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To whom it may concern:

Submission to the Productivity Commission: Safeguards Inquiry into the Import of Pigmeat

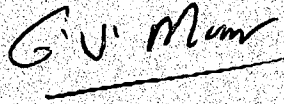
This is a submission from Gjadick Pork Pty Ltd to the Productivity Commission's Safeguards Inquiry into the Import of Pigmeat.

In this submission we wish to address the following matters:

- Imports are injuring the Australian pig industry and as such, appropriate provisional safeguards should be implemented to stabilise the industry;
- Grounds exist for a Productivity Commission recommendation to implement provisional safeguards and general safeguards;
- An implementation of provisional safeguards and general safeguards would not:
 - a. be a disincentive for the industry or for Gjadick Pork to adjust; or
 - b. inhibit the international competitiveness of our industry; or
 - c. impact negatively on consumers in terms of price increases; or
 - d. slow our farming enterprise or industry restructure.

We demonstrate that despite our continued efforts to restructure our operations, imports are depressing our prices and impeding our ability to recover our costs of production. It is imports which are causing serious injury to our business and without immediate provisional safeguard action, we are faced with long term irreparable damage to the future of our businesses and in turn to the Australian pork industry.

Yours sincerely

A handwritten signature in black ink, appearing to read "G. V. Marr", with a horizontal line underneath.

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SUBMISSION BY GJADICK PORK PTY LTD TO PIGMEAT SAFEGUARDS EQUIRY NOVEMBER 2007

Company Background

Gjadick Pork Pty Ltd is a 600 sow multisite piggery business operating in the South Burnett region of Queensland.

Gjadick Pork commenced trading in April 2003 and is a partnership between 2 long standing and successful piggery operations (The Curtis and Phillips families), local feedmill operators John and Cheryl Dalton and Greg and Karen Marr. Greg Marr is a Veterinarian /production consultant to the national pig industry.

In forming Gjadick Pork the directors acknowledged that:-

- (I) There was an opportunity for a good return on investment as a pork producer in the Australian Pig Industry.
- (II) This return on investment was only possible if technologies that reduced overall cost of production could be incorporated into the business structure. Adoption of these technologies was not possible under the previous business structures of the Phillips and Curtis farms.
- (III) A strong viable piggery business offered an opportunity for shareholders to sell their share of the business at reasonable commercial rates when and if the circumstances of each director required.

In establishing Gjadick Pork all breeding animals were housed on a single site (Curtis farm), weaners were transferred at weaning to the Phillips farm and porkers at 10 weeks of age transferred to one of three grower facilities until slaughter.

Adoption of this pig flow option allowed for the following technologies to be applied:-

- (I) Staff with specialized skills being used in each area of production.
- (II) Improved pig health and performance by utilizing age segregated rearing and all in / all out technology.
- (III) More efficient feeding by matching diet specification to the age of the pig. Diets are changed fortnightly.
- (IV) Routine use of artificial insemination to increase the rate of genetic gain for the business. The end result being improved growth rates and reduced feed usage.

- (v) Herd and business recording systems that improved business making decisions and facilitated industry benchmarking for the business.

Gjadick Pork has also embraced the concept of risk management by entering into contract supply arrangements with the purchasers of the company's pigs.

Gjadick Pork markets 250 pigs per week and currently employs 4 full time equivalent employees plus 2 contract growers.

On Farm Profitability

The trading environment which Gjadick Pork has traded in since inception has been a difficult one. Massive fluctuations in grain prices due to ongoing drought and international price pressures combined with an ever firming Australian dollar have had significant impacts on profitability. During its trading life (April 2003 – October 2007) Gjadick Pork has generated a meager net profit of \$130,000. Of particular significance are the losses the company has incurred during the last 16 months to October 2007; \$171,000.

In the period leading up to Christmas 2005 and Christmas this year there was no significant increase in pigmeat price normally associated with increased demand leading into the festive season. This was due to record levels of imports. The average price received by Gjadick Pork for its pigs during the financial year 2005 – 2006 and between July 2007 – October 2007 has been \$2.19/kg. This compares to the average prices received during financial years 2004 – 2005 and 2006 – 2007 of \$2.40 and when there was an increase in pig price leading up to Christmas.

In two of the last three years the missed income opportunity for Gjadick Pork is \$168,000 and is due directly to the record levels of imports. If Gjadick Pork had been able to secure this income the company would have been able to ride out the current difficult trading position. Instead the import surge and its effect on pig price has brought the company to breaking point and to the point where it is unable to absorb cost associated with record high grain prices. In the current trading environment Gjadick Pork will lose a further \$100,000 from November 2007 – June 2008. If the current level of imports continue without provisional safeguard action taken immediately Gjadick Pork will have to consider its future participation in the industry as the company will have a net loss after 5 years of trading. If Gjadick Pork was to cease operating as a pig producer the consequences of closure would be significant as the piggery buildings and fittings would in all likelihood have little residual sale value. Of particular concern will be the \$420,000 spent by Gjadick Pork on capital improvements to increase efficiency over the last 4½ years. There is also the social impact of direct job losses and loss of income to service providers to our business.

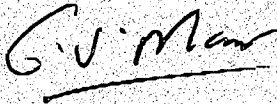
CONCLUSION

Gjadick Pork has suffered financially from pig meat imports over the last 5 years.

Gjadick Pork is unlikely to be able to sustain losses of \$3,000 per week during the current financial year if import levels are sustained or continue to increase and provisional safeguard measures are not applied.

Continuation of the current terms of trade for Gjadick Pork is likely to see its closure with re entry unlikely.

Gjadick Pork strongly believes that the rationale for a provisional safeguard measure is warranted and should be applied immediately. Imports are clearly affecting our livelihood and future sustainability. It is imports that are depressing pig prices and impeding our ability to recover our costs of production. As we have clearly shown in our submission, there is an imminent threat of further serious injury from imports which will have long term, irreparable consequences to the future of our business and to the pig industry, unless a provisional safeguard action is taken immediately.



G.V. Marr
Director Gjadick Pork Pty Ltd