



# Pig buildings and associated technology: industry survey report

APPENDIX: RESPONSES  
UPON WHICH THE  
REPORT DATA IS BASED

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NOTE – there was a total of **60 respondents** and not all questions were answered by everyone

### Section I – About you and your business

Ia. Name – 39 provided their names

Ib. County/counties where pigs are farmed – 57 provided their location(s)

Cambridgeshire

Cleveland

Derbyshire (2)

Devon (2)

Essex (4)

East Yorkshire (5)

Gloucestershire

Herefordshire

Lancashire (2)

Leicestershire

Lincolnshire (4)

Norfolk (5)

Northamptonshire

North Yorkshire (9)

Nottinghamshire (4)

Shropshire (3)

Somerset (3)

Staffordshire

Suffolk (5)

Warwickshire

Worcestershire

Not declared (3)

Ic. Type of enterprise:

Owner occupier: 50    Tenant: 8    Weaner producer: 4    Indoors: 57    Outdoors: 3

Breeder/finisher: 48    Specialist finisher: 8    Own pigs: 52    Contract farmer: 8

Id. What best describes your existing buildings?

Specialist pig buildings: 23    Converted/adapted buildings: 12    Mix of the two types: 25

## Section 2 – Existing pig buildings

2a. In which year did you last invest in an all-new building for your pig enterprise?

Responses received (30): 2012(5): 2011(4): 2010(4): 2009(2): 2008(2): 2007(1): 2006(2): 2005(1): 2002(1): 2001(1): 2000(1): 1998(1): 1996(1): 1982(1): 1977(1): Never(2).

2b. Before that when was the last time?

Responses received (30): 2011(1): 2010(4): 2008(2): 2006(3): 2003(2): 2000(2): 1999(2): 1998(4): 1997(2): 1994(1): 1992(1): 1972(1): UNSURE(5).

2c. How many new pig buildings have you built in the last 10 years?

Responses received (60): None(17): One(14): Two(11): Three(5): Four(4): Five(1): Six(3): Seven(2): Eight(1): Nine(1): Twenty(1)

2d. What is the mean (average) age of your pig buildings?

Responses received (58): 10 years(5): 12 years(3): Thirteen years(1): Fourteen years(2): Fifteen years(5): Eighteen years(1): Twenty years(13): Twenty five years(11): Twenty seven years(1): Thirty years(8): Thirty five years(2): Thirty seven years(1): Thirty eight years(1): Forty years(2): Eighty years(1): 'Old'(1)

2e. If you are able – show approximately how much you have spent on refurbishing/improving existing pig buildings in the past ten years:

Responses received (48): Nothing(7): £2000(1): £5000(2): £6000(1): £10000(6): £15000(3): £20000(3): £24000(1): £25000(2): £30000(1): £50000(2): £80000(2): £100000(3): £120000(1): £150000(1): £175000(1): £200000(2): £250000(1): £350000(1): £400000(1): £450000(1): £500000(1): £720000(1): £750000(1): £1million(1): £4million(1).

2f. Indicate which of your buildings fall into the age category in the table below.

Responses received (59):

	Less than 1 year old	1-5 years old	6-10 years old	11-20 years old	20+ years old
<b>Number of buildings</b>	36	94	75	284	510

2g. Do you consider that you currently have a need for some new facilities (please comment)?

Responses received (60): YES = 55: NO = 5

2h. Do you currently hold permission to construct any new buildings?

Responses received (60): YES = 7: NO = 53

2i. If you have answered 'Yes' to Q 2h please indicate how many buildings you plan to construct:

Responses received (7): 0(1): 1(4): 2(1): 4(1)

2j. If you have answered 'Yes' to Q 2h please indicate how long ago permission was granted:

Responses received (7): Unsure(1): 1 year(1): 2 years(1): 4 years(1): 8 years(1): 12 years(1): 14 years(1).

2k. If you have answered 'Yes' to Q 2h please indicate why construction has not been undertaken:

See report.

## Section 3 – Factors which deter investment

Please indicate which factor(s) deter investment in new buildings and equipment for your enterprise :

a. lack of confidence in enterprise profitability

Responses received: 34

b. uncertainty of pig market

Responses received: 42

c. lack of confidence in returns which might be gained from new buildings/equipment

Responses received: 28

d. too expensive

Responses received: 22

e. unable to generate equitable return from investment

Responses received: 43

f. monies had to be invested in other items (ie slurry/muck handling) and reduced that available to invest in buildings

Responses received: 22

g. treatment of capital investment by Her Majesty's Revenue and Customs (HMRC)

Responses received: 23

h. planning problems

Responses received: 9

i. IPPC monies had to be invested in other items (ie slurry/muck handling) and threshold acts as a barrier

Responses received: 13

j. other – please specify

Responses received: 7 (see report for details)

## Section 4 – Drivers for investment

Please indicate which factor(s) influence your decision when investing in buildings and equipment:

a. reducing cost production pig

Responses received: 54

b. improving physical pig performance

Responses received: 53

c. improving labour utilisation

Responses received: 45

d. improving animal welfare

Responses received: 43

e. reducing environmental impact

Responses received: 27

f. other – please specify

Responses received: 2

## Section 5 – Uptake of new technology

Please indicate whether you have installed any equipment for your pig enterprise during the past ten years in an attempt to enhance any of the following criteria – please indicate any which apply:

a. animal welfare

Responses received: 36

b. to provide a housed environment for animals

Responses received: 24

c. environmental impact

Responses received: 21

d. improved pig performance

Responses received: 41

e. to meet needs of changing animal genotypes

Responses received: 7

f. labour utilisation

Responses received: 35

g. cost/pig produced

Responses received: 28

h. other - please specify

Responses received: 3 (see report for details)

## Section 6 – Factors which inhibit uptake of new technology

Technology exists whereby animal welfare, labour requirements, environmental control, energy requirements, reductions in carbon and ammonia emissions might all be enhanced in addition to improvements in pig performance.

Please indicate those factors which deter you from investing in such technology:

a. lack of confidence in industry future

Responses received: 44

b. lack of confidence in the technology

Responses received: 6

c. technology not readily available or offered by manufacturers

Responses received: 5

d. technology not understood

Responses received: 5

e. too expensive

Responses received: 21

f. changes in Agricultural Buildings Allowance

Responses received: 21

g. planning problems

Responses received: 8

h. IPPC threshold is a barrier

Responses received: 12

i. Other – please specify

Responses received: 3

## Section 7 – Incentives to invest in new buildings and technology

Currently there is little fiscal encouragement to invest in buildings and equipment for farm animals. However, a points-based scheme for delivery of animal welfare improvements over and above those which form the current legal minimum and/or lower environmental impacts along the lines of the existing Environmental Stewardship Scheme might offer a way forward for those seeking to improve their animal enterprises. If such a scheme were available for improvements which demonstrably enhances:

- Biosecurity
- Animal welfare
- Labour usage – and, by so doing, welfare
- Emissions

Would you be sufficiently encouraged and more willing to investment in:

a. new buildings and equipment

Responses received: YES: 48

b. new technology?

Responses received: YES: 34

## Section 8 – Observations

8a. Use the space below to contribute any other observations that you have on investment and the use of new technology and please attach further pages if necessary.

Those who made comment and observation on the wider subject of buildings and investment in them included the following:

*All we ask for in order to invest in the future is confidence in future profitability and I'm not sure that asking for any grant aid is the way forward'.*

*'We do need more new facilities to improve the efficiency of many of our buildings particularly in the light of high feed costs. We do what we can but finance is a limiting factor'.*

*'Treatment of finance by HMRC drives us to building non-specialist pig buildings'.*

*'I am a breeder/feeder using non-specialist buildings on a traditional farm. I have recently stopped using farrowing crates and converted loose boxes into farrowing pens then multi-suckle litters in yards. Welfare is becoming more important and I feel, as an industry, we need to invest more in welfare in order to differentiate our product from imported and we need more understanding from planning authorities and the confidence to invest in new buildings and technology'.*

*'I am not producing a margin to allow modernisation'.*

*'If you are committed to this industry you will/should always invest- funds allowing – and any aid to do this is, obviously, very helpful'.*

*'As outdoor producers we have limited options but have invested heavily in tents – hardly high tech but we hope for high margins!'*

*'We need a short term – say 2 to 5 years – extension to the capital allowances for investment in buildings and equipment'.*

*'Improvements in pig performance = improvements in environmental impact as less feed is required to produce the same or even more meat'.*

*'The pig business is too volatile for confidence in major investment so we will take profit when we can and tighten our belt when we have to'.*

*'Our new buildings have been outstandingly successful which is perhaps no surprise when replacing 40-years old buildings. BUT – it is high risk as we have lack of confidence due to no messages from our customer, the processor, as to what he wants from us'.*

*'I own some and rent some buildings which skews some of my responses but the simple fact is that investing in pig buildings on borrowed money is almost impossible without long term contracts. Changes to taxation and planning problems have not helped either'.*

*'Our unit is an old but well-maintained unit much in need of new investment. However, over the past decade (with the exception of one or two years) poor profitability has left nothing for the investment we need. Whilst maintenance is on-going, more and more time is needed in this area taking valuable labour resource away from caring for pigs. The average age of our buildings is '25 years plus' so they will not see me out to retirement so unless something happens to create a worthwhile return we will be yet another small family unit having to cease production'.*

*'There is plenty of new technology and new buildings out there in the market place but without seeing a potential for good return on investment my time is better placed investing elsewhere. If that ultimately means that the pig enterprise gets run down and my income is derived from elsewhere then so be it. I invested £130k in two buildings in 2011 and have no current enthusiasm to invest more. I am fortunate that I have another business that has the potential for expansion and could live off that if necessary'.*

*'There is no doubt that technology exists to produce pigs profitably and to compete with the best in the world. Unfortunately the market within which we operate is the block on investment. We make a decision to produce a pig which takes 10 months to reach a point at which we can sell it, we are asked to book pigs in on a Wednesday to help with factory planning and then two-days later we are told what we are going to be paid for it. This is not a sustainable business model – and certainly not one into which anyone would be prepared to invest – especially in the huge amounts needed. Anyone who does invest is, in my view, gambling on the market giving them equitable returns. There is no limit to the improvements that we could make given the confidence to invest'.*

*'The UK pig industry must be able to compete in the world marketplace so I would not like to see any scheme which brought more bureaucracy or made us any more unique than we are. People have come to expect their food/meat to be cheap and that is the nub of our problem. It should be illegal to import meat that is produced in a way that is not permitted in the UK but, as always the 'Brussels monster' needs to ensure that all rules are enforced equally'.*

*'Ongoing investment is restricted due to the relationship between price and feed costs'.*

*'Poor legislation and continually have to get over individual hurdles means a holistic approach to legislation is required'.*

*'UK technology falls below that available on mainland Europe. It is expensive and, in my view, will never give us a 15% return on capital investment. Without upward movement and consistency in profitability we will not invest further in UK pig production. This is particularly sad as we are first generation pig farmers'.*

*'The opportunity here is to have whole-farm approach to make big changes – this normally happens when there is need to increase numbers to justify the changes so IPPC (cost and gaining approval) could be a barrier with us. There needs to be substantial encouragement to do this – not just tinkering around the edges. Another thought – how will buildings manufacturers cope?'*

*'My dilemma? Two buildings require new roofs and repairs to ventilation systems with an estimated cost of £35-40000. New building is needed to improve welfare and energy saving which will lead to lower stocking rates and have a cost of £65-70000. One job will attract full tax relief and extend the life of an already 12-year old building and the other will attract only limited tax relief although will undoubtedly improve performance and welfare but, as returns are difficult to calculate, is it affordable in the current climate?'*

*'Farmers need to be able to make money so that they have the confidence to invest for the future in order to meet a world food shortage – or they will disappear for ever. There is also a need to invest so that the younger generation have a better industry to work in rather than one consisting of hard work and a smelly job'.*



*'We have invested on an annual basis for the past 30 years at around £45000/year – in today's money – to increase productivity. All our investments have to satisfy two of three criteria : improve the pig's environment, save time and save money. If you manage two of these – then the third will fill itself.'*

*'Whilst there is so much uncertainty in the market and negative returns for the primary producer it is difficult to envisage much if any investment in the pig enterprise. This is especially the case when the arable business is providing excellent returns and looks like doing so into the medium term so this will be our focus for investment.'*

*'As a young producer (38) I have no concerns about investing in new buildings and technology but feel held back by poor returns on investment. When there is a bit of margin you worry how long it will last and to invest when there may be no margin in 6 months time. It is very frustrating when keen to expand but with a young family you can't risk everything that you have already got!'*

*'There should be somewhere – like the old NAC and Stotfold units – where farmers can see ideas and performance problems being worked at. Could we at least get to see some projects being done in other countries?'*

*'There is no benchmark or industry norm for returns on investment – indeed the model often appears to be 'Have money will spend' rather than using a well-worked business model. Many bankers say that they will support a proposal if supported by projected financial outcomes and supported by real case studies. Too often in the past spending has been misdirected as a result of poor business management.'*

### **Influence of government policy and investments**

*'Not prepared to invest at this time.'*

*'Yes and yes again!'*

*'Any such encouragement will never be a game changer as investment is encouraged by profitability and by tax relief once a trading profit is achieved and a tax liability triggered.'*

*'Probably not the main driver for investment into pig buildings as that need comes from the need to have a profitable and sustainable business model. Animal welfare and site biosecurity are not the main drivers for investment but clearly do have a major impact upon profitability and sustainability. If there is going to be any encouragement to move to a system which has perceived animal welfare improvements (such as straw based finishing against fully slatted) then there has to be a pricing incentive to cover the extra costs of operating this type of system.'*

*'In my view, in order to encourage investment in new buildings and equipment, the processors need to decide whether they want pigs from intensive units (with some form of enrichment) and then offer some meaningful and binding contracts based upon that. Until then – many of us will bide our time and invest in other areas of our business.'*

*'I am sceptical that such a scheme would be feasible.'*

*'I have found that the Farm & Forestry Improvement Grant to be so selective that it is not worth the time applying for it.'*

*'I would not welcome the scrutiny into my business that Grants always seem to encourage and capital costs tend to go up to balance the Grant anyhow. I want to be paid enough by my customers to allow me to invest.'*

*'Any Grant should not be linked to unrelated Government wants and whims (no matter how they are dressed up in red tape).'*

*'I would hope so as improvements resulting from such investment and associated new technologies have been found to be very significant.'*

### **Reasons for not making use of existing planning permission**

*'No confidence in industry profitability.'*

*'No confidence and lack of capital.'*

*'Lack of available capital.'*

*'Cash flow restrictions.'*

*'Concern over breaching IPPC threshold so will seek to acquire more land first.'*

*'Lack of time.'*

*'Retain approval so as not to lose it but no immediate intention to build.'*

### **Why are producers reluctant to invest in new buildings**

*'Following a recent restock there is concern over lack of funds available and over future levels of interest rates.'*

*'Can achieve better return from other investments.'*

*'I have to give priority to other investments and would welcome more help in general ammonia modelling to help with IPPC issues.'*

*'I have not enough time to build buildings myself and have no money to pay others to do a sub-standard job for me – also I lack heirs who are interested.'*

*'Treatment of investment by HMRC and the lack of confidence pushes us to building non-specialist structures.'*

*'I would prefer to put up some specialist buildings but acquiring planning permission to do so would be soul destroying and a waste of money and time (so `the others' win!).'*

### **Drivers for investment in pig buildings**

*'To allow us to meet the requirements of a niche market.'*

*'Pigs are currently subservient to the needs of our other enterprises.'*

### **Reasons for adopting new technology in pig buildings**

*'Replace ageing equipment.'*

*'In order to meet the requirements of a specific market contract and allow me to have a viable pig operation.'*

### **Barriers to adopting new technology in pig buildings**

*'Recent restock, lack of funds and concerns over the future levels of interest rates.'*

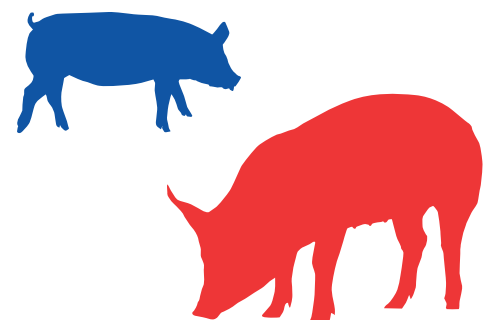
*'Have doubts about UK technology.'*

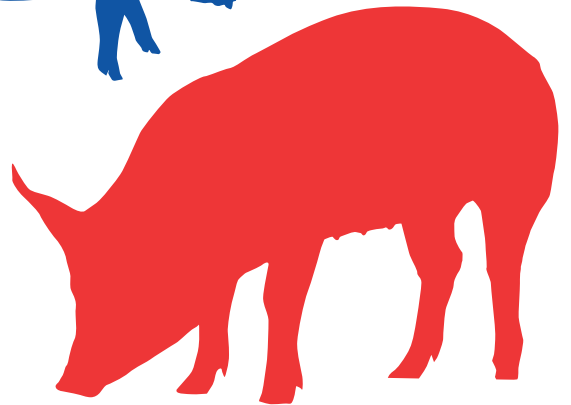
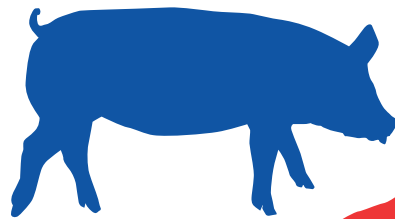
*'More significant investment into new buildings would be needed rather than retro fitting into old. Our unit, like many others, has evolved with a slightly haphazard layout which inhibits adoption of new equipment to some extent. With more confidence in the economic and legislative future it would make more sense to flatten many of our current buildings and to re-design the unit. In the absence of suitable contracts, which might give a degree of confidence we try to produce as much as we can from facilities which owe us nothing and to then develop our farm business in other ways – like acquiring more land adapting existing structures – although we have installed solar panels. Although I find pig farming rewarding at many levels all the potential barriers to the adoption of new buildings and technology apply to us and whilst there are threats of changing legislation – in respect of the use of farrowing crates and fully slatted systems. Whilst I might be tempted to 'have a punt' on new alternatives I find margins too tight and meaningful contracts, to give me the necessary confidence, non-existent'.*

8b. Do you have suggestions as to that BPEX could do to assist you in making investment decisions or better information that they could provide with regards to buildings and their management?

**16 (26.6%) took the opportunity to comment.**

1. *We would welcome assistance in deciding whether to invest in new farrow houses or to re-furb existing and to try to work out what is important.*
2. *Help with calculations of likely returns on investment, to ease the decision making process, based on industry observations.*
3. *It is difficult for BPEX – the figures are there but no one can justify expenditure given current returns and to borrow money. Long term contracts should be promoted as banks are not going to lend money as they do on the continent and, considering what is happening at the moment, who can blame them?*
4. *Provide design templates/checklist.*
5. *Provide a template for an investment proposition to a bank or funder. This could take the form of a spreadsheet that would allow some 'what if' questions to be quantified.*
6. *Provide clear standards for current compliance in respect of space, floor types, feed and water access, ventilation, insulation, lighting and other applicable regulation so as to allow accurate and informed comparison between competing suppliers recommendations and quotations.*
7. *Provide lots more information.*
8. *They must make every effort to ensure that suitable farm costings and performance data is accurately gathered to allow decisions on investment to be targeted at the right areas.*
9. *Provide independent performance comparisons between broadly differing systems of construction, ventilation, penning, feeding and watering systems based on an annual survey of end users experience and results.*
10. *Carry out independent testing on equipment along the lines of that conducted by DLG in Germany.*
11. *I don't think that there is a lot more they can do.*
12. *No.*
13. *Agricultural Buildings Allowance returning would be helpful or some form of business tax relief. One does have to be making a profit before some tax incentives become an issue though!*
14. *Capital Allowances need to be increased to permit investment.*
15. *It is frustrating to deal with planning departments who won't let you develop the scale and type of buildings you wish and then are not sympathetic when the resulting development causes other problems.*
16. *Sort out the pricing mechanism for pigs!*
17. *Keep banging the drum for the industry.*





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