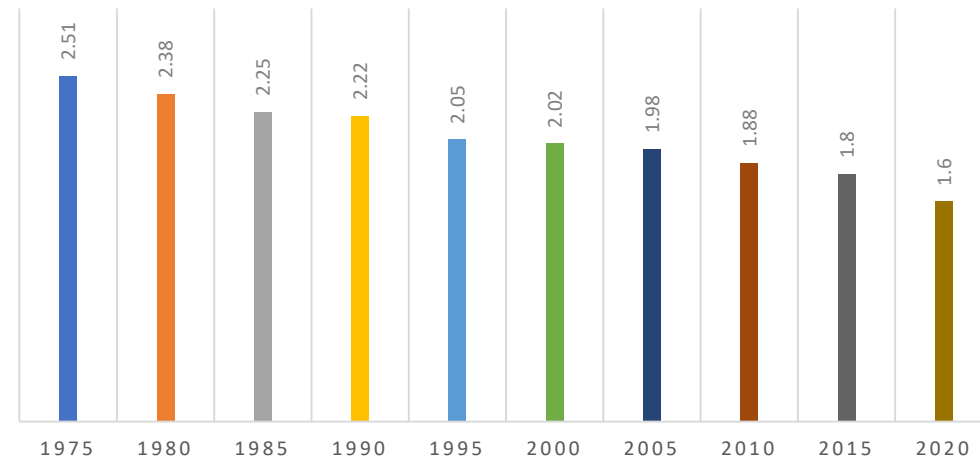
- Chicken is Australia's most consumed meat, and per capita consumption has grown to 49 kilograms per annum (from just 4 kilograms per annum in the 1950s and 1960s). The volume of chicken produced by the industry has increased at an average annual rate of 3% over recent years. Growing demand for chicken meat has been supported by its cheaper price in comparison with other meats, enhanced by dramatic improvements in production efficiencies, as well as the perceived health benefits of lean white meat.
- Early development of commercial poultry meat production in Australia occurred at the metropolitan-rural fringe (in regions like Mornington Peninsula in Victoria and the Hills and Macarthur districts of New South Wales), but urban development pressure, biosecurity concerns and the scale of modern commercial operations is restructuring the geographic distribution of the industry. The broadacre environment of Loddon District is ideal in supporting this restructure.
- Chicken meat farming had a revenue in Australia of \$528 million in 2021 and chicken poultry processing had revenue of \$7.3 billion.
- The chicken meat industry is experiencing rapidly expanding demand for 'all natural', free range and organic chicken products. Adoption of free-range systems imposes new operational and environmental challenges for the industry in terms of biosecurity, production efficiencies, bird genetics (for free range performance) and nutrient management.



Industry Insights (continued)

- Genetic improvement, feed conversion improvements and ongoing production efficiencies have been responsible for poultry meat becoming the least costly form of meat protein in Australia.
- Health and food safety regulations are important to poultry processing. A Hazard Analysis Critical Control Point (HACCP) plan from slaughter to retail is required to ensure poultry meat is produced safely. Industry operators must also comply with food standards regulation in the Australia New Zealand Food Standards Code, covering labelling and food composition, and food safety programs.
- Both poultry growers and processors are subject to stringent environmental controls. Poultry meat processing has a significant effect on the immediate environment. Wastewater from abattoirs typically includes large volumes of organic solids such as animal fat and blood. Growers and processors must comply with regulations relating to odour, water usage, wastewater treatment and disposal of animal waste. Industry operators must also ensure employee health and safety in accordance with occupational health and safety (OHS) regulations.
- Recovery from the COVID-19 pandemic is expected to lead to increases in domestic demand for poultry and poultry prices over the next five years. Downstream demand for value added products, and organic and free-range chicken products, should also generate higher retail prices. A continued increase in health consciousness is projected to support per capita poultry consumption over the next five years as consumers increasingly prefer leaner sources of protein. Overall, industry revenue is forecast (by IBISWorld) to increase by 0.7% per annum on average over the five years to 2026-27, reaching \$8.1 billion.

FEED CONVERSION RATIO (KG FEED/KG LIVWEIGHT PRODUCED)



Why Loddon Shire?

- Loddon Shire has an expanding intensive livestock production sector. The Shire's farming enterprises are dominated by broadacre, dryland cropping systems, with the majority of farms in the range of 600 to 800 hectares. This environment is increasingly attractive to intensive livestock production. Broiler chicken production is an agribusiness sector with solid growth prospects, and locating in Loddon Shire offers:
 - Quality infrastructure and services
 - Flexibility
 - Accessibility
 - Biosecurity
 - Prospects for diversification
 - Potential to target niche markets
 - Potential to join existing supply chains
 - Potential to value add.
- Loddon Shire's location and geographic spread enables industry concerns and guidelines to be met. For example:
 - Locating intensive livestock activity within broadacre cropping environments is the industry preference. Properties within cropping areas are preferred.
 - Access to quality stock feeds and secure water.
 - Production environments can be met with appropriate buffers (of 1 to 10 kilometres depending on broiler code and biosecurity protocols).



Investment Requirements

- Meat chicken growers/farmers typically provide labour, sheds, power, water, and management skills during grow-out of birds from day-old chicks to processing weight. Consolidation by both poultry processors and poultry farmers is driving change within the industry.
- In the Loddon district, broiler sheds accommodate an average of 30,000 birds. Industry-wide, new developments involve sheds of up to 100,000 birds. Most farms have 3 to 10 sheds. Grow-out farms sheds are highly mechanised with computer controlled temperature, humidity and air quality systems. Water and feed supply is also mechanised. A new grower with sheds accommodating 40,000 birds each could expect capital establishment costs to be in excess of \$1 million per shed, to achieve annual sales revenue (from a contract with a processor) of \$275,000 to \$300,000 per shed.
- Other segments in the poultry meat industry are meat from game birds, and 'commercial meat' from spent hens and spent layers. Victoria has lost much of its processing capacity in game meats with the closure over recent years of several processing plants. This has created a gap in the production of niche broilers, turkey, spatchcock, poussin, quail, squab and pheasant for specialty retail and food service markets.



Meat Poultry Production in Loddon Shire and District

- Loddon Shire is a significant area for meat poultry production and the Loddon District (i.e. Loddon and its adjacent Local Government Areas of Bendigo, Buloke, and Northern Grampians) produce around 8% of Victoria’s chicken meat farmgate production value.
- Loddon is well-placed as both a poultry meat farm location and for contractual relationships with a processor. Processors prefer farms to be within 150 kilometres of their plant, but the rising importance of biosecurity, experienced farm managers, and free range environments means that distances of 2 to 3 hours by road can now be negotiable. Other locational factors which favour Loddon Shire include feed supplies, water supply, electricity and access to transport and labour.
- The Shire has strong nearby supply chain connections including:
 - Hazeldene’s Chicken Farm a major chicken meat processor, located in Greater Bendigo (Lockwood South) just a few kilometres from Loddon Shire. Hazeldene’s has a number of contract growers and key breeder farms in Loddon Shire.
 - Dedicated meat poultry stockfeed supplier Ridley Agriproducts.
 - Veterinary and shedding suppliers.
 - Value adding businesses processing fresh and cooked poultry products.

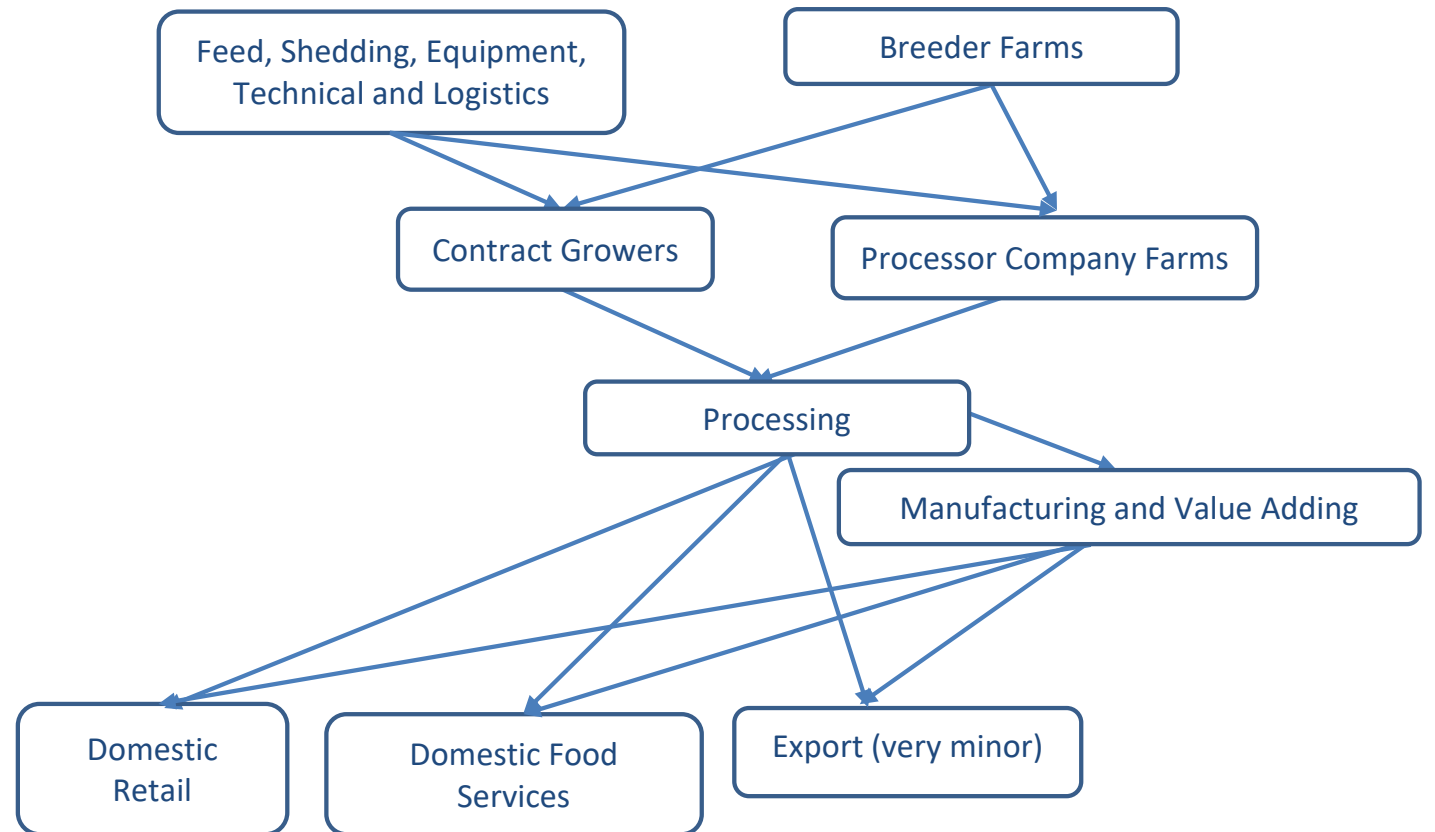


Loddon District: Meat Chicken 2015-16 (per batch)*	676,370
Farmgate Gross Value: Loddon Shire 2015-16 (\$)	19,777,856
Farmgate Gross Value: Loddon District 2015-16 (\$)	55,539,407
Loddon District Share of Victorian Production Value	8.1%

* Typically there are 5.5 to 6 batches produced per annum



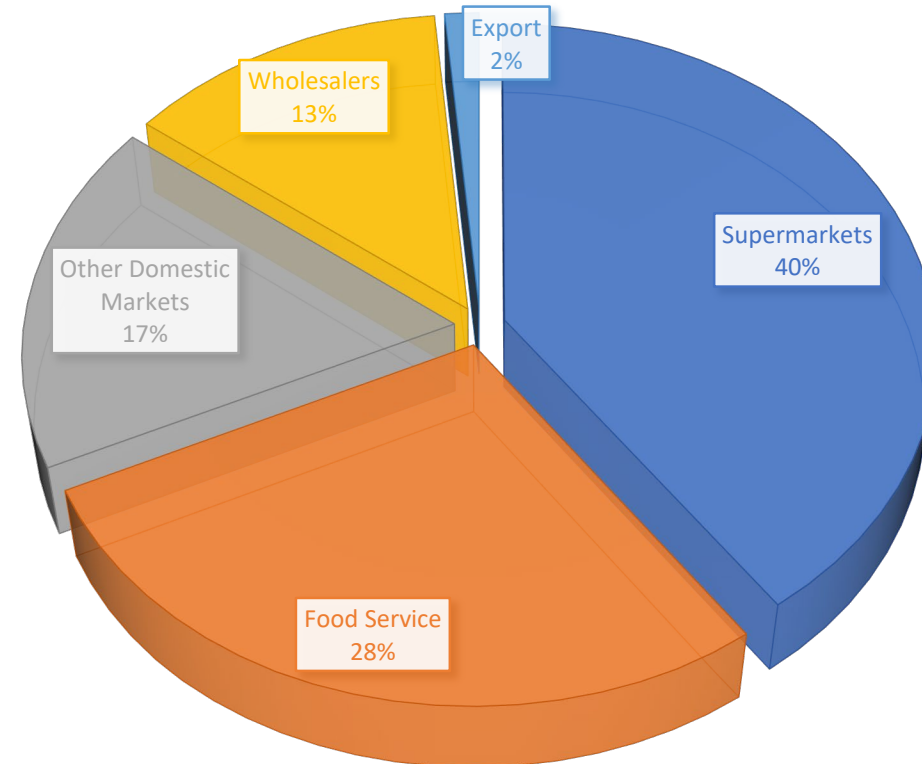
Meat Poultry Supply Chains



Production Opportunities

- Loddon Shire Council welcomes interest in local investment in chicken meat production and value adding.
- Loddon Shire has an increasing number of small agribusiness operators who market their products around the type of production system they use (e.g. free range, organic, biodynamic) and some work on value adding to their agricultural products by producing, for example, preserves, edible oils, baked goods, poultry and pork products, and beverages. New poultry meat products (such as smallgoods) would be a welcome addition to this network of niche and artisanal producers.
- Loddon Shire is part of the Bendigo UNESCO Creative City and Region of Gastronomy, and this initiative is expected to increase the reputation of the area for gourmet and fine quality food products. Investors in Loddon will benefit from the marketing, events and profile of the Region of Gastronomy.
- To become a poultry meat (broiler) producer, farmers normally have a contract arrangement with a chicken meat processing company. It is possible for a grower to produce and market their own birds as specialist niche growers but there are very limited opportunities to have the birds contract processed and the cost of establishing an on-farm abattoir has proven to be prohibitive for small operators in the past 10-15 years.
- Poultry meat markets are:
 - Major supermarkets such as Coles, Woolworths and Aldi are the largest purchasers of processed poultry. Supermarkets largely buy poultry directly from processors. Bypassing wholesalers enables supermarkets to increase their profit margins.
 - Food-service establishments, such as restaurants, hotels, takeaway outlets and caterers. Larger food service businesses (e.g. KFC and McDonalds also source chicken directly from domestic poultry processors).
 - Wholesalers, who buy processed poultry products and on-sell them.
 - Butchers, specialty stores and other manufacturers.

PROCESSED POULTRY MARKETS



How can we help?

- Contact Loddon Shire's Economic Development Team for advice and support with your poultry meat industry enterprise. Our team can help with:
 - Identifying sites
 - Supply chain referrals and introductions
 - Seeking relevant State or Commonwealth Government assistance
 - Information to use in feasibilities or business cases
 - Working through planning and building permits
- Call or email Loddon Shire at:
 - business@loddon.vic.gov.au
 - Phone 03 5494 1200



This document was compiled with assistance from