



Northern Ireland
Assembly

**Committee for Agriculture and Rural
Development**

**OFFICIAL REPORT
(Hansard)**

**Bovine TB Review: Northern Ireland Audit
Office**

24 April 2012

NORTHERN IRELAND ASSEMBLY

Committee for Agriculture and Rural Development

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Members present for all or part of the proceedings:

Mr Paul Frew (Chairperson)
Ms Michaela Boyle
Mr Thomas Buchanan
Mr Trevor Clarke
Mrs Jo-Anne Dobson
Mr William Irwin
Mr Kieran McCarthy
Mr Oliver McMullan
Mr Robin Swann

Witnesses:

Mr Joe Campbell	Northern Ireland Audit Office
Mr Robert Hutcheson	Northern Ireland Audit Office

The Chairperson: I welcome Robert Hutcheson, a director in the Northern Ireland Audit Office (NIAO) and Joe Campbell, a general audit manager. You are very welcome to the Committee. I know that you have a briefing for us. After we have heard that, we will open the meeting for questions. Please proceed.

Mr Robert Hutcheson (Northern Ireland Audit Office): Thank you, Chair, and good afternoon. We very much appreciate the opportunity to talk to the Committee about bovine TB. The Audit Office and the Public Accounts Committee (PAC) have invested a considerable amount of time and effort in examining the topic, and we are very pleased that you are taking a close interest in it.

First, I propose to briefly highlight the main themes from the NIAO and PAC reports. Secondly, I will provide, where possible, an update on progress made by the Department of Agriculture and Rural Development (DARD) over the past three years and highlight some of the sticking points. Finally, I will give the Committee an indication of what we see are the key issues going forward.

I should make it clear that we have not done any more fieldwork on bovine TB since 2009, when the NIAO and PAC reports were published. Therefore, not all of our information may be up to date. However, we have been able to pick up some more recent data from the Department, which has been very helpful in that regard, and one or two other sources. I should also make it clear that we do not claim to be experts on bovine TB and are not scientists or vets. We had professional input into the work that we did, but we are very much independent and objective observers, and that position proved

quite useful in giving a different perspective to certain issues. The final thing that I want to make clear, in case the Committee is not aware of it, is that the Audit Office remit is such that we do not input to policy. Policy issues lie outside our remit and are the preserve of Ministers. Our role is to look at the implementation of that policy, which is the role of the Civil Service.

Fundamentally, there were two big messages in the Audit Office and PAC reports: the high incidence of the disease; and the enormous cost. Despite the long-standing nature of the problem and the huge cost, the Department seemed to be no closer to eradication than it was 15 years earlier. The incidence of bovine TB began to rise significantly from the mid-1990s, to a point in 2001-02 when it seemed to be pretty much out of control. You can see that trend in figure 1 on page 2 of the NIAO written submission. You will see that it rose from about a 4% incidence in herds that were tested in 1996 to a peak in 2002, at which point we had the highest levels of bovine TB in Europe. Thereafter, it began to drop and, by 2007, herd incidences had reduced to about 5.5%, although that was still significantly higher than the pre-1997 levels. Interestingly, over the past four years, the levels have remained largely static. However, there was an increase over the past year, with herd incidences of just over 6% recorded in December 2011.

The significant increase in the incidence of bovine TB has had a major impact on public expenditure. Over the 15 years to March 2011, DARD spent £317 million on its bovine TB programme. The main elements of that expenditure were £132 million on compensation paid to farmers for the compulsory slaughter of animals; £86 million paid to private veterinary practitioners for herd testing; and DARD staff costs of £71 million. You can see that trend in figure 2 on page 2 of the written submission. The component that has changed most over the 15 years is the compensation figure. It is lower than it was 10 years ago, but it is still very substantial; in fact, it was about £8.6 million last year. The total annual expenditure remains high. In 2010-11, we were talking about £23 million.

In addition to that, there is the cost to farmers of the time associated with testing. When we did our audit, that was calculated at just under £2 million a year, and it may have risen since then. Despite the huge cost, the evidence clearly shows that we are still many years away from achieving eradication. That is something that the PAC felt very strongly about. It commented that spending hundreds of millions of pounds each year on a programme that was not explicitly aimed at eradicating the disease seemed a very poor use of taxpayers' money.

There were several important themes in the report relating to the more detailed operational level. There were various issues around testing for bovine TB. As you know, the skin test is the primary means of detecting bovine TB in cattle. Unfortunately, however, it is not a wholly reliable test, and it fails to detect as many as one in four infected animals. Therefore, infected animals can remain in a herd even after skin testing.

There is also the gamma interferon blood test, which is an ancillary test that can be used to complement the skin test. It has a higher sensitivity, so it will detect infected cattle that are missed by the skin test. However, there is a problem with the specificity of the blood test. Its weakness is that it will create a number of false positives: it will appear to show reactors that, following post-mortem laboratory testing, are found not to be infected. However, it is still a useful ancillary test, and, after 10 years of consideration, DARD introduced the blood test in 2007 as a supplementary to the skin test, but still only on a voluntary basis, so the farmer has to agree to have that used in their herd.

The overwhelming amount of tests are carried out by private veterinary practitioners, and there is no doubt that private vets have made a major contribution to DARD's bovine TB programme. Similarly, there is no doubt that, in the majority of cases, they have very diligently carried out their duties. However, there was evidence that, on occasion, not all private vets managed to meet the high standards required. The PAC commented on a number of problems, such as the late reporting of test results, testing of exempt animals, failure to check dates of birth and use of out-of-date tuberculin, all of which undermine the fight against the disease. That said, it is worth noting that PAC commented that those shortcomings also reflected on DARD. It pointed to a lack of supervision and control by the Department over private vets.

The other particularly notable issue with private vets was that, in two comparison exercises, DARD found that, on average, its in-house vets were between 1.5 and 1.8 times more likely than private vets to classify a herd as a breakdown during testing, but, unfortunately, they could not determine why.

As well as testing, biosecurity was an important area and a difficult one, particularly in view of the nature of farming here. The often small fragmented farm structure and strong dependence on conacre and the high levels of movement between and within herds and to markets all facilitate the spread of bovine TB. When we did our review, analysis by DARD showed that the largest individual source of bovine TB infection was from neighbouring herds. That was about one in three cases. More recent analysis has reaffirmed that that remains a major issue. You may be aware that DARD launched a biosecurity code in 2004, and one of the recommended measures is three metre-wide double-fencing to prevent nose-to-nose contact between neighbouring herds. However, a DARD survey 10 years ago found that only 21% of fencing was nose proof. Therefore, that seems to remain a significant problem.

There is also the wildlife issue, particularly in relation to the badger. DARD attributed around one in six outbreaks to wildlife, and the Ulster Farmers' Union and the two veterinary associations made very strong representations to us and to the PAC about the need to deal with the wildlife problem. However, PAC found that DARD had not intervened in any way to tackle the wildlife factor. Therefore, that remains a big issue.

PAC also looked at compliance with the EU directive on bovine TB and noted several areas of underimplementation or non-compliance. For example, for years, DARD had not been complying with the EU directive on inconclusive test results. It allowed two retests rather than the one permitted by the EU, and the reason given was that compliance at that stage would have cost £1.1 million annually. Ironically, however, through its non-compliance, DARD cut itself off from additional funding, which it could have claimed from the EU veterinary fund to help eradicate disease. Therefore, there was a loss of millions of pounds of potential income.

Isolation of reactors was and remains a problem in a number of herds, particularly in dairy herds where animals are in housing. PAC's view was that there was an onus on the industry to meet the requirements of the EU directive and that farms should be properly equipped to apply the standard control procedures.

The final area looked at was compensation, enforcement and fraud. I said earlier that compensation has been the largest individual cost area over the past 15 years. Therefore, I will mention two issues that PAC specifically referred to in the report. The first issue was an endorsement of DARD's intention at that time to link non-compliance with the biosecurity code to the level of compensation awarded. However, as it later transpired, that did not materialise in bovine TB cases. I believe that line is being applied in brucellosis cases but not in bovine TB cases.

The other issue was that there were a number of cases where multiple compensation claims had been paid to the same herd owners. To set the context, the PAC report referred to an analysis of farmers who had multiple claims paid over a three-year period. At that stage, the top six had between them 67 separate claims paid over a three-year period. The top compensation was £482,000, which was paid to one farmer in respect of 12 claims. The next highest was £393,000 to another farmer in respect of 19 claims. PAC readily acknowledged and recognised that it can be very difficult to eradicate bovine TB from herds, but it was concerned about the question of whether a 100% compensation rate provided sufficient incentive for herd owners to prevent infection. PAC's view was that it did not think it was right that the cost of repeated disease breakdowns rested almost entirely with the taxpayers; it felt that, in such cases, a share of the costs could or should be borne by the industry.

Overall, PAC's conclusion was that the Department's progress in tackling bovine TB had been much too slow. For example, it was slow to tackle the rise in disease incidence, slow to respond to the problems around testing, slow to take action on the wildlife factor, and so on. PAC readily accepted that eradication presented a major challenge but felt that if DARD were to make real progress, it would need a fundamental change in its mindset and would need to take a much more strategic approach, with a clear focus on eradication rather than merely containing the disease. That is a very quick summary of the report, but I hope that it gives a reasonably good feel for the main issues involved.

I will now update the Committee on how things have moved on since the PAC report in 2009. I will not go through all the PAC recommendations, but I will cover most of them. I will break it down into three groupings: first, the areas where I think there has been significant progress; secondly, the matters that appear to have progressed less well; and finally, a small number of issues that the Department has not taken on board following the PAC report.

I will deal first with the areas where we think there has been significant progress. I think that you all have a copy of the summary of the PAC recommendations. DARD has made a number of improvements. Recommendation 3 is about the policy review process. That has been improved so that now, once a review has been completed, the results will be considered and implemented in a much more timely fashion, with progress monitored by top management. That is certainly an area where there were big delays in the past, and it has taken many years to implement the 2002 policy review.

Recommendation 4 is about private vets. DARD has certainly improved its partnership arrangements with private vets. It now meets them on a regular basis and exchanges performance data. It has also revised its private vet supervisory protocol, which will include sanctions for dealing with poor performers. That has not been introduced as yet but hopefully will be in the not-too-distant future.

Recommendation 10 is about lay-testing. DARD carried out a lay-testing pilot study between June and December last year, following a similar successful review by the Department for Environment, Food and Rural Affairs (DEFRA). That pilot is currently being evaluated. It has the potential to reduce testing costs in due course by about £350,000 a year.

In relation to recommendations 22 and 23, DARD is at last compliant with EU rules on inconclusive tests. So, it now allows only one retest of an inconclusive result rather than two, as was the case in the past. Now that DARD is compliant, it is eligible to claim from the EU veterinary fund. As a result, it has been awarded around €5 million a year for 2010-11 and 2011-12. That is good news, and it means that there is additional funding to help fight bovine TB.

Recommendation 25 is about fraud investigation. DARD is improving its evidence-collection process. It is just about to introduce a new DNA tag procedure that will help to detect cases where reactor animals have been fraudulently switched between test and slaughter, which happens from time to time. More widely, DARD has commissioned a number of research projects and literature reviews from the Agri-food and Biosciences Institute (AFBI), including a major TB biosecurity study in a high prevalence area in County Down. That involves some 200 farms. The fieldwork was completed in July last year. The results are currently being evaluated and we expect them to be available in late summer this year. Again, good progress is in prospect in that area.

Those are all areas in which progress has been made. However, there are also a number of other areas in which progress has, at least to date, not been so encouraging, and I will run through those. Recommendation 1 of the PAC report called for:

"a marked and sustained reduction in the prevalence of bovine TB" .

As I mentioned earlier, the position has remained fairly static over the past four or five years, but there was a recent increase. The level of incidence has now risen to 6.3%, which, in relative terms, is quite high. DARD assured the PAC that it was serious about eradication, but said that it was taking a phased approach. Phase 1 of that approach would be the five years to 2014 — we are still in the midst of that — during which DARD said that it would carry out research and analysis to assess how best to proceed. Thus far, there has been no marked and sustained reduction in the incidence of the disease.

Recommendation 2 dealt with performance targets, and DARD has not yet set a target date for eradication. It has said that there is insufficient analysis or evidence to do so and that it will review the position at the end of phase 1 in 2014.

Recommendation 5 dealt with the comparison of bovine TB detection rates between DARD in-house staff and private vets. Earlier, I referred to the DARD analysis, which showed that in-house staff were

between 1.5 and 1.8 times more likely to classify a herd as a breakdown than a private vet, but DARD could not explain why that was the case. More recent analysis has reaffirmed that differential. In 2011, the figures showed that DARD staff were 2.16 times more likely than a private vet to classify a herd as a breakdown, but DARD still cannot explain why. We understand that the Department's response going forward will be to rely on increased supervision of private vets and departmental staff to try to resolve that differential.

Recommendations 6 and 12 related to private vet testing standards and enforcement and a review of the contractual arrangements with private vets. Those have been long-running issues. The review of contractual arrangements was recommended by DARD in its policy review in 2002, but it took until 2005 to engage consultants. They reported in 2006 and recommended a range of improvements. Discussions with vets associations and colleagues in England and Wales on similar issues followed, but, as yet, the revised arrangements have not been implemented. We understand, however, that DARD is setting up a formal project to take the issue forward. In fairness, I think that it is a difficult area, but it has taken rather a long time to progress.

In making recommendation 13, the PAC thought that there was a strong case for introducing compulsory blood tests in problem and high-risk herds, and it recommended that a blood test trial should be undertaken in a high incidence area as a basis for a cost-benefit assessment. That blood test trial started last year. We are told that it is a three-year trial and that it will be at least 2014 before the results are clear.

Recommendation 15 of the PAC report dealt with biosecurity training for farmers. The PAC wanted to see a much higher level of attendance by farmers at biosecurity training sessions and compulsory attendance for those farmers whose herds had suffered repeated infection. Surprisingly, DARD rejected the idea of compulsory training in such cases, and, overall, the statistics are disappointing. From 2004 until March of this year, only 1,394 herd keepers out of 26,000 had undertaken that training.

Recommendation 17 relates to the wildlife factor. In 2009, DARD responded to what the PAC said about carrying out a badger prevalence study. That is a study to determine the level of bovine TB in the badger population. That study has not yet begun, which may indicate a rethink, because our understanding is that such a study would involve the culling of badgers. As you may be aware, plans to cull in England and Wales ran into problems following opposition from animal welfare groups. A judicial review into that area has been announced in England, so it is a difficult one to progress. The Department has also commissioned various literature reviews on the role of badgers in the transmission of bovine TB, but the bottom line is that, to date, there has been no intervention by DARD on the wildlife issue.

Those are areas in which we think there remains quite a bit more work to be done. There are also a few areas where DARD has not taken PAC's recommendations on board. Recommendation 14 was on updating the survey of boundary fencing. I mentioned earlier that the 2002 review had found that only 21% of external boundaries on farms were nose-proof. DARD's view was that the cost of updating that figure would be enormous and that it was not, therefore, feasible. As you can imagine, there is a huge amount of boundary fencing around Northern Ireland.

Recommendation 16 related to the pre-movement testing of animals moving within Northern Ireland. There is pre-movement testing for animals that are being exported, but not for those that are being moved within Northern Ireland. DARD's policy review concluded that pre-movement testing was worth doing, and the PAC suggested using it on a trial basis in a high incidence area. However, DARD felt that its annual herd-testing arrangements were sufficient, so it did not take that suggestion on board.

I have already mentioned recommendation 24. It related to reducing compensation for multiple claims by the same herd keeper. DARD said that it was outside its powers to do that.

Finally, recommendation 26 was on paying reduced levels of compensation to convicted fraudsters in respect of future bovine TB claims. DARD said that it was not considered legally defensible to use a previous offence to withhold future compensation, and it felt it would be difficult to establish that withholding future compensation was proportionate as a deterrent to committing an offence.

All in all, it is a mixed bag. There are some encouraging improvements, but there are other areas in which progress has taken a little bit longer than expected. I am conscious of the fact that I have been talking for some time, but let me finish with a few brief words on what we think are the key issues going forward, based on the evidence that we have seen. First and foremost, the Department has to take decisive action to bring about a marked and sustained reduction in the prevalence of bovine TB, and thereby drive down the cost. Its action plans have to include a target date for eradication. Secondly, we think that the Department has to clarify its thinking on the wildlife factor and translate that into action. Third, biosecurity on many farms needs to be improved. Fourthly, it is very important to keep abreast of developments and research, and we think that that is particularly so around badger vaccination and developments in the quality of the skin tests and blood tests. Finally, on a more general note, we feel that DARD must seek to deal on a much more timely basis with the various issues that arise in dealing with the bovine TB problem. We recognise that there are various constraints, such as resources and other priorities. However, undue delay was very much a recurrent theme that was noted during our examination and by PAC. It certainly has not helped DARD get to where it needs to be. That is all that I want to say, Chair.

The Chairperson: OK. Thank you very much, Robert. Before we open the floor for questions, I remind members that the Audit Office can only talk about the reports that it and PAC produce and the response and activity of the Department, rather than about policy or the policy-makers. Therefore, please be guarded when you ask questions, members. I must say that I will probably fall into the same trap, Robert.

Mr Hutcheson: As long as I do not.

The Chairperson: My first question is high-level. Both your report and the PAC report are very damning in their overall conclusion that the Department's progress in tackling bovine TB has been much too slow. There is acknowledgement that although eradication of bovine TB in Northern Ireland represents a major challenge to the Department and the industry, there needs to be a fundamental change in mindset if DARD is to make real progress. The PAC report states that:

"it must adopt a much more strategic approach, with a clear focus on eradication of the disease rather than mere containment."

That is pretty damning of the Department's, if you like, knuckle-trailing, heel-dragging and everything else that goes with that.

The date of the updated report is 10 January 2012. In the memorandum of reply, DARD states in response to recommendation 1 of the PAC report that its aim in the first five-year phase of the strategy — and you referred to this — is to lay the foundations for the eventual eradication of the disease. It goes into detail. It states that in that phase, its goals are to maintain trade and produce more effective and efficient ways to reduce transmissions of bovine TB between cattle and between wildlife and cattle. Those are the building blocks of that foundation in the first years. However, I do not see any evidence of the Department actually doing anything in the first five years. If you want to maintain trade, surely a reduction in the disease itself will not only maintain trade, but increase it? The Department talks about effective and efficient ways to reduce transmissions of bovine TB between cattle. That is a biodiversity issue, which also relates to the movement of cattle. It also talks about reducing transmissions between wildlife and cattle. Again, surveys and work are to be done. Again, there seems to be a reluctance from the Department to do anything on that. The approach seems very much to be to wait and see what happens in Wales and England.

The opportunity has been missed to set a target for eradication in the Programme for Government. It seems to me that the Department will wait until the end of the first five-year period before it comes to a conclusion on an eradication date. Surely, because the Programme for Government takes in that period, the place and time to come up with a plan and an eradication date would have been when it was being drafted? What are your thoughts on the Department's activity during the past five years? I know that you have not done a lot of work on that since your report and the PAC report were produced. Despite such a damning conclusion, not much seems to have been done during the first five-year phase of the strategy to lay that foundation.

Mr Hutcheson: Certainly, we were surprised when we saw that in the DFP memorandum. The five-year phase 1 seems to be very much about evidence-gathering, research and analysis. There is certainly no hint of any step up in action to actually push forward the idea or programme of eradication. Again, illustrated by the trend in the graphics that I referred to earlier in the written submission, you can see that over the past four or five years, incidence has remained largely static. There has certainly been a slight increase recently. There is nothing there that suggests to us that the serious action that PAC called for in starting to eradicate the disease has begun as yet. As you said, Chair, the Department's line is very clear: it regards this as phase 1, where it gathers information. One hopes that phase 2 will show a marked step up in activity to start driving down incidence of the disease.

The Chairperson: It seems to be the case that the Department is centring on containing TB and, if you like, cost-saving strategies and that it is not so much missing a trick with reduction and eradication.

Mr Hutcheson: I am not so sure about the cost saving, because it is spending £23 million a year, which is a huge sum. Again, figure 2 in the NIAO written submission shows that, in overall terms, it is not that much different from the annual cost in 2002, when the disease was at its peak. What has been reduced is the amount of compensation. However, there are various other costs, such as testing costs, staff costs and that sort of thing, which continue to be very high. The only way to make any big inroad into this over time is to drive down incidence of the disease.

The Chairperson: How do you feel — and I know that you brought it out in your report, and it was in the PAC report — about the levels of compensation? What is your belief? Of course, it says in the report that thought should be given to reducing compensation. What measures do you think could be put in place so that where people have a high incidence of claims, or there is a high incidence level where it is proven that the farming industry has not put in place sufficient measures to tackle the disease themselves, the levels of compensation could be changed so they did not get the full amount? If it is proven that it was something that was done on the farm, that would affect the level of compensation that you would get. That would mean that the farmer who gets a reactor, through no fault of his own or his practices, would be given the full amount of compensation. That could help with eradication. Such a measure could lead to a reduction in and eradication of the disease.

Again, another method that could be used is pre-movement testing within Northern Ireland. What are your thoughts on that? Is it something that the Department should be looking at, so that, instead of a complete ban or cap on compensation, there would actually be varying degrees of compensation depending on how much biodiversity there is on a farm and what practices are conducted on it?

Mr Hutcheson: The Audit Office certainly supports the PAC's line on this. Compensation is very expensive. I do not think that anyone in the Audit Office or the PAC has any problem with the principle of fairness in respect of compensation. However, in our view, where there is a breakdown on a farm and it is quite clear that the herd keeper has made little or no effort to adhere to biosecurity standards, there is certainly a strong case for looking at the level of compensation paid. That situation is distinct from one where a herd keeper has quite clearly done everything he or she can to keep out the disease. On that basis, we think that it is worth revisiting the issue and perhaps tying compensation to biosecurity implementation.

The Chairperson: I have one final question before I open it up to members. DARD seems to do a lot of testing, as do the vets. There seems to be inspection after test after inspection after test after test, which leads me to the conclusion that, at the minute, it is more about containment than eradication. We know that the skin test is unreliable and that the blood test is used throughout the British Isles in various forms. We really need to get to the point where blood tests are used more. In your opinion, is it the case that it is down to cost alone?

Mr Hutcheson: When we did our work, the blood test was much more expensive relative to the skin test. I think that it was £20 as against £2·50. There were also some logistical difficulties around taking the blood test and getting it to the lab within a certain time; things like that. It is interesting that, in Scotland, for example, use of the blood test is compulsory in new herd outbreaks. Earlier, I mentioned that the use of the blood test in Northern Ireland is voluntary. Different options can be

looked at. We do not want to be prescriptive about it. PAC suggested that there should be some form of trial of the compulsory use of the blood test within a high incidence area. That would, hopefully, provide some evidence to look at the impact of that on the high incidence area and perhaps other measures, which might go some way towards informing a change in policy.

The Chairperson: You mentioned that the top six claimants, if you like, had 67 claims between them. Would blood testing go some way towards reducing that reaction and the chances of high incidence occurring again? Would it help to break the cycle?

Mr Hutcheson: In a case like that, where you have repeated breakdown after breakdown, you really have to do something to break the cycle. You cannot just keep paying compensation. It probably involves a combination of factors. You have to look at biosecurity. You have to consider the use of the blood test. You may have to look at things like pre-movement testing in or out of such herds or areas and biosecurity in respect of the badger. There is a lot of different science and differing views about the role of the badger and the extent to which it impacts on the spread of the disease in such cases. I understand that there have been trials in England in which they have fenced off badger setts and made buildings such as food supply stores very secure using sheet metal — top grade security to combat the potential wildlife threat. They have had some success. So, I think it is probably a combination of issues. It may not always be possible to determine which particular measures have the greatest effect. However, where you have a chronic situation, it is more important, initially, to try to reduce the level of infection. Afterwards, you can try to figure out the impact of specific measures.

Mrs Dobson: Thank you, Robert, for your very detailed presentation. I think that the answer to the eradication of TB is in the farmyards across Northern Ireland, not on the desks of DARD. As the Chair said, farmers are constantly dealing with herd inspections and disruptions to their business. They are working with DARD's legacy of failure every day. What input has your committee had directly with farmers? For example, have you visited a farm? Have you actively sought farmers' views? Have you visited during a TB test to understand the full impact?

Mr Hutcheson: Yes. During our work, we spoke to the Ulster Farmers' Union. We got a formal submission from it, as indeed did PAC. We went out —

Mrs Dobson: Were you actually on farms?

Mr Hutcheson: Yes. We went out. We visited a farm for a full day during herd tests to understand the process and, as you quite rightly say, its impact.

Mrs Dobson: So you are fully aware.

Mr Hutcheson: We are aware of that. We have been doing herd testing annually for many years. I can well understand that there is a lot of frustration in the farming industry. On the point that the Chairman made, this is happening year on year on year, but seemingly on the basis of containment rather than making ground in eradication.

Mrs Dobson: I have to declare an interest as a farmer, but there is total exasperation.

The County Down biosecurity study will be of great interest when it is published. You said in your presentation that practical steps could be introduced now to help reduce TB and bring down compensation. Do you agree that DARD needs to do more to enable farmers to improve their fencing? You said that the cost of the double-fencing and the fact that it is not compulsory means that not many farmers are doing it.

Mr Hutcheson: The biosecurity code is quite clear on double-fencing — three-metre, nose-proof — and the EU has said the same. The cost that I referred to relates to updating the figure of 21% through a DARD survey to see what the current level of compliance with double-fencing is.

Mrs Dobson: Have costings been done for this double-fencing?

Mr Hutcheson: No, but the —

Mrs Dobson: I know that it would be a big outlay, but so is the millions paid in compensation.

Mr Hutcheson: The memorandum of reply following the PAC report talks about 55 million metres of fencing, 120 million metres of hedgerow, 8 million metres of stone walls and so on. It states that the cost of surveying the boundaries would just not be worth it and that it would not be feasible.

Mrs Dobson: It would not all have to be surveyed if you know that double-fencing works in preventing nose-to-nose contact. DARD officials spend little enough time on the ground, so I cannot imagine them going round and surveying every fence.

Mr Hutcheson: No, they will not. A survey of farmers has also been ruled out. The County Down survey has a component looking at boundary fencing and the effect of proper boundary fencing, so hopefully we will get more information on that.

You made another point about the cost. Our sense is that the 21% figure that I mentioned is probably not that far from where we sit today. If DARD feels that double-fencing is a necessity and there are real problems in the industry with the cost of providing double-fencing, that is an area that needs to be looked at. I do not want to stray too far into what DARD might do about that, but you mentioned —

Mrs Dobson: It seems logical to me, given that it has been identified that double-fencing is needed.

Mr Hutcheson: That is the key. If the biosecurity studies show that there are real benefits to be achieved from having nose-proof fencing, it is incumbent on the Department to look at ways in which it can make it happen on the ground.

Mrs Dobson: Is your recommendation to have additional biosecurity measures such as double-fencing?

Mr Hutcheson: Our view is that the biosecurity code is very comprehensive and seems to make sense. Clearly there is a cost to both DARD and the industry in implementing it —

Mrs Dobson: Some £317 million in compensation is also a heck of a cost.

Mr Hutcheson: But look at that against the bigger picture. You can do the sums. As I said earlier, the real cost-saving measure, ultimately, is driving down the incidence. Anything that can contribute meaningfully to that is very worthy of active consideration. I do not want to go further than that because you have to look at the evidence base. However, based on DARD's advice —

Mrs Dobson: Every farmer in the country knows that double-fencing would be ideal in preventing nose-to-nose contact.

Mr Hutcheson: As I said earlier, I am not a scientist. However, studies have shown that the spread of the disease is most likely to happen through nose-to-nose contact, whether that is from neighbouring herds, at markets or whatever. If that is the case, something has to be done about it.

Mrs Dobson: Farmers want a solution. They know what needs to be done, but I think that DARD is standing in the way of their getting it.

Mr Irwin: I had better declare an interest since I am a farmer. Although I can, at times, be as critical of the Department as anyone else in relation to TB, I feel that some of the recommendations in the PAC report could be investigated from the armchair but are not practical on the ground. Double fencing across Northern Ireland is totally impractical. Thousands on top of thousands of miles of fencing would need to be done. The nature of Northern Ireland farming is small farms and a lot of rented land that is owned by pensioners. I do not think it is practical to have double fencing. We certainly want to see the eradication of TB. I am not sure that it is going to happen in the near future, and I am not sure that it

is possible. Look at mainland Britain and Southern Ireland. The incidence of TB in mainland Britain has been on the rise in recent years. It is a major problem.

I am sure that you will agree that the Department should be looking at the blood testing, especially in severe cases. I am not so sure if the PAC is aware of the fact that there are different strains of TB, some of which are more virulent than others. I am seen herds in which several hundreds of animals have gone down with a very contagious strain of TB, and another herd in which only one animal has gone down. I am sure the Department will agree with that. It is very easy to make recommendations, but the practicalities of some of this on the ground are more difficult, and I am sure you will accept that.

Mr Hutcheson: It is an enormously difficult problem for the Department. I will pick up on one or two of your points, Mr Irwin. The double fencing recommendation is not the PAC's idea or the Audit Office's idea; it is the Department's standard, rightly or wrongly. I do not disagree with you in any sense about the real practical difficulties of double fencing or whether, ultimately, there is a realistic prospect of having a fully comprehensive implementation. That is a matter for the Department. However, if the Department is setting the standard, either the standard has to be applied or, perhaps, the Department needs to look at it again.

You are right in what you say about the nature of farming. The use of conacre complicates matters and makes it much more difficult. That is something the Department has to factor into its thinking. It has to ask what standard it wants to set and how best it can be applied.

You also mentioned bovine TB across the water. It is interesting to note that Scotland has a much lower incidence level than certain parts of England. There are high incidence areas in the south-west of England in such areas as Hereford, Worcester and Gloucestershire and down into Devon and Cornwall. However, not all areas are at that level. I do not pretend to understand why that is the case, but there are differences. Here in Northern Ireland, however, that is not the case. I know we have our hotspots, but it is a problem across Northern Ireland as a whole. It is not as if there are certain pockets that are free of the disease. So I agree that it is not an easy one to tackle in any sense.

Mr Clarke: I am bewildered, like my colleague Willie Irwin, at even Jo-Anne advocating double fencing. There is another aspect to double fencing. There are many small farms in Northern Ireland. Who owns the piece of land between the two three-metre fences? Who is going to write that land off as not being eligible for the purpose of single farm payment? Will the savings that are made in the reduction of bovine TB by taking three-metre strips off every field in Northern Ireland outweigh the amount of money that will be lost to Northern Ireland in single farm payments? You mentioned Scotland and said that the incidence of bovine TB was low there. However, the last time that I visited Scotland, I saw that most fields had stone walls around them that were not three metres apart. I am surprised that someone in this Committee thought that was a good idea.

Robert, the other point that I wanted to raise is about your graph. I thank you for your presentation, which has been very useful. However, I am struggling with something in figure 2. That graph is useful in one respect, but it probably does not answer the question that I am going to ask you — so that is why I am going to ask it. Is there any reason why the staffing costs in 2006-07 almost doubled from the cost 2002-03, yet the incidence of TB did not reduce? With the doubling of staffing costs, why was there not a halving of the incidence? Is there a correlation between higher staffing costs and a reduction in the level of bovine TB? Figure 2 does not seem to suggest that there is.

Mr Hutcheson: I do not think that there is a direct correlation; in any case, there would be a time lag in the impact. From recollection, I think the Department engaged a number of additional staff in 2004. Bovine TB was looked at by the Westminster PAC in 1993 or 1994. One of its recommendations was to increase the number of in-house staff, because, at that stage, in-house staff were markedly cheaper than using private vets. However, for various reasons, that did not happen for a number of years, until more staff were taken on in the early 2000s. The sense of it is that, if the Department were to take on more temporary veterinary officers or more veterinary officers were engaged in testing, any additional work they did would be offset against a reduction in work by private vets.

Mr Clarke: That does not seem to be the case. It would be useful if you could forward to the Committee figures showing the difference in costs for in-house staff and for private veterinary practitioners. Although the graph shows the overall expenditure, it does not give us a direct comparison. I am curious why the number of private veterinary practitioners has not reduced if the staffing costs have increased.

The Chairperson: Departmental officials will be with the Committee next week; that is a good question for them.

Mr Hutcheson: I am not trying to pass the buck, but we took the updated figures from DARD. We will have a look at that.

Mr Clarke: The other issue is that the compensation almost halved in 2006-07.

Mr Hutcheson: The amount of compensation purely reflects the level of incidence in any given year. You may see a reduction in the incidence, but, for example, annual herd testing is still being done. If the incidence drops, through time you would expect the levels of at-risk or restricted herd testing to drop slightly. However, the bulk of the testing is the routine herd testing and, while you are on an annual herd testing regime, those levels will remain pretty constant.

Mr McMullan: You mentioned the top six claims: it would be interesting to know the total number of animals involved in those, and whether the same farmers or their family members were making repeat claims. That sort of information needs to come back to the Committee. It was interesting to listen to you, and I thank you for your presentation. We have talked about fences and contact, but we have not really mentioned the badgers. Was that deliberate, as we are no better off in our knowledge of where it all starts?

Wide fences are supposed to stop the spread of bovine TB. However, the farming community argue that they do not and that, in fact, they create more problems. As Mr Clarke said, in Scotland, where the incidence is low, there are mostly stone walls. It is fine having this report, which, as you yourself would say, is scathing. However, in a scathing report, there needs to be some indication of how to bring the incidence down or how to find a solution. Yet, nowhere in this are there any solutions. It talks about skin tests and blood tests not being conclusive. However, what conclusive steps could the farming community take to help to eradicate the disease? In any presentation I have heard from those in the farming community and their representatives, they say that the problem is badgers. The Government in England made the decision to cull badgers, but we are still waiting for that to happen there, because a judicial review has now been granted. It comes back to this question: is culling badgers the answer to the problem?

Mr Hutcheson: That is a great question to which there is no definitive answer. If you talked to 10 scientists, you would probably get 10 different answers. Let me mention a few things around that. The double-fencing that I mentioned earlier is to prevent cattle-to-cattle contact. Badgers are a separate issue. Particular fencing can be put around a badger sett if badgers are perceived to be a problem, and that has been done.

Various studies have been done on the impact of badgers on the transmission of bovine TB and the prevalence of the disease. There have been major culling projects: a 10-year culling project in Great Britain and the four-areas trial in the Republic of Ireland. In both cases, the view was that major long-term badger culling is not the answer to the problem. The view is that it could be of use in certain circumstances where it is used reactively in particular areas of difficulty but that widespread culling of badgers is not the answer. The Republic of Ireland has a culling policy, which is, I think, on a reactive basis. Some figures we have seen suggest that in the region of 4,000 badgers a year are culled; that varies up and down. I believe that that is done on a reactive basis, but if enough reactive culling is done, it ends up almost being proactive.

I think the Committee's timetable says that you are to hear from representatives from the Republic of Ireland as part of the inquiry. Are they not coming?

The Committee Clerk: No.

Mr Hutcheson: I thought that they were. They might have been able to throw more light on it.

What information do we have here on the prevalence of bovine TB in the badger population? The Department had been talking about carrying out a badger prevalence study, but that has not been done. So, the information available here is based on tests carried out on badgers killed on the roads. It was found that something like 16% or 17% of those badgers had tuberculosis. Other studies have suggested that addressing the badger problem would reduce the prevalence or incidence of the disease by something like 16% or 17%. So, 80%-plus of the infection still comes from other sources. As regards what is being done here, I know that the Department has commissioned a number of studies and literature reviews by AFBI on the badger. However, in the absence of something like a prevalence study, the extent to which you can actually determine the impact of the badger will be limited. Culling has run into trouble in England and Wales. There is no reason to believe that it would not run into trouble here if the Department actually set about trying to do something like that. The legislative base in the South is different to that which exists here and in England and Wales. That probably impacts on why they can do certain things that, perhaps, we cannot do here.

Therefore, I agree with you: the Ulster Farmers' Union has been very strong in its representations to us about the impact of the badger and that something needs to be done. However, the Department has not as yet determined what that should be.

Mr McMullan: The point that I am making is that representations from farmers are fixed solely on one cause of the disease, but do we have proof of that? A false message could be going out to farmers. You talk about nose-to-nose contact in herds. We got figures indicating that there is no big difference between dairy and beef cattle with regard to the number of infected animals that are slaughtered. That includes reactors. It has been suggested that cattle movement is an issue, but the dairy herd is static, for want of a better word. It does not move around as much as beef cattle, which move around farms and between different farms. Therefore, the argument about cattle movement and nose-to-nose contact does not weigh up. There is no evidence of that. Indeed, as I have said, if you look at the number of slaughtered cattle, you will see that that does not stack up as evidence of contact having spread the disease.

You have come up with the idea of wide fencing. I would like to see figures from Scotland, to see whether the numbers there have gone down. There are, certainly, issues in the report that need to be looked at. However, a lot of what it contains is hypothetical. It has no proven base. It looks good on paper. I agree with you on the figures. However, as you have said, testing of badgers has been done using roadkill. Of the badgers that are killed on the roads, 16% are infected, but 16% of what number? Sixteen per cent sounds high.

Mr Hutcheson: Sixteen per cent of the badgers that are killed on the roads are found to have —

Mr McMullan: How many badgers that were killed on roads have been tested?

The Chairperson: We could ask the Department that.

Mr McMullan: What I am trying to drive at is that it is still inconclusive.

Mr Hutcheson: Sorry. Let me make a couple of points. Unsurprisingly, I disagree with you about the report. It is evidence-based. However, as I said at the outset, we do not pretend to be experts on bovine TB, nor do we pretend to have looked at every single aspect of it. The science is a huge subject in itself. That is not what we are doing. We are very much looking at the public expenditure side of things. An awful lot lies behind that. As regards the science and that kind of thing, I suggest that those are definitely questions to put to the Department because that is where the expertise lies. It is looking at it in great detail.

Mr McMullan: You are quite right. What you have brought is a report on cost. Now, it is up to someone else to quantify how we arrived at that cost. You have actually opened up a can of worms —

Mr Hutcheson: We hope that we have informed the debate and put the issue on the agenda whereby, hopefully, it will help to generate or renew momentum in the Department, so that it will, ultimately, achieve eradication.

Mr McMullan: It would be very interesting to hear the Ulster Farmers' Union's take on all of that.

The Chairperson: We will go through that. There is a long way to go with the inquiry, but we have a PAC report and an Audit Office report sitting there. The Department has engaged with that and agreed to recommendations.

Mr Hutcheson: The fact that we are discussing this on the back of the PAC report and Audit Office report shows that there has been real value in putting the topic on the table, whatever you may feel about the findings.

Mr McMullan: We will agree to disagree. We will not fall out.

Mr Buchanan: Robert, thank you for your report. It is a scathing report and an indictment of the Department that, over the years, previous Ministers have failed to grasp the nettle on this issue and failed to do something to reduce the incidence of the disease. It may not be possible to eradicate it, but it could at least be reduced by a lot more than it has been. I have concerns about the whole nonsense of double-fencing, because I do not believe that it is the answer. It will put a huge cost on to the farming community, which will stand to lose a lot of income because of it. Your report says that DARD cut itself off from quite a bit of money from the EU because of its failure to comply. You have not specified what that figure might be. Can you give us any information on the amount that the Department has lost simply because it failed to comply with the EU directive?

Mr Hutcheson: In our report, there is a table that shows the extent to which DARD had successfully claimed from the EU fund, up to the point at which we published. For example, in 2003, 2005, 2006, 2007 and 2008, there were no claims. In 2004, it got €2 million. So, that may give some idea of the potential income lost at that time. Fast-forward to more recently, and I mentioned that, because it is now compliant, it has applied for and been awarded grants from the EU veterinary fund, and we are told that that is around €5 million each year for 2010, 2011 and 2012. The Department could not necessarily say how much was lost, but it would be fair to say, based on the figures that I have presented, that we are talking about quite a few million euro.

Mr Buchanan: Surely it is negligence on the part of the Department that it failed to do that, which resulted in a huge loss of income.

Mr Hutcheson: Yes. The PAC was quite clear that it did not make good sense, and, thankfully, the Department has now started to take advantage of the funding from the EU.

Mr Clarke: You represent the Audit Office, Robert: given that some of the recommendations from the PAC were not taken on board, can you use any sanction powers on the Department? As you mentioned, the PAC said that it was poor use of taxpayers' money. You broke it into three categories, but you suggested that the Department did not do anything about a few of the recommendations in the last category.

Mr Hutcheson: Yes, on things such as pre-movement testing. Those were the PAC recommendations, and it is a separate body from us. However, I put on record that we are 100% in support of all the PAC recommendations, and we stand to shoulder to shoulder with them.

Mr Clarke: One recommendation was to pay reduced compensation to convicted fraudsters. I have a difficulty paying a reduced amount of compensation to farmers, because the problem happens through no fault of their own. However, you are saying that the Department did not accept the recommendation regarding someone who commits fraud. So, if someone has committed fraud, is the Department saying that it will pay them 100%?

Mr Buchanan: The Department is good at doing that, Trevor.

Mr Hutcheson: To clarify, that refers to future claims. If, in year 1, a herd keeper were investigated and convicted of committing fraud, they would not get any compensation for that fraudulent claim. That recommendation suggested that, as an added deterrent, not only would they not get compensation for that fraudulent claim but future compensation would be reduced to whatever extent. The Department said that it was advised that it would not be legally defensible to use a previous offence to reduce future compensation claims. It felt that it would be difficult to establish, presumably in court, that withholding future compensation was proportionate as a deterrent to committing a fraudulent offence.

Mr McCarthy: If they do not get compensation, do they get jail?

Mr Clarke: That would cost more.

Mr Hutcheson: The whole issue of fraud is quite an interesting one, because, when we did our work, we found that there was very little activity. I do not think that there were any fraud cases, and there were certainly no convictions for fraud. In fairness to the Department, it is a very difficult area to nail down sufficiently to sustain a case in court. There is a very high evidence threshold for cases of fraud. Since our report, there have been more investigations, and there have been some prosecutions. You find that cases are prosecuted not under the fraud legislation but under other regulations such as switching of ear tags.

In fact, this month, a case went to court in Downpatrick where a farmer was found guilty of switching ear tags. They think that a reactor was picked up at test and that ear tags were switched between that and another animal, which ended up at the abattoir. They found that ear tags had been switched. That is as close to fraudulent activity as you could hope to find. Clearly, there was an attempt to deceive, but I believe that the case was prosecuted under ear tag rules and regulations rather than fraud. The farmer was found guilty and, I believe, was fined and given a three-month suspended sentence. That is a fair indication that, perhaps, the court did not see this simply as an ear-tag offence and that there was more to it. I do not think there has been very much prosecution under fraud legislation.

The PAC's view and, indeed, our view, is that, where there is a case of fraud, the full rigour of the law should be taken to deal with those people, because even a small number can cause quite a bit of a problem. Two or three farmers may be hiding infection or introducing infected animals for whatever reason, and that can cause absolute chaos and undermine the programme very significantly.

Mr McMullan: Only two of the eight cases that were investigated were prosecuted, and the two herd owners later got compensation for other TB-related cases. Was that in the same herds or a different farm business?

Mr Hutcheson: I think it was the same herds.

Mr McMullan: Is there not a mechanism, not for an appeal, but to say, "Hold on for a minute until we look at this?"

The Chairperson: A strategy, you mean.

Mr McMullan: Currently, if an inspection is going on, the farmer has to wait to get paid the single farm payment. It seems to be that this compensation is paid out very quickly. I would like to know where all this is centered around. I am like yourself and am being very coy. However, teasing that out may give the rest of us a better insight into where we are talking about. The figures may be right, but it would be interesting to know the geographical spread.

Mr Hutcheson: It is definitely an area to pursue with the departmental officials, who will be here next week and again towards the end of the inquiry.

The Chairperson: That is a fair question to put to them.

Mr Hutcheson: I would not pretend to be up to speed with the precise procedures now. It is fair to say that there is a greater awareness of this problem area in the Department and a greater desire to take a tougher line against herd keepers who are clearly ignoring or improperly breaching regulation. It is certainly an issue to pursue with the Department.

Mr McMullan: Would it be proper to ask for a geographical spread of the claims?

The Chairperson: That would have to come from the Department. It is certainly a fair question to ask the Department. The intelligence gathering is all about trying to eradicate the spread of the diseases, and the geographical element undoubtedly comes into it.

Mr Clarke: Next week, could we also get information on the geographical spread in the Republic and on what measures they have taken to stop it happening around the border?

The Chairperson: We could certainly ask for that.

Mr Clarke: That would be interesting.

The Chairperson: It remains for me to thank Robert and Joe for coming here today to give us a presentation. It was very useful at the start of the inquiry to see whether the Committee can assist in any shape or form in the eradication of the disease. Thank you very much for your time, gentlemen.

Mr Hutcheson: Thank you.