

30 January, 2025

The Hon Mark Banasiak MLC
Chair- Impact of the phase-out of Australian live sheep export by sea on New South Wales
Legislative Assembly Portfolio Committee No. 4 – Regional NSW
Parliament of New South Wales

Via email: portfoliocommittee4@parliament.nsw.gov.au

Dear Chair and Committee Members,

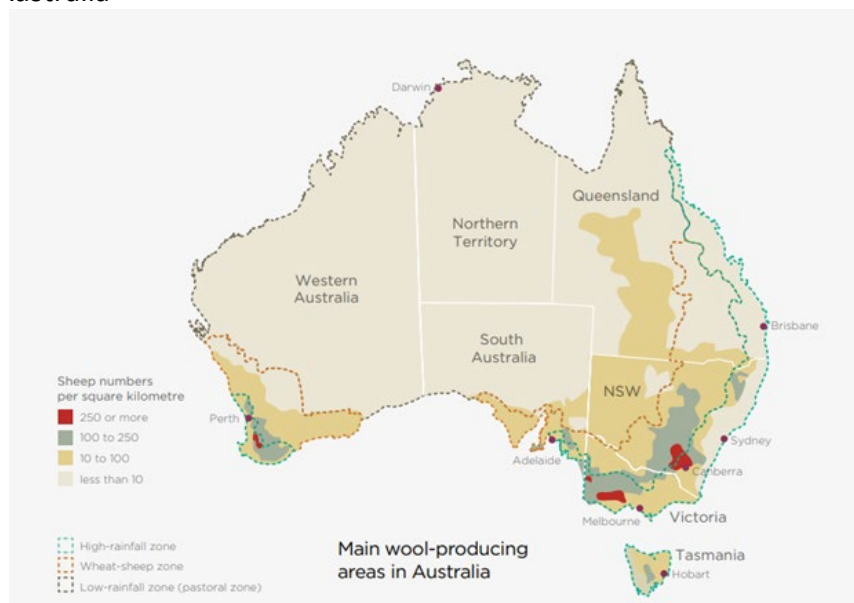
Please see below WoolProducers Australia's responses to the supplementary questions dated 18 December 2024, received 20 December 2024.

(1) How does the live sheep export industry contribute to sustaining the national wool industry?

The presence of live sheep exports provides another pathway for sheep sales, and therefore enhances competition amongst buyers, and therefore enhances profitability for woolgrowers. Reduced profitability of sheep and wool enterprises will cause many woolgrowers to review the place that these enterprises have within farming businesses. Should producers move away from wool production, there will be impacts on industry service providers (shearers and livestock contractors, wool brokers and exporters, wool test houses and wool selling centres) as their economies of scale shrink.

(2) How significant is the wool industry's contribution to Australia's economy and global markets?

The wool industry is a significant commodity in Australian agriculture and makes a substantial contribution to the national economy. The industry employs approximately 200,000 workers and over the last three-years has contributed an average of \$3.19 billion in gross value of production (GVP) annually. Australia is the world's biggest producer of raw wool and produces around 80 per cent of the world's apparel wool. The map below indicates the main wool production areas in Australia, many of which are in regional and remote areas. New South Wales is the largest wool growing state in Australia



(3) Could a reduction in sheep numbers weaken Australia’s position as a global leader?

With Australia currently producing 80% of the worlds apparel wool, it is likely that we would remain the “global leader” in terms of apparel wool production for some time. Having said this, it is likely that the “gap” between Australia and its nearest competitors would begin to close.

(4) Why is the argument for replacing live exports with frozen or chilled meat exports flawed?

Referring to the basic fundamentals of economics (supply, demand and competition) deems this a flawed argument. Meat processors are commercial profit-making enterprises, if this was viable, they would already be competing with live exporters in a manner that rendered live export non-viable on commercial terms (refer to answer #1 in relation to reduced competition).

Further to this, the presence of live exports allows for the rapid sale of animals when seasonal conditions become unfavourable to retaining sheep on farm. Live exports also allows for the sale of animals when they are in peak condition that has been achieved by efficiently utilising the highly seasonal pasture growth cycles that are present right across Australia.

To use an analogy, it is like having a pressure relief valve to sell animals in the right condition at the right time. Meat processors have limited capacity and are required to operate at near to 100% in order to remain profitable. Meat processors simply cannot operate in a “surge” capacity model and remain viable. As a result, producers may be required to retain sheep on farm, incurring additional feed costs, until meat processors have booking slots available, this further undermines the profitability of woolgrowers.

(5) Does the shortage of workers in meat processing make this transition unrealistic?

If meat processing was viable there would already be a suitably sized workforce to handle the transition, in fact a “transition” would not be required, as meat processing would be outcompeting live exporters in purchasing sheep.

(6) How does banning live sheep exports contradict the government’s broader goals for agriculture?

Banning live sheep exports (and reducing the size of the Australian sheep flock) will cause the following consequences:

- As per WoolProducers many submissions and evidence provided to this committee, sheep and wool production is proudly labour intensive. Take away sheep and replace them with other farming enterprises and you take away jobs. Jobs will be lost as a result of the ban.
- Well managed grazing of sheep can deliver nature positive outcomes, particularly through enhanced biodiversity and sequestration of atmospheric carbon in soils and vegetation. Removing sheep from farming systems can compromise biodiversity and result in lost carbon sequestration opportunities.

(7) Is this policy decision at odds with the vision of a \$100 billion agriculture sector by 2030?

Absolutely! Removing the ability for farmers to engage in profitable and self-sustaining industries in the pursuit of politically motivated ideology will make it near impossible for \$100 billion by 2030 to be achieved.

I trust that these answers are of value to the Committee and would like to again thank the Committee for the opportunity to provide evidence to the inquiry. Please do not hesitate to contact me should you require further information.

Yours sincerely,

Adam Dawes
General Manager
WoolProducers Australia