

Briefing Paper: Wool Industry Classification as an Essential Industry

The Australian wool industry from the farm gate to the port is critically dependent on the continuation of auctions and exchange of ownership given its almost total reliance on exports. Australia currently exports around 98% of greasy wool produced with 78% of Australian wool going to China.

Even with the heavy reliance on China, the Australian wool industry has continued to sell and buy wool to the value of around \$50 million per week during the COVID-19 outbreak, and exports of greasy and semi-processed wool from Australia have continued. The domestic supply chain, from wool producers to brokers to exporters and the industry's service providers, is adamant that this trade is not impeded by any domestic restrictions in response to COVID-19.

The Australian wool industry is one of the major livestock industries in Australia, generating \$3.82 billion in export income in 2018/19. Furthermore, the global wool textile industry relies heavily on Australian wool, particularly of Merino wool. Australia is the most significant wool producer in the world, accounting for around 23% of total wool production. Australia also accounts for around 70% of the world's Merino wool and around 85% of world production of superfine wool (18.5 micron and finer). In total, around 40% of the world trade of raw wool is from Australia and 50% of China's imports of raw and semi-processed wool is sourced from Australia. China's wool textile industry has resumed from its COVID-19 induced hiatus and is seeking to buy Australian wool for its mills.

Further the value of Australia's sheep meat industry is \$6.6 billion in both domestic and export income. The wool industry and sheep meat industry are inextricably linked and together they support regional economies throughout Australia.

Wool producers need to be able to keep selling lambs and sheep so that meat processors can continue to produce food for the tables of all Australians in this pandemic crisis.

There are 61,716 wool levy payers in Australia, and the industry employs around 200,000 including producers, shearers and shed hands, transporters, wool brokers, exporters, processors, logistics and storage companies.

The impact of not declaring the wool industry as an essential industry would lead to many adverse outcomes for both those employed by the industry and potentially the animals as well.

Many woolgrowers have been dealing with drought and in some instances bushfires, their cashflow has been impeded and the income has been substantially reduced. A halt in trade now due to the inability to move and transact product would have devastating consequences for many wool producers. Wool producers must have the opportunity to sell the wool from their sheep to generate cash, put food on their families' tables, service debts and pay the shearers and shedhands

Further, if the shearing industry was to cease the impacts on animal welfare could be catastrophic, for example the inability to shear pregnant ewes, which could see large lamb and ewe mortalities, cessation of crutching could see a spike in breech flystrike and a general lack of cash flow for wool growers could mean an inability to provide adequate care for sheep.

To ensure that cash-flow to wool producers continues, Australian wool brokers must be able to continue to service their wool producer clients, arranging for the collection, storage and sale of that wool through the auction system, or other means.

Australian wool exporters and processors need to be able to operate to buy and export that wool to mills in China, which have now resumed work, as well as in India, in Europe and elsewhere.

While the production of wool is a low risk sector for COVID-19 in terms of transmission of the virus, other sectors of industry including wool testing, selling, buying and logistics sectors have been working together to mitigate the risk of transmission of COVID-19.

Protocols and risk mitigation strategies have been implemented at the Australian Wool Testing Authority and the three selling centres in Fremantle, Sydney and Melbourne. For example, open-cry auctions in these selling centres have been relocated to ensure that the mandated minimum distances are met and have been re-scheduled to allow additional breaks to comply with maximum time limits.

In order to ensure the continuation of the Australian wool trade, wool must be able to be transported to the ports and wool samples can be delivered to the wool test houses in Fremantle and Melbourne. This freighting of wool and wool samples is across state lines in many cases, with almost all of South Australia's wool, almost all of Tasmania's wool and 30%-40% of New South Wales' wool transported to Melbourne. All wool samples from Tasmania, New South Wales and Queensland is transported to Victoria for testing, as is a significant portion of South Australia's wool samples. The rest of South Australia's wool samples are transported to Western Australia. It is imperative that this is allowed to continue.

Ports also need to remain open to allow wool to be shipped overseas. Without that, the industry will grind to a halt and there will be no sales and no cash-flow.

Whilst understanding that food supply is essential at this time, the Australian wool industry implores all levels of Government to provide assurance that our industry will be allowed to continue to operate whilst complying with the guidelines set by Government, particularly as the production and sale of wool is inextricably linked with the production of meat from sheep and lambs.