



6 August 2010

Secretary
Senate Rural and Regional Affairs
& Transport Committee
Parliament House
Canberra ACT 2600

Attention: Ms Lauren McDougall

Submission on the Proposal for Horse Industry Levy

Thank you for extending the due date for submission. On behalf of the Veterinary Manufacturers and Distributors Association Ltd (VMDA) the following is provided for consideration by the Committee on a proposal to impose a levy on the Horse Industry to contribute towards Emergency Animal Disease Responses (EADRA).

By way of background VMDA represents members which combined constitute a significant percentage of the Australian Animal Health market. Its membership encompasses the total product cycle from product development and manufacture, through distribution, to retail within Australia. Many are APVMA licensed manufacturers which manufacture to Good Manufacturing Practice (GMP) standards and have built an appreciable export business for Australian manufactured veterinary products.

VMDA is a member-driven association, and members are encouraged to contribute to the successful future of the Animal Health industry by sharing their concerns and expertise with colleagues. The structure of the VMDA is such that a diversity of issues is being addressed and presented to regulatory authorities and Government. VMDA is able to provide a majority or balanced industry position in its submissions and to organisations with which it interfaces.

As we understand it, the levy would be for emergency animal disease and would be zero rated until there is a disease incursion.

The options being considered are:

- A. Registration Levy,
- B. Event Registration Levy,
- C. Horse Shoe Levy and
- D. Wormer Levy

The above options have been the subject of proposals from a variety of other sections of the equine industry and among these it is option "D Wormer Levy" that would specifically impact on Animal Health product manufacturers, a many of whom are represented by VMDA.

Adoption of such a levy on wormers would provide coverage of some sectors of the horse

industry as worming programs enjoy a widespread use by them. However, an imposition of a levy on each dose is likely to result in decreased treatment of the animals with consequential decreases not only in animal health but may also possibly impact on human health (particularly of those humans involved in the handling of horses).

Wormers are very price sensitive i.e. an increase in price is likely to decrease demand for the product. The extent to which this occurs would depend on the value of the levy.

We have made some estimates of the impact that an imposition of a levy on wormers may have:

- There are approximately 600,000 horses in Australia and, on average, there are 2.5 treatments per horse per year or 1.5 million treatments administered. Of these approximately 80% are administered by single dose syringes (that is, 1.2 million) worming treatments retail for between \$15 and \$23 each.
- It is conservatively estimated that an emergency equine influenza (EI) outbreak may cost about \$100 million and if this cost is to be *fully* recovered from industry over, say, a 10 year period then the levy per dose would need to be in the order of \$8. This would increase the price per dose to \$23 and \$31 or by an average of 45%. If the levy were to be applied to liquid drenches the additional cost per container would also translate into similar increases in proportion.

Given that wormers are very price sensitive, the impact of an imposition of a levy of that magnitude will potentially reduce demand of wormers with consequential decreases not only in animal health but also, as mentioned earlier, in human health. In this way the imposition of the levy on wormers has the potential of decreasing horses' health in the event of levy being imposed as a result of a new emergency animal disease outbreak which in any event may well be, like the recent EI outbreak, the result of inadequate border/quarantine protection.

Even though option A. "Registration Levy" appears to be complex, it would seem more appropriate and equitable to base a levy on a registration system for all horses, similar to that employed by local councils for dogs. Introduction of a levy based on a registration arrangement, which could be accompanied by micro chipping, would be equitable as it would give cover to the greatest extent of horse ownership. Registration would also have assisted with identification of horses during the recent EI outbreak and would have aided in restricting horse movements. Similar benefits would occur in the event of a future emergency outbreak.

Yours faithfully



Bob Schufft
Executive Director