

Feathering Their Nests

The pheasant industry and the missing tax millions



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Written by Andrew Tyler



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Summary

Every year in Britain, some 35 million pheasants are reared in sheds and released into the wild. Only about one quarter of the total produced are actually eaten – that's according to the industry's own advocates writing in leading shooting magazines (full references in our '... Greed and Excess' report). About 16 million released birds die from starvation, disease, predation or under the wheels of motor vehicles before they can be shot; and half of those who are shot are left to rot or are buried in the ground.

The shooting press acknowledges that many 'guns' – who will despatch anywhere from 10 to 100-plus birds in a single day – will often not bother taking any of them home to eat.

So is the pheasant rearing and shooting industry a continuation of an ancient tradition, a modern sport, or part of the food industry?

The tax collecting, local planning authorities and enforcers of animal welfare laws are thoroughly muddled on that question – a confusion the industry is happy to exploit. Its anomalous status, a major new Animal Aid investigation can reveal, means that the public purse is being deprived of millions of pounds

annually in business rates, VAT payments and licence fees. Local planning laws are also being exploited, through the development of large-scale shooting enterprises without prior permission. As well as the erection of enclosures holding thousands of birds, these unregulated developments sometimes involve the construction of access roads and purpose-built shooting lodges for the entertainment of clients who could be paying a day-rate of more than a thousand pounds for their board and 'sporting' pleasures.

As to the birds' welfare, not even the meagre animal protection measures that govern the production of poultry apply to pheasant rearing. Though they are mass-produced in crowded conditions, fitted with anti-aggression devices and are heavily medicated in an attempt to reduce stress-related diseases, the birds' main form of protection is no more than a voluntary industry welfare code.

● *The law says pheasant producers must pay business rates, but our investigation shows that a great many do not. Animal Aid has submitted to the relevant authorities a list of 40 rearing businesses which had been advertising pheasants for sale and yet whose names did not appear on the ratings lists. Several of the 40 have already been notified that they will from now on be expected to pay rates.*



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No Tax Please We're Pheasant Rearers

Customs & Excise says it's agriculture

The easiest way to illustrate the confusion of the regulatory authorities and the way this is exploited is to explore the life and death of pheasants bred to be shot.

The birds are typically produced in hatcheries and reared for a further seven weeks inside heated sheds and mesh enclosures. Each shed holds hundreds of birds and the inmates will usually be fitted with devices that clip onto their beaks or obscure their vision so as to reduce the risk of stress-related aggression. Others have their beaks partially amputated with a red hot blade. The industry has convinced Customs & Excise that this rearing activity is 'agricultural', even though the prime objective is to produce a high flying target for sport. Leading lobbyists are on record as acknowledging that only one quarter of the millions of birds reared annually are actually eaten. Nonetheless, Customs has determined that pheasants are 'commonly used as food for human consumption' (VAT notice 701/37/94) and so pheasant rearing operations enjoy a zero VAT burden: they can reclaim any VAT that they

pay on their outgoings and do not have to charge VAT when selling bulk consignments of their seven week old birds to shoot operators.

DEFRA says it's not agriculture, it's sport

But while Customs & Excise considers the pheasant producers to be agricultural enterprises – thus freeing them from the standard VAT rate of 17.5 % – the agriculture ministry (DEFRA) more often than not (see below) defines them as 'primarily sporting' businesses. This means that they are exempt from the basic welfare laws that apply to all other farmed animals. These include the 1968 Agriculture (Miscellaneous Provisions) Act. Nor do the relevant Welfare Codes apply.

Instead, the birds are left unprotected – except for an inconsistently applied voluntary industry code – from the hatchery stage, through transportation, fattening, on to their release and beyond.

One conspicuous consequence of this anomalous situation is the following: It is illegal to use 'specs' (an anti-aggression device that obscures the birds' vision) on shed-reared poultry where the specs are attached by driving a pin through the nasal septum. Yet such cruel devices can be used legally on pheasants. Surely, the least that can be done for these birds, amidst the bureaucratic muddle and industry opportunism, is to afford them the limited protection of the farmed animal welfare laws.





The business ratings agency sides with DEFRA

The job of the Valuation Office Agency (VOA) is to compile and maintain the business rating lists for England and Wales. The VOA sides with DEFRA rather than Customs & Excise in determining that pheasant producers are in the sporting rather than agricultural business.

This turns out to be bad news for the producers. For while farmers are exempt from paying business rates, virtually all other businesses – sporting included – are not. But though the law says pheasant producers must pay business rates, our investigation shows that a great many don't do so. Animal Aid has submitted to the relevant authorities a list of 40 rearing businesses which had been advertising pheasants for sale and yet whose names did not appear on the ratings lists. We regard the 40 as merely representative rather than definitive. As a result of our action, several of the 40 have already been notified that they will from now on be expected to pay rates.

Why have such businesses frequently neglected to pay, despite a promise to crack down on them made by the VOA at the end of last year? The answer is that local councils haven't done their job as the official 'Billing Authority' and alerted the VOA to the pheasant farms in their respective areas. Part of the authorities' failure arises from their inertia. The success that Animal Aid has had in identifying so many rearing operations that were not on the Valuation List is proof of that, especially given our limited resources.

Another important reason why pheasant producers have not been listed for business rates is that the industry has promoted the Customs & Excise line that rearing pheasants is an agricultural activity and therefore non-rateable.

In fact, because something is to be gained from being simultaneously a sporting AND an agricultural industry, the leading lobby group, the British Association for Shooting and Conservation (BASC), promotes it as both. A perfect example of this bi-focal approach came in a statement last September inspired by parliamentary questions posed by the Lib Dem's Norman Baker. 'BASC's interest,' a spokesman wrote in a shooting magazine, 'is restricted to pheasants reared for sporting shooting and released to a natural environment, which can be a perfectly valid agricultural enterprise'. (*Shooting Times*, 27 September 2001)

Sport or food? DEFRA now looks both ways at once

DEFRA, the agriculture ministry, has contributed to the confusion over whether the pheasant industry is about food or sport. As we have seen, it exempts pheasant rearing from the farm welfare laws because such businesses are 'primarily sporting'. Yet it recently awarded the industry a financial grant of £150,000 to help market 'game' on the grounds that pheasant meat is 'a quality agricultural product' (16 March 2002 letter from Elliot Morley to Animal Aid). It is worth noting here that neither game rearing nor shooting are included in the definition of agriculture in the Town and Country Planning Acts.



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From Hatchery to the Killing Fields

The birds – as we have seen – begin their life in industrial hatcheries and fattening sheds. Next, they are delivered to the grounds where they will be fattened and then released about a month before the start – on October 1 - of the four month shooting season.

Just as the bird rearers avoid VAT by claiming agricultural status and have historically avoided business rates by default, so shoot operators have their own manoeuvres for relieving themselves of VAT, rates, planning regulations and farm animal welfare laws.

There are literally thousands of individual game shoots operating in Britain, according to *Sporting Gun* editor, Robin Scott (Aug 2002 SG). Their income is impossible to judge accurately. Lib Dem MP Norman Baker, in Autumn 2001, asked the Chancellor to provide an estimate of the revenue received by the Exchequer each year from the pheasant rearing and shooting industry. In a parliamentary answer, Treasury Minister Paul Boateng said he could provide no such estimates.

This in itself is a peculiar deficiency, given that the BASC trumpeted to readers of *Shooting Times*, in direct response to Baker's parliamentary questions, that 'the shooting industry ...was worth £623 million annually and provided 39,700 jobs' (ST 27 Sept 2001). By 'shooting industry', the BASC was probably alluding also to clay, grouse, partridge shooting and associated activities – although easily the biggest of all these sectors are pheasant killing enterprises.

If this is the scale of the industry, why is the Treasury not inclined or not able to provide revenue estimates?

The syndicate scam

Animal Aid's research suggests that the

answer can be found in the 'cash-in-hand' nature of an industry that organises itself into countless supposedly non-profit, fun-loving 'syndicates'. Some shoots do operate as *bona fide* businesses. They keep proper accounts and provide returns to the Inland Revenue. But a reading of the shooting press – together with our scrutiny of specific shoots in different parts of the country - suggests that a great many adopt the financial profile of a pub darts team. They purport to be coming together as friends for a fun time; chipping money into a hat to cover their basic costs, with none of it being of any concern to the taxman.

The reality is quite different. A not untypical syndicate is organised by a shoot operator who will lease the right to shoot on land from a large number of agricultural landowners. He might lease 20 sites and install the infrastructure - release pens, access roads, overnight accommodation - to cater for numerous groups of shooting parties of, say, eight 'guns' each.

These individual shooters form his 'syndicate' and yet most will not be known to each other. Rather, they will have been brought together by word of mouth.

At the centre of the shoot operator's enterprise will be a game farm in which thousands of birds are produced for release at each of his leased locations. At even £500 per gun per day (and the day rate often exceeds £1,000) we can see that the income potential is considerable. Even so, there are few constraints on the profit potential of groups of shooters posing as syndicates when they are shooting on land owned by one of the syndicate members.

Being 'syndicates', rather than formal businesses, they do not have to register for VAT where certain conditions are met¹ - even though the cashflow might easily exceed the VAT threshold of £55,000. And because they are not businesses, they do not need to produce formal accounts.

¹ This is providing they do not regularly advertise (and the term regularly is not defined), do not provide services such as beating and gamekeeping, and if they can show a personal loss equal to a syndicate member's share.

The 28 Day Planning Rule

No VAT, no rates

The syndicate scam allows a shoot operator to avoid applying VAT in respect of the value he has added to what came to him as VAT-free pheasants. He has enhanced the birds' value by having organised the shoot and turning them into expensive targets.²

Through a different manoeuvre a shoot operator is able to duck paying business rates. This opportunity arises because the land he leases is more often than not agricultural. And, quite simply, the scope for untaxed diversification granted to farmers is truly impressive.

A farmer is allowed to run a non-agricultural business - or lease part of his land for someone else to do so - and that enterprise will not usually require planning permission so long as it does not operate for more than 28 days annually. Anything beyond 28 days is regarded formally as a 'change of use' and this does require planning permission. A request for planning permission, in turn, triggers the valuation process, which means business rates become due.

The fiction perpetrated by many shoot operators and their farmer landlords is that operating a shoot is no more than a 28 day activity. This is argued - and accepted by some local authorities - on the grounds that the shooting season runs only from October 1 - February 1, and that during this time, a shoot operator might well take a party of guns out on fewer than 28 occasions.

Even a cursory examination of the facts will

reveal that the work of a shoot operator extends to most of the year. It involves, as we have seen, the erection of release enclosures, the feeding and medication of growing birds, the killing of predator animals such as stoats and weasels, the planting of cover crops for the birds to shelter within after their release, and the construction of access roads. Sometimes purpose-built shooting lodges are built for the lavish entertainment of clients. Start-up costs might easily exceed £100,000.³

Shooting Gazette magazine described one such enterprise - the Three Valleys Shoot near Welshpool, Powys - in its February 2002 issue.



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'Until Robert Jones appeared on the scene, there is no record of organised pheasant shooting having taken place on these 4000 acres of hill country, rising to 1,750 feet at its highest, and covered in bracken, heather, grass, hardwood coverts and pine forestry. The whole area is owned by four farmers and the Forestry Commission, which makes life much easier than dealing with lots of small land owners. The shoot is only in its third season, difficult though it is to believe, and up to 4 years ago there were no roads, all of which have been laid by local contractors, in a most professional manner. The brilliant shooting lodge and wooden furniture were also built locally.'

The Three Valleys did not pay any business rates on their shooting lodge until an Animal Aid sponsored intervention to the Valuation Office. Despite the development of the land for shooting and the engineering of roads, the operation also commenced without planning permission. Animal Aid is still pursuing the matter. Based on information provided in the *Shooting Gazette* article, we estimate that up to 60,000 pheasant poults (young birds) had been reared at the Three Valleys Shoot in 2002 alone.

² Another type of VAT avoidance scheme is open to shoot operators who are themselves farmers and who are using their own or other agricultural land. A shoot operator who is NOT a farmer will pay VAT on the materials he needs for his development (fencing, agricultural tools and so on) and will be unable to claim this back from Customs & Excise. By contrast, shoot operators who ARE farmers invariably register for VAT in order that they can claim back what they pay (known as input VAT) when purchasing the materials needed to raise crops or fatten animals. Animal Aid believes that the question Customs & Excise could fruitfully investigate is how many farmers are also claiming back, improperly, the VAT they pay when purchasing materials for their own shooting enterprises.

³ Shoot operators also argue that rates are not due on the shooting rights that they lease from landowners because such rights have not been rateable since 1997. But those rates-exempt shooting rights can only logically run throughout the shooting season itself, whereas, as outlined above - the activities of a shoot operator extend for many more months.

Licence to Kill

How the government spends £5.90 to collect £6

We have seen how the VAT, rating, planning and farm animal welfare regimes are all open to exploitation by the pheasant industry. One other area in which the cards are stacked in favour of the industry is that of game licensing.

Game Excise licences date from the Game Acts of 1830 and 1861. The law today demands that anyone involved in killing, keeping and dealing in game must purchase an Excise licence. Incredibly, the price of the licences was last revised in 1968, when the fees were increased by 100 per cent. The amounts claimed are still paltry, given the *de luxe* nature of a 'sport' that is indulged in by kings, queens, titled gentry and new money.

To kill game costs just £6 a year, while licences to deal in shot birds or operate as a gamekeeper both cost £4. There are lesser sums for shorter periods. No qualifications are required to gain any of these authorisations.

Not only are the sums demanded absurdly small but the requirement to purchase a licence is widely flouted across the industry. Just 42,310 game Excise Licences were sold in the financial year 2000-2001, Rural Affairs Minister, Alun Michael told pro-shooting Clwyd South MP Martyn Jones in a parliamentary answer.

This is in relation to an industry, we should remember, that the BASC claims is responsible for an annual turnover of £623 million and which provides 39,700 jobs.

An agreement under the Post Office Act 1969 allows the Post Office to issue these game licences on behalf of local authorities – and most of those sold are dispensed through the P.O. route.

But what of the costs of administering the scheme? Alun Michael, in his answer to the Clwyd South MP, admitted that it costs no less than £5.90 to orchestrate each £6 licence – a yield of 10 pence. Thus, the 42,310 game Excise licences sold during 2000-2001 raised just £4,132, once costs were subtracted.



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This administrative burden is borne, strangely, by DEFRA – the government department that can't make up its mind whether rearing pheasants for shooting is sport or agriculture. The costs are taken on by DEFRA, even though local authorities – which are the recipients of the cash – are run by the Department of Trade, Local Government and the Regions. But, of course, it is the taxpayer who ultimately picks up the tab.

Our investigations further suggest that neither the police nor many local authorities adequately enforce the requirement to possess a game licence.

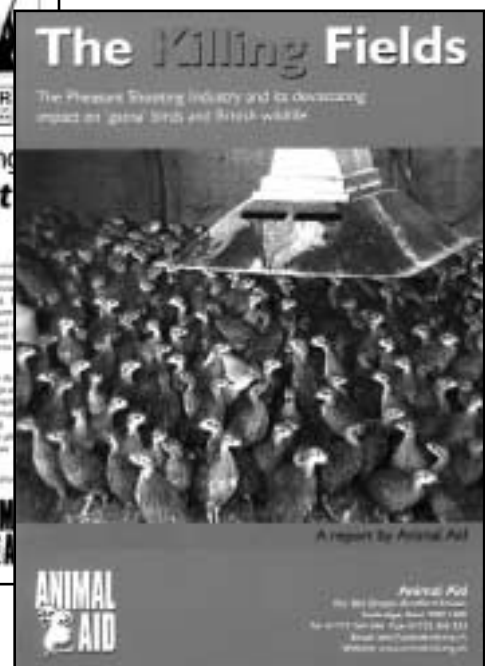
The police in the popular shooting country of Welshpool, Powys, when pressed by Cwm Mountain Residents, said they didn't know game licences were required. They subsequently told Cwm Mountain Residents that, since the maximum fine for non-possession was only £1, they would not be enforcing the law. In fact, the maximum fine is £500.

Unsurprisingly, Powys County Council received just £926 in licence fees during 2000 (chief executive, Jacky Tonge, in a 5 March, 2001 letter to Cwm Mountain Residents).

The Countryside Alliance (CA), which is in essence a front for the promotion of bloodsports, endlessly complains that the government fails to understand or support the countryside. The BASC and the shooting press, meanwhile, complain that game licences are an anachronistic burden and should be abolished.

Yet the licensing system clearly has potential to provide revenue for hard-pressed and declining rural areas. If the fees were increased to reflect the disposable income of the shooters, then the additional monies raised could be used to support the communities, landscape and natural resources that the CA and BASC claim are their first concern.

The campaign group WOOPS (Wales' Opponents of Pheasant Shooting) wrote to Alun Michael on January 7, 2002, urging him to increase the licence fees for the reasons outlined above, and pointing to the widespread failure to enforce the need to hold authorisation. The minister was unyielding: 'I am not aware of any serious problems,' he wrote, 'either from local authorities or the Post Office in relation to the fees charged for game licences and neither body has requested an increase in the fees charged. The government therefore has no plans to increase the current fees of game licences.'



Since our campaign against the pheasant rearing and shooting industry began in Sept 2000, we have produced the three major reports seen above. They are available at our website (www.animalaid.org.uk), or order copies from our office.

Conclusion

Animal Aid has shown in this report that the pheasant rearing and shooting industry is depriving the public purse of millions of pounds annually in business rates, VAT payments and game licence fees. This is achieved by exploiting the widespread confusion within different government departments as to whether the industry is part of agriculture or a 'sporting' activity.

Local planning laws are also exploited, with large-scale enterprises developed without planning permission. And because of the official confusion about whether shooting is sport or agriculture, not even the meagre animal protection measures that are supposed to govern the production of poultry apply to the rearing of pheasants. The main protection for the intensively-reared birds is no more than a voluntary industry code.

A recent newspaper report ('Shooting is the new golf', *Sunday Times*, 8 September, 2002) charted the growth in the amount of land now claimed by modern commercial pheasant shooting. During

the past year, a spokesman for the Country Land and Business Association told the newspaper, there had been a national increase of more than 15 per cent in the land on which shooting rights have been sold, with 'much higher' growth in Devon and Norfolk. The BASC was reported as claiming that 30% of the whole of Cheshire is now managed for shooting.

As well as depriving the public purse of important revenue, this elitist industry also receives handsome public subsidies. The *Sunday Times* article reported that, under the Countryside Stewardship (CS) scheme, £8 is paid per 10-metre strip of 'cover crops' – planted so that the birds can hide within them when not being beaten into the sky and shot down for pleasure. Other CS money is available to shooting estates.

In addition, a £150,000 government grant has been promised by DEFRA to help market the pheasant meat that those who shoot the birds don't want to eat themselves.

ANIMAL AID believes that pheasant rearing and shooting is an intrinsically grotesque, destructive and dishonest activity that needs to be properly regulated and curbed, rather than fattened with yet more public money.

Animal Aid urges the government to implement the following recommendations:

- Introduce a consistent approach across all government departments in the application of taxation to a 'sport' which is essentially part of the leisure industry.
- Apply disciplined procedures of planning application and consent to all development and infrastructure that is intended for commercial shooting on agricultural land.
- Value for rating purposes, the acreage, buildings and structures in use for commercial shooting on agricultural land. This valuation should be made on a pro-rata basis alongside the land's agricultural use. The valuation would take into account the financial turnover and attendance for each use.
- All birds, fish or animals bred and reared for a sporting purpose should be

standard-rated for VAT. The Customs and Excise guidance should be amended to read: "Any bird, fish or animal commonly considered edible in the United Kingdom, and released for a sporting purpose before slaughter, is standard-rated for VAT."

- Game Excise Licensing must be enforced and fees regularly reviewed and maintained at a level commensurate with the wealth and style of game shooting participants.
- Recognise that agricultural subsidy is not appropriate for land maintained for game shooting purposes. Subsidising the upkeep of wealthy shooting businesses, it should be accepted, is not the responsibility of the British taxpayer. Agricultural subsidies should be forfeited on all land turned over for sport and game shooting.



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Animal Aid exposes and campaigns peacefully against all animal abuse, and promotes a cruelty-free lifestyle.

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