

Australian Chicken Meat Federation (ACMF) Inc

*** MEDIA RELEASE ***

AUSTRALIAN CHICKEN MEAT PRICES EXPECTED TO RISE

Chicken is by far the most affordable meat protein. The price has been kept low by passing on to consumers the benefits of substantial efficiency gains in all areas of chicken meat production. In fact, in real terms, the price has fallen by 75% since 1960¹. In other words, if the price of chicken had kept up with inflation over the past half a century, we would now pay \$40 for a whole fresh chicken rather than \$10.

“Now, a point has been reached where prices will have to increase for the industry to remain profitable and able to meet the increased demands for its products”, says Dr Andreas Dubs, Executive Director of the Australian Chicken Meat Federation. The World Bank reports that “since mid-June, global grain prices have been rising with a 56% rise in global wheat prices and knock-on impacts on other commodities such as rice, maize, and sorghum”². Australia is by no means immune to these increases. This is illustrated in the graph below which shows typical prices paid over recent months by Australian processors.

Grain represents the major input cost into growing meat chickens and thus it is obvious that the latest increase in the cost of feed, together with substantial increases in energy costs, transport and water as well as labour over the past year must lead to an inevitable increase in the cost of chicken to the consumer.

On the positive side, Dr Dubs is keen to stress that even with the price of chicken increased to reflect the significantly increased cost of production, chicken will remain affordable in all its various forms from whole chickens and breast fillets to chicken mince and sausages. Indeed, ABARE forecasts a further 10% increase in per capita consumption over the next five years in line with past trends, while beef consumption is predicted to fall by a similar amount³.

Key facts:

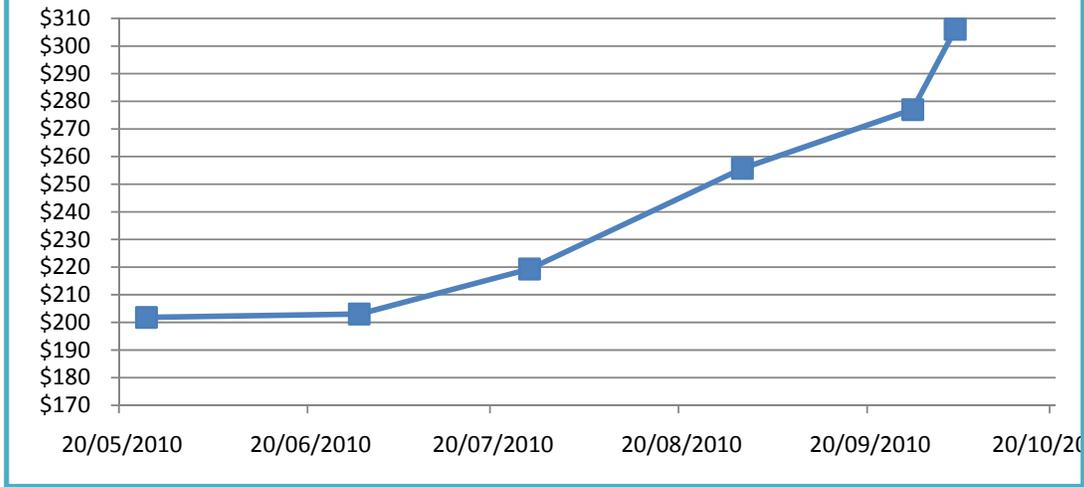
- Grain prices have increased drastically since June 2010
- Grain is the major component of chicken feed and represents the major input cost
- Combined with a number of other cost pressures, an increase in the price of chicken meat is inevitable
- Even following such an increase, chicken will remain a most affordable meat protein source

¹ Reported by the Garnaut Climate Change Review based on data provided by ABARE; Garnaut Report, p545, 2008.

² The World Bank, “Food Price Watch”, viewed on 27 September 2010 at http://siteresources.worldbank.org/INTPOVERTY/Resources/335642-1210859591030/Food_Price_Watch_September2010.pdf

³ ABARE Australian Commodities, March quarter 2010, p79.

Wheat Prices per metric ton - June to September 2010 *



* Note that the above graph shows the actual prices paid by one of the major processors. The exact prices will vary somewhat between processors depending on commercial arrangements.

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For more information or to arrange an interview with Dr Andreas Dubs please call:

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About the Australian Chicken Meat Federation

The Australian Chicken Meat Federation (ACMF) is the peak body of Australia's chicken meat industry, representing both growers and processors. Its members are the five State Chicken Meat Councils (NSW, VIC, QLD, SA and WA), the Australian Chicken Growers' Council and the Australian Poultry Industries Association.

ACMF aims:

- To promote and represent the interests of the chicken meat industry
- To conduct and support research on behalf of the industry
- To liaise with the Australian and state governments on behalf of the industry, as the industry representative body recognised by the Australian government
- To inform and educate the public, chicken meat retailers and suppliers on the nutritional benefits, food standards, animal welfare and animal health requirements relating to Australian chicken meat.