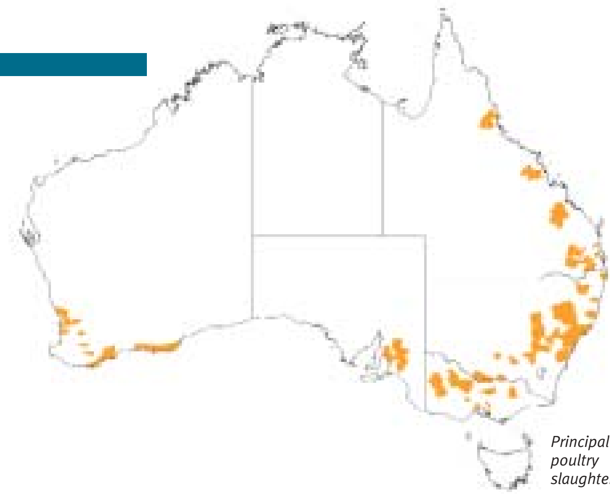
7 Poultry



Principal poultry slaughtering areas

Location

The Australian poultry industry is divided into several sectors: the chicken meat and the egg industries and, on a much smaller scale, turkey and game bird production. The poultry industry is located mainly in rural and urban fringe areas. Poultry production is largely an intensive industry, and many enterprises are located close to processing plants and markets to reduce the time taken for product to reach retailers.

Industry features

Table 13 shows the major features of the Australian poultry industry, including its size, output, market orientation and position in the global market.

Table 13 **Overview of poultry industry production and trade**

	Unit	1983–84	1993–94	2003–04
World				
Poultry meat production	Mt	29.4	49.6	59.7
Poultry meat trade [a]	Mt	na	na	6.5
Australia				
Poultry meat				
Slaughterings	million	223	325	419
Average slaughter weight	kg/head	1.3	1.52	1.72
Production	kt	293	495	732
Share of world output	%	1.0	1.0	1.21
Gross value [b]	$m	949	1 208	1 281
Domestic consumption [a]	kt	292	486	698
Exports	kt	1.0	9.0	19.8
Value [b]	$m	4.4	15.5	19.5
Share of world trade	%	na	na	0.3
Imports	kt	0	0	0
Eggs				
Production	’000 dozen	206 800	180 563	190 706
Gross value [b]	$m	652	304	326
Export value [b]	$m	na	1.39	1.16

a Dressed weight equivalent.
b In 2003–04 dollars.
na Not available.

Sources: ABARE 2004, 2005; ABS 1990, 2001a,b; Australian Egg Corporation Ltd 2004.

Markets

The Australian poultry meat and egg industries are heavily oriented towards the domestic market; for example, less than 3 per cent of the poultry meat produced in 2003–04 was exported.

In terms of volumes consumed, chicken meat is close to replacing beef as Australia's preferred meat, largely because of the industry's success in reducing real (net of inflation) supply costs and hence prices to consumers, and through continuous product innovation.

- The chicken meat industry has reduced supply costs by consistently raising both on-farm and off-farm productivity over several decades through a combination of better management, genetic improvement, economies of scale and mechanisation in processing.

The Australian poultry industry is relatively lightly assisted. The OECD estimates that the monetary values of transfers from consumers and taxpayers to support Australian poultry meat and egg producers as a result of policy measures were equivalent to 3 per cent and 4 per cent, respectively, of producers' gross incomes in 2003 (OECD 2004).

- In comparison, for the OECD countries as a group, poultry meat producers received assistance equivalent to an estimated 17 per cent of their gross incomes in 2003. EU poultry meat producers are heavily supported, receiving an estimated 37 per cent of their gross incomes in 2003 from various support measures (OECD 2004).
- In marked contrast to poultry meat producers, egg producers in the OECD as a whole are relatively lightly assisted, receiving support equivalent to an estimated 5 per cent of gross incomes in 2003. EU egg producers received an estimated 2 per cent of their incomes from various support measures in 2003, and Canadian producers received an estimated 13 per cent (OECD 2004).

Farm businesses

The industry (meat and eggs) is highly vertically integrated, with a few large firms dominating the supply and distribution of product at wholesale. For this reason, there are no representative, independently collected data on farm business performance.

- Most poultry meat producers (especially of chicken) are contracted to supply the major operators, being paid a fee to raise chicks supplied by the majors through to slaughter weight.

Flock management

The following priorities for the health and welfare of the national flock have been identified:

- improving methods for identification and control of endemic and emerging diseases.
- implementing quality assurance programs to improve food safety practices on farm and through the supply chain.
- developing objective measures of and strategies to improve bird welfare.

Natural resource management

Poultry farming is an intensive industry, usually on urban fringes. The industry has the following natural resource and environmental objectives:

- to improve resource use for efficiency gains and to minimise nutrient losses to the environment
- to minimise pathogens discharged to the environment through water, manure or air
- to minimise odour emissions from chicken facilities (RIRDC 2005a).

Employment and infrastructure

Employment in the poultry industry accounts for more than 1.5 per cent of employment in the agriculture sector. Almost half of those employed are in New South Wales, with a further 20 per cent each in Victoria and Queensland.

The chicken meat sector is characterised by contract growers operating for a small number of large, vertically integrated and privately owned enterprises. The industry tends to be concentrated in the urban fringe areas of major population settlements.

Institutional arrangements

Peak bodies

The poultry industry has two main peak bodies — the Australian Chicken Meat Federation and the Australian Egg Corporation Limited (AECL).

Marketing and research and development arrangements

There are no statutory marketing arrangements in place for chicken meat. Research and development is undertaken by the Rural Industries Research and Development Corporation (RIRDC), which spent $2.5 million in 2003–04 on chicken meat research and development.

AECL integrates marketing, research and development and policy services for the egg industry. The corporation, which began operations from 1 February 2003, receives statutory levies for marketing and research and development as well as matching government funding (up to a maximum of 0.5 per cent of industry gross value of production) for eligible research and development expenditure. In 2003–04, AECL spent $2.7 million on research and development. The corporation focused its research and development on improving domestic consumer demand through the development of a National Egg Quality Assurance Program. Industry competitiveness research focused on biosecurity strategies at the farm level and at the whole-of-industry level.

Combined expenditure by the RIRDC and AECL on research and development in 2003–04 was $5.2 million, equal to 0.3 per cent of the industry's GVP.

Industry outlook

Some key factors for the future are:

- the poultry meat industry's future competitive position with respect to other red and white meats produced in Australia and overseas
- continuing disease identification and management
- the maintenance and improvement of food safety practices on farm and through the supply chain
- addressing bird welfare and environmental concerns to ensure alignment with community expectations.