

Date: Thursday 14 September 2000
Time: 2.00pm to 4.20pm
Venue: Committee Room, National Assembly Building

MEAT INSPECTION CHARGES

Purpose

1. To consider the report and recommendations of the Meat Inspection Charges Task Force. A copy of the Report is attached. (Please click [here](#) to see the report - NB it is over 50 pages)

Summary/Recommendations/Timing

2. The Maclean Report recommends public funding to support smaller and medium sized abattoirs which are threatened with closure because of increased meat inspection charges. The Committee is invited to note the Report and to comment on its recommendations..

Background

3. In response to the agriculture industry's concerns about over-regulation a number of reviews have been undertaken. One of these was the Red Tape Review of the Meat Industry, almost certainly the most sensitive area considered. The Group chaired by Robin Pooley looked at slaughterhouse regulation and sought to identify areas where the burden might be lightened, consistent with continuing to ensure the safety of food and respecting animal health and welfare obligations. The report identified some areas where regulation could be streamlined but its scope for action was limited: many of these regulations derive from European law or from UK law enacted to protect public safety.

4. The National Assembly's main interest has been to attempt to reduce the burden (absolute and proportional) on small to medium sized abattoirs while ensuring that public health is properly protected. The smaller abattoirs have an important part to play in delivering our food strategy and help to underpin the economic viability of the rural/agricultural economy. We have been in correspondence with MAFF for many months on this issue, at political and official level. Bob Kennard (of Graig Farm Foods and a spokesman for the Soil Association) was on the Pooley Group at our behest. The Group failed to agree on a recommendation on this issue (the larger plants tending to view any move towards allowing smaller plants to be charged on a headage basis as a subsidy to their competitors) and recommended a further review.

5. Accordingly, the Food Standards Agency (FSA), which, through its agency the Meat Hygiene Service, now has responsibility for licensing and other regulatory issues in relation to slaughterhouses,

set up a Task Force under the Chairmanship of Colin Maclean to "explore.... a capping approach and to consider alternative ways of alleviating excessive costs faced by small volume plants". Bob Kennard was also a member of this Task Force. The Report concluded that the best way, legally, of providing support for the small and medium sized businesses without adding to the costs of the larger businesses would be to change the charging system to the one envisaged by the EU Charges Directive. This would involve charging abattoirs and cutting plants the lower of either the standard throughput charges laid down in the Directive or their actual inspection costs, subject to a minimum of 45% of the standard charge. Such a system would, however, mean a shortfall in overall receipts and Maclean recommended that this should be made up from public funds.

6. It is estimated that the additional cost to the Government of full implementation of the Maclean proposals would be in the region of between £14M and £19M in 2001/02 and each year thereafter. The cost for slaughterhouses in Wales is estimated to be in the region of £1.5m annually.

Advice

7. The smaller abattoirs play an important part in helping to deliver our food strategy and constitute a significant element of the rural infrastructure. However, the trend in the industry is clearly towards concentration into a smaller number of larger plants. Far from all the smaller plants in Wales can reasonably be expected to survive this commercial trend. However, there is a case for a charging regime which is fair to all parties and which will allow those of the smaller plants which operate to high standards of hygiene and which have the entrepreneurial flair to develop successful niche products, to compete more effectively. The annual cost is significant, however, and would have to be considered carefully against competing priorities. The Finance Secretary has seen this paper and said that any funding for this purpose should not come from the Agriculture block but should have DEL cover annually; there is currently no provision for this in agriculture budgets.

Compliance

8. The Assembly has the power under the Meat (Hygiene and Inspection) (Charges) Regulations 1999 to vary these charges in Wales. However, our initial view is that using this power to support one sector of the industry, or an industry in a limited geographical area within the EU, may constitute a state aid and would therefore need to be referred to the European Commission. A case could be made that the state aid was justified principally on grounds relating to the existing wide variation in charging practices across the EU and that enterprises useful to agricultural economy generally would collapse without state aid.

Conclusion

9. The Committee is invited to note the Report.

Contact Points

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