# I. Executive Summary

This report has been commissioned by the Australian Government's Federal Department of Agriculture, Fisheries and Forestry (DAFF), and it aims to outline the potential effects of phasing out live sheep exports by sea on Western Australian farmers, businesses, and other participants in the supply chain.

Episode 3 does not support the policy to phase out live sheep exports by sea from Australia and believes it may have adverse consequences for the Western Australian sheep and wool industry if the process is undertaken too rapidly.

However, they acknowledge that if the phaseout is implemented over a more extended period, approximately 8 to 12 years, and if careful attention is paid to mitigate any potential damage to supply chain participants, as outlined in this report, then Western Australia could ultimately benefit from a stronger, more diverse, and sustainable sheep and wool industry at the conclusion of the phaseout process.

This longer-term approach to a proposed phase out would allow ample time for industry stakeholders to adapt to the changes, explore alternative enterprise mix strategies, and find new opportunities for growth and development within the transformed landscape. By taking a well-considered and gradual approach, Episode 3 envisions the potential for a positive and successful transition towards a thriving sheep and wool industry in Western Australia.

This report has employed direct consultation with industry representatives, an online survey, and desk-top analysis/modelling of various data sources to assess the impacts of the phaseout. Additionally, the report will propose strategies to minimise harm to the WA sheep industry supply chain, provide a short-term and long-term phaseout timeframe, and assess the benefits and disadvantages of each timeline.

The methodology section explains that key representatives from the WA sheep industry supply chain and associated industries were consulted, and an online survey gathered information from participants in the live sheep export supply chain and the WA sheep/wool industry. The data used for modelling and assumptions were derived from actual farm data from various sources and industry data collected from a range of reputable sources.

The modelling assumptions used in this analysis primarily focus on alternative livestock enterprises in the Western Australian farming regions, particularly those areas where sheep and cropping enterprises are prevalent, such as the Great Southern, Central Wheatbelt, and Eastern Wheatbelt. The analysis excludes major shifts in crop percentages, assuming that if the profitability of alternative enterprises is similar to the current sheep enterprise, there would not be a significant change in the percentage of farm area under crops.

The research utilises the CSIRO-developed GrassGro bioeconomic model of livestock production systems to simulate various enterprise alternatives. While focusing on alternative livestock options, the report takes into account some cropping options like Faba Bean and Lupin stubbles, which have the potential to support sheep nutritionally. However, these cropping options are currently limited in Western Australia.

Key assumptions are based on extensive verification from various sources and data sets, providing a robust foundation for modelling. For example, the typical Western Australian sheep enterprise is considered representative of the majority of sheep farms in the Great Southern region, which is

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