

**From: M H West & Sons, Young**

**Reply to draft report by the Productivity Commission into the Australian Pigmear Industry**

MH West & Sons submission written by Tony West. Would like to say at the outset how totally disappointed we were with the draft report after reading the report completely.

First up the Commission goes out of its way to stay removed from producers by having meetings in Capital Cities, removed from the area of production and due to money and time constraints make it impossible for producers in the small to medium piggery size to attend that is up to 500 sows.

The first half of the report has very little substance to it and it has the same information repeated over and over again.

The impression it gives me is the Federal Election is over so get rid of these producers as soon and as quietly as you can.

Right throughout the report the commission shows very little interest in producers. It appears processors and consumers are the main interest and heavily subsidised pigmeat is good for our country. Basically no mention was made of imported product being promoted by levies paid by Australian producers through the compulsory levies system.

It is interesting to see where the commission places producers when they talk about trade restrictions that would harm consumers, retailers and manufacturers. Who needs a fresh meat pig trade in Australia. Lets close it down and only have processed product. That is basically what the commission is saying. I am thoroughly convinced after reading this report that Denmark and Canada are dumping pigmeat in Australia.

Agriculture contributes a lot more than 3% of Australia's GDP. With processed product its more like 50%. Its easy to understand why domestic prices for pigmeat are generally higher in Australia, compared to other countries, due to very little government support.

Governments in Australia, both state and federal have NO direct support to pig producers up to 500 sows. Programs in recent years do nothing to the bottom line of this size piggery.

The diesel fuel rebate being mentioned shows the beauracracic naivety and 9 to 5 mentality of this commission. The tax on diesel fuel is put on by the federal government to assist in road repairs by road users. When diesel is not used on road the tax should not apply, let alone have to claim it back. But the government does that because not everyone gets around to claiming.

So please don't serve us up anymore of that rubbish. Off road users are still paying some on road tax because the rebate stays at about 37 cents and does not move up with the price, so we are still being taken for a ride. The commission talks about producers lack of ability to manage risk.

When the goal posts are being moved all the time by the federal government, risk management is impossible. Also another point of pig size. Fresh meat processors in Australia don't want big bacon pigs for the fresh trade. Producers have to suit the trade and 60 to 70 kg carcasses are what they mostly require.

The Commission talks about small producers moving in and out of the industry when prices move up and down. This I believe is a total load of rubbish. There are a lot of smaller producers out there who were producing pigs on a regular basis 25 years before any of the big players of today ever thought about producing pigs. In our close proximity there are two producers who have been producing pigs on a regular basis for over 70 years.

#### Draft Findings 3.1

The profits have been hard to find since the mid 90's and to say that producers have had above average profits for several years before 2002/2003 is not fact.

#### 5.3

Intensive industries need to realise that grain growers need to try and cover their costs in a drought, otherwise you can forget about grain being available.

#### 6.1

Producers have exhausted all measures to stay competitive and after that they go broke and close down as has been seen recently.

#### 6.3

It would allow producers to survive. On going restructuring is another fraise for sending producers broke.

### 2 Australian markets for pigs and pigmeat.

#### 2.1

Fresh offal is mentioned but remember producers receive zero dollars for this part of the pig.

#### 3.1

This table is quite false for smaller producers in Australia who receive zero upfront support. Grain support in the EU, Canada & US would help producers to keep costs down. We cannot export to the EU which shows how competitive they are.

#### 3.5 Box

After reading this section you people say we do not have a strong enough case.

#### Economics of Scale.

Larger operations do not have production cost advantages over smaller producers. During these tough times smaller producers could pull the pin easier because they probably own their asset or can write it off. Where as the large producers have no where to go, except borrow more money. A good example of large producers going to far is Miandetta Piggery and Danpork.

#### Page 59

I can assure the commission that the production system for canola is totally different to cereals.

#### Page 60

The only reason why we can send boned meat to Singapore is because it is only chilled where as the other meats are frozen. So you cannot compare.

Page 63

Sovereign risk is our greatest enemy as I mentioned earlier where the federal government in particular keeps changing the goal posts.

Page 64

I completely disagree with your comments on diversification of enterprises. Some of the most efficient, modern units are small producers. We have run a constant flow system for over 25 years, just like a lot of other small producers.

Page 74

You talk about mixed farms not being specialised like large producers. Large corporate farms are vertically integrated just like mixed farms are. So that is a lot of BS.

Page 81

NPIDP was available to all pigmeat producers but very little was available to small producers because of these infrastructure and resources to be able to implement. I do know about this after giving three years of my time to the group.

Page 99

The Australian government subsidised 40% of AQIS charges in 2001 because they knew that they had done the pig industry an injustice.

Page 100

Ludvigsen Farms talk about the federal government not being able to control other governments. We can control our own destiny by making them competitive. NSW Farmers say producers have been responding well to increased imports. Yes they have been going broke.

Page 101

Your comments on grain growers having a lack of competition. What a lot of rubbish. Who came first, grain to feed animals or animals to grow grain. You talk about grain at \$300 per tonne over a 7 month period being above the export price. What about all the years that the price ran below export parity. The argument does not hold water. The single desk for wheat is no different to the single desk the pig industry has to export pig meat.

Page 121

The first paragraph basically says that the small producer is being pushed out. The only ones not subsidised.

Page 126

Producers would have had something to complain about back in the 40s & 50s when the wheat board controlled all wheat both domestic and export.

Page 129

How could Ludvigsen Farms have any credibility after making comments about imports levelling out price fluctuations on the domestic market. The rises and fall have been still happening since imports started coming in from Canada and Denmark.

Page 133

The only comment I would make from the ridiculous statements this commission is making is that if producers in Australia were competing on a level playing field with imports, most producers could have weathered the high grain price mainly because the price for fresh meat would not have dropped so low.

Producers find it difficult to adjust when there is more money going out than coming in. You people make it sound as though most producers are poor managers. These producers left a number of years ago.

The only reason why producers have left the industry in recent times is because they were forced out through federal government neglect of agriculture and zero support for small producers.

Page 134

We tried to get EC and were knocked back because of the piggery. Then we appealed without any success what so every. There is no helpful assistance for small producers.

Page 137

Targeted Adjustments programs

We completely reject your comments on smaller non-specialist producers, as you call them. The facts are that some smaller producers would be the most specialist and efficient units in Australia and are run-hands on by the owners who in most cases have an eye for a quality pig and breeding program. Corporates work on computer pigs that look good on paper but in most cases end up being second grade and fatter carcasses.

The programs that are listed in the back of the draft that are available to EU, Canada and US producers are that extensive that you people running this commission hold no credibility to come to a final summary in your draft report.

Most of the information that this commission has received from producers has come from the top end after viewing the lot of submissions.

Very few submissions have come from smaller producers probably for a number of reasons. Probably most would not have seen a copy originally of dates to send and then not seen the draft, let alone spent 6 hours reading it. Time and expertise to do a submission is beyond the capabilities of some people.

So what ends up happening is you get a distorted view from the top end of town. To finally say that the pig industry is out on a branch with the federal government having sawn half way through that branch. So what do you do, let it break or repair the tree?