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Horse Disease Response Levy Review – VMDA comments

What has been presented appears to be reasonable but overlooks several issues and assumes the only cost recovery should be for the government not the industry generally. For the Equine Influenza outbreak, DPI (see reference below) estimated the cost to industry was $4.6 million per day without considering gambling revenue foregone.

1. To suggest $50 million is an adequate amount to recover is a serious underestimate of the cost incurred. Of course this depends on what the $50 million is intended to cover but to use the numbers from the NSW DPI site quoted below, 1500 people were involved. Assume an average wage of $20,000 for 4 months of work, this equates to $30 million alone. Then 132,000 lab tests, vaccinations etc. etc.

   So the risk is the levy will have to be applied for at least double the time indicated, that is 20 years. Or the amount doubled. Hidden costs like police time to man road blocks and investigate incidents I assume are not even considered.

2. Why should a levy be applied at all? The Callinan report stated "Australia's quarantine system was described as "inefficient, underfunded and lacking diligence".[54]

3. If a levy is applied, how is it justified that industry pay for 80% of the cost involved? The ratio should be 80% government responsibility if it is the fault of a government agency like AQIS.

4. To suggest a levy be imposed over a 10 year horizon is unreasonable. A three year horizon seems appropriate. But of course what is then collected would be minimal.

This was in our view a politically expedient solution that missed the opportunity to provide a workable outcome.

Our suggested approach is:

1. A $10 per horse levy be imposed by local councils on all animals registered. This would collect approximately $5 million per year. This pre supposes that a national registration scheme is introduced, which is long overdue in any case. A time horizon of a maximum of 3 years to be imposed. Incidentally, if a registration scheme had been implemented 5 years ago it would be fully operative by now.

2. Levy as structured also to be imposed but for a maximum of three years only.

3. Government accept 80% of all costs particularly when the action was due to the "inefficiency" of a government agency.

If the ratio of government accountability is 80% then the dollar amount per horse could be reduced to say $5 per head.

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A registration scheme for horses is long overdue and in light of the greyhound issues and the increasing focus on animal welfare, collecting data on horse populations, their locations and type could be crucial in countering any publicity that may appear in the media in the future. Government and by extension the industry needs to be on the front foot in defending the generally high standards of the equine industry.

Some further clarity is required to understand how the levy would be applied. Our understanding is that it will be charged by manufacturers (read registrants) to retail outlets (via a wholesaler if appropriate) as a separate line item. What is then collected is forwarded to government by the manufacturers as a lump sum quarterly (not certain it is quarterly).

Of course the onus of collection and the administrative costs are assumed by government to be borne by the manufacturers. Perhaps we could suggest 10% of all levies collected be retained by the manufacturer to recover administrative costs? Although this may be unacceptable, we do not see why it should not be considered. It is recovery of a legitimate cost incurred. Government needs to understand that passing government costs onto industry is not fair or reasonable. Perhaps consideration should be given to a reduction in government staff to stay within budget or a concerted effort improve their efficiency?

Government and industry need to be on the front foot to anticipate any poor publicity. Having good data on the horse population via a registration scheme would be useful. It would also assist enormously to know exactly where horses are located if there was another outbreak.

A report by the Australian Bureau of Agricultural and Resource Economics estimated that the direct costs of the Equine Influenza outbreak during the initial response period, involving containment and eradication through restricted movement, had reached $500,000 per day for disease control alone, plus $4.6 million per day in forgone income for businesses affected by Equine Influenza, including racing, farming and recreational businesses.

http://www.dpi.nsw.gov.au/content/agriculture/livestock/horses/health/general/influenza/summary-of-the-200708-ei-outbreak
the following quote is from the NSW dpi site as above:
More than 1500 people from the horse industries worked as part of the EI control operation.
Their horse experience or administration skills were well utilised.

- 16,000 movement permits were processed.
- Over 50,000 horses were vaccinated.
- 132,000 laboratory tests were carried out, with as many as 3,000 per day being done at the peak of operations.
- 45 zone progression cases were prepared and submitted for consideration by the national authorities. Each case involved the assembly of a detailed case, supported by comprehensive surveillance.
- 300 media releases were issued, resulting in thousands of radio, television and press interviews.
- 58 public meetings were held, attended by 5,660 people.
- 50 publications were prepared including factsheets, posters and signs. In addition, numerous press advertisements were prepared.

Former judge Ian Callinan was commissioned to undertake an investigation into the EI outbreak.[53] His findings were released on 12 June 2008 in a scathing report, in which Australia's quarantine system was described as "inefficient, underfunded and lacking diligence".[54] The new Agriculture Minister Tony Burke promised that all 38 of the report's recommendations would be implemented, and that a "massive change" in the culture of the quarantine service should occur.[54] The federal government also appointed Professor Peter Shergold to oversee the implementation of the report's recommendations over 2009-2010.[54]