

6 October 2004

Pigmeat Inquiry  
Productivity Commission  
Lockeg bag 2  
Collins St East  
MELBOURNE VIC 8003

Fax: 03 9653 2305

Email: pigmeatinquiry@pc.gov.au

Dear Commissioner

Submission to the PC Inquiry into the Australian Pig Meat Industry

This is a submission from B S & A L Mullan, Yirani Farm to the Productivity Commission inquiry into the Australian Pig Meat Industry. In this submission, I wish to address among other things, issues relevant to the sustained profitability and competitiveness of my farm business, including the damaging impact of imports on the industry and the need to appropriate trade measures to be implemented to benefit the Australian pig industry.

#### 1. Farm Structure and Activity

I have been in the industry since 1970 when I completed school to begin work on the family farm. There are eighty breeding sows in the herd at present and I have increased the sow numbers from sixty five in the last three years in an effort to remain competitive. All pigs are sold as bacon with the average weight at present 77kgs H.S.C.W. compared with a carcass weight of 74kgs H.S.C.W. in 1994. The increase in carcass weight has helped contain increased freight costs that have gone from \$4.50 per baconer in 1998 to \$8.00 per baconer at present. I operate the piggery with the part time assistance of my wife who also works three days a week at the local bank. This extra income has been very important to our business with low pig prices in the last two years.

#### 2. On Farm Profitability

In the last two years the main factor affecting profitability has been the high price of grain as a result of the 2002 drought. The total feed bill for the piggery rose by \$31,000 in the last eighteen months while in this period pig prices have remained at low levels. As a result we have found it impossible to replace older machinery and equipment which in the long term must be addressed if we are to remain in the industry. Over the last four years a system of batch farrowing has been implemented to increase production via the use of artificial insemination and fostering of piglets in the farrowing shed. This has resulted in an increase in the number of pigs weaned per sow of 8.9 in the year 2000 to 9.5 in 2003. This is an example of the extra effort that has been put into the piggery but

unfortunately pig prices have not increased to reward this effort and keep up with the rate of inflation.

### 3. Industry Out Look

The pig industry has become very efficient over the last ten years. and has the environment for a bright future but a more level playing field needs to be established in the near future in regards to subsidised imports. I have great faith in the processor I supply (PPC Linley Valley WA) as they do not use imported product and are working extremely hard to consolidate their export markets in Singapore.

### 4. Conclusion

The difficult financial situation facing pig producers suggests substantial changes within the industry are needed, in particular trade measures such as a safeguard action.

Yours sincerely,  
Bernie Mullan