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Pigmeat Safeguards Inquiry  
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To Whom it May Concern

I put forward this submission with a very serious concern for our business - & indeed for the Australian pig industry as a whole.

Our business is a relatively small (430 sows), but usually profitable, farrow to finish operation in the Mid North of South Australia. We employ 3 full time staff. We have previously employed casual labour 2-3 days/week, but can no longer afford to do so.

Although we have experienced previous downturns in our industry, none compares with the seriousness of this current situation. We have previously suffered a loss in only 1 year of trading (over 24 years), but are now facing potential losses of monumental proportions - that will probably be unrecoverable.

We are very focussed on using the best available technology & advice, whilst striving for constant improvements to productivity, as well as an expansion of sow numbers. We understand the need to be world competitive. We are QA accredited & have begun the necessary changes to comply with the strict new animal welfare standards recently legislated.

We have been very successful in our efforts to increase production & have almost doubled our sow numbers since 1999, as well as making major advances in productivity (per sow). We have spent over \$900,000 during this time on new buildings & improved technologies, with a corresponding increase in production - & debt.

The current situation in the pig industry has brought us to consider (for the first time) if we have a future in this industry. The hugely detrimental factors at present - all beyond our control- mean that our considerable investment in this industry may not be sustainable.

Of course, many others in our industry have made the decision we are contemplating & have left already. But unfortunately, those who leave now, are unlikely to recover the value of their property & some will probably leave with negative equity, due to a (perceived or real) collapsing of the industry. However, those who stay, risk that the crisis will worsen, causing an even worse financial disaster.

In our own situation, previously held reserves of cash are already severely depleted by the effects of droughts & high fodder costs, which means that our ability to sustain further loss is limited. With the benefit of hindsight, it appears that our efforts to expand & improve production may have been a catastrophic mistake that will not give us any financial reward.

Although our own situation is very serious, we are aware that many others are in an even worse position. The resulting financial & mental hardship is enormous.

A number of factors are combining to make our situation untenable:

- A rapid increase in imported pigmeat flooding our markets & depressing prices
- Severe, repeated domestic droughts affecting grain & fodder prices
- World shortages of grain - causing unprecedented high grain & fodder prices
- Large numbers of pig producers leaving the industry - further depressing prices.
- A high \$AUD - unfavourable for exports

In normal trading conditions, supply & demand will eventually balance. Unfortunately, these are NOT normal trading conditions. The rapid & unprecedented increase in imported pigmeat under these conditions is exacerbating an oversupply to our domestic market & delaying a price recovery.

For the first time, good business skills are NOT sufficient for survival. In fact, in the current situation, it is a sad irony that the more productive producers are losing money faster (with more pigs to feed at the highest ever grain prices)! For this reason, some producers are considering leaving the industry temporarily & returning when conditions are more favourable. We don't believe this is a practical solution & are convinced that those who do leave, will not be able to return. One major factor in this, is that highly skilled employees once lost, are not easily replaced.

In these conditions, it is not simply that we are unprofitable for the short term, but that we face an ongoing distortion to market prices for our pigs, which in turn means we are facing long term losses that may never be recoverable.

Consequently, for our business, our next planned stage of improvements may never be implemented, as the irreparable damage done to our business (& the industry as a whole) threatens our ability to invest further - or indeed to even continue in the industry.

A summary of our figures from 2002 - 2008 (2008 estimated on current circumstances) are as follows:

<b>Salt Lake Bacon - Financial summary 2002 - 2007</b>							
	2002	2003	2004	2005	2006	2007	2008(est)
sow numbers	355	354	360	407	415	430	430
number of pigs sold per year	5626	5899	6594	6850	7309	7887	8850
gross pig income	946,725	969,186	999,309	1,203,978	1,332,800	1,669,086	1,698,000
fodder cost	499,504	511,123	624,996	523,147	811,555	985,000	1,200,000
profit/loss	\$99,625P	63,930P	\$35,736L	\$228,325P	\$165,554P	NIL	\$200,000L

We urgently require a reduction of imported pigmeat (& the resultant distortion of our market) to allow our industry an opportunity to recover from this disaster.

I would be very pleased to provide further information if required & can be contacted on the numbers below.

Yours sincerely

Kerryn Moses

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Salt Lake Bacon