

Environment, Planning and Countryside Committee

EPC(2) 07-06(p7)

The Bovine Spongiform Encephalopathy (BSE) Compensation (Wales) Regulations 2006

Purpose

At the Committee's request, following its 5 April 2006 meeting, this paper brings the above draft Regulations to its attention.

Background

At present, the level of compensation for notifiable animal diseases is, to some extent, dependent on the nature of the disease and the disease status of the animal. It does not in all cases reflect full market value. This has resulted in fragmented and inequitable compensation payments. Under some compensation schemes, e.g. for BSE (for some suspects and beef animals), the level of compensation may be less than the animal's actual market value, while under other schemes, such as bovine TB, reliance on valuations of individual animals before slaughter has sometimes resulted in compensation payments which significantly exceed the market value of the animals.

The current system, which requires on-site valuation of cattle, also affects the efficiency of disease control measures. Delays in removing infected animals may be caused by the need to arrange and agree individual valuations. Increasing the efficiency and speed of settling compensation will help to reduce the spread of disease. It will also reduce the risk of animals dying before a valuation could be carried out (in such cases farmers receive no compensation). For BSE compensation, the new arrangement will ensure that farmers will receive compensation which is based on the same category of animal as that which has been slaughtered. This should address the problems seen recently with under-compensation of good quality beef cattle.

Consultation

The Assembly Government issued a consultation document in November 2004 outlining proposals for a new cattle compensation system using table valuations. Defra and the Scottish Executive consulted separately on similar lines. The consultation in Wales closed on 31 December 2004. In light of the responses received, the Welsh Assembly Government Minister for Environment, Planning and Countryside decided that the introduction of a new cattle compensation system should be deferred until

more robust market price information was available and to address industry concerns about the proposed cattle categories. Following this further work, including increasing the number of categories from 29 to 47, the Assembly Government announced on 15 December 2005 that it had decided to introduce a new cattle compensation system in Wales using table valuations.

Legislation

The new system will be introduced in respect of BSE by way of subordinate legislation in the form of the Bovine Spongiform Encephalopathy (BSE) Compensation (Wales) Regulations 2006. The new system in respect of bovine TB, Brucellosis and Enzootic Bovine Leukosis will be introduced via the Cattle Compensation (Wales) Order 2006. Defra introduced the new cattle compensation system using table valuations in respect of bovine TB, Brucellosis and Enzootic Bovine Leukosis in England on 1 February 2006 and for BSE on 1 March 2006.

Financial Implications

A Regulatory Appraisal (RA) has been prepared which sets out the clear benefits associated with making the legislation, as opposed to the "Do nothing" option. Rationalising the compensation system for cattle slaughtered for BSE will provide a consistent approach to compensation (for certain specified cattle diseases including BSE), iron-out anomalies in BSE compensation and better protect the taxpayer and farmer interests. There are no financial implications for the Assembly as a result of the making of the proposed Regulations. All BSE compensation is paid by Defra. The costs of procuring the sales data and those associated with informing the industry of the change in the compensation system will mainly fall to Defra and the State Veterinary Service.

Press and Publicity

Publicity for the new cattle compensation system using table valuations in Wales will build on and utilise that already in place by Defra and the State Veterinary Service for the earlier introduction of the system in England. Specific Wales publicity arrangements will include the Welsh Assembly Government GWLAD magazine, which is circulated to farmers in Wales on a monthly basis.

Compliance

The power enabling these Regulations to be made is contained in section 2(2) of the European Communities Act 1972. The National Assembly for Wales has been designated under section 2(2) of the 1972 Act to make Regulations in relation to measures in the veterinary field for the protection of public health by virtue of the European Communities (Designation) (No 2) Order 2003 (SI2003/1246). Assembly functions in relation to this designation have been delegated to the portfolio of the Minister for Environment, Planning and Countryside. The policies supporting the Regulations are consistent with the Government strategic framework for the sustainable control of BSE and with the aim of rationalising compensation for notifiable disease control. There are no issues of regularity or propriety.

Carwyn Jones AM
Minister for Environment, Planning and Countryside