

Environment, Food and Rural Affairs Committee

Oral evidence: Beef Prices, HC 53

Wednesday 16 October 2019

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Members present: Neil Parish (Chair); Alan Brown; Mrs Sheryll Murray; David Simpson; Angela Smith; Julian Sturdy.

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Witnesses

I: Chris Mallon, Chief Executive Officer, National Beef Association; Nick Allen, Chief Executive Officer, British Meat Processors Association; Tom Kirwan, Managing Director, ABP UK; Stuart Roberts, Vice-President, NFU.

Examination of witnesses

Witnesses: Chris Mallon, Nick Allen, Tom Kirwan and Stuart Roberts.

Chair: Good morning, gentlemen. Thank you very much for joining us for our short inquiry into beef prices. I first want to declare both my farming interests. I have a few Devon beef cattle—probably not enough to flood the market and depress prices further, but I do have some—so I will make that absolutely clear at the start.

David Simpson: I refer members to my interests in the industry in Northern Ireland—not as big and wealthy as the slaughtering plants.

Julian Sturdy: I suppose we sell cereals into the beef sector, so maybe I should declare my interest as well as state it on the register of interests.

Q1 **Chair:** Thank you very much. That is over and done with. Starting with you, Chris, if you would like to introduce yourselves across the panel, for the record, then we will kick off.

Chris Mallon: Chris Mallon, chief exec of the National Beef Association.

Nick Allen: Nick Allen, chief executive of the British Meat Processors Association.

Tom Kirwan: Tom Kirwan, managing director, ABP.

Stuart Roberts: Stuart Roberts, vice-president, National Farmers' Union.

Q2 **Chair:** Thank you, gentlemen, for joining us. Like I said, this morning we really want to drill down on why beef prices have fallen well below average, and what impact this is having on producers and processors. Beef prices have fallen. What impact is this having on producers and processors?

Stuart Roberts: We have seen unprecedented falls. By our own estimates, between November last year, when we started to see the declines, and August this year, that has taken something like £170 million out of cattle farming in comparison to the equivalent last year. There is a farmer I was talking to only this morning, who sent some cattle in yesterday to one of the processing plants. He is £180 a beast down on where he was with those same cattle last year.

Chair: Each animal is £180 less than last time.

Stuart Roberts: Absolutely, yes. These are very significant falls, which are having a real impact at a time when confidence is not exactly booming for a range of other reasons. There are very real impacts on farm, affecting all cattle keepers, with very significant declines.

Q3 **Chair:** As far as the processors are concerned, why are you paying less?

Tom Kirwan: For us, 2019 has been an exceptionally difficult year. We have had a number of variables affecting the market. There has been, first, a decrease in demand in UK consumer and, secondly, a 2% increase



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in production. Those variables put more meat on the market than the market can absorb. They are difficult variables that we are having to deal with. Within the demand, we had a substantial change in consumer behaviour when we ranged for summer 2019. Every year we change from winter ranging to summer ranging. Steaks, burgers and grills get more shelf space. We had a sales forecast, and AHDB figures will tell you of a 14% to 15% decrease in demand.

That was basically consumers switching. We have never seen it to the level they switched in 2019. They have switched out of beef. For some of them, the biggest switch was to fish, so £2.99 is the rate for two pieces of salmon. For centre of plate, that was exceptional value. At that stage we lost consumers; we were losing consumers during the summer. We also had to contend with seriously bad press, really having a go at the meat industry. We have a job of work to do to reverse that and maybe put a different perspective on it.

Q4 Chair: Can I just interrupt you there? What we seem to be a bit concerned about is that, as demand fell, the price to the farmer fell. We are not convinced that the price in the shop fell by the same amount. If you drop prices in the shops, that should stimulate consumer demand. This is why you are all here this morning. We understand what has happened, but we cannot quite work out who has gained from that fact that the farmer is getting substantially less and the consumer is not paying as little as the farmer is getting paid. What has happened there?

Tom Kirwan: If we look at where we are now, in rough terms, the cattle price is down about 10.5%. This week, I checked where we are with the customers I serve. Some of the cuts are down in excess of 10%. This is recent. There is a lag in the reaction, because we are clearing stock; I get that, but, where we are now, the retail price of beef with the customers I serve, and I can only speak for the customers I serve, reflects the decrease.

As for the high street price, we have worked in partnership with retailers, because the retailers have worked in partnership with us and have been, in their terms, relatively quick in reflecting where the market is.

Q5 Chair: I am not convinced. How long is the lag? The retailers are not going to keep a massive amount of beef in their stores; they are going to turn it over pretty quickly. One is rather suspicious that these prices have now dropped before you come before us this morning, when they have taken all summer to get there. Seriously, I really am concerned at the lag and what the earth has been going on; otherwise we would not be having you all in here this morning.

Tom Kirwan: Let me assure you that the prices are reflected in the high street now. Absolutely, they are there now. It has nothing to do with me appearing in front of you. I can assure you I do not fix the retail selling prices. The retailers have now reflected where our cattle price is, to try to clear a backlog that currently overhangs the market.



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Q6 **Mrs Murray:** You still did not answer the Chairman's question about how long. What is the length of time between people buying in stock and then clearing it? We are talking about a fresh commodity here. It cannot be months.

Tom Kirwan: It can, because we are maturing the hindquarter meat, which is where the biggest centre of value is.

Chair: I think we were referring to the retailers.

Tom Kirwan: Sorry, I beg your pardon.

Q7 **Mrs Murray:** How long?

Tom Kirwan: Three months.

Mrs Murray: Retailers hold stock for three months.

Tom Kirwan: No, sorry, to change the price since we started. I beg your pardon.

Q8 **Mrs Murray:** How long did it take you to change the price? If you immediately dropped the price you were paying to farmers, did you immediately drop the price you were charging the people you supply at the same time?

Tom Kirwan: In some cases, yes.

Q9 **Mrs Murray:** Was there a time lag?

Tom Kirwan: There was a time lag. There is a time lag.

Q10 **Mrs Murray:** Why was there a time lag?

Tom Kirwan: That is the way we do business. We price either monthly or quarterly.

Q11 **Mrs Murray:** From what you have just told me, you pay farmers a 10% lower price, and then it takes you three months to reduce the price to the people you supply.

Tom Kirwan: In the way the supply chain operates, at all stages we hold substantial stocks of meat in our warehouses. There has been a sea change in stock holdings and how we mature meat and steaks. We hold it for between 30 and 40 days, in terms of maturation.

Q12 **Mrs Murray:** That is not three months, is it?

Tom Kirwan: No, it is not. That is in the supply chain. As a business, when we looked at our forecasting, and the price, value and volume of our steak, it fell considerably in May and June. We responded immediately. Those prices are in the market now.

Q13 **Chair:** We will keep going with the other witnesses. We will probably come back to this.



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Nick Allen: I am concerned that the discussion is all about the farm gate price and the retail price that we see in the retailers, which now accounts for probably less than half the market. Also, a retailer does not buy a whole animal; it buys bits of it. If you look at what is happening in the rest of the world, prices across Europe have dropped as well. The farm gate price in this country is still one of the highest prices in Europe. The prices have dropped right across Europe. What that brings down is the "fifth quarter" products.

Q14 **Chair:** You have to add into that a 20-odd per cent devaluation in the value of the pound, so therefore our prices should be higher. They are not 20% higher. Somebody is gobbling up lots of money here. I am not convinced.

Nick Allen: The point I am trying to make is that some money has disappeared out of the supply chain because the export values have dropped. If you look at what is being exported, more is being exported, because the industry is trying to clear the stocks and the backlog. That is being exported at a considerably lower value. That tells you that that has taken value out of the whole supply chain. There is a concern here that we are being quite parochial in just viewing the UK market in itself and looking at it as if it is just about the farm and the retail, which it is not. It is about what happens in the eating out of home sector, which is much more disloyal to British product than the retailers are, on the whole.

You have an element that has to be shifted abroad. No one is quite sure why but the demand for manufacturing beef right across Europe has dropped, which has been significant. AHDB regards that as a significant factor in what has brought the price down.

Q15 **Chair:** It is interesting that we were trying to get retailers here this morning, and none appeared to want to come. Does that lead me to believe that they do not particularly want to come to tell their story? What is your view on that?

Nick Allen: I do not know. I cannot answer for the retailers.

Q16 **Chair:** I know you are not a retailer, but one is bound to be slightly suspicious.

Nick Allen: If they were here, and I do not want to take up the mantle of defending the supermarkets, they would say they operated and are intending to operate on what they would call an everyday low price system at the moment. They have moved away from doing too much promotion over recent years to doing this everyday low pricing. If they were in the room, they would probably be flagging that, when the price was a lot higher, they took that hit. In fact, I have had this conversation with retailers, which said, "Hang on; when the price was right up there and was 50p per kilo higher, no one questioned what we were charging the consumer." They would level it off. I do not want to stand here as their defender.



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Q17 **Chair:** It is the time lag that we are not convinced about.

Chris Mallon: I know people do not want to speak about retail price, but you have to use some markers and indices to see if you are doing well or not. That is the reason we use that. Our share, primarily for a producer, would have been in the mid-50s historically, prior to the periods of drop.

Q18 **Chair:** Of the price that is paid for the animal, it would be 50%.

Chris Mallon: Yes, we were getting over 50%, and now it is down to about 46%. Again, it is lies, damned lies and statistics. I have figures that I can give but, anyway, we have seen the retail price back 1%; we have seen our price fall back by 11%. It is us, the farmers, who are suffering. There is money somewhere. I am not saying where it is, but there is money somewhere between us and the consumer that is disproportionate to the amount of time being spent.

I can give figures for the 12 weeks ending 11 August, which will show that primary beef had almost a 5% growth, with combined beef sales up around 0.5%. That goes against the figures saying there was a decline. We can all come up with our own figures. We can all search out and bring up figures, for example from Kantar, which I know is just for the retail. There are figures there to show that the situation in beef sales has not been as bad as it was made out to be. If it was, we would not have been killing them. It is simple.

There has been exploitation from a lack of competition within our marketplace. That lack of competition means people are not having to fight to get those cattle, because our options are very low. The main abattoirs are small in number and they have a very large impact upon our trade. Most farmers have very little option as to where they can trade those cattle.

Q19 **Chair:** The issue is quite clear. There are a lot of cattle there and the demand is not as high as it has been. We accept all that. The interesting figure you quoted then was the fact that you said it has dropped 10% to the farmer and on average has only dropped about 1%.

Chris Mallon: I am only using that as an indicator. I am not saying that is the whole price of the animal. I am not doing any of that, but I need an indicator to show when we are doing well, so when we feel we are getting a fair share of the price. At the moment, I can guarantee you that no farmer feels they are getting a fair share of that price.

Q20 **Nick Allen:** I am still concerned that we are being very parochial around the farm gate and retail prices. You have to understand, the 1% drop is not what has done the damage. As Tom said earlier, it is what has happened to the steak sales. Of the beef sold in this country, 55% is mince. The average retail price for mince is £4 per kilo. Say, for instance, to make the maths easy, a farmer is getting £3.30 or £3.40 per kilo. That is with the bone in. If you strip that meat off and add a third on, basically the cost of that meat on the floor is £5 per kilo. It is being stripped off



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the bone, minced, packed, sent to the retailers, and the consumer is buying it at £4 per kilo. That demand for mince continues.

Q21 **Chair:** Most of the other joints are much more per kilo, so you cannot just take the mince and devalue the whole animal with the mince.

Nick Allen: That is the problem. That is the point Tom was making, that the impact on steak sales this summer has been phenomenal. It has not been a great barbeque summer. That lowers the whole value of the carcass. The more of the carcass that ends up going into mince, the lower the value of the animal.

Stuart Roberts: I have one very quick point on this. In theory, there was a phenomenal opportunity this summer to drive some sales. We have a 1% fall in retail price and an 11% fall in cattle price. I do not know who has gained from that, but I know who has lost from it. We could have used that money to invest in promotion, marketing and driving. I saw virtually no promotions during the barbeque season this year. I tweeted about it, actually. I tweeted something along the lines of, "With cattle prices back 10% and retail prices back 1%, with a sunny weekend coming up, it would be great to have some burgers on promotion." One of the retailers, I believe not one of Mr Kirwan's customers, tweeted back and said, "That is a really good idea. We will think about it for next time." Come on.

Tom Kirwan: I have to come back on some of the points that are made, if I may. Chris is right. We are seeing a changeround in demand, but it is driven by activity. The industry, including us, is now up and at it. We have discussed the decline that we saw in April. We are now changing that. Luckily, we are. That is operating and it is working. In terms of the relative values of the beef—

Q22 **Chair:** I am sorry to interrupt, but surely it is the speed at which you have taken any action. We have gone on for months and months in this situation. We do not call these inquiries easily when it has only happened for five minutes. This has been going on all year. To the point Stuart made, had they reduced the price of steak in the shops, had they promoted those steaks, surely they would be more competitive with the salmon you were talking about in the first place. You have to stimulate people's demand and get them eating it again. Retailers had the opportunities. Why did they not take them? Are you yourselves, as processors, taking more out of the costs of slaughtering?

Tom Kirwan: No, absolutely not.

Chair: You can assure us of that.

Tom Kirwan: I can assure you of that.

Q23 **Chair:** You can give us figures to prove that, can you?

Tom Kirwan: I can assure you. 2019 has been a very difficult year. Mr Roberts might ask, "Why did we not encourage the consumer?" The



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negative press towards our industry during the summer was unprecedented. Whether we like it or not, whether it is in the beef industry or any other industry, we have a Brexit overhang, in terms of consumer demand. It is fundamentally weak at the moment.

Q24 **Chair:** So we lie down and die, do we?

Tom Kirwan: No, we do not.

Q25 **Chair:** What do we do? Meat is a good protein; we have a great story to tell. I accept not everybody wants to eat meat, but you have to go out and promote it. You cannot just say, "Let us drive the price down to the farmers and let it tick along, and let us worry about it afterwards." No, that is not the way.

Tom Kirwan: That is exactly what we have done, and it is on shelf. I can tell you that the prices we are selling our beef at now reflect directly the price we paid for the cattle.

Chair: It is about eight months too blooming late. That is the trouble; that is the problem.

Q26 **David Simpson:** I really do not know where to start on this one. First, I declare an interest: I was with George Mullan and Tom on Thursday when the Secretary of State was over. It was like the hothouse, but I will not go into that.

As a very brief question to you, Stuart, you say cattle prices are back £180; in Northern Ireland they are back more. Are store cattle reflecting that?

Stuart Roberts: Store cattle prices are reflecting an element of that, but there has never been a direct correlation between those two prices.

Q27 **David Simpson:** How much would store cattle be?

Stuart Roberts: I would have to check the figures. I do not have them to hand at the moment.

David Simpson: That is okay.

Chair: For the record, store cattle are those for further fattening.

Chris Mallon: The reality is that there are guys buying them now who, if they do not make money, will be going out of business, because if this is not a turnaround situation for them they cannot keep going. The next hit that happens is for the guy who produces calves, such as suckler calves, and store cattle, because the guys who are buying them at the moment will not be able to exist in a year's time because they are losing so much money. If you put away 100 cattle every time, and that is £20,000, you start to feel that.

The figures are very interesting. It would be very nice to show farm, abattoir and retail figures, be really open and transparent, and be honest about what we are doing. I know I can get farmers' figures. I would love



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to think that we can show processor and retailer figures, and show where the money is in this chain.

Q28 **Chair:** That is right. You did not answer part of the question just now, Tom. You said you had not taken more out as the processors. I did ask you whether you can provide us with those figures, and you did not actually answer that question. Can they be provided in writing to this Committee? Historically, what were you taking for slaughtering the animal, processing it and putting it through to the retailer? It is what you are paying the farmer through to what is going to the retailer. I accept that some of it will be business sensitive, but you can give an average figure.

Tom Kirwan: We can link the cattle price to the retail selling price.

Q29 **Chair:** I want it historically, from the beginning of this year to now.

Tom Kirwan: Yes, we can graph where the cattle price is, the decline in that and the relative decline in the retail value of the products produced from that. I can give you that chart.

Q30 **Chair:** Bluntly, it is what you pay the farmers and what you sell to the retailers. You cannot do that for individual ones but you can give us an average. I want the whole of this year.

Nick Allen: As someone in charge of a trade association, we will help with these figures, but I reserve the right to protect an individual company's confidentiality. I know you know this well enough.

Q31 **Chair:** We do not want the mention of companies; we just want the figures. I am not going to get caught in that trap. Nobody has to give up their intellectual property and say what their trade was, but we can get a figure, because otherwise we never find out how much is being taken. The farmer takes his animal to the slaughterhouse, its head is cut off, that is produced into beef and then they are paid. It is too late to say, "Put the head back on again" and keep that animal alive.

That is where the farmers are always suspicious. When you processors have plenty of beef animals, you drive the price down; you find something wrong with the grading. When there is no beef around, you find very little wrong with the grading. Perhaps I should declare an interest on that one, but that is where the problem lies.

Stuart Roberts: I would love to take the opportunity to grab grading at this stage, but I am sure it will come up later on, where I have a lot to say, as you know. One of the things, and Chris mentioned this, is transparency. Transparency in this supply chain is critical. That transparency is not just the retail price and the cattle farm gate price. We have heard numerous times from these gentlemen, and from Chris, that the components that make up the price of that carcass include a range of by-products, a range of disposal costs and a range of others.



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When it comes to retail price, there is a degree of transparency. We see that reported. When it comes to those other prices and other markets, there is one I constantly get thrown at me: "It is all related to luxury car sales in China because that is where all the leather ends up." We need to shine a light on what is going on in those markets, where we have never had any transparency. That is not entirely down to these gentlemen; it is down to a number of others. It is about retail price, but also what is happening in the food service sector, in public procurement, in by-products, in the disposal costs, which can relate to what is happening in the oil price. This is really complicated. I do not want to come back in another four years and have the same discussion about transparency in the supply chain that we had four years ago and eight years ago prior to that.

Tom Kirwan: In defence of my industry, a recently published report with independently verified figures by AHDB stated that the meat industry and processors in the UK paid British farmers on average 27p per kilo more than the EU average. I do not consider that a bad performance. I accept that in 2019, because of other variables, there has been some erosion of that. I accept that, and we are working very hard with our supply base and our retailers to push that meat through the system.

Everything is not shown in the retail selling price. We will lay that before you, Chairman, in terms of where our current retail selling prices are relative to the cattle price. I can also point out that Stuart has brought up the luxury cars in China. The reality is that we are realising £20 a head less for our hides than we were a year ago, because of the automotive industry and the state of malaise in that across the world. That is value eroded from it.

I would also point out that if we as processors do not have a vibrant livestock supply, we do not have a business. It is not in our interest to continually bash our farmer suppliers. We work very collaboratively with them and we will continue to do so in the new world.

Q32 **Chair:** Would you accept that it is also very tempting, as processors, when there are plenty of cattle in the market, to find a little wrong here, a little wrong there, and depress the price? Lots of farmers will tell me that they ring up and the processors do not want them—"You can send them but we will give you X." There is a lot of that going on, and there is no competition in the market because there are too many cattle there, for one reason or another. That is the problem that most farmers are facing. They do not feel they are getting a fair deal.

Nick Allen: Can I make a point here? When MLC SL was sold to HallMark, which does the grading and things like that, one of the deals set up in the industry was that committees met to review all the grading that goes on in the country and all the complaints. An industry group meets, and all the managers doing all the grading report all the complaints they have had from farmers. There have been two of those meetings now, and



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there have been very few official complaints, or if there have been complaints they have been dealt with. It is not as you portray it.

Q33 Chair: How many major buyers of beef cattle are there in this country? If you are an average farmer, you are going to complain about one of the big processors, are you? Then you are going to send the cattle there the next week. Come on. This is what this is all about. Let us be absolutely blunt. We have a very strong processing sector but a very small number of people operating. It is very difficult if you have to take your cattle a long way. The Government are now putting pressure on farmers to slaughter more locally, which is a good idea if you have the slaughterhouses. All of this puts the power in the hands of those particular processors. That is what I am not convinced by at all.

Chris Mallon: That is something farmers are very concerned about. You are right; they are worried that, if they complain, their cattle will not be taken for a couple of weeks. That has been said to people. Whether or not you think that is real, there are farmers who can easily verify it. When it comes down to price, there is very little option. There are few big firms, and beyond their price there is no competition. The smaller firms cannot bid higher than them, so they are all stuck at this price. It is not an open market.

Tom Kirwan: Chairman, I have to come back. The average paid by us as processors, as an industry, has been 27p per kilo higher than the EU average for four or five years. While, yes, there has been consolidation in the industry, it is still a very competitive market. The farmer has every right to take his cattle. If I do not pay him enough, he can go elsewhere with them. He has absolutely that right, and farmers are good negotiators. They have every right to do that.

Q34 Chair: That is if they can find another market.

Tom Kirwan: They can. We may not have abattoirs at every crossroad, but most farmers are within driving distance of at least two slaughterhouses.

Stuart Roberts: Mr Chairman, I want to come back on a point. We have hit on a real nub of an issue here. We almost seem to take pride that we have a cattle price 27p higher than the EU average. We have some of the most sophisticated consumers and retailers in the world, and some of the wealthiest consumers in the northern hemisphere. We have the third most affordable food in the world. We should not be 27p higher than the EU average when we have demand for British. I am constantly told that people want British. We are 63% or 65% self-sufficient. We should not be 27p higher; we should be 50p higher.

You described beef and meat as good. It is not just good, Mr Chairman; it is the best in the world. We should be looking to drive that differential even further, not just accepting the 27p.

Chair: I am going to have to shut up for a bit and let others ask



questions.

Q35 David Simpson: I have one quick question before I hit on the B word. Who in the supply chain has the most power over pricing?

Stuart Roberts: I can tell you who does not have the most power.

Chris Mallon: The farmers have no power. They just have to take what they are given

Tom Kirwan: This summer has proven who has the most power: the consumer. The consumer decided to switch out of steaks and to buy fish and other alternative products. Stuart may say we should have a higher premium. Fine, we can perhaps leverage a higher premium. Maybe we will sell a lot less and we will have more cattle left on the land. The reality is that the ultimate adjudicator of everything that we, as a complete supply chain, do is the consumer. When the consumer proved this summer to move away from our products, it left us with stock, and we have seen the outcome of it. That reduction in consumer demand shows they have the power.

Stuart Roberts: The consumer does, but that is why it is vital we do more promotion and communication with the consumer. We have to be much more agile. We are not seeing this from our levy bodies; we are not seeing it from others in the supply chain. Ultimately, we are seeing falls in demand, and Tom is absolutely right about the pressures. Being a British livestock farmer at the moment is feeling like a pretty beaten-up world. We seem to be the cause of every problem on the planet, when actually we are not. We are part of the solution, and we all have to address that much better. That is where we have to invest money, and we have to do it with pace and not think about it months after the event.

Q36 David Simpson: This is probably a defence of the industry. I have recently seen some adverts on TV by one particular supermarket, where a child saying, "Daddy, I do not want to eat animals or meat any more." It is a very negative side towards the industry. We are also facing the Brexit situation—I was not going to mention the word, but I might as well—in relation to new markets and promotion of British beef or Northern Irish beef. What work is being done? We hear so much about the fifth quarter. There is a massive issue. Yes, I understand hides are well back in price, and we have the fifth quarter, where some of the markets have opened up. But, in your words, Tom, you need a vibrant primary producer and you need the farmers. Is there any marketing work being done? If we go out with no deal, there are going to be markets that have to be maintained and new markets where we can look to get better value into the fifth quarter especially. What is being done to promote that?

Tom Kirwan: There are two things. We have spoken about the fightback against some of the negative press. There is no doubt that that is required. We are at one with this. Both farmers and processors pay into AHDB central funds. They are starting to do some good work, but we



need a bigger chunk of that budget, and we need it quickly, to fight the case with science, not with hearsay, but with very strong evidence-based facts that will support our industry. That is needed, and needed quickly.

To Mr Simpson's question in terms of the global scale and what is happening in China at the moment, with African swine fever, the population of pigs is down 41% in China. That leaves a massive deficit in protein for a huge population of the world. That is good for our pig processors who are approved to go there. It would be a great boost to our industry if we could work hard, all of us together. We have hosted delegations to our site in Shropshire. Everything we could do to open that would probably be the biggest single impact we could have. Yes, we will get some balance from the other countries but, in terms of having an impact, what we could do with China is probably the biggest impactful thing we could possibly do.

Q37 Angela Smith: I have two questions to ask. I want to ask about the balance, in terms of exports and imports, not in volume but in terms of cut. It is really a question about carcass balance and what parts of the carcass are the most popular, in terms of exports. How does that match up with demand in Britain and the efficiency with which we use the carcass?

Tom Kirwan: On beef, we probably export the pieces of the carcass that the UK consumer does not value; so, cheap meat—tongues, skirts from the flanks. They are the ones we export to Asia. We will get some of the pieces from the ribs away in quantities. We do not export the cuts that the UK consumer would have a higher value on. It is specific cuts.

Q38 Angela Smith: Overall, does it represent an efficient use of the carcass?

Tom Kirwan: It undoubtedly helps us with our carcass balancing. It does help.

Nick Allen: Without the export market, things would be a lot worse. Not wanting to go back to the implications of Brexit, we are seriously concerned, especially about a no-deal tariff regime. The export market is vital to balance that carcass, and it makes a huge difference. The AHDB has documented the different values. It shows you that, for the different cuts of the carcass, the volumes are up but the values are down right across the board. That is in the public domain. We can forward it on to the Committee, but the AHDB has published that.

Q39 Angela Smith: That would be really useful, thank you. My second question is about slaughterhouses and slaughterhouse costs. Are they remaining constant or are they fluctuating as well and having an impact on the farm gate prices?

Tom Kirwan: In terms of our cost at the moment, we are very challenged. Yes, we have obviously had an increase in labour cost.

Q40 Angela Smith: Is that in the slaughterhouse?



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Tom Kirwan: Yes. If we look at our slaughterhouse in general terms, the pay for a slaughter person or a person in the de-boning hall is about £550 to £600 per week. This is one of the restricting factors we as an industry have at the moment, certainly in our own operation. In certain of our factories, we will probably kill one day a week less this week because I cannot get the meat de-boned. Shortage of labour is a massive issue. When the labour is short, there is a commensurate increase in price.

Q41 **Chair:** Are you saying you could slaughter more cattle now if you had the labour?

Tom Kirwan: I am saying that we are going from what is or has been a serious situation to a grave situation. We all get busier in the run-in to Christmas because of extra work that needs to be done. To satisfy the demand of the industry, labour will be required. I hasten to add, these are not minimal wage payments. These are skilled butcheries that we are short of.

Q42 **Angela Smith:** Is this shortage of skilled workers in the slaughterhouse aspect of the sector due to a lack of interest, in terms of people taking up the training required, or a shortage of apprenticeships? Is there any extra information you can provide the Committee with on that, because it is quite useful?

Nick Allen: Yes. The MPA has made a number of submissions about the labour issues. We would be happy to submit those.

Q43 **Chair:** That would be best done in writing, because we may well have to look again at labour, as a Committee, across the board. That would be useful.

Nick Allen: Can I just add a fact that our research has shown, which is in the public domain, in terms of cost of an abattoir? Typically, across the food manufacturing sector, the purchase cost would be about 63% for most meat processors—that is, what they buy from the farm. In the red meat sector, it is 78% of the cost. It is probably a reason why this is a more significant issue for the red meat sector than some others, because, in terms of total abattoir cost, what they spend on actually buying the main product is way higher than most of their competitors, certainly of chicken and fish. Again, as usual with the red meat sector, it is always slightly different and probably slightly worse and more challenging.

Q44 **Angela Smith:** Can I ask one final question on abattoirs? On the by-product from the slaughtering process, you mentioned this, Stuart. I am really interested in this, because I have heard evidence elsewhere that there is a real issue, in terms of the value of some of our by-products. Is that right? I would just like you to elaborate on what you were saying.

Stuart Roberts: These guys can elaborate on the value and how that fluctuates. We do know that there is virtually zero transparency around some of that, and that is a frustration. From there, you can have a discussion around deductions and the contribution that farmers make



towards that, which perhaps does not have quite the same level of transparency as to what sits behind it. We cannot ignore the fact that those products have values. They fluctuate with supply and demand, as any others do. In terms of what those values are and how they alter, et cetera—and I suspect they would be heavily dominated by the export market as much as the domestic market—it is probably for others who can speak with more intelligence on that.

Tom Kirwan: When we buy an animal, every week, we reflect on the value, not alone of the meat, but the value we get for the fifth quarter. The biggest part of that is the hide. With respect to transparency, that is out there, in terms of the value of hides. There are reports on hides. It is out there. In terms of the transparency, we report the price of every animal we purchase. Every time there is an AHDB monthly report or anything, we look at the AHDB figures to steer our business. We look to that. Those figures are available to everyone in this room and every one of our farmer suppliers. Beating us with the stick of a lack of transparency is unfair, because we report the price of every animal we purchase. Because we are 65% to 70% self-sufficient, the performance of UK retailers, the dominant market that we operate in, is critical in how the market operates.

Stuart Roberts: As a quick clarification, I certainly was not having a go at the processors about the lack of transparency in that market. Once you get into that market, there is a distinct lack of transparency. If we think there is a lack of competition in the red meat sector, in some of those by-product and disposal sectors there is very much a lack of competition.

Chair: We can raise that with Ministers, because it is something that we are probably unsighted on as well. It is an interesting point.

Stuart Roberts: It is something we raised with the Minister the other day.

Q45 **Mrs Murray:** Can we go back on track to the purpose of this? You very clearly said that there was a reduction in the desire for red meat because people were switching to salmon and other types of fish, and that sort of thing. Should the consumers be encouraged to buy more meat, and what did you actually do to address the problem? Very clearly, you recognised there was a problem. We know that, according to the AHDB, 81% of the UK population regard themselves as meat eaters. What did you do during that period of time to try to address the problem, to go out there with an advertising campaign? It is no good saying, "This is the problem." What did you do to try to resolve that problem?

Nick Allen: In fairness, one processor cannot operate in isolation. It is about the industry response. A lot of the trade associations will have been dealing with it on a daily basis, trying to counter the arguments that go on. This comes back to what we were talking about earlier. We are really looking to the AHDB to lead the way here. They have the best part



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of £25 million-worth of money from the industry. As an industry, we are looking to them to lead the way with this and lead the charge, because individual processors and organisations such as ours cannot make that impact, but it desperately needs that. As Tom says, this needs to happen quite quickly, because it is this “drip, drip” that is going on.

Q46 Mrs Murray: The status quo very clearly is not working. What representations have you made to encourage the AHDB to start to engage with this? At the end of the day, I would also like to hear from you, Stuart, about whether farmers have highlighted this and pushed the message.

Nick Allen: In fairness, we all feel they have listened. Stuart and I were at a meeting with them last Thursday, where they were highlighting some of the work they are doing in building their plans. As an industry, we feel they have listened.

Q47 Mrs Murray: It is a bit late, is it not?

Nick Allen: Are they moving quickly enough? We would say no.

Q48 Mrs Murray: Was this not raised back at the time?

Chris Mallon: With Brexit, there was a promotion of lamb, because we thought we were going to end up with a disaster in the lamb trade, with concern about low exports. Most promotion ended up around lamb, with beef left behind and not cared about. The reality is that we have probably had one of the first effects of what it would be like to have a bad Brexit. You have seen our price come down; you have seen what has happened to us as producers. The thought of us not having an export market is horrendous. We are struggling to get back into this area. All we have is retailers and our own food service. We need export to be almost like a fifth guise to take our things away. It is very important.

Mrs Murray: Can I just say that a good use for skirt, if you want one, is Cornish pasties?

Chair: It is not only those made in Cornwall.

Nick Allen: We were asked what the industry has done about telling AHDB. We told them ages ago. In fact, for the review that took place 18 months ago, the results have yet to be published, but I suspect they will show a lot of the industry saying the AHDB needs to move in that direction. For some time now, the industry has been saying this to the AHDB. I believe they have now listened, but it may be a little too late.

Q49 Chair: Based on comments I have had from the Minister for Agriculture, we might well be going in that direction.

Stuart Roberts: There are a number of issues around this, and it goes back further than the review. I believe this is the first time I have been before the Committee since I made some fairly public statements about this, as the Chairman is fully aware of. The reality is that we have all



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been making those noises. We have not seen them move quickly enough and with enough agility.

There is another bit. AHDB has a big role to play, and needs to play that role. We are starting to see that, yes, probably a bit late. They would probably accept that. We have been saying that for some time. Certainly, farmers in certain parts of the country have been saying that very clearly for some time. We have to start to write our own positive narrative around this whole area of red meat.

There are a number of other areas. Three years ago, with the help of one or two of the processors, I tried to get another fund off the ground, and it was very much supported by ABP at the time. We could see this coming down the track. AHDB was not being agile enough; it was not prioritising this enough. Why do we, as an industry, not step up and do something ourselves? We got virtually radio silence from every other processor.

If you look at the dairy industry, two or three years ago—I cannot quite remember—it took on board the new dairy campaign, which is jointly funded by AHDB and the dairy industry. This is the world we need to start to think about. People have to invest in it. I hear from farmer after farmer that they are prepared to step up to some of this—Seafish would be an absolute classic example. We have to see people do it.

In the summer, I proposed that we should get some more money on the table. Why do the processors not put their hand in their pocket more than they do with just the levy? I get that they already contribute to the levy—significantly less than the farmer does, but they do contribute. Why do we not put some more money on the table, get a campaign going, start to get these positive messages out there and try to turn the tide on this decline? What we know is that those who are arguing against us are doing it with phenomenal resources. They are misinterpreting things. The fact that UK cattle have a 2.5 times lower carbon footprint than the rest of the world gets ignored in the fog of fake news that comes out of some of these organisations.

We have to start to do that, but we also have to see Government step up. There is a real opportunity here. What about if we got Government to match-fund the levy, where we are starting to drive demand, both here and abroad? I mentioned this to you once before, Mr Chairman, but in Ireland the promotional levy that comes from the industry is match-funded to the tune of €8 for every €1 the industry puts in to drive consumption at home and abroad. They see the economic impact.

I am not asking for £8 for every £1 of levy. That would be a bit greedy in the current times. What about if we got £1 for every £1, and we used that to drive consumption, to write our narrative and, as Mr Simpson said, to drive those export markets? It is disgraceful that at the moment we have one person in China fighting our corner. The New Zealanders have 100 people in China doing that same activity.



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Not only that, but Ministers themselves have to step up here. Tom may have to remind me, but I remember, some time ago, when Ireland got access for Irish beef into China. How did that happen? It did not happen because of their BSE history or their science; it happened because Ministers got on aeroplanes, put the effort in, built relationships and got markets open. Trade deals do not just happen because we happen to have the best product and the greenest land. We have to put in the hard yards.

Chair: That is very good stuff on the record.

Nick Allen: I could not agree more with what Stuart has said, in terms of market access. Just to flag, last week in Anuga, at one of the biggest food trade shows in Europe, it was disappointing that no one from our Government attended.

Q50 **Chair:** This will go back loud and clear from here. It is nice to have something positive to put together, because in the end there is a levy being paid. Sheryll made an interesting point that 81% of people in this country are still meat eaters. If you look at the adverts that are going on, you would think no one is a meat eater. It is not only about eating meat; it is also, when we look to a new agricultural policy, about landscape, needing grass, needing permanent pasture. A lot of that will need cattle on it. This is another issue that seems to bypass people. We would rather not have a huge environmental impact from importing food as well. All these things have to be taken in the round.

I would like to see AHDB and Government somehow or other—AHDB in particular more than Government, I suppose—look to a way we can work with the retailers, because the retailers have massive powers of advertising, and we will probably never be able to have that resource.

Tom Kirwan: On that one, I am totally at one with Stuart, in terms of the need to push back, to preserve our domestic market. We have engaged somewhat with retailers, and there is a sense of acceptance of joining in and helping in this, which is good.

Q51 **Angela Smith:** I was quite inspired by what Stuart said just now. Can I just ask you to clarify where you think the extra effort needs to be made, particularly in building our platform for securing a greater share of the international market? I remember AHDB has said in previous inquiries that, at the technical level, there is a lot of outreach work going on, but it is at the diplomatic and ministerial level that we need to see more input.

Chair: It is also at the trade shows.

Stuart Roberts: Exactly. I was not aware of this until Nick just mentioned it, but the fact that we did not have a political presence at one of the biggest trade shows on the planet is not good enough. It is just simply not good enough. We need to put those hard yards in; we need to see Ministers on aeroplanes building relationships. I cannot remember the figure, but Simon Coveney was in China once a month for about two years opening up that market. That is how the Chinese market operates.



It is not about saying, "Here are some documents." It is about the face-to-face piece.

I want to come back on the earlier bit. What else do we need here? We need to learn the lessons of what others are doing. Let us have a look at what some of these protein alternatives are doing. They are presenting the consumer, first of all, with a narrative that is pretty seductive and compelling. We have a way better one. The fact the British countryside looks like it does is because of livestock. One or two of you may remember me from the past looking like I had developed a rumen, but I had not. None of us can digest cellulose, but sheep and cattle turn cellulose into high quality protein.

We also have to learn from the positives that the alternative proteins are doing. They are presenting the consumer with an attractive product. They are presenting the consumer with something they want to pick up. We do not see enough innovation in packaging and cuts in the meat sector. Part of Mr Kirwan's business makes meat alternative products. I believe that earlier this year they ploughed £250,000 into marketing that and into social media. That is because it is selling, and we have to get the same appetite, enthusiasm and encouragement into coming up with meat products that look attractive and that jump off the shelves. This gets into some of the grading stuff where I really can get on a soapbox as you know, Mr Chairman. We have to invest in that, and not be lazy and just present the consumer with all the products they have always had.

Q52 **Chair:** You cannot force consumers to eat meat.

Stuart Roberts: Correct.

Chair: In the end, if they want to eat meat, let us present it to them in such a way that they can eat it reasonably easily. Otherwise, if there are excuses like it takes too long to cook, it is too complicated or whatever, there is another reason for not buying it.

Tom Kirwan: While Stuart is correct about our investment in our meat-free business, I would also highlight that we also invested in and opened a facility for what we call "ready to cook" in our Ellesmere site, which is doing exactly as you and Mr Roberts have described, making it more attractive. I would love to sell much more mince and dice; however, the consumer has moved on from that and we are reflecting that in our manufacturing facility. We have invested substantially in that site to enhance the attractiveness of beef and lamb to the consumer in Britain.

Stuart Roberts: That is a facility that I have visited and it is an impressive facility. It is good to see that. However, we are not seeing that perhaps from our levy bodies. When they were faced a few years ago—Mr Allen was heavily involved at the time—with the challenge of coming up with more innovative products, what did we do? We just shrunk the roast and called it a "mini roast". That was great, it was fine and it was helpful. Where are those cutting edge innovative things?



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Where are we looking to present those products to the UK consumer with our provenance but with the product type they want to pick up off the shelf, not because they feel obliged to or feel guilty that they have not been, but because they are attractive products that meet today's lifestyle and today's culture?

Q53 Chair: The AHDB is going in the right direction but we have been too slow.

Stuart Roberts: It needs a foot on the accelerator.

Chair: That is the message that is coming out.

Chris Mallon: It is about its future sustainability as well. If we lose a generation of farmers because they cannot continue to go on, they will discourage their sons. They will not be able to finance and invest, and our ability to feed the country diminishes with that. As we have seen, currency fluctuations can make foreign food more expensive. We need to be careful that we maintain that young generation. I want to see a farming industry where we can actually invest again. At the moment we cannot invest.

If we look at our costs, they include true costs, such as buildings and even the time we charge. The Ethical Trading Initiative has a 60-hour limit on a working week. A farmer would die to just have a 60-hour week. He would be over the moon but he does not get that. The people who deal with him are dealing with him not being treated ethically.

Q54 Mrs Murray: I would like to ask Chris and Stuart if they can confirm one thing. Some of my farmers are telling me that it is actually costing them money now.

Chris Mallon: Of course it is.

Mrs Murray: For the cattle they bring in to fatten, it is costing them money.

Stuart Roberts: The farmer I spoke to this morning is extremely efficient. He is one of AHDB's monitor farms. He is doing not everything he could but he would be up there in the top 25%. He is losing £70 on every animal that leaves his farm.

Chris Mallon: The interesting thing is that some of the cattle that a year ago we would have been getting a premium on, such as Aberdeen Angus et cetera, have seen massive falls in their value coming right the way through. They have been losing a considerable amount. Without a change, it will not be some of our inefficient farmers who will leave because they may be able to take on a part-time job, but we will lose some of the best farmers we have because they are looking at the costs, realising they cannot do it and having to make a business decision on what they do. Where will they get the investment in the future? They are looking towards their bank manager and thinking, "Should I be doing something different? Should I change my life?"



It would be a shame. We have the ability to produce grass and the ability to produce excellent animals. If we put that together, we can produce a very high-quality product, but that depends on somebody being willing to spend their life, out in the rain or the good weather, doing that. That is incredibly important. I just worry that we could lose that generation. Once you have not farmed, you are not going to want to go back to it.

- Q55 **Chair:** The suckler cow beef is particularly high quality because of the breeding. There are landscapes that very often need cattle and not just sheep. All these things are linked. Hopefully we can look at some of this when we look at new payments, but you cannot subsidise an industry to the extent that you keep farmers farming just by public subsidy and public support. It has to be done through a price structure as well.

Chris Mallon: There has to be a price structure, but we need to recognise the quality as well. Sometimes, within our pricing structure, we are not recognising eating quality coming through. That is the idea we should be recognising. We should be thinking about the cattle coming from there, what they are creating and the quality of that product. They should be getting a bonus for creating an environment as well.

Nick Allen: I agree, but, at the end of the day, the consumer has to be able and prepared to pay for it.

- Q56 **Chair:** The consumer is being taken on a road for many other products; are we taking them on a road enough for this product? Stuart, you are bursting to come back in.

Stuart Roberts: I am, Mr Chairman. Apologies, I could not resist it off the back of what Chris just said. We currently have a pricing mechanism in this country that is incentivising farmers to produce the perfect carcass for an intervention store. It is an absolute disgrace that we have not moved on when we see what other people have done in other parts of the world. We have not moved on in terms of grading and getting to a point where we are rewarding farmers for what today's consumer wants, not what a beef cold store wanted 30 years ago. That is something that we have to start to address going forward.

We have the Europe grid at the moment and we are where we are, but when we have ownership of it, we have to get to a point where we are rewarding us to produce the carcass today's consumer wants. If we can do that, farmers are very willing. They are pretty good at following market signals.

- Q57 **Chair:** Then you would have the breeding, the size of animal and all those things to fit the quality you want. At the moment, you have the Aberdeen Angus schemes, the Hereford schemes and so forth out there, but they are not getting the premiums any more, are they?

Chris Mallon: We need a price that we can do it at. We have the genetics. We can choose the genetics. We have farmers who are willing to do it and willing to put their investment and their lives into it. At the



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end of the day, we need a price that works for us. If we look to a future with contracts, it cannot be a contract that keeps us in feudal poverty. It has to be a contract that allows us to make a profit.

Q58 Chair: You do not want the processors to be the feudal overlords either, do you? I would not tease you on that one, Tom, would I?

Tom Kirwan: When you asked me to come to this Committee, I reflected on my notes from the last time. When I was here in 2016, the average price we were paying for cattle was £1,136. The average price I paid last week was £1,186. I get the point that it is different from last year but we are paying more than we were in 2016. They are the facts of it.

Q59 Chair: The costs have gone up as well.

Tom Kirwan: Absolutely, and our costs have gone up. In the industry, I have to highlight that it is not all doom and gloom. There are fantastic opportunities. We got involved in a genetics programme in Aberdeen Angus, which was mentioned by Chris. The average age of the Aberdeen Angus that we buy from most of our farmers is somewhere around 24 or 25 months. The first crop of our genetics—this is on a mainly forage-based diet—we are getting through the system at 16 months of age. That is a phenomenal change. You are welcome to come and see them, Chairman and anyone on the Committee.

Q60 Chair: Where is that happening?

Tom Kirwan: It is happening in our farm in Staffordshire, and we are working in collaboration with a genetics company. It is data-based. It is the use of data to drive this enhanced genetics. These are the things we should be discussing in here. We will never agree on price, Chairman—let us take that as a given—but these are the fantastic opportunities, potentially in a post-Brexit world, that we should be focusing on. We want our farmers to be efficient, vibrant and profitable, and these are the things we should collaborate and engage with one another on, to push this through the system. As I said, the use of data is critical as we move forward. We, as processors, are very much welcome to be part of that.

Chair: We are going to have a good discussion about prices at the start and then we can move on to positive things. You are not going to get away with it entirely.

Tom Kirwan: No, but I would reflect the 2016 price.

Julian Sturdy: Before we move on to the next area, regulating fairness in the supply chain, what I have taken most from the recent discussion is the international market and the fact that we are not pulling our weight in that. We are being beaten hands down by New Zealand and, from what I have just heard, by Ireland. To hear that we did not have any representatives at the latest trade show, which I was not aware of, is absolutely disgraceful. In the past, we have had the Trade Ministers in front of us as a Select Committee discussing this issue. We have had



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promises and assurances that they are upping their game. We need to make sure we get the trade Ministers in front of us again, because the evidence we have just heard means that they are not upping their game.

This is vital in the new world that we are going into, not just for the beef industry but for agriculture as a whole. We have to be upping our game. We have some of the best beef in the world and, if we are not out there selling it and opening up the new markets, what we are talking about around pricing becomes irrelevant. I would just make that clear. We have to do that.

Chair: The AHDB money has to be used in a much more effective way. That will get Stuart going again.

Julian Sturdy: Yes, but we need that on record, Chair. We really need to get going on this.

Chair: I agree.

Q61 **Julian Sturdy:** The area I was tasked with asking on was regulating fairness in the supply chain. Should the voluntary processors code of practice for purchase of cattle be moved to a statutory footing? I say that because George Eustice, on 1 October, at a meeting said that he was minded to do that within the new powers that the Agriculture Bill will provide to Ministers and the Secretary of State, when it comes in.

Chris Mallon: A voluntary code is a voluntary code. What does that mean? It really means nothing. When we had the last beef crisis we came up with this idea of a voluntary code, but we are still sitting here. Tom is saying the same thing and I am still saying the same thing from my side, and we are batting away. I do not think a voluntary code works.

Q62 **Julian Sturdy:** You want it on a statutory footing.

Chris Mallon: Yes.

Nick Allen: We have a voluntary code. Most of the processors have signed it. In nearly three years in this post, no one has come to me and said that any of the processors that have signed it have broken it. There is one major player out there that has not signed it.

Chris Mallon: Within two weeks of it being signed, one of the largest processors had already broken it with a grid change.

Q63 **Julian Sturdy:** Sorry, how was that breached? Is it on the 12 weeks?

Chris Mallon: Yes.

Nick Allen: Since I have been in post, I have not had one. As far as I am concerned, if it is made statutory, it is a level playing field for everyone, so we have no great concerns about it being made mandatory.

Chris Mallon: It should be mandatory. Some way for a farmer to make a complaint while his anonymity is kept, so his business can continue to exist, would be a very useful thing.



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Julian Sturdy: It would be through the Groceries Code Adjudicator process.

Chris Mallon: That sort of model works. It is bizarre in this world that a large business can be protected from the retailers while the producer—the farmer, who is small—has no protection in reality against that market, unless he wishes to risk himself and make a complaint, which he will find very difficult. It is amazing that we would protect large businesses but not the small ones.

Stuart Roberts: It is a no-brainer that it needs to become mandatory. The fact that the second biggest processor in the country—not just a “significant player”—has not signed up to the voluntary code is not good enough. It needs to be mandatory. The Committee will know that we had some criticism of the Agriculture Bill, not least because it did not include a lot of agriculture.

Chair: That is why we have a lot of amendments.

Stuart Roberts: Indeed, and all of them are very welcome. This is the one bit that I did get quite excited about. It gives us an opportunity to make that code mandatory. We still see failures against the code. We had one 10 days ago, but we brought it to the attention of the processor and the processor corrected what it had done. We were very happy with that.

Julian Sturdy: You are saying that the processors are generally operating within the code.

Stuart Roberts: The only experience I have had recently is that, in the last three weeks, a processor—I am not going to go into names—made a change with no notice. We brought to their attention the fact that they were signatories to the code and this was not entirely in the wording of the code, and they changed it immediately. I was very happy with it but we need to make it mandatory.

Equally, Chris is absolutely right. We have to get to a point where the Groceries Code Adjudicator is moved both vertically down the supply chain, because very few farmers in this sector supply retailers, and horizontally. As a farmer representative, one of the easiest things for me to do is to throw rocks at retailers. It keeps us all happy and makes us feel good, but we have to think more horizontally. What about the food service sector? That is critical in this area. We have to make it mandatory. Where we have teeth, in terms of the Groceries Code Adjudicator, we should bring it down the supply chain so it can interact in the processor-farmer relationship, while also looking across the piece, not just at retail.

Q64 **Chair:** This is something that we wanted in the Agriculture Bill. I have said this before: I am not entirely sure that sending the Rural Payments Agency into Tesco is going to fill them full of horror, whereas the Groceries Code Adjudicator might and does, in fairness. When we have her before us—you have probably had the same conversation—she never



quite wants to broaden it as much as we would like, but we must in the future. You were talking about a mandatory code but then extending the powers of the Groceries Code Adjudicator.

Tom Kirwan: We were one of the early adopters of the voluntary code and we work to and adhere to that code. If it is mandatory or voluntary, we will adhere to the code.

Q65 **Julian Sturdy:** Why has the second biggest processor not signed up?

Tom Kirwan: I do not know.

Julian Sturdy: There is no reason.

Nick Allen: I am not here to speak for them, but, from the conversation I have had with them, they only had one issue with it, which is the 12 weeks.

Q66 **Julian Sturdy:** That is quite an important part of the voluntary code.

Nick Allen: It is, and they wanted it shorter. This is a conversation that I inherited so I have not had this conversation. Stuart was probably closer to it than I was because he was in that particular role at the time. My understanding is that they had an issue with the 12 weeks and they would have preferred it to be six weeks, because they said that that is what some of their suppliers do to them. That was my understanding at the time. My understanding is that they operate to the other bits of it and, if a farmer goes to that processor and asks for terms and conditions, most of them comply with the regulations anyway. I do not think anyone has asked them lately whether they would sign it, to be honest.

Chris Mallon: We need something to rebuild trust and to make the producer feel that he has an ability to discuss the problems he is facing with someone who will listen to him. He does not feel at the moment that there is anyone protecting him from it. In terms of the 12 weeks, we are talking about an animal nine months before it is born and 20 or 25 months before it is on the plate. Farmers are working on timescales of 13 months or more, so 12 weeks is not a big ask.

Julian Sturdy: I would personally agree with that.

Q67 **Angela Smith:** Stuart brought up the Groceries Council Adjudicator and the idea of proposing fair dealing obligations on first purchasers. You were saying, Stuart, that that is what you want to see happen. The Committee wanted to see that happen too, as Neil pointed out. I just want to know the views of the rest of the panel on that. It is a very straightforward question.

Tom Kirwan: We interact with the Groceries Code Adjudicator when we sell and interact with our retail customers. We interact with our farmer suppliers similarly. If we agree a deal with any of our farmer suppliers, the one thing that would certainly get me in trouble with my organisation is if we broke our word. We just do not do that.



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Q68 **Angela Smith:** Yes, but the question is this: do you think the fair dealing obligations, which we already have in place through the groceries supply code of practice and which are enforced by the Groceries Code Adjudicator, ought to be extended? That is my point.

Tom Kirwan: The fact that we are part of the voluntary code would show that we are not afraid of interacting and having a set of standards set out to us if it ensures fairness. We want to be fair to our farmer suppliers. We do not set out to be unfair to our farmer suppliers.

Angela Smith: No, I am sure you do not.

Tom Kirwan: The relationship between us is symbiotic.

Q69 **Angela Smith:** Do you think the powers of the adjudicator ought to be extended?

Chair: You have nothing to worry about.

Tom Kirwan: I would not want everyone to think that this is a magic wand that will fix everything. As a processor, we deal with the same principles that are set out by the Groceries Code Adjudicator and that is how we would interact with our farmer suppliers.

Q70 **Angela Smith:** As Neil just said, you have nothing to worry about.

Nick Allen: Industries get more consolidated and they are going to have to get more consolidated. The reality is that that is going to happen and you probably need someone who can have oversight of these things.

Chris Mallon: I find it interesting to think about how many times the meat processors have complained to the Groceries Code Adjudicator about how they are being treated by a retailer. We have had these committee sessions with farmers who are complaining about how they are being treated and I would just like to know how often that comes up, how many times it has happened and when it has happened.

Q71 **Angela Smith:** So you are in favour of it.

Chair: You want the transparency.

Chris Mallon: I would like the transparency of that because, if they have not complained, that means they are happy with the price they are getting, they are happy about how they have been dealt with by the retailer, and we are the ones who are unhappy in that chain.

Nick Allen: With respect, that is a question you have to ask the Groceries Code Adjudicator because it is all treated confidentially. The industry cannot answer that. The Groceries Code Adjudicator has to answer that.

Q72 **Chair:** The point is that if the Groceries Code Adjudicator can look into it, she sends the right message across. It does not always have to be public, you see; it is the fact that she has done it.



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Stuart Roberts: For me, it is a simple example of equity. The processing businesses have a degree of protection against unfair practices from their customers. Whether they use it is entirely up to them, and there may be no need to. All we are asking for is exactly the same.

Q73 **Angela Smith:** Do you believe that the adjudicator is the right body to enforce? If, for instance, fair purchase obligations were put in place by the Government, do you think the adjudicator is the right body to enforce those obligations?

Stuart Roberts: It probably is. We could all design something better, I am sure, but let us work with what we have. It would certainly need more resource; that would be very clear. Let us just wrap up the voluntary code into a mandatory code, throw that into the mix, tweak it and make sure it is resourced properly, which is really important in this area, and then it would do the job. We are not asking for anything more in relation to our customers than the processors have at the moment in terms of their customers.

Q74 **Alan Brown:** Let us look at the possible no-deal Brexit scenario, which still could happen in theory at the end of the month going by what the Government have said previously. Tariff schedules have been published. For clarification before I ask the main question, I was looking at the list of tariffs earlier on, and it looked to me, as a rule of thumb or a very rough measure, that the UK tariffs on imports are roughly half what the EU tariffs are. Would that be a fair marker for how it is going to be applied?

Stuart Roberts: More or less, yes. Let us be very clear: no deal is catastrophic for agriculture in general and for this sector as well. I have certainly heard some figures of what the consequences would be of no deal, and we are very clear on this: where there is a tariff wall, there need to be reciprocal tariffs, full stop. It is fairly straightforward stuff.

Nick Allen: We have looked at it and the proposed tariffs under no-deal Brexit are a total disaster for the beef industry. We will not be back here in four years discussing this; we will back here in about four months, because the potential impact on this industry is more than what we have seen and the crisis we are discussing today.

Chris Mallon: Our export potential will be wiped. Therefore, we are sitting in a position where products can come in and compete with us. It is not just with our Irish friends but from across the world, where they are burning down a rainforest to produce some beef while we plant one tree. That will be sent in to us and it will just wipe us out. That will be it and we will no longer be able to compete at all. We are under environmental standards and we have different costs of production. We do not have virgin land that we can just get, and they are doing that. If we are left to deal with that, I would agree with Nick that there is no point, because in four months' time you will see drastic things. It would be horrific for us.



Tom Kirwan: On the question of no-deal Brexit, the concern is the immediate impact of steak meat coming in from South America. We have already discussed that this morning. There could be a differential of £6 per kilo on steak meat. We are talking about having a destruction of value of maybe £100 to £120 a head if there is 100% substitution. That is the scale of the challenge that meat coming tariff-free into the UK would have on domestic production. That is something that we as processors cannot mitigate.

Secondly, the business I look after is the UK business. We have a lamb business and some of the biggest exports we have are to businesses in northern Europe, where it is retail packed. It enhances the value. The destruction of value that the tariffs going into Europe could have on that is enormous. These are things that, in short order, would have what I would describe as a tsunami effect on our business. It is very serious.

Q75 **Alan Brown:** Stuart, you said that there need to be reciprocal tariffs, but in actual fact, even with reciprocal tariffs, that massive increase in tariffs in the lamb export still destroys your market. Is that right?

Stuart Roberts: Yes, you are absolutely right. We all talked earlier very enthusiastically about future opportunities, and there are some future opportunities in this sector. We have the best beef in the world, et cetera. I will not do the salesman pitch again, but we have some great opportunities. They get destroyed overnight if we crash out and are hit with the tariff regime that is being proposed.

Q76 **Alan Brown:** Can I ask about a nuance to this? In one of our last Committee sessions, we had the new Environment Secretary in front of us, and she argued the headline that we cannot prevent hormone-injected beef from coming if we are trading under WTO most favoured nation. There is an argument that existing laws in the UK would protect the UK market if there is a no-deal crash-out.

Chris Mallon: I understood from George Eustice that that was the case: because we had adopted that law, that would be the case. Therefore, I presume, from what I have been told, that there would have to be a change in our UK law. It is a non-tariff barrier, and I have not seen any discussion about removing that. I would be very upset, as would be most farmers and processors working here.

Q77 **Alan Brown:** The UK would then be an independent trading nation rather than under the umbrella of the EU, which has managed to manipulate the non-tariff barrier. Could the UK still do that?

Stuart Roberts: You have hit on a really important dilemma here because we are getting constant reassurance from Ministers in pretty much every Department of Government that we will not sacrifice our standards. There are growth hormones. I was in the States three weeks ago and I have to say that the antibiotic use is the one that really worries me. We have seen a 40% reduction here and I certainly saw antibiotics being used in a way that I have not seen for some time.



You then come up against the most favoured nation status and the WTO rules. You can put something in place—I can never remember the exact phrase—to stop trade because of standards. I think it is called “moral issues”. It has only ever been used on one thing in history, and that was the stopping of import of clubbed seals, effectively. We have to get to this point where Ministers explain to us how they will live up to the commitments they have made, time and again, to not sacrifice our standards—standards that, as a civilised, modern society, we have on animal welfare, on medicines use, on environmental management and on people ethics at times. This has to be the big issue. It is not just about tariffs; it is about how we protect those standards, particularly when it comes to elements of the supply chain that are less visible and have less integrity.

The retailers may well be the ones who protect us from chlorinated chicken because they do not want to be on the front page of the *Daily Mail*. When it comes to the food service sector and the wholesale market, where product becomes slightly less visible, that is where we have to make sure we have proper controls put in place by our Government to stop bringing into this country something that would be illegal to produce here.

Nick Allen: We are possibly looking at the wrong America; it is the southern part of America that I am worried about. At the moment, they are half our price. They are already putting it into Europe and taking the tariff hit, and it is still coming in.

Chair: They are driving the cattle towards the rainforest in Brazil and they are ploughing up the savannah. All these things are happening.

Nick Allen: We all get hooked up and excited about the hormone beef and chlorinated chicken, but we should look south. That is where the real threat is.

Tom Kirwan: That is in three weeks’ time. Some of this will land in the UK. It is a problem.

Chair: Let us hope we get the deal.

Q78

David Simpson: It is clear that no one wants to go out without a deal. We know the travesty it will cause within the agri-food business. One of the issues we have in Northern Ireland, as you will be familiar with, Tom—we have good neighbours in the Republic of Ireland; the press sometimes does not portray us as good neighbours, but we are in reality, especially when it comes to agri-food—is that the Government would impose tariffs on product coming from Northern Ireland into the Republic of Ireland, but product coming from the Republic of Ireland to Northern Ireland would be tariff-free. If we have milk being produced in Northern Ireland by the dairy sector, sent to the Republic of Ireland to be processed into cheese and then sent back up, there would be no tariffs. Every week, 10,000 pigs come up to the Cookstown factory from the



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south, with about 5,000 to 7,000 lambs going south. It would just be a travesty. We have farms on the border that are half in the Republic and half in Northern Ireland.

How do we work all of that with a tariff? We are told by the Government—the Secretary of State was with us on Thursday in Northern Ireland—that this is temporary. They are calling 12 months “temporary”. The lamb and pig industries will be finished within eight weeks, so 12 months is a disaster. The tariff issue needs to be addressed. It needs to be reciprocal, but we have to get that addressed. Our industry will not survive, so we have to get that resolved.

Chris Mallon: It will be devastating for Northern Ireland. It will wipe out family farming and you can just see it. I spoke to a farmer from Northern Ireland and one of his concerns is exactly what you have said. He does not see how he is going to get his product away. He cannot compete with everything that is coming in. His product just cannot compete with it. That is a very ill-thought through plan.

Q79 David Simpson: To finish, this has been mooted over the past five, six or seven months, where there is a possibility that a free-for-all would be allowed. That would be a disaster within the beef sector and lamb industry as well. It would be a disaster if that happened. We have to have control and farm meat, lamb or whatever, needs to be protected in some shape or form.

Nick Allen: We would not disagree. You are the politicians who have to make the decisions.

Chair: One thing I will promise you is that it will not take many months or many days if there is a no-deal Brexit. You will be back in here; have no fear of that. We do not want to be going there. Reciprocal tariffs are not brilliant but at least they are reciprocal. If you did not have them, the situation would be dire in the whole of the UK but particularly catastrophic in Northern Ireland. Family farms will be put out of business. We have to go into this with our eyes open. We also have politics and we do not want to have a Brexit argument. I support the Prime Minister in having the freedom to do the deal but I just hope he does do the deal.

Q80 Angela Smith: Apparently Steve Barclay, Secretary of State, has told Hilary Benn’s Committee this morning that the Government will send the letter and that they will not stand in the way of the law. Fingers crossed that no deal will not happen at the end of October.

I was trying to find the briefing I got from Dairy UK on the impact on dairy products of a no-deal Brexit. They gave us some really good stats and I just could not find it. It would be really good if we could be furnished by the beef sector and the red meat sector with some material for the report, in terms of what the impact of a no-deal Brexit would be in relation to the temporary tariffs.



Nick Allen: I am happy to collate that. In fairness, our friends at AHDB have done a lot of that. As I say, I am happy to act as the co-ordinator for that.

Chair: A lot of work has been done on that.

Angela Smith: It has, yes. It would just be good to have that in a succinct and concise form for our report.

Nick Allen: I am happy to co-ordinate that.

Chris Mallon: There might be systems in place but are there people there to put those systems into operation, on the veterinary side, et cetera?

Angela Smith: That is a very good point.

Chris Mallon: We have the ability to export because of the tariff regime, but will it be operational? Would the processors have the facilities and have they been given the time to get that properly done?

Tom Kirwan: Mr Simpson was in our factory in Lurgan, and even the on-site vet came to see you and the Secretary of State. Last week, we would have issued two health certs that were needed for our trade there. In the event of when we go through to next month, it will be 45 on a Friday and between 85 and 95 during the week with zero additional resource. We would have to write in, two days in advance, to say, "I am going to wherever I am going with it." This is chilled meat. These are enormous asks of us, and it is an enormous barrier and interruption to the frictionless trade that we currently enjoy. These are the things, as Chris rightly says, that will cause havoc in the supply chain.

Chair: The point is well made.

Q81 **Alan Brown:** It is unanimous across the four of you that a no-deal crash-out on 31 October would be a disaster for the industry and almost impossible to recover from. On the flip-side, the Government say that they are working to get a deal. If an agreement is made that gets through Parliament, there will be a sigh of relief and everybody will say it is great that there is a deal. But is it not the case that it has taken three and a half years to get a so-called deal that will only carry us into a transition period to December 2020, and you have to agree a future trading agreement? How do you, as a sector, get what you require out of a future trade agreement when you have so many competing sectors that will be lobbying the UK Government? This all has to be done, as I say, next year and it takes three and a half years, potentially, just to get to status quo almost.

Stuart Roberts: We do not hear this enough and it is really good to hear it. This is not the end. Somebody said to me that this is the end of the preface that comes before chapter 1 of the real story. The reality is those long-term trade deals. For me, there are two or three bits. First, we have



to have free and frictionless trade between ourselves and the EU, whatever that future relationship looks like.

Secondly, I criticised earlier the resource that is put into trade deals. We all think about China and we all think about exciting countries. That same effort needs to be put in immediately after we get into transition in terms of our future trade deal with Europe, which will always, for the time being anyway and for the very near future, be our most important customer relationship. When it comes to trading, we can all talk about economies and we can all talk about populations, but geography is pretty important. Europe and the UK are not changing their geography.

Nick Allen: In the new world, assuming it happens, we need to learn from the other successful trading nations. If you talk to the New Zealanders and you notice how they operate, their civil servants work really closely with industry. That is a lesson that our civil servants need to learn. They cannot possibly know enough about the product, the supply chain and all the rest of it to make detailed technical decisions. They have to learn to work with industry. It is a new way of working and I do not really see the signs there that that lesson has been learnt yet.

Q82 **Chair:** When we were looking at the AHDB, we had representatives from New Zealand here and they were saying precisely that. Across Government and across everything we are doing, it has to be much more trade-orientated. The trouble is that we are not used to it. We have not been doing it for years. We have farmed that out to the EU. I think we can do it and we can do it very well, but we have to do it and we have not been doing it. That is the problem.

Angela Smith: The Germans carried on.

Chair: As did the Dutch, the Danes and others.

Angela Smith: There is nothing about EU membership that stops that.

Chair: No, I accept that.

Stuart Roberts: We have to see the response to the AHDB review setting out very clearly what we asked for, which was two parts of that organisation, half of that organisation with a very clear mandate to drive consumption at home and abroad, which is exactly where others are in other parts of the world.

Chair: We will endeavour to help you in your endeavours. What is coming might be quite useful as far as AHDB, but we had better wait for the Government to publish it before I say more.

Q83 **Mrs Murray:** I know we have covered a lot of this, but how would beef farmers in the UK be affected by no-deal tariffs and by the Government's proposal to create an all-Ireland regulatory regime on the island of Ireland? If the regulations on the island of Ireland were the same, how would it affect the rest of the UK industry?



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Tom Kirwan: There is lots of to-ing and fro-ing in terms of trade negotiations at the moment. As we have said, continuing and ongoing frictionless trade to protect businesses that have developed over many decades is critical to people on all sides of the border, and we wait to see the details that are going through negotiations at the moment. These are critical times. The preservation of our farmer suppliers, the preservation of our standards and the preservation of the trade that has built over many years is critical to us all.

Q84 **Mrs Murray:** As is being able to cross the border for various parts of the processing.

Tom Kirwan: Absolutely.

Chris Mallon: As is ensuring that you do not create problems for Northern Ireland trade into GB.

Mrs Murray: Exactly, and that is what I was trying to get at.

Chris Mallon: It is a very important trading partner for Northern Ireland and a lot of the produce will end up here. I would be very cautious about anything that will create a barrier to that trade because that will have a very adverse effect on a Northern Irish farmer, producer and processor.

Q85 **Chair:** But also to the Republic of Ireland, and this is sometimes forgotten in the whole thing. It is in our mutual interest to get sorted.

Chris Mallon: We need to have a solution that works for that.

Mrs Murray: It could have a greater detrimental effect on the Republic of Ireland than the UK, could it not?

Q86 **Chair:** Tom, I do not know if you know the answer to this but the food industry, farming and processing, both to the Republic of Ireland and to Northern Ireland, must be a bigger percentage than it would be for the rest of the United Kingdom. I imagine it is probably double.

Tom Kirwan: I cannot give you the figures but it is very substantial. I cannot say it is double.

Q87 **Chair:** I have been to Northern Ireland many times and, quite rightly over the years, the food processing industry has come together. It is very difficult to say, "We will now separate it."

Tom Kirwan: Yes.

Chair: The challenge is for the whole of the United Kingdom but that is the challenge for the island of Ireland. Then you have the politics of it as well to add into it, just to make it even more interesting.

Chris Mallon: Even for the English beef market, for example, the ability to put beef into Ireland as an export market and for that to be processed is very important to us. The Irish market is one of our best and biggest markets. It is not like you can suddenly break this chain and it is all fine. You end up with casualties on both sides if you do not do that properly.



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We have built up this processing side together and it would be very difficult to pull that apart.

Q88 Chair: One of the slight elephants in the room that we have not talked about is that, as we do more trade deals across the world, we have to make sure we get TB under control in this country. I do not want to be too controversial this morning but I do not know, Stuart, whether you would like to comment on that.

Stuart Roberts: I have to say that it is not what I was expecting this morning, Mr Chairman, but I would like to comment. The Committee will be well aware of the Downs report, which was published last Friday. They may not be aware, actually, because it seems to have got a lot less coverage than some less significant reports. It is an independent peer reviewed report that has shown in the first two cull areas that we are seeing reductions of TB in cattle of 66% and 37% when at best, at the start, we were told by our critics that we would be seeing reductions of 16%.

It is critical that we keep up with the comprehensive strategy that the Government have in place and we do not see that changed. It is a great example of industry and Government working together to get on top of a horrendous disease that is affecting people up and down the country. I was delighted to see that Downs report. I hope at some stage maybe the Committee can have more time to discuss it and its importance because it probably is the most important report we have seen here. It is just a shame that it had an embargo of 10 o'clock in the morning so it got little coverage and was buried some way down on various media outlets. It did not perhaps get the hearing that it should have.

You are right. We talk about our high standards. We talk about that being important going forward. We need to mean that. We need to be real about that. People will use our TB status to knock us, to criticise us, to undermine us. Therefore, it is vital that we get on top of that disease, from a trade point of view, as well as an animal health and animal welfare point of view for both cattle and for badgers.

Q89 Chair: We talked about the store cattle trade and the way the beef industry works. You have to remember that, if you are restricted by TB, you cannot move your cattle until they are finished. Very often, you cannot sell calves. Sometimes it means those calves are being destroyed. There is an animal welfare issue, and there is the humanity as far as the farmer is concerned, involved in all this. Sometimes, in the arguments for and against badger culling, this is largely forgotten.

Stuart Roberts: There is also the humaneness and welfare of an iconic wildlife species. A diseased badger is not a nice thing to see. It is a major welfare problem and, therefore, it is about just remembering that in the context of this. This is not just about getting rid of the disease in cattle.

Chair: Yes, that is true.



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Q90 **Mrs Murray:** As a very quick supplementary, the Republic of Ireland has had a regime in place for a considerable time now and it has been very successful. Could you see there being any problems, once we become an independent nation, if we do not match those standards?

Stuart Roberts: I touched on it slightly there. It potentially does. We are making really good progress. In the high-risk area, we are making phenomenal progress in those two areas in Gloucestershire and Somerset and it is vital that we continue to do that. A lot has been made recently of Ireland moving to vaccination. That is because they have been culling since 2007. As we move through the eradication programme, we will bring different tools in at different phases. For now, it is critical that the Government stick with the comprehensive strategy and the tools that we have available, because it could haunt us down the track, as you rightly say.

Q91 **Chair:** Once you have a healthy badger population, you can then vaccinate. You cannot vaccinate a population that is infected with bovine TB.

Stuart Roberts: Correct.

Q92 **David Simpson:** We have talked about TB and eradicating all of that, but one issue that has been raised with me over the past number of months—in fact, I received phone calls this week—is the mental health of the farming community. It was raised at the meeting on Thursday as well, Tom. It is horrendous, even with farms that are run efficiently. Farmers and their families do not know where to turn at the minute because there is no certainty. I know the dairy sector does not get a lot of sympathy from the beef sector at times, but it is especially horrendous in that industry.

Tom, you said that, if we do not have a vibrant farming community, you guys do not have the business. If they are not earning a living, and they get up every morning knowing they are losing money from one day to the next, mentally, it has an impact. We have seen people unfortunately taking their own lives and attempting to take their own lives, and it is a very bad way to leave a farm and a family. We have to keep the mental health and welfare at the forefront.

Tom Kirwan: Absolutely.

Stuart Roberts: This is one of the biggest issues we all face. We hosted a meeting six weeks ago now bringing all the charities together. There are lots of people doing lots of good work here. In general, the industry is made up of lots of people, some of whom are like me. We are butch, macho blokes. We do not have anxiety; we do not have worries; we do not have concerns; we do not have fears. Yes, we do.

Neil will have heard me speak on two or three occasions in the past. There are two topics that I talk about at the end of every single meeting I do, and I am glad you have given me the opportunity to end this one on



this tone. One is our physical health and safety, and we need to stop killing each other. The other is that we have to start to look after each other. What do I love about farming? It is not that we are the foundations of the biggest part of the economy or the biggest manufacturing sector; it is because we are a rural community, and communities look after each other. Tom and I meet occasionally and we always shake hands. Every time we shake hands, we get a bit firmer to prove who is more macho. We always ask, "How are you?" and the answer is always, "I'm great," or, "I'm okay," because we forget that there is a question mark at the end of "How are you?" We all have to get better at that, and that will come into very sharp focus as we start to see big change.

Whatever happens over the next few weeks, this industry will see change. I get really frustrated with people who paint this image of New Zealand. New Zealand went through all this change and it is now a phenomenal industry. It is very efficient. We will conveniently forget what they have done to soil and water, but it is phenomenally efficient. We will forget the social infrastructure damage, the personal damage, the suicides that happened during that period. We as an industry have to get way better. I think we are. We are starting to talk about it. Farmers are talking about mental health. Five years ago, I would not be the vice-president of the NFU if I was talking about mental health. Today, I talk about it as much as anything else.

Tom Kirwan: I will segue into something slightly different, if I may. We have spoken about a lot of uncertainty that our farmer suppliers will face over the next few months, and that we will all face, as we exit the EU. We have spent the last two years formulating a document that we have worked very hard on and taken a lot of counsel on from farmers and economists. We want to ensure, as we go forward post-Brexit, that we preserve and enhance the rural community.

The document is now complete and, Chairman, I would like at some stage to get an opportunity to put it before you, because we have had this extraordinary event in 2019 on cattle pricing. There are some insurance policies within the document we prepared that would help our farmer suppliers through difficult periods like this. It provides some comfort for farmers in the event. It is a document that we would like to put before you and your Committee members, not now, but at some stage.

Q93 **Chair:** If we can only get Brexit done, get a deal and get on with the rest of life, not only can we get on with the rest of life as far as education, health, police and all these things are concerned, but we can also develop our new agriculture policy. It is about how we link the environment to food production and farming. My record is the same and I will keep playing it, like many do in this place, but it is absolutely certain that, in order to develop this great countryside and great food, it all has to be there. We have the Environment Bill coming through. I shall hopefully speak tomorrow and I will mention the fact that it needs to link into the



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Agriculture Bill and the Fisheries Bill. All these things need to be linked.

Can I thank you, gentlemen? We have had a good debate this morning. We started off having a fairly frank exchange of views on prices, which was expected. We still need to keep the pressure on to get that price up. There are some figures, Tom, that we are expecting from you on the costs of slaughter and the percentage taken out. There have been some good ideas put here: the AHDB promoting beef more; getting the market moving; and getting these trade deals in the future. All of that is very positive but do not forget I spent 20-odd years farming and still farm. Receiving that letter from the bank manager asking, "What are you going to do about your overdraft?" when there is absolutely nothing you can do about it is hugely depressing. I can understand the situation.

We will get this right if we can. I can assure you that, as a Committee, if we are still here and whatever is happening, we will make sure that you will have an opportunity to come and put your case.

Tom Kirwan: I just want to confirm I have agreed I will provide the information on retail price matching and the decline in cattle price. That is what we will give to you.

Chair: If the Committee will agree, we will put a statement together after this meeting that we can publish so it will be more or less an open letter. It will not be a full report, but it just helps because we all need to work together now to deliver something better.

I appreciate your time and you answering all the questions. We have covered a lot of ground this morning. Thank you very much.