

ANIMAL DISEASE

1. The Livestock Industry

The livestock industry is an important part of the farming scene and the national herd is a significant size. Leaving aside poultry, the main elements are: -

Cattle-10m: Sheep-32m: Pigs-4.7m

The sector has undergone major changes in the last 30 years with cattle and pig numbers falling by 25% and 50% respectively. Sheep numbers have risen by 40% in the same period.

Changes have also taken place in the businesses that service livestock farmers. Two examples of this are marts, which have reduced in number from 800 to less than 150 and abattoirs, which have reduced from 3000 to less than 500. The changes in these two areas have resulted in more animal movements as they are hauled over longer distances to market and slaughter and this has led to an increase in the risk of disease spread. This risk was highlighted by the rapid national spread of the 2001 foot-and-mouth outbreak, whereas the 1967 outbreak was confined mainly to the northwest.

The changes to the sector, as a whole, have been driven by changing farming practices, legislation and economics. The latter being strongly influenced by the rise of the major dairy and supermarket groups.

There is a continuing long term downward trend in demand for both dairy and beef products. Around 4 in 10 dairy farmers have left the industry since 1990. Herds have become much bigger and more efficient. Production per cow has risen 30%. Beef has suffered significantly from health scares and competition from poultry, much of it imported.

The beef and dairy industries are worth around £1.8bn and £2.3bn, respectively, at farm gate prices.

2. The Diseases

Farm animals are at potential risk from a number of diseases. In recent years the most notable have been, Classical Swine Fever (CSF), Foot-and-Mouth (FMD), TB and BSE. These diseases have attracted a lot of press comment and have raised concern over their possible impact on the food chain and therefore public health.

However, there are many other diseases, which receive little publicity because they are not endemic to the UK and present little current threat. Anthrax and blue tongue are examples.

The OIE is an international agency that records and monitors disease outbreaks, worldwide. The OIE classifies diseases according to their virulence. Diseases, that can

spread rapidly, such as FMD and CSF, are Category A with slower moving diseases, e.g. TB, being Category B.

All diseases that provide any threat are “notifiable” i.e. any outbreak, confirmed or suspected, must be notified to the authorities.

3. Containment and Eradication

DEFRA will act according to which disease it is and the degree of risk posed. The actions they can take include: -

- a) slaughter of the infected animal.
- b) slaughter of the whole herd on the farm.
- c) slaughter of animals on neighbouring farms within a specified radius.
- d) restrictions on the movement of animals on and off the infected farm and within a specified radius.

4. Compensation and Insurance

Compensation is generally paid for any animal compulsorily slaughtered; the amount paid being the agreed market value. However, there has been criticism that payment levels have been too generous in the past and DEFRA has begun to tackle this issue with the introduction in February 2006 of a scheme linked to monthly market prices. Initially this scheme applies to TB, EBL, BSE and brucellosis only.

In the UK, no Government compensation is paid for consequential losses, e.g. the ongoing financial losses that occur when a dairy animal is slaughtered and cannot be replaced because the farm is under movement restrictions. Private insurance, from a small number of specialised insurers, is available for a limited number of diseases. This takes the form of either a fixed percentage of Government compensation (usually 25%) or a fixed monetary value per animal. This is a simple, rough and ready formula that is easy to understand but which is not geared to the actual losses suffered. However, these losses are likely to exceed the insurance cover.

A major area of potential financial loss for farmers is where they are caught up in a geographical movement restriction order, even though their own farm is not actually infected. Very limited livestock movements are allowed and only then under a strict licence. The farming business suffers major disruption and animal welfare issues, resulting from overcrowding, may result.

Currently, no compensation is paid in these circumstances although a scheme for the disposal (i.e. slaughter) of livestock on welfare grounds is usually made available. This scheme is voluntary, not compulsory although circumstances will often dictate that farmers with an animal welfare problem have little alternative but to join it.

The severity of the 2001 FMD outbreak and continuing problems with TB have led to the private insurance schemes for movement restriction losses in respect of all diseases being withdrawn or severely curtailed.

The take-up of disease insurance, generally, has never been great; it rises only when there is a perceived threat and falls away again over the succeeding two or three renewals as the original threat disappears.

The ability of the private insurance market to write a viable book of business for the longer term is adversely affected by the above buyer attitude and by the Government compensation schemes. The latter take away the immediate need for private insurance although the next few years are likely to see increased Government pressure and action to change the situation.

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