

# COMPENSATION AND VALUATION IN AN AVIAN INFLUENZA RESPONSE

## What is compensation?

Compensation is money that is paid by governments to the legal owners of poultry that have died from an emergency animal disease (EAD) such as avian influenza (AI), or poultry or property that are damaged or destroyed as part of the official EAD response. It's important to note that while compensation is often made available during EAD responses, its payment is determined by the affected jurisdiction's legislation and procedures.

The main aim of compensation is to encourage early reporting of emergency diseases, so that they can be identified and a response initiated in the shortest possible timeframe. Compensation arrangements are in place to ensure that people who report suspicion of disease early are not financially disadvantaged.

Compensation issues are dealt with by the government officials at the Local Control Centre set up to manage the response.

## How is compensation determined?

Compensation is determined and managed by state and territory governments under their own legislation. The payment of compensation, the process for claims, and the timeframe in which a claim may be made can vary between states and territories.

## DETERMINING COMPENSATION



**STATE/TERRITORY INCLUDES COMPENSATION IN THE RESPONSE PLAN**



**VALUE OF LOST LIVESTOCK OR DAMAGED PROPERTY IS AGREED**



**AFFECTED OWNER MAKES A CLAIM**



**OWNER IS PAID COMPENSATION**

The process involves the valuation of poultry on the property that have died from AI or poultry or property that have been destroyed or damaged, followed by the owner making a claim through the Local Control Centre.

## What is valuation?

The aim of valuation is to achieve agreement between the owner and the state or territory on the amount to be paid in compensation.

There are consistent standard valuations for most classes of commercial livestock, which have been discussed and agreed by industry. Local market value, or 'farm gate value' is the primary basis for valuation.

Owners may submit a dispute with the Local Control Centre if they disagree with the valuation, subject to the state or territory's rules and procedures governing compensation and dispute resolution.

## What is covered by compensation?

While the value of the poultry and other property damaged or destroyed in the response effort may be eligible for compensation, states and territories usually exclude paying compensation for consequential losses, such as loss of profit, loss of production, loss of markets or losses incurred by breach of contract.

Following the response, owners who have been authorised to restock their property may be eligible for a second compensation, or 'top-up' payment, if the cost of the replacement livestock outweighs the compensation paid for the loss of the original stock. This payment balances the potential fluctuations in the value of livestock during and after a response to an EAD.



## Animal welfare in a response

Response activities such as the application of quarantine measures and movement controls may result in risks to animal welfare on poultry or egg farms. If these risks cannot be adequately managed, jurisdictional welfare legislation may require affected animals to be humanely destroyed. Compensation or financial assistance may then be available for the animal owner and such payments may be eligible for Cost Sharing if they meet the conditions outlined below:

- Eligibility for compensation and cost sharing is at the discretion of and agreed by the relevant Chief Veterinary Officer.
- Must be clearly identifiable as directly contributing to the disease management outcomes of the response or have arisen as a direct result of disease management measures in an approved response plan.
- All alternative non-destruction options must have been considered.

## Who pays the compensation claim?

The compensation claim is submitted by the owner to the Local Control Centre and assessed and paid by the state or territory department of agriculture or primary industries.

## Who pays for the costs of compensation?

During an EAD response governed by the Emergency Animal Disease Response Agreement (EADRA), compensation costs may be shareable as part of the overall response costs, if compensation forms part of an approved response plan. As AI can be either a category 2 or category 3 disease in the EADRA, eligible costs (including compensation) will therefore be shared between governments and the affected industries, depending on the relevant formula.

The Commonwealth initially pays (underwrites) industry's share of the costs and industry repays the loan through levies over a period of up to 10 years. Individual farmers do not pay for the cost of controlling the disease on their property, but a dedicated response levy activated after the response may help to pay for the response.

The response levy is in addition to other levies charged on animal products outside of a response.

## What's the difference between compensation and recovery?

Compensation should not be confused with recovery or business continuity processes. Costs associated with recovery from an EAD, just as with other emergency incident management programs, are managed by processes outside the EADRA or disease control legislation and procedures and have separate funding mechanisms.

Recovery and business continuity services during and after emergencies are provided by recovery agencies from all levels of government and non-government organisations.

Compensation is not intended to maintain profitability or business continuity. Its primary intention is to promote early reporting, which promotes rapid response and early return to trade. As such, owners should have their own business continuity plans in place.

## Report an EAD Call: 1800 675 888

### Find out more

Contact your local government department of agriculture or primary industries.

### EADRA Guidance Document

Interpretation of Compensation and Cost Sharing in the Emergency Animal Disease Response Agreement.

[www.animalhealthaustralia.com.au/download/17168/](http://www.animalhealthaustralia.com.au/download/17168/)

### Online EAD course

The free EAD Foundation course helps producers understand Australia's preparedness and response arrangements. Enrol now.

[www.animalhealthaustralia.com.au/emergency-animal-disease-training-program](http://www.animalhealthaustralia.com.au/emergency-animal-disease-training-program)