

Explanatory Memorandum to *The Carcase Classification and Price Reporting (Wales) Regulations 2018*

This Explanatory Memorandum has been prepared by the *Department for Economy, Skills and Natural Resources* and is laid before the National Assembly for Wales in conjunction with the above subordinate legislation and in accordance with Standing Order 27.1

Cabinet Secretary/Minister's Declaration

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of *Carcase Classification and Price Reporting (Wales) Regulations 2018*.

Lesley Griffiths, AM, Cabinet Secretary for Energy, Planning and Rural Affairs:

Date: 23 November 2018

1. Description

These Regulations revoke The Beef and Pig Carcase Classification (Wales) Regulations 2011 and replace them with the Carcase Classification and Price Reporting (Wales) Regulations 2018.

These Regulations update in domestic legislation the arrangements for administering and enforcing carcase classification and price reporting for beef and pigs under Regulation 1308/2013 read with Commission Delegated Regulation (EU) 2017/1182 and Commission Implementing Legislation (EU) 2017/1184.

2. Matters of special interest to the Constitutional and Legislative Affairs Committee

Article 27 of Commission Delegated Regulation 2017/1182 and Article 19 of the Commission Implementing Regulation 2017/1184 requires the Member States to bring into force the necessary legal framework by 11th July 2018. Delays to finalising these Regulations mean this deadline has not been met.

The Welsh Ministers and Secretary of State agreed to align the Welsh and English replacement Regulations to ensure slaughterhouses were subject to the same enforcement regime throughout England and Wales. As the same agency will enforce the regime in England and Wales, the Welsh Ministers and the Secretary of State have sought to bring the replacement Welsh and English Regulations into force at a similar time.

Whilst the Welsh Government has not been in contact with the European Commission in respect of the delay, the risk of infraction is considered to be low. To date there has not been a prosecution relating to the existing domestic regulations and the industry continues to comply with the requirements of the existing Regulations and the proposed Regulations. The Rural Payments Agency, on behalf of the Welsh Ministers, continues to monitor the relevant operators.

Changes made by the Commission Regulations have had minimal impact on the Welsh beef and pig Industry. Those slaughterhouses which previously complied with regulatory requirements continue to comply with the new reporting requirements.

Section 2(2) of the European Communities Act 1972 offers a choice between negative and affirmative procedures. The negative resolution procedure will be used in this case as the discretion of the Welsh Ministers is limited over the content of the Statutory Instrument because it is giving effect to European Union provisions

3. Legislative background

These Regulations are made in exercise of powers contained in section 2(2) of the European Communities Act 1972.

The Welsh Ministers are designated by virtue of Article 3 of the European Communities (Designation) (No. 5) Order (S.I. 2010/2690) for the purposes of making regulations under section 2(2) of the European Communities Act 1972 in relation to Common Agricultural Policy ("CAP").

The previous EU carcase classification and price reporting measures have been consolidated and modified by Commission Delegated Regulation 2017/1182 and Commission Implementing Regulation 2017/1184 supplementing EU Regulation 1308/2013 establishing a common organisation of the markets in agricultural products.

The Welsh Government needs to administer and enforce carcase classification and price reporting measures to give effect to the Welsh Ministers' European obligations arising from Commission Delegated Regulation 2017/1182 and Commission Implementing Regulation 2017/1184. The previous classification and enforcement regime was contained in the Beef and Pig Carcase Classification (Wales) Regulations 2011. Those 2011 Regulations are being revoked and replaced to align with the changes to the EU regime.

4. Purpose & intended effect of the legislation

The European Commission conducted a formal review of existing EU rules which mandate the categorisation and classification of animals presented for slaughter against common European standards in order to make it more transparent.

As a result they brought into force Commission Delegated Regulation 2017/1182 and Commission Implementing Regulation 2017/1184 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council as regards the Union scales for the classification of beef, pig and sheep carcasses and as regards the reporting of market prices of certain categories of carcasses and live animals.

The previous classification and enforcement regime was contained in the Beef and Pig Carcase Classification (Wales) Regulations 2011. Those Regulations are being revoked and replaced to align with the changes to the EU regime.

Carcase classification is a means of ensuring all livestock producers are paid in a fair and transparent way by consistently dressing, weighing and classifying animals. Price Reporting is a means of collecting data on the market which can be used for policy formulation and for forward planning of livestock producers

The aim of the European Union amendments is improve transparency and

reduce administrative and regulatory burden. The changes do not represent significant differences from current practice however the key changes to the 2011 Regulations will include:

- Increased thresholds for beef (bovines aged 8 months and over) from 75 to 150 per week and pig abattoirs from 200 to 500 per week (both on an annual average basis), which mandate the requirement to classify carcasses. Abattoirs slaughtering fewer than these amounts are no longer subject to the requirements of the Regulations.
- Requirement for pig abattoirs to provide details of classification results to the suppliers of animals sent for slaughter.
- Requirement for abattoirs slaughtering over the new thresholds (500 pigs per week) to supply details of deadweight prices for additional weight categories of pigs to AHDB, who will then collate and send a weekly return to the European Commission. The categories are 60kg to <120kg (codes S and E) and 120kg to <180kg (code R).
- Additional deadweight category, U4 to be price reported for bovine carcasses of other female animals aged from 12 months

Officials advise the changes to policy will have limited impact on the Welsh industry as it stands currently.

The Welsh pig industry is relatively small, and **no** pig abattoirs in Wales would currently meet the throughput thresholds to be affected by the new reporting requirements. For beef, those abattoirs over the existing weekly threshold of 75 will also be over the new proposed threshold of 150 bovines; therefore, there will be no change to the number of abattoirs reporting within the beef sector. Existing suppliers will only need to ensure the U4 deadweight category is included in bovine classification.

The Rural Payments Agency (RPA) will continue to undertake enforcement throughout England and Wales (acting on behalf of the Welsh Ministers in relation to the latter), as it does under the current arrangements. This approach any avoids any risks that would otherwise arise as a result of cross border movement of livestock and different reporting and throughput thresholds in England and Wales (which could in fact threaten the viability and development of the slaughter / processing sector in Wales).

5. Consultation

A formal consultation has not been undertaken.

Stakeholder engagement was undertaken by way of targeted correspondence. This was deemed appropriate because the SI is in essence a technical update of classification and price reporting requirements in an existing SI. The letter was posted to key stakeholder organisations on the 27 June 2018. No

responses or queries were received from any Welsh slaughter houses as a result of this correspondence. No correspondence or feedback been received formally outside this communication chain.

6. Regulatory Impact Assessment (RIA)

The Welsh Ministers code of practice on the carrying out of Regulatory Impact Assessment was considered in relation to these Regulations. As a result, it was not considered necessary to carry out a regulatory impact assessment because the proposed legislative changes impose no costs or savings to the public, private or voluntary sector.