

PIGMEAT SAFEGUARDS
Productivity Commission
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30 November 2007

To whom it may concern,

SUBJECT: SAFEGUARDS INQUIRY INTO THE IMPORT OF PIGMEAT

Thank you for providing Corowa Shire Council the opportunity to make a submission towards the Safeguards Inquiry into the Import of Pigmeat.

Corowa Shire is the home of QAF Meat Industries who are Australia's largest producer of Pork products. QAF are the largest employer within the Corowa Shire and one of the largest employers in the Murray and Riverina regions.

QAF undertake extensive value adding to its Pork products at the Corowa site and as a result the local and regional economy gain significant direct benefit from over \$120M of annual output from the Corowa operations. As a result of this output a further \$67M of output is generated within the Corowa Shire alone equating to a total of \$187M economic impact within the Corowa Shire alone.

This additional flow-on-effect output is generated as a result of the added output required to service the annual industrial effect (\$38.5M) generated by the Corowa QAF operations combined with the additional consumption effect output (\$28.5) as a result of local employment and consumer spending.

These figures demonstrate the enormous value of the QAF operations within Corowa Shire alone. The total regional and national value of these operations are not included in this analysis, however would prove the value of the QAF Australian operations to be of vital importance to the well-being of the Australian economy.

Corowa Shire Council therefore requests that the Safeguards Inquiry will consider and recommend measures to address the sustainability issues affecting the future viability of the Pork industry within Australia, and specifically the QAF Corowa operations.

It is Council's understanding that Pig meat imports have increased by almost 50 per cent in the past year alone and that no other Australian meat products compete with imports to the level the Pork Industry does. The level of subsidies on grain, and other assistance received by other countries as well as there being insufficient controls to prevent disease from imported pig meat, all make it increasingly difficult for the Australian Pork Industry to compete with overseas competitors both on the domestic and international market. This has been further heightened due to the current climatic conditions, which have forced grain prices to record high levels.

We look forward to the expedited outcomes of the Inquiry and hope that the implementation of measures to be introduced as a result of the Inquiry are done so as matter of urgency. It is our hope that this will not come too late for the Australian QAF operations and our local and regional economy.

Yours faithfully,

Bruce Corcoran
General Manager

ECONOMIC IMPACT - QAF OPERATIONS WITHIN THE COROWA SHIRE

REMP PLAN					
Impacts on Regional Output (\$M) - Corowa NSW					
SECTOR	Job Changes	Demand Change \$M	Industrial Effect	Consumption Effect	Total (\$M)
Agriculture Forestry Fishing	[=539]	120.000	8.982	0.749	129.731
Mining			0.065	0.044	0.110
Manufacturing			11.206	4.337	15.543
Electricity, gas & water supply			0.253	0.330	0.583
Construction			0.424	0.039	0.463
Wholesale trade			3.768	2.506	6.274
Retail trade			3.231	7.396	10.627
Accommodation, cafes & restaurants			1.326	3.728	5.054
Transport & storage			4.124	1.254	5.377
Communication services			0.746	0.875	1.620
Finance & insurance			1.073	1.033	2.105
Property & business services			2.928	1.544	4.473
Government administration & defence			0.172	0.170	0.341
Education			0.042	0.736	0.777
Health & community services			0.152	1.240	1.392
Cultural & recreational services			0.004	1.466	1.470
Personal & other services			0.042	1.104	1.146
TOTAL	539	120.000	38.538	28.548	187.086
Multiplier			Type 1	Type 2	
			1.321	1.559	

TOTAL COROWA SHIRE ECONOMIC IMPACT OF QAF

- Due to the flow on effect from 120 million of annual output generated by the QAF operations within the Corowa Shire, an additional 67 million dollars of additional output is generated within the Corowa Shire demonstrating the enormous economic impact of the QAF operations to the local Corowa Shire economy

TOTAL INDUSTRIAL EFFECT

- The additional output required to service the annual industrial effect generated by the QAF operations within the Corowa Shire is 38.5 million annually

TOTAL CONSUMPTION EFFECT

- Over 28.5 million of additional output is generated annually due to the consumption effect, which is a direct result of consumption/consumer confidence of those employed by QAF

DEFINITIONS:

Economic Impact

Allows any change in the defined region to be quantified by modelling the initial effect and the resultant flow-on effects to give the total flow on effects on the defined region of any initial change.

Any "Initial" change in output (gross revenue) or employment for one sector will generate flow-on effects for other sectors within the regional economy based on the structure of the region's economy detailed in the input – output matrices. There are two types of flow-on effects associated with this change, the Industry effect and the consumption effects.

Industrial Effects:

The effects that will ripple through or flow-on to industry sectors in the region.

If for example, we see an expansion of the winemaking sector (Manufacturing) then we would expect to see an increased demand for local inputs such as grapes, wholesale goods and business-related services and of course more labour. These sectors in turn would also require more inputs to allow them to increase output and some of these will be serviced from within the region. A new equilibrium position will be reached when all input needs have been satisfied.

The Consumption Effects:

The effects that will ripple through or flow-on to people in the region through wages and salaries as a result of the initial and industry effects.

The Initial and Industry effects will be expected to generate more income and employment. Part of the additional income earned will be spent on consumption and part of this overall consumption expenditure will be spent locally. This will set off another chain of events where output will grow in sectors such as the Retail, Cafes and Restaurants sectors that in turn will also have to increase inputs.