Department of Agriculture, Trade and Consumer Protection

Division of Agricultural Development

Agricultural Development & Diversification Program (ADD)

2001 Grant Project Final Report

Contract Number: 16016

Grant Project Title: Development of Wisconsin Livestock Premises and Individual Animal Identification and Information Retention System

Project Beginning Date: July 1, 2001 Project End Date: July 26, 2002

Amount of Funding Awarded: $37,380

Name of Principal Contact Person: Tom Lyon (prior to April 1, 2002)
Neil Hammerschmidt (after April 1, 2002)

Telephone: 608-848-5237 Fax Number: 608-845-1999

E-Mail or WEB Address: nhammerschmidt@WisconsinLivestockID.com

Submitted by: Neil Hammerschmidt Date: August 8, 2002

Summary of Project Highlights

The ADD Grant provided the Wisconsin Livestock Identification Consortium with essential start-up funds for the organization. An office in Verona, Wisconsin was established and the Consortium hired their COO. The establishment of the organization has spurred more interest and support from various organizations, which now stands at approximately 25. An in-depth strategic plan, outlining the goals and action plans of the Consortium, was developed that will direct the development of the system. The written document was used to meet the contractual requirements of the cooperator agreement with the USDA, APHIS, VS. These funds [from USDA], totaling $653,000, will be used for the development of the system.

Various presentations explaining the WLIC initiative have been made to producer groups to increase understanding of the consortium efforts and to expand producer input to direct the establishment of the system. A presentation on the Consortium's program was given at the National Food Animal Identification Symposium in Chicago in late July. Additionally, WLIC's participation in the National Identification Task Force has been important to ensure Wisconsin provides leadership to the formation of the plan for national identification.

Wisconsin Department of Agriculture, Trade and Consumer Protection
Agriculture Development and Diversification Program

2001 Grant Project Report

Date:	**July 25, 2002**	WDATCP Contract No:	**16016**
Project Title:	**Development of Wisconsin Livestock Premises and Individual Animal Identification and Information Retention System**		
Contractor Name:	**Thomas Lyon, the Livestock Identification Consortium**		
Project Leader:	**Thomas Lyon thru March 31, 2002, now assumed by Wisconsin Livestock Identification COO**		
Progress Report for:	**April 1, 2002 – July 26, 2002**		
Report Prepared by:	**Neil Hammerschmidt, President and COO, Wisconsin Livestock Identification Consortium**		

The following provides a report of the major accomplishments and issues of significance of the Consortium during the period noted above. Primary attention has been given to the development and documentation of plans that will direct the achievement of the goals and objectives of the WLIC. These resulted from various meetings and interactions with individuals throughout the industry.

Structure

The Wisconsin Livestock Identification Consortium (WLIC) hired Neil Hammerschmidt as their President and COO and he assumed his responsibilities on April 1, 2002. As a result, more of the ADD funds are being submitted as salary and wages as the utilization of consultant services has been less than initially budgeted.

The WLIC received notice of its tax exempt status on May 7, 2002.

Participants

In addition to the Officers (Chairman, Vice-Chair, Secretary, and Treasurer), the WLIC allows for participation of interested parties through Associate status. To date, the Consortium has grown to a total of 34 Associates (including Ex Officio) . The interest from Wisconsin-based organizations has been significant. A complete roster of Associates is attached. Of additional importance is the interest expressed from other regions. Organizations that have become part of the Consortium as Associates from those areas include Dairy Lea at Syracuse, NY and California DHIA at Fresno, CA. The extension of Associates to New York and California reflects the interest other organizations have in what is being developed in Wisconsin. While our approach to the development of a regional system remains, it is also imperative that the WLIC develop a system that supports a national program; therefore, the support from organizations in other parts of the country is imperative.

Strategic Plan

The COO developed the Consortium's Strategic Plan, which received favorable support from the Officers and Associates earlier this year at a regular meeting of the WLIC. The Strategic Plan incorporated the initial mission, objectives, and expected results that the Consortium was founded upon, and developed a broad Work Plan to reflect how the objectives would be achieved. The establishment of livestock premises and individual animal numbers are the foundation of the animal identification and information system.

The project has been broken into two phases to achieve the "farm to plate" tracking of food animal products. The Strategic Plan is enclosed as a major part of this progress report.

Activity and Project Summary Plan

The next step in the progression of the Consortium's project is to establish specific projects. Neil Hammerschmidt, with the support of Steve Rasmussen, has met with various industry groups and service providers to establish the plan for specific projects. The Activity and Project Summary Plan are attached as a major part of this progress report.

While the following activities are referenced within the Activity and Project Summary Plan, their significance warrants more detail, which is presented in the following items.

- National Identification

  The National Institute for Animal Agriculture (NIAA) is facilitating two key activities to advance animal identification in the United States. These include a:

- National Food Animal Identification Task Force

  This effort resulted from the following resolution at NIAA's Annual Meeting: "The National Institute for Animal Agriculture should facilitate a stakeholder based Task Force for National Animal Identification to develop a national identification plan that provides the essential elements currently required that can be implemented in a timely and cost effective manner. An implementation report is to be presented at USAHA Annual Meeting in 2002."

  The National ID Task Force encompasses approximately 35 organizations nationwide. The WLIC has been an active participant in the development of the national plan through involvement of their COO who is chairing the Task Force, as well as the involvement of several Associates of the WLIC.

- National Food Animal Identification Symposium, July 30 – August 1, 2002

  The symposium being held the end of July is an important event for individuals of the WLIC to attend to acquire more knowledge and understanding of "national ID" and for being actively engaged in discussions that will direct its establishment. The WLIC leadership felt participation in the symposium was critical. As a result, $5000 was provided to NIAA in return for registrations that were made available to individuals of WLIC.

- Traceability Study

  As the Consortium looks at the bigger picture of Animal Identification and Information Systems, the need to become more involved in the “traceability” discussions becomes quite apparent. The Consortium, in review of the Sparks Multi-Client Study on Food Traceability, elected to participate in the study for various reasons. Our participation will help direct the study to ensure the production sector issues are researched. In addition to an increased knowledge to help direct the Consortium’s program, contacts established through our participation will be invaluable. The total cost to the Consortium is $18,500, of which $9,250 has been paid to date.

Meetings with Producers

Neil Hammerschmidt has had the opportunity to meet with several producer groups, including the Dairy Committee of the WFBF and the Joint Dairy Committee of WFC/MAC. Meetings with UW Extension and CALS has also been conducted to determine opportunities for academia to play a key role in the efforts of the Consortium. Through contacts to date, meetings with the Wisconsin Cattlemen’s Beef Association and the Professional Dairy Producers of Wisconsin have been scheduled for August, 2002.

Meetings with Service Providers

The system is being designed to have added value service providers provide the on-farm service to producers. This structure or alignment will create competition among service providers and allows producers a choice when considering services that provide animal identification options.

PRELIMINARY STUDY OUTLINE

I. Defining this Issue

- What is Source Verification?
- What is Identity Preservation
- What is Tracking?
- What is Traceability? European definition/U.S. definition/Implications
- What is Transparency?
- What is the common thread in these many initiatives? What are the points of difference?

II. Background

- The landscape of the food industry
  - Growth of world markets
- Consumer interests and ability/willingness to pay for tracking
  - Tracking as a consumer force and competitive advantage
  - Tracking as damage control: Recent foodborne illness and animal health scares, and their relative economic impact
  - Global production within the vertical food chain
  - Current international tracing and tracking initiatives; what to do and what not to do regarding this issue; what can we learn from other countries' positions?

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III. Policy Environment

- U.S. federal – Is harmony possible?
- What does the new Farm Bill allow for in this regard? What will potentially be the future developments?
- Legal interpretations
- Rules and regulations – are further standards possible?
- European laws/policies
- Asian laws/policies
- Australian policies and procedures
- CODEX Alimentarius update
- USDA initiatives
- Homeland security initiatives/needs
- Expected changes in U.S., Canadian and European legislation that will impact agriculture & food safety
- Anti-trust implications
- A case study example of liability issues, what could happen if…… – i.e., war games
- A review of the organic laws and policies

IV. The Role of State and Local Governments

- How will states address the need for and implementation of food transparency regulations? How will state governments coordinate their efforts with the federal agencies?
- State and federal interface: Who has authority?
- Current state-based initiatives
- Prospects for the future
- Homeland security initiatives related to federal and state agencies

V. Drivers of This Initiative

- Economic review and analysis of impacts on the food vertical
- Is it government regulations or consumer demand that will ultimately drive the need for complete transparency?

- Source verification – needs/demands for credence in labeling (human rights – i.e., cocoa, coffee, etc.)
- What are the financial implications of implementing such a system?
- Will consumers demand a verification system? If so, when?

VI. Technology and Cost Factors

- Review of current technologies – U.S. and Foreign (Best Practices Demonstrations)
- How will this multi-tiered issue impact industry-average operating costs?
- Integrating a transparency tool, and how to implement
- Costs associated with linking the food vertical
- Case study examples of systems currently in use

VII. Supply Chain Analysis

- Beef, pork, poultry, dairy, produce, grain-based products, seafood, etc.
- Define the supply chain
- Transparency and tracing issues at each level
  - Needs, specifications, information transfer
- Technology interface
- Benefits/cost assessment
- Implications for industry margins
- Stability or intensity of competition
- Identification of key drivers of industry success over the next ten years

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VIII. Economic Impacts by Segment

- Value chain participant
- Financial institutions
- Regulatory agencies

IX. Conclusions, Strategic Implications: A View of the Future

- Consumer demand
- The value proposition
- Impacts on margins
- Technological advances
- Critical success factors
- Banking/investment