

Joint (Industry/Government) Working Group on Sharing Responsibility and Costs of Animal Disease

**POSSIBLE PARTNERSHIP MODELS
FOR SHARING THE COSTS AND
RESPONSIBILITIES IN DEALING WITH
EXOTIC FARM ANIMAL DISEASE**

Background

- Animal Health Act 1981 (as amended)
- Curry Commission 2002
 - *“farmers who bore [those] risks would have a strong incentive to maintain good biosecurity”*
- Anderson Inquiry into FMD
 - *“On narrow economic grounds, it is difficult to see why costs...of the 2001 epidemic should be met by people not engaged in agriculture”*

Animal Health and Welfare Strategy 2004

- Principle of partnership underpinning relationship between Government and Industry
- Need to strike a fairer balance between Government and Industry in relation to the cost of prevention and control of disease
- Greater industry involvement in development and implementation of disease control policies
- ***Farm Regulation and Charging Strategy - November 2005***

Partnership Models - 1

- Key considerations
 - Specifics of English livestock sectors (Principally Beef, Sheep, Pigs, Poultry and Dairy)
 - European Community developments and relationship with Veterinary Fund
 - Mechanism for joint decision making
 - Mechanism for financing industry contribution

Partnership Models – 2

- Model A – Centralised representative industry body
- Model B – NDPB administering statutory disease levy
- Model C – Not for profit company limited by guarantee jointly established by Government and industry partners

Model A

- Centralised representative industry body that can contract with Government
 - Industry owned and run voluntary disease levy ('war chest')
 - Body would have formal role in policy making
 - Funds used to incentivise on farm biosecurity and risk reduction
 - Diseases to be covered determined by the industry body
 - Cost of disease control/eradication (slaughter, vaccination, cleansing and disinfection, compensation) to be met by the fund
 - Government contribution determined through negotiation and set out in a contractual agreement

Model B

- NDPB established by statute to administer an Animal Disease Fund
 - Government and Industry represented on NDPB Board
 - Administer a statutory disease levy
 - Government would match industry funding
 - Cost of disease control/eradication (slaughter, vaccination, cleansing and disinfection, compensation) to be met by the fund
 - NDPB would have no formal role in disease control policy making and industry input through other arrangements

Model C

- Not for profit company limited by guarantee established jointly by Government and Industry
 - Remit to develop and maintain exotic animal disease response agreement
 - Key player in developing disease control policy
 - Industry contribution collected through statutory disease levy
 - Based on Animal Health Australia

Funding mechanisms

- Up-front levy to accumulate 'war chest'/contingency fund
- Retrospective levy collected only in the event of an outbreak
- Industry negotiated Bank Guarantee
- Insurance
- Consequential loss insurance

Conclusions

- No. of possible models to achieve sharing of risks, costs and responsibilities
- Can 'mix-and-match' to find arrangements most suitable for English livestock sectors
- Will be a need to set up formal arrangements
- Working Group invited to indicate a preference for a model so that it can be worked up in more detail