

This is B E Campbell submission to the Productivity Commission Inquiry into the Australian Pig Meat Industry. In this submission we wish to address the following matters :-

- *Imports are damaging the industry and as such appropriate trade measures should be implemented to benefit the Australian pig industry;*
- *Grounds exist for a Productivity Commission investigation into safeguards; and*
- *APL's draft Industry Restructure Plan is designed to achieve global competitiveness of the whole of the supply chain and the short and long term assistance required by the industry to achieve this.*

- **Company Background**
 - * *Australian owned and operated established since 1969.*
 - * *Based in Wetherill Park (Western Suburb Sydney).*
 - * *Close to labour pool.*
 - * *Close to domestic customer base.*
 - * *Boning, chilling, freezing and distribution centre.*
 - * *Capacity of 11,000 pigs per week.*
 - * *Currently processing 8,500 pigs per week.*
 - * *Diverse customer base.*
 - * *Share in export abattoir at Murray Bridge SA.*
 - * *Carcass slaughtered close to production areas and road transported into Wetherill Park.*
 - * *Employs directly over 220 people.*
 - * *Registered training organization.*
 - * *Exports to Japan, Korea, New Zealand, Taiwan, Philippines, Singapore and South Africa.*

- **Impact of Imports on the Australian Pig Meat Industry and Specifically on Our Business**

Impact of Imports on the Australian Pig Meat Industry

- * *Price volatility paid to growers and processors from smallgoods manufactures.*
- * *Exchange rate fluctuations, as they affect both exports and imports, have huge bearing on prices able to be paid to growers.*
- * *When only one portion of carcass was being imported (leg – Canada) prices for other 2 cuts could be adjusted to compensate. With additional import (middle - Denmark) prices paid to growers must be reduced to try to compete.*
- * *There is now a real threat that our industry must retract to supply only the fresh meat trade. (All product used by smallgoods manufacturers to be imported.)*
- * *If fresh meat only, you would see at least 50% of Australian producers exit the industry.*
- * *Biological risks due to imports – ultimately would increase cost of production.*
- * *Perception within parts of industry that overseas competitors are actively trying to destroy Australian pig industry to stop our own exports and to increase margin on product imported to Australia.*
- * *No figures are ever given for satellite industries which are supported by pig industry – transport, milling, engineering, animal health. All would be lost, mainly in regional areas affecting viability and sustainability of these centres.*
- * *Even large best practice operators have incurred heavy losses and are contemplating exiting the industry.*

Impact of Imports on our Business

- * *Over 70% of our own client base now use imports while originally only large processors – it's now filtered down to medium and small processors.*
- * *BEC profit margin are only positive if prices paid for livestock are at, or near producers cost of production.*
- * *BEC exports to Japan (loin/belly) have had to cut back as product not needed in Japan can only be sold domestically to smallgoods manufacturers (leg,*

shoulder) at import parity pricing. Prices able to be paid to growers is often below cost of production.

- * *Stopped all further investments in pig production and processing as there is no surety of a return.*
- * *Viability of export abattoir in SA is now under extreme threat due to lack of pigs produced in that state. This in total is a \$22Million investment.*
- * *Margins on product supplied to smallgoods manufacturers are generally below BEC cost of production now affecting total viability of business.*
- * *Investment in capital equipment specific to the pig industry valued at \$10Million is now at risk.*
- * *Employment for 150 staff with their associated skills built up over 20 years is also at risk of being lost.*
- **Options to Improve Global Competitiveness of the Australian Pig Meat Industry and Our Business**
- * *Tariffs placed on imports for 10 years to allow growth of industry.*
- * *Cap placed on volume for 10 years to also help with growth and sustainability of industry.*
- * *Free trade agreements to be assessed with key pork export markets ie. Japan and Korea.*
- * *Government support through loans for the implementation of world best carcass grading equipment.*
- * *Government industry supported genetic importation program that meets quarantine regulations for the purpose of improving Australian pig genetics and carcass quality.*
- * *Support through industry funding with the redirection of business strategies.*
- * *Importation of grain during times of drought, with the exemption to bring inland to piggery locations.*
- * *The long term viability of the intensive livestock industry to be seen and supported by the grains industry as it is essential to Australian rural industry and landscape and their own profitability.*
- * *Examine methods of forward/stabilization of grain purchases through systems of price equalization.*
- * *Tax incentives for growers to store on hedge further out on grain purchases.*

FINAL NOTE

I would welcome a visit by members of the Commission to show them our operation first hand and to talk to them face to face about the associated issues.