

The Horse Industry and an Emergency Animal Disease Response Agreement (EADRA)

Background to levy options discussion paper.

The recent Primary Industries Ministerial Council (PIMC) meeting had three important messages for the Horse Industry.

Firstly: maintenance of Australia's strong cooperative approach to biosecurity was vital to effective responses to any future incursions of exotic pests and diseases.

Secondly: by 1December 2010 the industry needed to have a commitment to a national levy and to inclusion of the industry under the EADRA.

Thirdly: there would be no nationally cost shared response to any exotic disease incursion.

Tabulated are factors which show the wide difference in structure of the agricultural livestock industries and the horse industry trying to indicate the reasons why finding a suitable levy mechanism for horses has been a challenge.

This is followed by some levy options which are possible.

It would be helpful for your organisation to comment formally on this discussion paper and for individuals to also express their views.

Further levy options would be welcome but any related to gambling will be non-starters.

The Horse industry has a few months to get its act together under PIMC's commitment to introduce legislation and to work with the industry organizations in all jurisdictions and members of the Australian Parliaments to ensure broad support for timely progression of the funding legislation.

Please send comments to secretary@horsecouncil.org.au.

LET'S DO IT!

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AHIC

Horse Industry Levy Mechanism

Below are tabulated some of the differences of structure between the agricultural livestock industries and the horse industry.

Agricultural Livestock Industries	Horse Industry
Large number of units for levy. ie 000's millions – many millions. Numbers well documented	Small number of units. Less than 1 million. Number poorly documented
Rapid turnover of units. Eggs daily, lamb, pork, weeks beef months	Slow turnover with many horses living to greater 20 years. Breeders more rapid but still years.
Relatively uniform enterprises	Many varied enterprises
Common end point related to sale human consumption through meat, milk, wool clip etc	Small number slaughtered for human consumption. No coordinated end point.
Tracing practiced for disease/human health purposes	Some controls eg racing and elite EA horses.
Drug controls re human health with good documentation	Drug controls re doping across many sectors but documentation limited racing and elite EA.
Levy process fits well with day to day transactions which occur in very large numbers over a broad spectrum of each individual livestock sector	Fragmented nature of the horse industry in the past led to a failure to maintain original support for levy process.

The Australian Horse Industry Council has been working with Department Agriculture, Fisheries and Forestry to identify levy mechanisms that are possible for the purpose of the handling of emergency animal disease outbreaks.

There were 3 key points to the advice received.

1. Different types of levies can be imposed on the industry at the same time. For example, a horseshoe levy could be imposed in addition to an event registration levy.
2. A levy can be imposed on multiple occasions in respect of the same horse. For example, a levy can be imposed each time a horse registers for an event.
3. Different rates of levy can be set for different industry sectors. For example, the levy for racing plates could be higher than for other horseshoes.

The AHIC has been trying to explore way in which the number of units to be levied will be as high as possible and the levy per unit as low as possible.

This must be linked to the audit process to ensure that the process is simple and the audit costs are as small a percentage of the levy collected as possible.

The levy is for emergency animal disease and would be zero rated until there is a disease incursion.

Options for levies

A. Registration Levy

This can be imposed on horses registered with organisations as occurs with the racing sector, some horse organisations which have competition cards and breed societies.

Registration of horses is not practiced across the whole industry which means some organisations would need to alter their current administration practices to be able to comply.

The organisations would be the level at which the levy was imposed and costs would be recovered in the registration fees. This means there would be no need for receipts for individual horses.

It may be possible to link human membership of organisations where that membership is linked to horse ownership, as the mechanism an organisation might use to have the levy imposed. This would be simpler than horse registration and it would probably pick up many extra organisations.

B. Event Registration Levy

It is possible to levy a horse each time it goes to an event such as a race meeting, show, competition, rally. The more times a horse travels to an event the greater risk it becomes. To make the audit process simple the levy would have to be imposed on the event organisers who would recoup their costs in the pre-entry paperwork in a similar manner to facility fees, yard costs, etc. The levy costs per participants would be remitted by the event organisers to their State or National Body who would pass them on to the levy collection services.

C. Horse Shoe Levy

This has the advantage of higher unit numbers which enables the levy cost per unit to be small. It is thought that between 700-800,000 sets of shoes are sold each year which would cover approximately 100,000 horses.

The levy could be applied when a) fixing a shoe, b) manufacture of a shoe or c) sale of a shoe. For audit purposes the simplest levy point is at the importation level. This will require careful negotiation with the importers to ensure there is as little impact on their day-to-day business as possible.

D. Wormer Levy

The great appeal of this levy is the widespread use of worming programmes across the many different sectors of the horse industry.

The unit numbers would be the greatest for any common transaction in the horse industry.

To make the audit process simple the levy would need to be imposed on the drug companies or wholesalers who would recoup their costs through small increases in the costs to customers.