

NORTH EAST SCOTLAND AGRICULTURE ADVISORY GROUP

COMMITTEE ROOM 5, WOODHILL HOUSE, ABERDEEN

WEDNESDAY, 24 APRIL, 2019

- Present:**
- Aberdeenshire Council** – Provost W Howatson (Chair), Councillors D Beagrie (substitute) Councillor J Hutchison, J Ingram, G Owen (substitute) and J Whyte
 - Aberdeen City Council** – Councillor N MacGregor
 - Farm North East** – E Gillanders
 - James Hutton Institute** – Prof K Thomson and D Roberts
 - LANTRA** – S Howden
 - NFUS** - A Connon
 - SAC Consulting** – D Ross
 - Scottish Enterprise** – G Ford and S Harrison
 - Scottish Forestry** – T Gordon-Roberts
 - Scottish Land and Estates** – F Van Aardt
 - Scottish Pig Producers** – A McGowan
 - SRUC** – Professor C Argo and S Thomson
 - Visit Scotland** - J Robinson
- Apologies:**
- Aberdeenshire Council** – Councillors S Duncan, D Robertson and I Taylor
 - Angus Council** – Councillors K Braes, C Brown and B Myles
 - Moray Council** – Councillors D Bremner and T Eagle
 - Confor** – J Farquhar
 - NFUS** – D Winton
 - ANM Group Ltd** – G Rogerson
 - Scottish Land & Estates** – D Fyffe
 - Scottish Forestry** – J Nott
- Officers:**
- D McDonald, Industry Support Executive ED & PS (Aberdeenshire Council)
 - J Davidson, Environmental Planner P&BS (Aberdeenshire Council)
 - E Wells, Sustainable Development Officer, ED & PS (Aberdeenshire Council)
 - A McLeod, Assistant Committee Officer (Aberdeenshire Council)

1. WELCOME, INTRODUCTIONS AND DECLARATIONS OF INTEREST

The Chair welcomed everyone present to the meeting. Members were asked if they had interests to declare. No declarations of interest were intimated.

2. PUBLIC SECTOR EQUALITY DUTY

In taking decisions on the undernoted items of business, the Partnership **agreed**, in terms of Section 149 of the Equality Act 2010:-

- (1) to have due regard to the need to:-
 - (a) eliminate discrimination, harassment and victimisation;
 - (b) advance equality and opportunity between those who share a protected characteristic and persons who do not share it, and

- (c) foster good relations between those who share a protected characteristic and persons who do not share it; and
- (2) to consider, where an equality impact assessment had been provided, its contents and to take those into consideration when reaching a decision.

3. MINUTE OF MEETING OF 5 DECEMBER, 2018

The Minute of Meeting of 5 December, 2018 was circulated and **approved** as a correct record.

4. MATTERS ARISING

It was noted that the matters arising were covered on the agenda.

5. PRESENTATION: PROVENANCE AND PROFIT BY ANDY MCGOWAN, CHIEF EXECUTIVE, SCOTTISH PIG PRODUCERS

The Chair introduced Andy McGowan, Chief Executive of Scottish Pig Producers who gave a presentation on the operations of the Scottish Pig Producers, which was established ten years ago in a collaborative approach by farmers following the closure of meat processors Lawsons of Dyce. The group is a marketing cooperative which currently sells approximately 500,000 pigs per year on behalf of the majority of pig units along the East Coast of Scotland. A sector strategy was launched at the Royal Highland Show in 2018. Its aim is to double the value of the Scottish pig industry to £500m by 2030 by building the brand and developing collaborative and efficient supply chains. An Industry Leadership Group (ILG) had been formed to drive improvements in the supply chain, to use Research & Development (R&D) to build distinctiveness, to develop a carbon foot-printing methodology for the Scottish pig sector, to obtain 'fit for purpose' regulation and regulatory compliance, and ultimately to increase the demand for and value of Scottish Specially Selected pork. He explained that only one quarter of the pig carcass is currently eaten fresh, with the remainder being processed or semi-processed. This makes the labelling of the product as 'Scottish' quite challenging.

Plans were in hand to increase the slaughtering and processing capacity of the QPL plant at Brechin and to achieve further accreditation to allow for UK export certification. Animal welfare was an important factor with the health status of all pigs in Scotland known and tracked. Plans were also in place to address the medium-term skills gap and to map the skills for the future, in order to ensure the growth of the pig sector.

Mr McGowan advised that the number of breeding sows in China had recently reduced significantly due to a large outbreak of African Swine Fever and that pigmeat supply in what was the world's largest market had been significantly affected. Global pigmeat prices were likely to rise. It was very important therefore that strict biosecurity measures were observed in Scotland, especially as the disease had been found in Belgium in wild boar.

After a question and answer session, the Chair thanked Mr McGowan for a very detailed and informative presentation.

Action point 1: D McDonald to circulate presentation slides

6. PRESENTATION: THE JAMES HUTTON INSTITUTE AND ITS EVOLVING ROLE IN STIMULATING THE ECONOMY BY COLIN CAMPBELL, CHIEF EXECUTIVE, THE JAMES HUTTON INSTITUTE

The Chair introduced Professor Colin Campbell, Chief Executive of the James Hutton Institute (JHI) who was in attendance to address the meeting on the evolving role of the Institute in

stimulating the economy. He outlined the global and local challenges being faced, including the need for more food, water and energy to meet the demands of an increasing population.

Prof Campbell highlighted the many and varied activities of the JHI which included major crop initiatives at Invergowrie (the International Barley Hub, an industry led innovation Centre, and an Advanced Plant Growth Centre), and also at Craigiebuckler in Aberdeen, where a scoping study for new public engagement facilities was being undertaken.

He referred to the local context in Aberdeenshire, which was blessed with high quality prime agricultural land and which was the subject of ongoing research by JHI into efficient and sustainable production systems. He explained that the impacts of long term climate change were being considered in order to predict the future geographical distribution for barley cropping, and outlined work underway on innovative alternative methods for growing crops, including the use of Artificial Intelligence, robots and plant breeding science, which would lead to a revolution in crop growth.

Prof Campbell outlined future ideas being considered by JHI in relation to the UK Government Strength in Places Fund, including the development of farms as innovation hubs, Other projects included work on the provenance, authentication and safety of food and also water and land use.

The Chair thanked Prof Campbell for a fascinating presentation and it was suggested that the James Hutton Institute could host a future meeting of the group to showcase some of the work undertaken by the Institute

Action point 2: D McDonald to arrange a future meeting of the group to be held at the James Hutton Institute, to include a tour of the facilities.

7. PRESENTATION: BREXIT ISSUES IN SCOTTISH AGRICULTURE, BY STEVEN THOMSON, SENIOR AGRICULTURAL ECONOMIST, SRUC

The Chair introduced Steven Thomson, Senior Agricultural Economist at Scotland's Rural College (SRUC), who briefed members on Brexit issues in Scottish Agriculture. SRUC had conducted a survey of farmers in 2018 on Brexit-related opinions. Significant challenges had been predicted by respondents in many areas, including access to finance, access to seasonal and fulltime workers, access to imported inputs, and changes to farming regulations. It was thought likely that larger farms would potentially be at greater risk post-Brexit due to larger borrowings. Although the Scottish Government was undertaking contingency planning, there were many issues which still required clarification. Mr Thomson cited evidence showing that the agri-food sector was heavily reliant on a EU workforce. Unemployment levels in Europe were very low and were already reducing the numbers of workers available to come to the UK. If a visa system were adopted in the UK post-Brexit, it may lead to European workers being less willing to come to the UK, which would have a significant effect as most of the agricultural sector was reliant to some extent on a non-UK workforce.

Mr Thomson advised that the Scottish Government was bringing forward a Scottish Agricultural Bill, but there was still a great deal of uncertainty in terms of future funding support for agriculture. It was considered that the objectives set for any future support framework would be vital. On subsidies, there was some industry support a base support payment rate, supplemented by transformation payments (eg for farm business diversification and performance improvements) allied to environmental support and a disadvantage/peripherality payment.

Food and drink exports and imports had been studied by SRUC and post-Brexit trade costs seem likely to rise. The beef trade is currently dominated by imports from Ireland and the

Netherlands while for the sheepmeat sector the majority of imports to the UK are from Australia and New Zealand and exports go to France and Belgium. The UK Government had recently announced a tariff regime which would apply under a 'no deal' Brexit and which aimed to maintain low prices for consumers. As a 'third country' producers in the UK would face the imposition of high tariffs on beef and lamb exports into the EU. Even with a favourable currency exchange rate, UK exporters were likely to become uncompetitive in beef and sheep markets.

A separate research project by SRUC had found that farming was strongly linked to Scottish rural businesses in the wider rural economy, with 42% of businesses deriving sales income from the agricultural sector (as suppliers).

SRUC's key assessment of what farmers can do to mitigate potential Brexit-related impacts included analysing enterprise profitability and determining where they are exposed to Brexit changes, followed by detailed business planning to mitigate financial impacts.

Following a brief question and answer session, the Chair thanked Mr Thomson for a very insightful and well researched presentation.

Action point 3: D McDonald to circulate presentation slides

8. PRESENTATION: TECHNOLOGY ENABLED FARMING – CO-DEVELOPING A VISION FOR SCOTLAND AND ABERDEENSHIRE BY STEVE HARRISON, PROJECT MANAGER, SCOTTISH ENTERPRISE

The Chair welcomed Steve Harrison, Project Manager at Scottish Enterprise who briefed the meeting on technology related farming. He indicated that across the economy liquidity was less but the need to invest was high, and bringing these two together was complex, especially due to the current uncertainty in the industry. Scottish Enterprise was currently engaged in a number of areas, including looking at the potential economic opportunities for Scotland including goods vehicles used in the movement of food; future technologies eg Blockchain; machine learning. There was a need to understand what was happening, what was going well, how to learn from it and what the challenges were and to aim to provide a vision for the north-east.

Mr Harrison outlined details of plans which were in place for a consultative study to seek an understanding of technology use at a farm level and the use of digital enabling technologies. He also referred to other ongoing projects in the north-east, including agri projects, looking at investing in technology in farms.

It was suggested, and agreed, that further information be sought from Mr Harrison to form the basis of a briefing note to members with a view towards the creation of a NESAG sub-group to support this initiative

Action point 4: Derek McDonald to liaise with Steve Harrison to progress this matter.

9. BULLETIN: FARM BUSINESS INCOME REPORT 2017-18

There had been circulated a report dated 16 April, 2019 by the Director of Infrastructure Services, regarding a Scottish Government publication of its most recent estimate of Farm Business Income (FBI) in Scotland for 2017-18. It was noted that the Scottish farming sector continued to be heavily dependent upon subsidy payments and that farms engaging in diversified activities continued to perform better than non-diversified enterprises. The FBI report noted that over 60% of farms surveyed would be loss-making without CAP subsidy and

that only 60% of farmers were currently earning enough to pay themselves the minimum agricultural wage.

It was **agreed** to note the information contained in the report.

10. AOB

There was no other business raised.

11. DATE OF FUTURE MEETINGS

It was **noted** that the schedule of meetings of the North East Scotland Agriculture Advisory Group for the remainder of 2019 was as follows:

- Wednesday 25th September, 2019 - Committee Room 5, Woodhill House, 10 am
- Wednesday 27th November, 2019 - Committee Room 1, Woodhill House, 10am