

4/25

Part 2

WT

Confidential Filing

Salmonella and Eggs

AGRICULTURE

Part 1: Dec 1988

Part 2: April 1990

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
4.4.90							
16.7.90							
16.11.90							

Series closed see :
 Agriculture : Food policy

PREM 19/2905

PART 1 ends:-

File Case Report on Salomonella in Eggs

PART 2 begins:-

BSM / MAFK to Mr 6.9.90



CCPH

NORTHERN IRELAND OFFICE
WHITEHALL
LONDON SW1A 2AZ

SECRETARY OF STATE
FOR
NORTHERN IRELAND

Rt Hon John Gummer MP
Minister of Agriculture
Ministry of Agriculture,
Fisheries and Food
Whitehall Place
London
SW1A 2HH

23 November 1990

Dear John

HOUSE OF COMMONS AGRICULTURE COMMITTEE
BOVINE SPONGIFORM ENCEPHALOPATHY (BSE)

I have seen your letter of 1 November to Kenneth Clarke and the Government's response to the Select Committee with which I am content.

I am copying this letter to Cabinet colleagues and to Sir Robin Butler.

Leon

Pm

PB



CEP
NRPM
Ar

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon John Gummer MP
Minister of Agriculture, Fisheries and Food
Whitehall Place
London
SW1A 2HH

23 November 1990

Dear Minister,

SALMONELLA

Thank you for your letter of 16 November

2. I accept that, as a result of the arbitration case, you will have to change the basis of compensation for flocks compulsorily slaughtered because of salmonella infection, and I am prepared to accept the specific proposal in your letter. However, I note that this will in effect increase the compensation rate from 60% to an average of around 90%, and I therefore welcome your assurance that you will meet the resulting cost from within your existing domestic agriculture provision.

3. I welcome your decision not to make the increase available to those who have in the past accepted compensation and did not exercise their right to arbitration - it is important that no concession is made on this.

4. I note also that, even at these higher levels of compensation, you still feel that the slaughter and compensation scheme is worthwhile. I am content to accept this for the time being, on the basis that you think no increase in provision for the scheme is necessary. But if the cost of the scheme were to rise, for example because the numbers of birds slaughtered starts to increase again, then I reserve the right to re-examine the scheme's value for money. I agree that you should therefore keep the scheme under review, and hope that the specific expenditure reducing adjustments mentioned in your letter can be evaluated and implemented as soon as possible.

5. I am copying this letter to the Prime Minister, other members of MISC 138 and to Sir Robin Butler.

Yours sincerely

Steph Bond

NORMAN LAMONT

[Approved by the Chief Secretary
and signed in his absence]

AGRICULTURE
Salmonella -
Pt 2.





Ministry of Agriculture, Fisheries and Food
Whitehall Place, London SW1A 2HH

From the Minister

The Rt Hon Norman Lamont MP
Chief Secretary to the Treasury
Treasury Chambers
Parliament Street
London
SW1P 3AG

16 November 1990

Dear Chief Secretary

SALMONELLA

You will recall that the scare over salmonella in eggs caused the Government last year to introduce a wide ranging package of measures to tackle the problem and to restore public confidence in British eggs. A key element was the compulsory slaughter of infected flocks producing eggs for human consumption (laying flocks). The slaughter arrangements were subsequently extended to infected breeding flocks, including those producing broiler chicks. These broiler breeder flocks were included because of the increasing incidence of salmonella food poisoning in humans which was considered to be linked significantly with infected poultry meat.

I am required under the Animal Health Act 1981 to pay compensation, other than for diseased birds, to producers whose birds are compulsorily slaughtered because of the presence of salmonella. This compensation must be the value of the birds at the time of slaughter. Our predecessors agreed however that we should not pay the full value, but should abate this amount by 40% to reflect the fact that a salmonella infected flock has a lower value than a healthy one. Producers who dispute the Ministry's valuation have the right to take the matter to independent arbitration.

In a recent case brought by the NFU on behalf of eleven flock owners, the arbitrator decided that a number of detailed changes should be made to our method of calculating values, but more significantly he decided that there was no basis for applying the 40% abatement. We therefore have to increase our payments to the eleven flock owners to the full value of healthy birds.

This decision also has implications for our future approach to salmonella compensation. Our legal advice is that the 40% abatement has no basis in law and that it would be improper to seek to uphold it in future arbitrations. The arbitrator in the NFU case however said that in principle we could pay less than 100% compensation if we could show how many birds in an infected flock were diseased (there being no obligation to pay on diseased birds). I am advised that it would be legally proper to assess compensation in this way. I therefore propose to alter the compensation arrangements accordingly from the date of the arbitrator's award. The level of infection in each flock will be estimated by statistical means on the basis of the number of samples found to be infected in a sample of birds taken for investigation from each flock. In practice it is expected that this change will increase average compensation to around 90% of the equivalent value of healthy flocks.

I am under heavy pressure from the industry to increase compensation to 100% for all producers who have received payments since the start of the slaughter policy and who have not reserved the right to go for arbitration. I propose to resist this, on the grounds that I have no legal obligation to increase compensation to these producers, who failed to exercise their right to arbitration at the time. This will be a very unpopular decision but will result in savings of some £1m to the exchequer.

Your officials have further details of these proposals including the financial implications. I regret the increased expenditure per flock but this seems inevitable in view of the legal position. In the current financial year I expect to be able to accommodate the expenditure within existing provision. For 1991/92 onwards I am content for the provision to remain as it stands following the survey decisions.

A decision to increase average compensation levels naturally raises questions over the justification for the overall salmonella policy. My view, which I am sure will be supported by William Waldegrave, is that we have to continue with a measure of control. Cases of Salmonella enteritidis (the form chiefly associated with poultry and eggs) in humans remain worryingly high and we cannot be seen to be relaxing our efforts to reduce sources of infection. Indeed a lack of determination on our part could lead to a loss of confidence in British eggs similar to that which occurred in 1988. The form of control however is being kept under active review and it is possible that we will be able to adjust the measures in certain areas in a way which will reduce Government expenditure. My officials will discuss the details of these possible changes with yours when our ideas have been firmed up.

In the light of the NFU arbitration case the industry is anxiously awaiting an announcement on future compensation policy. I believe that my proposals set out above have now to be

implemented because our previous policy is no longer legally tenable. At the same time they are financially as prudent as possible as I am not proposing to accede to the industry's request for 100% compensation in all past and future cases. I should be grateful for your agreement to my proceeding in the way proposed.

I am copying this to the Prime Minister, other members of MISC 138 and to Sir Robin Butler.

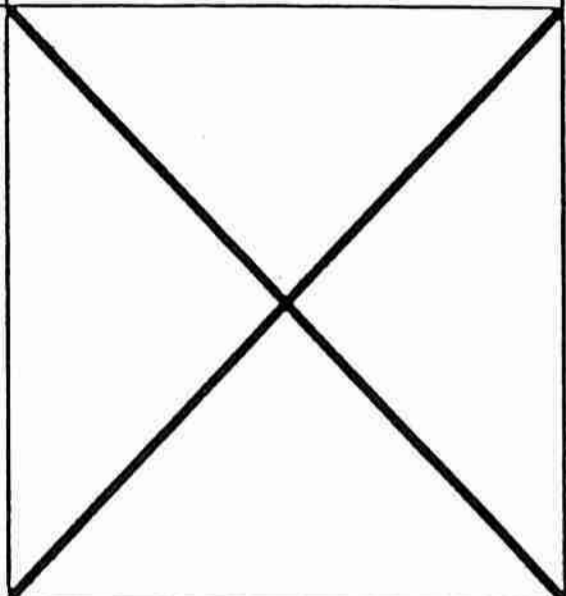
Yours sincerely

A. Gummer

JP

JOHN GUMMER
(Approved by the Minister
and signed in his absence)

A The National Archives

DEPARTMENT/SERIES <i>PRM 19</i> PIECE/ITEM <i>2905</i> (one piece/item number)	Date and sign
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DSC

10 DOWNING STREET
LONDON SW1A 2AA

From the Principal Private Secretary

9 April 1990

Dear Andy,

EGG SALES: HYGIENE

The Prime Minister has seen the Minister of Agriculture's minute of 6 April and has noted his intention to ban the sale of cracked eggs but not to proceed with similar measures for washed or dirty eggs. Subject to the views of colleagues, she is content that the necessary Regulations should be introduced.

I am copying this letter to the Private Secretaries to members of MISC 138 and to Sir Robin Butler and Sir Donald Acheson.

Yours sincerely
Andrew Turnbull

Andrew Turnbull

Andy Lebrecht, Esq.,
Ministry of Agriculture, Fisheries and Food.

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Ministry of Agriculture, Fisheries and Food
Whitehall Place, London SW1A 2HH

*Prime Minister
To note*

*AT
C14*

From the Minister

PRIME MINISTER

EGG SALES: HYGIENE

As one of the measures to combat the risk of food poisoning arising from salmonella in eggs, and following discussions in MISC 138 last year, the agriculture and health departments consulted UK interests on a proposal to ban the retail sale of cracked, dirty and washed eggs by producers at the farm-gate, by door-to-door selling and in local public markets. Such producer sales fall outside the scope of the EC regulations on egg marketing standards.

The proposal to ban producer sales of cracked eggs received almost unanimous support. But there was no consensus as to whether similar restrictions should be introduced for sales of dirty and washed eggs. Indeed, the majority of respondents who expressed a view on this aspect were either directly opposed or pointed to the practical difficulties of enforcement. They also stressed the particular danger that a ban on producer sales of dirty eggs would encourage unhygienic washing which carries the risk of washing organisms through the porous shell.

In the circumstances it seemed appropriate to go ahead with the ban on producer sales of cracked eggs only. In accordance with the requirements of the Technical Standards Directive (EEC83/189) the European Commission were informed of our intention to make domestic regulations to this end. The Commission raised no

*Meeting notes
attached*

objections to the proposal. Of the Member States, only the French authorities submitted comments. These were based on a misunderstanding of what was proposed and were subsequently withdrawn.

We have also reached agreement with the Association of District Councils on the enforcement of the proposed Regulations and £0.6m has been taken into account in calculating the local authority Revenue Support Grant for 1990/91 to meet the costs of enforcement.

This minute is to inform you and MISC 138 colleagues that the Secretary of State for Health and I now intend to go ahead to introduce Regulations to ban the producer sale of cracked eggs in England and Wales. Similar Regulations will be made in Scotland and Northern Ireland.



J S G

Ministry of Agriculture, Fisheries and Food

cc: Members of MISC 138
Sir Robin Butler
Chief Medical Officer

6 April 1990