Snapshot Report

AUSTRALIAN MEAT PROCESSOR CORPORATION

Red Meat Processing Socio-Economic Impact Study

Project code	Prepared by	Date submitted
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Project description

This report contains the results of the economic impact analysis for the 2023-24 financial year at the national, state and local government area (LGA) levels. The economic impact analysis draws on information provided by red meat processors, including survey results, to form a complete picture of the sector's impact on the Australian economy. The economic impacts are split into the direct impact of the *red meat processing* industry, and the wider economic impact, taking into account input requirements from other industries and induced household consumption.

In 2023-24, the national total economic impact of the *red meat processing* industry, including direct and flow on effects includes:

- Sales of $78,394 million across all industries (1.71 per cent of total Australian output);
- Value Added of $29,629 million across all industries (1.21 per cent of Australian GDP);
- The industry directly employed 39,561 full time equivalent (FTE) persons and supported a further 149,925 jobs across supporting industries. Total employment impact across all industries is 189,487 FTE jobs (1.16 per cent of total Australian industry employment);
- Total household income of $17,804 million from employed persons across all industries (1.30 per cent of total Australian household income).
- Net tax paid by red meat processors is estimated at around $276 million.

The *red meat processing* industry has a relative high flow on effect to other parts of the economy, when compared to other industries. This highlights the *red meat processing* industry's importance for the wider economy.

Project content

This study provides an overview of the socio-economic impacts of the *red meat processing* industry on the Australian economy in 2023-24. The direct and indirect economic impacts from the *red meat processing* industry were modelled at the state and national level. In this 2024 update, the economic impact at the local government area (LGA) has been modelled for the first time.

Project outcomes

National Impact

The Australian *red meat processing* industry had direct sales of $25,452.0 million in 2023-24. The value-added component of production is $5,428.5 million overall. This represented 0.22 per cent of Australian Gross Domestic Product directly attributable to the *red meat processing* industry.

However, the flow on economic impacts from the red meat processing industry are relatively large when compared to other industries. Production of red meat in Australia supports $52,941.5 million of sales in supporting industries, such as agriculture, which includes $24,200.2 million in value added. The total impact to the Australian Economy represents 1.21 per cent of GDP.

The red meat processing industry directly employed 39,561 FTE employees in 2023-24. Survey results suggest that most employed within the industry work full time hours (upwards of 90 per cent). This results in supporting an additional 149,925 of full-time equivalent employment in related industries and industries that supply additional consumption of households.

Table 1 National Economic Impact of the Red Meat Processing Industry 2023-24

	Sales	Value Added	Industry Employment	Household Income
	$m	$m	number (FTE)	$m
Direct Impact	25,452.0	5,428.5	39,561	3,555.7
Flow on effect	52,941.5	24,200.2	149,925	14,248.3
Production induced effects	36,380.3	16,386.5	98,253	9,934.4
Consumption induced effects	16,561.1	7,813.7	51,672	4,313.9
Total Impact	**78,393.5**	**29,628.7**	**189,487**	**17,804.0**
Share of State				
	per cent	per cent	per cent	per cent
Direct Impact	0.55	0.22	0.33	0.26
Flow on effect	1.15	0.99	1.26	1.04
Production induced effects	0.79	0.67	0.83	0.73
Consumption induced effects	0.36	0.32	0.44	0.31
Total Impact	**1.71**	**1.21**	**1.60**	**1.30**

In 2022-23, the estimated national total average output multiplier from increased output in the supply chain was 3.16 for the *Meat and meat product manufacturing* industry. This includes production induced effects, that is increased industry output to meet supply from the *Meat product manufacturing* industry, and the consumption induced effects from households as a result of the increased expenditure within these industries. Note, the effective national output multiplier from the Economic Impact model is slightly smaller at 3.08. This means that an increase of $100 of output in the *Meat and meat product manufacturing* industry will lead to an average national increase of $308 in output in total across all industries.

Out of the 115 industries represented in the National Accounts, the *Meat and meat product manufacturing* industry has the 9th highest output multiplier, which highlights the industries importance for the wider economy.

Overall, the red meat processing industry is a high volume, small margin business, which is partly demonstrated by the industry having a low ratio of value added to total sales. At the national level, around two thirds of the value added generated by the *red meat processing* industry goes toward the compensation of employees through wages and salaries. The remaining third is the gross operating surplus and taxes on products (less subsidies). According to the ATO, the net tax to total income ratio for the *Meat and meat product manufacturing sector* is around 1.1 per cent[1], which applied to estimated Australian direct sales means a net tax of around $275.9 million.

State/Territory Impact

The State/Territory level impacts are summarised below.

Table 2 Total Economic Impact of the Red Meat Processing Industry by State and Territory, 2023-24

	Sales	Value Added	Industry Employment	Household Income
Total (direct and flow-on impacts)	**$m**	**$m**	**number (FTE)**	**$m**
NSW	23,689	9,298	53,361	4,885
VIC	20,981	7,757	52,823	4,460
QLD	22,914	8,320	55,363	5,834
SA	3,273	1,324	11,258	934
WA	5,189	2,021	11,292	1,222
Tas	1,504	555	3,763	269
NT	588	229	857	133
ACT	256	124	768	67
Share of State	**per cent**	**per cent**	**per cent**	**per cent**
NSW	1.68	1.26	1.46	1.1
VIC	1.98	1.44	1.72	1.34
QLD	2.51	1.71	2.32	2.17
SA	1.3	1	1.44	1.16
WA	0.71	0.47	0.84	0.72
Tas	2.11	1.45	1.62	1.09
NT	0.97	0.7	0.73	0.87
ACT	0.29	0.25	0.3	0.18

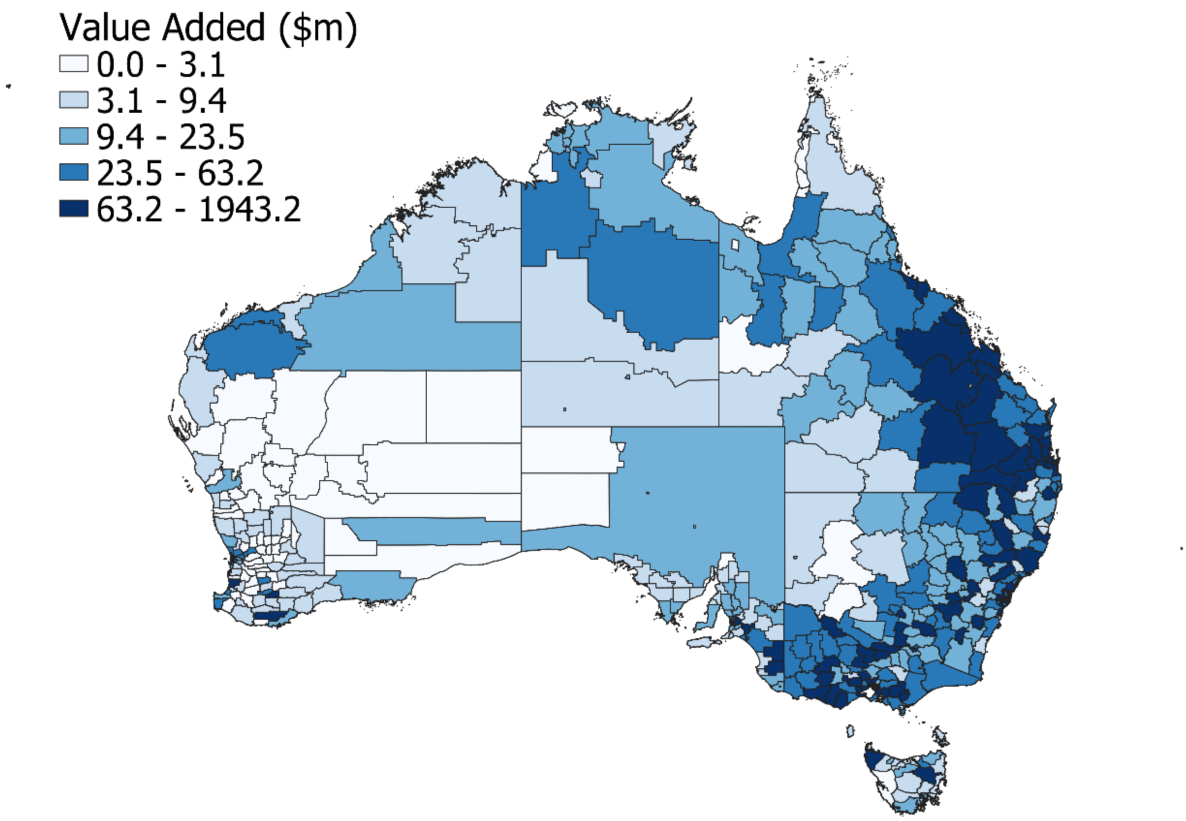
[1] Taxation Statistics 2021-22, Australian Taxation Office.

Local Government Area Impact

The *red meat processing* industry is represented directly within 59.5 per cent of all LGAs. This includes all red meat processing capacity from small operations to large businesses that process hundreds of thousands of animals per year.

The flow on effects from the *red meat processing* industry cover all LGAs within Australia, with each LGA containing at least a minor economic impact. This demonstrates the interconnected nature of the *red meat processing* industry and the wider economy.

Figure 1 Total economic impact of red meat processing industry 2023-24 – Value Added ($M)



The red meat processing industry is particularly strong within inner regional areas, that is regional cities outside of the major state capital cities. However, major cities represent an important source of supporting industry by providing professional and financial services. The *red meat processing* industry is also important for remote areas that are heavily dependent on livestock grazing.

Benefit for industry

The modelled results from this project may be used to communicate the socio-economic importance of the *red meat processing* industry at a national, state/territory and local government level.