RSPCA

# Into the fold:

**Targeted financial support to improve farm animal welfare**

## Key recommendations

- The RSPCA believes the new support system should reward farmers with public money only if they go beyond current standard industry practice on animal welfare, i.e. not rewarding producers for ‘business as usual’, or for being legally compliant, though regulatory compliance must be an essential prerequisite for any claims for support.
- The payment system must result in producers investing in improving the welfare of their animals, i.e. the goal is to incentivise improved animal welfare.
- Payments should relate to standards and outcome assessments.
- Consideration should be given to making the payments available for all the major UK farm animal sectors (bar novel or exotic species, such as ostrich) and only be paid to those sectors where the market is not delivering improvements.
- Payments must not be production incentivising and only pay the difference associated with the cost of implementing any improvements (i.e. must meet World Trade Organisation (WTO) rules).
- Welfare payments need not be capped but, with finite funds available, consideration may need to be given as to how payments can be best distributed to achieve the greatest welfare impact.
- Payments should not be provided for owning land. However, if they are, they must be severely capped.
- Success of the payment scheme can be judged according to a variety of parameters including: the proportion of eligible producers receiving payments; the proportion of animals being produced according to higher welfare standards (i.e. RSPCA welfare standards or equivalent) and within a formally-recognised farm assurance scheme; the level of improvement in key species-specific animal welfare measures (e.g. lameness in cattle, tail lesions in pigs with intact tails, feather cover in laying hens).
- Payments for animal welfare should be linked to, and complementary to, other public good payments such as payments to deliver environmental or landscape benefits.
- The schemes need to be transparent, easy to implement but include a checking system that applies to all initial applications and a risk-based approach to ongoing monitoring.
- The governments should provide support for farmers to help them readily access payments.
- Ongoing support payments should be available annually on a rolling five-year programme to provide continuity and certainty to the receiver.
- All payment schemes should be reassessed on a rolling five-year programme to ascertain efficacy, impact and need (or not) for continued payments.
- The Rural Development Programmes (RDP) used by other countries may provide useful examples on which to base a payment mechanism that could be adopted in the UK.

## Introduction

The ways in which meat, eggs and milk are produced has a direct impact on the welfare of farmed animals. As the UK prepares to leave the European Union (EU), a unique opportunity arises to radically transform the Common Agricultural Policy (CAP) and develop a meaningful subsidy payment system that benefits all stakeholders: animals, producers and consumers. Such a policy would allow Britain to have a healthy, thriving and more sustainable livestock sector and help enable the nation to proudly and honestly trade with the unique selling point of delivering world-leading farm animal welfare standards.

The UK Government's Command Paper, sets out the UK's and England's vision for a new agricultural support system[1]. This will be followed by an Agriculture Bill later in 2018 that will detail the framework for a new higher welfare farm animal policy.

The CAP was first implemented under the Treaty of Rome in the early 1960s. It was developed in response to the food shortage situation Europe faced after the Second World War and thus primarily focussed on increasing food production. The adopted system of price support payments encouraged the intensification of farming with its inherently inadequate animal welfare standards[2].

Today, there is widespread acceptance among relevant stakeholders of the need to re-evaluate and re-orientate farm policies to enable animal agriculture to deliver welfare-friendly production. The Government has made clear that the CAP has not provided the right support to producers in their drive to improve animal welfare standards[1, 3]. At present, the Government, as a minimum, intends to retain existing standards of animal welfare once the UK has left the EU and develops new Free Trade Agreements[4]. However, it is clear the Government will need to go beyond this if it is to deliver a competitive farming industry with world-leading welfare standards.

The goal of any farm payment system must be to incentivise environmental sustainability and animal welfare, thereby resulting in investment by producers to improve the welfare of their animals. Clearly, a new payment scheme must comply with international trade rules and therefore not incentivise production, and only pay any additional costs of implementing any required improvement measures. Finally, the new scheme should fit within the current funding envelope. So, while individual payments need not necessarily be capped, consideration will need to be given as to how such finite payments can be distributed to achieve the greatest welfare impact.

## What the public think

The issue of the treatment and welfare of farm animals is fundamentally important to the UK public. There is a clear desire from consumers to have products produced to higher welfare standards. We know from the three comprehensive opinion polls over the past 12 years that UK citizens want improvements in the food chain. For example, Eurobarometer surveys have indicated that 62 percent of the British public who responded felt that animal welfare did not receive enough importance in the UK's food policy[5], 55 percent would look for an animal welfare label when shopping, and 72 percent would be willing to pay more to buy products from animal welfare-friendly production systems[6].

These aspirations have translated into significant shifts in consumer buying patterns for certain products. For example, the proportion of the laying hen flock reared to RSPCA standards under the RSPCA Assured scheme has risen from 24 percent in 2004 to more than 61 percent in 2017. This increase has resulted in more than half the eggs sold in the UK being from cage free hens[7]. However, the market can only operate successfully when there is a clear, transparent mechanism for consumers to make an informed purchasing decision at the point of sale. This was achieved for laying hens with the introduction of a mandatory method of production labelling scheme in 2004. Currently, it is the only such mandatory scheme that exists in the UK, and one that provides a proxy indicator for animal welfare. Other livestock sectors have no such mandatory method of conveying information to the consumer regarding system of production, and indications are that the public finds current labels confusing and would like a clear system introduced[8]. So recent Government announcements that it is looking at labelling are to be welcomed[1, 9].

A key factor that led to the success of the system of production labelling for eggs was that some of the welfare concerns associated with the production systems listed were already reasonably well understood by consumers, i.e. most consumers recognised the welfare shortcomings associated with cage vs non-cage systems. Such awareness of – or simplicity in – communicating key production systems (and implicitly, welfare issues), does not necessarily apply to other livestock species. For example, lameness and mastitis in dairy cattle, and foot health in sheep, are significant welfare issues, but the factors affecting the levels of these conditions are much more complex and multi-factorial than can be explained to the public through simple production method labelling. It is in these areas, in particular where market failure is clear and the public good is not being delivered, that funding for improving welfare is required. The Government has acknowledged that it is the areas where there is a failure in the market to deliver a public good that need to be corrected[1, 10]. The Government's proposals acknowledge that improving farm animal welfare is a public good and so should be supported financially[1, 11]. Previously, due to funding constraints, the four RDPs in the UK did not prioritise animal welfare programmes. The UK Government has now acknowledged their desire to deliver on animal welfare[1, 12, 13]. The public supports this desire. In a recent poll 82 percent said they support farmers receiving subsidies to support animal welfare[14]. This report sets out a proposed framework for delivering better animal welfare and the areas in which this could be achieved. It provides examples from schemes approved under RDPs in other countries, but it will be up to the four devolved UK regions to judge which schemes are the most applicable and which will generate the best benefits for animal welfare in their region (given the vastly different geography and farming environments).

Mandatory method of production labelling for eggs has increased

## The challenges

The provision of financial support for the production of agricultural commodities via the CAP has been hugely successful in helping the farming industry to increase output and overcome food shortages. However, this associated intensification of production has had certain unintended negative consequences for animal welfare, presents challenges for international trade, and has come at a considerable cost to the taxpayer.

### Challenge 1: Ensuring effective application of our farm animal welfare knowledge

Advances in animal welfare science and recent development of prototype welfare outcome assessment programmes has increased our knowledge both of the needs of farmed species and our ability to assess effectively their welfare state. Assessment of certain key welfare measures has now been embedded into some farm assurance schemes, such as RSPCA Assured, as well as within some retailers' own livestock production schemes.

Assessment of certain outcome measures has also been incorporated into some European and UK legislation, such as that concerning the welfare of meat chickens[15] to complement input measures[16]. Internationally, welfare outcome assessments are now included in the OIE (Office International des Epizooties) international standards for some farm animals, e.g. dairy and beef cattle, chickens and farmed fish[17]. The challenge is to use this information appropriately to assess whether any farm support payments are delivering good welfare outcomes.

**Take out: Make payments relate to standards and outcome assessments.**

### Challenge 2: The amount of money available

Sufficient financial backing is required for the future farm support systems if they are to be viable and worthwhile. The Government has agreed that CAP payments will be maintained at the same level until 2024 and that pre-November 2016 rural development payments will be funded after the UK leaves the EU. They have proposed payments may start to be changed in 2019[1]. In 2015, UK farmers received £2.176 billion under Pillar I for the single payment scheme and £605 million under Pillar II, mainly for environmental schemes[18]. The only direct animal welfare schemes were run in Scotland in the 2007–2013 programming period, making the total paid for animal welfare benefits negligible[19]. Balanced against this is the impact of Pillar I payments. Almost all payments are now decoupled in the UK (i.e. there is no direct link between payment and how much is produced). However, the £2.176 billion payments under the Basic Payment Scheme (BPS) are still linked to the land area being farmed, and hence could be fairly described as a fund without a clear policy objective[1, 8].

The RSPCA proposal agrees with the Government that payments should not be based on a system linked to farm size, as this has no direct bearing on, and consequently cannot incentivise, animal welfare[1]. If a decision were made to continue with payments linked to farm size, then these should be severely capped. Permitting such payments would make the financial envelope have to work much harder to produce the animal and environmental benefits the Government desires.

**Take out: Link future payments to explicit environmental and welfare policy goals to maximise value for money and positive impact.**

### Challenge 3: Ensuring animal welfare payments are underpinned by an enforcement system

Cross compliance is the present system that links any payments to adherence with the law. With regards to animal welfare, this means that public payments are currently made if producers are compliant with any/all of three relevant legislative requirements (those in place for calves, pigs and general farm welfare) as well as an additional 17 concerning the environment and landscape[20]. However, at present penalties for non compliance are unlikely to be effective. For instance penalty payments are less than other payments a producer receives so may not have an impact on the behaviour of the farmer. The Government's proposals to replace cross compliance with a better, more targeted scheme is welcome[1].

A new enforcement scheme must cover all farm animal welfare legislation, institute a link between regulatory compliance and publicly funded investment, be based on knowledgeable, appropriately informed advice, target repeat offenders and take a proportionate approach to applying penalties.

**Take out: A new regulatory compliance scheme is needed that covers all welfare laws and has proportional penalties.**

### Challenge 4: Using current good practice

The UK has historically suffered from a lack of funds directed towards animal welfare. Even across the EU-28, animal welfare schemes were only found in 27 of the 118 rural development payments in the 2007–14 period, and 29 in the current 2014–2020 period. The totality of these funds reached only €1.5 billion[21]. Funds range from €72,000 in Tuscany, Italy to €500 million in Finland. These rural development payments provide useful examples of the mechanism by which funds could potentially be directed to improve farm animal welfare in the UK (see pages 9–13 and Table 2).

**Take out: Study what is already working to guide future practice.**

### Challenge 5: Ensuring compliance with WTO rules

The UK Government's Command Paper and Defra ministers have made clear that the future of farming in England and the rest of the UK lies in quality, enhancing high animal welfare standards and that there will be no race to the bottom[1, 11, 12]. As the UK exits the EU, it will, therefore, be important to ensure that higher welfare products are not undermined by imported products from animals reared to lower welfare standards. This would lead to the industry becoming uncompetitive in the UK. However, payments will need to comply with the WTO agricultural rules.

WTO rules on agriculture are not as developed as in other trade areas, but the Agreement on Agriculture (AoA) provides a framework to ensure payments meet trade rule obligations (Table 1). If the UK wants to reduce the likelihood of any challenge in the WTO regarding its payments, it may prefer to place them in the Green Box (defined as minimal trade distorting and with a minimal impact on production) so they are not subject to payment ceilings. In order to achieve this, these payments must be given through a government-funded scheme, and must neither be linked to production nor provide price support.

Clearly, payments awarded to producers for training, infrastructure and regional assistance are allowed under the AoA as they are specifically mentioned and are not linked to production. Payments for programmes involving support for ongoing costs are permitted, providing payments are limited to loss of income involved[22]. The direct link between expenditure and an action is the best way of securing value for money and incentivises a producer if they receive more funding to provide more public benefits. Using income-foregone and costs-incurred payment mechanisms do present some challenges, particularly as the market can be volatile and it can be difficult to tease out specific income foregone so that the payment can be Green Box compliant. However, the European Commission has shown this is possible. Since 2007, the Commission has approved more than 50 schemes that reward higher animal welfare in two RDP periods (2007–2013, 2014–2020) and has submitted all these schemes to the WTO as being Green Box compliant[23]. No challenge has ever occurred.

Payments could be equally applied to encourage better animal welfare in sectors of agriculture where income from farming is low or non-existent, such as in parts of the uplands.

**Table 1: How payments to improve animal welfare can fit within agricultural WTO rules**

| **Using WTO rules innovatively to improve animal welfare under the Agreement on Agriculture (AoA)** | |
|---|---|
| Option | Details |
| Using payments to fund actions that are linked to production through the the ***Amber Box of the AoA*** by using payments up to the aggregate measure of support to provide an incentive for uptake (Article 6.4). | A country can pay farmers to undertake actions that do distort trade or are linked to production. However such payments must be limited to five percent of total agricultural production and five percent of the specific production in the sector being supported. The UK will have more flexibility in using such payments to provide a ‘top-up’ to a base animal welfare payment. This could be based on a percentage of the latter, to retain the link between payment and action. The UK will have some financial flexibility for Amber Box payments as it leaves the EU. |
| Paying ongoing costs of production to benefit animal welfare through the ***Green Box of the AoA*** . | This is permitted as long as it is based on income-foregone and does not link to production. Where agriculture is inherently uneconomic, but payment is needed to secure improved welfare, payments may need to cover entire costs of production. |
| Paying for training and disease control. | These payments are specifically permitted and could be used to aid higher welfare production. |
| Paying for capital costs of infrastructure. | These payments are specifically permitted, e.g. improving space in dairy cattle housing; converting from caged to free-range production for laying hens. |

**Take out: WTO rules do provide the flexibility to provide farmers with funding that supports the improvement of animal welfare.**

# The framework for a new support system

Farm animal welfare is a devolved issue. It will therefore be up to each of the devolved administrations to propose and administer their post-Brexit support payment systems, based on their specific requirements and tailored to their different geographical and climatic conditions. Any new support system must address the challenges noted above, but must also:

- Link the clear desire from consumers for improvements in farm animal welfare to payments for public goods.
- Ensure that the payment system results directly in producers investing to improve the welfare of their animals.

A UK-wide framework is preferable with a detailed programme of work agreed at a devolved authority level. The Command Paper proposes a framework that allows the UK internal market to work effectively[1]. Any scheme needs a clear purpose applicable to all four payment systems, and ensuring the UK is WTO compliant. There should also be agreement at a framework level to have a one-payment system, which is the UK Government's preferred way forward[9].

## A new financial support system

The RSPCA believes the new support system should reward farmers with public money only if they go beyond current standard industry practice, i.e. neither rewarding producers for 'business as usual', nor for just being legally compliant.

Current cross compliance already includes adherence to the Welfare of Farmed Animals (England) Regulations 2007. This includes provisions that aim to ensure that the breeding or keeping of farm animals does not cause unnecessary suffering, and that all who look after animals are appropriately trained. Yet these aspirations are non-specific and have failed to address long-standing welfare issues that are still prevalent in today's livestock sectors. For instance, mastitis is cited as the reason for dairy cow culling in 13–14 percent of the herd, a figure that has only slightly decreased in the past five years[24]. Foot rot in the sheep industry is estimated to cost the sheep industry around £24 million annually and affects 10 percent of the flock[25], and the prevention of tail biting continues to be a priority for the Pig Health and Welfare Council.

There are opportunities – and existing knowledge – to enable much better progress and outcomes. To help realise this potential, we propose a two-tier system:

- **Tier One** is set-up as a 'transitional payment tier' whereby payments are awarded to producers for implementing measures that help them towards meeting Tier Two criteria. Since 2007 there have been six measures under the CAP relating to animal welfare and the RSPCA believes that some of these provide a sensible framework for the UK regions to use[21, 26]. So, payments under Tier One could be awarded to cover one-off capital costs for buildings, to pay for training and improving stockmanship, and to cover ongoing costs (if any) incurred for producing to a higher standard. The RDPs used by other countries may in some cases provide useful examples of a payment mechanism that could be adopted in the UK (pages 13–15).

  There can sometimes be economic consequences of raising welfare standards as shown by some studies of the laying hen[27], broiler[28] and pig sectors[29]. The capital cost of raising these standards or the running cost of maintaining these standards could be funded through farm support payments if this is paid on income foregone (see page 5). As the UK has some of the highest welfare production standards in the world, we need to ensure the competitiveness of farmers is not decreased through any negative changes in tariffs or non tariff barriers in any future Free Trade Agreements.

- **Tier Two** payments are awarded to producers that are members of a formally-recognised higher welfare farm assurance scheme, i.e. schemes that deliver the RSPCA's higher welfare standards or equivalent, cover the whole life of the animal (birth/hatching to slaughter) and apply validated welfare outcome assessment as part of the core scheme framework – as set out in the proposed 'Good Scheme Framework'[30].

## Other considerations

- **Assessing outcomes:** success of the payment scheme should be judged according to a variety of parameters, such as:

  a) The proportion of eligible producers receiving payments, e.g. 25 percent of farmers receiving Tier One or Tier Two payments could be judged as a success.

  b) The proportion of animals being produced under formally-recognised higher welfare farm assurance schemes.

  c) The level of improvement in welfare for key species-specific animal welfare measures, e.g. lameness in cattle, tail lesions in pigs (with intact tails), and feather cover in laying hens.

- **Payment levels:** These need not be capped but, with finite funds available, consideration may need to be given as to how the payments can be distributed to achieve the greatest welfare impact.

### Delivery

The following should be part of any delivery in a future policy aimed at improving farm animal welfare:

- Payments must provide win-win solutions for animal welfare and across other areas such as for the environment, landscape and rural access.
- Support to ensure producers are not put at a competitive disadvantage from imported products produced to lower welfare standards.
- A transparent system with easy to complete forms – the Government has set a maximum target of nine hours for form filling[9].
- Grants that provide ongoing support to be open if required for the entire five-year programme period so providing continuity and certainty.
- A checking system that applies to all applications and a risk-based approach to monitoring.
- Clear targets relating to direct and measurable welfare improvements that are audited at the mid term and end of the programme.
- Any grants to be assessed to ensure they do not negatively impact on animal welfare standards – the Animal Welfare Bill 2018 provides a model on how to achieve this[31].
- All sectors should be open for payments providing the market is not delivering improvements.
- Payments should be reassessed on the rolling programme period to ascertain the necessity for continued payments.

Case studies are given (pages 9–17) showing how animal welfare objectives have been used across the European RDPs in the two funding periods.

## Conclusion

The future domestic agricultural policy for England, Northern Ireland, Scotland or Wales must change from the current system. It must develop from a system that is primarily based on awarding payments according to the area of land owned, to one that supports producers for rearing their animals to world-leading, but commercially viable, higher welfare standards. This would be consistent with the notion of delivering a public good.

The RSPCA therefore sees the new support system as rewarding farmers with public money only if they go beyond current standard industry practice, i.e. not rewarding producers for ‘business as usual’, or for being legally compliant.

A two-tier payment structure is proposed. Tier One represents a 'transitional payment tier' whereby payments are awarded to producers for implementing measures that help them towards achieving Tier Two criteria. Payments under Tier One could be awarded to cover one-off capital costs for buildings, to pay for training and improving stockmanship, and to cover ongoing costs incurred for producing to a higher standard. Payments can be made for ongoing running costs, providing they are paid for the cost of achieving the higher welfare standard compared to standard industry practice.

Tier Two payments are awarded to producers that are members of a formally-recognised higher welfare farm assurance scheme. We define a higher welfare assurance scheme as a scheme that delivers the RSPCA's higher welfare standards or equivalent, and covers the whole life of the animal (birth/hatching to slaughter) and applies validated welfare outcome assessment as part of the core scheme framework – as set out in the proposed ‘Good Scheme Framework’.

A review of the present payments that aim to help improve animal welfare under the 29 EU RDPs show a wide variety of different schemes that vary depending on the conditions that must be met to qualify for payments. Four case studies are presented from eight different countries for dairy cattle, calves, pigs and chickens. These are provided as examples of how a scheme could run in the UK to fund higher animal welfare standards though the details are not necessarily relevant to the UK situation and would need to be tailored appropriately. All the schemes have been approved by the Commission to be Green Box compatible.

When the national farm support scheme is announced, it is envisaged that clear outcome KPIs would be set for the scheme and the scheme would only pay the additional costs and income foregone of the scheme when measured against standard industry practice. This would ensure the payments made could be categorised under the WTO’s Green Box and could help ensure fair compensation for the public good provided by producers who respect higher levels of animal welfare. Welfare improvements can be monitored through application of welfare outcome assessments.

# CASE STUDIES

## Learning from existing schemes

Animal welfare became a clear objective of the EU's Rural Development Programme for the first time in the 2007–2013 programming period[26]. Although there are a number of different objectives (see page 10) that could benefit animal welfare, the main element was contained in Article 40, which awarded payments for producing to higher animal welfare standards. These schemes may provide useful examples of payment mechanisms that could be adopted in the UK. However, reference to these offers an example framework only and no judgement is made, and no advice is offered here, as to whether these are suitable for the differing domestic situations in the four devolved authorities.

In the 2007–2013 funding period €1.5 billion was proposed for animal welfare payments across the EU-27 though the actual total expenditure was only €986 million, i.e. two-thirds of that planned[32]. In 2007–2013, 21 out of 90 RDPs included measures under Article 40 with 77,750 holdings receiving support for making voluntary animal welfare commitments that went beyond the relevant mandatory EU or national standards. The majority of programmes improved animal welfare by encouraging farmers to apply welfare standards that went beyond legal requirements. Eleven of the RDPs (and the German national framework) listed additional and more specific objectives including, improving animal hygiene and/or health (eight programmes); product quality (three programmes); management skills through training and education (two programmes); and, competitiveness (three programmes).

In the 2014–2020 period, 29 RDPS contained these measures with two further RDPs looking to join. This accounts for 1.4 percent of total rural development expenditure. A selection of these that could be used in the UK where relevant are given on page 10. Examples of actions allowed under the programmes are given on page 11. Specific examples of where and how the funding is being used is given in Table 2.

Funding could be available to provide extra space or enrichment for pigs.

## Summary of animal welfare objectives available under the EU's 2007–13 Rural Development Programme[33]

- **Article 40: Animal welfare payment.** Member States could choose to include measures within their RDPs under which annual animal welfare payments may be made to farmers who undertake voluntary actions on animal welfare, which go beyond the relevant EU mandatory standards and other mandatory requirements established by national legislation. Commitments must normally be undertaken for a period of between five and seven years. The annual payments can cover additional costs and income foregone resulting from the commitment made; they can also, where necessary, cover transaction costs. Support is limited to €500 per livestock unit. Member States were required to provide upgraded standards of production in at least one of five areas of:
  a) Water and feed closer to natural needs.
  b) Housing conditions, such as space allowances, bedding, natural light.
  c) Outdoor access.
  d) Absence of systematic mutilations, isolation or permanent tethering.
  e) Prevention of pathologies mainly determined by farming practices and/or keeping conditions.
- **Article 24: Use of advisory services.** This measure had the potential to raise awareness of animal welfare issues and to help farmers achieve EU mandatory standards.
- **Article 26: Modernisation of agricultural holdings.** This measure could have been used either to improve the overall performance of the agricultural holding and/or to respect the community standard. Under this measure, farm infrastructure (such as buildings) could be improved which could lead to improved animal welfare.
- **Article 31: Meeting standards based on community legislation.** Under this measure, support to contribute partly to costs incurred and income foregone could be provided, inter alia, to farmers who had to apply standards relating to animal welfare. These standards had to:
  a) have been newly introduced in national legislation implementing community law
  b) have imposed new obligations or restrictions to farming practice which had a significant impact on typical farm operating costs, and
  c) include/relate to a significant number of farmers. Support could be provided for up to five years on a flat-rate and degressive basis.
- **Article 32: Participation of farmers in food quality schemes.** This measure allowed support to be provided as an annual incentive payment for up to five years for food quality schemes which could include animal welfare.

Planned expenditure is largest in Finland, where almost €0.5 billion has been allocated to supporting higher animal welfare over the seven-year period. Fourteen of the 22 RDPs in Italy delivered funding to improve animal welfare, using €334.4 million in the seven-year period. This funding ranged from €72.9 million in Tuscany to €225.6 million in Sardinia. Countries are using a variety of measures to improve animal welfare in the current programme period. The largest proportional spend is in Umbria where the €5.4 million allocated accounts for 62 percent of total expenditure under the RDP.

There has been some evaluation of the schemes in the two programme periods and these will now be examined to assess which ones were effective in achieving their objective of improving animal welfare.

### Examples of actions under the 2014–20 Rural Development Programme to promote animal welfare:

1. **Water, feed and animal care, e.g. allow calves to drink milk/stay with mother.**

2. **Housing conditions:**
   - additional space
   - thermoregulation and ventilation of barns (heating sources for newborns)
   - direct natural light in barns
   - enrichment materials (mainly pigs)
   - free farrowing and nesting area (for pigs)
   - use of straw for bedding (protect it against parasites/regular exchange)
   - perches.

3. **Outdoor access (in relation to production which is not categorised as free-range or outdoor):**
   - free-range/pasture access
   - provide shelter from adverse weather and predators
   - providing equipment to encourage and support natural behaviour such as bathing; during farrowing.

4. **Practices which avoid mutilation, or, provide for the use of anaesthetics:**
   - immunocastration or castration under anaesthetics
   - avoidance of tail docking
   - avoidance of beak cutting.

Funding could be available to improve health and welfare in sheep.

**Table 2: Summary of the species and actions delivered for animal welfare in eight different 2014–2020 RDPs (provided by way of example of how payments could be structured under Tier One)**

| Rural Development Programme | Housing conditions | Outdoor access | Avoidance of mutilation | General | Disease prevention |
|---|---|---|---|---|---|
| North Rhine Westphalia | Pigs: straw bedding<br>Beef: straw bedding | Dairy cows | — | — | — |
| Baden-Württemburg | — | Dairy cows | — | Pigs; laying hens: marketing of quality labels | — |
| Lower Saxony | Laying hens: stocking density | — | Laying hens: beak trimming | — | — |
| Ireland | — | — | — | — | Sheep: lameness and parasite control |
| Sardinia<br>Agreements signed for one year but renewed up to six years.<br>21,602 agreements signed in 2007–2013 covering 13,243 farms and covering 2.3 million goats and sheep | Dairy cows, pigs and beef cattle: addition of litter and improve litter management | — | — | — | Monitor somatic cell count to reduce mastitis; control hoof disease in sheep and goats €250/year given for income foregone for additional disease checks and training |
| Calabria | Pigs (€170); dairy cows (€200); beef cattle (€150); sheep; broilers (€190) paid from increased space and drinking areas | — | — | — | — |
| Liguria | Pigs (€180/LU), sheep (€130/LU), cattle (€100/LU) and broilers (€180/LU) paid for additional space | Pigs (€60/LU), beef cattle (€100/LU), sheep (€50/LU) and broilers (€50/LU) paid for outdoor access | — | — | — |
| Sweden | Pigs: condition scoring done four times a year | — | — | Sheep: shearing | Dairy cattle: hoof care biannually and hoof care plan established €22/LU |

Source: ENRD 2014 https://enrd.ec.europa.eu/policy-in-action/rural-development-policy-figures/rdp-summaries_en

### Evaluation of uptake of the RDP schemes delivering animal welfare benefits

Evaluation of the 2014–2020 programme has yet to be published. Evaluation of the 2007–2013 schemes revealed there was considerable interest from producers in the animal welfare components of the schemes. Some specific evaluation was undertaken.

- In **Sardinia**[34], 21,602 agreements were signed under the animal welfare measure, compared to a target of 20,500 funding 13,243 farms, greatly exceeding the initial target of 10,500 farms. The scheme covered almost all Sardinian sheep and goat farms totalling 2.3 million animals. Due to the high uptake of the measure, animal welfare played a central role in Sardinia's rural development strategy, particularly in driving innovation and modernisation in the farming sector.
- **Calabria** funded increases in the amount of space for each animal and improvements in drinking areas and ventilation systems. The target number of 250 farms was exceeded (266) and surveys showed that 67 percent of farms improved welfare with 17 percent of farms replacing stables with loose litter housing to improve welfare.
- **Mecklenburg-Western Pomerania** gave funding to improve 264 dairy farms and in **North Rhine-Westphalia** funding was given to graze cattle between 1 June and 1 October with at least 0.2 hectares per livestock unit. Twenty-eight percent of grazing cattle and 19 percent of dairy cows were funded to have access to outdoor grazing. This funding has now been offered again in the 2014–2020 period at around €40/LU and has been taken up in 2016 by 2,216 farms. The RDP also provides funds for keeping animals on straw (dairy cows are given €80, breeding pigs €120 and fattening pigs €75).
- In **Lower Saxony** payments are given to reduce mutilations by ensuring at least 70 percent of the pig herd have an intact tail, a payment which is delivered as a grant of €16.50 per slaughtered animal.

All these show the implementation of measures aimed at improving animal health and welfare from specifically targeted payments. So assessment is now required regarding at what level the payments should be set.

## At what level should the payments be set?

### Ongoing costs of producing to higher welfare standards

Application of improved animal welfare standards can sometimes result in a reduction in certain costs, such as veterinary fees due to improved animal health and welfare. However, they may also result in increased costs of production. The Commission already has a framework for assessing the level of payments within a broad framework. All 29 present RPD schemes have been approved by the Commission to be Green Box compatible, so that they are not production linked and are based on income foregone and additional costs incurred. As the animal welfare standards and cost of production differ between Member States, the income foregone is calculated and assessed for each RDP. The present Commission system uses average costs as a point of comparison. Four case studies are presented where this payment has been calculated for calves and pigs (Tables 3, 4, 5 and 6).

### Case study 1: Payments for additional space for calves

Table 3 shows the support payments awarded in the present RDP for four different RDPs for providing additional space to calves. As a comparator, the RSPCA standards for dairy cattle require a minimum space allowance of 2.0m$^2$ for calves weighing under 100kg that are housed on straw. This minimum space allowance increases with calf weight to require 5.5m$^2$ for calves weighing 301–350kg[35].

**Table 3: Support payments for providing additional space to calves in four RDPs based on income foregone**

| | Baseline | Commitment | Payment (per head) |
|---|---|---|---|
| Bulgaria | 1.7m$^2$ | 1.9m$^2$ | €11 |
| Estonia | 1.7m$^2$ | 2.0m$^2$ | €17 |
| Hungary | 1.7m$^2$ | 1.87m$^2$ | €10 |
| Calabria (Italy) | 1.7m$^2$ | 1.87m$^2$ | €80 dairy<br>€60 beef |

Source: ENRD 2014 https://enrd.ec.europa.eu/policy-in-action/rural-development-policy-figures/rdp-summaries_en

## Case study 2

Table 4 presents support payments awarded for providing additional space for fattening pigs. As a comparison, depending on the system used, the RSPCA welfare standards for pigs require a minimum space allowance for growing pigs that starts from 0.15m$^2$ for 10kg weaner pigs in pens up to 0.8m$^2$ (pens) or 1.72m$^2$ (straw yards) for 110kg pigs[36].

**Table 4: Support payments for higher welfare for fattening pigs in four RDPs**

| | Baseline | Commitment | Payment (per head) |
|---|---|---|---|
| Baden-Württemburg (Germany) | 1.0m$^2$ | 1.6m$^2$ basic<br>2.0m$^2$ premium | €30<br>€47 |
| Slovakia | 1.0m$^2$ | 1.1m$^2$ | €8 |
| Slovenia | 1.0m$^2$ | 1.1m$^2$ | €14 |
| Calabria (Italy) | 1.6m$^2$ | 2.0m$^2$ | Part of a package |

Source: ENRD 2014 https://enrd.ec.europa.eu/policy-in-action/rural-development-policy-figures/rdp-summaries_en

## Case study 3

Table 5 presents support payments awarded for providing additional space to laying hens and broilers (meat chickens) in six schemes. As a comparison, EU legal minimum space allowances are 42kg/m$^2$ for broilers and 750cm$^2$ for laying hens. However, England, Scotland and Wales have a lower legal density of 39kg/m$^2$ for broiler chickens. The RSPCA's welfare standards set a maximum stocking density of 30kg/m$^2$ for indoor reared broilers[37] and nine laying hens per m$^2$ [38].

**Table 5: Support payments for increased space for laying hens and broilers (meat chickens) in six RDPs**

(Unless stated otherwise, space allowances for laying hens are shown as hens/m$^2$ whereas those for broilers are expressed as kg/m$^2$)

| | Baseline | Commitment | Payment (per head) |
|---|---|---|---|
| Estonia | 9 hens/m$^2$<br>18kg/m$^2$ (broilers) | 8 hens/m$^2$<br>16kg/m$^2$ | €1.19 |
| Slovakia | 39kg/m$^2$ (broilers) | 30kg/m$^2$ | €0.53 |
| Lower Saxony (Germany) | 9 hens/m$^2$<br>18kg/m$^2$ (broilers) | 7 hens/m$^2$<br>15kg/m$^2$ | Part of a package |
| Calabria (Italy) | 9 hens/m$^2$<br>2.6 broilers/m$^2$<br>5kg/m$^2$ | 4 hens/m$^2$<br>1 broiler/m$^2$<br>2kg/m$^2$ | Part of a package |
| Liguria (Italy) | 25kg/m$^2$ (broilers) | 20kg/m$^2$ | Part of a package |
| Greece | 33kg/m$^2$ (broilers) | 25kg/m$^2$ | €1.08 |

Source: ENRD 2014 https://enrd.ec.europa.eu/policy-in-action/rural-development-policy-figures/rdp-summaries_en

### Case study 4

Table 6 presents animal welfare payments awarded for providing dairy cattle with access to grazing in two schemes. There are no EU legal minimum requirements relating to this issue. The RSPCA welfare standards for dairy cattle require cattle to have access to pasture for a minimum number of days per year, which is calculated according to an equation that takes into account calving period and pasture access according to the weather. From using this equation, it is expected that most UK farms will provide their cattle with access to pasture for at least 110 days per year[35].

**Table 6: Support payments for providing access to pasture for dairy cattle in two RDPs**

| | Number farms | Conditions | Payment (per head) |
|---|---|---|---|
| Baden-Württemburg | — | 1 year contract | — |
| North Rhine-Westphalia | 2,216 (2016)<br>124,634 LUs | Daily access to summer grazing 1 May–1 October<br>0.2 ha per LU | €50/LU maximum €500 |

### Case study 5

We now move from EU schemes to looking at income foregone in the UK. The results of research examining the costs of using different farrowing systems for sows is shown in Table 7. It indicated that it may cost an additional £1.16 per weaner and £28 per sow (3.5 percent additional costs) to use the higher welfare PigSAFE system compared to farrowing crates, though net costs will vary depending on various factors such as the existing system and the level of stock-keeper experience and skill in supporting successful free farrowing systems (and hence enhancing piglet survival).

Surveys of farmers have revealed that while some producers would consider installing a non-crate system, the majority were cautious about considering higher welfare alternatives to the crate[39].

**Table 7: Costs of different sow farrowing systems[39]**

| | Crate baseline standards | 360° farrower system (above legal minimum but does not meet RSPCA standards) | PigSAFE system (meets RSPCA standards) |
|---|---|---|---|
| Areas per sow ($m^2$) | 4.3 | 4.3 | 8.9 |
| Capital cost/place | £3,170 | £3,670 | £4,388 |
| Sow place cost/year | £323 | £374 | £448 |
| Production costs per sow | £776 | £788 | £804 |
| Total cost per weaner | £32.91 | £33.43 | £34.07 |

Source: Guy J H, Cain P J, Seddon Y M, Baxter E M, Edwards S A. (2012). Economic evaluation of high welfare indoor farrowing systems for pigs. *Animal Welfare* 2012, 21(S1): 19–24.

The level of financial support provided, ensuring only income foregone payments are made, can be calculated by examining the difference between running costs on an RSPCA Assured farm with those on farms operating to baseline standards. Any payments received from the market for providing a premium product should be deducted. Table 8 shows that, for this scenario, the income foregone is £19.68 based on a carcase weight of 82kg, which is similar to the payments given by Baden-Würtemmberg (£26.40–41.36) and Slovenia (£12.41) as part of their RDP schemes (Table 4).

**Table 8: An indicative comparison of the cost of rearing pigs in indoor systems under Red Tractor vs RSPCA Assured farm assurance schemes (£/kg pigmeat)**

| | Red Tractor[40] | RSPCA Assured |
|---|---|---|
| Feed, straw, veterinary and other variables | £0.89 | £0.96 |
| Labour | £0.13 | £0.26 |
| Building | £0.33 | £0.37 |
| Total production costs (/kg) | £1.35 | £1.59 |
| Total production costs (per pig) | £111.20 | £130.47 |
| Market price | £1.58/kg | £1.58/kg |
| Premium for welfare | na | £0.10/kg |
| Gross margin (£/kg)<br>Gross margin based on average slaughter weight of a pig (82.2g) | £0.23<br>£18.91 | £0.09<br>£7.39 |
| Income foregone (£/kg)<br>Income foregone per pig (based on average slaughter weight of a pig at 82.2kg) | — | £0.24<br>£19.68 |

As such, farm support payments in these examples could be used to encourage farmers to adopt higher welfare standards for pigs either through one-off capital costs to adopt a higher welfare farrowing system or by providing ongoing support costs for rearing under a higher welfare farm, assurance scheme.

## Training costs

Funding for training is already possible under existing RDPs. Costs can be estimated using existing courses. NVQ courses cost £730–£1,450 per person, while short-term courses cost £80–£125 per person per day. Attendance (or on-farm training) could be part or fully funded.

Funding could be available to reduce tail docking in pigs.

## Examples of how schemes could be costed for the UK RDPs

Table 9 summarises how schemes could be implemented and funded over six areas taking into account experience to date in other RDPs and the size of the herd/flock in England. The RSPCA believes that a target of 25 percent take up could be considered a success indicator for the scheme as 20 percent is used in the other RDPs as a measure of successful uptake. The level of funding has been taken from that designated in the two EU funding programmes 2007–2013 and 2014–2020[21, 26]. These schemes are given as examples only, as it will be up to each of the four devolved administrations to decide which schemes they are proposing and with what funding.

**Table 9: Examples of how schemes could be funded to generate welfare improvements**

| | Condition | Funding | Outcome/ measurables | Total based on England herd |
|---|---|---|---|---|
| Tier One: reducing lameness in upland and lowland sheep, including implementation of an effective veterinary health and welfare plan | One-year contract renewable for four years | £10 per ewe for up to five years | Reduction in lameness, hoof pathologies, and mortality. | 25 percent of herd not currently covered by RSPCA standards<br>8.9. million ewes<br>£89 million annually |
| Tier One: Access to straw for pigs | Straw bedding provided at a specified level | £70 per weaner | Reduction in tail biting and reduction in body lesions | 25 percent of herd not currently reared under straw[41]<br>(291,000 weaners: £20 million) |
| Tier One: Income foregone for moving to higher welfare farrowing systems | Install higher welfare farrowing system | £15 per weaner<br>(see case study 5) | More behavioural freedom: sow not confined and provision of nesting material | 25 percent of herd currently using farrowing system[39]<br>(800,000 weaners: £12 million per year) |
| Tier One: Tail docking of pigs | Pigs with intact tails | £16.50 per undocked pig | Slaughterhouse data on undocked pigs with tails without lesions | 25 percent of herd[41]<br>1 million weaners: £16.5 million |
| Tier One and Two: Training | Attendance at approved course and post-course assessment | 1 course @ £100/day | Courses attended. Awareness raised and skills improved | 100,000 days £10 million annually |
| Tier Two: Rearing animals under a higher animal welfare scheme | Membership of a higher welfare farm assurance scheme (with defined qualifying criteria) | Payment per livestock unit or animal that takes into account income foregone | Improved overall welfare of all species under the scheme | 25 percent of pigs, sheep and dairy cattle in England<br>25 percent of poultry in England |

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