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THE ADDED VALUE OF FQAS MEMBERSHIP

THE Northern Ireland Beef & Lamb Farm Quality Assurance Scheme (NIBL FQAS) was developed to give consumers assurances about the farm end of the production chain with three key pillars: food safety, animal welfare and care for the environment. FQAS assures the consumer that Farm Quality Assured beef and lamb has been produced on farms certified as operating to designated assurance standards including their quality of care for animals and the farm environment, their freedom from use of unnatural substances and their compliance with legislation. The scheme is owned by the LMC on behalf of the Beef and Sheep meat industry.

Farm Quality Assured Status is a requirement of trade with many of the major retailers and thus has a key role to play in accessing markets for NI beef. As a result the processors have generally applied a penalty of around £30 per head on cattle without FQ status for the last number of years. For the financial year to date 94.3 per cent of all price reported cattle had FQ status at point of slaughter. If we look at the prime kill for the same period 97.4 per cent were farm quality assured.

The importance of FQ status in the marketing of beef has been further confirmed in its inclusion in the criteria for the 8p/kg bonus currently being implemented across the plants for in spec cattle. Producing FQ assured animals can therefore attract more than the base payment of £30 if the animal fulfills other requirements to achieve the 8p/kg bonus. Analysis of the prices paid for cattle for the month of September 2012 show that there is a significant financial incentive for FQAS membership.

Figure 1 outlines the difference in the prices paid for O+3, R3 and U3 steers and heifers which were FQ assured for September 2012 and those that were not FQ assured. The average price paid for O+3 steers and heifers with FQ status was 313.5p/kg while non FQ O+3 grading animals were paid an average of 301.9p/kg, a differential of 11.6p/kg. The average bonus paid for FQ status on O+3 steers and heifers was £37.90. This average price is inclusive of the 8p/kg bonus paid on some animals.

However not all farm quality assured animals qualify for the 8p/kg in-spec bonus as they fail to fulfill the other criteria required which means that in reality the differential for FQ status could be wider. For example the differential available for a FQ assured O+3 grading steer with a 325kg carcase weight (average O+3 carcase weight for the month of September) and which qualified for the 8p/kg bonus, as opposed to the same animal without FQ status, could be as much as £56 (£30 FQ penalty + 8p/g on 325kg).

Meanwhile the price differential between FQ assured R3 grading steers and heifers and non FQ assured animals with the same grade was 13.6p/kg for the month of September. With an average carcase weight of 357kg the average difference in carcase value was £48.80. As outlined above this average figure includes animals that qualified for the 8p/kg bonus and those that did not, so as with the O+3 grading animals the differential has the potential to be wider than the average would initially indicate. With potential margins of up to £60 per head achievable with FQ status producers need only finish one or two cattle to more than cover the costs of scheme membership.

There are also advantages to FQAS membership beyond the financial benefits. These include the reduced likelihood of selection for statutory cross compliance inspections under GAEC (Good Agricultural and Environmental Conditions and Food and Feed law) due to a lower perceived risk of non-compliance.

The FQAS inspection can also be viewed as preparation for a Cross Compliance inspection from DARD. A NIBL FQAS inspection has similarities to some aspects of a Cross Compliance inspection and does not require any additional information than what is required in a DARD inspection. Some producers therefore view the FQAS inspection as an 'MOT' of their current farming system and a useful tool in identifying any potential problems related to beef and lamb production. In addition to this the FQAS offers participants the opportunity to rectify non conformances over a period of time without any financial penalty, aided by the provision of a dedicated Liaison Service by LMC to help rectify any problems that arise at inspection. This is not the case at present with Cross Compliance Inspections.

The FQAS scheme strives to remain up to date with current legislation and farming practices and as such relies on the inputs of the representatives from the beef and lamb agricultural industry which form the FQAS Board and Standard Setting Committee. These groups represent all areas of the industry and currently consist of representatives from UFU, NIMEA, DARD, NBA, NSA, NIAPA and LMC.

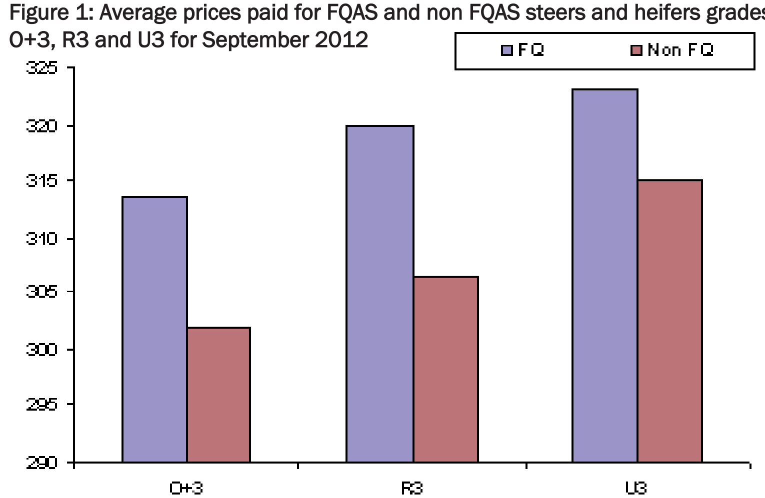
At present the NIBL FQAS is treated as equivalent to the Red Tractor Assurance Schemes operating in Great Britain and as such NI FQAS beef qualifies for the Red Tractor Logo. With a large percentage of our beef destined for the major UK retailers this is an important marketing tool for the processors to access potential markets.

The current membership fee of the NIBL FQAS to producers is £55 + VAT. This is a competitive price when compared to the membership fees of other assurance schemes currently operating in GB. For any further queries in relation to the Farm Quality Assurance Scheme or with assistance in rectifying non conformances please contact LMC's FQAS helpline on 028 9263 3024

Table 1: Price Differential between FQAS and non-FQAS steers and heifers grades O+3, R3 and U3 for September 2012

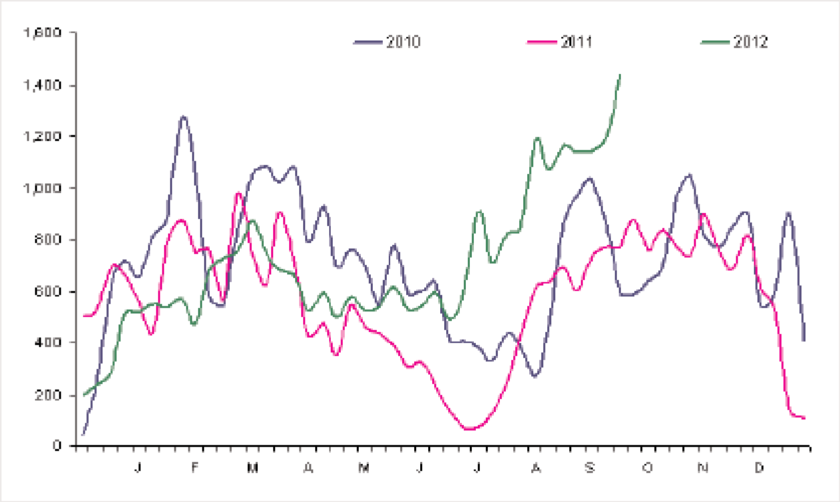
Base Grade	FQAS Price (p/kg)	Non-FQ Price (p/kg)	Avg Cold Wt (kg)	FQ Advantage (£)
O+3	313.5	301.9	325.4	£37.90
R3	319.9	306.3	357.0	£48.80
U3	323.0	315.1	399.0	£31.86
Average	319.1	306.9	358.5	£43.67

Figure 1: Average prices paid for FQAS and non FQAS steers and heifers grades O+3, R3 and U3 for September 2012



IMPORTS OF CATTLE FOR DIRECT SLAUGHTER CONTINUE TO INCREASE

Figure2: Chart showing imports of cattle from ROI to NI for direct slaughter 2010-2012



IMPORTS of cattle from ROI for direct slaughter in the NI meat plants last week totalled 1,443 head, accounting for 14.6 per cent of the total NI cattle kill.

Analysis shows that imports from ROI for direct slaughter are currently running at the highest level of any period in the last six years. Figure 2 displays imports of cattle for direct slaughter between January 2009 and September 2012. The graph indicates that in general imports for direct slaughter from ROI increase in the spring and the autumn but the level of imports in recent weeks is well above previous years' levels.

The level of imports for direct slaughter from ROI has generally been increasing since July 2012 and had levelled off at around 1,100 head over the last four to five weeks, accounting for 12-13 per cent of the total cattle kill. However an increase in imports last week by 250 head on the previous week has taken the level of imports to new levels. Last week's increase in imports from ROI accounted for an increase of 21 per cent on the 1,194 the previous week. In the same week last year 771 cattle were imported from ROI for direct slaughter, accounting for 7.8 per cent of the total cattle kill in NI. This is an increase of 672 head (+87.2 %).

For the year to date 27,346 cattle have been imported from ROI for direct slaughter, a 30.2 per cent increase on the 21,002 head imported in the same period in 2011. Imports from ROI have accounted for 8.8 per cent of total cattle slaughterings for the year to date, compared to 6.3 per cent over the same period last year. This increase in imports year on year was unexpected with sources earlier in the year indicating they expected a reduction in imports from ROI for direct slaughter.

If we look at the breakdown of the imports from ROI for the year to date 81 per cent have been prime cattle. Of these 84 per cent have been steers with heifers making up the remaining 16 per cent.

LMC

FQAS Helpline
If you have had a recent inspection and need help and advice to rectify any non-conformances, contact the FQAS helpline:
028 9263 3024

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WEEKLY BEEF & LAMB MARKETS

LMC

CATTLE TRADE

NI FACTORY QUOTES FOR CATTLE		
(P/KG DW)	This Week 01/10/12	Next Week 08/10/12
Prime		
U-3	310-312p	310-312p
R-3	304-306p	304-306p
O+3	298-300p	298-300p
* Plus 8p/kg in spec bonus where applicable		
Cows		
O+3 & better	260-275p	260-275p
Steakers	180-245p	180-245p
Blues	160-180p	160-180p

REPORTED NI CATTLE PRICES - P/KG

W/E 29/09/12	Steers	Heifers	Young Bulls
U-3=	320.6	321.4	316.9
U=3=	322.0	326.6	321.7
U=4=	314.1	295.0	310.0
R=3=	319.7	321.5	309.8
R=4=	314.3	313.4	310.0
O=3=	306.3	299.5	294.8
O+3=	313.1	309.0	302.7
Average	309.2	311.6	300.2

REPORTED COW PRICES NI W/E 29/09/12

Grades	Price (p/kg)	Avg Wgt
O+3=	271.1	329.3
O-3+	261.9	305.1
P+2+	244.4	292.7
P+3+	251.7	286.0
P-1-	174.1	222.1

COMMODITIES

COMMODITY PRICE

W/E 06/10/12	Price (£) per tonne / 1000litre	% weekly change
Barley	198.00	-0.51
Wheat	212.00	-1.89
Soya	481.00	+1.04
Straw	15.17	-
Red Diesel	715-760	-

Deadweight Cattle Trade

QUOTES from the plants this week for prime cattle remained similar to previous weeks at 310-312p/kg with some reports that some producers are being quoted 314-316p/kg. The average steer price in NI last week was 309.2p/kg, up 1.6p/kg on the previous week. Meanwhile the average reported heifer price was back 0.5p/kg to 311.6p/kg. Cow quotes remained unchanged at 260-275p/kg this week with the average cow price up 3.2p/kg last week to 235.9p/kg.

Prime cattle throughput in the factories last week was similar to the previous week at 7,151 head. In the same week last year 7,607 prime cattle were killed, representing a decrease of six per cent. The total prime kill for September 2012 was 4.6 per cent lower than in September 2011. Imports of cattle from ROI for direct slaughter totalled 1,443 head last week accounting for 14.6 per cent of the total kill as discussed in the article. The export of cattle to GB for direct slaughter continues at similar levels to previous weeks with 304 head exported last week.

In GB the average steer and heifer prices were up in the region of 2p/kg to 347.6p/kg and 348.9p/kg respectively. Average steer and heifer prices vary greatly across the regions but in general they increase as you move North. In Southern England steer and heifer prices were up 2-3p/kg to 323.3p/kg and 334.6p/kg respectively. Prices in the Midlands showed similar increases with steers being paid at 344.8p/kg and heifers being paid at 347.1p/kg. Meanwhile in Scotland steer prices were up 1.3p/kg to 361.8p/kg with R3 steers up by a similar amount to 362.3p/kg. The heifer price meanwhile was up 3.6p/kg to 361.0p/kg with the R3 heifer price up 2.9p/kg to 360.8p/kg.

In ROI reported prices were fairly similar to the previous week in euro terms but due to the slight weakening in the euro prices were down in sterling terms. The R3 steer price was back 2.6p/kg to 298.4p/kg while the R3 heifer price was back 3.2p/kg to 310.2p/kg.

This week's marts

FIRST quality finished steers sold to an average of 195p/kg in the marts this week, similar to last week when they sold to 196p/kg. The trade for plainer type steers was back an average of 6p/kg to 176p/kg. Meanwhile the trade for second quality finished heifers remained similar at 165p/kg. The prices for first quality beef cows were back to 154p/kg this week from 165p/kg last week. Plainer type beef cows were back an average of 10p/kg to 125p/kg. Dairy type cows sold in the region of 80-136p/kg depending on quality.

Good quality store bullocks up to 400kg sold to an average of 206p/kg, an increase of 11p/kg on last week. Meanwhile first quality bullocks weighing 400-500kg sold from 193-209p/kg compared to 193-240p/kg last week. Heifers over 450kg sold to an average of 182p/kg, down 4p/kg on last week. The trade for second quality store steers and heifers remained fairly similar to last week.

LAST WEEK'S DEADWEIGHT CATTLE PRICES (UK / ROI)

W/E 29/09/2012		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	322.4	306.8	365.3	356.8	358.1	359.1	360.0
	R3	318.1	298.4	362.3	355.8	348.4	346.6	354.1
	R4	314.3	298.4	364.8	358.3	348.3	348.5	356.5
	O3	306.4	284.2	351.1	342.5	332.5	318.6	338.4
	AVG	309.2	-	361.8	352.5	344.8	323.3	347.6
Heifers	U3	322.3	321.4	368.1	359.9	360.9	352.5	361.8
	R3	322.5	310.2	360.8	349.0	349.8	345.3	352.2
	R4	318.5	309.5	363.2	349.6	349.9	345.2	353.2
	O3	305.2	295.3	346.6	342.4	334.6	324.0	338.7
	AVG	311.6	-	361.0	346.6	347.1	334.6	348.9
Young Bulls	U3	314.0	308.3	355.7	348.9	352.8	353.1	351.6
	R3	309.3	301.5	347.7	334.1	341.0	336.8	338.6
	O3	293.9	285.5	332.7	319.0	321.3	315.5	320.3
	AVG	300.2	-	342.8	333.0	337.3	319.2	332.5
Prime Cattle Price Reported		5352	-	6539	6281	5581	4473	22874
Cows	O3	263.1	252.2	275.1	272.3	284.5	263.2	273.1
	O4	266.7	254.4	286.6	272.3	280.4	267.4	276.3
	P2	229.4	223.5	215.7	218.3	225.5	226.6	220.3
	P3	247.3	246.4	247.9	250.2	252.7	245.6	248.4
	AVG	235.9	-	271.0	240.6	256.8	229.0	248.7

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=79.60p Stg
(ii) Shading indicates a lower price than the previous week.

LATEST LIVEWEIGHT CATTLE MART PRICES NI

	1st QUALITY			2nd QUALITY		
W/E 29/09/12	From	To	Average	From	To	Average
Finished Cattle (p/kg)						
Steers	189	210	195	165	188	176
Friesians	140	156	147	123	139	131
Heifers	175	197	181	155	174	165
Beef Cows	139	182	154	115	138	125
Dairy Cows	112	136	119	80	111	95
Store Cattle (p/kg)						
Bullocks up to 400kg	198	214	206	175	196	185
Bullocks 400kg - 500kg	193	209	196	170	192	181
Bullocks over 500kg	182	202	189	165	181	175
Heifers up to 450kg	184	203	190	160	183	172
Heifers over 450kg	177	187	182	155	175	165
Dropped Calves (£/head)						
Continental Bulls	265	345	300	200	262	230
Continental Heifers	200	360	275	150	198	175
Friesian Bulls	120	245	180	50	118	85
Holstein Bulls	75	155	100	1	72	35

SHEEP TRADE

LAMB QUOTES		
(P/Kg DW)	This Week 01/10/12	Next Week 08/10/12
NI Factories	330-335p	330-335p
ROI Factories	340p	330-335p

Notes: (i)Lambs up to 21kg
(ii)ROI prices converted at 1 euro=79.60p Stg

REPORTED LAMB PRICES - P/KG			
(P/KG DW)	W/E 15/09/12	W/E 22/09/12	W/E 29/09/12
NI Liveweight	307.9p	300.9p	296.0p
NI Deadweight	345.6p	340.1p	334.3p
ROI Deadweight	351.9p	345.0p	338.3p
GB Deadweight	403.3p	386.2p	378.9p

Deadweight Sheep Trade

THE quotes from the plants reduced further to 330-335p/kg for R3 grading lambs this week compared to the 380p/kg being quoted this week last year. The average NI Deadweight price last week came back by 5.8p/kg to 334.3p/kg. This reduction has meant NI deadweight lamb prices are now below 2010 levels. In the same week in 2010 the NI deadweight price was 338.0p/kg. In GB last week the deadweight price came back 7.3p/kg to 378.9p/kg, reducing the differential to 44.6p/kg (£9.37 on a 21kg lamb). The plants have been reporting strong supplies of lambs over the last few weeks with just over 12,000 lambs slaughtered in NI last week. This is a 1,430 head increase on the previous week (+13.5 per cent). Exports of lambs to ROI for direct slaughter last week totalled 12,244 head, a reduction of 625 head on the previous week.

This week's marts

THE trade across the marts this week has generally been back from last week. In Kilrea on Monday 670 lambs sold at an average of 293p/kg compared to 580 lambs last week selling to 298p/kg. In Ballymena on Wednesday 1,643 lambs sold from 280-313 p/kg (avg 287) compared to 1,227 last week selling from 282-334p/kg (avg 295p/kg). However in Saintfield on Tuesday prices were similar to last week with 1,065 lambs selling to an average of 296p/kg compared to 505 lambs last week selling to an average of 295p/kg. The trade for cull ewes remains strong with well fleshed ewes selling to a top of £84 in Massereene on Monday.

LATEST SHEEP MARTS					
From: 29/09/2012 To: 04/10/2012		Lambs (P/KG LW)			
		No.	From	To	Average
Saturday	Omagh	1119	286	329	-
Monday	Kilrea	670	283	308	293
	Massereene	1402	285	316	-
Tuesday	Saintfield	1065	285	319	296
	Armoy	434	280	310	299
	Rathfriland	1072	280	310	291
Wednesday	Ballymena	1643	280	313	287
	Enniskillen	630	298	331	-
	Markethill	1060	290	308	297
	Newtownstewart	322	275	300	291
Thursday	Downpatrick	285	285	300	290

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