 <b>Regulatory Policy Committee</b>	<b>Validation of the One-in, Two-out Status and the Net Direct Impact on Business</b>	
<b>Validation Impact Assessment (IA)</b>	Removal of Pre-Movement Testing exemption for movements within a Sole Occupancy Authority (SOA) situated entirely in the annual TB surveillance testing area	
<b>Lead Department/Agency</b>	Department for Environment, Food and Rural Affairs	
<b>IA Number</b>	DEFRA1788	
<b>Origin</b>	Domestic	
<b>Expected date of implementation</b>	SNR 8	
<b>Date of Regulatory Triage Confirmation</b>	8 April 2014	
<b>Date submitted to RPC</b>	1 August 2014	
<b>Date of RPC Validation</b>	1 September 2014	
<b>RPC reference</b>	RPC14-FT-DEFRA-2066(2)	
<b>Departmental Assessment</b>		
<b>One-in, Two-out status</b>	<b>IN</b>	
<b>Estimate of the Equivalent Annual Net Cost to Business (EANCB)</b>	<b>£0.12 million</b>	
<b>RPC assessment</b>	<b>VALIDATED</b>	
<b>Summary RPC comments</b> <p>The Validation IA is fit for purpose. Based on the information provided, the RPC can validate the Department's estimated increased cost of the proposal at approximately £0.12 million (equivalent annual net cost to business) each year.</p> <p>Businesses will face increased annual costs from the need to carry out pre-movement tests (at an average cost of £10.50) for 17,250 additional animals moved within Sole Occupancy Authorities in the annually tested area of England. Businesses will save £30,000 each year from a reduced number of disease-related breakdowns.</p>		
<b>Background (extracts from IA)</b> <b>What is the problem under consideration? Why is government intervention necessary?</b> <p><i>"Under Defra's TB pre-movement testing (PrMT) policy, cattle moved from higher TB risk herds must be tested with negative results before being moved. There are</i></p>		

*a small number of exempted movements, one of which – movements between separate holdings under the same ownership (Single Occupancy Authority - SOAs) - represents a disease risk. The spread of disease between herds and into wildlife is an externality where the actions of one farmer with disease can lead to negative spill-overs and costs to other farmers as well as to the taxpayer. Requiring cattle keepers to test their animals prior to moves between holdings, and preventing those moves where disease is found, reduces this externality.”*

**What are the policy objectives and the intended effects?**

*“The intended effects are to find disease earlier via pre-movement testing and prevent onward spread. This will avoid future disease control costs to both farm businesses (testing costs, economic losses of infected cattle that are slaughtered and movement restrictions) and taxpayers (testing costs, compensation payments, administration).”*

**RPC comments**

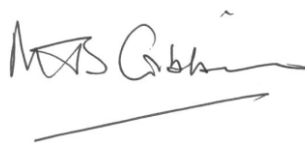
The proposal is to remove an exemption from pre-movement testing for movements of cattle within approximately 550 Sole Occupancy Authorities (SOAs). These are movements between holdings under the same ownership that are beyond ten miles of the holding’s main site. Movements within 10 miles of the holding’s main site will be licensed and exempt from the requirement for pre-movement testing.

The Department explains that the removal of the existing exemption for pre-movement testing will reduce the risk of disease spread, ultimately benefitting farmers and taxpayers, by reducing the costs associated with the outbreak of a disease such as TB.

The proposal will affect 17,250 animal movements. The average cost of pre-movement testing is estimated at £10.50, comprising vet fees of £7.06 and a known labour cost per animal of £3.20. The total cost to business is estimated at approximately £182,000 each year. Businesses will save £30,000 each year from a reduced incidence of disease-related breakdowns. Disease-related breakdowns lead to production losses and replacement costs and cost a farmer on average £916 per animal. In addition to the direct benefits from reduced disease-related breakdowns in the area immediately surrounding an SOA, there will be indirect benefits to other farmers from the avoidance of further disease spread between herds beyond this area.

The net cost to business of £152,000 each year translates to an estimated equivalent annual net cost to business (EANCB) of £0.12 million. On the basis of the information provided, the RPC can validate this figure.

**Signed**



**Michael Gibbons, Chairman**