

Joint (Industry/Government) Working Group on Sharing Responsibilities and Costs of Animal Disease

CHARACTERISITICS OF AN ENGLISH EXOTIC ANIMAL DISEASE COST SHARING ARRANGEMENT – REPORT OF GROUP DISCUSSION

1. At the previous meeting of the Working Group, members were presented with a series of questions (set out in paper JIGWG 23) designed to facilitate debate on the desirable characteristics of responsibility and cost sharing arrangement suitable for the English context.

2. As stated in JIGWG 23, any cost sharing arrangement would be predicated on the key priority to reduce the overall risk of exotic disease outbreak (and spread) and on the principle of a more equitable sharing of the direct costs of control an outbreak between industry and the taxpayer.

3. The Working Group was split into two groups to consider these questions and reconvened to discuss the outputs from the two sets of deliberations. The combined outputs from the two groups are set out below.

a) How should the principle of ‘working in partnership’ be implemented?

4. There was general agreement that ‘working in partnership’ has to lead to a situation where both the risks and the responsibilities are shared. This would be best achieved through a legally recognised ‘joint government/industry over-arching body’ that worked within a ‘strategic framework’ agreed by the parties. There was agreement that the overall goal of the body should be to minimise the risk of exotic disease outbreak (and spread).

5. At the executive board level the body would comprise of representatives of all the key stakeholders. However, at the operational level

it was recognised that issues may need to be taken forward on a species/sector basis.

6. There was consensus around the point that this legally constituted body should have a major determining influence over exotic animal disease policy. However, it was recognised that within the EC context, there was an issue around the formal role of the Chief Veterinary Officer in relation to exotic disease control policy and the requirement for a designated 'Competent Authority' in each Member State that would need to be addressed.

b) How should the industry contribution to cost sharing be assessed?

7. There was consensus around the Australian disease categorisation approach as an attractive mechanism for arriving at an equitable sharing of responsibilities and costs for exotic disease control. However, any categorisation system implemented in England would require detailed discussion by specific diseases and probably by sector. It was also recognised that there was a European Community dimension to this agenda and, with the review of the Community Animal Health Policy 2007-2013 currently in train, we were in a good position to influence cost sharing policies being developed by the Commission.

c) How should the industry contribution to costs be financed?

8. There was a general feeling that it was too soon to give a definitive view on the preferred modality of a cost sharing arrangement in respect of financing the industry contribution. However, there was consensus that voluntary levies or insurance arrangements were unlikely to work because of the 'free rider' problem. To be fair and effective any sharing mechanism needed to be compulsory.

9. An alternative, however, suggested by one member was for there to be a possibility of an 'opt-out' of an otherwise 'compulsory' system on the understanding that the individual opting out would not benefit from the cost sharing arrangement and would effectively be self insuring against exotic disease risk.

10. There was also consensus around the point that contributions to a cost sharing arrangement ought to be sector specific and reflect relative risks of disease rather than be averaged across all sectors.

11. The previous paper JIGWG 23 (paragraph 5) had set out the specific direct costs that would be shared in a cost sharing arrangement. There was general agreement that this was a useful starting point. However, this led to a discussion on how consequential losses to the industry as a result of an exotic disease outbreak should be managed and where the boundary lay between costs to be borne by individuals and costs to be shared.

12. The Group agreed that further work was need in this area with some analysis of the costs and benefits of the different ways the industry contribution could be financed. There was also a strong view to share the industry contribution along the food chain, but no clear way of achieving this emerged from the discussion.

d) Should there be a cap on industry contribution?

13. There was unanimity from the industry members in favour of cap. However, the level and nature of the cap would need to be arrived at through discussion sector by sector and would depend on the modality chosen for financing the industry contribution.

e) How should on farm biosecurity be incentivised if at all?

14. If the primary goal of the 'joint over-arching body' is to reduce risk of exotic disease incursion and spread, then this would entail some link with the issue of on farm biosecurity. However, one member of the Group felt that it was preferable to de-couple on farm biosecurity from the cost sharing arrangements because the at the levels at which a levy or an insurance premium is likely to be set, it would be too low to influence behaviour. This would the case for a prospective levy or insurance product. In the case of a retrospective levy, there would by definition be no linkage to behaviour change. There were other mechanisms that could be used to get the desired

behaviour change by 'rogue elements' in the farming community e.g. compulsory farm health plans, movement licensing etc.

15. The Working Group proposed that this was an issue that would be amenable for a 'brainstorming' exercise at the next or subsequent meeting.

f) Are there any other desirable characteristics that an English cost sharing agreement should have?

16. Industry members felt that any cost sharing arrangement that is developed should recognise the advantage derived from being an island in respect of biosecurity and should therefore be on a Great Britain basis.

Next Steps

17. The Working Group is invited to consider whether there are any issues that emerge from this exercise that would benefit from further discussion.

JIGWG Secretariat

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