

From: George & Margaret Lucke To: PIG & PIG MEAT IND. INQUIRY

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## **Salkim Pty Ltd**

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Date 3 September 1998

### **PRODUCTIVITY COMMISSION**

Pig and Pigeat Industries Inquiry  
LB2 Collins St East Post Office  
MELBOURNE Vic 8003

We, the above family company, own and operate a 800 sow piggery supplying pork for the fresh meat trade. We commenced raising pigs in 1956 and built our first intensive piggery in 1969. During 1988 we commenced expanding our operations from 300 sows and recently reached our goal of 800 sows.

We operate a decentralised business that has injected \$ 1,458,000 into Central Queensland businesses in 1996-97 and \$1,508,000 in 1997-98.

Of this amount \$1,000,000 was spent on feed in 1996-97 while \$1,023,000 was spent on feed in 1997-98. Much of this money would have been used by the feed supplier in purchasing Central Queensland grain from local growers.

#### **1. OUR STATEMENT OF SERIOUS INJURY:**

The prices we received for our product for the last financial year have caused us to operate with one less worker and we were unable to pay any money towards reduction of our debt. Two families are committed to working seven days a week in an effort toward one day owning our farm. We can no longer predict pig prices and therefore cannot budget for the future. This fact can be shown that we used marginally more feed and produced a few extra pigs, but our gross income was reduced by \$320,000 in 1997-98 compared with 1996-97. Although we supply fresh pork, our industry is threatened by import of Canadian product. Canada have different values to Australia for each portion of the carcass. They place a lower value on the hind leg which allows the Australian importers to take advantage of this fact and now commands 30% of the Australian leg meat sales. At this very moment, Woolworths are running a special on

fresh legs in their meat halls. We understand this is oversupply product from their bacon factory. Before imports, this special would have been run sourcing product from specialty pork producers. The pork producers command an extra 20c to 30c per kg compared to bacon prices to compensate for the extra cost of producing a smaller pig. Because the cheap imported product helped to reduce the bacon prices in Australia, the pork prices automatically fell as a status quo.

The figures released for the import of pig meat from Canada during June and July show near record amounts. Yet this product was ordered when the Australian industry was in crisis with oversupply. What hope have we got to manage a supply and demand situation when no control is placed on import?

The Government's import decisions have allowed for a company such as Woolworths to import sufficient product to lower the prices below the cost of production to the pig farmer whilst maintaining their shop price and exporting the remainder. Possibly even gaining brownie points from the Government for having the initiative to export.

Only we the producers, and our suppliers, the feed millers, the carriers, the abattoir workers and some bacon factories know this cannot last when the pig farmer leaves through the back gate.

#### 2. RECOMMENDED SAFEGUARDS TO BE APPLIED:

We therefore request you recommend a temporary (4 year) quota of some 5000 tonnes annually and an out of quota tariff of \$2 per kg is essential to provide the breathing space needed for orderly adjustment and development of a more efficient, internationally competitive industry.

With over 40 years experience in the pig industry, I can assure you the imports have had the greatest impact on commercial decisions that I can remember.

GEORGE LUCKE

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