

A brief review
of
The Isle of Man's pig sector

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A: SWOT analysis for the Manx pig industry

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Executive summary

- i. This report is intended to examine the pig industry on the Isle of Man and to look in turn at its value and contribution to the economy, the sustainability of the supply chain and opportunities for growth, the potential for increased production, the extent to which support is necessary to maintain production and the options for future support and market intervention in the 2016-2021 period.
- ii. The value of the Isle of Man pig industry was estimated to be at least £0.9 million in 2015, with almost two-thirds of this generated post-farm-gate. Farm level employment is low and between farms, slaughter and processing an estimated 14.5 full time equivalent posts are maintained.
- iii. The Isle of Man pig industry is small-scale and makes only a minor contribution to the Food Strategy. Moreover, there are very few environmental or other public-good benefits that are delivered through pig production *in its current form*. As such, the primary reason for the government to support the sector is economic i.e. to leverage better financial returns from the sector.
- iv. The Isle of Man pig industry has evolved within a framework of significant government subsidy for farm-level production. The current subsidy regime is neither fair nor equitable, it pays some farmers who are no longer pig producers, it disadvantages new entrants, stifles innovation, masks inefficiencies, places too much reliance on government control of the sector and clouds market signals. Whilst the sector is believed to be sustainable, this will require a significant shift away from the current subsidy regime and towards a more market-focused, technically efficient and integrated model.
- v. Whilst the opportunities for market growth are limited they nevertheless provide a robust basis for the pig industry to move forwards. There is potential for producers to scale-up and for new producers to enter the market and changes to the form of subsidy and support should ensure that any changes in pig production are market-focused. Although the Isle of Man pig industry should not be dependent on direct, farm-level subsidies to maintain production, it is recognised that targeted support will be necessary to change the systems of production so that they are profitable in the absence of direct subsidy.
- vi. Twelve recommendations are proposed within the report, as follows:

Recommendation 1: Support for Manx producers should address in the first instance the control of costs (in particular of purchased feeds) and the continuous improvement of technical efficiencies.

Recommendation 2: Based on current production systems, sales should focus on higher value markets which allow sufficient margin to cover the inherently higher input, slaughter and processing costs.

Recommendation 3: The requirement for pig producers in receipt of government funding to be assured to Red Tractor standards should be kept as a means of ensuring regulatory compliance and providing independent assurance to the public.

Recommendation 4: Specific business advice should be provided between farmers, Isle of Man Meats, processors and retailers, using full analysis of the costs of production at each stage in the supply chain to establish contracts between the parties that are fair, forward looking and focused on profit.

Recommendation 5: Pig producers, Isle of Man Meats and retail butchers should work together to build the supply of locally produced pig meat to those establishments that are making the best use of 'local' in their offer, and to support this through reciprocal marketing.

Recommendation 6: DEFA should use its leverage to encourage all multiple retailers to stock some Manx pig meat product lines, as higher value products, to help broaden the base of Manx customers.

Recommendation 7: Support for the pig industry on the Isle of Man should aim to maintain or enhance the spread of retail outlets in which Manx pig meat is sold, and it should aim to widen the production base so as to maintain a consistent supply of pigs from separate pig units.

Recommendation 8: Initiatives (e.g. public pledges) that provide a degree of commitment from retailers to sourcing Manx pig meat should be encouraged and supported through background marketing and publicity.

Recommendation 9: It is feasible that pig production could support the Manx Government in achieving specific aims. DEFA, with the Creamery, should commission a study into the feasibility and the costs/benefits of using food industry co-products in a wet feed pig unit on the Isle of Man and the potential impact of this on reducing the volumes of whey discharged into the Irish Sea.

Recommendation 10: Support for the pig industry should not be limited to existing producers but rather, it should be made equally available to new entrants; on the proviso that the supported enterprise should be operated as a business and of a business scale e.g. providing or aiming to provide employment for a minimum of 0.5 full time equivalents.

Recommendation 11: After a suitable time-period to give warning to current producers (i.e. at the end of 2016) all current pig support schemes and payments should cease i.e. payments made under the Pig Premium Quota Scheme (2009), the Countryside Care Scheme (2009) and the Pig Industry Restructuring Scheme (2011).

Recommendation 12: A revised support package for the pig industry should be proposed during the 2016 calendar year, for introduction by or before the cessation of the current subsidy regime. Within this package there should be no historic or headage payments made, nor payments made on the basis of numbers of pigs owned or areas of land farmed. Payments should be designed to leverage change within the pig industry so that it is focused on delivering economic benefits within low environmental impact, high welfare systems.

- vii. Future support for the pig industry would usefully include farm business planning, animal health planning, and funding or part-funding of investments to improve environmental performance or animal health and welfare, to create economic efficiencies and to develop added-value markets for Manx produced pig meats.
- viii. The transition from the current support system to a system that is focused on delivering economic benefits within low environmental impact, high welfare systems will present challenges to pig producers, processors and retailers alike and will require constructive dialogue between all parties.

1. Background

- 1.1 The 'Food Matters' strategy recognises growth opportunities for the food and drink sector in the Isle of Man and, over recent months, Isle of Man Meats have reported increasing demand for Manx pig meat and growing interest from consumers, retailers and meat processors.
- 1.2 Pig production on the Island is supported by government through subsidy to producers and subvention of the abattoir. Whilst the Countryside Care Scheme (CCS) was reviewed in 2014-15 and was amended at that point to become the Agricultural Development Scheme (ADS), it was recognised that the complex nature of the pig industry and its support mechanisms meant that there was insufficient time to consult with the industry on any proposed changes for the 2015-16 Scheme year. However, it was acknowledged that government support for the pig industry should be reviewed as was detailed in the original CCS; and this report is intended to fulfil that brief.
- 1.3 The aim of this review is to examine in turn:
 - the value of the Manx pig sector and its contribution to the economy;
 - the sustainability of the current supply chain and opportunities for market growth;
 - the potential for and likelihood of current producers scaling-up, or new producers coming in;
 - the extent to which support is necessary to maintain production;
 - current support and options for future support and market intervention in the 2016-2021 period.

2. Industry structure

Industry structure

- 2.1 The Manx pig industry is small in comparison to other sectors of the Island's agriculture. There are just two pig farms of significant size. However, all pig meat produced on the Isle of Man is sold and consumed on the island and there is no reliance on export. The two pig farms, and the handful of smaller scale producers, rely on veterinary expertise from within the island and on purchased cereal feeds from other Manx farmers. Whilst in the recent past the Isle of Man has witnessed significant over-production of pig meat (and export sales made at a loss), the number of farms and the number of pigs on these farms has been markedly reduced through an industry and government backed restructuring scheme. All pigs from the two principle producers are purchased by and slaughtered through Isle of Man Meats, who supply a speciality meat processor, the Island's ten independent butchers and two supermarket chains. These independent butchers and the speciality meat processor in turn supply Isle of Man produced pig meat products to hospitality and food-service businesses.
- 2.2 Trends in Manx pig production are shown in Figure 1. The decline in pig numbers slaughtered per year is directly linked to the subsidies offered first of all for production and more lately for restructuring. Output, in terms of the weight of pig meat sold by Isle of Man Meats, has been stable for the past three years.

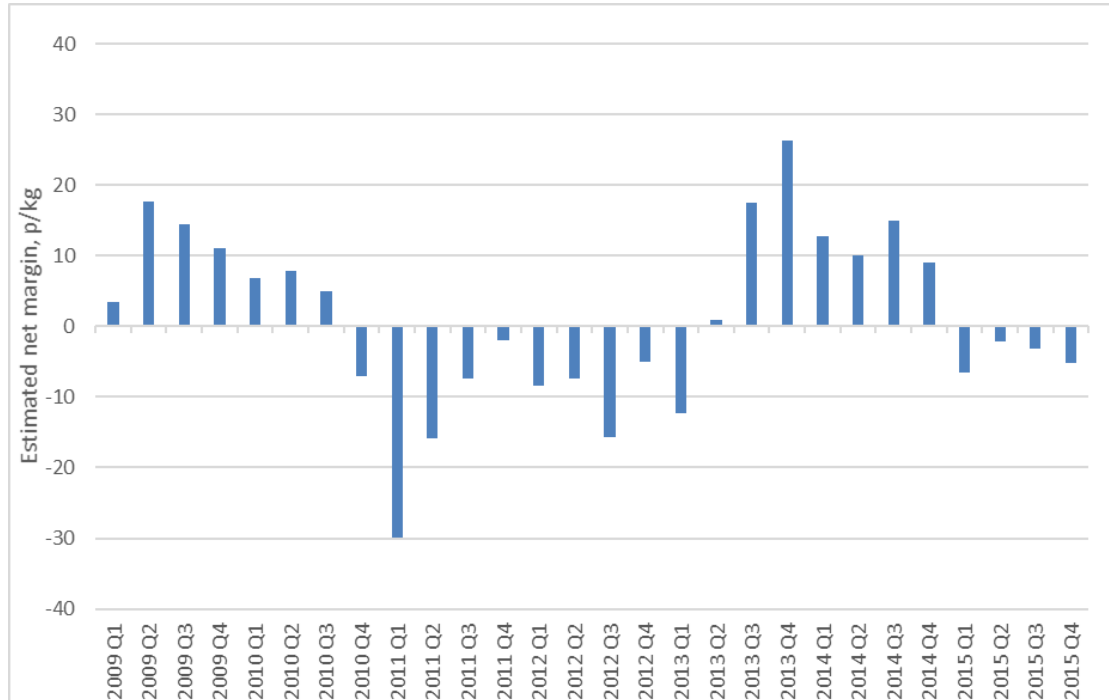
Figure 1. Trends in Manx pig production 2004-2014



- 2.3 The estimated sales value to producers declined from £387,000 in 2014 to £326,000 in 2015. Whilst this may be offset in part by reduced costs of production, it is a reflection of the overall situation for the pig industry in the UK. Figure 2 presents the estimated net margins in pig production in the UK between 2009 and 2015 as calculated by AHDB Pork.
- 2.4 The price differential from farm-gate to retail is estimated by AHDB Pork to be 175% (compared to 100% for beef), and on this basis the retail value of Manx produced pig meat in 2015 would be in the region of £0.9 million. However, the proportion of Isle of Man pig meat that is used for higher-value products is greater than seen across the UK and this estimate must therefore be taken as baseline.

Pork, ham and sliced, cooked meats typically retail at 150% of the price of bacon, and at over 200% of the price of sausages.

Figure 2. Estimated net margins in UK pig production, 2009-2015 (source: AHDB Pork)



- 2.5 The pig sector provides employment on farm (3 full time equivalent (FTE) posts), at the abattoir (assuming a pro-rata use of staff by sales value, pig meat production would account for 2.5 FTE posts), and in meat processing (assuming a pro-rata use of staff by sales value, pig meat production would account for 9 FTE). No additional employment is assumed for retail since this would not be contingent on the use of locally produced pig meat. As such, it is estimated that there are 14.5 FTE posts reliant on pig meat production and processing.

Manx pig farming

- 2.6 Livestock production is essentially a means of adding value to cereals, grasses and other feedstocks. For pig farmers in a dry-feeding system a combination of purchased and, for some, home-grown feeds are converted to pig meat. Purchased feeds may include cereals, but will almost always include soya, and will almost always include creep feeds for young pigs. Feed costs, whether home-grown or purchased, make up 80-90% of variable costs on a typical pig unit.
- 2.7 The profitability of pig farming is therefore linked to a large extent to the ability of pig farmers to secure feed inputs at the best value. However, the cyclical nature of pig production and the variable nature of cereal prices is such that pig farming profitability is, for many, a game a chance. If pig prices are high enough and cereals and soya costs low enough, then a profit is made; otherwise it is not!
- 2.8 Within this game of chance there are some factors that pig farmers can control, and each of these is in itself critical to their long term profitability and business success. Cereal and soya prices are subject to the investment decisions of commodity traders and are impacted by global cereal harvests and world-wide demand. Those pig farmers who are less reliant on purchased feeds because they use home-grown cereals have a more robust farming model which is less subject to fluctuations in global commodity prices.

- 2.9 For Manx farmers purchasing some or all of their feed inputs, it is estimated that for importing soya and creep feed adds an extra £50/tonne over UK prices. For wheat and for other cereals, prices on the Isle of Man are believed to sit between the UK price and the price of wheat imported from the UK, i.e. adding an extra £25/tonne over UK prices. At the time of writing, soya in the UK was estimated to cost in the region of £250 (delivered to farm); and the price of feed-wheat in the region of £110 (delivered to farm). That is, feed costs on the Isle of Man are presently 20-23% higher than in the UK.
- 2.10 As well as controlling feed input costs, pig farmers can and should be able to control the technical performance of their pig herd. This is contingent in part on capital investment: i.e. the quality and state of buildings and equipment, and how easy they are to maintain and to clean. It is also contingent on careful management and close attention to detail. Benchmark average figures for sow productivity in the UK are shown in Table 1. It should be noted that improving the piglets born per sow per year and the piglets weaned per sow per year does not dramatically increase the costs of production; building costs are fixed per sow, and feed costs will differ only marginally for a high-performing and a low-performing sows.
- 2.11 It was noted from discussions with producers that there has in the recent past been some difficulty in disposing of cull sows, since Isle of Man Meats did not have a market for sow carcasses. This has led to a backlog of sows that are no longer performing well, and a lower number of piglets born and weaned per litter. Sow replacement rates should fall in the region of 50-55%, whereas these have been much lower on the Isle of Man, resulting in an older herd; and consequently lower numbers of pigs born and weaned per litter. This difficulty has, we were told, been overcome, and sow performance would be expected to improve as a result. The issue highlights on one hand the fragile, and sometimes incomplete production and supply chain for the sector; and on the other hand the need for producers to separate long-term breeding/replacement decisions from immediate cash-flow considerations.

Table 1. Benchmark average figures for sow productivity (UK)⁽¹⁾

	Average of all producers	Top third of producers
Litters per sow per year	2.27	2.35
Piglets born alive per litter	12.05	13.10
Piglets weaned per litter	10.52	11.64
Piglets weaned per sow per year	23.93	27.41
Age at weaning	26.64	26.75
Sow feed per sow per year (t)	1.401	1.358
Sow replacement rate (%)	52.10	55.18

(1) UK data taken from BPEX Year Book 2015, and includes indoor and outdoor units.

- 2.12 Using BPEX cost of production data for 2014 it is possible to estimate the financial impacts of changes in production parameters. For these, the average cost of production (with industry-average performance) was calculated to be £1.49/kg (carcase weight) for the 2014 calendar year, and the average margin across the whole year was calculated to be 12p/kg.
- 2.13 Based on these BPEX figures, moving from 17 to 20 pigs weaned per sow per year will reduce the costs of production by 8.2p/kg. For an 80kg pig killed out to 60kg, this equates to £4.92/pig. Moving from 20 to 23 pigs weaned per sow per year will reduce the cost of production by 6.9p/kg. For a 110kg pig killed out to 85kg this equates to £5.86/pig and further improvements to 26 pigs weaned per sow per year would reduce costs of production by a further 5.6 p/kg; or £4.76/pig.

- 2.14 Turning to piglet and grower pig performance, benchmark average figures from the UK for rearing (to 37 kg) and finishing (from 37 kg to 106 kg) are presented in Table 2. As with sow performance, mortality, food conversion ratio and daily live-weight gain these will be affected by herd health, diet, quality of feeds, and building design and performance.

Table 2. Benchmark average figures for rearing productivity (UK)⁽¹⁾

	Rearing	Finishing
Mortality (%)	2.8	3.6
Feed conversion ratio	1.71	2.67
Daily live-weight gain (g)	502	801
Days in herd	58	92

(1) UK data taken from BPEX Year Book 2015, and includes indoor and outdoor units.

- 2.15 The financial impacts of changes to the food conversion ratio (FCR) can also be analysed using BPEX cost of production data for 2014. Based on these figures, moving from the bottom third to the average FCR performance will reduce the costs of production by 12.6 p/kg i.e. by more than the average profit margin. For an 80kg pig killed out to 60kg this equates to £7.56/pig. Moving from the average FCR performance to the top third FCR performance will reduce the costs of production by 8.8p/kg; for an 85 kg carcass this equates to £7.48/pig.

Table 3. Selected impacts of performance factors on costs of production ⁽¹⁾

Performance factor	Impact on cost of production per kg carcass weight
Feed costs	An increase of £20/tonne feed costs will result in an overall increase in the costs of production of 7.6p/kg 1.6p/kg increase attributable to sow feed costs; 1.4 p/kg attributable to rearing feed costs; 4.6p/kg attributable to finishing feed costs
Piglets weaned per litter	Between 15 and 20 pigs per sow per year, each additional piglet will reduce the cost of production by between 3p/kg and 2.5p/kg; Between 20 and 25 pigs per sow per year, each additional piglet will reduce the cost of production by 2.5p/kg to 1.7p/kg.
Feed conversion ratio difference between average and bottom third	An overall increase of 12.6p/kg can be achieved by moving from the bottom third to the average performers for FCR. Moving from the UK average to the UK bottom third for FCR for rearing pigs (1.71 to 1.92) results in an increased cost of production of 2.3p/kg. Moving from the UK average to the UK bottom third for FCR for finishing pigs (2.67 to 3.18) results in an increased cost of production of 10.3p/kg.

(1) Based on BPEX data on costs of production in the BPEX Year Book 2015

- 2.16 If feed costs can be controlled and technical performance managed to be at least equivalent to the UK average, and provided that secure and stable markets can be found which allow a price to be offered that is marginally higher than the UK price (i.e. the APP or 'All Pig Price', reported voluntarily by UK abattoirs), to take into account the higher costs of pig feed inherent on the Isle of Man, then farm business performance will match that of UK pig farms. This is not to say that Manx pig farms would at that point be profitable enterprises: many UK pig farms operate at very low levels of profitability and fail to re-invest in their buildings and infrastructure and there are frequent periods of unprofitability for UK pig farms as a whole.

Recommendation 1: Support for Manx producers should address in the first instance the control of costs (in particular of purchased feeds) and the continuous improvement of technical efficiencies.

- 2.17 Ideally, Manx pig farmers, Isle of Man Meats, processors and retailers should aim to supply markets which allow a price to be offered that not only covers the additional feed costs that may be inherent in Manx production, but also allows for a more consistent period of profitability than is seen within the UK. At this point in time, these markets are those using Manx provenance or processing. It should also be noted that Isle of Man Meats, operating as a three species abattoir, will not be able to achieve the efficiency of slaughter and processing as the substantially larger slaughterhouses operating in the UK and elsewhere in the EU. As such, even if Manx farmers could produce pigs for slaughter below the UK costs of production, a higher value market might still be necessary to accommodate relatively higher costs in slaughter and processing.
- 2.18 The “competition” for locally produced pig meat is pig meat produced in what is very much a global market: large scale producers and abattoirs holding contracts for the supply of large scale retailers, with economies of scale allied to relatively low margins. This emphasises the need for Manx producers to operate efficiently at all levels and to identify and build local, higher value markets. If feed costs cannot be controlled, technical performance cannot be managed to be at least equivalent to UK average, and higher value markets cannot be secured, then pig businesses will require ongoing financial support.

Recommendation 2: Based on current production systems, sales should focus on higher value markets which allow sufficient margin to cover the inherently higher input, slaughter and processing costs.

Farm standards

- 2.19 To be eligible for subsidies, DEFA has imposed the criteria that Manx pig producers should be certified under the ‘Red Tractor’ assurance scheme. Red Tractor is accepted as a baseline (minimum) standard by UK retailers and as a means of assuring regulatory compliance by producers; it is not onerous and it reduces some of the risks inherent in the meat supply chain. However, it is a minimum standard, rather than a unique selling point.
- 2.20 In relation to pig farming, the Red Tractor standards cover (amongst other things):
- Housing, shelter and handling
 - Feed and water
 - Animal health and welfare
 - Biosecurity
 - Animal medicines
 - Fallen stock
 - Transport
 - Environmental protection
- 2.21 Inasmuch as DEFA are providing public funding to support private enterprise, the requirement for Red Tractor assurance is an appropriate way of ensuring that farm standards meet at least baseline requirements. Even if the only real assurance in the Red Tractor scheme is that of regulatory compliance, then it does have some value in reducing the need for government inspections. However, it might also be argued that because DEFA are providing public funding to support private enterprise, the expected standards should be greater than ‘baseline’.

Recommendation 3: the requirement for pig producers in receipt of government funding to be assured to Red Tractor standards should be kept as a means of ensuring regulatory compliance and providing independent assurance to the public.

Slaughter

- 2.22 All pigs from the two main producers are purchased and slaughtered by Isle of Man Meats. Prices are pegged to the reported APP price within the UK, which is (definition of APP). Payment schemes have been agreed with producers and include an element of uplift to account for higher production costs on the Island. The uplift is paid for 'top quality' (TQ) pigs that meet weight band and back-fat specifications.
- 2.23 However, it is worth noting that whilst retailers, and indeed slaughterhouses and processors, can raise or lower their margins to account for changes in demand and changes in the costs of supply; the same is not necessarily true for pig producers. For these, the price is pegged to the UK price and does not relate to their costs of production, investments made or required profit margin.
- 2.24 Whilst such a system may be justified where there are large numbers of producers and the potential for over-supply, it can nevertheless be inherently damaging to primary producers, eroding margins and leaving this element of the supply chain in a poorer condition. To counter this, a large number of pigs (and poultry) within the EU are produced within integrated supply chains. Production is for a specific retail customer, and through a specific slaughterhouse and processor. Contracts are agreed which ensure that all parties share sufficient profit margin, and the slaughter-houses, processors and retailers benefit from a more stable supply chain than would otherwise be the case.
- 2.25 Similarly, there are payment models in the UK dairy sector that take account of the costs of production and reward farmers based on these, rather than on the prevailing spot-price of milk purchased on the commodity markets. Typically used by the large multiple retailers, these will reward farmers at a higher level (and, many would argue, more fairly) than will the open market.
- 2.26 In the Isle of Man, the integration of production is already apparent. However, the clear co-dependence the different actors in the supply chain have upon one another has not translated into a fully efficient business model in which costs of production are taken into account and the investment risks taken by farmers are shared, at least to some extent, across all parties. Such a model would reward farmers for their dedicated supply, allowing them to invest in future production, and it would guarantee consistency of supply for processors and retailers.

Recommendation 4: Specific business advice should be provided between farmers, Isle of Man Meats, processors and retailers, using full analysis of the costs of production at each stage in the supply chain to establish contracts between the parties that are fair, forward looking and focused on profit.

Meat processing

- 2.27 There is one significant meat processor on the Isle of Man, Andreas Meats. Andreas Meats is Isle of Man Meat's largest single customer for Manx pig meat (accounting for around one third of sales, by volume) which is processed for bacon, sausages and cooked hams. Although some of the retail butchers will undertake a small amount of pig meat processing (e.g. producing their own sausages), this is relatively small-scale and generally for their own direct sales. Andreas Meats, however, supply convenience stores, Shoprite, Spar and Ellan Vannin fuel stations across the island. As a result, Manx pig meat products are available across a remarkable range of retail outlets on the Isle of Man, with the notable exception of the UK based supermarkets (i.e. Tesco and M&S).
- 2.28 Based in Andreas, to the north of the Island, the processor details within its website that its pig meat is sourced from the nearby Ballakelly farm, highlighting the Manx and the local provenance. It is worth noting that Ballakelly Farm also maintains a presence on social media, with its Facebook page providing

pictures and videos of the pig farm, opportunities to name pigs and so on. Between the two enterprises this portrayal of local, rural, Manx production serves to underpin the higher value of Andreas Meats' produce.

- 2.29 Of key importance to the pig meat sector as a whole is that Andreas Meats is in a position to utilise part-carcases, whereas some of the higher volume retailers and butchers will only be able to utilise specific cuts. Andreas Meats thus provides a balancing mechanism for retail butchers, ensuring that value is gained from the whole carcass.
- 2.30 Of note with regard to the economic contribution of the pig sector to the Manx economy, Andreas Meats has eleven full time equivalent employees. The company reports that approximately 90% of their business relates to pig meat processing and that they could process and sell a larger volume of pigs than is currently the case, but that they are limited by supply.

Retail butchers

- 2.31 There are ten independent retail butchers supplied with pig meat by Isle of Man Meats; together accounting for 35 percent of total pig meat sales from the abattoir. These butchers play a vital role (a) in presenting Manx pig meat to a broader customer base, and (b) supplying the catering and service sector. Independent retail butchers are in direct competition with the major retailers, and the extent to which they can retail Manx products as distinctive will be dependent on the narrative underpinning those products. The Isle of Man Meats Producer and Supplier Intentions Survey conducted by Jessica Andrews in 2014 highlighted provenance as being of the highest importance both for butchers and for consumers.
- 2.32 For the catering and service sectors the triumvirate of price, product consistency and uniformity of supply presents a significant challenge when supplying from a relatively small home-production base. Nevertheless, there are good examples of these butchers selling Manx pig meat to the catering sector and in so doing adding value to the catering offer.

Restaurants and food service

- 2.33 Taste Isle of Man is "an independently assessed quality assurance scheme" operated by Visit Isle of Man, within which the Harvest Award recognises establishments "proud to make maximum use of the Island's rich harvest of local produce, and which have met the scheme criteria verifying this". An examination of the Taste Isle of Man website indicates that fourteen establishments are currently part of the Harvest Award.

Recommendation 5: Pig producers, Isle of Man Meats and retail butchers should work together to build the supply of locally produced pig meat to those establishments that are making the best use of 'local' in their offer, and to support this through reciprocal marketing.

Multiple retailers

- 2.34 Of the five multiple retailers on the Isle of Man (Co-op, M&S, Shoprite, Spar, Tesco), the vast majority of pig meat sales are through Shoprite. Shoprite is the second largest customer for Manx pig meat sourced directly from Isle of Man Meats, and the largest single customer for Andreas Meats' products; between fresh and processed lines this single retailer is estimated to sell just over 50% of all Manx pig meat by volume. The Co-op also sells a small volume of pig meat on its fresh meat counters, although

Recommendation 6: DEFA should use its leverage to encourage all multiple retailers to stock some Manx pig meat product lines, as higher value products, to help broaden the base of Manx customers.

these are limited; and Spar is a significant customer for Andreas Meats. It is notable that neither Tesco or M&S retail any pig meat that is sourced from Isle of Man producers. Whilst the rationale for this could be proposed as 'economy of scale', or 'uniformity of supply', neither retailer lacks the ability to source local products or to encourage their sales. Even on a small scale (e.g. a limited line of processed meats on the deli counter) this would help broaden the base of Manx custom; and the very discussions that would be necessary to ensure that these retailers' standards were assured would help drive improved standards amongst local producers and processors.

Opportunities and risks

2.35 There are some clear opportunities for the Manx pig sector, as well as some significant risks. A brief overview of each of these is presented below.

Risks

2.35.1 The low numbers of producers and of retail outlets present significant risk: should any of the butchers or retailers choose to stop retailing Manx produced pork there would be direct impact on pig producers, and should either of the pig producers choose to stop then approximately half of available pig meat would no longer be available. As far as is possible, the spread of retail outlets should be kept as broad as possible and, as far as is possible, a broadening of the production base should be encouraged so as to maintain a consistent supply of pigs from separate pig units.

Recommendation 7: Support for the pig industry on the Isle of Man should aim to maintain or enhance the spread of retail outlets in which Manx pig meat is sold, and it should aim to widen the production base so as to maintain a consistent supply of pigs from separate pig units.

2.35.2 Similarly, both pig production and retail are dependent on a single abattoir (Isle of Man Meats), without which the sector could not operate and increasingly, demand is underpinned by a single meat processor (Andreas Meats).

2.35.3 Whilst there are a number of holdings on the Isle of Man with pigs on them, there is an ongoing risk of disease transfer from one to another. Similarly, the public perception of animal welfare which may be damaged by practice on one farm could impact on the sale of pig meat from another.

2.35.4 Uncertainty over the future of the pig sector (including the abattoir, meat processing, butchers and multiple retailers) may lead to lack of investment in pig production facilities and the gradual erosion of performance levels.

2.35.5 With only a single abattoir and very low numbers of producers and processors, it is imperative that each of these recognises the importance to the others of generating sufficient profit. Whilst it would be possible for an operator post-farm-gate to exploit a monopoly position for short-term gain, this is considered unlikely at the present time. However, investment in Manx pig production is almost entirely within the two major producers, the abattoir and the meat processor; whilst sales of pig meat are dependent on retailers with little investment in the sector, which could perhaps lead to a reduced commitment to the sector's success.

Recommendation 8: Initiatives (e.g. public pledges) that provide a degree of commitment from retailers to sourcing Manx pig meat should be encouraged and supported through background marketing and publicity.

Opportunities

- 2.35.6 Outdoor pig production has been established before on the Isle of Man. Typically, outdoor production involves lower establishment costs but achieves marginally lower production performance and operates with higher feed costs. However, it is notable that a great many of the larger UK pig breeding units are now outdoor. Whilst there is a small premium for outdoor produced pigs in the UK, this has so far not been achieved using Manx pigs sold on the Isle of Man, with only very low customer demand when this was last trialed.
- 2.35.7 Nevertheless, outdoor pig production remains a possibility on many parts of the island; in particular where there is free draining ground and some shelter from the weather. Moreover, outdoor production, with relatively low establishment costs, could provide an entry route for newcomers to the sector, or an additional breeding or finishing site for established farmers wishing to broaden their production base or to depopulate their existing unit.
- 2.35.8 Pig farmers who can source alternative feeds, such as food industry co-products that would otherwise attract a disposal charge, may be able to significantly reduce their feed input costs. Although the Isle of Man does not currently have any wet-feeding systems for pigs, there are food industry co-products produced which would form the basis of a wet-feeding diet and could potentially offer a low-cost pig production system.
- 2.35.9 Of particular note is the whey that is currently discharged from the Creamery. A wet feed diet¹ based on whey, wheat, barley, Hi-pro soya, oil and a premix would cost an indicative £122,000 for a 100 sow farrow-to-finish unit producing 2,675 pigs per year (i.e. operating with a level of technical efficiency at the higher end of UK performance), whilst the comparable dry-food diet would cost in the region of £182,000 for the same level of production (see Appendix 1). Such a wet-feed system would utilise just under two million litres of whey annually; whey that is currently pumped into the Irish Sea at a cost to the Creamery and to the environment.
- 2.35.10 It is possible that by using food industry co-products the costs of production could be kept sufficiently low as to allow a broadening of the market for Manx pig meats e.g. supplying lower-value, higher volume bacons.
- 2.35.11 There are other, smaller scale opportunities for incoming pig farmers or new entrants becoming established in agriculture. Provided that markets can be established (and such markets need not be large) there is scope for rare breeds and for novel methods of pig production, including agro-forestry.
- 2.35.12 In each of these cases (outdoor pigs, wet-feed pigs, rare breeds, woodland pigs etc.) a full feasibility study should of course be conducted before committing either public or private funds. In addition to costs or production and potential markets, feasibility studies should also examine the robustness of supply chains, the potential disruption or damage to existing producers, and the possibilities within supply chains for actors to exploit monopoly positions.

Recommendation 9: It is feasible that pig production could support the Manx Government in achieving specific aims. DEFA, with the Creamery, should commission a study into the into the feasibility and the costs/benefits of using food industry co-products in a wet feed pig unit on the Isle of Man and the potential impact of this on reducing the volumes of whey discharged into the Irish Sea.

¹ Calculations provided by Dr Phil Baynes of Baynes Nutrition Ltd, March 2016

2.35.13 The opportunities post-farm-gate may be as great as the opportunities for pig producers. For example, there is limited use of Manx pig meats in prepared pies and pasties; there is only very limited (if any at all) charcuterie; and the offer to higher-end catering establishments, which could include speciality pig production (outdoor, agro-forestry, rare breeds, suckling pigs etc.) is under-developed. In all of these scenarios there is potential, but there is also the need for producers and processors to build the demand for their products. As with Manx pork, ham and sausages, the narrative behind each product will be integral to its success.

3. New entrants

- 3.1 New entrants to any business sector present the disruption necessary to drive efficiencies and generate new markets and a threat to existing enterprises. On the Isle of Man, where the production of and market for Manx pig meat is limited and export of pig meat as a commodity would generate losses, not profits, new entrants producing high volumes would cause severe disruption. However, such high-volume new entrants are highly unlikely within the current subsidy regime, since they would be in direct competition with businesses that are supported because of their history of pig farming. Should the subsidy system change, so that all pig producers are equally entitled to government support (of whatever form) then clearly the potential for new entrants and a more dynamic business model would be improved.
- 3.2 New entrants to the pig sector on Man are likely to be small-scale, initially hobby-farmers or diversifications from the major farm enterprises. Whilst they are small scale (home, or very limited local consumption) they are nevertheless required to comply with controls on the use of food waste and on animal movements, so as to prevent the outbreak of notifiable diseases. They must also, if providing meat for any retail sales, comply with relevant legislation in slaughter and food preparation.
- 3.3 New entrants, especially those who are doing something different with pig production (e.g. rare breeds, outdoor breeding and rearing, etc.) do provide the scope to increase the market for pig meats; they allow for new products to be tested and they offer diversity within the rural economy. New entrants to the pig industry may also be in a position to combine pig farming with meat processing, and there are many examples elsewhere of charcuterie, pie-making, and other small-scale butchery processors developing from an initial interest in pig keeping. Moreover, new entrants provide an additional pool of skilled labour to the dangerously small pool that exists currently.

Recommendation 10: Support for the pig industry should not be limited to existing producers but rather, it should be made equally available to new entrants; on the proviso that the supported enterprise should be operated as a business and of a business scale e.g. providing or aiming to provide employment for a minimum of 0.5 full time equivalents.

4. The Manx market for pig meat

- 4.1 Whilst demand for Manx-produced pig meat has been reported by Isle of Man Meats to be relatively high, this must be seen in the context of subsidised production and potentially lower-value markets. What must be understood is the market as a whole, the proportion of that market that could be termed higher-value, and the extent to which Isle of Man pig producers could profitably supply that higher-value market. On the Isle of Man, for Manx pig producers, the higher-value market is primarily that which sells their pig meat as Manx; i.e. using its provenance to achieve added value; and that which processes and adds value to fresh meat. We assume here that Manx producers will not be able to compete with UK and Danish pig meat that is sold at lower prices e.g. through discount promotions.
- 4.2 There are some useful indicators as to the overall size of the market for pig meat on the Isle of Man. Historic over-production by Manx pig producers continued up until 2010, with meat that could not be sold locally being exported at a loss. Data from Isle of Man Meats indicates that in that year the total volume of pig meat sold (and, we assume, consumed) locally was in the region of 250,000kg. Based on a population of 84,000 this equates to 2.97kg/head. Assuming a current average retail price across all pig meats of £3.75/kg this would indicate an annual average spend on local pig meat of £11.14 per person.
- 4.3 The Isle of Man Household Expenditure Survey was last conducted in 2013 and provides data for expenditure on pork and on bacon and ham, as shown in Table 4. Based on a population of 86,000 this equates to an annual average spend on local and imported pork, bacon and ham of £49.51 per person. Expenditure on sausages was £1.07 per household per week (£1,980,748 per year for all households), or an annual average spend of £23.03 per person.

Table 4. Household expenditure on pork, bacon and ham

Products	Weekly household expenditure	Weekly total expenditure	Annual total expenditure
Pork	£0.67	£23,852	£1,240,304
Bacon and ham	£1.63	£58,028	£3,017,456
Total	£2.30	£81,880	£4,257,760

- 4.4 The estimate from BPEX on per capita consumption of pig meat in the UK of approximately 24kg is likely to be broadly reflective of consumption within the Isle of Man. This would take into account meat consumed when eating-out as well as meat eaten at home and all ingredient meats, and provides a total figure based on a population of 86,000 of 2,064,000 kg per year. Bacon and fresh pork sell in the highest volumes; sliced cooked ham has the highest added-value x volume multiplier. It is of note that approximately 30-50% of pig meat is sold on promotion by GB retailers. As such, whilst the volume of pig meat consumed on the Isle of Man is likely to be far higher than the volume produced, there is a significant proportion of this that Manx producers would not currently compete with i.e. the discounted and lower-value sales.
- 4.5 Shoprite, the largest retailer of locally produced fresh pork products, has indicated that the current volume of supply is 'about right', and that whilst there is room to increase volumes of fresh product sold, this would necessarily be at a lower-value to displace imported pork used for discounts and promotions. Processed meats perhaps hold greater chance of expansion within the stores, although any progress will be gradual, as high-value alternatives (e.g. Waitrose and Edward's sausages) would be displaced. Other major retailers sell less Manx pork and pork products, and although the potential to increase retail-packed pork remains it will be in competition with UK/Danish sourced alternatives for any promotional periods.

- 4.6 The average household weekly spend on eating-out in the Isle of Man is £20.60 (on non-alcoholic beverages and food, eaten on the premises; data taken from the Isle of Man Household Expenditure Survey). However, whilst the volume of expenditure is relatively high, at £38.1 million per year for the Island as a whole, segmentation towards locally produced foodstuffs is likely to be low. This view is reinforced by feedback from butchers supplying the catering trade, for whom price, consistency of supply and consistency of quality are all deemed to be more important factors than 'local'; and by the relatively low numbers of establishments that are using the Harvest Award to demonstrate a commitment to local produce. There remain opportunities within food service for a greater volume of home-produced pig meat products and again, to support local, these will be dependent on the narrative behind them.
- 4.7 Insight into the visitor economy is provided through the Isle of Man Passenger Survey (2015) and by the Visitor Survey conducted for Isle of Man Tourism (Strategic Marketing, 2015). The passenger survey indicates that there were in the region of 287.5 thousand visitors to the Island in 2015, with an estimated total expenditure of £108.8 million (or £378 per visit). The visitor survey, which was undertaken from May to August and so is likely to include higher proportions of leisure visitors and fewer business visitors indicates that the average visitor spend is £541 per party, of which £188 (35%) is on food and drink.
- 4.8 Based on an assumed expenditure on food and drink of between 20% and 35% of total visitor spend, the £108.8 million overall visitor spend translates to between £21.7 and £38.1 million on food and drink, in addition to the £38.1 million of local expenditure. The Visitor Survey states that, "Visitors are full of praise for the local produce on the Isle of Man. The seafood - especially kippers and queenies – meat, cheese and ice-cream have all been mentioned time and again as being very tasty."
- 4.9 Overall, the demand for Manx produced pig meat is unlikely to increase suddenly or by great volumes, but is more likely to change gradually through relationships with individual businesses. Whilst there is currently an element of under-supply, this is not necessarily a bad thing. Given the high costs of exports and the limited markets for locally produced, high value meats, the costs to producers of over-supply are likely to be significant and should be avoided.
- 4.10 In an ideal scenario, pig producers, Isle of Man Meats, processors, butchers, retailers and the food service sector would identify and develop marketing opportunities and there would be a clear line of sight from demand to supply. However, through a history of government intervention, supply has become disconnected from the demands of the actual and potential market. Resolving this is addressed further in Chapter 6.

5. A vision for Manx pig meat production

- 5.1 Whilst “A vision for Manx meat production” may sound a little pompous, it will help direct support if we know what we are trying to achieve. This is not based on what has been done previously, but on a dispassionate view of the limits on, and costs of, production; potential markets and so on. Unless a very low cost system of production can be established then the Manx pig meat should not be produced for the commodity market, but should aim in the opposite direction, with an emphasis on the narrative behind the products e.g.

“Pig farmers using mostly locally grown cereals and/or food industry co-products, in efficiently managed, low environmental impact, higher-welfare systems, to generate profit by producing pig meats for the added-value market”.

- 5.2 Whilst these ‘nice to have’ attributes of low environmental impact and high welfare may not be *essential*, they do add value and they do mitigate against risks. The ‘vision’ tightens the specificity of pig production so that the ‘brand’ of Manx pork itself holds value and it highlights where government intervention should and should not be used.

6. Subsidy for the pig industry

- 6.1 Prior to 1999 the pig industry was supported by an informal agreement, through Tynwald, with Treasury. This provided for a subsidy payment to farmers of 40p per kg on all pigs. Production was in the region of 13,000 pigs per year many of which were exported at a loss to the abattoir. If we assume an average carcase-weight in that period of 60 kg, then the costs to government were in the region of £312,000 per year.

The Pig Premium Quota Scheme

- 6.2 In order to constrain production, the Pig Premium Quota Scheme (GC No. 363/99) was introduced in 1999. This established an annual quota, when introduced, of 10,000 pigs. Subsidies were maintained for all pigs slaughtered at the abattoir and with carcase weights falling between 36-60 kg, although the maximum premium of 55p/kg dressed-carcase weight was capped at 56kg, i.e. £30.80 per pig. If we assume that the full quota of pigs was produced and that all of these achieved a minimum of 56kg carcase weight, then the costs to government were in the region of £308,000 per year.
- 6.3 The Pig Premium Quota Scheme was revised in 2006 (GC No. 30/06) and 2007 (GC No. 53/07), when the range of eligible carcase weights was extended first to 36-72kg and then to 36-80kg to reflect market demands for larger cuts of meat.
- 6.4 In 2007 (GC No. 53/07) the link between level of subsidy and carcase weight was removed and a headage payment was introduced; "the rate of the premium will be set at £28.60". Funding through 2008-09 totalled £157,815 for 5,518 pigs.
- 6.5 The headage payment was progressively reduced between 1st November 2008 and 1st August 2009, from £28.60 to £20.02 per pig (GC No. 60/08). The Pig Premium Quota Scheme 2009 (GC No. 28/09) consolidated this final rate of premium at £20.02 per pig, i.e. 70% of the previous figure of £28.60.

The Countryside Care Scheme 2009

- 6.6 In parallel with the reduction in the headage payment set out in the amendments to the Pig Premium Quota Scheme (GC No. 60/08), the Countryside Care Scheme 2009 (GC No. 59/08) introduced an element of Historic Entitlement to the overall subsidy payment to pig farmers. The Countryside Care Scheme set out that for 2009 pig farmers would be entitled to 25% of their Historic Entitlement and that from 2010-2014 they would be entitled to 30%, of their Historic Entitlement.
- 6.7 The Historic Entitlement was defined as the highest average value of two consecutive 12 month periods between November 2004 and November 2007. Eligibility for Historic Entitlement was set out as being whether pig farmers have at their disposal on 4th May in each Scheme year, the eligible land which is subject to the claim.

Pig Industry Restructuring Assistance Scheme 2011

- 6.8 The Pig Industry Restructuring Assistance Scheme 2011 was intended to provide support for farmers exiting the pig industry, but also to provide support for farmers wishing to scale back their production. With regard to restructuring support, producers agreeing to scale-back production by 30% or more, (but to maintain production at a level set in conjunction with DEFA and Isle of Man Meats), would be paid an amount annually, and in addition to any sums received under the PPQS and the CCS, equivalent to 20% of their Historic Entitlement as defined within the Countryside Care Scheme, whilst the level of subsidy they were eligible to receive under the PPQS would reduce to £14.30 per pig.

Does the Countryside Care Scheme get It right?

- 6.9 The Countryside Care Scheme² (CCS) introduced Historic Entitlements across the major farming systems, i.e. beef, sheep and milling wheat, in addition to pigs. The scheme made a significant step towards decoupled payments i.e. payments that are not linked to production. Rather than linking support to production, the intention of the CCS is to link support to good agricultural and environmental practice, i.e. farmers being paid to deliver public goods and benefits.
- 6.10 If we consider how agriculture might be supported to deliver public goods and benefits in the purely hypothetical scenario of there being no prior history of subsidies, then the notion of basing support on historic production levels is an anathema. Similarly, if we consider how agriculture might be supported to deliver public goods and benefits in the (more realistic) scenario of five decades of significant production support, the notion of continuing indefinitely such payments based on historic production levels is an anathema. Historic Entitlements may have a place in moving away from a production based support system and towards a system based on the delivery of public goods and benefits, but they are a stepping stone and not the destination.
- 6.11 For beef and sheep farming, arable farming and horticulture, the CSS introduced Historic Entitlements as a means to remove support based on current production levels; and from 2014 onwards the CSS is reducing the proportion of Historic Entitlements that can be claimed whilst increasing the proportion of flat-rate area-based payments, so that by 2018, for all farmers with the exception of pig farmers, there will be no Historic Entitlements.
- 6.12 That part of the CCS (Paragraphs 18(6) and 18(7)), which states that Historic Entitlements associated with the Pig Premium Quota Scheme should continue indefinitely, would appear to be fundamentally flawed. There is no rationale for an indefinite diversion of current support to those individuals who were farming pigs in the middle of the last decade. This is not to say that the pig sector does not need support; but simply that if it does need support then this should, at the very least, be wholly targeted towards the pig sector, and that support should be linked to the delivery of public goods and benefits.

Impacts of direct payments

- 6.13 Providing direct subsidies, including historic payments and headage, can have detrimental effects on business performance. In particular, direct subsidies serve to hide businesses from the market forces, reducing their market focus, adaption and innovation. Over time these subsidies can, and frequently do, lead to inefficiencies and higher costs of production than would be the case in the absence of subsidy.
- 6.14 Direct subsidy provides a cushion between the performance of a farm business enterprise and the markets it serves. Although support can be justified as a one-off intervention to rescue businesses from the consequences of unforeseen events, support that is provided continuously, year on year, can lead to a dependency culture in which businesses regard the subsidy provider (or those who negotiate this support on their behalf) as their major customer. The businesses which direct support is supposed to help are cushioned from market forces and typically operate in a less efficient and less innovative manner, reinforcing their dependence on subsidy. Where support is limited to businesses on the basis of their historic activities, the detrimental impacts of direct subsidy are compounded by the exclusion of new entrants to the sector. It is of note that UK and Danish pig farmers are not and have never been subsidised.

² The Countryside Care Scheme was replaced in 2015 by the Agricultural Development Scheme (ADS), which remains current. There were no changes to the support offered to the pig industry resulting from the introduction of the ADS.

- 6.15 The impacts of long term direct subsidy may not be as simple to undo as they are to create. Businesses that have fallen behind in terms of business efficiency might fail entirely if exposed suddenly to the full force of the free market. However, that they are hard to undo is no justification for maintaining them.
- 6.16 If we consider the estimated output value of subsidy recipients, i.e. the sales value of pigs produced, we can compare this to the amount of subsidy received. As the pig price falls the proportion of farm income that is attributable to subsidy will increase.
- 6.17 Headage provides an incentive to produce pigs for slaughter regardless of market signals. It therefore distorts the market in a number of ways: pigs would usually be produced to a market specification that would include weight, back fat, and very often the consistency of pigs across a batch; headage rewards none of these. Pigs would be produced to satisfy market demand, including the demand for speciality meats (e.g. rare breeds, higher welfare, suckling pig etc.); headage ignores this. Whilst the market price will still impact on overall income, its impact is diluted in direct proportion to the amount of headage received.
- 6.18 Chapter 2 highlighted the impacts on costs of production of poor technical performance. In the absence of headage such poor performance would be economically unsustainable and producers would be forced to make changes to their farm systems. However, whilst headage is paid, then regardless of such poor performance a profit can be made, albeit that this is financed entirely by government support.
- 6.19 One other impact of headage is that either places market signalling in the hands of government or it places government in a position where its liabilities are not controlled. Such control would usually be through production quotas, which government would need to increase if it believed there was market demand, and to decrease if it believed there was over supply. This not only disrupts market signals but it places an unnecessary burden on government. Moreover, a quota system, however nuanced, is unlikely to be entirely fair to all; basing quotas on past performance disadvantages newcomers, whilst disregarding past performance risks discouraging investment. For whatever reasons headage was determined to be a sensible idea in the past, it cannot be justified moving forwards.
- 6.20 The current subsidy system for the pig sector does not reward all pig keepers evenly, it disadvantages new entrants to the sector, stifles innovation, masks inefficiencies, places too much reliance on government control of the sector and clouds market signals. With this in mind it is worth considering what we might want government intervention to achieve, and how interventions can be designed to this end?

What do we want government intervention to achieve?

- 6.21 There is a small number of aims for the Manx pig industry for which a rationale for government intervention can be posited. These include the delivery of economic benefits as well as the delivery of public goods, including acceptable standards of environmental care and animal welfare.
- 6.22 The delivery of economic benefits might be encouraged through a number of different interventions. At a farm-level, improving technical and business performance would offset the current reliance on direct payments and might be achieved through a combination of better business planning; appropriate veterinary, nutrition, and buildings advice; and direct training in key skills. It is of note that within the UK, most successful pig farmers will use specialist pig veterinary advice and they will adopt a CPD process for managers and staff.

- 6.23 Government intervention might be usefully targeted to leverage capital investments by farmers and meat processors, in buildings and in equipment likely to improve business and technical efficiencies or to access and develop markets.
- 6.24 The delivery of acceptable levels of environmental care and animal welfare can be encouraged through better planning e.g. by the production and following of farm environment plans and animal health plans. On their own these provide relatively low incentives to best practice, but they have been demonstrated to provide useful frameworks for change when combined with appropriate advice and with funding for capital investment.

Recommendations for subsidy

- 6.25 Two recommendations are offered as regards subsidy of the Isle of Man pig industry. These detail in turn the cessation of the current subsidy regime and the establishment of a revised support package.

Recommendation 11: After a suitable time-period to give warning to current producers (i.e. at the end of 2016) all current pig support schemes and payments should cease i.e. payments made under the Pig Premium Quota Scheme (2009), the Countryside Care Scheme (2009) and the Pig Industry Restructuring Scheme (2011).

- 6.26 Whilst current pig producers have made significant investment decisions based in part on the current subsidy regime, it is clearly stated within the documentation for each scheme that a review should take place in 2012. That is, the continuation of each scheme from 2012 to 2016 may have been advantageous to some, but that it should continue was not implicit within scheme documentation.

Recommendation 12: A revised support package for the pig industry should be proposed during the 2016 calendar year, for introduction by or before the cessation of the current subsidy regime. Within this package there should be no historic or headage payments made, nor payments made on the basis of numbers of pigs owned or areas of land farmed. Payments should be designed to leverage change within the pig industry so that it is focused on delivering economic benefits within low environmental impact, high welfare systems.

- 6.27 Any funding or support should be contingent on independently reviewed **farm business planning**, and specifically for pigs, farm enterprise planning. Business plans should set out the usual farm-business elements and be accompanied by a review of relevant markets (actual and potential) and risks to the enterprise. Plans should set out medium and long term objectives (e.g. 3 and 5 years) and should provide a breakdown of cash-flow for the duration. It would be hoped that longer term business planning will provide additional leverage across the supply chain.
- 6.28 One successful way to allocate capital funding has been trialled in the north west of England under the North West Livestock project. Within this, funding was contingent upon a detailed **animal health planning** exercise that involved farm vets, business advisers and the farmers themselves. Within these animal health plans the projected financial impacts of addressing animal health and welfare issues was fully spelt out, so that all parties were aware of the intended outcomes. A similar approach was taken to investments in the management of the farmed environment. Given the possibly poor production performance of Manx pig farming as a whole, linking of business and animal health planning could present a real possibility for improvement.
- 6.29 Providing part-funding towards investments that increase efficiencies, reduce environmental impacts and have beneficial effects on animal health and welfare, and towards ventures post-farm-gate that are intended to improve or develop markets, might be seen as a way of **leveraging investment** in the industry by farmers, processors and butchers alike. It is likely that investments on at least one of the

current pig farms would provide annual benefits in terms of technical performance that would match or exceed the current subsidy received.

- 6.30 Capital investment might also be provided to existing farmers to establish new ventures either solely or in partnership with others. It is noted that on the one hand, the availability of sites suitable for outdoor pigs is limited; on the other hand, the expertise and experience of running outdoor pig units is also limited. Partnership agreements between land holders and existing producers could open up new opportunities.
- 6.31 Similarly, DEFA/Treasury might support for a wet-feed pig system on a 'greenfield' site. There would be some real benefit from this to government if the system were able to take sufficient of the current waste stream that is currently pumped to sea, or indeed any co-products that would otherwise be consigned to the incinerator.
- 6.32 It is accepted across the major EU pig producers that ongoing development of skills and expertise through a CPD approach for staff (and managers) results in markedly improved on-farm technical performance. Developing the skills of Manx staff might involve attendance on courses elsewhere, but it could also involve, for example, the provision of specialist pig veterinary expertise and consultancy.

SWOT Analysis for the Manx pig industry

Strengths

- Good working relationships with Isle of Man Meats, Andreas Meats and Shoprite
- Production capacity restructured
- Red Tractor standards
- Some higher welfare elements in place
- Improvements made in reducing environmental impacts

Weaknesses

- Some farm building infrastructure outdated and not fit for purpose (health and hygiene challenge)
- Reliance on purchased/imported feedstuffs
- High cereal prices
- Mixed technical performance
- Minimal industry support-services (specialist vets, etc.)
- Limited outlets for product

Opportunities

- Improvements in technical performance
- Further integration of supply chain
- Local provenance (limited opportunities, but relevant)
- Niche products e.g. outdoor reared / agro-forestry
- Wet feed production system
- Food: charcuterie, pies etc.

Threats

- Uncertainty over abattoir's future
- Reliance on small number of retailers for fresh products
- Disease outbreaks / transfer between units