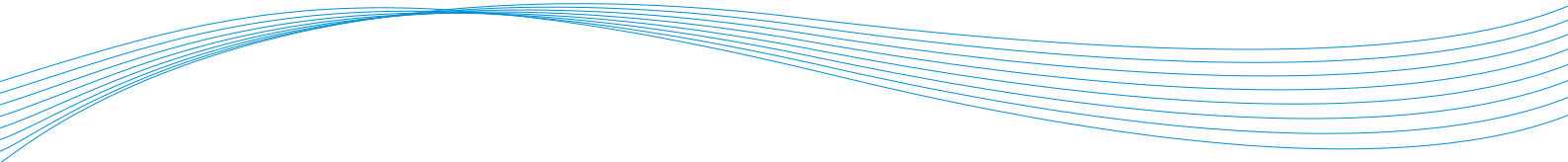


Pig buildings and associated technology survey



This report summarises the results of a pig buildings and associated technology survey to establish the condition of pig buildings in use in England and producers' attitudes to investment in new buildings and associated technology.

AHDB considers the quality and performance of pig production buildings a major factor in developing a sustainable English pig industry, which is critical, given the challenges that lie ahead, particularly post-Brexit. Buildings play a pivotal role in determining productivity, health and welfare of the animals and workers, as well as having an impact on the environment.

AHDB also seeks to understand what drives some farmers to invest and others to not invest. We note from the 2013 report that profitability and confidence were key factors in investment decisions: "Producers have serious misgivings about the uncertainty of the pig market. Seventy percent of producers stated this as a reason for not investing in modern systems. Lack of confidence was also expressed in enterprise profitability; 58% of respondents said they doubted their business was profitable enough to support the level of investment needed."

Thank you to everyone who took the time to respond and provide information and comments for this survey. The enthusiasm and willingness to participate was far beyond expectation and reflects the desire of English pig producers to succeed, with over a 60% increase in the number of interviews conducted compared with the last pig building survey in 2013.

Summary

- Despite more than a third of pig houses being 21 years old, there has been, unsurprisingly, little investment in pig houses over the past five years. Farmers were most likely to have spent less than £50,000 on pig houses in the last five years, which suggests refurbishments or replacements are taking place on a small basis
- Despite the reported ageing of pig housing, over a third of those interviewed stated they have invested nothing into their pig housing
- Overall, the evidence shows that there has been a lack of major investment by producers. Half of those interviewed have invested £50,000 or less in the past five years and 25% have invested nothing
- The investment situation is not set to improve in the near future – 36% say they will invest the same capital in buildings in the next year and 42% say they will invest less. Furthermore, 35% of pig farmers state they will spend nothing in the next five years
- When asked for the biggest barrier to investment, Brexit, the cost of pig houses and lack of available capital were the three most provided answers. Moreover, 66% said that Brexit was at least a slight barrier to investment
- When asked about their future approach to farming methods, around half (52%) said they want to build a healthy and sustainable farm business to pass on to the next generation. Large producers are more likely to want to maximise financial return by exploiting technology or new ways of working
- The report found that there were three main ways AHDB could assist pig farmers in this area: funding, general help and technical information
- The majority of pig farmers can be described as being wary of risk and gain confidence from seeing others implement something successfully, before they try something new
- A lack of available capital is the most common barrier to investment, with smaller breeders being twice as likely to say that the availability of capital was a barrier to investment than larger breeders

AHDB commissioned BMG Research to carry out research to investigate and understand farmers' approaches to pig building sustainability. A list of questions was developed in conjunction with AHDB and two methods were used to gather producers' responses. Initially, computer-aided telephone interviews (CATI) were used, before more in-depth interviews were carried out with a sample size around a third of the size of that conducted by CATI. This enabled us to dive deeper into the underlying reasons behind new building projects, future development plans, current business challenges and barriers to growth, with ideas for potential solutions.

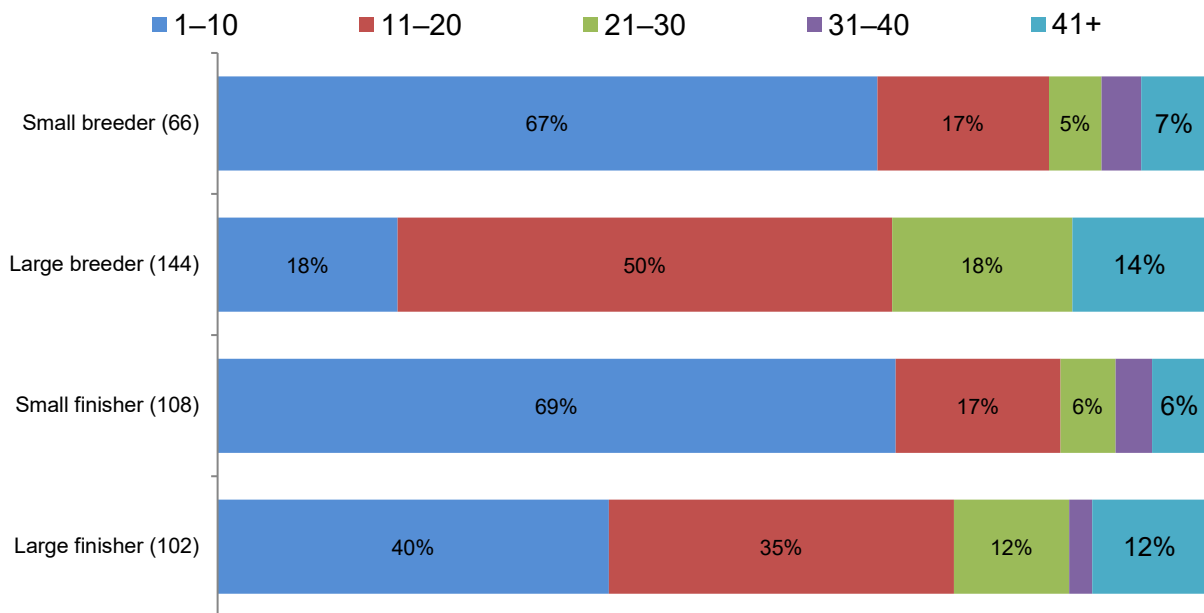
The sample was sourced through a self-submission site hosted by BMG Research and promoted through AHDB marketing and communication channels.

Current state of pig housing and investment in associated new technology

Current state of housing

Herd size and type of pig farmer has an impact on the number of houses used, but there is very little variation in the number of houses used for each type of pig.

As may be expected, larger producers are more likely to have 11 or more houses than small producers. Also, farmers identified as large breeders are more likely to have 11 or more houses, compared with large finishers.



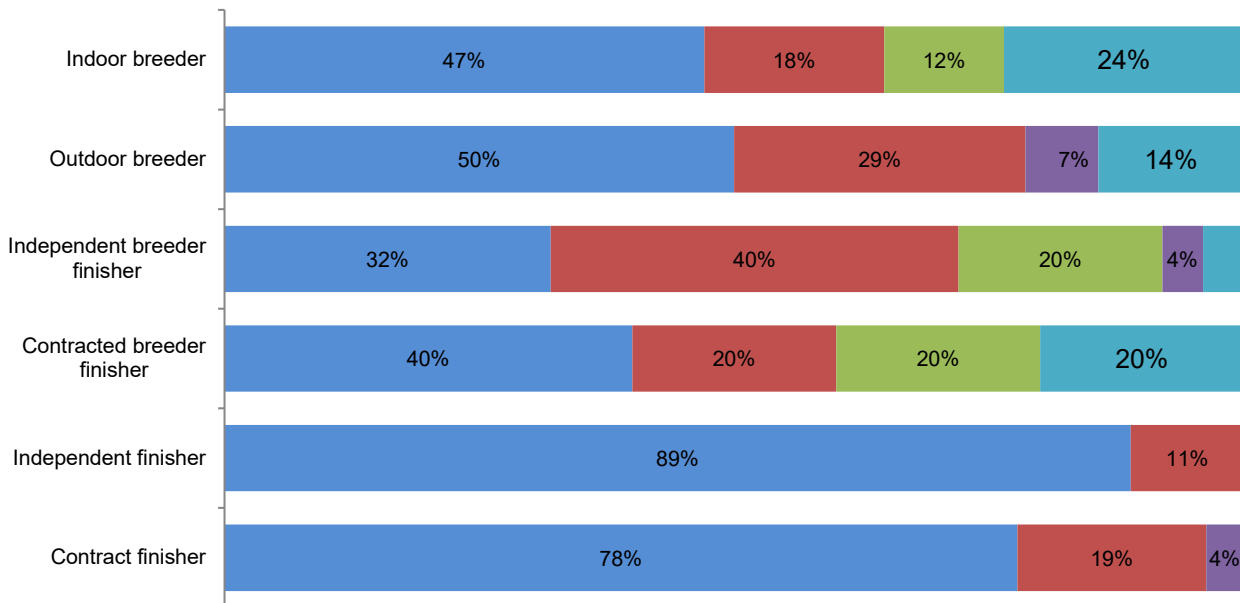


Figure 1. Number of houses by size by breeder types

Type of housing

The most common type of house used is a solid floor with straw, followed by a fully slatted method of housing.

The size of the producer has an impact on what type of housing participants use. Producers with smaller herd sizes are more likely to use solid floors with straw, whereas producers with larger herd sizes are more likely to use fully slatted flooring.

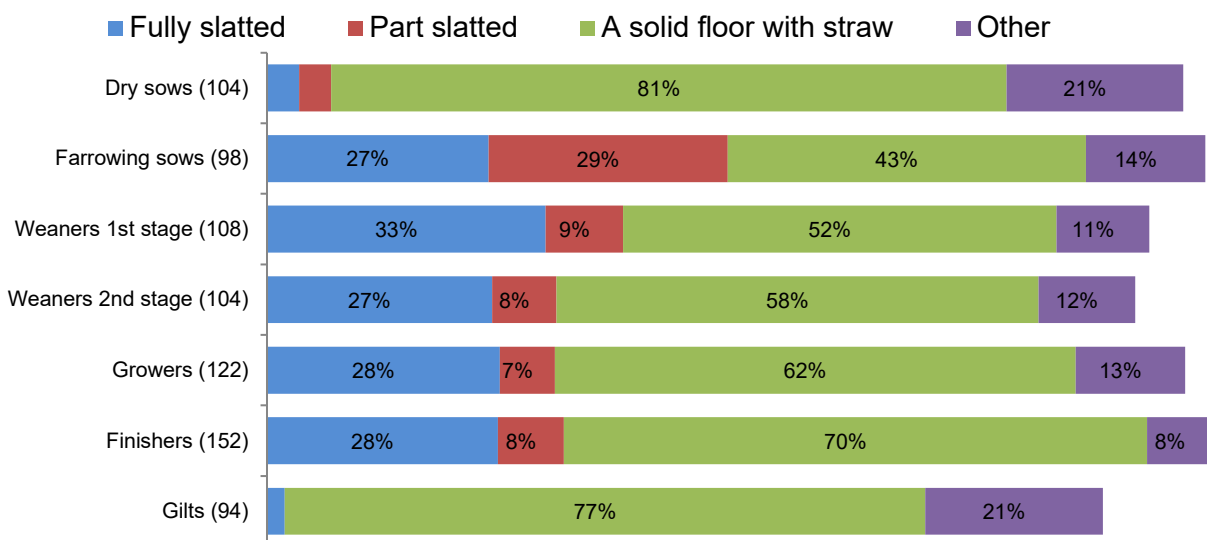


Figure 2. Type of house by type of pig

Type of ventilation

Natural ventilation is the most commonly used method of ventilation by pig farmers.

This could indicate an industry that has not fully embraced automated systems that are reported to be cost-effective and less reliant on manual labour. It must also be noted that for the number of small-scale pig producers interviewed for this report, the implementation of a fully automated ventilation system may not be deemed a requirement for their scale of operation.

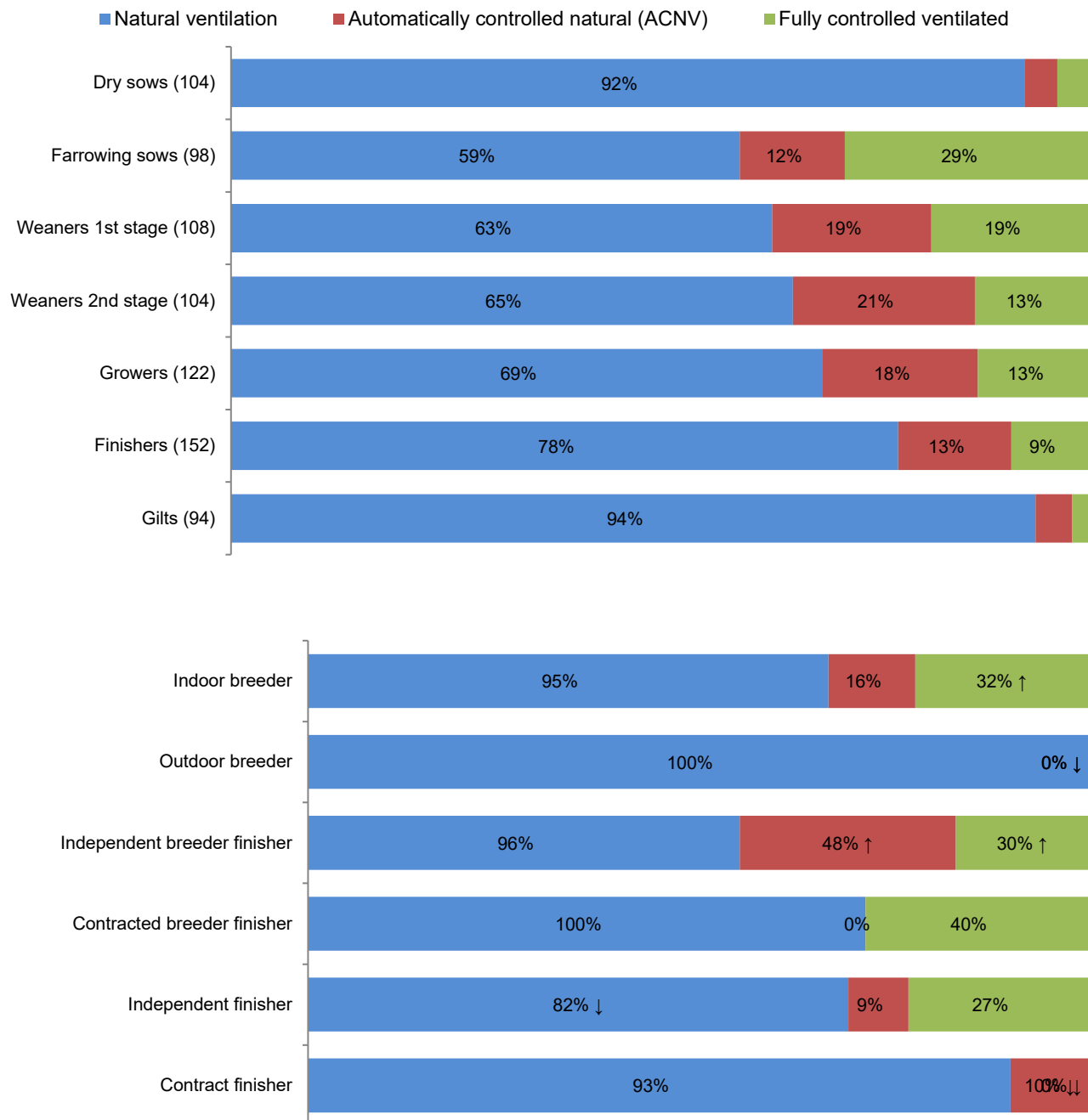


Figure 3. Type of ventilation

Age of buildings in use

Over half of all pig housing is at least 11 years old, with over a third being older than 21 years. This points to an ageing housing stock in need of renovation and replacement, with most houses being more than 21 years old, and only a small majority of houses being 1–5 years old.

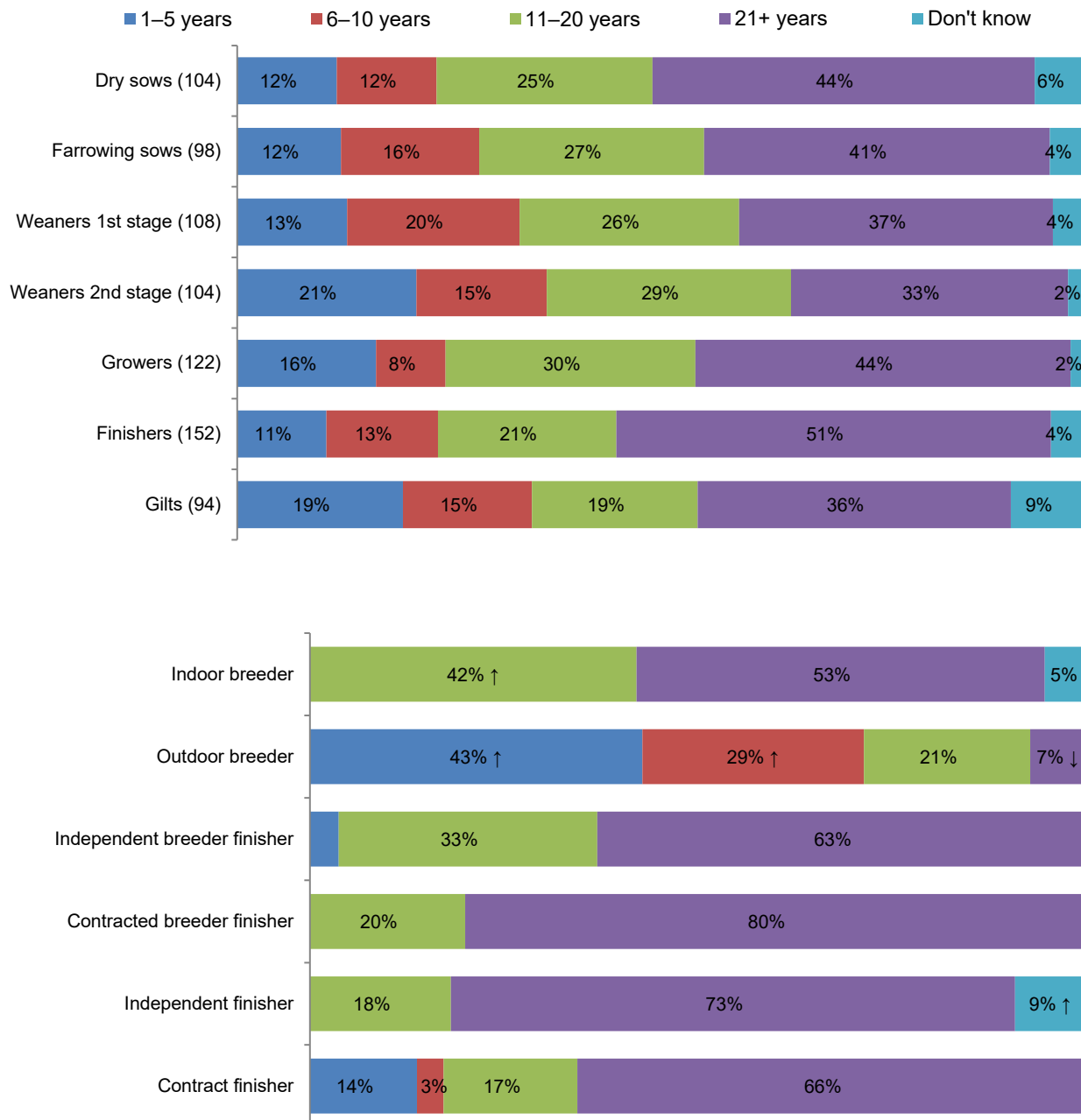


Figure 4. Age of pig housing

Infrastructure and investment plans

Of those who have had a major investment in pig housing, the overwhelming majority invested during the 10 years prior to the interview (2008–2018).

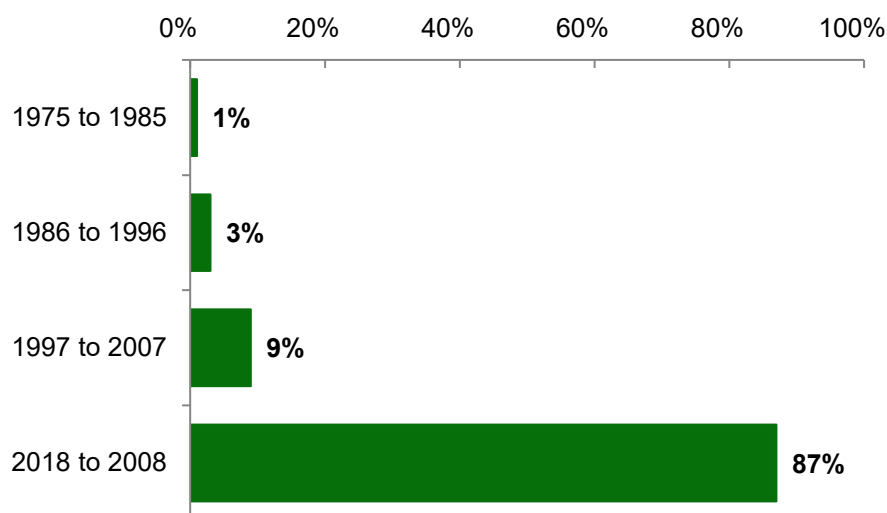


Figure 5. Last major expenditure on housing (date conducted)

Nearly half (46%) of housing improvement projects were new buildings.

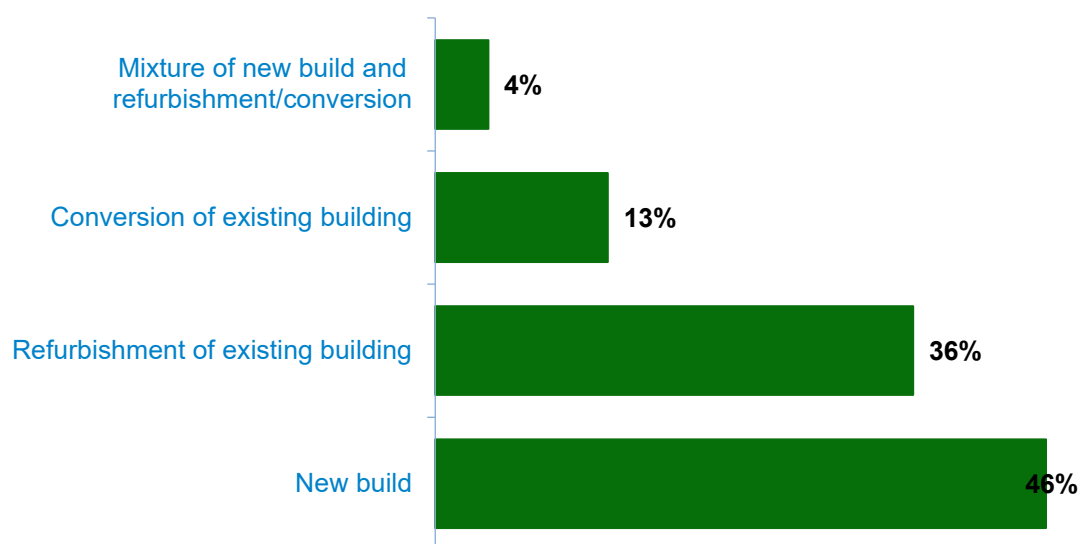
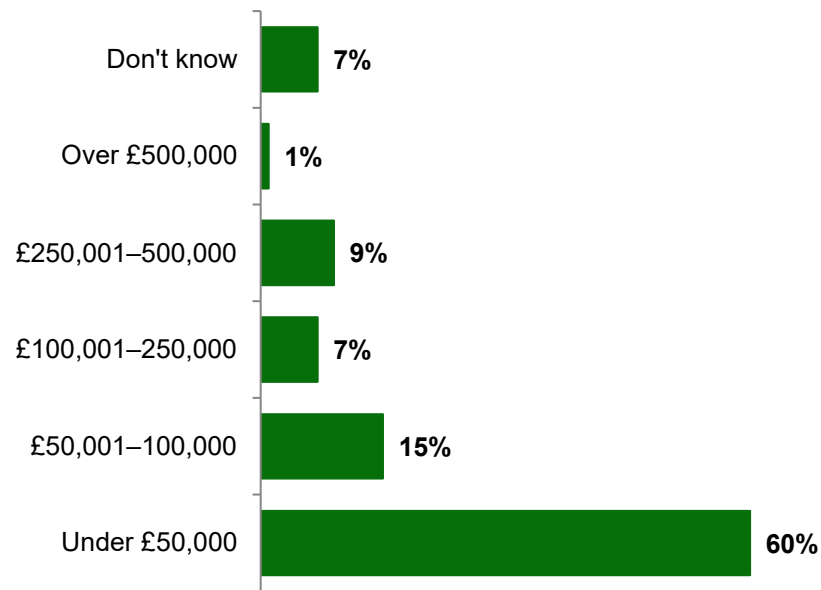


Figure 6. Last major expenditure on housing (build, refurbishment or conversion)

Expenditure on new houses was most commonly below £50,000 (60%), with just 15% having invested more than £100,000.



■ Under £50,000
 ■ £50,001–100,000
 ■ £100,001–250,000
■ £250,001–500,000
 ■ Over £500,000
 ■ Don't know

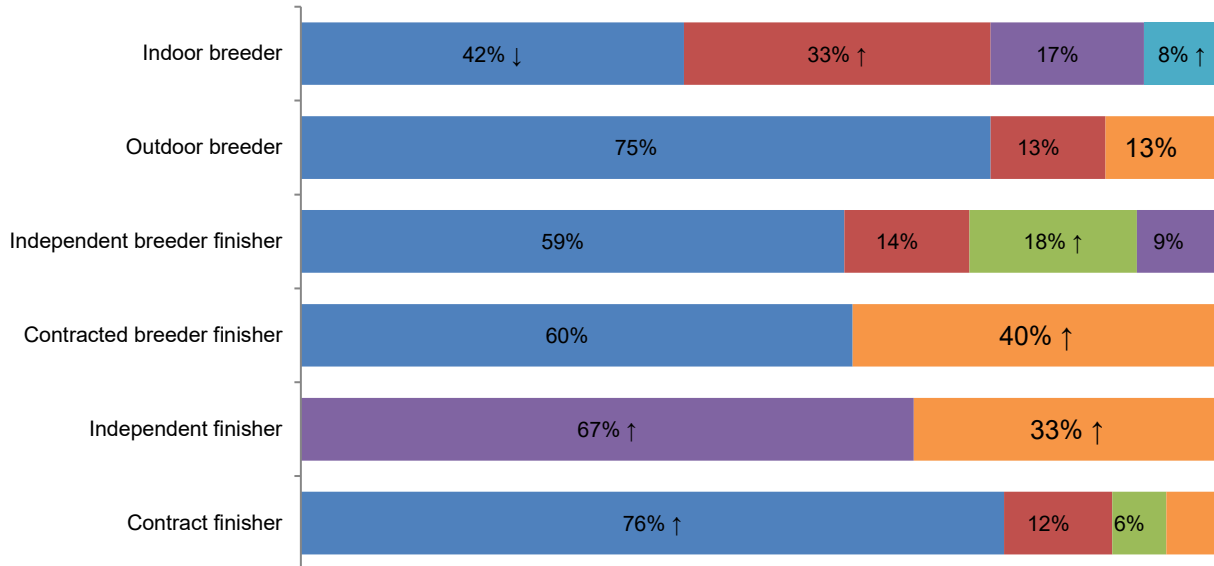


Figure 7. Last major expenditure on housing (cost)

The evidence from figures 6 and 7 supports the picture that farmers are replacing and improving their ageing buildings that are no longer fit for purpose, but any refurbishments or replacements are taking place on a small scale. This suggests that improvements to housing are largely remedial.

Estimated expenditure

The expected level of investment in pig housing in the next five years is almost identical to the amount invested in the past five years, but a larger number of producers expect to spend nothing.

Figure 8 reflects the lack of major investment by the producer population. Half (50%) have invested £50,000 or less in the past five years, which equates to an average spend of £10,000 on housing improvements. Furthermore, 1 in 6 (17%) state that they have not invested anything in the past five years. The exception to this trend is independent breeder finishers and indoor breeders – 33% of independent breeder finishers and 21% of indoor breeders have spent more than £250,000 on pig houses in the past five years.

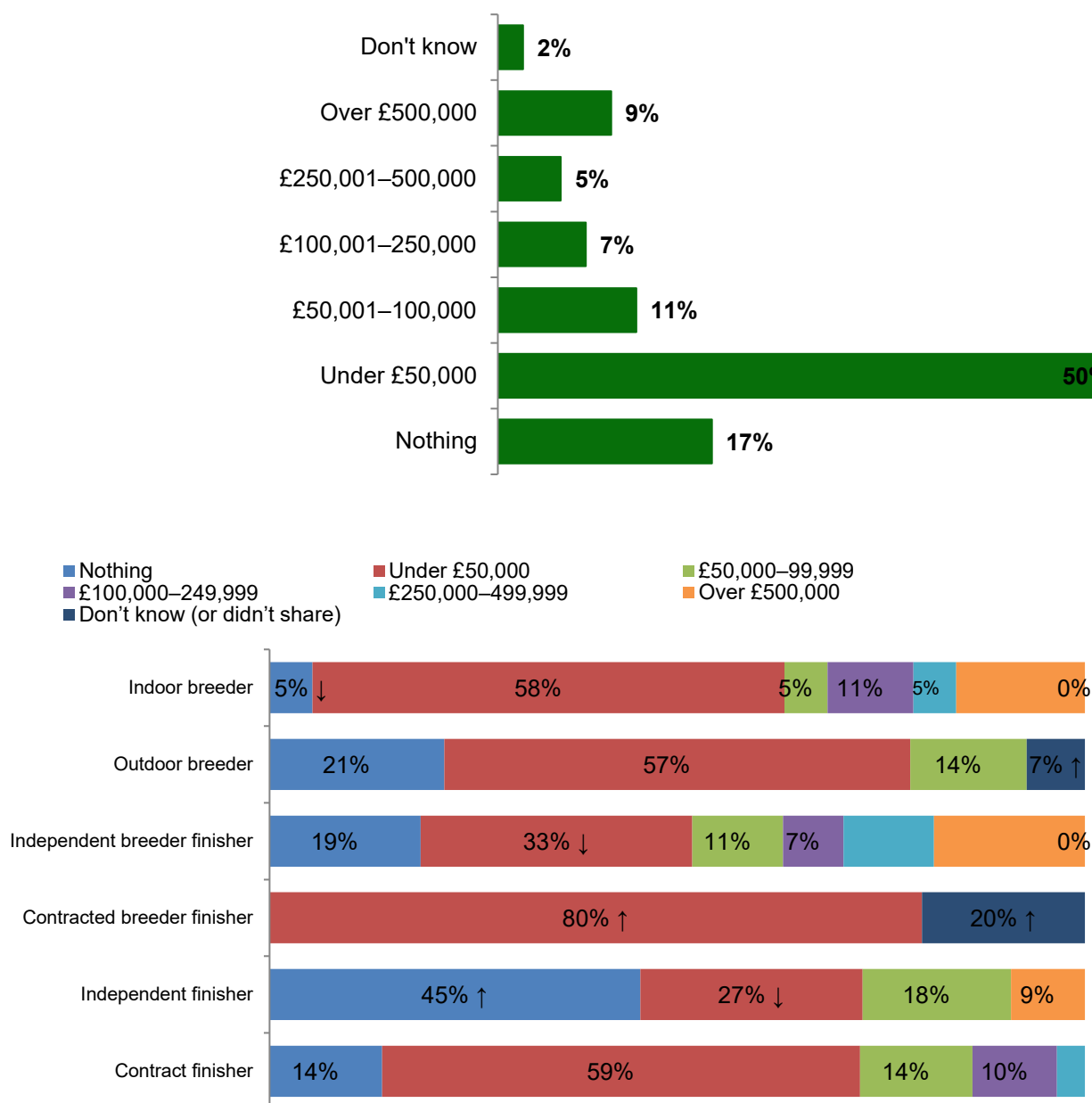


Figure 8. Estimated expenditure (past five years) – housing and internal fittings

Figures 7 to 9 show that the lack of major investment in pig houses will continue into the next 12 months and the next five years. Indeed, 35 % of pig farmers state they will spend nothing in the next five years, compared with 22% in the previous five years. Furthermore, 36% say they will invest the same capital in buildings in the next year and 42% say they will invest less.

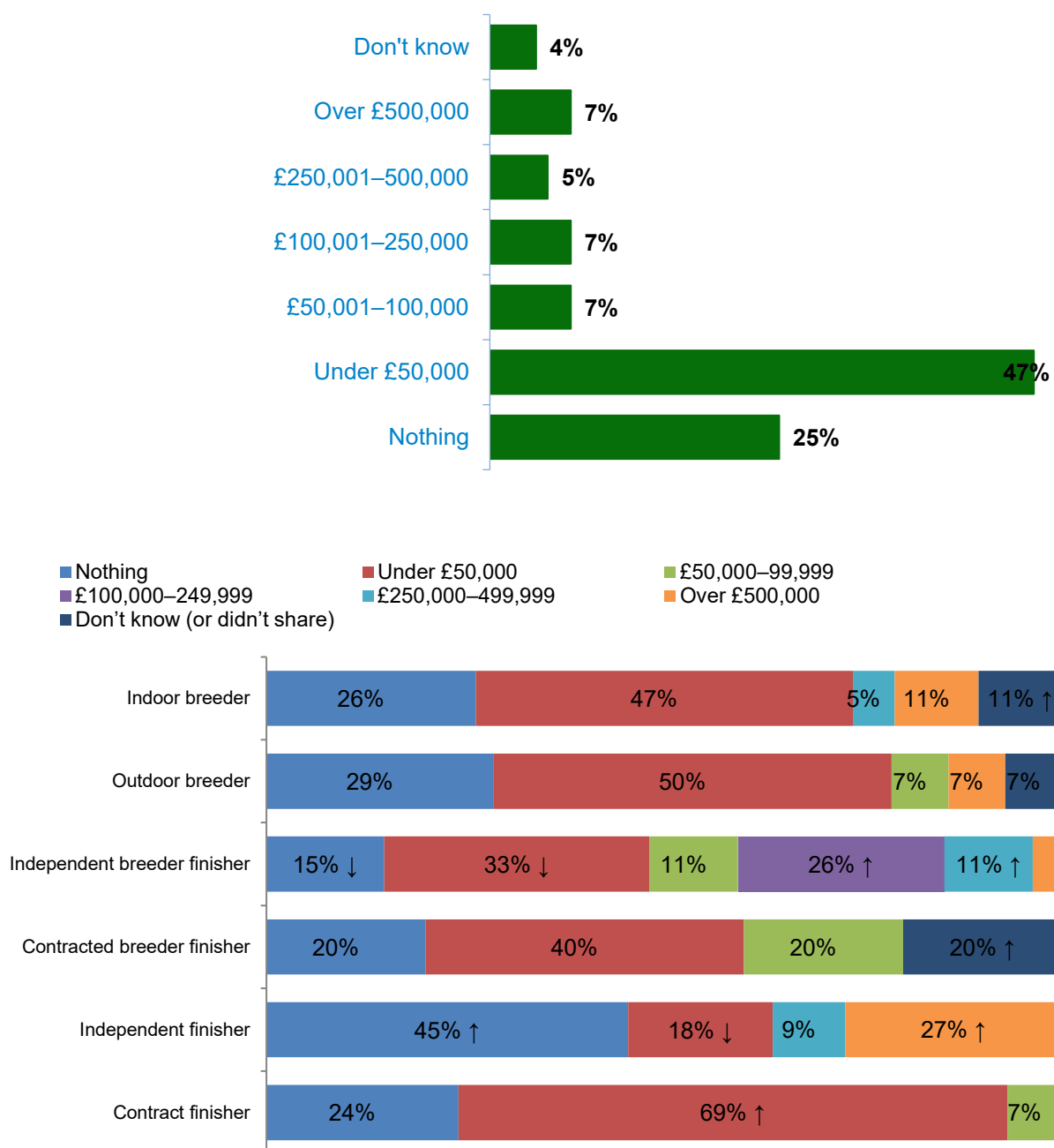


Figure 9. Estimated expenditure (expected next five years) – housing and internal fittings

Breeders are expecting to reduce the amount that they will be spending in the next five years on pig housing compared with the level of investment in the past five years.

Larger producers are more likely to have invested in pig housing in the past five years and are generally more likely to have invested more money than small producers. Contract finishers and contracted breeder finishers, who were most likely to have housing stock that was 21 years old or older, were also the most likely to have spent under £50,000 on pig houses in the past five years. This suggests that those with the oldest pig houses aren't investing to renew their stock. Small breeders are more than twice as likely (54% cf. 23%) to have spent less than £50,000 in the past five years and also to expect to spend less than £50,000 (57% cf. 23%) in the next five years.

Nearly 80% of pig farmers expect that they will make fewer, or about the same, capital investments in pig housing over the next 12 months compared with the previous 12 months. Figure 11 suggests this might be explained by the financial uncertainty due to Brexit.

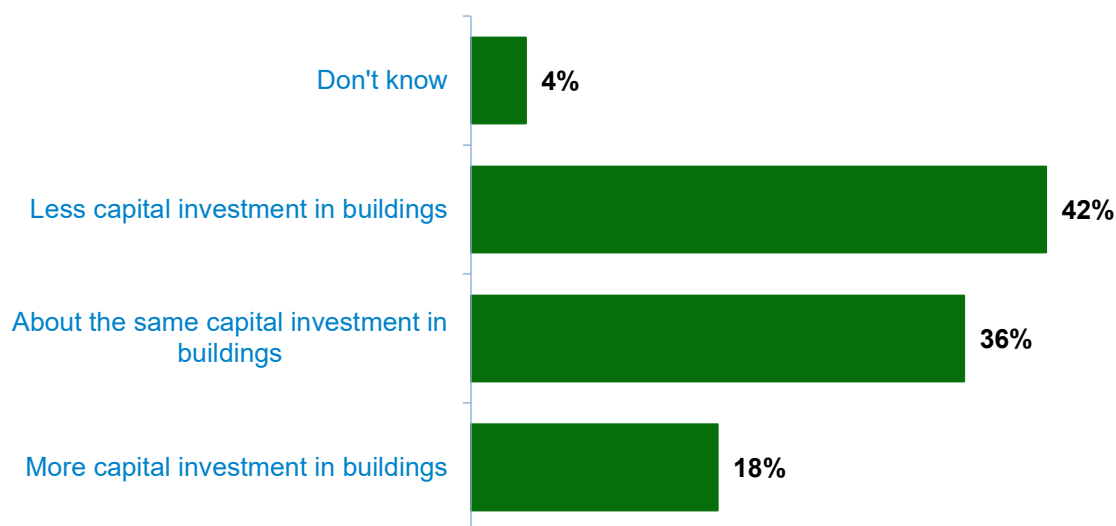


Figure 10. Expected capital investment in buildings (next 12 months compared with previous 12 months)

Barriers to investment

Financial uncertainty over Brexit is the biggest barrier (23%) to investment and development, with two-thirds (66%) of pig farmers considering it to be a significant (36%) or slight (30%) barrier.

The cost of new buildings relative to return in investment is a close second (22%). However, more farmers consider it to be a barrier to investment (71%).

As expected, smaller breeders (18%) were twice as likely to say that the availability of capital was a barrier to investment than larger breeders (9%). Furthermore, independent finishers were most likely to say lack of available capital was the biggest barrier to investment (11%).

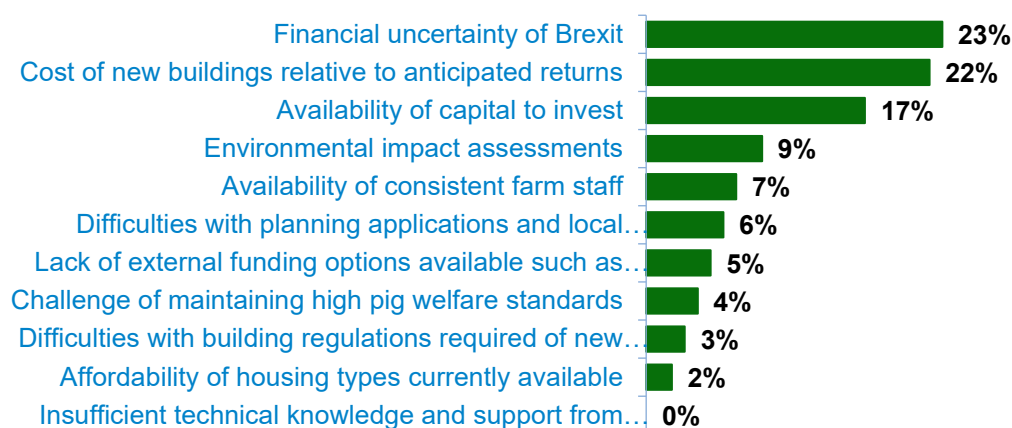


Figure 11. Barriers to investment and development (biggest barriers)

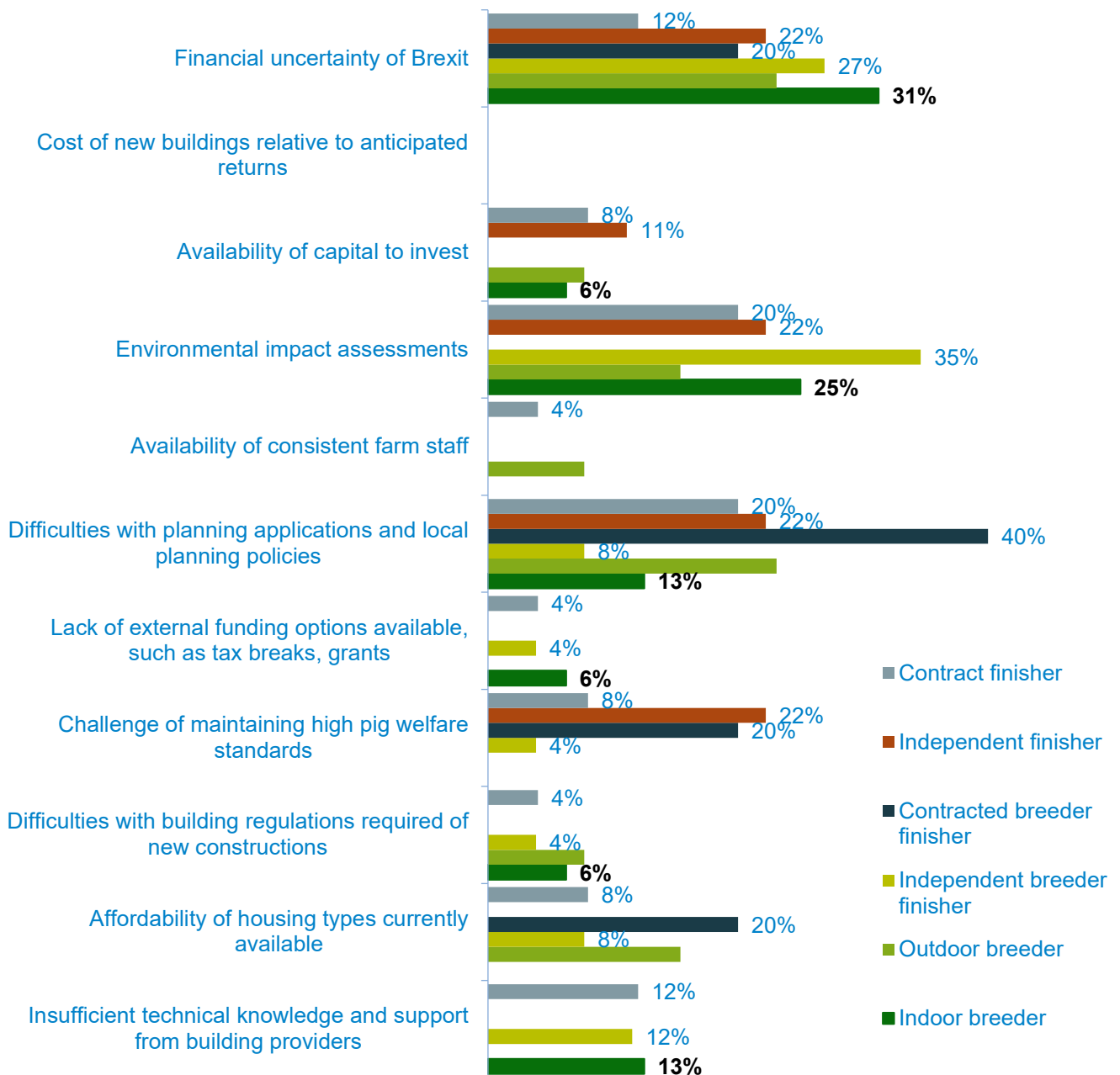


Figure 12. Barriers to investment and development (biggest barriers)

Least concerning barriers to investment

More than two-thirds (70%) of participants think that insufficient technical knowledge and support from building providers is not a barrier to investment.

More than half of respondents do not consider the availability of consistent staff (56%), difficulties with planning applications and local planning policies (53%), difficulties with building regulations required of new constructions (53%) or the challenge of maintaining high pig welfare standards (52%) as barriers to investment.

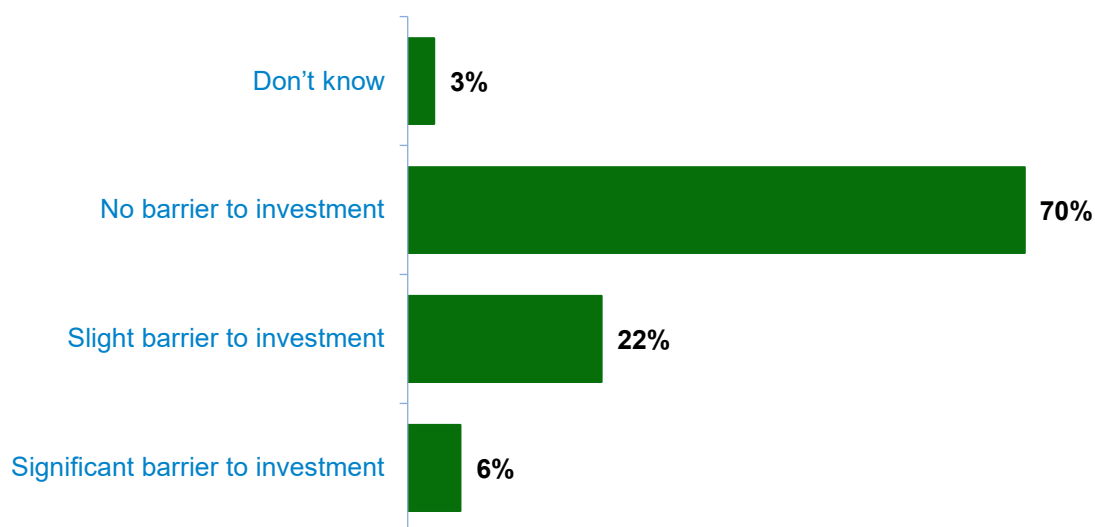


Figure 13. Barriers to investment and development (insufficient technical knowledge and support from building providers)

Future approach to farming and production

Just over half (52%) of all farmers' future approach to farming is to build a healthy and sustainable farm business to pass on to the next generation.

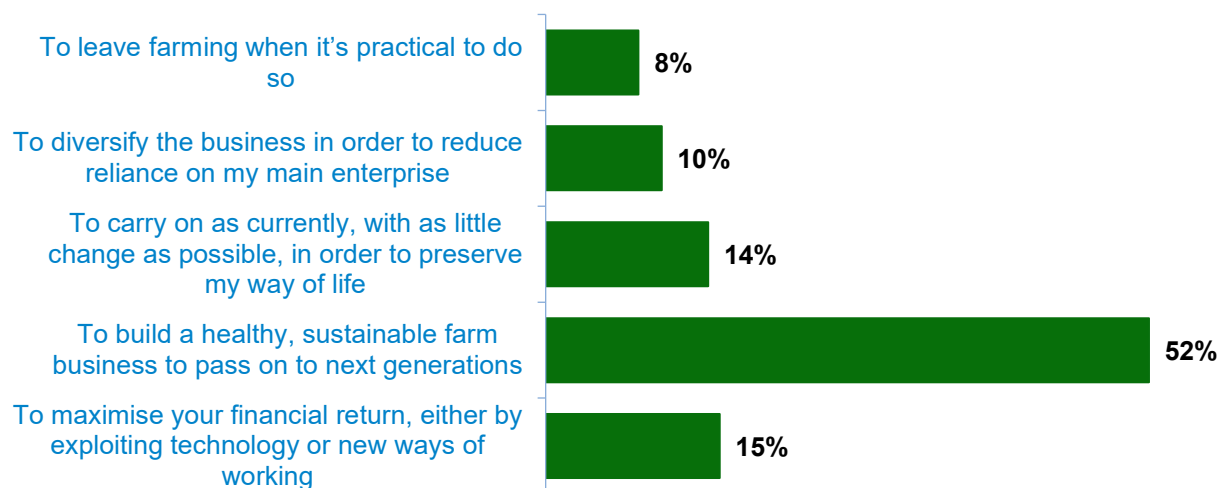


Figure 14. Future approach to farming/production

Large producers are more likely to want to maximise financial returns by exploiting technology or new ways of working, whereas small producers are more inclined to try and carry on as they are currently, with as little change as possible, in order to preserve their way of life.

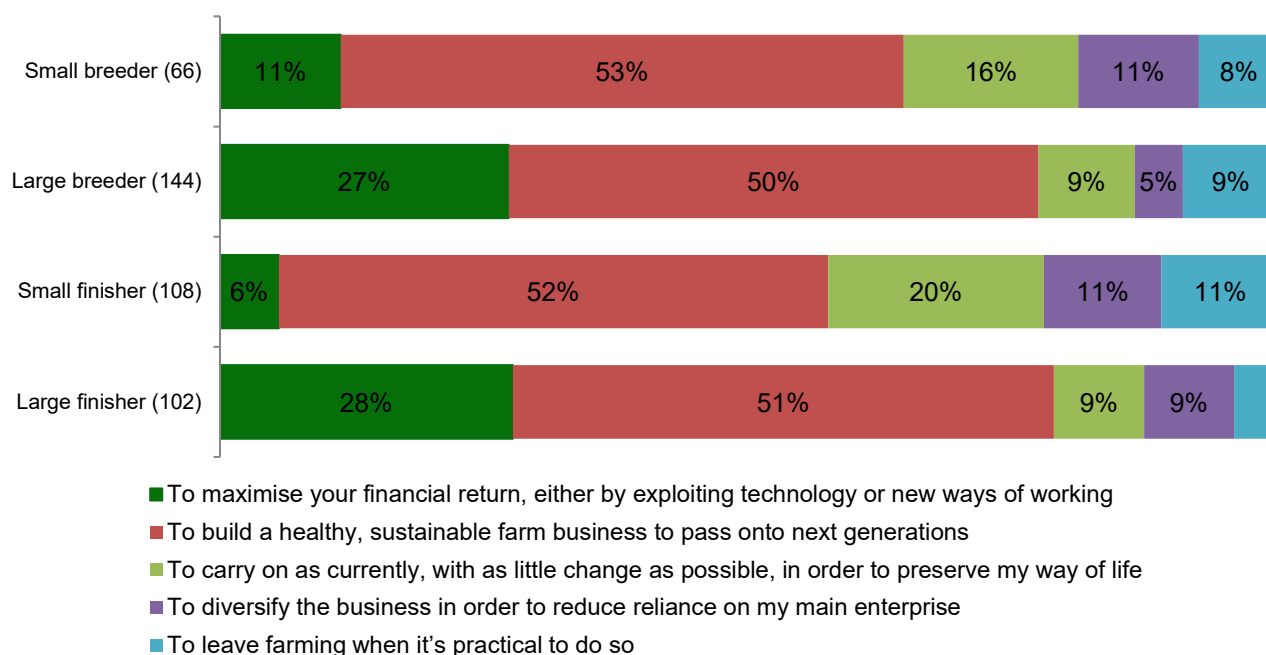


Figure 15. Future approach to farming/production by size

Risk and the future of farming and production

The majority of pig farmers can be described as being wary of risk. They are more likely to want to gain confidence from others doing something, before they try something new.

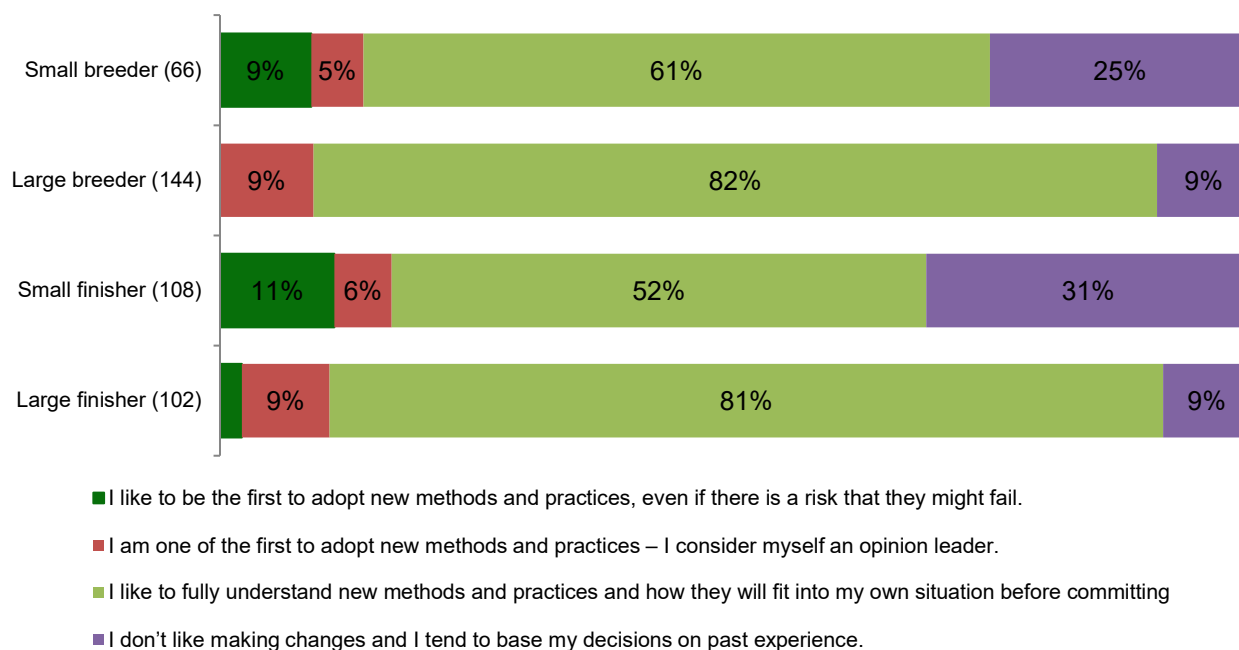


Figure 16. Considering future approach to farming/production by size

How can AHDB help and what are the key business opportunities?

Producers were asked if there was anything that AHDB could do to assist in making investment decisions about buildings and their management (Figure 17).

Some respondents thought there was little more AHDB could do to help with the situation, while others indicated a number of areas where better service provision could be made and would be of value. These tended to follow two themes: business management and technical performance.

1. Funding – although this may not be the most practical way for the AHDB to assist.
2. General help – some participants would like AHDB to engage more with farmers and be a knowledge leader and key opinions leader within the industry.
3. Technical information – producers are interested in knowing more about possible solutions to pig housing. AHDB could be there to advise, inform and remove elements of risk and the unknown.

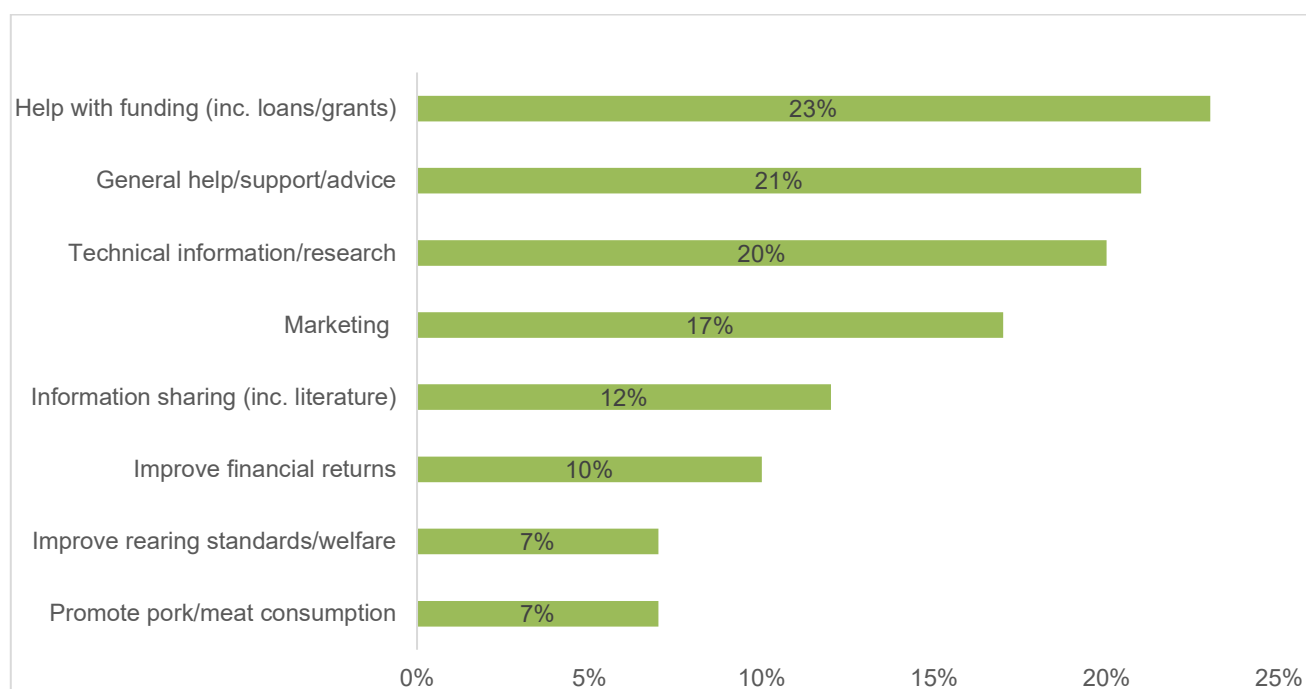


Figure 17. What could AHDB be doing to help you and the wider pig industry improve the quality of housing?

Conclusions

A large proportion of English pig buildings are 'old' or in need of investment, with larger producers owning 11 or more buildings to consider investing in. This is considered to be a major contributing factor to the lower national productivity levels, which have failed to keep pace with other developed industries, where newer facilities are more commonly found.

The largest percentage of UK buildings are solid floor with straw, followed by a fully slatted method of housing. It must be stated, though, that 'old' does not mean that the welfare of pigs and stock workers is of unacceptable standards as, in many cases, housing is considerably better than minimum standards require. There is not a complete lack of investment; some producers have made considerable investment in finisher buildings and around 87% of respondents have invested in their buildings in the last 10 years. Just under 50% of this investment was on new builds, where costs were commonly below £50,000.

What causes greater concern is that the majority of larger producers are expecting to reduce the amount they will be spending on pig housing in the next five years, and nearly 80% of pig farmers expect that they will make fewer capital investments. Financial uncertainty over Brexit is considered to be the biggest barrier to investment and development to pig farmers, and the cost of new buildings relative to return in investment is a close second.

There is a commitment by pig producers to adopt housing and management systems which deliver high standards of animal welfare and comply with legislation, such as that to protect the environment. More than half of respondents do not consider the availability of consistent staff (56%), difficulties with planning applications and local planning policies (53%), difficulties with building regulations required of new constructions (53%) or the challenge of maintaining high pig welfare standards (52%) as barriers to investment.

The majority of pig farmers can be described as being wary of risk. More than two-thirds of participants think that insufficient technical knowledge and support from building providers are not barriers to investment, as they are more likely to wait to see the confidence of products and infrastructure from other producers before they try something new themselves. Finally, around half of all farmers' future approach to farming is to build a healthy and sustainable farm business to pass on to the next generation.