

Canadian Food Inspection Agency / Agence canadienne d'inspection des aliments

AFAC
ALBERTA FARM ANIMAL CARE

Canadian Food Inspection Agency



**Perceptions, regulations and cost:
A look at the key questions**

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Our vision:
To exist as a science-based regulator, trusted and respected by Canadians and the international community.

Our mission:
Dedicated to safeguarding food, animals and plants, which enhances the health and well-being of Canada's people, environment and economy.

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Transit Strike in OTTAWA

- 991 buses
- 815,000 L Diesel/week
- 2277 employees



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Transit strike saves \$3M a week: OC Transpo

Last Updated: Thursday, December 11, 2008 12:18 PM ET
CBC News

A transit strike may be causing traffic chaos for the second day in a row, but it could save the City of Ottawa \$3 million a week.

Alan Mercer, head of the city's run transit company OC Transpo, said Thursday that the savings come from the fact that the city is not currently paying for salaries or fuel, and isn't contributing to wear-and-tear on the buses, saving on the cost of parts and maintenance.

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Savings? Really?

- 369,000 riders/day need alternate arrangements
 - estimated \$85 Million/month
- Employees are late, customers do not show
 - Small businesses hit hard
- Additional costs and downright losses estimated at approx. \$ 280 Million after 6 weeks of strike
 - Ottawa GDP reduced by 6% (Canada: -0.9%)
- How much loss of ridership, once service resumes?


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Savings? Really?



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A note on "cost"



- "Cost" vs. "benefit" implies "profit margin" alone
- Misleading – "cost" has economic **and** socio-ethical components
- **Better: "Harm" (to your wallet, to the animal etc.) vs. "benefit"**
- **"Benefit": both hard cash and "intangible" benefits (e.g. trust)**
- Animal welfare context: your practices need to **minimise harm and maximise benefits**

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If "Animal Welfare" went on strike

We would save!

- More animals onto the truck
- Less staff/handler training
- Transport/slaughter animals that are currently unfit
- Longer transport times and distances
- Less costly equipment
- ...

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You know better than that

Trade repercussions

- AW becomes a trade barrier
- Customer demands need to be fulfilled – or contracts lost

Public opinion

- Media attention to animal agriculture
- Pressure on politicians, government
- Costly campaigns to “correct” bad image

Productivity/Product Quality

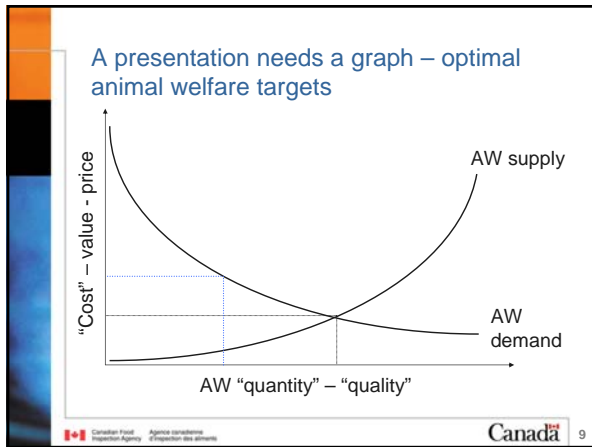
- Link animal health – animal welfare
- To an extent, improved welfare improves productivity/quality

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Good in theory – but what about practice?

- “Citizen” demands – but does “Customer” pay?
 - Discrepancy “WTP” and societal demand
 - Who pays for the portion of AW that is deemed a pure societal good?
- Failure of “free economy” to deliver optimal level of animal welfare
 - “Market failure” invites government intervention
 - Example: fate of animals with little/no monetary value
- Government attempts to set approximate AW targets
 - Canada: collaborative effort governments/industry/public

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Industry-led Initiatives

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Targets for Regulation

- Animals of low individual value are a prime source of concern
 - Mass-bred reptiles, spent laying hens, cull dairy cows, unfit beef cattle, cull boars and sows
- “It does not matter (for the business case) if a few don’t make it”
- If the market does not punish bad animal welfare practices
 - does it mean that AW is worthless?

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Regulations – not going for the Gold

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Public money - where is it spent?

- Surveillance and verifying compliance with existing regulations on AW
- Fund for research projects to quantify problems and finding solutions
- Awareness and education campaigns
- "Tax breaks", subsidies etc.

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Example – Taxpayer Cost of Humane Transportation Inspections in Canada

- One hour of front-line inspection duty costs the Canadian taxpayer approx. CDN\$53
- One livestock truck inspection takes, on average, 15 min – CDN\$ 13.25
- CFIA inspects approx. 36,000 times per year at a cost of CDN\$ 477k

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Example – Taxpayer Cost of Humane Transportation Inspections in Canada

- Offset through fines levied: approx. CDN\$ 151k p.a.
- **Cost: Cdn\$ 326k**
- Mostly combined inspection: Transportation + other Animal Health tasks
- **Good cost-benefit ratio**
- **Compare with cost of other programs/activities**

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"We have a problem" – How Government intervenes when forced to

- **Reaction** to stakeholder pressure
- We have a problem
- Which problem? Where from? Unknown.
- In the meantime : Rules and regulations
- If you believe that regulations unnecessary, prove it.
- Maybe we make changes



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Co-operation Regulations-Industry Standards

- Regulations do not "fix" a problem
- Regulations set minimum acceptable standards
- Regulations level the playing field for all links in the transportation chain
 - Cutting corners at the expense of the animals in transit is punished through enforcement (fines, reputation etc.)
- Balance of industry-led initiatives and regulatory authority –
 - maximise "buy-in" and the motivation to "do the right thing"
- **Using Regulations alone does not work – using voluntary standards alone, does not, either.**

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Regulation Pro's and Con's

"Treating Animals humanely is in the best interest of the industry. It is our livelihood."

- Majority of players has acceptable handling and transportation standards
- Based on inspection results: 5-10%, do not

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Describe the behaviour below in ONE WORD

Being deceptive, just pretending to be good, pretending to have qualities or beliefs that you do not really have

Hypocrisy

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Economic cost of **not** providing animal welfare standards – case in point



ONE video depicting unacceptable practices
NO clear-cut evidence of industry "self-policing"
NO decisive regulatory standards for livestock transport

Largest Beef Recall In US History, 143 Million Pounds/65 Million kg.

Can you put a price to this?

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What about the cost of NOT improving animal welfare?

- Awareness – consumers demand solutions
- You have positive attitude – but do you have capability to solve a problem

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What about the cost of NOT improving animal welfare?

- Many accepted practices/procedures cause pain or distress
- Ethically, we should keep them to a minimum, but what about the economic cost of doing so?
- What if we factor in the future economic cost of not doing so?

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Be honest

- Possibly legitimate reasons why AW expectations unfulfilled
- **Tempting excuse for doing nothing - BEWARE**
 - Public does not buy "there is nothing we can do"
 - Public reacts strongly to deception (look at your ads!)
 - Public may force government to (over)react
 - Public understands reasoning based on facts
- Be committed to improvement:
 - Acknowledge problems
 - Clear, demonstrable plan to timely resolve these problems
 - Strong commitment: no base for criticism

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So...what is the cost of Animal Welfare?

- Significant improvements in AW with reasonable investment and/or insignificant changes in food price
 - Does our society require cheaper food?
- Even better standards desired
 - Valid reasons may exist for not improving at this point
 - Do what you can reasonably do and explain what you cannot do
 - "Cannot" does not mean "do not want to"
- **Doing nothing: expensive in the long run**

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So...what is the cost of Animal Welfare?

There is a cost to NOT having animal welfare standards that are

- Clear
- Reasonable
- Define a desired (or undesired) outcome
- Understood and accepted by all players
- Verifiable
- Enforced

Enforcement of Animal Welfare standards is a tool to "level the playing field". Unacceptable practices are not rewarded.

Credits

- D Moran A McVittie "Estimation of the value the public places on regulations to improve broiler welfare" Animal Welfare 2008, 17
- NYU School of Law "Two different but convergent federal systems" <http://www.jeanmonnetprogram.org/>
- EconEdLink "Market Failures and Government Regulation: Is the Cure Worse than the Disease?" www.econedlink.org
- Mellor, D.J; Fisher, M.W; Stafford, K.J "Cost-Benefit Analysis of Pain Relief for Farm Animals". <http://nfacc.ca/Documents/Document-Item.aspx?id=73>

