



House of Commons
Committee of Public Accounts

Protecting England and Wales from plant pests and diseases

**Forty-fourth Report of
Session 2003–04**

*Report, together with formal minutes,
oral and written evidence*

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The Committee of Public Accounts

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Summary

Introduction

In the natural environment, where different species of plants grow together, plant pests and diseases have less of an opportunity to become established and spread than they have in a monoculture where plants of the same species grow together. Pests and their predators tend to reach an ecological balance in the natural environment. The man-made environments of agriculture and horticulture, however, consist of fields or glass houses full of the same, or a few, plant species. These environments are ideal hosts for plant diseases, while the absence of natural predators means that any invasion by a pest can do serious damage to the crops being grown. Plant pests and diseases can also damage the environment by affecting wild flora.

The principal effects of plant pests and diseases are economic, as they can damage the appearance, growth, yield and value of farmers' and growers' produce. Farmers' and growers' incomes can suffer from lower yields or depressed prices due to poorer quality produce, and their livelihoods can be put at stake as a result. Plant pests and diseases can also damage the national economy, by affecting the volume and value of the country's exports and imports and by harming its reputation for providing a healthy and sustainable supply of produce. Cereals are England's most valuable crop, worth some £2 billion a year. Horticultural produce (vegetables, fruit and ornamentals such as plants and trees) is worth some £1.9 billion a year.

Primary responsibility for protecting crops rests with farmers and growers. They spend around £87 million a year on fungicides to control major diseases in cereal crops alone, and also pay levies to industry levy boards to fund research into new methods of controlling pests and diseases already established in this country.

The Department for Environment, Food and Rural Affairs also has a key part to play in protecting England and Wales from the risks of plant pests and diseases. The Department spends £8 million a year regulating the import and movement of plants, plant material and produce to stop plant pests and diseases from entering the country. It inspects imports and exports of plants, plant material and produce and also inspects the premises of growers who wish to move plants around the country or more widely within the European Union. Where any high risk pests or diseases are identified, the Department takes action to contain and eradicate them before they spread. Farmers and growers have to pay for any infected crops to be treated or destroyed and, unlike some livestock diseases, receive no compensation from the government. The Department spends a further £14 million on research into the diagnosis and control of pests and diseases already established in this country.

On the basis of a Report by the Comptroller and Auditor General,¹ we examined the Department's performance in stopping plant pests and diseases from entering the country and in managing outbreaks, when they occur, to prevent their spread.

Conclusions and recommendations

- 1. The Department should base its annual inspection targets on scientific and statistical advice to address the key risks and to meet European Commission requirements.** Some of the Department's targets are at its discretion and reflect as much the availability of resources as a sound analysis of risk. On the basis of scientific and statistical advice, the Department should reassess current inspection targets across import types using cost-benefit analyses.
- 2. Few inspections detect plant pests and diseases reflecting either a low incidence of pests and diseases in imports, or poorly targeted or poor quality inspections.** The Department cannot demonstrate that its inspections are well targeted and carried out properly. It should institute a peer review system to provide assurance on the quality of inspections, and adopt an enhanced risk based approach to inspections as recommended above.
- 3. The Department should sharpen its risk management so that the highest risks command the highest priority for inspection resources.** The Department regards plant imports from outside the European Union as presenting the greatest risk of pests and diseases, but fails to meet its own targets of inspecting all such material within two weeks of entry into the country. By exceeding the two week deadline, the Department places farmers and growers at risk as the imported material may have been planted out or distributed to other approved importers increasing the risk of spread of diseases or pests.
- 4. The Department should take advantage of the country's high reputation for plant health through improved food labelling.** It should work with supermarkets and the industry to explain to consumers that products covered by the Red Tractor mark meet the United Kingdom's standards for plant health.
- 5. The Department's compensation arrangements for farmers are inconsistent.** Livestock farmers are being compensated for some losses caused by disease but no compensation is available for farmers or growers who lose agricultural or horticultural crops through pest or disease. The Department should review the circumstances in which compensation schemes might be appropriate across the range of farming and horticultural activity, taking into account the benefits and disbenefits of such schemes, the cost to the taxpayer, and the feasibility of alternatives such as insurance or levy schemes.
- 6. Crop insurance or levy schemes would spread the risk and might also encourage prompt notification of pests and diseases.** The Department should explore with the industry and insurers the scope for a crop insurance market, and whether compulsory or voluntary insurance would be more equitable. Another option would be a levy scheme along the lines of that within the travel industry, which might be run by existing industry levy bodies or the Department.
- 7. The shrinking pool of suitably qualified science graduates puts the future of the Department's plant health work at risk.** The Department should work in partnership with universities, the industry and levy bodies to increase the provision

of scholarships and bursaries in relevant subjects. It should consider bringing in more scientists from its counterparts in other countries through secondment or on fixed term assignments where it needs specific expertise.

8. **The Department's plant health team should work with the Pesticides Safety Directorate and with the industry to facilitate the development of other means of control such as pest resistant crops before key pesticides or other control measures are due to be withdrawn.** The Department's success in containing and eradicating a case of *Thrips palmi*, an insect which affects greenhouse crops, depended on the use of pesticides that have since been banned. *Rhizomania* in sugar beet was contained but not eradicated and resistant varieties of the crop were not developed before containment measures were lifted.

1 Stopping plant pests and diseases from entering the country

1. Eradication of plant pests and diseases can be difficult, as pests and diseases can establish themselves quickly and cause real damage to farmers' and growers' livelihoods once they have entered this country. Prevention is therefore better than cure, and the Department's principal focus is on keeping out pests and diseases not established in this country.²

2. The Department has extensive knowledge of plant pests and diseases, and the countries and regions of the world where they originate. It uses this knowledge to set its annual inspection targets according to where it considers the key risks lie. For example, it regards imports of plants from non-European Union countries as posing the greatest risk of bringing pests and diseases into this country and therefore aims to inspect all such consignments within two weeks of entry.³

3. The Department considers consignments being moved within this country or being imported from, or exported to, other European Union countries to be of lower risk. It aims to inspect 40,000 such consignments each year, however, and puts a lot of effort into trying to achieve this. This target is based on a combination of the Department's perceptions, derived over a number of years, of the appropriate level of inspections for lower risk material and the rate at which those inspections detect a pest or disease. It is not clear, however, that statistical advice underpins the target. 11,000 of the 40,000 target is, for example, based on the level of inspector resources available rather than on any assessment of the actual underlying risk or statistical analysis.⁴

4. More generally, the Department relies on its inspections to maintain the country's status as a 'protected zone' free from certain pests and diseases, which gives farmers and growers a competitive edge in exporting to other countries. Yet the European Commission does not specify how many inspections are required to maintain such status. No documentation trail existed to show that individual inspectors selected the riskiest consignments for inspection. The Department accepted the need for better targeting of its inspections based on risk, and for making its target-setting process more transparent. A forthcoming European Union Directive should clarify inspection target requirements and set specific target levels.⁵

5. Not all of the Department's inspectors in the field have access to the information they need to select consignments for inspection; in particular, some do not have access to HM Customs and Excise's Customs Handling of Import and Export Freight (CHIEF) computer system. The Department's headquarters staff, however, have access to the system and use it to highlight changes in trade, which they then bring to the attention of their inspectors. The Department is working with HM Customs and Excise to make the system available to all inspectors in the field by June 2004. There are concerns that, under the Data Protection

2 C&AG's Report, paras 2.2 and 3.32

3 Q 2

4 Qq 5-7

5 Qq 4, 7, 35, 54; C&AG's Report, paras 3.8-3.11

Act, HM Customs might not be able to provide all of the information the Department wants.⁶ The Department intends to amend plant health legislation, which would give it access to the information needed whilst meeting the provisions of the Data Protection Act.

6. The Department met some, but not all, of its inspection targets in the past two years (**Figure 1**). It fell short, in particular, against its key target to inspect all plants imported from countries outside the European Union within two weeks of entry. The Department attributed the shortfall to the need to divert resources to deal with outbreaks of Sudden Oak Death. The Department stated that growers in receipt of the consignments had either retained them or distributed them only to other approved importers, so that the consignments could be traced and inspected subsequently. Nevertheless, failure to inspect the highest risk consignments within the two-week target period increases the risk of an outbreak at one or more sites. After two weeks, most items will have been planted out by growers and therefore the risk of spreading pests or diseases is greater. The Department accepted that its failure to meet its target was plainly not satisfactory.⁷

6 Qq 47–52, 76–83

7 Q 2; C&AG's Report, para 3.13

Figure 1: Inspections carried out compared with targets, 2001–02 and 2002–03

The Department missed three of its five inspection targets in 2001–02 and two in 2002–03

Objects of inspection	2001–02		2002–03	
	Target	Outturn	Target	Outturn
The premises of growers seeking to move plants and planting material within the country or elsewhere in the European Union	All premises of growers	All 986 ¹ premises	All premises of growers	All 986 ¹ premises
Plants and plant produce being exported to non-European Union countries	All consignments	All 9,628 ² consignments	All consignments	All 9,294 ² consignments
Plants, plant cuttings and tissue cultures imported from non-European Union countries	All consignments within 2 weeks of entry	81% (3,911 out of 4,814 imported consignments) within 2 weeks of entry	All consignments within 2 weeks of entry	86% (3,214 out of 3,720 imported consignments) within 2 weeks of entry
Plant produce imported from non-European Union countries	1,281 consignments	996 consignments (shortfall of 285 – 22%)	1,094 consignments	795 consignments (shortfall of 299 – 27%)
Plants, planting material and plant produce being moved within the country or being imported from, or exported to, other European Union countries	40,000 consignments	36,012 consignments (shortfall of 3,988 – 10%)	40,000 consignments	45,496 consignments (5,496 – 14% more than target)

NOTES

1. The figure of 986 denotes the nurseries taking part in the plant passporting regime. The number of nurseries participating varies by less than 1% in a year. The figure of 986 is the number of nurseries in the scheme as at March 2003.

2. Inspections of premises and exports to non-European Union countries are demand-led. Completeness therefore depends on growers and exporters applying to the Department to be inspected. The Department inspected all such premises and exports of which it was notified.

Source: Department for Environment, Food and Rural Affairs

7. The Department considered that it had sufficient resources to carry out its planned level of inspections, but that the additional demands posed by unplanned work to deal with the recent outbreaks of Sudden Oak Death and Potato Ring Rot meant that the Department needed to be flexible in how it deployed its resources. The Department was in the process of appointing six additional inspectors to help with that work before moving them on to other inspections in response to new European Union requirements.⁸

8. Imports and exports of plants, planting material and produce pass through the country's ports and airports during the day and at night, seven days a week. Perishable consignments may leave ports and airports within a few hours of arrival. Yet inspectors do not work at night or at weekends. The Department is targeting some work outside normal hours if inspectors are concerned that imports might be carrying pests or diseases. It is, more generally, looking at out-of-hours working procedures used elsewhere in the Department and will extend the working day in response to the introduction of new European Union requirements next year.⁹

9. Few inspections detect pests or diseases (**Figure 2**). The Department considered this did not necessarily mean it was targeting the wrong consignments. Low detection rates could suggest that there was a low incidence of pests and diseases even in the highest risk consignments. The Department's record also compared well with that of other Member States, as the Department had detected nearly three-quarters of the total number of pests and diseases formally notified within the European Union over recent years. Amongst Member States, it had the second highest rate of detection and interception of plant pests and diseases originating from outside the European Union. The Department was confident about the quality of its inspectors and the inspections they carried out. The Department was unable to demonstrate, however, that low detection rates did indeed indicate good standards of plant health rather than the limits of its ability to detect pests and diseases. Nor does it have a formal peer review system to provide assurance on the quality of the work carried out by inspectors.¹⁰

9 Qq 38–39, 56–57; C&AG's Report, para 3.22

10 Qq 6–7, 37; C&AG's Report, para 3.27

Figure 2: Number of reported inspections and detections, 2001–02 and 2002–03

In the last two years, the number of detections of pests and diseases has been very low compared with the number of inspections carried out.

Objects of inspection	2001–02		2002–03	
	Number of inspections	Number of detections	Number of inspections	Number of detections
The premises of growers seeking to move plants and planting material within the country or elsewhere in the European Union	986 ¹	2 (0.2%)	986 ¹	16 (1.6%)
Plants and pest produce being exported to non-European Union countries <ul style="list-style-type: none"> ▪ excluding grain ▪ grain 	9,456 172	Not known ² 5 (2.9%)	9,229 65	Not known ² 7 (10.8%)
Plants, plant cuttings and tissue cultures imported from non-European Union countries	4,814	357 (7.4%)	3,720	444 (11.9%)
Plant produce imported from non-European Union countries	5,418	363 (6.7%)	4,079	268 (6.6%)
Plants, planting material and plant produce being moved within the country or being imported from, or exported to, other European Union countries	36,012	560 (1.6%)	45,496	664 (1.5%)
Total	56,858	1,287 (2.3%)	63,575	1,399 (2.2%)

NOTES

1. See Note 1 to Figure 1.
2. The Department does not record the number of detections made by these inspections.
3. This figure treats “number of detections” as “number of inspections that have detected a pest or disease”. In practice, some inspections might detect more than one disease, so percentage detection rates might in reality be lower than the rates appearing in this figure.

Source: National Audit Office summary of data provided by the Department

10. The standards imposed by supermarkets on producers contribute towards the country’s good plant health status. European Commission marketing standards require the origin of fresh fruit and vegetables to be labelled, although the European Treaty prohibits promotion of products on the grounds of their country of origin or any direct or indirect discrimination against imports. The Department is working with the industry on a food labelling initiative known as the Red Tractor Scheme to encourage produce grown to British standards, and is also encouraging fresh local produce and regional foods as part of the government’s Sustainable Farming and Food Strategy.¹¹

2 Managing outbreaks to prevent the spread of pests and diseases

11. The Department's compensation arrangements for arable and livestock farmers are inconsistent and have grown up for historical reasons. The livestock farmer whose farm was the source of the foot and mouth outbreak was fully compensated for his losses, but the farmer who acted properly and reported the presence of Potato Ring Rot in his potatoes was not compensated and went into administration. There are also inconsistencies within the livestock sector itself, as well as between farming sectors. Payment of compensation for livestock losses depends on whether the disease is notifiable and requires the slaughter of animals. Frequently the requirement to pay compensation was set in European Union law. The Department believed that compensation could act as an incentive for a farmer to have his livestock or crops catch a disease, though it could also encourage farmers with diseased animals to come forward. It agreed that incentives were currently distorted and that the issues needed to be looked at more cohesively. As part of its Animal Health and Welfare Strategy, the Department was reviewing how livestock farmers' losses should most appropriately be shared between the industry and the taxpayer in order to strike the right balance of responsibilities whilst still encouraging and incentivising the reporting of diseases.¹²

12. An insurance scheme for farmers and growers might encourage them to report pests and diseases. A scheme such as that subsidised by the government in the United States might also be cheaper than government compensation for all farmers' crop or livestock losses. The Department considered it unlikely that crop insurance would be provided by the private sector but was considering a levy scheme, similar to that applying in the travel industry, to create a fund from which compensation could be paid. The industry had set up its own compensation scheme following outbreaks of *Rhizomania* in sugar beet, and the Department was working with the industry to assess whether a similar scheme should be established in the light of the outbreaks of Sudden Oak Death and Potato Ring Rot.¹³

13. Although the country has a good record in preventing major outbreaks of plant pests and diseases, the average number of recorded outbreaks has risen from around 150 cases a year over the period 1993 to 2000, to more than 200 cases in 2001 and 370 in 2002 (**Figure 3**). The Department attributed the rise largely to the outbreak of Sudden Oak Death, a disease which has caused significant damage to trees in the United States. The Department had put significant resources into researching the disease but its scientists did not yet understand the epidemiology of the disease.

14. The Department needs to have at its disposal suitably qualified and experienced scientists to help combat pests and diseases that pose new threats to this country, but the number of suitably qualified people is declining. The Department had a recruitment problem in the South East of England, and a more general problem of the availability of experts across many scientific fields particularly in the taxonomy or categorisation of pests and diseases. The Department had recently introduced an annual fellowship scheme.

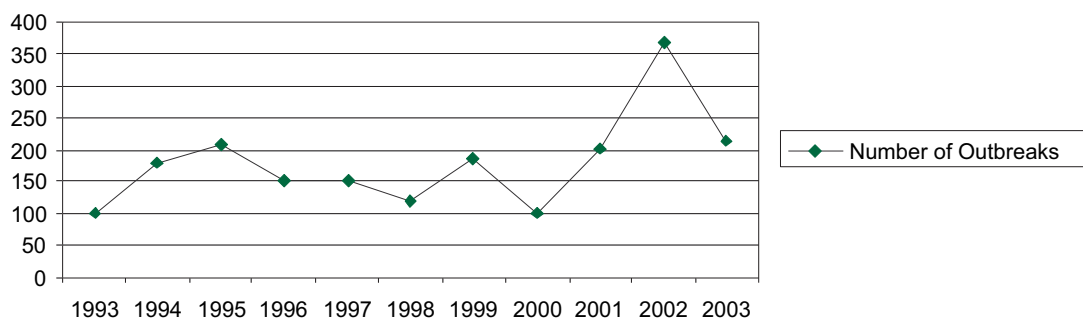
¹² Qq 12–13, 15–16, 30, 64–66

¹³ Qq 46, 68–70

Horticultural research expertise had been transferred to Warwick University, where a Board of Horticultural Expertise was being set up, and the Department was also providing research and development funding to key research providers.¹⁴

Figure 3: Number of recorded outbreaks 1993–2003

The number of recorded outbreaks has fluctuated over the 8 year period 1993 to 2000, averaging 150 a year, but rose to more than 200 in 2001 and some 370 in 2002.



Source: National Audit Office summary of the Department's recorded data

15. The Department cited an outbreak of *Thrips palmi*, an insect originating in South East Asia and which affects greenhouse crops, as an example of successful containment and eradication. The pest was difficult to deal with and required a combined response from scientists, inspectors and the grower before the outbreak was successfully eradicated. That success depended, however, on the use of pesticides that are no longer available because they are not permitted to be used in the European Union. Any future outbreaks of *Thrips palmi* would therefore be more difficult to manage. The Department also mentioned *Rhizomania*, a soil borne disease that can cause large reductions in yields of sugar beet crops. It contained, but did not eradicate, outbreaks of the disease that started in 1987. The Department and the industry did not manage to develop resistant varieties of the crop to prevent the disease from becoming established in this country.¹⁵

14 Qq 33–34, 58, 84, 92

15 Q 29; C&AG's Report, Appendix 2, cases 1 and 2

Formal minutes

Wednesday 21 July 2004

Members present:

Mr Edward Leigh, in the Chair

Mr Richard Allan	Mr Frank Field
Mr Richard Bacon	Mr Brian Jenkins
Mrs Angela Browning	Jim Sheridan
Jon Cruddas	Jon Trickett
Mr Ian Davidson	Mr Alan Williams

The Committee deliberated.

Draft Report (Protecting England and Wales from plant pests and diseases), proposed by the Chairman, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 15 read and agreed to.

Conclusions and recommendations read and agreed to.

Summary read and agreed to.

Resolved, That the Report be the Forty-fourth Report of the Committee to the House.

Ordered, That the Chairman do make the Report to the House.

Ordered, That the provisions of Standing Order No. 134 (Select Committees (Reports)) be applied to the Report.

[Adjourned until Wednesday 8 September at 3.30pm]

Witnesses

Monday 12 January 2004

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Sir Brian Bender KCB, Dr Stephen Hunter, and Mr Chris Furk, Department for Environment, Food and Rural Affairs

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Twelfth Report	Getting it right, putting it right: Improving decision-making and appeals in social security benefits	HC 406 (<i>Cm 6191</i>)
Thirteenth Report	Excess Votes 2002–03	HC 407 (<i>N/A</i>)
Fourteenth Report	Inland Revenue: Tax Credits	HC 89 (<i>Cm 6244</i>)
Fifteenth Report	Procurement of vaccines by the Department of Health	HC 429 (<i>Cm 6244</i>)
Sixteenth Report	Progress in improving the medical assessment of incapacity and disability benefits	HC 120 (<i>Cm 6191</i>)
Seventeenth Report	Hip replacements: an update	HC 40 (<i>Cm 6271</i>)
Eighteenth Report	PFI: The new headquarters for the Home Office	HC 501 (<i>Cm 6244</i>)
Nineteenth Report	Making a difference: Performance of maintained secondary schools in England	HC 104 (<i>Cm 6244</i>)
Twentieth Report	Improving service delivery: the Veterans Agency	HC 551 (<i>Cm 6271</i>)
Twenty-first Report	Housing the homeless	HC 559 (<i>Cm 6283</i>)
Twenty-second Report	Excess Votes (Northern Ireland) 2002–03	HC 560 (<i>N/A</i>)
Twenty-third Report	Government Communications Headquarters (GCHQ): New Accommodation Programme	HC 65 (<i>Cm 6302</i>)
Twenty-fourth Report	Transforming the performance of HM Customs and Excise through electronic service delivery	HC 138 (<i>Cm 6302</i>)
Twenty-fifth Report	Managing resources to deliver better public services	HC 181
Twenty-sixth Report	Difficult forms: how government departments interact with citizens	HC 255 (<i>Cm 6302</i>)
Twenty-seventh Report	Identifying and tracking livestock in England	HC 326
Twenty-eighth Report	Driver and Vehicle Licensing Agency: Trust Statement Report 2002–03	HC 336 (<i>Cm 6302</i>)
Twenty-ninth Report	Improving public services for older people	HC 626 (<i>Cm 6303</i>)

Thirtieth Report	Out of sight—not out of mind: Ofwat and the public sewer network in England and Wales	HC 463 (Cm 6303)
Thirty-first Report	Cambridge-MIT Institute	HC 502 (Cm 6302)
Thirty-second Report	HM Customs and Excise Standard Report	HC 284 (Cm 6304)
Thirty-third Report	Income generated by the museums and galleries	HC 430 (Cm 6304)
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The reference number of the Treasury Minute to each Report is printed in brackets after the HC printing number

Oral evidence

Taken before the Committee of Public Accounts

on Monday 12 January 2004

Members present:

Mr Edward Leigh, in the Chair

Mr Richard Bacon
Mr Frank Field
Mr Brian Jenkins

Jon Trickett
Mr Alan Williams

Sir John Bourn KCB, Comptroller and Auditor General, National Audit Office, further examined.

Mr Brian Glicksman, Treasury Officer of Accounts, HM Treasury, further examined.

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL:

Protecting England and Wales from plant pests and diseases (HC 1186)

Witnesses: **Sir Brian Bender KCB**, Permanent Secretary, **Mr Chris Furk**, Principal Inspector, Plant Health and Seeds Inspectorate and **Dr Stephen Hunter**, Head of Plant Health Division, Department for Environment, Food and Rural Affairs, examined.

Q1 Chairman: Good afternoon, welcome to the Committee of Public Accounts where today we are joined by Sir Brian Bender, who is going to be helping us with the Comptroller and Auditor General's Report on Protecting England and Wales from plant pests and diseases. Brian, welcome to our Committee, would you like to introduce your colleagues?

Sir Brian Bender: If I may briefly, Chairman, on my left is Dr Stephen Hunter, who is Head of Plant Health Division in the Department and on my right is Chris Furk who is Principal Inspector in the Plant Health and Seeds Inspectorate.

Q2 Chairman: Could I ask you, please, to start by looking at page 24 of the Report in front of you and in particular paragraph 3.13 and Figure 12 where it says, "the Department has failed to meet all of its inspections targets . . . In particular, it fell short of meeting its key targets of inspecting all plants, plant cuttings and tissue cultures imported from non-European Union countries—which it considers pose the greater risk of bringing pests or diseases into this country—within two weeks of entry". Why did you fail to meet those targets?

Sir Brian Bender: Firstly, let me say that it is plainly not satisfactory. Secondly, the resource allocation is prioritised according to risk, and in the particular period in question short-term demands caused by the disease commonly known as Sudden Oak Death caused us to divert resources to deal with that. Thirdly, however, I would add that it would be wrong to exaggerate the increased risk resulting from the longer period that consignments remain uninspected, because the growers have to retain the consignment until they have been inspected or only distribute them further to other approved importers

to enable forward tracing and inspection. Finally, the majority of cases not dealt with within a two week period were low risk aquatic plants.

Q3 Chairman: We had this target and this is the highest risk area, is it not, it is a target which you could and should have achieved, otherwise why have it?

Sir Brian Bender: It is a target we should achieve. We have now deployed additional resources to work on Sudden Oak Death in order to avoid being in this position again.

Q4 Chairman: Where does the figure in paragraph 12 at the bottom left-hand corner of your target of 40,000 consignments come from?

Mr Furk: 40,000 is the number of inspections we target on intra-European trade.

Q5 Chairman: I understand that because it says that, I just want to know who decides it should be 40,000.

Mr Furk: It is a combination of what we have perceived over the years to be the appropriate target for what is lower risk material and for the number of inspections, the number of notifications and identifications we get from that.

Q6 Chairman: Can you now look at Figure 13, Sir Brian, on page 27. If you look at the number of detections you will see it can be very low 0.2%, 2.9%, 7.4%, 6.7% 1.6%. Why do you insist in targeting the overwhelming majority of your inspections at the wrong things?

Sir Brian Bender: The low detection rate does not necessarily mean we are targeting the wrong things: we are targeting imports where we consider the risk is highest. Plainly the fact that it is a low detection

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rate is at one level encouraging because it implies that for the highest risk consignments there is a low incidence of pests and diseases. I would not accept that it necessarily means that we are targeting the wrong imports.

Q7 Chairman: I would have thought a conclusion that you might well draw from that, if you were finding the number of detections is as low as it is, perhaps there are things you might be targeting which may produce better results? You say not.

Sir Brian Bender: Can I give some data comparing us with other Member States of the EU? We have detected nearly three-quarters of the total number of pests and diseases formally notified within the EU as originating from other Member States over recent years. As far as third country reports are concerned, we have detected and intercepted the second highest proportion, 28%, behind France, which is 29%. Again it does not suggest that we are getting it wrong, although I entirely accept the need for better risk targeting and better operation.

Q8 Chairman: If you look at page 28 and paragraph 3.30 you will see there it says at the bottom of the paragraph, "In both years, however, the Department failed to contain a significant proportion of outbreaks on their original sites". This is a fairly key thing to do, why have you failed to do this?

Dr Hunter: I think many of these outbreaks are not ones that have had a very significant impact. We obviously concentrate on the eradication of those where we have good eradication procedures and where the impact is likely to be most significant. Indeed most of the escapes, if you like, from these places are in relation to one organism which is very difficult to track and very difficult to contain.

Q9 Chairman: I want to ask you now please to go back to page 19 and to paragraph 2.25. It says there on page 19 "the Department often cannot be certain that farmers and growers have actually made use of them", that is your research. What is the point in spending money on research that farmers do not use?

Sir Brian Bender: If you cast your mind back, Chairman, the Committee had a hearing with me and one or two others about a year ago on various aspects of agricultural research, as we tried to explain at the time that the purpose of most Defra research is to provide evidence on which to base our policy. We would not therefore necessarily expect the bulk of our funded research to have huge results and practical benefits to farmers. However, we do work with research providers on what you were about to say is the important issue of improving the flow of knowledge and technology to industry. Although the primary purpose is not to benefit the industry we nonetheless want to ensure technology transfer to the industry, and we work with other research providers and with the industry to try and do that.

Q10 Chairman: I want to ask you now a question about supermarkets, if you look at page 28 they are mentioned in 3.29 where it says, "For example, driven very much by consumer demands for high quality produce, the country's major supermarket chains place tough conditions on the produce they are prepared to accept". How much can you rely on the supermarkets in this field?

Sir Brian Bender: It would be unwise to rely on them, not least because supermarkets only deal with produce, and the greatest risk as far as plant health is concerned is material that comes in for planting in the country. The supermarkets and their standards undoubtedly help, and they also make it of interest to the growers and the importers to have high plant health standards, but we should not and we do not rely upon them; they are part of the chain of enforcement but only a small part.

Q11 Chairman: Of course the greatest risk to plant health comes from plants which come from abroad, so it would be nice to ask you what you can do to encourage supermarkets to stop using British goods in trials, but if I ask you that question you would come straight back to me and tell me this was against EU regulations, so there is not much point in asking you that question! We have all visited supermarkets in countries such as France where they have a far higher proportion of goods which are locally produced and I suspect that is a culmination of local produce in a country like France, the attitude of shoppers but also I suspect the attitude of the French Ministry of Agriculture, would this be a fair comment?

Sir Brian Bender: It may be a fair comment. In this country what we are doing is working with the industry for example on the Red Tractor Scheme to try and have that, which is understood and used by the supermarkets, as a vehicle for encouraging greater use of produce grown to British standards. Secondly, we are doing work with supermarkets and regionally encouraging locally produced and regional foods; this is part of the Government's follow-up to the Sustainable Farming and Food Strategy to try and increase the amount of produce that is locally sourced.

Q12 Chairman: Okay. Lastly, why have you compensated farmers for the loss of livestock but not for the loss of crops due to disease?

Sir Brian Bender: The position, as you recognise, is inconsistent and it is actually inconsistent within the livestock sector as well as between crops and livestock and largely, for historical reasons, it has grown up this way. In the animal sector, whether or not compensation is paid depends on whether a disease is notifiable and requires the slaughter of animals. Frequently the requirement is set in EU law.

Q13 Chairman: Sorry to interrupt, so this largely for historical reasons. There is no particular rational reason why this is the case?

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Sir Brian Bender: There may be two reasons for rational argument. One may be public health protection; and one may wish to encourage the farmers to come forward with the diseased animal because of a public health requirement. That is the main reason. The short answer to what we are going to do about this anomaly is that we are actually within Government currently reviewing how within the livestock sector costs should most appropriately be shared between industry and the taxpayer. One of the controversial issues that the Department is working on is the possibility of a levy which the industry will introduce.

Q14 Chairman: To put it into practical terms as far as farmers are concerned, Mr Waugh—the pigswill man, do you remember his name?

Sir Brian Bender: I certainly do, Chairman.

Q15 Chairman: His name is engrained in your memory—was fully compensated for having caused the foot and mouth outbreak but the farmer who reported Ring Rot is now in administration and he has not got a penny from you for Potato Ring Rot.

Sir Brian Bender: As far as Potato Ring Rot is concerned the industry has made some suggestions, which we will discuss with them, as to whether there is some form of industry levy arrangements that we could look at.

Q16 Chairman: His business has been destroyed, he did the right thing and reported it to you and his business has now been destroyed.

Sir Brian Bender: For the Government the answer is to try and correct the anomaly within the animal disease sector rather than see if the taxpayer should bail out both sectors.

Q17 Mr Field: Sir Brian, when you were preparing yourself for today's meeting you must have thought about what had been your most spectacular failures in this area, I just wonder whether you can tell us what you think they are? I would not like all that effort to go unused!

Sir Brian Bender: Can I answer your question indirectly? I think the area which most worries me—which is not a spectacular failure, but history will judge over the next few years whether it becomes so—is the disease commonly known as Sudden Oak Death. We do not understand the science, we do not understand the epidemiology. It is a new disease and it is a worrying disease because there are now indications not only in the laboratory but in the field that what is happening in California does involve or can involve spread to trees in nature. We do not yet know what the impact of that will be, so that is not an area, following your question, that I regard as a spectacular failure, but it is one that is causing the Department and ministers most concern. We do not know the epidemiology and science of this, we are working on it, we have increased our resources to try and address some of the points, and I can run over how, but that is the area of most concern.

Q18 Mr Field: I want to question you on that and also on Potato Ring Rot. I want to ask you what you think your successes have been because we are anxious to know about successes and commend successes and to build on successes, and I want to end on that happier note. If we think about Sudden Oak Death, how do you think the Department stands in the group of those people who are responsible for the spread? If you were to have your time again how might you react differently?

Sir Brian Bender: I do not think, and Mr Hunter may want to answer this, I would do anything different up to now. We have put a contingency plan into place. We have increased resources, inspection resources both in woodland and production nurseries and surveillance at ports. We are working on the science, we are trying to lead co-ordination of work at EU level. I do not think I would do anything differently but it has gone very high up the Department's and indeed the Government's radar as an issue.

Q19 Chairman: Before we bring Dr Hunter in would it be fair to say that you describe this as getting out of control?

Sir Brian Bender: There is certainly increasing evidence of it being in trees. What we do not know at the moment is what it does to trees in our climate when it is in them; it is not necessarily the case that it will kill them. The incidence is increasing and the trouble is that we do not understand the nature of the disease. A lot of work has been done over the last couple of years, including in America by us with the Americans to try and understand the science better. I hesitate to use the phrase “out of control” since it has some emotion attached to in the last disease outbreak.

Q20 Mr Field: Are there any lessons to be learned from the way you tried to cope with Dutch Elm disease?

Dr Hunter: I think there are a few lessons to be learned, although this is a different disease. We knew about Dutch Elm. I think the problem with Dutch Elm disease is that it arrived, it had not caused a problem and then what subsequently happened is we got a different variety of the disease which was more virulent and did not realise that and were working on the previous policy. In relation to Sudden Oak Death one thing I might say is that we have recently been developing the Horizon Scanning Programme with the Department trying to spot the sort of groups of diseases further ahead so that we try and make sure we have more of a response mechanism in place for these things we do not know about at the moment, and that should improve.

Q21 Mr Field: The Horizon Programme would look at and plot diseases in other parts of the world and work out what might be their travelling techniques into this country?

Dr Hunter: I think it probably will not actually finger particular diseases but perhaps groups of organisms and types of trade may be opening up new areas from which diseases are coming.

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Q22 Mr Field: Could I ask about the potato disease we have? What I am puzzled about is the strategy that you have adopted is to forbid use but not to destroy stocks. Am I right about that?

Dr Hunter: The infected stocks will be destroyed. Those stocks which are possibly infected, in other words stocks that were on the same farm or that had moved from that farm and where the testing regime has come up with negatives on them can be disposed of in a number of ways which could include disposal at a landfill site or they can go into food chain, there is no human risk from the disease. Going into the human food chain is a way of ensuring it does not end up contaminating other potatoes. That is an option for farmers and that obviously mitigates the costs to the industry.

Q23 Mr Field: Do you mean to say you might get Ministers to feed it to their children and assure us that it is all safe.

Sir Brian Bender: I think that is a rhetorical question.

Q24 Mr Field: Given this disease can lie low in the land for quite some period of time and given that you have located the outbreak here would it not be a wise policy to buy the whole of the stocks and destroy it?

Dr Hunter: As I say the current legislation offers the alternative on plant health grounds to the owner, that is in EU legislation. The plant health risk for the possibly contaminated stock is such that putting them into the food chain is an option, so we offer that option. In fact I have heard that the farmer may have opted for destruction in any case, and it may not be easy for him to find a market for the potatoes even though there is not any human health risk.

Q25 Mr Field: Do you have powers to buy and destroy?

Dr Hunter: No.

Q26 Mr Field: Would you like to have powers?

Sir Brian Bender: I would only want the power if I believed it would help maintain high plant health status and was not something that the industry ought to be doing for itself. In other words, what would the taxpayer benefit be of buying as opposed to the commercial benefit for the farming sector? In the whole plant health area I am not convinced there is actually additional benefit to the nation and the taxpayer from money being spent on that purpose. There is obviously a commercial interest for the industry and they may be discussing it, as they did on Rhizomania, and have their own support system.

Q27 Mr Field: I want to come back on that. I am horrified the stocks might be put into the food chain on the basis that it is actually safe, I did not expect to hear you say that and that may be something which people are going to pick up and you will hear more about. Given that in this area we have got things wrong in the not too distant past might not a policy of some humility be in order that it would be safety first and not go down this old road of is it in the

taxpayer's interest, should the industry not be doing it? Would it not be sensible to make sure these stocks are destroyed?

Sir Brian Bender: I certainly accept the need for humility; nothing I want to say or imply would suggest otherwise. The important issue in this area is to ensure that the disease is eradicated rapidly and the nation's plant health status is maintained to minimise the risk of that not happening. I believe, touching a little bit of wood—and some of the tests need to be completed—our response to this outbreak has been satisfactory. I do not want to sound complacent and I certainly do accept the need for humility in the way we approach this.

Q28 Mr Field: When we had Sir Hayden Philips before the Committee we suggested that a Permanent Secretary's salary should be linked to performance, would you be happy with part of your salary being linked to the non-outbreak of diseases?

Sir Brian Bender: I think that is a difficult question because it depends on how the disease gets into the country in the first place. I would be more satisfied or less concerned if my performance pay was linked to our effectiveness of not only keeping it out but in handling an outbreak if it happens. In that case it seems to me that it is an additional part of my and my department's reputation as to how effectively we minimise the risk of an outbreak, because we are only talking about risk minimisation, we cannot have 100% guarantee that the disease will not come to the country. And if it is in the country then we should deal with it effectively, promptly and efficiently. As I say, touching wood, with Potato Ring Rot, we look as though we have done that. Indeed the response in the farming media has been positive on the speed that the Department has acted.

Q29 Mr Field: This is my last question and I will end on a high note as far as I am concerned, can we look at the areas where you think you have been most successful in preventing the spread of disease?

Sir Brian Bender: I would with due caution, depending on the last tests, I would mention Potato Ring Rot. It could have been really devastating and it looks, subject to a last set of tests, that we have contained it. If that is borne out I think the team concerned deserve quite a lot of credit, as does the farmer for his behaviour.

Dr Hunter: I would add another example which is something called *Thrips Palmi*, which is a very, very small invertebrate and a completely different type of organism to Ring Rot which we found in a very large, all-year chrysanthemum growing greenhouse set-up. It was a very difficult organism for us to deal with, we did not know exactly what the biology was and how to deal with it, so it was a case of learning how as we went along. It took us a very long period and a lot of co-operation with the company involved but we managed to eradicate that. That was on a crop where it did not cause particular damage to that crop but if it got out of those greenhouses into the surrounding areas it could have been very seriously damaging. I think that was a really good, integrated

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response from the scientific side, my own inspectorate and indeed the grower to eradicating that.

Q30 Mr Field: If you were able to act generously to people who come forward to help you identify diseases like the farmer in question are you more likely to be more successful than you otherwise would be?

Dr Hunter: I think it would be very difficult because first of all a lot of these diseases need an inspector to find them, frequently it is a very highly qualified inspector who finds the diseases. The other problem they have actually found in some parts of the world is that if growers know there is a compensation scheme they may increase their risks because they know there is a fallback mechanism. We certainly want to move to a position that the industry acts as responsibly as possible, and in most cases they currently do.

Mr Field: Thank you.

Chairman: Brian Jenkins.

Q31 Mr Jenkins: You have the Report and read the Report, were you pleased, disappointed or surprised? How do you feel?

Sir Brian Bender: My general feeling about the Report was it was saying here is a part of the Department that has a good reputation, it is quite effective but there is room for improvement.

Q32 Mr Jenkins: Yes. I thought it was a good Report. There are two questions in my mind, do you have enough resources in this area?

Sir Brian Bender: I think the short answer is in normal times, yes, but in times like the rather exceptional period that we have been going through with the Potato Ring Rot outbreak and the Sudden Oak Death the answer has been no. That is why, when I answered the Chairman's first question, why did we miss the target. It was because we diverted resources and we are now seeking to deal with that issue by putting additional resources in what will be on a shortish term basis. In normal times, yes, but not at the moment.

Q33 Mr Jenkins: The future, as far as future inspectors are concerned they did flag up concern there are not as many people going into this area, what plans do you have to ensure that they have enough people?

Sir Brian Bender: On inspectors for the future, the new EU regime which comes into force next year will require us to devote more resources, and we are now appointing six additional inspectors who will do short-term work on Sudden Oak Death and will then move into working on the additional inspection requirements required under the new EU regime, and there will probably need to be more resources for that. I do not think the recruitment of inspectors has been an issue, if I am wrong on that Dr Hunter will say.

Dr Stephen Hunter: There is a slight problem in the South East, we can find difficulty in getting a good field of candidates, although we have never failed to

recruit candidates into this area. In relation to the science point there is a general problem across a lot of areas of science, particularly in relation to what one might call taxonomy and having experts that are very specialised in certain taxonomic groups. We rely on those people as well as on people that have good experience in terms of risk assessment. We very much run our science project research side and non-research side with that in mind. Introduced recently is a scheme of fellowships, the first one is just starting up now and we will have a new one each year which is aimed at taxonomic expertise and one of the first ones will be on the Phytophthora group because of our concerns about our knowledge there, and that will help feed through new staff.

Q34 Mr Jenkins: Do we have feedback to universities saying we need extra training courses to ensure that we get these people in the future?

Sir Brian Bender: The review of Horticulture Research International led the Department to ensure that two of its sites were maintained so that scientific expertise in the area of horticulture was maintained in this country. From a narrow value of the Department's expenditure it might be possible to argue that we should just close it down but two of the sites were transferred to Warwick University for very much this reason, the nation's investment in the expertise in the horticulture field.

Q35 Mr Jenkins: In answer to a question from the Chairman, Sir Brian, you said, "I accept the need for better risk targeting." If you accept the need for better risk targeting, what have you done about it?

Dr Hunter: Part of it is perhaps a more transparent process in terms of how we assess those risks. Annually, we have a business plan which sets out what we are aiming to target overall and what we are proposing to do in the coming year is to make sure that we have a much more explicit statement on how we have established our targets for the forthcoming year. It is much more explicit targeting. The other thing is that the new Directive that is being introduced will clarify a number of areas where it has been unclear what the exact targets should be, and they will set specific levels for those targets, and those we will make known.

Q36 Mr Jenkins: It says in the Report that you regard plant produce imported from outside the European Union as a lower risk. Given that these inspections have a high detection rate, why do you not do more inspections? Secondly, when you do these inspections, how can you be sure the detection is accurate and that the low detection rates are not due to poor quality inspections?

Dr Hunter: The number of interceptions is quite high, but the majority of those are organisms we are not concerned about. They are organisms that do not cause damage, will die out very quickly and do not have an impact. We do realise—and this is based on a lot of science both from this country and elsewhere—that the key risk areas are plants and material that will be planted out as opposed to produce, most of which ends up being eaten, if it is

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citrus fruit, for instance, or cut flowers in people's houses. There is a very low risk, even if they are carrying organisms, of them being passed on to our own plant material. That is the risk hierarchy we look at. A key part of the job of my colleagues at the Central Science Laboratory is looking at emerging trends and changing trends in disease organisms, and therefore whether, for instance, certain types of produce ought to be particularly targeted because of changes and because of interceptions both by my own staff but also elsewhere in Europe.

Q37 Mr Jenkins: So you are quite happy that the detection rate you are establishing is accurate and the low detection rate is not due to poor inspections?

Dr Hunter: No, I am very confident in the quality of my inspectors. That has been held up through a number of audits and through their standing in the world, and frequently foreign plant health services, if they want advice, come to the UK inspectorate. They have a very high quality of inspection. I think we are finding what there is. We could do with improving our absolute targeting overall.

Q38 Mr Jenkins: In the Report it says that inspectors do not work at nights and weekends. There is a 24-hours-a-day, seven-days-a-week programme of bringing produce into this country, so how do you know the consignments you are targeting are not the ones that are the lowest risk, whereas at the weekends and at night the higher risk stuff is coming in?

Dr Hunter: The majority of material which is high risk is planting material. We will inspect that. If we do not inspect it at the port of entry, it is inspected at the nurseries who receive it subsequently, and they are not allowed to move it on until it has been inspected. It is not just at the port of entry that those inspections take place.

Mr Furk: We are looking at increased cover at ports.

Q39 Mr Jenkins: My concern is that this is unloaded on a Friday night, it is on a lorry on Saturday morning, gets to a nursery on a Saturday evening and somebody comes into the nursery on Sunday morning, picks it up and it is gone. Where has it gone to? We do not know. Do you go round and ask for a list of people purchasing goods so you can go and inspect it?

Dr Hunter: They are not allowed to sell it on until it has been inspected. These are approved suppliers. With the high risk material, they are not allowed to sell it on until there has been an inspection.

Sir Brian Bender: There is a high commercial risk to them in breaking that requirement.

Q40 Mr Jenkins: At paragraph 3.21 it says that when you do an inspection, you do it by knowledge, a feel for the area and there is very poor or no documentation. There is no documentation trail on where it comes from and presumably where it goes to. Is that true?

Dr Hunter: With the plant material itself, we will know where it goes to. There will be a phytosanitary certificate, which we get. We will then check that

material at the nursery, and they do have a proper audit trail. It is the lower risk material where we tend to check on a much more random basis, without necessarily having all the paper work to hand, and part of the reason for that is that it is obviously perishable material, cut flowers or produce, which has to be moved very quickly.

Q41 Mr Jenkins: Are bonsai trees, for instance, coming into this country inspected?

Dr Hunter: Every one of them should be inspected.

Mr Furk: Every single plant is inspected at least twice, and before they can release them to the general public for sale they have to be inspected.

Q42 Mr Jenkins: How much work have you done at the point of origin on bonsai trees? Are you going out there and seeing how these people produce them? Have we warned them that if we do find a bad batch, we will stop importing these goods?

Mr Furk: The importation of bonsai trees into the UK and Europe in general is being done by an EU Directive which only allows the imports of these bonsai trees under something called a derogation. Part of that derogation was formed by people from the EU, including the UK, going to places like Japan and debating what the conditions of imports are.

Q43 Mr Jenkins: If something comes into the country and there is an outbreak of disease, how good are you at modelling the routes and means by which outbreaks spread across the country?

Mr Furk: We have the phytosanitary certificate, which tells us where they are going to go. We have inspectors around the country, based locally, and we tell them that the material is coming and for them to inspect it. If they find pest or disease there, and people have moved them on subsequently, then we will get the sellers and we will target those sellers as well.

Q44 Mr Jenkins: So you have a robust system, once it has started?

Mr Furk: I think it is, yes. I can give you an example if you wish.

Q45 Mr Jenkins: If you have a robust system, do you do any prediction on when the next outbreak might occur and how you can contain that? Do you have a modelling system in place?

Dr Hunter: Yes, we do quite a bit of modelling about future outbreaks, and those models are adapted according to changes in trade. Increasingly, of course, we feed in new climatic data into those models to take into account changes in climate. There are a large number of potential organisms out there and obviously we tend to model the ones that we see as the highest risk and the ones most likely to cause problems.

Q46 Mr Jenkins: What about insurance for crops? You know how difficult it is in this country to get insurance in some areas. Do you think it will ever be possible to get an insurance scheme set up, run by the private sector, to insure against disease in crops?

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Sir Brian Bender: We have looked at this, and we have undertaken studies since the Government's Action Plan for Farming in 2000, and again, since Don Curry's Policy Commission on the Future of Farming and Food looked at these issues. So far the indication is that insurance is unlikely to be a sound option. As I mentioned earlier in reply to Mr Field, for Rhizomania the industry set up a compensation scheme, and we are in touch with them about the implications of what has been happening on the Sudden Oak Death and on Potato Ring Rot to see whether they wish to do something similar in this area.

Q47 Mr Bacon: Sir Brian, could I ask you to turn to page 25. It says in paragraph 3.17 that inspectors in the field told the National Audit Office that they did not have access to the information they needed to inspect the goods in time, and in particular that not all inspectors had access to the CHIEF system. I take it that the CHIEF system is a computer system, is it?
Sir Brian Bender: It is a Customs computer system.

Q48 Mr Bacon: What is it about the CHIEF system that makes it so difficult to give access to all the inspectors who need it?

Sir Brian Bender: One of my colleagues will respond in a moment. We do have access in Headquarters, but at the moment what we are trying to do is ensure that all the inspectors can have access to it as well. That will be available mid-year this year.

Mr Furk: What we have at the moment is the ability to look at CHIEF data at Headquarters. It needs interpretation. It is not easy to interpret what materials are coming in unless you have the codes and so on. So what we are using it for is to highlight the trades where the trades are changing, and therefore direct the inspectorate.

Q49 Mr Bacon: This is at Headquarters?

Mr Furk: Yes.

Q50 Mr Bacon: What I am asking is why do inspectors in the field not have access to it?

Mr Furk: Because it is more historical data that we are getting. The information on CHIEF is not that useable for local inspectors.

Q51 Mr Bacon: Do you mean they do not need it? You see, it says here, "... staff in the Department's field offices that we visited considered that these arrangements were not working well and told us that they did not have access to the information needed to inspect in good time all imports of high risk plants, plant cuttings and tissue cultures."

Mr Furk: Local inspectors get information from HQ as to trends, as to what we call "hit lists" of the things which are being found in other parts of the country. If, for instance, an import has been found to be heavily infested with one pest, we will alert all the inspectors and they can look out for these particular trades. What we are doing by mid-year this year is to have the CHIEF system coupled up to our own

database, our own system, and it will automatically tell the relevant local inspectors what is arriving and what they should be looking at.

Q52 Mr Bacon: So it is relevant information that the inspectors should have?

Sir Brian Bender: Will have, but with interpretation.

Q53 Mr Bacon: Is this correct: they should have it and they do not have it at the moment?

Sir Brian Bender: Correct, but raw data from CHIEF needs interpretation, and what we are trying to give them is access to the interpreted data, which is why it is not just a simple matter of pulling a switch somewhere.

Q54 Mr Bacon: Sir Brian, you said in response to an earlier question, "We are targeting consignments where we consider the risk is highest," but again, on page 25 it says it is not clear that the Department inspects the riskiest imports, and on page 26 it says, "Inspectors cannot show that they have selected the riskiest consignments for inspection" and it goes on in paragraph 3.21 to say that "because [there is] no documentation trail supporting selection was retained. Without data on the basis of selection of consignments for inspection, it is difficult to assess whether the low detection rate is attributable to an absence of pests and diseases or to the wrong consignments being inspected." Is this situation going to change? Is there going to be a documentation trail kept so that one can ascertain which of those two it is?

Dr Hunter: There is not a documentation trail, but all of these inspections are entered directly on to our IT system. Our aim is to make this process more transparent. There is no doubt that it has been an integration of, if you like, local knowledge as well as instruction from the centre, and we accept that it is not a very transparent process as to what targeting is done. Part of the job of Headquarters is, of course, to look across the whole of the country and make sure that those targets, which are national targets, not individual targets, are met.

Q55 Mr Bacon: First of all, is this correct—I assume it is because you have signed up to it—and is something going to change? At the moment "... it is difficult to assess whether the low detection rate is due to an absence of pests and diseases or to the wrong consignments being inspected." Is that going to change? Will you be able to tell in future, and if so when will it be before you can, whether the low detection rate is due to an absence of diseases or whether it is due to the wrong consignments being inspected?

Dr Hunter: We will certainly be able to tell that we are inspecting the right consignments against our targets, and that should flow automatically and we should know whether we are getting the right level of detection. The level of detection is what there is there. That is what we base it on. That changes quite rapidly between different types of crops, different types of origins. It is a very composite target.

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Q56 Mr Bacon: Sir Brian mentioned earlier more variable working. Mr Jenkins referred to the fact that inspectors seemed to work normal working hours, as it says in the Report, Monday to Friday, although flights and other forms of transportation arrive all the time. When will that change? When will there be cover for ports of entry that more accurately reflects the risks?

Sir Brian Bender: This is something we are working on with a view to the new import regime that is taking place at EU level from next year. As part of the introduction of the new import regime the working day will be being extended.

Q57 Mr Bacon: Do you mean on the Monday to the Friday it will be being extended, or will you be covering Saturdays and Sundays?

Mr Furk: One of the things I would like to make a point on is that we are targeting already outside normal working hours if we think there is something coming in. With imports of material which we think are Sudden Oak Death possibilities, we are going there to get them at the right time, which could mean a ferry coming in at one o'clock in the morning. The second point you made was out-of-hours working. The horticultural marketing inspectorate are having to change their system because of this very point, and we are looking at following their procedures of out-of-hours working and maybe seven days a week. So we agree with you that it is not being done at the moment but we are certainly looking to do that in the future.

Q58 Mr Bacon: On page 18 the Report refers to the decline in the numbers of scientifically qualified staff, and the fact that the Department is expecting the availability of appropriate scientific advice to decline in the coming years. Sir Brian, could you have done more to safeguard the skills and the knowledge that your Department needs for the future?

Sir Brian Bender: As I said earlier, I think in reply to Mr Jenkins, we have agreed to the recommendations to retain horticultural expertise at East Malling as part of the review of Horticultural Research International. That is now therefore being bought by Warwick University to ensure continuation of the centre of expertise in that respect. Secondly, we are complementing conventional science succession mechanisms through research fellowships as well as through conventional R&D funding to key research providers. So this is an issue we are sensitive to.

Q59 Mr Bacon: Do you think there has been a cultural problem inside the Central Science Laboratory? It says in paragraph 2.18 that an audit in 2002 "found that the Laboratory was dependent on particular individuals who had accumulated a breadth of knowledge and expertise, which would be lost when the scientists retired, unless succession planning addressed the need to pass on expertise and know-how." The sentence which astonished me was: "As a result, senior staff of the CSL now allow junior staff to accompany them to important meetings". Is that not what happens in every organisation all the

time to pass on and cascade knowledge and experience, as it says here? What has been going on in the CSL that anyone even needs to make that comment?

Sir Brian Bender: I will ask Dr Hunter, who used to work for the CSL, to respond on what has been going on.

Dr Hunter: We are not finding difficulty in recruiting junior staff in to succession. The problem is specifically about one or two people who have been there a long time retiring, and I have been working very closely with the Central Science Laboratory to make sure that we do not have a hiatus between expertise. A lot of this expertise is picked up over a very long period, and it is not just scientific expertise; it is the ability to advise as well. I certainly take people out with me to meetings abroad. It is a costly issue but we have agreed that we do need to make sure that they get the exposure, not just to the science but to giving advice in the international meetings, for instance.

Q60 Mr Bacon: I would like to ask a question about a wider issue, namely food labelling and supermarkets. I am going to introduce a Bill later this year on the subject. You have mentioned the Red Tractor scheme. I would like to see much more stringent thresholds before you could call something British, and I understand from the House of Commons library, although it does not refer to the case law, that what I would like to do may be unlawful under EU law, and indeed, the Chairman referred to EU regulations. Is it your understanding that it is the case that EU law impinges on this adversely but that is because of the single market?

Sir Brian Bender: It pre-dates the single market. It is one of the original articles of the Treaty. I think it was Article 30 before the numbers were changed at subsequent intergovernmental conferences. It means that you cannot actually identify something for promotional purposes as British. There are ways of finessing that. The Red Tractor scheme is not a "Buy British" scheme; it is a scheme to promote goods that are produced to British standards. There are also ways of finessing it so that supermarkets can sell fresh produce. Procurement bodies in the public sector can be asked to buy fresh produce, which is more likely to be local, and Lord Whitty has hosted a seminar of procurement agencies on that sort of issue. So there are ways in which one can get regional and local food promoted without saying "Buy British." There is also further discussion going on at EU level, and this is an area where the Food Standards Agency is active.

Q61 Mr Bacon: Can I stop you there because we are running out of time. What I am really trying to understand is what is the rationale for saying that you cannot say it is British? To my way of thinking, it is not banning imports; it is simply providing more information to consumers. That cannot be an inhibition of the single market. Simply giving information does not inhibit markets; it generally improves them. If that is not it—and perhaps it is, and if it is, please say so—what is the rationale for

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prohibiting producers from describing something as British, or rather, for prohibiting a Member State from requiring producers to label a product with the country of origin?

Sir Brian Bender: I am going to offer to write to you to make sure I have got my facts right on this. The boundary that the Treaty requires us to steer the right side of is something that would appear to be favouring the producers in one Member State over the others, and therefore distorting competition within the single market.

Q62 Mr Bacon: So it does boil down to the single market?

Sir Brian Bender: Yes.

Q63 Mr Bacon: Very clear labels so that everybody can see where everything comes from I would strongly argue—and I would like to see this in Tesco and before the European Court of Justice if necessary—that I cannot see how that inhibits the single market at all.

Sir Brian Bender: The distinction we need to try and draw is the consumer information which the consumer would wish to have and activity which appears to be favouring producers in one Member State. If you stay on the right side of that line, you should be all right. If you get on to the wrong side, we will find ourselves drawn to the European Court. As I say, Mr Chairman, maybe I should write. It is an important issue.¹

Mr Bacon: Thank you very much.

Q64 Mr Williams: Dr Hunter, I think I recorded you correctly when you said, referring to risk in crops, that compensation may lead farmers to increase their risks because they know they are protected. You did say that, did you not? You, Sir Brian, in answer to the Chairman, said that compensation for foot and mouth is largely historical, but of course it encourages farmers to come forward. You both have very different views of the effect of compensation, but the argument of both of you is that it costs the taxpayer more. Are you for compensation or against compensation in your judgment of its effect?

Sir Brian Bender: I am for compensation in the right circumstances. If you take an example like BSE, when BSE was in its early stages, it was important to incentivise farmers to report cases. In the livestock sector another complication is that the whole herd may have to be slaughtered, including seemingly healthy animals. If it is necessary to incentivise the reporting, there may be a case for it. The answer is I think both are right. There can be circumstances, and we think we have seen it in animal disease outbreaks, where there may well be an incentive on a farmer to get the disease. With foot and mouth I am sure that is one of the questions this Committee cross-examined me on: were the valuations and compensation such that it may be more interesting for a farmer to get the disease than have his herd under restriction and still have to pay the costs? These are difficult issues and they are being worked

through as part of the Department's Animal Health and Welfare Strategy. But at the moment the incentives are a little bit distorted, or risk being distorted.

Q65 Mr Williams: Your initial judgment to the Chairman was that it was an accident of history that it was done in this way, that the arable farmer is treated differently from the cattle farmer. Why, if it is good for the animal farmer, is compensation not good for the arable farmer?

Sir Brian Bender: First of all, even within the livestock sector there is not complete consistency from one disease to another. Things have grown up historically.

Q66 Mr Williams: Now you are undermining your first case.

Sir Brian Bender: The case I am trying to make to the Committee is that actually this whole area needs to be looked at more rationally than hitherto, standing back and looking at what the right balance of responsibility is between the economic operator who owns the crop or the livestock and the state, and there may be some circumstances where, particularly if there is a human health risk, there is a case for the state to encourage and incentivise the reporting of diseases. But even within the livestock sector, for historical reasons, and EU-related reasons, it is not entirely consistent. The treatment of one disease as against another is not entirely consistent, which is why we are trying in the Animal Health and Welfare Strategy to stand back and look at how the costs should most appropriately be shared between the industry and taxpayers.

Q67 Mr Williams: You have had a long time to stand back, because the anomalies have existed for decades. When are you going to come to a conclusion on which is the correct way to deal with what?

Sir Brian Bender: I think the anomaly came to the fore during foot and mouth disease, so it is in the last couple of years that Ministers have been looking at this, and as part of the Animal Health and Welfare Strategy we have outlined that we do intend trying to carry this forward, and I would hope we will make further progress in the course of 2004.

Q68 Mr Williams: Why does it have to be compensation? Why could there not be an insurance scheme?

Sir Brian Bender: Absolutely.

Q69 Mr Williams: The American scheme, which is related to crops, I know, is subsidised by the American Government, but is that not far cheaper than having to pick up the whole bill?

Sir Brian Bender: Absolutely. The issue we are looking at in the livestock sector is actually a levy system, where the industry would itself, as we introduced 30 years ago for the travel industry, pay a levy that would then be used as compensation, and the question would be would it be right or not for the Government to help kick-start this? That is the sort

¹ Ev 13

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of issue that we are looking at in the livestock sector. At the moment the taxpayer has a significant burden, as we saw with foot and mouth disease and we are seeing now with tuberculosis.

Q70 Mr Williams: We are told that on the arable front there is no insurance cover available in this country, and the Government has no plans to address this gap, either subsidised or unsubsidised. Why not try to address it, if it is a cheaper solution and it helps the farmer and may help with your overall objectives?

Sir Brian Bender: The industry itself did set up a compensation scheme managed by British Sugar and the National Farmers' Union for the Rhizomania campaign. That sets one precedent. The National Farmers' Union have written to the Department in the light of the Potato Ring Rot outbreak and Sudden Oak Death, and we will be discussing with them their suggestions as to what might be done but at this stage we have no commitment.

Q71 Mr Williams: Potato Ring Rot, of course, was imported from Holland in seed potato.

Sir Brian Bender: Correct.

Q72 Mr Williams: Can the poor man who has bought this seed in good faith, under a longstanding contract with the company concerned, take any action against them for liability?

Dr Hunter: My understanding is that he is looking at taking his supplier to court. The difficulty, I suspect, is going to be to absolutely prove exactly where the disease originated.

Q73 Mr Williams: That particular Dutch supplier has not only supplied one particular farm in Wales with seed potato; he has supplied to South America and various other parts of the world. If it did come from that one supplier, one would assume we would see the Welsh situation being replicated in other areas with supplies that were distributed at about the same time.

Dr Hunter: That particular stock is actually not a very commonly supplied stock around the world.

Q74 Mr Williams: It went to Brazil, for example, I think.

Dr Hunter: We notify these things, so those tracings will be made. The Dutch authorities looked very closely at the origin of these in the Netherlands, and have not yet found any contaminated material.

Q75 Mr Williams: But we are able to get information? There is no cover-up on the Dutch side that would prevent us getting information which would help one of our own farmers who may be the victim of bad custodianship of their role by the Dutch supplier?

Dr Hunter: We have had very good cooperation from the Dutch authorities and the company involved in terms of tracing back, following up on

other consignments that may have been contaminated. We have worked very closely with them on that.

Q76 Mr Williams: That is very encouraging. Incidentally, in answer to a question from Mr Bacon in relation to paragraph 3.17 and CHIEF, the computer system, I note that at the bottom of paragraph 3.17 there is no target date to have access in operation, and this has to be within the provisions of the Data Protection Act. Is the Data Protection Act acting against the public interest?

Sir Brian Bender: I am not sure any of my colleagues knows the answer to that.

Q77 Mr Williams: Hold on. This is now written down and you signed up to it. I know you would not sign up to something you did not know the answer to. You are going to have to give a better answer than that, Sir Brian.

Mr Furk: We are at the moment subject to developing a service level agreement with Customs, and that is one of the issues we are trying to sort out. At the moment, they do not think they can give us all the information that we want, and this is coming out, we hope, during our discussions with them.

Q78 Mr Williams: If it proves that the Data Protection Act is operating against the public interest in this area, you will then try to have whatever the problem is dealt with?

Sir Brian Bender: Yes, if there is a serious problem inhibiting what we want to do, we would need to pursue it with the Data Protection Registrar and others. We are not at that stage yet, as you will appreciate from Mr Furk's reply.

Q79 Mr Williams: It will not take you long to find out, will it?

Sir Brian Bender: We wish it to be in operation in the middle of the year, as you have said, so it should be pretty soon.

Q80 Mr Williams: Yes, but you know how the Data Protection Act operates before you get it into operation.

Sir Brian Bender: Indeed.

Q81 Mr Williams: So you do not have to wait for it to be in operation.

Sir Brian Bender: No, we ought to know soon.

Q82 Mr Williams: Soon is how soon?

Mr Furk: We are meeting with Customs, I think, at the end of this month.

Q83 Mr Williams: Will you let us have a note on the outcome of that meeting?

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Mr Furk: Certainly.²

Q84 Mr Williams: Switching to figure 14 on page 28, that shows the number of recorded outbreaks between 1993 and 2002. This is a striking graph, because the last two years have been spectacularly aberrant in relation to the previous nine, in that in the eight years 1993–2000 the average number of outbreaks was 150 a year. Last year it was two and a half times as much, 370. What on earth led to this? When you look at the relative consistency over the period, why have we suddenly run into a freak rising trend over the last two years?

Sir Brian Bender: It is largely attributable to the outbreak of Sudden Oak Death. We have data here which we can certainly share with the Committee, possibly verbally now and certainly afterwards, which indicates the findings of Sudden Oak Death, but most of the increase is as a result of that.

Q85 Mr Williams: We are relatively near the end of this current operational year. What are the indications this year? If you had to draw a speculative next line on that graph, would it still be going up or would it be coming down?

Dr Hunter: It is likely to be going slightly up for exactly the same reason. In 2002 *Phytophthora ramorum* was entirely responsible for 132 of those cases. We are going to have slightly more of those in this coming year. The overall trend is not upwards; it is entirely that one disease, which we are putting a lot of effort into and, as Sir Brian has said, the one we are still trying to come to grips with.

Q86 Mr Williams: Finally, why have made so little progress in tackling the problem represented by Japan and China when I understand from the National Audit Office that they remain key sources of imported pests and diseases? I understand there was some sort of accord referred to earlier, but it clearly is not working, is it? Why are we not doing something more?

Dr Hunter: I think with bonsai it is working. We are not getting interceptions of bonsai from Japan and Korea, which are the main areas. There are developing trends with China, and certainly we look very closely at those, along with our European colleagues, because it is very much the trade as a whole, not just what comes into the UK. But at the moment we do not get very many interceptions because since the mid-Nineties, when there was a problem with these individual bonsai plants, the whole system has been cleaned up.

² *Note by witness:* I can report that Defra and Customs officials had a very constructive meeting on this subject on 30 January and that there has now been a subsequent technical workshop to address points of detail. A clear way forward has been agreed with Customs which should give Defra access to the information needed. In relation to the Data Protection Act, to which Mr Williams made specific reference, Customs have advised that, providing Defra's implementing legislation for the import checking regime includes an appropriate Statutory Gateway (and this is the intention), the necessary data protection provisions will have been met.

Q87 Chairman: You have not bothered to visit either China or Japan, which remain key sources of imported disease. Why not?

Dr Hunter: We have not recently visited them. One of my colleagues, who is sitting behind me, was on the visit to Japan and China back in the mid-Nineties which got the improved regime out there. We are not visiting there at the moment because we feel that the higher risk areas involve other parts, for instance, we have recently agreed that somebody from the inspectorate will be visiting Poland, one of the accession states, which has a particular Ring Rot problem, which is one that is exercising us, and that is clearly seen as very high risk, and therefore we are involved in trying to improve the situation over there.

Q88 Chairman: Do you want to say any more, while you have the floor, about Sudden Oak Death. It is mentioned on page 37. This is a very important subject. I can conceive of no greater national plant disaster if this disease were to get out of control. We do not want to come back here in five years' time to do a massive inquiry into what went wrong. Tell us a bit more about what is happening in America, how many trees have been affected badly by it, how it is spreading and what you are doing about it.

Dr Hunter: The first thing to explain is that this fungus is particularly variable in its effects. It is called Sudden Oak Death because it has destroyed about 80% of one particular species of tan oak in the United States, in California, hence its name.

Q89 Chairman: It is very virulent then.

Dr Hunter: In that particular species. That is not a species we have in this country, apart from the odd exotic tree.

Q90 Chairman: As a matter of interest, why do we not have that species? Is it just chance? Would it grow here quite happily?

Dr Hunter: It probably could grow reasonably well in parts of the country, but it is not something that has been introduced here very much. Its natural range is the coastal areas of California and parts of Oregon.

Q91 Chairman: It has been very badly affected by this though, and the Americans could do nothing about it, with all their resources?

Dr Hunter: Very badly. The problem was that by the time they understood what it was that was happening, it was too late for that particular species. It does, however, affect a number of other species to greater or lesser extent. One of the problems is that species like rhododendron and Californian bay laurel in the United States tend to act as sources of inoculum that breed up the infection. They do not necessarily die; they show some damage themselves, and in extreme examples they die, but they generate inoculum.

Q92 Chairman: What do you mean by "breed up infection"?

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Dr Hunter: They multiply it up and then transmit it out into other plants without dying themselves, and it is probably those plants which, when they generate it to a certain level, cause infection of susceptible species of trees. Our problem at the moment is that we do not fully understand how that happened or which of the species in the UK and in Europe are actually going to be susceptible in the wild. We have put a lot of research into laboratory testing of this, and for example, we are very concerned about beech trees, despite the name, and we now have two examples of infected beech trees and that is where we are concentrating some of our work.

Q93 Chairman: Because of the importance of the potential threat, there is no funding restraint which is stopping you doing all the work that is necessary to cooperate with the Americans, do research, find out what is going on? Here we see on page 7 that the funds have been found for over 280 sites in England and Wales. It looks rather alarming to me.

Dr Hunter: Those are primarily nursery sites. It is material in trade, and that is a cumulative number.

Q94 Chairman: That is even more alarming, because these things are presumably being sent all round the country from these nurseries, are they not?

Dr Hunter: We have increased our inspection rates there, and that is going up even further. We are increasing our import inspection rates as well. Our biggest problem is going to be on established rhododendrons in established gardens in the wild because it is very much more difficult to get a hold on the disease there.

Q95 Chairman: What would you do? Would you need powers to go and uproot them or what?

Dr Hunter: We have powers to require the destruction of this material under our own legislation. We are currently in most sites taking that action and in one or two heavily infected sites we are now working on how we might go about dealing with a heavily infected site. Rhododendrons are very difficult plants to get rid of.

Sir Brian Bender: We may want to study the effect, because we do not know the effect of this fungus on trees in the wild in this country. So it may well be that in one or two cases it would be worth setting up a live experiment to see what is happening. That is the sort of judgment we are having to make at the moment: do we tear it up in every case, or do we have containment and study action in some cases?

Q96 Chairman: But there is no funding restraint on this part of the Department?

Sir Brian Bender: There is not any funding restraint.

Q97 Chairman: They can do whatever they like?

Sir Brian Bender: They were asked at a meeting two or three months ago to come forward with proposals for increased resources. We looked at them and we agreed it. So they have told us about the plan for the additional resource, they came forward with the proposals and we have approved it.

Q98 Mr Jenkins: One last question, Sir Brian. You have statutory penalties of up to £5,000 fine or six months imprisonment for importers who fail to comply with the conditions of the Approved Importer Scheme. As I understand it, you have on no occasion taken these up. Is that because there has never been a case where they have breached these conditions, or is it because the Department is so laid back it has not enforced the conditions?

Sir Brian Bender: We have on very few occasions taken action through the courts in this area. We successfully prosecuted importers for presenting false certificates in the Nineties, and there are, of course commercial penalties, because importers and growers can be required to destroy, treat or re-export at their own expense. So, for example, on average we issue around 400 notices a year which require all or part of a consignment to be destroyed. That mixture has been, in our view, satisfactory up to now, the combination of the commercial penalties with the threat of prosecution if necessary. It has been rare, but we have prosecuted.

Chairman: Thank you very much, Sir Brian. We will return to this subject in our report, and I am sure we will want to make mention of the anomalies to do with compensation.

 Memorandum submitted by the National Farmers' Union (NFU)

The UK horticulture industry is supportive and values the work undertaken by Defra's Plant Health Division. We would however like to offer the following comments:

With reference to point 5 in the summary, it is true that farmers and growers have to pay for any crops affected by a pest or disease to be treated or destroyed and do not receive any compensation from the government for the losses incurred. We would also highlight that in addition to the above costs the grower, where required by the disease biology, must also pay for the disinfection of machinery and buildings associated with that crop. These costs plus consequential losses place not only individual growers but ultimately the industry under considerable financial pressure. The market place requires not only the final product but also the production process to be of a very high standard leading many producers to become specialists in particular crops/species. In this situation the financial losses incurred are particularly devastating to the businesses involved. The report recommends that the Plant Health Department should examine the possibility of insurance programmes, this would be welcomed by the industry and ensure that maximum co-operation from growers be obtained.

With reference to summary point 7, the NFU would agree that statistics regarding trade in plants, planting material and plant produce should be available to the Inspectorate in order to target their inspections most effectively. This information could also be of value to the industry in highlighting those countries and plant material, which may be of most concern or threat to their businesses. A joint approach in this regard may be of most benefit.

The NFU is of the view that the effective targeting of inspection work will become considerably more crucial as risks from pests and diseases increase. The report highlights that the reduction of the number of pesticides available to growers is one factor influencing this, we support this view and would also highlight the potential affect of climate change, which may allow more pests and diseases to survive in the UK.

However, it is not just inspections, which must be targeted but also research. Changes to our climate may bring new pests and diseases, about which little is known to the UK. Without an understanding of the biology and potential control methods of pest and diseases, the risk and costs associated with outbreaks may be heightened. The NFU hopes that Defra Plant Health would be able to “horizon scan” in order to identify potential threats to the UK and thus if possible target those pests and diseases identified in advance. The industry would also welcome notifications of potential threats to enable them to assess the potential risk and take steps to protect themselves. Such a system could operate by email.

Regarding an over-arching strategy, as discussed in point 11 of the summary, the NFU agrees that a national strategy to co-ordinate research and other plant health activities should be formulated.

Plant Health visits to exporting countries, are extremely useful. An industry representative was also able to take part in a recent mission to the Netherlands. This joint approach enabled the outcomes of the visit to be shared by the industry and ensuring that new and different approaches by other countries can be quickly taken up and used by the industry.

12 January 2004

Supplementary memorandum submitted by the Department for Environment, Food and Rural Affairs

Question 63 (Mr Bacon): Food labelling

When I appeared before the Committee of Public Accounts on 12 January for its hearing on plant health and diseases, you asked some questions about labelling and promotion of food produce as British, and I offered to write to the Committee to supplement the answers I gave at the time. The lead within Government on food labelling lies with the Food Standards Agency, and this letter has been prepared in consultation with them.

The freedom of action of the UK in this area is constrained by two factors: the provisions of the EU Treaty, and the competence of the EU established as a result of Directive 2000/13/EC. The latter sets out specific areas where national rules can be made, and food labelling is not one of those areas. That said, the European Commission recently announced plans to review food labelling, with country of origin identified as one of the important issues. All member states (including the UK) welcomed this initiative.

In the meantime in some sectors, such as fresh fruit and vegetables, EC marketing standards already *require* origin labelling. Moreover, where there is no such obligation there is nothing to prevent manufacturers and producers from *voluntarily* mentioning the country of origin, i.e. British, provided the information is true and not likely to mislead the consumer in any way. Indeed, the Directive requires an indication of the place of origin of a good if failure to give it might mislead a purchaser to a material degree about its true origin or provenance. This rule is implemented by the UK Food Labelling Regulations 1966, which are supplemented by guidance notes that emphasise the need to ensure that origin labels are cleared worded to avoid contravening legislation governing false and misleading labelling and presentation.

Advice issued to industry and enforcement authorities by the Food Standards Agency emphasises that origin labelling of processed products must not mislead as to the origin of ingredients, and encourages more widespread voluntary provision of origin information, particularly on meat and meat products.

Turning to the constraints imposed by the Treaty itself (the issue I mentioned during the PAC hearing), Article 28 prohibits *promotion* of products on grounds of (British) nationality and any direct or indirect *discrimination* against imports from other member states in order to avoid distortions of competition in the Single Market. Publicly funded advertising which advises consumers to buy national products solely or principally because of their national origin, eg a Buy British campaign conducted in Britain, is thus an infringement of Article 28. It is, however, possible to give aid for the generic advertising of UK products provided that such advertising takes place *outside* the area of production. We can, therefore, give aid to an overseas campaign advertising British food. It is also possible, subject to EU state aid approval, to support promotion activities on the domestic market where national or regional origin is part of an advertising message, provided it is not the whole or main message.

I hope that this clarifies what is a complex area.

Sir Brian Bender KCB
Permanent Secretary

27 January 2004