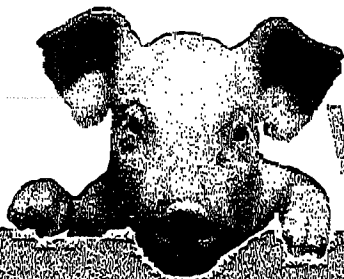


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**WESTMILL PRODUCTS**

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30 November 2007

Andrea Coulter  
Pigmeat Safeguards Inquiry  
Productivity Commission  
LB2 Collins St East  
Melbourne Vic 8003  
Email address: [pigmeatsafeguards@pc.gov.au](mailto:pigmeatsafeguards@pc.gov.au)

**Re: Productivity Commission's Safeguards Inquiry into the import of Pigmeat.**

Dear Ms Coulter;

**My current Position:**

- Family owned operation
- Started in 1967
- With 40 breeders
- With re-investment into the Pig Industry we currently operate with 1050 Breeders
- We are a Farrow to Finish business turning off 22,400 bacon weight pigs per year.
- Around 1.75 million Kg of Pig Meat per annum
- Turn over \$4,000,000 per annum
- Employing 13 staff direct
- Employing service of a wide range of business' locally

**To make ourselves more competitive in the industry:**

1. We run a support base in-house breeding program, with an AI centre.
2. Full Consulting Team using:
  - Veterinarians
  - Nutritionist
  - Up to date QA system

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I believe as a medium size producer I do all we can to be competitive and efficient in the pig industry.

I know we are in the top end as Producers in my industry with regard to meeting Industry benchmarks.

### **Current non-viability in Intensive Pig Industry**

*Where does that put me?*

- Re-investment into the Pig Industry - ***I have nothing to Invest.***
- Running maintenance is very difficult - some projects being put on hold (*E.g. Farrowing Shed re-fit*)
- Employees have expressed concern about - ***what is being done about the current situation and are their jobs safe?***

### **Return on Investment**

With a depreciating Asset which a piggery is you would hope to return some 16-20% on your investment.

### **What Else Can I use a Piggery For?**

Nothing! I can't make it fit anything else except pig production.

### **My Markets**

#### ***5-6 years ago:***

60% of my finished product served the processing market which gave me the opportunity to grow a heavy weight carcass. Demand was consistent and regular. When a forward contract was written it was honoured; in the current climate many contracts are being broken by wholesalers due to the unpredictability of the amount of pig meat imported.

#### ***Today:***

95% of my finished product is consumed on the fresh meat trade. With lower carcass weights and less regular demand, marketing my product is an added skill I've had to master. In today's climate fresh meat Wholesalers are not interested in writing forward contracts as they find it too difficult to lock in contracts on the other end, especially when dealing with smaller fresh meat users - such as butchers and the local Asian Markets.

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**Finance**

With a forecast budget for 2008 on current costs of production and estimated returns, we will incur a loss of around \$800,000 in order to stay in business.

**NOT GOOD!!****Other Intensive Industries**

A point of interest I would like to raise in relation to other intensive industries.

Pig revenue in relations to Eggs and Dairy.

Commodity	Imports	Base Price	Current Price	Percentage Increase
Pig Meat	Yes	\$1.80 \$ per Kg	\$2.50 \$ per Kg	39%
Eggs	No	0.80 Cents per Dozen	\$1.42 \$ per Dozen	77%
Dairy	? on long life	0.20 Cents per ltr	0.42 Cents per ltr	110%

I feel looking at the increased volumes of imported pig meat into Australia this has had a certain capping of domestic price.

As with other intensive industry - domestic supply and demand works, without the influence of rising volumes and imports.

In my time in the industry this would by far be the most unsettling and uncertain time that I have experienced.

My staff and local support business have also expressed their concern about the situation with our industry.

I believe that a safeguard would give me the breathing space I need to get my business back on its feet, enable me to reinvest in maintenance and business planning with such things as improving housing of pigs with: full slated flooring; insulation re-fits; using modern and improved feeders to improve the feed conversion ratios.

Hedging of grain is a service available to Pig Producers and with the implementation of a safeguard this would give me time to be able to get familiar with grain hedging, which is becoming a common practice around the world today.

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Our industry is only small but is one of the most productive in the world. It is a proactive industry through research & development & marketing with the Pork CRC (Cooperative Research Centre) and the APL (Australian Pork Limited).

If our industry could just get some temporary relief, these representative bodies have the ability to give our industry the edge it needs to be competitive again in the world market.

Regards,

A handwritten signature in black ink, appearing to read 'Ean Pollard', written in a cursive style.

Ean Pollard