An Australian Government Initiative

Regional Development Australia

ADELAIDE HILLS, FLEURIEU AND KANGAROO ISLAND

LIVESTOCK SA



MOBILE LIVESTOCK PROCESSING

FEASIBILTY STUDY

Kangaroo Island and Fleurieu Peninsula

South Australia

MOBILE LIVESTOCK PROCESSING

FEASIBILITY STUDY

Kangaroo Island and Fleurieu Peninsula
South Australia

Feasibility assessment of a mobile livestock processing and branded regional meat model including technical, regulatory, market and economic analysis.



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This feasibility study was enabled through funding provided by the South Australian Government's Department of Primary Industries and Regions (PIRSA) under the Enabling Infrastructure Program. The project was delivered through Livestock SA, in collaboration with Regional Development Australia – Adelaide Hills, Fleurieu and Kangaroo Island, whose additional funding and regional knowledge, stakeholder networks and project support were integral to the study.

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Executive Summary

This feasibility study finds that mobile livestock processing is a credible regional opportunity for Kangaroo Island and the Fleurieu Peninsula, provided it is developed as part of an integrated branded-meat business rather than as a stand-alone service-kill operation. Livestock supply is more than sufficient; the critical success factors are farmer involvement, experienced processing management, regulatory approval and strong off-take. The most compelling initial opportunity is a single-species Kangaroo Island lamb model, leveraging the island's premium provenance, reduced live-animal freight, improved animal-welfare outcomes and strong tourism brand. The Fleurieu Peninsula provides complementary advantages through access to labour, Adelaide markets, food manufacturing, and market access. The preferred model combines mobile slaughter with fixed chilling, boning, packing, value-adding and a deliberate whole-carcase sales strategy across premium hospitality, independent retail and value-added channels.

The study also finds no explicit regulatory barrier to mobile processing in South Australia, although any project will require early and detailed engagement with PIRSA and other relevant authorities. However, this study has been undertaken for a region, not a specific business or site, and the financial modelling is therefore illustrative rather than actual.

The indicative economic modelling supports the commercial potential of the proposed approach. Using a low-cost Kangaroo Island lamb mobile model, the analysis assumes a 24 kg average carcase, an average selling price of $27/kg and livestock purchases at $11.40/kg CWT, with throughput increasing from 50 to 80 lambs per processing day within the first six months.

Under these assumptions, Year 1 revenue is approximately $5.7 million with EBITDA of $1.1 million, increasing to approximately $7.1 million revenue and $1.79 million EBITDA at mature throughput. Over five years, the model generates approximately $8.1 million in cumulative EBITDA, an indicative NPV of approximately $1.0 million, an IRR of approximately 20% and a simple payback period of just over three years. These results are indicative only and remain most sensitive to selling price, throughput, livestock purchase cost and saleable yield.

This feasibility study assesses the potential for mobile livestock processing to support producers, regional food businesses and economic development across Kangaroo Island and the Fleurieu Peninsula. It considers whether mobile processing can provide an alternative to reliance on mainland static abattoirs, improve access to processing, reduce livestock transport, support stronger animal-welfare outcomes and enable a greater proportion of livestock value to be retained within the regions. The study also examines the potential to convert locally produced livestock into premium regional beef and lamb products connected to provenance, traceability, tourism and South Australia's established food and wine identity.

Importantly, this study has been undertaken for a region rather than for a specific business, investor, site or operating entity. Accordingly, the findings are necessarily broader and more strategic than would be expected from a business-specific feasibility study. The report identifies the potential commercial model, infrastructure requirements, regulatory pathway, market opportunities, governance considerations and indicative economics of mobile processing. It does not prescribe a final ownership structure, identify a preferred operator, confirm a particular site or provide a company specific financial forecast. Any party seeking to progress the opportunity will need to undertake further project-specific analysis based on confirmed livestock supply, engineering design, operating structure, customer commitments, workforce requirements, capital structure and regulatory approvals.

Livestock availability is not considered a limiting factor. Kangaroo Island alone has an estimated sheep flock of approximately 600,000 head, annual sheep turn-off estimated at 200,000–300,000 head, and approximately 20,000 cattle. The Fleurieu Peninsula also supports significant sheep and cattle production. These volumes are well above the throughput required for an initial mobile processing operation. The more important commercial questions are whether supply can be coordinated consistently, whether the processing operation can be professionally managed, and whether the resulting products can be sold into markets capable of supporting the required margins.

Producer and stakeholder consultation identified strong interest in improved processing access, greater control over provenance and traceability, reduced dependence on existing processing pathways and the opportunity to retain more value within the region. However, producers generally did not express a strong desire to directly operate a regulated meat-processing business. The preferred interpretation of a producer-led model is therefore one in which producers participate through livestock supply, ownership, governance, branding or supply-chain coordination, while experienced processing management is responsible for technical, regulatory and commercial execution.

Kangaroo Island and the Fleurieu Peninsula provide complementary opportunities. Kangaroo Island offers a strong regional and tourism brand, a clear freight-conversion benefit from processing livestock before ferry transport, and a compelling provenance and animal-welfare proposition. The Fleurieu provides stronger access to labour, Adelaide markets, food manufacturing, cold-chain distribution, wineries, hospitality and retail. These differences suggest that the strongest long-term model may involve an integrated regional system rather than requiring all processing and value-adding activities to occur in one location.

The preferred concept is a professionally managed mobile livestock processing system integrated with fixed chilling, boning, packing and distribution infrastructure. Under the model, livestock remain on farm until processing. Inspected carcases are then transferred under controlled refrigeration to a hub for chilling, boning, packing, storage, value-adding and dispatch. The mobile processing unit should therefore not be viewed as a stand-alone abattoir, but as one component of an integrated regional meat supply chain.

The study finds that the strongest commercial proposition is a branded-product model rather than a predominantly service-kill operation. A service-kill model earns a processing fee while the operator remains responsible for the majority of capital, labour, compliance and operating costs. At the relatively modest throughput of a mobile unit, it is difficult for processing fees alone to generate sufficient margins while remaining competitive with larger static processors. Service kill may still provide a useful secondary role for small producers and utilise spare operating capacity, but it is unlikely to provide the economic foundation for the business.

Under the preferred model, livestock would be purchased or supplied into a coordinated regional program and converted into differentiated meat products sold on the basis of regional provenance, traceability, animal welfare, quality and customer experience. This allows the processing business to participate in more of the value chain and, importantly, to actively manage whole-carcase utilisation rather than relying solely on processing fees.

A single-species launch is recommended to reduce operational and market complexity. The economic model uses Kangaroo Island lamb as the initial reference case because of the island's substantial sheep supply, the relatively efficient processing and transport characteristics of lamb, the strength of the Kangaroo Island brand and the suitability of lamb across hospitality, retail and value-added channels. Mixed-species processing may be considered as the business develops, but attempting to establish multiple species and potentially hundreds of product SKUs at launch would materially increase complexity.

The operating network would comprise three types of sites: supply farms, which provide livestock; host farms, which are approved and equipped to host the MPU; and a hub, which provides chilling, boning, packing, storage and dispatch. Not every participating farm needs to host processing. A smaller network of pre-approved host farms can support livestock from surrounding producers, allowing the MPU to operate efficiently while maintaining consistent site, hygiene, access and biosecurity standards.

A fixed hub is considered essential. Potential configurations include a Kangaroo Island hub, a Fleurieu or mainland hub, or ultimately a dual-hub arrangement. A Kangaroo Island hub would maximise island provenance and reduce the movement of live livestock. A Fleurieu or mainland facility could provide stronger access to labour, value-added manufacturing and Adelaide distribution. A dual-hub model may provide the strongest longer-term solution, allowing slaughter and primary chilling to occur close to production while more complex value-adding and distribution occur closer to the market.

For Kangaroo Island, one of the principal structural benefits is freight conversion. Transporting livestock by ferry involves moving substantial weight that does not become saleable meat, including gut fill, hides, blood, paunch material and other inedible components. Processing on island allows freight to be concentrated into carcase or boxed-meat movements, increasing the value transported per unit of freight capacity while avoiding the animal-welfare and logistical impacts associated with live-animal ferry transport.

The regulatory review found no explicit prohibition on mobile livestock processing in South Australia. Approval will depend on demonstrating that the complete operating system satisfies applicable food-safety, meat-processing, animal-welfare, environmental, traceability and cold-chain requirements. Consultation with PIRSA food-safety compliance and biosecurity representatives reinforced the need for early engagement and a coordinated approval process covering facility design, food-safety systems, livestock identification, water, cleaning, inspection, refrigeration, biosecurity and inedible-resource management.

The proposed business plan is based on the principle that off-take and whole-carcase utilisation are more important to commercial success than livestock availability. The livestock supply exists and the processing technology is available. The critical commercial task is to convert the entire carcase into products capable of achieving sustainable margins.

The proposed market strategy therefore uses three complementary tiers. The first comprises premium hospitality and tourism, including wineries, cellar doors, destination restaurants, eco-lodges and boutique accommodation. These customers are most likely to value premium cuts, provenance, animal welfare and a strong regional story. The second tier comprises independent retailers and online sales, providing greater volume and consumer reach. The third tier comprises value-added manufacturing, which is essential for converting shoulders, shanks, trim, mince, bones and other secondary products into higher-value meals, smallgoods, stocks, broths and hospitality-ready products.

Kangaroo Island provides the strongest initial provenance platform. Its existing reputation for nature, premium produce and tourism allows a branded lamb or beef program to leverage a recognised regional identity. The Fleurieu provides a complementary platform through proximity to Adelaide, McLaren Vale and other premium food and wine markets. The consultation with Fleurieu Milk also provides a relevant example of how a fundamentally commodity agricultural product can be differentiated through regional identity, producer story, trust and consistent quality.

Marketing should therefore be treated as a core product differentiator. The business will require professional branding, packaging, foodservice collateral, customer education, chef and winery engagement, producer stories and potentially QR-enabled digital provenance. The product should compete on differentiation and value rather than attempting to compete in the commodity meat market.

Workforce and management capability are also critical. The operation will require qualified slaughter people, butchers and meat inspectors. Kangaroo Island may face greater labour constraints than the Fleurieu, reinforcing the value of a multi-skilled workforce. The study consistently identified management capability as one of the most important determinants of success: producer participation is important, but the processing operation itself should be managed by experienced operators.

The indicative financial model proposes a relatively low-cost Kangaroo Island lamb market-entry scenario. It assumes a 24 kg average carcase, 90% saleable recovery through a predominantly bone-in product mix, an average saleable-product price of $27/kg, with corresponding livestock purchases at $11.40/kg CWT carcase. Throughput ramps from 50 to 80 lambs per processing day within the first six months, operating three days per week for 48 weeks per year.

Under these assumptions, approximately 9,360 lambs are processed in Year 1 and 11,520 lambs annually thereafter. Year 1 revenue is approximately $5.7 million, generating EBITDA of approximately $1.1 million. At mature throughput, annual revenue increases to approximately $7.1 million, with EBITDA of approximately $1.79 million and an EBITDA margin of approximately 25%. Over five years, the model generates approximately $33.9 million in revenue, $8.1 million in cumulative EBITDA and $5.85 million in indicative after-tax operating cash flow.

The indicative initial funding requirement is approximately $3.35 million, including the MPU, hub construction and fit-out, second-hand refrigerated vehicles and start-up working capital. On an unlevered project basis, the model produces an indicative five-year NPV of approximately $1.0 million at a 10% discount rate, an IRR of approximately 20% and a simple after-tax payback period of just over three years.

The financial modelling is indicative only and is highly sensitive to selling price, throughput, livestock purchase cost and saleable recovery. It also does not assume a final debt, equity, grant or concessional-funding structure. Consequently, it should be treated as evidence that the opportunity warrants further development rather than as a final investment case. Any specific project progressing from this regional feasibility assessment will require its own detailed business model based on confirmed costs, sites, operating arrangements, regulatory requirements, producer commitments, customer off-take and funding terms.

Feasibility Conclusion

The study finds that mobile livestock processing has a credible role within Kangaroo Island and the Fleurieu Peninsula, provided it is developed as an integrated branded-meat business rather than as a stand-alone slaughter service. The regions have adequate livestock, relevant producer interest, strong provenance assets and access to premium food, wine, tourism and retail markets. The regulatory framework does not prohibit mobile processing, and stakeholder engagement has identified a potential pathway based on early collaboration, disciplined design and professional operating systems.

The strongest immediate low-cost opportunity identified, is a single-species Kangaroo Island lamb MPU supported by a hub, refrigerated logistics and a deliberate whole-carcase off-take strategy. Kangaroo Island provides the most differentiated initial market proposition, while the Fleurieu offers strategic advantages in labour, value-adding and mainland distribution. A longer-term regional system may therefore combine island processing and provenance with mainland market access and manufacturing capability.

Consultancy Engagement

FarmGate MSU Pty Ltd was engaged to undertake this study, bringing practical experience developed through the design, approval and operation of a mobile livestock processing unit across Victoria and New South Wales over the past seven years. This operational background provides the study with first-hand knowledge of mobile slaughter systems, on-farm site requirements, food-safety compliance, animal welfare, cold-chain management, workforce planning, logistics, inedible resource management and the commercial realities of whole-carcase utilisation. FarmGate MSU's experience enables the assessment to extend beyond desktop theoretical analysis and incorporate practical lessons from operating within regulated meat-processing environments, developing branded meat supply chains and addressing the technical and operational challenges unique to mobile processing.

1. FARMS

1.1 Farmer Partners

The success of any mobile processing system on Kangaroo Island and/or the Fleurieu Peninsula will depend on the active involvement of producers. However, consultation undertaken through this study indicates that producer involvement should not be confused with producer operation.

Across both regions, producers expressed interest in improved access to processing, reduced dependence on existing mainland processing pathways, greater control over provenance and traceability, and the possibility of capturing more of the value chain through branded meat products. However, consultation also indicated limited appetite among producers to directly own and operate a regulated meat processing business.

This distinction is critical to the feasibility assessment.

Most producers consulted were supportive of the outcome that a mobile processing system may enable. They were generally not seeking to become processors themselves. Producers understand livestock production, pasture systems, animal husbandry, seasonal management and farm economics. Meat processing introduces an additional set of commercial and regulatory responsibilities, including food safety accreditation, labour management, inspection, cold-chain control, waste handling, customer management, product liability, brand marketing and daily operational discipline.

The study therefore did find that producer involvement is essential, but producer-led does not necessarily mean producer-operated.

A producer-led model may include:

- Livestock supply commitments.
- Equity participation.
- Governance representation.
- Brand ownership or co-ownership.
- Regional supply-chain coordination.
- Participation in quality and provenance systems.
- Data sharing and production planning.

It does not necessarily require producers to directly manage the meat processing operations.

The preferred interpretation of producer-led is therefore a structure in which producers retain a meaningful interest in the regional value chain, while an experienced processing operator or delivery partner manages technical and operational execution.

This approach reflects both commercial reality and the feedback received during consultation. Producers want increased processing access and improved value capture, but they also recognise—explicitly or implicitly—that meat processing is a specialised discipline.

This does create the challenge that the opportunity of meat processing is wanted by producers but have hesitations about running the operation. This is not an unusual scenario and it is the intent of this feasibility study is to show the path for producers to enable vertical integration.

1.2 Consultation Outcomes

Stakeholder engagement identified different producer dynamics on Kangaroo Island and the Fleurieu Peninsula.

1.3 Kangaroo Island

Kangaroo Island producers appear to have a strong and well-founded interest in retaining more livestock value on the island. There is a long-standing frustration associated with the requirement to transport livestock by ferry to mainland processing facilities. This frustration is not limited to freight cost. It also includes timing, animal welfare, supply-chain control, brand integrity and the broader perception that an island with a strong food and tourism identity should be capable of supplying its own branded meat products.

Consultation also identified support from local government. Meetings with the Mayor and Chief Executive Officer of Kangaroo Island Council indicated an openness to solutions that increase local economic activity and reduce dependence on live-animal freight.

The island has previously had abattoir facilities. Their closure and the absence of dedicated processing capacity are recognised locally as missed opportunities. This history creates both motivation and caution. There is support for local processing, but also an awareness that processing businesses are difficult to sustain without appropriate management, throughput, labour and market access.

Producer sentiment on Kangaroo Island can be summarised as follows:

- Strong support for reducing live-animal transport off the island.
- Strong interest in maintaining Kangaroo Island provenance.
- Strong interest in branded beef and lamb.
- Recognition that Kangaroo Island has a valuable food and tourism brand.
- Limited appetite for producers to directly operate a processing business.
- Openness to a professionally managed processing solution.

1.4 Fleurieu Peninsula

The Fleurieu Peninsula presents a different but complementary context. Producers in the region have access to the mainland road network and do not face ferry-related constraints. However, they expressed frustration regarding the availability, reliability and future security of service-kill processing.

The closure and recent attempted reopening of processing facilities in the region has contributed to understandable scepticism. Stakeholders are aware of past projects where government funds and private investment failed to deliver a functioning or sustainable processing outcome. This experience has created caution toward abattoir proposals and a general reluctance to commit capital or take operational responsibility without clear evidence of commercial viability.

At the same time, the Fleurieu possesses several advantages relevant to mobile processing:

- Strong recognition among South Australian consumers.
- Proximity to McLaren Vale and other premium food and wine tourism channels.
- Proximity to Adelaide markets.
- Easier access to labour relative to Kangaroo Island.
- Strong potential for local value-added food manufacturing.
- Strong potential for branded local meat through wineries, hospitality and retail.

The Fleurieu consultation reinforced an important finding: producers want access to processing, but the primary commercial opportunity is not simply service kill. The stronger opportunity lies in converting locally grown livestock into branded beef and lamb products and value-added meals for South Australian hospitality and retail markets.

1.5 Producer Readiness Assessment

Producer readiness should be assessed across five dimensions:

1. Livestock supply readiness.
2. Infrastructure readiness.
3. Coordination readiness.
4. Commercial readiness.
5. Governance readiness.

1.6 Livestock Supply Readiness

Livestock supply is adequate in both regions. Kangaroo Island alone has an estimated sheep flock of approximately 600,000 head and annual sheep turn-off estimated at 200,000–300,000 head. Cattle numbers are estimated at approximately 20,000 head, with 6,000–7,000 head leaving the island annually for processing. These volumes significantly exceed the requirements of an MPU model and hence livestock supply is not a constraint.

The Fleurieu Peninsula also supports meaningful cattle and sheep production, although exact regional turnoff was not able to be supplied for this report. The consultation process indicated that supply is again not a constraint to the establishment of a MPU model.

1.7 Infrastructure Readiness

Farm infrastructure will vary across individual farms. Mobile processing requires some simple, practical on-farm infra-structure, including suitable livestock yards, truck access, water, suitable road base, biosecurity controls and potentially the ability to manage inedible resources.

Not all farms will be suitable processing sites. This is not a failure of the model; it is a design consideration. A mobile processing system does not need every participating farm to host

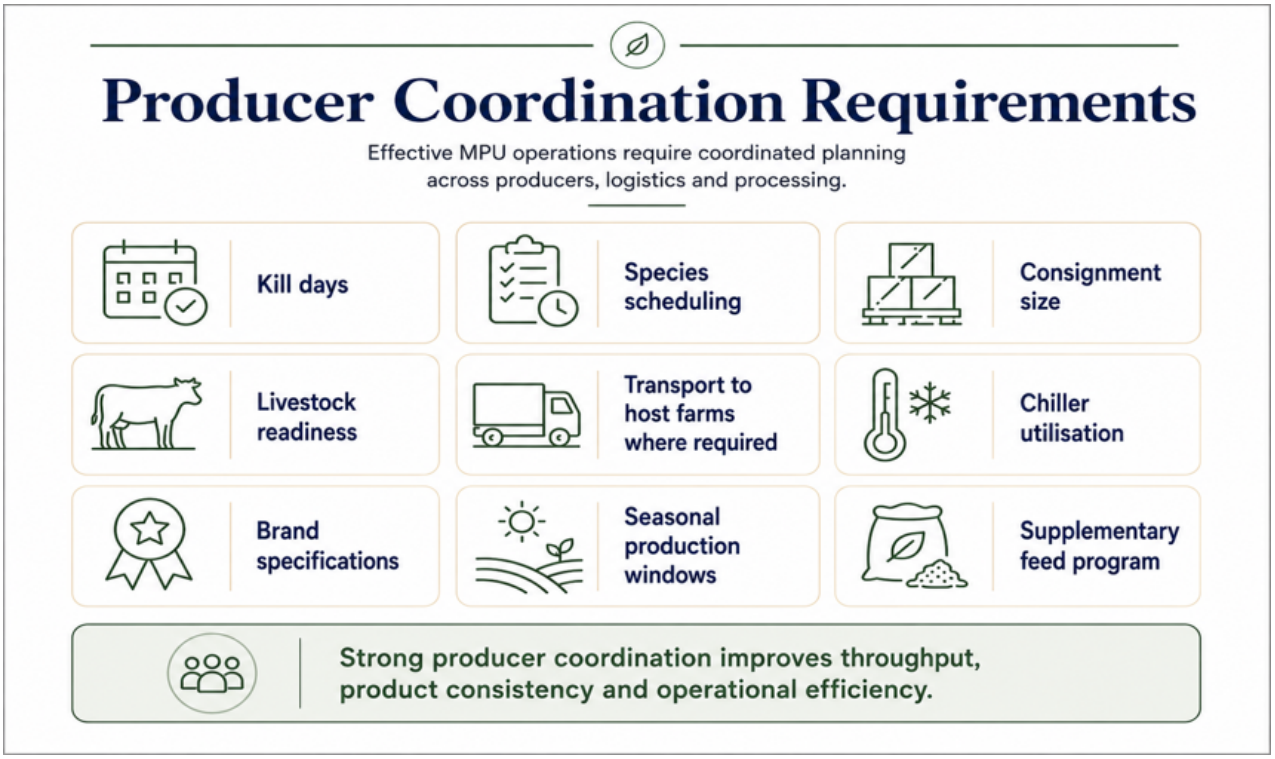
the unit. It can work with a network of suitable host sites distributed across the region, with other local farms supplying livestock.

The feasibility study therefore distinguishes between:

- Supply farms: farms that provide livestock but do not host processing.
- Host farms: farms with infrastructure suitable for mobile processing.
- Hub sites: fixed locations for chilling, boning, packing, storage and dispatch.

1.8 Coordination Readiness

Coordination is one of the most important operational requirements. A mobile processing unit cannot operate economically if livestock supply is irregular, fragmented or poorly scheduled. Hence producer co-ordination is essential.



As an example, Kangaroo Island's sheep industry provides a significant throughput opportunity, but sheep turnoff is seasonal. The 2019 BDO report identified that KI has a relatively short prime lamb season, with a major concentration of lamb marketing in the October to December period. However, the relatively low through-put requirement of an initial MPU set up, will allow considerable extension of this production window through a co-ordinated program of finishing animals at different times via a supplementary feed program. A similar program can be adopted for cattle.

1.9 Commercial Readiness

Consultation found that producer commercial readiness was mixed. Producers understand the pain points of the current system, but many are less familiar with the economics of

processing, whole-carcase utilisation, retail margin, value-added products and branded-market development.

The study finds that education will be required before producers can make informed decisions about investment, supply contracts or governance participation. This should include clear explanation of:

- Why a 100% service-kill model is unlikely to work.
- Why branded product sales create greater value.
- Why secondary cuts must be value-added.
- Why consistent supply is more valuable than occasional enthusiasm.
- Why the risk and reward sit largely with the entity converting animals into saleable products.

1.10 Governance Readiness

The study found that there is currently no clearly formed producer entity ready to own and operate a mobile processing business. This is not unusual for regional feasibility projects. It does, however, mean that development of a strong governance framework would be a necessary implementation step.

Options include:

- Producer cooperative.
- Producer-owned company.
- Private operator with producer supply agreements.
- Joint venture between producers and an experienced processing operator.
- Regional development-backed entity with professional management.

The study finds that a producer-supported or producer-led model is feasible, but only if operational responsibility is assigned to an entity with demonstrated processing capability. There are a number of governance models that should be considered – each with pro's and cons.

1.11 Incorporated Company

An incorporated company structure offers the clearest pathway where the MPU is intended to operate as a commercially disciplined, growth-oriented business. A company can raise equity, enter contracts, employ staff, borrow funds and appoint an experienced board with defined fiduciary responsibilities. It is also comparatively straightforward to separate ownership from day-to-day management, allowing producers to hold shares while a professional operator manages the processing business.

The disadvantages are that control may become concentrated among larger investors, producer participation may weaken over time, and the company must remain focused on generating sufficient returns to support capital and operating risk. Clear shareholder agreements, producer supply arrangements and reserved decision rights would therefore be required to protect the regional purpose of the enterprise.

1.12 Co-operative

A cooperative structure may provide stronger alignment with producer interests because ownership and participation are linked to the members who supply livestock. Cooperatives can encourage shared commitment, regional ownership and more equitable participation among producers, while allowing benefits to be returned through rebates, patronage distributions or improved market access.

However, cooperatives can be slower to make decisions, may struggle to raise sufficient capital, and can suffer where members want access to the processing outcome but are unwilling to commit livestock, funds or governance time. For an MPU, a cooperative would require binding supply commitments, commercially experienced directors and a clear separation between member representation and operational management.

1.13 Not for Profit

A not-for-profit structure may be suitable where the primary objective is regional development, food security, employment or industry resilience rather than investor return. It may improve eligibility for grants, philanthropic funding or government support and may be well placed to hold strategic assets on behalf of the region.

The major limitation is that a not-for-profit still needs to operate commercially; it does not remove the requirement for adequate margins, disciplined management or sufficient throughput. It can also be difficult to attract private capital where investors cannot receive returns. For this reason, the strongest model may be a hybrid structure in which a not-for-profit or regional entity owns the strategic infrastructure, while an incorporated operating company—potentially with producer and private-sector participation—runs the processing, branding and sales activities under a commercial agreement.

2.0 Farm Distribution and Access

2.1 Geographic Distribution

Kangaroo Island is a large island with dispersed livestock production. Although it is often perceived externally as a compact tourism destination, the island is substantial in size and has meaningful internal transport distances. Mobile processing operations make sense for the distances involved.

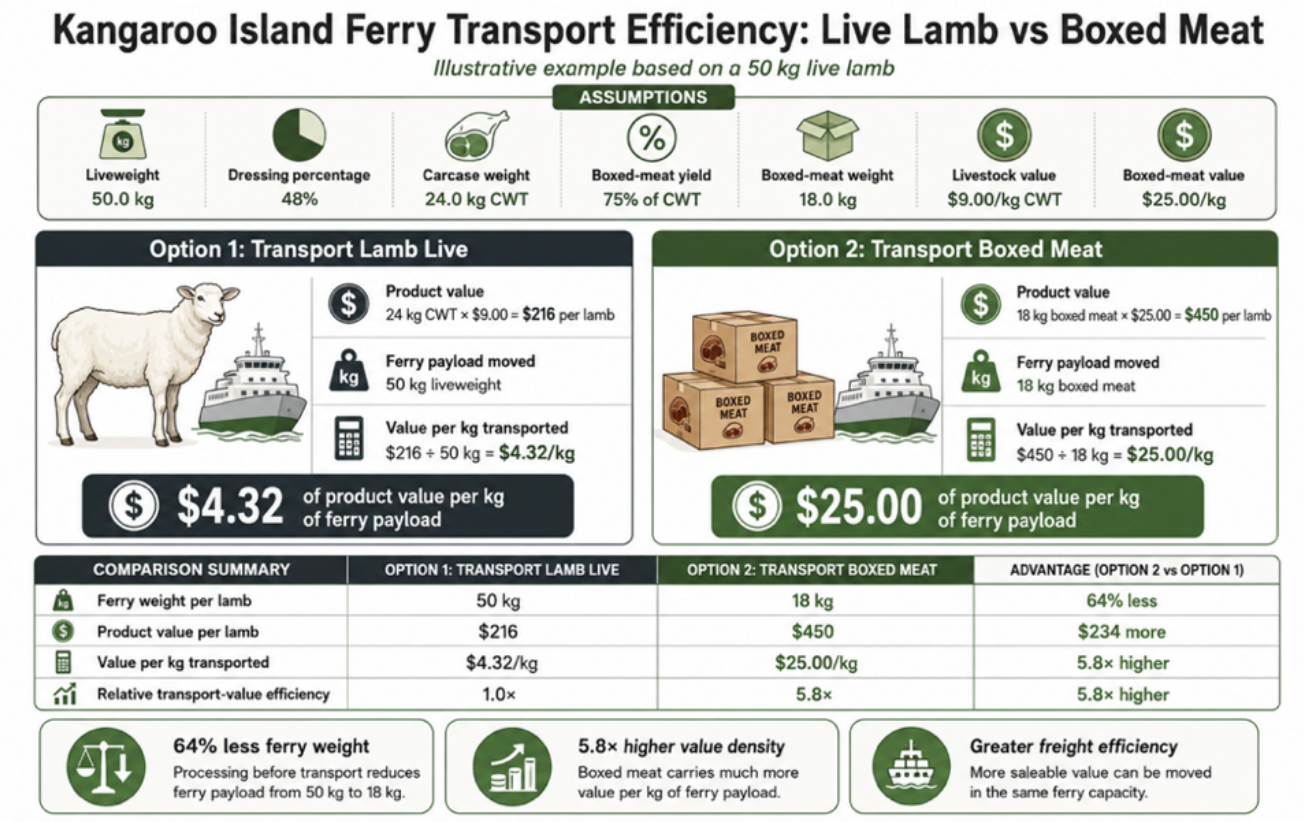
The Fleurieu Peninsula is more closely connected to Adelaide and mainland freight routes. However, the region's landform is more varied, with undulating and hilly areas, high-value land use, tourism development and mixed agricultural enterprises. Vehicle access may vary significantly between properties, though if livestock transport can get on to a farm, so will a MPU set-up.

2.2 Transport Routes

Kangaroo Island's transport constraint is dominated by the ferry connection between Cape Jervis and Penneshaw. The ferry trip is relatively short in time, but it creates a major cost and logistics constraint because industrial freight is charged according to vehicle size and movement, rather than simply the value of livestock being transported.

This creates a strong freight-conversion argument for processing livestock on-island. Transporting live animals requires the movement of bodyweight that does not become saleable meat, including gut fill, hides, blood, paunch contents and other inedible components. By contrast, processing on-island allows freight to focus on carcase or boxed meat.

As an example, sheep carcase weight is approximately 45–50% of liveweight. While exact yields vary, the commercial principle is clear: processed meat is a more freight-efficient product than live livestock.



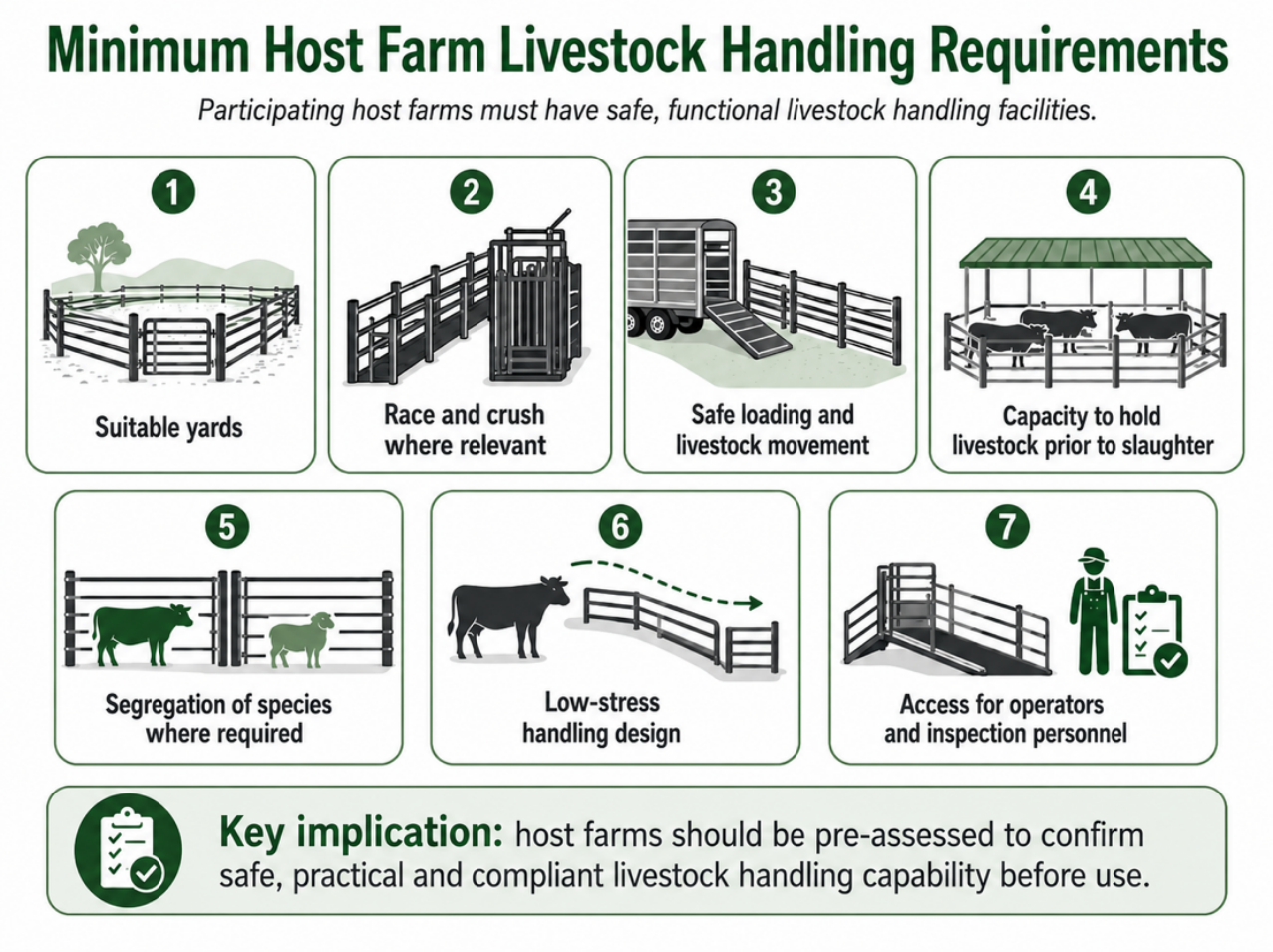
On the Fleurieu Peninsula, the freight conversion is less dramatic because ferry transport is not involved. However, processing closer to production still offers benefits in relation to animal welfare, livestock yield, handling, scheduling and brand integrity.

2.3 Farm Infrastructure Requirements

Mobile processing requires farms to meet minimum site requirements. These requirements are not optional; they are necessary for food safety, animal welfare, worker safety and operational reliability.

2.4 Livestock Handling

Participating host farms must have safe, functional livestock handling facilities.



Livestock handling infrastructure has direct implications for safety and animal welfare and meat quality. Poor yards increase risk to animals and staff and may compromise processing efficiency.

2.5 Water

Sufficient water quality and quantity is a critical requirement. Mobile processing requires water for hygiene, washdown, cleaning, sterilisation and operational use.

Total water requirements will depend on:

- Species.
- Throughput.
- Processing design.
- Cleaning regime.
- Whether water is supplied on-farm or carried.
- Whether water treatment is required.

Where mains water is unavailable, potable water can be transported with the MPU, though volume requirements become part of the co-ordination planning. Additional water treatment with ultraviolet light has been identified as one possible method. Any final design must satisfy regulatory requirements and be validated through the food safety program.

Experience has shown that mobile processing systems have significantly lower water consumption that static abattoirs.

2.6 Power

Power requirements will depend on the design of the MPU and associated chilling infrastructure.

Options include:

- Generator power.
- Battery systems
- Hybrid systems.

The MPU requires autonomous power requirements to enable full independent operation.

Recent battery technology has advanced to a level that it can now be considered as a realistic power source alternative for operations. However a hybrid system still provides the best redundancy.

2.7 MPU hardstand

A suitable hardstand is required for consistent, safe and hygienic operation.

The site must provide:

- Stable and relatively level vehicle positioning.
- Drainage flow.
- Safe worker access.
- Separation from livestock movement areas.
- Capacity for cleaning and inedible resource handling.
- Access for refrigerated and support vehicles.

With consideration of the total mass of the MPU and meat transport vehicles, “in paddock” processing is only feasible during dry periods of the year.

2.8 Biosecurity

Biosecurity is frequently raised as a concern of any processing facility. Though when considering on-farm processing, it provides several inherent biosecurity advantages over conventional livestock supply chains. The most significant is that livestock are not transported away from the property to saleyards, holding facilities or static abattoirs. This materially reduces animal movements, limits contact with other livestock thus removing several interfaces through which animal disease, pests and invasive weeds are spread.

Under the proposed mobile processing model, livestock remain on the farm until processing is complete. Inedible organic material can, where approved, is managed on the property through controlled composting or other authorised pathways. The principal product leaving the farm is therefore the inspected carcase, rather than live animals, manure, bedding material and other potential biosecurity vectors.

The MPU itself, is no greater biosecurity risk than livestock transport vehicles that routinely enter farming properties. In practice, it may present a lower risk because it would operate through a controlled network of host farms and would not routinely visit saleyards, feedlots or static abattoirs. These locations involve high concentrations of animals, vehicles and organic material from multiple sources and are recognised as key points of exposure for disease transmission and the spread of invasive weeds.

This does not remove the need for formal biosecurity controls. The operating model should still include:

- Vehicle and equipment washdown procedures.
- Cleaning and sanitation of tools, equipment and contact surfaces.
- Personnel hygiene and protective clothing protocols.
- Containment of blood, offal and other organic material.
- Procedures for responding to a suspected biosecurity incident.

When supported by these controls, mobile on-farm processing has the potential to strengthen regional biosecurity by reducing livestock transport, avoiding high-risk aggregation points and retaining controlled organic resources within the farm system.

Biosecurity should therefore be recognised not only as a compliance requirement, but as a practical operational advantage and an important part of the provenance and brand proposition.

2.9 On-Farm inedible utilisation

Meat processing is generally viewed as generating “waste”, but reality it produces edible and inedible resources, each with value. Treating inedible material simply as waste is a limiting mindset that overlooks opportunities to retain nutrients within a circular farming system.

Subject to appropriate regulatory controls, resources such as paunch material, bones and other organic components can be easily transformed through composting, worm farming or biofertiliser production into valuable soil nutrients. This circular approach reduces disposal costs, improves nutrient recovery and returns organic value to the farm from which the animal originated.

On-farm utilisation provides a practical pathway for managing inedible organic by-product associated with mobile processing. Whilst removal to a rendering facility is always an option, it presents additional operating costs and more importantly a lost opportunity to recycle nutrients to improve farm productivity.

2.10 Inedible resources

Relevant inedible resources may include:

- Paunch contents.
- Bones (skulls, hocks)
- Hides.
- Organic washdown water including blood.

The feasibility of on farm inedible resource utilisation depend on their classification, volume, site conditions, management capability and operating within EPA regulations.

Composting Models

Potential composting models include:

1. On-farm composting at approved host sites.
2. Worm farms or vermicomposting.
3. Biofert production.

A decentralised composting model aligns strongly with mobile processing because it avoids transporting low-value inedible resources long distances. However, on farm inedible resource utilization still requires clear procedures, management and potentially producer training. It should be considered a design feature requiring development along side the MPU operations.

3.1 Throughput Analysis

Throughput is one of the most important determinants of mobile processing design and construction. A mobile processing unit has fixed and semi-fixed costs that must be absorbed across sufficient livestock volumes. These include labour, equipment, compliance, insurance, maintenance, fuel, depreciation and management.

The study has consistently found that throughput should not be understood simply as the number of livestock available in the region. Throughput feasibility depends on the number of animals that can be processed consistently, profitably and in alignment with market demand.

3.2 Service-Kill Throughput

A service-kill model relies on producers paying a processing fee. Under this model, the processor captures a limited portion of the value chain but carries most of the operational risk. This structure creates weak economics unless throughput is high, labour is efficient, and overheads are low.

Based on operational experience and industry observation, the study finds that a 100% service-kill MPU model is unlikely to provide sufficient commercial return to justify initial investment.

However, service kill may still have a small role, as it may provide:

- Community benefit.
- Support for small paddock-to-plate operators.
- Provide additional utilisation of spare operational capacity.
- Create producer goodwill.
- Strategic regional service.

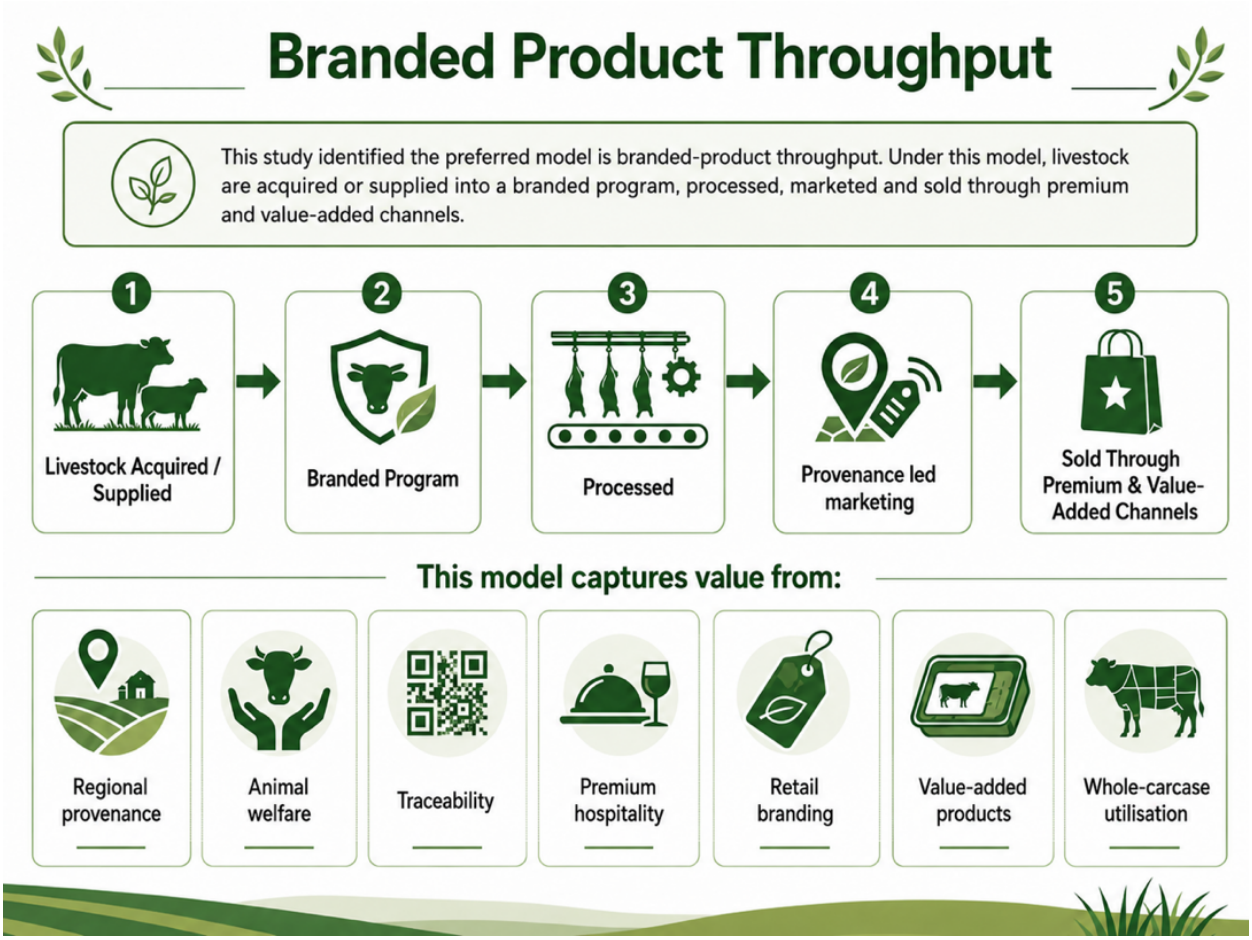
However, service kill should be limited to approximately 10% of throughput unless a specific commercial case proves otherwise.

Through consultation, it was clear that many producers preferred a service kill arrangement for their personal circumstances. However there appeared a lack of understanding in regard to the risk/reward economics of operating a meat processing operation and why a 100% service kill operation is unlikely to be commercially viable.

Under a 100% service kill operation the entire capital, fixed and variable costs must be recovered through the charges for offering the service, which at the lower scale of through put that a mobile processing system offers quickly becomes uncompetitive in comparison to static abattoirs despite the additional transport costs.

3.3 Branded Product Throughput

This study identified the preferred model is branded-product throughput. Under this model, livestock are acquired or supplied into a branded program, processed, marketed and sold through premium and value-added channels.



The throughput question therefore becomes:

How much livestock can the branded supply chain produce at acceptable margins?

3.4 Branded Beef Concept

Cattle provide high-value branded beef opportunities, particularly for premium cuts directed into wineries, boutique accommodation and hospitality. Kangaroo Island beef has a strong provenance potential, with cattle turnoff far exceeding MPU expansion modelling.

Indicative cattle processing scenarios may include:

Scenario	Annual Cattle	Strategic Role
Pilot	250–500	Brand testing, hospitality relationships
Establishment	750–1,500	Consistent premium beef program
Expansion	2,000+	Larger retail and value-add integration

The cattle program must focus on meat quality, consistency of supply and brand exclusivity rather than volume.

3.5 Sheep Scenarios

Sheep are likely to be the primary throughput driver, particularly on Kangaroo Island.

Indicative sheep processing scenarios include:

Scenario	Annual Sheep	Strategic Role
Pilot	5,000–10,000	Proof of market and logistics
Establishment	15,000–25,000	Core utilisation base
Expansion	30,000+	Integrated branded lamb program

Even a small proportion of Kangaroo Island's annual sheep turnoff could support meaningful MPU utilisation.

3.6 Mixed Species Scenarios

A mixed-species model provides flexibility but introduces operational complexity. Species switching affects:

- Scheduling.
- Chiller inventory management.
- Customer demand fulfillment.
- Market development.

It is recommended that a single species be selected for launch, due principally to the off-take complexity of managing 100's of SKU's across a developing customer base.

3.7 Local Region MPU Design Considerations

3.7.1 Kangaroo Island

Kangaroo Island presents several design considerations.

3.7.2 Freight Efficiency

The greatest structural advantage of processing on KI is the ability to convert livestock into meat before ferry transport. This reduces unnecessary freight volume and weight and may materially improve supply-chain economics.

3.7.3 Biosecurity

The island's clean and pest-limited environmental status is central to its brand. The MPU must therefore be designed and operated in a way that protects the island's biosecurity reputation.

3.7.4 Seasonality

KI has a significant seasonal sheep turnoff. The MPU design must be able to respond to seasonal peaks without creating excessive under-utilised capacity outside peak periods.

3.7.5 Chilling

Primary chilling is critical. Depending on processing location and throughput, options include:

- Mobile chillers.
- Fixed island chiller.
- Modular cold storage.
- Chilling at a central KI hub.
- Chilling before ferry movement.

3.7.6 Labour

Island labour availability may be constrained. The design should minimise labour recruitment challenging by adopting a cross-training strategy to develop staff skills across MPU and butchery disciplines, whilst maintaining food safety compliance and operational reliability.

3.8 Fleurieu Peninsula

The Fleurieu presents different design considerations.

3.8.1 Access to Market

The Fleurieu is closer to Adelaide, McLaren Vale, broader wine regions and mainland retail distribution. This makes it strategically attractive for boning, packing, value-adding and dispatch.

3.8.2 Road Access

Unlike KI, the region does not rely on ferry access. However the typography is undulating and hence farm access will vary due to landform, road quality and farm layout.

3.8.3 Tourism Interface

The region has strong tourism and wine-sector alignment. Processing operations must be designed to support brand credibility and avoid conflict with tourism amenity.

3.8.4 Value-Added Manufacturing

The Fleurieu may be better suited than KI for value-added manufacturing because of better access to labour, logistics, retail distribution and co-manufacturing partners.

3.9 Refrigerated Vehicle Design Considerations

Cold-chain logistics are essential requirement of licensure. Mobile slaughter must include reliable chilling, transport and dispatch capacity.

3.9.1 Chilled Carcase Transport

When the MPU performs slaughter on farm, carcases must be stored under controlled temperature conditions to a chiller or boning facility. This requires:

- Refrigerated carcase transport.
- Validated temperature control.
- Cleanable meat transport vehicle design.
- Separation of species or batches where required.
- Chain-of-custody documentation.
- Integration with inspection and QA records.

The meat transport vehicle that works in synchrony with the MPU must be licensed by PIRSA and is integral to the on-farm processing system. Regulatory requirements stipulate that carcases must be under active refrigeration with 2hrs of slaughter.

3.9.2 Boxed Meat Transport

Once product is boned and packed at the butchery, boxed meat transport becomes more flexible and efficient. This is particularly relevant for Kangaroo Island because boxed product is more freight-efficient than live animals or carcases.

3.9.3 Mobile processing vehicle fleet

The final vehicle fleet may include:

- MPU trailer with prime mover.
- Refrigerated meat transport vehicle.
- Support vehicle for staff transportation and equipment.
- Refrigerated vans for deliveries.
- Inedible resource trailer where required.

Fleet design and purchase should be staged. The pilot should avoid excessive vehicle complexity, while the expansion model should support scalable distribution. Utilisation of good second vehicles can lower initial capital costs.

3.10 Hub Design and Location

The hub (boning, slicing, packaging butchery) is one of the key design decisions in the project.

A mobile processing system does not negate the need for fixed chilling and boning infrastructure. It does however, changes the type, scale and location of fixed infrastructure required. The hub does not necessarily need to include all functions from day one. A staged approach may be preferable. This would support early operations without excessive capital expenditure, particularly on KI where there is a freight cost advantage of conducting basic boning activities on the island.



3.10.1 Hub functional requirements

The hub must provide the basic requirements to facilitate licensure from PIRSA, though options could include contracting the boning and butchery process to an existing operation that has the capacity to process the carcases produced from the MPU. The efficiency and accuracy of the butchering stage of the process is critical to the economic viability of the operation and hence careful consideration must be given to the location and capability of the butchery.

3.10.2 Hub Site Assessment Criteria

Hub location should be assessed against:

Criteria	Importance
Access to livestock	High
Access to skilled labour	High
Access to cold-chain freight	High
Power and water availability	High
Planning compatibility	High
Expansion potential	Medium
Proximity to tourism markets	Medium
Proximity to Adelaide	High for value-add
Biosecurity suitability	High
Waste pathway	High

3.11 Kangaroo Island Hub Option

A KI hub would maximise island provenance and reduce live-animal freight. It may be especially suitable for:

- Chilling.
- Basic boning.
- KI-branded product preparation.
- Island hospitality supply.
- Boxed product dispatch to mainland.

Challenges include:

- Labour.
- Maintenance.
- Smaller local market.
- Potentially higher operating costs.

The location would ideally be close to the ferry to facilitate efficient ferry logistics.

3.12 Fleurieu Hub Option

A Fleurieu hub option may be better suited for value added butchering including retail ready presentation, ready to heat preparations and online order dispatch:

- Retail ready preparation.
- Packing.
- Value-added manufacturing.
- Retail distribution.
- Supply to McLaren Vale, Adelaide Hills, Barossa, Clare Valley and Adelaide.
- Labour access.

Challenges include:

- Managing ferry logistics for KI product.
- Ensuring traceability

3.13 Dual Hub Model

The strongest long-term configuration may be a dual-hub system:

- Kangaroo Island: slaughter, primary chilling and initial brand integrity.
- Fleurieu/Mainland: value-add, retail packing, distribution and broader market access.

This model balances island provenance with mainland distribution efficiency.

3.14 Feasibility Finding

The study finds that a hub will be essential to commercial feasibility. The MPU should not be considered a stand-alone abattoir. It should be considered one part of a regional processing and branded-product system.

4.1 Licensing Pathway

All livestock processing in South Australia requires approval under the state's meat food safety framework – mobile processing is no different.

Relevant instruments include:

- Primary Produce (Food Safety Schemes) Act 2004 (SA).
- Primary Produce (Food Safety Schemes) (Meat) Regulations 2017 (SA).
- Australia New Zealand Food Standards Code.
- AS 4696 Hygienic Production and Transportation of Meat and Meat Products for Human Consumption.
- Relevant animal welfare legislation and standards.
- Relevant environment protection requirements.

A thorough review of the South Australian meat processing framework administered by PIRSA did not identify any explicit prohibition on mobile processing. The key issue is not whether mobile processing is prohibited, but whether the proposed system can satisfy the requirements of animal welfare, food safety, hygiene, traceability and compliance as required for PIRSA approval.

Whilst mobile processing is currently licensed in Victoria and NSW, the regulatory pathway for mobile processing should work closely with PIRSA through the process to show that the mobile processing operation and food safety program meets all the requirements for licensure. Consideration should be given to engage experienced personnel/companies in assisting in the application.

4.2 PIRSA Requirements

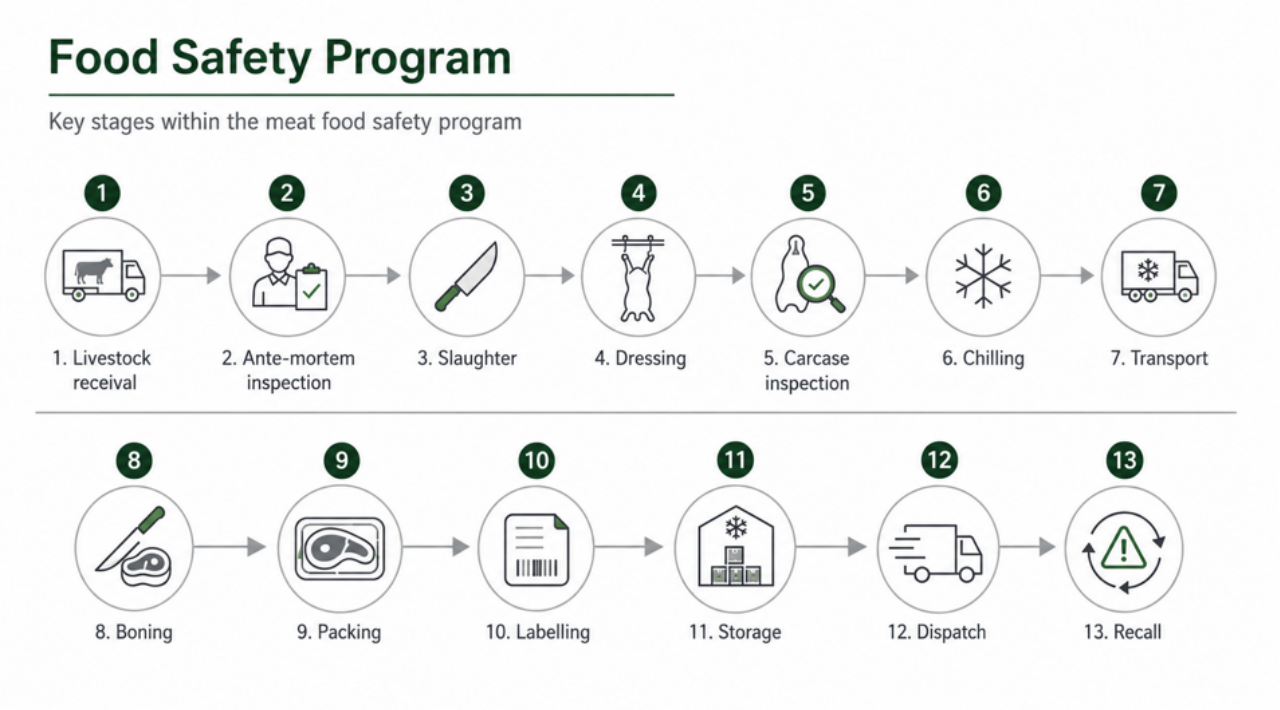
PIRSA approval process of the mobile processing operation and associated hub must demonstrate and validate not only the physical unit but also the operating system.

The approval package would include:

1. Facility drawings.
2. Process flow diagrams.
3. Food safety program.
4. Cleaning procedures.
5. Inedible resource management plan.
6. Water quality plan.
7. Animal welfare procedure.
8. Traceability system.
9. Cold-chain validation.
10. Staff training records.
11. Emergency response procedures.

4.3 Food Safety Program

A mobile processing model requires a food safety program that operates consistently irrespective of the various locations and site conditions such that process control is always maintained.



The program must also identify hazards and controls (HACCP) at each key processing step.

Mobile processing operations should pay special attention to:

- Water quality.
- Contamination control.
- Temperature management.
- Cleaning verification.
- Inedible resource containment.
- Product identification.
- Biosecurity.

4.4 AS 4696 Compliance

AS4696:2023 *Australian Standard for the Hygienic Production and Transportation of Meat and Meat Products for Human Consumption* establishes requirements for the hygienic production and transportation of meat and meat products for human consumption and has been adopted by each state in Australia including South Australia.

AS4696:2023 is principally an outcome-based standard that describes what it to be achieved rather than how it should be done. This means that the mobile processing operation must show evidence that it can consistently achieve the outcomes required by the standard. The

fact that a facility is mobile does not prevent approval if the system achieves the required food safety outcomes, as has been demonstrated in Victoria and NSW.

The MPU design must be assessed against relevant AS 4696 requirements, including:

- Hygienic construction.
- Separation of clean and dirty areas.
- Handwashing and sterilisation.
- Potable water.
- Drainage.
- Lighting.
- Ventilation.
- Pest control.
- Equipment cleanability.
- Temperature control.
- Carcase handling.
- Transport.

The study finds that AS 4696 does not inherently prevent mobile design. However, mobile design must be disciplined. Any attempt to compromise hygienic flow, temperature control or inspection requirements would increase approval risk. A thorough understanding of the standard is required to license or operate a mobile processing unit, or have access to appropriately experienced consultants.

The preferred design approach is to start with AS 4696 outcomes and design the MPU around them, rather than attempting to retrofit compliance after construction.

4.5 Local Government Considerations

As part of this feasibility study, engagement was undertaken with local government representatives in both Kangaroo Island and the Fleurieu region. Both authorities were positive about the potential establishment of a mobile processing operation, particularly in relation to its capacity to create regional employment and support greater value-adding of locally produced agricultural products.

This support is significant, as local government will play an important role in identifying suitable sites, facilitating hub planning pathways and ensuring that proposed operations are compatible with surrounding land uses and community expectations.

This position is consistent with the findings of the 2019 Kangaroo Island analysis, which identified support from Kangaroo Island Council for local processing and did not identify any fundamental impediment to locating facilities either on agricultural land or within the industrial area near Kingscote. The Kingscote industrial area was noted as having advantages in relation to central location, transport access and utilities.

Overall, local government engagement to date has been encouraging. However, early and ongoing consultation will remain essential as the project progresses from feasibility into site

selection, design and approvals. This will enable planning, infrastructure and amenity issues to be addressed before significant capital commitments are made.

4.6 Environmental Considerations

Environmental management is central to the feasibility of mobile livestock processing. It directly influences regulatory approval, community acceptance, biosecurity performance, operational discipline and the integrity of the brand. The environmental model must therefore be designed as part of the operating system, not treated as a downstream compliance issue.

Mobile processing changes the environmental profile of livestock processing by distributing activity across multiple farm sites rather than concentrating all by-product streams at a single fixed abattoir. This has practical advantages, particularly where volumes can be easily managed locally, beneficially reused and kept below the activity thresholds that would otherwise trigger EPA licensing for larger-scale treatment or composting facilities.

In South Australia, composting works become a prescribed activity where the capacity exceeds 200 tonnes per year in a water protection area, or 1,000 tonnes per year outside a water protection area. The distributed nature of mobile processing therefore reduces the risk of a static abattoir which must address a single large waste-management issue.

The key environmental inputs and outputs include water, wastewater, paunch material, blood, condemned material, hides, bones, and fat. The preferred model of each stream is to maximise beneficial reuse and by-product recovery, thus avoiding uncontrolled accumulation, odour, leachate, vermin, nutrient runoff or biosecurity risk. This should include whether the material is retained on farm, collected for rendering or pet food, composted, or as a last resort transferred to an approved rendering facility.

Odour risk is one of the most contentious community considerations of static abattoirs. Because mobile processing occurs at dispersed rural farm sites, odour risks are generally shorter in duration and have limited, to no community impact, though they must be actively managed at each operating location.

The organic output hierarchy should guide all environmental and commercial decisions. Materials suitable for human consumption should be retained for that purpose where lawful and appropriate.

Other inedible resources should be directed to pet food, tanneries, value-added by-products or agricultural reuse. Composting may provide a practical pathway for organic residues, particularly where the material can be managed on farm as the scale would be well below relevant EPA licensing thresholds. Disposal should remain the final option, used only where recovery or beneficial reuse is not lawful, practical or commercially viable.

4.7 Regulatory Finding

The study finds that South Australia's regulatory framework does not prohibit mobile processing. Approval will depend on the quality of the proposed system and a proactive engagement with authorities. As South Australia has not approved a mobile processing

operation to date, a collaborative approach with the regulators to provide confidence that the system meets or exceeds all standards and legislation is highly recommended.

Regulatory confidence can be achieved through:

- Proven design.
- Clear procedures.
- Experienced operators.
- Strong food safety systems.
- Validated cold-chain control.
- Transparent engagement with PIRSA.

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5. HUMAN RESOURCES

5.1 Local Employment Opportunities

Mobile processing has the potential to create meaningful regional employment. However, the extent of the employment outcomes will depend on the scale of the operating model.

Direct employment may include:

- Meat safety inspectors.
- Slaughter staff (MPU).
- Boning staff (Hub).
- Packers (Hub).
- Drivers (MPU & Hub).
- QA staff (MPU & Hub).
- Supervisors.
- Sales and marketing.
- Value-added production staff (Hub).

Indirect employment may include:

- Maintenance.
- Cleaning.
- Refrigeration technicians.
- Transport providers.
- Packaging suppliers.
- Retail distribution.
- Hospitality supply.
- Food manufacturing.
- Training providers.

The strongest employment outcome is likely to occur where mobile processing supports a broader branded meat business, rather than a narrow service-kill model. A branded model creates employment not only in slaughter, but also in boning, packing, marketing, distribution and value-added manufacturing.

As labour is a significant part of the operating cost, recruiting multi-skilled employees is recommended. Whilst in the pilot phase having skilled meat workers that can operate across the MPU and Hub is recommended.

5.2 Skilled Labour Requirements

Meat processing requires specific skills and training to conduct processing in accordance with the required standards and legislation. Many individuals in the agriculture sector have acquired these skills and would be a good resource to conduct additional training if required.

Required skills include:

- Humane slaughter (Stun, Stick, Shackle).
- Dehiding.
- Meat inspection.
- Carcase breakdown.
- Packing.
- QA documentation.
- Cold-chain logistics.

The study identified that there is a relevant skill base in both Kangaroo Island and the Fleurieu region, including people with historical processing experience and related agricultural skills. However, a reliable workforce would require a deliberate recruitment strategy and supplementary training.

5.2.1 Kangaroo Island Labour

KI may face labour constraints due to its smaller population and competition with tourism and agriculture. However, a stable processing operation may also provide attractive skilled employment if wages, conditions and career pathways are competitive.

5.2.2 Fleurieu Labour

The Fleurieu is likely to have better access to labour due to proximity to Adelaide and larger population centres. This supports the argument that boning, packing and value-added manufacturing may be more practical on the mainland than on KI, depending on the final model.

5.3 Management Requirements

Management capability is likely to be one of the most important determinants of commercial success.

A producer consortium without meat processing management experience would face significant execution risk. Conversely, an experienced operator without producer alignment may face supply and trust challenges. The preferred model is therefore a governance structure that combines:

- Producer participation.
- Experienced operational management.
- Strong commercial discipline.
- Professional food safety oversight.
- Clear governance accountability.

5.4 OH&S Requirements

Mobile processing includes significant OH&S obligations. Agriculture is the second most dangerous industry in Australia (after mining), with meat processing not far behind. OH&S risk mitigation must be included right from the MPU design phase and included in the systems Standard Operating Procedures including risk assessments, safe work procedures, training, incident reporting, emergency response and fatigue management.

Mobile operations can increase WH&S complexity because the workplace changes location, hence a standardised host-site approval process should be developed, including, access assessment, livestock yarding, emergency access, communication coverage and potential impacts of adverse weather.

5.5 Labour Incentives

The study finds that labour availability should not treated as an active part of the system establishment. Attracting multi-skilled labour will ensure successful operations and whilst the required labour incentives may cost more per recruit, then return in operational efficiency will more than offset the investment.

To secure and retain staff, the business may need to offer:

- Above award wages.
- Predictable rosters.
- On the job training.
- Career progression.
- Safe working conditions.
- Accommodation support where required.
- Incentives linked to performance and retention.

A branded, higher-margin business model is more capable of supporting skilled labour than a low-margin service-kill model. This is another reason the commercial model matters. Labour quality and labour retention are directly linked to margin.

5.6 Human Resources Finding

The study concludes that labour is a manageable but material consideration.

It is unlikely that a sustainable workforce will emerge automatically. A deliberate workforce strategy will be required.

The preferred implementation model should include:

- Recruitment planning before commissioning.
- Training partnerships.
- Clear wage assumptions.
- Experienced supervisory staff.
- Strong WH&S systems.
- Retention incentives.
- Mainland support for KI operations where required.

Human resources should therefore be treated as a core feasibility strategy, not an operational detail to be solved later.

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6. OFF-TAKE OPPORTUNITIES

6.1 Introduction

The commercial viability of any meat processing facility is more determined by off-take, than by livestock supply. The same is true of mobile processing on Kangaroo Island and the Fleurieu Peninsula

Plentiful livestock supply exists. Processing technology exists. A regulatory pathway is achievable. From an economic viability perspective, the most important question is whether the processed product can be sold at a sufficient margin to justify the capital, labour, regulatory and operations of a mobile processing system.

This study finds that a mobile processing system is unlikely to be commercially sustainable if operated predominantly as a service-kill facility or competing with static abattoirs in the wholesale commodity meat market. The unique competitive advantage of mobile processing is the traceability and kinder processing that aligns strongly with consumer demand. The clear opportunity is to develop a branded meat product directly linked to regional provenance, animal welfare, traceability and South Australian food identity.

Under this model, the mobile processing unit is not simply an abattoir. It is the enabling infrastructure for a unique regional meat brand.

The off-take strategy therefore needs to address four opportunities:

1. Marketing to highest-margin customers
2. Premium cuts to be directed to sales channels that value provenance
3. Secondary cuts to be value added
4. Have as much of the whole carcase be monetised to avoid commodity pricing

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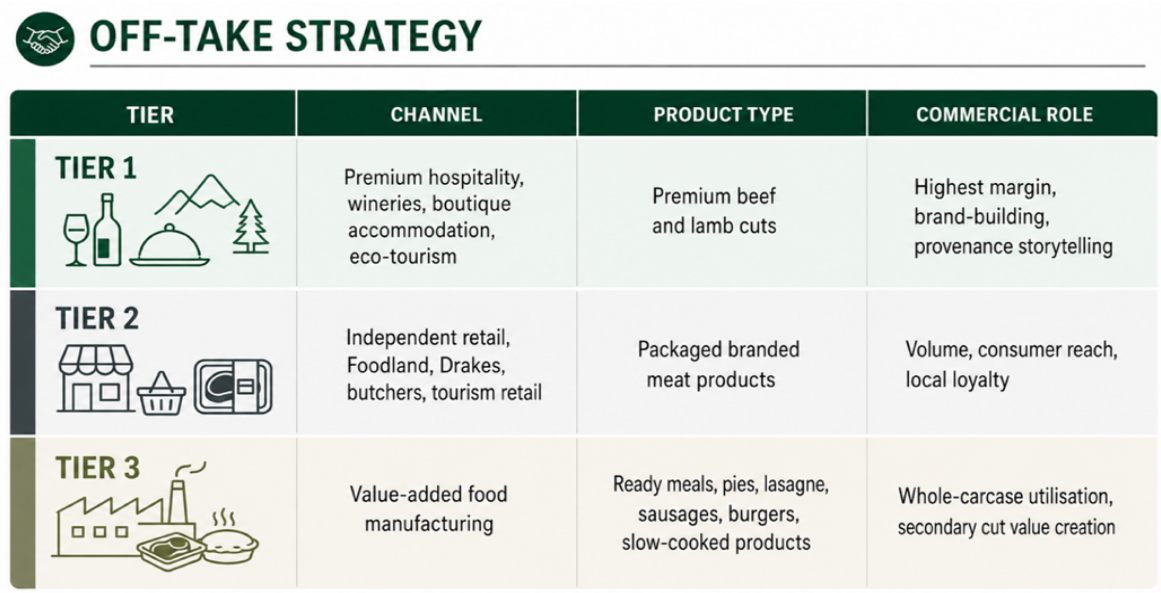
6.2 Off-Take Strategy Overview

A potential off-take strategy could be based on three complementary market tiers.



This structure is important because no single channel can absorb the full carcase at premium prices.

South Australian gastronomic restaurants and wineries value provenance led meat cuts such as eye fillet, scotch fillet, lamb racks and loins. However, they generally are unable to utilise the entire animal. The economics only work if trim, shoulders, shanks, brisket, chuck, neck, diced meat, mince and bones are also deliberately monetized through the mobile processing provenance story.

A successful branded meat business must therefore be designed around whole-carcase utilisation from the beginning.

6.3 Premium Cuts – Tourism Sector

Premium hospitality and tourism channels are likely to generate the highest margin for branded Kangaroo Island and Fleurieu beef and lamb.

These channels purchase more than protein. They purchase story, provenance, reliability, menu value and guest experience.

This is particularly important in South Australia, where food and wine tourism is a major part of the state's visitor economy. Wineries, cellar doors, destination restaurants, eco-lodges and boutique accommodation providers are seeking products that allow them to tell a regional story.

A branded beef or lamb product linked to Kangaroo Island or the Fleurieu Peninsula fits directly into this market.

The proposition is simple:

- Raised on Kangaroo Island and/or the Fleurieu.
- Processed on Kangaroo Island and/or the Fleurieu.
- Directly traceable to region or producer.
- Meets highest animal welfare expectations.
- Connected to landscape and tourism.
- Available as a premium menu item.

For premium hospitality customers, this creates menu differentiation and regionality. For producers, it creates value capture. For the region, it creates a stronger food identity.

6.3.1 Kangaroo Island Tourism

Kangaroo Island has one of the strongest regional brands in Australia. It is recognised domestically and internationally for nature, wildlife, clean landscapes, premium produce and ecological tourism.

This creates a powerful provenance platform for branded meat.

Kangaroo Island beef and lamb can credibly be positioned around:

- Island provenance.
- Clean environment.
- Animal welfare.
- On farm processing.
- Authentic regional food experience.

The current supply chain weakens this story because livestock are transported off-island for processing and hence the opportunity lost and the island's food story is incomplete.

A mobile processing model directly addresses this issue by allowing livestock to be processed on-island within a regional system. This strengthens traceability, improves the authenticity of the product and allows Kangaroo Island to sell meat as part of its wider premium food identity.

The opportunity is not simply to supply meat to Kangaroo Island restaurants. The larger opportunity is to use Kangaroo Island as a brand platform for premium South Australian meat.

6.3.2 Fleurieu Tourism

The Fleurieu Peninsula is highly recognised within South Australia and has strong alignment with food, wine, coastal tourism and regional lifestyle. While it may not have the same international recognition as Kangaroo Island, it has significant value within the South Australian and broader Australian domestic market.

The Fleurieu's opportunity lies in its proximity to:

- McLaren Vale.
- Victor Harbor.
- Goolwa.
- Port Elliot.
- Adelaide.
- Adelaide Hills.
- Langhorne Creek.
- Regional tourism routes.

A Fleurieu-branded meat product could perform strongly in the South Australian market, particularly where it is connected to wineries, cellar doors, boutique accommodation and regional retail.

The Fleurieu also has strategic advantages for downstream processing and value-adding. Compared with Kangaroo Island, it offers easier access to labour, freight, cold-chain distribution, food manufacturing capability and Adelaide retail markets.

For this reason, the Fleurieu should be viewed not only as a livestock production region, but as a market access and value-add platform.

6.4 Premium Restaurants

Premium restaurants are a logical early market for branded beef and lamb products, but they should not be treated as the whole market. High profile restaurants can help establish credibility, create visibility and validate the product. A celebrity chef-led endorsement of Kangaroo Island lamb or Fleurieu beef has marketing value that extends beyond the volume purchased.

However, premium restaurants require premium servicing including consistent quality, reliable supply, specific product specifications, strong communication, predictable pricing and marketable product story.

The opportunity is strongest where restaurants are already aligned with local, seasonal or provenance-based menus. These venues are more likely to pay the premium for the unique story, consistency and differentiation.

The sales approach should not only be wholesale price lists but include brand education, producer story, product specification, menu support and traceability material.

6.5 Wineries and Cellar Door Dining

Wineries are one of the strongest off-take opportunities for premium cuts. South Australia's wine regions are internationally recognised and already attract consumers willing to pay for premium provenance-based experiences. These customers are not simply purchasing lunch; they are purchasing an gastronomic experience where the terroir of the menu is as important as the wine.

A branded South Australian beef or lamb product aligns naturally with wine tourism because both products are driven by region, terroir, story and quality.

The obvious priority winery regions would include:

- McLaren Vale.
- Barossa.
- Adelaide Hills.
- Clare Valley.
- Langhorne Creek.
- Fleurieu cellar doors.
- Kangaroo Island wineries.

The advantage of the winery channel is that it creates both volume and brand leverage. A single winery restaurant may not use large volumes every week, but a network of wineries can absorb meaningful quantities of premium cuts while exposing the brand to high-value consumers.

The winery sales strategy should positioned the product as matched to South Australian wine, from local farms with full provenance and ethical processing. It now becomes part of the "must have" South Australian food and wine experience

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6.6 Boutique Accommodation and Eco-Tourism

Boutique accommodation and eco-tourism providers represent a particularly attractive off-take channel because they are often less price-sensitive than mainstream food service.

High-end accommodation providers seek memorable guest experiences. Food provenance is increasingly part of that experience. Guests expect local wine, local produce, local seafood, local cheese and local stories. Meat can now be a part of that ecosystem.

Kangaroo Island is particularly strong in this channel because the island already attracts visitors seeking nature-based premium experiences. Fleurieu and Adelaide Hills accommodation providers may also provide strong demand due to their proximity to wine regions and Adelaide weekend tourism.

6.7 Farm-Gate Experiences

Farm-gate and farmer's markets are not likely to sell large volumes, but they are important for brand authenticity and the visitor economy. A mobile processing system creates an opportunity for producers to participate in a branded supply chain without each producer needing to establish their own meat business. However, selected producers may still wish to develop farm-gate or paddock-to-plate experiences.

Farm-gate activity should be treated as a brand-building layer rather than the main revenue channel.

6.8 Assessment of Premium Market Size

Premium market demand is likely to be sufficient to absorb the premium cuts generated by an appropriately scaled MPU and Hub.

The important point is that premium cuts represent only about 30% of the total carcase. This means the number of high-value customers required to absorb the premium portion is manageable.

For example, a relatively modest network of wineries, restaurants and accommodation providers could absorb significant premium volumes if each venue purchased modest weekly quantities.

A network of 30–60 aligned premium customers across Kangaroo Island, Fleurieu, McLaren Vale, Barossa, Adelaide Hills, Clare Valley and Adelaide could take the majority share of the premium cuts from the establishment phase of the project.

6.9 Pricing Potential

Premium pricing will depend on livestock markets, product quality, consistency, brand strength, cut specification and customer type.

Establishing and maintaining a premium pricing is principally dependent on quality, consistency and recognizable provenance.

Kangaroo Island is likely to command the strongest brand premium due to it's international recognition. Though the Fleurieu will command a strong South Australian local premium, particularly within Adelaide and wine-region markets.

The pricing strategy should avoid competing with commodity boxed meat as they are inherently different products with different values. To ensure that the product differentiate itself from commodity boxed beef or lamb, the premium pricing should be supported by :

- Brand collateral.
- Producer profiles.
- QR-code traceability.
- Menu language.
- Staff education.
- Seasonal product releases.
- Wine pairing collaborations.
- Tourism partnerships.

It is worth noting that tourism demand, like agricultural output - is seasonal, particularly on Kangaroo Island. This needs to carefully managed and the business should avoid relying solely on peak-season hospitality. Instead, the off-take model should combine seasonal premium channels with year-round retail and value-added products.

The role of value-added products is especially important here. Ready meals, sausages, burgers, pies and frozen products can smooth demand across the year and reduce exposure to short-term hospitality fluctuations.

6.10 Secondary Cuts – Local Food Economy

A vertically integrated premium branded meat business will fail if it only focuses on prime cuts. The majority of the animal must be directed into channels that can generate acceptable margins this includes "secondary" cuts.

If these cuts are sold into commodity markets at commodity prices, the business loses much of the value created through the branded processing model. If they are value-added, they can become higher-margin products with a provenance story.

6.11 Butchers

Independent butchers can play an important role in branded meat distribution. However, butchers are highly margin-sensitive and may already have established wholesale relationships. The product must therefore be differentiated to a point that the butcher can easily recover the premium charged. As such, butchers will probably be interested in stocking the product once a reasonable brand recognition is achieved

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6.12 Independent Retailers

South Australia's independent retail sector is strategically important. South Australian consumers have a demonstrated affinity for local brands and indeed has the highest concentration of independent grocers in Australia. Independent retailers such as Foodland and Drakes are well positioned to support branded South Australian products, particularly where products have a strong regional identity and consumer story, though this product will be competing on the shelf against their own branded meat selection.

Independent retailer success will require:

- Professional packaging.
- Strong shelf presence.
- Clear provenance.
- Competitive but premium pricing.
- Reliable supply.
- Retail-ready labelling.
- Shelf-life management.
- Promotional support.

A good example of a successful retail strategy is Fleurieu Milk. Milk is fundamentally a commodity product, yet Fleurieu Milk has successfully positioned itself as a premium South Australian brand, by telling the story of it's farmers and how they were prepared to take on "Big Milk". The same logic can apply to our beef and lamb if provenance, quality and local identity are communicated clearly. The clear lesson here is that South Australian consumers have and will support branded local food products where trust, quality and regional identity are clear.

6.13 Aligned Local Food Businesses

Aligned local businesses are a key element to the success of the whole-carcase utilization model. It is very capital intensive for the business to manufacture every value-added product itself from day one. A more practical pathway is to partner with existing food manufacturers, commercial kitchens, smallgoods producers and ready-meal businesses.

This reduces capital requirements and allows the brand to enter value-added channels more quickly. They allow lower-value cuts to be converted into branded, higher-margin products with a clear regional story.

Ready-to-heat meals may be one of the strongest value-add channels for secondary cuts as this meal format has expanded in popularity in the last 5 years. This channel aligns with consumer demand for convenience and premium prepared food. It also creates an opportunity to sell branded meat through retail without relying on consumers to understand cuts or cooking methods. Ready meals are particularly attractive because they can significantly increase margin per kg, extend product shelf life, assist in smoothing seasonal demands, and add SKU's to support retail ready meat distribution.

Bones and trim can be effectively value added through the production of stock, broth and soup products. This channel significantly contributes to carcase utilisation and reinforces the “whole of animal” story of the brand.

Though possibly the strongest value added opportunity exists in hospitality-ready pre-cooked portions.

Many wineries, cafes and accommodation providers want local food but do not always have the labour, kitchen infrastructure or consistency required to slow-cook secondary cuts from raw product. Pre-cooked branded portions solve this problem, such as slow-cooked lamb shoulder, braised lamb shanks, pulled lamb and beef brisket.

These products allow smaller hospitality venues to serve local branded meat with minimal kitchen labour. This is particularly relevant in regional South Australia, where hospitality labour shortages are common.

This channel may be one of the most important practical mechanisms for converting secondary cuts into profitable off-take.

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7. MARKETING OPPORTUNITY OVERVIEW

7.1 Local Food Economy

South Australia has a strong local food identity. The state's consumers are notably supportive of regional products, and its tourism economy is deeply connected to food, wine and place.This creates an excellent opportunity for a branded beef and lamb program. The success of other regional South Australian food brands such as Fleurieu Milk, demonstrates that consumers are willing to support products that communicate:

- Local origin.
- Quality.
- Trust.
- Producer connection.
- Regional identity.
- Authenticity.

The proposed mobile processing system is best positioned within a South Australian branded food strategy.

7.2 Kangaroo Island Brand Positioning

Kangaroo Island has the strongest brand asset in this study. A Kangaroo Island beef or lamb brand should lean into these attributes. Noting the seasonality of KI, the brand should avoid overclaiming if year-round 100% grass-fed supply cannot be assured. The brand should focus on island provenance, animal welfare, traceability and clean production rather than making absolute feed claims.

Kangaroo Island's advantage is not only product quality, but it's pre-established international recognition. Many regions struggle to build awareness from nothing. Kangaroo Island already this awareness. The meat brand would be leveraging an existing regional promise.

7.3 Fleurieu Brand Positioning

The Fleurieu Peninsula has strong recognition within South Australia and meaningful alignment with wine, coastal tourism and local food. The Fleurieu brand may not have the same national or international pull as Kangaroo Island, but it will perform strongly in the South Australian and domestic tourism market.

The Fleurieu also has a practical brand advantage: proximity. It can credibly supply Adelaide, McLaren Vale, Adelaide Hills and other South Australian markets with a local story and efficient logistics.

7.4 Existing Brands and Consumer Perceptions

The study should treat South Australian consumer parochialism as a commercial asset. South Australians often demonstrate strong support for local brands, particularly in food and

beverage. Examples include dairy, wine, beer, smallgoods, bakery products and regional produce. Fleurieu Milk provides the most relevant example. Milk is essentially a commodity product, yet Fleurieu Milk has established a premium position by connecting product quality with regional identity and local trust. The same principle may be applied to beef and lamb.

The opportunity is to convert a commodity into a branded regional product, that captures consumer support through a strong story of provenance, quality and unique processing.

However, meat is more complex than milk. It has more cuts, more variable pricing, greater preparation requirements and more complex supply-chain controls. This means the brand strategy must be supported by disciplined management.

7.5 Digital Provenance Platform

Provenance is central to the mobile processing commercial model, as it is able to reliably communicate where the animal was raised, on whose farm and how it was processed. Mobile processing enables provenance to go beyond a label claim as it can be embedded in the supply chain – from paddock to plate. A digital provenance platform is strongly recommended. A relatively simple QR code can provide consumers information about, the farm, the breed, the region, the specific cut of meat and can even include cooking recommendations and wine pairing suggestions.

This is particularly valuable for tourism customers who may first encounter the product in a winery or accommodation setting and later wish to purchase it again. QR codes are a low cost technology that enables consumer validation of the provenance claims of the brand.

As part of the platform producer storytelling should be included. Not every producer needs to become a public-facing brand ambassador, though the brand can prove authenticity through producer real farm stories. Producer storytelling also supports price premium, but only if product quality and supply reliability are also present.

7.6 Animal Welfare Story

Animal welfare is one of the major differentiators for mobile processing. The communication of this is simple: no live transport, stress-free processing – better for livestock, better for farmer, better for consumer. This part of the brand story can be particularly powerful for Kangaroo Island, where current processing pathways mandates that livestock leave the island.

Though as the animal welfare story can be challenging for some consumers, it should be communicated carefully and factually, avoiding criticizing other processors and instead focusing on the positive attributes of the mobile model.

7.7 Marketing Implementation Strategy



Marketing should be treated as a core operating function, not an optional add-on.

7.8 Marketing Findings

The marketing assessment finds that South Australia offers a strong environment for a regional provenance meat brand.

Key findings:

1. Kangaroo Island has the strongest brand platform.
2. Fleurieu has strong local recognition and market proximity.
3. South Australian consumers are receptive to local food brands.
4. Tourism and wine channels provide high-value product exposure.
5. Value-added products can extend the brand beyond premium cuts.
6. Digital provenance can strengthen consumer trust.
7. Marketing investment is essential to commercial viability.
8. The product must be branded, not sold as commodity meat.

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8. ECONOMIC MODELLING

As this study is reviewing the feasibility of mobile processing for a region rather than a specific client, the financial modelling presented in this section is theoretical and is intended to communicate the commercial potential of a low-cost market-entry model rather than provide a forecast for a specific operator or site.

The model selected, focuses on Kangaroo Island lamb because it is considered to offer the strongest initial market penetration across the identified premium hospitality, tourism, retail and provenance-led off-take channels. It assumes a staged establishment pathway using a single-species MPU, second-hand transport assets and a modest processing and hub configuration, thereby limiting initial capital exposure while allowing the market, operating systems and regional brand proposition to be validated before any broader expansion.

8.1 Modelling Assumptions

The financial model is built around a low-capital, staged market-entry approach for Kangaroo Island lamb, using a single-species mobile processing unit supported by a modest hub and second-hand transport assets. The core assumptions are an average 24 kg carcase, 90% saleable product recovery, an average selling price of $27/kg, livestock purchases at $11.40/kg CWT, and additional resource revenue equal to 5% of meat sales.

Throughput is assumed to ramp from 50 lambs per processing day to 80 lambs per day within the first six months, operating three days per week across 48 weeks each year. The model also assumes a seven-person workforce, relatively stable annual labour costs, and a range of operating expenses covering freight, packaging, utilities, sales, administration, insurance, maintenance and regulatory compliance.

The key leverage points are selling price, throughput, livestock purchase cost and saleable yield. Small changes in the average selling price have a significant effect because they apply across every kilogram sold, while throughput is critical because higher volume spreads fixed labour, management and compliance costs over more animals. Livestock price is the largest direct input cost, so even a modest reduction materially improves EBITDA and cash generation.

Saleable recovery is also important, particularly in a bone-in lamb model, because a higher proportion of the carcase is converted into revenue without increasing livestock cost. Freight and marketing costs are secondary but still material, especially during establishment, while underperformance in market uptake, slower ramp-up or lower-than-expected whole-carcase utilisation would place the greatest downward pressure on profitability.

The full model assumptions are listed in Appendix 1.

8.2 Forecast P&L and ROI

The five-year profit and loss model provides a launch assessment period for initial market-entry investment. Under the current assumptions, Year 1 revenue is approximately $5.7 million,

producing EBITDA of around $1.1 million while throughput ramps from 50 to 80 lambs per processing day. Revenue increases to approximately $7.1 million in Year 2 and remains at that level through Year 5, assuming mature throughput of 11,520 lambs per year. EBITDA is projected to increase to approximately $1.65 million in Year 2 and $1.79 million from Year 3 onward, with the mature EBITDA margin reaching approximately 25% as establishment-related marketing, utility and write-off costs reduce.

Over the five-year period, the model generates approximately $33.9 million in total revenue, $8.1 million in cumulative EBITDA and $5.85 million in indicative after-tax operating cash flow. Against the initial funding requirement of $3.35 million, the project produces an indicative five-year NPV of approximately $1.0 million at a 10% discount rate, an IRR of approximately 20%, and a simple after-tax payback period of just over three years. The cumulative cash surplus after recovering the initial investment is approximately $2.5 million by the end of Year 5.

The model has not included a specific funding structure. The current returns are calculated on an unlevered project basis and exclude interest, loan establishment fees, principal repayments and investor return requirements, as the exact mix of debt, equity, grants and concessional funding is unknown. A conventional commercial debt structure could materially reduce early cash available to investors and may extend the equity payback period, particularly during the first two years.

Conversely, grant support, concessional finance, staged capital expenditure or a larger equity contribution would reduce debt-service pressure and improve project resilience. The final investment case should therefore present separate funding scenarios and clearly distinguish project-level returns from returns available to debt providers and equity investors.

The 5 year P&L is listed in Appendix 2.

8.3 Opportunity Cost

The opportunity cost of a theoretical model is difficult to analyse accurately, however the proposed financial model is the return that could otherwise be generated by deploying the estimated $3.35 million initial funding requirement into an alternative investment.

This could include expanding an existing processing facility, investing in regional cold-chain or logistics infrastructure, supporting a lower-capital service-kill arrangement, or allocating funds to other agricultural and tourism projects. The model therefore needs to generate returns that are not only positive, but sufficiently attractive to compensate investors for the project's execution, regulatory, market-development and operating risks. The use of a 10% discount rate provides a solid commercial hurdle against which the project can be assessed, although the required return may ultimately be higher depending on the final funding structure and investor expectations.

There is also an opportunity cost associated with committing regional livestock, management capability and market-development resources to the Kangaroo Island lamb model. Producers supplying the operation will forgo established livestock-sale channels, while management and sales personnel will need to dedicate significant time to project

establishment, regulatory approvals, processing systems, customer acquisition and whole-carcase balancing. If throughput or average selling prices are below forecast, those resources may have generated stronger returns through existing livestock markets or other value-adding activities.

Conversely, there is a material opportunity cost in maintaining the status quo. Continuing to transport livestock off-island continue existing freight costs, animal-welfare concerns and the lack of local processing, employment and value addition. It will also deny Kangaroo Island producers to capture any form of a premium from regional provenance, direct hospitality supply and branded meat products.

Hence the opportunity cost decision should not be simply determined whether the model produces an acceptable accounting profit, but whether its expected financial and regional benefits meets the financial and social benefits from the business itself and the flow on effects to the local community and South Australian tourism more broadly.

8.4 Economic modelling summary

The economic modelling provided indicates that a low-cost Kangaroo Island lamb processing model has the potential to generate attractive operating margins and investment returns, provided the key assumptions relating to throughput, saleable yield, livestock purchase price and average selling price can be achieved.

Under the base case, the operation reaches positive EBITDA in its first year, strengthens as throughput increases, and produces a positive five-year NPV and an indicative payback period of a little over three years. This supports the conclusion that the model is commercially promising and warrants further development.

The results should not, however, be interpreted as a definitive forecast for a specific project or operator. The model is theoretical and has been prepared to test the broad commercial potential of a staged, relatively low-capital market-entry strategy. Actual performance will depend on the chosen site, ownership and governance structure, funding mix, operating configuration, workforce arrangements, livestock supply commitments, product mix, customer contracts, freight arrangements and regulatory conditions. Changes in any of these factors could materially alter both the capital requirement and the operating return.

Accordingly, any project that commences the feasibility stage should be supported by a business-specific financial model based on confirmed engineering design, supplier quotations, regulatory analysis, producer commitments and indicative off-take arrangements.

That analysis should include detailed monthly cash flow, working-capital requirements, debt-service capacity, depreciation, taxation, replacement capital expenditure and downside sensitivities. The current modelling therefore provides a strong indication of opportunity, but the final investment decision should be based on a tailored business case for the specific project being advanced.

8.5 Mature Production Financial Snapshot

Metric	Indicative Base Case
Lambs processed	11,520 / year
Annual revenue	$7.05m
Annual EBITDA	$1.79m
EBITDA margin	25.4%
Total capital expenditure	$3.10m
Total funding requirement	$3.35m
Project IRR	~20%
Simple payback	~3.1 years

Appendix 1 – Financial Model assumptions

Assumption	Year 1 Model input
Species	Kangaroo Island lamb
Average carcase weight	24 kg CWT
Saleable product recovery	90% of carcase weight
Saleable product per lamb	21.6 kg
Average saleable product price	$27.00/kg
Livestock purchase price	$11.40/kg CWT
Livestock cost per lamb	$273.60
Additional resource/by-product revenue	5% of saleable product revenue
Total revenue per lamb	$612.36
Processing days	3 days/wk
Operating weeks	48 weeks/yr
Initial throughput	50 lambs/day
Throughput after first six months	80 lambs/day
Year 1 volume	9,360 lambs
Mature annual volume	11,520 lambs
MPU and hub staffing	7 employees
Direct labour cost	$575,000
Freight and mainland distribution	5% of sales
Packaging	2% of sales
Power and water	3% of sales
Sales and marketing	8% of sales
General management and QA	4% of sales
Write-offs and yield losses	1.5% of sales
Insurance	1.5% of sales
Regulatory costs	$10,000/yr
Repairs and maintenance	$30,000/yr
Condemnation allowance	0.5% of livestock purchases
MPU capital cost	$1.20 million
Hub construction and fit-out	$1.40 million
Second-hand trucks and refrigerated vehicles	$500,000
Start-up working capital	$250,000
Total initial funding requirement	$3.35 million
Financial assessment period	5 years
Discount rate	10%
Tax assumption	28%

Appendix 2 – 5 year P&L

$'000, excluding GST

Financial year	Year 1	Year 2	Year 3	Year 4	Year 5
Lambs processed	9,360	11,520	11,520	11,520	11,520
Meat and resource revenue	5,732	7,054	7,054	7,054	7,054
Livestock purchases	(2,561)	(3,152)	(3,152)	(3,152)	(3,152)
Condemnation allowance	(13)	(16)	(16)	(16)	(16)
Freight and distribution	(287)	(353)	(353)	(353)	(353)
Packaging	(115)	(141)	(141)	(141)	(141)
Power and water	(172)	(194)	(176)	(176)	(176)
Sales and marketing	(459)	(459)	(353)	(353)	(353)
Management, QA and administration	(229)	(282)	(282)	(282)	(282)
Write-offs and yield losses	(86)	(88)	(71)	(71)	(71)
Insurance	(86)	(106)	(106)	(106)	(106)
Direct labour	(575)	(575)	(575)	(575)	(575)
Inspection and regulatory costs	(10)	(10)	(10)	(10)	(10)
Repairs and maintenance	(30)	(30)	(30)	(30)	(30)
EBITDA	1,109	1,648	1,789	1,789	1,789
Indicative tax at 28%	(311)	(461)	(501)	(501)	(501)
Indicative after-tax operating cash flow	798	1,187	1,288	1,288	1,288
EBITDA margin	19.4%	23.4%	25.4%	25.4%	25.4%

Five-Year ROI Summary

Measure	Five-year result
Total lambs processed	55,440
Total revenue	$33.95 million
Total EBITDA	$8.12 million
Average annual EBITDA	$1.62 million
Total indicative after-tax operating cash flow	$5.85 million
Initial capital expenditure	$3.10 million
Initial working capital	$250,000
Total initial funding requirement	$3.35 million
Indicative five-year NPV at 10%	Approximately $1.0 million
Indicative project IRR	Approximately 20%
Simple after-tax payback	Approximately 3.1 years
Cumulative cash surplus after initial funding	Approximately $2.5 million

The table remains an unlevered project P&L. It excludes depreciation, interest, loan fees and principal repayments because the final debt, equity, grant and concessional-funding structure has not yet been determined.

Appendix 3 – References and Data Sources

The following consolidated reference and data sources lists the principal documentary, statistical, regulatory, market and consultation sources used in preparing the South Australian Mobile Livestock Processing Feasibility Study.

Previous feasibility studies and regional economic analysis

BDO EconSearch. (2019). *Economic Analysis of Meat Processing Options on Kangaroo Island*.
Used as the principal historical reference for Kangaroo Island livestock movements, seasonal lamb supply, local meat demand, processing alternatives and previous economic assessment.

Stakeholder consultation and primary research

Kangaroo Island livestock-producer consultations. Meetings and discussions undertaken.
Used to assess processing constraints, livestock supply, seasonality, freight impacts, producer interest, governance preferences and willingness to participate in a regional processing model.

Fleurieu Peninsula livestock-producer consultations. Meetings and discussions undertaken as part of the feasibility study.
Used to assess service-kill demand, producer readiness, regional livestock supply, previous processing initiatives and interest in branded regional meat.

Kangaroo Island Council consultation. Discussions with the Mayor, Chief Executive Officer and relevant council representatives.
Used to understand local-government interest, regional economic-development priorities, land-use considerations and potential support for local processing.

Primary Industries and Regions South Australia — Food Safety Compliance and NLIS Biosecurity consultation**.**
Meeting with the senior PIRSA head of food-safety compliance and NLIS Biosecurity.
Used to considered the potential regulatory pathway for a mobile livestock-processing model, including food-safety accreditation, livestock identification and traceability, biosecurity controls, site and operational requirements.

Fleurieu Milk Company consultation. Meeting with the Chief Executive Officer of Fleurieu Milk Company.
Used to understand the company's experience in differentiating a regional agricultural product, building a trusted provenance-led brand and responding to demand for locally produced food..

Regional Development Australia and Livestock SA project consultations.
Used to define the study area, regional objectives, producer concerns, stakeholder expectations and implementation priorities.

Provenir and FarmGate MSU operational experience.
Practitioner evidence based on the design, approval and operation of mobile livestock-processing systems, including labour, processing flow, chilling, traceability, waste management, animal welfare, product marketing and whole-carcase utilisation.

Livestock production and agricultural data

Australian Bureau of Statistics. *Agricultural Commodities, Australia* and associated livestock datasets.
Used as a general reference for South Australian cattle and sheep populations, agricultural production and regional livestock context.

Australian Bureau of Statistics. *Value of Agricultural Commodities Produced, Australia*.
Used to contextualise the economic significance of livestock production and red-meat industries.

Australian Bureau of Statistics. *Regional and local-government-area agricultural classifications and datasets*.
Considered in relation to Kangaroo Island and Fleurieu livestock numbers. The report notes that some local turnoff estimates require further producer and regional verification.

Meat & Livestock Australia. *National and state sheep, lamb and cattle market information, livestock indicators and industry statistics*.

Used for general industry context, livestock-price awareness, carcase terminology and red-meat market conditions.

Tourism and visitor-economy sources

South Australian Tourism Commission. (2026). *South Australian Visitor Economy — Year Ending March 2026*.
Used for the statewide visitor-economy estimate of approximately $11.5 billion and broader tourism-market context.

South Australian Tourism Commission. (2023). *South Australian Agritourism Sector Plan* and associated launch material.
Used for agritourism and wine-tourism expenditure estimates and to assess the relationship between regional food, wine, place and visitor demand.

South Australian Tourism Commission. (2025). *Kangaroo Island Regional Profile — Year Ending December 2024*.
Used for Kangaroo Island visitation, expenditure, visitor behaviour and the importance of food and hospitality to the island tourism economy. Tourism SA identifies the profile as released in June 2025.

South Australian Tourism Commission. (2025). *Value of Tourism — Kangaroo Island, Year Ending December 2024*.
Used for regional tourism value, overnight visitation and expenditure context.

South Australian Tourism Commission. (2025). *Fleurieu Peninsula Regional Profile — Year Ending December 2024*.
Used for visitor expenditure, overnight visitation, restaurant and café activity and the region's tourism-market scale.

South Australian Tourism Commission. (2025). *Value of Tourism — Fleurieu Peninsula, Year Ending December 2024*.
Used to support the assessment of the Fleurieu as a food, wine and tourism market and as a route to Adelaide customers.

South Australian Tourism Commission. (2025). *Value of Tourism Regional Fact Sheets*.
The regional profiles and fact sheets were used collectively to estimate the size and distribution of premium tourism demand across Kangaroo Island, the Fleurieu, Barossa, Adelaide Hills and Clare Valley.

Meat-processing regulation and food-safety standards

Government of South Australia. *Primary Produce (Food Safety Schemes) Act 2004 (SA).*
Used to assess the legislative framework under which primary-production food-safety schemes and meat-processing accreditation operate.

Government of South Australia. *Primary Produce (Food Safety Schemes) (Meat) Regulations 2017 (SA).*
Used to assess accreditation, meat-processing obligations and the South Australian regulatory pathway. The authorised regulations remain current and are made under the 2004 Act.

Food Standards Australia New Zealand. *Australia New Zealand Food Standards Code*.
Relevant provisions include food-business obligations, food-safety practices, premises and equipment, labelling, traceability and recall requirements.

AS 4696:2023 — Australian Standard for the Hygienic Production and Transportation of Meat and Meat Products for Human Consumption.
Used as the principal technical standard for hygienic slaughter, inspection, carcase handling, processing, chilling and transportation.

Primary Industries and Regions South Australia. Meat-industry accreditation, food-safety and compliance guidance.
Used to frame the proposed pre-application engagement process and the need to demonstrate equivalent food-safety outcomes across the MPU, host sites, chillers, hub and transport system.

Food Standards Australia New Zealand. Food recall and traceability guidance.
Used to inform requirements for livestock identity, batch control, product traceability, customer records and recall capability.

Animal welfare, livestock handling and biosecurity

Animal Health Australia. *Australian Animal Welfare Standards and Guidelines for Sheep*.

Animal Health Australia. *Australian Animal Welfare Standards and Guidelines for Cattle*.

Primary Industries and Regions South Australia. *Kangaroo Island biosecurity guidance and movement controls*. Used to recognise the island's biosecurity status and the need for vehicle hygiene, equipment sanitation, farm-entry controls, pest prevention and documented movement procedures.

Meat & Livestock Australia. *Low-stress livestock handling, transport and animal-welfare research and guidance*. Used for general assessment of handling, transport stress and farm infrastructure requirements.

Environmental management regulation

Environment Protection Act 1993 (SA).
Used as the overarching South Australian environmental legislative framework.

Environment Protection Regulations 2023 (SA) and relevant EPA activity schedules.
Used to consider prescribed activities, waste handling and circumstances in which environmental authorisation may be required.

South Australian Environment Protection Authority. Waste classification and resource-recovery guidance.
Used to assess the management of blood, paunch, condemned material, wastewater, manure, bones, fat, hides and other organic processing residuals.

South Australian Environment Protection Authority. Composting and organic-waste management guidance.
Used in considering dispersed on-farm composting, centralised composting and licensing thresholds. The report treats composting as a potential pathway subject to waste classification, volume, disease risk, site suitability and EPA confirmation.

South Australian Environment Protection Authority. Wastewater, odour and environmental-nuisance guidance.
Used to identify the need for containment, rapid removal, treatment, cleaning controls and separation from sensitive receptors.

Workforce, wages and workplace safety

Fair Work Commission. *Meat Industry Award 2020*.
Used as the reference point for indicative processing labour rates, classifications, penalties and allowances.

SafeWork SA. Workplace-health-and-safety guidance relevant to meat processing, machinery, knives, livestock handling, manual handling, chemicals and mobile workplaces.

Work Health and Safety Act 2012 (SA).

Work Health and Safety Regulations 2012 (SA).
Used to establish the broader workplace-safety framework applying to MPU operations, host farms, processing equipment and hub activities.

Processing, resource efficiency and industry benchmarking

Australian Meat Processor Corporation. *Energy and water benchmarking research*.
Used as general context for processing utilities, refrigeration, hot-water demand, cleaning and resource efficiency.

Australian Meat Processor Corporation. *Cost-to-operate and processing-cost competitiveness research*.
Used as a broad comparator for the cost composition of Australian red-meat processing, including labour, utilities, packaging, transport, maintenance and compliance. Conventional-plant benchmarks were not applied directly to the MPU model because scale and operating configuration differ.

Meat & Livestock Australia. *Carcase yield, cutting, packaging, shelf-life and cold-chain research*.
Used for general technical context around carcase conversion, vacuum packaging and product handling.

Market pricing and off-take assessment

South Australian independent retailers, supermarkets and butcher businesses. Publicly advertised lamb and beef pricing reviewed during the market assessment.
Used to establish retail price ranges and the relationship between secondary, mainstream and premium cuts.

Australian wholesale and foodservice meat suppliers. Public product and price information reviewed as broad wholesale comparators.
Used to assist in estimating a whole-carcase hospitality selling-price range. These prices are indicative only and are not a substitute for written South Australian buyer quotations.

Hospitality, winery, accommodation and foodservice market review.
Used to identify likely early-adopter customer groups, including destination restaurants, wineries, cellar doors, eco-lodges, boutique accommodation and premium Adelaide venues.

Independent retail-market review.
Considered Foodland, Drakes, independent butchers, farm shops and tourism retailers as potential channels for repeat-volume branded products.

Value-added product-market review.
Considered ready meals, pies, sausages, burgers, slow-cooked portions, pet food, broth and stock products as mechanisms for managing secondary cuts and by-products.

Logistics and ferry information

SeaLink Kangaroo Island. Published ferry service, vehicle and freight information.
Used to understand the Cape Jervis–Penneshaw transport dependency and the practical difference between moving livestock, carcases and boxed meat.

Government of South Australia, Department for Infrastructure and Transport. Kangaroo Island ferry-service and freight-policy information.
Used for broader ferry-access and freight context.
