

RURAL AFFAIRS WORKING GROUP

MACKIE'S OF SCOTLAND, WESTERTOWN, ROTHENORMAN, ABERDEENSHIRE

WEDNESDAY, 29th AUGUST, 2018

- Present:** Provost W Howatson (Chair), Councillor V Harper, J Ingram, A Simpson and J Whyte.
- Apology:** Councillor M Buchan, S Duncan and I Taylor
- Officers:** Claudia Cowie, Team Leader (Economic Development & Protective Services), AC, D McDonald, Industry Support Executive (Rural and Maritime), AC, A Ziarkowska, Committee Officer, AC and I Dawson, Assistant Committee Officer, AC.

1. DECLARATIONS OF MEMBERS' INTERESTS

Members were asked if they had any interests to declare in terms of the Councillors' Code of Conduct. No interests were intimated.

2. PUBLIC SECTOR EQUALITY DUTY

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

- (1) have due regard to the need to: –
 - (a) eliminate discrimination, harassment and victimisation,
 - (b) advance equality of opportunity between those who share a protected characteristic and persons who do not share it,
 - (c) foster good relations between those who share a protected characteristic and persons who do not share it, and
- (2) consider the contents of equality impact assessments, where provided, and to take those into account when reaching a decision.

3. MINUTE OF MEETING OF 14th MARCH, 2018

The Minute of Meeting of 14th March, 2018 was circulated and **approved** as a correct record.

4. MATTERS ARISING

There were no matters arising.

5. BULLETIN REPORT: BREXIT

There had been a report circulated dated 29th August, 2018 by the Head of Economic Development, which provided Members with an update on Brexit. The report explained two pieces of work that have recently been conducted on Brexit. The report started by explaining a presentation by Steven Thomson, SCRUC's Senior Agricultural Economist on his findings of research undertaken by SRUC on Brexit related issues to CoSLA in June 2018. The key findings included the sector's high dependency upon immigrant labour (90% of horticulture's seasonal workforce, 60% for red meat and poultry processing and 50% for eggs), and the exchange rates and anti-immigrant sentiment were already adversely affecting the relative

attractiveness of Scotland to migrant workers. In response to labour shortages, horticultural farms indicated they would either downsize or undertake alternative agriculture activity. There have been reports of unpicked crops due to labour shortages. The presentation then focused to findings on the future viability of agricultural sectors in Scotland in the context of change to the farm subsidy regime. Beef and Sheep sectors – both in lowland Scotland and in less-favoured areas – were found to be particularly vulnerable. The author noted particular product price challenges faced by the beef and sheep sector in the event of a 'LT' trade outcome, in which the UK adopted a unilateral trade liberalisation scenario, under which low cost meat/meat products from around the world could enter UK markets. The presentation concluded with a summary which details the possible opportunities arising from Brexit (eg greater focus on productivity, better vertically integrated supply chains, natural capital payments, new global markets and a more diversified rural economy) and challenges (declining support, uncertainty over support payments, trade and labour availability). It was concluded that it would be useful to have Mr Thompson invited to another Rural Affairs Working Group to give a further update on Brexit.

The second half of the report explained that in early July 2018 the Scottish Government issued a consultation entitled Stability and Simplification (for Rural Funding). Comments and suggestions were invited on farm/rural support measures in Scotland from April 2019 for a period of up to five years thereafter to maintain continuity as far as possible ('stability') but also to adopt such simplification measures as may be practicable. As the term of the consultation spanned the summer recess, an officer response was compiled after gathering input from council colleagues and from industry. A draft response was sent to the ISC Chair, Vice Chair and main Opposition Spokesperson, and to council officers on 9 August, 2018 for comment/input. The response agreed that providing the rural economy with a degree of stability and reassurance on continuing support measures was helpful, and that whilst there were some simplification measures which could usefully be adopted (eg a more appropriate scale of precision for mapping of holdings), resources could more effectively be directed towards the preparation of a long-term successor programme. The council response made some suggestions; for example, that enhanced control of Invasive Non-native Species could be incorporated into cross compliance and that capping of (large) direct payments might ensure a fairer distribution of increasingly scarce resources, etc. The report recommended that the group should note and approve the report; however it was agreed that the Group did not have the capacity to approve the report.

Thereafter, the Group **agreed** to note the information provided in the report.

6. VERBAL REPORT: DAIRY PROCESSING PROJECT

With reference to the Minute of Meeting of the Working Group of 14th March, 2018 (Item 8) Derek McDonald provided a brief update on the North East dairy sector situation and work currently underway in support of the local dairy sector. It was reported that the council had contributed £200 towards the travel costs in August of a small delegation of dairy farmers from the NE to Orkney to gain an insight into the Orkney Cheese operation, a relatively small scale but highly effective partnership between Orkney farmers, Orkney Islands Council and Lactalis, which packages and markets Orkney Cheese in the UK and abroad. Derek McDonald then outlined a new study by the London School of Economics which had been commissioned by Arla Foods. The study reported that the UK has the second largest dairy trade deficit in the world, so it relies heavily on imports, with 98% of dairy imports coming from the EU. The study described issues that consumers may face due to Brexit, for example delays in shipments due to new border controls. Derek McDonald concluded the discussion by advising that a further update would follow at the next meeting of the Group.

Thereafter, the Group **agreed** to note the information provided in the update.

7. VERBAL REPORT: ONE PROJECT ACTIVITY

Derek McDonald provided Members with a verbal update on ONE Project Activity and reported that the proposed Food & Nutrition Hub, a component of the City Region Deal, aimed to accelerate business growth in the local food sector by providing marketing expertise, research capability and support for innovation, to make it easier for businesses to create new products and access new markets. Derek McDonald then described the Hosted Modern Apprenticeship in Farming, a new multi-partner project to enable more apprenticeships to be made available. ONE is the main funder but the council has also contributed. The project is led by SRUC. Other partners include Ringlink, SDS, SAOS, NFUS, SAYFC, Lantra, RNCI and Mains of Loirston Trust. There was also a brief update on the Smart Rural project which is seeking to deploy new digital technology to enhance the performance and capability of rural businesses through the use of rural sensor networks and 5G connectivity.

After consideration, it was **agreed** to note the information provided in the update.

8. VERBAL REPORT: WEATHER RELATED ISSUES

Derek McDonald provided Members with a verbal report on weather-related issues that had been facing the industry during the year. The unusually dry weather had reduced the volume of forage available for summer grazing and silage for overwintering cattle. This had led to higher volumes of store cattle coming on to the market. Lack of forage had also led to a lower demand for store cattle, resulting in sharply lower prices. However there were signs that the market was now stabilising, albeit at lower levels of trade and softer market prices than in 2017. Concerns had been expressed over the cost and availability of bought-in feed for the winter. In early August, the council had been approached for assistance by several farms experiencing lack of water for livestock.

After consideration, it was **agreed** to note the information provided in the verbal report.

9. ANY OTHER COMPETENT BUSINESS

Derek McDonald advised Members about proposed speakers for the next meeting of the Group. These include Steven Thomson of SRUC - to give an update on Brexit; Jim Booth of SAOS to provide a dairy sector update; and a representative from the council's Environmental Health team to discuss the work they do.

10. DATE OF NEXT MEETING

It was **noted** that the next meeting of the Group will be held on Wednesday, 14th November, 2018.

