

Inquiry into Horse Disease Response Levy Bill 2008

Submission to the

**Rural and Regional Affairs and Transport
Committee**

On behalf of the

Australian Stock Horse Society



September 2008

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Background

The Society was established in 1971. Today the Society is the largest of more than 70 individual breed associations in Australia. With over 9,000 members and approximately 35,000 "alive" registered horses, spread across every state and territory of Australia, we believe we represent the largest portion of the Pleasure Horse Industry.

The Society has in excess 60 branches throughout Australia. Branches conduct competitions and activities for members in their area and assist in promoting the breed within the horse industry.

The successful performance of the Australian Stock Horse has not only been recognised throughout Australia, but export to United Kingdom, United States of America, Africa, New Zealand and Asia has given worldwide recognition. Ringwould Jaguar, an Australian Stock Horse was part of the 2008 Olympic Equestrian Team, winning a Silver medal.

The Society aims to preserve and promote the bloodlines of the Australian Stock Horse, recognised for its versatility and superior performance amongst work and leisure breeds.

The Board of Directors are endeavouring to ensure that the history and identity of the Australian Stock Horse remain clearly identified and for the Australian Stock Horse to continue for many years.

Introduction

The detection of Equine Influenza in this country in August 2007 caused major disruption to all sectors of the Equine Industry. From this event, there is now a great sense of urgency in implementing the Horse Disease Levy Bills and the execution of the Emergency Animal Disease Response Agreement (EADRA).

There is no doubt that in the event of a Disease outbreak, the industry requires the support, assistance and intervention of the government. To date there has been consultation with a limited number of entities within the Equine Industry in relation to the Bills and the subsequent execution of the EADRA.

We must understand and appreciate that the Equine Industry is a large and diverse industry with participants ranging from Pony Club members, who do not derive an income from owning a horse, to the owners of Encosta De Lago who's current service fee for 2008 is \$302,500 or Redoute's Choice who's current service fee is \$330,000 GST inc.

Consideration must be given to all segments of the industry with an appreciation of their contribution to the industry and the economy. It is also imperative that any action taken does not inflict financial hardship on individuals or organisations.

Limiting Liability

The Society believes that payment for any outbreak of Disease needs to be heavily laid back to the cause.

We refer to the document “The Emergency Animal Disease Response Agreement – Questions and Answers on the Government and Livestock Cost Sharing Deed in Respect of Emergency Animal Disease Response”, dated March 2002.

Page 14 states:

“Who would be responsible for the cost of mounting a response where it can be shown that an individual(s) was responsible or that active sabotage was involved?”

In a situation where the entry of a disease into Australia can be shown to have resulted from negligence or a deliberate action by an individual(s) then action could be taken by the funding partners to recover costs of the response from that individual(s). Such a decision would only be taken following conclusion of the appropriate emergency disease response.”

This statement is not definitive enough to ensure that accountability will rest where the fault lies. Potentially, all horses owners will pay the price for the deliberate or negligent action of others.

The Bills are to provide the framework to share the costs of a future outbreak. What they fail to provide is protection to the horse owners against deliberate or negligent action of others.

The current proposed EADRA, clause 10.5, the limit to parties Cost Sharing obligations in respect of an Emergency Animal Disease Response Plan is 1% of the GVP of the Industry unless agreed in writing by the Affected Parties. As with the recent outbreak of Equine Influenza, the limit was \$36 million spend. The limit was quickly exceeded.

The Society has a major concern with what appears to be an agreement that is unlimited.

Financial Hardship

The Bills, in their current form discriminates against segments of the Equine Industry, in particular the Pleasure/Leisure Industry or the Hobby sector. The Bills are not seen to be fair and equitable. The Society believes that any Bills introduced should be weighted in accordance with the financial or commercial benefits received by the individual or segment.

Should the Bills not have a fair and equitable distribution across the industry and Government, it will potentially place Industry participants in Financial Hardship. This will also lead to an increase in stress levels and fall out of Industry involvement

The University of Western Sydney, Science of Mental Health and Adversity Unit, School of Medicine, recently conducted a study on the Human Impact of Equine Influenza. The recent disease outbreak was a traumatic experience for many, which lead to significantly higher levels of psychological distress. Further disease outbreaks together with the added expense for Horse Owners will further increase the amount of stress.

According to the Rural Industries Research and Development Corporation (RIRDC) report titled "The Horse Industry – Contributing to the Australian Economy – June 2001" the contribution from the Horse Industry to the Australian economy is over \$6.2 billion a year. The racing sector (breeding, racing, and businesses) was estimated to contribute approximately \$2.9 billion plus an estimated \$1.0 billion from wagering. There is no doubt that the Racing Sector is a key contributor to the Australian economy, and the Government a major beneficiary.

In the same report, it was estimated that based on an average tax rate of 25 per cent income taxes on labour would contribute \$100 million in federal government revenue.

Management of Levy Collection

At present the levy collection mechanism and management has not been articulated well enough.

Also of great concern to the Society is, the Levy collection process. At present, it is the responsibility of the individual organisations where the horse is registered. There has been no comment or commitment in relation to what resources or compensation will be given to the organisations to take on this additional responsibility. To date the only advice given has been a brief outline of the liability of horse registration bodies. There is also a clause that relates to the penalties to the Commonwealth for late payment of these levies.

Adding the responsibility of Levy collection to the Australian Stock Horse Society will add significant workload to the Organisation and have financial implications on the operation of this Not For Profit organisation. The operating expenses of the business will increase significantly and potentially see the Society no longer viable.

Industry Consultation

We acknowledge that the members of the Australian Stock Horse Society would not contribute to the Australian economy to the same level as other segments, we do however have a large member base across all states and territories of Australia.

The Australian Stock Horse Society believes there should have been much wider debate amongst key stakeholders from within the industry. The Society would like to be a part of the consultation process moving forward and ensure that the Government has an overarching perspective of the issues that face the Industry.

Disease Categorisation

It is felt the current Disease categorisation is not fairly proportioned between Government and Industry. During the recent Equine Influenza outbreak, it was felt that to control and eradicate the disease, it warranted spending some \$100 million, exceeding the 1% limited set in the EADRA. However the Disease was classified as category 4 (funded 80% by Industry and 20% by Government)

As mentioned previously the Government receive a benefit from wagering of approximately \$1 billion per annum (plus revenue from income tax), making the Government a key stakeholder in the Equine Industry.

Due to the timing of the recent outbreak ie Breeding season and Spring racing Carnivals, the disease outbreak had major financial repercussions for the Government. However, under the current draft cost sharing arrangements, the Federal Government would fund only 10% and State Governments a further 10%.

A review of the Disease Categorisation should be undertaken so that the proportion of Government and Industry funding is in line with benefits derived from the Industry.

Conclusion

In this submission we have only highlighted some of the key areas of concern to the Society. We believe that consultation and robust debate must occur to identify all areas of concern from the industry and then move to resolution of the issues.

We are largely concerned about the potential financial implications to our members and to the Society. At present the liability is unlimited and therefore could prove to be financially devastating to many of our members.

Other issues of the current Bills:-

- Not fair and equitable. Consideration must be given to all participants within the industry, what is their contribution to the Industry and Economy. There also needs to be an understanding and acknowledgement of who are the beneficiaries from the Equine Industry.
- Ongoing management of the collection process. How is this going to work? What is the underlying cost to the organisation charged with the responsibility
- Disease Categorisation does not appear balanced
- A response under the current agreement will surely lead to financial devastation and a fall out of the industry all together for many of our members.

We welcome the opportunity to be a part of further consultation and provide feedback and input from the perspective of our members.