

2022

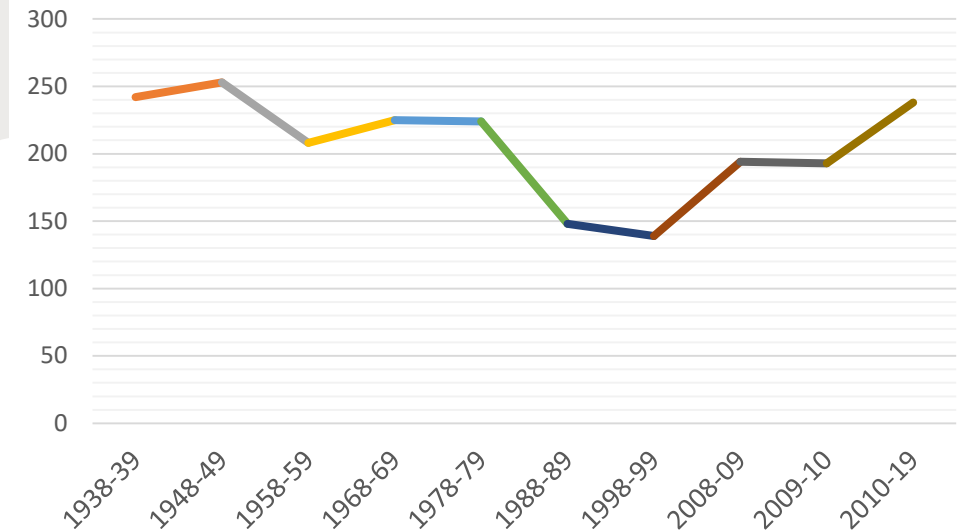
# Guide to Investing in a Table Egg Industry Enterprise in Loddon Shire



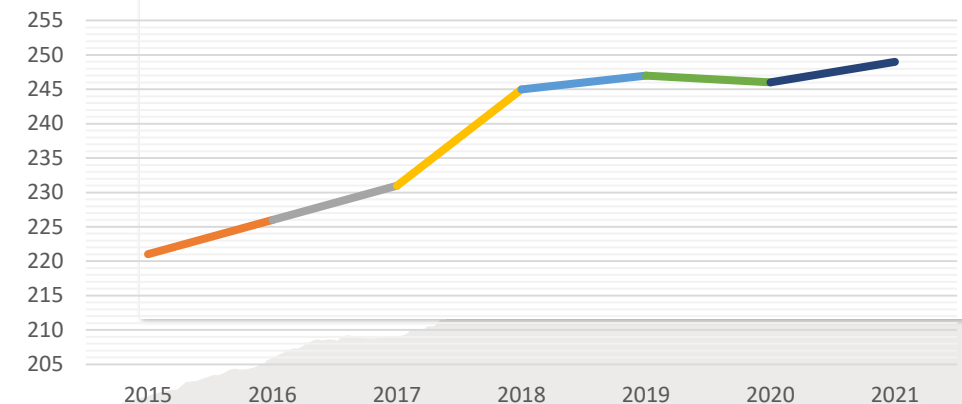
# Industry Insights

- Australia's table egg industry has been transformed over 70 years, effectively from dominance by backyard production to a highly organised and integrated agribusiness sector.
- The image of table eggs has improved considerably in recent years, leading to increased demand for eggs. Rising per capita consumption has followed new health messages, and increased demand for free range eggs as consumers include animal welfare concerns in their food choices.
- In the twenty-first century, demand for table eggs has risen rapidly, and the shift in demand towards free range product has reduced the domination of major companies (and their integrated supply chains) and created new opportunities for small to medium operators in the industry. Greater per capita consumption is a result of new health messages regarding eggs and new recognition of eggs as a natural functional food (superseding a perception that eggs were high in cholesterol), eggs usage has been boosted by the plethora of cooking shows in the media, and by the inclusion of eggs in fast food and conventional restaurant menus.
- Per capita egg consumption has rebounded from a low of around 139 eggs per person per year in the late twentieth century to 249 eggs per person in 2020-21. Total estimated domestic production of table eggs for 2020-21 was 525 million dozen. This implies that Australians consume 17.3 million eggs every day.

## Long-term Australian per capita egg consumption



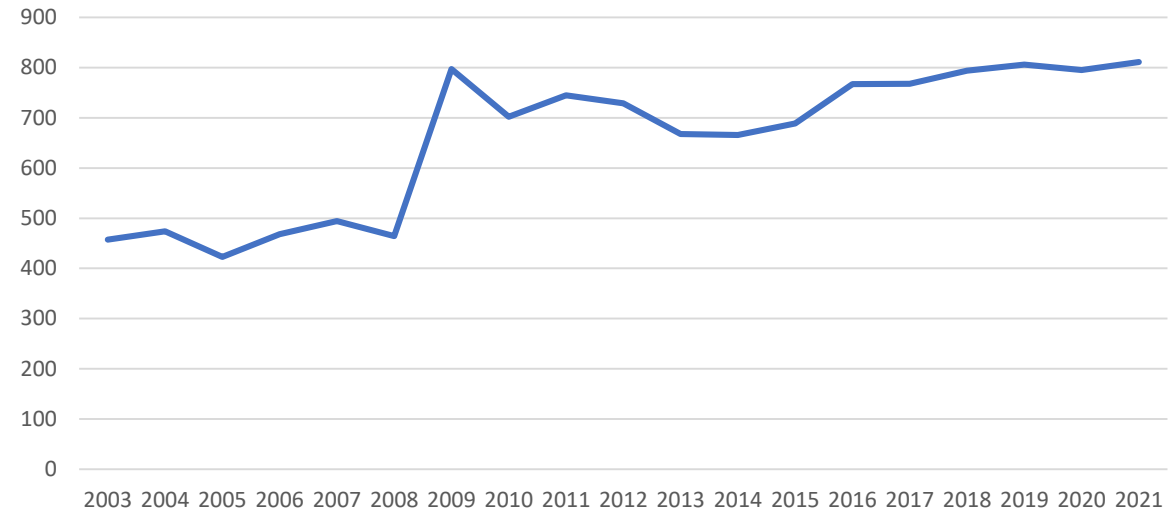
## Recent Australian per capita egg consumption



# Industry Insights (continued)

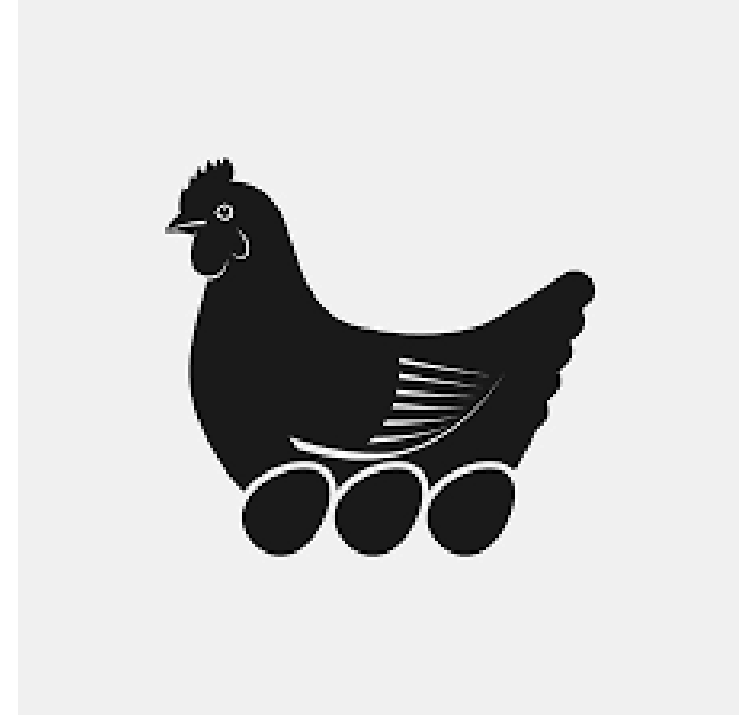
- Biosecurity is a prime concern in egg production. Under the Australia New Zealand Food Standards Code, farmers have legislative responsibilities to prevent the spread of illness associated with eggs. Egg farmers must identify and control safety hazards, such as contaminated feed, and cannot sell dirty or cracked eggs to processors or retailers. Additionally, individual eggs must be stamped with the egg producer's identification code so that eggs can be traced back to the producer should a disease outbreak occur. There have been incidents of salmonella disease detection in Victorian egg farming operations in the past decade.
- The Export Control Act 1982 regulates eggs that are exported from Australia for human consumption. Egg producers must register establishments and have export permits. For registration, establishments require a Hazard Analysis Critical Control Points (HACCP) plan, document control and identification of importing country requirements.
- Labelling of free-range eggs is now regulated. The Federal Government introduced a legal maximum stocking density of 10,000 birds per hectare for free-range egg production in March 2016.
- Australia's "Model Code of Practice for the Welfare of Animals: Domestic Poultry", published by the CSIRO, suggests a maximum of 1,500 hens per hectare in the production of free-range eggs. This suggested model has been followed by several producers especially niche and independent operators.
- The outlook for table eggs is continued growth supported by increased demand for value-added egg products and a further small rise in per capita consumption. Farm gate prices should continue to benefit from the growing share of higher value free-range eggs demanded by consumers, while cage egg producers should retain price conscious food service and manufacturing customers.

Table Egg Establishments in Australia



# 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. Table egg 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 whether the production system is caged, barn or free-range).



# Investment Requirements



Egg farming businesses had a total revenue of \$891 million in 2021. There were:

545 businesses across 811 farming establishments

96.5% of the businesses were SMEs\*

The average net profit margin is 5.0%



Fully automated cage, barn and free-range table egg production systems (with airconditioning, feed and water systems, and conveyancing for eggs) involve capital costs of \$1 to \$1.5 million per shed (typically accommodating 20,000 to 40,000 birds)



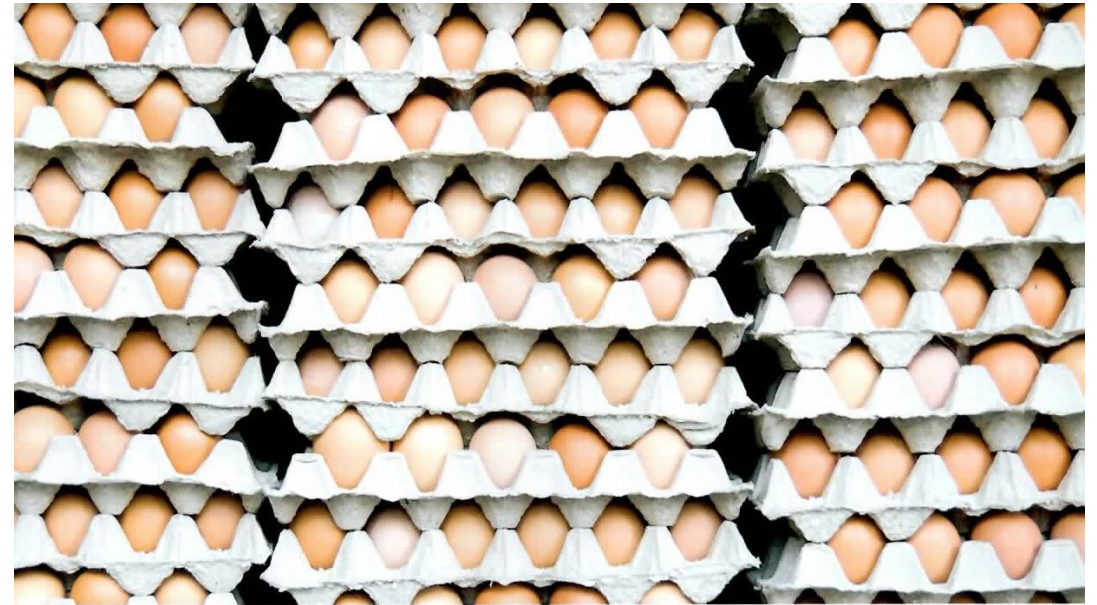
Smaller more modest free range operations of 1,000+ birds have been established with low capital costs, using basic sheds, caravans, A-frame structures and other mobile shelters, with manual feeding and egg collection methods

\* SMEs are small-to-medium enterprises generating less than \$10 million in annual revenue.



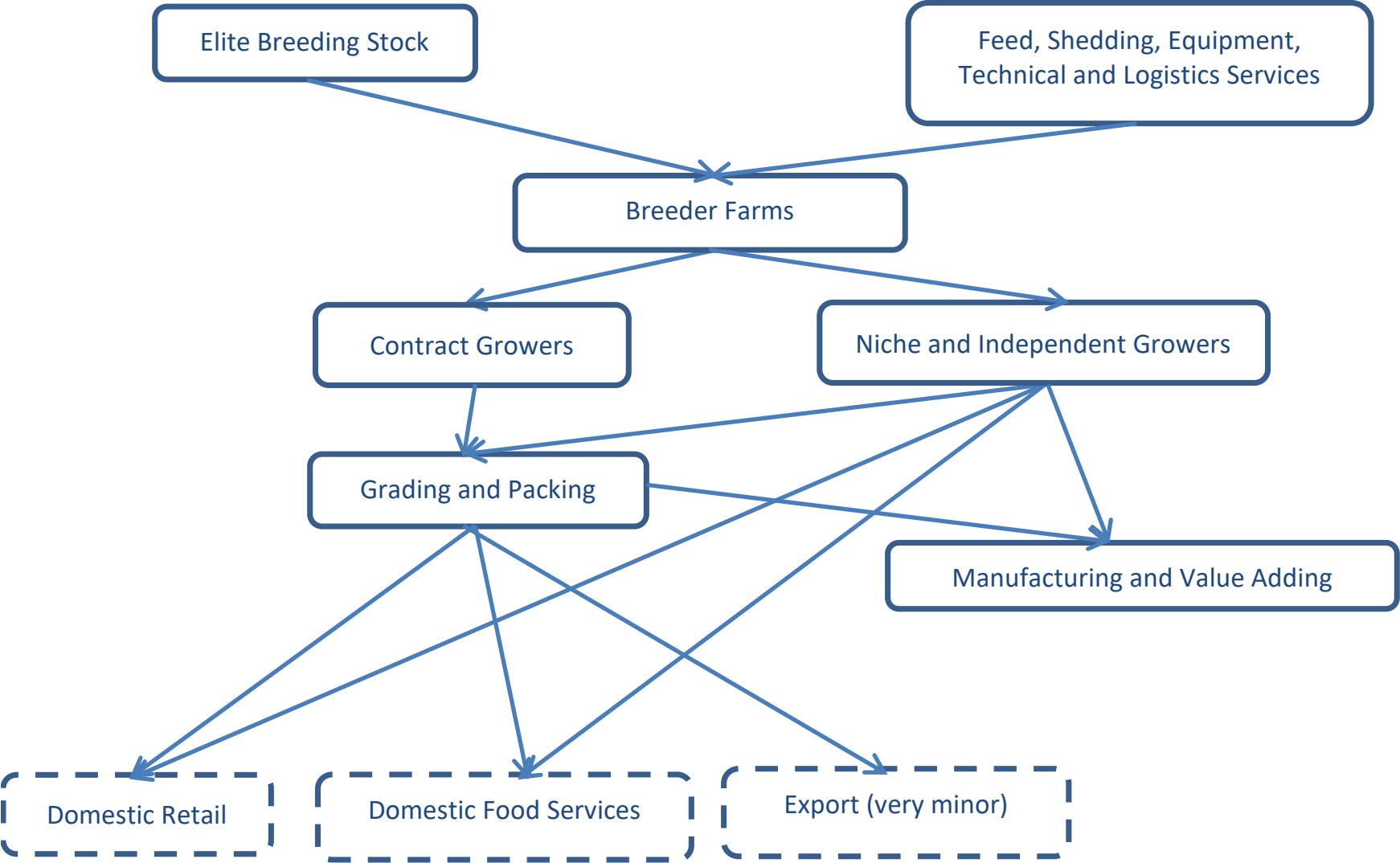
# Table Egg Production in Loddon Shire and District

- Loddon Shire is a significant area for table egg production and the Loddon District (i.e. Loddon and its adjacent Local Government Areas of Bendigo, Buloke, and Northern Grampians) produce around 39% of Victoria's table egg production value, and 21% of the volume (dozens). This includes:
  - 12% of Victoria's cage eggs
  - 23% of Victoria's barn eggs
  - 38% of Victoria's free-range eggs.
- There are 32 farms in the District including one of the largest vertically integrated businesses (Farm Pride).
- The Shire has nearby supply chain connections including:
  - Specialised Breeders Australia (SBA); Australia's largest supplier of genetically elite layers (Hyline and Lohmann breeds)
  - Veterinary, nutrition and shedding suppliers.



Annual Egg Production: Victoria (dozens)	89 million
Number Layer Businesses: Loddon Shire	7
Number of Layer Businesses: Loddon District (including Loddon, Buloke, Bendigo and Northern Grampians local areas)	32
Loddon Shire: Annual Egg Production (dozens)	7 million
Loddon District: Annual Egg Production (dozens)	18.4 million
Farmgate Gross Value: Loddon Shire 2015-16 (\$)	16,457,688
Farmgate Gross Value: Loddon District 2015-16 (\$)	42,416,755
Loddon District Share of Victorian Production Value	38.8%

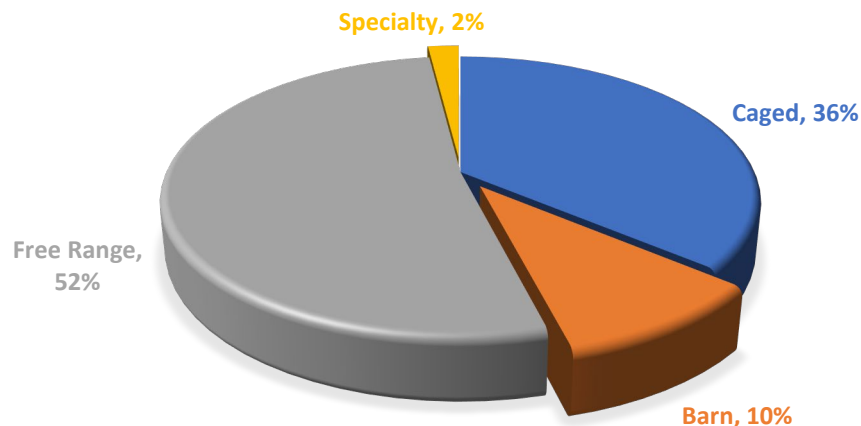
Table Egg Industry Supply Chains in Loddon District



# Production Opportunities

- Loddon Shire Council welcomes interest in local investment in table egg 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 products using fresh eggs 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.

## EGG PRODUCTION SYSTEMS 2021



- To become an egg producer, farmers can be either a contract grower or grow and market their own birds as specialist niche growers. There are opportunities for both these options in Loddon Shire.
- There are four types of layer production system currently used in Australia:
  - Caged Systems: Currently 36% of egg production comes from caged layers and 28% of sales value. In traditional cage environments, chickens are kept undercover in small cages. This system of production is the lowest cost method of egg production. Demand for cage eggs is declining as a share of industry volume and revenue, but it remains a major source of product (especially when food service and manufacturing consumption is considered, in addition to retail supermarkets).
  - Free Range: Currently 52% of egg production is free range and 59% of sales value. Free range environments allow birds to roam freely over an outdoor environment during daylight hours. Free range farms are typically smaller than cage farms and are more labour intensive in return for a price premium. Adoption of free-range systems introduces new operational and environmental challenges for the industry in terms of biosecurity, production efficiencies, bird genetics (for free range performance) and nutrient management.
  - Barn Systems: Currently 10% of egg production is barn produced and 10% of sales value. Birds in barn systems are confined to a covered and enclosed area, and high bird densities.
  - Specialty eggs. Currently 2% of egg production is specialty and 4% of sales value. Specialty eggs are those produced from other poultry species (such as ducks, geese and quail) represent a minor part of the market and are regarded as delicacies or as special ingredients for baking.
- Entry level for a niche table egg farmer on a commercial basis is usually as a free-range grower with a minimum of 1,000 birds. Entry at this level would require the farmer to have no pre-existing debt and to manage the enterprise from farm to customer.



# How can we help?

---

- Contact Loddon Shire's Economic Development Team for advice and support with your table egg 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:
  - [business@loddon.vic.gov.au](mailto:business@loddon.vic.gov.au)
  - Phone 03 5494 1200



This document was compiled with assistance from