



Better Training for Safer Food *Initiative*

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BTSEF

Better Training for Safer Food is an initiative of the European Commission aimed at organising an EU training strategy in the areas of food law, feed law, animal health and animal welfare rules, as well as plant health rules.



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Costs and Financing of Animal Identification, Registration and Traceability Systems

Module 6.2

Calculation of costs and financing of
Animal IRT systems



Calculation of costs and/or benefits for Animal IRT

- ✓ True **'cost-benefit' – analysis** would be the ideal approach to assess whether an Animal IRT system, or the expanded functionality of a system, would be useful to be implemented
- Benefits might be
 - improved animal health and food safety due to the absence of an animal disease
 - more efficient disease eradication
 - better market access for animal products
 -

Calculation of costs and/or benefits

- However, benefits are very often intangible and not quantifiable in monetary terms
 - for ex. the frequency of occurrence of a disease outbreak can not be determined or
 - the detailed costs of a disease outbreak for all stakeholders can not be calculated
- So **cost calculations** and **comparison of the costs** of selected Animal IRT system options are a practical approach to analyse the economic side of an Animal IRT system

Cost calculations – What can be analysed ?

1. Calculation of costs to establish and operate an Animal IRT system
 - Need to consider
 - Investments costs (longer term - 3-5 years)
 - Operating costs (recurring day-to-day)
 - Also may include
 - Indirect costs such as those associated with
 - Labor
 - Communication and transport
 - Monitoring compliance
 - Penalties and sanctions

Investment Costs

- ✓ Central and Regional hardware
- ✓ Regional hardware
- ✓ Technical devices for data capture
- ✓ Software – the application and database
- ✓ Vehicles and other equipment for the Animal IRT administration

Operating Costs

- ✓ Manufacture of identification Devices (e.g. ear tags)
- ✓ Logistics for distribution
- ✓ Replacement of identification devices
- ✓ Paper forms and pre-printed documents
- ✓ Labor cost for identification, (marking) and registration (data capture and data entry incl. working time and transport)
- ✓ Unit cost for the C.A. (staff members, office and administrative costs, hosting of servers, internet access, telephones, storage for identification devices, printed documents)
- ✓ Maintenance of software and hardware
- ✓ Organisations ('agents') involved between keeper and central database
- ✓ Veterinary inspection (salary, overhead, transport...)

Cost calculations – What can be analysed 2?

2. Cost comparisons of different options for technical devices and operational procedures, for example:

- Comparison of different identification devices (electronic ear tag, bolus, conventional ear tags)
- Comparison of different technical devices for data capture (paper forms, handhelds, mobiles, tablets)
- Comparison of different operational procedures - how are they performed? who is involved?, for:
 - registering the holding
 - reporting births and movements
 - identifying the animal
 - replacement strategies
 - ...

Example: Overview of the costing parameters related to bovine identifiers

Conventional ear tag		
Price		0,80 €/Unit
Mark-up for material cost in case of retagging		40%
Price for Re-ID		1,12 €/Unit
Expected loss rate (physical)		5 %
E-ear tag		
Price		1,40 €/Unit
Mark-up for material cost in case of retagging		40%
Price for Re-ID		2,80 €/Unit
Expected loss rate (physical and fonctionnal)		4 %
Bolus		
Price per unit		1,75 €/Unit
Price for Re-ID		5,00 €/Unit
Expected loss rate (physical and fonctionnal)		0,30 %

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Study on the introduction of electronic identification (EID) as official method to identify bovine animals within the European Union, 2009

http://www.bezpecnostpotravin.cz/UserFiles/File/Kvasnickova/EID_Bovine_Final_Report_en.pdf , page 72

Financing of Animal IRT systems

- ✓ Sources for financing the costs of Animal IRT systems
 - Public budget
 - Fees and contributions of private stakeholders (users of the system)
- ✓ Usually a 'mixed economy model', with finance for the various investment and operating costs provided by a combination of public budget and private stakeholders

Applying fees to stakeholders

Simpler to consider for stakeholders directly involved:

- Farmers who identify animals and report births and moves
- Markets and slaughterhouses who report moves

More difficult to consider for those indirectly involved

- E.g. those who want to have access to data, but do not contribute data to the system



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Example:

**Fees for bovine
identification devices,
regional offices in
Germany**



Example: Lower Saxony (Niedersachsen)

- ✓ Cost of eartags, eartag distribution and the registration of the relevant animal is borne by the Animal Disease Fund in Lower Saxony (Tierseuchenkasse) which keepers subscribe to https://www.ndstsk.de/index.php?bereich=3&topic_id=24
- ✓ Further costs apply for other interactions with the database (movement reporting, slaughter notification etc.), but e-reporting is encouraged

Activity	Fee per unit in €	
Movement reporting (member of the animal disease fund)	HIT-direct	Post card
	0.00	0,52
Movement reporting (non-members of the disease fund)	HIT-direct	Post card
	0.10	0.52
Slaughter notification by abattoir	0.11	0.68

Example: Baden-Württemberg http://www.lkvbw.de/gebuehren_kenn.html

- ✓ Keepers pay per eartag and in the eartag price is included:
 - ✓ Birth notification & animal registration
 - ✓ Error correction
 - ✓ Movement forms

Activity	Fee per unit in €
Ordinary eartag (package of 10)	5.51
Tissue sampling eartag (package of 10)	5.94
Movement reporting done to HIT-direct	0.00
Movement reporting done via fax or post (via LKV) (non-profit mandated organisation)	0.41
Error correction: reporting done by keeper directly to HIT, but error corrected by LKV	1.28

Example: Schleswig-Holstein <http://www.lkv-sh.de/vvvo/gebuehren>

- ✓ Keepers pay per eartag but also per request. Price includes:
 - ✓ Birth notification & animal registration
 - ✓ Basic Data Sheet (` Stammdatenblatt`)
 - ✓ Error correction
 - ✓ Movement forms

Activity	Fee per request in €	Fee per unit in €
Conventional eartag	9.43	1.16
Tissue sampling eartag	9.43	2.05
Movement registration directly through HIT		0.12
Movement registration by fax or post		0.50
Movement registration by slaughterhouse (incl. Slaughter)		0.96

Example: Bavaria

- ✓ Keepers pay per double-eartag. Price includes:
 - ✓ Birth notification & animal registration
 - ✓ Basic Data Sheet (` Stammdatenblatt`)

Activity		Fee per unit in €
Conventional eartag	Milk recording farms	2.08
Tissue sampling eartag	Milk recording farms	3.12
Conventional eartag (units of ten)	Other farms	3.23
Tissue sampling eartag (units of ten)	Other farms	4.27
Movement recording	to HIT-direct	0.00



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**Thank you
for your attention!**





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