DEFRA consultation on:

"Proposals to rationalise compensation for notifiable animal disease control".

Response on behalf of:

Organic Centre Wales

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7 January 2004

This response is constructed in line with the questions posed in the consultation document "Proposals to rationalise compensation for notifiable animal disease control".

1. The categories proposed seem rather too simplistic and ignore major livestock categories. Dairy cattle is the obvious category that has been omitted - their value and lifetime production is significantly different to that of beef cattle. Specialist systems (e.g. organic, registered breeding flocks/herds), which have higher value animals across the board rather than high value individual animals, also need to be identified as separate categories.

2. An alternative approach for cattle is to have separate categories for dairy cattle, which includes in calf heifers, cows in milk and barren cows. Another suggestion would be to identify categories of systems (e.g. organic or registered breeding flock) and apply a % premium to the valuation of these flocks as the animals within them are of a higher value than those outlined in the standard categories.

3. Different species of farmed bird can be separately identified as having different values (e.g. turkey, chicken, duck etc.). Free range and organic birds should be valued differently as they have very different bird/replacement values from conventionally produced animals.

4. No response

5. Compensation should not be paid for horses and companion animals. These animals should be covered by private insurance schemes.

6. No response

7. It is appropriate for systems that contain high value animals across the board (e.g. organic or registered breeding herds/flock) to be recognised as having a higher worth than standard animals, however in the case of individual high value animals, it may be more appropriate for farmers to insure them separately.

8. Historical market data for each of the categories over a relatively long period of time would be required. It may also be sensible to identify any regional variations in market price and take these into account when setting standard values for a region. Identifying stock numbers and seasonal production patterns for each livestock category would also be useful to identify market price fluctuations throughout the production season.

9. Ratios will have to be updated and revised almost monthly as production patterns of livestock categories are going to influence ratios greatly.

10. Spring born animals most common in pasture based feeding systems, tend to result in gluts of animals coming on to the market at certain times of year. In most sheep production systems for example spring born lambs are either sold as stores in August/September or as finished animals in late autumn, resulting in two peaks of animals at market. There are more systems options for spring born beef cattle but there are still defined periods of large numbers of animals entering the market place. Spring born beef cattle can be sold as stores in December to April (8 – 12 months of age) or as 18-month-old finished animals in September or 24-month-old finished animals in February/March.

11. Floods of product onto the market will at certain times of the year force ratios to change (e.g. late autumn sales of spring born lambs). Imported stock being sold on the UK market may also bias ratios. The extent of imports being sold at livestock markets in the UK needs to be assessed, as this may only be a perceived rather than real problem.

12. Agreed, different species of farmed bird can be separately identified as having different values (e.g. turkey, chicken, duck etc.) and free range and organic birds should be valued differently as they have very different bird/replacement values.

13. No response

14. Agree that with the lack of live market data for pigs dead weight prices should be used. There is the need however to differentiate between different dead weight meat products (e.g. organic pig meat etc). It would make sense to build on categories that commercial pig producers all ready use as they will reflect the production cycle.

15. If market data is in short supply it might be advisable to pre-value a sample of these species across a number of farms so that acceptable compensation values can then be developed. This obviously relies on valuers being available with the knowledge and skills to value these species.

16. If data is available from previous years when markets have been operating, ratios could be based on the past averages for that season. There is a need however to somehow take into account particular trends in immediately preceding months (e.g. was market generally improving or declining?). Alternatively, one could use data from the previous month when markets were in operation and adjust for any particular seasonal changes that have occurred since then.

17. Could potentially use previous two months data and adjust for seasonal variation (calculated from market data collected in previous years). This ensures that up to date market data is used and that seasonal variation is accounted for. It does however rely on adequate data being available from previous years to calculate variation.

18. Selection of valuers should take account of their experience, regional knowledge and specialist breeding/systems knowledge to be able to successfully value specialist stock. May be useful to collect and analyse random samples of previous valuation data from individual valuers to identify any anomalies in the individual's valuations (compared to national averages for example).

19. Organic certification evidence for organic livestock, receipts, passports, pedigree certificates, animal identification numbers, animal age, animal health status (based on farm health plans), breeding worth or index.

20. Samples of valuations should be taken from across the country, standardised for stock categories, specialist systems type etc, then statistically analysed to identify outliers. Statistical analysis of individual's valuation data (e.g. means from individual categories, variation, range etc), compared with other samples in the same region and with other regions will identify abnormally high or low valuations.

21. Two potential methods identified: 1) Valuers responsible for maintaining their own customer base (would require support staff for valuers). They would then be responsible for passing information on to DEFRA and inform their clients when re-evaluation of the herd of flock is required. Alternatively, 2) have regional offices that each valuer in the region is linked to. Valuers would then pass valuation data on to that regional office who would then be responsible for regional data analysis and passing data on to DEFRA for national co-ordination and informing farmers when re-evaluation was required.

22. Annual pre-valuation would be sensible, however, is a full valuation necessary every year or could the valuer merely consult with the farmer on an annual basis to reassess stock numbers and value only new stock on the farm. The success of this would obviously depend on herd/flock replacement rates (i.e. it may be more appropriate for slower turnover cattle herds than sheep flocks). Avoiding complete re-evaluation every year would reduce costs to the farmer. Is there an opportunity for farmers to update their valuation between annual visits? If new stock purchases are made during the year for example, does the valuer need to re-visit the farm or can the farmer just provided evidential paperwork (receipts etc) to update their valuation?

23. See above

24. Minimise the frequency of full valuations and try to just have updated valuations every year based on stocking rates changes, specialist purchases/sales. Updating valuations in this manner will need to be supported up by evidential documentation; otherwise full valuation will be required again. To be resistant to

speculative valuation, approved and registered valuers who are audited on a regular basis need to be used (see response to Q.20).

25. Ultimately it should be the farmer's responsibility to register any changes to circumstances that may influence valuation, if this is not done and the previous pre-evaluation has expired (proposed to do so on an annual basis), then standard stock values should be reverted to. It may be sensible to allow for a period (30 days from expiry) of renewal to reduce the potential number of appeals. Only under extenuating circumstance should it be possible for the farmer to appeal valuation. The exact nature of such circumstances is difficult to define and it should be the role of the appeals panel to decide if the circumstances exist to allow an appeal (ie. appeals should be dealt with on a case-by-case basis). The government would have an equal right to appeal as the farmer, but would also have to put forward acceptable case to the panel.

26. Appeals panel should consist of independent valuers, legal representatives, and independent academic experts with knowledge of specialist systems (e.g. organic).