

Proposed Pig Premium Scheme 2018 Responses

Summary

The proposed Pig Premium Scheme 2018 circulated to all known interested parties for consultation on 22nd of December with responses requested to be submitted by 19th January 2018. To date three responses have been received, two from producers and one from the MNFU; of the two producer respondents one currently receives support payments the other is not eligible under existing scheme rules to receive support.

Responses were broadly supportive of the concepts of the Scheme, with the main issues being that the Scheme had a finite budget and the requirement to adhere to Red Tractor Farm Assurance standards.

These factors are not considered to be material issues as the budget is set at a level which allows for an expansion of current production of 20%. It is also worthy of note that the proposed headage payment is almost double that of the current level. Additionally, Red Tractor Farm Assurance is recognised by our food processors as a minimum standard and something that the Department should be supporting to ensure Manx farm produce meets a minimum recognised standard.

To address concerns raised in a consultation response regarding the difficulty that those producing pigs for specialist artisan markets may have in meeting the required back fat specifications, the following wording has been added to the draft Scheme as circulated: *'Except for a carcass produced for direct sale'*
This will allow out of spec pigs produced for a specific market to receive payment under the Scheme.

Responses in detail

The responses are summarised under the question headings below, with Department responses where appropriate included in italics.

1. **May we publish your response**

All three respondents gave permission for their responses to be published

2. **Maintaining support for a pig industry in the Isle of Man is important.**

All three respondents agreed that this was important.

Additional comments under this question included

- It would be a shame if the local pig industry disappeared
- Without government support the Manx pig industry will cease.
- The Isle of Man struggles with high import costs for inputs and feedstuff as well as the efficiencies of scale. Pig production of a commercial nature would not be possible on island without support.

3. Differentiating locally produced pork through a quality scheme is the right approach.

All three respondents agreed that this was important.

Additional comments under this question included

- The qualifying criteria currently proposed seem to have been designed for commercial pigs raised to pork weight only.
- Therefore, as currently proposed, none of our pigs would qualify because of the weight/fat restrictions. We would suggest that the qualifying criteria should only be applied to pigs being sold to fat-stock and not those handled under contract kill.

This is not the case, the Scheme allows for payments to be made to smaller producers provided they meet Scheme requirements and specifically the Scheme allows for weight and fat restrictions to be flexible for artisan pigs the provided they have a route to market and are not being sold by the Meat Plant.

- Differentiating the product will give the customer confidence about traceability, welfare standards, antibiotic usage all paramount in my view if you want customers to pay a premium on top.
- Support should only be paid to producers who can prove high herd health, high animal welfare standards and high quality produce. Producing on an island scale is inefficient and does need support to be achievable. We still need to be able to market the product against high volume commercial imports of lower standard product and have a system that highlights the differences at consumer level.

Producing to high standards is a Scheme requirement

- Differentiating Manx product will help highlight traceability – Commercial Manx pork is possibly the most traceable pork produced in Europe and possibly in the world.

4. The requirements in the Scheme will improve the marketability of Manx-reared pork.

Respondents disagreed over this, one agreed one disagreed and the third potentially agreed. All three agreed that pig production on the island was already carried out to high standards

Additional comments under this question included

- Even if we paid for Red Tractor certification we would not use it in our marketing as we maintain much higher welfare standards for our animals than Red Tractor requires.

Red Tractor Farm Assurance is a recognised industry standard for basic compliance of animal welfare, medicine, feedstuffs and environmental standards and provides a recognised third-party assessment of farms that the Department can trust. Unfortunately,

developing a bespoke scheme is not possible with the Department resources. However, there may be assistance available in meeting the requirements of Red Tractor Farm Assurance audit standards.

- More importantly what will improve the marketability is if IOM Meats actually start doing some marketing and purposefully try and sell our quality product instead of just waiting for customers to knock on the door!
- Potentially yes but with full production support capped at 3000 pigs a year would resellers invest in extra marketing if there was no one willing to increase production to meet demand.

Unfortunately financial constraints require the Scheme to have a finite budget although this could be reviewed at a later date should the Scheme prove to create extra sustainable demand

5. The requirements of the Scheme are realistic and achievable by commercial pig producers.

Respondents disagreed over this, one agreed one disagreed and the third potentially agreed. All three agreed that pig production on the island was already carried out to high standards

Additional comments under this question included

- Instead of Red Tractor Assurance there could be a requirement that the same standards are met by the smaller producer - but that these would only be checked by existing DEFA inspections.
- Technically I'm not sure it should improve the marketability as the requirements of the scheme are already being adhered to by farm assured producers now.
- Commercial producers on island are very confident they can/do meet the scheme requirements and as long as the level of support does not drop due to the 3,000 pig limit being exceeded by new entrants or existing producers.

6. The financial support outlined in the Scheme is proportionate to the Scheme requirements.

Respondents disagreed over this, one agreed one disagreed and the third felt they couldn't comment.

Additional comments under this question included

- The nature of the question means you can only really say yes, but the fact the scheme is only allowing for 3,000 pigs I feel is a concern.

The scheme is not capped at 3,000 pigs, but the headage rate would be reduced pro rata if these numbers were exceeded. The current annual requirement for local pork equates to 2,500 animals. The scheme provides adequate headroom to grow the industry. If the industry has the

opportunity to grow further, there is an inbuilt review in the Scheme and the budget and payment rates can be reviewed.

- 3000 pigs equate to 57/week for the whole island, this farm before the government imposed a limit on it produced 4500 pigs 86/week

The current market for locally produced pig meat is around 50 per week with any surplus having to be exported. The Department does not currently view export as a viable market for Manx produced pork. However, should there be a demand due to the creation of a niche, high-value brand, there is flexibility to review the scheme.

7. The Scheme represents good use of public funds when compared to the previous schemes.

Respondents disagreed over this for various reasons but all agreed that the question was unanswerable.

Additional comments under this question included

- The pig industry budget on the IOM stood at £286,000 for numerous years.

Total pig industry support payments peaked at £286,000 in 2004 then subsequently declined to £158,000 in 2008. The payment then increased for the first two years of Countryside Care Scheme because of its associated historic payments. The introduction of the Pig restructuring payment Scheme in 2011 led to a reduction in pig support payments and they have averaged £152,000 for the last six years

8. The Scheme should allow new entrants to benefit from it

All three respondents agreed that this was important.

Additional comments under this question included

- This farming sector will be unjustly limited if new entrants cannot benefit from the scheme as they will be at an immediate and severe financial disadvantage.
- I think every scheme should allow for new entrants.
- As an existing producer to continue investing when you don't know what level of support you are going to receive at the end is extremely difficult when trying to convince a bank to lend you money
- All schemes should allow new entrants who have a viable business model.
- In a restricted production model new entrants will inevitably be taking a huge risk by entering a scheme as they could then fail financially just because another producer increases production reducing the overall fund and reducing support.

The current model allows growth of 500 pigs (or 20% growth) compared to current production. The scheme also requires proof of market access to avoid

over production. Based on current trends, there is no evidence to suggest stronger growth of the sector than that built into the scheme. If the industry grows more rapidly there is an opportunity to review the scheme.

9. Further additional comments.

- As a Union we don't currently have a direct mandate from members on headage. In the case of pigs we have petitioned our active producers and agree a headage scheme is a fair and transparent system that can work for pigs due to the different methods of Pig farming.
- As a Union we can't support any schemes that limit or cap production so close to the current levels, if the scheme had room for growth and new entrants built in to it we could support it.
- Restraining – IOMMCL will manage throughput based on market needs.
- Preventative – A clear sign to new entrants that it's a huge financial risk with potentially reduced support if you set up a new pig unit on island once the 3,000 cap has been reached – even if you have a route to market.
- Constricting – No financial incentive for producers to invest to enable them to grow a business once the 3,000 pig cap has been reached.
- Limiting – On farm income will be reduced for all enrolled pig producers on island if one prospers by securing a supply contract.
- Unfair - A headage scheme that penalises all other on island producers because one single producer has secured a supply contract and increased production above the 3,000 pig cap. It's ludicrous and would never be proposed for any other red meat sector on island.
- Prohibitive – Headage eligibility based on fat probe is prohibitive – if the market demands it then it should be eligible.

IOMMCL is only one customer and the probe requirements are those set by IOMMCL as the business buying the carcasses and selling the meat. Other routes to market such as contract slaughter and home kill arrangements would not have to meet the probe requirements. The proposed scheme has 20% room for growth before headage payments are pro-rata reduced. There is therefore no cap on production. The scheme and industry performance will be reviewed and this will provide the opportunity to determine if the cap/headage reduction is being restrictive. However, on day 1 of the scheme there is opportunity for significant sector growth should new markets be identified or imports further displaced.