
MINISTRY OF THE PREMIER AND CABINET

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Our Ref: D9819180

Ms Helen Silver
First Assistant Commissioner
Productivity Commission
Pig and Pigeat Industries Inquiry
Locked Bag 2
Collins Street East Post Office
Melbourne VIC 8003

Attention: Andrea Coulter

Dear Ms Silver

Productivity Commission inquiry into Pig and Pigeat Industries

I refer to the Inquiry into Pig and Pigeat Industries and provide the following Western Australian comments.

- At the 13th meeting of ARMCANZ, the Western Australian Minister for Primary Industry in collaboration with the Western Australian Pork Industry outlined a number of recommendations which would allow Australian producers the opportunity to more accurately predict the demand for pork. These were aimed at instilling confidence to restructure and develop the industry. A copy of those recommended actions are attached for the Commission's consideration.
- Western Australia has the resources and technology to become an important supplier of high quality pork products on the international market. Proximity to the important Asian markets places Western Australia in an excellent position to take advantage of the demand for chilled products in that area. The current trade situation however is impeding efforts to restructure and develop the industry.
- The Commonwealth Government's support through the National Pork Industry Development Program is recognised. While this will assist in the restructure of the industry, with a consequent improvement in efficiency and product quality, most of these benefits will not be realised for several years. This is therefore of little benefit for those producers who are currently faced with the situation of having to leave the industry.

- The pork industry has endured low prices in the past and while this has resulted in a decline in the number of small producers, larger producers and those that are efficient have been able to sustain this relatively short term loss of income. The situation at present is different to that experienced in the past because of the extent of the problem, which is at least partly due to the increasing amount of product being imported from Canada.
- There appears to be a growing lack of confidence in the industry and this may result in a reduction of investment in the medium to long term if no action is taken. The pork industry has a very high rating in terms of value adding, and it is an important source of employment in regional area of Australia.
- The WA Pig Industry Taskforce completed a review in late 1996 and the WA pork industry recognised the need to be globally competitive. The industry has since allocated more of their funds towards developing an Investment Booklet with the aim of attracting local and overseas investment into the industry. This would provide the catalyst for a major expansion of the industry in Western Australia, leading to an increase in regional employment and an increase in pork products to Asia. The processing industry has recognised the need to reform its practices and have upgraded their facilities to meet the strict requirements of the export market.
- Since the Garibaldi food poisoning outbreak, there has been a number of major changes to the way the meat industry is regulated. Many of these changes have resulted in short term cost increases to processors which should result in long term savings.

Although a lot has been achieved in the past year or two, more time is required for the developments highlighted above to reach their potential. It is therefore requested that the Productivity Commission consider these comments together with the attached Western Australian recommendations to ARMCANZ when finalising the Inquiry's findings.

Thank you for the opportunity to comment on this matter.

Yours sincerely

Petrice Judge
Assistant Director General
Federal and constitutional Affairs

12 October 1998

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FEDERAL GOVERNMENT

Proactive and supportive activities which are already in place:

- The establishment of the National Pork Industry Development Program (NPIDP)

Recommended future actions:

- With respect to the NPIDP, Program members work closely with the Pork Council of Australia in order to best use that part of the NPIDP moneys that have been allocated for each financial year;
- Allow only boned out carcass form imports. Not selected cuts;
- With the advice of ABARE and in close consultation with industry, quota the total amount of pig meat imports to allow time for the adjustment;
- With the advice of ABARE and in close consultation with industry, quota pig meat to arrive in equal monthly tonnage's with no quotas transferable from month to month;
- Where tariffs are applied by an exporting country to our product being imported the same tariff should apply to the produce being imported into Australia from that country;
- Monitor trade policies, tariffs and subsidies to ensure the above four points are adhered to. This information should be made widely available to all peak industry bodies;
- Investigate the difference between prices paid to producers and the price charged to consumers;
- Give serious and immediate attention to the list of industry requirements that the Pork Council of Australia originally asked the Federal Government to consider;
- Importers of pig meat pay promotion and R&D levies as required by law for producers of Australian pig meat;
- Pig meat including unpacked product is clearly identified with Country of Origin label, and;
- The Federal Government to work in close consultation with the Pork Council of Australia to ensure implementation of the above recommendations

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WESTERN AUSTRALIAN STATE GOVERNMENT

Proactive and supportive activities which are already in place:

- The WA Pig Industry Taskforce. The Taskforce Report provided a strategy for the long-term viability of the WA pork industry;
- The Western Australian Pig Industry Export Development Committee (WAPIEDC) whose objective is to increase the competitiveness investment in the slaughtering, processing and marketing sectors. To achieve this objective the primary task of the Committee is to develop and Investment Booklet, which clearly describes the competitive advantages of the Western Australian pig industry;
- Supported new marketing strategies such as the concept of farmer New Generation Co-operatives as discussed recently by Michael Cook Professor in Cooperative Leadership, University of Missouri-Columbia;
- Supported the PCA's application for "exceptional circumstances" to Rural Adjustment Scheme Advisory Council;
- Supported applications for funding to the NPIDP from Agriculture Western Australia to assess pig meat market and investment attraction opportunities, and from the WA Pig Skills Centre Pty Ltd, and;
- Agriculture WA has re-directed its research and development capability to provide strategic support for the development of the industry.

Recommended future actions:

- The WAPIEDC's Investment Booklet will soon be released and will be actively promoted to key potential investors, in Australian and overseas, with expertise in processing and established export markets;
- Additional resources will be allocated within Agriculture Western Australia to assist in the promotion of the WAPIEDC's Investment Booklet;
- Continue to support the exploration of new marketing strategies such as new generation cooperatives;
- Contribute to the industry advertising campaign to promote pork sales within Western Australia;
- Agriculture WA will hold a series of workshops throughout the State to help producers examine ways of improving their product and marketing efficiency;
- Further identify and assess export market opportunities, and;
- Agriculture Western Australian will continue to undertake research and development to further increase the competitiveness and long term security of the Western Australian pig industry.

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INDUSTRY: WESTERN AUSTRALIAN and NATIONAL

Proactive and supportive activities which are already in place:

- Have provided consumers, both domestic and export, with confidence that pork produced in WA is a safe product, through the adoption of Quality Assurance schemes both on farm and in processing;
- The processing sector has made a number of major advances in its efforts to achieve world's best practice and has committed capital to enable export accreditation and capability;
- Have taken the initiative to establish a pig training facility at Northam to ensure that there are sufficient people with the skills to develop the industry in the future;
- The Australian Pork Corporation (APC) has re-directed pork promotion funding to stimulate consumption of pork on a national scale;
- WA pork producers have proposed to contribute \$100,000 as well as the APC money for the local promotion campaign for the next 6 months, and;
- Have supported the WAPIEDC's activities through funding via the Pig Industry Compensation Fund, the PRDC and through representation on the WAPIED Committee.

Recommended future actions;

- Continue to promote and adopt Quality Assurance schemes both on farm and in processing, and;
- Continued to support research and development aimed at achieving international competitiveness.

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