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Productivity Commission needs more time

The Productivity Commission (PC) needs more time to complete its inquiry into the Australian Pig meat industry according to Australian Pork Limited (APL) Chairman Dr Paul Higgins.

In speaking following the PC's final public hearing day in Melbourne today, Dr Higgins said the inquiry's time frames were too short to enable the PC to do justice to the inquiry's broad terms of reference.

"The fate of Australia's \$2.6 billion pork industry, which employs 35,000 people, deserves more from this inquiry than a once over lightly appraisal conducted at break neck speed.

"The intricacies and complexities of the pork industry's domestic and international trading environment cannot be deciphered in the mere five months the PC was provided with to conduct this investigation. Past PC inquiries of this nature have taken at least 12 months to complete in order to provide the robust and detailed reporting the community has come to expect of the PC.

"The current state of the PC's draft report is of great concern to APL due to the fact that it does not provide the Government with a detailed, objective analysis of the industry's competitiveness, or what Government can do to assist."

Dr Higgins said APL had sought the assistance of Minister Truss's office in seeking a further extension of the inquiry's timeframes as there was a real danger the PC's final report would not fulfill the Commission's own legislative obligations and would provide the Treasurer's office with a false complexion of the industry's state of being.

"APL will be writing to the Treasurer's office this week seeking an extension of the inquiry's time frames to the end of this financial year.

"In order to deliver a meaningful final report, the PC's deliberations must include:

- a proper and accurate characterisation of the state of the industry before any conclusions and recommendations can be made;
- an investigation of the linkages between structural changes in the industry and the structural forces that have caused those change and contributed to the continued erosion of the industry's competitiveness;
- an assessment of the ways import penetration has impacted on the economic structures of the industry and the attitudes of business to investment and risk;
- a proper appreciation of the commercial decisions affecting production and investment and the fact that in the last ten years there have been only three years where profitability was adequate in terms of long-term business sustainability, not the several as reported by the PC;



- consideration of the strategies proposed in APL's draft industry restructure plan;
- a proper analysis of the support arrangements on the global pork market providing our trading competitors with an inequitable competitive advantage; and
- consideration of APL's request for an investigation of the need for safeguards against imports as the primary mechanism to facilitate restructuring the industry.

"The pork industry is different from most Australian agricultural industries in that we have had to contend with international competitors having unfettered access for the last ten years.

"We are not asking for a large grant of taxpayers money, just for a fair trading environment which the supportive measures provided by foreign governments to our trading competitors puts out of reach. We have been very specific in our request for targeted short-term assistance.

"The industry is doing what it can to help itself, we have increased domestic consumption of fresh pork, we have driven export market growth, we have initiated the industry restructure plan, the penetration of subsidised imports is something beyond our control.

"Between mid-2002 and the end of 2003, pig meat imports increased by 73 per cent, whereas the Australian market only increased by eight per cent. In the past decade, import volumes have grown by 68 per cent. Such continued growth in imports makes pork production in Australia unsustainable in the long term.

"The PC's inquiry is an opportunity to gain a complete understanding of all these various factors and determine what needs to be done to ensure the industry's continued competitiveness and long term sustainability. Such an outcome will not be possible if the time frames given to the PC to examine all these matters is not extended," Dr Higgins said.

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