

## **Dissenting Report by Opposition Senators**

The bills are very specific in that they establish a levy collection mechanism that would then permit the Australian horse industry to sign up to the Emergency Animal Disease Response Agreement, EADRA.

While Opposition Senators support the Australian Horse Industry in becoming signatories to EADRA, if that is their desire, we cannot support the passage of these bills as the proposed levy collection mechanism does not enjoy the support from those who will be liable to pay, does not include horses that pose the greatest risk of disease introduction in the levy collection mechanism, and fails to give consideration to the financial circumstances of horse owners within Australia's horse associated industries.

A number of specific issues were raised in both written submissions provided to the committee and through evidence provided during the committee hearing in Canberra on 24 Sept 2008 that highlight the inequity and failures of these bills to achieve the stated purpose of the legislation.

### **Narrow Levy Collection Base**

The stated objective of the Horse Disease Response Levy Collection Bill 2008 was to establish a broad base that would share the financial burden equitably across the Australian horse industry.

While Opposition Senators accept that the regulations that will define the levy collection base are yet to be drafted, any regulations must be consistent with the provisions of the legislation. This would therefore limit any collection base to newly registered horses with a horse registering body.

The number of horses registered in Australia each year has been estimated at between 50,000 – 60,000. The levy would therefore only be applied across this number of horses provided that horses are continued to be registered at the current rate.

Evidence provided to the committee cast doubt upon the willingness to register horses if registration of horses was not compulsory and there was a levy imposed.

**Senator MILNE**—In the absence of compulsory registration you are saying that there will be a huge incentive for people not to register and there will be a smaller and smaller pool to pay whatever the amount of money is?

**Mr Dillon**—I believe that is the most succinct summary of the issue that I have heard from an elected official in six months.<sup>1</sup>

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<sup>1</sup> Hansard, RRA&T, Wednesday, 24 September 2008, p. 16.

This prescribed collection mechanism excludes all horses previously registered regardless of their purpose or function. The horses that present the greatest risk of disease introduction, including imported race horses and shuttle stud stallions that enter the country will also not be subject to the levy under the provisions contained within these bills.

The levy collection mechanism that is defined under the legislation would also be further reduced if exemptions were considered as indicated in the Department of Agriculture, Fisheries and Forestry submission to the committee.<sup>2</sup>

Exempting some groups from the levy may well simplify collection and reduce the financial burden on some bodies, but the fact remains that the largest number of horse registrations are with pony clubs and small breed societies. By granting exemptions the government is diluting the recommended principle of supporting a broad based levy.

### **Commercial Operators and Racing Sector Exempt from Levy**

Submissions were received from individuals and pleasure horse groups highlighting the inequality inherent in the proposed bills relating to the uniform basis of the levy.

All horses regardless of value or intended purpose would attract an equal levy payment obligation. This blatant inequality can be best described through the following exchange between Senator Heffernan and Mr Nixon at the committee hearing.

**Senator HEFFERNAN**—Do you think it is fair that they have struck this levy equally to a person who contributes their time to Riding for the Disabled or some disobedient kids that get along to Pony Club, and someone else that spends their time at Randwick sipping champagne and watching the racehorses run? Do you really think that is fair, given that the whole thing came on because the deadheads out at Badgerys Creek—and I visited them the Olympics and reported to the government—who were the slackest mob of people I ever run across in my life? They were just wandering in and out during the Olympics like it was nobody's business. Do you think that is fair?

**Mr Nixon**—No, I certainly do not. The whole context and the push of our submission is that it is not fair. No.<sup>3</sup>

The bills further stipulate that there are only three representative bodies that are eligible to sign EADRA on behalf of the Australian Horse Industry. One of these bodies is the Australian Racing Board, ARB, that represents thoroughbred racing in Australia.

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<sup>2</sup> Department of Agriculture, Fisheries and Forestry, Submission 6, p. 12.

<sup>3</sup> Hansard, RRA&T Wednesday, 24 September 2008, p. 6.

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The ARB represents thoroughbred racing but does not represent race horse owners. At present the Thoroughbred Breeders Association is a member of the Australian Horse Industry Council.

The ARB have lobbied strongly for the Australian Horse Industries to become signatories of EADRA yet this peak body will not be liable to contribute towards any levy implemented through these bills.

Considering all sectors of the horse industry, breeding and racing (particularly thoroughbreds) contributes the greatest gross value of production. The Minister for Agriculture, Fisheries and Forestry, stressed this point at length during his second reading summation speech in the House of Representatives on 3 Sept 2008 when he described the impact upon the racing industry. The minister's speech in part read: "It went to all the add on parts of it, from the person selling meat pies at the side of the track to the people involved in transport and logistics through to the Spring Racing Carnival being cancelled and a whole lot of milliners not being able to sell any hats. There were businesses torn apart at every level during that time."<sup>4</sup>

This assessment and the impacts upon the thoroughbred racing industry were reiterated a number of times during both debate on these bills and through evidence provided to the committee. Therefore the absence of a levy collection mechanism that incorporates the largest contributors to the GDP of Australia's horse industry cannot be overlooked.

### **Enabling Regulations**

The majority report asserts that the committee is confident that the regulations will be drafted in a way that is equitable and it is equally confident that they will not impose onerous conditions on recreational horse owners.

This statement on equity cannot ever be satisfied as the collection mechanism does not include a large number of horses in Australia, especially high risk of disease introduction horses, with the collection base to be further reduced with proposed exemptions to small registering bodies.

The regulations must be consistent with legislation meaning that horses that pose little to zero risk of disease introduction and spreading will be liable for the levy while other horses of a high risk pay nothing.

The legislation or regulations cannot be equitable or fair if a back yard hobby breeder or pleasure horse owner who derive no income through their horses pays the same levy as a professional breeder earning or charging considerable sums of money through their activities.

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<sup>4</sup> Hansard, HOR, 3 September 2008, P. 7000.

**Recommendations**

A levy collection mechanism be developed that applies equitably to all sectors of Australia's horse industry including previously registered horses and internationally registered horses transiting through Australia.

The ARB must devise a mechanism that would allow them to raise a levy from their activities in order to meet their financial obligations as signatories to EADRA. In 2005–06 the thoroughbred industry in Australia had 379 race clubs maintaining 355 racetracks. These clubs held 2,752 race meetings during which 19,963 races were conducted with 195,720 starters. A levy could be raised against racecourse entry, horse nominations, or any other transaction or combination of transactions that are inherent to the racing industry.

As the bills have been described through submissions as not fair, not equitable, and impose a liability upon the pleasure sector to pay to protect the racing sector while the racing sector is immune from the levy, Opposition Senators urge the Senate not to pass these bills as presented.

**Senator John Williams**  
**Nationals Senator for New South Wales**

**Senator the Hon Bill Heffernan**  
**Liberal Party Senator for New South Wales**

**Senator the Hon Nigel Scullion**  
**Country Liberal Party Senator for the Northern Territory**