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To Andrea Coulter
Pigmeat Safeguards Inquiry
Productivity commission
Fax: 03 9653 2302

**Submission to the productivity commission:
Safeguards inquiry into the import of pig meat**

Our company operates Aztec Farms, a family owned and managed farrow to finish pig meat production farm.

I am the managing director, and with my wife Marilyn manage the business and direct day to day operations with further assistance from two daughters and eight staff. The farm is located at Yenda in the Riverina area of New South Wales.

We have been in the pig industry for 15 years, 10 years at Aztec Farms.

Aztec Farms is a well established 25 year old business and run on a closed herd basis for that period with strict protocols to maintaining a high health herd status and selected genetic advancement through the University of New England's pig improvement scheme named Pig Blup.

Our business expanded 5 years ago when a feed mill was built to utilise locally grown grain and reduce transport costs of feed inputs.

Our farm runs 850 sows on a self replacing artificial insemination herd program basis. Herd selection is strongly focused on:

- fast growth rate
- lean meat yield
- high feed conversion efficiency.

Since 2002 our output is up 4500 pigs to 16000 per annum.

We have gone through two phases of carcass sale weights in the past five years.

In response to demand for heavier pigs we lifted dressed kill weights to over a 83 kg average. This action resulted in poor profitability.

Demand for heavier weighed Japanese export pigs fell and the processors penalised heavily on price. This coincided with increased imported "*subsidised leg meat*" from Denmark and North America.

The price fell from \$2.40 average to \$2.10 very quickly, imported "leg price" dictating the whole market price.

Our approach now is a target of 75kg with a focus on domestic fresh and manufactured product with some export to Singapore.

Currently eight people are employed full time on our farm.

Staff training is a central and ongoing part of our business operation through:

- TAFE – local college and on farm.
- UNE external and Internet communication
- On farm consultancy through our vet
- Herd and feed management guidance through a consulting nutritionist.
- Farm training with technical experts – on going

As a result of low pig prices through imports and the drought we have reduced staff and with the impact of high grain costs and artificially low prices with imported product pulling the whole domestic market down.

We believe our business contributes significantly to a small part of the Australian farm community.

Our wages keep people employed from two local communities. This wealth goes along the chain. Transport and other contractors share in the wealth distribution.

Cumulatively with local grain purchases this exceeds two million dollars and gives added value to retention of wealth in the region.

Our local Carrothool Shire is a strong supporter of this added value concept.

In conclusion:

- In ten years of pig farm operations here this is the worst trading period we have experienced.
- Our business is adversely affected by "unfair" importation of leg meat for re-manufacture in Australia.
- The price of the leg meat sets a low bench mark price for all pork on our fresh market in Sydney and Melbourne.
- Importers could not care less about the staff we employ and the role we play in supporting the local economy.
- Imported product is a significant risk to our industry. One small mistake and the whole Australian Pork industry will be threatened by disease. The long term risk is high.
- Our business uses local grain; some totally unsuited for other domestic uses. Thereby adding value locally and improving local incomes.
- Our genetic program and diversity in genetics should be encouraged.
- To close down through unfair imported meat price is a loss to the ongoing future of pork production in the Australian gene pool.
- Trained staff and support people will not be replaced if this imported pig meat crisis goes on. Our efficiency measure of 3.5 feed to 1 of pig meat matches the best in the Northern hemisphere.

We conclude that hidden price support systems in the Northern hemisphere allow continued high levels of imported pork leading to the demise of the Australian Pork industry.

Yours faithfully

Neil Franks

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