

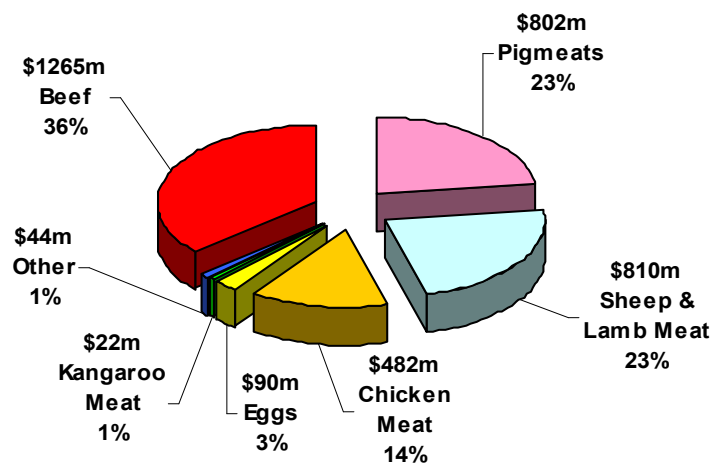
SOUTH AUSTRALIAN LIVESTOCK INDUSTRY OVERVIEW 2008-09

1. Introduction

Primary Industries and Resources SA (PIRSA) conduct detailed value chain analyses for each food area. This information is used to create the South Australian Food Industry ScoreCard, which measures the commercial value of each industry sector. The ScoreCard measures all of the value adding components of food revenue – in the case of Livestock; we measure how the value of livestock increases from the ‘paddock to the plate’. This involves looking at each stage of the food chain from production to finished food and through to consumption. From this economic analysis, the following are identified: the farm gate value of production; exports; imports; inter-state trade; retail sales; and the contribution made by the food services (hospitality and tourism) sector¹.

In 2008-09 the South Australian livestock industry contributed \$3.5 billion or 28 per cent of South Australia’s gross food revenue. The net food revenue for the same period was \$3.2 billion indicating that \$332 million worth of livestock and livestock products were imported from overseas and interstate. Figure 1 shows the percentage and value that each livestock species contributed to the industry’s gross food revenue.

Figure 1: South Australian Livestock Gross Food Revenue, 2008-09



Source: Scorecard 2009

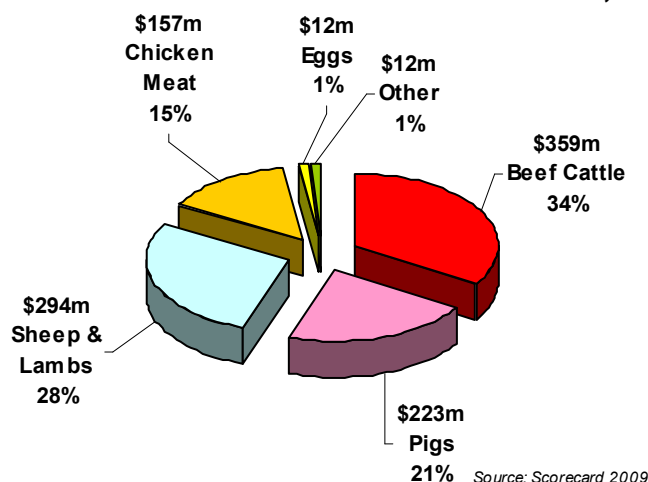
¹ The SA Food Industry ScoreCard calculates the value of Food Revenue as the sum of the value of overseas exports (free on board value), interstate exports (at wholesale prices), retail sales and food service sales.

2. South Australian Livestock Value Chain

2.1 Production

In 2008-09 the farm gate value of livestock production in South Australia was \$1,057 million². Figure 2 below shows the 2008-09 farm gate value and share for each of the major sectors of the South Australian livestock industry.

Figure 2: South Australian Livestock Sector Production, 2008-09



2.2 Overseas Commodity Exports

Livestock commodity exports consist of live sheep, goats and cattle exports. In 2008-09 South Australia exported 358,169 sheep & lambs valued at \$27 million, 28,230 goats for \$2.1 million and 2,373 beef cattle worth \$2.5 million.

2.3 Interstate Trade³ in Commodities

Net interstate trade of livestock is estimated based on production, finished food and overseas trade. Table 1 shows estimates for 2008-09.

² A measure of the value of a commodity at the local level of production (i.e., farm gate). Farm value is calculated by multiplying the volume of production by the price received and, therefore, represents the value of production to the farmer or fisher person. This measure can also be used as a benchmark for estimating the additions to the price of a product (and through this, its value) as it moves through the value chain from production to consumption. The farm gate value accounts for food related products only (i.e., meat and eggs). An additional \$236 million was derived from livestock via wool and sheep and lambskin sales.

³ Interstate trade is calculated by taking the difference between the number of stock produced and the number processed and exported overseas. This means that this figure could include additional stock produced, that has not yet been sold

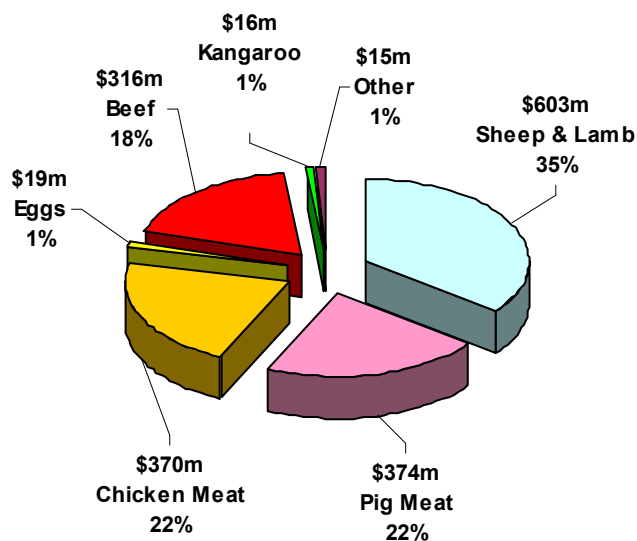
Table 1 Net interstate transfer of South Australian livestock, 2008-09

| SPECIES | VOLUME (number) | PRICE (\$) | VALUE (\$ million) |
|--------------------|--------------------|---------------|-----------------------|
| Cattle | 164,758 | 782 | 128.9 |
| Sheep | 656,307 | 46 | 30.4 |
| Pigs | (153,922) | 249 | (38.3) |
| Lambs ⁴ | (1,277,421) | 76 | (96.7) |
| Deer | 5,936 | 96 | 0.6 |

2.4 Finished Food

A high percentage of livestock bred for slaughter in South Australia are processed within the state. The total value of livestock finished food, at the wholesale level, is estimated to be \$1,713 million in 2008-09.⁵ Figure 3 shows the contribution of each livestock sector to the South Australian livestock finished food industry.

Figure 3: Value of finished food in South Australian livestock industries in 2008-09 – distribution by sector



Source: Scorecard 2009

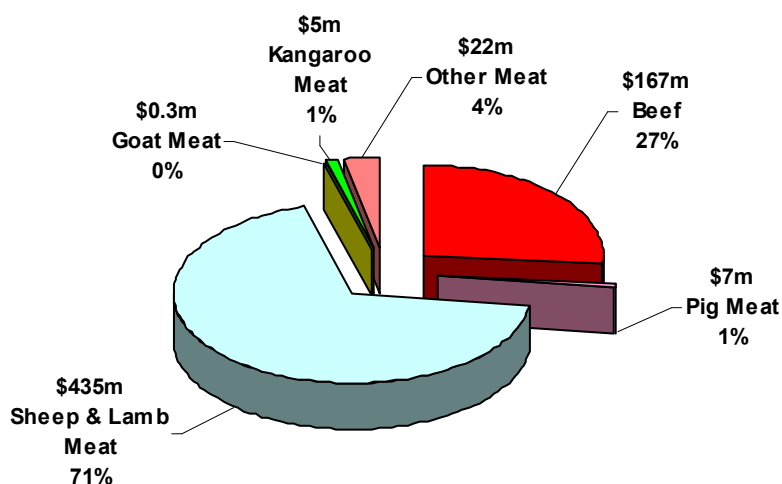
2.5 Overseas Finished Food Exports

South Australia exported \$637m worth of finished food derived from livestock in 2008-09. Figure 4 shows the value (FOB) contributed by each livestock sector to South Australia's export revenue.

⁴ Figures in brackets indicate that these commodities have a negative interstate trade (ie There is more purchased from interstate than is sold interstate.)

⁵ This value is the measure of processed quantity at the average wholesale price for each product.

Figure 4 Value of South Australian finished food meat exports in 2008-09 – distribution by sector



Source: Scorecard 2009

2.6 Trade of Livestock Finished Food to other Australian States

It is estimated that in 2008-09 there was a positive net interstate transfer of livestock finished food of \$363 million. This included net interstate sales of \$507 million and net purchases of \$144 million. Table 2 lists the net interstate transfers of livestock products.

Table 2: Net interstate trade of livestock finished food products 2008-09

| PRODUCT | VOLUME (tonnes) | PRICE (\$/kg) | VALUE (\$ million) |
|----------------------|-----------------------|---------------|--------------------|
| Beef | (24,008) ⁶ | 4.00 | (96.0) |
| Pig Meat | 58,225 | 4.86 | 283.0 |
| Sheep Meat | (4,631) | 2.45 | (11.3) |
| Lamb Meat | 8,867 | 4.90 | 43.5 |
| Chicken Meat | 48,470 | 3.30 | 160.0 |
| Eggs (million dozen) | (16.7) | 2.16 | (36.0) |
| Kangaroo Meat | 2,533 | 3.00 | 7.6 |

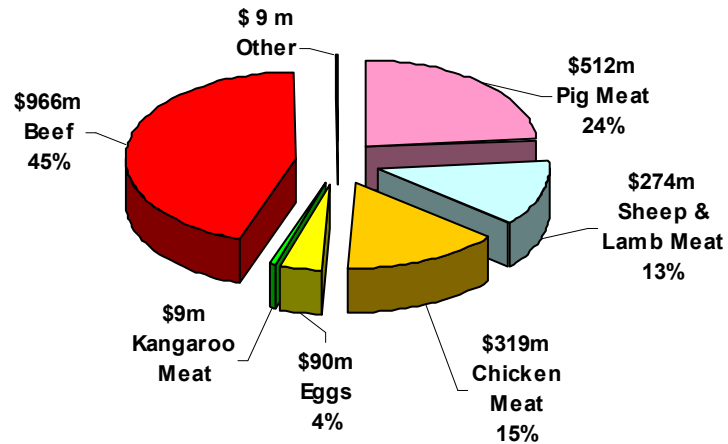
2.7 Consumption

It is estimated that there was \$1,768 million worth of meat and egg products sold at the retail level in South Australia in 2008-09. In addition to this, \$412 million worth of meat and egg products were consumed at service and

⁶ Brackets signify that more of that product was purchased from interstate than was sold interstate.

hospitality outlets. Figure 5 shows the percentage and value contributed by each livestock sector to retail and service sales.

Figure 5: Distribution by sector of South Australian retail and service sales of livestock food products, \$2,180 million



Source: Scorecard 2009

3. Conclusion

The 2008-09 gross food revenue for the South Australian livestock industry is \$3.5 billion, \$487 million or 16 per cent higher than the equivalent figure for 2007-08. Total overseas exports of livestock and meat increased by 18%, with sheep lamb meat exports being the major contributor to that.

ScoreCard Team
 October 2009