Introduction

The CLA represents some 38,000 members who between them own or manage half the rural land in England and Wales. Our members are deeply involved in managing livestock enterprises so we have a direct interest in this matter. In addition our members are involved with game and sporting shooting which can be directly affected by animal diseases, and we have significant rural tourism and other rural economic interests in membership which can be adversely affected by livestock disease outbreaks and disproportionate controls used to deal with them. In short the CLA is concerned with a wide range of rural economic effects which can stem from the subject of this consultation.

We understand that the government is determined to introduce some form of cost sharing and is under pressure to recover some of the costs associated with animal health and welfare and that this will happen regardless of responsibility sharing. We believe that there are potential wins for the industry to be involved in the decision making if can go far enough and a genuine partnership approach is developed to share responsibility for policy development and implementation.

CLA has a seat on the UK Responsibility and Cost Sharing Consultative Forum and have been heavily involved in the work so far. We have welcomed Defra’s willingness to engage with the industry at this early stage and the opportunity to represent our members with livestock as well as the wider rural economy.

Response to principles

These principles would be better understood if they were expressed in sentences with an active verb.

1. Preserving public safety and maintaining confidence both nationally and internationally in UK food production

We agree, but we also consider that there is a tendency in all the documents we have seen to systematically understate the public interest in, and public benefit from, disease free animals. The public is not indifferent to the health and welfare status of animals, but equally there is very clear evidence, for example in the purchasing behaviour of pig products that there is a weak disposition to pay the additional costs of higher standards in this field. We suggest that it will often be the case that the private benefits to livestock producers from disease controls are such that economically optimal private actions will stop short of that which the political process will choose on behalf of the public. This is especially the case with animal welfare controls. The public have chosen through the legislative process standards which impose higher costs on producers than they can recover through markets (and higher costs than their competitors abroad). These arguments form the basis of producers’ case that there will nearly always be a significant case for the public bearing some
costs of animal health and welfare measures, even in case of non-zoonotic diseases. We ask that this be acknowledged in the statement of principles.

2. Preserving the principles of the AHWS – especially that prevention is better than cure

We agree, and we would mention the fact that we are an island state offers a greater possibility of ensuring disease free status by strict border measures.

3. Maintaining and improving capability to deliver policies

We agree but it will be necessary for the industry to have direct involvement in monitoring the efficiency of delivery agents.

4. Sharing responsibilities so that achievement of animal health and welfare outcomes is effective and efficient

We would amend this to “Sharing responsibilities so that achievement of animal health and welfare outcomes is effective and efficient to both industry and the government”

5. Sharing costs only where the activity provides a clear benefit or service to industry, taking account of affordability and of the impact on competitiveness

We would amend this to “Sharing costs only where the activity provides a clear benefit or service to industry and is affordable and will not have a negative impact on competitiveness”

6. Focus cost sharing where it is most likely to reduce disease risk

We would agree in principle and we insist that in the explanation of this principle there is clear recognition that moral hazard can work in both directions. If industry is paying the bulk of the costs then government will be less inclined to take decisions to minimise those costs. So we would expect cost sharing to promote positive behavioural changes in government as well as industry. And if costs are to be focused where it is most likely to reduce disease risk we would expect government to focus their costs on more rigorous border controls.

7. Responsibilities should be shared at least where costs are shared

We agree with the idea here, it could be worded, “Costs can only be shared where responsibility is also shared”.

8. Accountability for both industry and Government

We think we agree with what lies behind this phrase, but it is not entirely clear what is meant by this phrase. Accountability by whom, to whom for what? We think you are trying to say something along the lines that the system of responsibility and cost sharing must build in full accountability to the public to ensure healthy food and to parliament that the decision making structures and processes fully meet all relevant governance standards.
9. **The regulatory burden should be reduced and measures simplified wherever possible**

We would amend this to “The regulatory burden should be reduced and measures simplified”

We see this as vital and would hope that the process of reducing the regulatory burden and simplifying measures should reduce the overall costs to both the industry and government for Animal Health and Welfare.

10. **Consistency with EC and international developments**

We agree

**Can you identify and additional principles which should be included in the list above?**

We would like to add some further statements for consideration as the basis for developing further proposals.

1. Discussions on cost sharing must take account of all relevant costs both private and public.

2. Responsibility sharing discussions must only involve those directly affected and who are directly financially implicated; i.e. government and industry.

3. It is important to recognise in this framework that there are public benefits from healthy animals produced under conditions of high animal welfare beyond those which simply benefit the producer. To put this another way we suggest a key principle should be that if Government chooses higher risk than the industry then the Government should pay for the additional associated costs.

**Applications of principles – responsibility sharing**

**Possible approaches to responsibility sharing**

**How do these approaches to responsibility sharing help to deliver the principles set out in section two?**

The CLA believes that if the government is to impose costs onto the industry the industry must have a say in how these costs are applied. And the only model with the capability to deliver the principles and meaningful responsibility sharing is a non ministerial government department. That said there are a number of considerations and important factors to take into account such as how appointments to the board will be made and how its delivery bodies such as the SVS and the MHS will operate within it.

CLA is in ongoing discussions with Defra on these matters.

**Application of principles – cost sharing**
Do you agree with these approaches to cost sharing?

CLA is not willing to comment directly on the approaches to cost sharing at this stage. We will make a number of points related to cost sharing.

CLA believes any discussions on cost sharing should begin by looking at how existing costs to both the industry and government can be reduced by minimising the existing regulatory burden and taking a proportionate stance on risks. We consider that decisions in the last decade have exhibited extreme risk aversion and therefore involved excessive costs. Hence we have suggested an additional principle to deal with this.

We also want to be confident that the government are going to allow industry to meaningfully share in decision making before entering into any detailed discussion of costs. These discussions started with acknowledgement that there was little trust on these issues. The very process of working together is building this trust but it would hugely help industry representatives to make the case for cost sharing if there were some tangible results of joint decision making to point to.

Any discussions on costs must also recognise the current financial position of the industry and take into account both affordability and the impact on competitiveness.

It is also vital that there is complete transparency on what the public costs are and how they are assessed before committing to discussions.

We also believe that costs have to be examined in their entirety, both the public and the private costs of animal health and welfare, before we can look at what portion, if any, is transferred to the industry. The private costs which should be factored in are the costs related to animal health and welfare, which farmers would not have chosen to incur for private economic reasons of raising their livestock but which are incurred because farmers in the UK are required to achieve higher standards of animal health and hygiene to satisfy British public demands of its own farmers which are not imposed on farmers abroad from which we freely import. The industry recognises that it will have to help Government assess these costs, and this requires knowledge of production rules and costs both here and in major exporting regions.

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