

STATE OF THE INDUSTRY REPORT

The Australian
red meat and
livestock industry





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CONTENTS

- 4** **Executive summary**
- 5** **The operating environment**
 - The industry environment**
 - 6** Production of livestock
 - 7** Consumption of red meat
 - 8** Key export and import players
- The economic importance of the Australian red meat and livestock industry**
- 9** Industry turnover
- 11** Industry value add
- 12** Employment
- 16** Number of businesses
- 17** Exports
- Species statistics and performance**
- 18** Beef cattle
- 22** Sheep
- 25** Goat
- 27** **Key issues snapshots**
- 33** **Glossary and key terms**

Executive summary

The Australian red meat industry demonstrated its strength and resilience in 2020. In early 2020 widespread rains occurred across southern and eastern Australia, breaking the 2017–2019 drought – Australia’s worst on record. Simultaneously, the COVID-19 virus spread across the world, causing economic recessions in most countries, supply chain disruptions and social restrictions.

The improved seasonal conditions underpinned high livestock prices and signalled the start of a national herd and flock rebuild. In March 2020 lamb, sheep and cattle prices hit new records as producers sought to restock their properties after years of drought-induced destocking. This rise in demand occurred at a time when producers were holding onto more breeding stock to rebuild their inventories, which limited supply and forced prices higher, reducing numbers being processed. This translated into lower beef, mutton and lamb production volumes in 2020.

As positive seasonal conditions persist into 2021, the flock and herd rebuild is continuing while production and slaughter levels are not expected to return to pre-pandemic levels until 2022. The high prices and availability of pasture is translating into heavier animals – allowing more beef and lamb to be produced from less animals.

The number of businesses involved in the red meat sector fell in 2020, due to the impact of the last drought. During this time the size of the farms increased, as the industry experienced a period of rationalisation and aggregation.

The impact of COVID-19 caused some seismic changes in the consumption patterns, both in Australia and in some of our major trading partners. Social distancing measures and restrictions on hospitality venues’ capacity around the world saw foodservice consumption drop significantly. However, retail sales of meat rose as consumers embraced cooking from home, offsetting the drop in foodservice demand. COVID-19 also changed the way consumers buy their food products, with ready-to-eat meals, delivery services and online ordering all rising.

On an international stage, a number of key trading partners and competitors have had their economies ravaged in 2020 by the ramifications of COVID-19. The Middle East was impacted by reduced air travel and falling oil prices, South America experienced sky-rocketing inflation, and India dealt with the Delta variant of the virus, which affected their buffalo industry.

As 2021 progresses, the Australian red meat industry is well placed. Producers are receiving high prices due to the restocker demand, the herd and flock are rebuilding and there is a global protein deficit given the smaller global pig population due to African Swine Fever (ASF). Also, the signing of the Australia-United Kingdom Free Trade Agreement has the opportunity to unlock access to a huge high-value export market. All signs are encouraging for Australian cattle, goat and sheep producers.



The operating environment



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

Australia had around 1.6% of the global cattle herd in 2019
(ABS, FAO).

Australia had around 5% of the global sheep flock in 2019
(ABS, FAO).

Australia is a key exporter in global red meat markets

In 2020, Australia was the second largest beef exporter after Brazil
(DA, IHS Markit).

Australia was the world's largest sheepmeat exporter in 2020
(DA, IHS Markit).

Australia was the world's second largest goatmeat exporter in 2019, after Ethiopia
(FAO data and estimates).

In 2020, Australia exported more than 1.05 million live cattle and 810,000 live sheep
(DA).

Global meat consumption increasing

Over the past 20 years, total global consumption of meat has been steadily increasing at an average annual rate of 1% for beef, 2% for sheepmeat, 1% for pork, and 5% for poultry.
(OECD-FAO).

In Australia, plant-based protein consumption accounts for 0.6% of fresh meat volume sales
(Nielsen Homescan).

Australia's per capita beef and sheepmeat consumption continues to be one of the largest in the world¹

Australian per capita consumption of beef was approximately 23.4kg in 2020, compared with a global average of 6.4kg
(ABS, DA, OECD-FAO).

Australian per capita consumption of sheepmeat was approximately 6.5kg in 2020, compared with a global average of 1.8kg
(ABS, DA, OECD-FAO).



¹ Domestic meat consumption is measured by removing the portion of exports (DA data) from total production (ABS data) and assuming the difference is consumed (or at least disappears) domestically. Imports are also added to domestic consumption when present. Per capita consumption is calculated by dividing domestic consumption by ABS population data. Please note that domestic per capita consumption is entirely a supply statistic and does not take account of waste or non-food uses of livestock meat products.

The industry environment

PRODUCTION OF LIVESTOCK

Global and domestic herd and flock size

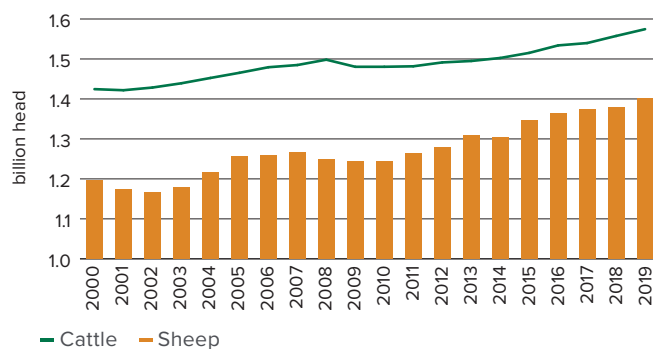
- The global cattle herd was 1.6 billion head in 2019 (Figure 1) (FAO).
- The global sheep flock was 1.4 billion head in 2019 (Figure 1) (FAO).
- Australia accounts for a small proportion of the world's herd and flock – approximately 1.6% of the global cattle herd and 5% of the global sheep flock (ABS, FAO).
- Australia's cattle herd was 23.5 million head and the sheep flock was 63.5 million head as at 30 June 2020 (Figures 2 and 3) (ABS).

Production

- Global beef and veal production was 74.3 million tonnes cwe in 2019 (Figure 4) (FAO).
- Global sheepmeat production was 12.4 million tonnes cwe in 2019 (Figure 4) (FAO).
- Australia accounted for approximately 3% of global beef production and around 6% of global sheepmeat production in 2019 (ABS, FAO).
- Australia produced 639,000 tonnes cwt of lamb and mutton and 2.1 million tonnes cwt of beef and veal in 2020 (ABS).

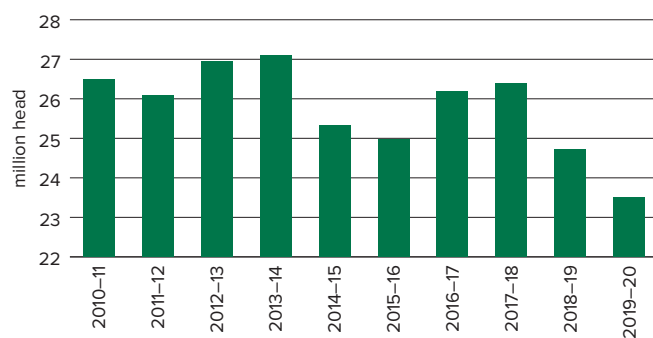


Figure 1: Global cattle herd and sheep flock



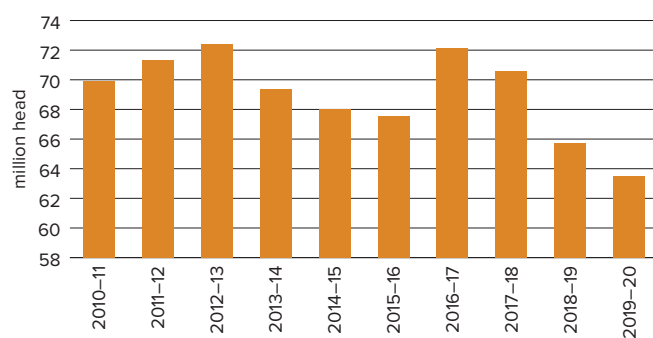
Source: FAO

Figure 2: Australian cattle herd



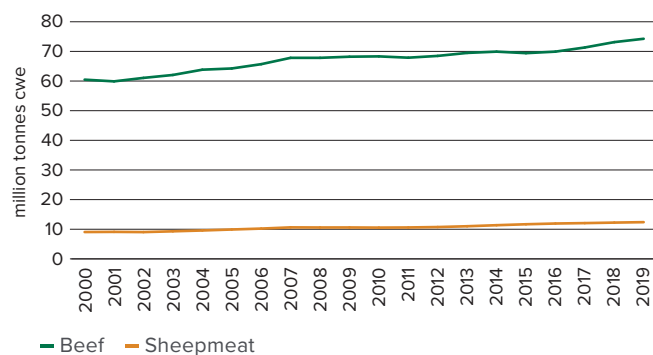
Source: FAO

Figure 3: Australian sheep flock



Source: ABS

Figure 4: Global beef and sheepmeat production



Source: FAO

CONSUMPTION OF RED MEAT

Global consumption

- Over the past 20 years, global consumption of meat has been steadily increasing (Figure 5). Total global consumption increased at an average annual of 1% for beef, 2% for sheepmeat, 1% for pork, and 5% for poultry (OECD-FAO).
- In 2020, sheepmeat accounted for 5% of total global meat consumption (excluding seafood), while beef and veal accounted for 22%. Poultry and pork accounted for 40% and 33%, respectively (OECD-FAO).

Domestic consumption

- There has been a steady decline in Australia's per capita consumption of red meat over the past two decades. Despite this, Australia remains one of the world's largest consumers of beef (7th), with per capita consumption in 2020 averaging 23.4kg² (Figure 6) (OECD-FAO, MLA calculation).
- In recent years the retail price for lamb has climbed higher however Australia continues to be one of the largest per capita consumers of sheepmeat in the world. In 2020, Australian per capita consumption of sheepmeat was 6.5kg (Figure 6) (ABS/MLA Calculation).
- Consumer preferences toward lamb combined with increased interest from export markets for quality sheepmeat has resulted in almost all of Australia's mutton being exported.
- Approximately two thirds of Australian consumers have maintained their level of red meat consumption over the past 10 years, while 28% of consumers have reduced their intake and 9% of consumers have increased their red meat consumption (Figure 7) (MLA Community Sentiment Research).



Figure 5: Total global meat consumption

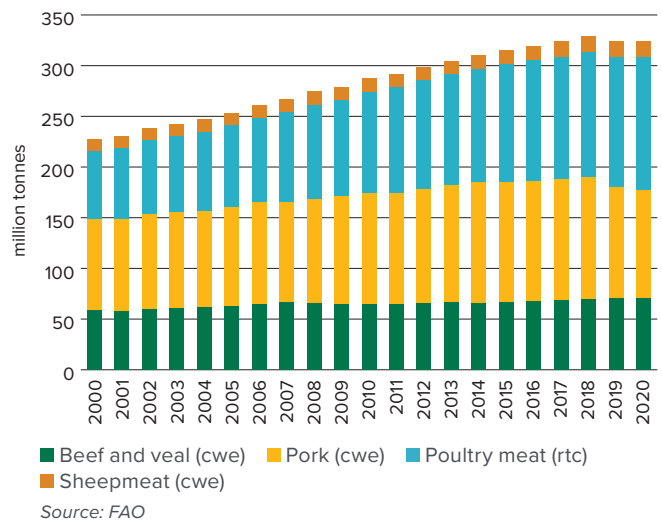


Figure 6: Australian per capita meat consumption

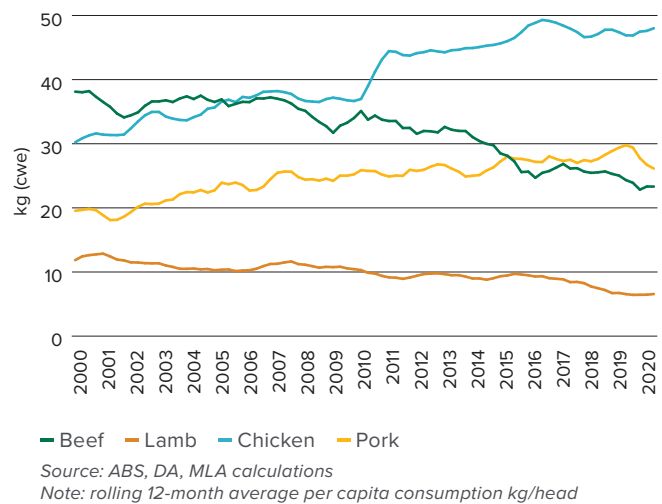
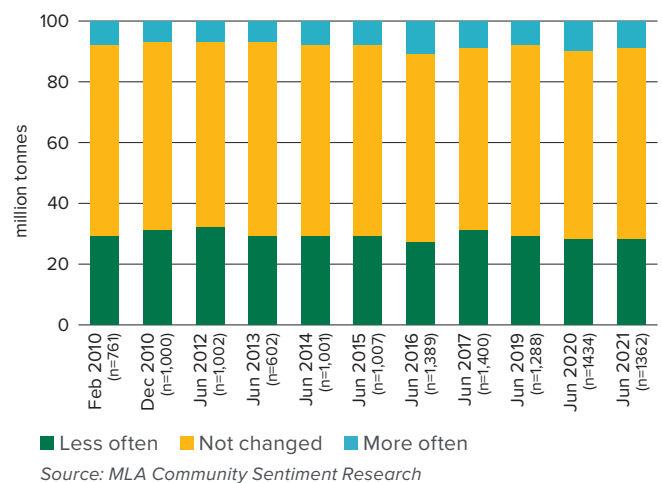


Figure 7: Australian sentiment to red meat consumption



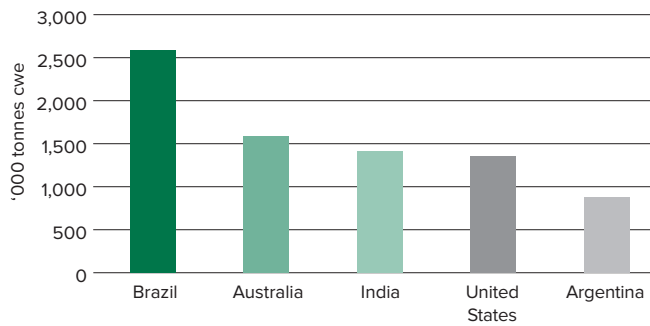
² Domestic meat consumption is measured by removing the portion of exports (DA data) from total production (ABS data) and assuming the difference is consumed (or at least disappears) domestically. Imports are also added to domestic consumption when present. Per capita consumption is calculated by dividing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

■ KEY EXPORT AND IMPORT PLAYERS

Exports

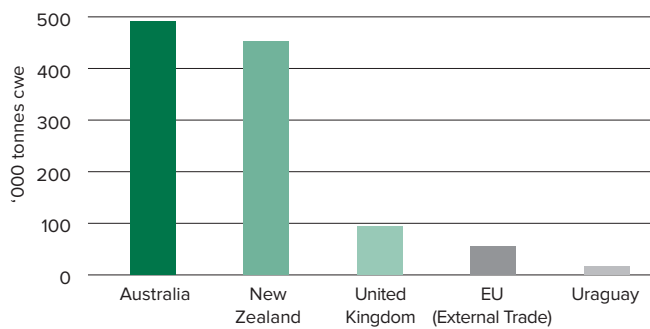
- Australia was the second largest beef and veal exporter in 2020, after Brazil (Figure 8) (DA, IHS Markit).
- In 2020, Australia was the world's largest sheepmeat exporter, followed by New Zealand (Figure 9) (DA, IHS Markit, Comtrade).
- Australia was the world's second largest goatmeat exporter in 2019, after Ethiopia (Figure 10) (FAO).

Figure 8: Top five beef and veal exporting countries (2020)



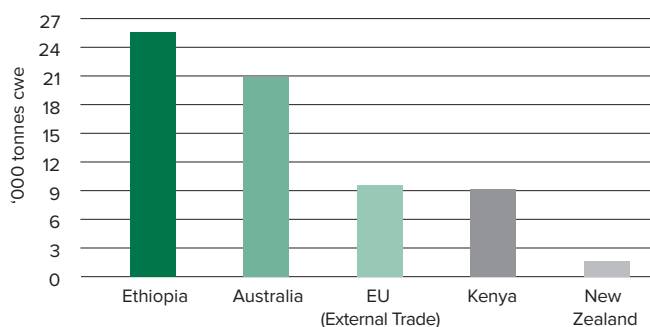
Source: IHS Markit

Figure 9: Top five sheepmeat exporting countries (2020)



Source: DA, IHS Markit

Figure 10: Top five goatmeat exporting countries (2020)

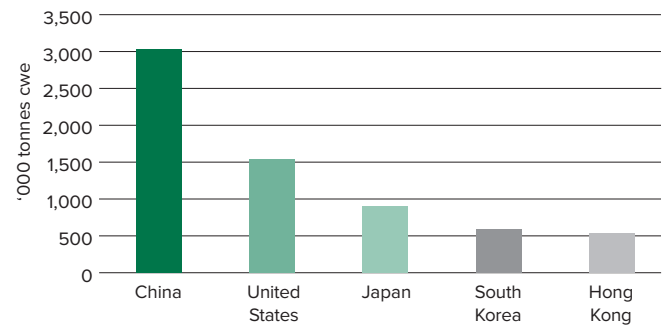


Source: FAO

Imports

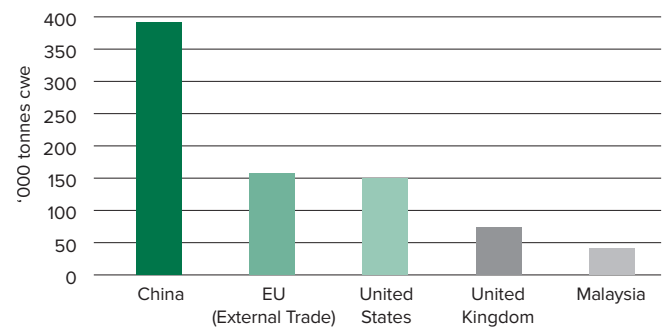
- In 2020, China held its position as the largest importer of beef and veal in volume terms, followed by the US and Japan (Figure 11) (IHS Markit).
- China was also the largest importer of sheepmeat in 2020, followed by the EU and the US (Figure 12) (IHS Markit).
- In 2019, the largest goatmeat importers were the US, the UAE and China (Figure 13) (FAO).

Figure 11: Top five beef and veal importing countries (2020)



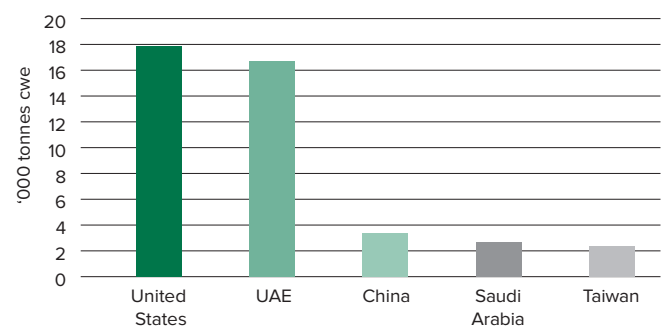
Source: IHS Markit

Figure 12: Top five sheepmeat importing countries (2020)



Source: IHS Markit

Figure 13: Top five goatmeat importing countries (2020)



Source: IHS Markit

The economic importance of the Australian red meat and livestock industry

INDUSTRY TURNOVER

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

In 2019–20, Australia's red meat and livestock industry turnover was \$69.9 billion, up 5% on revised 2018–19 figures and an increase of 2% from 2015–16 (ABARES, IBISWorld).

Trends over time

- Red meat and livestock industry turnover increased 5% from 2018–19 to 2019–20, driven by continued growth in the feedlot sector and record high prices across both beef and sheep sales. This is largely due to increased demand for grainfed beef in export markets, while domestic supply constraints (due to the herd and flock rebuild) saw elevated livestock prices throughout the financial year.
- The processing sector also increased turnover, up 8% from 2018–19, while wholesaling declined 15% over the same period.
- Turnover by the domestic retailing sector lifted significantly over this period, up 27%. This is a reflection of COVID-19 related restrictions that impacted the foodservice sector, which resulted in more consumers choosing to eat home cooked meals.

Composition by sub-sector

- In 2019–20, red meat and livestock production (beef cattle, sheep farming and feedlots) accounted for 48% (or \$33.7 billion) of overall industry turnover, followed by processing (33%, or \$22.8 billion) and wholesale and retail sales (19%, or \$13.4 billion) (Figure 15).

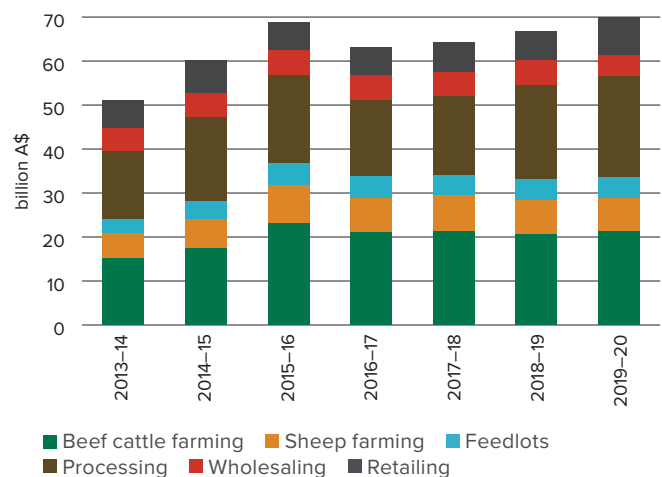
By state

- NSW, Victoria and Queensland accounted for over 73% of red meat and livestock industry turnover in 2019–20, followed by WA (13.7%) and SA (8.5%) (Figure 16).

Comparison to other industries

- The red meat and livestock industry's turnover totalled \$69.9 billion in 2019–20, accounting for approximately 2% of Australia's total key industry turnover.
- In comparison to other industries, the red meat and livestock industry turnover is only 22% below the entire 'information, media and telecommunications' industry and is larger than both the 'arts and recreation services' and 'education and training (private)' industries (Figure 17).
- The largest industry by turnover in 2019–20 was 'wholesale trade' – nearly eight times larger than the red meat and livestock industry's turnover.

Figure 14: Industry turnover by sub-sector*



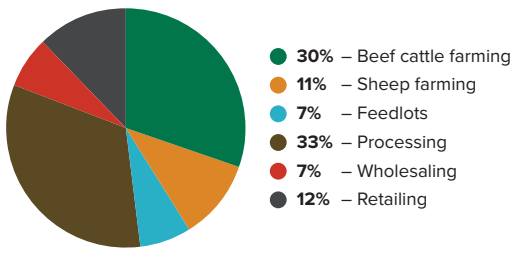
Source: Ernst & Young, IBISWorld

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

**In 2019–20 mixed farming outputs were disaggregated to their respective beef and sheep farming categories

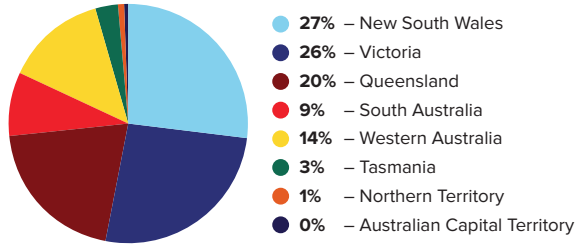


Figure 15: Industry turnover by sub-sector (2019–20)



Source: Ernst & Young, IBISWorld, ABS
 *In 2019–20 mixed farming outputs were disaggregated to their respective beef and sheep farming categories

Figure 16: Industry turnover by state (2019–20)



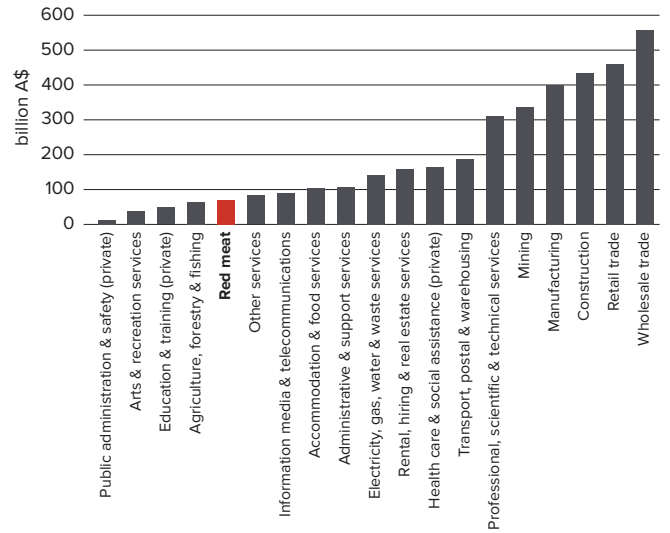
Source: Ernst & Young, IBISWorld, ABS

Table 1: Industry turnover by sub-sector (\$m, 2013–14 to 2018–19)

Sub-sector	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19	2019–20
Beef cattle farming	15,231	17,389	23,088	21,122	21,231	20,660	21,315
Sheep farming	5,615	6,720	8,685	7,726	8,219	7,729	7,453
Feedlots	3,107	3,942	5,018	4,885	4,649	4,810	4,889
Processing	15,530	19,162	19,978	17,474	17,949	21,169	22,842
Wholesaling	5,264	5,518	5,561	5,482	5,445	5,701	4,863
Retailing	6,283	7,479	6,485	6,388	6,694	6,702	8,506
Total	51,031	60,210	68,816	63,076	64,187	66,771	69,869

Source: Ernst & Young, IBISWorld

Figure 17: Industry turnover compared with other industries (2019–20)



Source: Ernst & Young, IBISWorld, ABS
 Note: This only includes direct industry turnover for the defined industries



INDUSTRY VALUE ADD

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

Australia's red meat and livestock industry value add was \$17.1 billion in 2019–20, 2% higher year-on-year and down 2% from 2015–16.

Trends over time

- Australia's red meat and livestock industry value add increased 2% from 2018–19 to 2019–20, largely driven by domestic and offshore demand for high quality protein.
- During this period, industry value add for the production sector – encompassing beef cattle, sheep and feedlots – lifted 6%, while value add for the processing sector declined 16.6%.
- Domestic wholesaling value add declined 17.9%, while retail value add increased 29.5% from 2018–19 to 2019–20.

Composition by sub-sector

- In 2019–20, the production sector (beef cattle, sheep and feedlots) accounted for 71.4% (or \$12.2 billion) followed by processing at 17.5% (or \$3 billion), then sales (wholesale and retail) at 11.1% (or \$1.9 billion) (Figure 18).

By state

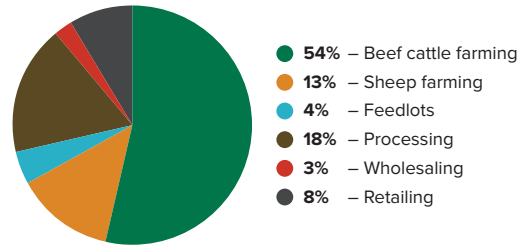
- Queensland, NSW and Victoria accounted for approximately 72% of industry value add in 2019–20, followed by WA (13.5%) and SA (9.6%) (Figure 19).

Comparison to other industries

- In 2019–20, value add from the red meat and livestock industry was \$17.1 billion, larger than the 'arts and recreation services' industry (\$13.2 billion) and 'public administration and safety (private)' industry (\$6.6 billion) (Figure 20).
- The red meat and livestock industry accounted for only 1.3% of Australia's key industry total value add in 2019–20.
- Mining retained its position as the industry with the highest value add in 2019–20 (\$206 billion), more than 12 times the value add for the red meat and livestock industry.

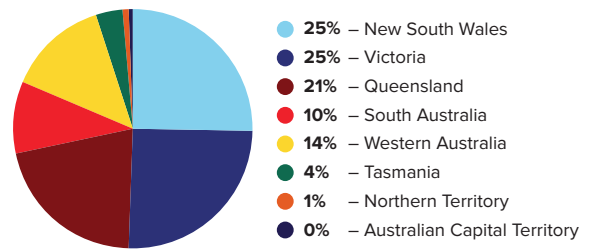


Figure 18: Industry value add by sub-sector (2019–20)



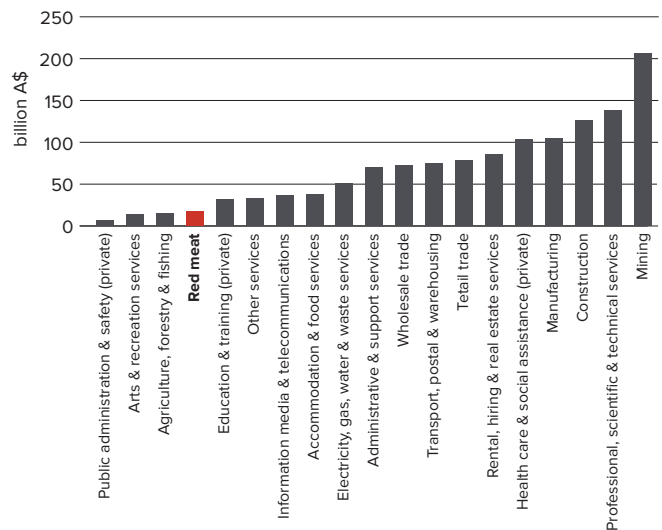
Source: Ernst & Young, IBISWorld
*In 2019–20 mixed farming outputs were disaggregated to their respective beef and sheep farming categories

Figure 19: Industry value add by state (2019–20)



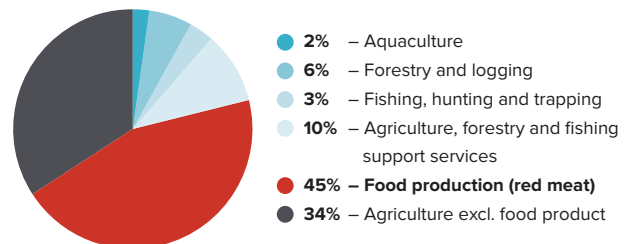
Source: Ernst & Young, IBISWorld, ABS

Figure 20: Industry value add compared with other industries (2019–20)



Source: Ernst & Young, IBISWorld, ABS

Figure 21: Agriculture production industry value add (2019–20)



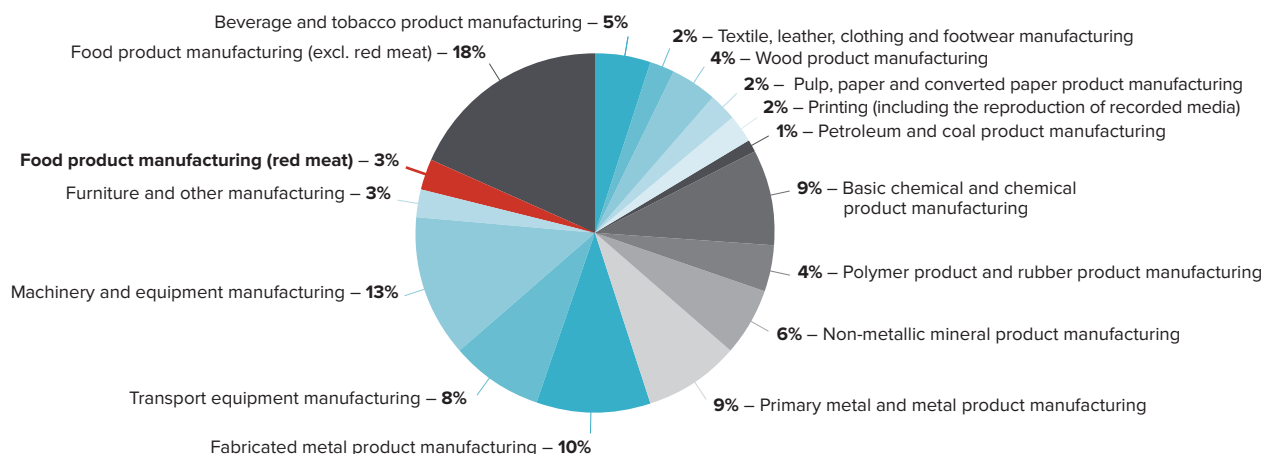
Source: ABS, IBISWorld

Table 2: Industry value add by sub-sector (\$m, 2013–14 to 2018–19)

Sub-sector	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19	2019–20
Beef cattle farming	3,023	4,476	9,305	9,755	8,432	8,199	9,188
Sheep farming	1,953	2,441	3,067	2,933	2,764	2,541	2,271
Feedlots	519	639	723	743	707	746	748
Processing	2,667	3,808	2,795	2,577	2,876	3,587	2,992
Wholesaling	415	446	494	514	508	538	442
Retailing	1,034	1,265	1,073	1,071	1,116	1,120	1,451
Total	9,611	13,074	17,458	17,594	16,404	16,732	17,093

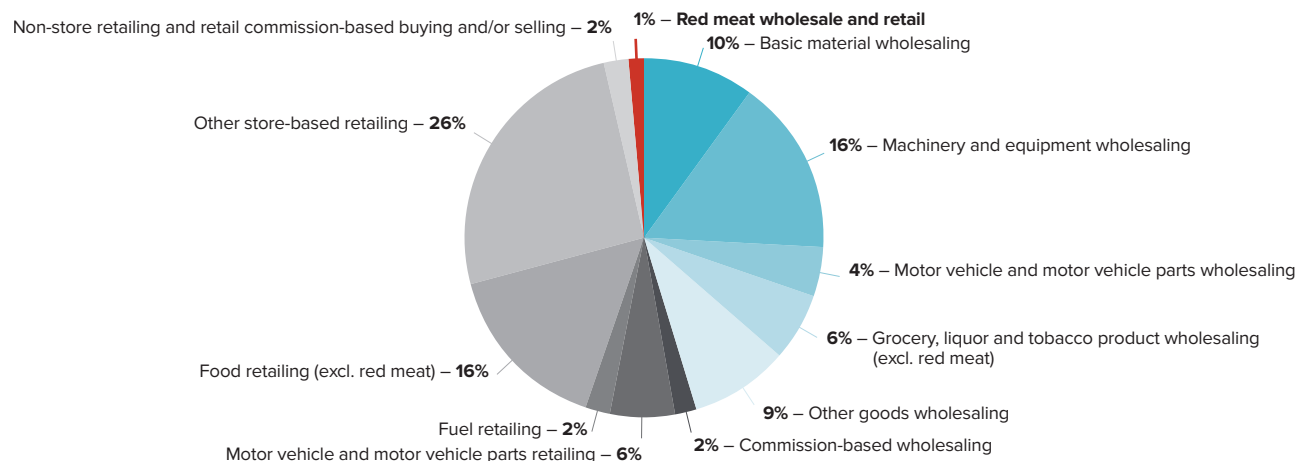
Source: Ernst & Young, IBISWorld

Figure 22: Manufacturing industry value add (2019–20)



Source: ABS, IBISWorld

Figure 23: Sales industry value add (2019–20)



Source: ABS, IBISWorld

EMPLOYMENT

In 2019–20, the Australian red meat and livestock industry employed approximately 445,000 people.

Of these, 195,800 were directly employed in the industry. The industry was also responsible for the employment of a further 249,000 people in businesses servicing the red meat and livestock industry.

*2016 was the last Census year. Therefore, some employment figures in this section reference 2016 statistics as this is the most recent year of data to make comparisons.

Generation of direct and indirect employment

- The red meat and livestock industry directly employed almost 196,000 people in 2019–20, 8% higher than 2013–14 employment levels.
- The industry was responsible for generating indirect employment for almost 250,000 people in businesses servicing the red meat and livestock industry in 2019–20. These additional jobs included those involved in the transportation of meat and livestock, activities related to livestock sales (i.e. livestock agents) and employment in providing animal health services and the supply of farm inputs.

Composition by sub-sector

- The production sector (beef cattle, sheep and feedlots) accounted for 131,488 direct jobs in 2019–20, with the processing sector accounting for 30,900 jobs and the remainder in wholesaling and retailing (Figure 24).
- The retail sector saw a 26.4% increase in employment compared to the 2018–19 period, the largest growth across red meat sectors.

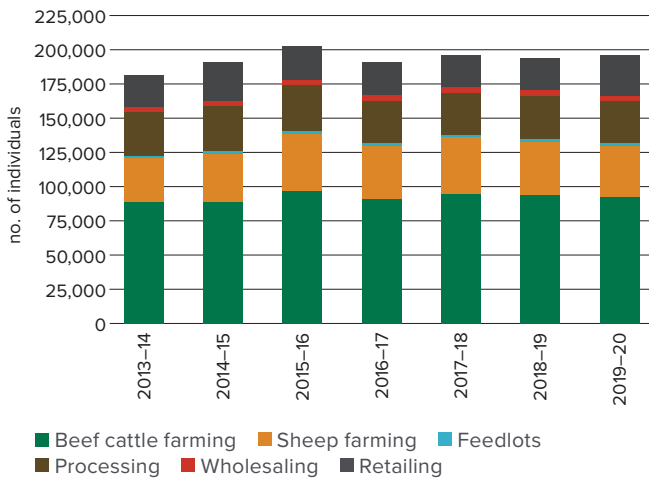
Direct employment by state

- In 2019–20, NSW continued to have the highest levels of direct employment in the red meat and livestock industry at 28%, followed by Victoria at 25% and Queensland at 21% (Figure 25).

Employment compared with other industries and total workforce

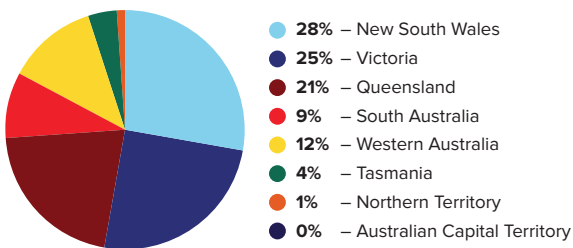
- Direct employment in the red meat and livestock industry represented approximately 1.7% of Australia’s key industry total employment in 2019–20 (Figure 26).
- Red meat and livestock production (beef cattle, sheep farming and feedlots) accounted for 30% of Australia’s total direct employment in agriculture production in 2019–20 (Figure 27).

Figure 24: Direct employment by sub-sector*



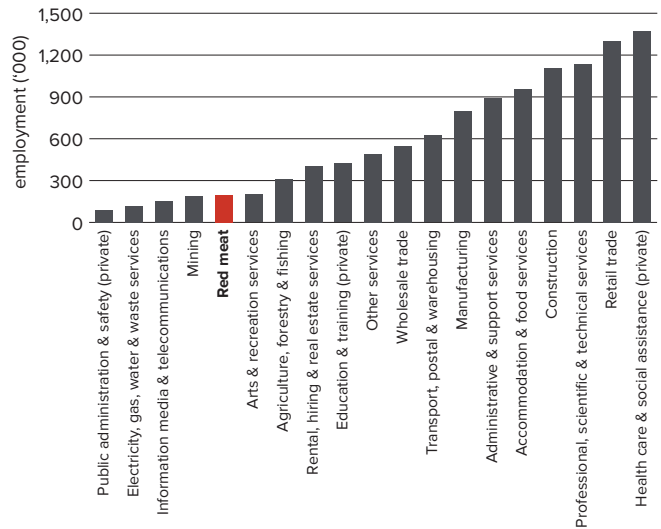
Source: Ernst & Young, IBISWorld
 *The contribution of live exports to industry turnover is represented in beef, sheep and mixed farming
 **In 2019–20 mixed farming outputs were disaggregated to their respective beef and sheep farming categories

Figure 25: Direct employment by state (2019–20)



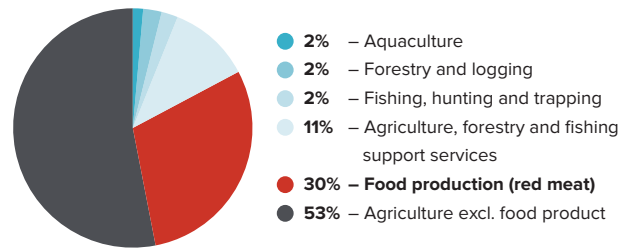
Source: Ernst & Young, IBISWorld

Figure 26: Direct employment compared with other industries (2019–20)



Source: Ernst & Young, IBISWorld

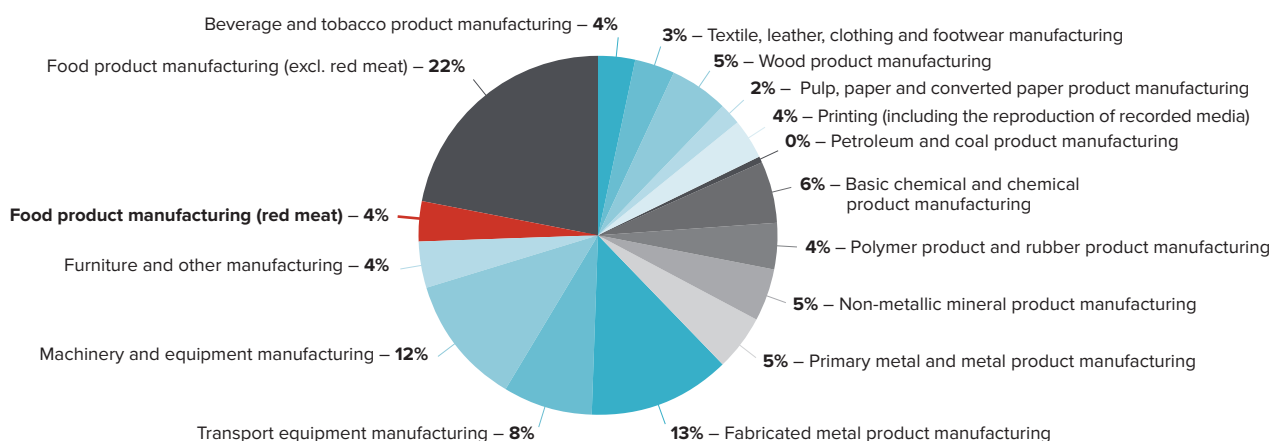
Figure 27: Agriculture production employment (persons) (2019–20)



Source: ABS, IBISWorld

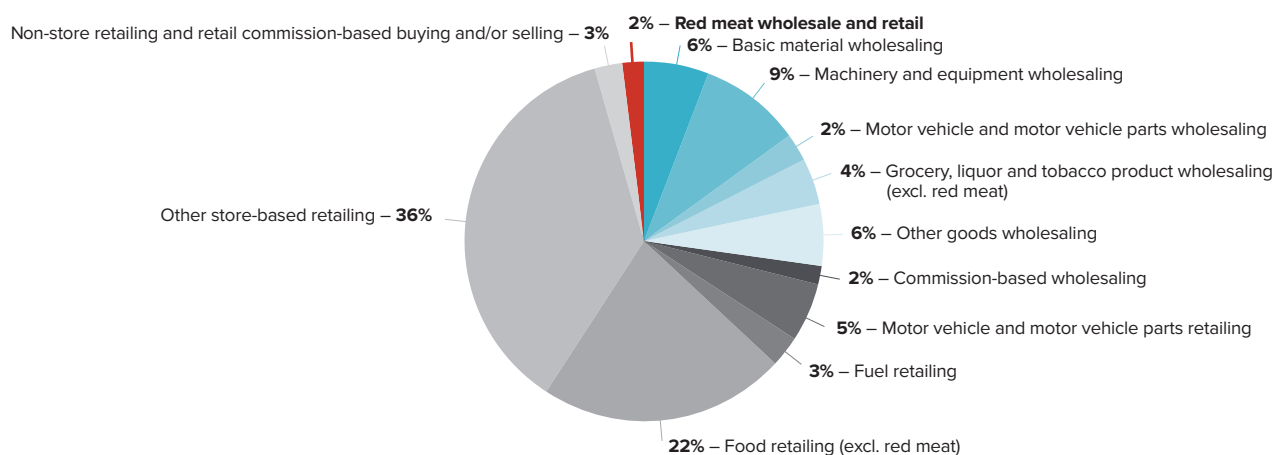


Figure 28: Manufacturing employment (persons) (2019–20)



Source: ABS, IBISWorld

Figure 29: Sales employment (persons) (2019–20)



Source: ABS, IBISWorld

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

Company	No. of employees
1 Industry Park Ltd (JBS Australia and Australian Consolidated Food Investment)	11,938
2 Teys Australia	3,653
3 Thomas Foods International	1,806
4 NH Foods Australia	1,689
5 Kilcoy Pastoral Company Limited	1,064
6 Northern Co-operative Meat Company (NCMC)	1,000
7 Yolarno Pty Ltd (previously Bindaree Beef Group and Sanger)	900
8 Fletcher International Exports	808
9 Midfield Meat International	670
10 Western Australian Meat Marketing International Co-operative (WAMMCO)	572
11 Craig Mostyn Group	514
12 Nolan Meats Pty Ltd	469
13 Australian Agricultural Company Limited (AACo)	423
14 M C Herd Proprietary Limited	375
15 G & K O’Connor Pty Ltd	355
16 OSI International Foods	205

Source: Ernst & Young, IBISWorld

Industry employment is focused on rural and regional areas

- The majority (90%) of meat and livestock industry employees live in rural and regional areas, assisting with decentralisation and not contributing to the growing problem of overcrowding in capital cities (2016).
- Nearly 80% of meat processing employment and almost all beef cattle and sheep production employment are located outside capital cities (2016).

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 25–29 years in 2016 (Figure 30).
- Older Australians tend to dominate in the sheep and beef cattle production sectors (the same as the agriculture sector as a whole).

Education profile of the workforce

- In the red meat and livestock industry, both the livestock production and meat processing sectors offer most employment opportunities to those with practical and technical skills, rather than those with higher levels of formal education.
- In 2016, the highest level of education achieved by more than 50% of red meat and livestock employees was secondary education. 10% of red meat and livestock employees held a bachelor degree or higher (Figure 31).

Indigenous employment

- Specialist sheep farms and mixed farms employ few Indigenous Australians.
- Of those directly employed in specialist beef farms, 1.8% identified as Indigenous in 2016 (Figure 32).
- For specialist beef farms in the Northern Territory, Indigenous employment accounted for 10.7% of the total employment in 2016, while in north-west Western Australia, it was 15% (Figure 32).
- Indigenous Australians also comprised a higher proportion (2.8%) of the meat processing workforce than for Australian industries in general in 2016 at 1.7% (Figure 32).

Figure 30: Age profile of industry and Australian workforces (2016)

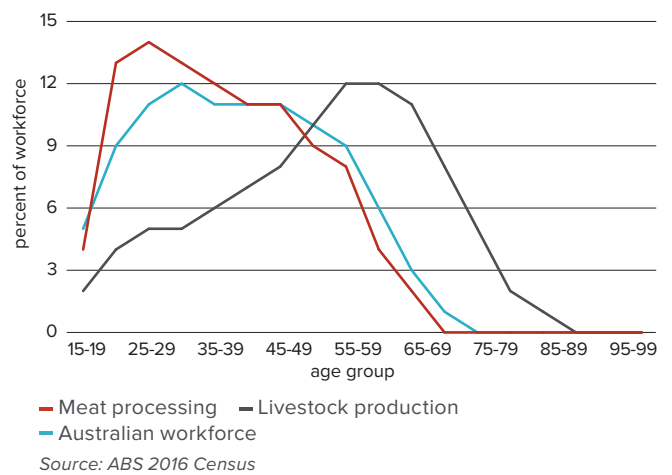


Figure 31: Education profile of industry and Australian workforces (2016)

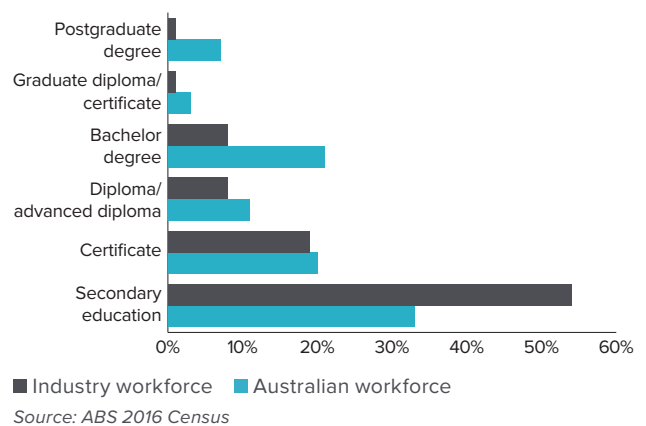
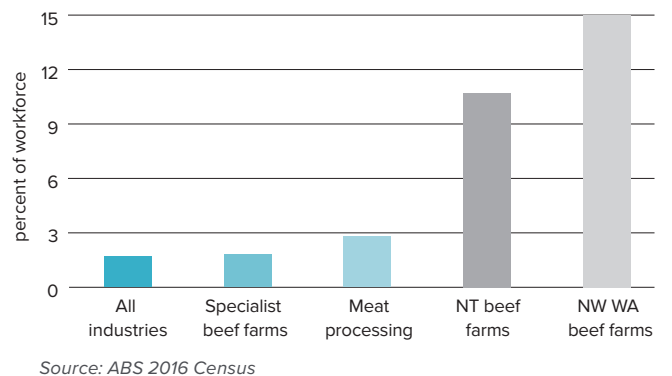


Figure 32: Indigenous employment in the beef/processing industry (2016)



NUMBER OF BUSINESSES

In 2019–20, Australia had nearly 75,000 red meat and livestock businesses, back 3% from 2018–19 and 9% below 2015–16 levels.

Trends over time

- The number of businesses within the red meat and livestock industry has fallen slightly in the last five years. After peaking in 2015–16 the number of red meat businesses have trended downwards through to 2019–20.
- The fall in red-meat and livestock businesses since 2015 can be attributed to drought and rationalisation.

Composition by sub-sector

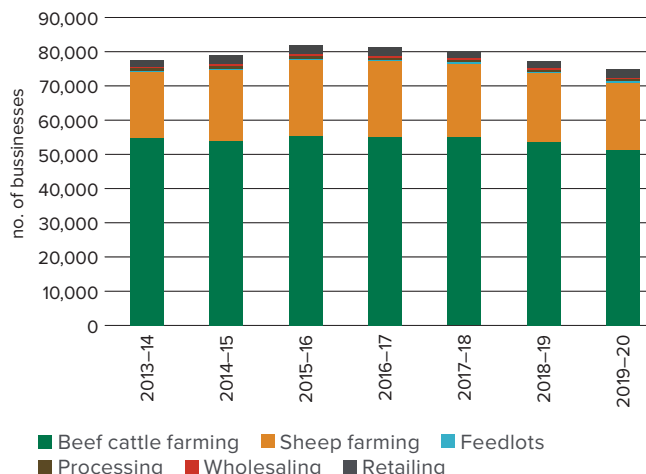
- In 2019–20, production (beef cattle, sheep farming and feedlots) accounted for 95.3% of all red meat and livestock businesses. Sales – which encompasses wholesale and retail – made up 3.8%, with the processing sector accounting for the remaining 0.9% (Figure 34).

By state

- Victoria overtook NSW as the state with the largest number of red meat and livestock businesses in 2019–20 (18,311), accounting for 24.5% of all red meat and livestock businesses in Australia. NSW followed closely at 24% (17,829) in front of Queensland at 22% (16,459) (Figure 35).



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

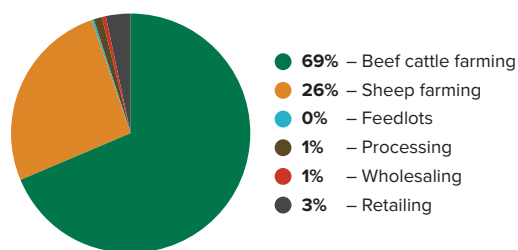


Source: Ernst & Young, IBISWorld

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

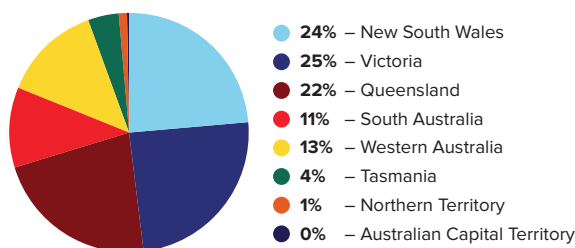
*In 2019–20 mixed farming outputs were disaggregated to their respective beef and sheep farming categories

Figure 34: Business numbers by sub-sector (2019–20)



Source: Ernst & Young, IBISWorld

Figure 35: Red meat and livestock business numbers by state (2019–20)



Source: Ernst & Young, IBISWorld, ABS

Table 4: Number of businesses by sub-sector (2013–14 to 2019–20)

Sub-sector	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19	2019–20
Beef cattle farming	54,877	54,008	55,302	55,091	54,921	53,577	51,319
Sheep farming	19,028	20,571	22,140	21,970	21,517	19,978	19,526
Feedlots	403	398	395	395	394	393	392
Processing	797	758	790	705	644	705	699
Wholesaling	546	554	542	539	526	521	442
Retailing	2,018	2,740	2,698	2,687	2,200	2,137	2,399
Total	77,670	79,029	81,867	81,387	80,202	77,311	74,777

Source: Ernst & Young, IBISWorld

EXPORTS

Red meat and livestock exports totalled approximately **\$18.4 billion** in 2019–20, an increase of **11% year-on-year** and **23% higher than 2015–16** levels.

Trends over time

Red meat and livestock exports (including co-products) increased 23% from 2015–16 levels to total \$18.4 billion in 2019–20, with demand from international markets driving a large increase in both chilled and frozen meat exports (Figure 36) (IHS Markit, GTA, Comtrade).

Composition by sub-sector

- Australia's red meat and livestock exports occur in three primary forms: meat, meat co-products and further processed products, and livestock.

By state of production

- Of all Australian states and territories, Queensland continued to be the largest exporter of red meat in 2019–20, accounting for approximately 39% of Australia's export volumes (Figure 37) (DA).
- The three mainland eastern states accounted for 86% of total red meat exports, followed by WA (6%), SA (4%) and Tasmania (3%) (DA).

Comparison to other industries

- In 2019–20, red meat and livestock exports accounted for approximately 4.8% of Australia's key industry exports, valued at \$18.4 billion (Figure 38).



Figure 36: Export value by category

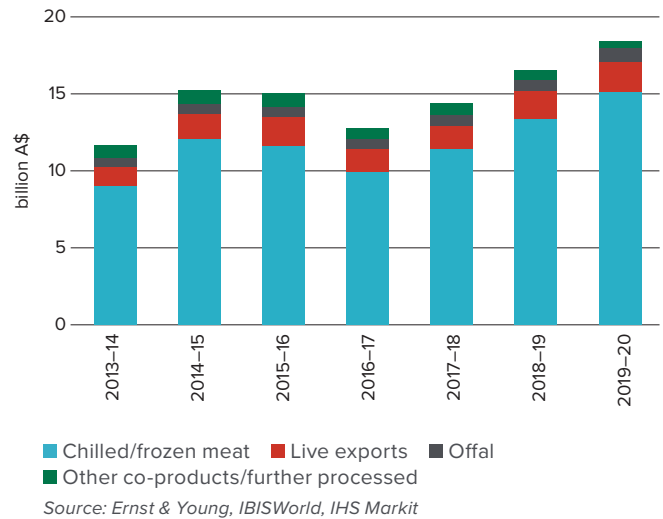


Figure 37: Red meat export volume by state of production (2020–21)

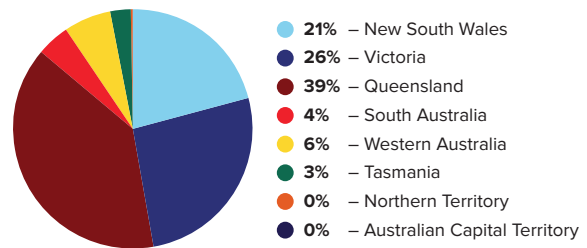
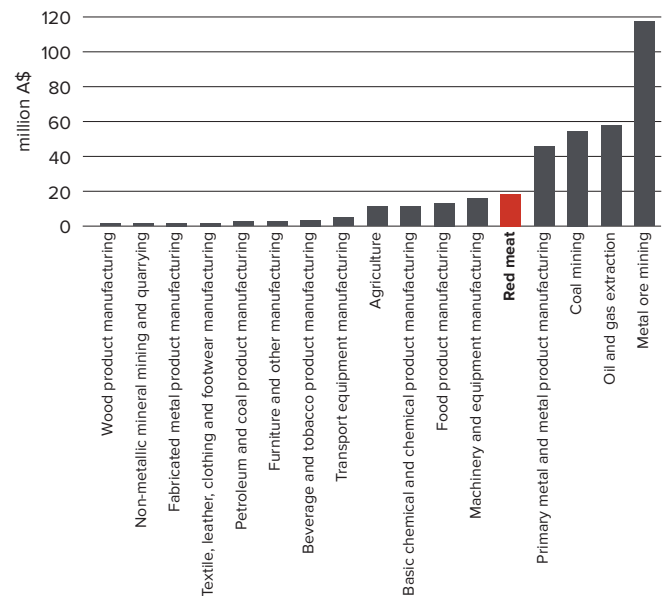


Figure 38: Red meat exports compared with other industries (2019–20)

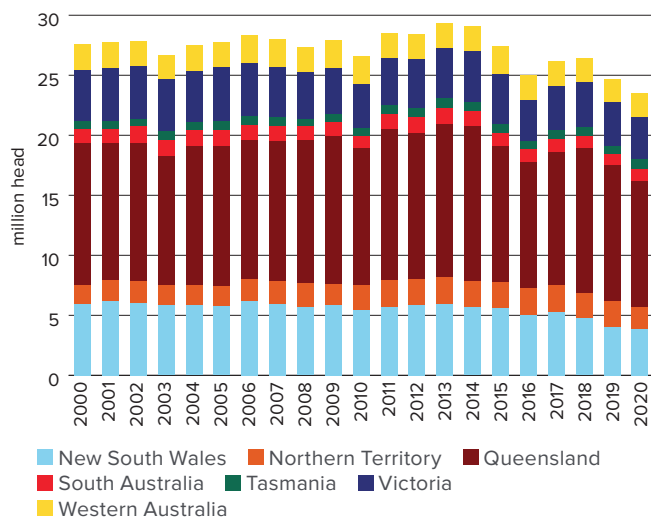


Species statistics and performance

■ BEEF CATTLE

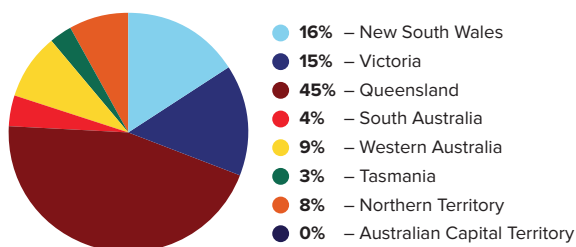
- The Australian cattle herd was 23.5 million head³ on 30 June 2020, back 5% year-on-year and the lowest level since 1990 (Figure 39) (ABS).
- 90% of the herd was comprised of beef cattle, while 10% were dairy cattle in 2019–20 (ABS).
- Queensland cattle accounted for 45% of the national herd in 2019–20, while NSW made up 16% and Victoria accounted for 15%. The NT and WA accounted for 8% and 9% respectively while SA and Tasmania made up the remaining 4% and 3% respectively (Figure 40) (ABS).
- 53% of the beef herd were cows and heifers (aged one year and over) in 2019–20 (Figure 41) (ABS).

Figure 39: Australian cattle herd



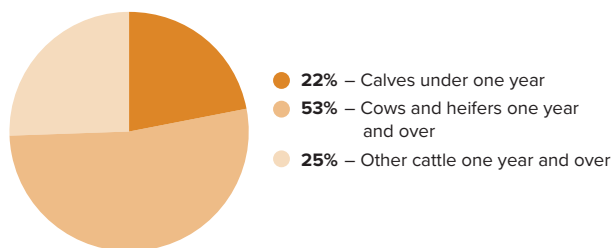
Source: ABS

Figure 40: Australian cattle herd by state (2020)



Source: ABS, Data as at June 2020

Figure 41: Australian beef cattle herd composition (2019)

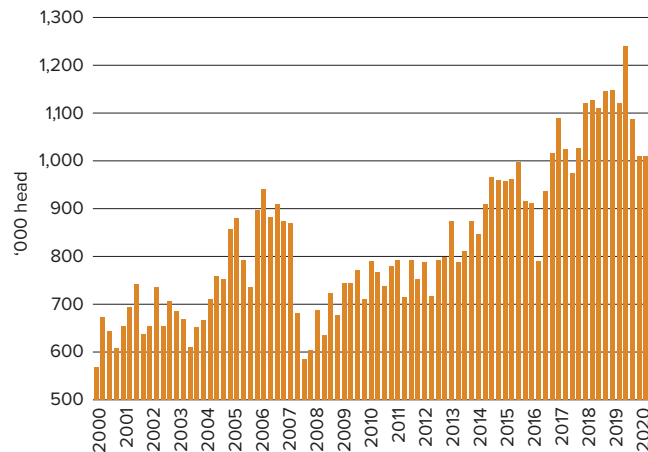


Source: ABS, Data as at June 2020

Feedlots

- The number of cattle on feed was reported at 1,048,307 head in the December quarter 2020, a decline of 15% on year-ago levels and 1% below the December five-year average (Figure 42).
- National utilisation for the quarter was up 3% to 73%, while capacity remained at the historically high level of 1.4 million head (MLA/ALFA Feedlot Survey).
- There were 2.9 million grainfed cattle turned off in 2020, only slightly below 2019 levels (Figure 43) (MLA/ALFA Feedlot Survey).
- Feedlot numbers grew in every state except Queensland, which reported a 0.5% decline in the December 2020 quarter (MLA/ALFA Feedlot Survey).

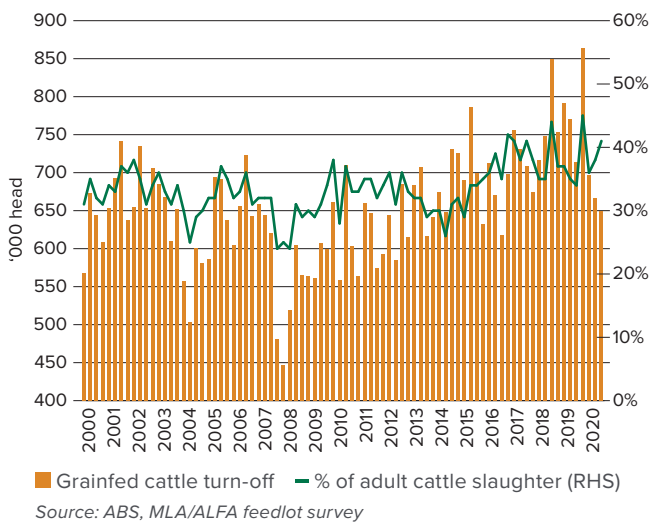
Figure 42: Australian cattle on feed



Source: MLA/ALFA feedlot survey

³ 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 Projections, which seeks to estimate herd numbers from all farm businesses.

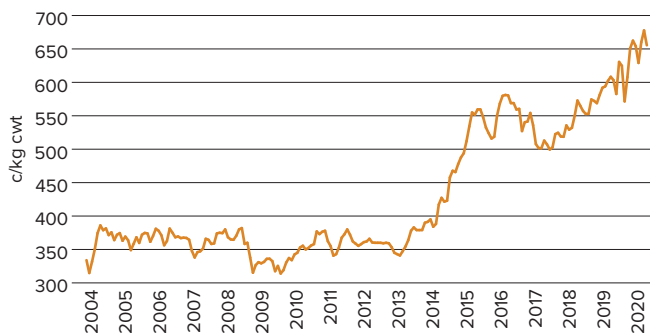
Figure 43: Australian grainfed cattle turn-off



Over-the-hooks cattle indicators

- The 100-day Grainfed Steer OTH Indicator (300–320kg) in Queensland averaged 634¢/kg cwt in 2020, 9% higher year-on-year (Figure 44) (MLA's NLRS).

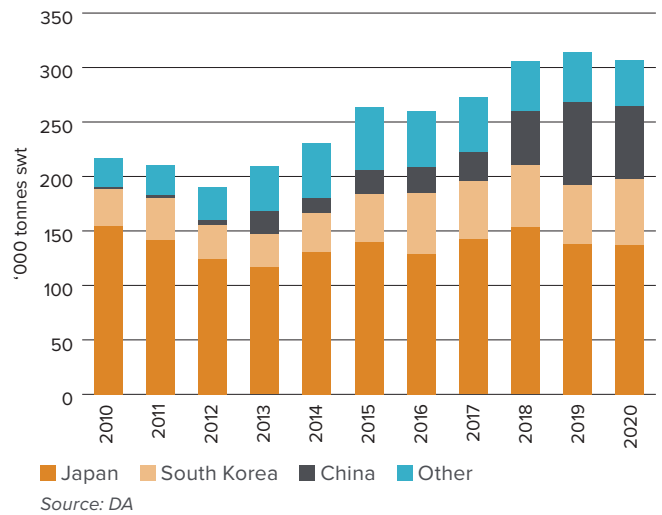
Figure 44: Queensland 100-day grainfed steer OTH indicator



Grainfed beef exports

- In 2020, grainfed beef exports accounted for 30% of Australia's total beef exports, up 5% on the five-year average (DA).
- Australia's grainfed beef exports totalled 307,080 tonnes swt in 2020, down 2% from the previous year (Figure 45) (DA).
- Japan continued to be Australia's largest destination (in volume terms) for grainfed beef exports in 2020 (DA).
- Japan accounted for 45% of Australia's total grainfed beef exports in 2020, followed by China at 22% and South Korea at 20% (DA).
- Compared with the five-year average, grainfed beef exports to Japan eased 2% in 2020, while exports to Korea increased 7% and exports to China exceeded it by more than 24% (DA).

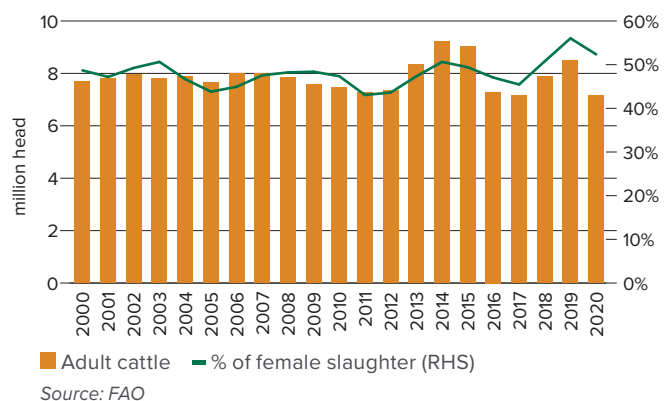
Figure 45: Australian grainfed beef exports



Slaughter

- Adult cattle slaughter totalled 7.1 million head in 2020, down 16% year-on-year (Figure 46) (ABS).
- Female (cow and heifer) slaughter accounted for 52% of total adult cattle slaughter in 2020 (Figure 46) (ABS).
- In 2020, female slaughter totalled 3.7 million head, down 21% on year-ago levels, while male slaughter eased 9% to 3.4 million head (ABS).

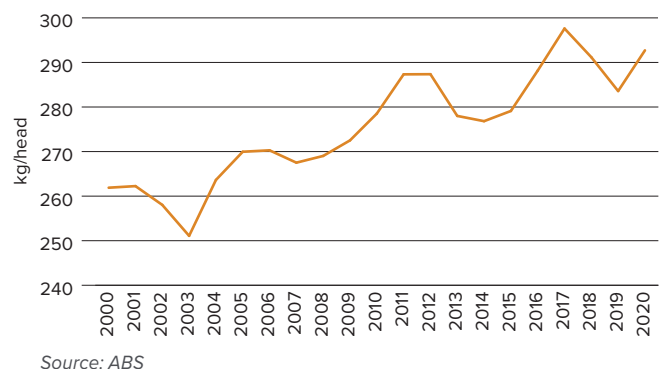
Figure 46: Australian adult cattle slaughter



Carcase weight

- The national average adult carcase weight in 2020 was 293kg/head, up 3% on the previous year (Figure 47) (ABS).

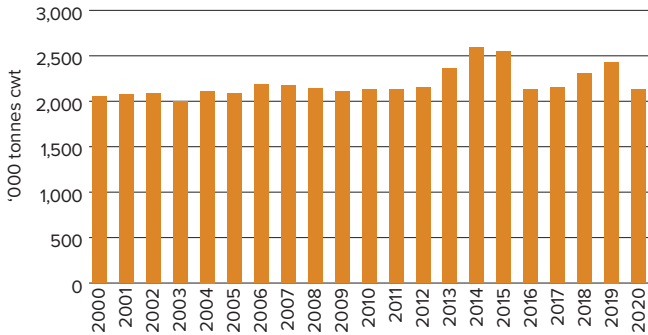
Figure 47: Australian average adult cattle carcase weight



Production

- In 2020, Australian beef and veal production totalled 2.1 million tonnes cwt, 12% down on year-ago levels (Figure 48) (ABS).
- The volume of beef and veal production fell 5% in 2020 compared to the five-year average (Figure 49) (ABS).
- Queensland accounted for 47% of total beef production in 2020, followed by NSW (21%), Victoria (21%), WA (5%), SA (3%) and Tasmania (3%) (ABS).

Figure 48: Australian beef and veal production

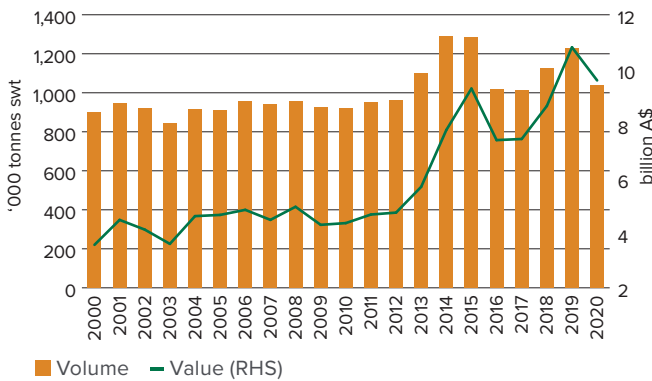


Source: ABS

Beef exports

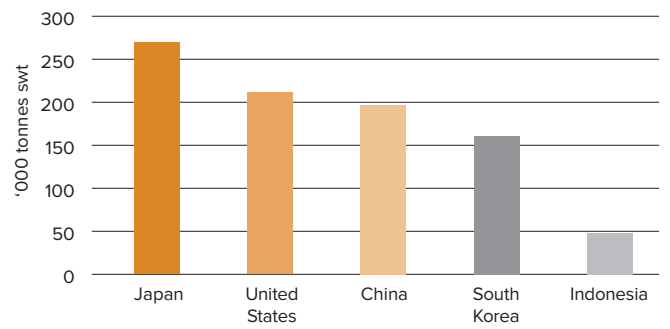
- In 2020, Australian beef exports totalled 1 million tonnes swt, down 15% year-on-year (Figure 49) (DA).
- Japan overtook China to be Australia's largest beef export market (in volume terms) in 2020, totalling 269,000 tonnes swt (Figure 50) (DA).
- Japan's market share of Australian beef exports in 2020 was 26%, followed by the US (20%) and China (19%) (DA).
- The value of Australian beef exports was \$9.6 billion in 2020, a decline of 11% year-on-year (Figure 49) (IHS Markit).

Figure 49: Australian beef and veal export volume and value



Source: DA (volume), IHS Markit (value)

Figure 50: Australia's top five beef export markets (2020)

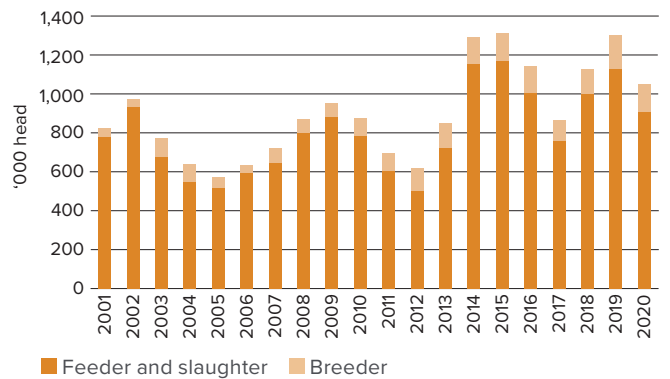


Source: DA

Live cattle exports

- Live cattle exports totalled 1.05 million head in 2020, down 20% from 2020 (Figure 51) (DA, ABS).
- In 2020, feeder cattle accounted for 60% of Australia's live cattle exports, followed by slaughter at 27% and breeders at 13% (DA, ABS).
- Indonesia was Australia's largest market for live cattle exports in 2020 (44%), followed by Vietnam (28%) and China (12%) (DA, ABS).

Figure 51: Australian live cattle exports



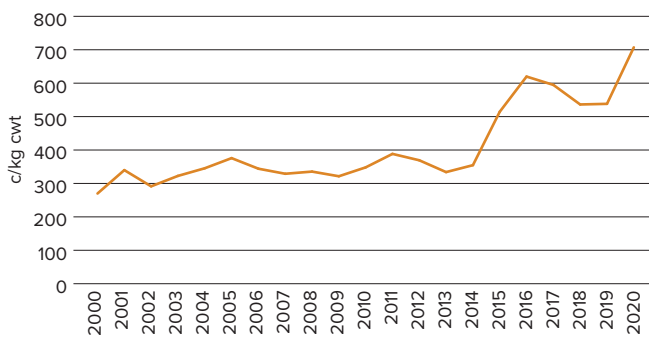
Source: DA, ABS

Saleyard prices

- The National Trade Steer Saleyard Indicator (330–400kg) saw a 31% year-on-year increase to average 707¢/kg cwt in 2020 (Figure 52), 18% above the five-year average (MLA's NLRS).
- The National Heavy Steer Saleyard Indicator (500–600kg) averaged 632¢/kg cwt, 18% higher than the previous year and 15% above the five-year average (MLA's NLRS).
- The National Medium Cow Saleyard Indicator (400–520kg) increased 31% year-on-year to average 542¢/kg cwt in 2020, 19% above the five-year average.

The Eastern Young Cattle Indicator (EYCI) increased 52% year-on-year to average 743¢/kg cwt in 2020, 25% above the five-year average.

Figure 52: National trade steer saleyard indicator

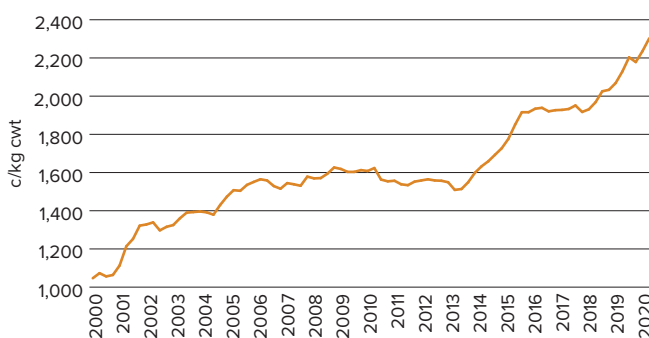


Source: MLA's NLRs

Retail price

- The National Beef Retail Price Indicator averaged 2,145¢/kg rwt⁴ in 2019–20 (Figure 53), 8% higher year-on-year (ABS, MLA calculations).

Figure 53: National beef retail price indicator

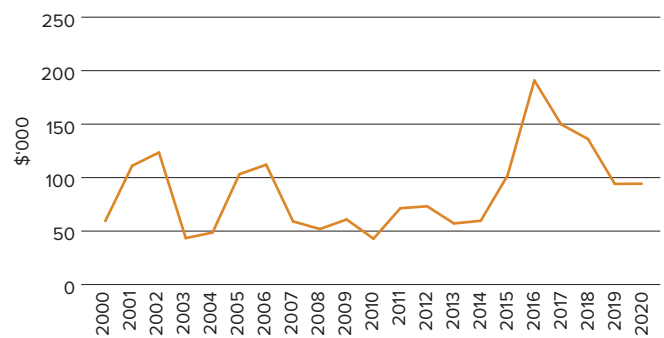


Source ABS, MLA calculations

Farm financial performance

- While improved seasonal conditions saw lower input costs and higher cattle prices in 2019–20, farm incomes remained relatively steady as the herd and flock rebuild resulted in a decline in throughput.
- The average farm cash income of Australian beef producers⁵ was estimated to be \$94,300 in 2019–20, steady on year-ago levels (in real terms) (Figure 54) (ABARES Australian Agricultural and Grazing Industries Survey).
- The average rate of return (excluding capital appreciation) of Australian beef cattle farms fell from -0.3% in 2018–19 to -0.5% in 2019–20 (ABARES).

Figure 54: National average beef farm cash income

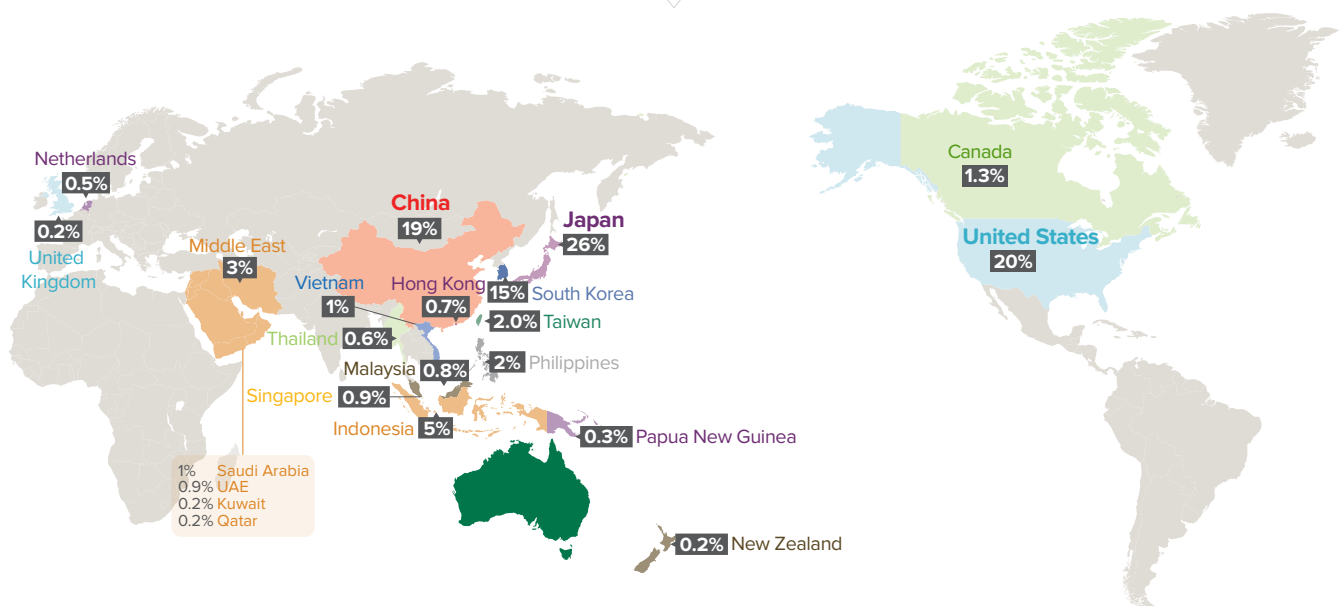


Source: ABARES

Note: This data is in real terms

Figure 55: Australian beef exports by volume (2020)

In 2020, Australia's top three beef export destinations (in volume terms) were Japan (269,303 tonnes swt, or 26% of total exports), USA (211,376 tonnes swt, or 20% of total exports) and the China (196,694 tonnes swt, or 19% of total exports).



Source: DA

⁴ 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.

⁵ The ABARES Australian Agricultural and Grazing Industries Survey includes beef producers with at least 100 head of beef cattle on hand at 30 June.

SHEEP

National sheep flock

- The national sheep flock was 63.53 million head⁶ on 30 June 2020, slightly below year-ago levels (Figure 56) (ABS).
- The majority of Australia's sheep population was located in NSW (32%), Victoria (24%), WA (22%) and SA (16%). Tasmania and Queensland each had 3% of the national flock (Figure 57) (ABS).
- Breeding ewes (aged one year and over) accounted for 56% of the national flock, while lambs under one year made up 32% (Figure 57) (ABS).

Figure 56: Australian sheep flock

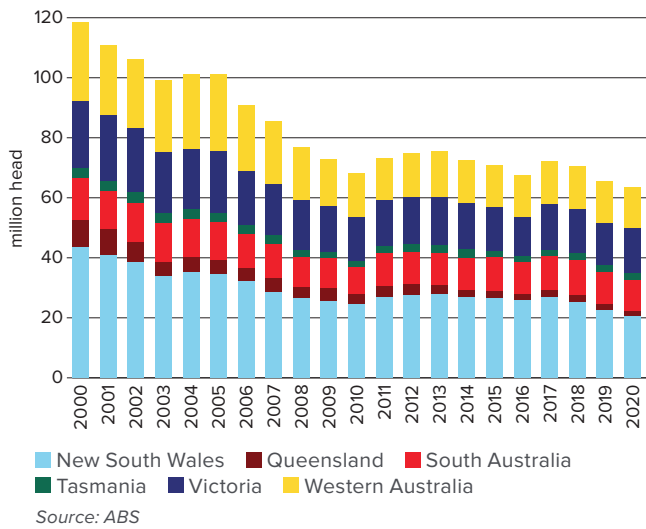
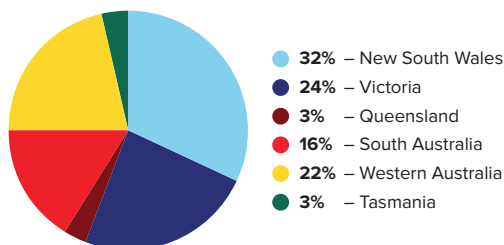
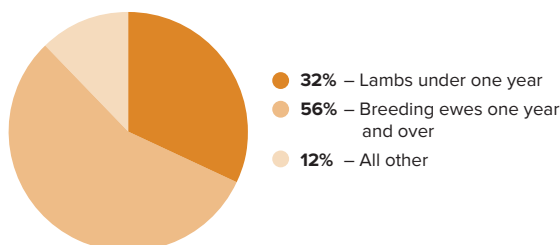


Figure 57: Australian sheep flock by state (2020)



Source: ABS, Data as at June 2020

Figure 58: Australian sheep flock composition (2020)

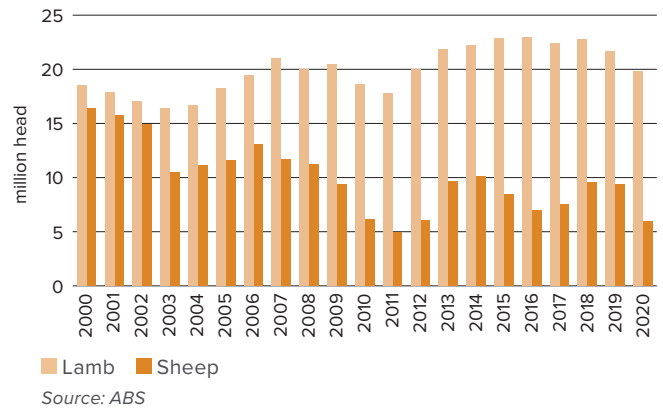


Source: ABS, Data as at June 2020

Slaughter

- In 2020, national lamb slaughter totalled 19.8 million head, back 9% year-on-year and 10% below the five-year average (Figure 59) (ABS).
- Sheep slaughter totalled 6 million head, back 36% from the previous year and 24% below the five-year average (Figure 59) (ABS).

Figure 59: Australian sheep and lamb slaughter

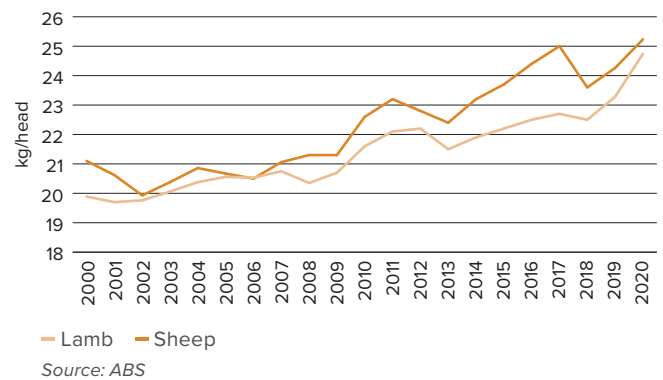


Source: ABS

Carcase weights

- National average carcass weights averaged 24.8kg/head in 2020 (Figure 60), up 6% year-on-year and 7% higher than the five-year average (ABS).
- Sheep carcass weights increased 4% from 2019 to 25.2kg/head (Figure 60), which is 3% above the five-year average (ABS).

Figure 60: Australian average sheep and lamb carcass weights



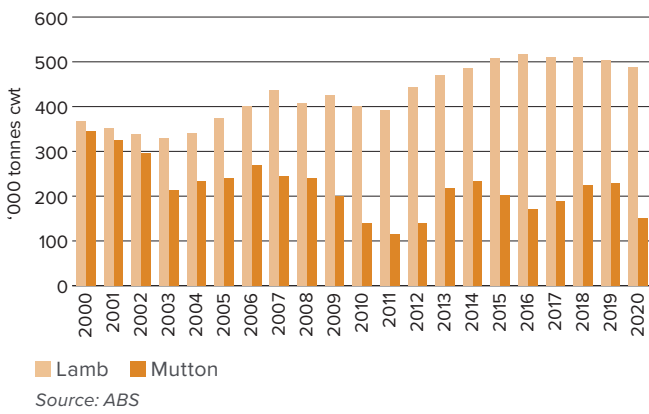
Source: ABS

Production

- In 2020, lamb production in Australia totalled 486,884 tonnes cwt (Figure 61), 3% below year-ago levels and 4% below the five-year average (ABS).
- Mutton production fell 33% year-on-year, totalling 151,590 tonnes cwt (Figure 61), 21% below the five-year average (ABS).
- Total sheepmeat production (lamb and mutton) was 638,473 tonnes cwt in 2020, 13% below year-ago levels (ABS).

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.

Figure 61: Australian sheepmeat production



Sheepmeat exports

- In 2020, Australian lamb exports totalled 263,870 tonnes swt, down 6% year-on-year, but 1% above the five-year average (Figure 62) (ABS).
- China was Australia's largest lamb export destination in 2020 (in volume terms), at 63,098 tonnes swt, followed by the US at 60,652 tonnes swt (Figure 63) (DA).
- The UAE saw a marginal decline in lamb exports, with 17,635 tonnes swt exported in 2020, with Qatar overtaking it as the third largest export destination for Australian lamb.
- Australian mutton exports were 139,702 tonnes swt in 2020, down 24% year-on-year and down 11% on the five-year average (Figure 62) (DA).
- Mutton exports to China (in volume terms) saw a decline of 32% year-on-year, to 55,427 tonnes swt (Figure 64) (DA).
- The other key export destinations for Australian mutton were the US (17,932 tonnes swt) and Malaysia (16,133 tonnes swt) (Figure 64) (DA).
- The value of Australian sheepmeat (lamb and mutton) exports in 2020 was \$3.7 billion, down 10% from the previous year (Figure 62) (IHS Markit).

Figure 62: Australian sheepmeat export volume and value

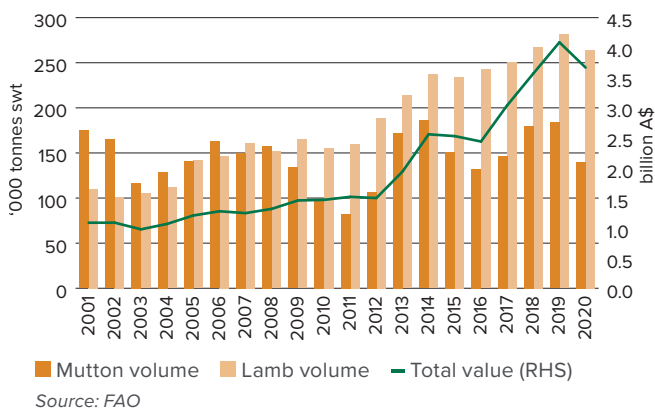
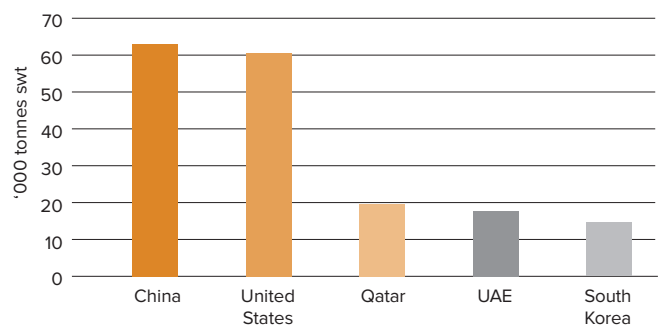
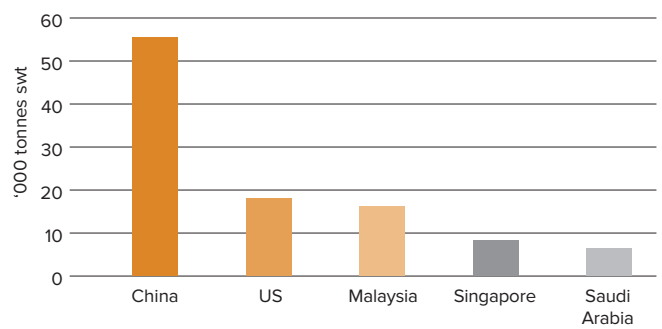


Figure 63: Australia's top five lamb export markets (2020)



Source: DA

Figure 64: Australia's top five mutton export markets (2020)

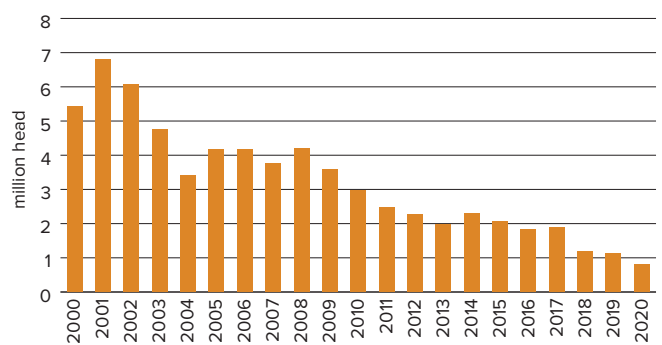


Source: DA

Live sheep exports

- In 2020, Australian live sheep exports totalled 811,500 head, down 27% on the previous year (Figure 65) (ABS, DA).
- Kuwait remained as Australia's largest destination for live sheep exports in 2020 accounting for 42% of exports, followed by Qatar at 22% (DA).

Figure 65: Australian live sheep exports

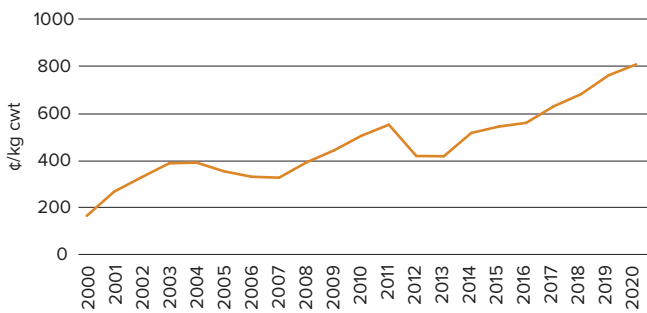


Source: DA

Saleyard prices

- The National Trade Lamb Saleyard Indicator (18–22kg) averaged 807¢/kg cwt in 2020 (Figure 66), 6% above the previous year and 17% higher than the five-year average (MLA's NLRS).
- In 2020, the National Mutton Saleyard Indicator (18–24kg) increased 17% year-on-year to 607¢/kg cwt, 29% above the five-year average (MLA's NLRS).

Figure 66: National trade lamb saleyard indicator

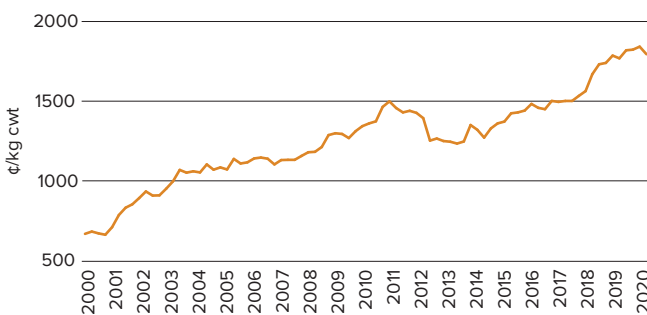


Source: MLA's NLRS

Retail prices

- The Average Lamb Retail Price Indicator was estimated at 1,799¢/kg rwt⁷ in 2019–20, up 7% year-on-year (Figure 67) (ABS, MLA calculations).

Figure 67: National lamb retail price indicator

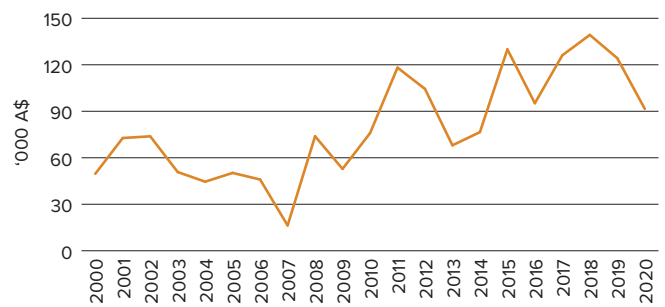


Source: ABS, MLA calculations

Farm financial performance

- The average farm cash income of Australian slaughter lamb producers⁸ was estimated at \$91,600 in 2019–20, a 26% decline year-on-year (in real terms) (Figure 68) (ABARES Australian Agricultural and Grazing Industries Survey).
- The average rate of return (excluding capital appreciation) of Australian lamb producing farms fell from 0.4% to 0.2% in 2019–20 (ABARES).
- The decline in farm financial performance in the 2019–2020 financial year is due to the 2017–2019 drought.

Figure 68: National average sheep farm cash income

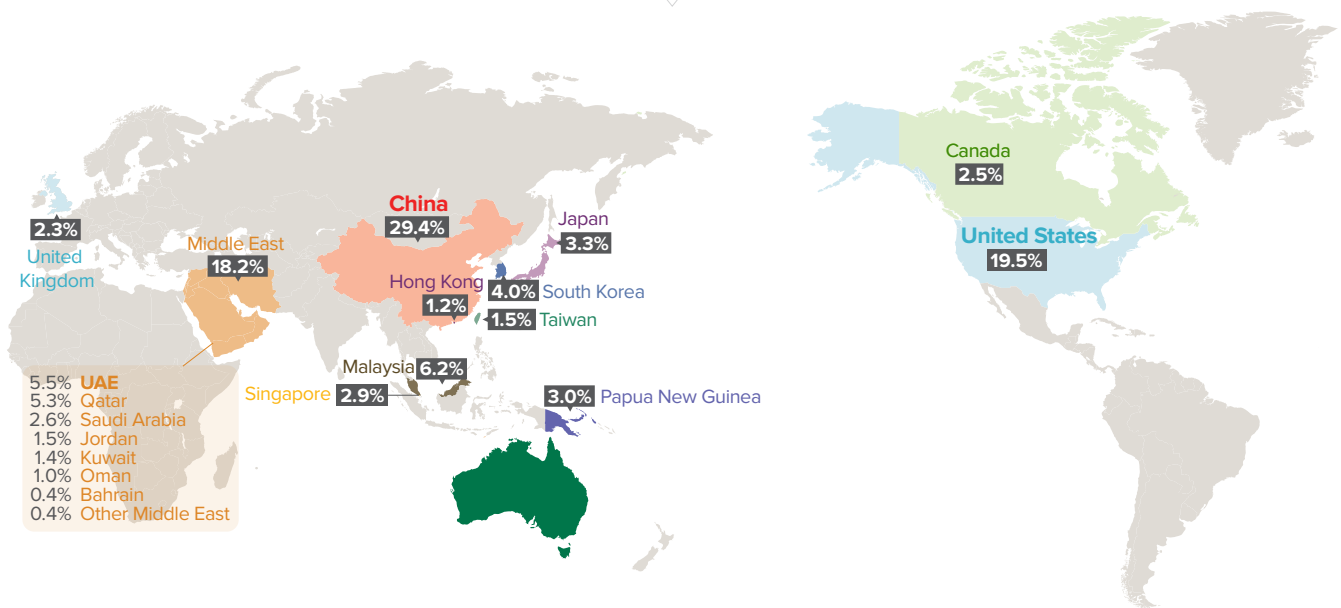


Source: ABARES

Note: This data is in real terms

Figure 69: Australian sheepmeat exports by volume (2019)

In 2020, Australia's top three sheepmeat (lamb and mutton) export destinations (in volume terms) were China (118,525 tonnes swt, or 29% of total exports), the US (78,584 tonnes swt, or 19% of total exports) and Malaysia (24,866 tonnes swt, or 6% of total exports).



Source: DA

⁷ 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.

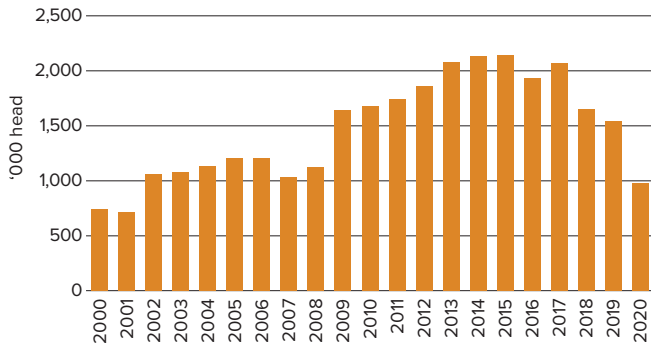
⁸ The ABARES Australian Agricultural and Grazing Industries Survey includes producers that sold at least 200 lambs for slaughter.

■ GOAT

Slaughter

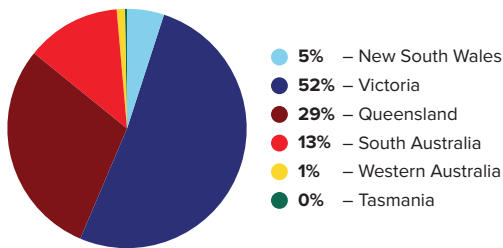
- Australian goat slaughter totalled 972,900 head (Figure 70) in 2020, back 37% year-on-year and 40% below the five-year average (ABS).
- In 2020, goat slaughter in Victoria eased 39% (to 500,899 head), Queensland fell 24% (to 286,057 head), SA dropped 47% (to 123,912 head), NSW declined 19% (to 50,333 head) and WA declined sharply by 73% (to 11,536 head) (Figure 71) (ABS).

Figure 70: Australian goat slaughter



Source: DA

Figure 71: Australian goat slaughter by state (2020)



Source: DA

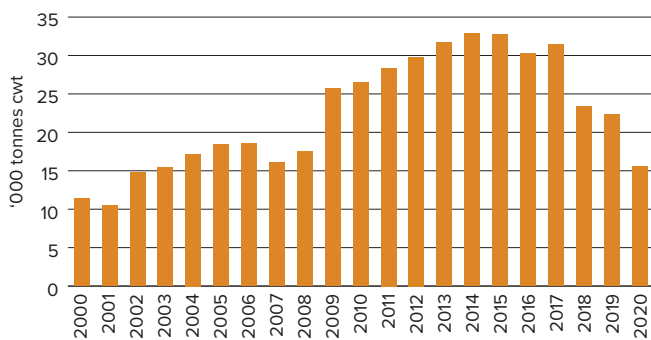
Carcase weights

- Australian goat carcase weights averaged 16kg/head in 2020, up 10% on the previous year (ABS).

Production

- Goatmeat production eased 31% to 15,521 tonnes cwt in 2020 (Figure 72), 37% below the five-year average (ABS).

Figure 72: Australian goatmeat production

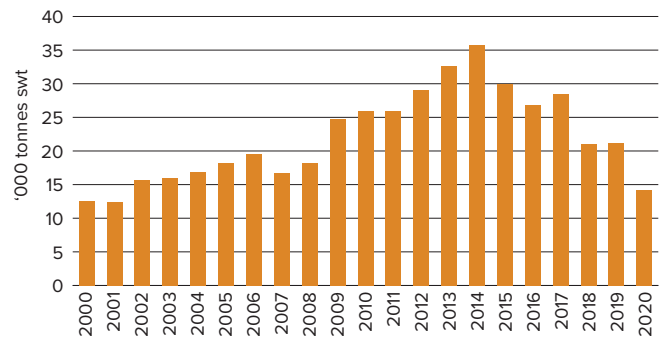


Source: DA

Goatmeat exports

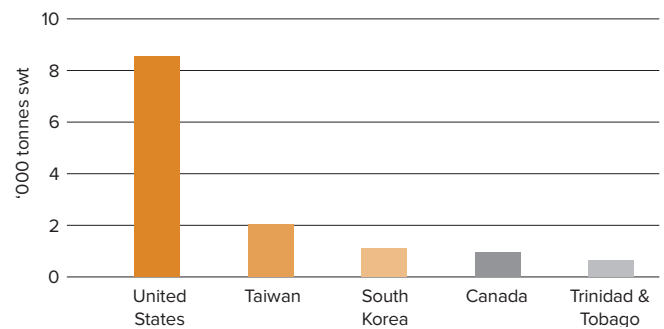
- Australian goatmeat exports totalled 14,147 tonnes swt in 2020, down 33% on the year prior (Figure 73) (DA).
- The US remains the largest destination for goatmeat, accounting for 60% of exports, or 8,537 tonnes swt, in 2020 (Figure 74) (DA).
- Taiwan was Australia's second largest export market for goatmeat in 2020, taking 14% or 2,034 tonnes swt in 2020 (DA).

Figure 73: Australian goatmeat export volumes



Source: FAO

Figure 74: Australia's top five goatmeat export markets (2020)



Source: DA

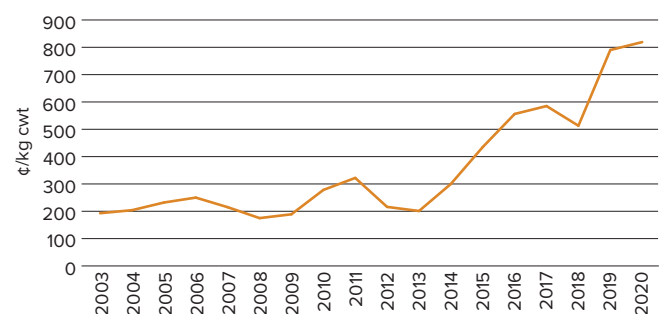
Live goat exports

- In 2020, Australian live goat exports eased 48% year-on-year to 8,400 head, with Malaysia and China continuing to be a key export markets (DA, ABS).

Over-the-hooks indicators

- Goat OTH Indicators (12–16kg) averaged 819¢/kg cwt in 2020, an increase of 4% from the previous year (Figure 75) (MLA's NLRs).

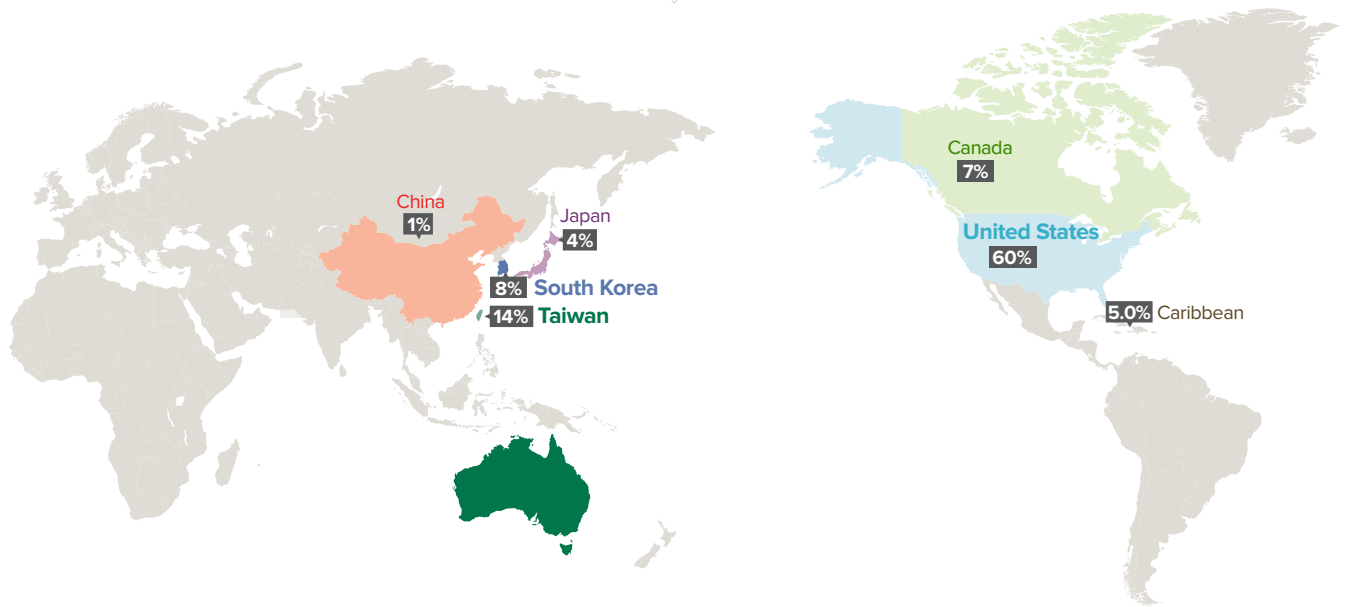
Figure 75: Eastern states OTH goat indicator (12–16kg)



Source: MLA's NLRs

Figure 76: Australian goatmeat exports by volume (2020)

In 2020, Australia's top three goatmeat export destinations (in volume terms) were the US (8,537 tonnes swt, or 60% of total exports), Taiwan (2,034 tonnes swt, or 14% of total exports), and South Korea (1,115 tonnes swt, or 8% of total exports).



Source: DA



Key issues snapshots

■ IS THE HERD AND FLOCK IN A REBUILD PHASE?

Key points

- The Australian cattle herd is expected to grow 6% in 2021 to 26 million head
- The sheep flock is forecast to increase by 6.3% to 68.1 million head in 2021
- The flock and herd rebuild is due to increased rainfall in key producing regions which is incentivising producers to retain more breeding animals.

The 2017–2019 east coast drought impacted both the national herd and flock size. In 2020 the national flock was 64 million head, its lowest level on record. At 30 June 2020, the national cattle herd was 24.6 million head – the lowest it had been since 1993.

Low rainfall during the 2017–2019 drought caused producers to sell their stock, both sheep and cattle, in high volumes as they had limited pasture available to feed their animals. In 2019 at the peak of the drought, cattle slaughter reached 8.5 million head – the third highest slaughter level since 2000. Sheep slaughter was also elevated during the 2017–2019 drought, hitting 9.5 million head and 9.3 million head in 2018 and 2019 respectively. These sheep slaughter levels were not all time records.

The 2017–2019 drought was broken by significant rainfall in early 2020 which fell across NSW, Victoria, SA and Tasmania. The rainfall continued throughout 2020, producing abundant pasture and feed in southern Australia. These improved seasonal conditions caused producers to retain more female animals to rebuild their inventory levels from.

As a result of the rain, demand from producers restocking their properties after years of drought drove cattle and sheep prices to new records in 2020. The Eastern Young Cattle Indicator (EYCI) hit a record of 829c/kg cwt on the 9th of November 2020. Similarly, the National Restocker Lamb Indicator broke the 1,000 c/kg barrier for the first time 8 March 2020 at 1,010 c/kg.

A wetter than average northern summer between December 2020 and March 2021 built the confidence of QLD and NT cattle producers. This resulted in a new recorded EYCI price of 1,032 c/kg being achieved on 25 August 2021.

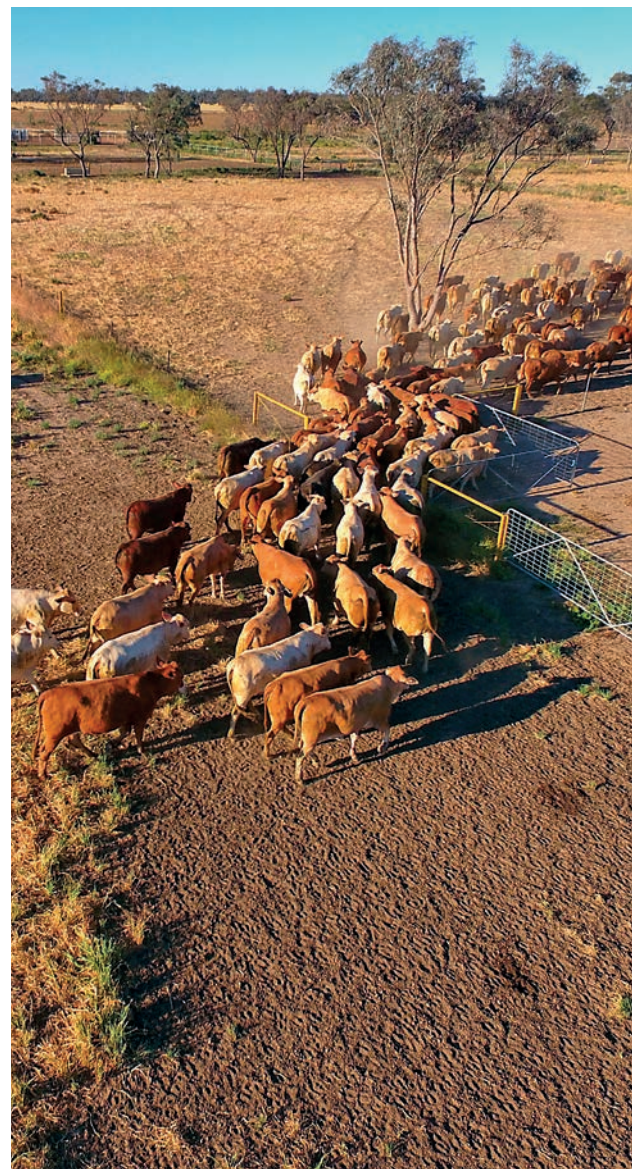
The rain between 2020 and 2021 is causing producers to retain their breeding stock in order to rebuild their herd and flock. As producers retain more animals, the number of stock being processed is well below average. In 2021 sheep slaughter and lamb slaughter are expected to be 6.1 million head and 20.3 million head respectively. Low cattle slaughter is forecast, with 6.3 million cattle forecast to be slaughtered in 2021, the lowest slaughter volume in 35 years.

The lower than average cattle and sheep slaughter figures are driving faster cattle herd and sheep flock rebuilds than initially expected. In 2021, the national sheep flock is expected to grow by 6.3% to 68.1 million head. The national cattle herd is expected to reach 26 million head in 2021, an increase of 6% on the 2020 herd.

The improved seasonal conditions are providing abundant pasture, which is translating into higher lamb and calf rates. This is another key factor driving the herd rebuild.

By 2023 the national cattle herd is expected to reach 28 million head, the same size as 2018. While the sheep flock is expected to reach 75.4 million head by this time.

The fast cattle and sheep rebuilds expected over the next few years will allow Australia to meet growing export demand for red meat.



■ WHAT IS THE STATUS OF AFRICAN SWINE FEVER (ASF) AND PROTEIN SUPPLY IN CHINA?

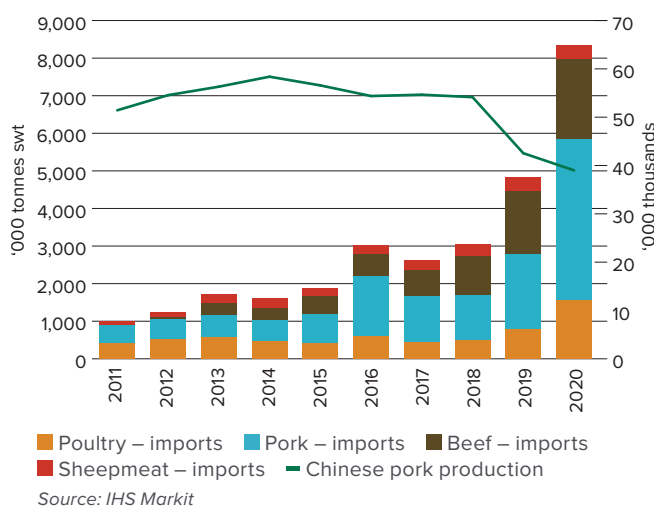
Key points

- Ongoing ASF outbreaks continue to challenge the recovery of the Chinese pork industry, with a mutated version of the virus recently emerging
- Up to 40% of the Chinese swine herd has been destroyed due to ASF, with pork production estimated to remain below historical levels through to 2025
- Protein consumption in China is expected to reflect an increased demand for red meat, regardless of the recovery of the pork industry.

In 2021, African Swine Fever (ASF) remains the single most significant factor affecting the meat sector in China since it first arrived in mid-2018. ASF is a highly contagious and lethal virus for pigs (humans remain unaffected), transmittable when pigs come into direct contact with infected animals, indirect contact with contaminated objects or are fed contaminated pork products. With no vaccine currently available, the Chinese Government has made significant investments in ASF vaccine development, however, none have yet reached commercial development. The emergence of an ASF mutation has also complicated the situation.

China's pig herd has undoubtedly been devastated by the ASF epidemic, with outbreaks occurring in all provinces. It is estimated that 40% of China's pig herd have been destroyed, with sporadic outbreaks continuing to be reported. This has resulted in a massive pork shortfall in the country, estimated to be 20-25 million tonnes carcass weight equivalent (cwt) or around half of China's total pork consumption in 2017. Current forecasts suggest that by 2025, China's pork production could range between 45-55 million tonnes cwt, likely still down on pre-ASF production levels. Ongoing challenges will continue to challenge production, however, 40 multi-story hog production facilities have been built in an attempt to ramp up production and improve disease control.

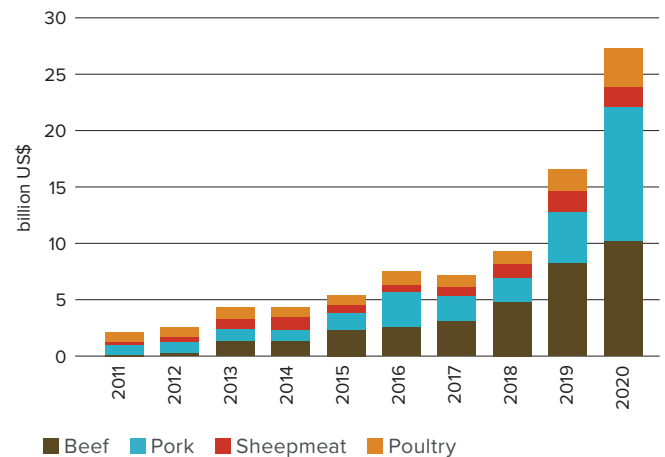
Figure 77: Chinese pork production and imports



The Chinese government has taken enhanced actions to address ASF prevention and control, including regular inspections and testing, implementation of risk alert systems and stricter pig transportation and slaughter protocols. Many measures undertaken to help tackle ASF will accelerate the modernisation of the country's meat supply chains which will in turn also improve the handling and distribution of Australian red meat.

Despite this disease being limited to pigs, the ripple effect to any disruption in the supply of China's favoured protein source has greatly affected demand for beef and sheepmeat. Prior to the emergence of ASF, demand for imported beef was already growing due to a rising population level and increasing income levels, however, ASF has accelerated this trend. From 2017 to 2020, the volume of imported beef into China tripled with trade from Brazil, Argentina and Australia reaching unprecedented levels. In 2021, import demand for a range of meat categories including beef and sheepmeat is likely to remain upbeat, further supported by economic and foodservice recovery as the impact of COVID-19 continues to ease.

Figure 78: Value of annual China meat imports



The importance of pork within diets in Asian countries cannot be understated, making up 62% of Chinese meat consumption. Pork consumption has begun to decline due to the supply shortages, with consumption of chicken, beef and sheep all recording an increase. Even after China's pork industry recovers, Chinese consumers are expected to eat less pork in favour of other proteins.

■ WHAT DOES BREXIT MEAN FOR AUSTRALIAN RED MEAT EXPORTS?

Key points

- The EU and UK have formally separated, with trade between the two blocs now conducted via the EU-UK Trade and Cooperation Agreement
- For Australian red meat exporters, existing country specific quotas have been apportioned between the two markets, constraining already limited volume access
- An Australia-UK FTA has been agreed in-principle and Australia-EU FTA negotiations are ongoing, providing a mechanism for Australia to secure long-term, market responsive access to the EU and UK.

With the UK and EU formally separating at 11pm on 31 December 2020, trade between the two blocs is now conducted via the EU-UK Trade and Cooperation Agreement (TCA). Most significantly for the intrinsically linked EU and UK red meat trade, the TCA allows for full tariff liberalization (i.e. no tariffs) – meaning for the most part, the established red meat trade between the EU and UK can continue with the addition of customs checks.

The separation of the EU and UK has seen existing tariff rate quotas being split between the two markets, which is pertinent to Australian red meat exporters who supply product under Australia's country-specific Hilton beef, sheepmeat and goatmeat quotas. This has further constrained Australia's small volume access to the markets and removed the flexibility of shifting product according to consumer demand between the EU and UK.

From 1 January 2021, Australia's access to the EU and UK markets is as follows:

- Australia's previous 7,150 tonne EU Hilton beef quota has been split: 2,481 tonnes to the EU and 4,669 tonnes to the UK

- Australia's 19,186 tonne sheepmeat/goatmeat quota has been split: 3,837 tonnes to the EU and 15,349 tonnes to the UK.

As a consequence, Australian exporters now have to navigate several quota regimes – an unfortunate outcome of Brexit. However, on the positive side, trade can continue to flow.

The ultimate 'solution' to improving this outcome will be via the two separate but parallel Free Trade Agreements (FTAs) Australia is negotiating with both the EU and UK. These negotiations will be crucial to securing much-improved, long-term preferential access to these high-value markets.

Despite COVID-related disruptions, virtual Australia-EU FTA negotiations have continued to be held – ensuring that negotiating momentum has been maintained throughout the period of limited travel.

The core elements of the Australia-UK FTA, including beef and sheepmeat market access, were announced in June 2021. Beef and sheepmeat tariffs will be eliminated after ten years, with a safeguard applied on imports exceeding a further volume threshold for a further five years. Negotiators from the UK and Australia will now finalise the text and carry out the domestic processes required to enable signature and the subsequent entry into force of the FTA.

In line with this momentum, industry FTA advocacy activities led by the EU/UK Red Meat Market Access Taskforce (with MLA as the secretariat), will continue this year to ensure Australia's negotiators are well briefed on the red meat sector's FTA priorities.

This year will be a defining one for improving Australian market access into both the EU and UK – and resources will continue to be prioritised to help secure the best possible outcomes.



WHAT DO AUSTRALIANS THINK ABOUT THE RED MEAT INDUSTRY?

Key points

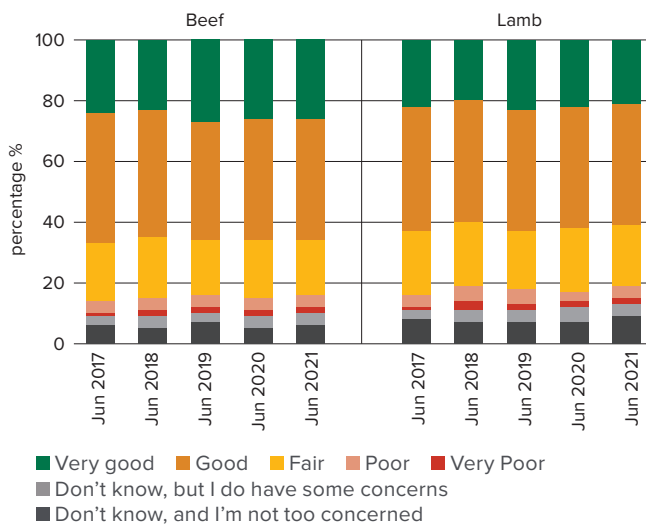
- Consumer perceptions of red meat industry are improving
- Overall red meat consumption has remained stable
- Internet searches remain the main source for information on the red meat industry regarding nutrition, animal welfare and the environment.

Over the past decade, MLA has been conducting consumer research to help understand the Australian community's perceptions of the red meat and livestock industry. This enables industry to address industry can address their concerns and better understand consumer needs to ensure we can maintain community trust.

The research indicates that perceptions of the red meat industry are improving, as is knowledge of the industry among consumers in Australia.

In a year where a number of significant events have impacted the red meat industry, Australian consumer sentiment towards the industry has remained strong and positive. Perceptions of the red meat industry are improving with 66% of consumers feeling 'good' or 'very good' about the Australian beef industry and 61% feeling 'good' or 'very good' about the Australian sheep industry. Consumers are hearing more positive messages about the industry, from its high standards to its positive impact on the Australian economy.

Figure 79: Consumer perception of beef and lamb industry
Consumer perceptions of Australian producer industries (%) – Among meat eaters



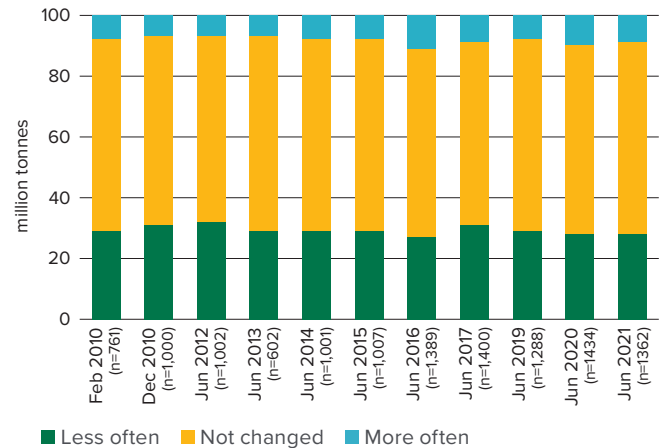
X1. Thinking about the production of the following foods in Australia, how do you feel about each industry? The Australian _____ industry is... Base n=1400/ 1425 / 1288 / 1434 / 1362

Source: Pollinate Consumer Sentiment Research 2021

Overall red meat consumption has remained stable. The majority (63%) of Australian consumers have maintained their level of red meat consumption, while 28% of consumers have reduced their intake and 9% have

increased. Price, followed by concerns regarding red meat's health credentials, are the main reasons given amongst Australians reducing their red meat consumption. These drivers for reduction in red meat consumption have remained stable over time, highlighting the need for industry to continue to educate consumers regarding red meat's nutritional benefits and versatility.

Figure 81: Australian sentiment to red meat consumption



Source: MLA Community Sentiment Research

The proportion of consumers in metropolitan Australia who claim to be vegetarian has slightly increased since 2016 to 9%. Interestingly, 58% of those who claim to be vegetarian still eat meat.

Perceived industry knowledge has increased, with around one in three consumers feeling they have a 'good knowledge and understanding' of the Australian beef and lamb industries. However, consumers are less informed about specific industry practices, highlighting the need for the industry to continue to increase awareness and engagement with community and consumers.

The research demonstrates that consumers turn to a wide range of sources to gain information about red meat, with the internet, industry bodies and health professionals remaining important sources of information about the industry.

While one in four consumers use the internet to find information about Australian red meat in relation to its environmental impact and animal welfare credentials, the past year has seen consumers become less likely to seek out information on the red meat industry in regards to animal welfare, the environment and nutrition.

This research significantly informs the community engagement and marketing activities that MLA undertakes on behalf of the red meat industry, explaining our production systems and demonstrating that our producers are ethical, responsible custodians of livestock, land and natural resources.

■ IS AUSTRALIA A WORLD LEADER IN SUSTAINABILITY WITH CN30?

Key points

- CN30 positions the red meat industry as being on the front foot, collaborative, proactive and positive in its actions
- Net greenhouse gas emissions have fallen by 53% since 2005, representing the greatest reduction by any sector of Australia's economy
- The red meat and livestock industry currently contribute 12% of Australia's GHG emissions – this figure has halved since 2005.

The CN30 target is an aspiration for the Australian red meat industry to be socially acceptable, profitable and carbon neutral in 2030. Through pursuing this target, in 2030, consumers will support and purchase red meat because they know it is a good choice for the environment and producers will benefit from improved long term on-farm efficiency and productivity.

As the global population continues to rise, so does demand for red meat. Our industry currently exports around 70% of its red meat product. Australian red meat producers are among the most innovative and resilient in the world. Coupled with the fact that graziers are custodians of around 355 million hectares of Australia's land, an enormous and unique opportunity exists to be a significant part of Australia's climate change solution and to be a world leader in producing an environmentally friendly, sustainable and high-quality source of protein.

To date, our industry has reduced red meat's overall contribution to national greenhouse gas emissions by 53% (Figure 81) and have reduced the amount of water required to produce a kilo of beef.

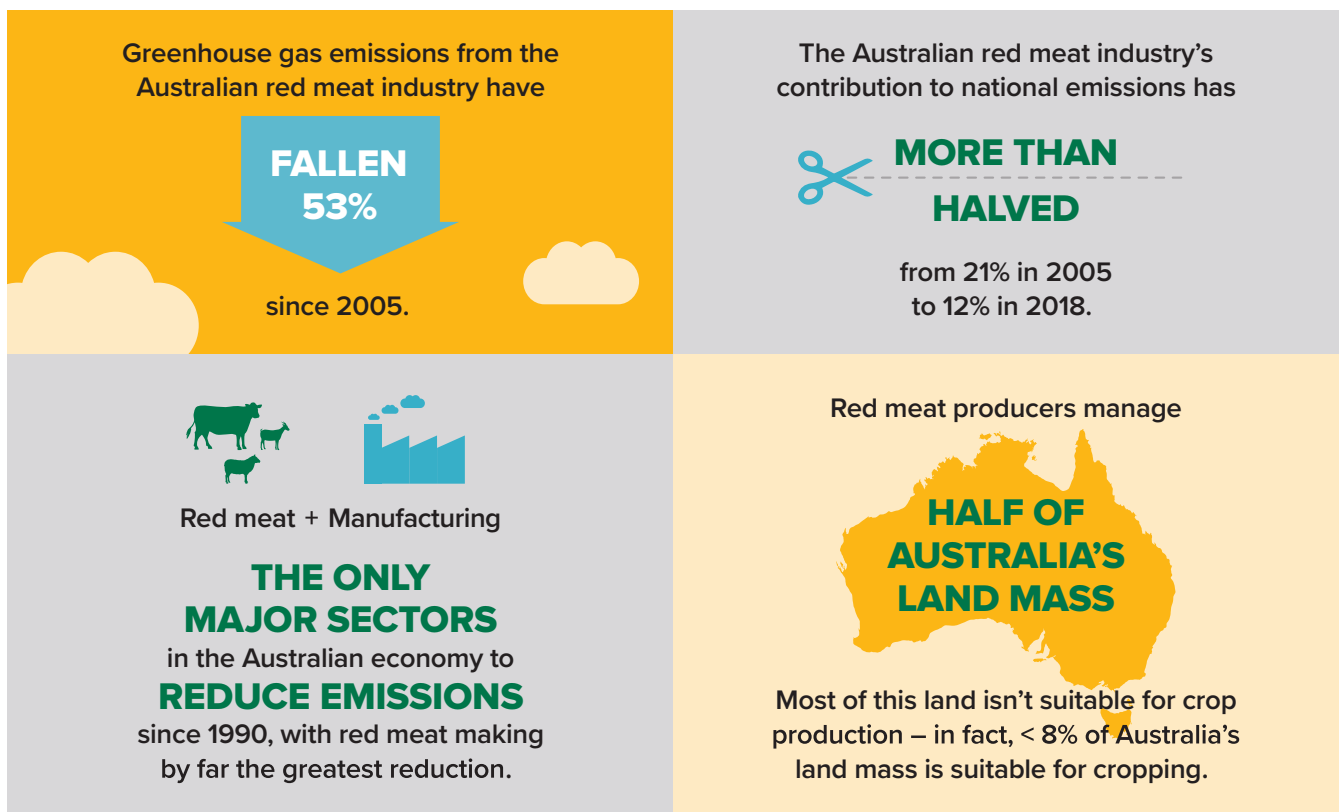
These gains are significant, encouraging and have sparked discussion amongst and within other organisations and governments about developing their own carbon neutral and sustainability goals. To keep the CN30 momentum, MLA has outlined four key work areas that provide a framework for ongoing CN30 investment activities. These are:

1. Emissions reduction
2. Carbon storage
3. Integrated management systems
4. Leadership building (Figure 82).

These investments provide a strong platform to turn today's challenges into tomorrow's opportunities, as well as deliver further transformational change for how we operate as an industry, and for the messages we deliver to consumers.

With a commitment from all of industry, the right policy settings and new investment in research, development and adoption, the Australian red meat industry can be at the forefront of sustainability and carbon neutrality.

Figure 81: The Australian red meat industry has already made significant progress towards sustainability and the CN30 target



Source: CN30 Roadmap

Figure 82: MLAs CN30 investment activities are categorized across four work areas that deliver multiple benefits.

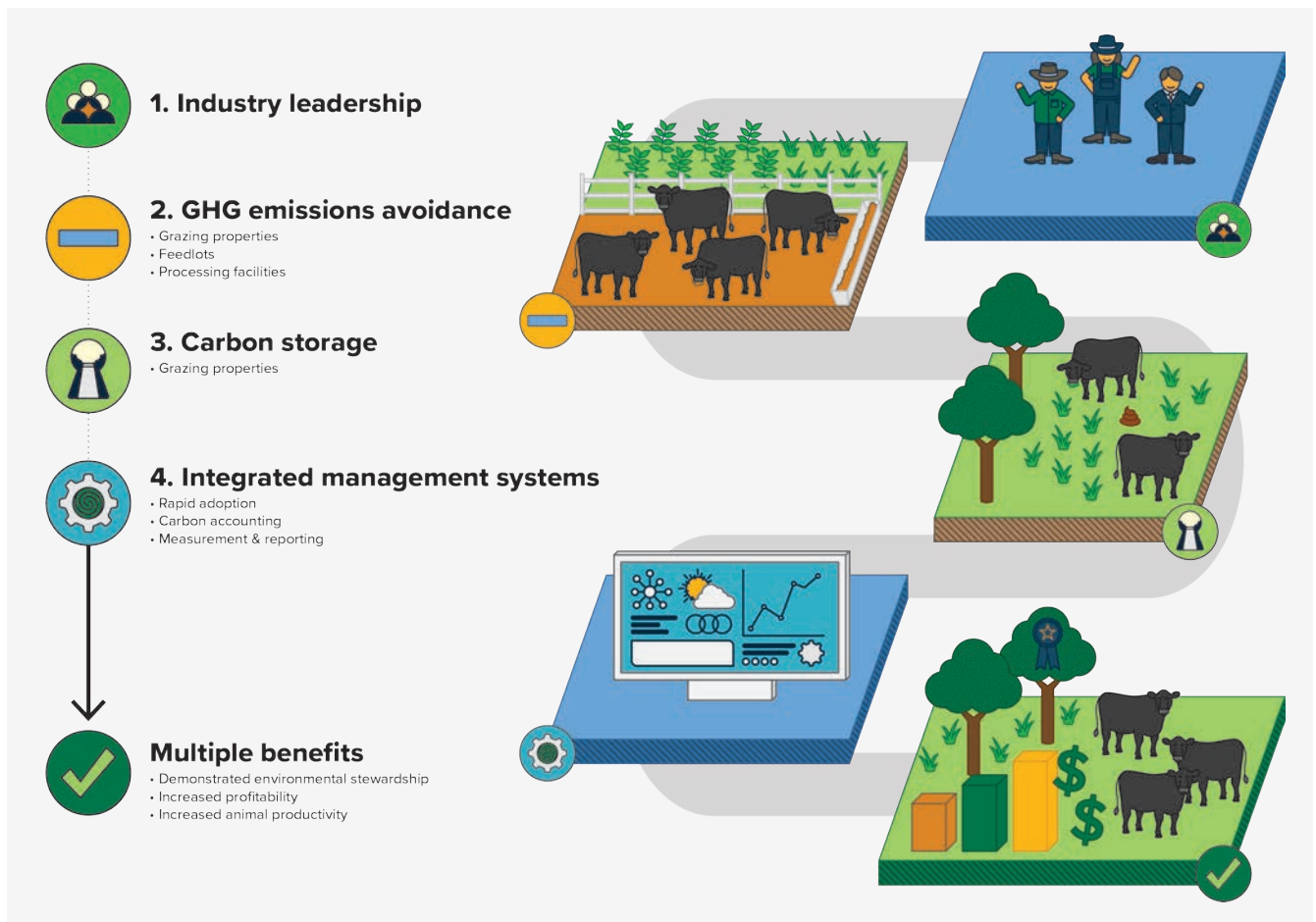



Figure 83: MLA are investing in research, development and adoption activities aimed to help our industry implement practices and pathways in line with the CN30 target





Meat & Livestock Australia, in partnership with the red meat and livestock industry, is investing in research, development and adoption projects to move towards the CN30 target.


Some examples of investment include:




Continual improvement in **animal genetics and husbandry practices** to reduce methane emissions per kg of production




Developing technology to **reduce methane emissions from livestock**



Developing **viable grazing supplement delivery technologies** that maintain livestock productivity and lower methane emissions



Advancing **soil carbon sequestration methods** and measurement technology



Improving **integration of trees and shrubs** for improved **carbon storage**, animal health and biodiversity

For more information, visit mla.com.au/CN30

Glossary and key terms

ABARES	Australian Bureau of Agricultural and Resource Economics and Sciences
ABS	Australian Bureau of Statistics
ALFA	Australian Lot Feeders' Association
b	billion
BOM	Bureau of Meteorology
cwe	carcase weight equivalent
cwt	carcase weight
DA	Department of Agriculture, Water and the Environment
EU	European Union
FAO	Food and Agriculture Organisation
Farm cash income	a measure of cash funds generated by the farm business for farm investment and consumption after paying all costs incurred in production
FTA	Free Trade Agreement
GHG	greenhouse gas
Industry turnover	the income generated by business within the industry from the sales of goods and services. It includes the income generated from rent, leasing and hiring income.
Industry value add	the overall value of goods and services produced by businesses in an industry (also known as contribution to gross domestic product (GDP)).
m	million
MENA	Middle East and North Africa
MLA	Meat & Livestock Australia
MSA	Meat Standards Australia
Mt	million tonnes
OECD-FAO	Organisation for Economic Co-operation and Development
Over-the-hooks	refers to the marketing of cattle/sheep/lambs directly from a farm to an abattoir where a producer is paid for the value of the carcase based on a sliding grid. The skin is also evaluated for length and quality and is purchased by the processor. The seller generally pays for the animal's transport from the farm to the abattoir. The producer generally receives payment within a seven to 14-day period.
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

Notes





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