

Minutes

Date: Wednesday 4 July 2001

Time: 2.00pm to 5.20pm

Venue: Committee Room 1, National Assembly Building

In attendance

Members

Glyn Davies, Chair Mid and West Wales

Mick Bates Montgomery

Jocelyn Davies South Wales East

Delyth Evans Mid and West Wales

Elin Jones Ceredigion

Peter Rogers North Wales

Janet Ryder North Wales

Officials

Gareth Jones (item 2) Head of Foot and Mouth Operations

David Thomas (item 2) Veterinary Officer

Mike Dunn (item 2, 3 and 5) Food and Farming Development Division

Alan Starkey (item 5) Food and Farming Development Division

Brian Pawson (item 5) Countryside Council for Wales

Secretariat

Adrian Crompton Committee Clerk

Howell Rees Deputy Committee Clerk

Item 1: Apologies, substitutions and declarations of interest

1.1 Apologies were received from Carwyn Jones and John Griffiths. The Chair declared an interest as a partner in farming business. Peter Rogers said he was a farmer and Mick Bates that he was a partner in a farming business.

1.2 The Chair said that he had agreed to the postponement of the previous week's plenary debate on the committee's report *Diversifying the Rural Economy* because sufficient time would not have been

available to do justice to the report. He hoped it would be possible to reschedule the debate before the end of the session.

Item 2: Minister's report - ARD 12-01(p1)

2.1 The Deputy Minister explained that the Minister could not attend the meeting as he had a meeting with the Secretary of State for the Environment Food and Rural Affairs in London that afternoon. She introduced David Thomas who was attending the meeting instead of Tony Edwards. She told the committee that the Minister had issued a press release at 2pm that indicated that initial blood sampling had not revealed any foot and mouth infection in the hefted flocks on the Brecon Beacons, although it was too early to be certain that this was the case and further testing was under way.

2.2 At the previous meeting the Minister had indicated that announcements were expected later that week on the position on licences for trading in clean areas. The Deputy Minister was asked what progress had been made. The Deputy Minister said that the Minister fully appreciated the importance of clarifying the position for farmers. It was now hoped that an announcement on trading in clean and other areas would be made within a few weeks.

2.3 The issue of trading store sheep and cattle in the autumn was raised as it was causing increasing concern in the farming industry. Farmers needed a clear statement on the prospects for trading. The Deputy Minister said that the issue was being discussed at the meeting the Minister was having at the Department for the Environment, Food and Rural Affairs (DEFRA) that afternoon. It was his main priority after disease control. The outbreak in Libanus demonstrated the need for continuing a cautious approach. The committee noted that the Minister had met the farming unions that morning when the issue of autumn trading had been discussed.

2.4 The Deputy Minister was asked about plans to deal with the lamb market in the autumn. Options included discussions with New Zealand about diverting their production to Europe to replace Welsh exports, securing agreements with major retailers and private storage schemes. In relation to private storage schemes was it possible for part rather than whole carcasses to be put into storage? The Deputy Minister said that all those options were being considered as part of the strategy that was being developed. The committee noted that purchase for destruction was a further option. The point on part carcasses for private storage schemes would be followed up and a note provided for the committee.

2.5 The Deputy Minister was asked what criteria the European Commission would impose before the UK was allowed to start to export again and what difference could be expected between live and carcass exports? The committee noted that the Minister's aim was to restart exports as soon as possible. It was not yet known what criteria Europe would require. Carcass exports would be allowed before live exports. But no definitive guidelines were established except that an application for disease free status could be made three months after the confirmation of the last case. Blood sampling would also have to be completed within the 7 kilometre zones around confirmed cases. The virus was killed by a drop in acidity after slaughter. A note of clarification was requested on the time the virus could survive after slaughter.

2.6 The Deputy Minister was asked if the sheep tags that all producers now held could be used to identify sheep. The committee noted that traceability was important and tagging would help. Officials agreed to look into the use of existing tags.

2.7 The requirement for the disinfection of transport following a licenced movement of livestock to be carried out at a disinfection centre imposed a significant extra cost on small producers. The Deputy Minister was asked if it was possible for small producers to disinfect transport at home subject to appropriate inspection. The committee noted that carrying out disinfection at disinfection centres generated economies of scale. Additional veterinary inspections would be necessary for home-disinfection and these would have considerable cost implications.

2.8 Farmers with more than one holding were being charged for separate veterinary inspections for each holding from which they sent stock for slaughter. It was suggested that the government should meet these charges. The committee noted that the issue would be taken up with DEFRA.

2.9 The Deputy Minister was asked if licences could be issued for the movement of sheep from commons for shearing. The committee noted that divisional offices were ready to issue licences as soon as the go ahead was given by DEFRA and that was expected shortly.

2.10 The issue of the £12 million given to local authorities for rate relief for businesses hit by foot and mouth was raised. This assistance had been allocated on the basis of business valuation rather than need. A second tranche was required by some authorities but no response had been received from the Finance Minister. It was suggested that the committee should consider the issue and that the Minister should provide a paper or include an item on the subject in his report for the next meeting. The committee noted that rate relief was the responsibility of the Minister for Finance but there was no reason why the committee could not consider the aid package and its use. The point was also made that the only compensation paid to farmers was for livestock slaughtered under disease control measures and the welfare cull scheme.

2.11 The Minister had indicated in Plenary the previous week that details of the regeneration package for rural areas would be announced in the week after the end of the summer session. This meant that the committee would not have a chance to consider the package or scrutinise the Minister until the autumn session. A request was made to bring details of the package to the committee's meeting on 18 July. The Deputy Minister said it was important that the package was not be rushed. On the other hand it needed to be issued as soon as it was ready. The committee noted that it should be possible to provide an indication of the content of the package at the next meeting.

2.12 At the previous meeting it had been suggested that a statement on the regime for blood sampling within 7 kilometres of an infected place should be issued to clarify the position for farmers. An update on progress on testing in the 3 kilometre zones was also requested. David Thomas told the committee that sampling had been completed in the protection zones around five clusters and the Form D notices lifted. Sampling around other clusters was continuing. Sampling in [mid and north?] Powys would be

completed by the end of the following week.

2.13 The Deputy Minister was asked if a collection centre could be established as soon as Form D notices in an infected area were lifted. David Thomas said that collection centres could be established anywhere except within a 3 kilometre protection zone provided they met the required standard.

2.14 The Deputy Minister was asked what was being done to deal with cattle that could not be moved because of foot and mouth movement restrictions and were now over thirty months old. The committee noted that this issue was being discussed with DEFRA that day.

2.15 The Deputy Minister was asked what funding was available to take the National Scrapie Plan forward. The Deputy Minister said that the scheme was important and the Minister would be raising the issue with DEFRA. The committee noted that details of funding plans to accelerate implementation of the Plan could be provided.

2.16 The Deputy Minister was asked if farmers whose livestock had been slaughtered under the disease control measures or the welfare would be eligible under subsidy schemes such as the Sheep Annual Premium. The committee noted that this point would be checked and a note provided.

2.17 The Minister's report indicated that over £9 million would be available to Wales under LEADER+ over the next six years (paragraph 13). Was this the funding being provided by Europe or did it include match funding. The committee noted that a note would be provided on this.

Action points

2.18 The eligibility of part rather than whole carcasses for private storage schemes to be checked and the committee informed. A copy of the note provided is at annex 3) - Mike Dunn (Agriculture Policy Division).

2.19 A note of clarification to be provided on the FMD infectivity of meat after slaughter. (A copy of the note provided is at annex1) - David Thomas.

2.20 Details of the rural regeneration package, including the distribution of rate relief, to be included in the Minister's report for the committee's meeting on 18 July - Minister (Rural Policy Division).

2.21 Details of funding plans to accelerate implementation of the National Scrapie Plan to be provided - Mike Dunn (Food and Farming Development Division).

2.22 Note of clarification to be provided on the make up of the £9 million available under LEADER+ - Jasper Roberts (Rural Policy Division).

2.23 Note to be provided on eligibility for subsidy where livestock had been culled. (A copy of the note

provided is at annex 2.) - Gareth Jones (Foot & Mouth Operations)

Item 3: Budget - ARD 12-01(p2)

3.1 The Deputy Minister said that the Minister wanted the committee's views on priorities for the agriculture and rural development budget. The committee noted that the Minister's main priority last year had been to secure match funding for European structural funds under Objective 1 and the Rural Development Plan to take forward the agri-food programme and agri-environmental schemes. This would continue to form a priority element of the agriculture budget for future years.

3.2 The Deputy Minister was asked if details of expenditure for the past year could be provided. It was understood that similar information had been provided for other committees. The Deputy Minister confirmed that the information could be provided for the next meeting together with details of planned expenditure on Farming Connect.

3.3 Concern was expressed that there was no provision in future years for accelerated implementation of the National Scapie Plan. This should be addressed as a priority to avoid possible difficulties in the export market in the future. The committee noted that a bid would be made.

3.4 The view was expressed that the Tir Gofal budget needed to be increased significantly if maximum benefit was to be made of the scheme.

3.5 Reference was made to the difference of opinion on the value of the installation aid package. However it was important that the measures identified to assist young farmers in the paper on New Entrants into Farming considered at the previous meeting (ARD 11-01(p3)) were adequately funded in 2002-03. It was also important that young entrants were able to access quotas and that funds were available through Objective 1 for training.

3.6 It was agreed that the committee would consider budget priorities again at the meeting on 18 July.

Action points

3.7 Details of outturn and planned expenditure on the agriculture and rural development budget in 2000-2001 and a breakdown of funding for Farming Connect, to be provided for the meeting on 18 July – Mike Dunn (Food and Farming Development Division).

Item 4: Agri-Food Partnership - ARD 12-01(p3)

4.1 Wynfford James thanked the committee for the opportunity to brief it on the work being done by the Agri-Food Partnership's Dairy Strategy Group and the WDA Food Directorate. He said that Gareth Evans, Chair of the Strategy Group, and Christine Lewis, Chair of the Agri-Food Partnership sent their apologies. Arwyn Davies introduced the paper outlining the main points. He told the committee that a Welsh language version of the "White stuff" campaign had been launched that morning.

4.2 Wynfford James was asked how European structural funds were being used to assist the dairy sector. He told the committee that processing and marketing grant was available under Objective 1 in West Wales and the Valleys. This was being replicated across the rest of Wales through grants under the Rural Development Plan where appropriate and WDA grants elsewhere.

4.3 The issue of milk for schools was raised. What was being done to promote the take up of milk in schools? Was the packaging used recyclable? What was being done to combat competition from soft drinks? Arwyn Davies said that schools were able to take up funding available from the Assembly to buy refrigerators so that milk could be served at the optimum temperature. A number of processors were working on packaging but milk was currently being provided in cardboard cartons that could not be recycled. Dewi Williams said that discussions were being held with milk suppliers about opening milk bars in secondary schools to encourage consumption by older pupils.

4.4 Members asked about the effect foot and mouth disease had had on the dairy sector, exports and the home market. He said that the main effect was the restriction on the movement of animals which meant that cattle over thirty months old and calves could not be moved off holdings creating fodder shortages. Some export orders had been lost but these were regained quickly so the effect was not significant. The home market was holding up well and had increased in the last three or four months.

4.5 Arwyn Davies was asked if the cancellation of agricultural shows had an effect on sales. The health aspects of drinking milk were being promoted but could more be done to emphasize the benefits of calcium in milk for women? He said that promotion was now being targeted through the Welsh Food Experience trailer especially in urban areas. The number of local food fairs was growing and provided significant opportunities for promoting dairy products and for producers to have direct contact with customers. More than 30 food fairs were taking place in Wales and the WDA was redirecting to these the investment that would have gone into the Royal Welsh. The Dairy Council was working with health authorities to promote the health benefits of milk and this included campaigns targeted at women.

4.6 The number of dairy farms was falling in Wales. Arwyn Davies was asked if the milk quota that had been held by those leaving the industry was staying in Wales. He told the committee that it was difficult to get up to date information. The most recent data available was 18 months old but this showed that the total amount of quota held in Wales had risen although the number of producers had decreased.

4.7 Wynfford James was asked about the relationship between large dairy companies and the Dairy Strategy. He said that the aim of the Dairy Action Plan was to ensure that as much Welsh milk as possible was processed in Wales whilst recognising the wider market for dairy products. Discussions were held regularly with all players in the sector.

4.8 Arwyn Davies was asked about the capacity available to process and market organic milk in Wales. He said that production was seasonal and the key task for processors was to keep up with production especially in spring and early summer. Production had outstripped capacity this year and work was being done with organic and non-organic processors to address this.

4.9 Branding Welsh milk was benefiting sales in Wales. Arwyn Davies was asked what the potential for branded Welsh milk was outside Wales. He said that research had been carried out over the last 6 to 9 months. Awareness of Welsh milk was lower outside Wales. The main markets were the Midlands and South East England. Marketing techniques needed to be improved to get the quality message across and a marketing strategy was being developed.

4.10 On the theme of branding it was suggested that the supermarkets needed to be encouraged to sell Welsh produce and indicate on till receipts the amount spent on them as happened, for example, in Ireland. Wynfford James said that supermarkets in Wales now carried 1,800 Welsh product lines with a value of £110 million last year. The amount of Welsh products sold in supermarkets outside Wales increased by 30% in the same period. The Food Directorate had good relationships with the main supermarkets and was pursuing the possibility of further promoting Welsh products.

4.11 The Chair thanked the WDA Food Directorate representatives.

Item 5: Tir Gofal stocktake - ARD 12-01(p4)

5.1 Mike Dunn introduced the paper outlining the main issues.

5.2 The proposal to encourage group applications was welcomed as larger blocks of land could bring additional environmental advantages. Could group applications be made for common land? Brian Pawson said that an application in respect of a common would be treated as a single application from the graziers' representative association. A number of such applications had already been made in respect of small commons.

5.3 Mike Dunn was asked about the status of the proposals in the paper. He told the committee that all the suggested changes were for consideration. No decisions had yet been made. Many of the proposed modifications to the scheme would have to be approved by the European Commission as a modification to the Rural Development Plan, although some process improvements could be introduced administratively.

5.4 The paper did not refer to arrangements for the transition between Tir Cymen and Tir Gofal. The committee noted that a system was needed to allow the benefits delivered under Tir Cymen to be retained under Tir Gofal. However it was important that the system did not favour existing Tir Cymen agreements at the cost of new Tir Gofal ones. Continuing environmental benefits delivered under Tir Cymen could also score under Tir Gofal where relevant.

5.5 The criticism was made that Tir Gofal was an elitist scheme and that a menu based approach to agri-environmental improvements should be introduced to allow more farmers to take part. The committee noted that any such scheme would have to be separate from the Tir Gofal whole farm scheme which could not allow actions on one part of a farm to have a detrimental effect on another. Members suggested that specific scheme elements, such as hedgerows, could deliver environmental benefits across whole farms but be easier to access than Tir Gofal.

5.6 The paper proposed that the scoring system should be modified to benefit young farmers. It was confirmed that young farmers were those under 40 years of age.

5.7 Mike Dunn was asked when the budget for Tir Cymen and Environmentally Sensitive Areas (ESAs) would end. He told the committee that the budget would end 10 years after the last Tir Cymen and ESA agreements had been signed.

5.8 Mike Dunn was asked what the next steps in the Stocktake would be. He said that further work would be done to refine the proposed changes with a view to introducing an agreed package next year.

Item 6: Minutes of previous meeting - ARD 11-01(min)

6.1 The committee approved the minutes of the meeting held on 20 June.

Secretariat

July 2001

Annex 1

Survivability of Foot and Mouth Disease virus in animal tissue after slaughter

1. At the meeting on 4 July I was asked to provide a note of clarification on the survivability of Foot and Mouth Disease virus in animal tissue after slaughter.
2. The scientific literature concerning this issue confirms that the biochemical reactions which occur in muscle after death cause a rapid fall in tissue pH which is detrimental to the survival of the virus. Thus the time taken to deactivate the virus will depend on how quickly the pH falls after slaughter.
3. The rate at which the pH falls after slaughter is affected by various factors such as the ambient temperature and condition of the animal prior to slaughter e.g. the drop in pH will take longer in a stressed or fatigued animal. In the majority of cases acid conditions will be achieved some 4 to 6 hours after death and the virus will be deactivated shortly after. However, the literature states that the virus can survive for 24 hours in meat stored at 4C but is inactivated within 48 hours.
4. The virus has been observed to survive in the bone marrow of infected cattle carcasses for up to 194 days.
5. In summary, therefore, there will be a range of possible survival times for FMD virus in carcase meat, from approx. 6 hours to 48 hours after death, depending on the rate of fall of the pH in the tissue.

David Thomas

Note from the Minister for Rural Affairs

Committee members have recently asked about arrangements for handling subsidy claims in cases where animals have been slaughtered as a result of foot and mouth disease. At last Wednesday's meeting, I outlined the broad principles to be applied. The following details provide a little more information which is welcome news for farmers at these difficult times.

I wrote to all farmers in Wales on 20 April to explain the impact of FMD on livestock subsidies. At that time the intention was that we would try to safeguard premiums under the force majeure rules. The European Commission has now reviewed this approach and come to the conclusion that it would provide a firmer legal base and be administratively easier to change the Regulations. The new rules (Commission Regulation (EC) 1458/2001 of 17 July 2001) will preserve farmers' rights to receive Sheep Annual Premium, Suckler Cow Premium and Beef Special Premium (and associated extensification payments) if animals for which a claim has already been submitted were or are

- Culled because they are infected with FMD, are dangerous contacts, or are on contiguous or nearby farms;
- Slaughtered under the Livestock Welfare Disposal Scheme (LWDS); or
- Slaughtered before the introduction of the LWDS on the basis of a veterinary certificate that this was the only way to resolve a serious welfare problem.

The new rules will apply to aid applications lodged by 31 December 2001.

Other scheme rules must be met so far as possible. This includes the eligibility of animals subject of the claim – for example, we will want to be satisfied that for SAPS the breeding ewes criteria would have been met before the end of the retention period. Divisional Office staff may need to approach claimants to seek further information especially if there is a need to clear up any discrepancies between details on a subsidy claim and on FMD cull and LWDS claims.

Officials are currently assessing the full impact of the new rules and I hope to be able to write to all farmers in Wales giving them more information shortly.

Action: The eligibility of part rather than whole carcasses for private storage schemes to be checked and the committee informed.

Response

- In July the Commission agreed to open a GB storage aid scheme for sheepmeat (the Regulation was published on 10 August). Under the Commission proposals, operators within the GB (generally abattoirs) were invited to submit tenders by 27 August, with a second tranche closing on 17 September, if needed.
- The Commission's proposals covered lambs with a carcass weight of 15 kg and above. The operators were given the choice to store cuts (both bone-in and boneless) as well as carcasses and half - carcasses. This satisfied the concern raised in Committee.

At the Sheepmeat Management Committee on 21 September the Commission said that they were intending to accept 7 bids out of 70 tendered for Private Storage Aid in the second round. The bids accepted equate to 140 tonnes out of 1535 tonnes tendered.