



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

WRITTEN STATEMENT BY THE WELSH ASSEMBLY GOVERNMENT

Title: Distribution of the EU Dairy Fund in Wales

Date: 03 March 2010

By: Elin Jones, Minister for Rural Affairs

In October 2009, the former Agriculture Commissioner Marianne Fischer-Boel announced a €300 million fund to assist the dairy industry. This was voted in by Member States on 3 December 2009. As a result Commission Regulation 1233/2009 was published on 15 December 2009 and this set the strict deadlines for distribution of the fund. This regulation specified that the fund must be distributed by 30 June 2010 and should provide support to dairy farmers severely affected by the dairy crisis on the basis of objective criteria and in a non-discriminatory way. I was pleased to see that Wales had been allocated just over €3.5 million of the €29.26 million awarded to the UK.

I issued a consultation on 20 January 2009 to determine how this money was distributed in Wales. The consultation had two options:

- Option 1; a payment of 0.2 pence per litre of production during the 12 month period of greatest market disturbance (1 October 2008 to 30 September 2009) to each dairy farmer
- Option 2; a two-tier payment comprising a payment of 0.5 pence per litre on the first 100,000 litres of production plus an estimated payment of 0.15 pence per litre on production over 100,000 litres during the specified period.

I agreed with Defra and the Devolved Administrations that as milk production is closely linked with milk quotas, which are administered on a UK-wide basis by the Rural Payments Agency (RPA) that the fund would be distributed on a UK basis by the RPA provided the same option was chosen by all of the UK.

This would ensure that administration costs would be kept to a minimum. If Wales chose an alternative option to the rest of the UK the payments could not be guaranteed to be made by the deadline of 30 June 2010 by the RPA.

I asked for all responses to the consultation by 17 February 2010 and 4 responses were received. Option 1 was chosen by the majority of farmers and industry representatives throughout the rest of the UK but in Wales our responses showed a 50/50 split between both options. There was also the added pressure of making the payments by the closing date of 30 June and Option 1 allows us to guarantee this and ensures farmers in Wales receive their payment at the same time as the rest of the UK. If we opted for Option 2 and the rest of the UK opted for Option 1 there was a major risk that Welsh farmers would receive their payments later than the rest of the UK and a danger that there would not be enough time to make the payment by the deadline of 30 June and Welsh farmers would miss out on the fund.

In considering how to distribute the UK share of the fund, I agreed to the following governing criteria with Defra and the Devolved Administrations and this was agreed by the majority of respondents:

1. Payment will only be made to milk producers and direct sellers registered with the Rural Payments Agency during the specified period.
2. Payment will only be made on actual production during the specified period and the quantity produced will not be adjusted for butterfat.
3. Any producer who ceased production during the specified period will receive a payment on production up to the point that production ceased.
4. To help reduce administration costs a payment will not be made to any producer whose production was less than 50,000 litres (which is equivalent to the production of 7 cows).
5. Details of the volume of milk produced by wholesale milk producers will be requested from milk purchasers. Direct sellers will be requested directly to provide details on their production.

The RPA have contacted all producers to confirm their production levels from 1 October 2008 to 30 September 2009 and are currently engaged in confirming farmers bank details. As a result of choosing Option 1 dairy farmers in Wales can expect to receive their payments from mid-April.