STATE OF
THE INDUSTRY
REPORT 2018:
The Australian red meat and livestock industry
Meat & Livestock Australia would like to acknowledge the contribution of Ernst & Young in the compilation of this report.
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### GLOSSARY AND KEY TERMS
Australia has a small proportion of the world’s cattle and sheep inventory

Around 2% of the global cattle herd (ABS, FAO).
Around 6% of the global sheep flock (ABS, FAO).

Australia is a key player in the global meat export market

The third largest beef exporter in 2017 (DAWR, IHS Markit, Global Trade Atlas).
The largest exporter of sheepmeat in 2017 (DAWR, IHS Markit, Global Trade Atlas, Comtrade).
The largest exporter of goatmeat in 2016 (DAWR, FAO).

Total world meat consumption continues to increase

Over the last two decades, total global consumption increased at an average rate of 2% per year for sheepmeat, 1% for beef, 4% for poultry and 2% for pork (excluding seafood) (OECD-FAO).

Australia is one of the largest per capita consumers of beef and sheepmeat in the world1

Australian per capita beef consumption was around three times higher than the global average in 2017 (ABS, DAWR, OECD-FAO).
Australian per capita sheepmeat consumption was around five times higher than the global average in 2017 (ABS, DAWR, OECD-FAO).

1 Domestic meat consumption is measured by removing the portion of exports (DAWR 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 ECONOMIC IMPORTANCE OF THE AUSTRALIAN RED MEAT AND LIVESTOCK INDUSTRY

Key industry statistics²

$65 billion industry turnover³ in 2016–17
4% decrease year-on-year
(Enst & Young, IBISWorld)

$18.4 billion industry value add⁴ in 2016–17
5.6% decrease year-on-year
(Enst & Young, IBISWorld)

82,500 businesses in 2016–17
1% decrease year-on-year
(Enst & Young, IBISWorld)

$13.3 billion value of industry exports⁵ in 2016–17
11% decrease year-on-year
(IHS Markit, Global Trade Atlas)

191,800 + 246,300 = 438,100

direct employment
indirect employment
total employment in 2016–17
(Enst & Young, IBISWorld)

KEY SPECIES STATISTICS

Cattle
- Adult cattle slaughter totalled 7.2 million head in 2017 – down 2% on the previous year and 13% below the five-year average (ABS).
- Australia exported 69% of the beef and veal it produced in 2017 (ABS, DAWR).
- The national steer saleyard indicator declined 4% year-on-year in 2017, to average 595¢/kg cwt (MLA).
- At 30 June 2017, the Australian cattle herd was 26.2 million head⁶ – up 4.8% year-on-year (ABS).

Sheepmeat
- Lamb slaughter totalled 22.4 million head in 2017 – down 2% year-on-year, while sheep slaughter increased 8%, to 7.5 million head (ABS).
- Australia exported 59% of lamb and 95% of mutton that it produced in 2017 (ABS, DAWR).
- The national trade lamb saleyard indicator increased 13% year-on-year in 2017, to average 629¢/kg cwt (MLA).
- The national mutton saleyard indicator increased 28% in 2017 year-on-year, to average 446¢/kg cwt (MLA).
- At 30 June 2017, Australia’s sheep flock was 72.1 million head – up 6.8% year-on-year (ABS).

Goatmeat
- Australian goatmeat slaughter increased 7% year-on-year in 2017, to 2.1 million head (ABS).
- Australian goatmeat exports increased 6% year-on-year in 2017, to 28,426 tonnes swt (DAWR).
- Australia exported 91% of the goatmeat it produced in 2017 (ABS, DAWR).
- The over-the-hooks goat (12-16kg) indicator averaged 585¢/kg cwt in 2017 – up 5% year-on-year (MLA).

² Data subject to revision between reports. IBISWorld converts historical data into current year terms, and data calculation models are updated.
³ Industry turnover is defined as income generated by businesses within the industry from the sales of goods and services.
⁴ 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)).
⁵ Includes meat, co-products/further processed and live animal exports. The decrease in export value in 2016–17 was due to a reduction in cattle, lamb and mutton slaughter, and therefore lower export volumes.
⁶ 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. This figure differs from MLA’s Cattle Industry Projections, which seeks to estimate herd numbers from all farm businesses.
Global and Australian herd and flock size
• The global cattle herd was 1.47 billion head in 2016 (see Figure 1) (FAO).
• The global sheep flock was 1.17 billion head in 2016 (see Figure 1) (FAO).
• Australia accounts for a relatively small proportion of these totals, at around 2% of the global cattle herd and 6% of the global sheep flock (ABS, FAO).
• Australia’s cattle herd was 26.2 million head7 at June 2017 and the sheep flock was at 72.1 million head (see Figures 2 and 3) (ABS).

Production
• Global beef and veal production was 65.97 million tonnes cwe in 2016 (see Figure 4) (FAO).
• Global sheepmeat production was 9.3 million tonnes cwe in 2016 (see Figure 4) (FAO).
• Australia accounts for around 3% of global beef production and around 7% of global sheepmeat production (ABS, FAO).
• Australia produced 697,655 tonnes cwt of lamb and mutton and 2.1 million tonnes cwt of beef and veal in 2017 (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. This figure differs from MLA’s Cattle Industry Projections, which seeks to estimate herd numbers from all farm businesses.
CONSUMPTION OF RED MEAT

Global consumption

- Over the last two decades, total global consumption of meat has been gradually increasing (see Figure 5). Total global consumption increased at an average rate of 2% per year for sheepmeat, 1% for beef, 4% for poultry and 2% for pork (OECD-FAO).

- In 2017, sheepmeat accounted for 5% of total global meat consumption (excluding seafood), while beef and veal accounted for 21%. Chicken and pork each accounted for 37% (OECD-FAO).

Domestic consumption

- The long-term protein consumption trend within Australia has been impacted by various demographic, social, commercial and other factors.

- Over the last 20 years there has been a gradual decline in Australia’s per capita consumption of beef, however at around 26kg of beef per capita 8 (see Figure 6), Australia remains one of the world’s largest per capita consumers of beef (ABS, DAWR, OECD-FAO).

- Despite increases in the retail price of lamb in recent years, Australia’s per capita lamb consumption has remained stable at around 9kg 8 (see Figure 6), as Australia continues to be one of the largest per capita consumers of sheepmeat in the world (ABS, DAWR, OECD-FAO).

- Mutton consumption has all but disappeared domestically as the national flock size has reduced, the production focus has shifted, consumer attitudes have changed and export markets have increasingly been developed for this meat.

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8 Domestic meat consumption is measured by removing the portion of exports (DAWR 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.
Alternative proteins increasing competition for beef and sheepmeat

- Red meat, such as beef and lamb, has always faced competition from traditional, cheaper proteins like chicken and pork, as well as seafood and other meats.
- Meat is also facing increased competition from alternative, non-meat proteins which are increasing in availability and sophistication, to the point of imitating the eating experience of meat.
- Right now, consumers appear reluctant to adopt lab-grown or “cellular” meat as a replacement for the real thing.

Globally, in 2017, pork and chicken production levels were each around 70% higher than beef production, more than eight times that of sheepmeat, and are forecast to grow by 10% and 16%, respectively, by 2027 (OECD-FAO).

In Australia, poultry consumption is almost double that of beef, with pork almost at parity, and both are forecast to grow at a faster rate over the next three years. Beef and lamb are both considerably more expensive, with the price disparity increasing from these other proteins.

At the other end of the scale are cultured and artificial protein alternatives. Cultured meat, also known as cellular and in vitro meat, was first produced in 2013, and since then has attracted interest and investment from many high-profile individuals and organisations, including American food giants – and meat producers – Cargill and Tyson.

Cultured and artificial meat manufacturers are attempting to tap into consumer mega-trends around ethics and sustainability. Consumer research shows that most Australians are not aware of scientifically-produced meats, and of those who are aware of it, only one in five find it appealing (see Figure 7), with the main concerns being around its unknown healthfulness and safety.

Ultimately, the success of cultured and artificial proteins will depend on consumers’ willingness to accept this source of protein as an alternative to meat, and the way the product is named and marketed will play a large role in that success.

Figure 7. Appeal of scientifically produced meat (%)

Source: MLA/Pollinate Pulse survey March 2018
Australians aged 14-64 years (n=1,073)

Names are also an important component of the larger, more immediate threat posed by plant-based alternative proteins. Many of these meat substitutes, such as tofu and Quorn, have been around for a long time; what is new is the accelerating level of innovation that makes meat alternatives increasingly meat-like in their appearance, taste and even smell.

Allied Market Research predicts the global meat substitute market will reach a value of $5.2 billion by 2020. However, these products are not immune from consumer concerns: they contrast strongly with general consumer trends toward natural, unadulterated and fresh foods in the developed world, and increasing meat consumption in developing nations in line with increasing wealth.
### Key Export and Import Players

#### Exports
- In 2017, Australia was the third largest beef and veal exporter, after India and Brazil (see Figure 8) *(DAWR, IHS Markit, Global Trade Atlas).*
- Australia was the world’s largest sheepmeat exporter in 2017, followed by New Zealand (see Figure 9) *(DAWR, IHS Markit, Global Trade Atlas, Comtrade).*
- Australia was the world’s largest goatmeat exporter in 2016 (see Figure 10) *(DAWR, FAO).*

![Figure 8. Top five beef and veal exporting countries (2017)](image)

*Source: DAWR, IHS Markit, Global Trade Atlas*

#### Imports
- In 2017, the largest importer (in volume terms) of beef and veal was the US, followed by China (direct imports) and Japan (see Figure 11) *(IHS Markit, Global Trade Atlas).*
- The top importing countries of sheepmeat in 2016 were China, France, the UK and the US (see Figure 12) *(FAO).*
- In 2016, the key importers of goatmeat were the US, the United Arab Emirates and Saudi Arabia (see Figure 13) *(FAO).*

![Figure 11. Top five sheepmeat importing countries (2017)](image)

*Source: DAWR, IHS Markit, Global Trade Atlas, Comtrade*

![Figure 12. Top five goatmeat importing countries (2016)](image)

*Source: DAWR, IHS Markit, Global Trade Atlas, Comtrade*

![Figure 13. Top five goatmeat importing countries (2016)](image)

*Source: FAO*
Importance of international markets

- Australia's market diversification promotes competition among export markets for Australia's range of red meat products and livestock.
- Australia is in a prime position to take advantage of global growth in red meat consumption.

Australian red meat is currently exported and enjoyed in more than 100 countries around the world, generating $10.7 billion in export revenue for the red meat industry in 2017 (IHS Markit, Global Trade Atlas).

While Australia is a relatively small producer at the global level, it is one of the world’s largest exporters of red meat. Exports account for 69% of the beef and veal produced in Australia, 69% of sheepmeat and 91% of goatmeat in 2017 (ABS, DAWR).

As well as the boxed meat trade, Australia also exported 867,056 live cattle and 1.9 million live sheep and 12,245 goats, worth close to $1.4 billion in 2017 (DAWR, ABS).

In recent years, Australia has grown and diversified its exports, shifting from a heavy reliance on a handful of key destinations to a more varied customer base, with the top three markets accounting for just 55% of Australia’s red meat export volumes in 2017 compared with 72% in 2007 (DAWR). This diversification promotes competition among export markets for Australia’s wide range of red meat products and livestock and enables Australian exporters to better negotiate the best price for their products whether it be lean manufacturing beef to the US, live sheep into the Middle East, high value grainfed beef into Japan, Korea and the EU, mutton into China or offal and live cattle into South East Asia.

Australia is consistently one of the top beef, sheepmeat and goatmeat exporters globally, however, competition in the international marketplace is intensifying. This is particularly apparent in beef with all of Australia’s major beef exporter competitors forecasting production and export growth in coming years. In addition, many of these competitors are seeking to grow their share in high value markets, such as Japan or the US, placing them in more direct competition with Australia. The growing competition highlights Australia’s need to be even more focused on meeting consumer needs while increasing productivity and efficiencies through the supply chain and being even more targeted in marketing to key destinations, supported by in-market intelligence and detailed consumer insights.

Global red meat demand is forecast to grow 1-2% annually (OECD-FAO) in coming years on the back of increasing populations and a growing global middle class. Australia’s international markets reach places it in a prime position to continue to take advantage of this growth.

Figure 14. Global market for Australian red meat and livestock (2017)

Source: IHS Markit, Global Trade Atlas
Meat (boxed) value includes live, ABS and MLA estimates.
Note: Sheep values above include live goat exports
THE ECONOMIC IMPORTANCE OF THE AUSTRALIAN RED MEAT AND LIVESTOCK INDUSTRY*

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

Australia’s red meat and livestock industry turnover was $65 billion in 2016–17, down 4% on revised 2015–16 figures, but up 36% since 2012–13 (see Table 1).

Trends over time

- Red meat and livestock industry turnover increased by 36% from 2012–13 to 2016–17, driven by a 57% increase in turnover in the on-farm (beef cattle, sheep and mixed farming) and feedlot sectors of the industry (see Figure 15).
- Turnover in the processing sector also increased considerably since 2012–13, up 30%.
- Turnover in domestic wholesaling and retailing over this period was more stable, increasing 4%.

Composition by sub-sector

- Red meat and livestock production (beef cattle, sheep and mixed farming and feedlots) accounted for 54%, or $34.9 billion, of overall industry turnover in 2016–17, followed by processing (27%, or $17.3 billion) and sales (wholesaling and retail) (20%, or $12.7 billion) (see Figure 16).

By state

- The three mainland eastern states accounted for 74% of red meat and livestock industry turnover in 2016–17, followed by Western Australia (13%) and South Australia (8%) (see Figure 17).

Comparison to other industries

- The red meat and livestock industry’s turnover reached $65 billion in 2016–17, accounting for approximately 2% of Australia’s total key industry turnover.
- To put turnover in the red meat and livestock industry into perspective, it is only 20% lower than the entire ‘Information, media and telecommunications’ industry, and greater than the ‘Education and training (private)’ and ‘Arts and recreation’ industries (see Figure 18).
- The largest industry by turnover, ‘Wholesale trade’, was about eight times larger than red meat and livestock.

* Data subject to revision between reports. IBISWorld converts historical data into current year terms, and data calculation models are updated.

[Figure 15. Industry turnover by sub-sector*]

[Figure 16. Industry turnover by sub-sector (2016–17)]

[Figure 17. Industry turnover by state (2016–17)]

[Figure 18. Industry turnover compared with other industries (2016–17)]
### 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)).

Australia’s red meat and livestock industry value add was $18.4 billion in 2016–17, down 5.6% on revised 2015–16 figures, but up 61% since 2012–13 (see Table 2).

#### Trends over time

- Australia’s red meat and livestock industry value add increased by 61% between 2012–13 and 2016–17.
- Over this period, industry value add for the production sector (beef cattle farming, sheep farming, mixed farming and feedlots) increased by 89%, while industry value add for the processing sector increased by 27%.

#### Composition by sub-sector

- The production sector (beef cattle, sheep and mixed farming and feedlots) accounted for 72%, or $13.3 billion, of overall industry value add in 2016–17, followed by processing (18%, or $3.4 billion) and sales (wholesaling and retail) (9%, or $1.7 billion) (see Figure 19).

#### By state

- In 2016–17, the three mainland eastern states accounted for 73% of red meat and livestock industry value add, followed by Western Australia (13%) and South Australia (9%) (see Figure 20).

#### Comparison to other industries

- In 2016–17, red meat and livestock industry value add was $18.4 billion, which was greater than the ‘Arts and recreation services’ industry ($12.7 billion) and ‘Agriculture, forestry and fishing’ ($17.1 billion) (see Figure 21).
- The red meat and livestock industry accounted for approximately 1.6% of Australia’s key industry total industry value add.
- Mining recorded the highest industry value add in 2016–17 ($125 billion), which was almost seven times larger than that recorded for the red meat and livestock industry.
### Table 2: Industry value add by sub-sector* ($m)

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Beef cattle farming</td>
<td>4,169</td>
<td>2,063</td>
<td>3,826</td>
<td>8,263</td>
<td>7,125</td>
</tr>
<tr>
<td>Sheep farming</td>
<td>517</td>
<td>418</td>
<td>710</td>
<td>663</td>
<td>865</td>
</tr>
<tr>
<td>Mixed farming (beef/sheep)</td>
<td>2,014</td>
<td>2,079</td>
<td>2,565</td>
<td>4,370</td>
<td>4,597</td>
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<tr>
<td>Feedlots</td>
<td>340</td>
<td>499</td>
<td>608</td>
<td>694</td>
<td>741</td>
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<tr>
<td>Processing</td>
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<td>3,390</td>
<td>4,043</td>
<td>3,783</td>
<td>3,358</td>
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<tr>
<td>Wholesaling</td>
<td>558</td>
<td>571</td>
<td>467</td>
<td>475</td>
<td>483</td>
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<tr>
<td>Retailing</td>
<td>1,185</td>
<td>1,189</td>
<td>1,445</td>
<td>1,249</td>
<td>1,243</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11,426</strong></td>
<td><strong>10,209</strong></td>
<td><strong>13,662</strong></td>
<td><strong>19,497</strong></td>
<td><strong>18,411</strong></td>
</tr>
</tbody>
</table>

*Source: Ernst & Young, IBISWorld

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

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![Figure 22. Agriculture production industry value add (2016–17)](image)

Source: ABS and IBISWorld

1% – Aquaculture
6% – Forestry and logging
4% – Fishing, hunting and trapping
8% – Agriculture, forestry and fishing support services
38% – Red meat and livestock production
43% – Other agriculture

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![Figure 23. Manufacturing industry value add (2016–17)](image)

Source: ABS and IBISWorld

Food product manufacturing (excl. red meat) – 16%
Red meat manufacturing – 3%
Furniture and other manufacturing – 3%
Machinery and equipment manufacturing – 12%
Transport equipment manufacturing – 8%
Fabricated metal product manufacturing – 9%
5% – Beverage and tobacco product manufacturing
2% – Textile, leather, clothing and footwear manufacturing
4% – Wood product manufacturing
3% – Pulp, paper and converted paper product manufacturing
2% – Printing (including the reproduction of recorded media)
4% – Petroleum and coal product manufacturing
8% – Basic chemical and chemical product manufacturing
5% – Polymer product and rubber product manufacturing
6% – Non-metallic mineral product manufacturing
8% – Primary metal and metal product manufacturing

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![Figure 24. Sales industry value add (2016–17)](image)

Source: ABS and IBISWorld

Non-store retailing and retail commission-based buying and/or selling – 2%
1% – Red meat wholesale and retail
9% – Basic material wholesaling
16% – Machinery and equipment wholesaling
5% – Motor vehicle and motor vehicle parts wholesaling
6% – Grocery, liquor and tobacco product wholesaling (excl. red meat)
2% – Commission-based wholesaling
9% – Other goods wholesaling
2% – Fuel retailing
15% – Food retailing (excl. red meat)
26% – Other store-based retailing
7% – Motor vehicle and motor vehicle parts retailing

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Meat Standards Australia

The uptake of and the value delivered by MSA continues to strengthen, 20 years after its commercial release.

An additional $152 million was returned to cattle producers in 2017–18 for cattle that met MSA requirements and company specifications.

The program continues to be enhanced through the ‘Eating Quality Graded’ cipher and on-farm and processing objective measurement technologies.

Meat Standards Australia (MSA) is a voluntary eating quality grading program that engages the entire supply chain to focus on delivering beef and sheepmeat that meets consumers’ eating quality expectations.

It is estimated that an additional $152 million was returned to cattle producers in 2017–18 for cattle that met MSA requirements and company specifications.

In 2017–18, 43% of the annual national cattle slaughter, through 41 processors, were MSA graded (see Figure 40).

From 2015–16 to 2017–18, the number of brands underpinning their product with MSA has grown 23% to 172, and there has been increased sophistication of brand owners to segregate their products into distinct bands of quality. The price differentials for MSA cattle compared to non-MSA cattle have been maintained at $0.21/kg for young, non-feedlot cattle and $0.13/kg for feedlot cattle.

The number of producers voluntarily registering to be a part of the MSA program now stands at 53,300. Producers are more actively using beef carcase feedback. As such, compliance to MSA requirements has improved to 94.3% and the average national MSA Index continues to increase, now at 57.78.

In 2017–18, 25% of the national lamb slaughter followed MSA pathways, with 93% compliance to MSA requirements. Of the compliant lambs, 80% were trademarked under MSA licensed brands. There are now 19 processors actively producing MSA lamb.

A significant enhancement to the Australian Beef Language in October 2017 was the introduction of an alternative category called Eating Quality Graded (EQG). EQG is offered as an alternative option to dentition-based ciphers and will allow MSA brand owners, on a voluntary basis, to pack and label beef according to the eating quality outcome desired by consumers.

MLA estimates that adopting EQG, rather than segregating beef by dentition categories, could potentially add an additional $46 million to the supply chain each year.

Continued investments in objective carcase measurement technologies will enable an MSA cuts-based sheepmeat model to be released commercially. Research continues into identifying and validating camera technologies to increase efficiencies and consistency of beef carcase grading, as well as trialling on-farm technologies to identify cattle stress, providing a powerful decision making tool for producers.

These advancements in eating quality programs will provide a solid platform to integrate with yield technologies in forming potential value-based payment schemes.

Figure 40. National MSA beef grading numbers

Research continues into camera technologies, such as thermal mapping, that could be applied on-farm to measure individual animal stress. Stress reduces muscle glycogen, which can impact eating quality.
In 2016–17, the Australian red meat and livestock industry created employment for around 438,100 people. Of these, just over 191,800 people were directly employed in the industry. The industry was also responsible for the employment of a further 246,300 people in businesses servicing the red meat and livestock industry.

Generation of direct and indirect employment

- In 2016-17, the Australian red meat and livestock industry directly employed just over 191,800 people, a decline of 2.4% on revised 2015-16 figures, but an increase of 7% compared to 2012-13.
- The industry was also responsible for generating indirect employment for almost 246,300 people in businesses servicing the red meat and livestock industry. These additional jobs included those involved in transporting meat and livestock, activities related to livestock sales (such as livestock agents), employment in providing animal health services and supply of farm inputs.

Composition by sub-sector

- In terms of direct employment in 2016–17, the production sector (beef cattle, sheep and mixed farming and feedlots) accounted for just over 132,100 jobs, the processing sector almost 29,800 jobs, with the remainder in retailing and wholesaling (see Figure 25).
- The processing sector generated 2.4 additional indirect jobs for every person directly employed. For the production sector, 1.2 additional indirect jobs were generated.

Direct employment by state

- In 2016–17, New South Wales had the highest levels of direct employment in the red meat and livestock industry (28%), closely followed by Victoria (24.5%) and Queensland (21.4%) (see Figure 26).

Employment compared with other industries and total workforce

- In 2016–17, direct employment in the red meat and livestock industry represented approximately 1.8% of Australia’s key industry total employment (see Figure 27).
- If both direct and indirect employment is taken into account, employment in the red meat and livestock industry represented approximately 4% of Australia’s key industry total employment.
- Within agriculture production, red meat and livestock production (beef cattle, sheep and mixed farming and feedlots) accounted for 27% of Australia’s total direct employment in agriculture production in 2016–17 (see Figure 28).
Figure 28. Agriculture production employment (persons) (2016–17)

- Aquaculture: 1%
- Forestry and logging: 3%
- Fishing, hunting and trapping: 2%
- Agriculture, forestry and fishing support services: 10%
- Red meat and livestock production: 27%
- Other agriculture: 57%

Source: ABS and IBISWorld

Figure 29. Manufacturing employment (persons) (2016–17)

- Beverage and tobacco product manufacturing: 4%
- Textile, leather, clothing and footwear manufacturing: 4%
- Pulp, paper and converted paper product manufacturing: 2%
- Printing (including the reproduction of recorded media): 4%
- Basic chemical and chemical product manufacturing: 5%
- Polymer product and rubber product manufacturing: 5%
- Non-metallic mineral product manufacturing: 5%
- Primary metal and metal product manufacturing: 5%
- Fabricated metal product manufacturing: 12%
- Basic material wholesaling: 9%
- Machinery and equipment wholesaling: 6%
- Motor vehicle and motor vehicle parts wholesaling: 3%
- Grocery, liquor and tobacco product wholesaling (excl. red meat): 4%
- Other goods wholesaling: 6%
- Commission-based wholesaling: 1%
- Motor vehicle and motor vehicle parts retailing: 2%
- Fuel retailing: 2%
- Red meat wholesale and retail: 2%
- Food retailing (excl. red meat): 23%
- Red meat manufacturing: 4%
- Furniture and other manufacturing: 4%
- Machinery and equipment manufacturing: 11%
- Transport equipment manufacturing: 9%
- Food product manufacturing (excl. red meat): 22%

Source: ABS and IBISWorld

Figure 30. Sales employment (persons) (2016–17)

- Non-store retailing and retail commission-based buying and/or selling: 2%
- Red meat wholesale and retail: 2%
- Food retailing (excl. red meat): 23%
- Machinery and equipment wholesaling: 9%
- Motor vehicle and motor vehicle parts wholesaling: 3%
- Grocery, liquor and tobacco product wholesaling (excl. red meat): 4%
- Other goods wholesaling: 6%
- Commission-based wholesaling: 1%
- Motor vehicle and motor vehicle parts retailing: 2%
- Fuel retailing: 2%
- Other store-based retailing: 36%

Source: ABS and IBISWorld

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

<table>
<thead>
<tr>
<th>Company</th>
<th>No. of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Industry Park Ltd (JBS Australia and Australian Consolidated Food Investment)</td>
<td>10,838</td>
</tr>
<tr>
<td>2. Teys Australia</td>
<td>4,625</td>
</tr>
<tr>
<td>3. NH Foods Australia</td>
<td>1,701</td>
</tr>
<tr>
<td>4. Thomas Foods International</td>
<td>1,659</td>
</tr>
<tr>
<td>5. Australian Country Choice</td>
<td>1,400</td>
</tr>
<tr>
<td>6. Kilcoy Pastoral</td>
<td>920</td>
</tr>
<tr>
<td>7. Yolarno Pty Ltd (previously Bindaree Beef Group and Sanger)</td>
<td>807</td>
</tr>
<tr>
<td>8. Northern Co-operative Meat Company (NCMC)</td>
<td>775</td>
</tr>
<tr>
<td>9. Fletcher International Exports</td>
<td>657</td>
</tr>
<tr>
<td>10. Australian Agricultural Company Limited (AACo)</td>
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<tr>
<td>11. Craig Mostyn Group</td>
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<tr>
<td>12. Midfield Meat International</td>
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<td>13. Nolan Meats</td>
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<td>14. Western Australian Meat Marketing International Co-operative (WAMMCO)</td>
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<td>15. Top Cut Foods</td>
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<tr>
<td>16. M C Herd</td>
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<tr>
<td>17. OSI International Foods</td>
<td>205</td>
</tr>
<tr>
<td>18. G &amp; K O’Connor</td>
<td>168</td>
</tr>
</tbody>
</table>

Source: Ernst & Young, IBISWorld
Information is provided below on characteristics of the red meat and livestock industry’s workforce. Critically, employment in the Australian red meat and livestock industry is heavily concentrated in rural and regional areas.

Industry employment is focused on rural and regional areas

- The vast majority (90%) of meat and livestock industry employees live in rural and regional areas, assisting decentralisation.
- Almost 80% of meat processing employment and nearly all beef cattle and sheep production employment is located outside capital cities.

Age profile of the workforce

- Compared to the Australian workforce generally, the meat processing industry offers more employment opportunities to younger Australians, with a median age of 25 to 29 years (see Figure 31).
- Older Australians tend to dominate in the sheep and beef cattle production sectors (like the rest of agriculture).

Education profile of the workforce

- Both the livestock production and meat processing sectors of the red meat and livestock industry offer most employment opportunities to those with practical and technical skills, rather than higher levels of formal education.
- The highest level of education achieved by more than 50% of red meat and livestock employees is secondary education; 10% of red meat and livestock employees have a bachelor degree or higher (see Figure 32).

Indigenous employment

- Specialist sheep farms and mixed farms employ few Indigenous people.
- Of those directly employed in specialist beef farms, 1.8% identify as Indigenous (see Figure 33).
- For specialist beef farms in the Northern Territory, Indigenous employment accounts for 10.7% of the total employment, while in north-west Western Australia it is 15% (see Figure 33).
- Indigenous Australians also comprise a higher proportion (2.8%) of the meat processing workforce than for Australian industries generally (1.7%) (see Figure 33).
Labour shortages – an ongoing and significant challenge for the industry

A critical concern for both the livestock production and red meat processing sectors are labour shortages.

In a recent National Farmers’ Federation (NFF) survey, beef and sheep producers confirmed that shortfalls in labour represented one of their primary concerns for the year ahead.

Likewise, sourcing labour has become a significant challenge for meat processors. A survey of its processor members by the Australian Meat Industry Council has revealed that most Australian meat processing plants are operating at 90% of capacity or less. The aim of these plants is to operate at 100% capacity, but this would require almost 3,000 extra workers. Although most of these positions may be filled with local Australian workers, skilled overseas workers will be required to fill at least 25-30% of these positions.

Attracting workers to the industry

The Australian red meat and livestock industry has adopted a number of strategies to attract workers, including:

• Promoting the industry as an exciting, innovative, diverse, well paid, secure, flexible industry in which to work, offering a variety of career paths.

• Investing in training – for example, the accredited training programs offered by MINTRAC (National Meat Industry Training Advisory Council Limited) to upgrade worker skills and offer advancement paths within the industry.

• Sponsoring overseas workers in the occupation of ‘skilled meat worker’ for periods of up to four years and/or permanent residence – and developing support networks for these workers.

In light of labour shortages and the need to remain globally competitive, the industry has and continues to invest in automation technology.

Despite these initiatives, securing workers in the numbers needed by the industry continues to represent a challenge.

Initiatives to address labour shortages

Encouraging regional economic development is a key policy objective for federal and state governments. Employment provided by the red meat and livestock industry, whether involving Australian workers or overseas workers, provides the economic backbone for many regional economies. Of the 440,000 direct and indirect jobs supported by the industry, most are in regional and rural areas.

The red meat industry’s peak councils and the National Farmers’ Federation have suggested the following initiatives to address regional employment issues:

• Continuing investment in regional provision of government services (for example, in health and education), acknowledging that lower availability of these services in the regions represent a deterrent to city residents relocating.

• Joint industry and government activity in communicating career opportunities in regional Australia. Changes could also be made to vocational educational funding, with a focus on skill sets to suit the needs of regional businesses rather than full qualifications.

• Regulations to facilitate the addition of overseas workers where local labour gaps exist.
NUMBER OF BUSINESSES

In 2016–17, Australia had slightly less than 82,500 red meat and livestock businesses, a decrease of 1% on 2015–16 levels, but up 4.7% on the number of businesses in 2012–13.

**Trends over time**

- The number of businesses within the red meat and livestock industry has remained relatively constant over recent years, with growth of 4.7% between 2012–13 and 2016–17 (see Figure 34).
- The relatively small increase in number of businesses since 2012–13 contrasts with larger increases in employment (7%), turnover (36%) and industry value add (61%).

**Composition by sub-sector**

- In 2016–17, production (being beef cattle, sheep and mixed farming and feedlots) accounted for 94.8% of all businesses within the red meat and livestock industry (see Figure 35). Sales (retailing and wholesaling) accounted for 4.3%, while processing accounted for 0.9%.

**By state**

- In 2016–17, New South Wales had 21,564 red meat and livestock businesses, accounting for 26.1% of all red meat and livestock businesses in Australia. This was closely followed by Queensland (19,048 businesses) and Victoria (17,946 businesses) (see Figure 36).

<table>
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<td>83,311</td>
<td>82,492</td>
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*The contribution of live exports to the number of businesses is represented in beef, sheep and mixed farming.

**Figure 34. Red meat and livestock businesses across the supply chain**

**Figure 35. Business numbers by sub-sector (2016–17)**

**Figure 36. Red meat and livestock business numbers by state (2016–17)**
Foreign investment on the right terms is vital to the Australian red meat and livestock industry

Australia may have been built on the sheep’s back, but it was also built using foreign funds. Since its inception the Australian beef industry has attracted investment from many overseas sources, most notably England, the US, China, Japan and Brazil.

Foreign investment has supplemented domestically sourced funds, allowing further expansion of the Australian red meat and livestock industry. As an example, Japanese investment in feedlots in the 1980s and 1990s was critical in expanding this important industry segment, allowing Australian beef to secure additional sales in Japan. Attracting domestic investors and savings for large red meat and livestock industry investments like this has often been difficult, partly due to a lack of national savings.

Australia has a dynamic, successful red meat and livestock industry with significant potential. The industry is export reliant and capital intensive. Domestic and foreign investors alike want to be part of this success.

ANZ calculates that the Australian red meat and livestock industry will require additional investment funds of about $600 billion to 2050. The bank also suggests that foreign investors are likely to play a critical role.

However, regulations have recently been tightened on foreign investment in Australian agriculture. There is evidence from a range of sources, including from the OECD-FAO Foreign Direct Investment Restrictiveness Index, that barriers facing foreigners wishing to invest in Australian agriculture have increased.

The red meat industry’s peak councils are supportive of regulations that encourage beneficial domestic and foreign investments, as outlined in RMAC’s Feeding Our Nation 2018 report. In light of the continuing need for foreign investment, the red meat industry’s peak councils have supported:

- Lifting the $15 million threshold currently used by the Foreign Investment Review Board for screening foreign investment in agricultural land to a level comparable with other sectors (for example, mining or construction).
- A feasibility study into the marketing of agribusiness commodities and services as two-way investment throughout government and industry agencies, showcasing the entire industry.
Red meat and livestock exports totalled approximately $13.3 billion in 2016–17, down 11% year-on-year, but approximately 41% above 2012–13 levels.

Trends over time

- Red meat and livestock exports (including co-products) increased from $9.4 billion in 2012–13 to $15.7 billion in 2014–15, before dropping to $13.3 billion in 2016–17, still 41% above 2012–13 levels (IHS Markit, Global Trade Atlas) (see Figure 37).

Composition by sub-sector

- Australia’s red meat and livestock exports occur in two primary forms: exports produced by meat processors (meat and meat co-products) and exports of livestock.

- In 2016–17, exports by meat processors accounted for 89% ($11.9 billion) of total meat and livestock exports, while exports of live sheep and cattle accounted for 11% ($1.4 billion) (IHS Markit, Global Trade Atlas).

By state of production

- In 2016–17, Queensland had the highest level of red meat exports, accounting for approximately 40% of export volumes (see Figure 38) (DAWR).

- The three mainland eastern states accounted for 81% of red meat exports, followed by South Australia (9%), Western Australia (6%) and Tasmania (3%) (DAWR).

Comparison to other industries

- Red meat and livestock exports accounted for approximately 5.6% of Australia’s key industry exports in 2016–17 (see Figure 39) (IHS Markit, Global Trade Atlas, Ernst & Young, IBISWorld, ABS).

- In 2016–17, red meat and livestock exports were valued $13.3 billion (IHS Markit, Global Trade Atlas).
The Australian red meat and livestock industry is continuing to benefit from the significant gains made in free trade agreements (FTAs) with China, Japan and Korea.

The newly signed Comprehensive and Progressive Agreement for the Trans-Pacific Partnership and Peru-Australia Free Trade Agreement will deliver further benefits.

Prospective access to both European Union (EU) and United Kingdom (UK) markets offer great opportunities for the Australian red meat industry.

Improving market access for Australian red meat and livestock allows the industry to maintain and improve its global competitiveness, cut costs from the supply chain, maximise the value of exported product, diversify into new markets and reduce over-exposure to a smaller number of markets.

Preferential access to some of Australia’s key export destinations is being realised via a suite of FTA negotiations:

- **North Asian FTAs** involving Korea, Japan and China
  - Upon full implementation, these have the potential to deliver $20 billion in additional exports over 20 years.

- **Comprehensive and Progressive Agreement for the Trans-Pacific Partnership (CPTPP)**
  - These countries account for about 27% of Australia’s combined beef, sheepmeat and offal trade.
  - Existing import tariffs represent an annual tax on the Australian supply chain of around $1 billion.

- **Peru-Australia Free Trade Agreement (PAFTA)**
  - The PAFTA enables the Australian red meat and livestock industry to access opportunities in a completely new and growing market.
  - It also represents a useful step in securing closer economic relations with the Pacific Alliance group of countries that also includes Chile, Columbia and Mexico.

- **Bilateral trade negotiations with the European Union (EU)**
  - The recent launch (June 2018) of bilateral trade negotiations between Australia and the EU offers tremendous potential to improve access conditions in a market that hasn’t seen significant import reform over the past 40 years.
  - Compared with other major supplying nations, Australia experiences disproportionately low volume quotas, coupled with high duties within certain quotas as well as trade prohibitive above-quota tariffs.
  - Transformation of these import arrangements, involving significant improvements to current access, will be a necessary deliverable of the FTA discussions.

- **Post-Brexit UK FTA negotiations**
  - The UK is not self-sufficient in beef or sheepmeat, and higher imports will be required to supplement domestic production.

Non-tariff barriers impose significant costs on the Australian red meat and livestock industry. They reduce trade volumes and/or diminish product returns with the annual negative impact value estimated to be approximately $3.4 billion.

In partnership with the Australian Government, the Australian red meat and livestock industry continues to pursue a number of priority non-tariff barriers such as:

- accreditation of additional export establishments to supply China
- access for chilled product into China
- shelf-life conditions in the Middle East
- global Halal issues.

For further information, please see the Appendix.
CATTLE

Cattle herd

- The Australian cattle herd was 26.2 million head at 30 June 2017 – up 4.8% year-on-year (see Figure 41) (ABS).
- 90% of the herd comprised beef cattle, while 10% were dairy cattle (ABS).
- Queensland cattle accounted for 43% of the national herd, NSW accounted for 20% and Victoria made up 14% in 2016–17. WA and NT each accounted for 8%, while SA and Tasmania made up the remaining 4% and 3%, respectively (see Figure 42) (ABS).
- 52% of the beef herd were cows and heifers (one year and over) in 2016-17 (see Figure 43) (ABS).

Feedlots

- There was a record number of cattle on feed in Australia in 2017 – driven by dry conditions, low grain prices at the start of the year, and robust demand for grainfed beef in key export markets.
- The national quarterly average of cattle on feed was 1.03 million head in 2017 – 16% higher than the previous year (see Figure 44) (MLA/ALFA Feedlot Survey).
- The average feedlot capacity was 1.3 million head in 2017 (AUS-MEAT).
- Australia's average feedlot utilisation was 81% in 2017 (AUS-MEAT, MLA/ALFA Feedlot Survey).
- The number of grainfed cattle turned off was 2.9 million head in 2017 – up 10% from 2016 (see Figure 45) (MLA/ALFA Feedlot Survey).
- The grainfed cattle turnoff proportion of total adult cattle slaughter was 40% in 2017 (see Figure 45) (MLA/ALFA Feedlot Survey, ABS).

- 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. This figure differs from MLA’s Cattle Industry Projections, which seeks to estimate herd numbers from all farm businesses.
**Over-the-hooks cattle indicators**

- The average 100-day grainfed steer (300-320kg) over-the-hooks indicator in Queensland averaged 529¢/kg cwt in 2017 – 4% lower than the previous year, but 22% higher than the five-year average (435¢/kg cwt) (see Figure 46) [MLA].

**Grainfed beef exports**

- 27% of Australia’s total beef exports was grainfed beef in 2017 – compared to the five year-average of 21% [DAWR].
- Australia’s grainfed beef exports totalled 272,682 tonnes swt – up 5% year-on-year (see Figure 47) [DAWR].
  - Japan is Australia’s largest export destination (in volume terms) for grainfed beef exports.
  - Grainfed beef exports to Japan accounted for 52% of Australia’s total grainfed beef exports, followed by Korea (20%) and China (10%) in 2017 [DAWR].
  - Compared to the five-year average, grainfed beef exports to Japan in 2017 were up 11%, Korea up 35%, China up 60% and the EU up 5% [DAWR].

**Slaughter**

- Adult cattle slaughter totalled 7.2 million head in 2017 – down 2% on the previous year, and 13% below the five-year average (see Figure 48) [ABS].
- The proportion of female (cow and heifer) slaughter of the total kill was 45% in 2017, which indicates the national cattle herd was in a rebuilding phase (see Figure 48) [ABS].
- Female slaughter declined 5% year-on-year, to 3.3 million head, while male slaughter lifted 1%, to 3.9 million head in 2017 [ABS].

**Carcase weight**

- The national average adult carcase weight was 297.6kg in 2017 – 3% higher than the previous year, and 6% higher than the five-year average (see Figure 49) [ABS].

**Production**

- Australian beef and veal production totalled 2.15 million tonnes cwt in 2017 – up 1% year-on-year (see Figure 50) [ABS].
- Compared to the five-year average, the volume of beef and veal produced in 2017 was down 9% [ABS].
- Beef production in Queensland accounted for 48% of the national total in 2017, followed by NSW (22%), Victoria (17%), SA (5%), WA (5%) and Tasmania (3%) [ABS].
Beef exports
- Australian beef exports totalled 1.01 million tonnes swt in 2017 – similar to the year prior, but 10% lower than the five-year average (see Figure 51) (DAWR).
- Japan was Australia’s largest beef export market (in volume terms) in 2017, taking 292,364 tonnes swt – an increase of 11% year-on-year (see Figure 52) (DAWR).
- Japan’s market share of Australian beef exports in 2017 was 29%, followed by the US (23%) and Korea (15%) (DAWR).
- The value of Australian beef exports in 2017 was $7.45 billion – up 1% from the previous year (see Figure 51) (IHS Markit, Global Trade Atlas).

Saleyard prices
- The national trade steer (330-400kg) saleyard indicator declined 4% year-on-year in 2017, to average 595¢/kg cwt (see Figure 54). However, this was 36% higher than the five-year average (MLA).
- The national heavy steer (500-600kg) saleyard indicator fell 7% year-on-year in 2017, to average 523¢/kg cwt. This was 27% higher than the five-year average (MLA).
- The national medium cow (400-520kg) saleyard indicator decreased 5% year-on-year in 2017, to average 446¢/kg cwt. This was 32% higher than the five-year average (MLA).

Retail prices
- The national beef retail price indicator was estimated at an average of 1,927¢/kg rwt in 2017 (see Figure 55) – very similar to the previous year (ABS, MLA calculations).
- As a result, the producer share of the retail dollar was estimated at 45% in 2017 – down two percentage points from 47% in 2016 (ABS, MLA calculations).

Live cattle exports
- Australian live cattle exports fell 24% year-on-year in 2017, to 867,056 head (see Figure 53) (DAWR).
- Feeder cattle accounted for 68% of Australia’s live cattle exports, followed by slaughter cattle (20%) and breeders (12%).
- Australia’s largest market for live cattle exports in 2017 was Indonesia (59% of total), followed by Vietnam (19%) and China (9%).
**Farm financial performance**

- The average farm cash income of Australian beef producers increased 4% year-on-year, to $188,800 in 2016-17 (see Figure 56) (*ABARES* Australian Agricultural and Grazing Industries Survey).

- Farm business profit increased 60% in 2016–17, underpinned by higher beef cattle prices (*ABARES*).

- The average rate of return (excluding capital appreciation) of Australian beef cattle farms increased from 2.2% in 2015-16 to 2.7% in 2016–17 (*ABARES*).

- Note that this data is for the year ending 30 June 2017. Lower cattle prices, higher grain prices and the expansion of drought affected areas since that time will likely impact the key indicators of farm financial performance for the 2017–18 reporting period.

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*Figure 56. National average beef farm cash income*

Source: *ABARES*  
Note: This data is in real terms. Data as at 30 June.

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11 Preliminary estimates. The *ABARES* Australian Agricultural and Grazing Industries Survey includes beef producers with at least 100 head of beef cattle on hand at 30 June.
In 2017, Australia’s top three beef export destinations (in volume terms) were Japan (292,364 tonnes swt, or 28.8% of total exports), the US (234,112 tonnes swt, or 23% of total exports), and Korea (148,552 tonnes swt, or 14.6% of total exports).

In 2017, Australia’s top three live cattle export destinations (in volume terms) were Indonesia (512,871 head, or 59.2% of total exports), Vietnam (165,172 head, or 19% of total exports) and China (75,701 head, or 8.7% of total exports).

Source: DAWR
Key sustainability priorities for the Australian red meat industry

Sustainability is a key focus for the Australian red meat industry. The industry needs to adapt to variable climates, unpredictable rain patterns, changing trade agreements and protocols, varying state and territory legislation, and critically, increasing customer and stakeholder expectations.

To improve performance across the key areas of sustainability – economic prosperity, people and the community, environmental resilience and animal welfare – the beef industry has developed the Australian Beef Sustainability Framework. The sheepmeat industry is in the early stages of developing its own framework.

The key priorities for the beef industry are:

1. **Animal husbandry**
   Husbandry procedures include castration, dehorning, branding and ear marking. The industry seeks alternatives to invasive practices and, where practicable, administer pain relief.

2. **Profitability across the value chain**
   To attain economic sustainability the industry must generate positive, long-term rates of return on capital invested in cattle raising and beef production. While the top 25% outperforms the industry average, large structural impacts beyond the control of individual businesses significantly impact capital return.

3. **Balance of tree and grass cover**
   The industry has commenced a process with an expert group of ecologists, remote sensing experts and productivity experts to track performance across the areas of biodiversity, deforestation and pasture conservation.

4. **Antimicrobial stewardship**
   Antibiotics are a valuable resource. Maintaining their efficacy is of critical importance. The industry’s antimicrobial stewardship aims to improve their safe and appropriate application, reduce their use over time whilst upholding the health and welfare of livestock, and reduce the risk of antimicrobial resistance.

5. **Manage climate change risk**
   The Australian red meat industry has an ambitious plan to be carbon neutral by 2030. This follows a reduction in emissions between the baseline year of 2005 and 2015 of 45% as calculated by CSIRO. The implementation plan has projected that $200 million over 10 years is required to deliver on this target.

6. **Health and safety of people in the industry**
   Workplace health and safety systems vary across the beef value chain. The on-farm sector is a unique business environment from a health and safety point of view. The combination of hazardous activities and the remote working environments makes farming one of the more dangerous industries in Australia.

Key highlights from the 2018 Australian Beef Sustainability Framework annual report are:

- a ‘carbon neutral by 2030’ target
- establishing a $35 million Strategic Partnership for Animal Welfare
- $120 million farm-gate returns from the Meat Standards Australia program
- rollout of Profitable Grazing Systems to boost producer expertise (30% increase measured in the pilot)
- 58% of Australians considering beef to be part of a healthy, balanced diet.

Further details: SustainableAustralianBeef.com.au
Sheep flock

- The Australian sheep flock was 72.1 million head\(^{12}\) at 30 June 2017, up 6.8% year-on-year (see Figure 59) (ABS).

- The majority of Australia’s sheep population reside in NSW (37%), Victoria (21%), WA (20%) and SA (16%). Tasmania and Queensland each account for 3% of the national sheep flock (see Figure 60) (ABS).

- In 2016–17, breeding ewes (one year and over) accounted for 55% of Australia’s sheep flock, while lambs (under one year) made up 32% (see Figure 61) (ABS).

Slaughter

- National lamb slaughter totalled 22.4 million head in 2017 (see Figure 62) – down 2% year-on-year, although 2% higher than the five-year average (ABS).

- Sheep slaughter increased 8% year-on-year, to 7.5 million head in 2017 (see Figure 62) – however, this remained 9% below the five-year average (ABS).

Carcase weights

- The national lamb carcase weight averaged 22.7kg/head in 2017 (see Figure 63) – up 1% from the previous year, and 3% higher than the five-year average (ABS).

- Sheep carcase weights averaged 25kg/head in 2017 (see Figure 63) – an increase of 2% year-on-year, and 7% from the five-year average (ABS).

Production

- Australian lamb production totalled 509,221 tonnes cwt in 2017 (see Figure 64) – down 1% year-on-year, but 5% higher than the five-year average (ABS).

- Mutton production lifted 11% from the previous year, although was down 2% from the five-year average, at 188,434 tonnes cwt (see Figure 64) (ABS).

- Total sheepmeat production (lamb and mutton) was 697,655 tonnes cwt in 2017 – an increase of 2% year-on-year, and 3% above the five-year average.

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\(^{12}\) 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.
Sheepmeat exports

- Australian lamb exports increased 4% year-on-year and 12% on the five-year average, to 250,798 tonnes swt in 2017 (see Figure 65) (DAWR).

- The US was the largest (in volume terms) destination for Australian lamb exports in 2017, at 55,158 tonnes swt (up 1% year-on-year), followed closely by China, at 48,209 tonnes swt (up 23% year-on-year) (see Figure 66) (DAWR).

- The Middle East is a major export region for Australian lamb – in 2017, exports to the region increased 3% from the year prior, to 63,757 tonnes swt (DAWR).

- Australian mutton exports were 146,873 tonnes swt in 2017– 11% higher than the previous year, although 2% lower than the five-year average (see Figure 65) (DAWR).

- China was Australia’s largest (in volume terms) export destination for mutton in 2017, at 34,985 tonnes swt (see Figure 67) (DAWR).

- Other key export destinations for Australian mutton were Malaysia (14,102 tonnes swt), Saudi Arabia (13,936 tonnes swt) and the US (13,411 tonnes swt) (DAWR).

- The value of Australian sheepmeat (lamb and mutton) exports in 2017 was $3.04 billion – up 24% year-on-year (see Figure 65) (IHS Markit, Global Trade Atlas).

Live sheep exports

- Australian live sheep exports lifted 3% year-on-year, to 1.9 million head in 2017 (see Figure 68) (DAWR).

- Australia’s largest markets for live sheep exports in 2017 were Qatar (35% of total), Kuwait (32% of total) and Turkey (11% of total) (DAWR).

Saleyard prices

- The national trade lamb saleyard indicator averaged 629¢/kg cwt in 2017 (see Figure 69) – 13% higher than the previous year, and 35% higher than the five-year average (MLA).

- The national mutton saleyard indicator increased 28% year-on-year and averaged 446¢/kg cwt in 2017. This was 53% higher than the five-year average (MLA).
Retail prices

- The average lamb retail price indicator was estimated at 1,487¢/kg rwt in 2017 – 2% higher than 2016 levels (see Figure 70) (ABS, MLA calculations).

- As a result, the lamb producer share of the retail dollar was estimated at 60% in 2017 – a five percentage point increase from 55% in 2016 (ABS, MLA calculations).

Figure 70: National lamb retail price indicator

![](image)

Source: ABS, MLA calculations

Farm financial performance

- The average farm cash income of Australian slaughter lamb producers increased 35% year-on-year in 2016–17, averaging $281,200 (see Figure 71) (ABARES Australian Agricultural and Grazing Industries Survey).

- Farm business profit more than doubled (up 109%) year-on-year, to $184,700 in 2016–17 (ABARES).

- The average rate of return (excluding capital appreciation) of Australian lamb producing farms increased from 2.8% in 2015–16 to 4.3% in 2016–17 (ABARES).

- Note that this data is for the year ending 30 June 2017. Higher feed prices and the expansion of drought affected areas since that time will likely impact the key indicators of farm financial performance for the 2017–18 reporting period.

Figure 71: National average lamb farm cash income

![](image)

Source: ABARES

Note: This data is in real terms. Data as at 30 June.

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13 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.

14 Preliminary estimates. The ABARES Australian Agricultural and Grazing Industries Survey includes producers that sold at least 200 lambs for slaughter in the 12 months to 30 June.
In 2017, Australia’s top three sheepmeat (lamb and mutton) export destinations (in volume terms) were China (83,195 tonnes swt, or 20.9% of total exports), the US (68,569 tonnes swt, or 17.2% of total exports) and Dubai (24,429 tonnes swt, or 6.1% of total exports).

In 2017, Australia’s top three live sheep export destinations (in volume terms) were Qatar (658,000 head, or 34.9% of total exports), Kuwait (604,678 head, or 32% of total exports), and Turkey (198,303 head, or 10.5% of total exports).
Slaughter

- The number of goats processed in 2017 totalled 2.1 million head (see Figure 74) – up 7% from the previous year and 2% higher than the five-year average (ABS).
- In 2017, goat processing in Victoria lifted 6% to 1.06 million head, Queensland slaughter (449,279 head) eased 4%, NSW (123,839 head) increased 49%, SA (395,888 head) increased 19% and WA (45,936 head) declined 12% year-on-year (see Figure 75) (ABS).

Figure 74. Australian goat slaughter

![Figure 74. Australian goat slaughter](source)

Figure 75. Australian goat slaughter by state (2017)

![Figure 75. Australian goat slaughter by state (2017)](source)

Goatmeat exports

- Australian goatmeat exports totalled 28,426 tonnes swt in 2017 (see Figure 77) – up 6% year-on-year, although 8% lower than the five-year average (DAWR).
- The US is Australia’s largest export destination for goatmeat – accounting for 66% of total goatmeat exports in 2017, at 18,885 tonnes swt (see Figure 78) (DAWR).
- Other key markets in 2017 were Taiwan (12% of total), Canada (6%), Korea (6%) and Trinidad & Tobago (5%) (DAWR).

Figure 77. Australian goatmeat export volumes

![Figure 77. Australian goatmeat export volumes](source)

Figure 78. Australia’s top five goatmeat export markets (2017)

![Figure 78. Australia’s top five goatmeat export markets (2017)](source)

Carcase weights

- Nationally, adult goat carcase weights averaged 15.3kg in 2017 – down 4% from the previous year (ABS).

Live goat exports

- Australian live goat exports totalled 12,245 head in 2017 – down 77% year-on-year.
- The key destinations were Malaysia, the Philippines and the United Arab Emirates.

Production

- Australian goatmeat production totalled 31,414 tonnes cwt in 2017 (see Figure 76) – up 4% year-on-year, but unchanged from the five-year average (ABS).

Figure 76. Australian goatmeat production

![Figure 76. Australian goatmeat production](source)

Over-the-hooks indicators

- In 2017, the over-the-hooks goat (12-16kg) indicator averaged 585¢/kg cwt – up 5% year-on-year (see Figure 79) (MLA).

Figure 79. Eastern states over-the-hooks goat indicator (12-16kg)

![Figure 79. Eastern states over-the-hooks goat indicator (12-16kg)](source)
In 2017, Australia’s top three goatmeat export destinations (in volume terms) were the US (18,885 tonnes swt, or 66% of total exports), Taiwan (3,553 tonnes swt, or 12% of total exports), and Canada (1,814 tonnes swt, or 6% of total exports).

Source: DAWR

In 2017, Australia’s top three live goat export destinations (in volume terms) were Malaysia (11,357 head, or 93% of total exports), Philippines (520 head, or 4% of total exports) and the UAE (229 head, or 2% of total exports).

Source: DAWR
The tables below provide further details to the market access snapshot on page 19.

### Table 5: Tariffs/quotas applicable to Australian beef in 2018 (selected FTA markets)

<table>
<thead>
<tr>
<th>Country (FTA)</th>
<th>Base tariff (prior to FTA)</th>
<th>1 Jan 2018</th>
<th>Full implementation of FTA</th>
</tr>
</thead>
<tbody>
<tr>
<td>US (AUSFTA)</td>
<td>Quota: 378,214 tonnes In-quota tariff: 4.4US¢/kg Out-of-quota tariff: 26.4%</td>
<td>Quota: 423,214 tonnes In-quota tariff: 0% Out-of-quota tariff: 14.08%</td>
<td>0% tariffs: Jan 2022 onwards No quota restriction Jan 2023 onwards</td>
</tr>
<tr>
<td>Thailand (TAFTA)</td>
<td>51%</td>
<td>5.33</td>
<td>0%: Jan 2020 onwards</td>
</tr>
<tr>
<td>Chile</td>
<td>6%</td>
<td>0%</td>
<td>0%: Jan 2028 onwards</td>
</tr>
<tr>
<td>Korea (KAFTA)</td>
<td>40%</td>
<td>26.6%</td>
<td>0%: Jan 2024 onwards</td>
</tr>
<tr>
<td>Japan chilled (JAPEA)*</td>
<td>38.5%</td>
<td>29.3%</td>
<td>23.5%: April 2028 onwards</td>
</tr>
<tr>
<td>Japan frozen (JAPEA)*</td>
<td>38.5%</td>
<td>26.9%</td>
<td>19.5%: April 2031 onwards</td>
</tr>
<tr>
<td>China (ChAFTA)</td>
<td>12%</td>
<td>7.2%</td>
<td>0%: Jan 2022 onwards</td>
</tr>
</tbody>
</table>

* Tariff change in Japan effective 1 April

### Table 6: Tariffs applicable to Australian sheepmeat in 2018 (selected FTA markets)

<table>
<thead>
<tr>
<th>Country (FTA)</th>
<th>Base tariff (prior to FTA)</th>
<th>1 Jan 2018</th>
<th>Full implementation of FTA</th>
</tr>
</thead>
<tbody>
<tr>
<td>US (AUSFTA)</td>
<td>Lamb 0.7US¢/kg Mutton 2.8US¢/kg</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Thailand (TAFTA)</td>
<td>32%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Chile</td>
<td>6%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Korea (KAFTA)</td>
<td>22.5%</td>
<td>11.2%</td>
<td>0%: Jan 2023 onwards</td>
</tr>
<tr>
<td>Japan chilled (JAPEA)*</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>China (ChAFTA)</td>
<td>15%</td>
<td>8.3%</td>
<td>0%: Jan 2023 onwards</td>
</tr>
</tbody>
</table>

### Table 7: Comprehensive and Progressive Agreement for the Trans-Pacific Partnership (CPTPP or TPP-11) tariffs applicable to Australian beef/sheepmeat (selected CPTPP markets)

<table>
<thead>
<tr>
<th>Country (FTA)</th>
<th>Base tariff (1 Jan 2018)</th>
<th>Full implementation of CPTPP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan (beef)</td>
<td>26.9% - 29.3% (JAPEA)</td>
<td>9%: within 15 years</td>
</tr>
<tr>
<td>Canada (beef)</td>
<td>26.5%</td>
<td>0%: within 5 years</td>
</tr>
<tr>
<td>Canada (sheepmeat)</td>
<td>2.5%</td>
<td>0%: entry into force</td>
</tr>
<tr>
<td>Mexico (beef)</td>
<td>20% - 25%</td>
<td>0%: within 10 years</td>
</tr>
<tr>
<td>Mexico (sheepmeat)</td>
<td>10%</td>
<td>0%: within 8 years</td>
</tr>
</tbody>
</table>

CPTPP comprises 11 member countries (previously 12 members prior to the withdrawal of the US): Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, Peru, New Zealand, Singapore and Vietnam.

### Table 8: Tariffs applicable to Australian beef and sheepmeat potentially destined for Peru

<table>
<thead>
<tr>
<th>Type</th>
<th>Base tariff (1 Jan 2018)</th>
<th>Full implementation of PAFTA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beef</td>
<td>11% - 17%</td>
<td>0%: either entry into force or within 5 years</td>
</tr>
<tr>
<td>Sheepmeat/goatmeat</td>
<td>9%</td>
<td>0%: entry into force</td>
</tr>
</tbody>
</table>

### Table 9: Tariffs/quotas applicable to Australian beef and sheepmeat destined for the EU (2018)

<table>
<thead>
<tr>
<th>Type</th>
<th>Quota (tonnes)</th>
<th>In-quota tariff</th>
<th>Out-of-quota tariff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beef (‘Hilton’)</td>
<td>7,150</td>
<td>20%</td>
<td>12.8% + up to €3.1/kg</td>
</tr>
<tr>
<td>Beef (HQB grain fed)</td>
<td>45,000 (shared)</td>
<td>0%</td>
<td>12.8% + up to €3.1/kg</td>
</tr>
<tr>
<td>Sheepmeat/goatmeat</td>
<td>19,186</td>
<td>0%</td>
<td>12.8% + up to €3.1/kg</td>
</tr>
</tbody>
</table>
GLOSSARY AND KEY TERMS

• ABS – Australian Bureau of Statistics
• ABARES – Australian Bureau of Agricultural and Resource Economics and Sciences
• ALFA – Australian Lot Feeders’ Association
• b – billion
• cwt – carcase weight
• cwe – carcase weight equivalent
• DAWR – Department of Agriculture and Water Resources
• EU – European Union
• FAO – Food and Agriculture Organization
• Farm cash income – Farm cash income is a measure of cash funds generated by the farm business for farm
  investment and consumption after paying all costs incurred in production
• FTA – Free Trade Agreement
• 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.
• 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)).
• LiveCorp – Australian Livestock Export Corporation Ltd
• m – million
• MENA – Middle East and North Africa
• MINTRAC – National Meat Industry Training Advisory Council Limited
• Mixed farming classification – This classification is made up of producers in the industry who are engaged in
  farming both sheep and beef cattle. The statistics are derived from IBIS Reports A0141 Sheep-Beef Cattle Farming
  in Australia and A0145 Grain-Sheep or Grain-Beef Farming in Australia with proportions relating to canola, wool,
  other grains and wheat removed.
• MSA – Meat Standards Australia
• MLA – Meat & Livestock Australia
• Mt – million tonnes
• NFF – National Farmers’ Federation
• OECD-FAO – Organisation for Economic Co-operation and Development
• Over-the-hooks – refers to the marketing of cattle/sheep/lambs directly from the 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.
• RMAC – Red Meat Advisory Council
• rtc – ready to cook
• rwt – retail weight
• swt – shipped weight
• tariff – a tax or duty to be paid on a particular class of imports or exports
• UK – United Kingdom
• US – United States
• USDA – United States Department of Agriculture