

# Chapter 1

## Introduction

1.1 On 15 June 2010, the Senate referred the following matter to the Rural and Regional Affairs and Transport (RRAT) References Committee for inquiry and report by 30 August 2010:

- (a) the implications to the Australian horse industry of committing to an Emergency Animal Disease Response Agreement (EADRA);
- (b) options for equitable contributions by horse owners to a levy scheme to meet their obligations under EADRA in the event of an emergency animal disease outbreak in horses;
- (c) criteria by which the cost burden of a levy would be shared between Commonwealth, state and territory governments, horse industry groups and owners;
- (d) quarantine and biosecurity threats to Australia's horse industry; and
- (e) any other matters.

1.2 Notice of the inquiry was posted on the committee's website. The committee also advertised the inquiry in *The Australian* on Wednesday, 30 June 2010 and wrote to key stakeholder groups, organisations and individuals involved in the Australian horse industry to invite submissions.

1.3 On 25 October 2010, following the commencement of the 43<sup>rd</sup> Parliament, the Senate re-referred the inquiry to the Rural Affairs and Transport (RAT) References Committee, for inquiry and report by 25 November 2010.

1.4 Following the re-referral of the inquiry, the committee again wrote to key stakeholder groups, organisations and individuals inviting further comment or submissions to the inquiry.

1.5 The committee received 24 submissions, including three supplementary submissions, a list of which is at Appendix 1.

1.6 The committee held a public hearing in Canberra on 19 November 2010. 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>.

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

## **Background to the inquiry**

1.8 In August 2007, Australia experienced an outbreak of equine influenza (EI), an exotic disease not present in Australia. On 25 December 2007 – the time of the last reported detection of the virus – horses on over 8,000 properties had been reported infected.<sup>1</sup>

1.9 In response to the emergency, Commonwealth, state and territory governments worked with the horse industry and horse-owners to eradicate the disease. On 30 June 2008, affected areas of the country were officially declared free of the virus (with no new cases of the disease having been reported since 25 December 2007).<sup>2</sup>

1.10 The report prepared by the Hon. Ian Callinan - *Equine Influenza: the August 2007 outbreak in Australia* (the Callinan Report) – on the causes of the EI outbreak noted that as at 28 February 2008, the Commonwealth Government had provided – through various assistance packages – about \$227.0 million of the \$268 million committed to individuals and businesses "whose primary source of income had been affected by the outbreak and the subsequent movement restrictions".<sup>3</sup>

### ***Response to an emergency animal disease***

1.11 In Australia, animal health emergencies are coordinated nationally, with responses underpinned by the Emergency Animal Disease Response Agreement (EADRA) which commenced in 2002. Under the EADRA, the costs of responding to emergency animal diseases (EAD's)<sup>4</sup> are shared by the affected parties, including the Commonwealth, all state and territory governments and livestock industries.

1.12 The terms of the EADRA also include an agreement from the Commonwealth to underwrite the costs of an emergency response to an EAD.<sup>5</sup> In the event of an emergency, industry signatories to the EADRA must have in place plans to meet their obligations under the agreement. In the majority of cases this is in the form of a levy imposed at the point of transaction.

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1 The Hon. I. Callinan, AC, *Equine Influenza: the August 2007 outbreak in Australia*, April, 2008, pp 8-10.

2 The Hon. I. Callinan, AC, *Equine Influenza: the August 2007 outbreak in Australia*, April, 2008, p. 10.

3 The Hon. I. Callinan, AC, *Equine Influenza: the August 2007 outbreak in Australia*, April, 2008, p. 12.

4 Under the EADRA, an emergency animal disease (EAD) is one that is likely to have "significant effects on livestock – potentially resulting in livestock deaths, production loss, and in some cases, impacts on human health and the environment".

5 Animal Health Australia, *Submission 18*, pp 5-6.

1.13 When the outbreak of EI occurred, the horse industry was not a signatory to EADRA. The Commonwealth, therefore, met the cost of dealing with the EI outbreak, and made the decision not to impose charges upon the industry retrospectively.

### *Introduction of legislation to impose a levy*

1.14 In February 2008, the Government introduced several bills, with the intention of imposing a levy on the initial registration of horses. The Government's position was that the imposition of the levy would assist the industry to fund its obligations under the provisions of the EADRA; and repay any amount paid by the Commonwealth on behalf of the industry, in the event of an outbreak of a horse disease.

1.15 The bills were passed by the House of Representatives on 3 September 2008, and were introduced in the Senate on 3 September 2008. On 4 September 2008, the Senate referred the provisions of the following bills to the Senate Rural and Regional Affairs and Transport Committee for inquiry and report by 3 October 2008:

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

1.16 In summary, the provisions of the bills were outlined as follows:<sup>6</sup>

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

1.17 This bill sought to provide the mechanism to impose a levy on the registration of horses. The proposed levy arrangements for the horse industry would be similar to those applying to other industries party to EADRA.

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

1.18 This bill sought to provide 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. The bill also included provisions for information gathering powers which would have allowed for the collection of information and documents required by the Commonwealth.

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

1.19 This bill sought to provide for the appropriation and application of the levy. The legislation would have enabled Animal Health Australia to hold and manage the levy on behalf of the horse industry. It would have amended the *Australian Animal*

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6 Senate Rural and Regional Affairs and Transport Committee, *Horse Disease Response Levy Bill 2008, Horse Disease Response Levy Collection Bill 2008, Horse Disease Response Levy (Consequential Amendments) Bill 2008*, November 2008, pp 3-4.

*Health Council (Live-stock Industries) Funding Act 1996*. The bill also sought provision of a mechanism for any excess levies collected – to allow for their use in horse industry research and development, and for promotion of horse health.

### **2008 bill inquiry**

1.20 The Rural and Regional Affairs and Transport References Committee received 33 submissions from representatives of the various sectors of the Australian horse industry. Submissions were provided by representative horse councils and associations, racing and thoroughbred organisations as well as pony clubs, and individual horse owners.

1.21 Submissions to the 2008 bill inquiry are available through the Internet, at [http://www.aph.gov.au/Senate/committee/rrat\\_ctte/horse\\_disease/submissions/sublist.htm](http://www.aph.gov.au/Senate/committee/rrat_ctte/horse_disease/submissions/sublist.htm).

1.22 The majority of the submissions received, however, were provided by representatives of the recreational and hobby sector of the horse industry, with many making specific reference to the importance of drawing a distinction between the 'recreational' and 'commercial' sectors of the horse industry.

1.23 Recreational horse owners pointed to the findings of the Callinan Report which identified the cause of the EI outbreak as resulting from a breakdown in quarantine arrangements and the importing of shuttle stallions. This section of the industry used this finding to argue that the levy should be imposed on those most likely to contribute to future disease outbreak and who would ultimately benefit from any resulting compensation.<sup>7</sup>

1.24 However, representatives of the more 'commercial' sector of the Australian horse industry, argued that disease outbreaks did not discriminate between the recreational and commercial sectors and that pony club horses were just as susceptible to disease as thoroughbreds.<sup>8</sup>

1.25 At the time of the 2008 inquiry, the committee heard evidence and discussion in relation to a number of other issues, including:

- the need for a compulsory registration across the horse industry and the most appropriate way to implement it;
- the need for a national horse database;

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7 Senate Rural and Regional Affairs and Transport Committee, *Horse Disease Response Levy Bill 2008, Horse Disease Response Levy Collection Bill 2008, Horse Disease Response Levy (Consequential Amendments) Bill 2008*, November 2008, p. 6.

8 Senate Rural and Regional Affairs and Transport Committee, *Horse Disease Response Levy Bill 2008, Horse Disease Response Levy Collection Bill 2008, Horse Disease Response Levy (Consequential Amendments) Bill 2008*, November 2008, p. 7.

- concerns that the imposition of a levy would result in horse ownership becoming more onerous and more expensive, particularly for recreational owners and riders;
- concerns that any financial burden would not be shared equitably; and
- concerns that commercial operators and the racing sector could be exempt from the levy.<sup>9</sup>

1.26 In addition to recommending the passage of the bills, the committee indicated its support for compulsory registration for all horses and the establishment of a national register. The committee also expressed confidence that the regulations would be drafted in a way that would be equitable and not impose "onerous conditions on recreational horse owners".<sup>10</sup>

1.27 The committee's report also noted that its review of the draft legislation was concerned mainly with policy issues rather than technicalities:

... 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 a '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.<sup>11</sup>

1.28 The committee also indicated that it would be monitoring the regulations as part of its continuing scrutiny of quarantine and animal health issues.<sup>12</sup>

1.29 The legislation was ultimately reintroduced and defeated in the Senate on 4 February 2009.

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9 Senate Rural and Regional Affairs and Transport Committee, *Horse Disease Response Levy Bill 2008, Horse Disease Response Levy Collection Bill 2008, Horse Disease Response Levy (Consequential Amendments) Bill 2008*, November 2008, pp 5-13.

10 Senate Rural and Regional Affairs and Transport Committee, *Horse Disease Response Levy Bill 2008, Horse Disease Response Levy Collection Bill 2008, Horse Disease Response Levy (Consequential Amendments) Bill 2008*, November 2008, p.13.

11 Senate Rural and Regional Affairs and Transport Committee, *Horse Disease Response Levy Bill 2008, Horse Disease Response Levy Collection Bill 2008, Horse Disease Response Levy (Consequential Amendments) Bill 2008*, November 2008, p. 1.

12 Senate Rural and Regional Affairs and Transport Committee, *Horse Disease Response Levy Bill 2008, Horse Disease Response Levy Collection Bill 2008, Horse Disease Response Levy (Consequential Amendments) Bill 2008*, November 2008, p. 13.

