

<p>Title: Implementation of e-reporting for Pigs</p> <p>Lead department or agency: Defra</p> <p>Other departments or agencies: Animal Health</p>	Impact Assessment (IA)
	IA No: Defra 1337
	Date: 26/01/2011
	Stage: Consultation
	Source of intervention: Domestic
	Type of measure: Secondary legislation
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Summary: Intervention and Options

What is the problem under consideration? Why is government intervention necessary?

The current paper method of reporting pig movements is time consuming for all sectors of the industry. Information is loaded by Local Authorities onto a central database (Animal Movement Licence System - AMLS) and there can be delays of a number of days before the data is loaded. In a disease outbreak situation this means that the movement record could be unreliable and out of date. An industry led initiative piloted a project on electronic reporting of pig movements. This demonstrated that such an automated electronic system could save money and provide a more accurate dataset. A change to legislation is required to support the introduction of electronic reporting at national level.

What are the policy objectives and the intended effects?

To amend the domestic legislation - "The Pigs (Record, Identification and Movement) Orders for England (2007) called PRIMO to allow for the introduction of electronic reporting. The intention is to reduce reporting costs for the industry and government and provide an up to date record of where pigs have move to and from in the event of endemic and exotic disease outbreaks.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

Three policy options have been considered: (i) Option 1: Do nothing, keep the existing paper method of reporting pig movements, (ii) Option 2: Electronic reporting by 100% of pig keepers, (iii) Option 3a & 3b: Electronic reporting undertaken by between 70% - 85% of pig keepers. Non IT enabled keepers would be able to text or telephone their pig movement details through to the operators of the electronic system. This means that these keepers do not have to purchase any equipment to facilitate electronic reporting and so would not be financially disadvantaged.

To ensure that no pig keeper is faced with an increase in costs to manage his business, Options 3a or 3b are preferred.

Will the policy be reviewed? It will be reviewed. **If applicable, set review date:** 1/2015

What is the basis for this review? PIR. **If applicable, set sunset clause date:** Month/Year

Are there arrangements in place that will allow a systematic collection of monitoring information for future policy review? Yes

SELECT SIGNATORY Sign-off For consultation stage Impact Assessments:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible SELECT SIGNATORY: _____ Date: _____

Summary: Analysis and Evidence

Policy Option 2

Description:

100% Electronic Reporting

Price Base Year 2011	PV Base Year 2011	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low:	High:	Best estimate 1.54

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	0.45	1	
High	0.54		
Best Estimate	0.54		0.34

Description and scale of key monetised costs by 'main affected groups'

During transition Government will have to fund both electronic and paper data collection. These costs range from £0.19m to £0.10m depending on how long the transitional period lasts.

Government will incur the costs of funding BPEX to run and administer the e-reporting system, this cost will equal £0.22m per annum.

In order to report 100% electronically (without use of a 3rd party), non- IT enabled keepers would have to purchase a computer and internet access. These costs have been estimated at £0.35m for computers (one –off transition cost) and £0.12m for internet access (ongoing annual running cost).

Other key non-monetised costs by 'main affected groups'

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0.02	1	
High	0.04		
Best Estimate	0.04		0.61

Description and scale of key monetised benefits by 'main affected groups'

There is an overall reduction in costs of reporting for industry compared with the current paper system, due to time savings and reduction in postage costs. The undiscounted per annum savings equal:

(a) Industry – (i) keepers by £120k (ii) markets by £13k (iii) abattoirs by £63k

Local Authorities will no longer have to collect the paper data:

(b) Local Authorities – reduction in costs to support collection of movement data by £412k.

Other key non-monetised benefits by 'main affected groups'

Industry: Removal of the Individual Pig Movement licence signed by Local Authorities at markets would give industry overtime and mileage savings for weekend markets. Local Authorities: LAs would also be able to concentrate on other matters at markets instead of signing these licences e.g. checking tagging compliance, welfare, movement documents etc.

Government and Industry: Improved quality of movement data which will enable more effective monitoring and tracking of movements in the event of an endemic or exotic disease outbreak.

Key assumptions/sensitivities/risks

Discount rate (%)

3.5

Assumptions: (Sources, see table 9):

Number of pig keepers: 39,000, Number of movement documents (pigs): 185,000

Labour rates (per hour): keepers - £10.80, markets - £9.67; abattoirs - £9.48

Computer hardware: £350, Internet connection £120 per annum

Risks:

If electronic recording doesn't work Government will not be able to monitor pig movements effectively and there is the possibility of infraction proceedings by EU if there is incomplete data.

Direct impact on business (Equivalent Annual) £m):			In scope of OIOO?	Measure qualifies as
Costs: 0.12	Benefits: 0.20	Net: 0.08	No	N/A

Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?	England				
From what date will the policy be implemented?	01/11/2011				
Which organisation(s) will enforce the policy?	Local Authorities, Rural Payments Agency				
What is the annual change in enforcement cost (£m)?	N/A				
Does enforcement comply with Hampton principles?	Yes				
Does implementation go beyond minimum EU requirements?					
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)	Traded: N/A		Non-traded: N/A		
Does the proposal have an impact on competition?	No				
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?	Costs: N/A		Benefits: N/A		
Distribution of annual cost (%) by organisation size (excl. Transition) (Constant Price)	Micro	< 20	Small	Medium	Large
Are any of these organisations exempt?	No	No	No	No	No

Specific Impact Tests: Checklist

Set out in the table below where information on any SITs undertaken as part of the analysis of the policy options can be found in the evidence base. For guidance on how to complete each test, double-click on the link for the guidance provided by the relevant department.

Please note this checklist is not intended to list each and every statutory consideration that departments should take into account when deciding which policy option to follow. It is the responsibility of departments to make sure that their duties are complied with.

Does your policy option/proposal have an impact on...?	Impact	Page ref within IA
Statutory equality duties¹ Statutory Equality Duties Impact Test guidance	No	20
Economic impacts		
Competition Competition Assessment Impact Test guidance	No	20
Small firms Small Firms Impact Test guidance	No	20
Environmental impacts		
Greenhouse gas assessment Greenhouse Gas Assessment Impact Test guidance	No	22
Wider environmental issues Wider Environmental Issues Impact Test guidance	No	22
Social impacts		
Health and well-being Health and Well-being Impact Test guidance	No	22
Human rights Human Rights Impact Test guidance	No	22
Justice system Justice Impact Test guidance	No	22
Rural proofing Rural Proofing Impact Test guidance	No	22
Sustainable development Sustainable Development Impact Test guidance	No	22

¹ Public bodies including Whitehall departments are required to consider the impact of their policies and measures on race, disability and gender. It is intended to extend this consideration requirement under the Equality Act 2010 to cover age, sexual orientation, religion or belief and gender reassignment from April 2011 (to Great Britain only). The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

Summary: Analysis and Evidence

Policy Option 3a

Description: 85% electronic reporting

Price Base Year 2011	PV Base Year 2011	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low:	High:	Best Estimate: 2.02

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	0.1	1		
High	0.19			
Best Estimate	0.19		0.31	2.51

Description and scale of key monetised costs by 'main affected groups'

The transitional costs associated with moving to the new system are incurred by Government who will have to fund both electronic and paper data collection during the transition period. These costs range from £0.15m to £0.23m depending on how long the transitional period lasts. Government will incur the costs of funding BPEX to run and administer the e-reporting system, this cost will equal £0.22m per annum and the cost of offering an alternative to e-reporting which equals £0.085m.

Other key non-monetised costs by 'main affected groups'

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0.02	1		
High	0.04			
Best Estimate	0.04		0.59	4.53

Description and scale of key monetised benefits by 'main affected groups'

The reduction in costs of electronic reporting for industry compared with the current paper system are lower than Option 2 as electronic reporting is only implemented in 85% of cases rather than 100% as in Option 2.

a) Industry – (i) keepers by £112k (ii) markets by £13k (iii) abattoirs by £54k
Local Authorities will no longer have to collect the paper data:

b) Local Authorities – reduction in costs to support collection of movement data by £412k.

Other key non-monetised benefits by 'main affected groups'

Industry: Removal of the Individual Pig Movement licence signed by Local Authorities at markets would give industry overtime and mileage savings for weekend markets. Local Authorities: LAs would also be able to concentrate on other matters at markets instead of signing these licences e.g. checking tagging compliance, welfare, movement documents etc.

Government and Industry: Improved quality of movement data which will enable more effective monitoring and tracking of movements in the event of an endemic or exotic disease outbreak.

Key assumptions/sensitivities/risks

Discount rate (%) 3.5

Assumptions (Sources, see table 9):

Number of pig keepers: 39,000, Number of movement documents (pigs): 185,000

Labour rates (per hour): keepers - £10.80, markets - £9.67; abattoirs - £9.48

Risks:

If electronic recording doesn't work Government will not be able to monitor pig movements effectively and there is the possibility of infraction proceedings by EU if there is incomplete data.

Direct impact on business (Equivalent Annual) £m):			In scope of OIOO?	Measure qualifies as
Costs:	Benefits: 0.18	Net: 0.18	No	N/A

Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?	England				
From what date will the policy be implemented?	01/11/2011				
Which organisation(s) will enforce the policy?	Local Authorities, Rural Payments Agency				
What is the annual change in enforcement cost (£m)?	N/A				
Does enforcement comply with Hampton principles?	Yes				
Does implementation go beyond minimum EU requirements?					
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)	Traded: N/A		Non-traded: N/A		
Does the proposal have an impact on competition?	Yes/No				
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?	Costs: N/A		Benefits: N/A		
Distribution of annual cost (%) by organisation size (excl. Transition) (Constant Price)	Micro	< 20	Small	Medium	Large
Are any of these organisations exempt?	No	No	No	No	No

Specific Impact Tests: Checklist

Set out in the table below where information on any SITs undertaken as part of the analysis of the policy options can be found in the evidence base. For guidance on how to complete each test, double-click on the link for the guidance provided by the relevant department.

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Does your policy option/proposal have an impact on...?	Impact	Page ref within IA
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Economic impacts		
Competition Competition Assessment Impact Test guidance	No	20
Small firms Small Firms Impact Test guidance	No	20
Environmental impacts		
Greenhouse gas assessment Greenhouse Gas Assessment Impact Test guidance	No	22
Wider environmental issues Wider Environmental Issues Impact Test guidance	No	22
Social impacts		
Health and well-being Health and Well-being Impact Test guidance	No	22
Human rights Human Rights Impact Test guidance	No	22
Justice system Justice Impact Test guidance	No	22
Rural proofing Rural Proofing Impact Test guidance	No	22
Sustainable development Sustainable Development Impact Test guidance	No	22

¹ Public bodies including Whitehall departments are required to consider the impact of their policies and measures on race, disability and gender. It is intended to extend this consideration requirement under the Equality Act 2010 to cover age, sexual orientation, religion or belief and gender reassignment from April 2011 (to Great Britain only). The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

Summary: Analysis and Evidence

Policy Option 3b

Description: 70% electronic reporting

Price Base Year 2011	PV Base Year 2011	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low:	High:	Best Estimate: 1.88

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	0.1	1		
High	0.19			
Best Estimate	0.19		0.31	2.51

Description and scale of key monetised costs by 'main affected groups'

The transitional costs associated with moving to the new system are incurred by Government who will have to fund both electronic and paper data collection during the transition period. These costs range from £0.15m to £0.23m depending on how long the transitional period lasts. Government will incur the costs of funding BPEX to run and administer the e-reporting system, this cost will equal £0.22m per annum and the cost of offering an alternative to e-reporting which equals £0.085m.

Other key non-monetised costs by 'main affected groups'

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0.02	1		
High	0.04			
Best Estimate	0.04		0.57	4.39

Description and scale of key monetised benefits by 'main affected groups'

The reduction in costs of electronic reporting for industry compared with the current paper system are lower than Option 2 as electronic reporting is only implemented in 70% of cases rather than 100% as in Option 2.

a) Industry – (i) keepers by £104k (ii) markets by £12k (iii) abattoirs by £45k
Local Authorities will no longer have to collect the paper data:

b) Local Authorities – reduction in costs to support collection of movement data by £412k.

Other key non-monetised benefits by 'main affected groups'

Industry: Removal of the Individual Pig Movement licence signed by Local Authorities at markets would give industry overtime and mileage savings for weekend markets. Local Authorities: LAs would also be able to concentrate on other matters at markets instead of signing these licences e.g. checking tagging compliance, welfare, movement documents etc.

Government and Industry: Improved quality of movement data which will enable more effective monitoring and tracking of movements in the event of an endemic or exotic disease outbreak.

Key assumptions/sensitivities/risks

Discount rate (%) 3.5

Assumptions (Sources, see table 9):

Number of pig keepers: 39,000, Number of movement documents (pigs): 185,000

Labour rates (per hour): keepers - £10.80, markets - £9.67; abattoirs - £9.48

Risks:

If electronic recording doesn't work Government will not be able to monitor pig movements effectively and there is the possibility of infraction proceedings by EU if there is incomplete data.

Direct impact on business (Equivalent Annual) £m):			In scope of OIOO?	Measure qualifies as
Costs:	Benefits: 0.16	Net: 0.16	No	N/A

Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?	England				
From what date will the policy be implemented?	01/11/2011				
Which organisation(s) will enforce the policy?	Local Authorities, Rural Payments Agency				
What is the annual change in enforcement cost (£m)?	N/A				
Does enforcement comply with Hampton principles?	Yes				
Does implementation go beyond minimum EU requirements?					
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)	Traded: N/A		Non-traded: N/A		
Does the proposal have an impact on competition?	No				
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?	Costs: N/A		Benefits: N/A		
Distribution of annual cost (%) by organisation size (excl. Transition) (Constant Price)	Micro	< 20	Small	Medium	Large
Are any of these organisations exempt?	No	No	No	No	No

Specific Impact Tests: Checklist

Set out in the table below where information on any SITs undertaken as part of the analysis of the policy options can be found in the evidence base. For guidance on how to complete each test, double-click on the link for the guidance provided by the relevant department.

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Evidence Base (for summary sheets) – Notes

Use this space to set out the relevant references, evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Please fill in **References** section.

References

Include the links to relevant legislation and publications, such as public impact assessments of earlier stages (e.g. Consultation, Final, Enactment) and those of the matching IN or OUTs measures.

No. Legislation or publication

- 1 The Pigs (Records, identification and Movement)(England) Order 2007 (PRIMO)
- 2 The General Licence for the Movement of Pigs
- 3 Council Directive 2008 / 71 on the identification and registration of pigs

Evidence Base

Ensure that the information in this section provides clear evidence of the information provided in the summary pages of this form (recommended maximum of 30 pages). Complete the **Annual profile of monetised costs and benefits** (transition and recurring) below over the life of the preferred policy (use the spreadsheet attached if the period is longer than 10 years).

The spreadsheet also contains an emission changes table that you will need to fill in if your measure has an impact on greenhouse gas emissions.

Annual profile of monetised costs and benefits* - (£m) constant prices

	Y ₀	Y ₁	Y ₂	Y ₃	Y ₄	Y ₅	Y ₆	Y ₇	Y ₈	Y ₉
Transition costs	0.19									
Annual recurring cost		0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31
Total annual costs	0.19	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31
Transition benefits	0.04									
Annual recurring benefits		0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59
Total annual benefits	0.04	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59

* For non-monetised benefits please see summary pages and main evidence base section



Microsoft Office
Excel Worksheet

Evidence Base (for summary sheets)

Problem under consideration

1. The current method of reporting pig movements is via a paper system. Completing information on movement documents by hand can be time consuming for all sectors of the industry. There can also be a considerable time lag of up to 10 - 15 days before the movement data is received and loaded manually onto the Government's central database "the Animal Movements Licence System" (AMLS).
2. For disease control purposes it is important to have an up to date record of where pigs have been moved to and from. Moving to an electronic system of reporting pig movements will provide more timely and accurate pig movement data to support the control of endemic and exotic disease of pigs.

Rationale for intervention

3. The existing paper based system is burdensome for the majority of keepers as paper movements must be completed for every individual pig movement. Providing an automated electronic system for reporting pig movements will reduce administrative burdens for the pig industry and provide a more timely and accurate data set.
4. Additionally the system relies on Local Authority ("Local Authority") manual intervention to load data onto the centralised database. The previous ring fenced LA funding for this service has been incorporated in the RSG ("Revenue Support Grant") (on a reducing basis over the next Comprehensive Spending Review). This means the funding is no longer ring-fenced and can be used by Local Authorities for other services. Due to current financial pressures and other priorities, entering data on AMLS may take a back seat. This could result in an out of date data set for pig movements, which in the event of a disease outbreak would severely hamper the Government's ability to manage the outbreak effectively.
5. The move to electronic reporting is fully supported by the pig industry and is being delivered in partnership with them.

Electronic reporting - background

Current System

6. All pig movements must be accompanied by the movement document (AML2), a copy is at Annex 3. The current paper system uses a movement document which has four different coloured carbonated pages (all with the same information) and is completed as follows:-
 - The person at the departing address completes sections A and C then keeps the yellow copy for their records
 - The person transporting the pigs then completes section B with their details and keeps the blue copy.
 - The person buying the pigs completes section D and must retain the pink copy for least six months. The receiving keeper (farmer, market or abattoir) is responsible for sending the white copy to their local authority (LA) trading standards office within three days of the pigs arriving. The LA records the information from the movement document onto AMLS.

Reporting movements is done on a batch basis – that is the total number of animals moved.

Pig information and numbers - England

7. The introduction of electronic reporting will affect all pig keepers and pig movements. Pigs are moved in batches, the total number of pigs moved are recorded and reported on the movement document. The majority of pig moves are to slaughter and over 70% of keepers farm their pigs indoors in highly controlled environments. It is estimated that indoor pigs account for over 64% of total movements and over 98% of total pigs moved. These keepers will use IT systems as management tools and will find electronic reporting a labour saving initiative for reporting movements. The remaining 30% of pigs are kept outdoors and around 15% of these keepers do not own computers.
8. Details on pig data (England only) used to assess costs for electronic identification and compare them to the current system are in the tables below (information for 2009 is provided as full data for 2010 is not yet available):-

Table 1: Pig numbers - England

Keepers and pigs	Numbers (millions)	Data Source
Registered pig keepers	0.02m	Animal health (2009) – 32,272 registered keepers, Defra and BPEX estimate that around 20,000 of which are commercial keepers.
Number of holdings with reported moves	0.02m	BCMS (July 09 – June 2010)
Pigs	3.87m	December survey of agriculture 2009

Table 2: Number of batches (movement documents – AML2s completed) - England

Destination	Number of batches 000s	%	Data Source
Farm to farm	55	26%	BCMS 2009
Slaughterhouse	140	66%	
Market/Collection centre	15	7%	
Other*	1	1%	
Total	211	100%	

For example show grounds, veterinary practices, IA , research, knackers' yards.

Pilot – automation of pig movement reporting

9. Animal Health and the British Pig Executive (BPEX) have been piloting a project on electronic reporting since March 2009. Prior to this project, there has been no electronic reporting undertaken for movement reporting to a central data base. The project involved working with a number of commercial pig farmers and Local Authorities (who are responsible for inputting movement data onto AMLS on behalf of Defra in England. This project facilitates the transfer of the function to capture statutory pig movement data from Local Authorities to the pig industry, under the auspices of the British Pig Executive (BPEX). This data capture function will be centralised and delivered more efficiently by the industry. More strategically it is an enabling project that could lead to the whole movement reporting service for pigs being provided and run by the industry rather than Government at a reduced cost.
10. All sectors of the pig industry have been involved in the project and it is being delivered in partnership with them. The industry sector was represented by the National Pig Association (NPA), British Pig Association (BPA), Association of Independent Meat Suppliers (AIMS) and the British Meat Processors Association (BMPA). The industry is in full support of the withdrawal of the existing paper route. The move from paper to electronic reporting will result in a change to the business process of reporting for non IT enabled keepers (more likely to be small non commercial keepers). These keepers account for 36% of total movements but only 1.5% of the total number pigs moved. The pig industry including the British Pig Association, which represents the smaller and

pedigree pig keeping sectors, fully support the withdrawal of the existing paper movement system.

11. If electronic reporting is implemented, the function to capture statutory pig movement data from Local Authorities will be transferred to BPEX. All movements will be reported to BPEX or its agents from October 2011 via the BPEX hub which will interface with the Government's AMLS system. BPEX will download data from their hub to AMLS on a daily basis thus ensuring the Government system contains an up to date data set of pig movements.
12. An option for keepers to report movements via an amended paper based system is feasible. BPEX has nominated the Meat Livestock Commission (MLC) to act on its behalf to manage any amended paper based system. This means that non IT enabled keepers will not need to buy computers following the introduction of electronic reporting. Both electronic and non electronic movements will however need to be notified in advance of the movement taking place, with the exception of movements to markets/collection centres. In this instance the market/collection centre will act as the agent for any "non electronic" movements to markets or collection centre.
13. When pigs move they will still need to be accompanied by a paper movement document for inspection purposes. Keepers reporting movements electronically will be able to print their own movement documents direct from the BPEX system and keepers using the paper based system will receive a completed movement document by post or fax from MLC. This may mean that keepers who do not report electronically have to make minor adjustments to the way their business operates because of the time lag between notifying movements and receiving the necessary movement documentation. To offset any potential problems as a result of the move to the new e-reporting system a transitional period of between six to twelve months to allow non IT enable keepers to adapt to the new arrangements will operate. During this transitional period keepers can continue to use the existing AML paper system.

Legislative implications

14. EU rules governing the identification and traceability of pigs are implemented in England by "The Pigs (Record, Identification and Movement) (England) Order 2007", usually referred to as "PRIMO". To implement e-reporting PRIMO will need to be amended to provide for an electronic movement reporting system, which may run in parallel with an amended paper based system, for non IT enabled keepers. Because introducing electronic reporting will provide more timely collection of movement data at markets it will be optimal to relax the current provision, under the Disease Control Order, for Movement Licences to be issued for pig movements out of markets by a Local Authority Inspector. Additionally as a further offsetting simplification measure, the length of time that holding registers need to be maintained will be reduced from six to three years.
15. Other proposed changes to PRIMO are:-
 - Providing for industry to use a compressed air slapmark to identify pigs as an alternative to traditional slapmarking equipment.
 - Bringing in a requirement to oblige individual identification in the use of boars moving to approved EU and domestic artificial insemination (AI) centres.
16. According to Animal Health there were approx 1000 approvals for boars to be used in domestic and EU approved AI centres in 2009. (There would be no significant change in volume in 2010). There would be no additional burden to the boar industry from implementing e-reporting as AI centres require boars to be individually identified in order to trace semen distributed from that centre and for their own QA information and for disease control purposes. It is the recording element of the individual number which is the

additional requirement. Total cost of the industry would be in region of £25-£50 and is a negligible cost of improve traceability of the semen for disease control purposes.

The table below summarises the proposed changes:-

Table 3: Changes to legislation

Legislation	Article /Para	Requirement	Proposed change
Primo		Means of identification for pigs	Permit the use of compressed air slapmarks
		Moves to artificial insemination centres	Amend additional requirements for movements of pigs to include individual identification mark for moves to artificial insemination centres
	5 (3)	Retain holding register for six years	Reduce retention period to three years
	12		1) Provide for voluntary use of electronic reporting 2) Movement notification can be made electronically or by phone or in writing. 3) Only copies of movement documents for movements which are not reported electronically must be retained for 6 months.
General Licence for the Movement of Pigs			Administrative amendments to support changes to PRIMO – removal of individual movement licence for moves from a market/collection/assembly centre, AML2 replaced by haulier summary and exemption to retain a paper document for those doing an electronic report.

17. EU legislation (Council Directive 2008/71 and Directive 2000/15) requires the reporting of all pig movements to a central database. There are no changes required to the EU legislation as there is flexibility within it to provide for electronic reporting which is supported by the pig industry.

Comparing paper and electronic reporting of pig movements

18. The current system uses three documents. The introduction of electronic reporting covers the movement document (AML2) and related actions but not the holding movement record. The three documents are:-
- a. The holding register
 - b. The movement document (a copy is in Annex 3) - called AML2 (animal movements licence 2)
 - c. Individual movement licence – moves off markets
19. Recording and reporting of pigs is done on a batch basis; that is the total number of animals moved. Currently, movements are not pre-notified to the central AMLS system, this is updated after the event takes place.
20. The main change in terms of documentation is to replace the AML 2 movement document with a one page haulier summary (movement document). It continues to be necessary for all livestock (cattle, sheep and pigs) to be accompanied by a paper document containing movement details of the animal during transport. The haulier summary (HS) is a one page document which contains the same information as the AML2 movement. IT enabled keepers can print this document from their computer and under the preferred option non IT enabled keepers will be sent a copy by post or fax (with printed movement details) for

moves to other farms or abattoirs. They will be given the flexibility to handwrite the haulier summary if the move is to a market or collection centre (blank copies of the haulier summary will be available at markets). This option will allow any keeper not using the electronic system to move their pigs to market without delay to obtain what they believe will be the best price for their animals on any particular market day.

21. The following table provides a brief overview of the differences between the current and electronic system.

Table 4: Difference between current paper and electronic reporting systems

Action/ Document	Current system	Electronic Reporting System	
		Electronic	Non-Electronic
Holding register	Updated within 36 hours of move taking place. Retained for six years after keeper has stopped owning pigs.	No change Retained for three years after keeper has stopped owning pigs.	
Movement document (AML 2)	4 different coloured carbonated pages *Despatching keeper fills in sections A & C and retains the yellow copy *Person transporting the pigs completes section B and retains the blue copy. *Receiving keeper (farmer, market, slaughterhouse) completes section D, retains the pink copy and sends the white copy to their local authority. <i>Moves are not pre-notified</i>	Not required – movements off and on farms, markets and abattoirs reported electronically via the BPEX hub <i>Moves are pre-notified</i>	Not required – Keeper uses telephone/fax/post to notify details of move – these are input onto the electronic system <i>Moves are pre-notified</i>
Haulier summary document	Same as the blue copy of AML 2	Haulier summary printed by despatching keeper (farmer or market)	Haulier summary (two copies, one for the haulier and one for the receiving keeper) posted or faxed to the despatching keeper by MLC.
Individual movement licence	Issued and signed by LA Trading Standard Officer for moves off markets.	Not required, markets will record and report moves electronically as soon the pigs move off the market to the new destination.	
Moves recorded on central database	Details of moves (after the event) entered manually by local authorities on the Animal Movement Licensing System (AMLS) following receipt of the white copy of the movement document (AML2)	Moves recorded electronically (in real time/ before the move takes place) on the BPEX hub. An electronic interface will update AMLS (the Government database) on a daily basis. Receiving keeper will continue to notify receipt of moves within 3 days of receipt either electronically or via MLC.	

Timescale

22. Domestic legislation needs to be amended at the earliest opportunity to permit electronic reporting. The proposal is to implement e-reporting from October 2011. A transitional period to allow non IT enabled keepers to adapt to the new arrangements of around six to twelve months will be available. The length of the transitional period will be covered as part of the consultation exercise although in the NPV analysis the longer 12 month period is assumed.

Descriptions of options considered

23. Three options have been considered. These cover full electronic reporting and two degrees of partial electronic reporting (where some keepers' telephone or fax details of movements to the BPEX hub) and the current system. The difference between options 3a and 3b is the estimated range (from 70% to 85%) of keepers who use the full electronic system and those keepers (remaining 30% to 15%) who do not wish to use an electronic system and opt to report movements via the MLC bureau service. These options are summarised in the following table:-

Table 5: Options and benefits

Option	Description	Implications
Option 1	Current system, do nothing, retain paper reporting	No change to business processes for industry, status quo maintained.
Option 2	100% of movement documents completed electronically by keeper	This option ensures that:- <ul style="list-style-type: none"> • Movement data captured more quickly and in real time. • Validation at time of reporting will improve accuracy of data submitted. • Both Government and industry will achieve a much more reliable register of pig keepers. • More timely and accurate data supports the control of both endemic and exotic diseases of pigs in the event of a disease outbreak. • The costs of capturing statutory movement data will be reduced. • Transferring data capture function to a central industry point mitigates the potential risks with regard to out of date/incomplete data on AMLS. • Reduces the risk of EU challenge for non compliance with requirement for CA to maintain to database of pig movements.
Option 3a	85% of movement documents completed electronically by keepers.	As option 2 but 15% of movement documents will be telephoned or posted/faxed to the BPEX hub.
Option 3b	70% of movement documents completed electronically by keepers.	As option 2 but 30% of movement documents will be telephoned or posted/faxed to the BPEX hub.

Note: The term industry covers, pig keepers, markets and abattoirs.

Costs and Benefits of options

24. Option 1 is the baseline against which the impacts of the other options are appraised. It therefore has no associated costs and benefits.

25. It is the number of movement documents or batches produced and how many times the movement needs to be reported which is the main factor in assessing costs and benefits. This means that the number of pigs actually moved does not come into the calculations as a movement document could list 1 or 500 or more pigs. The three options have only considered costs for the moves between farms, markets/collection centres and slaughterhouses as these account for 99% of the movement documents or batches completed.

Transition costs and benefits

26. It is proposed that there will be a period of transition between introducing e-reporting and the abolishment of the old paper based system. This is to allow the keepers time to adjust to the new method of reporting.

27. It is estimated that during the transitional period 55% of movement documents will be completed under the paper system, 10% of movement documents will go via the BPEX bureau service and 35% will be completed electronically. Input of the paper movement document (AML2) will be undertaken by MLC instead of LAs who will no longer be undertaking this function. Under Option 2 (100% e-reporting) non-IT enabled keepers will also incur the additional transition cost of purchasing a computer. The transition period will be either six or twelve months and the table below gives transition costs for both timeframes for the preferred Option 3.

Table 6a: Transition costs over 12 months (assume Options 3a or 3b) will be introduced - October 2011 to September 2012 compared to the current system (option 1)

Area	Total Costs Current system over 12 months	Total Costs Transition over 12 months	Transition Costs 12 months <u>Relative to Current System</u>
Total Industry costs	£269,386	£230,440	£-38,947
Total Government costs	£412,281	£604,000	£191,719
Total Industry and Government Costs	£681,667	£834,440	£152,772

Table 6b: Transition costs over 6 months (assume Options 3a or 3b) will be introduced - October 2011 to March 2012 compared to the current system (option 1)

Area	Total Costs Current system over 6 months	Total Costs Transition over 6 months	Transition Costs 6 months <u>Relative to Current System</u>
Total Industry costs	£134,693	£115,220	£-19,473
Total Government costs	£206,141	£302,000	£95,860
Total Industry and Government Costs	£340,834	£417,220	£76,386

**This cost is only for the transitional period, once this has ended AML2s will be withdrawn and so manual input will no longer be required for recording movements onto the database*

28. The Government's transition costs are generated by the requirement to operate both a paper and an electronic system in parallel. The industry benefits from a fall in running costs as some people will be reporting using a more time effective e-reporting system rather than the paper system used in the baseline. However, under Option 2 some pig keepers will be forced to purchase a computer which would be a one-off capital cost. It has been assumed that 5% of keepers (i.e. 1,000 keepers) are non-IT enabled and will therefore be required to purchase a computer at a cost of £350. In the NPV calculations we have assumed a 12 month transition period.

Annual Costs and Benefits for the three options

29. The options appraised here implement a more efficient method of reporting pig movements; the benefits therefore outweigh the costs. In the summary sheets for simplicity rather than record the industry costs and benefits described below separately the overall benefit has been presented, this is with the exception of the internet costs in Option 2 as these don't apply to all pig keepers.
30. The benefits of introducing an e-reporting system mainly consist of the reduction in time taken to report movements electronically relative to on paper. It is estimated that generating one electronic record takes 1 minute compared with 4.04 minutes using the current paper system. The time savings accrue to the industry which consists of keepers, markets and abattoirs. Most pig movements involve keepers therefore they receive the

greatest associated benefit. The industry also benefits from reduced postage costs as those who implement e-reporting no longer have to post their form to their Local Authority however, it does incur extra printing costs.

31. Under the paper based system (Option 1) the Local Authority was responsible for recording pig movements. The administration of this scheme is believed to cost the Local Authorities £390k per annum funded by a grant from Central Government as well as approximately £21k in printing and postage costs. Under the e-recording system (Options 2 and 3a&b) the responsibility for recording the movements is transferred to BPEX. Under a full electronic system (Option 2) BPEX will require central Government funding of £220k to maintain and administer the system. Options 3a&b allow industry to also record their movements by sending a fax or text message to BPEX. Implementing this additional system will cost an extra £85k and will be funded by Government. The total cost to Government therefore in Options 3a and 3b is £305k per annum.
32. The total cost of producing movement documents and reporting the move for each option is in the tables below.

Table 7: Total annual costs by option (excludes transition period)

Option ('000)	Overall costs - Industry			Industry Costs	Gov. Costs	Total Costs
	Keepers	Markets	Abattoirs			
Option 2 100% electronic reporting	167	5	20	193	220	413
Option 3a 85% electronic reporting	55	6	29	91	305	396
Option 3b 70% electronic reporting	64	7	38	109	305	414
Option 1 Current system	168	19	83	269	412	682

33. The table below derives the annual undiscounted cost saving (benefit) from moving from the current paper based system to the electronic reporting options by comparing the cost of the current system against the cost of the options:

Table 8: Comparison of benefits for each electronic option against the current system

Total Costs per annum ('000)	Option 2 100% moves reported electronically	Option 3a 85% moves reported electronically	Option 3b All moves reported electronically
Industry			
Current System Costs			
Movement document (AML 2) Paper reporting	251	251	251
Movement document (AML 2) Postage costs	18	18	18
Total	269	269	269
New System Costs			
Movement document Electronic reporting	62	53	44
Movement document Text/ telephone call for reporting moves	0	26	51
Movement document (haulier summary) To market for semi electronic reporting	0	3	6
Print costs Haulier summary	11	9	8
Internet service	120		
Total	193	91	109
Industry: Total benefit	76	178	160
Government/Local Authorities			
Current System Costs			
Movement document (AML 2) printing	16	16	16
Movement document (AML2) postage	5	5	5
Local Authority Funding to record movements	391	391	391
Total	412	412	412
New System Costs			
Funding - input data to central system	220	220	220
Funding for BPEX bureau service		85	85
Total	220	305	305
Government: Total benefit	192	107	107
Total Net Benefit	269	285	268

Note: Numbers in table may not add due to rounding

34. There are 2 main drivers behind the overall benefit to the options considered here: the extent of e-reporting and whether non-IT keepers need to buy an internet connection. Option 2 may have 100% take-up of e-reporting which lowers costs however, it necessitates non-IT keepers to purchase an internet connection. Options 3a and 3b allow for non-IT reporting and Option 3a generates the highest overall net benefit as it has a higher e-reporting take-up compared to Option 3b.

Government and Local Authorities costs and benefits

35. The costs to run the electronic system are £220k per annum for BPEX and £85k per annum for the Meat and Livestock Commission (MLC). This is compared to a current cost for the paper based system incurred by the Local Authorities of £412k per annum. The paper based scheme, up until 1 April 2011, was funded by a ring-fenced grant to Local

Authorities In the recent Comprehensive Spending Revenue a proportion of this money was incorporated within the non-ring fenced Revenue Support Grant on a reducing basis over the CSR and the remainder was retained by Defra to fund e-reporting of pig and sheep movements. If Option 1 is adopted Local Authorities will continue to fund reporting costs from the RSG . Under the alternative Options the Government will fund BPEX and MLC to record the movement data, Local Authorities will not incur any reporting costs. Options 2 and 3 therefore constitute a saving for the Local Authorities in the order of £412k but generate a cost to Government of £220k under Option 2 and £305k under Options 3a and 3b.

Unquantified Benefits

36. There are further minor benefits to this policy proposal that it has not been possible to quantify. The proposed legislative changes incorporate allowing compressed air slapmarking to be used by industry. This is a higher welfare method of identifying pigs than the traditional alternative and therefore generates a welfare benefit. Further, the proposed legislation is also reducing the retention period of the holding register from 6 years to 3 years, effectively reducing the administrative burden for industry.

Risks and assumptions

Assumptions

37. The key assumptions used to calculate costs are in the table below:-

Table 9 - Assumptions

Description	Unit Figure	Source
Labour rates (per hour) <ul style="list-style-type: none"> For farmers For markets For abattoirs 	£10.08 £9.67 £9.48	Farm rate – based on farm manager hourly rate of £12.36 (2005) and skilled Agricultural Trade hourly rate of £9.07 (2005) uplifted with annual CPI over period 2005-2009. Estimated rate produced by combining the two 2005 occupational rates, weighted 20% farm manager, 80% skilled agricultural trade. (2005 hourly rates from BIS standard cost model (SCM)) Markets and abattoirs from SCM (2005) codes 5119 and 8111, include 30% overhead plus 12% to take into account increase in earnings from 2005.
Livestock holdings (with pig moves)	21,736	BCMS July 2009 – June 2010
Time to manually complete the movement document for farms, markets and abattoirs (mins:secs) <ul style="list-style-type: none"> Farms Markets Abattoirs 	4:04 1:00 1:00	Data from AML2/FCI Trial Final Report – Sample of AML2 completion times.
Time to electronically complete the movement document (mins:secs) <ul style="list-style-type: none"> Farms Markets Abattoirs 	1.00 1.00 1.00	Data from AML2/FCI Trial Final Report – Sample of AML2 completion times.
Computer purchase cost	£350	An average taken from figures supplies by two manufacturers who supply over 80% of the market in England (November 2010)
Cost of posting AML2 forms for: <ul style="list-style-type: none"> Farms Markets Abattoirs 	£1,000 £300 £2,700	Based on discussions with LAs
Cost of printing of AML2 form	£0.06 per	Paper £1.69/lnk £30 per 500 prints

(when electronic reporting is used) to accompany transport of pigs.	form	
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38. Option 1 enforces e-reporting for 100% of pig keepers, those who have no current IT capability would need to purchase a computer. The estimate of computer costs generated here is uncertain as it is very unclear how many keepers would need to buy one as a direct result of this policy. Some keepers may use friends or family equipment while others may purchase a computer but use it for purposes other than the e-reporting of pig movements. We have conservatively assumed that all non-IT enabled keepers will need to purchase a PC and will use that entirely to record their pig movements.
39. We have not accounted for the impact on imports and exports of e-reporting as there are very few live pig imports and exports. Live exports only account for 1.3% of the total pig export market. There are disease control benefits associated with improvements in the reporting of pig movements however, these are difficult to quantify so they are not analysed here. Any training costs to use the electronic reporting system are accounted for in the Government funding package to support the electronic system. No assessment has been made on the impact of the respective options on inspections and standstill arrangements because the requirement to inspect identification, movement records and standstills does not alter. There could be some time saved by inspectors when they check electronic records instead of paper ones but this is only a presumption and difficult to quantify.

Risks

40. Getting BPEX/MLC set up to manage pig movement data quickly is vital if we are to have a functioning pig movement database. Failure to move forward with an electronic system now and adopting Option 1 would increase the pressure on LA resource for manual data input. LAs are unlikely to be able to maintain the existing resource allocated to data inputting because of the RSG budgetary cuts and a database with incomplete data leaves us open to infraction proceedings by the EU and unable to trace pig movements effectively in the event of a disease outbreak.
41. The introduction of electronic reporting (either directly via a computer or through a bureau service) will not generate any additional risks of non-compliance. There is always a very small number of keepers who do not comply (whatever system is used) and there is no reason to suppose this would increase with introduction of electronic reporting.
42. The risk of system failure is mitigated by having a fall back server to which the system could be switched in the event of any major outage. In addition a detailed Service Level Agreement (SLA) has been signed up to with the server provider with regards resolution times and potential penalties resulting from downtime. The provider is a major international player with a proven delivery history in this area, therefore the risk of major extended problems are deemed minimal. There could also be contingency to revert to paper based system which could be handled via the MLC bureau.

Administrative burden and policy savings calculations

43. The overall administrative burden will be reduced for industry by the change from paper to electronic reporting of pig movements and the savings are recorded in the preceding analysis. Likewise Government will save money as the administration of an electronic system is less costly than the existing paper system.

Wider impacts

Issues of Equity and fairness

44. If implemented Option 2 involves 100% e-recording even if the keeper does not have the required equipment. This would place an additional burden on these keepers to purchase the equipment, a burden which keepers who already have the equipment will not face. Option 2 however, is not the preferred option and the preferred options (Option 3a and 3b) allow keepers to record their movements without the use of a computer therefore placing no new discriminatory financial burden on keepers.

45. No other wider impacts are foreseen.

Specific Impact Tests

Competition assessment

46. Reporting pig movements is a legal obligation which all pig keepers must undertake. The proposal to move from electronic to paper reporting is a change in the method and will not affect the structure of the industry. The proposal does not affect competition, particularly as provision has been made in the preferred options 3a and 3b that non-IT enabled keepers do not need to buy computers (so no additional cost to the industry).

Small firms impact test

47. The intention to introduce electronic reporting still means keepers, markets and abattoirs have to produce movement documents and report the movements so they can be recorded on a central database. It is the method not the requirement to report movements that will change. The impact will be the same for all individual holdings, markets and abattoirs and will provide overall savings.

Summary and preferred option

48. There is a strong case to implement an e-reporting system, it is supported by industry and less costly than the existing paper reporting system. There are concerns however that a full 100% e-reporting system will disadvantage those pig keepers who are not IT literate and do not have the required equipment to report electronically. The preferred option is therefore Option 3 as it allows keepers to record their pig movements non-electronically using a phone or a fax machine.

Annexes

Annex 1 should be used to set out the Post Implementation Review Plan as detailed below. Further annexes may be added where the Specific Impact Tests yield information relevant to an overall understanding of policy options.

Annex 1: Post Implementation Review (PIR) Plan

A PIR should be undertaken, usually three to five years after implementation of the policy, but exceptionally a longer period may be more appropriate. If the policy is subject to a sunset clause, the review should be carried out sufficiently early that any renewal or amendment to legislation can be enacted before the expiry date. A PIR should examine the extent to which the implemented regulations have achieved their objectives, assess their costs and benefits and identify whether they are having any unintended consequences. Please set out the PIR Plan as detailed below. If there is no plan to do a PIR please provide reasons below.

Basis of the review:

N/A

Review objective:

Depending on success of electronic reporting arrangements consider whether there is scope to further increase level of e reporting (assuming that 100% has not been achieved).

Review approach and rationale:

Review will be conducted in partnership with pig industry and electronic reporting service providers. Objective will be to consider whether moving to 100% electronic reporting would be beneficial for industry/Government and the impact on costs to both sectors.

Baseline:

N/A

Success criteria:

Level of e reporting will determine success of project.

Monitoring information arrangements:

N/A

Reasons for not planning a review:

Annex 2: Outcome of Impact Tests not referred to in the Evidence Base

Legal Aid

The proposal to introduce electronic reporting does not create any new criminal sanctions or civil penalties.

Sustainable Development

The move from paper to electronic reporting of pig movements is in accordance with the shared UK principles of sustainable development.

Carbon Impact Assessment

Electronic reporting will have no significant effect on carbon emissions and may reduce the carbon footprint as the quadruple four page paper movement document will no longer be required.

Other Environmental Issues

There is no change to the requirement to report pig movements, only the method will change. Therefore the proposal has few implications in climate change, landscapes, water and floods, habitat and wildlife or noise pollution. There could be savings in relation to waste as fewer paper documents will need to be produced and eventually sent for re-cycling.

Health Impact Assessment

Electronic reporting will not directly impact on health and well being and will not result in health inequalities.

Race/Disability/Gender

There are no limitations on meeting the change from paper to electronic reporting on the grounds of race, disability or gender. The proposal does not impose any restriction or involve any requirement that a person of a particular racial background, disability or gender would find difficult to comply with. Conditions apply equally to all individuals and businesses involved in the activities.

Human Rights

The proposal is consistent with the Human Rights Act 1998.

Rural Proofing

The majority of producers are based in rural areas and the proposal is a change in method of reporting pig movements only and will not have a negative effect on the rural community.

