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**Northern Ireland Agri-Food
Better Regulation and
Simplification Review**
April 2009

**The Northern Ireland Agri-Food
Better Regulation and Simplification
Review**

**Report of The Review Panel
April 2009**

Foreword

The Northern Ireland Agri-Food Better Regulation and Simplification Review Panel was asked by the Minister for Agriculture and Rural Development (DARD) and the Minister for the Environment (DOE) “to review the regulations that apply in the agri-food sector in Northern Ireland with a view to simplifying and reducing the administrative burden placed on farmers and the industry generally.”

The Panel carried out the Review on the basis of a detailed analysis of the most burdensome regulations, extensive consultation with control agency officials and stakeholders, consideration of previous studies and the results of practical experience elsewhere.

The report which we are now presenting to the Ministers sets out the results of that analysis and outlines our recommendations on simplification measures, as well as operational changes and structural improvements in DARD and DOE.

The hope of the Panel is that, with Ministerial support, these recommendations can form the basis for a substantial reduction in administrative burdens over the period to 2013. The Panel believe that this can be achieved through a constructive and active dialogue between departments, agencies and stakeholders. The Panel wish every success to those to whom this task will be entrusted.

Michael Dowling, Chairman

David Graham, Panel Member

Brian Jack, Panel Member

April 2009

Acknowledgements

The Panel wishes to put on record its thanks to those representatives of the farming and processing industries who provided information, comments and suggestions to us in the course of our work on this report. Their input was invaluable, particularly in ensuring that the measurement of administrative burdens was as accurate as possible. In that context the biggest role in scrutinising the various baselines was fulfilled by the Ulster Farmers' Union, to which we are particularly grateful.

We would also wish to record our thanks to the officials from DOE and DARD and other agencies who patiently, and in detail, explained the workings of the existing systems and explored with us the possibilities, within the current law, of changing arrangements to simplify procedures and reduce burdens. We are equally grateful to the officials from the Department of the Environment, Food and Rural Affairs (Defra), the Better Regulation Executive, and the Environment and the Rural Payments Agencies for the time they took to explain comprehensively to us how better regulation arrangements were established, and currently operate, in Britain.

Thanks are due to the Department of Enterprise Trade and Investment (DETI), for the overview it provided of the Northern Ireland situation and to the Project Management Board, which was representative of the two Departments, the industry and of the wider NGO community, for being available to provide guidance when required.

Above all we are extremely grateful to our Project Team, drawn from the two Departments, without whose tojan efforts we could not have carried out the task we were given. We are particularly indebted to Paul Caskie and his team of Siobhan Bowers and Lyanda McFarlane who collectively carried the greatest share of the background work on the project. We were throughout always conscious of the dedication, professionalism and good humour with which they undertook the many tasks imposed on them.

Northern Ireland Agri-Food Better Regulation and Simplification Review Panel

April 2009

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Executive Summary

1. The Panel was given the task by the Minister for Agriculture and Rural Development (DARD) and the Minister for the Environment (DOE) of reviewing the regulations applying to the farm and wider agri-food sectors in Northern Ireland with a view to recommending simplification, suggesting measures to reduce the administrative burdens involved and identifying areas where policy change was required. It was expected that the outcome would be a significant reduction over time in the administrative burden placed on the industry. The background and context to this Review is outlined in detail in Section 2.
2. In undertaking these tasks, the Panel was greatly assisted by a Project Team, consisting of officials from DARD and DOE, and indeed could not have operated without the invaluable work of that team (membership of this Team is set out in Annex C). The Panel consulted widely, both formally and informally, with representatives of the farming and processing industries and with officials from DARD, DOE, and the Northern Ireland Environment Agency (NIEA) (the organisations concerned are listed in Annex D). The panel liaised with a Project Management Board comprising representatives from both Departments and stakeholders (see Annex E). The outcome of a similar exercise in England was studied. The Panel met with officials responsible for better regulation there, and also had regard to the experience of the Republic of Ireland in implementing agri-regulations.
3. In considering the extent to which administrative burdens can be reduced in Northern Ireland, it is important to underline that some at least of the measures suggested in the earlier English study were already being implemented here before this Review was initiated. In addition, decisions taken at European level (e.g. dropping of the 10-month rule in the Single Farm Payment Scheme (SFPS) and the abolition of set-aside) have also somewhat reduced the administrative

burden on farmers. To that extent, the scope for action here is now somewhat more limited.

4. Nevertheless, based on the work of the Project Team, it is possible to estimate that the ten most burdensome regulatory areas in the agriculture and food sectors in Northern Ireland (because of the experience of Defra and of other EU Member States, the Panel decided to concentrate its work on those regulations) still create an administrative imposition on the sector equivalent to about £51m annually. The baselines which underpin this estimate are summarised and the matters arising discussed in Sections 5 to 14. The Panel believes that the measures suggested in this Review, and the structures recommended to embed better regulation within the Departments, could see this burden reduced by about £10m to £15m in the period up to 2013.
5. This is a challenging objective and to achieve it the Panel believes, as outlined in Section 16, that it will be necessary to concentrate future work on the five most burdensome regulatory areas, which collectively account for over 90 per cent of the total burden. The Panel suggests that, working in partnership with stakeholders, DARD in particular, should build on the proposals arising from this Review and seek to identify further simplification measures. In Section 15, structures are outlined to assist in this regard and, perhaps even more importantly, see that the administrative burden created by future new or revised regulations is minimised.
6. Measures already taken have reduced administrative burdens fairly generally (e.g. pre-population of the SFPS application form and simplification of agricultural waste exemption registration) or in specific sectors (e.g. change of the procedure where an animal is presented at a meat factory having lost one ear tag in transit). Other measures in train (e.g. the roll out of DARD Direct over all of Northern Ireland and NIEA's Better Regulation Programme) have the potential to reduce

burdens further and make compliance easier. The Panel's recommendations for the measures to be taken now or to be pursued in the future are set out in Sections 5 to 15 (and listed in Annex A).

7. Within this executive summary, there are a number of recommendations that the Panel would wish to highlight in particular:

Inspections: Much of the perceived burden on farmers centres on on-the-spot inspections both for SFP eligibility and cross-compliance. A number of measures are possible to reduce the real or perceived burden involved:

(a) Reducing the number of control agencies would reduce the risk of multiple inspections. A start could be made by amalgamating the two control agencies within DARD. To ensure that this resulted in reduced burdens on both farmers and the Department, inspectors would need to be upskilled to perform multiple tasks. Such upskilling could in time allow inspectors in that agency to act on behalf of the other agencies also. The downside of this is that a farmer who might be checked for only one cross-compliance element under the present arrangements, could, under our suggested system, find him(her)self checked for a number of elements and so potentially be liable for greater sanctions. On balance, however, the Panel feel that the proposed new arrangements are better for farmers as a whole and for the administration.

(b) Where feasible, on-the-spot checks should be replaced by administrative controls and on-farm inspections reserved for cases where problems are identified or suspected.

(c) Greater use of remote sensing for eligibility checks should further reduce the number of on-farm inspections needed. By 2013 DARD should aim to ensure that 80 per cent of these checks are carried out by remote sensing.

(d) Following a review of current practice, consideration should be given to allotting greater credit weighting to quality assurance and agri-environment scheme membership in the risk analysis to determine the farmers to be subject to on-farm inspections. Furthermore, risk factors, evaluation criteria and weightings used to assess selection for SFP eligibility checks and cross-compliance inspection by both DARD and NIEA should be made public.

(e) Information gathered for one scheme purpose should be available for the purposes of all schemes and so avoid duplicate data assembly. In particular, animal identification and other information checked during the annual disease tests should not have to be checked again for cross-compliance purposes.

Use of information technology: The European Commission has estimated that better use of information technology could reduce the administrative burdens on farmers by €400m across the EU. The Panel is not aware of the precise detail of the Commission's calculation in this regard but it is satisfied that greater use of technology has the potential to reduce substantially the burden in Northern Ireland. The Panel has outlined some ideas in this area in the recommendations in regard to the Single Farm Payment Scheme and the Cattle and Sheep Identification, Registration and Movement (IRM) systems, as well as the potential for further developing on-line environmental permitting.

Single Farm Payment Scheme: The Panel recommend that DARD should scrutinise every aspect of the application process with a view to reducing the average completion time by at least 60 minutes. By far the greatest saving, for both applicants and the administration, would come from greater use of on-line applications. It is recommended that DARD should examine why on-line uptake is so low in Northern Ireland (e.g. compared to the Republic of Ireland) and provide incentives to encourage greater uptake.

In addition, the Panel believe that there is a case for greater certainty about the timing of payments and recommends that:

(a) SFPS applicants who have been subject to eligibility and cross-compliance checks and found to be trouble free should be guaranteed payment in December; and

(b) Where problems are detected, DARD should introduce a clear and time bounded process for the calculation and payment of the amount due.

Cattle and Sheep IRM: The Panel has two main areas of recommendation in regard to cattle IRM:

(a) Regarding the existing system: Firstly the information required to be notified should be kept to the minimum necessary. Therefore, for instance, there is no need to include animal colour in either the birth or movement notifications. Secondly, subject to a positive evaluation of a pilot project, the possibility of telephone registration of births should be extended to all of Northern Ireland. Thirdly, the introduction of electronic alternatives to all paper based movement management processes is supported.

(b) Electronic Identification (EID): DARD should seek to ensure that, if electronic identification of cattle is introduced, it applies only after an appropriate phasing in period and, most importantly, that it is acceptable as an official means of identification for all statutory purposes. Furthermore, the Department should seek confirmation from the European Commission that the use of an APHIS based system is an acceptable substitute for an on-farm register and proceed to ensure that all records required of farmers can be created and stored electronically.

The Panel notes that electronic identification of sheep is a requirement from the end of this year. Consequently, the recommendations are framed in that context. It is recommended that, with industry support, DARD consider introducing, as appropriate:

- The derogations whereby the burden of recording individual animal identities on movement documents and flock registers is removed from the flock owner and substituted by a central database linked to markets and slaughterhouses equipped with EID scanning technology; and
- The slaughter derogation, exempting lambs to be slaughtered before 12 months from the EID and individual recording requirements.

Disease Eradication Schemes: The reduction of administrative burdens should be a major objective of the next review of Tuberculosis and Brucellosis policy. In the meantime, as some small lowering of the burden, the minimum herd size threshold at which annual Tuberculosis and Brucellosis tests are routinely combined should be removed.

In the case of Brucellosis, the Republic of Ireland has applied for, and is likely to get, disease free status. Over time this is likely to lead to a less rigorous testing regime in the South than in Northern Ireland and, as a result, this eradication scheme will be seen as creating a relatively greater burden in Northern Ireland than in the neighbouring State. It is desirable, therefore, that an early review examine the factors which led to a successful outcome in the Republic of Ireland with a view to adjusting, as appropriate, arrangements in Northern Ireland.

Meat Inspection: It has been strongly represented to the Panel that the cost of the meat inspection service is excessive and could be reduced if those involved followed normal private sector work practices. This has not involved an undue burden up to now as only a proportion of the cost fell on the industry. It will, however, become increasingly

important in the future if the system moves towards full cost recovery. The Panel recommends that this move be accompanied by a determined effort to reduce the cost of the service. The aim should be to ensure that a move to the full cost basis involves only a minimal increase in charges. It would help if the service, or at least some part of it, could be privatised, subject to official audit. It is understood that full privatisation is precluded by current EU legislation. For the longer term, efforts should be made to have the legislation suitably amended. In the meantime, it might be possible to have the auxiliary meat inspection duties undertaken by contract staff under the supervision of an official veterinarian. Contract staff should be recruited to operate under terms and conditions analogous to those in the private sector.

Environmental Permitting: While recognising the relatively low burden associated with individual environmental regulations, the Panel believes that it is worth considering whether the introduction of simplified, integrated environmental permits could reduce the cumulative burden of environmental regulations for the agri-food industry.

8. **Guidance material:** It is clear from the baseline exercise that much of the burden on farmers, in particular, comes from the need to study and become familiar with the terms and conditions of, and the guidance related to, the various schemes and regulations. The Panel recommends that all such material, especially relating to cross-compliance, be reviewed in order to consolidate and simplify. Furthermore, there should be an aim to achieve Crystal Mark clarity status for all scheme guidance notes and stock of standard letters. All guidance documents should be accompanied by a 'quick start summary' identifying those groups affected by the relevant regulations and providing a summary of the essential actions that they are required to take. Web pages should be reviewed regularly to ensure that they are up to date and provide information and guidance in an easily understandable format.

9. **Providing advice:** While recognising the improvements being made through the DARD Direct Programme, the Panel recommend that NIEA should consider more accessible solutions for providing advice. Appropriate measures could include the introduction of dedicated telephone help-lines, through which callers could be connected with expert advisors on particular topic areas, or perhaps a partnership with DARD that would allow NIEA to maintain an advisory presence in some or all of the DARD Direct offices, or other regional offices.
10. **Structures:** It is essential that adequate structural measures are in place to support better regulation objectives. Views on necessary structural development are set out in detail in Section 15 but can be summarised as follows:
- (a) While DARD and NIEA both have Better Regulation Units, enhanced DARD and NIEA provision and a new unit within DOE Policy Division would effectively assist in ensuring that better regulation is embedded and actively supported in each Department.
 - (b) Officials should be required to report regularly on progress being made in achieving better regulation goals.
 - (c) Non-executive board members and stakeholders should play a significant role in monitoring that progress.
 - (d) A better resourced unit in DETI (the lead Northern Ireland Civil Service department on better regulation) should have an enhanced role in ensuring that the better regulation function is effectively fulfilled in each Department and in auditing the activities of Departments in that regard.
 - (e) DARD should introduce a Charter of Farmers' Rights, similar to that employed by Department of Agriculture Fisheries and Food in the

Republic of Ireland. This covers the detail of the various Departmental schemes, including inspection arrangements, application procedures, etc. and specifies farmer obligations and Departmental commitments, including payment timeframes.

(f) Regulatory Impact Assessments (RIAs) should continue to be used as a key element in minimising the administrative burden posed by new regulations. Draft regulations likely to lead to increased burdens should, in principle, not go ahead. If, nonetheless, they are to be enacted, the justification for doing so should be publicly set out. Before being submitted to the Minister, RIAs should be formally signed off by a specified Senior Civil Servant and should be open to review by the audit body within the DETI unit.

Section 2: Introduction

2.1 Introduction

This is the final report of the Northern Ireland Agri-Food Better Regulation and Simplification Review. The Review was conducted by an independent Panel consisting of Mr Michael Dowling (Chair), Mr David Graham and Dr Brian Jack, and was undertaken at the request of the Minister for Agriculture and Rural Development and the Minister for the Environment in Northern Ireland. The Panel was assisted by a Project Team comprising DARD and DOE/NIEA officials. A Project Management Board, comprising senior officials from DARD and DOE/NIEA, the industry and environmental organisations, oversaw the work of the Project Team.

2.2 Background to the Review

Better regulation is one of the key priorities for both the Minister for Agriculture and Rural Development and the Minister for the Environment in Northern Ireland.

Both Ministers are committed to better regulation, greater efficiency and targeting resources for front line services. This commitment is consistent with, and complements, the efficiency and reform agenda as taken forward through recommendations in the Gershon Report¹, the Fit for Purpose Report² and the Hampton Report³.

When the Better Regulation Review was launched by Agriculture and Rural Development Minister Michelle Gildernew and Environment Minister Arlene Foster on 13 November 2007, the aim was to reduce the burden of red tape on the agri-food sector in Northern Ireland. The Minister for Agriculture and

¹ 'Releasing resources to the front line – Independent Review of Public Sector Efficiency' Sir Peter Gershon, July 2004

² 'Fit for Purpose – The Reform Agenda in the Northern Ireland Civil Service', October 2004

³ 'Reducing administrative burdens – effective inspection and enforcement', March 2005

Rural Development has also made a commitment to delivering a 25 per cent cut in the administrative burden on the agri-food sector by 2013.

The European Commission has been developing a better regulation agenda in recent years. The Commission has been looking at ways of simplifying and streamlining elements of the European Union regulatory framework and has put forward a 25 per cent reduction target by 2012.

The better regulation agenda is also being taken forward in Whitehall following a number of reports including the Hampton Report and the Better Regulation Task Force⁴. In 2007, the Department for Environment Food and Rural Affairs (Defra) published its simplification plan⁵ aimed at cutting red tape and delivering on the previously set target of a 25 per cent reduction in administrative burdens by 2010.

Given the initiatives introduced in Europe and Whitehall both the Minister for Agriculture and Rural Development and the Environment Minister recognised there was a need for DARD and the DOE to look at the burden which regulation places on the agri-food sector in Northern Ireland. The challenge for both Departments is to find ways of improving regulation to allow the agri-food business to thrive and grow free from the burden of unnecessary red tape.

2.3 Terms of Reference

The aim of the Review was to improve the way in which DARD and the DOE operates to meet their regulatory policy objectives and EU obligations, so that compliance by the agri-food sector is facilitated and the cost of compliance is reduced.

⁴ 'Regulation – Less is More, Reducing Burdens, Improving Outcomes' A BRTF report to the Prime Minister, March 2005

⁵ 'Cutting Red Tape, Defra Simplification Plan, December 2007

The requirement was to examine the regulatory controls applied by DARD and DOE and to make recommendations for simplification of processes, consistent with maintaining policy effectiveness and public accountability.

The Review Terms of Reference is attached at Annex F.

The work of the Review was taken forward with the aim of achieving a number of objectives, namely to:

- Establish a baseline estimate of the administrative burdens put on farmers and agri-business by the DARD and DOE regulations with the most impact;
- Identify simplification proposals from the existing body of legislation for further detailed consideration;
- Make recommendations on screening of new policy and regulations to minimise future additional administrative burdens; and
- Recommend structures and processes to ensure effective implementation and delivery of better regulation objectives.

Section 2.4 Scope of the Review

Given the substantial range of regulation covering the agri-food industry in Northern Ireland, it was necessary for both DARD and DOE to select those regulations for review which were likely to be the most burdensome on the industry. Both Departments were guided in this by the work already undertaken by the Defra in England. In 2005, Defra, measured 362 different regulations that were deemed to impose an administrative burden on industry.⁶ From this stock of regulation, Defra identified the top 50 most burdensome regulations. This was further refined to identify the top 10 most costly regulations (eight of which impacted on farmers). These included:

- The Common Agricultural Policy Single Payment and Support Schemes Regulations 2005;
- TSE (England) Regulations 2002;

⁶ Defra, Administrative Burdens Measurement Exercise, Final Report, July 2006.

- Pollution, Prevention and Control Regulations 2000;
- Retailers' Records for Veterinary Medicinal Products Regulations 2000;
- Code of Recommendation for the Welfare of Livestock: meat chickens and breeding chickens;
- Waste Management Licensing Regulations 1994;
- Cattle Identification Regulations 1998;
- Tuberculosis (England and Wales) Order 1984;
- Sheep and Goats Identification and Movement (Interim Measures) (England) (No.2) Order 2002; and
- Welfare of Farmed Animals (England) Regulations 2009.

Research undertaken for Defra on “Administrative Burdens in European agriculture: an evidence base”⁷ (more details on this research is at Section 3 of the report) identified a short list of regulations across six Member States (the Netherlands, Denmark, Sweden, Czech Republic, Belgium and Germany) as being consistently burdensome. The regulations identified are Veterinary Medicines, Livestock Identification and Movement, Welfare of Farmed Animals, the Single Payment Scheme (including cross-compliance requirements) Rural Development/Agri-Environment Schemes, Pollution Prevention and Control, Pesticides and Nitrates. Farmers cited inspections, keeping records, and reading guidance as the most burdensome activities. These regulations span agriculture, animal health and welfare and environment policy, demonstrating the need for a joined up approach to simplification to ensure the needs of farmers are met.

Both DARD and DOE used the short list drawn up by Defra and the European study as the basis for their selection of the most burdensome regulations affecting the agri-food sector. The list was extended to include other areas of administrative burden which are relevant to Northern Ireland. These include the Brucellosis Control Programme because of the high incidence of the disease in Northern Ireland and trade in animal and animal products. In respect of environmental regulations, the Nitrates Action Programme, the

⁷ Administrative burdens in European agriculture: an evidence base final report April 2007

Phosphorus (Use in Agriculture) Regulations and the Private Water Supplies Regulations were also included.

2.5 Report Structure

Section 3 of the report explains how the Review has been influenced by previous experience with better regulation.

Section 4 details the methodology used for measuring the administrative burden.

The main bulk of the report is at Sections 5 to 14 which explains the work carried out by the Better Regulation Review Project Team and findings in relation to the top 10 areas of burden.

Section 15 looks at better regulation and policy development and considers the need for changes in organisational structures, the introduction of an independent monitoring and assessment body, resourcing regulation and advice, and the use of Regulatory Impact Assessments.

Section 16 summarises the Review findings and conclusions.

Assessment of the scope for simplification and structural and process changes, with associated recommendations, are included in Sections 5 to 15. In addition, all the recommendations are listed in Annex A.

Detailed baseline information for all the regulations included in the Review is provided in electronic format on the CD attached to this report.

Section 3: Review of Better Regulation Practice and Experience

3.1 Better Regulation in the European Union

Better regulation has been a key priority for the European Commission since 2005 when it launched its better regulation agenda to modernise and simplify the existing stock of legislation and ensure that all new initiatives are of a high quality.

Strategic reviews of better regulation in the European Union

In its initial “Strategic Review of Better Regulation in the European Union” published in 2006,⁸ the European Commission recognised that progress had been made in taking forward better regulation at both European and national level.

The Commission reported that it had reinforced its efforts to modernise and simplify EU legislation and had developed a common (standard cost) methodology for assessing administrative costs. This methodology is applied to the Commission’s own impact assessments for new legislation.

In its “Second Strategic Review of Better Regulation in the European Union” published in 2008⁹, the Commission reported that the European Council had endorsed the Commission’s Action Programme in March 2007¹⁰. The Commission reported that a key part of the Action Programme is measuring the administrative costs under the various information obligations which businesses have to provide as a result of EU and national legislation. Also, as part of a more general culture of change, impact assessments have become embedded in the working practices and decision making of the Commission. This has changed the way policy is shaped. Building on this

⁸ A strategic review of Better Regulation in the European Union COM(2006)689

⁹ Second strategic review of Better Regulation in the European Union COM(2008) 32

¹⁰ Action Programme for Reducing Administrative Burdens in the European Union COM(2007)23

progress, the Commission reported that further improvements in this area could be made by conducting impact assessments earlier in the policy development process so that alternative courses of action could be examined before the proposal is tabled. The Commission recognised the need for stakeholder and expert input from the beginning of the policy process.

The Commission also attaches high priority to correct application of Community law and intends to develop and implement measures which will allow for more efficient management of infringements and to provide more information.

The Commission remains committed to its Simplification Rolling Programme¹¹, (which aims to simplify and modernise EU legislation and covers 164 measures for 2005-2009) and to its Action Programme for reducing administrative burdens. It will also continue to strengthen its impact assessment system.

In its “Third Strategic Review of Better Regulation in the European Union” published in 2009,¹² the Commission reported that legislation is now simpler, clearer and entails less red tape and brings tangible benefits for companies and citizens. For example, farmers will save costs as a result of a further simplification for the Single Payment Scheme following the adoption of the Health Check on the Common Agricultural Policy.

The Commission also reported that the administrative burden for businesses is being reduced and reported that it is on track to meet the 25 per cent reduction by 2012. The exercise is benefiting from the input of external expertise and stakeholder input. The opinions of independent stakeholders on the exemption of micro-enterprises from the requirements of the Accounting and Auditing reform on e-invoicing rules are examples of this.

¹¹ COM(2005) 535, 25.10.2005

¹² Third strategic review of Better Regulation in the European Union COM(2009) 15

Improving the quality of new initiatives will form part of the Commission's better regulation agenda. The most effective way to do this was judged to be making those people responsible for policy development also responsible for assessing the impacts of proposals through the effective use of impact assessments.

Action Programme for reducing administrative burdens in the European Union

In 2007, the European Commission published its "Action Programme for Reducing Administrative Burdens in the European Union". The Commission proposed that the target for reduction in the administrative burden should be set at 25 per cent to be achieved jointly by the EU and Member States by 2012. This mirrors national targets where they have been set.

The Programme set out the Commission's proposals on how Information Obligations should be identified, measured and reduced. The aim of the Programme was to measure administrative costs, take a judgement on the extent to which these costs constitute unnecessary burdens and, where appropriate, reduce administrative burdens without undermining the underlying objective of the legislation.

The Action Programme used the EU Standard Cost Model to identify the most burdensome Information Obligations. The scope of the Action Programme was limited to obligations put on businesses. The Commission focused its study on the specific priority areas concerning Community legislation. These include agriculture and agricultural subsidies, and the environment.

The Action Programme took a transparent approach, continuously relying on input from stakeholders all over Europe and involving European businesses in the measurement exercise.

The Commission proposed a set of principles to guide the process of reducing red tape for businesses in Europe. These included:

- Reducing the frequency of reporting;

- Eliminating overlaps in information requests;
- Replacing paper-based information gathering with electronic and web-based reporting;
- Introducing thresholds for information requirements, limiting them for small and medium sized businesses or relying on sampling;
- Substituting information requirements on all businesses in a sector by a risk based approach – targeting information requirements on those operators that perform the highest risk activities;
- Reducing information requirements which relate to requirements which have been dropped or modified; and
- Providing official clarification of complex pieces of legislation.

Monitoring of progress is carried out through the Commission Rolling Simplification Programme which already contains a number of important proposals to reduce administrative burdens. Regular reporting on progress in the reduction of administrative burdens will also be carried out by the Commission.

Study to assess the administrative burden on farms arising from Common Agricultural Policy (CAP)

In 2007, the Directorate-General for Agriculture and Rural Development (DG AGRI) published its study to assess the administrative burden on farms arising from the CAP¹³. The study provided an assessment of the administrative costs for selected CAP-related measures, especially the Single Payment Scheme (SPS) in five selected Member States in 2006.

The report showed that total administrative costs under the SPS was highest in Germany and lowest in Ireland. It was noted that the administrative costs for cross-compliance included in the scope of the study were relatively low. This is mainly explained by the small number of farmers that are subject to cross-compliance controls. However, the report stated that the cross-

¹³ Study to assess the administrative burden on farms arising from the CAP 2006-G4-03 Executive summary October 2007

compliance obligations create a disproportionate level of anxiety among farmers.

The administrative costs are affected by the different models of implementation of CAP reform in the countries included in the study so it is difficult to quantify the impact. The report concluded that, in principle, decoupling of direct aid lowers the administrative costs as it found that farmers in coupled models of support have to submit more information. However, the report added that other factors like the national administrative culture and habits within the sector are more important than the choice of model of the CAP reform.

The report highlighted that a gradual reduction is foreseen for all countries because of increased familiarisation among farmers and their advisors and a general learning of the rules and processes relating to the CAP Regulations.

Administrative Burdens in European Agriculture: An Evidence Base.

In 2007, Defra published its report on “Administrative Burdens in European agriculture: an evidence base”¹⁴. The report presents evidence of administrative burdens in the agriculture sector, based on information gathered from six Member States (the Netherlands, Denmark, Sweden, Czech Republic, Belgium and Germany). A short list of regulations was identified as being consistently burdensome. The regulations identified were Veterinary Medicines, Livestock Identification and Movement, Welfare of Farmed Animals, the Single Payment Scheme (including cross-compliance requirements), Rural Development/Agri-Environment Schemes, Pollution Prevention and Control, Pesticides and Nitrates. These regulations span agriculture, animal health and welfare, and environment policy.

The report showed that some activities feel more burdensome to farmers, either because they take up more time, or because of the perceived threat of

¹⁴ Administrative burdens in European agriculture: an evidence base final report April 2007

sanctions through non-compliance. Inspections, keeping records and reading guidance were all areas identified as being particularly burdensome.

The research also showed that a regulation which has low associated administrative costs for farmers may be particularly irritating, due to the nature of the requirements, or the incompatibility with day-to-day running of the business. This showed that while measurement of the administrative burden is a useful tool for driving burden reduction, it is not sufficient alone for developing simplification programmes. Simplification measures need to be devised in close consultation with the industry to ensure that major burdens and irritations are tackled.

One of the aims of the study was to establish whether it is possible to make assumptions on administrative burdens across the EU based on the measurement of burdens in a few countries. The results showed that there is a large amount of agreement on areas of burden. The report concluded that, given there is agreement on specific areas of burden which are common to those countries sampled, it may not be essential for all Member States to undertake measurement of the administrative cost, which can be a resource intensive exercise. Instead Member States can draw from the evidence of the policy areas measured in a sample of Member States to inform their own simplification programmes.

3.2 Better Regulation in the United Kingdom: Policy

Policy context

At United Kingdom level, the better regulation agenda is being pursued in Whitehall through various initiatives and proposals which have flowed from the recommendations of the following major reports:

- The Better Regulation Task Force 'Less is More'¹⁵;
- The Hampton Review 'Reducing Administrative Burdens: Effective Inspection and Enforcement'¹⁶;

¹⁵ The Better Regulation Task Force 'Less is More': (March 2005)
<http://archive.cabinetoffice.gov.uk/brc/publications/lessismoreentry-2.html>

- The Macrory Review “Regulatory Justice: Making Sanctions Effective”¹⁷ ; and
- The Davidson Review: “ Implementation of EU Legislation”¹⁸

The Better Regulation Task Force Report: “Less is More”

In October 2004 the Prime Minister asked the Better Regulation Task Force (BRTF) to look at the then new Dutch approach of introducing a target for reducing administrative burdens faced by business, and a “One in One out” rule for regulation where new regulations have to be matched by deregulatory measures.

The Review concluded that the United Kingdom Government:

- Can considerably reduce the regulatory burden on business by adopting the Dutch approach to reducing administrative costs which involves measuring administrative burdens using the Standard Cost Model and then setting reduction targets;
- Should adopt a “One in, One out” approach to new regulation which forces departments to prioritise between new regulations and to simplify and remove existing regulations; and
- Should put in place a centrally resourced structure to monitor the measurement of administrative burdens and to manage their reduction.

The report sets out eight recommendations which the BRTF suggested could potentially increase United Kingdom GDP by at least 1 per cent.

¹⁶ Hampton Review of regulatory inspections and enforcement (March 2005):
www.berr.gov.uk/files/file22988.pdf

¹⁷ Macrory Review “Regulatory Justice: Making Sanctions Effective” (November 2006):
<http://www.berr.gov.uk/bre/reviewing-regulation/compliance-businesses/page44102.html>

¹⁸ The Davidson Review: “ Implementation of EU Legislation”:
<http://www.berr.gov.uk/files/file44583.pdf>

BRTF recommendations

Reducing administrative burdens

1. To strengthen the structure for managing the total regulatory burden the Government should:

- Adopt the Standard Cost Model and use it to provide a systematic measurement of the administrative burden in the United Kingdom by May 2006;
- By May 2006, set a target for reducing the administrative burden; and
- By July 2005, put in place an organisational structure and the necessary resources to facilitate measurement and target achievement. This structure is to have a central co-ordination unit, a body providing independent scrutiny and stakeholder participation.

Identifying simplification proposals

2. The Regulatory Impact Unit in the Cabinet Office should, by end 2005, develop a robust mechanism for the submission of proposals for simplification by business and other stakeholders. The system should require departments to respond to suggestions within 90 working days.

Promoting simplification

3. All departments, in consultation with stakeholders, should, by September 2006, develop a rolling programme of simplification to identify regulations that can be simplified, repealed, reformed and/or consolidated. The simplification programmes should include proposals to reduce administrative burdens; and revisiting the implementation of EU directives, particularly framework directives. Departments should undertake post-implementation reviews of all major pieces of legislation, the results of which should feed into their rolling simplification programme. Departments' simplification programmes should be subject to scrutiny by the Panel for Regulatory Accountability.

4. The Regulatory Impact Assessment process for major regulatory proposals should require consideration of compensatory simplification measures. The

guidance on Regulatory Impact Assessment should be amended to reflect this change by end 2005. Clearance by the Panel for Regulatory Accountability of any major regulatory proposals should include consideration of offsetting simplification proposals.

Mechanisms for enacting reform

5. The Regulatory Reform Act should be reviewed to consider how the scope of the Act could be widened to allow a greater number of reforms to be delivered by Regulatory Reform Order (RRO). The review should explore whether the scope of RROs should be extended to deliver non-controversial proposals for simplification, and whether the process for developing a RRO and subsequent scrutiny could be more proportionate.

6. The Government should provide Parliamentary time for a Deregulation Bill during the second session of the next Parliament.

7. By April 2006, the Government should extend the use of common commencement dates to other policy areas and include implementation of simplification measures as well as new regulation.

Improving the measurement of regulatory costs

8. The Government should, within a two year period, develop a methodology for assessing the total cumulative costs of regulatory proposals. The Government should then reassess whether full regulatory budgets, taking into account the cumulative impact of regulation, should be introduced.

The BRTF also recommended greater use of sunset clauses where there is a high degree of uncertainty surrounding the implementation and likely effects of new legislation.

A key part of the BRTF work was the development of Five Principles of Good Regulation, which are now a cornerstone of the better regulation strategy and implementation.

The Five Principles of Good Regulation

1. Proportionality

Regulators should only intervene when necessary. Remedies should be appropriate to the risk posed and costs identified and minimised.

- Policy solutions must be proportionate to the perceived problem or risk and justify the compliance costs imposed – don't use a sledgehammer to crack a nut;
- All the alternative options for achieving policy objectives must be considered - not just prescriptive regulation. Alternatives may be more effective and cheaper to apply;
- "Think small first". Regulation can have a disproportionate impact on small businesses, which account for 99.8 per cent of United Kingdom businesses;
- EC Directives should be transposed without gold plating;
- Enforcement regimes should be proportionate to the risk posed; and
- Enforcers should consider an educational, rather than a punitive approach where possible.

2. Accountability

Regulators must be able to justify decisions and be subject to public scrutiny.

- Proposals should be published and all those affected consulted before decisions are taken;
- Regulators should clearly explain how and why final decisions have been reached;
- Regulators and enforcers should establish clear standards and criteria against which they can be judged;
- There should be well-publicised, accessible, fair and effective complaints and appeals procedures; and
- Regulators and enforcers should have clear lines of accountability to Ministers, Parliaments and Assemblies and the public.

3. Consistency

Government rules and standards must be joined up and implemented fairly.

- Regulators should be consistent with each other, and work together in a “joined-up” way;
- New regulations should take account of other existing or proposed regulations, whether of domestic, EU or international origin;
- Regulation should be predictable in order to give stability and certainty to those being regulated; and
- Enforcement agencies should apply regulations consistently across the country.

4. Transparency

Regulators should be open and keep regulations simple and user-friendly.

- Policy objectives, including the need for regulation, should be clearly defined and effectively communicated to all interested parties;
- Effective consultation must take place before proposals are developed, to ensure that stakeholders’ views and expertise are taken into account;
- Stakeholders should be given at least 12 weeks, and sufficient information, to respond to consultation documents;
- Regulations should be clear and simple. Guidance, in plain language, should be issued 12 weeks before the regulations take effect;
- Those being regulated should be made aware of their obligations, with law and best practice clearly distinguished;
- Those being regulated should be given time and support to comply. It may be helpful to supply examples of methods of compliance; and
- The consequences of non-compliance should be made clear.

5. Targeting

Regulation should be focused on the problem and minimise side effects.

- Regulations should focus on the problem and avoid a scattergun approach;
- Where appropriate, regulators should adopt a “goals-based” approach, with enforcers and those being regulated given flexibility in deciding how to meet clear, unambiguous targets;
- Guidance and support should be adapted to the needs of different groups;
- Enforcers should focus primarily on those whose activities give rise to the most serious risks; and
- Regulations should be systematically reviewed to test whether they are still necessary and effective. If not, they should be modified or eliminated.

The Hampton Report: “Reducing Administrative Burdens: Effective Inspection and Enforcement”

The Hampton Review of inspection and enforcement regimes investigated how the administrative burden of regulation on business could be reduced while maintaining or improving regulatory outcomes.

Hampton found that the current regulatory system imposed too many forms, inspections and duplicate information requests on business; risk assessment was not implemented as thoroughly and comprehensively as it should be; regulators do not give enough emphasis to providing advice in order to secure compliance; regulators lack effective tools to punish persistent offenders and reward compliant businesses; and the regulatory structure, particularly at local level, is complex, prevents joining up, and discourages business-responsive behaviour.

Hampton's recommendations

Hampton's key recommendations are:

- Reducing inspections where risks are low, but increasing them where necessary;
- Making much more use of advice, applying the principle of risk assessment;
- Substantially reducing the need for form-filling and other regulatory information requirements;
- Applying tougher and more consistent penalties where necessary;
- Reducing the number of regulators that businesses deal with from thirty-one to seven;
- Entrenching reform by requiring all new policies and regulations to consider enforcement, using existing structures where possible; and
- Creating a business-led body at the centre of Government to drive implementation of the recommendations and challenge departments on their regulatory performance.

As a result of this last recommendation, the Government created the Better Regulation Executive (BRE) to oversee the reduction of regulatory burdens on business, and hold Government departments and regulators to account.

In considering how to tackle the problems found in the United Kingdom's regulatory system, the Review established the Ten Principles for Regulatory Enforcement (the "Hampton Principles") to be applied consistently by all regulators. These are:

The Hampton Principles

- Regulators, and the regulatory system as a whole, should use comprehensive risk assessment to concentrate resources on the areas that need them most;
- Regulators should be accountable for the efficiency and effectiveness of their activities, while remaining independent in the decisions they take;

- All regulations should be written so that they are easily understood, easily implemented, and easily enforced, and all interested parties should be consulted when they are being drafted;
- No inspection should take place without a reason;
- Businesses should not have to give unnecessary information, and not have to give the same piece of information twice;
- The few businesses that persistently break regulations should be identified quickly, and face proportionate and meaningful sanctions;
- Regulators should provide authoritative, accessible advice easily and cheaply;
- When new policies are being developed, explicit consideration should be given to how they can be enforced using existing systems and data to minimise the administrative burden imposed;
- Regulators should be of the right size and scope, and no new regulator should be created where an existing one can do the work; and
- Regulators should recognise that a key element of their activity will be to allow, or even encourage, economic progress and only to intervene when there is a clear case for protection.

The Macrory Review: “Regulatory Justice - Making Sanctions Effective”

The aim of the Macrory Review was to bring the penalty system in line with the risk-based proportionate model of regulation recommended by Hampton. Hampton identified the following deficiencies in the regulatory penalty regimes:

- Penalties handed down by courts are not seen as an adequate deterrent to regulatory non-compliance as the level of financial penalty can often fail to reflect the financial gain of non-compliance with regulatory obligations; and
- The range of enforcement tools available to many regulators is limited, giving rise to disproportionate use of criminal sanctions, which can be a costly, time-consuming and slow process.

Evidence submitted to the Macrory Review suggests that many regulators are heavily reliant on criminal prosecution which may not be, in all circumstances, the most appropriate sanction to ensure that non-compliance is addressed. Macrory recommended a suite of sanctions that could be added to the regulators' enforcement toolkit, broadening the flexibility available to regulators, the judiciary and business to better meet regulatory objectives and improve compliance.

The Macrory Penalty Principles and Enforcing Characteristics

A key recommendation of Macrory is that regulators should have regard to Six Penalty Principles and Seven Characteristics when designing sanctioning regimes for regulatory non-compliance. These are:

Six Penalties Principles

A sanction should:

- Aim to change the behaviour of the offender;
- Aim to eliminate any financial gain or benefit from a non-compliance;
- Be responsive and consider what is appropriate for the particular offender and regulatory issue, which can include punishment and the public stigma that should be associated with a criminal conviction;
- Be proportionate to the nature of the offence and the harm caused;
- Aim to restore the harm caused by regulatory non-compliance, where appropriate; and
- Aim to deter future non-compliance.

Seven Characteristics

Regulators should:

- Publish an enforcement policy;
- Measure outcomes not just outputs;
- Justify their choice of enforcement actions year on year to stakeholders, Ministers and Parliament;
- Follow-up enforcement actions where appropriate;
- Enforce in a transparent manner;

- Be transparent in the way in which they apply and determine administrative penalties; and
- Avoid perverse incentives that might influence the choice of sanctioning response.

Macrory also argued that enforcement actions created a more significant burden for law abiding firms than it did for purposely deviant and larger firms. This was said to be made worse by fines failing to deter harmful behaviour due to the benefits of crime frequently exceeding the cost of detection. To address this problem, it was recommended that Government consider introducing Fixed and Variable Monetary Administrative Penalties and a strengthening of the Statutory Notices system. Importantly, Fixed Monetary Administrative Penalties would be scaled to differentiate between small and large firms. The report also advocated the use of restorative justice techniques in addressing cases of regulatory non-compliance.

The Davidson Review: “Implementation of EU Legislation”

The Davidson Review was commissioned by the Government in November 2005. Lord Davidson QC examined whether European legislation was being over-implemented in the process of transposition. The Review supported the work of Government departments to reduce the regulatory burdens for which they are responsible by:

- Reviewing selected areas of EU-derived legislation for evidence of over-implementation in the United Kingdom, or smarter implementation by other Member States; and
- Scrutinising departments' efforts to identify instances of over-implementation in their simplification plans and, where possible, propose further simplification measures for them to include in their plans.

Lord Davidson adopted the following definition of over-implementation:

- **Gold-plating**, i.e. extending the scope of European legislation;

- **Double-banking**, i.e. failing to streamline the overlap between legislation that is currently in force in the United Kingdom and new EU-sourced legislation; and
- **Regulatory creep**, i.e. uncertainty created by lack of clarity about the objectives or status of regulations and guidance, or over-zealous enforcement.

The Review found that:

- Over-implementation of European legislation may not be as widespread in the United Kingdom as is sometimes claimed. Many allegations of over-implementation of EU legislation are misplaced as they either relate to concerns about the EU measure itself or wrongly assume that certain United Kingdom legislation originated from the EU;
- It can sometimes be beneficial for the United Kingdom economy to set or maintain regulatory standards that exceed the requirements of European legislation; and
- There is a lack of evidence to support the claim that the United Kingdom over implements and enforces more rigorously than any other Member States.

Davidson's recommendations

Pre-existing national standards

The definition of gold-plating in the Cabinet Office's Transposition Guide should be extended to include situations where existing United Kingdom legislation contains higher standards than a European measure. Higher national standards should only be retained if it can be demonstrated, after consultation with stakeholders, that the benefits of doing so justify the costs.

Coherence between domestic and European legislation

To avoid double-banking, departments should review all related existing United Kingdom legislation well before transposition. Departments should

create one coherent regulatory scheme where possible, either by amending the existing legislation or repealing it and starting afresh with a new regime.

Transposition methods

The Cabinet Office's Transposition Guide should be amended to require active consideration of whether copy-out, elaboration or a mixture of transposition methods is appropriate, having regard to the impact on those being regulated and the fit of the legislation in its domestic context.

Pre-empting upcoming European legislation

Unless simplifying or reducing regulatory burdens, departments should not generally pre-empt upcoming European legislation by legislating in the same area.

Post-implementation reviews in Europe and the United Kingdom

The Government should encourage the European Commission to carry out and publish post-implementation evaluations of all significant European legislation. It should also encourage the Commission to adopt standard methodologies for assessing the benefits, costs and effectiveness of legislation, underpinned by quantitative analysis.

For EU-derived legislation, the date of the post-implementation review required by United Kingdom Government policy should normally tie in with the timetable of the Commission's own review of the legislation. Departments should compare implementation practices with at least two other major Member States to draw lessons on methods of implementation and enforcement.

Managing ambiguity in European legislation

To help manage ambiguity in European legislation, departments should encourage the European Commission to set up transposition groups, or work with other Member States to set up networks of European lawyers. Departments' and regulators' websites should list the different fora for

exchanging views and best-practice between Member States on implementation and enforcement issues.

Better regulation training and work objectives for policy makers and lawyers

All departments should ensure that lawyers and policy officials with responsibility for implementation of European legislation:

- Adhere to the Cabinet Office's Transposition Guide;
- Have at least one better regulation focused work objective;
- Are properly trained in the implementation of European measures;
- Put different implementation options to Ministers with an assessment of the policy and legal risks associated with each option; and
- Discover and understand the potential impacts on those being regulated.

Joining-up negotiation and implementation

All departments should embed senior level oversight of each significant EU measure to ensure that:

- There is effective transfer of knowledge between negotiating and implementing teams;
- The implementing process is started as early as possible and sufficiently resourced to enable guidance to be published at least 12 weeks before national implementing legislation comes into force; and
- Programme and project management techniques are used to assist in delivering these outcomes.

The Government should encourage the European Commission to ensure that there is usually a gap of at least six months between the transposition deadline and the deadline for bringing European legislation into force in the Member States.

Statute law database

The Department for Constitutional Affairs should assess the case for extending the Statute Law Database to cover secondary legislation. In the meantime, departments responsible for secondary legislation should make greater use of consolidating instruments.

Communication from the European Commission

The Government should encourage the European Commission to publicise its action plans and road maps more effectively so that they reach a wider range of stakeholders.

Guidance

All departments and regulators should adhere to the advice provided by the Small Business Service and Cabinet Office on drafting guidance.

Lord Davidson's recommendations have been incorporated in a revised version of the Transposition guide: how to implement European directives effectively (BERR September 2007)¹⁹.

3.3 Taking Forward the Agenda in the United Kingdom: Implementation

Department for Business Enterprise and Regulatory Reform

In line with one of the recommendations of the Hampton Review, the importance of the better regulation agenda was reinforced through the creation of a new Department for Business, Enterprise & Regulatory Reform (BERR), bringing together the better regulation functions of the former Department of Trade and Industry, and the Cabinet Office Better Regulation Executive (BRE).

In July 2007, BERR published "Next Steps on Regulatory Reform"²⁰ which set out the steps that Government as a whole will take to drive regulatory

¹⁹ Transposition guide: how to implement European directives effectively (BERR September 2007): www.berr.gov.uk/files/file44371.pdf

improvement. The BRE has a lead role in driving through this programme by working with Government departments and regulators to:

- Improve the design of new regulations and how they are communicated;
- Simplify and modernise existing regulations;
- Change attitudes and approaches to regulations to become more risk-based; and
- Ensure that targets are met and results communicated to key stakeholders.

Key developments since the publication of “Next Steps on Regulatory Reform”

Simplifying the stock of existing regulation

In Autumn 2006, Government departments announced they would cut by a net 25 per cent the £13.4 billion of annual administrative burdens on the private and third sectors by 2010. To show how this 25 per cent net saving in administrative burdens would be achieved in the years to 2010, departments agreed to publish annual rolling simplification plans. By December 2007, 19 simplification plans were published identifying savings in annual administrative burdens of £3.5 billion. This is 26 per cent of the May 2005 baseline of £13.4 billion. Of this, over £800 million of annual net administrative burdens have already been delivered.²¹

The Regulatory Enforcement and Sanctions Act 2008²²

The Regulatory Enforcement and Sanctions Act 2008 is part of Government’s commitment to implementing the Hampton agenda.

²⁰ Next Steps on Regulatory Reform (BERR July 2007): www.berr.gov.uk/files/file44370.pdf

²¹ BERR Annual Report and Accounts 2007-2008: www.berr.gov.uk/files/file47095.pdf

²² The Regulatory Enforcement and Sanctions Act 2008: <http://www.berr.gov.uk/bre/inspection-enforcement/implementing-principles/sanctions-bills/page44047.html>

The Act is in four parts:

Part 1 establishes the Local Better Regulation Office (LBRO) to promote adherence to the principles of better regulation amongst local authorities, and greater co-ordination between them and central Government.

Part 2 establishes a Primary Authority Scheme to help secure coordination of regulatory enforcement by local authorities. Businesses operating in more than one local authority area that choose to have a Primary Authority Partnership will benefit from improved consistency of advice and enforcement across local authority trading standards, environmental health, licensing and fire and rescue services.

Part 3 gives regulators an extended tool kit of alternative civil sanctions as a more proportionate and flexible response to cases of regulatory non-compliance normally dealt with in the criminal courts.

Part 4 creates a duty that requires regulators to review their functions, not to impose unnecessary burdens, to remove burdens that are found to be unnecessary and to report on progress annually.

Part 1 (Local Better Regulation Office) applies only to England and Wales. Parts 2, 3 and 4 apply in Northern Ireland in respect of matters that are not transferred. Therefore, none of the provisions of the Act are available to Northern Ireland departments. That said, in order to emulate regulatory best practice across the United Kingdom and ensure that multi site companies operating in Northern Ireland and in Great Britain benefit from the Primary Authority Scheme arrangements, a Memorandum of Understanding (MoU) will be entered into between the relevant Northern Ireland bodies, BERR and LBRO to facilitate arrangements to encourage consistency of approach between Northern Ireland and the rest of the United Kingdom.

The Regulators Compliance Code²³

The Regulators Compliance Code came into force on 6 April 2008 by virtue of the Legislative and Regulatory Reform Code of Practice (Appointed Day) Order 2007. The Code promotes a risk based approach to regulatory inspection and enforcement, putting the Hampton Principles of a statutory footing. It applies at the point where regulators make their policies, rules, codes and guidance and will help ensure that regulators focus their efforts on rogue and higher risk businesses.

The Compliance Code sets out seven elements that regulators should follow when discharging their regulatory functions. These are:

- **Supporting economic progress**
Regulatory activity should allow, or even encourage, economic progress. Intervention should only take place where there is a clear case for protection.
- **Risk assessment**
Undertaking a risk assessment of all their activities.
- **Information and advice**
Providing information and advice in a way that enables businesses to clearly understand what is required by law.
- **Inspections**
Only performing inspections following a risk assessment, so resources are focused on those least likely to comply.
- **Data requirements**
Collaborating with other regulators to share data and minimise demand on businesses.
- **Compliance and enforcement actions**
How formal enforcement actions, including sanctions and penalties, should be applied following the Macrory Principles on Penalties.
- **Accountability**
Increasing the transparency of regulatory organisations by asking them to report on outcomes, costs and perceptions of their enforcement approach.

²³ Regulators' Compliance Code (December 2007): <http://www.berr.gov.uk/files/file45019.pdf>

The duties to have regard to the Compliance Code apply to regulatory functions specified in a Listing Order made by a Minister under section 24 of the Legislative and Regulatory Reform Act 2006²⁴. However, the Act places restrictions on the extent to which the Listing Order can specify regulatory functions exercisable in the devolved administrations and recognises the different legislative foundations of devolution in each administration. It is for this reason that the Compliance Code does not have a statutory basis in Northern Ireland in relation to transferred matters. However, to ensure that Northern Ireland benefits from best practice emerging from the introduction of the Compliance Code in England, it is envisaged that a voluntary agreement by Northern Ireland to adopt and implement the principles of the Code will be incorporated into a MoU between DETI, LBRO and BERR.

Revised impact assessment process²⁵

From November 2007, all regulatory interventions have been assessed using the revised Impact Assessment process. The new process aims to improve the flow of new regulation by ensuring that Impact Assessments are undertaken during policy making, improving the quality of analysis underpinning policy making and increasing transparency. The Government has also launched a website²⁶ where all published Impact Assessments will be available.

Considering the impact on small businesses

In the Enterprise Strategy²⁷ published alongside the 2008 Budget, the Government strengthened the “think small first policy” with departments

²⁴ The Legislative and Regulatory Reform Act 2006:
www.berr.gov.uk/whatwedo/bre/policy/simplifying-existing-regulation/unnecessary-regulation/page44071.html

²⁵ Further details about the Impact Assessment process see:
www.berr.gov.uk/bre/policy/scrutinising-new-regulations/preparing-impact-assessments/page44077.html

²⁶ The BERR Impact Assessment Library: www.ialibrary.berr.gov.uk

²⁷ The Enterprise Strategy: Unlocking the UK's talent (March 2008):
<http://www.berr.gov.uk/bbf/enterprise-smes/enterprise-framework/index.html>

examining whether small firms can be exempted from new regulatory requirements or be subject to simpler enforcement procedures.

Limiting the costs of new regulations

In 2008, the Government consulted on a system of regulatory budgets.²⁸ The perceived benefits of such a system are: better prioritising of regulation by Government departments; greater transparency around calculating the impact and the opportunity costs of regulation for business; enabling Government to maximise the benefits and minimise the costs of regulation; and greater scrutiny of regulatory proposals. The consultation period ended in November 2008 and the Government is now considering its next steps.

Consulting on regulatory proposals

Effective consultation is vital to ensuring that regulations are well designed and that those affected by them have an opportunity to influence their design. The Code of Practice on Consultation²⁹ sets out principles for conducting effective, standardised Government consultations and aims to set a benchmark for best practice.

Improving communication of regulatory changes

In the 2008 Enterprise Strategy, the Government asked Sarah Anderson CBE to conduct an independent review of the best way to deliver its regulatory guidance.

The report, 'The Good Guidance Guide'³⁰ published on 28th January 2009, focuses on the need for Government to give businesses greater certainty over finding, following and interpreting guidance.

²⁸Regulatory budgets: A consultation document (August 2008): www.berr.gov.uk/whatwedo/bre/policy/scrutinising-new-regulations/consultation/page47006.html

²⁹ The Code of Practice on Consultation (BERR July 2008): <http://www.berr.gov.uk/bre/consultation%20guidance/page44420.html>

³⁰ *The Anderson Review "The Good Guidance Guide: taking the uncertainty out of regulation (January 2009)*: www.berr.gov.uk/whatwedo/bre/reviewing-regulation/The%20Anderson%20Review/page45278.html

The Review found that the way that Government guidance is currently produced and disseminated leaves Small and Medium Enterprises (SMEs) with a great deal of uncertainty, deterring them from using it and creating additional costs for their businesses. Many businesses are unclear about whether following guidance means they have complied with the law, and they do not always know where to get the right help. Firms are put off by the amount of information included in guidance and receive conflicting messages from different parts of the Government.

The cost of this uncertainty is high. Around one third of SMEs do not use advice at all and simply do their best, while others spend upwards of £1.4 billion on paid advice. For those that do not get it right, they face the additional cost – together with the Government, individual citizens and society as a whole – of their non-compliance. Improving guidance and increasing compliance could reduce businesses costs by up to £841 million a year and save £40 million in reduced employment tribunal costs.

The Review recommended that the Government improve certainty in its guidance in the following ways:

- Increasing certainty over outcome by providing access for SMEs to a tailored, insured advice helpline and taking responsibility for the quality of its guidance;
- Making guidance more accessible, by expanding the content of Business Open Advice Days and reviewing the brand of its single guidance website;
- Making guidance clearer, by introducing ‘quick-start’ guides and moving to ensure that all guidance complies with the Code of Practice on Guidance;
- Achieving consistent guidance across Government; and
- Culture change and increasing communication of improvements.

The Government has welcomed 'The Good Guidance Guide' and has committed to take actions including:

- Piloting a telephone advice service, which provides tailored and "insured advice" to help businesses comply with employment and health and safety law;
- Removing the disclaimers which bring the accuracy of guidance into question and encouraging inspectors to avoid prosecution of "reasonable" businesses; and
- Setting out when it will update the most frequently used guidance to comply with the 'Code of Practice on Guidance'.³¹

Introduction of common commencement dates

In March 2005, the Chancellor of the Exchequer announced that, by April 2006, the Government would extend the use of Common Commencement Dates (CCDs) for new legislation that will have an effect on business. For areas covered by the CCD initiative, legislation will be commenced only on either 6 April or 1 October each year. Departments and Agencies are also required to prepare an annual statement, issued each January, indicating legislation expected to be commenced on the following April and October dates. The purpose of CCDs, and especially the annual statement, is to help business plan for new regulation and to increase awareness of the introduction of new or changed requirements.

In October 2008, the BERR published guidance³² on how the CCD system operates, its coverage, and exceptions, such as legislation of European origin. The Government has also launched an on-line Practical Advice for Business Guide³³ of all new regulations that affect business, which also offers a snapshot of regulations expected to come into force on common commencement dates.

³¹ *The 'Code of Practice on Guidance' (BERR July 2008):*
www.berr.gov.uk/whatwedo/bre/code/page46954.html

³² Common Commencement Dates: guidance for policy makers:
<http://www.berr.gov.uk/files/file48278.doc>

³³ Business Link Practical Advice for Business online guide: www.businesslink.gov.uk/ccds

Driving forward the better regulation agenda in Europe

The United Kingdom Government has worked with the EU and internationally, to raise the profile of the better regulation agenda. This has led to some significant achievements that will bring real benefits to businesses in the United Kingdom. For example, working closely with EU partners, the Government has persuaded the EU to adopt a 25 per cent target to reduce the burden of administration and to introduce a common commencement date for all new regulations. The European Commission has also agreed to consider small businesses in all new policy proposals. This means that the Commission will review the potential impact of new regulations on Europe's SMEs and routinely consider special measures that might ease the burden of these regulations on SMEs.

Listening to Ideas from the public, private and third sectors

A website has been set up for businesses and organisations to submit their ideas on how regulation can be simplified (the "90-day simplification programme")³⁴.

Assessing regulatory performance through Hampton Implementation Reviews

In August 2007, the BRE, in collaboration with the National Audit Office (NAO), began a review of regulatory performance covering five national regulators. Regulators were reviewed against a framework developed by the BRE and the NAO that assesses how they are performing in line with the Hampton principles and the Macrory recommendations on enforcement.

The framework³⁵ provides regulators and stakeholders with a clear understanding of how compliance with the Hampton principles will be assessed and aims to help regulators:

- Improve the perceptions of those it regulates, where it is performing well;

³⁴ Better Regulation Executive Website: www.betterregulation.gov.uk

³⁵ Effective Inspection and Enforcement: implementing the Hampton vision in national regulators: <http://www.berr.gov.uk/files/file48274.pdf>

- Increase openness and transparency;
- Highlight areas for development; and
- Spread good practice in the regulatory community (reviews are conducted by peers from the community of regulators, working with the NAO and the BRE).

3.4 Better Regulation in Northern Ireland

In Northern Ireland, the Department of Enterprise, Trade and Investment (DETI) has lead responsibility for ensuring that Government departments operate good regulatory and enforcement practices and has an important role in the promotion and monitoring of better regulation activities across all Northern Ireland Government departments.

Since 2001, Northern Ireland departments have been operating under the Northern Ireland Better Regulation Strategy, introduced by the then Northern Ireland Executive to minimise the burden of red tape on business.

The Northern Ireland Better Regulation Strategy³⁶

The Strategy requires departments to:

- Undertake and publish a Regulatory Impact Assessment when considering new policy proposals, or amendments to existing policy which may impact on business;
- Carry out a micro business test to assess the impact on businesses with less than five employees; and
- Provide guidance to business on new legislation at least 12 weeks before legislation comes into operation.

In light of the developments in Whitehall, the Northern Ireland Strategy was reviewed in 2007. The review concluded that the Strategy should continue to underpin the way forward, but that a number of steps should be taken to

³⁶ The Northern Ireland Better Regulation Strategy: <http://www.detini.gov.uk/cgi-bin/downdoc?id=3116>

strengthen it. These measures were set out in an implementation plan which was published with the first Better Regulation Annual Report.³⁷

Key developments since the publication of the DETI Better Regulation Implementation Plan.

Publication of a Better Regulation Annual Report

The requirement on DETI to produce a Better Regulation Annual Report is the main means by which Northern Ireland departments report on their better regulation activities. The report provides details of action taken by departments to reduce burdens on business, social enterprise organisations, charities and voluntary groups, for example legislation which has been simplified or repealed; simplification of forms; the introduction of new systems or websites.

Regulatory Impact Assessments (RIAs)

The better regulation agenda at both European and United Kingdom levels recognises the RIA process as a major element in the overall approach to better regulation. Under the Northern Ireland Better Regulation Strategy, all departments must comply with the RIA process when considering any new policy proposals which impact on business, voluntary or social economy enterprises. The same applies when amending existing policy.

In 2006, the BRE consulted on reforms to the RIA process in England. In response to the consultation, the RIA process in England was amended in April 2007. The new process has been designed to promote greater transparency and ensure the benefits of new interventions outweigh any regulatory burdens they impose. The existing Northern Ireland RIA guidelines³⁸ are currently under review in light of these Whitehall developments and the needs of Northern Ireland departments. Revised guidelines will be circulated in early 2009.

³⁷ DETI Better Regulation Annual Report 2006-2007 (March 2008): <http://www.detini.gov.uk/cgi-bin/download?id=3545>

³⁸ NI Regulatory Impact Assessment Guidance: <http://www.detini.gov.uk/cgi-bin/download/?=3117>

Northern Ireland departments are also required to place all final RIAs on their websites so that these are readily available to interested parties.

DETI is currently negotiating with the Centre for Applied Learning in relation to providing more specific training on the completion of RIAs.

Better Regulation Stakeholder Forum

DETI has set up a Better Regulation Stakeholders Forum (BRSF) consisting of representatives from the regulatory, businesses and the voluntary sectors to share best practice and consult on better regulation initiatives.

Review of legislation

All Northern Ireland departments have carried out a review of their legislation to identify opportunities to consolidate legislation and remove unnecessary legislation from the statute book.

Review of forms

All Northern Ireland departments have completed a review of their forms to identify opportunities to remove, consolidate or amend as appropriate.

Review of enforcement arrangements

The Northern Ireland Better Regulation Strategy includes an Enforcement Concordat to serve as a blueprint for fair, practical and consistent enforcement based on current best practice in enforcement policy. The Concordat is a non-statutory code that describes for business and others what they can expect from enforcement officers. The Legislative and Regulatory Reform Act 2006 introduced in England contains an enabling power for the introduction of a Regulators Compliance Code to legally oblige listed regulators to have regard to the Hampton principles. While the Act does not extend to Northern Ireland, DETI is monitoring developments in Whitehall and will use the new BRSF to consider what arrangements would be most appropriate for Northern Ireland.

Review of Whitehall simplification plans

Each Northern Ireland department is required to examine the simplification plan of its Whitehall equivalent and consider what action is necessary to replicate improvements in Northern Ireland.

On-line advice for business

The NIEA has developed the NetRegs guidance website (www.netregs.gov.uk) in partnership with the Environment Agency for England and Wales and the Scottish Environment Protection Agency (SEPA), providing free, tailored advice on how to comply with environmental regulations.

3.5 Better Regulation: Agriculture and the Environment in Scotland

Overview of Costs and Benefits Associated with Regulation in Scottish Agriculture. Including elements of SNIFFER Project ER02: Measuring the Administrative Burden of Environmental Regulation in the Agricultural Sector³⁹

This report looked at the costs and benefits associated with regulation in Scottish agriculture and aimed to improve understanding of agricultural regulation in Scotland. The report had the following objectives:

- To describe the regulations associated with Scottish agriculture;
- To provide an overview of the methodology for assessing costs and benefits of regulation in agriculture in Scotland, including a critique of the Standard Cost Model;
- To assess the costs and benefits associated with key regulations in Scottish agriculture and with specified environmental regulations;
- To identify best practice in the implementation of regulations in agriculture in other countries; and
- To identify areas where opportunities exist to improve the effectiveness of regulation in Scottish agriculture.

³⁹ Final Report 16/12/08 prepared for Scottish Government/SNIFFER
<http://www.scotland.gov.uk/Publications/2009/01/08100107/0>

The regulations included in the review fell into five categories:

- Agricultural support and rural development;
- Pollution control, natural heritage and waste;
- Animal health and welfare;
- Employment legislation; and
- Other (notably land use planning and food safety).

The Report concluded that the regulatory regime in Scotland and the United Kingdom as a whole needs to be viewed in context. While the regulatory regime in the United Kingdom imposes costs on business, these need to be viewed in light of the significant benefits it provides to business by, for example: protecting the natural resource base; strengthening the competition regime; showcasing best practice; protecting consumers; encouraging people to take paid employment; and reducing the costs of accidents and ill health.

While it is true that the United Kingdom has more stringent environmental and animal welfare standards than some of its key competitors, evidence suggests that regulatory costs are not a major factor in determining competitiveness. Furthermore, commitment to improving regulation has been demonstrated through recent United Kingdom and Scottish initiatives, and the ongoing efforts of the Scottish Government and its agencies to involve stakeholders in the development of regulation.

Scotland's Environmental and Rural Services (SEARS)⁴⁰ partnership has been welcomed as a way of reducing the administrative costs of regulation. SEARS represents an important initiative, providing easier access to information, co-ordinating and reducing the numbers of separate inspections, and reducing the burden of information provision. The overall aim is to lower administrative costs to farms and other rural businesses.

The Scottish Government is currently developing an approach to improving regulation in Scotland that is distinct from the United Kingdom central agency

⁴⁰ <http://www.sears.scotland.gov.uk/>

approach and is fit for purpose and able to deliver tangible results. The key elements of this approach are:

- High level political commitment to improving the regulatory environment, thereby boosting competitiveness and productivity;
- Establishment of a close relationship between Minister, officials and the Regulatory Review Group;
- Mainstreaming a better regulation focus rather than making it the preserve of a specialist unit;
- Recognising the importance of effective regulation in meeting environmental and social objectives; using risk-based approaches and reviewing existing legislation;
- Recognising the need for continuous improvement; and
- Working to achieve policy objectives without immediate recourse to legislation.

3.6 Better Regulation: Practice and Experience with Agriculture in England

To inform Review Panel members and officials about experience of better regulation in operation, a fact finding visit was made to Defra in early May 2008. The visit was hosted by Defra's Regulation Division, which arranged a series of presentations and discussions with staff from their Regulation Division, other business areas in Defra, the Environment Agency, the Rural Payments Agency and the Better Regulation Executive.

Discussion with Regulation Division officials covered a wide range of better regulation topics including overviews on:

- The nature and scope of the better regulation agenda in Defra;
- Internal structures for the delivery of better regulation and links to the BRE and cross-cutting departmental arrangements;
- Influencing the European Commission on better regulation issues;
- Departmental progress against the Simplification Plan published in

2006;

- The Defra Forms Review;
- Internal assessment of performance on the better regulation agenda; and
- Embedding better regulation in the policy development cycle.

Defra makes use of Working Groups to consider how regulation is interpreted and implemented, with a view to:

- Eliminating any unnecessary administrative burden;
- Improving systems and processes that communicate, verify or record administrative data;
- Reducing the likelihood of error arising in application, recording and reporting systems;
- Making error correction, when it arises, as easy as possible; and
- Promoting risk based, targeted inspection regimes.

Defra has ensured that better regulation has become an integral part of its policy making process through the use of an integrated policy toolkit known as Impact Assessment. This approach:

- Places better regulation at the centre of a dynamic toolkit aimed at improving the quality of the overall process rather than as a screening adjunct to the policy cycle;
- Links better regulation with economic appraisal, equality screening and rural proofing through a single Impact Assessment document;
- Is supported by specialist Regulatory Improvement Units that give training and assistance to policy colleagues on all processes undertaken as part of the Impact Assessment; and
- Requires the Chief Economist within Defra to sign off all of the Department's Impact Assessments thereby ensuring that relevant good quality data is provided and forms the basis of all policy and regulatory development in Defra.

Stakeholder engagement in better regulation is viewed as essential to improvement. Regular monitoring and evaluation of progress is also necessary to maintain momentum and impetus. Effective communication of successful change and outcomes are required to demonstrate and reinforce the benefits of better regulation to stakeholders.

Better Regulation Executive

A representative of the BRE in the Department of Business Enterprise and Regulatory Reform (BERR) explained how BRE leads on regulatory reform across Government. BRE is charged with:

- Simplifying and modernising existing regulations;
- Improving the design of new regulation through the policy cycle;
- Improving the way in which regulations are communicated; and
- Encouraging a risk-based approach to regulatory enforcement.

In addition, BRE undertakes regular internal assessments across Government of progress on the better regulation agenda. Political interest in, and support for, better regulation is considered high and a key driver of the issue.

The Environment Agency

The Modern Regulation Policy Manager from the Environment Agency (EA) summarised the better regulation ethos in the organisation as risk-based and outcome focused.

The EA operate a risk-based compliance assessment system that links the risk of non-compliance or infringement for a particular business (and therefore the need for regulatory attention) to factors such as complexity of the operations undertaken by a firm, proximity to sensitive environmental sites or centres of population, and the past performance of the business.

The EA has developed a web-based source of free information on all aspects of environmental regulation – NetRegs – in partnership with NIEA and SEPA.

This resource has been commended by the BRE and the European Commission as being particularly effective in disseminating information, and at reducing transactions costs associated with business research activities and consultant fees.

The Environmental Permitting Framework is held up as a particularly effective initiative. It involves a number of complementary and coordinated activities which together are making a considerable impact. These include the simplification of regulation and the development of integrated, streamlined permitting linked to revised guidance notes - all supported by an efficient IT platform.

Rural Payments Agency (RPA) and Defra Whole Farm Approach⁴¹

The Whole Farm Approach (WFA) is an internet based service to help farmers deal more efficiently with Defra and related agencies. It provides a number of services and transactions, including access to a comprehensive library of advice and guidance, a series of self assessment questionnaires, and an interactive advice and guidance advisory tool on Catchment Sensitive Farming. Important news can be added as an alert to the portal and farmers can sign up to receive news and information direct to their email account. As well as the full on-line service, farmers can make use of an off-line CD of the self assessment questionnaires and associated advice and guidance. Information provided by farmers to the WFA portal can be shared between organisations, thus avoiding duplication of requests and therefore farmers spend less time filling in forms. The sharing of data also makes the transactions with Government and regulators quicker and easier as regular data validation by the farmer leads to higher quality data and faster processing. Farmers also have access to a single view of data relating to their farms, which can be maintained and validated on an ongoing basis, for use in managing their business.

⁴¹ Whole Farm Approach and related projects:
<https://secure.wholefarm.defra.gov.uk/wps/portal/sitehelp>

The RPA views better regulation as a way of improving its business performance and its credibility with farmers. The Agency is working to achieve reductions in the administrative burden and in the regulatory burden more generally by improving both policy development and operational functions. Customer facing services and internal systems and processes are being improved while the Agency also seeks to influence the policy agenda at European level through Defra.

To improve relationships with farmer customers, a number of initiatives have been put in place. These include:

- The creation of a Customer Champion network with designated staff members at each RPA site encouraging a better understanding of the customer perspective;
- Regular customer surveys and stakeholder meetings; and
- A move to Whole Case Working where staff are responsible for processing each claim to resolution and providing a dedicated point of contact for farmers on all aspects of their claim.

The RPA is in the process of rationalising its inspection services – with the aim of reducing the number of separate inspectorates and multi-skilling staff on a range of cross-compliance tasks. The RPA inspectorate has launched an advice and guidance initiative to enhance customer understanding of regulations. This seeks to ensure that inspectors can address farmer queries during inspections or point farmers to the appropriate information source. Finally, the selection of farms for inspection for various aspects of the cross-compliance is undertaken at the same time and lists compared to encourage better co-ordination.

Section 4: Measuring Administrative Burdens

4.1 Overview

Purpose of the baseline measurement exercise

This Review is tasked, amongst other things, with quantifying the administrative burden placed on farming and the wider agri-food sector by DARD and DOE regulation. The approach adopted has been to identify and measure those the most burdensome regulations on the statute books at 31 December 2007.

The resulting baseline measurement aims to assist DARD and DOE to:

- Understand the scale of the administrative burden imposed by regulation;
- Support the preparation of simplification plans to reduce the administrative burden;
- Measure progress against the DARD Public Service Agreement (PSA) target to achieve a 25 per cent reduction in administrative burden by 2013 (with an interim target of 15 per cent by 2011); and,
- Integrate better regulation principles and practices into the policy-making function.

Approach

Initial thinking on the baseline exercise anticipated that the Administrative Burden Measurement Exercise undertaken in England by Defra during 2005 would provide most of the information required by DARD and DOE to estimate administrative burdens in Northern Ireland.

Defra utilised the benchmark Standard Cost Model (SCM) (previously developed by the Dutch Government and used by the European Commission, amongst others) to estimate the administrative burden that applied in England in 2005.

The Defra baseline outputs and detailed working papers have been useful to the Northern Ireland Project Team in a number of ways. The work demonstrated how regulations could be assessed using the SCM methodology and the Defra results provided a rank order of those regulations imposing the biggest burden. However, as work progressed on the Northern Ireland baseline it became apparent that obtaining robust results would require significant new work. This was due to differences in the way in which EU regulations had been implemented in Northern Ireland and England. This applied in the main to legislation that is the responsibility of DARD rather than the DOE. Livestock Identification, Registration and Movement is one area where this is particularly noticeable, while aspects of the Single Farm Payment Scheme also differ. The higher incidence of Brucellosis in cattle in Northern Ireland, compared with Great Britain, has a knock-on effect on the administrative burden created by the control programme. The time that had elapsed since the Defra exercise was undertaken was also a factor, as differences have emerged from revisions made to the regulatory framework in the intervening period.

As a result, the Project Team has had to scrutinise legislation, identify the administrative burden it creates, estimate the time and cost of compliance for business and agree these estimates with stakeholders. The process is covered in greater detail at Section 4.3. While devoting more time to the baseline exercise than was originally anticipated delayed project completion, the final product is more detailed and accurate baseline measurements of administrative burdens.

In relation to the great majority of the environmental regulations assessed, the SCM was applied in conjunction with 'population' data captured from the regulatory teams within NIEA. A 'straight read across' from the English regulations was possible in these cases when calculating administrative burdens. However, in the case of the Nitrates Action Programme Regulations and the Phosphorus (Use in Agriculture) Regulations this was not possible since the regulations are implemented differently in Northern Ireland.

4.2 The Standard Cost Model

Key concepts

The SCM was initially developed in the Netherlands and has been applied in Denmark and other EU Member States where experience demonstrates that SCM-based estimates can provide a useful framework within which to focus efforts to reduce administrative burdens

The key features of the model are:

- Consistent and simplified approach;
- Activity-based costing;
- Indicative estimates;
- Calculates costs for a normally efficient business; and
- Assumes full compliance with regulation.

The model measures the cost of the administrative activities that businesses are required to perform in order to comply with the information obligations that are imposed through central Government regulation.

Under the model, regulations are broken down into a range of components, thereby, facilitating a systematic approach to measuring the cost of the administrative activities using interviews with business and/or expert panels.

The SCM does not set out to achieve a statistically robust estimate of administrative costs, as this would require a huge sample size and incur disproportionate expense. Instead, the model offers a pragmatic approach to measurement that provides indicative data on the magnitude of the burdens thereby providing a starting point for setting reduction targets and highlighting the priority areas for simplification.

The ultimate aim of the SCM measurement is to provide a fit-for-purpose baseline of the administrative costs on business arising from central

government regulation. It is important to understand what this means and, in particular, how administrative costs relate to administrative burdens. The following paragraphs explain how costs are categorised for the purposes of analysis and where “administrative burden” – the focus of the baseline estimate – sits within the totality of regulatory costs.

“**Regulatory costs**” (often referred to colloquially as “red tape”) can be divided into two categories: “compliance costs” and “administrative costs”.

“**Compliance costs**” are the costs that business incurs to meet the policy objectives of Government regulations. Agricultural examples of compliance costs include the cost of building additional slurry storage capacity in order to meet the requirements of the Nitrates Action Programme, or retrofitting farm machinery to comply with Health and Safety legislation.

“**Administrative costs**”, on the other hand, are the costs incurred by businesses in complying with legislation by assimilating guidance and instruction and providing information to public authorities. They are the bureaucratic activities that businesses have to undertake to demonstrate to regulators that they are complying with legislation. These activities might include filling in forms, preparing for an inspection and accompanying the inspector, keeping records or reading guidance materials. Therefore, administrative costs are the cost of paperwork or other methods of demonstrating compliance with a regulation, rather than the full cost of compliance itself. For example, the cost of researching the requirements of the Nitrates Action Programme regarding nutrient management as opposed to the cost of building additional slurry storage capacity.

The “**administrative burden**” is that part of the administrative costs that businesses carry out purely because it is a regulatory requirement. In any business, a proportion of its administrative costs will arise from administrative activities necessary for normal good business practice. Such activities will be carried out in the absence of a legislative requirement to do so. For example, a stockman will keep a register of livestock on his farm for stock management

purposes in the absence of a legal requirement to do so. The SCM classifies these activities as “**business as usual**” (**BAU**). Where it is determined that BAU costs exist, they are quantified and deducted from the administrative costs. The purpose of removing BAU costs is to ensure that simplification initiatives are focused on the most appropriate activities. Removing obligations that businesses will undertake regardless of regulation will not reduce the administrative burden, whereas concentrating on activities that businesses complete solely because it is a legislative requirement to do so, is likely to lead to more significant cost reductions.

It is important to note that the model relies on deriving estimates of the standard cost of meeting information obligations for a “**normally efficient business**”, i.e. a business that handles its administrative activities neither better nor worse than may be reasonably expected.

The model also assumes **full compliance with a regulation**. The factor being captured is how many businesses are required to satisfy a particular rule and what costs these businesses typically incur in following that rule, not how many businesses actually observe a particular rule. The focus is on the potential burden that the Government imposes. Consequently, the administrative cost of rectifying errors made by the business by, for example, non-compliance with a rule, is not included in the baseline measurement.

In summary, the administrative burden is the administrative cost less business as usual cost for a competently run business.

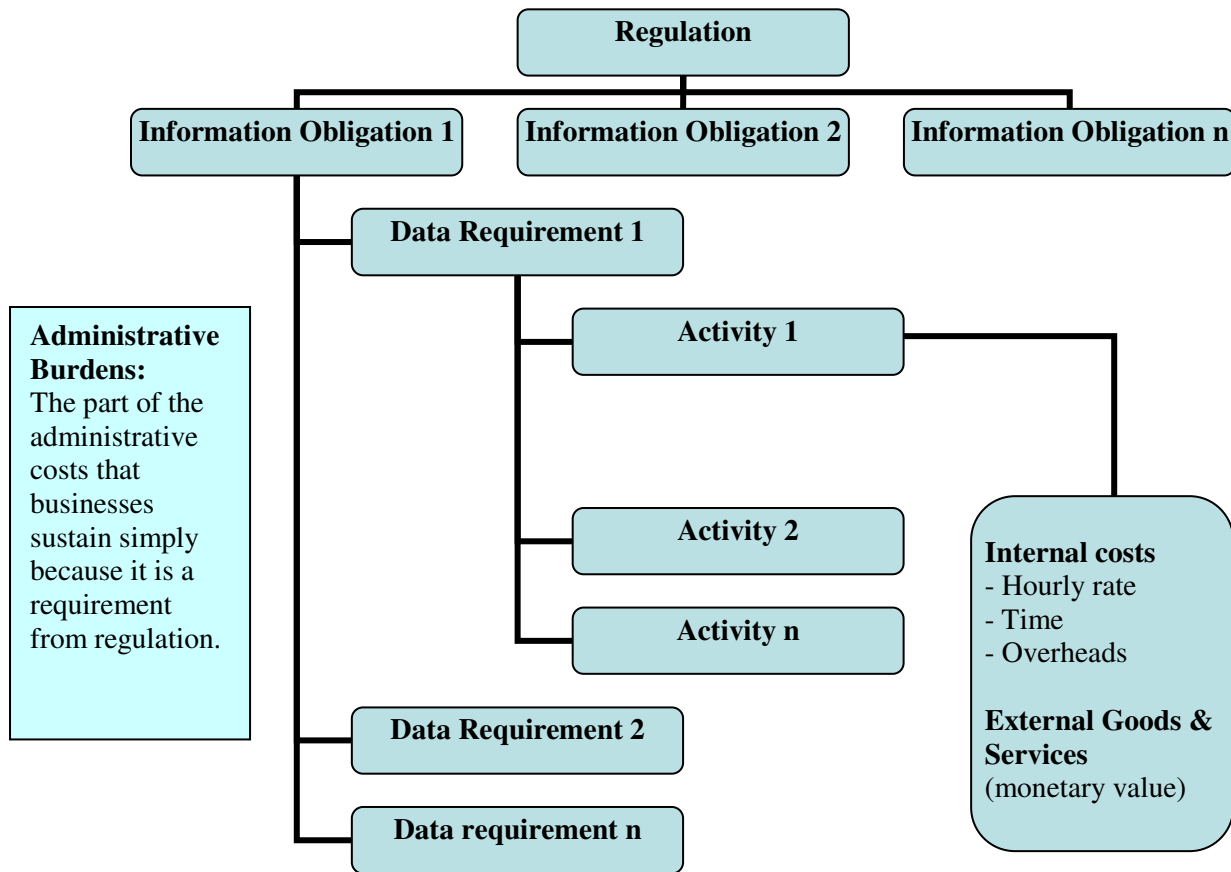
Structure

The SCM methodology breaks down regulations into a range of manageable components, the costs of which can be measured. These components form a data matrix comprising:

- Information Obligations;
- Data Requirements; and
- Administrative Activities

The diagram below shows how the components of a regulation fit together under the model.

Figure 4.1 Mapping Administrative Burdens



Source: Adapted from the Better Regulation Executive “Measuring Administrative Costs: UK Standard Cost Model Manual”

Key definitions

Regulation

Regulations are all requirements with legal force imposed by central Government including:

- Directly applicable EU Regulations;
- Directly applicable Acts of Parliament;
- Statutory Instruments;
- Statutory Rules;

- Codes of Practice with statutory force; and
- Guidance with statutory force

Information Obligations

Many regulations demand that businesses provide specific information to either Government or third parties. Each piece of information is referred to as an Information Obligation (IO).

An IO is a duty to procure or make available information to a public authority, as well as a duty to co-operate with the collection or preparation of information by others. For example, co-operating with an audit, visit or inspection. Put simply, it is an obligation that businesses cannot decline without coming into contact with the law or being ineligible for continued funding, grants and other applied for schemes. It includes the requirement to read guidance and amended rules, for example, rules which are updated annually. An IO does not necessarily mean that information has to be submitted to the public authority but includes a duty to have information available for inspection or supply on request.

Data Requirements

Each IO consists of a range of information or data that a business shall provide in order to be able to comply with the IO – these are the data requirements (DRs).

Administrative Activities

Each IO/DR will require a business to perform a variety of administrative activities and, possibly pay for the goods and services of other businesses. The SCM measures the costs of completing each of these activities.

Once an estimate of the cost associated with each underlying administrative activity has been obtained, the costs are simply added together for each DR, then each IO and finally each Regulation. Regulations are then grouped

according to policy area thereby enabling assessment of cost and simplification proposals by policy area.

4.3 The Baseline Measurement Process

This consists of a series of activities, specifically:

Stage 1 - Mapping the regulations

Stage 2 - Measuring the burdens

Stage 3 – Collating and presenting data

Stage 4 - Industry validation of the baseline measurement

Stage 1 - Mapping the regulations

Stage 1 involved the following activities:

- Identifying and agreeing the regulations within the scope of the baseline measurement;
- “Mapping” the regulations i.e breaking them down into their constituent parts so that the information and data that businesses are required to provide to Government could be identified and classified in accordance with the SCM; and
- Identifying and classifying the underlying activities that businesses have to perform to comply.

Regulations within the scope of the baseline measurement

The selection of the regulations within the scope of the Review has been influenced by Defra's 2007 study “Administrative burdens in European agriculture: an evidence base”.⁴² This is discussed more fully in Section 3 of this report.

The regulations within the scope of the baseline measurement have been classified into the following policy areas:

- Single Farm Payment and Cross-Compliance

⁴² www.defra.gov.uk/farm/policy/regulation/charge/pdf/admin-burdens-eu-ag.pdf

- Livestock Identification, Registration and Movement
- Welfare of Farmed Animals
- Nitrates Action Programme and Phosphorus Regulations
- Veterinary Medicines
- Animal Disease Control
- Animal Trade
- Pesticides
- Agri-environment Schemes
- Pollution Prevention and Control

The Regulations examined in respect of each regulatory area are listed at Annex G.

Mapping the regulations

The Review Project Team undertook the mapping process needed to deconstruct individual pieces of legislation and then assemble them in a format that made it possible to estimate administrative burden in a systematic way. This involved reviewing each regulation on a clause by clause basis, its explanatory notes, relevant circulars and guidance relating to the regulated area to identify the information obligations and data requirements that generate administration for business.

The IOs were then classified by reference to a pre-determined list of IO types defined in the SCM. These are:

- **Returns and reports:** This relates to returning and reporting information. Example: Submitting an agricultural census return or the annual sheep inventory.
- **Applications for permission for or exemption from:** This relates to all types of application for permission for or exemption from various activities.

Example: Applying for a licence to move a bovine that is subject to TB movement restriction.

- ***Applications for authorisation:*** This relates to applications for authorisation to carry out certain activities.
Example: Applying for an authorisation to move waste (spoil from excavation).

- ***Notification of activities:*** This relates to businesses having to notify the authorities of specific activities.
Example: Notifying DARD about the movement of an animal.

- ***Entry in a register:*** This relates to businesses having to be entered in a register or on a list for the first time.
Example: Registration on APHIS as a keeper of animals or registration as a farm business.

- ***Carrying out inspections:*** This relates to the business itself carrying out inspections of machinery and equipment that can represent a risk to health or the environment, or monitoring the conditions for employees. Inspections are normally carried out by certified organisations.
Example: The requirement for slaughterhouse operators to check that animals are properly identified and accompanied by the relevant documentation before acceptance into the slaughterhouse.

- ***Applications for subsidies or grants:*** This relates to the business applying for a subsidy.
Example: Applying for the Single Farm Payment.

- ***Keeping commercial emergency plans and programmes updated, etc:*** This relates to the business keeping those documents required by the authorities up to date.
Example: Keeping manuals and emergency plans such as Health & Safety at Work.

- ***Cooperating with audits/inspections:*** This relates to informing and assisting inspectors who carry out inspections or auditing work for a business, or who visit a business in connection with enforcement of a regulation.
Example: Assisting inspectors at TB or cross-compliance inspections.
- ***Statutory labelling for the third parties:*** This means, among other things, labelling products or installations with consumer information,
Example: Identification of animals.
- ***Providing statutory information for third parties:*** This relates to providing third parties with information (as distinct from labelling).
Example: Providing a business plan in support of a grant application.
- ***Framing complaints and appeals:*** This relates to submitting complaints about and (possibly later) appealing against a decision made by the authorities.
- ***Record keeping:*** This relates to recording information about the activities of a business.
Example: Keeping records relating to the movement of animals or use of veterinary medicines.
- ***Carrying documentation:*** This relates to ensuring that consignments are accompanied by the relevant documentation.
Example: Ensuring that movement documentation, health certificates etc accompany animals in transit.

Identification and classification of administrative activities

Having identified the IO/DRs, the next task was to identify and classify the underlying administrative activities that businesses have to undertake in order to comply with them. The SCM defines seven main classes of administrative activity as follows:

- ***Familiarisation with requirements:*** The resource consumption of businesses in connection with familiarising themselves with the rules for a given IO.
- ***Gathering and assessing relevant information/figures:*** Retrieving the relevant figures and information needed to comply with a given IO. Assessing which figures and information are necessary for the public authorities to accept the report.
- ***Preparing figures:*** Performing the relevant calculations needed for the public authorities to accept the report. Presenting the calculated figures in tables. Checking the calculated figures, for example, by reconciliation with other data. Correcting the figures if the business's own checks reveal errors in the calculations.
- ***Reporting:*** Preparing written descriptions, copying, filing, distributing or submitting information reports to the relevant authority.
- ***Making settlements or payments:*** Payment of tax, charges etc.
- ***Holding meetings:*** Meetings held internally between the various personnel groups involved in complying with the IO. Meetings held in cases where compliance with the IO requires meetings with an auditor, lawyer etc.
- ***Inspections by public authorities:*** Assisting external inspectors when they carry out their inspection at the business. If the external inspection identifies administrative faults/defects, corrections are made afterwards.

Once the mapping was complete, the relevant policy branches reviewed the regulations to validate that all relevant IO/DRs had been properly identified.

Stage 2 – Measuring the burdens

Stage 2 involved collecting and collating the data needed to calculate the total administrative costs and administrative burdens resulting from each requirement identified at Stage 1.

The SCM calculates the costs incurred by a “normally efficient business” in meeting each IO/DR by measuring the key factors summarised in Table 4.1.

Table 4.1 Key factors in measuring administrative burdens

Internal cost parameters	
Time	The number of hours that it takes a business to perform an administrative activity.
Price	The gross hourly wage rate of the person(s) most likely to perform the administrative activity plus a 30 per cent overhead to cover the costs of accommodation, office materials, depreciation of equipment.
External cost parameters	
Price	The monetary value of: <ul style="list-style-type: none"> • professional services required by the business to carry out an administrative activity (e.g. hire of a consultant or land agent services) • goods required by the business to carry out an administrative activity (e.g. cost of postage, stationery or specialised equipment)
Quantity parameters	
Population	The number of businesses affected by an IO/DR.
Frequency	The number of times per annum that a business is required to deliver a IO/DR.

The administrative cost of meeting an IO is calculated by multiplying the price (the unit cost) by the quantity. The price of meeting an IO is the total cost to a business of completing the activities (i.e. internal costs plus external costs).

The quantity is a sum of the population of businesses who need to meet an IO multiplied by how frequently the IO needs to be met.

$$\text{Administrative cost} = \text{Quantity} \times \text{Price}$$
$$= (\text{population} \times \text{frequency}) \times (\text{internal cost} + \text{external cost})$$

The administrative burden associated with an IO is the administrative cost minus any “business as usual” cost.

$$\text{Administrative burden} = (\text{Administrative cost}) \times (\text{non-BAU \%})$$

The approach to data capture

The data capture exercise was taken forward by departmental working groups comprising staff with appropriate knowledge and experience of both policy and implementation arrangements.

The working groups were asked to describe the administrative processes that businesses have to undertake to meet the requirements of each IO and estimate the time required to carry out those activities. Additional fees and charges were also identified. The groups were also asked to estimate the proportion of these processes that, in the absence of Government regulation, businesses would undertake for normal good business practice i.e activities that would be classified as “business as usual”. Finally, the departmental working groups were asked to provide details regarding the availability of e-Government solutions and how extensively these were used.

The approach to estimating “business as usual” (BAU)

As indicated above BAU is any activity a business would carry out regardless of the existence of an IO. For example, an IO requires that a business must keep a record of its accounts. In reality, the business will keep financial accounts regardless of the legal requirement to do so.

For each individual IO, the working group was asked to estimate the percentage of the administrative cost that consists of activities that a business

would carry out regardless of the legal requirement. This figure was subtracted from the administrative cost of the IO to arrive at an estimate for the administrative burden.

The approach to segmentation

It was considered necessary to record costs by conventional and alternative e-Government solution. The measurement for both options was carried out in a consistent manner, thereby illustrating the effect of an electronic initiative by comparing the time required with that of the manual process.

Firms of different sizes face different resource and cost constraints. A regulatory change may be substantially less significant in its impact on a larger business with resources dedicated to dealing with such changes when compared with a small business where coping with change means diverting resources from other activities and incurring unplanned costs.

In the case of estimating the administrative burden of Pollution Prevention and Control Regulations on the agri-food sector, the SCM was applied to larger scale agri-food processing facilities with a separate SCM applied to intensive farms. In this latter case data was gathered through discussions with 21 permitted farms.

Wage rates

To facilitate comparison with work done in the United Kingdom, the Review applied the hourly wage rates used by Defra in its administrative burden measurement exercise. These hourly rates are based on data from the Annual Survey of Hours and Earnings (ASHE) collected by the Office for National Statistics (see Table 4.2).

Table 4.2 Table of hourly wage rates

Category	Wage rate (£ per hour)	Occupational groups included	Occupational codes (as per ASHE)
Owner/family member	16.23	The ASHE survey does not distinguish Owners/Family Members, therefore the average rate for senior managers has been used.	
Directors	46.04	Directors and Chief Executives of major organisations	1112
Senior managers	16.23	Production managers; Functional managers; Quality and customer care managers; Financial institutional and office managers; Managers in distribution, storage and retailing; and Managers and proprietors in agriculture and services.	112-116,12
Other managers	16.23	ASHE does not distinguish between Senior Managers and Managers so the same rate as Senior Managers is used. Trustees have been included in this category.	
Internal professionals (e.g. lawyers, accountants, teachers)	18.00	Professional occupations (includes Science and Technology, Engineering, Health, Teaching and Research, Legal, Business and Statistical).	2
Technicians/officers (e.g. nurses, building inspectors, estate agents)	12.70	Associate professional and technical occupations	3
Administrative and clerical staff	8.28	Administrative and secretarial occupations	4
Skilled/unskilled trades	7.27	Skilled trades occupations.	5,9
Other (as specified)	9.48	Personal service occupations; Sales and customer service occupations; Process, plant and machine operatives; and Volunteers.	6,7,8

Stage 3 – Collating and Presenting Data

Developing a database

As each regulation was mapped and developed, the relevant data were input onto a database. Each database holds the agreed baseline value for the administrative burden associated with a particular regulation at 31 December 2007 and provides a repository of information summarising how the calculation was made.

The database provides three levels of detail:

Level 1 Metadata:

This contains the following high level summary information:

- Name and short description of the Regulation(s);
- The total administrative burden (£m); and
- The total man hours associated with the administrative burden.

Level 2 Main Data:

This sets out the calculation of the administrative costs and administrative burdens at Data Requirement level.

Level 3 Supplementary Data:

This describes and classifies the administrative activities associated with each Data Requirement.

A technical summary of the information contained in Levels 2 and 3 is provided at Annex B.

The results of the various baseline measurements are summarised and presented in Sections 5 to 14 of this report. An overview summary is included in Section 16. The complete baseline measurement accompanies this report in electronic format.

Stage 4 – Industry Validation of the Baseline Measurement.

Baseline measurement was conducted in close collaboration with stakeholders through the Project Board and by direct engagement. Stakeholders were asked to quality assure the draft baseline measurements, thereby ensuring that all perspectives were taken into account. To assist stakeholders the Project Team organised a seminar to explain the methodology used in the baseline measurement exercise and the role stakeholders were asked to play.

As initial baseline measurements were completed for each policy area, they were issued to the stakeholder organisations listed at Annex D. Stakeholders were asked to provide comment on the accuracy of the baseline estimates and to offer suggestions for simplification. Comments on the completeness and accuracy of the baseline measurements were subsequently discussed with officials and, where appropriate, adjustments made. Amended baselines were then reissued to stakeholders. Most baselines were agreed after one round of consultation and remaining baselines were agreed after further deliberation.

4.4 Further Uses for Administrative Burden Baseline Measurements

The baselines provide an agreed and robust starting point for assessing the impact of simplification recommendations made by this Review, or arising from subsequent better regulation proposals. They also provide a useful reference source for anyone required to estimate administrative burdens, for example, as part of a RIA exercise. Finally, baselines for regulations that DARD are responsible for will be used to assess progress on the Department's commitment to reduce administrative burdens by 25 per cent by 2013, with an interim target of 15 per cent by 2011.

Section 5: Administrative Burdens, Findings and Simplification Proposals: Animal Disease Control

5.0 Overview

Sections 5 to 14 of this document report in summary form the results of the baseline assessment exercise quantifying the administrative burdens created by DARD and DOE regulations across ten policy areas. As explained in Section 4, this work involved detailed scrutiny of individual regulations and measurement of administrative burdens using the Standard Cost Model methodology. Full details of how administrative burdens have been estimated are provided separately in electronic format. To help assess where simplification may be possible, the most important elements are identified from three standpoints:

- information obligation type
- business perspective
- unit cost

Following this analysis matters of interest are discussed from a better regulation perspective. Finally, the Panel's recommendations on each issue are set out. Annex A brings all the recommendations in Sections 5 to 14, plus those from Section 15 dealing with policy development and better regulation structures, together in a single list.

5.1. Animal Disease Control: Tuberculosis (TB) Control Programme

5.1.1. Background

The following legislation was reviewed:

- European Council Directive 64/432/EC (as amended);
- The Tuberculosis Control Order (Northern Ireland) 1999 (as amended); and
- The Tuberculosis (Examination and Testing) Scheme Order (Northern Ireland) 1999

The overall aim on TB is, through industry and Government partnership, to move towards the eradication of TB in the most cost-effective way and in a realistic timeframe. Since 2002, there has been clear evidence of a significant decline in the incidence of TB throughout Northern Ireland. The herd incidence peaked in 2002 at 9.93 per cent and was 5.49 per cent as at the end of February 2009. Whilst over recent months there has been a leveling off in the downward trend in TB, and even a slight increase, it is too early to say if this will be a sustained change in the direction of the trend.

The key elements of the Northern Ireland TB Control Programme

The TB Programme is the means by which DARD controls TB in Northern Ireland. The programme consists of the following elements:

- TB testing of all herds in Northern Ireland on an annual basis;
- Valuation, removal and slaughter of reactor and in-contact animals;
- Abattoir surveillance, of all cattle carcasses, for the presence of tuberculosis lesions;
- Increased frequency of TB testing for individual animals and herds where there is considered to be an increased risk of disease e.g lateral risk testing;
- Severe interpretation of the tuberculin test in some cases;
- Post mortem examination, including histology and/or bacteriology, to confirm disease;

- Movement restrictions on herds and/or animals where the presence of disease is suspected or established, until disease free status is re-established;
- Forward and backward tracing of animals from breakdown herds and associated risk testing;
- Investigation of confirmed breakdown herds by a Veterinary Officer;
- Establishment and maintenance of a real time computerised animal identification and movement recording system; and
- Financial compensation to the owners of reactor or in-contact animals.

The TB Programme is based on the requirements of EC Directive 64/432 (governing animal health problems affecting intra-community trade) in so far as it stipulates the tuberculosis testing requirements for trade. The Directive stipulates that a bovine herd is officially Tuberculosis-free (OTF) where:

- All animals are free from clinical signs of TB;
- All animals on the holding (with the exception of calves under six weeks old and which were born on the holding) are subject to routine tuberculin testing at yearly intervals; and
- All animals over six weeks old have reacted negatively to at least two official intradermal tuberculin tests – the first six months after the elimination of any infection from the herd and the second six months later or, where the herd has been assembled solely from animals that originate on OTF herds, the first test shall be carried out at least 60 days after the assembly and the second shall not be required.

The OTF status is withdrawn from a herd if the presence of TB is confirmed by the isolation of *M. bovis* on laboratory examination. DARD may also withdraw status if: (a) the conditions detailed of OTF are no longer fulfilled; (b) classical lesions of tuberculosis are seen at post-mortem examination; (c) an epidemiological enquiry establishes the likelihood of infection; or (d) or for any other reasons considered necessary for the purpose of controlling bovine tuberculosis. The OTF status of a herd is to remain withdrawn until cleansing and disinfection of premises and utensils has been completed and all animals

have reacted negatively to at least two consecutive tuberculin tests – the first no less than 60 days and the second no less than four months and no greater than 12 months after the removal of the last positive reactor. This is the basis of the current 60 day test interval for reactor herds.

Criteria for OTF status

A Member State may be declared TB free if the percentage of bovine herds confirmed as infected with TB has not exceeded 0.1 per year of all herds for six consecutive years and at least 99.9 per cent of herds have achieved OTF status each year for six consecutive years (Annex A 4(a) Council Directive 64/432/EEC).

Northern Ireland herd incidence is currently 5.49 per cent and does not meet the EU criteria for OTF status. Due to the herd incidence in Northern Ireland, in line with the guidance laid out in the Directive, all herds in Northern Ireland must be tested annually.

The TB Control Programmes in the Republic of Ireland and Great Britain

The TB programmes in Northern Ireland and Republic of Ireland are largely aligned. The main differences between them are the way the programmes are financed, including compensation arrangements, and that the Republic of Ireland operate a badger intervention policy in circumstances where badgers are identified as a probable cause in breakdown herds. TB incidence rates in Northern Ireland and Republic of Ireland are broadly similar, though the statistics are not directly comparable. In the Republic of Ireland there is evidence that TB levels in cattle have levelled off, or even increased in some areas, despite the badger intervention policy.

The TB programme in Great Britain, like Northern Ireland, is based around testing, movement restrictions and slaughter. However, unlike Northern Ireland, where all herds are tested annually due to disease levels across Northern Ireland, in Great Britain herds are tested at either one, two, three or four yearly intervals, according to the incidence of TB in the parish concerned. In Great Britain pre-movement testing is undertaken for cattle moving out of one and two yearly tested herds. The control programme is paid for by Government with industry paying for the TB pre-movement testing element.

Great Britain, Northern Ireland and the Republic of Ireland, all use the single comparative intradermal test for routine live surveillance.

Recent developments

There is a key goal in the Northern Ireland Executive Programme for Government to reduce by 27 per cent the herd incidence of TB by 2011. On 9 December 2008, the Minister announced a new strategy for dealing with TB in Northern Ireland. The overall aim is, through industry and Government partnership, to move towards the eradication of TB in the most cost-effective way and in a realistic timeframe.

The strategy addresses three key strands:

- Robust partnership between Government and industry;
- Controlling the spread of TB between cattle, and
- Addressing the wildlife factor.

The Strategy is based on the conclusions of the work of the TB Core Stakeholder Working Group, which includes farming industry representatives and Private Veterinary Practitioners (PVPs), and is an agreed joint industry/Government approach on TB. The next steps are to work with key stakeholders to develop the strategy in further detail. Actions in the first phase will be focused on delivering two shared industry/Government goals – maintaining trade, and producing more effective and efficient ways of reducing transmission of TB cattle to cattle and between wildlife and cattle.

Among the early actions in phase one of the strategy are:

- Continuing to maximise the effectiveness of delivery of the TB programme;
- Progressing plans for a case control study in a TB high incidence area of Northern Ireland, with a view to assessing what differences there are between herds that are infected and herds that remain free of disease;
- Undertaking surveillance in wild deer;
- Progressing plans for a badger prevalence study;

- Developing plans for a badger removal trial; and
- Continuing to explore how best DARD can contribute to the development of a vaccine for badgers.

Actions will be subject to the agreement of the DOE Minister where necessary, and to a business case and bids for the additional funding that will be required.

Other issues

The Northern Ireland Audit Office (NIAO) published its Report on The Control of Bovine Tuberculosis in Northern Ireland on 18 March 2009. The Report examined the progress that has been made on the control of bovine TB following the last examination carried out by the Public Accounts Committee (PAC) at Westminster in 1993-94. The main focus of the NIAO report is the period from 1994 to 2006.

The NIAO report was placed before the Northern Ireland Assembly PAC at the end of March 2009. DARD will ensure that full account is taken of the NIAO recommendations and the PAC's recommendations as DARD continues to develop the TB strategy.

5.1.2. Analyses of the Administrative Burden

The total administrative cost to farm businesses of DARD's TB Control Programme is £8.644m - all of which is considered to be an administrative burden.

It should be noted that the introduction in 2008 of the '15 month rule', whereby animals that have missed annual tests due to movement between herds are restricted on-farm (except for moves to slaughter), has added to this burden. This was not quantified as part of the baseline exercise, which measured the administrative burden generated by the regulatory requirements as at 31 December 2007.

Administrative burden by Information Obligation (IO) type

Table 5.1 below illustrates the administrative burden by IO type, starting with the highest percentage.

Table 5.1 - Administrative burden by Information Obligation type

Information Obligation Type	Admin Burden (£m)	% of Admin Burden
Cooperating with audits and inspections	8.641	100
Applications for permissions for or exemptions from	0.003	0
Totals	8.644	100

One IO type “cooperating with audits and inspections” accounts for the entire administrative burden. Of this:

- £8.171m (94.6 per cent) is generated by the requirement to assist veterinarians at TB herd level tests;
- £270k (3.1 per cent) is generated by the requirement to assist veterinarians at individual animal tests;
- £101k (1.2 per cent) is generated by the requirement to assist Valuation Officers at inspections to determine the market value of animals destined for compulsory slaughter and arrange removal of the animals to slaughter.
- £63k (0.7 per cent) is generated by the requirement to comply with an epidemiological investigation of breakdown herds by DARD Veterinary Service;
- £25k (0.3 per cent) is generated by the requirement to demonstrate compliance with the requirement to thoroughly cleanse and disinfect premises and equipment at the end of a TB breakdown; and
- £10k (0.1 per cent) is generated by the requirement to read and sign form BT23 when the test result is inconclusive.

Administrative burden from a business perspective

This section categorises administrative burdens so that they correspond with tasks and processes performed by businesses. Table 5.2 illustrates the main practical administrative tasks arising from DARD's TB Control Programme.

Three tasks, which collectively, account for 94.5 per cent of the total administrative burden are examined in greater detail below.

Table 5.2 – Main administrative tasks placed on business

Administrative Tasks	Admin Burden (£m)	% of Admin Burden
Preparation for and providing assistance at herd tests carried out during the housed period*	5.493	63.6
Preparation for and providing assistance at herd tests carried out on beef herds during the grazing period **	2.319	26.8
Preparation for and providing assistance at herd tests carried out on dairy herds during the grazing period**	0.358	4.1
Other minor tasks	0.474	5.5
Totals	8.644	100

*between 1 October and 30 April

** between 1 May and 30 September

In all three herd test scenarios the administrative burden arises from two key administrative activities. These are:

- (i) The time required to gather the herd in advance of the test and disperse it on completion of the test (accounts for 45.1 per cent of the total hours); and
- (ii) The time required to assist the veterinarian while he checks the identification of the animals and administers the test (accounts for 54.9 per cent of the total hours).

Table 5.3 shows the following for each herd test scenario: (i) the time and unit cost of performing each of the administrative activities; and (ii) the total number of tests carried out in 2007.

Table 5.3 Time and unit cost per administrative activity per test scenario; and total number of tests per annum per test scenario.

Administrative activity	Herd test (two visits) conducted during the “housed period”	Herd test (two visits) conducted during the “grazing period” on beef herds	Herd test (two visits) conducted during the “grazing period” on dairy herds*
Time required to gather and disperse stock	5 hours (3 hours per farmer + 2 hours per helper)	11 hours (6 hours per farmer + 5 hours per helper)	7 hours (4 hours per farmer + 3 hours per helper)
Time required to assist the veterinarian during the test	10 hours (5 hours per farmer + 5 hours per helper)	9 hours (4.5 hours per farmer + 4.5 hours per helper)	9 hours (4.5 hours per farmer + 4.5 hours per helper)
Total time per test	15 hours	20 hours	16 hours
Unit Cost per test	£239	£316	£255
Number of tests completed in 2007** (% of total tests)	22,969 (71%)	7,901 (25%)	1,401 (4%)

* Dairy herd is defined as: Herds with a Dairy Supplier Number and/or Milk Licence Number recorded on APHIS and currently have dairy cows in the herd. A dairy cow is defined as a female > 2 years old and of a dairy breed.

** This is the combined total of routine annual herd tests (23,538) and risk tests (8,733).

As can be seen from Table 5.3 tests carried out on beef herds during the grazing period are the most time consuming (20 hours per test), while tests conducted during the housed period are the least time consuming (15 hours

per test). The difference is due to the extra resource needed to gather and disperse stock during the grazing period (11 hours during the grazing period compared with 5 hours during the housed period).

Of the 32,271 herd tests carried out in 2007, 71 per cent (22,969 tests) were carried out during the period when cattle were housed; and 29 per cent (9,302 tests) were carried out during the period when cattle were put out to grazing.

Of the 9302 tests carried out during the grazing season 84.9 per cent (7,901 tests) were carried out on beef herds; and 15.1 per cent (1,401 tests) were carried out on dairy herds. In the case of tests carried out on dairy herds during the grazing period, less resource is needed to gather and disperse the stock than is required for beef herds. This is because the dairy herd (with the exception of dry stock) will be tested when the cows are brought in for milking. It is estimated that the time required for gathering dairy stock is 60 per cent of that required for beef stock.

To minimise the burden on herd keepers DARD aims to carry out the bulk of its annual testing programme during the period when cattle are housed. In 2007, 71 per cent of all herd tests (i.e annual and risk herd test) were carried out during the housed period. However, as risk tests are disease driven the opportunity to plan for these tests is limited. Looking at the annual herd testing programme in isolation, 76 per cent of tests were completed during the housed period.

The time required for a veterinarian to perform the test is estimated at 4 minutes per animal (i.e 2 minutes to check identification, clip and inject the animal at the first stage of the test; and 2 minutes to check identification, check for reaction to the skin test and record findings at the second stage of the test). The average herd size tested during the housed period is 75 compared to 68 during the grazing period.

Administrative burden disaggregated by unit cost

Table 5.4 ranks the administrative data requirements by unit cost.

Table 5.4 - Data Requirements ranked by unit cost

Data requirement	Admin Burden (£m)	Unit Cost (£)	Number of businesses affected
Preparation for and providing assistance at herd tests carried out on beef herds during the grazing period*	2.319	316	7,901 tests
Preparation for and providing assistance at herd tests carried out on dairy herds during the grazing period*	0.358	255	1,401 tests
Preparation for and providing assistance at herd tests carried out during the housed period**	5.493	239	22,969 tests
Appealing the market valuation of an animal destined for compulsory slaughter	0.0003	132	2 appeals
Providing information to DARD Veterinary staff at an epidemiological investigation of a breakdown herd	0.063	53	1,200 reactor herds.

* the grazing period runs between 1 May and 30 September

** the housed period runs between 1 October and 30 April

Preparing for and providing assistance at herd tests

As indicated at Table 5.4 the activities with the highest unit cost are those associated with herd level testing. Two key factors impact on the cost of the test i.e timing and whether the herd is a dairy or beef herd. Herd tests carried out on beef herds during the grazing period incur the greatest cost due primarily to the extra time required to gather the stock from neighbouring fields and out lying farms for testing. The differential between herd tests carried out on dairy herds during the grazing period and tests carried out on all herd types during the housed period is marginal.

Appealing the market valuation of an animal destined for compulsory slaughter

The relatively high administrative burden associated with the process of appealing the market valuation of an animal is due to high external costs. Of the £132 per appeal, £100 is the fee payable to DARD. However, the population affected is extremely small – only two appeals were lodged in 2007.

Providing information to DARD veterinary staff at an epidemiological investigation of a breakdown herd

DARD veterinary staff conduct an epidemiological investigation of every rector breakdown herd. The herd keeper is required to answer questions about contiguous herds and arrangements for sharing housing, machinery and equipment. The time resource per investigation is estimated at 2 hours 30 minutes.

5.1.3. Matters of Note and Recommendations

TB Status

The current regime of annual surveillance herd tests, 'at risk' herd tests and single animal tests is necessary because of the relatively high incidence of bovine TB in Northern Ireland. The Panel is keen to minimise the red tape that this puts on farmers, but recognises that achieving substantial reductions in administrative burdens depends, first and foremost, on reducing the incidence of TB in cattle so that disease free status can be secured. While progress has been made by DARD in reducing the incidence of TB since its peak in 2002, current disease levels do not yet permit less frequent testing arrangements. DARD has acknowledged that TB eradication is some way off and that success will depend amongst other things on closer collaboration with the livestock industry. Other initiatives are listed in 'Recent Developments' above. Whatever the policy or the timeframe envisaged, the Panel believes that measurement of the administrative burden placed on farmers introduces an additional element to be considered as part of any future strategy.

Recommendation 1

That DARD should consider and quantify the administrative burden placed on herd keepers by different policy options and control measures as part of any future strategy on TB policy.

TB tests

A number of issues were brought to the attention of the Panel. Stakeholders were keen to exploit opportunities to minimise the number of occasions when herds are subject to tests and statutory visits. As mustering and dispersal of cattle can be labour intensive and time consuming, stakeholders believed that whenever possible tests should be done during the housed period. In addition, it was suggested that checks performed during herd tests should be used to satisfy as many additional statutory purposes as are applicable. Finally, as beef cattle farms are predominately managed on a part-time basis, stakeholders were anxious to see greater flexibility in scheduling tests, in recognition of the difficulties some part-time farmers face in facilitating tests conducted during weekday business hours.

Scheduling TB tests

In responding to these points the Panel first investigated the proportion of herd tests that were conducted during the housed period. The time required for herd tests conducted in the housed period is shorter than those undertaken during the grazing period, leading to lower administrative burdens for farmers. As reported in the summary analysis above, 71 per cent of all herd tests in 2007 and 76 per cent of annual surveillance tests were carried out during the housed period. Of the surveillance herd tests conducted during the grazing season, 85 per cent were for beef herds. As these tests are arranged, in the main, between PVPs and their client herd keepers, the Panel concludes that the current balance between TB surveillance tests conducted during the housed and grazing period is reasonably efficient and reflects farmer preferences on the issue.

As TB and Brucellosis surveillance tests must both be conducted annually, combining these activities avoids considerable duplication of effort. However,

Brucellosis tests are conducted by DARD Animal Health and Welfare Inspectors, rather than PVPs, so advance planning is required to ensure a coordinated effort. On investigation, the Panel found that 81 per cent of surveillance tests were synchronised in 2007, with little difference in the level of coordination between tests conducted during the housed and grazing periods. The Panel concludes that the current level of synchronisation is good, but could be improved to exceed 95 per cent, as happens in Great Britain and the Republic of Ireland. TB tests on herds of less than 20 animals in Northern Ireland are not routinely synchronised with Brucellosis tests. As approximately 3,000 farms have herds in this group, a considerable number of farmers could benefit from reducing or eliminating the threshold for combined testing.

Based on evidence from DARD statistical surveys, approximately 30 per cent of 'Beef and Sheep' farmers in Northern Ireland are understood to spend the greater part of their working week engaged in off-farm activities. For this group in particular, scheduling TB tests can be problematic. While the Panel acknowledges that it is primarily for the herd keeper and PVP to arrange a date and time that is suitable to both parties for completing annual surveillance tests, a constraint arises if a TB test is to be combined with Brucellosis testing. Brucellosis tests are undertaken by DARD staff, thus limiting at least one of the test slots to a weekday, during business hours. If DARD vets are undertaking the TB test, then both the initial and follow-up visit must be conducted during business hours. In addition, securing time from work for re-testing inconclusive reactor animals is disproportionately burdensome, as this type of test is performed by DARD vets, and often involves only one animal. The Panel believe that allowing more flexible scheduling of annual Brucellosis surveillance tests (and by implication synchronised TB tests), as well as inconclusive TB reactor tests, would significantly benefit a proportion of beef farmers that currently have to take time off work to facilitate test requirements.

Recommendation 2

That DARD should eliminate herd size as a factor when deciding whether to synchronise annual TB and Brucellosis surveillance tests.

Recommendation 3

That DARD consider offering Brucellosis tests outside business hours on weekdays to accommodate synchronised TB and Brucellosis testing of beef herds operated on a part-time basis. Additional costs to be met by the herd keeper on the basis of a fixed scale of charges.

TB tests and cattle identification inspections

To satisfy the stringent requirements of EC Regulations on TB control, PVPs are required to check that all animals recorded on the Animal and Public Health Information System (APHIS) as belonging to a herd are present at TB tests. The PVP is required to check that the herd register is up to date and that documents for movements on and off the farm are in place. Details of any additional or missing stock must be noted. Likewise, discrepancies between the official record in the breed, sex and colour have to be recorded on form BT15 and returned to the relevant DARD Divisional Veterinary Office.

These checks mirror activities undertaken during Cattle Identification Inspection (CII) visits and the Panel considers that they should be allowed to stand in place of them. The quality of identification checks performed during TB tests, as part of arrangements to ensure that animal and public health are maintained, are at least as rigorous as those undertaken for other purposes. Requiring herd keepers to facilitate a CII visit in close proximity to a TB test is, in the opinion of the Panel, a duplication of effort and something to be avoided.

Recommendation 4

That DARD should work on the premise that, in principle, information checked during the TB test should not require further checking for CII purposes.

5. 2. Animal Disease Control: Brucellosis Control Programme

5.2.1. Background

The following legislation was reviewed:

- Council Directive 64/432/EEC (as amended);
- The Brucellosis Control Order (Northern Ireland), and;
- The Brucellosis (Examination and Testing) Scheme Order (Northern Ireland) 2004.

There is a key goal in the Northern Ireland Executive's Programme for Government 2008-2011 to reduce by 20 per cent the incidence of Brucellosis in cattle by 2011. There has been a significant decline in the incidence of the disease in Northern Ireland from its peak at the start of 2002 when the herd incidence reached 1.43 per cent. The trend remained downwards until 2006/07 when specific localised clusters halted improvement. Herd incidence at the end of February 2009 was 0.72 per cent.

The key elements of the Northern Ireland Brucellosis Control Programme

The Brucellosis Control Programme is based on the detection of diseased or high risk animals, compulsory removal of these animals for slaughter, removal of all in-contact animals (group or whole herd depopulation), and immediate restriction of all movements from or to infected herds. Generally whole herds are depopulated when infected animals are detected.

The Programme consists of:

- Routine annual blood testing of all breeding herds except herds comprised solely of dairy cattle in low incidence Divisional Veterinary Office areas i.e Ballymena, Coleraine, Dungannon, Larne, Londonderry, Newtownards and Omagh. Dairy herds in these areas are tested biennially, but also undergo monthly Bulk Milk ELISA testing;
- Pre-movement testing of females and bulls over 12 months of age;

- Testing of animals forward traced from outbreaks of the disease;
- Testing of herds identified by backward traces from outbreaks of disease;
- Testing of herds inner and outer ring to a breakdown herd;
- Movement restrictions on herds where the presence of disease is established, until disease free status is re-established;
- Valuation, removal and slaughter of infected and in-contact animals; and
- Financial compensation to the owners of infected and in-contact animals.

The minimum level of monitoring is laid down in Annex B of 64/432/EC and is dependent on the percentage of herds which can be considered to be free from the disease over a given supervisory period.

Criteria for Officially Brucellosis Free (OBF) status

Council Directive 64/432 states that a Member State or a region of a Member State may be declared OBF if it meets the following conditions:

- (a) No case of abortion due to brucella infection and no isolation of *B.abortus* has been recorded for at least three years and at least 99.8 per cent of herds have achieved OBF status each year for five consecutive years;
- (b) Each bovine animal is identified in accordance with Community legislation; and
- (c) Notification of cases of abortion is mandatory and they are investigated by the competent authority.

Northern Ireland currently does not meet the EU criteria for OBF status. Brucellosis is a very difficult disease to deal with, as infection can lie dormant for years and not be evident at testing.

The Control Programmes in the Republic of Ireland and Great Britain

The Control Programmes in the Republic of Ireland and Great Britain are based on the requirements of EC Directive 64/432 and are broadly similar. In

terms of the Brucellosis disease trend, Northern Ireland is about five years behind the Republic of Ireland where eradication is now a realistic possibility. The Department of Agriculture Fisheries and Food (DAFF) in the Republic of Ireland is applying to the European Commission later this year for OBF status. Based on the Brucellosis Control Programme in Northern Ireland, and the disease trend in the Republic of Ireland, DARD expects a similar trend to follow in Northern Ireland, assuming there are no further hotspot outbreaks.

Following a review of Brucellosis policy in Northern Ireland in 2002, DARD implemented a number of new measures such as annual testing and pre-movement testing that brought the two programmes into closer alignment. The main difference between Northern Ireland and Republic of Ireland is the way the programmes are financed, including compensation arrangements.

Great Britain is Brucellosis free and therefore, in line with the Council Directive, its testing arrangements have been reduced from April 2007. As Northern Ireland is not Brucellosis free it must continue to test annually as required by the Directive.

Recent developments

In Spring 2008, the DARD Minister announced a Brucellosis initiative with the purpose of dealing more effectively with bovine Brucellosis at all levels.

One major element of the initiative is to engage with the local farming community at grass roots level to discuss the essential elements of the brucellosis control programme and in doing so improve DARD – farmer communication. In March 2008, DARD held a series of farmers' meeting in areas of high brucellosis incidence, and from these meetings a number of local brucellosis liaison groups were set up. These groups have provided valuable feedback to DARD's Veterinary Service on a number of aspects of brucellosis control. There are five key elements to the initiative:

1. Detection of disease;
2. Prevention of spread;
3. Management Structures;

4. Communications and Publicity; and
5. Enforcement.

They include additional disease control actions that have been identified by DARD's veterinary assessment of the current disease situation in the high incidence areas. They also include two key over-arching actions that will drive and underpin the whole initiative, ie a new Brucellosis programme management structure within DARD and a communications strategy. Most of the recommendations will have an impact on farmers as well as DARD and this must be communicated effectively from the outset.

5.2.2. Analyses of the Administrative Burden

The total administrative cost to farm businesses of the Brucellosis Control Programme is £6.877m - all of which is considered to be an administrative burden.

Administrative burden by Information Obligation (IO) type

Table 5.5 below illustrates the administrative burden by IO type, starting with the highest percentage.

Table 5.5 - Administrative Burden by Information Obligation type

Information Obligation Type	Admin Burden (£m)	% of Admin Burden
Cooperating with audits and inspections	6.844	99.5
Applications for authorisations	0.018	0.3
Notification of activities	0.015	0.2
Framing complaints and appeals and application for permissions for / exemption from	0.0003	0
Totals	6.877	100

One IO type “cooperating with audits and inspections” accounts for 99.5 per cent of the administrative burden. Of this £6.844m:

- £3.47m (50.7 per cent) arises from the requirement to assist DARD staff at Brucellosis herd level tests;
- £2.655m (38.8 per cent) arises from the pre-movement testing requirements;
- £525k (7.7 per cent) arises from the requirement to assist DARD staff at individual animal tests (i.e. excluding pre-movement tests);
- £180k (2.6 per cent) arises from the requirements relating to valuation and removal of animals to slaughter; and
- £14.k (0.2 per cent) arises from epidemiological investigation and inspection of premises at the end of a breakdown prior to the lifting of movement restrictions.

Administrative burden from a business perspective

This section categorises administrative burdens so that they correspond with tasks and processes performed by businesses. Table 5.6 illustrates the main practical administrative tasks arising from DARD’s Brucellosis Control Programme. Three tasks, which collectively, account for 89 per cent of the total administrative burden are examined in greater detail below.

Table 5.6 – Main administrative tasks placed on business

Administrative Tasks	Admin Burden (£m)	% of Admin Burden
Pre-movement tests	2.655	38.6
Herd tests carried out during the housed period*	2.451	35.6
Herd tests carried out during the grazing period**	1.019	14.8
Individual animal tests	0.525	7.7
Other minor tasks	0.229	3.3
Totals	6.877	100

*Housed period operates between 1 October and 30 April

**Grazing period operates between 1 May and 30 September

Pre-movement testing

Pre-movement testing accounts for £2.655m (38.6 per cent) of the total administrative burden arising from the Brucellosis Control Programme. The tests are carried out on animals of one year old and over within 30 days of moving cattle to another herd, show, market or export. The tests are carried out by the keeper's PVP at the keeper's expense unless DARD has carried out a test within the 30-day period.

The unit cost per test is £60 of which £33 is the test fee. In 2007 a total of 44,421 tests were carried out on 170,446 animals (an average of 3.8 animals per test). The time resource required is estimated at 1 hour 30 minutes of which 1 hour is associated with gathering and dispersing stock, and 30 minutes is spent assisting the PVP to perform the test. The test fee comprises two elements – a charge for taking the blood sample (£4 per animal); and the PVP call out fee (£15-£20). DARD covers the cost of the laboratory analysis.

Herd tests

Annual surveillance herd tests and disease driven "risk" herd tests account for £3.47m (50.4 per cent) of the total administrative burden arising from the Brucellosis Control Programme.

For the purposes of the baseline measurement herd tests have been classified as follows:

- Stand alone herd tests during the housed period;
- Herd tests synchronised with the TB herd test during the housed period;
- Stand alone herd tests on beef herds during the grazing period;
- Stand alone herd tests on dairy herds during the grazing period; and
- Herd tests synchronised with the TB test during the grazing period.

In all herd tests scenarios the administrative burden arises from two key administrative activities. These are:

- (iii) The time required to gather the herd in advance of the test and disperse it on completion of the test (accounts for 28.6 per cent of the total hours); and
- (iv) The time required to physically assist the veterinarian while he checks the identification of the animals and administers the test (accounts for 71.4 per cent of the total hours).

Table 5.7 shows the following for each herd test scenario: (i) the time and unit cost of performing each of the administrative activities; and (ii) the total number of tests carried out in 2007.

Table 5.7 Time and unit cost per administrative activity per test scenario; and total number of tests per annum per test scenario.

Administrative activity	Stand alone herd test during the “housed period”	Herd test synchronised with the TB herd test during “housed period”	Stand alone herd test on beef herds during the “grazing period”	Stand alone herd test on dairy herds* during the “grazing period”	Herd test synchronised with the TB herd test during the “grazing period”
Time required to gather and disperse stock	3 hours (2 hours per farmer + 1 hour per helper)	Zero	7 hours (4 hours per farmer + 3 hours per helper)	5 hours (3 hours per farmer + 2 hours per helper)	Zero
Time required to assist the veterinarian during the test	9 hours (4.5 hours per farmer + 4.5 hours per helper)	8 hours (4 hours per farmer + 4 hours per helper)	7 hours 3.5 hours per farmer + 3.5 hours per helper)	7 hours (3.5 hours per farmer + 3.5 hours per helper)	6.5 hours (3.25 hours per farmer + 3.25 hours per helper)
Total time per test	12 hours	8 hours	14 hours	12 hours	6.5 hours
Unit Cost per test	£188	£123	£224	£188	£101
Number of tests completed in 2007 (% of total tests)	2,970 (12%)	15,365 (61%)	2,456 (10%)	394 (2%)	3,903 (15%)

* Dairy herd is defined as: Herds with a Dairy Supplier Number and/or Milk Licence Number recorded on APHIS and currently have dairy cows in the herd. A dairy cow is defined as a female > 2 years old and of a dairy breed.

As can be seen from Table 5.7 tests synchronised with TB herd tests are the least resource intensive. A typical test synchronised with a TB test during the grazing period took 6 hours 30 minutes compared to between 12-14 hours for

a stand alone test during the same period. As regards tests conducted during the housed period, those synchronised with the TB tests took 8 hours compared to 12 hours for a typical stand alone test. Coordination of the Brucellosis and TB herd tests results in significantly lower administrative burdens for the herd keeper as stock is already assembled for the TB test. The issue of synchronised testing is discussed more fully in Section 5.1 relating to the TB Control Programme.

The time required for the blood sampler to perform the test is estimated at 6 minutes per animal (i.e checking the identification of the animal against the details recorded on the test sheet prepared by DARD, taking and labelling the blood sample). The average herd size tested during the housed period is 44 compared to 36 during the grazing period.

Administrative burden disaggregated by unit cost

Table 5.8 ranks the administrative data requirements by unit cost.

Table 5.8 - Data Requirements ranked by unit cost

Data requirement	Admin Burden (£m)	Unit Cost (£)	Number of businesses affected
Stand alone herd tests carried out on beef herds during the grazing period*	0.551	224	2,456 tests
Stand alone herd tests carried out on dairy herds during the grazing period plus stand alone herd tests carried out during the housed period**	0.632	188	3,364 tests
Appealing the market valuation of animals destined for compulsory slaughter	0.0003	132	2 businesses
Herd tests carried out during the housed period and synchronised with the TB herd test	1.893	123	15,365 tests
Herd tests carried out during the grazing season and synchronised with the TB herd test.	0.393	101	3,903 tests
Epidemiological investigations of breakdown herds	0.009	63	150 businesses
Pre movement tests	2.655	60	44,421 tests

* Grazing period operates between 1 May and 31 September.

** Housed period operates between 1 October and 30 April.

Preparing for and providing assistance at herd tests

This is discussed under “Herd Tests” on page 95.

Appealing the market valuation of animals destined for compulsory slaughter

The relatively high administrative burden associated with the process of appealing the market valuation of an animal is due to high external costs. Of the £132 unit cost, £100 is the fee payable to DARD. However, the population affected is extremely small – only two appeals were lodged in 2007.

5.2.3 Matters of Note and Recommendations

As is the case for TB, the current Brucellosis testing regime is necessary because of the incidence level of the disease in Northern Ireland. While the Panel is keen to minimise the red tape that this puts on farmers, it recognises that achieving substantial reductions in administrative burdens depends, first and foremost, on reducing the incidence of Brucellosis in cattle to a level that requires less frequent monitoring.

While significant progress has been made in reducing the incidence of Brucellosis since its peak in 2002, the current herd incidence rate does not yet permit any relaxation in the current monitoring programme. Only after disease free status has been attained can less frequent testing arrangements be put in place, when biennial testing would be permitted. In pursuing the objective of official disease free status, experience gained by authorities in the Republic of Ireland in the eradication of Brucellosis might usefully inform DARD policy making. The fact that the Republic of Ireland is now in the position to claim Brucellosis free status some years ahead of Northern Ireland raises the issue of whether eradication policy measures have been operated more intensively there.

Recommendation 5

That DARD examine the factors which led to the successful eradication of Brucellosis in the Republic of Ireland with a view to adjusting, as appropriate, policy and operational practice in Northern Ireland in light of lessons learnt.

Brucellosis tests

Two key issues were brought to the attention of the Panel by stakeholders:

- (i) The need for better coordination of the TB and Brucellosis annual herd testing programmes; and
- (ii) The view that pre-movement testing is not cost effective.

The benefits arising from the coordination of TB and Brucellosis herd level testing programmes are discussed fully in Section 5.1 on the TB Control Programme.

Pre-movement testing

The 30-day compulsory pre-movement test generates an administrative burden on herd keepers of £2.65m annually (38.6 per cent of the total Brucellosis administrative burden).

Brucellosis pre-movement testing is a EU requirement which was introduced by DARD on 1 December 2004 as part of a range of new disease control measures arising out of the Brucellosis Policy Review 2002. Due to the current Brucellosis herd incidence level in Northern Ireland, a Brucellosis pre-movement test is required under EC Directive 64/432 for animal movements out of OBF herds. Eligible animals are required to be tested for Brucellosis in the 30 days prior to entering a herd.

Encouraging the reporting of abortions

The reporting of abortions is vital to the early detection of Brucellosis, as it is a clinical sign of the disease. The Panel notes that, as part of the Brucellosis initiative, a pilot scheme for the free collection of bovine aborted material operated between October 2008 and March 2009. The DARD Minister recently announced that during the operation of the scheme there had been a substantial increase in the number of abortions notified to the Department.

Recommendation 6

The Panel recommends that DARD continues to incentivise the reporting of abortions by providing either a free or partially subsidised service for the collection of aborted material.

Raising awareness of the disease

A key source of transmission of the disease from one farm to another is via people or equipment. PVPs have a key role to play in raising awareness of

the highly contagious nature of the disease and should advise their clients about cleaning and disinfection, buying in policies, importance of reporting abortions, and the pre-movement testing requirements.

Recommendation 7

That DARD takes steps to improve farmers' awareness of the dangers of Brucellosis contagion, perhaps by extending the terms of the PVP TB contract to cover provision of advice on farm bio-security.

5.3. Animal Disease Control: Transmissible Spongiform Encephalopathies (TSE)

5.3.1. Background

The following legislation was reviewed:

- The Transmissible Spongiform Encephalopathies Regulations (Northern Ireland) 2006

These Regulations enforce EU TSE Regulations relating to the prevention, control, and eradication of certain Transmissible Spongiform Encephalopathies such as Bovine Spongiform Encephalopathy (BSE) and Scrapie.

The Regulations provide for

- Approvals, authorisations, licences and registrations, and licensing of premises;
- Monitoring for TSEs in cattle, sheep and goats;
- Notification to DARD of fallen stock that must be tested for TSE to avail of the free collection and disposal service;
- A required method of operation for slaughterhouses slaughtering animals over 30 months of age for human consumption;
- Notification of suspect TSE animals to DARD;
- Restriction and slaughter of a suspect TSE animal;
- Control and eradication of TSEs in cattle, sheep and goats;
- Restrictions on feeding proteins to farm animals;
- Controls on production of and use of fishmeal for feeding to non-ruminants;
- Restrictions on the dispatch of bovine animals, meat or meat products from animals born or reared in the United Kingdom before 1 August 1996 to EU Member States or third countries; and

- Controls of specified risk material (SRM), mechanically recovered meat and slaughtering techniques (enforcement of SRM controls is the responsibility of the Food Standards Agency Northern Ireland).

5.3.2. Analyses of the Administrative Burden

The total administrative cost of the TSE Regulations is £0.829m, of which £0.820m (99 per cent) is considered to be an administrative burden.

Table 5.9 shows the breakdown of the administrative burden by information obligation type, starting with the highest percentage.

Table 5.9 - Administrative Burden by Information Obligation type

Information Obligation Type	Admin Burden (£m)	% of Admin Burden
Statutory labelling/documentation	0.665	81.1
Notification of activities	0.123	15
Keeping records	0.028	3.4
Co-operating with audits / inspections	0.003	0.37
Carrying documentation	0.001	0.12
Applications for authorisation	0.0001	0.01
Totals	0.820	100

The information obligation relating to “statutory labelling/documentation”, makes up 81 per cent the burden under these Regulations (£665k). It takes the form of an external service charge put on farmers presenting animals over 30 months (OTM) in 2007 at a slaughterhouse.

“Notification of activities” account for £123k (15 per cent) of the total administrative burden. The administrative task placed on businesses under this obligation is the requirement to notify DARD of a TSE suspect or fallen animal and arranging for an authorised contractor to collect a fallen animal. In the case of a TSE suspect animal, the farmer or a PVP notifies DARD of the

animal's details. In both cases the notification of the animal's details is made by telephone.

Table 5.10 shows the administrative data requirements ranked by unit cost.

Table 5.10 - Data Requirements ranked by unit cost

Data requirement	Admin Burden (£m)	Unit Cost (£)	Number of businesses affected
Records to be kept by feed manufacturers in respect of fishmeal	0.018	8,000	3
Records to be kept by registered premises in respect of fishmeal	0.09	443	28
Records to be kept by approved premises in respect of blood products and blood meal	0.0003	443	1
Slaughterhouses to have a required method of operation (RMOP) for slaughter of OTM animals	0.001	148	8
Applying for an authorisation to produce blood products and blood meal	0.0001	148	1
Inspection of fishmeal manufacturers premises, approved fishmeal premises and mills	0.003	74	37
Inspection of pet food plants	0.0006	32	19

The process of keeping records in respect of fishmeal manufacturers has the highest unit cost (£8,000). For the purpose of this exercise it is assumed that manufacturers will spend approximately 375 hours annually on record keeping. While this requirement accounts for 2.19 per cent of the total administrative burden, only a small number of businesses are affected in any year. Records kept by businesses producing fishmeal and businesses approved for the production of bloodmeal and related products also entail significant cost (£443). Only 29 premises are affected in Northern Ireland.

Other requirements generating high unit costs are: the requirement for slaughterhouses to have a required method of operation (RMOP) (£148), applying for authorisation to produce blood products and bloodmeal (£148), inspection of fishmeal premises (£74) and inspection of petfood plants (£32).

5.3.3. Matters of Note and Recommendations

Testing for BSE/TSE

The Panel notes that up until 31 December 2008, all healthy cattle slaughtered for human consumption aged over 30 months; all emergency slaughtered cattle and cattle with clinical signs at ante-mortem inspection aged over 24 months; and all fallen cattle aged over 24 months, were required to be tested for BSE. However, from 1 January 2009 the BSE testing age of cattle for human consumption has increased from 30 to over 48 months and the BSE testing age for fallen animals has increased from 24 to over 48 months.

The change in the testing age of cattle for human consumption is a significant relaxation in testing requirements, and reflects the reduced incidence of BSE infections in cattle.

In the 12 months to 31 December 2008 the number of cattle intended for human consumption that were TSE sampled at slaughterhouses was 95,000. This created to an administrative burden (in terms of an external service charge to farmers) of £665k (£7 levy per animal). It is expected that the change in the testing age will reduce the number of animals which need to be tested for TSE by 40,000 animals annually. This will reduce the operational burden on slaughterhouse operators and represents a total saving in the region of £280k per annum, to industry i.e. a saving of £7 per animal charged by slaughterhouses for TSE testing.

Following the increase in the testing age from 24 to over 48 months for fallen animals, DARD has stopped collecting all fallen bovine carcasses between 24 -

48 months under the current TSE Surveillance programme. DARD previously met the cost of collection, BSE testing and disposal of those fallen animals. Currently as the BSE testing of such carcasses is not an EU requirement; farmers have to arrange for collection and disposal of their 24-48 month bovines to an approved Animal By-Products rendering site, as they do for carcasses under 24 months of age. The associated additional collection and disposal costs will fall to farmers.

The Panel welcomes the fact that DARD has made £65,000 of financial assistance available under the National Fallen Stock Scheme (NFSC) in help farmers adjust to paying for the collection and disposal of fallen bovines from 24-48 months.

The Panel also welcomes the fact that the change in the TSE testing age for cattle will result in a 25 per cent reduction in the administrative burden under these Regulations.

New legislation

DARD has replaced the TSE Regulations (Northern Ireland) 2006 with the TSE Regulations (Northern Ireland) 2008 to provide a legal basis to allow implementation of the increase in the BSE testing age for cattle for human consumption and fallen cattle to over 48 months of age at death. This legislation came into effect in Northern Ireland on 1 January 2009.

TSE surveillance derogation

The Panel notes that, in conjunction with administrations in England and Scotland, DARD have provided information notifying the European Commission that Northern Ireland wishes to avail of the TSE surveillance derogation in two remote island areas. This will mean that collection of fallen cattle for BSE testing from Rathlin Island and the Copeland Islands will no longer be required or provided by the Department. In practice there are only cattle on Rathlin Island (no cattle are kept on the Copeland Islands) but this derogation will withdraw the legal requirement for herd owners to notify eligible fallen bovines for collection and BSE testing. Responsibility for proper

disposal of the carcase will rest with the herd owner. The Panel notes that this derogation has since been approved by the European Commission and will be incorporated in a future amendment to the TSE Regulations (Northern Ireland) 2008.

No representations for simplification were made to the Panel by stakeholders on this regulation.

5.4. Animal Disease Control: Animal By-Products

5.4.1. Background

The following legislation was reviewed:

- Animal By-Products Regulations (Northern Ireland) 2003

The Animal By-Products Regulations make provision in Northern Ireland for the administration and enforcement of European legislation laying down health rules concerning animal by-products not intended for human consumption. They also control the burying and burning of animal by-products and the transport and disposal of waste foodstuffs.

5.4.2. Analyses of the Administrative Burden

The total administrative cost to the farmer of the Animal By-Products Regulations was £0.340m – of which £0.329 (97 per cent) was considered to be an administrative burden. Table 5.11 shows the breakdown of the administrative burden.

Table 5.11 - Administrative burden by Information Obligation type

Information Obligation Type	Admin Burden (£m)	% of Admin Burden
Keeping records	0.273	83
Application for authorisation	0.040	12
Statutory labelling for third parties	0.016	5
Totals	0.329	100

The IO relating to “record keeping” accounts for £273k (83 per cent) of the total administrative burden. These are records kept by incineration plants, compost plants, intermediate plants (wool, fallen animals, hides) storage plants, rendering plants, pet food plants, farms, collectors of fallen stock, slaughterhouses, cutting premises, milk processing premises, fish farms, fish

factories, and egg processing premises. There are wide range of administrative tasks for businesses associated with this IO. These relate to the operational requirements such as: reading guidance and maintaining knowledge of the legislative requirements, complying with approval conditions, keeping commercial documents, recording details of material incinerated and where appropriate, recording temperatures of burn cycles, cleansing and disinfection and sampling, monitoring and updating the Hazard Analysis and Critical Control Points (HACCP) system, labelling containers, and lorries.

Two other IO types identified are “application for authorisation” which account for £40k (12 per cent) of the administrative burden and “statutory labelling for third parties“, which accounts for £16k (5 per cent) of the administrative burden. Table 5.12 shows ranks the administrative data requirements by unit cost.

Table 5.12 - Data Requirements ranked by unit cost

Data requirement	Admin Burden (£m)	Unit Cost (£)	Number of businesses affected
Operational requirements for an Intermediate Plant (fallen animals)	0.020	5591	4
Operational requirements for a rendering plant	0.015	2806	6
Operational requirements for a composting plant	0.002	1941	1
Operational requirements for slaughterhouses	0.031	1646	21
Operational requirements for an incineration plant (high)	0.005	1582	3
Applying for approval as a rendering plant or a composting plant	0.002	1519	1 of each

The operational requirements for an Intermediate Plant (fallen animals) had the highest unit cost (£5,591). The operational requirements for rendering plants, composting plants, slaughterhouses and incineration plants also have high unit costs. However, the number of businesses affected in each case is not significant. For example there are only four intermediate plants which process fallen animals. The bulk of the cost is generated by the requirement to produce and keep commercial documents for fallen stock collections and disposal of treated material. There is also a monthly inspection of the premises by a DARD official. The same administrative tasks apply to rendering plants, composting plants, slaughterhouses and incineration plants. Again, the number of businesses affected is not significant.

Other requirements generating high unit costs include applying for approval as a rendering plant or a composting plant. However, the number of business affected is very low, only one of each.

5.4.3. Matters of Note and Recommendations

The administrative burden under the Animal-By Products Regulations mainly impacts on rendering plant operators. No representations were made to the Panel by stakeholders on this Regulation.

Section 6: Administrative Burdens, Findings and Simplification Proposals: Livestock Identification, Registration and Movement (IRM)

6.1. IRM: Cattle Identification, Registration and Movement

6.1.1. Background

The following Regulations were reviewed:

- Cattle Identification (Notification of Births, Deaths & Movements) Regulations (Northern Ireland) 1999;
- Cattle Identification (No.2) Regulations (Northern Ireland) 1998 (as amended);
- Cattle Identification (Enforcement) Regulations (Northern Ireland) 1998; and
- Cattle Passports Regulations (Northern Ireland) 1999.

These Regulations implement and enforce Council Regulation (EC) No. 1760/2000 establishing a system for the identification and registration of bovine animals and regarding the labelling of beef and beef products; Commission Regulation (EC) No. 911/2004 laying down detailed rules as regards ear tags, holding registers and passports; Commission Regulation (EC) No. 494/98 which lays down detailed rules as regards the application of sanctions; and Commission Regulation (EC) No 1082/2003 laying down detailed rules as regards the minimum level of controls to be carried out.

Rationale for the cattle IRM regime

The basic objective of the EU requirements relating to the identification of cattle is localisation and tracing of animals for veterinary purposes. This is vitally important for the control of infectious diseases and the traceability of beef for public health reasons.

Under EU law DARD is required to apply sanctions to animals and/or herds that do not comply with the Regulations. The purpose of these sanctions is to

ensure that cattle and cattle products destined for human consumption are safe. Additionally, the Regulations protect farmers and others buying cattle of unknown origin. In this way the marketability of cattle is enhanced and the confidence of consumers in the safety of beef is increased.

Key elements of the cattle IRM regime

The system for the identification and registration of bovine animals comprises the following elements:

- A central computerised database (APHIS) of cattle births, deaths and movements;
- Unique identification of animals using a system of double ear tags;
- Maintenance of a herd register at holding level (i.e farm, market, and slaughterhouse);
- A self notification system for notifying birth, movement, and death of cattle to the central database.

6.1.2. Analyses of the Administrative Burden

The total administrative cost to the farmer of cattle IRM regulation is £12.198m of which £10.561m (86.6 per cent) is deemed administrative burden.

Administrative burden by Information Obligation (IO) type

Table 6.1 below illustrates the administrative burden by IO type, starting with the highest percentage.

Table 6.1 - Administrative burden by Information Obligation type

Information Obligation Type	Admin Burden (£m)	% of Admin Burden
Notification of activities	4.501	42.6
Statutory labelling for third parties	4.291	40.7
Record keeping	1.090	10.3
Cooperating with audits / inspections	0.318	3
Applications for authorisation	0.296	2.8
Carrying out inspections	0.065	0.6
Totals	10.561	100

Two IO types are the main cost drivers accounting for £8.792m (83.3 per cent) of the total administrative burden. These two IOs are examined in greater detail below.

Notification of activities

Notification of activities accounts for £4.501m (42.6 per cent) of the total administrative burden. Of this:

- £1.915m (42.5 per cent) is generated by the requirement to notify DARD about the movement of cattle;
- £1.464m (32.5 per cent) is generated by the requirement to notify DARD about cattle births;
- £995k (22.1 per cent) arises from the need to keep up to date with changes to the requirements for notifying DARD about cattle births, deaths and movements; and
- £124k (2.8 per cent) arises from the requirement to notify DARD about cattle deaths.

Statutory labelling for third parties

Statutory labelling for third parties accounts for £4.291m (40.7 per cent) of the total administrative burden. Of this:

- £1.928m (44.9 per cent) is generated by the requirement to replace missing ear tags;

- £1.293m (30.1 per cent) is generated by the requirement to tag calves at birth;
- £995k (23.2 per cent) arises from the need to keep up to date with changes to the requirements relating to the tagging of cattle; and
- £75k (1.8 per cent) arises from the requirement for slaughterhouse operators to insert a metal ear tag (“kill tag”) at intake.

Record keeping

While the record keeping requirements of cattle IRM regulation generate significant administrative costs (£2.156m), only £1.09m (50.6 per cent) constitutes an administrative burden. The £1.09m is generated by the requirement to record the use of replacement ear tags in the herd register (£95k) and keep up to date with the requirements for maintaining a herd book (£995k). The remaining record keeping data requirements would be undertaken by business regardless of the legislative requirement to do so. Consequently almost half of the cost of keeping records has been classified “business as usual”.

Administrative burden from a business perspective

This section categorises administrative burdens so that they correspond with tasks and processes performed by businesses. Data requirements relating to a particular information process or task are grouped together.

Table 6.2 illustrates the main practical administrative tasks arising from cattle IRM regulation. Three tasks which, collectively, account for 67.2 per cent of the total administrative burden are examined in greater detail below.

Table 6.2 – Main administrative tasks placed on business.

Administrative Task	Admin Burden (£m)	% of Admin Burden
Reading and keeping up to date with cattle IRM requirements.	2.985	28.3
Applying for and inserting replacement ear tags	2.196	20.8
Notifying DARD about the movement of cattle	1.915	18.1
Notifying DARD about cattle births and deaths	1.588	15
Applying for and inserting ear tags at birth	1.32	12.5
Accompanying and assisting DARD inspectors at on-farm inspections.	0.293	2.8
Other minor tasks	0.264	2.5
Totals	10.561	100

Reading and keeping up to date with cattle IRM requirements

DARD officials and stakeholders emphasised that keeping up to date with the requirements of the legislation is vital to ensuring compliance with the rules and avoidance of sanctions. Consequently, the baseline reflects the time those affected by the rules (herd keepers, market and slaughterhouse operators) devote to reading guidance notes and correspondence relating to the requirements of cattle IRM regulation. It is estimated that each business devotes approximately 6 hours per annum to these activities resulting in an administrative burden of £2.985m. The burden has been apportioned, in equal shares, between the three most burdensome IO types i.e statutory labelling for third parties; keeping records; and notification of activities.

Applying for and inserting replacement ear tags

The administrative burden arising from the process of applying for and inserting replacement ear tags is £2.196m. Of this:

- £1.922m (87.5 per cent) arises from the process of inserting replacement ear tags by herd keepers;
- £268k (12.2 per cent) arises from the process of applying for replacement ear tags; and
- £6k (0.3 per cent) arises from the requirement for slaughterhouse operators to ensure that ear tags lost during the transportation of animals to the slaughterhouse are replaced before the animal is slaughtered.

In 2007 a total of 270,041 replacement ear tags were issued to herd keepers. The time resource required to insert a replacement ear tag is estimated as 10 minutes. The unit cost is £7.12 of which £3.60 is the purchase cost of the ear tag. To obtain a replacement ear tag the keeper telephones or emails the details of the missing tag to the supplier. The time resource associated with the application process is estimated as 5 minutes. In 2007 a total of 95,352 applications were received. The unit cost of an application is £2.82 of which £1.06 is to cover the cost of postage.

In 2007 452 animals presented at slaughterhouses had lost an ear tag during transit. The time resource required to obtain and replace an ear tag in this circumstance has been estimated as 1 hour. Of this, 45 minutes relates to the requirement for market staff to physically collect the replacement tag from the supplier. The unit cost is £13.05 of which £3.60 is the purchase cost of the ear tag.

Notifying DARD about the movement of cattle

In 2007 a total of 441,198 movement documents (form MC2) were completed (an average of 4 animals per movement document).

Sixty four per cent of all movement notifications in 2007 related to the movement of cattle from holdings. The time resource required has been estimated as 12 minutes per movement notification i.e 4 minutes to put the animals through the crush to check their identification and 8 minutes to complete form MC2 and give the relevant number of copies to the person transporting the animals.

The movement of cattle on to holdings accounts for the remaining 36 per cent of movements notifications in 2007. The time resource required has been estimated as 12 minutes i.e 4 minutes to off-load the animals, put them through the cattle crush and check their identification against form MC2, and 8 minutes to confirm receipt of the animals listed on form MC2 by applying a “sticker” to the relevant copies of the form i.e the keepers own copy (form MC2C) and the copy to be returned to DARD (form MC2B).

Administrative burden disaggregated by unit cost

Table 6.3 ranks the administrative data requirements by unit cost.

Table 6.3 - Data Requirements ranked by unit cost

Data requirement	Admin Burden (£m)	Unit Cost (£)	Number of businesses affected
Assisting at cattle identification inspections	0.272	156	1,745
Reading and keeping up to date with IRM requirements	2.985	127	23,583
Applying for and inserting replacement ear tags	2.196	93*	23,583
Notifying DARD about the movement of cattle	1.915	81*	23,583
Notifying DARD about cattle births and deaths	1.464	62*	23,583
Applying for and inserting ear tags at birth	1.32	56*	23,583
Recording the use of replacement ear tags in the herd register.	0.095	4*	23,583

*average administrative burden per business per annum

Assisting at cattle identification inspections

It is a legal requirement that a minimum of 5 per cent of herd keepers are selected for a cattle identification inspection (CII) each year. The number of businesses affected by this requirement in 2007 was 1,745. The average time resource for each business affected is estimated as 9 hours 30 minutes. Approximately 80 per cent of the inspection involves gathering stock for the test, presenting stock to the inspector so that he can check ear tags, and dispersing stock on completion of the inspection. The remaining 20 per cent involves checking the keeper's records against the official APHIS documentation.

Reading and keeping up to date with cattle IRM requirements

This issue is addressed at page 116.

Applying for and inserting replacement ear tags

This issue is addressed at page 117.

6.1.3. Matters of Note and Recommendations

Notification of activities

The analysis of the baseline shows that advising DARD of births, deaths and movements, creates an administrative burden of over £4.5 million annually for farmers and is the single biggest Information Obligation placed on farm businesses as a result of cattle identification, registration and movement regulation. The number of information transactions exceeds one million each year, most of them concerning cattle movements and birth registrations (each typically contains data on more than one animal). Notification of activities, including the requirement to keep up to date with rule changes, represent 42.6 per cent of the total administrative burden placed on farmers by DARD and is therefore one of a number of areas where ongoing effort will be required to identify and apply simplification measures. The following sections deal in more detail with birth, death and movement administrative burdens considered by the Panel.

Birth notifications

Concerning birth notifications (MC1s), stakeholders pressed for changes that curtail the amount of information needed for registration and reduce the likelihood of farmers providing inaccurate or incomplete data. Likewise, farmers believe that scope exists to reduce the number of input errors generated when data is keyed into APHIS – the central database – by DARD staff. The less data and the simpler the process, the less likely that individual animal status queries will arise. Status queries take time and effort to rectify and in a minority of cases can lead to the value of animals being permanently reduced.

Better regulation principles support the view that, unless good reasons to the contrary can be demonstrated, keeping the amount of data required for registration purposes to the minimum required is appropriate. Providing a description of the colour of an animal is not a requirement of EU regulation and inclusion of this information in the DARD registration process needs to be

justified. In contrast to the situation in Northern Ireland, a record of animal colour is not required in the Republic of Ireland. Assessment of colour is subjective and affected by conditions such as colour blindness. In addition, animals have the potential to alter colour - shade and tone - with age. Colour is therefore an unreliable form of identification and its requirement at registration creates the potential for disagreement, challenge and the imposition of status queries on cattle.

On process, the Panel has investigated the various methods currently available for registration of cattle births and conclude that APHIS on-line and telephone registration (being piloted in the Fermanagh area), have advantages for farmers over the traditional paper MC1 form. Checks built into both IT processes reduce the number of errors made, while feedback from farmers has been positive regarding the ease and convenience of both services. However, as over 70 per cent of registrations were completed using MC1 paper forms in 2008, much remains to be done in order to fully realise the benefits to farmers of using an IT option.

Where notification statuses are applied or other minor queries arise during birth registration, rectifying the problem should be as easy as possible. Since February 2008, new processes have been introduced to allow staff in local DARD offices to use the telephone to deal with minor queries that arise during the birth registration process. Prior to this initiative an incomplete calf registration form (e.g. colour or sex not provided) may have resulted in the application of restrictive movement statuses followed by protracted written correspondence between the Department and the herd keeper to resolve the problem. This change of procedure resulted in 28,000 fewer letters being issued in 2008 compared to the previous year and a reduction in the number of birth registration statuses applied. Importantly, details of how the query was resolved are logged so that the process is fully transparent and auditable and animal traceability is not compromised.

The Panel are also pleased to note another registration change that was introduced while the Review was underway. Calves with a dam validation

query (e.g. where two births were registered to the same dam within a nine month period) are now permitted to be moved within Northern Ireland - where previously this was not allowed. These cattle will also be allowed for human consumption, in contrast to the previous position. Finally, it is helpful that DARD has clarified rules on the submission of DNA evidence (as part of the appeal process) to prove calf/dam relationships.

Recommendation 8

That providing the colour of an animal should not be a data requirement when creating a record in the herd book or registering cattle with DARD.

Recommendation 9

That, subject to positive evaluation of the pilot project, the telephone registration service should be extended from Fermanagh to the rest of Northern Ireland as soon as practicable.

Recommendation 10

That DARD considers introducing additional incentives to encourage farmers to switch from paper MC1 registration to one of the IT options. For example, subject to consultation with the European Commission, farmers who register cattle births and deaths on-line, and therefore have access to their herd details through APHIS, should no longer need to maintain a separate herd book (see later discussion and recommendation on herd books).

Movement notifications: paper-based system

Movement notifications are recognised as an important link in the chain that maintains the integrity of the animal traceability system in Northern Ireland. However, the four-copy, MC2 paper form is a very cumbersome method of tracking movements on and off various premises. It requires the cattle keeper to retain a copy on the farm of origin, advise DARD of a movement with a second, and carry two copies with animals in transit - one for return to DARD on arrival at the destination (returned with 'sticker' if this is a farm) and another for retention at the destination (again with "sticker" applied if at a

farm). When cattle arrive at markets and meat plants the movement on to the premises is notified to APHIS electronically. When an animal is under TB restriction or a herd is under Brucellosis restriction, a licence is required from the DVO prior to a move to slaughter premises. Under these circumstances, a farmer submits a written request for permission to move stock. A MC2L is then issued to the herd keeper in advance of any move and takes the place of a self-completed MC2. The requirement for a licence is an aspect of the TB and Brucellosis regulations, but is addressed here because it is an integral part of movement arrangements.

Movement notifications: electronic options

The paper based movement management system described above has been amended to allow staff at markets and meat plants access to APHIS electronically to record movements onto the premises. This eliminates the need to return a paper copy of the MC2 form to DARD (formerly a task performed by DARD staff at markets) although a hardcopy of the form supplied with the cattle must still be kept by the business for a three year period. Farmers can also benefit from IT when moving cattle off farms by using APHIS on-line to obtain advance movement notifications to markets and meat plants. Farmers select the tag numbers of the animals to be moved from a drop down list for their herd and a form with tag numbers and any linked information describing the cattle is generated by the system for printing. On arrival at the destination, a unique barcode on the permit is scanned and the APHIS database updated with the information that the stock involved have completed the planned journey. When an animal or herd is under disease control restriction APHIS on-line will not allow a movement notification to be issued. The Panel concludes that these developments demonstrate that IT alternatives to paper based systems offer clear benefits to business. The extension of IT options that facilitate electronic data transfer and error reduction, to as many aspects of cattle movement as possible, appears a worthwhile objective.

Eliminating the remaining mandatory paper transactions associated with moving cattle to and from markets, meat plants or farms, would greatly

simplify movement management for those with large numbers of stock. Any paperless system would have to be sufficiently robust to overcome the potential for fraud against the herd keeper, for example, where a third party misappropriates the name, address and herd number of a farmer to move cattle illegally from markets. The 'sticker system' was introduced to overcome this by requiring that the MC2 returned to DARD from the receiving farm has an adhesive label (sticker) attached that is unique to the receiving herd. The Panel is conscious that achieving a secure paperless system that eliminates the need for 'stickers' will likely require the introduction of ID cards with chip and pin type technology for use by buyers and hauliers at markets.

The paperless management and recording of cattle movements is likely to work best when supported by electronic cattle identification, which provides increased assurance of data integrity, real-time data transfer and ease of audit and system verification. Such a system opens the possibility to dispense with herd registers and supporting paper records entirely.

The requirement to apply for a licence (MC2L) when moving cattle from herds under TB/Brucellosis restriction can delay the farmer wishing to transport cattle, especially for moves made at short notice in situations when the process cannot be expedited by using the internet or fax. The Panel are not convinced that the licence makes a contribution to Northern Ireland's disease control system sufficiently effective to outweigh the costs it imposes on farmers. It is understood, that the MC2L is no longer used to communicate sampling requirements to meat inspection. It does not eliminate the possibility of unauthorised movements, and (unless the herd keeper uses APHIS on-line) requires advance knowledge that a herd is under restriction and that a licence is required. While it may be prudent for a farmer to check with DARD before moving cattle that have an uncertain disease status, responsibility for making this decision and the consequences of such a decision should rest with a herd keeper who has been properly informed of any restrictions.

Recommendation 11

For the same reasons as applied in the case of birth notifications, providing the colour of an animal should not be a data requirement when recording cattle movements.

Recommendation 12

DARD should investigate the feasibility of introducing electronic alternatives to all the paper based movement management processes currently in place. In considering the costs and benefits of an electronic alternative, any reduction in administrative burden should be fully reflected in the calculation.

Recommendation 13

That DARD reviews the need for MC2Ls for stock under restriction being transported to slaughter premises. However, any relaxation should be accompanied by clear guidance on the consequences of unauthorised movements for herd keepers and the advisability of checking, when in doubt, with local DVOs prior to moving stock.

Death notifications

Concerning notification of deaths, it was argued by farmers that informing the National Fallen Stock Scheme of a carcass's identity should be accepted as an alternative to notifying DARD directly. Currently, farmers that fail to provide a separate written death notification (MC1) to DARD are not meeting the requirements of IRM regulations or cross-compliance Standard Management Requirements.

DARD issued guidance on the steps to be taken in the case of deaths and stillbirths in July 2008. This explained that a MC1 death notification should not accompany a carcass sent for disposal, but should be returned to DARD either via AHPIS on-line or in hard copy to a Divisional Veterinary Office. However, keepers are required to ring the DARD agent responsible for the disposal of over 24 month cattle within 24 hours of the animal's death. Formerly, carcasses of fallen stock over 24 months old had to be

accompanied by a MC1. The Panel believes it is confusing and unnecessarily bureaucratic to require that the keeper advise two parties of the death of an animal.

Recommendation 14

The process of death notification for cattle should be changed so that the keeper is only required to inform the agent responsible for the disposal of the carcass of an animal's death. The agent should be made responsible for updating APHIS on taking possession of the carcass, using the same links available to markets and meat plants when receiving stock onto their premises.

Cattle identification tags

The analysis of the baseline shows that cattle tagging generates an administrative burden of over £4.2 million annually for farmers and is the second single biggest Information Obligation placed on farm businesses as a result of cattle IRM regulations. Applying for and inserting replacement ear tags is the main burden, followed by the more common but less costly process of applying for and inserting ear tags at birth. As tagging represents 40.7 per cent of the total regulatory burden placed on farmers by DARD, it is an activity where every effort should be made to find and implement simplification opportunities. The following sections deal in more detail with cattle identification issues considered by the Panel.

Changes to cattle tag design

A principal concern raised by stakeholders about the current system of cattle tagging was the inadequate notice provided to herd keepers of changes in tag design. To minimise the cost of tags, farmers often make bulk purchases. When changes to tag design or layout are made by DARD, significant quantities of stock held on farms have to be discarded and replaced. This is particularly problematic in the case of small herds, where even modest orders of tags meet farmers' needs for several years. DARD considers that it has made improvements in this area and that adequate advance notice of planned changes is now given. One year's advance notice was given prior to the

introduction of the 14-digit code tag. The Panel appreciates that changes in the information printed on tags is often the result of agreements made at EU level and is not under the control of DARD. However, as farmers are unlikely to purchase less than one years supply in a single order, a longer planning period should be notified when at all practical. The aim should not be to provide farmers with all the detail of any change, but to allow them to adjust their ordering in line with the time remaining under the prevailing system.

Recommendation 15

That DARD should give at least 24 months advance notice of the date when tags in use can no longer be applied to cattle for birth registration.

Electronic identification tags

Stakeholders were generally receptive to the idea of electronic identification of cattle through the inclusion of an electronic chip in one of an animal's ear tags. These are read by handheld or fixed scanners and potentially reduce the time needed to identify and record an animal for movement or disease control purposes. All stakeholders involved in livestock production, trade and processing, were keen to see Government financial support for the introduction of the new scanning hardware, computer software and electronic tags during any switchover to the new system.

It is not known how a system based on tracking cattle with electronic tags would be implemented. It is unclear, for example, whether on-farm scanners would be required, or whether scanners at markets and meat plants would be sufficient to monitor and update cattle movements to APHIS. The Panel has been advised that the introduction of electronic identification of cattle could potentially help with on-farm livestock husbandry. However, for the administrative burden to be reduced, data retrieved from scanning the electronic tag would have to be accepted as an official means of identification and a substitute for physical inspection of the 'flag' ear tag (the same would apply for Cattle Identification Inspections and disease control purposes). If recognition as an official means of identification is not secured for electronic identification, it is not clear what benefits the new system would offer over

current arrangements for statutory identification, registration and management measures. In circumstances where electronic identification is established as an official means of identification, the Panel recognises that while EID should not be compulsory in the first instance, sufficient encouragement should be given so that after a transitional period a common system is established.

Recommendation 16

DARD should seek confirmation from, or reach agreement with, the European Commission, that electronic identification of cattle is acceptable as an official means of identification for all statutory purposes.

Recommendation 17

Should electronic identification of cattle be recognised as an alternative means of identification to ‘flag’ tags in Northern Ireland, the option not to use electronic identification should remain available to herd keepers during a transition period.

Replacement ear tags

Most ear tags are lost by cattle rubbing and catching their ears on fixed objects such as feed barriers. However, the onus is on herd keepers to ensure that cattle on, or leaving, their premises have two sets of identification tags in place. Loss of ear tags is less likely, but possible, during transit to markets and meat plants. The time and expense involved in replacing lost tags in transit was a major concern to farmers. Stakeholders consulted during the first half of 2008, were particularly frustrated that cattle presented at meat plants with tags in only one ear could not be slaughtered until a second set was sourced and inserted. This caused great inconvenience and extra cost but added little by way of traceability, as the animals in question were already at the point of slaughter and identity was not in doubt. Likewise, the system for replacing ear tags in cattle presented at livestock markets with incomplete identification was slow and unnecessarily complicated in an environment where business is conducted swiftly and space for holding animals is at a premium.

The Panel believes that systems in place to deal with tags lost in transit should be as efficient as possible and that the steps required to correct problems should be commensurate with the risk posed to animal traceability. The Madders report, covering cattle and sheep movements in England, recommended that when an animal arrives at an abattoir accompanied by valid documentation, one correct ear tag, plus evidence of a second tag having been applied, this should be considered sufficient evidence for establishing identification prior to slaughter.

The Panel supports the Madders' approach and having raised the issue with officials, welcomes the fact that DARD has recently introduced a similar dispensation for farmers in Northern Ireland for those meat plants which wish to avail of it. While the requirement for two sets of tags to be in place on-farm and at markets remains unchanged, the Panel notes that markets can now order tags on-line through the APHIS system. A courier service has been set up between markets and tag suppliers to ensure delivery on the same day an order is received. Although these improvements will have a limited impact on the total baseline level of administrative burden attributable to tagging, they will greatly improve the situation for those affected.

The Panel is also aware that larger 'flag' tags are more prone to loss than smaller 'button' tags. While it is likely that one 'flag' tag needs to be in place to allow easy visual identification, farmers may choose to use a 'button' tag as a counterpart in the other ear. In connection with this, any move to electronic identification is likely to reduce the number of lost tags, as the chip used for cattle identification is held in a 'button' type tag.

Recommendation 18

DARD should investigate the problem of frequent ear tag loss and offer practical guidance on how this can be reduced. This may include the need to provide training or improve guidance on the application technique used by farmers. In addition, it may be necessary for farmers to change the choice of tag design depending on the type of cattle involved or production systems in use.

Herd books

The requirement for a herd keeper to maintain an up to date herd book pre-dates the introduction of the APHIS cattle database and the advent of APHIS on-line. Herd keepers can now download a full record of all the cattle in their possession on a 24/7 basis and as a result of this capability stakeholders questioned the need for farmers to maintain a separate herd book. Also in connection with herd books, but of lesser importance, stakeholders believed that differences in the format between the printed herd books and APHIS complicated the transfer of data from one to the other when cattle movements are being recorded. Finally, it was pointed out that innocent mistakes made when completing herd books can render the record non-contemporaneous. This, in turn, may result in penalties being applied following cross-compliance inspections and/or Cattle Identification Inspections.

The Panel has investigated and given careful consideration to whether herd books should continue to be required when access to APHIS offers the basis for an alternative herd record system. We have concluded that as APHIS is recognised as an 'operational database' by the EU authorities, there are good grounds for arguing that a combination of APHIS augmented with copies of movement documentation is sufficient to ensure that robust animal traceability is maintained. That said, EU regulation, as currently drafted requires a keeper to maintain an up-to-date herd register on his holding (Article 7 of Regulation (EC) 1760/2000). Consequently a change to the current arrangements may have to be negotiated with the European Commission.

The Panel is also aware that approved herd management software, available from commercial suppliers, allows keepers to download their herd details from APHIS. This software has an audit logging facility which tracks and records editing of the data thereby meeting a key compliance requirement, i.e. that entries in the herd register are contemporaneous. DARD already accepts the output from accredited software with this capability, as an official herd register. In these circumstances an additional herd book is not required to be maintained. However, this software is relatively expensive to purchase and

retain, because of annual licence fees. As outlined above, a simpler, less expensive option that allows APHIS data and printouts on cattle in the herd to be augmented with hard copies of MC2 forms recording movements on and off the farm would seem to meet the requirement to maintain a contemporaneous herd record.

Recommendation 19

As a matter of urgency, DARD should seek agreement from the European Commission that the use of APHIS data (supplemented as necessary by movement documents) is an acceptable substitute for the on-farm herd book.

Recommendation 20

Although various elements of the IRM regulations have been highlighted for simplification through electronic means, DARD should as a priority develop an integrated paperless system for all cattle IRM notification and record keeping activities.

Recommendation 21

Independently of any initiative to introduce an optional APHIS based register, DARD should review the information required to be entered in herd books, with a view to eliminating unnecessary fields – such as colour. The layout of APHIS and the existing herd book should also be brought into line to ease the transfer of information from one to the other.

Recommendation 22

In conjunction with revisions to the content and layout of herd books, DARD should provide guidance on how to complete herd book entries to reduce inadvertent mistakes and help avoid the imposition of penalties.

Meat Plants

Meat processors voiced concern that the decision to move to full-cost recovery for meat inspection services will lead to significant additional

expense over which they will have no control, as it will continue to be undertaken by DARD staff. The processors contrasted the proposal on meat inspection with previous changes in the provision of cattle grading services. After the latter were privatised, operators were able to introduce new practices, terms and conditions that reduced costs compared with the previous arrangement. Processors also wished to see participation in quality assurance schemes (such as the one operated by the British Retail Consortium) given credit as part of risk assessment analysis undertaken for inspection purposes. Finally, staff at meat plants were thought to be put at unnecessary risk when required to undertake dentition checks on over 30 months cattle (48 months with effect from 1 January 2009).

On investigation, the Panel discovered that DARD (as the responsible authority in Northern Ireland) has an obligation under EU regulations to have official veterinarians present at meat plants at the time of slaughter to supervise and inspect activities. This limits the scope of any privatisation of the service. However, in the interests of introducing full cost recovery at the lowest possible cost to industry, the Panel considers that a hybrid delivery model that is led by official veterinarians, supplemented by contract staff in supporting roles, would provide a suitable solution.

On the issue of participation in quality assurance schemes, DARD confirmed that current EU legislation does not permit adjustment to meat plant risk analysis weightings because of membership of assurance schemes. On the issue of dentition checks, DARD pointed out that the changes in TSE testing age thresholds will have a beneficial impact here. Additionally, the usefulness of dentition checks in safeguarding human health and as identification checks are currently under review across the United Kingdom. The Food Standard Agency is understood to view dental checks as unnecessary for the protection of public health.

Recommendation 23

Should DARD seek to introduce full cost recovery for meat inspection services, it should do so at the lowest possible cost to industry. If this is

achievable through the use of private contractors, supervised by official veterinarians, every effort should be made to persuade the European Commission that this approach is compliant with the existing regulatory framework.

Recommendation 24

That DARD promotes the cessation of dentition checks at United Kingdom level and implements any change as soon as possible in Northern Ireland.

6.2. IRM: Sheep Identification, Registration and Movement

6.2.1. Background

The following legislation was reviewed:

- The Sheep and Goats (Records, Identification and Movement) Order (Northern Ireland) 2005 (as amended)

This Order implements and enforces Council Regulation (EC) No. 21/2004 establishing a system for the identification and registration of ovine and caprine animals and amending Regulation (EC) No. 1782/2003 and Directives 92/102/EEC and 64/432/EEC; and Commission Regulation (EC) No. 1505/2006 as regards the minimum level of checks to be carried out in relation to the identification and registration of ovine and caprine animals.

Rationale for the sheep IRM regime

Following the Foot and Mouth disease outbreaks in 2001, the EU Commission and Member States agreed that individual traceability of sheep and goats was vital for the control of animal health and food safety. Consequently, the rules on the identification of sheep and goats were strengthened by Council Regulation (EC) 21/2004 which introduced:

- Individual identification for sheep and goats;
- Double tagging;
- Maintenance of an up-to-date register of animals at holding level;
- Maintenance of a central register of all holdings or computer database at national level; and
- A permitting system to track the movements of animals.

To comply with the requirements of the Council Regulation, DARD introduced the Northern Ireland Sheep and Goat Identification and Movement System (NISGIMS) in December 2005.

The key elements of the NISGIMS

The NISGIMS is based on individual identification of animals, batch movements and recording. The key requirements of the system are as follows:

- All flock keepers must register with DARD to obtain a flock number;
- All tags must be of a type approved by DARD bearing the letters UK 9 and details of the flock number and individual animal identifier;
- All lambs born on or after 9 July 2005 must be tagged with a green tag (natal tag), in the left ear, within nine months of birth or before leaving the holding whichever is the earliest;
- All animals coming on to a holding must be tagged with a green tag (movement tag) in the right ear within 12 months of arrival or on exit from the holding whichever is the earliest;
- Until mid-January 2008 exports of breeding sheep to Great Britain had to be tagged with at least one green tag (natal or movement tag). From mid-January 2008 onwards, exports of breeding sheep to Great Britain must have two tags (one in each ear) bearing the same number. Additional tags can be applied at the point of export and can be either two new identical tags or one tag which is specifically produced to match the existing green tag. In either case, the export tag must be blue. If two new tags are applied they must be cross-referenced with the existing natal or movement tag in the flock register;
- All animals exported to other Member States or third countries must be tagged with two tags – a green natal tag and a blue export tag. With the exception of exports to the Republic of Ireland, these tags must bear the same number;
- Where an animal has lost all its tags an orange tag must be attached to its left ear. Any animal with an orange tag has lost traceability and cannot be exported;
- A self-written movement document must be completed for all sheep movements;
- All flock keepers must keep an accurate and up to date flock register detailing births, deaths and movements on to and off the holding; and

- All flock keepers are required to submit an Annual Inventory of all sheep on their holding to DARD.

Recent developments

The Council Regulation also requires electronic identification (EID) and individual recording of sheep to be introduced by 31 December 2009.

EID is a radio frequency microchip that can be embedded in an ear tag and read by handheld or fixed reading equipment. The signal from the tag is recorded and sent by the reader to a central database to maintain the record and match this to other records. The objective of electronic identification is to achieve accurate and fast traceability of animal movements.

The implementation of EID will require new domestic legislation and a complete redesign of the NISGIMS. This is discussed under “Issues of Note and Recommendations”.

6.2.2. Analyses of the Administrative Burden

The total administrative cost to farm businesses of sheep IRM is £3.578m of which £2.93m (81.9 per cent) is considered to be the administrative burden.

Administrative Burden by Information Obligation (IO) type

Table 6.4 below illustrates the administrative burden by IO type, starting with the highest percentage.

Table 6.4 - Administrative burden by Information Obligation type

Information Obligation Type	Admin Burden (£m)	% of Admin Burden
Statutory labelling for third parties	1.458	49.8
Keeping records	0.722	24.6
Notification of activities	0.453	15.5
Application for permission for or exemption from	0.213	7.3
Reports and returns	0.046	1.6
Cooperating with audits / inspections	0.025	0.8
Carrying out inspections	0.013	0.4
Totals	2.930	100

Two IO types “statutory labelling for third parties” and “record keeping” are the main cost drivers accounting for £2.18m (74.4 per cent) of the total administrative burden. These two IOs are examined in greater detail below.

Statutory labelling for third parties

Statutory labelling for third parties accounts for £1.458m (49.8 per cent) of the total administrative burden. Of this:

- £722k (49.5 per cent) is generated by the requirement to tag sheep within nine months of the date of birth or before the animal leaves the holding of birth whichever is the earlier;
- £323k (22.1 per cent) is generated by the requirement to apply movement tags when animals move throughout Northern Ireland or are exported to Great Britain;
- £183k (12.5 per cent) arises from the need for flock keepers to keep up to date with the requirements relating to tags and tagging of sheep;
- £122k (8.4 per cent) arises from the need to replace lost or illegible tags within 24 hours of discovery;
- £106k (7.3 per cent) arises from the requirement to insert a blue export tag in addition to any movement or natal tag when an animal is exported to the Republic of Ireland; and

- £3k (0.2 per cent) arises from the requirement to tag animals imported to Northern Ireland within six days of movement on to the holding.

Record keeping

While the record keeping requirements generate significant administrative costs (£1.299m), only £722k (55.6 per cent) is deemed administrative burden. The remaining £577k (44.4 per cent) is categorised “business as usual” because the record keeping requirements demanded by the legislation would be undertaken by a normally efficient business regardless of any legal obligation to so.

Of the £722k administrative burden the most significant burdens are:

- £183k (25.3 per cent) generated by the need for flock owners to keep up to date with the legislative requirements pertaining to record keeping to ensure that they are in the best possible position to comply with the rules;
- £182k (25.2 per cent) arising from the requirement to record details of births and deaths in the flock register;
- £133k (18.4 per cent) arising from the requirement to record movements on to and out of a holding in the flock register;
- £91k (12.6 per cent) arising from the requirement to complete an annual sheep inventory;
- £74k (10.2 per cent) arising from the requirement to record the movement of sheep to and from common grazing land in the flock register;
- £46k (6.4 per cent) arising from general maintenance of the flock register; and
- £12k (1.7 per cent) arising from the requirement to record the movement of sheep to and from a veterinary clinic in the flock register.

Administrative burden from a business perspective

This Section categorises administrative burdens so that they correspond with tasks and processes performed by businesses. Table 6.5 ranks the

administrative tasks starting with the highest percentage. The top three administrative tasks, which account for 78.4 per cent of the total administrative burden, are examined in greater detail below.

Table 6.5 - Main administrative tasks placed on business

Administrative Task	Admin Burden (£m)	% of Admin Burden
Applying for and inserting ear tags	1.488	50.7
Reading and keeping up to date with the requirements of the NI Sheep and Goat Identification and Movement System (NISGIMS)	0.550	18.8
Completing movement documents to accompany animals in transit and forwarding copies to DARD	0.260	8.9
Recording movements in the flock register	0.220	7.5
Recording births and deaths in the flock register	0.182	6.2
Preparing and submitting the annual sheep inventory to DARD	0.137	4.7
Other minor tasks	0.093	3.2
Totals	2.93	100

Applying for and inserting ear tags

The physical act of inserting ear tags accounts for £1.276m (43.5 per cent) of the total administrative burden arising from sheep identification, registration and movement regulation. The high administrative burden associated with inserting ear tags is driven by the large volume of animals subject to the tagging requirements. In 2007 some 1.8 million animals were tagged at a unit cost of £0.70 per animal (including the cost of the tag at £0.15).

The procedure for acquiring a supply of ear tags accounts for £213k (7.3 per cent) of the total administrative burden. The high cost reflects the preference

amongst keepers to physically collect ear tags from the supplier. The time resource involved is estimated as 1 hour per business per annum.

Reading and keeping up to date with the requirements of the NISGIMS

Officials and stakeholders emphasised that keeping up to date with the requirements of the legislation is vital to ensuring compliance with the rules and avoidance of sanctions. Consequently, the baseline reflects the time those affected by the rules (flock owners, market and slaughterhouse operators) devote to reading guidance notes and correspondence relating to the requirements of the NISGIMS. It is estimated that each business devotes approximately 3 hours per annum to these activities resulting in an administrative burden of £550k (18.8 per cent). The burden has been apportioned, in equal shares, between the three most burdensome IO types i.e statutory labelling for third parties; keeping records; and notification of activities.

Completing movement documents to accompany animals in transit and forwarding copies to DARD

This activity accounts for £260k (8.9 per cent) of the total sheep IRM administrative burden. The greatest share of the burden (£248k, 95.4 per cent) falls on the flock owner. Of the £248k, the completion of the movement document (form MS2) accounts for £136k (54.8 per cent). The requirement to return a copy of the document to DARD accounts for the remaining £112k (45.2 per cent) of which £9.9k (8.8 per cent) is the cost of postage.

Flock keepers are supplied with a book of serially numbered self-written movement documents that must be completed for all movements of sheep. Each self-written movement document consists of four self-carbonating copies. The seller is required to record the category of sheep, the number of animals and their identification numbers. If there is a sequence of numbers being used only the first and last numbers need to be entered. The age of the animal is not obligatory but if not entered will render the animal ineligible for export. The seller must enter his name, flock number, address, transporter/vehicle details and the date of movement. A copy of the MS2 is

retained by the seller, a copy accompanies the sheep, and a copy is sent to the local DVO.

In 2007 a total of 76,958 MS2s were completed by flock owners. The time resource required to complete form MS2 is estimated as five minutes. Electronic notification of movement was not available in 2007.

Less than 5 per cent (£12k) of the administrative burden associated with movement documents falls on market and slaughterhouse operators. This is due to a combination of high “business as usual” and the fact that the documentation was simply handed to the DARD staff on site thereby saving on postage costs.

Administrative burden disaggregated by unit cost

Table 6.6 ranks the administrative data requirements by unit cost.

Table 6.6 - Data Requirements ranked by unit cost

Data requirement	Admin Burden (£m)	Unit Cost (£)	Number of businesses affected
Checks performed by slaughterhouse operators at intake	0.007	1,077*	7 slaughtering plants
Checks performed by market operators at intake	0.006	375*	15 markets
Inserting ear tags	1.276	147*	8,646 flock keepers
On-farm sheep identification inspections	0.025	74	334 flock keepers
Reading and keeping up to date with the requirements of the NI Sheep and Goat Identification and Movement System (NISGIMS)	0.550	63*	8,684 businesses**
Completing movement documents to accompany animals in transit and forwarding copies to DARD	0.260	30*	8,684 businesses**
Maintaining and recording movements, births and deaths in the flock register	0.448	52*	8,646 flock keepers**
Preparing and submitting the annual sheep inventory to DARD	0.137	16	8646 flock keepers

* average administrative burden per business per annum

** includes flock keepers, market and slaughterhouse operators

Checks performed by slaughterhouse operators and market operators at intake

Identification checks performed by market and slaughterhouse operators at intake generate an average annual administrative burden of £1k per slaughterhouse operator and £0.4k per market operator. The time resource required to perform the checks (i.e to check a sample of ear tags against the movement documents at the intake chute and record a lot number /kill number on the movement document) is estimated at 3 hours per operating day in the

case of markets and 6 hours per operating day in the case of slaughterhouses. These estimates reflect the position after deducting an allowance for BAU.

Inserting ear tags

This is addressed at page 139.

Assisting at sheep identification inspections

It is a legal requirement that at least 3 per cent of flock keepers (which must account for at least 5 per cent of the total sheep population) are selected for inspection per annum to verify compliance with the rules of the NISGIMS. The number of businesses affected by this requirement in 2007 was 334 (4 per cent). The average time resource for each business affected is estimated as 3 hours 30 minutes (unit cost of £74). Approximately 70 per cent of the inspection involves presenting stock to the inspector so that he can check ear tags. The remaining 30 per cent of the inspection involves checking documentation.

6.2.3. Matters of Note and Recommendations

The analysis of the 2007 baseline shows that the administrative activities associated with tagging animals, completing movement documents, and recording the details of movements, births and deaths in the flock register creates an administrative burden of £2.15 million annually for keepers (73.4 per cent of the total sheep IRM administrative burden). These activities would, in the normal course of events, be the focus of actions aimed at achieving a 25 per cent reduction in red tape. However, as sheep IRM regulation is in the process of imminent and significant change, discussion of simplification issues and proposals for improvement will concentrate on the efficient implementation of the new rules and the identification of any opportunities this may offer to eliminate administrative burdens currently in place.

Electronic identification (EID) and individual recording of sheep

The Panel is conscious that EID and individual recording of sheep are to be introduced from 31 December 2009. While Council Regulation 21/2004 provided for EID to be introduced from 1 January 2008, the implementation date was deferred until 31 December 2009 at the Council of Ministers meeting in December 2007. Industry representatives such as the National Farmers' Union and the National Sheep Association continue to press the United Kingdom Government to lobby the EU for a major rethink of the Regulation. Similar concerns are understood to exist in other Member States and in the European Parliament. This creates some uncertainty about the final form of the EID and individual identification regulations, but in considering the issue the Panel has assumed that the substance of the legislation, as currently drafted, will remain unchanged.

Electronic identification of animals

Sheep born on or after 31 December 2009 will have to be identified with two ear tags, one of which must be an electronic tag. Both ear tags must bear the same identification number.

Individual recording

From 31 December 2009, for animals born on or after that date, sheep keepers will be required to record individual animal information in their registers. The year of birth, date of identification, month and date of death will also need to be recorded in the farm register.

From 1 January 2011, individual animal information will have to be recorded on movement documents for electronically identified animals (i.e animals born after 31 December 2009).

From 31 December 2011, individual animal information will have to be recorded on movement documents for animals born before 31 December 2009.

Derogations

The Regulation includes an optional derogation from the need to electronically identify animals which are intended for slaughter before they are 12 months old (the “slaughter derogation”). Animals subject to the derogation would be identified with a single conventional ear tag, exempted from the individual recording requirements, and would continue to be moved and recorded on a batch basis.

The Regulation also includes optional derogations from the requirements to keep a holding flock register and movement documents in any Member State where a computerised database containing the requisite information is operational.

Practical consequences for the sheep industry

The introduction of EID ear tags means that animals will only have to be tagged once. Therefore, flock keepers will no longer have to apply a further means of identification every time an animal moves. The administrative burden generated by the current requirement to apply movement and export tags accounts for 14.7 per cent (£432k) of the total sheep IRM administrative burden. However, any gains from the requirement for additional tagging will be reduced by the increased cost of the EID ear tags.

While keepers must apply electronic devices, the EU legislation gives them an option of electronic or manual recording of information. Some keepers, especially those who move small batches of animals, may choose to complete movement documents manually because it avoids the need to purchase reading equipment and become familiar with its operation. However, manual recording increases the potential for error because of the need to transpose 12 digit numbers. Inaccurate recording may, under certain conditions, be worse than having no data at all. For example, in a disease outbreak scenario valuable resource could be wasted in tracking animals which do not exist. For keepers who move large batches of animals, manual recording of movements is unlikely to be a realistic option. These keepers may have little option but to purchase electronic reading equipment.

The Panel welcomes the availability of funding for scanners through the Farm Modernisation Scheme, however, the cost of equipment is not the only difficulty to be overcome. Industry has made the case that many older keepers lack the IT skills needed to manage this technological change. Even with training and financial assistance to purchase the necessary equipment, the transition to individual movement recording is likely to generate anxiety for keepers as inaccurate reporting may breach cross-compliance requirements resulting in the penalties being applied to the Single Farm Payment.

Markets and slaughterhouses will have to be capable of recording all sheep which pass through their premises on an individual basis (except possibly those intended for slaughter within 12 months of birth and identified in accordance with the slaughter derogation). Consequently, these premises must have robust EID systems capable of processing high volume movements at speed.

Again the Panel notes and welcomes the phased approach to the introduction of individual recording. However, the requirement that the flock register should contain information on individual breeding stock and other sheep over one year old represents a significant increase in administrative burden over the current arrangement. Likewise the completion of movement documents will be laborious and prone to error.

Measures to mitigate the administrative burden

In view of the additional information management requirements of the revised regulations and the burden this places on farmers in particular, the Panel sees merit in pursuing a policy that captures any and all of the benefits available from the optional derogations. It appears that derogations from the requirements to keep farm flock registers and movement documents (where a central operational database exists) offers great potential to minimise the administrative burden for keepers. In such a system, the market and slaughterhouse operators would perform the function of capturing individual

movements onto and off the premises and relaying this data to the DARD database.

The administrative burden could be reduced if DARD decides to apply the slaughter derogation as this would exempt approximately 800,000 lambs annually from the EID and individual recording requirements. The Panel notes that Defra has announced (28 January 2009) that it intends to apply for the slaughter derogation and has estimated that this could save the industry in England between £8m and £13m per annum, in comparison with implementation of the revised regulations without this derogation. The Council Regulation provides for the application of the slaughter derogation at regional level. However, as this measure results in the use of conventional tags for lambs intended for slaughter before 12 months of age, it entails the retention of hard copy movement documents that accompany batches of lambs and the maintenance of a flock register.

It is vitally important that the industry is adequately prepared for the transition to the new sheep IRM system. We note that Scottish authorities have commissioned a research pilot on EID⁴³. Selected markets and slaughterhouses throughout Scotland are working with “partner farms” to collect evidence, based on field working conditions, on costs, losses, accuracy, speed and other practical issues of introducing electronic identification for sheep. The College of Agriculture, Food and Rural Enterprise (CAFRE) is engaged in a small pilot study whereby the CAFRE flocks will be identified with electronic ear tags. This will allow ear tags, readers and handling systems to be tested in a real farm environment allowing lessons to be learnt and systems improved.

Recommendation 25

That, as a guiding principle, sheep EID should be implemented in a pragmatic way to ensure that it generates as little cost as possible for all stages of the supply chain, but particularly farmers.

⁴³ Scotland's EID research project: <http://www.scoteid.com>

Recommendation 26

That the method of sheep EID adopted is easy to understand and comply with and delivers a level of identification and traceability that is proportionate but satisfies EU requirements.

Recommendation 27

That DARD, with the support of the industry, draws on its experience of implementing APHIS and considers the feasibility of introducing the appropriate elements from:

- **The flock register and movement document derogations, whereby the burden of recording individual animal identities on movement documents and flock registers is removed from the flock owner and substituted by a central database linked to markets and slaughterhouses equipped with EID scanning technology; and,**
- **The slaughter derogation, exempting lambs for slaughter before 12 months from EID and individual recording requirements.**

Recommendation 28

In considering the costs and benefits of all implementation options, the impact assessment undertaken by DARD should adhere to the Better Regulation Executive's Regulatory Impact Assessment Guidance.⁴⁴ This requires measurement of the administrative burden using the Standard Cost Model and inclusion of the administrative burden within the aggregate cost.

Recommendation 29

That, subject to agreement on the final form of the regulation and the derogations to be sought by Northern Ireland, CAFRE urgently develops a programme incorporating: farmer meetings to raise awareness and provide basic information on new arrangements; provision of training to farmers, market and slaughterhouse operators in the use of EID technologies; promotion of the benefits of these technologies; and

⁴⁴ Further details about the Impact Assessment process see: www.berr.gov.uk/bre/policy/scrutinising-new-regulations/preparing-impact-assessments/page44077.html

ongoing support to industry throughout the implementation phase and beyond.

Communicating with stakeholders

The need for full and meaningful consultation with stakeholders is vital. The Panel notes that DARD has worked closely with industry since the adoption of the Council Regulation and has set up a joint DARD/industry IRM Working Group comprising representatives from the UFU, NSA, NIAPA, NILAA, NIMEA, LMC and Northern Ireland Goat Club to bring the industry perspective to the development and implementation of the new sheep IRM system. However, given the significance of the changes and short time period for their introduction, flock keepers are largely uninformed about what will be required of them and how the changes will impact on them. The Panel believe that DARD could do much to improve communication of the issues to flock keepers.

Recommendation 30

That DARD establishes a dedicated sheep EID webpage which is promptly updated as information becomes available and decisions taken. The site to contain: timetable for policy development and implementation; background information about sheep IRM policy proposals and decisions taken; impact assessments undertaken; links to EID research pilots; and a Frequently Asked Questions section.

Section 7: Administrative Burdens, Findings and Simplification Proposals: The Common Agricultural Policy

7.1 The Common Agricultural Policy: Single Farm Payment Scheme

7.1.1. Background

European Council Regulation (EC) No. 1782/2003 established the common rules for the direct farm support schemes under the Common Agricultural Policy (CAP) Reform Agreement. Article 1 of this Regulation provides for the introduction of a Single Payment Scheme (known in Northern Ireland as the Single Farm Payment Scheme) with effect from 1 January 2005. Regulation 1782/2003 was repealed and replaced by Council Regulation (EC) No. 73/2009 with effect from 1 January 2009.

Commission Regulation (EC) 795/2004 lays down the rules for the implementation of the Single Payment Scheme; Commission Regulation (EC) 796/2004 lays down the rules on Cross-Compliance, Modulation and the Integrated Administration and Control System (IACS); and Commission Regulation 1793/2004 lays down the rules for the support schemes provided for in Titles IV and IVa of the Council Regulation and the use of land set aside for the production of raw materials. These have been amended many times, most recently in March 2009 to take account of changes brought in by the CAP Health Check. The Commission plans to have new and updated implementing regulations in place by 1 January 2010.

The Common Agricultural Policy Single Payment and Support Schemes Regulations (Northern Ireland) 2005 (as amended) make provision in Northern Ireland for the administration of the Council and Commission Regulations in relation to establishing a new system of direct support schemes including the Single Payment Scheme.

The Common Agricultural Policy Single Payment and Support Schemes (Integrated Administration and Control System) Regulations 2005 apply throughout the United Kingdom. They make provision for the implementation of the Council Regulation in relation to establishing an integrated administration and control scheme (IACS) and implement certain provisions of Commission Regulations 796/2004 and 1973/2004.

The Common Agricultural Policy Single Payment and Support Schemes (Cross-Compliance) Regulations (Northern Ireland) 2005 make provision in Northern Ireland for the administration and enforcement of the Council Regulation and Commission Regulation 796/2004 in relation to cross-compliance.

The Common Agricultural Policy Single Payment and Support Schemes (Review of Decisions) Regulations (Northern Ireland) 2004 enable DARD to establish a procedure to review decisions made under the Council Regulation and Commission Regulations 795/2004 and 796/2004.

Rationale for the Single Payment

The Single Payment removed the link between production and subsidies.

The main aims are to:

- Allow farmers freedom to produce to market demand;
- Remove the production distorting impact of subsidy payments;
- Promote environmentally and economically sustainable farming;
- Simplify the application of direct payments under the CAP for both farmers and administrators; and
- Strengthen the EU's position in WTO agricultural trade negotiations.

The key elements of the Single Farm Payment Scheme (SFPS)

The SFPS replaced most of the direct payment schemes under the livestock premia and arable aid schemes. All farmers now receive a single payment rather than a collection of payments from individual schemes. To qualify for payment farmers must comply with certain environmental and legislative

requirements referred to as cross-compliance i.e they must maintain their land in Good Agricultural and Environmental Condition (GAEC) and meet the requirements of a number of existing EU laws (known as Statutory Management Requirements (SMRs)) relating to the areas of public, animal and plant health, environment and animal welfare.

Recent developments

A number of changes were introduced for the 2008 scheme year:

- The 10-month rule was abolished;
- Horticultural authorisations were abolished; and
- The set-aside rate was changed to zero.

These changes brought some limited simplification. Ending the requirement for farmers to have land at their disposal for a period of 10 months reduced the possibility of errors being made in specifying the start date for this period on the application form. The changes in relation to horticultural authorisations and set-aside also brought simplification benefits but the number of farmers affected in Northern Ireland is relatively small.

CAP Health Check

On 20 November 2008 the EU Agriculture Council reached a political agreement on the Health Check of the CAP – a scheduled review aiming to modernise, simplify and streamline the CAP and remove restrictions on farmers, thus helping them to respond better to signals from the market and to face new challenges.

The agreement includes the following measures which should simplify the administration of the SFPS:

From 1 January 2009:

- National reserve entitlements will be converted to standard entitlements. This measure should simplify the Single Application/Trading Application and associated guidance as there will be fewer types of entitlements and common usage rules. The reclassification of national reserve entitlements as standard

entitlements removes the current five-year restriction on transfer of these entitlements and the obligation to use these entitlements each year of this five-year period;

- The current restriction on transferring entitlements without land - i.e the requirement for a business to have used at least 80 per cent of its payment entitlements during at least one calendar year - will be abolished;
- The requirement for arable farmers to set-aside land will be abolished and set-aside entitlements converted to standard entitlements;
- Cross-compliance will be simplified by withdrawing some statutory management requirements that are not relevant or linked to farmer responsibility;
- Land entered into forestry schemes from 1 January 2009 under certain conditions will remain eligible for SFP. Consequently, businesses converting land into forestry will no longer have to apply to have their entitlements consolidated against a smaller area of land; and
- Compulsory modulation will no longer be deducted from the first €5,000 of direct payments. This will remove the need to refund these deductions by means of an additional payment as was previously the case.

From 1 January 2010:

- The Energy Crop Scheme will be abolished; and
- A new standard under GAEC on “establishment of buffer strips along water courses” will be introduced to retain the environmental benefits of set-aside and improve water management. However regions which have designated their total territory as a Nitrate Vulnerable Zone will already meet this standard.

These simplification proposals are welcome but because they will affect relatively few farmers in Northern Ireland the overall impact on administrative burden is likely to be modest. A detailed calculation of the benefits arising will be made during future monitoring of progress on reducing red tape.

7.1.2. Analyses of the Administrative Burden

The total administrative cost to farm businesses of the Single Farm Payment Scheme is £5.804m - all of which is considered to be an administrative burden.

Administrative burden by Information Obligation (IO) type

Table 7.1 below illustrates the administrative burden by IO type, starting with the highest percentage.

Table 7.1 - Administrative Burden by Information Obligation type

Information Obligation Type	Admin Burden (£m)	% of Admin Burden
Applications for grants and subsidies	5.122	88.2
Notification of activities	0.403	7.0
Co-operating with audits / inspections	0.145	2.5
Entry in a register	0.083	1.4
Framing complaints and appeals	0.033	0.6
Applications for authorisation	0.011	0.2
Applications for permission for / exemption from	0.007	0.1
Totals	5.804	100

One IO type “applications for grants and subsidies” accounts for £5.122m (88.2 per cent) of the total administrative burden and is generated by one key activity i.e. completion and submission of the Single Application. Two other IO types that are notable are “notification of activities” (£403k, 7 per cent) and “co-operating with audits/inspections“(£145k, 2.5 per cent). These three IOs are examined in greater detail below.

Applications for grants and subsidies

Of the £5.122m administrative burden:

- £4.355m (85 per cent) arises from the completion of the Single Application by farmers themselves;
- £764k (14.9 per cent) arises from the completion of the Single Application using form fillers or authorised agents; and
- £3k arises from the completion of cross border applications.

Notification of activities

Of the £403k administrative burden:

- £128k (31.8 per cent) arises from the notification of changes to reference parcel areas;
- £85k (21.1 per cent) arises from the notification of changes to the Single Application once it has been submitted to the Paying Authority;
- £81k (20.1 per cent) arises from the notification of the transfer of payment entitlements by inheritance or anticipated inheritance;
- £60k (14.9 per cent) arises from the notification of minor changes to the details of a business;
- £40k (9.9 per cent) arises from the notification of the transfer of entitlements by sale or lease; and
- £9k (2.2 per cent) arises from the notification of businesses mergers and scissions.

Co-operating with audits/inspections

Almost all (99.3 per cent, £144k) of the burden associated with “co-operating with audits/inspections of” is associated with the inherent requirement for farmers to provide assistance at on-the-spot inspections to verify eligibility for the Single Farm Payment and compliance with the GAEC requirements of cross-compliance.

It is important to note that only the GAEC elements of cross-compliance have been included in the SFPS baseline measurement. This is appropriate because Council Regulation (EC) No. 1782/2003 specifically provides for the

establishment of a GAEC framework, with Member States deciding their own rules. The standards of GAEC that apply in Northern Ireland are set out in regulation 4(1) of the Common Agricultural Policy Single Payment and Support Schemes (Cross-Compliance) Regulations (Northern Ireland) 2005.

As regards the SMRs, cross-compliance is essentially a tool to enforce compliance with pre-existing mandatory requirements in the areas of public, animal and plant health, the environment and animal welfare. Consequently, as farmers are obliged to comply with these SMRs irrespective of the cross-compliance provisions, it is appropriate that any administrative burden arising from compliance with the SMRs is attributed to the source legislation. Cross-compliance is discussed in further detail at Section 7.2.

Administrative burden from a business perspective

This Section categorises administrative burdens so that they correspond with tasks and processes performed by businesses. Table 7.2 illustrates the main practical administrative tasks arising from the Single Farm Payment Scheme. Three tasks, which collectively, account for 94.5 per cent of the total administrative burden are examined in greater detail below.

Table 7.2 – Main administrative tasks placed on business

Administrative Tasks	Admin Burden (£m)	% of Admin Burden
Completing and submitting the Single Application Form and notifying amendments after submission.	5.21	89.8
Assisting at eligibility and GAEC inspections	0.144	2.5
Notifying an amendment to a reference parcel area	0.128	2.2
Notifying the transfer of payment entitlements by inheritance, sale or lease	0.121	2.1
The process of registering a new farm business	0.084	1.4
Other minor tasks	0.117	2
Totals	5.804	100

Completing and submitting the Single Application Form and notifying amendments after submission

The high cost is predominantly driven by a combination of a high unit cost and the large number of businesses involved with the SFPS. The vast majority of businesses (83.6 per cent) completed the Single Application themselves at a unit cost of £134. The estimated time resource associated with completion of the Single Application is 6 hours 15 minutes of which 3 hours 30 minutes is devoted to reading the scheme guidance notes and correspondence from DARD. Approximately 16.4 per cent of businesses outsourced the completion of the Single Application. The external cost of outsourcing ranged from £50 to £200 depending on the complexity and/or value of the Single Farm Payment. Only 1 per cent of Single Applications were completed on-line.

In 2007, 20 per cent of businesses made changes to their Single Application after it has been submitted to DARD. The time resource associated with a typical notification is 30 minutes (unit cost £11).

Assisting at eligibility and GAEC inspections

EU legislation requires DARD to carry out on-farm inspections on approximately 5 per cent of applicants to check that they are compliant with the requirements of the SFPS. In accordance with the EU legislation, 1 per cent of business are selected randomly. The remaining 4 per cent are selected using risk-based factors such as length of time since their last inspection, results of previous inspections and changes in areas from the previous years claim. The average time resource for each business affected is 3 hours 30 minutes (unit cost of £74). It should be noted that one in five of businesses selected for an eligibility inspection will also receive a GAEC inspection. In most cases the GAEC inspection is combined with the eligibility inspection and an allowance for this is included in the average completion time. No separate estimate is therefore made for the administrative burden associated with the GAEC inspection.

Notifying an amendment to a reference parcel area

Farmers must notify DARD of changes to reference parcel areas, for example, permanent boundary changes, split or amalgamated fields, land longer in agricultural use. A total of 2,200 changes were received in 2007. The estimated time resource associated with a typical notification is 2 hours 45 minutes (unit cost £58).

Administrative burden disaggregated by unit cost

Table 7.3 ranks the administrative data requirements ranked by unit cost.

Table 7.3 - Data Requirements ranked by unit cost

Data requirement	Admin Burden (£m)	Unit Cost (£)	Number of businesses affected
Transfer of payment entitlements by inheritance or anticipated inheritance	0.081	261	310
Preparing a second stage appeal under the Review of Decisions procedure	0.020	222	89
Initial registration of a farm business	0.083	184	450
Completing the Single Application	5.122	134	38,970
Preparing a first stage appeal under the Review of Decisions procedure	0.013	125	105

Transfer of payment entitlements by inheritance or anticipated inheritance

The process of transferring payment entitlements by inheritance has a unit cost of £261 which includes £150 for legal services. However, the requirement accounts for only 1.4 per cent of the total administrative burden, largely due to the small number of businesses affected in any year (310). The time resource associated with this activity is 5 hours 15 minutes, of which 3 hours is devoted to gathering the necessary documentation. The remaining 2 hours 15 minutes is required to complete the transfer notification form.

Preparing a second stage appeal under the Review of Decisions procedure

The second stage appeal process has a unit cost of £222 of which £100 is the fee payable to DARD. The time resource associated the process is estimated at 5 hours 45 minutes. Of this, 4 hours is devoted to evidence gathering and preparation; 45 minutes is required to complete the appeal form; and 1 hour is required to attend the appeal hearing.

Initial registration of a farm business

The initial registration of a farm business has a unit cost of £184 which includes £100 for legal services. The time resource associated with the

process is 4 hours. As DARD must see proof of identity, the farmer is required to personally deliver the form to the local DARD office, hence the significant time resource for the farmer.

7.1.3. Matters of Note and Recommendations

Application for the Single Farm Payment

The analysis of the baseline for the SFPS reveals that most of the administrative burden is attributable to the annual IACS application process. This activity accounts for £5.1 million (88 per cent) of the total and must logically be the focus of actions aimed at achieving a 25 per cent reduction in red tape.

The application process was of interest to stakeholders, as it affects almost all farm businesses and has great financial significance. In discussion, it was recognised that increased familiarity with the SFPS on the part of farmers, and steps taken by DARD to simplify form-filling since the introduction of the Single Payment System, had already reduced the time taken by applicants to complete IACS paperwork. Simplification measures already put in place include:

- The pre-population of the Field Data Sheet with verified information from the previous year's application;
- The incorporation of the Payment Entitlement Statement into the Single Application (eliminating a separate letter to claimants);
- The modularisation of the form to allow easier identification of relevant sections; and
- The use of a tick-box format on the application form.

In advance of the opening of the 2009 SFPS, DARD launched an initiative to provide local farmers with the opportunity to update their farm maps. During this period farmers could make an appointment with their local DARD office to view their farm map on screen along with the aerial photograph to help them identify ineligible features. The aim of the initiative was to reduce the number

of corrections post inspection and, in turn, minimise delay in processing payment of affected claims.

Despite this progress, stakeholders were keen to see additional steps taken to make the application process simpler, quicker and less prone to error. The financial consequences of completing an application inaccurately were also identified as a major anxiety for many farmers. The Panel believe that there is scope to reduce the amount of time taken to read and assimilate guidance on completing the application form. Likewise effort should be directed at reducing the number of errors made in the form filling process, thus eliminating delays in processing payments and avoiding possible financial sanctions.

One change that could help to reduce the time taken to complete forms and simultaneously reduce errors is greater use of the electronic version of the IACS application form. Applying on-line has a number of advantages for farmers. The process provides up-to-date entitlement information, reduces errors (thanks to built in validation checks), and issues automated receipts. The baseline exercise found that the electronic application took 30 minutes less to complete than the paper version.

Analysis undertaken in the Republic of Ireland shows that applicants who use the on-line facility are more likely to have their applications cleared for payment without delay. This is because the system contains a series of compulsory fields and built-in validations which virtually eliminates the scope to make basic errors or omissions. As a result less than half of one per cent of Single Payment applications submitted on-line had errors, compared with about five per cent of those made on paper.

Despite the benefits, the electronic option has not been popular with farmers or form-fillers in Northern Ireland, with only 1 per cent of applications being made on-line. This level of uptake is low when set against comparable resources such as APHIS on-line, where approximately 25 per cent of herd keepers have registered for the service. In the Republic of Ireland 16 percent

of Single Payment Scheme applications were made on-line in 2008 and the proportion is expected to grow to over 30 per cent in 2009.

Recommendation 31

That DARD scrutinise every aspect of the application process with the aim of reducing the average self-completion time by 60 minutes by 2011 and 90 minutes by 2013. This would achieve a 24 per cent reduction in the overall administrative burden created by the SFP regulations by 2013. Efforts should focus on simplifying guidance materials and instructions.

Recommendation 32

That DARD investigates why take-up of on-line applications for the SFP is so low and implements lessons learnt from this exercise and experience in the Republic of Ireland. Consideration should be given to providing incentives to encourage uptake that do not contravene the EU requirement that there is no discrimination between farmers using electronic and non-electronic means of submission. The Panel believes that assistance such as specific training on completing on-line applications, access to computers in DARD offices and provision of real-time telephone ‘trouble shooting’ advice to on-line applicants, would not constitute discrimination.

Administration of SFP entitlement transfers

Stakeholders raised concerns about the time and expense incurred by the transfer of entitlements, especially through inheritance or anticipated inheritance (farmer retirement). Although the total administrative burden is small at £81k, the unit costs for the individuals concerned are high. As this procedure is undertaken very infrequently, lack of familiarity with the relatively complex processes involved cause confusion and frustration to users.

Recommendation 33

That DARD review guidance material and application forms on the transfer of entitlements and related activities, with a view to improving

clarity and ease of completion. As not all stakeholders are aware that DARD has a specialist team to deal with entitlement transfers, better signposting of this service on the web and elsewhere is needed.

Tracking Single Farm Payment applications and delays in processing payment following eligibility and cross-compliance inspections.

The Panel received complaints from farmers about payment delays routinely experienced by applicants selected for eligibility or cross-compliance inspections. These cases, plus those where issues remain to be resolved at 1 January, constitute about 15 per cent of total applications. The Panel acknowledges that the proportion of payments made by 31 December and 31 January has increased in recent years. It also welcomes the fact that DARD is operating a 'whole case approach' to the management of SFP applications.

Under the 'whole case approach' system an individual member of staff is assigned to each claim and remains the point of contact until payment is made. The case officer is responsible for investigating, resolving and responding to applicant queries. Despite this service, delays in payment and uncertainty on when payment might be expected, is causing considerable frustration for farmers and makes financial planning difficult.

Recommendation 34

As a further development of the 'whole case approach' to SFP processing, DARD should advise applicants of their case-worker's name and how they can be contacted. This information could be incorporated into the acknowledgment letter sent to SFP applicants.

Recommendation 35

In cases where SFP applicants have been selected for eligibility and cross-compliance checks but inspections do not identify problems that result in the application of penalties, no delay should be incurred in receiving payment. Other things being equal, applicants in this situation should be paid in December.

Recommendation 36

In situations where eligibility and cross-compliance checks have identified breaches or similar problems, DARD should amend post inspection procedures so that a transparent and time bounded process for the calculation and payment of SFP is introduced. The time permitted for payment to be made would be linked to the date on which a breach was detected and the length of the period would depend on the complexity and severity of the problem.

Remote sensing and SFP eligibility checks

DARD inspectors already make use of ortho photography prior to farm visits and have piloted the use of Global Positioning System (GPS) technology to accurately measure and record field data. The Panel notes existing problems on the currency of ortho photography for Northern Ireland and recognises that on-site visits will always be required to determine major adjustments where infringements are suspected. Nevertheless, potential exists to reduce the administrative burden placed on farmers by on-farm inspections through the effective use of remote sensing and other technology – as practiced in the Republic of Ireland.

Recommendation 37

That DARD aim by 2013 to match the commitment to farmers in the Republic of Ireland that 80 per cent of eligibility checks are completed using remote sensing. In this connection, DARD should consider the option of screening farms selected for eligibility checks using real-time satellite photography, as occurs in the Republic of Ireland. Only if the image is unclear or gives rise to suspicion of a breach should on-farm inspection be undertaken.

Written communication on SFP issues and eligibility checks

DARD has established projects to improve the quality of forms and written communications with farmers, for example, staff receive training in the use of Plain English. The Panel acknowledges that significant improvements have been made in this area in recent years, but considers that more could be done

to improve written communication on SFP issues and in particular reports on eligibility checks, cross-compliance inspections and notifications relating to penalties.

Recommendation 38

That DARD builds on current initiatives by seeking to secure the Plain English Campaign's Crystal Mark clarity status for scheme guidance notes and stock of standard letters. The Rural Payments Agency is a comparable organisation where Crystal Mark status is being adopted to good affect.

7.2. The Common Agricultural Policy: Cross-Compliance

7.2.1. Background

The term 'cross-compliance' refers to the legal requirement for farmers receiving EU payments to respect a set of Statutory Management Requirements (SMRs) relating to agricultural production and to keep their land in Good Agricultural and Environmental Condition (GAEC).

The competent national authority must provide the farmer with a list of SMRs and the GAEC to be inspected. On-the-spot checks and/or administrative control systems may be used to ensure compliance.

Prior to 2009, cross-compliance applied to the Single Farm Payment Scheme, the Protein Payment Scheme, the Energy Crop Payment Scheme and the Less Favoured Area Compensatory Allowance Scheme (LFACA). From the beginning of 2009 cross-compliance will also apply to the new Northern Ireland Rural Development Programme and the New Organic Farming Scheme.

Penalties for breaches of cross-compliance

The principles for assessing cross-compliance breaches and for the imposition of penalties are set down in EU legislation. Penalties for breaches of cross-compliance are graduated depending on whether the breach is judged to be intentional or negligent and on the severity, extent, permanence and repetition of non-compliance.

As a general rule, for breaches of land-related cross-compliance requirements, it is the person claiming direct agricultural support, (including SFP and other subsidies) against that land, who is held responsible for any breach that occurs. For breaches of animal related requirements, it is the registered keeper of the animal who is held responsible.

If a farmer acts negligently and fails to comply with a cross-compliance requirement, his/her overall direct payment will generally be reduced by 3 per cent for each non-compliance. However, this reduction can be decreased to 1 per cent or increased to 5 per cent. The size of the deduction will depend on an assessment of the severity, extent and permanence of the breach reported by the inspector. For very minor technical breaches a warning letter may be issued.

Depending on the circumstances surrounding a particular breach it may be decided to class a breach of a cross-compliance standard as intentional. In cases of intentional non-compliance the payment will generally be reduced by 20 per cent, but this reduction can be decreased to 15 per cent or increased to 100 per cent. Intentional non-compliance may even result in exclusion from that aid scheme in the following calendar year.

The rules governing the size of penalties to be imposed for both negligent and intentional breaches have been incorporated into United Kingdom-wide penalty frameworks. This is to ensure, as far as possible, that a farmer in Northern Ireland receives the same level of penalty as a farmer in England, Scotland or Wales for a similar breach.

Organisation of cross-compliance inspections

Responsibility and implementation

In 2007 responsibility for enforcing the domestic legislation that makes up the cross-compliance requirements fell to DARD, the Environment and Heritage Service (EHS), now known as the Northern Ireland Environment Agency (NIEA) and the Health and Safety Executive for Northern Ireland (HSENI).

Cross-compliance inspection responsibilities were therefore undertaken by four Component Control Authorities (CCAs): DARD Service Delivery Group (DARD SDG); DARD Veterinary Service (DARD VS); NIEA; and, the HSENI.

At least 1 per cent of farm businesses submitting claims under the schemes to which cross-compliance is applicable must be inspected annually. There are approximately 40,000 SFP claimants in Northern Ireland, so 400 farms require inspection each year under each CCA's area of responsibility. The precise number depends on the number of SFP claimants each year. Of the sample, approximately 25 per cent of farms are randomly selected for inspection, while the remainder are selected on a risk assessed basis. Each CCA is responsible for carrying out its own selection of farms to be inspected, so that the risks linked to the requirements they inspect for can be focused on.

Approximately 400 farms were selected by each CCA for inspection in order to fulfill the 1 per cent inspection requirement across the CCAs. This meant that in 2007, approximately 1,600 farms were selected for inspection and 2,000 inspection visits were carried out. (DARD SDG carried out 800 inspections on the 400 farms selected). Table 7.4 shows, in summary, the 19 SMRs, the responsible CCA for each SMR, and the number of inspections carried out against each SMR in 2007.

Table 7.4 - Summary SMR and GAEC by CCA and farms inspected in 2007

	Requirement	Competent Control Authority	Inspections in 2007
SMR 1	Conservation of Wild Birds	NIEA	406
SMR 2	Conservation of Natural Habitats and of Wild Flora and Fauna	NIEA	406
SMR 3	Protection of Groundwater against Pollution	NIEA	406
SMR 4	Protection of the Environment when Sewage and Sludge is used in Agriculture	NIEA	18
SMR 5	Protection of Water against Nitrate Pollution	NIEA	406
SMR 6	Identification and registration of animals Cattle and Pig	DARD VS	29
SMR 7& 8	Identification and registration of Cattle	DARD VS	366
SMR 9	Sheep and goat identification and registration	DARD VS	124
SMR 10	Placing of Plant Protection Products on the Market	HSENI	390
SMR 11	Food and Feed Law	DARD SDG	392
SMR 12	Prohibition on the illegal use in stock farming of certain substances having a hormonal or thyrostatic action and of beta-agonists	DARD VS	398
SMR 13	Prevention, control and eradication of Transmissible Spongiform Encephalopathies (TSE)	DARD VS	398
SMR 14	Control of Foot and Mouth Disease	DARD VS	398
SMR 15	Control certain animal diseases	DARD VS	398
SMR 16	Specific provisions for the control and eradication of Bluetongue	DARDVS	398
SMR 17	Minimum standards for the protection of Calves	DARD VS	286
SMR 18	Minimum standards for the protection of Pigs	DARD VS	29
SMR 19	Protection of Animals kept for farming purposes	DARD VS	398
GAEC 1 -6	Soil Management, Supplementary feeding, overgrazing, under grazing, field boundaries, protection of habitats, archaeological sites and permanent pasture	DARD SDG	391

DARD Service Delivery Group inspection arrangements

In 2007 DARD SDG selected 302 applicants for cross-compliance inspection using risk criteria and 88 were selected on a random basis. The total, 390, equated to 1 per cent of the total number of applicants.

Farm businesses selected for cross-compliance verification by DARD SDG received two inspections. One was carried out by Grants and Subsidies Inspection Branch to verify compliance with IACS eligibility requirements and the Northern Ireland GAEC requirements. The other was carried out by DARD Farm Quality Assurance Branch (QAB) to verify compliance with SMR 11 Food and Feed Law. This arrangement was deemed necessary because of the technical nature of the SMR 11 requirements which fall under the Food and Feed Hygiene Directive. QAB has a centralised approach to animal feed inspections which means that inspectors can complete Veterinary Medicines, Feed Hygiene and a TSE inspection on one on-farm visit.

The rules governing IACS require DARD to carry out a minimum 5 per cent on-farm eligibility check of land declared for each scheme as part of the IACS/SFP application process. Cross-compliance inspections are required on a minimum of 1 per cent of IACS/SFP applications. In accordance with the EU Regulations, when selecting applicants for cross-compliance inspections, DARD SDG selects its random sample component from the 5 per cent already selected for eligibility inspection.

The risk criteria used by DARD SDG includes positive weightings (reducing the likelihood of selection for inspection) for membership of the Farm Quality Assurance Scheme (FQAS), the Countryside Management Scheme (CMS) and the Environmentally Sensitive Area Scheme (CMS).

DARD Veterinary Service inspection approach

In 2007 DARD Veterinary Service had responsibility for checking compliance with SMRs concerning animals. Veterinary Service combined a possible 12

separate inspections of livestock into a single inspection per farm. This meant that inspections were restricted to approximately 400 farms.

Veterinary Service also integrates the cross-compliance inspection regime with other statutory inspection requirements. For example cattle cross-compliance inspections contribute to the separate requirement to carry out cattle identification inspections on 5 per cent of herds. The same applies for sheep.

Northern Ireland Environment Agency inspection approach in 2007

A number of sections in NIEA are involved in the cross-compliance inspection programme. The Water Management Unit (WMU) Agricultural Regulations Team is responsible for co-ordinating the selection of farm businesses for inspection and organising the inspection programme undertaken by itself and Natural Heritage (NH). In 2007/2008, 25 per cent of farm businesses were randomly selected and 75 per cent of farm businesses were selected by risk assessment.

In 2007/2008 NIEA carried out approx 400 cross-compliance inspections. These inspections took place in a single visit covering all five SMRs under its responsibility. To achieve this staff from the Water Management Unit of NIEA were trained to carry out the “all land” requirements under the conservation focused SMRs 1 and 2. Where a farm included a Natura 2000 area (SMRs 1 and 2) more specialist assessment joint visits were conducted by WMU and NH.

Heath and Safety Executive for Northern Ireland inspection approach in 2007

In 2007 the HSENI was responsible for carrying out checks for compliance with SMR 10 Placing of Plant Protection Products on the Market. The HSENI selected 390 farm businesses for inspection using a risk based approach.

7.2.2. The administrative burden associated with cross-compliance

All the SMRs and the majority of GAEC standards which farmers are asked to comply with predate the introduction of the SFPS. Therefore, these requirements are not new to farmers. However, there is no doubt that the link which has now been established between cross-compliance, GAEC and loss of SFP is an issue of great concern to farmers.

Analyses of the administrative burden relating to cross-compliance inspections

The requirements relating to cross-compliance inspections under the various SMRs and GAEC measures are spread across a number of regulations under the responsibility of DARD, the DOE/NIEA and the Northern Ireland Health and Safety Executive. Where appropriate, the baseline estimates under certain Regulations examined by this Review, also include measurement of the administrative burden relating to cross-compliance inspections. The total cost of this burden on industry has not been quantified across all the regulations linked to 19 SMRs. However, Table 7.5 gives a breakdown of the administrative burdens, where known, for the top ten areas of administrative burden measured in this Review.

Table 7.5 - Administrative burden cross-compliance inspections in 2007

Requirement	Regulation Reviewed	Administrative Burden (£)
SMR 1-5	Pollution Prevention & Control Regulations, Nitrates Action Programme and Phosphorus Use in Agriculture Regulations	21,099*
SMR 6, 7, 8, &9	Cattle and Sheep Identification, Registration and Movement Regulations	66,000
SMR 10	Control of Pesticides Regulations	8,229
SMR 11	Veterinary Medicines including Feed Hygiene	31,217
SMR 17, 18 and 19	Welfare of Farmed Animals Regulations (Northern Ireland)	29,539
GAEC 1-6	Single Farm Payment	De-Minimus (undertaken in conjunction with SFP eligibility inspections)
	Total Administrative Burden	156,084

*Estimate based on 400 inspections at 2.5 hours each - Source NIEA.

The available evidence suggests that the burden placed on farmers by cross-compliance inspections represents only a small part of the overall burden measured by this Review. Likewise the total value of deductions made for breach of cross-compliance and GAEC is a small fraction of SFP receipts. The total value of cross-compliance penalties applied to SFP recipients in Northern Ireland in 2007 equals £191,872. The total payout for SFP in 2007 was £224.33m (at January 2009). Therefore only 0.09 per cent of SFP was withheld due to application of cross-compliance penalties.

Analysis for the potential for multiple on-farm inspections

As explained above, each CCA is responsible for selecting farm businesses to be inspected against their cross-compliance areas. The evidence suggests that individual CCAs rarely select the same farm businesses (see Table 7.6).

Table 7.6 - Number of individual businesses selected for inspection in 2007

Number of individual businesses selected -	Number selected by 2 CCAs	Number selected by 3 CCAs	Number selected by 4 CCAs
1564	52 (3.32%)	0	0

As only 3 per cent of farms were selected by more than one CCA in 2007, it would appear that while this is inconvenient for those affected, the issue is one where the perceived problem is greater than the reality on the ground.

Changes in inspection and enforcement since 2007

From 2008 DARD SDG has carried out cross-compliance inspections on behalf of HSENI. This means that, from 2008, the DARD SDG risk selection process includes identification of applicants for inspection against the requirements of SMR 10 Placing of Plant Protection Products on the Market. This resulted in a reduction in the number of on-farm cross-compliance inspection visits carried out in 2008 by 400 when compared to the number of inspections in 2007. Table 7.7 shows the breakdown of the farm visits for both years. The HSENI remains a CCA and provides technical advice and guidance on the requirements of SMR 10.

Table 7.7 - Schedule for cross-compliance farm visits in 2007 and 2008

CCA	2007	2008
DARD SDG	800	800
DARD Veterinary Service	400	400
NIEA	400	400
HSE	400	0
Total on-farm visits	2000	1600

For the first time in 2009, with the exception of LFACA (which was included under cross-compliance from 2007), the risk selection process of each of the

cross-compliance CCA's will also select applicants for inspection who have applied to schemes under the Northern Ireland Rural Development Programme 2007 to 2013 - where cross-compliance requirements apply. The schemes covered are the New Countryside Management Scheme, the New Organic Farming Scheme and several forestry schemes. Selecting applicants in this way will help to keep total inspections to a minimum as applicants selected for inspection who have applied to a number of schemes will count towards the inspection requirement for each scheme.

7.2.3. Matters of Note and Recommendations

Recent Developments – CAP Health Check Agreement

The Health Check modified cross-compliance requirements by removing provisions in the SMRs that were redundant or less effective. It has also removed some requirements for the protection of wild birds and the release of non-native species. However, none of these changes will result in a significant reduction in administrative burden from cross-compliance SMRs.

Cross-compliance inspections

Stakeholders had concerns about the number of farms selected for cross-compliance inspection, the administrative burden created by multiple visits to farms under inspection, the limited notice provided to farmers of inspection and the operation of the penalty system for non-compliance.

Evidence provided to the Panel, and summarised in Table 7.6, suggests that selection for cross-compliance inspection by more than one CCA is rare. Furthermore from 2008 changes to inspection arrangements for SMR 10 (Placing Plant Protection Products on the Market) will reduce the total number of on-farm cross-compliance inspection visits by 400, when compared to 2007 levels. Taken together with earlier measures, the number of farms selected for cross-compliance inspections in 2009 will be 1,200 (or over 40 per cent) lower than in 2006. The Panel is also aware that DARD has sought to minimise the number of animal identification, welfare and disease inspections by integrating

cross-compliance requirements into the existing inspection and control arrangements for these regulations.

The Panel received representations from the NIFCC, administrators of the Farm Quality Assurance Scheme in Northern Ireland. They argued that farmers accredited under a NIFCC scheme conformed to environmental and husbandry standards that matched or exceeded those required to satisfy SMRs but did not receive sufficient credit for this. They also proposed that NIFCC inspectors should be allowed to carry out cross-compliance inspections under license from DARD.

In considering actions that could be taken to further reduce the burden on farmers arising from cross-compliance controls in Northern Ireland, the Panel had to weigh up the benefits of simplification proposals that resulted in fewer farms being selected, against the consequence that those inspected would be assessed for conformity against a greater number of SMRs. When this issue was raised with NIAPA and the UFU, both organisations indicated that a reduction in the number of farms selected for cross-compliance inspection was the paramount consideration. The Panel notes, in connection with this, that amendments to EU Regulation 796/2004 in 2007 provides scope for a single control visit covering all the cross-compliance checks.

The Panel have considered if the penalty framework for non-compliance was fair and proportionate. From the available evidence, the regime appears to comply with EU legislative requirements, and the value of deductions made in recent years is modest in the context of the total value of Single Farm Payments to farmers. The Panel is aware that stakeholders would prefer greater use of warning letters in first offence cases of non-intentional cross-compliance breaches. While the Panel has sympathy for this, it seems that it is not possible under the current EU legislation to allow warning letters in all cases involving first offences of non-intentional cross-compliance breaches. The use of warning letters should be considered on a case by case basis, but the Panel recognises that any change to allow a more generalised use of warning letters would have to be agreed at United Kingdom and EU level.

DARD policy on notice of inspections is explained in the Guide to the IACS / Single Application. For land related inspections notice may be up to 14 days in advance of the proposed visit, but for livestock inspections advance notice will not exceed 48 hours. NIEA operate a policy of up to seven days advance notice of a visit.

Recommendation 39

That DARD adopts a policy of up-skilling inspectors, so that over time a single cadre of staff becomes qualified to undertake on-farm assessment of compliance against all SMRs. As a first step, staff undertaking SFP eligibility and GAEC inspections should be trained to assess compliance with SMRs 10 and 11, thus eliminating the need for two teams to carry out on-farm inspections.

Recommendation 40

To complement the partial or complete integration of the inspection teams, the Panel recommends that a single DARD CCA and a single DARD risk assessment process should be established so that a single list of farms is identified for cross-compliance inspection. Farms identified for inspection, could then be visited in a coordinated manner, by one or more inspectors.

Recommendation 41

That DARD sets an objective of replacing on-the-spot checks with administrative checks wherever feasible and reserving farm inspections for those cases where a problem is detected or suspected. Where on-the-spot farm checks cannot be eliminated by the use of administrative data, then the latter should be employed to reduce the scope and duration of farm inspections. For example, that information held in APHIS is used to meet some or all of the requirements of SMRs 7 and 8 on the identification and registration of cattle.

Recommendation 42

As an interim measure, and to avoid duplication of effort, DARD should recognise the identification and inspection of cattle during recent TB and Brucellosis tests as satisfying equivalent IRM cross-compliance requirements.

Recommendation 43

That DARD Service Delivery Group and NIEA review the period of advance notice given for SFP eligibility or cross-compliance inspections, (other than those involving cattle) with a view to increasing these above current levels. Any increase to be consistent with maintaining control objectives and effectiveness.

Risk based selection for cross compliance inspection

Risk based criteria are used to select 75 per cent of farms to be inspected for SFP eligibility checks and for cross-compliance with GAEC and SMRs 10 and 11. Stakeholders argued that the risk assessment used was not transparent and suspected that insufficient credit was given for accreditation under farm quality assurance programmes and for other indicators of good practice.

EU regulation does not now stipulate specific risk criteria to be used when selecting SFP applicants for on-farm inspection, only that they be appropriate to the requirements or standards. The Panel was briefed on the risk based systems put in place by DARD. The framework used for assessment under SFP eligibility, GAEC and SMRs 10 and 11 has approximately 20 criteria that are considered relevant. A score is computed for each application and those ranked highest are inspected. Similar systems are used by DARD to identify farms for inspection under animal identification, health and welfare SMRs, and by the NIEA for checks on SMRs 1 to 5. With respect to indicators of good practice, the Panel found that applicants received credit for membership of the FQAS, receipt of agri-environmental payments and payments under the Organic Farming Scheme.

Recommendation 44

Risk factors, evaluation criteria and weightings used to assess selection for cross-compliance and SFP eligibility checks by both DARD CCAs and NIEA should be made public.

Recommendation 45

The weightings given to indicators of good practice, such as membership of a farm quality assurance scheme or receipt of agri-environment payments, should be reviewed to assess whether, at present, they sufficiently reflect the reduced risk that stakeholders argue farms with these characteristics possess. The assessment should be made by comparing inspection reports for farm businesses, with and without these features, selected for inspection as part of the annual random sampling process.

Advice and guidance on SMRs and cross compliance-inspections

The Panel received comments to the effect that DARD was a better policeman than teacher on the issue of cross-compliance and that more emphasis should be placed on providing information that reduced anxiety around selection for inspection and helped ensure farms were compliant with cross-compliance standards and eligibility conditions.

The Panel recognises that DARD has taken steps to meet its statutory obligation to advise farmers on land and farm management for SMRs and GAEC purposes. Actions include, the provision of a range of booklets that explain the penalty and sanction regime; inclusion within the annual guidance booklets on the SFPS of examples of common penalties; and 'Dear Producer' letters and press articles to explain changes in the scheme rules, when required. In addition, DARD publishes a bi-annual newsletter and runs a forum aimed at helping farmers comply. The DARD website and Rural Portal provide electronic access to up to date information.

The Panel considers that much useful information exists. However, it is not always easy to find or understand and does not approach the issue from the

farmers' perspective. Too often it appears material is primarily designed to safeguard the interests of the regulator rather than those of the regulated business.

Recommendation 46

The Panel considers that a stock take should be made of all the cross-compliance verifiable standards and related guidance, with a view to simplification and consolidation of published material. As and when guidance information is revised, it should help farmers understand what they need to do to comply with regulations and build on the straightforward and clear approach adopted in existing DARD publications such as 'Your Environmental Responsibilities under Cross-Compliance: A Guide to Farmers.'

Recommendation 47

As with IACS / SFP literature, any written communication on cross-compliance issues not already Plain English tested to meet the Plain English Campaign's 'Crystal Mark' standard, should undergo this process.

Recommendation 48

On-line guidance to farmers on GAEC and cross-compliance provided by DARD should be provided at a single, easily navigable location on the internet. The NetRegs site, which aims to help small business in the United Kingdom to understand what is needed to comply with environmental law, provides guidance on environmental Northern Ireland cross-compliance SMRs. However, the Panel is of the opinion that all aspects of cross-compliance and GAEC should be brought together in a single DARD website with similar focus.

Section 8: Administrative Burdens, Findings and Simplification Proposals: Nitrates Action Programme and Phosphorus Use in Agriculture

8.1. Nitrates Action Programme

8.1.1. Background

The following legislation was reviewed:

- The Nitrates Action Programme Regulations (Northern Ireland) 2006 (NAP Regulations)

The NAP Regulations fulfill the legal obligation under EU Nitrates Directive 91/676/EEC, by adopting Article 3.5 and thereby establishing and applying an action programme across the total territory of Northern Ireland. The action programme is designed to achieve the Directive's objective to reduce water pollution caused or induced by nitrates from agricultural sources and prevent further such pollution.

The NAP Regulations include measures to improve the timing, rate and method of applying organic and inorganic fertilisers. In addition, it requires adequate and sufficient storage for livestock manure and land management obligations for the prevention of soil erosion and nutrient run-off. It also contains provisions for records to be kept and made available for inspection. Compliance with the NAP Regulations is one of the Statutory Management Requirements under cross-compliance.

8.1.2. Analyses of the Administrative Burden

The total administrative cost to farm businesses of complying with the NAP Regulations is estimated at £4.33m, of which £4.00m, is considered to be the administrative burden.

Administrative Burden by Information Obligation (IO) type

Table 8.1 below illustrates the administrative burden by IO type, starting with the highest percentage.

Table 8.1 - Administrative Burden by Information Obligation type

Information Obligation Type	Admin Burden (£m)	% of Admin Burden
Familiarisation with requirements	2.61	65.3
Keeping records	1.39	34.7
Totals	4.00	100

One IO type “familiarisation with requirements” accounts for £2.61m (65.3 per cent) of the total administrative burden. The other IO type is “keeping records” accounting for £1.39m (34.7 per cent). The two IO’s are examined in more detail below.

Familiarisation with requirements

Two data requirements are associated with “familiarisation with requirements”. The largest element relates to the duty of the owner and/or controller to comply with the NAP Regulations and in so doing to have due regard to any guidance that may have been issued. The administrative burden associated with the initial reading of the guidance issued in March 2007 by DARD and NIEA (formerly EHS) is 61.7 per cent (£2.47m).

The lesser element, 3.5 per cent (£147k), relates to the initial calculation of N loading for farmers over 100kg N/ha/year in the first year following the introduction of the Regulations.

Keeping records

The overall administrative burden associated with “keeping records” is 34.7 per cent (£1.39m). The largest element, 13.7 per cent (£552k), relates to the requirement for all farm businesses (26,150) to record: the quantity of each

type of nitrogen fertiliser moved on or off the holding; the amount of each type of nitrogen fertiliser applied; the certified nitrogen content of the chemical fertiliser; the total nitrogen content of the chemical fertiliser; the total nitrogen content per tonne of other organic manures as declared in accordance with regulations 9(5) and 10(6); the date of that movement; and in the case of organic manure, the name and address of the consignee, the consignor and any third party transporter of the manure.

A lesser element, 6.5 per cent (£262k), relates to the keeping of records showing the capacity for livestock manure storage, and where applicable the details of rented storage, farmyard manure production, out-wintered livestock, manure separation and manure processing facilities utilised.

The estimated 12,820 SFP claimants who may potentially require a controller form i.e those claiming SFP who rent land out but do not retain control for NAP Regulation purposes accounts for 9 per cent (£361k).

Cropping regimes 3.4 per cent (£138k) and Soil Nitrogen Supply Index for crops other than grassland 2.1 per cent (£83k) are the final administrative burdens associated with “keeping records”.

Administrative burden from a business perspective

This section categorises administrative burdens so that they correspond with tasks and processes performed by businesses. Table 8.2 illustrates the main practical administrative tasks arising from the NAP Regulations.

Table 8.2 – Main administrative tasks placed on business

Administrative Task	Admin Burden (£m)	% of Admin Burden
Initial reading and reference to Guidance booklet issued to all farmers in March 2007.	2.47	61.7
Recording the quantity of each type of nitrogen fertiliser moved on or off the holding, the amount applied, the certified nitrogen content and the total nitrogen content of the chemical fertiliser, the total nitrogen content per tonne of other organic manures, the date of that movement and, in the case of organic manure, the name and address of the consignee, the consignor and any third party transporter of the manure.	0.552	13.8
Completion of controller form.	0.361	9
Completion of Annexes M, N, O and P of Guidance booklet for livestock manure storage capacity, rental agreements, farmyard manure production, out-wintered livestock, manure separation and processing facilities utilised.	0.262	6.5
Initial calculation of N loading for farmers over 100kg N/ha/year in first year following introduction of NAP Regulations.	0.147	3.5
Tabulation of activities against field numbers and crop for the year in question as identified on IACS.	0.138	3.4
Completion of Annex H in Guidance booklet in relation to Soil Nitrogen Supply Index.	0.083	2.1
Totals	4.013	100

The most costly activity is the initial reading and reference to the guidance booklet 61.7 per cent (£2.47m). It is estimated that three hours is spent on this activity, with two hours devoted to the initial reading of the guidance booklet upon receipt and one hour in reference throughout the year. A unit cost of £63 is associated with this activity.

The second most costly activity is the recording of various details in relation to nitrogen fertilisers, 13.8 per cent (£552k) affecting all 26,150 farm businesses. The average time resource for each farm business is 1 hour with a unit cost of £21.

The third most costly activity is for the estimated 12,820 SFP claimants who may potentially require a controller form i.e. those claiming SFP who rent land out but do not retain control for NAP Regulation purposes. This accounts for 9 per cent (£361k), with a time resource of 80 minutes and unit cost of £28.

Administrative burden disaggregated by unit cost

Table 8.3 ranks the administrative data requirements by unit cost.

Table 8.3 - Data requirements ranked by unit cost

Data requirement	Admin Burden (£m)	Unit Cost (£)	Number of businesses affected
Initial reading and reference to guidance booklet issued to all farmers in March 2007.	2.47	63	38,790
Completion of controller form.	0.361	28	12,820
Recording the quantity of each type of nitrogen fertiliser moved on or off the holding, the amount applied, the certified nitrogen content and the total nitrogen content of the chemical fertiliser, the total nitrogen content per tonne of other organic manures, the date of that movement and, in the case of organic manure, the name and address of the consignee, the consignor and any third party transporter of the manure.	0.552	21	26,150
Initial calculation of N loading for farmers over 100kg N/ha/year in first year following introduction of NAP Regulations.	0.147	21	7,000
Completion of Annex J in guidance booklet in relation to Soil Nitrogen Supply Index.	0.083	21	3,950
Completion of Annexes M, N, O and P of Guidance booklet for livestock manure storage capacity, rental agreements, farmyard manure production, out-wintered livestock, manure separation and processing facilities utilised.	0.262	10	24,825
Tabulation of activities against field numbers and crop for the year in question as identified on IACS.	0.137	10	26,150

The initial reading and reference to the guidance booklet has the highest average unit cost of £63. The requirement accounts for 61.7 per cent of the total administrative burden due to its impact across all farms. The requirements for completion of the controller form with a unit cost of £28, the completion of Annex J and the initial calculation of N-loading for farmers over 100kg N/ha/year, both with a unit cost of £21, are second and joint third in relation to unit cost, although combined only represent 14.6 per cent of the

total administrative burden. This is largely due to the lesser number of estimated businesses affected in any year.

Issues that have arisen during the baseline measurement exercise

The baseline analysis for the NAP Regulations raised issues in relation to timings of certain activities and the numbers estimated for some of the administrative burden.

Controller forms

The original analysis allowed one hour for the completion of a controller form when estimating the administrative burden. Feedback from stakeholders highlighted that in some cases more than one controller form is required. Time allowed was increased to 80 minutes to give an estimated administrative burden of 9.00 per cent.

Soil Nitrogen Supply for crops other than grassland

Stakeholders raised concerns about the time permitted and the numbers included in the initial analysis. On examination of the time allowed it was concluded that the estimate was adequate for completion of Annex J of the guidance booklet. It was acknowledged, however, that allowance had not been made for the numbers of farmers growing fodder crops, including arable and maize silage, and the administrative burden was revised to 2.1 per cent.

Nitrogen loading calculation

It is not a statutory requirement that the livestock manure N-loading for a farm is known by the operator, only that the data required to make this calculation is available to an inspector on request. After stakeholder input it was acknowledged that during 2007, when the legislation became effective, it would have been prudent for farmers who, after reading the guidance, considered their business to be in danger of breaching the 170kg/ha limit to have undertaken this calculation. Using 7,000 farm businesses that were estimated to have N-loading at or above 100kg/ha in 2007 an administrative burden of 3.5 per cent was calculated. Only farmers that experience significant changes in the scale or intensity of their business activities are

likely to repeat this calculation on an annual basis. However, for those that do, use of the DARD on-line calculator makes the task easier and helps avoid error.

Good practice

During the development of the NAP Regulations there was intensive and extensive consultation with stakeholders, including the UFU. Many of the issues identified by stakeholders were taken forward in discussions with the European Commission in gaining acceptance of the programme.

To help farmers understand the new requirements press releases were placed in local industry journals throughout 2006 explaining the impact of different elements of the NAP Regulations. This was further supplemented in December 2006 with the issue to all farmers of a summary document covering both the NAP and Phosphorus Regulations. Information was provided by staff from NIEA and DARD at the annual industry Winter Fair.

In early 2007 a comprehensive guidance booklet was issued to all farmers in Northern Ireland explaining the requirements of the NAP Regulations and what action was needed to comply. The guidance was designed with substantive input from UFU, helping ensure it met the needs of farmers and made as much use of information and documentation already available.

Workshops, including coverage of the NAP Regulations, were run by the College of Agriculture, Food and Rural Enterprise. In excess of 11,000 farmers have taken advantage of this opportunity. Staff from DARD and NIEA also continue to provide information at agricultural events and farmers' meetings.

Matters of Note and Recommendations

The Panel notes that running in parallel with the Regulations a Farm Nutrient Management Scheme (FNMS) was introduced and managed by DARD delivering financial assistance to farmers for the construction of manure storage facilities to secure optimum compliance with the Nitrates Directive.

Many farms have committed significant expenditure to building new and improved manure storage facilities under the FNMS. DARD estimates that total investment through the scheme was approximately £200 million.

The NAP Regulations contain a statutory requirement to review, in consultation with the public, the action programme. The review will assess the effectiveness of the current action programme and if appropriate put forward a revised action programme for 2011-2014.

Recommendation 49

That the forthcoming review of the Nitrates Action Programme by DARD and DOE should incorporate assessment using better regulation principles.

8.2. Phosphorus Use in Agriculture

8.2.1. Background

The following legislation was reviewed:

- Phosphorus (Use in Agriculture) Regulations (Northern Ireland) 2006

Eutrophication, caused by the input of excess nutrients, mainly nitrates and phosphorus, is the main threat to water quality in Northern Ireland. A number of Directives are aimed at reducing the input of nutrients to the water environment including the Nitrates Directive which requires action to be taken to address eutrophication. As both nitrates and phosphorus contribute to eutrophication the Phosphorus Regulations were introduced to support and complement the implementation of the Nitrates Directive 91/676/EC.

In addition, the Water Framework Directive (WFD) 2000/60/EC requires Member States to implement measures necessary to prevent or limit pollutants, including pollutants contributing to eutrophication. Whilst there are a range of measures required to achieve the objectives of the WFD the Phosphorus Regulations are one measure contributing towards achieving these objectives by limiting the use of chemical phosphorus fertilisers.

The Dangerous Substances Directive 2006/11/EC on pollution caused by certain dangerous substances discharged into the aquatic environment also requires Member States to eliminate discharges of various dangerous substances.

8.2.2. Analyses of the Administrative Burden

The total administrative cost and burden to farm businesses of the Phosphorus Regulations is £1.78m.

Administrative Burden by Information Obligation (IO) Type

Table 8.4 below illustrates the administrative burden by IO type, starting with the highest percentage.

Table 8.4 - Administrative burden by Information Obligation type

Information Obligation Type	Admin Burden (£m)	% of Admin Burden
Gathering and assessing relevant information/figures	1.01	56.5
Keeping records	0.77	43.5
Totals	1.78	100

One IO type “gathering and assessing relevant information/figures” accounts for £1.01m (56.5 per cent) of the total administrative burden and is generated by one key activity i.e. soil sampling. The other IO type is “keeping records” accounting for £671k (43.5 per cent). The two IO’s are examined in more detail below.

Gathering and assessing relevant information/figures

One data requirement is associated with “gathering and assessing relevant information/figures” and relates to the duty of the owner and/or controller to demonstrate that chemical phosphorus fertiliser is used to meet crop requirement taking into consideration soil fertility status, the recommended phosphorus index of the soil for the crop and the supply of phosphorus available from the application of organic manures.

Soil phosphorus fertility status can only be established through a soil test. For sampling the size of the area from which one sample can be taken varies but shall not be more than 4 hectares. Generally one sample shall be collected from each field. Within one field, areas which are not uniform for crop growth and areas which have been cropped or fertilised differently shall be sampled separately. Sampling is satisfactory every fourth year.

The estimate of £1.01m (56.5 per cent) is based upon 19,600 farms using Phosphorus fertiliser. Of this 4,900 (25 per cent) is used to estimate the administrative burden, recognising the sampling requirement of every four years. The average Northern Ireland farm size of 39 hectares has been used to arrive at 10 samples per farm. An external services figure of £100 has also been included to account for costs associated with laboratory analysis of the samples.

Keeping records

The overall admin burden associated with “keeping records” is 43.5 per cent (£774k). The largest element, 23.3 per cent (£414k), relates to the requirement for all farm businesses estimated to apply Phosphorus fertiliser (19,600) to provide a statement of the foreseeable phosphorus requirements of the crop.

The recording of the quantity of each type of phosphorus fertiliser applied, the certified phosphorus content of the chemical fertiliser, the total phosphorus content of other organic manures and the date of application of any phosphorus fertiliser accounts for 11.6 per cent (£206k). The requirement to record the size and location of each field to which chemical fertiliser was applied is 5.8 per cent (103k).

Type and date of any crop sown 1.91 per cent (£34k) and retention of soil test results 0.95 per cent (£17k) are the final admin burdens associated with “keeping records”.

Administrative burden from a business perspective

This section categorises administrative burdens so that they correspond with tasks and processes performed by businesses. Table 8.5 illustrates the main practical administrative tasks arising from the Phosphorus Regulations.

Table 8.5 – Main administrative tasks placed on business

Administrative Task	Admin Burden (£m)	% of Admin Burden
Taking soil samples	1.01	56.5
Compile and record statement of foreseeable phosphorus requirements of crops	0.414	23.3
Recording phosphorus fertiliser details in Annex L of Guidance booklet	0.206	11.6
Recording of size and location of each field to which chemical phosphorus fertiliser applied on relevant IACS form or a DARD farm map.	0.103	5.8
Recording type and date of any crop sown on IACS form or DARD farm map	0.034	1.9
Filing and retention of soil test results	0.017	0.9
Totals	1.784	100

The most costly activity is the collection of soil samples 56.5 per cent (£1.01m). The cost relates predominately to the need for all farm businesses assumed to be applying phosphorus fertiliser to take a soil sample from every 4 hectares every fourth year. This gives a unit cost of £205 with 5 hours devoted to collecting and delivering the samples.

The second most costly activity is the compiling and recording of the foreseeable phosphorus requirements of crops, 23.3 per cent (£414k) affecting an estimated 19,600 farm businesses. The average time resource for each farm business is 1 hour with a unit cost of £21.

The third most costly activity is estimated to be the recording of the various phosphorus fertiliser details and the completion of the IACS form or DARD farm map with the size and location of each field to which chemical phosphorus fertiliser has been applied. This accounts for 11.6 per cent (£206k), with a time resource of 30 minutes and unit cost of £10.

Administrative burden disaggregated by unit cost

Table 8.6 ranks the administrative data requirements by unit cost.

Table 8.6 - Data requirements ranked by unit cost

Data requirement	Admin Burden (£m)	Unit Cost (£)	Number of businesses affected
Taking soil samples	1.01	205	4,900
Compile and record statement of foreseeable phosphorus requirements of crops	0.414	21	19,600
Recording phosphorus fertiliser details in Annex L of Guidance booklet	0.206	10	19,600
Recording of size and location of each field to which chemical phosphorus fertiliser applied on relevant IACS form or a DARD farm map.	0.103	5	19,600
Recording type and date of any crop sown on IACS form or DARD farm map	0.034	3	19,600
Filing and retention of soil test results	0.017	1	4,900

Taking soil samples has the highest average unit cost of £205. The requirement accounts for 56.5 per cent of the total administrative burden due to the time resource of 5 hours and external costs associated with analysis of soil tests. Compiling a statement of foreseeable phosphorus requirements for crops has a unit cost of £21 (23.3 per cent), with the completion of Annex L with phosphorus fertiliser details having a unit cost of £10 (11.6 per cent).

The remaining unit costs come from recording on the IACS form or DARD farm map the size and location of each field to which chemical fertiliser is applied, £5 (5.8 per cent), the recording of dates and crops sown, £3 (1.9 per cent) and filing of soil test £1 (0.9 per cent) respectively.

Issues that have arisen during the baseline measurement exercise

The Phosphorus (Use in Agriculture) Regulations (Northern Ireland) 2006 were introduced to support and complement the implementation of the Nitrates Directive whilst contributing towards achieving the objectives of the Water Framework Directive.

Consequently, the consultations, meetings, guidance and training completed for the Regulations, is a composite part of the process detailed under good practice, Section 4, of the Nitrates Action Programme Regulations (Northern Ireland) 2006.

The baseline analysis for the Phosphorus (Use in Agriculture) Regulations (Northern Ireland) 2006 raised issues in relation to timings of certain activities for some of the administrative burden (see below).

Soil sampling

The initial estimate for collecting soil samples was four hours for an average farm of 39 hectares. Feedback from stakeholders acknowledged that whilst this estimate was acceptable to satisfy regulators requirements, for some farms it was inappropriate, due to existing field boundaries dictating a requirement for a higher number of samples and therefore more time. The time estimate was increased to five hours to take account of this factor giving an administrative burden of 23.3 per cent.

Difficulties accessing data on soil nutrient levels from on-going testing was raised as a concern by one stakeholder group. As transparency, efficient management of information channels and good communication are at the core of better regulation principles, the Panel consider this to be an important issue and took steps to establish contact between the stakeholder and the relevant scientific authority.

Completion of phosphorus details

Stakeholders expressed concern that the 15 minute estimate for transposing phosphorus fertiliser details to IACS forms and/or field maps was insufficient.

The estimate was revised to 30 minutes to reflect these concerns with an administrative burden of 11.6 per cent.

Matters of Note and Recommendations

The Panel recognises the good practice adopted in the development of the Regulations with respect to the active participation of stakeholders.

Section 9: Administrative Burdens, Findings and Simplification Proposals: Veterinary Medicines

9.1. Veterinary Medicines: Veterinary Medicines Regulation

9.1.1. Background

The following legislation was reviewed:

- Veterinary Medicines Regulations 2007

The Veterinary Medicines Regulations implement EU Regulations relating to veterinary medical products. They make provision for the authorisation, manufacture, classification, distribution and administration of veterinary medical products. In respect to Northern Ireland, they also make provision for the licensing of animal feed manufacturers and distributors and for the inspection of medical records.

The requirement to keep records relating to medical treatments appears in both the Welfare of Farmed Animals Regulations and in the Veterinary Medicines Regulations. The Welfare baseline includes medical treatments where an animal has fallen ill. The Veterinary Medicines baseline includes routine preventative measures administered under a planned health programme. Therefore, the total cost of the record keeping burden is spread across two baseline estimates (see comments on record keeping at Section 11 relating to the Welfare of Farmed Animals).

9.1.2. Analyses of the Administrative Burden

The total administrative cost of the Veterinary Medicines Regulations is £9.4m, of which £4.7m (50 per cent) is considered to be an administrative burden.

Table 9.1 shows the breakdown of the administrative burden.

Table 9.1 - Administrative burden by Information Obligation type

Information Obligation Type	Admin Burden (£m)	% of Admin Burden
Keeping records	4.660	98.98
Co-operating with audits / inspections	0.031	0.66
Application for authorisation	0.017	0.36
Totals	4.708	100

The requirement to “keep records” accounts for £4.66m (98.98 per cent) of the total administrative burden. This involves three main types of recording broken down as follows. Recording routine medical treatments for animals (dairy and beef cattle, sheep, pigs and poultry) which accounts for 88 per cent (4.15m) of the administrative burden. Keeping a record of measures put in place to control hazards, the Hazard Analysis and Critical Control Points (HACCP) system, accounts for 6.9 per cent (£323k) of the administrative burden. Records kept by feed mills includes large and medium mills as well as farms involved in home-mixing of rations, but the overall burden in terms of this activity is relatively small only 3.9 per cent (185k).

Two other IO types are relevant: “co-operating with audits/inspections” which accounts for £31k (0.66 per cent) of the administrative burden, and “application for authorisation” which account for £17k (0.36 per cent) of the administrative burden.

The burden associated with “co-operating with audits/inspections” is generated by the requirement for operators (feed manufacturers, distributors, and home-mixers), to be present at a DARD Quality Assurance Branch inspection. This can be either an annual inspection or inspection prior to approval of new application. The burden associated with “application for authorisation” relates to applications made by animal feed manufacturers and distributors for approval to manufacture /distribute feedingstuffs.

Table 9.2 shows the breakdown of the main administrative tasks placed on businesses.

Table 9.2 – Main administrative tasks placed on business

Administrative Task	Admin Burden (£m)	% of Admin Burden
Keeping records of routine medical treatments (animals and poultry)	4.150	88.15
Keeping a register of purchase, production, and sales for tracing of receipt / delivery to final destination	0.501	10.64
Assisting with DARD inspections	0.032	0.68
Applying for authorisation to manufacture/ distribute veterinary medical products into a pre-mixture of feedingstuffs	0.017	0.36
Keeping a record of measures put in place to control hazards (HACCP)	0.007	0.15
Applying for authorisation for feed additive or for new use of feed additive	0.001	0.02
Totals	4.708	100

The most costly activity for farmers under record keeping is recording of routine medical treatments for farm animals, including poultry. The second most costly activity is the requirement for feed mills and home-mixers to keep a register of purchase, production, and sales to allow tracing of goods received and/or deliveries to the final destinations. Together, these make up 98.8 per cent of the administrative burden under these Regulations.

Table 9.3 ranks the administrative data requirements by unit cost.

Table 9.3 - Data Requirements ranked by unit cost

Data requirement	Admin Burden (£m)	Unit Cost (£)	Number of businesses affected
Feedmills shall keep a register of purchase, production, and sales for tracing of receipt /delivery to final destination	0.185	2954	125
Keeping records of routine medical treatments (pigs units)	0.388	1582	490
Keeping records of routine medical treatments (cattle dairy herds)	1.09	527	4150
(New) Home mixers of medicated feed to keep a record of measures put in place to control hazards (HACCP)	0.002	493	5
Home mixers shall keep a register of purchase, production, and sales for tracing of receipt /delivery to final destination	0.316	253	2500
Keeping records of routine medical treatments (beef herds)	1.84	190	19,388
Keeping records of routine medical treatments (sheep)	0.82	190	8646
Annual inspection of feedmills	0.004	148	27

The requirement for feed mills to keep a register of purchases and sales of feed had the highest unit cost (£2954). However, this requirement accounts for only 3.9 per cent of the total administrative burden. This is largely due to the small number of businesses affected – there are approximately 125 feed mills in Northern Ireland. The size of the mills varies and the length of time spent on record keeping will differ with scale. For this exercise, we assumed that the average time spent on this activity is 140 hours per year. This estimate reflects the position after deducting an allowance for BAU.

There is a Business As Usual factor of about 50 per cent to be included so this explains why the cost of the administrative burden is so low compared with the unit cost.

Other requirements generating high unit costs include, record keeping for pig farmers (£1,582). This is followed by record keeping for dairy cattle farmers (£527). These have much higher unit costs than record keeping for beef cattle and sheep farmers (£190). However, the administrative burden for beef and dairy farmers (£1.84m and £1.09m respectively) is much higher in aggregate than that for pig farms. This is because of the number of businesses affected. There are over 19,000 beef farms and over 4,000 dairy herds in Northern Ireland compared to 490 pig units.

The HACCP Plan to be kept by newly approved home mixers also has a high unit cost £493. This is because new home mixers need to undertake training (about 3 days) in drawing up a HACCP Plan. An external cost has been added to cover the cost of training. However the number of businesses affected is very small (only 5) and the administrative burden (£2k) is only 0.04 per cent of the total administrative burden under these Regulations.

The register to be kept by home mixers detailing purchases and sales of feed generates a unit cost of £253 affecting 2,500 businesses. Nevertheless the administrative burden (£316k) is not high and reflects the position after deducting an allowance for BAU.

The annual inspection of feed mills by DARD Quality Assurance Branch has an average unit cost of £148. However the administrative burden is only £4k as it affects only a small number of businesses.

9.1.3. Matters of Note and Recommendations

Record keeping

The Panel notes from the analyses of the baseline estimate that the main administrative burden imposed on farmers by the Veterinary Medicines

Regulation comes from keeping records of routine medical treatments administered to animals and poultry (88 per cent of the total burden under this Regulation).

Stakeholders raised concerns about the amount of record keeping required in connection with routine medical treatments. Their view was that the requirements should be reduced. Only information relating to medicine used, animals treated and date of administration was considered necessary.

The Panel notes that the minimum record keeping requirements for food producing animals are set down in EU legislation. These requirements are reflected in the Veterinary Medicines Regulation and are very specific. Owners or keepers of food-producing animals must maintain records in respect of veterinary medicinal products as follows:

- The name of the product and the batch number;
- The date of each purchase;
- The quantity purchased;
- The name and address of the supplier.
- The date of administration;
- The quantity administered;
- The withdrawal period;
- The identification of animals treated; and,
- Where appropriate, the date of disposal, the quantity involved and the method of disposal.

DARD Veterinary Service takes the view that all the record keeping requirements under the Regulation are essential for the maintenance of food safety standards. For example, farmers must ensure that withdrawal periods i.e. the period necessary between the last administration of the veterinary medicinal product to animals and the production of foodstuffs from such animals, is recorded. This helps to ensure that such foodstuffs do not contain residues. The quantity administered is also important for investigations by DARD relating to occurrences of residues.

The Panel considers that, on balance, the record keeping requirements under the Veterinary Medicines Regulation are justified and reasonable. These records are important from the point of view of public health and consumer confidence as they ensure that unsafe food is not placed on the market.

Proposed changes to record keeping requirements

The Panel welcomed that fact that the Veterinary Medicines Directorate in Great Britain is exploring changes in EU legislation to reduce record keeping requirements of non-food animals (for example domestic pets). Any changes which are agreed will have a direct read across to Northern Ireland.

The Veterinary Medicines Directorate is encouraging and facilitating industry initiatives to develop, by the end of 2009, the use of two dimensional bar codes for medicinal products to allow scanning and completion of records electronically. Any changes which are agreed will have a direct read across to Northern Ireland.

Recommendation 50

The Panel recommends that DARD considers producing a veterinary medicines record book (both electronic and hard copy options) to the required format and providing it, free of charge, to farmers to aid compliance with the record keeping requirements under the Veterinary Medicines legislation.

Recommendation 51

That DARD should accept a veterinary medicine record book in any format that meets the requirements of EU legislation. For example, the Northern Ireland Food Chain Certification provides a veterinary medicine record book to all participants of the Northern Ireland Beef and Lamb Farm Quality Assurance Scheme.

9.2. Veterinary Medicines: Animals and Animal Products

9.2.1. Background

The following legislation was reviewed:

- Animals and Animal Products (Examination for Residues and Maximum Residue Limits) Regulations (Northern Ireland) 1998

These Regulations give effect to Council Regulations concerning the prohibition on the use in stock farming of certain substances having a hormonal or thyrostatic action and of beta-agonists.

9.2.2. Analyses of the Administrative Burden

The total administrative cost to the farmer of the Residues Regulations is £0.038m, all of which is considered to be an administrative burden.

The administrative burden centres around one main Information Obligation namely “carrying out inspections”. The main administrative activities involved are testing of animal samples at abattoirs and follow up inspections on-farm to make sure they do not contain a residue level of veterinary medicines exceeding the maximum permitted limit and that withdrawal periods have been observed.

9.2.3. Matters of Note and Recommendations

The Panel notes that the administrative burden under the Animals and Animal Products (Examination for Residues and Maximum Residue Limits) Regulations is not a significant contributor to the overall burden on the agri-food industry. No representations were made to the Panel by stakeholders on this Regulation.

Section 10: Administrative Burdens, Findings and Simplification Proposals: Trade in Animals and Animal Products

10.1. Trade in Animals and Animal Products

10.1.1. Background

The following legislation was reviewed:

- Animals and Animal Products (Import and Export) Regulations (Northern Ireland) 2006

These Regulations implement Council Directives relating to imports and exports of animals and animal products within and into the European Community including Council Directive 90/425, 64/432 and 91/426.

With respect to intra-community trade, the Regulations make it an offence to export, import or transport for intra-community trade any animal or animal product unless they comply with the veterinary checks and transport requirements for such trade.

These Regulations prohibit the importation of any animal from a third country unless the conditions for such trade as set down in the EU Regulations are complied with.

10.1.2. Analyses of the Administrative Burden

The total administrative cost to the farmer of the Animals and Animal Products (Import and Export) Regulations is £1.56m – of which £1.55m (99.9 per cent) is considered to be an administrative burden. Table 10.1 shows the breakdown of the administrative burden.

Table 10.1 - Administrative burden by Information Obligation type

Information Obligation Type	Admin Burden (£m)	% of Admin Burden
Carrying documentation	1.549	99.7
Returns & reports	0.003	0.18
Notification of activities	0.001	0.08
Keeping records	0.001	0.04
Totals	1.55	100

“Carrying documentation” accounts for £1.54m (99.7 per cent) of the total administrative burden created by these Regulations. The main administrative tasks placed on businesses relates to the requirement to have the correct health certification for the:

- Importation of cattle, pigs, sheep and goats from other member states and Great Britain; and
- Export of cattle, pigs, sheep, goats, bovine semen, horses, poultry, hatching eggs, and fish to, member states and Great Britain.

Table 10.2 shows the administrative data requirements ranked by unit cost.

Table 10.2 - Data Requirements ranked by unit cost

Data requirement	Admin Burden (£m)	Unit Cost (£)	Number of businesses affected
Health Certification for exports of cattle to member states and GB 3431 health certificates issued in 2007	0.882	257	972
Health Certification for exports of pigs to member states and GB 513 health certificates issued in 2007	0.106	207	30
Health Certification for exports of sheep to member states and GB 1534 health certificates issued in 2007	0.318	207	153
Health Certification for exports of horses other than to GB ROI and France 13 health certificates issued in 2007	0.001	107	6
Health Certification for exports of poultry and hatching eggs to member states 2136 health certificates issued in 2007	0.229	107	72

The requirement to obtain health certificates for exports of cattle, pigs, sheep, horses and poultry/hatching eggs generates the highest unit cost. However, in all cases it is the external service which accounts for almost all of the cost involved. For example, the unit cost for cattle health certification includes a PVP fee of £250. Pig and sheep export certification costs the farmer £200 per certificate for PVP fees. The unit cost for the export of horses and poultry/hatching eggs includes a PVP fee of £100 per certificate.

10.1.3. Matters of Note and Recommendations

Import certification

Stakeholders commented that the burden on industry could be reduced if documentation for imports of animals could be transmitted electronically. This would reduce the time spent by importers at the point of importation.

Stakeholders also commented that better use could be made of authorised veterinary inspectors (AVIs) to reduce the time taken on processing health certification.

The Panel welcomed the fact that prompted by this Review, DARD Veterinary Service have begun discussions with stakeholders on taking forward simplification measures relating to import and export requirements. These include:

- Simplification of specific import licences;
- Inclusion of a checklist in specific import licences to guide importers on what certification/documentation they need to have with the consignment;
- Investigating the potential for on-line application for import licences;
- Providing guidance on import requirements (per category of livestock) on the DARD website;
- Liaison with Defra on need for better standard of certification by Great Britain Veterinary Inspectors;
- Including a phrase in new licences "if you are unclear or unsure, please call in to Redlands Road office to discuss import requirements on your way out";
- Improving service relating to advance notification of exports possibly via e-mail /fax certification documentation;
- Providing additional guidance to livestock importers on the BlueTongue Directive 1266/2007; and
- The continued roll out of eAVI by DARD Veterinary Service.

The Panel believes that these measures, when fully implemented, should considerably improve the efficiency of livestock import and export trade.

Recommendation 52

The Panel welcomes the initiative recently begun by DARD to simplify import/export arrangements and recommends that discussions with the industry are actively pursued.

Exports of live animals and the 30 day rule

The Panel received representations from stakeholders on the 30 day rule which prevents Northern Ireland farmers from exporting animals for 30 days after purchase. This rule is applied in the United Kingdom in accordance with Council Directive 64/432/EEC which states that if an animal goes to auction, it must return to its holding of origin for 30 days prior to export so that an AVI can confirm that it has completed its 30 day residency. The Panel is aware that this rule is not imposed on exporters in the Republic of Ireland.

Stakeholders pointed out that Northern Ireland farmers are being prevented from competing on an equal basis with their counterparts in the Republic of Ireland. The authorities there have allowed exporters to operate under a derogation provided by Commission Decision 2000/504/EC. The Panel are also aware that while this derogation (which was granted to France and the Republic of Ireland) expired in 2002, the Republic of Ireland have applied to the European Commission to have it extended, and therefore have continued to operate under its provisions.

During the course of investigations into this issue, the Panel has learned that the EU has confirmed that United Kingdom procedures are fully compliant with the EU Directive and that the European Commission is currently reviewing the Trade Directives including Council Directive 64/432/EEC. It is thought that, rather than relaxing any of its provisions, it is expected that they will require the United Kingdom interpretation to be followed by all Member States. It is therefore likely that the operation of exports between the Republic of Ireland and Northern Ireland will move into line with the current Northern Ireland position.

Recommendation 53

The Panel recommends that if, following the European Commission's review of Council Directive 64/432/EEC, the Republic of Ireland derogation is extended then DARD should liaise with counterparts there and in Great Britain to seek a similar derogation for Northern Ireland, allowing the free movement of animals throughout the island of Ireland.

Section 11: Administrative Burdens, Findings and Simplification Proposals: Animal Welfare

11.1 Welfare of Farmed Animals

11.1.1. Background

The following legislation was reviewed:

- Welfare of Farmed Animals Regulations (Northern Ireland) 2000

The Welfare of Farmed Animals Regulations (Northern Ireland) 2000 (and the Community legislation which they implement) reflects the obligations contained in the European Convention for the Protection of Animals kept for Farming Purposes. The Regulations apply to all animals kept for farming purposes and lay down the general principle that owners and keepers must take reasonable steps to ensure the welfare of animals in their care and the prevention of unnecessary pain, suffering or injury.

The welfare of farmed animals is also generally covered by the Welfare of Animals Act (Northern Ireland) 1982. The Act enshrines the principles of ensuring the welfare of animals, preventing unnecessary suffering, and applies to all animals (including fish, reptiles and amphibians).

The Regulations require the owner and keeper of any animal bred or kept for farming purposes to take all reasonable steps to ensure the welfare of that animal. They also set down general requirements which apply in the case of all farmed animals (other than fish, reptiles and amphibians) and for specific requirements which apply in the case of laying hens, other poultry, calves, cattle, pigs and rabbits.

The Regulations require those in charge of animals to have access to the welfare codes relating to the animals under their care and also require keepers of animals to be acquainted with the welfare codes.

The requirement to keep records relating to medical treatments appears in both the Welfare of Farmed Animals Regulations and in the Veterinary Medicines Regulations. The Welfare baseline includes medical treatments where an animal has fallen ill. The Veterinary Medicines baseline includes routine preventative measures administered under a planned health programme. Therefore, the total cost of the record keeping burden is spread across two baseline estimates. (see comments on record keeping at Section 9.1 relating to the Veterinary Medicines baseline estimate).

11.1.2. Analyses of the Administrative Burden

The total administrative cost of the Welfare of Farmed Animals Regulations is £6.59m – of which £1.15m (17.4 per cent) is considered to be an administrative burden.

Table 11.1 shows the breakdown of the administrative burden.

Table 11.1 - Administrative burden by Information Obligation type

Information Obligation Type	Admin Burden (£m)	% of Admin Burden
Keeping records	1.116	96.9
Co-operating with audits / inspections	0.03	2.6
Providing statutory information for third parties	0.006	0.5
Totals	1.152	100

“Keeping records” accounts for £1.116m (96.9 per cent) of the total administrative burden and is generated by two main activities i.e. reading and referring to the codes of recommendations for the welfare of animals and recording medical treatments for sick animals.

Two other relevant IO types are “co-operating with audits/inspections”, (£30k, 2.6 per cent) and “providing statutory information for third parties“(£6k, 0.5 per cent).

Most, £856k (74 per cent) of the administrative burden associated with keeping records under the Welfare of Farmed Animals Regulations is associated with reading the welfare code. This burden affects existing farmers who refer to the code for guidance and for new entrants to farming who will need to spend considerably more time acquainting themselves with the guidance provided in the codes. The remainder of the burden (£260k) is associated with recording medical treatments. These records apply to medical treatments where an animal has fallen ill, rather than preventative interventions. There is an administrative burden associated with recording of mortalities. However, it was considered that mortalities would be recorded by farmers as part of ‘good husbandry’ practice and therefore this activity has been recorded as 100 per cent Business As Usual (BAU). As a result the additional administrative burden created by the legislation is zero.

The burden (£30k) associated with “co-operating with audits/inspections” is generated by the requirement for farmers to be present during cross compliance inspections. There are additional burdens under this Information Obligation type relating to daily inspection of animals (cattle, sheep, pigs and poultry) and mechanical equipment. However, these burdens are also considered to be part of ‘good husbandry’ practice and as such, have been recorded as 100 per cent BAU. As a result the additional administrative burden created by the legislation is zero.

All of the burden associated with “providing statutory information to third parties” is associated with the requirement for keepers of animals (cattle, sheep, pigs and poultry) to have a copy of all the codes for the animals which they tend.

Table 11.2 shows the breakdown of the main administrative tasks placed on businesses.

Table 11.2 – Main administrative tasks placed on business

Administrative Task	Admin Burden (£m)	% of Admin Burden
Ensuring keepers of animals having access to and are acquainted with welfare codes for livestock	0.862	74.8
Keeping records of medical treatments and mortalities (animals and poultry)	0.260	22.6
Assisting with inspections	0.03	2.6
Totals	1.152	100

The most costly activity is making reference to the welfare codes for guidance. The second most costly requirement is recording medical treatments. These are both discussed in the preceding paragraphs.

Table 11.3 shows the breakdown of the administrative data requirements ranked by unit cost.

Table 11.3 - Data Requirements ranked by unit cost

Data requirement	Admin Burden (£m)	Unit Cost (£)	Number of businesses affected
Having access to and being acquainted with welfare codes for livestock (new entrants to farming)	0.226	148	1,530
Assisting at an on-farm inspection	0.03	74	400
Having access to and referring to welfare codes for livestock (existing farmers and family members working on farms)	0.630	11	59,684

For new entrants to farming, the process of reading the welfare codes had the highest unit cost (£148). However, the requirement accounts for only 12.8 per cent of the total administrative burden, largely due to the small number of

businesses affected – there are approximately 1,530 new entrants to farming each year. For existing farmers, the assumption is that they will be already familiar with the provisions of the welfare codes and may only refer to them occasionally during the year. For this reason, the unit cost is much lower (£11) compared to the new entrants. However, the aggregate administrative burden is much higher (£630k). This is because of large number of businesses and people affected and the fact that there is a separate welfare code for each category of livestock.

Other requirements generating high unit costs include, assisting at on-farm cross compliance inspection (approximately £74); and daily inspection of farm livestock (approx £21). While there is a unit cost for daily inspections of livestock, the administrative burden is zero. This is because it is considered good husbandry practice for farmers to inspect their animals on a daily basis as part of their normal business.

11.1.3. Matters of Note and Recommendations

Record keeping

The Panel notes from the analyses of the baseline estimate that the main administrative burden imposed on farmers under the Welfare of Farmed Animals Regulations comes from keeping records. This includes referring to the welfare codes for guidance on the care of livestock and recording of medical treatments administered to animals.

Stakeholders suggested that the record keeping requirements under the Regulations relating to medical treatments should be reduced to avoid recording unnecessary information.

The Panel notes the stakeholders concerns about the level of detail required for record keeping. This is discussed in more detail at Section 9.1 of this report which deals with the Veterinary Medicines Regulations.

New welfare codes / legislation

The Panel notes that DARD:

- Will be consulting in 2009 on the implementation in Northern Ireland of a new EU Directive on the welfare of meat chickens and its transposition into domestic legislation. The consultation package will also include a draft welfare code for welfare of meat chickens;
- Will also be considering the consolidation of the Welfare of Farmed Animals Regulations; and

Has also commenced a review of animal welfare procedures and primary welfare legislation. It is not anticipated that any changes in animal welfare legislation will have a significant impact on the administrative burden placed on farmers. There is an intention to bring the provisions relating to companion animals into line with farm animals regulations.

Recommendations 50 and 51 on Veterinary Medicines (see Section 9.1) also apply to the Welfare of Farmed Animals Regulations.

Recommendation 54

That DARD ensures that the new Northern Ireland code of practice on the welfare of meat chickens meets the Plain English Campaign's 'Crystal Mark' standard.

Section 12: Administrative Burdens, Findings and Simplification Proposals: Pesticides Regulation

12.1 Pesticides Regulation

12.1.1 Background

The following legislation was examined:

- Control of Pesticides Regulations (Northern Ireland) 1987

These Regulations are for the purpose of controlling pesticides in implementation of Part III of the Food and Environment Protection Act 1985 and require the advertisement, sale, supply, storage and use in Northern Ireland of any pesticide product falling within the scope of these Regulations to be carried out in accordance with an approval granted by DARD.

The Regulations apply to any pesticide or any substance, preparation or organism prepared or used for:

- Protecting plants or wood or other plant products from harmful organisms;
- Regulating the growth of plants;
- Giving protection against harmful creatures;
- Controlling organisms with harmful or unwanted effects on water systems (including sewage works) buildings or other structures or manufactured products; and
- Protecting animals against ectoparasites

They also:

- Place controls on the advertisement of pesticides and provide for approval by DARD in relation to pesticides in the form of an experimental permit, or provisional or full approval; and
- Provide that, in the event of a breach of regulations (including breaches of an approval or the consents), any Northern Ireland department may seize or dispose of pesticides or anything treated with a pesticide,

require their seizure or disposal, or require the taking of remedial action (which can, where necessary, include recovery of a pesticide from the market).

12.1.2 Analyses of the Administrative Burden

The total administrative cost to the farmer of the Control of Pesticides Regulations is £1.97m - of which £1.07m (54.3 per cent) is considered to be the administrative burden. Table 12.1 shows the breakdown of the administrative burden by Information Obligation starting with the highest percentage.

Table 12.1 - Administrative burden by Information Obligation type

Information Obligation Type	Admin Burden (£m)	% of Admin Burden
Keeping Records	0.695	64.8
Providing statutory information for third parties	0.255	23.8
Applications for authorisation	0.114	10.6
Co-operating with audits / inspections of	0.008	0.8
Totals	1.072	100

One IO type “keeping records” accounts for £695k (64.8 per cent) of the total administrative burden. This IO relates to two main activities i.e. recording the use of pesticides on cropping farms, grassland farms and the biannual stock take of pesticides.

The three other IO types contributing to the administrative burden are ‘providing statutory information to third parties’ £255k (23.8 per cent), ‘application for authorisation’ (£114k, 10.6 per cent) and ‘co-operating with audit/inspections’ £8k (0.8 per cent).

There are two data requirements associated with “providing statutory information for third parties” which impose an administrative burden on farmers. Cereal, potato, vegetable and fruit growers were estimated to spend about seven hours annually keeping up to date in the use of pesticides. This equates to £137k (12.8 per cent) of the total administrative burden.

Grassland farmers are assumed to spend an average of one hour annually familiarising themselves with the code of practice. This equates to £118K (11 per cent) of the burden.

The burden associated with “applying for authorisation” is the requirement for farmers to be trained /qualified in the storage and use of pesticides.

Inspections under the Regulations relate to cross compliance farm visits to check for compliance with SMR 10 Placing of Plant Protection Products on the Market. The burden is relatively small at only £8k (0.8 per cent) of the total for this Regulation.

Table 12.2 shows the breakdown of the main administrative tasks placed on businesses.

Table 12.2 – Main administrative tasks placed on business

Administrative Task	Admin Burden (£m)	% of Admin Burden
Keeping a record of any plant protection products (pesticides) or biocides used by people who produce or harvest plant products for people to eat.	0.695	64.8
Providing employees with instruction, training and guidance in use of pesticides	0.255	23.8
Applying for a certificate of competence in the use of pesticides	0.070	6.5
Applying for a certificate of competence in crop protection	0.039	3.6
Inspection under SMR 10 cross compliance	0.008	0.8
Applying for certificate of competence when storing a pesticide approved for agricultural use	0.005	0.5
Totals	1.072	100

The most costly activity is keeping records. This includes recording the use of plant protection products and carrying out a bi-annual stock take of pesticides held on farm.

The second most costly requirement relates to the provision of instruction, training and guidance in the use of pesticides. Farmers, and anyone required to use pesticides for commercial purposes, must ensure they are familiar with the code of practice on the safe use of pesticides.

The third most costly requirement relates to formal training for people in the use of pesticides.

Table 12.3 shows the breakdown of the administrative data requirements ranked by unit cost.

Table 12.3 - Data Requirements ranked by unit cost

Data requirement	Admin Burden (£m)	Unit Cost (£)	Number of businesses affected
Applying for a certificate of competence (certificate in crop protection)	0.039	3,858	10
Applying for certificate of competence (use of pesticides)	0.070	586	120
Applying for a certificate of competence to store pesticides (storekeepers licence)	0.005	561	9
Providing employees with instruction, training and guidance in use of pesticides on cropping farms	0.137	148	3,722
Bi-annual stock take by cropping farmers	0.156	21	3,700
Providing employees with instruction, training and guidance in use of pesticides on grassland farms	0.118	21	22,400
Attendance at inspection under SMR 10 cross compliance	0.008	21	390

The process of applying for certificates of competence (crop protection, the use of pesticides, and store keepers licence) had the highest unit costs. Most of the cost is generated by the external service involving the charge for training provided by DARD. For example, the certificate in crop protection training runs for 16 days @ cost of £1,495. Ten people were trained in 2007.

12.1.3 Matters of Note and Recommendations

New code of practice

The Panel notes that DARD is planning to produce a statutory 'Code of Practice for the Use of Plant Protection Products' during 2009. This will replace the 'Green Code'. The new code will clarify the statutory responsibilities of those who sell, store or use pesticides in agriculture, and

offer advice and guidance on how to protect themselves, their employees and bystanders, improve efficiency in the use of pesticides, and stay within the law.

Changes at EU level

The proposed EC framework directive on the sustainable use of pesticides requires Member States to adopt national action plans to reduce the risk from, and dependence on, pesticides. The United Kingdom supports this but seeks flexibility within the proposal to encourage voluntary measures, rather than regulatory ones, to promote sustainable pesticide use. If the proposal is adapted to reflect the United Kingdom's concerns this would avoid unnecessary regulation and enable Member States to develop the most cost effective package of domestic measures to deliver sustainable pesticide use. DARD will input into the United Kingdom Pesticides Safety Directorate (PSD) negotiations on the Sustainable Use Directive and, we understand, plan to mirror Great Britain regulations in this area.

The revision of the EC Pesticides Authorisations Directive includes a proposal for the zonal authorisation of agricultural pesticide products. Instead of applying for approval in up to 25 individual Member States it would only be necessary to seek approval in three zones. The United Kingdom supports this idea and will seek to promote and encourage the swift adoption of such an EC wide approvals system. Growers have strongly supported the move to zonal authorisations which should secure a more level playing field in pesticide availability.

Advice for businesses

The PSD now has a grower champion, a small business champion and a biopesticides champion. All provide tailored advice to their particular industry sectors including explaining regulatory issues and helping potential applicants with their submissions for approval. They also help growers or any individual in the agricultural, forestry and amenity industries to find a solution to a pesticide problem or information on United Kingdom and European

Commission pesticides regulations. This should help make a wider range of products available to United Kingdom growers.

The Panel notes that the administrative burden imposed on the agri-food industry under the Control of Pesticides Regulations is low - £1.07m which is 2 per cent of the total burden (£51m) measured under this Review.

The Panel welcomes the fact that DARD will be producing a revised code of practice for the use of plant protection products. This will be beneficial to farmers and will provide them with up to date advice and guidance on the rules relating to the use of pesticides.

Recommendation 55

That DARD ensures that the new Northern Ireland code of practice on pesticide use meets the Plain English Campaign's 'Crystal Mark' standard.

Recommendation 56

In negotiations about the proposed European Commission framework directive on the Sustainable Use of Pesticides, DARD should lobby for the adoption of national action plans that encourage voluntary measures, rather than regulatory ones, to promote sustainable pesticide use.

Recommendation 57

In negotiations on revision of the EC Pesticides Authorisations Directive, DARD should lobby for the introduction of zonal authorisation of agricultural pesticide products, rather than authorisation at Member State level.

Section 13: Administrative Burdens, Findings and Simplification Proposals: Agri-Environment Schemes

13.1 Agri-Environment Schemes

13.1.1 Background

The following legislation was examined:

- The Countryside Management Regulations (Northern Ireland) 2005 and
- The Environmentally Sensitive Areas Designation Order (Northern Ireland) 2005.

The Countryside Management Regulations enables DARD to provide funding to farmers who enter into an agreement to carry out approved agriculture operations. This is part of the Northern Ireland Rural Development Programme submitted by the United Kingdom to the European Commission in accordance with Article 18 of Council Regulation 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

The Environmentally Sensitive Areas Designation Order designates certain areas of land as environmentally sensitive areas. It also enables DARD to enter into an agreement with any person having an interest in agricultural land in a designated area by which that person agrees, in return for a funding by DARD, to manage the land in accordance with the agreement.

Both these schemes were developed by DARD to encourage farmers and landowners to adopt environmentally friendly management practices. The requirements under both schemes are very similar and participation is voluntary. The aims are to enhance biodiversity by maintaining species diversity through the positive management of wildlife habitats and to enhance

landscape and heritage features by integrating their management into the everyday workings of the farm.

The main requirements of the Schemes are:

- Following the General Environment Requirements;
- Following Good Farming Practice;
- Attending locally based agri-environment scheme workshops;
- Managing all field boundaries on the farm;
- Producing and implementing a Farm Waste Management Plan;
- Following the management requirements for all farm habitats and features; and
- Following the management requirements for all optional habitats.

Farmers who enter in to a Scheme agreement receive an annual payment. A proportion of agreements are inspected prior to payment. If conditions of the Scheme are broken, or a farmer makes a false or misleading statement, DARD may impose a financial penalty or terminate an agreement depending on the severity of the breach.

13.1.2 Analyses of the Administrative Burden

The total administrative cost to the farmer of the agri environment schemes is £1.01m – all of which is considered to be an administrative burden. Table 13.1 shows the breakdown of the administrative burden.

Table 13.1 - Administrative burden by Information Obligation type

Information Obligation Type	Admin Burden (£m)	% of Admin Burden
Application for subsidies or grant	0.949	94
Co-operating with audits / inspections	0.061	6
TOTALS	1.01	100

There are only two information obligations under the agri-environment schemes namely, “applying for subsidies or grant” and “co-operating with

inspections”. The main administrative tasks placed on businesses under the two schemes are completing a CMS1 or ESA1 application form, attending training courses, assisting at an inspection and making a claim for payment.

Table 13.2 shows the breakdown of the administrative data requirements ranked by unit cost.

Table 13.2 - Data Requirements ranked by unit cost

Data requirement	Admin Burden (£m)	Unit Cost (£)	Number of businesses affected
Making an application to the CMS or ESA Scheme (involving inspections and approval of applications by DARD)	0.592	148	4,000
Making an application to the CMS or ESA Scheme (involving attendance at training courses)	0.170	74	2,300
Inspections (CMS and ESA claimants)	0.028	42	675
Preparing for and assisting at inspection (CMS and ESA claimants)	0.033	42	780
Making an annual claim for payment AC7	0.147	10.89	13,500

The highest unit cost relates to the process of inspection and approval of an application to join either the CMS or the ESA scheme (£148) and the administrative burden £592k accounts for 58.6 per cent of the total administrative burden under these Regulations. The cost involved is the ‘time’ spent by the farmers reading the scheme literature, checking the documentation issued by DARD (farm map, the terms and conditions of the scheme and schedule of works). In some cases, the farmer needs to spend time seeking clarification from DARD on the terms of the Scheme. The farmer’s time is also engaged during an inspection by a DARD adviser. The inspection must be done prior to approval of the application.

Attendance at training courses also has a high unit cost (£74) although the courses are provided free of charge by DARD. It is assumed that not all applicants attend training courses so the burden reflects an approximate number (2,300) of both CMS and ESA applicants who undertake training on farm wastes, cross compliance and field boundary management. A proportion of CMS and ESA claimants, approximately 5 per cent, are inspected by DARD each year. The unit cost involved is £42. This relates to 675 farm businesses that were inspected by DARD in 2007, where the farmer was estimated to have spent two hours assisting during on-farm checks. Some 780 CMS/ESA farmers would also have to prepare for and be available for an inspection visit, at which they would be asked, amongst other things, to present receipts. This process was estimated to take about two hours.

13.1.3 Matters of Note and Recommendations

The New Northern Ireland Countryside Management Scheme (NICMS).

The Panel notes that DARD introduced the new Northern Ireland Countryside Management Scheme (NICMS) in 2008. This scheme is part of the Northern Ireland Rural Development Programme 2007-2013 (NIRDP). The NIRDP is part-financed by the European Agricultural Fund for Rural Development (EAFRD) with co-funding from DARD.

The NICMS is open to farmers with a farm business identification number and at least three hectares of eligible land. The application is a paperless process. Instead of having to complete a form, the farmer can contact DARD in person at a DARD office or by telephone. Written applications are still accepted, as are those submitted by e-mail or fax. Applicants are only required to give details of their name and farm business number. Also, from 2009, the annual claim for payment can be made using the IACS Single Application Form (SAF) for those who have joined under the NICMS or have transferred to it from the old CMS or ESA contracts.

The Panel notes that participation in the CMS, the ESA and the new NICMS is voluntary, offering an annual payment to farmers in return for integrating

positive environmental management into farming practices. The total administrative burden of £1.01 million represented approximately 6 per cent of CMS/ESA payments in 2007 and about 2 per cent of the total (£51m) burden measured as part of this Review.

The Panel welcomes the move to a paperless system for applying to the new NICMS and the facility to claim payment for NICMS from 2009 using the SAF should help to reduce the burden under the agri-environment schemes.

No representations for simplification were made to the Panel by stakeholders on this Regulation.

