

**National Assembly for Wales**  
Rural Development Sub-Committee

Animal Welfare and Meat Hygiene

May 2010



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## **Rural Development Sub-Committee**

The Rural Development Sub-Committee is appointed by the National Assembly for Wales to consider and report on issues affecting Rural Development. It is a sub-committee of the Sustainability Committee and its remit is to scrutinise the Welsh Government on the Government's areas of responsibility that the sub-committee considers impact on rural development

### **Powers**

The Committee was established on 5 July 2007 as a Sub-Committee of one of the Assembly's scrutiny committees. Its powers are set out in the National Assembly for Wales' Standing Orders, particularly SO 12. These are available at [www.assemblywales.org](http://www.assemblywales.org)

### **Committee membership**

<i>Committee Member</i>	<i>Party</i>	<i>Constituency or Region</i>
Rhodri Glyn Thomas (Chair)	Plaid Cymru	Carmarthen East and Dinefwr
Mike German	Welsh Liberal Democrats	South Wales East
Joyce Watson	Labour	Mid and West Wales
Brynle Williams	Welsh Conservative Party	North Wales

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## **The Committee's Recommendations**

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The Committee's recommendations to the Welsh Government are listed below, in the order that they appear in this Report. Please refer to the relevant pages of the report to see the supporting evidence and conclusions:

**Recommendation 1.** The Committee believes that the contract model of hiring veterinarians should be revisited, and the possibility of moving to direct employment of veterinarians by the FSA considered. The Committee calls on Welsh Government to put pressure on the FSA to revisit the issue by means of an independent review to consider whether alternative models would better deliver the necessary expertise and experience among veterinarians. **(Page 13)**

**Recommendation 2.** The Committee urges the FSA to investigate ways of ensuring greater efficiencies in the way SRM and TSE controls are enforced. This should include learning from how the controls are implemented in other EU member states, including alternative methods of spinal cord removal. **(Page 15)**

**Recommendation 3.** The Committee calls on the Welsh Government to review the impact of the Food Hygiene (Wales) Regulations 2006 on the cleanliness of animals presented for slaughter. If necessary and appropriate the regulations should be amended to give OVs and MHIs greater powers to prevent dirty animals from being presented for slaughter. **(Page 16)**

**Recommendation 4.** The Committee urges the Welsh Government to ensure that the legislation that brings the Regulation into force in Wales makes clear the respective roles of AWOs and OVs. The Committee also calls on the Welsh Government to consult fully with the red meat industry and other interested parties before bringing forward the legislation. **(Page 17)**

**Recommendation 5.** The Welsh Government should set up a review group, including representatives from all parts of the meat industry, to look at the effectiveness of how current legislation is being enforced in Wales. The review should consider what reforms are possible, within the current EU legislative framework, to ensure that the highest standards of animal welfare and meat hygiene are delivered in the most efficient manner. **(Page 20)**

**Recommendation 6.** The Committee urges the Welsh Government to use all means at its disposal to prevent the FSA from implementing full cost recovery and removing its subsidy to the industry until an alternative mechanism for subsidising the cost of controls had been put in place. **(Page 24)**

**Recommendation 7.** The Committee recommends that the Welsh Government develop a mechanism for subsidising the industry that will secure the future of Welsh abattoirs, with support being prioritised for small and medium sized operations which serve local markets. **(Page 24)**

**Recommendation 8.** The Committee calls on the Welsh Government to look into the possibility of devolving responsibility for enforcing animal welfare and meat hygiene legislation in respect of animals at slaughter to it, and to request the transfer of powers from the UK Government should the Welsh Government's review find that such a move would be beneficial. **(Page 26)**



# 1. Introduction and Background

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## Origins of the Inquiry

1. At its meeting on 1 October 2009, the Rural Development Subcommittee considered a scoping paper on options for future inquiries and agreed to conduct an inquiry into animal welfare and meat hygiene at abattoirs in Wales.
2. The Committee believed it would be timely to undertake an inquiry into animal welfare and meat hygiene at abattoirs for a number of reasons, including the merger of the Meat Hygiene Service (MHS) with the Food Standards Agency (FSA) which happened on 1 April 2010 and the FSA's proposals to move towards full cost recovery from the industry. We also believed that, four years on from the reforms introduced in 2006, it was an opportune time to look at the effect of those reforms.

## Terms of Reference

3. The Committee agreed the terms of reference for the inquiry in December 2009. The aims of the inquiry are to:
  - To assess the effectiveness of current arrangements for ensuring animal welfare and meat hygiene standards in abattoirs and slaughterhouses, and what further action, if any, could be taken to ensure the proper implementation of the relevant legislation;
  - To make recommendations to the Welsh Government and any other appropriate bodies.
4. As part of the consultation process, the Committee asked interested parties to consider:
  - Whether current structures in place to ensure the enforcement of animal welfare and meat hygiene standards in abattoirs and slaughterhouses are adequate;
  - How veterinary supervision arrangements in abattoirs and slaughterhouses in Wales should be delivered;
  - The effectiveness of the relationship between the Meat Hygiene Service and the industry;

- Whether the Welsh Assembly Government could take any further action to ensure the proper implementation of relevant legislation on meat hygiene and animal welfare in abattoirs and slaughterhouses in Wales.

5. The Committee collected written evidence during December 2009 and January 2010. The Committee received oral evidence at two meetings in January 2010. A full list of responses and witnesses is found at the end of this report.

6. As always, we are grateful to all those who contributed to the inquiry either by submitting written responses or attending Committee to present oral evidence. We are also grateful to Gary Hughes and his colleagues at St Merryn's Meat Ltd in Merthyr Tydfil, who welcomed the Committee on a site visit and allowed us to see at first hand how animal welfare and meat hygiene regulations are implemented on the ground.

7. This report covers the main issues raised by the evidence and the Committee's conclusions on these matters. The Committee has made a number of recommendations to the Welsh Government and other bodies on the way forward.

## 2. Summary of Main Issues

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### Legislative Background

8. The regimes that enforce both animal welfare and meat hygiene at abattoirs are governed by European legislation. Specifically, animal welfare is governed by EU Directive 93/119 on the protection of animals at the time of slaughter, while EU Regulations EC 852/2004, EC 853/2004 and EC 854/2004 govern food hygiene.

9. The three food hygiene regulations came into effect on 1 January 2006 and are applied in Wales through The Food Hygiene (Wales) Regulations 2006.

10. Directive 93/119 on animal welfare is implemented in Great Britain by the Welfare of Animals (Slaughter or Killing) Regulations 1995 as amended. It will be superseded as of 1 January 2013 by the new Regulation EC 1099/2009 which will introduce new requirements regarding the protection of animals at the time of killing.

11. The removal and disposal of Specified Risk Material (SRM) from animals after slaughter is governed by the Transmissible Spongiform Encephalopathy (TSE) Regulation EC 999/2001, which is given effect to in Wales through the Transmissible Spongiform Encephalopathies (Wales) Regulations 2008 as amended.

12. The Committee heard differing viewpoints regarding the effectiveness of the EU regulations and the need for reform.

13. The Farmers Union of Wales (FUW) acknowledged that the regulations now in force have ensured a high level of animal welfare and meat hygiene in the UK, but believed they had also had a number of adverse consequences. According to the FUW, these consequences include the diversion of veterinary resources, the closure of slaughterhouses due to the costs of compliance, a lengthening of animal transportation times, and an increase in the importing of meat from countries not subject to EU legislation.

14. The British Veterinary Association (BVA) however argued that it was too soon to form a view as to the effectiveness of regulations that only came into force in 2006. Jason Aldiss of the BVA told the Committee:

“There is opportunity for further change, but I would argue that wholesale change at the moment would not allow the significant improvements that we have in the current regulations to be shown. We need more time before a more fundamental review is performed.”<sup>1</sup>

## **The Role of Official Veterinarians**

### ***Ante-mortem Inspections***

15. A number of witnesses questioned the need for the ante-mortem inspection of animals before slaughter to be carried out by a veterinarian. Many witnesses, including Hybu Cig Cymru (HCC), FUW, and the Association of Meat Inspectors (AMI), suggested that this function could be carried out by other appropriately trained individuals, allowing the OV to concentrate on other duties.

16. AMI stated in their evidence that:

“...a return to the past system of having the MHI performing most of the routine tasks in plant, including ante-mortem inspection is the most cost efficient system of delivery with the Official Veterinarian taking the advisory/auditory role and being on hand/available at all times to the inspection teams in plant. In the past, MHIs were permitted to carry out ante-mortem inspection on juvenile animals and ensuring that adult animals and those showing abnormalities were detained for closer examination by the Official Veterinarian. This system seemed to work very satisfactorily to all involved and there should be no reason why this system would not work just as well again.”<sup>2</sup>

17. Animal Aid stated that OVs should be encouraged to spend as much time as possible in the stun room, where they believe the greatest risk to animal welfare exists. While relieving OVs of the need to carry out ante-mortem inspections could in theory allow them to spend more time in the stun room, Animal Aid did not specify whether they would support such a move.

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<sup>1</sup> RoP, [para 39], 25 January 2010, Rural Development Sub-committee

<sup>2</sup> Rural Development Sub-committee RDC(3)-02-10 : Paper 4 : *Inquiry into Animal Welfare and Meat Hygiene : Evidence from the Association of Meat Inspectors*, 25 January 2010, p.2

## ***Independence***

18. Several witnesses, including Which?, Animal Aid, the Association of Independent Meat Suppliers (AIMS) and HCC questioned whether the current system which sees OVs permanently located at the abattoirs where they carry out enforcement duties is the best one for ensuring the independence of OVs.

19. In their evidence, Which? stated:

“The relationship is different partly because, unlike other enforcement bodies, MHS staff have to be embedded in slaughterhouses and increasingly costs for enforcement activity will be transferred to food business operators. This therefore raises challenges in terms of ensuring that there is sufficient independent oversight of the process, while also maintaining the ability of the Meat Hygiene Inspectors (MHIs) and Official Veterinary Surgeons (OVs) to take effective enforcement action against those people that they work with on a day to day basis when necessary.”<sup>3</sup>

20. Animal Aid referred to the findings of UNISON’s membership survey which found that 87% of respondents didn’t feel that the MHS was independent of industry, while AIMS told the Committee:

“We feel that there is also something of a conflict of interest in a veterinarian who is permanently present in premises carrying out enforcement on those premises.”<sup>4</sup>

## ***Contracts***

21. There was disagreement among the witnesses as to whether the current system of contracting OVs through ‘service delivery partners’, rather than them being directly employed by the MHS, was the best solution.

22. AIMS and AMI felt that the contracting system led to the employment of inexperienced veterinarians. In their evidence AIMS stated:

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<sup>3</sup> Rural Development Sub-committee: *RDC(3)-AWMH 3 - Which?*, p. 3

<sup>4</sup> RoP, [para 74], 14 January 2010, Rural Development Sub-committee

“In the past when official veterinarian presence was part time, many official veterinarians were local veterinary practitioners. Such a system provided valuable income to rural practices and experienced clinicians to abattoirs. Now nearly all official veterinarians are provided to MHS by contractors, and are paid for by the hour not for the job done. This has resulted in a system favouring the least experienced veterinarians for the maximum number of hours.”<sup>5</sup>

23. Kevin Lewis from AMI told the Committee:

“The association has always advocated that all veterinarians should be employed by a competent authority. We stand by that view because we have seen many inexperienced veterinarians from overseas... coming here with limited English and no knife skills. We feel that some of these people are exploited: they may be on low wages and are expected to work all over the country at short notice and therefore may not have the same protection under employment law as someone employed by a competent authority.”<sup>6</sup>

24. The BVA, however, did not believe that there was a general problem with lack of experience among veterinarians and that the key issue was that of capability and competence.

25. The MHS defended the contract model, saying that it allowed the service to react more quickly to changes in the meat industry:

“The situation in the UK is that there were not enough UK veterinarians who were able or interested in doing the type of work that we do. Being part of Europe, we advertised for interest from anyone who would be looking to work with us, in partnership, as a contractor. Part of the reason for the contractor model is that we needed to bring in more resources fairly quickly, otherwise we would have been in contravention of European law, but there is also restructuring going on in the

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<sup>5</sup> Rural Development Sub-committee: RDC(3)-02-10 : Paper 4 : Inquiry into Animal Welfare and Meat Hygiene : Evidence from the Association of Meat Inspectors, 25 January 2010, p. 2

<sup>6</sup> RoP, [para 67], 25 January 2010, Rural Development Sub-committee

meat industry and our contractors are better able to deal with that than if they were employed directly as civil servants.”<sup>7</sup>

26. The Committee is keen that the most effective use is made of OVs and that all OVs and MHIs are able to carry out their regulatory duties independently of industry and be confident of the full support of FSA management.

27. The Committee is concerned by the evidence it has received regarding the negative aspects of the contract model of employing veterinarians and the impact this may be having on effective regulation. The Committee fears that this model does not incentivise investment by the FSA in the education and training of veterinarians and could be contributing to a lack of relevant expertise.

**The Committee believes that the contract model of hiring veterinarians should be revisited, and the possibility of moving to direct employment of veterinarians by the FSA considered. The Committee calls on Welsh Government to put pressure on the FSA to revisit the issue by means of an independent review to consider whether alternative models would better deliver the necessary expertise and experience among veterinarians.**

### **TSE / SRM Controls**

28. Several witnesses raised the issue of SRM controls, and how these impact on the cost-effectiveness of the regulatory process and on the value of meat products.

29. Which? emphasised the importance of these controls in providing a measure of protection to public health:

“It is, therefore, important that Specified Risk Material (SRM) controls are effectively enforced as they are the public health ‘back-stop to protect the public should an infected animal enter the food chain. The MHS and FSA should also be careful about the messages sent about the importance of compliance while they are calling for these measures to be reviewed so that

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<sup>7</sup> RoP, [para 232], 25 January 2010, Rural Development Sub-committee

business operators do not gain the impression that they can be less vigilant.”<sup>8</sup>

30. Both NFU Cymru and AIMS called for SRM controls to be reformed, both to make them more proportional to the risk and to make them more cost-effective.

31. NFU Cymru welcomed the increase in BSE testing age for cattle from 30 to 48 months from January 2009 as an ‘excellent example of the FSA and industry working together to bring a more proportionate regime without in any way impacting on public health’.<sup>9</sup> NFU Cymru was keen to see the testing age for cattle increased further to 60 months and for SRM controls relating to sheep to be reviewed completely. NFU Cymru told the Committee:

“We believe that the FSA should now work closely with industry to prepare a strong case for UK Ministers to proactively seek a review of the current SRM controls across all species at an EU level, thereby reducing the amount of SRM inspections and controls at meat plants.”<sup>10</sup>

32. NFU Cymru stated that removing the spinal cord from a lamb can sometimes devalue it on the market by 60% - 80% while the value of a beef animal can be reduced by £60 - £100.

33. AIMS stated that the cost of testing for TSE was ‘substantial’ and that some savings could be secured by allowing the operators to carry out the actions under this legislation, as the Regulation does not specify that it must be done by the regulator.

34. AIMS also suggested that other methods of removing the spinal cord could be used other than splitting the carcass, that would not result in such depreciation of the carcass. An example given was the aspiration technique used in France.

35. In their evidence, the MHS emphasised that the ‘TSE road map’ set out by the EU allows for the easing of controls over time, but only when scientific evidence shows that it is safe to do so. On the 30-month rule for SRM removal, Steve McGrath told the Committee:

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<sup>8</sup> Rural Development Sub-committee: *RDC(3)-AWMH 3 - Which?*, p. 5

<sup>9</sup> Rural Development Sub-committee: *RDC(3)-01-10 : Paper 1 : Inquiry into Animal Welfare and Meat Hygiene : Evidence from NFU Cymru*, 14 January 2010, para. 18

<sup>10</sup> *Ibid.* para. 19



“That is something we will look at over time but it must be based on science and evidence, and not just on pressure from the industry. We need the assurance that when we make these changes to official controls, including BSE and TSE controls, we are doing it for the right reason, and it is supported by science and evidence.”<sup>11</sup>

36. The Committee believes that SRM / TSE controls must be both proportional and based on sound scientific evidence. We welcome the progress that has been made along the TSE Road Map.

**The Committee urges the FSA to investigate ways of ensuring greater efficiencies in the way SRM and TSE controls are enforced. This should include learning from how the controls are implemented in other EU member states, including alternative methods of spinal cord removal.**

### **Clean Livestock Policy**

37. Both Unison and the AMI stated in their evidence that increasing numbers of dirty animals were being presented for slaughter, leading to a greater risk of carcass contamination.

38. Both organisations believe the root of this problem to be the change brought about by the Food Hygiene (Wales) Regulations in 2006, which transferred the responsibility for ensuring only clean livestock was presented for slaughter from MHS officials to the FBO.

39. AMI stated in their evidence that:

“The Clean Livestock Policy was viewed by many within the trade as possibly the greatest step forward in the production of clean carcasses and its demise has been much lamented. Should any government be brave enough to re-instate this policy, it would be welcomed by all those physically involved in the production of meat.”<sup>12</sup>

40. UNISON drew the Committee’s attention to concerns that were raised by the Food and Veterinary Office of DG SANCO regarding dirty

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<sup>11</sup> RoP, [para 279], 25 January 2010, Rural Development Sub-committee

<sup>12</sup> Rural Development Sub-committee: *RDC(3)-02-10 : Paper 4 : Inquiry into Animal Welfare and Meat Hygiene : Evidence from the Association of Meat Inspectors*, 25 January 2010, p. 1

animals being accepted for slaughter at UK abattoirs. Which? also referred to the concerns raised by this report.

41. UNISON also told the Committee that contamination was the biggest problem faced by their members working in the MHS, and that MHIs often found themselves having to trim carcasses themselves:

“...the key problem that our members tell us that they face on a daily basis is that of contamination. The FSA appears to us to have a view that many of the issues with meat inspection are to do with disease, but we find that the issues relate to contamination, which meat inspectors have to cut off carcasses on a daily basis. That is a major problem, and they are not being presented with carcasses of a high enough quality. The system is not working.”<sup>13</sup>

42. The MHS emphasised that it was the FBOs responsibility to assess whether an animal is fit to be slaughtered and that larger plants had facilities in place to clip any excessively dirty animals prior to slaughter. Smaller plants however couldn't afford such facilities. Also, the MHS stated that, unlike in Scotland, abattoirs in Wales didn't have the option of returning dirty animals to the farm and so they had to be dealt with somehow or other on site.

**The Committee calls on the Welsh Government to review the impact of the Food Hygiene (Wales) Regulations 2006 on the cleanliness of animals presented for slaughter. If necessary and appropriate the regulations should be amended to give OV's and MHIs greater powers to prevent dirty animals from being presented for slaughter.**

### **Animal Welfare Officers**

43. The RSPCA welcomed the changes to the legislation which will make it obligatory for every large abattoir to appoint an Animal Welfare Officer (AWO) from 2013 onwards.

44. However, the RSPCA also expressed concern that the respective roles of AWOs and OV's had not been specified clearly enough within the Regulations, and that the monitoring and enforcement role needed

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<sup>13</sup> RoP, [para 146], 25 January 2010, Rural Development Sub-committee

to be emphasised within the legislation. The RSPCA were also keen that the provision be implemented in British abattoirs before 2013.

45. In their evidence, HHC called for the red meat industry to be consulted on the legislation to implement the new Regulation in Wales.

46. While welcoming the introduction of AWOs at large abattoirs, the Committee is concerned by any change that could lead to new confusion over roles and responsibilities.

**The Committee urges the Welsh Government to ensure that the legislation that brings the Regulation into force in Wales makes clear the respective roles of AWOs and OVs. The Committee also calls on the Welsh Government to consult fully with the red meat industry and other interested parties before bringing forward the legislation.**

### **Self-regulation**

47. The question of whether the red meat industry should be allowed to carry out a greater degree of self-regulation was raised by many witnesses, but there was no agreement within the evidence regarding the best way forward.

48. Several organisations advocated increased self-regulation as a means of increasing the efficiency and reducing the costs of the MHS, and of overcoming the perceived conflicts inherent in the role of OVs as it currently stands. Others, however, feared that self-regulation could lead to a drop in standards and affect public confidence in red meat products.

49. Several witnesses also stated that this was the direction of travel favoured by many EU member states, including the UK, and that the option of Food Business Operators (FBOs) employing their own inspectors had been included in the original draft of the current regulations before being rejected by the European Parliament.

50. NFU Cymru, AIMS, WLBP and HCC all strongly advocated moving to a system where FBOs took on greater responsibility for day-to-day implementation of animal welfare and meat hygiene regimes, allowing the MHS to concentrate on audit and inspection of the plants considered to present the highest risk.

51. Dylan Morgan of NFU Cymru told the Committee:

“...we think that the food business operator should be able to carry out a lot more of the day-to-day checks and controls. The MHS should have more of a policing role, checking that the work is being done. At the moment, the MHS is on the line too much, carrying out all the practical checks, rather than checking that the food business operators are carrying them out.”<sup>14</sup>

52. Don Thomas of WLBP emphasised the potential efficiency benefits of greater self-regulation:

“With self-regulation, and the industry taking on some of the burdens, I am convinced that they could do it more cost effectively than by having permanent checks. With self-regulation, it is vital to have an independent audit. The independent audit, based on risk assessment, can be targeted at the area where performance would suggest that the effort should go, rather than have blanket coverage of a statutory level, with people constantly there.”<sup>15</sup>

53. In their evidence, AIMS stated that removing the need for OV's to be permanently present at abattoirs would alleviate the problem of inexperienced vets by allowing the MHS to concentrate resources on a small team of expert veterinarians who would be responsible for auditing and inspecting all abattoirs.

54. Meanwhile, Which?, AMI, UNISON and BVA all expressed reservation regarding any possible move towards self-regulation, fearing a drop in standards and reduced public confidence should the MHS not have a permanent presence at abattoirs.

55. Which? told the Committee:

“...we are concerned about proposals to transfer responsibility away from independent inspectors to plant staff in red meat plants. It would need to be ensured that public health was not put at risk by only considering this type of approach in the very best plants and even then ensuring it was effectively monitored. It would need to be ensured that the conflict of

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<sup>14</sup> RoP, [para 67], 14 January 2010, Rural Development Sub-committee

<sup>15</sup> RoP, [para 168], 14 January 2010, Rural Development Sub-committee

interest created did not lead to meat inspection responsibilities being neglected if other functions within the slaughterhouse needed attention.... The inspection regime, in both red and white meat slaughterhouses, also need to ensure that while the priority is to prevent health risks, consumers can also be assured of the wholesomeness of the product.”<sup>16</sup>

56. While believing that a move towards greater self-regulation may be possible in principle, the BVA did not see that it was a realistic proposition in the short to medium term. Jason Aldiss of the BVA told the Committee:

“...yes, we believe that it is philosophically feasible, but we would argue that, just at the moment, it is not practical, although it is something that we should be working towards. At all times, however, it is important that there is an independent audit and inspection of each premises, working on behalf of Government to provide those consumer protective measures. It is not possible under the current regulations for a food business operation to run solely self-regulated, but we believe it is philosophically possible, in the future, for controls to be reduced in some premises on certain occasions. However, that time is not the present – that is some way in the future.”<sup>17</sup>

57. While some other witnesses, including UNISON, claimed that FSA were pushing for reform of EU Regulations to allow more self-regulation, the MHS did not make the case in their own evidence to the Committee. If anything, the oral evidence given to the Committee made the case for their retaining a permanent presence at abattoirs. Steve McGrath told the Committee:

“The public expects us to be there, because our presence gives consumers confidence in the safety of meat.”<sup>18</sup>

and

“By not allowing self-inspection in the red meat industry we have to ensure we understand the reason for that. Any change in Europe will take many years to implement, and this is not something that I can see appearing on the horizon for a very

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<sup>16</sup> Rural Development Sub-committee: *RDC(3)-AWMH 3 - Which?*, p. 4

<sup>17</sup> RoP, [para 48], 25 January 2010, Rural Development Sub-committee

<sup>18</sup> RoP, [para 238], 25 January 2010, Rural Development Sub-committee

long time. We must understand that the red meat industry in particular has had a number of experiences of E. coli and BSE. We must, therefore, give the public confidence that the controls that we put in place are fit for purpose and are delivering results according to the legal requirements of Europe.”<sup>19</sup>

58. Having considered the evidence presented to it, the Committee does not believe that a convincing case has been made for moving to self-regulation within the red meat industry at this time. The Committee believes that public confidence in animal welfare and meat hygiene is best served in the short to medium term by a permanent regulatory presence at abattoirs and meat processing plants.

59. However, the Committee believes that the wide range of concerns raised with it regarding the current situation suggest that the industry would benefit from a review of how current legislation is being implemented in Wales, to include all the issues raised in this report.

**The Welsh Government should set up a review group, including representatives from all parts of the meat industry, to look at the effectiveness of how current legislation is being enforced in Wales. The review should consider what reforms are possible, within the current EU legislative framework, to ensure that the highest standards of animal welfare and meat hygiene are delivered in the most efficient manner.**

### **Funding and Subsidy**

60. The question of who should pay for the regulatory services provided by the MHS emerged as a contentious one during the course of the inquiry, due to the FSA’s proposals to move towards full cost recovery from the industry and bring an end to the subsidy it currently provides.

61. In their evidence, MHS stated that the current cost of providing the service in Wales is £4m, of which the industry pays £2m with the remainder coming from government and the FSA.

62. The reasoning behind the FSA’s desire to move towards full cost recovery was explained to the Committee by Steve McGrath:

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<sup>19</sup> RoP, [para 243], 25 January 2010, Rural Development Sub-committee

“On a point of principle, the Food Standards Agency is the regulator of the fresh meat industry, and we do not think it appropriate for a regulator to also have to subsidise that industry.”<sup>20</sup>

63. The impact that a move to full cost recovery would have if the costs were passed onto the consumer or farmer / producer is outlined in the tables below, provided to the Committee by MHS:

**Table 1: Impact of full cost recovery if passed on in full to consumers**

Product	Pence per item		
	Current	Proposed	Increase
Whole chicken (£4.00)	0.6p	1.4p	0.8p
500g. Lean mince (£1.92)	0.45p	0.92p	0.47p
Pork loin chop per kg (£6.15)	1.3p	2.7p	1.4p

**Table 2: Impact of full cost recovery if passed on in full to farmers / producers**

Animal	Per item <sup>21</sup>			
	Value	Current	Proposed	Increase
Chicken	£1.51	0.6p	1.4p	0.8p
Beef	£895	£4.38	£8.92	£4.54
Sheep	£74	£0.44	£0.89	£0.45
Pig	£100	£0.63	£1.27	£0.65

64. The Committee heard that while there is a requirement under EU legislation to charge operators for the delivery of official controls, the charges vary between member states and can therefore create some distortion in the market. Figures provided to the Committee by MHS

<sup>20</sup> RoP, [para 263], 25 January 2010, Rural Development Sub-committee

<sup>21</sup> Charges per item estimated by calculating the average cost and charge per animal unit, based on 2008/09 throughput volumes and hours and 2009/10 charge rates

show current UK charges to already be among the highest in Europe; while a move to full cost recovery would make the charges levied on UK FBOS by far the highest in Europe.

65. There was widespread concern among those who presented evidence to the Committee regarding the potential impact of a move to full cost recovery on the industry.

66. Some witnesses, such as AMI and NFU argued that since the controls were in effect a service provided to the consumer for their protection, it was only right that it should be paid for by government. In their evidence, AMI stated:

“It is our view that, as this is first and foremost a service to the consumer, the service should be provided for and funded centrally.”<sup>22</sup>

67. The NFU told the Committee:

“Protection of consumer health against any risks which may arise from food should not in our view, be dependent on changed economic circumstances or the ability of an industry to pay.”<sup>23</sup>

68. By far the greatest concern expressed by witnesses was the negative impact that full cost recovery would have if the charges were not passed on to the consumer but had to be met by the farmer or abattoir – the scenario considered most likely by the majority of witnesses.

69. NFU Cymru, HCC, AMI, AIMS and WLBP all expressed concern that the increased costs would force many of Wales’ small and medium sized abattoirs out of business.

70. NFU Cymru highlighted the fact that 34 Welsh abattoirs had already closed since 1990, and believed that the proposed charging reforms would exasperate this trend.

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<sup>22</sup> Rural Development Sub-committee RDC(3)-02-10 : Paper 4 : *Inquiry into Animal Welfare and Meat Hygiene : Evidence from the Association of Meat Inspectors*, 25 January 2010, p.3

<sup>23</sup> Rural Development Sub-committee: RDC(3)-01-10 : *Paper 1 : Inquiry into Animal Welfare and Meat Hygiene : Evidence from NFU Cymru*, 14 January 2010, para. 6



71. Peter Hewson of AIMS told the Committee:

“If total cost recovery was placed on the industry and there was no way of subsidising the smaller slaughterhouses, they would not be able to afford it.”<sup>24</sup>

72. Kevin Lewis of AMI suggested that only the very largest abattoirs would survive:

“If the FSA went along the lines of full-cost recovery, you will probably have two or three abattoirs left in Wales because the costs are astronomical. It is potentially £59,000 a year for a meat inspector and £70,000 or more for a veterinarian. What small business can afford that?”<sup>25</sup>

73. Ed Bailey of NFU Cymru highlighted the fact that the closure of small abattoirs in rural Wales would lead to and increase ‘food miles’ as animals would be transported large distanced to be slaughtered and processed, and have a knock-on effect on local producers:

“The smaller slaughterhouses tend to cater for local butchers and niche markets, which are very important to the Welsh meat industry. Consequently, given that animals have to travel maybe 100 to 150 miles to be slaughtered – and it is easily that in some cases, if not more – only to be brought back to local butchers’ shops, it seems to detract from our aim in Wales of offering a green product with low food miles that can be sold locally.”<sup>26</sup>

74. The MHS told the Committee that one of the options being considered going forward was that the subsidy should be regionally based and administered according to the priorities of the devolved administrations. Discussions with the devolved governments were ongoing, the Committee was told.

75. Both HCC and NFU Cymru told the Committee that, in the event of the FSA introducing full cost recovery, the Welsh Government should intervene to provide the necessary support to Welsh abattoirs. NFU Cymru stated:

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<sup>24</sup> RoP, [para 86], 14 January 2010, Rural Development Sub-committee

<sup>25</sup> RoP, [para 89], 25 January 2010, Rural Development Sub-committee

<sup>26</sup> RoP, [para 20], 14 January 2010, Rural Development Sub-committee

“NFU Cymru believe that if the FSA is intent on passing the full cost of meat controls back to industry then the relevant Welsh Ministers should investigate whether the Welsh Assembly Government can intervene to ensure that the abattoir sector both small and large in Wales can thrive.”<sup>27</sup>

76. Gwyn Howells of HCC advocated that resources be targeted at achieving specific objectives in terms of sustainable food production and low food miles:

“...with any costs or interventions, we need to understand that we want to achieve in terms of a viable processing sector, and therefore, channel the interventions appropriately so that we have a sustainable industry and abattoirs located where the stock is bred and produced.”<sup>28</sup>

77. The Committee is opposed to any change to the charging regime that would endanger the future of small and medium sized abattoirs in Wales. The evidence presented to this inquiry has convinced the Committee that the proposed move to full cost recovery would pose just such a threat.

78. As well as the direct effect of job losses, the Committee is concerned by the impact that abattoir closures would have on food miles and the production of local Welsh produce for niche markets.

**The Committee urges the Welsh Government to use all means at its disposal to prevent the FSA from implementing full cost recovery and removing its subsidy to the industry until an alternative mechanism for subsidising the cost of controls had been put in place.**

**The Committee recommends that the Welsh Government develop a mechanism for subsidising the industry that will secure the future of Welsh abattoirs, with support being prioritised for small and medium sized operations which serve local markets.**

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<sup>27</sup> Rural Development Sub-committee: *RDC(3)-01-10 : Paper 1 : Inquiry into Animal Welfare and Meat Hygiene : Evidence from NFU Cymru*, 14 January 2010, para. 15

<sup>28</sup> RoP, [para 216], 14 January 2010, Rural Development Sub-committee

## Devolution

79. NFU Cymru called for consideration to be given to the potential benefits of devolving responsibility for enforcing animal welfare and meat hygiene legislation to the Welsh Assembly Government (WAG):

“NFU Cymru believe that WAG should investigate whether there are economies that could be made if responsibility for the implementation and enforcement of meat hygiene and animal welfare legislation in slaughterhouses in Wales was to be transferred to the WAG / NAW rather than be dealt with on a GB level through the FSA. We believe that a review should be instigated to investigate the pros and cons of such a move. There does appear to be an anomaly where the WAG has devolved responsibility for agriculture... It is in some ways odd that NAW / WAG to not have greater responsibility and autonomy for the legislation and enforcement of meat hygiene and animal welfare at slaughterhouses in Wales.”<sup>29</sup>

80. In particular, NFU Cymru believed that greater devolution in this area would allow WAG to introduce different implementation mechanisms and charging schemes.

81. Both WLBP and HCC supported the idea of a review such as that proposed by NFU Cymru.

82. BVA, however, were sceptical of devolving powers over animal welfare and meat hygiene to Wales and the other devolved administration, fearing it could lead to increased costs and inefficiencies. They told the Committee:

“... if the devolved administrations adopt different approaches to the enforcement of current EU Legislation; this will inevitably lead to inconsistencies in enforcement and cross border issues. Future changes to be considered must be compatible with policies adopted in England.”<sup>30</sup>

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<sup>29</sup> Rural Development Sub-committee: *RDC(3)-01-10 : Paper 1 : Inquiry into Animal Welfare and Meat Hygiene : Evidence from NFU Cymru*, 14 January 2010, para. 27

<sup>30</sup> Rural Development Sub-committee: *RDC(3)-02-10 : Paper 1 : Inquiry into Animal Welfare and Meat Hygiene : Evidence from the Veterinary Public Health Association*, 25 January 2010, p. 3

83. The Committee believes that the Welsh red meat industry could benefit from responsibility for enforcing welfare of animals at slaughter and meat hygiene regulations being devolved to the Welsh Government.

**The Committee calls on the Welsh Government to look into the possibility of devolving responsibility for enforcing animal welfare and meat hygiene legislation in respect of animals at slaughter to it, and to request the transfer of powers from the UK Government should the Welsh Government's review find that such a move would be beneficial.**

## Witnesses

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The following witnesses provided oral evidence to the Committee on the dates noted below. Transcripts of all oral evidence sessions can be viewed in full at <http://www.assemblywales.org/bus-home/bus-committees/bus-committees-scrutiny-committees/bus-committees-third-rd-home.htm>

### *14 January 2010*

Ed Bailey	National Farmers Union of Wales
Dylan Morgan	National Farmers Union of Wales
Peter Hewson	Association of Independent Meat Suppliers
Don Thomas	Welsh Lamb and Beef Production
Sion Aron Jones	Hybu Cig Cymru
Gwyn Howels	Hybu Cig Cymru
Julia Wrathall	The Royal Society for the Prevention of Cruelty to Animals

### *25 January 2010*

Jason Aldiss	British Veterinary Association
Rhian Parry	Association of Meat Inspectors
Ron Spellman	UNISON
Simon Watson	UNISON
Graham Cross	UNISON
Steve McGrath	Meat Hygiene Service
Collin Willson	Meat Hygiene Service
Steve Wearne	Food Standards Agency Wales

## List of written evidence

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The following people and organisations provided written evidence to the Committee. All written evidence can be viewed in full at [http://www.assemblywales.org/bus-home/bus-committees/bus-committees-scrutiny-committees/bus-committees-third-rd-home/inquiries-3/rdc3\\_awmh-home-2/rdc\\_3\\_awmh\\_responses.htm](http://www.assemblywales.org/bus-home/bus-committees/bus-committees-scrutiny-committees/bus-committees-third-rd-home/inquiries-3/rdc3_awmh-home-2/rdc_3_awmh_responses.htm)

<i>Name</i>	<i>Organisation</i>	<i>Reference</i>
Ed Bailey and Dylan Morgan	National Farmers Union of Wales	RDC(3)-01-10: Paper 1
Peter Hewson	Association of Independent Meat Suppliers	RDC(3)-01-10: Paper 2
Don Thomas	Welsh Lamb and Beef Production	RDC(3)-01-10: Paper 3
Sion Aron and Gwyn Howells	Hybu Cig Cymru	RDC(3)-01-10: Paper 4
Julia Wrathall	RSPCA	RDC(3)-01-10: Paper 5
Jason Aldiss	British Veterinary Association	RDC(3)-02-10: Paper 1
Ron Spellman, Simon Watson and Graham Cross	UNISON	RDC(3)-02-10: Paper 2, Paper 2 Annex A, RDC(3)-06-10 Paper 10, RDC(3)-06-10 Paper 11, RDC(3)-06-10 Paper 12, RDC(3)-06-10 Paper 13
Steve Wearne, Steve McGrath and Collin Willson	Food Standards Agency Wales	RDC(3)-02-10: Paper 3
Rhian Parry	Association of Meat Inspectors	RDC(3)-02-10: Paper 4
	Randall Parker Foods	RDC(3)-AWMH 1

Animal Aid	RDC(3)-AWMH 2
Which?	RDC(3)-AWMH 3
The Farm Animal Welfare Council	RDC(3)-AWMH 4
NFU Cymru	RDC(3)-AWMH 5
Food Standards Agency	RDC(3)-AWMH_6
Welsh Lamb and Beef Producers	RDC(3)-AWMH 7
Hybu Cig Cymru	RDC(3)-AWMH 8
RSPCA	RDC(3)-AWMH 9
Association of Independent Meat Suppliers	RDC(3)-AWMH 10
Farmers' Union Wales	RDC(3)-AWMH 11
The Association of Meat Inspectors	RDC(3)-AWMH 12
UNISON	RDC(3)-AWMH 13