

REGULATORY APPRAISAL

ANIMALS, WALES

ANIMAL HEALTH

THE SHEEP AND GOATS (RECORDS, IDENTIFICATION AND MOVEMENT) (WALES) ORDER 2006

Background

1. Council Regulation (EC) 21/2004 requires Member States to establish a system for the identification and registration of ovine (sheep) and caprine (goats) animals and also amends Regulation (EC) No. 1782/2003 and Directives 92/102/EEC and 64/432/EEC.
2. The Foot and Mouth Disease (FMD) outbreak, which occurred in the UK in 2001, demonstrated the need for improvements to the existing identification and traceability rules that apply to sheep and goats. Certain enhancements have already been made to the domestic requirements following discussions with industry and these already go some way to meeting the objectives of the new Regulation. These include the introduction of the current “S” tag system, the main requirements being; holding of birth tags and tattoos, movement tags, replacement tags and movement documents.
3. One of the basic objectives of the Regulation is the tracing of animals, which is of crucial importance in the control of contagious diseases. The original proposal stated that ‘It must be possible to determine rapidly and conveniently the place of origin of an animal or carcass and its movement throughout the Community. Animals must be adequately identified and registered according to the same requirements throughout the Community.’
4. In December 2003 the Regulation was adopted. This requires Member States to double identify all sheep and goats born on or after 9 July 2005, except those intended for slaughter at less than 12 months of age and not intended for export or intra-Community trade. There is, however, a provision under which the Commission may allow Member States to maintain their existing national identification system (except for animals involved in intra-Community trade), providing traceability between holdings can be demonstrated. The UK applied for derogation and it was discussed at the Standing Committee on Food Chain and Animal Health (SCoFAH) on 5 July 2005. The application was eventually granted provisional approval until 30 April 2006, pending a further review of the inspection system by 31 January 2006.
5. The recent Food and Veterinary Office (FVO) mission report recommended that “there was no further delay in the introduction of the regional legislation required to enforce the requirements of regulation (EC) No. 21/2004.

6. The Regulation also provides for movement documents to be completed and to accompany the animal during transit, for keepers to maintain holding registers and for the Competent Authority to maintain a central database of holdings from July 2005 and movements from January 2008. Our current system already meets most of these requirements.
7. The EU Regulation introduces electronic identification at some point after 1 Jan 2008. New legislation will be required, at that time, once decisions have been taken on the technical standards to be adopted and confirmation of the implementation date expected during 2006.

Purpose and intended effect of the measure

8. This Order makes provisions for the administration and enforcement in Wales of Council Regulation (EC) No.21/2004. It provides an improved system of identification to aid traceability of sheep and goat movements and to link rules to the payments of EU subsidy. It will make the following changes to the current system:
 - Tattoos can no longer be used as the primary means of identification;
 - Animals have to be identified no later than 9 months after birth, if kept in extensive or free-range conditions or 6 months, if kept in intensive conditions;
 - Only officially approved ear tags can be applied;
 - Issuing of tags will be controlled by an Ear Tag Allocation System (ETAS) to ensure manufacturers only issue tags with unique numbers – similar to the current cattle system;
 - Minor changes to the movement document are required including details of the haulier involved. (Currently these details are not mandatory);
 - Additional information has to be kept in the location's flock register including details of the person transporting animals from the location;
 - Keepers will be required to record the CPH (County/ Parish/ Holding) of the location they receive animals from in the location's flock register;
 - Keepers are required to make an inventory of the animals kept at the location on a set date annually. This data must then be sent to the Competent Authority within 30 days;
 - Temporary paint marks are no longer acceptable as the official means of identification for movement purposes; and
 - For the purposes of this Order the main holding will be defined as where the main buildings and livestock facilities are, together with all adjoining fields. If fields are separated from the farm by a road, stream or boundary (i.e. a hedge or fence), then these fields are considered part of the main site. Effectively, a holding will become the main site, plus any outlying parcels of land wholly or partially within 5 miles. The 5-mile distance is measured 'as the crow flies', from the nearest borders between the main holding and the outlying land. Any outlying land that is partially within 5 miles of the main holding is all considered to be within the main holding.

Risk Assessment

9. Failure to implement European Union legislation could lead to the initiation of infraction proceedings leading to a case against both the UK Government and Welsh Assembly Government in the European Court of Justice, ultimately affecting Wales' ability to trade with other Member States. There is also a risk of Single Farm Payment cross compliance disallowance at national level if a Member State fails to implement in full the provisions of Regulation EC No. 21/2004, as it is a cross compliance measure. Failure to implement the legislation in a timely manner may damage the decision on extending the temporary derogation UK obtained from the requirement to double tag. The derogation expires on 30 April 2006 and failure to obtain an extension could result in the UK being required to implement double tagging.

Options

Option 1 - Do Nothing

10. The risk of not making this Order is that there will be no reference to the Commission Regulation in domestic legislation. There would then be a risk of challenge from the European Commission following inspection by its Food and Veterinary Office of UK arrangements and their compliance with the requirements of the EU legislation. There would be a risk that double tagging of animals would be required

Option 2 – Make the legislation

11. Implementing the Regulations will mean that sheep and goats will be tagged with an individual identification number within 6 months of age (if intensively reared) or 9 months (if extensively reared). The current timescale is 12 months. All movements to premises more than 5 miles from the main holding including common grazing, dipping and shearing will require movement documents. Individual eartag numbers will be allocated automatically by a central register and will be subject to an approval system to ensure quality and that tags are welfare-friendly. Movement documents will be amended to include haulier details and the information on the holding (flock/herd) register will be revised to include the recording of individual animal numbers, type of production, results of the latest inventory and animal movements.

Benefits

12. Implementing double tagging would have precluded the mandatory use of movement tags ("S" tags) for animals born after 9 July 2005. These were introduced as a response to foot and mouth disease and are considered a vital component of our current system of traceability. Furthermore, in the run up to 2008, the Regulation does not provide for any practical measures that could provide equivalent traceability. Therefore, we considered that double tagging would represent a retrograde step in terms of providing traceability between holdings and disease control. Quantifying the benefit of the (currently) high level of traceability is difficult, but the recent Cost-Benefit Analysis report into Foot and Mouth Disease control strategies (the FMD CBA) allows us to get an indicative idea of the

possible benefits to be realised by having good traceability in the event of an FMD outbreak.

13. More effective controls will reduce the duration of an outbreak and the number of infected premises, so reducing the economic and social costs associated with an animal disease outbreak.
14. There are some extra traceability benefits of implementing this option as it involves a tightening up of the current system. For example, movements outside the 5 mile holding would be subject to movement tags (or individual identification) and a movement document and all moves to slaughter would additionally require movement tags. These changes would improve our ability to track and trace animal movements between holdings. In the event of a disease outbreak, there would be more comprehensive information available for movements and S tags provide more reliable identification than temporary marks.

Costs

Identification Costs

15. The identification system introduced would be similar to the existing system until electronic identification becomes mandatory. However, there are a few changes that would be introduced to tighten up on tracking and tracing. These changes are as follows:
 - Movements to premises more than 5 miles from the main holding must be accompanied by a movement document and must be reported to the local authority.
 - Movements to slaughter or to a dedicated slaughter market would require the animal to be marked with an eartag rather than a temporary mark.
 - Movements in excess of 5 miles from the main holding would require bought in animals to be marked with an eartag.
16. 5.5 million lambs were produced on Welsh Farms in 2003. 3.9 million were sold as finished lambs direct from farm of birth. 522,000 were sold as store lambs to be finished on another farm and approximately 1 million were ewe lambs either sold as breeding animals or retained as replacement. The slaughter figure for ewes and rams is estimated to be approximately 1 million, i.e. roughly equivalent to the replacement figure but with no allowance for mortality on farm.
17. With the prohibition on the use of temporary marks all animals going to slaughter would need to be "S" tagged. This would include the 522,000 store lambs and possibly 50% of the ewe/ram slaughters. Tag costs range between 11 and 16 pence (13 p average) and labour costs estimated at 6p per sheep (tag rate 4 per min 2 people engaged at an average of £7.00 per hour). Extra tag costs to the industry for 1 million sheep would be approximately £190,000.

18. It is estimated that some 70 percent of Welsh sheep holdings have all their land within 5 miles of the main holding. This is not to imply that 70 percent of sheep are kept on these holdings. This Order would not impact on existing tagging requirements. However, sheep moved between holdings outside the main holding would require to be identified with the flock number of the holding of departure, or by their individual number. A precise figure is difficult to quantify, but based on total recorded movements on the Local Authority managed AMLS (Animal Movement Licensing System) in 2003, of around 5 million it is likely to range from 1 to 3 million (up to 50 percent of moves would be from holding of birth and the new 5 mile definition will reduce the number of tags, as moves occur within the main holding and any moves from main holding to temporary grazing and back will not require tags). Costs to industry would range from £160,000 to £480,000. Offset against this would be the cost of marker and application time for temporary marks.
19. Sheep for intra-Community trade would need to be double tagged. However, since numbers are relatively small and it is not possible to determine at which point the animals will be double as opposed to single tagged, these animals have been left out of the equation.

Movement documents and on-farm record keeping

20. The Regulation requires a movement document for all movements outside the 5 mile main holding. There would, therefore, be additional costs for completing movement documents for animals moving outside the 5 mile radius.

Costs to Industry

21. On the assumption that between 1 and 3 million extra sheep will be moved (paragraph 18 above) and that the average batch size is 30, an additional 33,000-100,000 movement documents will need to be completed. Assuming 3 minutes to complete each document (50p, based on £10.00 per hour) and 35p for postage, the extra costs for industry of completing movement documents would be between £28,000 and £85,000.

Costs to Regulators

22. To ensure that sheep and goats are allocated unique individual identification numbers it has been necessary to set up a new Eartag Allocation System (ETAS) alongside the one already operating for cattle and run by the British Cattle Movement Service (BCMS). The new function was provided and has been used since December 2005, prior to the FVO mission. The costs of setting up the new ETAS system fall to the Department for Environment, Food and Rural Affairs.
23. There would be ongoing annual maintenance and staff costs to operate this system. In addition, an eartag approval system will also be required. A specification for the approval of sheep tags has been drawn up. There will also be additional enforcement costs, but as these are currently unknown they cannot yet be quantified. The extent to which the workload will

increase on each visit is dependent upon a number of factors yet to be decided. It is likely that the work will continue under the auspices of the Rural Inspectorate for Wales within the Welsh Assembly Government, Department for Environment, Planning and Countryside (WAGDEPC).

24. WAGDEPC will have access to a central computerised register of holdings and will be linked to a GB movements database (AMLS 2) in the near future. However, both of these databases require upgrades as additional data fields are required by the new Regulation. It is estimated that for Great Britain there would be initial set-up costs of £60,000 and running costs of £168,000 p.a. These costs would be borne by Local Authorities.
25. Because a number of Articles in the Regulation are directly linked to the Single Payment (via Cross Compliance) there is a risk of disallowance if farmers do not comply fully with the requirements. £110m was paid in subsidy payments in Wales for 2003. The amount of any disallowance would depend on the degree of failure to comply by the industry or Government.

Competition Assessment

26. The competition filter was carried out on sheep premises in Great Britain. The results suggest that the proposed legislation is unlikely to have a negative impact on competition in this sector. The cost of compliance with the proposed legislation will be greater for larger sheep and goat units, because they keep more animals. Headage costs should be broadly similar for all size of units.
27. Costs will also be higher for businesses that are buying in and selling a lot of animals. The cost of movement recording is more significant than baseline identification. However, although the Regulation may result in some changes to the number of holdings, it should not lead to significant changes in the structure of competition within the market.
28. A preliminary assessment indicates that the impact on costs varies significantly depending on the nature of the business. For dealers and farmers buying in many animals it is likely to be high when compared against the average net income for sheep keepers. The provisional figures available for 2002/3 suggest that net income for LFA cattle and sheep farms is £10,000 and for cattle and sheep lowland farms is £7,500.
29. Under this option, sheep for intra-Community trade would need to be double tagged. However, since numbers are relatively small and it is not possible to determine at which point the animals will be double as opposed to single tagged, these animals have been left out of the equation.

Consultation

With Stakeholders

30. A public consultation was carried out between 24 November 2005 and 16 January 2006 on the proposals to implement Regulation EC No. 21/2004.

A list of consultees can be found at Annex 1 to the Regulatory Appraisal. The Scottish Executive and the Department for Environment, Food and Rural Affairs consulted separately.

31. In light of the responses received to the consultation (a summary of responses is at Annex 2 to the Regulatory Appraisal) it was decided that the date for the annual inventory should be retained at 1 January. Consultation responses focussed on the definition of holdings, in particular the 5 mile radius for holdings. To maintain consistency of application between the GB authorities and to satisfy the FVO mission, the Order is being taken forward with the definition of holdings unamended. Discussions are however continuing between the GB administrations and interested parties to refine the definition to better meet legislative requirements and industry expectations.

With Subject Committee

32. This Order was notified to the Environment, Planning and Countryside Committee on 2 February 2005 (EPC(2)-02-05(p3)) and was identified for scrutiny via the list of forthcoming legislation.
33. The Committee scrutinised the Order at its meeting on 8 March 2006. Several points of clarification were raised, to which the Minister responded. The Order was agreed as clarified. A transcript of the discussion is attached at Annex 3.

Monitoring and Review

34. Feedback will be provided by the industry and by local authorities (the enforcement bodies) if the proposed Order is adopted and implemented in Wales.

Summary

35. The Regulation, adopted in December 2003, introduces in two stages the individual identification and movement recording of sheep and goats. From July 2005 sheep and goats must be individually identified by two marks, and the primary mark must be an eartag. However, the UK applied for a derogation from this double tagging requirement. The application was granted provisional approval until 30 April 2006, pending a further review of the inspection system by 31 January 2006. The other measures, which come into effect in 2005, have some impact on Wales.
36. In January 2008, electronic identification is likely to become mandatory for sheep, together with the recording of individual animals on the movement document and the on farm register. The January 2008 implementation date will be reviewed during 2006 and Member States can apply for a derogation from double tagging until the implementation of EID, in 2008, if they can demonstrate that their existing system provides traceability between holdings.
37. The approach recommended would allow Wales to continue with its current system of identification updated to take account of the

requirements of Regulation 21/2004 (suitably tightened up) for the time being. Most importantly, it will allow Wales to continue to track and trace animals on an individual basis throughout the 2005-2007 period, which is considered essential for the purposes of disease control.

Annex 1

Consultation List for Sheep & Goats (Records, Identification and Movement) (Wales) Order 2006

British Veterinary Association North
British Veterinary Association South
Burgess Salmon
Business Connect Wales
Chair of Welsh Lamb and Beef Suppliers
McCartneys Welsh Livestock Auctioneers
Ruthin Welsh Livestock Auctioneers
Welsh Meat Company
British Free Range Egg Producers Association.(BFREPA)
Bro Taf Health Authority
British Veterinary Association
Chartered Institute of Environmental Health
Countryside Council for Wales
Dyfed Powys Health Authority
Environment Agency, Wales

Food Standards Agency
Food Standards Agency
Gwent Health Authority
Iechyd Morgannwg Health Authority
Institute of Grassland and Environmental Research
Institute of Rural Health
Local Authority Confederation of Regulatory Standards
Meat & Livestock Commission, Wales
North Wales Health Authority
Public Health Laboratory Service in Wales
WDA Food Directorate
Welsh Consumer Council
Welsh Local Government Association
Welsh Scientific Advisory Committee
Isle of Anglesey
Blaenau Gwent

Bridgend

Caerphilly
Cardiff
Carmarthenshire
Ceredigion

Conwy

Denbighshire

Flintshire
Gwynedd

Merthyr
Monmouthshire
Neath Port Talbot

Newport

Pembrokeshire
Powys

Rhondda Cynon Taff
Swansea
Torfaen
Wrexham
Agri-food Partnership for Wales

All Wales Committee for Health Professionals
Campaign for the Protection of Rural Wales
Country Landowners Association
Farmers Union of Wales
Farming & Livestock Concern UK
Friends of Animals Under Abuse (FAUNA)
Guild of Welsh Lamb & Beef
National Farmers Union
Organic Farming Centre for Wales
Red Meat Strategy Group
Royal Welsh Agricultural Society
RSPB Cymru
RSPCA - Regional HQ Wales
The Shared Earth Trust
Wales Rural Forum
Wales Young Farmers Club
Welsh Assembly of Women
National Sheep Association
Aled Ellis & Co
Barry W Thomas
Bob Jones - Prytherch & Co
Brightwells Ltd
Clee Tompkinson & Francis
D A G Jones & Son

Dai Lewis Cyf
Evans Bros Auction & Mart
Farmers Marts
Fred Davies & Co
Glamorgan Marts
HRT-Team-HRT
J Bradburne Price & Co
J J Morris
J Straker Chadwick & Co
Jones Peckover
Livestock Market
Lloyd Williams & Hughes
McCartneys
Montague Harris
Morgan Evans & Co Ltd
Morris Marshall & Poole
Newport Market
Rees Richard & Co
Ruthin Farmers Auction
Sunderlands
Welshpool Livestock
Hamer International Ltd
W T Maddocks
J E Tudor & Sons Ltd
W A James
N S James
St Merryn Meat Ltd
Hugh Phillips
Conwy Valley Meats
G R Evans
Owen G Owen
D & J Thomas
Clutton Agricultural Ltd
Jones Peckover
Glamorgan Goat Club
North Wales Goat & Smallholders Society
South Wales Milk Recording Group
South West Wales Goat Club
Welsh & Marches Goat Society
Black Welsh Mountain Sheep Breeders Association
The Badger Face Welsh Mountain Sheep Society
Badger Face Welsh Mountain
Balwen Welsh Mountain

Beulah Speckled Face Sheep Society
Bleu du Maine
Kerry Hill
Lleyn Sheep Society
Welsh Mountain - Hill Flock
Welsh Mountain – Pedigree
Charlie Peck
Hybu Cig Cymru
Grampian Prepared Meats
Marshall Food Group
Cranberry Foods Limited
Oriol Jones and Sons Ltd
Welsh Country Foods
WT Maddock
JE Tudor & Sons Ltd
WA James
Mr L H Phillips
W Lloyd Williams
BWL George
TJ Thomas
TWM Ltd
Cardigan Abattoir Ltd
JO Evans
Cig Oen Caron
Cig Mon Meats Ltd
ETJones, Sons & Daughter
Tywyn Wholesale Meat Co Ltd
Conwy Valley Meats
O Roberts A'I Faib
D&J Thomas
Jones Bros
Owen G Owen Ltd
J Williams & Son
Messrs B&B Webster
Fairfield Meat Co Ltd
Hamer International Limited
Saunders & Stone Partnership Ltd
GR Evans
SG Davies & Sons
JW &VM Scale
Caernarfon Abattoir Ltd
Mr N Davies
St Merryn Meat Ltd
DT Havard

Pembrokeshire Meat Company
S & J Organics
Cig Calon Cymru Cyf
Caernarfon Animal Health
Carmarthen Animal Health Office
Llanishen Animal Health Office
Forestry Commission Wales
Forestry Commission Wales
Gelli Aur College
Snowdonia National Park Authority
Brecon Beacons National Park Authority
Pembrokeshire Coast National Park Authority
Wrexham Trading Standards
Powys Trading Standards
Agri-food Partnership for Wales
ADAS Wales
Brecknock Hill Cheviot Sheep Society
British Charollais Sheep Society Ltd
Business Eye (Previously Business Connect)
Coleg Llyfasi
Coleg Sir Gar
Cymru Breeding Services
Farm Assured Welsh Livestock
Federation of Small Businesses in Wales
Hill Radnor Flock Book Society
Owlscoote, Fferm Parc Llyn
Llandovery Whiteface Hill Sheep Society
Llanwenog Sheep Society
North Country Cheviot Sheep Society
Rare Breed Survival Trust in Wales
Sheep Veterinary Society

South Wales Mountain Sheep Society
Suffolk Sheep Society
Talybont on Usk Welsh Sheep Society
Talybont Welsh Sheep Society
Welsh and Marches Goat Society
Wales Rural Forum
Welsh Highland Shepherds
Welsh Hill Speckled Face Sheep Society
Welsh Livestock Auctioneers Association
Women in Agriculture
Cyrtau

Annex 2

Summary of Consultation responses Sheep and Goats (Records, Identification and Movement) (Wales) Order 2006

Council Regulation (EC) 21/2004 on the identification of sheep and goats came into effect across member states on 9th July 2005 and also contains measures to register keepers, record movements and update flock and herd registers. The most contentious issue in this regulation is the requirement to double tag, against which a derogation is available. The FVO inspected the system in place in UK in January 2005 and a decision to grant a temporary derogation until April 2006 was agreed in July 2005

The consultation period ran from 24 November 2005 until 16 January 2006 and sought views on certain areas of the implementation of the Regulations, Views were sought from 203 various interested groups or individuals and 11 responses received. Respondee include both Welsh farming unions as well as the National Sheep Association, Local Authorities, Goat keeping clubs, industry groups and individuals.

English Consultation (13 June – 25 July 2005) was undertaken before the Commission decision to grant a temporary derogation and therefore the focus of the consultation was different. Most consultees strongly opposed the introduction of double tagging, apart from the BVA who queried whether it would not have been better to move straight to double tagging. Scotland consulted for a 4 week period (August-September 2005). Consultation did not refer to the definition of a holding (5 mile rule) as this was already in force in Scotland.

In Wales, the consensus was that the date for the Annual Inventory should be January 1st, despite some reservations regarding possible duplication with the requirement to also complete a census form. Comments received suggested the Annual Inventory form should be returnable by a variety of methods, electronic through to hand delivery at offices. On whom should be responsible for replacing tags there was general agreement that the keeper of departure should be responsible.

Other general points made included the Holding Definition and a general concern that more discussion was required on the definition of a holding, concerns that proposals are confusing, does not reduce 'red tape' and that a boundary of separate land will overlap the 5 mile radius but extend far beyond 5 miles from the main holding concerns over levels of disease control. Welsh Assembly officials continue to be in discussion with the industry and other UK administration to assess the possibility of amending the definition. Movements to common land were raised and this will be clarified by further guidance following the adoption of the legislation. There was general agreement that ETAS will provide a standard for manufacturers to meet and some concerns raised on the use of boluses on young/small animals. These regulations do not require the use of electronic tags or boluses if introduced the choice of tag or bolus will be for the keeper.

Annex 3

Transcript of the Environment, Planning and Countryside Committee of 8 March 2006

Is-ddeddfwriaeth: Gorchymyn Defaid a Geifr (Cofnodion, Adnabyddiaeth a Symud) (Cymru) 2006 **Secondary Legislation: The Sheep and Goat (Records, Identification and Movement) (Wales)(Order) 2006**

[220] **Glyn Davies:** Do you have any report on the European Union visit, and what they thought when they were here? Generally speaking, I think that we know where we are on this, and we know what our view is, but there was that.

[221] **Carwyn Jones:** We have not had a final report yet from the Food and Agriculture Organization's visit. However, it is worth emphasising that it is important for us to be able to demonstrate to the commission and to our customers abroad that we have a system of identifying sheep and goats. At present, a derogation exists for the UK to allow sheep and goats to be double-tagged rather than electronically identified. That derogation must be introduced by legislation; it was introduced in England and Northern Ireland last November, and is in the process of being introduced in Scotland. This is the process of introducing the identification legislation in Wales.

[222] The derogation that we have runs out next month. It stands to reason that, if we do not have this legislation in place by then, or if we are in the process of finalising the legislation, it will affect negatively our ability to extend that derogation. Quite reasonably, the commission will say, 'You have a derogation, you have not implemented it, why on earth should we extend it?'. So, that is why the Order is before the committee. It is important for us to be able to track the movement of sheep and goats, but we also want to ensure that we have a system that is as least burdensome as possible on farmers. We know the difficulties with electronic identification, which is why the UK went for the derogation in the first place. However, it is important, that, having sought that derogation, we then carry it through.

[223] **Glyn Davies:** We know where we are with this; the Minister has told us exactly where we are. We are all pretty well agreed on this. Does anyone have any specific points?

[224] **Elin Jones:** You have said that 'we' know where we are and that 'we' are all agreed with this, but this is the first time that I have been in a committee meeting discussing this, and I believe that others are in a similar position. For my own purposes, therefore, could I just ask what the level of sheep and goat identification is in other member states currently? I do not want a breakdown of each member state, but just a general picture of what is happening elsewhere.

[225] **Carwyn Jones:** Many member states already have electronic identification; we have a derogation for double-tagging. However, we must remember that, in terms of sheep meat production in particular, we are, I think, the largest producer in Europe. Sheep farming is a minority interest in Europe, particularly when it comes to sheep meat. There are many sheep flocks in southern Europe, but they tend to be milking flocks. In any event, sheep farming is not a particularly large chunk of farming in Europe. However, the other countries are either compliant already with electronic identification or are moving ahead in the same terms.

[226] **Elin Jones:** Is that why the derogation was agreed then, because of the sheer numbers involved in the UK?

[227] **Carwyn Jones:** It is part of it, but the point that we also made was that we did not think that electronic identification was practical at this time—for hands-on, practical reasons, as well as for cost reasons. On that basis, we argued that we needed more time to consider electronic identification, given the numbers that we have as well, which is why we got the derogation for double-tagging. However, again, we are unusual in terms of sheep production—the Republic of Ireland would be the closest to us—in the sense that farmers in Wales have to bring sheep down off the hillsides, which tends not to happen in other member states, and because of the sheer numbers of sheep that we have, compared with other member

states.

[228] **Brynle Williams:** What will happen after 30 April if we lose this derogation?

[229] **Carwyn Jones:** If we do not have the derogation extended, we will have to move towards electronic identification by 2008, which is why we want the derogation extended, and which is why need this legislation in place.

[230] **Glyn Davies:** What I meant, Elin, was that it was not really the committee's work particularly on this; it is just as an industry.

[231] **Elin Jones:** It was a kind of royal 'we', was it?

[232] **Glyn Davies:** Yes, it was.

[233] **Elin Jones:** A chairman's 'we'.

[234] **Glyn Davies:** Yes, sort of. It think that it is generally accepted by the industry, the Minister, and, I believe, all of us, that we—

[235] **Jocelyn Davies:** You are doing it again.

[236] **Glyn Davies:** Well, this is pretty difficult to do. The derogation is generally seen as a pretty good thing. Is that a way out of it? Is that better?

[237] **Jocelyn Davies:** Thank you for that clarification, Chair. Excellent.

[238] **Mick Bates:** I have just one issue on that. We have gone through the discussions about double-tagging before, and I believe that the Minister, or someone, made a commitment to look at the effectiveness of the process and at how user-friendly it is. There are welfare issues, but also issues relating to the loss of tags and replacements, and the cost to the industry. Has any work been undertaken to look at that as part of a regulatory impact assessment of this legislation?

[239] **Carwyn Jones:** You will have to be more specific as to when I made that commitment.

[240] **Mick Bates:** I apologise for not being specific. In that case, I will rephrase the question. Would that type of issue be part of the regulatory impact assessment of this legislation?

[241] **Carwyn Jones:** It seems that there would be little point in doing that, given the fact that the alternative is electronic identification, and we know the difficulties associated with that. We also know that double-tagging is, in effect, a temporary measure. How long it will last we do not know, but it is a temporary measure. So, there is little option but to have it. It is either that or electronic identification.