



Australian Government
Australian Centre for
International Agricultural Research



Developing a clean market chain for poultry products in Indonesia

ACIAR TECHNICAL REPORTS

82

Research that works for developing countries and Australia

Contents

Foreword	3
Abbreviations	8
Acknowledgments	9
Authors	10
Summary	11
Background and aims	13
The need for improved biosecurity	13
The rationale for establishing a clean market chain	13
Poultry market chain stakeholders in Indonesia	16
Integrated poultry companies	16
Contract and non-contract broiler farmers	17
Village chicken farmers	17
Poultry shops	18
Collectors	18
Transporters	19
Sub-brokers	19
Slaughterhouses and processors	19
Vendors	19
Consumers	20
Description of poultry market chains	21
Meat-chicken market chain	21
Layer and egg market chain	23
Establishing a clean market chain	25
Case study areas	25
Consumer survey	26
Industry leadership	27
Development of market protocols and stakeholder capacity	28
Preparing for the launch of the Healthy Farm product	31
Soft audit of slaughterhouses	35
Farmer of the Year competition	35
Farm signage, product packaging and video production	36
Healthy Farm product launch	37

The results of the Healthy Farm product trial	39
Healthy Farm chicken in Bali	39
Healthy Farm eggs in Bali	41
Healthy Farm eggs in Makassar	41
Lessons learned from the trial	43
The training program	43
Existing contractual arrangements between stakeholders	43
The nature of the market and perceptions of food safety and biosecurity	45
Product quality	45
Smallholder benefits of improved biosecurity	47
Importance of the contract	47
Modelling smallholder benefits from the sale of Healthy Farm chicken	47
Policy initiatives to improve biosecurity implementation	50
References	52
Tables	
1. Consumers' willingness to pay a premium for broiler chicken in Bogor, West Java	26
2. Consumers' willingness to pay a premium for broiler chicken in Makassar, South Sulawesi	27
3. Consumers' willingness to pay a premium for broiler chicken in Denpasar, Bali	27
4. Broiler farmers participating in the CMC project	28
5. Identified costs in implementing biosecurity measures for broiler CMC	31
6. Timetable of major activities leading to the product launch, 2011	32
7. Types of training developed and implemented by the PBUI	33
8. Participants in ACIAR poultry biosecurity training, 2009–2013	33
9. Sales of regular and Healthy Farm chickens by the slaughterhouse to the supermarket, July 2011 – July 2012	39
10. Sales of Healthy Farm chickens at the supermarket, July 2011 – September 2012	40
11. Base scenario—no disease outbreak, biosecurity investment or price premium (Rp million)	48
12. Scenario 1—no disease outbreak, with biosecurity investment and a premium (market price bonus) of Rp500/chicken (Rp million)	48
13. Scenario 2—base scenario with a disease outbreak (loss of 1 cohort) (Rp million)	49

Figures

1. Stakeholder relationships in the meat-chicken marketing chain	16
2. Meat-chicken market chain in Bali, including the proportions of birds in different sections	21
3. Egg, layer-chicken and cockerel marketing chain	23
4. Case-study areas for the project	25
5. Stakeholders in the broiler CMC	31
6. Stakeholders in the egg CMC	32
7. Healthy Farm meat chicken logo	36
8. Farm biosecurity signs: (a) farm office, (b) farm gate, (c) shed door	36
9. Healthy Farm egg carton	37
10. Brochures and the supermarket booth at the Healthy Farm product launch	38
11. Healthy Farm product launch in Bogor, June 2011	38
12. Healthy Farm chicken sales in Carrefour supermarket, Bali	40
13. Egg sales in Bali, November 2012 – June 2013	41