

DEPARTMENT FOR ENVIRONMENT, FOOD AND RURAL AFFAIRS

An Independent Body for animal health: Consultation March 2009 Summary: Brief description of the main proposals

Background

Government traditionally plays a major role in controlling animal disease, such as foot and mouth. But the Anderson review of the 2001 Foot and Mouth outbreak recommended that the cost of controlling diseases should fall more on livestock keepers and those who benefit most from the prevention and eradication of exotic and contagious endemic diseases. Farming practices can often reduce or increase the risk of disease. They also have legal rights to compensation for animals culled for disease control purposes in some circumstances. More recently the EU has proposed measures to harmonise cost sharing arrangements across the EU (farmers in some member states such as Germany and Holland already contribute to the government costs of control).

These proposals should establish a governance and funding structure for tackling animal diseases that helps to reduce the risks and costs; creates confidence in the policies decided; and ensures those who benefit share the costs with taxpayers.

The overarching aims of these proposals are:

- Reduce the incidences and total cost of animal disease,
- Ensure funding is targeted cost effectively,
- Ensure that animal health policies are supported by those who will benefit,
- Ensure public money is only used to fund public benefits,
- Ensure beneficiaries of intervention share the costs of intervention,
- Improve confidence of the livestock industry and other stakeholders in the way disease risks are managed,
- Ensure that farmers and the whole livestock industry can create incentives to reduce the cost and risk of disease.

The third consultation on specific proposals was launched on Monday 30th March, and will close on Tuesday 30th June. This consultation which applies to England only, builds on responses to the last consultation (December 2007), the output from the UK Responsibility and Cost Sharing consultative forum, discussions at the stakeholder workshops (attended by over 300 stakeholders) and other events that have taken place since 2000, as well as challenges from the England Implementation Group (EIG). We are working towards preparing a draft Bill ready for publication in Spring 2010, with any new arrangements unlikely to be in place before 2012. The consultation has two main proposals designed to improve decision-making and risk management by key players.

Proposal 1 – Sharing responsibility via an independent Body for animal health

In order for the livestock industry to have a say in the decisions that affect their businesses, it is proposed to create a new arms length Independent body for England – either a Non Ministerial Department or an Executive Non-Departmental Public Body. This body would have responsibility for planning and developing policy to control animal diseases – all the animal health issues that Defra currently covers, except for animal welfare policy. It would inherit existing relations with other body's and ways of working – e.g. Animal Health would remain as a delivery arm.

Main differences:

- Non-Ministerial Department (NMD) is a Government Department, staffed by civil servants, but led and directed by a independent Chair and Board, rather than Ministers – like the Food Standards Agency or the Forestry Commission,
- Non-Departmental Public Body (NDPB) is not a Government Department or part of one, but operates at arm's length from Ministers. As a result, NDPB's are generally not Crown bodies and do not employ civil servants – like the Agriculture and Horticulture Development Board, Environment Agency or Natural England.

A board of between 8 and 10 part time independent people will govern the body – carrying out the Minister's current role with regards to animal disease. They will have an understanding of the livestock industry, animal health science, public health, and public sector management. In particular, the body will need to consult, commission, and take account of scientific advice as well as the views and opinions of a wide range of interests in the pursuit of its aims and objectives, such as wildlife management, welfare, and consumer interest. The consultation process indicated that on the whole, industry supports this proposal indeed, the NFU have publicly called for a new body.

Questions:

- What would give you / wider public confidence in the new body?
- What do you want the new body to do?
- What sort of person would you like to see on the independent board of the new body?
- Are there ways to develop partnership working whilst these proposals are being developed – like the bluetongue partnership?

Proposal 2 – Sharing costs via a levy based on compulsory livestock registration

For the livestock industry to contribute to costs, it is proposed to introduce an annual levy based on compulsory livestock registration according to the numbers and type of animals kept. The indications from the various stakeholder engagements was that this was the most favoured way to raise revenue. The body will continue to receive public funding for the bulk of its activities, plus some fees and charges and the new levy. The levy will be used to contribute to the costs of exotic disease surveillance, preparedness,. It is suggested that the livestock industry meet half the costs for exotic disease surveillance and preparedness. Costs will be allocated between main farmed species according to their susceptibility to the relevant disease and in proportion to the gross sector output.

Payments will be calculated from an annual self declaration. To encourage better husbandry practice, the legislation will provide for variable payments to reflect the risk factors of each particular livestock operation – for example, a reduction for improved biosecurity measures, such as closed herds.

Views are also invited on the use of an insurance requirement on livestock keepers as a basis for the industry contribution to the costs of exotic disease outbreaks .

How much will it cost?

Defra's expenditure on exotic disease preparedness and surveillance is in the region of £44 Million per year. The proposals suggest an overall industry contribution of £22m - made up of contributions from the dairy, beef, sheep, pigs and poultry sectors. The actual levy amounts will depend upon the cost of exotic disease expenditure at the time. The sizes of these sector contributions are proportionate to the gross value output of each, below shows an estimated levy **per animal place** (some practices see more than one animal pass through each place per year – such as meat chickens).

Dairy	£4.80
Beef	£1.20
Combined Cattle*	£2.50
Sheep	£0.09
Pigs	£0.82
Poultry	£0.04

**Given that beef and dairy cattle face the same disease threats, and the industries are closely linked, there is a clear argument for having a single levy rate applied to both sectors.*

Exceptions?

The consultation asks specific questions about what species should be included in the cost sharing levy, and whether the levy should have minimum thresholds for payment of the levy (like the current poultry register threshold of 50 birds), or a minimum payment. For example, companion animals such as pets and horses will be part of the scope of the new body, but may not be part of the income stream. Considerations will include the ease and expense of collection, and the potential impact of a levy on risk management behaviour. Minor species in the caprine, bovine, porcine, ovine and camelid families will continue to be covered by the same legislation as their mainstream relatives – such as identification rules for buffalo and dairy cattle.

Questions:

- Should we use a minimum threshold?
- Should a levy be collected from horses / minor species / companion animals – and if so, how?
- How can we ensure registration is effective: encouraging good behaviour and discouraging poor practice?
- Should cattle share a single levy rate?
- What about the proposals for a compulsory insurance requirement for exotic disease outbreak costs?

Animal Welfare Policy

Animal welfare policy will be retained within Defra, allowing the new body to direct its full attention to its core function of animal health, rather than getting involved in issues such as fur farming and the use of animals for testing. The new body would of course be required to have regard and responsibility for animal welfare concerns, as well as laws, in arriving at its decisions in fulfilling its animal health functions. Given the links in both policy and delivery, there may be a need for formal protocols, but equally important will be establishing and maintaining effective working relationships on a day to day basis between all those concerned with animal health and animal welfare.

Background notes

- Public spending on 'normal' everyday AHW is circa £400m a year. The costs of any GB disease outbreaks have to be found from within the Defra budget - there is no allowance for outbreaks of exotic diseases. The 2007 outbreaks (FMD, AI and BTV) cost the public purse around £50M.

- Animal diseases are bad for everyone – the animal, the keeper, and the tax payer. Sharing responsibilities and sharing costs are two sides of the same coin. Shared accountability for decision making and funding will act as a powerful driver to help deliver better animal health and welfare, and in doing so will help secure longer term sustainability for the livestock industry.
- Defra believes that developing a bold and visionary model now for England will be the best way of influencing the forthcoming discussions on RCS within the European Community. We want to be best placed to secure what suits our circumstances. We remain in close contact with the Devolved Administrations to ensure that our model compliments initiatives across the UK.
- Other countries within the European Community and internationally either already have cost sharing (and to a lesser extent responsibility sharing) in place or are looking at the issues in a similar manner to ourselves.
- Animal Health is the delivery body for GB, and there are no plans to change this

More information?

This 3 month consultation is a very important opportunity for all those with an interest to contribute to the design of a new framework to deliver improved animal health policy.

There will be a number of regional events to discuss RCS proposals running in Spring, these will be advertised, and details circulated via stakeholder groups and on the Defra website. Further details of the events, the full consultation, plus any other aspect of the RCS policy can be found via the details below.

Via the Defra website: <http://defraweb/animalh/ahws/sharing/index.htm>

Via email: rcsharing@defra.gsi.gov.uk

Via Telephone: 0207 238 4953