

Baconett Piggery

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On-farm tested
boars and gilts
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21 September 1998

Productivity Commission,
Pig and Pimeat Industries Inquiry,
LB2 Collins Street East Post Office,
MELBOURNE VIC 8003

TO WHOM IT MAY CONCERN

Baconett Piggery is a family owned and operated, specialised intensive piggery (employing 1 outside fulltime person) that has been operational for 15 years. It is a 120 sow minimal disease herd, with associated facilities and expertise to grow the progeny through to bacon weight (approx 100 kg) by 5 months.

In June 1997, our situation necessitated the need for a business plan. Within this plan, we recognised the need to increase the herd by 30 sows for the business to continue with its profitability, thus we approached the banks to increase our facilities to fulfil the need for extra housing, silos, feeding facilities, etc to accommodate the increase in sows and progeny. Our accountant, financial adviser and the bank personnel all saw credence in our decision. No-one, not even ABARE we believe, recognised the threat imported meat would have upon our Industry. This has been the most difficult period in our 19 year existence in the Industry. For the first time ever, in April we renegotiated a reduced repayment to the bank - to the tune of half our budgeted repayment. To be truthful, we were in a sounder position during the high interest rate and drought periods than now, and might I add, we have only built half of the planned extensions, with the extra loan monies being used to cover the shortfall in the day-to-day operations.

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As our business plan states, record-keeping is vital and thus we are able to show the average price/kg we received for years gone by.

Our cost of production fluctuates marginally according to feed costs, etc but we believe in the vicinity of \$1.95 - \$2.05.

We understand the imports are not the only factor in this equation, however October/November 1997 was a period of high importation of pig meat. Our average price/kg fell as shown:

As imported meats rose dramatically in May/June 1998, the price/kg trends over the next 6 months will be interesting.

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Perhaps one of the most damaged areas of the Pork Industry is the “Confidence” and not just the producers; bankers have indicated future lending will be restricted making our production and decision making extremely difficult. *Without confidence, failure is easy!!* The Australian Pork Industry has been successful within Australia, employing one person off-farm (feed companies, transport, vet supplies, etc) for every one on-farm. We understand this makes the Pork Industry one of the most "employable" in Australia.

Confidence needs to be restored. At the very least, a temporary quote of 5,000 tonnes and an out-of-quota tariff of \$2/kg needs to be implemented to allow our Industry to adjust to the new supply and demand arena of the world. If all Australian citizens are to benefit by globdization, then those seriously disadvantaged must be compensated. It is a hard call to expect individual businesses and selected Industries to bear the financial burden of Australia's presence in the global economy.

Yours in securing a future in the Australian Pig Industry,

Chris and Susan Barnett