

Response ID ANON-1NX7-FKEZ-X

Submitted to **Request for Views on the Agriculture and Horticulture Development Board**
Submitted on **2018-11-09 18:34:18**

About AHDB

AHDB Levy Income

AHDB Current Activities

Red Meat Levy Support in Devolved Administrations

About You

1 Please select which of the following best describes you.

Other organisation (please provide organisation name below)

Other business:

National Sheep Association

2 Please select where your business or organisation is based.

Other (please specify)

Other (please specify):

We are a charitable company that is focussed on supporting its membership base as well as the wider sheep industry in the UK. Based at Malvern, England, we are a UK association that is active in England and all UK devolved nations.

3 Are you currently an AHDB levy payer?

No

If yes, please select the sector(s) in which you currently pay the levy.

Other (please specify):

4 Please indicate which of the following size bands best reflects your annual turnover (by turnover we mean the value of your output including any agri-environment and direct payments).

Not applicable

5 The questions that follow ask about your main sector(s). Please indicate here which main sector(s) you would like to respond about.

Lamb (England)

Other (please specify):

Other sheepmeat categories that are too frequently ignored - mutton, and hogget.

6 Would you like anything in your response to be confidential?

No

If you answered Yes to this question please give your reason.:

Section 1: AHDB Purposes and Activities

1 Please indicate which of the following best describes your current view of AHDB.

Mainly positive

2 Currently AHDB has four purposes or aims which are set out in the Agriculture and Horticulture Development Board Order 2008:

Priority aims - (a) Efficiency and productivity:

Agree should be priority

Priority aims - (b) Marketing:

Strongly agree should be priority

Priority aims - (c) Services to community:

Agree should be priority

Priority aims - (d) Sustainable development:

Neither agree nor disagree

3 Please explain below if there is anything else which you think should be included as a priority purpose for the levy board.

text box for your comments:

The priority purpose should be to establish sustainable and viable market opportunities and value for our product. NSA members views vary on the subject of how much levy money should be spent on R&D and on balance our view must be that we do value the range of work done, but that we would like to see more done in the area of market and trade development and promotion of product.

We do agree that a proportion of levy funds should be spent on R&D but that too little impact has been had on the use or uptake of the R&D work that levy money is spent on. We would like to see a stronger distinction made between AHDB activities and the use of levy money. AHDB is in a good position to work in the areas of R&D but we believe a minimum of levy money should spent on this activity in order to draw additional R&D funds down to support greater activity ie our levy money should be made to work harder.

Specifically, under the heading of services to the community, we support plans for AHDB to take on the role of delivering the new Livestock Information Programme (LIP), although it is essential that the governance for this service relates to the structure of TDUG, and is distinct from the governance of AHDB.

A priority purpose should be to secure a viable future for all those who pay the levy. The priority should equally be to secure the industry and also to secure a future for those who pay levy. While the need for generic promotion and product development for sheepmeat on a level of scale is beyond question we also believe that AHDB should recognise the value of the genetic diversity that makes up the sheep industry, in particular where it has a close relationship with the region/the land/unique grassland and ecological diversity. All breeds should be encouraged to select for appropriate valuable traits and to improve genetic and product quality, but AHDB should be seeking to create market opportunity for what our farms and farmers can produce as much as expect our farmers to produce for the needs of a homogenous commodity. The sheep sector is not like our other livestock sectors due to its close relationship with the environment. Indeed we will not achieve the holistic farming outcomes described in Health and Harmony, of efficiency, productivity and good environmental and social outcomes if we force it in this direction. The strategic direction that has come from AHDB is flawed in this respect with so much effort being put in to reducing production costs so that British sheepmeat can compete globally, and compete with chicken and pork in economic terms, and with inadequate consideration of the impact on trade flows of this strategy. AHDB is now well behind the curve in accepting the political and public mood that has shaped Health and Harmony and is potentially leading the sheep industry in a direction that is likely to be out of tune with future thinking.

4 AHDB currently undertakes the following activities for its sectors:

Current AHDB activities - (a) Research:

Do a little less

Current AHDB activities - (b) Knowledge exchange:

Do a little less

Current AHDB activities - (c) Market development:

Do much more

Current AHDB activities - (d) Export development:

Do much more

Current AHDB activities - (e) Market intelligence:

Do the same

Current AHDB activities - (f) Communications:

Do the same

Please use this space to explain your answer in more detail, including whether you have different views for different sectors. :

Our scores above relate to the way levy funds are spent rather than necessarily AHDBs entire activities. There are a broad range of views amongst our members regarding the balance of activities funded by levy money and delivered by/via AHDB, with some favouring the entire spend being on market related work and some leaning more towards research and KT. However, on balance, significantly more NSA members appear to want to see the lions share, or even all, levy money being invested in market related work (trade development, market development and promotion, and market intelligence), particularly as we leave the EU and with existing markets likely to be disrupted and challenged.

As suggested previously this question should be about the use of levy money more than the entire spectrum of AHDB activities. Overall our view is that levy money should be used primarily for trade development, market development, product development, promotions. Market Intelligence underpins these functions, as does the strategic oversight work such as the Horizon papers.

We would like to make it clear that there is some good work being done in AHDB under the headings of research, knowledge transfer, and benchmarking. however the impact of this work is low and there is far more information and services that are available than are being used. The intentions of this work are good and of course industry always needs to strive to improve, but the current imperative must be to ensure that our markets work and that we have demand for our products. With changes relating to Brexit around the corner farmers will be driven to improve and to make more of the information available. this can be done quite freely and easily already and we are of the opinion that levy money should be primarily used for market and trade development.

While we have suggested that more work needs to be done on market development and export development we also strongly believe that there needs to be a fundamental shift in creating opportunities for new categories of sheepmeat, in particular to attract a younger generation of consumers to eat sheepmeat and to optimise carcass balance and value return. The mini roast was being touted as THE innovation in lamb cuts yet we have seen no evidence that this has resulted in growth in domestic consumption of lamb, and many said at the time that if people were moving away from roast dinners at weekends it was unlikely that we would persuade them to roast a joint mid week. Virtually no linkage has been made between the product and the wider aspects of our sheep production ie

landscape, environment and people. The images have been more about a juicy product presented in the same way as a chicken yet NZ has experienced a high level of success based on creating a fantastic image for their country upon which virtually all their exports benefit. We have 1 PGI for lamb in England - yet dozens of unique regions and associated sheep farming systems. We are not using our own natural capital in our marketing efforts.

In summary more work needs to be done on market development and export development but in a different way to that which AHDB have set out.

5 AHDB currently provides services for various sectors in different parts of the UK. These services could be expanded in the next five or more years, if there is a strong case for this. Here are suggestions for how some of the statutory levy could be used:

Future services suggestions - (a) Environmental sustainability:

Definitely not

Future services suggestions - (b) Knowledge hub:

Definitely not

Future services suggestions - (c) More data:

Worth exploring

Future services suggestions - (d) Endemic disease:

Definitely not

Future services suggestions - (e) EU Exit support:

Worth exploring

6 If AHDB were to provide one new activity for your sector(s) that is not listed in the question above, what should it be?

6. If AHDB were to provide one new activity for your sector(s) that is not listed in the question above, what should it be? Please indicate if you have different views for different sectors. :

The Livestock Information Programme, to fulfil statutory and additional information and traceability functions in a practical delivery model

Please explain your answer in more detail, including whether you have different views for different sectors.:

In relation to question 5 (not 6 above), work on environmental sustainability does need to be done but this is not a role for AHDB given its current role, its strategy and its staffing, and not an activity that levy money should be spent on. The expertise to do this work is not evident within AHDB and it would need a culture change that would be out of reach. It should seek to work with partners to be part of this area of work.

Similarly, AHDB cannot be the only go to hub for knowledge exchange or innovation, the strategic view of innovation is too limited and many other organisations are already doing this. In addition in doing this work it reduces the success of membership organisations who have built the trust of members and funders sufficient that the industry voluntarily chooses to pay to support/be part.

AHDB do have a role to play in relation to endemic disease but they are doing enough in this area already and in most cases the answers are there for those who want to seek them out.

Section 2: Governance

7 Should levy payers be given an opportunity to vote every five years on the continuing existence of the statutory levy in their sector?

Yes

8 Would you like to see additional levy payer representation for your sector(s)?

Yes

Please use this space to explain your answer in more detail, including whether you have different views for different sectors.:

AHDB has to be more accountable and far better connected to the industry it aims to serve. The Sector Board members are appointed by AHDB and while this may be an open and transparent process it is not democratic nor representative of levy payers, and importantly is not using the democratic structures and the connections provided by existing industry bodies. It is important in our opinion to have a proportion of board members who are elected by levy payers, and also important that our main representative bodies (such as NSA, who already have democratic governance) have a formal and recognised connection into the sector boards. In the past there has been a move by AHDB to bypass industry bodies and to choose board members who share their vision for the future but who cannot hope to represent wider interests, or play a part in communicating AHDB back to stakeholders. All this has done is make the connection between AHDB and levy payers poorer.

We are also seriously concerned that the move to bring all the sector companies together has diluted the role of the individual sector boards and has distanced them from their sectors. In seeking efficiencies (the success of which is difficult to determine) through more cross sector working the organisation has lost a lot of contact with industry. Where sector specialists used to have the capacity to build close working relationships with industry much of this has been lost. This is not to say there are not good relationships between individuals but this doesn't come about because of the structure and governance of the levy body and can easily be lost when staff leave.

How AHDB is Governed

9 Does the current AHDB board, Sector Board and committee structure serve the needs of levy payers well?

No

Please use this space to explain your answer in more detail, including whether you have different views for different sectors.:

The changes that were made to bring the sector companies together have resulted in an unwillingness to promote individual products and a nervousness that this will affect other sectors sales (on the basis that 'we mustn't do anything that could have a negative impact on other markets'). This ignores the fact that products do compete on the shelves and the NSA and its sheep farming members want to see people eating more sheepmeat, as do chicken farmers want to see consumers eating chicken. The coming together of all the sector companies results in an absence of competition between them ie it is argued that lamb cannot be promoted if it risks reducing demand for other meats. In the case of lamb this means we cannot make the case that grass reared meat has health benefits compared to white meat - yet white meat is often cheaper due to its system of production. If we cant compete on our domestic market through product promotion, and the consumption of lamb continues to fall then we can only grow our market through Halal and export. The result will be a disconnect between the UK public and sheep production with a potential failure in them supporting our sheep industry. The NSA is not confident about the AHDB Board and its various Board/committee structures strategy for the sheep industry and it appears to have arrived at many of its answers from within, rather than proactively listening to the views of others.

Section 3: Funding

10 Should AHDB continue to operate a statutory levy to undertake activities in your sector(s)?

Yes

Please use this space to explain your answer in more detail, including whether you have different views for different sectors.:

We believe a statutory levy is the only fair way to fund activities that benefit the industry as a whole. We note that the budget table above shows a total expenditure on beef and lamb of £19.1M, and the levy income is £16.7M, suggesting an additional £2.4M income from external (non levy) funds. We would like to see an increase in the external funds obtained for both research and KT - although we would also like to see proper governance and decision making structures that involve industry in order to agree subject priorities. We also support the AHDB in delivering the lions share of this work but would like to see the contracting of specialist research, KT and market development to appropriate external bodies that can demonstrate effective value adding to the area of work

11 If AHDB did not provide these services funded through the levy, what would you consider essential to buy or source elsewhere?

Would you buy essential services if AHDB did not provide those currently funded through the levy - (a) Research:

I would find it for free elsewhere

Would you buy essential services if AHDB did not provide those currently funded through the levy - (b) Knowledge exchange:

I would buy it elsewhere

Would you buy essential services if AHDB did not provide those currently funded through the levy - (c) Market development:

I would not obtain it

Would you buy essential services if AHDB did not provide those currently funded through the levy - (d) Export development:

I would not obtain it

Would you buy essential services if AHDB did not provide those currently funded through the levy - (e) Market intelligence:

I would find it for free elsewhere

Would you buy essential services if AHDB did not provide those currently funded through the levy - (f) Communications:

I would not obtain it

Please use this space to explain your answer in more detail including whether you have different views for different sectors. :

The above questions appears to assume that the levy would still be paid if AHDB did not provide the services, but in reality it surely wouldn't. However work under of the banner of market devt and export devt could not be bought individually - it is reliant on a substantial fund delivered for the benefit of the entire industry and only right that the entire industry contributes. Our answers are based on the question "If AHDB did not provide these services, what would/could you consider, or be able, to buy or source elsewhere?"

12 How would you prefer to see AHDB's services to your sector(s) funded?

12. How would you prefer to see AHDB's services to your sector(s) funded? - (a) Statutory levy:

Strongly support

12. How would you prefer to see AHDB's services to your sector(s) funded? - (b) Voluntary levy:

Strongly oppose

12. How would you prefer to see AHDB's services to your sector(s) funded? - (c) Charging:

Strongly oppose

12. How would you prefer to see AHDB's services to your sector(s) funded? - (d) Other method:

No opinion

Please use this space to explain your answer in more detail including what 'Other method' you would prefer, if any, and whether you have different views for different sectors. :

All AHDBs services for the sheep sector should be available to all and funded via a statutory levy or by external research or development funds. AHDB should not privatise its generic services, with the exception of some elements of the future LIP - although this needs discussion. There are certain commercial services run by AHDB although some of these such as MLC SL are in the process of change. Signet is one further example and we can see that the LIP may emerge as another (that is partly statutory, partly levy, and partly commercially funded).

As a matter of principle it is reasonable for statutory levy money to be spent on activities that support the wider industry (such as trade and market development), and not individual farm specific, with voluntary levy or charging being used for activities that benefit the individual farm (Knowledge transfer and training). However, this suggestion is only on the basis that more funds would be invested in market related work.

13 If a statutory levy continues in your sector(s), do you think that the right businesses are paying the levy today?

Yes

Please use this space to explain your answer in more detail, including whether you have different views for different sectors.:

14 AHDB currently represents six sectors: Pork, Beef and lamb in England; Dairy, Potatoes and Horticulture in GB; and Cereals and oilseeds in the UK.

Don't know

Please use this space to explain your answer in more detail, including whether you have different views for different sectors. :

Bringing other sectors into the AHDB structure would be complicated and have impacts on existing alternative structures. This would need further consideration. There could be merit in discussing further development of the concept of a central funding pot in order to support UK wide trade and marketing efforts that could underpin all 4 UK devolved nation promotional activities. The benefit of this would be to avoid duplication and unnecessary internal competition. It could only be done successfully if there was true UK wide nation ownership of such a structure.

Section 4: Levy Collection

15 Are you content with the current point of collection for the levy in your sector(s)?

Yes

Please use this space to explain your answer in more detail, including whether you have different views for different sector(s).:

The current point of collection is established, understood and works, and consequently we see no reason for change.

16 Are you content with the current basis of calculation of the levy for your sector(s) (for example per head slaughtered, per tonne sold/bought, per hectare planted, percentage of turnover, per litre)?

Yes

Please use this space to explain your answer in more detail, including whether you have different views for different sectors. :

As above, the current system is established, understood and works. We hear little criticism from members and therefore we do not propose any changes.