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Pigmeat Safeguards Inquiry  
Productivity Commission  
LB2 Collins St East  
Melbourne Vic 8003

16<sup>th</sup> November 2007.

To Whom It May Concern:

Please find attached my submission to the Productivity Commission's Safeguards Inquiry into the Import of Pigmeat.

I am a 64 year old mixed farmer from Bimbi (near Grenfell) in the Central West NSW. I farm 1,000 hectares with my wife Robyn and son Simon aged 38. When I retire it is expected that my son will take over the farming operation.

Our farming enterprise is based on cropping (1,000 hectares of winter crops mainly wheat, triticale, lupins and canola), and livestock (200 sow piggery, and 700 merino ewes). The piggery operation began as a sideline operation 27 years ago, but has developed into the major income earner for our farm particularly in recent years with failed crops and pastures due to droughts. However the recent combination of low pork prices due to excessive imports and high grain prices due to drought has proved devastating not only to my own piggery operation but also to the 30 or so other piggeries in the Grenfell area – many of which have chosen to shutdown.

I have experienced a decrease in gross income from my piggery of 70c/kg on the prices received this year compared to 2001/2. Details are included in the attachment. Another consequence of the current devastating economic climate in the pig industry has been the closure of the Grenfell Rural Producers Co-operative. This co-operative began back in 1984 and was formed to give smaller family owned and operated piggeries better economies of scale and purchasing power in the pig feed additives market. These feed additives included protein meals, mineral supplements and premixes. Only 2 years ago there were 34 members of the co-operative. This month there were only 2 pig farms left and the co-operative closed. I have now lost all the benefits of the savings available to me from membership of the co-operative. Once again I face increases to my cost of production and there is nothing I can do to prevent this.

Our piggery operation supports 2 families and 1 casual employee who also suffers a physical impairment. I have witnessed the number of piggeries in this area decline from 34 a couple of years ago to only 2 today. Piggery operations have provided

much needed cash flow over the years in country areas, as well as employment opportunities. Now the industry has been decimated by the continual influx of imports from countries that subsidise their farmers.

Please initiate safeguard measures to protect our pork industry.

Yours sincerely,

A handwritten signature in cursive script, appearing to read 'Ged Nowlan'.

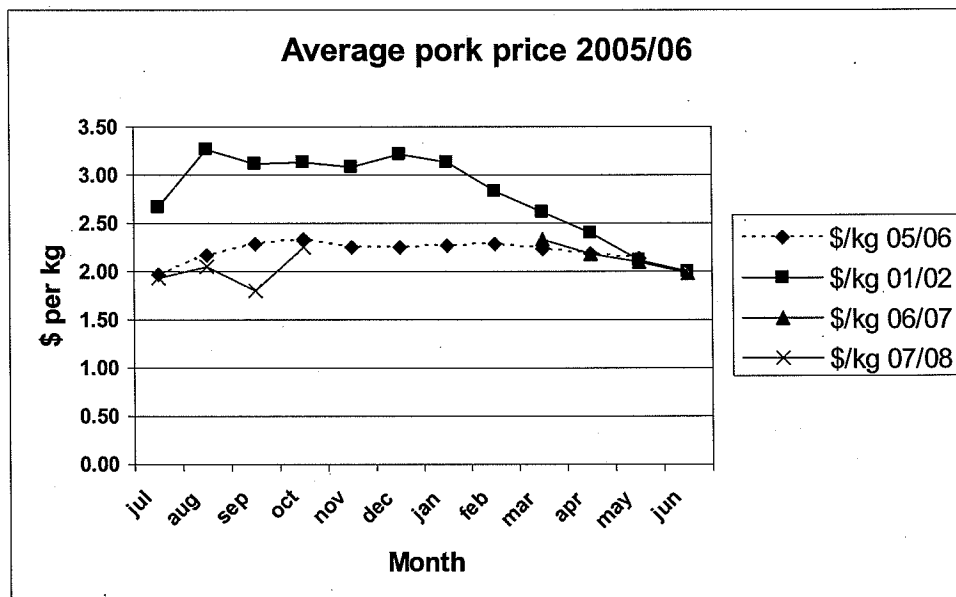
Ged Nowlan  
Owner/Manager  
Bimbi Bacon  
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## Productivity Commission Safeguards Inquiry into the Import of Pigmeat

### 1. The effect of imports on the pork price received by Ged Nowlan Bimbi NSW

In Australian Pork Limited's newsletter 'Pork it up' October 2007, the increase in imports on a Moving Annual Total (MAT) for the volume in tonnes shipped weight is 45.6% from July 2006 to July 2007. This huge increase in imports has completely removed demand for baconer pigs and caused a depression in pig prices.

I have graphed my average pork price for 2001/2, 2005/6 and 2007 to date. In June 2006 I did a depop/repop so I have no sale data from June 2006 to June 2007. (Note: A depop/repop is an accepted management tool for the control of disease in piggeries for diseases such as the various pneumonias.)



My average pork price for 2001/2 was \$2.75 and for 2005/6 it was \$2.22. So far for 2007 (March to October) the average price I have received is \$2.05. I have calculated my figures using the total kilograms of pork sold and the total \$ received. From 2001/2 to this year the decrease in the average pork price I receive is 70 c/kg. There is no doubt in my mind that the decrease in pork price that I receive is the direct result of the dramatic increase in pork imports into Australia.

I have deliberately left the price of feed out of the equation because as everyone knows we are in our 2<sup>nd</sup> year of drought and failed grain crops. There is no doubt that the drought has impacted on the profitability of all farmers by causing a doubling in the price of feed. However the impact would be much less severe if we were receiving the pork prices of 2001/2 and many growers who have left the industry would have stayed.

## 2. Changes to my cost of production.

I have used the NSW DPI Pork Cost of Production calculator to calculate my cost of production for the 2001/2 and 2005/6 financial years. The figures are summarised in the table following.

Category	2001/02	2005/06
Carcase sales \$/kg	2.75	2.22
Feed costs	1.52	1.65
Non feed costs	0.66	0.60
Cost of Production \$/kg	2.18	2.25
Margin	0.56	-0.03

I have not included the COP for 2006/7 because I was just returning to production from a depop/repop and the figures would be distorted. However I would like to add that grain prices in 2001/2 were in the vicinity of \$180 to \$240 per tonne for wheat, barley and triticale. The finished ration made from these grains for that year was in the vicinity \$280 to \$340 per tonne. The 2005/6 year was also a drought and grain prices were \$300 to \$350 per tonne.

For 2007 with grain prices anywhere from \$400 to \$550 per tonne the ration cost is at least another \$60 to \$100 on top of the grain cost making the ration cost almost double that for 2001/2. But we are getting nowhere near the average pork price received in that year and even if we were we would still be losing money.

## 3. Community impacts of pork imports – closure of the Grenfell Rural Producers Co-operative.

In 1983/84 a group of farmers met in Grenfell for the purpose of forming a buying group for feed additives used in pig rations which includes protein meals, mineral supplements and premixes. All of the farmers were involved in the pig industry and when the group was formed it consisted of about 12 members. By 1995 the group had expanded so much that a Co-operative was formed - the Grenfell Rural Producers Co-operative Ltd. At that time we had about 49 members with an annual turnover of \$900,000.

As time progressed we enjoyed a huge trading turnover, and successfully ran two Pig Field days in Grenfell (in 2002 and 2004), with a very large attendance of people from the pig industry. In these times we still had a large number of members. As time went on members were starting to struggle with low pig prices the result of what I believe was caused by the importation of pig meat.

The producer members declined as a result of continuing low prices and then the drought until finally all but two of our members exited the pig industry. The Co-operative after 24 years has to be wound up as it cannot continue to operate.

Summary:

Year	Members
1984	12
1995	49
2005	34
2007	2 Co-operative closed.

The impact on me as a producer attempting to stay in the industry is that I will now face increased input costs due to the loss of buying power for feed additives as a result of the co-operatives closure. I face increased transport costs on feed additives, no opportunity to take advantage of bulk buying discounts, and the difficulties in purchasing of perishable products in small amounts.

There is also the impact of the disappearance of 32 pig farmers and all that cash flow that has now disappeared from this region, not to mention the job opportunities that have disappeared. When industries such as pig farming fade out of rural communities the viability of those communities' decreases. Pig farming provides a steady cash flow and allows farmers to develop and maintain their farms, purchase new farm equipment and provide income in bad years. Communities become less sustainable when the diversity of agricultural enterprises declines.

Pig farming is a highly specialised industry with much capital invested in the pig sheds. I built a new pig shed in 2003 at a cost of \$200,000. However when our farm was valued recently (\$2000/ha) the pig sheds are left out of the valuing process.

Pig farming provided the cash flow that enabled me to support my 4 children through boarding school and university. Both my sons studied Agricultural Science and have returned to the Grenfell area – Simon to the farm and Dom works in Lachlan Catchment Management Authority. My daughter Emily works as a maths teacher and Sara works in administration at Melbourne University. I am proud that my wife and I had the means to raise four adults who make a positive contribution to the communities in which they live.

Pigmeat industry Safeguard measures are essential for the survival of the pig industry in Australia especially in this time of extreme economic hardship due to the effects of the on going drought.