

BPEX



Stewart Houston CBE
Chairman
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BPEX CHAIRMAN'S REPORT

The pig industry has been facing an unprecedented challenge from the rapid rise in feed costs and an inadequate reaction in pig prices. BPEX has given urgent help to the pig sector to help ensure that sufficient value gets back to producers to give them a sustainable future.



In the year to 31 March 2008, the worldwide rise in feed ingredient prices had a dramatic impact on pig production costs. In the UK the price of feed wheat and soya doubled compared with the previous year. The result was production costs rose by 35%. With pig prices increasing by only 7% pig farmers faced severe financial pressure. The pressure on producers was exacerbated by the outbreak of Foot and Mouth Disease (FMD) in August 2007. This caused considerable disruption and increased costs mainly from movement controls. In addition many export markets were lost. By 31 March 2008 many of these non-EU markets had not yet been re-opened.

BPEX concentrated much of its effort during the year to help the industry address these problems. We worked in close partnership with Defra during the FMD outbreak. Initially the focus was on helping to design and communicate practical and effective movement control measures. Latterly we worked together on export recovery. The profitability challenge was addressed mainly through a major communications campaign, supported by technical advice on how to use expensive

feed more efficiently. The coming year will tell if these initiatives have been successful in helping to secure a sustainable future for the English pig sector.

Objectives

The BPEX mission is to enable the England and Wales pig industry to achieve sustainable international competitiveness through reduced production and processing costs and maximising the value of its pork and pork products.

This is achieved through its strategy the Road to Recovery 2006-2009 (see www.bpex.org/AboutBpex/Strategy/default.aspx that aims to:

- Help the industry recover herd health
- Help the industry improve cost competitiveness to a level comparable to our main competitors
- Build industry confidence to invest in the future
- Increase the demand for pork and pork products.

Delivering our objectives

Among the highlights during 2007/08 were the following:

Herd health

- The British Pig Health Scheme, which feeds back pig health surveillance information to producers and vets from trained assessors in abattoirs, continued to grow. By the end of 2007/08 scheme membership covered 70% of all assured pig herds in England.
- A major initiative to improve the effectiveness of pig farm health planning was jointly funded with Defra.
- A number of research projects focusing on pig health and welfare were conducted. Included in this was a major project seeking to find ways of measuring pig welfare outcomes on farm.
- The Pig Health and Welfare Council, representing a wide range of stakeholders, including welfare organisations continued to oversee the implementation of the Pig Health and Welfare Strategy.

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**Improving cost competitiveness**

- The BPEX Knowledge Transfer team actively engaged with producers encouraging the uptake of new and existing techniques. National key performance indicators showed that this and other activity was having a positive impact.
- BPEX played an active role in keeping the industry fully informed during the FMD outbreak in 2007. This helped to minimise the disruption and extra cost arising from the control of the outbreak.
- A range of research projects aimed at improving cost competitiveness continued during the year, co-ordinated through the Pig Development Centre.
- The international competitive position of the England and Wales pig production sector was analysed through the InterPig Network co-ordinated by BPEX. This now covers 13 countries in the EU and the Americas.
- Environment legislation is being introduced increasingly into the pig sector. BPEX helped the industry to comply with this in the most cost effective way through the provision of expert advice.
- BPEX continued to support industry training initiatives such as the pig industry national training strategy, certificates of competence and PIPR (Pig Industry Professional Register).

Building industry confidence

- The Knowledge Transfer team held a number of regional workshops for producers which highlighted, among

other things, opportunities where relatively limited investment could yield profitable results.

- The BPEX website and industry communications activity was heavily used during the year. In addition to industry news, the opportunities for future investment, particularly in improvements in health and productivity were highlighted.
- BPEX supported the work of RMIF in the pig sector. This highlighted best practice techniques from within and outside the industry that could be adapted along the whole supply chain.

Improving demand

- BPEX undertook a major campaign to highlight the challenges being faced from high feed costs and the inadequate response to pig prices. A range of media channels were used including advertisements in national press, the production of authoritative reports and a large-scale integrated public relations programme.
- The messages being communicated by BPEX were co-ordinated with other stakeholders including the National Pig Association (NPA) and British Meat Processors Association (BMPA) to ensure maximum impact.
- BPEX undertook a major pork promotion with retailers under the 'Love QSM Pork' banner. Over one billion stickers were carried on-pack and in-store.
- BPEX worked closely with the independent retail sector, most particularly through roadshows,

which stimulated new product development and regional publicity. BPEX also worked with the foodservice sector which resulted in greater penetration for the Quality Standard Mark.

- The recovery of export markets was a priority in order to regain lost value and exploit the growing world demand for pork and processed pork products.

The year ahead

On 1 April 2008 The British Pig Executive became a sector company of the new Agriculture and Horticulture Development Board. Operating as 'BPEX' we will continue to be focused on enhancing the competitiveness, efficiency and profitability for English pig levy payers and driving demand for English pork and pig meat products in Britain and globally.

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Further information on the work of BPEX and a list of Board members is available on the BPEX website, www.bpex.org.uk

BPEX performance against target 2007/08

Table B.1

Strategy	Target	Performance
Objective 1 – Help the industry recover herd health		
1 – Introduce active herd health planning	1. Pig Herd Health Plan (PHHP) successfully piloted with 20 producers and five veterinary practices. 2. Defra funded Farm Health Plan (FHP) project achieves eight groups actively implementing herd health improvement strategies as a result of FHP's. 3. A4 advice sheets produced on addressing all diseases covered by British Pig Health Scheme (BPHS)	PHHP was successfully piloted. The Defra FHP project has seen 21 groups actively participating in health planning across the four regions. Group activity was delayed by FMD but extension was successfully negotiated to end of June 2008 with Defra
2 – Reduce prevalence of pig disease	-5% year-on-year prevalence of major endemic diseases measured by BPHS and National Animal Disease Information Service (NADIS) reports	BPHS scores for prevalence of Milkspot, Enzootic Pneumonia and Pleurisy have declined year on year by 31%, 48% 29% respectively since the start of the scheme in January 2006
3 – Establish new pig health research projects	One Biotechnology and Biological Science Research Council (BBSRC) project started. Defra tender for projects launched	Successful application from Royal Veterinary College (RVC) on PMWS. BPEX has presented the BPEX Knowledge Transfer R&D Health and Welfare Strategy paper to Defra, the BBSRC and England Implementation Group (EIG)

Table B.2

Strategy	Target	Performance
Objective 2 – Help the industry improve cost competitiveness to a level at least comparable with our main EU competitors		
1 – Forecast market developments	Slaughterings within +/- 2.5% of forecasts	April 2007 to March 2008 forecast: 8.250m head. Actual: 8.153m head. Deviation: -1.2% mainly as a result of FMD distorting slaughtering patterns and unforeseen significant increase in feed prices resulting in some producers leaving the industry
2 – Measure the competitive challenge	Publication of report by 10 December 2007. Achieve a 90% satisfaction rating on information provision	2006 Report published 10 January 2008. 94% satisfaction on information provision
3 – Improving the performance of those we work with	+10% year-on-year physical performance in pigs sold per sow per year and finishing herd growth and efficiency	Significant improvements in the range from +2% to +20% on units that Knowledge Transfer team have been fully engaged with and with the groups that they have been facilitating during the year
4 – Improve the performance of the whole industry	+5% year-on-year physical performance in key performance indicators (KPIs) for pigs sold per sow per year and finishing herd growth and efficiency	Comparisons of the first three quarters of the financial year with previous year show high levels of improvement with the +5% target achieved for the top third of producers (a far higher % of sows) for finished pigs per sow per year, and post weaning mortality. Q4 saw disappointing declines in the trends due to poor summer weather and FMD leading to overstocked finished pigs
5 – Adopt best practice	Training – 150 packs distributed and 100 certificates achieved. A4 advice sheets – one per month with targeted distribution through allied industry	Training packs – 120 manuals sold. Four training newsletters produced and distributed. 80 people have started their Certificate of Competence, 60 have their Vet & Med certificate. There are 14 A4 advice sheets on wide ranging best practice topics. Knowledge Transfer workshops – 17 in SW, 6 in EA, 11 in Midlands, 13 in North, have reached units responsible for over 150,000 sows

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BPEX performance against target 2007/08

Table B.2 continued

Strategy	Target	Performance
Objective 2 – Help the industry improve cost competitiveness to a level at least comparable with our main EU competitors		
6 – Adopt innovative methods	10 new initiatives successfully trialled in grant scheme and 10 new development ideas trialled with commercial producers	Five demonstration grant applications funded in Autumn 2007
7 – Work with and not against the environment	Pig Environmental Partnership (PEP) launched by September 2007. Projects implemented by March 2008	Consultation and launch of PEP was postponed. Projects are under discussion with Newcastle University, the Danes, the Farm Energy Centre looking at Nutrient Management, Life Cycle Analysis (LCA) and Bio-Energy Production
8 – Improve understanding of meat quality issues	Two projects in progress in understanding consumer and abattoir issues. Four A4 advice sheets for meat quality produced	Two consumer research projects completed and widely communicated. Chicory trial under way, growth rate and meat eating quality trial in progress. Four best practice guides 'Target Pork Quality' published

Table B.3

Strategy	Target	Performance
Objective 3 – Increase demand for British pork products		
1 – Increase the use and understanding of the QSM	Year-on-year pork +3% (85% March 2007); year-on-year bacon +7% (48% March 2007); year-on-year ham +11% (36% March 2007); ratio of coverage to spend to be above 3:1	Year-on-year pork -4% to 81%; year-on-year bacon +9% to 57%; year-on-year ham +2% to 38%. LovePork PR campaign 2007 - 2008 spend to coverage ratio 6:1 (PR value: £680k vs Spend: £100k)
2 – Make supply chains work more effectively	90% of pork, 75% of bacon, 75% of ham and Toolkit In place by April 2007. Two supply chain grant schemes per annum	85% of pork, 100% of bacon, 70% of ham and 100% sausages. Toolkit launched in April 2007. Three pig to plate seminars carried out to 40 producers
3 – Improve the demand for quality assured pork	Increase by 2% over December 2007 benchmark of 37%	Increase of 4% in consumer awareness of QSM as measured by Omnibus survey to 41% by December 2007
4 – Defend pork and pork products from adverse policies	No deterioration from December 2006 figure of 39%	Decrease by 1% to 38% during period to December 2007
5 – Gain greater consumer and market insight	80% satisfaction rating in annual trade questionnaire	Foodservice category report published in May 2007 and a premiumisation report published in February 2008. 82% satisfaction received from Foodservice report and 100% satisfaction from trade questionnaire of premiumisation report
6 – Reduce the risk of foodborne disease	-10% year-on-year and 20 veterinary practices visited and 40 producer trials started. Launch in April 2008	In the year to 31.7.07 national prevalence was 25.7% increasing by 2.5% on the previous year. Prevalence from 1.8.07 to 31.3.08 increased to 28.5%. These two periods are not comparable. But there has been no improvement in Salmonella scores. 20 veterinary practices were visited. 16 producer trials are in progress. The focus has changed to prevalence of Salmonella in abattoir carcase swabs
7 – Exporters grow their business	+ 5% pork & pork product exports, +5% pig genetics exports. Secure and maintain export health certificates	Strong growth in most areas. First quarter (April –June 2007) pig meat + 61% and pork products +300%. Breeding pigs down, but July shipments up to 2006/07 levels – In autumn FMD stopped exports and represented a significant setback

BPEX performance against target 2007/08

Table B.4

Strategy	Target	Performance
Objective 4 – Build industry confidence to invest		
1 – Raising business performance standards in the supply chain	Involvement in two major chains and demonstrate quantifiable improvement in competitiveness. Dissemination of findings to other supply chains	Two major chains actively involved in improvement activity. A third Small and Medium Enterprise (SME) processor also worked with RMIF to improve its performance. The main themes are better utilisation of the carcase and harmonising supply with demand. The whole Chain Diagnostic tool has now been finished and been applied at a number of pork wholesalers, results not yet disseminated
2 – Pre-farmgate	10 producers in the full benchmarking club process. Involve a further 100 Agrosoft Winpig recorders in benchmarking	New club with 10 recorders set up. Work undertaken and 50 out of 80 Agrosoft Winpig members contacted were identified as potential club members
3 – Post-farmgate	Recruit 50 producers involved in one or more of the three improvement activities. Achieve 5% savings. 15% cost savings in post farm gate with five SME businesses that undertake the masterclass process	Eight on-farm masterclasses completed. Five masterclass workshops run involving 49 producers from 32 businesses. DVD produced with workbook and promoted widely
4 – Maintaining positive relations with Government	A score of at least 'Good' in awareness	Survey not undertaken in 2007/08
5 – Optimise information flow with the EU	Improvement on baseline established in survey to be completed before 31 March 2008	First survey completed with high ranking on quality and relevance of material.
6 – Effective communication	Increase coverage volume by 5% year on year (77 cuttings per month) and deliver a value ratio of 2:1 and maintain and improve on 2006/07 monthly website visitor average of 17,200	Averaged 100 cuttings per month. Delivered a value to cost ratio of 4:1 (£1150K:£290K) Website hits averaged 26,400 per month for financial year
7 – Improve organisational efficiency	2% year-on-year reduction of BPEX overheads and completion of BPEX business plan matrix within 20 working days of quarter end	BPEX overheads decreased by 1.4% year-on-year. BPEX business plan matrix completed on average within 28 days of the end of each quarter