

STATE OF THE INDUSTRY REPORT

The Australian
red meat and
livestock industry





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Note: The *State of the Industry Report* relates to the 2022 financial year, using data from that period to assess the performance of the Australian red meat and livestock industry and measure the contribution the industry makes to the wider economy. Changes to the market since that period are discussed in the key issue snapshot on page 32.

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Executive summary

The Australian red meat and livestock industry performed well during 2022. A third year of La Niña conditions reinforced strong restocker demand and pushed livestock prices to record highs, while input costs jumped in the wake of international conflict. Furthermore, capacity was limited across the supply chain due to labour constraints.

Cattle slaughter hit a 38-year low as an intense herd rebuild encouraged retention of stock, while rising lamb slaughter and very high carcass weights led to record-breaking lamb production over the year.

As mentioned, the third consecutive La Niña weather event led to good rainfall across the eastern states, filling dams and increasing soil moisture. These conditions boosted confidence in the market and pushed saleyard prices to record highs, especially over the first half of the year. Despite biosecurity concerns causing short-term softening of prices from July 2022, the market recovered quickly – although not to the peaks experienced in the first half of the year.

The Russian invasion of Ukraine caused significant supply shocks across a range of commodities, raising the price of inputs. The conflict effectively removed a large portion of the globally traded grain supply from circulation as Ukrainian grain was unable to be exported. Additionally, sanctions placed in response to the invasion affected the supply of fertiliser and petrochemical products – commodities where Russian exports make up significant portions of global supply.

Labour availability was an issue throughout the year, especially in the processing sector. As migration numbers struggled to recover after COVID-related border closures, stakeholders across the supply chain reported significant difficulty in sourcing labour, especially in regional areas where the labour pool is generally smaller.

Production was mixed throughout the year. The cattle herd rebuild maintained an intense pace in 2022. Good rainfall levels meant that producers could retain more cattle, which increased numbers on-farm. Slaughter fell to 5.8 million head, the smallest number since 1984. Carcass weights beat the record highs set in 2021, offsetting some of the effect of lower slaughter.

Sheep production was very strong, with the highest lamb production on record. Solid conditions on-farm over 2020 and 2021 led to a large lamb crop in 2022, which in turn, led to the largest slaughter since 2019. Although high, the main contributing factor towards record production was carcass weights, which increased to just under 25kg/head – the highest on record.

Goat production continued to grow in 2022 and carcass weights held steady, supported by the increased prevalence of managed goat systems and an investment in goat genetics.

Slaughter numbers rose by 38% year-on-year and 19% above the five-year average. Very strong demand for goatmeat out of the US supported the lift in production for the industry.

The value of chilled and frozen meat exports improved in 2022 with strong international demand placing upward pressure on prices, despite lower beef export volumes. Lamb exports increased markedly, reaching record figures, with greater volumes moving to the US and China.

Domestically, high retail prices placed pressure on consumer spending. Despite this, domestic consumption remains high; Australians are among the world's largest consumers of beef and the second largest consumers of lamb.

Since 2022, and throughout 2023, these market dynamics have largely reversed. In early September 2023, the Bureau of Meteorology (BOM) declared an El Niño weather event and a positive Indian Ocean Dipole, forecasting substantially drier and hotter weather in coming months.

After three years of intense herd and flock rebuilding, restocker demand has eased considerably and the number of finished animals is substantially higher now than has been the case for several years.

Processor capacity remains limited by labour supply, though slaughter has been rising throughout the year as processors find ways to manage the larger supply now available on the market.

Together, these shifts in market conditions have caused deterioration of confidence in the market and subsequent declines in livestock prices. This is especially evident among lighter, younger cattle and sheep, as demand for restocker animals has eased considerably more than among finished cattle and lambs. Mutton prices have been impacted the most as ewes retained to fuel the rebuild enter the market in 2023.

As the industry shifts towards a destocking period, the importance of work done over the past several years becomes evident in boosting profitability and managing a volatile climate cycle. Decisions made across the supply chain have contributed to Australian livestock production being among the most efficient systems in the world, which leaves the industry well positioned for the next several years despite lower prices and inventory numbers falling.

Good rainfall levels meant that producers could retain more cattle, which increased numbers on-farm. Slaughter fell to 5.8 million head, the smallest number since 1984. Carcass weights beat the record highs set in 2021, offsetting some of the effect of lower slaughter.

Operating environment



Australia has a small portion of the world's cattle and sheep inventory

Australia had around 1.5% of the global cattle herd in 2021 (ABS, FAO).

Australia had around 5% of the global sheep flock in 2021 (ABS, FAO).

Australian per capita consumption of beef was approximately 23.7kg (global average – 6.3kg) while sheepmeat was approximately 6.8kg (global average – 1.8kg).



Australia is a key exporter in global red meat markets

In 2022, Australia was the fourth largest beef exporter after Brazil, India and the US (DAFF, IHS Markit).

Australia was the world's largest sheepmeat exporter in 2022 ahead of New Zealand, the UK and Uruguay (DAFF, IHS Markit, Comtrade).

Australia was the world's largest goatmeat exporter in 2022, ahead of Spain, Mexico and Greece (Comtrade)¹.

In 2022, Australia exported 600,024 live cattle and 502,758 live sheep (DAFF).



Global meat consumption is increasing

Over the past 20 years, total global consumption of meat has been steadily increasing at an average annual rate of 1.2% for beef, 2.4% for sheepmeat, 1.8% for pork, and 5.0% for poultry meat (OECD).

In Australia, plant-based protein consumption accounts for 0.6% of in-home fresh meat volume sales. This is steady on last year as domestic plant-based consumption has not increased (Nielsen Homescan).

According to the ABS's CPI data, retail lamb prices have eased 2.5% in the twelve months to 30 June 2023. Similarly, over the same period, retail beef prices are down 2%. In contrast, seafood, poultry and pork prices have risen 3.5%, 8%, and 4% in the 2023 financial year.



Australia's per capita beef and sheepmeat consumption continues to be one of the largest in the world²

Australian per capita consumption of beef was approximately 23.7kg in 2022, while the global average is 6.3kg (ABS, DAFF, OECD-FAO).

Australian per capita consumption of sheepmeat was approximately 6.8kg in 2022, while the global average is 1.8kg (ABS, DAFF, OECD-FAO). While 2022 saw lamb consumption dip slightly, there has been an uplift in consumption in late 2022 and through early 2023 (ABS, DAFF).

¹ Source changed from IHS to Comtrade in 2022.

² Domestic meat consumption is measured by removing the portion of exports (DAFF data) from total production (ABS data) and assuming the difference is consumed (or at least disappears) domestically. Imports are also added to domestic consumption when present. Per capita consumption is calculated by dividing domestic consumption by ABS population data. Please note that domestic per capita consumption is entirely a supply statistic and does not take account of waste or non-food uses of livestock meat products.

The industry environment

Production of livestock

Global and domestic herd and flock size

- The global cattle herd was 1.5 billion head in 2021 (**Figure 1**) (FAO).
- The global sheep flock was 1.3 billion head in 2021 (**Figure 1**) (FAO).
- Australia accounts for a small proportion of the world's herd and flock – approximately 1.5% of the global cattle herd and 5% of the global sheep flock (ABS, FAO).
- Australia's cattle herd was 24.4 million head and the sheep flock was 68 million head as of 30 June 2021 (**Figures 2 and 3**) (ABS).

Production

- Global beef and veal production was 72.4 million tonnes carcass weight (cwt) in 2021 (**Figure 4**) (FAO).
- Global sheepmeat production was 9.9 million tonnes cwt in 2021 (**Figure 4**) (FAO).
- Australia accounted for approximately 2.5% of global beef production and around 6.7% of global sheepmeat production in 2021 (ABS, FAO).
- Australia produced 1.9 million tonnes cwt of beef and veal, and 709,932 tonnes cwt of lamb and mutton in 2022 (ABS).



Figure 1: Global cattle herd and sheep flock

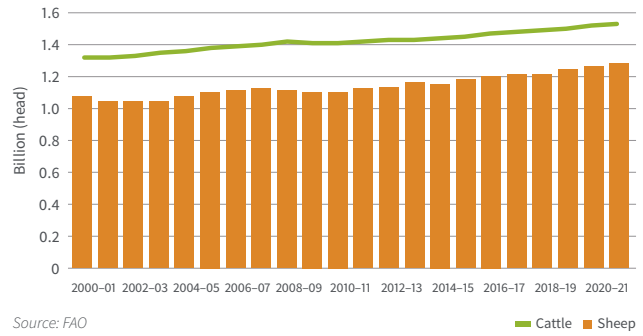


Figure 2: Australian cattle herd

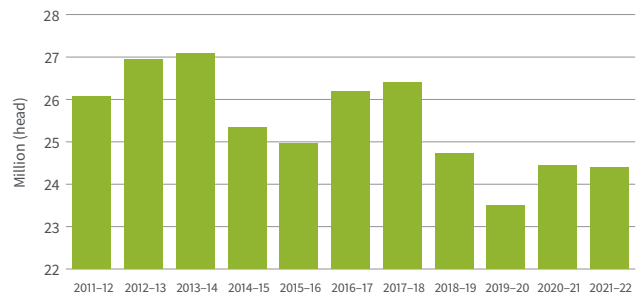


Figure 3: Australian sheep flock

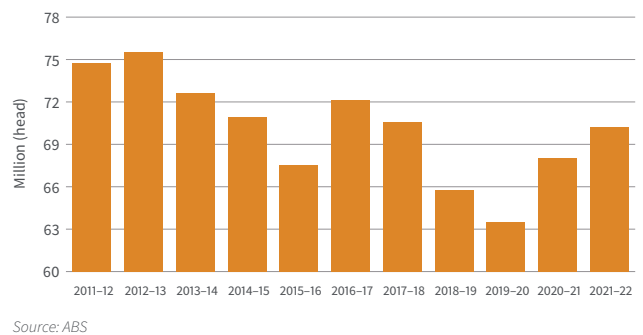
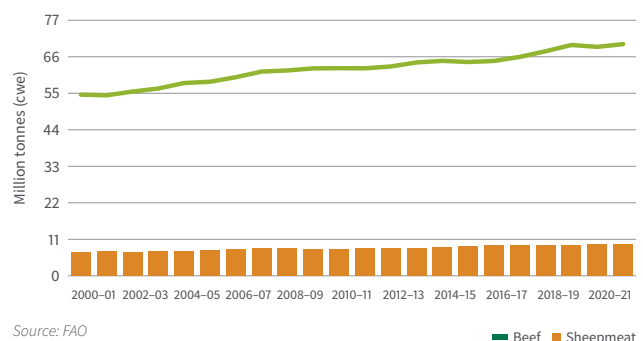


Figure 4: Global beef and sheepmeat production



Consumption of red meat

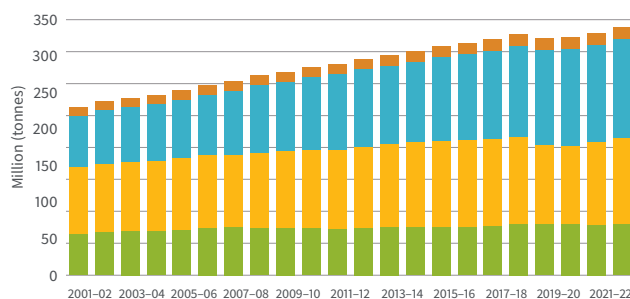
Global consumption

- Over the past 20 years, global consumption of meat has been steadily increasing. In 2022, 345 million tonnes of meat were consumed globally (Figure 5) (OECD).
- Total global consumption increased at an average annual rate of 1.2% for beef and veal, 2.4% for sheepmeat and 5% for poultry. Consumption of pork increased by 15% between 2020 and 2022, after declining between 2018–20, largely driven by the recovery in the Chinese pig herd after the major outbreak of African Swine Fever (ASF) in 2018–19 (OECD-FAO).
- In 2022, sheepmeat accounted for 5% of total global meat consumption (excluding seafood), while beef and veal accounted for 21%. Poultry and pork accounted for 39% and 35%, respectively (OECD-FAO).

Domestic consumption

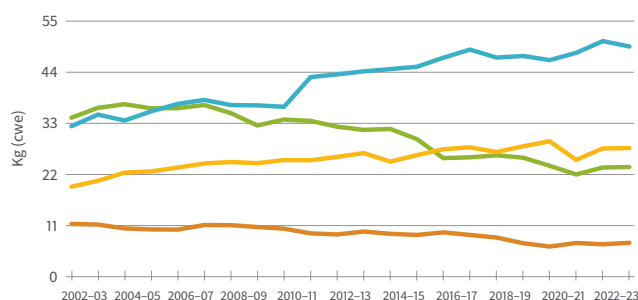
- There has been a steady decline in Australia's per capita consumption of red meat over the past two decades. Despite this, Australia remains one of the world's largest consumers of beef (7th), with per capita consumption in 2022 averaging 23.7kg³ (Figure 6) (ABS, DAFF, OECD-FAO). The six countries consuming more beef per person than Australia are: Argentina, the US, Brazil, Israel, Chile and Kazakhstan (OECD-FAO).
- 93% of Australian households purchased beef and 72% bought lamb in the past year (NielsenIQ).
- The retail price for lamb remains relatively high. However, Australia continues to be one of the largest per capita consumers of sheepmeat in the world. According to the OECD, Australia was the second largest sheepmeat consumer on a per capita basis behind Kazakhstan. The other top sheepmeat consumers on a per capita basis were Norway, Saudi Arabia, Turkey, Iran and the UK (OECD-FAO).
- Australia's per capita consumption of lamb has been stable at approximately 7kg between 2020 and 2022 (ABS, DAFF).
- Australia's per capita consumption of mutton on average is 0.5kg over the last 10 years (ABS, DAFF).
- Consumer preferences toward lamb, combined with increased demand from export markets for quality sheepmeat, have resulted in almost all of Australia's mutton being exported.
- Around two thirds of Australian consumers have maintained their level of red meat consumption over the past 10 years, while 28% of consumers have reduced their intake and 15% of consumers have increased their red meat consumption (Figure 7) (MLA Community Sentiment Research).

Figure 5: Total global meat consumption



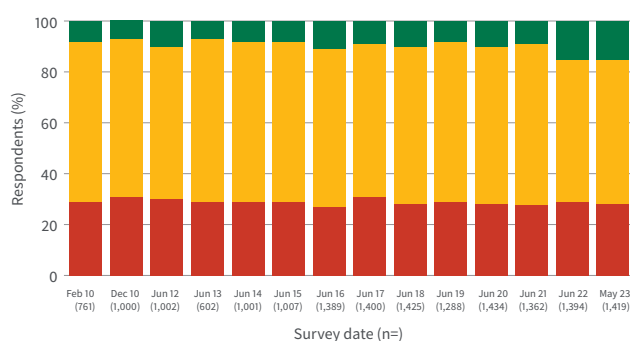
Source: OECD-FAO

Figure 6: Australian per capita meat consumption



Source: ABS, DAFF, MLA

Figure 7: Australian red meat consumption patterns



Source: MLA Community Sentiment Research



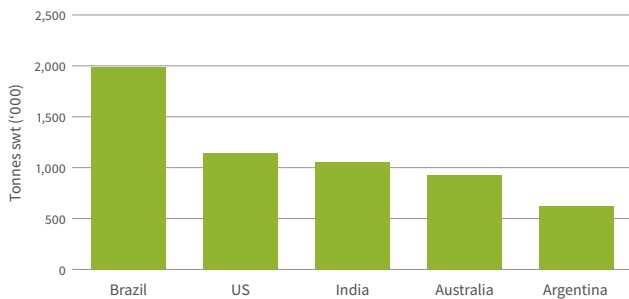
³ Domestic meat consumption is measured by removing the portion of exports (DAFF data) from total production (ABS data) and assuming the difference is consumed (or at least disappears) domestically. Imports are also added to domestic consumption when present. Per capita consumption is calculated by dividing domestic consumption by ABS population data. Please note that domestic per capita consumption is entirely a supply statistic and does not take account of waste or non-food uses of livestock meat products.

Key export and import players

Exports

- Australia was the fourth largest beef and bovine meat exporter in 2022, after Brazil, India and the US (**Figure 8**) (DAFF, IHS Markit).
- In 2022, Australia was the world's largest sheepmeat exporter, followed by New Zealand (**Figure 9**) (DAFF, IHS Markit, Comtrade).
- Australia was also the world's largest goatmeat exporter in 2022 (**Figure 10**) (DAFF, UN, Comtrade).

Figure 8: Top five beef and veal exporting countries (2022)

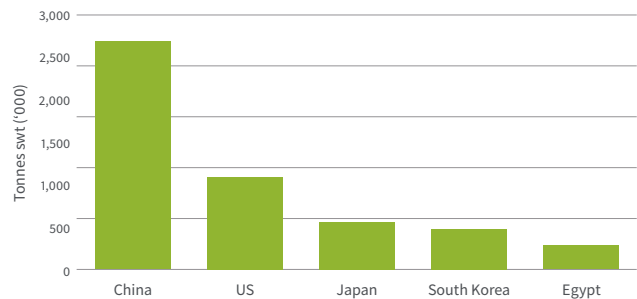


Source: IHS Markit

Imports

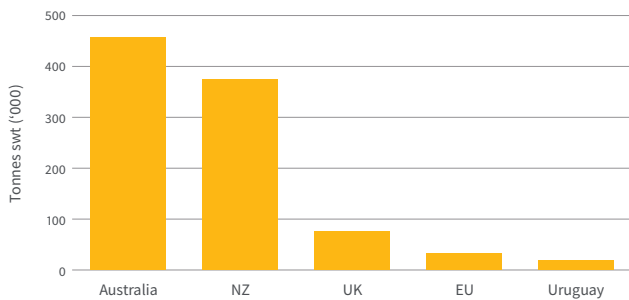
- In 2022, China held its position as the world's largest importer of beef and veal in volume terms, followed by the US and Japan (**Figure 11**) (IHS Markit).
- China was also the largest importer of sheepmeat in 2022, followed by the US and South Korea (**Figure 12**) (FAO).

Figure 11: Top five beef and veal importing countries (2022)



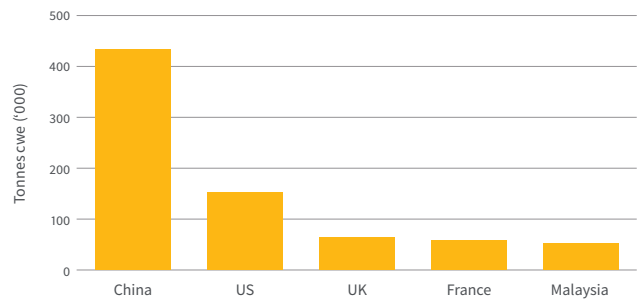
Source: IHS Markit

Figure 9: Top five sheepmeat exporting countries (2022)



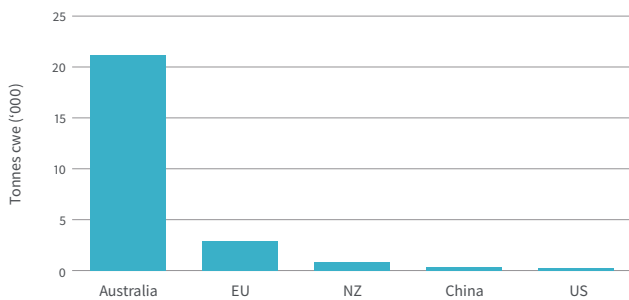
Source: IHS Markit

Figure 12: Top five sheepmeat importing countries (2022)



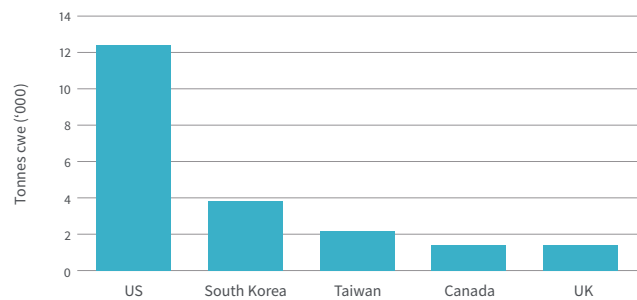
Source: IHS Markit

Figure 10: Top five goatmeat exporting countries (2022)



Source: IHS Markit

Figure 13: Top five goatmeat importing countries (2022)



Source: IHS Markit

The economic importance of the Australian red meat and livestock industry

Industry turnover

Industry turnover is defined as income generated by businesses within the industry from the sales of goods and services.

In 2021–22, Australia's red meat and livestock industry turnover was \$75.4 billion. This is 7.7% higher than revised 2020–21 figures and an increase of 10.7% on 2017–18 figures (ABARES, IBISWorld).

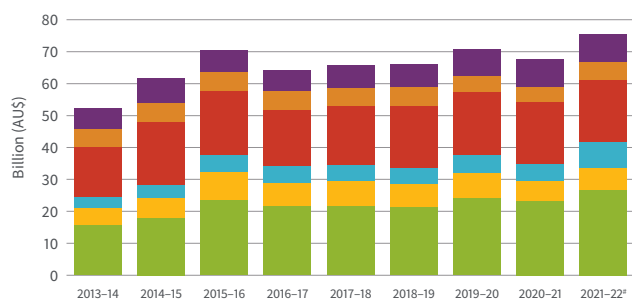
Trends over time

- Red meat and livestock industry turnover increased 8% from 2020–21 to 2021–22, driven by record livestock prices, while the national herd and flock rebuilds occurred. Despite record high livestock prices, the tightening of supply throughout the red meat supply chain resulted in higher industry turnover for cattle and sheep farms. Other participants in the supply chain had steady turnover year-on-year.
- The feedlot sector saw growth in turnover of 26%. This occurred as cattle numbers on feed in Australia reached record levels due to a clear structural increase in the feedlot sector and strong export demand for Australian grainfed beef in global markets. The processing sector increased by less than 1% due to tightening supply and high livestock prices. These prices increased cattle and sheep farming turnover by 13% and 3% respectively.
- Turnover in the domestic sector (wholesaling and retailing) had little growth in 2021–22, rising by another 2.4% as COVID-19-related restrictions were still having some effect on consumption, driving consumers to eat more homecooked meals. Rising red meat retail prices supported some of the lift in the sector.

Composition by sub-sector

- In 2021–22, red meat and livestock production (beef cattle, sheep farming and feedlots) accounted for 55% or \$41.72 billion of overall industry turnover, followed by processing (26%, or \$19.6 billion) and wholesale and retail sales (19%, or \$14.1 billion) (Figure 15) (EY, IBISWorld, ABS).

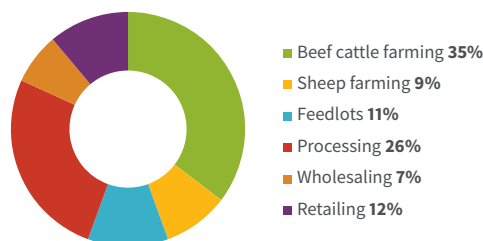
Figure 14: Industry turnover by sub-sector*



Source: EY, IBISWorld

*The contribution of live exports to industry turnover is represented in beef, sheep and mixed farming.
*In 2021–22 mixed farming outputs were disaggregated to their respective beef and sheep farming categories.

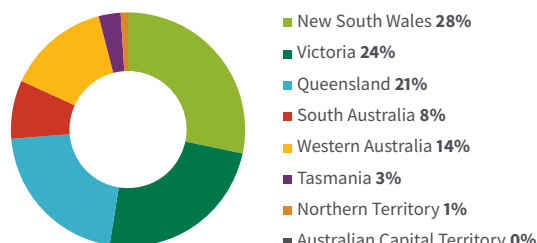
Figure 15: Industry turnover by sub-sector (2021–22)



Source: EY, IBISWorld, ABS

Note: In 2021–22 mixed farming outputs were disaggregated to their respective beef and sheep farming categories

Figure 16: Industry turnover by state (2021–22)



Source: EY, IBISWorld, ABS

By state

- NSW, Victoria and Queensland accounted for over 73% of red meat and livestock industry turnover in 2021–22, followed by WA (13.7%) and SA (8.5%) (Figure 16) (EY, IBISWorld, ABS).

Comparison to other industries

- The red meat and livestock industry's turnover totalled \$75.4 billion in 2021–22, accounting for approximately 1.7% of Australia's total key industry turnover.
- In comparison to other industries, the red meat and livestock industry is larger than both the 'education and training (private)', 'arts and recreation services' and 'public administration and safety (private)' industries. However, it is smaller than the 'accommodation and food services' industry (Figure 17) (EY, IBISWorld, ABS).
- The wholesale trade industry, by turnover, retained its position as the largest in the country in 2021–22, with a turnover eight-and-a-half times larger than that of the red meat and livestock industry.

Figure 17: Industry turnover compared with other industries (2021–22)

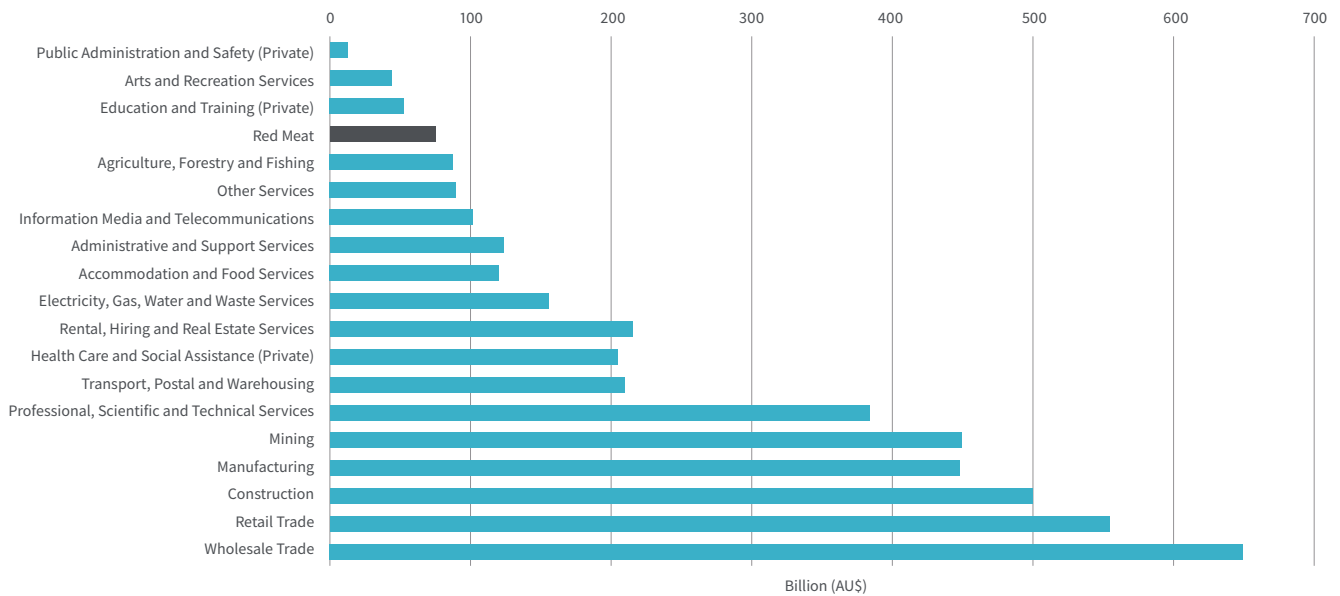


Table 1: Industry turnover by sub-sector (\$million, 2015–16 to 2021–22)

Revenue (\$m)	2015–16	2016–17	2017–18	2018–19	2019–20	2020–21	2021–22
Beef cattle farming	24,774	22,667	22,810	22,540	25,337	23,554	26,632
Sheep farming	8,891	7,744	8,094	7,346	8,217	6,802	7,014
Feedlots	5,504	5,251	5,141	5,407	5,609	6,407	8,071
Processing	21,275	18,516	19,332	20,117	20,973	19,479	19,559
Wholesaling	6,131	6,028	5,866	6,103	5,367	5,134	5,458
Retailing	6,957	6,745	6,880	6,839	8,738	8,638	8,648
Total	73,532	66,951	68,123	68,352	74,241	70,014	75,382



Industry value add

Industry value add is the overall value of goods and services produced by businesses in an industry (also known as contribution to gross domestic product (GDP)) (ABARES, IBISWorld).

Australia's red meat and livestock industry value add was \$22.5 billion in 2021–22, 7% higher year-on-year.

Trends over time

- Australia's red meat and livestock industry value add increased 7% from 2020–21 to 2021–22, driven by record high domestic livestock prices in both the cattle and sheep industries and favourable seasonal conditions in livestock regions.
- During this period, industry value add for the production sector – encompassing beef cattle, sheep and feedlots – lifted \$15.4 million or 9.6%, while the processing sector's value add remained relatively firm year-on-year, decreasing by less than 1%.
- Domestic wholesaling value add eased by just 1%, while retail value add increased 1% or \$25 million in 2021–22.

Composition by sub-sector

- In 2021–22, the production sector (beef cattle, sheep and feedlots) accounted for 78% (or \$17.6 billion) of industry value add followed by processing, at 14% (or \$3 billion) then sales (wholesale and retail) at 8% (\$1.9 billion) (Figure 18) (EY, IBISWorld). The increasing proportion of value add in the production sector was driven by high livestock prices as supply tightened during the flock and herd rebuild.

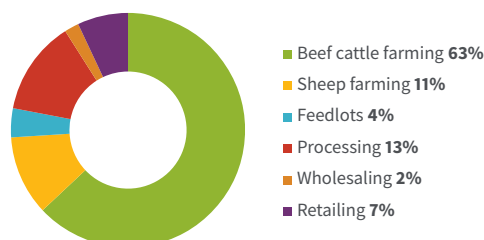
By state

- Queensland, NSW and Victoria accounted for 72% or \$16.2 billion of industry value add. As the largest state in industry value add terms, NSW experienced the strongest growth, rising by 8% or \$443 million in 2021–22 but the NT had the largest percentage change, increasing by 40% or \$72 million. WA also had strong growth, increasing by 11% or \$300 million (Figure 19) (EY, IBISWorld, ABS).

Comparison to other industries

- In 2021–22, value add from the red meat and livestock industry was \$22 billion, larger than the 'arts and recreation services' industry (\$15 billion) and the 'public administration and safety (private)' industry (\$7.5 billion) (Figure 21) (EY, IBISWorld, ABS).
- The red meat and livestock industry accounted for only 1% of Australia's key industry total value add in 2021–22.
- Mining retained its position as the industry with the highest value add in 2021–22 at \$283 billion. This was more than 12 times the value add for the red meat and livestock industry, with high commodity prices driving its increase in 2021–2022.

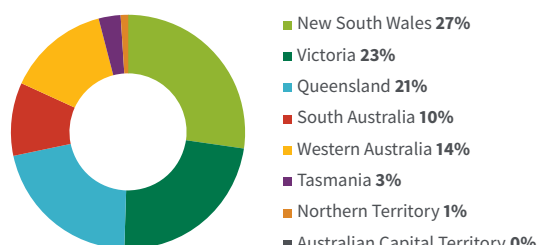
Figure 18: Industry value add by sub-sector (2021–22)



Source: EY, IBISWorld

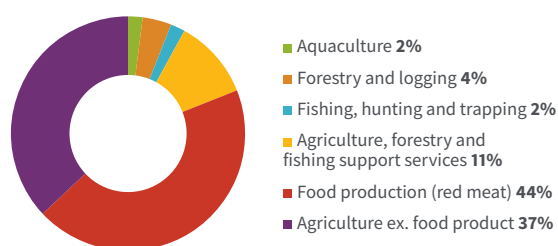
Note: In 2021–22 mixed farming outputs were disaggregated to their respective beef and sheep farming categories

Figure 19: Industry value add by state (2021–22)



Source: EY, IBISWorld, ABS

Figure 20: Agriculture production industry value add (2021–22)



Source: ABS and IBISWorld



Figure 21: Industry value add compared with other industries (2021–22)

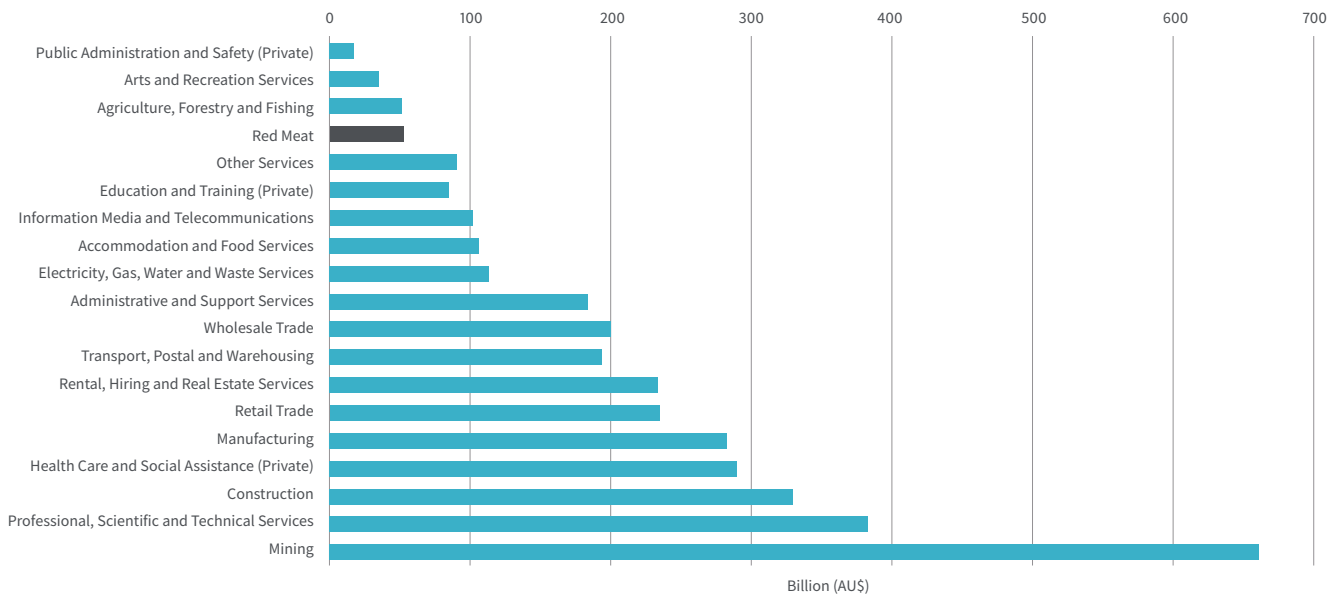
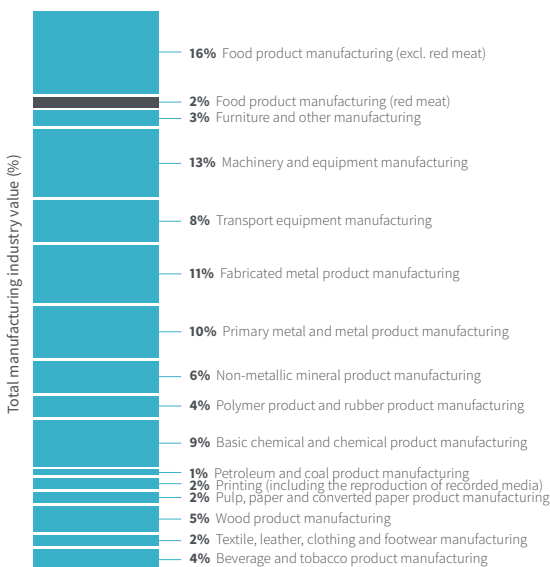


Table 2: Industry value add by sub-sector (\$million, 2015–16 to 2021–22)

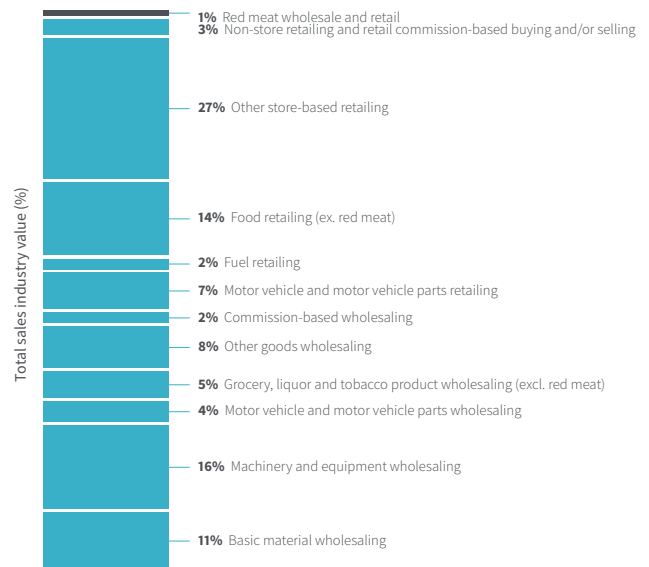
IVA (\$m)	2015–16	2016–17	2017–18	2018–19	2019–20	2020–21	2021–22
Beef cattle farming	10,940	11,778	10,190	5,113	3,827	12,214	14,201
Sheep farming	3,198	3,127	2,655	1,866	1,999	2,872	2,463
Feedlots	853	898	787	784	830	955	920
Processing	3,276	2,814	2,997	3,299	3,377	3,078	3,051
Wholesaling	507	526	444	455	404	396	391
Retailing	1,120	1,113	1,092	1,106	1,517	1,473	1,493
Total	19,894	20,256	18,165	12,623	11,954	20,988	22,519

Figure 22: Manufacturing industry value add (2021–22)



Source: IBISWorld, ABS

Figure 23: Sales industry value add (2021–22)



Source: IBISWorld, ABS

Employment

In 2021–22, the Australian red meat and livestock industry employed approximately 433,389 people. Of these, 187,916 were directly employed in the industry. The industry was also responsible for the employment of a further 245,473 people in businesses servicing the red meat and livestock industry.

Note: 2021 was the last Census year. Therefore, some employment figures in this section reference 2021 statistics as this is the most recent year of data to make comparisons with.

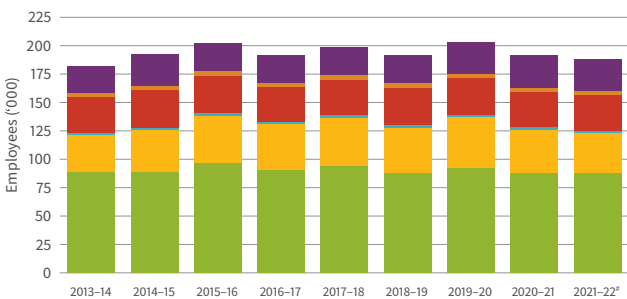
Generation of direct and indirect employment

- The red meat and livestock industry directly employed 187,916 people in 2021–22, 7% higher than 2012–13 employment levels (EY, IBISWorld).
- The industry was responsible for generating indirect employment for 245,473 people in businesses servicing the red meat and livestock industry in 2021–22. These additional jobs included those involved in the transportation of meat and livestock, activities related to livestock sales (i.e. livestock agents) and employment in providing animal health services and supply of farm inputs, such as fertiliser (EY, IBISWorld).

Composition by sub-sector

- The production sector (beef cattle and sheep farming and feedlots) accounted for 124,898 jobs in 2021–22, with the processing sector accounting for 32,046 jobs and the remainder in wholesaling and retailing (Figure 24) (EY, IBISWorld).
- The retail sector saw growth in jobs after a tightening in numbers from COVID-19 lockdowns. All other sectors except for feedlots rose in jobs.

Figure 24: Direct employment by sub-sector*



Source: EY, IBISWorld

*The contribution of live exports to industry turnover is represented in beef, sheep and mixed farming.
 *In 2021–22 mixed farming outputs were disaggregated to their respective beef and sheep farming categories.

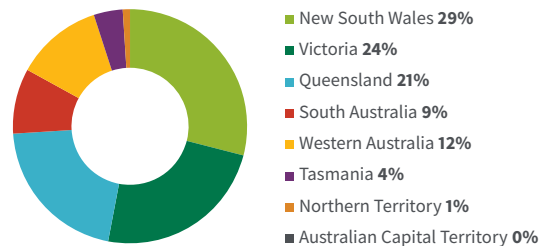
Direct employment by state

- In 2021–22, NSW continued to have the highest level of direct employment in the red meat and livestock industry at 29%, followed by Victoria at 24% and Queensland at 21% (Figure 25) (EY, IBISWorld).

Employment compared with other industries and total workforce

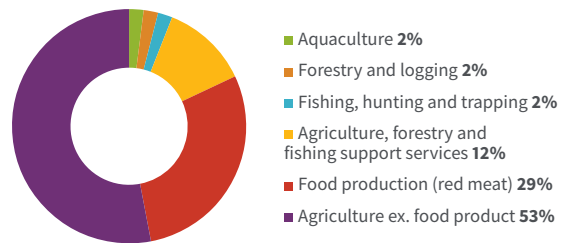
- Direct employment in the red meat and livestock industry represented approximately 1.5% of Australia’s key industry total employment in 2021–22 (Figure 27) (EY, IBISWorld).
- Encouragingly, Australia’s red meat and livestock production sector (beef cattle, sheep farming and feedlots) accounted for 66% of Australia’s total direct employment in agriculture production in 2021–22. This demonstrates the foundational role the production sector plays in rural and regional communities alongside meat processing (Figure 26) (EY, IBISWorld, ABS).

Figure 25: Direct employment by state (2021–22)



Source: EY, IBISWorld, ABS

Figure 26: Agriculture production employment (persons) (2021–22)



Source: EY, ABS, IBISWorld

Australia’s red meat and livestock production sector (beef cattle, sheep farming and feedlots) accounted for 66% of Australia’s total direct employment in agriculture production in 2021–22.

Figure 27: Direct employment compared with other industries (2021–22)

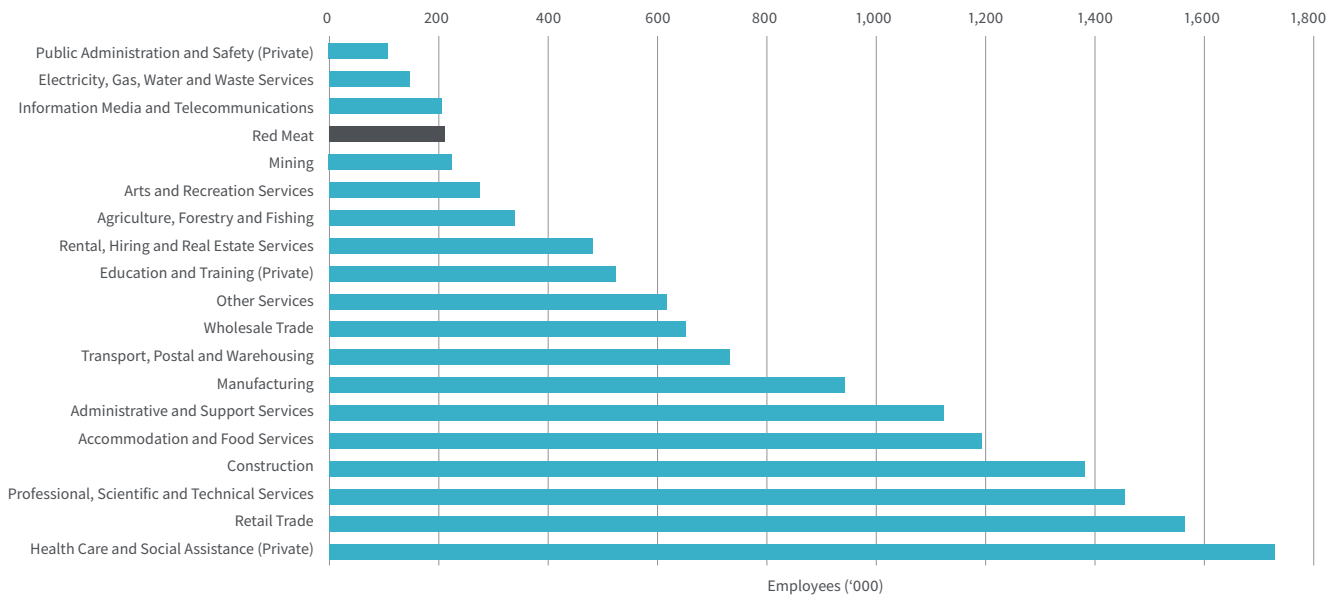
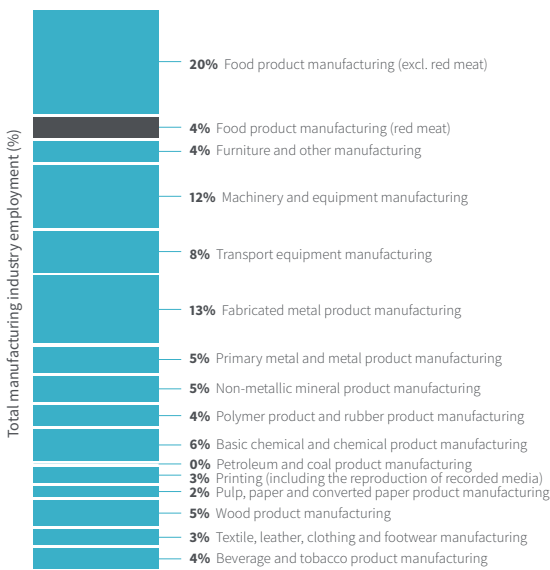
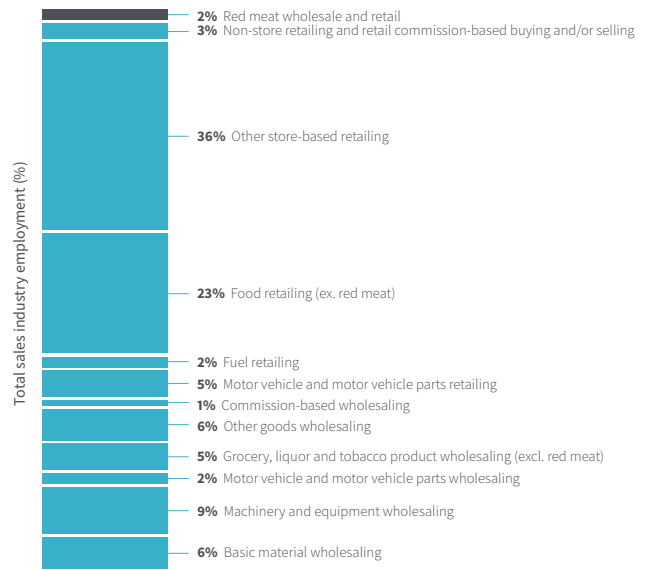


Figure 28: Manufacturing employment (persons) (2021–22)



Source: IBISWorld, ABS

Figure 29: Sales employment (persons) (2021–22)



Source: IBISWorld, ABS

Table 3: Major players in Australia's red meat processing sector

Source: IBISWorld

Rank	Company	Employees
1	Industry Park Ltd (JBS Australia and Australian Consolidated Food Investment)	12,926
2	Teys Australia	4,265
3	Thomas Foods International	1,987
4	NH Foods Australia	1,375
5	Australian Country Choice (ACC)	1,250
6	Kilcoy Pastoral Company Limited	1,064
7	Northern Co-operative Meat Company (NCMC)	1,000

Rank	Company	Employees
8	Yolarno Pty Ltd (previously Bindaree Beef Group and Sanger)	900
9	Fletcher International Exports	808
10	Midfield Meat International	670
11	Western Australian Meat Marketing International Co-operative (WAMMCO)	414
12	Craig Mostyn Group	533
13	Nolan Meats Pty Ltd	352
14	Australian Agricultural Company Limited (AACo)	423
15	M C Herd Proprietary Limited	375

Industry employment is focused on rural and regional areas

- The majority (85%) of meat and livestock industry employees live in rural and regional areas. This contributes to national decentralisation by taking pressure off increasingly crowded capital cities. Capital cities experienced a 17% increase in population, or 2.5 million people, between 2011 and 2021. Populations in regional Australia also grew by 11%, or 832,000 people, over the same period.
- Just over 60% of meat processing employment and 95% of all beef cattle, sheep and feedlot production employment are located outside capital cities (2021).

Age profile of the workforce

- Compared to the total Australian workforce, the meat processing industry offers more employment opportunities to younger Australians, with 55% of workers under 40 years old (Figure 30) (2021). Across the total Australian population, 49% of employees are under 40 years old.
- Older Australians tend to dominate in the sheep and beef cattle production sectors, just as they do in the agriculture sector as a whole, with 53% of employees over the age of 55 (2021).

Education profile of the workforce

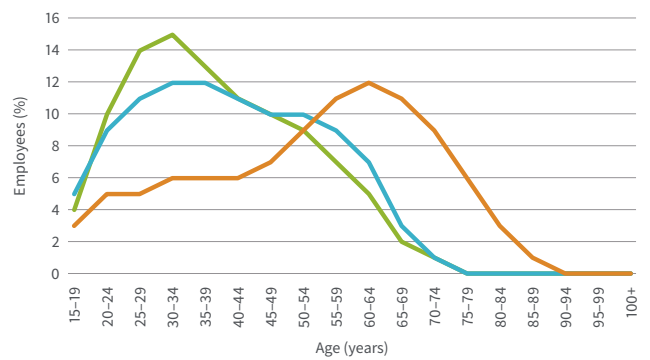
- In the red meat and livestock industry, both the livestock production and meat processing sectors offer most employment opportunities to those with practical and technical skills, rather than those with higher levels of formal education (associate degree or higher).
- In 2021, the highest level of education achieved by more than 60% of red meat and livestock employees was years 10, 11 and 12 or a certificate level; 14% of red meat and livestock employees held a bachelor degree or higher (Figure 31) (2021).



First Nations peoples employment

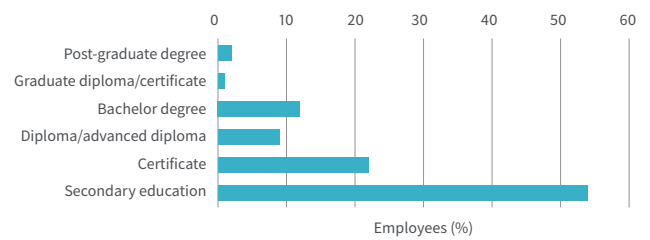
- Sheep, beef cattle, grain farms and cattle feedlots employ First Nations peoples at a similar rate to other industries.
- Of those directly employed in specialist beef or sheep farms, 1.6% identified as First Nations peoples in 2021 (Figure 32).
- For specialist cattle farms in the NT, First Nations peoples employment accounted for 8.8% of the total employment in 2021, while in north-west WA, it was 16.2% (Figure 32).
- First Nations peoples also comprised a higher proportion (3.1%) of the meat processing workforce than for Australian industries in general in 2021, at 2.1% (Figure 32) (2021).

Figure 30: Age profile of industry and Australian workers (2021)



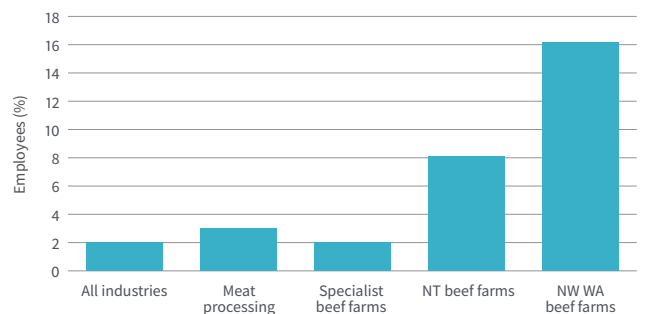
Source: ABS

Figure 31: Red meat sector education level (2021)



Source: ABS

Figure 32: First Nations peoples employment (2021)



Source: ABS

Number of businesses

In 2021–22, Australia had 74,413 red meat and livestock businesses, back 2% from 2020–21 and 7% below 2017–18 levels.

Trends over time

- The number of businesses within the red meat and livestock industry has generally declined in the last five years, peaking in 2019–20 before continuing a downwards trajectory through to its lowest figure in 10 years in 2021–22.
- The fall in red meat and livestock businesses since 2015 can be attributed to industry rationalisation through economies of scale, with a move to larger farms and fewer individual businesses in total.

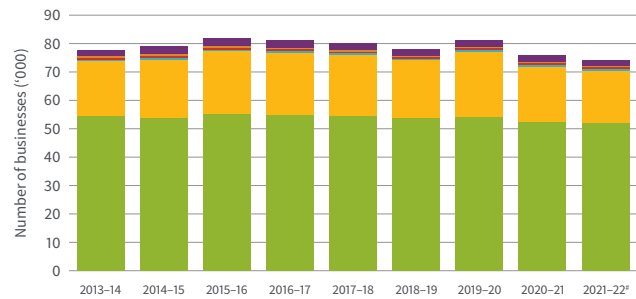
Composition by sub-sector

- In 2021–22 production (beef cattle, sheep farming and feedlots) accounted for 95.5% of all red meat and livestock businesses. Sales – which encompasses wholesale and retail – made up 3.5%.
- The processing sector grew the most at 3.7% year-on-year, whereas sheep farms fell 6.9% year-on-year (Figure 34) (EY, IBISWorld).

By state

- NSW had the largest number of red meat and livestock businesses in 2021–22 (19,639), accounting for 26% of all red meat and livestock businesses in Australia. This was followed by Victoria at just over 22% (16,433) and then Queensland also at 22% (16,403) (Figure 35) (EY, IBISWorld).
- In 2021–22, all states except the NT and WA experienced falls in the number of red meat businesses. In 2021–22, agricultural business numbers in the NT grew by 27.5%, while the number of WA businesses grew by 3.5% (EY, IBISWorld).

Figure 33: Red meat and livestock businesses across the supply chain*

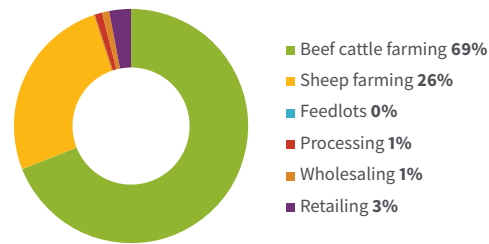


Source: EY, IBISWorld

*The contribution of live exports to industry turnover is represented in beef, sheep and mixed farming.

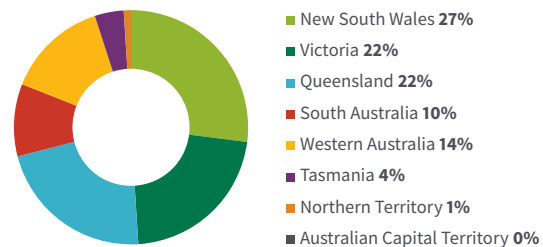
*In 2021–22 mixed farming outputs were disaggregated to their respective beef and sheep farming categories.

Figure 34: Business numbers by sub-sector (2021–22)



Source: EY, IBISWorld, ABS

Figure 35: Red meat and livestock business numbers by state (2021–22)



Source: EY, IBISWorld, ABS

Table 4: Number of businesses by sub-sector (2015–16 to 2021–22)

Source: EY, IBISWorld, ABS

Establishments	2015–16	2016–17	2017–18	2018–19	2019–20	2020–21	2021–22
Beef cattle farming	55,302	55,091	54,730	53,854	54,187	52,452	52,376
Sheep farming	22,140	21,970	21,517	20,418	23,238	19,687	18,323
Feedlots	395	395	394	393	392	386	383
Processing	713	644	686	742	758	732	759
Wholesaling	548	534	521	515	458	475	478
Retailing	2,710	2,694	2,200	2,133	2,350	2,176	2,093
Total	81,809	81,328	80,047	78,054	81,383	75,909	74,413

Exports

Red meat and livestock export value rose 17% year-on-year to total \$17.6 billion in 2021–22. However, this was still 10% lower than 2019–20 levels.

Trends over time

- Red meat and livestock exports (including co-products) increased 14% from 2017–18 to total \$17.6 billion in 2020–21. This was due to significant increases in international prices for beef, sheepmeat and associated products. Despite lower supplies due to Australia’s herd and flock rebuild over the period, average prices rose substantially and allowed for considerable increases in values.

Composition by sub-sector

- Australia’s red meat and livestock exports occur in three primary forms: meat, meat co-products and further processed products, and livestock.
- In 2021–22, the value of chilled and frozen meat accounted for nearly 85% of total meat and livestock exports at \$14.9 billion, with live sheep and cattle exports accounting for 7% at \$1.3 billion. Co-products and further processed exports accounted for the other 8%, valued at \$1.4 billion (Figure 36) (IBISWorld, IHS Markit).

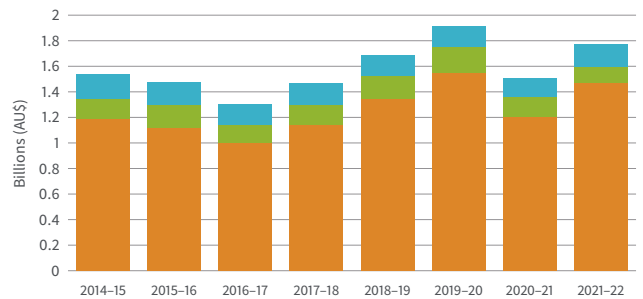
By state of production

- Of all Australian states and territories, Queensland continued to be the largest exporter of beef and veal in 2021–22, accounting for approximately 56% of Australia’s beef and veal export volumes (Figure 37) (EY, IBISWorld, ABS).
- Victoria is Australia’s largest sheepmeat exporter, accounting for approximately 43% of total sheepmeat exports. NSW is the second largest sheepmeat exporter, accounting for 29% of total exports (IBISWorld).
- The three mainland eastern states accounted for 85% of total red meat exports, followed by WA (7%), SA (4%) and Tasmania (3%) (IBISWorld).

Comparison to other industries

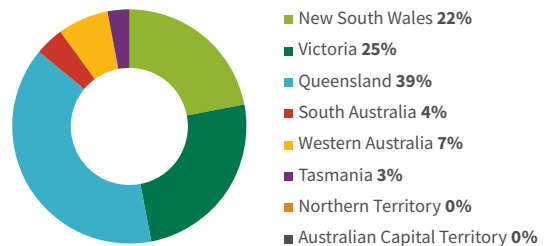
- In 2021–22, red meat and livestock exports accounted for approximately 3.3% of Australia’s key industry exports, valued at \$17.6 billion (Figure 38) (EY, IBISWorld, ABS).

Figure 36: Export value by category



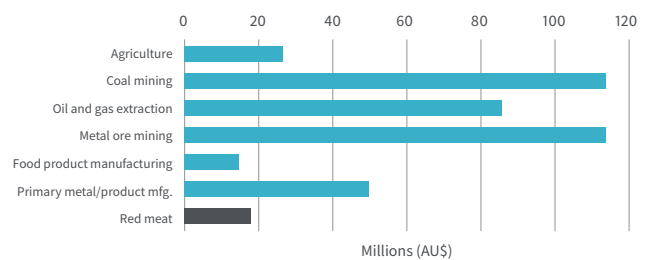
Source: IBISWorld, IHS Markit

Figure 37: Red meat export volume by state of production (2021–22)



Source: EY, IBISWorld, ABS

Figure 38: Red meat exports compared with other industries (2021–22)



Source: EY, IBISWorld, ABS



Species statistics and performance

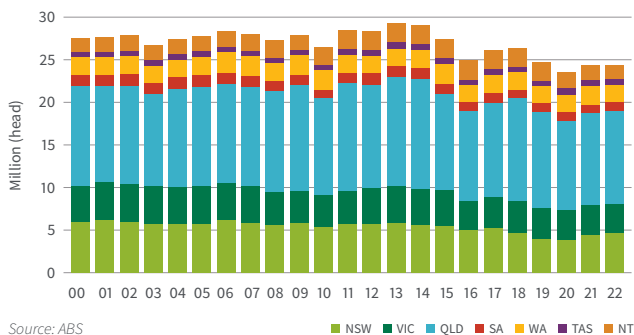
Beef cattle

- The Australian cattle herd sat at 24.4 million head on 30 June 2022, holding firm year-on-year after reaching its lowest level since 1990 in 2020–21 (**Figure 39**) (ABS).
- 91% of the herd consisted of beef cattle, while 9% were dairy cattle in 2021–22 (ABS).
- Queensland cattle accounted for 45% of the national herd in 2021–22, while NSW made up 19% and Victoria accounted for 14%. The NT and WA accounted for 7% and 8% respectively, while SA and Tasmania made up the remaining 4% and 3% respectively (**Figure 40**) (ABS).
- 53% of the beef herd were cows and heifers (aged one year and over) in 2020–21. These are the latest figures as ABS livestock category reporting has ceased (**Figure 41**) (ABS).

Feedlots

- The number of cattle on feed was reported at 1,158,240 head in the March quarter of 2023, a decrease of 9% on year-ago levels when there were record numbers on feed and 15% above the five-year average (**Figure 42**) (MLA/ALFA Feedlot Survey).
- National utilisation for the quarter was down by one percentage point to 74%, 10% back year-on-year, while capacity further increased to 1.6 million head (MLA/ALFA Feedlot Survey).
- There were 2.7 million grainfed cattle turned off in 2022, an easing of 1% on 2021 levels (**Figure 43**) (MLA/ALFA Feedlot Survey).
- Feedlot numbers grew in every state but Queensland, which fell 5% when compared to the December quarter of 2022. Victoria had the largest lift in numbers of 14,529 head or 29% quarter-on-quarter (MLA/ALFA Feedlot Survey).

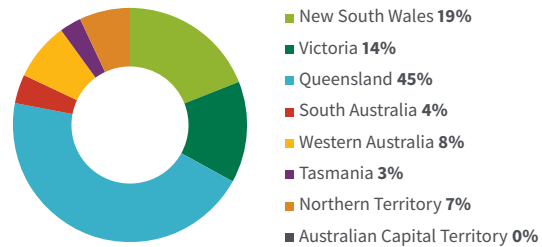
Figure 39: Australian cattle herd



Source: ABS

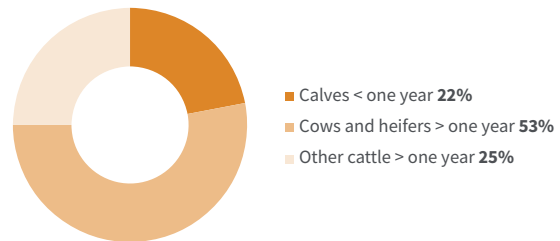
Queensland cattle accounted for 45% of the national herd in 2021–22, while NSW made up 19% and Victoria accounted for 14%.

Figure 40: Australian cattle herd by state (2022)



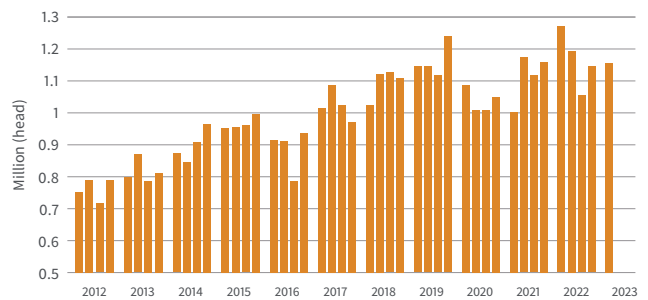
Source: ABS, Data as at June 2022

Figure 41: Australian beef cattle herd composition (2021)



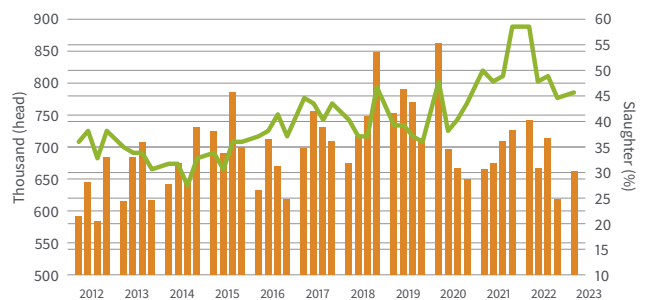
Source: ABS, Data as at June 2021

Figure 42: Australian cattle on feed



Source: MLA/ALFA Feedlot survey

Figure 43: Australian grainfed cattle turn-off



Source: MLA/ALFA Feedlot survey

Grainfed beef exports

- In 2022, grainfed beef exports accounted for 36% of Australia’s total beef export volumes, up 1% year-on-year (DAFF).
- Australia’s grainfed beef exports totalled 295,000 tonnes shipped weight (swt) in 2022, down 5% from the previous year (Figure 44) (DAFF).
- Japan continued to be Australia’s largest destination (in volume terms) for grainfed beef exports in 2022 (DAFF).
- Japan accounted for 40% of Australia’s total grainfed beef exports in 2022, followed by South Korea and China, both at 22% (DAFF).
- Compared with the five-year average, grainfed beef exports to Japan eased 9% in 2022, while exports to South Korea increased 12% and exports to China increased by 11% (DAFF).

Slaughter

- Adult cattle slaughter totalled 5.8 million head in 2022, down 3% year-on-year (Figure 45) (ABS). This was the lowest slaughter volume in 38 years.
- Female (cow and heifer) slaughter accounted for 43% of total adult cattle slaughter in 2022 (Figure 45) (ABS).
- In 2022, female slaughter totalled 2.5 million head, down 7.8% on year-ago levels, while male slaughter increased 1.4% to 3.3 million head (ABS). The retention of females during the rebuild kept the female slaughter rate low.

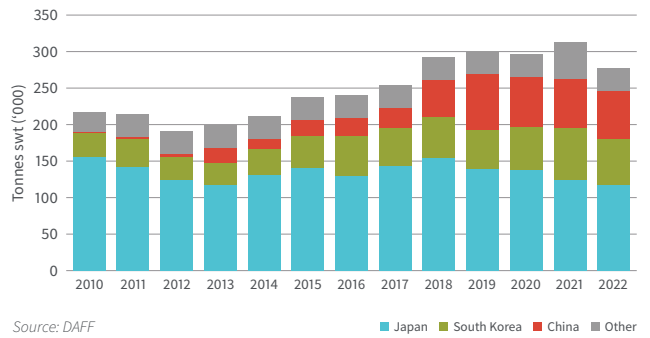
Carcase weight

- The national average adult carcase weight in 2022 was 319.66kg/head, up 2.1% on the previous year. This was supported by high male slaughter numbers (Figure 46) (ABS).

Production

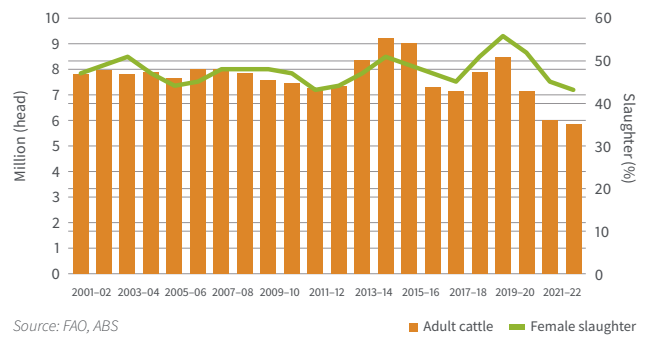
- In 2022, Australian beef and veal production totalled 1.9 million tonnes cwt, steady on year-ago levels (Figure 47) (ABS).
- Queensland accounted for 49% of total beef production in 2022, followed by NSW (21%), Victoria (19%), WA (5%), Tasmania (3%) and SA (2%) (ABS).

Figure 44: Australian grainfed beef exports



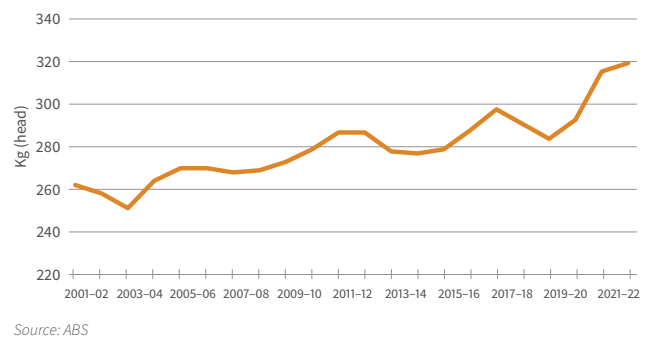
Source: DAFF

Figure 45: Australian adult cattle slaughter



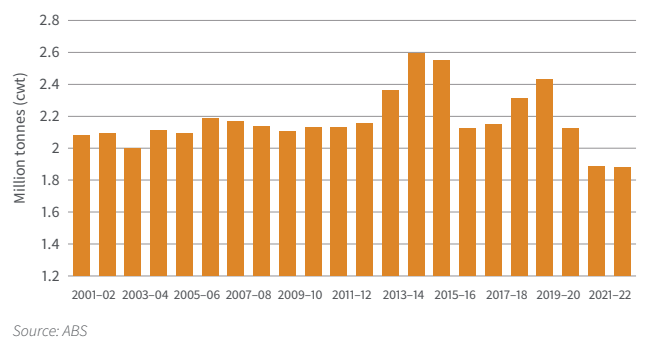
Source: FAO, ABS

Figure 46: Australian average adult cattle carcase weight



Source: ABS

Figure 47: Australian beef and veal production



Source: ABS



Beef exports

- In 2022, Australian beef and veal exports totalled 855,000 tonnes swt, down 4% year-on-year (**Figure 48**) (DAFF).
- Japan remained Australia's largest beef export market (in volume terms) in 2022, totalling 214,000 tonnes swt (**Figure 49**) (DAFF).
- Japan's market share of Australian beef exports in 2022 was 25%, followed by South Korea (19%) and China (18%) (DAFF).
- The value of Australian beef exports was \$10.4 billion in 2022, an increase of 13% year-on-year (**Figure 48**) (IHS Markit).

Live cattle exports

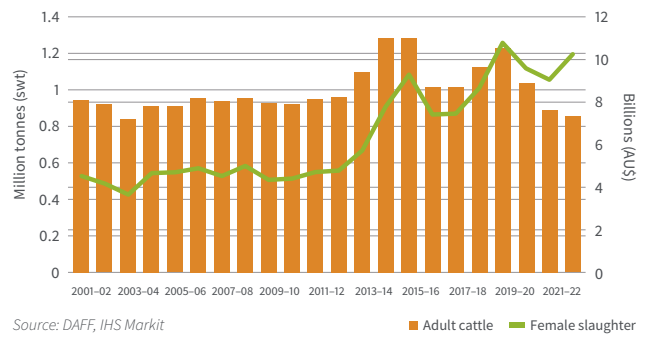
- Live cattle exports totalled 600,084 head in 2022, down 22% from 2021 (**Figure 50**) (DAFF, ABS).
- In 2022, feeder and slaughter cattle accounted for 74% of Australia's live cattle exports, followed by breeders at 26% (DAFF, ABS).
- Indonesia was Australia's largest market for live cattle exports in 2022 (56%), followed by China (23%) and Vietnam (10%) (DAFF, ABS).

Saleyard prices

- The national feeder steer saleyard indicator saw an 8% year-on-year increase to average 521.66¢/kg liveweight (lwt) in 2022 (**Figure 51**) – 8% above the five-year average (MLA NLRS).
- The national heavy steer saleyard indicator averaged 433.22¢/kg lwt, 6% higher than the previous year and 24% above the five-year average (MLA NLRS).
- The national processor cow saleyard indicator increased 7% year-on-year to average 351.21¢/kg lwt in 2022, 30% above the five-year average. This indicator reached a record on 25 October 2022 at 382.95¢/kg lwt (MLA NLRS).
- The Eastern Young Cattle Indicator (EYCI) averaged 1,047.26¢/kg cwt in 2022, 39% above the five-year average and 70% above the 10-year average. The indicator reached a record on 24 January 2022 at 1,191.52¢/kg cwt but eased in price throughout the year and into 2023 (MLA NLRS).

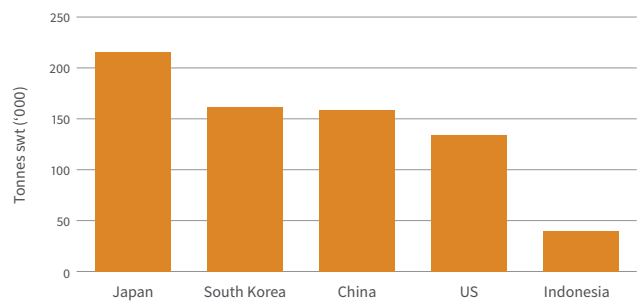


Figure 48: Australian beef and veal export volume and value



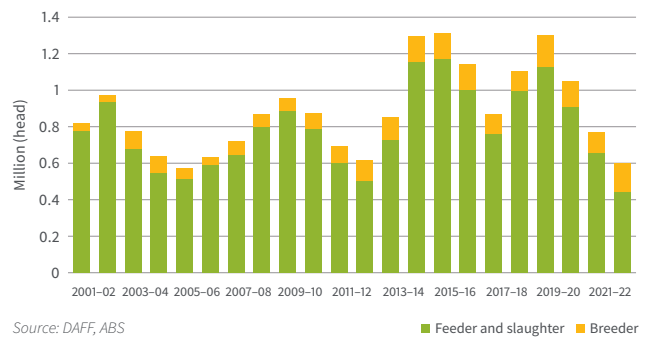
Source: DAFF, IHS Markit

Figure 49: Australia's top five beef export markets (2022)



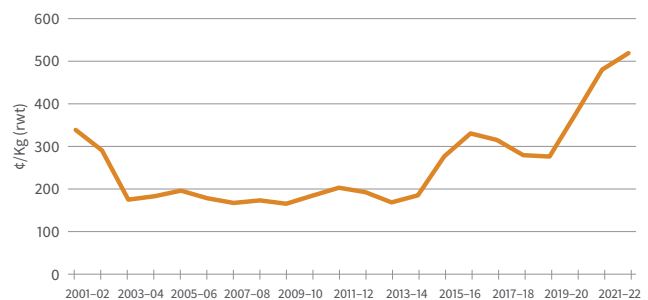
Source: DAFF

Figure 50: Australian live cattle exports



Source: DAFF, ABS

Figure 51: National feeder steer saleyard indicator

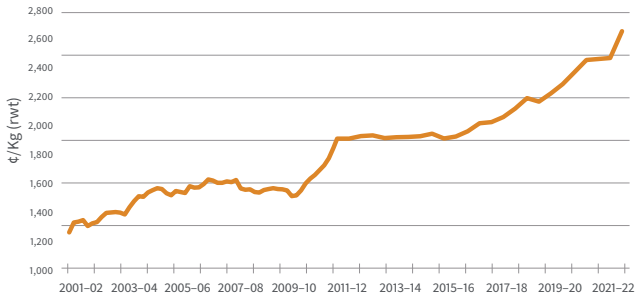


Source: ABS, MLA calculations

Retail price

- The national beef retail price indicator averaged 2,522¢/kg retail weight (rwt)⁵ in 2021–22, 7% higher year-on-year (Figure 52) (ABS, MLA calculations).

Figure 52: National beef retail price indicator

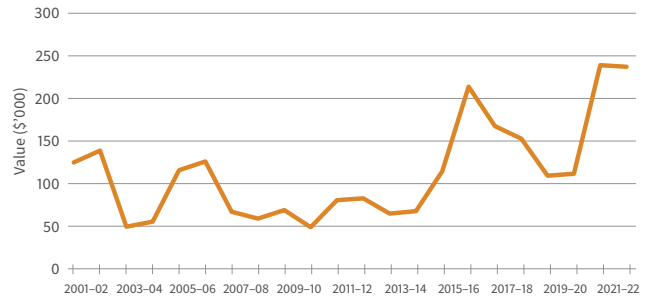


Source: MLA NLRS

Farm financial performance

- Continued favourable seasonal conditions saw the retention of stock on-farm and higher cattle prices in 2021–22. Grain prices remained high which increased input costs.
- The average farm cash income of Australian beef producers⁶ was estimated to be \$238,000 in 2021–22, a slight decrease on year-ago levels (in real terms) (Figure 53) (ABARES).
- The average rate of return (excluding capital appreciation) of Australian beef cattle farms remained at 2% in 2021–22 (ABARES).

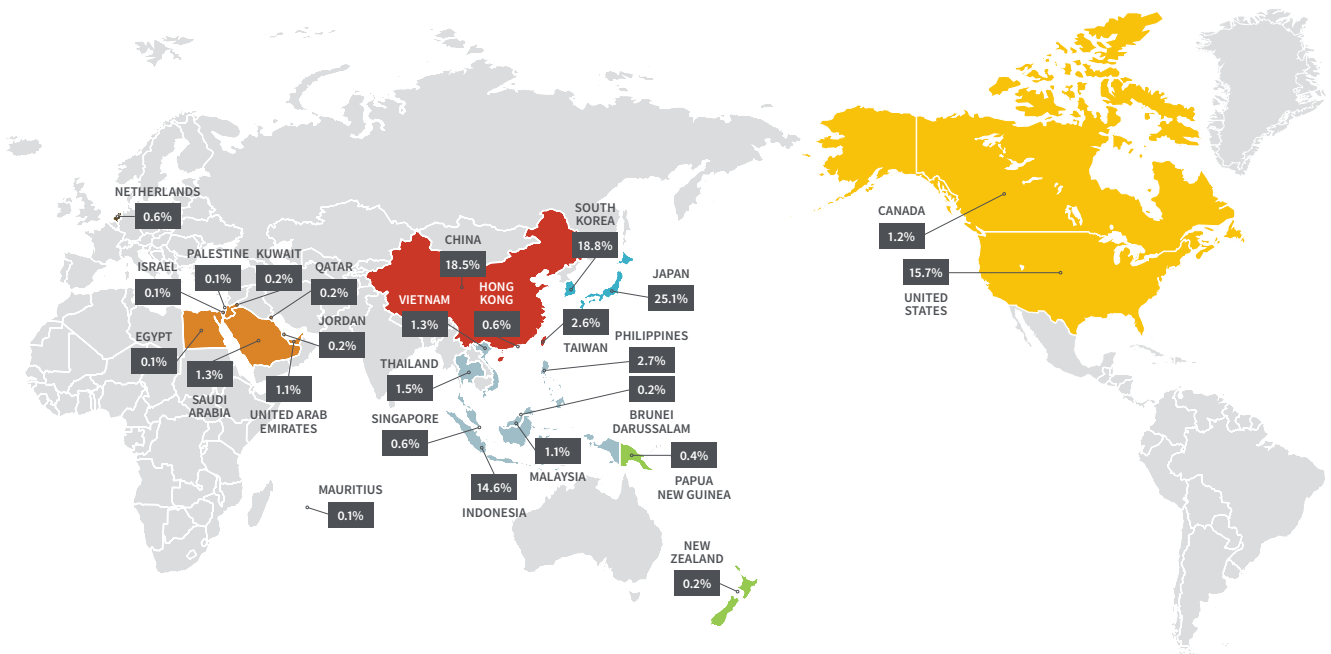
Figure 53: National average beef farm cash income



Source: ABARES

Figure 54: Australian beef exports by volume (2022)

In 2022, Australia’s top three beef export destinations (in volume terms) were Japan (214,306 tonnes swt, or 25.1% of total exports), South Korea (160,725 tonnes swt, or 18.8% of total exports) and China (158,086 tonnes swt, or 18.5% of total exports).



⁵ Retail price indicators are estimated by indexing forward from actual average prices of beef, lamb and pork during the December quarter 1973, based on meat sub-category indexes of the consumer price index. These indexes are based on average retail prices of selected cuts (weighted by expenditure) in state capitals.

⁶ The ABARES Australian Agricultural and Grazing Industries Survey includes beef producers with at least 100 head of beef cattle on hand at 30 June.

Sheep

National sheep flock

- The national sheep flock was comprised of 70.23 million head⁷ on 30 June 2022, a 3% lift on year-ago levels (Figure 55) (ABS).
- Most of Australia's sheep population was located in NSW (39%), Victoria (21%), WA (18%) and SA (15%). Tasmania and Queensland accounted for 3% and 4% respectively (Figure 56) (ABS).
- Breeding ewes (aged one year and over) accounted for 55% of the national flock, while lambs under one year made up 33% in 2021. These are the latest figures from ABS as reporting has now ceased (Figure 57) (ABS).
- The May 2023 Sheep Producer Intentions survey, run by MLA and Australian Wool Innovation, indicated that there are 46.1 million breeding ewes (64% Merino, 14% first cross, 12% prime lamb) and 26.8 million lambs (40% Merino, 35% prime lamb, 15% first cross).

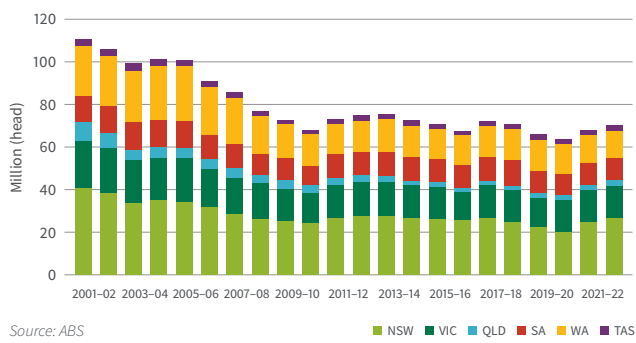
Slaughter

- In 2022, national lamb slaughter totalled 21.4 million head, 3% up year-on-year, firm on the five-year average but 2.4% below the ten-year average (Figure 58) (ABS).
- Sheep slaughter totalled 6.6 million head, up 14% from the previous year but 11% below the five-year average (Figure 58) (ABS).

Carcase weights

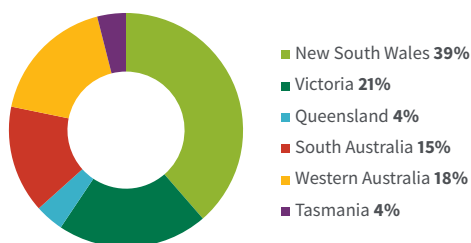
- National lamb carcase weights averaged 24.97kg/head in 2022, up 2% year-on-year and 4% higher than the five-year average (Figure 59) (ABS).
- Sheep carcase weights decreased 2% from 2021 to 25.99kg/head but were still 3% above the five-year average (Figure 59) (ABS).

Figure 55: Australian sheep flock



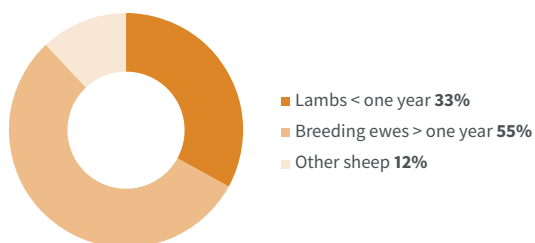
Source: ABS

Figure 56: Australian sheep flock by state (2022)



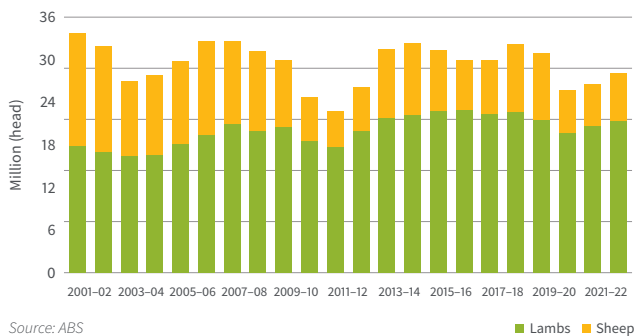
Source: ABS, Data as at June 2022

Figure 57: Australian sheep flock composition (2021)



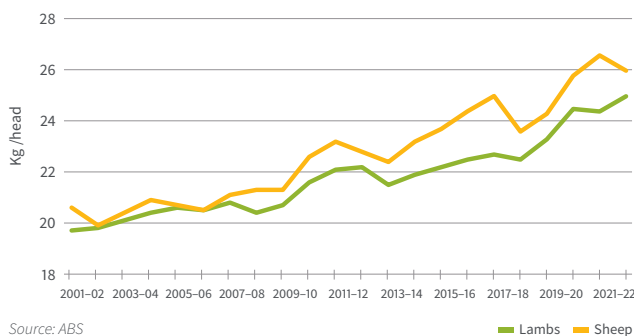
Source: ABS, Data as at June 2021

Figure 58: Australian sheep and lamb slaughter



Source: ABS

Figure 59: Australian average sheep and lamb carcase weights



Source: ABS

⁷ Please note, in 2015-16 the ABS survey structure changed which removed small farm businesses (estimated value of agricultural operations <\$40,000) from livestock populations. This change has meant some livestock previously included in the survey are now excluded. For the purpose of this report, official ABS data has been used.

Production

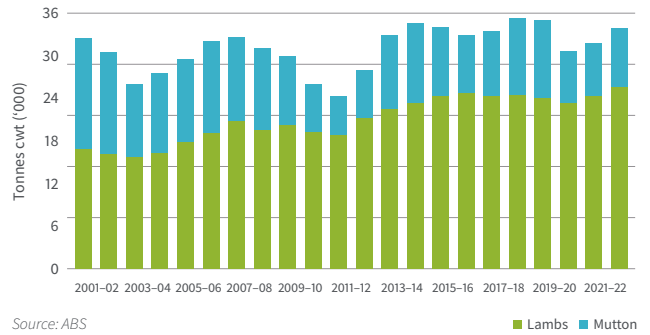
- In 2022, lamb production in Australia totalled 534,235 tonnes cwt, 5% above year-ago levels. A record level of production which was supported by strong carcase weights (**Figure 60**) (ABS).
- Mutton production increased 11% year-on-year, totalling 172,670 tonnes cwt, 8% below the five-year average (**Figure 60**) (ABS).
- Total sheepmeat production (lamb and mutton) was 706,905 tonnes cwt in 2022, 7% above year-ago levels (ABS).

Sheepmeat exports

- In 2022, Australian lamb exports totalled 284,257 tonnes swt, the highest on record and 7% above 2021 (**Figure 61**) (DAFF).
- The US remained Australia’s largest lamb export destination in 2022 (in volume terms), at 75,452 tonnes swt, followed by China at 52,151 tonnes swt (**Figure 62**) (DAFF).
- Exports to South Korea saw a 60% increase year-on-year to 22,901 tonnes swt, becoming the third largest export destination for Australian lamb.
- Australian mutton exports were 144,005 tonnes swt in 2022, up 2% year-on-year and down 9% on the five-year average (**Figure 61**) (DAFF).
- Mutton exports to China (in volume terms) were 57,246 tonnes swt, flat from last year (**Figure 63**) (DAFF).
- The other key export destinations for Australian mutton were Malaysia (18,046 tonnes) and the US (17,555 tonnes swt) (**Figure 63**) (DAFF).
- The value of Australian sheepmeat (lamb and mutton) exports in 2022 was \$4.6 billion, up 14% from the previous year (IHS Markit).

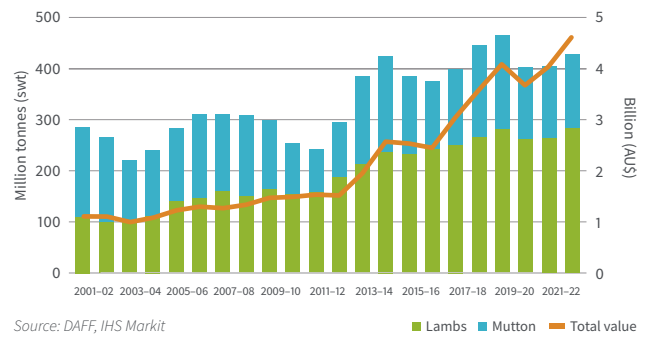


Figure 60: Australian sheepmeat production



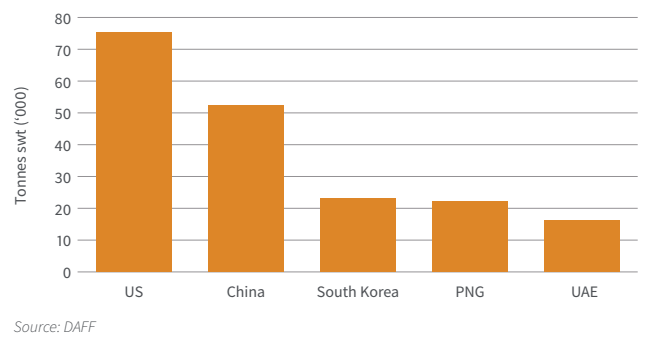
Source: ABS

Figure 61: Australian sheepmeat export volume and value



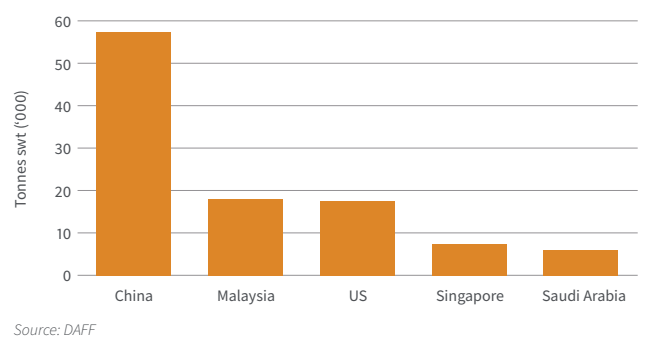
Source: DAFF, IHS Markit

Figure 62: Australia’s top five lamb export markets (2022)



Source: DAFF

Figure 63: Australia’s top five mutton export markets (2022)



Source: DAFF

Live sheep exports

- In 2022, Australian live sheep exports totalled 502,758 head, down 13% on the previous year (Figure 64) (ABS, DAFF).
- Kuwait remained Australia’s largest destination for live sheep exports in 2022, accounting for 58% of exports, followed by Israel at 14% (DAFF).

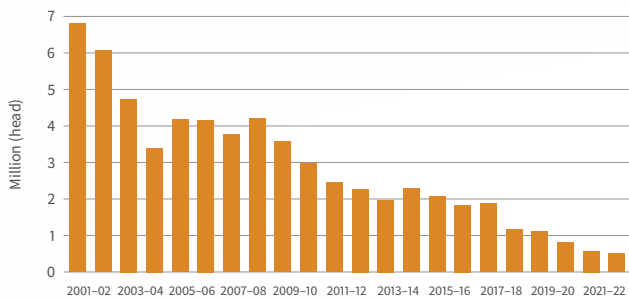
Saleyard prices

- The national trade lamb saleyard indicator averaged 779.36¢/kg cwt in 2022 (Figure 65), 10% below the previous year and in line with the five-year average (MLA NLRS).
- In 2022, the national mutton saleyard indicator decreased 17% year-on-year to 520.13¢/kg cwt, 4% below the five-year average (MLA NLRS).

Retail prices

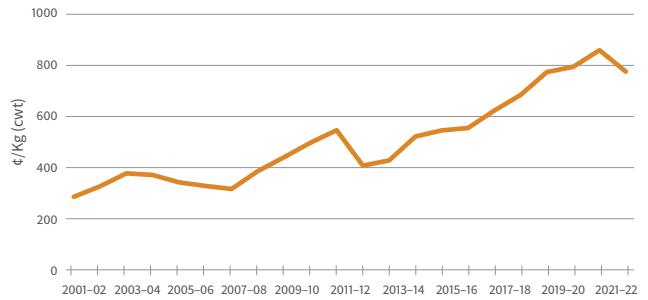
- The average lamb retail price indicator was estimated at 1,882¢/kg rwt⁸ in 2021–22, up 3% year-on-year (Figure 66) (ABS, MLA calculations).

Figure 64: Australian live sheep exports



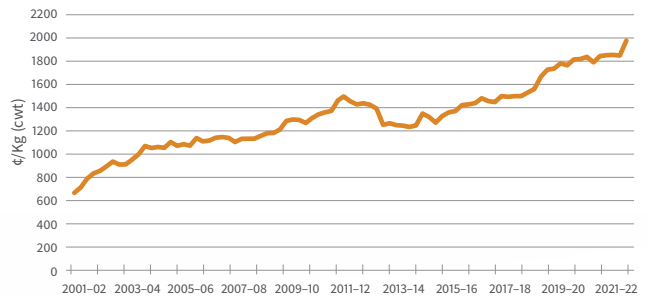
Source: DAFF

Figure 65: National trade lamb saleyard indicator



Source: MLA NLRS

Figure 66: National lamb retail price indicator



Source: MLA NLRS

⁸ Retail price indicators are estimated by indexing forward from actual average prices of beef, lamb and pork during the December quarter 1973, based on meat sub-category indexes of the consumer price index. These indexes are based on average retail prices of selected cuts (weighted by expenditure) in state capitals.

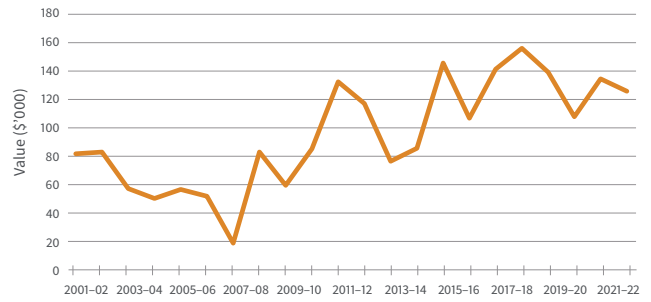
⁹ The ABARES Australian Agricultural and Grazing Industries Survey includes producers that sold at least 200 lambs for slaughter.



Farm financial performance

- The average farm cash income of Australian slaughter lamb producers⁹ was estimated at \$126,100 in 2021–22, back 6% year-on-year (in real terms) (Figure 67) (ABARES).
- The average rate of return (excluding capital appreciation) of Australian sheep producing farms remained at 1% in 2021–22 (ABARES).
- The reduced cash income for 2021–22 and steady rate of return in recent years has been driven by strong rises in sheep and lamb prices, and a decline in throughput as the national flock rebuild occurred.

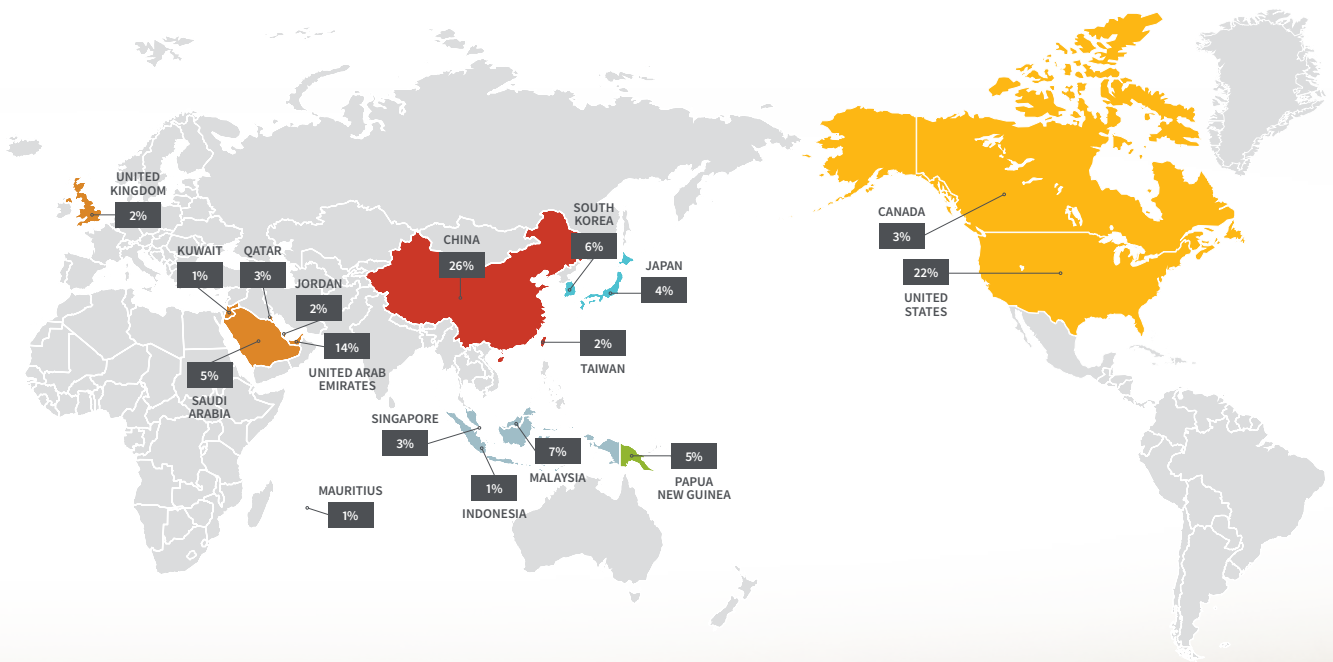
Figure 67: National average sheep farm cash income



Source: ABARES

Figure 68: Australian sheepmeat exports by volume (2022)

In 2022, Australia’s top three sheepmeat (lamb and mutton) export markets were China (109,397 tonnes swt, or 26% of total exports), the US (93,008 tonnes swt, or 22% of total exports), and the Middle East (58,976 tonnes swt, or 14% of total exports).



Goat

Slaughter

- Australian goat slaughter totalled 1,671,611 head in 2022, up 38% year-on-year and 19% above the five-year average (Figure 69) (ABS).
- In 2022, goat slaughter in Victoria made up 56% at 933,496 head, while Queensland made up 27% to 455,309 head, SA made up 14% to 235,046 head, NSW 2% or 30,367 head and WA at 1% to 17,279 head, an increase of 18% year-on-year for the state (Figure 70) (ABS).

Carcase weights

- Australian goat carcase weights averaged 16.9kg/head in 2022, holding steady year-on-year (ABS).

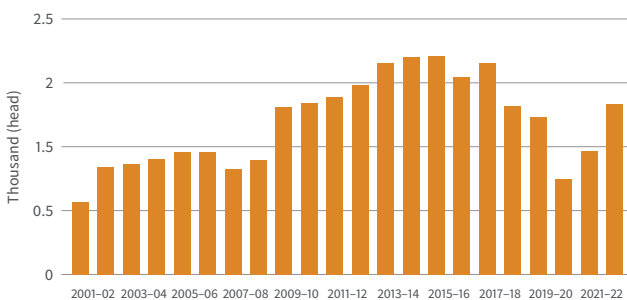
Production

- Goatmeat production increased 38% to 28,463 tonnes cwt in 2022 (Figure 71) (ABS).

Goatmeat exports

- Australian goatmeat exports totalled 21,831 tonnes swt in 2022, up 15% on the year prior (Figure 72) (DAFF).
- The US remains the largest destination for goatmeat, accounting for 57% of exports or 12,505 tonnes swt in 2022 (Figure 73) (DAFF). US market share declined from 70% in 2021 as exports to other markets increased. South Korea remained Australia's second largest export market for goatmeat in 2022, taking 17%, or 3,757 tonnes swt in 2022 (Figure 73) (DAFF). In 2020 South Korea only accounted for around 8% of Australian goatmeat export market share.

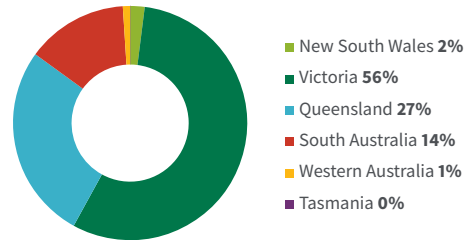
Figure 69: Australian goat slaughter



Source: DAFF

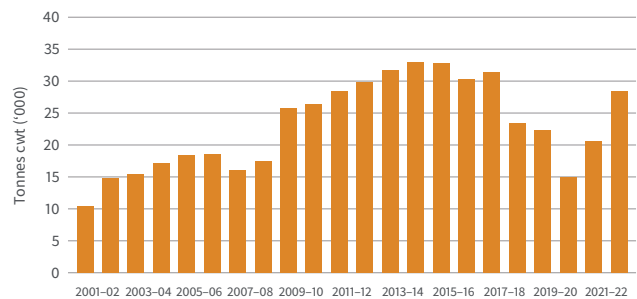
Australian goat slaughter totalled 1,671,611 head in 2022, up 38% year-on-year and 19% above the five-year average.

Figure 70: Australian goat slaughter by state (2022)



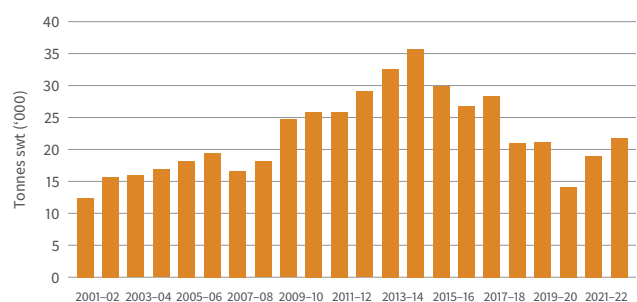
Source: ABS, Data as at June 2022

Figure 71: Australian goatmeat production



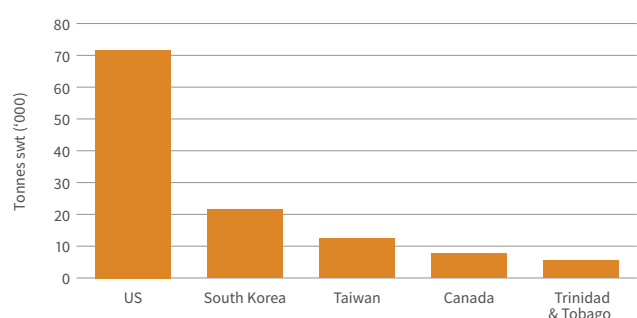
Source: DAFF

Figure 72: Australian goatmeat export volumes



Source: DAFF

Figure 73: Australia's top five goatmeat export markets (2021)



Source: DAFF

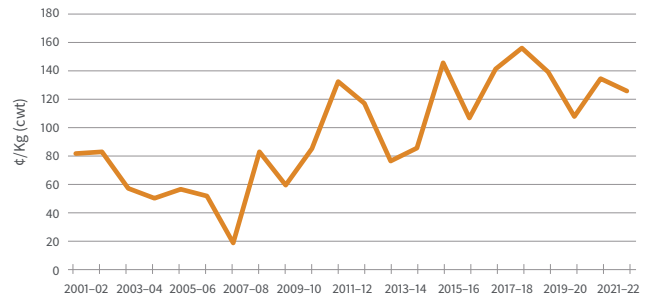
Live goat exports

- In 2022, Australian live goat exports fell 60% to 4,869 head. Exports to Malaysia, normally the largest live goat export market, have shifted towards live sheep and sheepmeat, impacting goat export volumes (DAFF, ABS).

Over-the-hooks indicators

- Goat eastern states over-the-hooks indicators (12–16kg cwt) between April and December 2022 averaged 858¢/kg cwt, a decrease of 12% from the previous year (Figure 74) (MLA NLRS).

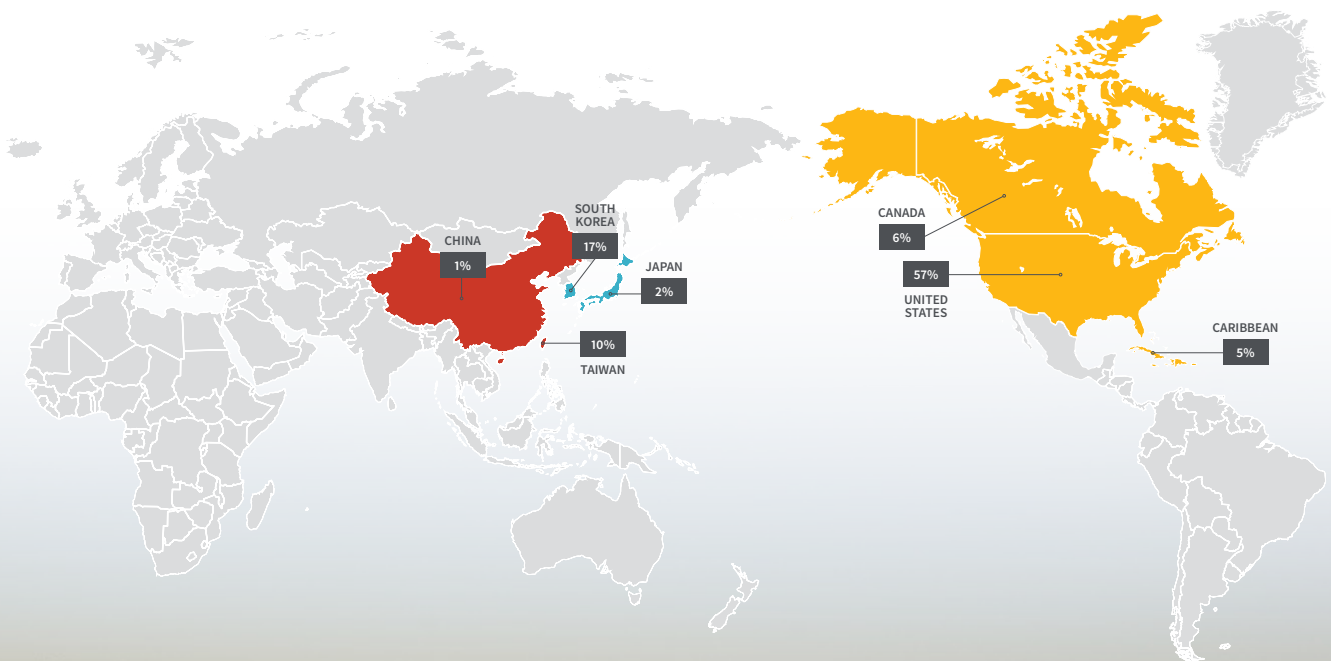
Figure 74: Eastern states over-the-hooks goat indicator (12–16kg)



Source: ABARES

Figure 75: Australian goatmeat exports by volume (2022)

In 2022, Australia’s top three goatmeat export destinations (in volume terms) were the US (12,505 tonnes swt, or 57% of total exports), South Korea (3,756 tonnes swt, or 17% of total exports) and Taiwan (2,149 tonnes swt, or 10% of total exports).



Key issue snapshots

What on-farm capital investments have been made?

Over the past three years many regions in Australia have experienced high commodity prices and favourable seasons, resulting in a significant reinvestment of profits. As interest rates have increased to levels not experienced for over a decade, red meat producers are focusing more on within-business capital investments, as opposed to additional land purchases, to further drive internal farm business profitability.

Opportunities are being sought to increase profitability through increased production and efficiencies. These can broadly be attributed to investments in feedbase and natural capital, genetics, infrastructure, and technology that contribute reductions in direct costs, overhead costs and/or increases in production.

Feedbase management

As the key driver of a grazing business, investments in feedbase offer significant potential to producers. In addition to increased productivity per hectare of land managed, investments in feedbase allow producers to better manage variations in weather patterns and enhance subsoil moisture retention.

There is considerable variety in the type and scope of investment made, dependent on individual circumstance. On some properties, cultivating legumes on grazing country has proven to be effective in managing pasture dieback, while judicious fertiliser use has been used to increase stocking rates in others. At one MLA Producer Demonstration Site in central Victoria, establishing a fescue pasture increased dry sheep equivalent per hectare (DSE/ha) from seven to fifteen over three years.

The common thread among them is the prudent management of land to increase productivity without capital investment in additional land. Given the lower initial capital requirements, this allows producers to repay debt faster and reduce exposure to unusually high interest rates.

For more information visit mla.com.au/glm

Genetics

Investment in genetics, both at an individual and an industry-wide level, has been a powerful tool for Australian beef, sheep and lamb producers. Increased adoption of genetic evaluation systems like BREEDPLAN, LAMBPLAN and MERINOSELECT, alongside growing use of genomic testing, has allowed producers to increase fertility, feed conversion efficiency and ease calving and lambing.

In particular, adoption of genetic and genomic products among seedstock producers has allowed genetic improvements to flow through to commercial producers and has improved the quality of the herd as a whole.

According to the 2022 *Genetic Insights Report*, 76% of seedstock cattle producers were users of genetic evaluation services, and 70% were users of genomic products. The same report found that 56% of seedstock sheep producers were members of the Sheep Genetics national breeding evaluation service, and 43% were users of genomic products.

Satisfaction in genetic gains over the past ten years is high; 84% of cattle producers and 80% of sheep producers rated themselves as either 'very satisfied' or 'fairly satisfied'. This suggests that increased adoption of genetic tools has improved outcomes on-farm, increasing the productivity of the industry as a whole.

For more information visit mla.com.au/lgen2205

Infrastructure and technology

In extensive pastoral operations, on-farm investment can often focus on improving the utilisation of land by domestic livestock, increasing labour efficiencies and the ability to manage animals on an individual basis. This may include:

- water infrastructure providing stock access to underutilised areas of the property
- fencing to manage non-domestic grazers
- remote water monitoring technologies to reduce labour requirements
- individual identification and remote monitoring of animals to assess performance and inform management decisions.

These investments allow producers to increase land and labour productivity, increasing gross margin ratios and pushing further down the cost curve; essentially, reducing costs relative to international competitors. Alongside increasing profitability generally, this can minimise risk through reducing exposure to volatile cost inputs, allowing producers to better manage expenditure and plan future investment with more certainty.

Taken together, investments being made on-farm can increase producer profitability without purchasing additional land.

A sample of Western NSW producers participating in the Rangelands Living Skin project were able to achieve a gross margin ratio of 67.8% through judicious investments in land management, in the top 20% of producers in Western NSW.

Table 5: Rangelands Living Skin economic benchmarking KPIs

Key performance indicator (definition)	Participant average	Western NSW top 20%	Southern Australia top 20%	Target benchmark
Return on assets %	7.8%	5%	6.2%	>8%
Asset turnover ratio %	14.8%	12%	12.9%	>12%
Overhead ration %	29.8%	38%	35.0%	<35%
Gross margin ratio %	67.8%	66%	70.0%	>65%
Plant ratio %	17%	46%	36.7%	<30%

More information visit rcaustralia.com.au/profitable-rangeland-landscapes

How are biosecurity threats increasing the need for on-farm biosecurity and traceability?

In 2022, outbreaks of foot-and-mouth disease (FMD) and lumpy skin disease (LSD) in Indonesia triggered a proactive response from the red meat industry and government. A host of prevention and preparedness activities were undertaken to avoid an incursion of FMD, which would have an estimated direct economic impact to Australia over 10 years of around \$80 billion¹⁰.

Initial efforts were focused on strengthening Australia's border controls, including sanitising foot mats and shoe cleaning at international airports and cruise ship ports, running preparedness simulations and awareness campaigns, and supporting Indonesia with vaccines, resources, and funding to control the outbreaks and prevent the disease from reaching Australia.

Australia provided a \$14 million assistance package to reduce the risk of FMD spreading from Bali to Australia which includes increased detection and protection in Australia and one million vaccines for the Indonesian cattle industry.

The industry committed to strengthening biosecurity by enhancing livestock traceability. Traceability, in the event of an emergency animal disease (EAD) outbreak, is critical to prevent the spread of disease and limit the duration of trade disruptions. Industry supported the decision to mandate electronic identification (eID) of sheep and goats nationally under the National Livestock Identification System (NLIS) and re-building and enhancing the NLIS database. There has been continued adoption of the Livestock Production Assurance (LPA) program's electronic National Vendor Declarations (eNVDs) which provide real time data on livestock movements. With the recent launch

of the eNVD mobile application, the red meat supply chain now has access to an end-to-end digital solution for livestock consignments, further improving the timeliness and accuracy of livestock consignment data, regardless of connectivity.

Biosecurity awareness and education have been ongoing, with a focus on biosecurity management plans. These encompass the steps to protect livestock and property, prepare for an incursion and raise awareness of what to do in the event an EAD outbreak occurs. Producers have access to a variety of management plans, tools, resources and education programs which are freely available to assist in understanding and implementing effective biosecurity practices.

Livestock producers play an integral role in ensuring on-farm biosecurity practices are implemented to reduce biosecurity risks. As part of the LPA program, all accredited producers must have a documented and implemented biosecurity plan. In 2022, the audits conducted by the LPA Program showed 80% of producers had a biosecurity plan in place. Commitment and action to reach 100% compliance with the LPA biosecurity requirements, along with ensuring the quality and effectiveness of all biosecurity plans is now the focus for industry.

For more information visit mla.com.au/biosecurity

¹⁰ Department of Agriculture Forestry and Fisheries: agriculture.gov.au/abares/research-topics/biosecurity/biosecurity-economics/fmd-update-of-2013-estimate



What is happening with generational change in the red meat industry?

The red meat industry is experiencing labour shortages, an ageing workforce and growing demand for skilled workers.

The workforce is complex as it includes primary production, processing and service provision. However, across the supply chain there are some common barriers for new entrants which can be broadly categorised into:

- workforce attraction and education pathways
- agri-‘culture’
- structural issues.

Workforce attraction and education pathways

There is a feeling within industry that there is a general lack of awareness of the career opportunities in the sector and a disconnect from the metropolitan population. Gaps in education are also an issue, especially access to regionally-based providers and relevant vocational training.

Although initiatives have been established to promote agricultural careers in public forums and schools, a recent report for Primary Industries Education Foundation Australia suggests that further work is required to increase their impact.¹¹

The lack of regional education opportunities is a barrier when trying to fill rural positions. According to the Australian Council of Deans of Agriculture, graduates are more likely to take regional roles if they originate from and become educated in those regions, but approximately half the participants in agricultural degrees attend a university in a metropolitan area.

Further, the lack of formalised vocational education training in agriculture, including apprenticeships, limits the ability to engage with students who may be looking for a career that does not require traditional tertiary education (Pratley et al.).¹²

Anecdotally, graduates have also commented that connecting with prospective employers can be difficult. Although there are specialised online job platforms and recruitment agencies working in this space, many employers and employees still prefer to connect by word-of-mouth.

The average age of sheep and cattle farmers in Australia is 65, showing the increasingly ageing labour force and lack of new participants.

Agri-‘culture’

While agriculture offers increasingly diverse and professional career opportunities, this is not necessarily reflected in public perceptions of the industry.

When prospective employees were surveyed about careers in agriculture, some expressed concern about the physicality of work, the safety of working with large animals and machinery, working conditions, and the extra workload with early starts and long hours.

Survey feedback also suggests that some women and people from diverse backgrounds are not confident that agricultural environments are an inclusive or safe space for them.

Women are underrepresented in the red meat workforce and senior positions when compared to the national workforce (Jobs and Skills Australia).¹³ However, the good news is that perceptions have been found to be shifting, with 63% of people in meat industries believing there has been a push to make opportunities for women more visible (Meat Business Women).¹⁴

Structural issues

The barriers to attracting an agricultural workforce go hand-in-hand with many of the issues experienced across regional Australia. There is often competition with other industries for staff in these areas, where the population is simply not big enough to meet demand – exacerbated by low unemployment rates. In particular, competition with the mining and construction industries has placed pressure on labour supply for agriculture.

Some employers have been known to attract staff by providing housing, vehicles, childcare and other services for themselves and their families.



¹¹ Bray, H. & Cay, B. (2023). ‘Room to Grow – Challenges for the future of food and fibre education in Australia’ piefa.edu.au/wp-content/uploads/2022/10/room_to_grow_portrait3.0.pdf

¹² Pratley, J. et al. ‘The employer of choice or a sector without a workforce?’ Australian Farm Insite p.32–42 acda.edu.au/resources/FPI_Winter_2022_Pratley.et.al-DRAFT.pdf

¹³ Jobs and Skills Australia (accessed May 2023) labourmarketinsights.gov.au

¹⁴ Meat Business Women ‘Inspire, Network, Grow: Gender Representation in the Meat Industry 2023’ (2023) meatbusinesswomen.org/wp-content/uploads/2023/05/MBW_GENDER_REP23_FINAL.pdf

What movements are occurring in the international supply and demand for red meat?

Demand for red meat is projected to grow faster than supply for the foreseeable future, as emerging markets continue to grow and the number of households able to afford high quality animal protein rises. At the same time, supply is expected to contract in the United States (US), a key beef exporter and market for Australian red meat, leaving a supply gap that expanding Australian production will be uniquely positioned to fill.

US

American beef production has begun to decline after years of drought. The American cattle herd has shrunk by 5.5 million head from its most recent peak in 2019, down to 89 million head overall. Destocking of the beef cow herd has contributed to this decline, with numbers at 29 million head, the lowest figure since 1962.

The US cattle herd is one of the largest in the world, and the nation is the largest producer and consumer of beef by a substantial margin. Additionally, as both a major importer and exporter, shifts in American production are felt in the international market. Consumption tends to stay relatively consistent regardless of production, meaning that when production falls, imports rise and exports fall to meet demand.

The US is Australia's major competitor in South Korea and Japan and is the only other major exporter that extensively utilises feedlots and can provide grainfed beef to export markets. As such, declines in American beef production will reduce protein supply in the market niches where Australian beef and lamb is more heavily concentrated.

South-East Asia

US supply constriction is occurring while demand is growing in key emerging markets, which Australia is well-placed to capitalise on.

Protein consumption is generally defined by household income; as incomes increase, so too does consumption. As such, the rapid growth of emerging market economies presents an opportunity in and of itself, as the number of households

making over US\$35k/year in disposable income globally is forecast to grow from 350 million in 2022 to 470 million in 2027.¹⁴

This is especially true in South-East Asia, a region that is rapidly growing and where Australia already enjoys strong trading relationships. Excluding Singapore (already a highly developed economy), the number of households earning US\$35k/year in disposable income has increased by 78% in the past five years and is forecast to grow another 63% over the next five years.

Australia already exports substantial amounts of red meat and livestock into the region and is well-placed to deliver more as demand rises. In 2022, South-East Asia was the destination for over 14% of Australia's red meat exports, a new record even as overall exports fell substantially.

Indonesia is Australia's largest market for live cattle and offal, while Malaysia is Australia's third largest market for mutton, and the Philippines is Australia's fifth largest beef trimmings market. Although still small, Australia is well positioned in the premium imported beef market; in 2021 Australian exports had an 83% market share for South-East Asian chilled beef.

As the US herd rebuild constricts supply, Australian red meat will be well-placed to supply Australia's traditional markets and build a strong presence in South-East Asia as it continues its upwards trajectory.

For more information visit mla.com.au/international-markets

¹⁴ Fitch Solutions, MLA



What differentiates Australian red meat production in an international market?

Australian red meat holds a prominent position globally, with distinct attributes that set it apart from other global protein competitors. The diverse range of products cater to a wide customer base and consumer preferences, from highly marbled grainfed beef to grassfed lamb and goatmeat. This range ensures that Australian producers can meet every customer's needs.

The Australian red meat industry is supported by a highly efficient and professional export industry, dedicated to meeting customer demands. Australian exporters relentlessly promote the unique characteristics and meticulous care invested in delivering world-class products. This commitment ensures that global customers not only receive the highest quality red meat but also experience a provenance story built on reputation and trust.

Matching the passion displayed by Australian exporters is the loyalty of our many global customers towards Australian red meat. This is evident in Meat & Livestock Australia programs such as the Lambassador and Aussie Beef Mates programs. These bring together food professionals from around the world who willingly volunteer their time and local influence to promote Australian beef and lamb among their food networks. This voluntary advocacy and affinity with our products is unique to Australia and helps further strengthen the reputation of Australian red meat internationally.

Furthermore, the industry's investment in world-leading systems and technology enhances Australian red meat's reputation and reliability. Industry initiatives such as Meat Standards Australia (MSA) provide guaranteed eating outcomes for consumers, differentiating Australian red meat from its competitors. Robust traceability systems instil confidence in customers and governments regarding product safety and integrity. Adherence to stringent food safety standards ensures that Australian beef and lamb have unmatched shelf life, a valuable advantage when exporting to distant markets.

The continued dedication of the Australian red meat industry to produce high quality, sustainable and safe red meat will ensure our ongoing success. This commitment will ensure we remain well-positioned to meet the evolving needs of global consumers and maintain a strong preference in the international marketplace.

For more information visit mla.com.au, [msa](http://msa.com.au) and integritysystems.com.au

Australian exporters relentlessly promote the unique characteristics and meticulous care invested in delivering world-class products.

How do the new FTAs affect the red meat industry?

A key 2030 priority for the Australian red meat industry is improving economic resilience by increasing access to, and the performance of, existing and new markets.

In recent months, two important Free Trade Agreements (FTAs) entered into force, improving the preferential access for Australian producers, exporters and ultimately global consumers.

The Australia-India Economic Cooperation and Trade Agreement (AI-ECTA), which provides opportunities for Australian sheepmeat producers, entered into force on 29 December 2022 and immediately eliminated the 30% import tariff on Australian sheepmeat. Although the imported sheepmeat trade in India is currently negligible due to an undeveloped cold-chain supply network, the agreement provides Australia with a competitive advantage in the market and will enable the Australian industry to supply some of the growing demand for high quality sheepmeat in India.

The Australia-United Kingdom Free Trade Agreement (A-UK FTA) was signed at the end of 2021 and entered into force at midnight on 31 May 2023. The A-UK FTA marks a significant opportunity for Australia to re-establish a presence in what has historically been a key market for Australian beef and sheepmeat. The A-UK FTA delivers a significant increase in tariff-free (albeit quota constrained) beef and sheepmeat access in year one and a pathway to tariff, quota and safeguard free trade over a fifteen-year period.

Although quota constrained, the A-UK FTA offers an immediate improvement in market access to the UK. The year-one safeguard quota for beef of 35,000 tonnes per year is well above the 741 tonnes of beef exported in 2022, while the year-one quota for sheepmeat of 25,000 tonnes is well above the 8,922 tonnes of sheepmeat Australia exported to the UK.

FTA negotiations are ongoing with the European Union (launched in 2018), and it is hoped negotiations with the United Arab Emirates will commence soon – both of which have the potential to deliver further trade reform.

Over 90% of Australian beef exports and 86% of Australian sheepmeat exports now enter markets under preferential terms – with these percentages to increase once new trade flows under AI-ECTA and the A-UK FTA increase. However, challenges remain in the global trading system due to ongoing geopolitical tensions and protectionist sentiment in some markets. In this environment, the likelihood of future multilateral trade reform via the World Trade Organisation continues to be remote, and as a result, negotiating high-quality bilateral FTAs remains a critical element of industry's market competitiveness and diversity strategy.

For more information visit dfat.gov.au/trade/agreements/trade-agreements

What progress is the Australian red meat industry making towards its CN30 goal?

The Australian red meat and livestock industry has set an ambitious target to be carbon neutral by 2030 (CN30). This target means that by 2030 the Australian red meat and livestock industry will make no new net releases of greenhouse gas (GHG) emissions into the atmosphere. This is a key point of difference for Australian red meat in a competitive global protein market.

The latest figures for 2020 indicate the Australian red meat and livestock industry has lowered its GHG emissions by 64.8% from the 2005 baseline year, with industry contributions to national emissions declining from 22% in 2005 to just 10.3% in 2020.

The majority of emissions reductions to-date have been associated with herd productivity gains and increased carbon stored in vegetation. Current mitigation options available to industry are to optimise herd efficiency for improved emissions intensity per kilo of product, as well as avoided methane by reducing unproductive stock and achieving younger age to weight ratios in the herd. Managing to retain and build soil organic carbon and carbon stored in shelter belts, environmental or timber plantations is also an available strategy. It is anticipated that from 2025 onwards, the adoption of feed additives across grazing management regimes and genetic tools for selecting low methane sheep and cattle, will start to be realised. The expansion of natural capital markets is also forecast to incentivise greater adoption of carbon sequestration activities relating to soil improvement and vegetation.

The Carbon Storage Partnership (CSP) has invested in technologies and practices that promote the maintenance and increase of carbon storage in grazing land. These investments include:

- legumes, pastures and scrubs that build feedbase and carbon stocks in soils
- trees and scrubs that improve carbon storage, animal health and biodiversity
- methods to optimise carbon storage in dead woody biomass in grazing lands
- methods to improve accounting of woody thickening in grazing lands
- dung beetles to improve carbon storage, feedbase production and livestock productivity.

The Emissions Avoidance Partnership (EAP) is focused on the development and adoption of technologies that avoid

emissions from grazing management, lot feeding and processing. Technologies in this work area include:

- animal genetics and husbandry practices to increase production efficiency and reduce methane emissions intensity
- livestock supplements that improve livestock productivity and lower enteric methane emissions
- pastures, scrubs and legumes that improve livestock productivity and lower enteric methane emissions
- equipment to capture and reuse methane from processing waste treatment
- energy efficiency and renewable energy technology to reduce carbon dioxide emissions from use of fossil fuels
- equipment to reduce nitrous oxide and methane emissions from manure management in lot feeding
- savanna burning management methods to avoid emissions of nitrous oxide and methane resulting from 'hot' burns.

On the path to carbon neutrality, the red meat industry has included a milestone for the industry to achieve climate neutrality before 2030. For the Australian red meat industry, climate neutrality is defined as the point at which the industry no longer contributes to an increase in global temperatures above 1.5 degrees Celsius from pre-industrial levels.

Climate neutrality is achieved when the volume and mix of GHGs emitted are within environmental limits to cycle and no longer contribute to warming of the atmosphere. This is in line with international agreements, such as the Paris Agreement and the Biden Methane Pledge, that recognise not all greenhouse gases need to be neutralised (or zero) to limit or cease global warming impact.

With current investments and continued research, development and adoption of new products and practices, the Australian red meat industry is well placed to continue emissions reduction to achieve carbon neutrality by 2030.

For more information visit mla.com.au/cn30

**The
Australian
red meat
industry:**

Lowered its
greenhouse gas
emissions by
64.8%
since 2005

Emits
51.3MT
CO₂e per year
down from
145.8Mt CO₂e pa

Contributes
10.3%
of national
emissions down
from **22%** in 2005

How have market dynamics changed since 2022?

The *State of the Industry Report* relates to the 2022 financial year, using data from that period to assess the performance of the Australian red meat and livestock industry and measure the contribution the industry makes to the wider economy.

There has been a change in market conditions since the reporting period ended and the publication of this report, as weather conditions, livestock prices and producer sentiment have deteriorated over the past nine months.

In mid-September, the Bureau of Meteorology declared both an El Niño weather event and a positive Indian Ocean Dipole were underway. These two events have historically led to hotter, dryer weather across Australia, and signaled a change of conditions after three consecutive La Niña weather events.

In the first nine months of 2023, rainfall has been well below historic averages across the east coast, even as much of northern Australia has seen above average rainfall. Concerns about impending drought, alongside high herd and flock numbers, led to increased supply of sheep and cattle on the market and producers looked to proactively destock.

The second quarter of 2023 saw cattle slaughter jump by 16% year-on-year to 1.7 million head, the highest in three years. This increase occurred despite labour shortages limiting plant capacity and came with a quarterly female slaughter rate of 48%, putting the Australian herd in a technical destock for the quarter.

Lamb and sheep slaughter followed a similar pattern. Lamb slaughter rose 11% year-on-year to 6.1 million head, the third highest quarterly total on record, while sheep slaughter rose 84% year-on-year to 2.6 million head, the highest figure since 2019.

At the same time, internationally traded protein stocks have been higher than expected over the year, as US beef production has been greater than anticipated and North Asian consumer demand lower than forecast.

These factors have led to a deterioration in saleyard prices. From the end of 2022 to the end of September 2023, cattle indicator prices have fallen between 44–64%, while lamb indicator prices have fallen between 42–57%. Mutton prices have fared considerably worse, falling by 72% as ewes retained to fuel the flock rebuild enter an already saturated market.

Taken together, conditions in the Australian red meat and livestock industry have changed markedly over the past nine months.



Glossary and key terms

ABARES	Australian Bureau of Agricultural and Resource Economics and Sciences
ABS	Australian Bureau of Statistics
AI-ECTA	Australia-India Economic Cooperation and Trade Agreement
ALFA	Australian Lot Feeders' Association
CN30	Carbon Neutral 2030
CSP	Carbon Storage Partnerships
cwt	carcase weight
DAFF	Department of Agriculture, Forestry and Fisheries
DSE	dry sheep equivalent
EAD	emergency animal disease
EAP	Emissions Avoidance Partnerships
EBIT	earnings before interest and tax
eID	electronic identification
eNVD	electronic National Vendor Declarations
FAO	Food and Agriculture Organisation
Farm cash income	A measure of cash funds generated by the farm business for farm investment and consumption after paying all costs incurred in production.
FMD	foot-and-mouth disease
FTA	Free Trade Agreement
GDP	gross domestic product
GHG	greenhouse gas
Industry turnover	The income generated by business within the industry from the sales of goods and services. It includes the income generated from rent, leasing and hiring income.
Industry value add	The overall value of goods and services produced by businesses in an industry (also known as contribution to gross domestic product (GDP)).
LPA	Livestock Production Assurance
LSD	lumpy skin disease
lwt	liveweight
MLA	Meat & Livestock Australia
MSA	Meat Standards Australia
NLRS	National Livestock Reporting Service
OECD	Organisation for Economic Co-operation and Development
Over-the-hooks	Refers to the marketing of cattle/sheep/lambs directly from a farm to an abattoir where a producer is paid for the value of the carcase based on a sliding grid. The skin is also evaluated for length and quality and is purchased by the processor. The seller generally pays for the animal's transport from the farm to the abattoir. The producer generally receives payment within a seven to 14-day period.
rwt	retail weight
swt	shipped weight
Tariff	A tax or duty to be paid on a particular class of imports or exports.



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**MLA's *State of the Industry Report 2022-23*
is available online at mla.com.au/soti**