



22 September 2008

Mr. John Carter
Committee Secretary
Senate Rural & Regional Affairs and Transport Committee
Department of the Senate
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Mr. Carter,

Horse Disease Response Levy Bill 2008
Horse Disease Response Levy Collection Bill 2008
Horse Disease Response Levy (Consequential Amendments) Bill 2008

The Australian Horse Industry Council (AHIC) supports the adoption of an equitable levy mechanism to enable the horse industry to become a signatory to the Emergency Animal Disease Response Agreement (EADRA). AHIC appreciates the opportunity to provide the following comments on the *Horse Disease Response Levy Bill 2008* (the Bill) and associated bills referred to above.

HISTORY OF HORSE INDUSTRY LEVY PROPOSALS

There have been several attempts to identify a mechanism that complies with the Australian Government's *Levy Principles and Guidelines (the Guidelines)*. While it is relatively easy for other livestock industries to comply with the *Guidelines*, the structure and day-to-day operations of the national horse industry make compliance with the *Guidelines* more difficult.

The first proposal for a horse industry levy was on horseshoes at the wholesale level. It was argued that the shod horse was a "product" of the horse industry. After much industry consultation this was accepted as the most broadly based mechanism. Initially there was industry opposition because some sectors, principally the breeding sector, do not shoe their horses and were seen as gaining the benefit without contributing. The proposal for a levy on horseshoes was not progressed because of vocal opposition from a small minority of the horse industry. In 2004 further industry consultation concluded that there was no single levy that could be equitably applied. A mix of levies on foal registration, horseshoes and slaughtered horses was proposed as a solution.

These issues were discussed during the consultation process overseen by Dr. Geoff Neumann and Animal Health Australia in 2006. The Department of Agriculture, Fisheries and Forestry (DAFF) argued that the proposed solution would require special legislation and that a mix of levies was too complex to administer. The next proposal was a levy at the time of horse registration that could be introduced without special legislation. In the interests of being able to sign EADRA expeditiously, the AHIC concurred and supported the approach, mindful of its limitations. DAFF suggested that a levy of \$10 for 10 years at the time of new registrations

Australian Horse Industry Council

ACN 080 921 660 ABN 18 080 921 660

P.O. Box 2132, Geelong VIC 3220 Phone: (03) 5222 6650 Fax: (03) 5229 8244
Email: secretary@horsecouncil.org.au Web: www.horsecouncil.org.au

would cover the costs of control of an equine influenza outbreak. The \$10 figure was derived from a desk top simulation exercise of a limited outbreak of equine influenza.

Subsequent advice to the Commonwealth was that any levy for the horse industry could not be accommodated under existing legislation and that new legislation would be needed.

CURRENT LEVY PROPOSAL

One of the key aims of a disease response levy is to capture a broad base of industry participants. Given the structure of the horse industry, this has proved problematic. Adopting a levy that is imposed only at the time of registration of a horse with a horse registration body might limit the pool of potential levy payers.

The calculation of a levy amount potentially to cover the industry contribution to the recent equine influenza emergency was in excess of \$100 per horse. This generated considerable opposition across the horse industry. Horse owners who might have accepted the proposed \$10 levy were suddenly made aware that they might be paying over \$100.

As most horse registrations are voluntary at present, it has become clear that horse owners might not register their horses once a levy is imposed. This could have the following results:

- A reduction in the pool of levy payers increasing the levy per head and increasing the discrepancy between levy payers and beneficiaries of disease control; and
- Reductions in the number of horse registrations with the Australian breed societies and sporting organisations potentially reducing their membership income.

The latter point demonstrates that potential levy payers may avoid the levy simply by choosing not to register their horses. Registration with the majority of horse registration bodies is not mandatory. Many people may choose not to register their horses and so escape payment of the levy. On the other hand, if horse owners do not register their horses, they will not be able to record horses in stud books and will be unable to compete in events.

The Bill provides at clause 4(1) 'Horse disease response levy is imposed on the first registration of a horse with a horse registration body'.

A 'horse registration body' is defined in Clause 3 as '(a) a person or body in Australia with whom a horse may be registered; or (b) a person or body specified in, or included in a class of persons or bodies specified in, the regulations'.

In the absence of any information about what bodies may be specified in the regulations, as provided for in Clause 3 of the Bill, it is difficult to determine the ambit of what bodies (and therefore numbers of horses) may be ultimately included in the definition of 'horse registration body'.

Our key concern is that a levy mechanism that applies to the initial registration of a horse by a horse registration body is potentially too narrow and might not extend to the majority of industry participants. AHIC is of the view that a levy imposed at the time of initial registration of a horse can only be equitable if applied to the broadest possible contribution base.

The Bill provides that the operative levy rate is subject to the number of horse registrations per year. This implies that the greater the number of horse registrations, the lower the rate of the individual levy. It is therefore in the industry's best interest that the number of horses potentially caught by the Levy Bills be as high as possible to capture a broad base of levy contributors.

AHIC notes that it raised these concerns with the Minister for Agriculture, Fisheries and Forestry in July 2008, prior to the Bills being debated by the House of Representatives. A copy of our submission to the Minister, dated 25 July 2008, is attached and marked Annexure A.

ENSURING A BROAD BASE OF LEVY CONTRIBUTORS

The most suitable broad based levy proposal is one that is most likely associated with some form of mandatory recording of horses, which would see as many horse owners as possible identified and contributing to the cost of an emergency disease response.

The concept of a national or states based system to mandate registration of horses is currently being assessed in several jurisdictions. AHIC, along with other key industry bodies, is of the view that the development and implementation of an Australian horse database is an appropriate and timely. An AHIC survey of horse industry participants indicates majority support for mandatory registration of horses.

For the purposes of this submission, a horse database will facilitate the collection of a broad based levy which will satisfy the objectives of the Guidelines and ensure equitable contribution to future disease responses across industry.

Other benefits of a national horse database include:

- Identification, management and control in disease emergencies
- Integrity in horse competitions – racing, showing and equestrian activities;
- Identification of lost or stolen horses;
- Identification and integrity in the equine insurance industry;
- Managing animal welfare issues – establishing ownership in cases of neglect;
- Collection of industry levy;
- Accurate assessment of scope of the horse industry resulting in more effective policy formulation;
- Better targeted research and development in the horse industry;
- Quality assurance for horse meat export markets; and
- Compliance with international identification standards.

Mandatory registration of horses in Australia will bring the horse industry into line with the other livestock industries currently implementing the National Livestock Identification Scheme (NLIS), companion animals under state legislation, and horse industries overseas, including all members of the European Union.

INDUSTRY SUPPORT FOR HORSE DATABASE

The development of a horse database has the support of the six largest national horse associations in Australia. The endorsement by these organisations demonstrates strong support from industry for a database. It is our view that this initiative will assist government

respond more effectively to disease outbreaks. In an emergency, a horse database will assist governments identify at-risk horses and take appropriate and immediate steps to activate disease eradication efforts, and in doing so minimise longer term disruption to industry.

A database could potentially be organised at a state or federal level. Several models which record other species already exist, such as the NLIS, which comprises a database for other livestock species throughout Australia. This model is underpinned by state legislation with the database managed by Meat & Livestock Australia. NLIS would not be suitable for the horse industry because of the necessity to record every animal movement. With the highly mobile horse population, this would be very difficult and costly to administer for the horse industry.

Various options for horse database models require assessment to determine their suitability. However, it is appropriate that these options are investigated at this time so that the Senate Review can assess ways to extend the number of levy payers under the current Levy Bills and so ensure equitable outcomes across industry.

Please do not hesitate to contact me should you require further information.

Yours sincerely,

AUSTRALIAN HORSE INDUSTRY COUNCIL



Barry Smyth (Dr)
President