FRAGILITY TO RESILIENCE:

Local meat processing in Australia at a crossroads

Insights and actions to build more resilient local food systems

February 2026

nous

Contents

About this report

This report provides a comprehensive assessment of access to meat processing among livestock producers operating as small and medium enterprises (SME) in Australia. It aims to document the current landscape, examine the impacts on producers and regional communities, identify the underlying drivers, and chart a practical path forward.

This report is an invitation to take action. The report provides decision-makers and practitioners at every level:

- **Robust evidence base grounded in producer experiences**, weaving together data, case studies, and producer voices to illustrate both the urgency and the opportunity for change;
- **Clarity on systemic drivers and leverage points** where targeted interventions can reverse downward spirals and unlock resilience;
- **A practical blueprint for system renewal**, with clear, actionable recommendations tailored to different stakeholder groups from policymakers and investors to industry leaders, producers and other system actors.

The report draws on robust, multi-source evidence. This includes a national producer survey and in-depth focus groups with SMEs from across Australia, a national processor survey, and interviews with a wide range of stakeholders across the value chain and policy landscape. Publicly available industry data, state and federal reviews, and recent research reports were analysed alongside quantitative mapping of processors to identify geographic and systemic bottlenecks. A high-level economic impact analysis quantifies the potential risks to local income, jobs, and food security.

All readers are encouraged to engage with the evidence, share insights, and work collectively to secure a resilient, diverse, and future-ready local meat processing system for Australia.

Acknowledgments

Nous would like to thank the project expert working group and the project advisor, Dr. Tammi Jonas, for providing insights and guidance in the development of this report.

Nous is grateful for the engagement of all the stakeholders who contributed their knowledge and experience to the project. A full list of project contributions is provided in Appendix E.

Nous Group acknowledges Aboriginal and Torres Strait Islander peoples as the First Australians and the Traditional Custodians of Country throughout Australia. We pay our respect to Elders past and present, who maintain their culture, Country and spiritual connection to the land, sea and community.

This artwork was developed by Marcus Lee Design to reflect Nous Group's Reconciliation Action Plan and our aspirations for respectful and productive engagement with Aboriginal and Torres Strait Islander peoples and communities

EXECUTIVE SUMMARY

It is time to act

SME access to local meat processing is becoming fragile, with national consequences

Australia's small and medium livestock producers are losing reliable access to local meat processing. As abattoirs close, consolidate, or shift away from smaller, irregular consignments, many SME business models are becoming harder to sustain.

This is not a marginal issue. SMEs make up most of Australia's livestock producers and play a central role in regional economies, food diversity, and land stewardship. This landscape is diverse. SME approaches to farming, business models, routes to market, and processing needs vary widely. Working in harmony with nature is a core value for many of these producers and often central to their business models. Almost all respondents to the producer survey are using some regenerative practices. For many, access to local processing, including service kill arrangements, enables paddock-to-plate supply, provenance-based brands, and regenerative production.

Most surveyed SMEs
DO NOT
HAVE THE RIGHT ACCESS
for their processing needs.

That access is now under pressure. Two-thirds of surveyed producers say their current processor does not meet their needs. Nearly one in 10 reports having no access at all. Wait times can stretch to months, and some producers travel hundreds of kilometres to process stock.

Without intervention, local food systems will become more concentrated, less diverse, and less resilient. This report examines why the system is shifting in this direction, what is at stake, and where targeted action can still change the trajectory.

> Our original processor had wait times of over six months. This made it impossible to organise anything with them.

– Producer survey respondent

> We lost our local abattoir and now drive for hours just to keep our business afloat.

– Producer survey respondent

What is service kill processing

Service kill processing is an arrangement in which a livestock producer pays an abattoir to slaughter and process their animals while retaining ownership of the meat. This allows producers to sell meat directly to consumers, butchers or restaurants under their own brand.

Service kill is one of several ways SMEs access local processing. It is particularly important for producers operating paddock-to-plate, provenance-based, or regenerative business models, where retaining control over the product, timing, and markets is essential.

Not all producers use service kills. Some sell livestock through saleyards, feedlots, or directly to processors. However, the national producer survey found that many of these producers would prefer to sell meat locally if they had reliable and affordable access to service-kill or other suitable local processing options.

Access to local processing is fragile, uneven and increasingly risky

Access constraints are widespread and worsening for SME livestock producers. Many rely on a single processor to access local markets, with few viable alternatives if that access is lost.

Survey results show how exposed the system has become. Two-thirds of producers say they would have no viable alternative if their current processor closed. Among service kill processing users, that rises to more than three-quarters. For many, access depends on facilities that are operating at capacity, have shifted ownership, or no longer prioritise smaller and irregular consignments. Regenerative and organic producers, and all other SME producers who want to own their own brand, are especially exposed. First Nations producers face similar issues with additional challenges, such as lower prices offered for their meat.

Distance compounds fragility. Across all states with demand for service kill processing, producers travel hours to reach the nearest suitable abattoir, and service kill offer is not guaranteed even after long journeys. Where facilities close or change operating models, producers can lose access abruptly and often have limited ability to adapt.

This uneven and fragile access creates a system with little redundancy. Once local processing capacity is lost, producers face higher costs and reduced market options, or exit altogether. Re-entry is difficult. In some regions, it is impossible.

> We lost our local abattoir and now drive for hours just to keep our business afloat.
>
> – Producer survey respondent

> The current access conditions are such that we can't service butchers directly, and this has resulted in income loss of about 50%. We are unable to supply the market that would like to consume our beef.
>
> – SME producer survey respondent

Reduced access to local processing has ripple effects across the food system

Inaction has seen the impacts spread from producers to economic, social, and environmental consequences for regions and consumers.

- **Producer viability and revenue are at risk.** For many SMEs, access to local processing, particularly service kills, underpins business viability. **66%** of producers **expect profitability to fall if access is lost**, and **42%** say their **business would become unviable**. To bring this into sharper focus, an estimated **$564–$742 million in annual revenue is at risk** among SME cattle producers when survey results are scaled nationally.
- **Regional jobs and businesses come under pressure.** Impacts extend beyond farms to the surrounding community. **One quarter of survey respondents expect partner businesses**, including butchers, retailers, food services and transport providers, **to face supply or cost pressures. 14% expect job losses** in the livestock production supply chain.
- **Regional food systems become less diverse and more fragile.** Processing concentration increases exposure to plant closures, labour shortages and transport disruptions. With fewer local alternatives, producers and communities have limited ability to adapt to shocks. Over time, this reduces regional food security and system resilience.
- **Consumers face higher costs and less choice.** **46%** of producers surveyed **expect local access to fresh, diverse meat to decline**. Longer transport distances increase costs across the supply chain, contributing to cost-of-living pressures.
- **Animal welfare and product quality are compromised.** Nearly **45%** of producers surveyed **expect negative impacts on animal welfare** if access continues to decline. Longer journeys increase animal stress and biosecurity risks. In some cases, producers reported being forced to consider destroying livestock due to the lack of processing access.
- **Nature-friendly agriculture slows.** Longer transport routes increase emissions and air pollution. Delays in finishing animals can lead to overgrazing, degrading land over time. Reduced access to local processing also slows the spread of regenerative agriculture, which is often led by SME producers.

Long-term drivers have reshaped the system, and they reinforce one another

The current fragility of local processing is not the result of short-term shocks. It reflects a set of long-term forces that have progressively reshaped Australia's meat processing system to favour scale, standardisation and predictability.

Together, these forces reduce flexibility, concentrate capacity and make it harder for SME producers to access processing that meets their needs. Importantly, the drivers reinforce one another: the system will continue to drift further from SME requirements over time unless actively corrected.

The six drivers:

1. **Export orientation and consolidation.** Global markets reward volume and efficiency. The success of Australia's meat exports has accelerated consolidation and reduced the commercial viability of smaller, flexible processing services that are critical to meeting the needs of SME producers.

2. **Urban expansion and land-use pressure.** Peri-urban growth and community opposition have reduced local processing capacity and constrained investment in new facilities.

3. **One-size-fits-all regulation.** Uniform regulatory standards impose high fixed costs, creating scale mismatches that disadvantage small, innovative processing models.

4. **Workforce shortages and skills gaps.** High turnover, limited training pathways and housing constraints have reduced workforce capacity and resilience, particularly affecting smaller facilities. Low interest in meat worker careers compounds the problem.

5. **Retail power and consumer norms.** Supermarket dominance and demand for standardised cuts reinforce processing models optimised for scale rather than diversity.

6. **Climate cycles and market volatility.** Seasonal peaks and destocking cycles push processors to prioritise high-volume throughput, often excluding SMEs during periods of constraint.

These forces interact and compound. Consolidation economics accelerates closures and reduces the availability of service kill processing for many SME producers, while land-use pressure, rigid regulation, high costs, and workforce constraints suppress the emergence of new processing models. The combined effect is a steady erosion of local, flexible processing capacity for SMEs, undermining both business viability and the diversity of local food systems. Addressing any one driver in isolation is unlikely to restore access. Lasting change requires coordinated action at the points where these dynamics reinforce fragility.

Promising innovations offer hope that the system is not beyond repair

Despite mounting pressure, there are clear signs of resilience across the system. Nearly two-thirds of producers who responded to the survey are actively exploring ways to regain control over processing and reduce their exposure to fragile access arrangements. The appetite for change is further evidenced by the fact that more than four in five respondents favour a shift towards smaller-scale, local or shared models that better align with SME needs. While a focus on enabling small-scale, local, or shared models is critical, there also needs to be a focus on improving access to service kill processing in existing medium or large abattoirs where smaller models are less feasible, or when medium-sized producers require greater processing capacity.

Across Australia and the world, a range of processing models and innovations are already operating successfully in specific contexts. These models demonstrate that alternatives to highly consolidated processing can work. However, without systemic interventions, they remain limited in scale and reach.

2/3
of surveyed producers are exploring ways to regain control over processing

Emerging models and innovations include:

Mobile and modular processing, such as Provenir, which reduce animal transport distances, improve animal welfare and suit irregular consignments. Barriers include navigating approval pathways, accessing start-up capital, and establishing sustainable business models.

Regional micro and co-operative facilities, such as Barham Abattoir, which offer multi-species service kill and local jobs. Success has often depended on a strong partnership with local government, access to start-up capital, often through grants, and the recruitment of staff with processing experience.

On-farm micro processing, which enables vertical integration and brand capture for some producers. Uniform regulation, high compliance costs, and opposition from local communities can create significant roadblocks.

Workforce-assisting technology pilots, including remote meat inspection, which can help address skills shortages and processing bottlenecks. These pilots require regulatory changes, investment in new equipment, and strong digital connectivity.

Processor–producer partnerships or aggregation services, such as Our Cow, which use coordinated scheduling, batch aggregation, and branded programs to reduce friction and stabilise throughput for SMEs. These models are complex and rely on effective intermediaries and sustained producer participation.

Together, these examples show that the barrier is not a lack of ideas or initiative. Rather, existing regulatory, workforce, and economic settings make it difficult for these models to move from isolated successes to system-level impact. Many of these approaches are still emerging and require shifts in mindsets, risk appetite, and ways of working to unlock further investment and scale.

A blueprint for action

Transforming Australia's meat processing landscape requires urgent, coordinated action. The blueprint for change is clear: stabilise the current system while enabling new models to emerge and scale. Without intervention, reinforcing downward spirals will continue to erode access, viability, and resilience. With targeted action at the right leverage points, these dynamics can be reversed.

Four themes can help focus action and shift the system from fragility to resilience:

1. **Empower producers and enable innovation in small-scale processing.**
   Strengthen producer-led innovation through targeted investment, clear guidance, and practical resources. This includes improving understanding of small-scale processing economics, expanding funding and financing options, enabling revenue diversification, and reinforcing policy signals that support SME participation in local processing through advocacy and education.

2. **Address regulatory and workforce constraints.**
   Reform high-cost, one-size-fits-all regulations by introducing tiered, risk-proportionate standards, drawing on international practice. Address workforce shortages through accessible skills pathways, targeted incentives, improved industry perception, and the adoption of technology-enabled solutions.

3. **Improve processor economics to support SME access.**
   Stabilise and strengthen the economics of small- and medium-scale processing, including service kill where it supports SME needs. This can include government incentives in regions with poor access, aggregation and scheduling models to improve throughput efficiency, and clearer expectations between producers and processors to build trust and reduce friction.

4. **Shift consumer demand to embed resilience in local food systems.**
   Strengthen demand for local, diverse processing through system-level signals rather than individual consumer behaviour. This includes improving transparency and competition in grocery supply chains, increasing visibility of local processing constraints, supporting alternative retail and food-service channels that value whole-carcass utilisation, and rebuilding food skills through public awareness, culinary education, and cultural norms that support provenance and seasonality.

We cannot afford to delay action

Australia's meat processing system stands at a crossroads. The challenges facing SME producers, regional communities, and consumers are deeply interconnected, but so are the solutions. The evidence shows that this is not a lack-of-ideas problem, nor one that market forces alone can solve.

By acting on the most powerful leverage points and working together across government, industry, producers, investors, retailers and the public, Australia can reverse reinforcing cycles of decline and build more resilient, diverse and future-ready local food systems. What Australia needs is clear: targeted action, shared responsibility, and sustained commitment.

THE NATIONAL PICTURE

Limited access to meat processing threatens the viability of Australian small and medium livestock producers despite strong demand for local meat

The meat processing system is a complex network of actors, diverse business models, and regional differences that influence how animals raised and bred by producers are transformed into meat products suitable for human consumption. Building on Nous' surveys of SME producers and meat processors, this section provides a data-driven overview of the national processing access landscape for SME producers.

SME livestock producers anchor Australia's livestock sector and shape local food systems

Small and medium livestock producers make up most of Australia's livestock producers. Many of them are leading the shift to sustainable and regenerative agricultural systems, which are increasingly in demand among consumers and deliver better environmental outcomes. This section gives a snapshot of SME producers based on results from Nous' national producer survey.

SMEs dominate Australia's livestock sector and are highly diverse

SME livestock producers make up nearly 85 per cent of livestock producers in Australia.[1] These businesses are highly diverse in their size, species, business models, and processing needs. Nous conducted a national survey of livestock producers across Australia to build a detailed understanding of their processing requirements and access.[2] More than 450 producers from across all states and territories (except for the Northern Territory) have responded to the survey.

The survey responses reinforced the diversity of SME livestock producers (see Figure 1 overleaf):

61% have yearly cash receipts of under $100k from meat and meat products.

More than half rely on meat production for most of their income.

More than 35% sell their meat within their communities or direct-to-consumer online. This highlights the strong connection between these SMEs and their local communities.

How are small and medium enterprise (SME) livestock producers defined?

There is no agreed, common definition of SMEs. Nous' producer survey conducted as part of this project was open to any producer who is commercially focused (i.e. sells at least some of their meat) and is or would like to be part of local or domestic markets (i.e. is not export-oriented). Nous' categorisation builds on ABARES' existing definition, which uses cash receipts to differentiate producer size.[3] Large producers were excluded from SME analysis.

Based on processing volumes, the respondents were grouped as:

- **Small:** processing <100 cattle (or equivalent) per year
- **Medium:** processing 100-1000 cattle (or equivalent) per year
- **Large:** processing >1000 cattle (or equivalent) per year

This section provides a snapshot of these businesses based on Nous' survey results.

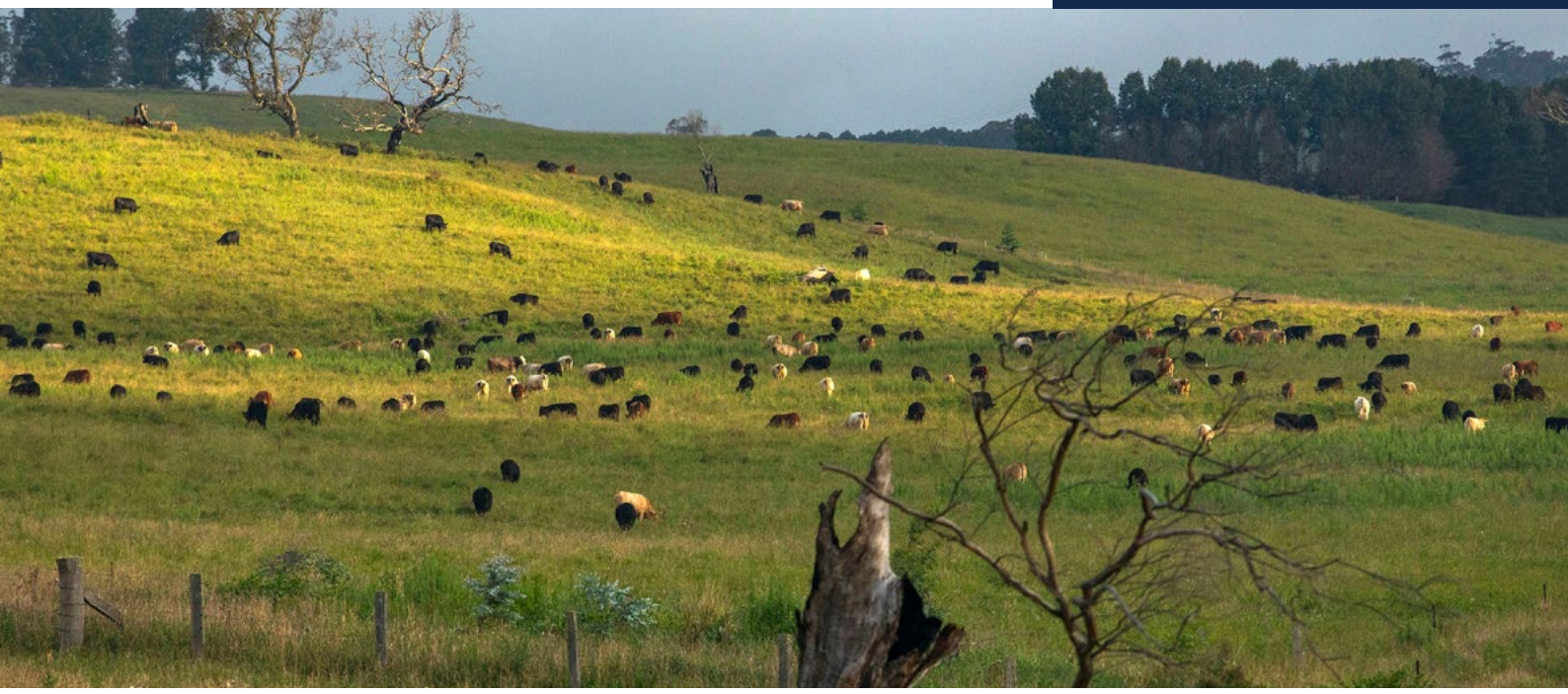
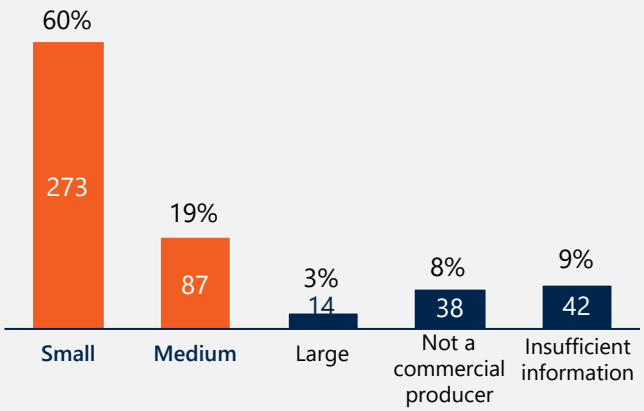


Figure 1 | Snapshot of SME producer survey sample

79% of respondents (360) are small- or medium-sized producers *(n=454)*



OF THE SME SAMPLE:

200ha median property size

3 median number of employees

51% sell their meat directly or locally

45% operate with certifications (e.g. MSA, Certified Organic)

Participating SME producers mainly produce cattle, followed by sheep *(n=360)*

67% Cattle

37% Sheep

14% Pigs

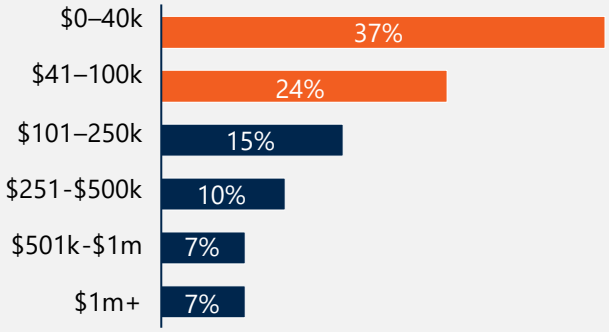
7% Goats

6% Poultry

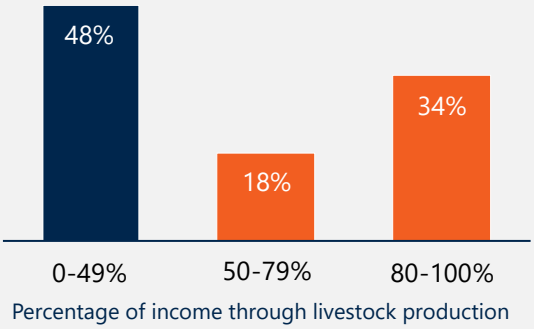
1% Other species

OF ALL RESPONDENTS:

61% have yearly cash receipts of under $100k from meat and meat products *(n=244)*



More than half of all respondents rely on meat product sales as their dominant source of income *(n=203)*



SMEs are leading the shift to sustainable and regenerative agricultural systems

Nearly all SME producer survey respondents use some form of sustainable and regenerative practices in their production methods (Figure 2). 56 per cent use three or more practices. **Nearly half of SME respondents hold at least one certification** to instil consumer confidence in their meat and increase its marketability.

Regenerative and sustainability-conscious producers place supporting nature and reducing agricultural impact at the centre of their business models. Producers consistently emphasise that regenerative practices reflect a responsibility to care for land and animals, improve resilience over time, and ensure their farms remain viable for future generations.

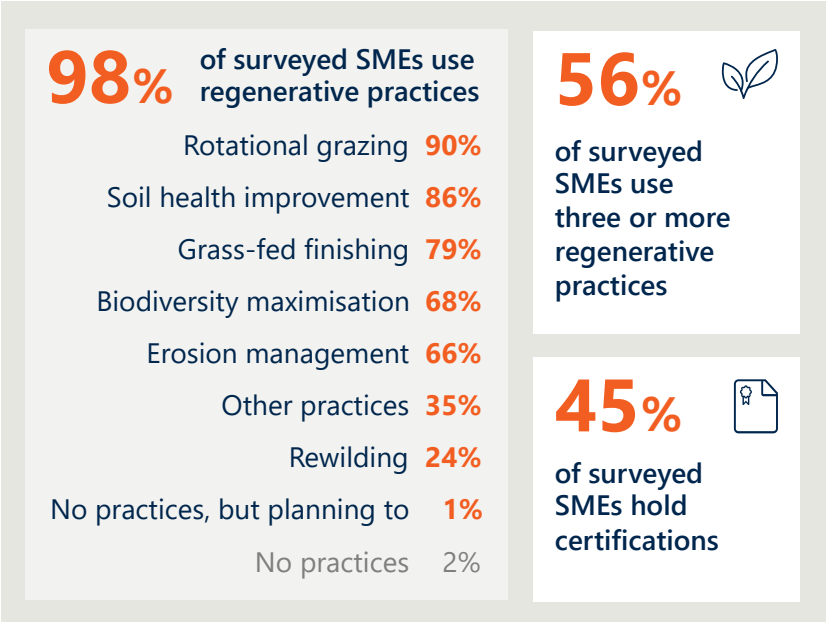
These producer perspectives align with research that shows regenerative and sustainable land management can lead to positive commercial and environmental outcomes by:

- reducing reliance on synthetic fertilisers, chemicals and other purchased inputs[4]
- improving soil carbon, biodiversity, and ecosystem function[5]
- strengthening farm resilience through better soil condition, groundcover and landscape function.[6]

Together, these outcomes improve farm business viability and margin stability over time, particularly for SME producers operating in variable climatic and market conditions.

Sustainable land management in livestock production, such as grazing management, herd management and soil carbon improvement projects, are detailed in the Australian Government's Agriculture and Land Sector Plan as key practices to support emissions reduction.[7] This makes SMEs who are pioneering these practices critical for Australia's transition to net zero.

Figure 2 | Practices and certifications of surveyed SME producers



What sustainable agricultural practices do SME livestock producers use?

Across Australia, livestock producers of all scales are adopting practices aimed at improving land condition, animal welfare, productivity and long-term profitability. Among SMEs in particular, these practices often reflect place-based knowledge and intergenerational stewardship.

Water conservation techniques: implementing systems such as water troughs and remote water monitoring for efficient usage of water resources.

Ethical grazing practices: avoiding practices that harm native flora and fauna, implementing strategies to prevent soil erosion, and ensuring minimal environmental impact. Some consulted regenerative producers use stocking and destocking as a tool to manage their operation's environmental impact in different seasons.

Manure and waste management: using anaerobic digesters to produce biogas and improving manure composting and storage to cut emissions.

How is 'regenerative agriculture' understood in this context?

The term regenerative agriculture is used by some producers and industry groups to describe a set of land management approaches focused on maintaining or improving soil condition, biodiversity and water function while sustaining agricultural productivity. Common practices include cover cropping, reduced tillage, minimised synthetic inputs and nature-centric grazing methods.[8] In practice, many of these activities overlap with broader concepts such as sustainable intensification, climate resilience, natural capital management and best-practice grazing. For the purpose of Nous' research, broad terms were used to capture the diversity of practices that support sustainable land management across the livestock sector.

SME livestock producers experience high demand for their produce and are motivated to feed local communities

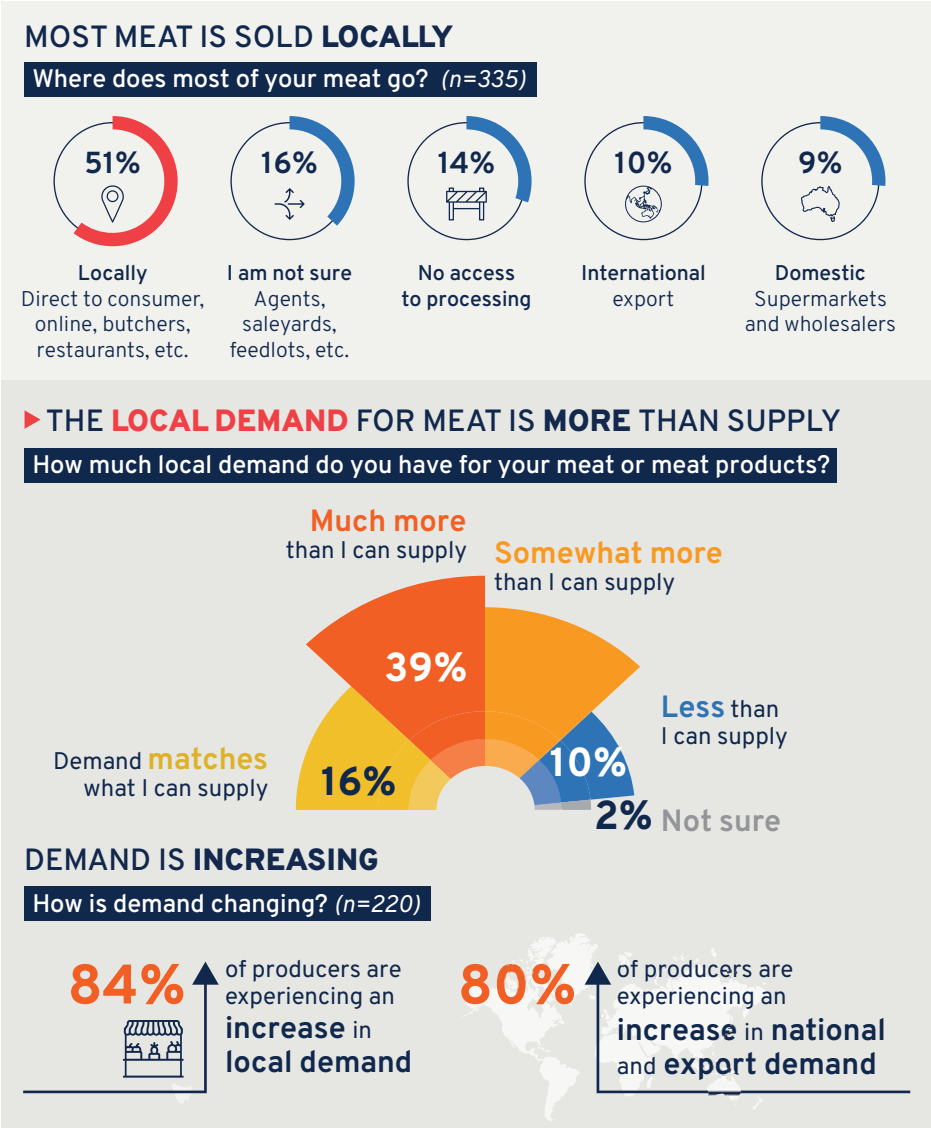
SME producers often have a strong focus on feeding their local communities. This can be through direct-to-consumer channels, local farmers markets, butchers or nearby restaurants and hospitality businesses. This contrasts with producers who target international export or domestic supermarket supply chains or national wholesalers.

More than 50 per cent of survey respondents are selling their meat locally (see Figure 3). Almost 75 per cent of these producers are also experiencing more demand than they can supply. This is likely tied to an increasing preference from consumers for organic, traceable, and assurance attributes in meat purchases.

The shift in consumer preferences was reinforced through focus groups and interviews with stakeholders across the value chain. A consistent theme was growing support for local SME producers due to their connection to community and preferences for more sustainable and humane production methods. Butchers and restaurateurs particularly noted the growing consumer demand for locally sourced, regenerative, and Indigenous meats. This growing demand is also reflected in the various culinary industry awards won by processors[9] and butchers[10] with a strong focus on high-quality, local produce.

What is local demand?

Figure 3 | Markets targeted by the surveyed SMEs and demand trends



Livestock producers who engage in all steps involved in accessing market can target three different markets:

Export – selling meat and meat products overseas

Domestic – selling meat to supermarkets and wholesalers across Australia

Local – selling to nearby consumers, e.g., through direct sales (including online, which may have national coverage), at farmgate, farmers markets, local butchers and restaurants. This is referred to 'local' demand and sales in this report.

Many [diners] are willing to pay a premium for provenance, ethical credentials, and transparency.

– **Kylie Kwong,** Australian celebrity chef and award-winning restaurateur

Consumers have started to appreciate grass-fed beef for its health benefits.

– **Neil Perry,** Australian celebrity chef and award-winning restaurateur

Image credit: Feather and Bone
Grant Hilliard, Feather and Bone butchery

Image credit: Provenir
Provenir's mobile abattoir

Locally produced and processed meats have been receiving culinary industry awards, including Grant Hilliard's Feather and Bone securing the top spot in Good Food's Best Christmas Hams 2025, Chris Balazs' Provenir winning Gold and Best in Class in the Branded Beef category at the 2019 Australian Food Awards, and others.

SMEs face barriers that limit their access to processing

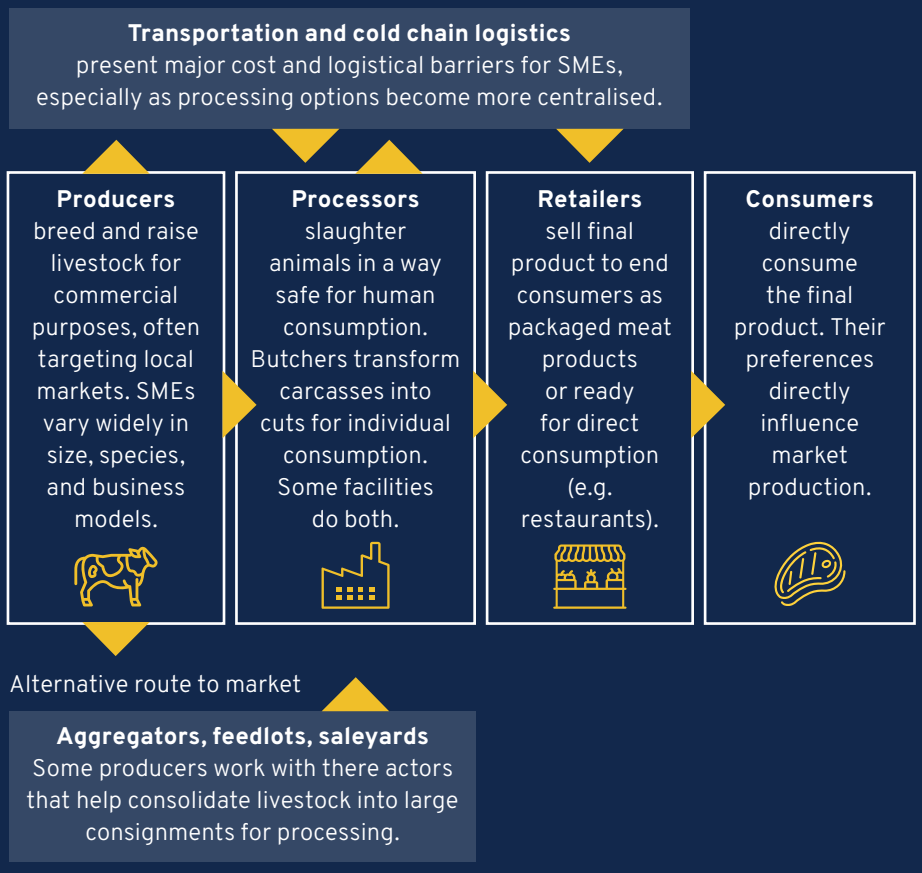
Access to processing is crucial for SMEs to be able to access market and extract value from their livestock. Yet, despite the growing consumer demand for meat, SME access to processing is limited (virtually, non-existent in some regions) and increasingly fragile.
It undermines business viability for many SME producers.

SMEs rely on a complex network of actors to meet their diverse processing needs

Australian meat navigates a complex network of actors when it moves from paddock to plate. Each actor plays a distinct role, and the way these actors interact determines whether SMEs can access the processing they need to remain viable. Figure 4 on the right presents the key actors from paddock to plate.

Figure 4 | Meat production supply chain actors

Different variations of supply chains exist and may involve some or all the below actors:

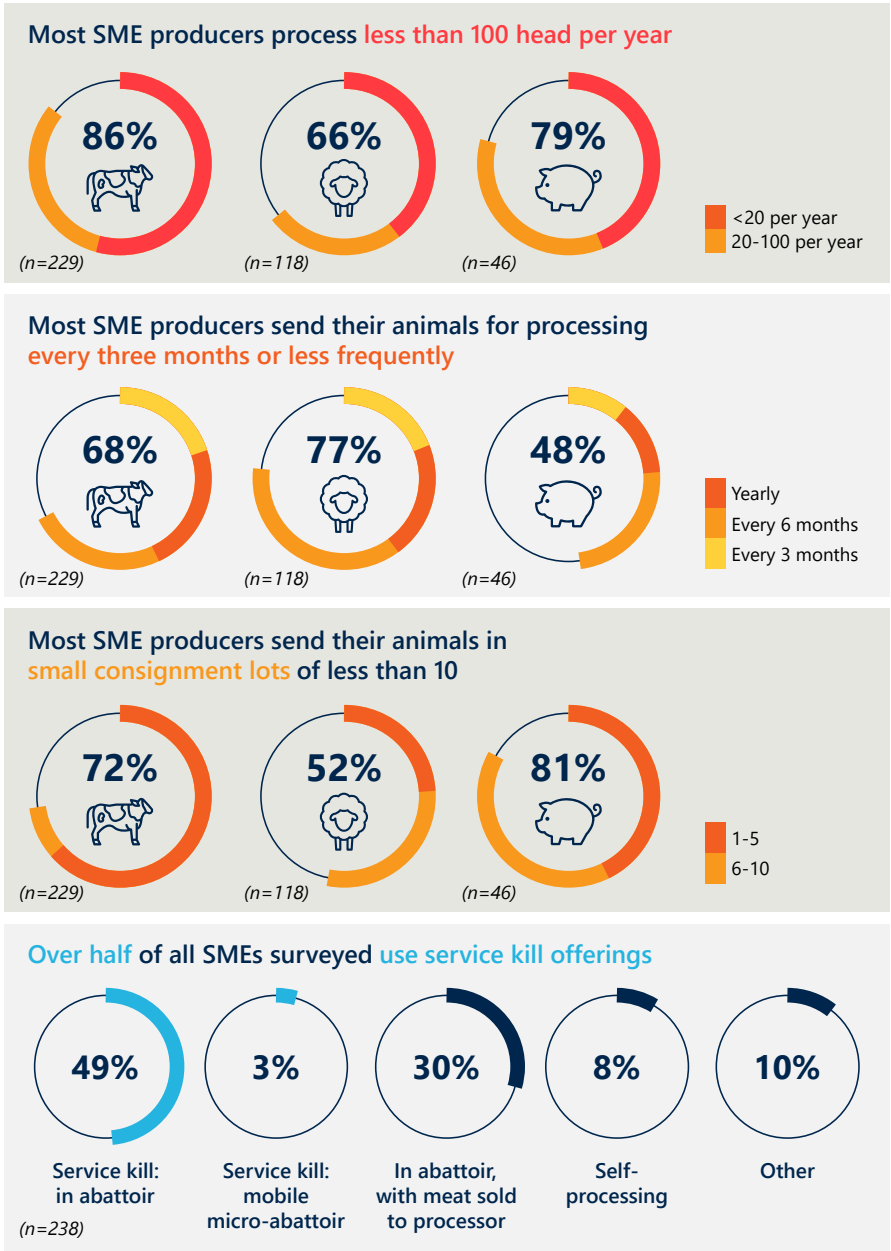


A critical enabler of market access for many SMEs is service kill processing. **Service kill processing refers to the slaughter and processing of an animal where the carcass or meat products are returned to the producer**. This model enables SMEs to retain meat ownership, capture more value, and build local brands. It also creates greater complexity for producers and processors.

Other SMEs sell animals at saleyards, to feedlots or directly to abattoirs because they prefer not to manage market risks or because they lack reliable, feasible and commercially viable access to service kill.

Creating more complexity are the diverse processing needs of SME producers. These vary in annual volumes, frequency, consignment size and service kill requirements, with most processing less than one hundred head per year (see Figure 5).

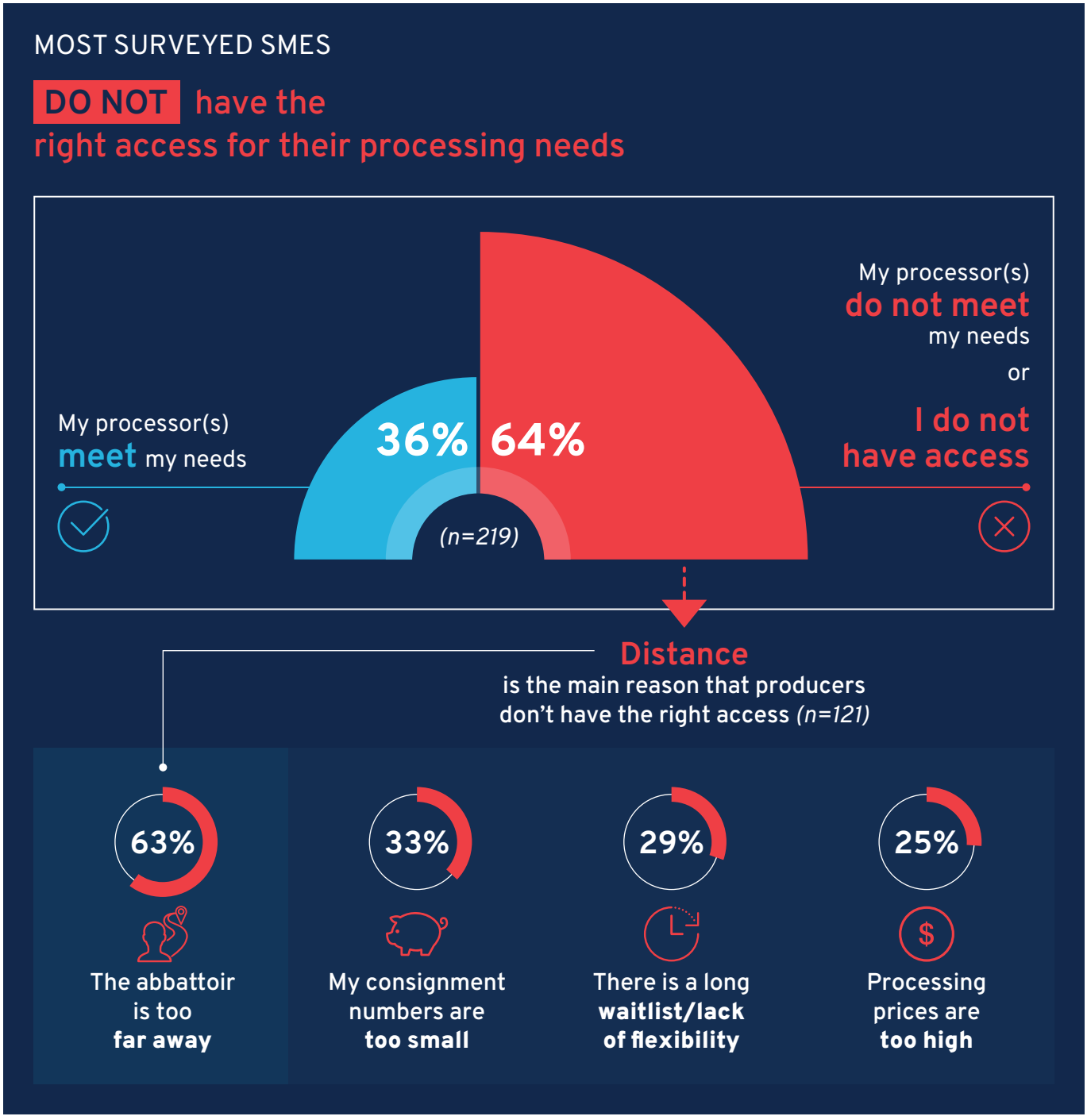
Figure 5 | Processing needs of surveyed SMEs



Limited and increasingly fragile processing access threatens SME viability

Secure and affordable access to processing, specifically service kill processing, is crucial for business viability of those SMEs who are selling meat directly to consumers. It is a linchpin for these SMEs in meeting the high demand for their meat and an enabler for those currently selling to saleyards and interested in creating their own brands. However, **most SMEs producers struggle to access processing facilities that meet their needs**, as shown in Figure 6.

Figure 6 | SME producers' processing challenges

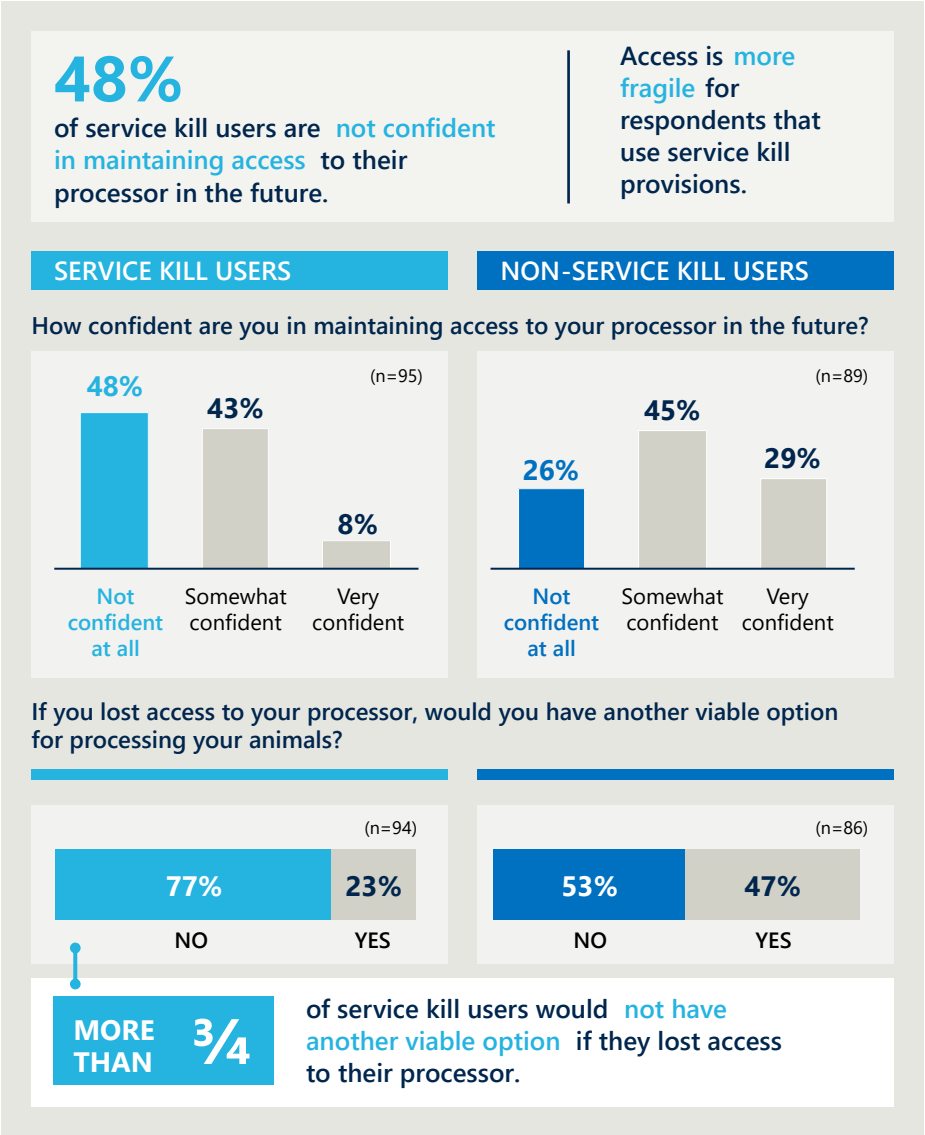


Distance, abattoir requirements for service kill processing, long wait-times and high processing prices are the key barriers for access. Lack of access is also a key barrier for the new generation of young farmers who consider commercial processing but are not taking this step, due to the known service kill constraints.

Access to service kills are not only limited, but also increasingly fragile. Many producers using service kill processing have seen nearby abattoirs close, changing owners, or increasing prices, signalling that their current access may not last. **Almost half survey respondents who use service kill are not confident in maintaining access** to service kill processing in the future. Nearly **four in five of these respondents would have no alternative if their current option closed**.

While the situation is slightly better among producers who sell their animals to processors, it is still challenging: more than a quarter of this group is not confident at all in maintaining access to processing and more than half would not have another option if they lost their current processor. Figure 7 summarises the fragility of processing access for service kill and non-service kill users.

Figure 7 | Difference in processing access among service kill processing users and other producers



Our original processor had wait times of over six months.

This made it impossible to organise anything with them.

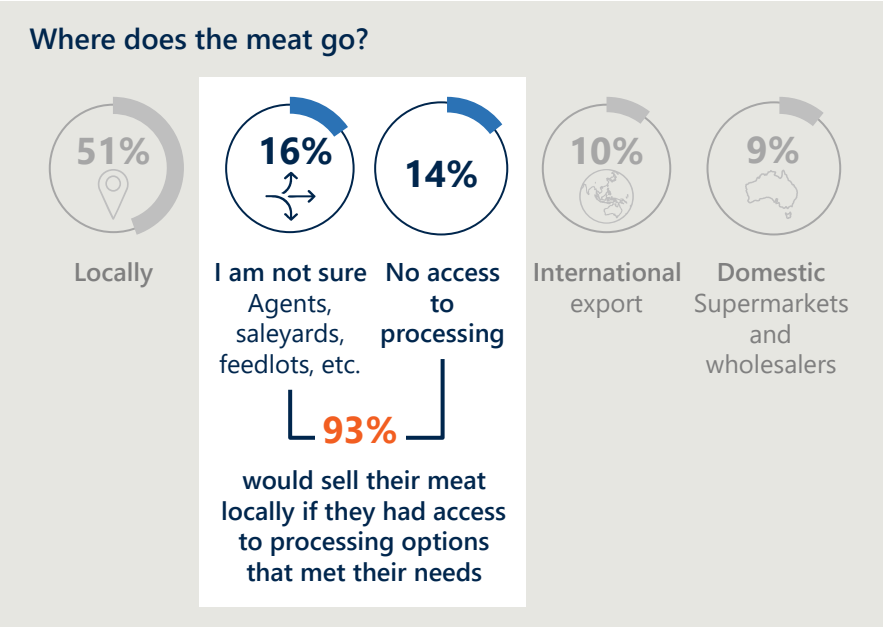
– Producer survey respondent

Without reliable processing options, many producers risk losing their main source of income and some control over their product. Many respondents described frustration at having to turn away local butchers, restaurants, or direct customers due to processing constraints.

Many producers who sell meat to abattoirs or through saleyards and auctions recognised missed opportunities for greater value capture, including increased control over their product, brand development, and direct involvement in marketing to consumers. Nearly all surveyed SME producers **would like to sell locally** among those who currently:

- sell through agents, saleyards or online platforms (such as AuctionsPlus)
- do not process animals, as they do not have access to processing (see Figure 8).

Figure 8 | Survey SME producers currently not accessing markets are interested in selling locally



The severity of access constraints varies across regions, with some processing deserts

Access to processing facilities varies by region. Some states, like Queensland and Victoria, have a relatively high number of facilities, while others, such as Western Australia and Tasmania, have far fewer (see Figure 9 overleaf). Producers in these regions are more sensitive to changes in local capacity or facility closures.

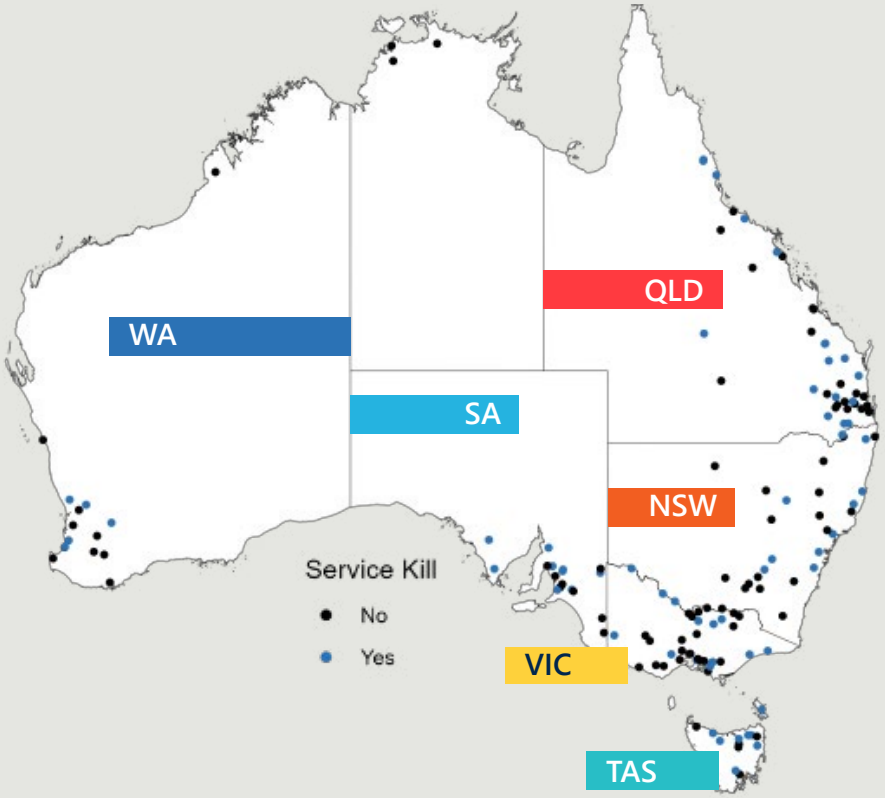
First Nations' SME livestock producers, anecdotally, are affected even more

Only 2.1 per cent of the total agricultural workforce identify as Aboriginal and/or Torres Strait Islander in 2021.[11] Furthermore, some producers do not outwardly identify that their business is Indigenous owned, due to systemic racial discrimination that they continue to experience. An example of this are lower prices for their meat, compared to very similar products of non-Indigenous businesses.

Like with other SME producers, Indigenous businesses are diverse and their access to processing – and specifically service kill processing – is challenging. For this reason, stakeholders consulted in the project mentioned that many Indigenous producers tend to sell livestock to feedlots and processors, avoiding the complexities associated with securing service kill processing and access to market. Indigenous businesses also often act as suppliers to institutional buyers, such as defence and enforcement services.

Restaurateurs interviewed by the project team noticed a trending interest from diners seeking food from Indigenous producers. However, this encouraging change is not well-known among Indigenous producers, meaning only few act on the opportunities available.

Figure 9 | Locations of processing facilities in Australia



WA

- Lower numbers of facilities than in other states
- 'Processing deserts' in some regions with no viable access
- Longer travel distances than in other states: i.e., mobile abattoirs are less viable
- SMEs facing additional challenges:
  - Lower meat prices compared to Eastern Australia
  - More volatile price fluctuations
  - Higher dependency on export prices

Data sources and methodology can be found in Appendix B.

Locations do not include some fully vertically-integrated facilities, as they are not relevant to SME access.

SA

- Access concentrated in the south-east
- Kangaroo Island and Limestone Coast have particularly limited access

TAS

- Processing gaps in southern TAS
- Access interstate processing is challenging and costly
- SMEs facing additional challenges:
  - Separation from mainland interstate supply chain
  - Smaller intrastate market

VIC

- Out of 12, only 3 facilities with no restrictions on service kill processing
- Particularly limited options in western, north-western and central regions

QLD

- Resurgence of small and medium-scale processing in the recent years
- Rapid growth of local brands created a lot of competition for processing
- This led to the lack of reliable access, long travel distances and long wait-times (up to 6 months) for some producers
- SMEs in South East Queensland noting access issues

NSW

- Starker decline in medium-sized facilities
- Ageing facilities, leading to difficulty meeting requirements; ownership change is common
- Particularly limited access for pigs and niche requests (e.g., bobby calves, spare hens)

Locations of processing facilities vary by species. Many producers are forced to travel long distances to access processing facilities, and often even further to access facilities that will provide a service kill offering to fully meet their needs. For many SMEs, who process livestock in smaller batches, the cost of transport (and cold chain logistics in collecting meat, for service kill processing users) has significant impacts on viability. Figure 10 below shows that access to appropriate facilities can be dependent on both species and location.

While data availability and consistency constraints have prevented national farm density analysis, travel time to facilities helps understand the issues that producers face to gain access.

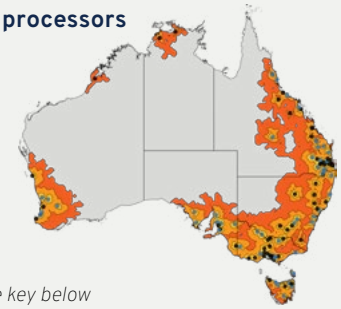
Figure 10 | Access distance varies by species

How to read the following maps

- The maps below show facilities that process the listed species, with travel times that producers would require to reach to the nearest processing facility (in 1, 2 and 4 hour increments).
- Areas in dark grey on the service kill only maps are areas that are within a 4-hour drive of a processor that does not offer service kill. This displays areas that have nearby (within 4 hours) processing access, but limited service kill access.
- Areas in light grey are further than four hours from any relevant processor

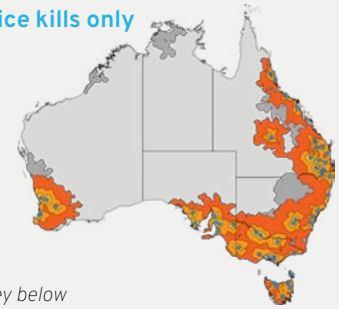
TRAVEL TIME TO **CATTLE PROCESSORS**

All processors



See key below

Service kills only



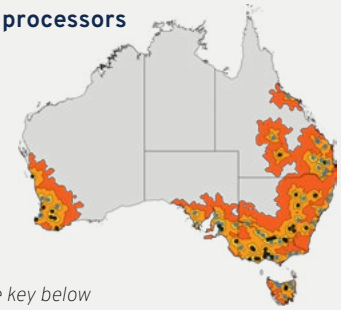
See key below

Cattle processing is limited in northern Australia and outback Queensland, where live export focus and low carrying capacity land translate to limited processing demand.

Northern NSW and Central Queensland, despite producing large numbers of cattle, have severely limited service kill access.

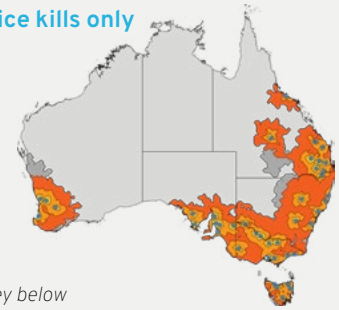
TRAVEL TIME TO **SHEEP PROCESSORS**

All processors



See key below

Service kills only



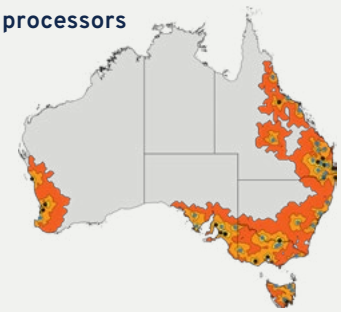
See key below

Sheep-producing regions like the NSW Riverina lack nearby service kill access.

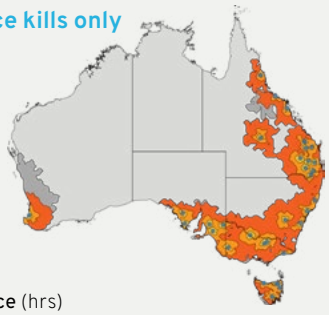
Much of the Great Southern, Mid-West and Esperance regions of WA are limited in their service kill sheep access. Producers seeking a service kill offering in Esperance must transport their livestock around 7 hours each way to maintain access to processing.

TRAVEL TIME TO **PIG PROCESSORS**

All processors



Service kills only



Some pig-producing regions (like Burnett and Condamine in QLD, and the Murray Darling Basin region of SA) are largely well-served by service kill facilities.

Other pig-producing areas, like central Victoria and the NSW Riverina have limited options for pig processing. While WA has limited service kill access, the pork industry is relatively small.

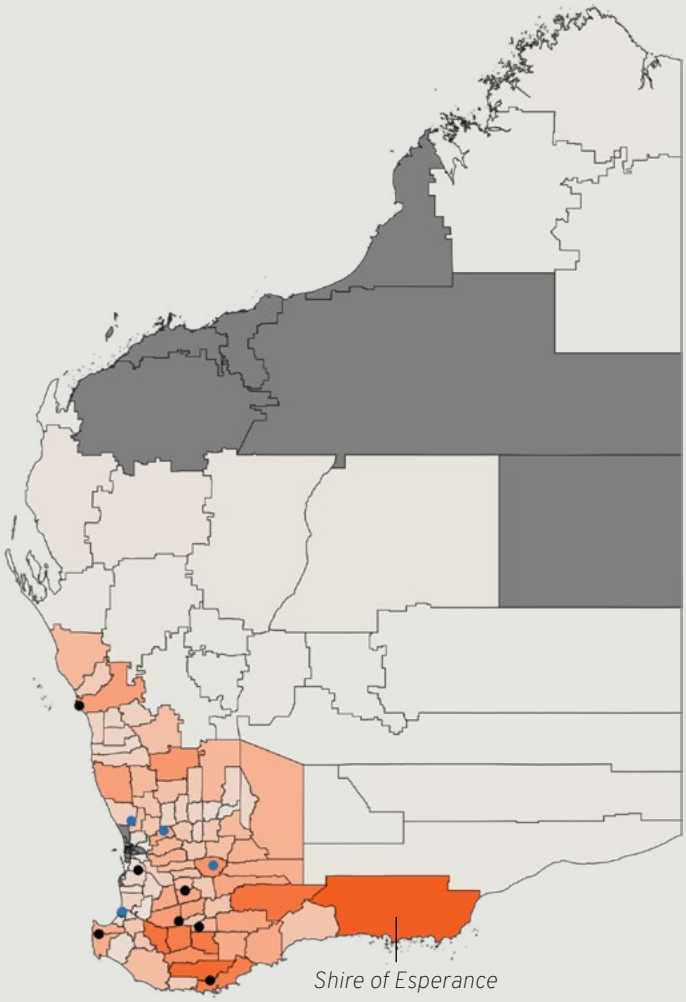
Data sources and methodology can be found in Appendix C.
Locations do not include some fully vertically-integrated facilities, as they are not relevant to SME access.

'Processing deserts' emerge where producers seeking service kill services for certain species must travel significant (and often prohibitive) distances to reach processing. This also impacts producers selling livestock to processors who need to pay more for the longer distances. Figure 11 illustrates this for sheep meat industry in Western Australia by overlaying the locations of abattoirs with the count of local sheep farms in the area.

Figure 11 | Case study – sheep processing in WA

WA's sheep-processing landscape shows SME access challenges

The map below shows sheep farm counts by LGA in WA. Sheep processing locations are also displayed, with processors offering service kill in blue.



LEGEND

Number of sheep farms

120
80
40

Does the processor offer service kill?

No
Yes

A mismatch between facilities and farms

In WA, processing facilities are concentrated in the Great Southern, South-West and Wheatbelt regions.

Despite the greatest concentration of sheep farms in the state being in the Great Southern region, there are no sheep processors in the area that offer service kill processing.

A 'processing desert' in Esperance

The Esperance region (on the south coast of WA) lacks any processing facility in a four-hour radius, despite having one of the largest sheep farm counts in the state. Producers seeking a service kill offering in the region must transport their livestock around 7 hours each way to maintain access (see Figure 10 for travel distances).

The only abattoir in the region (Shark Lake) closed in 2023, having been bought and re-opened by Minerva Foods less than two years earlier.

Interviews and focus groups with SME producers in WA confirmed that there is significant demand for service kill processing access in the Esperance region, and throughout the South-West and Great Southern regions.

Data sources and methodology can be found in Appendix C.Locations do not include some fully vertically-integrated facilities, as they are not relevant to SME access.

WHAT IS AT STAKE

Reduced access to local processing creates compounding economic, social and environmental consequences

Loss of access to processing, particularly service kill processing, for SMEs has multifaceted and far-reaching consequences. It affects producer viability, regional economies, food security, animal welfare, and environmental sustainability. These dynamics underscore the importance of addressing processing access constraints before further irreversible loss of SME capacity occurs.

When processing access is lost, producers face immediate financial impacts that undermine business viability

Processing access is critical to the viability of SME meat producers, particularly those relying on service kill processing. Nous' producer survey clearly highlights the dependence of producer revenue on processing access: 8 in 10 SMEs reported that losing their current processor would have very significant (57 per cent) or quite significant (24 per cent) implications for their business:

Two-thirds expect profitability to decline with half reporting that loss of processing would limit access to local markets.

4 in 10 believe their business would become unviable.

More than half of those who rely on meat as their dominant source of income **expect significant personal impacts**.

These findings show that processing access is not a marginal issue. For many SMEs, it is the linchpin of their business model.

> The current access conditions are such that we can't service butchers directly and this has resulted in income loss of about 50%.
>
> We are unable to supply the market that would like to consume our beef.
>
> – SME producer survey respondent

Hundreds of millions of dollars are at risk if SME producers lose access

Nous' economic impact assessment of cattle SME abattoir access

Combining survey results with publicly available data, Nous estimated the **potential direct economic impact on SME cattle producers** if anticipated further decline in access occurs.

Survey results show that the lack of access to processing puts income of cattle producers at risk:

- **More than a third** of cattle producers (44 per cent of SME sample) reported they **are not confident at all in maintaining future processing access.**
- About **60 per cent** of them claim they have **no alternative processor available.**

Among the surveyed SME cattle producers (who reported earnings under $878,700 per year), average earning is $185,000 in annual cash receipts, with $138,000 derived from meat processing. This equates to approximately $2.1–$2.9 million in income at risk across surveyed cattle producers.

When scaled nationally, this represents an estimated **$564–$742 million in annual revenue at risk** among such SME cattle producers. While this estimate is conservative and subject to sample limitations, it indicates a material exposure for producers and regional economies.

Credit: Mike Terry

Producer survey evidence shows that income losses linked to processing access are already occurring, with substantial revenue declines for some producers. As pressures mount, some producers downscale operations, diversify away from livestock, or exit farming. Re-entry is difficult due to high capital costs, regulatory requirements, and limited processing capacity. Once lost, local production capability is hard to rebuild.

Fragile processing access impacts producer wellbeing and creates ripple effects that go beyond economic consequences

Personal risks for producers are significant. Many SMEs face high financial pressure and stress when they struggle to get access to local processing, undermining their mental health. Many small producers shared that they felt exhausted from trying to operate within a system that cannot prioritise local, small-scale production. This affects the wellbeing of whole regional communities. The case study on the right outlines the impact of severe market challenges on farmers in the dairy industry when it underwent similar changes in processing consolidation.

The consequences extend beyond individual businesses. **One quarter of survey respondents** expect partner businesses – including butchers, retailers, food services and transport providers – to face supply or cost pressures if they lose access to processing. **14 per cent also expect job losses in livestock production**. These changes affect local economies involved in related industries, including farm suppliers, veterinary services, transport operators, and local manufacturers.[19]

Local processing supports supply chain resilience by giving producers choice. When processing options contract, reliance on a small number of large abattoirs increases, making supply chains more concentrated and less diverse. This concentration increases community exposure to plant closures, labour shortages and transport disruptions. With fewer alternatives, producers and communities have limited ability to adapt to shocks. Project consultations highlighted many SME producers who have exited the sector or are considering leaving it. Over time, this weakens regional food security and system resilience.

Challenges in the dairy industry act as a cautionary tale for livestock processing

Throughout the project consultations, some stakeholders described the trends of the meat processing industry as resembling the transformation of the Australian dairy sector. This case study describes the unintended consequences for communities of the market changes in the dairy sector – the risks that the local meat processing is now facing.

Over the past 25 years, Australia's dairy industry has undergone rapid consolidation, with many small producers forced to leave the sector. The total number of dairy farms nationwide fell below 4,000 in 2024 – a nearly 40 per cent drop in just a decade.[12] This decrease was driven by factors such as deregulation, supermarket price wars and volatile global milk prices.[13] For remaining farmers, consolidation often meant managing larger herds with fewer neighbouring farmers, which increases social isolation and workload.

Financial stress and uncertainty have been central to these pressures. When major processors cut farmgate milk prices with little warning, many dairy families suddenly faced severe income shortfalls. Surveys of dairy farmers consistently rank financial pressure from debt, high input costs, and unstable milk prices among the top triggers of stress and anxiety.[14]

- 72 per cent identified 'long working hours with minimal downtime' as a serious issue.
- More than half the surveyed dairy farmers said the demands of farming were directly harming their mental health.
- Nearly seven in ten reported that the cumulative challenges had negatively affected their own or their family's wellbeing – an indication of how pervasive the mental health impact has become.[15]

The impacts of existential challenges within the dairy industry extended into communities. Locals became unable to source produce from their own region. For example, Queensland is trucking in half of their milk from other states.[16]

Consolidation of dairy processing has led to concerns about the future of local towns. On King Island, Tasmania, the fate of the local community hung in the balance as multinational owner of the King Island Dairy processing plant announced that it would close, which would've directly affected its 60 employees, families and supporting industries (including dairy farmers).[17] In 2025 the facility was bought by new owners that have committed to its continued operation.[18]

Negative consequences extend to consumers, animal welfare and nature, and slow the scaling of regenerative agriculture

While harder to quantify, the loss of access to processing for SME producers has far-reaching impacts. These span reduced affordability and access to higher quality food for consumers, and increased risks to animal welfare, biosecurity and the environment. The opportunity to scale regenerative agriculture, and its benefits for nature, is also being missed.

Consumers have less access to local, high-quality meat and pay more

Buying and selling local matters. Local meat keeps value circulating in regional communities, supporting SME viability, local jobs and essential skills across the supply chain. Loss of access for SME producers will also mean that consumers lose access to local, high-quality food. Nearly half of respondents (**46 per cent**) reported that losing access would reduce local supply through farmers' markets, farmgate sales and independent butchers.

Centralised processing increases transport distances and handling costs, which are passed through the supply chain to consumers. Consumers face higher prices and fewer locally sourced products. In some regions, impacts are already visible. For example, some Tasmanian producers transport livestock to the mainland for processing with meat returning to Tasmania for retail sales. This adds cost without improving efficiency and contributes to cost-of-living pressures.[20]

Producers also raised concerns about longer transportation times that can affect meat quality. **21 per cent of survey respondents linked the loss of access to service-kill processing with reduced ability to grass-finish animals**. This is because producers would have to change their business model to sell animals to saleyards, feedlots or processors, where they will likely be finished on grain. Grass-finished meat is associated with nutritional benefits, including higher omega-3 content and a more favourable fatty acid profile.[21] Reduced access to local meat translated into reduced access to nutrients.

Animal welfare, biosecurity and environmental risks increase

Reduced processing access affects how animals are managed and how land is stewarded. Nearly half of our surveyed producers (**45 per cent**) expect negative impacts on animal welfare from the loss of access. Longer transport distances increase animal stress and reduce producers' ability to choose preferred handling and slaughter options. Greater aggregation of animals for transport also increases biosecurity risks.[22] In some cases, producers have been forced to consider destroying livestock due to the lack of processing access, as reported in Western Australia[23] and Tasmania.[24]

Lack of secure access to service kill processing creates environmental externalities. Where local processing options are lacking, longer transport routes contribute to higher emissions and air pollution. Delays in finishing animals can also lead to overgrazing. This reduces ground cover, increases soil compaction, and degrades soil health. Over time, these impacts disrupt ecosystems, reduce plant diversity, and increase erosion risks, weakening the environmental sustainability of regional food systems. [25]

> Due to processing access issues, some producers do home-kill. This meat enters a grey market, introducing food safety risks.
>
> – State government representative

> Direct processing typically means animals are slaughtered within 12 to 24 hours of leaving the farm, whereas sale yard routes can lead to significant welfare concerns due to prolonged stress.
>
> – Focus group participant and WA producer

Spread of regenerative and sustainable land management may slow down

As described earlier, many SME producers are early adopters of regenerative and sustainable land management systems that prioritise soil condition, biodiversity, water efficiency and emissions management. These systems often rely on flexible processing arrangements, including access to service kill facilities that allow producers to maintain brand identity, direct-to-market channels or value-added models.

Shrinking access to flexible, local processing may place pressure on SMEs to shift toward higher-volume, more standardised production models aligned with major processors, or exit livestock production altogether. Either outcome is likely to slow the adoption and spread of regenerative and sustainable land management practices.

At a system level, reduced participation by SMEs could:

- Slow the diffusion of innovative land stewardship practices in certain regions
- Limit the growth of niche and premium market segments that reward environmental differentiation
- Reduce optionality in how Australia integrates productivity, resilience and emissions objectives across the livestock sector.

While larger producers and processors also play a significant role in advancing sustainability initiatives, maintaining a diversity of production models is critical to support experimentation, adaptation and regional resilience.

> The production of regenerative agriculture has grown quickly and the demand from consumers is similarly on a positive trend. (...) The processing is the weak link in developing a resilient and sustainable local food system.
>
> – SME producer survey participant

HOW WE GOT HERE

Long-term drivers have reshaped the system, reinforcing one another and decline

System-level barriers to processing access are deeply embedded and self-reinforcing. Australia's meat processing system has evolved considerably over the past decades. The concerning and continuous decline in the access to processing, and particularly to service kill processing, has been shaped by six key driving forces. Together, these forces have created deeply embedded and self-reinforcing barriers for local processing for small and medium producers.

This section details the drivers that led to the market failure and describes the causal relationships they created. The analysis uses causal loop diagrams which map the links that drive these dynamic system behaviours. By tracing these relationships, the diagrams expose the downward spirals of decline that continue shrinking SME producer access to processing and help identify leverage points for intervention that can reverse these reinforcing loops and support a more resilient, accessible processing system for SMEs. These leverage points will be further explored in the section 'A CALL TO ACTION'.

DRIVER 1

Export orientation has driven consolidation and reduced local options

What the driver is

Australia's red meat processing sector generated more than **$25 billion** in direct sales revenue in 2024[26] – a major contributor to economic activity, particularly in regional parts of Australia. Approximately **70 percent of Australia's meat industry outputs are exported,**[27] with export value reaching **$17 billion** in 2023.[28] Processors, supported by government and industry policies and investment, have shifted focus toward international markets that require costly compliance with stringent export standards. This has forced processors to increase efficiency through vertical integration, scale, automation, centralisation of facilities in proximity to ports.

How it has changed the system

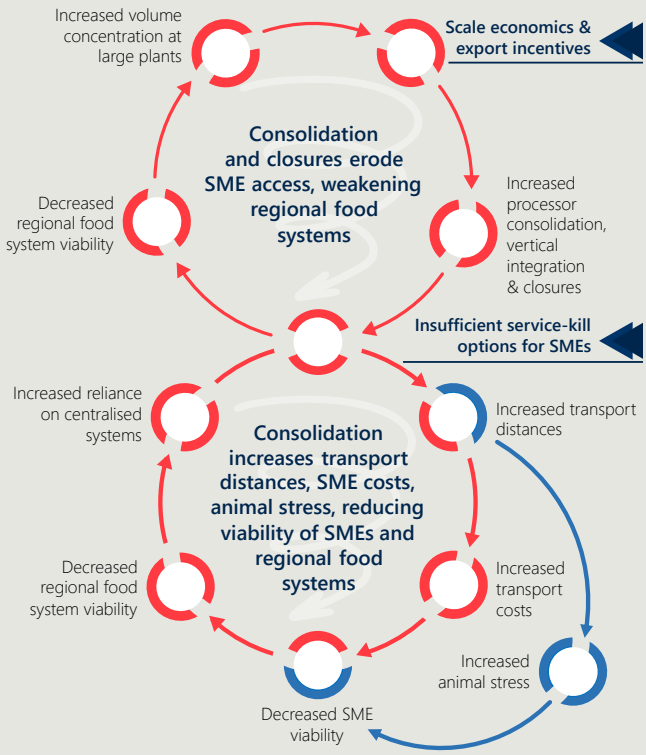
These changes have made it harder for smaller regional abattoirs to compete with highly efficient, volume-driven models with lower per-unit costs. Smaller, regional abattoirs that once served local producers steadily declined: from 1998 to 2016, the total number of abattoirs fell from approximately 400 to fewer than 300[29]. Nous' analysis identified 151 red meat processors currently operating around Australia (excluding fully vertically integrated operations with no entry point for producers). Different sources cited by the ACCC show that market concentration in livestock processing has increased over time. In 1988 the four largest processors controlled about 24 per cent of the market. By 2017 industry estimates showed that the four largest firms accounted for 55 per cent of national livestock throughput.[30]

"Our greatest concern is the consolidation of the processing sector and what this means for small producers, and those processors wanting to enter the market and the risk consolidation poses to supply chains for the larger community."

– SME livestock producer survey respondent

This has left many regions with limited or no local options, especially for service kill processing. Respondents in Nous' processor survey have described small lots of private service kills (i.e. under 1000 head of cattle for a large processor) and short runs as structurally inefficient and not feasible. This is because fixed costs and set-up time are spread over too few animals, pushing up per-unit costs and eroding margins, making service kills extremely difficult to manage. The causal diagram on the right describes how these dynamics continue eroding access to local processing.

Figure 12 | Causal loop – consolidation, closures and lack of access



"To enable the long-term viability of any service kill, we need to agree on set numbers for processing at regular frequencies."

– Processor survey respondent

"Producers either need to grow their business to a point when it is worth dealing with or work together [with other producers]."

– Butcher working as an aggregator

Closure of local abattoirs, not able to compete with large processors, meant more SME producers now face longer travel distances and higher costs to access processing facilities that still offer service kill processing, with these options continuing to disappear. Producers participating in Nous' focus groups shared concerns about this situation threatening SME business viability and being a barrier to entry for many new SMEs, including young farmers.

DRIVER 2

Urban expansion and changing demographics have eroded local processing capacity

What the driver is

Traditionally, abattoirs were located at the outskirts of cities, close to producers and consumers. In recent decades, population growth led to urban sprawl and converted large areas of peri-urban farmland into housing. This created land use conflicts with intensive animal industries losing to residential development which has higher financial returns.[31,32] At the same time, demographic shifts have changed expectations of rural land use. New residents are less tolerant of dust, noise, and odour.[33]

How it has changed the system

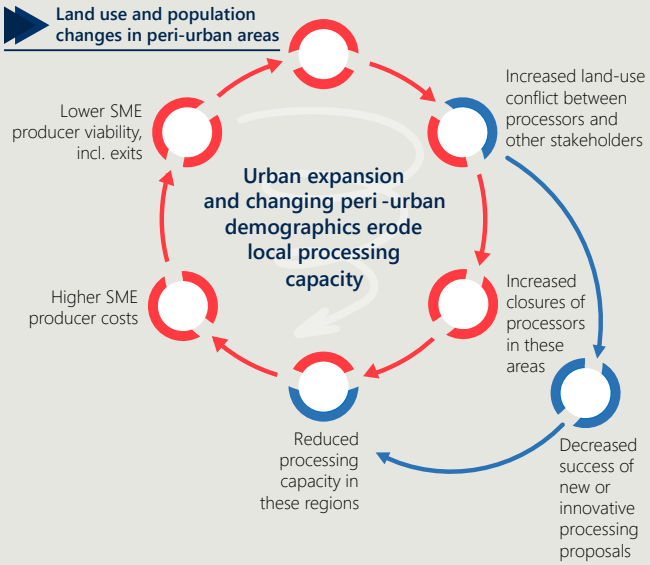
Many cities and towns have seen abattoir closures driven by land use changes. As the causal loop in Figure 13 describes, the loss of local processing facilities means SMEs must travel further and pay more to access abattoirs. Land use conflicts and high property prices make it difficult to expand or invest in new infrastructure. Community opposition can threaten innovation in self-processing, when projects of small or micro-processing facilities compliant with land use regulations are unwanted by neighbours. These pressures increase uncertainty for SMEs and make it harder to run a profitable and resilient business.

Between 2011 and 2021, Western Sydney lost 60 per cent of its farming land.[34] Surveys found that 30 to 50 per cent of community complaints about agricultural land use relate to activities that comply with regulations,[35] and the resulting pressure on producers is growing.[36] Land use disputes have prevented crucial infrastructure, including processing facilities, from being approved, and resident complaints have threatened the ongoing operation of existing facilities.[37]

"[My processor] has closed several times before and is right on the outskirts of Sydney. I fear [it] will be turned into houses."

– SME livestock producer survey respondent

Figure 13 | Causal loop – urban expansion, changing demographics and access



"Agricultural land use planning and site selection for abattoirs can be difficult."

– State government representative

DRIVER 3

Regulatory complexity has raised barriers for small processors

What the driver is

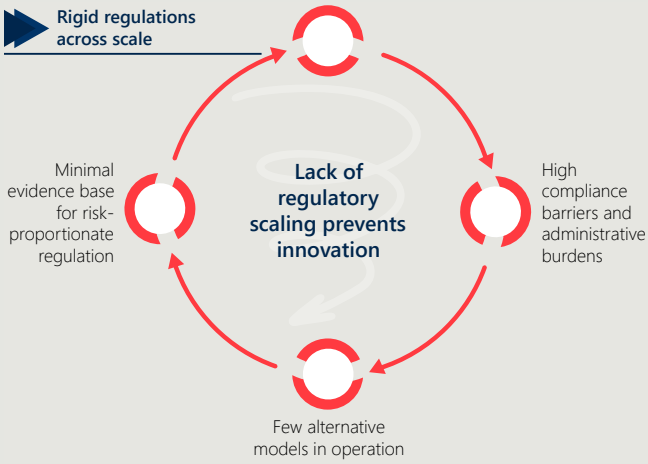
Standards for hygiene, food safety, and animal welfare in Australia have tightened over time, driven by the importance of access to international markets. Mandatory meat inspection began in Australia in the 1980s, and its standard developed through the 1900s. In the 1980s, a Royal Commission into the Australian meat industry resulted in comprehensive meat inspection standards for export meat, forming the basis of meat inspection today.[38] From 2000 onwards, national standards became more stringent, culminating in the adoption of Australian Standard AS4696 in 2007.[39] States and territories have continued to update Food Acts and Animal Welfare Acts, adding requirements such as pre-slaughter stunning, 24/7 CCTV monitoring, and stricter environmental controls.[40] These regulations are critical to ensure confidence from both domestic international markets in the safety and quality of Australian meat products while also safeguarding environmental outcomes. Regulations remain uniform across the processing industry, with little differentiation for processors of different sizes and models.

How it has changed the system

As Figure 14 shows, increased compliance costs result in higher per-head costs for small and medium processors. Many small abattoirs have closed or reduced services. This has left SMEs with fewer options and increased competition for processing. Complexity of regulations and significant compliance costs also create barriers for entry for producers who consider taking control over processing by developing on-farm or other local small-scale processing options. Respondents to the processor survey noted that finding funding for plant upgrades to ensure compliance with regulations can be extremely challenging.

In New South Wales, abattoirs serving pigs and bobby calves have faced additional machinery and animal welfare requirements. Some facilities have removed these services. Increasing regulatory expectations have been accompanied by greater oversight and focus from regulators and civil society.[41] This has led to suspensions, shutdowns, or criminal charges for non-compliance, as seen in Wilberforce (NSW) and Trafalgar (VIC) after animal cruelty investigations.[42]

Figure 14 | Causal loop – lack of regulatory scaling prevents innovation



"Regulatory requirements are prohibitive. For example, we have had a large number of people come to us with the idea of mobile abattoir. But once they get an idea of what is required, they go away and never come back again."

– State government representative

"Why do I need to implement regulation for 1500 cattle a day when I only want to process two a day?"

– SME livestock producer interviewed

DRIVER 4

Workforce shortages have weakened the system's resilience

What the driver is

Red meat processors directly employ more than **39,000 people** around Australia, supporting **nearly 190,000 jobs** across the supply chain.[43] Yet workforce shortages are a major challenge for the meat processing industry, even for large operators. Processing jobs are often seen as physically demanding, mentally challenging, and socially stigmatised, making it difficult to attract and retain workers across all types of operations.[44] Competition from other industries, such as mining and resources, intensifies the challenge. These sectors typically offer higher wages and additional benefits.[45]

> "Labour constraints are number one from our 'five big barriers'."
>
> – Coordinator, Queensland Country Meat Processors Association

How it has changed the system

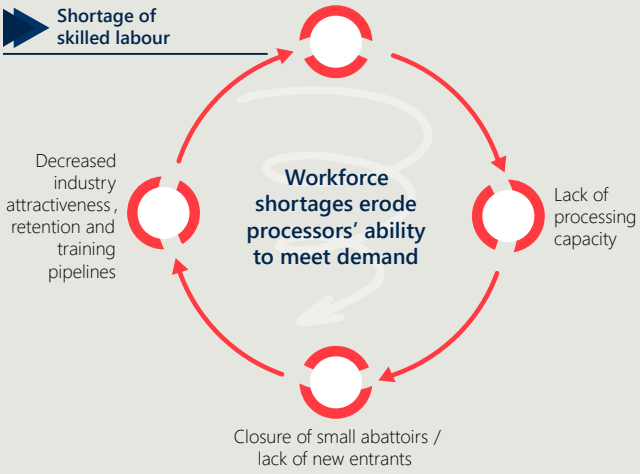
Almost all processors (95 per cent) surveyed as part of Nous' research noted that they are **using or have considered using international workforce** to fill staffing gap. Skill shortages, high turnover and seasonal absenteeism have undermined workforce stability and reduced processing capacity.[46] Even large processors interviewed by Nous' had to reduce the capacity of some facilities due to the lack of staffing.

In regional and rural areas, workforce shortages are made worse by housing constraints. Larger processors have responded by building on-site accommodation or purchasing motels, hostels, caravan parks and even former quarantine facilities to house workers[47] – measures that smaller-scale processing businesses cannot afford.

Training pathways are limited, with few Registered Training Organisations (RTOs) offering formal qualifications in butchery or meat inspection.[48] Where training is available, it is typically delivered in partnership with large processors and is tailored to their operations, prioritising high-throughput techniques and standardised cuts.[49] Stakeholder shared that this creates a barrier to entry for individuals who want to set up a small processing operation but require certification. It also creates gaps in skills for specialty and nose-to-tail processing that regenerative, ethical, or provenance-based meat brands prefer. Limited training availability makes it harder for SMEs to find processors who can meet their specific needs.

Workforce shortages are more acute for small processors, translating into longer wait times for SMEs, and less scheduling flexibility. These challenges prevent SMEs from extracting the full value from livestock, increasing cost, uncertainty and operational risk. Reduced viability further weakens the sector's attractiveness to new workers, reinforcing workforce shortages in the pipeline (Figure 15).

Figure 15 | Causal loop – impacts of workforce shortages on processing



> "I had to sponsor a work visa for a gentleman from South Africa to secure staff in my butchery."
>
> – SME producer and butcher shop owner from QLD, focus group participant

DRIVER 5

Diverging consumer trends and the lack of visibility of SME processing issues are shaping the evolution of processing

What the driver is

Supermarkets continue to shape consumer demand in the mainstream market. Supermarkets sell more than 85 per cent of the fresh meat in Australia, with independent butchers' market share shrinking steadily.[50] The dominant retail channel is oriented toward convenience, standardised cuts, and packaged formats, with mince, sausages, and easy-cook formats being the most frequently purchased products.[51] Declining home cooking skills and consumers' time constraints further reinforce demand for simple, familiar cuts and ready-to-cook products.[52]

On the other hand, there is growing interest in local, organic, grass-fed, and regenerative meat. As Nous' interviewees mentioned, locally-oriented consumers are not necessarily more affluent – they make a conscious choice to eat meat less frequently but choose higher quality meat. These consumers are more likely to buy meat outside of supermarkets, often through direct sales (including online). Some of them find direct sales to be a higher value-for-money, which further motivates them to purchase local meat and meat products. This consumer segment continues driving local demand, in contrast to the mainstream trend (see Figure 16).

Low consumer awareness of the issues facing SME producers and local processing influences both trends. Supermarket and large-processor dominance in Australia's mainstream meat market, combined with the opaque nature of the industry, means SME producer voices remain underrepresented. Government representatives and the public have limited understanding of the processing challenges faced by local farmers and processors. This slows policy reform (Figure 17).

Figure 17 | Causal loop – lack of issue visibility, consumer awareness and policy changeretail trends

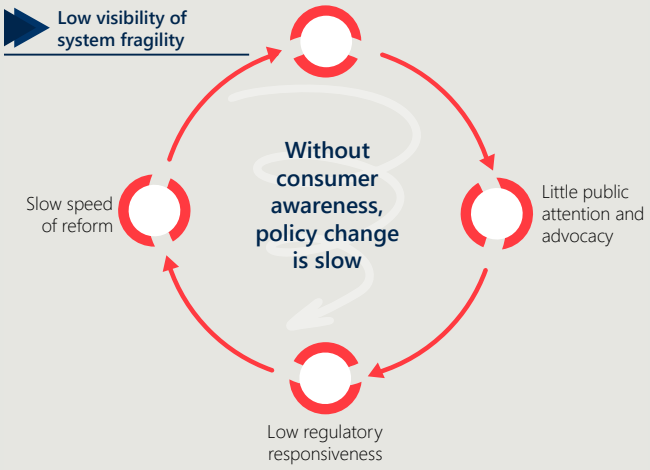
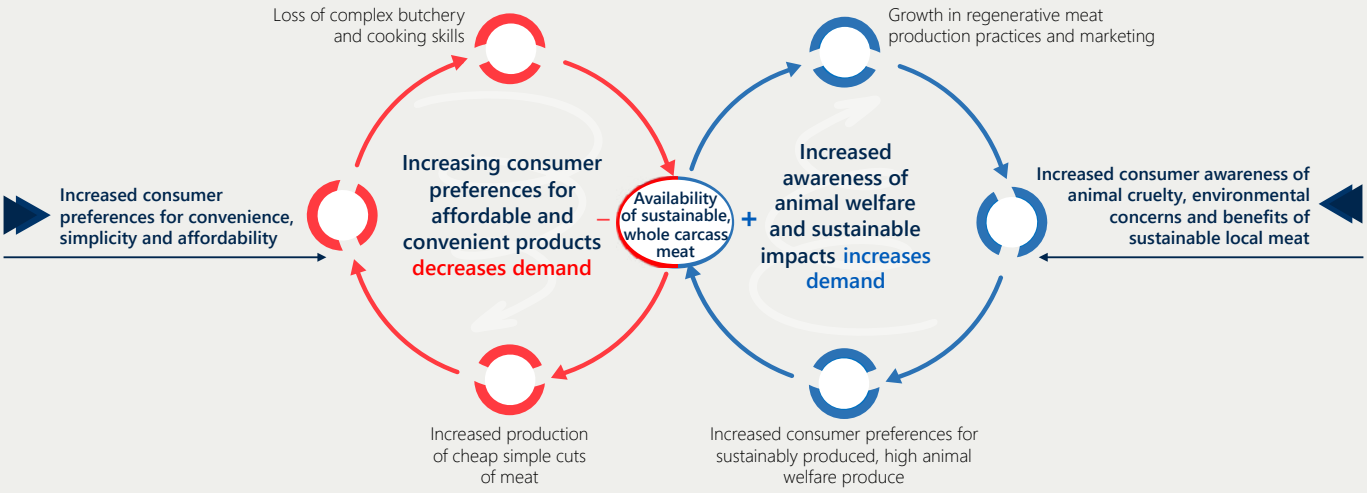


Figure 16 | Causal loops – impacts of consumer and retail trends



How it has changed the system

Supermarkets' high share in meat sales means they have a strong influence over processors' production volumes, specifications, and pricing. Nous' interviewees noted supermarkets increasingly specify tight cut ranges and pack formats, favouring boxed and portion-controlled meat. While originally driven by consumer demand for easier cuts, the prevalence of these produces on supermarket shelves creates a self-reinforcing loop where supermarket shoppers are choosing the cuts and other meat products that are available and more affordable.

> "With the advent of the supermarket, boxed meat has become the standard – this means that butchers lose their craft."
>
> – **Neil Perry**, Australian chef, restaurateur, and author

For SMEs, rising demand for local, regenerative, and higher-welfare meat creates opportunities for premium pricing and direct-to-consumer sales. However, the shift toward standardised, convenience-oriented products slows down the growth for producers relying on whole-carcass utilisation or regenerative practices. It also contributes to the loss of artisan butchery and the 'nose-to-tail' mentality in the processing sector, further exacerbating the challenges of extracting full value from high-quality meat and undermining viability of producers whose business model relies on this.

Some SME producers interviewed by Nous experienced supermarkets' strict and inflexible procurement systems. This means the risks associated with the supply of grass-fed meat (i.e. timeliness and consistency) disproportionately affect producers who are weather-dependent and experience fluctuations in supply, making it more challenging for them to grow their share in the domestic commodity market.

> "The system is completely opaque to consumers – they don't understand what's at stake. And industry bodies don't look after the smaller producers or processors."
>
> – A butcher supplying local meat

DRIVER 6

Climate cycles and market fluctuations create processing peaks and bottlenecks, further squeezing SMEs out

What the driver is

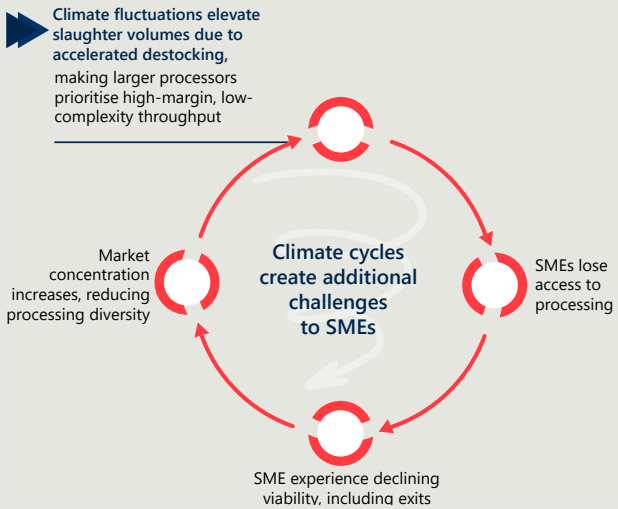
Livestock production in Australia is highly sensitive to climate and weather cycles. Droughts and dry conditions lead farmers to reduce herd sizes, increasing slaughter rates, while favourable seasons encourage herd rebuilding and lower slaughter rates. International market movements also influence demand for Australian meat exports, affecting prices and processing volumes.

How it has changed the system

Australia is currently in a sustained livestock destocking period, with southern states experiencing dry seasonal conditions. This has led to high slaughter rates and record production volumes.[53,54] International factors compound these effects: as US cattle herds rebuild and slaughter rates decline, demand for Australian meat rises.[55] Similarly, Brazil's cattle herd contraction and expected recovery have reduced global supply,[56] creating further export opportunities for Australia.

These cycles mean processors often operate at or near capacity during peak periods. High production rates drive up demand for processing, but less profitable SME consignments, especially service kills, are frequently deprioritised (Figure 18). Over the past three years, record beef and lamb output has led to significant bottlenecks and long waiting times for SMEs seeking processing slots.[57]

Figure 18 | Causal loop – climate cycles create additional challenges to SMEs



> "It's not possible to operate at different through-puts due to fluctuating cattle supply (...) Small producers need to form cooperatives so they can behave in terms of supply numbers and regularity like a large pastoral company."
>
> – Processor survey respondent

These dynamics exacerbate the mismatch in the requirements of big processors (larger volumes and consistent frequency for higher efficiency) with the needs and realities of small-scale production, especially, for producers who grass-feed animals (lesser control over finishing and the need for flexibility). Processors in Nous' survey mentioned uncertainty of throughput as the key barrier of service kill processing viability. They note SME reliability of supply is particularly low during the times with tougher conditions, which makes collaboration challenging.

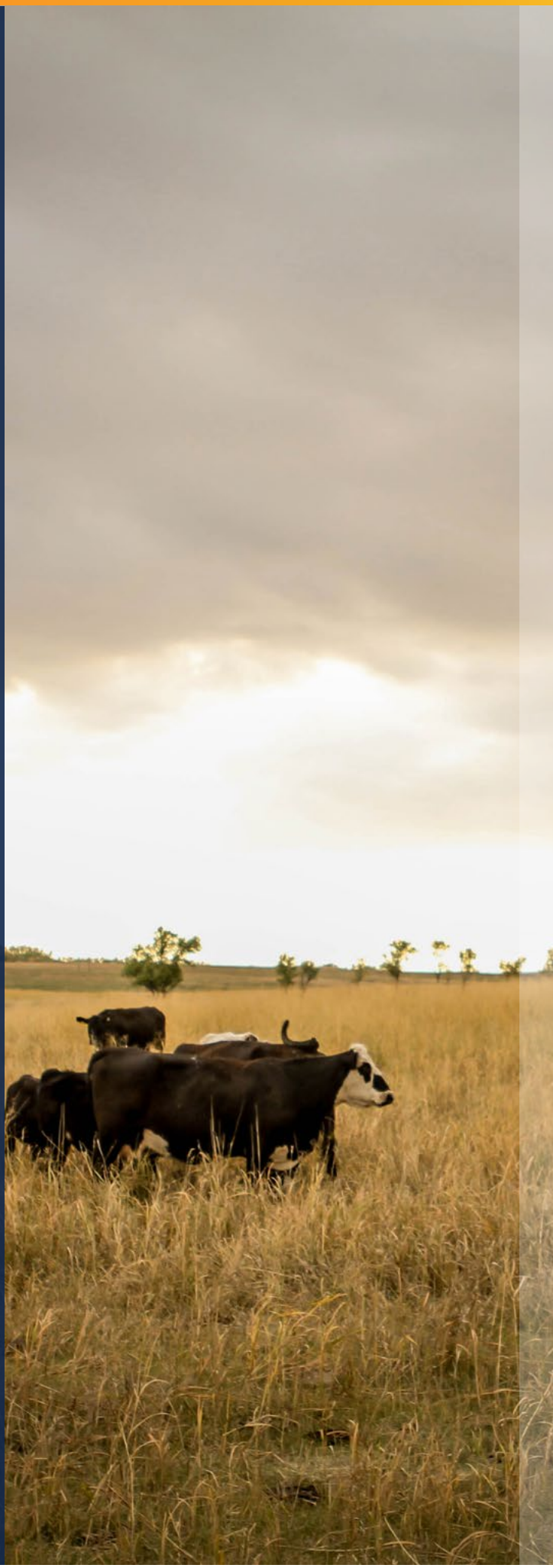
> "[SMEs] fail to consistently turn up when things get challenging but want to take space when markets are good and business is easy."
>
> – Processor survey respondent

Understanding these drivers is essential for designing solutions that address the root causes of limited and fragile processing access for SMEs. The mismatch between the large-scale processing, oriented towards continuous efficiency improvements for better economic outcomes and the processing needs and values of SMEs pushes them out of the mainstream processing system, calling for alternative, small-scale solutions for these farmers to meet local demand and manage business risk. The remaining sections describe the glimpse of hope that the downward spirals of decline can be reversed and identify the actions each of us can take.

SIGNS OF RESILIENCE

Promising innovations offer hope that the system is not beyond repair

Nous' survey shows that many SME producers are serious about taking control over processing. Recently, the system has seen some welcome disruptions. A few micro and mobile solutions have emerged, after inspiring regulatory overhauls. In addition, several small-scale cooperatives re-emerged, accompanied with other shared governance and funding models. These changes have been the result of persistence and agency of local entrepreneurs and pioneers. Without reversing the downward spirals, these fragile efforts may not be enough to address market failures and transform the system towards sustainable futures for local communities. However, these stories give hope and create precedents for others to join the change movement.



Producers want to take control of processing through a portfolio of solutions

When asked about the ideal processing option, **most SMEs (83 per cent) prefer a separation from the commodity, volume-driven production and a move towards smaller scale, local solutions**, as shown in Figure 19. Only 11 per cent see their ideal option being improved access to service kill processing by their existing abattoir. This is primarily driven by the medium-sized producers who have the biggest processing volumes among SMEs. As Nous heard in producer focus groups, some medium producers supply meat to the Northern Hemisphere during the Australian winter, when local demand shrinks. For this SME producer segment, a better utilisation of available kill space and higher attractiveness of service kills for processors remain important.

While the diverse processing needs of SMEs and unique circumstances of different locations mean there is no one-size-fits-all solution, most survey respondents prefer some sort of shared arrangement. It allows them to avoid additional risks and dilute operational complexities (including securing a consistent workforce), and high costs (including energy and infrastructure costs).

The preferred solutions include:

- **A nearby micro-processor: 31%**
- **A local cooperative: 21%**
- **A mobile processing solution: 13%**

One in five producers (18 per cent) are keen to process their livestock on farm.

A portfolio of solutions is needed to address the diverse processing needs of SMEs. Figure 20 overleaf summarises different scenarios that producers experience, with solutions that stakeholders felt were viable in their case.

Figure 19 | Surveyed SME producer preferences for processing

Local, small-scale options: 83%

	Small or micro-processor nearby	Local co-operative processor	On-farm processing	Mobile processor	M or L processor offering service kill	Other
SMEs *(n=282)*	31%	21%	18%	13%	11%	6%
Medium-sized producers *(n=74)*	31%	18%	8%	8%	**26%**	9%
Small-sized producers *(n=208)*	30%	23%	**22%**	16%	4%	5%

Figure 20 | Different processing options are suitable for different producer scenarios

		SCENARIO			
		Low volume / irregular throughput without local capacity	Low volume / irregular throughput with local capacity	Medium volume or consistent throughput	High volume and consistent throughput
NEW ACCESS	Mobile processor	✓	✓		
	Local co-operative processor	✓	✓	✓	
	On-farm processing	✓			
	Small or micro processor nearby	✓	✓		
IMPROVED ACCESS	Workforce improvements	✓	✓	✓	✓
	Aggregator-assisted processing		✓	✓	
	Improved access to M or L processor offering service-kill			✓	✓

Innovations show promise but remain fragile and need scaling to provide broad relief

65 per cent of survey respondents said they have considered building a small-scale option either in partnership with others or by themselves. The preference of the small farming community towards more control over processing is clear, with many SME producers showing agency and enthusiasm. But the move towards local, small-scale processing has been slow, with entrepreneurs facing several significant hurdles:

44 per cent cited regulatory barriers, red tape, legislation or compliance.

41 per cent were challenged by funding high capital cost or experienced other financial barriers.

Understanding these drivers is essential for designing solutions that address the root causes of limited and fragile processing access for SMEs. The mismatch between the large-scale processing, oriented towards continuous efficiency improvements for better economic outcomes and the processing needs and values of SMEs pushes them out of the mainstream processing system, calling for alternative, small-scale solutions for these farmers to meet local demand and manage business risk. The remaining sections describe the glimpse of hope that the downward spirals of decline can be reversed and identify the actions each of us can take.

Mobile abattoir models are operating successfully

What are mobile abattoirs?

Mobile abattoirs are innovative processing solutions designed to bring meat processing closer to livestock producers, particularly those in remote or underserved regions. Unlike traditional fixed-location abattoirs, mobile abattoirs are built on trailers or trucks and can travel directly to farms or regional hubs for onsite processing. This solution is most applicable to regions with a high density of producers and states where reducing travel distances makes commercial sense.

What solutions do mobile abattoirs provide?

By processing animals closer to where they are raised, mobile abattoirs minimise transport distances, lower costs and improve animal welfare. They enable processing in regions where fixed facilities are scarce or accommodating smaller, irregular consignments and specialty requirements, which are unattractive for larger processing plants. This aligns with the needs of regenerative, organic, or direct-to-consumer SME producers.

What barriers do mobile abattoirs face?

Stakeholders highlighted three main barriers to the growth of mobile abattoirs:

1. **Securing upfront funding.** Raising capital is challenging because many funders do not fully understand small-scale processing economics. They often use assessment models designed for large fixed abattoirs, which make mobile facilities appear less viable.

2. **Meeting regulatory requirements.** Current regulations apply equally to large and small facilities. For mobile abattoirs, this creates high compliance costs, significant administrative work and long approval timelines. These regulatory burdens reduce investor confidence, and operators receive limited government support to navigate requirements.

3. **Building a sustainable business model.** Mobile abattoirs are a new type of processor, so entrepreneurs have few proven business models to learn from. As a result, they must develop and refine their model themselves, adapting it to their local operating environment and continuously improving it as they learn what works.

Provenir and Red8 are two trailblazing businesses that continue to navigate these challenges. The case study overleaf explores their stories.

Mobile on-farm processing expands producer choice and welfare outcomes

Provenir

Provenir was created by founder Chris Balazs through a desire to establish an alternative to the dominant large-scale abattoirs, that focused on regional processing and highest animal welfare. With many regional processing options closed, producers had limited pathways to market and little visibility over what happened to their livestock once it left the farm.

In response, Provenir pioneered a fully licensed mobile abattoir in 2019, operating across Victoria and southern NSW. The model is unique in that it brings processing to the point of product – the farm. The mobile abattoir processes cattle on farm and then transports the chilled carcasses to a central boning and butchering facility for direct to consumer, retail and hospitality sales. This model places animal welfare, transparency, and product quality at the centre of the value chain, supported by a digital provenance platform that allows consumers to trace each cut of meat back to the farm.

Establishing and scaling mobile processing has required overcoming significant structural barriers:

- Achieving legislative change in Victoria, for a vehicle to be licensed as a processing facility
- Securing initial funding in an environment only familiar with economics of large-scale processing
- Securing skilled staff across irregular processing schedules in a skills shortage employment market.

Red8

In northern NSW, Red8's founders Anita Kauffmann and Sarah Burrows are developing a similar mobile solution, involving small, modular, multi species units and a hub and spoke distribution system. The company is exploring options that would make it feasible for participating producers to retain ownership of their meat and has had successful trials of the processing system.

Red8 team also managed to overcome many of the structural barriers of processing industry, including gender bias, and plan for the business to become operational in the near future.

Image credit: Provenir (left); Red8 (right)

Small-scale abattoirs offer localised solutions

What are small-scale abattoirs?

Small or micro-abattoirs are designed to process lower volumes of livestock. They often process multiple species, provide flexible scheduling and offer service kill processing options (refer to Appendix A for additional details). Their governance and operating models vary and may include standalone businesses, vertically integrated on-farm systems, cooperatives or community-government partnerships.

What solutions do small-scale abattoirs provide?

Small-scale local abattoirs strengthen regional food systems by keeping processing, value-adding and distribution local. This supports local jobs, stimulates regional economies and reduces transport distances, improving both animal welfare and environmental sustainability. They also help to maintain reasonable consumer prices and expand access to locally produced meat.

These facilities can support the development of niche markets based on provenance, paddock-to-plate models and other attributes. They can also create new income opportunities for regions, such as agri-tourism. Two specific examples are:

- **On-farm micro-abattoirs that provide producers with processing solutions tailored to their business needs.** By integrating processing on-farm, producers gain greater control over their supply chain, enabling brand development and direct-to-consumer sales that increase their share of profit. Stakeholders noted that this solution works best for producers with stable throughput, the capacity to develop processing and meat inspection skills or access to this workforce, and the willingness to invest time and money in ongoing operations.
- **Small regional abattoirs that offer flexible local processing access for SMEs and communities.** They are well suited to:
  - multi-species processing, reducing exposure to seasonal fluctuations[58]
  - delivering specialty cuts and whole-carcass utilisation
  - wildlife processing (e.g., wallaby in the King Island Micro-abattoir[59] and pest deer in the planned Yarra Valley facility).

What barriers do small-scale abattoirs face?

Small and micro-abattoirs face similar challenges to mobile abattoirs and some additional issues. These include:

- Navigating uniform regulations that are not designed for small-scale facilities. These regulations lead to high compliance costs, complex administrative requirements and strict zoning constraints.[60]
- Accessing appropriate capital to meet high upfront investment needs to establish and sustain operations.
- Dealing with community opposition to the development of new meat processing facilities.
- Accessing the right information or getting help with understanding complex regulations. This may prevent producers from making the right decisions for their business.
- Accessing the commercial and technical skills and expertise required to run a successful and sustainable processing business.

Barham Abattoir in Southern NSW is one example of a successful micro-abattoir.

Successful community – government partnership overcomes barriers of small-scale processing

Barham Abattoir

After the closure of several local abattoirs, Barham producers were forced to transport livestock hundreds of kilometres for slaughter. This resulted in unsustainable costs and elevated animal stress.

Local producers formed the Murry Plains Meat Cooperative (MPMC) in 2019. They proposed building a small, multi-species abattoir in partnership with the Murray River Council, which agreed to act as the initial owner, lead applicant for funding and project manager. Barham Abattoir became operational in late 2024 and now processes poultry and red meat. It enables dozens of local farmers to process their livestock, creating local jobs, improving animal welfare and meat quality, and serving consumers ethically raised, 'paddock-to-plate' meat.

The cooperative had to overcome multiple challenges while gaining government backing, regulatory approval, capital, and community support. Compliance checks and processing approval were lengthy, completing two years after the building was ready. A new entity with no trading history, the cooperative struggled to secure capital. This was overcome by the council stepping in as the formal grant applicant and interim owner of the facility, securing $2.2m in government grants, with ongoing membership fees.

Image credit: Murray Plains Meat Cooperative Image (left); credit: Lauren Mathers (right)

Technology pilots address skills gaps

What technology pilots are being explored?

The meat processing industry is utilising technology to reduce workforce requirements. Globally, researchers are testing remote meat inspection, AI-based animal welfare monitoring, and digital meat grading. Early trials show strong technical feasibility and positive results.

What solutions do they provide?

Technology pilots aim to address workforce shortages and reduce operating costs:

- Remote inspection can help fill gaps in regions where licensed inspectors are scarce or located far away by enabling inspectors to work virtually.
- AI-based animal welfare monitoring has the potential to support more consistent, real-time welfare assessment and reduce manual monitoring requirements.
- Digital meat grading can streamline grading processes, reduce subjectivity and support more efficient processing workflows.

Together, these technologies may make processing, especially micro- and small-scale processing, more achievable for producers by reducing their reliance on on-site personnel and supporting more efficient decision-making.

What barriers do they face?

Technology solutions face regulatory funding and technical barriers. Currently, food safety regulations require on-site inspection by licensed personnel, preventing the use of virtual inspection. Abattoirs also need reliable high-speed internet and appropriate camera equipment to stream real-time video. Staff and inspectors will require training to use new systems and interpret video streams, AI outputs or digital grading data.

Some technologies also require further development to meet regulatory expectations and industry standards, and funding constraints may slow the pace of testing and adoption.

The panel below provides further detail on global pilots for remote meat inspection.

Global digital innovations overcome staffing and distance barriers

Several countries are trialling remote inspection as a practical response to ongoing shortages of meat inspectors and the challenge of servicing dispersed processing facilities. These pilots focus on enabling inspectors to work from off-site locations while still maintaining rigorous food safety standards.

In Canada, on-site workers use smart headsets to stream real-time footage to a remote inspector, who directs the assessment of animals and carcasses.[61] Sweden is testing a similar approach using hand-mounted smartphones.[62] Early feedback indicates that inspections can be completed effectively through these virtual connections. Based on promising results, Sweden is now pursuing changes to EU regulations to enable broader adoption.[63]

The pilots have highlighted that the viability of remote inspection depends on reliable high-speed internet and suitable camera equipment. Critically, sites must be prepared to manage occasional technical interruptions. Workforce development also remains essential to ensure staff can operate new tools confidently and to maintain business continuity as technology matures.

Aggregators improve access by coordinating supply and reducing friction

What are aggregators?

Aggregators are intermediary organisations that coordinate livestock supply from multiple producers to create larger, more consistent consignments for processing. Models vary, but may include shared logistics, coordinated scheduling, pooled paperwork and compliance, collective branding, or acting as a single commercial counterparty for processors and buyers.

What solutions do they provide?

Aggregators help align the needs of small and medium producers, who often supply small or irregular volumes, with processors' requirements for scale and predictability. By increasing and smoothing consignment size, they make SME livestock more commercially attractive and improve access to processing slots, especially in regions with limited capacity.

Aggregators can also open market pathways by supporting value-adding, branded programs and access to larger buyers.

What barriers do they face?

Aggregation models are complex to establish and maintain. They require high levels of coordination, trust, and transparency among participating producers, as well as strong relationships with processors. Managing variability in livestock quality, timing, and producer reliability can be resource-intensive. Aggregators also face commercial risk, including thin margins, and exposure to market volatility, particularly where processing access remains constrained.

Our Cow is one example of an aggregator model that has gained traction and scaled.

Aggregation enables direct sales via digital channels

Our Cow

Our Cow was created by Bianca Tarrant and Dave McGiveron after their cattle farm was hit by a series of shocks, including sustained low beef prices, bushfires and floods. The founders recognised a need for a model that gave producers greater control and improved returns outside traditional auction-dependent supply chains.

They began with direct-to-consumer sales via Facebook, later expanding into a national paddock-to-plate boxed meat subscription model. Our Cow raised over $2 million through crowdfunding platforms to expand their range, invest in facilities and build a nationwide cold-chain logistics network. By 2023, Our Cow was supporting 150 local farmers in Queensland and NSW and serving more than 50,000 customers.

By aggregating produce from a network of small farms, Our Cow provides customers with traceable, sustainable meat and offers producers fixed prices that reduce exposure to market volatility and increase income certainty.

Image credit: Elise Derwin SMH

Indigenous businesses are creating new models that support empowerment across the value chain

Although this project faced challenges in reaching Indigenous commercial SME producers, there are encouraging examples of First Nations businesses building new models across the meat supply chain. These models often blend commercial discipline with community benefit and demonstrate how Indigenous-owned enterprises can strengthen regional food systems, expand economic participation and create culturally grounded employment pathways.

Several approaches are emerging, including:

- Integrated regional food enterprises that bring processing, logistics and distribution under local Indigenous control;
- Community-anchored models that aim to build local capability and provide stable workforce opportunities;
- Market-focused branding and supply approaches that highlight provenance, cultural identity and trusted producer relationships.

The case study below illustrates how one Indigenous-owned business has developed a vertically integrated model that supports both commercial resilience and community outcomes.

A community-anchored Indigenous enterprise strengthening regional food supply

CMJ Food Services

CMJ Food Services is a 100% First Nations–owned butcher, food manufacturer and distributor based in Bomaderry on the NSW South Coast. Established in 2006 and led by Managing Director Catherine Wright, a Jagera woman with more than a decade of experience working across First Nations Affairs, CMJ has carved out a distinct role in a food system largely dominated by national distributors.

Recognising demand from governments and institutions for more resilient supply chains and greater participation by Indigenous-owned businesses, CMJ has built a locally controlled alternative that integrates processing, logistics and distribution in one operation. Its on-site butchery, manufacturing, warehousing and distribution capability allows CMJ to maintain direct oversight of food safety, quality assurance and service reliability, enabling it to serve large institutional customers including Defence, corrective services, health and aged-care providers.

Catherine's leadership is grounded in an understanding of the challenges facing her community and a commitment to creating opportunities through enterprise. CMJ actively supports Indigenous employment in the Shoalhaven and partners with local charities, rehabilitation programs and food relief initiatives to improve community wellbeing. In doing so, it demonstrates how Indigenous-owned businesses can build commercial strength while delivering social impact and greater regional food security.

Image credit: CMJ

A CALL TO ACTION

A clear pathway to a resilient and equitable food system

Australia's SME meat processing system is at a crossroads. The evidence is clear: without intervention, reinforcing loops of decline will continue to push producers out of the market, hollow out regional economies, and weaken local food systems. But there is an opportunity to shift this trajectory. The evidence shows that acting at high-impact leverage points can shift the system from consolidation, fragility and inequitable access to one that is resilient, fair and future-ready.

This section maps out the blueprint for action. It outlines what's at stake and the opportunity that coordinated action presents. It then presents the distinct role different actors must play to help realise this future.

Decisions today must shift the processing system from fragility to resilience

Acting now matters. The SME meat processing system is on a trajectory of increasing fragility. Consolidation and closures are shrinking processing access for SME producers, especially those that rely on service kill processing options. Meanwhile, planning and land use pressures, alongside one-size-fits-all regulation are reducing the viability of smaller processing options and limiting innovation. The loss of options increases travel distances and costs, impacting producer incomes.

These pressures ripple through regional economies, eroding local jobs and weakening food systems. Consumers face fewer choices and higher prices as local meat disappears from shelves and farmers' markets. Other actors in the supply chain, such as butchers, wholesalers, and transport providers, are squeezed by reduced local supply and rising costs.

Signs of resilience exist. Trailblazers across Australia are building, proving and scaling new smaller-scale models that support SME producers. But these efforts remain fragile. Without intervention, reinforcing loops of decline will continue, locking in a system that prioritises efficiency over diversity and resilience.

Targeted interventions across four layers can enact lasting change

Stakeholders shared many ideas for strengthening the system. Nous mapped them against the key drivers of fragility to identify four priority intervention layers, based on where action has the greatest potential to shift feedback loops from decline to resilience. The four layers follow a clear logic that prioritises producer agency over band-aid solutions. In order of priority, the system must unleash small-scale processing and empower producers; address binding regulatory and workforce constraints; fix small- and medium-scale processor economics; and shift consumer demand, mindsets and culture. We explore each layer in more detail overleaf.

A different future is possible.

In a resilient system:

SMEs have reliable processing access and sustainable business models.

Processing capacity is diversified, reducing reliance on a handful of large facilities.

Regional economies benefit from local jobs and more resilient and secure food systems.

Consumers enjoy affordable access to fresh, locally produced meat and greater choice.

Other supply chain actors, including butchers, wholesalers, and transport providers, operate in more stable, predictable markets that support local value chains.

Environmental and animal welfare standards are upheld through regenerative practices.

Identifying the right actions to shift to the system towards resilience is key.

LEVERAGE POINT 1

Unleash small-scale processing and empower producers

Producer-led innovation is the fastest way to trigger an upward trajectory

Across Australia, SMEs are already experimenting with new micro-processing, cooperative and mobile models. These early movers demonstrate that alternatives to consolidated processing can work, but they need targeted investment, clearer guidance and practical support to become mainstream. Empowering producers strengthens agency, builds local capability and creates visible pathways that others can follow.

SMEs must be supported by governments, investors and philanthropy through targeted capital, clear signals and capability uplift.

Actions for enabling small-scale processing innovations

1.1 Improve government and industry understanding of small-scale processing economics to inform well-targeted support and engagement.

1.2 Build funding and investment channels for innovative small-scale processing models, including government-backed grants, concessional loans, cooperative financing, and philanthropic or impact investment.

Actions for building SME capability and agency

1.3 Provide practical educational materials on how to develop small-scale processing models to share knowledge and reduce administrative burden.

1.4 Give SMEs a 'seat at the table' to inform policy priorities.

LEVERAGE POINT 2

Address binding regulatory and workforce constraints

Even the strongest grassroots innovations cannot scale under today's regulatory and workforce constraints

Uniform, high-cost regulation and persistent labour shortages are the system's tightest bottlenecks. Removing these constraints unlocks all other forms of innovation, from mobile units to micro-abattoirs and tech-enabled inspection. Reform here is essential to shift the system from incremental pilots to scalable, sustainable solutions.

Governments and regulators must lead this shift, with processing bodies (like AMIC and AMPC), training providers and tech developers playing key supporting roles.

Actions for making regulations easier and scale-appropriate

2.1 Introduce tiered, risk-proportionate compliance standards for micro processing facilities, including mobile, and pilot exemptions.

2.2 Review and introduce appropriate regulatory changes that enable new technologies and smaller-scale processing.[64]

Actions for improving industry attractiveness and promoting tech innovations to close workforce gaps

2.3 Develop skills solutions to make training more accessible, in collaboration with VET sector (e.g., through projects like the Skills Solutions Partnership Program in Victoria).

2.4 Increase workforce incentives and support (e.g., support with housing, rural living incentives, covering training costs, retention bonuses, mental health support, etc.).

2.5 Run public campaigns (e.g., through media stories, sector events, and recognition awards) to increase the attractiveness of the sector.

2.6 Adopt new technologies for elements of supply chain that suffer most from workforce shortages, e.g., using AI or video technologies for remote meat inspections.

LEVERAGE POINT 3

Fix small and medium-scale processor economics

Existing processors must remain viable while new models scale

Many SMEs rely on the remaining service-kill capacity within the current system. Stabilising processor economics for service kill processing buys time and prevents collapse while small-scale innovations mature. These actions support commercial viability in the short term and improve mutual trust between producers and processors.

Processors must be supported by governments, processing bodies, producer groups and aggregators

Actions for improving processor economics for service kill processing in existing facilities

3.1 Introduce government incentives (tax, subsidies) for service kill processing in regions with very poor access to service kill processing options.

3.2 Share best practice service kill processing operations across processors.

3.3 Adopt and scale aggregation models that increase batch size and efficiency of SME consignments.

3.4 Educate SMEs on processor requirements (e.g., animal finishing, paperwork completion, etc.) to reduce administrative burden and increase processor efficiency.

Figure 21 (overleaf) summarises the leverage points that stakeholders across the system can activate to turn the reinforcing loops of decline around to transform local meat processing into sustainable system and explore opportunities to scale nature-friendly production practices towards mainstream supply.

LEVERAGE POINT 4

Shift consumer mindsets and culture, and broaden choice

Long-term resilience depends on reconnecting consumers with provenance, seasonality and whole-carcass culture

Even if supply-side constraints are fixed, the system cannot stabilise without strong, durable demand for locally produced, diverse cuts of meat. Retailer behaviour and information asymmetries shape consumer expectations and demand, and define customer choice by reinforcing standardised, high-volume products. Demand therefore needs strengthening through system-level interventions that increase visibility, enable advocacy and shift cultural norms.

Regulators, consumers, chefs, butchers and retailers shape cultural norms. Their actions influence consumer choice and the economics of diverse and local meat.

Actions for increasing visibility and advocacy to drive reform and reshape demand

4.1 Improve data availability (such as abattoir locations, numbers processed and service kill processing status) to provide accurate picture of the system to inform advocacy.

4.2 Expose system fragility through media and advocacy campaigns.

4.3 Strengthen transparency and competition in retail meat markets to rebalance demand away from high-volume standardisation toward diversified, locally processed products.

Actions for preserving and nurturing whole-carcass culture and cooking skills

4.4 Educate diners and consumers on the benefits of whole animal consumption, seasonality in cooking, provenance and local food systems.

4.5 Revitalise cooking skills through media channels, workshops, online tutorials, and recipe books that encourage rediscovery of complex meat cuts.

Figure 21 | The pathway to a resilient and equitable food system

CURRENT STATE – UNSUSTAINABLE AND INEQUITABLE PROCESSING ACCESS

- Consolidation and closures erode SME access, reducing viability of SMEs
- Consolidation increases transport distances, costs, animal stress, undermining regional food systems
- Urban expansion, changing peri-urban demographics erode local processing
- Lack of regulatory scaling prevents innovation
- Workforce shortages erode processors' ability to meet demand
- Without consumer awareness, policy change is slow
- Changing cooking habits limit whole-of-animal usage

LEVERAGE – TARGETED INTERVENTION TO ENACT LASTING SYSTEMIC CHANGE

1. **Empowering producers and support small-scale processing innovations**
2. **Addressing regulatory and workforce constraints**
3. **Improving processor economics for scalability of service kill**
4. **Shift consumer mindsets and culture, and broaden choice**

ACTORS

- INVESTORS, PHILANTHROPY AND NGOS
- GOVERNMENTS AT ALL LEVELS
- SME PRODUCERS
- INDUSTRY AND PROCESSORS
- BUTCHERS, RESTAURATEURS AND RETAILERS
- CONSUMERS AND PUBLIC

IDEAL FUTURE STATE – SUSTAINABLE AND EQUITABLE REGIONAL FOOD SYSTEMS

- SMEs have reliable processing access and sustainable business models
- Processing capacity is diversified, reducing reliance on a handful of large facilities
- Regional economies benefit from local jobs and strong food systems
- Consumers enjoy affordable access to fresh, locally produced meat and greater choice
- Other supply chain actors support more resilient local value chains
- Environmental and animal welfare standards are upheld through regenerative practices

Every actor must play their part

This transformation requires coordinated action across government, industry, SMEs, and investors. Together, these actors can scale innovations, target key leverage points, and reverse the downward spiral. Each group of actors has a unique, high-impact role to play in enabling a positive system change. The section below highlights the most important levers for each group.

ACTORS

Government

Governments at all levels hold the policy and regulatory levers to enable system change. Continued leadership and targeted support are essential, including the use of existing programs and incentives, like the Building Australia Fund or the Future Drought Fund.

Governments can enact the following change:

- **Reforming regulation** to enable flexible, scale-appropriate processing models;
- **Targeting investment** to close regional processing gaps and support innovation;
- **Enabling workforce solutions** through partnerships and incentives;
- **Signalling clear policy direction** and ongoing engagement with SMEs and communities.

Industry and Processors

Processors and industry bodies shape the operational environment for SMEs and can unlock new opportunities through innovation and collaboration. Industry actors can influence the system through:

- **Innovating service models** and scheduling to improve SME access;
- **Investing in local capacity** and new processing models;
- **Adopting technology** to lower barriers and improve efficiency;
- **Building workforce resilience** through training and incentives.

SME Producers

SME producers are at the heart of local food systems and can drive change by working together and adapting to new opportunities. Working at the start of the value chain, producers (and SMEs in particular) can use their influence by:

- **Aggregating demand** and collaborating to increase market power;
- **Adapting business models** to capture direct-to-consumer and value-added opportunities, e.g., by investing in vertical integration to own access to processing, after careful consideration;
- **Engaging in advocacy** to ensure SME needs are represented;
- **Investing in skills and knowledge-sharing** to improve compliance and market access.

> Consumers need to shift their attitude on what they eat – eat less but better meat. And chefs have a role to play in educating diners.
>
> – **Neil Perry,** Australian celebrity chef and award-winning restaurateur

> As a chef and restaurateur, I think it's important to help educate diners. I've always shared the provenance and challenges behind each dish through storytelling and menu notes. Simultaneously I've always remained nimble and super creative with my menus, to manage sourcing fluctuations and challenges.
>
> – **Kylie Kwong,** Australian celebrity chef and award-winning restaurateur

Investors, Philanthropy and NGOs

Investors and philanthropic organisations can catalyse innovation and support regional development through strategic investment. Strategic investment inserted into the food system in the right areas will cause outsized impact. This can be achieved by:

- **Funding pilots** and the scale-up of new processing models;
- **Supporting projects** that deliver regional economic, social, and environmental benefits;
- **Bridging finance gaps** to de-risk investment in underserved regions.

Butchers, Restaurateurs and Retailers

As prominent figures and influencers, celebrity chefs and restaurateurs can help raise awareness of the issue with diners, industry and the public. Butchers can continue educate diners in using different animal parts and navigating seasonality of meat supply. Hospitality businesses could build a portfolio of local suppliers, reducing their supply risks while supporting regional producers and serving communities fresh local food. Culinary schools could consider teaching whole-animal ethics, Indigenous and regenerative practices, and supply chain realities to future chefs.

Consumers and Public

Consumers and the broader public drive demand and shape food culture. Informed choices and advocacy can support resilient local food systems. While demand trends have shown that there is increased interest in meat quality, regenerative-produced food and provenance, there can be increased effort in the following areas:

- **Choosing local, regenerative, and higher-welfare products**;
- **Building food skills** and supporting whole-carcass utilisation;
- **Advocating for policy and industry reforms** that strengthen local food systems.

Together, we can build a resilient, fair, and future-ready food system

Australia's meat processing system stands at a crossroads. The challenges facing SME producers, regional communities, and consumers are deeply interconnected, but so are the solutions. By focusing on the most powerful levers and working together across government, industry, producers, investors, and the public, we can reverse negative cycles and unlock new opportunities for local food systems.

Appendix A
Glossary

Aggregators	Intermediary businesses that group livestock from multiple producers into larger consignments for processing. This can help SME producers meet processor volume requirements and improve transportation efficiency.
Boxed meat	Meat that has been processed, portioned, and packaged into boxes – typically for wholesale or export markets – rather than sold as whole carcasses. This term refers to bulk packaging for commercial buyers, where individual cuts are sorted and boxed by cut type or specification. **Meat boxes** generally refer to curated selections of assorted meat cuts, packed together for direct sale to individual consumers, often as part of a subscription, retail, or farm-direct offering.
Destocking	The deliberate reduction of livestock numbers (typically in response to drought, market pressures, or resource constraints) to protect land condition and business viability.
Euclidean distance	The straight-line distance between two points on a map.
Granularity	The level of detail at which information, data, or system behaviours are described or analysed, with finer granularity providing more specific insights into patterns, processes, or access challenges.
Grass-fed livestock	Grass-fed livestock are raised exclusively on pasture. Grass-fed animals often reach slaughter weight more slowly and with greater seasonal variability than those finished in feedlots.
Home-kill	Where animals are slaughtered on-farm, rather than at an external processing facility or a licensed on-farm micro-abattoir. In Australia, meat that has been processed by home-kill is permissible only for personal consumption, it cannot be sold.
Hub and spoke model	A processing arrangement where mobile or small units ('spokes') operate across farms and link back to a central facility ('hub') for chilling, packing or further processing.
Local	Refers to products, services, or operations that originate from, or are closely tied to, a specific geographic area or community. In the context of livestock and meat processing, 'local' often describes food that is produced, processed, and sold within a defined region, supporting regional economies and reducing transportation requirements. The meaning of 'local' can vary widely depending on industry standards, regulatory definitions, and consumer perceptions, but it frequently emphasises shorter supply chains and traceability, aligning with growing interest in provenance and regional food systems.
Micro-abattoirs	To be considered a micro-abattoir in Victoria, the processing facility must be used in conjunction with animal production, located on or next to the land used for animal production, have less than 200m2 gross floor area and process less than 120 tonnes per year.[65] No other states have legislated micro-abattoir definitions. While the concept is gaining recognition, micro-abattoirs in other states must meet the same certifications, zoning restrictions, and regulations as all other abattoirs.
Mobile abattoirs	A mobile abattoir is a self-contained abattoir built into a truck or trailer that travels to livestock farms to slaughter and process animals onsite.[66] All slaughter and processing activities must occur inside of the vehicle to maintain hygiene control.[67]
Processing deserts	Regions where producers face long travel distances and limited or no viable access to abattoirs.
Provenance	The documented origin and production history of food products, valued by consumers seeking transparency, trust, and ethically produced food.

Regenerative agriculture	A farming approach that seeks to restore soil health, biodiversity, and ecological function through practices that enhance natural systems rather than deplete them.
Re-wilding	A land-management approach focused on restoring natural ecosystems and ecological processes.
Rotational grazing	A livestock management practice where animals are moved between paddocks to allow pasture recovery, reduce erosion, and improve long-term soil and plant health.
Service kill processing	A service kill is a commercial arrangement where the livestock producer pays an abattoir to slaughter and dress their animals, while retaining ownership of the resulting meat products.
Small abattoirs	The term 'small abattoir' generally refers to a small-capacity, fixed-location slaughterhouse that is larger than a micro abattoir but smaller than major industrial plants. While there is no single nationwide definition, throughput volume sometimes guides licensing. For example, in Western Australia an abattoir that processes under 1,000 tonnes of animal carcasses per year is considered a small-scale operation for environmental licensing, exempt from the EPA licence but still required to meet the same environmental protections standards.[68] This scaled approach to regulation is rare however, and small-scale abattoirs typically must adhere to the same standards as large-scale facilities.
Snowball sampling	A research recruitment technique where existing participants help recruit additional respondents by sharing information. This is commonly used in hard-to-reach or network-based populations such as SME producers.
Vertical integration	A business structure in which a company controls multiple stages of the supply chain, reducing reliance on external service providers.

Appendix B
Surveys methodology and sample

The producer survey documents lived experiences of abattoir access, quantifies business and community implications of constrained access, and surfaces practical solution pathways. It was designed to triangulate producer voices with stakeholder interviews and desktop research.

The processor survey provides insights into operational and commercial realities of managing service kill and small lot processing, identifies key efficiency and viability constraints, and surfaces processor perspectives on what policy, regulatory, or market changes could improve access for small and medium producers.

Producer survey

Target population and working SME definition

The target population comprised Australian livestock producers operating on a small–medium scale, with a strong orientation to regenerative practices and domestic/local markets. Nous iterated a working SME definition (throughput-based) to complement, but not replicate, cash receipt taxonomies:

Small: processes <100 cattle (or equivalent) per year

Medium: processes 100–1,000 cattle (or equivalent) per year

Large: processes >1,000 cattle (or equivalent) per year

The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES's) cash receipt bands are used for context only and are not directly comparable to this purposive sample.

Sampling and recruitment

Nous employed purposive, snowball sampling through producer networks and partner organisations. As a non-probability, self-selected sample, results are descriptive of respondents and not intended for population level inference. Insights are integrated with interviews, focus groups, working group workshops and desktop research to strengthen validity.

Logic

The questionnaire covered business profile, sales channels, processing models, access status and confidence, barriers, actions taken, and preferred solutions. Branching and display logic were specified and user tested. The survey used a conditional, branched flow to route abattoir users, non-users and self-processors down relevant paths. Question-level n-numbers vary due to branching and partial completions.

Data cleaning, classification and analysis framework

Nous cleaned the dataset, removed ineligible entries, and assigned enterprise size using a mix of respondent self categorisation and manual allocation where sufficient detail existed. An analysis framework (archetypes) was used to tag records by species group, region, access status, distance band, throughput, dominant channel, and certifications to support consistent downstream analysis and case selection.

Where necessary, reported travel to processor distances are banded (e.g., <50 km; 51–100 km; 101–200 km; 201–400 km; >400 km). Averages shown use band mid points (e.g., 151 km as the mid point for 101–200 km), so they are indicative rather than precise. For spatial context, national abattoir coordinates are used to identify access 'black spots'; consistent with non-probability sampling, Nous avoided inferencing producer distribution from survey locations.

Limitations and interpretive guidance

Non-probability sample: Do not generalise to the national producer population.

Branching/partial completions: n-numbers vary at the question level; Nous reported n-s alongside statistics in figures.

Small sub samples: Some breakouts (e.g., pigs; certain states) are directional only.

Comparability to ABARES: ABARES statistics are contextual anchors; differing methods mean direct comparisons are not appropriate.

Ethics and confidentiality

Participation was voluntary and respondents could skip any question. Data are reported in aggregate; no individual or business is identified, consistent with the survey's privacy and confidentiality statements.

Processor survey

The processor survey was conducted between December 2025 and January 2026. The survey was distributed directly to Australian meat processors and through the Australian Meat Processor Corporation's (AMPC's) established industry network of 135 processing businesses. Answers from 22 respondents were analysed, complementing other data sources in this project. Nous would like to thank AMPC for its support with distributing the survey.

Appendix C
Farm location and travel time analysis

This analysis complements the producer survey by visualising how far SMEs must travel to access meat processing, for service kill processing abattoirs and all abattoirs. It was designed to triangulate survey signals with stakeholder insights and desktop research, and to surface spatial 'processing deserts' where farms and access are misaligned.

Data sources

To determine the farms and estimate the travel times to abattoirs from farms, Nous used a range of public data sources and desktop research methods.

Abattoir locations

Several characteristics were associated to abattoirs, including service kill processing availability and species type processed. This data was gathered using a range of methods to ensure accuracy:

- National abattoir data compiled by the Australian Food Sovereignty Alliance[69];
- Public open-source abattoir information, through the Farm Transparency Project[70];
- Information gathered from producers through the national SME producer survey;
- Information gathered from processers through the national processor survey;
- Desktop research.

As Nous has focused on access to abattoirs for SME livestock producers, only facilities that producers are able to access – whether through service kill processing or not – have been included. Some facilities that are fully vertically integrated, and are therefore fully inaccessible to SMEs, have not been included in counts. This is particularly true of poultry processing facilities.

Travel distances

Travel distances to abattoirs were estimated using a network based routing approach. Nous applied the Open Source Routing Machine (OSRM) to generate travel time isochrones for each abattoir at 1 hour, 2 hour and 4 hour thresholds, reflecting realistic road-based travel rather than straight line distance. These isochrones were then spatially aggregated to distinguish areas with access to service kill processing facilities versus non-service kill processing facilities, enabling consistent comparison of producer access across regions and travel time bands.

WA farm counts

Farm counts in relevant shires are provided by project stakeholders, based on the data by the Department of Primary Industries and Regional Development. This dataset includes the total number of farms producing each of cattle, sheep and pigs, across each LGA in Western Australia.

Total farm counts

ABARES' data is the most complete, accurate and consistent national dataset available. Other data sources were investigated for use in the mapping, including data from MLA, AFSA and some state governments. Limitations in these datasets emerged:

- **Coverage and granularity.** Industry lists can be timely but variable in metadata (species acceptance, service-kill status). Government registers are more consistent but may lag operational changes.
- **Currency.** Processor policies (especially service-kill availability) change frequently; mapping accuracy depends on the coordinates' update cycle and any policy attributes carried in the dataset.
- **Consistency across jurisdictions.** State registers differ in schema and completeness; harmonisation and deduplication steps are required when building a national layer, which impacts accuracy.
- **Contextual anchors, not direct comparators.** ABARES statistics are used for context; methodological differences mean Nous does not make direct, quantitative comparisons to the purposive survey sample.

Appendix D
Methodology for economic impact assessment

The economic impact of the ongoing reduction in access for producers across Australia is most significant for the producers themselves, but also effects the communities they live in, those they supply, and the economy more broadly. This impact assessment mostly considers the direct economic outcomes of reducing access on the SME producers at the highest risk.

This assessment defined SME producers as those earning up to $879,000 annually. This was chosen to simplify the analysis by selecting the modelled threshold for the tenth decile of cash income in ABARES data as the cutoff. This threshold captures 228 respondents (91 per cent of those who supplied valid meat revenue data)[71] of the survey or 43 per cent of total income in the survey[72].

For cattle producers, this definition of SME captures most producers, with 97 per cent of cattle farms earning less than $2 million annually, and the average revenue per farm currently around $600,000.[73]

To produce total impact size, Nous used ABARES data to weight and scale our survey results for specific bands of producer income, allowing us to infer the total income that is 'at risk' both for the survey itself and across the sector.

Nous defines 'at risk' as those farms which answered both they were 'Not confident at all' when asked how confident they were that they would maintain access to their processor in the future, and also answered that they did not have another viable option for processing.

While changes in employment, and the flow-on effects to local communities can have significant effects on communities and individuals, and are often considered in impact assessments, Nous has not quantified these effects here. This is because results would be too fragile, with formal employment levels in this sector bring modest, averaging 1.7 employees per cattle producer,[74] and even fewer on average for SMEs. Wages also do not provide a reliable measure of local economic impact, as a significant portion of these operations are owner-operated.

Key limitations for the analysis include:

- Selection bias in survey responses may have increased the proportion whose income was at risk, resulting in a larger national estimate of income at risk.
- Incomes were imputed from a censored distribution fitted to cattle producer revenue data from ABARES. This process includes some variance which has been communicated in the 95th percentile ranges provided in the assessment for both survey and national level income.

Appendix E
Consultations overview

Working Group participants

NAME	ROLE
Monica Considine	Producer near Bega, NSW, member of AHMC and supply chain engineer with Land to Market.
Henry Hinds	Operates an organic-certified cattle property in central Queensland. Works as a Resource Consulting Services (RCS) consultant, delivering Grazing for Profit programs, and as a verifier for Australian Holistic Management Cooperative.
Hugh Killen	Managing Director of Impact Ag Partners. Focuses on investment strategies for regenerative agriculture, soil carbon, and livestock. Former CEO of Australian Agricultural Company (AACo) with experience in sustainability through global finance.
Chris Balazs	Founder of Provenir, Australia's only mobile integrated beef processing company, licensed in Victoria and NSW.
Grant Hilliard	Butcher and owner of Feather and Bone butchery in Sydney, focusing on regeneratively-produced meat.
Jo Barrett	Victorian chef with experience in wild food and game harvesting and value-adding processing.
Patrick O'Neill	Producer and CEO of Small Farmers WA. Currently working on establishing a small-scale abattoir in Western Australia.
Matthew Evans	Tasmanian chef, farmer and communicator. Owner of Fat Pig Farm in Tasmania and founder of the Grounded Festival.
Rebecca Gorman	Farmer in southern NSW with a beef breeding operation. Active in advocacy for regenerative agriculture and serves on boards including Sustainable Table and the Australian Holistic Management Cooperative (AHMC).

Stakeholders consulted

STAKEHOLDER GROUP	PARTICIPANTS

SME Producers and producer representatives	• Working group participants:
	  • **Monica Considine**
	  • **Henry Hinds**
	  • **Patrick O'Neill**
	  • **Hugh Killen**
	• Project advisor: **Dr. Tammi Jonas**
	• **Joshua Gilbert**, Indigenous agricultural consultant

Processors and processor groups	• Working group participants: • **Chris Balazs** • **Paul Leonard** and **Frances Carter,** TFI • **Anita Kauffmann** and **Sarah Burrows,** Red 8 • **Xavier Meade,** Meat Crew • **Dr Sarah Babington,** AMPC • **Rob Mollison,** QCMPA

Butchers and restaurateurs	• Working group participants:
	  • **Matthew Evans**
	  • **Jo Barrett**
	  • **Grant Hilliard**
	• **Kylie Kwong,** chef and restaurateur
	• **Neil Perry,** chef and restaurateur

Government	• Agriculture Victoria • Queensland Department of Primary Industries • NSW Department of Primary Industries and Regional Development • Western Australian Meat Industry Authority
Other stakeholders	**Sharon Winsor,** Indigiearth
Focus groups	Focus group participants were recruited among **producers who completed the online survey** and shared interesting insights on the current state of processing access and possible solutions.

Appendix F
Table of acronyms

ACRONYM	DEFINITION
ABC	Australian Broadcasting Corporation
ABS	Australian Bureau of Statistics
ACCC	Australian Competition and Consumer Commission
AFSA	Australian Food Sovereignty Alliance
AI	Artificial Intelligence
AMIC	Australian Meat Industry Council
AMPC	Australian Meat Processor Corporation
AS	Australian Standard
AUSVETPLAN	Australian Veterinary Emergency Plan
ABARES	Australian Bureau of Agricultural and Resource Economics and Sciences
CCTV	Closed-Circuit Television
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DAFF	Department of Agriculture, Fisheries and Forestry
DPI	Department of Primary Industries
EPA	Environmental Protection Authority
EU	European Union
LGA	Local Government Area
MLA	Meat & Livestock Australia
MPMC	Murray Plains Meat Cooperative
MSA	Meat Standards Australia
NGO	Non-Governmental Organisation
NSW	New South Wales
NT	Northern Territory
OSRM	Open-Source Routing Machine
RSPCA	Royal Society for the Prevention of Cruelty to Animals
RTO	Registered Training Organisation
SME	Small and Medium-sized Enterprise
UTS	University of Technology Sydney
VTE	Vocational Training and Education

Endnotes

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Contact us

Nous Group

Carlos Blanco | Principal

+ 61 2 8281 8035 | Carlos.Blanco@nousgroup.com

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