

Ph. 07 54982136  
[facy@caliph.net.au](mailto:facy@caliph.net.au)

1820 Mt. Mee Rd.  
Mount Mee Q 4521

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

To Whom It May Concern

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

This is a submission from Ben and Anne-Maree Facy to the Productivity Commissions 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 wouldn't:
  - Be a disincentive for the industry or for our operation to adjust.
  - Inhibit our industry or our operation's competitiveness.
  - Impact negatively on consumers in terms of price increases as it would provide the breathing space we need to continue improving our productivity and competitiveness.
  - Slow our company or industry restructure.

We currently run a 160 sow Farrow to Finish modern intensive piggery that has been family run for 28 years. In 2002 we invested in a WEDA liquid feeding system which is the most efficient method of feed delivery. Additionally, in 2005 we completed a De-pop/Re-pop program to improve the herd health status and furthermore we have adopted a 4-week batch farrow program at time of restocking. All of these changes (which is comparatively a substantial investment) were necessary to reduce cost of production and improve productivity, which in turn, enable our small operation to remain competitive in an industry that every year is becoming harder to remain profitable. This piggery business financially supports myself and my wife and our two children. We also employ part time casual staff from time to time. This operation, despite been on the small end of the scale, has a gross turnover of between \$550 000 - \$600 000 per year, which is a substantial contributor to the local communities economy.

At time of writing this submission, the average price paid for our pigs is \$2.40/kgDW, which is somewhat low for this time of the year, as it is the peak time for sales leading up to Christmas. This can be clearly blamed on Pigmeat imports. There is no doubt that the level of pig meat imported is on average, increasing every year, and now 75% of processed product is now made from imported product. Without any safeguard action, I see nothing stopping imports saturating the processing industry. This I believe is morally wrong for the consumer in general, as they won't be able to buy a processed pork product made from local product if they wish to.

From operational changes mentioned above, we have been able to control cost and improve productivity. Installation of the WEDA liquid feeding system has improved our Whole herd Feed Conversion Ratio (FCR) from an industry average of 3.9kg down to 3.2kg. This feeding system has also improved labour efficiency, as the complete piggery operation is fully computerised and totally automated.

The Depop-Repop program involves de-stocking the whole unit and this in turn eradicates disease and then re-stocking with disease free breeders. We still remain disease free to this date. Due to the improved health status, we have seen improvements in growth rates and FCR, and a massive reduction in post-weaning mortality. Additionally, we have reduced our vet costs and improved the overall welfare of the herd. The unit was re-stocked with a Batch Farrow management program. This enables us to more efficiently handle the flow of pigs through the production system.

Despite the operational changes made and the significant efficiencies gained, we are still currently in a loss situation due to high grain prices and the depressed pig market. Our non-feed costs are \$0.85/kg (industry benchmark is \$0.90) and feed costs are \$1.60/kg equating to a total Cost of Production (COP) of \$2.45/kg of pig meat DW produced. With the current pig price of \$2.40/kg and a prediction that the price will dramatically drop post Christmas, it's not hard to see the industry is in danger in the short and long term.

I think we have demonstrated that despite our efforts to restructure and improve our operations, imports are depressing our pig prices and impeding our ability to recover our cost 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 business and in turn to the Australian pork industry. I have been working in the industry for 11 years and studied at university for 5 years specialising in pig production, and have aspirations to continue my career in the pig industry. This family farming enterprise has invested hundreds of thousands of dollars into the industry, which we believe can have a profitable future if unfavorable exchange rates and subsidised imported pigmeat doesn't un-fairly compete us out of the market.

Yours Sincerely

Ben Facy B.App.Sc. RT