

Pwyllgor Amaethyddiaeth a Datblygu Gwledig ARD 15-01(p1)

Dyddiad: Dydd Mercher 24 Hydref 2001
Amser: 2.00pm - 5.15pm
Lleoliad: Ystafell Bwyllgora, Adeilad y Cynulliad Cenedlaethol

Nid yw'r cyfieithiad Cymraeg ar gael ar hyn o bryd.

Foot and Mouth

(Position at 19 October 2001)

1. The last confirmed foot and mouth case in Wales was on 12 August. The total number of confirmed cases is 118.
2. On 17 September, a revised animal movement regime was introduced. Two principal changes were made:
 - a. local authorities assumed responsibility for issuing most animal movement licences;
 - b. fmd disease status is based on local authority areas.
3. The animal movement regime is based on a new computer system devised by DEFRA. Local authority costs associated with licensing are being met by DEFRA.
4. On LA FMD classification, individual authorities are designated as Free, At Risk or High Risk. In Wales High Risk Status applies to Monmouthshire, Blaenau Gwent, Torfaen, Caerphilly, Merthyr Tydfil and Rhondda Cynon Taf. The county of Powys has been divided along the A44, A470 and A44. North of this boundary (Northern Powys) has been designated At Risk. Southern Powys has High Risk Status. Cardiff and Newport have At Risk Status. All other county areas have Free Status.
5. The movement controls are more flexible in the Free county areas and progressively tighter in the At Risk and High Risk areas. An Infected Area remains in place covering the Brecon Beacons and parts of Monmouthshire and the Valleys of South Wales.
6. For Northern Powys, an extended serology testing programme has been completed. Provided that all test results are negative, the expectation is that North Powys could be classified as a Free area in mid/late October. Within the same timescale, the Infected Area covering the Brecon

Beacons and the South Wales Valley Areas is likely to be lifted.

7. For the remaining At Risk and High Risk areas, a detailed programme for serology testing is being drawn up. This will involve sample testing of sheep across some 1800 farms and 2 million animals. This work will be undertaken by the State Veterinary Service. The intended approach will be for phased lifting of restrictions. Progress will depend on all tests being negative for signs of the disease. Overall, and subject to no further outbreaks of disease, the expectation is that all areas of Wales should have Free Status by Christmas.

8. The existing Livestock Welfare Disposal Scheme has been extended to cover animals from the 2001 lamb crop that have no identifiable market outlet (mainly due to the ban on exports). The scheme runs through to 31 December but farmers must enter light lambs by 26 October. Ministers are considering the options available for the disposal of carcasses arising from the light lamb cull.

Farming Connect

9. Farming Connect was launched on 17 September. It is the product of detailed consultation with the farming unions and other farming representatives, in conjunction with the key public sector partners. The new service for farmers will provide a comprehensive package of assistance aimed at improving, developing and diversifying farming businesses. The service will make it easier for farmers to get in touch with the right people when making crucial business decisions.

10. Farming Connect includes farm development plans; specialist advisory services; training opportunities; demonstration farm network; conservation and pollution control advice and access to capital grants.

11. Over £20 million (which includes EU funding) has been earmarked for Farming Connect over the next two years (including £15 million in the form of capital grants). Further funding will be set aside after 2002 as the service evolves.

Farming Futures Group

12. A draft strategy document on the future of farming was issued for consultation on 13 July to a wide range of bodies within and outside Wales with an interest in agriculture, food, the environment and the rural economy. Fifty six organisations and individuals responded. Majority of the responses were very positive about the key messages in the strategy. These responses and a revised version of the strategy document to reflect some of the comments received, were considered by the Farming Futures Group at its meeting on 11 October. The Group have now collectively endorsed the strategy and I will be launching it on 21 November.

Rural Recovery Plan

13. Implementation of the Rural Recovery Plan remains crucial to our rural communities and work is proceeding on the measures as fast as possible. The Rural Partnership is meeting tomorrow and

will be receiving an interim report on progress in implementing the measures from the lead bodies. A formal monitoring system is being established and the Rural Partnership will be discussing proposals at its meeting tomorrow. This will allow me to report in more detail to Committee in the future.

Rural Hardship Fund

14. The fund was extended over the Summer to allow match funding for donations up to 30 September. In addition to the £1m already paid out in Wales further claims totalling some £0.5m for Wales are currently being processed by the Countryside Agency.

BSE in Sheep – Current research

15. Research has been underway for some time to see if it can be established whether scrapie is masking the presence of BSE in the sheep flock. So far, no positive evidence exists that BSE is present in the sheep flock. Research on the brains of sheep that have died of scrapie in recent years continues. BSE might have been present in the sheep flock in the early 1990s and masked by scrapie. Work has also been undertaken by the Veterinary Laboratories Agency to seek to establish whether BSE might be in sheep now.

16. In addition, work on material from the early 1990s has been conducted by the Institute for Animal Health (IAH). It was anticipated that some results would be ready to present to SEAC (Spongiform Encephalopathy Advisory Committee) on Friday, 19 October. However DEFRA, who commissioned the work, also commissioned cross-checking research to guard against the possibility of material being contaminated by cattle brains. The National Assembly pressed in July for this cross checking to be carried out.

17. This cross-checking has revealed that the sample contained bovine rather than ovine material. raised significant doubts about the validity of the original sample to such an extent that the research exercise has had to be discounted. DEFRA has commissioned an independent scientific audit to establish the present status of the samples and will be working closely with the IAH to clarify this issue. We are keeping a close eye on developments and will report on any further news as we have it. In the light of these developments, the SEAC meeting was postponed. The Food Standards Agency Board discussed the issue on 22 October and has not changed its advice to consumers on eating lamb., however, will be discussing the matter at its meeting on 22 October.

Draft contingency plan – BSE in sheep

18. A draft contingency plan against the possibility that BSE might, in the future, be found in sheep was issued for public consultation in Wales on 28 September. The draft contingency plan is part of the Government's comprehensive risk management strategy against the theoretical risk that BSE could be present in the UK sheep flock. EU legislation requires all Member States to provide such

contingency plans.

19. The draft BSE in sheep contingency plan has been prepared by an interdepartmental group including officials from all relevant government departments, the devolved administrations and the Food Standards Agency. Other measures include the National Scrapie Plan (aiming to reduce and eventually eliminate scrapie in the national flock), the Welsh Ewe Genotyping Scheme, an ongoing research programme and removal of specified risk material from the food chain. Closing date for responses is 21 December 2001.

National Scrapie Plan

20. Proposals to extend the National Scrapie Plan for Great Britain were issued for industry and public consultation in Wales on 12 October. The new proposals are to extend the plan to pure bred flocks not registered with breed societies, opening the existing plan to all scrapie-affected flocks, and increasing compensation for confirmed scrapie cases to £90 for sheep and goats other than for cull females, for which the rate will be £30. Closing date for comments is 1 November 2001. In addition to the National Scrapie Plan, the Welsh Ewe Genotyping Scheme has now started successfully, building on the network of farms involved in the Welsh Sheep Strategy.

BSE Inquiry – Government response

21. The UK Government's final response to the BSE Inquiry report was published on 28 September. It sets out the action taken to date to address the Inquiry's findings; and looks forward to further improvements in the pipeline. The Assembly was fully involved in the preparation of this response. The joint ARD/Health Committees' report, the conclusions of our plenary debate on 8 May and the findings of the public consultation on the National Assembly Government's interim response were all fed into the UK Government for inclusion in the final report. A full copy of the response is on the DEFRA website and is also available free of charge from the Stationery Office. Copies have also been placed in the National Assembly library.

Independent Appeals Panel

22. On 5 October, I announced the appointment of independent members who will sit on Panels to hear appeals from farmers in cases where they feel that a wrong decision has been taken by officials. The sixteen strong team have a wide range of skills and experiences between them and I am confident that they will do an excellent job. The full list of members is on the National Assembly website. The Independent Panel will be in place by 31 October and fulfils a key Partnership Government commitment.

Forestry

23. On 6 August, my Deputy - Delyth Evans, undertook the Mid and South Wales launch of **Woodlands for Wales**, our National Assembly for Wales' strategy for trees and woodlands. The event was held on a private woodland estate at Trallwm near Llantwrtyd. The theme for the day was

the vital role private woodland owners had, working in partnership with the National Assembly, in helping to revive the rural economy of Wales.

24. On 7 September, I addressed a **'Wood Working for Wales'** event hosted by the Welsh Timber Forum at Powis Castle Estate near Welshpool when I urged small timber businesses to join forces to turn the 'Made in Wales' brand into a world class industry. I emphasised that the Assembly wanted to encourage businesses to use more home-grown timber and to add value to wood in communities close to where the trees grow.

25. On 20 September, I presented the Forestry Commission's first **Wood for Wales Award** to Colin and Daphne Gardiner of Gellirhyd Farm near Crickhowell. This husband and wife team of farmers make everything from charcoal for barbecues to their own brand of apple juice including the production of organic hay, running training courses on making hazel wattle fences and transforming their land into a wildlife paradise for over 200 species. It is an ultimate example of farm diversification.

Key diary engagements

26. During the summer recess, I attended a number of events and meetings and carried out official visits in my Ministerial role. Listed below are some of the main ones:

- **FUW Annual General Meeting:**
- **NFU Cymru Wales County Chairmen:** On 30 August, I addressed the NFU County Chairmen meeting in Aberystwyth on the future of farming in Wales.
- **Wales YFC:** On 9 September, I addressed the Wales Federation of Young Farmers' Clubs Rural Forum Grasp the Future – Make it Happen, at the Millennium Centre in Cardiff. Young farmers have a vital role to play in rebuilding Welsh agriculture in the aftermath of foot and mouth disease; and I was therefore pleased to lend my support for this event which was well attended. Delegates heard from a range of speakers on the way forward.
- **Soil Association Conference:** On 14 September, I addressed the Soil Association's first national conference held in Wales. Wales is leading the UK in policy support for organic and sustainable farming and the event in Cardiff
- **Congress of European Agriculture:** On 24 & 25 September, I attended the Congress of European Agriculture annual conference in Belfast, organised by the European farmers' union COPA -COGECA. The conference theme was "Farming in a competitive food chain". It was an opportunity to meet and hear the views of key UK and European opinion formers.
- **NFU Conference:** On 12 October, I gave a key note speech to the conference organised by NFU Cymru Wales in Llanellwedd on "Welsh agriculture – the next steps". Also present was Tassos Haniotis, a senior official from Agriculture Commissioner Franz Fischler's Cabinet., and it gave me an opportunity to discuss with him some of the priorities for Welsh agriculture in the forthcoming mid term review of the Common Agriculture Policy.
- **AUNGA Food Exhibition:** On 14 & 15 October, I visited ANUGA, a major trade event for the food and drink industry which is held in Cologne in Germany every two years. Exhibitions such as this play a key role in helping to create a positive image of Wales abroad and to show the world what excellent products we have in Wales. I was, therefore, heartened by the

increased Welsh presence - 28 Welsh companies were exhibiting this year. I addressed a reception for the Welsh exhibitors at ANUGA and toured the exhibits.

- **Meeting with DEFRA Ministers:** During the recess, I and colleagues from the other devolved administrations met Ministerial colleagues from DEFRA on several occasions to discuss current issues and long term plans. The most recent meeting was on 17 October.

Action points from previous meetings

27. In the annex to this report, I have provided the Committee with a response to three points on which it sought further information.

Annex

1. Meeting ref ARD 13 –01 held on 18 July, item 4

Action: Note to be provided on the reasons for the apparent under spend on the Tir Mynydd budget in 2000/01

Response: Up until the last financial year, the budget for aid for farmers in less favoured areas was funded by approx. 75% Assembly /Treasury money with 25% European funding paid in arrears the following year. However, as of 2000-2001 and with the introduction of the Tir Mynydd scheme, this funding regime changed.

For 2000-2001 and future years, the breakdown of how the scheme is funded will depend on the figures which were presented to and approved by the European Commission in the Rural Development Plan for Wales. This breakdown approximates to an 86/14% split between UK and EU funds. Furthermore, we are legally restricted to only spending in total the amount stated in the Plan.

Problems arose in that, the payments system set up to pay Tir Mynydd was not updated to take account of these changed circumstances. Instead of basing the UK/EU split on the RDP, the split remained the same as previous years i.e. 75/25%. Consequently, an excess amount of EU funds was drawn down, (approximately £4.7 million). There has been a corresponding under spend on the UK funded Tir Mynydd budget line.

In conclusion, although an under spend on the domestic Tir Mynydd budget is shown for 2000-2001, this is offset by a overspend on EU funding of the scheme and the total Tir Mynydd budget was fully spent. There has been no impact on the sums paid to farmers. Accounting corrections have been completed, with no loss of funding to the Tir Mynydd budget.

2. Meeting ref 13-01 held on 18 July, item 4

Note to be provided on how Subsidy Penalties are accounted for in the Budget

Response: There is a requirement in EC Regulation 1663/95 that monies received from producers in respect of overpayments are correctly accounted for and timely credited to the IB/EC i.e Intervention Board (now Rural Paying Agency) and the European Commission.

Financial Accountability Division (FAD) must return any receipt/recovery that relates to an overpayment made on a pre-funded claim to the IB/EC on a monthly basis. The recording of subsidy penalties or any other overpayment to be recovered is not part of the accounting system until the sum is actually received.

The Finance AS400 computer system is designed to produce a repayment schedule for all items due to the IB/EC. This lists all receipts from producers for each EAGGF (European Agriculture Guarantee and Guidance Fund) scheme and is processed through the AS400 Grants and Subsidies (G&S) system.

The accounting arrangements for recording overpayments/recoveries i.e. subsidy penalties are operated through a range of suspense accounts with the recoveries eventually crediting budget postes (EC equivalent for account codes) to repay the IB/EC. All accounting action occurs through the G&S system, which updates the EC Ledger.

3. Meeting ref 12-01 held on 4 July, item 2

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.