

RURAL AFFAIRS AND ENVIRONMENT COMMITTEE

Wednesday 22 April 2009

Session 3

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RURAL AFFAIRS AND ENVIRONMENT COMMITTEE

11th Meeting 2009, Session 3

CONVENER

*Maureen Watt (North East Scotland) (SNP)

DEPUTY CONVENER

*John Scott (Ayr) (Con)

COMMITTEE MEMBERS

*Karen Gillon (Clydesdale) (Lab)

*Liam McArthur (Orkney) (LD)

*Alasdair Morgan (South of Scotland) (SNP)

*Elaine Murray (Dumfries) (Lab)

*Peter Peacock (Highlands and Islands) (Lab)

*Bill Wilson (West of Scotland) (SNP)

COMMITTEE SUBSTITUTES

Rhoda Grant (Highlands and Islands) (Lab)

Jamie Hepburn (Central Scotland) (SNP)

Jim Hume (South of Scotland) (LD)

Nanette Milne (North East Scotland) (Con)

*attended

THE FOLLOWING GAVE EVIDENCE:

Chris Brown (Asda)

Richard Lochhead (Cabinet Secretary for Rural Affairs and Environment)

CLERK TO THE COMMITTEE

Peter McGrath

SENIOR ASSISTANT CLERK

Roz Wheeler

LOCATION

Committee Room 1

Scottish Parliament

Rural Affairs and Environment Committee

Wednesday 22 April 2009

[THE CONVENER *opened the meeting at 10:00*]

Decision on Taking Business in Private

The Convener (Maureen Watt): Good morning. I welcome everybody to the committee's 11th meeting of the year and remind everybody to switch off their mobile phones and pagers, as they are likely to impact on the broadcasting system.

Although she has just gone out of the door, I welcome Karen Gillon back to the committee following her maternity leave. We express our thanks to Rhoda Grant for her constructive work as a substitute member of the committee throughout Karen's absence.

Agenda item 1 is a decision on taking item 5—consideration of the evidence that we will hear this morning, on the pig industry—in private. Are we agreed to take item 5 in private?

Members indicated agreement.

Pig Industry

10:01

The Convener: The main item for the public part of today's meeting is evidence on the pig industry. We are taking evidence on the challenges that the pig industry in Scotland faces. Earlier in the year, we agreed to hold a short inquiry into the matter. On 1 April, we heard from two panels of stakeholders, including industry representatives, and supplementary information has been provided by NFU Scotland, Quality Meat Scotland and Vion Hall's. That information has been circulated to members.

Today, the committee will hear from a representative from Asda and then from the Cabinet Secretary for Rural Affairs and the Environment. I welcome our first witness, Chris Brown, who is the head of ethical and sustainable sourcing at Asda. Thank you for coming at such short notice, Mr Brown. It is very good of you to appear before us.

John Scott (Ayr) (Con): Good morning, Mr Brown. I add my thanks to you for making the effort to come here.

In evidence to us recently, Brian McMonagle of Vion Hall's stated:

"Reduced production in the UK has meant that supermarkets have had to source pork abroad, and they have increasingly gone to Europe. Over the past two or three years, they have moved into Poland and eastern Europe. This is the first year that all the retailers have faced a big challenge. Where do we go next? Demand for pork is increasing, but the big challenge over the next three or four years is where retailers get supplies from."—[*Official Report, Rural Affairs and Environment Committee, 1 April 2009; c 1590.*]

Do you share those concerns? Are you having difficulty in sourcing pigmeat products at the moment?

Chris Brown (Asda): Good morning and thank you for giving me the opportunity to present some information on the market as we see it.

Asda has operated very much in conjunction with the Scottish pig industry for the past 25 years. We used to take pigmeat out of Buckie and we now take it out of Broxburn. We sell about 300 tonnes of fresh pork each week, of which 250 tonnes comes from Broxburn. Seventy-five per cent of the British pork that I sell comes from Scotland. My supplier at Vion and I have a mutual interest in understanding how the Scottish industry operates because of that level of commitment to the Scottish industry.

In terms of the global demands and dynamics within the industry, it is interesting that the pork market is now growing ahead of the food market.

Pork sales are rising and, consequently, pig prices are rising. I hope that that is stimulating pig farmers to think about the future in a much more positive light. I understand that the two companies that provide pig housing have full order books, which is very encouraging.

John Scott: I note your sense of optimism. However, do you share my fears for the pig industry, and the fears that were expressed to the committee as recently as last month? The industry has no incentive to carry on. Sow numbers are down to 35,000 although, in the view of the Scottish Agricultural Organisation Society, the critical mass for the industry is 45,000. Vion Hall's is obviously undergoing a strategic review of its investments, but there seems to be a catch-22 situation in Scotland: Vion Hall's does not know whether there will be pigs to invest in; and producers do not know whether Vion Hall's will be there to invest. Would you like to discuss the issues relating to Vion Hall's strategic investment and to the critical mass of the Scottish pig industry?

Chris Brown: To be fair, the committee has had the gentleman in charge of Vion here to answer that. Because of Asda's relationship with that plant and with the Scottish industry, we are keen that Scottish pigmeat should be available for our stores. We are also investing in some markets that the Scottish industry has traditionally not been able to access. Our Extra Special range—our top-tier range throughout Britain—is extra special pork. The pigs are all outdoor bred and the pork all comes from Scotland and carries a logo indicating that it has been specially selected.

Providing market opportunities is a primary responsibility of retailers, and we are working hard to do that. We have also invested time and effort in trying to improve efficiency. We have a heavy pig scheme that has been operating for the past couple of years, originally with the Buckie plant, to enable farmers to increase their output by taking pigs to heavier carcase weights. We have also been able to consider different butchery techniques and to increase efficiency at abattoirs. We are therefore working at both ends of the marketplace. Ultimately, of course, customers will decide what they want to do.

There is consolidation in abattoir processing across Europe at the moment. However, I am afraid that you will have to ask Vion where it will decide to invest.

John Scott: It would obviously be a concern to you if the investment was not in Scotland.

Chris Brown: The harsh reality is that Broxburn kills about 10,000 pigs a week, and I take nearly 7,000 of them.

John Scott: Thank you for that answer.

Peter Peacock (Highlands and Islands) (Lab):

You have spoken about your mutual relationship with Broxburn over the years. I will give you another quotation from Brian McMonagle of Vion Hall's from a couple of weeks ago. He said:

"Things are tough in the pig industry. There is capacity elsewhere, and if we cannot secure the pig supply and get some support for the investment plan, Hall's will find itself under a question mark."—[*Official Report, Rural Affairs and Environment Committee*, 1 April 2009; c 1589.]

That was a clear hint that Vion Hall's might find itself in difficulty because of its difficulty in finding a supply. How damaging would it be to your business if Vion Hall's were to become vulnerable and reduce its supply or were even to close? Where would that leave you in sourcing the product that you require to source?

Chris Brown: It would leave me looking for 75 per cent of my pork.

Peter Peacock: Is there no obvious other source in Scotland?

Chris Brown: I would struggle to find another source in Britain for that sort of volume. The pig industry has always been driven by supply and demand; the first lesson that anybody ever learns in an economics course is the pig cycle. I think that we are on an upward trend in the pig cycle at present. The DAPP is at an all-time high and is likely to rise again today and go over 50p. If anything, the market is providing the signals for the industry.

Peter Peacock: How does your mutual relationship with Vion Hall's work in relation to establishing price? Things are affected by market movements, as you say, but the pig industry has told us that it has sometimes been difficult for the industry to achieve the price that it requires to allow it to continue to invest and to produce the stock that you ultimately require for your customers.

Chris Brown: We base our pricing on the DAPP.

The Convener: Excuse me, will you explain what that is?

Chris Brown: It is the deadweight average pig price, which is a published standard number in the industry. During the past year, we have priced ahead of the DAPP, because of concerns that the industry was struggling—especially as we went through high cereal prices last year.

Peter Peacock: That takes me to the point that I was trying to get at. I appreciate that you can speak only for your own company, not for the whole supermarket industry. To what extent do your company and the rest of the supermarkets accept the need to take that responsible attitude and work to ensure that you have a Scottish or

United Kingdom supply by offering the price that is necessary to sustain the industry and your ability to sell to your customers?

Chris Brown: You are right: I cannot answer for the evils of my competitors.

Peter Peacock: Answer for your own evils.

Chris Brown: I will. I sit on the trading floor at Asda and, as is true throughout the sector, the primary focus each week and each morning is availability—in the jargon, is there anything on the shelves? The issues of price, quality and value are secondary to ensuring that we have something to sell. No trader in my business or any other is congratulated on organising a price that means that no one supplies. We have to find the balance within any trading relationship. However, we have to spend an awful lot of time ensuring that we secure supplies. As Government intervention in agricultural markets is withdrawn—that is not entirely appropriate to the pig industry, but decoupling and other measures have had an impact—supermarkets and processors are increasingly securing their supplies and taking more responsibility for the procurement of their raw materials.

Alasdair Morgan (South of Scotland) (SNP): The figures that you gave seemed to indicate that you took about 70 per cent of the Broxburn production. Is that correct?

Chris Brown: We take just over half—perhaps 60 per cent—of the total Broxburn production.

Alasdair Morgan: I take it that the amount of pigmeat that you source from Scotland has gone up over the past 10 years or so.

Chris Brown: Yes, over 10 years, it probably has increased.

Alasdair Morgan: If your take is going up and, as the figures that we have show, the pig herd has declined dramatically over the past 10 years, others who used to take a significant amount of Scottish production must no longer be doing so.

Chris Brown: First, what you say is obviously the case. I am not sure that any of my competitors has the level of commitment to the Scottish industry that I have. You can ask them.

Secondly, be careful with your comparison. Usually, the comparison is made with the size of the herds during the mid-1990s. I do not need to remind the committee that, during that period, beef consumption was not high. We celebrate the fact that people are eating more beef, but the level of total meat consumption is pretty static, so someone has to lose out as beef consumption returns. That has driven some of the decline in the pig herd as well.

Also, the strength of the currency has meant that exports were not as profitable as they could have been. At the moment, the pig price is enjoying something of a resurgence thanks to the strength of the euro.

The Convener: You said that you source about 75 per cent of your products from Vion. Where does the rest come from?

Chris Brown: I take some out of English processors such as Tulip and Dawn, as well as Vion's plants in England.

The Convener: What percentage of your overall pork products is Scottish, then?

Chris Brown: I will break it down by sector: 75 per cent of the sausage in our Scottish stores comes from Broxburn and is labelled as Scottish, 80 per cent of my Extra Special sausage sold throughout Britain comes out of Broxburn and is made with Scottish product—it is not necessarily labelled as such, but that is what happens—and all my haggis comes from there. The area where Scottish product is least prominent is probably bacon.

The Convener: Do you know why that is?

Chris Brown: Traditionally, there is not a massive bacon industry in Scotland and I am using the pigs already in pork sausage.

The Convener: That is interesting, because when Vion's representative, Brian McMonagle, appeared before the committee, he said that he had difficulty using some parts of the pig. My understanding is that the parts that were not used for loins, chops, bacon or spare ribs would have gone into sausages.

10:15

Chris Brown: It is parts of the pig such as shoulders and legs that, traditionally, have ended up in meat for processing. One of the happy consequences of the present economic circumstances is that we are seeing a switch to other cuts, and not just in the pig industry. The committee will be familiar with vacuum packing, which uses shrink wrap plastic. Vac-packing tends not to provide the most customer-friendly and appealing products, but it gives us an extremely cheap way of packaging. Our sales of vac-packed legs and shoulders have risen substantially because people recognise the value of such cuts. We are seeing that in other areas, too. Sales of dark chicken meat have risen relative to sales of white breast meat.

Liam McArthur (Orkney) (LD): I have a quick question on an issue that Peter Peacock pressed you on. You explained that Asda had priced ahead of the DAPP in order to secure supply. It emerged

from previous evidence that, although the fact that pigs do not go through the auction process in the same way that beef and lamb do has been a strength in certain circumstances, it might be a disadvantage from the point of view of responsiveness to supply and demand. Do you see that as a strength or a weakness?

Chris Brown: I do not think that a live pig market would have any impact whatever. There is a spot market for pigs; generally, that is done over the telephone. Similarly, with other deadweight procurements, when people in abattoirs are short of material and ring round farmers to find product, a farmer's first response is not usually, "Oh, I can lower the price."

John Scott: I want to take you back to the pig cycle that you mentioned. We have a graph from NFU Scotland. I take your point that, in the aftermath of the BSE crisis in 1996 and thereafter, pork consumption was very high. Nevertheless, you said that the pig cycle is now on an upward trend.

Chris Brown: The potential is there.

John Scott: However, it is unquestionably the case that there has been a downward trend over the past 10 years. You are confident that, because of the shortage of food in general, the pig cycle is on an upward trend. We want to send the right signals to people in the pig industry in Scotland. We want to be able to say that there is a future and that we would like them to be part of it, if they want to be.

Chris Brown: Yes. If we look at the situation Europe-wide, surplus legs and shoulders are no longer being dumped into Russia, for example. Things are increasingly in balance. In fact, there is a shortage of pigs. When I spoke to an abattoir this morning, it was chasing pigs. That is why the price is rising. When the price rises, people are more confident. I do not know whether all pig farmers will seek to expand. I certainly hope that the present demand creates a floor in production. I would like to see production increase. As I grow my pork sales and my business, the Scottish pork industry has an opportunity to take advantage of that.

John Scott: On market direction, you hinted that outdoor pig production is a growing market and that it is easy for new entrants to come into it.

Chris Brown: The capital costs are obviously lower, although availability of suitable land can be quite a challenge.

John Scott: Would you like to say a little more about the market potential of outdoor-bred pigs? Is it similar to the market potential of outdoor chicken and eggs?

Chris Brown: Opportunities exist for further market segmentation. Sales of our top-tier products, such as our Extra Special range, are growing. Other retailers have similar top-tier ranges. At present, we are benefiting from people deciding not to eat out in restaurants and treating themselves to higher-quality products at home.

The Convener: That is probably a good point at which to move on.

Karen Gillon (Clydesdale) (Lab): Do you source most of your bacon from the rest of the United Kingdom? Do you source any from Ramsay's in Carlisle, for example?

Chris Brown: I will have to get back to you with a response on that. My colleague will make a note of your question and I will get a response to you.

Elaine Murray (Dumfries) (Lab): Last night, I had the pleasure of enjoying one of your Extra Special 10-day matured, outdoor-reared Scottish pork loin chops from your store in Leith.

Chris Brown: I am glad that you enjoyed it.

Elaine Murray: It gave me the opportunity to look at your labelling and compare it with that of some of your competitors in my constituency. Possibly the reason why you are here and they are not is that your labelling is clearer both in terms of the country of origin—stating whether a product is Scottish, British or from elsewhere—and in terms of welfare standards.

Chris Brown: Excellent. Are we done? Can I go now?

Elaine Murray: Therefore, you are probably in a good position to advise us whether customers appear to be willing to pay higher prices to know, for example, a country of origin. We have been told that welfare is a key issue in terms of price. You obviously find it worth while to flag up the country where a product comes from. I presume that you have evidence that people are prepared to pay extra to know a country of origin or a welfare standard.

Chris Brown: I will make my answer Scottish specific. There is more identification with Scottish products within Scotland—those are the products that the consumers want. Supermarkets are successful in supplying customers with what they want by listening to them, and that is how we drive our business forward. Other parts of the United Kingdom have varying levels of regional identity. For example, the Cornish are keen on their regional products as well.

However, the discussion of welfare standards is much more complex. First, it is difficult to have an accurate welfare outcome assessment. We think of labels such as free range as being attached to higher welfare standards, but an awful lot of the

time that is based on anthropomorphism—what we think that the chickens want rather than what the chickens tell us that they want. Although we are currently enjoying some sunshine, the weather in Scotland can occasionally be less than clement and we have to ask whether a pig would really want to be outside or whether it would like to be in the dry. We must be careful, as we do not have the science to tell us that. We do not have welfare ratings. My personal perception is that such assessments might be quite challenging, as animals might tell us that they do not like some of the systems that we assume they like.

Elaine Murray: I have the argument with my husband about barn eggs and free-range eggs, but I just think that he is being mean when he says that it is kinder to keep hens in a barn.

Chris Brown: I would be happy to take you to see our systems. All our eggs are Scottish and come from Glenrath Farms.

Elaine Murray: The UK pig industry has adopted higher standards of pig welfare than those in the rest of the EU, and it argues that it has to bear the cost of better welfare measures such as not tethering the pigs. Irrespective of whether a pig would prefer to be indoors or outdoors when it is raining, it is clear that the use on an intelligent animal of the stalls and so on that we see in Europe constitutes a poorer welfare standard. Do you have any evidence that the customer is aware that British pig farmers have to meet a higher welfare standard than pig farmers in the rest of the European Union?

Chris Brown: It is not a widely held perception. The only species whose welfare has been consistently known about is poultry. A huge amount of publicity has been given to caged egg production over the decades, yet the majority of eggs that are sold in the UK are still from caged hens. I always use that as an illustration. Mr Oliver's efforts resulted in a small blip in sales, but things have now settled down again.

As a retailer, I have a responsibility to ensure that the products that I sell maintain my brand integrity. My name is the name on the door, so we must ensure that abattoirs and farms are inspected. In 2013, the European legislation on total confinement systems will change. What are we going to do? What is the Scottish legislation going to do? Are you going to harmonise with the legislation that comes out of Europe? What is the policy direction? Obviously, I am keen to know because, given my commitment to the Scottish industry, if welfare legislation becomes more stringent in Scotland, that will have potential cost implications.

Elaine Murray: Do you take part in the freedom food scheme that the Royal Society for the Prevention of Cruelty to Animals runs?

Chris Brown: We have freedom foods for some species, but that is not a massive market driver.

Elaine Murray: You would say that, at the end of the day, it is price that drives—

Chris Brown: It is quality and value.

Elaine Murray: A combination of price and quality is involved.

Chris Brown: I always think of a line between price and quality. One determines what value is for oneself somewhere along that line.

John Scott: Forgive me for butting in, but you talk about legislation in 2013 and how it will affect the pig industry. We are concerned about getting the pig industry to 2013. At our previous evidence session, pig producers told us that they are unlikely to make the investments required in relation to legislation on nitrate vulnerable zones to get them to that point. I do not want to be apocalyptic, but if we go below a certain critical mass, Hall's will not be there. Are producers being unnecessarily apocalyptic by suggesting that there will be no industry post-2013?

Chris Brown: I am still hopeful and positive that there will be a thriving Scottish industry. Pollution legislation is being applied throughout Europe. I have been out looking at dairying in Denmark, where dairy farmers complained that land prices were high because Danish pig farmers were buying land to spread muck on.

John Scott: Right. Okay.

Peter Peacock: I want to return to the point that you made about the Scottish market looking for a Scottish product. I want to be clear about how you display products in your UK supermarkets. You have a labelling system in Scotland that is different from the system for the rest of the UK to reflect Scotland's desire to see Scottish products. Is that correct?

Chris Brown: Yes. We use the Specially Selected mark, which is a protected geographical indication from Quality Meat Scotland. It is applied to as many products as possible. If we take out promotional lines and some of the Smart Price lines, we calculate that 70 per cent of our pork lines in Scotland have the Specially Selected mark. The figure will rise to 80 per cent during 2009 as lines are switched to Scottish production.

Peter Peacock: Is there any particular marketing of Scottish produce as Scottish south of the border? Does such produce have any cachet at all south of the border?

Chris Brown: It should be remembered that I have the Quality Standard mark, which is operated by the British Pig Executive in England and Wales, with promotional campaigns for that particular logo, and that I am held to account. The pig industry in England and Wales surveys what I do through the porkwatch scheme, the results of which are presented on websites, and checks the amount of material that I sell with that logo on it.

Peter Peacock: Right, but there is nothing—

Chris Brown: Scottish pork has no particular cachet in Middlesex.

Peter Peacock: That is the point that I am making. There is nothing specific about Scottish pork compared with Berkshire pork that gives it a higher selling potential south of the border.

Chris Brown: Forgive me, but can you tell me what is so different about Scottish pork?

Peter Peacock: That is exactly the point that I am trying to get to. There is no difference.

John Scott: Chris Brown is inviting you to suggest a difference.

Peter Peacock: That is the point that I am trying to get at. From Chris Brown's point of view, there is no difference in the quality of Scottish pork that gives it a marketing advantage anywhere in the UK.

Chris Brown: I have an opportunity to stick my head through the noose. The same genetics are involved. Obviously, Scottish rain and soil are uniquely and joyously Scottish, but they are not that different.

Peter Peacock: But that joyous rain does not result in better-quality pork products. I am making a genuine point. There is nothing distinctive or different about the product in Scotland per se that would help to sustain the Scottish industry because it gives it a marketing advantage elsewhere.

Chris Brown: It is incredibly difficult to differentiate the quality of many agricultural products. Forgive me again for saying that products such as Scottish lamb are not that much different from other products. I am keen to stress that we do not have the basic science. I would love to be able to go into an abattoir chiller and say, "That one's tender and that one's more flavoursome," but we do not have the fundamental muscle biology understanding to be able to say that.

Liam McArthur: What you say is interesting, because it goes against the grain of what is said in the marketing of beef, for example. That marketing can explain Scottish beef's cachet—perhaps not in Middlesex but certainly in France, Italy and similar export markets. Is there anything that we know

about the genetics or muscle make-up in relation to beef that we do not know in relation to other products?

10:30

Chris Brown: The genetics are the same across the British isles. We all celebrate the Perth bull sales, as was, and the number of bulls that go off to Ireland. We should also remember the transfer and exchange of materials and the amount of semen and embryos that are traded globally. We have bought in a process from a company called Igentity, which can look at the genome of an animal from a hair sample and give interesting information on things such as docility and rib eyes. We are subsidising our beef-supplying farmers, but we are not there yet. It is disappointing that we have to get those data from Australia, America and Canada; we do not have our own data for the British isles or the UK in particular.

The Convener: The animals might not be genetically different, but I would have thought that different breeds are bound to produce different tastes. The climate and the feeding will have an effect—the feeding will be different in different places.

Chris Brown: We are back to the joyous rain of Scotland.

Peter Peacock: Scottish salmon might not be a good example, because we do not have salmon in the way that other countries do, but Liam McArthur has said that Orkney beef is an example of a premium product. Does the extent to which people believe that a product such as Scottish pork is better than other sorts of pork come down simply to the strength of the marketing? Are people trying to get across the idea that there is something different about the Scottish product when, in fact, there is nothing terribly different?

Chris Brown: In retailing, perception is reality.

Liam McArthur: On the issue of labelling, you clearly have the Elaine Murray badge of authenticity. However, some decorated shelves in Scottish stores are—a little like the Scottish Government—swathed in saltires, and there may not necessarily be a distinction between products labelled as being produced in Scotland and products alongside them that are not produced in Scotland. You say that you respond to consumers' demands, but some people's views may be a bit blurred by shelf decoration.

The committee has heard of an example of a product that was "proud to serve Scotland" but had never been anywhere near Scotland. You probably do not fall into the specific labelling trap that other witnesses have raised with us, but I

presume that Asda has generic shelf labelling that could cause confusion.

Chris Brown: I will never say that there are no British products underneath a Scottish saltire, but in general that is the case. I tend to be held to account by people, such as NFU Scotland, who are keen to enter my stores and see what I am doing, and we are very open, which perhaps makes our business different from catering or—dare I say it—public procurement. You can see what I am doing and where my products come from.

Liam McArthur: Have concerns been raised with you—not by customers perhaps, but by the NFU or others who watch you avidly? Have you had to respond to any such concerns by changing your practices?

Chris Brown: I saw the Scottish NFU on Monday and it did not raise any concerns. I do not recall any concerns being raised recently.

Bill Wilson (West of Scotland) (SNP): We talked earlier about animal welfare conditions. It is often difficult to ascertain exactly what is best for the animal, but there are standard study techniques that consider wildlife equivalent animals and displacement behaviour. There are well-developed ethological techniques that allow us to make a reasonable guess at what is better for an animal, so it is possible to identify, at least to some degree, the best welfare conditions.

You say that the bulk of eggs come from cages, but a large percentage of them do not. From what you have said, I think that you would accept that publicity could improve the situation. With publicity, more people would be made aware of the possibility of buying a better-welfare product. Could that lead to opportunities? For example, labelling could highlight the fact that a product is a better-welfare product, and your organisation could take the lead. You might not be able to raise the price, but by labelling products as better-welfare products you could make people more aware that welfare issues affect pig farming just as they affect any other type of farming.

Chris Brown: I think that I prefaced my earlier remarks by suggesting that I did not want to be too cynical. We sell our Extra Special ranges as outdoor bred, which gives a clear indication of how those pigs have been raised. We are part of a consortium that works with the Royal Society for the Prevention of Cruelty to Animals to define some of the issues. I do not do outdoor reared and I do not do free range; I have always resisted them on the grounds that I cannot define them and nobody can tell me what they are. With outdoor bred, I am reasonably confident that there is a standard—or at least a practice accepted by the industry.

If the welfare standards in the Scottish industry strike a chord with consumers—and the specially selected Scotch mark will be on 80 per cent of the pork products in my Scottish stores—consumers will be able to make a clear and informed decision to buy into that brand and what it stands for, just as they can with any other mark used in my stores. We are happy to talk about the provenance of our products, and information is available on websites and the like.

The pig industry has advertised prominently; it has used its money to support its logo. That strikes me as the best way of securing a future for a differentiated product. Marketing expenditure is behind a logo that is clear and allows people to express a preference when they go shopping.

Liam McArthur: You say that it is open to the pig industry to develop specific labelling, but is there not a risk that a plethora of different marks and labels will defeat the purpose and spread more confusion? Is there value in a voluntary country-of-origin labelling system?

Chris Brown: I already label my pork products with the country of origin. In commenting on marks, I am rather glad that I am closest to the door. I operate 350 stores with 35,000 food lines, so a single mark for agricultural standards would make the marketing message incredibly easy to get across. However, difficulties and challenges arise because there are different countries within the UK and different schemes.

The one scheme that is still widely recognised, and which comes top of the list when we ask consumers, is the red lion on eggs. That is the scheme that comes high up, despite all the marketing spend behind the various other farm-assurance schemes. My plea would be to have a single farm standard that I could then apply throughout the United Kingdom, but I acknowledge the difficulties that might arise.

Elaine Murray: In the prepared food market, is it not a lot more difficult to indicate the country of origin of meat? On such brands, there is no indication of where the product originated.

Chris Brown: It depends on the product. For our cured meats, we will indicate that the product has been cured in the UK from, for example, Danish or Dutch pigmeat. However, some challenging questions arise with products such as lasagne. For example, how important is it to indicate the country of origin of the meat? Do you want to know the origin of the durum wheat in the pasta? Do you want to know the origin of the cheese? Changes in production and efforts to get the packaging right mean that it can be a costly affair, especially with the large production runs used for prepared foods.

John Scott: There was a recent scare with the Irish processing industry. Could labelling assist in such situations? Would it improve the traceability of processed products? Stuff had to be taken off shelves simply because the traceability was not adequate.

Chris Brown: I would argue that that showed that traceability operations worked. When we could not validate, we took the products off the shelves, so we were able to remove potentially contaminated products as well as products accurately described as contaminated.

With pigmeat, problems can arise in trade in commodity items. For example, we have always been short of pig fat in the United Kingdom. Having bred leaner products, when we want products such as pork pies to have a bit of fat in them, we have to get the fat from somewhere else.

John Scott: Gosh.

Chris Brown: It is slightly early in the morning for this discussion, but a big challenge is to get maximum value out of the pig carcass. I know that the issue has been raised with the committee before. For example, we can sell pig ears to the Chinese, and—

John Scott: Trotters?

Chris Brown: Well, the other delight that they love is the rectal muscle.

John Scott: The what?

Chris Brown: The rectal muscle.

The Convener: Do not ask.

Bill Wilson: We will explain afterwards.

Chris Brown: I am not sure how much further you want to go into this. It is fairly alimentary.

John Scott: I understand—I am a farmer. I just did not hear.

Chris Brown: Everything but the squeak.

The Convener: But you would not be selling the ears and the trotters, would you? That would be someone else.

Chris Brown: I have yet to find a British or Scottish market for those particular cuts.

The Convener: But they are exported by someone.

Chris Brown: People use them. A salted, deep-fried pig ear is something that a Chinese consumer would eat while watching the football. Mr Fearnley-Whittingstall has a recipe if you are interested.

The Convener: Do you have a recipe?

Chris Brown: No, Mr Fearnley-Whittingstall's book has a recipe, but I could not sell pig ears to you—unless, all of a sudden, people asked me to try to sell them. There is a serious point: historically in the meat industry, it has not been the cuts that you can sell easily that make money but finding homes for the cuts that you cannot sell easily.

The Convener: Mr Brown, I thank you for coming to committee. Although your colleagues from other supermarkets have not come today, we will write to them to ask some of the questions that you have answered. We are all heartened by your belief that the Scottish pig industry has a future, and certainly through Asda. Thank you very much.

Chris Brown: You are very welcome.

Annual Report

10:43

The Convener: The cabinet secretary cannot come until 11 o'clock, so we will take item 3 on our agenda now. I hope that members have all read the draft of the committee's annual report to Parliament. Do members have any comments or suggestions, or is the report fine as it is? I could invite comments page by page—or do members agree that it is fine?

Members *indicated agreement.*

The Convener: The report will be published in late May or June, alongside the reports of all other committees.

Marine Legislation

10:44

The Convener: The next item of business is the forthcoming legislation on the marine environment. This committee is likely to be the lead committee for stage 1 scrutiny, and this item is on the agenda to allow committee members to take certain decisions, before the bill is formally introduced to Parliament, on the practical arrangements for our stage 1 consideration.

Paragraph 8 of paper RAE/S3/09/11/4 outlines a number of those practical arrangements. Do members agree: that the clerks should issue a call for written evidence following the introduction of the bill; that the convener should be authorised to make bids to the Conveners Group and, when necessary, the Parliamentary Bureau for any fact-finding visits or external meetings held as part of the committee's scrutiny of the bill; that the convener should be delegated the responsibility for arranging for the Scottish Parliamentary Corporate Body to pay, under rule 12.4.3, any expenses of witnesses called to give evidence on the bill; and that, at future meetings, the committee should hold agenda items involving witness selection, the review of evidence and the consideration of drafts of the committee's stage 1 report in private?

Members *indicated agreement.*

The Convener: Thank you. I suspend the meeting until the cabinet secretary arrives.

10:45

Meeting suspended.

10:58

On resuming—

Pig Industry

The Convener: I welcome the second panel of witnesses: Richard Lochhead, Cabinet Secretary for Rural Affairs and the Environment; Martin Morgan, head of the livestock policy branch in the Scottish Government; and Gerry Smith, senior policy analyst in the livestock policy branch.

I invite the cabinet secretary to make a short statement.

The Cabinet Secretary for Rural Affairs and the Environment (Richard Lochhead): Thank you, convener—it is a pleasure to be here for the first time with you as convener.

I thank you for the opportunity to address the committee again on this important matter. Almost exactly a year ago, I gave evidence to it on the future of the pig industry, and I am pleased that the committee continues to recognise the importance of the sector, which produces a top-quality product for our tables, plays an important economic role and produces to the highest welfare standards.

As the committee heard at first hand from the industry on 1 April, although some progress has been achieved in the past 12 months our pig industry—and the wider livestock sector—continues to face many challenges. On the positive side, however, market returns are higher thanks to a combination of a more positive exchange rate, a fall in production and increased consumer demand. In addition, the cost of feed cereals, which was one of the key issues that we discussed when we talked about the matter previously, has fallen. Producer margins are therefore much improved, and the sector has returned to profitability after a prolonged period of sustained losses. It was pleasing to note that, on 1 April, Philip Sleight of the NFUS acknowledged—albeit with caveats—that the industry is now in a more confident mood.

11:00

Current challenges include a need for increased capital investment to deliver greater efficiencies in the production process and to meet environmental standards. Primary producers anxiously await news on the long-term future of our principal pig processing facility in Scotland, which, as members are aware, is at Broxburn in West Lothian. I reassure the committee and the pig industry that I fully realise the strategic importance of the Broxburn plant. Hall's kills and processes more than 80 per cent of pigs reared in Scotland, and its

pivotal position in the pig supply chain cannot be overstated.

Officials from the Scottish Government and Scottish Enterprise are working closely with the parent company, Vion, to identify which mechanisms might be available to assist Vion in delivering a long-term, sustainable and viable future for that facility.

I assure the committee that, despite the industry's unhappiness that we were unable to deliver on many of the pig sector task force's recommendations, the Scottish Government is committed to the industry's future. Members may recall the £25 million post foot-and-mouth disease support package that I announced in October 2007. That investment was unprecedented in its scale, and it continues to bear fruit. The package included £1 million that was aimed at enhancing the resilience of the red meat sector—including the pig industry—in the longer term. In addition, we committed further support funding in August 2008 that was specifically targeted at the pig sector.

Although there will always be calls for us to do more, it is worth noting that the House of Commons Environment, Food and Rural Affairs Committee said some complimentary things in its recent report on the English pig industry about the approach that we have taken in Scotland to support the sector through difficult times.

The red meat sector, including our pig producers, has a significant part to play in the successful delivery of Scotland's first food and drink policy, so the committee might find it helpful if I outline some of the various ways in which the Scottish Government is working to help the pig industry.

First, we have invested both directly and indirectly in a variety of pig-related research and development projects that will enable the industry to make the most effective use of the latest scientific advances. Secondly, we set up two monitor farms that will enable pig producers to benchmark their performance, share best practice and increase the efficiency of their production processes to increase profitability.

Thirdly, we supplied bespoke funding to Quality Meat Scotland so that it could employ a specialist pig vet to work with all producers to build on the already excellent health and welfare standards that our industry achieves and should rightly be proud of. Fourthly, we are working with the processors to ensure that the full economic benefit is achieved from every pig slaughtered in Scotland by enhancing the potential for making the most of the lesser-value cuts. Only yesterday, QMS—as members may have read in today's press—used our funding to host an event in Gleneagles for

chefs to witness the wonderful array of ways in which pork can be served to the consumer.

More generally, it is evident that the structural problems that our pig industry faces pre-date this Administration coming into office—indeed, I note that a witness who gave evidence to the committee on 1 April referred to 10 years of turbulence. A decade or more of relatively poor returns has provided little incentive for pig businesses to make meaningful capital investment, and that is now catching up with us. The pig industry restructuring scheme of 2000, with its out-goer and on-goer elements, helped to move the sector forward, but the conditions that were attached to European Union approval at that time deny us the opportunity to consider similar measures at present.

Greater understanding is needed throughout the industry about what the Government can and cannot do to influence the overall robustness of the pig sector, although I accept that we need to explain that better. As members know, competition law prevents us from intervening on matters of pricing and other market-determined issues. That, of course, is not unique to the pig industry, but it constrains what the Scottish Government can do.

I have finite resources at my disposal to ensure that the right support platform is in place to underpin our goal of achieving an economically and socially vibrant future for our rural communities. In addition, the current global economic situation has introduced a period of uncertainty and contraction to most parts of the livestock industry throughout Europe and elsewhere. However, the old adage that every cloud has a silver lining might appropriately be deployed, as current events have increased the competitiveness and consumer appeal of home-reared pigmeat produce.

In the longer term, it is fundamentally important to our pig producers that there is a market for their produce. The rearing of stock to high standards of animal welfare comes at a cost, and producers need to know that their investment of time, effort and capital will command a worthwhile return that properly reflects their husbandry skills. Although such matters are mainly for the market, members will be aware that the First Minister hosted a summit with the major retailers last year to emphasise our desire for a more collaborative approach to supply decisions.

That message was well received, and we continue to engage with retailers at regular intervals to discuss how we can work towards ensuring that primary producers and processors can become more fully integrated into long-term supply contracts that provide security of return for the producer, continuity of throughput to the

processor, regular supply to the retailer and provenance to the consumer.

I hope that the committee will accept that the Scottish ministers are committed to doing all that we can, using the levers available to us, to ensure that the Scottish pig industry can meet the many challenges that it faces. We are working with all parts of the supply chain to enable a long-term, viable future for the sector, and I hope that the committee, the industry, the Government and everyone else involved in the debate can work together to look to the future.

Thank you for the opportunity to make those opening remarks.

The Convener: We now move to questions, which Liam McArthur will kick off.

Liam McArthur: We will consider in more detail where we are now and the more important issue of where we go in the future, but let us first just cast our minds back. Does the cabinet secretary now regret setting up the task force?

Richard Lochhead: I do not regret setting up the task force, but I learned some hard lessons in that we were clearly unable to accept a number of its recommendations. If I were to establish such a task force again, I would take on board those lessons by making it much clearer to the participants what measures we could and could not implement. To be perfectly frank, I was taken aback that two of the six recommendations proposed headage payments. I knew that that would come up in discussions, so I should perhaps have made it clearer to the participants that the Government felt unable to go there.

We have taken forward two of the six recommendations. Although the industry was unhappy that we did not adopt all the recommendations, my discussions at the time with processors and others in the industry—in particular with Vion, whose takeover of Grampian Country Foods coincided with the task force's work—and the feedback that I received from most people suggested that we should look to the long-term viability of the sector. Therefore, we have proposed measures to deliver greater profitability, efficiency and stability in the longer term. Clearly, I felt that we could not go down the path of introducing measures on headage payments.

Liam McArthur: There seems to have been a problem with establishing the remit for the task force and providing it with on-going guidance. In evidence to our committee, Philip Sleigh of NFU Scotland made the remarkable statement that, if the task force had never been set up, the industry's confidence would not be so shaky. In a sense, establishing the task force worked almost entirely against furthering the industry's interest,

which was the basis on which it was presumably set up.

Richard Lochhead: I understand Philip Sleigh's disappointment, as I have spoken to him many times since then as well as during the days of the task force, but a balance had to be struck. Given the issues, it was agreed at the time that a task force was the best way to flesh out the short-term pressures on the industry from high feed costs and the market issues subsequent to the foot-and-mouth outbreak in Scotland. The task force's deliberations related very much to short-term measures, although I had hoped that it could consider some longer-term measures as well.

I understand Philip Sleigh's disappointment, but I think that we have introduced the right measures since then. As far as I am aware, those measures have the support of the industry and will, we hope, now move the industry forward.

Liam McArthur: The point about short-term measures is interesting. In other sectors—the lamb sector and even the fishing sector—the cabinet secretary has been on record as calling for short-term measures to tide an industry over until such time as things settle down and investments can be made. Why was short-term bridging finance seen as beyond the pale for the pig sector?

Richard Lochhead: Let me explain myself more clearly. I am not saying that I was not expecting short-term measures, as that was the purpose of setting up the task force, but we agreed that we had to consider the long term, too. We were unable to support the short-term measures that the task force recommended, and we should have made that clearer at the beginning of the process. It would have saved a lot of grief and disappointment among the participants—I fully accept that. In offering the industry the opportunity to come up with ideas, a balance must be struck between intervening to predetermine the recommendations and giving people some freedom to suggest whatever they think best.

Again speaking frankly, I do not expect that those headage payments would have made any difference to the evidence that the committee heard on 1 April from the pig industry.

Liam McArthur: Looking further ahead, when it was put to the witnesses, including Philip Sleigh, that there might be a further task force to examine what measures could be introduced in the changing environment, the suggestion was met with fairly short shrift. To their credit, they set out a number of ways in which the industry could be supported, and central to that message was that the pig sector, in the situation that it faces, should be seen as a priority. When everything is a priority, nothing is a priority. Do you agree that, at present,

the pig sector has a reasonable claim to be seen as more of a priority than the beef or lamb sectors?

Richard Lochhead: I would hope that the steps taken by the Government so far show that we see the pig industry as a priority. If the value and extent of the support we have delivered to the pig sector in the past year or two is compared with that delivered to pig sectors throughout Europe that face similar challenges, we stand in good stead in terms of our commitment to the sector.

The UK minister asked me for advice on some of the measures that the UK Government might want to take to help its own pig sector south of the border. I refer to the report from the House of Commons committee, which felt that Scotland was leading the way in support for the pig sector.

Although there may not be full agreement on the measures we could have brought forward over the past two years, our track record speaks for itself and we have attached importance to the role of the pig sector.

Liam McArthur: Was one piece of advice to the UK minister not to establish a task force?

Richard Lochhead: No, I did not give that advice. I gave the minister some hints as to how she may wish to do that.

Karen Gillon: You said that you were surprised at the task force's recommendations. Why were you surprised, given that the task force's recommendations are the very things that, in evidence to the committee, its members asked the committee to provide? I think that in part the task force was set up to stymie what was happening.

Richard Lochhead: I was just making the point that two of the six recommendations related to headage payments. Perhaps I was not surprised, because I could predict that one of the proposals in the recommendations would be about headage payments. I was just making the point that two separate recommendations related to two separate headage payments.

Karen Gillon: You did not accept either recommendation; nor did you accept the recommendation on vaccination, which is an issue that was raised with the committee before the task force was set up. What was the point of setting up the task force if you were not going to accept what the industry was telling you before it was set up, during its work and, in part, since? What were your officials doing at the task force if they were not providing some guidance to those sitting around the table? I have been on task forces at which Scottish Executive officials gave us advice, telling us, for example, "That is not where the minister wants to go."

Richard Lochhead: We can rake over old coals as much as you want. I have made the point already to Liam McArthur that we learned some hard lessons from the way in which the task force was handled. I fully accept that we should have offered more clarity on some of the legal and other issues relating to potential recommendations. However, I cannot start off by giving a pre-commitment that I will accept all of a task force's recommendations.

Karen Gillon: No, but you could start off by saying, "These are the parameters under which we operate and this is the budget that may be available." You could then have asked the task force to come up with some ideas about how that budget could be used to best effect to support the industry. That does not appear to be what happened.

Richard Lochhead: I know you have a point to make and that you want to make it several times.

Karen Gillon: You are not answering the question.

Richard Lochhead: I am trying to say that I have already accepted that there are hard lessons to learn from the task force. We have moved on with the industry since then, and we are looking to the future. Many of the subsequent measures that have been adopted following joint Government-industry discussions have been welcomed on both sides and are moving the industry forward.

Peter Peacock: You indicated that you have learned some hard lessons from that process, but so has the industry. It indicated to us, in pretty remarkable evidence, how much it regretted having taken part in it. It is becoming clear, from all the evidence that we heard from the industry, that its confidence in the future, and the extent to which it will or will not invest, underpins the entire industry.

The difficulties with the task force, to which you have referred, arose because it appeared that the Government was not listening to what the experts in the industry said through the task force and that it was not responding to the industry's thoughts on what was needed. What confidence can you give to those people that the process is not being repeated? What confidence can you give that the Government is listening to the industry fully and responding to the concerns that it is setting out? What are you doing to restore that fundamental confidence so that people in the industry will stick with it and make the necessary investment?

11:15

Richard Lochhead: You are right that confidence is an underpinning factor that will help the industry to make progress. I read the *Official*

Report of the evidence that was given to the committee on 1 April and saw many references to confidence. The points that we have heard today about the task force were made then, but many other points were made about confidence in the future. Gordon McKen said:

"A huge chunk of the current lack of confidence comes from the absence of a pricing structure that allows processors, producers and retailers to operate profitably. That is probably the biggest failing".—[*Official Report, Rural Affairs and Environment Committee*, 1 April 2009; c 1593.]

I accept that confidence is an underpinning factor. Many reasons were outlined at that meeting to explain the lack of confidence. I reiterate our track record on the measures that we have taken and the discussions that we have had following the task force process. The measures that are being funded are of great value to the sector and show that we are prioritising it—it is getting significant resources to fund initiatives. I hope that that will improve confidence in the sector in the future.

John Scott: I want to develop the theme of confidence. It is not only the producers who are in a catch-22 situation. You will be aware of the dilemma that Vion Hall's faces in relation to where to place its strategic investments. That was highlighted in the evidence from the gentleman from Asda this morning. I have a real concern that, although pig prices have improved recently, the producers who are left in business might just take a couple of good years out of the industry and then pack up because of the costs, particularly in relation to slurry storage. Those are dead costs and do nothing to increase profitability, as they simply allow producers to remain in business, although I appreciate that that is a pan-European issue.

Sow levels have reached a critical level, which puts a question mark over future investment in the Hall's plant. We are at a sow level of 35,000. I appreciate that not all the events have happened on your watch, cabinet secretary, but, given the projected decrease in sow levels, there might not be an industry in five years, and that is happening on your watch. As a result of all those parameters, and notwithstanding the slightly improved price at present, nine recommendations were given by witnesses to the committee about how the Government might help the industry, and the NFUS has made, I think, 10 suggestions. The key suggestion among those 19 is probably the one that relates to Scottish rural development programme funding for slurry storage. Will you consider changing the scheme so that producers who apply for the 40 per cent grant for slurry storage will be guaranteed it, rather than having to go through a bid process?

Richard Lochhead: You raise several issues. You refer to some of the historical structural problems with the sector in Scotland. Those are evident today, in that 80 per cent of slaughtering takes place at one facility in Broxburn. As I said in my opening remarks, we are in regular discussions with Vion over the future of the plant. One feature of the Scottish pig sector is that it is reliant on one processor, which brings its own challenges.

You rightly talk about the number of pigs in Scotland. It is interesting to consider the trend over the past few decades. In the 1980s, the numbers were broadly in line with the figures today. The numbers went up in the 1990s, back down in the 2000s, and they are now similar to what they were in the 1980s. I presume that that is because the short production cycle for pigs makes the pig industry relatively easy to get into or out of, although it is clear that a number of large producers have now invested a lot of money in their businesses and are therefore more likely to want a stable future.

We must address issues such as slurry storage. Of course, like any other businesses, including other livestock businesses, pig businesses must take on board their environmental obligations. The NVZ regulations must be taken on board. For pig farmers in NVZ areas, which make up 14 per cent of Scotland, we expect the regional committees, which decide the priority of applications, to prioritise under the rural development programme applications relating to slurry storage. I would be disappointed if that is not happening. Indeed, if the Rural Affairs and Environment Committee receives any evidence that that is not happening, I will look into it. There have been between 40 and 50 successful applications under the existing 40 per cent assistance arrangements for slurry storage. I do not have a breakdown of how many of those were from pig farmers, but we should certainly consider that. Assistance is therefore provided. Indeed, the 40 per cent assistance in Scotland is 100 per cent more than what is available in other countries, including, I understand, south of the border. Therefore, we are prioritising assistance and access to support for pig farmers in Scotland.

John Scott: I am not sure how the regional project assessment committees work, but can you issue guidance to them on prioritising—

Richard Lochhead: I can issue guidance. In that context, I am pleased that the committee will produce a report and perhaps make recommendations. I will pay close attention to that report.

Of course, a short review of the SRDP is taking place. I am sure that that review will focus on rural priorities, which have caused a lot of heat, the accessibility of assistance and how applications

are prioritised. We have inherited a system of prioritisation with the regional committees. Peter Cook has the opportunity to review the operation of the programme in its first years. I must take into account how applications are prioritised and the extent to which the minister should intervene. However, issuing guidance is certainly an option.

John Scott: Notwithstanding the better prices, this meeting provides another public opportunity for you to send a positive message to the pig industry. Are there other items on the NFUS's shopping list or that of the pig industry, which I am sure you are well aware of, that you think the Government will be able to help with?

Richard Lochhead: There are several areas in which we can help. Work streams are already under way in our food and drink policy that I believe will benefit all Scottish food produce, including pigmeats and, in particular, pork. I have no doubt that the pig industry will benefit from that work in the future. Many of the work streams that are under way—on labelling, on working more closely with the supermarkets and retail chains and on bringing the supply chain together—will bring benefits for the pig sector in Scotland.

On other routes of support, I noticed a significant number of references in the evidence that was given on 1 April to the SRDP and how it could help. I am perfectly willing to investigate how that programme can better deliver the investments to which the industry referred in evidence. I do not believe that any obstacles exist at the moment. In the south of Scotland, for instance, pig producers have made a couple of successful applications to the SRDP for significant investment in their farms. Such things, which directly relate to suggestions that were made on 1 April, are already happening. However, if processes must be made easier, I will consider that.

John Scott: The public procurement of pigmeat is an issue. Is there anything that you can do to help more in that area without disadvantaging other sectors of the industry? I appreciate that that question is difficult for you to answer.

Richard Lochhead: I have seen improvements in the Scottish Parliament's and the Scottish Government's procurement policies lately in relation to their sourcing of Scottish pork. We want to spread such improvements across Scotland. In the past, I have written to local authorities and retailers about the sourcing of Scottish pork, and I continue to fulfil such a role at every opportunity.

Under the food and drink policy, we have under way a work stream that will report in the next few weeks and which is led by Robin Gourlay of East Ayrshire Council, who I am sure is familiar to many members. The work stream is on how we can encourage the sourcing through public

procurement of Scottish food and drink, which includes pigmeat.

Alasdair Morgan: You described how pig numbers had varied from the 1980s—they rose in the 1990s and have come down again. The NFUS's supplementary submission says that the target size for the sow herd should be about 45,000. Is that target reasonable?

Richard Lochhead: I take the industry's advice and I have heard that target mentioned several times. If that target is sensible, that is the sensible target to which we should refer. As for the Government adopting formal targets for livestock numbers, I would be reluctant to go down that road. It would not be sensible for any Government to pick a target for the number of livestock in any sector in Scotland. However, we want the pig industry to move in the right direction—we do not want it to move towards a decline that would jeopardise the sector's critical mass.

Liam McArthur: I return to your response to John Scott's points about the SRDP. As you said, some successful schemes have been introduced, but the rural priorities scheme has not been without difficulty. I understand that the next round of regional proposal assessment committee meetings has been postponed—

Richard Lochhead: We have extended the deadline for the next round of applications because of the previous round's success.

Liam McArthur: I presume that that will increase the pressure on available resources. What commitment can you make to the pig sector that its interest will be recognised? As I said, the NFUS is calling for the pig sector to be considered a priority sector, but, as cabinet secretary, you might be reluctant to send that message to competing agricultural sectors.

Richard Lochhead: As you might know, the SRDP funding is profiled over the whole seven years of the programme. In the next round this year, we will have to judge the extent to which we eat into next year's resources and bring forward the spending of those resources—we might not be able to do that, especially given what will happen in 35 minutes' time in the House of Commons.

The SRDP will certainly provide funding for which pig farmers and others can apply. The success of the previous round, which took place in the past few weeks, led us to extend the deadline for the next round of applications. Contrary to some misleading headlines in the press, that extension is perfectly sensible. We do not want to hold up the contracts for the 1,000 businesses that have just succeeded in the previous round because we are trying to meet a deadline for the next round of applications. We must pace such

demand-led schemes, for which we cannot always predict the number of applications.

Whether it is this year's funding or next year's funding, funding will be available for the pig industry in the SRDP. The key issue is how that is delivered and to what extent pig producers come up with ideas that succeed in the application rounds.

Liam McArthur: You talked about misleading headlines. It has been suggested that the goalposts were moved after the rejection rate looked as if it would be unacceptably high. I appreciate that the Government might greet the scheme as a success, but it has created confusion among applicants. To provide certainty or the confidence to which John Scott referred, a signal from the Government about the availability of funds for pig farmers who are considering an investment would be desirable.

Richard Lochhead: I am saying that significant funds are available in the rural development programme. The success or otherwise of any application will depend on its quality. There is no obstacle to the pig industry submitting good applications and acquiring funding. I will write to the committee about the examples that I cited of two successful applications from Dumfries and Galloway—one applicant received £213,000 and the other received £158,000; both are pig farmers who are developing their pig businesses. Funding will be available in the future for similar applications. Clearly, the extent to which people are successful will depend on the quality of their applications. We have the review by Peter Cook to take into account, which might influence the application process.

I saw some misleading headlines in press releases. Those who said that the scheme had closed have fed more uncertainty into the agricultural community. I know that politics is politics, but press releases from Opposition politicians said that the SRDP had closed. I put on record the fact that the programme has hundreds of millions of pounds left to be applied for over the next few years. It is not closed; it is very much open for business.

11:30

Karen Gillon: Do you think that the new entrants scheme should be expanded to include entrants who have outdoor sows?

Richard Lochhead: At the moment, there are premiums and extra support for new entrants in many of the programmes. I read the evidence of your previous meeting, in which an interesting point was raised. I would like to explore further what we can deliver. I would have to know whether there is a problem at the moment. There

is general extra support for new entrants, no matter what they are doing, whether in the pig sector or any other sector. I would have to understand what the industry thinks would have to be done to target the pig sector further. At the moment, new entrants can get extra support from some of the schemes—usually 10 per cent extra grant. I would have to understand why the industry does not think that what it is suggesting is not possible at the moment.

We have to review the whole issue of support in the programme for new entrants, given the changing economic situation. At the moment, we have one specific new-entrant proposal, which is to subsidise interest on loans for new entrants. However, given that interest rates are coming down significantly, that has less value than it had before, so there have not been a huge number of applications, for obvious reasons.

Karen Gillon: You have given a lot of equivocal answers; you seem sympathetic to what is being suggested, but the industry is concerned to ensure that action is taken relatively quickly. We are a year on from our original inquiry. If all was well with the pig industry, its representatives would not have been here on 1 April. What is the timescale for you to make some decisions and to give the sector confidence in relation to some of its suggestions?

Richard Lochhead: Given some of the ideas that were expressed in evidence to the committee, I am keen to speak to the sector soon. You said that some of my answers have been equivocal. Someone in the livestock sector or a farmer might have a specific idea, but because the SRDP is open to all ideas that meet the national outcomes, there might be no obstacle to the suggestions at the moment; there might not have to be a specific scheme for sows or for X, Y and Z. People simply have to make their proposal, take advice on how to present it and say what they want the outcomes for their business to be. Although the industry might suggest specific schemes, such measures might already be possible under the existing SRDP. I am happy to speak to the industry soon to explain what is available at the moment and to get its ideas about what should be available. Of course, the committee is producing a report, which I am looking forward to reading.

Karen Gillon: I accept what you say, but, from the industry's perspective, there appears to be a problem around accessing schemes; otherwise, the industry would not be coming forward with such a range of suggestions. There is a problem somewhere, whether it is to do with communication or people's understanding of the scheme. The evidence to the committee shows that there is a problem from the industry's perspective; it is saying that the scheme is not

working, and it needs you to intervene to make it work. What are you going to do?

Richard Lochhead: I have given a commitment to explore the concerns and to speak to the industry about them. Of course, I will await your report, which I presume is imminent. I was surprised to read in the evidence that was given on 1 April that there was some obstacle to accessing the 40 per cent support for slurry storage. The reference was to a lack of clarity about how to apply for the support, rather than to the question whether the support was there. I want to investigate that.

John Scott: I think that the view was that because there was a bid process, applications for storage in an NVZ were not guaranteed to be successful. We are seeking confirmation that a bona fide application for slurry storage in an NVZ is guaranteed to be successful. As you are well aware, unsuccessful applications cost a lot of money to produce. That is why it is important to prioritise—if you are prepared to consider that.

Richard Lochhead: We are funding a £50,000 slurry management project with the industry so that we understand how it can address such issues, particularly in NVZ areas. I hope that the concerns that members raise will come out during the work of that project, which will involve face-to-face meetings with the farmers concerned so that they can be given guidance on what is available and how to access it and so that work can be done with the industry to find solutions. Slurry management can be a commercial opportunity. Sometimes, we automatically think that there are big problems as a result of European regulations, but many farmers can make money and save costs through the way in which they manage their slurry. The project is about that kind of issue, too.

Peter Peacock: I confess that I am surprised by your evidence this morning. Notwithstanding your acknowledgement that the industry needs more confidence, I have heard little from you to give it that confidence. Where is your statement that you want the industry to succeed, that you are in charge of the Scottish rural development programme and that you want everyone who is involved in the administration of the programme to understand that you want the pig industry to be supported to the maximum? Where are the specifics of your strategy to help the industry? Where is the urgency in the strategy, given what the industry is saying? All those matters, which I have touched on, seem to be absent from your evidence this morning, although the industry is crying out for an unequivocal statement from you that the Government wholly backs it and that you will take 10, nine, six or eight actions—or whatever—within a specific timescale. The industry wants to hear that you are gearing up the

whole of your office and the system to make sure that such actions are taken. Can you give us that commitment?

Richard Lochhead: I think that you and I must be attending different committee meetings this morning, given that in my opening remarks I listed several measures to support the pig sector in Scotland that are under way as we speak. I emphasised the importance of the sector to Scotland—it produces a top-quality product that meets the highest welfare standards and plays an important role in the Scottish economy. I also said that the Scottish Government is right behind the sector and is committed to it. You might want to make political points, but I do not think that anyone could interpret what I have said today as anything other than a commitment to the sector, a vote of confidence in the industry's future and an indication that we want it to succeed.

Peter Peacock: With respect, we are hearing that the SRDP exists, that it has always existed, that people can apply to it and that the chances are that they might get something out of it. You are talking in generalities and saying that you have some confidence in the industry and would like it to succeed. However, you are the minister, so where is your strategy? When will you say, "I've got this X-point plan that will be delivered over the next few months," so that you can ensure that we have an industry that has the confidence in itself to make the investments that it needs to make if it is to supply the Asdas and consumers of this world? I do not get a sense of that from what you are saying.

Richard Lochhead: Even today, the press has a story about an event held yesterday—which the Scottish Government paid for—that involved Scotland's chefs promoting Scottish pork. Then I come to the committee, where a Labour Party member accuses me of doing nothing for the pig sector in Scotland—despite the list of things that I have given you.

Peter Peacock: You are not doing enough.

Richard Lochhead: I do not deny for a second that we cannot do more; of course we can. I am pleased that the committee is undertaking its short investigation into the sector and that it will issue a report containing recommendations. As the minister, I have given a commitment to take on board those recommendations, and I have no doubt that you will make some points to me about how you think the sector can be helped. I will do what I can with the levers and funds that I have at my disposal. Of course I wish that I had more resources. In 21 minutes' time, there will be an announcement in the House of Commons that might make it more difficult for me to support Scotland's livestock sectors in the next few years, but we will do what we can.

Peter Peacock: You mention events that are taking place south of the border. One of the industry's recommendations was about writing off capital allowances against tax. Have you made representations to the chancellor about that on behalf of the industry?

Richard Lochhead: I made representations to Hilary Benn, and I know that the industry has done so, too. We have raised many issues—not just those that affect the pig industry, but wider issues around capital allowances that affect agriculture—in bilateral discussions with the UK Government. I will continue to pursue those issues.

Peter Peacock: I have another question on the same issue. We heard interesting evidence earlier from Asda. You probably have not had a chance to catch up on it, because you were elsewhere. One of the interesting points in that evidence was that a Scottish pig is basically the same as any other pig in the UK. There is nothing distinctive about a Scottish pig, apart from the fact that it gets rained on more. Therefore, if we want to give the Scottish industry an advantage and a future, it seems to me that a good part of the effort must go into marketing, because marketing leads consumers to believe that something is different or better than it might be. What is your view of marketing in the pig sector? What more could Government do to support the industry in that regard?

Richard Lochhead: Marketing is primarily Quality Meat Scotland's role, with our support. A £1 million fund was given to QMS post foot-and-mouth disease. As part of our most recent package for the pig sector, we asked QMS to dedicate £200,000 of the fund to the promotion of pork from Scotland. QMS has carried out much good work, as the committee may have heard in evidence from it. I agree with you that marketing is very important. When we announced that we were putting money into marketing Scottish pork, some people in Scotland attacked us, saying that the money should be used in other ways to help the industry. However, I tend to agree that marketing is a valuable tool.

Given that we produce a top-quality product that meets the highest welfare standards, the big question is why it does not command the same premium in the marketplace as other meat products from Scotland. Historically, of course, much more effort has been put into promoting Scotch beef and lamb. Pigmeat is catching up in relation to the amount of support that has been given to other red meat sectors. The industry very much takes the lead in determining the extent to which red meat should be marketed.

The Convener: Do you have a question on this issue, Elaine?

Elaine Murray: No, I have a question on the labelling side of marketing. It is about how the product is identified. Chris Brown told us earlier that in Scotland there is a strong identification with Scottish products, but that south of the border there is no particular benefit for Scottish products as opposed to UK products. Of course, welfare standards are the same throughout the UK.

The labelling issue has arisen because of European regulation. The Scottish Government and the Department for Environment, Food and Rural Affairs have indicated that they support mandatory country-of-origin labelling under the new draft European Union food information regulation. Can you tell the committee, minister, where that is going and what progress has been made on labelling?

Richard Lochhead: That is a good question, because improving labelling and making it less complicated has been a high-profile issue for many years in Scotland. The current European consultation offers Scotland an opportunity in that regard. I am confident that we now have UK Government support to give Scotland the option of being a country of origin for labelling purposes. We need UK support to apply the regulation to Scotland, otherwise it will apply just to the member state.

The UK Government is much more sympathetic now to country-of-origin labelling and allowing member states to take it up. We are hopeful that we will have UK Government support to allow country-of-origin labelling to apply to Scotland under the European regulations. That is where we are at, but there is some way to go on the food quality regulations, of which country-of-origin labelling is a part. I am happy to write to the committee to provide a better idea of the timescales, if that would be helpful.

Elaine Murray: The issue of voluntary labelling has also been raised with us. Witnesses have given us slightly contradictory evidence on that at different meetings. Professor Wathes suggested last week that, over a 20-year period, the voluntary labelling scheme on eggs had vastly changed the public's perception of free-range or non-battery eggs, so that about 50 per cent of eggs were now from non-battery production. Chris Brown suggested that that might not be so, and referred to the ill publicity that Jamie Oliver gave to eggs and chickens, which resulted in a blip in public perception, although the marketing profile returned to what it had been. Perhaps that was simply an issue of the timeframe.

Given that welfare is a major cost in the pig industry, are we really doing enough to make people aware of the differences between pork that is produced in the UK—it is not a Scottish issue; it is a UK one—and pork that is produced in the EU?

Can we do more to improve the profile, for example by encouraging voluntary labelling?

11:45

Richard Lochhead: No, we are not doing enough, and yes, we can do more. That is the short answer. When I met the Farm Animal Welfare Council last year, because those issues were current in the pig industry, I used the opportunity to ask the council whether it would be willing to investigate the extent to which the requirement on the Scottish pork sector to achieve high welfare standards impacted on price and costs. You will be familiar with its report, which illustrated that there are higher costs for UK producers. I sent a copy of that report to all retailers, asking them to take into account what it had to say on the value of Scottish pork produce. However, we can do more, and I would welcome ideas from the committee on that. Voluntary labelling is largely in the hands of the retailers, but we have asked the Food Standards Agency to issue to the Scottish supply chain country-of-origin labelling guidance on all foods, not only pork.

Elaine Murray: It already does that, does it not?

Richard Lochhead: It does, but we have asked it to refresh the guidance and send it out again to all local authority trading standards offices to ensure that it is being adhered to and that labelling is not misleading.

Trading standards issues give us one hook—not perhaps the strongest—for the debate. We have also developed a toolkit for the food service sector. As part of our food and drink policy, we are trying to develop a new relationship with that sector. It has not been involved in food policy before, but we are trying to involve all caterers and supply companies because, of course, a large percentage of food is eaten outside the home. The toolkit is about how they can voluntarily apply better labelling and understand where they source their products. We hope that that will help pork. It should also ensure that animal welfare aspects are taken into account.

Elaine Murray: One initiative that was suggested to us on 1 April was public education from childhood on consumer choice. Has the Government considered how that could be promoted and tied in with the health agenda, for example, by encouraging people to eat less but higher-quality meat? For a number of different reasons—for health reasons as much as for the industry—we need a change in consumption in Scotland. Is the Government taking an holistic approach to that?

Richard Lochhead: We are keen to pursue that under the food and drink policy. There are many issues to pursue through that policy, and there is a

lot more to be done on education. We have worked with organisations in Scotland that go into schools to link up food production with education and enable pupils to understand where their food comes from. That is connected to what you are talking about, and there is a lot more scope to pursue that in the future. I was interested to read the evidence that you took about what happens in, I think, Austria. I am sure that we can learn from that.

John Scott: Do you agree that more needs to be done on food labelling, animal welfare and traceability in the processed meat sector, particularly in light of the recent experience with processed Irish pork, which unfortunately was contaminated? Does the Government see a way of developing traceability in the processed sector?

Richard Lochhead: That will be built into many of the initiatives that we have already taken on processed meats. One of the challenges and big opportunities for the Scottish pig industry is to ensure that processed meats in Scotland use Scottish pigmeat in the first place. It is not being used for all the off-cuts. If you go to the supermarket to buy pre-packed, sliced, processed meat, you will find it difficult to get Scottish meat, whereas it is a lot easier to obtain fresh pork from Scotland. Work is being done to capitalise on that opportunity by trying to ensure that the whole carcass is used and that retailers source more Scottish meat. I have had productive conversations with some retailers, who have accepted that they have to use a lot more Scottish rather than imported pork for processed meat products.

Labelling is also important. As you say, it is difficult to ascertain where a lot of processed meat comes from.

John Scott: Welfare standards are going to become ever more important. What is your thinking on welfare legislation in the period after 2012 or 2013, when new European welfare standards will be introduced? How do you see the Scottish Government reacting to the proposals?

Richard Lochhead: We will certainly ensure that Scotland's voice is heard. We are doing our best to understand what the proposals mean for Scotland, so that we can influence the regulations at an early stage.

Some of the higher welfare standards that were adopted by Scotland and the United Kingdom in 1999 will not be adopted by some other countries until 2012. That indicates how far ahead Scottish pig producers are in terms of welfare standards.

John Scott: You are saying that the new welfare regulations will, in all probability, reintroduce the concept of a level playing field for pig producers in Scotland and the UK, who have

not been operating on a level playing field since the current welfare regulations were introduced. Is that correct?

Richard Lochhead: I am happy to write to the committee on the timescale of the regulations. My point is that the measures that our sector adopted in 1999 will not be adopted by many countries in Europe until 2012. At that point, there will be a more level playing field.

John Scott: Does that give us grounds for optimism?

Richard Lochhead: I hope so. I am happy to write to the committee with more details, as the issue is quite complex.

Peter Peacock: On labelling that is on supermarket shelves rather than on packaging, some witnesses have told us that some produce that is displayed on shelves carrying a saltire symbol is clearly not Scottish. There is a suggestion that current trading standards legislation should be more rigorously enforced, as consumers are effectively being misled into thinking that something is Scottish when it is not. As councils are responsible for policing trading standards legislation through trading standards officers, would you be prepared to discuss that matter with the Convention of Scottish Local Authorities, under your historic concordat with local government? It might be useful if councils considered ways of using their powers to ensure that consumers are clearer about what they are buying.

Richard Lochhead: I would be happy to do that, if the committee thought that it would be worth while.

The wider issue that you raise—the question of what is Scottish—is important. As you will be aware, a big debate is taking place around that question. On one hand, we are a victim of our own success. We wanted to display Scottish food and drink on supermarket shelves in Scotland and, if possible, beyond, but that has led to a proliferation of the saltire in supermarkets. Many in the industry are asking whether that might jeopardise our reputation for quality produce and be misleading, as there are questions around how we define what is Scottish. Because the last place of processing often determines what is on the packet, you can end up with a packet that has a saltire over the words “Made in Northern Ireland”, which is confusing. QMS is working on how we can work with retailers to address the use of the saltire.

John Scott: Have you any thoughts on how this saltirisation of food in supermarkets has come about? Did the Government suggest that it would be a good idea, or is it a supermarket initiative?

Richard Lochhead: I think that it is the product of a campaign that has involved the industry and all parties in the Parliament over many years. Of course, as consumers are now more interested in where their food comes from, supermarkets are capitalising on that by using the saltire.

I am unaware of Government having specifically asked supermarkets to display the saltire in connection with certain products. Like all parties, the Scottish Government has been urging retailers to source more Scottish produce and make the consumer aware of which produce is Scottish. What we are seeing is the result of a natural progression from that point, as retailers try to do that.

John Scott: However, you would not be in favour of the practice if it were thought to be misleading. You would not want consumers to be misled into buying something that they thought was Scottish but which was not.

Richard Lochhead: My difficulty is not so much with the use of the saltire in supermarkets as with what is on the label. There will always be a debate around how you determine what is Scottish and what is made in Scotland. The consumer should have as much information as possible to help them to make up their own mind about what is Scottish. Using the saltire in supermarkets is, overall, a very good thing.

Alasdair Morgan: I would like to go back up the garden path in a supplementary question on animal welfare. Can you guarantee that the next time that regulations on animal welfare—or anything else—are implemented we will not be years ahead of other countries and will not impose costs on our industry that are not being imposed on competitor industries, which is what happened under the previous Administration?

Richard Lochhead: My inclination is to avoid creating a playing field that is not level for our sector. Of course, if there is a premium to be gained from the markets, being ahead of other nations in terms of quality or welfare standards might be to the advantage of producers. However, if there is no obvious premium, we do not want our producers to be at a disadvantage.

Alasdair Morgan: The evidence that we heard this morning suggested that, in relation to pork, there is an extremely limited market premium to be had from the regulations.

Richard Lochhead: That is my point. A playing field that is not level imposes extra costs on producers without giving them a return from the market. However, if producers would get a return from the market as a result of certain regulations being implemented, they might take the view that implementing them would be a good idea.

Liam McArthur: We also heard this morning that it was questionable whether there was a qualitative difference between the Scottish product and product south of the border. Do you believe that there is a demonstrable qualitative difference?

Richard Lochhead: All I can say is that whenever I have Specially Selected pork, it is absolutely delicious and succulent and I thoroughly enjoy it.

Liam McArthur: “Joyously so” is how it was put this morning.

However, the serious point is that there is a lack of research on which assertions about quality can be made. Have you discussed with producers or the supermarkets ways of coming up with an evidential base to back up what we have all been happily saying for many years?

Richard Lochhead: QMS is engaged in a project that is considering those very issues. I am not sure when it is due to report, but I hope that it will be in the not-too-distant future. I can offer you the comfort that the issues that you raise are on QMS’s agenda. It is conducting work that is funded by the Government, and we should give it time to complete it.

Liam McArthur: One of the interested observers in the gallery—a representative of Asda—will have taken note of that. I take it that Asda will be welcome to contribute any findings that it has developed from work that has been undertaken elsewhere.

Richard Lochhead: Yes, and I am sure that when the research comes to the conclusion that Scotland’s produce is of the highest quality we will want to broadcast that message to all retailers.

Liam McArthur: At our meeting on 1 April, we discussed the report on labelling, which was a task force recommendation that you accepted. There was some concern that the report had not been published, and that there was no indication of when it might be. Can you clarify the situation?

Richard Lochhead: I am happy to write to the committee with more information on the timescale for that report when I follow up some of the issues that have been raised this morning.

12:00

Elaine Murray: You will be pleased to hear that I am not going to go on about pork chops again. However, I am a bit confused. I believe that at the Scottish National Party conference on Friday you discussed and possibly passed a motion on introducing a saltire scheme similar to the shamrock scheme in Ireland. In other words, Scottish products would have a saltire mark and when you purchased them your till receipt, too,

would be marked with a saltire and you would receive loyalty points.

Given the problems with labelling, ensuring quality and so on that you have just described, and given that, as you have said, Scotland could simply be the last place of processing and not in fact where the original animal came from, how on earth would the saltire scheme work? How would it guarantee to the consumer that a Scottish pig had gone into the product and that it was quality meat? Surely, under the current circumstances, such a scheme would mislead the public.

Richard Lochhead: The public would be misled only if the product did not meet the definition of Scottish that we—by which I mean the industry, the Government and whoever else might be involved in the conversations with the retailers—had agreed. I believe that the principle of putting a saltire on a supermarket receipt is a good one. The Irish certainly believe that with regard to their shamrock scheme, which is why I think the idea is worth exploring. The whole point is to encourage consumers to buy Scottish food and drink and inform them of the provenance of that produce. While we are not in a position to introduce the scheme tomorrow, even if the retailers are supportive, we can begin to define what could have a saltire on till receipts. The scheme is a good idea.

Elaine Murray: But as Ireland is part of the EU, it must be subject to the same EU competition legislation. How would a Scottish scheme work in that respect?

Richard Lochhead: The legalities of the scheme obviously would have to be investigated before it was introduced, and I am sure that that would be the first thing that the retailers would do. The point, however, is that if other countries can do it, Scotland might be able to do it. It might be a good idea to explore.

Bill Wilson: Presumably, if the Irish have a scheme they have working definitions. Can you give us an idea of those definitions and the competition law rules?

Richard Lochhead: You are right that the Irish must be using a definition, from which we in Scotland might be able to learn. I do not believe that the Irish Government is directly involved in the initiative, so discussions might be required between the retailers, the industry and whoever else in Scotland might be involved. We might play a role in that, but we are happy to explore the possibilities under the current legislation.

Karen Gillon: Would a 25p pizza that was made in my constituency get a thistle mark and get whoever bought it loyalty points?

Richard Lochhead: I cannot answer that question, as there is no thistle mark scheme.

Karen Gillon: Would this thistle, saltire or whatever you are going to call it scheme be for everything that was made in Scotland or would it be only for quality produce?

Richard Lochhead: That is exactly why we would need to put together rules of engagement. We would need to define what would be classed as Scottish, because that is vague at the moment. For instance, a food item might be made with Scottish ingredients, but if the last place of processing—for example, where it was packaged—was, for example, Northern Ireland, its code on the shop shelf would say that it came from Northern Ireland. You and I might consider the item to be Scottish, because it contained Scottish milk, dairy or other products, but it would still be classed as coming from Northern Ireland. We would need to clarify what could be defined as Scottish before we introduced any scheme to promote Scottish food and drink.

Karen Gillon: So if I was able to clarify that a pizza of the lowest quality had been made in my constituency and was therefore Scottish, it would get a saltire mark and consumers would get loyalty points for buying it.

Richard Lochhead: You are asking me to comment on a hypothetical scheme—

Karen Gillon: But you have passed the policy.

Richard Lochhead: Sorry?

Karen Gillon: Your party has passed the policy, so I am interested in what—

Richard Lochhead: Do you not think that it is a good policy to promote Scottish food and drink and to signal—

Karen Gillon: I want to be clear whether we are trying to promote quality Scottish produce. You pointed out that the problem with blanket saltirisation of Scottish produce is that it might include the kind of cheap and nasty produce that we do not want to promote. However, with your proposed scheme you might simply have to accept that situation.

Richard Lochhead: I have already acknowledged that that problem is part of the current debate and, indeed, has been highlighted and is being worked on by QMS. You are stating the obvious with regard to the complicated nature of the debate.

The Convener: I think that with Karen Gillon producing low-quality pizzas in her constituency we are getting off the point.

Karen Gillon: I should make it clear, convener, that we in Clydesdale do not produce anything of low quality.

The Convener: Have other rural trades such as road haulage companies, local abattoirs and others involved in the wider pig industry raised concerns with you about the state of the industry?

Richard Lochhead: I have received representations about the livestock sector in Scotland. I am not saying that they have been specifically about the pig sector, but I take the view that any representations on the livestock sector from hauliers and other sectors of the rural economy also include the pig industry.

The Convener: As members have no further questions, I thank the cabinet secretary for his evidence this morning.

That ends the public part of the meeting. I thank everyone for their attendance.

12:06

Meeting continued in private until 12:26.

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