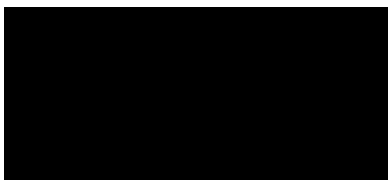


Submission for the 'Phase out of Live Exports by Sea'



Introduction

The proposed phase out of Live Exports by Sea is concerning to me as a business owner and a community member of a small town in Western Australia.

My husband and I run a mixed farm [REDACTED]. The farm is 1400 ha. We plant about 500 ha to mixed crops and run merino sheep on the rest of the farm.

We mate 1500 ewes to terminal sires for prime lamb production and 4000 ewes to merino rams.

We sell about 4600 sheep each year. From 2017-2022 the average annual net income from sheep sales was \$552,500. Of this 37% was from the sale of wethers or wether lambs. These either went straight to live export markets or to other farmers to on-sell to live export.

On average for the last six years, sheep and wool sales have made up almost 75% of our income. We are specialist sheep producers and rely heavily on the live export market.

Summary

- [REDACTED] WA is heavily reliant on the live export market.
- Our towns and businesses rely heavily on the employment provided by the live export market and the sheep industry in general. The sheep industry employs many more people than cropping industry.
- Live export provides synergies with the local climatic conditions that are difficult to replicate with local processing.
- It is difficult to see the local wool industry thriving when live export is phased out unless a viable market for merino wethers is found.
- A ten-to-fifteen-year timeframe is needed for a phase out.
- Find an alternative market for merino wethers rather than increased markets for prime lambs.
- Farmers prefer to eat young merino wethers, because they have more flavour than prime lambs, there may be an opportunity to develop a 'tasty wether' market.
- China is an unreliable trading partner.

Infrastructure needed –

1. Feedlots.
2. Increased killing space in WA abattoirs.
3. High speed internet and data services for isolated country areas. Both to help people transition into other employment and to provide education and health services to towns with very low populations.
4. Systems to provide quality education and health services to small towns.
5. Investment in roads to cope with increased grain traffic.
6. Investment in ports to improve grain handling facilities.

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Alternatives to Live Export

I have been thinking deeply about this issue for many years, and have been involved in, and instigated projects to find alternatives to Live Export. The projects I have been involved in have not been successful in finding alternatives.

Farmers prefer eating merino wether hoggets, they have more flavour than the prime lambs the abattoirs prefer. However, they take longer to reach the processing weights preferred by the abattoirs.

As part of the breeding group [REDACTED], in 2006 we were involved in a project to process and market wether hoggets. Unfortunately, we were paid by the abattoir, and received very little money, despite the extra expense and effort required to get the wethers up to the required weight and grade.

More recently, as a board member [REDACTED], I instigated another project to find an alternative market for our merino wethers. No abattoir in WA was interested in undertaking contract processing. We could not retain ownership of the sheep and have them slaughtered. We looked at installing a self-managed micro abattoir, but it was not economically feasible.

I will note that even if either of these projects had been successful, neither of them would have replaced Live Export for the sheep industry in WA.

It is difficult to develop alternative sheep meat markets in WA because it is impossible to have them slaughtered. The few viable abattoirs have a stranglehold over all markets, other than live export.

Climatic conditions in WA

The Mediterranean climate in [REDACTED] WA has a Boom-Bust cycle. We have an annual season of plenty in Spring, followed by a drought over Summer and Autumn. Climate change is starting to affect these patterns and increasingly we are having dry periods in May and June, which affects our pasture production in the winter.

Sheep farmers in WA have adapted to this cycle by keeping a minimal breeding flock over the autumn-winter period and selling excess wethers and prime lambs at the end of spring. Thus, minimising the stocking rate on farm when there is no pasture production, while taking advantage of the 'boom' season and remaining viable businesses.

This system also makes it easier to look after sheep welfare, because there are fewer animals to take care of during the seasonal drought. It is very stressful looking after large numbers of sheep when there is limited feed and water. Reducing the pressure on people by minimising sheep numbers ensures that there is less chance of error.

Reducing stocking rate during the seasonal drought also protects the land from erosion when there is no ground cover from pasture.

We don't have the luxury of year-round production of pasture seen in other states in Australia.

Live Export provides a synchronicity for sheep production in WA, that cannot be replicated by an abattoir. Abattoirs need the same number of sheep, each week all year round, preferably the same weight and grade.

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Live Export ships can very quickly take 60,000 sheep out of WA when the pasture dries up. Live Export markets also accept merino wethers that are finished on paddocks rather than feedlots.

Feedlots would need to be established to finish merino wethers for abattoirs. This inevitably adds another cost of production and will reduce the farm gate price of merino wethers.

Merino Sheep and the Wool Industry

It is difficult to see merino sheep remaining viable in WA without live export. Most sheep producers in WA would switch to meat sheep because there is no alternative market for merino wethers.

This would lead to the demise of the wool industry in WA. Sales would cease in Fremantle which would lead to significant job losses, both in Fremantle and in regional areas.

When we shear, there is a team of ten shearers for three weeks, a truck driver comes out every second day to load wool bales, the wool broker visits. Those three businesses alone have at least six or seven support staff. Most of those people live [REDACTED], shop locally and send their kids to local schools.

Wool sales make us more resilient as a business by reducing our reliance on any one market, it currently makes up over 30% of our income.

We need an alternative market for merino wethers rather than increased markets for prime lambs.

Increased cropping

Increasing cropping is not an option for us. Much of our land is not suitable for cropping. It is either too waterlogged, or too rocky. There are areas with too many trees that we don't want to clear.

Having sheep in our system makes cropping more viable. We use chaff carts at harvesting to collect the weed seeds. The carts dump the chaff in piles, which the sheep eat over the summer. There are less weed seeds in the paddock the following year, so there is reduced reliance on chemicals for weed control. The sheep eat the stubbles over summer.

Our paddocks are rotated through a pasture phase, which includes nitrogen-fixing legume species, thus reducing our reliance on synthetic nitrogen.

Without sheep, people either burn stubble, or drive a tractor with a cultivator over the paddock, or both.

Cropping does not employ many people compared to livestock industries.

Employment

Annually we employ a ten-person shearing team for three weeks, a four-person lamb marking team for one week, a five-person crutching team for seven days as well as one person in the autumn for sheep feeding for 12 weeks.

We pay \$112,000 annually to contractors who run the shearing, crutching and lamb marking teams. All the contractors and most of their employees live, shop, and send their kids to school locally.

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We spend about \$15,000 per year on freight associated with the sheep enterprise. There are three freight companies [REDACTED], which employ at least 20 people.

Our sheep enterprise also has a livestock broker, wool broker and occasionally a veterinarian associated with it.

In the last five years we have spent an annual average of almost \$96,000 on sheep requisites in local businesses in [REDACTED]. The three local agribusiness shops employ close to 20 people in our town (pop. 1000).

For cropping we employ one or two people at harvesting for six weeks and spend about \$55,000 on chemical purchases.

Our sheep enterprise vastly outweighs our cropping enterprise in terms of the money we spend locally, and the number of people we employ.

Alternative Markets

The report "Live Sheep Export Trade: Review of the Draft Regulation Impact Statement" (Pegasus Economics 2020) contains many factual errors. It summarises that there is evidence the Law of One Price applies to sheep markets across Australia (i.e., any sheep of the same weight and grade will achieve the same price in any market). This is blatantly untrue. A quick glance at the market reports published by MLA will show this, and in fact tables in the same report also demonstrate that WA sheep prices are lower than the rest of the country.

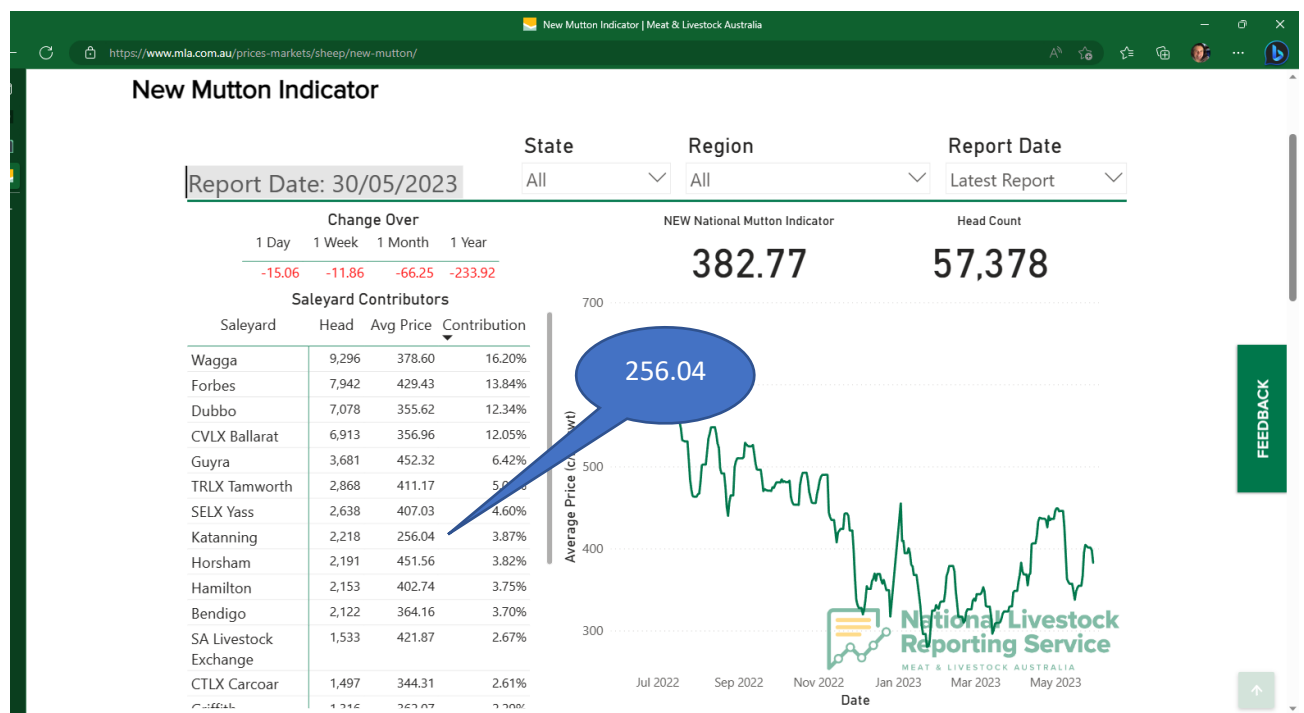


Figure 1. MLA mutton report 31 May 2023. Showing price in Katanning 256c, National average 382c.

If the Federal Government expects 'Law of One Price' for sheep across the nation, sheep freight from WA to the East coast should be subsidised.

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There is no reason that sheep producers on the east coast should be protected from the effects of the decision to phase out live exports.

China is often cited as an alternative market for boxed mutton. This is concerning, given the recent trade sanctions China has imposed against barley, wine, and other products. It is a mistake to be solely reliant on the Chinese market.

Currently competition to buy sheep in WA is limited. There is a small domestic market, dominated by the duopoly of Coles and Woolworths, the airfreight market and live export. Removing live export will take out a significant portion of the local competition.

Abattoirs are constantly going out of business – there are currently two on the market after going into receivership. It is difficult to see how the government can possibly contend that phasing out live exports is viable, when so many abattoirs cannot run viable businesses in WA.

Recommendations

The phase out need to have a long timeframe of at least 10 - 15 years to allow breeding programs and production systems to adapt to the new market conditions.

Significant investment will be required to develop more markets for our sheep meat. We need to have markets other than China (which has proved to be a fickle trading partner.)

There is obviously a need for improved infrastructure. More feedlots will be required to produce sheep out of season. As well as more abattoirs or at least increased killing space.

The abattoirs are currently restricted by a lack of workers and a lack of housing availability.

Infrastructure will be needed to cope with increased grain production. Road infrastructure needs to be upgraded to cope with heavy haulage trucks. There is currently a bottleneck of grain in WA due to a lack of infrastructure.

Communities need to be protected from the effects of reduced population as farmers move into increased cropping systems, with associated lower employment opportunities. Healthcare and education systems will need to be adapted to allow for top quality delivery in isolated areas. This will inevitably need much improved access to internet. Increased high speed internet would also open up employment options for people living in remote areas.