

National Assembly for Wales
Rural Development Sub-Committee

Inquiry into the Electronic Identification of
Sheep (EID)

July 2009



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Background

1. During the Foot and Mouth Disease outbreak in 2001 it became clear that the EU system of identification and tracing of animals needed to be improved. Traceability of animals was considered by the EU to be essential with regards to disease control.
2. On 9 July 2005, Council Regulation (EC) 21/2004¹ came into force, which introduced a new system of identifying sheep and goats. This regulation provided for the introduction of a system of electronic tagging for sheep and provides for this system to come into force on 31 December 2009. The regulation applies to Member States with a national sheep flock of over 600,000 and goat herd of over 160,000; those countries to whom these numbers do not apply can choose whether or not to apply the Electronic Identification System (EID). A list of Member States to whom the regulation applies is contained at Annex A.
3. In January 2009, as a result of concerns raised by farmers and the farming unions, the Members of the Rural Development Sub-Committee agreed to undertake a short inquiry into the electronic identification of sheep (EID).

What is EID and what does it mean?

4. A sheep EID system uses an electronic ear tag or device, marking each animal with its own, individual identifying number.
5. EID is an identification method for livestock based on a radio frequency microchip which can be read by handheld or fixed reading equipment. The reading equipment reads the unique individual animal identification code transmitted by the EID eartag or bolus.
6. Animals born after 31 December 2009 will need to be identified with two identifiers – a conventional eartag and an electronic identifier – either eartag or bolus. Both the conventional and electronic identifier will contain the same unique animal identification code.

1 DG Health and Consumers, [Council Regulation \(EC\) 21/2004](#) web page [on 10 February 2009]

Welsh Assembly Government position

7. The Minister for Rural Affairs has indicated on a number of occasions that whilst she intends to continue to lobby the Commission and look for ways to change the EID requirements, there is a need to work with the programme:

I have, over many months, emphasised that I will act in two ways on this issue. I will continue to lobby and to look for opportunities to change the requirement to introduce electronic tagging, but I must also be realistic, so I must continue with the programme of work to introduce the regulations².

8. Consultation on the contents of the regulations was issued in May 2009.

9. The Welsh Assembly Government, in conjunction with Hybu Cig Cymru has also initiated a project “Demonstration of Electronic Identification (EID) to Support Management and Legislative Requirements on Welsh Sheep Farms”, to consider the benefits and possible problems associated with farmer use of EID technology. A summary of the interim report on this project is attached at Annex B.

Derogation

10. The regulation allows for a derogation from the requirement that animals born after 31 December 2009 and intended for slaughter within 12 months of birth be electronically identified (Article 4(3)). There is scope for these animals to be identified with a single eartag containing only the keeper’s flock mark. The Minister for Rural Affairs has indicated that there will be discussion with the industry on whether this is the appropriate way forward for Wales.

We will not have to make it mandatory for farmers to be able to read the electronic tags and to keep an electronic record [...] I am also considering how to introduce the derogation on sending animals for slaughter [...] DEFRA has today made an announcement on this issue, and further discussion will be required with the industry before a final decision is made in Wales, as it is, as Kirsty said, a complex issue³.

11. Defra announced on 28 January 2009 that this derogation will apply in England⁴.

12. The European Commission and other Member States have agreed to a Defra request, on behalf of the UK, for a phased introduction of the individual recording requirements of the new Regulation.

2 RoP p93-118, 28 January 2009, Welsh Conservatives Debate: Agriculture

3 RoP p93-118, 28 January 2009, Welsh Conservatives Debate: Agriculture

4 DEFRA press release, [Newly Negotiated Sheep EID Rule Come into Force](#), 28 January 2009, web page [on 10 February 2009]

13. This will mean that:

- Only sheep born on or after 31 December 2009 will have to be individually recorded in a flock register and on a movement document from 1 January 2011.
- The requirement for individual recording of older sheep on movement documents (those born before 31 December 2009) will be delayed until 31 December 2011.
- Lambs and sheep born before 31 December 2009 that move to slaughter (directly from farm to abattoir or to an abattoir via a market or collection centre) will not have to be recorded individually on a movement document.

14. At a meeting in Lampeter on 26 March, the Committee took oral evidence from seven organisations and individuals:

- Dunbia (Wales) Ltd
- NFU Cymru
- Farmers Union Wales (FUW)
- Livestock Auctioneers Association (LAA)
- National Sheep Association (NSA)
- Huw Davies (farmer)
- Arwyn Davies (farmer)

15. The Committee wishes to thank everyone who provided written and oral evidence for this inquiry. We would also like to thank Wyn Williams at Dunbia and Huw Davies of Llandre farm for demonstrating to Members the use they are already making of EID.

Summary of the Main Issues

Disease Control

16. It was generally felt that EID would have little impact on disease control and management. In their written evidence to the Committee, NFU Cymru stated:

In terms of disease transmission and traceability the risks are not associated with the movement of individual animals but through batch contact. It is not necessary to know the individual identity of every animal but what batches have been in contact with each other. Independent cost benefit analysis studies in the UK have shown that batch traceability and movement standstills deliver the most cost effective form of disease control for the UK flock. A report for DEFRA in 2006 on the impact of Sheep EID on Disease Control⁵ clearly showed that the majority of the disease control cost benefits are achieved through the 6 day standstill and batch tag recording systems.

17. Similarly, Huw Davies said he believed that existing batch recording systems provided adequate information on traceability when disease occurred. A view supported by both the FUW

The FUW maintains that the current system of recording and reporting sheep movements represents a more than adequate method of sheep traceability for the purposes of disease control. Moreover, the experiences of the industry and government during the 2007 Foot and Mouth disease outbreak clearly demonstrated the effectiveness of existing controls in terms of limiting the spread of a virulent animal disease, and problems encountered by the authorities were not related to the absence of a system of recording individual sheep movements.

and the NSA in their oral evidence to Committee:

This is all so time-consuming and unnecessary when traceability is already adequate, as shown when foot and mouth disease broke out in 2007 in Pirbright.

The Potential Farm Management and Commercial Benefits of EID

18. Witnesses felt that EID provided a useful farm management tool and believed that its introduction should be on a voluntary basis. This would enable people who wanted to make use of the commercial benefits it could provide to do so, but it would not be compulsory for the vast majority of sheep farmers.

19. Huw Davies referred to the information that can be gathered from his lambs and ewes, quickly and efficiently while using EID and that those farmers who have used it would now find it difficult to work without it.

20. Huw Davies also talked about the use he had been making of EID to add value to his product:

We embraced it three or four years ago, as I said, to add value to our product, and to make our farms more efficient. We are closely connected to the marketplace, so we are aware that the consumer can absorb only so much extra cost added to the lamb on the shelf, and we need to look for efficiencies back through the food chain. EID has enabled us to do that to a degree.

21. Arwyn Davies highlighted the financial benefits he had seen as a result of using EID to monitor lamb performance:

I used to send them to Dunbia primarily because of weight; if they reached the optimum weight and seemed alright in terms of their condition, I would send them. However, I now relate more to live-weight gain than to actual weight. I depend on that more and that is putting money in my pocket, because I can put the right lamb in rather than just a heavy lamb that might not be right.

Preparation and Planning

22. The Committee heard from all witnesses that there was much confusion amongst the farming community about whether or not compulsory electronic tagging of sheep would come into force on 31 December 2009.

23. In his evidence, Huw Davies stated:

As I mentioned before, first you need to clarify whether EID is going to be introduced. You also need to clarify what will be slaughtered if there is a slaughter derogation and what that will involve. You need to give clarification on that as soon as possible.

24. He believed that farmers saw EID as a much more difficult issue than it actually was.

'Horrendous' is a strong word but you will find that a lot of farmers are very confused out there. A lot of scaremongering – and that is another strong word, is it not? – is also going on in the press.

.... I am involved in EID, and if some of the scenarios that they perceive to be true were true, I would leave farming tomorrow, but those scenarios are not the reality.

25. The NFU advised the Committee that they had recently surveyed their members to gather opinions on EID and were told that of the 200 or so responses 84 per cent would reduce their flock and of those 32 per cent would get rid of their flock altogether.

26. The Committee was surprised at this apparent widespread confusion. Articles on the compulsory introduction of EID had been appearing in Gwlad, the Welsh Assembly Government's free magazine containing news and information about Rural Affairs in Wales, since September 2008⁶, and the latest edition, March 2009⁷, had featured an article on the visit by EU Commissioners, who had made it clear throughout their visit that EID must be introduced from 31 December 2009 in the UK and that the purpose of the visit was to help Governments and farmers to use the time available to properly prepare for its implementation.

27. The Committee also believed that the Minister had conveyed a clear message that she had no option but to introduce compulsory EID. In fact, in response to a question in the Assembly Chamber the previous day on compulsory EID, she had said:

There was an opportunity in the meeting of the Council of Ministers on Monday for a vote on compulsory introduction of the electronic identification of sheep next year. The UK Government's position on this is the same as mine in that we do not support a compulsory introduction. The UK voted that way. However, unfortunately, a great number of member states were not of that view. Indeed, the commission is clear that it wants all member states to introduce compulsory EID next January. That means that this Government will have to comply with that directive and we will have to put in place the necessary requirements to make that happen in Wales. I will consult, later in the spring, on the derogations and the options on derogations available to us. I am also keen to hear the views of farmers, auctioneers, markets and slaughterhouses on their support for various options because I do not think, at this stage, that all will support the same options. There might well be varying views on this on which we will need to reach a conclusion soon so that all farmers, auctioneers and others know what will happen in January 2010. However, at this point in time, it looks more likely than it did a week ago that compulsory EID of sheep will happen in Wales next year⁸.

⁶ [Gwlad](#), Issue 77, September 2008

⁷ [Gwlad](#), Issue 82, March 2009

⁸ ROP p10-11, 25 March 2009, Questions to the Minister for Rural Affairs

Education and Training

28. According to Wyn Williams, some people were sensitive about not understanding EID and felt inadequate because they did not know how to use it. He stressed that this should not be the case as the technology was new and training facilities and Menter a Busnes were there to help, but there needed to be greater promotion of the support and training available.

29. The Committee recognised that the use of new technology could be daunting for many people but believed that with the right levels of support and training farmers might be more persuaded of the benefits of EID as a farm management tool by adding value to their product and improving business efficiency.

30. The Committee had already heard from Huw Davies and Arwyn Davies how they had benefited both financially and in terms of improved efficiency from using EID and felt that their experiences could be useful in demonstrating to farmers that there were commercial benefits that could be derived from using EID.

Cost Implications

31. The Committee received conflicting evidence with regard to the cost implications of implementing EID.

32. In their written submission, the NFU Cymru said:

Compulsory EID and individual recording will incur a massive cost on the industry in Wales. The Welsh EID evaluation project put the cost in 2005 of implementing EID on a typical 500 ewe Welsh flock at £9.31 ewe in the 1st year and £1.38 annually thereafter. The 2006 UK EID evidence report submitted to the commission reported typical annual farm costs at £2,283 and £1,621 respectively for upland and lowland farms based on 2006 prices.

33. The FUW estimated the costs at £12,000 per farm to install a computer, handheld scanner and to tag all the sheep.

34. In contrast, Huw Davies put his expenditure at an initial £450 for the handheld reader and approximately £500 per year for tags. He operated the software on the family laptop so had not incurred any additional costs to install a computer system.

35. In terms of costs to the meat processing sector, Wyn Williams believed this could be anything up to £70,000, if time, labour and installing the equipment were included.

It sounds a lot, but when you think about the fact that you will be processing 1 million lambs a year and the fact that this is introduced as legislation, it comes at a small cost when you roll it over 1 million lambs.

Quality and Availability of Equipment

Tags

36. The Committee heard that the quality of tags was variable as there were currently no agreed standards.

37. According to Wyn Williams:

Even though some of the tags would probably be compatible with the legislation, we have had difficulties with the response read rates. So, in the long term, we have to ensure that the industry standards are good, but that they are not so low that they become ineffective, and that the equipment can be responsible for reading.

38. Huw Davies talked about the wide range of experiences of tag retention on the Dolacauthi estate:

As I explained, we have very good tag retention on our farm. I think that we have 160 lambs on tag, for example, and we double tag, which means 320 tags, but we lost only three in six months.

39. The Committee also understands that other farmers have reported losses of up to 30 per cent.

40. Concerns were raised with the Committee about the lack of an agreed standard for tags. According to Huw Davies:

As regards reading the tags, yes, there are huge differences. I think that that has caused a lot of the problems in the abattoirs, because there are no set standards for these tags. There has been a lottery, but once we get standardisation of the tags, I think that we will overcome a lot of the problems.

41. The Committee believes that this is a fundamental issue in terms of the effectiveness of any EID system.

42. Committee Members were also told that tag sourcing for EID had been a huge problem because tag manufacturers were not prepared to fully invest in the process until they were sure EID was being introduced at the end of the year.

43. According to Huw Davies:

The biggest problem we have had this year is that Arwyn found a study on the qualities of different tags and different readers, so we have been a lot fussier regarding the tags that we have bought and that has caused problems because we have had to wait. We have ordered them from Germany, where we found the best readers.

Readers

44. One of the main difficulties experienced during the reader trial at Dunbia had been the placement of the reader but there were also issues with the sensitivity of the equipment and with noise calibration.

45. The LAA raised concerns regarding the production of reading equipment, as they believed there were not enough people to produce the equipment and it could take up to five years to produce enough for all farmers to have machines, whether hand held or race readers.

46. Whilst the NSA were concerned about the reliability of the equipment and the need to recognise all the different scenarios in sheep farming.

The ICT does not pick up everything, especially if you think about going up the mountains, where the weather is wet and windy, to try to read those numbers. Readers do not like cold, hot or wet weather

47. The Committee believes that the technology has to be robust enough to be used in all weather conditions.

Consistency of Implementation

48. The Committee heard of the importance of working closely with England and Scotland to ensure that the legislation was compatible for all three countries.

49. In his evidence to the Committee, Wyn Williams said:

The processing industry in Wales slaughters lambs from England and Scotland, and the industry does not want there to be three different requirements for recording things and three different industry standards.

50. This view was supported by the LAA, who stated that:

Some of our markets will also have a serious problem if two or three different schemes are put in place by the different devolved Governments.

51. The view of the Committee is that there has to be consistency of implementation across the different administrations in the UK.

Impact on the Industry

52. In a recent NFU Cymru survey, of some 200 responses, 84% of respondents said they would consider reducing their flock if EID was introduced as planned. If this were followed through, it would result in a reduction of up to 47% of the Welsh sheep flock, equivalent to nearly 2 million breeding ewes.

53. A consequence of such a decline in the sheep industry would, according to the NSA, result in the loss of small markets, which are the backbone of the Welsh sheep industry.

Once those markets have gone, they will not come back. That means that our animals will have to travel further to be sold or slaughtered or whatever. We will lose markets, and some of the slaughterhouses, and part of the culture of Wales, which is disappearing quickly enough as it is.

54. According to the FUW, the introduction of EID would have a negative impact on the competitiveness of UK exports of lamb, as UK sheep keepers would have higher production costs and would be at an economic disadvantage when competing with third countries and Member States that do not have to EID their sheep.

55. The Committee notes the concerns raised and the potential implications on the industry and food production.

Cross Compliance

56. In their written evidence, NFU Cymru highlighted the differences between sheep farming in the UK compared to the rest of Europe and the impact of this on the ability of farmers to meet the minimum standard necessary to receive their direct subsidy (cross compliance):

The stratification of the UK Sheep flock is unique within Europe, the extensive nature of our production systems and the concentration on maximising production from grass mean that there are more movements between holdings and even between holdings in the same ownership (hill and in by land) than in other member states and regions of Europe. Sheep flocks in the rest of the EU tend to be smaller and there is very little movement between holdings, sheep tend to go direct from the holding of birth to slaughter.

This means the individual recording requirements and thus the potential for transcription errors and as a result regulatory penalties e.g. Cross Compliance is far higher in Wales and the UK than anywhere else in Europe.

57. The FUW also raised concerns about cross compliance and the potential impact of farmers not receiving their single farm payments if they are unable to implement EID effectively.

58. The Committee also has deep concerns regarding figures provided in our evidence on the accuracy of equipment and how to deal with stock for sale or slaughter which as a result were not electronically identified.

Conclusions and Recommendations

Conclusions

59. Since the meeting of the Council of Ministers on 23 March, it has become apparent that there is little support from other member states for EID to be introduced on a voluntary basis, which would have been the preferred option of the Committee, the Minister and the UK Government. The Commission has made it clear that it wants all member states to introduce compulsory EID next January and failure to comply could lead to infraction procedures which in turn could lead to significant fines, a reduction in European funding or trade restrictions.

60. The Committee therefore takes the view that the industry should seek to capitalise on opportunities for Welsh farming that could flow from the new regulations. Opportunities could include improved business efficiency, greater consumer confidence as a result of improved traceability which could lead to increased demand and higher premiums for Welsh products.

61. The industry and Government must therefore now work together to ensure there is sufficient flexibility within the regulations to optimise the benefits and minimise the impact on Welsh farmers.

62. The Committee acknowledges the concerns of the industry regarding the compulsory introduction of EID. However, having heard the evidence of those already using it, we believe that the impact may not be as great as being predicted if the necessary education, training and support mechanisms are put in place.

Recommendations

1. The Committee is concerned at the apparent widespread confusion regarding the introduction of EID and believes that the Welsh Assembly Government should begin an immediate information awareness campaign to clarify the position regarding the compulsory introduction of EID and set out exactly what will be required under the regulations.

2. The Committee supports the view that a consistent approach is needed across the UK and urges the Minister for Rural Affairs to work with her counterparts in England and Scotland to ensure this is achieved.

3. The Committee recommends that full implementation of EID does not occur until such time as the equipment is as close to 100% accurate as technically possible and has the confidence of the industry.*

* Brynle Williams requests that the Sub-Committee notes his opposition to the introduction of electronic identification for sheep by January 1st 2010. As noted in the EID Project Interim Report, current equipment falls significantly short of 100% accuracy, and as such Mr Williams cannot support the Welsh Assembly Government introducing a system proven to be inaccurate, and which will serve no purpose for disease control.

4. The Committee also recommends a single standard is adopted for equipment to implement any EID system.
5. The Committee recommends that the Welsh Assembly Government, in conjunction with Menter a Busnes and Farming Connect, develops an education and support programme to provide farmers with access to high quality, consistent information and support..
6. The Committee believes that the Welsh Assembly Government should issue guidance to farmers on the minimum levels of technology needed to comply with the regulations to ensure they are not incurring unnecessary expenditure.
7. The Committee recommends that the Welsh Assembly Government moves forward with the introduction of livestock management units (LMUs) as a matter of urgency to reduce the burden of individual recordings on the industry.
8. The Committee recognises the concerns of farmers regarding complying with the regulation and receiving their payment under the Single Payment Scheme, and urges the Minister to continue to seek to influence the detail of the final regulation and take these issues on board during the consultation.
9. The Committee recommends that the Minister seeks to influence DEFRA to establish a national database that records individual animal data, thereby removing the requirement for records to be held on farms.
10. The Committee recommends that the Welsh Assembly Government consider the introduction of critical read points. This would enable batch recording of sheep at a critical read point and contact they have had with other batches and remove the need for individual movement recording.

Countries affected by EID regulation on Sheep and Goat

Countries with sheep population above 600,000 threshold

- Bulgaria
- France
- Germany
- Greece
- Hungary
- Ireland
- Italy
- Portugal
- Romania
- Spain
- UK

Countries with goat population above 160,000 threshold

- Bulgaria
- Cyprus
- France
- Greece
- Italy
- Netherlands
- Portugal
- Romania
- Spain

Source: Eurostat

Demonstration of Electronic Identification (EID) to support Management and Legislative Requirements on Welsh Sheep Farms. Interim Report Summary

The co-funded Welsh Assembly Government and Hybu Cig Cymru – Meat Promotion Wales (HCC) project considers the benefits and possible problems associated with farmer use of EID technology. The objectives are:

- to establish the costs of EID tags and reading equipment,
- investigate any advantages EID could bring to sheep management on the farm and
- to explore the use of EID beyond the farm gate in supply chain traceability.

This interim report covers the period from June 2007 until January 2009.

Since October 2007 fourteen farms that had been nominated by stakeholder organisations have been involved in the project. The farms were selected to give a wide range of flock size and to cover different sheep farming systems, a wide geographic coverage and to represent a wide range of farmer computer ability. Farms were allocated a budget to buy tags and a level of equipment appropriate to their sheep farming enterprise. All farms have a handheld reader, some also have a race reader and some a higher level specification which has a reader integrated into a weigh crate.

Farmers were asked to order and take receipt of their EID equipment before the end of January 2008. However this happened only on very few farms. While there were a number of reasons for the slow uptake, in the opinion of the Project Manager the delay resulted from a general reluctance to accept new technology. This means that it is not possible to make a complete evaluation of the systems for a full year of sheep management.

To date the project has found problems with the supply of certain equipment and initially there were a few compatibility issues between some tags and hand held readers. Generally, hand held readers have been reliable and easy to use. Race readers have worked well with integrated weigh crates, making lamb weighing and recording much easier. However, using race readers to quickly read a group of sheep has been disappointing; unless sheep are stopped next to the reader then some will not be read. Project farmers are therefore tending to use hand held readers to read groups in a race as this is often quicker than using the static reader.

Retention of tags was an issue on one farm and when investigated a technical problem with the tags was identified, the farmer had also been given the wrong applicator for the tags. Retention of tags was not raised as an issue on the other project farms.

Understanding the computer and the sheep management programs has been time consuming and has caused considerable farmer frustration, especially for those new to computers. The full benefit from this investment, in both money and time, will not necessarily be realised until farmers are familiar with the equipment and its capability. However, it is already apparent on some farms that lambing, medicine and movement recording can be made easier using electronic recording.

After initial problems were resolved some farms still had problems. Some of these would be overcome by more frequent or routine use.

Due to the EID equipment not being in use on many of the project farms during lambing 2008 therefore it has not been possible to observe the management benefits of EID and this will only be possible once a full cycle of management has been recorded. Those farms that did have EID equipment have been successful in recording lambing data and medicines administered.

The project has also funded an EID reader at Randall Parker Foods abattoir, Llanidloes. To date it has not given consistent results. Some batches achieved a 100% read whilst other batches achieved a much lower read rate. This is a technical problem that is still under investigation.

The project has not evaluated any EID equipment in livestock markets. Auctioneers have been interviewed and a questionnaire completed by a sample of market businesses. The early indications from this work show that markets have not yet made preparations to implement the Regulation.

Next steps

This report presents interim findings only and no firm conclusions can be reached until a detailed evaluation of equipment and recording has been undertaken.

The findings are relevant nevertheless as some of the initial problems can be resolved before EID is introduced thereby reducing potential barriers in perception and uptake.