

Climate Change, Environment, and Rural Affairs Committee

UK Government's Agriculture Bill – provisions in relation to the red meat levy

Submission of written evidence by Hybu Cig Cymru – Meat Promotion Wales

Hybu Cig Cymru - Meat Promotion Wales (HCC) is the statutory industry-led levy organisation responsible for the development, promotion and marketing of Welsh lamb, beef and pork. It undertakes promotional campaigns at home and abroad, is involved in research and development which benefits the efficiency and sustainability of the whole red meat supply chain, as well as collating and analysing market intelligence.

HCC is delegated by Welsh Ministers to raise the Welsh Red Meat Levy and undertake the promotion and development functions in respect of the Welsh red meat industry as outlined in the Red Meat (Wales) Measure 2010.

Background

Statutory levy has existed in the red meat sector for a number of years to fund activities to assist with the development of this sector, notably work that would not be carried out under normal market conditions. E.g. R&D, brand marketing, market research and export certification. This is a result of the fragmented nature of the industry and the fact that producers in these sectors, and in many cases processors too, are invariably too small to be able to resource such areas of work themselves.

Red meat levy (raised on all cattle, sheep and pigs slaughtered in GB) is collected at the point of slaughter (abattoirs) by the Red Meat Levy Board in that country. The levy is therefore based on the geographical location of abattoirs and not on the origin of the livestock. Levy collected at abattoirs in England, Scotland and Wales is currently used by the Red Meat Levy Board in that particular country regardless of where the animal originated.

The current methodology of red meat levy apportionment therefore fails to take into account the trading patterns that exist across GB borders. Levy paid by the producers who are breeding, rearing and finishing animals in one country may be used to fund the red meat promotional and developmental activities in another. Furthermore, the system is extremely vulnerable to changes and restructuring within the abattoir sector and the long-term trend has been towards fewer larger abattoirs located more closely to large centres of population.

Devolution of policy, strategy and delivery to the separate GB administrations means that each Red Meat Levy Board is accountable both to their respective Ministers and to their levy payers. As a result, the perceived lack of accountability and inequality within red meat levy apportionment, in regard to the benefit levy payers receive when their livestock are slaughtered in a different country, is a key consideration for the Red Meat Levy Boards in agreeing a change to the levy system.

Following a series of discussions on joint working, it has been agreed by the Red Meat Levy Boards across GB that red meat levy apportionment needs amending, so that levy is apportioned in a way which reflects the livestock production activity across England, Scotland and Wales.

HCC has been asked to comment on the following questions:

1. The level of detail provided in the Bill in relation to the process for the development of the scheme

- 1.1 Legislation is currently in place in England, Scotland and Wales to control how red meat levy can be used and as such legislative changes will be required to accommodate a new levy apportionment system.¹
- 1.2 The Bill makes provision to confer powers on Ministers, acting jointly, to establish a scheme that requires agricultural boards within GB to redistribute levy between themselves.
- 1.3 HCC welcomes this provision and is content with the detail.

2. The role of Hybu Cig Cymru (and its counterparts) in the development of the scheme, and whether this should be explicitly provided for in the Bill

- 2.1 The three GB Red Meat Levy Boards have been tasked by GB Ministers with determining a fair and equitable methodology for future levy redistribution. This work is underway and an agreed methodology will be presented to GB Ministers in due course.
- 2.2 HCC sees no need to have the role of Red Meat Levy Boards in this regard specifically referred to within the Bill, and we are therefore content with the detail as drafted.

3. The matters on which the scheme may make provision (subsection 29(2))

- 3.1 Subsection 29(2) states that the scheme may make provision about:
 - (a) the method by which the amount of a payment is to be calculated,
 - (b) who is to determine the amount of a payment,
 - (c) when a payment is to be made,
 - (d) how a payment is to be made, and
 - (e) the duration of the scheme.
- 3.2 HCC is content with this detail.

¹ England: Agriculture and Horticulture Development Board Order 2008.
Scotland: Quality Meat Scotland Order 2008.
Wales: Red Meat Industry (Wales) Measure 2010.

4. The extent to which the provisions, as currently drafted, will ensure a fair redistribution of the levy

4.1 The provisions of the Bill seek to provide the legal framework to allow levy to be transferred between Red Meat Levy Boards; whilst the provision to ensure a fair redistribution of levy will be sought through the Red Meat Levy Board discussions which have already agreed that redistribution must be fair and transparent.

4.2. HCC is content with the detail of the Bill.