



SACL/SLMG Resilience Review 2017

Executive Summary

The Shetland Livestock Marketing Group Ltd (SLMG) and the Shetland Abattoir Co-operative Ltd (SACL) are co-operatives for the benefit of the community. The fortunes of the two co-operatives are intertwined as each relies on the other to survive and have many common members. For the purposes of this review both will be treated as one. They own and operate the only mart and abattoir facility in Shetland. Both organisations are of paramount importance to the rural economy of Shetland with several hundred businesses in the membership of each. In the last financial year SACL made an operating surplus of ~£1,577 and SLMG ~£1,400. These figures highlight the fact that these are services being provided within a 'market failure situation' (where private business can no longer operate viably).

Notwithstanding the modest financial performance, the directors of SLMG felt it would be timely to undertake a fundamental review of both businesses to establish a clear direction and set of priorities.

SAOS has undertaken a review, the objectives of which were to identify routes to secure the longer term sustainability of both co-ops and by extension strengthen the position of livestock producers on Shetland. The key messages of this review are as follows:

1. Both the abattoir and mart are essential elements of both the agricultural industry as well as the economy of Shetland. The mart provides the opportunity for farmers and crofters to market their produce to their best advantage, whilst also allowing true price discovery for their stock.
2. The abattoir fulfils multiple roles, firstly allowing producers to either kill and butcher their own livestock for home use in a professional, humane manner or add value to their products by selling direct to the consumer, retailer or wholesaler. Secondly, the abattoir allows the provenance of Shetland meat to be maintained especially the Protected Designation of Origin of Shetland Lamb. Thirdly, the combination of local meat quality and clear provenance provides local businesses with a unique point of difference such that they can compete with supermarkets and imported meats. Fourthly, the resulting improved 'public goods' can help Local Authorities and public agencies meet Scottish Government targets in the form of environmental benefits through the reduction in food miles and land management practices undertaken on Shetland.
3. Without the abattoir and mart healthy red meats produced on Shetland cease to exist and the public will only have access to commodity, imported meats.
4. As the largest purchasers and users of red meat in the area, the Local Authority and public bodies have the ability to make a huge impact on the local economy simply by purchasing meat and food produced and processed on Shetland. Not only does this help ensure the quantity, but also the year round availability of products. It is estimated that the local multiplier effect of locally produced red meat on Shetland is around 2.4-2.6 which demonstrates the value to the local economy.

Developing co-operation in farming, food and rural Scotland



5. A strategy for succession planning and training should be put in place to safeguard the long term future of the co-ops as well as allow long term planning to take place.
6. The lairage ground for over-nighting livestock is essential to meet the regulatory requirements of the mart, given the geographic location and unpredictability of ferry transport for livestock.
7. Farming and crofting on Shetland is going through a very difficult period; with reduced government support; the potential loss of EU markets; and finding a way to increase the value of land-based produce. Shetland can only effect solutions to those problems within the local dimension.
8. The local effects of Brexit are as yet unknown. Waiting until the final outcome is known is not an option as that will be too late. Deliberate local action is required now.
9. It is imperative for peripheral areas, such as Shetland, to value their own local food economies. The maximisation of procurement and consumption of locally produced foods strengthens businesses, large and small. SLMG/SACL play a vital role in this wealth creation.
10. SMLG and SACL must remain relevant to its members and to the Shetland community. The coops must act together with all other bodies concerned with sustainable development.