

APRIL matters in May

A tremendous amount of work by our staff and the Australasian Pork Research Institute Limited (APRIL) R&D Committee was completed on April 23 when the APRIL board approved 14 proposals from its first R&D investment round.

The cash budget for the supported proposals was \$951,000 and the board approved \$100,000 for APRIL's Education program in 2018-19.

All proposals included an additional 20%-25% cash contribution from applicants, giving a total cash budget for the first round of about \$1.2 million.

Most proposals were recommended with modification and all applicants have been informed of the outcomes.

Innovative proposals

The research portfolio contains some very innovative proposals and gets APRIL off to a good start, with the first results expected within 12-18 months.

The objective was to minimise any disruption to R&D and training activity in 2018-19, following completion of Pork CRC's investment in R&D in 2017-2018. This has been achieved.

While there were disappointing gaps in cost reduction, improving feed efficiency and manipulating carcass fatness, we will address these directly with researchers and research providers and through innovation proposals.

The R&D process worked well and special thanks goes to Geoff Crook, who managed it.

I sincerely thank also all those who submitted proposals (42). While only one third of those were successful, everyone's ideas were welcomed and the feedback will help sharpen researchers' thoughts on APRIL priorities and industry needs and lead to more directed proposals in future investment rounds. I also thank members of the R&D Committee and the 75 or so reviewers involved in the process. The time-frame was tight, but all went very smoothly.

State status

I attended the meeting of the Queensland Pig Consultancy group and also the WAPPA Pig Day Out the week commencing April 16.

While in Queensland, I took the opportunity to visit a 4500 sow unit and its associated weaner and grower finisher facilities. One of the better piggeries I have visited in a long time, with some excellent new farrowing and weaner facilities. If this reflects where producers are investing in facilities and how units are managed, the future looks promising.

The Queensland meeting was informative, with members very open on where things sit now and they might be a lot better.

Benchmark picture

Results from Sara Willis's benchmarking group showed that as at March 16, the average all meat price was \$2.53/kg and the average operating margin was negative 17 cents/kg and negative 24 cents when interest was included (equates to a loss of just under \$20/pig, but ranged up to \$36/pig).

It was not a pretty picture, but I was surprised that with feed at \$460/tonne (\$1.66/kg carcass weight) and labour at 43 cents/kg that the average cost of production was \$2.70, but with a wide variation. It all suggests that producers in the group are keeping other non-feed costs under control and I'm not sure how or what effect this might have in the longer term. Nevertheless, it gives me some confidence that if we can keep these other costs under control and dilute them out by increasing volume (pigs sold/sow and carcass weight – target 2000 kg/sow/year), then we may be able to get our COP below the \$2.50 barrier and head towards genuine global competitiveness.

Numbers game

We must do this to reduce the need for processors and others to import pork and then we can take back some of the import market in Australia. This is our only real option for sustainable growth of our industry and our best chance to increase exports.

Results from some of the herds in Pork CRC and APRIL are reporting excellent reproduction, with born alive for parity one and older sows hitting 13 and return to service intervals of four days. We should be able to hit some of the targets given in my April column and take care of the pigs sold component of the volume equation. Carcass weight is a different matter, but there are signs it is increasing and every kg counts.

On the price side of the equation, I'm not sure what can be done in the shorter term and it seems that globally 2018 will be difficult for most pork producing countries and particularly so for China and the USA, although the situation in the USA will be volatile and this could spread globally.

Western woes

The main message from the WA meeting was “over supply”. Peter Spackman from the Craig Mostyn Group/Linley Valley Pork told the meeting slaughter had increased from 14,000 to 17,000 per week and while they were managing the increased kill, they were struggling with the additional boning. It seems there's carcasses going east and boned product coming back west. It's a real mess and Linley Valley is in lock down mode, but with plans to increase exports to countries other than Singapore, more differentiation of their product and adding value adding capacity. Peter said they had other plans, but he was unable to disclose them. He and his team are managing a difficult situation the best they can.

Prices queried

APL showed a quite dramatic drop in WA prices, but questions were raised around the source of the information and if it reflected changes in contract agreements. Like I said, a bit of a mess, but WA producers were generally quite positive.

I also learned at the meeting that Karen Moore, one of the stalwarts of R&D in WA, is now Dr Karen Moore. Well done Karen.

Fair COP

It's obviously very tough out there at the moment and producers are doing their best to control costs and whatever they can to get a better price. COP will probably determine the medium term fate of most, but I do wish everyone all the best and will ensure Pork CRC and APRIL do everything in their power to improve the situation.

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