

**SECOND MEETING OF THE JOINT (INDUSTRY/GOVERNMENT)
WORKING GROUP ON SHARING RESPONSIBILITY AND COSTS OF
ANIMAL DISEASE : 13 JANUARY 2006 – THE FARMERS CLUB LONDON**

Present

Guests

Siem-Jan Schenk	LTO Netherlands	Freda Scott-Park Mike Sheldon	BVA NPA
Mike Segal	Defra	Peter Morris	NSA
Simon Hewitt	Defra	Richard Bennett Freda Scott-Park	EIG BVA

Members

Sonia Phippard	Joint Chair
Stewart Houston	Joint Chair
Peter Bradnock	BPC
David Dawson	Defra
Peter Dawson	Dairy UK
Thomas Hind	NFU
Mark Williams	BEIC
Nafees Meah	Defra
Kevin Pearce	NFU
Robert Robinson	NBA

Secretariat

Roger Walsh	Defra
Steve Chamberlain	Defra
Eunice Obeng	Defra
Eden Hannam	Defra
Paul Skelton-Stroud	Defra

Observer

David Pirnie	Rocket Science Ltd
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Agenda Item 1: Welcome and introductions

1. Sonia Phippard welcomed members and guests to the second meeting. As two members were attending for the first time there was a *tour de table* of individual introductions.
2. The minutes of the first meeting had been circulated previously and were agreed. Freda Scott-Park asked about the future format of the minutes and Sonia confirmed that discussion would be recorded on a “non attributable basis” but that action points would be attributed. In principle the minutes would be made available on the dedicated Defra website currently being developed for the Group.
3. In responding to Peter Morris about press interest in the Group and the sensitivities of its work Stewart Houston said that he had been interviewed by the Farmers Guardian and that he expected an article to appear in due course. He confirmed that members were free to comment as individuals but it would be helpful to keep the joint Chairs advised.

Agenda Item 2: Revised papers from first meeting

- (a) Terms of Reference (Doc JIGWG 07 rev 1 Jan 06)

4. It was agreed that the following drafting changes should be effected:-

- change the numbering of paragraph 3 where it appears for the second time to read 4 and re-number the remaining paragraphs accordingly
- in paragraph 2 the words “advice” and “Ministers” should replace the words “direction” (fourth and sixth lines) and “Government” respectively;
- in paragraph 3 (i) at the end of the indent include the words “including border control”;
- in paragraph 3 (iii) it was agreed that the indent should reflect the importance and role of exotic disease control and eradication;
- in paragraph 5 a. (*revised number*) the word “food” should replace the word “meat” and
- Paragraph 8 (*revised number*) to be moved before paragraph 6 (*revised number*).

Action: Secretariat to revise paragraphs 2, 3 and 5 to reflect the views expressed.

(b) Stakeholder List (Doc JIGWG 10 rev 1 Jan 06)

5. This document was tabled and it was agreed that members would advise the Secretariat of any necessary amendments.

Action: Secretariat to circulate list electronically to members to amend as necessary.

(c) Key Issues (Doc JIGWG 05 rev 1 Jan 06)

6. The document had been amended to take account of the views expressed at the first meeting. It now reflected the option of self insurance, the importance of disease prevention and the role of surveillance. It also included a reference to the potential impact arising from wider policy decisions going beyond those solely for disease control.

7. It was agreed that the biosecurity risk associated with fallen stock should be included as an issue.

(d) Contact List (Doc JIGWG 12 rev 1 Jan 06)

8. This document was tabled and it was agreed that Members would advise the Secretariat of any necessary amendments.

Action: Secretariat to circulate contact list electronically to members to check and amend as necessary.

Agenda Item 3: Presentation of the FMD model (Doc JIGWG 16)

9. Simon Hewitt delivered a Powerpoint presentation (hard copies tabled) on the FMD cost benefit analysis undertaken by Risk Solutions and its relevance to cost sharing. It was a decision support tool and the Department had a call-off contract with the company to undertake further work which could

be used at short notice and in “real time” in a disease emergency. A number of detailed issues arose in discussion. The principal points included the following:-

(a) that it was based on the policies in place pre-CAP reform;

(b) that it would be useful if it could help inform on the appropriate size and resources of the State Veterinary Service;

(c) that a model for Avian Influenza was being developed to take account of the specific characteristics of the poultry industry with its different movement structure and the suitability of a standstill regime;

(d) in its quantification of costs, its coverage of the costs on downstream industries;

(e) that it was a flexible tool that could be changed to model varying degrees off infectivity and that it was adaptable to other diseases such as Classical Swine Fever and

(f) that it had been peer reviewed and that it was not the only model in use.

Action: Secretariat to provide clarity on the cost elements used in the model.

Agenda Item 4: Insurance Industry Working Group Presentation

10. Mike Segal explained the background and work of the Insurance Industry Working Group. The Group had been formed following the FMD outbreak (picking up work started following CSF) to consider ways in which livestock farmers in the UK might effectively protect themselves against the commercial impact of regulatory controls designed to eradicate non-indigenous diseases of animals. The Group had looked at the options of voluntary or statutory levies, insurance and other industry funded mechanisms and took account of financing arrangements within the European Community and internationally. After deliberations in three meetings it was concluded that financing disease outbreaks could not be met in their entirety by the insurance industry. This related to matters concerning the ownership and control of risk, the costs of premiums which in turn were linked to the costs or re-insurance. The Group did not produce a report but as a result of its deliberations work was taken forward within Whitehall for a compulsory animal disease levy. This had been seen by industry as the “least worst” option. [although the details of a levy scheme were now discussed].

11. It was noted that the scope of the current work being pursued on sharing responsibilities and costs was now much wider. As a result it was felt there was the opportunity to re-engage with the insurance industry as some players were showing interest in the direction being taken. Although it was unlikely that the views of the insurance industry covering the entire costs of animal disease outbreaks had changed there could be areas where the

private insurance market could complement an Industry/Government cost sharing agreement.

Agenda Item 5: European Models (Doc JIGWG 17)

(a) Overview

12. In view of time pressures this item was not taken.

(b) The Netherlands Perspective

13. Stewart Houston introduced Siem-Jan Schenk (Member of the Dutch Organisation for Agriculture and Horticulture and Chairman Sector LTO Beef and Dairy Farming).

14. Siem-Jan said that the current arrangements for financing disease control in the Netherlands had to be seen in the context of its animal disease history, its structure (export orientation) and public (un)willingness to finance the costs of incursions. These factors had combined leading to the introduction of a system of industry levies which were in the form of an animal tax of 2,000 – 3,000 euros per annum per farm. These levies met the proportion of the costs of disease outbreaks after taking account of the reimbursements received from the European Community through the Veterinary Fund. The levies also funded disease monitoring and surveillance principally through a system of farm visits by private veterinary practitioners through the Animal Health Service. This enabled the industry to discharge its obligation to comply with Dutch law that all farms needed to be monitored – four times per annum for dairy and twelve times per annum for pigs.

15. Disease outbreaks had serious effects on export markets through loss of trade and this in turn led to depressed prices on the home market. From this together with clear messages from Government on responsibilities and risk ownership associated with keeping farm animals the industry had recognised that it was in its own interest to have an essentially self funded robust disease control infrastructure.

16. Individual animal identification and tracing was important. Arrangements for pigs were good and cattle were virtually 100 per cent secure. Sheep identification was more problematic and essentially would improve once an electronic tagging solution was in place. There were no livestock markets and a 21 day ban on movements was in place. Although hobby farmers were outwith the scope of the levies (and excluded from any benefits) this did not present a significant disease risk. The principal risk arose from trade in live animals from within and outside the Community.

17. In the Netherlands there was a roadmap of what to do at times of disease incursions and everybody involved knew precisely their roles.

Agenda Item 6: Possible Arrangements for Cost Sharing in England (Doc JIGWG 18)

18. Nafees Meah delivered a PowerPoint presentation (hard copy tabled) on the possible models for sharing the cost and responsibilities of livestock disease. Three main models were presented with an overview of each examining aspects of potential financing and institutional arrangements. It was stressed that the models were presented for the Group to discuss, consider and inform their decision making process. The models were presented in no particular order with no inference of any pre-conceived preference. It was emphasised that a single model might not provide the right answer, and that a “mix and match” approach might result in a better outcome for the English livestock sectors. The Group was invited to comment on the feature of the models both inside (and outside) the meeting and with these comments helping the Secretariat to consider what further detailed work would need to be undertaken. A number of detailed issues arose in discussion around the table. The principal points included the following:-

(a) the need to understand the involvement/engagement of the Devolved Administrations in the process;

(b) whether the Government contributions would be net of the Veterinary Fund rebate;

(c) whether any firm decisions had been made on the funding mechanism – war-chest or a retrospective levy or a mixture;

(d) the assessment of the models might be conducted via a survey with a pro-forma to rank the options;

(e) whether the model ought to reflect the current situation (*status quo*) or be a vehicle to encourage change of behaviour;

(f) how these models might be viewed depending on the list of diseases recognised;

(g) which costs should be shared and what would be the share of the compensation and which diseases would be included;

(h) incentives to better practice could be problematic although farm assurance schemes might play a role and

(i) the need for more information and what is the fallback position of the Government if there is no agreement.

Action: Secretariat to request further feedback from Group members on the pros and cons of different approaches.

Agenda Item 7: Any Other Business

19. No items were raised.

Summary

20. In summarising the meeting Stewart Houston drew attention to the Action Points.

**JIGWG SECRETARIAT
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