

## **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

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grading steer with a 325kg carcass weight (average O+3 carcass 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 carcass weight of 357kg the average difference in carcass 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 an extremely 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

Table1: Price differential between FQAS and non-FQAS steers and heifers grades O+3, R3 and U3					
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**

