

EXECUTIVE COUNCIL

CONFIDENTIAL

Title of Report: Livestock Transportation Subsidies
Paper No: 259/10
Date: 21st October 2010
Report of: David Waugh - General Manager FIDC

1 Purpose

- 1.1. The purpose of this paper is to advise Members of provision of livestock (sheep) transportation subsidies for animals being transported from farms to FIMCo for the next three seasons. (2010/11, 2011/12 & 2012/13.)

2. Recommendation:

- 2.1. That ExCo approves the subsidy scheme for the next three years decreasing at 25% per annum based on the 2009/10 rates. (Annex 1). This is in accordance with the decision already made by ExCo, at the meeting on 25th May 2010, on the basis of the recommendations contained in the FIMCo Review Addendum.

3. Summary of Financial Implications

	2010/11	2011/12	2012/13	Future years
Operating Budget	Nil	Nil	£1,800	Nil

4. References

- 4.1. This is described in detail in the previous Exco paper:

- Previous Executive Council paper: 28 January 2010 Paper 22/10.

5. Background

- 5.1. Commercial livestock haulage occurs in the meat export season due to the numbers involved. Out of season and for the domestic market most farmers haul on their own account, usually employing a livestock trailer, which accounts for 3-5% of annual stock movements.
- 5.2. In July 2009, FIMCo announced that it would no longer pay for the commercial transport of livestock to Sand Bay abattoir but instead would pay a higher price for stock. This did not affect those who transported their own sheep.
- 5.3. This flat rate increase significantly disadvantaged farms on West Falkland and the Islands as they would now be faced with higher transport costs than farms on East Falkland, especially the more distant West Falkland farms.

5.4. To help offset this new transport charge, Exco approved a range of subsidies for all farmers to assist with the commercial cost of livestock transport for the export season. This scheme incorporated a sliding scale of distance related charges for West Falkland. (Paper 22-10 January 2010)

5.5. The total subsidy per farm was based on the following elements;

- The West Falkland haulage rate depends on time and distance.
- The cost per sheep on the shipping service is £2.
- The ferry charge relates to the vehicle size, which is roughly £1.50 per sheep.
- On East Falkland there was a flat haulage rate.

5.6. Make up of Livestock Subsidy 2009/10 (Subsidy per sheep)

Origin	West Roads	Ferry/shipping	East Roads	Total subsidy
West Falkland	Nil to £2.50	£1.50	30p	£1.80 to £4.30
Islands	N/A	£2.00	30p	£2.30
East Falkland	N/A	N/A	30p	£0.30

5.7. The West Falkland rates apply from the actual point of collection of the sheep. Sheep collected directly from a West Falkland port on a non-ferry voyage will count as Island sheep.

6 Scheme operation and budget

6.1 FIDC administered the scheme, which required FIMCo to produce transport returns to validate claims. There were delays with paperwork and conflicting numbers but overall the scheme ran fairly well.

6.2 The FIG and FIDC combined budget of £39,290 for the scheme during 2009/10 was based on 2008/9 actual figures. However the numbers from West Falkland during 2009/10 declined to 56% of what was expected relieving pressure on the funds available and leaving a surplus. If that animal numbers from West Falkland are higher than expected in 2010/11, then this surplus will be required as contingency.

7 Proposal

7.1 The broad plan is to continue the same scheme for the next three years, bringing down the level of subsidy each year by 25% on the 2009/10 level – in accordance with the FIMCo Addendum recommendations and as approved by ExCo.

7.2 FIMCo expects to increase production to 43,594 (18%) in 2012/13 so the figures have been adjusted for this and the total is £11,800 instead of £10,000.

7.3 Based on past figures and trends, the cost of the subsidy for the next three years is estimated as follows:

	Typical Numbers	2010/11	2011/12	2012/13
West Falkland	7,300	£ 17,500	£ 12,000	£ 7,100
Islands	4,100	£ 7,000	£ 4,500	£ 2,600
East Falkland	24,600	£ 5,500	£ 3,500	£ 2,100
Total	36,000	£ 30,000	£ 20,000	£ 11,800

8 Scheme Implementation

- 8.1 FIDC will operate the same basic system as last year modified to improve efficiency.
- 8.2 Farmers providing sheep livestock to FIMCo during the export season are aware of the agreed subsidies for the 10/11, 11/12 and 12/13 seasons through the FIMCo Livestock Suppliers Group.

9 Terms and conditions

- 9.1 The scheme will be to assist with the commercial cost of sheep and lamb transport to FIMCo only during the export seasons. (No other movements will qualify.)
- 9.2 The claim form must be completed, signed and returned to FIDC. The claim will be crosschecked with FIMCo returns.

10 Financial Implications

- 10.1 The majority of the funds required for this proposal have already been allocated within the FIG budget for the years 2010/11 – 2012/13. The slight uplift in the 2012/13 figure is to allow for FIMCo's 18% projected increase in production figures for that year.

	2010/11	2011/12	2012/13	Future years
Existing allocation	£30,000	£20,000	£10,000	Nil
Proposed allocation	£30,000	£20,000	£11,800	Nil
Increased funding requirement	Nil	Nil	£1,800	Nil

11 Human Resources Implications

- 11.1 FIDC will have to operate the scheme so it will impact on FIDC's resources. Correctly filled in forms and prompt responses from those verifying the animal numbers would assist this process. FIDC plans to streamline the administration to increase efficiency.

Annex 1 - Scale of Subsidies 2009-2013

Origin of sheep FARM	Kms	Subsidy rate per sheep			
		2009/10	2010/11	2011/12	2012/13
Port Howard	0	£ 1.80	£ 1.35	£ 0.90	£ 0.45
Bold Cove	5	£ 1.88	£ 1.06	£ 0.94	£ 0.47
Manybranch	5	£ 1.88	£ 1.41	£ 0.94	£ 0.47
Harps	25	£ 2.20	£ 1.65	£ 1.10	£ 0.55
Saddle	38	£ 2.40	£ 1.80	£ 1.20	£ 0.60
Teal River	54	£ 2.66	£ 1.99	£ 1.33	£ 0.66
Goring Station	58	£ 2.72	£ 2.04	£ 1.36	£ 0.68
Little Chartres	60	£ 2.76	£ 2.07	£ 1.38	£ 0.69
Sheffield	64	£ 2.82	£ 2.11	£ 1.41	£ 0.70
Boundary	72	£ 2.95	£ 2.21	£ 1.47	£ 0.74
Peaks	73	£ 2.96	£ 2.22	£ 1.48	£ 0.74
Lake Sullivan	80	£ 3.07	£ 2.31	£ 1.54	£ 0.77
Rincon Ridge	80	£ 3.07	£ 2.31	£ 1.54	£ 0.77
Westley	80	£ 3.08	£ 2.31	£ 1.54	£ 0.77
Coast Ridge	82	£ 3.11	£ 2.33	£ 1.55	£ 0.78
Lakelands	82	£ 3.11	£ 2.33	£ 1.55	£ 0.78
Port North	84	£ 3.14	£ 2.35	£ 1.57	£ 0.78
Crooked Inlet	86	£ 3.17	£ 2.38	£ 1.58	£ 0.79
Pickthorne	86	£ 3.17	£ 2.38	£ 1.58	£ 0.79
Philomel	89	£ 3.22	£ 2.42	£ 1.61	£ 0.81
Shallow Bay	91	£ 3.25	£ 2.44	£ 1.62	£ 0.81
West Lagoons	91	£ 3.25	£ 2.44	£ 1.62	£ 0.81
Dunbar	95	£ 3.31	£ 2.48	£ 1.66	£ 0.83
Main Point	96	£ 3.33	£ 2.50	£ 1.66	£ 0.83
Leicester Creek	97	£ 3.34	£ 2.51	£ 1.67	£ 0.84
Dunnose Head	101	£ 3.41	£ 2.56	£ 1.70	£ 0.85
Fern Ridge	101	£ 3.41	£ 2.56	£ 1.70	£ 0.85
Doyle	106	£ 3.49	£ 2.62	£ 1.74	£ 0.87
Shallow Harbour	108	£ 3.52	£ 2.64	£ 1.76	£ 0.88
Spring Point	112	£ 3.58	£ 2.69	£ 1.79	£ 0.90
Stoney Ridge	119	£ 3.69	£ 2.77	£ 1.85	£ 0.92
Port Edgar	130	£ 3.87	£ 2.90	£ 1.93	£ 0.97
South Harbour	142	£ 4.06	£ 3.05	£ 2.03	£ 1.02
Port Stephens	150	£ 4.19	£ 3.14	£ 2.09	£ 1.05
Albemarle	157	£ 4.30	£ 3.22	£ 2.15	£ 1.07
Islands	All	£2.30	£1.73	£1.15	£ 0.58
East Falkland	All	£0.30	£0.23	£0.15	£ 0.08