

APPENDIX 5

Process for Calculating and Imposing Levies ¹

1	There is an outbreak of an emergency animal disease (EAD), as listed in the EADRA
2	An Emergency Animal Disease Response Plan (EADRAP) is prepared by the 'combat' jurisdiction(s) and presented to the Consultative Committee on EADs (CCEAD), a technical committee that includes appropriate industry representation. The EADRAP includes a budget, with 'eligible costs' identified for sharing among the affected government and industry parties.
3	The CCEAD provides technical advice and a recommendation on the EADRAP to the high-level National Management Group (NMG) which also had appropriate industry representation.
4	Based upon advice by CCEAD, NMG approves the EADRAP and in doing so invokes cost-sharing of the response under the EADRA.
5	The anticipated shared response cost (and therefore contributions by affected parties), is initially 'capped' at 1% of the affected industries' GVP (2% in the case of foot and mouth disease). If necessary, this limit can be subsequently increased by agreement of all Parties.
6	The EADRAP is implemented; as costs are incurred, AHA receives invoices for all expenditure (eligible for cost sharing); this expenditure is audited by AHA.
7	Based on the cost sharing formulae stipulated in the EADRA, AHA calculates the amounts owing by and to the various parties. While jurisdictions are obliged to pay any monies owing immediately, the Commonwealth meets the industry share.
8	On completion of the emergency response, the total industry share of the response cost is known. This amount then has to be repaid to the Commonwealth, generally over a period of up to 10 years.
9	Under the <i>Primary Industries Levies and Charges Collection Act 1991</i> and related legislation, the agreed cost recovery mechanisms agreed by industry, will be activated. The actual quantum of the two levies will then be calculated, aiming for repayment over 10 years. The payment period may be less than 10 years, according to the wishes of industry.

¹ Animal Health Australia, *Submission 18*, pp 5-6.

10	The levies would be collected at the point of manufacture and/or wholesale, for both manufactured horse feed and worm treatments via an increase in the price of these commodities (and passed along the marketing chain). At required intervals, usually quarterly although other arrangements are possible, the manufacturers will remit monies to the Commonwealth. (Note that manufacturers are able to retain any interest earned on those funds, to offset any additional administration costs incurred).
11	When the total industry share (plus interest) is repaid, collection of the levies will cease.