

A strategy for the red meat sector in Cornwall

FINAL SUMMARY REPORT

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A STRATEGY FOR THE RED MEAT SECTOR IN CORNWALL

Executive Summary

The Cornish Red Meat Sector is worth approximately £100 million a year. In common with most other agricultural sectors, the livestock and meat sector has experienced dramatic reductions in the value of its outputs due to the effects of the BSE crisis, imposition of an export ban on beef, the strength of sterling, food scares, customer confusion and limited outlets for their products.

As 30% of Cornwall's farms – about 3650 holdings – are involved with lowland cattle and sheep production, any further decline in farm incomes will have a marked effect on the rural economy. However, with the advent of Cornwall being awarded Objective One status, the red meat sector is well placed to take the opportunities provided by this programme to implement structural change and improve the incomes of farms involved.

Preparation of this Red Meat Strategy Report was supported by EU Objective One grants with UK Government and industry match funding. It focuses on the need for better co-ordination between all sectors of the livestock production and meat marketing chain, and the opportunities to forge new strategic alliances to meet the needs of the major supermarket retail chains and to develop new value added niche markets.

Much greater attention is needed to meeting customer and consumer needs and focussing on individual market requirements. Cornwall's unique selling points need to be exploited for the benefit of the whole chain, through increased awareness of Cornish and South West regional meat brands.

The report supports plans for a new South West Food and Drink trade body and recommends the establishment of a new Cornwall red meat sector co-ordinating body. This should include Cornwall Quality Livestock Producers, South West Quality Meat, the Cornwall Pig Discussion Group, Thames Valley Pig Producers, livestock auctioneers plus abattoir and meat trade representatives.

It also highlights the opportunities for improving efficiency in production of cattle, sheep and pigs on Cornish farms to increase production, reduce costs and improve margins. It calls for rationalisation of the livestock auction sector and redevelopment of markets into rural business centres. It concludes that there is probably sufficient slaughtering capacity in the county to meet likely future requirements but pinpoints the need for additional high quality processing and packing facilities particularly to serve new niche markets.

The report proposes the establishment of seven separate programmes to deliver the strategy. They are:-

- Livestock quality improvement programme
- Co-ordinating group for the Cornwall red meat sector
- Farm focus network to improve quality and efficiency of livestock production
- Development of niche market outlets for Cornish red meat products
- Increased roll out of E.I.D in Cornwall
- Development of more capacity for adding value to red meat production
- Demonstration and trials work

These programmes are required to help the industry to grasp the potential benefits outlined in appendix 11 of some extra £2,852,731 per year output from the beef and sheep sector and some £555,368 extra net margin per year from the pig sector. These potential benefits have been identified from the sector up to the farm gate only. Other benefits would flow from other activities outlined above.

The future lies in developing the food chain to include partnerships with abattoirs, processors and distributors to allow farmers to retain ownership of the product beyond the farm gate and to ensure a more even distribution of product value. A sustainable red meat sector in Cornwall will depend on adequate profitability to allow for reinvestment throughout the meat supply chain from the farm to the consumer.

A STRATEGY FOR THE RED MEAT SECTOR IN CORNWALL

Summary Report

1.1.1 INTRODUCTION

This study into the development of a strategy for the red meat sector in Cornwall was carried out between June and December 2001 supported by EU Objective One grants with UK Government and industry match funding. It has brought together all sectors of the red meat industry, with key figures from the Department for Environment Food and Rural Affairs (DEFRA), the South West of England Rural Development Agency (SWRDA) and the Meat and Livestock Commission (MLC), in order to produce a report that has full industry backing and agreement.

1.1.2 Study Aims

Four main aims were defined for the study:-

- To make the red meat sector in Cornwall customer focused, dynamic, technically proficient, secure and profitable.
- To deliver an integrated programme of technical development and capital investment to meet the strategic objectives and needs of the red meat sector.
- To ensure the full involvement of farmers, abattoirs, processors, auction markets, farmer groups and distributors in the sector development.
- To develop linkages with the evolving framework and structures of the wider South West region.

1.1.3 Study Methodology

A Project Steering Group was established, supported by three Industry Working Groups facilitated by specialist consultants from the Agricultural Development and Advisory Service (ADAS), MLC Industry Strategy Consulting, South West Quality Meat (SWQM) and Cornwall Quality Livestock Producers (CQLP).

Role of the Project Steering Group, Paragraph 2.2

The Industry Working Groups were focused on three main areas: -

- Beef and sheep improvement at farm level
- The pig sector
- Processing and marketing

Terms of reference for the Working Groups, Paragraph 2.3

1.1.4 Changes in the Red Meat Industry

The livestock and meat industry in Cornwall faces difficult challenges in restoring profitability to all sectors in the aftermath of the Food and Mouth Disease epidemic.

'Globalisation' of meat markets makes the UK vulnerable to price competition from parts of the world where production costs are lower. The strength of Sterling against the Euro has led to cheap imports and livestock prices below the cost of production. Lack of producer confidence is reflected in low investment.

Growing recognition amongst livestock producers (especially beef and sheep producers) of the importance of the linkage between production and environmental enhancement.

EU enlargement will both increase competition within the Community and hasten the need to reduce support given to existing producers. Movement from production to area and environmental payments will encourage producers to focus on markets. And there remains the need to improve the average quality of beef and lamb produced in the county to meet modern market requirements more closely.

There is increasing recognition of the need to co-ordinate red meat production and marketing both within Cornwall and the South West region as a whole. The downturn in beef, lamb and pig meat production will lead processors to seek greater safeguards for their supplies.

Changes in the Red Meat Industry, Paragraph 2.4

1.2.1 THE PIG SECTOR IN CORNWALL

Pig prices have been below cost of production for long periods over the past four years. The strength of Sterling against the Euro has led to prolonged pressure on markets from cheap imports. The cost of meeting UK welfare standards has also reduced margins. And the industry has been hard hit by Classical Swine Fever and Foot and Mouth Disease outbreaks over the past two years. Producer confidence is at an all-time low and poor returns have led to low investment and a slow down in technical improvements.

Pig Production, Paragraph 3.1.2

1.2.2 Pig Production

Cornwall has much smaller than average pig units. Only 5% of units have more than 500 pigs, against 15% in the South West and 25% in England as a whole. Pig numbers have reduced by 35% over the last ten years while the national herd has declined by 15% in the same period.

There are now about 290 breeding herds with an average of 18 sows in Cornwall, compared with an average of 52 sows in the South West and 92 sows in England as a whole. About two thirds of breeding units have only three sows and these *hobby pig farmers* probably account for 20% of Cornwall's pig meat production.

Larger breeding units have moved to finishing wearers, rather than selling them on to finishers, to maximise margins per pig. About two thirds of 160 finishing units operating in Cornwall had less than 50 pigs, and the few larger units are finding it increasingly difficult to purchase wearers from local sources.

Pig Numbers, Paragraph 3.1.2

Costs of production are higher in Cornwall than elsewhere in GB, with feed, bedding and transport, adding 3-4p/kg dw to the cost of the average finished pig. The small sample of recorded

herds in Cornwall makes meaningful comparisons difficult on a county basis. GB pig producers are at a competitive disadvantage compared with other EU countries where heavier pigs achieve higher growth rates and reduce processing costs. Feed accounts for over two thirds of pig production costs and EU feed prices are up to £40 a tonne below the GB and Ireland average. These factors contribute to an average GB production cost of 92p/kg, compared with 82p in Holland and 86p in Denmark, on a like for like basis.

Performance Efficiency, Paragraph 3.1.3

1.2.3 Pig Marketing

Many of the larger producers in Cornwall were members of the Western Quality Pigs co-operative until it ceased trading earlier this year (2001). The majority now sell through Thames Valley Pigs, with 170 members of which 70 are from the four South West counties. Thames Valley currently procure 75% of the pigs that go to Dalehead, Bristol and 70% of the pigs processed by Grampian Foods at Wiveliscombe. This puts the group in a strong position to develop strategic alliances with their main customers and move towards longer-term contracts.

Pig Marketing, Paragraph 3.1.4

Typically, the processing market requires pigs at 73-82kg dw and a probe of 12mm or less backfat. This is a very different pig to those required by independent butchers and producers must commit to production for a given outlet. Carcase imbalance remains a major problem with difficulty in placing pork shoulders causing disturbance to the overall pig meat market. A significant proportion of shoulders is exported. Wider adoption of seam butchery techniques could help widen the market for products from heavier pigs and reduce carcase imbalance problems.

In Cornwall there is also a strong trade for pigs to county abattoirs to supply independent butchers in the county. Traditional porkers and cutters are required for this type of outlet with a higher level of finish and lower carcase weights than for the processing market. Boars must be castrated.

Increasing sale weights of butchers' pigs from the current 52kg dw to 60kg dw could reduce costs of production by 9.2p/kg dw or £5.52 per pig. If issues of price, specification and market security can be resolved this may be a niche market worth pursuing for smaller scale producers in Cornwall.

Market Requirements for Pigs, Paragraph 3.1.5

1.2.4 Pig Slaughtering and Processing

The Cornwall pig industry working group estimates that the county produces around 1,800 finished pigs a week. There are six abattoirs in Cornwall for pigs and a further three in the surrounding counties. Of the six abattoirs in Cornwall, only two are in the medium size category (5,000-50,000 pigs per annum) and the remaining four have outputs of less than 5,000 pigs per annum.

MLC figures for 2000/01 show 1,215,000 pigs slaughtered in 33 plants in the South West, about 11.5% of the GB total. About 65% went through the Dalehead plant at Bristol, which has capacity for up to 650,000 pigs a year. Grampian Foods at Wiveliscombe and North Devon Meat (St Merryn) at Torrington, slaughtered another 300,000 pigs in the year to March 2001.

The loss of North Devon Meat, which was one of four big processing plants in the SW Region, has caused significant hardship for Cornish pig producers. However, many of the pigs which previously went to North Devon Meat now either go to Delayed or Grampian Foods, which has helped them to reduce further potential falls in pig numbers.

There are 11 plants processing pig meat in Cornwall, mostly small scale apart from Roach Foods and Ginsters. The majority of processing plants also have packing facilities, but only those supplying multiple retailers have state of the art packing plants and techniques.

Pig Slaughtering and Processing in Cornwall, Paragraph 3.1.6

1.2.5 Issues Identified by the Pig Sector Working Group

Against a background of falling pig numbers, the Pig Industry Working Group recommends the development of strategic alliances between producers and larger processors who are keen to improve security of supply. *(A practical example of this type of integrated activity by Cooperl in France is explored in Appendix 9)* The key conclusion from the group was to promote action, which will increase understanding throughout the chain and improve the bargaining position of the producer.

Opportunities also exist for market differentiation and branding of Cornish products and developing certification schemes under the Cornish King brand in association with South West Quality Meat. There is also the possibility of joining a ‘family’ of regional brands within the South West Food and Drink group via strategic alliances with larger processors.

There is a real need to develop understanding of what constitutes quality for particular markets amongst producers and to improve the quality and consistency of supplies to processors. This could be achieved by increasing weights of pigs; better targeting of pigs to market requirements and promoting the benefits of seam cutting to the trade.

Networking of units will need to be considered by producers who wish to benefit from economies of scale but cannot expand because of social or environmental constraints. It could allow producers to focus on the part of the production cycle for which they are directly responsible.

Improving basic stockmanship skills could help to increase growth rates and improve sow productivity. A career structure is needed to encourage younger farmers to enter the industry. Greater awareness is needed of new multi-media training packages available from the Pig Enterprise Initiative for all levels of pig farmers. An acute shortage of accessible, high quality, independent advice at an affordable price, needs to be addressed.

Pig health issues need to be considered within the context of the development of activity for the pig sector in Cornwall. Demonstration units within the county would help to address on farm conditions and how they affect disease management in Cornwall.

Issues Identified by the Pig Sector Working Group, Paragraph 3.1.8

1.3.1 THE BEEF AND SHEEP SECTOR IN CORNWALL

Livestock is the most important agricultural sector in Cornwall, where the mild, wet climate gives the county one of the longest grass growing seasons in the country and an associated comparative advantage in traditional livestock production. But small farm size of around 40 hectares, compared with a national average of over 60 hectares, coupled with small herd and flock sizes, have a negative effect on production costs.

There are about 4,000 livestock holdings in Cornwall – 2,000 lowland cattle and sheep, 480 upland cattle and sheep, 550 mixed livestock and 1050 dairy holdings. The average beef herd in Cornwall is approximately 25 cows and the average sheep flock is 195 ewes. Dairy herds are also smaller than the national average. Farms with a mix of livestock enterprises predominate.

The Beef & Sheep Sector in Cornwall, Paragraph 3.2.1

1.3.2 Beef Enterprises in Cornwall

Beef from calves born in the dairy herd account for about half of total Cornish production, and it is difficult for these animals to meet modern market needs. Against a target conformation grade of R4L or better on the EUROP grid, a pure bred Holstein Friesian bull is likely to be –O or P, while a beef cross calf out of a Holstein Friesian may grade either O+ or –O, and both may not reach fat class 3 by the time they are slaughtered.

Specialist beef producers in the county cover the whole range of systems, from lowland pure-bred and cross-bred suckler herds finishing bulls, steers and heifers, to hill and upland suckler herds selling weaned calves at 8 to 12 months, and commercial beef finishers using both dairy and suckler bred calves or stores. Overall, only about a third of cattle slaughtered in the South West meet the target for conformation of R4L or better, compared with a national average of around 50%.

Beef Enterprise Types in Cornwall, Paragraph 3.2.1.1

1.3.3 Beef Production

Signet *Beefplan* costing data demonstrates, on a national basis, the wide range of technical and financial performance within each system, and the opportunities for increasing output, reducing costs and boosting margins by fine tuning systems. Cornwall's remote location gives rise to higher than average unit purchase prices for many inputs.

For beef suckler herds there is a 17%-19% variation in output per cow and around a 33% difference in unit costs of production between the top third and bottom third of herds. Put together, these differences can account for around £100 in gross margin per cow.

Similarly, in beef finishing systems there is up to 13% difference in output and 13%-16% difference in costs between the two groups, giving variations in gross margins from £60 to over £100 a head.

Carcase quality can also have a dramatic effect on returns with the best animals at E&U+ grades earning close to £30 a head premium on base prices and the worst over fat O&P 5L&H animals suffering price penalties of up to £200 a head. Additional penalties apply to overweight or underweight animals.

Sheep Performance Efficiency, Paragraph 3.2.1.2

1.3.4 Sheep Enterprises in Cornwall

The majority of sheep farms in Cornwall are mixed livestock units where sheep is not the primary enterprise. At the last Census in June 1999 there were 1,700 breeding sheep flocks with 323,000 ewes, but nearly 20,000 ewes were lost in the Foot and Mouth Disease outbreak.

Autumn lambing using Poll Dorset or Dorset Horn ewes gives Cornwall and other counties in the South West an extended production season. Traditionally, there would be a strong export market for lambs produced in early Spring but the strength of Sterling has reduced this, and Foot and Mouth Disease stopped it altogether in Spring 2001.

Lowland flocks lambing in January and February to produce lambs from May onwards make use of early growth to market lambs off grass at 12 weeks of age, so there is continuous supply moving on from Autumn lambing flocks.

Hill and upland flocks mostly lamb in March and April. Some lambs are finished off the ewes but the majority are weaned and finished through the winter, either by the breeder or by lamb finishers on lowland ground. Traditional hardy breeds for the uplands are relatively small and their lamb carcasses are likely to be below the 16kg minimum required by retailers. A market for these lambs has been successfully developed in Southern Europe, but the strength of the pound has again caused difficulties and FMD has stopped it altogether.

Store lamb finishing on lowland farms using forage break crops through the autumn has been severely curtailed by FMD animal movement restrictions. Individual ID for sheep is likely to be required in the near future and this will greatly increase the administrative workload on sheep farmers, particularly those involved in buying and selling store lambs. Future exports may depend on individual ID and the ability to confirm birth dates to meet new French import regulations.

Sheep Enterprise Types in Cornwall, Paragraph 3.2.2.1

1.3.5 Sheep Production

Signet *Flockplan* costing data again demonstrates, on a national basis, the wide range of technical and financial performance within each system, and the opportunities for increasing output, reducing costs and boosting margins. Average margins for Cornwall are likely to be lower.

For lowland flocks, lambing percentages and lambs reared per ewe have a significant effect on income with up to a £13 difference per ewe between the top third and bottom third of recorded flocks. Cost differences between the same groups are around £5.60 per lamb. For upland flocks the differences between the two groups are £4.26 per ewe in income and £6.48 per lamb in costs.

Carcase quality again has a significant effect on returns. A typical EUROP payment grid will offer premiums of up to 13p per kilo and penalties of up to 100p depending on carcass classification and fat cover. On a 19kg lamb carcass at 230p/kg this represents a range of prices from £30.40p to £46.17p a head, or a difference equivalent to around £23 a ewe in income. Penalties for under weight carcasses below 16kg are likely to range from 10-30p/kg.

Sheep Performance Efficiency, Paragraph 3.2.2.2

1.3.6 Issues Identified by the Beef and Sheep Working Group

There was a strong consensus amongst the working group that a lack of understanding, trust and communication along the red meat supply chain is one of the major problems faced by the industry. Abattoirs must give their farmer suppliers clear information about their carcass requirements in terms of weight and grade. More and better-targeted training on stock selection is required. Farmers should be better informed about the costs of the abattoir sector in order to gain a better understanding of the problems associated with stock that fall outside of grade and weight specifications.

Genetic improvement based on a better understanding of estimated breeding values (EBVs) and the more widespread use of recorded bulls and rams throughout Cornwall would help all producers to improve their profit margins by producing stock that would be faster growing and of improved shape. A higher percentage of slaughter stock would also meet the target specification demanded by wholesalers and retailers.

Commercial beef suckler producers need a more efficient cow and a carefully integrated breeding programme should be established using local beef breeds. Breeding for Scrapie resistance in sheep and nematode resistance for organic livestock production are two areas requiring further investigation.

Farmers need a good understanding of the input-output potential of their farms. A significant proportion does not know their costs of production and are unable to identify where savings could be made. They should be encouraged to continue to computerise their businesses. Easy to use cost analysis programs should be identified or developed and promoted to farmers. Electronic animal identification can be a valuable tool for performance recording and breeding stock selection.

The importance of the incidence of T.B in the U.K and Cornwall must be considered. Since the resumption of testing post FMD incidence is rising. In addition some abattoirs now refuse cattle from T.B restricted holdings, which limits livestock procurement for some outlets.

1.4.1 PROCESSING AND MARKETING OF RED MEAT IN CORNWALL

Abattoirs killing finished stock for human consumption are divided by size into two main groups dependent upon the number of European Livestock Units they slaughter - 1 European Livestock Unit = 1 cattle beast or 5 pigs or 10 lambs.

Full throughput abattoirs meet all the requirements of the Fresh Meat Hygiene Regulations, 1995, are able to slaughter more than 20 livestock units per week and are EU approved to export red meat.

Low throughput plants are able to slaughter up to 20 units a week unless they are eligible and have applied for the 'Fleischmeister Provision' which enables slaughter of up to 30 units a week. They are derogated from meeting all the structural requirements of the Fresh Meat Hygiene Regulations, 1995, and can supply meat for domestic consumption only.

In the financial year 200/2001 there were 11 abattoirs operating in Cornwall, seven full throughput and four low throughput plants. Together, they slaughtered 86,000 cattle, 713,000 sheep and 32,000 pigs in the year to March 2001.

St Merryn dominates the abattoir sector in Cornwall, with their Bodmin site taking cattle and the Probus plant handling cattle and sheep for Tesco stores. H.R. Jasper & Son are also contracted to kill lambs for the Tesco 'Premier Lamb' scheme. Of the remaining full throughput abattoirs, J.V. Richards and R. J. Trevarthen provide the 'backbone' of plants servicing the local meat supply chain.

The geographical nature of Cornwall, surrounded on three sides by water and remote from major population centres, makes competition particularly difficult with one major buyer for cattle and sheep.

Abattoir Structure in Cornwall, Paragraph 3.3.1.1

1.4.2 Meat Cutting Plants

Cutting plants selling wholesale meat must also be licensed under the Fresh Meat Hygiene Regulations, 1995. There are seven registered full throughput-cutting plants located at abattoirs in Cornwall and eight stand-alone units, the majority of which are low throughput.

Cutting Plant Structure in Cornwall, Paragraph 3.3.1.2

1.4.3 Meat Product Plants

Meat product plants producing, for example, red meat based pies, pasties or ready meals, must be registered under the Meat Hygiene Regulations, 1994. There are currently 20 approved meat plants in Cornwall of which by far the largest are owned by Ginsters (2 plants) and Roach Foods (5 plants).

Approved Meat Product Plants, Paragraph 3.3.1.3

1.4.4 Minced Meat Plants

Premises producing or storing minced meat or meat preparations for sale to anyone other than direct to the final consumer must be registered under the Minced Meat and Meat Preparations (Hygiene) Regulations. There are four such plants in Cornwall, three of which are owned by the St Merryn group producing large quantities of mince mainly for Tesco stores.

Approved Mince Meat Plants, Paragraph 3.3.1.4

1.4.5 Supermarkets in the South West

Three supermarkets dominate the South West – defined as Devon, Cornwall, Dorset, Somerset and Avon – Tesco with 22.9%, Sainsbury's with 13.8% and Safeway with 11.2% shares of the food market. Separate data for Cornwall are not available.

Supermarkets see the West Country as offering credible branding opportunities nation wide. Examples include *West Country Beef* produced by Jaspers for Budgens and, in Devon, Lloyd Maunder selling *West Country Lamb* into Sainsbury's stores in the South West. More recently, Safeway have introduced *West Country Beef* 18 stores in the South West, alongside their *West Country Lamb* range.

Supermarkets, Paragraph 3.3.1.5

1.4.6 Retail Butchers in Cornwall

There are currently 120 retail butchers operating in Cornwall, offering a variety of products, from Cornish King branded meat to generic low-priced meat with minimal traceability, and other products. Typically, they either use national wholesale suppliers (e.g. Weddel Swift), national suppliers offering branded meat (e.g. Scotch Premier), or local suppliers. No information is available on market shares.

Retail Butchers, Paragraph 3.3.1.6

1.4.7 Issues Identified by the Processing and Marketing Group

Retention of Cornish produced stock in the county for local processing and sale should be encouraged. Opportunities for supplying local independent retail and food service customers should be seen as the starting point.

Taking the current situation, there appears to be sufficient abattoirs, and abattoir capacity in Cornwall, especially medium sized facilities, to enable slaughter of locally produced stock. However, the issue remains as to these facilities providing the services required by producers.

The availability of cutting facilities, especially those willing to undertake contract cutting is a concern. It is likely that the current situation is hidden to an extent by the use of butchers being used as wholesalers.

Trade marketing, rather than a general drive to new consumer regional brands of meat, is a sensible strategy. This would fit with the proposed trade marketing activity proposed by the SW Regional Development Agency. In acknowledging the strength of the Cornish image, the trade marketing activity could also support the growth of the existing Cornish King brand.

As a general principle, to add value to the product, producers should consider retaining ownership of livestock/meat through further processing. It must be pointed out however that adding value carries considerable risk and proposals must be evaluated with great care. Whilst the greatest returns to producers should be enjoyed through such producer ownership this is not considered as viable in the short term.

Producers must look to work with existing processors through joint ventures and strategic alliances. Various examples and models exist and these should be considered further.

Conclusions, Paragraph 3.3.3

1.5.1 THE ORGANIC LIVESTOCK SECTOR

It is estimated that Cornwall currently has 91 registered organic holdings with 5,272 hectares of registered land, and that another 26 holdings with 1,268 hectares is in conversion.

Production is estimated at 900 beef animals and 2,700 lambs in 2002, rising to 1,450 head of beef and 3,600 lambs in 2003. In addition, there are thought to be about 10 organic pig producers in the county.

Organic meat must pass through an abattoir approved by one of the certification bodies. Four abattoirs are currently certified – St Merryn at Bodmin and Probus, H.R. Jasper & Sons and Olds.

Abattoir capacity appears to be sufficient to process the likely numbers of organic cattle, sheep and pigs, assuming the majority will be sold wholesale and not require contract cutting facilities.

Jaspers are willing to slaughter sheep and Olds are able to handle cattle, sheep and pigs on contract, but neither of these plants have currently indicated an ability/willingness to cut or pack meat from organic stock. None of the stand-alone cutting plants in the county are able/willing to contract cut and pack organic meat. Only M. G. & R. J. Smale and Lloyd Maunder in Devon have indicated their willingness to cut and pack meat and are also organic approved.

Organic livestock production tends to be seasonal and, in order to develop markets, abattoirs need to be informed of stock availability throughout the year. There are also problems of co-ordination between breeders and finishers and the Soil Association has recently established a National Organic Livestock Database to facilitate the market for breeding and store stock.

The average quality of organic stock needs to be improved. With increasing supplies, buyers have started and will continue to penalise producers for carcasses that are either too fat, under finished or of poor conformation. Other practical problems include the availability and high cost of organic forage and feed and the high costs associated with transporting small numbers of animals to approved abattoirs.

The Organic Livestock Sector, Paragraph 3.4

1.6.1 DEVELOPING ACTIVITIES WITH THE RED MEAT SECTOR IN CORNWALL

1.6.2 Cornwall Quality Livestock Producers

Cornwall has a strong beef and lamb marketing co-operative in Cornwall Quality Livestock Producers, which started 30 years ago as a lamb group and merged with an existing beef co-operative three years ago. It currently has 300 farmer members and markets 5,000 clean cattle and 40,000 lambs a year. In 2001 it launched a new division for Organic Livestock Farmers Cornwall and Devon OLFCD to market organic livestock.

1.6.3 South West Quality Meat

South West Quality Meat (SWQM) is a farmer owned company set up in June 2000 with the objective of differentiating beef and lamb from Devon and Cornwall and adding value to livestock production. The company is owned by four farmer groups – Cornwall Quality Livestock Producers, Wessex Quality Meat Producers, Bodmin Moor Farmers Club and the Claytag Group.

SWQM has established *Cornish King* and *Devon Supreme* brands for beef and lamb and is also marketing *West Country Beef and Lamb* to 50 Safeway stores in the region. One of the largest independent sector cutting plants in Cornwall, which is already processing and selling *Cornish King* in collaboration with SWQM has signalled a desire to market branded pork products in Cornwall. SWQM also intends to work with Organic South West and the organic procurement groups to examine how marketing could be better focussed to identify South West products.

1.6.4 Additional Slaughtering and Processing Capacity

Several small-scale abattoirs are considering expansion to meet the needs of the independent sector and provide additional capacity for farmers requiring contract kill facilities. Together with improved processing facilities, this will allow a professional sales offer to be made to potential customers for Cornish red meat products. The Cornish Farmhouse Bacon Company is building an abattoir for pigs and lambs and an organic abattoir near Fowey is considering reopening.

A number of red meat processing companies, including Kensey Vale and Philip Warren, has recognised the need for higher quality processing capacity for the independent sector. This is currently being addressed and will lead to more opportunities for producers to develop independent sales with professionally packed products.

1.6.5 Integration of Activity

KVN Stockdale is currently researching the feasibility of moving to a more integrated structure, with greater farmer collaboration and strategic alliances along the chain with processors.

1.7.1 MAIN RECOMMENDATIONS

A sustainable red meat sector in Cornwall will depend on –

- A collaborative approach at all stages of the livestock production and meat marketing chain – the thinking should be ‘together we’ rather than ‘us and them.’
- Much greater orientation towards customer and consumer – farmers must produce what the consumer wants to buy.
- Greater focus on individual market requirements – farmers need to clearly identify the product needed for the market they are selling into.
- Market differentiation to allow Cornwall’s unique selling points (USPs) to be exploited for the benefit of the whole chain.
- Adequate profitability to allow for sustainability and reinvestment for all parts of the red meat sector.

1.7.2 Key Strategic Objectives

- Improve the technical abilities of producers in order to improve quality and consistency of production and to reduce production costs
- Improve the traceability of animals and ensure that data capture is used to help guarantee product safety and quality
- Develop the marketing chain to include re-development of traditional cattle markets into centres for rural business
- Develop the food chain to include partnerships with abattoirs, processors, distributors, etc in order to retain ownership of the product beyond the farm gate and to ensure a more even distribution of product value
- Increase awareness of both Cornish and South West meat to the end consumer via regional brand (s)

1.7.3 Recommendations

The groups' main recommendations on future action include -

1.7.4 Planning and Leadership

- Establish a new Cornwall Red Meat Sector co-ordinating body including – Cornwall Quality Livestock Producers/ South West Quality Meat, the Cornwall Pig Discussion Group, Thames Valley Pig Producers, Livestock Auctioneers, Abattoir and Meat trade representatives.

1.7.5 Animal Breeding

- Mentoring scheme linked to sharing best practice
- Improved availability and transfer of information
- Continued sire and maternal improvement
- Greater use of performance-recorded breeding stock
- Improved herd management expertise and technical training
- Improved feedback of carcass information to breeders & finishers in order to assist with improvements in carcass quality
- Improved traceability of animals
- Breeding and store cattle sale promotions

1.7.6 Feeding/Management

- Establish Focus Farm groups in order to facilitate exchange of best practice
- Establish one or two demonstration farm units within the South West in order to trial innovations & improvements and to disseminate results
- Increase communication between abattoirs and producers to improve the fit of supply and demand in terms of both numbers and quality
- Increase the use of electronic identification of animals
- Improve grassland management techniques
- Research into feeding regimes and their effect on eating quality and best practice
- Increased level of training and education in order to improve the technical and management skill level of the industry
- Increased use of weighing and data recording to facilitate accurate weight gain information and the correct application of medicines
- Development of more cost effective housing and rearing techniques
- Facilitate cost saving innovations such as bulk buying, machinery co-operation and labour rings

1.7.7 Processing and Marketing

- Increased development of the food chain including both horizontal and vertical integration to improve added value
- Farmer ownership of processing facilities
- Develop partnerships throughout the food chain especially abattoirs
- Rationalise the livestock market sector and assist with the redevelopment of them into rural centres for business
- Promote branded product under one brand e.g. Cornish King and ensure that links are forged with other food sectors to avoid duplication

- Increase promotion of product and consumer education
- Facilitate recipe development and food technology centres to assist new product development
- Investigate "food parks" so that the processing of agricultural products is concentrated on a number of sites
- Better use of animal by-products

1.7.8 Recommended Programmes

The following programmes have been identified for implementation flowing from the recommendations above.

- Livestock quality improvement programme
- Co-ordinating group for the Cornwall red meat sector
- Farm focus network to improve quality and efficiency of livestock production
- Development of niche market outlets for Cornish red meat products
- Increased roll out of E.I.D in Cornwall
- Development of more capacity for adding value to red meat production
- Demonstration and trials work

1.7.9 Outline Plans

Outline action plans for implementation of the following programmes are included

- Livestock quality improvement programme
- Farm focus network to improve quality and efficiency of livestock production
- Demonstration and trials work

The first two programmes listed above are budgeted to cost £4,273,800 over three years and would contribute towards producing the potential benefit calculated for the red meat production sector (Appendix 11) of the following:

- £2,852,731 extra output from the beef and sheep sector/year, £8,558,193 over three years
- £555,368 extra net margin from the pig sector/year, £1,666,104 over three years

These benefits are calculated from a combination of

- Increasing the number of lambs, pigs and calves reared per animal
- Increasing conformational quality of all species
- Increasing weights of pigs
- Improving feed conversion efficiency of pigs

In the case of ruminant species the improvements outlined would bring Cornish production in line with average U.K. performance from published data. Market price and payments for quality obviously play a huge role in dictating how large the reward will be for better performance. The calculations of potential improvements in this report are based on current low market prices realised for all red meat species.

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