

Pork CRC Initiatives June 2017

CRC sees challenges and solutions ahead

Predictably, declining prices for pork producers was top of mind at the recent APL delegates meeting.

Also no surprise was that the theories advanced for the price decline were many and varied, including importation of cooked ribs and products such as pulled pork produced from imported pork, the fire at Swickers and its impact on boning and freezing capacity and increased production through expansion and productivity.

Killer fact

Take a look at APL's published figures for March and you will see slaughtering hit an all-time high, hence a number of people at the meeting suggested volume has reached a similar level to that when the last marked decline in prices occurred.

I can tell you there was no Nostradamus in the room, with not one person predicting the decline in prices seen since December 2016. The delegates suggested a number of actions by APL and industry to more accurately monitor production numbers and to understand the main cause for the decline. The big unanswered question is if it's temporary or will some industry consolidation be required to achieve what might be termed more sustainable prices?

A sustainable price, of course, depends on what your cost of production (COP) is. All agreed we need technologies and strategies to achieve a marked reduction in COP. I think a reduction of 40-60 cents/kg was suggested by APL.

And this is where Pork CRC and our dedicated band of researchers can come into it by wrapping their smart, creative minds around this. However, we know the low hanging fruit lies around increased carcass weight, which requires a market change rather than research, selling more pigs/sow/year and improving feed efficiency or reducing feed costs.

CRC benchmark

Our Pork CRC benchmarking project demonstrates that productivity is increasing all the time (see March APN Initiatives) and that the best producers generally far exceed the average. So where do we set the initial targets for researchers?

For example, average herd feed conversion (HFC) for benchmarking participants in 2015/16 was 3.78. For the best three it was 3.56, with the best herd at 3.45 and all the top three recorded wean to sale (105 kg) feed: gains below 2.3 - pretty much world class. I want to see technologies that reduce HFC consistently to 2.3 or below. This will require inherent changes to the pig's capacity for protein deposition and might be achieved through 'advanced' genetics and/or other means of manipulating the animal's physiology.

Similarly, for reproduction the average pigs weaned per sow for Australian herds in 2015/16 was 23.25, with the best three at 24.6 and the best at 25.6. Good for what we have to work with, but not world class, due largely to our average born alive sitting at 12.4, some two piglets less than the USA and one less than the best herd in the benchmarking project. Interestingly, the best herd (from NZ, using US genetics) weaned 29.75 pigs/sow in 2015/16, starting with only 13.5 born alive, so there's more than one way to skin a cat. Nevertheless, raising born alive to 13.5 and weaned to 12.5 or above is a challenge for researchers and new science and ideas are required. I expect genomics of

the type implemented recently by PIC to have quite a marked effect on reproduction and number weaned, but what else is out there waiting to be tapped?

Sharing essential

In the short term, we can learn from the best in benchmarking. This certainly occurs within the Pork CRC benchmarking group and I am sure it also does within the PIC and Queensland groups. Our participants have willingly shared the reasons for their success with industry in general. Even publishing the results allows other producers to see where they sit and provides targets and often strategies for improvement. Pork CRC will hold its last benchmarking meeting in October this year. The project will then be handed over to APL. While they might want to consider expanding it, they must ensure the results are available to industry as an excellent means of putting our industry in context with the rest of the world and for giving our researchers realistic targets for improvement. It is of little value reporting a 20% improvement in reproduction if starting 30% below what the best in industry are already achieving.

Gutsy efforts

Animal health and medication costs is more of a challenge, requiring genuine innovation from researchers and veterinarians. However, we have very smart people in the field and I am impressed with the advances being made in understanding and manipulating the gut microbiome to improve health and performance. We have seen some interesting outcomes using non-starch polysaccharides to alter the gut microbiome and animal performance from John Pluske and his group at Murdoch University and from Alison Collins at NSW Trade & Investment, who is investigating the effects of antibiotics and alternatives on antibiotic resistance and the gut microbiome. I really think there is something in this and it is an area taking off in human health, where some quite outstanding outcomes have been reported. We also have such people as Conny Turni at Qld DPI and David Hampson and Sam Abraham at Murdoch University working on vaccines for common pathogens and Darren Trott at University of Adelaide and others developing means of reducing pathogen loads in sheds. A lot is happening, but again new science and ideas will be required to enhance Australia's future competitiveness.

Grain mysteries

The unknown is grain and feed costs. We know they can be volatile and this is best addressed when negotiating pig supply contracts. Finding genuine alternatives to grains has always proven difficult, but this does not mean they do not exist, just that we need to think differently and APL is investigating a number of possibilities. We can and should continue to develop ways of better utilising grains and feeds and I expect the commercial participants in Australasian Pork Research Institute Limited (APRIL) to come up with technologies that will achieve this. We also have some large projects running at the University of Queensland to understand the effects of particle size, exogenous enzymes and fibre on feed utilisation. These projects involve Mike Gidley, John Black and Ridley Agriproducts. A good combination of science and industry, I think.

I have raised the question on where to next because APRIL is about to finalise its strategic plan and the R&D Committee will meet in the near future to decide priorities for APRIL's first investment round. We know we need new science across the areas raised here and some brave thinking. The answers may lie overseas. If they do, APRIL will collaborate rather than duplicate. It will be a challenging but exciting time and will help accelerate Australia's uniqueness and competitiveness in a rapidly evolving global industry.

Global prices

To keep you in touch with what is happening elsewhere, I have shown the latest global prices below.

USA and Canadian prices have risen considerably since last month due to seasonal demand (summer) and increased packer capacity. In China price has fallen around 25 cents but is still above COP (\$3.20/kg carcass weight). The EU has enjoyed continual price increases through 2017.

In Australia price seems lowest in Queensland and, depending on which APL report you read, highest in WA. All prices are for progeny and, as such, the price received by producers when culls are included is some 7 to 8 cents lower than those shown in the table are.

The prices are all in Australian dollars/kg carcass weight.

Country	Price
Australia	
45-60 kg carcass	3.35
60.1-75 kg carcass	2.90
75.1-85 kg carcass	2.82
>85 kg carcass	2.74
USA	2.04
Canada	1.92
Brazil	1.96
Spain	2.66
EU28	2.56
UK	2.74
China	3.89
S Korea	5.48

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