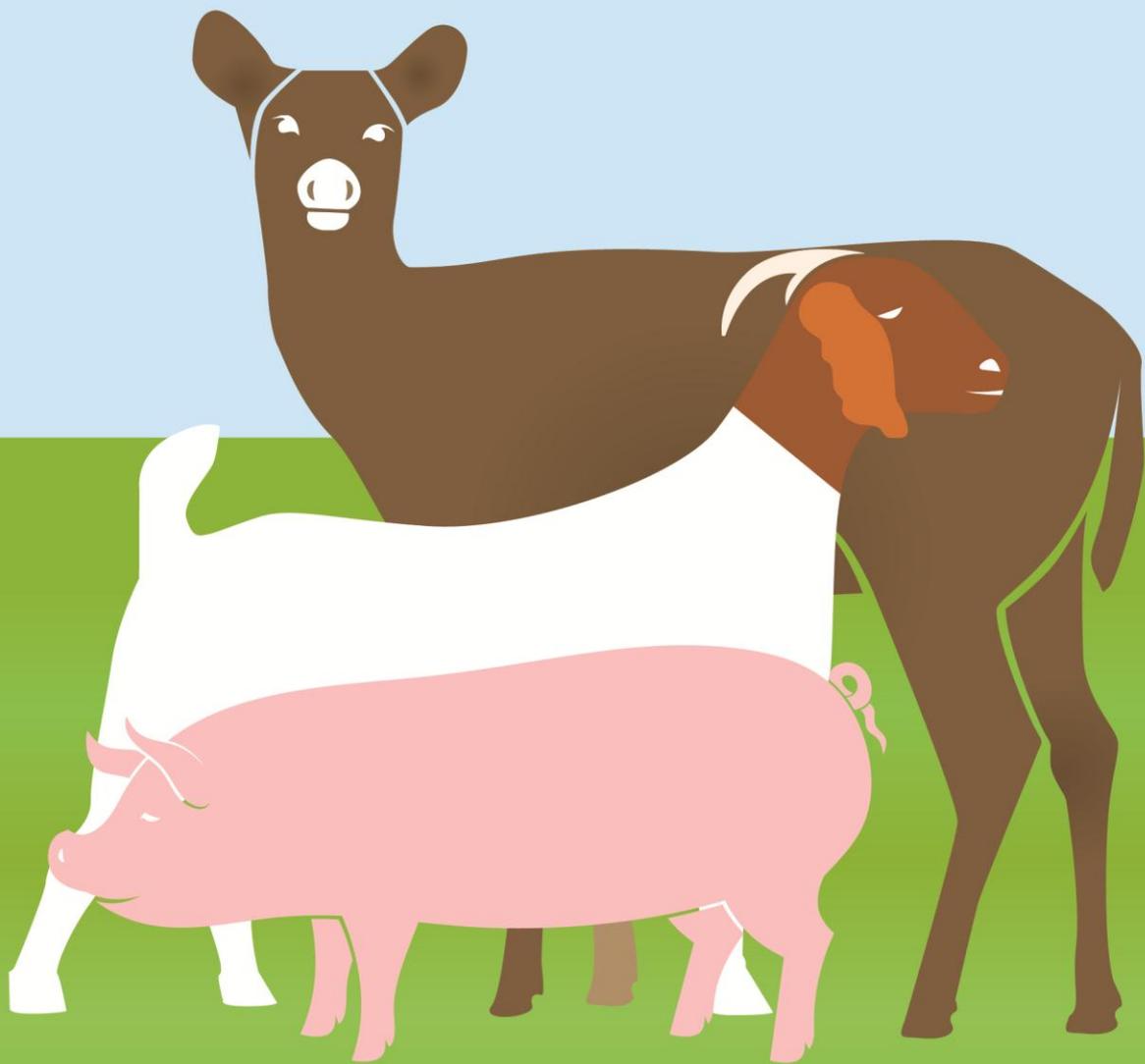


# Pig, Goat and Deer Industry Profile

December 2014



# Victoria's Pig, Goat and Deer Industry

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## Key points

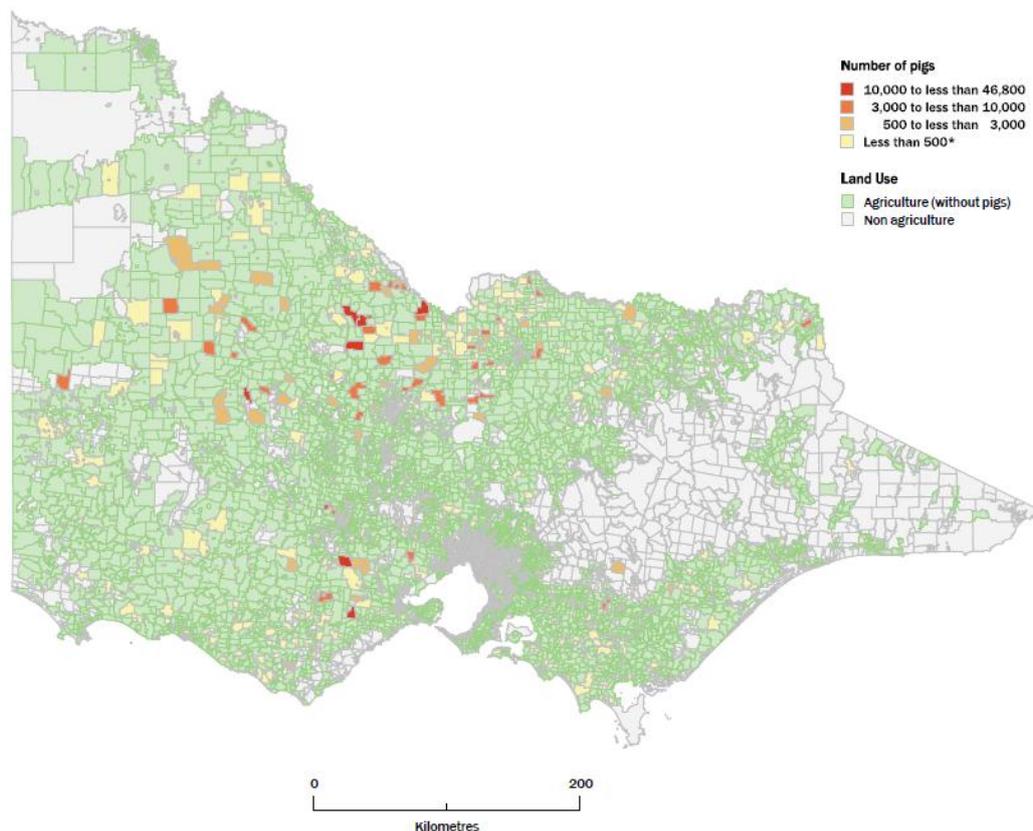
- This Industry Profile provides an overview of the location, structure, production and performance of Victoria's pig, goat and deer industries.
- The gross value of pig slaughterings across Australia in 2012-13 was \$933.7 million, with Victorian output being worth \$185.4 million<sup>i</sup>.
- At 30 June 2013 Australia had 2.1 million pigs, with the biggest herds in Victoria (529,903), Queensland (497,829), New South Wales (496,610) and South Australia (314,901)<sup>ii</sup>.
- Deer farms are found in all Australian states, with production concentrated in Queensland, Victoria, New South Wales and Tasmania<sup>iii</sup>.
- As of 30 June 2012, Victoria had 409 agricultural businesses involved in the goat industry, which is a fall from 632 in 2009-10<sup>iv</sup>.
- Victorian goat exports increased from \$3.4 million in 1997 to more than \$96 million in 2014<sup>v</sup>.
- Australia is the world's largest goat meat exporter despite being a small producer compared with other countries. The United States of America is Australia's major goat meat export market.

## Location of Victoria's other meats industry

Victoria's 'Other Meat' industries predominantly involve the production of pigs, goats and deer, with some farming and harvesting of native animal species.

The pork and goat industries are the largest in terms of value and volume. Victoria's pig farms are concentrated in the Loddon, Goulburn, Wimmera and Mallee regions (Figure 1).

Figure 1 – Victoria's pig production regions<sup>vi</sup>



Approximately 86 per cent of Victoria's pigs are found in these regions. While many of these livestock species are produced by commercial businesses, large numbers – particularly goats, alpacas and pigs – are kept on hobby farms. In 2010, an estimated 6,039 properties had goats, pigs, alpaca or deer, but only about half of these were commercial operations<sup>vii</sup>. The large number of such farms is significant in terms of animal health, with pigs being a known source of livestock disease spread.

The pork industry is an intensive animal industry and is generally located close to feed and water supplies, and domestic markets. From 2010-11 to 2012-13, the number of Victorian farming establishments with pigs fell by approximately 8 per cent, from 450 to 312<sup>viii</sup>. As of 30 June 2013, these 312 farm enterprises had a total of 529,903 pigs, a 5 per cent increase since 2010-11.

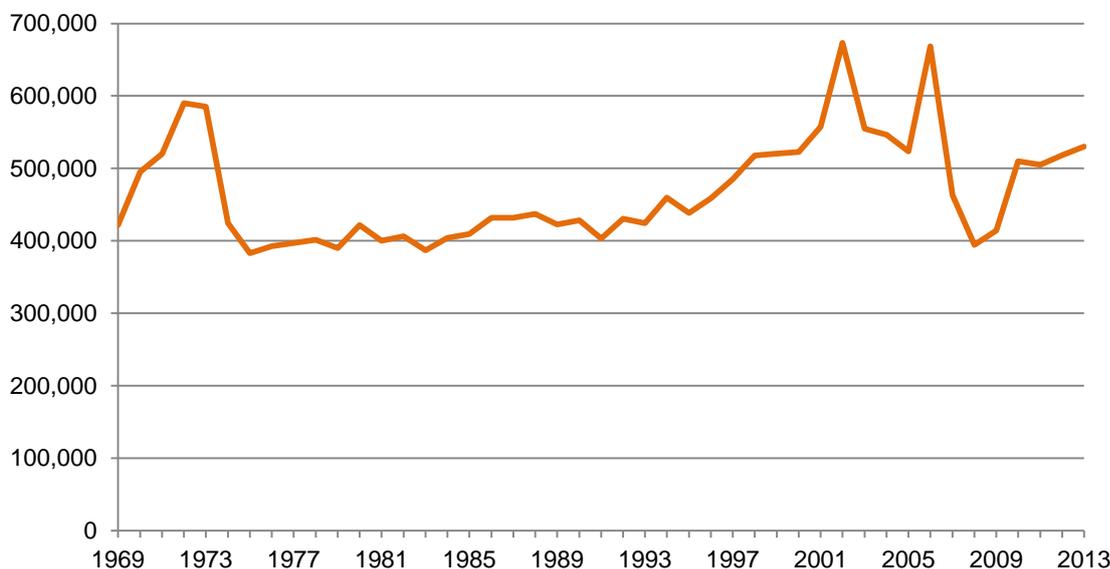
### Structure of Victoria's other meats industry

Although Victorian pig herd sizes are relatively small, they have been growing (Figure 2). In 1975, 97 per cent of pig farms held breeding herds of less than 100 sows and gilts and 0.1 per cent of pig farms held herds of more than 600 sows and gilts. By 2012, 48 per cent of breeding sow herds were found on farms with less than 100 sows and 3.21 per cent were found on pig farms with 1,000 or more sows. The largest farms account for just over 90 per cent of the Victorian sow herd. Pig farms holding less than 100 sows are sometimes referred to as 'opportunistic' producers, with herd sizes fluctuating, depending on prices for pigs relative to other commodities<sup>ix</sup>.

Pig producers tend to also produce other commodities. In 2009 up to 20 per cent of Victorian pig farmers produced barley and 15 per cent produced wheat. About 25 per cent of Victoria's pig farmers also produced sheep and 22 per cent farmed beef cattle. In 2009 5,639 pigs were located on 118 dairy farms<sup>x</sup>.

Victoria's goat industry is based on broad acre production systems. In 2011, the last year for which Australian Bureau of Statistics (ABS) data is available, 632 businesses were involved in the production of goats, holding 38,806 head. Around 55 per cent of Victoria's goat production occurs in the Gippsland, East Gippsland and Goulburn regions. Farms are also located in Barwon and the peri-urban regions of outer Melbourne which produce about 22 per cent of Victoria's goats.

Figure 2 – Total Victorian pig numbers from 1969 to 2013<sup>xi</sup>



## Victoria's other meat production

The supply of pig meat in Victoria is influenced by seasonal conditions, grain availability and feed prices<sup>xii</sup>, imports and the value of the Australian dollar. In 2013-14, Victoria produced 77,000 tonnes of pork, which was 31 per cent lower than the 112,000 tonnes produced in 1997-98<sup>xiii</sup>. This decrease has been attributed to increased imports and larger numbers of Victorian pigs being processed by interstate operators due to declining numbers of Victorian abattoirs processing pigs.

However, between 2008-09 and 2013-14, the number of pigs slaughtered in Victoria increased by 41 per cent, with a corresponding increase of 43 per cent in pork meat production<sup>xiv</sup>. Victorian pork production in 2013-14 was 22 per cent of the total Australian production of 359,840 tonnes. In Australia, about 50 per cent of pigs are produced by 15 companies with one company (Rivalea Australia, formerly QAF Meat Industries) supplying approximately 20 per cent of the domestic market and up to 40 per cent of Australian exports<sup>xv</sup>. Australia's production is comparatively small in global terms, with international pig meat production of 111 million tonnes in 2013-14<sup>xvi</sup>.

The Victorian goat meat industry experienced significant growth in the last decade in response to strong export demand and increased domestic demand. Of all states in Australia, Victoria recorded the highest number of goats slaughtered (Figure 3) and the highest volume of goat meat produced (Figure 4), in 2013-14 (41 and 40 per cent, respectively). The number of goats slaughtered in Victoria increased from 849 in 1995-96 to approximately 900,601 in 2013-14 with Victoria also processing a significant amount of rangeland goats from New South Wales and Queensland. Victorian goat meat production in 2013-14 was 13,494 tonnes (carcase weight), up from 1,100 tonnes in 1997-98. From 2009-10 to 2013-14, the number of goats slaughtered increased by more than 270,000 head to 900,000 and goat meat production increased by 40 per cent<sup>xvii</sup>.

The majority of Australian goat meat production comes from wild (rangeland) goats, in New South Wales and Queensland. In Victoria, most goat meat production comes from specialist meat (Boer breed of goat) producers.

The Victorian deer industry produces a range of products including felt and meat. However, meat production is limited and most businesses focus on felt production. Deer production has declined in recent years in response to drought and lower farm gate prices for venison and velvet. Deer slaughter in Victoria has fallen from 8,646 in 2007-08 to just 2,246 in 2010-11<sup>xviii</sup>.

The estimated gross value of production for the 'other livestock' industries, including goats, donkeys, buffaloes, deer, alpaca and horses, in 2009-10 was \$26.5 million at the farm gate. In 2010-11, the gross value of pigs and goats slaughtered was approximately \$183.2 million<sup>xix</sup>.

**Figure 3 – Australian goat slaughterings 2013-14<sup>xx</sup>**

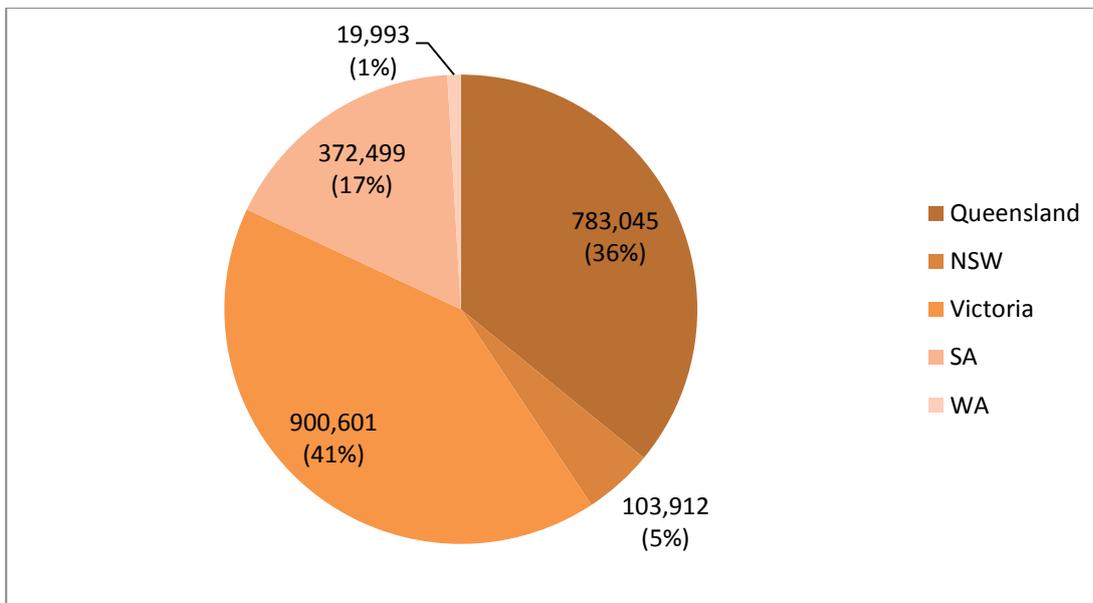
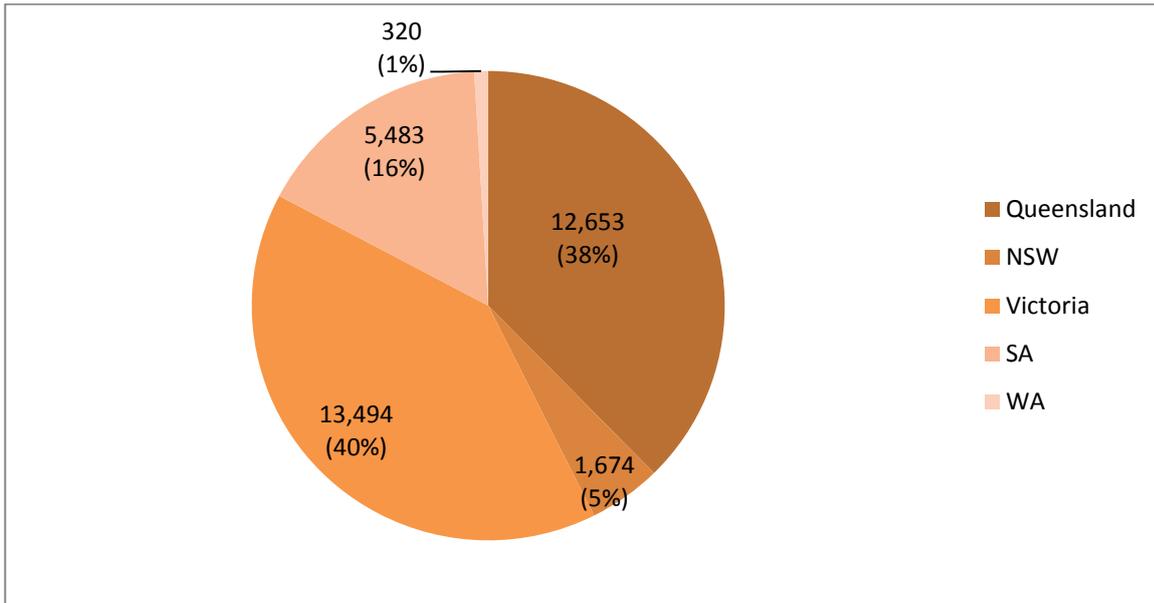


Figure 4 – Australian goat meat production (tonnes) in 2013-14<sup>xxi</sup>



### Victoria's exports and domestic consumption of other meat

Domestic interest in meats such as pork, chevron (goat meat) and venison has increased in recent years. This has been linked to changes in the ethnic composition of Australia's population and an expansion in the tastes and preferences of consumers<sup>xxii</sup>.

The domestic demand and international supply of goat and pig meat are influenced by various factors such as pig and goat meat availability, grain prices, the relative prices of other meats (such as mutton), and seasonal conditions. In the pork industry, the most recent drivers have been fluctuating world grain prices, changing sow herd sizes, herd productivity and domestic consumption of fresh pork<sup>xxiii</sup>.

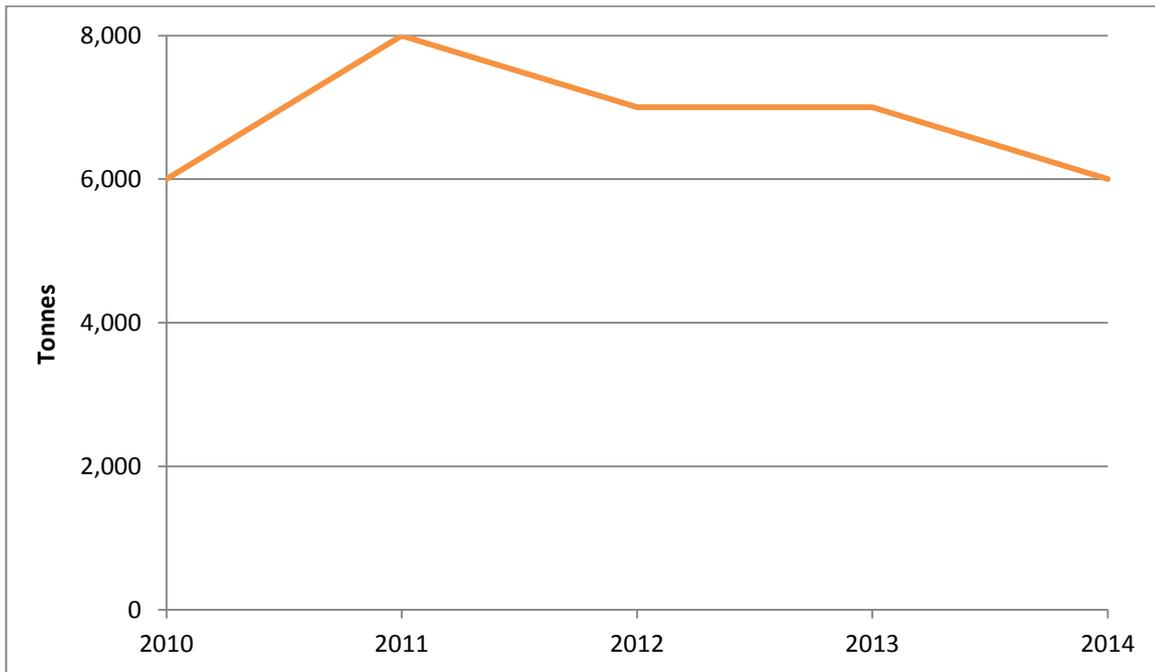
Although Australians have increased their per capita consumption of pork over a number of years, imported processed pork products have taken an increasing share of the Australian pork market. Increased imports of processed pork from Europe and North America have imposed cost price pressures on farm gate returns in Victoria<sup>xxiv</sup>. Pork consumption per capita in Australia has more than doubled over the past 12 years, from 21 kilograms (carcass weight) in 2002-03 to 45 kilograms in 2013-14<sup>xxv</sup>. In 2011-12, imported goods made up around half of apparent consumption.

Victoria imports a significant amount of frozen pork legs from Canada and the USA and frozen pork middles from Denmark for processing and it is estimated that around 70 to 80 per cent of ham and bacon consumed in Australia is made from imported pig meat. This equates to around 2.6 million kilograms of frozen pork coming into the country every week, worth approximately \$10 million. As a result, the vast majority of imports are competing with locally grown pigs. Import data indicates that in 2011-12 imports of fresh, chilled or frozen meat of swine totalled approximately 142,000 tonnes. According to the Australian pig industry, if the imported pig meat was produced domestically it would represent an increase in domestic pig production of more than 66 per cent. This in turn would have a very large impact on the local pig production and on the primary processing sector<sup>xxvi</sup>.

Import data indicates that in 2013-14 imports of fresh, chilled or frozen meat of swine totalled approximately 650,000 tonnes<sup>xxvii</sup>. According to the Australian pig industry, if the imported pig meat was produced domestically it would represent an increase in domestic pig production of more than 66 per cent. This in turn would have a very large impact on the local pig production and on the primary processing sector<sup>xxviii</sup>.

The moving annual total volume of pork exports from Victoria in September 2012 was approximately 8,342 tonnes shipped weight (SW)<sup>xxix</sup> (Figure 5), a decline of 1.6 per cent compared with September 2003 when annual exports were 8,475 tonnes SW. Over the same time period, the annual total volume of pork imports into Victoria increased from approximately 11,328 tonnes SW to 55,866 tonnes SW, an increase of 393 per cent in less than 10 years. Although imports have increased significantly over the past decade, since August 2010 they have increased by only 5.4 per cent mainly due to an oversupply of local pigs and a fall in prices.

**Figure 5 – Pork export volumes from Victoria<sup>xxx</sup>**

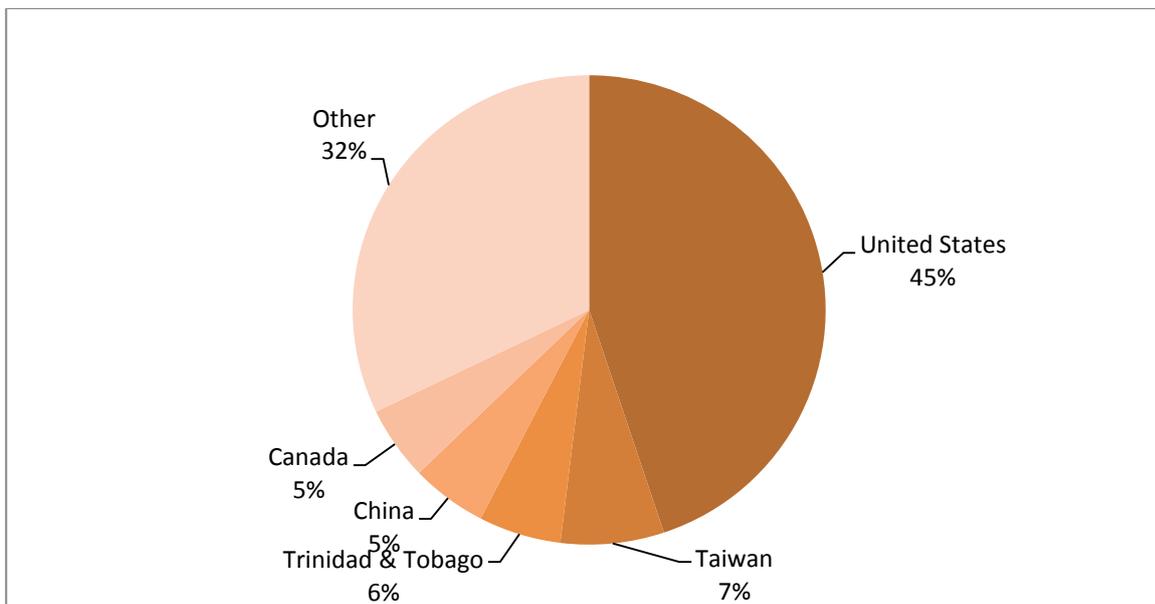


The Victorian goat meat industry is currently experiencing unprecedented growth with strong demand in many overseas markets. In 2012-13 the industry exported 14,344 tonnes SW worth \$67 million, mainly in the form of whole carcasses. The key export markets for Australian goat meat in 2012-13 were the USA (61 per cent), Taiwan (14 per cent), the Caribbean (14 per cent) Canada (7 per cent) and Malaysia (4 per cent)<sup>xxxi</sup>. These export market shares have changed by the calendar year 2014 (Figure 6).

Despite the high Australian dollar over the past year, the USA market for goat meat has remained strong with demand increasing over the past three years.

Australian goat meat exports were worth approximately \$146 million FOB during the financial year 2012-13. In 2011-12 71,895 live goats were exported, worth approximately 9.6 million, an increase of 5.3 per cent from the 68,282 goats exported in 2010-11<sup>xxxii</sup>. Of the 71,895 live goats exported, Victoria supplied 15.5 per cent or 11,170 goats worth \$534,965, with most being air freighted out of Melbourne. In 2013-14, Victoria exported 34,621 tonnes of goat meat, an increase of almost 70 per cent on the 2008-09 export volume<sup>xxxiii</sup>.

**Figure 6 – Destination of Victorian goat meat exports Calendar year 2014<sup>xxxiv</sup>**



With the exceptions of the pig and deer industries, the 'other meat' industries face little competition from imports mainly due to quarantine restrictions on livestock products and low demand for these products.

## Prices

Historically pig prices increase in the lead up to Christmas and decline during winter. Un-seasonal increases in pig prices usually occur when domestic consumption increases and total supply (including imports) is limited.

One of the major factors affecting the profitability of Victorian piggeries is the price of feed, which is predominantly made up of grain, and which accounts for approximately 80 per cent of total feed cost. Grain prices account for around 60 to 65 per cent of the total cost of production. However, during drought or when international grain prices are high, this can move to 70 per cent. Historically, when the price of feed in Australia is high, farmers produce less pig meat and imports increase.

Weekly feed grain prices have increased quite significantly over the last six months with prices for feed wheat and barley rising by around 30 per cent. During that time period, prices for feed wheat in central Victoria rose from \$212 in late May 2012 to \$277 in late November. Similarly, feed barley prices in central Victoria rose from \$198 to \$277 per tonne in the same time period. This continues to be one of the most significant issues affecting the economic viability of pig producers and processors in Australia.

The Eastern States price for over the hooks 12.1–16 kilogram goat carcasses reached 170 cents per kg carcass weight (cwt) in the week ending 1 December 2012<sup>xxxv</sup>. This was a 25 per cent fall in price from the week ending June 2012 when the price averaged 228 cents per kg cwt.

According to Meat and Livestock Australia, goat prices peaked in 2010-11, when the average price for a 16–20kg goat was 325 cents per kg cwt.

Over the past year, ample supply, high storage stocks, low market demand from key export markets such as Canada and Jamaica, and the high and volatile Australian dollar, have resulted in a gradual decline in prices for most of the year.

## Employment on Victoria's pig and goat farms

The last census of population and housing shows that in 2006, the number of Victorians employed on pig farms, deer farms and farms producing 'other livestock' were approximately 1,878 persons. Of those, approximately 500 were employed in the pig farming industry<sup>xxxvi</sup>.

## Financial performance of other meats

The small size of the pig and goat industries in Victoria means they are subject to international markets and prices. Local seasonal conditions also impact on financial performance. As such, the industries financial performance depends on their ability to keep costs down and increase revenues.

The financial performance of the Victorian pig industry is largely affected by competition with processed pork imports from North America and Europe, increased domestic feed costs, seasonal conditions and a volatile Australian dollar. This has led to a reduction in the size of the industry as producers leave the industry<sup>xxxvii</sup>.

Although farmgate prices have remained relatively stable over the past year, recent droughts in the USA, Europe and Russia, have caused grain prices to rise sharply, which has put significant pressure on margins since June 2012.

## Government policy/regulation influences

The Department of Environment and Primary Industries' (DEPI) main role in the pig industry is surveillance of herds for diseases such as foot and mouth disease.

The practical aspects of this role are carried out primarily by DEPI's Animal Health Field Services staff in Biosecurity Victoria. Field Services activities are supported by the Pig Health and Research Unit (PH&R), which provides diagnostic services and emergency responses.

The PH&R Unit also provides specialist training to DEPI Animal Health Field Services staff and pig industry employees to enhance the capability of DEPI staff and industry employees on pig husbandry, welfare and management and to provide monitoring of endemic disease and passive surveillance for emergency animal diseases.

Pig and goat farms are required to comply with a range of policies relating to food safety, animal welfare, biosecurity and the environment – for example, the various codes governing the accepted farming practices for the welfare of goats and pigs, the welfare of animals during transportation and the *Prevention of Cruelty to Animals Act 1986*.

New piggeries or substantial modifications to existing piggeries need to comply with the Code of Practice – Piggeries.

All owners of livestock, including pigs, goats and deer in Victoria must register their property with DEPI to receive a Property Identification Code (PIC).

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- <sup>i</sup> Australian Bureau of Statistics (ABS), Value of Agricultural Commodities Produced, Australia, 2012-13 (Cat. No. 7503.0)
- <sup>ii</sup> ABS, Agricultural Commodities, Australia, 2012-13 (Cat. No. 7121.0)
- <sup>iii</sup> Animal Health Australia (2014). *Animal health in Australia 2013*, Animal Health Australia, Canberra; Personal communication with Deer Industry Association of Australia
- <sup>iv</sup> ABS, Agricultural Commodities Australia, 2011-12 (Cat. No. 7121.0)
- <sup>v</sup> GTIS (ABS, Australian Customs Data) 2014
- <sup>vi</sup> ABS, Based on 2006 Mesh Block Boundaries. Number of pigs sourced from the 2006 Agricultural Census. This map was produced using coordinate system: Lat/Long GDA94, © Commonwealth of Australia, 2010
- <sup>vii</sup> Animal Health in Victoria, 2010, DPI March 2011, p. 61.
- <sup>viii</sup> ABS, Agricultural Commodities, Australia, 2011-12 and 2012-13 (Cat. No. 7121.0)
- <sup>ix</sup> Productivity Commission 2008, Safeguards Inquiry into the Import of Piguemeat, Report no.44, Canberra, March.
- <sup>x</sup> ABS, Agricultural Survey, Agricultural Commodities by Australia, State/Territory and SD Estimates, 2008-09 (Cat. No. 7121.0), Unpublished data
- <sup>xi</sup> ABS, Historical Selected Agriculture Commodities, by State (1861 to Present) 2007-08, (Cat No. 7124.0); ABS, Agricultural Commodities, Australia (Cat. No. 7121.0).
- <sup>xii</sup> Productivity Commission 2008, Safeguards Inquiry into the Import of Piguemeat, Report no.44, Canberra, March
- <sup>xiii</sup> ABS, Livestock and Meat, Australia, October 2014 (Cat. No. 7218.0.55.001)
- <sup>xiv</sup> ABS, Livestock and Meat, Australia, October 2014 (Cat. No. 7218.0)
- <sup>xv</sup> *The Australian Pork Industry: Understanding climate change impacts*, Jackie Leuthi, Kathleen Plowman, Owen Cameron, Siwan Lovett and Timothy Flor, Land and Water Australia, Australian Government, July 2009
- <sup>xvi</sup> Meat and Livestock Australia (MLA), Statistical Review July 2013 – June 2014
- <sup>xvii</sup> MLA, Market Information Service, Unpublished data, 2014
- <sup>xviii</sup> National President's Report 2010-11, Australian Deer Farming Magazine, The Deer Industry Association of Australia, February 2012
- <sup>xix</sup> ABS, Value of Agricultural Commodities Produced, Australia, 2009-10 and 2010-11 (Cat. No. 7503.0)
- <sup>xx</sup> ABS; Personal communication, Blair Brice, MLA
- <sup>xxi</sup> MLA, Market Information Services, personal communication, 2014
- <sup>xxii</sup> Rural Industries Research and Development Corporation (RIRDC), 2009, Emerging Animal and Plant Industries — Their value to Australia (Second edition)
- <sup>xxiii</sup> A snapshot of the Australian pig industry during 2005/06, David Dowling, Marketing Analyst, Australian Pork Limited (<http://www.agrifood.info/connections/2006/Dowling.html>) viewed June 2010; Australian Pork Limited Submission to Productivity Commission Inquiry into Rural Research and Development Corporation, 30 June 2010
- <sup>xxiv</sup> Inquiry into Australia's Relationship with ASEAN, Foreign Affairs Sub-committee, Joint Standing Committee on Foreign Affairs, Defence and Trade; Australian Pork Limited (APL), 2009
- <sup>xxv</sup> MLA, Statistical Review, Various issues
- <sup>xxvi</sup> Western Research Institute, 2012, Economic Impact Report – Pig production and pig meat processing in Australia, 2010-11
- <sup>xxvii</sup> APL, Market Information Services 2014
- <sup>xxviii</sup> Western Research Institute, 2012, Economic Impact Report – Pig production and pig meat processing in Australia, 2010-11
- <sup>xxix</sup> NOTE: 'Shipped weight' is the actual weight of meat when it is loaded for shipment (including bones if they haven't been removed)
- <sup>xxx</sup> DEPI, Victorian Food and Fibre Export Performance Report, 2013-14
- <sup>xxxi</sup> Export statistics supplied by Australian Customs
- <sup>xxxii</sup> Export statistics supplied by Australian Customs
- <sup>xxxiii</sup> MLA Market Information Services, Personal communication
- <sup>xxxiv</sup> ABS, International Merchandise Export Statistics, Unpublished
- <sup>xxxv</sup> MLA, Goats on the Move market report, December 2012
- <sup>xxxvi</sup> ABS, 2010-11 Census of Population and Housing (Cat. No.2604.0 – CDATE Online)
- <sup>xxxvii</sup> Productivity Commission 2008, *Safeguards Inquiry into the Import of Piguemeat*, Report no.44, Canberra, March