



Australian Government

# Sheep Industry Transition Assistance Package

Transition assistance for sheep producers and the supply chain for the phase out of live sheep exports by sea

July 2025



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### **Acknowledgement of Country**

We acknowledge the continuous connection of First Nations Traditional Owners and Custodians to the lands, seas and waters of Australia. We recognise their care for and cultivation of Country. We pay respect to Elders past and present, and recognise their knowledge and contribution to the productivity, innovation and sustainability of Australia's agriculture, fisheries and forestry industries.

# Ministerial Foreword

The Australian Government has committed \$139.7 million in transition assistance for individuals, businesses and communities to confidently plan and adapt to laws passed by the Australian Parliament to end live sheep exports by sea from 1 May 2028.

This document sets out how funding will assist farmers and the rest of the supply chain to capitalise on the opportunities from this transition and the increasing demand for sheep meat domestically and globally. This funding allocation has been designed *with* the sheep industry and *for* the sheep industry. Based on the input of more than 300 people across the industry supply chain through 16 workshops in Western Australia in early 2025, the co-design process identified and prioritised areas where assistance will make the most difference. These findings have been applied across the available funding from the transition assistance package to deliver timely and meaningful assistance.

Our approach will assist the sector to:

- collaborate on a long-term strategy, supported by investment
- enhance the profitability of the farm to feedlot end of the supply chain, ensuring continuity and quality of supply
- leverage technology to improve feedback loops and position producers to best meet market and consumer requirements
- strengthen business resilience and support vibrant local communities.

The transition approach will be industry-led and government-backed, creating confidence and certainty for the future of the sheep meat and wool industry.



Julie Collins MP

Minister for Agriculture, Fisheries and Forestry

# Table of contents

Ministerial Foreword .....	iii
Purpose.....	1
Implementation to date .....	2
Co-design of transition assistance.....	3
1 Long-term industry strategy and leadership .....	6
2 Profitability and continuity of supply .....	8
3 Market and technology systems.....	10
4 Business and community resilience .....	12
Phasing of investment profile.....	14

# Table of figures

Figure 1 – Components of the \$139.7 million transition assistance package .....	1
Figure 2 – Co-design activities at a glance .....	3
Figure 3 – Summary of key components following co-design .....	5
Figure 4 – Phasing of investments .....	14

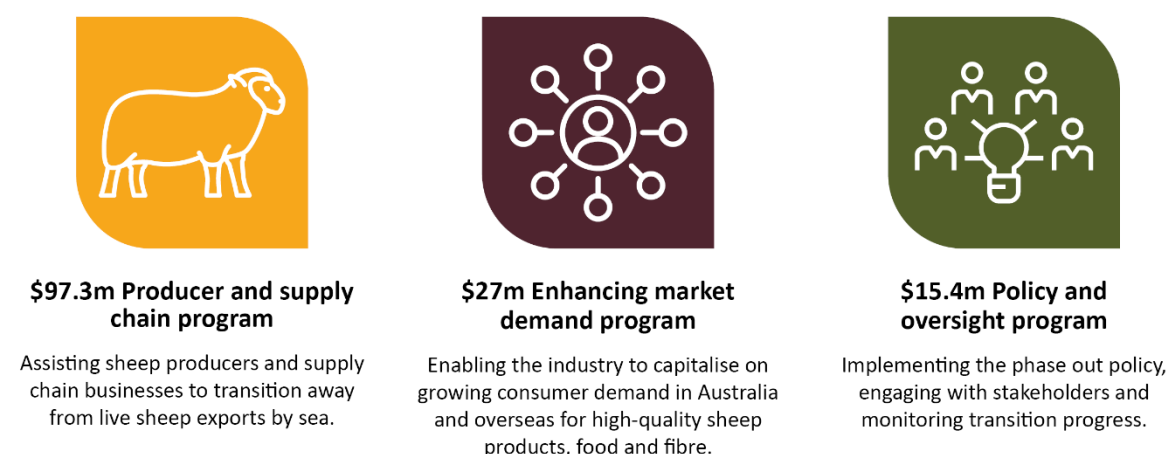
# Purpose

The Australian Government has announced \$139.7 million in transition assistance to support affected businesses adapt to the phase out of live sheep exports by sea from 1 May 2028 (Figure 1). Several programs and initiatives have already commenced.

In February 2025, the Department of Agriculture, Fisheries and Forestry (the department) undertook a co-design process with Western Australian sheep producers and the broader supply chain. The feedback informed how best to allocate the \$97.3 million in funding from the *Producer and supply chain program*. In line with the co-design feedback, this document sets out the funding allocation of the \$97.3 million.

There are two other elements of the transition assistance package: \$27.0 million for the *Enhancing market demand program* and \$15.4 million for the *Policy and oversight program* which includes funding for the Transition Advocate.

**Figure 1 – Components of the \$139.7 million transition assistance package**



# Implementation to date

The Australian Parliament has passed a law to cease live sheep exports by sea from 1 May 2028. The decision on how and when to phase out live sheep exports by sea followed the advice of an independent panel and associated public consultations. The independent panel made 28 recommendations to government, focused on individuals, businesses, communities, trade and animal welfare.

The legislation provides certainty that the trade will end from 1 May 2028. The export of live sheep by sea can continue without caps or quotas until then. This provides stability for those engaged in the trade to make decisions, plan and adapt.

## Initial activities to support industry transition

The Australian Government announced \$107.0 million over 5 years from 2024–25 in transition assistance as part of Budget 2024–25. On 15 October 2024, the government announced a further \$32.7 million over 4 years from 2025–26, bringing the total assistance package to \$139.7 million.

The government leveraged readily available delivery mechanisms to implement initial activities promptly. For example:

- Agricultural counsellors in Riyadh and Dubai have been extended to maintain bilateral ties and ensure successful trade and market access outcomes for Australian exporters in Middle East and North African (MENA) markets (\$8.6 million over 4 years from 2024–25).
- Austrade is supporting growth in exports of processed sheep meat products and diversification of agri-food exports into the MENA region, including through the appointment of a TradeStart Advisor at the Great Southern Development Commission in Western Australia. This is in addition to Austrade’s global program of trade promotion activities already underway (\$9.0 million over 3 years from 2024–25).
- Additional funding for Meat & Livestock Australia (MLA) has been provided to promote, market and advocate for Australian sheep meat and sheep products in Australian and key global markets (\$3.0 million over 3 years from 2024–25).
- Additional funding for the WA Rural Financial Counselling Service provider to boost rural financial counselling assistance for sheep producers and agri-businesses in the supply chain (\$2.4 million over 4 years from 2024–25).

New initiatives and partnerships have also been established:

- A Federation Funding Agreement with the Western Australian Government executed on 19 December 2024 expands processing supply chain capacity (\$40.0 million over 3 years from 2025–26) and activities in affected regions to foster community wellbeing and connections and strengthen community resilience (\$1.5 million over 2 years from 2024–25).
- The appointment of a Transition Advocate in January 2025 (\$1.7 million over 5 years from 2024–25) provides a two-way conduit between industry and government.

# Co-design of transition assistance

In addition to implementing the initial transition assistance measures, the Australian Government committed to a co-design process to enable industry to inform how funding under the *Producer and supply chain program* would be allocated (Figure 2). The department engaged ThinkPlace<sup>x</sup> to undertake a co-design process in February 2025 with the Western Australian sheep and wool industry, including members of the broader supply chain.

**Figure 2 – Co-design activities at a glance**



Beyond the targeted interviews and online focus groups, co-design workshops were held in Albany, Boyanup, Cranbrook, Darkan, Esperance, Fremantle, Kojonup, Lake Grace, Merredin, Moora, Narrogin, Perth and York. These discussions brought together a diverse range of expertise from the sheep industry – including producers and community representatives – and generated many ideas to enhance confidence and profitability across the supply chain.

The full report on the co-design process from ThinkPlace<sup>x</sup> is available at [agriculture.gov.au/2028](https://agriculture.gov.au/2028).

## Responding to the co-design findings

A number of principles will inform the funding allocation and program implementation in light of the co-design outcomes. Specifically, the funding allocation should provide assistance that:

- stays true to the findings of the co-design process – industry-led and government-supported
- is locally led, flexible and facilitates industry-level change where possible
- complements and leverages other assistance offered by the Australian Government, state government and non-government services
- is efficient in terms of numbers of partners and speed of delivery

- encourages preparedness, risk management and financial self-reliance, noting the transition package is not compensation.

The funding allocation does not provide assistance that:

- undermines the efficiency or growth prospects of the agricultural sector or discourages preparedness
- undermines Australia's international trade law obligations or policy position with respect to tariffs, export subsidies and other trade distorting non-tariff barriers
- duplicates other assistance programs already available.

Given this approach and the co-design outcomes, the following thematic investment streams have been developed to guide the funding allocation for the transition assistance package.

## **Long-term industry strategy and leadership**

The transition needs to be guided by an enabling strategy that aligns the interests of farmers; feedlots; processors; transport operators; shearers; wool and livestock agents; feed and other input suppliers; vets and other critical consultants; together with exporters. A sheep industry strategy, underpinned by robust economic analysis, will create a plan that guides investments in innovation, infrastructure and market pathways. This strategy should identify industry goals, build resilience, unlock greater value and identify growth opportunities for the future.

## **Profitability and continuity of supply**

The shift away from live exports of sheep by sea needs to be matched by efforts to enhance the profitability of the domestic supply chain, especially from farm to feedlot. With a focus on applied producer knowledge, current technologies and science (including genetics and nutrition) and integrated farming systems, the approach should strengthen sheep quality and increase lamb weight. Increasing the time stock can be held on farm or moved to local feedlots would improve capacity to meet processing specifications. This would also build continuity of supply from farm to feedlot that better matches market demand and capacity constraints faced by processors.

## **Market and technology systems**

With the roll-out of electronic identification (eID) systems for sheep, the industry has a unique opportunity to lift performance and precision. More direct and timely feedback from processor and wool testing centres to producers would allow more informed investments in genetics, nutrition and flock management. This transition would embed a modern, technology-enabled supply chain that is more responsive to market signals and consumer expectations, both at home and overseas. The measures supported should include better use of forward contracting to improve price certainty for all parties, objective carcase measurement and enhanced meat grading.

## **Business and community resilience**

The transition should support businesses and communities impacted by the transition to strengthen their resilience, build connections and foster wellbeing. This includes assisting upstream businesses, shearers and transport operators.



# Allocation of funding informed by co-design

The following sections provide more detail on the program components under each theme, including the funding allocation, timing of activities and grant opportunities as well as how these program features relate to the co-design outcomes. The funding allocation is summarised in Figure 3.

**Figure 3 – Summary of key components following co-design**



# 1 Long-term industry strategy and leadership

## Objective

To develop an industry-led, long-term enabling strategy that aligns the interests of farmers; feedlots; processors; transport operators; shearers; wool and livestock agents; feed and other input suppliers; vets and other critical consultants, together with exporters. The strategy will clearly identify industry goals, build resilience, unlock greater value and identify growth opportunities for the future.

## What did we hear?

The Western Australian sheep meat and wool industry's transition should have a well-defined future state, so it is clear what the industry is transitioning to.

A clear, industry-led and government-supported strategy would promote direction, confidence, growth, and sustainability for the Western Australia sheep and wool industry.

The strategy should have defined goals, support innovation, encourage collaboration to help navigate challenges, improve market access and attract investment towards securing a competitive and resilient future.

There is a need to re-define the industry vision through a strategy underpinned by robust economic analysis.

Strategic planning would support regional economies and assist industry to adapt. An industry-led strategy would promote ownership, optimism and a vision to support young people to enter the industry.

## Co-design outcome

A new sheep industry strategy will support the future direction for both the national and Western Australian sheep industry and will be prioritised with an early allocation of funding by the Australian Government.

The Western Australian sheep industry strategy will identify key drivers of change over the medium to long term, set future goals and should be developed in concert with a national strategy to leverage broader capabilities and acknowledge the integrated nature of sheep and wool supply chains.

The industry-led strategy will be backed by further funding set aside by the Australian Government to implement priority initiatives identified in the strategy. This funding will create incentives for co-investment in actions that navigate challenges, maintain and improve market access and attract investment to secure a competitive and resilient future.

# Long-term industry strategy and leadership: funding profile and timing

**Total funding: \$5.8 million**

## **\$0.8 million in 2025–26**

To deliver an industry-led, government supported strategy, underpinned by robust economic analysis, that promotes direction, confidence and growth in the national and Western Australian sheep meat and wool industry.

Develop a priority action plan to support industry activities that give effect to the strategy, including research and development priorities and other producer and supply chain needs.

## **\$5.0 million over two years from 2026–27 to 2027–28**

To implement priority actions arising from the industry strategy. This could include, for example, grants to support research and development priorities, training and capacity building, industry leadership, or to embed new practices across the supply chain.

## 2 Profitability and continuity of supply

### Objective

A well-functioning domestic supply chain that delivers favourable returns to producers and continuity of quality sheep supply at the right specifications to a competitive processing sector.

### What did we hear?

There is a need to increase profitability through increased lamb weights and maintain continuity of sheep meat supply to processors and the market.

Accelerating the implementation of alternative sheep systems would enhance the ability of sheep producers to supply the volumes and specifications required for domestic processing and marketing.

Support is needed for individual and collaborative enterprises to establish feedlots in regional hubs to finish lambs. Producers could “lease space” in the feedlot or sell to the operator to finish their stock.

The industry can transition toward increased processing to replace the previous live sheep exports. To do this, merino wethers and light lambs require increased weights and greater continuity of supply to meet processor requirements.

### Co-design outcome

Investments are needed to support implementation of alternative sheep systems on-farm as well as potential shifts in the use of feedlots in the supply chain. This can be supported through an initial focus on expanding extension services in affected communities through an investment in existing grower groups who are well-placed to showcase options for transitioning to alternate sheep systems.

On-farm improvements will be assisted through a competitive grants program. The government envisages this will increase uptake and adoption of alternate sheep farming systems and practices in Western Australia. Complementary investments that support capital improvements and upgrades to on-farm finishing infrastructure, feedlot and processing facilities and other supply chain capital works are available under the *Supply chain capacity program* (see *Market and technology systems*).

### Profitability and continuity of supply: funding profile and timing

**Total funding: \$34.0 million**

#### **\$4.0 million over three years from 2025–26**

To expand extension services and grower group activities to showcase alternate sheep farming systems and practices.

#### **\$30.0 million over three years from 2025–26**

To incentivise increased on-farm adoption and uptake of alternative farming systems and practices. A range of on-farm activities will be eligible that relate to improving sheep quality and integrated

farming systems. Matching co-contributions from grant applicants will be required with grants capped up to \$75,000 per applicant.

# 3 Market and technology systems

## Objective

To encourage competition across all parts of the supply chain, including processing, to promote fair pricing, market transparency and a more resilient sheep supply chain.

## What did we hear?

There is a need for system upgrades to enable increased profitability across the whole supply chain.

Increased transparency and feedback from processors to producers about the quality of their stock would support continuous improvement of the flock. For example, objective carcase measurement (OCM) allows key data on carcase quality to be provided to producers on a carcase-by-carcase basis allowing them to understand the contribution of genetics, feeding regimes and animal husbandry in the context of processor requirements.

Incentives are needed to increase the uptake of OCM at abattoirs and to ensure a consistent and transparent approach to grading. The recent introduction of eID provides the opportunity to do this. There is also a need for greater uptake of forward contracts to provide greater price certainty for farmers, suppliers and abattoirs.

On-farm finishing should be encouraged. This would increase the capacity of producers to meet processor specifications. It would also increase the period over which lambs are available in the processor supply chain, smoothing out peaks and troughs and boosting supply chain productivity and resilience. These investments may be best suited to areas without ready access to existing feedlot infrastructure.

## Co-design outcome

Recognising there is already some limited feedback and carcase information shared between processors and producers, investing in baseline training and capacity building activities is an important first step. This will provide a critical starting point and a platform for future investments.

Increased use of forward contracts would help build confidence in the supply chain in Western Australia, providing greater price and product certainty while reducing financial risks for producers and processors. The development of forward contracts, guidance and training material will support this objective. Incentivising processors to install OCM technologies would bring improved market transparency to the sheep supply chain and enhance opportunities to drive quality of product to better meet market requirements.

Capital investment in on-farm finishing infrastructure will increase producer capacity to better meet domestic supply chain specifications and processor requirements. An investment in other supply chain infrastructure will also be made available to assist processing plant upgrades, including for example lairage, cold stores, and wastewater upgrades, as well as upgrades to feedlots. These infrastructure investments will offer more flexibility for how and when stock are finished and increase the likelihood they are supplied to domestic processors at the right specifications.

# Market and technology systems: funding profile and timing

**Total funding: \$69.0 million**

## **\$2.0 million over two years from 2025–26**

For training to enable increased producer use of existing processor feedback and data tools that support continuous improvement of the sheep flock. This would include developing guidance material and training support for the use of forward contracts through the sheep supply chain.

## **\$40.0 million over three years from 2025–26\***

To fund capital investment in enhanced sheep supply chain capacity, efficiency, and productivity from producers through to processors. Examples of eligible activities will include on-farm finishing infrastructure; upgrades to feedlots; processing plant upgrades, including lairage, ramps, cold stores and wastewater upgrades; improved heavy vehicle access and associated driver facilities; installation of objective carcase measurement (OCM) technology in processing plants, including updates to software systems and training for producers in understanding and applying OCM feedback.

Funding will be delivered through a competitive grant application process, with two grant funding rounds expected. Initial round of \$20.0 million (2025) and second round of \$20.0 million (2026). A matching co-contribution from grant applicants will be required, with grant amounts capped per applicant.

\* Note this program will be funded by the Australian Government and delivered by the Western Australian Government under a Federation Funding Agreement.

## **\$27.0 million over four years from 2024–25**

The \$27.0 million Enhancing Market Demand program has already commenced and is focused on enhancing demand within Australia and internationally for Australian sheep products and supporting diversification opportunities for Australian agri-food businesses that export to the Middle East and North Africa region.

The program is intended to grow the profile of Australian sheep products, aid the diversification of markets for sheep and broader agrifood products, boost confidence in the domestic sheep industry and assist the industry to adjust through transitioning to other opportunities in Australia and overseas.

# 4 Business and community resilience

## Objective

To help directly impacted businesses and communities build their resilience through informed financial decision-making, new and alternate employment models and livestock transport services in rural and regional communities.

## What did we hear?

There is a need to assist those businesses most immediately impacted by the phase out of live sheep exports by sea through practical and immediate action, with flow-on benefits to communities.

Rural and regional businesses need more options for labour in industries such as wool, cropping, horticulture and renewable energy.

Businesses that have made investments in livestock handling are experiencing a devaluation of those investments. They would benefit from assistance to transition to other transport-related activities, which would require further investment.

Some rural communities are reliant on sheep and wool service providers and their supply chains, who bring income into their towns. The loss of a business or small number of households in a rural community can have a disproportionate impact on the viability of local schools, health services, sporting clubs and other local businesses.

## Co-design outcome

The Australian Government supports action to enable improved financial decision-making, to establish new employment models and livestock transport services as well as diverse and vibrant workforces in rural and regional communities.

Rural Financial Counselling Services play an important role in helping farmers make informed business decisions. This program provides information and planning support for the circumstances that producers and the agri-business supply chain may encounter due to a wide range of reasons, including seasonal conditions. Farm businesses and small agri-businesses experiencing, or at risk of, financial hardship can access confidential case management and tailored support, at no cost to them.

Rural Financial Counsellors can help people understand their financial position and develop an action plan to set and implement goals, better position their business to be financially self-reliant and better prepared to deal with risks. These are important aspects of preparing for the phase out.

In addition, shearing contractors could pilot a new approach to broader agricultural employment provision. Their role in supporting the seasonal wool industry (including via accommodation and transport services) positions them well to pilot new ways of working, which can improve the viability of their business and enhance workforce retention. This would also prepare workers for long-term industry roles, increasing both job stability and industry expertise.



Livestock transport operators also provide vital linkages and support to rural and regional communities. Assisting them to adjust and expand their commercial options will increase the viability of both their businesses and the communities they service.

These types of investments would enable more people to stay in communities with flow on positive impacts on schools, sports teams, medical services and the overall vibrancy in local communities. The inclusion of targeted assistance for community wellbeing recognises the importance of supporting communities during times of change.

## **Business and community resilience: funding profile and timing**

**Total funding: \$11.3 million**

### **\$2.2 million over two years from 2025–26**

To assist shearing contractors develop a new approach to expanded employment services in the Western Australian agricultural sector.

### **\$1.5 million over two years from 2025–26**

For grants of up to \$40,000 per eligible applicant to assist livestock transport businesses through the transition.

### **\$2.4 million over four years from 2025–29**

To provide additional services through the Rural Financial Counselling Service in Western Australia, commenced in early 2025.

### **\$1.5 million over two years from 2024–25\***

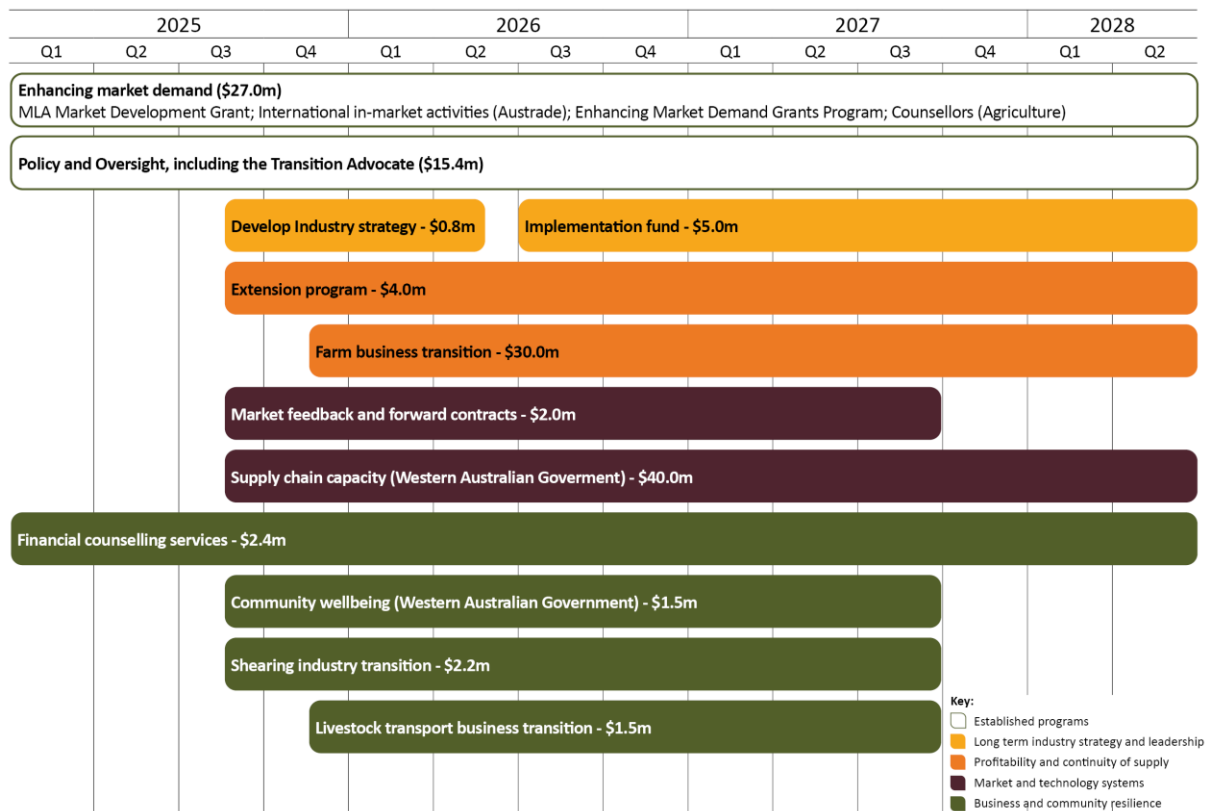
To support activities in affected regions that foster community wellbeing and connections and strengthen community resilience.

\* Note this program will be funded by the Australian Government and delivered by the Western Australian Government under a Federation Funding Agreement.

## Phasing of investment profile

Figure 4 sets out the components and timing of the allocation of funding to assist producers and the supply chain to be well positioned and ready for the end of the live sheep exports by sea trade from 1 May 2028.

### Figure 4 – Phasing of investments



Regular updates on implementation of the transition assistance package will be provided on the department's website [www.agriculture.gov.au/2028](http://www.agriculture.gov.au/2028).