Final report

Regional feedlot investment study

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Abstract

The feedlot industry is a crucial component of Australia's beef supply chain. This report estimates the industry's existing contribution to the Australian economy, and economic impact of changing the industry. In 2023-24, the total (direct and indirect) economic contribution of the national feedlot industry to gross domestic product (GDP) was $4.6 billion and approximately 24,000 full time equivalent (FTE) jobs. The contribution to local, regional, state and the national economy are estimated through case studies of 5,000 and 30,000 SCU feedlots.

The economic impact of changes to the industry is estimated using computable general equilibrium (CGE) modelling. Two scenarios are modelled. Over the period 2026-2036, the economic impact of construction and operation of a new 15,000 SCU (standard cattle unit) feedlot is estimated to increase GDP by $409m (present value terms, discounted at 7% per annum), and employment by 283 FTE on average per year. The economic impact of removing feedlots from beef supply chains is estimated to reduce the size of the national economy by $59 billion and 28,000 FTE employees over the same period. These are large impacts, reflecting how the feedlot industry increasingly supports other industries in the beef supply chain and the wider economy.

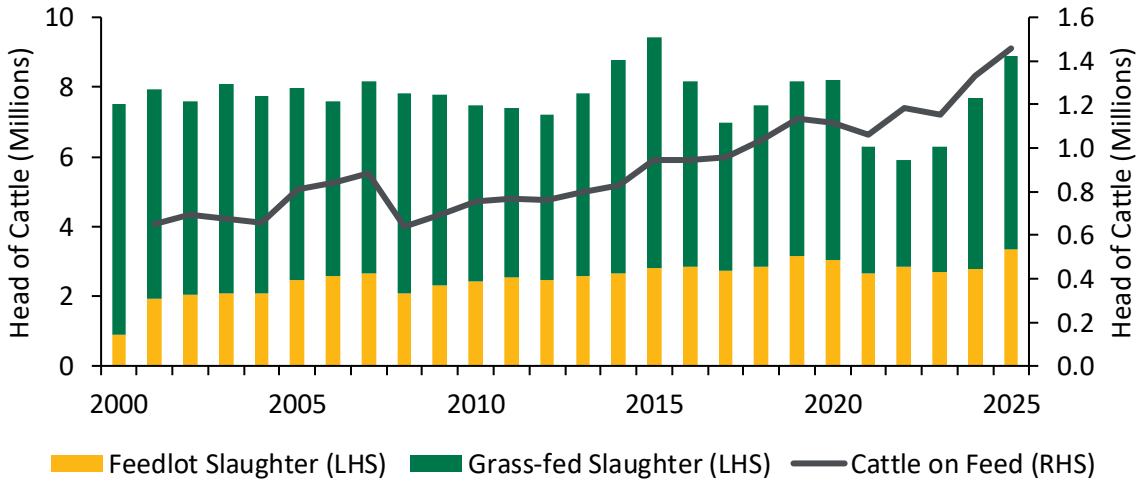
Executive summary

The Australian feedlot industry plays an important role in the beef supply chain and broader economy

The feedlot industry has grown substantially since its inception in the Darling Downs in Queensland in the 1960s. From the first established facilities, there are now 338 accredited feedlots across Australia. Feedlots have played a vital role in the resilience of the beef industry by ensuring consistency of supply and enabling greater productivity up and down the beef value chain. In doing so, feedlots have underpinned economic activity and employment at the regional, state and national level.

While the feedlot industry continues to support domestic beef supply, its growth has been increasingly driven by grain-fed brands, demanding consistent quality beef for both domestic and export markets. As shown in Figure 1, the number of cattle on feed has more than doubled from 2000 to 2024, while the feedlot share of slaughter has tripled from 12% to 36% over the same period (Meat and Livestock Australia [MLA], 2025). While feedlots still underpin domestic beef supply, exports of grain-fed beef generate significant revenue and value-added for the industry. In 2023-24, approximately 350,000 tonnes of grain-fed beef worth $3.5 billion was exported (Department of Agriculture, Fisheries and Forestry [DAFF], 2024).*

Figure 1. Average number of cattle on feed (year to date) and total feedlot and grass-fed slaughter (financial year)



Source: MLA Statistics Database, ABS Livestock Products, Australia

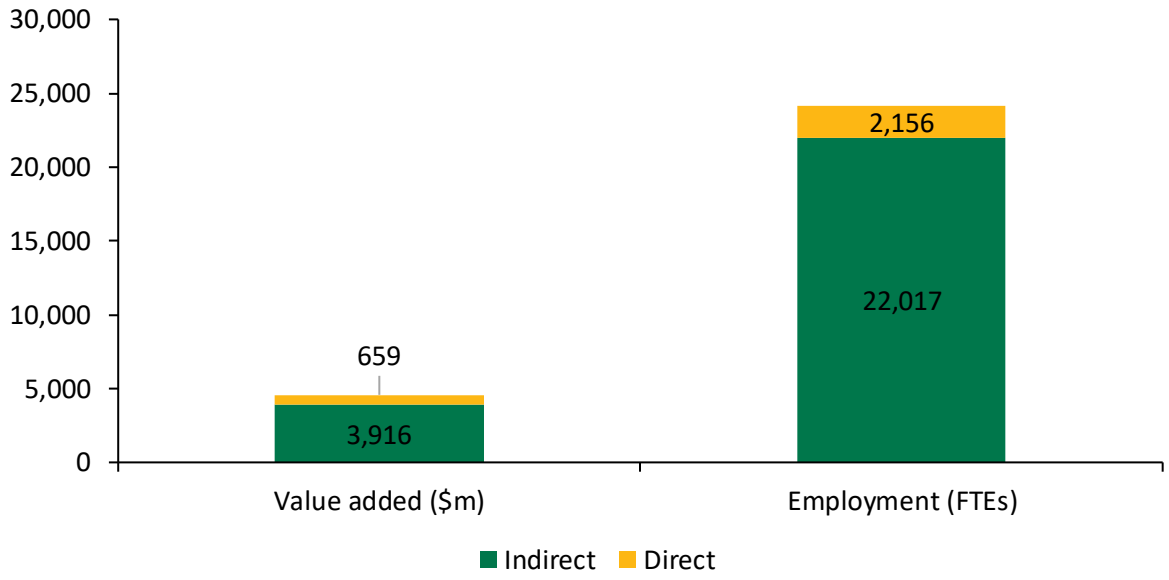
Meat and Livestock Australia (MLA) commissioned this Regional Feedlot Investment Study to provide up-to-date information on the economic contribution of feedlots in Australia. It is an update of previous Regional Feedlot Investment Studies, the last of which was conducted in 2018 (MLA, 2018). This study uses similar methodology to previous reports, including the use of consultation to inform the economic modelling.

* Calculated based on total Australian beef export value, and the share of exports held by grain-fed beef volume.

In 2023-24, the feedlot industry contributed $4.6 billion to the economy and supported over 24,000 full-time employees.

Nationally, lot feeding of cattle directly generated $660 million in value added in 2023-24, which included $224 million in payments to feedlot employees. The industry directly employed 2,156 full-time equivalent workers, up from 1,776 in 2017, and supported a further 22,017 full-time employees outside the industry (Figure 2).

Figure 2. National economic contribution of the feedlot industry, 2023-24



Source: Deloitte Access Economics

While feedlot industry supports economic activity in every state in Australia, the eastern seaboard delivers the majority of the industry's output. In 2023-24, Queensland and New South Wales accounted for 85% of feedlots' economic footprint, which amounted to $2.7 billion and $1.1 billion in value added, respectively. South Australia's value added doubled to $179 million from 2017 to 2023-24.

As illustrated in Figure 2, the feedlot industry supports substantially more jobs and economic value outside of the industry than within the industry itself. For every full-time position and dollar of value added generated directly by feedlots, 10 full-time jobs and $6 of value added is generated indirectly within industries that supply goods and services to feedlots.

The wider agriculture sector is the biggest beneficiary of these activities. In 2023-24, feedlots spent approximately $4.3 billion on cattle and feed, which supported around $2.1 billion in indirect value-added in the wider agriculture sector. The flow-on effects of this expenditure are also seen in services (professional, technical and scientific), finance, transport and trade industries, with many having a strong presence and role in supporting regional economies.

The removal of the feedlot industry would have significant and lasting impacts across the economy

The feedlot industry plays a unique role in the beef supply chain and broader economy. It supports economic activity and penances productivity in sectors downstream of feedlots, not just upstream within the industries that supply inputs. For example, feedlots enhance productivity in red meat

processing by ensuring a more consistent supply of beef regardless of seasonal conditions. This in turn increases value-added, which stimulates economic value in other parts of the economy.

To demonstrate the broader economic activity underpinned by the feedlot industry, a hypothetical, 'what-if' scenario was modelled in a general equilibrium framework, whereby the feedlot industry was no longer part of the Australian economy.

Compared to a base case scenario, without feedlots, the Australian economy would lose:

- **28,000 full-time equivalent employees** on average from 2026-2036
- **$59 billion in economic activity** from 2026-2036 (present value terms, discounted at 7% per annum).
- **0.4% of GDP** from 2026-2036.

Many other sectors would suffer from the absence of the feedlot industry. The worst-hit sectors are those closest to feedlots, and include meat manufacturing, due to more variable supply of cattle and lighter carcass weights; the cattle grazing sector, which would need to finish more cattle on grass and therefore forgo other productive enterprises, such as cattle breeding; and the many other services which support feedlots, including veterinary, professional and technical services. Figure 3. summarises the change in impact in each sector over the period 2026-2036 relative to the 'baseline' scenario where the feedlot industry remained in the economy.

Figure 3. Impact of the shutdown of the feedlot industry on industry value added over the period 2026-2036, present value terms (2025 $m)

Source: Deloitte Access Economics

Feedlot investments stimulate economic activity in regional areas

Most feedlot capacity in Australia is located in regional and rural areas, and therefore contributes significantly to the economic prosperity of local communities.

To illustrate the regional economic importance of the feedlot industry, a hypothetical scenario was modelled to estimate the economic impact of constructing and operating a new, 15,000 SCU feedlot in the Western Downs region of south-west Queensland. The results indicated that:

- **The Western Downs economy would expand by $409 million** over the period 2026-2036 (present value, discounted by 7% per annum), relative to the base case scenario where no new investment occurs. Additional gross regional product (GRP) is initially driven by construction, and steadily expands as output ramps up to full capacity.
- **The employment impacts are significant and long-lasting.** The investment is estimated to support employment of an additional 283 FTEs on average per year over the 2026-2036 period in Western Downs. By 2036, there would be an additional 519 FTEs employed,

approximately the same number as those employed in the grain growing industry in Western Downs in 2021.

- **The investment benefits sectors across the Western Downs economy,** not just those adjacent to feedlots. For example, value-added increases in the services, construction, trade and transport, grazing and meat processing sectors compared to the base case, due to greater demand from feedlots as well as from businesses that are stimulated by additional feedlot activity, such as farming and veterinary services. In the wider agriculture sector, which supplies feed, cattle and other inputs, value-added over the same period expands by almost $80 million, compared to the base case where no new investment is made.

The scenario results highlight how feedlot investment generates economic value across regional economies, and well beyond initial construction.

Table of contents

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1. Background

The feedlot industry has evolved and expanded significantly since its emergence in the mid 1960's in the Darling Downs in Queensland. It has played an increasingly important role in the wider beef industry, providing a consistent supply of premium-grade grain-fed beef to brands, smoothing fluctuations in supply driven by seasonal conditions, and enabling greater productivity in the grazing industry. This value has been increasingly recognised by upstream and downstream parts of the beef value chain.

As the feedlot industry has expanded, so too has its contribution to local, state and national economies. At a local level, feedlots are an important socio-economic contributor to the local community; feedlots support local businesses by purchasing goods and services, and are often a major employer. On a state and national level, the feedlot industry contributes materially to economic indicators, including Gross Regional Product (GRP) (the total value of goods and services produced in a region), as well as employment.

The economic footprint of the feedlot industry has been quantified in a series of reports commissioned by Meat and Livestock Australia (MLA), the national service provider to the red meat industry. This report is an update to the *'Regional feedlot investment study'* series commissioned by MLA in 1994, 2003, 2015 and 2018, and is based on data from financial year 2023-24. The purpose of the series is to quantify and communicate the feedlot industry's significant contribution to the economy to stakeholders including government, potential investors, and the general public.

This report incorporates significant methodological enhancements, including a survey of 16 feedlot operators representing approximately 35% of total industry turnoff. This represents a substantial improvement in the quality and breadth of input data compared with earlier studies, which consulted fewer than four operators. These enhanced inputs have strengthened both the economic contribution and impact modelling, delivering more robust and representative results across the report.

The report is structured as follows:

- **Chapter 2** contains a profile of the Australian feedlot industry, including its structure, geographic footprint, markets served, and current and historical size.
- **Chapter 3** presents the methodology and results of the economic contribution modelling
- **Chapter 4** presents the methodology and results of the economic impact modelling.

2. Overview of the Australian feedlot industry

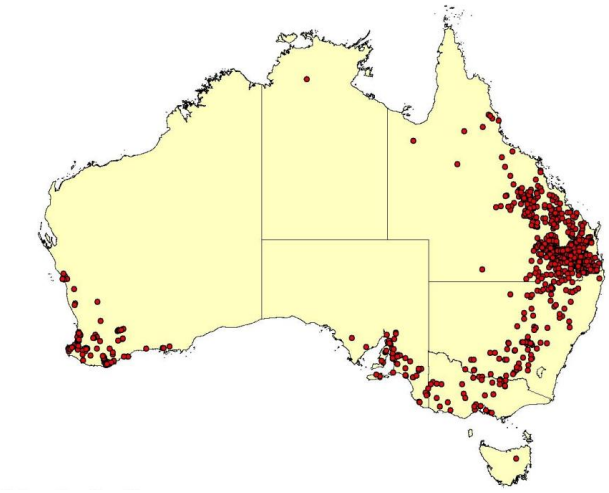
This chapter provides background information on Australia's feedlot industry, including markets served, a snapshot of the current state of the industry, and historical trends.

2.1 Overview of the Australia feedlot industry

The Australian feedlot industry originated in 1964, with the first operations established in Queensland's Darling Downs, drawing on expertise from the US feedlot industry. Initially driven by overseas demand for high-quality grain-fed beef, the industry has expanded rapidly over the past 30 years. The five-year average share of feedlot cattle in total adult cattle slaughter (42%) remains well above the 25-year average of 33%, underscoring the sector's role in consistently supplying beef to a balanced mix of domestic and international markets (MLA, 2025; ABS, 2025).

Today, feedlots operate in every Australian state. There are 338 accredited feedlots nationally, with capacities ranging from 500 to over 50,000 head. As shown in Figure 4., the majority (60%) are located in Queensland, and New South Wales (30%) reflecting their strong production of both feed and cattle—the sector's two primary inputs (Australian Lot Feeders Association [ALFA], 2025b). The remaining states of Victoria, Western Australia and South Australia hold a relatively even share of feedlot turnoff, while Tasmania and the Northern Territory account for less than 1% of national output.

Figure 4. Location of feedlots across Australia



Source: Meat and Livestock Australia, Feedlot industry GIS database report 2012

Feedlots play several important roles in the Australian beef supply chain, providing benefits both upstream and downstream. Feedlots:

- **Support the extensive cattle grazing industry in Australia** by providing the option for graziers to 'finish' cattle on grain that have been first raised on pasture, enabling the optimal timing of mature body size and finishing to meet yield and quality specifications set by processors and consumer markets. By having feedlots to finish cattle, vast areas of Australian grazing land can better specialise in what it does well – that is, the breeding and backgrounding of cattle, which enhances the productivity of grazing land. The role that feedlots play in the Australian beef value chain is unique to many other countries such as in the US, where cattle are grain-fed for considerably longer to achieve greater weights and

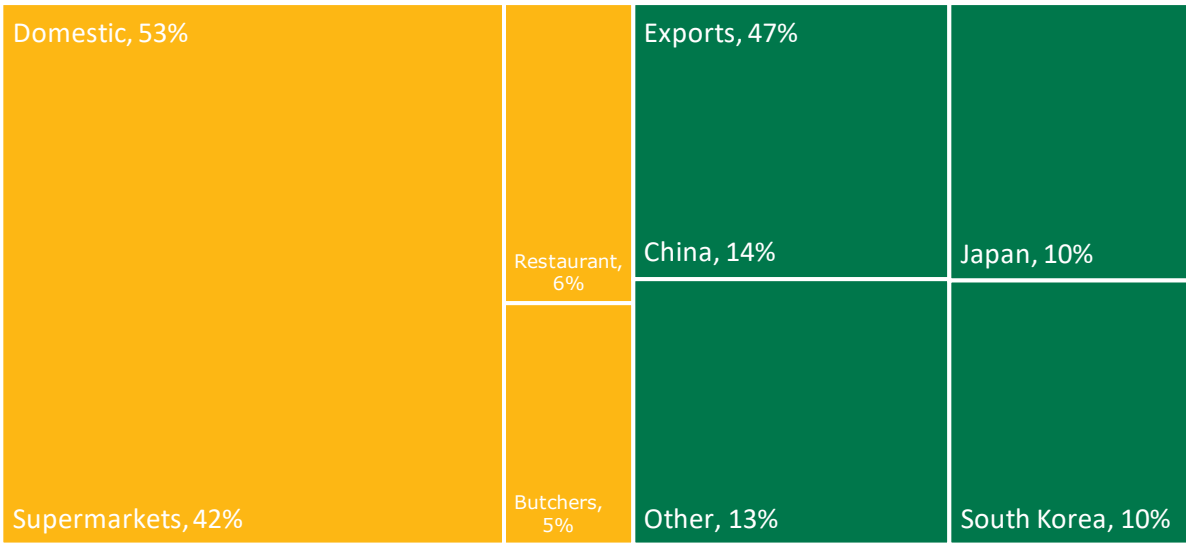
fat scores, which are demanded by their respective domestic market. In Australia, cattle are in feedlots for an average of 2 – 4 months, although the trend is for increasingly longer feeding periods for export market categories and long fed cattle (ALFA, 2025a).

- Help to **smooth the supply of finished cattle** amongst fluctuating seasonal conditions, as feedlots can continue to produce even during times of erratic supply from the grazing industry because of pasture shortage. Feedlots therefore help provide stability to the national herd size, stability of supply to the meat processing industry, and help Australia provide a consistent supply of quality beef to both domestic and export markets.
- **Boost the productivity of the red meat processing industry**, by supporting the supply of higher-specification cattle consistently for processing, than would otherwise be achieved solely with grazing.
- **Cater to diverse and increasing international market demand** for varying cattle weight and fat scores. Global demand for grain-fed beef has increased substantially over the past five years with 2023-24 marking the first year of quarterly exports consistently above 80,000 tonnes (ALFA, 2025c). Furthermore, the ability of feedlots to flexibly deliver different product types to meet shifting international demand - driven by fluctuating economic conditions and the availability of alternative supply sources - is a key strength of the industry.

2.2 Markets served

Australian feedlots service a range of markets, with supply split relatively evenly between domestic consumption (53%) and international exports (47%) (Figure 5) (IBISWorld, 2025). Supermarkets absorb most grain-fed beef supply, with recent growth in supermarket sales driven by demand for convenience. In contrast, butcher sales declined from 8% of the market in 2017 to 5% in 2023-24, which reflects both a downturn in business demand and butchers' shift toward grass-fed beef (IBISWorld, 2025).

Figure 5. Grain-fed beef market segmentation



Source: IBIS World, Beef Cattle Feedlots in Australia - Market Research Report (2024)

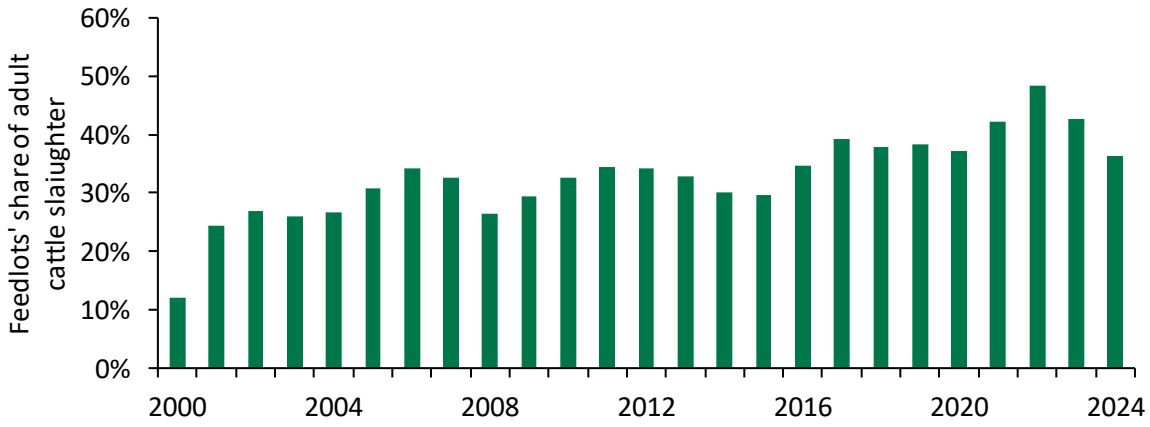
International exports reached a record 90,000 tonnes in the last quarter of 2023-24, underpinned by tighter global beef supply, sustained demand in Asian markets for high-quality grain-fed beef, and rising cattle numbers on feed. Japan experienced the strongest growth for the period and continued to hold the majority share of exports at 30%. Exports to the United States remained robust by historical standards, however broader demand from Asian markets continue to represent the strongest source of demand for Australian lot feeders (ALFA, 2025c).

Meeting this demand relies on carefully managed feeding programs to produce the consistent quality and specifications required by different markets. For the domestic market, cattle typically spend around 70 days on feed, while those processed for export usually spend a minimum of 100 days in a feedlot (Condon, 2024). At the upper end, long-fed cattle destined for premium markets such as Japan and Korea can remain on feed for close to 350 days (Condon, 2024). The ability to tailor production to a wide range of market, while still allowing cattle to spend an average of 85% to 90% of their life on pasture, is a core strength of the Australian feedlot industry (ALFA, 2025b).

2.3 Current industry snapshot (2023-24)

In 2023-24, the Australian feedlot industry turned off 2.78 million head of cattle, which accounted for approximately 36% of the total adult cattle slaughtered in Australia (see Figure 6) (MLA, 2025). Feedlots maintained an average of 1.3 million of cattle on feed throughout the year, supported by an estimated workforce of 2,156 FTEs. Capacity utilisation averaged 85%, underscoring the strong demand for grain-fed beef (ALFA, 2025c).

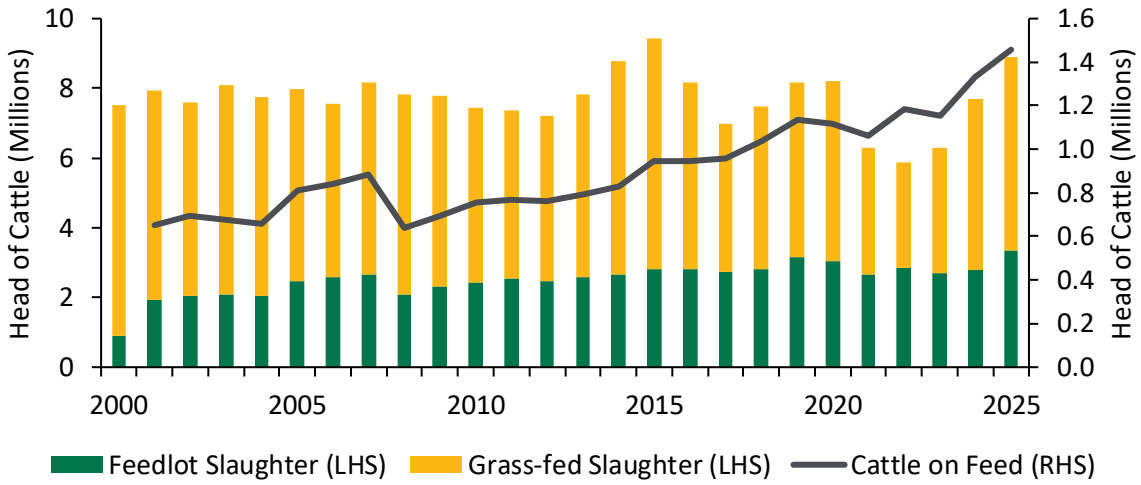
Figure 6. Feedlots' share of total adult cattle slaughter (financial year)



Source: MLA Statistics Database, ABS Livestock Products, Australia

Cattle on feed reached a record high of 1.3 million in 2023-24, 23% above the 10-year average (Figure 7) (ALFA, 2025c). Successive periods of subdued grass-fed turnoff, alongside rising demand from grain-fed beef brands has strengthened confidence in Australia's grain-fed beef production system. This has driven sustained investment in capacity, and underpinned feedlots' growing share of total slaughter which peaked at 50% in 2021-22 (ALFA, 2025c).

Figure 7. Average number of cattle on feed (year to date) within the feedlot industry and total feedlot and grass-fed slaughter (financial year)

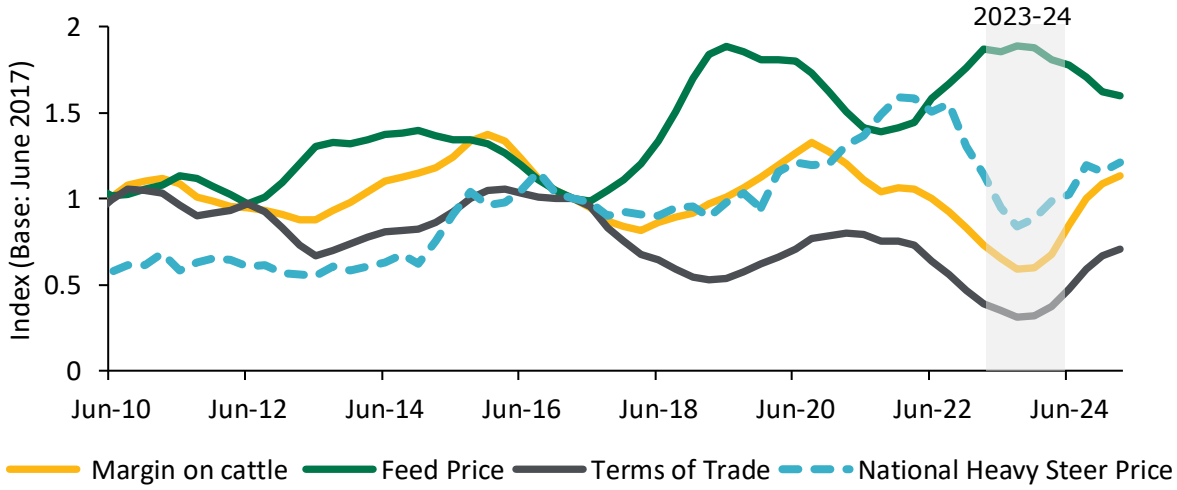


Source: MLA Statistics Database, ABS Livestock Products, Australia

However, turnoff has not kept pace with this expansion, with the 15% rise in cattle on feed far outpacing the 4% lift in turnoff in 2023-24. Drier conditions, abundant saleyard supply and delayed expansion in meat processing capacity drove heavy steer prices down 32% in the year to December 2023, prompting lot feeders to hold cattle longer and extend average time-on-feed (MLA, 2025). As a result, turnoff remained just below the 10-year average of 2.8 million head in 2023-24 (MLA, 2025).

High feed costs, which peaked at $421 per tonne in September 2023, further challenged profitability (ABARES, 2025). Figure 8 illustrates these pressures, with the feedlot terms of trade index (FTTI) - measuring operating margins as the ratio of cattle holding returns over nine months to delivered feed wheat prices (Sydney) - falling to a record low in September 2023.

Figure 8. Feedlot terms of trade index (base: June 2017)



Source: MLA Statistics Database, Agricultural commodities and trade data, ABARES
Note: 2023-24 represents the year of analysis

However, despite these headwinds, feedlot operators demonstrated resilience. Growth in capacity to 1.6 million enabled the sector to take advantage of lower feeder cattle prices, absorb elevated

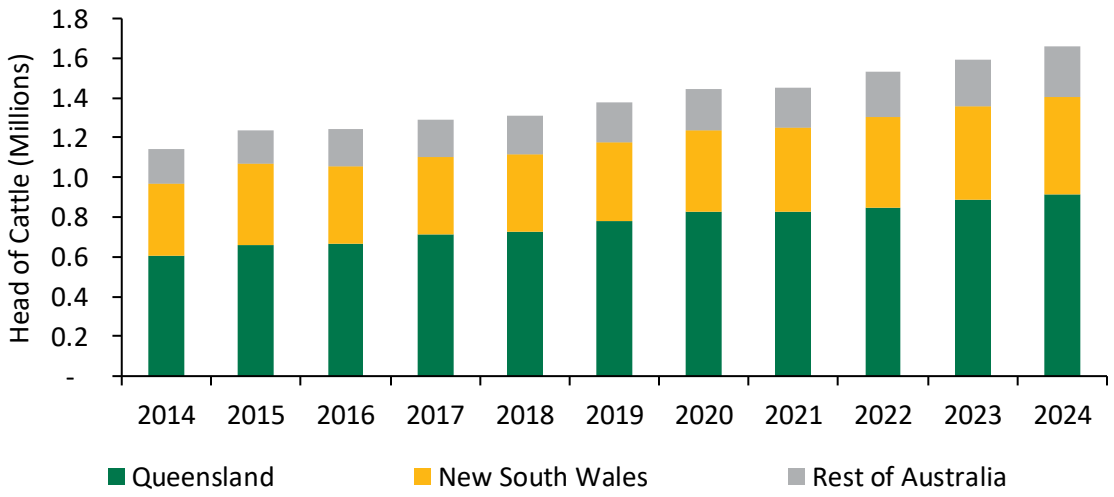
feed costs, and support a significant increase in cattle on feed. By the end of 2023-24, feedlot utilisation reached 87.5%, the second highest level on record (ALFA, 2025c). This reflects not only the sector's traditional role in absorbing excess cattle during periods of drought affecting the grazing sector, but also its growing importance in underpinning national cattle supply.

2.4 Historical industry trends

Over the past two decades, the feedlot industry has evolved from a marginal drought-management tool into a central and strategic component of Australia's beef supply chain—export-focused and capital-intensive. While peaks in utilisation still coincide with drought or challenging periods—such as 2022, when feedlot turnoff accounted for around 50% of national slaughter—the industry's structural role has clearly expanded. The five-year average share of feedlot cattle in total adult cattle slaughter (42%) remains well above the 25-year average of 33%, underscoring both the sector's growing importance and the sustained demand for grain-fed beef.

Queensland and New South Wales have been the primary beneficiaries of this expansion, continuing to dominate industry output due to their strong production of both feed and cattle—the sector's two primary inputs. In 2024, these states accounted for roughly 25% and 60% of national feedlot turnoff respectively, with capacity shares broadly unchanged from 2017 at 55% for Queensland and 30% for New South Wales (Figure 9) (MLA, 2025). While, South Australia stands out as an exception, with feedlot capacity increasing by 90% since 2017, the overall concentration and stability of state shares underscores the continuing dominance of the eastern states in shaping national grain-fed beef supply (MLA, 2025).

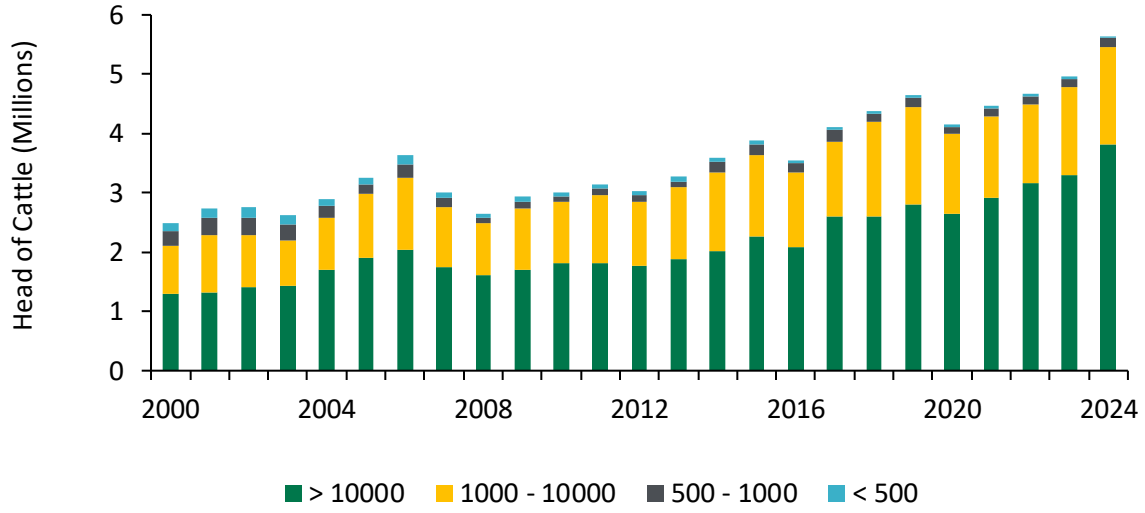
Figure 9. Feedlot capacity by state, 2014 to 2024



Source: MLA Statistics Database

There are, however, structural changes occurring across the industry, with net investment increasingly focused on medium and large feedlots. Between 2000 and 2024, numbers on feed rose by 107% in medium-sized feedlots (1,000–10,000 head capacity) and by 200% in large feedlots (over 10,000 head), while small feedlots (less than 1,000 head) recorded a 30% contraction (Figure 10) (ALFA, 2025c). This shift reflects the efficiency and productivity gains achievable at scale, resulting in an industry that is both geographically concentrated and structurally consolidated, with larger operations driving the majority of growth.

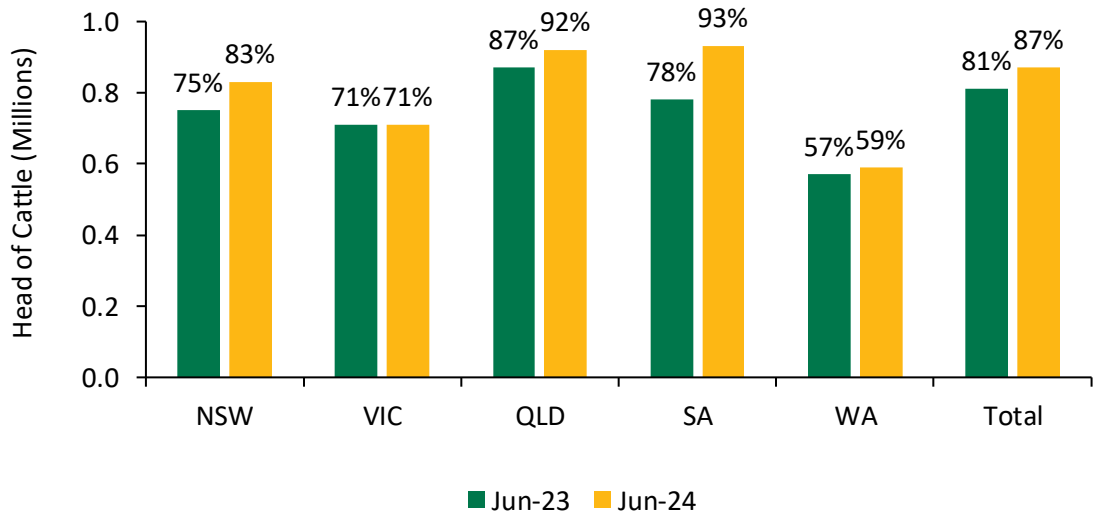
Figure 10. Cattle on feed by feedlot size, average across the financial year



Source: MLA Statistics Database

As outlined above, both the shift in the industry's role and investment in larger, more consolidated feedlots has affected how the industry responds to market conditions, influencing cattle turnoff, numbers on feed, and utilisation across states. Historically, these metrics tended to move together, but in 2023–24 lower cattle prices caused lot-feeders to absorb excess supply while holding back turnoff. This divergence drove national utilisation to record levels, with varied outcomes across states. Queensland (92%) remained well above the national average of 87%, South Australia rose sharply from 78% to 93% amid dry conditions, while Western Australia increased marginally to 59%, reflecting the state's more seasonal pattern of lot feeding (Figure 11) (ALFA, 2025c). While output remains concentrated in the eastern states, rising utilisation across the country underscores growing demand for grain-fed beef and the increasingly consistent supply provided by feedlots.

Figure 11. Feedlot utilisation rate by state



Source: ALFA Quarterly Feedlot Survey Figures

3. Economic contribution of the feedlot industry

Economic contribution analysis is used to estimate the economic footprint of an industry within an economy at a given point in time. This chapter outlines the feedlot industry's contribution to the Australian economy in 2023-24, across three geographical levels:

- National
- State
- Regional (indicative estimates based on given feedlot capacity).

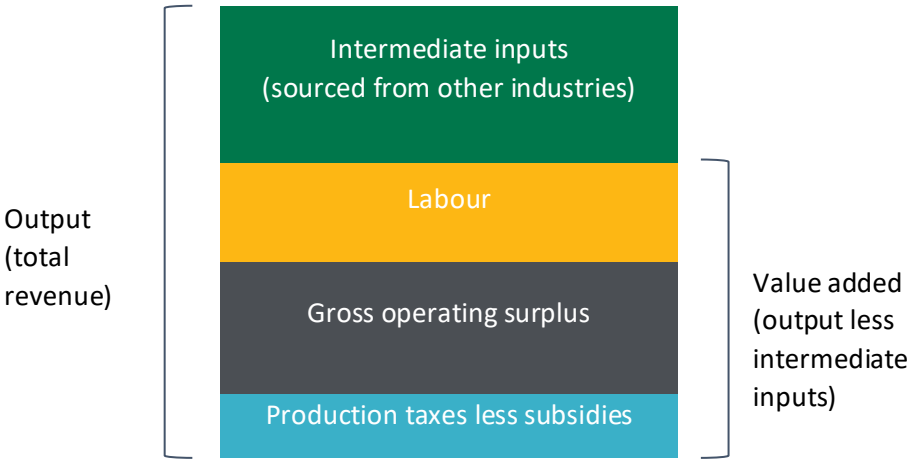
Together, these provide a comprehensive snapshot of the feedlot industry's current economic footprint, and update past Regional Feedlot Investment study estimates.

3.1 Overview of methodology

The economic contribution of an industry is the value of compensation of employees and gross operating surplus (jointly referred to as value added) in the industry, and in upstream businesses that supply the industry of interest with goods and services. The sum of value added and expenditure on intermediate inputs equals total industry output, as illustrated in Figure 12 below.

The economic contribution of an industry includes direct and indirect contributions. The direct economic contribution of the feedlot industry is the value added generated within the industry itself.[†] An industry's indirect contribution reflects its expenditure on goods and services from other industries which also generate value added. In the context of the feedlot industry, this is predominantly expenditure on feed and feeder cattle. Suppliers of intermediate inputs to the industry also utilise intermediate inputs from other industries that generate value added, and so on.

Figure 12. Economic contribution framework



Source: Deloitte Access Economics

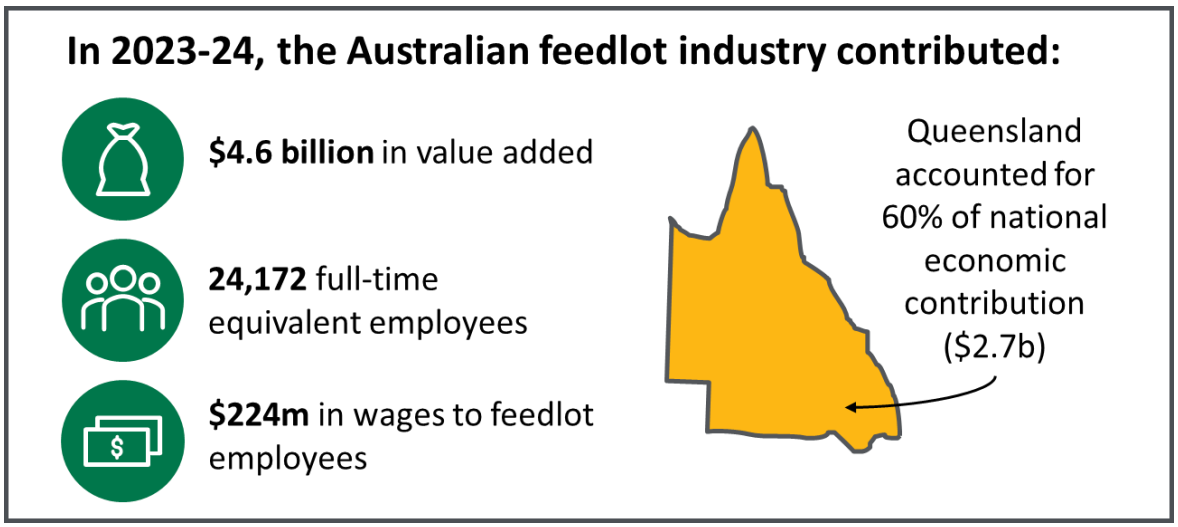
In this report, economic contribution is estimated using Deloitte's in-house Regional Input-Output Model (DAE-RIOM). The model draws on Australian Bureau of Statistics (ABS) Input-Output (I-O) tables to convert industry output into estimates of employment and value-added. A survey of lot

[†] The ABS provides estimates of direct contribution, or value added, of 114 industries including the 'sheep, grains, beef and dairy cattle industry'. Feedlots are not separately represented.

feeding businesses was conducted to improve the robustness of modelling inputs. For further detail on DAE-RIOM and the economic contribution methodology, see 6.2.

3.2 National economic contribution

Figure 13. Summary of the feedlot industry's national economic contribution

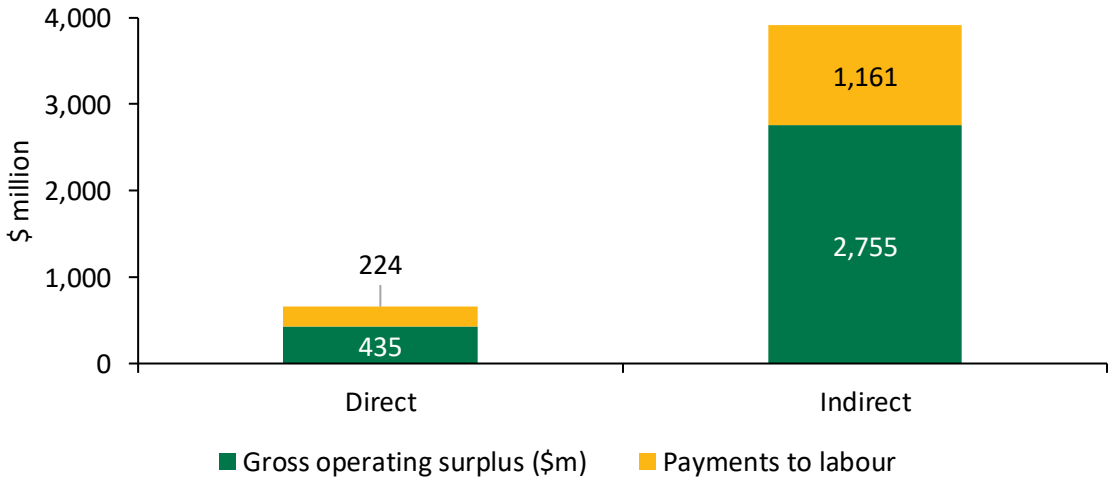


Source: Deloitte Access Economics

3.2.1 Summary of national results

The total economic contribution of the feedlot industry is estimated to be $4.6 billion in 2023-24. As illustrated in Figure 14, approximately $659 million is contributed directly by the feedlot industry as gross operating surplus ($435 million) and payments to labour ($242 million), while the remaining $3,916 million is contributed indirectly within industries that supply goods and services to the feedlot industry.

Figure 14. Economic contribution of the feedlot industry, national, 2023-24 ($m)



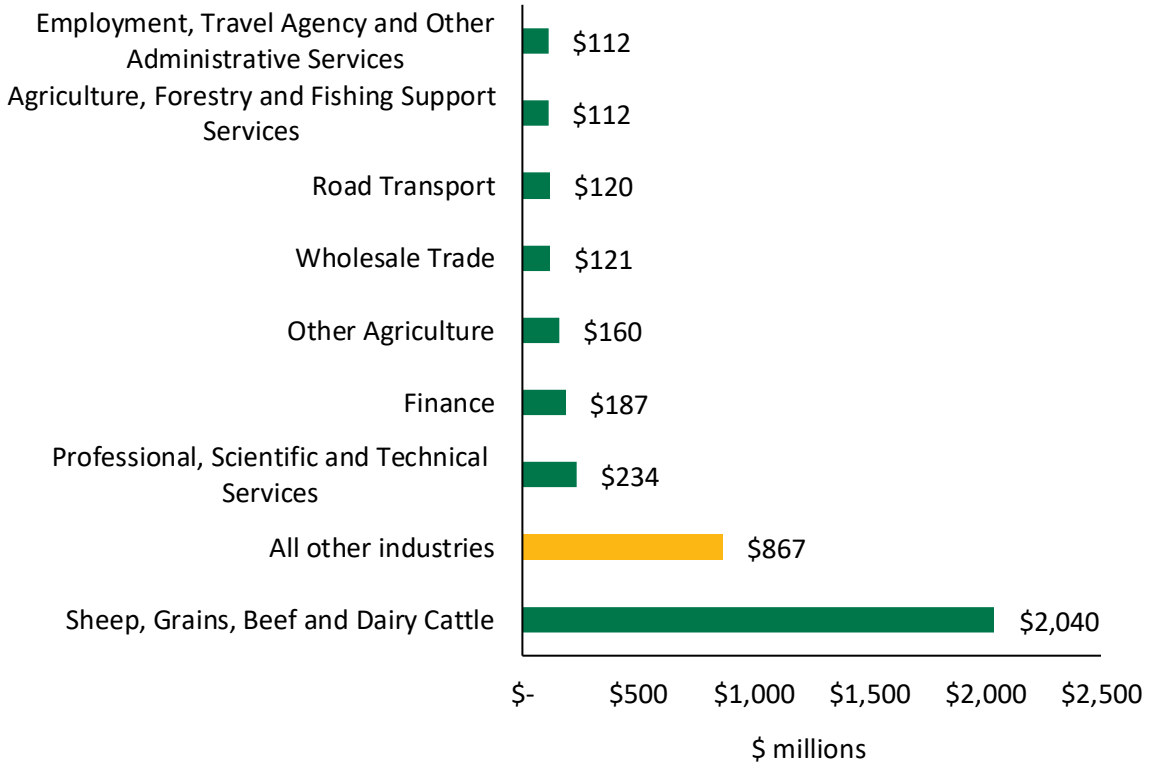
Source: Deloitte Access Economics

As outlined above, the feedlot industry generates substantially more economic activity in upstream industries than within the industry itself.[‡] For every dollar of direct value-added generated by feedlots, an estimated $6 is generated indirectly by industries that supply them. This is largely driven by the high proportion of revenue (around 90%) that feedlots allocate to intermediate inputs. As a result, feedlots operate with relatively smaller margins, amplifying the relative contribution of indirect activity.

Most of the indirect value-added generated by feedlots occurs within the broader agriculture sector, specifically sheep, grains, beef, and dairy cattle. In 2023-24, feedlots spent approximately $4.3 billion on cattle and feed, which supported around $2.1 billion in indirect value-added.

However, the feedlot industry also generates significant value-added in a range of other industries that provide key inputs (Figure 15). These include professional, scientific, and technical services ($245 million), finance (predominantly insurance) ($196 million), as well as wholesale trade, and road transport. Indirect value-added is generated by feedlots' purchases from these industries, as well as purchases made by these industries themselves, which contributes to additional rounds of economic contribution. For example, the farmers that supply cattle and grain to feedlots also pay for veterinary and accountancy services (professional, scientific, and technical services), road transport, and insurance (finance), which generates further value-added. The economic activity generated by successive rounds of spending between industries is stimulated by the initial expenditure made by feedlots, which demonstrates its importance in the economy.

Figure 15. Indirect value-added by selected industries, 2023-24



Source: Deloitte Access Economics

[‡] 'Upstream' industries are positioned earlier in the beef supply chain, such as beef cattle and grain farming. These industries supply goods and services to 'downstream' industries such as feedlots to be value-added.

A similar ratio is evident in employment. In 2023-24, the feedlot industry contributed a total of 24,172 FTEs to the national economy. Approximately 22,016 of these FTEs work in upstream industries supplying goods and services to feedlots, while 2,156 are employed directly in feedlot operations.

At the industry level, approximately 10,000 workers are indirectly employed in the wider agriculture sector (sheep, grains, beef and dairy cattle), in businesses that supply feed, cattle and other agricultural goods and services to feedlots. The industry supported a further 12,000 FTEs indirectly in other supporting sectors, including transport, finance, services and wholesale trade.

3.2.2 Comparison of national results with the previous study

From 2017 to 2023-24, the feedlot industry's direct contribution to the economy increased in real terms, both in terms of value added and employment, while its indirect contribution via the purchase of intermediate goods and services fell over the same period.

Table 1 presents economic contribution results from the 2017 and current feedlot investment studies. The 2017 value-added results have been inflated to current (2023-24) dollars. The feedlot industry's **total economic contribution** decreased by 15% in real terms since 2017, driven by a decline in indirect value added.

The decline in indirect value added was primarily caused by a fall in indirect payments to labour, owing to a reduction in the labour intensity of output in the broader agriculture sector. This reduced the number of FTEs per million dollars of output in the Sheep, Grains, Beef and Dairy Cattle input-output industry group (IOIG) in the ABS IO tables from 3.8 in 2017 to 1.9 in 2023-24. Most of the feedlot industry's intermediate expenditure (93.75%) is attributed to the Sheep, Grains, Beef, and Dairy Cattle sector. Consequently, indirect employment generated by the feedlot industry fell by approximately 7,000 FTEs from 29,279 FTEs in 2017 to 22,017 FTEs in 2023-24 (Table 1). This contributed to a decline in total indirect payments to labour by $210 million.

Table 1. Comparison of national economic contribution results with the previous study

Economic contribution measure	2017 (2023-24 $)	2023-24	Change
Direct value added ($m)	615	659	7%
Indirect value added ($m)	4,779	3,916	-11%
Total value added ($m)	5,393	4,575	-15%
Direct employment (FTE)	1,776	2,156	21%
Indirect employment (FTE)	29,279	22,017	-25%
Total employment (FTE)	31,055	24,172	-22%

Source: Deloitte Access Economics

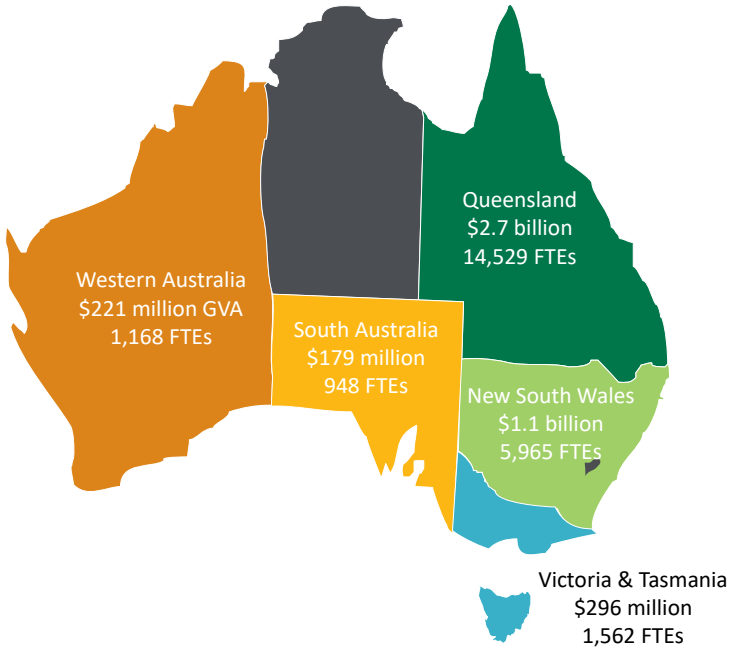
On the other hand, direct value added increased by 7% from 2017 to 2023-24. This was driven by an increase in direct payments to labour, as employees saw a substantial rise in their average salary, from $54,000 per annum in 2017 to $104,000 in 2023-24. This resulted in a doubling of total payments to labour from $125 million in 2017 (2023-24 dollars) to $224 million in 2023-24. Consultation with industry revealed this has been driven by labour shortages, leading to greater competition for labour and consequently higher wages paid.

3.3 State economic contribution

In addition to the national economic contribution results, this study contains estimates of the industry's economic footprint within each state in which feedlots operate. This complements the national results by illustrating the geographic spread of economic activity attributed to feedlots across Australia.

The eastern seaboard accounts for the majority of the feedlot industry's output, accounting for the bulk of the nation's feedlot capacity, turnoff and contribution to the economy. Queensland and New South Wales accounted for 60% and 25% of turnoff respectively in 2023-24, with 85% of the industry's economic contribution generated in these states. Queensland accounts for an estimated $2.7 billion in value-added and 14,500 full-time employees, while New South Wales accounts for $1.1 billion in value-added and almost 6,000 FTEs (Figure 16). Victoria, Western Australia and South Australia comprised the balance of economy activity, with each accounting for a relatively smaller share of national turnoff.

Figure 16. Value-added ($) and contribution to employment (FTEs) by state



Source: Deloitte Access Economics

In terms of changes to state-level shares of national contribution since 2017, South Australia has exhibited the most pronounced growth over time, doubling its contribution to 4% since 2017 (see Table 11). This increase reflects both the state's expansion in turnoff over the period, as well as its high levels of utilisation due to drier seasonal conditions in 2023-24. In contrast, the respective contribution from other states and territories has remained relatively consistent overtime, with the only major shift being a fall in New South Wales' share from 28% to 25%, due to successive years of moderate turnoff growth. Queensland's share of economic contribution has remained strong, growing from 59% to 60%.

3.4 Regional economic contribution of feedlot capacity

While the feedlot industry contributes significantly to state and national economies, feedlots also strengthen local economies in rural and regional areas. To capture the industry's local economic footprint, the modelling approach was adapted to estimate the value-added and employment generated by a given level of feedlot capacity to a regional area.

The Western Downs Local Government Area (LGA) was the chosen geography in which to calculate regional economic contribution. As with the previous study, economic contribution was modelled for two feedlots of distinct size: a small feedlot of 5,000 standard cattle unit (SCU) capacity, and a large feedlot of 30,000 SCU capacity.

The results do not reflect the contribution of an actual feedlot in Western Downs, but rather illustrate the magnitude of economic activity that could be expected from a feedlot of a given capacity. Further detail on the regional modelling approach is contained in 6.2.3.3.

3.4.1 5,000 SCU feedlot – results

The total economic contribution of a 5,000 SCU feedlot is estimated to be $14.4 million per year (Figure 17), made up of $2m and $12.4m of direct and indirect contribution respectively. This 1:6 ratio aligns with the industry average, reflecting the high-cost structure of feedlots relative to their revenue.

Growth in employment is also estimated to follow a similar structure with a 5,000 SCU feedlot found to support 7 FTE employees directly, 19 more broadly in Western Downs, 43 FTEs in Queensland, and 77 across Australia in 2023-24 (Figure 18).

Figure 17. 5,000 SCU feedlot value-added

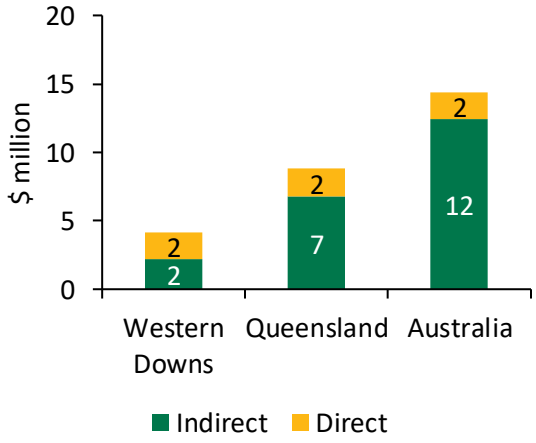
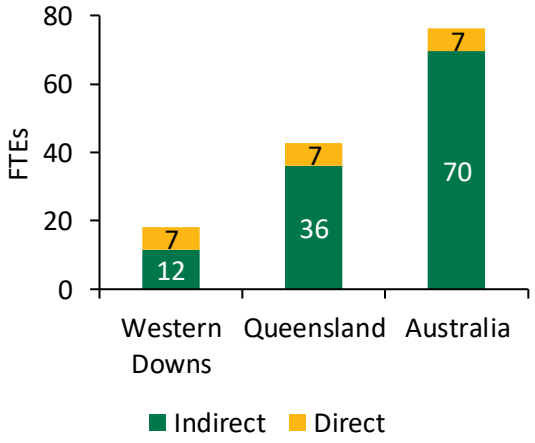


Figure 18. 5,000 SCU feedlot employment



Source: Deloitte Access Economics

3.4.2 30,000 SCU feedlot – results

A 30,000 SCU feedlot is estimated to generated approximately $86.2 million in total economic contribution in 2023-24. This is made up of approximately $74.3 million in indirect contribution, compared to an estimated $12 million in direct contribution to the Western Downs LGA (Figure 19).

This feedlot was also estimated to support approximately 108 FTEs in Western Downs, including 39 FTEs employed directly in feedlot operations, and 69 indirectly in businesses that supply inputs to the feedlot (Figure 20). Across Australia more broadly, 457 FTEs were estimated to be supported in total, the equivalent to approximately 3% of the labour force in the Western Downs region in 2021 (ABS, 2021).

Figure 19. 30,000 SCU feedlot value-added

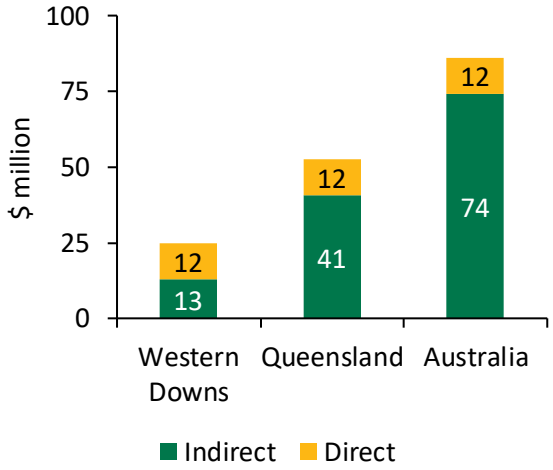
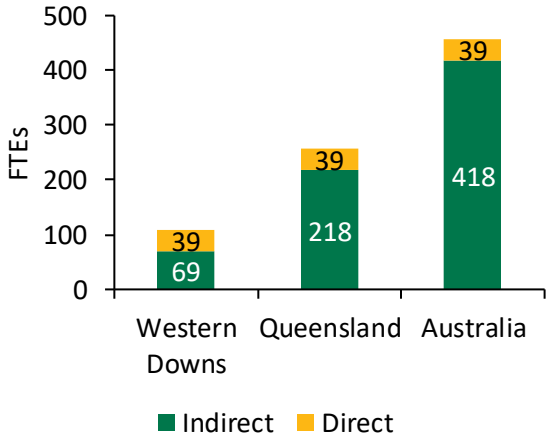


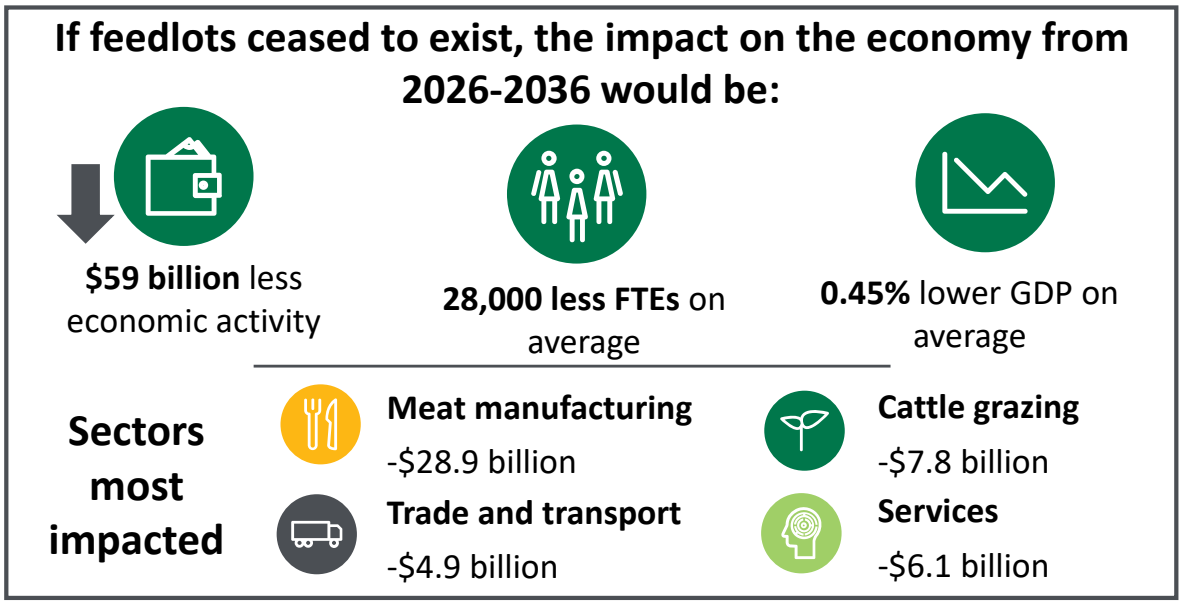
Figure 20. 30,000 SCU feedlot employment



Source: Deloitte Access Economics

4. Economic impact of the feedlot industry

Figure 21. Key results from modelling the economic impact of removing the feedlot industry from the Australian economy



The previous chapter captured the feedlot industry's existing economic footprint in the 2023-24 financial year. This chapter complements the economic contribution analysis by considering the future economic impact of some change to the feedlot industry. The impact of two hypothetical scenarios were explored:

1. The removal of the feedlot industry from the Australian economy, to highlight how the economy would be different without feedlots.
2. The establishment of a new feedlot in the Western Downs region of south-west Queensland.

Together, the scenarios illustrate the critical role that the feedlot industry plays in the beef supply chain, regional economies and the broader Australian economy.

4.1 Overview of methodology

As demonstrated in chapter 3, the feedlot industry is strongly linked to other sectors of the economy: upstream to farming, transport, and veterinary and professional services, and downstream to red meat processing, retail and trade. While economic contribution analysis captures the jobs and value added generated by feedlots' purchases, it does not capture the flow-on impacts nor the downstream implications of the industry's economic activities.

Economic impact analysis, the focus of this chapter, captures these flow-on impacts across the economy as a result of some economic change. In the context of the feedlot industry, it captures the broader value of the industry, including its role in supporting productivity in upstream and downstream industries. Economic impact analysis is conducted using a computable general equilibrium (CGE) model of the economy. Deloitte Access Economics has used its in-house regional general equilibrium model (DAE-RGEM) to explore the economic impacts of changes in the feedlot industry over time. A detailed explanation of DAE-RGEM can be found in 6.2.4.

For the purposes of this project, the database underlying DAE-RGEM has been customised to represent the feedlot industry. This has involved building a profile of the feedlot industry, including from which industries it buys inputs (and in what proportions), and to which industries it sells its products.

4.2 Scenario 1: The removal of the feedlot industry from the Australian economy

In this scenario, Deloitte sought to demonstrate the broader role that the feedlot industry plays within the beef supply chain and the Australian economy. Feedlots enhance productivity and increase value-added in upstream and downstream sectors because they:

- Enable cattle grazing enterprises to finish cattle on grain and utilise their land for other high value-add enterprises such as breeding cattle.
- Provide a consistent supply of beef to red meat processing, regardless of fluctuating seasonal conditions.
- Enable supply of beef of consistent quality to processors, domestic and export markets.

To capture these effects and the broader implications on the rest of the economy, DAE-RGEM was used to model the hypothetical scenario whereby the feedlot industry was removed from the economy. This included removing both demand for goods and services from feedlots, and the productivity-enabling benefits of the feedlot sector to both the cattle grazing sector and meat processing sectors. These wider impacts were informed by consultation with experts in the industry. It is this impact as it permeates across the supply chain, along with the role played by declining investment and lower capital stock in the affected regions, which drives the impact to be greater than would be expected purely based on the contribution to the industry.

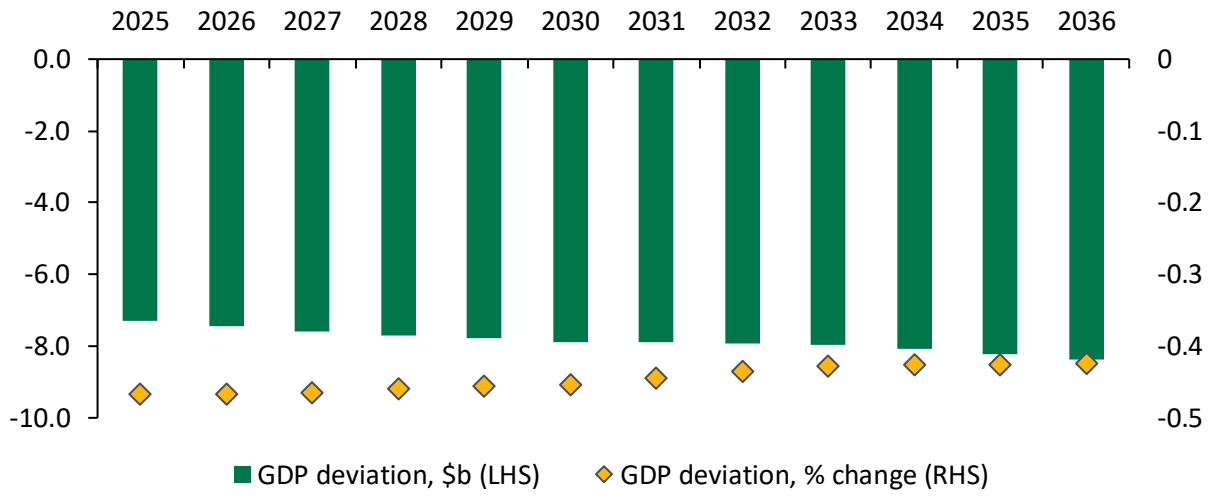
The following section summarises the modelling results, and presents the deviation in the economic indicators of output and employment compared to the baseline scenario.

4.2.1 Gross Domestic Product

The removal of the feedlot industry is estimated to generate an immediate, and lasting, negative impact on Australia's economic activity. When compared to baseline forecasts, it is estimated to reduced Australia's economic output by $58.8 billion from 2026-2036 (present value terms, discounted at 7% per annum). This represents an average annual shortfall of 0.45% relative to baseline GDP.

In percentage terms, the largest decline in economic activity relative to the size of the economy occurs in 2025 (-0.47%), immediately after the removal of the feedlot industry. However, the deviation remains relatively consistent over the ten-year horizon as the broader economy struggles to recover from the industry's exit (Figure 22). This highlights the longer-term effects of the sectors admission and the economy's inability to recover the lost output.

Figure 22. Impact of Scenario 1 on Australian GDP over the period 2025-2036, present value terms (2025 $m)



Source: Deloitte Access Economics, DAE-RGEM (2025)

4.2.2 Employment

The removal of the feedlot industry from the economy in 2025 is estimated to reduce the total number of FTEs employed within the Australian economy each year to 2036 by an average of 28,000. This includes both the change in direct employment in the feedlot industry, as well as flow-on impacts to other industries, such as meat processing and cattle grazing.

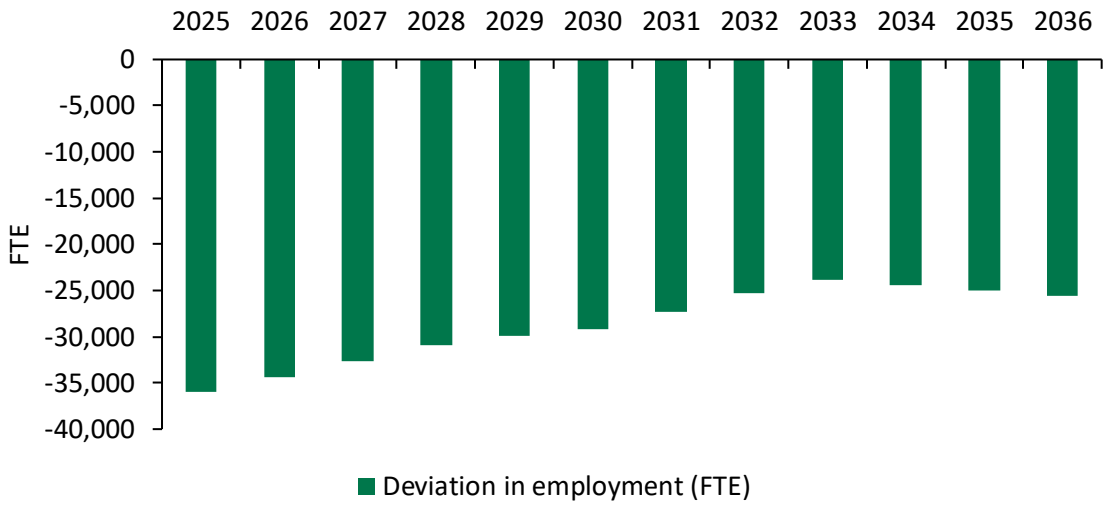
The decline is primarily driven by losses in both upstream and downstream (indirect) employment supported by the feedlot industry, such as meat processing, which is estimated to employ an average of 36,000 less FTEs annually. Other sectors also see a decline in employment including supporting services (trade and transport), other agriculture (e.g. farming), services including professional services, and construction.

Looking more broadly across the period, declines in employment peak in year one following the industry shutdown (Figure 23), as the beef industry adjusts, to operate without feedlots overtime. However, even after 7 years the deviation remains significant, with employment stabilising at around 25,000 FTEs lower than baseline.

The low direct to indirect employment ratio is primarily driven by low employment in feedlots per unit of output, paired with higher employment per unit of output in the broader agriculture sector, which is the main supplier of inputs to feedlots.

The decline in employment relative to the baseline is largest in the six years following the industry shutdown (Figure 23). This is due to a significant contraction in employment in sectors directly linked to feedlots, principally meat processing, which employs on average 36,000 less FTEs annually. Other sectors which see a decline in employment include supporting services (trade and transport), other agriculture (e.g. farming), services including professional services, and construction. However, over time the beef industry structure adjusts to operate without feedlots, and from about 7 years after the removal of feedlots, the change in employment stabilises at around 25,000 FTEs lower than the baseline.

Figure 23. Impact of Scenario 1 on employment (FTEs), Western Downs, over the period 2025-2036, present value terms (2025 $m)

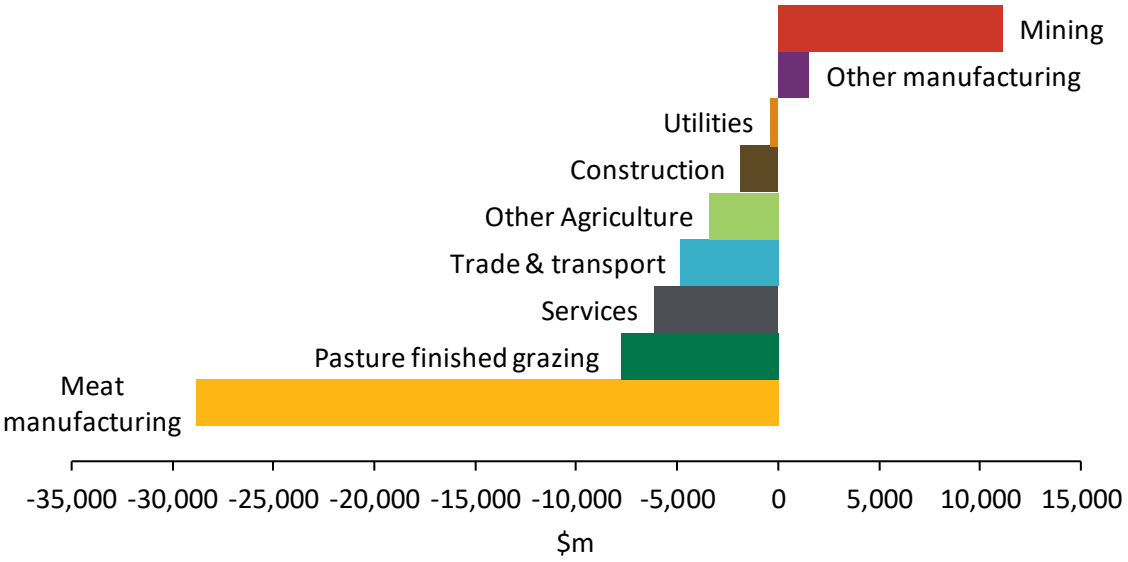


Source: Deloitte Access Economics, DAE-RGEM (2025)

4.2.3 Sectoral results

At the sectorial level, sectors most closely related to lot feeding, such as meat manufacturing (processing) and pasture finished grazing, are subject to the most direct and negative impacts of the sector's shutdown (Figure 24).

Figure 24. Impact of Scenario 1 on industry value added over the period 2026-2036, present value terms (2025 $m)



Source: Deloitte Access Economics, DAE-RGEM (2025)[§]

The meat manufacturing sector is estimated to experience the most acute impacts from the shutdown of the feedlot industry. It is estimated to see a decline of almost $30 billion in value-added from 2026-2036 (present value terms, discounted at 7% per annum), driven by a reduction in key inputs factors such as cattle numbers, average carcass weights and the loss of a consistent supply of cattle during seasonal disruptions. This is ultimately expected to reduce capital utilisation and total meat manufacturing output. Similar direct impacts are anticipated to be seen in pasture finished grazing and other agriculture due to their strong linkages to lot feeding within the beef supply chain.

While other sectors, such as mining, are projected to see an increase in output from the reallocation of capital and labour, this is not sufficient to offset the overall decline experienced across the broader economy.

Further negative spillover effects are expected to lead to a decline in value-added over the period in several other sectors, such as services, construction and transport and trade. This reflects a broader economy-wide slowdown in business and household demand - driven by lower rates of employment within the economy – and is a key driver of the overall decline in value-added across the economy.

4.3 Scenario 2: The establishment of a new feedlot in the Western Downs region of south-west Queensland

Scenario two involved modelling the economic impact of the construction of a new 15,000 SCU feedlot to the Western Downs regional economy. It demonstrates the significant employment and economic activity generated by the construction and operation of a feedlot in a regional area, while highlighting the strong interlinkages that the feedlot industry has with other sectors in regional economies, such as agriculture, transport and services.

[§] Present value terms, discounted at 7% per annum

Appendix 6.2.3 details the model inputs and assumptions used in this scenario.

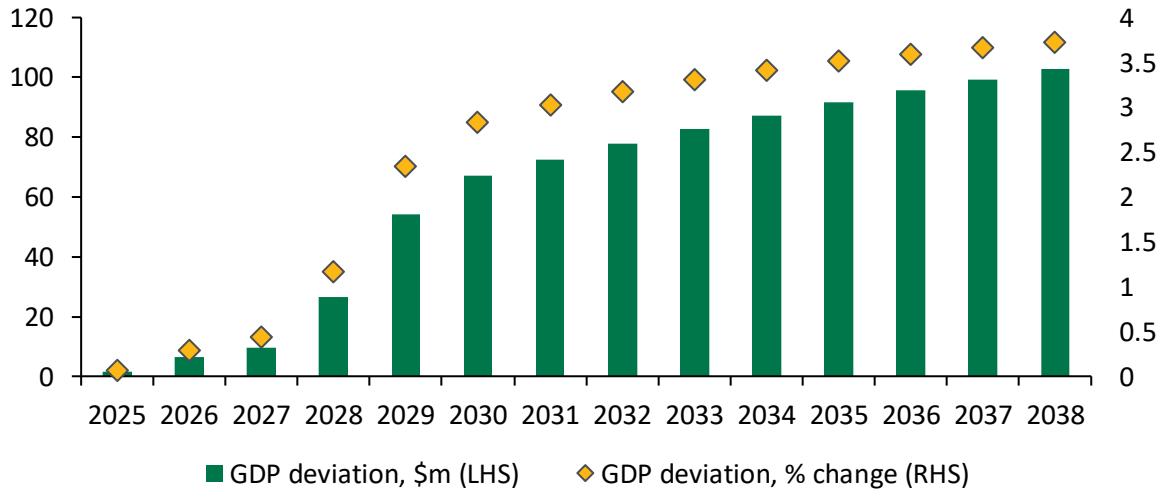
4.3.1 Gross Regional Product

The construction of a new 30,000 SCU feedlot in Western Downs is estimated to have a substantial impact on the local economy. The Western Downs economy is expected to expand by $409 million above baseline from 2026-2036, (present value terms, discounted at 7% per annum), with an annual average increase in GRP of $61 million to 2036, or 2.5% per annum.

Initially (2026 to 2027), additional GRP is expected to be driven solely by construction activity. However, after two years of construction, feedlot operations will drive the majority of the expansion, as output ramps up over time (2028 to 2036), and the facility reaches full capacity (Figure 25).

By 2036, GRP is estimated to reach $95.5 million (3.6%) above the baseline forecasts. This represents a significant and lasting boost to the local economy, that encompasses both ongoing operations directly within the feedlot industry, as well as economic activity which spills over into other industries in the regional economy.

Figure 25. Impact of Scenario 2 on Gross Regional Product, Western Downs, over the period 2025-2036, present value terms (2025 $m) $2025



Source: Deloitte Access Economics, DAE-RGEM (2025)

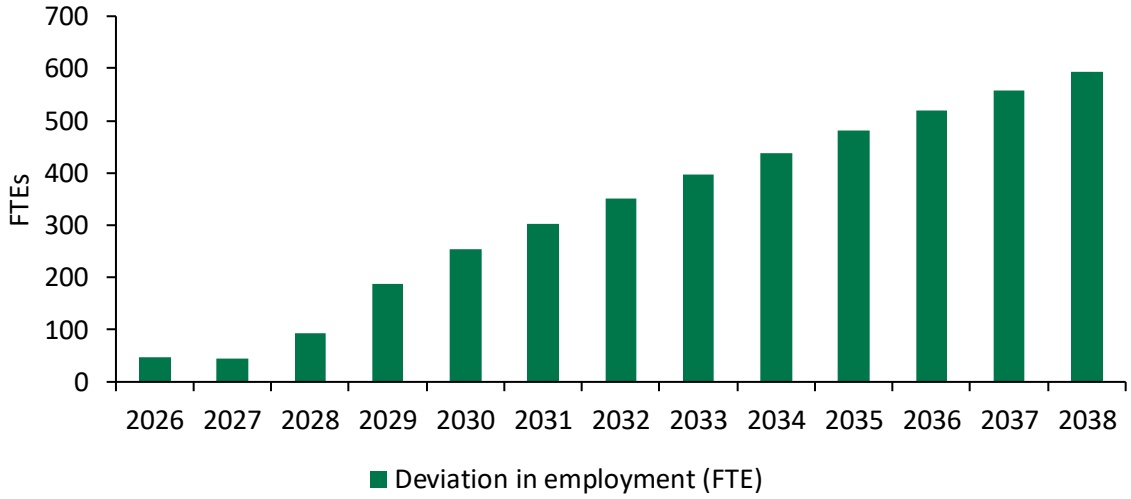
4.3.2 Employment

The construction and operation of a new feedlot is estimated to support the employment of an average additional 283 FTEs per year from 2026-2036 in Western Downs. By 2036, there would be an additional 519 FTEs employed, approximately the same number as those employed in the grain growing industry in Western Downs in 2021 (ABS, 2021).

Similarly, to value add, employment is initially supported in 2027 by the facility construction, until a greater number are employed from 2028 as operations commence and the facility gradually reaches full capacity (Figure 26).

Additional employment is created through the feedlot's operational spending on inputs, the increased business activity generated by its establishment, and the additional household demand driven by feedlot-related employment.

Figure 26. Impact of Scenario 2 on employment (FTEs), Western Downs, over the period 2026-2036, present value terms (2025 $m)



Source: Deloitte Access Economics, DAE-RGEM (2025)

4.3.3 Sectoral results

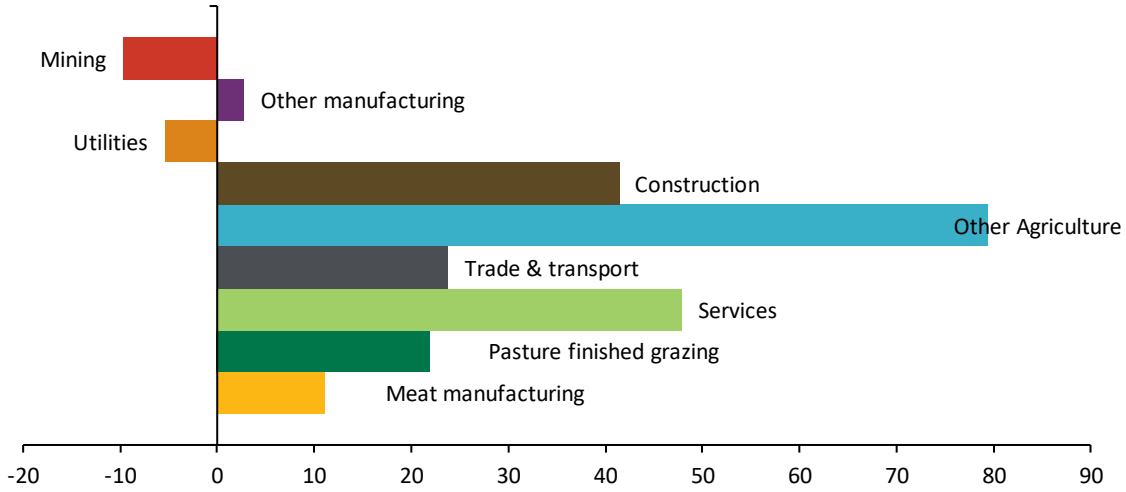
Relative to a baseline scenario with no new feedlot, a new facility in the Western Downs economy directly stimulates increased output in the feedlot and broader agriculture industries by $196.4 million and $79.4 million respectively (Figure 27). In turn, this creates additional demand in industries which supply the feedlot and agriculture industries with intermediate inputs. These include pasture finished grazing, which encompasses grazing cattle; services, which include veterinary and professional services; trade and transport services; and other manufacturing.

Construction of the feedlot also directly stimulates the construction sector, which generates $41 million additional value-added in net present value terms from 2026-2036, compared to the baseline scenario where no new feedlot capacity is built.

Following the feedlot investment, most industries are projected to grow faster than under the baseline scenario. However, this expansion may divert productive resources from other sectors, a phenomenon known as 'crowding out.' This effect is evident in parts of the mining, manufacturing, and services industries. While this negative deviation is shown for mining and utilities in Figure 27, it does not necessarily imply that those industries are projected to contract. Rather, it indicates that they are not growing as fast, relative to the base case.

Overall, feedlot investment is expected to generate a substantial increase in economic activity across the Western Downs economy, as the expansion of leading sectors more than offsets the comparatively slower growth in other areas.

Figure 27. Impact of Scenario 2 on industry value added over the period 2026-2036, present value terms (2025 $m)



Source: Deloitte Access Economics, DAE-RGEM (2025)

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6. Appendix

6.1 Detailed results

6.1.1 Economic contribution modelling

6.1.1.1 National Results

Table 2.Comparison of national economic contribution results with the previous study

Item	Direct	Indirect	Total
Value-added ($m)	659	3,916	4,575
Including			
Gross operating surplus	435	2,755	3,190
Wages	224	1,161	1,385
Employment	2,156	22,017	24,172

Source: Deloitte Access Economics

6.1.1.2 State Results

Table 3. Value-added results by state

State	Direct	Indirect	Total
New South Wales	163	966	1,129
Queensland	396	2,354	2,750
South Australia	26	154	179
Victoria	39	230	268
Western Australia	32	189	221
Tasmania	4	23	27

Source: Deloitte Access Economics

Table 4. Employment results by state

State	Direct	Indirect	Total
New South Wales	532	5,433	5,965
Queensland	1,296	13,233	14,529
South Australia	85	863	948
Victoria	126	1,291	1,417
Western Australia	104	1,064	1,168
Tasmania	13	132	145

Source: Deloitte Access Economics

6.1.1.3 Regional Results

6.1.1.3.1 5,000 SCU Feedlot

Table 5. Value-added of a 5,000 SCU feedlot, 2023-24 ($m)

Region	Direct	Indirect	Total
Western Downs	2.0	2.2	4.1
Queensland	2.0	6.8	8.8

Australia	2.0	12.4	14.4

Source: Deloitte Access Economics

Table 6. Employment generated by a 5,000 SCU feedlot, 2023-24 (FTE)

Region	Direct	Indirect	Total
Western Downs	6.5	11.6	18.1
Queensland	6.5	36.2	42.7
Australia	6.5	69.6	76.1

Source: Deloitte Access Economics

6.1.1.3.2 30,000 SCU Feedlot

Table 7. Value-added of a 30,000 SCU feedlot, 2023-24 ($m)

Region	Direct	Indirect	Total
Western Downs	11.9	12.9	24.9
Queensland	11.9	40.5	52.4
Australia	11.9	74.3	86.2

Source: Deloitte Access Economics

Table 8. Employment generated by a 30,000 SCU feedlot, 2023-24 (FTE)

Region	Direct	Indirect	Total
Western Downs	39.0	69.4	108.4
Queensland	39.0	217.5	256.5
Australia	39.0	417.8	456.8

Source: Deloitte Access Economics

6.1.1.4 National results – comparison to 2017 and 2015 reports

Table 9. Economic contribution of the feedlot industry, national, 2023-24, 2017 ($m)

Report	2017	2025	Total
Year of analysis	2012-13	2023-24	
Direct contribution	$500	$659	32%
Gross operating surplus	$398	$435	9%
Wages	$102	$224	121%
Indirect contribution	$3,878	$3,916	1%
Gross operating surplus	$2,474	$2,755	11%
Wages	$1,404	$1,161	-17%
Total contribution ($m)	$4,377	$4,575	5%
Direct employment (FTE)	1,776	2,156	21%
Indirect employment (FTE)	29,537	22,017	-25%

Source: Deloitte Access Economics

Key drivers of change

Direct contribution

Wage growth within the Feedlot industry drove growth in direct contribution. Average wages in the industry are estimated to have increased substantially, driven by competitive pressures from other industries such as mining. GOS increased marginally (9%) over the 7 years, reflecting minimal growth in turnoff (see Table 9).

Indirect contribution

Growth in indirect gross operating surplus was offset by significantly lower wages estimates. Estimates of total FTEs employed through indirect expenditure were significantly lower in the second period. This was driven by changes to the underlying multipliers within the ABS IO tables. Overtime, employment (FTE) per dollar spent within the Sheep, Grains, Beef and Dairy Cattle IO category has fallen, this is reflected in Table 10.

Table 10. Change in employment to output ratio in Sheep, Grains, Beef and Dairy Cattle IO category

	2017	2024
FTE/$M of expenditure	3.80	1.86
Total Employment	136,693	130,416
Output / FTE	$35,955	$70,135

Source: Deloitte Access Economics

6.1.1.5 National results – comparison to 2017 and 2015 reports

Table 11. Economic contribution of the feedlot industry, by state, 2023-24, 2017 ($m) (% of total)

Report	**2017**	**2025**	**2017**	**2025**
Year of analysis	2012-13	2023-24	2012-13	2023-24
NSW	$1,225	$1,129	28%	25%
QLD	$2,575	$2,750	59%	60%
SA	$98	$179	2%	4%
VIC	$272	$268	6%	6%
WA	$211	$221	5%	5%

Source: Deloitte Access Economics

6.2 Modelling technical appendix

6.2.1 Methodological differences between economic contribution and economic impact modelling

At a high level, economic contribution studies are a historical accounting exercise. They add up current spending and jobs linked to operations, using past data and fixed relationships (as set out in ABS input–output tables). These studies can capture the scale of an industry's footprint at a given point in time, but they are static: they assume resources are freely available, production patterns don't change as conditions change, and they don't consider counterfactuals such as closures, expansions, droughts, or substitution of inputs. They also exclude broader dynamics like price movements, trade leakages, or longer-term knock-on effects. Put simply, they answer the question: "How big is today's footprint?" rather than "What would happen if things changed?"

By contrast, CGE (Computable General Equilibrium) economic impact modelling asks: "What changes, relative to a baseline, if we shock the system?" and "What is the industry's impact over time or into the future?" Unlike contribution studies, CGE models are dynamic and economy-wide. They allow prices, wages, exchange rates, production choices, and trade flows to adjust, capturing resource constraints, non-linear responses, and substitution effects.

For example, in Australia—where feedlots complement pasture grazing by stabilising turn-off and carcase weights through seasonal variability—CGE modelling can show not only the on-site spending

of feedlots but also their wider influence on industry stability, processing throughput, export reliability, and productivity. It can measure impacts such as net employment (after accounting for displacement), resource use and crowding, regional shifts, and competitiveness in global markets as the industry evolves.

Interpreting results therefore differs: economic contribution outputs are static snapshots of current activity, whereas CGE results are scenario-based, economy-wide, and focused on net impacts. They highlight trade-offs and show where benefits and costs ultimately land. This distinction matters particularly for governments, as an apparent gain—such as more jobs or spending in one sector—may in fact draw resources away from others, reshaping the overall balance of the economy.

6.2.2 Economic contribution modelling

6.2.2.1 Technical summary of economic contribution modelling

Value-added

Value-added measures the value of output (i.e. goods and services) generated by the entity's factors of production (i.e. labour and capital) as measured in the income to those factors of production. Value-added is the most appropriate measure of an industry's/company's contribution to gross domestic product (GDP) at the national level, or gross state product (GSP) at the state level. The value-added of each industry can be summed without the risk of double counting caused by including the value-added by other industries earlier in the production chain.

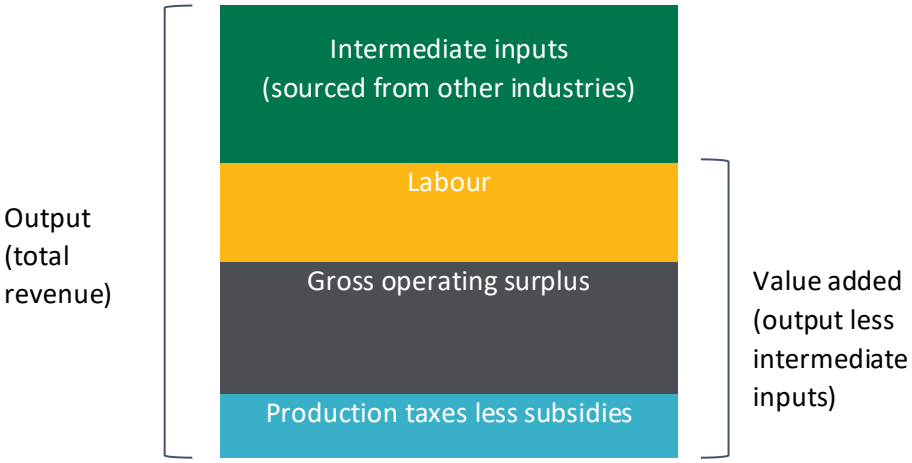
Value-added is the sum of:

- Gross operating surplus (GOS) which represents the value of income generated by the entity's capital inputs, generally measured as the earnings before interest, tax, depreciation and amortisation (EBITDA).
- Tax on production less subsidy provided for production.
- Labour income, which represents the value of output generated by the entity's direct labour inputs.

Figure 28 shows the accounting framework used to evaluate economic activity, along with the components that make up output. Output is the sum of value-added and the value of intermediate inputs used by the firm or industry. The value of intermediate inputs can also be calculated directly by summing up expenses related to non-primary factor inputs.

Expenditure on imported intermediate inputs does not contribute to value-added in Australia.

Figure 28. Economic contribution framework



Source: Deloitte Access Economics

Direct and indirect contribution

The direct economic contribution is a representation of the flow from labour and capital within the sector of the economy in question.

The indirect contribution is a measure of the demand for goods and services produced in other sectors as a result of demand generated by the sector in question. Estimation of the indirect economic contribution is undertaken in an input-output (I-O) framework using Australian Bureau of Statistics input-output tables which report the inputs and outputs of specific sectors of the economy (ABS 2021).

I-O tables are required to account for the intermediate flows between sectors. These tables measure the direct economic activity of every sector in the economy at the national level. Importantly, these tables allow intermediate inputs to be further broken down by source. These detailed intermediate flows can be used to derive the total change in economic activity for a given sector.

The total economic contribution to the economy is the sum of the direct and indirect economic contributions.

Limitations of economic contribution analysis

Economic contribution studies can be thought of as historical accounting exercises. The analysis as discussed in the report relies on a national input-output table modelling framework, and there are some limitations to this modelling framework. The analysis assumes that goods and services provided to the sector are produced by factors of production that are located completely within the state or region defined and that income flows do not leak to other states.

The I-O framework and the derivation of the multipliers also assume that the relevant economic activity takes place within an unconstrained environment. That is, an increase in economic activity in one area of the economy does not increase prices and subsequently crowd out economic activity in another area of the economy. As a result, the modelled total and indirect contribution can be regarded as an upper-bound estimate of the contribution made by the supply of intermediate inputs.

I-O analysis is a static exercise, i.e. it is a snapshot of an industry's economic contribution at a point in time. I-O modelling does not quantify economic effects over time, nor does it consider "downstream" effects on industries which are not direct suppliers of the feedlot industry.

6.2.3 Summary of modelling undertaken

6.2.3.1 National level

The economic contribution of the feedlot industry at the national level was calculated in two parts. The first involved estimating the contribution generated directly within the feedlot industry. The second involved calculating the flow-on contribution generated within industries that supply the feedlot industry, taking as input the total intermediate expenditure, as detailed below.

Direct contribution

The first step in calculating direct contribution is to estimate total feedlot industry revenue. Total industry revenue was derived by scaling up survey respondents' revenue based on their combined share of national turnoff, which in 2023-24 was approximately 33%. The implied price per head of cattle turned off was $1,897.

Next, total industry expenditure on intermediate inputs, excluding payments to labour, was estimated. The ratio of intermediate expenditure to revenue for the beef cattle feedlot industry was obtained from industry analyst IBISWorld; in 2023-24, the ratio was 0.875. This was applied to the estimated industry revenue figure to obtain total intermediate expenditure in dollars terms.

The final step was to calculate total feedlot industry employment and wages paid. Both were estimated by scaling up aggregate FTEs and wages paid reported by survey respondents by their combined share of national turnoff. The average salary paid per FTE was estimated to be approximately double that reported in the 2018 study, which was based on Census 2016 data. The substantial increase was verified by industry representatives, who confirmed that wages had risen significantly in recent years due to high demand for labour combined with a lack of supply in regional areas where feedlots are located.

Indirect contribution

Calculating indirect contribution requires building a profile of an industry's expenditure on goods and services provided by other industries. It also requires total intermediate expenditure, calculated above.

The share of intermediate expenditure by industry was derived using survey data. Expenditure from survey respondents was aggregated into 11 categories; the share of each category to total intermediate expenditure was subsequently calculated. These shares were multiplied by total non-labour expenditure calculated earlier to obtain expenditure in dollar terms for each category.

The subsequent step involves calculating indirect economic contribution using national IO tables. Intermediate expenditure by category was used as input to the Deloitte Access Economics Input-Output model, which then produced estimates of gross operating surplus and compensation of employees (and employment) associated with the feedlot industry's spending on intermediate inputs.

6.2.3.2 State level

Estimates of the economic contribution of the feedlot industry in each state are based on the estimate of the industry's contribution at the national level. The direct and indirect contribution of the industry in each jurisdiction is calculated by multiplying the industry's national economic contribution by that state's turnoff in 2023-24.

The limitations of this approach are that it does not factor in the purchase of intermediate inputs (including cattle and feed) across state borders; it is implicitly assumed that such trade offsets each other. It also entails an assumption that the industry has the same characteristics across jurisdictions, though it is noted that each state has a different profile in terms of the feedlot sizes.

In the absence of data on all interstate trade and employment by state, these estimates present a useful indicative split of the national economic contribution by state, and are presented for consistency with the 2018 analysis. These assumptions do not affect the validity of the national estimates.

6.2.3.3 Regional level

To capture the regional economic flows from goods and services from businesses located elsewhere, a specific location must be used to estimate the feedlots' indirect economic contribution. The chosen region was the Western Downs Local Government Area (LGA) in southern Queensland. Western Downs is representative of feedlot industry activity, since the broader agriculture sector is a major sector in the regional economy; the region contains substantial feedlot activity; and it is proximal to farmland which supply grain and cattle inputs. Since a different region (Goondiwindi) was selected in the previous report, the results are not directly comparable.

The economic contribution of the representative feedlots has been calculated based on their share of the national industry. It is assumed that the direct economic contribution of 5,000 and 30,000 SCU feedlots (payments to capital and labour used in the business) is retained within the local government area (LGA) where the facility is located.

The total, state, and regional indirect economic contribution of 5,000 and 30,000 SCU feedlots has been estimated using information on spending on intermediate inputs across each geography and IO tables that represent each geography:

- total indirect economic contribution is calculated using the national IO table for 2022-23 (the last available year) and total estimated spending on intermediate inputs within Australia (that is, how much a feedlot of a given size would spend on cattle, feed, etc.);
- state indirect economic contribution is calculated using a Queensland IO table for 2022-23 and an estimate of spending within the state;
- regional indirect economic contribution is calculated using an IO table based on the Western Downs LGA and estimated spending within this area.

The indirect economic contribution of any given actual feedlot will depend on where it purchases inputs from, and this can vary significantly from feedlot to feedlot. One general feature of feedlots' purchasing decisions is that cattle may be bought from further afield than feed. Whereas cattle may be trucked to feedlots from locations up to and even over 1,000 kilometres, feedlots would generally find it difficult to pay more than $15-$20/tonne for transport of feed, hence feed tends to have a maximum drawing range of around 500 kilometres.

6.2.4 Economic impact modelling

6.2.4.1 Technical summary of economic impact modelling using DAE-RGEM

Deloitte Access Economics' regional general equilibrium model (DAE-RGEM) is a large scale, dynamic, multi-region, multi-commodity computable general equilibrium model of the world economy with bottom-up modelling of Australian regions. It shows how different parts of the economy are connected, and how a change in one area can affect many others – through production, consumption, employment, taxes and trade.

The model is built around a set of core relationships between the main groups in the economy - such as businesses, households, governments and international markets. It tracks how money and resources move between these groups in a continuous cycle:

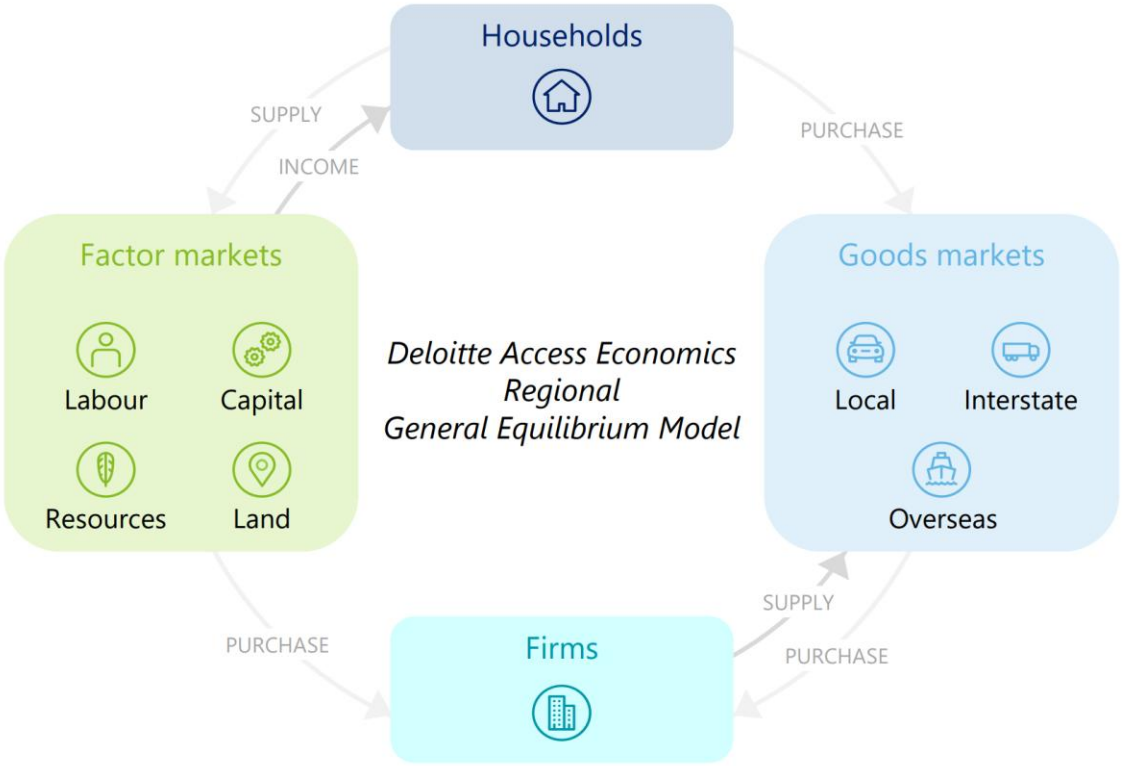
- Businesses produce goods and services to meet demand
- To do this, they buy materials and services from other businesses and hire workers and equipment (labour and capital).
- Businesses pay wages and returns on capital (like rent or profits) to households.
- Households then spend their income on goods and services, pay taxes to governments, and save some for the future.

DAE-RGEM is what's known as a computable general equilibrium (CGE) model, which builds on simpler input-output (IO) models. Like IO models, it uses detailed data on the transactions between different sectors of the economy. But unlike IO models, CGE models also:

- Assumes that markets are perfectly competitive, meaning prices adjust so supply matches demand and no single buyer or seller can set prices.
- Assumes resources like labour and capital can move between sectors, allowing the model to show how industries expand or contract in response to shocks or policy changes.
- Include limits on how much labour and capital are available (so the model can show what happens when resources are scarce or fully used), and
- Uses a system of equations and assumptions based on widely accepted economic theory to show how different sectors compete for those resources (especially workers and capital).

This approach allows the model to show the full, economy-wide effects of a new project or policy—while also capturing how that project might draw resources away from other activities (known as "crowding out").

Figure 29. Stylised representation of DAE-RGEM



Source: Deloitte Access Economics

6.2.4.2 Summary of modelling undertaken

Two distinct scenarios were modelled in DAE-RGEM to demonstrate the feedlot industry's central role in the beef supply chain, and broader linkages within the Australian economy. These scenarios were:

- Removal of the feedlot industry from the Australian economy.

Construction and operation of a new 15,000 SCU facility in the Western Downs region of south-west Queensland.

6.2.4.2.1 Scenario 1: Removal of the feedlot industry from the Australian economy

This scenario considers the economic impact of (hypothetically) removing the feedlot sector from the Australian economy.

The feedlot industry enhances productivity in upstream and downstream sectors. In the CGE framework, removing the industry alone does not remove these productivity effects. To fully capture the economic and productivity benefits of feedlots, four additional model inputs were implemented:

- **Model input 1:** removal of the feedlot sector is estimated to reduce demand for feeder cattle, feed and other goods and services used by feedlots.
    - However, simply removing feedlots from the model does not capture the full extent of upstream and downstream impacts, which need to be modelled through additional inputs, as detailed below.

- **Model input 2:** restructuring of the national herd and supply chain would lower grazer sector productivity. For example some breeding enterprises would be required to finish cattle, at a rate relatively inefficient to feedlots.
    - lower grazing sector productivity as the national herd and supply chain would need to be restructured, with some breeding enterprises for example required to finish cattle; and
- **Model input 3:** processors are restricted to sourcing cattle solely from the grazing sector.
- This is assumed to reduce processing sector productivity by:
    - **Model input 3a:** lowering average capital utilisation because of an increase in seasonal variation of pasture finished cattle, and
    - **Model input 3b:** reducing the amount of meat produced per animal processed, as pasture finished cattle are estimated to have a significantly lower average slaughter weight than cattle in feedlots.

The model inputs are summarised in Table 12.

Table 12. Scenario 1 DAE-RGEM model inputs

Impact	Description		Model input
Removal of the feedlot sector	The feedlot sector ceases to exist	1.	Removal of industry in the model
Lower cattle grazing productivity	Total factor productivity in the grazing sector declines	2.	-4.1% (scaled by 60% to -2.5%)
Lower red meat processing productivity	Capital productivity in the red meat processing sector declines	3a.	-2.4% (scaled by 75% to -1.8%)
	Total factor productivity in the red meat processing sector declines	3b.	-4.5% (scaled by 75% to -3.4%)

Source: Deloitte Access Economics

The model inputs described above are implemented in 2025 and the impacts of removing the feedlot sector and broader supply chain productivity effects on the Australian economy have been applied from 2026 to 2036. The following sub-sections provide greater detail on the logic and assumptions underpinning each model input.

Model input 1: Removal of the feedlot sector

The feedlot industry is a major buyer of feeder cattle and feed, including grains, roughage, protein and other supplements. Import restrictions means these inputs are sourced solely from within Australia. Recent evidence indicates that the feedlot industry accounts for more than a third of the total supply of cattle for slaughter in Australia and is the largest livestock industry consumer of grain, totalling around 2.5 million tonnes (Wells, 2025). In 2023-24, this was equivalent to 5% of the total volume of winter broadacre crops sold. The first model input is the removal of the feedlot sector from 2025 onwards, affecting the Australian beef supply chain in the model. This has a significant impact on upstream suppliers, namely those producing feeder cattle and feed.

If the feedlot industry did not exist, demand from other buyers of cattle and feed would partially fill the gap created, and possibly benefit from lower prices for these goods and services due to a decline in aggregate demand.

While, other buyers of cattle and feed would benefit from lower prices, and partially fill the gap in demand, the net decline in demand would be expected to have lasting upstream effects on the economy.

Model input 2: Reduced productivity in the grazing sector

The grazing industry would also suffer productivity losses if feedlots ceased to exist. Conceptually, this negative productivity shock reflects how Australia's beef cattle industry is structured. Feedlots offer farmers the option to finish cattle faster and at a lower cost per kilo of weight gain, which frees up resources for other valuable activities such as breeding and backgrounding. Losing the option to finish cattle on grain would mean less cattle can be turned off grazing land. Furthermore, some marginal grazing land may no longer be viable for grazing at all, with reduced opportunities to fatten them elsewhere. Overall, this would reduce the productivity of the grazing sector.

The economic modelling undertaken for the previous version of this study (Deloitte Access Economics, 2018), was used as a base to produce a 4.1% input reduction in the productivity of the cattle grazing sector. This shock was introduced through the broader pasture-finished grazing sector, and adjusted to 2.5% to reflect the relative share of the beef grazing (60%) within the broader sector. It was applied in 2025 and is sustained throughout modelling period to 2036.

Consistent with the previous study (Deloitte Access Economics, 2018), this model input has been implemented as a 4.1% reduction in the productivity of the cattle grazing sector. As the beef cattle grazing sector lies within a broader pasture-finished grazing sector, the model input has been adjusted to reflect the share of beef cattle in the sector (60%). This results in a 2.5% model input. This is applied in 2025 and is sustained throughout modelling period to 2036.

Model input 3: Reduced productivity in the processing sector

The feedlot sector principally supplies goods (finished cattle) to the processing sector. Consultation has highlighted two benefits in particular that the feedlot sector creates for the processing sector:

- greater utilisation due to the ability of the feedlot sector to finish cattle to market specification more consistently throughout the year, than what is possible from pasture reared grazing cattle; and
- processing the higher weight cattle that the feedlot sector can reliably provide, compared to pastured cattle from grazing land.

These benefits to the processing sector have been quantified and included as a negative model input to reflect the effect of removing feedlots from the Australian beef supply chain.

Model input 3a: Utilisation of processing sector capital

There is seasonality in cattle turnoff in Australia, and grass finished cattle exhibit comparatively greater variability in weight than grain finished cattle. This means that capital resources used to process lot fed cattle can be utilised relatively closer to capacity than that used to process grass fed cattle. The capacity utilisation parameters used in this study were the same as those used in the 2018 study. In the base case (continued existence of feedlots), capital utilisation was assumed to be 95.1%, which is an average for the beef sector as a whole and includes grass and pasture finished cattle. In the policy scenario (no feedlots), capital used to process pasture finished cattle was assumed to operate on average at 92.8% of capacity across the whole year.

The difference between the base and policy cases equates to a 2.4% reduction in the capital productivity of the processing sector.[**] This 2.4% reduction has been scaled by 75% to reflect the share of beef in the red meat processing sector, and hence implemented in DAE-RGEM as a 1.8% model input to the productivity of capital in the red meat processing sector.

Model input 3b: Reduction in average slaughter weights

Feedlots consistently turn off cattle that are heavier than cattle finished on pasture. Industry sources have suggested that cattle finished in feedlots typically have carcass weights around 40-50 kilograms higher than grass finished cattle.

The difference in slaughter weights between the pasture finished cattle only and an average of grain and pasture finished cattle was assumed to be 13.5 kilograms or 4.5%, consistent with the 2018 study. This difference represents a 4.5% reduction in processing productivity in the base case (both grass and grain finished cattle) and policy case (pasture-finished cattle only) scenarios.

The 4.5% reduction in processing sector productivity scaled by 75% to reflect the share of beef in the red meat processing sector, and hence was implemented in the model as a 3.4% model input.

6.2.4.2.2 Scenario 2: construction and operation of a new feedlot in a regional area

This scenario models the economic impact of the construction of a new 15,000 SCU feedlot in 2025 and its continued operation, with the modelling period extending to 2038.

For the purposes of this analysis, it has been assumed this feedlot has been constructed in the LGA of Western Downs in south-west Queensland. The model input has been incorporated as construction expenditure of $56.25 million dollars, and output uplift of $487.12 million in net present value terms using a 7% discount rate over the period from 2025 to 2038.

Table 13 summarises the scenario inputs and assumed timelines for construction and operation. A three-year construction, planning and approval period from 2025 to 2027 (inclusive) is assumed, with operations commencing from 2028. A three-year ramp-up period was incorporated, with the feedlot assumed to reach its maximum utilisation rate of 85% in 2030. Consistent with the previous study, it is assumed that cattle spend 100 days on feed. This suggests annual turnoff for the feedlot is approximately 46,500 head.

Table 13. Summary of model inputs and assumptions – Scenario 2

Construction		Operation	
Construction cost ($m)	$56.25	Average annual output ($m)	$44.28
Construction start year	2025	Total output ($m, NPV terms, 7% discount rate)	$487.12
Construction end year	2027	Operation start year	2028

Source: Deloitte Access Economics

[**] 100*(92.8%-95.1%)/95.1% = 2.4%.