



INCREASING FEED PRICES

A NEED FOR IMPROVED EFFICIENCY

With the current climate of increasing feed prices and the resulting impact on the cost of production, what can you do about it?

Feed costs represent nearly 80% of the variable costs of producing a pig and 50% of total costs. Consequently, fluctuations in feed prices have a greater impact on production costs and on profitability than any other single factor.

Between August 06 and August 07 wheat prices doubled, adding more than 30 p/kg to the cost of production (COP), which could lead to losses averaging £22 per finished pig.

Although reducing COP can take the form of reducing input prices, for example switching to a cheaper ration or by purchasing in larger quantities, it can more often involve improvements in technical performance...

Environment

Energy

Minimum Ventilation – Many nurseries have the minimum ventilation set at, or above, 20%. However a clean, dry ready-to-stock nursery should not require more than 5% of the installed ventilation capacity initially, reducing energy use by up to 75%!

Lighting - Turning off the lights in a typical room/shed for 12 hours can save you up to £1... Turning off all the unnecessary lights on a unit for 12 hours can save you up to £10... If you get into the habit of doing this (consider buying a timer) you could save £1000 a quarter!

Creep Heating - Enclosing creeps and controlling the heating system using a simple dimmer switch and thermostat can save you up to 50% compared with running the heating on manual!

Water: The intake of water is crucial as it drives feed and therefore growth rate, check availability and flow rates (as indicated on the 'stockman checks' insert) and ensure that the routine cleaning policy includes all water systems being cleaned and flushed on a regular basis (at least between each batch) and that header tanks have intact covers.

Hygiene: Follow an all-in-all-out policy wherever possible. Clean and disinfect buildings and pens between batches. Review your cleaning policy with your vet, ensuring cleaning is effective and that the appropriate disinfectants are used, at the correct dilution rates. The improvements in growth rates and efficiency related to health and hygiene from cleaner systems have been demonstrated on many units.

Movement and mixing: Reducing moves, minimising mixing, keeping variation to a minimum and enforcing *actual* all-in-all-out policies, will all help to improve health, minimise stress and increase growth rates and efficiency. Review your current pig flow.

Feed

Estimate feed intake: Devise a way to measure the feed intake of the whole building, or individual pens. Regularly checking feed intake will help in optimising diet formulations and will enable fluctuations to be detected, helping the identification of likely causes of reductions or increases. Discuss this with your nutritionist/feed supplier.

Correct diet specification: Review your feed strategies with your nutritionist or feed supplier. Ensure the diets and timing of diet changes match your pig flow, age of pig and actual growth rates. If you have a fixed policy on changing diets, ensure that this is regularly reviewed to reflect actual changes on the farm, which may have affected growth rates. Remember the cheapest is not always the best – the value of performance must be taken into consideration along with the feed programme. Discuss the possible benefits of feed additives specifically for your unit with your nutritionist.

Long term planning

It is clearly to the advantage of the pig producer to minimise the variation in future feed costs. This is essentially done by “locking in” prices. Although future prices may be locked in at higher than current prices, this should be more than outweighed by the knowledge of what your future feed costs are going to be. This knowledge is essential to successful business planning.

Management

Labour

Invest in training – Many producers who have already done so have seen up to an 18% increase in the number of pigs achieving premium payment grade and the cost of labour reduced by 27% through improved output and more efficient methods of working. Not only can training help raise self-esteem and motivate staff, but also as a direct result, output can be improved. For example, on average a 10% increase in sow productivity (worth 3.3 p/kg), 32.5% decrease in weaner mortality (worth 1.4 p/kg) and a 20% increase in finisher growth rate (worth 6 p/kg) can be achieved. To find out more about training opportunities and how it can help your staff to be more efficient contact **Tess Howe**, BPEX Training Coordinator (07779 321 078).

Health: Any health challenge can affect performance and efficiency. With your vet use the Farm Health Plans and BPHS data to proactively manage unit health and vaccination programmes.

Selection for slaughter

Much of the cost and effort put into producing pigs is lost at this final stage. Reviewing and making simple changes to management procedures can however make a substantial difference to the number of pigs “in the box” and subsequent payments.

The first step is to increase and optimise the number of pigs meeting the top grade of your contract. Are finishing staff aware of the parameters and what gains can be made from getting more pigs within them? Weigh your final stage finishers regularly and mark up ones that are ready for the next slaughter load (bearing in mind daily liveweight gain). Slaughter weights need to be optimal for both your system and the contract; overweight pigs have a negative effect on the value of the carcass but can easily be avoided. The importance of P2 must also be considered, high P2 measurements are indicative of a deterioration in efficiency.

The example below demonstrates the cost benefit of optimising the number of pigs meeting the top grade and therefore obtaining the best prices.

	Producer A	Producer B
Average Weight (kg)	78.52	78.15
Average P2	10.12	11.6
% Top Grade	91.26	73.7
Weight Cost Effect	-0.01p/kg -£0.01/pig	-0.92 p/kg -£0.72/pig
Probe Cost Effect	-0.29 p/kg -£0.23/pig	-1.82 p/kg -£1.42/pig
Overall Cost Effect	-0.30 p/kg -£0.70/pig	-2.12 p/kg -£1.66/pig

Further gains can be made from maximising the weight that your contract allows - the returns are then increased further as the highest price is multiplied by more kg of pig meat. A double bonus! Check the abattoir sheets for every batch to ensure that you are getting the optimum number of pigs "in the box".

Genetics: The new sire lines can achieve better growth rates, are you using the most appropriate genetics for your system to improve output of farm and improve feed efficiency? Consider reviewing this in the long term and discuss with your breeding company.

To discuss **breeding herd efficiency** contact a member of the KT Team.

Cost of production benefits from improving efficiency

A recent analysis showed that a £10 per tonne increase in feed price adds 3.85 p/kg to the COP. A £25 per tonne increase therefore adds nearly 10 p/kg to the COP. By making improvements in the herd the following COP benefits can be made:

- Improving feed efficiency by 0.1 cuts COP by 1.64 p/kg
- Improving growth rate by 50 g/day cuts COP by 1.2 p/kg
- Improving killing out percent by 1% cuts COP by 1.35 p/kg
- An extra 1 pig born alive per litter cuts COP by 5.5 p/kg
- Reducing post-weaning mortality by 1% cuts COP by 0.78 p/kg

Not all of these figures are additive, but nevertheless demonstrate that incremental improvements in several areas will begin to offset the rising feed prices.

Useful contacts and websites:

- **BPEX:** www.bpex.org.uk
- **BPEX:** Andrew Knowles (01908 844708 or andrew_knowles@bpex.org.uk)
- **BPEX:** Mick Sloyan (01908 844368 or mick_sloyan@bpex.org.uk)
- **NPA:** Barney Kay (02476 858782 or barney.kay@npanet.org.uk)
- **NPA:** Ian Campbell (01359 259452 or ian.campbell@npanet.org.uk)
- **British Pig Health Scheme:** 01463 233184
- **Tony Fowler Feed Calculator:** www.bpex.org.uk
- **Feed COP calculator:** <http://www.npa-uk.org.uk/>
- **Farm health planning** benefits you by helping to prevent disease and improve the performance of your pigs: <http://www.defra.gov.uk/fhp/> or email **Ian Russell** (ian.russell@defra.gsi.gov.uk)
- Are you interested in some free consultancy? If so contact **Mark Wilson** (01908 844256)
- Contact your feed supplier/nutritionist, vet, genetics supplier, consultant/bank manager, BPEX KT Manager or marketing group to discuss your individual situation

BPEX KT Managers

Angela Cliff (Central):	01908 844744	angela_cliff@bpex.org.uk
Helen Thoday (South):	07973 701 202	helen_thoday@bpex.org.uk
Kayt Johnson (East):	07973 977 171	kayt_johnson@bpex.org.uk
Lis Ravn (North):	07891 656 784	lisbeth_ravn@bpex.org.uk
Tess Howe (Training):	07779 321 078	tess_howe@bpex.org.uk

31 August 2007

Further information

The following publications are available from the BPEX website (www.bpex.org.uk), however if you, or anyone you know, would like copies posted out, please complete the faxback form below and return by post, fax or email to Miriam Drewett. **Tel:** 01908-844749 **Fax:** 01908-844214 **Email:** kt@bpex.org.uk.

Feed prices and the UK pig industry

Action for productivity sheets:

Regular worming

Strawing up

Heat stress (indoors)

Heat stress (outdoors)

Creep feeding

Enzootic pneumonia

Factors affecting killing out percent

Feed & straw management to reduce the risk of mycotoxins

Maximising returns from finishing pigs

Improving piglet survival pack

Improving reproductive performance pack

Name: _____

Producer [] Vet [] Allied industry [] Industry organisation [] Abattoir [] Other []

Address: _____

Postcode: _____ **Telephone:** _____

Fax: _____ **Email:** _____