



THE SENATE
SENATE SELECT COMMITTEE ON COMMONWEALTH BILATERAL AIR
SERVICE AGREEMENTS

Public Hearing – 22 September 2023

Question on notice

Sheep Producers Australia

1 PROOF HANSARD, 24

CHAIR: I'm trying to understand. Some of the submissions we've received are about the cost freight and not just the opportunity lost in the perishability piece and the regularity of product coming off farm and needing to get to port but also that it's a lot cheaper because you're sharing the cost of that freight with a business class and economy class passenger service. Are you able to quantify that differential?

Response from Sheep Producers Australia: The most vulnerable product to air-freight capacity is the lamb carcase trade to the Middle East. While the gains on shelf-life requirements may see some end-users switch across to vacuum-packed chilled primals, a preference for carcasses, especially through retail, will likely remain in the immediate future. The 2021 Air Freight indicator report produced by Infrastructure Partnerships Australia indicates that *"perishables are typically shipped in low volumes but at regular frequencies to maintain freshness and avoid spoilage. These freight patterns are less suited to dedicated freighter operations providing the market with large volumes at less regular frequencies. The lower value of exports means it is harder to justify dedicated freighters, which are more expensive to access compared to belly capacity on passenger services."*

In 2019 (pre-COVID) air freight accounted for 12% of sheepmeat exports (45% of chilled sheepmeat). The total volume of all Australian outbound air freight in 2020-21 declined by 30% year-on-year.

2 PROOF HANSARD, 28

Senator SHELDON: Mr Hassell, I understand that the Australian government is currently working through a process to phase out live sheep exports. What percentage of Western Australian agricultural exports are live sheep?

Mr Hassell: There are about 13 million sheep in the state at the moment. I would hazard a guess—and I don't have the exact figures in front of me—that possibly four million sheep are sold in various ways. The potential is up to two million of the live trade. Those sorts of figures are not unrealistic.

Senator SHELDON: So of Western Australian agricultural exports, does the export of live sheep constituting 0.7 per cent of the market sound correct?

Response from Sheep Producers Australia: According to DAFF WA's agricultural exports in 2020 were \$5b and live sheep exports were \$126M or 2.5%. In 2022 WA's agricultural exports were \$8b.

WA live sheep exports were \$84m – this makes live export 1% of WAs total agricultural exports by value. However, wheat exports almost doubled to a record \$5.5b in that year.

Of direct relevance 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 annually.

The sheep export cessation in 2018 did not lead to a pathway switch for those same, predominantly WA, animals. The bulk of air-freight carcase exports are light lambs, whereas live exports are predominantly mature-weight Merino wethers. Perth did record increased air-freight carcase exports (up 19% or 2,400 tonnes year-on-year) in 2018 but the bulk of growth was driven by east coast airports (up 30% or 10,200 tonnes). While Perth has room to increase air-freight carcase exports, it would need to increase total air-freight three-fold to accommodate the entire turnover currently channelled through the live trade.

3 PROOF HANSARD, 30

Senator WHITE: I understand that. Have you got any idea what the unused freight capacity of the existing flights to the Middle East from Perth is at the moment?

Response from Sheep Producers Australia: Unfortunately we don't have that information available across all airlines.

Qatar Airways Perth office has informed SPA that they are currently operating at full cargo allocation on the passenger flights and any unused capacity on flights is due to last minute cancellations and or logistics around the interaction between passenger luggage and air freight allocation. 80-90% of the freight going out of Perth with Qatar airways currently is meat for the Widam Foods Program. Given that there were instances where producers were required to unload sheep trucks that were about to leave the farm for the abattoir due to being out competed for air freight space, we can only assume it is fully allocated for other airlines.

Emirates Perth has informed SPA that they're "full" and have been in the post-COVID timeframe. They are in daily conversations with sheepmeat exporters about whether additional space is available, and their answer is consistently no. An employee remarked that in his twelve years with the company that they had never seen it like this before, and it was to the extent that a slight variation in A380 configuration would mean that freight was bumped because it was fully allocated for a standard configuration A380.

Previous analysis provided by MLA in 2019 identified that sheepmeat, mostly in carcase form, accounted for an estimated 68% of all outbound Australian air-freight volume to MENA in 2018.