

## **HURSTBRIDGE ABATTOIRS (AUST.) PTY LTD**

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8th September 1998

Pig & Pigmear Industries Inquiry  
Locked Bag 2  
Collins Street  
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Melbourne 8003

Hurstbridge Group of Companies is a wholly owned Australian Family Company incorporating:

Hurstbridge Abattoirs (Aust) Pty Ltd  
Mt Compass Bacon Company Pty Ltd  
Diamond Valley Pork

This group of Companies encompasses both pig farming and pigmeat production and therefore is vitally interested and concerned about the future of the pig industry in Australia.

The pig farming arm is Mt Compass Bacon Company and includes our new growout facility at Murray Bridge. Following exhaustive investigation of piggery designs including overseas feasibility studies, the decision was made that the growout sheds at Murray Bridge would be "state of the art" American design.

To date we have completed two units with a further eighteen to follow. Due to the uncertainty in the industry, completion date of the remaining eighteen units has been delayed by up to two years. When completed, we will have the capacity to growout more than 65,000 pigs per year. Additionally, we would employ 15 staff (both full-time and part-time).

At the present time, Mt Compass is producing 32,000 pigs per year and we had been losing up to \$30-\$40 per pig. This has turned around a little but despite working the world's best practice in a very modern facility we still find it impossible to compete with subsidised imports.

Hurstbridge Abattoirs (Aust) Pty Ltd is an industry leader in incorporating the very latest technology from Europe including Stork Holland and SFK Denmark. Company

personnel are regularly sent overseas to investigate the newest technology as well as opportunities for new export markets. We do however utilise Australian technology and know-how whenever and wherever possible.

As a result, Hurstbridge Abattoirs has recently undergone a complete rebuilding and refitting program which has been partially completed. There are still numerous projects in this program placed on hold caused once again by the uncertainty of the industry.

To this point in time, refurbishment has cost in the vicinity of \$2M.

We currently have the largest pig and sow killing capacity in Australia (in excess of 500,000 units per year). This new facility is aimed at producing pork for our new export markets as well as our existing domestic customers.

Under the present circumstances it is impossible to commit further resources towards our long term strategy. Additionally, the banks are losing confidence in the pork industry and are holding back already approved funding of new projects.

At this point in time our boning facility is in need of upgrading to particularly cater for our new export markets. We have received very strong demand from Asia (particularly Japan and Korea) for value added chilled pork products. We currently are exporting some frozen pork products to Russia, Japan and Korea and recently have opened up a new market in Sri Lanka.

Traditionally boneless pork legs have been packed and frozen throughout the year for the Christmas ham trade but this has been curtailed because of our inability to compete with the price of imports.

## IN SUMMARY

We believe that Hurstbridge Group of Companies has suffered serious injury because subsidised imports have reduced our ability to compete directly in the domestic market.

Indirectly the Hurstbridge Group of Companies will suffer threat of further serious injury to our export markets if the current trend of growers abandoning the industry continues. Our ability to service both export and domestic markets will be severely restricted because of lack of supply of both numbers and quality of pigs.

We are willing to make the commitment and whatever adjustments that are necessary to maintain and improve what we believe to be a vital and dynamic industry of the future. However the current situation in the pigs industry is unprecedented. We believe that unless change is made and the industry given the opportunity to adjust and a more cooperative approach by all concerned including Government evolves then the future of the Pig Industry in Australia is bleak.

Alan Bittisnich  
Managing Director