

Department of Natural Resources & Environment

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# DNRE RESPONSE TO A CRISIS IN THE VICTORIAN PIG INDUSTRY

DNRE/Industry Steering Committee

September 1998

Members:

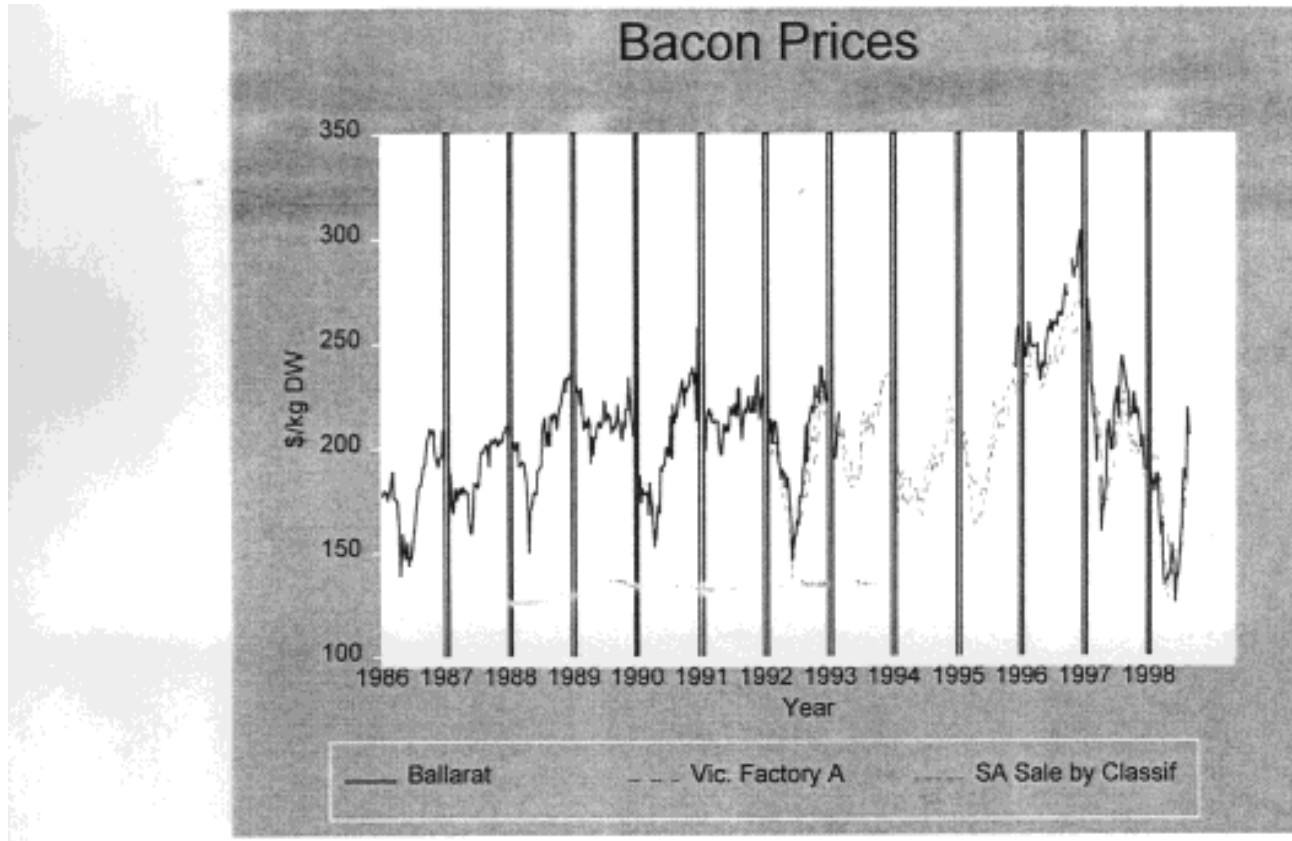
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John Vercoe, Bunge Meat Industries  
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Sam Viano, Ridley AgriProducts  
Malcolm Smith, Rural Finance Corporation

# REPORT: DNRE RESPONSE TO PIG INDUSTRY CRISIS

## 1. BACKGROUND:

### *Sale prices:*

The sale price received by pig producers in 1998 dropped to its lowest level for at least 12 years.



### *DNRE/Pig Industry Committee:*

In response to this crisis, the Deputy Premier and Minister of Agriculture and Resources, the Hon. Patrick McNamara, established a DNRE/Industry Committee to develop and distribute a package of information in the form of a four page leaflet (attached) to all Victorian pork producers to ensure they are aware of the various support services available to them while trade and other issues were being investigated.

The Minister also sought recommendations from the Committee to ensure Victoria producers maximise their access to the Commonwealth industry adjustment package and the FarmBis initiative.

### *Information package and phone contact with producers*

The information package was mailed to all 650 Victorian pork producers in July 1998.

DNRE staff throughout the state then contacted by phone those Victorian producers with a high dependence on the pig industry for their living. Priority was given to contacting

producers with 50 sows or more. The Appendix details the questions and approach used in the telephone interview.

Large corporate farms received the information kit but were not contacted by phone as part of this process.

Generally producers very much appreciated the phone call and interest shown by DNRE. The phone calls were made by staff in each region of Catchment and Agricultural Services (CAS) and at the Victorian Institute of Animal Sciences (VIAS), Werribee.

Producer members of the Committee also gave very positive feedback on the professionalism and tact of DNRE staff.

## **2. PHONE SURVEY RESULTS**

Following the mailing of the distribution package, DNRE staff phoned 130 producers with more than 50 sows.

Another 16 herds contacted reported that they no longer had pigs (in some cases they went out of pigs some years previously). Another 30 herds could not be contacted within the time frame given.

The 130 producers that were contacted represented 80% of the Victorian pork producers in the category of owning more than 50 sows.

The major purpose of the phone contact was to follow-up on any questions producers may have had about the subject matter in the Information Package posted to them. In the course of the discussion, some specific information was sought from the producers, and is presented below.

### *Pig numbers represented*

Of the 130 producers with pigs, they had in total:

- 22,658 sows in farrow to finish operations
- 2,978 sows in breeder only operations
- 13,664 grower pigs in grower only operations

Victoria has approximately 55,000 sows. The two largest corporate piggery units in Victoria are not included in this sample. They would represent approximately 15,000 sows in total.

The survey results, therefore, represent about 50% of pigs produced in Victoria (while excluding the large corporate farms).

### *Information Package*

Producers were asked whether they had received the package.

- Yes - 89%
- No - 11%

Another replacement package was sent to producers who mislaid or did not receive their copy of the package. Producers were then asked whether they had questions about what was in the package.

#### *Current intentions*

Producers were asked how they were currently coping with the current crisis.

In summary their responses were

- Maintaining production- 73%
- Reducing production- 21%
- Planning to exit - 6%

#### *Knowledge of Rural Financial Counsellors*

Producers generally were aware of the Rural Financial Counsellors

- Know about counsellors- 70%
- Don't know about counsellors- 30%

DNRE provided a one day training session for Rural Financial Counsellors, including providing them with a First Stage Audit process to help them assist producers to determining their competitive position and their likely long term prospects in the pork industry.

#### *Subsidised Farm Consultations*

Producers were asked whether they were interested in using a one day subsidised consultation by an industry expert. This question was prompted by the possibility at the time that the pig industry may have funded such a service (through the Federal pig industry adjustment package).

- Yes- 27% (average herd size 135 sows)
- Possibly - 29% (average herd size 154 sows)
- No-44% (average herd size 241 sows)

Generally owners of larger units believed they were adequately serviced by their current consultants.

#### *Feed type*

There are about equal numbers of users of pellet and mash (generally homamix) feed.

- Pellet users - 48% (average herd size 217 sows)
- Mash users - 48% (average herd size 163 sows)
- Both - 4%

### 3. COMMITTEE RECOMMENDATIONS

The Minister also sought recommendations from the Committee to ensure Victoria producers maximise their access to the Commonwealth industry adjustment package and the FarmBis initiative. The recommendations of the Committee are as follow:

### *FarmBis Initiative*

The Committee noted that the Commonwealth Minister for Primary Industries and Energy has allocated \$1M from the national component of FarmBis to assist pork producers improve business management practices, including business planning, risk management and QA.

The implementation of the FarmBis initiative has apparently been delayed by the slow response of the PCA (Pork Council of Australia) to the federal Minister's announcement.

The **Committee recommends** that subject to DNRE discussions with DPIE the Minister write to his Federal counterpart urging that the FarmBis initiative be fasttracked to enable pork producers to take advantage of the assistance offered.

### *Marketing of pork products*

The Committee considers an urgent priority of industry is to determine consumer requirements for pork meals, the marketing of pork products, alternative pork cuts and marketing alliances to improve communication from producer to consumer.

**The Committee recommends** that current DNRE projects dealing specifically with marketing alliances, quality assurance, and product development continue as a high priority within DNRE.

### *Feeds Grain Initiative*

The Committee recognises that the relatively small size of the grains industry places an upper limit on the size of intensive livestock industries in Australia.

**The Committee recommends** DNRE's current project to facilitate the development of a feed grains industry continue a high priority project.

### *Submission to the Productivity Commission*

The Committee believes that the results of the phone survey should be of assistance to the Productivity Commission in its current review of whether further safeguard action is needed for the industry in respect **of pork imports**.

**The Committee recommends** that DNRE forwards to the Productivity Commission this report detailing the phone survey results.

Dennis Treacy  
Convenor  
NRE/Industry Committee  
Monday, 31 August 1998