

<b>Title:</b> Amendment to the Cattle Identification Regulations 2007  <b>IA No:</b> Defra1627  <b>Lead department or agency:</b> Defra  <b>Other departments or agencies:</b> Rural Payments Agency	<b>Impact Assessment (IA)</b>		
	<b>Date:</b> 4 February 2015		
	<b>Stage:</b> Validation		
	<b>Source of intervention:</b> Domestic		
	<b>Type of measure:</b> Secondary legislation		
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<b>Summary: Intervention and Options</b>			<b>RPC Opinion:</b> GREEN

Cost of Preferred (or more likely) Option			
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Two-Out? Measure qualifies as
£1.847m	£1.847m	-£0.163m	Yes   Out

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

This amendment is a Red Tape Challenge (RTC) commitment. The Cattle Identification Regulations 2007 require keepers of bovine animals (cattle, bison and buffalo) to keep a register with certain information for each bovine animal on their holding. This includes the identification of the mother (dam) of each bovine animal. During the RTC exercise the National Farmers Union proposed that the requirement to include the dam identification be removed as it gold plates EU legislation. This information is held in a database maintained by the British Cattle Movement Service and recording it with every move is redundant. The identification and traceability of bovine animals is required for disease control and food safety purposes.

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

The policy objective is to remove in England the requirement for keepers of bovine animals to include in their holding register details on the identification of the mother (dam) for bovine animals brought on to their holding. The requirement would remain in force for bovine animals born on the holding. The intended effect is to reduce the regulatory burden on keepers of bovine animals by removing a domestic requirement that goes beyond the minimum EU legislative requirements (that is, remove gold plating) and is not necessary, as the dam identification information is held on the Cattle Tracing System database.

**What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)**

Option 0: Leave unchanged the requirement to record dam identification in holding registers of bovine keepers.

Option 1: Remove the requirement in England for keepers of bovine animals to record in their holding registers the dam identification of bovine animals that are brought on to the holding. Retain the requirement to record the dam identification of bovine animals at the holding of birth.

Option 1 is the preferred option, as it reduces the regulatory burden on industry without compromising the robustness of the identification and traceability system of bovine animals.

<b>Will the policy be reviewed? It will be reviewed. If applicable, set review date:</b> 04/2018					
Does implementation go beyond minimum EU requirements?			No		
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.		<b>Micro</b> Yes	<b>&lt; 20</b> Yes	<b>Small</b> Yes	<b>Medium</b> Yes
What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)		<b>Traded:</b> n/a		<b>Non-traded:</b> n/a	

*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: George Eustice Date: 12th February 2015

# Summary: Analysis & Evidence

# Policy Option 1

**Description:** Remove the requirement in England for keepers of bovine animals to record in their holding registers the dam identification of bovine animals that are brought on to the holding.

## FULL ECONOMIC ASSESSMENT

Price Base Year 2014	PV Base Year 2015	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate: 1.847

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate	0	0	0

### Description and scale of key monetised costs by 'main affected groups'

This policy is deregulatory and does not incur any monetised costs.

### Other key non-monetised costs by 'main affected groups'

There will be a negligible cost to Government from updating guidance to keepers of bovine animals. There will be negligible familiarisation costs for keepers of bovine animals.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate	0	0.216	1.847

### Description and scale of key monetised benefits by 'main affected groups'

Farmers, markets, abattoirs and other keepers of bovine animals are not required to record the dam identification of bovine animals (cattle, bison and buffalo) moved on to their holding. The resulting savings in time are estimated to be worth approximately £221K per complete calendar year (at 2014 real prices). The measures are assumed to commence in April 2015 and hence in this first calendar year ¾ of full year benefits are enjoyed. See table 2 for details.

### Other key non-monetised benefits by 'main affected groups'

There are no non-monetised benefits.

### Key assumptions/sensitivities/risks

Discount rate (%) 3.5

The time saved by this change was estimated at 15 seconds per movement through practical experience; this estimate was supported by NFU and consultation responses. The number of movements of bovine animals remains stable. The level of compliance of farmers with the recording requirements for the holding register remains stable and farmers that are found to be non-compliant with the recording requirements do not comply with the requirement to include dam information for bovine animals that move on to the holding.

## BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OITO?	Measure qualifies as
Costs: 0	Benefits: 0.163	Net: -0.163	Yes	OUT

# Evidence Base (for summary sheets)

## Background

1. The EU system for identification and tracing of bovine animals (cattle, bison and buffalo) was set up in 1998 by the adoption of directly applicable regulations of the EU Council and Parliament, and detailed rules laid down by the European Commission. The rules aimed to ensure full traceability of all bovine animals in the wake of the Bovine Spongiform Encephalopathy (BSE) crisis, thereby stabilising the beef market by maintaining consumer confidence. Within the regime all keepers within each Member State must update a national computer database of all new births, imports, movements or deaths of their bovine animals; tag bovine animals within strict time limits using officially approved tags bearing a unique, lifetime identification number; and keep an accurate and up-to-date holding register. This is supported by an annual inspection regime carried out by the Rural Payments Agency that tests compliance with EU legislation.
2. A keeper is any person responsible for animals, whether on a permanent or on a temporary basis. This includes farmers, market and slaughterhouse operators and other holdings where animals are gathered such as collection centres. EU legislation requires all keepers of bovine animals (except transporters) to keep an up-to-date holding register which includes, for each bovine animal on the holding, its identification code, its date of birth, sex and breed or colour of coat.
3. Animal health is a devolved matter. In England the Cattle Identification Regulations 2007 include a requirement for the holding register to also include the mother's (dam) identification of each bovine animal, due to the high incidence of BSE at the time the original EU legislation was implemented. The BSE crisis led to a world-wide ban for UK exports of beef and live cattle in 1996.
4. Information on the dam of each bovine animal was included in the holding register as a precautionary measure in stopping the spread of BSE, as transmission from dam to calf was believed to be one of the methods of transmission of the disease. It was introduced domestically in The Bovine Animals (Records, Identification and Movement) Order 1995 and was carried through to subsequent domestic legislation on cattle identification.

## Problem under consideration

5. In July 2013 Defra opened a consultation as part of the Red Tape Challenge in Agriculture, asking the public for views on how the regulatory burden could be reduced in England. The National Farmers Union (NFU) proposed that the requirement to include the dam identification details in the holding register of bovine animals should be removed, as it gold plated EU requirements.
6. In addition, a number of keepers maintain their holding registers electronically and download the information required in the holding register from the barcode in cattle passports for bovine animals that are moved on to their holding. However, the barcode does not include the dam identification information, due to lack of space; therefore, keepers of bovine animals have the additional burden of entering this information manually even in cases where they have electronic holding registers.
7. As this measure is part of the Red Tape Challenge it automatically qualifies for the fast track. This document is a validation Impact Assessment setting out our estimate of the impact on business.

## Rationale for intervention

8. The requirement for keepers of bovine animals to include the dam identification information of each bovine animal moved on to their holding in their holding register is no longer considered necessary. This is because this requirement goes beyond EU requirements and the dam identification details are included in the central database. When the birth of a bovine animal is registered with the British Cattle Movement Service, the information is recorded in the Cattle Tracing System. This includes the dam information of each bovine animal. This information is available to future keepers of a bovine animal and to any enforcement or regulatory body that requires it.
9. This requirement is also no longer deemed essential for BSE control purposes. UK BSE incidence is very low, with 3 cases in 2013 from a peak of over 37,000 cases in 1992. So far in 2014 there has been one BSE case confirmed in the UK<sup>1</sup>. The European Union lifted the ban on British beef exports in May 2006 and the UK has been officially categorised internationally as 'Controlled BSE Risk' since May 2008.

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<sup>1</sup> Data from Defra

10. The requirement for dam information to be recorded in the holding register for bovine animals born on the holding will remain, to maintain the robustness of the animal identification and tracing system. This is because dairy calves are usually separated from their dams before the deadline to register the birth to the database and, in that case, it is important that the dam information is recorded in the holding register early while the link between dam and calf is maintained to ensure the robustness of the information provided to the database. This information is important for animal disease and food safety purposes. The UK has the longest deadline in the EU for registration of births of cattle at 27 days.

### **Policy objective**

11. The Cattle Identification Regulations 2007 will be amended to remove in England from 6 April 2015 the requirement for holding registers to include the dam's identification for each bovine animal that is moved on to the holding. The policy objective is to reduce the regulatory burden on industry while maintaining the robustness of the identification and traceability system of bovine animals.

### **Description of options considered (including do nothing)**

12. The options considered are:

Option 0: Do nothing. Leave unchanged the requirement to record dam identification in holding registers of bovine keepers.

Option 1: Remove the requirement in England for keepers of bovine animals to record in their holding registers the dam identification of bovine animals that are brought on to the holding. Retain the requirement to record the dam identification of bovine animals at the holding of birth.

### **Consultation**

13. Thirty stakeholders responded to the consultation on this proposed change. Twenty-seven of the respondents supported the proposal, while two respondents did not support it and one respondent expressed no interest. The two respondents who did not support the proposal expressed concerns on the risk of not having this information, which is valuable in the case of a disease outbreak. However, this information will be in the holding register of the holding of birth of any bovine animal as well as being held on the Cattle Tracing System database.

14. The consultation asked for views on the estimate of 15 seconds saved per movement. Eighteen of the respondents supported the estimate while four respondents did not agree. Of the rest of respondents, one respondent expressed no interest and seven did not know. Of the four respondents who did not agree with the estimate, three believed that the time saved would be longer and one suggested it would be shorter.

15. The consultation also asked whether there are other potential costs and benefits to consider. Seventeen respondents stated that there were no other potential costs, seven did not know, one expressed no interest and five responded that there were other potential costs and benefits. Of the latter, only one respondent gave details on their response and stated that there was a cost from understanding the new requirements. However, we estimate the familiarisation costs to be negligible because the new requirement will be simple for keepers to understand and follow.

### **Monetised and non-monetised costs and benefits of each option (including administrative burden)**

#### Option 0 – Do nothing

16. This is the baseline against which other options are appraised.

#### Option 1

17. There are no additional monetised costs (over option 0) to industry associated with this change. There will be negligible cost to Government from updating guidance to keepers of bovine animals. There will be negligible familiarisation costs for keepers of bovine animals.

18. The requirement to record the dam identification in the holding register of each bovine animal that moves on to a holding applies mainly to farmers, slaughterhouses and markets. As the barcode in the cattle passport does not include the dam identification information (although it is included in the passport itself), keepers have to add this information to their records manually to comply with the regulation. Removing the requirement to include this information results in time savings estimated at an average of 15 seconds per movement. This estimate is based on practical experience of timing the recording operation and was supported by NFU and consultation responses.
19. The British Cattle Movement Services recorded in 2013 4,523,007 movements of bovine animals on to holdings in England. 38.7% of these moves were moves on to agricultural holdings; 28.5% were moves on to markets, show grounds, collection and export centres; and 32.7% were moves on to slaughterhouses.
20. Based on current compliance data gathered from the annual cattle inspection programme carried out by the Rural Payments Agency, 17% of farmers that are keepers of bovine animals were found at inspection that their holding registers did not meet all regulatory requirements. This includes issues such as late reporting. As there is no detailed information on the precise nature of the non-compliance, the calculation below assumes that 17% of farmers potentially have not included dam identification information in their holding register, therefore reducing the benefit of the change. Assuming that non-compliance relates entirely to dam identification results in a conservative estimate of the farmer benefits. There is no data on non-compliant markets and abattoirs available and we assume full compliance<sup>2</sup>.
21. The calculation of the benefit of the change is given in Table 1.

**Table 1** Calculation of annual savings to industry

Type of ON movements <sup>3</sup>	Number of on-movements (rounded)	Hourly rate <sup>4</sup> (£/hr)	Rate for 15 second record	Movements multiplied by time taken (£)	Savings adjusted for non-compliance rate (£)
Farm	1,750,000	13.39	5.58 pence	98K	81K
Market	1,290,000	12.91	5.38 pence	69K	69K
Slaughterhouses	1,480,000	11.54	4.81 pence	71K	71K
<b>TOTAL</b>	<b>4,520,000</b>	-----	-----	-----	<b>£221K</b>

22. Assuming that the number of movements on to premises and the compliance with the recording requirement remain at similar levels in the future, the benefits remain constant over the 10 year appraisal period and generate an overall discounted benefit of £1,847k.

**Table 2** Discounted and undiscounted benefits over time (£'000)

Calendar years:		2015(1)	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Undiscounted (2014 prices)	Farmer	61	81	81	81	81	81	81	81	81	81	<b>790</b>
	Market	52	69	69	69	69	69	69	69	69	69	<b>673</b>
	Abattoir	53	71	71	71	71	71	71	71	71	71	<b>692</b>
	<b>Total</b>	<b>166</b>	<b>221</b>	<b>221</b>	<b>221</b>	<b>221</b>	<b>221</b>	<b>221</b>	<b>221</b>	<b>221</b>	<b>221</b>	<b>221</b>
Discounted (2014 prices, 2015 pv base year)	<b>Total</b>	<b>166</b>	<b>214</b>	<b>206</b>	<b>199</b>	<b>193</b>	<b>186</b>	<b>180</b>	<b>174</b>	<b>168</b>	<b>162</b>	<b>1847</b>

<sup>2</sup> This follows guidance in the Better Regulation Framework Manual, paragraphs 2.4.47 to 2.4.48

<sup>3</sup> Data from the British Cattle Movement Service

<sup>4</sup> All wage rates are from the Annual Survey of Hours and Earnings 2014 and include a 30% uplift to account for overheads, annual leave and sick pay. The wage rates used for each class of affected party are Farmer (SOC 5111), Agricultural and fishing trades (SOC 5119) for markets and Food, drink and tobacco operators (SOC 8111) for abattoirs.

(1) measures commence in April 2015 therefore impact in 2015 calendar year is 3/4 of full year impact.

## Risks and assumptions

23. There are no risks associated with removing the requirement to include in the holding register the dam identification information of bovine animals moved on to a holding, as the information is in the central database.
24. The calculation assumes that the number of movements of bovine animals will remain stable in future years. This assumption is supported by the historical movement data, as the trend is stable. The number of movements on to holdings in England for the last years were:
- 2009 – 4,440,458
  - 2010 – 4,462,268
  - 2011 – 4,824,579
  - 2012 – 4,599,289
  - 2013 – 4,523,007
25. The calculation also estimates the time saved by this change at 15 seconds for each movement. Finally, it assumes that compliance with the recording requirements will remain stable; and that holdings that do not comply with the recording requirements do not comply with the requirement to include dam information of bovine animals moved on to the holding.
26. There is a potential risk that removing this requirement could lead to poorer quality data being reported to the central database, for example from the 17% of holdings that are found at inspection that the register did not meet all regulatory requirements. This risk has been considered and estimated to be negligible. This is because the dam identification information will have to be included in the register of the holding of birth and reported to the British Cattle Movement Service as part of the registration of the birth of any bovine animal.
27. If the birth of a bovine animal is not registered correctly by the regulatory deadline of 27 days, the animal in question is usually not issued a passport and cannot be moved off the holding of birth for its natural life or enter the food chain. Keepers that register a bovine animal late may be required to prove the dam identification through DNA testing before a passport is issued.
28. The dam identification is registered in the Cattle Tracing System, where it is available to inspectors and the keeper of any bovine animal. Therefore, this proposal does not result in increased public risk from disease, as in case of an animal disease outbreak the dam identification of any bovine animal is available in CTS.

## Wider impacts

### Impact on Small and Micro Businesses

29. The amendment to the Cattle Identification Regulations 2007 is a deregulatory measure that will reduce the regulatory burden on industry. The impact on small and micro businesses is therefore positive, as this amendment reduces the regulatory costs of complying with the Regulations. Virtually all farms are micro-businesses. Many markets and some slaughterhouses are small businesses.

### Direct costs and benefits to business and One-In, Two Out

30. All the benefits are a direct consequence of the policy changes and accrue in their entirety to business. Table 3 shows the direct benefits to business and the equivalent annual net cost to business (EANCB).

**Table 3 Direct cost and benefit to business and EANCB calculation (£'000)**

In thousand £s		PV 2014 prices, 2015 base year	PV 2009 prices, 2010 base year	Equivalent Annual
Option 1	Direct cost to business	0	0	0
	Direct benefits to business (cost savings)	1847	1403	163
	<b>EANCB</b>			<b>-163</b>

31. The policy repeals existing gold plating and benefits business and classifies therefore as an OUT of £163k.

**Summary and preferred option with description of implementation plan**

32. The preferred option is Option 1 which amends current legislation to remove the requirement in England for keepers of bovine animals to record in their holding registers the dam identification of bovine animals that are brought on to the holding. It therefore reduces the regulatory burden on industry without compromising the robustness of the identification and traceability system of bovine animals. The amendment to the Cattle Identification Regulations 2007 will come into effect on 6 April 2015.