

Summary: Intervention & Options

Department /Agency: Defra	Title: Impact Assessment of Commission Proposal for a Council Regulation on the protection of animals at the time of killing	
Stage: Consultation	Version: 12	Date: 27 January 2009
Related Publications: Commission proposal ref 13312/08; Commission Impact Assessment Report 13312/08 ADD 1; Summary of Commission Impact Assessment Report 13312/08 ADD2.		

Available to view or download at:

http://ec.europa.eu/food/animal/welfare/slaughter/proposal_en.pdf

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What is the problem under consideration? Why is government intervention necessary?

The welfare of animals at slaughter or killing is currently protected by Directive 93/119. This has been implemented in England by the Welfare of Animals (Slaughter or Killing) Regulations 1995 and parallel legislation in Northern Ireland, Scotland and Wales. The proposed Regulation will replace the current EU and domestic legislative framework which the Commission considers is now out of date, following the introduction of new technologies, and not uniformly implemented in all Member States. The proposed Regulation will be directly applicable in all Member States.

What are the policy objectives and the intended effects?

The Commission proposal is intended to update the existing regulatory framework to take account of technological improvements and opinions expressed by the European Food Safety Agency and the World Organisation for Animal Health. The proposal seeks to maintain and improve the welfare of animals at the time of killing whilst providing greater flexibility for operators. It also requires operators to take ownership of, and become responsible for, the welfare of the animals under their control.

What policy options have been considered? Please justify any preferred option.

1. Do nothing (retain the current legislation) 2. Implement the proposal as it stands 3. Implement an amended proposal that maintains existing welfare protection in current EU / UK legislation and introduces improvements where the welfare benefits are proportionate to the costs involved. 4. Implement an amended proposal based on a revised Directive not a Regulation.

The Government's position is to support the Commission's proposed approach while seeking to negotiate improvements that maintain existing standards and ensure any improvements are proportionate to the risks involved. Opposing the proposals, seeking to amend them in another way or accepting them as they stand will not meet UK welfare objectives or the UK's policy on Better Regulation.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?

Five years after implementation of the proposed regulation.

Ministerial Sign-off For consultation stage Impact Assessments:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister:

Jane Kennedy.....Date: 22 January 2009

Summary: Analysis & Evidence

Policy Option: 2	Description: Adopting the proposal fully
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COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' (A) Industry: (i) capital costs (one-off £20m); Standard Operating Procedures (one-off £7.6m; ongoing £6.2m); (iii) Animal Welfare Officer (one-off £0.2m; ongoing £0.2m). (iv) Certificates of Competence (one-off £5.6m; ongoing £3m). (B) Government: National Reference Centre / Depopulation (one-off £0.4m; ongoing £0.3m)	
	One-off (Transition)	Yrs		
	£ 33.3m	1		
	Average Annual Cost (excluding one-off)			
	£ 9.5m	10	Total Cost (PV)	£ 115m
Other key non-monetised costs by 'main affected groups'				

BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups' At this stage benefits have not been valued, although potential improvements in animal welfare may result from implementation of this regulation. Cost savings to the industry may result from lower mortality in the lairage and reduced stress levels. This will lead to a reduction in rejected meat / higher carcase quality and less trimming of bruised meat. Further information is being sought through this consultation.	
	One-off	Yrs		
	£ 0			
	Average Annual Benefit (excluding one-off)			
	£ 0		Total Benefit (PV)	£ 0
Other key non-monetised benefits by 'main affected groups' Consistent standards are applied across the EU bringing those member states with lower standards up to the level that currently applies in the UK. Provide more operational flexibility by allowing Food Business Operators to take more responsibility for welfare through business specific Standard Operating Procedures within a less prescriptive output focussed regulatory regime. Improved welfare standards in some areas. As the public value improvements in animal welfare, this will translate to improvements in public satisfaction and well being.				

Key Assumptions/Sensitivities/Risks As stated below.

Price Base Year	Time Period Years	Net Benefit Range (NPV) £	NET BENEFIT (NPV Best estimate) £
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What is the geographic coverage of the policy/option?		UK		
On what date will the policy be implemented?		1 January 2011		
Which organisation(s) will enforce the policy?		MHS / AH		
What is the total annual cost of enforcement for these organisations?		£ No change		
Does enforcement comply with Hampton principles?		Yes		
Will implementation go beyond minimum EU requirements?		No		
What is the value of the proposed offsetting measure per year?		£ 0		
What is the value of changes in greenhouse gas emissions?		£ 0		
Will the proposal have a significant impact on competition?		Yes/No		
Annual cost (£-£) per organisation (slaughterhouse poultry / red meat) (excluding one-off)	Micro £2.6K / £2.6K	Small £2.6K /£2.6K	Medium £3.4k/£3.3K	Large £3.4K/£3.3K
Are any of these organisations exempt?	Yes	Yes	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)		(Increase - Decrease)	
Increase of	£ 5.7m	Decrease of	£ 0
		Net Impact	£ 5.7m

Key: Annual costs and benefits: Constant Prices (Net) Present Value

Summary: Analysis & Evidence

Policy Option: 3	Description: Negotiating amendments to the original proposal
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COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' (A) Industry: (i) capital costs (one-off £17m); Standard Operating Procedures (one-off £1.3m; ongoing £1.5m); (iii) Animal Welfare Officer (one-off £0.2m; ongoing £0.2m). (iv) Certificates of Competence (one-off £1.1m; ongoing £0.8m). (B) Government: National Reference Centre / Depopulation (one-off £0.4m; ongoing £0.3m)
	One-off (Transition)	Yrs	
	£ 19.5m	1	
	Average Annual Cost (excluding one-off)		
	£ 2.6m	10	
Total Cost (PV)			£42m
Other key non-monetised costs by 'main affected groups'			

BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups' At this stage benefits have not been valued, although potential improvements in animal welfare may result from implementation of this regulation. Cost savings to the industry may result from lower mortality in the lairage and reduced stress levels. This will lead to a reduction in rejected meat / higher carcass quality and less trimming of bruised meat. Further information is being sought through this consultation.
	One-off	Yrs	
	£ 0		
	Average Annual Benefit (excluding one-off)		
	£ 0		
Total Benefit (PV)			£ 0
Other key non-monetised benefits by 'main affected groups' Ensure consistent standards are applied across the EU and provide more operational flexibility by allowing Food Business Operators to take more responsibility for welfare through business specific Standard Operating Procedures within a less prescriptive output focussed regulatory regime. Improvements in welfare standards that are proportionate to the benefits involved. As the public value improvements in animal welfare, this will translate to improvements in public satisfaction and well being.			

Key Assumptions/Sensitivities/Risks See Below. Time period of 5 years assumed to match review period.

Price Base Year	Time Period Years	Net Benefit Range (NPV) £	NET BENEFIT (NPV Best estimate) £
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What is the geographic coverage of the policy/option?		UK		
On what date will the policy be implemented?		1 January 2011		
Which organisation(s) will enforce the policy?		MHS / AH		
What is the total annual cost of enforcement for these organisations?		£ No change		
Does enforcement comply with Hampton principles?		Yes		
Will implementation go beyond minimum EU requirements?		No		
What is the value of the proposed offsetting measure per year?		£ 0		
What is the value of changes in greenhouse gas emissions?		£ 0		
Will the proposal have a significant impact on competition?		Yes/No		
Annual cost (£-£) per organisation (Slaughterhouse poultry / red meat) (excluding one-off)	Micro	Small	Medium	Large
	£2.6k/£2.6K	£2.6k/£2.6K	£3.4k/£3.3K	£3.4k/£3.3K
Are any of these organisations exempt?	Yes	Yes	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)		(Increase - Decrease)
Increase of £ 1.4m	Decrease of £ 0	Net Impact £ 1.4m

Key: Annual costs and benefits: Constant Prices (Net) Present Value

Evidence Base (for summary sheets)

Proposal

1. The welfare of animals at slaughter or killing is currently protected by Directive 93/119. This has been implemented in England by the Welfare of Animals (Slaughter or Killing) Regulations 1995 and parallel legislation in Northern Ireland, Scotland and Wales. The proposed Regulation will be directly applicable in all Member States and will replace the current EU and domestic legislative framework.

2. The Commission proposal will apply to all animals killed in a slaughterhouse, on farm or for disease control purposes. It will ensure that animals (including poultry and fish, but excluding reptiles and amphibians) are spared any avoidable pain, distress or suffering. Animals (other than fish) must be killed by a method that leads to instant death or death after stunning. The only exception to this is where slaughter is carried out in accordance with religious rites (e.g. Halal or Kosher) where Member States can choose to apply a derogation permitting slaughter without prior stunning. The proposed regulation includes detailed provisions on stunning and killing methods, the construction layout and equipment in slaughterhouses and provides operational rules for slaughterhouses.

Sectors and groups affected

3. The proposed regulation will impact on the welfare of some:

- 900 million poultry
- 20 million sheep
- 8.5 million pigs
- 2.3 million cattle

slaughtered or killed annually in the UK.

4. The regulation will affect all UK Food Business Operators (FBOs) involved in slaughtering pigs, poultry, cattle, sheep and other species. Some 450 slaughterhouses are currently approved in the UK as follows:

- Poultry 101
- Cattle Sheep Pigs 300
- Farmed game (Mainly Deer) 56

5. These proposals will also affect farmers (180,000 livestock and 40,000 poultry holdings), knackery yards (350) and others involved in the slaughter of animals outside a slaughterhouse. There will be an impact on companies manufacturing equipment for use in slaughterhouses. Government agencies e.g. Meat Hygiene Service and Animal Health responsible for approving facilities and enforcement activities will also be affected. The proposal will also impact on Government agencies e.g. Animal Health responsible for killing animals for disease control purposes. Finally the potential improvements in animal welfare as a result of the proposed Regulation will have an impact on the satisfaction and well being of the general public, based on the value the public places on animal welfare.

Commission Impact Assessment

6. The Commission has highlighted the need to update Directive 93/119/EC1 which has never been amended. As its starting point the Commission has taken two scientific opinions from the European Food Safety Authority, which suggested revising the technical annexes of

the Directive. In parallel the World Organisation for Animal Health adopted in 2005 two guidelines on the welfare of animals at slaughter and killing leading to similar conclusions. As a consequence the Commission mandated an external consultant in 2006 to carry out a study on stunning/killing practices in slaughterhouses and their economic, social and environmental consequences. The study was finalised in 2007. At the same time the Commission conducted consultations of interested parties and Member States. In 2006 the Commission adopted the first Community Action Plan on the Protection and Welfare of Animals, introducing new concepts such as the welfare indicators and the need for further research programs and centres of reference on animal welfare. Specific problems have also been identified with the present EU legislation such as the lack of harmonised methodology for new stunning methods, the lack of clear responsibilities for operators on animal welfare, the insufficient competence of personnel handling animals, or insufficient conditions for the welfare of animals during killing for disease control purposes.

7. The Commission's general objectives are to improve the protection of animals at the time of slaughter or killing, while ensuring a level playing field for all business operators concerned, so that their competitiveness is not affected by discrepancies in their costs of production or their market access. The Commission considers that this should contribute to Better regulation/simplification policy objectives. The Commission's specific objectives are to encourage innovation for stunning animals humanely, to ensure better integration of animal welfare in the production process of slaughterhouses, to increase the level of knowledge of personnel concerned and to improve the protection of animals when large scale killing for disease control purposes occurs.

8. The Commission considered four options:

- Option 1 - do nothing
- Option 2 - non-binding recommendations
- Option 3 - amending the directive through its technical annexes
- Option 4 – reorganising the legislation

9. The Commission Impact assessment indicates that slaughtering costs represent a limited part (20%) of the total costs of slaughterhouses activities but acknowledges that those costs could affect the competitiveness of individual companies. However they conclude that changes in costs for slaughtering animals are unlikely to affect the final price of meat.

10. The Commission impact assessment suggests that the total EU costs associated with each of its key proposals are as follows:

Cost to operators

	Million Euros / year
Animal welfare officer	18.8 – 27.6
Standard Operating Procedures	20.7
Training for slaughterhouse employees	1.62
Slaughterhouse equipment	0 (Cost written down)

Cost to Government

	Million Euros / year
National Reference Centre	4
Depopulation reporting procedures	1.9 (one off)
Certificates of Competence	2.5

11. The Commission suggests that its proposals could help improve meat quality. Production losses in relation to pigmeat EU wide are estimated to be between 60.5 and 140.5 million Euros per annum. The Commission estimates that quiet calm handling of pigs could cut losses by around 10% saving some 6 – 17 million Euros per annum. They also predict similar gains resulting from reduced bruising in beef carcasses. Losses of between 16.5 and 64.5 million Euros are attributed to bruising during the slaughter process. Here a 10% saving would cut losses by between 1.6 and 6.5 million Euros per annum.

12. The Commission dismissed option 1 as this ignores the technological progress made since 1993 and the potential welfare benefits than can be derived through the adoption of such improvements. Option 2 would perpetuate the differences in standards currently applying between Member States and has also been dismissed. Similar concerns apply to Option 3. The Commission also rejected this approach on the grounds that it lacks flexibility to respond to future changes in technology and does nothing to reduce regulatory burdens.

13. The Commission concluded that reorganising the directive (option 4) is the only option where innovation can be encouraged and simplification provided (by changing the legal instrument and having a new approach which transfers primary responsibility for welfare to Food Business Operators). They believe this approach will do more to improve welfare protection for animals than amending the directive (option 3). It is also seen as the option that is likely to bring the most positive impacts in terms of meat quality, public perception and better working conditions in slaughterhouses. The Commission acknowledges that Option 4 will lead to short term cost increases for certain businesses but notes that these costs will be mitigated to some extent by improved meat quality, long transitional periods and exemptions in specific cases.

UK Impact assessment - Consideration of options

14. Four options have been considered:

- Option 1 – Do nothing
- Option 2 - Implement the Commission proposal as it stands
- Option 3 – Implement an amended proposal that maintains existing welfare protection in current EU / UK legislation and introduces improvements where welfare benefits are proportionate to the costs involved
- Option 4 – Implement an amended proposal as at Option 3 based on a Directive rather than a Regulation

15. If the Commission decides to replace the existing Directive with a Regulation this can be done by majority vote. On this basis if the UK does nothing the Regulation could still be put in place. The regulation would be directly applicable in the UK. Disengaging from the negotiating process would not achieve anything and could disadvantage UK interests. For these reasons this approach is not recommended and is not considered further.

16. We could implement the Commission proposals as they stand. However the proposed regulation reduces current welfare protection in some areas, lacks clarity in some respects and costs to business could also be high. This approach is not therefore recommended.

17. The UK would therefore wish to see changes made to the Commission proposal to ensure current welfare standards are maintained and that, where improvements are proposed, the measures adopted strike an appropriate balance between animal welfare interests and cost to business. This objective could be achieved either through a revised Directive or a Regulation. A Directive (Option 4) requires detailed implementing legislation at a national level. This would ensure the UK can maintain current welfare standards (assuming these are consistent with the Directive). However such an approach would lack flexibility, do little to reduce burdens on business and could perpetuate current differences in welfare standards across Member States.

This is not consistent with Government welfare policy which supports the application of good welfare standards enforced to the same standards internationally. It would also do little to support delivery of Government Better Regulation policies. This approach will be less effective in delivering UK policy objectives and will be more costly than the other options considered. As a result further detailed consideration of this approach has not been undertaken. Adoption of a regulation supported by guidance and codes of practice (Option 3) addresses most of the concerns associated with Option 4 at a lower cost to business and Government.

Consideration of Option 2

18. The Commission have confirmed as a minimum it is their intention to maintain current levels of welfare protection provided by Directive 93/119. The proposed Regulation is intended to provide a framework for ensuring specified welfare outcomes are achieved. However the outcome led approach adopted in the proposed Regulation is fundamentally different in conceptual terms to the more prescriptive approach adopted in the current Directive and UK implementing Regulations. This makes detailed comparison between the two approaches very difficult. The core welfare outcomes required under both legislative approaches are the same (animals must be spared any avoidable pain, distress or suffering). In some respects e.g. the need for an Animal Welfare Officer in every slaughterhouse (over a minimum size), the proposed Regulation provides better welfare protection. However the outcome based approach requires plant operators to assume more responsibility for ensuring the welfare of the animals in their care. Operators are not required to comply with wide ranging detailed technical provisions and have the flexibility to set out how they intend to deliver the required welfare outcomes in Standard Operating Procedures.

19. There are also a number of areas where the scope of the current legislative framework and the proposed Regulation differ. For example the proposed Regulation:

- does not cover animals “bred” for production and reduces the scope to animals “kept” for production.
- does not specifically include knackery yards within the scope of the Regulation
- allows for persons convicted of welfare offences to hold a certificate of competence
- does not require types of equipment to be stated on certificates of competence
- has no provisions for refusal to issue or suspend a certificate of competence
- does not require lateral protection for animals at unloading
- makes no requirement for adequate humidity and ammonia levels in the lairage
- does not require adequate lighting in lairages for inspection
- includes no specific provision for field lairages
- does not limit slaughter without stunning (religious slaughter) to slaughterhouses in all cases
- specifies an overall time for transport, unloading and slaughter of up to 29 hours for cattle which will increase the period of time some animals can be kept without food
- does not require animals in a lairage to be protected from adverse weather or provided with ventilation
- does not require daily inspection of lairaged animals
- does not have specific requirements that will prohibit twisting, crushing or breaking the tail or grasping eyes
- does not require the person who is to stun the animal to be ready to do so as soon as the animal is placed in the stunning
- allows “less welfare friendly” killing methods to be used in “any” circumstance, and does not restrict their use for “last resort” situations such as culling.

20. In addition to the points listed above the proposed Regulation omits a number of detailed technical parameters included in the current legislation. These have been deliberately omitted

by the Commission as a consequence of their outcome based approach. Examples of the technical parameters no longer specified include:

- specific periods of time that must be followed to stick/bleed and animal after an animal has been stunned
- specific periods of time that must be allowed after an animal has been slaughtered before further carcass dressing can take place
- a requirement that live birds must not be suspended in shackles for more than a specific period of time before being stunned or killed

21. The Commission has indicated that it intends to provide supplementary guidance through codes of practice and guidance notes. These will be drawn up under the comitology procedures set out in the proposed Regulation. However it is not clear at this stage what if any legal force such material will have.

Cost to Industry

22. If the Commission proposals are implemented without amendment (option 2) they are expected to have an impact on costs as described below. A summary of the assumptions used to assess the impact on costs is attached at Annex C.

Standard Operating Procedures

23. Every slaughterhouse, farm knackers yard or other business involved in any form of killing or related operation will be required to prepare Standard Operating Procedures (SOPs) under the proposed regulation. The Commission estimates that it will require 2 – 3 days work to prepare Standard Operating Procedures and a further 1 hour per day to maintain those procedures and follow up any issues arising. The majority of UK slaughterhouses will already have an animal welfare policy in place or will already be considering welfare issues using HACCP procedures. We consider these can be readily amended to meet the SOP requirements. On this basis we have assumed that, in every slaughterhouse, the work involved will be significantly less than the Commission estimates. Standard Operating Procedures will also be required by knackers yards, livestock farms and poultry units. Once established it will be necessary to review and update SOPs periodically. Although not specifically required in the regulation, it is assumed operators will need to maintain basic records to demonstrate compliance with SOPs for auditing and enforcement purposes.

24. The following assumptions have been used to assess the impact of SOPs:

Time required to prepare, review and monitor SOPs:

	Slaughterhouse	Knackers Yard	Livestock holding	Poultry unit
Initial preparation of SOPs	1 day	1 day	0.5 days	0.5 days
Additional time for monitoring and recording procedures	15 mins / day	15 mins / day	10 mins / month	10 mins / month
Ongoing updating and review of SOPs	0.5 days per year	0.5 days per year	0.25 days / year	0.25 days / year

Number of businesses affected:

- All slaughterhouses and knackers yards
- Farms not covered by assurance schemes (35% of total)

Hourly rates:

- Initial preparation / annual review - Production manager level - £18.52 per hour
- Maintenance of records - Process and plant operative grade - £8.99 per hour
- Uplift applied to the above hourly rates to cover administrative costs +30%

25. Using the assumptions above the costs associated with the introduction of SOPs are estimated to be:

Proposed Change	One Off Cost	Recurring Cost Per Year	Annual Cost Per Business
Preparation and implementation of Standard Operating Procedures in slaughterhouses	£88,022	£372,923	£816
Preparation and implementation of Standard Operating Procedures for Knackers yards	£67,413	£299,586	£856
Preparation and implementation of Standard Operating Procedures for on farm killing / culling – livestock farms	£6,067,152	£4,506,138	£72
Preparation and implementation of Standard Operating Procedures for on farm killing / culling – poultry units	£1,348,256	£1,001,364	£72
Total cost to business	£7,570,843	£6,180,010	

Animal Welfare Officer

26. The proposed Regulation will require operators to designate an Animal Welfare Officer (AWO) for every slaughterhouse (above a minimum size). The Commission estimates that the responsibilities associated with the AWO role could represent about 20% of the time of a full time employee. In the UK most slaughterhouses already achieve high welfare standards. There will also be some overlap between the role of an AWO and the preparation and review of SOPs. It has therefore been assumed that the additional time required to discharge the responsibilities of an AWO will represent an average of 5% of a full time post for every slaughterhouse where an AWO is required. All AWOs will be required to hold a Certificate of Competence.

27. The following assumptions have been used to assess the impact of the introduction of AWOs:

Number of businesses affected:

- Proportion of slaughterhouses exempted by low throughput exemption - 30%
- Slaughterhouses required to have an AWO (450 x 70%) – 315
- Proportion of slaughterhouses required to have an AWO with no AWO at present 33% (315 x 33%) - 104
- Part time slaughterhouses – none (all covered by low throughput exemption)
- Farms / poultry units – none
- Knackers yards - none

Hourly rates:

- Production manager level - £18.52 per hour

Additional time required to undertake AWO role:

- 5% of a full time post

Number of people requiring a Certificate of Competence:

- Proportion of businesses requiring an AWO where existing AWO has 10 years uninterrupted professional experience - 10%
- Number of AWOs requiring certificate only (315 x 10%) - 32
- Number of AWOs requiring testing and a certificate (315 x 90%) - 283
- Number of persons requiring training before assuming AWO role - 104

Costs of obtaining a Certificate of Competence (per person) every 5 years:

Certificate - £50; Testing - £200; Training - £1000.

28. Using the assumptions above the costs associated with the introduction of AWOs are estimated to be:

Proposed Change	One Off Cost	Recurring Cost Per Year	Annual Cost Per Business
Animal Welfare Officer to be designated for every slaughterhouse over a minimum size	£182,343	£225,487	£705

One off costs relate to the provision of initial Certificates of Competence. Recurring costs include staff costs and the average cost per year associated with renewing Certificates of Competence once every five years.

Certificate of Competence

29. Under the current regulatory framework people involved in the restraint, stunning, slaughter or killing, pithing, shackling or hoisting and bleeding of an animal must be licensed. To obtain a licence a person must be certified as competent by an Official Veterinary surgeon. Once issued a licence last for life unless revoked or suspended. Under the proposed Regulation a certificate of competence will be required for every person undertaking slaughter and related operations. This covers all situations where animals are killed for human consumption including on farm slaughter for personal consumption of all animals except poultry and rabbits. A certificate of competence:

- Would be valid for a period not exceeding five years
- Would be required by staff involved with the handling and care of animals before they are restrained
- Would be required by a farmer who slaughters or kills an animal for private consumption, with the exception of poultry and lagomorphs (such activities do not require a licence at present)

Until December 2014 a certificate of competence can be issued to any person who can demonstrate 10 years uninterrupted professional experience.

30. The following assumptions have been used to assess the impact of the introduction of Certificates of Competence:

- Number of active slaughtermans licence holders 6000

Number of additional people who will require a certificate of competence:

- Average number of people per slaughterhouse involved in handling and care of animals before restraint – 3

- Total number of people employed in slaughterhouses to handle and care for animals before restraint (3 x 450) – 1350
- Total number of slaughterhouse workers requiring a certificate of competence (6000 + 1350) - 7350
- Proportion of existing licence holders with 10 years uninterrupted professional experience - 50%
- Number of slaughterhouse workers requiring certificate only - 3675
- Number of slaughterhouse workers requiring testing and a certificate – 3675

Staff turnover:

- Proportion of licence holders leaving the industry per annum - 5%
- Number of replacements requiring training, testing and certification (7250 x 5%) – 370 per annum

Livestock farmers slaughtering for personal consumption:

- Proportion of livestock farmers slaughtering for personal consumption 25%
- Number of farmers slaughtering for personal consumption requiring a certificate of competence (180,000 x 25%) - 45,000
- Number of farmers slaughtering for personal consumption requiring a certificate of competence with 10 years uninterrupted professional experience (45,000 x 75%) – 33750

Costs of obtaining a Certificate of Competence (per person) every 5 years:

Certificate - £50; Testing - £200; Training - £1000.

31. Using the assumptions above the costs associated with the introduction of Certificates of Competence are estimated to be:

Proposed Change	One Off Cost	Recurring Cost Per Year	Annual Cost Per Business
Extension of certificates of competence (slaughterman's licence) to include people involved in handling and care of animals before they are restrained	£205,650	£68,550	£150
Need for certificate of competence for existing slaughterhouse staff with renewal every 5 years	£900,000	£300,000	£150
Training and certification of new entrants working in slaughterhouses		£460,688	£1,008
Certificates of competence for livestock farmers slaughtering for personal consumption	£4,500,000	£2,250,000	£50
Total cost to business	£5,605,650	£3,079,238	
Slaughterhouse			£1,308
Livestock farm			£50

32. Although not explicitly required under the Regulation it will almost certainly be necessary, to meet human rights requirements, to set up a mechanism to deal with appeals where Certificates of Competence are refused or withdrawn. One off work to establish the procedures and appoint people to hear appeals can be expected to cost some £75,000. Ongoing operation of the appeals process can be expected to cost £50,000 per annum assuming appeals are at low levels as is currently the case with the slaughterman licensing arrangements. Assuming no charge is made for dealing with an appeal these costs will fall on the Government.

Instructions on maintenance and use of equipment

33. It is assumed that there will be no additional costs associated with the requirement to provide instructions on the maintenance and use of equipment. It is assumed such instructions are already available from reputable manufacturers.

Breast comforters

34. It is assumed that the majority of poultry shackle lines currently in use in the UK already incorporate breast comforters. On this basis no additional costs will arise from this provision.

Constant current stunning

35. Electrical water bath stunners currently in use work on constant voltage. In such a system the resistance of every bird would have to be the same for all birds to receive the same current. The resistance of individual birds is highly variable which leads to variation in applied current and can significantly affect the effectiveness of the stun. A constant current system could solve the problem of variable resistance ensuring every bird receives the minimum required current or above. A complete working constant current system for electrical water bath stunning was demonstrated at Silsoe Research Institute in the late 1990s but has not been developed commercially. The industry has expressed doubts that a constant current solution that is simple or affordable can be achieved.

36. The report prepared for the Commission by Civic consulting indicates that the constant voltage water bath stunners used by most poultry slaughterhouses today cost about £18,000 to purchase and install. For the 90 or so poultry slaughterhouses using water bath stunning equipment at the moment the replacement cost in 2019, at existing equipment prices, would be about £1.2m at present values. However, it is likely that the cost of a constant current water bath will exceed the cost of existing equipment. Assuming a constant current water bath would as a maximum cost five times the cost of existing equipment the one off replacement cost would be £6 million at present values. As water bath stunners are not routinely replaced the switch to constant current would represent a one off cost to the industry.

37. Most hand held electrical stunning tongs for sheep and pigs do not provide constant current. The Commission estimates that constant voltage tongs and associated transformer cost about £1300 whereas comparable constant current equipment would cost £4500. Assuming all existing equipment needs to be replaced and an average of 6 sets per red meat slaughterhouse (electric stunning tongs are often used for back up purposes in slaughterhouses using gas stunning / killing methods) the one off replacement cost in 2019 would be about £6.5million at present values. However, if existing equipment is replaced with constant current equipment as it wears out, most slaughterhouses will be able to offset the cost of this requirement through their routine replacement budget. This does of course assume manufacturers are able to supply sufficient equipment to meet demand well in advance of the January 2019 implementation date. On this basis the net increase in costs will be about £4.23 million. Although outside the period covered by this Impact Assessment there will also be a recurring cost of £4.23m every five years assuming a five year replacement cycle.

38. It is assumed that in any switch to constant current devices concerns about operator safety can be resolved at minimal cost. If this is not the case costs will increase depending on the technology required to ensure safe operation.

Recording devices

39. The proposed regulation includes a requirement that all electrical stunning equipment should be fitted with a device to record key electrical parameters for each animal stunned.

Most static electrical stunning equipment e.g. water bath stunners for poultry and Jarvis box stunners for cattle will include a device to display key electrical parameters. However in the case of poultry this is unlikely to provide a read out for every bird stunned. With more modern equipment it should be possible to record electrical parameters although this might not be possible on an animal by animal basis. Recording of electrical parameters for hand held devices is very unlikely to be possible at present.

40. To provide this capability all equipment would need to be fitted with a system to record electrical stunning parameters. The Commission estimate that this equipment would cost about £3200 per device in addition to tongs and a transformer. For red meat species this could be expected to involve one off costs in 2019 of about £4.23million at present values.

41. Research undertaken for the Commission indicates that about 40% of poultry slaughterhouses have no electrical monitoring devices at present. Where such devices are in place most are not capable of recording electrical parameters on a bird by bird basis. Development of equipment to record stunning of poultry on a bird by bird basis would need to be undertaken in association with the development of constant current water baths. It has been assumed that all new constant current water bath equipment will incorporate recording equipment that meets the requirements in the proposed regulation. It has been assumed that the cost of constant current water bath equipment at paragraph 36 will include the cost of all necessary recording equipment.

Waiting pen

42. Few if any red meat slaughterhouses will incorporate a waiting pen between the holding pen and the race leading to the point of stunning. In many slaughterhouses costly modifications to the raceways between the lairage and the stunning point would be required to incorporate such facilities. The cost will vary significantly from building to building. However assuming an average cost of £25,000 per plant the one off cost associated with this measure would be about £7.5million.

Changes to permitted stunning / killing methods

43. It is assumed that in its final form the regulation will permit all stunning and killing methods currently in common use in the UK (with the exception of electrical stunning methods described above). No additional cost should therefore arise.

Gas stunning of poultry

44. The regulation would prohibit the use of Stork systems where birds are unloaded from transport crates before being conveyed into the gas mixture. No poultry slaughterhouses in the UK are thought to be using this system.

Construction and layout of slaughterhouses

45. With the exception of the points outlined above it is assumed all existing slaughterhouses will comply with the remaining construction and layout provisions.

Operational rules for slaughterhouses

46. The operational rules proposed are broadly equivalent to current legislative requirements. It has been assumed therefore that there will be no additional costs associated with the proposed measures.

Cost to Government

National reference centre

47. There is a lack of clarity in the Commission proposals about the role envisaged for the National Reference Centre and how far approval of new stunning methods etc. will be handled at an EU level rather than a national level. For this purpose it is assumed the role of the National Reference Centre will be confined to:

- Provision of technical support in relation to slaughterhouse approvals
- Accrediting and approving bodies involved in training and certification

48. Arrangements already exist to provide technical support through the MHS vet tech arrangements. It is assumed these will be rolled into any Reference Centre arrangements established in the UK. No additional costs are envisaged. It has been assumed that the accreditation role will be undertaken by an existing industry training organisation. The costs are estimated to be about £150,000 per annum. This will be recovered through fees charged to training organisations etc. accredited through this process. They will in turn recover the costs involved through testing and training costs (see paragraphs 28 and 31). It is assumed that training will be provided by third party training providers. There will be no cost to the Government.

Checking SOPs

49. Carrying out a check of SOPs and verifying compliance will be the primary enforcement requirement under the proposed regulation. Having discussed this with the bodies responsible for enforcing current welfare at slaughter legislation it is assumed that this task will be achieved without the need to increase existing MHS and Animal Health enforcement budgets (currently some £127,000 per annum). It is estimated that changes to administrative procedures and training will involve one off costs of some £75,000.

Slaughterhouse approvals

50. The proposed regulations are not expected to increase the cost of work currently undertaken by MHS to approve slaughterhouses. It is assumed that changes to administrative procedures and training will not require any additional resources.

Depopulation provisions

51. The proposed Regulation requires new disease control operational and reporting procedures to be implemented and maintained. It is assumed that generic Standard Operating Procedures will apply and that it will not be necessary to prepare specific SOPs for each individual disease outbreak. However, where killing methods specified in the regulation are not suitable or available for disease control purposes, it will be necessary to grant derogations on a case by case basis where an alternative killing method has to be used. It will also be necessary to prepare an annual report for the Commission on disease control activities which will summarise the case by case reports currently prepared. A database will need to be established to help automate this process.

52. On this basis the changes required are estimated to cost some £150,000 to introduce taking account of IT development costs and the need to amend contingency plans and instructions. It is estimated that it will cost a further £50,000 per annum to implement the revised procedures.

Summary of costs for each sector of industry

53. The additional costs to each sector of industry associated with the proposed regulation are summarised below:

Poultry Slaughterhouses

Proposed Change	One Off Cost	Recurring Cost Per Year	Annual Cost Per Business
Preparation and implementation of Standard Operating Procedures in slaughterhouses	£19,453	£84,534	£837
Animal Welfare Officer to be designated for every slaughterhouse over a minimum size	£40,299	£49,834	£705
Extension of certificates of competence (slaughterman's licence) to include people involved in handling and care of animals before they are restrained	£45,450	£15,150	£150
Need for certificate of competence for existing slaughterhouse staff with renewal every 5 years	£198,906	£66,302	£656
Training and certification of new entrants working in slaughterhouses		£101,815	£1,008
Incorporation of breast comforters on all poultry shackle lines (From 2019)	Nil	Nil	–
Requirement to use constant current rather than constant voltage for electrical stunning systems (from 2019) assuming 5x the cost of existing equipment	£6,000,000	Nil	–
Electrical stunning equipment to be fitted with a device to record key electrical parameters for each animal stunned (from 2019)	Inc above	Nil	–
Detailed changes to permitted stunning and killing methods	Nil	Nil	–
Gas stunning of poultry	Nil	Nil	–
Revised provisions on construction, layout and equipment of slaughterhouses with slaughterhouse certification to include consideration of maximum throughput, categories and weights of animals in relation to stunning and restraining equipment and maximum lairage capacity (from 2019)	Nil	Nil	–
Operational rules for slaughterhouses	Nil	Nil	–
Total cost to business	£6,304,108	£317,635	
Medium / Large slaughterhouse with AWO			£3,356
Small slaughterhouse with no AWO			£2,651

Red Meat Slaughterhouses

Proposed Change	One Off Cost	Recurring Cost Per Year	Annual Cost Per Business
Preparation and implementation of Standard Operating Procedures in slaughterhouses	£68,568	£288,389	£810
Animal Welfare Officer to be designated for every slaughterhouse over a minimum size	£142,044	£175,653	£705
Extension of certificates of competence (slaughterman's licence) to include people involved in handling and care of animals before they are restrained	£160,200	£53,400	£150
Need for certificate of competence for existing slaughterhouse staff with renewal every 5 years	£701,094	£233,698	£656
Training and certification of new entrants working in slaughterhouses		£358,873	£1,008
Requirement to use constant current rather than constant voltage for electrical stunning systems (from 2019) assuming cost offset by routine replacement cost	£4,230,000	Nil	-

Electrical stunning equipment to be fitted with a device to record key electrical parameters for each animal stunned (from 2019)	£4,230,000	Nil	–
Waiting pen in Red Meat slaughterhouses (from 2019)	£5,500,000	Nil	–
Detailed changes to permitted stunning and killing methods	Nil	Nil	–
Gas stunning of poultry	Nil	Nil	–
Revised provisions on construction, layout and equipment of slaughterhouses with slaughterhouse certification to include consideration of maximum throughput, categories and weights of animals in relation to stunning and restraining equipment and maximum lairage capacity (from 2019)	Nil	Nil	–
Operational rules for slaughterhouses	Nil	Nil	–
Total cost to business	£15,031,907	£1,110,012	
Medium / Large slaughterhouse with AWO			£3,329
Small slaughterhouse with no AWO			£2,625

Knackers Yards

Proposed Change	One Off Cost	Recurring Cost Per Year	Annual Cost Per Business
Preparation and implementation of Standard Operating Procedures for Knackers yards	£67,413	£299,586	£856
Detailed changes to permitted stunning and killing methods	Nil	Nil	–
Gas stunning of poultry	Nil	Nil	–
Total cost to business	£67,413	£299,586	£856

Equipment Manufacturers

Proposed Change	One Off Cost	Recurring Cost Per Year	Annual Cost Per Business
Manufacturers of restraining and stunning equipment to provide instructions on use and maintenance	Nil	Nil	–

Livestock Farms and Poultry Units

Proposed Change	One Off Cost	Recurring Cost Per Year	Annual Cost Per Business
Preparation and implementation of Standard Operating Procedures for on farm killing / culling – livestock farms	£6,067,152	£4,506,138	£72
Preparation and implementation of Standard Operating Procedures for on farm killing / culling – poultry units	£1,348,256	£1,001,364	£72
Certificates of competence for livestock farmers slaughtering for personal consumption	£4,500,000	£2,250,000	£50
Total cost to business	£11,915,408	£7,757,502	£122

54. The following table summarises the costs for the various business sectors involved:

Sector of Industry	One Off Cost	Recurring Cost Per Year	Annual Cost / Business	
			Large	Small
Poultry Slaughterhouse	£6,304,108	£317,635	£3,356	£2,651
Redmeat slaughterhouse	£15,031,907	£1,110,012	£3,329	£2,625
Knackers yard	£67,413	£299,586	£856	
Equipment Manufacturer	Nil	Nil		
Poultry Unit	£1,348,256	£1,001,364	£72	
Livestock Farm	£10,567,152	£6,756,138	£122	

55. The following table summarises costs for each of the measures proposed:

Proposed Change	One Off Cost	Recurring Cost Per Year
Standard Operating Procedures	£7,570,843	£6,180,010
Animal Welfare Officer	£182,343	£225,487
Certificates of Competence	£5,605,650	£3,079,238
Capital Costs	£19,960,000	Nil
Total	£33,318,836	£9,484,735

Summary of costs to Government

56. The additional costs to Government associated with the proposed regulation are summarised in the table below:

Proposed Change	One off cost (£m)	Recurring cost (£m) Per year
National Reference Centre	0.08	0.15
Auditing SOPs	0.08	Nil
Slaughterhouse approvals	Nil	Nil
Depopulation procedures	0.15	0.05
Certificates of competence appeals	0.08	0.05
Total	0.39	0.25

These costs assume that the cost of setting up and administering the Certificate of Competence arrangements, training and testing will be met through fees.

Enforcement Costs

57. No change in current enforcement costs (£127,000 per annum) is anticipated.

Benefits

58. It is very difficult to assess the welfare benefits arising from legislation on the welfare of animals at killing. These proposals affect the welfare of almost 950,000,000 animals and birds slaughtered annually in the UK. Quarterly reports summarising enforcement activity undertaken by MHS and Animal Health indicate that only a tiny proportion of animals and birds slaughtered each year are treated in a way that is inconsistent with the legislation and where that treatment warrants enforcement action. However this does not mean that there is not room for improvement. In its 2003 report on the Welfare of Red Meat animals at Slaughter the Farm

Animal Welfare Council made just over 90 recommendations. This proposal will also help address concerns expressed by Compassion in World Farming and others about the number of broilers slaughtered that are not stunned properly. Anecdotal evidence suggests that this could affect the welfare of up to 6 million birds a year. There are also concerns that constant voltage systems will not stun all birds effectively due to differences in electrical resistance. While the proportion of birds affected by ineffective stunning is thought to be low in percentage terms the number of individual birds affected could still be high. To illustrate this, if only 0.1% of the birds stunned electrically (75 – 80% of the total slaughtered each year) are affected this would have an adverse impact on the welfare of over 700,000 birds annually. It is important therefore to consider welfare impacts, costs and benefits associated with the changes in the proposed Regulation at the individual animal level.

59. Many of the benefits associated with welfare at slaughter or killing cannot easily be given a monetary value. Society generally expects animals to be treated humanely and the current regulatory framework reflects this whilst balancing the need for meat to be produced at a reasonable cost to the consumer. It is important to note however that any improvements in animal welfare that result from the Regulation will lead to an improvement in public satisfaction and well being, as the public tends to place a high value on animal welfare.

60. Higher welfare standards can improve meat quality and can reduce losses from carcass damage. Some stunning methods e.g. gas stunning of poultry could improve welfare, reduce labour costs, reduce carcass damage and improve meat quality. However the capital investment is about 5 times higher than for an electric water bath stunning system (CIVIC Consulting). Consequently the Commission has decided not to preclude the use of electrical stunning methods. However the proposed regulation can be expected to improve welfare standards through procedural changes and the application of best practice as demonstrated by latest scientific knowledge and technological developments. Livestock production in the UK is worth some £4,400 million annually at farm gate prices. The Commission have estimated that improved welfare at slaughter could give rise to EU wide quality related savings of between 6 – 17 million Euros per annum in relation to pig meat and between 15.5 and 64.6 million Euros in relation to beef. The UK produces about 4% of total EU pig meat and about 11% of cattle. Applying these proportions to projected EU wide quality related savings implies savings of between £2 million and £7.5 million could be achieved annually in the UK.

61. The output led approach to defining welfare standards, linked to the flexibilities associated with the preparation of individual business level Standard Operating Procedures, will allow Food Business Operators to take more responsibility for welfare within a less prescriptive regulatory regime. They will have more flexibility to establish their own operating procedures so long as they are consistent with the overarching welfare protection provided by the proposed regulation. This will allow FBOs to develop procedures that are sensitive to the needs of their own individual business.

62. At present we have been unable to assess the size of the benefits as a result of this regulation. Views will be sought through the consultation process concerning this and we intend to undertake appropriate investigation (see Annex B for further details of the proposed approach).

63. The following table summarises the benefits associated with proposed measures to improve welfare standards (compared with standards in the current EU / UK legislative framework).

Proposed Change	Impact	Benefit
Standard Operating Procedures (Slaughterhouses / knackers)	Procedures established in advance to cover all	Improved welfare.

yards/ large scale on farm killing / on farm slaughter for human consumption).	killing operations. All involved know what to do particularly if things go wrong e.g. in the event of a plant breakdown.	
Standard Operating Procedures (On farm small scale killing other than for human consumption).	Procedures established in advance to cover all killing operations.	Limited where killing of an individual animal undertaken by a mechanical method.
Extension of certificates of competence (slaughterman's licence) to include people involved in handling and care of animals before they are restrained	Improved levels of stockmanship.	Animals less stressed. Reduction in stress levels improves carcass quality e.g. reduction in number of carcasses downgraded as Dark Cutting Beef / Dark Firm Dry pork; reduced skin lesions resulting from fighting amongst pigs / bulls; reduced incidence of pale, soft, exudative (PSE) pork.
Need for certificate of competence to be renewed every five years.	Skills and knowledge reflect current best practice.	General improvement in animal welfare.
Certificates of competence for livestock farmers slaughtering for personal consumption.	Farmers required to demonstrate they have an appropriate level of competence.	Limited benefit. Most farmers will have skills necessary to cull livestock humanely which does not require a certificate of competence.
Manufacturers of restraining and stunning equipment to provide instructions on use and maintenance.	Fewer equipment failures Equipment functions as intended	Animal welfare improved Production losses resulting from equipment failure / malfunction reduced.
Incorporation of breast comforters on all poultry shackle lines (from 2019).	Reduced stress associated with live shackling.	Limited, on the assumption most poultry slaughterhouses in the UK already incorporate such equipment voluntarily.
Requirement to use constant current rather than constant voltage for electrical stunning systems (from 2019).	Every animal receives correct stunning current. Effectiveness of stun not affected by different levels of electrical resistance in individual animals.	Animal welfare improved. Carcass quality improved. Fewer poultry carcasses downgraded due to red wing tips, breast muscle haemorrhaging or broken bones / wishbones.
Electrical stunning equipment to be fitted with a device to record key electrical parameters for each animal stunned (from 2019).	Allows stunning parameters to be monitored closely and facilitates easy audit. Allows FBOs to spot and correct discrepancies that could compromise the effectiveness of the stun.	Animal welfare improved. Carcass damage resulting from incorrect stunning procedures reduced.
Waiting pen in Red Meat	Progress through races	Reduction in stress levels

slaughterhouses.	between lairage and slaughter point less stressful.	improves carcase quality.
Revised provisions on construction, layout and equipment of slaughterhouses with slaughterhouse certification to include consideration of maximum throughput, categories and weights of animals in relation to stunning and restraining equipment and maximum lairage capacity (from 2019)	Facilities appropriate to throughput envisaged Reduced stress levels associated with delays during slaughter process	General improvement in welfare Improved carcase quality

Consideration of option 3

64. Option 3 depends on negotiating changes to the Commission proposal to ensure current UK welfare standards are maintained and that those standards are also applied consistently across the EU. Changes are also required to ensure that where welfare protection is improved, the cost is proportionate to the benefit involved. If successful, the outcome would be that the UK's current welfare standards are incorporated into community law which would apply throughout the EU and to third country slaughterhouses exporting to the EU. It has been assumed that changes to the proposal to maintain current welfare standards will not impact on costs. However the outcome would also involve the following specific changes to the proposed regulation as described at Option 2 which would reduce costs:

- Constant current water bath – this requirement should only come into effect 10 years after such equipment becomes commercially available
- Standard Operating Procedures - Standard Operating Procedures should not be required where animals are killed, other than for human consumption, using a Free Bullet, Neck Dislocation or other such small scale killing methods
- Certificates of Competence – A Certificate of Competence should not be required where the owner of an animal slaughters that animal for personal consumption although the general requirement for that person to have an appropriate level of competence would still apply.

65. The specific changes sought will not reduce welfare benefits by comparison with existing UK welfare standards. The change proposed in relation to constant current water baths could delay introduction of the benefits associated with this measure but will ensure the 10 year transition period associated with the introduction of other measures in the proposed regulation applies from the date constant current equipment becomes commercially available. This is necessary to ensure an orderly transition at reasonable cost to businesses. Relaxing the requirement for Standard Operating Procedures in relation to killing methods used on a small scale will not significantly reduce the welfare benefits associated with the Commission proposal. The same consideration applies to the proposed relaxation of Certificate of Competence requirements in relation to the small number of animals slaughtered for personal consumption. In other respects the outcomes, costs and benefits under this option would be the same as for those under Option 2.

66. Securing an outcome that maintains current welfare standards will have no impact on business operating costs. The new Regulation would ensure agreed standards are applied consistently throughout Europe and to third countries exporting to Europe. If all are brought up to the standards that currently apply in the UK, UK Food Business Operators (FBOs) will be competing on a level footing. This could marginally improve competitiveness of UK FBOs.

67. A longer lead in time for constant current water bath stunning equipment will help mitigate some of the one off costs associated with this measure. It is assumed that the period needed to develop the technology together with a 10 year transition period will enable half the poultry slaughterhouses affected to replace their existing equipment in line with existing replacement cycles. This will reduce the cost of this measure in 2019 from £6m (see option 2) to £3m at present values.

68. Exemption from the requirement for Standard Operating Procedures where animals are killed, other than for human consumption, using a Free Bullet, Neck Dislocation or other such small scale killing methods will reduce one off and ongoing costs for livestock farms. It has been assumed that this exemption would remove the need for Standard Operating Procedures on all livestock farms and small scale poultry units. It has been assumed that 15% of poultry units (half those covered by the proposed small scale derogation applying to the Animal Welfare Officer requirement) would be exempted as a result. On this basis, for livestock farms the one off cost of preparation and ongoing monitoring costs (£6.1 million and £4.5 million per annum respectively under Option 2) will both fall to zero. For poultry units the one off cost of preparation and ongoing monitoring costs (£1.3 million and £1.0 million per annum respectively under Option 2) will fall to £1.1 million and £0.9 m per annum.

69. A Certificate of Competence exemption where the owner of an animal (other than poultry or rabbits which are already excluded under Option 2) slaughters that animal for personal consumption would reduce cost for livestock farmers. The costs associated with this measure would fall from £4.5 million in the first year and £2.25 million annually, to zero in both cases.

70. We will also seek to ensure the cost associated with the operation of the National Reference Centre is maintained in line with the estimates at Option 2 by ensuring the role of the reference centre is restricted to:

- Provision of technical support in relation to slaughterhouse approvals
- Accrediting and approving bodies involved in training and certification

We will also seek to ensure the Certificate of Competence arrangements are kept as simple as possible to ensure the cost that are recovered from end users are kept as low as possible.

71. The additional costs to each sector of industry associated with a successfully negotiated Option 3 are summarised below:

Sector of Industry	One Off Cost	Recurring Cost Per Year	Annual Cost / Business	
			Large	Small
Poultry Slaughterhouse	£3,304,108	£317,635	£3,356	£2,651
Redmeat slaughterhouse	£15,031,907	£1,110,012	£3,329	£2,625
Knackers yard	£67,413	£299,586	£856	
Equipment Manufacturer	Nil	Nil		
Poultry unit	£1,146,018	£851,159	£72	
Livestock Farm	Nil	Nil		

72. The additional associated with each measure with a successfully negotiated Option 3 are summarised below:

Proposed Change	One Off Cost	Recurring Cost Per Year
Standard Operating Procedures	£1,301,452	£1,523,668
Animal Welfare Officer	£182,343	£225,487
Certificates of Competence	£1,105,650	£829,238
Capital Costs	£16,960,000	Nil
Total	£19,549,445	£2,578,392

Costs to Government

73. The additional costs to Government associated with Options 2 and 3 will be the same.

Benefits

74. Option 3 removes requirements identified as having only a marginal benefit in relation to maintaining or improving welfare standards under Option 2. It also ensures the benefits associated with a switch to constant current water bath stunning equipment will be realised but over a longer time frame. On this basis it is assumed that there will be no material difference in the substantive benefits associated with Options 2 and 3.

Consideration of Option 4

75. It is intended that Option 4 would deliver the same welfare outcomes as Option 3 through a Directive rather than a Regulation. On this basis the costs and benefits for the UK would in most respects be the same as those set out for option 3 above. A Directive would allow the UK to maintain or improve on existing welfare standards through implementing regulations. However the standards applying in the UK could as a consequence be different to those applying in other Member States. If UK standards are higher this would put our FBO's at a competitive disadvantage.

76. A directive would make it more difficult to introduce an outcome based approach. This would reduce business flexibility and could increase administrative burdens. Further a Directive lacks flexibility which would make it more difficult to accommodate technological developments in the regulatory regime as they arise. This will result in out of date legislation as is the case for the current Directive 93 / 119. Overall a Directive would not be compatible with Government policy which supports the application of good welfare standards enforced to the same standards internationally. It would also do little to support delivery of Government Better Regulation policies. For these reasons this option is not considered in further detail. Adoption of a regulation supported by guidance and codes of practice (Option 3) addresses most of these concerns.

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	<i>Results in Evidence Base?</i>	<i>Results annexed?</i>
Competition Assessment	Yes/No	Yes/No Yes
Small Firms Impact Test	Yes/No	Yes/No Yes
Legal Aid	Yes/No	Yes/No Yes
Sustainable Development	Yes/No	Yes/No Yes
Carbon Assessment	Yes/No	Yes/No Yes
Other Environment	Yes/No	Yes/No Yes
Health Impact Assessment	Yes/No	Yes/No Yes
Race Equality	Yes/No	Yes/No Yes
Disability Equality	Yes/No	Yes/No Yes
Gender Equality	Yes/No	Yes/No Yes
Human Rights	Yes/No	Yes/No Yes
Rural Proofing	Yes/No	Yes/No Yes

Annex A – outcome of Impact Tests

Competition Assessment

This regulation is expected to improve competitiveness by ensuring a consistent approach to animal welfare across all member states. The UK has traditionally had very high welfare standards which could have placed UK FBOs at a competitive disadvantage to equivalent businesses in some other Member States. This regulation will address this issue. However, following research by CIVIC Consulting and Agra CEAS Consulting on behalf of the European Commission¹, it should be noted that the impact on slaughter procedures, although significant for the industry, will have a negligible impact on the price of meat for consumers.

Small Firms Impact Test

These proposals will impact on small businesses. However there is a specific exemption from the Animal Welfare Officer requirement for slaughterhouses with low throughput levels. The views of small businesses will be obtained through the consultation process and the final version of the Impact Assessment will be modified to reflect the views expressed.

Legal Aid

Member States are required to introduce new penalties and sanctions to underpin enforcement of the provisions in the Regulation. However the scope of these is not expected to be wider or materially different in other ways to the penalties that apply under the existing regulatory framework. In view of this there are no implications for legal aid.

Sustainable Development

This Regulation is not expected to lead to any significant changes in the way the industry currently works or to have any material impact on its sustainability.

Carbon Assessment

This Regulation will not directly lead to a change in carbon emissions by the livestock production and slaughterhouse industries. The nature and scale of these industries will remain the same. However improved carcase quality and yield will reduce wastage and the amount of animal by-product to be disposed of as waste. This will reduce carbon emissions by animal by-product disposal sites e.g. incinerators.

Other Environment

The proposed regulation will facilitate adoption of best available technology e.g. Controlled Atmosphere Stunning of poultry using inert gas. This will reduce dust emissions and reduce energy consumption by reducing refrigeration times. Space requirements are also reduced as carcase hanging times can be reduced.

Health Impact Assessment

¹ http://ec.europa.eu/food/animal/welfare/slaughter/report_parti_en.pdf
http://ec.europa.eu/food/animal/welfare/slaughter/report_partii_en.pdf

This Regulation will not directly impact on human health or well-being and will not result in health inequalities.

Race/Disability/Gender Equality

With the exception of one specific provision the proposed Regulation imposes no limitations on meeting the requirements of the Regulation on the grounds of race, disability or gender. Similarly the proposed Regulation does not impose any restriction or involve any requirement which a person of a particular racial background, disability or gender would find difficult to comply with. These conditions apply equally to all individuals and businesses involved in the activities covered by the Directive.

However the proposed Regulation does make specific provision for slaughter of animals in accordance with religious rites. The proposed regulation requires all animals to be killed instantaneously or following stunning. However where animals are slaughtered in accordance with religious practices such animals can be killed without prior stunning. This exemption will allow people of the Jewish and Muslim faiths to eat meat slaughtered in accordance with their religious beliefs. However the proposed Regulation does not link slaughter without stunning to consumption by persons of the religion concerned or require meat from animals that have not been stunned to be identified in any way. As a result people who would prefer not to eat meat from animals that have not been stunned cannot identify such meat at the point of sale. Some will find this objectionable.

Human Rights

The legislation is consistent with the Human Rights Act 1998.

Rural Proofing

The legislation will impact on Rural Communities as it is anticipated that the majority of activities and opportunities associated with this Regulation will be carried out in Rural Communities. However the Regulation is not expected to have any impact on the scope of current activities undertaken by meat plants or other businesses affected by it. The regulation is not expected to affect employment and there will therefore be no specific impact on Rural Communities.

Annex B – additional information sought

Additional information to substantiate the assumptions used in this Impact Assessment will be sought through stakeholder consultation and bilateral contact with key interest groups and individuals. This process will also be used to establish whether, and if so what, monetary value can be given to some or all of the benefits associated with these proposals.

In particular we will seek views on:

- the impact each of the different aspects of the proposed regulations will have on the welfare of animal and the costs / benefits associated with each
- how effective the proposals will be in addressing current concerns about the welfare of animals at killing.
- the incidence of ineffective electrical stunning and the extent to which this would be reduced through the introduction of constant current equipment
- the role Animal Welfare Officers have played in improving welfare including financial costs and benefits
- the level / value of existing losses due to poor meat quality attributed to stress or physical damage caused during the slaughter process
- the role reducing stress associated with handling live animals could play in improving meat quality and reducing losses
- the business benefits that will flow from the output based approach and the ability to develop business level Standard Operating Procedures
- the level of risk to animal welfare associated with a more flexible output based legislative approach

Please see the accompanying consultation document for specific questions on this Impact Assessment.

SUMMARY OF KEY ASSUMPTIONS USED**Businesses affected**

Slaughterhouses:

Poultry	101
Cattle Sheep Pigs	300
Farmed game (Mainly deer)	56

Proportion of slaughterhouses working part time:

Farmed Game - 100%
Others – 5%

Knackers yards 350

Farms

Livestock holdings (Cattle Sheep Pigs)	180,000
Poultry Units	40,000
Proportion of farms covered by assurance schemes	65%

Slaughterhouse working hours

Hours worked per day	8
Days worked per week	5
Weeks worked per year full time operation	52
Weeks worked per year part time operation	26

Standard Operating Procedures

Time required to prepare, review and monitor SOPs:

	Slaughterhouse	Knackers Yard	Livestock holding	Poultry unit
Initial preparation of SOPs	1 day	1 day	0.5 days	0.5 days
Additional time for monitoring and recording procedures	15 mins / day	15 mins / day	10 mins / month	10 mins / month
Ongoing updating and review of SOPs	0.5 days per year	0.5 days per year	0.25 days / year	0.25 days / year

Number of businesses affected:

- All slaughterhouses and knackers yards
- Farms not covered by assurance schemes (35% of total)

Hourly rates:

- Initial preparation / annual review - Production manager level - £18.52 per hour
- Maintenance of records - Process and plant operative grade - £8.99 per hour
- Uplift applied to the above hourly rates to cover administrative costs +30%

Animal Welfare Officer

Number of businesses affected:

- Proportion of slaughterhouses exempted by low throughput exemption - 30%
- Slaughterhouses required to have an AWO (450 x 70%) – 315
- Proportion of slaughterhouses required to have an AWO with no AWO at present 33% (315 x 33%) - 104
- Part time slaughterhouses – none (all covered by low throughput exemption)
- Farms / poultry units – none
- Knackers yards - none

Hourly rates:

- Production manager level - £18.52 per hour

Additional time required to undertake AWO role:

- 5% of a full time post

Number of people requiring a Certificate of Competence:

- Proportion of businesses requiring an AWO where existing AWO has 10 years uninterrupted professional experience - 10%
- Number of AWOs requiring certificate only (315 x 10%) - 32
- Number of AWOs requiring testing and a certificate (315 x 90%) - 283
- Number of persons requiring training before assuming AWO role - 104

Costs of obtaining a Certificate of Competence (per person) every 5 years:

Certificate - £50; Testing - £200; Training - £1000.

Certificates of Competence

- Number of active slaughterman licence holders 6000

Number of additional people who will require a certificate of competence:

- Average number of people per slaughterhouse involved in handling and care of animals before restraint – 3
- Total number of people employed in slaughterhouses to handle and care for animals before restraint (3 x 450) – 1350
- Total number of slaughterhouse workers requiring a certificate of competence (6000 + 1350) - 7350
- Proportion of existing licence holders with 10 years uninterrupted professional experience - 50%
- Number of slaughterhouse workers requiring certificate only - 3675
- Number of slaughterhouse workers requiring testing and a certificate – 3675

Staff turnover:

- Proportion of licence holders leaving the industry per annum - 5%
- Number of replacements requiring training, testing and certification (7250 x 5%) – 370 per annum

Livestock farmers slaughtering for personal consumption:

- Proportion of livestock farmers slaughtering for personal consumption 25%
- Number of farmers slaughtering for personal consumption requiring a certificate of competence (180,000 x 25%) - 45,000

- Number of farmers slaughtering for personal consumption requiring a certificate of competence with 10 years uninterrupted professional experience (45,000 x 75%) – 33750

Costs of obtaining a Certificate of Competence (per person) every 5 years:

Certificate - £50; Testing - £200; Training - £1000.