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|---|---|--|--|--|
| Title: Impact Assessment of change to BSE Testing of cattle slaughtered for human consumption IA No: DEFRA 1480 Lead department or agency: Defra Other departments or agencies: Welsh Government Food Standards Agency | Impact Assessment (IA) | | | |
| | Date: 16/11/2011 | | | |
| | Stage: Consultation | | | |
| | Source of intervention: Domestic | | | |
| | Type of measure: Other | | | |
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| | |
|--|--|
| Summary: Intervention and Options | RPC Opinion: RPC Opinion Status |
|--|--|

| Cost of Preferred (or more likely) Option | | | | |
|---|----------------------------|--|------------------------------|----------------------|
| Total Net Present Value | Business Net Present Value | Net cost to business per year (EANCB on 2009 prices) | In scope of One-In, One-Out? | Measure qualifies as |
| £31.045m | £24.366m | £-2.525m | No | NA |

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

The EU introduced the BSE testing programme in 2001 to monitor the epidemic, including testing of healthy cattle slaughtered for human consumption and removing any found to be test-positive from the food chain. Following TSE Roadmap 2 recommendations, Decision 2009/719/EC was amended to allow qualifying Member States to increase the age threshold for healthy slaughtered cattle to over 72 months from 1 July 2011 (already introduced) & test a minimum sample from January 2013. We propose to use an ambulatory reference in the TSE (England) Regulations to adopt more proportionate testing. The Welsh Government propose to implement the change administratively from January 2013 and update their legislation later.

What are the policy objectives and the intended effects?

Our policy objective is to protect the environment, society and the economy from the risks of animal disease through risk-based and proportionate management responses and to enhance the competitiveness and resilience of the food chain to ensure a secure, environmentally sustainable and healthy supply of food. As the incidence and risk of BSE declines, we are adopting a stepwise, risk-based approach to reducing controls. This will reduce costs for industry, who pay for the BSE testing of healthy slaughtered cattle, whilst safeguarding public health.

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

Do Nothing/Business as Usual (Option 0): maintain the current scenario in which all healthy slaughtered cattle aged over 72 months are tested for BSE. Option 1: to cease testing such cattle from 1 January 2013 in accordance with the option offered to the UK and 24 other Member States in Decision 2009/719/EC (as amended). Option 1 is our preferred choice, subject to advice from Health Ministers and the Food Standards Agency (FSA). This is a deregulatory measure which is proportionate to risk and in line with advice from the European Food Safety Authority (EFSA) and will place the fresh meat industry in England and Wales on the same footing as any of the other Member States which decide to cease BSE testing of healthy slaughtered cattle aged over 72 months in line with the EU decision. The fresh meat and farming industries would directly benefit from stopping testing.

Will the policy be reviewed? It will be reviewed. **If applicable, set review date:** 01/2015

| | | | | | |
|--|---------------------|-----------------------|---------------------|----------------------|---------------------|
| Does implementation go beyond minimum EU requirements? | | | No | | |
| Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base. | Micro Yes | < 20 Yes | Small Yes | Medium Yes | Large Yes |
| What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent) | | | Traded: | | Non-traded: |

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

Signed by the responsible SELECT SIGNATORY: _____ Date: _____

Summary: Analysis & Evidence

Policy Option 1

Description:

FULL ECONOMIC ASSESSMENT

| | | | | | |
|-------------------------|----------------------|-------------------------|---------------------------------------|----------------|-----------------------|
| Price Base Year 2013 | PV Base Year 2013 | Time Period Years 10 | Net Benefit (Present Value (PV)) (£m) | | |
| | | | Low: Optional | High: Optional | Best Estimate: 31.045 |

| COSTS (£m) | Total Transition (Constant Price) Years | Average Annual (excl. Transition) (Constant Price) | Total Cost (Present Value) |
|---------------|--|---|-------------------------------|
| Low | Optional | Optional | Optional |
| High | Optional | Optional | Optional |
| Best Estimate | 0 | 0 | 0 |

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

Under Option 1 the testing of healthy slaughtered cattle aged over 72 months for BSE would cease from 1 January 2013, in line with changes to EU legislation. This proposal would not place any additional cost upon Government or industry.

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

The level of risk to human health remains negligible (Evidence Base, paragraph 7-9).

| BENEFITS (£m) | Total Transition (Constant Price) Years | Average Annual (excl. Transition) (Constant Price) | Total Benefit (Present Value) |
|---------------|--|---|----------------------------------|
| Low | Optional | Optional | Optional |
| High | Optional | Optional | Optional |
| Best Estimate | 0 | 3.607 | 31.045 |

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

Industry: Saving to the fresh meat and farming industry in England and Wales of ceasing to test 281,888 cattle per year plus savings from no longer destroying 23 'no-test' carcasses per year: £2,830,725.
Government: Savings on BSE controls in 68 abattoirs slaughtering healthy cattle aged over 72 months for human consumption: £775,986.11. (Evidence Base, paragraphs 28-32).

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

None expected.

Key assumptions/sensitivities/risks

Discount rate (%) 3.5%

Assumptions: No requirement to BSE test healthy slaughtered cattle over next 10 years. Estimated cost of BSE testing is based on an average unit cost of £10.00. Sensitivities: Stopping the testing of healthy cattle for BSE may have a negative impact on consumer confidence and third country export market. Risks: There would be no change in the negligible risk to public and animal health because of the estimated very low number of BSE test positive cases missed and efficacy of SRM controls.

BUSINESS ASSESSMENT (Option 1)

| | | | | |
|---|-----------------|------------|-------------------|----------------------|
| Direct impact on business (Equivalent Annual) £m: | | | In scope of OIOO? | Measure qualifies as |
| Costs: 0 | Benefits: 2.831 | Net: 2.831 | No | NA |

Evidence Base (for summary sheets)

Background

1. Transmissible spongiform encephalopathies (TSEs) are fatal brain diseases which include bovine spongiform encephalopathy (BSE) in cattle and classical and atypical scrapie in sheep and goats. Exposure to BSE through the consumption of infected meat is believed to be the primary cause of variant Creutzfeldt-Jakob Disease (vCJD) in humans. There have been 176 human deaths from definite or probable vCJD in the UK up to 5 November 2012.

2. BSE controls safeguard animal and public health. We need to maintain risk-based TSE controls and testing, in line with European Union requirements, and to continue to reduce the annual number of new BSE cases with the objective of eradicating the disease. We also need to contribute to EU negotiations for more proportionate TSE measures to reduce the economic burden on business and contribute to a more sustainable farming sector. Controls must be proportionate to the risk.

3. The EU TSE Regulation requires all EU Member States to carry out an annual testing programme for TSE. In relation to cattle, the annual programme for the UK currently includes the testing for BSE of:

(i) All cattle slaughtered normally for human consumption aged over 72 months;

(ii) All cattle which die or are killed other than for human consumption (fallen stock) aged over 48 months;

(iii) All emergency slaughter animals or animals found sick at ante mortem inspection aged over 48 months;

(iv) All feed cohorts of BSE cases. Cohorts are cattle which were either born in the same herd as a BSE case, up to a year before its birth, or were reared and shared feed with a BSE case when both were up to a year old.

(v) All cattle killed on suspicion of being infected with BSE.

The BSE testing requirement for cattle aged over 72 months at (i) and over 48 months at (ii) and (iii) only applies to cattle **born** in the following Member States:

Austria; Belgium; Cyprus; Czech Republic; Denmark; Estonia; Finland; France; Germany; Greece; Hungary; Ireland; Italy; Latvia; Lithuania; Luxembourg; Malta; Netherlands; Poland; Portugal; Slovakia; Slovenia; Spain; Sweden; and the UK, including the Channel Islands and the Isle of Man.

Cattle born in Bulgaria, Romania and any third country must be BSE tested at over 30 months (healthy slaughter) or over 24 months (emergency slaughter or sick at ante mortem).

4. The Commission's [TSE Roadmap 2](#), published in July 2010, outlines possible amendments to adjust EU TSE rules over the period 2010-2015. The Commission's objective is to continue to review the measures, to ensure that they are proportionate to the reducing risk, while assuring a high level of food safety. Amendments to EU TSE rules will be taken following a stepwise approach supported by scientific advice from the European Food Safety Authority (EFSA).

5. Following an [opinion](#) from EFSA published on 13 December 2010 on risks related to changes to the BSE testing programme in certain Member States, the EU agreed a Commission proposal that allows the 25 Member States listed at paragraph 3 above the option of:

(i) Increasing the age threshold for BSE testing of all healthy slaughtered cattle from 48 months in 17 Member States and from 30 months in 8 Member States, to 72 months from 1 July 2011; and

(ii) Testing a minimum sample of healthy slaughtered cattle aged over 72 months from 1 January 2013.

The 25 Member States listed at Paragraph 3 have demonstrated a declining or low prevalence of BSE and that they have implemented the EU BSE Surveillance programme and the EU feed ban for at least six years and have applied to revise their BSE testing programmes.

The UK implemented the first part of the EU proposal at (i) above on 1 July 2011. We are now focusing on the second part of the proposal at (ii).

6. Following the publication of an EFSA [Report](#) on 15 October 2012, the Commission has proposed that, in view of the decreasing trend of BSE in the European Union, and the confirmation by EFSA that in the EU 25 the surveillance system based on the testing of at risk animals only would easily meet the international standard regarding the sensitivity of BSE surveillance systems, the testing of healthy

slaughtered cattle should be stopped in the EU-25 from 1 January 2013. This proposal will be voted upon by Member States at the December meeting of the Standing Committee on the Food Chain and Animal Health (SCoFCAH).

7. In cattle, the Specified Risk Material (SRM) controls are estimated to remove almost all potential infectivity in the unlikely event of an animal infected with BSE, but not yet showing any clinical signs, being slaughtered for human consumption. So, even if cases of BSE infection rose, controls are in place to prevent infected meat entering the food chain.

8. In terms of the impact on BSE infection levels, EFSA has drawn together evidence, including AHVLA research and advice, and advised that, under a realistic assumption that BSE continues to decline across a group of 17 Member States, including the UK:

a. Increasing the age threshold for 'healthy slaughtered' cattle for BSE to 72 months would result in less than one BSE case being missed in 2011 across all 17 Member States and fewer cases thereafter; and

b. Stopping the testing of 'healthy slaughtered' cattle for BSE from 2013 would result in less than one BSE case being missed in that year across all 17 Member States and fewer cases thereafter.

9. Taken together then, the proposal to stop testing healthy slaughtered cattle aged over 72 months for BSE from 1 January 2013 would present virtually no change in the risk to public health, which remains negligible.

Problem under consideration

10. The Impact Assessment considers whether England and Wales can stop BSE testing of healthy slaughtered cattle aged over 72 months from 1 January 2013. This will be subject to final agreement by the FSA and Health Ministers as well as Rural Affairs Ministers.

Rationale for intervention

11. Adopting the option to stop testing healthy slaughtered cattle aged over 72 months for BSE would make BSE surveillance proportionate to risk and would result in savings to meat producers in England and Wales. We expect that the other 24 eligible Member States will adopt this option from 1 January 2013. There would be a competitive disadvantage for meat producers in England and Wales if these two countries were to continue to require the testing for BSE of all healthy slaughtered cattle aged over 72 months, born in the UK and other eligible Member States, while other eligible Member States lifted this requirement.

Policy Objective

12. Our objective is to protect the environment, society and the economy from the risks of animal disease through risk-based and proportionate management responses and to enhance the competitiveness and resilience of the food chain to ensure a secure, environmentally sustainable and healthy supply of food.

13. This is a deregulatory measure which would be implemented in England via an ambulatory reference in Schedule 1 of the Transmissible Spongiform Encephalopathies (England) Regulations 2010 to Commission Decision 2009/719/EC. The Welsh Government intend to implement the changes administratively from the 1 January 2013 and update the Transmissible Spongiform Encephalopathies (Wales) Regulations 2008 to include an ambulatory reference to cover the proposed change in BSE testing, at a later date.

14. Between 1 July 2011 and 30 June 2012, 330,249 healthy cattle aged over 72 months slaughtered for human consumption were tested for BSE in GB. For the purposes of this Impact Assessment, we have therefore made the following assumption:

Table 1: Assumption for numbers of healthy slaughtered cattle aged over 72 months sampled for BSE testing in England and Wales, 1 July 2011 - 30 June 2012

| | |
|---|---------|
| Healthy cattle aged over 72 months slaughtered for human consumption and sampled for BSE testing in GB, 1 July 2011 - 30 June 2012* | 330,249 |
| Healthy cattle aged over 72 months slaughtered for human consumption and sampled for BSE testing in England and Wales, 1 July 2011 - 30 June 2012 (78.27% of the GB cattle population – see paragraph 22)** | 281,888 |

*Based on data supplied by Animal Health Veterinary Laboratories Agency (AHVLA), 17 August 2012

**Based on data supplied by Food Standards Agency (FSA), 11 September 2012

This proposal is not expected to have any impact upon the size of the cattle population in England and Wales.

15. The system of BSE testing healthy slaughtered cattle aged over 30 months was introduced on 7 November 2005. Between then and the end of 2011, over 2.4 million healthy cattle slaughtered for human consumption were tested for BSE. There were ten cases of BSE detected, of which two were less than 72 months of age (one in 2006 and one in 2008), and eight were over 72 months of age.

Table 2: BSE cases in healthy cattle aged over 72 months slaughtered for human consumption in Great Britain since November 2005

| | Year of slaughter | | | | | | |
|--|-------------------|------|------|------|------|------|------|
| | 2005* | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Number of BSE cases in healthy cattle aged over 72 months slaughtered for human consumption | 0 | 2 | 3 | 3 | 0 | 0 | 0 |

*From 7 November to 31 December 2005

Descriptions of options considered

Option 0: Do Nothing – Business as Usual

16. Continue the current policy of BSE testing all healthy cattle slaughtered for human consumption in England and Wales aged over 72 months – approximately 281,888 per year (Table 1).

The **advantage** of the current policy of BSE testing all healthy cattle slaughtered for human consumption in England and Wales aged over 72 months is that it ensures that all animals that would test positive are identified before they enter the food chain. It is also attractive to the export market for some non-EU countries. However the number of test-positives that would be missed if BSE testing of healthy cattle slaughtered for human consumption is stopped, is likely to be very low and the Specified Risk Material (SRM) controls are estimated to remove almost all potential infectivity should any animal infected with BSE but not yet showing any clinical signs be slaughtered for human consumption.

The **disadvantage** of the current policy is that it is not proportionate to the risk and is not in line with the advice from EFSA, as set out in paragraph 8.

Option 1: Stop BSE testing of healthy slaughtered cattle from 1 January 2013

17. Under this option BSE testing of healthy cattle slaughtered for human consumption in England and Wales (approximately 281,888 per year – see Table 1 and paragraph 22) would stop from 1 January 2013.

18. The cost of BSE testing of healthy cattle slaughtered for human consumption is paid for by industry. Small firms (farms and the fresh meat industry) are expected to benefit from the proposal due to the saving in the costs of sampling, transporting samples to laboratories, and testing and the potential for reduction of slaughter cost of healthy slaughtered cattle.

19. The **advantage** of Option 1 is that the BSE testing of healthy cattle slaughtered for human consumption in England and Wales will stop, in line with 24 other Member States. This option is proportionate to the risk posed by the disease to human health and is in line with the advice from EFSA. The proposed stopping of testing healthy slaughtered cattle for BSE from 1 January 2013 would present no change in the risk to public health (paragraphs 7-9 refer).

20. The **disadvantage** of stopping the testing of healthy cattle for BSE is that it may have a negative impact on consumer confidence and the third country export market. Risks: Any risk to public and animal health remains negligible because of the estimated very low number of BSE test positive cases missed and efficacy of SRM controls (paragraphs 7-9 refer).

Monetised and non-monetised costs and benefits of each option, rationale and evidence

Option 0 – Do Nothing: Business as Usual

21. This is the Do Nothing option against which proposals for Option 1 are measured. The baseline costs of Option 0 are given to show how the savings under Option 1 are calculated.

22. The calculations below use the following assumptions:

(i) The figure for the cattle population in England uses the figure given in Defra's June 2011 Survey of Agriculture and Horticulture, published on 24 October 2011.

(ii) The figure for the cattle population in Wales uses the figure given in the Welsh Government's Survey of Agriculture and Horticulture, June 2011, published on 9 November 2011.

(iii) The figure for the cattle population in Scotland uses the figure given in the Scottish Government's Abstract of Scottish Agricultural Statistics, 1982-2011, published on 29 March 2012.

Table 3: Calculation of cattle populations

| | |
|--|------------------|
| England cattle population | 5,373,000 |
| Wales cattle population | 1,123,449 |
| Scotland cattle population | 1,803,937 |
| Great Britain cattle population | 8,300,386 |
| | |
| England & Wales cattle population (78.27% of GB) | 6,496,449 |

Costs to industry

23. Records held by AHVLA show that the number of healthy cattle aged over 72 months slaughtered for human consumption and sampled for BSE testing in Great Britain between 1 July 2011 and 30 June 2012 was 330,249. According to records held by the FSA, the number of healthy cattle aged over 72 months slaughtered for human consumption and sampled for BSE testing in England and Wales between these dates was 281,888.

24. The cost of BSE surveillance of healthy cattle slaughtered for human consumption is paid for by industry. Feedback from industry submitted in response to the Task Force on Farming Regulation indicates that the process of sampling, testing and associated staff time incurs a cost ranging between £7.50 and £15.00 including VAT. These figures took account of the subsidy from the EU Veterinary Fund of up to €8.50 per rapid TSE test. For the purposes of this Impact Assessment, an average cost of £10.00 has been used to calculate the baseline cost to industry of this work. 281,888 samples @ £10.00 each = £2,818,880.

25. EU public health legislation requires that, in the event of a positive test result or a "no-test" (e.g. where the sample cannot be tested due to loss or damage), the tested carcass and the one before and two after it in the slaughter line must be destroyed. Between 1 July 2011 and 30 June 2012, 29 no-tests were recorded in Great Britain, the England and Wales percentage of which is 23 no-tests, 78.27% of the GB total. 23 no-test carcasses were therefore lost to industry in England and Wales. The current value for healthy slaughtered cattle aged over 72 months ranges between £230.00 and £800.00. Assuming an average value per carcass of £515.00, the baseline cost to industry in England and Wales from carcasses lost due to no-tests is £11,845.00 per year.

Costs to Government

26. BSE controls in abattoirs are undertaken by the FSA under a Service Level Agreement (SLA) with Defra and WG. Between 1 July 2011 and 30 June 2012, FSA staff carried out a total of 21,192 hours' work on BSE controls at the 68 plants in England and Wales slaughtering healthy cattle aged over 72 months for human consumption, at a total cost of £783,824.35. This figure includes 1% in respect of cattle in 'risk' categories (emergency slaughter cattle aged over 48 months, cattle aged over 48 months found to be sick at ante mortem, and healthy cattle aged over 30 months born in Bulgaria, Romania and third countries slaughtered for human consumption). FSA staff costs for BSE controls for healthy cattle aged over 72 months for slaughtered for human consumption were therefore £775,986.11.

27. Baseline costs per year to industry and Government under Option 0 are therefore calculated as shown in Table 4:

Table 4: Baseline costs under Option 0

| | Unit Type | Number | Unit Cost | Costs under Option 0 |
|--|---------------------------------|---------------|---------------------------------|-----------------------------|
| Tests per year @ best estimate of sampling and testing cost of £10.00 per sample including associated staff time | Sample + test cost + staff time | 281,888 | £10.00 | £2,818,880.00 |
| Carcases destroyed due to no-tests: Assume 23 carcasses per year @ average value of £515.00 each | Carcase | 23 | £515.00 | £11,845.00 |
| Total cost to industry | | | | £2,830,725.00 |
| Staff costs for BSE controls in abattoirs slaughtering healthy cattle aged over 72 months for human consumption | Per hour | 19,073 | Varies according to staff grade | £775,986.11 |
| Total cost to Government | | | | £775,986.11 |
| Total cost to industry and Government | | | | £3,606,711.11 |

Option 1: Stop BSE testing of healthy slaughtered cattle from 1 January 2013

Savings to industry

28. Under Option 1, BSE testing of healthy cattle slaughtered for human consumption in England and Wales (approximately 281,888 per year – see Table 1 and paragraph 22) would stop from 1 January 2013.

29. The cost of BSE testing of healthy cattle slaughtered for human consumption is paid for by industry. There would be no additional costs to industry under Option 1. Small firms (farms and the fresh meat industry) are expected to benefit from the proposal due to the saving in the costs of sampling, transporting samples to laboratories, and testing and the potential for reduction of slaughter cost of healthy slaughtered cattle. Feedback from industry submitted in response to the Task Force on Farming Regulation indicates that the process of sampling, testing and associated staff time incurs a cost ranging between £7.50 and £15.00 including VAT. These figures took account of the subsidy from the EU Veterinary Fund of up to €8.50 per rapid TSE test. For the purposes of this Impact Assessment, an average cost of £10.00 has been used to calculate the baseline cost to industry of this work. Based on the information provided by FSA under Option 0, this would result in a saving to industry of £2,818,880 under Option 1.

30. The requirement to destroy carcasses with a “no-test” would no longer apply. Based on the information provided under Option 0, it is assumed that industry in England and Wales would benefit because 23 carcasses per year would not be lost due to no-tests. The value of these carcasses ranges between £230.00 and £800.00. Assuming an average value of £515.00 per carcass, this would result in a saving to industry of £11,845 per year under Option 1.

Savings to Government

31. BSE controls in abattoirs are undertaken by the FSA under a Service Level Agreement (SLA) with Defra and WG. Between 1 July 2011 and 30 June 2012, FSA staff carried out a total of 21,192 hours' work on BSE controls at the 68 plants in England and Wales slaughtering healthy cattle aged over 72 months for human consumption, at a total cost of £783,824.35. This figure includes 1% in respect of cattle in 'risk' categories (emergency slaughter cattle aged over 48 months, cattle aged over 48 months found to be sick at ante mortem, and healthy cattle aged over 30 months born in Bulgaria, Romania and third countries slaughtered for human consumption). The savings to Government on FSA staff costs for BSE controls for healthy cattle aged over 72 months for slaughtered for human consumption would therefore be £775,986.11.

32. Savings per year to industry and Government under Option 1 are therefore calculated as shown in Table 5:

Table 5: Savings under Option 1

| | Unit Type | Number | Unit Cost | Savings under Option 1 |
|--|---------------------------------|---------|---------------------------------|------------------------|
| Tests per year @ best estimate of sampling and testing cost of £10.00 per sample including associated staff time | Sample + test cost + staff time | 281,888 | £10.00 | £2,818,880.00 |
| Carcasses destroyed due to no-tests: Assume 23 carcasses per year @ average value of £515.00 each | Carcass | 23 | £515.00 | £11,845.00 |
| Total saving to industry | | | | £2,830,725.00 |
| Staff costs for BSE controls in abattoirs slaughtering healthy cattle aged over 72 months for human consumption | Per hour | 19,073 | Varies according to staff grade | £775,986.11 |
| Total saving to Government | | | | £775,986.11 |
| Total saving to industry and Government | | | | £3,606,711.11 |

Direct costs and benefits to business calculations (following OIOO (One-In, One-Out Methodology))

33. Option 1 would result in savings to industry of £2,830,725 per year because BSE testing of healthy cattle slaughtered for human consumption in England and Wales would stop from 1 January 2013.

34. There are no costs to industry under Option 1.

One-In, One-Out

35. As the changes examined in this IA do not require any changes to domestic legislation, this measure is out of scope for OIOO.

Wider impacts

Economic/Financial Impacts

36. Option 1 would have a positive impact upon the cattle farming and fresh meat industries in England and Wales and to Government because the stopping of BSE testing of healthy cattle slaughtered for human consumption in England and Wales from 1 January 2013 would result in savings to industry of £2,830,725 per year.

Wider Impacts

37. BSE testing of healthy slaughtered animals is carried out by private laboratories and paid for by the fresh meat industry. There would be an impact upon the wider economy because the savings to the fresh meat and farming industries will be balanced by the loss of business to the laboratory industry.

38. There are no expected impacts upon innovation or upon other Departments under Option 1. There are no expected public health implications of stopping BSE testing of healthy cattle slaughtered for human consumption in England and Wales from 1 January 2013.

Social Impacts

39. There are no expected social impacts upon Option 1.

Environmental Impacts

40. There are no expected environmental impacts under Option 1.

Impact upon Small Businesses

41. Fresh meat abattoirs in England and Wales, some of which are small businesses, will benefit from the stopping of BSE testing of healthy cattle slaughtered for human consumption in England and Wales from 1 January 2013. A Small Business Impact Test will be carried out as part of the consultation.

Devolved Issues

42. The Welsh Government intend to implement the changes administratively from the 1 January 2013 and update the Transmissible Spongiform Encephalopathies (Wales) Regulations 2008 to include an ambulatory reference to cover the proposed reduction in testing, at a later date.

Summary and preferred option with description of implementation plan

43. The Impact Assessment is designed to consider whether England and Wales can stop BSE testing of healthy cattle slaughtered for human consumption in England and Wales from 1 January 2013, and examines the impacts, costs and benefits of this proposal.

44. Option 1 is the preferred option. Defra and the Welsh Government will seek advice and final agreement from Health Ministers and the FSA Board as well as from Rural Affairs Ministers. The stopping of BSE testing of healthy cattle slaughtered for human consumption in England and Wales would come into effect on 1 January 2013. It is not envisaged that any amendments to English legislation will be required, because the proposed change will be covered by ambulatory references. The Welsh Government intend to implement the change administratively from the 1 January 2013 and update the Transmissible Spongiform Encephalopathies (Wales) Regulations 2008 to include an ambulatory reference to cover the proposed change in BSE testing, at a later date.

45. Table 6 below gives the total cost savings (benefits) to industry and Government over ten years. The totals (in constant prices) have been discounted at an annual rate of 3.5% to show the present value of Option 1 – these totals are also shown in the summary pages above.

Table 6: Net benefits (cost savings) over ten years (with present values)

| Year: | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | TOTAL |
|-----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Industry: | 2830725 | 2830725 | 2830725 | 2830725 | 2830725 | 2830725 | 2830725 | 2830725 | 2830725 | 2830725 | 28307250 |
| Government: | 775986 | 775986 | 775986 | 775986 | 775986 | 775986 | 775986 | 775986 | 775986 | 775986 | 7759861 |
| Total: | 3606711 | 3606711 | 3606711 | 3606711 | 3606711 | 3606711 | 3606711 | 3606711 | 3606711 | 3606711 | 36067111 |
| Present value: | 3606711 | 3484745 | 3366903 | 3253047 | 3143040 | 3036754 | 2934062 | 2834842 | 2738978 | 2646356 | 31045439 |