

**HORSE DISEASE RESPONSE LEVY BILL 2008**  
**HORSE DISEASE RESPONSE LEVY COLLECTION BILL 2008**  
**HORSE DISEASE RESPONSE LEVY (CONSEQUENTIAL AMENDMENTS) BILL**  
**2008**

**Questions and Answers**

**1. Why is this legislation necessary?**

The horse disease response levy legislation is necessary so that the horse industry can fund its share of obligations in responding to a national emergency disease outbreak affecting the industry.

Most industry bodies do not have the reserves or the required capital backing to arrange for commercial loans to draw-on in the event of an emergency animal disease (EAD) outbreak. Without ready access to financial underwriting for affected industries, the commencement of an EAD response could be delayed and the overall response severely prejudiced.

Under the Emergency Animal Disease Response Agreement (EADRA), the Commonwealth has agreed to underwrite an industry's share of nationally agreed emergency response programs and for these costs to be recovered, with the industry's agreement, through a statutory levy.

Until a levy is in place there is no mechanism to recover the industry costs being underwritten by the Commonwealth. If the levy arrangements are not implemented, there is a risk that the amount will not be recovered and the Commonwealth will bear the industry component of the current Equine Influenza outbreak.

**2. Who will be required to pay the levy?**

The Horse Disease Response Levy Bill 2008 (the Levy Bill) provides for the horse disease response levy to be paid by the owner of a horse. Upon registration the owner will become the registered owner. The horse disease response levy will only be payable once. It would not be retrospective.

**3. How will the levy rate be set?**

Regulations will prescribe details that are necessary for the administration of the horse disease response levies imposed by the Levy Bill, including the authority to determine the levy rate. The operative levy rate will be set in consultation with industry and is subject to the number of horse registrations per year and the total costs of the response. The Levy Bill requires that the Minister take into account the views of industry bodies in setting the operative levy rate.

**4. Will this levy be implemented to cover the cost of the current Equine Influenza outbreak?**

Yes. The operative levy rate will be set in consultation with industry. It will depend on the final cost of the response which will not be known for some months.

**5. Why is the new *Horse Disease Response Levy Collection Bill 2008* necessary?**

The *Horse Disease Response Levy Collection Bill 2008* (the Collection Bill) provides for arrangements to collect and administer horse disease response levies imposed under the provisions of the proposed *Horse Disease Response Levy Act 2008*.

The Australian Constitution requires that provisions dealing with the collection and administration of a levy must be in legislation separate from the legislation which imposes

the levy itself, therefore the new *Horse Disease Response Levy Collection Bill 2008* provides for the collection and administration of the levy.

**6. How will the levy be collected?**

The Collection Bill provides for the collection of horse disease response levy by persons or bodies that register horses. This levy would be payable only once, on the initial registration of a horse. It would not be retrospective.

Registration bodies will be permitted to refuse to register a horse unless the owner has provided the necessary funds to pay the levy. These bodies will be required to issue a receipt as evidence that the levy amount has been paid. The legislation also provides for regulations to determine when a levy is due for payment.

**7. How will the Commonwealth ensure that the levy is paid?**

The Collection Bill provides for penalties to apply to unpaid levies, and allows for the remission of any penalties resulting from late payments. The Bill includes information gathering powers that allow for the collection of information and documents, including strict liability offence provisions should a person fail or refuse to comply with this request for information.

**8. Are there any penalties provisions in the legislation?**

Yes. The legislation provides the Commonwealth with powers to request and receive information relevant to the collection of levies by horse registration bodies, and failure to comply with this request will invoke strict liability offences to protect the integrity of the levy collection arrangements and ensure that the regulatory requirements are adhered to. This will help ensure that those who are required to pay horse disease response levy do pay it and promote equity across the industry.

**9. Why are amendments to the *Australian Animal Health Council (Live-stock Industries) Funding Act 1996* required?**

The *Australian Animal Health Council (Livestock Industries) Funding Act 1996* will need to be amended to allow appropriation of funds raised by the new levy to the Australian Animal Health Council (also known as Animal Health Australia, or AHA) and for it to hold and manage these funds on behalf of the horse industry.

This is the basis of the Horse Disease Response Levy (Consequential Amendments) Bill 2008 (the Amendment Bill).

**10. Why are funds being directed to Animal Health Australia, an intermediary?**

This meets industry expectations of a transparent mechanism for managing funds derived from animal disease levies. This arrangement is similar to arrangements applying for other livestock industries party to the Emergency Animal Disease Response Agreement (EADRA) that already have levy arrangements to fund their liabilities in responding to emergency animal diseases outbreaks.

The arrangements provide the assurance industry expects where all monies collected would be “swept” through the Consolidated Revenue Fund and used for the specific purpose for which they were collected.

In addition, this mechanism provides flexibility in dealing with any monies remaining after industry has fully repaid its debt to the Commonwealth. As levies are paid in arrears and are generally unpredictable in regard to actual timing, it is inevitable that residual monies will continue to be collected after the industry has repaid its liabilities. The AHA is the

appropriate body to manage these monies, which the Amendment Bill specifies can only be used for set priorities at the request of the industry.

**11. What is the Emergency Animal Disease Response Agreement?**

The Emergency Animal Disease Response Agreement (the EADRA) commenced in 2002. It sets out the roles and responsibilities of the Parties and provides certainty in funding for emergency animal disease threats to Australia and provides for rapid and effective responses aimed at containment and eradication.

Under the EADRA, where an industry is initially unable to meet its cost sharing obligations, the Commonwealth has agreed to underwrite that industry's obligations subject to satisfactory arrangements being agreed for repayment of any underwritten amounts, including through a statutory levy.

The EADRA provides for affected Parties sharing the eligible costs incurred in responding to emergency animal diseases. The Parties include the Australian Government, the state and territory governments and a broad range of peak national animal industry parties representing the major livestock industries including cattle, dairy, sheepmeat, wool, poultry, pork, lot feeders and honey bee.

**12. Is the horse industry a Party to the EADRA?**

The horse industry is not a Party to the EADRA. However, in responding to the current equine influenza outbreak, the Parties to the arrangements have agreed to treat the horse industry as if it was a Party.

The lack of a suitable funding mechanism has prevented the horse industry from becoming a signatory to the EADRA to date. Introduction of the horse disease response levy will enable the horse industry to become a party to the EADRA and to fund its obligations under the agreement.

**13. What if the horse industry decides not to become a Party to the EADRA?**

Two of the three peak horse industry bodies have formally applied to become a Party to the EADRA. It is expected that the third body will formally apply shortly. The industry's request will then be put to other EADRA Parties for consideration.

If the horse industry subsequently decides not to sign the EADRA, the Amendment Bill provides for funds advanced by the Commonwealth on the industry's behalf to be recovered from the Australian Animal Health Council from horse disease response levy appropriated to it.

**14. Does the horse industry support the levy?**

The Australian Horse Industry Council (AHIC) submitted a proposal for a levy on horse registrations on behalf of the three representative industry bodies — the AHIC, the Australian Harness Racing Council and the Australian Racing Board — in November 2006.

**15. Does the horse industry submission comply with the *Levy Principles and Guidelines*?**

Yes. The Australian Horse Industry Council's submission has been assessed against the Department of Agriculture Fisheries & Forestry's *Levy Principles and Guidelines* and meets these requirements.

**16. What is the Australian Horse Industry Council?**

The Australian Horse Industry Council (AHIC) is generally regarded as the peak national body representing the interests of all persons and the health and welfare of all horses in the Australian horse industry.

Membership of the AHIC is available to both individuals and equine organisations. Current annual membership fees vary for individual and equine organisations. The Council operates on the voluntary membership of supporting organisations, businesses and individuals and works for all horse industry interests, irrespective of breed, sport or activity.

The AHIC is a member of Animal Health Australia, as are the Australian Harness Racing Council (AHRC) and the Australian Racing Board (ARB). The AHIC made the levy submission to government of behalf of the three representative industry bodies – the AHIC, the AHRC and the ARB with these latter two bodies representing major sectors of the industry.

**17. What is the Australian Animal Health Council?**

Animal Health Australia Council Limited, also known as Animal Health Australia (AHA), is a not-for-profit public company established under Corporations Law in January 1996 by the Australian, state and territory governments and national livestock industries. AHA aims to develop a collective government and industry approach to advance animal health in Australia by means of sustainable partnerships between members. AHA activities aim to ensure that Australia's national animal health system delivers competitive advantage to livestock industries by contributing to animal health surveillance, emergency animal disease response capability, and animal health services capability programs.

AHA is funded by member's subscriptions, direct contributions negotiated for special projects plus revenue from ordinary activities. Most members' subscriptions are raised by industry levy funding under the *Australian Animal Health Council (Live-stock Industries) Funding Act 1996*.

**18. Has the national response to equine influenza been effective?**

Yes. Since the equine influenza was detected in August 2007, up to the time of the last confirmed cases in December 2007, 6627 properties had been infected in New South Wales and 3569 in Queensland. All of these properties now appear to have been resolved. It is expected that eradication may be achieved by mid-March and that it will be possible to demonstrate in a few months time provisional proof of freedom from the disease. This has been an excellent effort by all parties, government and industry.

At that time, the costs of the national response will be known and the extent of each Party's liability ascertained. Regulations will be drafted under the provisions of the new Levy Bill to set an operative horse disease response levy rate to enable the industry to repay the Commonwealth for funds advanced on its behalf.

**19. Is there a time limit over which Commonwealth underwriting must be repaid?**

The EADRA provides for industry repaying the Commonwealth within a reasonable period, generally expected to be no longer than ten years.

Repayment must be on the basis of preserving the net present value of the amount paid by the Commonwealth. In this regard, the EADRA provides for interest on each amount outstanding accruing from the date on which it was paid by the Commonwealth and is payable at a rate equivalent to the annual inflation rate in respect of each year (or part) in which the amount remains outstanding.