

**NORTH EAST SCOTLAND AGRICULTURAL ADVISORY GROUP**

**COMMITTEE ROOM 5, WOODHILL HOUSE, ABERDEEN**

**WEDNESDAY, 28 JANUARY, 2015**

**Present:** **Aberdeenshire Council** – Councillors W Howatson, A Duncan, A Norrie, L Pirie and D Stewart  
**Aberdeen City Council** – Councillor J Corall  
**Moray Council** – Councillor G Alexander  
**Farm NE** – Mr E Gillanders  
**Forestry Commission Scotland** – Mr D Hay  
**James Hutton Institute / University of Aberdeen** – Prof K Thomson, Prof D Roberts and Mr B Slee  
**Lantra** – Ms I Crawford  
**Press and Journal** – Gemma Mackenzie  
**RSPB** – Mr H Maggs  
**Scottish Enterprise** – Mr J Bell  
**SRUC** – Mr E Johnston and Dr K Black

**In attendance:** Mr Cameron Maxwell, Head of Business Development, Forestry Commission Scotland; Mr Bruce Mackie, Middleton of Rora Farm; and Mr Peter Wood, Training Manager, Ringlink.

**Apologies:** Brian Pack, OBE; Lee-Ann Sutherland, Hutton Institute; Kevin Patrick, LANTRA; Jim Booth, SAOS Ltd; Councillor J Gaul, Angus Council; Philip Smith, VisitScotland; Gina Ford, Scottish Enterprise; Malcolm Nicol, Ballogie Estate; Pat Machray, ANM Group Ltd; Jennifer Kinnaird, SGRPID; David Smart, Strutt & Parker; Councillor G Coull, Moray Council; Peter Wright, SEPA; Cllr L Devine, Angus Council; Jim Dewar, Forestry Commission; Councillor Partridge, Aberdeenshire Council; Peter Cook, 2 Mennie Cooks Ltd; David Fyfe, SLE and Derek McDonald, Industry Support Executive (Rural and Maritime).

**Officers:** Roddy Matheson, Service Manager (Industry Sectors) and Committee Officer (Fiona Tweedie).

**1. NOTE OF MEETING OF 5 NOVEMBER 2014**

The Note of Meeting of 5 November 2014 was circulated and **approved** as a correct record.

**2. PRESENTATION ON THE DAIRY SECTOR BY MR BRUCE MACKIE,  
MIDDLETON FARMS**

Mr Mackie began by saying that production in the world dairy trade was up but that certain foreign markets had been problematic for Britain. Russia was important to the European Union in terms of cheese exports but that market had now disappeared. Exports to China of dry whole milk powder had increased significantly but due to overbuying, much of this had now gone into storage. As this had a good shelf life, China would postpone buying in quantities seen previously until stocks were used up.

There was a vast range of milk price points to the consumer, with Waitrose and Marks and Spencer charging at the higher end of the scale. Tesco prices are generally based on cost of production. Mr Mackie's farms supplied Muller Wiseman, as were most dairy farmers in the area. 60% of milk produced was on aligned prices and now, less than half the number of dairies were producing nearly the same amount of milk as fifteen years ago, meaning that

yield had increased nearly threefold. Changes in the ownership of dairy processors was also evident, with Muller having bought Wiseman's Dairies while Mitchell's Dairy (Inverurie), had been sold to Graham's (of Stirling).

Mr Mackie informed members that his 500 acre dairy farm would soon have a robotic milking operation, which would enhance working conditions for employees. Previously, dairy farms were very labour intensive, with employees having to milk the cows twice a day, twelve days out of fourteen. With the introduction of robotic milking, the work/life balance could be managed more successfully. Before building the new milking shed, Mr Mackie had taken advice from a company in Holland. This shed took into account the welfare of the herd and was large, airy and light. A £1 million investment had been made in this new technology, which would not have been possible without the returns from the farm's wind turbine which provided vital cash flow security to underpin the investment in robotic facilities. It was hoped the new shed would be operational by the end of March 2015.

What could the Advisory Group do for dairy farmers? Mr Mackie suggested continuing support for the Grampian Food Forum, buying from local farmers' markets – and for the council to procure dairy product supplies from local processors. Members discussed the market opportunities for other dairy products, such as yogurts or more expensive cheeses. Mr Mackie noted that producers had to work to their core strengths. Were they better at producing high end products or adding value to what they already produced? In any market, no matter how tough, those who were best at it would make a good margin. It was inevitable that producers would continue to exit the sector; milk buyers had a choice of dairy farmers to work with, and would continue to favour those with the lowest costs of production.

Mr Mackie advised that farmers were bad at publicising themselves and that milk did not have a brand or image. It may be that more could be made of selling to mothers, to promote the fact that milk was produced outside in the fresh air, with the cows eating fresh grass. Parents buy milk for their children so want to make sure it is a healthy product. There was scope for more effective marketing and promotion.

Councillor Howatson thanked Mr Mackie for his informative presentation.

### **3. PRESENTATION ON FUTURE SOFTWOOD TIMBER SUPPLY BY MR CAMERON MAXWELL, FORESTRY COMMISSION SCOTLAND**

Mr Maxwell was part of the policy and development team at Forestry Commission Scotland and was closely involved in the National Forest Inventory. In essence the project aims to identify how many trees there are in Britain. Mr Maxwell said that on the face of it, this sounded like a simple project but in reality, it was difficult to do, especially in the assessing forest resources in the private sector. The north east of Scotland was the third largest production area in Scotland. The team measured 15,000 individual one hectare plots selected randomly across the whole of Britain. All the data was entered into the computer in Edinburgh and other relevant data sets added. The margin of error was generally taken as 6% but in Scotland, it was plus or minus 2% and so was very accurate. Satellite imagery was also used in this context, with green being woodland and purple/pink being felled areas.

Based upon precise data from the sample plots, new, aggregated timber availability assessments were published every 5-6 years to help inform those considering investment in the UK forestry and timber industry – for whom it was vital to have reliable estimates of future timber supplies. Softwood provided the greatest capacity, with Scotland producing two thirds of softwood supplies in Great Britain. The standing volume of Scottish softwood is around 200 million m<sup>3</sup> - of which 8 million m<sup>3</sup> was harvested in 2014. There was also 200 million m<sup>3</sup> of hardwood timber in Scotland but these woods are generally not managed as effectively as coniferous forests

When creating timber forecasts, various scenarios are considered to try to gauge what may transpire. In 2014 a fifty year timber forecast was published. New planting rates have been very low in recent years, with no significant afforestation activity since the early 1990s, but as forestry harvesting and replanting is cyclical it was anticipated that supplies would even out over time. Currently, most forest trees in Scotland are between twenty and forty years old and it is expected that timber output from the National Forestry Estate and the private sector should remain relatively stable at around 8-10 million m<sup>3</sup> per annum.

In 2017, another five year cycle of data will be collected. In the meantime, efforts continued to meet the Scottish Government's stated objective to plant 10,000 hectares per year by 2022. Mr Maxwell noted that forestry had never been particularly profitable, but that timber prices had strengthened strongly in recent years and that demand for fencing timber and wood fuel were currently buoyant. The key for forest manager and timber processors was to add value and find new markets. The rapid recent growth of the biomass sector has been very beneficial to woodland owners, with over a thousand small scale biomass plants now in operation serving schools, community centres, businesses and homes. Larger biomass plants have been installed in factories requiring large volumes of process heat (eg paper mills, sawmill kilns and distilleries – notably the new facility at the Macallan Distillery). It was hoped that the biomass market would grow, as heat generated from the combustion of biomass is renewable.

The question of how land reform might affect forestry prompted discussion on ownership of land and how difficult it could be accurately identify land owners. Mr Maxwell hoped that as owners were now for the most part noted on the land owners register, it would make identifying the relevant people much easier.

The Chair thanked Mr Maxwell for his informative presentation.

#### **4. PRESENTATION ON RINGLINK RURAL INTERNSHIP BY PETER WOOD, TRAINING MANAGER, RINGLINK**

Mr Wood advised members that they had just come to the end of the second year of the project. The first year had been a challenge but six young people completed the course and secured jobs in the agriculture sector. In 2014, there were forty two applicants and from that number, fifteen were chosen to take up places on the course. Skills Development Scotland had been very helpful in promoting the scheme and raising awareness of it. Three young people dropped out after being on the placement but twelve completed the programme.

In terms of geography, six of the students were from Angus, four were from Aberdeenshire and two from Moray. Nine were now already in full-time employment. One student wanted to become a gamekeeper and, although challenging, a placement was found for him. Another student from a troubled background had done extremely well and was now going to college to try to gain the qualifications needed to get into agricultural college.

For 2015, it was intended to continue in a similar direction to last year. Recent discussions with SRUC at Craibstone had been very helpful in progressing the internship towards formal accreditation under the Certificate of Work Readiness which would ease considerably the challenge of funding the internship. Meetings with Skills Development Scotland Careers Advisors (working in Aberdeenshire schools) would go ahead soon to help promote the internship to school leavers and to prepare for the third intake of students. Project funding was not yet fully in place but Ringlink was confident of the desired outcome.

Members asked questions on how difficult it was to retain mentors if they took on their student permanently. Mr Wood said that could be a problem but they were constantly in touch with their membership to ask for volunteers and there seemed to be sufficient numbers coming forward on an annual basis to keep up with demand. He advised that a document outlining expectations from mentors had been compiled as, in hindsight, it was felt that not enough

direction had been given for those involved with the first intake. Ringlink ran workshops for mentors, which had proved very useful and had given the opportunity to outline issues, potential difficulties and how these might be overcome. Ringlink kept in touch with mentors and interns to see what had been learned and what improvements could be made. Mr Wood admitted that the project had been challenging but very rewarding and it was hoped that the scheme would continue to operate for years to come.

The Chair thanked Mr Wood for his presentation and commended his valuable contribution, and that of Ringlink, to the project.

## **5. AGRICULTURAL STUDY FOR NORTH EAST SCOTLAND – BULLETIN REPORT**

There was circulated a bulletin report dated 16 January 2015 by the Director of Infrastructure Services which outlined the background to the commissioning of a new agricultural study. Moray and Angus Councils had shown interest, so it was hoped this would make for a broader geographical study area. Commissioning of the study had been put on hold due to the delay in obtaining information on how the new Common Agricultural Policy would be implemented in Scotland. The invitation to quote would be initiated shortly but it was hoped that the study could commence in the summer, once the procurement process had been finalised.

Following discussion, it was agreed that the terms of reference for the study would be circulated to members and officers would provide any updates which became available in the period prior to the next meeting in June. Members **approved** the report.