

# Chapter 1

## Introduction

1.1 The Horse Disease Response Levy Bill and related bills were introduced into the House of Representatives on 21 February 2008, and subsequently debate was postponed. Debate resumed on 1 September 2008 and the bills were passed by the House on 3 September 2008.

1.2 The bills were introduced in the Senate on 3 September 2008. On 4 September 2008, the Senate referred the provisions of the bill to the Senate Rural and Regional Affairs and Transport Committee for inquiry and report by 3 October 2008, on the motion by the then Leader of the National Party in the Senate, Senator Scullion. The specific bills are:

- *Horse Disease Response Levy Bill 2008;*
- *Horse Disease Response Levy Collection Bill 2008;* and
- *Horse Disease Response Levy (Consequential Amendments) Bill 2008*

1.3 The committee dealt with the bills cognately. Its review of the legislation was concerned mainly with policy issues rather than with technicalities. The committee notes that these bills essentially comprise enabling legislation, and the detail of how the legislation will work will become more apparent once the regulations to implement the legislation are made. Therefore, the committee believes that its review of these bills may become 'work in progress' as current policy unfolds and the issues of registration and appropriate levies across the broad equine sector are subjected to wider scrutiny.

### Conduct of the inquiry

1.4 Notice of the inquiry was posted on the committee's website and advertised in *The Australian* newspaper on 10 September 2008 and 24 September 2008. The committee also requested submissions from a number of equine organisations. The committee received 33 submissions, a list of which is at Appendix 1.

1.5 The committee held a public hearing in Canberra on 24 September 2008. A list of witnesses who appeared at the hearing is at Appendix 2 and copies of the Hansard transcript are available through the Internet at <http://aph.gov.au/hansard>.

1.6 The committee thanks all those who provided submissions and evidence to the inquiry.

## Background to the bill

1.7 In August 2007, an outbreak of equine influenza (EI) occurred. EI was an exotic disease, not present in Australia. At the time of the last reported detection of the virus, on 25 December 2007, over 8000 properties had been reported infected.<sup>1</sup>

1.8 A national response to the emergency involved state, territory and Commonwealth governments working with the horse industry and with horse-owners to eradicate the virus. On 30 June 2008 affected areas of the country were officially declared free of the virus, no new cases of the disease having been reported since 25 December 2008. Australia is one of the few countries to have successfully eradicated EI.<sup>2</sup> According to the Callinan Report on the causes of equine influenza outbreak, the Commonwealth had provided through its various assistance packages about \$227.9 million of the \$268.8 million committed to those whose primary source of income had been affected by the outbreak and the subsequent movement restrictions.<sup>3</sup>

1.9 Under the Emergency Animal Disease Response Agreement (EADRA), the costs of responding to emergency animal diseases are shared by the affected parties. The Commonwealth and all state and territory governments are signatories to the EADRA which commenced in 2002, as are a number of livestock industries. Under the EADRA, government agrees to underwrite the costs of an emergency response to an animal disease outbreak. Industry signatories have made arrangements to meet their obligations under the agreement in the event of an emergency. In most cases this is in the form of a levy imposed at the point of transaction. When the outbreak of EI occurred the horse industry was not party to EADRA.

1.10 The Commonwealth Government covered the cost of dealing with the recent EI outbreak, deciding not to impose charges upon the industry retrospectively. These bills introduce a mechanism to share the costs of responding to future outbreaks, with the intention of giving the same assurances of support to the horse industry as enjoyed by other EADRA parties when faced with disease outbreaks in the cattle, dairying, sheep, pig and similar primary industries.

## Purpose of the legislation

1.11 The purpose of the bills is to impose a levy on the initial registration of horses. This levy would ensure that the horse industry is able to repay any amount paid by the Commonwealth on behalf of the industry in the event of an outbreak of a horse disease. The levy will assist the industry fund its obligations under the

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1 The Hon. I. Callinan, *Equine Influenza: the August 2007 outbreak in Australia*, p. 10.

2 Commonwealth Government National Pests and Disease Outbreak webpage, Equine Influenza Inquiry:  
[http://www.outbreak.gov.au/pests\\_diseases/pests\\_diseases\\_animals/equine\\_influenza/faqs.htm](http://www.outbreak.gov.au/pests_diseases/pests_diseases_animals/equine_influenza/faqs.htm)  
Accessed 15 September 2008

3 The Hon I. Callinan, *Equine Influenza*, p. 12.

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provisions of the EADRA. The agreement provides for the Commonwealth initially meeting the industry's obligations under the EADRA, with the industry repaying any amounts paid on its behalf through the imposition of a statutory levy.

### **Provisions of the bills**

The provisions of each of the bills is briefly outlined as follows:

#### *Horse Disease Response Levy Bill 2008*

1.12 The Horse Disease Response Levy Bill 2008 provides the mechanism to impose a levy on the registration of horses. The proposed levy arrangements for the horse industry are similar to those applying to other industries party to EADRA.

1.13 Details of the imposition of the levy, and the rate at which this will be set are listed in the provisions of the bill. Section 4 outlines how the levy is imposed:

- (a) A horse disease response levy is imposed in the first registration of a horse with a horse registration body that occurs on or after the day on which this Act commences;
- (b) The legislation does not make the registration of horses compulsory, but it provides that where horses are registered, a levy must be paid; and,
- (c) A horse disease response levy is not imposed on any subsequent registration of the horse, even if a subsequent registration is with another horse registration body.

1.14 Section 5 deals with the rate of levy:

- (a) The bill sets the rate of horse disease response levy at zero;
- (b) The regulations will fix a rate for the horse disease response levy; and,
- (c) These regulations will be subject to disallowance by either House.

1.15 What constitutes a horse industry body is discussed in Section 7:

- (a) If the Minister considers that a body is a national body which is representative of the horse industry, the Minister may, by writing, declare the body to be a horse industry body.

#### *Horse Disease Response Levy Collection Bill 2008*

1.16 This bill provides the framework for the collection of the levy. Under s.55 of the Constitution, provisions dealing with the collection and administration of a levy must be in legislation separate from the legislation which imposes the levy itself.

1.17 Section 7 of the bill outlines the proposed levy collection powers of horse registration bodies. Paragraph (a) states:

- (a) Despite any law of a State or Territory or any contract entered into before this Act commences, a horse registration body must not register a horse unless the owner of the horse first provides the body with the funds necessary for the body to pay, on behalf of the owner, the horse disease response levy that would be due in respect of the registration of the horse with the body.

1.18 Penalties for late payment of the registration are outlined in Section 10. Paragraph (a) states:

- (a) During the month in which the horse disease response levy became due for payment the amount accrues at the rate of 2 per cent per month on the horse disease response levy due

1.19 The bill also provides for information gathering powers which allows for the collection of information and documents required by the Commonwealth.

#### *Horse Disease Response Levy (Consequential Amendments) Bill 2008*

1.20 The Horse Disease Response Levy (*Consequential Amendments*) Bill 2008 provides for the appropriation and application of the levy. The legislation will enable Animal Health Australia to hold and manage the levy on behalf of the horse industry. It will amend the *Australian Animal Health Council (Live-stock Industries) Funding Act 1996*.

1.21 The bill also provides a mechanism for any excess levies collected to allow for their use in horse industry research and development, and for promotion of horse health.

#### **Submissions to the committee's inquiry**

1.22 The 33 submissions received represented different facets of the horse community, from professional racing associations and breed societies to pony clubs and individual recreational horse owners. The majority of submissions came from the hobby and pleasure sector of the horse community.

1.23 The submissions received by the committee highlighted a number of issues relating to the bill. Most submissions from recreational organisations and horse breeders were critical of the levy proposals, and this was reflected in the majority of the evidence presented to the committee at its public hearing. It is, however, the commonplace experience of committees to receive many more submissions from critics of legislation than from those who support it.

1.24 The issues and arguments raised before the committee are dealt with in Chapter 2.