

A newsletter for pork producers



PigBytes

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Australian Pork Young Leaders (APYL)

Sara Willis

Thirty young people from Qld, NSW, VIC and the ACT representing a range of interests in the pork industry met in Toowoomba on 15 March. The purpose of the meeting supported by Australian Pork Limited (APL) was to progress the forming of a networking group for young people across the pork production and servicing sectors.

In recent years there has been an upsurge in the number of young people entering the industry in both the production and servicing sectors. Many have little opportunity to network with young people of similar interests. This initiative addresses this issue as well as increasing the knowledge, skills and experiences of the participants.

The gathering of young people was addressed by several of their peers explaining their rolls in their specific businesses or organisations. Presentations from Rob Martyn, SunPork Farms Tong Park; Aaron Scheid, Merivale Farms; Clark Forbes, PIC Australia; Jared Seiler, Seilers Transport; Caleb Smith Kia-Ora Piggery and Ashley Norval, APL, covered production, transport, sales and technology transfer were a key element of the program stimulating discussion amongst the participants.

The attendees brainstormed their views on the merit of establishing a group and the form future meetings should take. The results of a poll and survey indicated that member's presentations and

virtual business tours were highly rated for the exchange of information. Key learning opportunities included motivating people and teams within the business.

The outcome was the forming of a steering group which would liaise with Sara Willis, Principal Extension Officer, DAF in arranging a program of activities over the next 18 months after which the group to be named "Australian Pork Young Leaders" (APYL), would become self-reliant.

Figure 1: Australian Pork Young Leaders group



Source: Sara Willis

Queensland producers losing \$5,800 per week

Sara Willis

In mid-March 120 delegates attended a conference in Toowoomba addressing "Survival Strategies to 2020" organised by the Queensland Pig Consultancy Group (QPCG) with support from DAF and APL addressing the challenges facing the industry in the short term.

The morning session introduced by Sara Willis, Principal Extension Officer DAF, dealt with big picture issues. The first presentation by John Riley, JCR Associates International, focussed on analysing costs and returns. He stated that some producers were losing \$5,800/ week or around \$20 per pig. His statement is explained more fully in this edition of PigBytes.

South Australian pork producer, Mark McLean discussed how Riverhaven Enterprises were responding to challenges facing his family business. He described how the family business developed and their current involvement in the pork and citrus industries. He suggested that the delegates implemented the principle of the circle of influence when addressing issues within the business. The principle being that they concentrate on the core issues over which they have control such as feed wastage, feed purchasing, staff training and maximising returns from the market place.

Darren Wilson, Wilpak Wholesale meats shared with the delegates, his view of the pork market. He addressed reasons for the current low price, namely over supply and gave his views on the optimum slaughter weight. He suggested that pig meat price might drop further before supply meets demand. He indicated that sow slaughtering's had increased in recent weeks through his plant.

Key note speaker Dale Seymour, Commissioner, Anti-Dumping Commission described the work of his organisation and how it might impact on the pig industry. He explained how the commission advises government on anti-dumping issues and informed the delegates that the National Farmers' Federation represents the farming sector in discussions with the commission.

Peter Smith, APL's Marketing Development Manager described the marketing and advertising initiatives to increase demand of pork. He stated that demand for fresh pork had increased since 2015 by 8% year on year. The oversupply of pork has dictated that APL should increase their tactical marketing activities. The spending on short term advertising has been increased promoting the versatility of fresh pork. Peter also stressed the need for producers to fill out the production survey timely and accurately to enable APL to increase their knowledge of trends in the industry.

John Mulally, a senior trader at Riverina Australia addressed strategies to minimise the effect of the grain market on the business. The presentation looked at risk minimisation. He referred to seasonal weather patterns and the effect on volume and quality of grain production. John referred to the effect of supply and demand on movement in grain prices. He also described counter party risk as ensuring the producer get the quality of product that is contracted between the parties. He gave interesting examples of the geo-political decisions on commodity prices including the reason for the increase in the domestic sorghum price.

Rob Martyn, Operations Manager, SunPork Farms discussed how his company was working towards building and retaining a successful team. The company which runs approximately 9000 sows is committed to staff training programs to enhance knowledge and skills at all levels. They have developed standard operating procedures for all tasks on their production units. A high priority is providing career development programs within the organisation.

Peter Mackenzie, McSwine Veterinary Consultancy showed the advantages of health by stealth. He took the delegates through the principles of improving health and productivity and reducing the reliance on antibiotics. The key points were for the change manager to engage with staff so they understand what needs to be done and how to prioritise and implement processes. Key activities include batch farrowing, AIAO production flow and between batch hygiene.

Andrew Chamberlain, Product Manager (Energy), QFF spoke on improving energy efficiency on farm. He described the Energy Savers programs funded by the Queensland Government and delivered by Ergon Energy in partnership with the Queensland Farmers' Federation and its member bodies. The purpose of the program is to deliver wider and accelerated improvements in on-farm energy use.

He described case studies conducted on pig production units which looked at lighting, electric heat mats and solar panel installation. He also listed a series of checks that could be carried out immediately to reduce energy costs.

Figure 2: Pork producers were searching for hope at the Queensland Pork Consultancy Group (QPCG) Conference.



Source: Sara Willis

Queensland industry facing financial freefall

John Riley, JCR Associates International

The depressed market for pig meat combined with high feed costs in Queensland dictates that the average producer in the state was losing around \$20 on every pig sent for slaughter in March 2018. The Toowoomba Focus Group of 12 producers running round 9 000 sows, record financial and physical results quarterly and bench mark their results against group averages at their 3 monthly meetings.

The members record all financial costs except interest on capital and depreciation. In December 2015 the average price received by the members of the group was \$3.56/ kg of carcase sold. The consumption of pork during 2010 -2015 had increased by 4.6% year on year and many producers embarked on expansion programmes. In December 2016 the average price received by group members had increased to \$3.70 with an operating margin of \$0.81 per kg of pig meat sold.

Sara Willis, speaking at the 2016 Conference 'Preparing for future challenges - Where will your business be in 2025?' in Toowoomba; stated that many producers embarking on expansion programs would be better advised to improve their efficiency.

In December 2017 the average price received by the group members for the bacon pig was \$2.67/ kg. During the period December 2015 and December 2017 the group had improved Herd FCR (DW) from 4.07 to 3.61 and reduced operating costs by \$0.40 per kg sold. However the operating margin excluding interest on capital and depreciation had fallen to \$0.04/kg pig meat sold.

When calculating margins it should be remembered that a production unit sells pig meat which includes culled gilts, sows and boars. In mid-March 2018 the average all pig price received by group members was \$2.53/kg and the average feed cost was \$460/tonne. Transposing the mid-March pig price and feed cost over the group's performance for the six months ending December 2017, the group members lost an average of \$0.17 per kg pig meat sold.

Table 1: Average Cost of Production for Toowoomba Focus Group

	March 2018
Herd FCR (DW)	3.61
All pig meat price (\$/kg)	2.53
Feed (\$/t)	460
Feed (\$/kg)	1.66
Labour (\$/kg)	0.43
Health (\$/kg)	0.15
Electricity (\$/kg)	0.05
Non-feed (\$/kg)	0.41
Av Operating cost (\$/kg)	2.70
Operating margin (\$/kg)	-0.17
Margin including allowance for interest	-0.24

The operating margin does not include any allowance for interest. For the purpose of this article, I have assumed an interest charge of \$0.07/kg pig meat sold. The interest charge increases the operating loss to \$0.24/kg or \$19.63 per pig sent to slaughter on average by the Toowoomba Focus group.

Some readers of PigBytes might be struggling to determine their current financial position. The spread sheet developed by the author and used by the Toowoomba Focus Group is available from Sara Willis, DAF Toowoomba and assistance in interpreting your data is available.

With low market returns it is imperative that you

- Know your current costs, your business strengths and weaknesses to determine your priorities
- Re work your budgets
- Communicate with your accountants and bankers
- Share your problems
- Rework your "Survival Strategy"

ACTION

If you know your financial performance and if you are you losing money on every pig produced you can determine how long will you be able to sustain the loss.

Action plans could include

- Stop mating sows
- Slow down expansion programs
- Delay commissioning of new facilities
- Continue with increased borrowing
- Retire

NSW Farmers Pork Group AGM

Jayce Morgan

I think it is fair to say that producers are hurting all over Australia.

The NSW Farmers Pork Group had no magic bullets to bring about an end to the pork price crisis, but they did have Ian Carter, Chair of New Zealand Pork.

Ian is a pretty down-to-earth person and everyone was captivated by his talk. NZ has a small industry and competes with imports of fresh and processed pork. NZ has recently begun exporting pork to Australia but Ian assured the audience there are no plans for a take-over because the NZ industry is too small.

Ian has (I think it fair to say) become the face of the NZ Pork industry. In any pork crisis Ian is the contact person whether the topic is pig welfare, farrowing crates, animal activist activities or talking to the press.

Ian's view was that often if you just listen to the detractors and point out their misunderstanding of the pork industry it can completely defuse the argument. His role is a big commitment though as calls can come at all hours of the day and night and finding a replacement might be a challenge.

Ian touched on the development of the Pig Care™ accreditation system for the NZ industry. There is no distinction between production systems (indoor or outdoor) it is about building trust in pork and the demonstration of good pig welfare, food safety and traceability through the supply chain.

The Pig Care™ logo was designed with the help of consumers. Auditors take photographs of problem areas and the farmer can take photograph when the problem is remediated if that is the best means for evidence. There is also a scoring system and this helps empower the workers. The main focus of the system is on the needs of the pig and the quality and safety of the product.

According to Ian it is a matter of perspective and how you deliver the message. Many of the farmers attending the meeting thought that Australia needed its own version of Ian Carter – so if you think you would be up for the challenge talk to Deb Kerr at APL.

The outcome in Queensland will be fewer family pork businesses and a significant knock on effect to servicing sector & local economy.

The general biosecurity duty and pig producers

Amanda Black

There is a new Primefact on the NSW DPI pig health and disease web page containing information about the general biosecurity duty and pig producers.

People are expected to have a basic level of knowledge about the biosecurity risks they might encounter in their normal work and recreational activities.

All community members have a responsibility to consider how actions, or in some cases lack of action, could have a negative impact on another person, business enterprise, animal or the environment. We must then take all reasonable and practical measures to prevent or minimise the potential negative impact.

Topics in this Primefact include:

- What does 'general biosecurity duty mean'?
- Managing pig biosecurity
- Farm biosecurity plans
- Good biosecurity in practice

[The general biosecurity duty and pig producers](#)

NLIS Pork

Jayce Morgan

The pork industry requirements under the National Livestock Identification System (NLIS) are now equivalent with other livestock species. NLIS provides for traceability in the event of an Emergency Animal Disease (EAD) or if residues are reported in any livestock product.

All pigs that are sold to a processor, to another farmer or through the saleyards must be identified with a registered swine brand or NLIS device, accompanied by a PigPass NVD and the movement of these pigs is to be reported to the PigPass database by the receiver of the pigs.

Stock agents will report pigs received at saleyards, processors will report pigs received at abattoirs and farmers will report pigs purchased or delivered to their farm within 2 working days.

Pigs less than 25kg must be tagged/ identified with an NLIS device, and must be accompanied by a PigPass NVD when they move.

Pigs greater than 25kg may be branded with a slap brand (preferred) or identified (ear tagged) with an NLIS device and must be accompanied by a PigPass NVD when they move.

An NLIS device is an ear tag printed with the PIC for your farm. A yellow device is referred to as a breeder tag and goes in the left ear of pigs bred on your farm. An orange device is referred to as a post-breeder device and goes in the right ear. Post breeder devices are for pigs that are purchased or of unknown or uncertain pedigree.

Tags are available from rural supply stores or directly from the manufacturer. There have been some delays with the ordering and delivery of NLIS devices for pigs which has been frustrating for everyone.

NLIS requirements apply to pet pigs as well.

Multi-site APIQ✓[®] Joint Certified farms are required to comply with Internal Movement Reporting guidelines. When pigs are moved between properties covered by the same site APIQ✓[®] Joint Certification (but different PICs) these will be reported as Internal Movements within 2 working days.

If pigs are received from a property outside of the joint certification these will be reported as property to property movements (P2P) within two working days of the movement.

If pigs are moved between sites within the same APIQ✓[®] Joint Certification and the same Property Identification Number (PIC) then movement reporting is not required.

Pigs from APIQ✓[®] accredited producers moving to a different PIC where the ownership **does not** change do not need to be identified

Full details of the NLIS standards, PigPass NVD and movement reporting are available on the [PigPass website FAQ](#). There is a **PigPass Helpdesk 1800 001 458** available between 8.30 am and 4.30 pm weekdays.

I have been told that the market for pigs less than 25kg is accepting of these changes, despite concerns raised by some farmers. If you have problems in the market place please report these to your local Department of Primary Industries, or in NSW, Local Land Services.

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