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To Productivity Commission

It is with concern I write this submission, it is very wrong to quote that pigmeat producers have had 8 good years out of the last 10 years.

Pigmeat producing is like most agriculture industries. They operate on a percentage basis, pigmeat runs at about 4 to 1 with the average pig producer getting a return profit of \$100,000 for a year, would have to invest about \$400,00 to get back \$500,000.

The last slump went for about 15 months. This means that the producer not only got a nil return for his years work but he also lost about \$97 500 of what he invested. That means that he would have to work 1 year for nothing just to recoup his investment, without the profit he should have got. Most producers had to operate at about 50c below the cost of production during the period between 2002-2004. The slump back in 1997-1999 was even worse.

So for anybody to say the pigmeat producer has had 8 good years out of the last 10 years is unfair and wrong.

For QAF Meats to say the last slump was caused by farmers vacating the industry is grossly unfair. These people leaving the industry would have taken pigs out the market. The last slump was supposed to be caused by a firm in Sydney. I was told they had a very large consignment of pigmeat on the high seas heading for Australia, when they discovered that they had miscalculated their local produce and had not left room in their storages to receive the large consignment of imported pigmeat. So they dumped a large amount of their local produce on the markets around Sydney and Melbourne causing a glut.

If these large international companies are going to be allowed to come here they should be made to put in place some sort of system that would absorb their surplus produce when they lose contracts, instead of flogging it around the country destroying local peoples lives.

I don't think it is anything to brag about to say there are 30,000 less pig farmers in Australia now compared to what there was a few years ago, a percentage of these farmers may not have been good operators. But a large number of them would have been, it is a disgrace to think their lives have been destroyed. They would have been just as good a worker and operator as anybody that works for these large companies. Their money would have been spent in the local area,

not taken out of the country as these large international companies do when they make a profit.

The increase in the size of pigs needs more research. Increases to 83kg could do more harm than good in some cases.

I spoke with an old processor who specialised in bacon, ham and smallgoods, he liked pigs around 75kg. Those days, I asked why he liked pigs around that weight, his reply was you have got to have pigs around that size as the meat is too soft if any younger for curing. But it is just the opposite for fresh pork, when a pig gets to around 60kg plus, the meat starts to get too strong, dry and tough for fresh pork. A pork roast and a pork chop cut out of a 50kg pig is much more succulent than what they would be if they were cut from 80kg pigs. I agree with the idea of 83kg for making bacon, ham and smallgoods, but I must make the comment that it cost about 30c a kg more to produce a 50kg pig than a 83kg pig. The wholesalers, retailers and consumers would need to be educated to this fact.

My comment on the payment system. The grid that some processors use makes it easy for the processor to take advantage of the producer, the P2 system seems to be the fairer of the two systems.

I prefer to take my pigs straight to the abattoirs for the pigs sake.

The auction system still seems to be the best yardstick for keeping buyers honest, the open competition helps. Without some auction sales, the buyers would have a field day.

There needs to be research done in the selling side of the industry.

The feed side of the industry is very important as it is by far the largest cost in producing pigmeat.

The export markets for wheat and barley are very important to the Australian economy and should be given a lot of consideration, but not at the expense of the local domestic user. They should be catered for first, but the grain producer should not loose out in any way.

Soya bean meal is something I have often thought about. Almost all of the Soya Bean we use is imported from America, farmers buy it in America for about \$200 a tonne, we have at times got to pay over \$600 a tonne. This gives America an advantage over us. Soya Bean meal is very important in producing a meaty pig. Why can't there be some research done towards producing Soya Bean here in Australia.

Fish meal is another commodity that is very important as a protein supplement in pig feed, yet nearly all our fish meal is imported costing up to \$1,200 a tonne. This I can not understand as Australia has the most coastline of any country in the world. Why can't Australia be like New Zealand and set up a couple of factory ships and produce fish meal here. This is another issue that gives other countries an advantage over the Australian farmer.

The unbalanced wage structure in Australia makes it impossible for pigmeat producers in Australia to compete in a global market, if governments don't change their attitude towards the agricultural industries in Australia in a few years time. Young people are not interested in staying on the farms and working now, they are going into the cities by the thousands. I myself do not blame them, why shouldn't they go into the cities and take advantage of the situation and get a slice of the big cake that's on offer around the cities. They would be fools not to. You can not expect them to stay on farms and work hard and study to gain the practical knowledge and experience that is so vital to the agricultural industries. People can study books all they like and learn as much as they like theoretically, but when it comes to putting it into practice it is mostly always useless to them. That is why large co-operative companies generally fail in the agricultural industries. This is a very serious situation because the average age of farmers today is around 56 years of age. This means that they will be leaving this industry in a few years time and all their practical knowledge and experience will be lost to the industry. It could well mean that Australia in the not too distant time, could end of a nation of people than can not even feed themselves. You can not expect young people to stay on farms, work hard to gain this experience, and end up only getting about \$500 a week, when their cousins in the cities are getting thousands of dollars a week in air-conditioned offices and not even getting their hands dirty, they do not even have to buy the pen they write with, it is a very lopsided situation.

Large co-operative companies can only succeed while the family units are propping up the economical structure. Remove the prop and the large companies start competing against one another, that is when the economy of Australia will fall in a heap, the large companies will then flee the country, taking their money with them. When the economy collapses everybody will be forced out of work, it will take Australia years to get out of the mess, ruining our grand and great-grand children's lives.

Imported pork under the present format being allowed to be imported the way they are importing it is disastrous, it could ruin the domestic markets and family units. Governments should stop assisting large companies to gain a monopoly. They also should put an embargo on imported pork. This would give the industry a chance to settle down and sort itself out. This would be better than destroying peoples lives. Supply and demand will level the industry out in the finish.

The Australian pork industry is operating on a very uneven playing field, pig prices are fair at present but it is only a very temporary situation.

Yours sincerely,

W. Evans