



25<sup>TH</sup> July, 2008.

Hon. Tony Burke  
Minister for Agriculture Fisheries and Forestry  
PO Box 6022  
House of Representatives  
Parliament House  
**Canberra ACT 2600**

COPY

Dear Minister,

**Re: 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 Inc. (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.

Suggested levies have revolved around horseshoes, foal registration, slaughter of horses for export markets, pharmaceutical products, horse feed and so on. None of these has been broad based and all would selectively target specific sectors of the horse industry. To address this issue there has been a suggestion that a combination of different levies might be possible. These suggested levy mechanisms were discussed at length during the consultation process overseen by Dr. Geoff Neumann and Animal Health Australia in 2006.

Previous attempts to quantify the estimated contribution by individual industry participants in the event of a disease outbreak have significantly underestimated the real costs of an emergency disease response. The proposal arising from the industry consultation in 2006 was a once only levy on horses at the time of first registration after an emergency response had been declared over. Calculations at that time, based on a limited desktop exercise, were that this might involve a repayment liability of about \$10 per horse, assuming a \$6 million cost and an annual registration of about 60,000 horses.

The real world experience of the recent 2007 Equine Influenza outbreak demonstrated that the desktop exercise did not fully identify the large costs associated with an exotic disease outbreak. Only 8% of Australia's estimated domesticated horse population became infected with Equine Influenza (EI), about 3.5% of the Australian mainland was affected (280,000 square kilometres), yet the cost of the current emergency response will be in the order of \$100 million. Additional government assistance to the horse industry was another \$350 million.

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. Currently not all horses are formally registered with horse registration bodies. Adopting a levy that is imposed only on the registration of a horse with a horse registration body will limit the pool of potential levy payers.

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The concept of 'registration' within the horse industry is far narrower than the broader concept of 'formal identification/recording'. If all domesticated horses in Australia were recorded or formally identified, the liability of industry for the recent incursion is estimated to be about \$100 per horse. If the repayment period were to be over 10-years, then the repayment cost would be \$10 annually per horse (plus interest).

Under the proposed mechanism outlined in the Horse Disease Response Levy Bill 2008 (the Bill), the individual levy amount payable would potentially be considerably more expensive because the pool of levy payers is greatly reduced in that liability is limited to 'registered' horses only.

#### **CURRENT LEVY PROPOSAL**

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'.

It would be helpful if your office could provide details of whether it is intended that the scope of what constitutes a 'horse registration body' will be expanded in the regulations, or whether it is intended that the levy will only apply to bodies that satisfy paragraph (a) '*a person or body in Australia with whom a horse may be registered*'.

The only horses currently required to be registered in Australia are because of a breed, studbook or competition necessity. Except for the racing sectors, these registration requirements are voluntary for horse owners. The imposition of a levy on registered horses may reduce the pool of registered horses, as owners may decline to register their horses to evade payment of a levy. A reduction in the number of registered horses might also have a negative impact on horse registration bodies through reduced membership numbers and registration income.

#### **CURRENT POSITION ON EADRA LEVY BILLS**

AHIC notes that both the Australian Racing Board and Harness Racing Australia are in favour of the current Levy Bills proposals.

AHIC has consulted widely on the current levy proposals. In April 2008, AHIC asked members of its Industry Advisory Committee to review the Bills and to consider alternative levy mechanisms to the one outlined in the Bill. At this time, no alternative proposals have been suggested by members of this committee. AHIC has also asked the broader horse industry participants via its web site for commentary and suggestions about alternative viable levy mechanisms. No alternatives have been forthcoming via this request.

An AHIC Board Sub-committee has examined the current Bills and has raised some concerns about the wording. The key concern is that a levy mechanism that applies to the registration of a horse by a horse registration body is potentially too narrow (under current circumstances) and will not extend to the majority of industry participants.

AHIC is of the view that a levy imposed on the 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 under the current levy proposal, that the number of potentially registrable horses be as high as possible to capture the broadest base of levy contributors.



Under ideal conditions, the most suitable broad based levy proposal would be one that is associated with some form of national identification scheme. Such a levy mechanism would see as many horse owners as possible identified and contributing to the cost of an emergency disease response.

### **RECENT CONSULTATION WITH INDUSTRY**

In order to gain additional feedback from industry on emergency disease responses and potential levy mechanisms for any future disease outbreak, AHIC has finalised another internet-based survey in July 2008. The survey covered a variety of issues, including questions related directly to EADRA and possible levy mechanisms. A copy of this survey (*The Future of Disease Control in the Australian Horse Industry*) has been forwarded separately to your office.

There remains clear support for the long held public policy in Australia that the preferred approach to exotic disease incursion is eradication of the disease. In the current survey 72.8% of respondents favoured eradication as the preferred outcome.

The majority of respondents to the current survey (57.9%) were in favour of some sort of levy mechanism to enable the horse industry to sign EADRA. Most of these (31.1%) favoured a levy associated with a national horse identification scheme. There were 15.5% supporting the current Levy Bill proposal for a levy on horses registered with some registering organisation. Therefore, the clear majority of respondents favour a levy associated with some sort of recording scheme to enable as wide a group as possible to contribute to any levy.

It must be noted that 21.5% of respondents did not favour any levy mechanism and acknowledged that there might not be any government assistance for a future exotic disease emergency response.

Additional information generated from this survey is relevant to these EADRA levy discussions.

The majority of respondents (58.3%) were in favour of the development of a national horse database. In all jurisdictions there was greater than 55% support for a national horse database, and across industry sectors support was greater than 50%.

As far as horse identification is concerned, 57.4% indicated microchipping as the preferred method.

There was majority support for mandatory horse identification. Respondents in favour of mandatory horse registration comprised 43.1%, those against mandatory registration were 39.5%, and 17.4% were unsure about mandatory horse registration.

### **SUPPORT FOR EADRA**

Whatever the difficulties that may arise in the implementation of a levy mechanism, the recent Equine Influenza incursion and successful emergency response has demonstrated to AHIC and horse owners that the industry will benefit from the ongoing protection of EADRA.

In order to protect the national horse industry from future exotic disease outbreaks, AHIC acknowledges that there will need to be considerable further consultation on the wording of the Bills and supporting Regulations.

To have only the racing sectors as signatories to EADRA would place the vast majority of the Australian horse industry and governments at a significant disadvantage.

AHIC looks forward to further consultation and input in relation to the Levy Bills 2008, and ultimately the Australian horse industry's participation in EADRA.

Yours sincerely,

**AUSTRALIAN HORSE INDUSTRY COUNCIL**



**G. Barry Smyth**  
**President**