

# **PROPOSAL TO ALTER THE ROLE OF QUALITY MEAT SCOTLAND**

## **ANALYSIS OF CONSULTATION RESPONSES**

### **The consultation proposal**

On 2 April 2002 the Scottish Executive issued for public consultation a proposal to alter the role of Quality Meat Scotland. The proposal is summarised below.

### **The role of QMS**

Working with key partners, the Scottish Executive aims to:

- Strengthen the co-ordination of red meat development and promotional activities for Scotland.
- Focus Scottish livestock levy funding on Scottish priorities.
- Further increase the reputation and demand for Scottish red meat.

It is therefore proposed that:

- QMS become responsible, on behalf of MLC, for all MLC functions in Scotland.
- QMS be conferred the autonomy required to develop a strategy for Scotland focused on Scottish red meat development and promotional priorities.
- QMS continue to invest in GB level MLC services where this confers benefits on the Scottish industry.

The four main functions envisaged for QMS are:

- Quality assurance
- Marketing
- Industry development
- Communication

### **Funding**

It is proposed that QMS receive the full Scottish general and promotional levies to advance Scottish priorities for red meat development and promotion.

### **Accountability**

It is proposed that:

- QMS offer an annual report for laying before the Scottish Parliament.
- QMS be required to keep Scottish Ministers informed of its activities.
- Scottish Ministers be entitled to exercise alone the existing power to give the MLC directions of a general character (under section 20 of the Agriculture Act 1967), in so far as it relates to the use of the Scottish levy or the exercising of MLC functions in Scotland.
- The power of the Scottish Ministers to participate in giving directions to the MLC in relation to England and Wales be transferred to the Secretary of State for Environment Food and Rural Affairs.

### **Structure of QMS**

It is proposed that any structural development of QMS will be guided by the following principles:

- Company membership and board composition should reflect and facilitate the increased autonomy of QMS.
- The size and composition of the QMS board should be that best fitted for effective development and implementation of strategy.
- The interests of all sectors within the red meat chain should be taken into account.

- Potential commercial conflicts of interest over investment in MLC core services should be avoided.
- Structures should reflect clearly defined lines of accountability.

It is proposed that the QMS board have fewer members than at present, with individuals appointed for their skills and experience. Structures for industry representation will, however, ensure that the interests of all sectors within the chain are taken into account.

### **Links with the MLC**

It is envisaged that QMS will engage with MLC at three levels.

- Strategic: QMS should be directly represented at the highest level within the MLC to ensure co-ordination of strategic direction.
- Co-ordination: Mechanisms will be needed to allow QMS to engage with MLC and the proposed Welsh ACC to co-ordinate investment in MLC core services.
- Contractual: QMS and MLC will enter into contractual agreements over provision of specific services to Scotland.

### **Responses to the consultation**

Consultation papers were sent out to 66 organisations (Annex B). 21 responses were received:

- British Meat Federation
- British Society of Animal Science
- Charis Innovative Food Services Ltd
- Crofters Commission
- Grampian Country Food Group Ltd
- Independent Farming Group
- Macaulay Land Use Research Institute
- National Beef Association
- National Pig Association
- National Sheep Association
- National Farmer's Union of Scotland
- Perth and Kinross Agriculture Forum
- Private individual
- Safeway Stores plc
- Scottish Agricultural College
- Scottish Association of Meat Wholesalers
- Scottish Beef Association
- Scottish Crofting Foundation
- Scottish Federation of Meat Traders Associations
- Scottish Landowners Federation
- Scottish Society for the Prevention of Cruelty to Animals

### **Analysis of consultation responses**

The following nine respondents, including all of the principal stakeholders in the Scottish red meat sector, expressed strong overall support for the proposals, whilst offering additional suggestions and comments:

- The National Farmers Union of Scotland
- The Scottish Association of Meat Wholesalers
- The Scottish Beef Council
- The National Beef Association
- The National Pig Association
- The Crofters Commission
- The Scottish Crofting Foundation

- The Scottish Landowners Federation
- Perth and Kinross Agricultural Forum.

Four respondents indicated reservations about, or opposition to, the thrust of the proposal. The Scottish Federation of Meat Traders Associations expressed disappointment in the proposed direction but confirmed their willingness to work with QMS, and endorsed the vision that QMS become the focal point for strategy development and delivery in Scotland.

The British Meat Federation, principally representing processors in England and Wales were opposed to the proposals, the detailed reasons for which are considered below. The Independent Farming Group, a small farming pressure group, has been opposed to the organisational basis of QMS since its inception in 1999. The Grampian Country Food Group, Pork Division questioned the continued relevance in pig levy bodies in Great Britain.

Eight respondents restricted their responses to specific aspects and did not give a view on the proposals as a whole.

### **The role of QMS**

There was broad support for the role of QMS described in the proposal. NFU Scotland laid out five areas on which it felt QMS should focus, which were themes echoed in other responses:

- The further promotion of Scottish red meat products, and the development of the Specially Selected Scotch Brand.
- The development of the Specially Selected Scotch quality assurance standards within the Scottish red meat supply chain.
- The promotion of innovation, added value and new product development to increase the value of Scotland's red meat industry.
- The promotion of supply chain cooperation to reduce costs and increase competitiveness within the Scottish red meat industry.
- The preparation of an action plan to increase market share for Scottish beef at home and abroad, whilst working with the Scottish Executive to increase supply potential.

The Scottish Federation of Meat Traders Associations were keen to ensure that the proposed changes do not result in reduced support to Scottish butchers and made the point that the services offered to QMS must be available to businesses irrespective of size. The Scottish Crofting Foundation asked that QMS recognise the particular circumstances of crofters.

The importance of QMS' work in developing quality assurance schemes was widely recognised. The National Sheep Association asserted that every Scottish red meat producer should be a member of QMS quality assurance scheme. The Scottish SPCA supports quality assurance schemes on welfare grounds and would like to work with QMS to strengthen the welfare elements of the scheme. Safeway were keen on the development of a single GB reassurance scheme.

There was widespread support for the work of QMS in promoting Scottish red meat. The National Beef Association, Scottish Beef Council, National Pig Association, Safeway and Scottish Agricultural College all indicated that promotional effort should not be entirely focussed on the Specially Selected Scotch brand. A need was expressed to support Scotch product that was not produced through the Specially Selected Scotch quality assurance scheme, and to recognise the importance of the generic British meat market for a proportion of Scottish red meat. The Scottish Federation of Meat Traders Associations favour generic Scotch meat promotion, although also concerned that regional branding may generate unhelpful competition within the UK. An individual respondent identified the need for more outlets for rare-breeds meat.

The Scottish Agricultural College, Charis Innovative Food Services and the British Society of Animal Science wished to ensure an emphasis on research and development to underpin

technological advances in areas such as meat hygiene and quality. The Macauley Land Use Research Institute proposed that there should be an ongoing dialogue between QMS and the Scottish livestock and meat research community over research priorities.

Safeway highlighted the need for clear definition of the roles between QMS and MLC should there be a further food scare or other industry-wide crisis. It also emphasised the value of education work in schools and the benefits of QMS engaging with the growing food service sector.

SAMW saw 'the availability of suitably qualified staff to QMS' as important to the successful achievement of its aims.

## **Funding**

Nine respondents, including all the key industry stakeholders, supported the proposal that QMS receive the full Scottish general and promotional levies to advance Scottish priorities for red meat development and promotion. The Scottish SPCA support was conditional on more resources being focussed on animal welfare. Both the British Meat Federation and Scottish Agricultural College suggested that a mechanism be put in place for MLC retention of part of the levy, the former to fund GB level promotion and the latter to fund research.

The Scottish Federation of Meat Traders Associations raised a concern that, as it is proposed that levy be allocated to Scotland on a location of slaughter basis, cross border movement of livestock for slaughtering could lead to inequalities in levy support between countries.

Funding issues were a central theme of the SAMW response. They felt that Scottish levy income would be insufficient to deliver all QMS priorities, particularly given the current reduced level of slaughtering (this was also echoed in the Safeway response). SAMW members would like to see 'that sufficient funds be underwritten by SEERAD to ensure QMS is in a position to fund all MLC functions in Scotland in the future', particularly in relation to QMS as the delivery mechanism for a number of Forward Strategy for Scottish Agriculture actions. They suggested that this should include 'a meaningful contribution towards the fixed costs of administration, similar to that of Bord Bia in Ireland' and that such continuity of funding was required to underpin a commitment to the use of MLC core services.

The Grampian Country Food Group response focussed on the pig levy. It asserted that the whole MLC levy system is not now appropriate due to continued consolidation in the producer, processing and retail sectors. It proposed that pig levies be reduced to a few pence to pay for economic information, with the ability to raise additional levy for research into specific pig diseases.

## **Accountability**

Of the eight respondents that mentioned accountability, six were fully supportive of proposals for accountability to Scottish Ministers, including all the key industry stakeholders. SAMW looked for confirmation that accountability mechanisms would be 'of a purely legislative nature and will in no way interfere with the smooth running of QMS'. The Independent Farming Group questioned whether public accountability could be achieved whilst QMS was a company limited by guarantee.

Several respondents also indicated the importance of QMS accountability to levy payers and stakeholders.

## **Structure of QMS**

There was wide support for the QMS structure guiding principles. NFU Scotland supported the proposals for a smaller QMS board but stressed the importance of ensuring that levy payers be properly represented. The National Beef Association and the Scottish Beef Council

felt that the QMS board does not give sufficient farmer representation, and should include a Scottish Beef Council representative. They further felt that the QMS board should not include individuals that do not represent an industry body. The National Sheep Association indicated if there is to be a smaller board 'it is vital that bodies and organisations which represent producers should be included in discussions as a matter of priority'. Both the National Sheep Association and the Scottish Crofting Foundation expressed a desire to work more closely with QMS.

The Scottish Landowners Federation hoped that QMS will not 'remain exclusively based on representation from the red meat industry'. They feel that with its current ownership, 'QMS excludes many of those involved in the Scottish livestock sector such as auctioneers, farmers and crofters who are not themselves members [of the QMS founder bodies: MLC, NFU Scotland and the Scottish Association of Meat Wholesalers]'. The Scottish Landowners Federation suggests that 'both independent observers and consumer representations' be 'directly involved within the core structure of QMS'.

### **Links with the MLC**

There was widespread recognition of the importance of close links between QMS and the MLC. NFU Scotland added a qualification that QMS activities should not be subject to MLC veto. The Perth and Kinross Agricultural Forum felt that safeguards were needed to prevent 'any future total divorce'. Eleven respondents highlighted the need to avoid duplication of activities between QMS and the MLC with the resultant loss of efficiency and fragmentation of expertise.

Nine respondents specifically expressed support for continued investment in MLC core services where there are clear benefits to the Scottish industry. The Scottish Beef Council and the National Beef Association indicated the need to ensure that Scottish stakeholders secured best value for money from these services.

The Scottish Association of Meat Wholesalers and the British Meat Federation cautioned against 'cherry picking' of MLC services and the Scottish Federation of Meat Traders Associations called for a commitment to investment in core services to protect the expertise and services available from the MLC. They drew particular attention to the range of MLC services they have found most helpful: product demonstration and development; product and skills competitions; publications and videos; legislation advice; professional advice; Guild of Q Butcher (a UK wide quality assurance scheme for independent butchers); Sales Development Managers; crisis management (e.g. during the BSE and Foot and Mouth crises).

The Scottish Agricultural College proposed that 'QMS becomes responsible on behalf of MLC for all MLC functions except those which are deemed to be core services for GB'. In their view this particularly included research and development activities that would have a GB-wide application. The Scottish Agricultural College proposed that a mechanism for MLC to retain a proportion of levy was required to fund this.

The National Pig Association indicated that 'it is essential the we, the Scottish Pig Industry have representation at BPEX [British Pig Executive] level to insure at UK level our interests are maintained'.

### **Conclusions**

The 21 respondents to the consultation included all of the key stakeholder groups in the Scottish red meat sector. Support from the major stakeholder groups was high and all of the respondents had additional comments and suggestions. Certain of the smaller and special interest groups focused on specific issues in relation to their own areas of interests. Several

respondents raised wider issues about red meat levy bodies that go beyond the scope of this consultation.

### **Role of QMS**

There was broad support for the role and functions of QMS laid out in the consultation paper. Some respondents additionally raised issues or made suggestions in relation to:

- Ensuring that QMS strategic priorities reflect those of their stakeholders.
- Promotion of Scotch meat produced out with the Specially Selected Scotch scheme, and the interface with both generic promotion of British meat and other British quality assurance schemes.
- Working closely with smaller and more specialist stakeholder groups and businesses.
- Engagement with Scottish red meat and livestock research organisations.

### **Funding**

Proposals for transfer of the Scottish levy to QMS were widely supported. Several respondents questioned whether this funding would be sufficient to resource the whole spectrum of QMS functions due to reduced levels of slaughtering in Scotland. One stakeholder group suggested that SEERAD should provide grant-in-aid funding for QMS. Two respondents proposed that an element of levy income be retained by MLC to pay for GB level services/promotion.

### **Accountability**

Proposals for increased accountability to Scottish Ministers were widely welcomed. The need for QMS to ensure accountability to levy payers was also raised.

### **Structure of QMS**

There was broad acceptance of the principles to guide QMS structural development. Several stakeholder groups indicated a desire to become more involved in QMS strategy development and implementation.

### **Links with the MLC**

Many respondents expressed a view that continued links with the MLC were important in order to avoid duplication of effort, retain valued services, protect core expertise and maintain the integrity of GB programmes. It was also recognised that a balance must be achieved with securing best value for the Scottish red meat sector.

A question from one respondent highlighted the need for effective arrangements between QMS and MLC in the case of a GB industry-wide crisis.

One respondent specifically concerned with pigs was keen to ensure that the close level of GB working within the British Pig Executive be retained. It was felt that the emphasis of the pig industry strategy on efficiency gain and cost reduction was applicable at the GB level.

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