

**AUSTRALIAN
Pork**

Shaping Our Future



**Kathleen Plowman
General Manager Policy**

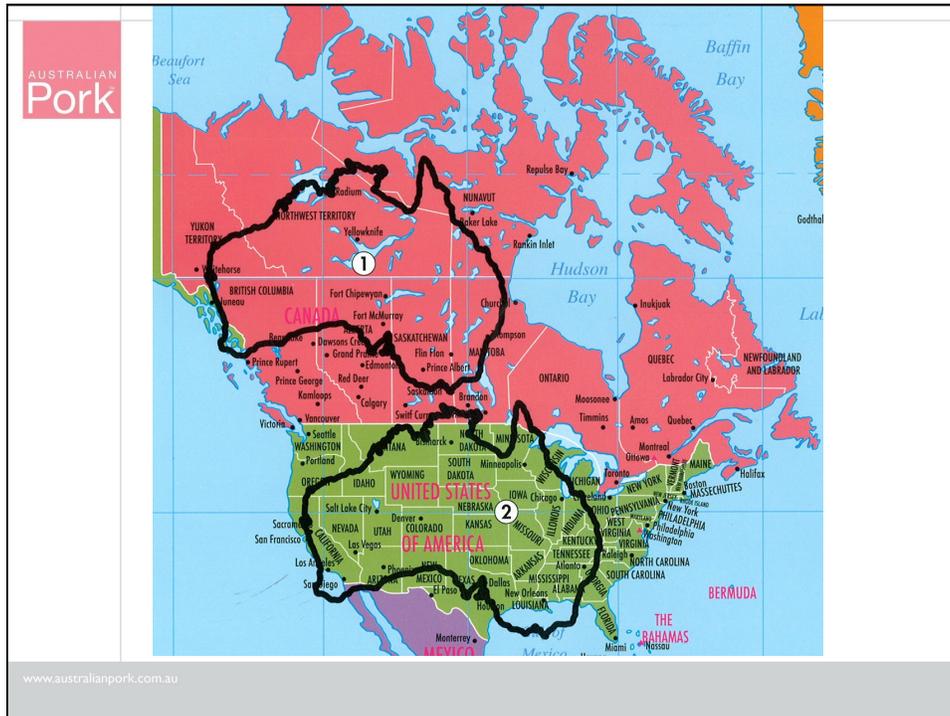
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Presentation contents

- Industry overview – Australia/Canada
- Animal welfare – Model Code and regulations
- Market demands and complexities
- Shaping Our Future – social license to operate
- Differentiating Australian pork

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	Australia 	Canada 
Pigs slaughtered	4.6 million hd	21.52 million
Sow numbers	255,000 hd	1,300,000
Average slaughter weight	76 kg	115 kg
Population (people)	22 million	34 million
Domestic consumption	24 kg/ hd/yr	23 kg/ hd
Imports (tonnes)	132,000 (SW) (34,090 ton from Canada) \$453 million	140,000
Exports (tonnes)	36,000 (SW) \$110 million	Approx 1,000,000 \$2.74 billion value

Production system overview

- Farrow to Finish production systems account for ~84% of production
- Pig production undertaken by multi-site producers is ~73%
- Australian production housing systems:
 - Indoor conventional housing – 48%
 - Combination of indoor and deep litter systems – 46%
 - Free range – 4%
 - Outdoor-bred – 2%

Animal welfare: Model Code & regulations

Australian animal welfare regulation...

Under Australia's Constitution:

- ✓ Federal government responsible for Model Codes and live exports
- ✓ Each state and territory is responsible for its own animal welfare legislation with reference made:
 - Directly to the Codes in state and territory legislation (usually under Protection for the Welfare of Animal legislation or similar) OR
 - Code "Standards" specifically regulated

Model Code for Pigs – 2007

- Codes reviewed approx every 5 years
- Industry preparation began 2002- 2003
- Consultation started in 2004
- Writing committee – APL, state regulators, vets, RSPCA and Animals Australia
- Code signed off by Primary Industries Ministerial Council - April 2007
- 25 key changes, most significant:
 - ✓ Space allowance increases – 2012
 - ✓ 6 week limit for use of sow stalls – 2017
 - ✓ Stockperson training, competency assessment & verification - 2011
- Standards regulated in all states by April 2009 – still going
- Cost to industry preparation to implementation approx \$400mn



Code - an industry success

Primary Industries Standing Committee
Model Code of Practice for the
Welfare of Animals
Pigs
Third Edition
PISC Report 92



- ✓ Pig Code – forward thinking and proactive
- ✓ Avoided downside in timing of changes, space requirement impacts, further reduction in sow stall usage
- ✓ Set precedent for other livestock Codes:
 - Competency of stockpersons
 - Code Standards i.e. the ‘musts’ - regulated in each state
 - Set framework for new Standards and Guidelines (replaces Model Codes)
- ✓ **72% of production use stalls for up to four weeks (2010)**

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State regulation of Pig Code

Year 4
- 2011

Year 3

Year 2

Year 0

2015 – Standards & Guidelines - Pigs regulate

?- Tasmania – yet to regulate

Nov 2010 –Victoria * Livestock Management Act (ongoing)

Nov 2010 - Western Australia

March 2010 – New South Wales

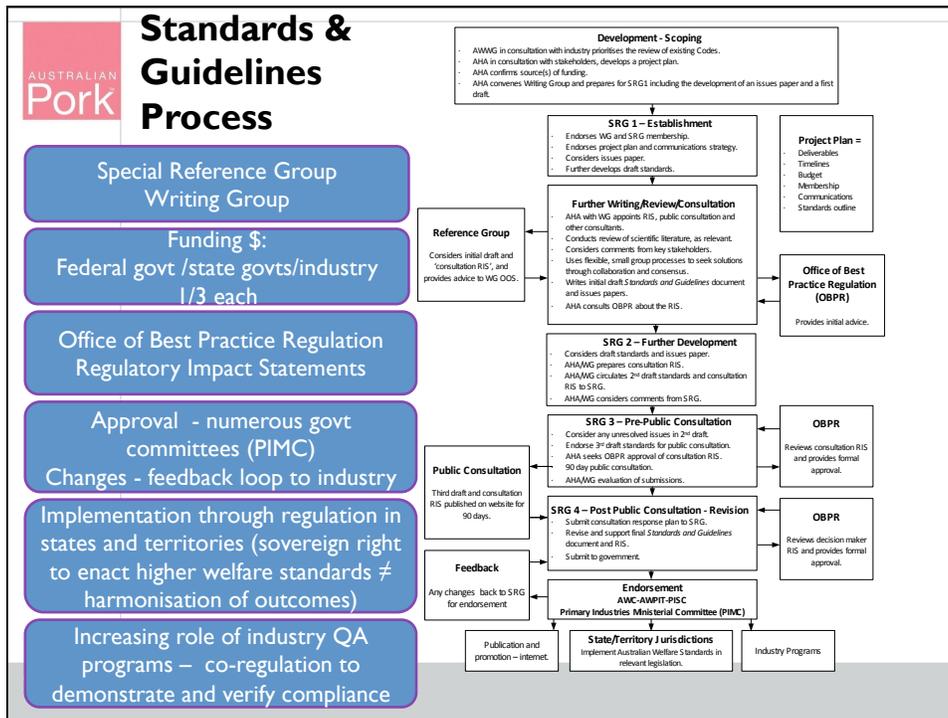
Nov 2009 - South Australia

April 2009 – regulated in all states

April 2007 - PIMC signs off on Pig Code

Code referenced differently in state animal welfare legislation
=
Different outcomes
=
Anti competitive

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Australian Pork Industry Quality Assurance Program APIQ[®]

- On farm quality assurance program – based on Good Agricultural Practices and HACCP
- Farms independently audited annually
- Annual audit of the APIQ system and program by third party
- Covers: management; food safety; biosecurity; traceability; and **animal welfare**
- Voluntary - covers 85% of production
- APIQ certification required by most major processing establishments and by the major retailers
- Victorian Livestock Management Act – innovative and far reaching recognises industry compliance programs e.g. APIQ

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**There's pork
....and then there's
APIQ[✓]® Certified Pork**

APIQ[✓]® welfare module: PigCare

- Assesses compliance with all the Model Code Standards
- Direct evaluation of animal-based indices as measures of pig welfare
 - desk/document level
 - piggery inspection
 - visual assessment of pigs and facilities
- Quantifies qualitative, subjective parameters – more objective assessment tool
- Verifies Producer and industry compliance
 - ✓ Tool for improvement, training and education
 - ✓ Provides producer defence
 - ✓ Promotion of industry animal welfare stewardship and leadership through benchmarking and reports

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***In November 2010, Australian
pork producers decided to
pursue the voluntary phasing
out of sow stalls...***

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Market

So why voluntarily ban sow
gestation stalls?

Dynamics

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The “Premise”

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 regulations and market forces via retailers.

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Pressure points - mounting political & social pressure for change

- The affluent society - growing importance of welfare
- Growing city/country divide
- Animal welfare/rights and social media
- Politics – the populist view; who holds the balance of power?
- Global influences reflected locally
- Retailer pressure - want products with higher perceived values of welfare at lower prices
- Emergence of animal law

"You didn't know, did you?"

Watch the TV Spot that is speaking up for animals who suffer inside Australian factory farms.



Source: **Animals Australia**

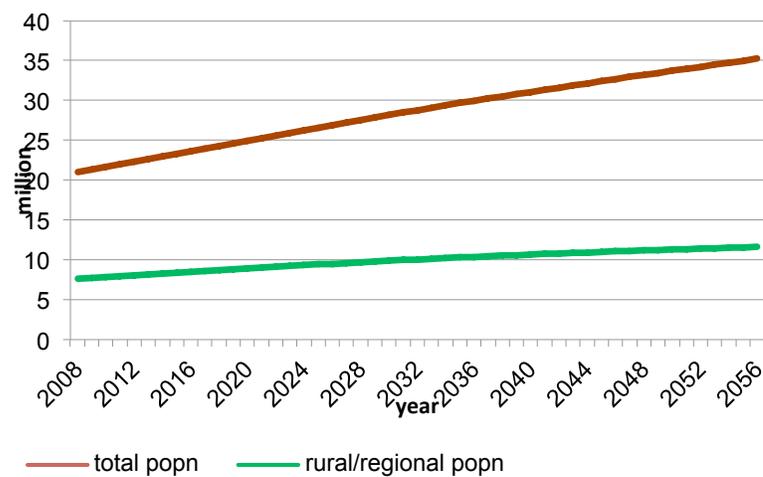
It is commonly accepted that a pig has the intelligence of a 3 year old child.



Animal rights and social media

- Growing distribution of effective messaging that is often misleading, ill informed or bias – social media
- Capacity of livestock owners to counter and keep up to date – industry resourcing, \$ and competing priorities
- Disconnect between rural/city divide fuels this further
- Sophisticated well funded campaigns targeting the public, retailers, politicians and the media
- Live Exports – role of social media in changing the animal welfare landscape

City/country divide 2008-2056*



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60 Minutes – Sow stalls (Nov 2009)



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- Science not able to defend industry position
- So how does industry respond?

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Consumer findings - 2009

- It will take a sustained negative campaign, **combined with an industry response perceived as inadequate** to change long-term pork consumption behaviour
 - Nearly all consumers acknowledge that they may pause for thought next time, but after a short while their purchasing behaviour would return to normal

BAD NEWS

The industry can never totally neutralise an activist attack as it draws attention to practices the majority of consumers are totally unaware of.

GOOD NEWS

Most consumers are receptive to information from the industry to help them rationalise their purchasing behaviour. They do **not** want to know the specifics.

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Retailers Findings

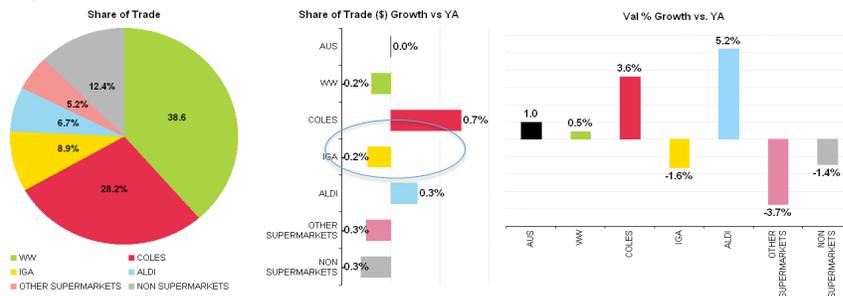
- ✘ **Pig welfare is well and truly “on the radar”**
 - Pork is seen as next on the list after chicken/eggs (which is seen as largely resolved)
 - Many had surprisingly low awareness of farming practices
- **Larger retailers are the most sensitised**
 - Most actively targeted by welfare groups
- ✓ **Australian Pork generally seen as responsive and proactive on issues**
 - But less so on welfare – they would like more engagement on this issue
- **They wanted Australian Pork to take a proactive lead on welfare:**
 - Rise above minimum standards, be ahead of the curve
 - Support exposure to free-range & organic piggeries
 - Control labelling campaign

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Retailer and processor market dominance: Supermarket and butcher share of total grocery trade

Share of Trade - Share of Trade
ALL SHOPPERS - MAT TO 06/08/2011 - Total Defined Grocery incl Fresh - BASED ON VALUE (\$000'S)/1000



RETAIL DOMINANCE: Coles & Woolworths combined account for some 70% of grocery trade

PROCESSOR DOMINANCE: Two pork processors account for some 70% of processed smallgoods ham and bacon market

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Nielsen Homescan data until 11th June 2011

Politics...

- Greens & independents hold balance of power
 - Greens stated policy is to phase out intensive farming practices in meat, dairy and egg production.
- Politics tend to focus on the populist view: metropolitan and marginal seats
- Knee-jerk reactions to animal welfare in times of crisis that can lead to unintended consequences (welfare, environment, economics etc)
- In June 2010, Tasmanian Government announces ban on sow stalls by 2017

Mounting pressure for change

- Largest pork producer(s) already moving to stall-free gestation housing systems – well on target (2014)
- The message from retailers & consumer groups was loud and clear – no sow gestation stalls
 - Coles leading the push fresh pork announcements (July 2010); processed pork announcements (Nov 2010) effective 2014
- Tasmanian stall ban effective from 2017
- NZ Pork Model Code also ban sow stalls (2015)
- Standards and Guidelines (Code) review scheduled 2015
- State and federal governments sensitised to animal welfare
- Welfare lobby is significant and having an impact
- **As an industry we prefer to be proactive rather than reactive**
- **Secure our social license to operate**

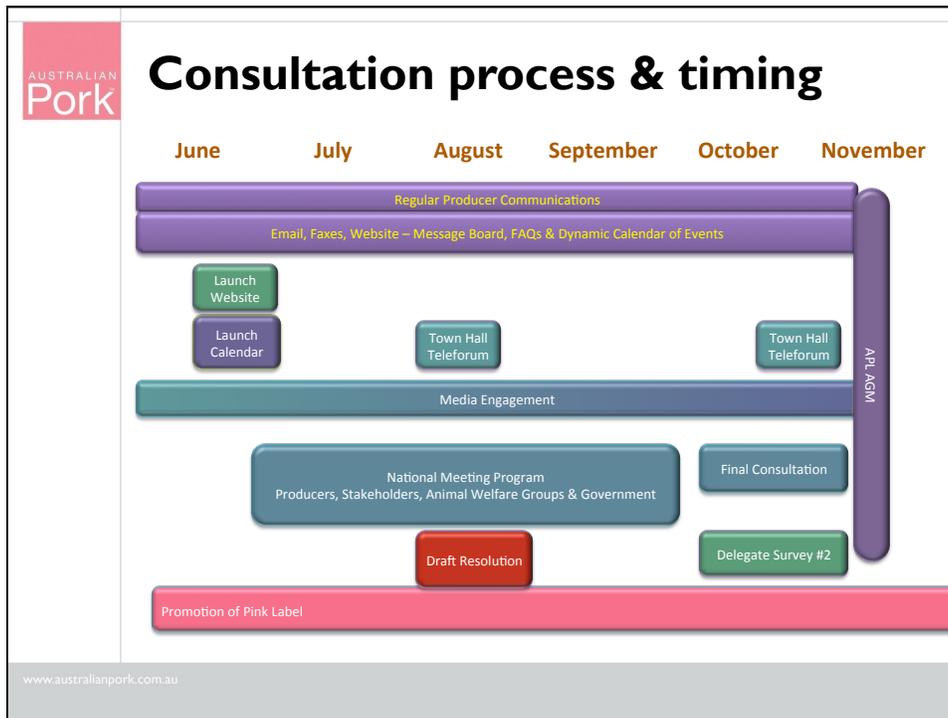
Shaping Our Future- setting the agenda

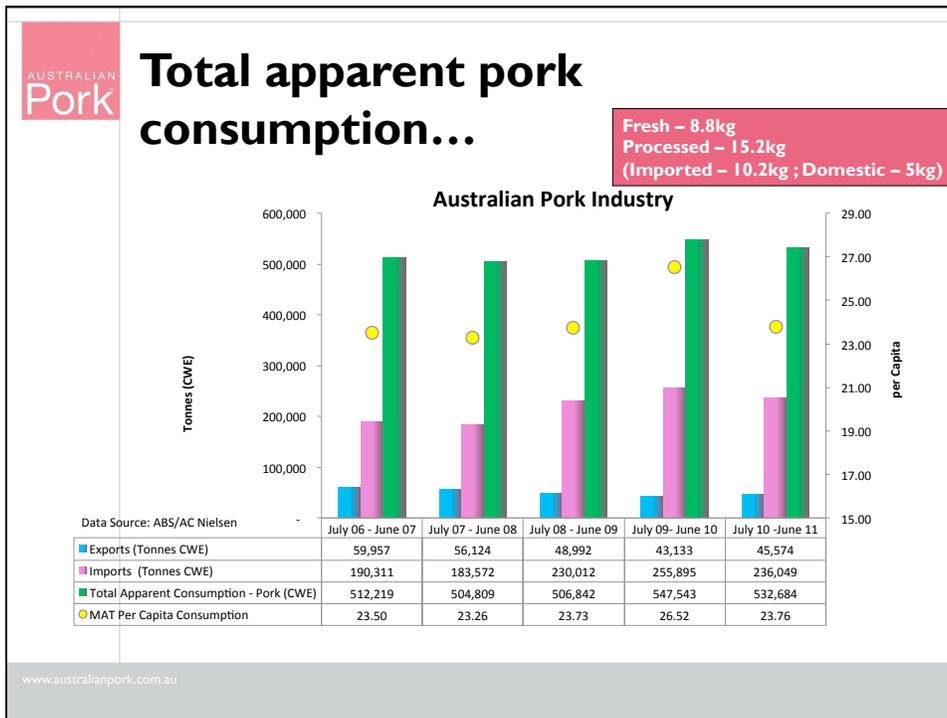
In June 2010, APL launched an industry consultation process to investigate our position on gestation stalls into the future while also addressing imports, labelling and labour issues

The “Premise”

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 Australian 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”?





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We cannot compete on price!

Country	Australia†	Brazil	USA	Canada	Netherlands	Denmark	GB
Feed (\$/tonne)	350*	303	252	286	334	303	301
COP (\$/kg carcass weight)	2.34	1.55	1.52	1.56	2.10	2.07	2.15
HFC (kg/kg)	3.7	3.7	3.8	3.7	3.4	3.6	4.1
HFC (MJ DE/kg)	48.8	52	55.5	56	45.0	48.5	55.9
Carcass (kg)	73	86	94	90	90	81	78
Pigs weaned (per sow/y)	21.5	24.2	24.3	24.8	27.2	27.5	22.3
Pork produced (kg/sow/y)	1579	1975	1900	1830	2349	2064	1643

†Pork CRC Benchmarking Study
*Feed cost from industry sources and Pork CRC Benchmarking Study

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Estimated cost of change

- The costs of moving to sow stall free housing
 - significant capital costs: shed design, refit or construction
 - decreased productivity resulting in production losses due to:
 - reduced stocking rates
 - falls in weaning rates per sow
 - possible reductions in feed use efficiency
 - increased labour costs (more labour input and/or better skilled personnel)
- Initial capital investment cost for producers to convert each stall space:
 - \$783 - \$1,500 per stall space
 - Cost for a medium sized pig producer with 100 stalls around \$78,300 in capital costs to make transition
 - The initial total capital investment cost by industry at least \$50 M

2010 AGM Resolutions

Resolution 1

That Australian pork producers commit to pursuing the voluntary phasing out of the use of gestation stalls by 2017.

Resolution 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.

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The Delegate vote – AGM Nov 2010

83% of Delegates – overwhelming support for the Resolutions.

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MEDIA RELEASE
WEDNESDAY 17 NOVEMBER 2010

WORLD FIRST FOR AUSTRALIAN PORK PRODUCERS

Australian Pork Limited
PO Box 148
DEAKIN WEST ACT 2600
P 02 4285 2200
F 02 4285 2288
www.australianpork.com.au

In a world first, the Australian pork industry voted today to pursue the voluntary phasing out of gestation stalls by 2017.

The vote, held at the Annual General Meeting (AGM) of Australian Pork Limited (APL), the industry's peak representative body, is a major step for Australian pork producers.

APL CEO Andrew Spencer said "The phasing out of gestation stalls will come at a significant cost to farmers, with initial modelling estimating it will cost up to \$95 million. To successfully achieve this outcome by 2017, pork farmers will require support from regulators, political stake holders, the retail sector, consumers and the general community."

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Shaping Our Future Stage 2 Objectives

1. Support for gestation stall free definition
2. Achieve tradeoffs
3. Ensure capacity and capability to change by 2017
4. Australian (fresh and processed) pork differentiated from imports at processor and retailer level

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The Trade-Offs...

Success factors in a Phase Out of Gestation Stalls

Support for GSF Definition	Structural Assistance	Labour Supply Skills & Extension	Standards & Guidelines	Marketing Support	Retailers/Processors
Major stakeholders recognise definition	Accelerated depreciation on capital expenditure	Training support and assistance for affected producers	Acknowledge gestation stall commitment in future S&G planning	Support for product differentiation – Australian vs. imports	Consistent standards for retailer-branded product – domestic vs. import
Govts, RSPCA, retailers support industry self regulation	Exit packages	Dept of Immigration special consideration re immigrant labour		Country of Origin Labelling (CoOL) improvements	New business model for processors re Australian product
	Reconfiguration assistance				Uptake of Australian PorkMark
	“Whole of government” planning approval approach				Voluntary CoOL guidelines agreed

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Coles and imported pork – sow stall free extended to home brand processed pork products



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Pig farmers protest about Coles sow stall policy

Wednesday, 18/08/2010

Twenty Victorian pig farmers have protested outside a Coles supermarket in Melbourne, demanding the company apply the same rules to imported and local pork products.

Last month, Coles announced it would stop buying fresh pork from Australian farms which use sow stalls, by 2014.

Pig producers say imports don't face the same restrictions, and it's not fair because it'll cost them more money than overseas rivals to produce fresh pork.

The protest was organised by peak marketing, research and lobby group Australian Pork Limited and the Victorian Farmers Federation.

APL spokeswoman Emily Mackintosh says Coles stopped negotiating with Australian Pork Limited on the issue last week, and won't change its mind.



The Victorian Farmers Federation and Australian Pork Limited want Coles to apply the same rules to its imported pork. (Will Ockenden.)

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Differentiating Australian pork



Consumers want to know their food comes from God's country, not God knows where.

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Smallgoods sector – economic drivers

- Smallgoods sector worth around \$1 billion a year
- Domestically produced pork accounts for a third of this
- **½ a billion dollars is sent off shore every year to the US, Canada and Denmark**
- Inadequate labelling and Country of Origin labelling laws




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Australian PorkMark Campaign

- Improving recognition of and demand for Australian ham and bacon
 - Clearer identification for the consumer of Australian grown and imported pork products
 - Supported through the differentiation activities
- Over 300 licensees of PorkMark
- Slowly gaining traction with retailers
- Working off the back of successful Ham and Bacon Weeks



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Australian Pork

Cooperative Research Centre - High Integrity Australian Pork



**13th SELECTION ROUND SUCCESSFUL
COOPERATIVE RESEARCH CENTRES (CRCs)**

\$100 million boost to Australia's Innovation Agenda

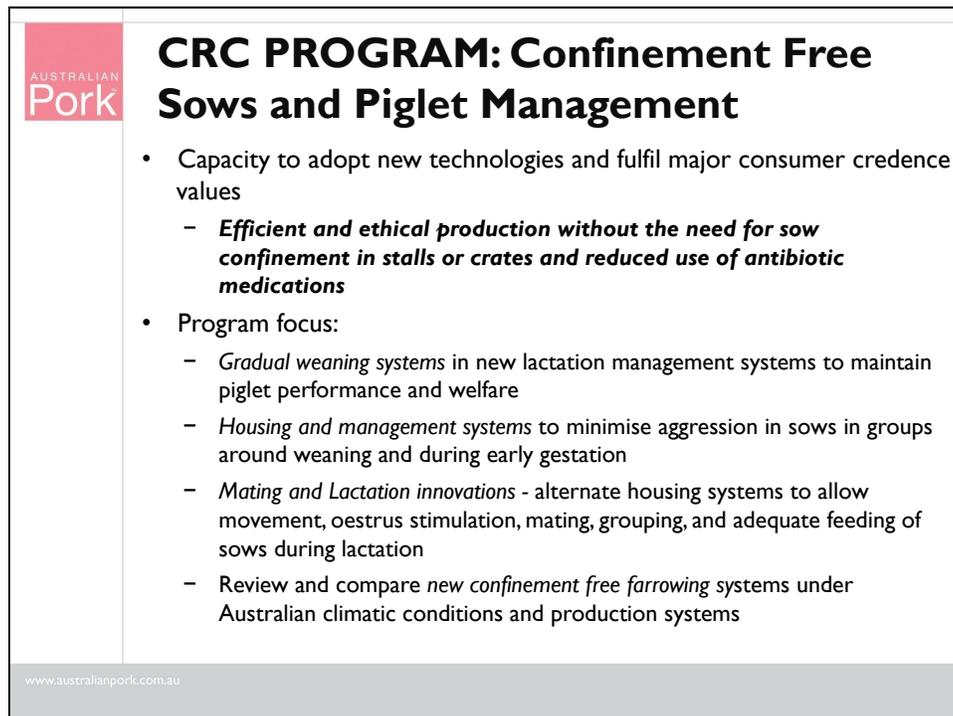
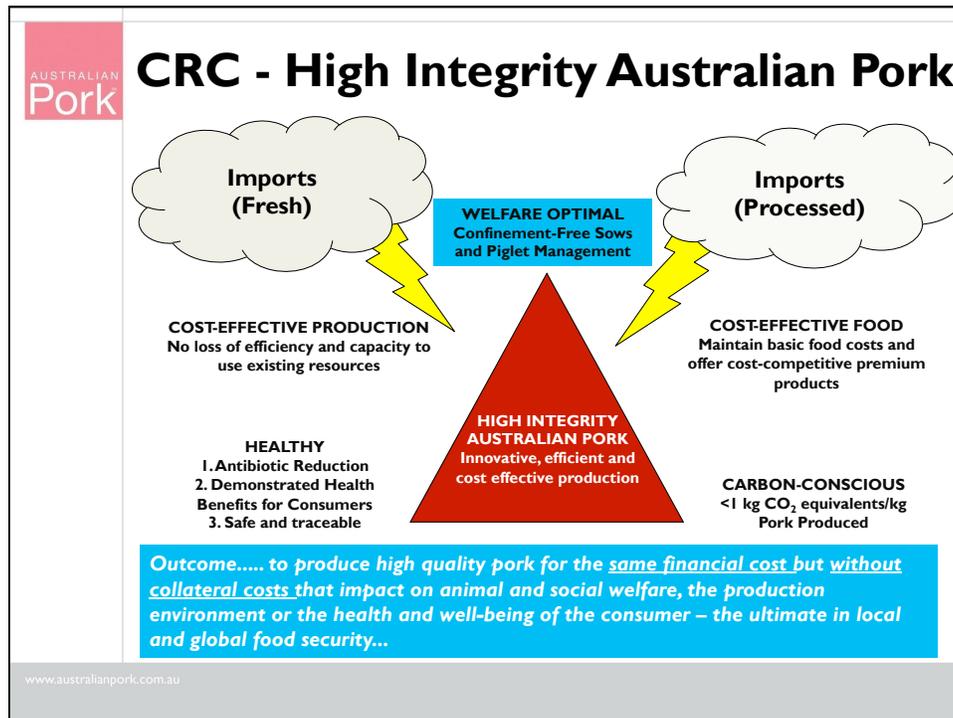
CRC for High Integrity Australian Pork
CRC Program funding: \$20 million

The CRC for High Integrity Australian Pork (Pork CRC) will revolutionise pork production systems to produce high quality pork for the same financial cost, while improving animal welfare by eliminating the need for confinement of sows, reducing antibiotic usage in production systems by 50%, providing world-class analysis systems, demonstrating human health benefits from pork consumption, reducing CO2 emissions, and delivering highly trained scientists and production staff capable of leading the industry forward for coming decades.

Whole of supply chain support:

- Industry and universities - \$18M
- Govt - \$20M
- RSPCA (participant)
- Woolworths Ltd (participant)
- 9 international participants

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voiceless the animal protection institute

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home > taking action > voiceless in action > advertising campaigns

voiceless envisions a world in which animals are treated with respect and compassion

advertising campaigns [print](#) [email](#)

Breaking News!

Voiceless is developing a major new advertising campaign to be launched in late 2011. Spanning national television, print and online publications, the ads will expose the cruelty of factory farming and encourage Australians to make ethical purchasing decisions.

The new campaign follows this recent ad in the August *deutscher and hackett* catalogue:

help us end this cruelty **Donate Now**

voiceless e-update ISSUE #21: WINTER 2011

taking action

Protecting animals means I... write poetry & songs with positive messages about...

Pigs are naturally inquisitive and love to explore their surroundings.

Pigs are intelligent and social animals. In fact, they keep their noses clean and crop. They form strong bonds with their group members.

To be transported from farms hundreds of thousands of mother pigs endure a cycle of suffering. Crutched sows often produce eggs to be individually confined in tiny cages (less than half the size of their own) for weeks at a time. Unable to turn around, their only chance to be seen is to stand on their hind feet.

These mothers are forced to give birth in even smaller cages on hard floors. Pushing or tearing their way out is impossible. They watch helplessly as their piglets scream while their eye teeth are thrust out and their own are cut off without pain relief.

Sow stalls are banned in a number of international jurisdictions on welfare grounds.

It's just wrong. You can change how they live.

"Voiceless will bring the institutionalised suffering of animals to the forefront of Australia's agenda; ensuring that animal protection is the next great social justice movement."

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QUESTIONS?

kathleen.plowman@australianpork.com.au

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Need More Information?

www.australianpork.com.au - corporate

www.pork.com.au - consumer

www.aussiepigfarmers.com.au - meet the farmers

www.apiq.com.au - quality assurance

www.pigpass.com.au - livestock ID

www.porkcrc.com.au – Pork CRC

www.publish.csiro.au/Books/ - Model Code for Pigs

www.daff.gov.au/animal-plant-health/welfare/aaws -
Australian Animal Welfare Strategy