

DEPARTMENT OF AGRICULTURE WESTERN AUSTRALIA
COMMENTS ON THE DRAFT PRODUCTIVITY COMMISSION REPORT
ON THE AUSTRALIAN PIGMEAT INDUSTRY

The Department agrees with the Commission's finding that many of the issues facing the pig industry are issues which are best addressed by industry measures. The Department acknowledges the assistance provided to industry by the Federal Government through joint funding of industry research and development managed by APL and the newly established Cooperative Research Centre for an Internationally Competitive Pork Industry. Both of these initiatives will assist to address issues which the Department raised in its original submission.

However there are 2 issues which the Department believes require Government involvement to improve the efficiency of the pigmeat industry.

1. EXPORT SUBSIDIES.

The draft report notes that assistance to Danish pig producers, who are responsible for around 40% of total pork imports into Australia (A\$121.7 million in 2004), is in the order of 20.5%. The report also notes that the average tariff applied to pigmeat imports into the EU is between 47% and 87%.

Considering the significant negative impact of imports on the viability of pig producers in Australia, it is difficult to accept this level of advantage enjoyed by the Danish industry. The Commission's report concludes that restricting imports will adversely affect consumers, retailers and manufacturers, however the net benefit and extent of the impact on each sector is not assessed.

The Department recommends that the Commission/Federal Government explores this issue in more detail including consideration of the impact of remedies available under WTO regulations.

2. BIOSECURITY ISSUES

Although not addressed extensively in the report, this is an issue of major significance to the industry because of the potential to increase production cost and reduce access to export markets.

It is recommended that the Commission make a finding noting the significance of this issue to the industry's competitiveness and the requirement for industry and government to undertake relevant research and for government to regularly review import regulations.