

02 63864326

Edwina Beveridge
Blantyre Farms Pty Ltd
Murringo Rd
Young NSW 2594

Ph: 6386 4316
Fax: 6386 4326
Mob: 0419 734 782
edwina.beveridge@bigpond.com.au

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

To whom it may concern,

Imports of pork entering Australia are damaging our business and the Australian pig industry. Provisional safeguards to protect the Australian pig industry must be implemented.

Our enterprise has constantly made adjustments to changes in the industry, provisional safeguard measures would allow us time to complete our expansion program & improve our efficiency to be more competitive.

Imports are holding pig prices down & causing the price we receive for our pigs to be less than our cost of production. Imports are causing our business serious damage, which we can only sustain for a short period.

1) Company Background

Blantyre Farms is a new business owned by my husband & I, we commenced trading on 1 November 2007. We are both 31. We have an 1800 ha mixed farming enterprise, which involves cropping, cattle & sheep. We also have a pig breeding and raising operation. Our farm & piggery used to be part of my parents larger operation. Some of the following information relates to Blantyre Farms antecedent operation.

2) Production

Our pig operation has a breeder site & two grow out facilities. We have 1100 sows & 11,000 growing stock. We sell approximately 450 pigs per week. 25% of our sales are porkers averaging 65kg HSCW. The remaining 75% average 75kgs HSCW.

All our pigs are slaughtered at the Burrangong Abattoir in Young and then go to a wholesaler in Sydney.

3) Marketing Strategies

We have a contract with some price risk management, to supply BE Campbell a processor,.

02 63864326

Our average carcass weight is 70kg HSCW, in the past this has been as high as 85kg HSCW. The market we used to supply with larger pigs is no longer available. The lower average weight has had a negative impact on our cost of production.

4) Employment & Regional Business Effect

Our operation employs 17 staff, 14 of whom work on the piggery enterprise. Most of our staff reside in Young.

We spend \$3.5 million locally per annum.

5) Profitability

85% of our income is derived from pigs. We do not anticipate making a profit unless there is a significant change in the pig industry.

Imports are depressing the price we receive for our pork & not allowing us to recover the cost of producing it. We can only sustain losses for a short period. Our financier is currently accepting of our position, but will not remain so indefinitely.

a) Prices

Following are bacon prices received by our operation.

Date	Bacon price/kg
Nov 2007	\$2.40
Jun 2007	\$2.15
Jun 2006	\$2.30
Jun 2002	\$2.65

b) Production costs

Non feed costs have continued to increase with inflation. The price we receive for our product has not increased proportionately. We have continued to improve our production efficiency to compensate for this. Significant investments made include:

- a WEDA feed system has been purchased to improve feed conversion,
- facilities to handle waste products as feed alternatives have been built,
- breeder & grower sites have been separated to improve herd health status,
- climate controlled farrowing sheds have been built to improve production
- automatic flushing installed to reduce labour costs & improve efficiency

If the pig industry crisis resolves we plan to expand our herd size to 2000 sows, this would allow much greater economies of scale and should reduce our cost of production by 20c/kg.

c) Feed & grain costs

Drought & world shortage of grain has led to a dramatic increase in the cost of grain. Our average grain price for the past 7 years is \$176/tonne. Currently we are paying \$430/tonne. The increase in grain prices has increased our cost of production to \$2.70/kg.

The imports entering Australia have kept a cap on the price of pork & have not allowed us to recoup this additional cost.

Imports are costing our business \$800,000 in lost revenue per annum. (50 cents x 70kg pig x 450 pigs/week x 52 weeks)

02 63864326

d) Capital Requirements

In the past 5 years \$3 million dollars has been spent on our operation, building new sheds upgrading old facilities & improving our efficiency. If the situation does not improve and we are forced to close our operation, this will not be recoverable. We do not want to leave the pig industry, but can only sustain the losses currently being made for a short period.

If the pig industry crisis resolves we intend to invest another \$3 million dollars in the industry and complete our expansion program.

6) Impact of Imports

Imports are having a huge effect on our business & industry. Imports are:

- creating a continual over supply of pig meat in the market place
- depressing the prices we receive for our pigs
- preventing us from recovering the costs of producing our pigs
- causing our business to make massive losses
- preventing us from completing our long term goal of increasing our herd size & creating better economies of scale
- causing many pig farmers to exit the industry
- causing job losses in regional areas

If imports had remained at 2002 levels our operation & its predecessor would be \$3.5 million dollars better off.

Conclusion

Imports are depressing prices, preventing us from recovering our cost of production and causing us to suffer financial losses. We will only be able to sustain these losses for a short period. Closing down will cause the significant investment of the past to be worthless.

Please use the temporary safeguards measures available and allow us a breathing space to continue to improve our operations. Australia needs a pig industry & if imports continue as they have been there will not be one left.

Please contact me on 0419 734 782 at any time if you would like to discuss this any further.

Yours sincerely,



Edwina Beveridge
Blantyre Farms Pty Ltd