LIVESTOCK OPPORTUNITIES IN SOUTH AUSTRALIA
Agriculture is South Australia’s most significant industry, worth over $16 billion annually and supplying premium food and wine to the world.

- **20% of Australia’s grain produce**: 7 million tonne average grain production per year with 80% exported to China, Asia and Middle East

- **62% of Australia’s wine exports**: Premium wine growing regions with exports to UK, North America and emerging markets in China and Asia

- **Premium livestock producer**: Beef, lamb, dairy, pigs, poultry, wool – exports to Japan, China, US, UK, Europe, other Asia

- **Australia’s premium seafood**: Tuna, rock lobster, abalone, prawns and kingfish from the pristine Southern Ocean exporting to Japan, Hong Kong, other Asia

- **Leading horticulture production**: Potatoes, tomatoes, capsicums, mushrooms, almonds, citrus – including world-leading greenhouse and water technologies

- **Australia’s first commercial forestry**: 200,000 hectares of softwood and hardwood plantations – exports to Japan and others

- **World leading R&D and education**: University of Adelaide/Waite Institute, South Australian Research & Development Institute, Australian Wine Research Institute
South Australia can help to meet growing global demand for protein with high quality livestock product from an environment of natural advantages.

- **Premium livestock health status**
  Healthy livestock produce a safe and superior product

- **Superior animal welfare standards**
  High industry standards coupled with compliance and traceability systems

- **Internationally recognised food safety record**
  Food safety standards ensure quality, reliability and differentiation

- **Export logistics advantages**
  Close proximity to high growth and emerging markets of China and Asia

- **Existing skills, education programs**
  Existing industry skills, technology and management. World class science programs. First rate training and education providers.
Australia exported a record 1 million tonnes of beef and veal in 2013.

China’s red meat imports surged in 2013 to 543,105 tonnes. Of this, 48% was supplied by Australia.

The value of Australian livestock product exports is forecast to increase by 11.9% in 2013-2014 to $16.7B to assist in meeting increased global demand for protein.

Source: FAO, OECD, MLA, Rabobank
South Australia is a significant producer of livestock products. Meat, milk, wool and eggs account for more than 25% of the value of all food produced in the state.

**Cattle – Beef and Dairy**
115,000 tonnes of beef processed and 565 million litres of milk produced

**Sheep – Meat and Wool**
11 million sheep in SA

**Pig Meat**
91,500 tonnes of pig meat processed

**Poultry – Meat and Eggs**
86 million chickens and 11.5 million dozen eggs produced and processed

**Rangeland Meat**
Major processor of kangaroo, goat and camel meat
South Australia is a leading producer and processor of premium meat and other livestock products.

<table>
<thead>
<tr>
<th>Product</th>
<th>Number (head)</th>
<th>Farm gate value</th>
<th>Numbers processed</th>
<th>Volume processed</th>
<th>Processsing value</th>
<th>Current export markets</th>
<th>Emerging export markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beef</td>
<td>1.2 million</td>
<td>$454.5 million</td>
<td>420,000</td>
<td>115,000 tonnes</td>
<td>$454 million</td>
<td>Japan, USA, Korea</td>
<td>China, South Asia, Middle East</td>
</tr>
<tr>
<td>Mutton</td>
<td>11 million</td>
<td>$401 million</td>
<td>4.9 million</td>
<td>121,000 tonnes</td>
<td>$585 million</td>
<td>China, Singapore, USA</td>
<td>Middle East</td>
</tr>
<tr>
<td>Lamb</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>USA, China, UK</td>
<td>China, USA</td>
</tr>
<tr>
<td>Wool &amp; skins</td>
<td>52,500 kg</td>
<td>$405 million</td>
<td>n/a</td>
<td>10,000 tonnes</td>
<td>$60 million</td>
<td>China, Korea, India</td>
<td>China, Korea, India</td>
</tr>
<tr>
<td>Chicken</td>
<td>86 million</td>
<td>$215 million</td>
<td>86 million</td>
<td>154,000 tonnes</td>
<td>$499 million</td>
<td>Taiwan, PNG, Hong Kong</td>
<td>China</td>
</tr>
<tr>
<td>Eggs</td>
<td>11.5 million doz.</td>
<td>$14 million</td>
<td>11.5 million doz.</td>
<td>11.5 million doz.</td>
<td>$29 million</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Pigs</td>
<td>791,000</td>
<td>$170 million</td>
<td>1.2 million</td>
<td>91,500 tonnes</td>
<td>$366 million</td>
<td>Singapore, New Zealand, Hong Kong</td>
<td>Asia - China, Indonesia</td>
</tr>
<tr>
<td>Goat</td>
<td>n/a</td>
<td>$13 million</td>
<td>380,200</td>
<td>6,000 tonnes</td>
<td>$24 million</td>
<td>USA, Trinidad &amp; Tobago, Canada</td>
<td>Middle East, HK, Taiwan, China</td>
</tr>
<tr>
<td>Kangaroo &amp; Camel</td>
<td>n/a</td>
<td>n/a</td>
<td>600,000 kangaroo 16,000 camel</td>
<td>n/a</td>
<td>n/a</td>
<td>Russia, PNG, Netherlands, Saudi Arabia, Morocco</td>
<td>USA, Asia - China</td>
</tr>
</tbody>
</table>
ADVANTAGES GENERATING PREMIUM LIVESTOCK PRODUCTS

- The livestock industry supplies a premium product reflecting southern Australia’s natural advantages in, climate, land availability, feed and advanced genetics.
- This is driven by effective food safety regulations, traceability, and a focus on animal husbandry, farm management and welfare.

<table>
<thead>
<tr>
<th>Genetics</th>
<th>Climate</th>
<th>Land</th>
<th>Feed</th>
</tr>
</thead>
</table>
| World class, progressive livestock breeding and genetics programs that:  
  - Maximise production  
  - Maximise quality traits  
  - Enhance breeding efficiency  
  - Ensure product quality  
  - Includes premium British beef breeds | Prime livestock regions with ideal climate and average annual rainfalls suitable for successful production | Land suited to low impact grazing and fodder production that occurs in close proximity to processing facilities, other infrastructure and markets. | Naturally occurring pastures coupled with reliable cereal, legume and export quality hay regions in and around livestock areas. |
EXPAND THE COMMISSION PROCESSING CAPACITY

South Australia is a leading processor of premium meat and other livestock products. High value markets are well established for many products and niche and emerging markets are growing.

There is opportunity:

• to further investigate a flexible service kill abattoir for short runs in South Australia
• for investigating joint arrangements with, or acquisition of existing service kill abattoirs

Forecast Global Red Meat Consumption

Source: PIRSA, OECD, FAO (2013); Graphs depict meat exports
Global demand for chicken meat is rising quickly. Over the past decade the South Australian chicken meat industry has grown faster than any other state in Australia.

There is opportunity:
- to invest in farm expansion as processors continue to contract new farms to satisfy rising Australian demand
- to invest in a major company’s ‘sale and lease-back’ of production and processing assets

Source: PIRSA, OECD, FAO
There is opportunity:

- to increase the productivity of beef and sheep production through purchase, lease or development of feed lots
- to increase productivity of beef and sheep production through better techniques in pasture utilisation

**Feedlot investment models**

<table>
<thead>
<tr>
<th></th>
<th>Small Feedlot</th>
<th>Medium Feedlot</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital cost</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land, water and infrastructure</td>
<td>$8.1 million</td>
<td>$22.7 million</td>
</tr>
<tr>
<td><strong>Projected revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$22.3 million</td>
<td>$66.9 million</td>
</tr>
<tr>
<td><strong>Operating costs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$20.0 million</td>
<td>$59.4 million</td>
</tr>
<tr>
<td><strong>Overheads</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(including depreciation)</td>
<td>$0.8 million</td>
<td>$2.2 million</td>
</tr>
<tr>
<td><strong>Capacity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5,000 head</td>
<td>15,000 head</td>
</tr>
<tr>
<td><strong>Capacity unitisation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>90%</td>
<td>90%</td>
</tr>
<tr>
<td><strong>Average days on feed (max=100)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>70</td>
<td>70</td>
</tr>
<tr>
<td><strong>Annual cattle throughput</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>23,500 head</td>
<td>70,400 head</td>
</tr>
</tbody>
</table>

Source: EconSearch, PIRSA, OECD, FAO (2013)
South Australia has a natural logistical advantage for exports into China and Asia.
South Australia has a range of initiatives and advantages to support new investment into the State, including low costs and existing infrastructure in key livestock regions.

<table>
<thead>
<tr>
<th>Industry Support</th>
<th>Government Support</th>
<th>Low Costs</th>
<th>Infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Australian Livestock organisations and members actively support and develop the industry in South Australia. Foreign investment is welcomed as a key mechanism to support industry growth.</td>
<td>The South Australian Government supports investors throughout the investment process via a Case Management approach. Government agencies involved include:  * Primary Industries and Regions South Australia  * Invest South Australia  * Department of State Development</td>
<td>Ranked one of the lowest cost states in Australia for business and living. Adelaide is also ranked the most liveable and safest city in Australia, and the 5th most liveable city in the world. Average wages are 10% lower than eastern states, and 20% lower than WA.</td>
<td>Adelaide and South Australia are at the centre of Australia’s air, road and rail transport links. Strategic proximity to Asia supported with a number of ports, including Port Adelaide. Natural resources (minerals, energy, water) and world leading technology.</td>
</tr>
</tbody>
</table>

**Food Safety Standards and Export Regulations**

**Food Safety Standards**

South Australia is recognised internationally for its quality of food safety standards and processes, ensuring strong differentiation in international markets. Producers and processors in South Australia adhere to the national guidelines under Food Standards Australia & New Zealand.

**Export Regulations**

Biosecurity and approvals for exports are coordinated by AQIS. Once a food safety plan and systems are in place, accreditation and exporting is expedient.
LIVESTOCK OPPORTUNITIES IN SOUTH AUSTRALIA

Service kill abattoir:
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- for investigating joint arrangements with, or acquisition of existing service kill abattoirs

Chicken meat farms:
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- to invest in a major company’s ‘sale and lease-back’ of production and processing assets

Beef and sheep production:
- to increase the productivity of beef and sheep production through purchase, lease or development of feed lots
- to increase productivity of beef and sheep production through better techniques in pasture utilisation
THE STATE OF SOUTH AUSTRALIA AT A GLANCE

KEY LOCATION FOR SUSTAINABLE BUSINESS

Industry highlights
- 7% of Australia’s population
- 81% of Australia’s uranium reserves
- 69% of Australia’s copper resources
- 62% of Australia’s wine exports
- 38% of Australia’s wind power capacity
- 32% of Australia’s defence industry
- 20% of Australia’s grain production
- Largest most mature onshore hydrocarbon province
- World class education, R&D and health systems
- Adelaide ranked 5th most liveable city in the world

DIVERSE INDUSTRY BASE

Minerals & Energy  Agriculture  Renewable Energy  Advanced Manufacturing  Defence  Education  Health

State population 1.6 million  Adelaide population 1.2 million

Source: EIU: A Summary of Liveability Ranking and Overview August 2012
Published July 2014

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