

# **Reducing Losses between Farm Gate and Packer - A Producer's View**

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## **▪ Introduction**

This topic is an important one for pig producers at all times. But when prices are low, everything must be done to improve the bottom line and achieving profitability is of utmost importance, it is particularly important. There are many issues, which bear directly on the practices needed to reduce losses between farm gate and packer. There are also many related issues, which are hard to ignore because of the rapidly changing industry and marketing environment in which producers operate today. These notes include background information for the charts and data tables, which will be presented at the conference.

## **▪ Background**

Quadra Group started to grow in 1993 when a 600 sow farrow-to-finish pig production operation was established at Beechy, SK. Since then, a total of 17 units have been established, some of which have expanded to 1,200 sows. Currently, there are about 5,000 pigs per week being marketed by the Quadra family of farrow-to-finish operations and these numbers will double in the near future. The Quadra system is anticipated to grow to produce 20,000 pigs per week in the next few years.

The new climate for marketing pigs in Western Canada is much different than the one that was in place for most of the last 30 years. While marketing boards and compulsory single-desk selling agencies had their place in the early years of that era, towards the end of it a gulf emerged between processors and producers. There were many practices, which did not make sense any more, practices which were making both producers and processors less competitive and less profitable. One of the more significant changes is the recent labor contracts negotiated by the processors, contracts which put Canadian

processors on a more even playing field with their counterparts in the United States. It provides greater flexibility and with double-shifting at the packing plant it is possible to process and effectively sell more of the parts of the pig. Another significant change is the move toward heavier pigs, a move, which allows producers and processors to put through more kilograms of lean pork for a given amount of overhead costs. These and other changes are necessary to keep our industry thriving and competitive.

### ▪ **Selling Arrangement**

The selling arrangement made with a processor sets the stage for reducing losses between the farm gate and the grading station. The pigs sold from operations which are members of the Quadra Group are settled either on a total liveweight basis or on a total settled weight basis - this eliminates the often arbitrary discounts typically found in most settlement systems offered by processors in Canada. The onus is on the producer to keep the weights of pigs in each shipment within a range acceptable to the processor and an incentive system is in place for this reason.

It is an interesting fact that producers lose control of their pigs from the time they are unloaded from a truck at the slaughter house until they are weighed and graded. By accurately weighing loads of pigs at the farm and comparing that weight with the total settled weight at the plant an overall carcass yield for the load can be determined. Heavier pigs yield higher. The emptier the gut of the slaughtered pigs the higher the yield. The shorter the elapsed time between shipment and slaughter, the higher the yield. Quadra has analyzed yield under varying circumstances and identified practices, which reduce losses between farm gate and packer.

The activities involved in the movement of pigs from the producer's barn to the grading station at the slaughter plant includes preparing pigs for shipment, weighing, trucking, handling, penning at the plant, sometimes holding at the plant, stunning, bleeding, scalding and dehairing, gutting, splitting the carcass, and trimming. Losses can occur with any one or all of these activities. It is important to choose a processor who has the facilities to handle and process pigs in the most efficient manner possible. Careful analysis of similar loads of pigs sold to different processors sometimes shows consistent differences in carcass yield. A truck scale is needed at the barn or near the origin of the shipment. It appears that processors with modern equipment can do a better job.

Preparing pigs for shipment depends on the settlement arrangements made with the processor. When a narrow weight range is required, pigs must be sorted and weighed. This involves a lot of work and usually results in pigs not

ready for shipment being mixed together to await another shipping day. Stress on the pigs results in poorer feed conversion and growth.

### ▪ **Analysis of Data Collected on Slaughtered Pigs**

There are considerable data collected when a pig is slaughtered and processed to the point where it is weighed and graded. Timely receipt of this data and thorough analysis of it can provide feedback which the producer can utilize to identify problems, reduce losses and optimize returns. Quadra barns receive data electronically shortly after slaughter, usually on the same day. The data can show carcass yield, lean meat and fat percentages and amount of trim. It can also show the weight and lean yield distribution for a load. Average shipment weights and other data are plotted to show actual results and moving averages. This information and the analysis of it are communicated to the manager and staff at each Quadra barn, usually the day after the pigs are shipped.

### ▪ **Conclusion**

In the past three years Quadra has marketed pigs to a variety of different processors and has pioneered some innovative marketing programs. These have presented some very interesting opportunities to not only reduce losses between farm gate and processor, but also to increase returns in many other ways. Being in a position to deal more directly with the processor provides ways in which to better address problems which occur between the farm gate and the grading station.