

Stockfeed Manufacturers Association
(Queensland)

Submission to Australian Pigmeat Industry Productivity
Commission Draft Report.

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Background on Stockfeed Production in Australia and Queensland

The Stock Feed Manufacturers' Council of Australia (SFMCA) represents feed milling companies throughout Australia. SFMCA members manufacture over 4,600,000 tonnes of feed annually; this is principally feed which is supplied to commercial poultry, pig, beef, dairy, sheep, horse, aquaculture and household livestock producers.

SFMCA members operate 101 feed milling sites located in all States of Australia. The number of mills and volume of feed manufactured represents over 90% of all commercial feed sold within Australia.

A survey of members completed in August 2004 identified the following volumes of feed manufactured by SFMA members over the previous 12 month period (Figure 1).

Figure 1.

	Feed Volume (tonnes)
Qld	746,800
NSW	1,147,300
Vic	1,812,900
SA	467,700
WA	440,000
Total	4,614,700

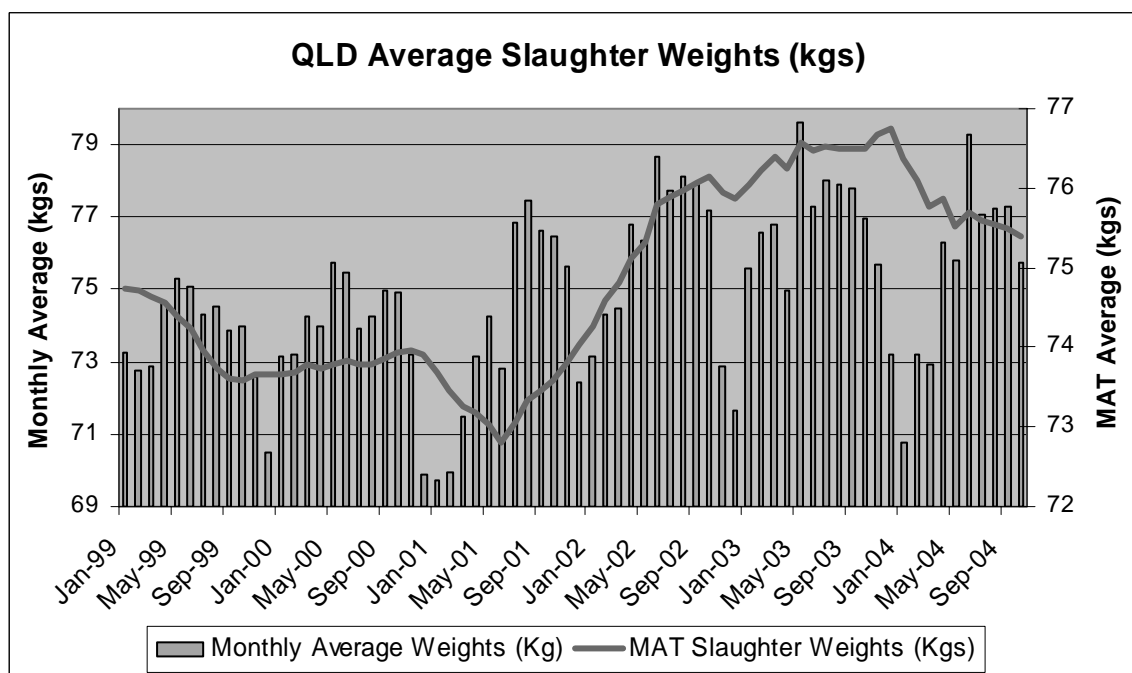
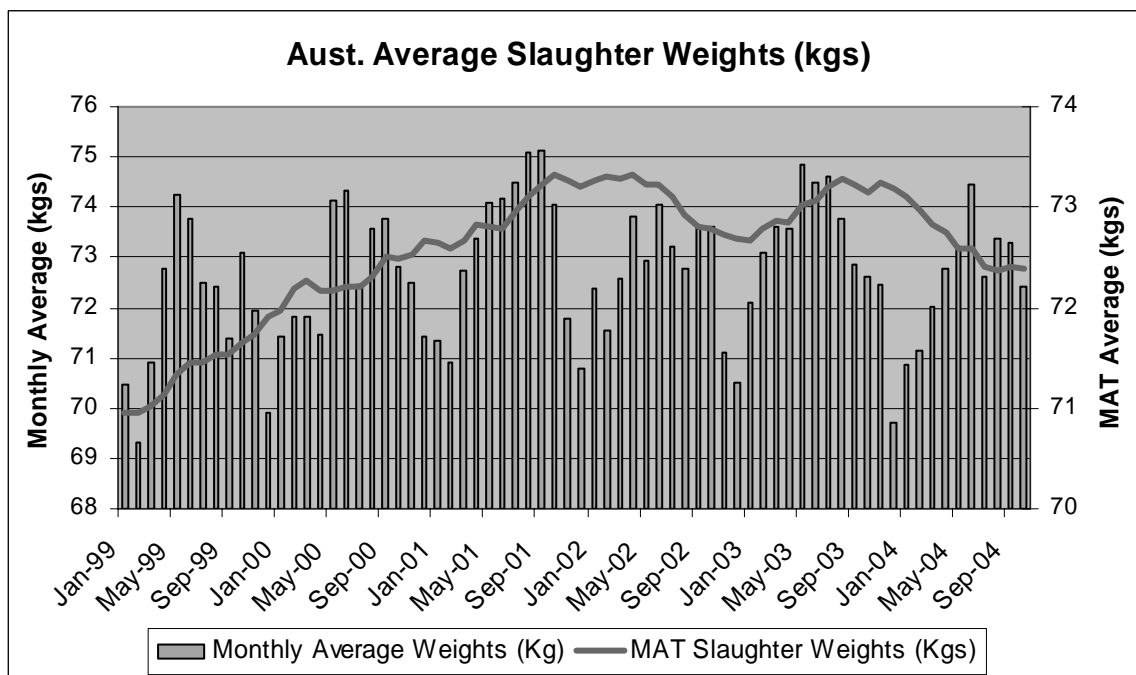
In 2004 there were 17 Full members and 24 Associate members in the SFMAQ and the tonnage base of the full members has been estimated to account for in excess of 95% of the commercially milled stockfeed in Qld.

SFMAQ's Interest in the Draft Report

Pig production and the associated activities is a very significant activity in Queensland and as shown in Table 2.1 of the Draft Report approximately 21.5 % of the sow herd is located in Queensland. Queensland is also fortunate enough to have large areas of land with access to water resources suitable for pig production and the State Government has been actively encouraging pig production in Queensland, in contrast to many other states, particularly NSW.

Queensland's proximity to Singapore and Japan allowed pig production to increase significantly when exports were favourable and since the loss of exports for a number of different reasons as identified in the Draft Report, Queensland pig producers have probably been harder hit than producers in other states. Export pigs are larger than domestic pigs and the effect of the loss of exports can be seen in Figure 2 (from data provided by APL) which shows that the average slaughter weight of Qld pigs has fallen significantly in the last 12-18 months and more so than the Australian average .

Figure 2: Average Slaughter weights for Australia and Qld pigs



A sustainable and profitable pig industry is vital for the long term success of many of the members of the SFMAQ. Feed conversion efficiency and cost of feed ingredients are obviously essential components of ensuring cost effective pig production. Many of the other elements needed for the success of pig production in Queensland have also been mentioned in the draft report and from the SFMAQ’s perspectives the key points for discussion include:

- A dedicated feed grain industry. Developments with the Premium Grains for Livestock Project and the outcomes for the Pork CRC may assist in this process
- Review of import restrictions on feed grains

- Review of the effect single desk exporting of grains has on grain prices
- Improvements in transport of grain and other raw materials into Queensland. The Feed Grain Advisory Group (FGAG) identified that Queensland is a net importer of grain for animal use even in a good crop year. Consequently the standardisation of rail gauges between NSW and Qld and improvements in cost and efficiency of sea carriage of grain to Queensland are vital to ensure cost effective grain transport.
- Consideration of the effect a subsidised grain for ethanol industry would have on availability of grain for animal production

As identified in the Draft Report, feed costs account for approximately 65% of the cost of production of pig producers. In recent times the poor profitability of pork production has meant that many feed millers carry the debt of pig producers for extended periods and often end up having to write these debts off when the piggery is liquidated.

The combination of significant investment in feed milling and delivery equipment to service pig production combined with the increasing probability of not getting paid for the delivered feed means that SFMAQ members have a vested interest in ensuring the profitability of the pork production industry in Australia in general, and Queensland in particular.