The Australian Swine Industry – How Retailers are Changing our Industry (a perspective)

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Today’s presentation

• Overview of the Australian pork industry

• Differences between USA and Australian pork production

• Some recent drivers of change to the Australian pork industry
Australian pig industry: trends

Kansas has \approx \frac{2}{3} total number of Australian sows

(Australian Pig Annual, 2012-2013)
Pig numbers slaughtered: Australia versus USA (1000’s)

<table>
<thead>
<tr>
<th>Production (Pig Crop)</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014 Nov</th>
<th>2014 Apr</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>665,261</td>
<td>670,196</td>
<td>707,427</td>
<td>720,971</td>
<td>723,500</td>
<td>729,105</td>
</tr>
<tr>
<td>European Union</td>
<td>263,076</td>
<td>264,655</td>
<td>257,600</td>
<td>256,700</td>
<td>258,000</td>
<td>257,150</td>
</tr>
<tr>
<td>Brazil</td>
<td>36,970</td>
<td>37,750</td>
<td>37,700</td>
<td>37,900</td>
<td>38,795</td>
<td>38,470</td>
</tr>
<tr>
<td>Russia</td>
<td>29,472</td>
<td>30,650</td>
<td>34,500</td>
<td>36,175</td>
<td>36,200</td>
<td>38,290</td>
</tr>
<tr>
<td>Canada</td>
<td>28,613</td>
<td>28,500</td>
<td>28,346</td>
<td>27,390</td>
<td>27,700</td>
<td>27,300</td>
</tr>
<tr>
<td>Japan</td>
<td>17,500</td>
<td>17,000</td>
<td>17,250</td>
<td>17,350</td>
<td>17,300</td>
<td>17,210</td>
</tr>
<tr>
<td>Mexico</td>
<td>16,200</td>
<td>16,350</td>
<td>16,500</td>
<td>16,850</td>
<td>16,850</td>
<td>16,750</td>
</tr>
<tr>
<td>Korea, South</td>
<td>14,923</td>
<td>13,308</td>
<td>16,340</td>
<td>16,953</td>
<td>15,800</td>
<td>15,500</td>
</tr>
<tr>
<td>Ukraine</td>
<td>8,176</td>
<td>8,109</td>
<td>8,538</td>
<td>9,163</td>
<td>9,580</td>
<td>9,580</td>
</tr>
<tr>
<td><strong>Australia</strong></td>
<td>4,604</td>
<td>4,659</td>
<td>4,581</td>
<td>4,779</td>
<td>4,770</td>
<td><strong>4,835</strong></td>
</tr>
<tr>
<td>Others</td>
<td>5,025</td>
<td>5,075</td>
<td>5,275</td>
<td>5,000</td>
<td>5,550</td>
<td>4,800</td>
</tr>
<tr>
<td><strong>Total Foreign</strong></td>
<td>1,089,820</td>
<td>1,096,252</td>
<td>1,134,057</td>
<td>1,149,231</td>
<td>1,154,045</td>
<td>1,158,990</td>
</tr>
<tr>
<td><strong>United States</strong></td>
<td>113,685</td>
<td>115,838</td>
<td>116,791</td>
<td>116,410</td>
<td>121,870</td>
<td><strong>113,206</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,203,505</td>
<td>1,212,090</td>
<td>1,250,848</td>
<td>1,265,641</td>
<td>1,275,915</td>
<td>1,272,196</td>
</tr>
</tbody>
</table>

Australia produces ≈ 0.35% of total number of pigs slaughtered worldwide

(USDA Livestock and Poultry: World Markets and Trade; 2014)
Average Australian pig meat consumption per person (kg) \((f = \text{forecast})\), and proportion of fresh vs. imported consumption.

<table>
<thead>
<tr>
<th>Total Pork</th>
<th>25.5 kg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fresh (Australian)</td>
<td>9.4 kg</td>
</tr>
<tr>
<td>Processed (Imported)</td>
<td>11.4 kg</td>
</tr>
<tr>
<td>Processed (Australian)</td>
<td>4.7 kg</td>
</tr>
</tbody>
</table>

(Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES); 2013)
Country-of-origin of (frozen) pork exported to Australia

(From Australian Pork Limited; August 2014)
Imports and exports of pig meat - Australia

(Australian Bureau of Agricultural and Resource Economics and Sciences; 2013)
Some other major differences between US and Australian pork production

• No live imports or semen

• Very best herds marketing ≈ 25.5 P/S/Y

• Diets,
  • Very little SBM used (M&B meal, canola, peas/beans)
  • Cereal grains used are wheat, barley, sorghum

• Higher cost of production
Comparison of grain prices in Australia

US $6-7 per bushel

(Australian Pork Limited, November 2014)
Some other major differences between US and Australian pork production

• No (or very minimal) physical castration (> 40% of boars given Improvac)

• Average market weight ≈ 230-240 lb.

• Carcass grading based on carcass weight (≈ 165-175 lb.) and P2 (last rib),
  • Fat depth ≈ 9.5-11 mm (0.38-0.44’), as low as 7.5 mm (0.30’)

• Less viral disease challenges (no PRRS, PEDv, TGE) but bacterial diseases (enteric, respiratory) more problematic

• Use of bedding (straw, rice hulls) in wean-to-finish systems
Recent drivers for change to the Australian pork industry
(60 Minutes – Sow stalls; Nov, 2009)

Above: Andrew Spencer interviewed by Liam Bartlett.
Coles pork to go sow stall free

July 22, 2010
Nicole Eckersley

Coles has announced a plan to phase out the use of sow stalls by its producers by the end of 2014, with the first shipments of cage-free pork in the Coles Butcher line beginning next year. Coles already offers sow stall-free pork in the Otway, Linley Valley, and KR branded Outdoor Reared ranges.

The announcement coincides with the addition of new free-range pork products in the Coles’ Finest range, developed in conjunction with the RSPCA.

Sow stalls have become a hot topic in recent months, with the Tasmanian state government announcing that they will be phased out over seven years, and Australia’s largest piggery Riverlea committing to the same target.

“Our customers are becoming increasingly interested in welfare issues surrounding pig farming, with the use of sow stalls their greatest concern,” said Coles General Manager of Meat Allister Watson.

“For a number of months now, Coles has been working on plans with our pork producers to phase out sow stalls. We are working with our growers to ensure they avoid onerous costs in changing how they raise pigs. Changes will therefore take time to complete, but Coles and its suppliers are stepping heavily in the right direction.”

Australia has one of the most concentrated grocery markets in the world

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A Proposal: 2010

That APL should undertake a comprehensive industry consultation process to investigate whether we build our own differentiator by taking a position on gestation stalls and addressing related issues such as imports, labelling and labour

Australian Pork Limited
(representative body for producers; check-off)

(courtesy Dr. D. D’Souza, Australian Pork Limited)
Assumptions behind industry consultation

Assumption 1:
The use of gestation stalls will at some point in the future be unacceptable to the community and their use will be forced to cease. This will be realised through both regulators and market forces via retailers.

Assumption 2:
Given that the use of gestation stalls will be forced to cease, would the industry not be better off to proactively discontinue their use, thereby

- Improving community/government relations?
- Actively differentiating product from imports?
- Creating consistent and logical standards around a withdrawal?
- Leveraging the position for government and retailer support?
- Gaining the support of the welfare lobby for “Australian”?

(courtesy Dr. D. D’Souza, Australian Pork Limited)
The Code includes implementation deadlines following its publication on the following key standards:

- **10 years to introduce the 6 week limit for use of sow stalls – 2017**
- **Full implementation** of the model code of practice by all pig farmers by 2017
1. “That Australian pork producers commit to pursuing the voluntary phasing out of the use of gestation stalls by 2017”

2. “That Australian pork producers recognise the welfare benefits of gestation stalls, the cost of change and the need for research, investment and off-sets to support the voluntary commitment to change”

(courtesy Dr. D. D’Souza, Australian Pork Limited)
The industry (delegates) voted;

83% of delegates voted in favour of the voluntary ban on sow gestation stalls

(courtesy Dr. D. D’Souza, Australian Pork Limited)
Gestation stall free: definition

• Sows and gilts should be kept in loose housing from 5 days after service until 1 week before farrowing, where service refers to the last mating

• In loose (group) housing, sow and gilts – either singularly or in groups - have freedom of movement, i.e., they can turn around and extend their limbs

• The housing of one or more animals must meet the Model Code for the Welfare of Pigs (2007) space allowance requirements

• Where a pen is used to confine a pig individually during gestation (up to 1 week prior to farrowing), it must meet the definition of loose housing, i.e. the animal must be able to have freedom of movement, to turn around and extend its limbs
Changes at Rivalea Australia (one of largest pig producers in Australia)

(From http://www.screencast.com/t/Zp3ZnyYpp)
COLES HELPING AUSTRALIANS WITH BETTER ANIMAL WELFARE AT NO ADDED COST TO CUSTOMERS
-Sow stall free pork one year earlier than planned
- Coles eggs cage free from the New Year

Coles today announced that it will meet its commitment to phase out sow stalls in all Coles Brand fresh pork, ham and bacon production a year earlier than planned and will stop selling Coles Brand caged eggs from the New Year.

Coles’ announcement coincides with a major campaign launch by Animals Australia to raise awareness of intensive or factory farming. Lyn White, Campaign Director at Animals Australia welcomed the news from Coles: “Animals Australia applauds Coles’ commitment to improving animal welfare in its supply chains. Australian consumers are increasingly concerned about the welfare of animals raised for food and believe that they too should be provided with quality of life and protection from cruel treatment. It is terrific that Coles has acknowledged their ability to positively influence the lives of animals in Australia and is working productively with producers to provide positive outcomes.”

What are the standards to supply pork to Coles?
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CS 6.1 Stocking Density

<table>
<thead>
<tr>
<th>Standard</th>
<th>Performance Indicators for pen space and housing are met for all pigs.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Performance Indicators:</td>
</tr>
<tr>
<td>A. Sow and gilt pens must:</td>
<td>- Be large enough for pigs to turn around.</td>
</tr>
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<td></td>
<td>- Be a minimum of 3.6 m² excluding drains but including slats.</td>
</tr>
<tr>
<td></td>
<td>- Have sufficient space to allow pigs to lay down with limbs fully extended; AND</td>
</tr>
<tr>
<td></td>
<td>- Sows and gilts in group housing must have a minimum lying area of 1.5 m².</td>
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</tbody>
</table>

3.6 square metres ≈ 38.8 square feet

A typical sow stall is about ≈ 1.5 square metres (16 square feet)

(from Australian Pork Industry Quality Assurance Program (APIQ✓ ©; VERSION 3.4 1/2014))
What are the standards to supply pork to Coles?

<table>
<thead>
<tr>
<th>Standard</th>
<th>Performance Indicators for husbandry practices are implemented and maintained on-farm.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A.</strong></td>
<td>Sows and gilts are not confined in stalls at any stage of their lives. The use of farrowing crates is permitted.</td>
</tr>
</tbody>
</table>
| **B.**   | Sows and gilts may be mated in individual pens, individual stations or in groups:  
- If a sow is mated in an individual pen it can remain in that pen for 30 days until it is confirmed pregnant then moved to group housing.  
- If a sow is mated in an individual station, it must not be confined for a period of longer than 24 hours. |
| **C.**   | Nose ringing of pigs is not permitted. |
| **D.**   | No routine teeth clipping or grinding:  
- Where deemed necessary by a veterinarian teeth clipping and/or grinding may be permitted. |
| **E.**   | Tusk trimming may only be done by a veterinarian or trained person following veterinary instruction. |
| **F.**   | No castration is permitted.  
- Where deemed necessary by a veterinarian for therapeutic reasons it must be carried out under anaesthesia by a veterinarian. |
| **G.**   | No routine tail docking.  
- Where tail docking is deemed necessary by a veterinarian it must be carried out before seven (7) days of age by a veterinarian or trained person. |
| **H.**   | Piglets are weaned no less than 18 days from farrowing and at an average of 21 or more days. |
| **I.**   | The Coles six (6) monthly Health and Welfare Reports are completed, signed by a veterinarian and emailed to Coles with confirmation from Coles retained for verification during the APIQ® Compliance Audit. |

*(from Australian Pork Industry Quality Assurance Program (APIQ®; VERSION 3.4 1/2014)*
Pork: Sow stall free

Following extensive work with our pork suppliers, Coles is proud to say that all our Coles Brand fresh pork is sow stall free. This major animal welfare initiative is a response to demand from our customers for more responsibly sourced products and will see approximately 34,000 mother pigs no longer kept in small, single-pig stalls for long periods of their lives. All pigs raised by Coles Brand pork suppliers are now free to move about in pens and socialise with other mother pigs.

In addition our local and imported Coles Brand ham and bacon is now sow stall free.

Better for everybody

At Coles, we’re committed to providing our customers with high standards of food, which means taking into account environmental, financial and social issues such as animal welfare when sourcing meat, eggs or produce.

What are the standards to supply pork to Coles?

<table>
<thead>
<tr>
<th>Standard</th>
<th>Pigs are not given Growth Promotants, Hormones and/or Antibiotics unless prescribed by a veterinarian.</th>
</tr>
</thead>
</table>

**Performance Indicators:**

A. The following products are not used:
- Hormone Growth Promotants; AND
- Porcine Somatotropin (pST); AND
- Ractopamine; AND
- Boar Taint Vaccine; AND
- Antibiotics that suppress sub clinical disease, unless prescribed by a veterinarian and included in the Approved Medication List (AML).

*(from Australian Pork Industry Quality Assurance Program (APIQ✓ ®; VERSION 3.4 1/2014)*
The use of Improvac in Australia

(D’Souza, 2013; Boar taint vaccine and the Australian pork industry position; Danske Svineproducenter)
Conclusions

• Australian pork industry very small

• Change in the balance of consumption (domestic, imported product) over last 20 years

• Strong influence of grocery chains and animal advocacy groups on production practices
Acknowledgements

• Australian-American Fulbright Commission

• Kansas State University,
  – Office of the President/Professor John Leslie
  – Department of Animal Sciences and Industry
  – College of Veterinary Medicine

• Australian Pork Limited
  – Dr. Darryl D’Souza
  – Mr. Andrew Spencer
Major differences between US and Australian university systems: agriculture

• No university land-grant system in Australia

• No extension – not the core mission of faculty,
  • No/less connection to producers

• No college sports in the universities

• As a consequence, external funding by alumni is weaker