

# VALUE FOR MONEY REVIEW

## THE FALLEN ANIMALS COLLECTION

### SCHEME

**Department of Agriculture, Fisheries and Food**

**2009**



Department of  
**Agriculture,  
Fisheries and Food**  
An Roinn  
**Talmhaíochta,  
Iascaigh agus Bia**

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## **EXECUTIVE SUMMARY**

### **Context of this review**

This review is conducted in accordance with the Department of Finance Value for Money Review Initiative, which has as its overall objective to obtain improved value for money from public expenditure. VFM reviews examine government spending in a systematic fashion so that more informed decisions can be taken on priorities within and between programmes. Each VFM review is managed by a joint steering committee representing the relevant spending Department and the Department of Finance.

### **Terms of reference of this review**

The terms of reference for this review are to:

1. Identify the objectives of the Fallen Animals Scheme.
2. Examine the current validity of these objectives and their compatibility with the overall strategy of the Department of Agriculture, Fisheries and Food.
3. Define the outputs associated with the Fallen Animals Scheme and identify the level and trend of those outputs.
4. Examine the extent that the programme's objectives have been achieved and comment on the effectiveness with which they have been achieved.
5. Identify the level and trend of costs and staffing resources associated with the Fallen Animals Scheme and comment on the efficiency with which it has achieved its objectives.
6. Evaluate the degree to which the objectives of the scheme warrant the allocation of public funding on a current and ongoing basis and examine the scope for alternative policy or organisational approaches to achieving these objectives on a more efficient and/or effective basis.
7. Specify potential future performance indicators that might be used to better monitor the performance of the Fallen Animals Scheme.

### **The Fallen Animals Scheme**

The Fallen Animals Scheme was introduced on 1 December 2000 to deal with environmental problems caused by fallen bovines and to ensure that all fallen cattle over 24 months of age would be BSE tested, in accordance with EU regulatory obligations which were made mandatory in July 2001. It was initiated at a time when there was a



serious crisis of confidence in the European beef market, in which Ireland is a major player, as a result of the emergence of BSE in some Member States where it had previously not been confirmed. The burial of animals on farm was prohibited by the EU from 2001 onwards, except for remote areas only, which meant that farmers would have to arrange for the collection and disposal of all fallen animals. The introduction of the Scheme was seen as an urgent necessity at a time when the market was unable to deal properly with the disposal of fallen stock. The Fallen Animals Scheme was extended to other species in July 2001. This extended Scheme is the subject of this VFM review.

The Scheme subsidises the collection by animal collectors of fallen cattle from farms and their transportation to Category 1 rendering plants. The rendering and disposal costs of fallen cattle and other ruminants in Category 1 plants are fully covered by the Scheme. In the case of non-ruminants, collectors pay a gate fee for entry of such material to the rendering plant, but the rendering and disposal costs are subsidised by the Scheme.

### **Objectives of the Fallen Animals Scheme**

The main objectives of the Scheme as set out in its Terms and Conditions are to:

- Facilitate the TSE testing of fallen stock;
- Ensure all fallen stock is collected for proper burial;
- Minimise the licensed burial of animals.

Implicit in these objectives are the protection of consumers, improvement of the environment and the maintenance of Ireland's favourable BSE status.

### **Methodology**

The methodology applied in this review involved the following:

- Review of existing literature and other relevant material relating to the Scheme;
- Consultation with key stakeholders identified by the Steering Committee;
- Use of questionnaires targeted at key stakeholders and other Member States;
- Review by external evaluator with subsequent consideration of comments.

## **Findings and Recommendations**

Total expenditure on the Fallen Animals Scheme was €139.08 million from 2001 to 2007, of which €53.19 million was for collection and €85.89 million for rendering and disposal. The budget for the Scheme for 2008 was €28 million.

This review shows that the Scheme has been very effective for bovines with over 3% of the national bovine herd handled by it annually. However preliminary figures on the numbers of fallen sheep entering Category 2 intermediate plants reveal smaller numbers than would be expected. For this reason, the **Steering Committee recommends that the numbers of fallen sheep entering Category 2 plants be monitored on an ongoing basis with particular reference to TSE testing requirements (Recommendation number 1).**

The EU Single Payment Scheme (SPS) was introduced in Ireland in 2005 and places an onus on all farmers receiving this single payment to respect EU legislation on the environment, food safety, animal health and welfare and plant health and to keep his/her farm in good agricultural and environmental condition. The steering committee for this **review recommends that this SPS be linked to proper disposal of fallen animals and that failure by a keeper to show proof of proper carcass disposal, may carry a penalty on his/her Single Farm Payment (Recommendation number 2).**

When examined by this review, the objectives of this Scheme are shown to be relevant to current policy. However these objectives do not fully distinguish between bovines, ovines and other stock. For this reason **a recommendation is made to amend the three extant objectives to read as follows:**

- **To facilitate the TSE testing of fallen bovines and ovines;**
- **To ensure all fallen bovines are collected for proper disposal;**
- **To minimise the illegal disposal of fallen stock**

**(Recommendation number 3).**

The review also finds that environmental improvement and improved animal welfare and traceability were implicit objectives of the Fallen Animals Scheme when it

commenced but were never stated. **Recommendation 4** proposes that these be recognised and explicitly stated.

An analysis of the administration of the Fallen Animals Scheme shows it to be efficient, with administration costs accounting for approximately 2.43% of the expenditure on the Scheme in 2007. No exact comparator for these costs could be found. However they are in line with a 2005 expenditure review by DAFF on the Compensatory Allowance Scheme, which found staff costs amounted to 2.4% of the grants paid and a study in 1998 by the C &AG's office on the administration of the Premium and Headage Grant Scheme by DAFF which reported administration costs equivalent to 2.3% of grants paid. Notwithstanding this, **the committee recommends that administration costs be monitored on an on-going basis to ensure that the Fallen Animals Scheme is managed in a cost-effective manner (Recommendation number 5).**

Results from a questionnaire sent to all stakeholders show general satisfaction with the quality of service provided by staff involved with the Scheme. One exception is in the services provided by an out-sourced data services company. A recommendation is made to **examine ways of improving the communication between the data services company and Category 2 intermediate plants (Recommendation number 6).**

A questionnaire was also sent to other Member States and results from this questionnaire show that Ireland is not unique in subsidising the disposal of fallen animals.

A brief analysis of the performance indicators for this Scheme show that the current indicators are relevant, but a recommendation is made to consider the introduction of additional suggested indicators in order to enhance the evaluation of the performance of the Scheme (**Recommendation number 7**).

Two areas where the Scheme is not fully cost-effective are identified in this review: (1) where full costs are given to Category 2 intermediate plants for carcasses that have been delivered to their premises by farmers and (2) where dead calves which have already received a subsidy under another Scheme, the Suckler Cow Herd Welfare and Quality Scheme are also paid for under the Fallen Animals Scheme. **In the first case, a recommendation is made to pay a reduced fee to Category 2 intermediate plants**

**where bovines have been delivered (Recommendation number 8). In the second case, the steering committee recommends that the question of whether calves which die at birth and receive payment under the Suckler Herd Quality and Welfare Scheme should also be paid for under the Fallen Animals Scheme be examined (Recommendation number 9).**

The review looks at significant developments which have taken place since the introduction of this Scheme and concludes that consideration should now be given to the industry taking a greater share in the costs of the Scheme. Developments which have taken place both within and which have an impact on the area of fallen animals collection include:

- Improvements in the collection and rendering sectors;
- Improvements in animal traceability;
- Decrease in the occurrence of BSE;
- An increase in the minimum age for compulsory BSE testing for bovines to 48 months from January 2009, which should reduce the number of bovines to be tested by over 25%;
- Alternative uses for Meat and Bone Meal, one of the by-products of rendering, are opening up;
- The introduction of the SPS, which obliges farmers to comply with EU regulations.

In light of these developments and in view of the ‘polluter pays’ principle, **the review recommends that ways of reducing the State’s contribution to the Fallen Animals Scheme be examined (Recommendation number 10).** It puts forward six possible options for consideration but **stresses that any revision of the Scheme should ensure that (1) sufficient funds are available for fallen animals requiring BSE/TSE testing so that compliance levels of the current order are achieved and (2) there are sufficient incentives for the collection and disposal of other categories of fallen animals which maximize compliance, while recognising that less funding is likely to lead to some fall-off in compliance which may need to be addressed by introducing penalties for non-compliance.**

The six possible options proposed in this review, which could be considered are as follows:

- Option One: Reduce Programme to that required by essential Regulation (i.e. bovines over 24 months (over 48 months from 2009) and selected number of ovines and caprines).
- Option Two: Restrict the Scheme to ruminants only.
- Option Three: (A) Increase keeper's contribution, (B) reduce fees to knackeries and (C) renderers.
- Option Four: UK model – private company.
- Option Five: National Insurance Scheme.
- Option Six: Apply a fallen animals joining fee (levy) to all herdowners.

## **ABBREVIATIONS**

|       |   |
|-------|---|
| ABP   | Animal By Products                            |
| AIM   | Animal Identification and Movement System     |
| BSE   | Bovine Spongiform Encephalopathy              |
| CAP   | Common Agricultural Policy                    |
| C&AG  | Comptroller and Auditor General               |
| CMMS  | Cattle Movement and Monitoring System         |
| DAFF  | Department of Agriculture, Fisheries and Food |
| DVO   | District Veterinary Office                    |
| ERI   | Expenditure Review Initiative                 |
| EU    | European Union                                |
| FSAI  | Food Safety Authority of Ireland              |
| FVO   | Food and Veterinary Office                    |
| ICMSA | Irish Creamery Milk Suppliers Association     |
| ICOS  | Irish Co-Operative Organisation Society Ltd.  |
| IFA   | Irish Farmers Association                     |
| MBM   | Meat and Bonemeal                             |
| NDP   | National Development Plan                     |
| NFSS  | National Fallen Stock Scheme                  |
| NFSCo | National Fallen Stock Company                 |
| SRM   | Specified Risk Material                       |
| SPS   | Single Payment Scheme                         |
| TSE   | Transmissible Spongiform Encephalopathy       |
| VFM   | Value for Money                               |

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## **CHAPTER ONE: INTRODUCTION TO THE REVIEW**

### **1.1 Introduction**

This chapter outlines the context of this review, with particular emphasis on the Value for Money (VFM) review process; lists the members of the VFM review steering committee and the Terms of Reference agreed upon by that committee; provides a short introduction to the Fallen Animals Collection Scheme and briefly details the structure of and methodology for this review.

### **1.2 Context of this review- Background to the Value for Money (VFM) Review process**

This report is a value for money review of the Fallen Animals Collection Scheme, which was introduced in July 2001 and provides for the subsidised collection of fallen bovines and the destruction of ruminant and non-ruminant fallen animals. The review is being undertaken in accordance with the Department of Finance Expenditure Review (now termed 'Value for Money') Initiative, an initiative begun by that Department in May 1997 in an effort to increase the efficiency and effectiveness of Government spending. It is one of a range of modernisation initiatives designed to move the attention of public sector management away from the traditional focus on inputs to a greater emphasis on outputs and the achievement of results. These initiatives derived from the Strategic Management Initiative (SMI) and the 1996 report *Delivering Better Government – A Programme of Change for the Irish Civil Service*, which recognised the need for a systematic analysis of government expenditure and provided for a schedule of expenditure reviews of major expenditure programmes at least once every three years.

The primary aim of the Expenditure Review initiative is to increase the efficiency and effectiveness of all Government expenditure by analysing what each specific programme has achieved and by using the results of these analyses to ensure better decision-making. In accordance with this initiative, the Department of Agriculture, Fisheries and Food is carrying out VFM reviews on all its major spending programmes, with two major intentions: (1) to assess the objectives, efficiency and effectiveness of the programmes and to identify ways to improve their delivery and (2) to identify indicators which will improve the monitoring of the performance of the programmes and of their success in meeting their objectives (Department of Agriculture and Food, 2005).

Approximately €25 million was spent on the Fallen Animals Collection Scheme in 2007 alone, equivalent to over 1.5% of the Department's budget for that year. On the basis of the significant funding of this Scheme, it was decided that a value for money review was justified.

### **1.3 Details of the VFM Steering Committee**

At a central level, the overall VFM review process is supervised by the Central Steering Committee (CSC) on Programme evaluation which is chaired by the Secretary General of the Department of Finance. Within the Department of Agriculture, Fisheries and Food, the VFM review process is overseen by a Management Committee (MAC) subgroup which is chaired at Assistant Secretary level.

Every VFM review is generally undertaken under the auspices of a joint steering committee representing the relevant Department/Office and the Department of Finance. In the case of this review, a steering committee consisting of the following representatives from the appropriate executive and policy divisions of the Department of Agriculture, Fisheries and Food (DAFF) and the Public Expenditure Division (PED) of the Department of Finance was set up:

- Kevin Smyth (Chair), Principal Officer, Economics and Planning Division, DAFF
- Tom Loftus, Principal Officer, Meat Hygiene and Animal By-products Division, DAFF
- Tom O'Hanlon, Senior Superintending Veterinary Inspector (SSVI), Beef Control Division, DAFF
- Hazel Sheridan, Superintending Veterinary Inspector (SVI), TSEs and Animal By-Products Division, DAFF
- Mary T. McMahon, Assistant Principal, OFI, Subsidies and Storage Division, DAFF
- Paddy Moran, Higher Executive Officer, OFI, Subsidies and Storage Division, DAFF, replaced by Niall Forde in November 2008.
- Terry Jennings, Assistant Principal, PED, Department of Finance
- Mary McCarthy, Assistant Principal, Economics and Planning Division, DAFF

The Steering Committee met in January 2008 and on four further occasions to discuss the direction of the review. The committee agreed on the final draft of the review in January 2009.

#### **1.4 Terms of Reference of this review**

The terms of reference for this review, which are also set out in Appendix 1.1, were to:

**1. Identify the objectives of the Fallen Animal Scheme at both National and EU level.**

The objectives of the Scheme as set out in its Terms and Conditions are:

- to facilitate the TSE-testing of fallen stock;
- to ensure all fallen stock is collected for proper disposal;
- to minimise the licensed burial of animals.

These are mainly dealt with in chapters 2 and 3.

**2. Examine the current validity of these objectives and their compatibility with the overall strategy of the Department of Agriculture, Fisheries and Food.**

This is covered in chapter 3.

**3. Define the outputs associated with the Fallen Animals Scheme and identify the level and trend of those outputs.**

This is dealt with in chapter 2.

**4. Examine the extent to which the Scheme objectives have been achieved and comment on the *effectiveness* with which they have been achieved**

This is mainly dealt with in chapter 7.

**5. Identify the level and trend of costs and staffing resources associated with the Fallen Animals Scheme and comment on the *efficiency* with which it has achieved its objectives.**

This is covered in chapter 4.

**6. Evaluate the degree to which the objectives of the Scheme warrant the allocation of public funding on a current and ongoing basis and examine the scope for alternative policy or organisational approaches to achieving these objectives on a more efficient and/or effective basis (e.g. through international comparison).**

Chapter 5 examines how fallen animals are dealt with in a number of other Member States. Chapter 7 provides an analysis of the scope for a reduction in the State's funding of the Scheme.

**7. Specify potential future performance indicators that might be used to better monitor the performance of the Fallen Animals Scheme.**

Performance indicators are dealt with in chapter 6.

These terms of reference were sanctioned by the PED of the Department of Finance and the Secretary General of the Department of Agriculture, Fisheries and Food and forwarded to the Secretary of the CSC on Programme Evaluation.

**1.5 The Fallen Animals Collection Scheme**

The Fallen Animals Collection Scheme was introduced in July 2001 and provides for the subsidised collection of fallen bovines and the destruction of ruminant and non-ruminant fallen animals.

The objectives of the Scheme are:

- to facilitate the TSE-testing of fallen stock;
- to ensure all fallen stock is collected for proper disposal;
- to minimise the licensed burial of animals.

At the herd owner's request, the collector collects the dead animal, brings it to the knackery and prepares the carcass for onward transportation to the rendering plant. The collector also prepares animals aged over 18 months in the case of sheep and goats and over 24 months in the case of bovines, for testing.

Under the Scheme, the Department pays Category 1 rendering plants and Category 2 intermediate plants (the collectors) for collection services provided to herd owners, also referred to as keepers, in respect of bovine carcasses. Keepers make a contribution to the cost of this service directly to the collector. The Department also pays a number of contracted rendering companies for the rendering and destruction of fallen stock. The Department's contributions are 100% Exchequer funded.

In relation to the collection of fallen bovine animals from farms, the Scheme subsidises three categories of bovines. Current payment rates are shown in table 1.1.

**Table 1.1 Contributions payable by the Department of Agriculture, Fisheries and Food and Keepers to collectors for the collection of fallen bovines, per category of bovine (with effect from June 2007)**

| Category of bovine               | Contribution payable by the Department |         |                   | Keepers contribution |         |                   |
|----------------------------------|--|---------|-------------------|----------------------|---------|-------------------|
|                                  | Fee (€)                                | VAT (%) | Total payable (€) | Fee (€)              | VAT (%) | Total payable (€) |
| <b>Calf (0-6 months)</b>         | 17.00                                  | 13.5    | 19.30             | 12.70                | 13.5    | 14.41             |
| <b>Young adult (6-24 months)</b> | 57.00                                  | 13.5    | 64.70             | 19.05                | 13.5    | 21.62             |
| <b>Adult (over 24 months)</b>    | 60.00                                  | 13.5    | 68.10             | 31.74                | 13.5    | 36.02             |

An additional €5 is paid by the Department for every over 24-month bovine on which the TSE test result is G0 or G1. The Department also pays €5 for sheep and goats over 18 months that are in a condition suitable for scrapie testing, up to an annual limit of animals, which varies from year to year.

There are four rendering plants currently under contract with the Department to render and arrange for the destruction of fallen animals. They are: College Proteins; Dublin Proteins; Waterford Proteins and Premier Proteins. The State pays 100% of rendering costs for ruminants and approximately 63% for non-ruminants. Rendering plants charge knackery owners a gate fee for accepting non-ruminant material. The current rates payable to each rendering company for rendering, removal and incineration services are:

- €180 per tonne of ruminant raw material;
- €16.52 per tonne of non-ruminant raw material;
- the gate fee for non-ruminant raw material is €63.48/tonne.

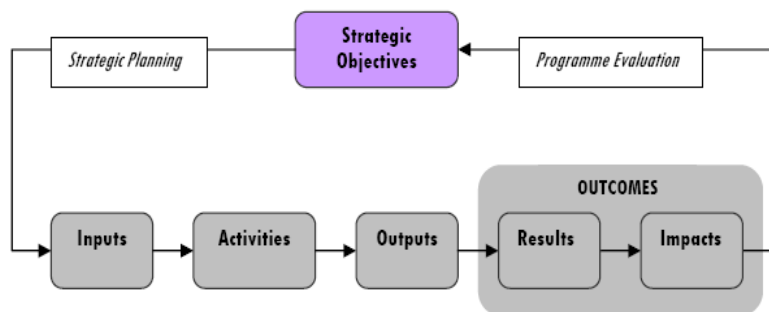
Existing contracts with the four rendering companies are due to be in place until the end of 2008.

A more detailed background to the Fallen Animals Scheme is provided in chapter 2.

## 1.6 Programme Logic Model

The Department of Finance recommends drawing up a programme logic/input-output model when commencing a VFM review. This model provides a clear framework for understanding how the programme works because it depicts in a simplified fashion the cause-effect relationships between inputs, activities, outputs and outcomes (i.e. results and impacts). It also helps focus programme evaluations on inputs, activities, outputs and outcomes that are designed to achieve specific strategic objectives. A generic input-output model is illustrated in Figure 1.1.

**Figure 1.1: Programme Logic Model (Input-Output Model)** – taken from the Department of Finance *Value for Money and Policy Review Initiative Guidance Manual* (2007)



Basic definitions of the elements of the programme logic model are set out in Table 1.2.



**Table 1.2: Definition of Input-Activity-Output-Results-Impact**

– taken from Department of Finance *Value for Money and Policy Review Initiative Guidance Manual (2007)*

|                             |  |
|-----------------------------|--|
| <b>Strategic Objectives</b> | Describe the desired outcome at the end of the strategy period. The objective should ideally be described in both qualitative and quantitative terms.  |
| <b>Input</b>                | There are many inputs to programmes – physical inputs like buildings and equipment, data inputs like information flows, human inputs (grades of staff) and systems inputs like procedures. The financial input is the budget made available to the programme. Inputs are sometimes referred to as resources. |
| <b>Activity</b>             | Activities also called processes, are the actions that transform inputs in to outputs. Activities are collections of tasks and work-steps performed to produce the outputs of a programme.   |
| <b>Output</b>               | The outputs are what are produced by a programme. They may be goods or services.   |
| <b>Result</b>               | The results are the effects of the outputs on the targeted beneficiaries in the immediate or short term. Results can be positive or negative.  |
| <b>Impact</b>               | Impacts are the wider effects of the programme, from a sectoral or national perspective, in the medium to long term. They include the medium to long-term effects on the targeted beneficiaries.   |

The Input-Output model for the Fallen Animals Collection Scheme is summarised in Table 1.3.

**Table 1.3 Programme Logic Model for the Fallen Animals Scheme**

|                             |  |
|-----------------------------|--|
| <b>Strategic Objective</b>  | To offer increased environmental and animal health controls by ensuring that the maximum number of animals that die on farm are collected and sent to a dedicated plant for rendering and destruction.   |
| <b>Programme Objectives</b> | <ul style="list-style-type: none"> <li>• to facilitate the TSE-testing of fallen stock;</li> <li>• to ensure all fallen stock is collected for proper disposal;</li> <li>• to minimise the licensed burial of animals.</li> </ul>                            |
| <b>Inputs</b>               | DAF Staff, funds allocated, knackeries, renderers  |
| <b>Activities</b>           | Management of the programme; collection of fallen bovines; preparation of all fallen animals for rendering and TSE testing in the case of all bovines over 24 months and selected ovines and caprines over 18 months; proper disposal of all fallen animals. |
| <b>Outputs</b>              | Fallen animals collected, TSE tests and proper disposal of all animals.  |
| <b>Results</b>              | Increased numbers of fallen animals collected and disposed in accordance with hygiene regulations. Full compliance with TSE prevention requirements.   |
| <b>Impacts</b>              | Unlicensed burial of fallen animals greatly reduced; reduction in spread of TSEs and other diseases; improved soil and water table environment.  |

## 1.7 Review Structure

The review will be arranged as follows:

- ***Executive Summary***
- ***Chapter 1: Introduction to the review***

Introduces review background, lists the members of the VFM committee, the terms of reference and sets out the structure and methodology applied. It also provides a short synopsis of the Fallen Animals Scheme.
- ***Chapter 2: Background and overall performance of the Fallen Animals Scheme***

Outlines the background to the programme and the history of its development, with a particular focus on the programme as it currently stands. Explains the rationale for setting up the Scheme and provides details of its overall performance in terms of outputs.
- ***Chapter 3: Scheme Objectives***

Examines original Scheme objectives and whether they are compatible with current national and EU policy.
- ***Chapter 4: Administration and delivery of the Fallen Animals Scheme***

Assesses the efficiency and effectiveness with which the Scheme is delivered. Provides a short outline of administrative procedures and evaluates the cost and quality of service provided.
- ***Chapter 5: Comparison with other Member States***

Examines similar Schemes in other Member States and compares these with Ireland's Fallen Animals Scheme.
- ***Chapter 6: Performance indicators for the Fallen Animals Scheme***

Examines existing performance indicators and proposes new indicators to better measure (i) how the Scheme meets its objectives and (ii) the extent to which the Department provides value for money in operating it.
- ***Chapter 7: Effectiveness of the Scheme***

Examines how effective the Scheme has been in meeting its objectives, through consultation with stakeholders and an examination of effectiveness indicators. Examines whether there is scope for gradual disengagement from the Scheme.

- ***Chapter 8: Key Findings and Recommendations***

Summarises the review findings and its recommendations on increasing the efficiency and effectiveness with which the Scheme is being operated.

## **1.8 Methodology**

The methodology used in this review is in accordance with the Department of Finance VFM guidance manual (2007). This review made use of the following primary and secondary data in order to address the questions raised in the Terms of Reference:

### ***Existing literature***

Existing literature and other relevant material such as key reports related to the Scheme were examined. Reference is made to this literature in the review.

### ***Stakeholders' views***

A questionnaire (Appendix 1.3) was sent to the major stakeholders involved with this Scheme seeking their views on the various aspects of it. Results of this survey are presented in chapters 2, 4 and 7.

### ***Questionnaire to Other Member States***

Other Member States were sent a questionnaire (Appendix 1.4) on the degree to which they provide state aid for the collection and disposal of fallen animals and seeking details of how they handle such animal by-products. The results of this survey are provided in chapter 5.

In accordance with the Value For Money Review process, the penultimate draft of the report was submitted to an independent evaluation, which was conducted by Mr Kealan Flynn of the strategic management and communications consulting firm, Iwrite. Mr Flynn provided a number of comments on how the report could be presented more clearly and logically. A summary of his key findings is provided in appendix 1.2. The Steering Committee thanks him for these pertinent comments and has taken them into account when finalising the review.

## **CHAPTER TWO: BACKGROUND AND OVERALL PERFORMANCE OF THE FALLEN ANIMALS SCHEME**

### **2.1 Introduction**

This chapter examines the history and development of the Fallen Animals Scheme. It also provides details of the overall performance of the Scheme in terms of outputs such as yearly numbers of fallen animals and annual expenditure on the Scheme.

### **2.2 Background and rationale for the Fallen Animals Scheme**

Inappropriate disposal of fallen animals can have harmful effects on the environment and cause the spread of disease to humans and other animals. During decomposition, carcasses release carbon dioxide and other gases such as carbon monoxide, hydrogen sulphide and methane. They also produce leachate, which may contain very high levels of ammonium and potassium, as well as chemicals, such as sheep dip, barbiturates and disinfectants. Animal leachate can also contain harmful pathogens such as *Escherichia coli* 0157, *Campylobacter*, *Salmonella*, *Leptospira*, *Cryptosporidium*, *Giardia*, *Mycobacterium tuberculosis*, *Brucella spp* and the prion that causes Bovine Spongiform Encephalopathy (BSE). Leachate can contaminate soil and groundwater. Exposed carcasses can also attract scavenging animals such as crows and rodents, which can promote the proliferation of pathogens and lead to further spread of disease.

Prior to the introduction of the Fallen Animals Scheme, collection and disposal facilities for dead animals were poor in Ireland. There was no nationwide collection service. However EU legislation permitted the burial of dead animals on farm in accordance with best practice guidelines.

The establishment of the Fallen Animals Scheme in Ireland was accelerated as a result of a serious crisis of confidence which arose in the European beef market in late 2000, as a result of the emergence of BSE in the herds of some Member States where it had not previously been confirmed. Ireland had successfully tackled BSE since it was first identified in bovines in the State in 1989, but its appearance in Europe led to a major decrease in beef consumption in the EU and the closure of most third country markets to European beef. The EU reacted promptly to this crisis and a number of decisions were

taken at EU Council level to reassure consumers that beef was safe to eat and to assess the extent of the disease in national herds across Europe. A complete ban on the use of Meat and Bonemeal (MBM)<sup>1</sup> in animal feed was instigated on 1 January 2001 to ensure that it would not inadvertently be used in cattle feed. The compulsory BSE testing of cattle over 30 months destined for the food chain was also introduced in late 2000 and the testing of all fallen cattle over 24 months was made mandatory by July 2001. The on farm burial of all animals, with the exception of very remote areas, was also prohibited by the Animal By-Products (ABP) Regulation of 2002. The infrastructure needed to ensure full compliance with these regulations was not fully developed and it was clear that this sector would require assistance from the Exchequer. A commitment to introduce a Fallen Animals Scheme was given by the Minister in the Plan of Action to the Agri Food 2010 Report, which was published in August 2000. The first phase of the Fallen Animals Scheme was introduced with effect from 1 December 2000. This first phase applied to cattle only. A second phase, which is currently in operation and is the subject of this review, was introduced on 1 July 2001.

### **2.3 First phase of the Fallen Animals Scheme – from 1 December 2000 to 30 June 2001**

The main reasons for introducing a comprehensive fallen animals policy were based on the need to:

- Protect consumers from potential threat;
- To end unlicensed burials;
- To improve the environment;
- To maintain Ireland's favourable BSE status.

The Fallen Animals Scheme was to be subsidised at a total annual cost to the Exchequer of approximately € million.

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<sup>1</sup> MBM is produced when the remains of dead animals are rendered. The majority of BSE cases were found to have been due to feeding cattle MBM produced from the BSE-infected carcasses of dead or slaughtered animals. It was banned as a ruminant feed in 1990.

Before the Fallen Animals Scheme was introduced in December 2000, the Exchequer had been subsidising the destruction of SRM<sup>2</sup>s from fallen animals from mid 1998. Up until March 2001 there was only one licensed SRM rendering plant in Ireland, Monery By-Products in Cavan. A second plant, Premier, was licensed in March 2001.

The Scheme was based on the subsidised collection of fallen cattle from farms and transport to the rendering plant and the complete funding of the costs of rendering and destruction of the resultant MBM and tallow.

**The Scheme at this stage only covered bovine animals.** In order to ensure that no butchers waste or non-eligible fallen animals or poultry were included in the material sent to the rendering plant, 20% of the loads had to be checked and weighed on arrival. With effect from 1 July 2001, non-SRM rendering plants were not allowed to accept fallen animal material.

#### **2.4 Current phase of the Fallen Animals Scheme – from 1 July 2001 to present**

**The second and current phase of the Fallen Animals Scheme is the subject of this review.** The objectives of this phase were to underpin and further improve the existing infrastructure for fallen animal collectors. It was launched on 1 July 2001 and was linked with the Cattle Movement and Monitoring System (CMMS), a national cattle database, which heretofore had mainly recorded movement of cattle between farms and movement for slaughter or live export. As with the first phase of the Fallen Animals Scheme, the operation of this phase was based on the subsidised collection of fallen bovine animals from farms and transportation to a dedicated plant by licensed collectors, with the cost of rendering and the subsequent destruction of carcasses being entirely funded by the State. From July 2001, the Scheme was extended to include the subsidised rendering and destruction of all other fallen farm animals, such as sheep,

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<sup>2</sup> SRMs are tissues (generally the brain and spinal cord) from dead animals which carry a risk of transmitting Transmissible Spongiform Encephalopathies (TSEs). TSEs in animals are a class of rare brain diseases that are associated with the accumulation of an abnormal prion protein in the brain and therefore affect the central nervous system. These diseases are fatal and are characterized by spongy degeneration of the brain. BSE is a type of TSE and it is believed that it may be transmitted to human beings through the consumption of SRMs, where it manifests itself as the neurodegenerative disease, variant Creutzfeldt-Jacob disease (vCJD).

goats, pigs, poultry, horses and deer. In practice however, the Scheme does not cover large numbers of species other than bovines.

As mentioned earlier, the on-farm burial of animals was effectively prohibited under the ABP Regulation 2002, so the Scheme was extremely important in facilitating the collection of fallen animals in areas that had previously not had a service and had relied exclusively on burial. The Terms and Conditions of the Scheme obliged animal collectors to co-operate fully with EU BSE testing regimes, in return for a collection fee. Collectors were also obliged to provide a 24 hour collection service and they agreed that they would move towards providing a nationwide collection service.

With effect from 1 July 2001, the majority of rendering facilities other than SRM rendering plants were essentially closed to fallen animals, in accordance with the latest EU legislation. Under the Fallen Animals Scheme, collectors had to pay a subsidised gate fee for fallen non-ruminants to enter SRM rendering plants, which was set at £50 per tonne. The cost of rendering and incineration services for these animals was paid for by the State.

Farmers had to contribute £10 towards the cost of collection and disposal of bovine animals under 6 months, £15 for 6-24 month cows and £25 for cattle over 24 months. The current contributions payable by DAFF and Keepers to collectors for the collection of fallen bovines, per Category of bovine are set out in Chapter 1, Table 1.1.

#### ***2.4.1 Categories of Animal By-Product – The Animal By-Products Regulation***

The Fallen Animals Scheme plays a central role in Ireland's compliance with the Animal By-Products Regulation, EC Regulation No. 1774/2002. This Regulation was transposed into Irish law by SI 248 of 2003 (now replaced by SI 252 of 2008) and governs the production, transport, storage and disposal of animal by-products. It reiterates the ban on feeding to animals any proteins obtained from the processing of carcasses of the same species and the prohibition of on-farm burial of animals other than in accordance with the issue of a burial license.

A number of crises in the 1990s, in particular, those posed by dioxin, Foot and Mouth and BSE, drew attention to risks posed by animal by-products not intended for human

consumption. The aim of the Regulation was to ensure that Animal By Products would not pose any risk to humans and animals. It was also designed so that the strictest of handling criteria would become the norm, so that if at some future juncture the ban on feeding MBM to non-ruminants was lifted, then this could happen without risk of disease transmission.

The Regulation groups animal by-products into three risk categories, with strict disposal criteria as follows:

**Category 1 (high risk material)**

This includes:

- Specified Risk Material (SRM) as tissues likely to carry an infectious agent;
- Animals slaughtered under BSE/TSE eradication measures.

This Category is to be completely excluded from the feed chain. Disposal options include rendering, incineration, co-incineration e.g. in cement manufacture and use of tallow (one of the by-products of rendering) as fuel.

**Category 2 material**

This material includes:

- Material presenting a risk of contamination by other animal diseases (e.g. manure and digestive tract content),
- Animals that have died on farm.

The intermediate handling and storage of Category 2 material must take place in approved intermediate establishments of the same category. This material must be collected, transported and identified without delay. Disposal options, in addition to those outlined for Category 1, include use in a biogas or composting plant for some materials; or application to land in the case of manure.

**Category 3 material**

Included in this material are:

- Former foodstuffs, catering waste, blood, hides and skins, hooves, feathers, wool, horns, hair and fur originating from healthy animals.

Intermediate handling and storage of Category 3 material must take place in approved intermediate establishments in the same Category. As low risk material, this has a wider range of disposal options, including use as raw material in a petfood plant or in a biogas or composting plant and inclusion in fertiliser.



#### ***2.4.2 Key participants in the Fallen Animals Scheme***

There are three key participants involved with the Fallen Animals Scheme: farmers/keepers, animal collectors/knackereries and Category 1 rendering plants. This section provides details of the animal collectors/knackereries and Category 1 rendering plants.

##### **A. Animal Collectors/Knackereries**

Traditionally a knackery is a business which collects dead animals from farmers and recovers hides and meat from the animals. The hide may be used for leather production. The meat may be used for feeding to packs of hounds. Up to the end of 1996 there was no licensing system in place to monitor such businesses. They were generally very small operations, covering local areas. In December 1996 legislation to license and control the operation of knackereries was put in place in the form of European Communities (Knackereries) Regulations 1996 (S.I. no. 396 of 1996). This Regulation set out certain structural standards and recording procedures necessary in order to qualify for a license. Before this Regulation came into force 127 premises were identified by DAFF as being knackereries. However following the enforcement of the Regulation, many of these either did not apply for licenses or were refused licenses by DAFF. There are currently 40 knackereries involved in the Fallen Animals Scheme.

All knackereries involved with the Scheme must be approved in accordance with the European Communities (Transmissible Spongiform Encephalopathies and Animal By-Products) Regulations 2008 (S.I. No 252/2008). Officially, these premises are called '**Category 2 Intermediate Plants**' because they handle Category 2 animal material (deemed unfit for human consumption) and carry out preliminary processing, before onward transportation via containers for disposal. Such initial processing generally includes the removal of hides and skins and meat.

There are three types of Category 2 Intermediate Plant:

- **Category 2 Intermediate Plant**
  - Can dehide the animals only and then they must be taken to a rendering plant.

- **Category 2 Intermediate Plant – Meat Feeder**
  - Can dehide the animals and can feed certain parts of the carcass to packs of hounds on their own premises, i.e. Hunt Clubs. Whatever is left goes to rendering plants.
- **Category 2 Intermediate Plant –Meat Seller**
  - Can dehide, feed on their own premises and can sell on meat for feeding to packs of hounds. Again the remainder of the carcass goes to rendering plants.

The animal collector must present all over 24 month animals in the case of bovines and selected over 18 month old ovines and caprines to the Department Vet for TSE testing in a covered area of their sheds. They are not allowed to process these animals until the test results are received. Only then can the hide and meat be removed and the carcass taken to the rendering plant. The testing age for fallen bovines is expected to rise from 24 months to 48 months in 2009.

There are stringent rules pertaining to the standard of premises necessary to be licensed as a Category 2 plant which include *inter alia* rules on potential location, hygiene and waste disposal facilities.

#### **A.1 The Capital Grant Scheme for Fallen Animal Collectors**

At the beginning of the Fallen Animals Scheme, many premises belonging to fallen animal collectors were of a very basic standard and in need of considerable upgrading. In August 2001, it was agreed that the Department of Agriculture would reimburse licensed collectors for the purchase of fax machines to facilitate the rapid transmission of test information between the knackery premises and the Veterinary staff at the District Veterinary Offices (DVOs).

State Aid of £1 million was also approved for a Capital Grant Scheme to provide assistance for the structural improvement of knackeries. This has helped knackeries to reach the standards required under Regulation 1774/2002 with regard to the treatment of wastewater, storage and processing of carcasses.

A computer system was put in place in November 2001 to facilitate payments to the animal collectors and the rendering plants. Under the system, the data on the CMMS system is used to generate payments. This system replaced the manual payments system that had been in place.

Seventeen projects were approved under the Capital Grant Scheme and the first payment was made in 2003. The maximum payable in the BMW regions was 50% of eligible costs capped at €63,487 and in the S&E region, the maximum payable was 40% of eligible costs capped at €50,790. Table 2.1 outlines the annual amounts paid under the Capital Grant Scheme since 2003.

**Table 2.1 Annual amounts paid under the Capital Grant Scheme since 2003**  
(Source: Department of Agriculture, Fisheries and Food)

| <b>Year</b>  | <b>Amount paid (€)</b> |
|--------------|------------------------|
| 2003         | 160,400                |
| 2004         | 108,100                |
| 2005         | 128,200                |
| 2006         | 90,600                 |
| 2007         | 105,000                |
| <b>Total</b> | <b>592,300</b>         |

### **B. Category 1 Rendering Plants**

The rendering plants referred to in this report are ‘Category 1’ Plants. They deal with Category 1 animal material which is deemed fit ‘for disposal only’. They are approved under the European Communities (Transmissible Spongiform Encephalopathies and Animal By-Products) Regulations of 2008 – S.I. No. 252 of 2008.

As mentioned in chapter 1 (section 1.5) there are currently four Category 1 rendering plants under contract with DAFF to render and arrange for the destruction of fallen animals in Ireland.

Also as outlined in chapter 1, the State pays 100% of the rendering costs for ruminants and approximately 63% for non-ruminants. Category 1 plants charge animal collectors a gate fee (currently €63.48 per tonne) for accepting non-ruminant material. Current rates paid to each rendering company by DAFF for rendering, removal and incineration services are €180 /tonne of ruminant raw material and €16.52/ tonne of non-ruminant raw material.

### **2.4.3 Procedures involved in carcass collection**

#### **A. Collection**

- The Scheme's Terms and Conditions state that the farmer/keeper should notify the animal collector or approved sub-contractor participating in the Fallen Animals Scheme to arrange for the animal's collection and disposal as soon as the death of the animal is discovered and not later than 24 hours after the death of the animal.
- Collectors are required to collect the animals within 24 hours of the request for collection being placed by the keeper.
- Carcasses awaiting collection must be held in such a way that domestic and wild animals cannot gain access to them. Collectors are entitled to charge the keeper extra if the carcass is significantly decomposed, when they call to collect it outside the normal timeframe specified by the Scheme.
- Keepers must notify a data services company, which is an approved sub-contractor of the Department, regarding the death of all bovine animals on their holding, together with the date of death. Form NBAS 31D is used for this purpose. The data services company input this data into the CMMS system.
- At the time of collection, the keeper gives the signed NBAS 31D form to the collector, along with the animal passport.
- The keeper pays his portion of the charge directly to the collector. In the case of animals other than bovines, the Department does not pay a collection subsidy but does pay most of the cost of rendering and disposal.
- Animal collectors must keep for a minimum of three years records of all animal by-products/carcasses delivered to and transported from the plant.

**B. At the Category 2 Intermediate Plant**

- The collector must sort bovines, sheep and goats according to age on arrival at the knackery.
- Identification documents (passports or permits) for every animal collected must be presented for inspection to DAFF Veterinary Inspectors (VIs). Bovines must be accompanied by a fully completed NBAS 31D form.
- In compliance with TSE Regulation 999/2001, DAFF VIs visit each knackery on a daily rota basis to carry out sampling procedures on the animal's brainstem. This ensures that most samples can be tested on the day the animal is collected, provided the animal tissue sample is of good quality.

*In the case of bovines aged 24 months and under:*

- They may be processed as required, i.e. tags are removed, hides are removed and/or meat is harvested where the knackery holds an authorisation to do so.
- Remains of the animal must then be placed into the Category 1 container (skip) for removal to the rendering plant.
- Passports and all other accompanying documentation associated with the animals must be available for inspection by the attending VI.

*In the case of bovines aged over 24 months:*

- Bovines aged 24 months or more must be held apart from other animals pending the arrival of the Department VI.
- The head is usually prepared for sampling by the knackery operative.
- The identification tags must be left in place.
- Following testing, the animals must remain untouched and unprocessed until a VI gives permission to process.
- When sample results indicate that the animal is BSE/TSE negative, carcasses can be released. Hides and meat can be removed if the plant holds a license to do so and the remainder is sent to a rendering (Category 1) plant via a skip.
- If the results indicate that the animal is BSE/TSE positive or are inconclusive, then the VI will make arrangements for the collection of its carcass. In this event, the collector must clean the area where the carcass was sampled and all potentially contaminated water/run-off from the testing and holding area must be collected and held in the retention tank. Any

equipment used on the animal must be cleaned to remove all organic matter and then dipped in disinfectant.

*In the case of sheep and goats:*

- The number of sheep and goats to be tested for the TSE scrapie varies from year to year.
- Based on the requirements for testing, collectors are paid €5 for each sheep/goat eligible for testing prepared on the premises by the collectors for sampling .
- Animals which test negative for scrapie are placed into the Category 1 container for removal to a rendering plant.

*In the case of other animals:*

- Other farmed animals such as pigs, poultry, horses and deer are also be placed into the Category 1 container for removal to a rendering plant.

**C. Delivery of Material to Rendering Plants**

- There are very strict regulations on how material is delivered to the rendering plants. Containers have to be clean, well-covered, dry and leak-proof and should be clearly labelled 'Category 1- for disposal only'.
- There is an onus on the Category 2 intermediate plant to ensure that the transport and storage of the Category 1 material does not cause a nuisance, pollution, or pose a threat to the environment.
- On arrival at the rendering plant, the truck is weighed on a weighbridge and the weight noted. It is then inspected to make sure there is no leakage and that the truck is covered etc. The SRM is taken off the truck and the empty truck is weighed on the way out on the weighbridge to calculate the weight of the rendering material.
- Each rendering plant sends invoices to the Fallen Animals Section in the Department's offices in Wexford on a weekly or monthly basis.

**D. Claim for payment for the collection of bovines**

- Collectors or approved sub-contractors must complete a claim form, CLM 3 form and submit it to the Fallen Animals payments section of the Department in Wexford.

**E. Claim for payment for preparation of Sheep/Goats for testing**

- Claims for these payments are made once a month by the Category 2 Intermediate Plant on form SHCLM and are accompanied by a list of all tested animals being

claimed for. Again these claims are sent to the Fallen Animals Payments Section of DAFF in Wexford.

- All payments are made via Electronic Fund Transfer to the Collector or Approved Sub-Contractor's bank account.

All approvals for payment under the Fallen Animals Scheme are subject to conditions laid down in the Terms and Conditions of the Scheme. The Department may withdraw approval for participation if an applicant fails to abide by these. In such a situation, all or such portion of payments given or to be given by the State, may be subject to reimbursement or withheld, depending on the circumstances.

## **2.5 Overall performance of the Scheme**

This section examines the performance of the Fallen Animals Scheme in terms of the following outputs: expenditure, numbers of fallen bovine animals collected and tonnage of ruminant and non-ruminant fallen animals sent to Category 1 rendering plants. Inputs such as staff costs will be examined in chapter 4.

### **2.5.1 Expenditure on the Fallen Animals Scheme**

Table 2.2 shows the amount of money paid out to rendering plants and collectors from 2001 to 2007.

**Table 2.2 Expenditure on Fallen Animals Scheme** (Source: Department of Agriculture, Fisheries and Food)

| <b>Year</b>  | <b>Amount paid to Category 2 Intermediate Plants/Collectors (€)</b> | <b>Amount paid to Category 1 rendering plants (€)</b> | <b>Total expenditure (€)</b> |
|--------------|---|---|------------------------------|
| 2001         | 1,293,450   | 1,192,534   | 2,485,984                    |
| 2002         | 6,840,577   | 17,038,247  | 23,878,824                   |
| 2003         | 8,536,263   | 15,706,183  | 24,242,446                   |
| 2004         | 8,114,043   | 12,178,708  | 20,292,751                   |
| 2005         | 8,684,529   | 13,398,418  | 22,082,947                   |
| 2006         | 9,573,852   | 12,729,345  | 22,303,197                   |
| 2007         | 10,150,144  | 13,643,824  | 23,793,968                   |
| <b>Total</b> | <b>53,192,858</b>   | <b>85,887,259</b>                                     | <b>139,080,117</b>           |

As can be seen from Table 2.2, there was a significant increase in expenditure on the Scheme from 2001 to 2002, even allowing for the fact that the Scheme was operational

for only 6 months of 2001. This is largely due to the fact that some 278,000 bovines aged over 30 months had been removed from the market through the Purchase for Destruction Scheme during the period from January to June 2001. These animals were purchased by the government and then destroyed as part of a policy of removing surplus cattle from the Irish market arising from the BSE crisis prevalent at the time and the subsequent fall in consumer confidence.

The expenditure on the Scheme for the past three years has been relatively stable. The budget for the expenditure on the Scheme for 2008 has increased to €28 million to allow for increased charges. Generally forty percent of the Scheme's annual costs go towards the collection of bovines and the remaining sixty percent are for the costs of rendering and disposal of ruminant and non-ruminant by-products.

As is evident from Table 2.2, more than €139 million was spent on the Fallen Animals Scheme in the six and a half years from mid 2001 to the end of 2007. The State's share of collection costs is generally 70%, with the farmer paying the remaining 30%. In the case of rendering, the State pays 100% of the costs.

#### ***2.5.2 Numbers of animals subsidised under the Fallen Animals Scheme***

No complete data is available on the numbers of fallen animals buried in Ireland before the commencement of the Scheme. However there are reliable figures available in relation to the numbers of fallen bovines buried on farm and the numbers delivered to knackeries from the beginning of 2002 onwards. These are set out in Table 2.3.



**Table 2.3 Percentage of fallen bovines buried on farm and percentage delivered to Category 2 Intermediate plants between 2002 to mid November 2008** (Source: CMMS system DAFF)

| <b>Year</b>          | <b>Percentage of fallen bovines buried on farm</b> | <b>Percentage of fallen bovines delivered to Knackery</b> |
|----------------------|--|---|
| 2002                 | 8.30   | 91.70   |
| 2003                 | 3.70   | 96.30   |
| 2004                 | 1.30   | 98.70   |
| 2005                 | 2.40   | 97.60   |
| 2006                 | 2.0  | 98.0  |
| 2007                 | 1.60   | 98.40   |
| To Mid November 2008 | 0.60   | 99.40   |

As can be seen in Table 2.3, since 2002, there has been approximately an 8% decrease in the numbers of fallen bovines buried on farms in Ireland. This equates to at least 18,000 bovines per year on average.

Table 2.4 outlines the numbers of fallen bovine animals which have been subsidised under the Scheme since July 2001.

**Table 2.4 Details of Bovine Animals subsidised under the Fallen Animals Scheme since July 2001** (Adapted from Ruddle, 2007; Source: Department of Agriculture, Fisheries and Food)

|  | <b>2001</b>   | <b>2002</b>    | <b>2003</b>    | <b>2004</b>    | <b>2005</b>    | <b>2006</b>    | <b>2007</b>    |
|--|---------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Under 6 months                           | 11,386        | 78,440         | 91,560         | 97,062         | 104,023        | 107,751        | 117,551        |
| 6-24 months                              | 14,342        | 38,617         | 43,097         | 40,759         | 44,312         | 43,132         | 43,966         |
| Over 24 months                           | 22,140        | 75,703         | 84,600         | 83,175         | 88,479         | 98,562         | 88,078         |
| <b>TOTAL</b>                             | <b>47,868</b> | <b>192,760</b> | <b>219,257</b> | <b>220,996</b> | <b>236,814</b> | <b>249,445</b> | <b>249,595</b> |
| Total Number of bovines in National Herd | 6.7 m         | 6.66 m         | 6.6 m          | 6.61m          | 6.54 m         | 6.46m          | 6.59m          |
| % of National Herd subsidised under FAS  | <b>0.71</b>   | <b>2.92</b>    | <b>3.32</b>    | <b>3.34</b>    | <b>3.62</b>    | <b>3.86</b>    | <b>3.79</b>    |

As is evident from Table 2.4 the percentage of the national herd subsidised under the Fallen Animals Scheme for 2001 is very low, but as mentioned earlier, more than 270,000 bovines aged over 30 months were removed from the market through the Purchase for Destruction Scheme that year. It can be seen from the same table that from 2003 on, when the market became more stable again, that the Scheme caters for more than 3% of the national herd per year. This equates to more than 200,000 bovines annually and more than 1.25 million animals since the inception of the Scheme.

Aside from bovines, the Department keeps limited statistics on the numbers of other types of fallen animals. This is because only the collection of bovines is subsidised by the Scheme. However the Department does ask animal collectors to keep records of the numbers of fallen animals they receive. These can be checked by DAFF when it audits Category 2 intermediate plants. Since January 2008 DAFF has started collating figures on the number of fallen animals other than bovines, entering knackereries. Preliminary data for the first eight and a half months of 2008 is provided in Table 2.5.

**Table 2.5 Preliminary figures for fallen animals entering knackereries between January 2008 and mid September 2008** (source Dept of Agriculture, Fisheries and Food)

| <b>Animal</b>                | <b>Number</b> | <b>Percentage of total</b> | <b>Animal</b>                           | <b>Number</b> | <b>Percentage of total</b> |
|------------------------------|---------------|----------------------------|---|---------------|----------------------------|
| <b>Bovine under 6 months</b> | 125,865       | 54                         | <b>Deer</b>                             | 31            | <0.15                      |
| <b>Bovine 6-24 months</b>    | 25,514        | 11                         | <b>Fox</b>                              | 1             | <0.05                      |
| <b>Bovine over 24 months</b> | 73,581        | 32                         | <b>Dog</b>                              | 22            | <0.05                      |
| <b>Sheep and lambs</b>       | 5,763         | 2                          | <b>Seal</b>                             | 3             | <0.05                      |
| <b>Goat</b>                  | 315           | <0.15                      | <b>Buffalo</b>                          | 6             | <0.05                      |
| <b>Foal</b>                  | 12            | <0.05                      | <b>Piglet</b>                           | 8             | <0.05                      |
| <b>Pony</b>                  | 15            | <0.05                      | <b>Llama</b>                            | 1             | <0.05                      |
| <b>Donkey</b>                | 8             | <0.05                      | <b>Total number of animals: 231,569</b> |               |                            |
| <b>Horse</b>                 | 424           | 0.20                       |   |               |                            |

As can be seen from table 2.5, bovines accounted for over 97% of the animals dealt with in Category 2 intermediate plants under the Fallen Animals Scheme in the first eight and a half months of 2008. It should be pointed out that the delivery of fallen pigs and poultry to rendering plants is generally dealt with by those industries themselves. These sectors are more industrialised and generally run by large companies, who hire hauliers to pick up dead pig/chicken carcasses and bring them to the rendering plant for disposal. These industries pay the gate fee of €63.48/tonne to the rendering plants themselves and DAFF pays the €16.52/tonne charge for rendering and disposal. Interestingly sheep accounted for only 2% of the numbers entering knackeries. It would seem quite surprising that less than 6000 fallen sheep were collected in knackeries in the first nine months of 2008, given that the annual numbers of sheep and lambs in Ireland range from 3.5 million to 5.5 million, depending on the season. This amounts to considerably less than 0.30% of the sheep population. Teagasc estimate that fallen sheep would account for approximately 2% of the sheep population, which amounts to at least 70,000 fallen sheep. The low numbers of fallen sheep delivered to knackeries could partly be explained by the differences between sheep farming and cattle farming in Ireland. Sheep are often farmed in remote areas of the country which are very far from the nearest Category 2 collection facility. The costs of collecting such small animals can be extremely high. Oftentimes it might be many days before a keeper is aware that a sheep is dead, by which time the carcass has decomposed. However notwithstanding this, it is important that all fallen stock is disposed of in accordance with the Animal By-Products Regulations.

Therefore: **Recommendation Number 1 It is recommended that the numbers of fallen sheep entering Category 2 plants be monitored on an ongoing basis with particular reference to TSE testing requirements.**

Furthermore, the EU Single Payment Scheme (SPS), which replaced all Livestock Premia schemes and was introduced in Ireland in 2005 as part of the reform of the Common Agricultural Policy, includes a cross compliance obligation on all participants. Under these cross compliance duties all farmers receiving direct payments must respect all EU legislation on the environment, food safety, animal health and welfare and plant health and must keep his/her farm in good agricultural and environmental condition.

Thus to ensure that all farmers adhere to the Animal By-Products requirements in relation to fallen animals:

**Recommendation number 2: it is recommended that the Single Farm Payment (SPS) be linked to proper disposal of fallen animals and that failure by a keeper to show proof of proper carcass disposal, may carry a penalty on their Single Farm Payment.**

It is the committee's view that such penalties should be used selectively on the basis of risk assessment.

The quantities of animal by-products which have been rendered and destroyed under the Fallen Animals Scheme are shown in Table 2.6.

**Table 2.6 Quantities of non-ruminant and ruminant by-products rendered and destroyed under the Fallen Animals Scheme from 2003 to 2007** (Data source: Department of Agriculture, Fisheries and Food)

| <b>Year</b>  | <b>Non-ruminant animal by-products rendered and destroyed (Tonnes)</b> | <b>Ruminant animal by-products rendered and destroyed (Tonnes)</b> | <b>Total animal by-products rendered and destroyed under the FAS (Tonnes)</b> |
|--------------|--|--|---|
| <b>2003</b>  | 8729   | 50,120   | 58,849  |
| <b>2004</b>  | 10,158   | 56,417   | 66,575  |
| <b>2005</b>  | 9,768  | 56,580   | 66,348  |
| <b>2006</b>  | 10,493   | 60,967   | 71,460  |
| <b>2007</b>  | 10,185   | 52,095   | 62,279  |
| <b>TOTAL</b> | <b>49,333</b>  | <b>276,179</b>   | <b>325,511</b>  |
| <b>Mean</b>  | <b>9866</b>  | <b>55,235</b>  | <b>65102</b>  |

As can be seen from Table 2.6, over 325,000 tonnes of animal by-products from fallen animals have been rendered and destroyed under the Fallen Animals Scheme between and 2007.

## **2.6 Summary and Conclusion**

Decomposing fallen stock can act as a vector for the transmission of not only TSEs but many diseases and pollute land and water courses. Before the commencement of the

Fallen Animals Scheme there was no nationwide collection service and it was normal practice for fallen animals in remote areas to be buried on farms in accordance with best practice and legal guidelines. The Fallen Animals Scheme was seen as a significant component in protecting the environment and ensuring proper BSE controls were in place. It was provided for in the Plan of Action to the Agri Food 2010 Report, which was published in August 2000. Its foundation was accelerated by the introduction of a raft of legislation which included a ban on the use of MBM in animal feed, the compulsory BSE testing of all fallen cattle over 24 months and the prohibition of the unlicensed burial of animals. This legislation has brought about a major shift in animal husbandry in Ireland.

The first phase of the Scheme was introduced on 1 December 2000 and was restricted to bovine animals. The second phase, the subject of this review was introduced on 1 July 2001 and encompassed the collection, rendering and disposal of bovine animals, as well as the rendering and disposal of all other fallen farm animals.

A capital grant Scheme for structural improvements to knackeries was instigated in 2003 in order to assist in the upgrading of knackery premises to meet the standards set by the EU Animal by-products regulation and over €90,000 have been provided for this purpose.

In a six and a half year period from 2001 to the end of 2007, the total expenditure on the Fallen Animals Scheme was over €139 million. In general, fallen bovines account for over 3% of the national herd per year and these have been provided for by the Scheme since its inception.

While the Scheme does cover the rendering of species other than fallen animals, in reality, only about 15% of animal by-products rendered under the Scheme is non-ruminant material. Preliminary results from this review on sheep numbers suggest that a very small proportion of fallen sheep are delivered to Category 2 intermediate plants for onward transportation to rendering plants. For this reason: **It is recommended that the numbers of fallen sheep entering Category 2 plants be monitored on an ongoing basis with particular reference to TSE testing requirements (Recommendation number 1).**

In order to prevent fallen animals from being improperly disposed of, it was further recommended that **the Single Farm Payment (SPS) be linked to proper disposal of fallen animals and that failure by a keeper to show proof of proper carcass disposal, may carry a penalty on their Single Farm Payment (Recommendation number 2)**. In accordance with SPS rules any penalties for non-compliance would need to be applied selectively and on the basis of risk prioritisation.

## **CHAPTER THREE: SCHEME OBJECTIVES**

### **3.1 Introduction**

The terms of reference of this review include an identification of the Scheme objectives and an examination of their current validity and compatibility with the overall strategy of the Department of Agriculture, Fisheries and Food. This chapter provides such an analysis.

### **3.2 Background to the current Fallen Animals Scheme**

As outlined in chapter 2, compulsory BSE testing of cattle over 30 months, destined for the food chain, was introduced by the EU Commission in late 2000 and testing of all fallen cattle over 24 months was made mandatory by July 2001. The on farm burial of animals was also strictly curtailed by the EU under the ABP Regulation 2002.

Up to the end of the last millennium, the collection service for fallen animals in Ireland was ad hoc at best and confined to certain regions of the country. A nationally subsidised collection Scheme for fallen ruminants and non-ruminants was viewed as a necessity in order to upgrade existing collection facilities and ensure the extension of a fallen animal collection service nationwide. The Fallen Animals Scheme was seen as central to Ireland maintaining its favourable BSE status as recognised by the EU.

### **3.3 Objectives of the Fallen Animals Scheme**

The three acknowledged objectives of the Fallen Animals Scheme are:

- To facilitate the TSE testing of fallen stock;
- To ensure all fallen stock is collected for proper disposal;
- To minimise the licensed burial of animals.

The steering committee for this review are of the view that these three objectives do not fully reflect the differences in the Scheme pertaining to bovines/ovines and other fallen stock and therefore:

**Recommendation number 3 : it is recommended that the three extant objectives of the Fallen Animals Scheme be amended to:**

- **To facilitate the TSE testing of fallen bovines and ovines;**

- **To ensure all fallen bovines are collected for proper disposal;**
- **To minimise the illegal disposal of fallen stock.**

These objectives are very comprehensive and integrate fully with TSE testing requirements, as well as dovetailing with other animal health and environmental legislation. Since the legislation is so central to this area, it is worthwhile examining how compatible it is with the Scheme.

### ***3.4 How does the Fallen Animals Scheme fit in with current legislation ?***

The Fallen Animals Scheme aids greatly with Ireland's compliance with significant health and environmental regulations. EU Commission document *The TSE Roadmap* (2005) points out that from 1995 to 2005 alone, the Commission had introduced 70 primary and implementing Acts which set stringent measures at Community level to protect human and animal health from the risk of BSE and other TSEs. Of these, regulations (EC) No. 999/2001 and (EC) No. 1774/2002 were the principal ones.

#### ***3.4.1 Framework Regulation (EC) No. 999/2001 – TSE Regulation***

This seminal piece of legislation, commonly called the “TSE Regulation”, was adopted on 22 May 2001 and applicable from 1 July 2001. It was designed to supersede all existing TSE legislation and instituted rules for the monitoring of TSE in bovines, ovines and caprines, the removal of Specified Risk Material (SRM) and proscriptions concerning animal feeding. It also introduced measures for the eradication of TSE, rules on intra- and extra- Community trade and set out criteria for the classification of BSE status of Member States and third countries according to one of five categories. This Regulation has been amended several times since 2001 to adjust to new developments and scientific evidence.

#### ***3.4.2 EC Regulation No. 1774/2002 – Animal By-products Regulation***

This regulation sets out rules for the control and use of animal by-products including Meat-and-Bonemeal (MBM). It was detailed in chapter 2, section 2.4.1.

SI No. 252 of 2008 gives effect to EC Regulation No. 1774/2002. This SI also gives effect to the TSE Regulation.



### **3.5 How does the Scheme fit in with current DAFF policy ?**

This section examines how consistent the Fallen Animals Scheme is with contemporary policy. It does this by assessing how compatible the Scheme is with the following documents:

- Agri Food 2010 Plan of Action and the Report of the Agri Vision 2015 Committee;
- National Development Plans 2000-2006 and 2007-2013 and the *ex-ante* assessment of the NDP 2007-2013;
- Department of Agriculture, Fisheries and Food Statement of Strategy 2008-2010.

#### ***3.5.1 The Agri Food 2010 Plan of Action and the Report of the Agri Vision 2015 Committee***

The *Agri Food 2010 Plan of Action* was the government's response to the recommendations of the Agri Food 2010 Committee, a committee comprised of leading figures from all areas of the agri-food sector, established in 1999 by the Minister for Agriculture, Food and Rural Development, with the objective of proposing "*a strategy for the development of Irish agriculture and food over the next decade, following the agreement on Agenda 2000, and in light of the changes and challenges, which are likely to evolve nationally and internationally over that period.*"

As mentioned in Chapter 2, the government made a specific commitment in the Plan of Action to introduce a Fallen Animals Scheme: "*A national Scheme for fallen animal collection and disposal will be put in place in 2000 by DAFRD. While this has relevance to the protection of the environment and animal health, it is also important from a food safety point of view.*"

In January 2004, the Agri Vision 2015 Committee was established to review the strategy and recommendations of the Agri Food 2010 report, in the context of developments since that report was published. In response to this report, the government published the Agri-Vision 2015 Action Plan for the Future of the Agri-Food Sector in 2006. The plan

presents 167 specific actions. While none of these specifically refer to the Fallen Animals Scheme, the importance of the livestock and meat sector as a major driver of the Irish agricultural and rural economy is emphasised. In order to be able to sell meat which is guaranteed to be of the highest quality, excellent traceability systems need to be in place. One of the main principles underlying the Fallen Animals Scheme is that the maximum possible number of fallen animals are recorded and disposed of in a safe fashion to prevent contaminated meat entering the food chain or contamination of food or water from decomposing carcasses.

### ***3.5.2 National Development Plans (NDP) 2000 - 2006 and 2007-2013 and the ex-ante assessment of the NDP 2007-2013***

Specific provision was made for a Scheme for animal carcass disposal in the NDP 2000-2006: *“the Scheme will provide support to collectors of fallen animals for the processing facilities, storage and other buildings, transport and effluent treatment facilities. Projects will be subject to an assessment/selection process.”*

No specific provision is made in the NDP 2007-2013 for a Fallen Animals Scheme. However the NDP is committed to investing over € billion in agriculture *“under the various programmes that support agriculture and agri-food production, to enhance their competitiveness while at the same time preserving the quality of the rural environment.”* Moreover, an *ex ante* assessment of the current NDP by the ESRI in 2006 concluded that animal carcass disposal *“is warranted since following the emergence of BSE in cattle the cost of disposal of fallen animals has increased substantially. In order to safeguard public health it is important to ensure the safe disposal of fallen animals.”*

### ***3.5.3 Department of Agriculture, Fisheries and Food Statement of Strategy 2008-2010***

The Department’s Statement of Strategy sets as its mission *“to lead the sustainable development of a competitive, innovative, consumer-focused agriculture, food, fishery and forestry sector and contribute to a vibrant rural and coastal economy and society”*.

The Statement of Strategy lists five high-level goals for the Department and a number of strategies designed to achieve these goals. Goals number 2 and 4 are the most relevant to the Fallen Animals Scheme.

Goal number 2 is to “*ensure the highest possible standards of food safety, consumer protection, fish and animal health and welfare and plant health, including appropriate bio-security measures*”. One of the strategic actions to be taken to achieve this goal, Action number 2.1, which is pertinent to the Fallen Animals Scheme is to: “*Operate, review and ensure effective food safety monitoring, inspection and control programmes are in place.*”

Goal number 4 aims to: “*Operate all our schemes and programmes in an efficient and effective manner, and minimise and simplify the regulatory burden on our clients.*”

Strategic Actions numbers 4.1 and 4.2 apply to the Fallen Animals Scheme. They are respectively, to: “*Deliver schemes and services in accordance with agreed principles and targets*” and “*Deliver a quality service to the internal and external customers and develop and improve services in line with changing customer and national requirements.*”

### **3.6 How does the Scheme fit in with the policy of other Departments/Offices/Agencies ?**

Besides DAFF, a number of bodies have responsibility for human and animal health which complement DAFF’s policy on animal health and integrate well with the Fallen Animals Scheme. These include the EU Food and Veterinary Office (FVO) and the Food Safety Authority of Ireland (FSAI).

#### **3.6.1 The Food and Veterinary Office (FVO)**

The FVO was established in 1997 as a result of the BSE crisis in Europe in 1996. It is part of the EU Directorate-General for Health and Consumer Protection (DG SANCO) and has as its mission to:

- Promote effective control systems in the food safety and quality, veterinary and plant health sectors;
- To check on compliance with the requirements of EU food safety and quality, veterinary and plant health legislation within the EU and in third countries exporting to the EU;
- Contribute to the development of EU policy in the food safety and quality, veterinary and plant health sectors.

The FVO monitors EU Member States and third country compliance with EU food safety legislation through its audits and inspections. It makes recommendations to the country's competent authority to deal with any shortcomings uncovered during the inspections. The competent authority is then requested to present an action plan to the FVO on how it intends addressing any shortcomings. In conjunction with other Commission services, the FVO then evaluates this action plan and monitors its implementation through a number of follow-up activities.

An FVO report of a mission carried out in Ireland in May of 2001 on the implementation of protection measures against BSE pointed out with regard to the sampling of fallen stock that *“the whole territory of Ireland is not entirely covered by the knackery collection system. The mission team was informed that a great improvement in the collection and disposal of fallen stock is expected from 1 July 2001.”*

This report found that at the knackeries *“there is no real traceability between incoming raw material (fallen stock) and the material sent to rendering plants and there is no link with the animal identification database.”* Such reports have greatly influenced DAFF policy on fallen animals. The 2001 FVO report concluded that with regard to fallen stock, *“the Irish authorities should:*

- *Improve their disposal system (as a matter of urgency in the counties where no knackeries are working) in order to be able to have access to all relevant dead animals and to sample them on a random basis (according to the current EU legislation) or to ensure that all animals aged over thirty months are sampled.*
- *Improve their disposal system in order to improve the quality of the samples taken.”*

With regard to Specified Risk Material (SRM), the 2001 report advised that *“the Irish authorities should involve the knackeries in SRM controls.”*

A later FVO report of a mission to Ireland to evaluate the implementation of certain protective measures against BSE in September 2006 remarked on significant progress since the previous missions. In relation to fallen stock the report noted that 75 and 47 confirmed cases of BSE were detected in fallen bovines in 2004 and 2005 respectively, out of the 126 and 69 cases detected those years. However the report pointed to different degrees of analysis of tissue samples from fallen animals and recommended

DAFF continue the efforts to enhance monitoring of the BSE surveillance programme, in particular in fallen stock, in order to ensure sampling and testing of all eligible animals, as required by the regulations.

### **3.6.2 *The Food Safety Authority of Ireland (FSAI)***

The FSAI, which was established in 1998, is a statutory, independent and science-based body committed to protecting public health and consumer interests in the area of food safety and hygiene. It functions under the aegis of the Minister for Health and Children. The FSAI's principal function is to take all reasonable steps to ensure that food produced, distributed or marketed in the State meets the highest standards of food safety and hygiene reasonably available and to ensure that food complies with legal requirements, or where appropriate with recognised codes of good practice.

One of sub-committee's of the FSAI's scientific committee is the TSE sub-committee, which has four main functions:

1. To advise the FSAI on hazards associated with TSEs and related risks.
2. To advise on monitoring and controls in place at national levels for consumer protection.
3. To advise on relevant aspects of new EC and national legislative proposals related to TSE.
4. To advise the FSAI on current and emerging issues of relevance.

This sub-committee includes three members of DAFF. Its recommendations where relevant are taken on board by the Department, e.g. any EU proposals for a revocation of the ban on feeding MBM to non-ruminants, would be considered by this committee.

### **3.7 Results of questionnaire on the objectives of the Fallen Animals Scheme**

As mentioned in Chapter 1, a questionnaire was sent to the major stakeholders involved with this Scheme (see Appendix 1.3) seeking their views on various aspects of it.

Questions 1, 2, 3 and 4 of the questionnaire to stakeholders deal with the appropriateness of the Fallen Animals Scheme objectives and whether they have been adequately met by the Scheme. There was a very good response rate by stakeholders to the questionnaire: three of the farming organisations, the Irish Creamery Milk Suppliers Association

(ICMSA), the Irish Farmers Association (IFA) and the Irish Co-Operative Organisation Society (ICOS) sent in replies to the questionnaire; there was a 75% response rate from DAFF vets and a 52% response rate from collectors and renderers (the Federation of Irish Renderers replied on behalf of the four Category 1 rendering companies involved in this Scheme); only four out of approximately 30 local authority vets replied to the questionnaire. The Veterinary Officers Association which represents 314 members employed in the State Veterinary Service of The Civil Service and Public Sector sent in a submission to DAFF on the Scheme.

The results to questions 1, 2, 3 and 4 are set out in sections 3.7.1 to 3.7.4.

### ***3.7.1 Replies by stakeholders to question 1 of the questionnaire dealing with the appropriateness of the Scheme's objectives***

This question asked respondents whether they thought the Scheme's objectives were appropriate or not. All respondents replied affirmatively.

### ***3.7.2 Replies to question 2 of the questionnaire on the contribution of the Fallen Animals Scheme to each of the objectives***

Respondents were asked to rate the contribution of the Scheme to each of its three main objectives. Table 3.1 overleaf sets out the replies by each set of stakeholders to this question.

As can be seen from this table, stakeholders are generally very satisfied that the Scheme objectives contribute in a good to very good way to the Scheme. All stakeholders are happy that the Scheme facilitates the first objective, the testing of fallen stock, well. In the case of the second objective, 90% of collectors and 97% of DAFF veterinary staff believe that the Scheme is 'good to very good' at ensuring all fallen stock is collected for proper disposal. Similarly, 90% of collectors and 96% of DAFF vets are of the view that the Scheme contributes in a good to very good way to the third objective, that of minimising the unlicensed burial of animals.

**Table 3.1 Ratings by stakeholder group of the contribution of the Fallen Animals Scheme to its three objectives (expressed as the percentage of each stakeholder group who picked each rating)**

| <b>Objective: To facilitate the testing of fallen stock</b>                   |                  |             |                |             |                  |
|---|------------------|-------------|----------------|-------------|------------------|
| <b>Stakeholder</b>  | <b>Very good</b> | <b>Good</b> | <b>Average</b> | <b>Poor</b> | <b>Very poor</b> |
| <b>Farming organisations</b>  | 66.66%           | 33.33%      |                |             |                  |
| <b>Collectors and renderers</b>   | 84%              | 16%         |                |             |                  |
| <b>DAFF vets</b>  | 93%              | 7%          |                |             |                  |
| <b>Local authority vets</b>   | 100%             |             |                |             |                  |
| <b>Objective: To ensure all fallen Stock is collected for proper disposal</b> |                  |             |                |             |                  |
| <b>Stakeholder</b>  | <b>Very good</b> | <b>Good</b> | <b>Average</b> | <b>Poor</b> | <b>Very poor</b> |
| <b>Farming organisations</b>  | 66.66%           | 33.33%      |                |             |                  |
| <b>Collectors and renderers</b>   | 68%              | 22%         | 5%             | 5%          |                  |
| <b>DAFF vets</b>  | 72%              | 25%         | 3%             |             |                  |
| <b>Local authority vets</b>   | 50%              | 50%         |                |             |                  |
| <b>Objective: To minimise the unlicensed burial of animals</b>                |                  |             |                |             |                  |
| <b>Stakeholder</b>  | <b>Very good</b> | <b>Good</b> | <b>Average</b> | <b>Poor</b> | <b>Very poor</b> |
| <b>Farming organisations</b>  | 66.66%           | 33.33%      |                |             |                  |
| <b>Collectors and renderers</b>   | 79%              | 11%         | 5%             |             | 5%               |
| <b>DAFF vets</b>  | 73%              | 23%         | 4%             |             |                  |
| <b>Local authority vets</b>   | 25%              | 75%         |                |             |                  |

### ***3.7.3 Replies to question 3 of the questionnaire on whether the Scheme objectives could be achieved in a better way***

Stakeholders were asked if they believed that the objectives of the Scheme could be achieved in a better way other than through public funding. The farming organisations were unequivocal that they could not, as were local authority vets who replied to the questionnaire. 5% of the collectors and renderers who replied had no opinion and the other 95% were of the opinion that there was no better way of achieving the Scheme objectives. 97% of DAFF vets were also of the latter view, 3% had no opinion and only 1% thought that a better way of funding the Scheme would be for farmers to pay and to be penalised by reducing their Single payment in the event of illegally burying dead animals.

### ***3.7.4 Replies to question 4 of the Questionnaire on whether the Fallen Animals Scheme contributes to other objectives that are not mentioned***

This question asked respondents whether they thought the Scheme fulfilled other objectives, outside of the three already stated. Two out of three of the farming organisations considered that the Scheme did; the local authority vets were completely in agreement that the Scheme had other benefits; 42% of collectors and renderers were of the view that the Scheme contributed to other areas (53% did not believe that the Scheme had other benefits and 5% had no opinion); the majority of DAFF vets thought that the Scheme contributed to a wide range of objectives (89%).

Many respondents catalogued the wide-ranging benefits or positive externalities from the Scheme. These can be broadly classified into two areas: (1) environmental and water quality and (2) animal welfare and traceability. These benefits are so substantial that it could be argued that they should in themselves be objectives.

#### ***3.7.4.1 Environmental and water quality benefits***

The more notable environmental and water quality benefits of the Scheme which were cited by respondents include:

- Prevention of environmental pollution from dead animals, thereby protecting water courses, air quality (reduction in odour problems) and public health, by reducing the risk of the spread of diseases such as cryptosporidiosis and salmonella.



- It decreases the possibility of stray dogs entering farms, causing the worrying of livestock.
- Helps to prevent the proliferation of vermin and the spread of partly decomposed carcasses by vermin through neighbouring lands.

#### **3.7.4.2 Animal welfare and traceability benefits**

Some of the main animal welfare and traceability benefits resulting from the Fallen Animals Scheme, as described by the respondents included:

- It is an important component in the full traceability of the national herd, from birth to death. It ensures the integrity of the CMMS system and reduces the risk of illegal practices in relation to animal identification.
- The Scheme is an excellent early warning system of animal welfare issues on farms that might otherwise go undetected. These can be identified by the monitoring of the state of carcasses by veterinary staff in the knackeries.
- Facilitates the early euthanasia of moribund animals.

The Veterinary Officers Association, in line with the above observations, argued in their submission that the following tacit objectives are also relevant:

- To minimise the environmental impact of improper disposal of carcasses.
- To improve traceability of the national herd – they note that on-farm deaths are now increasingly being recorded in a timely and organised fashion, following collection and disposal of the carcass through a registered knackery. Herds that have tagging and registration issues can be picked up at this point.
- To improve compliance with international standards for trade.
- To identify potential welfare cases on the basis of carcasses presented to knackeries.

The steering committee takes on board the comments of the stakeholders that there are many additional benefits to the Scheme that were implicit in its original objectives but never stated.

For this reason it recommends that:

**(Recommendation number 4) the following additional objectives be recognised:**

- (1) To contribute to improved animal welfare and traceability and**
- (2) To contribute to improved environmental and water quality**

### **3.8 Conclusion**

This chapter reviewed the objectives of the Fallen Animals Scheme and whether they are compatible with current legislation and the wider policy framework. The rationale for the Scheme and its objectives are in line with current national and EU legislation, as well as with the policies of the Department of Agriculture, Fisheries and Food and the Department of Health and its agencies and FVO.

The steering committee is of the view that the objectives, while being relevant, do not fully reflect the differences between bovines/ovines and other fallen stock and recommends that:

**(Recommendation number 3) the three extant objectives of the Fallen Animals Scheme be amended to:**

- To facilitate the TSE testing of fallen bovines and ovines;**
- To ensure all fallen bovines are collected for proper disposal;**
- To minimise the illegal disposal of fallen stock.**

The results of a questionnaire sent to stakeholders highlight the fact that the Scheme produces many additional benefits that were implicit in its original objectives but never stated.

For this reason the steering committee recommends that:

**(Recommendation number 4) the following additional objectives be recognised:**

- (2) To contribute to improved animal welfare and traceability and**
- (2) To contribute to improved environmental and water quality**

## **CHAPTER FOUR: ADMINISTRATION AND DELIVERY OF THE FALLEN ANIMALS SCHEME**

### **4.1 Introduction**

This chapter provides an appraisal of the administration and delivery of the Fallen Animals Scheme by DAFF. In doing this it looks at the administration process, the staff costs and quality of service provided to try to assess the levels of efficiency provided.

### **4.2 Delivery of the Fallen Animals Scheme**

A broad number of areas in DAFF and a number of private companies feed into the delivery of the Fallen Animals Scheme. Administrative staff from the On Farm Investment (OFI), Subsidies and Storage Division in Wexford work on the administration of the Scheme. Policy in relation to fallen animals is linked to policy for animal by-products (ABP) generally. Meat Hygiene/ABP Division and TSE/ABP Veterinary Division are responsible for approval of knackeries and related issues including enforcement. In addition, some 36 Veterinary Inspectors (VIs) from DAFF District Veterinary Offices (DVOs) countrywide work in the Category 2 intermediate plants and Category 1 rendering plants. Four Agricultural Officers (AOs) work in each of the four Category 1 rendering plants. A private outsourced data services company inputs the data on all fallen bovines onto the Departmental CMMS/AIM systems. TSE testing of bovines and selected ovines and caprines is undertaken in four private laboratories under contract to the Department.

A more detailed outline of the work of each of the above areas is provided below.

#### ***4.2.1 OFI, Subsidies and Storage Division***

The functions of OFI, Subsidies and Storage Division include:

- Making payments on a fortnightly basis to the rendering companies and the animal collectors;
- Reconciling collection details between the CMMS (Cattle Movement and Monitoring System) and the Fallen Animals Scheme;
- Undertaking annual audits of the collectors;
- Liasing with Veterinary and AO (agricultural officers) staff in relation to infringements of the Scheme;

- Collating data from Enfer and the Irish Equine Centre (testing laboratories) for sheep results and making manual payments based on these results;
- Dealing with tag number queries from animal collectors;
- Liaising with IT Division on upgrades required to the system;
- Preparation of fortnightly reports and other statistics relating to the Scheme;
- Dealing with requests for management information, annual reports, Public Accounts Committee, Appropriation accounts, etc.
- Liaison with Beef Controls Division and the veterinary inspectorate on infringements to the Scheme;
- Liaison with the data services company and the National Beef Assurance Scheme (NBAS) division on tag queries;
- Negotiations with rendering companies and animal collectors on rates of payment and allocation of business.

#### ***4.2.2 Meat Hygiene/ABP Division and TSE/ABP Veterinary Division***

Meat Hygiene/ABP Division and TSE/ABP Veterinary Division are responsible for:

- Approval of knackeries and rendering plants under ABP Regulations;
- Compliance monitoring;
- Enforcement processing when required and
- Policy briefing.

While this work feeds into the Fallen Animals Scheme to some degree, it would still be carried out even if the Scheme were not in existence. Therefore it was deemed unnecessary to include the administration costs for these two divisions in this review.

#### ***4.2.3 Duties of the VIs in the Category 2 Intermediate Plants***

The VIs in the 40 knackeries cross-check on a monthly basis lists of animals on which payments have been made under the Fallen Animals Scheme against the knackeries' intake registers. This is done within normal working hours. In addition knackery VIs are responsible for monitoring compliance of Category 2 intermediate premises with the provisions of the EU ABP Regulation and the sampling of animals for TSE testing purposes. While this work feeds into the Fallen Animals Scheme to some degree, it would still be carried out even if the Scheme were not in existence. Therefore only the

costs for the time spent cross-checking the lists of animals on which payments have been made under the Scheme were included for the purposes of this review.

#### ***4.2.4 Duties of the VIs and AOs in the Category 1 Rendering Plants***

The primary concern of departmental staff working in rendering plants *a propos* the Fallen Animals Scheme is to ensure that the animal remains that enter the plant are eligible for the Scheme. In fact at least 20% of incoming loads must be inspected for non-eligible materials or excess water. A proportion of these random checks are done outside of normal hours. The AOs working in the four Category 1 rendering plants are based there full-time, while the VIs generally visit the plants once a week.

#### ***4.2.5 Role of the data services company and the laboratories in the Fallen Animals Scheme***

As outlined earlier in chapter 2, all keepers are obliged to inform DAFF within 7 days of the death of an animal. They must fill out an NBAS 31D form which is sent to the data services company. The latter company then inputs the details onto the Cattle Movement and Monitoring System (CMMS). This system will highlight any inaccuracies, such as errors in dates of birth or animal tag numbers. In the event of errors, the data services company contacts the herdowners to seek clarification. Before paying collectors and renderers for fallen animals, the OFI, Subsidies and Storage Division in Wexford cross checks details on the CMMS. OFI, Subsidies and Storage Division in effect 'piggy backs' off the CMMS. Were the Fallen Animals Scheme not in existence, the data services company would still have to input the data on fallen animals, as DAFF is obliged to keep such records for animal traceability purposes. For this reason, the costs of the data services company were considered superfluous for the purposes of this review.

Similarly, BSE and TSE testing of fallen animals would still have to continue in the absence of the Scheme, in order to comply with EU legislation and therefore the laboratory costs for testing fallen animals are irrelevant to this review. It should be noted however that a significant reduction in tests, estimated at approximately 27%, will result from the increase in testing age from 24 months to 48 months in 2009.

### 4.3 Staff Costs

As outlined in Section 4.2, the time spent on the Fallen Animals Scheme by DAFF staff from OFI, Subsidies and Storage Division and staff in the Category 1 rendering plants and Category 2 intermediate plants must be taken into account in this review.

#### 4.3.1 OFI, Subsidies and Storage Division staff costs

Table 4.1 shows the number and costings for staff from OFI division working on the Scheme in 2007. All costs and inflators for pension contributions and overheads are in accordance with Department of Finance guidelines for the calculation of Civil Service Staffing costs.

**Table 4.1 Costings for OFI, Subsidies and Storage division staff working on Fallen Animals Scheme in 2007**

| Grade                          | Number (of full time equivalent staff) in grade | Direct salary cost <sup>1</sup> (€) | Total salary cost <sup>2</sup> (€) | Total staff cost <sup>3</sup> (€) |
|--------------------------------|---|-------------------------------------|------------------------------------|-----------------------------------|
| Principal officer (PO)         | 0.05  | 5,252                               | 6,675                              | 9,812                             |
| Assistant Principal (AP)       | 0.40  | 32,393                              | 41,168                             | 60,517                            |
| Higher Executive Officer (HEO) | 1   | 56,477                              | 71,775                             | 105,510                           |
| Executive Officer (EO)         | 1   | 43,571                              | 55,374                             | 81,400                            |
| Clerical Officer (CO)          | 1   | 32,680                              | 41,532                             | 61,052                            |
| Total                          | 3.45  | 170,373                             | 216,525                            | 318,292                           |

1= Gross salary + Employers PRSI (10.75%)

2= Direct salary + an imputed pension contribution (i.e. direct salary + 30% of gross salary)

3= Total salary + allowance for overheads (47%)

As can be seen from the above table (table 4.1), the total staff costs for this Division which are attributable to the Fallen Animals Scheme amounted to almost €18,300 for 2007. This represents approximately 1.3 % of total expenditure on the Fallen Animals Scheme in 2007 (€3.79 million).

### 4.3.2 DAFF staff costs in Category 1 rendering plants

Table 4.2 shows the number and costings for staff working on the Scheme in Category 1 rendering plants for 2007. All costs and inflators for pension contributions and overheads are in accordance with Department of Finance guidelines for the calculation of Civil Service Staffing costs.

**Table 4.2 Costings for DAFF staff working on the Fallen Animals Scheme in Category 1 rendering plants in 2007**

| Grade                                  | Number (of full time equivalent staff) in grade | Direct salary cost <sup>1</sup> (€) | Total salary cost <sup>2</sup> (€) | Total staff cost <sup>3</sup> (€) |
|--|---|-------------------------------------|------------------------------------|-----------------------------------|
| Veterinary Inspector (VI)              | 0.30  | 24,324                              | 30,913                             | 45,442                            |
| Supervisory Agricultural Officer (SAO) | 1.55  | 73,094                              | 92,894                             | 136,554                           |
| Technical Agricultural Officer (TAO)   | 0.58  | 20,914                              | 26,579                             | 39,071                            |
| Travel and Subsistence (€)             |   |                                     |                                    | 4,650                             |
| Allowances (€)                         |   |                                     |                                    | 10,710                            |
| Total (€)                              |   |                                     |                                    | 236,427                           |

1= Gross salary + Employers PRSI (10.75%)

2= Direct salary + an imputed pension contribution (i.e. direct salary + 30 % of gross salary)

3= Total salary + allowance for overheads (47%)

As can be seen from the above table (table 4.2), the total costs for DAFF staff working in Category 1 rendering plants on the Fallen Animals Scheme was just over €236,400 for 2007. This represents 0.99% of total expenditure on the Fallen Animals Scheme in 2007 (€23.79 million).

### 4.3.3 DAFF staff costs in Category 2 Intermediate plants

The costs of the monthly checks performed by VIs in the Category 2 intermediate plants were calculated to amount to approximately **€23,195** for 2007. This figure is based on estimates from VIs, who reported that they spent approximately one hour per month

performing such checks in 2007. This equates to less than 0.1% of the total expenditure of the Scheme in 2007.

#### **4.3.4 Total staff costs**

The total staff costs for OFI, Subsidies and Storage division, the knackeries and the rendering plants for 2007 are presented in Table 4.3.

**Table 4.3 Total DAFF staff costs for the Fallen Animals Scheme for 2007**

| <b>Division/Plant</b>               | <b>Total Staff costs for 2007 (€)</b> |
|-------------------------------------|---------------------------------------|
| OFI, Subsidies and Storage Division | 318,292                               |
| Category I rendering plant          | 236,427                               |
| Category 2 intermediate plant       | 23,195                                |
| <b>Total</b>                        | <b>577,914</b>                        |

As can be seen from Table 4.3, the total costs for DAFF staff working on the Fallen Animals Scheme for 2007 amounted to €577,914. This represents approximately 2.43 % of the total expenditure on the Scheme for 2007 (€23.79 million). The steering committee could not find any exact comparator for these costs. However a DAFF expenditure review on the Compensatory Allowance Scheme in 2005 found staff costs for that Scheme accounted for 2.4% of the grants paid. That expenditure review referred to a previous study in 1998 by the Comptroller and Auditor General (C&AG) on the administration of the Premium and Headage Grant Applications by DAFF, which reported that administration costs equivalent to 2.3% of grants paid. The C&AG report concluded that this level of administration costs provided good value for money.

The steering committee is satisfied that the administration costs are good value for money and should be used a benchmark for the Scheme in the future. **Recommendation number 5: It is recommended that administration costs should be monitored on an on-going basis to ensure that the Fallen Animals Scheme is managed in a cost-effective manner.**



#### **4.4 Quality of Service**

Section 4.3 looked at the efficiency in the administration of the Fallen Animals Scheme in terms of input costs. However the quality of the service provided by DAFF in terms of efficiency delivered also needs to be examined. This section appraises the quality of service provided by the Department.

Good quality service would be widely considered to be service which is delivered in an impartial, courteous, prompt and user-friendly fashion. It should also provide dissatisfied customers the opportunity to make complaints and have these dealt with in a timely fashion. In order to gauge the quality of service involved in the delivery of the Fallen Animals Scheme, this review looked at the following data:

- Replies by collectors and renderers to question 5 of the questionnaire (see Appendix 1.2) sent to them which asked them to rate their satisfaction on a number of aspects of the administration of the Fallen Animals Scheme.
- Replies by the Farming organisations to question 5 of the questionnaire (see Appendix 1.2) sent to them which asked their views on specific facets of the Scheme.
- Number of Parliamentary Questions, representations from TDs and Senators, Ombudsman queries and complaints related to the Scheme;

##### ***4.4.1 Replies by collectors and renderers to question 5 of questionnaire (see Appendix 1.2)***

Question 5 of the questionnaire on the Scheme was targeted specifically at collectors and renderers. It asked them to rate their satisfaction with the following aspects of the administration of the Fallen Animals Scheme: ease of application; guidance from DAFF; time taken to process the application to payment; and level of bureaucracy. It was explained to the respondents that for the purpose of the questionnaire, the reference to DAFF included the services of the data services company.

There was a 52% response rate to the questionnaire from these sectors. The Federation of Irish Renderers replied on behalf of the four Category 1 rendering companies involved with this Scheme. All of the respondents replied that they were either satisfied or very satisfied with the time taken to process their applications and with the ease of the

application process. 84% of those who replied were satisfied or very satisfied with the guidance from DAFF.

The only area where a distinct dichotomy of views was evident was in the replies to the levels of bureaucracy involved in the Scheme. While 47% of respondents expressed satisfaction, an equal amount were either dissatisfied or very dissatisfied with the level of bureaucracy. Respondents were asked to comment if they felt that any particular aspect of the administration of the Scheme required attention. From the limited comments that were made by respondents, it would seem that there is some dissatisfaction with the data services company. A number of respondents complained that there was no recognised interface between it and the Knackeries to deal with problems that arose and suggested that a dedicated official be appointed to streamline any queries and problems to resolution. There were complaints that a number of NBAS 31D forms go missing when they get to the offices of the data services company. A suggestion was made that the data services company issue receipts for each NBAS 31D form, which would enable Knackeries to mark the ones which have been processed, off their intake register and deal quickly with problems when they arise. Another criticism was that sometimes knackeries do not get paid if there is a problem with a herdowner, even though the knackeries have completed their work with regard to the fallen animal in question.

In light of the above results, the committee would like to make the following recommendation: **Recommendation Number 6: It is recommended that ways of improving the communication between the data services company and Category 2 Intermediate plants be examined.**

#### ***4.4.2 Replies by the Farming Organisations to question 6 of questionnaire (see Appendix 1.2)***

Question 6 of the questionnaire on the Scheme was aimed at keepers only. The five farming partners were invited to submit their views on the Fallen Animals Scheme and to answer the questionnaire. Three of the farming bodies, the Irish Farmers Association (IFA), Irish Co-Operative Organisation Society Ltd. (ICOS) and the Irish Creamery Milk Suppliers Association (ICMSA) replied to the questionnaire. Question 6 asked them to rate their satisfaction with two aspects of the administration of the Fallen

Animals Scheme, guidance from DAFF on how to deal with fallen animals and guidance from DAFF on regulations relating to fallen animals. All three organisations reported that they were satisfied with these aspects of the Scheme. Question 6 also asked respondents to detail any particular aspect of the administration of the Fallen Animals Scheme which they felt needed attention. One of the farming organisations mentioned that DAFF should inform farmers of any changes to the costs of collection which impacted on them.

#### ***4.4.3 Number of Parliamentary Questions, representations from TDs and Senators, Ombudsman queries and complaints related to the Scheme***

OFI, Subsidies and Storage Division have never received an ombudsman query or written complaint about the Fallen Animals Scheme. The division receives an average of 2 Parliamentary Questions per year, which are of a general nature, such as seeking up to date statistics. While the lack of complaints on the operation of the Scheme is not a conclusive indication that all participants were happy with its administration, it could be taken to indicate that participants were reasonably content with it.

#### **4.5 Conclusion**

This chapter examined the administration and delivery of the Fallen Animals Scheme in terms of efficiency and quality of service. While a broad range of divisions in DAFF and a number of private companies contribute indirectly to the delivery of the Scheme, it was concluded that the DAFF staff costs from three areas only, OFI, Subsidies and Storage Division, Category 2 intermediate plants and Category 1 rendering plants should be taken into account for the purposes of this VFM. The rationale for this is because the work done by the other areas in relation to the Scheme would still have to be undertaken in the event of the Scheme's cessation due to legislative obligations. These costs proved to be relatively small in relation to the overall expenditure on the Scheme, representing approximately 2.43 % of the expenditure on the Scheme in 2007. **The committee recommends that administration costs should be monitored on an on-going basis to ensure that the Fallen Animals Scheme is managed in a cost-effective manner (Recommendation number 5).**

In relation to the quality of service provided by the staff involved with the Scheme, results of questionnaires sent to the farming organisations, Category 2 intermediate plants and Category 1 rendering plants, showed that there was general satisfaction with the administration of the Scheme. One exception to this was in the services provided by

the data services company. Knackeries reported difficulties in communicating with this company. For this reason **it is recommended that ways of improving the communication between the data services company and Category 2 intermediate plants be examined (Recommendation number 6).**

## CHAPTER FIVE: COMPARISON WITH OTHER MEMBER STATES

### 5.1 Introduction

The sixth term of reference for this review includes an examination, through international comparison, of the scope for alternative policy or organisational approaches to achieving the Scheme's objectives on a more efficient and/or effective basis.

Article 3.3 of EU Regulation No. 1774/2002 on Animal By-Products obliges Member States to “*either individually or cooperatively, ensure that adequate arrangements are in place, and that a sufficient infrastructure exists, to ensure compliance*” with the provisions of the regulation, which prohibits the unlicensed burial of fallen stock except in designated remote areas and sets out strict procedures “*on how animal by-products and products derived from them should be collected, transported, stored, handled, processed, disposed of, placed on the market, exported, carried in transit and used in accordance with this Regulation* (Article 3.1).”

This chapter examines how Member States fulfil their regulatory obligations under the Animal By-Products regulations in relation to fallen animals. It does this mainly by analysing the results of a questionnaire (see Appendix 1.3) which was sent to the other 26 EU Member States and Norway seeking information on the degree of state aid available in each state for the handling of casualty farm animals.

It should be noted that since this survey was taken, the Standing Committee on the Food Chain and Animal Health has approved an EU Commission proposal to increase the minimum age for compulsory BSE testing to 48 months in the EU-15, on a state by state basis, with effect from January 2009. Member States applying for an increase in the age of testing will have to provide evidence that they meet four criteria surrounding BSE controls. It is likely that some Member States may vary their state aid conditions in light of this increase. The UK government has already indicated that it will leave private industry cover the costs of disposal of fallen animals from mid January 2009.

## **5.2 UK Position**

As the UK is shortly to cease all state aid for the disposal of fallen animals, it is being dealt with separately in this chapter. It should be stressed however that the UK will still continue to pay the costs of all obligatory TSE tests.

Recently there have been two different schemes dealing with fallen animals in the UK: (1) the TSE Surveillance Programme and (2) The National Fallen Stock Scheme.

### ***5.2.1 The TSE Surveillance Programme***

This is commonly referred to as the Over 24 month Scheme. This Scheme covers the free collection, sampling (to test for TSEs) and disposal of over 24 month cattle. In addition to fallen cattle, the programme also arranges the free collection, sampling and disposal of a random sample of 10,000 fallen sheep and 500 fallen goats. The Scheme was established in 2001 and estimated costs for 2008 were approximately £36 million.

Under the TSE surveillance programme, farmers are obliged to report the death of cattle aged over 24 months to the TSE surveillance helpline within 24 hours, complete the death section of the cattle passport and leave it with the carcass for collection. The helpline organises the collection, brainstem sampling and carcass disposal via the appropriate approved ABPs rendering or incineration plant. Samples are sent to the Veterinary Laboratories Agency (VLA) for analysis. Carcasses destroyed before a negative BSE result is available must be disposed of by incineration or rendering followed by incineration at a Category 1 plant. Crosschecks are regularly carried out against the Cattle Tracing System (CTS) to check that 100% of over 24 month cattle notified on CTS have been tested.

The UK government announced on 30<sup>th</sup> September 2008 that from mid January 2009, the industry would take full control of the cost of collecting and disposing of fallen animals. It has committed £2 million in funding for 2009 to help the National Fallen Stock Company, which already deals with all other classes of fallen stock other than over 24 month cattle, in the transition period. The government will also continue to meet all costs for sampling and testing. The rationale given for ceasing complete state

funding was the reduction in the number of confirmed cases of BSE (down to 53 in 2007, from 37,000 in 1992) along with the increase in the testing age of bovines.

### **5.2.2 *The National Fallen Stock Scheme (NFSS)***

This commenced in 2004 in response to EU Animal By-Products Regulations and applies to categories of farmed livestock other than over 24 month bovines. It is a voluntary Scheme with farmers free to make alternative arrangements. The Scheme is designed to reduce the costs of collection and disposal of fallen stock. Under the Scheme eligible animals attract a limited government subsidy (10%) towards collection and/or disposal. This subsidy is due to end completely in November 2008.

The National Fallen Stock Company (NFSCo), which administers the Scheme, collects contributions from members via direct debit and pays these to collectors along with government contributions.

Farmers pay a £18 membership joining fee and receive a copy of Scheme collectors (plus prices) operating in their area. Farmers contact their collector of choice to arrange carcass collection. The collector enters the details of each call out on the NFSCo database which generates a statement to the farmer whose contribution to costs (currently 90%) is collected by direct debit at the end of the month. Government subsidy (currently 10%) is also invoiced at the end of the month. All premises approved must demonstrate that they have their own arrangements in place for the legal disposal of fallen stock. Government contributions are not available for animals disposed of by farmers in their own on-farm incinerators or by any other methods which fall outside of the Scheme.

### **5.2.3 *The Bansback report on the National Fallen Stock Scheme (2006)***

The above independent report on the UK National Fallen Stock Scheme (NFSS) was completed in April 2006.

The report concluded that the Scheme had progressed well despite initial teething problems caused by infrastructure difficulties, negative producer attitudes to direct debit procedures, difficulty recruiting farmers, fee structure concerns and high administration costs.

Key issues to be faced by this sector included inadequate competition and rising costs. This was due to shortage of collectors in some areas, the diminishing availability of hunt kennels and higher fuel prices. The report also pointed out that uncertainty about the future of animal husbandry and difficulties with planning and environmental legislation were discouraging new investors in the area of animal disposal.

The removal of ovines that die on farms is causing particular difficulties in the sheep in the UK. This is due to factors such as location, fallen stock accounting for a higher proportion of production costs compared to other sectors, enforcement is more difficult than for other species and many sheep producers in the UK do not accept the burial ban. The report concluded that there is a possibility of a further deterioration of the situation if the subsidy is withdrawn.

The report opined that the Scheme's initial focus on the collection and disposal of fallen stock in order to comply with the EU regulations on animal by-products disposal had been correct. However if progress was to be made it stressed that the Scheme would need to be expanded to take into account: the wider issue of farm waste; problems with waste disposal from the farmed fish industry; the wider needs of the government's animal health and welfare strategy in which effective disease surveillance and biosecurity are of considerable importance and the need to explore the possibility of co-ordinating better the arrangements for TSE testing in over 24 month cattle and selected numbers of sheep.

The report emphasised the detrimental effects that improper burial of fallen stock could have on human and animal health and animal welfare by acting as a vector for the transmission of disease. It could also cause serious pollution problems and have a deleterious impact on watercourses. It provided a short summary of how other EU Member States deal with the disposal of fallen stock and concluded that while there is a wide variation of approaches, *“there is a clear recognition that an effective service generally requires a degree of central or regional co-ordination”*.

The report recommended that government subsidisation of the NFS Scheme continue until the end of 2008. It had originally been due to cease in 2007.



As a result of this report, government funding for the Scheme was extended until November 2008.

### **5.3 Results of survey – How do other Member States deal with fallen farm animals ?**

Twelve Member States replied to the questionnaire (Appendix 1.4): **UK, Belgium, the Netherlands, France, Hungary, Finland, Estonia, Luxembourg, Portugal, Norway, Denmark and Austria.** Section 5.2 has dealt with the UK position in some detail and this section, 5.3, for the most part provides a summary of the survey findings in relation to the other eleven Member States, which are of relevance to this review. However additional details for the UK are included, where appropriate.

All of these eleven Member States subsidise the disposal of casualty/fallen farm animals. However there is a wide range of variation between them.

#### ***5.3.1 Which aspects of the disposal of fallen animal are subsidised by Member States ?***

Seven Member States (Belgium, the Netherlands, Finland, Luxembourg, Portugal, Denmark and Austria) subsidise the collection, rendering/processing and incineration/disposal of fallen animals. Norway subsidises the collection only of fallen animals, while Estonia and France only subsidise their rendering/processing. Hungary provides subsidies for collection and incineration/disposal.

#### ***5.3.2 Which species of fallen animals are subsidised by Member States ?***

In the case of bovines, except for Denmark, which subsidises over 24 month bovines only, all Member States who replied to the survey, subsidise bovines regardless of age. The only other species supported by Denmark, besides bovines, are sheep and goats. Norway and Finland do not provide aid for the disposal of fallen horses and Portugal does not subsidise poultry. A limited number of Member States support the disposal of fish. Interestingly, Hungary also contributes to the disposal of fallen buffalo, mules and rabbits.

### ***5.3.3 Estimated numbers of fallen animals handled by Schemes in Member States***

Since 2003, well over 220,000 bovines per year have been subsidised by the Irish Fallen Animals Scheme and an average of 65,102 tonnes of animal by-products rendered and destroyed per year (see tables 2.3 and 2.4 of chapter 2 of this review). Question 4 of the survey sent to other Member States, which dealt with the numbers of fallen animals handled by respective schemes, was not completed by all twelve Member States and it was therefore not possible to obtain an accurate picture of the situation in Europe.

However of those who did respond, it would seem that France and the UK are probably closest to Ireland in terms of numbers of bovines handled. France handles over 206,000 bovines a year while the UK processes some 210,000 over 24 month bovines.

### ***5.3.4 What proportion of disposal does licensed burial constitute in Member States ?***

With the exception of Norway, Portugal, Finland and UK, who allow for burial derogations in remote areas, there is no licensed burial of fallen animals in the other 8 Member States. In Austria, dead on pasture animals in remote alpine areas are collected via helicopter. Burials account for 6.50% of fallen animal disposals in Finland, 6% in Portugal and unknown quantities in Norway and UK.

### ***5.3.5 How is the subsidy administered in Member States ?***

Ten out of eleven of the Member States (Austria, Norway, Luxembourg, Estonia, Hungary, France, Portugal, Belgium) administer the subsidy directly to the collector and/or directly to the renderer/disposal agent. Denmark, Finland and the Netherlands pay directly to the farmer.

### ***5.3.6 What are the average rates of subsidy paid in other Member States ?***

As pointed out in chapter 2, the Irish State's share of collection costs for fallen bovines is generally 70%, with the farmer paying the remaining 30%. In the case of rendering, the State pays 100% of the costs.

Not all Member States provided a percentage breakdown of the average rates of subsidy paid, in their replies to the questionnaire. However analysis of those who did reply, would seem to put Ireland in the mid range of those Member States who provide 100% aid and those who provide partial aid.

Austria provides 100% of the costs of collection for all animals and 75% of the costs for rendering and disposal, except in the case of the province of the capital Vienna, where the collection and disposal of all dead animals is free. This is to allow for the collection of dead pet animals in the metropolitan area. Luxembourg pays 100% of the collection and rendering costs. Hungary pays 75% to 100% of the collection costs, depending on whether the animal is TSE tested or not, and 75% of disposal costs. In Belgium, 50% of the costs of collection and rendering are paid by the State and in the Netherlands, 45% of the costs of collection are state aided and 65% of the rendering costs.

***5.3.7 In other Member States, where a contribution is made to costs by the farmer, how is this conveyed ?***

In Estonia, Finland, the Netherlands and Belgium, the farmer pays his/her contribution directly to the collector, as is the case in Ireland. Contributions by farmers in Austria, France, Norway and Portugal are mainly through the use of state levies.

***5.3.8 Do other Member States routinely test casualty animals for disease and if so is such a routine undertaken at the knackery/intermediate plant ?***

Like Ireland, all twelve Member States (including UK) who responded to the questionnaire, routinely test casualty animals. This testing is undertaken at the intermediate plant in only three countries, Austria, Hungary and Portugal. In the other countries, testing takes place in the rendering plant.

***5.3.9 Brief summary of how the disposal of fallen animals is regulated and controlled in some Member States***

In the final part of the questionnaire, Member States were asked to briefly summarise how they regulate and control the disposal of fallen animals. Many details have already been provided in this chapter, so the following is an outline of details which have not.

Austrian law obliges herd owners to ensure that fallen animals are delivered to a licensed company. Each federal province and/or municipality is responsible for setting out the organisational rules in their area. The federal province is also the competent authority for controlling the collection, rendering and disposal of ABPs. Fallen stock must be reported and is either collected by intermediate or rendering plants directly from the farm, or in the case of small animals, brought by the farmer to designated collection

points. As all of the costs of collection and disposal are covered by the State, the Austrian authorities are confident that no fallen stock is buried illegally.

In Portugal, TSE testing is carried out by official vets and by accredited private vets, who are permanently based at rendering plants. In Estonia, a veterinary officer tests a fallen animal before the animal is transported for processing.

In Denmark, the collection of fallen livestock is maintained by one approved rendering/processing plant. Luxembourg authorities organise contracts with the collector and rendering plant. Casualty animals are collected and brought to an intermediate plant and then transported to a rendering plant in Belgium. There are no costs for the owner. All ruminants must be correctly identified when collected.

The collection, processing and destruction of fallen animals is organised as a public contract in France. All dead animals weighing more than 40 kg are collected within 48 hours by the regional plant. Rendering plants and intermediate plants are increasingly part of larger industrial groups using computers to manage their activities. All relevant data is sent to the main computer system within 8 days.

The Dutch government sets out yearly the costs for collection and rendering of fallen farm animals. Farmers receive a subsidy for the collection and rendering costs. The Dutch Food Safety Authority (VWA) and the Dutch General Inspection Authority (AID) are the legal controlling authorities.

#### **5.4 Insurance Scheme for fallen animals in Spain**

The Steering Committee for this review is aware of an insurance Scheme for fallen animals in Spain, which is worthy of note.

Spain has apparently used widespread agricultural insurance for the past thirty years, with the intention of covering as many risks as possible. Insurance schemes are agreed in consultation with all stakeholders. Public bodies have been established by the Ministry for Agriculture and the Ministry for Finance to facilitate such schemes. While uptake varies widely, it is apparently high for carcass removal. State aid accounts for between 37% to 45% of all costs. Insurance is voluntary. It is provided by a wide range of

companies who also provide normal insurance such as house, car, holiday etc. Over 90% of farmers are covered for fallen animals. The system of insuring fallen animals is complex, involving central, regional and private funding. Each region in Spain decides on the level of support that they will provide. The share farmers have to pay is steadily increasing.

## **5.5 Conclusion**

All Member States are obliged to ensure that they have adequate arrangements and infrastructure in place to ensure compliance with the Animal By-Products Regulations, which *inter alia* prohibit the burial of fallen stock except in designated remote areas and prescribe how they are handled and disposed of. Twelve Member States who replied to a questionnaire on how they deal with the collection and disposal of fallen animals, currently provide varying levels of assistance to farmers. To date, all solutions have involved a considerable degree of central or regional government co-ordination. From January 2009, however, the UK will no longer provide subvention for the collection or disposal of fallen stock. However it will continue to pay the costs of all TSE testing required by essential regulation. Spain, which did not take part in the survey, uses a system of voluntary insurance. The Spanish State currently subsidises between 37% to 45% of the costs but the proportion farmers pay is steadily increasing.

It is clear that all Member States recognise how serious the challenge of dealing with fallen stock has been and that state intervention has been essential in order to establish proper systems of collection and disposal, as well as ensuring that full testing requirements under the TSE Regulations have been met. From the BSE perspective, these have been very successful and the minimum age for compulsory BSE testing is to be increased to 48 months in the EU-15 from January 2009. This might lead some Member States like the UK to terminate funding for the collection and disposal of fallen animals. However, this is a multi-faceted problem and aside from the BSE issue, the improper disposal of fallen animals poses a serious risk to biosecurity, by not only having a deleterious effect on the environment, but is also a serious threat to animal and human health.

## CHAPTER SIX: PERFORMANCE INDICATORS FOR THE FALLEN ANIMALS SCHEME

### 6.1 Introduction

This chapter considers current performance indicators for the Fallen Animals Scheme and makes recommendations in regard to the possible use of additional indicators which could be used to ensure improved monitoring of the performance of the Scheme. This should enable more effective analysis of the degree to which DAFF is providing value for money and the extent to which the Scheme is meeting its objectives.

### 6.2 What are Performance Indicators ?

Performance indicators are quantifiable measurements of progress in a particular area, which facilitate an effective appraisal of the success of an organisation, unit, individual, programme or scheme. The Department of Finance (2004) defines performance indicators as tools to “*generate information on performance for inclusion in management reports and so to provide a basis for better decision making, more effective use of resources and greater accountability*”. “*Management Information Framework – Performance Indicators: A Users’ Guide*” (Department of Finance, 2001) sets out the following 9 key characteristics of good performance indicators:

1. Appropriateness – the user must be able to associate the information to the activity, output or outcome being reported.
2. Accuracy – data should be as free of errors as possible.
3. Comprehensiveness – All facets of performance must be captured by the data.
4. Consistency – There should be internal consistency so that where indicators are grouped, they should not deliver mixed messages on performance.
5. Manageability – The collection of data should be cost-effective and integrated within reporting structures. Results should be delivered in an understandable format and management should play an active role in ensuring data quality.
6. Relevance – the information provided by the indicators should be what the user actually wants.
7. Timely – the most recent data available should be used.

8. Verifiable – indicators should be accurate and objective and should meet the standards of an independent examination.
9. Validity – they should cover actual performance.

### **6.3 Current Performance Indicators for the Fallen Animals Scheme**

It is difficult to measure the overall outcome of the Fallen Animals Scheme given that it is impossible to establish exactly how many fallen animals, other than bovines are illegally disposed of in Ireland. However the indicators currently being used to monitor its performance are relevant and can be classed into three categories:

- (1) Input indicators;
- (2) Output indicators and
- (3) Outcome indicators.

#### **6.3.1 Input indicators**

The input indicators being used are:

- DAFF funds
- Number of knackeries
- Number of rendering plants
- Number of DAFF staff involved with Scheme

#### **6.3.2 Output indicators**

Output indicators are as follows:

- Number of fallen bovines broken down into 3 main categories according to age
- Tonnage of fallen animals delivered to renderers

#### **6.3.3 Outcome indicators**

Outcome indicators being used at present are:

- Number of burial licenses issued
- Number of eligible animals TSE tested

Notwithstanding the limitations of obtaining exact data for fallen animals,

**Recommendation No 7: It is recommended that the performance indicators contained in section 6.4 should be introduced to enhance the evaluation of the performance of the Fallen Animals Scheme. All indicators should be reviewed regularly in order to assess whether they need to be improved, added to or removed, taking into account practical experience, any Scheme changes and/or external changes which may impact on the Scheme.**

## **6.4 Proposed additional performance indicators**

The proposed performance indicators for this Scheme can be divided into the following three categories:

1. Output indicators;
2. Efficiency indicators;
3. Effectiveness indicators.

### **6.4.1 Output indicators**

The following additional output indicator should be introduced to better measure the performance of the Fallen Animals Scheme:

- Number of animals collected by species.

### **6.4.2 Efficiency indicators**

Efficiency indicators provide information on how well the Department is using its resources. These indicators are primarily quantitative, with an emphasis on productivity, timeliness and financial data.

The following efficiency indicator should be introduced to measure the performance of DAFF in operating the Scheme:

- Staff costs expressed as a percentage of the overall costs.

### **6.4.3 Effectiveness indicators**

Effectiveness indicators relate inputs and outputs to outcomes and should help answer the question '*is the Scheme achieving what it set out to achieve ?*'.

As the Scheme applies particularly to bovines, the following effectiveness indicator should be introduced to assess how effective its performance has been in relation to fallen bovines:

- Percentage of fallen bovines collected.
- Percentage of eligible animals TSE tested.

This indicator can be based on the following data which can be obtained from the CMMS system:



- Percentage of fallen bovines that went to knackery
- Percentage of fallen bovines that were disposed of on farm.

## **6.5 Conclusion**

The current performance indicators for the Fallen Animals Scheme are pertinent.

However it was recommended that a number of additional indicators as **listed in section 6.4 of chapter 6 be introduced and that all indicators be reviewed annually in order to assess whether they need to be improved, added to or removed, taking into account practical experience, any Scheme changes and/or external changes which may impact on the Scheme (Recommendation number 7).**

## **CHAPTER SEVEN: EFFECTIVENESS OF THE FALLEN ANIMALS SCHEME**

### **7.1 Introduction**

As pointed out in Chapter 2, before the introduction of the Fallen Animals Scheme there was no nationwide collection service for fallen animals and burial of fallen bovines was the norm in remote areas. Almost all fallen bovines are now delivered to Category 2 intermediate plants for disposal. The Scheme was therefore very effective in reducing the on farm burial of fallen bovines. This chapter presents the views of important stakeholders such as the farming organisations, collectors, renderers, departmental and local authority vets on how effective they think the Scheme has been in meeting its objectives.

The chapter also discusses recent developments both within and affecting the area of fallen animal collection since the commencement of the Scheme, such as improvements in the industry, improvements in disease control, fall in the incidence of BSE and increased outlets for MBM, and examines whether in light of these improvements, there is scope for the industry to take an increasing share in the costs of the Scheme. In this regard a number of possible options are presented.

### **7.2 Effectiveness of the Fallen Animals Scheme**

As mentioned previously the main objectives of the Fallen Animals Scheme as set out in its Terms and Conditions were to:

- Facilitate the TSE testing of fallen stock;
- Ensure all fallen stock is collected for proper burial;
- Minimise the licensed burial of animals.

In relation to bovines the Scheme has certainly been extremely effective in achieving its objectives. As highlighted in Chapter 2, more than 1.25 million fallen bovines were safely disposed of through the Scheme between July 2001 and December 2007. A further 224,980 bovines were disposed of in the first nine months of 2008. The removal of such a substantial number of fallen bovine carcasses has significantly reduced the risks associated with improper disposal of these animals. The maximum number possible of over 24 month fallen bovines have been TSE tested in accordance with the TSE

regulations (of the over 24 month fallen bovines delivered to knackeries in 2007, 97.50 % were TSE tested).

The Scheme has not been as effective in relation to sheep. As explained in chapter 2, only a small percentage of the sheep estimated to die on farm are being delivered to Category 2 intermediate plants for disposal. Recommendations were made to monitor this and also to prevent other non-ruminants and ruminants from being disposed of illegally.

It is difficult to measure the effectiveness of the Scheme when it comes to other species. Most pigs and poultry that die on farm are taken directly from the farm to the Category 1 rendering plant making it hard to estimate the percentage disposed of in accordance with the Regulations. That said the opinion of the committee is that the level of compliance in this sector is quite high. As regards horses and deer, figures which would allow an estimation of effectiveness are not readily available.

### ***7.2.1 Cost effectiveness of the Scheme***

Any evaluation of effectiveness has to consider cost effectiveness. The committee identified two potential changes to the Scheme which could make it more cost-effective: (1) not paying full costs to knackeries for carcasses that have been delivered to their premises by farmers and (2) eliminating or reducing payment for dead calves which have already received a subsidy under the Suckler Cow Herd Welfare and Quality Scheme.

#### ***7.2.1.1 Delivery of carcasses to knackeries by keepers***

As part of this review a questionnaire was sent to the VIs responsible for the supervision of Category 2 intermediate plants asking them to indicate whether animals were collected by the collectors or delivered to them by keepers. Details of the responses by knackeries are shown in Table 7.1.

**Table 7.1 Details of fallen bovines delivered to Category 2 Intermediate plants by keepers from January 2008 to mid September 2008** (Based on figures provided by VIs in Category 2 intermediate plants)

| <b>Fallen Bovines</b> | <b>Total Numbers handled by Category 2 Plant</b> | <b>Numbers delivered by keepers</b> | <b>Percentage delivered</b> | <b>Cost to DAFF (€)</b> |
|-----------------------|--|-------------------------------------|-----------------------------|-------------------------|
| <b>Under 6 months</b> | 125,865  | 10,928                              | 17.17                       | 416,982                 |
| <b>6-24 months</b>    | 25,514   | 396                                 | 3.34                        | 55,154                  |
| <b>Over 24 months</b> | 73,581   | 486                                 | 1.53                        | 76,815                  |
| <b>Total</b>          | 224,960  | 11,810                              | 5.20                        | 548,951                 |

As can be seen from Table 7.1, more than 17% of fallen calves aged less than 6 months were delivered by farmers to the knackeries themselves in the first eight and a half months of 2008. In total from the figures supplied to DAFF it would appear that over 5% of fallen bovines were delivered to knackeries by keepers. This equates to a cost to the Department of almost €49,000 as Category 2 plants are still paid for collection, preparation and delivery of these animals to rendering plants. There is no division of costs here. Therefore:

**Recommendation number 8: It is recommended that a reduced fee is paid to Category 2 intermediate plants where fallen bovines have been delivered to their premises and not collected by them.**

#### *7.2.1.2 Question of double subsidy for fallen calves under the Suckler Herd Welfare and Quality Scheme*

The Suckler Cow Herd Welfare and Quality Scheme was introduced on 1 January 2008 and is scheduled to operate for five years until 31 December 2012. Its objective is to improve welfare and quality in the suckler herd. It obliges farmers who join it, to undertake to comply with six obligatory and welfare related measures. Farmers are paid

for successfully complying with various aspects of these measures. Under the Scheme where a calf dies on farm or is stillborn, evidence must be obtained to confirm that the carcass was submitted to a knackery in order to ensure full payment to the farmer. The committee is concerned that this might amount to a potential double subsidy because their collection and disposal is then paid for under the Fallen Animals Scheme.

**Recommendation number 9: It is recommended that the question of whether calves which die at birth and receive payment under the Suckler Cow Herd Welfare and Quality Scheme should be paid for under the Fallen Animals Scheme should be examined.**

### ***7.2.2 Results of questionnaire on effectiveness of the Fallen Animals Scheme***

As mentioned previously in this review, a questionnaire was sent to the major stakeholders in this Scheme (see Appendix 1.3) seeking their views on various aspects of it. Replies to questions 1 to 4 on the objectives of the Scheme were dealt with in chapter 3 and the results of questions 5 and 6 on the quality of service delivery by DAFF have been covered in chapter 4. The replies to the remaining three questions are dealt with in the following sections.

#### ***7.2.2.1 Ratings on the overall effectiveness of the Fallen Animals Scheme in meeting its objectives***

Question 7 of the questionnaire asked stakeholders to provide a rating for the overall effectiveness of the Scheme.

The ICMSA and the IFA said that the Scheme was very good in meeting its objectives, while ICOS replied that it was of average effectiveness because sheep and stillborn calves fall through the system and are usually buried on farms.

95% of the collectors and renderers put the effectiveness of the Scheme in the top two categories of good and very good. Comments made by this group included that the BSE crisis had escalated rendering costs to the point that individual farmers could not afford proper disposal and that the Scheme has been a solid link in the traceability chain and has made an enormous impact on keeping the environment clean.

Virtually all of the local authority vets and DAFF vets put the Scheme in the top two categories. However a number of vets elaborated that the Scheme had been very good for bovines but only in the ‘average to poor’ Category for sheep and other species. It was suggested that the Scheme could be improved if failure by the farmer to show proof of carcase disposal, carried a penalty on their Single Farm Payment. One or two vets expressed concern that if the Fallen Animals Scheme was not subsidised, that farmers would return to on-farm burial as the cost would be prohibitive.

#### ***7.2.2.2 Ratings on Level of keepers participation and availability of a nationwide service***

Stakeholders were asked in question 8 to rate the effectiveness of the Scheme in two areas: (1) the level of keepers participation in the Scheme and (2) the availability of a nationwide collection service.

##### **(1) Level of keepers participation in the Scheme**

In general the majority of stakeholders were happy that the Scheme had been effective in terms of the level of farmers’ participation. Two of the farmers’ organisations felt that the level of participation by farmers had been good to very good, while one said that it was average. Virtually all of the local authority vets and DAFF vets and 68% of the renderers and collectors were of the opinion that it had been good to very good. 21% of the renderers and collectors thought that the Scheme had been average and 5.5 % that it was poor (5.5% did not respond to that question).

##### **(2) The availability of a nationwide collection service**

The majority of DAFF vets and renderers and collectors rated the Scheme as being good to very good in terms of the availability of a nationwide collection service. Local authority vets were split in their views, with 50% rating the availability as good to very good and 50% average. Two out of three of the farming organisations put the availability as good and one of three as average.

A number of respondents pointed out that not all parts of the country have a knackery. The North West and South West of the country were highlighted as areas which have a limited collection facilities, which give rise to delays at busy times.

#### ***7.2.2.3 Overall Ratings on the value for money provided by Scheme***

Stakeholders were asked to rate the Scheme on the value for money they see it as providing for (1) the farmer and (2) the taxpayer.

The IFA and ICMSA both felt that the Scheme had provided good to very good value for money to both the farmer and the taxpayer while ICOS felt that it had been average in both respects.

The majority of renderers and collectors, DAFF staff and all of the local authority vets rated the Scheme as providing good to very good value for money to the taxpayer and the farmer.

There were a wide range of comments on the Scheme. The ICMSA said that the Scheme has ensured that a professional and structured service is in place. The Federation of Irish Renderers commented that the Fallen Animals Scheme is an essential element of the infrastructure underpinning Ireland's successful livestock and meat processing industries, which had an estimated combined export value of €2.38 billion in 2007. It added that rendering, which is integral to the Scheme ensures that fallen animals are disposed of in compliance with all animal and public health and environmental regulations, thereby eliminating animal, public health and environmental risks.

A number of respondents gave the view that with the Scheme the taxpayer gets a cleaner environment with full traceability for the meat products they consume. More than one DAFF vet maintained the Scheme had to be considered as an outstanding success where in just a few short years, 99-100% of fallen bovines are disposed of through a licensed knackery. The point was made by a number of stakeholders that sheep farmers do not really benefit from the Scheme due to remote and/or hard to access locations and on-going mortality issues which make the cost of calling out collectors prohibitive. The fact that the farmer is getting excellent value given current costs of waste disposal was pointed out by one DAFF vet. Another vet expressed the view that it is difficult to quantify the value of the Scheme in monetary terms, as the values to the taxpayer include safe food and public health protection. Lastly, one vet observed that it is now more cost-effective for the farmer to send the animal to the knackery than to bury it due to shortage of labour on farms.

### **7.3 Scope for the industry to take a greater share in the costs of the Fallen Animals Scheme**

As the preceding chapters have outlined, the introduction of the Fallen Animals Scheme was an urgent necessity at a time when the market was clearly unable to deal properly with the disposal of fallen animals. The infrastructure needed to enable full adherence to the Animal By-Products Regulations, the requirements for the TSE testing of all over 24 month fallen bovines and a select number of ovines and caprines, and the rendering and destruction of other categories of fallen animals was simply not developed enough to manage without considerable help from the Exchequer. Human and animal health, food safety, and a pollution free environment are all public goods and it was imperative that they be protected.

Since the commencement of the Fallen Animals Scheme, fundamental developments have taken place both within, and impinging on, the area of fallen animal collection. The sector which services the collection and rendering of fallen animals has gone from very small basic operations, to adapt and be able to deal with the collection of over 250,000 bovine animals and the rendering and destruction of approximately 50,000 tonnes of ruminant animal by-products and 10,000 tonnes of non-ruminant by-products per year. There are now 40 knackeries and 4 Category 1 rendering plants successfully providing a service throughout the 26 counties, with a solid customer base.

Along with improvements in the industry, there have been major improvements in animal traceability, making it much easier to trace bovines, from birth to death. The incidence of BSE has decreased dramatically, going from 333 BSE positive animals in 2002 to 23 in 2008. The minimum age for compulsory BSE testing for bovines increased to 48 months from January 2009, which should result in an annual reduction of over 26% in the number of bovines to be tested. Alternative uses for MBM are opening up, e.g. it can be used as a co-fuel in cement production and possibly power plants. Heretofore rendering plants have had to export it abroad at a high cost, for incineration.



National legislation providing for both the ABP and the TSE Regulations has been introduced. This legislation provides for a range of enforcement measures including fixed penalty notices, which could now be used to encourage compliance with the ABP Regulations. In addition the EU Single Payment Scheme (SPS), which was introduced in 2005 as part of the reform of the Common Agricultural Policy, provides another mechanism to encourage compliance as it places an obligation on participants to respect all EU legislation on the environment, food safety, animal health and welfare and plant health. Participants must also keep their farms in good agricultural and environmental condition. As mentioned in chapter 2, it should be possible to link a herdowner's Single Farm Payment with proper disposal of his/her fallen animals and consider a reduction in his/her payment in the event of non-compliance with the Animal By-Products Regulations in accordance with risk prioritisation.

At this point in time, given the changes mentioned above, it would seem appropriate that consideration would be given to reducing the State's share of the costs for this Scheme. This would be in line with the 'polluter pays' principle, also referred to as 'extended polluter responsibility', a key principle of environmental law which strives to transfer the responsibility for dealing with waste to those producing it. However as the problem of fallen animals impacts on so many areas and could pose a significant risk to biosecurity, it is important that any shift in the share of costs takes account of the public good, so that the correct balance is struck between the latter and the polluter pays principle.

**Recommendation number 10: In light of the developments which have taken place both within, and which impact on, the area of fallen animals collection in the past 7 years, it is recommended that ways of reducing the State's contribution to the Fallen Animals Scheme which give more financial responsibility to the private sector, be examined. In this regard, one of the possible options presented in this review or a combination or variation of these options could be considered.**

**Any revision of the Scheme should ensure that:**

- (1) sufficient funds are available for fallen animals requiring BSE/TSE testing so that compliance levels of the current order are achieved and**

- (2) there are sufficient incentives for the collection and disposal of other categories of fallen animals which maximize compliance, while recognising that less funding is likely to lead to some fall-off in compliance which may need to be addressed by introducing penalties for non-compliance.**

The following section 7.3 provides details of options which could be taken to reduce the States's share of the costs for fallen animals.

#### **7.4 Options for reducing the Exchequer's share of the costs in the Fallen Animals Scheme**

As pointed out in section 7.3, there has been a dramatic growth and development of the industry which deals with animal by-products since 2001. This industry is now well established, with a solid customer base and animal keepers have had over 7 years to become used to disposing of their animals in accordance with the Animal By-Products Regulation.

This review has identified 6 possible options for reducing the State's share of the costs of the Scheme.

They are as follows:

1. Option One: Reduce Programme to that required by essential Regulation (i.e. bovines over 24 months (over 48 months from 2009) and selected number of ovines and caprines.
2. Option Two: Restrict the Scheme to ruminants only
3. Option Three: (A) Increase keeper's contribution, (B) reduce fees to knackeries and (C) renderers
4. Option Four: UK model – private company
5. Option Five: National Insurance Scheme
6. Option Six: Apply a fallen animals joining fee (levy) to all herdowners

Details of each are of the six options are outlined in the following sections.

***7.4.1 Option One: Reduce Programme to that required by essential Regulation (i.e. bovines over 24 months (over 48 months from 2009) and selected number of ovines and caprines.***

Table 7.2 outlines the estimated approximate cost to DAFF of funding the Fallen Animals Scheme if it were reduced to cover those animals required by essential Regulation. At present reducing the Scheme to essential regulation would apply to all bovines over 24 months and approximately 10,000 sheep and 500 goats. From January 2009, this will apply to all bovines over 48 months and approximately 10,000 sheep and 500 goats.

The figures contained in table 7.2 are very approximate calculations based on 2007 figures for bovine animals and approximate numbers of sheep and goats for TSE testing requirements.

Estimated savings associated with Option One:

Based on current fees and the assumptions on the numbers and weights of fallen stock to be rendered as set out in Table 7.2, **the total cost of option one would be €14,354,949 if all over 24 month bovines are included and €10,640,339, if only all over 48 month bovines are included.** Either of these scenarios would obviously be a considerable saving on the current budget for the Scheme of €28 million for 2008.

**Table 7.2 Estimated approximate costs to DAFF of reducing funding for the Fallen Animals Scheme to cover essential TSE Regulations based on current fees as set out in section 2.4**

| <b>Scenario A: All bovines over 24 months and approximately 10,000 sheep and 500 goats</b> |                |   |  |                                   |                        |
|--|----------------|---|--|-----------------------------------|------------------------|
| <b>Animal</b>  | <b>Numbers</b> | <b>Total costs of collection (+VAT) (€)</b> | <b>Total costs of Testing € supplement (€)</b> | <b>Total Rendering costs* (€)</b> | <b>Total Costs (€)</b> |
| Bovines  | 88,000         | 5,992,800                                   | 440,000  | 7,761,600                         | 14,194,400             |
| Sheep  | 11,000         | 0   | 55,000   | 102,960                           | 157,960                |
| Goats  | 150            | 0   | 750  | 1839                              | 2589                   |
| <b>Total</b>   | <b>99,150</b>  | <b>5,992,800</b>                            | <b>495,750</b>                                 | <b>7,866,399</b>                  | <b>14,354,949</b>      |
| <b>Scenario B: All bovines over 48 months and approximately 10,000 sheep and 500 goats</b> |                |   |  |                                   |                        |
| <b>Animal</b>  | <b>Numbers</b> | <b>Total costs of collection (+VAT) (€)</b> | <b>Total costs of Testing € supplement (€)</b> | <b>Total Rendering costs* (€)</b> | <b>Total Costs (€)</b> |
| Bovines  | 64,974         | 4,424,729                                   | 324,870  | 5,730,707                         | 10,480,306             |
| Sheep  | 11,000         | 0   | 55,000   | 102,960                           | 157,960                |
| Goats  | 150            | 0   | 750  | 1323                              | 2073                   |
| <b>Total</b>   | <b>76,124</b>  | <b>4,424,729</b>                            | <b>380,620</b>                                 | <b>5,834,990</b>                  | <b>10,640,339</b>      |

\*Tonnage based on the following approximate weights for animals entering rendering plants:

Adult bovine 490 kg; Adult sheep 52 kg; Adult goat 49 kg (these weights are approximately 30% less than the average weights of an adult bovine, sheep and goat)

Factors in favour of option one:

- Option one would ensure that the Department complies with all testing requirements associated with the TSE Regulations.
- There are potential savings of between €13.64 million to €17.36 million to be achieved.
- While DAFF still pays a considerable amount, the balance of the cost is passed to the industry.

Factors against option one:

- Greater burden on less well off farmers and farmers in more isolated areas who may have to pay more for collection
- There is an increased possibility that some farmers might illegally dispose of their fallen animals due to additional financial pressure.
- Any possible escalation in the illegal disposal of fallen bovines in particular would bring an associated risk to DAFF control systems such as the CMMS and increased non-compliance with the ABP Regulations would open Ireland up to the risk of criticism from the FVO.
- An increase in non-compliance levels would naturally oblige DAFF to spend more resources on compliance inspections.

**7.4.2 Option Two: Restrict the Scheme to Ruminants only**

By restricting the Scheme to ruminants only, it would only apply to bovines, sheep, deer and goats. All other fallen animals would be excluded. However only about 15% of the animal by-products rendered and destroyed under the Fallen Animals Scheme is non-ruminant material. In 2007 the cost of this to the Department amounted to €1,186,756. Thus restriction of the Scheme to ruminants only, therefore would lead to an expected saving of at least €1.15 million.

Factors in favour of option two:

Most of the non-ruminant material rendered through the Scheme is from pig and poultry processing plants. Given their intensive nature these industries generally have better channels of collection.

Factors against option two:

This would place an additional burden on the pig and poultry industries. There is a risk that an increase in costs would bring about an increase in non-compliance with the ABP Regulations.

**7.4.3 Option Three: (A) Increase keepers contribution,(B) reduce fees to knackeries and (C) renderers**

In order to spread the share of the costs by the industry, a combination of increasing keepers contributions and the reduction of subsidies to Category 1 and 2 plants could be examined. The following sections A, B and C look at the implications of increasing the share of costs on each sector.

**(A) Increase Keepers contribution**

Table 7.3 outlines the approximate savings for DAFF based on 10%, 20% and 30% increases in collection fees to farmers, based on 2007 figures and costs.

**Table 7.3 Approximate savings for DAFF by increasing keepers contributions to the collection fee by 10%, 20% and 30% based on 2007 costs and figures**

| Category of bovine        | Numbers in 2007 | Savings for DAFF with 10% increase in keepers contribution to collection fee | Savings for DAFF with 20% increase in keepers contribution to collection fee | Savings for DAFF with 30% increase in keepers Contribution to collection fee |
|---------------------------|-----------------|--|--|--|
| Calf (0-6 months)         | 117,551         | 169,273  | 338,547  | 507,820  |
| Young adult (6-24 months) | 43,966          | 94,966   | 189,933  | 285,339  |
| Adult (over 24 months)    | 88,078          | 317,080  | 634,162  | 952,123  |
| <b>Total</b>              | <b>249,595</b>  | <b>581,319</b>   | <b>1,162,642</b>   | <b>1,745,283</b>   |

As can be seen from Table 7.3, increasing the contribution of the keepers to the collection fee by 10% increments would yield savings for DAFF amounting to approximately €81,000 per 10% increase based on 2007 figures for fallen bovines.

The fees keepers would have to pay for each percentage increase are set out in Table 7.4.

**Table 7.4 Contributions payable by keepers for the collection of fallen stock based on increases of 10%, 20% and 30% to the current fees**

| Category of bovine        | Keepers contribution to fee (including 13.5% VAT) (€) |  |  |  |
|---------------------------|---|--|--|--|
|                           | Current contribution                                  | Fee with contribution increased by 10% | Fee with contribution increased by 20% | Fee with contribution increased by 30% |
| Calf (0-6 months)         | 14.41   | 15.85                                  | 17.29                                  | 18.73                                  |
| Young adult (6-24 months) | 21.62   | 23.78                                  | 25.94                                  | 28.11                                  |
| Adult (over 24 months)    | 36.02   | 39.62                                  | 43.22                                  | 46.83                                  |

Factors in favour of option 3(A)

There has been no increase in the contribution of keepers to the collection of fallen bovines since 2001. Such an increase would be in line with the ‘polluter pays’ principle

Factors against option 3(B)

A severe escalation in costs might contribute to a reaction by some keepers against the collection system leading to an increased risk of illegal disposal of animals.

**(B) Reduce fees to knackeries**

Table 7.5 sets out the approximate savings for DAFF with reductions in fees to the Category 2 intermediate plants.

**Table 7.5 Approximate savings for DAFF based on reducing the fees paid to Category 2 Intermediate Plants by 10, 20 and 30%**

| Amount paid to Category 2 Intermediate Plants in 2007 (€) | Savings for DAFF with 10% reduction in fee paid (€) | Savings for DAFF with 20% reduction in fee paid (€) | Savings for DAFF with 30% reduction in fee paid (€) |
|---|---|---|---|
| 10,150,144  | 1,015,014   | 2,030,029   | 3,045,043   |

Factors in favour of option 3(B)

This industry is well-established now and should be better able to cope with increased costs in its day to day operations. It also has built up a customer base and should benefit from reliable custom.

Factors against option 3(B)

Smaller collection plants might find it harder to assimilate potential losses than larger ones.

**Option 3(C) Reduce fees to rendering plants**

Table 7.6 outlines approximate savings for DAFF based on reducing the fees paid to rendering plants.

**Table 7.6 Approximate savings for DAFF based on reducing the fees paid to Category 1 Rendering Plants by 10, 20 and 30%**

| Amount paid to Category 1 Rendering Plants in 2007 (€) | Savings for DAFF with 10% reduction in fee paid (€) | Savings for DAFF with 20% reduction in fee paid (€) | Savings for DAFF with 30% reduction in fee paid (€) |
|--|---|---|---|
| 13,643,824   | 1,364,382   | 2,728,765   | 4,093,147   |

Factors in favour of option 3(C)

Alternative uses for MBM are opening up, e.g. as a co-fuel in cement production or power plants. This should reduce the need to export it at a cost for incineration, reducing disposal costs for rendering plants. Also this industry is well-established and benefits from having a long-term reliable customer, where payment is guaranteed and regular. It should also be noted that the other main by-product of rendering is tallow and this has been used for the past number of years in many plants as a fuel.

Factors against option 3(C)

Getting approval for a power plant using MBM can be a lengthy process which may prove a deterrent to some in the industry.



#### **7.4.4 Option Four: UK model – private company**

The UK National Fallen Stock Scheme and the UK Over 24 month Scheme were detailed in chapter 5. Both of these schemes will no longer receive a subvention from the UK government from mid January 2009. However the government will continue to pay for TSE testing of fallen animals.

A Scheme similar to the Fallen Stock Scheme might be feasible in an Irish context if it were partially subsidised by the Irish Exchequer. As detailed in Chapter 5, the private company Scheme in the UK is a voluntary one. Farmers who wish to join pay a joining fee and receive a copy of Scheme collectors and their prices. They contact a collector of their choice to arrange carcass collection. The collector informs the Fallen Stock Company of the details of the collection. These details are recorded and at the end of the month the farmer's contribution is collected by direct debit.

##### Factors in favour of option 4:

Administrative costs are taken over by a private company.

Government subsidy can gradually be reduced as in the UK, when eventually this can be left in the hands of the sector.

##### Factors against option 4:

Take-up is voluntary and as a consequence the State holds little control here, which could provide cause for concern, given the risks to biosecurity and the environment posed by the disposal of fallen animals.

This might need lengthy engagement with all stakeholders. This option would be a long-term one.

#### ***7.4.5 Option Five: Insurance Scheme***

Chapter 5 provided a short outline of a voluntary insurance Scheme for Fallen Animals which operates in Spain at present. The committee understands that insurance Schemes providing for fallen animals operate in several other European countries.

A suitable voluntary insurance Scheme for Irish purposes could be drawn up in consultation with all major stakeholders and private insurance companies. In the long term, this might be a very good option for dealing with the permanent problem of fallen animals in Ireland. It could take the form of a mutual fund into which all livestock farmers make contributions and which pays for the collection and disposal of fallen animals. Allowances are made in the context of the Health Check of the Common Agricultural Policy (CAP) and the new financial perspective, for modulated funds to be assigned for insurance purposes.

##### Factors in favour of option five:

Responsibility for disposal of fallen animals gradually moving over to the private sector. This type of insurance system is approved by the EU.

##### Factors against option five:

This might need lengthy engagement with all stakeholders. This option would be a long-term one.

#### ***7.4.6 Option Six: Apply a fallen animals joining fee (levy) to all herdowners***

There are approximately 120,000 bovine herdowners in Ireland, all of whom have to deal with the problem of fallen animals on a regular basis. In line with the polluter pays principle and given that there has not been an increase in the collection fee for keepers since 2001, it might be appropriate that consideration should now be given to increasing their contributions towards the Scheme.

Increasing the cost of collection per animal would prove very costly and possibly be prohibitive for farmers. A cheaper and more effective method of applying an increase in farmers' contributions to the Fallen Animals Scheme would be to impose an annual levy or charge an annual membership for the Scheme. Table 7.7 shows a range of possible fees and the corresponding amount collected by DAFF based on the contributions of 120,000 herdowners.

**Table 7.7 A range of possible annual Membership Fees for the Fallen Animals Scheme for Farmers and total collected by DAFF**

| Possible Annual Membership Fee per keeper for the Fallen Animals Scheme (€) | Total collected by DAFF from 120,000 herdowners (€) |
|---|---|
| 25  | 3,000,000   |
| 50  | 6,000,000   |
| 75  | 9,000,000   |
| 100   | 12,000,000  |
| 125   | 15,000,000  |

Factors in favour of option 6:

With this option the cost to the farmer is defined and paid on an annual basis. The farmers knows exactly how much he/she has to pay.

More of the cost transferred to the polluter.

Factors against option 6:

- The costs of administering this fee would need to be examined. It might not be easy to administer.
- In addition it might militate against smaller herdowners and a graded fee structure might have to be developed, to take account of herd size.
- There is also an increased risk of non-compliance by some farmers with the ABP Regulations/BSE testing requirements due to increased costs.

**7.5 Summary and Conclusion**

The Fallen Animals Scheme has been very effective in achieving its objectives in relation to bovines. The Scheme has not been as effective in relation to sheep and a recommendation monitor this was made in Chapter 2. A survey of stakeholders revealed a general satisfaction with the overall effectiveness of the Scheme.

The following two areas where the Scheme could be made more cost effective were identified: (1) where collectors receive full payment even when fallen bovines are delivered to Category 2 intermediate plants by farmers themselves and (2) possible overlap in the subsidy for fallen calves under the Suckler Herd Welfare Scheme and the

Fallen Animals Scheme. This review revealed that approximately 5% of fallen bovines are delivered to knackeries by keepers and it was recommended that:

**A reduced fee is paid to Category 2 intermediate plants where bovines have been delivered to their premises and not collected by them (Recommendation number 8).**

Under the Suckler Herd Welfare Scheme, a farmer can receive full payment for a calf which dies on farm or is stillborn if evidence is produced by the him/her to confirm that the carcass was submitted to a knackery. At present the farmer is also entitled to subsidisation under the Fallen Animals Scheme for that animal. This review recommends that: the **question of whether calves which die at birth and receive payment under the Suckler Herd Welfare and Quality Scheme should be paid for under the Fallen Animals Scheme should be examined (Recommendation number 9).**

This chapter reviewed developments which have taken place within and which impact on the fallen animals collection sector since the beginning of the Scheme. These developments include improvements in the collection and rendering sectors; improvements in animal traceability; a significant reduction in the incidence of BSE; a proposed increase in the minimum age for compulsory BSE testing for bovines to 48 months from January 2009; alternative outlets for MBM and the introduction of the EU Single Payment Scheme (SPS) which should make it possible to penalise a farmer in the event of non-compliance with the Animal By-Products Regulations. In light of these developments and in view of the ‘polluter pays’ principle, it was **recommended that ways of reducing the State’s contribution to the Fallen Animals Scheme which give more financial responsibility to the private sector, be examined. In this regard, one of the possible options presented in this review or a combination or variation of these options could be considered.**

**Any revision of the Scheme should ensure that:**

- (1) sufficient funds are available for fallen animals requiring BSE/TSE testing so that compliance levels of the current order are achieved and**
- (2) there are sufficient incentives for the collection and disposal of other categories of fallen animals which maximize compliance, while recognising that less funding is likely to lead to some fall-off in compliance which may need to be**

**addressed by introducing penalties for non-compliance (Recommendation number 10).**

The following six options were presented:

- Option One: Reduce Programme to that required by essential Regulation (i.e. bovines over 24 months (over 48 months from 2009) and selected number of ovines and caprines.
- Option Two: Restrict the Scheme to ruminants only
- Option Three: (A) Increase keeper's contribution, (B) reduce fees to knackeries and (C) renderers
- Option Four: UK model – private company
- Option Five: National Insurance Scheme
- Option Six: Apply a fallen animals joining fee (levy) to all herdowners

## **CHAPTER EIGHT: KEY FINDINGS AND RECOMMENDATIONS**

### **8.1 Introduction**

As pointed out in chapter 1, the aim of this review is to examine whether the Fallen Animals Scheme provides value for money. To achieve this aim the review uses seven generic Terms of Reference as advocated by the Department of Finance in their Value for Money Framework (See Appendix 1.1). These terms of reference are designed to focus on 5 fundamental evaluation criteria: rationale, efficiency, effectiveness, impact and continued relevance. This chapter summarises the main findings of the review in relation to each term of reference. It also presents the 10 recommendations which have resulted from the review's findings.

### **8.2 Identify the objectives of the Fallen Animals Scheme at both National and EU level**

The objectives of the Fallen Animals Scheme as set out in its Terms and Conditions are:

- To facilitate the TSE-testing of fallen stock;
- To ensure all fallen stock is collected for proper disposal;
- To minimise the licensed burial of animals.

### **8.3 Examine the current validity of these objectives and their compatibility with the overall strategy of the Department of Agriculture, Fisheries and Food**

This is dealt with in chapter 3 of this review. The rationale for the Scheme and its objectives are in line with DAFF strategies and policy as well as with current national and EU legislation. However the Steering Committee recommends that the three objectives be reworded slightly to properly reflect the differences between bovines/ovines and other fallen stock (Recommendation number 3). Analysis of the results of a questionnaire sent to stakeholders shows that the Scheme produces many benefits which while implied in its original objectives, were never stated. The committee therefore recommends that the addition of the following two objectives be considered: (1) to contribute to improved animal welfare and traceability and (2) to contribute to improved environmental and water quality (Recommendation number 4).

#### **8.4 Define the outputs associated with the Fallen Animals Scheme and identify the level and trend of those outputs**

This is mainly dealt with in chapter 2. The Fallen Animals Scheme has been very successful in relation to bovines with over 99% of fallen bovines now being handled by it. This equates to almost 200,000 bovines per year, totalling more than 1.25 million animals in the six and a half year period from 2001 to the end of 2007 and compares with a scenario before the introduction of the Scheme when almost all fallen bovines were buried on farm. The Scheme does not subsidise the collection of other species and preliminary figures obtained for this review suggest that these account for less than 3% of the fallen animals entering knackeries. These figures also indicate that a very small proportion of sheep, far less than would be expected, are delivered to knackeries for disposal. The steering group recommends that the numbers of fallen sheep entering knackeries be monitored on an ongoing basis with particular reference to TSE testing requirements (Recommendation number 1). Also in order to ensure that all fallen animals are properly disposed of, the steering group recommends that the Single Farm Payment (SPS) be linked to proper disposal of fallen animals and failure by a keeper to show proof of proper carcass disposal, may carry a penalty on their SPS payment (Recommendation number 2). However such penalties should be used selectively .

#### **8.5 Examine the extent to which the Scheme objectives have been achieved and comment on the effectiveness with which they have been achieved**

The Scheme's three objectives as set out in section 8.2 above have been successfully achieved in relation to fallen bovines. Over 24 month fallen bovines are tested for BSE in accordance with the TSE Regulations and over 99% of animals that die on farm are disposed of off-farm, reducing the number of burials to less than 1%. In relation to ovines, as mentioned previously, this review has identified a shortfall in the numbers of sheep disposed of through the Scheme. A number of recommendations (Recommendations numbers 1 and 2) as mentioned previously, have been made to monitor this.

Two areas where the Scheme could be made more cost-effective were highlighted by this review:

- (1) where collectors receive full payment even when fallen bovines are delivered to Category 2 intermediate plants by farmers as opposed to being collected by the intermediate plant and

(2) where there is a possible overlap in payment for fallen calves under the Suckler Herd Welfare Scheme and the Fallen Animals Scheme.

In the case of point 1, the steering committee recommends that a reduced fee is paid to collectors where bovines have been delivered to their premises (Recommendation number 8). In relation to point 2 the committee recommends that the question of whether calves which die at birth and receive payment under the Suckler Herd Welfare and Quality Scheme should be paid for under the Fallen Animals Scheme should be examined (Recommendation number 9).

A survey of key stakeholders involved with this Scheme revealed a general satisfaction with the overall effectiveness of the Scheme.

#### **8.6 Identify the level and trend of costs and staffing resources associated with the Fallen Animals Scheme and comment on the efficiency with which it has achieved its objectives**

The staff costs associated with this Scheme represent approximately 2.43% of the expenditure on the Scheme in 2007. The steering committee is satisfied that this is an efficient outturn, representing good value for money and should be used as a benchmark for the Scheme in the future. It recommends that administration costs should be monitored on an on-going basis to ensure that the Fallen Animals Scheme is managed on a cost-effective basis (Recommendation number 5).

The review also examined the quality of service provided by DAFF. A survey of key stakeholders involved with the Scheme revealed overall satisfaction with DAFF staff in their administration of the Scheme. Some dissatisfaction was expressed however in relation to the service provided by an outsourced data services company. Category 2 intermediate plants reported difficulties in communicating with this company. A recommendation has been made to examine ways of improving the communication between this company and Category 2 intermediate plants (Recommendation number 6).



**8.7 Evaluate the degree to which the objectives of the Scheme warrant the allocation of public funding on a current and ongoing basis and examine the scope for alternative policy or organisational approaches to achieving these objectives on a more efficient and/or effective basis (e.g. through international comparison)**

All Member States are obliged to ensure that they have adequate arrangements and infrastructure in place to ensure compliance with the Animal By-Products Regulations, which prohibit burial of fallen stock except in remote areas and lay down how it is to be handled and disposed of. Chapter 5 of this review examines how other Member States handle the disposal of fallen animals. A questionnaire to all EU Member States yielded replies from 12 States. It is apparent from these replies that all 12 Member States acknowledge the serious challenge posed by fallen stock and have all used state intervention in order to establish effective systems of collection and disposal, as well as making sure that the full testing requirements associated with the TSE Regulations are met. The majority of States still provide significant subvention to fallen animals. The UK is due to cease all funding for the collection and disposal of fallen stock in 2009, but it will continue to meet the cost of all TSE testing required by essential regulation. Spain which did not take part in the survey, uses a system of voluntary insurance which is currently subsidised by the Spanish Government.

The second part of chapter 7 explores whether there is scope for a reduction in public funding for this Scheme, given developments which have taken place within this sector and which impact on it. Such developments include improvements in the collection and rendering sectors; advances in animal traceability; a reduction in the occurrence of BSE; an imminent increase in the minimum age for compulsory BSE testing for bovines (to 48 months from January 2009); alternative outlets for MBM and the commencement of the EU Single Payment Scheme (SPS) which should allow for farmers to be penalised if they do not comply with the Animal By-Products Regulations. A reduction in the public funding for the Scheme would also be in line with the 'polluter pays' principle, which seeks to pass the responsibility for dealing with waste to those responsible for it.

The committee recommends the exploration of avenues for reducing the State's contribution to the costs of the Scheme. It presents six possible options which could be considered (Recommendation number 10). One of these options is similar to the UK

model, i.e. involving the establishment of a private company and another option is the establishment of a National Insurance Scheme, such as that in Spain. The other four options include: reducing the programme to that required by essential regulation; restricting the Scheme to ruminants only; increasing the keeper's contribution and reducing fees to knackeries and renderers; applying a fallen animals joining fee (levy) to all herdowners. The committee stresses that any revision of the Scheme should ensure that sufficient funds are available for fallen animals requiring BSE/TSE testing so that compliance levels of the current order are achieved and that there are sufficient incentives for the collection and disposal of other categories of fallen animals which maximise compliance.

### **8.8 Specify potential future performance indicators that might be used to better monitor the performance of the Fallen Animals Scheme**

The steering committee recommends the use of additional performance indicators to enhance the evaluation of the performance of the Scheme. These are set out in chapter 6. It also recommends that all indicators be reviewed regularly in order to assess whether they need to be improved, added to or removed, taking account of practical experience, any changes to the Scheme and any external changes which may impact on the Scheme (Recommendation number 7).

### **8.9 Key recommendations of the Review**

The key recommendations of the review are summarised in the following table 8.1.

**Table 8.1 List of recommendations of this review.**

|  |
|--|
| <p><b><u>Recommendation number 1:</u></b> It is recommended that the numbers of fallen sheep entering Category 2 plants be monitored on an ongoing basis with particular reference to TSE testing requirements.</p>  |
| <p><b><u>Recommendation number 2:</u></b> the Single Farm Payment (SPS) be linked to proper disposal of fallen animals and that failure by a keeper to show proof of proper carcase disposal, may carry a penalty on their Single Farm Payment.</p>  |
| <p><b><u>Recommendation number 3:</u></b> the three extant objectives of the Fallen Animals Scheme be amended to:</p> <ul style="list-style-type: none"> <li>• To facilitate the TSE testing of fallen bovines and ovines;</li> <li>• To ensure all fallen bovines are collected for proper disposal;</li> <li>• To minimise the illegal disposal of fallen stock.</li> </ul>  |
| <p><b><u>Recommendation number 4:</u></b> the following additional objectives be recognised:</p> <ol style="list-style-type: none"> <li>(1) To contribute to improved animal welfare and traceability and</li> <li>(2) To contribute to improved environmental and water quality</li> </ol>  |
| <p><b><u>Recommendation number 5:</u></b> that administration costs should be monitored on an on-going basis to ensure that the Fallen Animals Scheme is managed in a cost-effective manner.</p>   |
| <p><b><u>Recommendation number 6:</u></b> that ways of improving the communication between the data services company and Category 2 intermediate plants be examined.</p>   |
| <p><b><u>Recommendation number 7:</u></b> that performance indicators listed in section 6.4 of chapter 6 be introduced and that all indicators be reviewed annually in order to assess whether they need to be improved, added to or removed, taking into account practical experience, any Scheme changes and/or external changes which may impact on the Scheme.</p>   |
| <p><b><u>Recommendation number 8:</u></b> that a reduced fee is paid to Category 2 intermediate plants where bovines have been delivered to their premises and not collected by them.</p>  |
| <p><b><u>Recommendation number 9:</u></b> that the question of whether calves which die at birth and receive payment under the Suckler Herd Welfare and Quality Scheme should be paid for under the Fallen Animals Scheme should be examined.</p>  |
| <p><b><u>Recommendation number 10:</u></b> that ways of reducing the State’s contribution to the Fallen Animals Scheme which give more financial responsibility to the private sector, be examined. In this regard, one of the possible options presented in this review or a combination or variation of these options could be considered.</p> <p>Any revision of the Scheme should ensure that:</p> <ol style="list-style-type: none"> <li>(1) sufficient funds are available for fallen animals requiring BSE/TSE testing so that compliance levels of the current order are achieved and</li> <li>(2) there are sufficient incentives for the collection and disposal of other categories of fallen animals which maximize compliance, while recognising that less funding is likely to lead to some fall-off in compliance which may need to be addressed by introducing penalties for non-compliance</li> </ol> |

## **8.10 Conclusion**

The overall conclusion of this review is that the Fallen Animals Scheme has provided value for money in the delivery of its objectives and made a significant contribution to the collection and disposal of fallen bovines and the TSE testing requirements pertaining to over 24 month fallen bovines in accordance with the Animal By-Products Regulations. It has not been as successful in relation to sheep however, and a number of recommendations are made in this review to monitor this shortfall.

The Scheme commenced at a time when the support services for animal collection and disposal were extremely poor and underdeveloped and in some areas of the country very sparse to non-existent. In the eight years since the commencement of the Scheme a very good support service has developed. Concomitantly there has been a marked reduction in BSE cases, an impending increase in the age for compulsory BSE testing for fallen animals, alternative outlets for MBM have arisen and there is a potential avenue for penalising keepers who do not adhere to the Animal By-Products Regulations. In view of these developments and in light of the 'polluter pays' principle there is scope for a possible reduction in the State's share of the costs of the running of this Scheme. Certainly this review recommends that this be examined.

## APPENDICES

### Appendix 1.1 Terms of reference of this review

The Terms of reference of this review are to:

- 1 Identify the objectives of the Fallen Animal Scheme {at both National and EU level).
2. Examine the current validity of these objectives and their compatibility with both the overall strategy of the Department of Agriculture, Fisheries and Food.
3. Define the outputs associated with the Fallen Animals Scheme and identify the level and trend of those outputs.
4. Examine the extent to which the Scheme objectives have been achieved and comment on the *effectiveness* with which they have been achieved
5. Identify the level and trend of costs and staffing resources associated with the Fallen Animals Scheme and comment on the *efficiency* with which it has achieved its objectives.
6. Evaluate the degree to which the objectives of the Scheme warrant the allocation of public funding on a current and ongoing basis and examine the scope for alternative policy or organisational approaches to achieving these objectives on a more efficient and/or effective basis (e.g. through international comparison).
7. Specify potential future performance indicators that might be used to better monitor the performance of the Fallen Animals Scheme.

## **Appendix 1.2            Key findings of the Independent Evaluator**

- The Steering Group is comprised appropriately of representatives from the Department of Agriculture, Fisheries and Food and from the Department of Finance.
- The planning, approach and management of the review is methodical, it follows the guidance issued by the Department of Finance, and it has resulted in a thorough, well-structured and easy-to-read report.
- The reviewers have made appropriate use of primary data from the parent Department, and have utilised a variety of secondary data sources, including stakeholder input and international comparison.
- The Terms of Reference are appropriate for this type of review and the report follows them in a systematic, comprehensive fashion.
- The review identifies a significant saving which, in the Independent Evaluator's view, needs to be achieved fully and quickly in light of the continuing and dangerous deterioration in the public finances.
- The evidence supports the findings and recommendations.
- The review highlights two key issues for further investigation: the question of whether to continue the apparent double payment for calves that die at birth; and the matter of how to increase the throughput of sheep for rendering so as to minimise illegal burial or inappropriate disposal.
- The Performance Indicators dovetail neatly with the recommendations but a small number of additional measures may be warranted e.g. to address the apparent bureaucracy and to enhance the standing and performance of the data company.

**Appendix 1.3**

**FALLEN ANIMALS SCHEME QUESTIONNAIRE**

This questionnaire forms part of an internal Department of Agriculture, Fisheries and Food evaluation of the Fallen Animals Scheme, which is examining issues such as efficiency, effectiveness and value for money. It should take no longer than 10 to 15 minutes to complete. Your input would be greatly appreciated.

**1. FALLEN ANIMALS SCHEME OBJECTIVES**

**Objectives**

The principal objectives of the Fallen Animals Scheme are as follows:

- To facilitate the TSE testing of fallen stock;
- To ensure all fallen stock is collected for proper disposal;
- To minimise the unlicensed burial of animals.

**Q1. Do you think these objectives are appropriate ?**

- Yes
- No
- No opinion
- Other

If other please elaborate \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Q2. How would you rate the contribution of the Fallen Animals Scheme to each of these objectives ?**

|   | Very good                | Good                     | Average                  | Poor                     | Very poor                |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| To facilitate TSE testing of fallen stock                   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| To ensure all fallen stock is collected for proper disposal | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| To minimise the unlicensed burial of animals                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**Q3. Do you think these objectives could be achieved in a better way, i.e other than through public funding ?**

- Yes
- No
- No opinion

If Yes, please identify the alternative approach envisaged \_\_\_\_\_

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**Q4. Do you think that the Fallen Animals Scheme contributes to other objectives that are not covered by the three referred to above ?**

- Yes
- No
- No opinion



If Yes, please identify the alternative objectives you consider appropriate

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## 2. EFFICIENCY

The following questions are devised to ascertain the level of satisfaction with the service provided by the Department of Agriculture, Fisheries and Food in the administration of the Fallen Animals Scheme and to identify areas where improvements could be made.

**Question 5 is aimed at collectors and renderers only and question 6 is aimed at keepers.**

### **Q5. FOR COLLECTORS AND RENDERERS ONLY**

**Please rate your satisfaction with the following aspects of the administration of the Fallen Animals Scheme provided by the Department of Agriculture, Fisheries and Food (DAFF) [Please note: the reference to Department here includes the services of SWS for the purposes of this questionnaire].**

|   | Very satisfied           | Satisfied                | Impartial                | Dissatisfied             | Very<br>Dissatisfied     |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Ease of application                                     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Guidance from DAFF                                      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Time taken to process<br>your application<br>to payment | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Level of bureaucracy<br>(form filling)                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

If you feel that any particular aspect of the administration of the Fallen Animals Scheme requires attention, please elaborate:

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**Q6. FOR KEEPERS ONLY**

**Please rate your satisfaction with the following aspects of the administration of the Fallen Animals Scheme provided by the Department of Agriculture, Fisheries and Food (DAFF)** [Please note: the reference to Department here includes the services of SWS for the purposes of this questionnaire].

|  | Very satisfied           | Satisfied                | Impartial                | Dissatisfied             | Very Dissatisfied        |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Guidance from DAFF on how to deal with Fallen animals        | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Guidance from DAFF on regulations relating to fallen animals | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

If you feel that any particular aspect of the administration of the Fallen Animals Scheme requires attention, please elaborate:

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**3. EFFECTIVENESS**

The following questions appraise the effectiveness of the Fallen Animals Scheme in meeting its objectives and contributing to the achievement of quality results.

**Q7. How would you rate the overall effectiveness of the Fallen Animals Scheme in meeting its three objectives ?**

- Very good
- Good
- Average
- Poor
- Very Poor

Any comments \_\_\_\_\_

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**Q8. How would you rate the following:**

|   | Very good                | Good                     | Average                  | Poor                     | Very poor                |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Level of keepers participation in the FAS       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Availability of a Nationwide collection service | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Any comments \_\_\_\_\_

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**4. IMPACT**

This section is designed to establish the wider impact of the Fallen Animals Scheme.

Q9. How would you rate the Fallen Animals Scheme in terms of providing Value for money ?

***FOR THE FARMER***

- Very good
- Good
- Average
- Poor
- Very Poor

***FOR THE TAXPAYER***

- Very good
- Good
- Average
- Poor
- Very Poor

Any comments \_\_\_\_\_  
\_\_\_\_\_

**Appendix 1.4 - State Aid for the handling of Casualty Farm Animals  
Survey of a selection of Member States**

Q1. Is the disposal of casualty/fallen farm animals subsidised by the State ? \_\_\_\_\_

*If yes, please proceed to Q2. If no, please proceed to Q12.*

Q2. Which aspects of the disposal are subsidised

Collection: \_\_\_\_\_

Rendering/processing: \_\_\_\_\_

Incineration/disposal: \_\_\_\_\_

Q3. Which animals are included in the subsidised Scheme ?

Bovines      all ages \_\_\_\_\_      0-3 years only \_\_\_\_\_      3 years + \_\_\_\_\_

Sheep \_\_\_\_\_

Deer/goats \_\_\_\_\_

Horses \_\_\_\_\_

Pigs \_\_\_\_\_

Poultry \_\_\_\_\_

Fish \_\_\_\_\_

Q4. Estimated number of animals/or tonnages handled under the Scheme per annum,  
if available ?

Bovines \_\_\_\_\_

Sheep \_\_\_\_\_

Deer/goats \_\_\_\_\_

Horses \_\_\_\_\_

Pigs \_\_\_\_\_

Poultry \_\_\_\_\_

Fish \_\_\_\_\_

Q5. What % of disposals does licensed burial constitute ? \_\_\_\_\_

Q6. How is the subsidy administered ?

Directly to farmer \_\_\_\_\_

Directly to collector \_\_\_\_\_

Directly to renderer/disposal agent \_\_\_\_\_

Q7. What are the average rates of subsidy paid ?

|            | Collection | Rendering | Disposal |
|------------|------------|-----------|----------|
| Bovines    | _____      | _____     | _____    |
| Sheep      | _____      | _____     | _____    |
| Deer/goats | _____      | _____     | _____    |
| Horses     | _____      | _____     | _____    |
| Pigs       | _____      | _____     | _____    |
| Poultry    | _____      | _____     | _____    |
| Fish       | _____      | _____     | _____    |

Q8. Where a contribution is made to costs by the farmer, how is this conveyed ?

Insurance \_\_\_\_\_

State levy \_\_\_\_\_

Co-operative Scheme \_\_\_\_\_

Direct to collector \_\_\_\_\_

Other \_\_\_\_\_

Q9. Does the State routinely test casualty animals for disease ? \_\_\_\_\_  
e.g. bovines for BSE, Sheep for scrapie etc.

Q10. Is such routine testing undertaken at the knackery/intermediate  
Plant ? \_\_\_\_\_

Q11. Please describe briefly how the disposal of casualty farm animals is  
Regulated and controlled:

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**Where there is no existing State Aid to the handling of Casualty  
Animals**

Q12. Is there a proposal to introduce a subsidy Scheme ? \_\_\_\_\_  
Has there previously been a subsidy Scheme ? \_\_\_\_\_  
If so, why has it been withdrawn ? \_\_\_\_\_

Q13. Please describe briefly how the disposal of casualty farm animals are regulated and  
controlled.

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Q14. What % of disposals do licensed burials constitute ? \_\_\_\_\_

Q15. Does the State routinely test casualty animals for disease ? \_\_\_\_\_  
e.g. bovines for BSE, sheep for scrapie etc.

Thank you for your co-operation in completing the survey

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