

# **RED MEAT INDUSTRY (WALES) MEASURE 2010**

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## **EXPLANATORY NOTES**

### **INTRODUCTION**

1. These Explanatory Notes are for the Red Meat (Wales) Measure 2010 which was passed by the National Assembly for Wales on 10 March 2010 and approved by Her Majesty in Council on 11 May 2010. They have been prepared by the Department for Sustainable Futures of the Welsh Assembly Government to assist the reader of the proposed Measure. The Explanatory Notes should be read in conjunction with the Measure but are not part of it.

### **COMMENTARY ON SECTIONS**

#### **Section 1 – Meaning of the “red meat industry”**

2. This section defines what is meant by the term ‘red meat industry’ as it applies in this context, that is, breeding, keeping, processing, marketing and distribution of cattle, sheep and pigs (both alive and dead) and any products substantially derived from such animals.
3. Some activities are not covered by this Measure because there are separate arrangements for the support and development of those products such as milk and milk products and fleece wool which are under the responsibility of Dairy UK and the Wool Marketing Board respectively. Hides are not covered as these have never considered to be part of the red meat industry but to be one element of the knackery trade which is not subject to levy.
4. The Measure provides that the scope of the application of the powers available under the Measure are to be applied differently to the three key sectors.

#### **Section 2 – Objectives**

5. The objectives of the Measure are ;
  - To increase efficiency or productivity in the red meat industry
  - To improve marketing in the industry
  - To improve or develop services that the industry provides or could provide to the community
  - To improve ways in which the industry contributes to sustainable development

6. These objectives are the same as those of the current Welsh Levy Board and also mirror the objectives set out in the Natural Environment and Rural Communities Act 2006 (“the NERC Act”) which is the main defining legal framework for the promotion and development of the major agricultural sectors in the United Kingdom.

### **Section 3 – Functions**

7. The functions of the Measure are to provide the means and mechanisms by which Welsh Ministers have the power to be able to amend the detail of the Measure by being able to change the wording, add new descriptions or delete existing descriptions of the activities that can be undertaken to develop and promote the red meat industry. The detailed explanation is given in Schedule 1.
8. Welsh Ministers also have the power to create a reserve fund if necessary for the purposes of assisting with financing of these activities.

### **Section 4 – Imposing a levy : designation of persons liable**

9. The principal mechanism by which the red meat industry is supported financially is by the raising of funds from within that industry which can then be spent in the development and promotion of the various activities set out in Schedule 1.
10. The Measure sets some basic parameters in respect of the levy.
11. Money raised in each sector (cattle, sheep and pigs) must be spent for the benefit of that sector and so the promotion of the sector will be proportionate to its importance to the agriculture industry in Wales.
12. The money raised can only be spent on the development and promotion of these three sectors in the red meat industry, for example, it cannot be spent on the promotion of general agricultural produce from Wales nor could it be spent on general research and development.
13. The Measure provides flexibility so that the levy could be required to be paid by everyone in the whole supply chain from the farmer who keeps the stock and breeds and rears the animals through to the butcher who sells meat and other products to the final consumer. Slaughterhouse operators, exporters, livestock auction markets and companies involved all forms of further processing may become eligible to have a levy fee charged on them.
14. The Measure sets out four categories of persons who may be eligible to have a levy fee charged on them, that is;
  - Those engaged in designated primary activity
  - Those engaged in designated secondary activity
  - Slaughterers
  - Exporters

15. The terms primary and secondary activity are defined in this section in paragraph 6.
16. These definitions are given in broad rather than specific terms so that that Measure can provide a flexible framework within which different parts of the industry might be used as the point of determination for the levy to be charged. The same flexibility is given in respect of the point or points where the levy might be collected.
17. This flexibility is important in a Measure such as this because Welsh Ministers need to have powers such that they are able to develop the industry according to medium and long term strategies based on the assessment and evaluation of future market demands and opportunities. Those projections about the future are certainly going to change and so this Measure aims to provide the mechanisms through which the support to the industry can be adapted to react to and reflect those changes.

#### **Section 5 - Levies imposed on slaughterers or exporters**

18. This section sets out the framework within which the current, existing arrangements for the determination and collection of the levy at the point of slaughter or the point of live export can continue without interruption or major amendments.
19. The way in which the current levy is calculated and paid is set out in Schedule 2.

#### **Section 6 – Power to make provision about levies imposed in respect of persons carrying out a designated primary activity or a designated secondary activity**

20. This section sets out the framework within which Welsh Ministers may set arrangements for the determination and collection of levy at other points within the supply chain. Any such arrangements must be made by order.

#### **Section 7 – Delegation and subsidiaries**

21. This section sets out the framework within which Welsh Ministers have the power to be able to delegate all, some or none of their responsibilities to third parties. It also provides the framework within which Welsh Ministers have the power to be able to acquire or establish subsidiaries to carry out any of their functions.
22. This section makes it possible for Welsh Ministers to set up and enter into arrangements with bodies such as Hybu Cig Cymru – Meat Promotion Wales (HCC) such that HCC may take on some or all of the responsibilities and deliver some or all of the functions. It provides flexibility so that other options could be used in future and/or current arrangements could be changed or amended.
23. This section makes it clear that Welsh Ministers cannot delegate the responsibility for making regulations or orders nor for making directions to any one else.

## **Section 8 – Returns and Estimates**

24. This section sets out the arrangements by which persons liable to pay a levy must submit returns stating the number of chargeable cattle, sheep and pigs, giving whatever information is required and in whatever format is required as might be determined by the direction of Welsh Ministers.
25. The section provides that the nature, timing and content of any such returns can be altered and amended as necessary.
26. It also provides for situations where returns are due from persons liable to pay levy but they do not submit them, in this case any such persons may be given an estimate (in writing) of the expected number of animals that levy must be paid on. They then have 28 days to provide a correct and accurate return in the required format otherwise they must pay whatever levy is necessary based on the estimate they have been given.

## **Section 9 – Provision of information**

27. This section provides the framework that requires that people who must pay the levy must keep proper records about the animals that levy is based on and that they must produce those records for inspection when required to do so.
28. If people do not keep such records and/or fail to produce the records when asked then this is an offence and this section sets out the nature of that offence and the scale of the penalty.

## **Section 10 – Inspection**

29. This section sets out the powers that Welsh Ministers have for the appointment of inspectors (appointed person) who can go out and check the animals, the records and the payment information to make sure that the requirement to account for and pay the levy has been met.

## **Section 11 - Powers of entry**

30. This section sets out the general and specific conditions that need to be met before an inspector (appointed person) can apply for a warrant to enter land and/or premises for the purposes of enforcing the Measure.

## **Section 12 – Offences committed by bodies or partnerships**

31. This section sets out the framework by which individuals such as directors, managers, secretaries or other officers of corporate bodies such as limited companies or other forms of legal entity have personal responsibility within the terms of this Measure and action may taken against them if they have committed any offences under this Measure.

32. Similar conditions are set out for incorporated bodies, partnerships and Scottish partnerships so that it is clear how this Measure would apply to the different operators within the red meat industry supply chain.

### **Section 13 – Time limits for bringing proceedings**

33. This section sets time limits for bringing proceedings under this Measure which are within 6 months of the date at which there is sufficient evidence to that an offence may have been committed but proceedings cannot be started more than 2 years after the date on which the offence was committed.

### **Section 14 - Definitions**

34. This section defines the main terms as necessary within the context of this Measure.

### **Section 15 – Dissolution of the Welsh Levy Board**

35. This section provides the powers by which the Welsh Levy Board will be abolished. The Welsh Levy Board is an Assembly Sponsored Public Body set up under the terms of the NERC Act and the Welsh Levy Board Order for the purposes of setting, raising and spending levy monies raised from the Welsh red meat industry.

### **Section 16 – Directions**

36. This section simply states that under this Measure any directions given by Welsh Ministers must be given in writing but that they may be varied or revoked by any later direction.

### **Section 17 – Orders and regulations**

37. This section makes provision relating to the order and regulation making powers under the Measure. These powers are subject to negative resolution procedures, with the exception of any order made under sections 3(3), 4(4) and (5), 5(4) and 6(3) which are subject to affirmative procedure.

### **Section 18 – Commencement**

38. This section sets out when the powers under this Measure come into force.

### **Section 19 – Short title**

39. The short description of the Measure is Red Meat Industry (Wales) Measure 2010.

### **Schedule 1**

40. This Schedule gives a detailed description and explanation of the nature of the activities that can be undertaken for the purposes of developing and promoting the red meat industry.

## **Schedule 2**

41. This Schedule explains how the levy is calculated and paid by slaughterers and exporters.

### **RECORD OF PROCEEDINGS IN NATIONAL ASSEMBLY FOR WALES**

The following table sets out the dates for each stage of the Measure's passage through the National Assembly for Wales.

Introduced	19 October 2009
Stage 1 - Debate	12 January 2010
Stage 2 Scrutiny Committee – consideration of amendments	3 February 2010
Stage 3 Debate	10 March 2010
Stage 4 Debate	10 March 2010
Royal Approval in Council	11 May 2010

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