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FROM THE PRESIDENT

25th March 2015

Red Tractor Assurance,
Rural Innovation Centre,
Stoneleigh Park,
Kenilworth,
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Dear David

CONSULTATION: RED TRACTOR LIFETIME ASSURANCE FOR BEEF

Thank you for the opportunity to comment on the above. The Ulster Farmers' Union (UFU) is the largest farming organisation in Northern Ireland representing over 11,500 farming families. The UFU also currently sits on the Board of the Northern Ireland Beef and Lamb Farm Quality Assurance Scheme as well as the Red Tractor Ownership Body.

The UFU wishes to make the following comments in response to the Red Tractor Consultation on Delivery of Lifetime Assurance for beef:

The Ulster Farmers' Union recognises the importance of the Red Tractor Assurance Schemes which operate within the UK. These cover a wider number of commodities and add a considerable amount of value to our products by allowing farmers to demonstrate to consumers that it is worth purchasing a world leading product which is fully traceable, healthy and produced on farms with high production standards for animal welfare, efficiency and taking care of the environment.

That being said, the membership of the Ulster Farmers' Union is deeply disappointed with the approach taken by Red Tractor to launch this consultation on the delivery of lifetime assurance prior to any industry consultation on whether it is actually required. There is a distinct lack of evidence provided in the consultation which demonstrates that there is demand for lifetime assurance from either retailer or consumer and crucially Red Tractor has failed to provide any convincing analysis on how the proposed changes can prove to be of any benefit to farmers or indeed improve the marketing capabilities of the entire red meat sector. Further to this we would have concerns about whether lifetime assurance is even deliverable for the UK beef industry.

It is for these reasons that we do not feel that the consultation has been presented in an acceptable manner and that we must declare our opposition to lifetime assurance scheme for beef. Rather than answer the questions which have been posed in the consultation we will instead make a number of observations:

RTA's Reasons for Change

The reasons for change outlined in the consultation are highly debatable and as we have already noted lack any substance without supporting evidence. RTA has outlined that consumers already believe that Red Tractor beef is lifetime assured and that *'Red Tractor integrity could be significantly damaged as we can only be certain that the last 90 days of the animal's life were spent on farms which have demonstrated good standards of welfare.'* This is a quite appalling statement for Red Tractor to make in a public consultation and our membership has highlighted their concern that comments like this from RTA and some of those in the letter published by the RTA Chief Executive are doing more damage than good by undermining the valued work of those farmers already participating in the Red Tractor Assurance scheme or those of equivalence.

Food safety and animal welfare are both crucial elements of assurance schemes. Since the dioxin incident in 2008, Northern Ireland has taken proactive steps to ensure that animal feed for our industry is produced to a very high standard by adopting the Food Fortress Scheme for animal feed manufacturers and merchants. The Food Fortress scheme has been adopted by the Farm Quality Assurance Scheme (FQAS) and is based on an industry lead initiative which goes over and above the UFAS requirements. This involves a more strategic and risk based approach for sampling animal feeds and is designed to safeguard the animal feed supply chain for all farmers in Northern Ireland, including those that are non-assured. You will I'm sure also be aware that all farmers, whether they are assured or not must comply with European Food and Feed Law's which are assessed regularly by the Department of Agriculture and Rural Development (DARD).

The welfare of animals on Northern Ireland is of paramount importance and is taken very seriously within the existing FQAS Standards. Statistics available from DARD demonstrate that farmers in Northern Ireland have an excellent record in delivering high standards of animal welfare. Those that are found to be in breach of animal welfare standards by a Court of Law are immediately suspended from FQAS for a period of 3 years. This information is received and verified immediately by DARD. Similar to the EU Food and Feed Law's, all farms in Northern Ireland must comply with EU and UK legislation both as a minimum legal requirement and also to ensure compliance with the rules associated with the Common Agriculture Policy. Breaches of compliance are punished very heavily by the European Cross Compliance penalty matrix and are another very effective tool in maintaining high standards for welfare, with regular statutory checks being conducted by DARD on farms, at marts and in abattoirs. With 99.2% of the total number of cattle slaughtered in Northern Ireland being assured for a minimum of 90 days and the welfare of the remaining non-assured cattle being monitored by the Competent Authorities, it is clear that Northern Ireland is well placed to deliver the high standards of welfare that consumers demand as well as minimise the risks to the food chain.

With such stringent mechanisms in place already it is difficult to see how the self-declaration process for lifetime assurance which has been proposed will improve the beef assurance schemes. Some might argue that by adopting a lifetime assurance scheme based on self declarations is very much a light touch and the UFU would be concerned that if scrutinised, could present a greater risk of damaging the integrity of the assurance schemes we currently participate in. In this sense we believe, Red Tractor needs to place a greater focus on understanding what farmers are already achieving through quality assurance and making sure that this is properly communicated with retailers and consumers.

RTA also refers in the consultation to the fact that pigs and poultry are already delivering lifetime assurance. It is wrong that this comparison has been drawn with beef as these commodities are produced in a completely different production system and the life cycle of pigs or poultry is significantly less than a beef animal. Unlike the intensive sector which operates in a more vertically integrated system, there is a greater variety of production models in the beef industry largely due to a range of farm sizes, land types, climates and the number of options livestock farmers have for marketing their stock. While it is possible to deliver lifetime assurance on some of these farms, it would be misguided to think that this could be delivered across the entire beef industry without acknowledging that there are major challenges in doing so.

Finally it is important to note that the implementation of lifetime assurance will add cost to an industry which is already operating on very tight margins. In 2014 output reduced from the beef industry in Northern Ireland by 15% to £376m. If lifetime assurance was introduced, the additional inspections are going to cost the industry in excess of £100 on each occasion. With 11,600 herds currently assured, there are a further 10,000 herds which are not and thus if these non-assured farms were forced to adopt lifetime assurance it is likely to cost the industry at least an additional £1m every 18 months than is currently the case. It would be our concern that this additional cost will likely impact on small farmers most, who more often than not will be selling store cattle through livestock markets. This would be an unwelcome additional cost especially in light of the unknown impact CAP Reform will have on Northern Ireland over the next 7 years as well as recognised volatility which has emerged in recent years for both inputs and agricultural commodities. Given that Red Tractor has not provided any further evidence to demonstrate that lifetime assurance will provide greater returns from the market, this further highlights our concern about the impact of a lifetime assurance scheme.

Risks Associated with Change

- ***The potential that there is insufficient lifetime assured stock to satisfy market demand for RTA beef.***

If lifetime assurance was implemented tomorrow in Northern Ireland, 52% of prime cattle, 98% of cows and 94% of mature bulls would meet the required criteria. However, it is highly unlikely that major customers of Red Tractor (or equivalent) assured beef would seek a situation to develop where there would be an insufficient supply of beef to meet demand. There may also be a concern that if this scenario did arise, this could lead to a greater influx of imported beef to fill the shortfall. This would obviously severely undermine the goals that RTA

has set. Further to this, we believe it is worth noting that through our discussions with the processor members of the FQAS Board (many of whom operate plants across the British Isles) that they have reported no demand for the delivery of lifetime assurance at this time from retailers or food service customers.

- ***Negative internal industry debate about the value of farm assurance.***

Unfortunately there has already been a considerable level of negative internal industry debate about the value of farm assurance. Regrettably this is because of the way in which RTA has introduced this consultation on delivery of lifetime assurance instead of whether it is actually necessary. Currently FQAS has in the region of 11,600 members and this has strengthened considerably in recent years with approximately 2,500 joining in the last 2 years. A major factor in this happening was because of the horsemeat scandal in 2013, such was the demand for farm assured products whenever this incident occurred. All the assurance bodies did an excellent job promoting the virtues of farm assured products to consumers at this time and this is something RTA seems to have forgotten. While producers remain extremely disappointed that a greater number of those responsible for the horsemeat scandal have not been dealt with appropriately, they are equally aggrieved that this entire scenario has intensified the audit process within the food supply chain. Our members do therefore question the rationale for RTA trying to impose a more bureaucratic and costly system on farmers in the aftermath of an event which farmers had nothing to do with.

If lifetime assurance were to be introduced at this time it could do either one of two things; drive up the cost of assurance schemes; or lead to farmers further questioning the virtues of participating in an assurance scheme which wants to increase the burden on farmers. As a consequence of this action it is quite possible that more small herds in NI would exit assurance schemes and instead sell all their store and finished cattle in the live market. With market conditions in ROI continuing to improve globally, it is possible that these non-assured cattle could end up travelling to ROI for slaughter which would present a greater challenge for FQAS processors to meet their customer demands, never mind the impact this would have on the local economy.

- ***Negative consumer media coverage from the revelation of the current limited definition of cattle assurance.***

The UFU does not believe there is a 'revelation' here as far as consumers or the media are concerned. Assurance schemes give consumers comfort that, during the finishing period in the run up to slaughter, standards of best practise on assured farms are being independently verified as being adhered to. Outside of this period there are the normal regulatory safeguards in place which are monitored by the Competent Authorities. Again we would highlight, how the industry responded during the horsemeat scandal as testament to the procedures that are already in place.

While we have already commented on RTA's proposals for self-declarations as a tool for delivering lifetime assurance, our members also believe this should be considered a risk, especially when compared against the systems already in place in Northern Ireland to monitor traceability. The Animal and Public Health Information System (APHIS) is a unique electronic database which provides information at the click of button on every bovine in Northern Ireland. From an assurance point of view, this provides definitive information on the 90 day residency period as the Farm Assured (FQ) status is carried live and updated daily on the APHIS database. It is this FQ indicator which is used as the determinant of assured status of each bovine animal if it travels from farm to farm, through a live market or direct to the slaughter.

This clearly gives NI the ability to calculate both farm quality assurance status and even lifetime assured status of a bovine animal at any time. While this is possible in NI, we do not believe that at this point in time Great Britain is able to deliver this level of accuracy and detail based on the fact that there is no comparable database. A move towards self-declarations would therefore mean little to the current assurance scheme in Northern Ireland and would only create a point of difference between GB and NI. From a brand integrity point of view, this difference would certainly be a concern if the proposed light touch cattle rearing scheme was introduced.

Conclusions

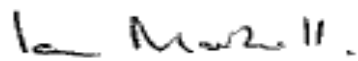
While the UFU will continue to engage with Red Tractor on issues relating to the operation of farm assurance schemes, we are concerned about the approach that has been taken with this consultation. It is not acceptable for RTA to proceed with a consultation on delivering lifetime assurance for beef without consulting on whether it is necessary, beneficial or deliverable. From this perspective, Red Tractor has certainly inflicted damage on its relationship with farmers.

That being said, farm assurance schemes are an invaluable tool which is of considerable importance if we want to market our food and demonstrate to consumers that the high standards we are achieving are worth paying for. Beef and sheep farmers in Northern Ireland will always endeavour to respond to the needs of the consumer as long as the necessity and rationale is clearly identified and a period of constructive consultation has been considered. In the case of lifetime assurance, we remain unconvinced that there is a clear demand from the market and the lack of evidence presented in the consultation only leads farmers to question who is driving this proposal. Even where there was a clear demand, there are major difficulties in adopting this radical change to the industry and again this has not been well thought out in the consultation.

Ultimately any change of this nature needs to demonstrate that it can add value to the scheme and that all those involved in the food supply chain can see benefit from it. At this stage we do not believe the RTA proposal will add value to RTA and is only likely to add further bureaucracy and cost to the industry at an uncertain time for farmers. It is for these reasons that the Ulster Farmers' Union does not wish to adopt any change to the current 90 day residency requirements and would instead argue that it would be in the best interests of Red Tractor to examine the high standards it has achieved to date and assess how this can be better communicated with our customers.

I trust that these comments will be taken into consideration and we look forward to hearing from you in due course.

Yours sincerely

A handwritten signature in black ink, appearing to read "Ian Marshall". The signature is written in a cursive style with a small flourish at the end.

Ian Marshall