

<b>Name:</b>	NFU Dairy Board	<b>Meeting Date:</b>	9th January 2020
<b>Location:</b>	NFU HQ, Agriculture House, Stoneleigh Park, Warwickshire. CV8 2TZ	<b>Time:</b>	9am
<b>Room:</b>	Knightsbridge	<b>Chair:</b>	Michael Oakes
		<b>Secretary:</b>	James Osman

**Present:** Michael Oakes, Paul Tompkins, Gareth Richards, Phil Latham, Graham Young, Andrew Branton, Ian Harvey, David Brooks, Jamie Butler, Gemma Smale-Rowland, John Alpe, Tim Caine, Andrew Mycock, James Osman, Phoebe Russell, Romy Jackson, Paul Flanagan.

**By Invitation:** Jack Watts (NFU), Gail Soutar (NFU), Nicholas Saphir (Omsco), Nina Winter (NFU), Jon Swain (NFU Energy), Helen Hunt (NFU)

**Apologies:** John Torrance, Michael Oulton, Tim Lock.

## National Dairy Board

### Item 1: Welcome and Introductions

The Dairy Board Chairman Michael Oakes welcomed everyone to the board. It was noted that the Chairs that were unable to attend had send a replacement for their regions. JO presented outgoing Welsh Dairy Board Chairman with a token of thanks from the board for his time as chairman and MO also welcomed incoming Dairy Adviser, Phoebe Russell. It was also noted County Adviser Romy Jackson's attendance at the board.

- **Action:** JO to remind regional board secretaries that there is a standing invitation to attend national dairy board.

### Item 2: Minutes, Actions and Matters Arising

The minutes from the previous dairy board were approved. An action from Item 3 from the previous board regarding a board visit to a dairy innovation centre was raised. There were no further comments.

- **Action:** Board visit to a dairy innovation centre to be arranged within the year.

### Item 3: Liquid Market Update

JO provided an update to the board on the NFU's work with regard to the current Tomlinson's Dairies situation and dairy processor discussions. This stimulated discussion in light of the Agriculture Bill being brought back to parliament, as a potential opportunity for progressing work surrounding supply chain fairness in the liquid milk market.

**Discussion:** The board noted that the reintroduction of the Agriculture Bill provided an opportunity for progress to be made in supply chain fairness work that was developed previously. A letter was sent to previous Efra committee chair, Neil Parish prior to the general election. The Chairman reminded the board that if he was re-elected, NP had responded that dairy contracts would be at the top of his agenda which the board agreed was crucial to ensure this was followed up, so as to protect primary producers and the supply chain against a similar scenario to the Tomlinson's collapse occurring again, with little to no reimbursement being made for milk for Sainsbury's producers, following the collapse.

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Instead, it was stated that it could be used as a lever for change and JO stated that, in light of recent events, a closer relationship is developing with processors via Judith Bryans at DairyUK, who are also under pressure. The board discussed ways in which the NFU could support processors and there was agreement to look at commissioning a report that could provide an evidence base to present to government and enquire and for future lobbying.

**Outcome:** Priority works areas were identified by the board in areas including:

1. **Approach to lobbying:** The board wants to see progress in safeguarding suppliers and producers against future insolvency of processors. Lobbying strategy following the return of the new government must be considered and refined in order to achieve the best outcomes for producers, with a focus on the work already in motion with dairy Contracts, Grocery Code Adjudicator and proposals to the Efra Committee.
2. **Approach to creating a report/investigation:** Further discussion surrounding the development, structure and outcomes of a supporting report is needed to ensure it achieves the board's desired aims, which it agreed were ultimately to address the inequity of power in the supply chain and provide strong evidence for the need for urgent action in supply chain fairness through contract reform and regulation. The board agreed this must not duplicate the work of the longer term PwC report specific to Tomlinsons, which is currently in motion but promptly provide evidence of producer vulnerability across the country, to progress NFU work in this area.
3. **Request for advice surrounding insolvency protection:** Following questions surrounding the potential of legal preferential creditor status for cases of insolvency, Nina Winter (NFU Chief Legal Adviser) attended the afternoon board session and advised the board that whilst producers cannot be given preferential creditor status in contract or law, there are a number of actions producers can look to take to protect themselves against processor collapse at present, including:
  - Negotiating for shorter notice and payment periods in contracts, proposing fortnightly instead of monthly payments in contracts to minimise potential losses in the case of insolvency
  - Requesting for cash on delivery
  - Credit checking any business which the producers is doing business with using Companies House, setting alerts to monitor businesses financial situations

#### **Item 4: Future of dairy marketing campaigns**

James Osman raised the notion to the board of the need for consideration of future dairy marketing campaigns now, following the Chairman's comments surrounding the success of the current AHDB dairy marketing campaign which is going into its final year of funding.

**Discussion:** Paul Flanagan (AHDB Dairy Strategy Director) updated the board on the current scenario regarding funding surrounding stakeholders in the current AHDB dairy campaign, with the board considering funding implications for the remainder of this campaign and future campaigns. This follows the announcement that DairyUK would not be providing their share of funding for the final year of the current campaign. Concerns were raised around whose responsibility it is to provide funding for such campaigns, with the majority of the board agreeing that whilst the current campaign has been highly successful, there are concerns surrounding marketing costs by default falling to producers despite the market failing to provide them with additional income. There were mixed views surrounding a potential increase in levy for producers to fund marketing campaigns, with discussions surrounding the extent to which this was effective and fair, particularly with proposals from processors to reduce or remove processor levy for marketing.

**Outcome:** The board agreed that the dairy supply chain should know the value of good marketing campaigns and all benefit from its success.

**Review of global dairy structures:** Board discussion surrounding funding for agricultural marketing campaigns presented the need for further exploration of ideas from other countries to promote and

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grow dairy markets This considers the potential of processor match funding and government innovation grants in the delivery of dairy marketing campaigns.

- **Action:** Patty Clayton (AHDB Lead Analyst) to be invited to attend future dairy board to discuss ideas for different sources for collaboration and funding for longer term planning against reputational risk through marketing.

## Item 5: Trade & Standards

Gail Soutar (NFU Chief EU Exit and International Trade Adviser) and Jack Watts (NFU Agri-Food Delivery Manager) joined the board to update on post Brexit standards and development of future FTA's, following the general election and return of a conservative majority parliament. The board was joined by Nicholas Saphir (Omsco) later in the session to provide an update on Omsco Organic Milk Co-operative and discuss future trade needs for the dairy sector.

**Discussion: NFU Update:** GS discussed with the board the NFU's focus on standards and the NFU's focus on creating a food standards commission and JW's work with the National Food Strategy & standards. GS explained the differentiation between product, production and voluntary and mandatory standards which the UK adhere to and which will be crucial considerations in the NFU's asks of future free trade agreements (FTA's) with Europe and other countries. It was stressed that, under WTO rules, sanitary and phytosanitary (SPS) measures regarding product standards are of the utmost importance, it is considerably more difficult to make a strong case for restricting imports in FTA's which may not meet the UK's welfare and environmental (production) standards, which is a rather more nuanced and complex topic to approach. GS asked the board to consider specific "standards" areas in UK dairying that could strengthen the NFU's dialogue in trade negotiations, for example comparing cell counts in New Zealand, blood meal feeding in the US. The use of tariff's (temporary and applied) in policy was also discussed, surrounding their potential to keep substandard product out of the UK. GS explained the balance in keeping substandard product out and the potential negative implications of using tariff policy to be protectionist.

**Omsco Organic Milk Co-operative Update:** Nicholas Saphir spoke to the board regarding organic opportunities and the need for system change, innovative thinking and commercial creativity, to protect the future of the UK dairy industry. He noted the urgent need to capitalise on a fragmented food service industry within the UK, with 30-40% of food being eaten outside of the home, believing there is opportunity to develop links with the industry to work together with UK dairy farmers, as well as considering wider export opportunities. The board agreed a step change was needed in order to protect the industry against the implications of future trade deals and that there is a need for productivity grants and reconsideration of business structures and strategy through improving relations with processors and government to support positive change and development.

**Outcome:** It was acknowledged by the board that negotiations surrounding FTA's are lengthy and could take many years but there are opportunities for the UK dairy sector to capitalise on strengths including optimising grasslands, opportunities abroad as well as considering how different countries capitalise on integrated supply chains and aiming to develop our own UK supply chains. The Chairman pointed out that the UK already has a considerable trade with the US and other nations, which could be built upon, whilst the board agreed that change in the UK is needed to counter structural issues in the supply chain and enable export opportunities, alongside processors.

## Item 6: Activism and undercover filming

Nina Winter, (NFU Chief Legal Adviser) shared an update on the NFU's activism working group progress; including the five key areas the group are focused on.

**Discussion:** The board raised questions which were clarified regarding legalities surrounding (aggravated) trespass, drones and illegal filming on dairy farms, in light of recent incidents, with in-depth discussion surrounding the scope of the NFU to protect members on-farm and on social media against extreme activism. It was pointed out that members had access to the Rural Crime Hub on NFU Online, which is a toolbox of support developed through the NFU's activist working group, aimed at

providing members with advice and guidance for immediate action in the case of activism or undercover filming on-farm, as well as reporting procedure and advice of wider rural crime issues. The work of Sam Durham, (NFU Chief Land Management Adviser) was praised for his efforts in building links with the national rural police force in supporting farmers in combatting rural crime. It was noted that whilst these meetings have been successful and informative, farmer representation was poor in terms of numbers, despite calling for the arrangement of such meetings.

**Outcome:** The board were supportive of the working group's efforts and its success in aligning an NFU position on advice throughout the regions when members were faced with rural crime issues and turning to county advisers for support.

- **Action:** Recirculation of the Rural Crime Hub link to the board
- **Action:** A reminder to be included in forthcoming newsletters surrounding Rural Crime Hub online and rural crime events in regions

## Item 7: Rethinking Ruminants

James Osman updated the board on the Dairy team progress with the "Rethinking Ruminants" document aimed at promoting the dairy and livestock sectors through the provision of a toolbox of statistics and facts to support the sectors.

**Discussion:** Alongside a demonstration of the latest progress on the "Rethinking Ruminants" online directory, JO shared the progress of the wider "toolbox" approach that is being developed to equip NFU members and staff with science-based evidence to positively and confidently combat disinformation against the dairy and livestock sectors, including a public facing document and slide pack. The toolbox will be officially launched at the Dairy Sector Breakout Session at NFU Conference in February, as well as new infographics to support the work.

**Outcome:** The board were supportive of the toolbox and directory progress and it's development as a working document.

- **Action:** JO and PR to finalise directory and share with board, relevant NFU staff and other organisations (AHDB, consultants, processors) prior to NFU Conference launch.

## Item 8: Net Zero Update

As the meeting was short of time, it was agreed that this item will be held over until the next meeting, and JO will circulate any items via email in the meantime.

## Item 9: NFU Energy

Jon Swain (Senior Consultant, NFU Energy) joined the board to discuss the work of NFU Energy with dairy farms including electricity and renewables and how board ideas can shape NFU Energy's work in the area.

**Discussion:** JS asked the board to consider energy consumption and reduction potential on farm and was interested to learn more about the ways in which NFU Energy can work with dairy farmers. Discussion surrounded the effectiveness and viability of different technologies and their ability to make productivity gains for farmers. The board learnt more about the work of NFU Energy and were positive in the opportunities for all parties in developing NFU Energy's profile within the NFU and member relationships with the business.

**Outcome:** Jon Swain would like to attend future board meetings to work more closely with NFU Dairy board and urged the board to come back to him with further ideas, proposals or questions, noting his attendance at Dairy Tech on the NFU stand as an opportunity to discuss opportunities in further depth. The board agreed it was a positive link to make and could add clarity in their business decision making in investing in renewable energies as well as future energy contracts. The Chairman reiterated the potential of linking with NFU energy in developing member income outside of the membership's primary income as part of the NFU member benefit.

## Item 10: Dairy Bull Calves

Helen Hunt (NFU Food Chain Adviser) joined the board to update on the current discussion surrounding bull calves, including sharing the NFU's position and priorities.

**Discussion:** The key NFU priorities HH presented outlined the focus areas for the dairy and livestock teams in the ongoing dairy bull calf situation. The board again raised concerns with similar themes from the November board bull calf meeting item, surrounding the need for derogation in exceptional circumstances (in areas shut down by bTB for example). The board also considered potential impacts of minimal market outlets for some farms and implications on the beef sector. The board agreed that it was important that the NFU, AHDB and farmers were involved in decision making and to ensure retailers and processors did not make knee-jerk decisions. Discussion surrounded the potentially arbitrary discrepancies between different processor pledges and commitments surrounding age of bull calf slaughter and the need for clarity and communication with the supply chain. Opportunities and limitations of sexed semen was also discussed and JO noted a meeting with LIC surrounding this topic was upcoming.

**Outcome:** The Chairman noted that with this is a complex topic with no single answer, so the importance of a supply chain approach to find solutions that work for all, is crucial. It was felt that further exploration into what the government role is in providing support with this topic, (including the potential of public procurement) is important, as well as discussions with retailers in creating future measures, to develop markets and outlets for more beef.

## Item 11: AOB

Some members of the board raised questions regarding the NFU Net Zero work with on-farm carbon calculating tools and development of member involvement with this.

**Action:** PR to circulate an update of carbon calculating and wider NFU Net Zero work following attendance at the NFU Net Zero Strategic Advisory Board on the 13<sup>th</sup> January 2020.

- A question regarding the NFU dairy board's representation at a Defra Animal Health and Welfare funding/grants group for cattle was raised, with JO seeking volunteers.
- Dairy Tech on 5<sup>th</sup> of February – available members of the board want to join the NFU stand, please confirm with JO.
- Some members of the board requested information regarding representation on the Red Tractor TAC committee following VR role change, with JO confirming attendance at the TAC.

## 2020 Dairy Board Dates:

- 11th March
- 12th May
- 14th July (Joint Dairy and Livestock Board)
- 8th September
- 10th November