

-----Original Message-----

From: xxxxxxxxxxxx

Sent: 04 October 2011 15:32

To: 'enquiries@rpa.gsi.gov.uk'

Subject: Reason for unavailability of milk Volume Delivered figures

Dear Sir/Madam,

I see that from 2004/05 onwards the RPA web site shows links such as the one below

<http://rpa.defra.gov.uk/rpa/index.nsf/vContentByTaxonomy/AE7F6965AF8EA976802577E400520CCA?OpenDocument>

where Table 15 can be downloaded which contains a column headed "Volume Delivered". I understand that prior to 2004/05 it is only possible to estimate this milk volume for a given region in the UK from the net quota by assuming that production closely matched quota and then multiplying the quota share in the region by UK volume.

What happened in 2004/05 to make it possible to show Volume Delivered figures for each region and why is it not possible to show these regional figures for pre 2004/05 years?

Yours faithfully,

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-----Original Message-----

From: xxxxxxxxxxxx

Sent: 18 November 2011 16:35

To: xxxxxxxxxxxx

Subject: RE: Reason for unavailability of milk Volume Delivered figures

xxxxxxxxxxxxxxxx,

The change came about as a result of a change made in 2003 to the European Council Regulation governing milk quotas. Council Regulation 1782/2003 introduced a new provision that allowed EC Member States to confiscate quota from producers who used less than 70% of their quota in any given year. There were a number of options in the Regulation for implementing a usage rule, so consultation exercises were held by Defra and the devolved administrations. The consultations covered the various options available, including the question of whether to operate a usage rule at all. As part of the same consultation, producers were asked whether they wanted a more fundamental change to the way the wholesale levy operated in the UK. The majority of respondents were against a usage rule, but favoured the suggested change to the levy calculation. The need for extra data to allow us to calculate the levy at producer level led to our being able to produce regional production figures.

Prior to the 2004/05 quota year, the wholesale levy was calculated at

the level of the milk purchaser. This meant that each purchaser would pay a levy calculated by comparing their total milk purchases during the year with the total quota registered with the purchaser by all of their producers. The quota in the national reserve, along with any unused quota registered with purchasers who were under quota, was shared out between the purchaser groups in proportion to the quota registered with them. This meant that a producer could exceed their quota by a large margin and yet not be liable to pay a levy if other producers registered with the same purchaser were significantly under quota. When the purchaser groups received their levy bills they carried out a similar exercise to divide the bill between their over-quota producers in proportion to the quota that they held.

From 2004/05 onwards, the wholesale levy was calculated at the level of the producer. This means that each over-quota producer receives the same share of the unused quota as a proportion of their registered quota. Each producer's deliveries to each purchaser are compared with the quota that the producer has registered with that purchaser. Unused quota goes into the pot for reallocation along with the quota in the national reserve, and everyone gets an equal share in proportion to their registered quota. We calculate each producer's levy bill individually, and then calculate the purchaser's levy bill by adding together the individual levy amounts of their producers.

In order to carry out the reallocation of quota at producer level, we needed the individual production figures for each producer. Prior to the change, the wholesale levy was calculated using around 150 purchasers' total delivery figures for the year. After the change, it was calculated with around 20,000 individual producers' figures, supplied by the purchasers. (We would also have needed the individual figures in order to calculate any confiscations under a usage rule, had we had one). As a result, from the 2004/05 quota year onwards we have asked purchasers to supply us with a complete list of the producers who have supplied them during the quota year, with the volume delivered and average fat content for each. It is those figures that we use to produce the breakdown of production by region.

I think this is a fairly comprehensive explanation; I hope that it is not more detailed than you wanted!

xxxxxxx | Computer Manager

Rural Payments Agency | Clyst House | Winslade Park | Clyst St Mary | Exeter EX5 1DY

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