Value-adding to Sheep: Powering Profit, Provenance and Policy Impact

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Executive Summary

Australia's sheep sector sits at the intersection of climate expectations, ESG compliance requirements, land competition, and global market volatility. This report argues that value-adding is not a boutique strategy. It is a practical tool for building economic, environmental, and regional resilience, and a precondition for farmers to fund the transition being asked of them.

In a high-cost, high-compliance country like Australia, profitability cannot come from volume alone. Farmers must extract more value per animal, per hectare, and per labour-hour. That means capturing value through productivity gains, co-products, local processing, stacked enterprises, and brand integrity. This report reframes value - adding as essential to maintaining agricultural sovereignty by keeping control of food, land, and the systems that connect producers to consumers.

Farmers are already meeting high environmental, animal welfare, and provenance standards. But systems designed to reward this effort, such as accreditation or carbon schemes, often fail to deliver meaningful premiums while adding cost and risk. This is not a question of willingness or commitment. The problem is economic feasibility. If doing better is more expensive than doing nothing, producers will be left behind, especially family farms with less capital and less capacity to absorb risk.

Processors and major retailers currently act as gatekeepers to the market, capturing disproportionate value while shaping what is grown, how it is processed, and where it is sold. Without systemic change, the risks and costs of value-adding fall to the producer while the rewards are absorbed further up the chain. Yet farmers, as landholders and stewards of natural systems, are central to achieving environmental outcomes. It is vital they capture a fair share of value because when farmers can afford to do better, the win is not just economic but environmental.

The report identifies five key structural tensions reshaping the sector: land competition between food, carbon, and energy; ESG markets limiting production; productivity gains conflicting with welfare; export reliance threatening local food security; and corporates outcompeting family farms on scale and compliance.

These pressures cannot be addressed in isolation. The solution is not a single policy but a shift in how value is created and shared. Producers must be at the centre of the system, not positioned at the end of it.

Core enablers include better regional processing access, fair value sharing for co-products, accreditation linked to real market outcomes, workforce and digital support for adoption, and policy that aligns food, trade, infrastructure, and climate goals to treat agriculture as a national priority.

"Value-adding is not a boutique strategy. It is a practical tool for building economic, environmental, and regional resilience, and a precondition for farmers to fund the transition being asked of them."

Keywords: Value-adding, sheep industry, ESG, accreditation schemes, processors, retailers, co-products, supply chain, infrastructure, local processing, market access, family farms, food security, sustainability, regional resilience, climate policy, natural capital, carbon markets, workforce development, bioeconomy, circular economy, traceability, domestic market

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Foreword

This report examines Australia's sheep meat and wool sectors through research, travel, case studies, and conversations with farmers, processors, and innovators. The challenges and opportunities discussed reflect a global shift in how agriculture, food security, and climate resilience are being understood.

Australian agriculture has a long history of adapting to change. From mechanisation and trade liberalisation to digital tools and data-driven systems, each shift has brought benefits alongside new pressures. Today, the sector faces intersecting challenges including climate volatility, energy constraints, global instability, and changing market dynamics. These pressures demand more than technical fixes. They require a reassessment of how value, success, and resilience are defined across the food system.

This report explores how to build a fairer, more resilient, and sovereign agricultural sector that supports producers, strengthens regional economies, and protects national food security. It outlines the systems, policies, and innovations needed to ensure a sustainable future for Australia's sheep meat and wool sectors, and for Australian agriculture more broadly.

I bring to this report the perspective of a fifth-generation sheep producer from Central West New South Wales. Our family has run merinos, second-cross lambs, and farmed cereal crops on the same land since 1886. I am also the founder of Outback Lamb, a value-adding business, producing lamb sausage rolls, and I have worked with government, industry, and regional communities on practical issues facing farmers.

This topic matters because value-adding is about more than profit. It is about control, survival, and making sure the next generation has a place in agriculture. Farmers everywhere are navigating the same global pressures; climate targets, shifting markets, rising costs, and consumer expectations. I applied for a Nuffield Scholarship to understand how producers in other countries are responding, and to bring back ideas that offer a global perspective on local issues. The aim was always to find practical insights that could bring value to our systems here in Australia.

Figure 1. Fiona Aveyard, Author (Source: Author)

Table 1. Travel itinerary

Travel date	Location	Visits/contacts
Oct 2022	Australia: Sydney	Meat Business Women Conference – Gender equity, leadership, red meat sector strategies
Mar 1 - Mar 10, 2023	Canada BC	Pre-CSC Tour – Urban farms, food distribution hubs, food innovation labs, cannery, fishery, markets,
Mar 11 - Mar18, 2023	Canada: Vancouver	Contemporary Scholars Conference
Mar 19 - Apr 14, 2023	New Zealand: Christchurch & South Island	Triennial Conference - Farm visits, sheep & dairy, sustainability, co-operatives, agri-tourism, deer farm, specialised bird seed manufacture and retail, Grain Farm, tech, robotics,
Sept 23 - Oct 3, 2023	Zimbabwe: Harare, Bulawayo, Hwange	Nuffield GFP (plus UK Spain & Italy) – Conservation agriculture, livestock systems, drought resilience, trade dynamics, manufacturing, tobacco,
Oct 4 - Oct 9, 2023	UK: London, Lincolnshire, Yorkshire, Cumbria, Shropshire, Oxfordshire, West Midlands,	Royal Agricultural University, Food System Overview, ESG / Investment, Diversification to Direct Consumer, Field Vegetable Production, Agri-Robotics, Arable Rotations, Sustainable Production, Agri-Tech Entrepreneurship, Pork Production, Carbon / Soil Calculation, Hill Farming (Livestock), Estate Farming, Rewilding, Dairy (Barnston Estate), Halal Production,
Oct 9 – Oct 15, 2023	Spain: Milan, Cordoba, Badajoz, Seville, Madrid,	Co-ops, feedlots, matador bull farm, dairy cattle farm, olives, foie gras, blueberry, fisheries
Oct 15 – Oct 21, 2023	Italy: Milan, Alba, Parma, Rimini, Abruzzi	Winery, Hazelnut & Truffle Farm, cheese factory, Prosciutto factory, Sheep dairy
Oct 21 – Oct 29, 2023	Italy Rome	FAO, World Food Forum, Committee on Food Security
Oct 2023	Australia: Canberra	ESG Roundtable – Farmer input into ESG metrics, compliance burdens, sustainable reporting systems

Acknowledgments

This journey would not have been possible without the support, generosity, and encouragement of many people and organisations.

To the RAS Foundation, thank you for backing regional leadership and investing in the future of agriculture. Your support allowed me to explore big questions, travel widely and return with clearer insights and a deeper commitment to the land and industry I love. The true value of a Nuffield Scholarship lies not only in personal research and travel but in the opportunity for lifelong learning, the development of a global network of innovative agricultural thinkers, and the ongoing exchange of insights within the industry, both in Australia and abroad.

To my family, Bill, Lily, Archie, Evie, and Jim, thank you for holding the fort and cheering me on. Farming and parenting are both full-time jobs and doing both alongside this scholarship was only possible with your support.

To the farmers, processors, entrepreneurs, policymakers, researchers, and mentors I met here and overseas, thank you for your generosity. This report is shaped by your ideas, experience, and honesty.

To my Nuffield cohort and GFP group, thank you for the challenges, the laughs, and the camaraderie. You made this experience richer and more grounded.

Finally, thank you to the broader Nuffield Australia community. This program changes the way people think about farming, the world, and themselves. I am proud to have been part of it.

Abbreviations & Key Terms

Term	Definition
Accreditation	A formal process to certify that farms or products meet specific environmental, ethical, or production standards (e.g. RWS, Land to Market). Often used to access premium markets.
ACO	Australian Certified Organic
AUS-MEAT	Industry body that sets national standards for meat classification, cut descriptions, and processing accreditation in Australia.
AWCA	Animal Welfare Certification Australia
B2B	Business to business
B2C	Business to consumer
Bioeconomy	An economic system that uses biological resources, processes, and principles to produce food, energy, and materials sustainably. In agriculture, it focuses on integrating farming with environmental and circular value streams.
By-products	Outputs from livestock production that are secondary to the main product (meat or fibre), such as skins, blood, bone, or gut content, often used in pet food, pharmaceuticals, or rendering.
CBAM	Carbon Border Adjustment Mechanism, part of the EU's climate policy that applies a carbon price to imports based on their embedded emissions. It aims to level the playing field between EU producers and countries with less stringent climate policies.
Co-product	A secondary product intentionally captured during processing that has commercial value, such as offal, tallow, hides, or lanolin. Co-products differ from waste because they contribute to revenue.
ESG	Environmental, Social and Governance
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
Fit for 55	A legislative package under the European Green Deal aimed at reducing EU emissions by 55 percent by 2030. It includes carbon pricing, renewable energy targets, and the Carbon Border Adjustment Mechanism (CBAM).
Food Sovereignty	The right of communities to control how food is produced, distributed, and consumed. In Australia, this includes the ability of locally based producers to make independent decisions about land use, production methods, and market access.
FTA	Free Trade Agreement
GFP	Global Focus Program

Green Deal	The European Green Deal is the European Union's strategy to become climate-neutral by 2050. It includes policies on emissions reduction, clean energy, and sustainable agriculture under the "Farm to Fork" approach.
IMF	Intramuscular fat
Lean (in food systems)	Describes supply chains or infrastructure designed for maximum efficiency with minimal excess capacity. While cost-effective, lean systems are vulnerable to disruption because they lack buffers such as surplus labour, stock, or decentralised processing.
LMY	Lean meat yield
MLA	Meat & Livestock Australia
MSA	Meat Standards Australia - is a voluntary grading system developed by Meat & Livestock Australia to predict the eating quality of beef and lamb. MSA is widely used across Australia and underpins many branded meat programs.
Natural capital	The world's stock of natural assets (soil, water, biodiversity) which provide ecosystem services. In agriculture, this refers to the environmental value derived from land and resources, often linked to carbon or biodiversity markets.
Net zero	A state in which greenhouse gas emissions are balanced by removals, typically through sequestration. Australia has committed to reaching net zero emissions by 2050 under the Paris Agreement.
NVD	National Vendor Declaration
OH&S	Occupational Health and Safety
OTH	Over The Hook is a method of livestock sale where animals are sold directly to an abattoir based on carcase weight and grade, rather than through live auction or saleyards.
Paris Agreement	A legally binding international treaty on climate change adopted in 2015. It aims to limit global warming to well below 2°C, with efforts to limit the increase to 1.5°C. Australia is a signatory.
Red Tractor	A UK-based farm and food assurance scheme covering food safety, animal welfare, environmental protection, and traceability. The Red Tractor logo signifies that food and drink products have been responsibly produced, processed, and packed in the UK to certified standards.
RDC's and RD&E	Research and Development Corporations are Australian industry–government partnerships that invest in research, development, and extension (RD&E) to improve the productivity, sustainability and profitability of agricultural industries.
RWS	Responsible Wool Standard

Safeguard Mechanism	An Australian Government policy that sets emissions limits for large industrial facilities emitting over 100,000 tonnes of CO_2-equivalent per year. Facilities that exceed their baseline must reduce emissions or buy carbon credits. Recent reforms aim to align the mechanism with Australia's net zero targets by 2050.
Scope 3 emissions	Indirect greenhouse gas emissions that occur in the value chain of an organisation, including emissions from suppliers and product use. Increasingly relevant in supply chain ESG reporting.
Soil Association Organic	A UK certification administered by the Soil Association, ensuring food and farming practices meet strict organic standards. It covers animal welfare, biodiversity, sustainability, and prohibits most synthetic pesticides and fertilisers. Recognised as one of the most rigorous organic certifications in the UK and Europe.
Stewardship payments	Financial incentives provided to landholders for managing their land in ways that deliver environmental benefits, such as biodiversity protection or carbon sequestration.
TAFE	Technical and Further Education
UK	United Kingdom
US	United States
WTO	World Trade Organization

Objectives

This report investigates how value-adding can improve the resilience, profitability, and sustainability of Australia's sheep sector in a rapidly changing environment. It examines strategies across the supply chain, from on-farm productivity to global market dynamics, to support practical, scalable, and equitable outcomes for producers.

The objectives are to:

- Identify practical value-adding strategies available to Australian sheep producers.
- Examine how processing access, co-products, and accreditation influence value capture at the farm gate.
- Investigate global trade conditions and consumer trends that affect sheep meat markets and premiums.
- Analyse the impact of regulation, infrastructure, and ESG requirements on value-adding potential.
- Recommend system-wide changes that enable producer participation and support long-term regional viability.

Introduction

Setting the scene: Pressure, potential and producer power

Why value-adding is essential to the future of Australia's sheep industry

Australia's sheep meat sector has built a strong global reputation, with growing demand across Asia, the Middle East, North Africa, and the US. However, like all commodity markets, it faces increasing pressure from price volatility, emissions obligations, ESG scrutiny, labour shortages, and rising compliance costs. These are not future threats. They are reshaping production margins and operating conditions now.

This report explores value-adding not as a niche strategy, but as a whole-of-system approach to resilience, highlighting its potential to reduce exposure to market volatility and improve long-term risk management. It examines opportunities and trade-offs across on-farm productivity, processing, co-products, market access, accreditation, workforce development, domestic food security, and emerging markets in natural capital and regenerative agriculture.

Productivity gains have introduced new complexity. Higher lambing percentages, larger mobs, and tighter market specifications have increased pressure on labour, infrastructure, and animal welfare systems. At the same time, compliance costs are rising, and access to private regional processing remains constrained. These structural barriers prevent many family-owned operations from capturing the full value of what they produce.

The cost of compliance with climate and ESG expectations also continues to rise. Producers are being asked to reduce emissions, improve welfare, and meet traceability standards. But without consistent, reliable returns, the cost of doing better falls on already tight farm margins. Profitability is not in conflict with climate action. It is a precondition for it. Time is also not infinite. Every new requirement, whether accreditation, training, or compliance, takes time away from the core business of farming. Recognising the value of farmers' time is essential to designing systems that are both effective and workable.

The report frames the future of Australian sheep meat around five key structural tensions:

- *Food versus energy: competition from renewables, agrivoltaics, and carbon projects*
- *Natural capital versus food production: policy and market incentives that risk displacing food and fibre*
- *Productivity versus welfare: managing higher outputs under labour and resource constraints*
- *Global versus local: export dependence versus domestic food system resilience*
- *Corporate scale versus family scale: navigating systems that favour capitalised, vertically integrated operations*

Unpredictable market conditions also undermine confidence. Export reliance, global shocks, seasonal weather patterns, dry spells, wet weather, and supply chain bottlenecks expose producers to wild price fluctuations driven by sudden shifts in

supply and demand. Without mechanisms to reduce volatility, value-adding remains a high-risk investment. Stability is a prerequisite for long-term planning.

These are not abstract challenges. They affect farm viability, intergenerational succession, rural employment, and national food security. As the Australian Strategic Policy Institute (2023) has noted, food production must be treated as a pillar of national capability, not just another economic sector. A nation that cannot feed itself or adapt to global shocks is vulnerable by definition.

Value-adding is not simply about chasing premiums. It is about restoring agency by enabling producers and regions to define how, where, and why value is created.

Consumers also have a role. If Australians value pasture-raised lamb, high welfare standards, environmental stewardship, and local production, they must recognise that cheap food and high standards rarely coexist. Building a resilient food system means acknowledging the real cost of production and rewarding it accordingly.

Of course, one could argue that the solution is simple. If food prices reflected the real cost of production, including climate obligations and accreditation requirements, there would be less need to re-engineer entire systems to recapture value. Producers could focus on farming, rather than navigating layers of compliance, branding, and market distortion. Perhaps the deeper issue is that food is treated as a commodity, rather than as a public good.

Value-adding will not look the same everywhere. For some, it may mean selecting for meat quality traits. For others, it might involve co-product utilisation, regional branding, or participation in carbon and biodiversity markets. The common requirement is that producers and communities have the systems, infrastructure, and knowledge needed to participate and succeed.

This report focuses on solutions. It avoids vague calls for change and highlights practical, producer-led strategies for building a stronger, fairer, and more resilient sheep meat sector.

Agriculture is not a legacy industry. It is the foundation of Australia’s food security, climate response, and regional prosperity. The task is not simply to produce more. It is to build systems where value is shared fairly, risk is distributed, and producers of all scales can thrive.

Part I: FOUNDATIONS

Figure 2. 2nd X Lambs at Tullamore, NSW (Source: Author)

Value-adding starts on farm

A key barrier to value-adding is the gap between what consumers say they want and what they actually buy. Many claim to support ethical and sustainable farming, but price still dominates purchasing decisions. The cost-of-living crisis has widened this disconnect, especially in domestic markets. Lamb remains treated as a commodity, leaving the supply chain exposed to discounting and protein substitution.

Traditionally, producers added value by buying more land and scaling up. But land is expensive, climate and compliance costs are rising, and scale alone no longer guarantees profit. Sheep enterprises vary widely. What works in high rainfall, intensive systems may not apply in rangeland Merino or Dorper operations. Value creation must be tailored to local conditions. Labour capacity, climate, and processing access all shape what is possible and what will succeed. The goal is not just volume, but margin, resilience and system fit.

Many sheep farmers are content to focus on what they do best. They are livestock producers, not marketers or manufacturers. For these producers, improving genetics, nutrition, or feed efficiency makes more sense than chasing brand premiums or navigating retail supply chains. Most lack access to abattoirs or processing pathways, and few have the time or skill set to manage downstream operations. Specialisation inside the farm gate remains a respected and productive model.

The sheep industry is not being disrupted overnight, but it is being steadily reshaped. Cost pressures, compliance demands, and shifting expectations are forcing producers to rethink how value is captured and retained. As with earlier shifts like wool market deregulation and the rise of supermarket private labels, there comes a point where improving internal efficiency is no longer enough to protect margins. Many producers are now facing that point. Inputs, labour, environmental compliance, and supply chain demands are eroding profitability. For some, the move toward value creation is no longer a strategic preference. It is a financial necessity.

For those ready to respond, this pressure also creates an opportunity to take control, build resilience, and retain more value on farm. The sections that follow explore

practical strategies for capturing value through productivity, branding, accreditation, and regenerative systems.

Increasing productivity through genetics and management

Improving productivity is one of the most immediate ways producers can add value. Scanning for multiples, improving lamb survival, and targeting heavier carcases align with processor incentives and meet export market demand. National average lamb carcase weights have increased from 18 kilograms in 2000 to over 24 kilograms in 2023 (Meat & Livestock Australia, 2024). This reflects strong international demand, particularly from the US, for larger cuts. It also suits processor economics, where costs such as slaughter, freight, and labour are incurred per head while profits are made per kilogram.

Producers have responded through genetic selection, managing for multiple births, and shifting to higher-fertility maternal breeds. In commercial flocks, teasers and fecundity treatments are commonly used to lift lambing percentages. Scanning, improved nutrition, joining young ewes, and early weaning have all contributed to higher output per ewe. These gains have largely been driven by management, rather than infrastructure investment.

However, managing for multiples introduces risks. It increases labour and feed requirements, raises welfare concerns, and heightens exposure to seasonal variability. Early weaning and joining ewe lambs add further complexity. Productivity must be balanced with maternal traits and lamb survival. Technology supports this balance. Electronic identification, auto drafters, and farm management software help producers make informed, data-driven decisions that support both productivity and sustainability.

Niche marketing and branded differentiation

Breeding for specific market segments offers further value. Programs such as Grass Fed, Grain Finished, or high IMF lamb allow producers to differentiate and command premiums. Brands like Margra, Flinders + Co, Saltbush Dorper Lamb, and Tasmanian Premium Lamb show how defined market specifications, provenance storytelling, and trust building can deliver premiums. Tom Bull's LAMBPRO demonstrates this along with Kinross Station (high marbling lamb for export) and Willow Bend (consistent Primeline and Dorset lamb for premium buyers).

Targeting premium markets in wool

In wool, value-adding often means meeting traceability requirements, avoiding mulesing, or participating in schemes like SustainaWOOL or RWS. However, accreditation does not guarantee a premium. Producers must weigh up whether the added workload and compliance costs deliver true value. Similar lessons come from the beef industry. Branded beef programs like Meat Standards Australia (MSA), Wagyu, and Grasslands Premium Beef show that eating quality, product consistency and strong provenance can attract premiums, but only with industry alignment and sustained investment.

Supplementary feeding for seasonal stability

Strategic supplementary feeding using grain, hay, or silage is another way to add value. It enables finishing livestock during out-of-season conditions and maintaining

supply consistency. Feed reserves are also critical during late pregnancy and lactation, supporting lamb survival and carcase quality, especially in increasingly variable climates.

Profitability, efficiency, and system fit

Historically, value-adding often meant buying out neighbours and scaling up. But with finite land, high capital costs, and rising input expenses, bigger is no longer always better. Producers now need to generate additional value within existing operations, through efficiency, market alignment, and clear differentiation. Productivity should be judged not just by output, but by its real impact on profitability and resilience.

In a high-wage economy like Australia, added complexity must deliver genuine returns. Otherwise, it simply drives up labour, feed, infrastructure, and compliance costs. Too often, the value created is captured higher up the chain, leaving producers with more work for little reward.

Vulnerabilities of overemphasising productivity

Lessons from other livestock sectors show the risks of chasing productivity at all costs. In cattle, extreme muscling increases birthing complications. In pigs, selecting for hyper-prolific sows and leaner carcases has led to piglet mortality and stress-related welfare issues. These cases highlight how a focus on output can undermine animal health, resilience, and meat quality.

In Australia's variable climate, breeding for maximum output without building in resilience creates long-term risk. Productivity should not come at the cost of welfare, labour sustainability, or adaptability. It also increases physical strain on workers, raising OH&S risks, especially in tasks such as sheep handling and shearing. Over-selection for yield can compromise eating quality, reduce market options, and erode consumer satisfaction.

Breeding and management must strike a balance. Resilience and relevance matter as much as raw output.

Beyond output: Building sustainable advantage

Value stacking enterprises such as combining sheep with poultry, beekeeping, agroforestry or renewable energy is an emerging strategy to make better use of land, increase income diversity and reduce vulnerability to seasonal or market shocks. When combined with regenerative practices that improve soil health and biodiversity, these systems also have the potential to unlock payments for carbon or ecosystem services.

Agrivoltaics, which integrates solar generation with sheep grazing, is one example. It can deliver dual income and provide reliable power for cold storage, e-commerce, or on-farm processing, all of which are essential to value-adding. However, implementation is inconsistent. In Australia, farmers are often charged to graze under solar panels, even though overseas models pay producers for vegetation management. Without clear planning frameworks, agrivoltaics risks shifting land use from food production to compliance-driven energy generation, with limited return to the local farming economy.

These models have potential, but they are capital intensive. The time, risk, and upfront cost involved make them difficult for family farms to adopt. Productivity gains once helped offset new demands, but environmental obligations now cut deeper into time and margins. Participating in carbon or biodiversity markets can unlock new income, but it also creates risk. If sequestration targets are not met due to drought, fire or seasonal variability, producers may face penalties or clawbacks. There is little capacity left to absorb that kind of volatility without support.

This creates an opening for corporate and fund-backed investors to step in at entry level. They can afford the infrastructure, absorb compliance risk and scale quickly. As these investors compete for land to meet emissions targets or secure stable returns, land values rise, and production enterprises are squeezed. Without targeted intervention, the benefits of regeneration and diversification will be captured by external actors while family farms are priced out. Public policy must recognise the broader value producers deliver and invest in systems that keep land use, stewardship and income grounded in the communities that produce our food.

Processing, Premiums, and Provenance

System design and producer constraints

Processing is a critical link in the value-adding chain, but access remains limited and highly centralised. Infrastructure is designed for speed, volume and standardisation to serve export markets, where around 70 percent of lamb and over 90 percent of mutton is sold (Meat & Livestock Australia, 2024). While efficient at scale, this model offers little flexibility for individual farmers to develop or meet their own provenance, brand identity or niche specifications.

Most lamb is sold over the hook under fixed grids or through saleyards, where price is based on weight, carcase yield potential, skin length and the evenness of the line. Attributes managed by the farmer, such as animal welfare, sustainability or non-mulesed status, are neither visible nor rewarded. Concurrently, large price swings are often driven by factors beyond the farmer's control, such as rainfall events or market competition.

The feedback and data gap

Even when abattoir access is secured, most facilities do not allow for carcase segregation or provide detailed feedback. Producers rarely receive quantitative data on traits such as IMF, LMY or eating quality. Instead, qualitative assessments like visual checks or assumed averages dominate, offering little actionable insight. Without measurable data, producers cannot refine genetics, nutrition or handling systems to meet premium specifications. The system expects improvement but gives no clarity on whether those changes create value, or for whom.

Studs and seedstock suppliers also need data to make breeding decisions. Yet in most commercial settings, this information is missing. Gundagai Lamb shows what is possible when quantitative feedback is built in. Real-time data on IMF and LMY helps producers connect decisions to consumer outcomes and supports targeted selection and feeding strategies. But this model remains rare.

The question must be asked: is collecting commercial-level data creating more work without clear return? For many, it may be more effective to invest in genetics from

studs with proven performance. Without system-wide support and transparent value sharing, the return on precision remains uncertain.

Access and infrastructure barriers

Private kill is difficult to access, with facilities booked months ahead and priority given to large commercial contracts. Regional abattoirs are declining, and most do not support small runs. Mobile processors face regulatory and cost barriers. Producers wanting to retain ownership or build a brand face systemic barriers that inhibit ownership and brand-building.

Retail power and brand gatekeeping

Supermarkets dominate fresh meat retail, with Coles and Woolworths controlling about 80 percent of sales (ACCC, 2023). Their in-house labels position the products as ethical or sustainable while controlling supply, packaging and pricing. Genuine provenance brands have limited shelf space, and unless they meet specific marketing trends, they are rarely stocked.

Branded lamb products are more likely to succeed through partnerships with independent retailers, such as the Fletcher–Bernardi example, which supports local sourcing and processor collaboration. But these examples are the exception.

Alternate channels and market opportunity

Independent butchers and foodservice buyers offer alternate paths. Supplying B2B customers like restaurants or export partners enables some identity preservation. In the US, Japan and Middle East, values-based procurement is growing. But without processing access and logistics, most producers remain excluded.

Mismatch between risk and reward

Farmers carry the cost of genetics, land, welfare and nutrition but capture little value. With margins squeezed and premiums elusive, many producers consider exiting or shifting to less risky systems. Value-adding will remain aspirational unless the system changes.

What true value-adding requires

True value-adding requires structural reform. Systems must:

- *Provide timely and accurate carcase feedback*
- *Enable data sharing between processor and producer*
- *Support brand differentiation and traceability*
- *Invest in regional and mobile processing*

Processing must shift from being a bottleneck to becoming an enabler.

Accreditation schemes and market differentiation

Accreditation plays a growing role in connecting production claims to market opportunity. For wool, programs like RWS, Authentico™, SustainaWOOL, and Land

to Market verify ethical and sustainable practices. Early adopters often gain premiums, but as adoption rises, premiums erode and the value of the label declines. The cost of compliance and overlapping schemes add pressure, especially for smaller producers.

In meat, programs such as Australian Certified Organic (ACO) and Animal Welfare Certification Australia (AWCA) target chemical-free or ethical markets. Biodiversity schemes and Land to Market align with ESG expectations, carbon policy and can unlock payments for ecosystem services. However, this carries risk. Seasonal variability, fire or drought can jeopardise outcomes and create financial exposure. Without structural support, many producers will not benefit.

Market access versus market reality

Accreditation is often necessary for access but does not guarantee reward. Shelf space is limited. Retailers use private labels to meet ethical trends while bypassing accredited producers. Without traceability, identity-preserved processing or value-sharing, certification alone rarely delivers commercial benefit.

Consumer trust and greenwashing

Accreditation builds trust, but greenwashing is a growing risk. Claims like “hormone-free lamb” can mislead consumers and undermine industry standards. Certification messaging must be accurate, or it may distort perceptions of conventional products.

International comparisons

Global markets embed certification into procurement. In the UK and Europe, Red Tractor and Soil Association Organic schemes attract steady premiums, while Geographical Indication protections safeguard traditional products. Australia could benefit from similar models for lamb, but complexity and compliance costs could exclude smaller players.

Structural constraints

Supermarkets control most fresh meat sales, limiting brand diversity and price transparency. The ACCC’s 2025 inquiry found significant market concentration, contract imbalances, and restricted access for suppliers. Accreditation without structural reform will not shift value back to the farm gate.

Beyond certification

Accreditation is a tool, not a solution. It must be part of a broader strategy that includes infrastructure, shelf access, transparent pricing and strong consumer messaging. Without these, the opportunity will remain limited to a few, and not the many.

Key Message: Where value-adding fits

Mainstream production remains the backbone of Australia's sheep industry, supporting food security, export trade and national scale. Accreditation and niche branding offer important tools for producers focused on sustainability, welfare and environmental outcomes. However, without system-wide support such as fair processing access, shelf space, transparent returns and strong consumer messaging, these opportunities remain out of reach for many. Value-adding must support both scale and stewardship to ensure that farmers can adapt, compete and thrive in an increasingly complex market.

Capturing full value: circular and bioeconomic strategies

Rethinking waste: From by-products to revenue streams

The red meat industry has traditionally focused on muscle meat cuts, but this approach overlooks significant value in by-products. In today's climate-aware and cost-conscious world, circular economy thinking is no longer optional. It represents both an environmental responsibility and a commercial opportunity.

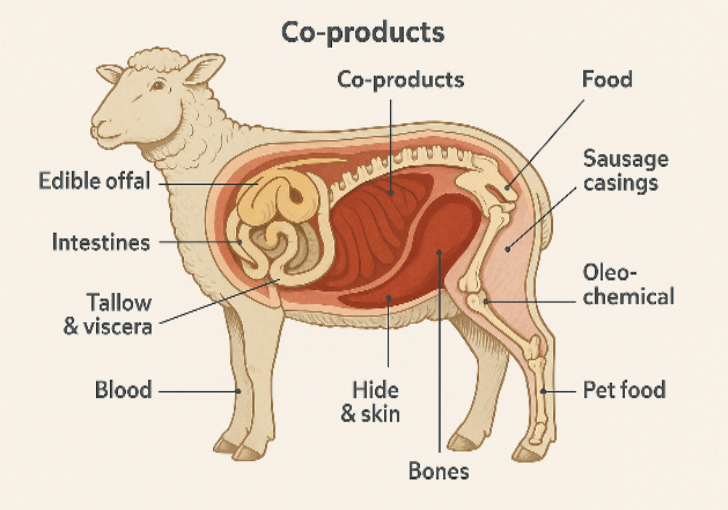

Figure 3: Co Products (Source: Author, 2025)

Note:

In most over-the-hook (OTH) lamb transactions, processors pay a separate, itemised amount for skins, depending on quality and market conditions. However, all other co-product revenue (offal, tallow, etc.) is typically retained by the processor and not reported or shared with the producer.

Creating value from offal, tallow, bone, hides, blood, and even wastewater can diversify income and reduce waste. While often overlooked in domestic markets, many of these co-products serve high-value export applications:

- Lamb tongues, tails, and lungs fetch strong prices in niche edible markets.
- Tallow is used in cosmetics, biodiesel, and lubricants.
- Collagen and gelatin are key medical and pharmaceutical inputs.

- Bone meal and blood meal supply agricultural and pet food sectors.

The challenge is not utilisation but distribution of returns. Most secondary revenue is captured by processors and exporters. Producers rarely receive itemised feedback on co-product value, even when their livestock suits these markets. Without traceability or pricing transparency, farmers remain excluded from this income.

Scale, infrastructure, and access

Circular opportunities depend on infrastructure. Large commercial abattoirs have the capacity to separate products and service international markets, but smaller or regional processors often cannot justify the investment. Food safety standards and export requirements add further complexity, restricting participation in circular systems to those with scale.

Unlocking circular value requires both technical capability and equitable market access. Without the right infrastructure, most value remains inaccessible beyond the farm gate.

Regional hubs and cooperative models

Co-investment models could unlock circular value for smaller enterprises. Regional hubs offering rendering, cold storage, logistics, and provenance tracking would support localised value chains and reduce capital burdens for individual producers. Shared infrastructure can foster job creation, circularity, and community resilience.

Models like Tebay Services in the UK show how regional infrastructure, even motorway rest stops, can become hubs for local produce, provenance, and whole-of-carcase use when led by farmers. See *Appendix A* for a full case study.

Why circular thinking matters

Consumers increasingly support low-waste, whole-animal use. Brands that demonstrate circular thinking win trust and loyalty, especially in premium and export markets where environmental and ethical credentials matter. Royalburn Station in New Zealand demonstrates a vertically integrated, paddock-to-plate model that captures full animal value while engaging consumers directly. See *Appendix B* for further detail.

Turning this demand into practice requires innovation across production, processing, and supply chains. Much of the technical groundwork is already being led by industry through RDCs, funded by producer levies. These efforts are building the foundations for circular systems. To be effective at scale, they need coordinated support. Government investment should accelerate progress while keeping farmers in the lead. Co-investment must enable, not override, producer-driven innovation.

Government and industry also have a role to play in infrastructure and research. Exploring better use of the entire carcase supports national goals on emissions, waste reduction, and regional development.

Economic pressure often drives innovation. As margins tighten, waste becomes less acceptable and efficiency more important. In this context, circular thinking is not just environmentally responsible, it is economically practical. Challenging conditions can push adoption of high-impact, long-term value strategies.

The bioeconomy in practice

The bioeconomy, as defined by the FAO (2022), links biological resources with science and technology to drive sustainability across industries. In sheep farming, it transforms value-adding from a focus on individual products into an integrated system that delivers environmental, economic, and social benefits. A bioeconomic approach recognises that every farm output, whether meat, fibre, manure, or by-product, can serve multiple purposes across different sectors. These systems treat waste as a resource, strengthen market diversity, and support long-term resilience.

Bioeconomy thinking supports multiple circular value streams:

- **Manure and effluent** processed into organic fertiliser.
- **Wool waste** and lower-grade fibres repurposed into insulation, acoustic panels, and packaging.
- **Lanolin, tallow, and hides** used in pharmaceutical, cosmetic, and textile sectors.
- **Rotational grazing and cover crops** supporting carbon and biodiversity outcomes.
- **On-farm or regional processing** reducing food miles, improving traceability, and returning value to producers.

Australia's historic reliance on monocultures has left production systems vulnerable to soil degradation, pest pressures, and climate variability. Mixed farming that includes sheep, cropping, and perennial species can improve soil function, support biodiversity, and lift overall productivity. Cropping also contributes to feed supply and offers rotational benefits that strengthen soil health over time.

However, sustainability must remain practical. There is no benefit in clinging to a principle if it undermines welfare, safety, or viability. Minimum tillage, for example, is a valuable soil health tool. But in the Australian climate, in a high-risk summer with heavy grass loads, the fire and animal welfare risks may outweigh the benefits of ground cover. In such cases, a fallow may be the more responsible choice. The bioeconomy framework supports flexible, principle-based decision making that responds to context, not dogma.

Merinos exemplify dual-purpose systems. They produce both fibre and lamb, allowing producers to diversify income and manage risk. When wool prices fall, meat helps maintain returns. When meat prices fall, wool provides stability. If global wool demand increases, more sheep may be retained for fibre, increasing meat supply as a by-product. This helps make lamb and mutton more affordable, improving access to nutrient-dense protein and supporting food security. Food and fibre are interdependent.

Barriers to realising circular value

Despite strong potential, much of the value in sheep co-products remains out of reach. Many Australian skins are downgraded, discarded, or exported in raw form due to limited domestic tanning capacity, poor market access, and underinvestment in innovation. High energy costs, labour shortages, and ageing infrastructure make local processing difficult.

At the same time, Australia continues to export raw materials and import high value finished goods. This shifts environmental impacts to countries with low wages, weak worker protections, and poor environmental standards. It is not a circular model. It is a race to the bottom.

Transparency is also lacking. Most co-products vanish into complex supply chains with no feedback or price signal. Farmers are excluded from both market data and the economic benefits of circular systems.

What is needed to unlock circular value

To capture full value from sheep, including meat, wool, hides, and offal, practical changes are needed across both production and market systems.

Policy and investment priorities

• **Enterprise diversification and mixed farming**
Support integrated systems on farms, such as combining sheep with laying hens, to build resilience and make efficient use of land and labour. Historically, many farms contributed to circular economies through small-scale piggeries and similar ventures that reused waste and added value. However, policy and market shifts have favoured large-scale operations, leaving smaller mixed systems over-regulated and commercially unviable. To reverse this trend, governments and industry must review compliance frameworks, planning rules, and market access barriers. Support must go beyond funding and include practical regulation suited to the scale and risk of smaller, diversified operations.

• **Regional processing, cold storage, and logistics networks**
Invest in local abattoirs, tanneries, and small-scale manufacturing hubs, supported by centralised depots with cold storage and freight capability. Without this infrastructure, value-adding remains out of reach for many producers.

• **Cottage industries and micro-manufacturing**
Encourage small ventures that transform co-products into candles, skincare, leather goods, and similar items. These businesses need access to shared processing space, skills training, and market pathways.

• **Research and development into bio-based products**
Fund innovation that turns low-value or waste materials into commercial products such as wool insulation, biofuels, and fertilisers. While some progress has been made, further investment is needed to scale regional manufacturing and support commercial adoption.

• **Transparent value-sharing**
Make co-product pricing and distribution visible along the supply chain so producers can assess whether participation in value-adding systems delivers a fair return.

• **Accessible and tiered certification schemes**
Redesign assurance programs to be voluntary, publicly funded, and centrally managed. A tiered structure, such as platinum, gold, and silver, could reward different levels of sustainability and welfare compliance, with access to grants, branding, and market channels tied to participation.

Market-level changes required

• **Fair treatment of synthetic competition**
Introduce clear rules for how synthetic alternatives to leather, wool, and meat are labelled, marketed, and subsidised. Natural products must not be disadvantaged by misleading claims or inconsistent policy. Lifecycle analysis should underpin all environmental comparisons.

• **Improved branding and labelling**
Help consumers make informed choices by providing consistent, transparent labelling that highlights product origin, environmental impact, and ethical credentials.

• **Consumer education**
Support a coordinated national campaign to raise awareness about the environmental and economic benefits of choosing natural, sustainably produced products. Just as the *Slip Slop Slap* campaign, Australia's iconic public health message on sun safety, reshaped public behaviour (Cancer Council Australia, n.d.), a clear, consistent message could help consumers understand how their choices support regenerative agriculture, rural communities, and circular economies.

This effort could be reinforced by a national accreditation scheme or by scaling up an existing one such as Land to Market, helping to link verified on-farm practices with trust at the point of sale. Accreditation only delivers value, however, when backed by stable policy, aligned supply chains, and real financial returns for producers.

Misguided activism has consequences

Campaigns targeting animal-based products often ignore the consequences of removing markets for co-products. Hides, tallow, and lanolin are treated as waste instead of being reused, breaking circular systems and increasing landfill and emissions. They are replaced by fossil fuel-based synthetics that carry a heavier environmental load.

Eliminating responsibly produced co-products does not prevent animals being raised. It only makes the system more wasteful. Governments must ensure that regulation and messaging are guided by evidence, not ideology. Activist campaigns that damage markets or disrupt supply chains should face scrutiny. Consequences may include loss of charitable status, exclusion from public decision-making, or financial penalties. Debate is welcome, but deliberate efforts to undermine national sustainability goals must be addressed.

In summary, unlocking circular value requires more than changes at the farm level. It relies on alignment between infrastructure, policy, accreditation, markets, and public understanding. Without this, producers carry the cost while others control the value chain.

Key Message: Circular thinking unlocks shared value

Value-adding is not limited to premium cuts. It requires recognition of the full contribution of each animal across meat, fibre, and co-products. Systems must be designed to share returns fairly across the supply chain. Circular and bioeconomic models can deliver strong environmental and financial outcomes, but only when infrastructure, policy, and traceability fully include and support producers. Whole-system thinking is essential to recover lost value, build resilience, and ensure that Australia takes responsibility for the full use of every animal it produces

PART II: SYSTEMIC ENABLERS AND PRESSURES

This chapter explores the broader policy and regulatory conditions that either enable or restrict value-adding efforts across the sheep industry.

Figure 4. Understanding ESG (Source: The Daily Guardian)

Regulation, ESG, and the risk of policy overreach

Environmental, Social, and Governance (ESG) frameworks are becoming central to trade and investment decisions. When designed with producers, ESG frameworks can enhance Australia's reputation. When imposed without consultation, they create barriers. As argued in the author's *Boots on the Ground* article (See *Appendix C*) implementation must be led by those with lived experience. When farmers lead system change, policy becomes more grounded, efficient, and credible.

At the 2023 and 2024 ESG Roundtables in Canberra, producers raised concerns about fragmented frameworks, unrealistic data demands, and a lack of recognition for good practice. There were clear calls for practical tools, regionally relevant indicators, and systems that reflect lived experience on farms.

Programs such as the Australian Sheep Sustainability Framework and processor-led initiatives like Gundagai Lamb's feedback system show how outcome-based models can link on-farm practices to market value. These examples demonstrate that well-designed systems can deliver benefits for both producers and supply chains.

Smaller and family-run farms often face a disproportionate burden from certification and reporting systems designed for larger operations. Without scalable tools and flexible pathways, these producers risk being excluded even when they are delivering strong environmental outcomes.

From restriction to enablement

Effective regulation should position farmers as partners in environmental stewardship. Many family farms already deliver strong outcomes in biodiversity, soil health, and carbon management. Frameworks based on trust, continuity, and outcomes are more effective than those based on rigid compliance.

To support value-adding, ESG systems must enable participation. This includes access to market premiums, certification, and financial incentives such as stewardship payments or tax offsets. Outcome-based ESG frameworks can turn regulation into a platform for growth.

The Paris Agreement and market access

The Paris Agreement is reshaping global climate policy and influencing how agricultural goods are produced and traded. Australia's commitments under the Agreement, including net zero targets, are already impacting market access and procurement standards.

For producers, this means investment in emissions data and management systems. Supply chains now embed sustainability metrics in contracts and ESG reporting. While some producers will benefit through premiums or security of supply, others risk being locked out if they cannot meet rising expectations.

Australia's sheep sector has natural advantages, including low stocking densities and extensive grazing systems. These strengths must be reflected in how obligations are calculated and assessed.

European farmer protests offer a warning. Pushback against rising costs, unfair competition, and regulatory fatigue shows that climate action must support agricultural viability, not undermine it. For value-adding to succeed, producers need fair frameworks, clear expectations, and recognition for existing contributions.

Environmental performance, natural capital, and accreditation

Environmental credentials are now essential to product value. Accreditation programs like Land to Market and RWS help producers verify their environmental performance and access premium markets. Many are also tied to natural capital strategies such as carbon sequestration, soil health, and biodiversity protection.

However, the current accreditation landscape is fragmented. Overlapping schemes create confusion, increase costs, and reduce accessibility, particularly for smaller operators. Without coordination or mutual recognition, the benefits are diluted.

Accreditation must be practical, credible, and affordable. Early investment in measurement and verification can provide a market edge, but costs should not fall solely on producers. Where certification serves the public good or enhances supply chain integrity, governments and buyers should contribute through co-investment or tiered user-pay models.

Green trade standards and environmental markets

Environmental performance is now a condition of market access and a potential source of income. Carbon and biodiversity markets offer new revenue to producers who can demonstrate improvements in groundcover, soil carbon, or habitat.

Producers using regenerative practices can access these markets, but only if systems accommodate different farm types and regions. Metrics must be credible, participation fair, and methods easy to understand.

At the same time, environmental standards are being written into trade deals. Some markets now link tariffs, procurement, and labelling to carbon or sustainability claims.

Producers able to supply low-emissions, traceable products will retain access. Those who cannot do this may face penalties or exclusion.

This increases compliance complexity. Without the right tools and support, smaller farms risk falling behind. Governments must invest in capacity building to help all producers meet these evolving standards.

The EU and global trade expectations

The EU is embedding environmental performance into trade policy through the Green Deal and Fit for 55. The Carbon Border Adjustment Mechanism (CBAM) already applies to selected sectors and could expand to agriculture.

Australia must remain competitive with both high standard suppliers like New Zealand and low-cost exporters like Brazil and South Africa. Meeting EU expectations is not optional.

However, rigid certification systems carry risk. During the war in Ukraine, UK organic producers could not source Ukrainian organic certified feed and as a consequence lost their status. This raised concerns about whether strict compliance should override food security or animal welfare.

Definitions of environmental performance must be credible but flexible. Certification should enhance trade, not increase vulnerability.

Livestock as part of the climate solution

Wool and sheep meat are renewable, biodegradable, and well suited to regenerative production systems. Compared with synthetic fibres and emissions-intensive proteins, they offer environmental advantages.

For smaller or regionally based producers, practical and flexible frameworks are essential to retain access to value-adding programs and maintain viability in an increasingly regulated trade environment. Promoting these attributes through procurement, labelling, and public education can strengthen market resilience. Australia’s clear commitment to the Paris Agreement gives producers a more stable policy horizon than in many other countries.

Key Message: regulation must reward outcomes

Value-adding in Australia's sheep industry depends on regulation that enables production and rewards outcomes. As environmental performance, traceability, and sustainability become prerequisites for market access, policies must shift from restriction to support. Frameworks that are rigid, duplicative, or misaligned risk excluding producers, undermining trust, and deterring investment. For value-adding to succeed, regulation must provide clear pathways, practical tools, and shared responsibility for delivering both profit and stewardship.

PART III: MARKET DYNAMICS AND GLOBAL FORCES

Understanding where Australian sheep meat goes, who buys it, and what those markets value is critical to designing effective value-adding strategies. Global trade conditions, political risk, and shifting consumer expectations all shape the limits and opportunities for premium growth. Australia's sheep meat and wool sectors must now navigate a more complex and volatile trading environment that rewards flexibility and strategic focus.

Figure 5. Retail meat display, Tebay Services, Cumbria UK (Source: Author)

Global buyers and value signals in the sheep industry

Sheep meat exports remain a critical pillar of profitability. But to build a resilient, premium-focused supply chain, producers must understand what different markets actually value.

The US is now Australia's largest sheep meat export market by value (MLA, 2024). In 2024, exports reached record levels, driven by high-income consumers seeking chilled, branded product. This market rewards eating quality, provenance, traceability, and consistency, making it fertile ground for premium strategies. However, it is also politically unpredictable. Protectionist rhetoric and tariff threats have re-emerged under the current Trump administration. Overreliance on a single premium market leaves producers vulnerable to sudden regulatory shocks that can quickly erode margins.

The Middle East and Southeast Asia, including Indonesia, offer more stable but lower-value opportunities. These markets prioritise trust, halal compatibility, and access to fresh meat. They remain key outlets for whole flock marketing, especially for older animals not suited to high-end boxed cuts.

China remains Australia's largest sheep meat export market by volume (MLA, 2024). Traditionally focused on mutton and secondary cuts, demand has been driven by price and scale. However, recent MLA data shows a shift in affluent Chinese consumer segments toward high-quality lamb, with premium cuts now more common in home cooking and foodservice. While still price-sensitive, the market is diversifying (2024).

Each market rewards different attributes:

- US: Eating quality, provenance, consistency, and ethical claims
- Middle East and Southeast Asia: Trust, halal compatibility, and reliability
- China: Volume, supply consistency, and increasing interest in quality lamb

Premium traits such as accreditation, emissions reporting, and welfare certification matter in some markets but are irrelevant in others. A one-size-fits-all approach is not viable. Market segmentation is essential to align product traits with buyer expectations.

Environmental performance is also becoming a factor. In Europe and North America, concerns about food miles and emissions are influencing procurement. Producers targeting these markets will need to demonstrate environmental standards across the supply chain.

These varied demands exist within an increasingly complex trade environment, where access, tariffs, and policy alignment determine who can participate and how value is retained.

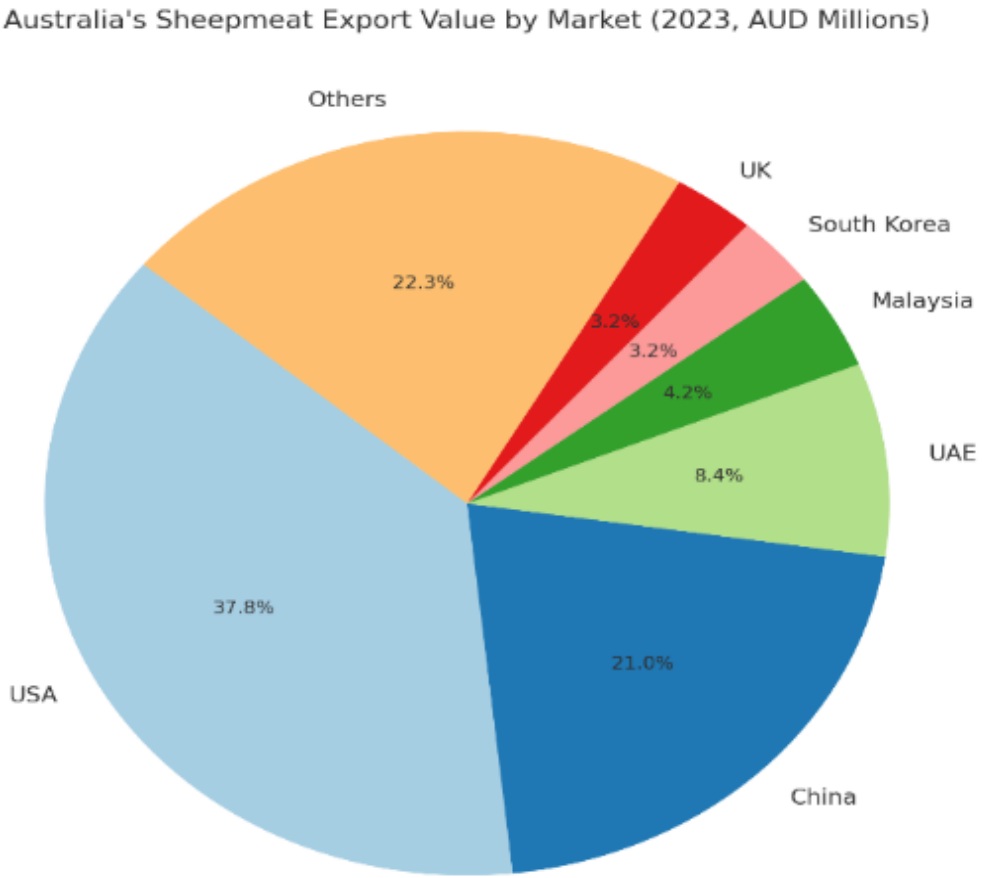

Figure 6: Australia's Sheepmeat Export Value by Market (Source: MLA Market Snapshot, 2024)

Trade agreements, tariffs, and access

Trade agreements shape where Australian sheep meat and wool can be sold, under what terms, and at what level of profitability.

Free Trade Agreements with the US, China, Japan, South Korea, and the UK have expanded access and reduced tariffs. These deals support diversification and open doors for branded, chilled, and premium products. However, the benefits are often uneven. Gains tend to concentrate with processors and exporters, with limited flow-through to farmgate returns.

Tariff schedules vary. Some agreements phase in tariff cuts over time, while others include quotas that cap volumes eligible for lower rates. Non-tariff barriers such as biosecurity rules, labelling requirements, and ESG-linked compliance are becoming more influential. These can impose added costs and create a two-tiered system where only large, well-resourced businesses can access premium markets.

Global trade policy is increasingly unpredictable. Sanctions, abrupt regulatory shifts, and carbon border taxes show how access can be restricted or used as a political tool. Australia's experience with China's trade bans and the European Union's move toward carbon levies illustrate the need for diversified, resilient strategies.

Producers need greater transparency and inclusion in trade processes.

Key requirements include:

- Clearer links between trade wins and farm-level pricing.
- Resources that explain how agreements influence grids and specifications.
- Better representation of producer perspectives in negotiations.

Market access alone is not enough. Realising value requires domestic infrastructure, disease-free assurances, scalable accreditation, and traceability systems that meet rising standards.

Trade agreements are not symbolic wins. They define the terms under which producers compete globally. To create value, trade policy must be matched with practical, on-the-ground pathways to participate.

Wool: Trade dynamics and premium signals

Wool is no longer Australia's highest-value sheep export by dollar value, with sheep meat exports exceeding wool exports in recent years. In 2022–23, sheep meat exports were valued at over $4 billion, while wool exports were valued at around $2.6 billion (ABARES, 2023). China remains the dominant buyer of raw greasy wool, but there is growing demand in Europe, North America, and Japan for certified, ethically produced fibre. These markets prioritise traceability, sustainability, low-emissions production, and animal welfare. To remain competitive, wool producers must meet these expectations while managing the same geopolitical and trade risks that affect the broader sheep sector.

Trumponomics and trade volatility

Australian agriculture relies on both commodity exports and premium markets. Grain, beef, wool, and mutton drive volume, but value-adding in lamb increasingly depends on access to premium buyers.

That model is now exposed. The US is Australia's top lamb export market, especially for chilled, branded cuts. But proposed tariffs on foreign meat under the current U.S. administration could undercut this access, push product into lower-value channels,

and collapse farmgate prices. Investments in traceability and branding become harder to justify if premium margins vanish under external shocks.

Australia has already experienced abrupt trade breakdowns. China's bans on barley and wine dismantled two major export streams with little warning. Strong trade volume does not guarantee stability.

Wider global instability compounds the risk. Conflicts in Gaza, Ukraine, Taiwan, and Kashmir signal a shift away from coordinated global governance. Traditional institutions such as the United Nations and the World Trade Organization are losing influence. Countries are acting unilaterally. Alliances are shifting. Geopolitics now shapes markets as much as economics.

This has major implications for agriculture. A system built on high-volume, low-margin trade is exposed to:

- Disruptions from war, sanctions, or political shocks
- Input shortages in fuel, fertiliser, machinery, and chemicals
- Margin erosion, with little buffer to absorb volatility
- Weak protections amid collapsing global institutions

In this environment, Australia must prepare for sustained instability. Building resilience means:

- Diversifying market access beyond a small group of high-risk buyers
- Investing in local processing, branding, and regional value-adding
- Securing critical inputs through domestic or alternative supply chains
- Treating food production and supply chain control as national priorities

Risks now extend beyond tariffs or protectionism. They are embedded in a broader breakdown of global coordination. Value-adding strategies will only succeed if they are built for a world where volatility is the norm, not the exception.

Food sovereignty and the role of producers

Governments, industry groups, and major buyers are no longer making trade decisions based solely on price or profit. Increasingly, these decisions are shaped by national security concerns such as food supply, supply chain control, and the protection of domestic production. In Australia and globally, food is being recognised as a strategic asset, not just a commodity.

The family farm is central to Australia's agricultural sovereignty. While corporate agribusiness contributes scale, capital, and innovation, family-run operations often prioritise long-term stewardship, place-based decision-making and reinvestment in local communities. Their continued presence supports flexibility and sustained national food production capacity.

However, rising land prices, regulatory complexity, and generational change are placing these systems under pressure. Trade and domestic policy must enable producers to adapt, innovate, and add value. If not, it risks narrowing the industry to those with the largest balance sheets rather than those with the deepest roots.

Trade frameworks that favour large exporters or impose compliance costs without adequate support accelerate consolidation. A diverse, competitive, producer-led sector remains Australia's best defence against external shocks and rising global volatility.

Protecting family farms is not a sentimental argument. It is a strategic imperative for food security, economic resilience, and regional stability. Sovereign food production is no longer optional. Ensuring producers are connected to markets, supported to innovate, and equipped to retain value is essential to maintaining Australia's ability to feed itself and remain globally competitive.

Family farms will also be central to the next phase of national development. Rural regions are emerging as hubs for innovation, environmental markets, and low-emissions production. With the right investment, Australia can position agriculture to lead global climate action in ways that create wealth rather than impose cost. Supporting producers is not about preserving tradition. It is about unlocking national opportunity.

Key Message: Market resilience requires producer-focused diversification

In a volatile global environment, success in sheep meat depends on understanding market specific values and aligning strategies accordingly. Producers need clear, practical pathways to participate in trade, not just access in name. A diversified and flexible approach is essential to retain value and withstand rising geopolitical and regulatory risk.

PART IV: STRATEGIC RESPONSES AND FUTURE PATHWAYS

This section outlines strategic responses to shifting global, market and environmental conditions. It focuses on system-level changes that can strengthen the long-term viability of sheep farming and unlock value-adding opportunities at scale.

Figure 7.Ewe and lambs, Tullamore NSW (Source: Author)

Rethinking food security

COVID-19 exposed the fragility of Australia's food system. Despite being a major exporter, domestic supply chains struggled under panic buying, labour shortages, and freight delays. These shocks revealed how lean, centralised and export-focused the food infrastructure has become.

The planned end of live sheep exports highlights the disconnect between public perception and production realities. The trade served culturally aligned markets that preferred live animals for religious and logistical reasons. It also provided a critical outlet for older sheep and mutton with limited domestic demand. The trade supported circular economy goals by enabling full carcase use and contributed to global food security by supplying affordable, culturally appropriate protein to regions with limited cold chain capacity.

Its removal increases reliance on premium markets, heightening exposure to price risk and processing constraints. This decision reflects short-term politics, not long-term strategy. It highlights the risk of policies developed without on-the-ground understanding of food systems and production realities.

Building true resilience means more than keeping supermarket shelves stocked. It requires regionalised infrastructure, local processing capacity, reliable cold chains and a public that understands and supports seasonal, locally produced food. These are the foundations of a secure and sustainable food system that serves both domestic needs and global responsibilities. Decisions that affect food systems must be shaped by

those who live within them. Experience on the land must be at the centre of credible, future-focused agricultural policy.

Redefining success in the sheep sector

As sheep producers face growing environmental, market and social pressures, the way we define success must evolve. Traditional measures like output, scale and specification compliance are no longer enough. They often reward volume over value and uniformity over innovation.

If value-adding is how we make more from the same or from less, then where value accumulates is crucial. If we can add value not just to our animals, but to our land, soils, environment and communities, then the sheep sector can contribute to outcomes far beyond production. But this shift requires measurement systems that reflect what matters and return value to producers.

Feedback on traits like LMY or IMF is typically used to enforce uniformity across supply chains. It rarely supports the diversity of production systems now emerging in response to climate, land type and market opportunity. Unless data systems are designed to enable innovation and improvement on farm rather than control and compliance, they risk locking producers into narrow models that undermine resilience.

Better indicators might include:

- Net return per hectare or DSE.
- Proportion of income from value-added or differentiated products.
- Revenue from co-products such as skins, offal or wool.
- Lamb survival and time in optimal body condition.
- Groundcover levels and pasture recovery over time.
- Labour efficiency and input reliance per hectare.

Tracking these outcomes takes time, knowledge and resources. If measurement becomes a condition for market access or finance without practical support, the risk is that small and family farms are excluded.

Redefining success must go hand in hand with system reform. Farmers need to be partners in delivering environmental and social outcomes, not just participants in a compliance regime. Risk must be recognised and shared. Reward must reflect not only what is produced, but how and why.

Unlocking full value: reimagining the whole carcase

The future of value-adding in sheep is not just about chasing high-end cuts. It is about making every part of the animal work harder. From mutton charcuterie to wool-based soil products, real resilience will come from diversified, innovative uses of meat, milk, wool and waste.

Australian lamb has built a strong reputation around iconic cuts like roasts, chops and loins. These remain central to both domestic and export markets. But as consumer preferences diversify, there is growing opportunity to better utilise the whole animal through cut innovation and market alignment.

MLA's Meat Standards Australia program is expanding AUS-MEAT cut categories to include stir fry, slow cook and Texas-style barbecue. This allows processors to match a broader range of cuts with evolving consumer demand and export trends, supporting both carcase utilisation and value.

Products like the lamb lollipop, developed from ribs and tailored for foodservice, show how underused cuts can be repositioned for premium settings. Hogget is also gaining traction as a slow-cook, flavour-rich alternative to lamb, offering chefs something distinctive and giving producers more flexibility.

Tenderness and intramuscular fat remain key drivers of eating quality. However, production systems that prioritise speed and lean yield can unintentionally reduce consumer satisfaction. For innovation in cut development to deliver returns, pricing models and brand strategies need to recognise and reward quality as well as efficiency.

Global signals Australia should heed

Australia's focus on export markets has shaped a system optimised for scale, uniformity, and high-value cuts. These markets offer greater returns and have often taken priority over building diverse domestic demand. As a result, whole-carcase utilisation has been slow to develop. Structural barriers, including limited processing flexibility, supermarket control, high labour costs, and low consumer familiarity with secondary cuts, have further constrained innovation in local channels.

While Australia has been slower to explore whole-carcase models, other countries are advancing bold cross-sector innovations:

- Charcuterie from mutton and hogget (France, Spain).
- Wool turned into soil inputs and insulation (New Zealand, UK).
- Sheep milk as a diversification strategy (Italy, UK, Balkans).
- On-farm education and direct engagement (Spain, UK).
- Subscription-based nose-to-tail lamb boxes (USA, UK).

Applying these lessons

Australia is well placed to adopt and adapt these ideas. We have the animals, the land, and the story. What we often lack is the infrastructure, supply chain transparency and market pull to make whole-carcase value-adding commercially viable at scale.

Several factors continue to limit progress. Regional processing access is patchy, supermarkets control most retail channels, and regulatory compliance remains costly for small producers. Consumer reluctance around mutton, offal, and less familiar cuts reflects deeper cultural preferences. The lack of transparent, collaborative supply chains between farmers, processors and end users has also made it difficult to shift value back to the producer.

Policy settings that support flexible processing, cross-sector innovation and direct-to-consumer models could help unlock this potential. As can targeted education, chef partnerships and improved price signals for quality and provenance.

Farmers cannot capture value if they are shut out of the brand, the processing system or the final transaction. Whole-carcase innovation is not just about premium cuts. It is about returning dignity and margin to every part of the animal and putting producers back in control of how that value is realised.

Enabling conditions: The role of Government

Government plays a critical role in shaping agricultural outcomes through what it funds, regulates and incentivises. At its best, government co-invests in infrastructure, research, training and enabling systems. Poorly aligned regulation can delay investment, reduce flexibility and prevent producers from adapting infrastructure to meet climate or market goals.

Recent decisions such as reducing the instant asset write-off threshold make on-farm investment harder. Environmental overlays and complex planning approvals delay infrastructure upgrades, even when aligned with climate or biodiversity goals.

However, there are opportunities. Investment in mobile processing, low-emission freight, energy resilience and digital connectivity would strengthen regional capacity. Public procurement standards favouring local or low-emission food could build stronger domestic markets.

Agricultural policy must move beyond fragmented programs. It requires coordinated, long-term planning that balances food, climate and environmental outcomes without displacing production.

A climate aligned future for agriculture

Australia's climate targets under the Paris Agreement are reshaping every sector. Agriculture must adapt, but not at the cost of food production.

Policy tools like the Safeguard Mechanism and biodiversity markets risk rewarding passive offsets over active land management. If poorly designed, they could push farmers to retire land or shift to credits rather than food, undermining both food security and regional economies.

Red meat production can support climate goals through methane reduction, rotational grazing, biodiversity plantings and improved land management. But this transition needs practical tools, accessible finance and recognition of physical and biological limits.

Agriculture is not just a source of emissions. It is a climate solution. Policies must account for sequestration, not just gross emissions. A just transition must include all producers, not just those with capital or access to consultants.

Key Message: A new social contract

Resilience in Australia's sheep industry depends on recognising farmers as partners in food security, climate action, and regional sustainability. They must be supported with clear policy, practical infrastructure, fair returns and relevant metrics. Without producer input and long-term investment, reform will stall, and opportunity will be lost.

Conclusion

Australia's sheep meat sector operates at the intersection of global markets, local livelihoods, and environmental responsibility. It is shaped by forces beyond the farm gate: shifting consumer expectations, rising compliance costs, climate pressure, and geopolitical risk. Yet it remains grounded in practical knowledge, deep stewardship, and the capacity to adapt. A successful sheep industry supports farmers and helps chart the path to climate adaptation. Agriculture offers practical, nature-based solutions that build resilience while feeding the population and supporting regional economies.

This report has argued that value-adding is not just a commercial opportunity. It is a strategic imperative. Done well, it improves profitability, attracts new entrants, supports workforce development, and strengthens regional economies. Most importantly, it places producers at the centre of the systems that determine what is produced, how it is marketed, and who benefits from its value.

The trade-offs farmers face are real. Food versus energy. Productivity versus welfare. Global markets versus domestic control. These are not abstract tensions. They play out daily in paddocks, shearing sheds, and saleyards. How we respond will shape whether the next generation inherits a sector that is hollowed out and dependent or one that is diverse, resilient, and self-directed.

As the Australian Strategic Policy Institute has noted, food production is a matter of national security. A country that loses control of its food system loses control of its future. Yet too often, agricultural policy remains reactive, shaped by distant regulation, blunt market incentives, or imported models that ignore local realities.

It is time to reframe the conversation. Farmers are not legacy operators waiting to be modernised. We are not the villains of the climate story, nor passive price takers in a broken food chain. We are, and always have been, the front line of defence for food security and climate resilience.

This report also positions the sheep sector within the global bioeconomy, a framework that recognises agriculture's role in circular, renewable, and sustainable systems. By integrating livestock, fibre, and co-products into broader value chains, the sector contributes not only to food supply, but also to climate action, waste reduction, and regional renewal.

Regional processing hubs, resilient infrastructure, and local manufacturing are key enablers of this future. Their success depends on investment, coherent policy, and strong market connections that allow farmers to retain value locally while meeting global demand.

Value-adding, when done well, delivers on all these fronts. It is not about chasing volume, it’s about building systems where every component works toward sustainability, resilience, and profitability.

True national wealth does not come from financial markets alone. It stems from a country’s ability to feed itself well, power its industries, educate its people, provide healthcare, and manage its waste responsibly. First-world countries cannot continue to export their waste, recycling, or e-waste, to developing nations while claiming environmental leadership. To lead on climate action, we must be accountable for our own impact.

Australia's strength lies in our capacity to produce clean, ethical, and abundant food, not just for ourselves, but for others. If we empower farmers to care for land and animals, embrace innovation, and capture value at the source, the benefits extend across the nation and ripple globally. Agriculture, at its best, is not just a source of food, it is a foundation for national wellbeing and global responsibility.

Farmers cannot keep doing more with less. The real question is what systems, support, and shared vision will allow them to do better, for their families, their communities, and the country as a whole.

Recommendations

The following recommendations support a resilient, profitable, and future-aligned sheep industry in Australia. They reflect the findings of this report and focus on creating systems that return fair value to producers while enabling environmental performance, regional development, and national food security.

1. **Invest in regional and mobile processing infrastructure**
   Improve access to private kill, carcase feedback, and provenance-based marketing by supporting regional abattoirs and mobile slaughter facilities. This is essential to unlocking value-adding pathways for small and medium-scale producers. This infrastructure will underpin private kill options, carcase feedback, and provenance branding.

2. **Ensure transparent value sharing for co-products**
   Require processors to disclose returns from offal, skins, tallow, and other by-products, and establish mechanisms to fairly share this value with producers. These markets exist and generate income, but producers are rarely included.

3. **Link accreditation schemes to real market access and price premiums**
   Support certification programs only where there is verified shelf space, export demand, and clear pricing incentives. Require transparent tracking of price premiums and avoid shifting compliance costs to producers without a reliable financial return.

4. **Treat agricultural infrastructure as a national strategic asset**
   Prioritise investment in cold chains, digital connectivity, energy security, and logistics in rural areas. These foundations are necessary for regional value-adding and supply chain resilience.

5. **Introduce fit-for-purpose labour and workforce pathways**
   Restore seasonal rural work programs and fast-track training in processing, compliance, logistics, and agri-tech. Address workforce gaps that prevent value-adding from scaling.

6. **Reduce market volatility and price exposure for producers**
   Reduce market volatility and price exposure for producers by establishing clear pricing grids, alternative market access pathways, and risk-sharing mechanisms. Long-term planning depends on predictable, stable returns and greater transparency in how prices are set.

7. **Strengthen domestic market resilience**
   Rebuild food literacy and consumer connection to seasonal, pasture-raised Australian lamb. Support school programs, public campaigns, and reforms that enable greater whole carcase use and local brand identity.

8. **Position livestock as part of the climate solution**
   Recognise the role of sheep producers in carbon sequestration, biodiversity protection, and regenerative systems. Reward measurable outcomes and integrate livestock into climate and environmental policy.

9. **Protect the viability of family farms**
   Address succession, land use constraints, and structural disadvantages compared to corporates. Support policies that keep family producers active and competitive in value-added and sustainability-linked markets.

10. **Establish a dedicated Minister for Food** Establish a dedicated Minister for Food to unify policies currently fragmented across trade, health, environment, and agriculture. This role would reflect the central importance of food in national resilience and economic strategy, providing coordinated leadership on issues spanning climate adaptation, nutrition, and trade.

The following table identifies the key policy instruments required to implement each recommendation effectively.

Table 2: Linking recommendations to policy levers

Recommendation	***Policy Lever***
Invest in regional and mobile processing infrastructure	Government grants, regional development funding
Ensure transparent value sharing for co-products	Regulation, industry codes, processor oversight
Link accreditation schemes to real market access and price premiums	Market access policy, accreditation standards, retailer engagement
Treat agricultural infrastructure as a national strategic asset	Federal/state infrastructure policy, budget prioritisation
Introduce fit-for-purpose labour and workforce pathways	Education and training programs, visa policy, workforce strategy
Reduce market volatility and price exposure for producers	Market reporting standards, trade policy, pricing regulation
Strengthen domestic market resilience	Consumer education, public procurement policy, curriculum reform
Position livestock as part of the climate solution	ESG frameworks, environmental accounting, climate policy
Protect the viability of family farms	Land use regulation, taxation, succession planning support
Establish a dedicated Minister for Food	Whole-of-government coordination, Cabinet-level leadership

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Appendices

The following case study and opinion article are included as supplementary material. They provide practical, place-based examples that support the report's central themes of value-adding, food security, and farmer-led solutions.

Appendix A: Case Study -Tebay Services: Farmer-led Vision and Value Beyond the Gate

Overview

Tebay Services in Cumbria, UK, is often held up as a best-practice model for how farmers can lead value-adding ventures that deliver economic, social, and environmental returns. Founded by hill farmer John Dunning in the 1970s, Tebay was born from necessity, expanded through vision, and succeeded through consistent reinvestment in people, place, and product. It exemplifies what is possible when government infrastructure, private investment, and farming knowledge align.

In the UK, a *service* or *services* refers to a motorway service area; a rest stop located along a major highway that typically includes fuel, food, toilets, and convenience retail for travellers. Tebay redefined this model by focusing on regional food, provenance, and community benefit.

1. Origin story: Farmer-led enterprise sparked by Government Infrastructure

The M6 motorway was the trigger. It cut through Dunning's farmland, disrupting traditional grazing patterns. But instead of fighting the disruption, he saw opportunity. When no major operator showed interest in building a service station, Dunning conducted his own feasibility study. He personally surveyed fuel prices and traffic flows between Lancaster and Carlisle and concluded that a locally run service station could succeed if it focused on quality, local food, and the distinctiveness of place.

"It was very clear that the existing model of franchises and fast food didn't belong here. We wanted to give travellers a sense of where they were." — John Dunning

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2. Historical context: Boom–bust cycles and the need for local resilience
In a follow-up interview, Dunning reflected on broader historical forces. He explained how the introduction of railways in the 19th century brought in food from further afield, undercutting local producers and depressing prices. Agriculture collapsed after the First World War, stabilised briefly by Cold War-era subsidies, and now faces similar challenges again. These include deregulation, price pressure, and policy drift.

"We're going through the same collapse now that we did after the wars. People don't see it coming until it's already here." — John Dunning

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This repeating cycle, he argues, shows the importance of regional food systems and farmer-driven diversification.

3. Building value: Integration of meat processing and local supply chains
A key development in Tebay's success was the decision to internalise meat processing. Initially, they relied on a third-party cutting plant, but soon realised that full control over yield, waste, and presentation required their own butchery.

"We couldn't retain value unless we controlled the carcase. Every cut, every gram, had to be used well." — John Dunning

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The on-site facility was approved and became operational by Christmas Eve, 2000. The meat counter opened selling 500 pounds of meat per week. Today, they process 50,000 pounds per week, supplied by a local network of farmers and using 4L grading standards for consistency. Animals are grass-finished with a focus on animal welfare and flavour.

Current processing includes:

- 5 cattle per week
- 42 lambs per week
- 15 Herdwick wethers per week

4. Localism and provenance as business strategy
Tebay's retail, food service, and hospitality operations are built on a commitment to local sourcing. Over 70 producers within a 30-mile radius supply the business. The butchery, kitchen, and bakery all prioritise whole-animal usage and seasonality. Breed selection, such as Herdwicks and native cattle, is guided by the landscape and local farming systems.

"What we sell on the shelf and on the plate must reflect the farm and the field. That's what people are buying into." — John Dunning

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5. What made it work: systems-level enablers

Tebay's success was deliberate and multi-layered. It came about through the combination of public infrastructure, regulatory flexibility, and private initiative. Key enabling conditions included:

- Government infrastructure: The M6 motorway provided reliable foot traffic
- Cooperative regulation: Local authorities supported innovation such as in-house butchery
- Farmer knowledge: Dunning's understanding of livestock, logistics, and retail underpinned each decision
- Community engagement: Employment and sourcing remained embedded in the region
- Brand control: Avoiding franchises protected quality, identity, and pricing

6. Relevance to Australia: Can the Tebay model translate?

Australia does not have a strong culture of motorway service centres, but the core ideas behind Tebay are highly transferable. These include local provenance, whole-carcase utilisation, integrated processing, and farmer-led narratives.

Adaptations for the Australian context might include:

- Repurposing visitor information centres in high-traffic tourist areas to showcase regional produce
- Reimagining roadhouses as places to taste and buy local food
- Enhancing agri-tourism with on-farm processing and direct retail
- Using seasonal pop-ups and market counters to sell directly to consumers

Appendix B: Case Study Royalburn Station NZ

Vertical integration and micro-processing

Overview
Royalburn Station in New Zealand, run by Nadia Lim and Carlos Bagrie, demonstrates how vertically integrated, small-scale farming models can unlock greater value through provenance, processing control, and brand identity. Their system shows the potential of farmer-led innovation when supported by flexible regulation and targeted infrastructure.

1. On-farm processing and control
The enterprise includes an on-site micro-abattoir, giving Royalburn full control over slaughter, waste management, and traceability. This facility allows them to process, package, and sell meat under their own brand, capturing value not only from premium cuts but also from typically underutilised by-products such as bones, offal, and fat.

"We've built something that's about more than meat — it's about connection to place, process, and people." – Carlos Bagrie

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2. Direct marketing and localisation
Royalburn supply high-end restaurants and direct-to-consumer customers across New Zealand. Their model reduces food miles and responds to growing demand for ethical, low-impact food. In 2024, they expanded their retail reach by acquiring and rebranding a Queenstown grocer as **McKibbon's of Royalburn**, creating a vertically integrated outlet that reinforces provenance and visibility.

3. Policy contrast and regulatory flexibility
The Royalburn model highlights a significant policy gap between New Zealand and Australia. In New Zealand, micro-abattoirs are viable due to flexible food safety regulations and lower compliance costs. By contrast, similar models in Australia face much higher barriers due to capital requirements and regulatory frameworks that favour large-scale processors.

4. Lessons for Australia

Royalburn's success offers a practical case for enabling farmer-led processing through:

- Regulatory support for micro-abattoirs
- Infrastructure grants tailored to regional processing
- Recognition of value beyond the carcase — including by-products and brand identity
- Local supply chains that support ethical and sustainable production

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"It's not about scaling up, it's about scaling smart and staying close to the customer." – Nadia Lim

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Appendix C: Field Article - Why boots on the ground should lead the Ag conversation

Fiona Aveyard, LinkedIn, April 2, 2025

If Australia is serious about food security, climate targets, and regional sustainability, it's time to stop treating farmers as either heroes or villains. We don't need another glossy campaign about food provenance. We need policy that works with us, not around us.

As a fifth-generation farmer in central west New South Wales, I've seen firsthand how a growing list of expectations is squeezing agriculture: grow more food, emit less carbon, protect biodiversity, absorb rising costs, and somehow remain profitable.

After completing a Nuffield Scholarship on value-adding in red meat, my conclusion is simple: we can't value-add our way out of bad policy. Farmers aren't short on innovation. We've built direct-to-consumer brands, adopted new technologies, and diversified our income. But we're still operating in a system that often punishes us for things beyond our control while rewarding others for performance theatre.

Take the live sheep export ban. It's a decision driven by political optics, not practical alternatives. It cuts off market access for producers without a viable replacement plan. But the real losers are the people who relied on this trade for affordable protein, and the workers in the countries who have spent decades in jobs now being dismantled. This was a successful trade relationship that matched supply and demand in a culturally and economically appropriate way. Ending it to satisfy a domestic political narrative is short-sighted and damaging beyond our borders.

Or look at natural capital. Farmers are increasingly being asked to monetise ecosystem services like biodiversity and soil carbon while continuing to produce food. It sounds good in theory, but the frameworks are being designed by investors and policymakers, not landholders. Without the right structure, the risk of environmental markets outbidding food production is real, and that's a genuine threat to food security, not just nationally, but globally.

We can look overseas to see how poor policy affects food systems. The Netherlands is forcing farmers off the land due to nitrogen limits. In the UK, inheritance tax is making generational farming almost impossible. In Brazil, landholders are being told how to manage landscapes by countries that have already built their wealth through resource extraction. We should be learning from these mistakes, not repeating them.

What we need is a roadmap that recognises farmers as partners, not pawns. That means:

- Investment in rural infrastructure, especially transport, power, and local processing
- Real access to value-adding opportunities
- Succession policies that support generational continuity
- Land use frameworks designed for Australian conditions, not imported models

Australia risks following the same path if we forget that climate security depends on profitable farming. Farmers manage over half the Australian landmass. If 25% is set aside for biodiversity or carbon goals, we can't be expected to increase production pressure on the remaining 75%. Running more stock on less land isn't a sustainable solution.

This is where value-adding plays a role, but only when systems are built to match the landscape. We need flexibility, opportunities and good policy to guide us. Whether that's to sell lamb sausage rolls or wool insulation, to stay in full production or enter environmental markets. The point is: farmers need options.

At the same time, it's worth asking whether political movements born in privileged urban electorates, like the Teals, are equipped to shape policy for rural Australia. While they speak confidently on climate and integrity, few show any real understanding of food systems, land use, or regional economies.

Farmers can't afford to become collateral damage in the race for green credentials, especially where food is something that happens on a menu, not in a paddock. Agriculture becomes the low-hanging fruit, an industry that the government is happy to target for emissions reductions without losing inner-city votes.

It's time to stop sidelining the people who grow the food, manage the land, and hold regional communities together. Let's stop pretending we can meet global targets without local knowledge. Let the boots on the ground tell the shoes on the carpet what's needed. After all, what's better for the planet than a profitable, safe agricultural industry, one where the people doing the work are thinking not just about the next season, but the next generation?
