

The socio-economic benefit of the red meat processing industry in regional Australia

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Socio economic benefit of red meat processing

Presentation Outline

- ◆ Overview of project
- ◆ Methodology
- ◆ Economic benefit to Australia
- ◆ Regional economic benefit
- ◆ Conclusions
- ◆ Implications

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Overview of project

- ◆ Project funded by AMPC
- ◆ Estimates of economic contribution
- ◆ Value added, FTE employment and household income
- ◆ National, State and regional levels
- ◆ Using public data, and private data from processors, which remained completely confidential and only presented in aggregate
- ◆ Processor supplying full dataset gets facility regional impact report, using their own confidential data
- ◆ Social impacts separate part of research

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Methodology

- ◆ National base input/output table from ABS (updated)
- ◆ State and regional tables (I/O software)
- ◆ Confidential processing data for 29 facilities
- ◆ Assess impact of processing sector
- ◆ Data covered regional, State and national impacts
- ◆ Flow on impacts on sectors underpinned by red meat processing
- ◆ Unique data set of processing costs and revenue
- ◆ Confidentiality assured

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Economic benefit to Australia

- ◆ Economic impact, including flow-on effects, red meat processing, Australia, 2014-15

Measure	Economic impact	
	Value (incl. flow-on impacts)	Contribution to the national economy
Industry value added (\$m)	22,906.2	1.5%
Household income (\$m)	8,721.3	1.1%
Employment (FTE)	134,702	1.4%

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The top five industry sectors impacted by the red meat processing sector in terms FTE employment are:

- ◆ Agriculture, forestry & fishing;
- ◆ Other food & beverage manufacturing;
- ◆ Retail trade;
- ◆ Health care & social assistance; and
- ◆ Wholesale trade.

Socio economic benefit of red meat processing

Economic benefit to NSW state (sample)

- ◆ Economic impact, including flow-on effects, red meat processing, NSW, 2014-15

Measure	Economic impact	
	Value (incl. flow-on impacts)	Contribution to the State economy
Industry value added (\$m)	4,780.0	1.0%
Household income (\$m)	1,918.6	0.7%
Employment (FTE)	28,842	0.9%

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Economic benefit to QLD state (sample)

- ◆ Economic impact, including flow-on effects, red meat processing, QLD, 2014-15

Measure	Economic impact	
	Value (incl. flow-on impacts)	Contribution to the State economy
Industry value added (\$m)	8,255.8	2.9%
Household income (\$m)	3,119.9	2.1%
Employment (FTE)	48,659	2.5%

Socio economic benefit of red meat processing

Economic benefit to VIC state (sample)

- ◆ Economic impact, including flow-on effects, red meat processing, VIC, 2014-15

Measure	Economic impact	
	Value (incl. flow-on impacts)	Contribution to the State economy
Industry value added (\$m)	3,735.8	1.1%
Household income (\$m)	1,645.5	0.9%
Employment (FTE)	25,149	1.0%

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Regions analysed

- ◆ NSW - New England and North West; Richmond-Tweed & Coffs Harbour-Grafton (combined); Riverina
- ◆ QLD - Fitzroy, Ipswich & Moreton Bay-North (combined); Toowoomba & Darling Downs-Maranoa (combined); Logan-Beaudesert & Brisbane South (combined)
- ◆ VIC - Hume & Shepparton (combined); Warrnambool-South West & Melbourne West (combined)
- ◆ SA - South East
- ◆ WA - as a whole;
- ◆ TAS - as a whole

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Economic benefit to NSW regions (sample)

- ◆ Economic impact, including flow-on effects, red meat processing, Riverina, 2014-15

Measure	Economic impact	
	Value (incl. flow-on impacts)	Contribution to the regional economy
Industry value added (\$m)	523.7	6.5%
Household income (\$m)	188.2	4.8%
Employment (FTE)	3,543	5.5%

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Economic benefit to QLD regions (sample)

- ◆ Economic impact, including flow-on effects, red meat processing, Fitzroy, 2014-15

Measure	Economic impact	
	Value (incl. flow-on impacts)	Contribution to the regional economy
Industry value added (\$m)	648.8	4.7%
Household income (\$m)	247.3	3.3%
Employment (FTE)	3,683	4.2%

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Conclusions

- ◆ Red meat industry a substantial contributor to national economy

“The red meat processing industry is estimated to contribute just under \$23 billion of value added to the Australian economy equivalent to 1.5 percent of Australia’s Gross industry value added including flow-on impacts. It generates 134,000 jobs equivalent to 1.4 percent of full-time equivalent (FTE) employment when flow-on effects are taken into account”.

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Conclusions

- ◆ Red meat industry a high value adding industry

“The red meat industry is also a relatively high value adding and employment generating industry when compared to the economy as a whole. The red meat processing sector, whilst accounting for just over 0.3 percent of the full-time equivalent workforce in Australia in 2014-15, contributed 1.5 percent of the nation’s Gross industry value added when flow-on effects are taken into account. In addition, the sector underpins more than 10 percent of total full-time equivalent employment in the Agriculture, forestry & fishing sector”.

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Conclusions

- ◆ Red meat industry a major contributor to regional economies

“The red meat industry is a major contributor to the regional economies identified in this report, with its impact reaching more than 5 percent of value added and in excess of 4 per cent of full-time equivalent employment in some cases. The red meat processing industry can therefore be considered to be a significant contributor to the Australian economy and, at the regional level, may serve to support a substantial proportion of the economy, including the associated social impacts”.

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Implications

- ◆ Research has value for industry nationally, in States and regions
- ◆ Value for individual processors
- ◆ Potential for expanding database and coverage
- ◆ Potential for use of database in analysis of industry costs
- ◆ Starting point for analysis of broader impacts
- ◆ Use by industry in representations for industry support.