

Submission
No 37

**INQUIRY INTO IMPACT OF THE PHASE-OUT OF
AUSTRALIAN LIVE SHEEP EXPORTS BY SEA ON NEW
SOUTH WALES**

Organisation: Sheep Producers Australia (SPA)

Date Received: 19 September 2024

19 September 2024

The Hon Mark Banasiak MLC
Chair
Legislative Assembly Portfolio Committee No. 4 – Regional NSW
Parliament of New South Wales

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

Dear Chairperson,

Re: Inquiry into the impact of the phase-out of Australian live sheep exports by sea on New South Wales

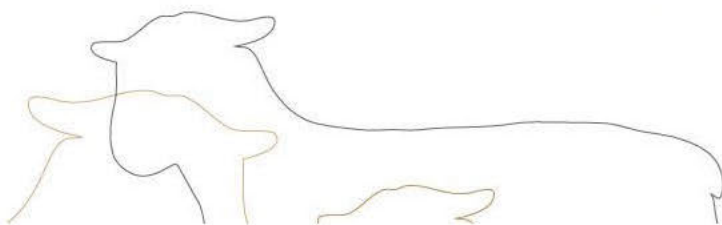
Sheep Producers Australia (SPA) welcomes the opportunity to provide input to the NSW Parliamentary inquiry into the impact of the phase-out of Australian live sheep exports by sea on New South Wales.

Sheep Producers Australia is the collective national voice on issues that affect Australian sheep meat production, representing close to 20,000 sheep farming businesses. This representation is across a range of issues, including animal health and welfare, biosecurity, natural resource management, emergency animal disease outbreak preparedness, market access and assurance and industry development. Our purpose is to provide strategic leadership for Australia's sheep industry, supporting a productive, profitable and sustainable future.

The Australian Government's decision to end the export of live sheep by sea by May 2028 is ill-founded, damaging to many Australian sheep producing businesses, supply chain operators, regional communities and our reputation among trading partners, and must be re-visited. Given the Australian Government's indifference to the outstanding improvements to and performance of the live sheep export trade since 2018, and the inadequate consultation and due diligence on the implications of the phase out decision, an alarming precedent has been set for future agricultural decision making. SPA has consistently called on governments to make policy decisions for agriculture that are evidence-based, strategic, inclusive and collaborative. To divert from this threatens the future of industry, businesses, families and communities across Australia.

Sheep Producers Australia welcomes the NSW Parliamentary inquiry into the impact of the phase out of live sheep exports on NSW, and the thorough terms of reference that demonstrate an implicit understanding of the far-reaching consequences of the Australian Government's phase out decision. As the committee would be aware, Australia's live sheep export trade is predominantly a feature of

▲ Ngunnawal Country



the Western Australian market, which has substantial structural differences when compared with sheep markets in the eastern states. However, NSW is home to the largest proportion of Australia's national sheep flock (38% on 2022 figures¹) and will therefore be exposed to shifts in market and supply chain dynamics that result from the removal of the live export trade from Australia's sheep production system.

NSW Farmers is a member of SPA, and we commend to the committee the detailed submission put forward by NSW Farmers, outlining the forecast economic and social impacts of the live sheep export ban in NSW. Importantly, the NSW Farmers submission is informed by the on-ground experience and knowledge of NSW sheep producers as well as state and industry wide economic impact modelling. The economic impact modelling examines three primary sources of impact on the NSW sheep farming economy resulting from phase out, namely: lower restocking supplies, a short-term supply glut, and a shortage of shearers in NSW. SPA refers the committee to the information and analysis provided in the NSW Farmers submission, which highlights the interdependencies of the eastern and western production systems and markets.

Sheep Producers Australia has provided comprehensive input to inform the Australian Government's deliberations on the future of the live sheep export trade, including a submission to the Independent Panel tasked with advising the then Minister for Agriculture, Fisheries and Forestry on the management of a phase out². This submission, provided at **Attachment A**, contains detailed information of relevance to the committee's inquiry, including:

- The context for and dynamics of the west to east trade in sheep and lambs.
- The national contribution of the live sheep export industry.
- The economic implications of the 2018 cessation of the live sheep export trade.
- Live export industry reform and performance improvements.
- Shortcomings of the Australian Government's decision-making process.
- Consequences of a phase out, including loss of farm risk management tools, reduced competition and depressed prices, trading partner reputational risk and loss of export markets and critically, negative economic and social consequences for regional communities.

Also **attached** is SPA's June 2024 submission to the House of Representatives Standing Committee on Agriculture inquiry into the Export Control Amendment (Ending Live Sheep Exports by Sea) Bill 2024³, the legislation to enact the ban, which subsequently came into force in July. The unjustified, highly compressed timeframe for this inquiry made a mockery of the process. Despite this, industry engaged in good faith, and representatives from across the sheep supply chain provided submissions outlining the negative consequences of the Bill. The SPA submission (**Attachment B**) provides further detail on how the phase out time frame of less than four years will impact on the sheep and wool industry, and the challenges for producers and supply chain operators to make the necessary adjustments to their planning and business models, skills and capabilities, flock genetics and infrastructure.

¹ [mla sheep-fast-facts-2023_300523.pdf](#)

² <https://haveyoursay.agriculture.gov.au/live-sheep-phase-out>

³ https://www.aph.gov.au/Parliamentary_Business/Committees/House/Agriculture/LiveSheepExportsBill

The SPA submission at Attachment B references independent research by Episode 3, commissioned by the Australian Government Department of Agriculture, Fisheries and Forestry in 2023 to outline potential effects of phasing out live sheep exports by sea on Western Australian farmers, businesses, and other supply chain participants. The Episode 3 report⁴ advocated a longer time frame for implementation of a phase out, and its detailed analysis of implications for supply chain participants has relevance to this inquiry.

It is well understood that as the primary source of Australia's live sheep exports by sea, Western Australia will bear the brunt of the economic and social fallout of the phase out. However, SPA share the concerns of NSW Farmers, that the insufficient due diligence undertaken to inform the Australian Government's phase out decision means we are left with not only an incomplete understanding of the implications for Western Australian businesses, but there has been almost no consideration given to the potential implications and costs for other jurisdictions, including NSW.

The phase out of live sheep exports is likely to result in a complex interplay of economic impacts affecting Australian sheep producers, sheep industry supply chains and regional communities. Minimising the negative impacts will depend significantly on appropriate levels of well targeted government support, the ability of domestic processing facilities to scale up, and the adaptability of producers to new market conditions.

Should you wish to discuss this submission further please do not hesitate to contact me at

Yours sincerely,

Chief Executive Officer
Sheep Producers Australia

Attachments

A: Sheep Producers Australia June 2023 submission to the Independent Panel consultation on a phase out of live sheep exports by sea

B: Sheep Producers Australia May 2024 submission to the inquiry into the Export Control Amendment (Ending Live Sheep Exports by Sea) Bill 2024

⁴ <https://www.agriculture.gov.au/sites/default/files/documents/lspo-11-EP3.pdf>

14 June 2023



Independent panel
Phase out of live sheep export by sea
Department of Agriculture, Fisheries and Forestry
70 Northbourne Avenue,
Canberra 2601, Australia

Via email

Dear Panel Members,

Re: Submission to the phase out of live sheep exports by sea: consultation paper

Sheep Producers Australia welcomes the opportunity to provide this submission to the Department of Agriculture, Fisheries and Forestry's consultation into the phase-out of live sheep exports by sea.

Sheep Producers Australia is the collective national voice on issues that affect Australian sheep production, representing close to 20,000 sheep farming businesses.

Sheep Producer Australia's contribution to this consultation process does not indicate support for the current Australian Government policy to phase out live sheep exports by sea. This submission provides both industry context and the consequences that would occur if the Government implemented its policy to phase out sheep live export by sea. This approach has been taken to illustrate the critical role that the live sheep export industry plays in driving farmgate competition and, ultimately, a sustainable sheep industry.

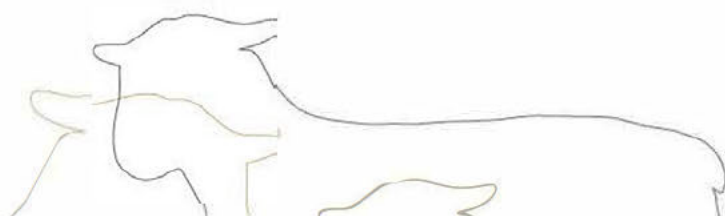
Not only will Sheep Producers Australia continue to strongly oppose this policy, but we will continue to call on Government to uphold their responsibility to develop agricultural policies that are evidence based, strategic, inclusive and collaborative.

Without this, the Australian sheepmeat industry, and broader Australian agriculture, can have little trust in the manner that the Government will develop and implement agricultural policies that have the potential to leave Australian families, communities and entire industries behind.

Should you wish to discuss this submission further please do not hesitate to contact me at

Yours sincerely,

Chief Executive Officer
Sheep Producers Australia



sheepproducers.com.au

ABN 21 256 262 885

SUBMISSION TO THE PHASE OUT OF LIVE SHEEP EXPORT BY SEA: CONSULTATION PAPER

1 EXECUTIVE SUMMARY

Despite the unique challenges presented by climate, geography, and isolation, Western Australian (WA) sheep producers have demonstrated extraordinary resilience and ingenuity to build thriving businesses which sustain their families and contribute to the well-being of their communities.

With a strong focus on merino production, the WA sheep flock plays an important role in sustaining the national flock, ensuring vital breeding stock is maintained to support periods of rebuilding on both the east and west coast of Australia after drought. This is not only critical for the long-term success of the Australian sheepmeat industry, but also the wool and meat processing sectors.

For WA sheep producers to sustain their systems in the face of isolation, strong farmgate competition for sheep which is driven by access to markets that include live sheep exports, must be maintained. Grazier competition in WA is limited, with producers relying on the competitive tension provided by live export to ensure stronger competition, fairer farmgate pricing, and sustainable businesses.

The Government's decision to recommit to its policy to phase out live sheep export by sea removes a critical demand for WA sheep, thereby reducing farmgate competition and threatening the very livelihoods of the families, businesses and communities reliant on the WA sheep supply chain. Specifically, the devastation associated with this decision will be endured by the families and communities living in the Central Eastern Wheatbelt, Wheatbelt South, Great Southern and Upper Great Southern regions of WA.

This decision risks the enviable trading reputation that the Australian sheep industry has built with our global customers over decades. Our industry's reputation, built on the consistent delivery of high-quality products and reliable supply, has positioned Australia as the foremost sheepmeat exporter globally. The disruptions that will result, should this decision be implemented, have far-reaching consequences, threatening the long term viability of the industry, destroying Australian businesses and jobs, and endangering trading partners ongoing food security.

Given the indifference to the outstanding improvements and performance of the trade since 2018, the lack of consultation and due diligence completed by the Government when recommitting to this policy, an alarming precedent has been set for future agricultural policy decision making. The policy decisions made for Australian agriculture must be evidence-based, strategic, inclusive and collaborative. To divert from this threatens the future of the industry, businesses, families and communities. Government has a responsibility to ensure that no Australian is worse off or left behind. Should this policy be implemented, that is what will occur for thousands of Australians in rural WA.

Providing this submission into this consultation in no way signifies support for the current Government policy to phase out live sheep export by sea. On the contrary, it seeks to illustrate the significant negative consequences of this policy, should it be implemented.

Given the short time period assigned for consultation, it is impossible for industry, those opposed to the trade, or the government to undertake the data collection and analysis required to inform a robust position about the requirements for a transition away from the trade.

Along with other key state and national agricultural representative organisations, Sheep Producers Australia will continue to strongly oppose this policy, and calls on the Government to reverse this decision to safeguard the Australian sheep industry, and rural Australia more broadly.

2 RECOMMENDATIONS

Recommendation 1

To secure the future of the Australian sheep industry, and support the communities in the Central Eastern Wheatbelt, Wheatbelt South, Great Southern and Upper Great Southern regions of WA, the Federal Government should immediately reverse its decision to phase out sheep live export by sea.

Recommendation 2

To ensure perverse competition outcomes do not occur as a result of the Federal Government policy - particularly in the WA sheep industry - independent expert analysis, on farmgate competition forces in the market must be completed to better inform competition policy and associated viable structures.

Recommendation 3

To support future policy discussions about the sheep live export industry by sea, the Federal Government must undertake independent economic and community sentiment studies which provide unbiased and robust analysis about the trade's performance and consequences of policy reforms for Australian sheep producers.

Recommendation 4

To ensure genuine consultation and engagement on future pathways for the Australian sheep industry, the Federal Government must commit to a policy process that is evidence based, strategic, inclusive and collaborative.

3 ABOUT SHEEP PRODUCERS AUSTRALIA

Sheep Producers Australia is the collective national voice on issues that affect Australian sheep production, representing close to 20,000 sheep farming businesses. Sheep Producers Australia works daily to enhance the industry's productivity, profitability and sustainability by representing all producers to industry decision-makers and stakeholders.

Sheep Producers Australia welcomes the opportunity to provide this submission into the Department of Agriculture, Fisheries and Forestry (DAFF) consultation on the [Phase out of live sheep exports by sea](#). However, contributing to this consultation process in no way indicates support for the current Australian Government policy to phase out live sheep exports by sea. Sheep Producers Australia supports a sustainable and regulated live export trade underpinned by evidence-based decisions and further supported by both the Export Supply Chain Assurance System (ESCAS) for Australian livestock, and the Livestock Global Assurance Program (LGAP). Sheep Producers Australia will continue to support research and adoption programs which allow the trade to expand in a sustainable manner, delivering positive animal welfare outcomes and increased competition for Australian sheepmeat producers.

Sheep Producers Australia will continue to strongly oppose this policy, and we will continue to call on Government to uphold their responsibility to develop agricultural policies that are evidence based, strategic, inclusive and collaborative. The current sheep live export by sea policy position held by the Government fails to meet any of these four attributes.

4 ABOUT THIS SUBMISSION

Given the limited consultation timeframe, it is important to highlight the challenge of conducting comprehensive data collection and analysis to provide robust input into the Government's consultation process.

To offer clarity and awareness into the policy's impacts, interviews were conducted with WA sheep producers, and their insights have been incorporated throughout this submission to assist the panel in understanding the complex interactions and implications that a phase out would involve. Full case studies are provided at the end of the submission, and we encourage reviewers to read them to grasp the true consequences for their families, businesses, and communities.

It should also be acknowledged that these case studies are not representative of every one of WA's 5,200 sheep-producing farms¹. Additionally, the case studies do not encompass the broader participants of the WA sheep supply chain, who may be disproportionately affected by the policy.

Sheep Producers Australia would like to express our gratitude to all the producers who participated in this process. Despite the difficulties and personal costs involved, their willingness to share their stories underscores the gravity of this policy decision.

¹ [WA Meat & Livestock Sector - Production & Export | WAOFB \(waopenforbusiness.wa.gov.au\)](#)

5 BACKGROUND

5.1 THE AUSTRALIAN SHEEPMEAT INDUSTRY

5.1.1 An export focus

The Australian sheepmeat industry has a proud history of delivering safe and dependable sheepmeat to both domestic and international markets. The industry's commitment to quality and excellence has resulted in high global demand for Australian sheepmeat products. In 2019, the total off-farm meat value, which encompasses domestic expenditure and exports, including live export, reached around \$7.2 billion², a remarkable 24% growth compared to the previous year.

As the world's largest sheepmeat exporter, the industry achieved record exports in 2021-2022 of \$4.5 billion³, a trend expected to continue given growing customer demand and increased preference for high-value lamb products⁴. With a strong focus on maintaining and expanding this leading position, the industry aims to deliver benefits not only to Australian farmers, but contributes to global food security by supplying a range of high-quality sheepmeat products to a diverse range of customers worldwide.

To achieve this ambitious goal, the industry recognises the importance of upholding its reputation as a reliable trading partner. This entails not only delivering products of exceptional quality but also ensuring a consistent and dependable supply to meet the needs of customers worldwide. By maintaining high standards of product quality and supply reliability, the industry can continue to attract and retain customers, further enhancing its position as a trusted and sought-after supplier in the global sheepmeat market.

The Australian sheepmeat industry recognises the importance of meeting the diverse preferences and requirements of international markets. To cater to these needs, the industry exports a range of products, including chilled and frozen meat, and live sheep. This allows for flexibility in meeting cultural, religious, and infrastructure requirements of different markets.

In line with its commitment to sustainability and social responsibility, the industry ensures that its products are produced and transported in a manner that aligns with these principles. This includes adhering to stringent animal welfare standards and implementing sustainable farming practices to minimise environmental impact.

In terms of export destinations, the United States of America, China and the Middle East were among Australia's top three markets for sheepmeat (lamb and mutton) in 2021⁵. These markets, along with others depicted in *Figure 1* below, play a crucial role in driving the industry's export growth and contribute to its success on the global stage. By maintaining strong relationships with these key markets and continuously identifying new market opportunities, the Australian sheepmeat industry aims to sustain its export growth and further expand its global footprint.

² [Meat & Livestock Australia, Fast Facts 2020: Australia's sheepmeat industry](#)

³ [Department of Agriculture, Fisheries and Forestry, Australian sheepmeat export snapshot February 2023](#)

⁴ [AUSTRADE, Insights – Australian exporters to benefit from growing global appetite for sheepmeat, November 2022](#)

⁵ [Meat & Livestock Australia, State of the Industry Report, 2022](#)



Figure 1. Australian key export markets (MLA, 2022)

Importantly, the Australian sheepmeat industry is a crucial part of the Australian red meat sector, which generated a turnover of \$67.7 billion in 2020-2021⁶. Primarily export focused, red meat is exported in three primary forms: meat, meat co-products and further processed products, and livestock. In 2020-21, the value of chilled and frozen meat accounted for nearly 80% of total meat and livestock exports at \$13 billion, with live sheep and cattle exports accounting for \$1.6 billion⁷.

5.1.2 Benefits at home

The Australian sheep industry is also an essential component of the regional landscape in Australia. In agricultural-dependent rural and regional communities, the industry provides direct economic benefit, including employment opportunities and investment. Over the last five years, the Australian sheep industry (including sheep farming (meat and wool), feedlots, abattoirs, live exports (meat and wool) and interstate trade) has on average, directly contributed \$3.7 billion of value added annually and employed 12,110 full time equivalents (FTEs)⁸. Additionally, the industry delivers significant social benefits, fostering vibrant communities and contributing to equitable development that delivers enhanced livelihoods, economic stability and strengthened social fabric within the regions.

The sheep industry operates through complex national supply chains that enable it to navigate and adapt to the diverse geographical, climatic, and economic factors that exist across Australia. The distribution of Australia's sheep population is concentrated in four key states, illustrated in Figure 2:

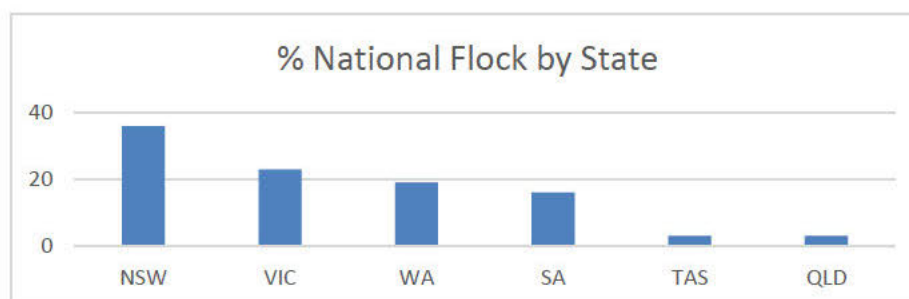


Figure 2. Australia's sheep population by state (MLA 2022)

⁶ Meat and Livestock Australia, About the red meat industry

⁷ Meat & Livestock Australia, State of the Industry Report 2022

⁸ Acil Allen, Performance and value of the live sheep export trade, June 2023

Notably, the vast geography of Australia creates a distinct separation between the sheep supply chains in Western Australia and the eastern states. This separation introduces unique dynamics and considerations for stakeholders involved in the WA sheep industry, which both sets it apart from its east coast counterparts and cements its role in maintaining critical national breeding stock.

In recent years, the national flock has experienced a period of rebuilding and was estimated to be 70.2 million head as of June 30, 2022, reflecting a 3% increase compared to the previous year⁹. Looking ahead, Australian Bureau of Agricultural and Resource Economics forecast is that sheep numbers will remain relatively stable, subject to seasonal conditions, until 2028¹⁰. While the industry is currently experiencing a resurgence, producers have endured uncertainty and hardship over previous decades. The national flock experienced significant contraction from the 1990s onwards as a result of structural reforms and drought. In 2020, the national flock was forecast to reach a record low of 63 million head, the lowest level in a century and over 100 million head less than the 1970s peak of approximately 170 million head. While this trend has largely stabilised, farming practices have undoubtedly shifted away from wool production and the merino ewe, towards dual purpose ewes for sheepmeat production. Additionally, there has been a growing emphasis on mixed enterprises where sheep production of all types is integrated, and both complements and competes with, cropping activities¹¹.

Both trends have resulted in a reduction of the national ewe base, particularly the merino ewe, which is significant given their critical role in both wool and sheepmeat production in Australia. Notably, given its suitability to sheep production in WA, the merino ewe base has remained much higher in WA when compared to the eastern states, as outlined in *Table 1* below¹².

	Eastern States	WA	NSW	VIC	SA	TAS	QLD & other	AUS
Ewes- Merino	19.7	5.7	9.7	4.3	4.1	0.8	0.8	25.4
Ewes- Other	11.1	1.1	4.4	4.1	1.7	0.6	0.3	12.2
Total Breeding Ewes	30.8	6.9	14.1	8.4	5.8	1.4	1.1	37.6
Merinos as % Ewes	64%	84%	69%	51%	71%	56%	71%	68%
Rams & Wethers	6.2	1.6	2.4	2.0	1.0	0.3	0.4	7.8
Lambs	18.4	4.2	8.2	5.0	4.0	0.7	0.6	22.6
Total Sheep & Lambs	55.3	12.7	24.7	15.4	10.8	2.4	2.1	68.0

Table 1. Australian sheep flock (millions) by category and state, 2021 (Mecardo 2023)

As a result, WA remains an important pool of merino ewes and lambs for the east coast to ensure its flock remains viable, particularly after tough years of drought that have resulted in significant destocking. Not only does this west to east transfer trade support the sustainability of the national flock, it provides an additional but sporadic farmgate competition channel in the isolated WA market⁷, along with domestic processing and live sheep export.

⁹ [Australian Bureau of Statistics, Agricultural Commodities, Australia: 2021-22 financial year](#)

¹⁰ [Sheep meat - DAFF \(agriculture.gov.au\)](#)

¹¹ [Mecardo, Analysis of Domestic Fundamentals Influencing the National Sheep Flock, August 2020](#)

¹² Mecardo, Australian Live Sheep Export Trade Analysis, May 2023

However, over the past five years, the west to east transfer trade in the Australian sheep industry has encountered significant challenges, primarily due to the substantial increase in transportation costs. Since 2017, these costs have surged by an astounding 60%¹³, adding further strain to the trade. Combined with a potential phase-out of live sheep export, this trend has serious ramifications for competition within the WA sheep industry as producers would be forced to potentially rely on a limited number of processors within WA, having lost two key markets. The implementation of this policy would turn this lack of farmgate competition between sheep buyers in WA from being a temporary, seasonal pinch point into a permanent and constant state for the industry. This fundamental shift in competitive forces for WA sheep purchases is the core of the complexity and concern caused by the proposed implementation of this policy.

Such a scenario would likely drive WA mixed farming enterprises further away from sheep production and towards a heightened dependence on cropping. Indeed, while the national flock has been in recovery, WA is the only state to see a decrease in sheep numbers, down 2% in 2021-22¹⁴. This shift not only hinders WA producers' ability to manage geographical, climate, and market risks but exerts additional pressure on the WA and national breeding flock. Considering the crucial role of this flock in sustaining both wool and sheepmeat production, such a development would pose a significant risk to the future viability of these industries, both in WA and nationally.

5.2 THE AUSTRALIAN LIVE SHEEP EXPORT INDUSTRY

5.2.1 Contribution of the trade

A critical component of the sheep industry, the Australian sheep live export trade plays a crucial role in the country's farming systems, accounting for approximately 6% of annual sheep and lamb turnover between 2014-2018, thereby providing an important farmgate competition lever for the industry. During this period, around 2 million head of sheep were exported annually, delivering an export value of \$228 million¹⁵ and providing 3,443 jobs across the supply chain.

Value chain analysis from the same time estimated 44-49% of the revenue generated from the live sheep export trade was retained on-farm, providing approximately \$100 million in revenue to Australian sheep farmers each year. While other participants in the live sheep export supply chain receive a smaller portion of the trade's turnover, their businesses are significantly reliant on the trade. This is particularly true for fodder and livestock agents, transporters, handlers and buyers, veterinarians, shearers and quality control service providers.¹⁶

In 2018, the cessation of the live sheep trade during the northern hemisphere summer saw annual volumes shrink toward 1.1 million head, costing the industry an estimated \$83.6 million in lost revenue nationally, with the subsequent 2019 moratorium costing an estimated \$65.8 million.¹⁷ Disruptions to the trade have had a more significant impact on job losses in south eastern Australia resulting in a 90% reduction in employment related to live sheep export, compared to a 50%

¹³ Mecardo, Australian Live Sheep Export Trade Analysis, May 2023

¹⁴ Acil Allen, Performance and value of the live sheep export trade, June 2023

¹⁵ [Australian Livestock Exporters Council, Economic Impact](#)

¹⁶ [Mecardo, Value Analysis of the Australian Live Sheep Export Trade, September 2019](#)

¹⁷ [Mecardo, Impact of the live export sheep trade's self-imposed moratorium and regulatory changes, January 2020](#)

decrease in WA. This illustrates both the differences in the east versus west sheep production systems, and the greater ongoing reliance on the trade in WA.

More recent studies indicate the national economic contribution of the live sheep export industry (live sheep and the associated wool clip) has directly contributed \$52 million of added value and directly employed 88 FTEs post farm-gate annually. Indirectly (indirect plus direct), the trade has contributed \$86 million added value and employed 240 FTEs annually. Specific to WA, the live sheep export industry (live sheep and the associated wool clip) has directly contributed \$45 million of added value and directly employed 52 FTEs post farm-gate annually. This accounts for 6.1% of the total sheep industry added value in WA. The total (indirect plus direct) contribution of live sheep export to WA was \$71 million added value and employed 179 FTEs annually¹⁸.

5.2.2 Industry Reform

As noted in 5.2.1, the trade was temporarily suspended in 2018. Given the complexity and challenges posed by the trade, industry has committed to significant investment into research, development and adoption programs which enhance animal welfare outcomes and support the maintenance of its social licence to operate. The industry works determinedly with government at all levels to ensure appropriate regulation is in place and adhered to.

The Australian live export industry has the highest standards of animal welfare in the world. The development of the Export Supply Chain Assurance System (ESCAS)¹⁹, which ensures animal welfare in market, is the first regulation of its kind globally. Coupled with the Australian Standards for the Export of Livestock (ASEL)²⁰ and domestic animal health and welfare regulations, animals exported under the Australian live export trade are protected by legislation from paddock through to in-country markets. *Figure 3* shows how ESCAS and ASEL underpin every component of the live export journey.

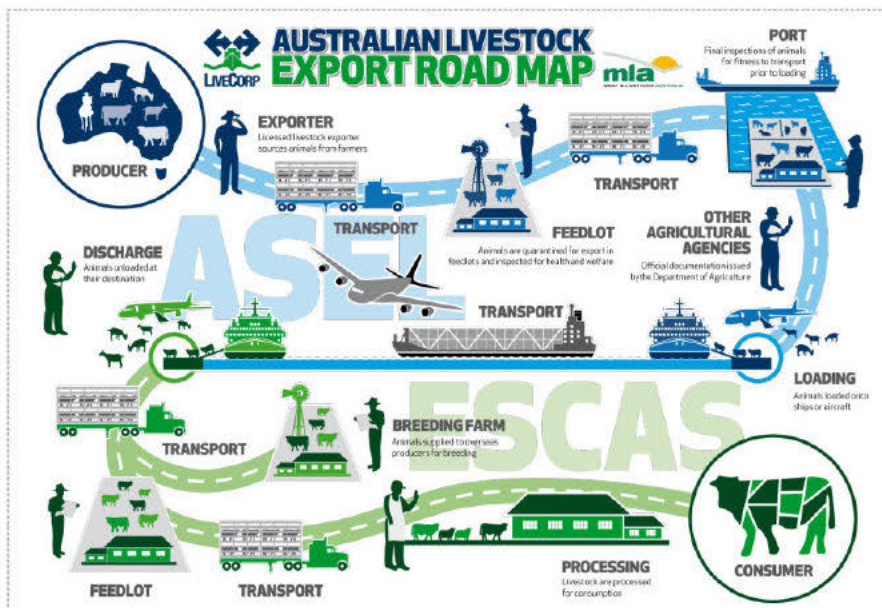


Figure 3. Australian livestock export industry road map (LiveCorp 2020)

¹⁸ Acil Allen, Performance and value of the live sheep export trade, June 2023

¹⁹ [Exporter Supply Chain Assurance System \(ESCAS\) - DAFF \(agriculture.gov.au\)](https://www.agriculture.gov.au/industry/australian-livestock-export/asec)

²⁰ [Australian Standards for the Export of Livestock - DAFF \(agriculture.gov.au\)](https://www.agriculture.gov.au/industry/australian-livestock-export/asec)

ESCAS and ASEL are the only animal health and welfare regulations of their kind globally, meaning Australian animals are the only animals to be protected throughout the live export trade, including past the point of sale. Loss of the Australian live sheep export trade would be a loss for global animal welfare. Our trading partners agree to these requirements, as we are considered a reliable supplier of high-quality livestock to meet their food security requirements.

The 2018 temporary suspension prompted regulatory changes related to heat stress and animal welfare requirements. Subsequently, industry implemented substantial reforms and voluntarily imposed a trade moratorium from 1 June 2019 to 22 September 2019 to support ongoing animal welfare outcomes, along with a suite of other measures. The moratorium was enforced through government regulations. Since 2018, the industry has undergone significant change, demonstrating the industry’s commitment to improve. Changes include:

- Industry initiated moratorium on sheep exported during the northern hemisphere summer which is now part of regulation.
- Increased space available for each animal as outlined in the updated ASEL 3.2.
- Improved ventilation requirements and independent auditing of ventilation systems.
- Automated environmental monitoring on decks to record deck temperatures.
- Independent government observers provide additional assurances and reports are public.
- System called LIVEXCollect implemented to ensure there is consistent comparable data being collected.

The changes implemented by industry have delivered exemplary animal welfare performance and, since 2018, there have been no reportable mortality incidents. While the industry recognises voyage mortality rates are not the only measure of welfare, they are objective and have historically been used as the measure of live export mortality performance by Government. Importantly, voyage mortality rates are influenced by voyage duration, as such, the longer the voyage the higher the potential for mortality. Daily mortality rates may be considered a superior measure of mortality performance as they remove the influence of voyage duration.

Table 2 below indicates the average voyage mortality rate and daily rate for sheep in 2022 is at a record low level. The average voyage mortality rate in 2022 compares to average voyage mortality rates of 0.22% in 2020, 0.64% in 2015 and 0.90% in 2010 – that is, average sheep voyage mortality rates are now about one-sixth of the levels they were in 2010.

Voyage Mortality Rates	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022* (Jan-Jun)
Cattle	0.11%	0.13%	0.10%	0.13%	0.10%	0.12%	0.10%	0.11%	0.08%	0.06%
Sheep	0.73%	0.72%	0.64%	0.80%	0.71%	0.47%	0.26%	0.22%	0.20%	0.13%
Daily Mortality Rates										
Cattle	0.0078%	0.0084%	0.0070%	0.0089%	0.0087%	0.0088%	0.0082%	0.0081%	0.0072%	0.0054%
Sheep	0.0287%	0.0292%	0.0287%	0.0345%	0.0303%	0.0201%	0.0122%	0.0102%	0.0091%	0.0058%

Table 2. Average voyage mortality rate (LiveCorp 2023)

These improvements were highlighted by the Al Kuwait voyage, which departed WA in May 2020 after receiving an exemption to sail during the northern summer prohibition after a delay due to

COVID-19. The ship had 33,341 sheep on board and delivered the lowest mortality rate ever recorded at that time, at any time of year (0.08%)²¹.

The industry has also invested in further research to better understand community sentiment. In 2019, Voconiq, an Australian data science company built on a platform of research developed by Australia's national science agency, Commonwealth Scientific and Industrial Research Organisation (CSIRO), was engaged to undertake an independent assessment of community sentiment towards the live export industry over the past four years²². From 2019 to 2023 between 4,300 and 4,800 people were surveyed. The sample was stratified across age, residence (metropolitan/suburban/regional), indigeneity, gender and education dimensions, to be representative of the Australian population.

The findings of that research are summarised below:

- In general, live exports are seen by Australians as an important part of the agriculture sector, and important for farming communities. The position of live exports, socially and economically, has improved over the last four years.
- Both trust and acceptance in the live export industry have increased modestly since this research began in 2019.
- Perceptions of industry responsiveness are strengthening over time.
- While Australians remain concerned about animal welfare in the live export industry in 2023, responses in general have improved significantly since 2019. Australians understand that welfare is a complex issue and their views reflect growing awareness of the work of the industry to improve welfare outcomes and treatment in overseas destinations.
- There is growing positive recognition of the importance of the live export trade for the citizens of destination markets with respect to a range of health, cultural, and other benefits. The transfer of knowhow, technology and breeding stock to develop and maintain strong and higher animal welfare in livestock industries in these destinations is also increasingly seen as a positive outcome by Australians.
- There is strong public confidence in the mechanisms used to apply and enforce standards on the industry.
- There was no significant difference in the way that Australians view live sheep exports relative to the industry in general.

6 CONSTRAINTS AND CONSEQUENCES OF PHASING OUT THE TRADE

The proposed phase out of the live sheep export trade will have a profound impact on families, businesses, and communities in WA. The implementation of this policy would fundamentally shift the competitive forces in farmgate sheep purchasing in WA. The degree and rate of shift will also depend on the pace of implementation. Regions such as the Central Eastern Wheatbelt, Wheatbelt South, great Southern and Upper Great Southern²³ will bear the brunt of the consequences as

²¹ Acil Allen, Performance and value of the live sheep export trade, June 2023

²² Voconiq, Live Exports and the Australian Community 2019-2023, May 2023

²³ [Mecardo, Impact of the live export sheep trade's self-imposed moratorium and regulatory changes, January 2020](#)

almost 100% of the Australian live sheep export trade originates from WA, with the majority departing from the port of Fremantle.

“It’s taken a long time to develop agriculture in Western Australia. Mixed farming (cropping and livestock) systems have evolved because they work and they are efficient. Taking out a central component of that system, it changes everything.”²⁴

Within WA, mixed farming enterprises have proven to be extremely successful. This integrated approach allows farmers to leverage the advantages of integrating cropping and sheep enterprises. By implementing important rotational aspects of cropping systems, such as a pasture and fodder legume phase, the simultaneous benefits of improved cropping potential and additional sheep enterprise revenue can be achieved. With shorter seasons and limited pasture availability, merinos have proven the sheep breed of choice in WA, compared to the more resource intense maternal and terminal breeds of sheep.

“Around 70 percent of farms in the region would have sheep because they fit well with the climate and landscape.”²⁵

While WA has greater proportion of merinos than its east coast counterparts, its reliance on wool production has also increasingly shifted toward sheepmeat production, resulting in an increased requirement for breeding ewes and a reduced need for wool producing wethers. This shift has necessitated specific market options that cater to different categories of sheep which the live sheep export market provides. Specifically, live sheep export can accommodate younger and lighter Merino wether lambs, as well as their heavier and older counterparts, which the domestic processing sector finds less desirable. As such, WA has developed a greater dependence on the live sheep export market not experienced on the east coast of Australia.²⁶

Along with WA sheep producers, a phase out of the trade will impact businesses along the entire supply chain, including but not limited to livestock agents, feed and fodder suppliers, veterinarians and animal health professionals, shearing contractors, marking contractors, wool brokers, meat processors and abattoirs, wholesale and retail distributors, exporters, transporters, and agricultural consultants.

The sheep supply chain, both in WA and nationally, is a complex and interconnected system. Disruption or removal of a component diminishes competition and can have far-reaching and unintended consequences across the entire industry. Failing to consider these complexities can undermine the overall viability and sustainability of the sheep industry, as well as the livelihoods and well-being of those involved at various levels. This complexity is captured in *Figure 5* below.

²⁴ Case Study – Rachael and Andrew Plowman

²⁵ Case Study – Bob Iffla

²⁶ Acil Allen, Performance and value of the live sheep export trade, June 2023

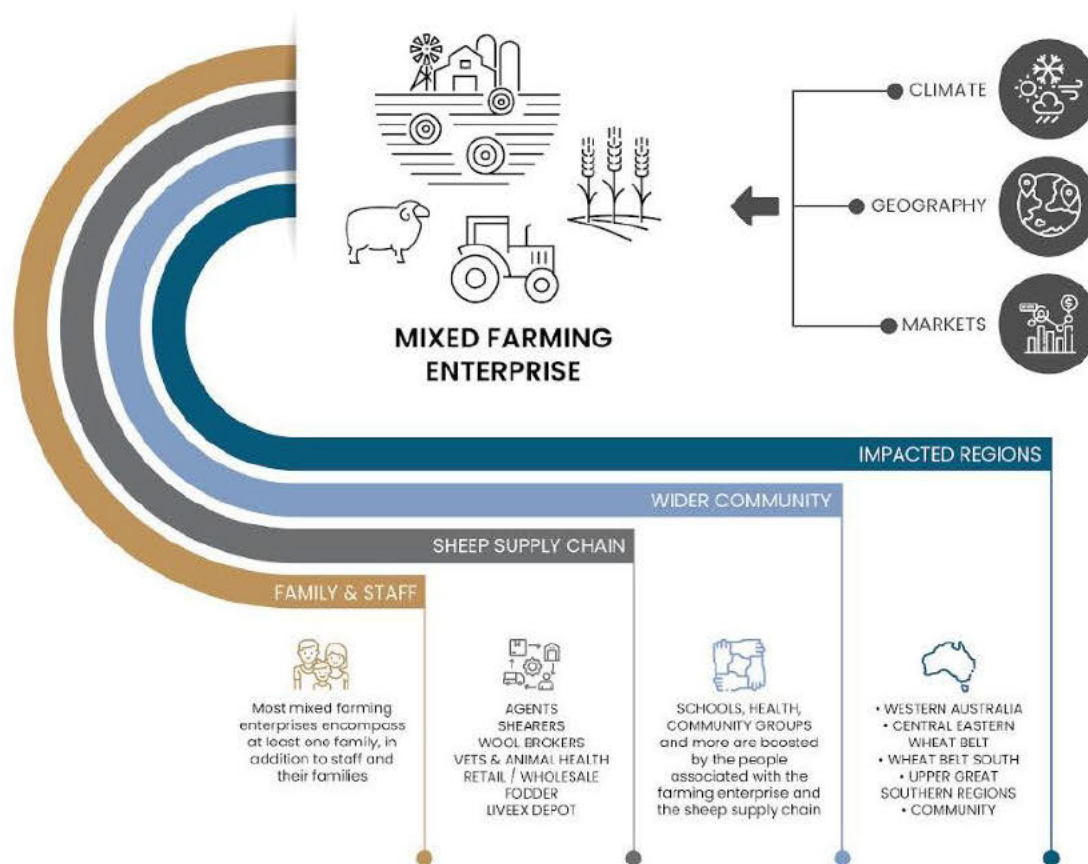


Figure 5. Connectedness of the live sheep trade to family, staff, the sheep supply chain and the wider community in WA

Recent economic modelling completed by ACIL Allen suggests cessation of the live sheep export trade would result in an estimated 19.19% reduction in the per head value of a male sheep (wethers) in WA, or in dollar terms a decline of \$21.84 per male sheep (based on current prices) with a price response. ACIL Allen also notes that this does not consider additional systemic pressures, including seasonal climate variations or market conditions that may fluctuate over time. Importantly, ACIL Allen also recommends additional modelling is required to genuinely understand the implications of implementing the Government’s phase out policy:

“the project was constrained by the limited availability of public information, particularly quantitative data..... By addressing these research gaps, future studies can contribute to a more comprehensive and nuanced understanding of the implications, challenges, and opportunities associated with potential changes in Australia's live sheep export trade in the Middle East and beyond.”²⁷

Therefore, it is crucial to emphasise that there has not been sufficient time for adequate data collection and analysis to provide a comprehensive understanding of the consequences and corresponding solutions to support producers in the event of this policy being implemented.

²⁷ ACIL Allen, Performance and value of the live sheep export trade, June 2023

Additionally, producers have been operating in highly unusual and challenging circumstances over the past 3-5 years, which further hampers the provision of accurate information. These circumstances include significant disruptions and complexities within the supply chain due to the COVID-19 pandemic (including workforce and supply chain issues), the impact of the war in Ukraine on fertiliser and diesel prices, huge variations in climate, and the recent escalation of interest rates and inflation rates.

Combined, these factors have created a challenging operating environment which simultaneously makes it difficult to fully assess the implications of this policy, while exacerbating the pressures faced by farm businesses should it be implemented. Therefore, it is essential to recognise and acknowledge the constraints in acquiring comprehensive information within a limited timeframe, underscoring the significance of establishing a robust process that ensures genuine due diligence is completed to inform policy-making.

With these factors in mind, this section will provide insight on the following consequences of the proposed phase out:

1. Loss of critical farm risk management tools
2. Reduced farmgate competition and depressed prices
3. Domestic processing: an unlikely replacement for live sheep export
4. Trading partner reputational risk and the loss of export markets
5. Communities in crisis: rural families and businesses left behind
6. Agricultural policy making: accountability, transparency and trust

Please note – the impact on the WA and national flock size and composition was considered in section 5.1.2 above.

6.1 LOSS OF CRITICAL FARM RISK MANAGEMENT TOOLS

Sheep are widely regarded as a crucial risk management tool and profitability driver in mixed farming enterprises for numerous producers. Recognising the significant role of merino sheep in risk management within WA, Australian Wool Innovation (AWI), the wool industry's research and development corporation (RDC), has established a dedicated network and resource called "The Sheep's Back" specifically for WA producers. The primary objective of this resource is *"to champion the WA merino sheep industry by improving grower confidence and their capacity to make better and timelier decisions with their sheep enterprise"*²⁸. When considering the various ways in which sheep production mitigates risks in WA, it is recommended to consult this resource.

1. Business management

Not all land is suitable for resource intense cropping and lamb production systems and producers' profit and loss statements can absorb more risk when multiple revenue streams exist. To combat seasonal challenges, revenue generated by sheep and wool production provides a complementary risk strategy for mixed enterprises made up of cropping and livestock production.

According to Ed Riggall, a farm management consultant at AgPro Management in WA, benchmarking analysis has revealed that running merinos on a mixed farming enterprise in WA can yield gross margins that are on par with cropping, but with lower associated risks. This indicates that sheep

²⁸ [Australian Wool Innovation, The Sheep's Back](#)

production, specifically through the utilisation of merinos, offers a viable and financially rewarding option for farmers in WA:

“The other benefit of sheep, and a merino enterprise, is they have a much lower risk potential. They are a very reliable and cost-efficient operation to run. Having said that, sheep and cropping are two hugely complementary enterprises.”²⁹

By maintaining a balance between sheep farming and cropping, farmers can diversify their income streams, reduce risk, and ensure the long-term sustainability of their operations. Removing markets that support the viability of sheep enterprises in WA could further exacerbate the shift towards cropping, reducing the diversity of income streams.

2. Drought management

In the key merino sheep regions of WA, where challenging seasonal and growing conditions are prevalent, the live sheep export trade plays a vital role as a market for selling sheep during droughts and difficult seasons. This is particularly significant because WA producers face limited opportunities to relocate their sheep to different climatic zones, unlike their counterparts in the eastern states, due to the geographical isolation of the region.

WA sheep producers use a range of tools, including those included in *The Sheep's Back* resources section, to develop sheep management strategies that enables effective drought management during challenging seasons by destocking. During drought, producers will focus destocking activities on sheep that do not make up their breeding core, including dry ewes and wethers. This allows producers to adequately manage dry conditions, but recommence breeding without delay when conditions improve due to the maintenance of their breeding ewe numbers. *Figure 6* illustrates examples of the tools available in *The Sheep's Back* that support producers in this regard³⁰.

The Sheep's Back **The Back Door**

Strategies to deal with a late break

Define a late break: Post 15th May

Options


1. Feed Hay
2. Pregnancy test and sell dry ewes
3. Do not sow canola
4. Feedlot half the wether hoggets
5. Feedlot all the wether hoggets

Sensitivity of Options

Date	Action	Effect	Stocking Rate
7 th May	Nil	Nil	9.00
14 th May	Feed hay to reduce SR by 1 dse	- 1000 dse	8.00
21 st May	Pregnancy test and sell dry ewes	- 575 dse	7.45
28 th May	Do not sow Canola	+ Wgha by 50ha	7.05
4 th June	Feedlot Half wether hoggets @ 80ha	- Wgha by 10 ha, - 780 dse	6.37
11 th June	Feedlot all wethers' hoggets	- Wgha by 20 ha, - 1565 dse	5.68

To do list

1. Organise hay purchase
2. Organise pregnancy testing for mid May
3. Organise canola rotation to go onto pasture (not spray topped)
4. Build feedlot, and purchase grain. Suggest 40T Lupins on hand and secure



The Sheep's Back **The Back Door**

A Poor Season Happens Incrementally

A Poor Season doesn't happen overnight, it develops incrementally. The challenge is to define when a poor season is occurring, determine an appropriate stocking rate and develop a plan as to how it will be achieved.

Most of us would have heard of the Hope, Green, Fair and Panic Cycle. It usually refers to our reactions in a price cycle but it is quite relevant when it comes to the bad season.

As the bad season develops incrementally we live day to day in the hope that it will turn tomorrow and things will turn out okay. As time goes by and it doesn't rain we find ourselves in the lean part of cycle as it is now too late to make any proactive decisions. The tendency is to try and salvage what we can from a disastrous situation. Everyone else seems to be in the same boat and the options are limited.

The key to managing the risk of a poor season is to design an exit strategy in an environment where we are proactively removed from the situation (i.e. long before a poor season occurs). This allows us to think rationally and rationally about the decisions we need to make.

When we have that strategy in place together with a written plan we need to adhere to it.

Definition of a Poor Season:

DATE	Realistic Potential Stocking Rate
1 st May	10
7 th May	10
14 th May	9.5
21 st May	9.5
28 th May	8
4 th June	8.5
11 th June	8
18 th June	8.5

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www.wbrc.com.au 12

Figure 6. Examples of tools producers use to manage drought via their merino sheep flock.

²⁹ [Merino Success Story - Ed Riggall \(WA\) - Australian Association of Stud Merino Breeders](#)

³⁰ [Australian Wool Innovation, The Sheep's Back](#)

By offering an outlet for surplus sheep, the live export industry provides an additional option for farmers to turn off sheep allowing them to better manage livestock numbers, utilise pasture and support good environmental outcomes during periods of drought.

3. *Environmental management:*

“Having a legume rotation can provide great sheep feed, and also provide nitrogen and nutrient benefits for soils and future crops. Sheep also play a huge role in weed management.”³¹

In mixed enterprise operations that consist of cropping and sheep production, certain paddocks may be unsuitable for cropping, or sheep may play a vital role in weed management or crop preparation activities, while also ensuring sheep are finished to requirement. Unlike constant chemical spraying, which is not practical or sustainable, sheep provide a natural and effective means of managing these paddocks and reduces the risk of emerging herbicide resistance issues in WA.

“It’s also future risk mitigation; they rotate paddocks out of cropping to reduce plant pests and disease, use stock to graze weeds to reduce chemical resistance, and plant pastures that improve soil fertility and reduce inputs by naturally fixing nitrogen.”³²

In the Grains Research and Development Corporation (GRDC) “Update on herbicide resistance in WA weed species”, Mechelle Owen from Australian Herbicide Resistance Initiative (AHRI) noted:

“WA is experiencing herbicide resistance ... that is very clear. The challenge is to use a wide range of integrated weed management options that help achieve herbicide sustainability and support productivity of cropping systems.”³³

The WA Department of Primary Industries and Regional Development recommends one such weed management practice is the use of grazing, which also results in improved pasture composition.

“Grazing, in association with other tactics, may be used to help reduce weed numbers. Grazing can be coupled with hay and silage making, mowing and pasture spray-topping for increased weed control. Well managed grazing will increase legume composition and improve feed quality.”³⁴

Sheep production in a mixed enterprise system is critical to a host of environmental outcomes and is regularly championed by WA farmers, such as Phil Logue from Perenjori. These environmental wins will be lost if the WA sheep market is lost, or reduced, with the phase out of sheep live export by sea. While not selling directly into the live sheep export market, Mr Logue has also been impacted as overall sheep prices have taken a hit in the face of uncertainty around the Federal Government decision to phase the trade out.

³¹ [Merino Success Story - Ed Riggall \(WA\) - Australian Association of Stud Merino Breeders](#)

³² Case study – Sarah Brown

³³ [Update on herbicide resistance in WA weed species - GRDC](#)

³⁴ [Crop weeds: weed management at harvest | Agriculture and Food](#)

As a recent recipient of WA state government funding into carbon farming and land restoration, Mr Logue now faces significant risk of being unable to generate the crucial Australian Carbon Credit Units (ACCUs) required to pay back part of the funding as a result of depressed sheep markets.

"At Weelhamby, we need sheep on farm to run our carbon project, but we also need to be able to sell them. If we overgraze, or aren't able to graze our paddocks properly, then we don't generate carbon."³⁵

6.2 REDUCED COMPETITION AND DEPRESSED PRICES

At the heart of this policy decision is competition, or more specifically for WA producers, the loss of farmgate competition. Compared to the eastern states, the WA sheep industry faces the constraints of a smaller domestic market, a small number of processors sourcing livestock for local processing, a small number of buyers bidding on sheep for sale, restricted options for sheepmeat export markets and reduced access to airfreight. Access to the live export trade plays a key role in supporting farmgate competition in WA.

The critical issue that must be addressed when considering a possible phase out and transition away from the trade is how to ensure producers can still operate in a competitive market when critical channels, such as the live sheep export market, are terminated. Producers must have confidence there will be enough farmgate competition to ensure that a commercial sheep industry will still exist should the live sheep export trade be phased out. Government has a responsibility to undertake a serious analysis of competitive forces in the WA sheep market by engaging experts such as the Australian Competition & Consumer Commission (ACCC) to better inform thinking about competition policy in the market and viable structures.

"The producers that we speak to are highly focussed on the level of competition for their stock, whether this comes from live export or east coast demand is almost beside the point - it's the fact that there is competition that is essential."³⁶

The recently published economic analysis by Mecardo in May 2023, *Australian Live Sheep Export Trade Analysis*, found that the live sheep export trade supports the local pricing structure for lambs and sheep in WA, adding demand and reducing price volatility.³⁷ Typically bids for live export sheep or lambs are open for 14 days. These bids, which are set at a competitive price to ensure shipment requirements are met by the departure date, provide a floor price as producers have no incentive to provide the same category of sheep to another buyer unless they receive a better price. The report noted anecdotal evidence that when live export bids were active processors would revise grid prices up and when the bids closed the grid prices were revised down. Similar anecdotal evidence was captured when interviewing case study participants for this submission.

"When live export drops, all the sheep sales drop. The market is underpinned by live export."³⁸

³⁵ [Perenjori farmer, Phil Logue's unique approach to sheep | Farm Weekly | WA](#)

³⁶ Rob Kelly, Agora Livestock

³⁷ Mecardo, Australian Live Sheep Export Trade Analysis, May 2023

³⁸ Case Study – Bob Iffla

In the same report, analysis of 2022 WA saleyard trade lamb prices (WATLI) backed up this anecdotal view, noting that seven days post a live export vessel leaving port the average price/head would drop by \$5.50. Importantly, this price reduction was not only incurred by producers supplying to the live export market, but all WA producers. Given the number of live export voyages have decreased from 36 in 2016 to only 13 in 2022, the number of active bid days have effectively been halved. In addition, if there was no live sheep export trade, the increase in the supply of lamb would impact the prices presumably by much more than the \$5.50/ head noted above.

Backing up the findings of Mecardo, economic modelling completed by ACIL Allen noted:

“There are potential negative impacts for Western Australian sheep producers with the removal of live exports as a disposal option if domestic price trends continue and Western Australian slaughter capacity can’t absorb the additional sheep numbers.”³⁹

Producers also noted that, as the back log of sheep builds due to less access to the live export market, the ability to divert these sheep to the domestic processors is constrained by time delays. While this issue will be further considered below, it’s important to note that this has an impact on price.

“We cannot get killing space until August for last year’s lambs, by August those lambs will be too old and too big for that market, they have to be sold as mutton.”⁴⁰

Lambs are turned off at specific ages and size to meet specific market requirements. If producers are forced to hold on to lambs due to processing constraints, they may change product category and no longer be suitable for their desired market, forcing them to be sold as mutton which incurs a significant price discount. The impact of constraints in the WA processing sector have become even more critical due to the very high prices to transport sheep from WA to the east coast. Since 2017, costs associated with transporting sheep from WA to eastern markets have increased by 60%, which significantly increases the price discount that WA producers receive and reduces access, and the competition that comes with it, into the eastern market.

“Live export underpins the price of sheep and there isn’t capacity within local abattoirs to process the number of lambs produced in WA”⁴¹

The mere announcement of the Government’s policy to phase out live sheep export by sea has already created huge uncertainty in WA, resulting in immediate downturns in farmgate prices. As a result, confidence in the WA sheep industry is low. The Meat & Livestock Australia (MLA) Sheep Producer Intentions Survey noted the sentiment in WA was lower than other states:

“..while sentiment from producers declined in all states, Western Australian producers’ overall sentiment declined by 90 points between October 2022 and May 2023”⁴².

³⁹ Acil Allen, Performance and value of the live sheep export trade, June 2023

⁴⁰ Case Study – Bob Iffla

⁴¹ [Pereniori farmer, Phil Logue's unique approach to sheep | Farm Weekly | WA](#)

⁴² [Meat & Livestock Australia, Sheep Producer Intentions Survey, June 2023](#)

The Countryman also reported that producers are directly attributing this reduced sentiment to the Government's phase out policy.

"WA sheep producers are more pessimistic about the industry's future than farmers elsewhere in Australia according to the latest national survey, with the blame placed squarely on Federal Labor's plan to ban live exports."⁴³

6.3 DOMESTIC PROCESSING: AN UNLIKELY REPLACEMENT FOR LIVE SHEEP EXPORT

From a producer perspective, processor capacity is about being able to sell sheep into the processors on a timely basis and receiving adequate market signals that they can, and do, deliver on product specifications. With this in mind, the argument that the live sheep export market can be replaced solely by domestic processing faces key challenges. First is that the existing processors have a limited incentive to compete and to fully use existing capacity or expand that capacity – an additional buyer in the market makes a critical difference. Secondly, processing capacity within plants has been increasingly under strain over recent years due to workforce shortages. While government and industry have prioritised this issue, workforce issues continue to hamper the processing sector. Thirdly, as noted in the introduction to *Section 6*, domestic processors are less able to support processing of certain categories of WA sheep (e.g. light weight merino wether lambs) than the live sheep export market.

Anecdotal reports, both from participants interviewed for this submission, from media and economic analysis, suggests WA is currently facing significant capacity constraints which has created a back log of sheep to be processed. Producers appear to be waiting months to send sheep to the processors, which requires them to hold onto these sheep on their properties, losing value as they do (*refer Section 6.2*).

This MLA Sheep Producers Intention Survey reported the following:

"WA producers are noting that they have extra sheep on-farm, with processors working through a significant backlog and an oversupply of lambs"⁴⁴.

Figure 7 below is a capture of a "fully booked until further notice" message from the Agora Livestock Trading platform from Thursday, 18 May 2023, indicating the significant processing constraints WA producers are facing. When processing is constrained by one or more factors; labour, chain space, air freight booking, chiller space, etc., it further reduces farmgate competition for producers needing to sell stock.

⁴³ [The Countryman, Live export ban blamed for 'pessimistic' outlook for WA sheep industry](#)

⁴⁴ [Meat & Livestock Australia, Sheep Producer Intentions Survey, June 2023](#)

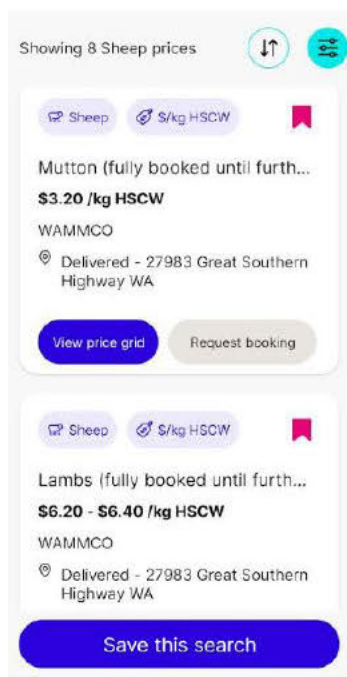


Figure 7. Screen shots of “fully booked until further notice” message (Agora Livestock Trading, 2023)

Additionally, WA processors traditionally take a winter shut down period to undertake essential maintenance and support migrant workers return to overseas homes to see family and friends. This is normally for two weeks per plant in late June or July and means there is a time period where competition for sheep is extremely low. With seasonal conditions worsening in WA, and low confidence reducing any grazer trade, the industry holds grave concerns for what this will mean for even greater processing back logs.

Analysis of processing capacity in the five major WA plants during peak periods of lamb turnoff without the live export market estimates a theoretical capacity deficit of 86,000 head per month⁴⁵. It is unlikely this back log could be processed in smaller domestic plants, which would place pressure not only on prices and environmental management, but compromise animal welfare outcomes on farm.

As outlined in Section 5.1.2, this creates significant risks for producers. Sole reliance on constrained domestic processors has many producers indicating that they would need to significantly reduce their carrying capacity, or exit the sheep industry completely. This clearly has significant flow on affects for producer productivity and profitability, the broader composition of WA flock, sustainability of supply for processors in the long run and the sustainability of extensive agriculture in a number of WA regions.

“Abattoirs can’t keep up at the moment. They can’t get staff.”⁴⁶

Processor constraints have predominantly arisen due to the dire workforce shortages currently being experienced in Australian agriculture and, most notably, the processing sector. Given the critical nature of this issue, the Federal Government has established the Agricultural Workforce

⁴⁵ Mecardo, Australian Live Sheep Export Trade Analysis, May 2023

⁴⁶ Case study – Richard Walker

Working Group to progress outcomes from the Jobs and Skills Summit.⁴⁷ To date, the solution proposed for workforce shortages is greater reliance on migrant labour. Not only is it unlikely that domestic processing will fill the gap left by the live export industry, as purported by opponents of the trade, but the transition would likely support an increase in migrant labour requirements, rather than the creation of Australian jobs. It should also be noted that at the time of this submission there are two processing plants listed as mortgagee sales in WA.

In acknowledgement of the dire labour situation in Australian meat processing plants, the Australian Meat Industry Council (AMIC) has the following policy statement:

“Our members need access to labour to ensure the viability of their businesses

Put simply, our industry can’t operate at capacity without a full complement of staff. And it’s not just bad news for businesses when staff can’t be found – there’s a flow-on effect to the supply of meat to export and domestic markets as well as price implications for the consuming public.

AMIC members have expressed frustration with the current arrangements, including skills requirements under the Meat Industry Labour Agreement and changes to visa availability.”⁴⁸

Adding further risk to placing reliance on domestic processing, the sector is geared towards processing lambs at 36-52kg lwt and wethers at less than 50kg lwt to meet market requirements (supermarkets and export) and support efficient throughput in plants. These specifications are typical of east coast production, but not WA production in more marginal areas. In contrast, the live sheep export market takes light trade lambs at 36kg and wethers over 50kg, along with ram lambs, all of which support production in WA.

“There is just not enough competition. There are no alternatives for us. Abattoirs are not interested in merinos or merino lambs.”⁴⁹

For WA producers to meet east coast specifications, the additional cost of supplementary feed would most likely be required, further reducing profitability in an already depressed ‘non-live export’ environment. Put simply, the live sheep export trade provides a market for semi-finished stock turned off in WA that the domestic processing sector does not.⁵⁰

6.4 TRADING PARTNER REPUTATIONAL RISK AND THE LOSS OF EXPORT MARKETS

Australia’s live sheep export relationship with countries within the Middle East and North Africa (MENA) region spans well over 50 years. The following sentiment was shared with industry leaders during a recent industry delegation to the region:

“Sheep are the official ambassador for Australia.”

However, there has been increasing unease about the proposed live sheep export by sea phase out. Many have expressed concern about the way this decision has been handled, both in terms of the

⁴⁷ [Agricultural Workforce Working Group - DAFF \(agriculture.gov.au\)](#)

⁴⁸ [Access to Labour - AMIC](#)

⁴⁹ Case Study – Rachael and Andrew Plowman

⁵⁰ Mecardo, Australian Live Sheep Export Trade Analysis, May 2023

Government developing the policy in Australia, and discussing it with trading partners in country. The Financial Review reported in February 2023 that:

“the Kuwaiti government will register its concerns about a diplomatic gaffe by the Albanese government that meant senior Australian bureaucrats briefed officials in the wrong department over plans to shut down the live sheep export trade.”⁵¹

MENA countries have high demand for live sheep imports due to limited growth potential for local production and a preference for local, freshly slaughtered Halal meat for use in religious observances and daily diets. MENA countries continue to import a significant number of live sheep and goats. The Kingdom of Saudi Arabia alone imports over 5 million sheep per year, which is forecasted to grow at a rate of 5.7% from 2021 to 2026⁵². This highlights the sustained demand for live sheep and the opportunity for Australia to maintain or grow its share in this market.

At the heart of this increasing demand from the MENA region is food security. While Australia is in the privileged position of exporting over 70% of its agricultural produce⁵³, the MENA region continues to invest heavily into safe guarding its citizens access to safe, high quality food. A prime example of this strategic investment is the Saudi Vision 2030 – *A vibrant society, a thriving economy, an ambitious nation*⁵⁴. The strategy earmarks significant funding towards increasing the country’s food security and processing capability, reducing the Kingdom’s dependence on oil and diversifying its economy.

Opponents of the live sheep export trade suggest that this demand can be met by chilled and frozen meat exports, replacing the lost trade that would result from the phase out. However, analysis suggests that there is low correlation between monthly Australian live sheep export volumes and sheep meat export volumes to the Middle East. Nor has there been an increase in the boxed meat trade since the introduction of the live sheep export summer moratorium in 2018⁵⁵.

Australia has a significant and sustained presence in both the live sheep market and the sheepmeat market in the Middle East. In recent years, five countries (Israel, Jordan, Kuwait, Oman, and the UAE) have imported more than 80% of Australian live sheep exports. Based on available data (which is limited), it is concluded that these countries will raise their live product imports from other nations rather than substantially increase their imports of Australian boxed or chilled sheepmeat if Australia ceased its live sheep export by sea trade⁵⁶.

Many markets, including those in the MENA region, prefer freshly processed meat due to cultural and religious customs. If Australia were to cease supplying live sheep, these markets would source their livestock from other countries such as South Africa, Somalia, Sudan, Spain, Portugal, Romania, among others. Maintaining current levels of live imports is important to meet the demand and cultural preferences of these markets, and for Australia to continue to have an impact on animal welfare within the region.

⁵¹ [Live sheep export trade: Australian bureaucrats met wrong officials in Kuwait to discuss ban \(afr.com\)](#)

⁵² [Gira Consultancy & Research](#)

⁵³ [Agricultural and food trade | Australian Government Department of Foreign Affairs and Trade \(dfat.gov.au\)](#)

⁵⁴ [Saudi Vision 2030 - Overview - Vision 2030](#)

⁵⁵ Mecardo, Australian Live Sheep Export Trade Analysis, May 2023

⁵⁶ Acil Allen, Performance and value of the live sheep export trade, June 2023

Ultimately, there is strong demand for this trade due to Australia's reputation for high quality sheep meat and reliability of supply. While countries within MENA have replaced live sheep meat from competitor countries due to the restrictions Australian exporters have faced over the years, they are clear that their preference still sits with Australian sheep. Importantly, the cost of live Australian sheep is becoming more closely matched to our competitors.

The 2011 ban on live exports by the Australian government had severe consequences, causing financial hardship for exporters and producers and damaging Australia's reputation with trading partners. A repeat of such a ban in the form of a phase out would be disastrous for the industry and could have long-lasting negative effects.

6.5 COMMUNITIES IN CRISIS – RURAL FAMILIES AND BUSINESSES LEFT BEHIND

Rural towns in Australia are facing challenges in accessing the necessary people and services, impacting their long-term sustainability. These communities, with their remote locations and smaller populations, struggle to thrive due to many issues.

One of the primary concerns is the dwindling population in rural areas. Many people often leave their hometowns in search of better employment and educational opportunities in larger cities, leading to a loss of workforce. This poses significant challenges for local businesses and services, as they struggle to attract and retain qualified professionals. In addition, rural towns also face difficulties in accessing essential services such as healthcare, education, and infrastructure. The impact of government policies on rural WA towns was demonstrated during the *Managed Investment Schemes* period where blue gums were planted in agricultural areas and their failure had a devastating effect on towns such as Rocky Gully, where the school closed and has not reopened.

The impact of these challenges is profound. Without access to essential services and a sustainable population base, rural towns face an uncertain future. They risk becoming isolated, with declining economic prospects and reduced quality of life for their residents. Addressing these issues requires a multi-faceted policy approach that supports local businesses and industry, like those operating in the WA sheep industry. The phase-out of the Australian sheep live export trade by sea poses significant pressure on rural communities within WA, including:

1. Economic Impact

As discussed throughout this submission, the live sheep export trade underpins rural communities, particularly in regions with a strong focus on sheep farming. The loss of this trade can have far-reaching economic consequences including job losses, reduced business viability, and decreased local spending. These consequences are captured in both the *Iffla* and *Plowman* family case studies, with relevant information pulled out below:

- *Iffla family*: spend more than \$1.5 million locally each year on rams, feed, sheep health and husbandry for their 35,000-40,000 merino flock and support 20 jobs
- *Plowman family*: spent an average of \$110,000 annually over the last nine years on labour for sheep and \$48,000 annually on sheep health products – all purchased locally

2. Loss of community support services – health, education and infrastructure

Rural communities in Australia are facing a significant challenge in accessing essential support services, particularly in the areas of health, education, and infrastructure. The limited resources and lower population densities in these areas make it financially unsustainable to provide comprehensive services, resulting in reduced access and longer wait times for residents⁵⁷.

- **Healthcare:** Rural towns often struggle to attract and retain healthcare professionals, leading to limited access to medical services.
- **Education:** Educational opportunities in rural areas are often limited compared to larger cities reducing access to quality education resources and hindering the development and future prospects of young people in these communities.
- **Infrastructure:** Rural towns also face challenges in terms of infrastructure development. Limited funding and lower population densities make it difficult to invest in modern infrastructure such as transportation networks, telecommunications, and utilities. This can impede economic growth, hinder connectivity, and create barriers to accessing essential services.

3. Mental health and wellbeing

In recent years, there has been a growing focus on the mental health and well-being of Australian farmers. The National Farmer Wellbeing Report 2023, a collaboration between Norco and the National Farmers' Federation, delves into the significant impact of external pressures on farmers. Natural disasters, rising inflation, global competition, and the physical and emotional demands of farming have collectively taken a toll. The report brings attention to a troubling statistic:

“the average suicide rate in Australian farmers to be almost 59% higher than the general population - the equivalent of 1 farmer taking their own life every 10 days.”⁵⁸

This statistic is made real by the story of farmers touched by the devastating decision to instigate a snap ban on the live cattle export industry in 2011, resulting in unnecessary financial hardship and uncertainty for exporters and producers as a result of the now overturned policy⁵⁹. Northern Territory contractor, Dylan Lewis, has been open about the struggles he has faced as a result of the 2011 decision:

“I had an attempt... We had a very rough 12 months. There was a live export cattle ban in the NT which sent my business broke at the time... I hit rock bottom and I got home one day and decided that that was it.”⁶⁰

The uncertainty and upheaval caused by the phasing out of the live export trade is already having a significant impact on the mental health and wellbeing of individuals and families in the rural communities of WA. Economic stress, job losses, and the feeling of losing a way of life can contribute

⁵⁷ [Effective regional, rural and remote family and relationships service delivery | Australian Institute of Family Studies \(aifs.gov.au\)](#)

⁵⁸ [National Farmers Federation, Norco, National Farmer Wellbeing Report 2023](#)

⁵⁹ [Live export ban class action costs could more than triple for federal government - ABC News](#)

⁶⁰ [Mental Health Chats, Story of Suicide – I’m grateful I’m still here – Dylan Lewis](#)

to increased stress, anxiety, and social isolation.

“I was talking to the sheep buyer from Elders. He’s been in the game 46 years and said it’s never been worse. People are in despair.”⁶¹

4. Reduced Community Participation

Rural and regional communities heavily rely on active participation from residents to maintain sporting teams, committees, and volunteer organisations that contribute to the overall well-being and functioning of the community. These groups play a crucial role in organising events, supporting local initiatives, and providing essential services. With the loss of economic activity and potential population decline resulting from the trade's phase-out, it becomes increasingly challenging to sustain such community groups. This puts added pressure on those who are already involved and reduces the overall community participation.

“Country towns are in the balance in terms of teams and committees and volunteers. It adds more and more pressure on those that are involved.”⁶²

6.6 AGRICULTURAL POLICY MAKING: ACCOUNTABILITY, TRANSPARENCY AND TRUST

This consideration is addressed in the following section.

“If you’ve got a government not setting policies based on fact and reason that’s highly concerning for all people in agriculture, whether you’re in livestock or not”⁶³

7 MECHANISMS FOR IMPLEMENTING AGRICULTURAL POLICY

Sheep Producers Australia categorically does not support the implementation of the Australian Government policy to phase out the live sheep export trade. Sheep Producers Australia calls on the Australian Government to not only reverse this position, but develop an appropriate mechanism that supports the Government to develop and implement any agricultural policy in an accountable, transparent and inclusive manner.

In the lead up to the 2023 Federal Election, Senator the Hon Murray Watt, now Minister for Agriculture, Fisheries and Forestry, provided an address to the National Press Club on 9 August 2022, outlining his approach to working with the sector if elected⁶⁴. Importantly, Minister Watt charted his policy approach:

*“But while the ‘what’ is important, the focus should equally be on the ‘how’.
It’s one thing to make a funding announcement or a policy decision but, more often than not, it’s how you arrive at that decision that determines whether it succeeds. This requires a new, different approach.*

⁶¹ Case Study – Richard Walker

⁶² Case Study – Rachael and Andrew Plowman

⁶³ Case Study – Sarah Brown

⁶⁴ [Address to the National Rural Press Club | Ministers \(agriculture.gov.au\)](#)

As I've indicated, Labor does have a different agenda for agriculture, and I will be a different kind of agriculture minister, guided by four key principles.

First, I'll be evidence based.

Second, we'll be forward-looking to chart where want to get to and not pretend that challenges don't exist.

Third, we will be inclusive and we will listen.

Fourth and finally, we will collaborate, not divide."

Sheep Producers Australia endorses the Minister's approach to agricultural policy making based on the four pillars outlined: (1) evidence based, (2) strategic, (3) inclusive and (4) collaborative and calls on the phase out of sheep live export policy to be reconsidered and rescinded based on the application of this approach.

1. **Evidence based:** The Federal Government recommitted to its policy to phase out the Australian sheep live export industry for two key reasons: animal welfare and community sentiment⁶⁵. However, had the then opposition consulted with industry on this issue, scientific evidence could have been provided to show that both issues had been addressed, as discussed in *Section 5.2.2*.

"Animal welfare has improved to such an extent. The decision to phase out live export isn't based on fact. It must just be political."⁶⁶

2. **Strategic:** In the same NPC address Minister Watt outlined his vision for Australian agriculture:

"My vision for Australian agriculture is to see a thriving and resilient sector that balances productivity with vibrant rural communities and robust natural environments. Where Australia's food manufacturing industry, its forestries, its fisheries are booming and the value of our exports continues to rise as new countries begin to seek out our prime food and fibre."

As this submission articulates, the Australian sheep industry is complex and interconnected. Removing individual components, particularly in the absence of a robust understanding of the supply chain, along with solid evidence and analysis, will ultimately result in the erosion of businesses, industries and communities.

As discussed in *Section 6.4*, economic analysis refutes the Governments claims that surplus sheep from the live export trade will be absorbed into the chilled and frozen meat trade⁶⁷. By its own admission, the Government acknowledges that workforce issues are also a significant constraint for domestic processing, outlined in *Section 6.3*. Producers are already experiencing hardship. It appears difficult to reconcile Minister Watts strategic vision with the Government's current policy on live sheep export by sea.

3. **Inclusive:** Simply put – industry was not consulted by the then opposition party on their intention to recommit to this policy. Had they been, the information outlined in the preceding two points could have been provided and used as evidence for engaged discussion and debate

⁶⁵ [Discussion paper template \(amazonaws.com\)](#)

⁶⁶ Case Study – Rachael and Andrew Plowman

⁶⁷ Mecardo, Australian Live Sheep Export Trade Analysis, May 2023

about the future of families and business, particularly in WA. Further, the current consultation process being undertaken by the Panel in WA has been, at best, shambolic and left the people most at risk from this decision feeling excluded. Panel Chair, Mr Phil Glyde, noted:

"They're angry, and we probably went about it the wrong way [initially] ... but we have at least alerted a lot of people..... We wanted to make sure we didn't impact adversely at a particularly busy time of year"⁶⁸

- 4. Collaborative:** Not only was industry not included in this policy decision, the decision to recommit to the policy appears to have been significantly driven by groups that oppose Australian livestock industries. In a move that has caused great concern and distrust in the sector, the policy appeared in a media release by the Australian Alliance for Animals before it was released by the Government. Subsequently, the same body released information to the media relating to the membership of the Live Export Phase Out Panel before the government did.

The Government has asked that the merits of the policy are not debated during this consultation, however it is impossible to provide input into the mechanism that supports policy implementation without considering the policy mechanisms used to date. This is an issue of precedent and trust for the Australian sheep industry. If the industry, and the broader community, is to have faith that they will have *"A better future: No one held back, no one left behind"⁶⁹* under the current Government, public policy processes must be transparent, accountable and genuine – adhering to the four pillars outlined by Minister Watt.

7.1 TIMEFRAMES

Given the short timeframes provided for consultation on this critical issue it has not been possible to collate and analyse data to support input into timeframes, at best, only anecdotal input can be provided. It is clear that questions of timeframe relate to both the process for development and consultation on the policy, along with the implementation of the policy if it was not reversed.

Consultation on policy implementation (the time period between Minister Watt's announcement to phase out the trade and the end of consultation on 31 May 2023) – this has been implemented in a rushed and unprofessional manner that has left many producers feeling removed from a process that will impact their families, businesses and communities.

"We are all trying to get crop in the ground and working flat out to do that and they've set this deadline – the timing is terrible."⁷⁰

Implementation of the policy – as stated above, the consultation period has not allowed for collation and analysis of data to provide an accurate and robust consideration of the time needed to implement this devastating policy.

⁶⁸ [Hundreds of frustrated farmers scramble to attend live export meetings across WA - ABC News](#)

⁶⁹ [Election 2022: Anthony Albanese's plan for a 'better Australia' \(afr.com\)](#)

⁷⁰ Case Study – Rachael and Andrew Plowman

However, learnings from the 2011 live cattle export snap ban clearly illustrate that producers need large amounts of time to prepare, respond and recover from the implementation of a policy that decimates their businesses. This is clearly not a two-year process, but at the very least, a decadal process that allows:

1. Genuine consideration of issues relevant to this policy: e.g. due diligence to better analyse competition forces, economic impacts, community sentiment, business cycles, market development (export and domestic), sheep genetic cycles, all of which will be further impacted by climatic events out of the control of producers.
2. Appropriate time frames to implement viable solutions – given the complexity of the issue, this will not be a simple transition package that supports producers for 12-24 months.

“Changing the decision would be the best outcome. But if they don’t, the longer we have the better it is going to be.”⁷¹”

The role of Sheep Producers Australia is to work for a sustainable future for Australian sheep producers and given that the implementation of this policy threatens exactly that, we seek to understand the government’s parameters for the phase out implementation. Currently, the only defined parameter is the phase out not occurring before 2025. Time is a critical factor, as once short-term adjustment mechanisms cease post-implementation the industry will have to rely on the market forces that remain. Given time markets can and do adapt, but rapid intervention can cause shocks and farmers fear the long-term damage that can come from this.

Table 3 outlines some of the general concerns around pursuing a live export phase out within an overly rapid timeframe. The complexities of the market dynamics around the WA sheep industry (and well-known difficulties in predicting the future) means that there are no guarantees within the example suggestions in the table. What would seem to be clear however is that producer viability over time will depend on a longer timeframe of implementation allowing for the necessary and appropriate adjustments to business models, skills and capabilities within the industry. Given the short time period assigned for consultation, it is impossible for industry to undertake the analysis required to inform and present costings in *Table 3*.

⁷¹ Case study – Bob Iffla

Implementation time frame	3-5 years	5-10 years	10 -15 years
Sheep Industry Consequence Rating	Catastrophic	Extremely detrimental	Detrimental
Funding category required	<ul style="list-style-type: none"> • Crisis support and major upfront and ongoing funding required from federal government 	<ul style="list-style-type: none"> • Major upfront and ongoing funding required from federal government 	<ul style="list-style-type: none"> • Establishment/initial funding required from federal government
Possible structural adjustment assistance mechanisms (in absence of alternative farm-gate competition)	<ul style="list-style-type: none"> • Exit from Agricultural Business Payments • Exit from Sheep industry Payments • Loss of competition payments for WA sheep and cattle producers • Safe and effective on farm euthanasia protocols for sheep and Lambs developed and training delivered • Decision support guides for on farm euthanasia • Regional community support payments • Supply chain participant retraining • Mental Health Support & Suicide Prevention 	<ul style="list-style-type: none"> • On-farm resilience infrastructure – e.g. feedlots, feed storage • Air freight assistance mechanisms for sheep carcass – air freight establishment and subsidization mechanisms • Upgrade support for processing plants • In-coming market development grants & negotiations for industry to overcome logistical barriers to trade/trade opportunities • Strategic business planning programs • Importing market supply chain facility development to ensure safe and hygienic clearance and processing of Australian sheepmeat product • Enhancement of welfare depots on Nullarbor freight route and subsidy for WA sheep • Increased WA focused on-farm R&D funding to enable business change 	<ul style="list-style-type: none"> • Strategic business planning programs for producers and supply chain participants • Air freight assistance mechanisms – air freight establishment mechanisms • Upgrade support for processing plants • Increased WA focused on-farm R&D funding to enable business change
Residual Risk/unmitigated consequences	<ul style="list-style-type: none"> • Competition shock and hard drop of flock numbers causing loss of critical mass in WA sheep and wool industry • Loss of critical numbers for the processing industry • Increased risk of animal welfare events in WA farms • Permanent loss of permanent and casual roles across regional WA • Deterioration in relationships with trading partners • Increased risk of overstocking, erosion, loss of soil capacity • Increased risk of erosion and environment risk on farm and acceleration of herbicide resistance to unsustainable levels • Decrease in land values • Producers and supply chain mental health risks • Loss in R&D capacity in sheep welfare 	<ul style="list-style-type: none"> • Decline of flock numbers – extent unknown • Loss of skills and knowledge in regional WA • Deterioration in relationships with trading partners • Increase in herbicide resistance risks • Reputational/food safety risk of tainted meat 	<ul style="list-style-type: none"> • Modest decline in sheep numbers – critical mass maintained • Skills-critical industry workforce maintained

Table 3: Implementation timeframe consequence rating

8 CONCLUSION: LEAST HARM IMPLEMENTATION PATHWAY

This submission has provided both industry context and the consequences that would occur if the Government implemented its policy to phase out sheep live export by sea. This approach has been taken to illustrate the critical role that the live sheep export industry plays in driving farmgate competition and, ultimately, a sustainable sheep industry.

As noted in *Section 6.2*, at the heart of this policy decision is competition, or more specifically for WA producers, the loss of farmgate competition from buyers for their sheep given the structure of the WA processing industry. The complexity surrounding this issue, particularly given the lack of robust data and analysis, makes it, at best, extremely difficult and, at worst, impossible to meaningfully contribute to an implementation pathway that does not leave Australian sheep producers worse off or “*left behind*” in line with corresponding Government policies⁷².

Issues of competition policy are complex. To genuinely comprehend the competition risk associated with this policy, along with the transition pathway required to mitigate this risk, significant Government investment into due diligence, underpinned by time and expertise, is required. Government has a clear responsibility to undertake a serious analysis of competitive forces by engaging competition experts, such as the ACCC, to inform competition policy thinking, and associated structures.

The critical question that must be answered is how to provide producers with the same level of farmgate competition that they currently have to ensure the industry remains viable into the future.

Sheep Producers Australia is committed to genuine and robust engagement with the Government, however given the lack of data and analysis, Sheep Producers Australia can currently only provide the parameters that industry would need in place to ensure a viable industry remains after the Government transition packages ultimately cease.

The policy to phase out live sheep export by sea should not be implemented until Government can do so in a way that ensures the following outcomes will **not** occur:

1. a decrease in the WA and national sheep flock
2. an increase in on-farm animal welfare risk
3. reduced options for turnoff of stock between November-May to allow for Mediterranean climate and seasonal variation
4. loss of farmgate competition for sheep in WA
5. unreasonable pressure on the meat processing sector to adjust its scale and capacity
6. a decline in Australian wool production
7. a loss of regional employment opportunities for those with sheep specific skills
8. a net reduction in rural jobs, resulting in loss of community groups, schools or rural businesses

⁷² [No one left behind in Labor blueprint for better future \(anthonyalbanese.com.au\)](https://www.anthonyalbanese.com.au)

9. deterioration of relationships with MENA trading partners who are vital to WA broadacre producers
10. a deterioration in the reputation of Australia and Australian producers being reliable producers of safe quality food who are guided by science and logic
11. an increase in the risk of erosion and environmental risk on farm by preventing seasonal destocking
12. increased reliance on continuous cropping and herbicides in WA broadacre agriculture, which would also lead to an increase in the risk of emerging herbicide resistance issues in WA.

To ensure genuine consultation and engagement on future pathways for the Australian sheep industry, which Sheep Producers Australia is committed to engaging in, the Government must commit to a policy process that is underpinned by:

1. strong policy principles: evidence-based, strategic, inclusive and collaborative
2. robust data collection and analysis: particularly surrounding competition policy, economic impact and community sentiment

Without this, the Australian sheepmeat industry, and broader Australian agriculture, can have little trust in the manner that the Government will develop and implement agricultural policies that have the potential to leave Australian families, communities and entire industries behind.

CASE STUDY 1: MORE PRESSURE ON COUNTRY COMMUNITIES

With agricultural industries in WA so intertwined and interdependent, mixed farmers Rachael and Andrew Plowman say the full impacts of a live sheep export by sea ban are difficult to quantify but would be major and long lasting.

The couple turn off around 2000 merino wethers a year from their 1,600-hectare Kojonup property, either directly to live export or to graziers who grow them out for live export.

"It's taken a long time to develop agriculture in WA. Mixed farming systems have evolved because they work and they are efficient," Andrew said.

"Taking out a central component of that system, it changes everything."

With one third cropping and two thirds grazing, their property is well suited to sheep.

"A lot of our farm cannot be cropped because it is undulating, prone to waterlogging or with rocky, uncleared areas we are disinclined to clear."

SHEEP CRITICAL TO LOCAL ECONOMIES

The couple have spent an average of \$110,000 annually over the last nine years on labour for sheep and \$48,000 annually on sheep health products – all purchased locally.

"Sheep are more labour intensive than cropping," Rachael said.

"We employ a shearing team of 10 people for three weeks a year, our crutching team has six people and then lamb marking that's a team of four people. They've all got families here. Our kids go to school with them.

"Cropping we employ one person for around six weeks."

The move may result in the Plowmans exiting the merino industry altogether and they feel their situation will be echoed across the region with most local farms having a sheep component.

"If you have a 20 percent drop in wool sales we may lose the selling complex in Fremantle.

"There are a lot of people employed around wool industry in Perth and regional WA. There are major flow on effects."

Like many rural communities they are worried about the impacts of a ban on live export on Kojonup and the wider region for sporting teams, schools and community groups.

"You only need to lose 4-5 people and many teams are no longer viable. Our hockey team has 9-10 people a week with some ladies helping out by playing for the men. If we lose even 3-4 people then we won't have a hockey team.

"Country towns are in the balance in terms of teams and committees and volunteers it adds more and more pressure on those that are involved."

With the vast improvements in animal welfare in recent years the decision to phase out live export makes them feel like 'political pawns', they said.



"I don't see why this is necessary," Andrew said. "Animal welfare has improved to such an extent. The decision to phase out live export isn't based on fact. It must just be political.

"If we are not there – animal welfare is going to suffer on a global level. Other countries aren't as advanced with their animal welfare as we are."

NO ALTERNATIVE MARKETS TO LIVE EXPORT

Without a competitive local domestic market they feel losing live export will make sheep prices unviable.

Rachael has been part of several trials attempting to find an alternative domestic market for merino wethers – all of which were unsuccessful.

"There is just not enough competition," she said.

"There are no alternatives for us. Abattoirs are not interested in merino hoggets or lambs."

The potential live export ban is already having a negative impact on WA sheep industry with prices dropped by \$20-\$30 a head and an oversupply due to the uncertainty, the Plowmans said.

"When live export drops, all the sheep sales drop. The market is underpinned by live export.

"We are currently carrying around 2000 more sheep than we would like to be because we just can't get buying orders for them.

"Our sheep income has halved from what it was last year but the input costs have risen.

"We're a bit stressed.

"We are all trying to get crop in the ground and working flat out to do that and they've set this deadline – the timing is terrible."

CASE STUDY 2: AN HORRENDOUS LOSS

Phasing out live sheep export on one Lake Grace property alone threatens more than \$1.5 million spent locally on sheep each year and the 20 jobs the property supports.

Bob Iffla's family sheep and cropping enterprise near Lake Grace supports more than 20 staff – a mix of full-time workers and contractors. Their annual spend on rams, feed, sheep health and husbandry for the 35,000-40,000 merino flock injects more than \$1.5 million into the local economy.

The 29,000-ha property incorporates crops and sheep, like most farms in the region, Mr Iffla said. "If you have a few sheep and get hit with drought you can sell them off on the ships. "If we have a drought now, we are going to be in terrible strife."

WHOLE OF SYSTEM EFFECTS

Taking sheep out of the system impacts the whole enterprise and region, he said.

"The clovers for sheep pasture put nitrogen in the soil, they give us an opportunity to spray out grass weeds in September, allowing clovers to produce more seed. If you take all that away, our chemical bill goes up, it's harder to kill grasses in crops, machinery costs go up, it snowballs."

Mr Iffla said his family is already feeling the impacts of the potential live sheep export phase out, currently holding an additional 2000 merino wethers because of lack of options to sell.

"We cannot get killing space until August for last year's lambs, by August those lambs will be too old and too big for that market, they have to be sold as mutton."

LESS SHEEP AND LESS WORKERS

If the phase out goes ahead they would likely have to reduce their sheep flock by around 8000 and consequently need less workers.

It is difficult to accurately estimate the impacts of a live export by sea phase out because of the market dependencies, he said.

"We're going to lose a hell of a lot and it's not possible to put a figure on because we



don't know what the market is going to be like," BOB IFFLA.

Phasing out in one year would be disastrous, he said. "All hell would break loose, it would devastate the sheep industry.

"Our loss is going to be horrendous."

"It would put 500,000 extra sheep on the market. There is already an oversupply because they can't get enough people to kill sheep in the abattoirs.

"They're only running one chain at the moment, usually running two shifts but they just can't get the workers.

"The government talks about getting more abattoirs up and running, well how about we get the ones we've got running first.

THE LONGER THE BETTER TO TRANSITION

Mr Iffla said changing the decision would be the best outcome for the region and the welfare of sheep.

"But if they don't, the longer we have the better it is going to be."

Any phase out support measurers would need to consider businesses dependent on sheep – shearers, crutchers, lamb markers, Mr Iffla said.

"A lot of farmers would also need some sort of financial support."

The impacts on communities and sporting teams would be significant if the phase out goes ahead, Mr Iffla said.

"Less crutchers and less shearers makes a difference. If they can't get work here they go to bigger town but even they're struggling for teams."

"This can't do any good."

CASE STUDY 3: GETTING OUT OF SHEEP ALTOGETHER

For South Quairading mixed farmer Richard Walker, sheep have been a long-term love and passion. Now, faced with the threat of live export ending, he is looking at going out of sheep altogether.

“The only way I would stay in sheep is if we still have live export,” Mr Walker said.

“Live export keeps a floor in the price of sheep.” Already starting to reduce his numbers Mr Walker said the looming phase out has dropped prices and is creating a feeling of helplessness in the community.

“I was talking to the sheep buyer from Elders. He’s been in the game 46 years and said it’s never been worse. People are in despair.” - RICHARD WALKER

“Abattoirs can’t keep up. They can’t get staff.

“Once there is no live export its going to be a birthday present for buyers.”

LOSS OF STUD SALES AND FLOW ON BENEFITS

The impacts of phasing out live export extend beyond the farm gate to stud breeders, rural agents, shearers, schools, community groups and sporting teams he said.

“Our stud breeder at Tammin, I’ve already told him we won’t be getting any rams this year.

“He said the majority of clients are cutting back.”

Reducing stud sales is another loss to the local economy and social vibrance of the area, Mr Walker said.

“It’s a big employer – they’ve got 12-13 people working there on sale days.

Annual ram sales may generate \$450,000 with 250 rams sold, the top ones making around \$7000 down to \$500-\$600 for the tail end, he said.

Mr Walker’s property is managed by himself, his brother and nephew and supports contract workers for sheep husbandry including shearing and lamb marking teams.

He purchases all his sheep health and shearing supplies locally, at a cost of around \$30,000 a year.



SHEEP WORK WELL

Sheep have worked well mixed in with the cropping rotations on his property he said.

“We’ve always used sheep as a tool.

“Every year we try to get most wether lambs away to live export.

“If you’ve got a paddock not suitable for cropping, sheep keep it under control so you can have it ready for cropping again.

“You can’t spray chemicals out all the time.”

Mental health support would need to form part of any transition package if the move to phase out does go ahead, Mr Walker said.

“Parts of WA are not so flash at the moment for feed.

People are forking out \$4000 a week to feed sheep.

“I think we’d have to set aside a fair bit of money for mental health.

The timing and communication on the consultation process was terrible, Mr Walker said.

“The way the federal government announced this, it’s a farce.

“People are angry

Image courtesy: Richard Walker

CASE STUDY 4: UNDERMINING CONFIDENCE IN AGRICULTURE

Executive Officer for the Esperance-based Association for Sheep Husbandry, Excellence, Evaluation & Production Inc (ASHEEP) grower group Sarah Brown, said the policy decision making process for the live sheep export phase out has undermined confidence for anyone considering investing in Australian agriculture.

“If you’re going to invest in agriculture you need to be confident the government is going to be setting policy in a thoughtful, reasonable and responsible way,” Ms Brown said.

“The way the policy has been set and how consultation has been rolled out is really concerning from a global food production perspective as well as for farmers and supply chain within Australia.”

The live sheep export industry had successfully made the changes asked of it in recent years and has still been subjected to the policy to phase out, Ms Brown said.

“The industry has invested time, made changes to shipping, introduced auditing systems, improved animal welfare standards and the rug has still been pulled out from under them.

“If you’ve got a government not setting policies based on fact and reason that’s highly concerning for all people in agriculture, whether you’re in livestock or not.” SARAH BROWN

The phase out will impact producers’ decisions to build and upgrade livestock infrastructure such as shearing sheds, sheep yards, handling equipment and fencing, Ms Brown said.

“If they don’t have confidence to make those investments we will see existing infrastructure deteriorate and producers transitioning out of livestock if their land-type permits. Once confidence and infrastructure is lost, it is unlikely that farms will make the significant investment to get infrastructure up and going in future.”



The decision may impact the choices of people considering entering careers in agriculture and food production as well, Ms Brown said.

“The vets, livestock advisers, animal scientists, grower group staff – if government keeps setting policy in this way, they won’t be going to study agriculture. How do we attract those people then?” With more members looking at going out of sheep and into grain Ms Brown said the ASHEEP group had concerns about the impacts on grain prices, cropping input prices, and grain handling systems including storage, transport and roads, as well as sustainability given the mixed farming systems were built on sheep being part of the system.

“Sheep play a really important role in the sustainability of systems.

“Some will use livestock if they have areas not suitable for cropping, others are looking to spread risk as part of mixed farming enterprise that incorporates sheep.

“It’s also future risk mitigation; they rotate paddocks out of cropping to reduce plant pests and disease, use stock to graze weeds to reduce chemical resistance, and plant pastures that improve soil fertility and reduce inputs by naturally fixing nitrogen.”

The impact on relationships with international trading partners is of concern to the group as well.

“Australia plays a really important role in global food security. We need to have a vision that’s broader than our own back yard.”

Image courtesy: Sarah Brown

Committee Secretary
House of Representatives Standing Committee on Agriculture
PO Box 6021
Parliament House
Canberra ACT 2600

Via email: Agriculture.reps@aph.gov.au

Dear Committee Members,

Re: Inquiry into Export Control Amendment (Ending Live Sheep Exports by Sea) Bill 2024

Sheep Producers Australia welcomes the opportunity to respond to the House of Representatives Standing Committee on Agriculture's Inquiry into Export Control Amendment (Ending Live Sheep Exports by Sea) Bill 2024 (the Bill).

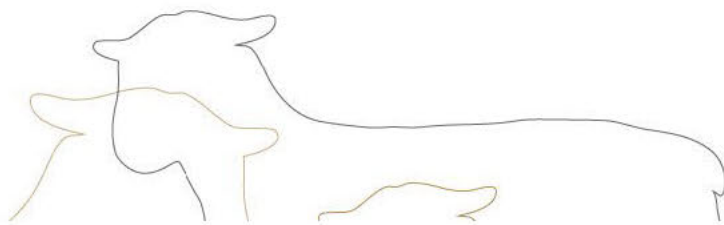
Sheep Producers Australia is the national voice on issues that affect Australian sheepmeat production, representing close to 20,000 sheep production businesses.

This submission opposes the Australian Government's policy to phase out live sheep exports by sea and the Bill, which seeks to legislate the policy.

Given the indifference to the outstanding improvements and performance of the live sheep export trade since 2018, and the lack of consultation and due diligence completed by Government when recommitting to this policy, an alarming precedent has been set for future agricultural policy decision making. The policy decisions made for Australian agriculture must be evidence-based, strategic, inclusive and collaborative. To divert from this threatens the future of the industry, businesses, families and communities. Government has a responsibility to ensure that no Australian is worse off or left behind. However, should this Bill be passed, that is what will occur for thousands of Western Australians.

Recommendations:

- 1. That the Standing Committee on Agriculture does not support the passage of the Export Control Amendment (Ending Live Sheep Exports by Sea) Bill 2024 through the House of Representatives, recognising that:**
 - The policy to ban live sheep exports by sea, purportedly to protect the welfare of sheep, is poorly conceived, lacking in supporting evidence, and driven by a political agenda.
 - The transition package, contingent with the passage of the Bill, is completely inadequate to meet the stated objectives of the Albanese Government to grow onshore processing and increase the value of production for Western Australian sheep producers.
 - The Government has not undertaken adequate analysis and due diligence to properly understand and mitigate the negative economic, competition, and social consequences of the ban of live sheep export by sea.



2. **There must be a Senate inquiry into the Bill, held over an extended period, with the opportunity for hearings in the sheep producing and southern cattle regions of Western Australia where local businesses and communities will be affected, recognising that:**
- **The Standing Committee on Agriculture inquiry has not provided adequate time or opportunity to present the complex implications of this Bill.**
 - **The Minister for Agriculture, Fisheries and Forestry Senator the Hon Murray Watt, committed to a Senate inquiry into the Bill, with hearings in Western Australia, during a Senate Estimates hearing on 30 May 2024¹.**
 - **No case has been made for the urgent passage of the Bill. Failure to allow proper scrutiny of the Bill and consultation with affected stakeholders reflects poorly on the Government - and the Parliament - charged with making policy in the interest of all Australians.**

Given the limited timeframe, to this brief covering letter we attach our 2023 submission to the Independent Panel (the Panel) tasked with advising the Minister for Agriculture, Fisheries and Forestry on the phasing out live sheep exports which contains information of relevance to the Committee. This submission is provided as **Attachment A**.

The phase out timeframe is unrealistic and damaging to the sheep and wool industry

With shorter seasons and limited pasture availability, merinos have proven the sheep breed of choice in Western Australia (WA), compared to the more resource intense maternal and terminal breeds of sheep. With a strong focus on merino production, the WA sheep flock also plays an important role in sustaining the national flock, ensuring vital breeding stock is maintained to support periods of rebuilding on both the east and west coast of Australia after drought. This is not only critical for the long-term success of the Australian sheepmeat industry, but also the wool and meat processing sectors.

Less than four years is not enough time for sheep producers to adjust their production systems, nor is it sufficient time for processor capacity development, growth of airfreight or sea freight capability, and the expansion of new offshore markets for sheepmeat.

Producer viability will depend on a timeframe which allows for the necessary and appropriate adjustments to business models, skills and capabilities within the industry. An end to the live sheep export trade will force producers to move away from sheep production to other enterprises, such as cropping. Others may look to make structural changes to their flocks, if they situated in a region of Western Australia (WA) where there is less risk of seasonal constraints that inhibit the viability of a new enterprise model. If the business case is strong enough for these producers to change sheep genetics and introduce new genetics (via rams), it takes seven years for nearly 60% of the flock to carry the new genes and to achieve profitability comparable with the flock prior to a live export ban².

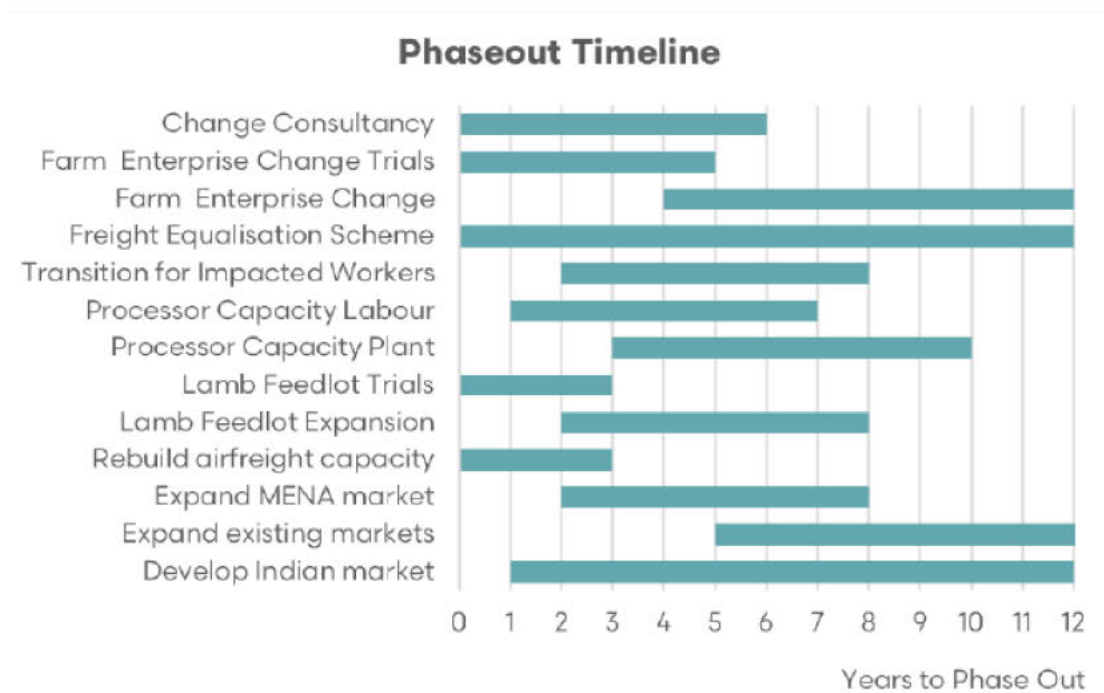
The Australian Government Department of Agriculture, Fisheries and Forestry (DAFF) commissioned independent research by Episode 3³ to examine the effects of phasing out live sheep exports by sea. The report analysed phase out timeframes across several supply chain aspects, including farm

¹ [Transcript](#) of Senate Rural and Regional Affairs and Transport Legislation Committee, Agriculture, Fisheries and Forestry Portfolio Senate Estimates hearing 30 May 2024

^{2,3} Episode 3 2023, [Phasing out live sheep exports from Australia: Strategies to target minimal impact upon farmers and supply chain participants](#)

enterprise change, that would need to be addressed in a transition and the timeframes required for their implementation (see Figure 1).

Figure 1. Timeline for phaseout (source: Episode 3⁴)



Episode 3’s analysis determined that given the complex interdependencies between the supply chain and elements required for a transition – many of which require foundational development and implementation before subsequent changes can take effect – that a long-term time frame could enable a less disruptive and destructive transition.

The report submitted by the Independent Panel⁵ considered that an implementation timeframe to 2033 provided sufficient time for:

- producers to adjust their planning, including significantly progressing flock or genetic changes
- processors and related businesses to adjust their business models and increase processing and cold storage capacities
- markets to be opened or deepened, underpinning demand and prices for sheep products.

However, the Panel’s report has subsequently recommended a timeframe that is too short and based to appease a vocal minority of issue motivated groups, rather than prioritising the long-term health of the sector.

The policy is not informed by balanced input or realities of industry performance

It is producers, the supply chain and regional communities who will be forced to change and adapt their businesses and livelihoods to survive as a result of this policy. Their input has been weighed

⁴ Episode 3, [Phasing out live sheep exports from Australia: Strategies to target minimal impact upon farmers and supply chain participants](#), 2023

⁵ [Independent Panel Report: Phase out of live sheep exports by sea](#), 2023

against stakeholders who are ideologically opposed to animal agriculture who refuse to acknowledge that:

- Reforms implemented by industry have delivered exemplary animal welfare performance, with the annual mortality rate for sheep exported by sea in 2023 0.18% (81% lower than a decade ago)⁶.
- The industry is not in decline. Live sheep exports by sea increased by 30% in 2023 compared to 2022. Live sheep exports to Saudi Arabia, once one of Australia's biggest markets, also resumed in 2023.
- Middle Eastern countries have high demand for live sheep imports due to limited growth potential for local production and a preference for local, freshly processed meat for cultural, food safety and religious customs.
- Australians hold balanced and mature perceptions about the industry. Industry and government-funded research and development corporation LiveCorp commissioned CSIRO offshoot Voconiq to conduct a rolling study canvassing 4500 participants on an annual basis over the last four years. Around three-quarters of respondents in the 2023 survey believed the benefits of live export outweighed, or were equal to, the costs of the industry. At the time of writing the "Keep the Sheep" campaign has received over 50,000 signatures since its launch on 31 May 2024, demonstrating clear and contemporary community support for the trade and the businesses associated with it.

Good public policy requires adaptability

Policies must be designed with the understanding that the future is uncertain. Therefore, they need to be flexible enough to remain effective across a variety of potential scenarios. No single, unchanging policy can address all possible future conditions and may overlook significant risks or rely on assumptions that may not hold true.

The Bill's phase out date of May 2028 ignores the independent research provided by Episode 3 and the substantial evidence of those interviewed across the supply chain. However, the Panel's recommendation of a review mechanism builds in an important adaptability mechanism into this damaging policy.

In recognition of interdependencies of the proposed transition elements, The Panel recommended (recommendation 23 in the final report⁷) that the Government adopt a 'mid-term' timeframe with a review mechanism:

"A review to be conducted in 2026 to ensure farm businesses, the WA sheep supply chain and market development are on track to achieve the onshore processing of the WA sheep turn-off expected by the cessation date for live sheep exports by sea. This review should include recommendations about any adjustments needed, any change to timeline and further actions to support a smooth transition by individuals, businesses and communities."

However, the Government has only supported this important recommendation 'in part', and the mechanism has not been included in the Bill. Currently there is no clarity on whether 'in part' support extends beyond a simple stocktake and whether there would be pathways to additional resources for the transition, or importantly to determine whether competition for WA sheep has

⁶ LiveCorp, [State of the Industry 2023](#).

⁷ [Australian Government response to the Independent Panel report on the phase out of live sheep export by sea, 2024](#)

been maintained or increased. This is the equivalent of asking industry to scale Mount Everest, then preventing the use of a safety rope.

The transition support package is inadequate

The transition package, contingent with the passage of the Bill, is completely inadequate to meet the stated objectives of the Albanese Government to grow onshore processing and increase the value of WA sheep production. A transition plan that causes the least amount of harm to those affected is significantly tied to the sequence and timing of transitional elements across the entire supply chain and requires adequate resourcing.

The WA Government's submission⁸ to the 2023 consultation on the proposed live sheep export phase out advised that significant transitional support and a long transition period would be required to ensure that the potential risks from the cessation of live export are minimised and WA farming systems remain diversified and sustainable. Their submission included modelling the economic impact of a phase out over 10 years, and found that:

“only a 15 per cent drop in the size of the WA sheep flock as a result of the ending of live exports, the cost to the agricultural industry without a reallocation of land asset to cereal cropping would be in the order of \$123 million annually. With a redeployment of land asset to cereal grains as a replacement, the cost would be in the order of \$22 million annually. This modelling also shows an overall reduction of potentially 387 jobs across the supply chain, which would have a negative flow on impacts across WA regional communities.”

If this Bill and the policy proceeds, the package needs to be revisited to comply with the Government's own announced terms.

An obligation to understand economic, competition and social implications of the policy

Consultation on policy implementation has been done in a rushed and unprofessional manner that has left many producers feeling removed from a process that will impact their families, businesses and communities.

We are disappointed that Government's Office of Impact Analysis (OIA) accepted DAFF's recommendation that the Independent Panel's report be accepted as an Impact Analysis equivalent⁹, and note the disclaimer that the OIA does not assess the quality of reviews and documents used in lieu of an Impact Analysis.

For WA sheep producers to sustain their systems in the face of isolation, strong farmgate competition for sheep, driven by access to markets including live sheep exports, must be maintained. Grazier competition in WA is limited, with producers relying on the competitive tension provided by live export to ensure stronger competition, fairer farmgate pricing, and sustainable businesses.

Learnings from the 2011 live cattle export snap ban clearly illustrate that producers need large amounts of time to prepare, respond and recover from the implementation of a policy that decimates their businesses. This is clearly not a two-year process, but at the very least, a decadal process that allows:

⁸ [WA Government submission to the Independent Panel consultation on the phase out of live sheep exports by sea, 2023](#)

⁹ <https://oia.pmc.gov.au/published-impact-analyses-and-reports/phase-out-live-sheep-exports-sea>

- Genuine consideration of issues relevant to this policy: e.g. due diligence to better analyse competition forces, economic impacts, community sentiment, business cycles, market development (export and domestic), sheep genetic cycles, all of which will be further impacted by climatic events out of the control of producers.
- Appropriate time frames to implement viable solutions – given the complexity of the issue.

The critical question that must be answered is how to provide producers with the same level of farmgate competition that they currently have to ensure the industry remains viable into the future. The Australian Competition and Consumer Commission (ACCC) submission¹⁰ to the 2023 consultation on the proposed live sheep export phase out emphasised the risk of reduced competition among buyers once the live trade closes:

“the loss of access to live export markets and the potential reduction in competition due to fewer buyers of WA sheep may lead to poorer outcomes for sheep producers by increasing the market power of remaining buyers in a relatively concentrated market.”

To genuinely comprehend the competition risk associated with this policy, along with the transition pathway required to mitigate this risk, significant Government investment into due diligence, underpinned by time and expertise, is required. Government has a clear responsibility to undertake a serious analysis of competitive forces by engaging competition experts, such as the ACCC to inform competition policy thinking, and associated structures.

Should you wish to discuss this submission further please do not hesitate to contact me at

Yours sincerely,

Chief Executive Officer
Sheep Producers Australia

Attachments

A: Sheep Producers Australia submission to the Independent Panel consultation on the phase out of live sheep exports by sea, 2023

¹⁰ ACCC submission to the Independent Panel consultation on the phase out of live sheep exports by sea, 2023