



**STANDING COMMITTEE
OF
TYNWALD COURT
OFFICIAL REPORT**

**RECORTYS OIKOIL
BING VEAYN TINVAAL**

**PROCEEDINGS
DAALTYN**

**ENVIRONMENT AND INFRASTRUCTURE
POLICY REVIEW COMMITTEE**

Meat Plant

HANSARD

Douglas, Monday, 24th May 2021

PP2021/0163

ENVI-MP, No. 3/2021

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Members Present:

Chairman: Mrs C L Barber MHK
Mr C R Robertshaw MHK
Mr R J Mercer MLC

Clerk:

Miss F Gale

Assistant Clerk:

Mr K Skehan

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Standing Committee of Tynwald on Environment and Infrastructure

Meat Plant

*The Committee sat in public at 2.30 p.m.
in the Legislative Council Chamber,
Legislative Buildings, Douglas*

[MRS BARBER *in the Chair*]

Procedural

The Chairman (Mrs Barber): Good afternoon and welcome to this public meeting of the Environment and Infrastructure Policy Review Committee. I am Clare Barber MHK and I chair this Committee. With me today are the other Members of the Committee, Mr Chris Robertshaw MHK and Mr Rob Mercer MLC, along with our Clerks.

5 Before we begin, please can we all ensure mobile phones are off or on silent. For the purposes of *Hansard*, I will be ensuring we do not have two people speaking at once. Today we are taking evidence for our inquiry into the Meat Plant. We will be hearing from farmer Keith Kerruish about his experience as a user of the Meat Plant.

EVIDENCE OF Mr Keith Kerruish, Ballafayle

10 **Q176. The Chairman:** So for the record, just to open up, if you could state your name and then perhaps a bit of your background and how long you have been farming?

Mr Kerruish: Thank you.

15 My full name is Charles Howard Keith Kerruish. My date of birth is 1946, I have been aligned with the meat trade as an auctioneer and farmer since 1963, 58 years, and the course of that length of time, I have experienced many meat plants; four, in fact, in the Isle of Man, and quite a number elsewhere, including units in the States which have 1,300 cattle a day and 16,000 pigs a day. So I appreciate the challenges of running a very small-scale plant, such as we see here.

20 As a producer, on the physical side of things, I would say my daughter ... I should clarify my position as farmer. I own the farming operation, but my daughter, Anna, who is 40, she runs things on a day-to-day basis, and so I am admin more than anything else. Because she is closely involved, she has been unwell recently, but she is on the Union Meat and Livestock Committee.

I have handed in a note, I do not know whether the Committee would like time to read that or I should just read through the note which I have presented, Madam Chairman?

25 **Q177. The Chairman:** Yes, if you would read through, I think that would be really helpful. Thank you.

Mr Kerruish: Okay. Thank you.

Perhaps I should have made this submission prior to today, but here we go. I wrote to the Committee on 4th February, and to assist the Committee on 29th April asked Mr Tim Baker, Chairman of Meats, for evidence of paid-for marketing in the last 12 months. In my note, it says
30 regretfully there has been no response. That is incorrect because Mr Baker replied on Saturday evening and so his letter is now attached.

Very simply, Mr Baker says that contracts with the Meat Plant are transparent, but Mr Baker has a reputation as being the non-numbers accountant. He does not give any numbers on the Steam Packet or the promenade or Isle of Man Meats and he makes it clear today that he is not
35 going to give any figures in public. So I expect and anticipate that when Mr Baker appears for this Committee on 7th June, you will have to move to a meeting *in camera* to get to hear any figures because he said they are not for public consultation.

Having said all of that, the fact is that I asked Mr Baker simply to show us evidence of marketing effort in the last 12 months, and he says, 'We're not giving any numbers'. He did not say, 'We've
40 advertised in the Manx press or Manx Radio or the UK'. He is somebody that does not convey any evidence of marketing at all, and he agrees with my assertion, in broad terms, that the farmers paid about £40,000 a year and the marketing budget is higher than that, in his letter.

If you wish to interrupt me at any point, Madam Chairman, or shall I continue?
45

Q178. The Chairman: No, no. If you want to carry through and then we can pick up on points after, I think that would be great. (**Mr Kerruish:** Thank you.)

Thank you.

Mr Kerruish: The understanding is that Northgate in the UK are Isle of Man Meats' main UK wholesale partners, but it is rumoured that other wholesalers also receive payments, unquantified. Meanwhile, the Isle of Man has minimal promotion in the continuing onslaught of UK meat in Tesco, the Co-op and Marks and Spencer's. We, as a family firm, have been thwarted
50 in our tiny efforts to promote lamb by the fact that we are charged £25 for dropping a lamb at Andreas, at a meat works where they already go, and the cost of shipping lambs to the UK at 18 pence a kilo is £3.60. So we are paying £25, but they get to the UK for £3.60. So that is a minor grievance on our own marketing front.

I am concerned, and doubtless the Committee will be puzzled by the non-appearance of the Manx NFU or other farmers. My understanding is that the Union has concluded, rightly or wrongly,
60 that the format would be limited to questions from the Committee with little latitude for presentation or discussion, so they may now make a written submission instead.

Secondly, Isle of Man Meats' farmer survey in 2020 showed 80% satisfaction. One of the underscoring marks there is that in the past 12 months, we are not quite sure why, whether people are eating more meat because of COVID lockdown or whatever, but meat prices are now
65 at a record level. So that leads to a good degree of contentment. We must all say that yes, we are very pleased that the upswing has been of the order of 20% or 25%. So that is a significant reason for farmers to say we are happy, without other distractions.

The 20% who were not satisfied, they appreciate that Treasury is a major backer. We know that if Government pulled the plug on this plant, it would close tomorrow and all animals would
70 be live export, which is not desirable. They are reluctant to rock the boat and they simply feel, as a lone voice, they are non-effective. Specifically, I asked two vociferous members of the farming community, one man and one lady, to come and support me here today and said that they can arrive on this doorstep, and they have backed off this opportunity, I am sorry to say.

There is an element in the 20% of dissatisfied people that say when they send their animals to the Meat Plant the grader says they are too fat, they are too thin, whatever, and some are
75 dissatisfied with the grading system. That is absolutely independent of Isle of Man Meats; it is a Government-appointed inspector. So that aggrieved portion really do not have a grievance with Isle of Man Meats, but the system.

80 In the overall, the plant is sub-viable in terms of non-economic volumes and there is no political
will to curb imports which provide cheap meat from mass volume sources, no concern for food
miles. Tesco might be persuaded to buy more Manx, but would insist on a higher farming standard
across the board. It is to be hoped that a new mincing unit presently on the cards at the Meat
Plant at a cost of £200,000 for the machine and personnel will be of value because a very high
percentage of meat eaten today is as mince in whatever shape or form, whether it is burgers or
85 any other form of mince. It is a large element of the market for forequarter beef.

In the dairy herd in the past, if there were unfortunate animals that were born male, they had
no future commercial value and they were slaughtered at birth, but it has now been determined
that that is not to happen and they will become part of the meat processing system and they will,
because they do not have prime sirloin and other cuts, they are part of this business of having
90 minced meat.

My bottom line: I wish Isle of Man Meats would work harder at Manx promotion, rather than
shelling out in the UK. And I say that, 'shelling out in the UK', I have no idea what they shell out in
the Isle of Man or what they shell out in the UK. All I can say is that there is no visible marketing
in the Isle of Man, and I wonder if any Members of the Committee can recall seeing any promotion
95 in local press or radio at all.

I have added to the written note with a few further points that Mr Baker said that the contracts
with the farmers are transparent, and that is a fact. They say we will advertise and market as we
wish and you will have to contribute. In contrast with that, in the UK the Agriculture and
Horticulture Development Board (AHDB), which collects voluntary levies from vegetable and
100 potato producers, they have recently had an upset because the producers were not satisfied with
the money they were collecting and spending, and they have withdrawn support on both fronts.
But the farmers in the Isle of Man are not in a position to do that.

There is one tiny little element. A lady in the UK decided a few years ago it would be good in
the peak production season for lamb in September to dream up a promotional scheme called
105 'Love Lamb Week' in September. It had some TV publicity in the UK and I had posters printed in
the Isle of Man last year, which I distributed around the place, and I sold one of those posters to
Isle of Man Meats for £68 and they displayed it at their plant. It is the only marketing that I have
become aware of.

I hope at the end of your deliberations and research that the Committee might ultimately be
110 able to confirm that effective, productive marketing has taken place. In the meanwhile I remain
sceptical, but I think that that concludes my general outline, Madam Chairman.

Q179. The Chairman: Thank you very much.

I wonder if you could talk a little bit about how the marketing levy you touched on, previously
115 we have had conversations with other farmers about distribution charges. We talked with the
Meat Plant about how the distribution charge works and trying to understand that, and there was
obviously some unrest around the way that that was measured. But I wonder if you could also talk
about the marketing levy. Is the marketing levy levied against all meat that comes into the Meat
Plant and is processed, or is it only against the meat that the Meat Plant then subsequently sell
120 onwards, rather than returning to the farmer?

Mr Kerruish: I have to express some reservation about precisely how it happens. The meat
trade generally distinguish between young animals that are kept for slaughter – lambs within the
first 12 months, and cattle within two and a half or three years of birth. So those animals in that
125 category are called prime fatstock, cattle or sheep or pigs. There is another element that the older
ones that have been kept for a number of years for producing milk or for producing calves or
producing further lambs, they come into the system and they are called 'cull stock' at the end of
their working life. So we have got the prime meat section and then what is essentially the stewing
meat section. I am certain that the levy is applied on the prime meat, which is the majority of the
130 production, at the rate of 60 pence per sheep and £4 per head on cattle.

135 I have thrown my figures at Mr Baker and said my guesstimate on those figures is £30,000 to
£40,000 a year and in his letter on Saturday he confirms that my figures are broadly within the
limits, but they are spending more than that on marketing. So that is my main contention. I know
that people are concerned about the distribution levy. I more readily accept that because the
140 Steam Packet charges and other freight issues are beyond the control of Isle of Man Meats and
they just have to pay the going rate. But they are significant costs compared with any producer in
the UK who sends something to the local plant.

Q180. Mr Robertshaw: Thank you, Chairman. That was a very helpful introduction; thank you.
140 You mentioned the degree of control that UK producers have acquired in terms of potatoes
and other areas. Have the meat producers in the UK acquired any control over marketing levies
that they may be subject to in the UK?

Mr Kerruish: There certainly has not been any ... There are conversations from time to time on
145 these levies, but there has not been an outright uprising on levies, to my knowledge.

Q181. Mr Robertshaw: Do they pay levies and are those levies similar or equivalent to the Isle
of Man assumed levy?

150 **Mr Kerruish:** They do pay levies but I do not think that they come under the same specifics of
distribution and marketing. I think they come under a global figure and within the AHDB there is
a grey area about the Meat and Livestock Commission and the AHDB, and they overlap into a
mesh ... Those figures can be ascertained but I do not have them in my head, I am sorry.

155 **Q182. Mr Robertshaw:** If I may continue, yes?
Earlier on in your introduction, Mr Kerruish, you talked about other wholesalers apart from
Northgate. Could you elaborate or expand a little bit on your understanding of other wholesalers
being involved?

160 **Mr Kerruish:** It is purely hearsay, Madam Chairman, and so I cannot come forward with any
names at all, but Northgate is understood to receive a substantial sum each year from the Meat
Plant as the active wholesaler. But I think Mr Baker would have to confirm whether there were
any other parties that were also. But the understanding is other parties are being paid commission
rates in some shape or form.

165 **Q183. Mr Robertshaw:** Again, in your kind introduction, you return to the issue of derogation,
which I think we all understand fell away because of the implications or complications that would
relate to the EU and that I think you are suggesting that we might perhaps revisit that. Am I
overemphasising your suggestion?

170 **Mr Kerruish:** Perhaps a little.

Mr Robertshaw: Perhaps a little.

175 **Mr Kerruish:** Ideally, when we had the derogation, the Isle of Man processed 6,000 cattle a
year and ate them here, and then produced about 30,000 sheep and I cannot give any numbers
on pigs. But that was all Isle of Man production. I really do not know what the consumption figure
is now, but I would guess that the consumption on beef is less than a half of that 6,000 headage
and there is a lot of export happening. I am losing the drift a little bit on your point of quite how
180 that carves out.

Q184. Mr Robertshaw: Right, okay.

185 You mentioned again, and linked pretty well straight after your point about derogation, you also mentioned the issue of higher standards. (**Mr Kerruish:** Right.) Could you speak to that, please?

190 **Mr Kerruish:** Yes. Just, sorry, to conclude on the derogation, I did not say that I think I would like to see ... it is understood that because we send a large amount of meat to the UK, if we suddenly put a barrier and said, 'No meat's coming in, only meat's going out' then there is soon going to be a protest in the UK, and so there has to be a passage of meat in both directions.

Q185. Mr Robertshaw: Controlled volumes, perhaps?

195 **Mr Kerruish:** Yes. So I return to that and then you followed on, Mr Robertshaw, your next point, sorry?

Q186. The Chairman: Yes. Directly after you touched on derogation, you mentioned about standards. (**Mr Kerruish:** Right. Thank you.) Could you speak to that, please?

200 **Mr Kerruish:** On the piece of paper that I have handed out today, most farmers have to have Red Tractor assurance in the Isle of Man to send any animals to the Meat Plant. That means that a lady who has had formal training comes to your farm, checks things out, enquires, has a look at your general appearance of your animals, that they look healthy and well, and she then considers your veterinary medicines and what do you do about fertilisers and spraying. So she gets an overall
205 view as to a well-conducted unit or something that is falling short. (**Mr Robertshaw:** Right.) The Red Tractor assurance, in UK terms, is considered a fairly basic standard of welfare and good management.

210 There are then stepping stones that Tesco has rather a higher plateau and says, 'We want to tick a few more boxes about how, why, when everything happens with your cattle and sheep', and Marks and Spencer's have the very highest standard. In the past it has been suggested – prior to the present management, but perhaps I am talking five or seven years ago – that Tesco said yes they would consider more Manx meat if the whole farming producers agreed to their level of production. So that would mean a step up from this Red Tractor, the baseline really.

215 **Q187. The Chairman:** So just picking up then, you talked about the benefits as well of the mincing unit. So that you are thinking around the dairy bull calves. You say that is coming online in two years?

220 **Mr Kerruish:** Yes.

Q188. The Chairman: So that is going to be a requirement that they have to be accepted?

Mr Kerruish: Yes.

225 **Q189. The Chairman:** Okay. And then that will tie in though with the use within mince because they would not be able to be used as that quality product that you talked about, the ...

230 **Mr Kerruish:** There are a lot of grey areas in the whole of the meat trade, and some say that you have to have animals of beef breeding to produce the very best beef. But there are other people who say that, let's pick on the Jersey breed of cattle and Shorthorn cattle, which used to be a dairy breed. But various other breeds, and Holsteins and Friesians, they may not have an abundance of the best prime cuts of fillet steak, sirloin steak, all the steaks. The farmers and meat trade generally they say the front end makes the mince and the back end makes the prime cuts, and so the dairy animals have less volume of prime cuts, but nevertheless there are ... but there

235 is the general tendency to say the dairy animals do not have any prime cuts, that they must just be minced. So that is a continuing debate in the meat trade.

Q190. The Chairman: Okay.

240 Then you talked as well in previous correspondence around the delivery charge. (*Mr Kerruish:* Yes.) I think you touched on it just before and this idea that there is the £25 drop-off fee and it does not matter whether there is one lamb or six, and yet they are already going to those places for deliveries. Could you expand on that a little bit, and that analogy you gave with the UK delivery charge that was being levied against the meat moving away off Island and the discrepancy there?

245 **Mr Kerruish:** My understanding on the most recently quoted figures to the farming community is that export – this comes back to the distribution levy I think perhaps – the export cost is rated, I think this is across all of the meats, at 18 pence a kilo as distribution cost. So the average lamb weighs about 20 kilos, so 20 kilos of 18 pence is £3.60 to get that lamb from here somewhere to Northgate meats in the UK, but my lamb from Douglas to Andreas is £25. I am sorry to say that
250 Mr Parsons and I have come to an ill point where I wrote on six occasions to say please could this be reconsidered and I did not receive any substantial response to that. I used unkind words on the telephone to Mr Parsons, and so he said that that cannot be accepted. I simply said, well, six letters perhaps might be worthy of a reply. So we are in a stand-off position on that number, but maybe he can justify the £25.

255

Q191. The Chairman: So with the £25, it is the same whether you have one or six? (*Mr Kerruish:* Yes.) Okay. So if you then were transporting 12, it would be £50? Is that correct? Is it done in lots of six?

260 **Mr Kerruish:** No, I am sorry, that was a random figure of one to six.

Q192. The Chairman: Oh, it is the same however many you have?

265 **Mr Kerruish:** It could be any multiple, but I have used the word in here that we are on a very tiny scale endeavouring to ... At the outset I said that meat prices are now running at a record high, but in the overall, in the UK, most of the lamb and sheep meat is consumed by the Muslim population and in France and in Europe. The consumption of lamb has continued to fall over many years and in an effort to arrest and make some direct effort as producers, so our little effort is to sell whole carcasses at £130 a head, which is an animal of about 20 kilos, but with the bones out it
270 is less and so we are trying to just be producing at a level to encourage people to eat lamb, but with these figures it is simply not economic. It is best just to let the lamb go to the plant and let it wander off to the UK.

Q193. The Chairman: Okay.

275 Obviously you have been in correspondence with both Mr Baker and Mr Parsons. What is your perception of the relationship between DEFA and the Meat Plant and how the regulatory role works? Do you have any commentary around that?

280 **Mr Kerruish:** Not very much, but my basic understanding is that first in line, a vet is on the dock to inspect all animals as they arrive and see that they are fit and well and they not suffering any disease or ailments, and if you sent any animal there which was desperately lame and had to hobble off the truck or something, then that veterinary inspector might say, 'Return to the farm for treatment' or he might say it must be put down there and then through neglect, and to prevent any further suffering.

285 So the vet is the first man in line, and then, on the actual processing, samples are taken from carcasses by meat inspectors and you never hear any protest from farmers about the meat

inspectors. One of the things that they might discover is, for an illustration, sheep can pick up flukes in the pasture. They are everywhere and farmers generally treat sheep for liver fluke to stop them punching holes in the liver, which clearly make the liver non-saleable. So now and again the meat inspector might pass comment and say, 'You sent 20 sheep this week and we noticed that three had liver fluke – maybe you'd like to take veterinary advice on that' and those livers would probably be condemned and not saleable. But there is seldom any protest from farmers about the meat inspector as such.

But then on the question of grading, essentially, some of the dairy animals, I can best describe they look like a greyhound and they do not have many muscles and anything, so they are not a very good shape for finishing up as prime steaks. So if I have such an animal, there is a grading system which spells out 'EUROP' and if I have very good shape one it is an E, and even if it is a very poor shape it is a P. So if I have one that looks a bit like a greyhound, it is going to have a P and then there are various shades in between in that span, where people say if I had a U, I would have been paid more than an R, so I have been badly treated by the grader who said my animal is an R.

It is a very a fine line and most farmers seldom attend at the plant. They load their animals and off they go, and then if they are disappointed, they may just whinge to their neighbours, or they may ask the Government grader to have a further inspection the next day. There is a factor in the meat trade where you say they look at the animal shortly after slaughter and with drying out and with time the next day it might look a slightly different shape – very marginal. So a producer can say, 'I'm disappointed with my grading, please look at animals six, seven and eight tomorrow', and then the grader, once in a while, will say, 'Yes, we'll move it up one', or he might say, 'I'll move it down one.'

So the grading is absolutely independent of Isle of Man Meats, so they cannot be blamed in any way for the grading standard.

Q194. The Chairman: Has the introduction of the AHDB use of grading for deciding the payment level helped in terms of getting the meat that is coming in to a better grade?

Mr Kerruish: It is a very complex matter, and I will try to simplify it, that certain European animals, namely Belgian Blue animals, have great double layers of muscling and everything, so they produce a lot of steak, but because they have this double muscling, when it comes to having calves and so on, they are ill-designed and the fact that they have been bred that way means that they are very difficult to deliver a calf, and they have a very high proportion of caesarean sections to get the calves with these double-muscled animals. At the other end of the scale – I come back to my greyhound example – ones which are like greyhounds have no trouble at all producing.

So there is a middle of the road: some that are just under the extreme and there are some that are just better, and that is why it sits in five grades of E, U, R, O, P, and with a subdivision bit in those.

So the farmers would say, for the most part, beef-producing farmers, I think E is an extremely high and difficult to attain standard in way of shape, but U are the commercially profitable, and probably represent more than 60% of the production. Then O is a lesser animal whose mother may have been a dairy cow, which is not a very good shape, and then P are the ultimate skinny ones, and –

The Chairman: The greyhounds!

Mr Kerruish: The farmers essentially are hoping to achieve Us and Rs and the grading figures bear that in mind. But again, Mr Parsons has no responsibility for those grading figures.

Q195. Mr Robertshaw: Okay.

Are you satisfied that, bearing in mind there is a prime period, a window of opportunity that your animals arrived at, in terms of weight and standard, that you need to get them to the abattoir

340 for best return, are you satisfied that you are able to do that or do you find delays or mistimings in that process to your detriment?

Mr Kerruish: There is a large area of misgiving about the processing delays and the farmers tend to use the word 'stagger'.

345 I will start off with a positive. My daughter looks back over the years and says that our lambs are born early part of April, and we will have lambs to go to the plant in August, September, October. So she can say, with a fair degree of accuracy, some weeks in advance, based on last year's production, and say that in the second week of August we will have a hundred and in the first week in September, two weeks later, we will have another hundred.

350 When we get closer to all that, if it has been rainy and cold and they have not all been enjoying the best of weather or something, then closer to the time she may have to moderate and say, 'I haven't got a hundred, I'm only likely to have 85 because I've weighed them and checked them and I've only got 85 and I'm going to be 15 short', and provided you give the plant notice of about a week then that is adequate. But if you give them two days' notice they have been out and made plans to sell all those animals, relying on the farmer's booking number, and so they do need some
355 guidance.

So again, now and again we get it wrong. In the spring of this year, when it is terribly rainy, then some of them do not get bigger. They actually lose a bit of weighting. So in February we had to say, 'Sorry, we've gone backwards these last few weeks, and we haven't got a hundred, we've only got 50', but on the basis of previous seasons we have been able to make a reasonable
360 prediction of when our animals will be ready because we are in a fortunate position, we are trading on a fairly large scale and we can gauge it through.

It seems to have been most difficult with beef production that the critical factor ... I have talked about the shape of these animals, from very good ones to greyhounds, but then the meat trade are also concerned about when you buy ... In the old days, if you bought a pork chop, it had about
365 an inch of fat on a pork chop, and no one wants to buy a pork chop with an inch of fat anymore. That would have, in today's standards, 1 is skinny and 5 is very fat. So that pork chop would now be 5 and the producer would be paid a lesser figure because it is simply too fat and the meat trade do not want to buy it and the catering trade do not want to buy it.

So the concern that the farmers have, and it is very difficult, but I would just like to ... I was
370 lucky to spend a year in the States and dealing with this subject back in 1968, and the professor who said, 'We're going to look at some cattle alive in the early part of the week and we will look at the carcasses mid-week, and we'll look at the retail cuts on Friday', and he said, as a professor, at the outset, when it comes to guessing how fat these animals are, underneath their hides and coats, we can make a best guesstimate, but we are going to be wrong a lot of the time.

375 And so it is for farmers that they say, 'I'm aiming, the ultimate is not this fat pork chop at 5, but the ultimate is to try and have fat class 2 so there is a nice bit of fat cover, there is some marbling in the meat, it's tasty and juicy and everything.' If it gets to 3, 4 or 5, the producer does not want it that fat and so the meat trade discount it, and so when the farmer comes forward and says 'I'll have some ready in a month's time', and the plant say, 'Sorry, we've got a list and we
380 can't accommodate you for eight weeks' that is when the animals move from this desirable fat 2, and possibly into 3 or 4, and then there is a loss to the farmer. He has continued to feed it for that while – which was just excess feeding, really, he had to feed it – and spends more and more time feeding it, but then has a discounted price, (**Mr Robertshaw:** I understand.) because it is too fat.

385 **Q196. Mr Robertshaw:** Do you want to expand a little bit more on this timing thing, the availability of access to the abattoir at the time you seek it?

Mr Kerruish: I think it hinges very much on the marketing ability of (**Mr Robertshaw:** Right.) the plant and its UK agents and there are seasonal ... The graphs of annual production show that
390 we are all out there now with spring lambs, that you have all seen, and all of us will be busy sending

some spring lambs to the Meat Plant in September, October, November. So there is a great surge of production. And similarly with beef. The beef animals all get plenty of grass through the summer and thereafter the supply reduces from ... The price stays strong through December, because the meat trade and retailers and caterers all want to have steaks for Christmas dinners and everything, and so the meat trade stays strong through December, and the numbers diminish from January through to about July.

So there is a curve in the production levels, but the Meat Plant know what those ... every week the press show what the slaughterings have been in the past week and year on year they are going to vary by very little – 1% to 3%, something like that. So it is a known fact of what the throughput might be, unless there are disasters, like COVID suddenly. Can the distribution system work in the face of COVID? Fortunately, it has worked, for the most part.

Q197. Mr Robertshaw: Good. We touched on derogation a little earlier. We played with the idea of possible elements of market control. (**Mr Kerruish:** Yes.) We are now facing significant possible changes with a more open market situation with Australia and Canada, and you touched upon the developing changes in the market for lamb. You related it to perhaps more consumption by the Muslim community. A lot to consider there, isn't there?

What is your thinking, as a farmer, in all of these enormous changes? How do you see the future, Mr Kerruish?

Mr Kerruish: If I might just backtrack a little bit into the autumn of last year. (**Mr Robertshaw:** Yes.) Some farmers say, 'This is all beyond my control, I'll have to take the medicine, whether it's good or bad', and –

Q198. Mr Robertshaw: Excuse me, I am sorry, are you talking about sheep and beef?

Mr Kerruish: I would perhaps mostly say, sheep, thank you – that is helpful.

Mr Robertshaw: Thank you.

Mr Kerruish: Through the autumn last year, because the Brexit negotiations were bouncing up and down all the time, and at some points Europeans were becoming cross and frustrated, no one knew which way the game was moving. So the consensus was, if you have some sheep to sell, it may be on 31st December that the gate will close to Europe and 40% of production would not been admitted into Europe, so there would be a 40% surplus hanging about in the European market. In most markets, if you have a 10% surplus of a glut, that knocks the price way back. So a 40% lock out would have been absolute disaster.

So some people were saying, 'I can do nothing about it, we'll just plod on.' In our own case, we said we would generally feed these animals and they might get to marketing in December or January or February, but we made a determined effort to feed them more food so that they were off the farm before the end of December in case this gate closed. In the event, it proved that that was not necessary and Brexit allowed ... Fortunately, the meat trade seems to have continued good access, better than certain other products, such as seafood and so on, and the meat trade continued fairly smoothly. But because people like Anna and I had made a big effort to get these animals to market more quickly for our fear of Brexit, the numbers were reduced and since the turn of the year, a lesser number have been available and so the price ... The number is down, the price is up, and we have to be happy that we are on record high prices.

It remains now to be seen was that because we all disposed of a lot of animals before Christmas and it gave us this hike, or is it because people are choosing to eat more meat and the price is going to be sustained at a better level and if we think just in the European market, I think there is a good chance that it might stay the same.

Concerning the Australian factor now, I think one of the things that again is beyond a farmer's control: that the whole Isle of Man has an average field size of about four acres. Everybody says, 'That looks nice and pretty!', and there are lots of trees and hedges and flora and fauna and everything. The average size in Western Australia is 400 acres, and so the scale of production, whether it is Australia or North America or South America, the scale is so vastly different that ... Our session at the moment, for instance, it is considered desirable in the Isle of Man in this four-acre field if you leave a six-metre perimeter for wildlife that might reduce your production area by about 10%, but the Ag Department will pay you for leaving this non-productive area. So you start out with 300 acres and you have scaled back to 270 acres of actual production.

Also, it is much easier to drive up and down a field that is a mile long, and you do not turn around very often, than to turnaround in these little patches of ours.

So the scale of production is scary. I think that the farmers generally do not have much political clout. So Boris Johnson says, 'Well, they are not going to affect any election results, so who cares? We will have plenty of Australian beef and then maybe American beef and American chicken.' So I think it is inevitable, but concerning our particular interest in lamb, New Zealand has found a good market in China now for lamb, and Australia might also find the Chinese market is every bit as good as the British market.

Mr Robertshaw: Indeed, yes.

Q199. The Chairman: Just touching back on the marketing you talked about just before, if, when you are talking about having the £25, you get your lamb to come back to your property, that is for you to then sell them, (**Mr Kerruish:** Yes.) are you still paying marketing – I know you touched on this – if that is your sole purpose?

Mr Kerruish: It falls in three elements, really. There is a permitted number; every farm can have six sheep per year back for family use (**The Chairman:** Yes.) or give it to your friends or whatever you wish. It is six, and you pay a handling charge of £18 a head and then have them delivered to a butcher's shop. So you have to pay to have those delivered to a butcher's shop as well. In our case we were saying we would like them to be processed at the Meat Plant, delivered to Andreas, Andreas Meats will chop them up, package them, ready for the freezer and deliver them anywhere in the Island. So we had a system in place, but the £25 made it non-economic to continue doing that.

The Meat Plant, with some justification, will say, 'Well, in his efforts through the autumn, Keith Kerruish gave away three lambs as raffle prizes and things and he gave away some more as Christmas gifts and we have got that all logged, and he actually only sold 15 sheep out of a production of 30,000', and we would aspire to selling more than 15 sheep but we just checked on the £25 thing.

Q200. Mr Robertshaw: Yes. The main theme you present us with is one of marketing and the value of it, and I just wanted to counterpoint that with these huge changes that are taking place in the market. (**Mr Kerruish:** Yes.) Things to lay people, non-farmers, that come to mind are the ability that, for example, Aberdeen Angus has created in the marketplace, as a prime named product with an identifiable source. (**Mr Kerruish:** Yes.) As somebody who is not deeply into this, I am bound to ask to what degree should, in your opinion, the Isle of Man try to move towards this concept of having grass-fed Biosphere-grown animals put into the market with a strong marketing theme that has real value? Do you think that that would be a defence, if you like, a named, identifiable product, against these huge changes that are taking place in the market that might very well be detrimental and make it more difficult to find a vanilla price, if you like, into Northgate as a bog standard product. (**Mr Kerruish:** Yes.) Could you talk to that point for me, please?

Mr Kerruish: Very pleased to; I am glad you raised it. It is on the bottom line of my script.

495 If you think Aberdeen Angus is the number one image, and then beyond Aberdeen Angus, if I name the leading counties that have a profile, and you say the rest are non-effective, we all know about Cornwall and Devon, we all like to go on holiday in Cornwall and Devon. They go home with a very happy experience of Cornwall and Devon. Birmingham-people like to go on holiday in Wales; the same applies. Scotland does have a wonderful image for its Angus and for its sheep meat. And Yorkshire, because it is a big and self-contained county with a big population, Yorkshire is also a big hitter in Yorkshire tea; it is in your face.

Mr Robertshaw: I drink it!

505 **Mr Kerruish:** There we go! Now, after those you can say, well, in Leicestershire they have Melton Mowbray pies, and you can pick out Somerset cheese or something, but those are the big hitters in marketing and they have big volumes of production and ours is a tiny volume of production. But I think that we should be able, just in the old days with the derogation, we sold nearly 6,000 beef animals a year here in the Isle of Man, people ate it and were happy, and now Mr Tesco can source some more cheaply, even with a boat fare on them.

510 What is very difficult about the Tesco format, and any of the major wholesalers, is that the meat is part of the cargo, and then there are very high-priced items, whether they be cheeses or spices or specialty foods. So on the boat, you have got this mixed lot of bread at one end, very little, high-priced bits in the middle and meat somewhere in the middle. So they are happily subsidising this very significant freight cost, so the high-price goods are picking up the tab for the bread and everything else.

515 So it has been talked about many times, and I have to say the milk marketing system has worked well. They do well with their marketing. They sell cheese elsewhere (**Mr Robertshaw:** Indeed.) and so it has often been said could the Meat Plant not learn some tricks from the milk plant, and I subscribe to that. But I do feel that there is a big market here where we do not have a shipping cost and we are not doing enough to say: please eat more Manx meat.

520 **Q201. The Chairman:** So I suppose there is an argument off the back of that the stuff that is going through Northgate, there is no necessity to market against that because actually it has gone off to someone who is just going to distribute it on a mass market. (**Mr Kerruish:** Yes.) Okay.

Mr Robertshaw: And that mass market will become more and more competitive as these new influences come to bear, I guess.

530 **Mr Kerruish:** It will. Yes ...

Q202. Mr Mercer: Yes, that just brings me on to the Food Matters Strategy, (**Mr Kerruish:** Yes.) quite nicely, so thank you for that. Now, that is just over halfway through its life now. Has that assisted at all with the meat side of things, or has it ... what is your take on that?

535 **Mr Kerruish:** I am sorry to say I do not think it has very much. If we look closely at the consumption levels in the Isle of Man, then Meats are going to be able to give you the full figures on that. I will not give you any trading figures in this open forum, but I am sure they ... I would expect that those numbers have stayed pretty well the same over these last few years. (**Mr Mercer:** Yes.) Maybe they have diminished a little. I do not think they have come up a lot.

540 And again, we are on the thing about Food Matters and food miles and healthy food and organic ... well, not organically produced, because there is not much organically produced here, but I think it is a very useful comment. I do feel that more can be done to boost that.

545 **Q203. Mr Mercer:** Yes. Do you think there has been worthwhile ... Has that been a collaboration between DEFA and the farmers who are the producers of food on the Island?

Mr Kerruish: I think there is more collaboration between the milk marketing and its producers than any of the other sectors in this game, really.

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Mr Mercer: Okay. Thank you.

Q204. The Chairman: Just one thing just to touch on – and you mention it in your submission – is around the size of the plant. You talk about the fact it is sub-viable in terms of non-economic volumes. Do you think that if we could get on top of the import issue that we could resolve that issue or do you think that actually there is something more fundamental that needs to happen?

Mr Kerruish: Time for confession here, but I made reference to all of us trying to maximise production prior to the Brexit lock off that might have happened and generally speaking, as producers, we are producing through from August until the end of March and into April, but because my daughter has had some health problems through winter, we said we will simplify this and instead of keeping these animals through to the Meat Plant stage, we said, well, we are at the 80% stage, maybe 85% – we will have a lot less work and expense and everything, and life will be simpler, if we ship these animals out.

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565 So we did ship them out and because there has been this high market it was a very satisfactory price, but I will say that in normal circumstances, if we had kept those animals and had followed the market as we normally do, we probably would have been a bit better off, but it simplified a complicated phase. I have stated that because there are other farms that in different shapes and forms ... I have one friend, he is a joiner and he produces quite a lot of animals, but he has not got the time to be taking them all the way through to the Meat Plant stage and again, it is simple for him to say, 'Right, they're at the 80% stage, I'll ship them out.'

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575 So there are some commercial elements and other considerations coming into all these variables, which result in this ... I asked the Department recently for the numbers on livestock shipments and I have not had any reply on that.

Q205. Mr Robertshaw: So somebody else finishes the 20% of those – another farm?

Mr Kerruish: Yes.

580 **The Chairman:** Okay.

Mr Kerruish: So one of the practical elements of all that, which might help the Committee, would be that to get from this 80% to 100% you have to go through 500 lambs each week. Say we found 82 which are big enough and heavy enough to go to the Meat Plant, the other 400 go back in the field and we will do the same thing all over again in two weeks' time. So there is a lot of work in this final stage between the 80% and the 100%, which, if you are looking for a simple life, whether for health reasons or because you are a joiner or anything else, that is a factor which works against the volume of this Plant and the stagger and delay on intake is a factor for some people in making that decision.

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Q206. Mr Robertshaw: But to some extent – and I could be wrong if I have misunderstood – this decision made recently to live export is linked a currently attractive price which may not necessarily be maintained.

595 **Mr Kerruish:** Right. That is absolutely correct, yes.

Q207. Mr Robertshaw: It is interesting to want to examine why the price has moved. You did indicate there were some possible reasons for this. It would be interesting to know more about that.

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Mr Kerruish: I will have a pot shot at that, but it is really a pot shot. **(Mr Robertshaw:** Okay.) My theory is that –

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Mr Robertshaw: A lamb pot shot, is it? *(Laughter)* Forgive me, that was uncalled for! *(Laughter)*

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Mr Kerruish: I have got two theories currently about the whole COVID thing. One of the things is people have not been able to go on holiday, and in the old days people in the Isle of Man, if they were lucky, got one week's family holiday in a year and if they were more affluent they got two weeks' family holiday, and in recent years it has all changed a lot. Some people go to football matches and other sporting events and whatever.

So my theory is, plucking a figure from the air, I think that the average family has saved £10,000 by not going anywhere and so the Isle of Man feels a bit more affluent. If you then take that forward into the realm of food, you have not been able to go to any restaurant and pay for a meal at £25 or £30, but you can buy a leg of lamb and feed your whole family for £25 or £30.

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So I think that people have had the cash and they want to spend it, and so to some extent it is supply and demand, and there has been a more limited supply, but I think that the lockdown has changed people's spending. But it is a wild guess on my part.

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Q208. Mr Robertshaw: Okay. So going back to the Chairman's question there about the size of the abattoir, **(Mr Kerruish:** Yes.) locked into a much more clear strategy on the Island – I hate the words 'going forward', but in the coming years, is it outwith that experience that you have just gone through, for the reasons you have just described, what do we need to do in terms of investment in the abattoir, in your opinion, to make it fit for future purpose? Can we try that question again?

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Mr Kerruish: Yes. I think one of the challenges there is about prime meats. Let's compare the Isle of Man to the North-East of England. We are really fortunate – not everybody, but for the most part – quite prosperous and can afford to buy red meat. So the question of what to do with the plant, I think the plant have identified the fact that they can sell steaks till the cows come home and they do not have any difficulty in selling prime cuts here in the Isle of Man, and it is this forequarter beef which is of lesser value that is the problem for them. I think it would be interesting to establish how much – they have the figures of the exports – is forequarter and how much is hindquarter? I think it would be a very small proportion of hindquarter because it finds a good market here in the Isle of Man.

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Stepping forward from there, they have made this good decision, I think, to make more mince because everybody is eating more mince in every shape and form these days, but it will not entirely clear the excess amount of forequarter. I do think that in the same way as Isle of Man milk is doing well, but if there was more effort to sell more Manx meat here, because I live in Ramsey I do not get into Tesco very often but they do buy shelf space off Tesco, but it is not a very good presentation in the massive size of the store. It is a very limited display and you cannot jump with joy and say, 'What a wonderful display of Manx meat!' Against that, you can say in the Co-op in Ramsey they try harder and there is a better display of Manx meat there. So Ramsey Co-op is the only one with a butcher to make a good presentation, really.

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So I am convinced that there is opportunity to sell more Manx meat in the Isle of Man.

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Mr Robertshaw: Thank you very much. Thanks, Chairman.

Q209. The Chairman: So I suppose, just to round up, really, if you were writing a strategy for the next five years for the Manx meat market, what would be your priorities?

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Mr Kerruish: I would simply be saying, let's see this marketing budget spent in the Isle of Man to maximum effect, and let's try and ... I acknowledge that the Meat Plant will say this: that in the same way as Mr Robertshaw has said Aberdeen Angus is the prime mark on beef, so Marks and Spencer is the prime mark on food. So there are always going to be people who say, 'I don't care about Manx steak, I will buy a Marks and Spencer steak'. I accept that ... but it is a relatively affluent, it is not the ultimate in affluence, but I think it is a fairly affluent position to say, 'Yes, I will pay a bit more at Marksies because it is very good.' So it is a treat for lots of people. But I do feel that if they were able to do more promotion then that should pay off.

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The Co-op are on side to some degree. They have a strange working relationship all the time with Shoprite. They are friends some days and other days they are not, and that is a pure commercial pitch, I fear. But when we consider what the export costs really are, then that cost can be discounted a little bit from the price of meat sold in the Isle of Man.

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Mr Robertshaw: Thank you very much.

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Q210. The Chairman: Happy?

Right, unless there is anything else you wanted to add that you feel has not been covered?

Mr Kerruish: No –

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The Chairman: You are happy?

Mr Kerruish: – I have been given a very generous hearing. Thank you.

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The Chairman: No, thank you very much for your time. The Committee will now sit in private.

Mr Kerruish: Thank you.

The Chairman and Mr Mercer: Thank you.

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Mr Robertshaw: Thank you very much, Mr Kerruish.

The Committee sat in private at 3.45 p.m.