Industry insights

AMPC
AUSTRALIAN MEAT PROCESSOR CORPORATION

Red meat processing cost to operate analysis

Summary Report
August 2026

Introduction

AMPC has updated its 2015/16 “Cost to Operate” analysis, quantifying the costs associated with processing livestock in Australia with comparison to international competitors in New Zealand, USA and Brazil. This report provides a summary of findings from this project.

Costs are presented as the weighted average processing costs per head and per kg carcass weight during the 2024/25 financial year, as well as estimation of the regulatory components of the operational costs. The results are compared with the previous analysis completed for the 2015/16 financial year.

For more detailed analysis please refer to the full project report:

- *AMPC project (2026 1014) Red meat processing cost to operate, SG Heilbron Economic and Policy Consulting*

AMPC thanks all processors who submitted data to Dr Selwyn Heilbron to facilitate this valuable analysis.

Key Takeaways

- Average beef processing costs rose by 47% and sheepmeat processing costs have risen by 58% (nominal), well above the rate of CPI inflation (29.5%) over the period from 2025/16 to 2024/25.
- Since the analysis was completed based on 2024/25 data, processor operating costs have further risen as ongoing conflict in the Middle East disrupts supply chains for both inputs and outputs (fuel, packaging, shipping costs etc). Over the course of 2025/26 the Producer Price Index for Manufacturing Inputs in Australia rose by 10.7%, taking processing costs to an estimated $587.58 for cattle and $70.34 for sheep and lambs. This represents a rise of 63% and 73% in the last decade respectively.
- The largest increase in costs occurred in areas including transport, repairs and maintenance as well as registration and certification costs.
- 51.3% of beef processing costs and 50.7% of sheepmeat processing costs are considered to be regulatory costs. This does not necessarily mean the costs are set by government, only that they are subject to government influence in a material sense.
- Individual processors seek to offset higher operating costs through improved productivity, quality and consistency, value-adding, carcass yield, throughput/scale, customer service and alternative business models or niches (e.g. service kill). In many cases additional capital is invested to reduce or offset operating costs.
- Beef processing costs across Australia, New Zealand and USA have converged at over $500 per head (AUD basis), with difference in average carcass weight generating cost variation when measured per kg. Brazilian beef processors continue to incur lower costs per head from increased carcass weight through supplementary feeding.
- Australia and New Zealand have similar sheepmeat processing costs per head, however with lighter carcass weights increasing costs per kg in New Zealand.
- Australian red meat processors are subject to higher regulatory costs overall, with around 50% of costs subject to regulation, compared to around 40% in New Zealand and around 30% in USA and Brazil. Australian labour related costs are more regulated than international competitors.

Summary of Findings

Table 1 below summarises the weighted average per head processing costs and change from the previous analysis. For comparative purposes Australian grainfed beef can be compared with US grainfed beef, Australian grassfed beef can be compared against both New Zealand and Brazilian grassfed beef, and Australian sheepmeat can be compared with New Zealand sheepmeat.

Table 1 Processing cost per head excluding livestock (AUD)

Species	This Analysis 2024/25			Previous Analysis 2015/16	Nominal Increase per head (Real Increase)[1]
	Cost per head	Cost per kg (cwt)	% of costs which are regulated	Per head	Percent
Australia					
Beef - All	$531.00	$1.69	51%	$360.63	+ 47% (+14%)
- Beef - Grainfed	$534.52	$1.58	48%	$383.51	+ 39% (+8%)
- Beef – Grassfed	$493.95	$1.70	58%	$297.71	+ 66% (+28%)
Sheepmeat	$64.31	$2.54	51%	$40.67	+ 58% (+22%)
New Zealand					
Beef – Grassfed	$518.93	$2.28	38%	$305.78	+ 70%
Sheepmeat	$63.69	$3.14	40%	$39.82	+ 60%
USA					
Beef - Grainfed	$526.52	$1.29	31%	$290.15	+ 81%
Brazil					
Beef - Grassfed	$378.91	$1.47	30%	$172.28	+ 119%

2025/26 Cost Escalation

+ 10.7%

$587.58 Cattle

$70.34 Sheep / Lambs

Since the analysis was completed based on 2024/25 data, processor operating costs have further risen as ongoing conflict in the Middle East disrupts supply chains for both inputs and outputs (fuel, packaging, shipping costs etc).
The Australian Manufacturing Input Price Index rose by 10.7% in 2025/26, suggesting current processing costs of $587.58 for cattle and $70.34 for sheep and lambs. This represents a rise of 63% and 73% in the last decade respectively.

[1] After adjusting for domestic inflation (CPI) applied only to Australian processing.
[2] The use of this price index as a proxy to measure the increase in processing cost is consistent with the observed increase in previous periods.

Beef processing costs across Australia, New Zealand and USA have converged at around $500 per head (AUD basis), with difference in average carcass weight generating cost variation when measured per kg. Brazilian beef processors continue to incur lower costs per head from increased carcass weight through supplementary feeding.

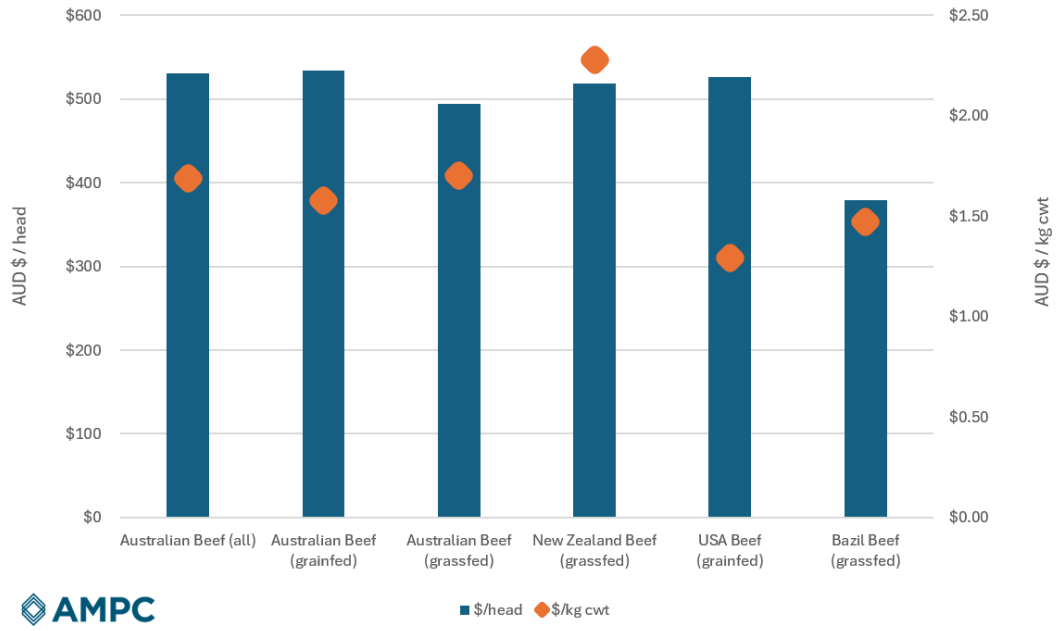


Figure 1 *Beef processing costs, international comparison (AUD basis)*

Australia and New Zealand have similar sheepmeat processing costs per head, however with lighter carcass weights increasing costs per kg in New Zealand.

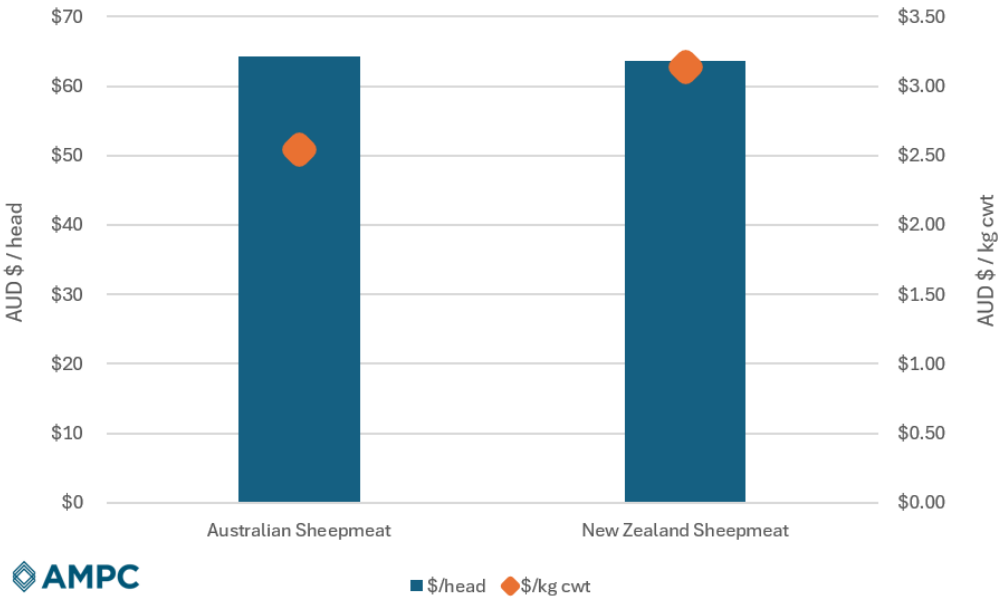


Figure 2. *Sheepmeat processing costs, international comparison (AUS basis)*

Background and Methodology

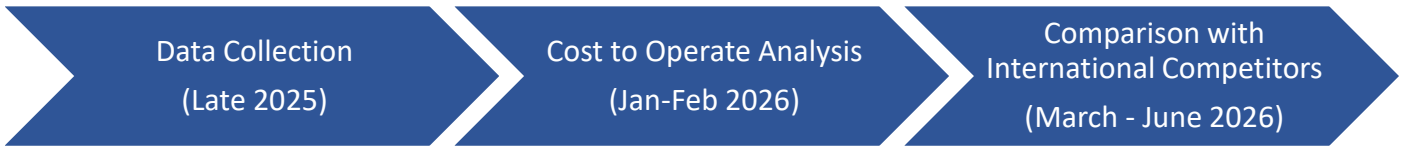
AMPC completed its first Cost to Operate Analysis drawing on data from the 2015/16 financial year to determine the weighted average operational costs across the industry.[2] This original analysis provided a valuable benchmark for individual processors and the broader industry.

In late 2025 all Australian and New Zealand red meat processors were again invited to submit cost data to Dr Selwyn Heilbron via an excel template. Where necessary data was validated through follow up discussions. Data was similarly collected from a sample of USA and Brazil processors and validated using public sources and consultations. More information on the data collection methodology is provided below.

Table 2 Data Collection Methodology

Country	Data collection methodology
Australia	Data was received from 28 facilities, providing coverage of approximately 57% of the total cattle slaughter and 34% of the sheep/lamb slaughter. This provided a similar level of coverage as the previous analysis.
New Zealand	With assistance from New Zealand's Meat Industry Association (MIA) data was received from 31 plants representing 60 per cent of beef and 65 per cent of sheep slaughter. This was a 10-15% increase from the previous analysis.
USA	As in the original analysis, data was obtained from public and private sources including via in-person consultations. Public sources in the USA include the US Census which covers most meat processing operations, and in Brazil include the industry organisation (ABIEC) representing exporters where exports account for over 30 per cent of production. Data from private sources covered 13 facilities across the USA and Brazil of varying scales and locations.
Brazil	

The project timeline was as follows.



Limitations

- Caution that must be exercised in comparing cost estimates with those of a decade ago having different data sources and coverage
- In measuring weighted average costs per head and per kg, the analysis is based on primary processing only and does not account for different levels of processing, boning and value adding undertaken.

[2] Cost to Operate and Processing Cost Competitiveness, AMPC 2017 < https://ampc.com.au/research-development/technical-markets/cost-to-operate-and-processing-cost-competitiveness/>

Physical Parameters

Table 2 below outlines the physical parameters (average daily throughput and carcass weight) from the sample of processors providing data to the analysis, compared with the previous analysis. As with the previous analysis, processors who provided data tended to be larger in size.

In most but not all cases average plant capacity (head per day) and carcass weight (kg per head) increased since the previous analysis, however this may be influenced by the sample of participating processors.

Table 3 Key physical parameters

Country	Species	This Analysis 2024/25		Previous Analysis 2015/16	
		Average head per day	Average kg per head	Average head per day	Average kg per head
Aus	Beef - All	1,178	319	1,149	296
Aus	Beef Grainfed	959	362	842	356
Aus	Beef Grassfed	735	293	815	271
Aus	Sheepmeat	6,184	25	3,978	23
NZ	Beef - Grassfed	297	242	297	244
NZ	Sheepmeat	2808	19	2714	18
USA	Beef Grainfed	2478	407	2200	365
Bazil	Beef Grassfed	600-2000	257	1000-1500	248

Australia

Beef Processing Costs

Australian beef processors incurred operating costs of $531 per head or $1.69 per kg. This represents an increase of 47 per cent per head and 39 per cent per kg since the previous analysis.

Table 4 Operating costs structure beef processors, Australia

Cost Category	This Analysis 2024/25		Previous Analysis 2015/16	
	$ per head	% of total	$ per head	% of total
Processing wages (incl. paid leave)	$190.00	35.8	$166.91	46.3
Salaries	$38.79	7.3	$16.11	4.5
Workers Compensation premiums	$20.04	3.8	$12.59	3.5
Retirement benefits	$19.72	3.7	$14.93	4.1
Sub-total - Labour-related costs	$268.55	50.6	$210.94	58.5
Electricity	$14.85	2.8	$9.2	2.6
Other fuel	$8.85	1.7	$5.51	1.5
Water, sewerage, waste	$10.08	1.9	$6.92	2.0
Sub-total - Utilities-related costs	$33.78	6.4	$21.62	6.0
Registration/Certification	$12.10	2.3	$7.29	2.0
Packaging	$33.79	6.4	$26.8	7.4
Transport	$94.11	17.7	$54.01	15.0
Repairs & maintenance	$34.77	6.5	$14.76	4.1
Processing consumables	$9.15	1.7	$5.7	1.6
Other costs	$44.73	8.4	$19.9	5.5
Total (excl. livestock costs)	**$531.00**	**100.0**	**$360.62**	**100.0**
$ per kg cwt	$1.69		$1.22	

Note: totals may not add due to rounding

Key features of the above results are:

- The major cost item in both analyses is labour related costs, although their share of total costs has declined by around 8 percentage points. This reduction in the labour share of total costs reflects the far larger increases in costs for the other cost categories, notably utilities, registration /verification, repairs and maintenance, processing consumables and other costs.
- Global transport costs have risen very significantly in the period analysed.
- The 'other costs' category increase likely also reflects the open-ended nature of the concluding questions relating to this category in the template, which allows processors to identify additional operating costs not elsewhere indicated in the template. This also means there is reduced comparability of these costs with the original analysis. The major cost items in this category include cleaning costs, equipment hire, general insurance, security, fire safety, and cold storage.

A more detailed analysis of costs for grassfed and grainfed subspecies is provided in table 4 below.

Table 5 Operating cost structure, subspecies beef processors, Australia (2024/25)

Cost Category	Grainfed only plants: cost per head	Grassfed only plants: cost per head	Grainfed and grassfed plants: cost per head	All beef cattle cost per head
Processing wages (incl. paid leave)	$203.61	$214.33	$169.59	$190.00
Salaries	$19.48	$25.90	$56.89	$38.79
Workers Compensation premiums	$17.01	$16.77	$23.13	$19.86
Retirement benefits	$16.06	$20.17	$21.71	$19.72
Sub-total - Labour-related costs	$256.81	$277.17	$271.31	$268.55
Electricity	$12.41	$14.00	$16.75	$14.85
Other fuel	$7.95	$8.41	$9.62	$8.85
Water, sewerage, waste	$10.99	$11.52	$8.81	$10.08
Sub-total - Utilities-related costs	$31.35	$33.92	$35.18	$33.78
Registration/Certification	$8.28	$20.75	$10.06	$12.10
Packaging	$35.07	$24.69	$37.59	$33.79
Transport	$110.14	$44.83	$109.18	$94.11
Repairs & maintenance	$24.48	$27.40	$44.96	$34.77
Processing consumables	$6.41	$14.07	$8.34	$9.15
Other costs	$61.98	$51.11	$31.14	$44.73
Total (excl. livestock costs)	**$534.52**	**$493.95**	**$547.47**	**$531.00**
$ per kg cwt	$1.58	$1.70	$1.77	$1.69

Note: totals may not add due to rounding

Some key features of the above results are:

- Grainfed costs per head are significantly above those of grassfed which is similar to the findings of the original analysis. In this analysis the costs of plants that process both grassfed and grainfed product have been separately identified, and their costs per head are somewhat above those of grainfed plants (mainly reflecting higher labour-related costs).
- Other major differences between the different types of plants are in relation to transport costs (where several grassfed plants were less focussed on exports), and repairs and maintenance. Higher registration/certification costs per head appear to be the case for grassfed plants especially ones with smaller throughput and more of a focus on external standards costs.

Sheepmeat Processing Costs

Australian sheepmeat processors incurred operating costs of $64.31 per head or $2.54 per kg. This represents an increase of 58 per cent per head and 46 per cent per kg since the previous analysis.

Table 6 Operating cost structure, sheep meat processors, Australia

Cost Category	This Analysis 2024/25		Previous Analysis 2015/16	
	$ per head	% of total	$ per head	% of total
Processing wages (incl. paid leave)	$24.85	38.64	$16.89	41.53
Salaries	$4.57	7.10	$2.37	5.83
Workers Compensation premiums	$1.69	2.63	$1.80	4.43
Retirement benefits	$2.45	3.81	$1.39	3.42
Sub-total - Labour-related costs	$33.55	52.17	$22.45	55.20
Electricity	$1.37	2.13	$0.81	1.99
Other fuel	$0.97	1.50	$0.57	1.40
Water, sewerage, waste	$0.45	0.70	$1.02	2.51
Sub-total - Utilities-related costs	$2.79	4.33	$2.40	5.90
Registration/Certification	$2.21	3.43	$1.26	3.10
Packaging	$4.38	6.82	$3.66	9.00
Transport	$8.37	13.02	$6.10	15.00
Repairs & maintenance	$5.01	7.79	$1.91	4.70
Processing consumables	$0.37	0.58	$1.71	4.20
Other costs	$6.85	10.65	$1.18	2.90
Total (excl. livestock costs)	**$64.31**	**100.00**	**$40.67**	**100.00**
$ per kg cwt	$2.54		$1.74	

Note: totals may not add due to rounding

Key features of the above results are:

- The major cost item in both analyses is labour related costs, although their share of total costs has declined by around 3 percentage points. This reduction in the labour share of total costs reflects the far larger increases in costs for the other cost categories, repairs and maintenance and other costs.
- The 'other costs' category increase likely also reflects the open-ended nature of the concluding questions relating to this category in the template. This also means there is reduced comparability of these costs with the original analysis. The major cost items in this category include cleaning costs, equipment hire, general insurance, security, fire safety, and cold storage and assorted professional fees and services.

New Zealand

Beef Processing Costs

New Zealand beef processing costs were $518.93 per head and $2.28 per kg, representing an increase of 70 per cent per head and 82 per cent per kg since the previous analysis.

Table 7 Operating costs structure beef processors, New Zealand

Cost Category	This Analysis 2024/25		Previous Analysis 2015/16	
	$ per head	% of total	$ per head	% of total
Processing wages (incl. paid leave)	215.33	41.50	132.52	43.34
Salaries	26.76	5.16	26.56	8.68
Workers Compensation premiums	1.22	0.23	0.70	0.23
Retirement benefits	1.48	0.29	4.43	1.45
Sub-total - Labour-related costs	244.79	47.17	164.20	53.70
Electricity	17.52	3.38	9.03	2.95
Other fuel	6.77	1.30	4.07	1.33
Water, sewerage, waste	9.17	1.77	3.49	1.14
Sub-total - Utilities-related costs	33.46	6.45	16.59	5.43
Registration/Certification	21.05	4.06	12.95	4.24
Packaging	27.11	5.22	26.63	8.71
Transport	130.12	25.07	45.29	14.81
Repairs & maintenance	13.98	2.69	11.48	3.75
Processing consumables	2.89	0.56	6.18	2.02
Other costs	41.62	8.02	22.45	7.34
Total (excl. livestock costs)	518.93	100.00	305.78	100.00
$ per kg cwt	$2.28		$1.25	

Note: totals may not add due to rounding

Some key features of the above results are:

- The major cost item in both analyses is labour related costs, although their share of total costs has declined by around 6 percentage points. This reduction in the labour share of total costs reflects the far larger increases in costs for the other cost categories, notably utilities, transport, and other costs. Transport costs in particular account for one quarter of total costs partly due to a dramatic increases in shipping costs
- It should also be noted that the 2015/16 transport costs identified in the above table for comparison with the current costs are from the published 2018 Cost to Operate report which related only to costs of finished goods, whereas the current analysis was not restricted to in this manner. Subsequent analysis prepared for the Meat Industry Association in 2019 identified inwards and finished good transport costs which are more comparable with the current costs.
- Relative to the original analysis New Zealand beef costs per head have increased consistent with increases in the Producer Price Index of (all) inputs into (all) manufacturing industries in New Zealand, which rose 60 per cent between the second quarter of 2016 and the second quarter of 2025 (Stats NZ 2026).

Sheepmeat Processing Costs

New Zealand sheepmeat processing costs were $63.69 per head and $3.14 /kg in AUD. This representing an increase of 60 per cent per head and 46 per cent per kg since the previous analysis.

Table 8 Operating cost structure, sheep meat processors, New Zealand

Cost Category	This Analysis 2024/25		Previous Analysis 2015/16	
	$ per head	% of total	$ per head	% of total
Processing wages (incl. paid leave)	28.83	45.27	17.12	42.98
Salaries	3.34	5.25	3.62	9.09
Workers Compensation premiums	0.79	1.24	0.08	0.21
Retirement benefits	0.24	0.38	0.57	1.43
Sub-total - Labour-related costs	33.20	52.13	21.40	53.74
Electricity	2.05	3.22	1.16	2.90
Other fuel	0.95	1.49	0.53	1.34
Water, sewerage, waste	0.88	1.38	0.50	1.26
Sub-total - Utilities-related costs	3.88	6.10	2.19	5.50
Registration/Certification	2.12	3.33	1.68	4.22
Packaging	4.79	7.53	3.43	8.60
Transport	11.74	18.44	6.12	15.37
Repairs & maintenance	2.19	3.44	1.46	3.68
Processing consumables	0.28	0.44	0.75	1.90
Other costs	5.47	8.59	2.79	7.00
Total (excl. livestock costs)	63.69	100	39.82	100
$ per kg cwt	3.14		2.16	

Note: totals may not add due to rounding

Some key features of the above results are:

- Most cost categories have increased since the original analysis. The lower rate of increase in costs per kg relative to costs per head reflects the significance of mutton animals in total numbers slaughtered.
- The major cost item in both analyses is labour related costs, although their share of total costs has declined slightly. This reduction in the labour share of total costs reflects the far larger increases in costs for the other cost categories, especially transport and other costs.
- The ‘other costs’ category includes cleaning costs, equipment hire, general insurance, security, fire safety, and cold storage and assorted professional fees and services.
- There is a limit to the extent that costs can be compared between different years. This reflects the fact that different processors may provide results in different years, and that processors in different years may provide data for some parts of the template and not for others.

United States

Beef Processing Costs (Grainfed)

US beef processing costs were $526.52 per head and $0.79/kg in Australian dollars. This representing an increase of 81.4 per cent per head and 59.5 per cent per kg since the previous analysis.

Table 9 Operating costs structure beef processors, Australia

Cost Category	This Analysis 2024/25		Previous Analysis 2015/16	
	$ per head	% of total	$ per head	% of total
Processing wages and salaries	211.38	40.15	97.50	33.6
Payroll taxes	10.21	1.94	8.50	2.90
Health care	22.62	4.30	13.57	4.70
Paid leave	20.27	3.85	5.67	2.00
Workers Compensation premiums	1.96	0.37	1.43	0.50
Retirement benefits	2.16	0.41	2.81	1.00
Sub-total - Labour-related costs	268.59	50.91	129.46	44.60
Electricity	10.14	1.92	7.07	2.40
Other fuel	4.81	0.91	3.08	1.10
Water, sewerage, waste	3.52	0.67	2.11	0.60
Sub-total - Utilities-related costs	19.03	3.61	12.26	4.20
Registration/Certification	1.61	0.31	1.49	0.5
Packaging	46.53	8.82	29.47	10.20
Transport	94.01	17.82	64.89	22.40
Repairs & maintenance	27.46	5.21	14.95	5.20
Processing consumables	18.73	3.55	14.49	5.00
Other costs	51.54	9.77	23.14	7.90
Total (excl. livestock costs)	526.52	100	290.15	100.00
$ per kg cwt	1.29		0.79	

Note: totals may not add due to rounding

Some key features of the above results are:

- Labour-related costs comprise by far the biggest element in total costs at nearly 52 per cent, followed by transport costs at just under 18 per cent.
- The key element in the total operational cost increase has been labour-related costs. While total operational costs per head overall have increased by 81.4 per cent as noted above, labour-related costs have doubled. Labour costs were estimated using an average of census and private estimates. The census data is for 2022 so it was updated to 2024/25 using the Producer Price Index for manufacturing. The resulting census and private estimates were almost identical, being within 2 per cent of each other.
- There are several factors that have driven this dramatic increase. There has been severe competition for labour supplies in the context of a growing economy with many alternative sources of demand for workers and strong price inflation. In addition, there has been a crackdown by the authorities on immigration affecting a labour-intensive industry which uses foreign labour. There has been a notable increase in paid leave costs, as several USA States have introduced mandatory paid leave schemes since the original

analysis. Apart from labour-related costs most categories of cost have remained stable or declined as a percentage of total costs.

- It should also be noted that these cost estimates are in Australian dollars, which have fallen around 7 per cent against the US currency over the period concerned. This fall makes costs that were measured in US currency higher in Australian dollars. Movement in the Australian/US dollar exchange rate has been a relatively minor factor in the increased overall cost to operate in the USA, which have risen by 60-80 per cent (depending on whether they are measured in $/kg or $/head). The depreciation of the AUD has therefore accounted for only around 9-12 percent of the increase in USA operational costs. Whilst the exchange rate increase depends on the point in time at which the rate is selected for analysis, the point selected will not make a substantial difference to the exchange rate impact on overall costs, given the magnitude of the increase in those costs.

Brazil

Beef Processing Costs (Grassfed)

Brazilian beef processing costs were $378.91/head and $1.47/kg in Australian dollars. This representing an increase of 119 per cent per head and 110 per cent per kg since the previous analysis.

Table 10 Operating costs structure beef processors, Brazil

Cost Category	This Analysis 2024/25		Previous Analysis 2015/16	
	$ per head	% of total	$ per head	% of total
Processing wages and salaries	$102.42	27.03	$50.58	29.36
Payroll taxes	$0.08	0.02	$0.04	0.02
Health care payments	$20.48	5.40	$10.11	5.87
Paid leave	$12.68	3.35	$6.26	3.64
Workers' compensation payments	$3.07	0.81	$1.51	0.88
Retirement benefits	$14.14	3.73	$6.98	4.05
Sub-total - Labour-related costs	$152.87	40.34	$75.62	43.89
Electricity	$25.72	6.79	$18.06	10.48
Other fuel	$2.66	0.70	$1.87	1.08
Water, sewerage, waste	NA	0	NA	0
Sub-total - Utilities-related costs	$28.37	7.49	$19.93	11.57
Registration/Certification	$1.00	0.37	$0.52	0.30
Packaging	$26.83	7.08	$18.06	10.48
Transport	$112.06	29.57	$51.91	30.13
Repairs & maintenance	$17.40	4.59	$4.01	2.33
Processing consumables	$3.97	1.05	$2.91	1.69
Other costs	$36.01	9.50	$0	0.00
Total (excl. livestock costs)	$378.91	100.00	$172.28	100.00
$ per kg cwt	$1.47		$0.70	

Note: totals may not add due to rounding

Some key features of the above results are:

- Costs of processing beef in Brazil are $378.91/head and $1.47/kg in Australian dollars. Labour-related costs comprise by far the biggest element in total costs at just over 40 per cent per cent, followed by transport costs at just under 30 per cent.
- In comparison with 2015/16 and bearing in kind the qualification noted above about the caution that must be exercised in comparing cost estimates with those of a decade ago having different data sources and coverage, costs per head have increased by more than double (119 per cent) while costs per kg have increased by slightly less (110 per cent). This is because of the increase in slaughter weights which is discussed below in the context of the changes in key physical parameters of processing over the period concerned.
- The key element in the total operational cost increase has been labour-related costs. Labour-related costs in Brazil have decreased as a percentage of total operational costs. This is because processing wages and salaries (combined in the data gathered) have not increased by as much as other cost items but also because the additional amounts paid by processors in on costs identified above are collected as a percentage figure applied to wages and salaries, and these percentages have remained stable since the original analysis. This is remarkable given the increases in some on-cost items in for example Australia noted in the regulatory analysis above (e.g. for workers compensation payments).
- Unit costs per kg have not increased by as much as costs per head because, as is indicated in Table 12 below showing the key physical parameters in Brazil, there has been an increase in slaughter weights in Brazil from 248 kg/head in the original analysis to 257 kg/head. It is estimated that around 20 per cent of cattle slaughtered currently come from confined premises (feedlots) whereas only around 13 per cent was the estimate for 2016 (ABIEC 2025). The increase in overall slaughter weights has been less dramatic than the increase in the proportion of cattle slaughtered that are sourced from feedlots because animals are generally only 'short fed' for 90-120 days (see also Layton 2025).
- Most categories of cost have remained stable or declined as a percentage of total costs except for repairs and maintenance and 'Other' costs (which were not estimated in the original analysis – again reiterating the caution that must be exercised in comparing such estimates over time). Transport costs were estimated by applying the increase in shipping costs from Shanghai to Santos since to original analysis to the costs estimated in that analysis (UNCTAD 2025).
- Certification and registration costs are negligible in Brazil as the Government pays for the costs on veterinary meat inspectors. And while processors pay for certification and registration costs other than veterinary meat inspectors, such as mandatory plant registration costs and voluntary standards such as Halal, these are considered by processors to be small, in the order of around $1 per head. There is also a significant 'informal" beef processing sector in Brazil with smaller facilities catering to the domestic meat market, and these may avoid complying with government regulated costs.
- As noted above, Brazilian costs in both $AU/head and $AU/kg have more than doubled since the original analysis. Brazilian costs like those in the USA are reported in US dollars in the data gathered for this analysis and whilst the Australian dollar has depreciated by around 7 per cent against the US currency, and hence the Brazilian costs in Australian currency terms accounts for only a small proportion of the cost increases observed, costs within Brazil are incurred in local currency, the Real. The Brazilian Real has fallen by around 50 per cent against the US dollar since the original analysis, and this has the effect of reducing the US dollar equivalent of Brazilian costs incurred in Reals.

Regulatory Cost Analysis

Additional analysis was completed to estimate the proportion of operational costs which are impacted by government regulation. This does not necessarily mean the costs are set by government, only that they are subject to government influence in a material sense.

The findings show that over half of all beef and sheepmeat processing costs are regulated, with the highest proportions within the regulation/certification and labour related costs. Note that additional cost items are impacted by regulation, including transport, packaging, repairs and maintenance, however the proportion of regulation could not be accurately quantified in this analysis.

Table 11 Proportion of Australian operating costs which are subject to regulation

Regulated cost category	Regulatory components	Beef	Sheepmeat
Labour-related costs	- Award wages - Enterprise bargaining agreements - Workers' compensation - Superannuation - Visa related costs	90.0%	87.0%
Utilities-related costs	- Energy transmission and distribution - Water, sewage, waste disposal - Environmental services	59.8%	53.7%
Registration/ certification-related	- DAFF certification - AUSMEAT accreditation - Approved arrangements - Slaughter levy - Meat inspection fees - Other audits, certification and registrations - Municipal rates - Other (land tax, permits)	90.7%	87.6%
Other Costs (e.g.)	- Transport - Packaging - Repairs and maintenance	Some cost elements are subject to regulation, however not quantifiable within this analysis	
Total proportion of costs subject to regulation		**51.4%**	**50.7%**

Within the regulated and non-regulated components, the largest increase in costs has occurred in the regulated portion of the registration and certification related cost category which have increased by 115% for beef and 119% for sheepmeat (nominal). However, caution should be exercised in comparing cost estimates and regulatory percentages over time with different calculations and data sets.

A comparison with international competitors (Table 12 and Figure 2) shows that Australian red meat processors are subject to higher regulatory costs overall, with around 50% of costs subject to regulation, compared to around 40% in New Zealand and around 30% in USA and Brazil. Australian labour related costs are more regulated than international competitors.

Table 12 Proportion of operating costs which are subject to regulation, international comparison

Country	Species	Labour	Utilities	Registration/certification	Total
Aus	Beef	86%	55%	88%	**51%**
Aus	Sheepmeat	87%	54%	88%	**51%**
NZ	Beef	64%	55%	98%	**38%**
NZ	Sheepmeat	65%	51%	97%	**40%**
USA	Beef	59%	71%	100%	**33%**
Bazil	Beef	65%	47%	0%	**30%**

Note: Figures are rounded to nearest percentage point

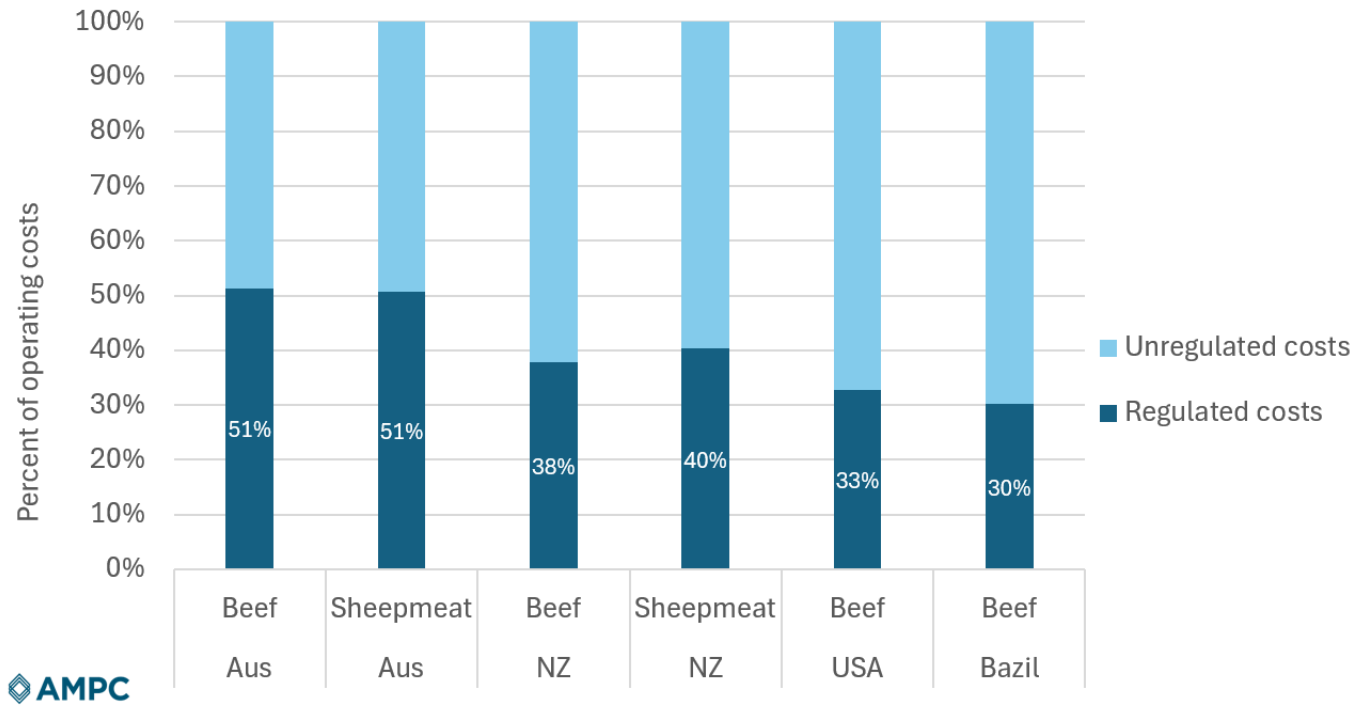


Figure 2 Proportion of operating costs which are subject to regulation, international comparison

Industrywide Annual Costs

Multiplying the average costs for cattle and sheep processing by the number of animals slaughtered over the 2024/25 period provides an estimate of total annual costs across the whole industry (see below). This analysis shows for example the industry spent an estimated $1.17 billion on transport (including land and sea) and $476m on packaging.

The estimates below assume cost to operate estimates from sampled processors are representative of the whole industry, which may not be the case. Therefore, these estimates may not align with other reported figures.

Table 13 Annual industrywide costs

Cost Category	Total Annual Industry Costs ($m)	Percent of total (%)
Processing wages (incl. paid leave)	$2,684	37%
Salaries	$528	7%
Workers Compensation premiums	$244	3%
Retirement benefits	$273	4%
Electricity	$187	3%
Other fuel	$118	2%
Water, sewerage, waste	$108	1%
Registration/Certification	$196	3%
Packaging	$476	7%
Transport	$1,171	16%
Repairs & maintenance	$510	7%
Processing consumables	$96	1%
Other costs	$672	9%
Total (excl. livestock costs)	$7,263	100%

Assumes goat processing costs are equal to sheep processing costs.

Conclusions

The updated cost to operate figures in this report may be used as a guide to analyse, compare and communicate cost information and issues, noting that costs will vary for individual processors depending on facilities, processes, location and availability of resources.

Additional modelling of fuel and plastic price impact maybe used by processors to understand current and future cost scenarios.

Useful resources

AMPC (2019) *Cost to operate and processing cost competitiveness: A combined report*, https://www.ampc.com.au/research-development/technical-markets/cost-to-operate-and-processing-cost-competitiveness

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