Sourcing Cereal Feed Grains for Pigs: What are the Views of the Supply Chain?

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Fell (2010) estimated that feed costs accounted for approximately 55% of total production costs in a pig enterprise. He also suggested that between 2010/11 and 2014/15, the pig to feed grain price ratio, which is an indicator of returns from pig production, is expected to remain largely unchanged. Hence, reliable supply and price of feed grains are important considerations for pig producers and the entire pork supply chain. In an effort to increase feed grain production specific for the major pig producing areas of Australia, Australian research has been directed towards development of new cereal grain varieties that can compete, in terms of profit per hectare, with current food grain production, and also provide increased nutritive value to pigs. This paper reports findings from a socioeconomic study where the aim, in part, was to assess attitudes to growing and sourcing feed grains as well as price premiums associated with these grains. Such findings can be used by relevant supply chain participants to aid management decisions.

In line with Bardsley and Thomas (2005), a semi-structured, interactive, open-ended interview approach was used to record respondents' perceptions; questions were common to all interviews but allowed for secondary in-depth questions. A small representative sample of stakeholders (grain, pig and feed producers; feed buyers and sellers; feed and grain information providers) from WA, SA, Victoria and NSW were selected using dimensional sampling techniques. All interviews were conducted at a location convenient to the interviewees with two interviewers present. Ethics approval was granted from the Murdoch University Research Ethics Office. Following Monette et al. (1986), the interview summaries recorded were written to minimise bias and hence ensure validity of results. Care was taken with coding to enhance reliability of data.

Of the 25 respondents, 52% indicated that when selecting a variety to grow, its capacity to be dual purpose (eg. grazing and grain) and/or profit were the most important drivers for grain growers. When considering triticale, agronomic reasons, in combination with either profit or the market, were believed to be the most important influences over variety selection by the majority of respondents (56%).

![Figure 1](image_url)

Figure 1. The mode for ordinal data (Monette et al. 1986) reflecting survey participants' attitudes to: sourcing feed grains (1= difficult; 2= quite difficult; 3= not very difficult; 4= not at all difficult); premiums paid to grain growers (1= yes; 2= yes but difficult to implement; 3= maybe; 4= no); and premiums paid by pig producers (1= yes; 2= yes but difficult to implement; 3= maybe; 4= no).

Interview results suggested that it can be difficult to source feed grains from Victoria, obtaining local feed grains in WA, SA and NSW was generally not as difficult, and grain premiums may be an option when buying and selling feed grains in WA and SA but less likely to be so in Victoria and NSW (Figure 1). In addition, 80% of respondents did not believe grain growers would enter into formal contracts with end users. As there are difficulties in procuring grains and market tools such as premiums and contracts are not widely favoured, at least in the short term, communicating to growers that a reliable market for high yielding, high energy grain exists will be important.


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