

EXPLANATORY MEMORANDUM TO
THE DAIRY PRODUCE QUOTAS (AMENDMENT) REGULATIONS 2007

2007 No.106

1. This explanatory memorandum has been prepared by the Department for Environment, Food and Rural Affairs and is laid before Parliament by Command of Her Majesty.

This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Description

The instrument amends the Dairy Produce Quotas Regulations 2005. It will apply with effect from the current (2006/07) quota year.

3. Matters of special interest to the Joint Committee on Statutory Instruments

There was no formal consultation on the proposed changes to be introduced by this instrument since they are either mandatory or relax the current rules. An explanatory note (copy annexed) was, however, posted on the website of the Department for Environment, Food and Rural Affairs and sent to stakeholders in October 2006. A full consultation was carried out prior to making the 2005 Regulations.

4. Legislative Background

The instrument amends the Dairy Produce Quotas Regulations 2005 (S.I 2005/465), as amended by the Dairy Produce Quotas (Amendment) Regulations 2006 (S.I. 2006/120). The changes are necessary to implement Commission Regulation 1468/2006 amending Commission Regulation 595/2004. Further changes are made to improve the drafting of the Regulations and to extend and harmonise an administrative deadline.

5. Extent

The instrument applies to England. Equivalent regulations will be introduced in Scotland, Wales and Northern Ireland.

6. European Convention on Human Rights

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy Background

7.1 The milk quotas system is based on Community law and currently applies to some 20,000 milk producers and 170 milk purchasers in the UK. Under the system all Member States are allocated a national milk quota. If in a quota year national production exceeds the quota, then all producers exceeding their quota have to pay a levy on their over-production. Administration of the quota system is complex and is

carried out in the UK by the Rural Payments Agency (RPA), an executive agency of the Department for Environment, Food and Rural Affairs.

7.2 The Community legislation is implemented in England by the Dairy Produce Quotas Regulations 2005, with similar regulations applicable in Scotland, Wales and Northern Ireland. Commission Regulation 1468/2006 introduces changes to the quota system, most of which must be reflected in the Regulations. In brief, the date by which any levy must be paid to the RPA to avoid interest charges being incurred will be 30 September instead of 1 September; the rules on the procedures governing the submission of production data by wholesale purchasers and direct sellers of milk are clarified; and small-scale direct sellers are exempted from some record-keeping requirements.

7.3 Other amendments put back the date for notifying the RPA of the transfer of quota by lease of land from 1 March to 31 March in line with the deadline for the notification of other types of quota transfer with land, and improve the drafting of the Regulations.

7.4 Most of the amendments are to the benefit of the dairy sector although their impact will, in practice, be minimal. They have been publicised by the means outlined in paragraph 3. The RPA holds regular meetings with the trade and sends out information letters at the start of each quota year to all milk producers and purchasers. These channels will also be used to explain the changes.

7.5 The Regulations have been amended a number of times over the years, were again amended and consolidated in 2005 and then corrected by S.I. 2006/120. The review of the Community legislation due in 2008 may lead to significant changes in the quotas system. If so, we would then take the opportunity to consolidate the Regulations.

8. Impact

A Regulatory Impact Assessment has not been prepared for this instrument as it has no impact on business, charities or voluntary bodies.

9. Contact

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can answer any queries regarding this instrument.

CHANGES TO THE DAIRY PRODUCE QUOTAS REGULATIONS 2005

This note is to inform stakeholders of changes to the Dairy Produce Quotas Regulations (DPQR) 2005. The changes will be made by a Statutory Instrument which, subject to Parliamentary approval, will come into force on 31 March 2007 and apply with effect from the 2006/07 quota year.

Most of the changes are mandatory as they arise from amendments to the European Community legislation which governs the milk quotas system; a further change relaxes a current rule. They are largely to the benefit of the industry. As a result we will not be carrying out a formal consultation exercise. Neither will we prepare a full regulatory impact assessment as any costs or savings will be negligible.

The mandatory changes are as follows:

- The date by which any levy on the over-production of milk must be paid to the Rural Payments Agency (RPA) to avoid interest charges being incurred will be 30 September instead of 1 September as at present.
- Milk purchasers and direct sellers who fail to provide statements of, respectively, deliveries or production by 15 June will receive a letter from the RPA within 15 working days of that date giving notice that, if no statement is submitted within a further 15 working days, a penalty will be payable (purchasers) or quota will be confiscated (direct sellers). The current deadline for the triggering of the RPA letter is 1 July, with 30 days being allowed for the submission of a statement. The amount of the penalty remains unchanged.
- Direct sellers holding under 5000 kg (4,855 litres) of milk quota will no longer have to keep records of milk and milk products which they have not sold or transferred.

Further change:

- The date for notifying the RPA of transfers of quota with land will in all cases be 31 March. Currently, the deadline for the notification of quota transfer by lease of land is 1 March.