 <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 the pre-movement testing exemption for movements to and from common land
<b>Lead Department/Agency</b>	Department for Environment, Food and Rural Affairs
<b>IA Number</b>	Defra 1526
<b>Origin</b>	Domestic
<b>Expected date of implementation (and SNR number)</b>	SNR 7
<b>Date of Regulatory Triage Confirmation</b>	15 October 2013
<b>Date submitted to RPC</b>	24 February 2014
<b>Date of RPC Validation</b>	19 March 2014
<b>RPC reference</b>	RPC13-FT-DEFRA-1921(2)
<b>Departmental Assessment</b>	
<b>One-in, Two-out status</b>	Zero Net Cost
<b>Estimate of the Equivalent Annual Net Cost to Business (EANCB)</b>	N/A
<b>RPC assessment</b>	<b>VALIDATED</b>
<b>Summary RPC comments</b>	
<p>The Validation IA is fit for purpose. The Department assesses that the benefits to business of the proposal are likely to outweigh the costs. This assessment is robust. However, the IA should include further information to support the size of estimated benefits. This should include, in particular, information on the extent of outbreaks of bovine tuberculosis (bTB) on common land and an explanation for the assumptions on the number of annual tests that will be used as substitutes for pre-movement tests.</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 policy, cattle moved from higher TB risk herds must be tested disease free before being moved. There are a small number of exempted movements, one of which – movements to and from common land - represents a disease risk as potentially infected animals mix with non-infected ones. The spread of disease between farms is an externality where the actions of a farmer with disease can lead to negative spillovers and costs to other farmers and Government.”</i></p>	

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

*“Defra has committed to introduce measures - including pre-movement testing - to tackle TB in cattle. This includes removing pre-movement exemptions for cattle movements to and from common land, which on the basis of veterinary advice increase disease risks.*

*Intended effects are: (i) reduce the risk of bovine TB spreading among cattle from higher TB risk herds (i.e. under annual routine testing) grazing on common land; ii) reduce the economic impact of bTB on the cattle farming industry; and, (iii) reduce the overall costs of controlling bTB to the cattle industry and taxpayer.”*

## RPC comments

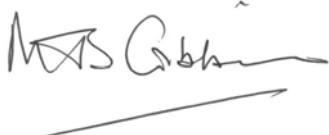
The proposal will remove the current exemption, meaning cattle will have to be tested for bovine tuberculosis prior to being moved to common land. As a result of greater testing, cattle herds will have less exposure to infected cattle on common ground, reducing the costs associated with disease outbreaks. The Animal Health and Veterinary Laboratories Agency (AHVLA) will have discretion to license movements without specific testing, for example in instances where routine testing has taken the place of a specific pre-movement test.

The RPC is able to validate the Department’s assessment that the regulatory proposal will be net beneficial for business. The savings to business of reduced disease spread (estimated as an ongoing £70,000 benefit each year) are likely to be greater than the costs of increased testing (estimated as £5,700 ongoing costs each year, with higher transitional costs of £9,000 during year one). The IA includes detailed modelling of the potential spread of bTB, but does not include detail on the current levels of outbreaks on common land. As such, the overall extent of the problem is currently not clear. Further information on this would help to strengthen the robustness of the estimated net benefit.

The IA would also benefit from explaining how the Department has estimated that 25% of cattle keepers would be able to substitute the pre-movement test for the annual routine test.

These gaps in the analysis would not appear to be significant enough to make the proposal net costly, but they do reduce the robustness of the net present value as estimated in the IA.

The summary page of the IA needs to be amended to ensure that it is in line with the figures used elsewhere in the IA.

<b>Signed</b>		<b>Michael Gibbons, Chairman</b>
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