

## **Options to increase the chance of achieving Officially TB Free (OTF) status for the TB Low-risk Area**

**Department for Environment, Food and Rural Affairs**

**RPC rating: fit for purpose**

### **Description of proposal**

Since 2006, herds of cattle that are moved from high bovine tuberculosis (TB) risk areas to low-risk areas must have had a TB-free test result in the 60 days before moving. However scientific evidence indicates that over 50% of the cases in low-risk areas can be traced to introduction of cattle from higher risk areas.

The Department plans to introduce post-movement TB tests for all cattle that are moved from high-risk areas to low-risk areas and not slaughtered within 120 days. Cattle that do not clear the test would be slaughtered and compensation would be paid by the government, using existing statutory arrangements. There would be movement restrictions and testing of surrounding herds following a positive post-movement test result.

### **Impacts of proposal**

#### **Costs**

The Department states that 126,000 cattle are moved from high-risk to low-risk areas each year and stay on the farms of destination for longer than 120 days. The Department assumes that the overall number of animals moved will decrease by 0.6% a year, in line with livestock population forecasts. For each animal moved, farmers in low-risk areas will incur the cost of veterinary fees and the cost of time used during the testing process. The cost of cattle slaughtered after a positive test is borne by the Government and so is not a cost to business. The Department estimates the net present value of the business costs as approximately £11.2 million over 10 years.

The Department assumes that, over time, the proposal will cause farmers in low-risk areas to buy 17% fewer cattle from high-risk areas. This will transfer income from farmers in high-risk areas to those in low-risk areas. It will also act to mitigate the costs incurred by farmers in low-risk areas, although this mitigation will be offset by

the cost of searching for new sources of cattle and paying higher prices. The income transfer and costs are indirect. The Department provides indicative figures that indicate that the scale of these effects will be small.

The Department states that there may be some familiarisation costs to businesses, although herd owners have extensive experience of TB testing and the Department will widely publicise the change. The Department considers these costs negligible and has not monetised them.

There is also a risk that, over time, the reduced revenue of farmers in high-risk areas may lead to reduced incentives for these farmers to invest in biosecurity improvements.

## **Benefits**

The Department states that the proposal will lead to earlier identification of TB incidents in low-risk areas. This will allow existing preventative measures to be taken earlier, reducing the number of infections caused by each incident. This is expected to occur within and between cattle herds. The Department states that this will save cattle farmers the time and veterinary fees currently spent responding to an outbreak. The Department estimates these direct cost savings as approximately £2.3 million over 10 years.

Cattle farmers would have more stable incomes and reduced stress from lower TB risks to their herds. The Department has included a qualitative discussion of the evidence in this area but has not monetised these effects.

If the proposals lead to the reduction in TB cases that the Department expects, low-risk areas in the North-East of England will be classified as officially TB free. This will allow a less onerous ongoing surveillance and testing regime for all cattle in these areas, saving farmers much of the time currently spent on testing without appreciably raising TB risk. These benefits are indirect and uncertain. The Department estimates them as £1.9 million over 10 years.

The Department also notes that officially TB free status will enable easier exporting of cattle as this is one of the conditions used in the WHO animal standards for international trade. These benefits are indirect and have not been monetised.

The RPC is able to validate the Department's estimated equivalent annual net cost to business of £1.0 million.

## Quality of submission

In the consultation IA, the underlying data for veterinary fees was based on Local Veterinary Inspector survey data. The Department has since received updated data from Veterinary Delivery Partnerships that it has used to update the cost and benefit estimates. This has changed the Business NPV from -£10.2 million to -£8.91 million.

The Department uses survey evidence, consultation evidence, academic evidence and evidence from a similar policy change in Scotland to inform its estimates of the proposal's costs and benefits. This enables it to conduct detailed analysis for a policy of this scale.

The Department states in its small and micro business section that virtually all of the affected businesses are small or micro so offering any exemption would undermine the policy. During the consultation farmers' representatives did not oppose the proposal, suggesting that, in aggregate, they do not anticipate significant net costs as a result of the proposal. However, because the benefits are not evenly distributed, some small and micro businesses in high-risk areas may suffer.

## Departmental assessment

Classification	Qualifying regulatory provision (IN)
Equivalent annual net cost to business (EANCB)	£0.97 million
Business net present value	-£8.91 million
Societal net present value	-£1.24 million

## RPC assessment

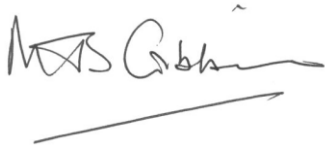
Classification	Qualifying regulatory provision (IN)
EANCB – RPC validated <sup>1</sup>	£1.0 million

<sup>1</sup> For reporting purposes, the RPC validates EANCB figures to the nearest £100,000.

Opinion: final IA  
Origin: domestic  
RPC reference number: RPC16-DEFRA-3251(1)  
Date of implementation: not known

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Small and micro business assessment	Sufficient
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**Michael Gibbons CBE, Chairman**