Snapshot Report

AMPC
AUSTRALIAN MEAT PROCESSOR CORPORATION

Socio-economic benefit of red meat processing

Full Project Title

Project Code	Prepared by	Date Submitted
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Project Description

The purpose of this Project is to provide updated analysis relating to the socio-economic impact of the red meat processing industry nationally and by State for 2020-21 and the calendar year of 2021. It identifies the contribution made, both directly and flow-on, in terms of industry value added, household income and full-time equivalent (FTE) employment. For 2021 it also identifies the total employment underpinned by the sector representing individual jobs, both full-time and part-time, in aggregate. The Project then provides recommendations for the industry going forward.

Project Content

The estimates of economic contribution provided are derived from private data collected from red meat processing facilities around Australia and publicly available information. Estimates of total expenditure by category and FTE employment by State were scaled up using slaughter numbers to provide approximations of total expenditure and employment by State and nationally for 2020-21 and subsequently the calendar year 2021. These estimates were applied to input output tables constructed for 2020-21. The results for both direct and flow-on impacts were compared with results obtained in an earlier study for 2018-19 as well as between 2020-21 and the calendar year 2021.

Contextual analysis was undertaken to assess the results in terms of the impact of changes in livestock production and labour markets in Australia as well as broader global changes. These analyses were then used to formulate recommendations for the red meat processing industry going forward.

Project Outcome

Between 2018-19 and 2020-21, slaughter numbers across all livestock types and across each State fell substantially. National data is provided below.

					Change	
	2018-19	**2020-21**	**2021**	**2018-19 to 2020-21**	**2020-21 to 2021**	**2018-19 to 2021**
Cattle slaughtered ('000)	8,171	6,280	6,003	-23%	-4%	-27%
Beef produced (tonnes)	2,327,853	1,917,511	1,876,726	-18%	-2%	-19%
Average weight (kg)	284.9	305.3	312.6	7%	2%	10%
Calves slaughtered ('000)	533	341	285	-36%	-16%	-46%
Veal produced (tonnes)	23,940	15,087	11,583	-37%	-23%	-52%
Average weight (kg)	44.9	44.2	40.6	-2%	-8%	-10%
Sheep slaughtered ('000)	9,730	4,997	5,804	-49%	16%	-40%
Mutton produced (tonnes)	230,488	129,857	154,885	-44%	19%	-33%
Average weight (kg)	23.7	26.0	26.7	10%	3%	13%
Lamb slaughtered ('000)	22,085	20,175	20,797	-9%	3%	-6%
Lamb produced (tonnes)	501,348	499,192	508,262	0%	2%	1%
Average weight (kg)	22.7	24.7	24.4	9%	-1%	8%

The number of cattle slaughtered fell by 23 percent between 2018-19 and 2020-21, with a further modest decrease of 4 percent in the calendar year 2021. The number of sheep slaughtered almost halved between 2018-19 and 2020-21 although increased by 16 percent in the full year of 2021. The number of lambs slaughtered between 2018-19 and 2020-21 also fell although by only 9 percent and grew by 3 percent in the calendar year.

Not unexpectedly, these decreases in slaughter numbers had a detrimental impact on the key metrics of economic contribution, namely industry value added, household income and employment (measured as full-time equivalent (FTE) jobs. These have been measured as direct impact and flow-on impact in absolute values and as a percentage of the relevant economy. The overall national impacts between 2018-19 and the calendar year 2021 are summarised below.

					Change		
		2018-19	**2020-21**	**2021**	**2018-19 to 2020-21**	**2020-21 to 2021**	**2018-19 to 2021**
Industry value added ($ million)	Direct	5,501.0	3,473.4	3,412.3	-36.9%	-1.8%	-38.0%
	Flow-on	22,141.5	16,279.9	17,610.6	-26.5%	8.2%	-20.5%
	Total	27,642.5	19,753.3	21,022.9	-28.5%	6.4%	-23.9%
	% of Australia	1.50%	1.00%	1.06%	-33.5%	6.4%	-29.2%
Household income ($ million)	Direct	2,142.4	1,882.3	1,849.6	-12.1%	-1.7%	-13.7%
	Flow-on	8,522.0	5,050.6	5,817.9	-40.7%	15.2%	-31.7%
	Total	10,664.4	6,932.9	7,667.5	-35.0%	10.6%	-28.1%
	% of Australia	1.17%	0.73%	0.80%	-37.8%	10.6%	-31.3%
Employment (FTE)	Direct	32,134	28,257	27,742	-12.1%	-1.8%	-13.7%
	Flow-on	133,725	102,067	110,475	-23.7%	8.2%	-17.4%
	Total	165,859	130,324	138,217	-21.4%	6.1%	-16.7%
	% of Australia	1.53%	1.18%	1.25%	-22.5%	6.1%	-17.8%
Cattle/calves slaughtered ('000)		8,703	6,621	6,289	-23.9%	-5.0%	-27.7%
Sheep/lambs slaughtered ('000)		31,815	25,173	26,601	-20.9%	5.7%	-16.4%

Between 2018-19 and 2020-21, direct industry value added by the red meat processing sector fell by almost 37 percent from $5.5 billion to approximately $3.5 billion. Over the same period the flow-on impact fell by almost 27 percent, with the impact of the decrease in slaughter numbers being somewhat reduced by increased average prices paid for livestock. The contribution to Australia's total industry value added fell from 1.5 percent to 1.0 percent in 2020-21. In the calendar year 2021, the direct impact was estimated to experience a further minor decrease although the flow-on impact grew by 8.2 percent.

Similar trends were found for household income and FTE employment although the decline in flow-on impact between 2018-19 and 2020-21 was greater than that for the direct impact. When examined by State, analogous changes were found although the magnitude of these were influenced by the relative changes in slaughter numbers and the mix of livestock type.

Benefit for Industry

The project provides up to date information on the economic contribution of the red meat processing sector in States and nationally. This information is of considerable value to the sector and individual processors as it is used by them to inform policies and stakeholders so that they more fully appreciate the sector's contribution and hence support the initiatives undertaken by the sector itself.