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## VIEWPOINT: THE SOUTH AFRICAN POULTRY INDUSTRY

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In this viewpoint, the profile of the South African poultry industry is given. Both sectors, eggs and meat production, are dominated by a small number of large scale producers. The main actors in the industry are the producers themselves, feed, equipment and other suppliers with retail outlets forming an integral part of the marketing of the products. Since the dissolution of the Egg Control Board, the industry is totally deregulated with supply and demand regulating the industry. When put together, the gross value of eggs and poultry meat was, during 1993/94, the highest of any agricultural product. The industry is also the single biggest consumer of yellow maize. It is a highly competitive and capital intensive industry that makes it rather difficult for new entrants. Apart from expansion by existing producers, opportunities for new entrants will include contract growing for existing producers and/or producing for a niche market. New small scale entrants will, apart from financial assistance, also need training, after care and help with procurement of livestock, goods and services.

### DIE SUID-AFRIKAANSE PLUIMVEEBEDRYF

In hierdie oorsigartikel word daar na die omvang van die Suid-Afrikaanse pluimveebedryf gekyk. In beide sektore, naamlik eiers en vleis word die bedryf oorheers deur grootskaalse produsente. Die belangrikste rolspelers in die bedryf is die produsente self, voer-, toerusting- en ander verskaffers. Kleinhandel afsette speel 'n belangrike rol in die bemarkings proses. Sedert die ontbinding van die Eierbeheerraad is die bedryf totaal dereguleer met vraag en aanbod die enigste prys bepalende meganisme. Die bruto waarde van witvleis en eiers was gesamentlik gedurende 1993/94 die grootste van alle landbou produkte. Die pluimveebedryf is die grootste enkele verbruiker van geel mielies in die land. Die bedryf is hoogs kompetierend en ook uiters kapitaal intensief was beperkende faktore dien vir nuwe toetreders tot die bedryf. Afgesien van uitbreiders deur bestaande produsente sal geleenthede vir nuwe toetreders daarin gelee wees om bestaande eenhede te koop, as kontrakprodusente vir bestaande boere op te tree of om vir 'n baie spesifieke mark te produseer. Nuwe kleinskaalse toetreders sal behalwe finansiering ook die nodige opleiding, nasorg en aanvanklike hulp met aankoop van pluimvee, goedere en dienste moet kry.

### 1. Introduction

The poultry industry consists of two major sectors, namely egg and meat production. These are commonly referred to as commercial egg production and broiler production. Turkeys, ducks, geese and standard breeds (show poultry) contribute very little to the industry. Ostriches are excluded from this commodity viewpoint.

A common factor in both egg and broiler production is that the bulk of the production originate from a few large enterprises. In both sectors, horizontal and vertical integration is prevalent.

Commercial poultry farming has become a highly specialised business with highly specialised breeds. Commercial poultry originate from imported parent stock. The average egg production for a commercial layer is 270 eggs per hen per year. The broiler is one of the most efficient converters of plant protein into meat, reaching a live mass of 1.8kg at 42 days with a feed conversion ratio of less than 2kg of feed per kg live mass gained. From time to time, the industry suffers from epidemic diseases such as Newcastle Disease, Salmonella enteritidis and Gumboro disease, etc - as in 1993 - causing major losses and financial hardship.

The poultry industry is now the biggest farming industry, generating an annual income of R400 million. It is also the single biggest consumer of yellow maize with an annual off-take in excess of 1.25 million tons. Importation of poultry meat has, and can again, influence local markets from time to time. GATT arrangements whereby tariffs are levied on various products have been attended to for the poultry industry.

Apart from eggs and broiler meat, both sectors generate a significant volume of trade in the informal sector through the sale of end-of-lay hens as live poultry with an annual turn-over in the region of R200 million.

Significant increases in production volumes have long lead times. Breeder capacity must exist to produce the required day old chicks (DOC). Sheds and auxiliary facilities must be erected in time. Commercial layers start producing at about 20 weeks of age whilst broiler breeders will deliver hatchable eggs from 24 weeks of age. This to be followed by 3 weeks hatching and 6 to 7 weeks growing for broilers.

Eggs and broiler meat are highly perishable products which need specialised and expensive handling, packing and storage. Therefore, relatively small surpluses can cause major upsets in the market place.

With the dissolution of the Egg Control Board (ECB) during 1993 the industry is totally de-regulated with supply and demand determining price levels (and profitability).

### 2. Commercial egg production

#### 2.1 Present industry profile

During 1993, the number of laying hens under the jurisdiction of the ECB amounted to 11.8 million. Existing capacity was estimated at 13.8 million (from day old chick sales statistics, it is clear that a further 2 to 3 million hens were kept in the TBVC and self-governing states). Producers numbered 447 nationally of which the largest two held 35% of the laying flock and the largest 14 held 60% of the flock. Seventy per cent of producers (numbering 311) own flocks of less than 10 000 each. - this group account for less than 10% of the national flock. Ownership of the three largest producers is by companies who have extensive interest in egg production inputs and the food and feed industries. These are followed by a core (7) of privately owned enterprises, all larger than 200 000 layers and all in the Transvaal/OFS (see Table 1).

**Table 1 : Number of layers owned by various size groups ('000)**

Flock Size	No. Of Producers	%	No. Of Hens	%
0-9999	300	69	1092360	9
10-29999	79	18	1374967	12
30-99999	42	10	2173872	18
100-199999	4	1	610968	5
>200000	10	2	6505387	56

Source : ECB

**Table 2: Gross value of egg production (including hatching)**

Year	(R 1000)
1978/79	139868
1979/80	137050
1980/81	167021
1981/82	204236
1982/83	246473
1983/84	275734
1984/85	315656
1985/86	362599
1986/87	425327
1987/88	513760
1988/89	597838
1989/90	700244
1990/91	805832
1991/92	980818
1992/93	1095758
1993/94	1216793

Source: Agricultural Abstract

Production is regionally concentrated near large metropolitan areas, 57% in the Transvaal/OFS, 19% in the Western Cape and 18% in the Eastern Cape.

The marketing chain for eggs is for the largest part very short with producers supplying eggs directly to retail chain stores, (28%), superettes (6%) and counter stores (17%). Producers deliver the remaining 26% to wholesalers and 13% to other institutions or directly to consumers. Volumes tend to determine access to marketing channels although larger producers, through wholesalers, have access to smaller retailers, while smaller producers, through joint pack stations or marketing co-operatives gain access to larger chain stores. Presently, the two largest producers and two marketing co-operatives market 63% of eggs sold in the RSA. The value of egg sales is indicated in Table 2.

## 2.2 Short term scenario

A series of negative events influenced the egg industry during 1993 and 1994. These were:

The first of these was that of less central intervention through subsidized surplus removal. In the short term this did lead to turbulence as the industry adopted new mechanisms and structures to contend with egg surpluses, which is always a very real problem. Processing facilities for value adding, bulk feeding and exports were established. However, due to disease outbreaks, shortages were actually experienced.

The second event was contained in the direct and indirect effect of violence preceding the transition to a new political dispensation. These events disrupted distribution and sales of poultry products in township areas but returned to normal after the election.

Major contributing factors were the effects of the drought and the low levels of business confidence aggravated by the continued recession during 1993. Because of lead times, an upswing in demand will only be met by the beginning of 1995.

The anticipated surplus of eggs did not occur because of disease outbreaks in laying flocks towards the end of 1993. By the middle of 1994, shortages were actually experienced.

Due to a high level of mechanisation, large producers cannot gradually increase production. Expansion takes place in modules of 50 to 100 000 birds at a time. Production cost and efficiency are particularly important and profitability depends on improvements in efficiency. Feed costs are the single biggest expense amounting to more than 70% of the cost of production at farm gate. After grading, packing and delivery to store, it constitutes about 50%. Low margins lead to further concentration in production and marketing.

The per capita egg consumption has remained static for the past 4 years - see Table 3. An increase in consumption will depend on an improvement in the general economy.

Research done on behalf of the ECB revealed that consumption in the white market is close to 200 eggs whilst that in the black market is only about 48 per capita per year. This figure is most likely to be very much lower amongst rural blacks. Thus indicating a good potential for relatively small scale egg production in rural areas.

**Table 3: Per capita egg consumption and forecast**

Year	Population (Million)	Egg Consumption (Cartons X 1000)	Per Capita
1980	25.081	5 648	81
1985	27.895	6 452	83
1987	29.025	7 115	88
1988	26.617	7 975	97
1989	30.207	8 392	100
1990	30.797	8 495	99
1991	31.413	8 630	98
1992	32.041	8 708	98
1993	32.598	9 907	98

Source: Agricultural Abstracts

#### 2.4 International markets

It is not expected that shell egg exports to international markets will become a financial proposition for South Africa in the future. Nor will the importation of shelled eggs become a significant factor because of price, handling and storage considerations.

Egg prices on international markets are not expected to recover in the short term. Prices remain under pressure due to excessive production and weak demand. Thus further depressing export possibilities in the short term.

Price, cost and handling considerations are moving the major users of egg pulp to prefer fresh rather than frozen products. Although more expensive to produce, cheaper handling, transport and storage costs are expected to make dried products more popular. Significant volumes of egg white are being imported into SA, for use in the confectionery business.

The volume of egg products manufactured largely depend on the surplus volumes available. Frozen whole egg pulp, frozen egg yolk and concentrated albumen pulp are the main products.

#### 2.5 Production and supply

Since August 1991 there has been a steady build-up of hen numbers which resulted in a record number in June 1992 of some 13 million. Although overproduction was envisaged for 1993/94, diseases and excessive culling in the processing period have actually led to a shortage of layer pullets. This in turn caused an egg shortage up till about June 1994 with a concomitant increase in retail prices. By the end of 1994, the situation should be back to normal whereby a slight surplus will be produced.

Spent (or end-of-lay) hens are sold alive mainly into the major townships and generate an income in excess of R100 million per annum (when processed and sold into the retail trade, these birds are known as boilers). Cockerels of layer strains are not suitable for intensive poultry meat production.

#### 2.6 Interrelationships

As a unique product, eggs have no direct substitutes. As a food product, consumers do have a choice regarding substituting eggs with products such as soya, etc. Negative factors regarding taste, custom or religion are negligible so that disposable income and the price of

eggs relative to other food prices (especially meat) are considered the most important determinants of choice.

Recent research indicates that the income elasticity of eggs (total population) to be in the order of 0.36 which classifies eggs largely as a basic foodstuff amongst consumers, (eggs could, however, to a certain extent be regarded as a basic good for high income groups whilst being a luxury to a certain degree for low income groups). Income elasticities do, however, vary according to population sector with that of the white metropolitan populace being 0.15 compared to black metropolitan (0.66 to 0.82) and rural blacks (1.42). In terms of population and income growth it is very clear where an enormous potential egg market exists (one egg per capita increase in consumption per year will result in 150 000 more layers to be kept).

The research also indicates the price elasticity for eggs to be in the region of 0.54 that is higher than previously considered. It would appear that over time, the income elasticity for eggs is decreasing and price elasticity is increasing. As high income elasticity is usually associated with high price elasticity, a reason for this is given as the existence of many, strong substitutes.

Meat is considered the most important substitute for eggs with a cross elasticity of 0.38 for beef and 0.35 for chicken. These two products and their prices have an important bearing on the industry. Relatively higher meat prices promote the sale of eggs and increases the demand for spent hens thereby, benefiting egg sales and price stability.

#### 2.7 Strengths

- With judicious flock placements, a continuous cash flow and relatively quick turnover of money can be achieved.
- Changes in the size of the operation can be made gradually, particularly in the case of the small farmer.
- Production facilities can vary from backyard operations to highly mechanised and fully automated units.
- Poultry eggs are a versatile basic product with many uses.

#### 2.8 Weaknesses

- Intensive poultry farming is an exact science therefore newcomers will need training and continuous support to succeed.

- Perishable product with a limited shelf life.
- No export opportunities.
- For new comers, the idea to keep birds in a pen or cages could appear to be technologically complicated. Once an investment is made in cages, they can be used for nothing else.
- When the free movement of poultry is restricted, a balanced ration is essential.
- An 'all-in-all-out' stocking pattern could cause an interruption in the small farmers cash flow.
- The capital intensive nature of the business could present entry barriers to new farmers.

### 2.9 Opportunities

- Scope exists for new entrants, particularly in the outlying areas, to produce for a niche market.
- With an increase in demand for eggs, new entrants could become contract producers for established enterprises.
- Spent hens form a significant part of the live bird trade in the major townships. Entrepreneurs could establish small scale abattoirs to process these hens, thereby offering a more hygienic product to the public.
- Medunsa has developed cages suitable for people who just want to keep a few hens to produce eggs for domestic consumption.

### 2.10 Threats

- Input costs are difficult to keep under control with a fine balance between input/output ratios.
- Supply shortages (and subsequent price rises) are not caused by sudden increase in demand but rather by a shortage in the supply of point-of-lay pullets.
- Epidemic diseases could cause havoc in the industry.

### 2.11 Key success factors

- A reliable and sustainable source of day-old chicks or point-of-lay pullets is essential.
- Rearing day-old chicks to the point where they start laying eggs is technically fairly complicated. For beginner farmers, access to well-reared point-of-lay pullets is very important.
- Proper training and aftercare for beginner farmers will be as essential as access to funds.
- Producers should take care not to become inordinately dependent upon supermarkets as marketing channels. They use eggs as loss leaders and therefore press producers hard for the lowest possible prices, and often take up to three months to pay.
- In order to save on feed, egg producers could produce their own maize, or buy from nearby maize producers on a contract basis, and mix their own feed.
- Superior performance is essential. The production cycle and cash flow must be well managed and closely controlled.

### 2.12 Required infrastructure

Clean, reliable water is absolutely essential for egg production.

The second infrastructural requirement is good, passable roads (not necessarily tarred) for delivery of inputs and distribution of the end product.

Although not absolutely necessary, the availability of reliable electricity can increase production through provision of up to 17 hours light per day.

## 3. Broiler meat production

### 3.1 Broad overview

The national broiler industry is losing many of its competitive advantages, making its product less affordable for lower-income groups. The industry will still grow, but at a declining rate.

Up to 1990, the broiler industry was characterised by rapid growth. During 1964/65 production amounted to 53000 Tons. This increased to over 700 000 Tons by 1990 (Table 5). During the same period, the per capita consumption increased from 2.61 kg to 19.85 kg. The gross value of poultry slaughtered is given in Table 6. Together with Table 2 it shows that poultry and egg sales amount to more than R4 000 million per annum.

This figure will include sales of end-of-lay breeder hens. As with layers, these hens are mainly sold in the live bird market generating an annual income of some R50 million (when processed and sold into the retail market, these birds are known as Cornish hens).

Although the broiler industry has never been subject to controlled marketing, its competitor, the red meat industry, has been. The cost of inputs of the red meat industry has been artificially high and therefore the Meat Board has kept the prices of red meat high, providing an umbrella for the broiler industry. The reduction of control in the red meat industry has made it harder to compete with it. At the same time, costs have been increasing in the broiler industry.

The dominant producer and price leader, Rainbow, has traditionally financed capital goods on a cash basis. Now it has taken over the interest burden of Bonnie Bird and has had to increase its prices. More stringent regulations and labour union activity have also increased costs. The depreciation of the Rand has made breeding stock more expensive. Newcastle disease and the salmonella problem have recently led to huge losses, including losses of breeding stock. Maize price is a major determinant in feed costs. Furthermore, the dramatic increases in efficiency during the past thirty years cannot continue indefinitely. The feed conversion rate is now 1,9 and the growth period, until the optimal slaughtering mass of 1,8 kg has been reached, has been brought down to 42 days in sophisticated facilities. The salmonella problem has ended experiments with animal dung, blood and bone meal as sources of cheaper feed.

The national industry is dominated by two large producers. Small and medium-sized producers can enter the industry and succeed by supplying domestic niche markets. In the industry as a whole, feed costs make up 70% of the total production cost, slaughtering and packaging 23% and capital costs, including profit, only 7%. However, the small producer can save up to R80 per ton by production of feed from own produced maize.

**Table 5: Production and consumption of white and red meat**

Year	White Meat			Red Meat	
	Production 1000 t	Consumption		Production 1000 t	Consumption Per Capita Kg
		Total 1000 t	Per Capita Kg		
1964/65	53	52	2.61	704	34.21
1968/70	112	111	4.91	810	35.02
1974/75	270	266	10.50	802	30.90
1979/80	344	312	11.22	988	33.87
1984/85	487	485	15.4	1004	30.32
1989/90	682	677	19.09	941	26.25
1990/91	728	730	19.85	1027	27.15
1991/92	753	761	20.54	1034	26.73
1992/93	734	730	19.26	1028	26.02
1993/94*	683	676	17.47	972	24.09

\* Preliminary

Source: Agricultural Abstracts

**Table 6: Gross value of poultry slaughtered**

Year	Value R 000
1982/83	654918
1983/84	772959
1984/85	929004
1985/86	917815
1986/87	1296273
1987/88	1697910
1988/89	2101338
1989/90	2040748
1990/91	2440845
1991/92	2807875
1992/93	3044247
1993/94*	3301200

\* Preliminary;

Source : Agricultural Abstracts

Furthermore, the slaughtering and packaging costs be saved by supplying live chickens to the large market for this commodity.

Apart from broilers and Cornish hens, *petite poussins* and grillers are produced for the restaurant and catering trade.

### 3.2 Strengths

- Broiler production has a short production cycle. With good management and by using convection houses, chickens can be slaughtered or sold live within a period of 56 days. Therefore, it is possible to produce six harvests in one facility in a year.
- Feed conversion is the best, except for fresh water fish.
- It is not necessary to use expensive, sophisticated facilities. Convection houses with open sides and curtains, and mist cooling or cooling by means of water on the roof are adequate.

### 3.3 Weaknesses

- Broiler production is management intensive.
- The industry is sensitive to diseases that are often epidemic in nature. Inoculation is necessary, but costly, and each inoculation represents a stress factor that inhibits growth.
- For the large producers, expansion cannot take place gradually, but must be undertaken in leaps, with long lead times. Once a decision has been taken to expand, it can take up to 18 months before the first sales from the new installation are made, unless an external source of day-old chicks is

available. The chicken runs must be built, breeding hens must grow for six months before they start laying, the first eggs take three weeks to hatch and the chicks grow for six weeks before reaching the optimum slaughtering mass.

### 3.4 Opportunities

- A large market for live chickens exists within the townships around urban areas and in rural areas. Slaughter costs, which represent 23% of the total costs of producing slaughtered broilers, can be saved and sales are largely on a cash basis.
- National actors only supply the main centres, leaving market niches for small and medium-sized producers.
- Eskom's new tariff structure means that apart from a few cold winter days, it is only necessary to heat the chicken runs during the night, when electricity is available at low, off-peak rates.

### 3.5 Threats

- Input costs are difficult to control with a fine balance between input/output ratios.
- In good times, availability of day-old chickens is often inadequate.
- Importation of slaughtered broilers, particularly in frozen form, from other regions poses a threat to local producers.

### 3.6 Key success factors

- A reliable and sustainable source of day-old chicks is essential.

- Producers should take care not to become inordinately dependent upon supermarkets as marketing channels. They use broilers as loss leaders and therefore press producers hard for the lowest possible prices, and often they take up to three months to pay.
- In order to save on feed, broiler producers should produce their own maize, or buy from nearby maize producers on a contract basis, and mix their own feed.
- Small scale broiler producers should concentrate on live sales as a niche market, thereby saving the slaughtering and distribution costs. Provision of a central service unit with satellite growers should be seriously considered. The central service would run its own hatchery and feed mill. It could also provide an abattoir, but it will probably be better to concentrate on live sales.
- Superior performance is essential. The production cycle and cash flow must be well managed and closely controlled.

### 3.7 High-potential marketing channels

Marketing of live broilers can best take place through the following channels.

- Direct marketing to end consumers by the farmer and through informal traders.
- Domestic market: Informal wholesalers.
- Export market: Not a feasible proposition.

Marketing of slaughtered broilers can best take place through the following channels:

- Wholesalers and retailers, including suppliers of take-away foods and restaurants.
- Domestic market: Supermarkets and wholesalers.
- Export market: Presently not a feasible proposition but further weakening in the exchange rate could open up opportunities.

### 3.8 Required infrastructure

- Clean, reliable water is absolutely essential for broiler production.
- The second infrastructural requirement is good, passable roads (not necessarily tarred) for delivery of inputs and distribution of the end product.
- Although not absolutely necessary, the availability of reliable electricity can reduce costs, particularly if low, off-peak tariffs are charged, to be used for heating during the night. Otherwise, gas or coal can be used for this purpose. Electricity can also be used for lighting and general purposes like driving pumps. Broiler growth can be enhanced if chicken runs are lighted for 23 hours per day.

## 4. Other poultry

### 4.1 Turkeys

The South African market has never really demonstrated any significant demand for turkey meat. Apart from a financially disastrous effort by the ICS group during the 1970's to produce large volumes of turkeys, production has always been limited to small scale efforts.

The main problem for a continuous turkey production enterprise is the phenomenon that demand is restricted

to Easter and Christmas. This demand is currently being met by importations from England, France and the USA.

Turkey rearing is the most difficult of any poultry farming and supply will have to be geared to a very specific niche market.

### 4.2 Ducks

As with turkeys, the demand for ducks is very limited.

During the late 70's, early 80's the Farm Fare group imported breeding stock from England and France in an effort to improve the carcass quality and encourage duck meat consumption. Despite intensive promotion efforts, the demand for duck meat could not be increased. Excessive carcass fat and the perception that a duck is complicated (and expensive) to prepare severely restricts domestic consumption. Ducks are primarily regarded 'restaurant meats' and subsequently production is also restricted to catering for this market segment.

In the USA and Europe, the down is a very sought after product which in turn reduces the cost of production significantly.

Duck farming could be regarded as relatively easy with few disease problems and reaching marketing stage at about 40 days. Once again, a niche market will be a prerequisite for any new entrant.

### 4.3 Standard breeds

The standard breed farmers (or show poultry keepers) cannot be regarded as commercial producers and therefore restricted to fanciers and hobbyists.

## 5. GATT and the poultry industry

Importation of poultry products currently consists mainly of pulverised meat or so called Mechanically Deboned Meat (MDM) for use in polonies and pates and egg white for use in the confectionery industry and in emulsifiers.

Importation tariffs are currently not applicable to MDM, Turkeys, Ducks and egg products. Importation of whole frozen broilers have been subjected to a formula duty and the abattoir of origin has to produce an acceptable certificate of approval. Shelled eggs are a difficult commodity to handle in world-wide trade and therefore importation will always be restricted if any at all.

Agriculture forms an integral part of the GATT agreement and therefore poultry is also affected.

The international poultry market is dominated by the USA, Holland, Brazil and France with China and Taiwan serious new entrants. France has always subsidised their broiler exports and therefore a significant volume of imported broiler came from there (sometimes via the previously "independent" homelands states).

This figure is to rise to 5% in 2000 (from 17420 tons to 29033 tons). The local industry is currently negotiating to get turkey imports to form part of the quota (turkey imports are currently already in the vicinity of 29000 tons per year).

In future, the biggest single barrier to imports will most probably be the weakening of the Rand against foreign currencies.

New bilateral agreements with neighbouring states could lead to reductions in raw materials (for feed) and perhaps place South Africa in a better position to become a global player in the poultry markets.

## 6. Important role players

### 6.1 South African Poultry Association (SAPA)

During a conference held by poultry farmers in 1903, it was proposed that the formation of an association be investigated. A large number of poultry clubs attended a meeting in Kimberley in 1904 during which time the inaugural meeting of SAPA was held.

Together with the South African Agricultural Union, it must be one of the oldest associations representing the interests of farmers.

Membership of SAPA is completely voluntary and membership fees and the number of votes are based on production volume. A group of farmers can also become a member instead of every individual joining and paying the minimum membership fee.

SAPA is not involved in any legal control or marketing activities. It concerns itself solely with producer interests.

SAPA consists of an umbrella organisation with three subsidiary organisations, a feed committee and a technical committee.

The mission of SAPA is to advance all matters tending towards the improvement of the poultry industry in South Africa by embracing and co-ordinating the objects of the subsidiary organisations and taking action on issues of collective interest to more than one affiliate.

The three subsidiaries are the Chick Producers, Egg and Broiler organisations, each with its own mission.

The mission of the Chick Producers organisation is to tend to matters concerning the members of the Chick Producers organisation to enable them to supply quality stock for the Southern African Poultry Industry.

The mission of the Egg Producers organisation is to serve the interests of the national egg industry in all its aspects to create a growing and profitable industry.

The broiler organisation is there to serve the interests of the broiler industry nationally.

The Poultry Bulletin is a monthly publication of SAPA.

SAPA, rightly so, involves itself with matters that will influence the industry rather than an individual farmer. However, in future, it might have to also start looking after the interests of new entrants to poultry farming. Mobilising and facilitating various forms of support to small farmers could possibly become an important function to attend to.

With the dissolution of the Egg Control Board, the availability of reliable statistics is becoming

problematic. At the 1994 SAPA congress a strong plea was made to producers to seriously pay attention to the collection of reliable statistics. This will not only be to the benefit of individual producers but will be needed by Government to formulate economic and agricultural policies.

The possible formation of a Poultry Forum is also being considered. Such a forum should offer the opportunity to producers, consumers, employees and providers of goods and services to address issues of mutual concern.

### 6.2 The public sector

The role of the public sector has gradually been reducing as the industry grew to maturity. The provision of diagnostic facilities and vaccines is also moving towards the private sector or at least on a cost recovery basis.

The future role of the State will most likely be restricted to training at various levels and provision of (free) advisory services to new small-scale entrants into the industry.

### 6.3 The private sector

Apart from training, the private sector provides the total needs of the poultry industry.

## 7. New entrants

For both egg and meat production, entry into the industry will either be by way of small scale production for a niche market or buying an existing operation. For the future, the market will be unable to accommodate new medium sized operations adding significantly to production.

As with other farm worker equity schemes, existing large scale enterprises could consider offering opportunities to existing employees to become partners/contract growers. Contract growing is to be seriously considered where production increases are implemented.

The Development Bank of Southern Africa renders financial support for small scale new entrants into the industry. Experience has shown that apart from money, other important aspects are training, after care and assistance with procurement of livestock, goods and services. Support will be aimed at helping the small scale entrepreneur to:

- start a farming operation - be it eggs or meat;
- erect and operate an abattoir to process broilers and or spent hens (pilot project funded to test the concept); and
- support to institutions to address entrepreneurial and middle management training needs.

The nature of the support will depend on the type of enterprise. Financial support (excluding purchasing of land) could consist of long, medium and short term loans.

New farmers need to lay out quite an amount of money on facilities, equipment, livestock and feed. Therefore, access to sufficient funds is a very important element of any support programme.



**Note**

Compiled in consultation with PGN Jackson, S. Hobson and AJ van Niekerk.

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