

**VICTORIAN WOOL INDUSTRY**

**FAST FACTS**

June 2021

**Socio-Economic Policy Team | Agriculture Policy | Contact:** **francis.b.karanja@agriculture.vic.gov.au**

**Key highlights**

* **8,603 sheep farm businesses in 2019-20, up 4.7 per cent on previous year**
* **12,900 jobs in sheep industry (year to May 2021), 1.1% increase from May 2020**
* **$772 million value of wool production (2019-20), 46% decrease on 2018-19**
* **$1.35 billion worth of wool exports (2019-20), 33% decrease year-on-year**

**Flock facts and figures**

* Victoria had approximately 15 million head of sheep in 2019-20 run by around 8,600 sheep producers. Victoria’s flock comprise nearly 10 million head of sheep that are one year old and over and around 5 million head of lambs less than one year old. Sheep meat and wool production is concentrated in the Warrnambool and South West, North West, Hume, and Bendigo areas.
* Victorian sheep farms account for more than a quarter (27%) of the 31,500 sheep farms in Australia, while Victoria’s flock size represents a quarter (24%) of the national sheep flock of 64 million head.

**How much is produced?**

* Victoria produced 81 kilotonnes of wool in 2019-20. Victorian wool production represents 29 per cent of Australia’s production of 282 kilotonnes, making Victoria the second largest wool producer in Australia after NSW (84 kilotonnes).
* Victoria’s wool production decreased by 18 per cent (17 kilotonnes) between 2015-16 and 2019-20, after a peak production of 115 kilotonnes in 2017-18.

**What is the value of production?**

* The value of production from the Victorian wool industry reached a high $1.44 billion in 2018-19, but decreased sharply by 46 per cent to $772 million in 2019-20.
* Ranked by value, Victoria is Australia’s second largest wool producer (28.1%), closely following NSW ($774 million, or 28.2% share).
* The gross value of wool represents 4.3 per cent of Victoria’s total value of agricultural production of $17.8 billion.
* sheep meat/wool industry ($2.99 billion) is Victoria’s third largest agricultural industry behind horticulture ($3.60 billion), and dairy ($3.0 billion).

**Sector employment**

* It is estimated that approximately 12,900 persons work on farms that produce sheep meat/wool in the year to May 2021.

**Exports and domestic consumption of sheep products**

* Victoria is the largest wool exporter, exporting around 53 per cent of Australia’s wool in 2019-20.
* Wool exports from Victoria were valued at $1.35 billion in 2019-20, a decrease of $677 million (33 %) from 2018-19.
* Wool made up 95 per cent of all animal fibre exports ($1.41 billion).
* China was the largest value destination for wool exports accounting for 76 percent ($1 billion) of wool exports from Victoria. Italy ($85 million) and India ($85 million) were the other major markets for Victorian wool.

**Prices**

* The Eastern Market Indicator (EMI) for wool was 1,468 cents per kg as of 25 June 2021, 32% higher year on year.

**Farm financial performance**

* The projected improvement in farm performance in Victoria’s livestock industries is more modest compared with cropping farms.
* ABARES projects lower receipts from wool, sheep and lambs due to reduced wool production and fewer sheep and lambs sold.
* Farm cash income of sheep industry farms is projected to decline slightly in real terms in 2019-20.

**Outlook**

* ABARES forecasts Australian shorn wool production will rise by 2 per cent in 2020-21 to 288,000 tonnes.
* Continued favourable seasonal conditions throughout 2020-21 are forecast to lift fleece weights close to the 10-year average, offsetting the reduced number of sheep to be shorn nationally.
* Australian wool supply is forecast to continue increasing gradually from 2021-22 onwards, driven largely by flock rebuilding.
* The EMI price for wool is forecast to average 1,300 cents per kilogram clean in 2021-22—a 12 per cent increase from 2020-21 but remains 33 per cent lower than the peak in 2018-19.