

MEAT INSPECTION CHARGES TASK FORCE – REPORT AND RECOMMENDATIONS

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MEAT INSPECTION CHARGES TASK FORCE – REPORT AND RECOMMENDATIONS

Executive Summary

1. It is generally agreed that the present EU meat inspection regime, as laid down in the various Meat Hygiene Directives, is outdated and needs replacing with a more risk based system. This agreement is shared with the Government, the meat industry and the veterinary profession in the UK, with several other Member States, and with a number of senior Commission officials in Brussels. However, it is recognised by all that it will take some years to effect the required changes in EU legislation.
2. It is also agreed in the UK that the prescriptive supervisory role assigned to qualified veterinary surgeons by the Directives, and the very subsidiary role for auxiliaries, are inappropriate and unnecessary, underutilising the skills of auxiliaries and providing for inadequate delegation of tasks by the veterinary surgeon to the auxiliary.
3. The UK Government, when establishing the Meat Hygiene Service in 1995, decreed that the service would recover from the meat industry as much as possible of the costs arising from hygiene inspections. When controls associated with BSE were added the Government agreed to fund them, but not those associated with hygiene and normal meat inspection.
4. Applying the veterinary dominated Meat Hygiene Directives added significant costs to the meat inspection/meat hygiene system in the UK. The UK Government tried to mitigate these added costs by 'sensible' interpretation of the Directives in the UK Regulations.
5. Over the last 4 years a series of inspections by the Food and Veterinary Office of the Commission has indicated that many of these interpretations are not legally allowable under the Meat Hygiene Directives, and this led to the Commission initiating infraction proceedings against the UK Government.
6. In the face of these legal proceedings, the UK Government agreed to fulfil the Directives' requirements in relation to veterinary supervision levels to the letter, including the imposition of 100% veterinary cover in all but the smallest slaughterhouses. Although the Commission's advice on the supervision requirements for low-throughput slaughterhouses indicated that 100% veterinary cover was not required, the insistence that the OVS undertake the ante-mortem inspection as a minimum in low throughput red-meat slaughterhouses will also add substantially to their costs.

7. Our studies show that the added costs on the industry of moving from the levels of veterinary supervision pertaining in 1999/2000 to full veterinary cover in 2001/02 will be in the region of £11 million (at 1999/2000 hourly rates). In some cases this will result in a near doubling of inspection charges for certain individual plants, particularly those in the small and medium sized sector, removing a substantial proportion of their profit and threatening many businesses.
8. We have identified an important role, both in the meat and livestock industry and in the wider rural / local economy, for small and medium-sized plants. We believe that in the face of an inspection system whose charges are punitive (due to impositions inherited from the history of merging the UK and EU meat inspection systems and not because they add to consumer protection) action should be taken to change both the inspection system and the associated charging system.
9. Although there is widescale agreement in UK and EU that the long-term solution is to change the inspection system, it will be many years before this can be achieved. We therefore concentrated our efforts on searching for ways to mitigate the effects of the forthcoming leap in veterinary supervision levels.
10. Investigation of the Meat Hygiene Directives with the help of FSA lawyers clearly demonstrated that there is no leeway for change in the interpretation of the use and deployment of veterinary surgeons and what they could legitimately delegate to auxiliaries.
11. Investigation of the EU Charges Directive and the domestic Charges Regulations revealed that it would be perfectly legal for the UK Government to contribute to the costs of meat inspection in order to help the industry. In the face of the serious threat to the small and medium sized enterprises, we decided that they should be asked to do this.
12. After examining a number of different systems we concluded that the best way, legally, of providing support for the small and medium sized businesses without adding to the costs of the larger businesses would be to change the charging system to the one envisaged by the Charges Directive itself. This would involve charging abattoirs and cutting plants the lower of either the standard throughput charges laid down in the Directive or their actual inspection costs (subject to the minimum charge of 45% of the standard charge, again as laid down in the Directive). We therefore recommend that the UK Government should adopt this system, while making all haste in getting in place a new, risk-based, meat inspection regime and which would allow more delegation of official controls to auxiliaries, as recommended by the Pooley Group.

13. We have proposed certain safeguards to ensure that the efficiency of the Meat Hygiene Service and its ability to protect public health is maintained at the highest level.
14. The cost of our proposals to the Government, assuming full veterinary supervision of abattoirs in accordance with EU rules, could be between £14 million and £19 million in 2001/02, and each year thereafter.
15. The alternative to some form of assistance would be serious decimation of the small and medium sized abattoir and cutting plant sector.

MEAT INSPECTION CHARGES TASK FORCE – REPORT AND RECOMMENDATIONS

Introduction and Background - The Problem

1. In its report of December 1999, the Meat Industry Red Tape Working Group (chaired by Robin Pooley) said that “MHS charges are punitive and, it was argued to us, are rising out of control”. Although the meat industry welcomed the freezing by the Government of Meat Hygiene Service (MHS) hourly rates for meat inspectors last year, and the cap on increased rates this year, the industry is still facing further considerable increases in hygiene inspection costs as levels of veterinary supervision increase over the next 12 months or so. As the Pooley Group report indicated, their recommendations were designed to significantly reduce the MHS cost base and to improve efficiency, and we look forward to their implementation as soon as possible. However, this in itself would not be enough to resolve the issue of Government charges for hygiene inspections.

2. As the Pooley Group recognised, there are conflicting views about the best basis for levying MHS hygiene inspection charges. Large plants want to continue with the current hourly rate basis, whilst smaller plants favour a system based on headage payments. The Pooley Group said that there were no easy solutions, and they were not able to develop an answer in the time available. Large plants have said that they would have no objection to some form of assistance being given to smaller plants provided that it did not involve the large plants themselves having to pay more in inspection costs as a result. The Pooley Group therefore suggested that one way forward might be some form of ‘capping’ mechanism for the costs faced by low volume abattoirs, with the Government picking up any resulting shortfall in MHS income. However, the Pooley Group recognised that the matter was not straightforward. It therefore recommended the establishment of a small task force, with industry involvement, “to explore, within a specified deadline, all the issues surrounding a ‘capping’ approach in more detail. The terms of reference should also permit it to consider alternative ways of alleviating the excessive costs faced by low volume plants”.

The Cause of the Problem

3. The basic problem (of high inspection costs) arises because of a number of inter-connected factors:

- the additional costs arising from some amalgamation of inspection effort caused by the imposition of the continental system of meat inspection by veterinarians onto the traditional British system of meat inspection by local authority Meat Inspectors, when the UK joined the European Community and had to implement the existing EC rules on meat hygiene;

- the relatively high cost of veterinary manpower in the United Kingdom because of the historical constraint on veterinary undergraduate numbers and the higher profitability of private practice, and the relative lack of interest in meat hygiene work amongst many UK veterinarians;
- increasing levels of veterinary supervision of licensed meat plants in Great Britain now being introduced, to bring the UK into line with EU requirements, following the commencement of infraction proceedings against the UK by the European Commission;
- moves towards full implementation of EU meat hygiene rules in GB;
- initiatives by successive Governments to raise hygiene standards across the board in British meat plants; and
- the requirement (under Government rules) on the MHS to recover its relevant costs, which results in a system of charging by the hour for meat inspection. This makes the problem particularly acute for smaller plants, and appears to be different from practices in most other Member States.

The Scale of the Problem

4. The scale of the problem is best illustrated by looking at the level of inspection charges recovered from the GB meat industry by the MHS in recent years, and what this might be when veterinary supervision in GB licensed meat plants brought into full compliance with EU rules (possibly from April 2001). In 1995/96 (the first year of the MHS) inspection fees charged to industry amounted to £28.6m (although this figure was lower, by some £2.5m, than it otherwise would have been due to Government transitional relief). By 1998/99 this sum had risen to £32.5m and rose again to £36.2m in 1999/2000, largely reflecting the gradual increases in levels of veterinary supervision since mid-1998 (see Appendix 3). However, the total income from the industry for inspection charges in 2001/02 could reach £47.4m (assuming full veterinary supervision is implemented, that those currently in business remain so, and that the present Government 'subsidy' of £3.3m is removed). This would represent an increase of some 52% over the unsubsidised charge of £31.1m in 1995/96, or 66% over the subsidised charge of £28.6m. It is clear to us that the current charging system (based on hourly rates) disproportionately affects the smaller and medium-sized plants. Bearing in mind that the profit margins in this industry are small, usually in low single figures, the following table illustrates the growing impact which meat inspection charges have been having on a typical low throughput abattoir and a small full throughput abattoir.

Inspection Costs as % of turnover	1994	1995	1998	1999
Low throughput red meat abattoir	1.20	1.88	3.46	4.30
Small full throughput red meat abattoir	0.76	0.86	1.60	2.50

The Basis of our Studies

5. In its response to the recommendation of the Pooley Group that veterinary supervision levels should not be further increased but should be frozen at April 1999 levels, the Government made clear that it has no option but to continue to seek to fulfill the commitments it has given to the European Commission about increasing levels of veterinary supervision in British meat plants gradually, with the aim of securing full compliance with EU rules by the end of March 2001 (see timetable for increasing veterinary supervision in GB licensed fresh meat premises at Appendix 4). We do not believe that there is any prospect of the Government changing its position on this, at least in the short-term. The industry therefore faces a massive increase in veterinary attendance, and thus costs, without in the medium term there being much likelihood of the Government initiating any significant reductions in the levels of Meat Hygiene Inspector manpower or in the structure of the Meat Hygiene Service as a whole.

6. We have therefore sought to satisfy ourselves that the existing Community rules on veterinary supervision do not allow or provide for any greater flexibility in the frequency of attendance at meat plants by the official veterinarian and in the use of auxiliaries than is currently the case in GB, thereby reducing inspection costs.

7. We have also looked at what the EC Charges Directive requires and at the basis of the current MHS Charging system to see what scope exists for alternative ways of calculating and levying inspection fees, and whether there is scope for others (ie Government) to meet some of the inspection costs.

8. In the same vein, we have also looked at the available information about the level of meat inspection charges in other EU Member States. Whilst we acknowledge the difficulties involved in securing data that is totally reliable and broadly comparable, the information we have seen (including the MLC's 'Pratt' report) clearly reveals that charges in Great Britain are significantly higher than in most other Member States which, in the words of the Meat and Livestock Commission, means that the GB industry is "seriously disadvantaged compared to other member States". There is also evidence that in at least some Member States meat inspection charges are either not collected or are otherwise subsidised, possibly contrary to EU rules.

9. During a series of visits to plants, and discussions with senior managers of the Meat Hygiene Service, we have searched for ways that would permit changes in MHS operational practices in order to help alleviate the burden on meat plants, whilst maintaining appropriate levels of public health protection. We recognise that these issues are more appropriately dealt with in the proposed Efficiency Study of the MHS, but offer our views as an input to that study.

Scale and Importance of Small and Medium-Sized Abattoirs and Cutting Plants

10. In addition to its contribution to the rural economy, the small and medium-sized abattoir and cutting plant sector is a significant sector of the meat industry in its own right. Large plants do not dominate the UK meat industry. 'Small and medium-sized' includes abattoirs killing the equivalent on a single species basis of up to 500 cattle per week, 10,000 sheep, 4,000 pigs or a combination of these at a multi-species plant. These plants could employ up to say 70 staff, depending on the type of operation, eg a cutting room facility or not. A typical example of this sector, which was visited, killed on average 200 cattle, 600 pigs and 1200 sheep weekly, had a cutting room and employed 45 staff. It is estimated that the percentage of the total GB kill undertaken by this sector is some 50% of cattle, 60% of sheep and 25% of pigs. For reference the average throughput of the largest 26 beef abattoirs is 800 cattle per week. (Source of statistics :- MLC and Intervention Board).

11. The medium sized sector;

- provides an essential service in some of the remote regions of the country, eg the Highlands and Islands of Scotland, and in the National Parks;
- services a substantial proportion of the independent retail shop trade where it can fulfil the growing demand for traceability and guaranteed provenance;
- undertakes most of the slaughtering for the ethnic community trade. Our visits to such plants confirmed that some provide a service to the ethnic community by allowing "the family" in to watch the slaughter process, a service which would be unrealistic in most large plants;
- services a significant part of the small to medium catering trade through the provision of non-standardised products and flexible scale of orders. For example we visited a plant which has developed a significant section of its trade in big lambs for the larger cuts required in the high quality restaurant trade in London and other cities. This provides a profitable use for lamb which would otherwise be discounted in price to the farmer;

- services some of the meat products manufacturing industry needs. In many cases acting as a flexible outsourcing service to larger plants to prepare lower volume lines or those requiring specialist skills which are not financially viable in the large plant;
- services the wholesale meat market and depot trade (eg Smithfield) which usually involves a number of small/medium-sized traders needing smaller and more varied ranges of supply and quality;
- provides a contract slaughtering service (eg farmers stock killed for farmers markets, private sales, butchers and cutting plants buying their own stock and needing it killed locally);
- provides a secondary wholesale service to the large supermarket suppliers (eg, when promotions are on for certain cuts or when the larger plants are short of certain cuts); and
- provides a casualty slaughter service, which in turn provides animal welfare safeguards against illegal on-farm slaughter and long distance travel of casualty animals as well as some environmental benefits (eg an alternative to on-farm disposal).

Public Health and Illegal Slaughtering

12. We have been told that the current levels of charges have contributed to a rise in illegal slaughtering on farms. We cannot confirm or refute this, but at a time of severe financial pressure in the farming industry we believe that there is probably some truth in the opinion. This effectively takes the control of hygiene and consumer safety out of the hands of the authorities and has some welfare implications and should be discouraged. Clearly any further rise in inspection charges would only increase the likelihood of this happening.

The Impact of Plant Closures on the Environment and Wider Economy

13. Representations on the important role played by small and medium sized abattoirs and cutting plants in the rural economy and the likely environmental implications of their disappearance have been made to the Government by a number of organisations. As well as those representing the meat and livestock industries, the list includes the Soil Association, the Rare Breeds Survival Trust, the National Trust, the Campaign for the Protection of Rural England, the Countryside Agency, the Countryside Alliance and the National Association of Farmers Markets, amongst many others.

14. The key point raised by almost all of these organisations is that, at a time when farmers are being encouraged by the UK Government to diversify their activities and add value to their product, the closure of small and medium sized businesses would be significant for the following reasons:

- Small and medium sized abattoirs and cutting plants are integral to the success of local product initiatives and organic farming. Consumers are increasingly demanding fresh, quality, local produce that is traceable back to its source. **This is demonstrable in the increasing numbers of Farm Shops.** In addition, an inability to market meat locally will deny farmers the opportunity to add value to their product, and will deny consumers the widest choice possible.
- The role of small and medium sized abattoirs and cutting plants is critical in the success of farmers markets. Most of the meat that is sold through such markets is supplied via this sector of the industry. The success of farmers markets has a knock-on effect on town centre retailers who experience increased sales on market days.
- **Many young farmers are innovative and are seeking new opportunities to allow them to remain on the land. The loss of local meat processing removes some of these opportunities for young farmers.**
- Many large abattoirs are unwilling to accept small numbers of animals for slaughter or are unable to return the meat to the owner. If they do accept the animals they will ordinarily not be able to return the offals from the animals in question, nor return certain by-products (which can affect rural craftsmen who produce items using horns, skin etc.).
- **With increasing species specialisation amongst the larger plants, opportunities to slaughter a range of livestock, such as pigs, and goats, is already becoming increasingly difficult. Further closures will exacerbate this problem to the point where certain species will not be viable due to excessive transport costs. Particularly badly hit would be specialist deer and wild boar farmers, who are currently finding a useful niche for their products.**
- If small local abattoirs close down then it will be necessary to transport many more animals greater distances for slaughter than is currently the case, with the implications that this has for animal welfare. In addition, small abattoirs offer a personal service that reduces the stress caused to the animals.
- **The concept of Mobile abattoirs has developed significantly recently, and could offer specialist services in certain areas. This initiative will be ended if smaller plants are made non-viable by increased inspection charges.**

- From the Public Health point of view, MAFF research has already shown that increased periods of live transport more than wipes out any improvements to plant hygiene achieved under the MHS, due to the increased incidence of soiled animals. (“Safer Eating” – Microbiological Food Poisoning and its Prevention”, POST, Oct 1997)
- Greater transport distances increase ‘Food Miles’, which is an issue of growing importance.
- A network of small, local abattoirs is seen as vital to the future profitability of livestock production, especially in the more marginal areas. The disappearance of small and medium-sized abattoirs could result in the amalgamation of some family farms; and there could be substantial depopulation in some areas. Without a viable livestock sector a range other of effects might be seen.
- The demise of smaller livestock farms could have dramatic environmental implications. For instance, many specialist small-scale graziers, on whom significant areas of wildlife and conservation areas depend, could not continue without local slaughtering facilities; large areas of grass could instead be ploughed and cropped, or may end up being ‘ranched’ with the subsequent environmental damage.
- Rare breeds, which are a vital and priceless genetic resource, are only financially viable if marketed as such. Numbers are small, and marketing is normally locally based. The system depends on local slaughtering and processing.
- The auction system in the UK, already under pressure, depends to a significant extent on the small and medium slaughtering sector.
- The increasingly diversified meat industry in the UK is offering a good range of choice to the consumer. The loss of the small and medium sector would significantly reduce consumer choice, affecting amongst things farm shops, farmers markets, internet sales, village shops, independent butchers, organic shops and other specialist fine food shops.

15. We have not had time to investigate the validity of these claims but it is clear to us that the decimation of small and medium sized abattoirs and cutting plants would reduce the diversity of the consumer offering and the efficiency of market clearance in a way that would be detrimental to both the farmer and the consumer.

Study of the UK's Legal Freedoms and Flexibility

The EC Meat Hygiene Directives

(a) Veterinary Supervision in Full Throughput Plants

16. We have looked closely at the requirements of the EC Meat Hygiene Directives – 64/433/EEC for fresh (red) meat; and 71/118/EEC for poultry meat – in respect of veterinary supervision, and the roles and responsibilities which may be delegated to ‘auxiliaries’. Officials of the Food Standards Agency (FSA) have advised that, *for full throughput abattoirs*, the Fresh Meat Directive requires the “*permanent presence of at least one official veterinarian in a slaughterhouse throughout the ante-mortem and post-mortem inspections*” (Article 9). Although the same Article provides for official veterinarians (OVs) to be assisted by auxiliaries in carrying out their duties (see below), the FSA considers that the Directive is clear in *requiring OVs to personally make the ante-mortem inspection (see Article 3.1A.(b) and point 26a of Annex I, Chapter VI) and to supervise auxiliaries “on the spot” whilst they (the auxiliaries) are carrying out post-mortem inspection (see Article 9 (b))*. Taken together the FSA considers that this means an OV has to be physically present in full throughput red meat abattoirs during all ante-mortem and post mortem operational hours. This is what is meant by the term “100% veterinary supervision”. We are advised that this is the basis on which the Government has given a commitment to the European Commission to raise veterinary supervision levels in full throughput red meat abattoirs to 100% of ante-mortem and post mortem operational hours by end March 2001 (see also paragraph 22 below).

17. The Poultry Meat Directive contains similar provisions in respect of veterinary supervision of full throughput slaughterhouses, although there are differences due to farm production records largely replacing physical ante-mortem inspection in poultry, with the result that individual ante-mortem inspection of birds is not usually carried out. As for fresh (red) meat, the Poultry Meat Directive contains similar provisions for auxiliaries to assist OVs. But here again, the FSA advise that the Directive requires *auxiliaries to be supervised by an OV on the spot whilst carrying out post-mortem inspection*. And, in addition, the Directive requires the OV to personally inspect a random sample of rejected birds and examine a random sample of 300 birds which have passed post-mortem inspection (see point 47 of Annex 1, Chapter VIII).

18. In summary the prescribed role of the OV in full throughput abattoirs is to:-
- a) carry out the ante-mortem inspection;
 - b) carry out the post-mortem inspection or supervise, on the spot, those carrying it out; and

c) carry out the health control and inspect and supervise establishments, a function in which auxiliaries not under their direct supervision may assist them.

We are advised that in practical terms this means that **the OV has to be present throughout the slaughtering process in full throughput abattoirs.**

19. Provided they remain under the authority and responsibility of the OV, auxiliaries may assist with ante-mortem inspections, carry out post-mortem inspections, check on the health control of cut and stored meat, and inspect and supervise licensed premises. In poultry plants this means that the health control of cut and stored meat, and supervision of hygiene control in cutting plants and cold stores, can be carried out by either an OV or a Poultry Meat Hygiene Inspector acting under the responsibility of the OV (who does not actually have to be present).

(b) Veterinary Supervision in Low Throughput Plants

20. The veterinary supervision requirements in permanently derogated (low throughput) abattoirs and cutting plants differ from those required in full throughput plants. As a result of prompting from the industry, the UK Government sought advice last year from the European Commission on the precise requirements. Briefly, the Commission advised that in low throughput red meat abattoirs the ante-mortem inspection should be performed by the official veterinarian although the post mortem inspection could be carried by either the OVS or an auxiliary (Meat Hygiene Inspector in GB) who would refer suspect carcasses to the official veterinarian. The Commission went on to advise that in all permanently derogated red meat premises the hygiene rules must be regularly monitored by either an official veterinarian or an auxiliary acting under his / her responsibility. The Commission further advised that the rules for inspection requirements for permanently derogated poultry establishments are those laid down in Article 7 of the Poultry meat Directive. These require either an OV or an auxiliary (Poultry Meat Hygiene Inspector in GB) to be present during evisceration, or where they cannot be present, no meat to leave the premises until after the post mortem inspection has been completed.

21. The Commission's advice was helpful in clarifying the legal requirements of the relevant Directives, and represents a very welcome relaxation from the full-time veterinary supervision of slaughterhouses and the daily veterinary supervision of cutting plants which the Government had undertaken to introduce by March 2001. However, we have been advised by the FSA that application in GB of all of the requirements as explained by the Commission would result, in some cases, in a more onerous regime (and thus higher inspection costs) than that currently in place. For example, ante-mortem inspection by an OVS in every case is not current practice in GB red meat slaughterhouse, due to a variety of reasons. Similarly, post mortem inspection in low throughput poultry meat

slaughterhouses is not currently being undertaken by either an OVS or by a PMHI working under the direction of the OVS in all cases. In view of this, it is clear that any move towards full compliance with the Commission's advice would impose significantly higher MHS inspection costs that could lead to the closure of most low throughput abattoirs. We understand that the FSA is considering how best to give full effect to the Commission's advice so as to give maximum benefit to low throughput plants whilst maintaining public health safeguards. In the meantime, the Meat Hygiene Service has frozen veterinary supervision of low throughput plants at May 1999 levels. Whilst this is welcome, we remain deeply concerned about the implications for low throughput abattoirs and cutting plants should the FSA seek to implement veterinary supervision in such plants in line with the Commission's advice. We therefore urge the FSA to find a solution to this problem, which does not result in the mass closure of such plants.

(c) European Commission Infraction Proceedings against the UK

22. Much has been made of the European Commission's proceedings against the United Kingdom for alleged non-compliance with EU rules relating to levels of veterinary supervision in licensed fresh (red) meat plants. It is quite obvious that the Commission's legal services see the UK's previous position on veterinary supervision levels as a clear breach of the rules, and one that needed to be corrected. The threat of continued legal proceedings against the UK is therefore likely to remain until either the UK brings itself into line with EU requirements or those requirements are changed at Community level. For its part, the UK Government is quite clear that it has no alternative but to bring supervision levels in GB meat plants into line with EU requirements, and has given the Commission an assurance to that effect. However, given the shortage of veterinarians in GB willing to undertake meat hygiene work, full compliance with EU rules will take some time (see Appendix 4). The Commission is aware of this, but will nevertheless expect to see the UK continue to make progress in increasing veterinary supervision levels as additional resources become available.

23. It is worth pointing out that, following a mission to the UK last year to investigate the implementation of the Poultry Meat Hygiene Directive, the European Commission's Food and Veterinary Office (FVO) found that veterinary supervision levels in GB poultry plants were not in compliance with EU rules. The FVO report noted that "the frequency and duration of the presence of the official veterinary surgeon is not as required in EC legislation in establishments". In following this up, the Commission sought assurances from the UK Government about the action that is being taken to correct non-compliance in veterinary supervision levels in order to enable the Commission to decide whether or not to proceed with infraction proceedings against the UK on this issue. Given this clear signal that infraction proceedings would be started if no assurances were given, the Government has confirmed that steps were being taken towards achieving compliance in supervision levels in poultry meat plants in line with the assurances given for fresh (red) meat plants, and to the same timescale.

(d) Implications for GB Meat Industry

24. The implications of all this are quite clear, not to say stark. For many small and medium sized businesses, the cost of the required additional veterinary supervision will be unsustainable and many will be forced to close. This will be bad enough in itself, but when even the FSA and the veterinary profession admits that 100% veterinary supervision is not necessary for the protection of public health, the forced closure of such businesses becomes nothing short of scandalous. However, we have to be realistic. We are part of the European Union and carry an obligation to abide by the agreed harmonised rules. Although there is a considerable measure of agreement in the UK on the need to change those rules, the time scale this will require, the likely difficulty in persuading other member States to allow auxiliaries to replace veterinarians for certain tasks, and the double running which may be necessary if a new system of meat inspection is agreed, means that it will be several (if not many) years before this is achieved by which time our small and medium-sized meat plants could be put out of business.

The EC Charges Directive

25. We have also taken a hard look at what the EC Charges Directive (85/73/EEC, as last amended and consolidated by Directive 96/43/EC) requires in terms of recovering meat inspection costs, what discretion it provides to Member States, and whether the UK has gone, on a GB basis, further than the Directive dictates.

26. The Charges Directive sets a standard “Community fee”, which it says is intended to “cover the cost” of the relevant inspections and controls (see Appendix 5). In the case of slaughterhouses, this is a headage charge based on a fixed amount (in Euros) per animal or bird slaughtered. In the case of cutting premises the Community fee is based on a fixed amount (3 Euros) per tonne of meat entering the premises. It is understood that the original fees were set on the basis of the average costs of meat inspection throughout the Community, as provided to the Commission by the Member States. (Standard charges are converted to £ sterling at the £/euro exchange rate published in EU Official Journal on the first working day each September. Thus the £ sterling equivalent of the standard charges to apply for the calendar year 2000 were converted at £ / euro exchange rate - £1 = 1.51860 euro – published on 1 September 1999.)

27 According to the FSA, Member States do have discretion to vary the charges, but only to the extent laid down in the Directive. The provisions are detailed and somewhat complex, but in essence they allow the standard charge to be increased or reduced for particular premises, subject to a requirement that the charge cannot exceed “the actual cost of inspection” and cannot be reduced

by more than 55% in the case of any one establishment. (This is essentially the basis for the current system of charging hourly rates). Despite the provision enabling actual costs to be recovered, the Directive deems certain costs to be non-recoverable, including pre-qualification recruitment and training, bad debts and external debt recovery costs, early departure costs, and notional insurance. The criteria for increasing or reducing standard charges are economic ones, for example charges can be increased on account of the geographical remoteness of a plant, or a demand for inspections outside normal hours. They can be reduced on the grounds of such things as a consistent number of animals slaughtered, a rapid slaughter rate, lack of time wasting and so on. It is expressly provided that "No direct or indirect refund of the fees provided for in this Directive shall be permitted". The FSA advise that the application of the standard charge is expressly stated not to involve an indirect refund.

28. We are also advised that the Directive does not oblige Member States to recover the actual cost of meat inspection. (We were interested to hear that the French Government accepts that the headage charges levied in France do not cover the real cost of inspections in small plants. However, the French Government appear to recognise that anything other than a uniform charge applicable to all plants, irrespective of size, would distort competition and add unacceptably to small plants' costs. Furthermore, in Spain we are told that although charges are levied, in most cases they are not collected.) The Directive simply provides that Member States may charge up to actual costs. We have been told that as long as the standard Community fee (reduced for particular premises where the criteria allow this) is charged as a minimum, the Directive will be complied with. It is therefore clear that Community law does not require the MHS to recover all of its hygiene inspection costs from the meat industry. In terms of EC obligations, the Government is not obliged to charge more than the standard Community fee, although the Directive does lay down a minimum amount that the industry should be paying. Our studies of what happens in other Member States suggest that most are availing themselves of some or all of these freedoms. That is not the case in Great Britain however where Treasury rules dictate that the MHS should operate as far as is possible on the basis of full cost recovery. We do recognise, however, that recent Government decisions on MHS charges are not strictly in accordance with these rules.

29. We also looked at what the Directive does not permit. As already stated, the provisions enabling the standard charge to be increased or reduced are discretionary and Member States are free not to take advantage of them or to do so only to a limited extent. Variations in the standard charge can be expressed as an amount per animal or per bird. However, this does not mean that headage rates greater than those set out in the Directive can be applied simply by averaging MHS inspection costs out across the industry as a whole over the year, as some in the industry have been suggesting. Nor would the Directive allow charges to be set for the industry as a whole (or indeed for certain sectors of it) at say, twice, or three, times the standard charge laid down in the Directive.

We are advised by the FSA that the better legal view is that the Directive provides that if anything other than the standard fee is to be charged, it must be calculated individually for each establishment, except where a system of charging actual costs is used. Furthermore, any scheme which sought to reduce the overall fee charged in 'small' plants (however defined) by averaging out MHS costs for the whole year across the industry as a whole, would also have the effect of increasing the fees charged in 'larger' plants. In other words, the larger plants would have to pay more than the actual cost of the service provided. We have been advised that this would be contrary to the Directive.

The nature and extent of the problem

The Cost Increases

30. Since its establishment in 1995, the total running costs of the MHS have increased substantially, mainly because of the additional responsibilities given to the Service by the Government in relation to BSE controls for cattle and sheep. To date, the cost of enforcing BSE controls has of course been met by Government. However, within total MHS costs, the overall cost of hygiene inspections and controls, which have been recovered from the meat industry, has nevertheless continued to rise:

- in 1995/96, the total cost recovered from the industry for hygiene inspections amounted to £28.6m;
- by 1999/2000 this had risen to £36.2m;
- in 2000/01 the sum is expected to have increased to an estimated £39.1m; and
- it is forecast to reach £47.4m in 2001/02, by when veterinary supervision levels are expected to be in full compliance with EU requirements.

(The actual cost to industry in 2001/02 may be less than this, however, if the current Government financial support continues, and if the increased veterinary supervision results in substitution of some Meat Inspector time by Official Veterinary Surgeons carrying out meat inspection as part of their duties. On the assumption that 50% of the additional OVS time will be available for meat inspection work - estimated saving of £1.5m - and the Government subsidy continues at £3.3m, the projected cost to industry could be in the region of £42.6m in 2001/02.)

The Source of these Cost Increases

31. The underlying reasons for these costs increases are the decisions taken by successive Governments to improve hygiene standards across the industry, to cover all legislative requirements, and to raise veterinary supervision levels in slaughterhouses and cutting plants. The increase in the amounts recovered from industry do not appear to stem from increases in the level of MHS hourly charge-out rates for Official Veterinary Surgeons and Meat Inspectors (see Appendix 6). This shows that:

- the hourly rates for Meat Hygiene Inspectors have increased slightly from £14.00 per hour in 1995/96 (before transitional relief) to the current level of £14.85 per hour in 2000/2001 (an increase of some 6%);
- the corresponding figures for Poultry Meat Hygiene Inspectors are £12.50 in 1995/96 and £13.59 in 2000/2001 (an increase of some 8.7%);
- over the same period the average rates for contract OVSs have increased from £37.73 per hour to an estimated £40.50 in 2000/01 (an increase of just 7% in 6 years);
- whereas rates for directly employed OVSs have actually decreased from £33.71 per hour in 1995/96 to £29.13 per hour in 2000/2001.

(It must be remembered, however, that the current hourly rates benefit from the Government decision to freeze rates in 1999/2000 and to restrict the increase in 2000/2001 to below the rate of inflation, namely 2.2%. This results in an estimated reduction in charges for the industry as a whole of over £4m in 2000/2001.)

32. An analysis of the amount of OVS time being charged to industry, however, reveals a substantial increase between 1995/96 and 1999/2000, with further significant increases still to come in achieving full veterinary supervision (see Appendix 7). It is thus clear that the bulk of the increased cost burden on the industry stems directly from increased veterinary supervision levels.

The Result

33. Increasing inspection costs are reflected in the impact they have had on the profitability of individual meat plants. Data provided by the MHS on the cost of hygiene inspection per livestock unit produced (see graphs and tables at Appendices 8 - 13) clearly shows the upward shift, over time, in average costs:

- in 1996/97 some 95% of all full throughput red meat abattoirs were charged inspection costs of less than £7.99 per livestock unit (in fact 59% of plants paid less than £3.99 per livestock unit);

- in 1996/97 some 52% of all low throughput red meat abattoirs were charged inspection costs of less than £7.99 per livestock unit (with only 9% of plants paying less than £3.99 per livestock unit).

34. However, by 1999/2000, the effects of MHS cost increases and rising levels of veterinary supervision meant that:

- only 80% of full throughput red meat abattoirs were being charged less than £7.99 per unit (and only 32% of plants less than £3.99 per unit); and
- only 28% of low throughput red meat abattoirs were being charged less than £7.99 per unit (and only 6% of plants less than £3.99 per unit).

This position will, of course, worsen once veterinary supervision levels are brought into line with EU requirements. MHS projections of costs for 2001/02 assuming 100% veterinary supervision show that:

- only 56% of full throughput red meat abattoirs are likely to be charged at less than £7.99 per livestock unit (and only 17% of plants less than £3.99 per unit); and
- only 9% of low throughput red meat abattoirs are likely to be charged at less than £7.99 per livestock unit (with no plants being charged less than £3.99 per unit).

35. The data for poultry meat slaughterhouses shows a slightly different picture because of the different structure of the poultry meat industry and the use of Poultry Inspection Assistants (PIAs):

- in 1996/97, some 97% of all full throughput poultry slaughterhouses were charged inspection costs of less than 10p per bird (75% less than 3p per bird);
- in 1996/97, some 76% of all low throughput poultry slaughterhouses were charged inspection costs of less than 10p per bird (41% less than 3p per bird);
- in 1999/2000 some 90% of full throughput plants were still being charged less than 10p per bird, and 74% less than 3p per bird;
- the position changed for low throughput plants with only 10% paying less than 3p per bird in 1999/2000 compared to 41% in 1996/97;

- MHS projections for 2001/02 assuming 100% veterinary supervision show that some 85% of full throughput poultry abattoirs are still likely to be charged inspection costs of less than 10p per bird (but only 57% less than 3p per bird).

36. We have also obtained relevant data from a number of small and medium-sized abattoirs around Great Britain. This, too, amply demonstrates the increasingly severe impact which inspection charges are having on plant costs and profitability. For example, a small, full throughput abattoir in the West Midlands provided historical data on its inspection costs and turnover. On an annual turnover of around £2m, inspection costs have risen from some £17k in 1997 to £38k in 1999. On the basis of 100% veterinary supervision in 2001/02 and current throughput levels, the plant operator estimates inspection costs in the region of £70k. With an annual profit of approximately £70k over the last three years, the further increase in veterinary supervision is likely to remove some 60% of previous profit levels. In another example, we obtained data on inspection costs per livestock unit for a small, full throughput abattoir in Wales. This showed an average inspection cost in the period December 1993 to November 1994 (ie before the establishment of the MHS) of £6.90 per livestock unit. The corresponding figure for the period December 1998 to November 1999 was £8.50, and for the period December 1999 to February 2000, £11.70. This figure can be expected to increase again when full veterinary supervision is introduced. A similar position was seen in respect of a medium-sized poultry plant in the east of England, where MHS inspection costs have risen from 2.3p per bird in 1996/97 to 19.3 p per bird in 1999/2000. The plant estimates that this figure will rise to 39p per bird with full veterinary supervision. All the data we have seen indicates that most small and medium sized plants are financially viable. It is not that they are threatened by commercial factors, but rather that the escalating cost of meat inspection could put many of them out of business.

37. It is clear to the Task Force that the primary factor in the rise in MHS inspection costs is the rising level of veterinary supervision and the more rigorous interpretation required as a result of the need to comply with EU meat hygiene legislation. The problem faced by the GB industry is made much worse by having to have a qualified veterinary surgeon present to supervise work traditionally carried out by Meat Inspectors, thereby increasing costs for little added benefit either to the industry or to the consumer.

The position in other Member States and elsewhere

38. As both the MAFF survey in 1998 and the subsequent MLC 'Pratt' report clearly indicate, the interpretation and implementation of the Charges Directive varies considerably between Member States, as does the level of meat inspection charges levied. The Pratt report indicated that on the basis of information provided by the MHS and collected from other member States during the study, the levels of charging in GB place it at "the higher end of the spectrum"

in the EU, across all red meat species. Since the MHS figures used in the Pratt report comparison were average charges, this means that smaller plants in GB (which generally are charged above the average level) are even more severely disadvantaged when compared to their EU counterparts than might otherwise appear to be the case. Although we recognise the inherent difficulty in obtaining strictly comparable information on meat inspection charges in other countries, we have no reason to doubt the validity of the MLC's general findings. A similar situation appears to exist in respect of inspection charges for poultry. Information obtained from a multi-national poultry-processing company, with access to information in GB, France, Germany and Holland, clearly show that inspection costs in GB exceed those levied elsewhere by a considerable margin. In GB the company's MHS inspection costs equate to some 1.3p per bird, compared to 0.4p per bird in France, 1.0p in Germany and 0.8p in Holland. The differences in the way the Directive is being applied in Member States, and the wide variations in the levels of the charges being levied, as revealed by these various studies, clearly indicates that the aim of the Directive (ie to avoid distortions of trade between member states) is not being met. As the Pratt report concluded, "the British meat industry is seriously disadvantaged by higher costs".

39. Although we recognise that the European Union has agreed to recover meat inspection costs from the meat industry, we understand that in the United States of America the federal Government fully funds official meat inspection costs – said to amount to some \$700 million / annum. A similar situation is said to exist in some of the third country competitors to the GB poultry meat industry, eg Thailand.

The Search for Solutions

Possible Changes in Practice under the Meat Hygiene Directives

40. There is an opinion amongst some in the veterinary profession in the UK (including the Royal College of Veterinary Surgeons) that some of the responsibilities presently prescribed to qualified veterinarians by the meat hygiene Directives could and should be delegated to auxiliaries (the present cadre of GB Meat Inspectors). This view is shared at senior levels in Government who show real willingness to try to negotiate a change in the Directives controlling meat hygiene. Although from a UK perspective this looks sensible, it is our view that this is many years away and will only be achieved as part of a complete restructuring of the approach to meat inspection on a risk assessment basis throughout the EU as a whole. Furthermore, as the vast majority of meat hygiene work within the Community is undertaken by veterinarians, we have some reservations about the necessary majority being gained to allow the wider use of auxiliaries on a scale sufficient enough to impact in a major way on overall inspection costs. There is a view that any change to a risk-based meat hygiene system may involve some elements of double running

of the old and new systems for some time which, if anything, would increase costs in the medium term.

41. As indicated earlier, we have looked closely at the levels and frequency of veterinary supervision required by the meat hygiene Directives. Having probed the FSA to defend the current interpretation of the Directives' requirements, we are satisfied that they provide no scope for removing or significantly reducing the involvement of qualified veterinarians in the supervision of licensed meat plants and in meat inspection work. Similarly, we accept that current EU rules preclude the simple step of regrading Meat Inspectors as "official veterinarians".

42. We have also considered in some detail the legality and likely benefits of any re-introduction of "Cold Inspection" as recommended by the Pooley Group. Given the Fresh Meat Directive's requirement for post mortem inspection to take place "immediately" after slaughter, any return to routine cold inspection on any scale is likely to leave the UK open to further challenge from the European Commission. In addition, SRM rules require the presence of MHS staff when cattle and sheep are being slaughtered and dressed. In any event, cold inspection requires that offals remain separate from, but correlated with, their carcasses until the inspection is complete. This would impose certain structural and equipment requirements on plant operators, which full throughput premises are unlikely to be able to meet. A return to cold inspection might therefore be of benefit only to those operators processing very small numbers of animals in plants that have space etc to accommodate the additional equipment necessary.

43. Several members of the task force queried the continuing need for green offal inspections, especially when such material does not as a general rule enter the human food chain, and the need to move to full veterinary ante mortem inspection of all young stock. Meat Inspector involvement in green offal inspection is quite significant so any reduction in the frequency of such inspections, or their total elimination, could be of considerable benefit to the industry in reducing total MHS inspection costs. The FSA advised that such inspections are required by the terms of the Fresh Meat Directive and are not without their value (eg in detecting infection with tuberculosis). Increasing veterinary involvement in ante mortem inspections would not, we are told, lead to any greater level of public health protection than is currently provided by the use of Meat Inspectors for such inspections. **We therefore recommend that the FSA should carry out a full risk assessment of both practices. If the results of this assessment were to show that such requirements could be amended without detriment to public health protection we recommend that the FSA immediately seek appropriate amendments to the Fresh Meat Directive.**

44. Low throughput (permanently derogated) red meat abattoirs are currently limited to processing no more than 20 livestock units per week. The only way to process more units legally would be to upgrade the premises to full throughput

status. But this would involve (probably) structural changes to the premises. And, more importantly, full throughput premises are subject to full veterinary supervision (and associated costs). However, implementation in GB of the so-called *Fleischmeister* provision in the Fresh Meat Directive, would enable qualifying low throughput red meat abattoirs to increase their throughput by up to 50% (ie from 20 livestock units per week to 30 units) without otherwise incurring additional costs in upgrading the structure of the abattoir concerned and the associated costs of additional veterinary supervision. This would be of considerable benefit to those low throughput plant operators who meet the Directive's requirements, which include training and restrictions about where meat from such premises may be sold. It would not benefit however abattoirs with a full throughput licence, even those with very low weekly throughputs. The task force nevertheless endorses the recommendation of the Pooley Group on this and calls for the early introduction of this provision in GB. However, the scale of its value is not great, helping a relatively small number of plants (ie those that do not wholesale).

Possible changes in MHS staffing / operations

45. We have also considered, briefly, whether there is any scope for further cost savings arising from changing the way the MHS operates. It is important to understand that the source of our information is individual MHS staff members, some abattoir owners / operators and task force members. The following paragraphs should thus be regarded only as ideas for further examination during the forthcoming Efficiency Study of the MHS, and we offer them in that spirit, bearing in mind the need to avoid making suggestions that if adopted would in any way diminish public health protection.

46. We have been told that the MHS staffing structure contains quite rigid management lines, related to the professional staff involved, ie POVSSs responsible for supervision and quality control of the OVS system, and Area Resource Managers responsible for the management and deployment of staff, often with a Senior MHI / PMHI responsible for quality control of meat inspector work. Although we understand why these arrangements have arisen, we feel that there may be room for significant rationalisation of these functions and that of Regional Director.

47. We note that, for historical reasons, the Senior Meat Hygiene Inspector role has been retained. We recognise that such staff are only charged to plants at MHI rates but wonder whether it is really necessary to employ senior MHIs to manage inspection teams when the OVS could and should take on that function. As Senior MHIs / PMHIs are a component of the higher overhead costs borne by the industry their role/need should be explored further.

48. We also looked briefly at whether it was necessary for the MHS to directly employ its Meat Inspectors rather than 'buying-in' their services on contract (possibly from local authorities) as and when required in line with current practice in respect of OVSs. Like the Pooley Group, which also looked at this issue, we believe that there is some scope for cost savings through the better utilisation of Meat Inspector time, particularly those working in remote plants or in plants which may not operate every day of the week. Accordingly, we endorse the Pooley Group recommendation that the MHS should explore as quickly as possible the feasibility of contracting qualified Meat Inspectors employed by local authorities. However, we do not underestimate the difficulties involved and recognise that, despite some effort by the MHS, the creation of new relationships has not always proved easy. Nevertheless, this could be of particular value in those areas of difficult geography such as the Scottish Islands or National Parks, and we recommend that some of this effort be focussed on these particular areas. It should be noted, however, that this does not mean that we are advocating the return of meat inspection to local authority control. Most in the industry consider that a single, centralised, system of meat inspection is better able to provide the level and quality of inspection service the industry demands and have no wish to give meat inspection back to local authority control.

49. During our visits to plants a number of the operators and some senior staff in the MHS suggested that the cessation of the annualised hours mechanism of deploying and paying Meat Inspectors removed a useful tool for Area Resource Managers in the more remote regions of Scotland and Wales, and that this may have led to increased costs for the industry. We have explored this issue briefly with the MHS and understand the reasons why the annualised hours contracts were phased out. We also recognise the likely difficulties for the MHS in trying to recruit staff on such a basis. Nevertheless, we consider that the benefits of such types of contracts are worth further consideration, particularly in respect of Meat Inspectors allocated to plants in remote regions or those plants killing mainly on a seasonal basis.

50. In visits to plants and in our own discussions we were clear that many plant operators (especially those facing 100% veterinary supervision next year) believe that their MHS OVS should do more than simply supervise the inspection work undertaken by Meat Inspectors. In short, OVSs should themselves undertake some of the meat inspection work where appropriate, and where it would be financially advantageous to the plant operator, thereby removing or reducing the need for Meat Inspectors to be involved. We support this view. Whilst we accept that in some plants the OVS is already undertaking all ante mortem and post mortem inspections, this is not widespread and needs to be extended so that as veterinary supervision levels increase all OVSs should carry out more meat inspection work.

51. MHS supervision levels in full throughput cutting plants have also been increased as a result of the Commission's infraction proceedings against the UK.

This involves a daily visit by an OVS or, where appropriate, a Poultry Meat Hygiene Inspector, and the MHS have determined that the minimum duration of such visits should be one hour. We have heard anecdotal evidence that in some smaller cutting plants the official is not fully occupied on inspection duties for the whole hour. As this sector of the industry is increasingly burdened by other Quality Assurance inspection demands, some rationalisation of these differing inspections would save cost and time to both individual cutting plants and to the inspection services. One possibility might be to widen the OVS / PMHI role so as to enable them to undertake some or all of the other inspections required. **We therefore recommend that that the MHS itself should seek to widen the scope of the OVS / PMHI role so as to include inspections in meat plants on behalf of other organisations.**

52. We considered the suggestion made by the Meat and Livestock Commission, in its submission to the task force, for the introduction of an independent assessment (by the State Veterinary Service) of MHS meat inspector manning levels in individual plants. Many in the industry, particularly those at the larger end, do not consider that there is a problem with the numbers of meat inspectors allocated to plants; the problem lies with their associated cost to the plants. We were told that the FSAs' arrangements for auditing MHS enforcement of legislation etc already includes a check on MHS staffing levels in plants in which audit visits take place. In addition, the MHS constantly reviews its manning levels in all plants in consultation with the plant operator, and charged for on that basis. Nevertheless, there continue to be reports of some inconsistency in this approach; allegations still persist of plants having more MHS inspectors supervise and inspect the work of lesser numbers of plant personnel. **We therefore recommend that consideration be given to the introduction of some form of independent appeals mechanism. We further recommend that such a mechanism should not be linked to the existing internal appeals system operated by the MHS.**

Initial Conclusion

53. The suggested changes outlined above would make a small contribution and enhance the flexibility of the service with a few financial benefits for some operators. However, they would not solve the underlying problem of very high costs being recovered from the industry as a whole, and the significant implications of the way such costs threaten the future of the small and medium-sized abattoir and cutting plant sectors. It is primarily the inequitable nature of the system adopted by the UK for charging for MHS inspections which has caused the current financial crisis in the small and medium-sized plants. The solution to the problem lies in changing the system itself to one which is fair to all sizes of plant. In addition, given that the larger plants have made it clear that they will not accept an increase in their costs in order to reduce those for the small abattoir sector, and that we can see no way in which the impact of the forthcoming imposition of 100% veterinary cover could legally be softened, we

are left with the conclusion that a change to a system of applying the EU Standard Charge is the only way forward, which will require financial support by the Government to implement.

MHS Costs and its Charging System

54. As indicated earlier in this report, the Charges Directive does not require the UK Government to recover all of the costs of meat inspection from the meat industry, although it does require that a minimum level of costs be recovered. It is the UK Government's own rules, as laid down by the Treasury, which requires the MHS to recover as many of its costs as possible from the industry.

MHS Charging Policy

55. The task force looked briefly at current MHS charging policy to see whether there was any scope for changes that would benefit the smaller and medium sized sector, without necessarily increasing costs for the larger plants. We looked at a range of issues (see Appendix 14) which the MHS indicated had given rise to concern within the industry recently, such as averaging out contract OVS rates, rates for Bank Holiday working, rates for locum OVS cover, overtime rates, etc. Whilst there could be some benefits to small and medium sized plants from making changes to current charging policy in respect of some or all of these issues, none of them would result in any reduction in the overall cost burden on the industry and would simply involve moving costs around between industry customers. We therefore make no recommendations on such issues other than that **the MHS / FSA resolve them with the industry as soon as possible.**

56. However, it is clear from our discussions with meat plant operators and from a study of the MHS Charges Guide (sent to all plant operators) that the present charging system is extremely complicated and, for many, very difficult to understand. Our impression is that the system requires significant administrative input, not just for the MHS, but for meat plant operators too. The system includes a large number of variables (eg additional allowances for certain classes of staff, facility time, relief cover, travel time, week units, dedicated Meat Inspectors, etc. which means that plant operators have to expend considerable time in checking and processing invoices, thereby incurring additional cost. And, as things stand at present, all the MHS costs associated with running such a system are also recovered from the industry through the overhead charge. **We therefore recommend that the FSA / MHS should review the charging system as soon as possible with a view to its radical simplification. The review should also consider ways of improving the communication to and understanding of the system by MHS customers.**

Administrative costs funded by Government

57. The task force looked at the composition of MHS costs, and what is recovered from the industry through the hygiene inspection charges. (We have not sought necessarily to question the efficiency of the MHS *vis a vis* keeping its costs down; we have not had the time to do it – so we have left that to the proposed Efficiency Study of the MHS). In any organisation there is always a difference between the actual cost of performing any activity and the infrastructure costs that go behind that activity, normally facilitating the way in which the activity is structured and the organisation of that activity. The level of such infrastructure cost will always be dependent on what the objectives are, and also the organisational requirements of the commissioning body. The MHS has estimated that in 1999/2000 the infrastructure costs associated with hygiene inspections (as opposed to SRM controls etc) are :

HQ costs	£3.2 m
Regional Office costs	£2.6m
Giving a total of	£5.8m

Thus, out of the total cost associated with hygiene inspections of £39.5m, a sum of £5.8m (or some 15%) relates to infrastructure costs. This would appear to be high by comparison with most commercial activities where a figure in the 10% range would be more appropriate. There is, in addition, a sum of approximately £1.0m per annum recovered from the industry for so-called 'unworked' or 'idle' time which could also be regarded as an infrastructure cost on the MHS. The way in which MHS infrastructure costs are built is obviously responding to Government requirements rather than the need simply to perform the inspection task. As a result, the task force questions why the industry should be required to pay for MHS HQ and Regional Management and other infrastructure costs, in addition to the actual costs of inspection and their associated administrative costs (ie the time spent by MHS staff in actually carrying out inspectors in meat plants).

58. The obvious way in which such a reduction could be passed to the industry would simply be to remove such costs from the calculation of MHS overheads that are used to calculate the hourly rates for MHS inspectors (ie to reduce the hourly rates). Such a reduction in the overall cost burden to the industry would be very welcome and would reduce the hourly rates by over £4 (a reduction of some 13% for employed OVS rates, 10% for contract OVS rates, and 24% for Meat Inspector rates, when compared to the full cost recovery rates). However, such reductions would not benefit the smaller plants as much as the bigger plants. It does not therefore address the key problem we have identified, and for this reason we do not recommend this approach.

Changing the Charging System

EU Standard Charges

59. The task force therefore explored other options for maximising the benefits to small businesses of a reduced MHS cost base. In particular, the task force looked in some detail at the suggestion made by the Pooley Group for some form of capping mechanism, and that made by some sectors of the industry for charges to be levied on a headage basis. In so doing we also looked carefully at the resulting cost implications. Given the requirements and constraints of the EC Charges Directive, **we considered the pros and cons of simply applying the standard (headage / volume) charge as laid down in the Directive (ie without abatement) to all abattoirs and cutting plants.** This would have several advantages:

- it would reduce the overall cost of meat inspection to the industry. On the basis of 1999/2000 costs, applying the standard charge (without abatement) would result in a total cost to industry of £32.7m, compared to the present total charge of £36.2m, a saving of £3.5m (see Appendix 15):
- small and medium-sized businesses would benefit by having their inspection costs reduced significantly, and all such businesses would then pay the same for meat inspection as their competitors:
- the charging system would be relatively simple and straightforward to operate.

60. However, the major disadvantage associated with the across the board application of the standard charge is that over 200 of the larger, high throughput, abattoirs and cutting plants would be required to pay more in inspection charges than they currently do and, importantly, more than the actual cost of the inspections concerned. Although this would not be contrary to the Charges Directive, the task force considers that this would unfairly penalise such plants and further undermine their competitiveness in Europe. **We therefore recommend against a straight application of the standard charges, without abatement.**

61. This difficulty could be overcome, however, **by charging plants the lower of either the standard throughput charges laid down in the Directive or their actual inspection costs (subject to the minimum charge of 45% of the standard charge as laid down in the Directive).** This would mean that smaller plants would benefit from a reduced inspection cost (capped at the level of the standard charge) whilst the larger plants would still be able to benefit from their efficiencies of scale in which they have often invested heavily, by being able to continue paying only the actual costs of inspections where these are lower than the standard charge. **We recommend accordingly.**

62. On this basis the total cost charged to industry (at 1999/2000 costs) would be £26.2m – a reduction of some £10m from the present charge (see Appendix 15). It has to be recognised, however, that once full veterinary supervision is in place, probably in 2001/2002, total MHS costs for hygiene inspections are expected to be of the order of £47.4 m, whilst the revenue from the industry under this proposal would be approximately £28.3m, giving rise to a shortfall of some £19m. It must also be noted that these estimates are based on the £ / euro exchange rate applying at 1 September 1999. Any further strengthening of the £ against the euro would reduce MHS income and increase the shortfall in receipts. The converse would of course happen if the £ weakened against the euro.

Maintaining MHS Operational Efficiency

63. In order to limit the Government's liability in meeting those MHS costs not recovered from the industry under the proposed standard charge arrangements, the task force recognises that the MHS must be able to maintain or improve its current operating efficiencies. The separation of costs charged from pattern of working may result in changes in times of operation of licensed premises, a shift in the times of peak demand, or a broadening of the overall times of demand. Such changes would impose additional demands for MHS services and could lead to reduced overall efficiency in the utilisation of inspection resources. To that end we accept that the FSA or the MHS must have powers to prevent meat plants from abusing a charging system based on standard charges (eg by having inspection staff waiting around for processing arrangements to commence or otherwise not planning or conducting their operations efficiently) in the knowledge that they will still pay the same headage charge based on throughput of animals or meat irrespective of how long inspection staff are present in the plant. Conversely, we do not consider that the FSA / MHS should introduce control mechanisms which would restrict business operations or opportunities to trade.

64. We considered, but ruled out, a number of control measures such as licence revocation or suspension (the efficiency or otherwise of plant operations does not provide adequate grounds under GB meat hygiene legislation). Similarly, we also dismissed any linkage of control measures to HAS scores (HAS relates to hygiene, not efficiency, of operations). We also considered the introduction of some form of minimum charge for plant operators (eg some kind of daily 'call-out' charge on top of, or instead of, the standard headage charge) but this is essentially ruled out as being contrary to the EU Charges Directive (see paragraph 29 above). EU rules would also preclude the introduction of powers enabling the MHS (a) to refuse to provide a service on demand, as it is currently required to do, or (b) to decide whether and when to provide a service.

65. The task force favours an approach based on the MHS and individual plant operators agreeing from time to time on an operational programme for the period ahead. The agreement would cover operational times and throughput, and would be without prejudice to the normal requirements for giving notice of ending the need for MHS services. The starting point for such an agreement would be the plant's existing pattern of operations. Such an approach would, we believe, have the benefit of preserving the current level of operating efficiency within the MHS, whilst permitting changes which either maintain or improve this level of efficiency, whilst putting a check on changes that result in worsening efficiency. Where individual plants fail to maintain or stick to its agreement, the MHS should be able to recover any additional hygiene inspection costs arising as a result over and above those previously agreed with the MHS. We suggest that this regime should be linked to an independent arbitration mechanism that could be invoked in those cases where the operator and the MHS were unable to agree on an operational programme. Arbitration could be undertaken by an industry appointed panel and without the need for legal representation etc. There could be one such panel set up for each MHS region. We recognise that such arbitration panels would need an agreed set of criteria to work to – including on periods of notice for change etc. We envisage that the outcome of the arbitration panel would be binding on both parties. **We therefore recommend the introduction of a scheme along these lines should the suggested system of standard charges be accepted.**

66. Such a scheme would not preclude premises operating outwith the specific days and times agreed with the MHS. However, in such circumstances the plant operator should be required to pay the actual costs of inspection for the days / times in question.

Why not apply standard charges differentially to support plants with the greatest need?

67. We have been asked to explore why, in an area of high plant density, where customer demands can be met by the large abattoirs, the smaller plants should receive the financial support envisaged by the use of standard charges.

68. Our studies have indicated that it is an unfair generalisation to say that everybody's needs can be met by the larger abattoirs. We have been shown evidence that even in more densely served areas the smaller abattoirs provide services to both consumers and suppliers which meet the minor (niche) market requirements of their area, and the loss of these abattoirs would damage the niche.

69. We have been advised that the variable implementation of the standard charges could be discriminatory under the Charges Directive and that such discrimination could lay the UK Government open to legal action by affected plant operators and/or the European Commission. We were told that if such

discrimination were to be implemented there would have to be compelling reasons for doing so, ie here would have to be objective justification for this action. We have found it difficult to suggest reasons for such discrimination. Furthermore, we are advised that there would have to be prepared a series of objective criteria to show legally why it was legitimate to discriminate in this way. It is not clear to us what these criteria might be.

70. We have sympathy with the industry argument that it is difficult to vindicate why a hygiene charge should be a basis for such discrimination. This leads us to the conclusion that to impose such a differential approach to charging in regions of different abattoir density is a political decision and not within the remit of the task force.

Other Issues

Licensed Cold Stores

71. The Charges Directive obliges Member States to recover the actual costs of inspection in respect of cold stores (without any provision for abatement). A standard charge is not laid down by the Directive. This means that the proposed capping regime outlined above for abattoirs and cutting plants could not be extended to cold stores. Although the cold store sector has also had to face the prospect of increased levels of veterinary supervision, and its associated cost, it is fair to say that the impact on the sector is not as significant as for the small and medium-sized abattoirs and cutting plants. In its submission to the Task force, the Cold Storage and Distribution federation called for a change in the way MHS inspection costs are levied on the cold store sector. It advocated the introduction of a fixed charge per inspection, with the size of the charge dependent on the size of the cold store and / or length of visit. In this way all GB cold stores would be treated on a fair and equitable basis. **We consider there is some merit in this suggestion and therefore recommend that the FSA / MHS give it due consideration as soon as possible.**

Conclusions

72. Unless there is a change in current Government policy, we believe that the planned veterinary supervision levels in conjunction with the existing MHS charging arrangements are likely to force the closure of many small and medium-sized local abattoirs and cutting plants. There is widespread acknowledgement of the need for a continuing network of such businesses. This need is supported by a wide range of diverse interests. There is little scope under current EU rules regarding veterinary supervision and the role of auxiliaries etc to introduce sufficient flexibility's into the system such that MHS costs could be reduced significantly in the short term. We see only two ways forward:

- to carry on with existing policies in relation to both veterinary supervision and full cost recovery from the industry. This would result in closure of many plants with many knock-on effects; or
- to support the system in some way, in order to provide a future for such businesses.

73. **The task force recommends the latter, and suggests how this could be achieved in practical terms.** If accepted, our recommendation would not keep uncompetitive plants in existence, but it would ensure that MHS inspection charges were not the main reason for plants going out of business, as appears to be the case at present. The market would still, ultimately, decide the fate of individual plants.

74. Finally, we recognise that, if accepted, our proposals for amending the charging system would require new domestic legislation and changes to MHS computer systems, all of which would take time to put in place. We therefore urge the Government to act quickly in order to avoid further abattoir and cutting plant closures, or the exercise will have been pointless. Not only will we lose an important sector of the meat and livestock industry but we will also lose our ability to supply our own market with the products it requires.

Recommendations

75. **The task force recommends:**

- **that the Government should provide some degree of financial support in order to prevent the closure of large numbers of small and medium sized abattoirs and cutting plants (para 73);**
- **that the Government should introduce a system under which all abattoirs and cutting plants would be charged the lower of either the standard (throughput) charges laid down in the Directive or their actual**

inspection costs (subject to the minimum charge of 45% of the standard charge laid down in the Directive). The Government should pursue further efficiencies to reduce MHS costs but in the event of a shortfall should cover the deficit in MHS income (para 61);

- that to help maintain MHS operational efficiencies a system of control measures should be introduced, together with an element of independent arbitration (para 65);
- that the FSA / MHS should give due consideration to the introduction of a fixed charge per inspection in respect of cold stores (para 71);
- that the FSA should carry out a full risk assessment of green offal inspection and veterinary involvement in ante mortem inspection of young stock. If the results of this assessment were to show that such requirements could be amended without detriment to public health protection we recommend that the FSA immediately seek appropriate amendments to the Fresh Meat Directive (para 43);
- that the MHS itself should seek to widen the scope of the OVS / PMHI role so as to include inspections in meat plants on behalf of other organisations (para 51);

76. There are a number of issues which we noted concerning the current charging system which we believe would need amending, were we not recommending the introduction of a system based on the the EU Standard Charges (which would make them largely irrelevant). These are:

- that consideration be given to the introduction of some form of independent appeals mechanism in respect of MHS staffing levels in plants, if the suggested capping regime is not accepted (para 52);
- that the MHS / FSA resolve the various charging policy issues with the industry as soon as possible (para 55);
- that the FSA / MHS should review the charging system as soon as possible with a view to its radical simplification. The review should also consider ways of improving the communication to and understanding of the system by MHS customers (para 56);

List of Appendices

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2. Membership of the Task Force
3. Trend in MHS hygiene charges recovered from industry
4. MHS timetable for increasing OVS Supervision in Licensed Fresh meat Premises in GB
5. Current Standard Headage Charges as laid down in the Charges Directive
6. MHS hourly rates for OVSs and MHIs
7. Total OVS hours chargeable to industry
8. Hygiene inspection cost per livestock unit – red meat abattoirs (1996/97)
9. Hygiene inspection cost per livestock unit – red meat abattoirs (1999/2000)
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14. MHS Charging Policy issues to be resolved
15. Comparison of 1999/2000 MHS EC Regulated Charges with other proposed charging options and with projected figures for 2001/02
16. Organisations supporting this report

Appendix 1

Terms of Reference

Within the constraints of EU legislation, and in relation to all licensed meat plants:

- to explore in more detail all the issues surrounding a 'capping' approach to charging referred to in the recommendations of the Meat Industry Red Tape Working Group; and

- to consider alternative approaches to charging.

To report and make recommendations by 31 May 2000.

Appendix 2

Membership of the Task Force

Colin Maclean (Chairman)	former Director-General of the Meat and Livestock Commission
Richard Cracknell	Managing Director, ABP Ltd
Dr Ian Frood	Livestock producer; National Farmers Union
Robert Kennard	Graig Farm Organics; Soil Association. Member of the Pooley Group
Stephen Orledge	Finance Director, Sun Valley Foods Ltd
Norman Bagley	Chairman, Livestock Marketing Alliance
Paul Jeenes	Livestock producer; former Managing Director of Nutreco (Livestock Breeding and Feed Divisions)
Alan Kirkwood	Manager of Ayr Abattoir; outgoing President of the Scottish Association of Meat Wholesalers

Appendix 3

Trends in MHS hygiene inspection charges recovered from industry

	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02
Hygiene charges (£m)	28.6 ¹	25.0	28.7	32.5	36.2 ²	39.1 ²	47.4 ³

Notes:

- 1 Figure of £28.6m is some £2.5m lower than it otherwise would have been due to Government transitional relief.
- 2 Figures for 1999/2000 and 2000/01 are made after allowing for a Government subsidy of £3.3m and £4.0m (estimate) respectively.
- 3 Figures for 2001/02 assume no subsidy.

Source: MHS

Appendix 4

MHS timetable for increasing OVS Supervision in Licensed Fresh meat Premises in GB

	July 1998 Position	DEC 1998	MAR 1999	DEC 1999	MAR 2000	MAR 2001
Red and White FTP SH	OVS attendance ranging from 2 hrs/day to 100%	*	Min OVS attendance during 25% of AM and PM operational hours	*	Min OVS attendance during 50% of AM and PM operational hours	100% OVS attendance during AM and PM operational hours
Red LTP SH ¹	OVS or MHI during AM and PM	*	*	*	OVS AM MHI PM	OVS AM MHI PM
White LTP SH ¹	OVS visits between 15% and 25% of days of operation	→	→	→	→	→
Red FTP CR	Daily OVS or MHI. Weekly OVS	*	*	*	Daily OVS	Daily OVS
White FTP CR	Daily OVS or PMHI. Weekly OVS	→	→	→	→	→
Red and White LTP CR ¹	Weekly OVS or P/MHI. Monthly OVS	→	→	→	→	→
CS	Wide range from daily to annual visits	Monthly OVS visits	→	→	→	→

¹ Veterinary supervision levels in permanently derogated (low throughput) premises currently frozen at May 1999 levels whilst FSA considers how best to meet the Directives' requirements *vis a vis* ante mortem and post mortem inspections.

Key to abbreviations:

FTP SH	Full throughput slaughterhouse	AM	Ante mortem
LTP SH	Low throughput slaughterhouse	PM	Post mortem
FTP CR	Full throughput cutting room	*	increasing attendance as resources become available
LTP CR	Low throughput cutting room	MHI	Meat Hygiene Inspector
CS	Cold Store	PMHI	Poultry Meat Hygiene Inspector
OVS	Official Veterinary Surgeon		

Source: MHS

Appendix 5

Current Standard Headage Charges as laid down in the Charges Directive

(a) Slaughterhouses

<i>Species of Animal</i>	<i>Type of Animal</i>	<i>Rates per animal (euros)</i>	<i>Rates per animal (£*)</i>
Cattle	animals aged 6 weeks or more at slaughter	4.5	2.963
	animals aged less than 6 weeks old at slaughter	2.5	1.646
Horses and other solipeds		4.4	2.897
Pigs including wild boar	carcase weight less than 25kg	0.5	0.329
	carcase weight greater than or equal to 25kg	1.3	0.856
Sheep, goats and other ruminants not listed elsewhere in this table	carcase weight less than 12 kg	0.175	0.115
	carcase weight between 12 and 18 kg inclusive	0.35	0.230
	carcase weight greater than 18kg	0.5	0.329
Poultry, rabbits small game birds and ground game	All broilers, all cast hens; other poultry, rabbits, small game birds and ground game weighing less than 2kg	0.01	0.007
	Poultry (not being broilers or cast hens), rabbits, small game birds and ground game weighing at least 2kg (except those that are adult and weigh at least 5kg)	0.02	0.013
	Poultry (not being broilers or cast hens), rabbits, small game birds and ground game (all being adult) and weighing at least 5kg	0.04	0.026

(b) Cutting Plants

3 euro (£1.97*) per tonne of meat being cut

* euro/£ exchange rate: 1 euro = £0.658501 (as at 1 September 1999)

MEAT HYGIENE SERVICE **Appendix 6**
OVS & MHI HYGIENE INSPECTION HOURLY RATES SINCE APRIL 1995

Detail	Employed OVS £	Contract OVS £	MHI £	PMHI £
<u>1/4/95 - 28/7/96</u>				
Direct	28.75	32.77	10.31	8.81
Overhead	4.96	4.96	3.69	3.69
Total rate (see note 1)	33.71	37.73	14.00	12.50
<u>29/7/96 - 30/3/97</u>				
Direct	29.70	32.35	10.65	9.10
Overhead	5.70	5.70	4.24	4.24
Total rate	35.40	38.05	14.89	13.34
<u>31/3/97 - 29/3/98</u>				
Direct	28.00	32.49	11.29	9.65
Overhead	6.04	6.04	4.49	4.49
Total rate	34.04	38.53	15.78	14.14
<u>30/3/98 - 27/9/98</u>				
Direct	29.04	33.44	11.71	10.00
Overhead	4.47	4.47	2.82	2.82
Total rate	33.51	37.91	14.53	12.82
<u>28/9/98 - 30/4/00</u>				
Direct	27.00	33.44	13.03	11.80
Overhead	1.50	4.47	1.50	1.50
Total rate	28.50	37.91	14.53	13.30
<u>1999/2000 (Contract OVS only)</u>				
Direct		34.35		
Overhead		4.47		
Total rate		38.82		
<u>01/05/2000 -</u>				
Direct	27.60	35.93	13.32	12.06
Overhead	1.53	4.57	1.53	1.53
Total rate	29.13	40.50	14.85	13.59

Notes:

- 1) Prior to 29/7/96 MHI/PMHI rates were charged at £1 less than the quoted rates due to government financed "transitional relief".
- 2) All rates are for normal time. Overtime rates are not shown.
- 3) From April 1997 SMHI/SPMHI were charged at the same rate as MHI/PMHI and the senior premium was included in the MHI/PMHI rate. Prior to this seniors were charged at higher rates.
- 4) Contract OVS rates are averages based on actual costs and chargeable hours except for the 2000/01 rate which is based on budgeted figures.

Appendix 7

Total OVS hours chargeable to industry ¹

Year	Employed OVS hours	Contract OVS hours	Total hours ²
1995/96	50,405	214,635	265,040
1996/97	34,220	176,522	210,742
1997/98	17,620	214,637	232,257
1998/99	23,643	268,170	291,813
1999/00	27,014	328,618	355,632
2001/02 (est.)	*	*	693,660

Notes:

¹ Combined totals for abattoirs, cutting plants and cold stores

² Includes both regulated and non-regulated hours charged to the industry

* Estimated figures for 2001/02 assume 100% veterinary supervision. Figures for employed OVS hours and Contract OVS hours not separately available.

Source: MHS

Appendix 8

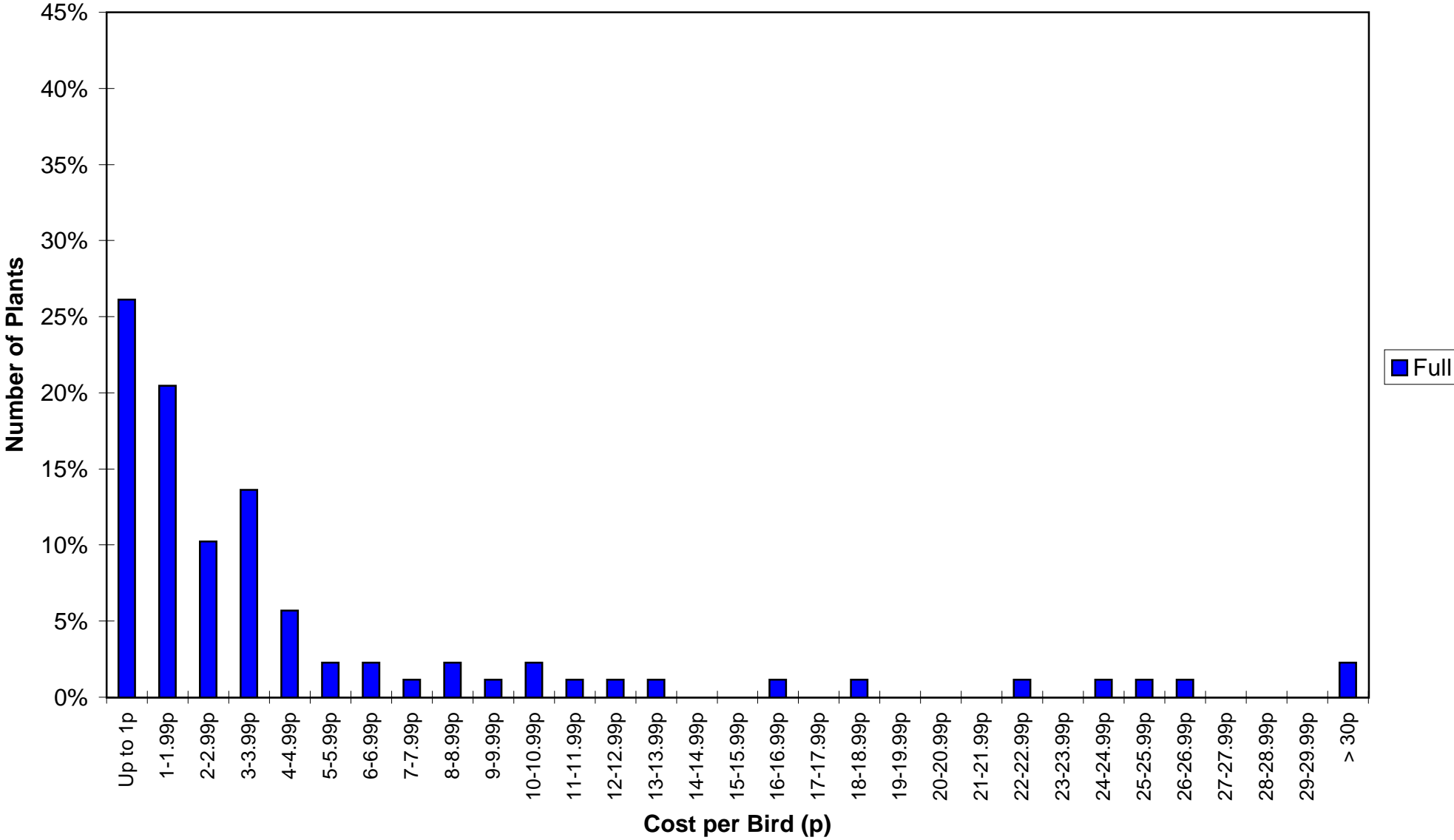
Appendix 9

Appendix 10

Appendix 11

Appendix 12

Hygiene Charges for Poultry Meat Slaughterhouses(Future Year - 100% OVS attendance)



Notes for Appendices 8 –13 inclusive

The information for 1999/2000 (ie Appendices 9 and 12) is provisional but covers the full financial year.

The information for the projected costs of 100% OVS attendance (ie Appendices 10 and 13) is a forecast and relates to the financial year 2001/02. The information is based on a number of broad, high level, assumptions as to the increase in attendance levels and applied equally to all plants. It has not been possible to look in detail at the likely position in individual plants. The following assumptions have been used:

- current OVS attendance levels are a minimum of 50%;
- the original 25% OVS attendance level was applied to EC regulated work only whereas attendance levels of 50% and 100% are based on total attendance in plant;
- some of the larger plants and those plants with low hygiene scores are already subject to 100% OVS attendance levels;
- no increase in OVS hours/costs should be charged to SRM inspection and other government activities;
- there has been no allowance made for any potential offsetting cost reductions that may occur e.g. due to plant closures or the substitution of OVS to undertake meat inspection work, etc (a Pooley Group recommendation);
- the figures are based on the assumption that Industry will be expected to pay the full cost of EC regulated work i.e. the current subsidy of £3.3 million by government is removed;
- all red meat low throughput abattoirs are assumed to operate up to 2.5 days per week. This is based on the information used in the Pooley Group report;
- there has been no allowance made for the introduction of the “fleischmeister” provision under the Fresh (Red) Meat Directive where low throughput premises can process up to 30 livestock units per week if certain provisions are met (a Pooley Group recommendation);
- no allowance has been made to reflect any future reduction in supervision levels at permanently derogated low throughput abattoirs (a Pooley Group recommendation).

Information on projected future costs for low throughput poultry plants (see Appendix 13) is not available. It is not possible to project 1999/2000 information forward at a high level as the plants are all different with regard to levels of PIAs, PMHIs and OVSs and it is not possible to make broad assumptions.

**Finance Department
Meat Hygiene Service**

MHS Charging Policy issues to be resolved

- Unworked Contracted Overtime
- Rates for Bank Holiday working
- Rates for Contract OVS locum cover for employed OVS
- Averaging of Contract OVS rates
- Charging mechanism for POVS costs
- Rates for Contract OVS covering for an MHI
- Overtime Rates

**MEAT HYGIENE SERVICE
MEAT INSPECTION CHARGES TASK FORCE**

Appendix 15

**COMPARISON OF 1999-2000 MHS EC REGULATED CHARGES WITH OTHER PROPOSED CHARGING OPTIONS
AND WITH PROJECTED FIGURES FOR 2001-2002**

Plant	Fully Abated Standard Charge (45% of standard)	Lower of Full Standard Charge or Actual Basis	Full Standard Charge for Everyone (100% of standard)	Present Charges	Projected Future Charges (100% OVS attendance)	Projected Future Charges Capped (Std/Actual)
	1999-2000 £m	1999-2000 £m	1999-2000 £m	1999-2000 £m	2001-2002 £m	2001-2002 £m
Abattoirs	12.4	22.6	27.5	30.2	41.4	24.7
Cutting Plants	2.2	3.4	5.0	5.8	5.8	3.4
Cold Stores	0.2	0.2	0.2	0.2	0.2	0.2
Total	14.8	26.2	32.7	36.2	47.4	28.3

Notes

1. Cold stores are charged on the basis of MHS hourly rates and, unlike abattoirs and cutting plants, are not subject to EC Standard Charges
2. Non-regulated income is excluded
3. Present charges to Industry for 1999/2000 of £36.2m are made after allowing for a government subsidy of £3.3m. Figures for 2001/2002 assume no sut
4. In projecting future charges broad high level assumptions have been made without looking on a plant by plant basis
5. Fluctuations in exchange rates will affect projected figures
6. There have been no changes in plant numbers or in OVS/MHI duties built into these figures

Organisations supporting this report

The following organisations were represented at a meeting of the stakeholder group of wider interests on 15 June 2000 (at which a draft of this report was discussed) and gave their full support to the report's conclusions and recommendations:

Association of British Abattoir Operators
British Meat Federation
British Meat Manufacturers Association
British Poultry Meat Federation
Cold Storage and Distribution Federation
Country Landowners Association
Countryside Alliance
Farmers Union of Wales
Meat and Livestock Commission
National Association of Farmers Markets
National Beef Association
National Farmers' Union
National Federation of Meat and Food Traders
National Sheep Association
International Meat Trade Association
Livestock Marketing Alliance
Rare Breeds Survival Trust
Scottish Association of Meat Wholesalers
Scottish Federation of Meat Traders
Small Abattoir Federation
Soil Association
The Anglian Poultry Processors Action Group