

RURAL AFFAIRS AND ENVIRONMENT COMMITTEE

PIG INDUSTRY

SCOTTISH GOVERNMENT RESPONSE

I refer to the Committee's 10th Report of session 3 on the Pig Industry.

Firstly I welcome the constructive and thorough approach adopted by the Committee during its recent inquiry into the challenges facing the Scottish pig industry. The Report's conclusions and recommendations demonstrate the diligent manner in which the Committee has addressed these important issues.

Secondly I agree with the Committee that it is time to look forward, the focus of the debate should be doing what we can to secure for the pig sector a thriving future as part of a diverse and balanced agricultural industry in Scotland. I demonstrated my commitment to meeting that challenge when I launched the National Food and Drinks policy's Recipe for Success at this year's Royal Highland Show in June. It is now time for all parts of the pig supply chain, and indeed the wider food and drinks industry in Scotland, to work with us to meet that challenge head-on. I am proud of Scotland's strong farming tradition and global reputation for quality food and drink and I remain committed to delivering a strong future for this great industry.

The Committee's Report contains a number of recommendations to the Scottish Government on the various issues that arose during its investigations. I therefore enclose an annex detailing my response on each of these issues.

Richard Lochhead MSP, Cabinet Secretary for Rural Affairs and the Environment
24 August 2009

**SCOTTISH GOVERNMENT RESPONSE TO THE MAIN
RECOMMENDATIONS OF THE RURAL AFFAIRS AND ENVIRONMENT
COMMITTEE JUNE 2009 REPORT ON THE PIG INDUSTRY**

The future of the processing plant at Broxburn

I met with Peter Barr, Chairman of VION UK Ltd, at the Royal Highland show to discuss plans for the Hall facility at Broxburn and the wider issues affecting the pig supply chain. An account team, made up of representative from Scottish Government, Scottish Enterprise and Scottish Development International have been carrying out detailed discussion with the company in an effort to put in place a support package which will underpin the long term viability of the facility.

At the Committee are aware the Broxburn facility is not in an assisted area and this has therefore significantly limited the scope of assistance available from Scottish Government and Scottish Enterprise. However discussions have focused around a range of potential support towards research and development, training costs, improving best practice and carbon management in an effort to secure the necessary long term investment by the company.

The Single Farm Payment Scheme inquiry and the pig sector

The recently announced Inquiry into Future Support for Agriculture in Scotland will make recommendations to the Scottish Government on how financial support to agriculture and rural development can best be tailored to incentivise delivery of the Scottish Government's purpose of sustainable economic growth, and in particular in particular of its vision for thriving agricultural and rural sectors based in natural resource productivity.

The recommendations should be in line with the National Food and Drink Policy, which supports the sustainable economic growth of Scotland's food and drink industries by emphasising quality, health and wellbeing and environment sustainability while recognising the need for access to affordable, nutritious food for all.

The inquiry will produce an interim report by December 2009 and a full report by Easter 2010.

The case for a supermarket ombudsman

I wrote to the Competition Commission in May this year outlining the case for a Supermarket Ombudsman to oversee the new UK Groceries Supply Code of Practice. This Code will prohibit retrospective changes to terms and conditions, and limit the extent to which suppliers are required to pay for listings, promotions, inaccurate forecasts and customer complaints. It will also set out a clear procedure for resolving disputes and the requirement for retailers to provide reasonable notice and commercial justification before a supplier is de-listed.

In my letter I highlighted concerns raised by suppliers in terms of their dealings with supermarkets and I emphasise the benefits of an Ombudsman in terms of effective enforcement of the new Code of Practice and longer term

industry stability. I have also written to Lord Mandelson; lead UK Minister on this matter, in support of an Ombudsman. The Committee will be aware that the Competition Commission has now referred the matter of the Ombudsman to the UK Government, recommending that it establishes such an office. The Scottish Government will continue to make the case for a Supermarket Ombudsman to the UK Government as they consider how to take forward the Competition Commission's recommendations.

Regulations on Nitrate Vulnerable Zones and on Integrated Pollution Prevention and Control

Rural Priorities is a competitive scheme and funding cannot be guaranteed for all proposals submitted to the Scottish Government. Any proposals to ensure compliance with NVZ regulations will be assessed in the context of the regional priorities for the area concerned. Funding will be granted to those that contribute most effectively to national targets which include reduction in nitrate levels in specific parts of Scotland. It is not anticipated, therefore, that fundamentally sound proposals that result in compliance with NVZ regulations should be rejected providing that they are contributing effectively to national targets.

As a consequence of Peter Cook's review of the SRDP and as allowed under the European Commission's CAP Health Check regulation, proposals have been submitted to the European Commission to increase grant rates for slurry stores under rural priorities by 10% this further benefitting pig farmers in nitrate vulnerable zones.

Peter Cook's review also contained a number of recommendations to improve the application process for rural priorities and those recommendations have been accepted and are being actively taken forward.

Targeted assistance under the Scotland Rural Development Programme to secure a more efficient and competitive industry in the longer term

The Scottish Government has submitted proposals for new entrants to farming under Rural Priorities (those under the age of 40 years of age) to the European Commission which would enable farm businesses to submit applications for funding of up to 40,000 euros interest rate relief on business development loans plus up to 30,000 euros in the form of a cash grant to assist in developing that business.

Further support to the industry remains available under Rural Priorities on a competitive basis to enable pig farmers to modernise and diversify their businesses to assist in ensuring they meet the competitive challenges of the 21st century.

Clearly and accurately labelling and marketing Scottish pork

I wrote to the UK Minister for Health last month, supporting the proposals by Defra Ministers to strengthen the line for mandatory origin labelling for meat and meat products. The Scottish Government is actively involved in impact work assessment work being undertaken by Defra and others to support the final negotiating position, which will be agreed sometime later this year.

In the meantime we are also continuing to encourage and support schemes that make the consumer aware of the provenance of the food they are buying. We have already asked SFQC to pilot a toolkit for the food service sector to make origin labelling clearer, and are about to begin work on new consumer advice on origin labelling with the Food Standards Agency and the food industry. As noted below Quality Meat Scotland are taking forward further marketing activity to promote Scottish pork.

On enforcement of misleading labelling, I understand that Regulation 45 of the Food Labelling Regulations 1996, as amended, provides enforcement powers to the local authorities to investigate breaches of the regulations. With regards to availability of adequate resources, local authorities rather than Scottish Government are best placed to determine the resource requirements to deal with such instances of improper labelling in their area.

Public procurement contracts

Scotland's National Food & Drink Policy, Recipe for Success, makes clear that the public sector is open for business for our food producers. We want to maximise opportunities for the public sector and food producers to work together to achieve our aims of supplying fresh, seasonal, healthier and environmental sustainable produce in our prisons, schools, hospitals and care homes. We have already introduced a series of actions to make it easier for SMEs to supply the public sector. These include a free Public Contracts Scotland on-line portal for buyers and suppliers to access information on public sector contracts.

We will continue to work with key stakeholders in policy delivery.

Associating Scottish pork products with high welfare standards through labelling, marketing and education

Scottish SPCA and Quality Meat Scotland recently launched a joint branding initiative for fresh pork which recognises the high welfare standards in the commercial Scottish pig industry and brings this to the consumers' attention. 'Approved by Scottish SPCA' pork will be available in Asda and independent quality butchers from September. Quality Meat Scotland will shortly also be undertaking further activity to promote the Specially Selected Pork label to maintain the success of the campaigns undertaken earlier this year which were funded with direct support from the Scottish Government.

Growing the market for the whole pig

The "Adding Value to the Fifth Quarter" project funded by Scottish Government and managed by Quality Meat Scotland has concentrated upon maximising carcase value. Part of this programme has been training operators in plant in the most efficient methods of harvesting edible offals and presenting them to the market. This enables companies to access higher value domestic markets than was previously the case and the success of its activity can be seen in the rising prices that pet food manufacturers need to pay to get raw materials where previously they were able to dictate the price. QMS will be carrying out a series of consumer research activities this autumn

to identify how best to name and present edible offals in the domestic market and to develop offal recipes that appeal to the modern Scottish consumer.