



13 June 2023

Department of Agriculture, Fisheries and Forestry  
livesheep.phaseout@agriculture.gov.au

**Re: Submission – Phase out of live sheep exports by sea**

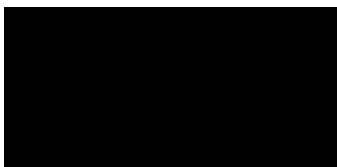
WAFarmers welcome the opportunity to comment on the phase out of live sheep exports by sea consultation. WAFarmers is the largest peak body for Broadacre Farmers consisting of 1000 members across livestock production in Western Australia.

WAFarmers remains steadfast that a phase out of live sheep exports by sea is an unacceptable outcome that will cause irreparable damage to the Western Australian livestock and grains sector. The following points are the key drivers in reaching this position.

1. **Time to trade** – *(see addendum 1)*
2. **Insurmountable workforce issues**– *(see addendum 2)*
3. **Cancel culture - Global revolt against the science** – *(see addendum 3)*
4. **The death of risk management** – *(see addendum 4)*
5. **Symbiotic system – The domino effect** – *(see addendum 5)*
6. **Reliability is a precondition for trust** – *(see addendum 6)*
7. **How long is a piece of string?** - *(see addendum 7)*

The addendum to this letter provides a full explanation of each point which we trust will be read in full.

Yours faithfully



Geoff Pearson  
WAFarmers  
Livestock Council President





See addendum explanations in full below:

**Addendum 1: Time to Trade - *Invigorate- Infrastructure-Invest***

The WA sheep industry and its co-existence with live export makes it unique. Without a sustainable live export industry, the WA sheep flock is under threat as is the Red Meat Advisory Council's (RMAC) goal of doubling the value of Australia's red meat sales by 2030. The WA sheep flock size now stands at approximately 13 million, down from 26 million in 2005, and has reached a critical low for the broader WA Sheep Industry to remain sustainable.

According to Meat and Livestock Australia's (MLA) 2020 Sheep Industry Projections, the demand for sheep meat is strong and the industry is currently experiencing difficulties in sustainably meeting this demand. A further reduction in sheep numbers as a result of removing live export of sheep by sea from the market will limit the ability of the industry to meet the market demand. The WA sheep market has fewer buyers than the eastern states, and therefore competition is directly related to buying activity for the live export trade resulting in a stable price floor for the WA sheep market.

Significant investment into infrastructure and the industry's supply chain is required if domestic and export markets for boxed meat are expected to replace the increased volume currently being serviced by the live sheep exports. Investment requires market confidence. Allowing the trade to continue until investor confidence is realised in the WA sheep market in being able to reliably meet market demand ensures long term sustainability for the sector.

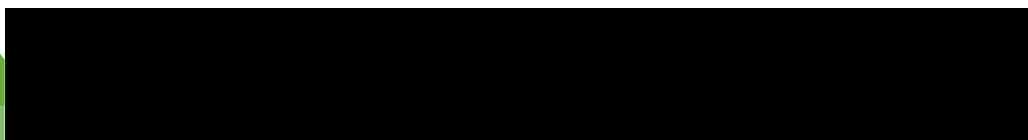
Data demonstrates that Australia's live sheep trade is declining as a result of increased regulation and lack of buyer confidence in our market, therefore WAFarmers' position is to allow the market forces to determine the life expectancy of the trade.

**Addendum 2: Insurmountable workforce issues**

The WA Sheep Industry is not alone in battling insurmountable workforce issues. The industry has been battling workforce issues for the better part of a decade, with many Australians opting not to work in the industry. Overseas workers are required but this brings another set of hurdles to overcome. The overseas workers rarely have the skillset required (i.e., boners and slicers) and will need intensive, costly training once in Australia and they will require regional accommodation which in WA is scarce. We do not see the recent announcements by the Federal Government about changes to the backpacker visa and skilled migration criteria as being a solution to the regional workforce problem and could make it worse. The changes allow backpackers to complete their 88 days mandatory regional work now in the hospitality sector rather than being restricted to primary production and mining.

According to ABARES 40% of the Indigenous workforce working in agriculture are employed in the sheep, cattle and grain farming industries which will be significantly affected by the phasing out of live export and will experience loss of jobs.

Once again it comes back to investing in the industry. Artificial intelligence technology and robotics may be able to solve the workforce crisis for the industry, but this is a long-term aspiration and would take significant investment and time. As mentioned in addendum 1, this investment will only materialise if there is confidence in the WA Sheep Market. Again, we advise letting the live export trade continue until alternative solutions can be put in place.





### **Addendum 3: Cancel Culture – Global revolt against science.**

The live export trade of sheep by sea is one of the most highly regulated sectors of animal production, with the Federal Department of Agriculture, Fisheries and Forestry taking a lead role in overseeing the welfare of the sheep that Australia exports.

Despite exceeding the new standards, benchmarks and regulations the Federal Government has opted to provide industry with notice of intention to phase out a very healthy trade claiming it failed the social license test. Which raises the question what is this test?

Latest Voconiq community sentiment data from the 2023 LiveCorp/MLA – Live Exports and the Australian Community Report demonstrates that the live export trade inclusive of sheep by sea is seen by Australians as an important part of the agriculture sector. Further, 78% of Australians, an 11% increase over the past 4 years, agree that farming communities would suffer economic hardship should live exports be phased out. 42% of respondents disagreed with stopping of live export regardless of the impact to farmers.

With all indications of community sentiment improving we ask: what are the thresholds we need to achieve, who sets these benchmarks and what is the science behind the measurements? We are constantly told that the Federal Government is following the science. So what is the science being followed?

These are important questions as other sectors of primary production will be targeted by activists groups that will apply this 'social license' test to the trade of everything they find unpalatable. Future governments will be tempted to use the social license precedent unless it is clearly codified and defined.

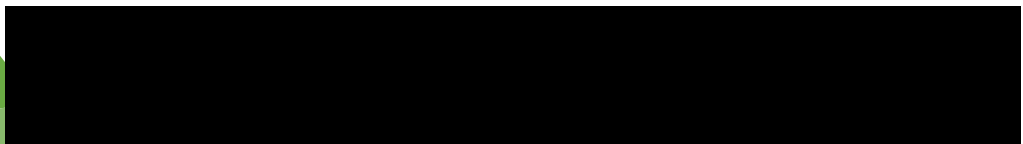
WAFarmers suggests that the Federal Government is guided by plausible, valid and replicable science that is transparently shared amongst industry stakeholders and if the science demonstrates a healthy trade, then allow the trade to continue without government or activist intervention.

### **Addendum 4: The death of risk management - Diversity of farming systems**

Diversity in farming systems has built resilience and sustainability from both economic and environmental perspectives. Diversification in farming has been to combine cropping and livestock into the farming system, reducing economic risk due to appropriate levels of income diversification and land use to combat the difficult times driven by unbalanced supply and demand. Notably resilience and sustainability have been achieved by Australian farmers with no financial assistance from government.

Environmental benefits of rotational cropping combined with livestock grazing has helped to improve soil carbon through reduced chemical use and better outcomes for Australia's overall carbon footprint.

Irrespective of the above benefits that sheep provide, the live sheep export trade is an important risk management tool for WA farming systems. In good seasons it is important, and in difficult seasons it is vital. It is a necessary process in managing livestock numbers, using pasture in a sustainable manner, managing farm businesses efficiently and providing additional resilience to the farming enterprise.





Importantly, once farmers remove sheep from their farming system rebuilding a flock requires significant capital investment (sheep, fencing, yards, water points) and time, with a best estimate of 9 to 11 years to achieve a whole-farm breakeven period.

#### **Addendum 5: Symbiotic system – The domino effect**

The agricultural sector of WA is a symbiotic system relying on commodity sector collaboration to effectively deliver a valuable, sustainable and vibrant industry. According to the Australian Bureau of Statistics report, *Value of Agricultural Commodities Produced, Australia 2022* the WA Agricultural sector is valued at over \$10.2 billion. The WA Sheep Industry is one sector commodity of the WA agricultural ecological community, and its removal from the community has far-reaching and unintended consequences for community viability and the livelihoods and well-being of those who are connected to the community.

For a symbiotic system such as WA mixed farming systems, where supply chains are still reeling from the residual effects of COVID 19, the phasing out of live exports is an insurmountable hurdle to overcome. Impacted businesses within the community include but are not limited to livestock agents, feed and fodder suppliers, vets, shearing contractors, wool brokers, retail distributors, exporters and transporters.

Examples of the domino effect on WAFarmers represented commodities (Grains, Livestock – Meat/Wool/Beef and Dairy) by the phase out of live sheep exports by sea from the WA agricultural community are:

##### **Grains**

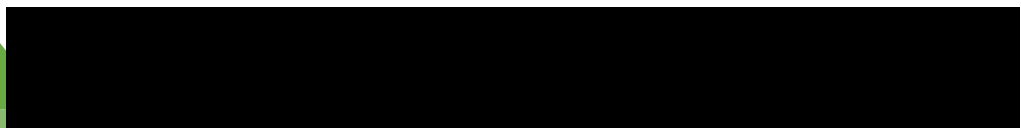
Research by market intelligence service Mercado portrays a strongly suggests that farmers who move away from sheep farming due to it being unviable are likely to move into cropping, thus compromising their risk management, environmental impact and economic sustainability. WAFarmers confirms that a massive shift into cropping in WA could potentially add another 1 million hectares of crop or 3-4 million tonnes. This will significantly impede and already overloaded supply chain costing grain growers \$2-3 billion each year in discounted grain.

##### **Wool**

Live sheep exports contribute to woolgrower income via additional market options and supporting livestock prices. WA live sheep exports account for 90% of the trade therefore the implications for WA woolgrowers is significantly different to those in the eastern states. According to the 2018 Centre for International Economics Report - *Contribution of live exports to Woolgrower's incomes* WA growers will experience price falls of:

- \$32 per head for lambs or a fall in the saleyard price of **28.6 per cent**
- \$39 per head for sheep or a fall in the saleyard price of **51.1 per cent**

Without live exports to set a stable price floor, the Western Australian price paid by processors could default to the eastern states (South Australian) price less the transport cost. This transport cost will be most likely be \$30 per head, which until the supply side adjusts further, will be borne by wool and sheep producers. Further;



- the state sheep flock is likely to **fall** between **4.6** and **7.5 per cent** for specialist and mixed enterprises, equivalent to a decline of **0.9 million sheep**
- production of meat from lamb and older sheep will increase (as a result of diversion from the export trade)
- wool production could **fall by 4 per cent** state-wide or equivalent to 13.5 kt greasy- flowing on from lower enterprise profitability.

WA's flock, which is 84 per cent Merino, would follow eastern states into producing other breeds that fatten faster, threatening the WA Wool Industry. WA produces about 20 per cent of the Australian wool clip. A 7.5% reduction in the WA Merino flock, would reduce WA wool production by 28,000 bales which will more than likely trigger the ending of the Bibra Lake auction in WA therefore putting more pressure & cost additions for wool growers to be able to market & sell their product.

Market Analysts, Mercado confirms that if the live export of sheep by sea is phased out it is reasonable to expect that we will see a 15 per cent reduction in the WA Wool Industry's contribution to the economy.

#### ***Breeder Cattle / Dairy / Beef***

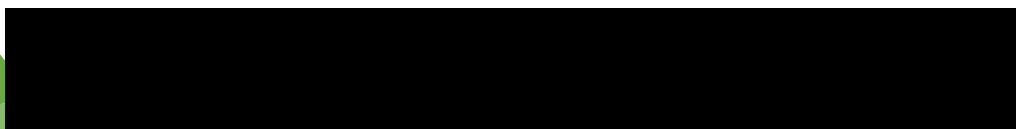
The WA Dairy Industry has worked hard to increase the value and utilisation of male calves and demonstrate best animal welfare practice. Live export effectively increases the value of dairy beef. The more diverse markets there are, creates competition and therefore greater value. Dairy Heifers are a high value live export market which is an important income stream for many dairy farmers who have embraced sexed semen technology to cater for the export heifer market which has reduced the number of lower value male calves being born. In an isolated milk market such as WA where there is little manufacturing, the export heifer market is a valuable tool for balancing the supply of milk.

In acknowledging that the phasing out of live sheep exports by sea does not directly affect the breeder cattle and dairy meat sectors, the precedence set by the Federal Government in this decision has direct ramifications for any industry sector that exports live animals by sea.

Research and trials are required by government investigating alternative farming practices and improvements to supply chain infrastructure that can be adopted to limit the impact to producers operating on the ecological WA agricultural community from the phase out of the trade.

#### **Addendum 6: Reliability is a precondition for trust - Trade relationships and implications**

Cultural preferences dictate that there is always going to be a demand for the live sheep trade in particular countries and if it is not our sheep another country will step into the market. A 2019 Department of Agriculture Discussion Paper on Live Export confirms that the Middle East advised that live sheep will not be substituted with a chilled or frozen product, it will simply purchase live sheep elsewhere. It was further confirmed, Australia ending the live sheep trade to the Middle East will place a large strain on its food security and will have serious implications for Australia's reputation as a reliable trade partner for all exports, not just those associated with live animals.





#### **Addendum 7: How long is a piece of string – Timeframe and Dollars**

The terms of reference for the panel clearly outlines that the Federal Government is seeking recommendations from industry on the suitable timeframe for a phase out of live sheep by sea, along with the funding required by industry to assist. For all the reasons above and with currently no foreseeable solutions, WAFarmers' advice is: ***how long is a piece of string?*** All economic evidence suggests that transition out of markets becomes near impossible once an end date is set.

WAFarmers would like to recommend that the Federal Government allocate significant resources into seeking new markets for Australian sheep meat and invests in high-level economic cost benefit analysis to outline the infrastructure and research investment required to drive confidence in the industry to ensure the long-term sustainability of the Western Australian sheep industry. Further WAFarmers is adamant that the market be left to determine its life expectancy and allow a natural and market-driven phaseout of the trade to take place.

Should the government progress with its policy of phasing out the live sheep trade by sea a lengthy and appropriate timeframe would be required for the research, economics, trials and infrastructure investment to be successfully in place before a phase out date can be set.

