

Sharing responsibilities and costs of animal disease

Joint (Industry/Government) Working Group Report 12/07/2006

Questions & Answers

Q: How has sharing responsibilities and costs of animal disease come about?

A: The Government first started looking at how costs of animal disease outbreaks should be financed following the Classical Swine Fever outbreak in 2000. This work was interrupted by the Foot and Mouth Disease outbreak in 2001. The subsequent Foot and Mouth Disease Inquiry reports provided further impetus to find a different way forward.

Q: What is the Joint (Industry/Government) Working Group on sharing responsibilities and costs of animal disease?

A: The Working Group was set up in December 2005 with the remit to work in partnership to consider the balance of risks and responsibilities associated with keeping farm animals in the context of the importance and role of both on-farm and external biosecurity controls. The Group was asked to make recommendations to both government and industry to help inform debate on how responsibilities for, and costs of animal disease outbreaks, should be shared.

It is chaired jointly by a livestock producer representative (Stewart Houston, Chairman British Pig Executive) and a senior Defra official (Sonia Phippard/Mike Segal w.e.f 1.04.06). It comprises the representatives of the producers of the main farm animal species, Defra and an academic. Members of the Working Group attended meetings in their individual capacity as experts in their fields and not as representatives of their respective organisations.

Now that the report has been published, the Working Group will continue to address the areas of outstanding work identified in the report.

Q: What are the main findings of the Report?

A: The headline points of the report are:

- A joint industry and government approach to sharing costs and responsibility for exotic animal disease, based on genuine partnership, is the right approach. Both parties will need to be able to accommodate this change in relationship;
- A new statutory body should be established across GB for sharing responsibilities and costs for exotic animal disease;
- Agreement needs to be reached on the most appropriate funding mechanism together with the most effective and efficient administrative arrangements;
- There is no one size fits all - need for differences between and within sectors to be recognised;
- A joint industry government group in some form should be maintained to advise government and industry on developing specific proposals.

Q: What happens next?

A: There will be a period of consultation which will close on 31 October 2006 (this has been extended from the usual 12 weeks to allow for the summer break) in which time comments from stakeholders will be invited.

Following on from the consultation the Government intends to publish its proposals on how sharing responsibilities and costs can be taken forward by the end of the year. The proposals, which will be considered alongside the wider debate on charging, will be consulted on in the usual way. In light of responses a draft Bill will be published for consultation and pre-legislative scrutiny in 2007. The Government would expect to bring forward primary legislation in the 2007/8 session, providing that the Parliamentary timetable allows.

Q: What will proposals for cost sharing look like?

A: It is too early to say. The report consults on broad principles it does not go into detail. This will follow in further stages of consultation.

Q: What about cost sharing in other countries?

A: The Group considered arrangements elsewhere in the European Community and internationally. For example, in The Netherlands, livestock producers have agreed to finance (up to a ceiling) animal disease outbreaks through a bank guarantee whilst in Spain voluntary private insurance (with subsidised premiums) is in place and is the preferred way forward. In Australia, producers have entered an agreement to retrospectively repay the costs (subject to certain procedures) incurred in dealing with outbreaks of certain diseases.

Q: What about the European Community context?

A: In parallel with the work of the Group, the European Commission are reviewing the current Community animal health policy with a view to having in place a new policy across the Community for 2007-2013. This is very likely to require each Member State to have in place cost sharing arrangements between Government and the livestock sectors. The Group has engaged closely with the Commission officials and have gained a significant influencing role. DG SANCO (the lead Directorate) has been particularly attracted to the partnership approach between government and industry that the Group is working to adopt and want to learn from our experience. DG Agriculture are also working up new state aid guidance that will impinge upon animal disease financing.

Q: Who else have you consulted so far?

A: A workshop took place in April this year in London. The workshop was attended by over 70 delegates of which 65% represented the livestock industry, producers and retail organisations. A detailed report of the conference is available on the Defra web site. The link is:

<http://www.defra.gov.uk/farm/policy/regulation/csharead/jiqwg/index.htm>

Q: What about the Devolved Administrations?

A: The report considers sharing costs and responsibilities for animal disease in England only. However, the report recommends that there needs to be a common approach to sharing costs and responsibilities across Great Britain and preferably the UK. This conclusion is in keeping with the Animal Health and Welfare Strategy for Great Britain, which was published in 2004. Officials are currently engaging with devolved colleagues.

Q: Will the workings of the Group be available to the public?

A: A set of web pages has been produced and these give key information and relevant documentation for the meetings of the Working Group. The link is:

<http://www.defra.gov.uk/farm/policy/regulation/csharead/jiqwg/index.htm>

Q: How will cost sharing work with EC State Aid rules?

A: There are currently new proposals for EC State Aid Block Exemption Rule and other issues in a consultation round. The Working Group is aware of these developments and will be addressing them in their future programme of work.

Q: What will the cost be to farmers?

A: At the next stage of the consultation, when the government issues its proposals on how sharing responsibilities and costs can be taken forward, a partial regulatory impact assessment will be provided. This will provide an assessment of costs and benefits.

Q: What about consequential losses?

A: One of the conclusions of the report was that the insurance industry needs to be engaged further, particularly in relation to consequential losses. The Working Group intends to follow this up in its further work.