Australian Animal Health Council Ltd ACN 071 890 956

The Emergency Animal Disease Response Agreement

Questions and Answers
on the

"Government and Livestock Industry Cost Sharing Deed
In Respect of Emergency Animal Disease Responses"

March 2002

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GLOSSARY OF TERMS

ANEMIS	**An**imal **Em**ergency **I**nformation **S**ystem	The information system described in AUSVETPLAN that is used to assist in managing the technical aspects of an emergency animal disease response.
AQIS	Australian Quarantine and Inspection Service	The Commonwealth agency with responsibility for quarantine barrier control.
AUSVETPLAN	Australian Veterinary Emergency Plan	A set of 52 Manuals covering all aspects of Australia's preparedness for an outbreak of an emergency animal disease
CCEAD	Consultative Committee on Emergency Animal Disease	The Commonwealth, State and Territory CVOs plus relevant livestock industry technical representatives – provides technical advice to the National Management Group
CVO	Chief Veterinary Officer	The government veterinarian responsible for the health of livestock in the Commonwealth or a State and Territory.
EADRP	Emergency Animal Disease Response Plan	The plan prepared by the relevant State or territory in conjunction with the CCEAD and provided to the National Management Group as the basis for the response to a disease outbreak.
GVP	Gross Value of Production	The measure used to assess the individual and total value of each livestock industry. Calculation is based on published information.
NMG	(Emergency Animal Disease) National Management Group	The Chief Executives of the Commonwealth, State and Territory departments responsible for agriculture and the presidents of the relevant livestock industry organisations – responsible for invoking cost sharing on the basis of the advice from the CCEAD

BACKGROUND TO SECURING A NEW APPROACH TO MANAGING ANIMAL HEALTH EMERGENCIES

Negotiation of a new Cost-Sharing Agreement for Emergency Animal Disease control relied heavily on the goodwill of Animal Health Australia's Members and their continuing commitment to proceed to a new arrangement. This is reflected in the opening recital:

> *"The Parties wish to establish a mechanism to facilitate the making of rapid responses to, and the control and eradication or containment of, certain animal diseases* . . . . . "

Moves towards a new funding arrangement commenced in 1997 with a report commissioned by Animal Health Australia that proposed principles and a framework for a new government/industry agreement.

During subsequent discussions on a new Agreement, Animal Health Australia's government and industry Members raised many questions and these were dealt with by a variety of mechanisms planned to ensure that all issues were aired, robust discussion was encouraged and a consensus achieved

Many individual meetings were held with Members and a collective process involving five meetings of a Task Force and circulation of a comprehensive Discussion Paper preceded development of the legal document referred to as the *Government and Livestock Industry Cost Sharing Deed in Respect of Emergency Animal Disease Responses.*

Why did we need a new Agreement?

The previous agreement, known as the "Commonwealth/States Cost Sharing Agreement (CSCSA)" only covered the following 12 diseases:

- African swine fever
- bluetongue
- classical swine fever
- foot and mouth disease
- Newcastle disease
- rabies
- rinderpest
- screw worm fly
- swine vesicular disease
- vesicular exanthema
- vesicular stomatitis
- virulent avian influenza

This meant that funding to fight outbreaks of the many other diseases exotic to Australia or emerging diseases was uncertain. Experience indicated that such uncertainty could result in procrastination over the direction of a disease response and expose both governments and livestock industries to considerable risk should an outbreak of an unlisted disease occur.

Additionally, governments were increasingly of the view that beneficiaries should contribute to the cost of services according to their proportional benefits. This principle became a central consideration in agreeing the funding criteria.

Finally, the Commonwealth/States Cost Sharing Agreement did not formally include the livestock industries in decisions about a proposed response to a disease outbreak. This was out of step with contemporary practice in all other national animal health and disease control programs.

What groundwork was done to prepare the government and livestock industry Members of Animal Health Australia for a commitment to a new cost sharing agreement?

In 1997, Animal Health Australia commissioned the Centre for International Economics (CIE), to prepare a report on a new process to fund serious disease outbreaks. The outcome, provided in April 1998, was designed to provide a framework that would satisfy the requirements of governments and livestock industries for rapid and effective emergency disease responses for the foreseeable future.

In August 1998, Animal Health Australia held a workshop of all Members where the proposed framework and principles for a new Cost-Sharing Agreement were critically examined and accepted in principle. Several outstanding concerns remained in relation to disease categorisation, management of multi-species disease, the start and end dates for outbreaks and the costs to be covered by the Agreement.

Animal Health Australia subsequently appointed an Expert Group under the Chairmanship of Professor Roger Morris to examine these concerns and report back with recommendations on how to proceed. A second workshop held in April 1999 gave Members an opportunity to express their views and provide further direction on some of these outstanding concerns.

The final Expert Group Report was received in June 1999 and circulated to Members in July with advice that Animal Health Australia would progress resolution by:

1. Preparing a document consolidating all the issues likely to be included in the Agreement, including the framework and other issues identified during the consultation phase to date.

2. Requesting formal agreement from Members to proceed to develop the legal documentation, on the basis of:
   - acceptance of the principles and framework as proposed in the Expert Group Report;

- progressive development of satisfactory statements describing the management of the additional issues identified to date; and
- continual consultation with all Members as additional issues were identified for inclusion in the Deed of Agreement.

3. Requesting nomination of a principal negotiator to represent their members' interests during development of the draft Agreement.

Who were the nominated negotiators and members of the Taskforce that negotiated the final Agreement?

Given the importance of the proposed Agreement, all of Animal Health Australia's Members participated on the Task Force. In addition, the Board of Animal Health Australia was represented by the Chairman (Dr Roly Nieper).

Geoff Neumann (Chairman)	Animal Health Australia
Dean Merrilees	Commonwealth
Don Saville	New South Wales
Peter Bailey	Victoria
Kevin Dunn	Queensland
John Edwards	Western Australia
Robin Vandegraaff	South Australia
Rod Gobbey	Tasmania
Brian Radunz	Northern Territory
Geoff King	Australian Capital Territory
Mike Rickard	CSIRO
Jeff Fairbrother	Australian Chicken Meat Federation
Paul Weller	Australian Dairy Farmers' Federation
Mark Moncrieff	Australian Egg Industry Association
Justine Hall	Goat Industry Council of Australia
Stephen Ware	Australian Honeybee Industry Council
Martin O'Connor	Australian Horse Industry Council
Rod Hadwen	Australian Lot Feeders' Association
Kevin Doyle	Australian Veterinary Association
John Stewart	Cattle Council of Australia
Paul Higgins	Pork Council of Australia Ltd
Bill Whitehead	Sheepmeat Council of Australia
Simon Ramsay	Wool Council of Australia

PARTIES TO THE DEED OF AGREEMENT

Which Members of Animal Health Australia are parties to the Agreement?

The Commonwealth, States, Territories and peak livestock industry councils are all parties to the Agreement. The Australian Horse Industry Council was unable to secure a suitable mechanism to raise funds to cover potential liabilities and thus is not currently a party to the Agreement.

In the case of the government parties the State Premier or Minister responsible for agriculture has signed the Agreement while the Presidents of the peak livestock industry councils have signed on behalf of their organisations.

The Member organisations that are signatories to the Agreement are:

Animal Health Australia
Commonwealth of Australia
The State of New South Wales
The State of Victoria
The State of Queensland
The State of Western Australia
The State of South Australia
The State of Tasmania
The Northern Territory of Australia
The Australian Capital Territory
Australian Chicken Meat Federation Inc
Australian Dairy Farmers' Federation Limited
Australian Egg Industry Association Inc
Goat Industry Council of Australia
Australian Honeybee Industry Council Inc
Australian Lot Feeders' Association Inc
Cattle Council of Australia Inc
Australian Racing Board
Australian Pork Limited
Sheepmeat Council of Australia Inc
National Farmer's Federation ATF Wool Producers

Can additional livestock industries become parties to the Agreement?

Any nationally representative industry organisation can be admitted by application to Animal Health Australia. A unanimous vote of existing parties is required before formal acceptance.

What happens if a party to the Agreement wishes to withdraw, or is unable to provide its share of funding?

The Agreement provides that any party must provide at least 6 months notice in writing if they wish to withdraw. This is to help avoid problems that may arise if a party seeks to withdraw during an emergency animal disease response.

As a general principle, parties sign the Agreement in good faith. If a party does pull out, cost sharing may not proceed. The remaining parties could conceivably agree to an alternative cost-sharing arrangement.

What is the period of operation of the Agreement?

A National Management Group comprising all parties will formally review the Agreement after five (5) years. This does not preclude the parties making changes at other times where deficiencies are identified or where enhancements are agreed.

EMERGENCY ANIMAL DISEASES

What are emergency animal diseases?

Emergency animal diseases are those animal diseases likely to have a significant effect on livestock potentially resulting in livestock mortalities, production loss and in some cases impacts on human health and the environment. Diseases such as foot and mouth disease and BSE are obvious candidates but the term also includes unusual, severe outbreaks of endemic diseases which may cause sudden trade disruptions (for example, the 1997 anthrax outbreaks in Victoria) and which need an immediate disease control response. The term may also include new diseases where it is not immediately apparent whether the disease is endemic or exotic (for example, the 1994 outbreak of equine morbillivirus disease (Hendra virus) in Queensland).

An emergency animal disease meets one or more of the following criteria:

- It is a known disease that does not occur in endemic form in Australia, and for which it is considered to be in the national interest for the country to be free of the disease.

- It is a variant form of an endemic disease, caused by a strain or type of the causal agent that can be distinguished by appropriate diagnostic methods, and which if established in Australia would have a national impact.

- It is a serious infectious disease of unknown or uncertain cause, which may on the evidence available at the time, be an entirely new disease, or one not included in the categorised disease list.

- It is a known endemic disease, but is occurring in such a severe outbreak form, that an emergency response is required to ensure that there is neither a large-scale epidemic of national significance or serious loss of market access.

COST SHARING

What is the basis for sharing costs between the government and industry sectors?

The government and livestock industry parties have agreed to share costs based on the conduct of an agreed response plan for an outbreak of a disease that falls within one of four categories of disease. Category 1 is funded entirely by the collective governments, Category 2, 80% by government and 20% by industry, Category 3, 50% by both government and industry and Category 4, governments 20% and the relevant livestock industry(s) 80%.

The costs of salaries and wages, operating expenses, capital costs incurred by parties responding to the disease and compensation to affected owners are covered by this arrangement. It does not cover consequential losses.

How will the government and industry parties share the above proportions between themselves?

Government Cost Sharing

The Commonwealth and the States and Territories have agreed on a way to share their proportion of the costs of an emergency disease response for all diseases included in the Agreement. In each case the Commonwealth will fund 50% of the total government liability, but the proportional split between the States and Territories is dependent on the disease under consideration.

For example, where the disease is in Category 1, (where all costs are borne by governments because of human health concerns), the split is based on the human population. In other cases, the split is generally based on the number of animals in each State or Territory with complex calculations required to allow for multi-species diseases and the value of production from individual industry sectors. Specific formulae apply for the cattle, sheep, pig, poultry, honey bee and horse industries and for multi-species disease while screw worm fly has a separate and previously agreed split.

The above processes follow long established precedents included in the previous *Commonwealth /States Cost Sharing Agreement*.

Industry Cost Sharing

In the case of a disease affecting only one species, that industry alone bears the industry proportion of costs to be shared. Where more than one animal species is affected by a disease, the contributions from the affected industry parties takes account of both the gross value of production (GVP) of each industry and the importance of that particular disease for that industry. The latter is achieved by the use of an agreed weighting. For example, in the case of foot and mouth disease the weighting is 50% cattle, 30% sheep/goats and 20% pigs. For surra (a disease affecting cattle and horses), the agreed weighting is 50% cattle and 50% horses.

There is an exception to the above in the case of screw worm fly, where the agreed contributions from the affected industries are cattle 85% (beef 84% dairy 1%) and sheep/goats 15%. This split is based on information from a report *"Economic Assessment of the expected producer losses and control strategies of a screw worm fly invasion of Australia"*, (1993), Queensland Department of Primary Industries Project Report Series QO93016.

Where more than one of the industry parties represents an animal species (such as with cattle, sheep and poultry, they have agreed to share costs taking account of the GVP of each sector. This has resulted in an agreed split of the cattle industry into beef grazing (52.94%), beef feedlots (5.88%), dairy (41.18%), sheep industry into meat (24.83%), wool (74.73%) and goat (0.44%) and the poultry industry into chicken meat (77.32%) and eggs (22.68%).

What specific costs are subject to cost sharing?

The potential costs of a disease response are divided into several categories and all parties are entitled to recover these costs.

Salaries and Wages

(a) Normal salary or consultancy fees of staff/consultants who are, or would be, engaged by a government or industry party, irrespective of the disease emergency, are not eligible for reimbursement.
(b) Salaries or consultancy fees for staff/consultants engaged by the party to assist directly with eradication and for staff/consultants engaged to backfill positions of existing permanent staff assisting directly with eradication will be eligible for reimbursement.
(c) Normal salaries or wages of staff seconded across State or Territory borders will not be eligible for reimbursement, but salaries or wages of staff/consultants engaged to backfill positions of seconded staff will be eligible.
(d) Allowances for staff/consultants engaged in the exotic disease emergency will be eligible for reimbursement. These will include meal allowances, district allowances, penalty rates and accommodation assistance.
(e) Payroll tax, workers' compensation, superannuation and leave for staff especially recruited as a result of the exotic disease emergency will be eligible for reimbursement.
(f) Overtime incurred directly as a result of the exotic disease emergency will be eligible for reimbursement.
(g) Fees and allowances to private veterinarians employed by the government parties to assist with disease operations will be eligible for reimbursement up to the level of fee and allowances structure approved by the Veterinary Committee of the Primary Industries Standing Committee, or such other relevant fee structure.
(h) Reimbursements to volunteer emergency service and defence personnel will be by negotiation with the service provider, but should provide primarily for out-of-pocket or incidental expenses.

Operating Expenses

(a) Operating expenses directly incurred by a party in the eradication program will be eligible for reimbursement.
(b) Eligible costs for internal laboratory services provided by a State/Territory government agency, will be the cost of additional staff and operating costs incurred as a result of the emergency disease response
(c) Eligible costs for laboratory services provided to a State/Territory government by an external source, will be:
    (i) when the specified contracted level of service is exceeded, an amount equivalent to the marginal cost incurred in (b) by a comparable government laboratory for that additional service
    (ii) where there is no specified contracted service level, an amount not exceeding the full price that would be charged by a comparable government laboratory for those services
(d) All stores and equipment purchased with funds which have been subsequently reimbursed under the Agreement are valued at the time the "Proof of Freedom Phase" ends and sold within 60 days. The proceeds of any sale, or equivalent valuation, is distributed to the parties in the same proportion as contributions actually made by them.
(e) Any variation from this procedure can only be made with the approval of the parties.

Capital Costs

(a) Capital expenditure on major items such as motor vehicles or buildings will not be eligible for reimbursement. The working life of such capital items would normally be expected to extend far beyond any eradication effort funded under the EADRP and there is every possibility they could be utilised in other ongoing programs.
(b) Essential equipment required for the immediate servicing needs of the EADRP will be eligible for reimbursement.
(c) At the time the Proof of Freedom Phase ends any equipment purchased with funds which have subsequently been reimbursed will be dealt with as in Operating Expenses (d) above.

All claims for reimbursement of costs under the Agreement have to be certified by the Senior Accounting Officer and Chief Veterinary Officer of the State, Territory or Commonwealth or the senior accounting officer of an industry party.

Compensation

Compensation is to be paid to the owner of:

(a) any livestock or property which is destroyed for the purpose of eradication or prevention of the spread of an emergency animal disease;

(b) any livestock which an inspector accredited under the applicable legislation, who is a veterinary surgeon or who is approved by a Chief

Veterinary Officer, is satisfied has died of a disease proclaimed under the relevant legislation and who has certified to that effect, and who (after due enquiry) is satisfied that there has been no unreasonable delay in reporting the death of the livestock and where the Chief Veterinary Officer certifies that the livestock would have been compulsorily slaughtered had they not died.

Second valuation or 'Top-up Payment'

In the case of livestock, a second payment may become due on the date the property where the livestock were located becomes eligible to be restocked provided the total value of livestock is greater on that date. The compensation payable at this second payment is the difference between the total value of livestock on that date and the amount paid for livestock in (a) and (b) above.

To whom payable

Compensation to be payable to the 'owner', which includes every person (in case of a body corporate, the manager/secretary), other than a mortgagee not in possession, having or claiming any right title or interest in any stock or land.

Time limit for applications

A claim for compensation in respect of livestock or other property must be made by, or on behalf of, the owner within ninety days after the date of destruction or death of the livestock or other property.

A request for a second valuation must be made by or on behalf of the owner within 30 days of receipt of notification that the property is eligible to be restocked. A claim for a second payment for compensation must be made within 21 days of receipt of the second valuation determination.

Exclusions

No compensation or part compensation is payable under these guidelines to any owner if they have been convicted of an offence under any Act or regulation which is directly related to the containment and eradication of an emergency animal disease.

Method of valuation

In the case of livestock the value is based on:

(a) the date the owner or owner's representative reports the disease or suspicion of disease to an inspector accredited under applicable legislation or a veterinary surgeon; or
(b) the date of detection of the disease by an inspector accredited under applicable legislation; or
(c) the date of imposition of a quarantine order relating to the disease, whichever is the earlier.

In the case of livestock, the date on which the second valuation is based is the date of release of all restrictions pertaining to the property's eligibility to be restocked.

In the case of property (including buildings), the value is that applicable immediately before destruction.

In determining the compensation to be paid no allowance is made for loss of profit, loss occasioned by breach of contract, loss of production or any other consequential loss whatsoever.

For the purpose of calculating the value of the stock or property, the value is calculated on the basis of a sale at the place where the stock or property was when it was destroyed or where the stock was when it died of the disease (that is, farm gate value).

The value of any stock or property in respect of which compensation is payable is the amount determined by the relevant legislation.

*Further information on compensation is available in the relevant AUSVETPLAN Manual (*http://www.aahc.com.au/ausvetplan/index.htm*).*

False statements

Any person who is suspected of having acted with intent to mislead or defraud the Crown for the purpose of obtaining compensation for himself or any other person under this Agreement, or who is suspected of having knowingly made a statement which is in any respect false or misleading or who is suspected of practices or of being concerned in any fraudulent act shall be reported to the relevant authorities for appropriate action.

What is the size of the potential costs to the livestock industries of an outbreak of an emergency animal disease?

The costs of responding to a disease outbreak will depend on the nature of the disease and the specific circumstances of the outbreak. In a worst case scenario of a major outbreak of foot and mouth disease, an agreed limit to cost sharing of 1% of the gross value of production (GVP) of the industries involved, provides a basis to calculate maximum liabilities for all parties.

The three-year average total GVP of the industries concerned (calculation carried out in 2001) is $11,235 million and 1% is $112.35 million. The costs of an FMD outbreak are split between government and industry as a Category 2 disease where the relative proportions between government and industry are 80:20. The collective industry liability is thus 20% of $112.35 million = $22.47 million.

Applying the agreed division between the major industries concerned indicates maximum liabilities of; cattle industry $17.14 million, sheep/goat industry $4.79million and the pork industry $0.54 million.

How will the nine Australian government parties share the government sector costs?

Applying the division of costs between Australia's governments as agreed under the Agreement to the same "worst case" foot and mouth disease scenario as described above for the livestock industries, a similar calculation can be performed. This results in individual jurisdictional shares of Commonwealth, ($44.94 million), New South Wales ($11.69 million), Victoria ($10.51 million), Queensland ($11.82 million), South Australia ($3.10 million), Western Australia ($5.38 million), Tasmania ($1.28 million), Northern Territory ($1.17 million), Australian Capital Territory ($0.02 million).

How will a livestock industry party pay its share of the costs of a disease response?

The Commonwealth has agreed to underwrite the livestock industry share of the costs of an emergency animal disease response. Repayment by an industry party may be through industry statutory levy arrangements or voluntary means. In most cases the industry parties have decided to put in place a new levy set at $0.00 that can be activated at the time of a disease response to raise sufficient funds to cover that industry's liability. Some industries have also put in place arrangements to accumulate a contingency fund that will cover a major part of their industry's liability.

There are obligations on industry parties who decide on repayment by statutory levy to ensure the levy is activated as soon as the liability is clear. They must also ensure that their industry repays the Commonwealth within a reasonable period (generally expected to be no longer than 10 years). The Commonwealth underwriting is on a commercial basis with interest accruing at a rate equivalent to the annual inflation rate.

An industry party can also nominate a voluntary means of repayment by providing the Commonwealth with written advice of the proposed voluntary repayment means.

How will the parties know when the 1% agreed limit to cost sharing expenditure is approaching?

Managing expenditure for all parties is a function of Animal Health Australia. The NMG will set an upper limit on expenditure based on the indicative budget included in the EADRP and the willingness of the parties to commit to that limit. Such a limit may be less than the agreed limit of 1% of GVP of the collective industries involved.

Each of the parties to the Agreement is required to provide Animal Health Australia with claims relating to their eligible expenditure. Animal Health Australia's role is to coordinate and collate claims for reimbursement, and to advise the parties of their respective liabilities. To enable regular and accurate advice to the National Management Group on actual and committed expenditure, all parties will need to have accounting processes that ensure regular (daily) capture of expenditure. This information will be provided daily to Animal Health Australia and after collation to the National Management Group so that the relationship of committed expenditure to the agreed limit for that disease can be closely monitored.

Claims for expenditure by the parties will also be managed by Animal Health Australia. This involves each party submitting a claim each month. These claims will be summed to determine the aggregate amount of expenditure. The parties will then be advised of the amount payable or amount receivable, according to their respective commitments to share the costs.

Each party with an amount receivable is responsible for invoicing the other parties according to advice provided by Animal Health Australia.

LIMITING LIABILITY

Is there a process to determine the full costs of an outbreak of an emergency animal disease?

A process to determine the full cost of each disease outbreak has been included in the Agreement so that decisions on the scope of the response can be based on the full effects of a disease outbreak on the regional and national economies.

It is also agreed that work be done during an outbreak to determine the cost effectiveness of continuing control procedures so that current information is available to assist with decisions on whether to continue or suspend a response. This will ensure that information is available on the effect failure to control may have on local, regional and national economies.

Who would be responsible for the cost of mounting a response where it can be shown that an individual(s) was responsible or that active sabotage was involved?

In a situation where the entry of a disease into Australia can be shown to have resulted from negligence or a deliberate action by an individual(s) then action could be taken by the funding partners to recover costs of the response from that individual(s). Such a decision would only be taken following conclusion of the appropriate emergency disease response.

When does the period in which cost sharing aspects of the Agreement apply begin and end?

Cost sharing commences once the "National Management Group" accepts a proposed "Emergency Animal Disease Response Plan" prepared by the State or Territory Agency with advice from the "Consultative Committee on Emergency Animal Diseases".

The costs to be shared are automatically backdated to the date of first notification of the disease to the relevant State or Territory or an earlier date should this be agreed.

Cost Sharing ends when it is accepted by the NMG that the Emergency Animal Disease Response Plan has been successful and the disease contained or eradicated. This normally follows a "Proof of Freedom Phase" when extensive surveillance may be carried out to demonstrate freedom from the disease.

Is there a process to limit the amount a party is liable to pay for the costs of a disease response?

The issue of limiting the liability of parties to a new Agreement was raised by both industry groups and by governments.

Clearly mechanisms to protect the future viability of industries faced by devastating outbreaks of disease will be required. This issue was identified in the CIE report and major concerns focused on outbreaks of, for example, foot and mouth disease.

In this case, if the disease spreads further than the initial outbreak, and is found in several places around Australia, the ability of the grazing industries to continue to meet their proportion of the required funding would be severely limited.

Additionally, it is argued that the major effects of such a disease outbreak would progressively impact on the economy as a whole, in which case industry may need to cease its contributions and governments take over this commitment.

A figure of 1% gross value of production (GVP) of the relevant industries is an agreed trigger point at which the NMG must reassess its response plan and make a decision on any further expenditure. The parties can agree to another limit provided such agreement is in writing. Any decision to curtail cost sharing prior to this agreed limit would require the agreement of all affected parties. In practice, the NMG will regularly monitor the course of a disease response and may well seek changes to the response plan in advance of reaching the agreed limit.

What happens to cost sharing and the response itself once the agreed limit is reached?

If the NMG believes that the cost of a particular response will exceed the agreed limit, it will determine whether:

- the agreed limit should be increased;
- the emergency response should be continued;
- the proportional shares of costs should be altered;
- the emergency response should be transformed into a long term control program; or
- any other appropriate alterations should be made to the EADRP.

Thus it is the responsibility of the NMG, where all appropriate parties are represented at the most senior level, to make decisions acceptable to all parties.

Will a livestock industry(s) still be included in discussions with government if a decision is made, for example, for governments to continue jointly funding a disease response once the agreed limit to liability has been reached?

A key purpose of the Agreement is to broker a partnership between government and industry that recognises the position of each party and permits certainty of funding at the commencement of a response. Just because an industry reaches the limit of its pre-agreed funding, this will not mean that the industry would no longer be involved in decisions about the response.

The continuing partnership of government and industry will be essential to ensure an appropriate response successfully eradicates or contains the disease to the satisfaction of all parties.

DISEASE CATEGORISATION

What criteria are used to classify diseases into the four categories and what are the proposed proportions of government and industry funding?

Category 1 diseases (*funded 100% by government)* are those that predominantly seriously affect human health and/or the environment (depletion of native fauna) but may only have minimal direct consequences to the livestock industries. Those included are:

- rabies
- Australian lyssaviruses (including bat lyssavirus)
- Japanese encephalitis
- Western, Eastern and Venezuelan equine encephalomyelitis
- Nipah virus

Category 2 diseases (*funded 80% by government and 20% by the applicable industry(s)),* have the potential to cause major national socio-economic consequences through very serious international trade losses, national market disruptions and very severe production losses in the livestock industries that are involved. This category includes diseases that may have slightly lower national socio-economic consequences, but also have significant public health and/or environmental consequences:

- bovine spongiform encephalopathy
- brucellosis (due to *Brucella abortus*)
- brucellosis (due to *Brucella melitensis*)
- Hendra virus (formerly called equine morbillivirus)
- foot-and-mouth disease
- glanders
- peste des petits ruminants
- Rift Valley fever
- rinderpest
- screw worm fly
- sheep pox
- Tracheal mite*
- Tropilaelaps mite*
- Varroa mite *(Varroa destructor)* – see also Varroa mite Category 4*
- vesicular stomatitis

Category 3 diseases (*funded 50% by government and 50% by the applicable industry(s)),* are of moderate public impact that have the potential to cause significant (but generally moderate) national socio-economic consequences through international trade losses, market disruptions involving two or more states and severe production losses to affected industries, but have minimal or no effect on human health or the environment:

- African horse sickness
- African swine fever
- anthrax (major outbreaks)
- avian influenza (highly pathogenic)
- bluetongue (disease in sheep)
- bovine tuberculosis due to *Mycobacterium bovis*, after Tuberculosis Freedom Assurance Program (TFAP) is completed (provided that no

other program in respect of bovine tuberculosis is introduced in its place)

- classical swine fever
- contagious bovine pleuropneumonia
- encephalitides (tick-borne)
- lumpy skin disease
- Menangle virus (porcine paramyxovirus)
- Newcastle disease
- scrapie
- Small hive beetle*
- swine vesicular disease
- trichinellosis
- vesicular exanthema

Category 4 diseases (*funded 20% by government and 80% by the applicable industry(s)),* are those that could be classified as being mainly production loss diseases. While there may be international trade losses and local market disruptions, these would not be of a magnitude that would be expected to significantly affect the national economy. The main beneficiaries of the successful emergency response to an outbreak of such a disease would be the affected livestock industry(s):

- Aujeszky's disease
- Borna disease
- Braula fly (except in Tasmania)*
- contagious equine metritis
- dourine
- east coast fever
- epizootic lymphangitis
- equine babesiosis
- equine encephalosis
- equine influenza
- Getah virus
- haemorrhagic septicaemia
- heartwater
- infectious bursal disease (hypervirulent form)
- Jembrana disease
- Maedi/visna
- Nairobi sheep disease
- porcine Reproductive and Respiratory Syndrome (PRRS)
- Potomac fever
- pulmonary adenomatosis
- sheep scab
- surra
- swine influenza
- Teschen disease
- Varroa mite *(Varroa jacobsoni)* – see also Varroa mite Category 2*
- transmissible gastroenteritis
- Wesselsbron disease

What is the process to change a disease from one category to another?

Where a party wishes a review of the categorisation of a disease, they must provide Animal Health Australia with a specific request justifying the change from one category to another. This must be based on a material change in macroeconomic impact and/or new scientific/epidemiological knowledge of the disease. If Animal

Health Australia agrees that the evidence presented supports a review of the categorisation of a disease, it will refer the matter to Veterinary Committee (as the appropriate national expert group) within 30 days of receipt.

Veterinary Committee will convene an expert panel called the "Emergency Animal Disease Categorisation Panel" to meet and report its findings within 90 days.

Animal Health Australia will then refer the recommendation to the relevant parties and if they reach agreement the change in category will be implemented. If they do not reach agreement the issue is referred back to the Board of Animal Health Australia that will consider the Veterinary Committee report and advise the relevant proponent(s) of its determination within 30 days of consideration. Decisions of the Board of Animal Health Australia will be final and another review will not occur unless further substantive evidence is presented.

Is there any appeal process if a request for a change to categorisation is not supported by Animal Health Australia?

Where Animal Health Australia does not refer a request for a review of the categorisation of a disease to Veterinary Committee (because of a perceived lack of justification), the proponent(s) of the review of categorisation may appeal to Members at an Animal Health Australia Annual General Meeting.

How is the appropriate category for a new disease determined?

For the first outbreak of an unknown disease, the Consultative Committee on Emergency Animal Diseases (CCEAD) will determine a preliminary categorisation. All new or uncategorised diseases will initially be subject to 50:50 cost sharing, between government and industry, unless there is compelling evidence of a public health risk, in which case the disease will be subject to 100:00 cost sharing (ie funded entirely by governments).

Following the conclusion of an emergency disease response, or earlier if appropriate, the issue of categorisation for a previously unknown disease will be referred to an Emergency Animal Disease Categorisation Panel.

Can the category of a disease change during the course of an EAD Response?

Categorisation of a disease is a formal process involving intensive investigation of its human health and environment effects, socio-economic consequences, market disruptions and severity of production losses on affected industries. Thus a change in categorisation during an emergency animal disease response involving that disease would not be feasible.

However, there are situations where the initial funding mix decreed by categorisation should be varied; such as where a disease is found to have human health implications or where an outbreak is spreading rapidly or becoming widely disseminated. In such cases a change in the funding proportions may be desirable. Any such change should be seen as a temporary change in funding proportions in response to additional knowledge about the disease outbreak – not as a change in categorisation.

The Agreement discriminates between the issue of categorisation (the formal process of gaining agreement to the initial funding split) – and the issue of agreeing to revised funding proportions for a particular disease outbreak according to prevailing circumstances. A change in categorisation can only be effected by the mechanism described earlier.

CONSULTATIVE MECHANISMS

How will the government and industry parties ensure appropriate consultation occurs on the initiation and conduct of an emergency response?

Determining an appropriate consultative mechanism involved was the subject of wide ranging discussions with industry and government groups. One of the ten principles agreed at the initial workshop in 1998 was that stakeholders who share the cost of incursion management should have a role in decision-making.

The Emergency Animal Disease National Management Group (NMG)

The parties supported the establishment of a single high-level group to carry responsibility for decision-making on policy and resource allocation issues during an emergency animal disease response. The NMG will comprise the Chief Executives of government parties and presidents of the industry parties affected by the particular disease outbreak. It will approve response plans and budgets and monitor expenditure.

More specifically the NMG will:

- receive advice from the *Consultative Committee on Emergency Animal Diseases (CCEAD)* on technical issues relating to an emergency animal disease
- receive regular reports from the CCEAD, including budgeted, committed and actual expenditure on an EADRP
- have responsibility for the key decisions in an EADRP, including:
  - the approval of an EADRP, which includes an indicative budget
  - the review of an EADRP where it believes the cost may exceed the agreed limit
  - the setting of an upper limit on expenditure from time to time, at a level less than the agreed limit, below which EADRP expenditure may be committed without reference to the NMG
  - determining whether a party has acted appropriately in the matter of reporting of an emergency animal disease
  - determining whether an emergency animal disease has been eradicated or contained
  - determining whether an emergency animal disease is not capable of eradication or containment by means of an EADRP
  - the consideration of efficiency audit reports and the financial audit reports
  - reporting as necessary to the Primary Industries Ministerial Council in regard to an EADRP.

While the NMG will report to the Primary Industries Ministerial Council (comprising the Ministers responsible for Agriculture of each of the nine government parties), the joint nature of the Deed will mean that ultimate accountability for the cost-sharing arrangements will remain with all the parties.

The Consultative Committee on Emergency Animal Diseases

The Report of the Expert Group recommended that industry representatives be included on the Consultative Committee on Emergency Animal Diseases (CCEAD).

This Committee has traditionally comprised the Chief Veterinary Officers from each of the States and Territories, the Commonwealth Chief Veterinary Officer and the head of the Australian Animal Health Laboratory.

Two types of livestock industry representative will be included. One technical representative will carry the interest of the combined livestock industry. Each of the livestock industries affected by the particular disease also has a representative on the CCEAD. Technical representatives will have with wide experience in the animal health status of that industry.

This division ensures that technical decisions relating to the response are made quickly and appropriately accordingly to the best scientific information and that consideration of issues such as availability of funds and resources do not confound decisions on technical disease issues.

How will decisions be made about the content of the Agreement itself?

In times other than when an EADRP is in progress, the Agreement proposes that the NMG be responsible for:

- overseeing commitments on resources and consider policy issues arising from application of the Agreement
- monitoring progress in implementing risk reduction measures
- referring relevant issues arising out of responses to Animal Health Australia for consideration under its Emergency Animal Disease Preparedness Program.

The composition of the NMG in discharging this role will be flexible but contain a mix of government and industry representatives.

Will assistance be provided to industries to fulfill their role on these committees and during an Emergency Animal Disease (EAD) response?

The Agreement requires each livestock industry to provide representatives to fulfill management, liaison and technical roles. To do this effectively, such persons need to understand the emergency operating environment, disease and emergency response terminology, the implications of various diseases and specific management responsibilities.

Each industry party is expected to authorise appropriate “Industry Representatives”. These will be accredited to represent that industry at meetings of the CCEAD or the NMG and to provide industry liaison at disease control centres at local and state level.

To ensure the Industry Representatives are equipped for these roles, they are required to undertake competency based training (*Livestock Industry Leader Training)* conducted by Animal Health Australia as part of the National EAD Training Program.

Training is also being provided for technical representatives who will represent a livestock industry at relevant meetings of the CCEAD.

The specific role of “Livestock Industry Representative on the NMG” has been tentatively defined and includes:

- Reviewing the EADRP forwarded by the CCEAD.
- Suggesting modifications to the EADRP so that it accords with industry peak body policy, the provisions of the Agreement and the Australian Veterinary Emergency Plan (AUSVETPLAN).
- Monitoring the implementation of the EADRP and negotiating adjustments to the plan as dictated by events.
- Representing the interests of the livestock industry Member when expenditure approaches 1% of GVP.
- Maintaining liaison with the livestock industry organisation and other industry stakeholders.

What rights does an industry have if not a party to the Agreement?

Industries that are not parties to the Agreement cannot formally contribute to the development of emergency response plans affecting their industry or participate directly in decision making during the course of the emergency response. However, informal consultation will occur to ensure their views are known and the relevant industry leaders are equipped to advise their members about the disease response.

The Parties have agreed to put in place provisions to remove the eligibility for compensation for participants in any major industry where their major representative organisation is not a party to the Agreement. It is the intention of the Parties that non-Member industries with a GVP of less than $20 million may be eligible for compensation.

PERFORMANCE STANDARDS

What provisions in the Agreement provide comfort that a response to a disease outbreak will be handled appropriately?

The Agreement contains a series of provisions to provide assurance that the respective State or Territory agency will handle a disease outbreak appropriately.

The CCEAD will have primary technical responsibility for endorsing an emergency response. It is anticipated that in making decisions about the proposed plan, CCEAD will take into account the guidelines provided by the appropriate AUSVETPLAN disease strategy.

Other issues that have relevance in this context include requirements to only use persons in key response positions who have proven national competencies in that area of responsibility and the development of standards for budgeting and accounting for expenditure incurred.

Because States and Territories have differing systems of management and delivery of animal health services, the government parties express the level of animal health services committed to emergency animal disease management in terms of outcomes against agreed standards. National standards of performance for all aspects of Australia's animal health system are being developed by Veterinary Committee and Animal Health Australia's livestock industry Members and are referred to in the Agreement. Once agreed, they will form the basis for measuring the effectiveness of each party's actions.

How can the parties be assured that a disease response is being conducted in a cost effective and efficient manner?

To reassure parties that an EADRP is being conducted efficiently, the NMG is required to obtain advice from an independent source. The efficiency audit is a systematic examination to determine whether the eradication/containment activities comply with the approved EADRP, and whether the Plan itself is being implemented effectively and is suitable to achieve the objectives.

The efficiency auditor is expected to specifically consider the following:

- whether the response activities detailed in the EADRP are being implemented as described;
- whether the response activities of the response agency are conducted in an effective and efficient manner;
- whether expenditure under the EADRP is valid, accurate and in accordance with the costs that are agreed for sharing.

Progressive audit reports are expected during the implementation of the EADRP and in particular at the end of each quarter (or other agreed period). The efficiency auditor will recommend corrective action to modify the EADRP where necessary. A final audit report is provided to the National Management Group within 60 days of completion of the Proof of Freedom Phase.

The role of the efficiency auditor is one of providing assistance to enable the most cost effective and efficient response. To this end it is expected that the efficiency auditor will work in conjunction with the lead agency and assist it fulfil its responsibilities under the Agreement.

To assist the efficient conduct of an EADRP, Animal Health Australia may develop a methodology for use by the NMG and the efficiency auditor to enable the conduct of cost/benefit analyses that will provide guidance on the efficiency of continuing expenditure.

What is the relationship of the EAD Response Agreement to the Australian Veterinary Emergency Plan (AUSVETPLAN)?

Responses to disease emergencies are carried out according to a set of nationally agreed principles and processes described in the Australian Veterinary Emergency Plan (AUSVETPLAN). The AUSVETPLAN is a series of 52 manuals that provide guidance on the conduct and management of emergency disease responses in Australia. A process involving all governments, with livestock industry input where appropriate, has been used to prepare the manuals that have then been approved by the Primary Industries Ministerial Council.

Ensuring that responses comply with these contingency plans and standards or with changes agreed to by the CCEAD is the most effective way of managing concerns about technical competence. If AUSVETPLAN does not have a specific manual for a disease or where a new disease emerges, technical arrangements to manage a response have been developed in summary form to provide confidence that an appropriate response could be mounted.

Animal Health Australia, through its Emergency Animal Disease Preparedness (EADP) Program, ensures that AUSVETPLAN is progressively updated and expanded as necessary. This is done in collaboration with Agriculture, Fisheries and Forestry Australia (AFFA) and States, Territories and livestock industries.

The parties have agreed that an EADRP must conform to the relevant AUSVETPLAN *Management Manuals* and any applicable AUSVETPLAN *Disease Strategy*. Where a specific strategy has not been prepared and agreed, a set of response policy summaries will be used as the basis for the response.

The CCEAD may recommend to the NMG variations to the content of any manual that will assist the particular response. Application of the content of the following Management Manuals is specifically required.

- Control Centre Management Parts 1 and 2
- Destruction of Animals
- Disposal procedures
- Public relations
- Valuation and Compensation
- ANEMIS (and its successor)
- Decontamination

- Laboratory preparedness
- Mapping
- Wild Animals

Full information on all AUSVETPLAN Management and Disease Strategies is available at http://www.aahc.com.au/ausvetplan/index.html.

How does the Agreement provide comfort that the best available people are managing the disease response?

The Agreement requires the parties to wherever possible use personnel for key roles who are accredited under the National EAD Training Program conducted by Animal Health Australia for its Members. This training program is competency based and was developed by the Members of Animal Health Australia over several years. Standards have been described for 24 separate competencies that apply to one or more of the 22 roles for personnel listed in the Agreement. In addition, training materials and assessment processes have been developed to assist the parties conduct training appropriate to their needs.

The Agreement recognises that having every participant assessed as competent for the many and varied roles is not feasible in the short term. It does, however, require each party to start the process by taking steps to have appropriate numbers of their personnel accredited under the National EAD Training Program.

To assist each party to employ a satisfactory number of accredited personnel, Animal Health Australia may advise them of the number of persons it considers to be appropriate.

RISK REDUCTION STRATEGIES

What steps are the livestock industries taking to minimise the likelihood of severe outbreaks of emergency animal diseases?

The potential for animal management practices at the farm level to affect the containment or spread of animal diseases is well recognised. The focus of the agreed risk reduction program is the development of individual on-farm biosecurity[1] plans. These plans are designed to provide a simple vehicle for reinforcing on-farm management practices that will reduce the likelihood of disease spread. The agreed plans are one to two page documents that identify simple actions producers can take to reduce the chances of a disease entering their property or of spreading. In many cases such actions will be part of existing management.

Given the substantial variation in the nature of livestock enterprises between and within industries, generally biosecurity plans are a guide. Some industries such as the chicken, egg, pork and beef feedlot industries, which operate with high concentrations of stock, may experience more rapid and more catastrophic losses should a serious disease enter their enterprise. Therefore, the biosecurity plans for enterprises in these industries will need to be of a relatively high standard.

The key principles of enterprise biosecurity plans are to identify and reduce/manage the risks of introduction and spread of disease within the enterprise in question and to other enterprises. In order to achieve this, the main (highest risk and/or highest impact) diseases of concern and the key features of those diseases are identified and addressed. Key features include the means of spread of the disease such as by animals or their products; survival of the agent; the means of decontamination as well as incubation periods and existence of a carrier state.

What have the parties done to manage improvements to biosecurity?

The importance of improving biosecurity as a step towards reducing the overall risk to all parties was recognised early in negotiations for a new Agreement. The implementation of improved biosecurity practices within each livestock industry was recognised as being linked to wider government programs aimed at minimising the risks of disease establishment and spread. Feral animal control is such a program.

During negotiations about the Agreement, it was recognised that it would not be feasible to either complete or implement all biosecurity plans before the Agreement was ready for signature. It was agreed that a firm commitment to biosecurity be retained in the Deed and that development and implementation by industry and government parties of their respective programs should be managed outside of the Deed.

This process has been facilitated by Animal Health Australia creating a *National Disease Risk Mitigation Program* within its Emergency Animal Disease Preparedness

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1 Biosecurity is taking steps in everyday management of discrete livestock populations that will eliminate or minimise the possibility of selected disease agents entering or being disseminated from such populations.

(EADP) Program. Clauses in the Agreement relating to biosecurity reflect (a) the need for parties to mutually agree on the biosecurity programs, and (b) the need for adequate review processes and performance indicators in regard to the programs.

A timetable for the development and implementation of the biosecurity program is included in the Agreement

A national communications program to raise community awareness of the importance of biosecurity measures forms part of the Protect Australian Livestock Campaign conducted by Animal Health Australia on behalf of its government and industry Members.

If the livestock industries are required to reduce their liability by on-farm biosecurity measures, shouldn't government also reduce the likelihood of disease outbreaks by taking actions to reduce quarantine breaches?

The issue of preventing incursions of diseases and pests is certainly related to cost sharing, but is not integral to the processes involved in the Agreement.

Prevention of incursions of diseases and pests is a Commonwealth Government (and specifically AQIS) responsibility and one that has been exhaustively reviewed on several occasions with significant inputs from both government and industry. Total prevention or a "no risk" policy is not practical or economically feasible. The risks of disease outbreaks associated with the illegal entry of people, animals and plants is very low but is one that Quarantine authorities continue to take active steps to reduce.

In 2001, the Commonwealth committed $586million over four years to improve Australia's quarantine barrier.

What other commitments have government parties taken to refine existing biosecurity policies and operations?

Each of the government parties is committed to providing a statement outlining their biosecurity policies and programs relevant to their responsibilities including feral animal, public health and environmental policies.

MANAGING DISEASE RESPONSES

What mechanism is used to provide an agreed way of managing a disease outbreak?

The Agreement provides guidance on the content and structure of an Emergency Animal Disease Response Plan (EADRP) to assist its development. The amount of detail necessary will depend on the nature, extent and stage of the emergency disease response. Key components of all emergency animal disease response plans include a status report on the suspect disease, a description of the proposed response activities (control/eradication strategies), the indicative budget and a communications plan.

What phases of a disease response have been defined in the Agreement?

A disease response that is subject to cost-sharing has been divided into three phases.

The *Incident Definition Phase* is the period from when the first evidence of an unusual disease is reported to a person who could initiate a veterinary investigation until the control action commences. This phase is funded entirely from the relevant State or Territory government resources until an Emergency Animal Disease Response Plan (EADRP) is agreed.

The *Emergency Response Phase* is the period during which the EADRP is operative. That is, from the time the National Management Group agrees that the EADRP should be implemented until they accept advice that the disease has been eradicated or contained.

The *Proof of Freedom Phase* is a period after the disease has been eradicated or contained until advice is received that the EADRP was successful. During such a period surveillance and/or research may be carried out to provide evidence that the disease has been eradicated or contained.

By separating out the incident definition phase for independent funding, a number of potential difficulties with categorisation are removed while the parties (particularly the livestock industries), have an opportunity to become informed on the nature and extent of the incident before being locked into potentially large expenditures on behalf of producers.

How will the proposed Emergency Animal Disease Response Plan (EADRP) be defined?

Once the National Management Group has determined that an EADRP should be developed, the Chief Veterinary Officer of the State or Territory develops (in consultation with the CCEAD), such a plan. The development and approval of the plan must not delay initiation of the response.

The EADRP developed under this process must reflect the nature and circumstances of the disease and the incident and include consideration of feral and/or wild animal control where the CCEAD advises that such measures are integral to the EADRP. An

EADRP must also clearly identify any material proposed variations to any AUSVETPLAN documentation.

Once agreed by the NMG the EADRP commits the State or Territory to the key strategies and core operational activities contained in the Plan, subject to any variations that may be subsequently advised by the CCEAD and agreed by the NMG.

How will the cost sharing agreement handle the situation where a disease cannot be eradicated?

Once a decision is made jointly by industry and government that the disease cannot be eradicated, a meeting of the National Management Group would determine what long term control program is necessary and what funding arrangements need to be negotiated so that control of the disease can be maintained.

Are there any criteria to help determine when one outbreak ends and another starts?

The change from one outbreak to a new outbreak is defined by declaring as new outbreaks those that occur after the Declaration of Freedom from a previous outbreak. It is unlikely that any disease subject to the Agreement would remain undetected throughout the period of post outbreak surveillance.