



The Scottish Parliament  
Pàrlamaid na h-Alba

## Official Report

# MEETING OF THE PARLIAMENT

Tuesday 31 March 2015

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# Scottish Parliament

*Tuesday 31 March 2015*

*[The Presiding Officer opened the meeting at 14:00]*

## Time for Reflection

**The Presiding Officer (Tricia Marwick):** Good afternoon. The first item of business today is time for reflection. Our time for reflection leader this afternoon is the Rev Lynn McChlery, the minister of Eaglesham parish church, East Renfrewshire.

**The Rev Lynn McChlery BA BD MLitt (Eaglesham Parish Church, Eaglesham, East Renfrewshire):** Good afternoon and thank you for the invitation to lead your reflections this afternoon.

I am here as a church leader speaking to politicians, which strikes me as particularly apt in this season of the Christian calendar. This is holy week which, for Christians, is the days leading up to Easter, when we reflect on the events that led to Jesus's death. When we read about those events in the gospels, it is a bit of a challenge for us, because neither religious leaders nor politicians come out of the story with much credit.

It was the religious leaders of Jesus's time who started the proceedings against him. They were so concerned to defend their own good tradition that they could not tolerate someone who spoke the same truth from a fresh and different angle, so they abused their power to preserve their own interests at the expense of others. No doubt they had lots of plausible sounding reasons to justify their actions.

It was the politicians who finished Jesus off. They were so concerned to impose their agenda and keep themselves in power that they settled for what was expedient rather than what was right—again, at the expense of those they ruled and, again, perfectly justifiable by their own standards.

So, holy week is a toxic mess of politics and religion and shows how badly wrong things can go when those are abused—something not lacking in the world today.

Yet, at the heart of Easter is another example: that of Jesus himself—someone who models a servant form of leadership and who never used power to further his own interest. He was someone whose life served the needs of the people least valued by his society and whose death was an act of self-giving love.

Most people who get into politics or religion do not do it because we are power-mad or ambitious

for big salaries; there are lots of easier ways to make a living. Most of us do it because we want to change things for the better. We are easy targets for criticism. The snare of power or personal gain takes us by surprise. Often, the choices before us are much more complex than they seem to outsiders and we have to examine our motives and wrestle with our consciences. At those times, the Easter story offers us a reference point for how power can be used well or badly, and how leadership looks, at its worst and at its very best.

May I wish you all a well-deserved Easter break when it comes.

## Topical Question Time

14:04

### Private Hospitals (NHS Patients)

#### 1. Jenny Marra (North East Scotland) (Lab):

To ask the Scottish Government for what reason there has been a reported 300 per cent rise in the number of national health service patients treated in private hospitals. (S4T-00987)

**The Cabinet Secretary for Health, Wellbeing and Sport (Shona Robison):** Audit Scotland's most recent assessment showed that NHS spending in the independent sector has fallen in the past year and represented only 0.8 per cent of the Scottish NHS front-line budget. NHS Scotland makes very limited use of the independent sector for targeted services, ensuring that people are seen quickly and get the services that they need, regardless of where they live. There were more than 1.5 million in-patient and day cases in 2013-14, of which fewer than 6,500—or 0.4 per cent—were treated in the independent sector.

**Jenny Marra:** The cabinet secretary has to be genuine about this. The decrease to which she referred represents only a handful of patients, but the truth is that the number of patients treated in private hospitals is more than four times what it was a decade ago. In 2011, the Scottish National Party First Minister, Alex Salmond, claimed that the private sector had been eradicated from the NHS in Scotland, but the reality is that four times as many patients are being treated privately than was the case a decade ago. On Saturday, Nicola Sturgeon told her conference that SNP MPs would vote to halt the tide of privatisation in England. Should she not start with her own NHS in Scotland?

**Shona Robison:** I am sure that Jenny Marra understands that the number of patients treated overall has increased massively over the past 10 years. Next year, the new £15 million performance fund will have a very direct impact on the level of NHS capacity, and it will help to reduce private spend, particularly by NHS Lothian.

I will not take any lessons from Labour on the subject because, when it left office, the UK Government's private spend in England had risen to 4.4 per cent, and under the Tories it has increased to 5.9 per cent. The equivalent figure in Scotland is 0.84 per cent. Another reason why I will not take any lessons from Labour is the number of private finance initiative contracts that it signed when it was in power in Scotland, which will result in £235 million being paid out next year on PFI and public-private partnership contracts in the NHS.

The Government's position was demonstrated very ably by the First Minister when, as Cabinet Secretary for Health and Wellbeing in 2009, she reversed Labour's privatisation of the Stracathro regional treatment centre and brought Stracathro hospital back into NHS control. Actions speak louder than words.

**Jenny Marra:** If actions speak louder than words, is the cabinet secretary content with the fact that there has been a fourfold increase in private provision? When Labour left government in Scotland 10 years ago, 1,560 NHS patients were treated privately. Under the SNP, that figure is now 6,417. Does she think that Alex Salmond managed to eradicate private provision from the NHS?

**Shona Robison:** When Labour left office in 2006-07, 2,379 patients were treated in the private sector. The figure that Jenny Marra cited was for 2004-05, whereas Labour left office in 2006-07. She has the wrong figures; she needs to get her figures right.

It is important to remember that the number of patients treated over those years has also increased. We are looking at the percentage share of patients who have been treated in the private sector. The number of patients treated overall has increased dramatically over that period.

I am not complacent about the situation. I want more patients to be treated in the NHS. The new £15 million performance fund will allow that to happen by increasing the level of NHS capacity, particularly in NHS Lothian, which has the highest spend in the private sector. That will make a real difference to the amount of money that is spent in the private sector and to patients in the NHS Lothian area.

I will take no lessons from a party that, while in government, signed us up to some of the worst PFI contracts, which have left us facing a bill of £235 million next year. That dwarfs the amount of money that is being spent on patient treatment in the private sector. What a legacy from Labour being in power.

**Jim Hume (South Scotland) (LD):** The SNP should take the 300 per cent rise in the number of NHS patients who are treated in private hospitals as a stark warning on staff recruitment and retention in our NHS. Does the cabinet secretary agree that her Government's real-terms cut in the health budget, which was highlighted last week by Audit Scotland, will put further pressure on the NHS to use private facilities and expensive locums, leading to false economies and creeping privatisation on the SNP's watch? Will she provide details of how she will deal with the growing staffing crisis?

**Shona Robison:** Jim Hume gives hypocrisy a whole new meaning. The last time I looked, it was the Liberals who were in power with the Tories at Westminster. Let me remind him of the figures. Under the Tory-Liberal coalition at Westminster, private sector spend increased to 5.9 per cent in 2013-14 and it is rising. The equivalent figure in Scotland is 0.84 per cent. Therefore, I will take no lectures from the Liberal Democrats on use of the private sector when they have propped up the Tories, who are essentially privatising the health service in England. The Liberals have gone along with that, but I can assure Jim Hume that we will not do that here.

**Nanette Milne (North East Scotland) (Con):** I find it pretty depressing that we are once again witnessing the politicisation of the health service by Labour and the SNP—and indeed by the Liberal Democrats.

How many Scottish NHS patients have been treated in private hospitals outside Scotland since the SNP became the governing party in Scotland, and what has that cost the NHS?

**Shona Robison:** I say to Nanette Milne that occasionally politics creep into these debates but, at the end of the day, the most important thing is patient care.

We use the private sector at the margins of the health service to treat patients who would otherwise have to wait too long, but it is absolutely at the margins. We want to do more within the NHS, and the £15 million performance fund will help to reduce the level of spend on the private sector and increase the amount of spend within the NHS, particularly in areas such as NHS Lothian.

On the specifics of the question, I will write to Nanette Milne this week with that information.

### University of Aberdeen (Budget)

**2. Lewis Macdonald (North East Scotland) (Lab):** To ask the Scottish Government what discussions took place between the Scottish Further and Higher Education Funding Council and the University of Aberdeen before the announcement of a £10.5 million budget reduction and the loss of 150 jobs. (S4T-00988)

**The Minister for Learning, Science and Scotland's Languages (Dr Alasdair Allan):** The Scottish funding council maintains regular dialogue with all of Scotland's higher education institutions. The Scottish Government understands that there have been no specific discussions between the funding council and the University of Aberdeen on the institution's plan to realise £10.5 million of savings through a programme of voluntary redundancy.

**Lewis Macdonald:** The minister will be aware that the University of Aberdeen believes that it needs to make savings on that scale following in part from a decision by the Scottish funding council to reduce its research funding by nearly £1.6 million. That, in turn, reflected the decision to cease to make any funds available from the global excellence initiative, which has supported world-leading research—a decision that cost the University of Aberdeen about £1.2 million. Was the decision to suspend that initiative taken by the Scottish funding council or by the Cabinet Secretary for Education and Lifelong Learning?

**Dr Allan:** I want to pick up on several points that have been made. First, it must be emphasised that the global excellence initiative, which the member mentioned, was always time limited. It should be said, too, that the research excellence grant, which I think is one of the other areas of funding that the member is alluding to, was awarded on a competitive basis.

I believe that Scotland's universities have had a great deal of support from the Government. Our record on that speaks for itself. The very fact that we are giving our universities £1 billion a year proves that commitment. It is quite right that decisions about the deployment of staff are taken not by ministers but by the universities themselves.

**Lewis Macdonald:** I am interested in that response, but I want to press the minister further on the suspension of the global excellence initiative. Naturally, I checked back to see what Michael Russell said when he launched the fund two years ago, and he said simply that it would

"further boost Scottish output of world-leading research."

A year ago, in the paper "Scotland's Future: Higher Education Research in an Independent Scotland", Mr Russell promised that

"existing levels of Government investment"

would be

"at least maintained."

The minister says that this important initiative, which supported the best research in Scottish universities, was always time limited. Can he demonstrate where the time-limited nature of the fund was published at the time when it was announced?

**Dr Allan:** The letter that I think the member refers to says:

"While I appreciate that it may not be possible to renew funding for the Global Excellence Initiative in next year's initial spending plans, it is my intention that, if funds become available ... these are dedicated to supporting research informed by the reference results in December."

It is worth adding that I spoke to the principal of the University of Aberdeen, Sir Ian Diamond, earlier today, and we discussed the importance of ensuring that, whatever decisions it takes, they are taken with conversations with the university's staff and trade unions uppermost in the university's mind.

I reiterate a point that I made earlier. This Government supports our universities. It has a long record of doing so, and I am proud to say that the University of Aberdeen is an excellent example of that support in action.

**Liam McArthur (Orkney Islands) (LD):** Lewis Macdonald referred to the withholding of funding for the global excellence initiative over the course of the coming year. Obviously, that affected more than simply the University of Aberdeen. Can the minister advise the chamber on any conversations that are taking place with other universities that may be forced to consider similar moves in the near future?

**Dr Allan:** I keep coming back to the fact that the Scottish Government has shown its support. The point that I think the member is raising, possibly in relation to Aberdeen and possibly in relation to other universities, is that, although we can all have the debate it does not impact on the decisions that have been made directly at the University of Aberdeen, simply because the sums that the University of Aberdeen is seeking to redeploy in no way resemble the sums of money involved in fluctuations in the grants concerned. I wish to stress again that my conversation with the university principal emphasised the importance of ensuring that the university's workforce and trade unions are involved in all the discussions about deployment of staff in the future.

## Dairy Industry

**The Presiding Officer (Tricia Marwick):** The next item of business is a debate on motion S4M-12849, in the name of Rob Gibson, on the dairy industry inquiry. We have a bit of time in hand, so the Presiding Officers will be generous if members wish to take interventions. Indeed, we might be generous if members indicate that their speeches are likely to be a bit longer.

I call Rob Gibson to speak to and move the motion on behalf of the Rural Affairs, Climate Change and Environment Committee.

14:16

**Rob Gibson (Caithness, Sutherland and Ross) (SNP):** Last month, the Rural Affairs, Climate Change and Environment Committee held a short, snappy inquiry into the developing crisis in the Scottish dairy industry, sparked by First Milk's announcement that it was to delay payments to its farmers. We heard from a wide range of people, including dairy farmers in some of our more fragile communities, processors, industry bodies, retailers, the United Kingdom Groceries Code Adjudicator and the Cabinet Secretary for Rural Affairs, Food and Environment, Richard Lochhead. We then reported our views to the Government.

I am delighted that that has resulted in the committee's points being taken into account in the Scottish Government's "Dairy Action Plan", which it published last week. It was unfortunate that there was initial reluctance—it was well documented—from some of Scotland's biggest supermarkets to appear before us, but I am pleased that, in the end, all nine major retailers came to give their interesting evidence to the committee. We hope that that is a sign that any previous reluctance to engage with the Scottish Parliament, and any soured relationships, can now be set aside in favour of a more team Scotland approach that could benefit all parts of the chain, from producers through to consumers. It is time to move forward.

It quickly became apparent to us that the dairy sector in Scotland faces serious challenges and that urgent action is required if we are to address them. Globally, the dairy sector is a volatile market, and there is only so much influence that we in Scotland can have on that, but we must improve on how we shield the industry from that volatility, to enable it to develop and grow.

We heard that a perfect storm of circumstances led to the current dairy crisis, including the Russian import ban on food products from Europe, the global good weather in dairy-producing areas and increasing production in advance of the end of the quota system. A decline in the growth of the



Chinese market led to a simple economic problem—too much supply and not enough demand—which has had a damaging impact on farmers here. We must address the short-term problems, but many people who spoke to us felt that there were reasons to believe that the medium to long-term outlook is positive.

The situation that developed at First Milk was very serious. It was clear to the committee that some of the decision making and management in the organisation could be criticised. Lessons must be learned to ensure that First Milk does not find itself in the same situation in the future.

First Milk is often the only option for many of our remote and island dairy farmers who are not in a position to supply retailers directly or to supply other processors, such as Graham's, Müller Wiseman or Arla Foods, yet it is those farmers, in some of our most fragile communities, who are receiving the lowest prices for their liquid milk. It was also those farmers who were left without payment at all during the recent debacle.

**Alex Fergusson (Galloway and West Dumfries) (Con):** I was going to ask the member to take a brief intervention, but it probably does not need to be brief, given the Presiding Officer's remarks. I highlight the fact that, added to the price drop by First Milk and the structural difficulties to which Rob Gibson refers was a further 2p deduction from suppliers to go towards the capital pot, which exacerbated the producers' difficulties.

**Rob Gibson:** Indeed, and we will come to some of the points on the dairy chain, which I am sure that members will explore in greater detail.

We heard compelling evidence from a farmer on Gigha, who has to pour away milk if it cannot be collected and taken to the mainland in time because of bad weather and other circumstances. We must take steps to protect such producers and the communities that they support. We expect First Milk to do that, as well as collecting milk.

In our letter to the Government, we focused on finding solutions for farmers such as those on Gigha. We set out an eight-point plan for tackling the First Milk issues, which the Government has adopted. It involves investment in infrastructure; measures to keep producers in the market; dedicated in-market export resources and a marketing push on all products; improvement in the quality of management at First Milk; exploring the potential for partnership agreements with local authorities and agencies; examining pension legacy liabilities from the former Milk Marketing Board; considering the size of First Milk; and initiating research and development for new products in Scotland to stimulate innovation. I am sure that I speak for the whole committee when I

say that we welcome the Government's announcement that it will implement that strategy in full.

We called on the Scottish Government to examine options for assisting our island dairy farmers with transport costs. I note that there is some comment on that in the "Dairy Action Plan", but the timescale given is to do that by October. I would like to hear from the cabinet secretary what can be done now to support our island dairy farmers.

Getting to the bottom of the milk churn, so to speak, we found the liquid milk market to be a murky business. We were clear that many producers are being paid a price for their milk that is less than the cost of production and that the price that retailers pay is a factor in the sector's overall health.

The most recently available data, which ends in 2011, shows that over the past 20 years we have seen retailers' margins on milk increase from 5 to 35 per cent, while processors' margins have been squeezed from 39 to 16 per cent. Retailers told us that their margins have decreased since 2011 but, frustratingly, there is no publicly available data to confirm that.

We must improve transparency in pricing. The public—the customers—have a right to know what producers are being paid for their products when they make decisions on what to buy. The price of £1 for four pints of milk in many supermarkets is an attractive proposition for customers, but where does that leave the dairy farmer who produced the milk in the first place? We also need to know more about the bulk market and the prices paid by the hospitality and public and private procurement sectors, which make up a considerable part of the total.

We looked in detail at other measures that could help the industry, now and in the future, and made recommendations on support with financial matters; the role of the United Kingdom's voluntary code of practice and the groceries code; the role of the European Union in recommending compulsory contracts and setting intervention prices; and considering whether establishing more producer organisations in Scotland would help.

I am pleased to say that many of those recommendations made it into the Government's "Dairy Action Plan". The Chancellor of the Exchequer included one of them in his recent UK budget, to allow tax smoothing over a five-year period rather than a two-year period for dairy farmers.

Among all that, we were appalled at the list of abhorrent supermarket practices that were alleged by the UK Groceries Code Adjudicator and described to us in her evidence, which highlighted

a breakdown in the collegiate approach that is required between producers, processors, retailers and consumers. We questioned retailers on those practices, but all those who gave evidence to us seemed to be whiter than milk—they knew nothing whatsoever of any of those practices. Nevertheless, we urge all major retailers in Scotland to work with the adjudicator to rid Scotland and the rest of the UK of any ethically reprehensible practices. Trust is important in the industry, and there must be trust between producers, processors, retailers and consumers.

**Nigel Don (Angus North and Mearns) (SNP):** I am no longer on the Rural Affairs, Climate Change and Environment Committee, and I am reminded that I genuinely miss it. Did the evidence endorse the idea that there should be compulsory contracts? They may or may not be a good answer.

**Rob Gibson:** We explored that approach along with many other issues. How dairy farmers deal with wholesalers and sellers is a very mixed picture. The question of compulsory contracts is on the table and may be appropriate in some cases.

Much of our evidence taking and many of our recommendations to the Scottish Government addressed the future and focused on exports, home markets and innovation. We heard that innovation is not happening as much as it should in the Scottish dairy industry, especially in comparison with some other countries. However, we have potential good news stories about producing high-value and distinctively Scottish traditional and new dairy products.

Members should try going into their local supermarkets to find Scottish dairy products—it can be like trying to find wild haggis. Why are the best-selling dairy products in Scottish shops produced outside Scotland? Our top-selling cheese is produced in England and our most popular butter comes from Denmark. I suspect that that is because they are more readily available through larger organisations and are offered at lower prices as a result.

Why do many Scottish consumers choose not to buy Scottish yoghurts and creams? It is because they are not being sold or not being pushed hard enough in our shops. We need to help people to buy Scottish, and we must develop the export market. We must also challenge patterns of sales here in Scotland.

What better year in which to inject fresh impetus into that work than this year of Scottish food and drink? There are already great products such as butter, cheese, yoghurt and cream, and we can introduce innovative new products such as bio drinks, puddings and children's snacks.

We need to consider how we label products. If they are to be labelled as Scottish, they must be made from Scottish milk—they must not be made in Scotland using milk from elsewhere or made in other countries using Scottish milk and then labelled as Scottish although we do not get the added value.

The cabinet secretary told us that a new Scottish dairy brand is being worked on and will be launched later this year. He also told us that the Scottish dairy plan would give more information on that. It sounds like an exciting development and an opportunity for the industry, and I am sure that everyone here would welcome further information on that initiative from the cabinet secretary later in the debate.

If we are to realise all our ambitions, including our ambition to make the most of any new Scottish dairy brand, it is essential that Scotland has the right environment to stimulate innovation and investment in our processing capacity to deliver such innovations. We must not forget the infrastructural needs not only to maintain what we have but to develop new facilities if we need to do so. Those needs should be part of the Government's infrastructure plans and it should be possible to develop such things in the near future.

It is deeply regrettable that the situation at First Milk happened and that, earlier this year, so many farmers were left in such dire circumstances. However, that was a wake-up call for a native food with latent potential.

If there is a silver lining, it is that the situation prompted the RACCE Committee's urgent attention and all that that entailed, including publicly holding those responsible to account, which gained much press coverage and brought attention to our inquiry. We have shone a light on parts of the supply chain that have been—and still are—shrouded in too much darkness. The committee sent the Scottish Government a letter containing recommendations, and many of the recommendations have been adopted in the Scottish dairy plan. Last, but not least, this debate allows the issue to get the currency that it should have in our country.

I hope that the outcomes of all that collective effort will soon see the entire Scottish dairy industry in a much better place than it was in a few months ago and collectively looking forward to a much brighter future. I ask the Parliament to welcome the committee's work on these important issues and to support the motion.

I move,

That the Parliament welcomes the Rural Affairs, Climate Change and Environment Committee's inquiry into the dairy industry and the unanimous recommendations that it made in its letter to the Cabinet Secretary for Rural Affairs, Food

and Environment on 20 February 2015, which were subsequently taken into account in the Scottish Government's *Dairy Action Plan*, which was published on 24 March 2015.

14:31

**The Cabinet Secretary for Rural Affairs, Food and Environment (Richard Lochhead):** I thank the committee for holding its inquiry into the dairy sector and sponsoring the debate. Its inquiry has helped to shine a light on many of the issues that our dairy sector faces.

My discussions with the committee last month were helpful and worthwhile. I welcome this further opportunity to debate many of the issues that we covered that day and, of course, those that are contained in the committee's excellent report. I commend all the members for their efforts in putting together the report.

The dairy sector, which is at the heart of our agriculture and food sector, is extremely important to Scotland. Our 900 dairy farms and 90 processing units sustain livelihoods throughout urban and, of course, rural Scotland. Their output and activity are key to our rural economy. The fantastic products produced are integral to the amazing success story that is Scotland's food and drink.

As we have just heard from Rob Gibson, the committee convener, the dairy sector is experiencing a further period of volatility and poor market returns. In part, that is the consequence of, as we heard from Rob Gibson and as the committee found, large-scale international events, in particular the Russian ban on European Union imports, which flooded the European markets with dairy produce that would have usually gone to the Russian market, and the fall in consumption in China, which is one of the world's biggest markets.

It also reflects structural issues. Too much of the Scottish industry has, for many years, been too reliant on liquid milk and the commodity market rather than on adding value wherever it can. Although that is certainly my view, it is not just my view. When I speak to dairy farmers the length and breadth of Scotland, that view is echoed back at me. Indeed, that view is widely recognised on the ground.

We are beginning to recognise the opportunities that lie ahead for the industry to move into better times. The prospects for the sector remain good, and we should be optimistic. Our climate is very well suited to grazing and dairy production. Our natural environment is a fantastic asset. As we all know, our food sector is booming—at home and abroad. Our dairy products are first class—they are up there with the best—and our dairy farmers

are among the most skilled and talented that can be found in Europe.

The task before us is to allow the sector to weather the storm in such a way that it can grasp the prize for the medium to long term. The Government is fully committed to supporting the sector to do just that.

In September 2013, we commissioned James Withers to put together the "Scottish Dairy Review: 'Ambition 2025'", which set out our vision for the industry's medium to long-term future. The recent bout of volatility that we are discussing today has brought about fresh impetus to realise that ambition.

In light of recent events, last week I launched the Scottish Government's "Dairy Action Plan" to bring together all the workstreams that are under way, at Baldoukie farm in Angus, kindly hosted by the dairy farmers, Willie and James Taylor.

The action plan effectively builds on "Ambition 2025". It aims to improve the sector's resilience and provide a platform to ensure the entire industry can thrive against volatile market prices. It sets out short and longer-term actions to intensify steps taken to drive forward the positive change that we all want to see. A key component of the plan is market development and the huge opportunities that beckon at home and abroad. It is no secret that our larder in this country is world renowned for quality and provenance. The world out there wants what we have in this country, and our dairy produce is absolutely central to Scotland's offering. Our industry therefore has enormous potential to grow its market share around the world.

Indeed, that was the key driver behind the establishment of the dairy growth board, which is chaired by Paul Grant. The dairy growth board was set up by the Government following "Ambition 2025" and is currently developing a strong Scottish dairy brand to help our market potential and boost our share of the international markets. I want Scottish dairy produce to be seen alongside our other iconic brands, such as Scotch beef, lamb, salmon and many other products. The brand that we will announce later this year will, I hope—and believe—help us with that. We will present the Scottish dairy brand at the Royal Highland Show in June, and its official launch will be at Anuga, which is the world's largest food exhibition, in Germany in October. We will also continue to support the work of the dairy growth board, which is focusing on emerging markets from North America and Canada to Japan.

It is estimated that global demand for dairy produce is set to surge by 36 per cent over the next 10 years, driven by population growth and rising prosperity, and it is reported that returns in

exports markets will be up to three times those at home. Therefore, we need to reverse the overreliance on the domestic market, which currently accounts for well over 90 per cent of sales.

A cheese producer said to me that the block of cheese that is sold on an overseas shelf will get three times what the same block of cheese will get on a United Kingdom shelf. It therefore makes sense to address the current situation, in which the domestic market accounts for 90 per cent of our sales. That is a bit of a no-brainer, and it is why we are all rallying behind a bigger export drive for Scottish dairy produce.

**Jamie McGrigor (Highlands and Islands)**

**(Con):** I appreciate what the minister is saying, but is Scottish Development International doing something about that to ensure that we try to get more into the export market?

**Richard Lochhead:** Yes. Many of those steps are outlined in the dairy plan that I recently published. The focus of “Ambition 2025”, of course, is to work with Scottish Development International on overseas promotion. Through our wider food and drink strategy, many more overseas posts are now being established that are dedicated to food and drink, and I hope that they will be a solution to where we want to go with our dairy vision. We are putting a huge amount of effort—more than ever before—into overseas food promotion, and dairy will be at the heart of that for the reasons that I have just given.

**Stewart Stevenson (Banffshire and Buchan Coast) (SNP):** Is the cabinet secretary aware of the relatively low consumption of what I might term “real cheese” in the United States? Almost all cheese there is barely worthy of the name, as it is processed cheese that is wrapped in tin foil. To what extent can we get into the US market with our cheese and milk products and encourage the Americans to eat more healthily? I am sure that they would benefit from that, and it would also benefit our producers.

**Richard Lochhead:** We certainly make real cheese in this country, and we will ensure that more Americans than ever before enjoy real cheese in the years ahead. Stewart Stevenson is right to highlight the massive opportunity of the US market. That is a big untapped opportunity, and it will certainly be an export target for SDI and the wider industry.

I turn back to our home market. Of course we have a lot to do to build our market share in this country and across these islands. With cheese and butter imports currently accounting for 64 per cent and 51 per cent respectively of UK requirements, there are big opportunities out there to reverse that trend.

People on our own doorstep must do more to help to showcase our own produce in this country. Given the quality of products that we have in this country, it cannot make sense that, in Scotland—I repeat that: in Scotland—98 per cent of spreadable butter that is sold is produced in Denmark, that the biggest-selling yoghurt is German and that our best-selling cheese is from Cornwall. That concern was echoed by the committee and by Rob Gibson in his opening remarks.

Now is the time for change. I hope that, when we look back in 10 years’ time, our products will dominate supermarket shelves and menus throughout this country and these islands.

**David Stewart (Highlands and Islands) (Lab):**

How important is public sector and private sector procurement in developing the domestic market?

**Richard Lochhead:** Public sector and private sector procurement by food service companies has a huge role to play. I assure David Stewart that, as part of our wider food policy, we are putting a lot more effort into that. On public procurement in this country, around 55 per cent of our cheese, yoghurts and so on are Scottish, which is way above what is stocked on our supermarket shelves, and nearly all our liquid milk originates in Scotland, as members can imagine.

There is still more to do, particularly in terms of food service companies in the private sector. That is a good point to highlight. We are certainly doing a lot of work with our food service companies. I should say that good marketing to try to reverse some of the trends works only if it is based on a strong supply chain.

In recent weeks and months, I have met many of our farmers in the dairy sector. One consistent message is that there is scope to be better at sharing best practice in the many areas that contribute to dairy farming.

We need to have effective measures to provide information services bespoke to dairy farmers, making it easier for farmers to benefit from practical advice from both advisers and their peers. We have already given priority access to the dairy sector to whole farm reviews and we will enhance the role of dairy monitor farms—initiatives to promote best practice in agriculture.

The dairy hub, which we set up following “Ambition 2025” as a one-stop shop for advice, is also making really good progress at the moment.

I am conscious, however, that some dairy farmers need more direct, tangible help. I am sure that the whole chamber is pleased that the chancellor listened to representations from this Government and from industry and extended the tax-averaging provisions in the recent budget from

the current two years to five years for Scottish dairy farmers, which takes effect from April 2016.

We also need to focus on the wider issues that play a role in the efficiency of the sector, which is why our plan is promoting a transparent and efficient supply chain. The Groceries Code Adjudicator is fundamental to safeguarding the transparency of the market. I will meet her soon to discuss how her role can benefit and help our Scottish producers.

I take this opportunity to acknowledge the work done by Alex Fergusson, who happens to be sitting in the chamber, who was appointed to the review of the UK voluntary dairy code. I commend his good work on that. It is now important that his recommendations are considered by the industry. I urge the National Farmers Union and Dairy UK to agree a process for doing just that soon.

The voluntary code was an example of effective dialogue between farmers and the processing sector. The processing sector is at the heart of a successful dairy industry in this country. If we are to realise our ambition for the industry, there must be sufficient processing capacity in Scotland—a point that the committee highlighted. The Scottish Government and its partners are actively pursuing that and I hope that we will be able to update the chamber on progress in the near future.

Confidence out there is clearly high and we have to capitalise on it. Only yesterday I am sure that we were all delighted to see Graham's Family Dairy announce exciting plans for the future with a new £20 million processing, research and training centre in Stirling. That is a company that is Scottish owned and Scottish based, using Scottish produce, which is going from strength to strength. That is a great sign of optimism for the future.

There are of course other players out there. Rob Gibson quite rightly mentioned First Milk. With its large number of members, that co-op alone accounts for more than 25 per cent of our dairy farmers. Securing a thriving future for the company is therefore vital for the future of the sector. We have been working closely with the company for several months and are committed to supporting its plans to transform the business, including its investment plans for the creamery at Campbeltown. I am pleased to confirm that following further detailed discussions with the company on the revised plans, we have now offered a new financial support package of £450,000, which can be drawn down in the next few weeks; and we expect it to be drawn down in that timescale. We hope that things will begin to move forward with that new investment. The improvements to the processing facility would be a big step in the right direction for the future of our dairy industry.

We do, however, recognise that there are other issues facing those in the industry, particularly those based on the islands or in remote areas. As the committee highlighted, transport costs are clearly one such issue. Haulage costs for dairy are not discounted in the same way as they are for other trades. That anomaly has its roots in history and it affects other sectors such as timber, construction and fuel. The current fare regime needs to take account of our rural industries that operate on a domestic and international scale.

As members will know, the Government is conducting a comprehensive review of ferry freight fares across the ferry network. The aim of the review is to deliver an overarching fare structure for all Scotland's islands that is fair, transparent and straightforward.

I have agreed with Derek Mackay, the Minister for Transport and Islands, that the review will take particular account of the needs of those on Bute and Kintyre, for whom ferry charges are a crucial issue. He is also willing in the very near future to meet affected farmers to hear about the challenges at first hand. I am sure that the industry will want to take up that offer extremely quickly.

The impact of today's challenges might be local, as is the case in Bute and other islands, but its genesis is international. It is clear that there is a need to focus on how international events play a part in the economic health and wellbeing of the dairy sector in Scotland, and, importantly, on the part that Scotland can play. We must get the international rules right and Europe's agriculture ministers must keep a focus on dairy. As today marks the official end of dairy quotas, Europe must also monitor world markets to have a good understanding of the impact of the removal of the dairy quotas.

We will also continue to push for EU recognition of local products, particularly those from remote areas, such as Ayrshire Dunlop cheese, which was granted protected geographical indicator status just last week.

The committee has done an excellent job of investigating the current plight of the dairy sector in Scotland and holding many of the key players to account. Our dairy action plan, which was developed with a wide range of partners, in part in response to the committee's findings, will, I believe, provide the right platform for a Scottish dairy industry that goes from strength to strength. I am not alone in that optimism. Indeed, when Carlo Petrini, the world-renowned leader of the slow food movement, visited the Parliament earlier this month, he was exuberant about the prospects for our dairy sector. Given our pastures, our climate, our products, our farmers and our heritage, he saw no reason why Scotland could not be a hugely successful player on the world dairy scene.

in the years to come. We should all share that view. As we debate a response to current challenges, we would do well to ensure that we keep that perspective and keep driving forward to deliver the best future for Scotland's dairy farmers. I thank the committee for its report.

14:46

**Sarah Boyack (Lothian) (Lab):** The dairy industry is an important part of our economy. It is particularly important in some of our island communities. Like many of our local industries and companies, our dairy industry is affected by global economic trends. That is why our committee needed to produce this report.

In his introduction to the "Scottish Dairy Review: 'Ambition 2025'" report, James Withers makes an important point. He says:

"Our climate is well-suited to grazing systems and dairy production and our natural, clean environment is an extraordinary asset."

That has to be our starting point. We have to ensure that we can retain the industry, enable it to modernise and enable it to be successful. That means that we need to find sustainable milk production in Scotland. We need new markets for milk. In particular, we need to focus on where new jobs can be created in Scotland. For me, those are the prizes to be gained if we get it right on dairy.

The dairy review also reported the important and significant increase in international ownership of operations in Scotland, involving companies such as Arla Foods, Lactalis and Müller. That poses a challenge to us to find ways of influencing and encouraging those organisations to invest in Scotland and to ensure that they see the industry that they are involved in in our country as being worth investing in for the future.

The dairy review was an important piece of work. It was interesting to see that the report also identified volatility in global markets as a major challenge. The report was done some time ago. The recent problem with First Milk—which concerned the delayed payments at the start of the year—was what triggered the Rural Affairs, Climate Change and Environment Committee inquiry. That is the backdrop to the inquiry.

The industry is important to us. It should have a good future but global competition and global markets mean that we need to focus on what we can do in the short term. The speeches that we have heard so far were right to talk about that.

The support that will now be given to First Milk is important. I suspect that all members have received the briefing from First Milk, which talks about how it will be reshaped and refocused in the next few months. Its success is critical, particularly

to some of our smaller dairy farmers. We do not just need to see the lessons learned; we need that company to be successful.

During our inquiry, the committee took evidence from a range of stakeholders, particularly farmers and retailers. The key issues that we considered—the transparency of pricing, the scope for EU action, the role of the UK Groceries Code Adjudicator, the need for new markets and, crucially, innovation for new products—are the issues that have been focused on so far.

We have made progress in the past two years, but some of that progress is fragile because of global volatility. We need to focus on ways of reducing the impact of that volatility in Scotland. We have seen evidence that more work is being done with our farmers on productivity, in terms of support from the Scottish Government and from retailers. However, the big ticket challenges that were outlined in the dairy review are still there.

Towards the end of his speech, the minister mentioned transport. I will come back to that but, first, I will focus on the ambition that the committee set out that

"everyone involved"

should

"work towards a more sustainable, equitable, and profitable dairy sector in Scotland where all producers are paid an appropriate price for the goods they produce, and where consumers can make informed decisions about what to buy, based on clear information about where produce comes from and how much it costs to produce."

Those are really important principles. Everything that we do—the eight-point plan that we identified and the recommendations that we made to the cabinet secretary—is encapsulated in that quotation.

In the time that I have, I will briefly consider pricing and procurement, and the specific challenges that Scottish producers face, and talk about consumer information and choice.

For many farmers, the current farm-gate price is simply not enough to cover the cost of production and transport. Greater productivity is crucial and much was said to the committee about initiatives to push up productivity but, in the end, the volatility of prices and the nature of the dairy market make it extremely challenging at the moment, particularly for the smaller island dairy farmers.

If the price that is paid for milk does not cover costs, enable investment in new processes and infrastructure or cover the cost of transport to market, it is easy to see why it is difficult for farmers to stay in the industry at the moment. NFU Scotland notes that farmers in our most rural communities receive milk payments well below the cost of production.

Some people have said to us that the price is not crucial, but there is a fundamental economic issue that, if a farmer does not earn enough to cover the cost of production, they do not have a viable business. They might be able to sustain it for a short period but, in the long term, they will not be able to continue. We must try to work around that short-term issue. Everybody who talks about the long-term future for the dairy sector talks about it as a really successful industry, so we need to get through the short term.

The cabinet secretary said that there would be a review of transport in October. It would be useful for us to know what will be special about that for dairy. One thing that was said to us was that, when the ferries do not run due to bad weather, the milk is completely lost. There is an issue with access to preservative to make the milk last slightly longer. There is also an issue that milk is more sensitive to time than other produce that might come off the islands. That needs to be reflected in the review.

The second point is innovation and the generation of new dairy products made in Scotland. In his action plan, the cabinet secretary identified December as the target for seeking to encourage new investment in processing capacity in Scotland. The announcement that he has just made on behalf of Graham's Family Dairy is really important and welcome, but it would be interesting to know what other options he thinks exist throughout the country and where he thinks there could be wins.

The lack of innovation that was highlighted in "Ambition 2025" means that there are few Scottish yoghurts, salad cheeses or spreading cheeses available for consumers to buy. I take the point that Stewart Stevenson made about cheddar but, considering the market for dairy produce, we must have a much broader range of products to buy. We must have Scottish products that people recognise, and in which they can see the quality.

My consuming habits have changed since we did the inquiry. I have become much choosier going around the supermarkets. The briefing that we had from NFU Scotland was really eye opening. There are a number of products that I have bought for years on the basis that they look quite local, but I discovered that they were not. The branding looks local but the ingredients are not.

Transparency for consumers is key. We need good value for them. I would be the last person in the chamber to say that I wanted the price of milk to rocket. Our consumers are really hard pressed at the moment and we are all hugely aware of food banks. It is not about rocketing prices; it is about value and clearer labelling. If the source of products were clearly identified, it would let us see

whether we were really buying local, Scottish or British produce. That is not clear at the moment.

We need more new products—more innovation and product development. It would be interesting to see what other developments the cabinet secretary thinks SDI, Scottish Enterprise and Highlands and Islands Enterprise will deliver before December. We need to make progress in the short term because some of our farmers must be on the verge. We got that sense from talking to dairy farmers when they came to speak to us.

Good work is happening, but we have a short-term imperative to make sure that people survive the current volatility and the current pricing challenge so that they can become more productive and, at the end of the day, we have a better and bigger range of products that our supermarkets and smaller retailers can sell.

In my closing remarks in the debate—I get to sum up—I will talk a bit more about procurement because, in retrospect, I think that the committee could have spent a little more time on that.

14:55

**Alex Fergusson (Galloway and West Dumfries) (Con):** The word "volatility" has been used quite a lot already in the debate, and I am sure that it will be used again. It is easy to forget that less than three years ago dairy farmers across the United Kingdom decided that they had had enough when it came to the price cuts that were being imposed on them by milk processors. The farmers began a series of protests, which were marked for their good humour and entirely peaceful nature, and which culminated, in Scotland at least, with a rally in Lanark on 30 July 2012. That rally was attended by dairy farmers from all over the UK and, if my memory serves me right, by the cabinet secretary, Claudia Beamish and myself—I apologise if I have left anybody out.

At that time, the producers' demands were fairly simple. In essence, they were that the two recently imposed price cuts be reversed and that a fairer and more transparent pricing system be introduced, including a code of practice on contractual arrangements between producers and processors. The purpose was equally simple: to help to secure a sustainable long-term future for the dairy industry. It worked. Through a combination of political pressure, producer action and—importantly—great public support, the processors and retailers backed away from imposing the threatened cuts, retailers agreed to pay an enhanced price to their direct suppliers and a voluntary code of practice between producer and processor was agreed and published in October 2012—under the auspices of the then minister at the Department for Environment, Food and Rural

Affairs, Jim Paice MP—and was eventually implemented in the spring of 2013.

For a while, all was well. Increasing milk prices, lower feed costs and a much improved relationship between producer and processor as a result of the voluntary code brought a period of relative prosperity and stability to the sector. However, as we are now well aware, that period was all too brief, and we find ourselves once again seeking solutions to try to secure that sustainable long-term future for the dairy industry.

Although the call is the same as it was in 2012, we all acknowledge that the causes of the current crisis are not the same. This time, it is principally global factors that are to blame, which has led to a world surplus of liquid milk, but that is coupled with a specific localised factor in the shape of First Milk, which is the UK co-operative that purchases 40 per cent of Scottish milk and is, as has been said, particularly important to the more isolated and vulnerable milk producers on our islands and in some of our more remote areas.

Let us be in no doubt that we are in a crisis. In that light, the Rural Affairs, Climate Change and Environment Committee rightly decided to hold a short, sharp inquiry into the situation, with a view to—we hoped—adding something positive on what might be done to address the various issues. As has been said, we heard from producers, processors and—albeit somewhat reluctantly—retailers, as well as from the Groceries Code Adjudicator. I was happy to support our findings as represented in a letter from the convener to the cabinet secretary, which, as the motion suggests, have been well reflected in the recently published “Dairy Action Plan”.

The plan focuses on five principal points: market development, promoting best practice in dairy farming, promoting a transparent and efficient supply chain, getting the international rules right, and supporting First Milk in transforming its operation. The whole plan is backed up with a timeline of end dates by which various points of action are to be agreed. All those points are worthy and probably achievable, and if they are all successfully negotiated and put in place, there is no doubt that the dairy sector in Scotland will be in a much better place.

The convener and other members have mentioned the importance of transparency. In the time remaining to me, I will focus on one particular aspect of the plan, which is the next steps for the voluntary code of practice for contractual relationships. I declare an interest, in that between April and October of last year I chaired a review of the voluntary code, as the cabinet secretary has pointed out. The “Dairy Action Plan” calls for discussions in June on the next steps for the code. In my view, that cannot come soon enough,

because although the code is still in its infancy, it has an important role to play.

More than 80 per cent of Scottish milk is now produced under code-compliant contracts, if I can call them that. The major processors have all adopted the code and, where it has been fully entered into and embraced by producer and processor alike, it has brought about hugely increased openness and trust in that first link of the dairy supply chain—to the extent that, in some recent cases, the need for price reductions has been fully talked through and discussed openly with the producers, and has been reluctantly understood and largely accepted by them, thus avoiding the protests, frustration and anger of 2012. That is quite a step change in the relationship.

However, the fact remains that many medium-sized and smaller processors have, for a variety of reasons, not adopted the code—it is voluntary, after all—but I am in no doubt that universal adoption would be to the benefit of all. How can we achieve that with a voluntary code, even if it is one that has behind it the threat of a compulsory European code, if necessary?

My principal recommendation in the review, which is non-binding but was warmly welcomed by both the NFU Scotland and the National Farmers Union, was that discussions should be initiated with the third partner in the supply chain—the retail sector—in order to explore how that sector might be brought within the realms of the code. I am aware that some within the processing sector are not particularly comfortable with that proposal. However, during the limited talks that I had at the time of the review with two major retailers, I detected a genuine willingness to at least explore that possibility.

If it proves to be possible to bring all the links within the supply chain into the code, the transparency and trust that has undoubtedly improved between producer and processor since the code was adopted could become a feature right across the whole dairy industry, which could only be a huge step forward for the whole sector. At the very least, it could help to expose and therefore to discourage some of the more nefarious practices that we hear about from time to time, including processors having to pay in order to get premium shelf space for the product.

The plan is absolutely right to focus on better labelling of truly Scottish products and on getting those products on to the premium shelf space of our retailers. The Scottish dairy brand is an excellent initiative, too. However, we must add value at every possible opportunity: that means increased investment in processing.



Although it is not specifically part of the plan, I think that we should also take every possible opportunity to emphasise the health benefits of this wonderful natural product. This year of Scotland's food and drink, as I am sure almost everyone will emphasise, provides a perfect platform for doing that.

The good news is that everyone who came before the committee—and, I think, everyone in the sector—believes that the future is bright for the dairy industry. If the plan can be fully implemented, that future could be even brighter.

15:03

**Bruce Crawford (Stirling) (SNP):** I am very glad that this debate has been scheduled as it provides me with the chance to reflect on the challenge that is facing many dairy farmers not only across Scotland as a whole but in my constituency in particular.

In December last year, I was afforded an opportunity to meet a group of dairy farmers at Wester Thirds farm at Gartmore in my constituency. I had met a number of those farmers before, and let me say that their approach is always robust and workmanlike. On this occasion, though, there was a distinct change in mood. Anxiety and fear hung in the air, as well as a grim determination to get through this latest crisis in the farming industry—the reason why we are here today. The crisis, of course, is the dramatic collapse in the price of milk, particularly with regard to those who had contracts with First Milk, but not exclusively.

The discussion, as members might imagine, centred on what could be done to help prevent the crisis from becoming a catastrophe. It ranged from the impact that the EU sanctions on Russia were having on the international milk market to the role of the supermarkets in determining the price of milk; from the need to see what could be done to improve the operations and performance of First Milk to, in the medium to longer term, creating the conditions for an improved and enlarged value-adding processing industry in Scotland, with both the Irish and Danish experiences being put to me as exemplars of where achievements have been made; and from the potential impact of the ending of the EU milk quota tomorrow—the arrangements for which the cabinet secretary mentioned—to the ending of the misleading labelling that is holding back the growth in sales of Scottish products.

Many of those issues were discussed in the RACCE Committee and highlighted in the letter that the committee sent to the cabinet secretary on 20 February. The convener and the committee deserve our thanks for undertaking such a quick

but nonetheless detailed and comprehensive inquiry.

The cabinet secretary responded to the situation in March by publishing the Scottish Government's "Dairy Action Plan", which I welcome. I am also grateful to him for taking time out of his busy schedule earlier this year to meet in person a group of dairy farmers from my constituency.

Despite the good work that is going on, the situation for many dairy farmers throughout Scotland remains dire. For them, it is not about surviving in the long term but surviving 2015. I ask the cabinet secretary, although I do not know whether this is possible, to consider whether—as Rob Gibson hinted in his contribution—some of the timescales for delivery of the plan could be usefully re-examined.

I will tell members why. Milk prices will be down again from tomorrow, to an average of only 15.5p per litre for the small producers of First Milk after their 2p capital contribution, which Alex Fergusson rightly mentioned in his intervention during the committee convener's opening speech. That will leave one of the farmers in my constituency, whom I spoke to just yesterday afternoon, with an annual cheque for 2015 for a miserly £5,500, whereas in 2014 it was £10,300. We can see there the scale of the difference for a small operator. That price is simply unsustainable, and I wonder how many dairy farmers we will lose from the industry if the situation persists.

We all know that milk, cheese, butter and yoghurts are some of the staple foods that are consumed by the majority of households in Scotland, and we also know that Scotland is one of the best producers of those products in the world.

The cabinet secretary spoke about Graham's Family Dairy, which is an important employer in my constituency and a prime example of a family-owned Scottish company that is leading the way. It was good to see in the media today the announcement from Graham's of a £20 million investment in new dairy and research facilities at Craigforth in Stirling, which will create another 450 jobs.

That is good news, but further potential expansion of the industry in Scotland is being hampered by bad and misleading labelling practice. I recently lodged a motion in Parliament calling for the introduction of a made in Scotland label for Scottish-produced dairy products. Having such a label would not only benefit Scottish farmers and producers but make it much easier for consumers to identify and buy Scottish-produced products.

I have taken a particular interest in product labelling after hearing from NFUS representatives

at a recent meeting with MSPs in Parliament. Like Sarah Boyack, I was—to say the least—a bit shocked to hear about products that look Scottish but are made in France, Ireland and other European nations, despite having saltires and Scottish branding all over them. That means that, even when consumers think that they are doing the right thing and buying local produce that is covered in Scottish symbols and saltires, they often are not.

As the cabinet secretary and Rob Gibson mentioned, that has led to a situation in which the biggest-selling spreadable butter sold in Scotland is Danish; the biggest-selling cheese brand is Cornish; and the biggest-selling yoghurt comes from England. That is a disappointing backdrop, but it is also a golden opportunity for Scottish producers. I acknowledge what the cabinet secretary said about opportunities in exporting, but much more could be done to penetrate the domestic market if we had proper labelling and a proper made in Scotland designation.

I was pleased to read in the “Dairy Action Plan” that the cabinet secretary will be pressing DEFRA to accelerate the timetable for extending country of origin labelling. He will also be holding DEFRA to account to argue for EU recognition of a made in Scotland label, on which all parties agreed during the Smith commission discussions.

Assisting consumers to understand where their food is being produced can only help to encourage them to think Scottish when buying their groceries. In turn, that should lead to greater sales of Scottish produce, which could help to boost the dairy industry and to motivate milk producers to invest further in Scotland.

As other members have said, 2015 is the year of food and drink in Scotland, and I want to help our dairy farmers to capitalise on the worldwide reputation of Scottish food and drink, getting more of our wonderful Scottish produce not only into stores but into prominent positions in stores. That must be a priority.

As I said in my motion,

“the provenance of Scottish dairy products could increase sales, motivate milk processors to invest further in Scotland, provide an avenue for food manufacturers and give a significant boost to those producing the finest of Scotland’s larder.”

That direction can only be good news for dairy farmers and consumers alike, and we need to hasten it along as quickly as we possibly can.

15:10

**Claudia Beamish (South Scotland) (Lab):** It is important that we are having this debate today in view of the recent and very regular examples of price volatility in the dairy industry. It is right that

the Rural Affairs, Climate Change and Environment Committee held its inquiry and wrote to the Cabinet Secretary for Rural Affairs, Food and Environment on the matter. It is absolutely essential that the Scottish Government’s “Dairy Action Plan”, which the cabinet secretary acknowledges was partly in response to the committee inquiry, is robustly implemented.

I met dairy farmers who supply Graham’s Family Dairy at the Lanark auction mart last week. They were representing family farms on marginal land, which are really up against it in the present climate, in spite of the Graham’s ethos and the top farm-gate price.

I was heartened to see from the plan’s “Promoting best practice in dairy farming” section that there is an intention to

“Give priority access to the dairy sector to whole farm reviews and the new SRDP advisory services and actively encourage farmer uptake.”

How will the Scottish Government make that known to dairy farmers?

Also in that section of the action plan, we hear that the Scottish Government

“will continue to support the new Dairy Hub”,

as the cabinet secretary mentioned today. I wonder whether the cabinet secretary might give more detail in his closing remarks about whether that work will be regional or central, and how it will be advertised again.

The need to alter power structures is, in my view, at the heart of the development of a sustainable dairy industry, with a fair farm-gate price in the future. Producer organisations could have a significant role to play in the future. As a member of the Scottish Co-operative Party group of MSPs, I am eager to highlight some issues here.

The Scottish Agricultural Organisation Society works hard to promote Scottish farmers and to strengthen the sustainability and competitiveness of the food-and-drink and other rural industries through co-operative principles. Owned by and working for its membership, SAOS is a strong example of supportive and advisory infrastructure for agricultural and co-operative development.

In January this year, the Milk Supply Association began operations as an independent producer association. With the assistance of SAOS, the association’s members represent 80 per cent of milk supplied to the processor companies, the Fresh Milk Company and the Caledonian Cheese Company. With SAOS’s help, processors and producers are able to enjoy closer working relationships and can commit to transparent and fair milk pricing processes.

In several EU countries, agricultural co-operatives dominate, with average market shares exceeding 50 per cent, whereas in the UK the figure currently sits at 25 per cent. That has been identified as an opportunity for expansion.

Arla Foods, which is a Denmark-based company as we know, now has Dairy UK membership and has become one of the largest UK milk processors. In 2012, Arla's throughput was 15 times that of First Milk. Ventures of that scale provide financial gain. They also bring knowledge and market access, as well as demonstrating the huge benefits in co-operative agri-businesses that are waiting to be secured.

As our convener has stressed, the committee was disappointed by some of the evidence from First Milk. Along with the rest of the committee, I will be sure to see how developments can be taken forward quickly, with a new chief executive officer in charge and a new plan.

I was frankly disappointed—I found it unacceptable and profoundly unhelpful—that some supermarkets thought it appropriate not to co-operate with the RACCE Committee in the first instance, although the Co-operative Group, Aldi and Waitrose agreed to take part—Waitrose via a videolink—and they were positive from the start.

The impression that was given by others was that some supermarkets thought that they were a law unto themselves. It showed a very negative approach at a time of crisis for producers that those supermarkets declined to come before us in the first instance.

Moving on, some of what transpired in the evidence sessions on the part of the supermarkets was actually positive. I believe that the whole inquiry process has perhaps sent some messages to them about working more closely and transparently throughout the dairy chain.

In relation to the support by supermarkets for local Scottish dairy products, as other members have said, consumers cannot buy if they do not see; the products have to be on the shelves. It is right that the Scottish Government has included in its timeline, for July,

“Engage with the Grocery Code Adjudicator”.

There is an issue about whether the remit of the adjudicator might be extended to go further down, to the producer, although I appreciate that it is a complex issue.

Public procurement is also a significant issue. I ask the cabinet secretary to give more details of and support for an expectation of purchase of local and Scottish produce. For instance, as a very new young—Young? Excuse me, Presiding Officer. That is a Freudian slip. As a very new gran, I

question why milk is not a daily menu option in Wishaw general hospital.

As for new products more generally, which were highlighted in our committee evidence sessions, in this year of food and drink I asked the cabinet secretary a question in January about niche markets. I sought reassurance about the initiatives that the Scottish Government and, importantly, Scotland Food and Drink are taking to support those markets, such as Lanarkshire blue and Loch Arthur cheeses, and many others across Scotland.

Working in partnership, we must ensure that there is support for new initiatives. As other members have said, the committee inquiry has helped to focus on that urgency. I am delighted that the dairy plan includes the launch of the Scottish dairy brand in October, and I would encourage all those along the supply chain actively to take part.

I understand that the farm-gate price for the organic dairy sector has held up well but that that could be due to some organic farmers going out of business rather than expansion. Will the cabinet secretary tell members what is being done to support organic farmers? That is a niche market that could be taken forward, and I have not seen reference to it in the dairy plan.

As other members have said, exports are a strong part of the picture. I hope that the cabinet secretary will say something further about specific support through Scottish Development International. I wonder about the price of the products on shelves abroad; surely transport is one of the things that puts up the price.

As we have heard, more capacity is needed in processing initiatives. In a press release this week, NFUS has stated:

“Work to progress a Scottish dairy brand must be underpinned by investment in processing capacity in Scotland so that we have the ability to produce both commodity and added value goods from Scottish milk closer to our own milk fields.”

Like many other members, I am delighted to hear the announcement from Graham's. This is also a carbon miles issue. In response to the relevant part of the dairy plan, NFUS's milk committee chairman commented:

“The Scottish Government's intention to actively encourage investment in new and diverse processing must bring speedy results.”

It was disappointing, therefore, to see that the Scottish Government's proposal in the dairy plan to encourage new investment in processing capacity is for December, although the cabinet secretary has acknowledged today that discussions will be on-going.

**The Deputy Presiding Officer (Elaine Smith):** Could you draw to a close, please?

**Claudia Beamish:** I will.

I hope that, in committee, we will be able to work with the cabinet secretary, and that the cabinet secretary will involve the Cabinet Secretary for Infrastructure, Investment and Cities in processing issues. In the words of our convener, dairy pricing must not be

“shrouded in too much darkness.”

It must be transparent. We must all work together for the future of our industry, for everyone's sake.

15:18

**Angus MacDonald (Falkirk East) (SNP):** As a member of the Rural Affairs, Climate Change and Environment Committee, I am pleased to contribute to the debate, and I am pleased that such an important issue concerning the agricultural sector has been allocated the maximum amount of time for debate that is available in the chamber.

There is no doubt that dairy farmers are struggling; many are close to closure due to the sharp falls in the international price of milk, with its knock-on effect on Scotland, and also due to discounting by UK supermarkets—much as they would deny that they are the main cause.

Many dairy farmers are clinging on, partly in the hope that the situation will improve later in the year, as most agricultural pundits predict, but many hold on because dairy farming is all that they know and they do not want to transfer to other types of farming. Clearly, the volatility of the global market leaves the industry looking very much like a rabbit caught in the headlights when the going gets tough, so it is the responsibility of all of us, including the UK and Scottish Governments, to do what we can to smooth the way while we await the promised upturn in demand for milk.

It is generally accepted in the industry that to keep cattle well fed and cared for, farmers ideally need to get about 30p per litre of milk, but most are struggling by on about 24p per litre—although some receive much less than that—because of the global price of milk, which has fallen sharply in recent months as a result of geopolitical factors. Those factors include Russia banning imports from the EU in retaliation for the sanctions that were imposed in the wake of its annexation of Crimea. At the same time, the slowdown in growth in China that we have heard about has led to less demand for imported goods there.

According to a recent warning by Rabobank's agribusiness research branch in its “New Dawn for

European Dairy” report, the industry could well be facing additional competition from producers in China and New Zealand, where costs of production are lower, so although the influx of New Zealand lamb to these shores is thankfully diminishing, we face a further indirect challenge from the southern hemisphere. In addition, Rabobank's report indicates that China's production costs are now somewhere between those of Ireland and the Netherlands, and it stresses that investment in large integrated supply units will increase the competition with which EU farmers have to deal.

Domestically, supermarkets compete to sell the product cheaply, which forces down the price that they are willing to pay suppliers. I am sure that we all agree that that is one of the pressures on dairy farmers that must be alleviated. From what the committee has seen and heard, the supermarkets are not comfortable with having the spotlight on them, which has already helped to concentrate the minds of some major players. Asda, for example, which has its Scottish distribution centre in my Falkirk East constituency, has its Scottish supplier development academy, which is run in partnership with the Scottish Government and Scotland Food and Drink. The academy, which is supported by a grant from the Scottish Government, aims to generate new sales for food and drink businesses by providing expert advice and insight into supermarket trading disciplines. Recent dairy supplier participants in the academy include Connage Highland Dairy, G Porrelli & Co, Graham's Family Dairy, Lactalis McLelland and Rowan Glen. Following their time at the academy, those suppliers have experienced significant sales growth and product-range expansion.

Although such support for the industry is extremely welcome, we should take note of the NFUS briefing that we received prior to the debate, which highlights the fact that some supermarkets label as “Scottish” products that are not Scottish. I do not want to single out individual supermarkets, but I will mention an example that NFUS gave. Rowan Glen spreadable butter is displayed in Aldi alongside a love heart incorporating a saltire to signify that it is Scottish, but Rowan Glen is owned by the Northern Irish company Dale Farm, which uses Scottish milk exclusively only in the production of its yogurt. We also hear that Galloway spreadable Scottish cheddar is manufactured in France, albeit with Scottish cheese.

Therefore, there is no doubt that improved labelling will result in milk processors investing more in their Scottish facilities in order to create truly Scottish products. Ideally, as we heard in committee, the Groceries Code Adjudicator should be given more powers so that she can help to

ensure that farmers get a fair price from supermarkets.

As we know, the office of Groceries Code Adjudicator was created in 2013 to regulate the relationship between supermarkets and suppliers, but because most dairy farmers sell their milk through intermediaries, the current adjudicator, Christine Tacon, is not able to investigate their complaints. Therefore, I was glad to hear the cabinet secretary say that he is due to meet her soon.

It is clear that marketing is the key. Retailers, manufacturers and processors must make greater efforts to promote Scottish dairy produce both at home and abroad. Although prospects for Scotland's dairy industry will undoubtedly improve, there is stiff competition out there, as processing capacity in other northern European countries is being ramped up, especially in Ireland, France, the Netherlands and Germany, all of which are building, or are planning to build, milk powder, whey and cheese plants. That is why market development is probably the most important section of "Dairy Action Plan", which the Scottish Government published last week.

Mention has been made of the announcement by Graham's Family Dairy. I, too, was pleased to see local firm Graham's of Bridge of Allan putting its money where its mouth is in yesterday's announcement of a £20 million dairy plant, which will include research and training facilities, at Craigforth on the outskirts of Stirling. Thirty years ago, I was training as a livestock auctioneer with United Auctions at Kildean in Stirling. I remember the size of Graham's dairy business then, so it is heartening that the firm has gone from strength to strength and is led by a family that is 100 per cent committed to the industry.

Another aspect that is hitting milk producers, especially on the islands, is transport costs. I was born and brought up on a dairy farm on the Isle of Lewis, and although we shifted from dairy to beef in the late 1970s, I saw at first hand the challenges that were created by freight costs to and from the islands. I therefore have a lot of sympathy with the calls from the NFUS for prompt action to introduce cheaper freight charges, which would greatly benefit the First Milk producers on the islands of Bute, Arran and Gigha.

**Jamie McGrigor:** I believe that there are now no dairy farms on Lewis. Will Angus MacDonald give the reason for that?

**Angus MacDonald:** That is correct. There is a small Jersey herd on the west side of the island, but that is all. There are a number of reasons, but it is clear that freight costs are partly to blame.

I welcome the commitment in "Dairy Action Plan" to ensure that the review of freight fares

across Scotland's ferry network takes account of the impact on dairy transport costs, but I urge the cabinet secretary to note the call by the NFUS's milk committee chairman, Graeme Kilpatrick, who said:

"With regard to freight charges assistance to island producers on costly milk haulage cannot wait until the autumn. That help is needed now."

The current dairy crisis and our RACCE Committee's urgent inquiry into the dairy industry and milk prices have helped to concentrate minds—not least in the retail sector. I look forward to increased and improved promotion of Scottish products in Scottish stores and to a much healthier industry in the medium-to-long term.

**The Deputy Presiding Officer:** I am afraid that the time that we had in hand is rapidly running out. I ask members to keep to about six minutes, with time for interventions if they take them.

15:26

**Michael Russell (Argyll and Bute) (SNP):** At the outset, I pay tribute to Rob Gibson, the members of the Rural Affairs, Climate Change and Environment Committee and the clerks. The committee's inquiry into the dairy industry was the first committee inquiry that I had been part of in more than a decade, and I was impressed by the intense discussion, the intelligent debate and the incisive outcomes.

I am also grateful to the Cabinet Secretary for Rural Affairs, Food and Environment for publishing the "Dairy Action Plan". He will not be surprised when I say to him that the one thing that it lacks is urgency on ferry and freight costs. I will come to that in a moment.

I also pay tribute to others who are trying to help with the present situation. For example, in my constituency, Bute Estate Ltd is talking about the possible remission of rent later this year and has already accepted that the rent that is due in May should be paid in instalments. It has also made some other useful interventions to try to sustain the fragile dairy industry on the island.

I want to address three things: the particular difficulties that are caused to my constituents, the dairy farmers in Bute and Kintyre; good and bad practice in the relationship with producers across the country; and innovation. Let me start with Bute and Kintyre. There are approximately 50 dairy farmers in my constituency, and they are not immune to the difficulties with world prices, which have collapsed, although it is anticipated that they will rise later this year. However, those farmers are in a much worse situation than others, because they are not in a market but are part of a monopoly. For historical reasons, First Milk is the only processor that can collect milk in Bute and

Kintyre; it is a historical situation, but it is one that many of those farmers deeply regret, because they receive the lowest price that it is possible to pay.

As we heard, the new price that will be effective tomorrow will be about 15p a litre, after the reduction that takes place. I stress that that is vastly below the cost of production. The farmers cannot continue to produce milk at that price forever. Indeed, they can hardly continue to produce it even for a matter of months. Whatever help comes from the Scottish Government must be targeted sharply to ensure that those producers can survive the period until prices rise again.

The transportation costs, particularly on Bute and Gigha, are the big issue, so help must come now on those costs. The Scottish Government must step in and provide the discount that is already applied for agricultural feedstuffs. The campaign for that is supported by the NFU Scotland. The farmers have demanded that that happens because they know that it is essential. I will certainly ensure that they meet the Minister for Transport and Islands as quickly as possible, but it will be to discuss how that can be done and not whether it should be done.

The rest of "Dairy Action Plan" is positive and helpful. As my friend Bruce Crawford has said, and as Angus MacDonald has said, there is a need for urgency in delivery of the plan, but it can be delivered. Farmers in Bute and Kintyre are working together, but they are ill served by their own co-operative.

The management and communications of First Milk have been dire. The new chief executive officer, Michael Gallacher, has a major challenge ahead. None of us on the committee was impressed by the way in which First Milk gave evidence. I am glad to hear from the cabinet secretary that the Scottish Government is now committed to funding major improvements in Campbeltown; that money needs to start flowing immediately. I am assured by First Milk that its discussions with the Scottish Government mean that the money will be flowing in the early part of April, but investment in the creamery in Campbeltown is absolutely essential for the future of the dairy industry in Kintyre and, to some extent, on Bute, although its milk currently goes to the creamery in Cowdenbeath.

There is a good future for the producers in Kintyre if that investment takes place, because they have a very good product and they have an efficient and effective dairy sector. They are enormous players in the local economy, but they have been subjected to bad management and bad practice, which brings me to my second point about what is good and bad in the present situation. Bad is the management and practice of

First Milk, which made a lot of wrong and stupid decisions. That has to stop and it must concentrate on what it knows, and to ensure that its practice improves.

There has also been criticism of the supermarkets that were reluctant to come to the committee, and of those that have been criticised by the adjudicator, but there is good practice among the supermarkets as well, so I wanted to mention that. We took impressive evidence from Marks and Spencer, Waitrose, Lidl, the Co-operative Food and Tesco, all of which have good relationships with their direct suppliers. That relationship involves a small number of suppliers, but they are vastly better off, even with a lower price, than those that are providing to First Milk and others.

Two of the figures who gave evidence to the committee were from Kintyre—Calum Kirk from the Co-op and Duncan Sinclair from Waitrose—and have first-hand knowledge of the industry. The support that the Co-op is now giving to Kintyre cheese is important, with the launch next Tuesday of the Kintyre cheese, yes please campaign. If anybody happens to be in Campbeltown next Tuesday morning, as I shall be, they will not only get a free sample, but will help to start an important relaunch of the product.

**Alex Fergusson:** Does Michael Russell accept that the direct-supply situation, which he has rightly highlighted and in which most farmers are slightly better off, also occurs in other areas and through First Milk, which supplies other companies with milk on dedicated contracts? It is not quite as simple as saying that all First Milk suppliers are on 15p a litre, but it is right to highlight those that are, because they are the ones that are most in danger.

**Michael Russell:** Mr Fergusson is right to say that where direct contracts exist, the producers are likely to be better off. Those who have been suffering the vagaries of First Milk are not better off, and have not been for some time.

Little innovation has taken place from Scottish producers and processors. A shining example of where it has taken place is Graham's Family Dairy. I am glad that it has been referred to warmly throughout the debate, but there needs to be more innovation. We undoubtedly need to put Scottish products on Scottish shelves, but new products with strong brand names can be exported from Scotland. As Robert Graham pointed out, it is possible to buy English, French, Danish, Irish and Scottish butter in Scotland, but it is not possible to buy Scottish butter outside of Scotland. That has to change, and the type of spreadable butter that Graham's has introduced can now be sold outside Scotland.

We need new products that trade on the strong reputation of Scottish food and strong brand names, then there will be a good future with good plans for a good industry. This is a period of great difficulty, but it can be overcome. However, in my constituency, overcoming it will require substantial help from the Scottish Government, much better management from First Milk, and investment.

15:33

**Jim Hume (South Scotland) (LD):** As an MSP for South Scotland, I know that the dairy industry is hugely important. Dumfries and Galloway and the Ayrshires are by far the biggest production areas of milk in Scotland.

In the year of Scotland's food and drink, it is worth noting the importance of the dairy industry to our general economy, and especially, but not solely, to our fragile rural economies. The dairy industry is worth some £400 million to our gross domestic product and accounts for 15 per cent of farming productivity. In fact, we have 900 dairy farms working all hours to put that fresh pinta on our tables. The number of farms has declined over the years. According to the Scottish Dairy Cattle Association, we had 5,735 dairy farms in Scotland in 1903. We have just under 16 per cent of the number of farms that we had 112 years ago, albeit that herd sizes were smaller then, with 39 being the norm, whereas now it is in the region of 170.

Those members with their slide rules at the ready will have worked out that we have gone from around 225,000 cattle in 1903 to about 155,000—some 30 per cent of dairy cattle have disappeared. Productivity, genetic improvements and better diets have all helped to increase productivity in the dairy industry, but there is no story of a rapidly growing industry; instead, it is a story of much producing and little processing, therefore there is little chance to diversify and make the industry resilient. After all, liquid milk—which is what Scotland mainly produces—has a short shelf life if it is not processed.

Looking further afield at New Zealand, there is one farmers' co-operative that has a near monopoly. That organisation has some 13,000 farmers as its members and New Zealand has recently seen a rapid growth in the number of dairy farms. In Scotland, most of our milk is for the home market—the cabinet secretary mentioned that the figure is some 90 per cent—but in New Zealand about 95 per cent of dairy produce is for export. Anyone who knows New Zealand knows that it is thousands of miles from any market and that New Zealand has focused on the growing market of Asia. Asia accounts for 53 per cent of the world's skimmed milk market and 40 per cent of the world's whole milk powder imports; those

markets are still growing, although growth has slowed slightly.

In Scotland we are too reliant on the short shelf life market of liquid milk. Our report highlighted the fact that we need more resilience in the industry and more diversification of the product. Therefore, it makes sense to have more competition and increased resilience to tackle overproduction in the marketplace. Any encouragement that we can give to dairy farmers to co-operate and give themselves a better negotiating position than at present also makes sense to me.

With that in mind, we must remember that First Milk—which, as we all know, was in a position where it was unable to pay its producers, which set alarm bells ringing in the Rural Affairs, Climate Change and Environment Committee—is a farmers' co-operative. Therefore I welcome the key point in our recommendations for the Government to work with producers and producer organisations to ensure that we do not reach such a situation again and that we can build on the strengths of our co-operatives.

Page 7 of the committee's letter to the cabinet secretary notes that the committee would welcome the Westminster Government delivering tax smoothing over a five-year period instead of a two-year period. I am glad that, after the Lib Dem Chief Secretary to the Treasury's intervention on that point, we had that very issue addressed and delivered in the UK budget. I know that that has been welcomed by the dairy industry and by our committee convener.

During the inquiry we had a very informative contribution from the Groceries Code Adjudicator or supermarket ombudsman, Christine Tacon. It was one of the best contributions that we have had at a committee. Of course, I note that that ombudsman was part of the Lib Dem manifesto, which has been delivered by the coalition. Like the committee, I would like that role to be extended to protect more throughout the supply chain, and I am sure that we have support across the chamber for that to happen.

I welcome the Scottish Government's "Dairy Action Plan". Like others, I would like to see more targeted dates, so that we can measure progress. The plan addresses many of the points raised by the committee's investigation into the dairy industry crisis, including prioritising access to UK retail, which is of course important as a home market for Scottish produce. With that in mind, I realise that supermarkets have come in for much flak throughout the inquiry—much of it is justified—but as well as developing other markets, we will have to work with the supermarkets, as they are major buyers of Scottish produce. I agree with the NFUS that we need clearer labelling of Scottish produce on supermarket shelves.

It would be remiss of me not to note that there is further concern in the dairy industry, which has been highlighted by recent grass lets and which, if not addressed, will affect tenancies when they come up for negotiation: landlords who have not claimed common agricultural policy payments are now doing so in order to gain the greening payments immediately and to get single farm payment paid to them incrementally over the next five years. I would appreciate it if the cabinet secretary addressed that point in his summing up and stated how he will tighten up eligibility criteria. Otherwise, we will see the nail in the coffin of any tenanted dairy or other type of farm in Scotland.

15:39

**Joan McAlpine (South Scotland) (SNP):** The south-west of Scotland, in the region that I represent, is a significant part of the country's milk field, so it is not surprising that the most recent NFUS meeting with parliamentarians in the south-west of Scotland—which included Alex Fergusson—focused very much on the difficulties that the dairy sector faces, which we have discussed today and which, in terms of the price of liquid milk, are grave. However, the current crisis has made us all focus on solutions that, if reached, will make that sector of our agricultural industry stronger and enable it to share in the success of Scottish food and drink generally. The Government's commitment to launching a Scottish dairy brand is particularly to be welcomed, and the cabinet secretary's firm timeline for the launch of the brand at the Royal Highland Show in June is particularly encouraging.

Mr Gibson and his committee point out that our home producers could do a lot better in the domestic market for dairy products other than liquid milk, and there is consensus on the fact that we must diversify to compete. However, Lurpak and Cathedral City have not always been the first choice of Scottish shoppers; they have grown to become brand leaders—a phenomenon that reflects the rise of supermarkets and the growth of competition and choice for consumers. Many will be shocked at the evidence that was given to the committee by the UK Groceries Code Adjudicator, who said that she had "reasonable suspicion" that Tesco was delaying payments to suppliers and asking for payments for shelf positioning. Morrisons also indicated to the committee that bigger brands could put together what it called "a package of support" for products in supermarkets. It did not make clear what that support was, but clearly it is not available to smaller Scottish brands.

Farmers to whom I have spoken are frustrated by the supermarkets' failure to properly promote Scottish produce on their shelves. They ask

particularly that produce be supported on shelves that are in the eyeline of the customer and they want to see dedicated shelves for Scottish-branded products, including discounted items. It is up to the supermarkets to deliver, and I hope that the cabinet secretary will show them a very firm hand.

Finally, I will talk about investment in processing, which is an issue that farmers have raised directly with me. The "Dairy Action Plan" commits the Government to the deadline of December to

"Seek to encourage new investment in processing capacity".

My constituents in the sector would welcome much more detail on that. Dairy farmers have made clear to me the need for significant investment in processing in what is now a hi-tech industry. In particular, they want to see investment in a state-of-the-art drier.

Many working farmers in the south-west are originally from Ireland, which perhaps makes them more aware of developments in that country. They have drawn my attention to a massive investment by the Irish Government and Glanbia Ingredients Ireland—GIL—in a new facility in Belview, County Kilkenny. It represents a joint investment of around €150 million and will create 1,600 direct and indirect jobs by 2018. That is being done to allow the Irish dairy farmers to move forward now that milk quotas are gone. The facility will have the capacity to manufacture more than 100,000 tonnes of nutritional dairy powders in a year, and it will be one of the largest, most advanced facilities in Europe, with a capacity to process more than 700 million litres of milk per year. Significantly, it will have driers, which are the technology that dairy farmers tell me that we desperately need to invest in.

The NFUS briefing offers some answers as to why we are behind in investment in processing, notwithstanding the welcome announcement by Graham's in Stirling today. The briefing notes that the Scottish dairy processors find it difficult to diversify their portfolio due to the decreasing margin that they make at retail sales, which strikes me as a truly catch-22 situation. The NFUS also says that processors have attempted to invest in infrastructure numerous times by approaching third parties to secure capital for co-ventures. It claims that those deals have often fallen through or have been held back by local authority planning rejections or a lack of support from Governments and local authorities; however, it gives no specific examples. I would be very interested to hear whether the cabinet secretary can shed light on that statement and whether he shares the view of the NFUS.



This is a consensual debate, and I welcome the cross-party commitment to help the industry. However, the point must be made that the Republic of Ireland, despite all its recent difficulties, has been able to make a significant investment to allow its producers to compete in an international market. How can that be? Is it because Ireland, as an independent country, has more freedom to decide its priorities? Is it because, as Sarah Boyack observed, the industry in Scotland is controlled by companies based outwith Scotland? Is there anything that we can do now, as the NFUS seems to suggest?

As I have said, the proposal from farmers in my region is very specific. They believe that investment in a state-of-the-art drier and further processing would transform the sector's fortunes. I would be interested to hear the cabinet secretary's thoughts on the matter in his closing speech.

15:45

**David Stewart (Highlands and Islands) (Lab):**

I warmly welcome the Rural Affairs, Climate Change and Environment Committee's work on the dairy industry, and I congratulate Rob Gibson and his committee on the comprehensive report and the insightful recommendations. I played a small and insignificant role in the proceedings, as I attended one evidence session as a committee substitute. Although I was an extra only for the day, I appreciated the committee's work and the insights that were provided by the witnesses to whom I listened.

I represent the Highlands and Islands region, and the topic of farming has been raised with me frequently in emails, letters, phone calls and, of course, attendances at surgeries. I will cite one example. In the previous session, I met Mr and Mrs Mundell of Kintyre, who have been dairy farmers for more than 40 years. They described first hand their love and passion for farming, but also the heartbreak of having to kill most of their herd as their income had dropped and they were running the business at a loss. They had specific problems with their milk quota—members will be glad to hear that I will not go into that—which led to a petition being submitted to the Public Petitions Committee. Their situation illustrates the difficulties that many dairy farmers face daily.

The committee report outlines clearly why the industry is experiencing major change. Many members have given an analysis of that change. The number of specialist dairy farms has halved and dairy herds have decreased, although production levels have remained consistent for more than 20 years.

Many members have talked about the global challenge, which is stark and clear. Milk supply is

increasing at a time when demand is declining; as we have heard, that is mainly because of the Russian import ban and a slowdown in the Chinese market. As the committee's convener said, the situation has all the ingredients of a perfect storm, with declining farm revenues because of overproduction, a shrinking market and an excess of liquid milk.

Time does not allow me to focus on the many important issues that are raised in the committee's report, such as First Milk's role and the relative power of supermarkets through their negotiating strength. However, it strikes me as appalling that well-organised and efficient dairy farmers such as the Mundells are paid less than the cost of milk production. As the NFUS said in its briefing, dairy farms in areas such as Campbeltown represent around 70 per cent of gross domestic product in those areas.

I will focus the remainder of my speech on what can be done, which reflects the positive recommendations in the committee report and from the NFUS and the eight-point plan that was put to the committee by Mike Russell.

The obvious and perhaps simplistic starting point is that the product's price is only one factor and it is important to look at technical efficiency and innovations. I paraphrase the former managing director of General Motors, who said that if it waddles and it quacks, it is a duck. We know that retail margins are going up and the processors' margins are going down. Where is the transparency? The committee has tried to shine a light in the dark places across Scotland.

A number of members have touched on key points with regard to what is needed. I will run through what I think are the four or five key issues. First, and perhaps most important, is improving the farmers' bargaining power to negotiate the price that they receive for their milk by the creation of producer organisations such as those that we have in Orkney. That would require capital injection and expertise.

**Alex Fergusson:** I agree entirely with David Stewart about the effectiveness of producer organisations, but does he agree that there is considerable reluctance to recognise or, indeed, encourage producer organisations by too many processors in the chain?

**David Stewart:** I strongly support Alex Fergusson's point. That is a key issue in how we go to the next stage.

The second issue is that it is really important that we invest in high-value niche products and use cheese, cream, yoghurt and butter for both the Scottish and the export trade. It goes without saying, of course, that finance is the key. I strongly supported the work of and comments from the

European Commissioner for Agriculture and Rural Development, who was right in talking about opening up rural development funding for farmers and processors through cheap loans through the European Investment Bank. Will the cabinet secretary refer to that in his winding-up speech?

There is, of course, an urgent need for processors to invest in new machinery—we heard that from Mike Russell earlier—and we need to increase capacity in areas such as Campbeltown.

It is clear that we need to review the costs for milk buyer operations, such as ferry costs. I strongly endorse the comments that other members have made about the need to review those urgently. We do not have a lot of time—I suspect that I am in the same boat in not having a lot of time, Presiding Officer.

We need very clear country of origin labelling regulations and stronger regulation. The UK Groceries Code Adjudicator has done good work, particularly in the Tesco inquiry.

The Scottish dairy industry is vital for our food security and a major generator of GDP across rural and island Scotland and beyond. In the Scottish year of food and drink, there is great potential for the industry. We must remember that we have a comparative advantage in Scotland because of our environment and climate.

Finally, I thank the committee again for its excellent piece of work, which is very timely. We do not have time in the debate. Action points must be explored now, otherwise other dairy farmers will go out of business as we speak.

15:52

**Dave Thompson (Skye, Lochaber and Badenoch) (SNP):** I echo my colleagues' comments in welcoming the "Dairy Action Plan" and congratulate the cabinet secretary on his hard work on it.

As we have heard, the dairy sector is vital to Scotland's farming and food industry, and the plan could not come at a better time, as we celebrate Scotland's year of food and drink. The plan did not come about by itself, of course. The Rural Affairs, Climate Change and Environment Committee has also worked hard under the convenership of Rob Gibson. It has engaged with farmers, milk producers, retailers and other bodies such as the UK Groceries Code Adjudicator, the National Farmers Union and the House of Commons Environment, Food and Rural Affairs Committee.

As has been said, our work on the committee looked at the on-going problems that face the dairy industry, with the aim of establishing a clearer picture of the challenges that face the industry, from farmers through to processors and

retailers, and identifying solutions that are geared at improving the current situation and prospects for the future.

It was unfortunate that some retailers were reluctant to come before the committee. That was discourteous to all those who work hard across the country to produce and process Scotland's milk. However, after our threatening to empty chair them, they co-operated fully with the committee. In the spirit of taking the dairy industry forward and for the good of those involved, from producers to consumers, I hope that there will be less reluctance from those retailers in future because, for any plan to be truly successful, we need to be united in our aims. That includes everyone who is involved in the industry in Scotland.

Asda's Scottish supplier development academy is run in partnership with the Scottish Government and aligns with the new "Dairy Action Plan" on access to Scottish dairy products. The academy, which is supported by a grant from the Scottish Government, aims to generate new sales for food and drink businesses by providing expert advice and insight into supermarket trading disciplines. Recent dairy supplier participants in the academy include Connage Highland Dairy, G Porrelli & Co, Graham's Family Dairy, Lactalis McLelland, Peter Equi & Sons and Rowan Glen. It is positive that, following their time at the academy, those suppliers have experienced significant sales growth and product range expansion, which is great news.

The dairy plan comes after a period of sustained change in the industry, including a loss of specialist dairy farms, yet production has remained consistent over 20 years. Trends have moved towards keeping larger herds, with approximately the same amount of milk being produced from fewer animals.

Globally, an increased supply from other countries has meant decreased demand. Prices have been driven down by overproduction and declining markets. Liquid milk has flooded the market.

The EU commissioner believes that the current situation is a temporary downturn. However, such comfort will mean little to hard-pressed dairy farmers in Scotland, which is why the dairy plan to help the resilience of the dairy sector is of such real importance.

Of course, some volatility is inherent in the industry. However, the key to protecting the industry in Scotland from such volatility is to look to put policies in place to assist producers, particularly those in remote and island communities, where the industry is most fragile. Island producers should benefit from road

equivalent tariff by the autumn when it will be rolled out to all remaining west coast routes.

Dairy farmers in some of the most remote parts of the country often sustain local communities and economies, which in turn provide considerable economic and social benefit, but those farmers are often not able to compete with others in having the opportunity to supply a range of processors and retailers, due to their physical location. However, progress is being made. Last year, in response to "Ambition 2025", the Scottish Government, as we have heard already, established the dairy growth board and the dairy hub, the main themes of which are laid out in the "Dairy Action Plan". They include marketing, promotion, supply support and ensuring that international rules are correct.

I am encouraged that the dairy growth board and Scottish dairy hub are now up and running. The increased support for dairy farmers will help reach the growth target of 50 per cent as set out in the "Ambition 2025" report.

As someone who remembers milk breaks when I was in primary school, I think the time is ripe for developing that initiative in Scotland, but with a few changes. A dairy break in the morning could offer flavoured milk and yoghurts, too. That would ensure that children are better nourished, with an improved ability to learn. Such an initiative would boost the sales of milk, which would in turn benefit the dairy industry.

It is heartening that the "Dairy Action Plan" includes a reference to working

"with local authorities to increase consumption in schools of Scottish cheese, butter, yogurt and other dairy products."

I have written to the major retail supermarkets asking whether they would consider contributing financially to that as part of their social responsibility and as a business opportunity as well. I will update members on that in due course. Would it not be refreshing if they all came on board and assisted us?

It is also encouraging that the Cabinet Secretary for Health, Wellbeing and Sport supports the provision of milk in schools as part of children's diets. However, the decision whether that is done rests with local authorities. Some already choose to offer a milk scheme in their schools, but others do not. If they do choose to offer a milk scheme, they can make a claim towards the running of the scheme from the school milk scheme. Apparently, 21 of our 32 local authorities claimed for that in 2013-14. Unfortunately, Highland Council was not among them, so I have contacted it to encourage it to take up the subsidy that is available to introduce dairy breaks in Highland schools, so that the children of today can benefit from good dairy nutrition, just as I did all those years ago.

15:59

**Hanzala Malik (Glasgow) (Lab):** Presiding Officer, please excuse me for being slightly late today.

It is a pleasure to speak in the Rural Affairs, Climate Change and Environment Committee debate on its inquiry into the dairy industry. Evidence from producers and processors went some way towards helping us to understand the issues. However, the reluctance of Tesco, Sainsbury's, Marks and Spencer and Lidl to appear before the inquiry was noted.

The dairy industry in Scotland is going through a very difficult patch but the committee noted evidence that the medium to long-term future of the industry appears to be bright. However, the global fall in the price of milk means that there are on-going problems facing the dairy industry in Scotland, and we need to be smart about how we get back on track. Those on-going problems resulted in the producer co-operative First Milk delaying payments to its members, who can ill afford any delay, especially as they are already being underpaid for their products.

I welcome the support that the Government has offered to First Milk as part of the "Dairy Action Plan", which was published in March. First Milk is strategically important for the industry as it includes a large number of Scottish dairy farmers, and also as it is often the only option for dairy producers on many Scottish islands. As Sarah Boyack said, it is important that it continues to deliver a professional service. However, as the committee's letter to the cabinet secretary notes:

"it is important that lessons are learned to ensure that any support offered is not undermined in the future by poor decision making or management."

Therefore, the Parliament will be watching closely to ensure that First Milk is properly managed and that changes are made where weaknesses are identified.

Given that the retail price margins for milk have increased over the past 20 years from 5 per cent to 35 per cent while processors' margins have slipped from 39 per cent to 16 per cent, I was disappointed by the vagueness of the "Dairy Action Plan" with regard to stating what the Scottish Government will do to ensure that supermarkets treat dairy producers fairly and promote Scottish dairy products. I will be looking out for more detail on that subject over the next few months, as time is of the essence and pressure is clearly on the producers.

As many members know, I am interested in international affairs. I therefore also welcome the commitment to explore what opportunities there are to grow the dairy industry in Scotland by encouraging exports. However, there is no

mention of the committee's calls for support for new dairy products in Scotland for British and overseas markets. I am now looking for Scottish Enterprise and SDI to earn their crust by encouraging overseas sales for our dairy products, and I want them to be accountable for their work in that regard.

Many of our dairy producers are now facing increasing pressures. They seem to be limited to having their products sold in Scotland and are not being encouraged or supported to have a better overseas market. Therefore, I suggest to the cabinet secretary that he joins me in encouraging Scottish Enterprise, SDI and other agencies that can support this industry to ensure that we find new and better markets, so that we can rise above the current situation.

One of the biggest problems that our dairy industry is facing is the fact that our dairy industry traditionally has not been encouraged to look for bigger markets overseas. In fact, at one stage, I felt that Scottish Enterprise was, in fact, discouraging small producers, by telling them that they are not big enough to export overseas. I do not accept that. I believe that, like many other industries, the Scottish dairy industry is capable of doing the job, if it is given the challenge. However, that vital support is missing. Therefore, I am keen to see whether the cabinet secretary will agree with me that we should encourage the various agencies not only to encourage exports but to put in place benchmarks and challenges to meet. I will expect them to meet those challenges and reach those targets so that they can demonstrate that they have been successful in doing the job that has been given to them.

It is easy to lie back and rely upon traditional exports, but Scotland is a growing nation and our presence on the global scene is now much better than before. Our international marketing is strong and we need to follow that up by deed. We need to ensure that our industry is supported so that we can carry the brand internationally.

16:05

**Nigel Don (Angus North and Mearns) (SNP):** I am grateful for the opportunity to contribute to a debate that I am sure many of the farmers in my constituency will be concerned about because, although we are predominantly an arable community, there are a number of dairy farmers up there.

I congratulate the Rural Affairs, Climate Change and Environment Committee on its quick inquiry—that does not happen often. It was important and it is much appreciated that the subject was considered speedily, comprehensively and with such good results.

It comes as a surprise to me to reflect—and, I suspect, will surprise others to learn—that one of my earliest memories is of a dairy farm. My parents had some friends with a farm in Dorset and I remember, as a very wee lad, sitting in what I suppose was an alcove in a cow parlour watching the cows. I was probably 5ft off the ground and, with hindsight, I imagine that one of my parents was close by, but it struck me that it was a precarious position because I was a long way off the ground by my measures and cows were fairly big. That was possibly extremely good training for being an MSP, which is precarious at the best of times.

The Government clearly has some short-term measures in mind but the longer-term measures are the more important ones, provided that we get through the short term.

Mention has been made of freight fares. They are clearly of huge significance to people who are in a physical location where they matter. However, the review is a short-term solution that must be brought forward. I echo Michael Russell's comments that we cannot sit around waiting on a solution.

I am also absolutely delighted to hear about infrastructure grants to First Milk. Other grants might be appropriate in other places to get the processing structure that is needed to ensure the industry's future.

We need to be careful about the supermarkets. I am pleased that they seem to have got the message that they need to come along and respect the Parliament—I guess that they have now learned that lesson—but we need to be careful to recognise that they are large, very competitive organisations and there is no point in pretending that they will suddenly become chummy with their suppliers. They buy in an international market and sell locally, but we must respect the fact that they are in business to do business and we should not expect them suddenly to change the habits of a lifetime that we, as consumers, expect them to keep.

That brings me to the longer term. The industry needs to understand that it needs to add value. Perhaps it does not matter much what that value comes from, but I will stick with cheese for just a moment. In many ways, liquid milk is the by-product. Obviously it is the starting material, but it is the ingredient that we finish with when we have nothing else that we can do to add value to it.

When I looked on the supermarket shelves, I could find mostly cheddar. I am sure that it was not made in Cheshire, which is where Cheddar is. There was coloured, not coloured, strong, medium, mild and possibly other variants. Why is there so much cheddar and so little else?

Personally, I much prefer crumbly cheeses. I am one of those people who likes to think that he can distinguish between a Wensleydale, a Cheshire and a Lancashire but they do not have to come from the north-west of England. I suggest that they could be made in Scotland with Scottish milk. I simply make the plea that the industry might consider whether there are other opportunities to add value to Scottish milk in Scotland and, of course, as has been pointed out, to sell it in Scotland.

That brings me to what I think is the crucial point that emerges from the debate, which is on labelling. We have heard several tales about people believing that they were buying a Scottish product when, largely, it was not. The basic ingredient, such as milk, could have been created in Scotland, the product could have been processed or packaged here or, conceivably, it could just have been labelled here but, as consumers, we really cannot distinguish.

As a nation, we need to address the labelling issue. Maybe the Scottish label should come with the percentage of gross value added in Scotland. That sounds a little clever, but it might be what we need to do because, if most of the GVA comes in this country, it does not matter if some of it is elsewhere. However, if very little of the GVA comes in this country, the product probably should not be regarded as Scottish, even if some part of the GVA is here. I leave that to those who consider such things in more detail.

I welcome the Scottish Government's swift response to the committee's swift inquiry. For some producers, time is of the essence, so I hope that we will get quick solutions to some of the issues.

16:11

**Rhoda Grant (Highlands and Islands) (Lab):** I, too, welcome the Rural Affairs, Climate Change and Environment Committee's inquiry and recommendations. The debate is important for the dairy industry, but it has implications for the nation's health, too. If the current situation continues, there might be a time when producing milk in Scotland is no longer viable. Already, farmers are producing milk that sells for less than it costs to produce, so the situation is untenable. If the dairy industry is to be saved, we need to act now.

A threat to the dairy industry threatens the availability of fresh milk, which is vital to health, especially in children, as it helps them to develop strong bones and teeth. A lack of milk can have future health implications, so the debate has much wider ramifications for the nation's health. The problem is therefore not just for dairy farmers but

for us all. Recently, the number of cases of rickets has risen. Milk is an important tool in the fight against such conditions.

Many members have spoken about First Milk and much has been said about the management of the organisation, which is a producer-owned co-operative that was set up to help dairy farmers. I do not understand why our enterprise agencies have not offered the co-operative assistance to support its management to meet the industry's needs and challenges. The organisation needs help to access new markets and to manage sales and supplies. It also needs assistance with growing and developing local processors that use raw milk and add value to the product. It is sad that we seem to be able to produce only cheese in Scotland when there is a market for much more, such as spreads and yoghurts, which members have talked about. Those products are in demand, but few are produced here.

**Richard Lochhead:** The member says that First Milk has not had support from Scottish Enterprise. I reassure her that support is available for companies, but they have to ask for it. If a company does not approach an agency to ask for appropriate support, it is allowed to get on with its business. It helps to have feedback from companies so that the Government and our agencies can make help available in the first place.

**Rhoda Grant:** I hear what the cabinet secretary says, and I sincerely hope that First Milk will approach the enterprise agencies to look for support with developing products and marketing. I welcome the money that has been made available for the Campbeltown facility.

Producing value-added products locally keeps the value in our communities. If that is done close to the producers, it has an impact on transport costs, which can be lowered or indeed covered by the much higher-value products that are being shipped out. Local products can also earn a premium.

Excellent local products can be found in the Highlands and Islands. Angus MacDonald mentioned the Connage Highland Dairy in Ardersier, which sells wonderful locally produced cheeses and has become a magnet for locals and visitors alike.

The Campbeltown creamery was also mentioned. It produces great cheese that now appears to be stocked in the local supermarkets, thanks to the local NFUS branch in Kintyre bringing forward its Kintyre cheese, yes please campaign. It is a wonder that it took so long for local supermarkets to stock the product. I hope that many more local shops will do the same, and we need local producers to supply not only the

local shops but the local hotels, as people coming on holiday want to taste the local produce.

As other speakers mentioned, we need to look at ways of supplying the public sector—our schools, our hospitals and the like. First Milk needs to explore those markets so that the co-op can thrive and support the industry. I hope that the Scottish Government can do something to help with that and I hope that First Milk asks for that help.

Organic milk appears to be retaining its premium. Surely help for farmers so that they can change to meet that demand is another job that enterprise agencies can assist with. That said, we need to ensure that the price that is paid meets the production cost of milk, because anything else is untenable. The EU has a scheme, as others have mentioned, to assure the price. However, its level is placed at 15p a litre, which is about half the cost of producing a litre of milk. That would not keep producers in business for any length of time.

The area that is most impacted by the crisis in the dairy industry lies in my region, as many members have mentioned—it is the Argyll islands and the area around Campbeltown, which can be as remote as an island, given the length of the peninsula. The additional production costs on Bute are around £120,000; in Gigha, they are £29,000. Most of those additional costs come from ferry costs. That puts a huge burden on the dairy industry in those islands.

The Argyll islands were to have benefited from the road equivalent tariff on commercial vehicles in the near future but, unfortunately, the Scottish Government scrapped that scheme before extending RET to the Argyll islands. RET was intended to equalise the costs to the islands; to do that in a way that supports the local economy, RET on commercial operations must be included. It is in the Government's hands to do something about that.

It is hard to speak in the debate without having a word about the supermarkets. They need to be more responsible to producers; they should not be allowed to use their size and buying power to put small producers under such strain. They should act with social responsibility; if they cannot do that willingly, we need to use consumer pressure and Government pressure to bring them into line.

Many speakers have pointed out that the supermarkets are using food labelling in a way that can be misleading. It is really important that we look at that, because products that are made with Scottish cheese but processed in France are not Scottish products. We need to look at the use of the saltire.

Food Standards Scotland and consumer protection bodies have a role to play in ensuring

that food is labelled in a way that is not misleading. Packaging needs to show clearly where the product was produced and processed and we need a Scottish milk logo to allow customers to support their local industry.

The situation in our dairy industry is dire, but there are things that the Government can do. The Government needs to act quickly to protect the industry.

16:18

**Stewart Stevenson (Banffshire and Buchan Coast) (SNP):** As with other members, milk is very much woven into my personal history. Dave Thompson referred to the dairy break. He is not that much younger than me, so he probably remembers, as I do, the third-of-a-pint glass bottles that came to the school for us all at our 11 o'clock break. That was done and paid for by the Ministry of Food, which existed through the war and after the war, for health reasons. It promoted health and good eating habits.

I have to say that the quality of the milk in Castlehill primary school in Cupar—I can refer to it as it is not there any more—was not greatly improved by the crate of milk sitting next to the radiator. The curdling was well under way by the time the milk reached the pupils' mouths at 11 o'clock, so it perhaps did not have the positive effect on us that it might otherwise have had.

The issue of milk not reaching its markets in the required condition has been mentioned today. My father was a country doctor, and when there was too much milk on the farm, the farmer's wife would make crowdie in the kitchen, and the crowdie would come home with my father. Now, it is almost impossible to get hold of crowdie; only our former colleague Jamie Stone's company in the far north seems to get any of it into our supermarkets. It is not quite the crowdie that I remember—it is not as moist and luscious as the stuff that I remember the local farmers making. There ought to be a market for bringing that back as an example of nostalgia food.

Yoghurt has been mentioned. I can actually remember where I had my first yoghurt: it was on the pier at Kirkcudbright in August 1966. It was made by one of my fellow sailors with whom I was attending a regatta. It was absolutely terrific stuff, and I got addicted to the extent that, when the former First Minister Alex Salmond and I were down in the south-west campaigning in 1997, we visited the Rowan Glen factory, which produced what was—certainly back then—the best yoghurt in Scotland. The factory used a microfilter system to make the yoghurt creamy and smooth rather than putting additives in it, which contributes to

making the taste not as effective, as can be found elsewhere.

**Rob Gibson:** As we are talking about south-west Scotland, I note that in a *Herald* article today, Stewart Jamieson says:

“As a dairy farmer in south-west Scotland for 40 years, I watched the large dairying estates such as Stair, Bute and Buccleuch decline due to lack of investment with farm steadings becoming increasingly outdated. The dairying owner occupiers close by have become prosperous businesses with modern buildings. Investment is one of the keys to economic prosperity.”

Does Stewart Stevenson agree that talk of efficiency in the dairy farming industry is tied up with investment by landlords in fixed equipment?

**Stewart Stevenson:** Rob Gibson makes a good point. I recall that my family used to go camping at Faskally farm just north of Pitlochry, and I remember the excitement when I went into the milking shed to see the first automated milking machines. They were introduced because the farmer owned his farm and felt that it was worth investing in. In later years, we went to Ardgualich, just down from the Queen’s view, and the farmer there was a tenant who could not afford to do the same.

I very much welcome the fact that three of the objectives in the Government’s response relate to investment and getting the enterprise agencies involved. I hope that farmers get some certainty on the return on the investments that they make in order to improve the efficiency and effectiveness of their milking operations.

Rhoda Grant referred to rickets, whose effects milk can mitigate and prevent. That is absolutely true, but milk does more than that. It is particularly important for females, who are affected more by hormonal changes later in life. If they have good bone structure, they suffer less from those effects. Milk is an important part of building good bone structure early in life, and continuing to drink it helps to sustain that structure for ever.

Having done a lot of travelling to many places around the world over the years, I find it interesting to compare and contrast the standards to which milk is produced elsewhere. One of the first things that I like to do when I get off the plane after visiting many of those places is to drink a glass of cold milk, because I might have been away for three or four weeks and not felt that I could drink a glass of cold milk in safety.

The standards of production in these islands—not simply in Scotland—are very high. I love the Indian drink lassi, which is a liquid yoghurt, and specifically lassi sal, because the way in which it is made means that I can trust it, but I am not so sure that I would otherwise drink milk that was produced in some countries beyond Europe.

We have a good-quality product that delivers more value than we have perhaps heard mentioned today. When supermarkets sell milk at below cost price, they do not do so for altruistic reasons. It is a commodity that is widely bought and widely sought after. When a supermarket sells a product such as milk—a staple that is bought relatively frequently—at lower than the supermarket’s cost price, it does so because it will make a profit elsewhere. It is time that the supermarkets considered sharing the wider benefit, which they derive from increased footfall and profits across other products with big margins, that is delivered by having milk available that is of good quality, is locally produced and is valued by consumers.

The dreaded word “subsidy” comes into the debate. We provide support to our farmers—dairy farmers and other farmers. When the townie comes to the country, they see the product of our supporting our farmers, and that is valued by urban dwellers, who are prepared to support our farmers, just as we in the countryside need support for them.

The debate has been useful and timely. The committee is to be absolutely congratulated on its endeavours and on the flexibility and speed of its response to the crisis created by First Milk.

I continue to drink milk and I continue to enjoy it. I hope that we can have the kind of infrastructure and economic support for the dairy industry that means that I can continue to do so for the rest of my days.

**The Deputy Presiding Officer (John Scott):** We move to the closing speeches, starting with Jamie McGrigor, who has seven minutes.

16:26

**Jamie McGrigor (Highlands and Islands) (Con):** I am pleased to close today’s important debate for my party. It is very right that our Parliament debates such serious issues and that it sends a unified cross-party message of support to Scotland’s hard-pressed dairy farmers. I restate my party’s strong backing for the dairy sector, as Alex Fergusson did. I welcome both the Rural Affairs, Climate Change and Environment Committee’s dairy inquiry and, in general terms, the Scottish Government’s “Dairy Action Plan”—at least, as far as it goes.

We have heard today about the very severe challenges that face dairy farmers who are contracted to First Milk, who include my dairy-farming constituents in Kintyre, on Gigha where—as we heard from Rhoda Grant—the extra transport costs are £29,000, and on Bute, where they are £120,000. Those are fragile rural

economies, in which the dairy sector is crucial, as Michael Russell said in his speech.

Milk costs farmers about 30p per litre to produce, but we have heard that some First Milk suppliers are receiving 18p or even as little as 15p per litre. That means massive and unsustainable financial losses for many farm businesses. I commend the actions of the Mount Stuart estate on Bute, which has taken positive steps to alleviate the dairy crisis on that island. Michael Russell outlined those measures in some detail.

**Rob Gibson:** I am very glad that Bute Estate has stepped in. The point, however, is that if any more dairy farms are lost, that could end the industry in the area. There is also the matter of the far lower rents for sheep farms.

**Jamie McGrigor:** I thank Rob Gibson for making that point. I would like to get on now, if possible.

The financial pressures that face First Milk itself are well known, and we all want to see First Milk back on a sound financial footing—that must be the immediate priority. We acknowledge that the Scottish Government has said that it is committed to supporting First Milk in transforming its operation in Scotland, and we welcome that. The “Dairy Action Plan” suggests that the Government will support First Milk’s revised capital investment plan in Campbeltown, and I was glad to hear what the cabinet secretary said about that. I think that he gave the figure of £450,000, which I understand is to become available in the next few weeks. Investment is badly needed in new boilers and increased capacity. Local dairy farmers are looking for more detail from the Scottish Government on the level of assistance and timescales for delivery.

Other members and the Rural Affairs, Climate Change and Environment Committee’s inquiry raised the issue of the high commercial-vehicle ferry costs for uplifting milk. I have explained what they have been on Bute and Gigha, and I agree with local dairy farmers that the Scottish Government should intervene on that matter without delay and provide them with practical and immediate support—certainly before the October target that has been set in “Dairy Action Plan”. The NFUS has expressed its disappointment that it has to wait until October for that. Perhaps the cabinet secretary might address that point.

I back calls for the Scottish Government to do whatever it can to support the co-op for Orkney cheese production. The co-op is facing a crossroads, with production dropping from 16 million litres to 13 million litres. Producers need backing to allow them to invest. We must retain critical mass and capacity in Orkney, which has such a deservedly strong brand. The people of

Orkney have worked hard to develop that brand; anybody who has been to the Orkney show will know what I mean about the quality of stock and farming produce on the island.

Many members have talked about local product placement and marketing. I agree with much of what has been said. Last week’s *Campbeltown Courier* had a story with the headline, “Delight as Mull of Kintyre brand is back on supermarket shelves”, which referred to the news that the two supermarkets in the town are again stocking the delicious local cheddar for the first time in years. I welcome that news, but it seems to be a bit bizarre that Kintyre shoppers have been unable to buy locally produced cheese from their local supermarkets. I do not believe that that would happen in France or Holland, so it should not happen in Scotland. We should be actively promoting local and Scottish produce. I commend the NFUS Kintyre branch for its forthcoming Kintyre cheese, yes please campaign, which will launch on 7 April. Clear labelling is vital, too, so that our consumers know that they are buying dairy products that are made and processed in Scotland.

The cabinet secretary said that today is the official end of dairy quotas. On that, I wonder whether the minister, in his closing speech, could address the continuing and genuine concerns of dairy farmers in the southern isles milk quota ring fence who were prevented from selling their milk quota and were therefore unable to diversify their businesses. That is still the subject of a current long-running petition at the Public Petitions Committee; those dairy farmers feel very strongly that their human rights were simply not considered. Kintyre is not an easy place in which to change from one method of farming to another, and it is also extremely expensive to do so.

We will continue to call on the Scottish and UK Governments to do absolutely everything that they can to support our dairy farmers through the present crisis, which I suppose has been caused by fluctuating milk prices, which is partly influenced by the current imbalance in international dairy supply and demand. We all need to back our hard-working specialist dairy farmers, and ensure that the industry gets through the current challenges so that we retain the producers and processing infrastructure. If we build on Scotland’s strong reputation for quality food, the dairy industry—with the right marketing and export support—has the potential to be an area of growth for our rural economy.

I look forward to the Royal Highland Show in June, at which, the cabinet secretary has said, an exciting project for the Scottish dairy sector will be launched. In earlier times, cheese from the Isle of Coll was digested regularly by MPs in the House



of Commons and the Lords. I do not know where this Parliament gets its cheese from. I know that it uses Scottish cheese, but it certainly does not come from Coll because cheese is no longer made there.

16:33

**Sarah Boyack:** Well—follow that cheery note!

There has been a series of excellent speeches this afternoon. If I was to draw out the mood of the chamber, it is very much that most of us have focused on the short term, because there is some urgency in this matter. Although it is important to talk about the long term, maybe the thinking is that we should focus on the short term and then the medium term in respect of promotion of the dairy industry, and that we should leave long-term issues for the future. It is about what we do now and in the next few months. I ask the cabinet secretary to reflect on that, and perhaps to have another look at the timelines in his action plan. There is support throughout the chamber, from SNP back benchers and Opposition parties, for faster action. That gives the cabinet secretary the political support to move faster on some of the issues and to approach his Government colleagues.

All the members who represent island communities have spoken passionately about the need for faster and more decisive action on ferry fares. Claudia Beamish called for more information to be provided on the dairy hub to make sure that it will be genuinely accessible for farmers across the country.

There are some important short-term actions that could be taken. Several members mentioned the importance of developing new dairy products. We need the ambition to make progress on that sooner than December. We all support Graham's Family Dairy's proposal for a new dairy processing factory in Stirling—that is good news—but it would be good to look across the country at other creameries and processors in order to identify which might be best placed to benefit from investment in new infrastructure.

There has been some good discussion of the groceries supply code of practice and the importance of the Groceries Code Adjudicator. The issue is partly one of power and partly one of transparency. I note that in one of the many briefings that we received for the debate, the Scottish Retail Consortium challenged the committee's use of statistics in our report when we tried to pin down the margins in the industry. That illustrates the difficult challenge that we faced in establishing transparency. Both the adjudicator and the code could be helpful in enabling such transparency to be established. Nigel Don made

the obvious, but important, point that the dairy industry is hugely competitive. Companies will not want to volunteer information on their costs and their margins, but we should still be able to find out more from producers, processors, suppliers and retailers. That would help to promote the debate on how we move forward.

There has been 100 per cent support for local produce. Several members have mentioned the Kintyre cheese, yes please campaign. That is the kind of campaign that we need across the country so that we can focus regional support, build up regional food chains and get local produce into the supermarkets and the small retailers. We also need to take that to the national level: we should encourage members of the public to ask for those products. David Stewart highlighted Orkney cheddar and Bruce Crawford talked about Graham's Family Dairy's butter products.

One thing that the committee tried to do as part of its inquiry was to build on the experience of members across the Parliament. That will definitely come through on reading the *Official Report* of the debate. Alex Fergusson, Mike Russell, Claudia Beamish and many others spoke about the local work that is being done and the discussions that they have had with local farmers and producers. The debate has had the benefit of allowing us to pull those discussions up to the national level.

There is strong support across Parliament for new innovative products. We need to think about how we can get all the key players to act within a timescale that will deliver for the industry. It is crucial that the Scottish Government and its agencies provide leadership. SDI, Scottish Enterprise and HIE need to look at the existing products and identify options for growth. They also need to take a hard look at the issue from a regional perspective so that we do not lose island products—an issue that Jamie McGrigor highlighted.

I would like producer co-operatives and farming interests to have more input to shaping the agenda. We might need to draw on our academic expertise, particularly in relation to what role the dairy industry can play in food health and public health in general. Retailers and the hospitality industry also need to be involved; quite a few members mentioned the role of the hospitality and catering industries. It has been difficult to pin down prices in the dairy supply chain, and it has been particularly difficult to pin down figures in parts of the hospitality industry. Perhaps the committee should have looked at that in greater detail, although more work can be done on the issue in the future. The hospitality industry is a key player when it comes to not just fresh milk, but to dairy produce more generally. I hope that the cabinet

secretary can bring those players together so that at the Royal Highland Show launch pad there really is a step change that all of us—including MSPs who are not in the chamber—can relate to and would feel comfortable lobbying on in our areas.

Members have made some very good points; the question is how we pull them together and ensure that we support our retail industry. The discussions that we had when we got everyone together round the table in committee were really good—people were forced to talk about the practical things that they are doing.

I hope that that will lead to more dissemination of good practice, and I hope that those who are looking to compete in the retail market will see the benefit to consumers and to our regional economies of promoting our own brands. Shelf positioning should be used to promote Scottish produce—in particular, local produce.

As parliamentarians, we can send a clear message today that Scottish produce, regional produce and local produce need to be properly marketed and supported. We can learn lessons from the fair trade movement. It was Fairtrade fortnight earlier this month, and we have seen a massive increase in sales of Fairtrade products because consumers have lobbied and there has been a response from retailers. We need to get the same thing in the milk industry.

Rhoda Grant was right to focus not just on the economy but on health; fresh milk has important health benefits, and not just for young people. Dave Thompson made some important points about breakfast clubs, snacks and school meals, and fresh milk should be promoted in relation to all those things. However, we should also consider Stewart Stevenson's point about the lifelong benefits, including bone protection, of including milk in our daily diet.

We need to ensure that the wonderful industry that we have in Scotland is promoted, supported and sustained, and that the work that we have done in the Rural Affairs, Climate Change and Environment Committee pays off. We have lobbied the cabinet secretary and we need to ensure that we see leadership coming from the Scottish Government. We all agree that we need faster and more decisive action and that there is urgency to this debate. We need to save our milk industry and promote growth and jobs across the country.

16:41

**Richard Lochhead:** It has been a good debate and, as the cabinet secretary, I have listened intently to all the valuable comments from members throughout the chamber.

What we are discussing today is an unfortunate irony. In Scotland, we have top-quality producers who produce top-quality dairy products, yet at the same time many producers are struggling to make a profit and we are vulnerable to global factors that have an impact on businesses—not just the primary producers, but businesses throughout the dairy supply chain.

That might well continue to be the case, but we do not know, because of the removal of quotas in Europe and the impact that it might have on European production. We also have the untapped potential for greater sales overseas, which many members discussed, and likewise the untapped potential for filling our shelves in this country with Scottish dairy produce. We face all those factors at a time when we have top-quality producers who produce top-quality dairy products—many members spoke about addressing that irony.

We have experienced ups and downs in the dairy sector over many years. The recent decline in the price that is paid for milk is not the first, as we have experienced several such declines in recent years, but I feel that this time there is a robust response from the Government, from agencies, from the industry and from everyone who has a role to play. I hope that, this time, we can bring about the changes that are required to ensure that the ups and downs level out over time and we have a more resilient industry.

The voluntary code of practice was introduced a couple of years ago, and since then we have had the review that was undertaken by Alex Fergusson—a member of this Parliament, who is in the chamber.

We have also had “Scottish Dairy Review: ‘Ambition 2025’”, which was published a couple of years ago, and good work is flowing from that through the establishment of the growth board, which is chaired by Paul Grant. He is not someone from the dairy sector, but he can bring a wealth of experience and success from another food sector and lend that to dairy, which we hope will experience similar success, particularly in overseas markets. Also under “Ambition 2025”, we have had the establishment of the dairy hub, as part of which a consultant has been appointed to develop a Scottish dairy brand.

Last week, the Government published its “Dairy Action Plan”, and now we have the committee's letter, which is also contributing to the debate and to finding solutions, and which we are debating here in the Parliament.

If we add all of that together, I think that we can safely say that there is clear recognition by the Parliament, the Government and all the players who have a role that we have to change things this

time and we cannot go on with the continuing volatility.

**Alex Fergusson:** Back at the rally in Lanark in 2012, the Scottish Government found £100,000 to give to the dairy farmers together initiative. If I remember rightly, it was to be delivered through SAOS in order to develop producer organisations. Rhoda Grant mentioned that issue, and the whole point of producer organisations was to strengthen the hand of the producers in the negotiations. What has happened to that initiative and indeed that £100,000?

**Richard Lochhead:** Some of the initiatives were taken forward but, as Alex Fergusson knows, there has not been a great take-up of the establishment of producer organisations, which were made possible by the European dairy package a couple of years ago. However, I want to return to the issue of collaboration and producers working together.

Some clear themes have emerged from today's debate. The first is that we must make the most of the opportunities on our own doorstep to support the dairy sector. In particular, as many members have said, we need to address the fact that the best-selling cheeses sold in Scotland generally come from outwith Scotland, and the same is true of yogurt and butter.

We are working with the retailers to address that, and I reiterate my challenge, which I know other members support, to retailers in this country to get behind their domestic producers. Supermarkets in Italy and France tend to support their own produce—or so I am told, as I have been to some of them but not all—and imports do not outsell produce from their own countries in some categories. We need a similar approach and mindset in this country, with our own retailers supporting our own producers.

**Jamie McGrigor:** Does the cabinet secretary know what the arrangements with the retail sector are in the countries that he is talking about? Are they taken into the code of practice, which is a suggestion that Alex Fergusson made—a very good suggestion, I thought—and which would produce much more transparency for a long-term solution?

**Richard Lochhead:** I could talk for quite a while about the differences between the culture in those countries and in our country, but I will just say that the supermarket culture is radically different between the UK and many European countries. In other European countries, we find that there is much more loyalty to domestic produce, and we have to instil that same loyalty in our own retail culture in this country. Of course, within our own retail culture, there are good players and not-so-good players as well. We have some good

examples, but we have others that need to improve their loyalty to domestic producers.

Many members have laid out the need for consumers in this country to have more information to enable them to support buying Scottish produce, and more accurate country-of-origin labelling for Scottish dairy produce has a big role to play. The Smith commission laid out the promise, still to be delivered, that the made in Scotland label will be promoted so that Scotland has the power to do something by having responsibility for that kind of labelling. We look forward to that pledge being delivered by the current or next UK Government, and we shall certainly ensure that that is the case.

The Council of Ministers will be hearing from the European Commission on 20 April, when labelling will be on the agenda, and I hope to attend that meeting on behalf of the Scottish Government. Members can rest assured that we will continue to pursue Scotland having power over the labelling of dairy produce, and we will also call for Europe to take more radical action over labelling of produce from the dairy sector.

**Claudia Beamish:** Consumers obviously need to be informed in order to make choices. Will the new food standards body be helpful in promoting health issues in relation to that?

**Richard Lochhead:** Yes, that is something that is being discussed with Food Standards Scotland, and we are keen for dairy to be at the heart of its general remit.

In relation to getting the backing of consumers, I want to pay tribute to NFU Scotland for its Kintyre cheese, yes please campaign, which I am sure we all want to support. We welcome Allan Bowie, the newly elected president of NFU Scotland, who is in the public gallery today to hear the debate, no doubt to find out what we are saying about the future of his members who are involved in the dairy sector. Those are the kind of campaigns that we want to support, and we need to ensure that the consumer can play a role in getting behind dairy producers in this country.

We have discussed First Milk and Graham's Family Dairy, and let us not forget that Graham's in particular is a shining example of what can be achieved even in our domestic market. We have raised a lot of issues in relation to the difficulty of persuading our retailers to get behind Scottish produce, but Graham's has shown that it can be done and that producers can make good business and grow as companies in our domestic market. Other players in the dairy sector can perhaps take a leaf out of Graham's book.

Of course, we must ensure that our retailers, our processors and everyone else are paying a fair price to our primary producers. If we do not have

primary producers, we do not have the rest of the supply chain. As many members have said, it is untenable for dairy producers to produce milk and receive less than the cost of production.

Although the voluntary code and other measures taken by the Groceries Code Adjudicator can play a role in enhancing the transparency of what is paid to the primary producers, we need to ensure that they get a fair share of every pound spent on milk.

In terms of collaboration and working together, it is the case that much more is done in other countries to empower the primary producer and support primary producers working together through producer organisations and other co-operatives. Again, the Scottish Government remains open to supporting more of that happening in Scotland. Ultimately, it is up to the primary producers to work together. We cannot force them to do that, but it is a lesson to be learned that the experience of other countries is that working together empowers primary producers.

Public procurement was mentioned and I will just touch on that, as I think that I am running out of time

**The Deputy Presiding Officer:** You are.

**Richard Lochhead:** Public procurement is very important. In my opening remarks, I outlined what the Scottish Government is doing to support public procurement of dairy produce. There is much more to be done in our support for local food in this country. The local food revolution has a big role to play in sourcing more dairy produce locally.

Our schools offer a potential option for more dairy produce and it is something that we will look at. Stewart Stevenson mentioned that he recalls receiving school milk served in bottles. He clearly attended a much posher school than I did, because I recall that in primary school I received my milk in little triangular cartons, which often leaked and the bucket in which they came smelled of sour milk, because—as in Stewart Stevenson's school—the milk was stored next to the radiators.

**The Deputy Presiding Officer:** You must close, please, cabinet secretary.

**Richard Lochhead:** There are lots of opportunities. Ultimately we have to add value, exploit the overseas markets opportunity and support the processing capacity being established in Scotland. There is support for achieving that: we are open to approaches and are speaking to potential international investors. We can have a more resilient and profitable sector. The Scottish Government will do its utmost to support Scotland's dairy sector.

16:51

**Graeme Dey (Angus South) (SNP):** When the Rural Affairs, Climate Change and Environment Committee launched its inquiry into the dairy industry, it did so intending to identify potential solutions to the industry's woes. It would have been stating the obvious to say that the industry was in crisis and would have served no purpose to do so. Members were clear that it was necessary to consider the reasons why the sector found itself in such a situation, but that plotting the way forward was paramount.

Between the work of the committee, some helpful suggestions from a variety of sources and the Scottish Government's response in the form of the action plan, we have, in co-operation, found if not a guaranteed escape route, then certainly a means of bringing about improvement in the situation. The confidence that we can bridge the gap between the recent crisis and what is predicted to be a brighter medium-to-long-term future for the sector has surely been helped by recent announcements from First Milk.

In its letter, the committee expressed "extreme concern" over the situation that had developed at First Milk, criticised some of the decisions and management of the organisation and expressed the fear that unless lessons were learned and the quality of management improved, any support provided could be undermined.

I note Bruce Crawford and Mike Russell's comments reminding of us of the still negatively developing situation for many First Milk farmers. However, the decision to bring in a new CEO, who we are told, during April will develop

"a clear plan to restructure the business...based on delivering better milk prices for members";

confirmed progress with the Government on investment in the Campbeltown Creamery; and consideration of partnership options with HIE and Argyll and Bute Council are measures that are as welcome as they are necessary. Members of that co-operative must never again find themselves in the dire circumstances that many are presently contending with.

**David Stewart:** Will the member give way?

**Graeme Dey:** My apologies, but I do not have time.

Although the committee's inquiry was conducted rapidly—or snappily as Rob Gibson described it—I think that we covered pretty much all of the bases. If there is a criticism to be levelled at us it is that we did not find an opportunity to meet Paul Grant, chair of the Scottish dairy growth board. Mr Grant, who heads up Mackays, the preserves maker that is based in my constituency, has personal experience of leading a hugely successful

company that has made great inroads into export markets. He is deploying that expertise now for the benefit of the dairy sector, engaging with a number of Scottish dairy processors and targeting entry into a number of new markets this year.

We need to crack that and better balance the risk faced by the industry. In evidence to the committee, James Withers of Scotland Food and Drink highlighted the fact that 92 per cent of Scotland's dairy products are sold in the UK. There is no doubt that promoting what we have to offer beyond these shores is part of the solution, especially when, as the cabinet secretary noted, a block of Scottish cheese overseas is realising a financial return three times greater than it can domestically. Therefore the announcements within the "Dairy Action Plan" that the new Scottish brand will be formally launched at the Anuga food fair in Cologne and that the Japanese and Canadian markets are to be particularly targeted are welcome.

However, Robert Graham of Graham's Family Dairy was surely spot on in likening the dairy situation to football, where the foundations of success lie in winning at home. The emphasis in the market development plan on Scotland and the short accompanying time frame are entirely appropriate. No one, least of all the members of the Rural Affairs, Climate Change and Environment Committee, whose inquiry into the state of the industry forms the basis of today's debate, would disagree with that.

Active engagement with retailers to encourage the backing of Scottish produce in Scottish stores; the targeting of food service and catering companies to ensure widespread adoption of the food charter and best practice in labelling; and working with local authorities to increase the consumption in schools of Scottish cheese, butter, yoghurt and other dairy products are all steps in the right direction. They are also needed, because it is surely ridiculous that, here in Scotland, our biggest butter brand is Danish and our biggest yoghurt and cheese brands are English. All members of the committee were struck by the fact—which Robert Graham highlighted—that 96 per cent of all spreadable butter that is sold here is not Scottish, which amounts to a lost opportunity of £60 million for our economy, our dairy industry and our farmers. We were also struck by Robert Graham's point that, in terms of butter, we cannot make inroads in England because supermarkets there are selling indigenous products along with some from Wales, Ireland, France and Denmark—and we are struggling domestically because the same products are on sale here.

On a more positive note, like other members, I note how impressed I and all the committee members were by the can-do, fair-to-farmers,

ambitious and imaginative attitude of Graham's, whose Bridge of Allan dairy I visited recently. If the dairy crisis has highlighted shortcomings domestically, it has, in the form of Graham's, also allowed a genuine Scottish success story to be celebrated, as we have heard today.

Members of the committee, including Alex Fergusson, Sarah Boyack and I, were taken aback—to put it mildly—by what we learned from an NFUS presentation on the dairy issue here in the Parliament about the placing of a "kilt" on a certain dairy product that, in reality, had only a tenuous connection with our country. Another example of that is a Scottish spreadable cheddar that sports a saltire on the tub but is made in France. Like Sarah Boyack, I now look far more carefully at just how Scottish apparently Scottish dairy products are when I am shopping.

Graeme Kilpatrick, the chair of the NFUS milk committee, was quite right when he said:

"Retailers ... need to wake up to the fact that Scottish consumers want and expect to see Scottish dairy products properly labelled and identified on their shop shelves".

In fairness, the retailers indicated to the inquiry that they would welcome an acceleration of the timetable to extend country of origin labelling to dairy products.

Having voiced support for the position of the NFUS on accurate labelling, I note in passing one concern—this is a personal view and is not advanced on behalf of the committee. Once again, when the farming industry runs into trouble, it seems that the answer—at least in part and from the perspective of the NFUS—is to expect the Government to intervene.

Having a vibrant, prosperous dairy sector matters to Scotland, and we cannot—having produced a 25-point plan, we clearly will not—stand by and watch it fail.

**The Presiding Officer (Tricia Marwick):** One moment, Mr Dey. There is far too much noise in the chamber, particularly among members who have not sat through the debate. Will you please be respectful both to Mr Dey and to the members who have?

**Graeme Dey:** Support for our island farmers, in particular, is vital, and the investment in the Campbeltown Creamery that has been announced today is extremely welcome. However, although the dairy crisis was precipitated mainly by issues outwith the control of the sector, George Jameson of the NFUS admitted in evidence to the committee that there was also a specifically Scottish factor at work—

"a particular lack of modern investment in Scotland",—[*Official Report, Rural Affairs, Climate Change and Environment Committee*, 28 January 2015; c 6.]

in terms of both processing and marketing, which did not happen overnight. I hope that the NFUS, under new leadership as it is, will ask itself what its general role should be going forward and whether, rather than react to crises when they arise by demanding action from the Government, it should seek to influence the relevant parts of the industry to get their house in order before a crisis is reached. To be fair, there have been some positive signs over recent days.

I am conscious of the time, Presiding Officer.

**The Presiding Officer:** You have 1 minute and 30 seconds left.

**Graeme Dey:** Thank you, Presiding Officer.

There are aspects of the committee's letter to the cabinet secretary and the Government's action plan that I have been unable to cover in my summing-up. I apologise for that, but I need to move to a conclusion.

I thank everyone who contributed to the committee's inquiry and express the hope that those supermarkets that were initially reluctant to engage with us will, having read the committee's letter, realise that we were never out to monster them. Nevertheless, it should be said that the revelations of Christine Tacon did little for the image of the sector.

As we acknowledge in our letter, the supermarkets ultimately provided us with "informative and helpful evidence". However, we expect them to come good on the various commitments that they gave to being willing to give consumers fair access to Scottish dairy produce. In evidence, Chris Brown of Asda cited an example involving six new dairy suppliers coming under their supplier academy umbrella and seeing a 300 per cent increase in average sales. He said:

"when we get the right products in the right place for the right customers, the sales are there."—[*Official Report, Rural Affairs, Climate Change and Environment Committee*, 4 February 2015; c 11.]

Coming good on the commitments that they have made will pay off for the supermarkets and the supply chain, leaving everyone the winner.

As we conclude in our letter to the cabinet secretary:

"The Committee wants everyone involved to work towards a more sustainable, equitable, and profitable dairy sector in Scotland where all producers are paid an appropriate price for the goods they produce, and where consumers can make informed decisions about what to buy, based on clear information about where produce comes from and how much it costs to produce."

## Parliamentary Bureau Motions

17:00

**The Presiding Officer (Tricia Marwick):** The next item of business is consideration of two Parliamentary Bureau motions.

*Motions moved,*

That the Parliament agrees that the Aftercare (Eligible Needs) (Scotland) Order 2015 [draft] be approved.

That the Parliament agrees that the Continuing Care (Scotland) Order 2015 [draft] be approved.—[*Joe FitzPatrick.*]

**The Presiding Officer:** The questions on the motions will be put at decision time.

## Decision Time

17:00

**The Presiding Officer (Tricia Marwick):** There are three questions to be put as a result of today's business. The first question is, that motion S4M-12849, in the name of Rob Gibson, on the dairy industry inquiry, be agreed to.

*Motion agreed to,*

That the Parliament welcomes the Rural Affairs, Climate Change and Environment Committee's inquiry into the dairy industry and the unanimous recommendations that it made in its letter to the Cabinet Secretary for Rural Affairs, Food and Environment on 20 February 2015, which were subsequently taken into account in the Scottish Government's *Dairy Action Plan*, which was published on 24 March 2015.

**The Presiding Officer:** The next question is, that motion S4M-12862, in the name of Joe FitzPatrick, on approval of a Scottish statutory instrument, be agreed to.

*Motion agreed to,*

That the Parliament agrees that the Aftercare (Eligible Needs) (Scotland) Order 2015 [draft] be approved.

**The Presiding Officer:** The next question is, that motion S4M-12863, in the name of Joe FitzPatrick, on approval of an SSL, be agreed to.

*Motion agreed to,*

That the Parliament agrees that the Continuing Care (Scotland) Order 2015 [draft] be approved.

## Group B Streptococcus

**The Deputy Presiding Officer (John Scott):**

The final item of business is a members' business debate on motion S4M-12723, in the name of Margaret McDougall, on awareness of group B Streptococcus. The debate will be concluded without any question being put.

*Motion debated,*

That the Parliament notes with concern what it understands is the lack of public awareness regarding group B streptococcus (GBS) and the effects that it can have on newborn babies; understands that, in the UK, GBS infects over 500 babies every year and that 340 will develop early-onset GBS infection and one in 10 of them will die; believes that the incidence of early-onset GBS infection in England, Wales and Northern Ireland has remained unchanged since prevention strategies were first introduced in 2003 and that, in Scotland, it has increased from 0.21 per 1,000 live births in 2000 to 0.47 in 2012; understands that many countries, including the USA, Canada, Germany and Spain, offer routine testing for GBS at 35 to 37 weeks of pregnancy; notes that, although the Royal College of Obstetricians and Gynaecologists does not recommend routine testing, the Scottish Government is not bound by this approach, and notes calls for the Scottish Government to introduce guidelines so that hospitals in the west of Scotland and beyond provide expectant mothers with information regarding GBS and either offer routine testing or provide information on how testing can be accessed privately.

17:02

**Margaret McDougall (West Scotland) (Lab):**

First, I thank all the members who have supported my motion and those who will speak in the debate. I also thank Jane Plumb of the Group B Strep Support charity for her briefing.

The campaign to introduce group B Streptococcus, or GBS, testing was first brought to my attention in 2013 through Jackie Watt, from Kilwinning, the grandmother of baby Lola, who tragically died after contracting Strep B shortly after her birth at Crosshouse hospital. I am delighted to say that Lola's parents, Tracey and Stephen, now have two beautiful daughters, Brooke and Ellie, who are both thriving.

I congratulate Jackie Watt on her stoic campaign to raise awareness of GBS and to have testing offered in Scotland. Jackie's petition, on awareness of Strep B in pregnancy and infants, is being considered by the Public Petitions Committee.

GBS is the most common cause of life-threatening infection in newborn babies. It usually lives, without causing symptoms, in human intestines and genital tracts. However, it can be passed from mother to baby at the delivery stage of labour and, unsurprisingly, it is the single biggest risk factor for a newborn baby. Given that, we would expect public awareness to be high.

However, that is not the case, as my motion states, and there is a

“lack of public awareness regarding group B streptococcus (GBS) and the effects that it can have on newborn babies”.

In the United Kingdom, it has been estimated that Strep B infects more than 500 babies a year. Sadly, 50 babies die as result of contracting Strep B and around 30 suffer lifelong physical and mental disabilities.

Group B Strep Support has found that incidents of early-onset GBS are higher in Scotland than in the rest of the UK, and that the Scottish rate has increased from 12 in 2000 to 25 in 2014. That may seem like a small number, but in my view even one incident is too many when Strep B is preventable and can be identified through a relatively simple and inexpensive test, which costs around £15 in the private sector.

Indeed, 22 developed countries, including the USA, Canada, Germany and Spain, offer routine testing for GBS at 35 to 37 weeks of pregnancy. Recently, I discovered that, in the UK, around 60 per cent of obstetric units offer testing to some or all pregnant women and 76 per cent carry out tests at the mother's request. Despite that fact, the Royal College of Obstetricians and Gynaecologists does not recommend routine testing, but the Scottish Government is not bound by that approach and it is free to issue whatever guidance it wishes to issue.

Routine screening for GBS has proven to be effective. For example, in the US, where screening was introduced in 1996, the rate fell from one to 0.24 per 1,000 live births in 2013. The University of Birmingham carried out studies into the cost effectiveness of introducing routine screening for GBS and found that £427,000 would be saved for every baby death that was avoided and £32,000 would be saved per infection that was avoided. Those figures are, of course, estimates and the figures will vary, but other cost benefit analyses have found that screening is more cost effective than risk-based approaches. Given the current financial pressures on the national health service, will the minister say in her summing up whether the Scottish Government will consider carrying out its own cost benefit analysis to see how much could be saved by adopting routine testing?

I understand that there are some concerns around testing, such as concerns about the safety of using antibiotics during pregnancy, the willingness of patients to accept testing and the enriched culture medium or ECM test not being reliable. However, the recommended antibiotic to use is penicillin, which is narrow spectrum, safe and effective against GBS. Most people know whether they have a penicillin allergy, and they can be offered an alternative.

On the criticism of the ECM test not being reliable, it is correct to state that it is not 100 per cent accurate and, indeed, it will not identify which babies will develop early-onset GBS infection. However, it is much better than relying on risk factors alone, which is the current guidance, and it is highly predictive of GBS carriage status when it is done properly, within five weeks of delivery. Essentially, we must remember that the ECM test is a test to identify risk, not to diagnose a condition.

Guernsey and trusts such as the London North West Healthcare NHS Trust offer universal screening, which has been welcomed by patients and health professionals alike. Previous screening surveys have found that health professionals want to be able to offer antenatal testing for group B Strep using ECM tests, women would like it to be offered, and infection rates have notably fallen where universal screening has been introduced.

I hope that I have laid out a firm argument as to why routine GBS testing should be offered by the NHS in Scotland. As studies have shown, it is cost effective, and on every piece of data, universal testing has been proven to dramatically reduce incidences, whereas risk-based testing seems to mean an increase in incidences.

The guidance from the Royal College of Obstetricians and Gynaecologists has been overtaken by events, with more maternity units offering testing regardless of the guidelines or, indeed, as I said earlier, introducing universal screening. Given that the Scottish Government is not bound by that guidance, I urge it to introduce updated guidelines so that there is consistency and standardised care across all hospitals and expectant mothers can be confident that they are receiving accurate information about GBS and whether they can be offered routine testing, or are given information on how testing can be accessed privately. I ask the Scottish Government whether it will consider carrying out a cost benefit analysis to find out what the benefits of that would be, so that no other family will have to suffer the trauma that the parents of baby Lola have experienced.

17:09

**Dennis Robertson (Aberdeenshire West) (SNP):** I thank Margaret McDougall for bringing this very important debate to the chamber this evening.

The death of any child is very traumatic for the parent, especially if it happens at a time when they should be in a state of joy and celebration. I cannot imagine what it would be like to have a newborn or a small infant die when everyone else is hoping to celebrate. It must have been a dreadful situation for the parents of Lola. Certainly



if it is preventable, we should try to ensure that it is prevented.

Margaret McDougall said that the current evidence from the Royal College of Obstetricians and Gynaecologists has to some extent been overtaken. In looking at the royal college's website, I noted that it did another evidence-based survey to look at the whole issue of GBS. It concluded in December 2014 that the situation should remain the same and there should be no routine screening. I find that strange to some extent, given that it was updating the information.

As Margaret McDougall said, it is felt that there is a benefit to screening, not just to the families who are expecting a lovely newborn but to the baby who will suffer the consequences of Strep B. The consequences for the newborn baby are not particularly nice. For some, Strep B can lead to meningitis, which can cause deafness, blindness and other symptoms. Sometimes those symptoms are short-lived, but I dare say that parents of those young babies go through a very traumatic time, when they are full of anxiety, not knowing whether their little baby is going to live or not.

There is a risk and we have to be mindful of it. If the clinicians are stating that there is a risk in carrying out the process routinely, perhaps we should listen. However, they also state that, in the high-risk categories, there is not a problem with going ahead with the screening. We should perhaps be looking at the criteria for what is high risk and what is not. It is crucial that we ensure that parents have the information available to them. They need the information so that they can be informed in making a choice.

There are occasions when parents' choice is perhaps better than clinical choice. If the expectant parents believe that it is in their interests and the interests of their newborn baby, or their baby who is to be born, to do the test, that test should be carried out.

I hope that, when the minister sums up, she will take cognisance of parental choice against clinical choice.

17:13

**Rhoda Grant (Highlands and Islands) (Lab):** I congratulate Margaret McDougall on securing the debate. It is vital that we keep reassessing our approach to conditions such as GBS and their prevention in order that Scottish patients receive the most appropriate treatment.

In Scotland, patients are screened for GBS infection if they are deemed to be at risk. However, a number fall through the net, which can have terrible consequences. A child who contracts GBS is at risk of death or disability. It must be

heartbreaking for the mother to know that a bacterium that she carried, which was largely harmless to her, has caused a problem for her child. That is why we need to continue to reassess how we deal with this condition.

There is also an on-going cost to the state, which was estimated at £67 million by the 2007 health technology assessment study. Many more cases of GBS infection in newborn babies could be prevented by routine screening to identify all women carrying GBS, rather than using the current strategy of screening those with risk factors, who might not actually be carrying GBS.

The test itself does not carry risk. However, there are concerns about its accuracy and there is a fear that routine testing could lead to many thousands of women being offered antibiotics that they do not need.

The use of antibiotics in pregnancy and labour is the subject of increasing concern, and current UK guidance recommends against unnecessary use. Studies in the USA have shown that only broad-spectrum antibiotics carry a risk in pregnancy, not the narrow-spectrum antibiotics that are recommended for use here against GBS infection, as Margaret McCulloch mentioned in her speech. Concerns about the antibiotics causing negative effects on the mother or her baby have been mostly disproven.

More widely, there is concern about growing antibiotic resistance due to overuse, which rightly leads to a reluctance to prescribe antibiotics unless it is absolutely necessary to do so. That said, when lives are at stake, surely they should be used.

There are also concerns that the test can tell only whether a woman is carrying GBS, not whether their unborn baby will become unwell. Testing cannot completely predict which mothers will or will not have GBS by the time that they go into labour. Up to 49,000 women a year whose tests would say they have GBS will actually be clear by the time that they give birth. Conversely up to 43,000 women a year whose tests would come back clear might be carrying GBS by the time they go into labour. That means that those who needed no treatment could be unnecessarily treated while those who tested clear could be given a false sense of security.

That said, as a result of screening programmes in other countries, the number of GBS infections in newborn babies has fallen significantly. In the USA, it has fallen by more than 80 per cent; in Spain by 86 per cent; in Australia by 82 per cent; and in France by nearly 72 per cent. However, in the UK, routine screening for GBS is not offered and the incidence has increased, leaving more babies exposed to the life-threatening illness.

Therefore, it might be that a number of approaches must need to be taken in order to offer the greatest protection, possibly including routine screening combined with retesting if risk factors are present.

This is a complex issue, but at its heart is the safe delivery of healthy babies and, therefore, we cannot be complacent. We need to learn from other countries that have succeeded in saving lives and preventing disability. I therefore urge the Scottish Government to look again at this issue to ensure that we are offering the best care for unborn babies.

17:17

**Nanette Milne (North East Scotland) (Con):** I, too, commend Margaret McDougall for bringing this important but difficult issue to the attention of Parliament and for gaining cross-party support for her motion.

As we have heard, GBS infection is an uncommon but potentially serious and life-threatening infection of neonates and young infants. Early-onset infection occurs in the first week of life, and late-onset infection occurs up to about the first 90 days.

Strep B is a bacterium that lives in the gut or vagina, and sometimes in the back of the nose and throat. It is usually harmless to the person who is carrying it and 99 per cent of the babies of the 20 per cent to 30 per cent of pregnant women who are estimated to be carriers are born without any health complications. Extremely rarely, GBS infects a newborn baby through transmission from the vagina during labour, and this is symptomised by the baby being lethargic, not feeding well, being irritable, having an abnormally high or low temperature, heart rate or respiration rate, and their blood pressure may be low. About 60 per cent to 70 per cent of GBS infection is early onset and develops within the first seven days of life. When the diagnosis is made, speedy treatment with antibiotics, usually penicillin, is effective.

Late-onset infection occurs after the first week, and up to about 90 days, and usually causes meningitis, which again may be treated very successfully when diagnosed. However, sadly, a small number of babies suffer serious consequences including deafness, blindness or brain damage, and a few die of complications.

Although GBS rarely causes significant harm, it has to be taken seriously, and parents and the people who are looking after pregnant mums should keep it in the back of their minds in the later stages of gestation. To that end, the Royal College of Obstetricians and Gynaecologists has drawn up guidelines on prevention of early-onset

neonatal GBS and has produced educational material for patients.

NHS boards have also produced circulars that detail the main risk factors. I have seen as an example the information that was circulated to all staff and managers in obstetrics by NHS Forth Valley in 2013. Its guidance on prevention of early-onset GBS and management of babies born to mothers with it is detailed.

Nonetheless, Group B Strep Support has claimed that midwives and other professionals have a poor understanding of GBS and that countries that have national screening programmes—there are several—have lowered the rate of infection. The charity's demands for routine screening are based on the experience of those other countries.

That is why I said at the outset that we are discussing a difficult issue. The United Kingdom National Screening Committee, which gives expert advice on screening issues to the NHS and ministers in all four parts of the UK, advised in 2012 against a national GBS screening programme for pregnant women on the ground that the benefits of such a programme would not outweigh harm. That advice was repeated last year.

Several reasons are given for the UKNSC's recommendations; it is worth repeating them. Many women carry Strep B and most of their babies are born safely and without infection. Screening all women in late pregnancy cannot predict which babies will develop GBS infection. Moreover, testing is not reliably accurate and false negatives are possible, with carriers of GBS testing negative. Most babies who are severely affected by GBS infection are born prematurely, before the suggested time for screening. Finally, a large number of women carriers at low risk would get unnecessary treatment and the overuse of antibiotics might well lead to the development of antimicrobial resistance, which is a serious problem for the modern NHS.

I have a great deal of sympathy with the concerns of the people who seek screening for pregnant women, because to have a badly infected baby is one of the worst nightmares a mum can have. However, I also understand that Governments have to rely on their expert advisers to give them the right information before they embark on new regimes. Equally, I have no doubt that those who lobby for a change of heart will continue to make their valid case. I also have no doubt that experts will revisit their decision and look at the facts again in future years to see whether there are any new factors which might change their opinion.

However, the most important thing to be done now is to ensure that all concerned are made aware of GBS and that steps are taken regularly to reinforce that awareness by whatever means are considered to be the most effective means in a 21st century society. Thankfully, GBS infection is not common, but one serious complication or death is one too many, as I am sure we all agree.

17:22

**Margaret McCulloch (Central Scotland (Lab)):** I congratulate my colleague Margaret McDougall on securing the debate. I commend members who have highlighted the issue in some way over the past four years: Margaret McDougall, Rhoda Grant, Nanette Milne and Kenny Gibson.

I pay tribute to Jane Plumb, who is the chief executive of Group B Strep Support, and Jackie Watt for their passion and persistence in raising awareness about the bacterium and the risk that it poses to the youngest infants and babies who are yet to be born. They have pursued the issue through the Public Petitions Committee, argued the case for more comprehensive screening and asked challenging but always fair and informed questions of the Scottish Government and the health professions. Equally, the committee has received some valuable and useful evidence from the Government and others that highlights existing practice and the work that is already under way to address group B Strep.

An important debate is under way about how we prevent the bacterium from leading to infection and illness in newborns—illnesses that can put precious young lives at risk. Why are so many mothers unaware of Strep B? Is our approach to Strep B out of kilter with that of some of our nearest neighbours, including the Republic of Ireland? Why do we not test and screen more women? Whom do we test and are we testing them in the right way? We need to grapple with those issues.

**Dennis Robertson:** Obviously, making parents aware is paramount, as well. Does Margaret McCulloch agree that the Scottish Government is listening to the Public Petitions Committee and is revisiting the information on the “Ready Steady Baby!” website and that that is to be welcomed?

**Margaret McCulloch:** If that is what the Government is doing, I welcome it. However, it is a problem that women who are pregnant are not aware of Strep B and that it can seriously damage babies. If women cannot be tested through the NHS, they can do it privately. That information is on the Public Petitions Committee website, but not everybody accesses that information or knows that it is there.

Group B Strep can be present in many women and it can go unnoticed without causing any harm

and without any symptoms manifesting. However, for pregnant women, Strep B can be a cause of bacterial infection in their newborn babies. Each year in the UK, about 340 babies develop an early onset GBS infection. Most babies who are infected can be treated successfully and go on to make a full recovery and have a healthy and happy infancy. However, as has been said, for some the infection can be much more serious. It can lead to septicaemia, pneumonia and meningitis and it can be life threatening. Some babies never fully recover and live for the rest of their lives with blindness, deafness, learning disabilities or cerebral palsy. Others die.

The concern about the level of early-onset GBS infections is that the rate has remained static in the rest of the UK but, as the motion sets out, in Scotland it has risen. The number of cases is not huge, but as I have explained, the consequences can be devastating. It seems to be logical that the Scottish Government should therefore consider the merits of the arguments that are being presented by people such as Jackie Watt. Her concern is that cases are slipping through the net because our approach concentrates on women who are affected by certain risk factors. For example, they might experience certain illnesses in their pregnancy or might have their child prematurely.

Jackie Watt advocates following the example of other developed countries where women are screened more generally and antibiotics are administered more widely. We do not want to provide intravenous drips to anyone if it can be avoided, but best practice from elsewhere suggests that administering antibiotics to more mothers helps to prevent early-onset infection.

We want to follow the best medical advice from bodies such as the UKNSC but, equally, we could test more women. It was suggested in evidence to the Public Petitions Committee that clinicians in Scotland could be ahead of the curve in supporting more women to be tested. However, questions were raised about whether testing is robust enough, given that we do not have consistent guidelines to direct a more general approach to it.

I simply put it to the Government that the recorded increase in the incidence of infection should focus minds and allow us to take a closer look at how we reduce the risk of GBS to the health of newborns. Margaret McDougall and the Strep B campaigners have brought an issue of the utmost importance to the Parliament. We must hear the voices of those campaigners, interrogate the evidence that is before us and do all that we can to protect the next generation.

17:28

**The Minister for Public Health (Maureen Watt):** I thank members for their contribution to the debate and the valid points that they have raised and, in the case of members such as Nanette Milne and Rhoda Grant, answered.

It is without doubt distressing to all involved when a baby dies. I express my deepest sympathies to the families who have been affected by group B Streptococcus. I reassure everyone in the Parliament that the Scottish Government is absolutely committed to quality and safety and to the person-centred care of mothers and babies in the NHS throughout Scotland. Care is based on best practice and the underpinning guidelines that are used in the NHS. Those are not developed in isolation; they are the result of consideration of the best available evidence.

As many members are aware, evidence on group B Streptococcus was extensively reviewed in November 2012 by the UK National Screening Committee. That independent expert advisory group used all the available medical evidence on the risks and benefits of screening all pregnant women. Indeed, the evidence base that was examined was the largest that the NSC has been required to look at, and it included extensive comments from interested groups and members of the public via public consultation.

The NSC agreed that a national screening programme for group B Streptococcus should not be introduced. The NHS in Scotland is following that advice. I am sure that members would agree that all our work should be evidence based and we must listen to professionals. Of course, if the evidence changes and the advice of the professionals changes, the Government will respond to that.

Many members are aware of the reasons that were stated for that position, which include the fact that testing cannot completely predict which mothers will or will not have group B Streptococcus by the time that they go into labour. As Nanette Milne pointed out, mothers can have it at one point in time but not later on; similarly, they may not have it earlier on in the pregnancy but they can develop it later.

Estimates suggest that between 13,000 and 49,000 women each year whose tests would say that they have group B Streptococcus would be clear of the virus by the time that they give birth. Just to clarify, 17,000 to 25,000 pregnant women in the UK would need to be treated with prophylactic antibiotics each year to prevent one death from group B Streptococcus. That is approximately one in 30 pregnant women.

**Dennis Robertson:** Does the minister agree that, in relation to reducing the anxiety of the

parents, it is perhaps better to test, given the risk to the unborn child of an expectant mother's high anxiety?

**Maureen Watt:** I will come on to the point that Dennis Robertson raises.

We need to be absolutely clear that screening is not a risk-free option. There are implications, which I am sure all members are familiar with, including microbial resistance to antibiotics and the risk to some women of an allergic reaction to antibiotics in pregnancy. I am sure that all women who have been pregnant will know that they do not want to take any drugs during pregnancy that they do not need to take.

I also want to pick up on the various statistics that were presented around the rate of infection in Scotland. I caution members against that, given that these infections are not notifiable under the terms of the Public Health etc (Scotland) Act 2008.

Surveillance of Streptococcal B infection in Scotland is based on laboratory-confirmed reports that are received through the electronic reporting system, which is called electronic communication of surveillance in Scotland, or ECOSSE.

Although there are limitations around that data—particularly prior to 2009, when ECOSSE had not been fully implemented—the figures show that the number of laboratory-confirmed reports of group B Streptococcal infections, including early and late onset infections, has not changed significantly in the past six years.

Despite all that I have said, I can categorically state that I agree with everybody in the chamber that the death of even one baby is one death too many. That is why I am reassured that a programme of research is under way to develop improved practices in the management of potential group B Streptococcal infection. Those research studies include looking at appropriate rapid identification methods.

As much of that research is due to be completed around the end of this year, it is hoped that the NSC will be in a position to evaluate the case for a screening programme with the most up-to-date evidence later this year or early next year.

I am also reassured that we are developing better communications for pregnant women on the issue, as Nanette Milne said in her valuable contribution and as Dennis Robertson has just indicated.

An example is the informative booklet "Ready Steady Baby! A guide to pregnancy, birth and early parenthood", along with the accompanying website and mobile phone application, for expectant families. That source of information, which was funded by the Scottish Government and given to all expectant families in Scotland, has

recently been updated to include two sections on GBS.

We need to open up a conversation between clinicians, midwives, maternity nurses and families about the risks. For some families, the risk will be higher—for example, among mothers who have previously given birth to a baby who has had the infection; women who have had high temperatures or other symptoms of infection during labour; and women who have had urinary tract or vaginal infections. We need to make women more aware of the risks, especially if they have had those kinds of symptoms, and they need to have a conversation about whether testing or medication is necessary.

Although I freely accept that in practice progress around the infection may not be moving fast enough for some, I assure members that progress is being made, and that I will maintain a keen interest in ensuring that the best possible evidence is put into practice for the mothers and babies of Scotland.

**The Deputy Presiding Officer:** I thank members for taking part in this important debate.

*Meeting closed at 17:35.*



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