

Chapter 2

Sheep and wool

While the convict settlements in New South Wales and Tasmania were still trying to grow enough wheat, another need arose. The private sector began to develop, but its problem was how to pay for the expensive imports that were needed for the construction and operation of its homes, farms and businesses. Only three very limited sources of foreign exchange were available to the early settlers: the money paid to government employees, the proceeds of sales to the colonial administration, and fees received for servicing visiting ships. So the search was on for something worthwhile to export.¹ Hunting seals and whales was tried, as was logging native timbers such as red cedar, but the proceeds from all these early exports were quite insufficient to provide a sound basis for economic development.

Fortunately, within about 25 years of the arrival of the First Fleet, wool had been identified as having such potential, although it did not become the most valuable colonial export until the 1830s. Yet, it grew to account for as much as two-thirds of New South Wales's export earnings during the second half of the 1840s and Australia and New Zealand had already become the chief source of British wool imports. Within the space of 60 years, New South Wales had progressed from being a convict prison to a major exporter of wool. While gold was the principal Australian export for the next two decades, wool had regained its supremacy by the early 1870s and was to hold that position for just over a century, hence the saying that, 'Australia rode on the sheep's back'.

Clearly, the sheep and wool industries were the most important of all in the making of Australian agriculture, and this chapter tells the fascinating story of that development. But first it is desirable to set the historical scene. Between 1770 and 1870 Britain was home to the world's first industrial revolution, which centred on textile manufacturing.² Although cotton, not wool, was the pacesetter, the impetus to the British wool industry was sufficient to underpin Australia's early agricultural development; in fact, the colonial connection was probably of greater benefit to the wool industry than to any other part of Australian agriculture.

The United Kingdom's sheep and wool industries

Before the industrial revolution: the Calico Acts

Although the British wool industry had long been the mainstay of the nation's economy, it had been under heavy pressure from cotton for more than a century before Australia was settled. Imports of Indian calicoes had risen rapidly from about 1670 onwards and protective legislation had been implemented to keep them out. (Calico was a general term for cotton fabrics in