

ID/EXPO Presentation

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A major implementation challenge for the markets that is not talked about enough by those outside the marketing sector is the need for ID tagging sites at livestock markets.

The NAIS plan assumes producers without the facilities or equipment to tag their animals will seek out their local livestock markets to tag their animals.

--We agree tens of thousands of producers are very likely to do just that--which is what worries us.

--Producers have traditionally turned to their local livestock auction market to provide them with an array of services; ID tagging will be no different, particularly among our smaller consignors.

You can view these market tagging sites as opportunity or a problem.

--Most markets see them as a potentially costly, labor intensive headache.

Right now we know little about:

(1) The cost to producers in obtaining tagging services;

--According to some estimates, it could be \$5 to \$10 per head, which is very costly if you are an average-sized cow-calf operator with 30-head or there is a downturn in the market and a thin profit margin;

--A stated goal of the NAIS is to not disproportionately impact small producers so as to threaten their continued operation by make them non-competitive in the marketplace.

*This goal can hardly be met if the off-farm tagging costs are not subsidized by the government and/or producers are otherwise compensated.

(2) We also do not know the markets' costs in setting up and operating tagging service sites;

--Many markets do not have the physical space to build a separate tagging area;

--Very likely additional pens and catch chutes will have to be erected resulting in additional cost to the markets and their consignors;

--Already hard to find workers will have to be hired to do nothing but tag animals as they come into the market;

--The hours of operation will have to be expanded to accommodate animals coming in early for tagging meaning more cost to operate the facility and likely higher commission charges;

(3) We are also struggling with how markets will maintain the flow of commerce and the condition of the animals as they move through these tagging sites and on to the sale. We have such questions as:

--How long will these animals need to be checked in before the sale in order to process them all before the sale? (The greater the numbers, greater the time?)

--How much stress, particularly on older animals, will result from moving and tagging animals at these tagging sites? (Can we expect more respiratory and other diseases?)

--How much money will our consignors lose from increased shrink on cattle required to be in the marketing facility longer?

*An Australian producer recently complained, in an email to our staff, that a recent slow-down at an Aussie saleyard, because of ID scanning equipment failures, caused \$70AUS in shrinkage cost.

--Animal welfare becomes a significant issue with the prospect of more handling over a significant period of time.

*Also, most animals sold in a livestock market require no feed or watering. That will change if animals must be at markets more than 24 hours.

--What are the environmental impacts from animals being housed at markets for longer periods of time? (The markets are already struggling to get in compliance with EPA rules for Concentrated Animal Feeding Operations.)

* Increased runoff could require installation of bigger lagoons or other control measures of untold costs.

(4) Worker safety issues are also high on our list of concerns of market operators

--Worker safety will be compromised and worker compensation claims are bound to increase as workers are forced to come into closer contact with the animals for tagging

*After years of trying to devise risk management systems that protect market workers, we are now returning to some of those risky practices.

*For instance, we have gotten many of our insured markets to use paddles, flags, etc., to move cattle so as to avoid more direct contact with the animals. Now, we are asking our workers to have direct hands on contact with the animals as they move them in and out of head chutes and tagging areas.

(5) Insurance costs are bound to skyrocket with the establishment of these tagging sites.

--LMA's affiliated Livestock Market Insurance Agency expects that higher insurance premiums are likely for transit, death loss, and worker compensation.

*Workmen's compensation premiums in most states have gone off the charts. The likely increase in worker injuries makes these tagging facilities even more problematic. (Those that deal with worker compensation claims know too well that large claims in any year can affect your

claims history and consequently your premiums for several years thereafter, regardless of your stellar history before or after that single event.)

Why not refuse to tag animals coming to markets if it presents such a problem:

--Many would if it did not have the very real potential of driving customers away, driving them and/or us out of business and doing further harm to the competitive marketing system.

--The majority of our members reluctantly agree that they will likely have to provide tagging services for a fee at their market facilities in order for some of their producer customers to comply with the NAIS.

*It should be understood however that providing producers with tagging services in no way relieves producers from their legal and financial obligation under the law to ensure that their animals are tagged as they enter commerce.

To get a better fix on the cost of setting up these tagging sites so decisions can be made on whether the markets can afford or practically do so, we need this concept tested out through the implementation pilot projects and we need APHIS' cost-benefit analysis completed sooner than later. We understand USDA has begun that effort and we urge its completion with all due speed.

Closing Comments

In closing, Dick and I have hopefully given you a good idea of the technology, infrastructure and financial challenges that every livestock marketing facility will encounter as they implement the current NAIS plan. If you took a poll of the 1300 plus livestock auction markets that currently exist in the United States, you would find them heavily divided on the NAIS. Some market operators and livestock dealers see opportunity awaiting or at least a grudging acceptance of the need for the program. A great many can only envision the tremendous expense

and difficulty of incorporating the program into their daily operations and wonder how it can be done at all. Many more are taking a wait and see attitude. Regardless of where Dick, I or any one of our market colleagues lie along the NAIS applause meter, we all agree that the competitive marketing system must be allowed to thrive and grow for the benefit of us all.

How can we accomplish that objective with the considerable challenges offered up by the NAIS for livestock markets? We must do it by: (1) the government, federal and state, financially partnering with livestock markets to provide the necessary technology and physical infrastructure required to tag, record and share ID information. We need to establish an animal ID system that is simple and efficient to operate for the smallest to the largest marketing facility. The compatibility of ID systems for multi-specie interstate operations also must be a priority. (Managing three or four different ID systems to accommodate several different species would be a logistical and management nightmare.) And, animal health data management systems must be

seamless allowing data to flow directly into a central repository without the added expense and administrative challenges of entering data into far-flung and disparate databases where there is no need or demand to do so.

Lastly, USDA must quickly get on with the business of completing an NAIS cost-benefit study. Without this vital information, the industry is stalemated in seeking public and private funds to finance what is projected to be a costly technology-laden ID system. With all these challenges in mind, the Livestock Marketing Association and the National Livestock Producers Association remain committed to continuing our efforts with our fellow NAIS stakeholders to make the NAIS work better for all concerned.