

EADRA GUIDANCE DOCUMENT

COLLECTION AND COMPILATION OF STATISTICAL DATA FOR COST SHARING CALCULATIONS IN THE EMERGENCY ANIMAL DISEASE RESPONSE AGREEMENT

SUMMARY OF GUIDANCE AND RECCOMENDATIONS

1. This Guidance Document is provided to signatories of the Emergency Animal Disease Response Agreement (EADRA) to facilitate a common understanding and provide greater clarity on the process for the sourcing, collection and compilation of statistical data for the formulae used for the calculation of cost sharing between Relevant Parties to an EAD response.
2. All the processes and procedures related to Cost Sharing must be well understood, completely transparent and agreed by all Parties to the EADRA.
3. A new process for the collection and compilation of statistics for Cost Sharing Calculations in the EADRA is presented.
4. The new process places greater emphasis on agreement to the values rather than reliance on the (limited) available statistics from specific sources documented in the EADRA i.e. ABS and/or ABARES.

PURPOSE OF THIS DOCUMENT

5. This guidance document is provided to signatories of the Emergency Animal Disease Response Agreement¹ (EADRA) to facilitate a common understanding and provide greater clarity on the process for the sourcing, collection and compilation of statistical data for the formulae used for the calculation of cost sharing between Relevant Parties to an EAD response.
6. This guidance document should be read in conjunction with the EADRA. If there is any conflict between the EADRA and this guidance document, then the provisions of the EADRA will take precedence over this guidance document.

BACKGROUND

7. A detailed history and background for the collection and compilation of statistical data for Cost Sharing calculations in the EADRA is at [Appendix A](#).
8. The EADRA provides for cost sharing of response costs between all Affected Parties during an EAD response.
9. Cost sharing of response costs are determined by cost sharing formulae that are detailed in **Schedule 6** of the EADRA ([Appendix B](#))

¹ The legal title is "Government and Livestock Industry Cost Sharing Deed in Respect of Emergency animal Disease Responses" <https://www.animalhealthaustralia.com.au/what-we-do/emergency-animal-disease/ead-response-agreement/>

- a. Cost sharing formulae for government Parties are detailed in **Part 1 of Schedule 6**
 - b. Cost sharing formulae for Industry Parties are detailed in **Part 2 of Schedule 6**
10. The source of statistics is specified by the EADRA and additional guidance provided in the *EADRA Guidance Document: Consistency in the calculation of proportional cost shares in the EADRA*, including an agreed set of principles for the process of calculating proportional cost shares in the EADRA.
 11. The cost sharing formulae for both government Parties and Industry Parties require a range of statistics as inputs for the cost sharing calculation (Appendix C)

DISCUSSION

12. Cost Sharing is a key process within the EADRA and a significant focus of interest for all Parties to the Deed.
13. It is important that all the processes and procedures related to Cost Sharing are well understood, completely transparent and agreed by all Parties to the EADRA.
14. For some time, it has been recognised that the publicly available statistics available from ABS or ABARES are incomplete, unavailable, out of date or inconsistent (see Appendix A, section 10 - 15 and Appendix D)
15. The previous process for gathering statistical information and for Cost Sharing are described in Appendix A, section 20 and Appendix C.
16. AHA considers that this process is fundamentally flawed by the quality and/or availability of the current statistics for Cost Sharing calculations.
17. The EADRA does allow for an alternative process which requires that if data is not available from ABS that AHA could use:
 - a. For GVP:
 - “an estimate agreed by the Relevant Parties”
 - (clause 2.1, Definition of GVP)**
 - b. For Government Parties,
 - “...if ABS data is not available, an estimate agreed by the Relevant Parties”
 - (Part 1 of Schedule 6, Formulae explanation)**
 - c. For Industry Parties.
 - The Cost Sharing formula is based on GVP and an agreed “weighting factor” and therefore the statistics to be used can be as in paragraph 17 a. above;
 - “an estimate agreed by the Relevant Parties”
 - (clause 2.1, Definition of GVP).**
18. The EADRA Workshop XVIII (2019) agreed to a new process to reflect the new process for the sourcing collection and compilation of statistical data for Cost Sharing calculations in the EADRA.

19. The new process would place greater emphasis on agreement to the values rather than reliance on the (limited) available statistics specific sources documented in the EADRA i.e. ABS and/or ABARES.

AGREED PRIBNCIPLES AND PROCESS

20. AHA has developed the new process for the annual collection and compilation of statistics for Cost Sharing Calculations in the EADRA:
 - a. AHA will collect the most current officially published and publicly available statistics from ABS and ABARES during July/August of each year for the last three years.
 - b. AHA will add additional statistics from other available sources in consultation with ABS, ABARES, Government and Industry Parties to the EADRA and other agricultural organisations.
 - c. AHA will collate and prepare a draft “best available” set of statistics for Cost Sharing formulae for the EADRA, including the sources of all the data presented.
 - d. AHA will circulate the draft Cost Sharing statistics to both Industry and Government Parties.
 - e. Industry and Government Parties, must, within thirty (30) days of the circulation of the Cost Sharing statistics:
 - (i) agree to the draft statistics
 - (ii) propose updated or new statistics, which should be supported by evidence or a rationale with specific references to the source of the new data, which must be documented and provided to AHA.
 - (iii) Request an extension for further consultation or data collection for a further thirty (30) days.
 - f. If an Industry or Government Party does not reply within the thirty (30) day period for the original circulation or the additional thirty (30) day period of extension, AHA can assume that they have agreed to the proposed statistics.
 - g. AHA will circulate any proposed significant updates to the statistics to all Parties for agreement and facilitate agreement between Government and Industry Parties.
 - h. AHA will circulate the final Cost Sharing statistics agreed by both Industry Parties and Government Parties to all Parties, for information.
 - i. The final agreed Cost Sharing statistics will be used as the default for any Cost Shared EAD Response:
 - i. for the rest of the financial year i.e. they are not updated as new statistics² are published during the financial year
 - ii. until a subsequent set of Cost Sharing statistics is agreed by all Parties, in the subsequent financial year.
 - j. Alternative Cost Sharing statistics may be proposed by any Party, at any time, during or outside of an EAD response, and a new Cost Sharing statistic(s) can be agreed by NMG, during a response, or at any time if agreed in writing by all Parties to the EADRA.
21. Fig 1, presents a diagram showing the process for collection and compilation of statistical data for EADRA calculation

² New statistics that become available during the financial year can be used to inform the Cost Sharing statistics of the subsequent financial year

22. As the EADRA already contains wording that allows for data/statistical estimates agreed by all Relevant Parties (See paragraph 17 of this document), no variations or amendments to the EADRA are required.

23. This *EADRA Guidance Document: Collection and compilation of statistical data for cost sharing calculations in the Emergency Animal Response Agreement* will replace the *EADRA Guidance Document: Consistency in the calculation of proportional cost shares in the EADRA*.

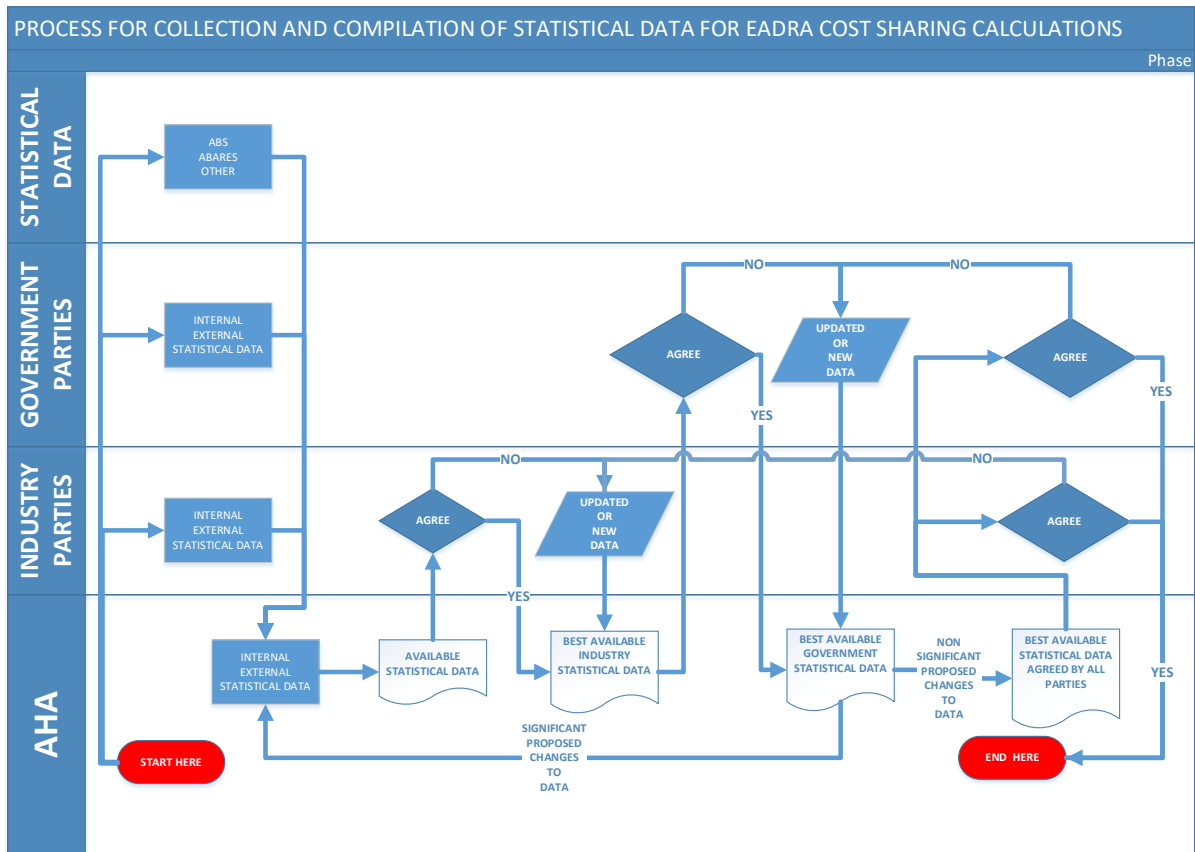


Fig 1: Process Diagram for Collection and compilation of Statistical Data for EADRA Calculations

Animal Health Australia

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APPENDICES

Appendix A: Background and timeline for collection and compilation of statistical data for Cost Sharing calculations in the EADRA

Appendix B: Relevant excerpts from the Emergency Animal Disease Response Agreement

Appendix C: Statistic required for EADRA Cost Sharing Formulae

Appendix A: Background, history and timeline for collection and compilation of statistical data for Cost Sharing calculations in the EADRA

1. The EADRA provides for cost sharing of response costs between all Relevant Parties during an EAD response.
2. Cost sharing of response costs are determined by cost sharing formulae that are detailed in **Schedule 6** of the EADRA (Appendix B)
 - a. Cost sharing formulae for government Parties are detailed in **Part 1 of Schedule 6**
 - b. Cost sharing formulae for Industry Parties are detailed in **Part 2 of Schedule 6**
3. The cost sharing formulae for both government Parties and Industry Parties require a range of statistics as inputs for the cost sharing calculation. (Appendix D)
4. The source of statistics is specified by the EADRA and additional guidance provided in the *EADRA Guidance Document: Consistency in the calculation of proportional cost shares in the EADRA*³.

- a. The definition of GVP:

“**GVP**” means the Gross Value of Production in a particular Industry as calculated in August⁴ each year as based on a rolling three year average, using the Australian Bureau of Statistics (ABS) data for the current year and the ABS results for the two preceding years (or the most recently published Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) forecast, if ABS data is not available, or an estimate agreed by the Relevant Parties).

- b. **Schedule 6 – Cost sharing**

i. Government Funding (Schedule 6 Part 1)

...
Formulae explanation

For all values a mean of data for three consecutive years is used, and updated in August each year, by Animal Health Australia, using ABS source data (including preliminary data for most recent year if available); or if ABS data is not available, an estimate agreed by the Relevant Parties. The ‘Category 1’ formula will use figures from the latest human population census.

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ii. Industry Funding (Schedule 6 Part 2)

³ The *EADRA Guidance Document: Consistency in the calculation of proportional cost shares in the EADRA* will be replaced by the *EADRA Guidance Document: Collection and compilation of statistical data for cost sharing calculations in the EADRA* replace (as per section 23) but the former will be retained as an EADRA Reference Document

⁴ Key word and phrases underlined for emphasis
EADRA GD: Cost Sharing Data and Calculations

a. Cost Sharing in diseases affecting more than one species

Where an EAD affects more than one species, the contributions from the Affected Industry Parties will be determined by Animal Health Australia having regard to the GVP of each Industry subject to a weighting to reflect the importance of the EAD for that Industry (“Weighted Proportional Contribution”).

...

b. Cost Sharing where more than one Industry Party represents a species

Where more than one Party represents a species, the manner of Cost Sharing between those Parties will be determined by Animal Health Australia in consultation with those Parties, having regard to the GVP of Industry sectors.

iii. EADRA Guidance Document: Consistency in the calculation of proportional cost shares in the EADRA

The agreed principles within this Guidance Document are:

- a. On 1 August each year, the most current statistics available from ABS will be used to calculate GVP and the proportional cost shares, and these values will continue to be used for the rest of the financial year.
 - b. The most current data available 1 July⁴ each year consists of estimates for the previous year and the current year and a forecast for the coming year.
 - c. Only officially published, publicly available data should be used, and the specific reference to the source of the data should be routinely quoted.
 - d. Relevant Parties⁵ can agree on alternative estimates at the time NMG invokes cost sharing following advice from the CCEAD of an appropriate Emergency Animal Disease Response Plan (EADRP).
 - e. Data sets in use at the time cost sharing is invoked are locked in and remain the basis for cost sharing throughout the period the EADRP is active⁵.
5. The cost sharing formulae for both government Parties and Industry Parties require a range of statistics as inputs for the cost sharing calculation (Appendix C)
 6. Cost Sharing is a key process within the EADRA and a significant focus of interest for all Parties to the Deed.
 7. It is important that all the processes and procedures related to Cost Sharing are well understood, completely transparent and agreed by all Parties to the EADRA.

⁵ “Relevant Parties” means, in respect of the taking of a decision or action, the Parties who are affected by the decision or action (**clause 2.1**)

8. One of the outcomes of the Five-Year Review of the EADRA (2017) was an action agreed by the EADRA Workshop XVII (2018 - Agenda Item 12 and 15) to convene an EADRA Working Group to review of **Part 2 of Schedule 6**.
 - a. The initial focus of the Working Group was a review of **Part 2 of Schedule 6** as it related to cost sharing in the poultry industry (chicken meat and eggs), with a specific focus on avian influenza, and the implications of the duck industry becoming a Party to the EADRA.
 - b. Subsequently the implications for other Industry and Government Parties to the Deed could be considered.
9. During the research, planning and implementation of the review of Cost Sharing in **Schedule 6**, a range of inconsistencies and lack of clarity related to cost sharing calculations for both industry and government were identified .
 - a. The EADRA Workshop XIX (2020) agreed that these issues be referred to the EADRA Working Group reviewing **Part 2 of Schedule 6**.
 - b. Additional issues or anomalies may be discovered as the review of **Schedule 6** is progressed.
10. For some time it has been recognised that the publicly available statistics from ABS or ABARES are incomplete (see [Appendix C](#)),
11. Some statistics are not available (marked in black in [Appendix C](#)), those that are available are often outdated and consist of estimates for the previous year and the current year and a forecast for the coming year.
12. Not all statistics are available every year, the methodology for calculating some statistics changes over time, making them difficult to compare and some of the most current statistics are significantly out of date - up to five years old or more.
13. AHA has made several attempts over the last few years to improve the accuracy and currency of the available statistical data by consulting with ABS and with both Industry and Government Parties.
14. For some States/Territories there are so few producers that releasing their statistics may allow the producers production statistics to be identified. ABS cites privacy issues which prevent their ability to release these statistics under their own legislation, even for non-public or public interest purposes.
15. Industry Parties approached to provide statistics for their own industry sector have concerns about the position of the Australian Competition & Consumer Commission (ACCC) on the provision of such statistics as well as concerns on the provision of information to them by their members as “commercial-in-confidence” and therefore not for further distribution.
16. The absence of some statistics poses a considerable problem for the cost sharing calculations, as the insertion of “zero” figures in the Cost Sharing formulae where a “real” figure should be inputted, results in significant anomalies in the calculation outputs.
17. It also needs to be noted that only the poultry cost sharing formula has been tested in real responses and all the other formulae, some of which are far more complex than the poultry formula, have never been tested.

18. The practical use of the poultry formula in responses has resulted in some unintended consequences, particularly for avian influenza.
- a. The cost sharing of poultry industry response costs and cost sharing of compensation costs for avian influenza have been progressed and agreed by the EADRA Working Group and a proposed Variation to Provisions in **Schedule 6 Part 2** has been prepared for the next EADRA Workshop
19. Other cost sharing formulae may require a similar discussion once the issues related to their operational implementation become better known.
20. The previous process for gathering statistical information for Cost Sharing formulae was as follows:
- a. The most current officially published and publicly available statistics from ABS and ABARES are collected during July/August of each year for the last three years
 - i. These typically consist of estimates for the previous year and the current year and a forecast for the coming year
 - ii. These statistics are used to calculate
 - a) GVP and proportional cost shares
 - b) Other cost sharing formulae in the EADRA
 - iii. Specific references to the source of the data is documented for all statistics.
 - b. The statistics collected at this time are used for the rest of the financial year i.e. they are not updated as new statistics are published during the financial year.
 - c. Statistics that are in use at the time cost sharing for an EAD response is invoked are locked in and remain the basis for cost sharing throughout the period that the EADRP is being implemented⁶ i.e. the basis of cost sharing does not change for the duration of that EAD response, unless otherwise agreed by all Relevant Parties⁷
21. AHA considers that this process is fundamentally flawed by the quality and/or availability of the current statistics for Cost Sharing calculations.
22. The EADRA does allow for an alternative process which requires that if data is not available from ABS that AHA could use:
- a. For GVP:
“an estimate agreed by the Relevant Parties”
(**clause 2.1**, Definition of GVP)
 - b. For Government Parties,
“...if ABS data is not available, an estimate agreed by the Relevant Parties”
(**Schedule 6 Part 1**, Formulae explanation)
 - c. For Industry Parties.
The Cost Sharing formula is based on GVP and an agreed “weighting factor” and therefore the statistics to be used can be as in paragraph 22 a. above;

⁶ As per EADRA **Schedule 6 Part 5**

⁷ “Relevant Parties” means, in respect of the taking of a decision or action, the Parties who are affected by the decision or action (**clause 2.1**)

“an estimate agreed by the Relevant Parties”
(**clause 2.1**, Definition of GVP).

23. The EADRA Workshop XVIII (2019) agreed to a new process for the sourcing, collection and compilation of statistical data for Cost Sharing calculations in the EADRA.
 - a. The new process would place greater emphasis on agreement to the values rather than reliance on the (limited) available statistics specific sources documented in the EADRA i.e. ABS and/or ABARES.

Appendix B: Relevant excerpts from the Emergency Animal Disease Response Agreement

2.1 Definitions

...

“GVP” means the Gross Value of Production in a particular Industry in August each year as based on a rolling three year average, using the Australian Bureau of Statistics (ABS) data for the current year and the ABS results for the two preceding years (or the most recently published Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) forecast, if ABS data is not available, or an estimate agreed by the Relevant Parties).

...

10.5 Limits to Parties’ Cost Sharing obligations in respect of an EADRP

(a) Unless it has otherwise agreed in writing, a Party will not be required to contribute an amount to Cost Sharing in respect of an EADRP which exceeds that Party’s Proportional Share (as determined in accordance with **Part 4 of Schedule 6**) of 1 % of the GVP of the Industry(s) affected by the EAD and in the case of foot and mouth disease 2% of the GVP of Affected Industries, or such other amount as may be agreed in writing by the Affected Parties (the “Agreed Limit”).

...

SCHEDULE 6 – COST SHARING (Clause 10)

1. GOVERNMENT FUNDING

Determination of proportional split between the Government Parties

The following formulae will be used to determine the share of each State and Territory of the total Government funding.

The Commonwealth share is 50% of the total government share in each case.

Formulae explanation

For all values a mean of data for three consecutive years is used, and updated at August each year, by Animal Health Australia, using ABS source data (including preliminary data for most recent year if available); or if ABS data is not available, an estimate agreed by the Relevant Parties. The ‘Category 1’ formula will use figures from the latest human population census.

Population and GVP data are converted to percentage terms to allow addition. The share of an individual State/Territory determined in the last column is divided by two to incorporate the Commonwealth’s 50% share.

1.1 Category 1 formula

State/territory proportions based on latest human population census

EADRA GD: Cost Sharing Data and Calculations

[a]	[b]
Human population % of national total	Share [a] divided by 2

1.2. Cattle, sheep and pig formula

State/territory shares based on livestock populations (numbers) and GVP

[a]	[b]	[c]	[d]	[e]	[f]
Cattle (000's) Beef and dairy	Sheep (000's)	Pig (000's)	Aggregate (in sheep equivalents) [7.5a+b+c], as a % of national total	GVP (cattle and calves, milk, sheep and lambs, wool, pigs)*, as a % of national total	Share [d+e]/Σ[d+e] (as %), divided by 2

* ABS pig GVP data may not be available for all States and Territories

1.3. Pig formula

State/territory shares based on livestock populations and slaughterings

[a]	[b]	[c]
Pigs, as a % of national total	Number of pigs slaughtered, as a % of national total	Share [a+b]/Σ[a+b] (as %), divided by 2

1.4. Cattle and sheep formula

State/territory shares based on livestock populations and GVP

[a]	[b]	[c]	[d]	[e]
Cattle (000's) Beef and dairy	Sheep (000's)	Aggregate (in sheep equivalents) [7.5a+b], as a % of national total	GVP (cattle and calves, milk, sheep and lambs, wool), as a % of national total	Share [c+d]/Σ[c+d] (as %), divided by 2

1.5. Poultry formula

State/territory shares based on laying hen populations and poultry slaughterings

[a]	[b]	[c]
Number of hens and pullets for egg production, as a % of national total	Number of poultry slaughtered, as a % of national total	Share [a+b]/Σ[a+b] (as %), divided by 2

1.6. Screw worm fly formula

Jurisdiction	%
NSW	10.5
Vic	6.0
Qld	28.5
WA	1.5
SA	3.0
Tas	0.0
NT	0.5
ACT	0.0
C'wlth	50.0

1.7. Cattle formula

State/territory shares based on cattle populations and GVP

[a]	[b]	[c]
Cattle (beef and dairy) as a % of national total	GVP (cattle and calves, milk), as a % of national total	Share $[a+b]/\Sigma[a+b]$ (as %), divided by 2

1.8. Sheep and goat formula

State/territory shares** based on livestock populations and GVP

[a]	[b]	[c]
Sheep, as a % of national total	GVP (sheep and lambs, wool) as a % of national total	Share $[a+b]/\Sigma[a+b]$ (as %), divided by 2

** Sheep data only. Goat data not readily available from ABS. The effect on cost-shares should be insignificant.

1.9. Horse formula

State/Territory shares based on horse populations*

[a]	[b]
Horse population, as a % of national total	State/Territory Share [a] divided by 2

*Horse GVP not generally available

1.10. Cattle and horse formula

State/territory shares based on livestock populations and GVP**

[a]	[b]	[c]	[d]	[e]
Cattle (000's) beef and dairy	Horses (000's)	Aggregate [a+b], as a % of national total	GVP (cattle and calves, milk), as a % of national total	Share $[c+d]/\Sigma[c+d]$ (as %), divided by 2

			% of national total	
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**Cattle only, horse GVP not generally available

1.11. Sheep and horse formula

State/territory shares based on livestock populations and GVP**

[a]	[b]	[c]	[d]	[e]
Sheep (000's)	Horses (000's)	Aggregate (in sheep equivalents) [a+8b], as a % of national total	GVP (sheep and lambs, wool), as a % of national total	Share [c+d]/Σ[c+d] (as %), divided by 2

**Sheep only, horse GVP not generally available

'''

2 INDUSTRY FUNDING

The split of costs eligible for Cost Sharing between the Industry Parties where an EAD affects more than one species or concerns more than one Industry Party will be determined as follows:

2.1 Cost Sharing in diseases affecting more than one species

Where an EAD affects more than one species, the contributions from the Affected Industry Parties will be determined having regard to the GVP of each Industry subject to a weighting to reflect the importance of the EAD for that Industry ("**Weighted Proportional Contribution**"). The Weighted Proportional Contribution will be determined in accordance with the following formula:

$$\text{The individual industry shares (as \%)} = \frac{GVP_i}{GVP_T} * W_i * x$$

where:

GVP_i = Gross value of production of the industry

GVP_T = Combined gross value of production of the affected industries

W_i = the weights for each industry set out in the table below

$$x \text{ is a scaling factor and is } = \frac{GVP_T}{\sum i (GVP_i * W_i)}$$

The purpose of the scaling factor is to scale the percentage values of individual industry shares back up to the total of 100%.

Disease	Funding weights for industry eradication costs			
	Cattle %	Sheep/goats %	Pigs %	Horses %
anthrax	70	30		
Borna disease		50		50
foot-and-mouth disease	50	30	20	
Rift Valley fever	30	70		
screw worm fly	n/a	n/a		
vesicular stomatitis	50	20	20	10
heart water	50	50		

surra	50			50
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The exception is screw worm fly, where the contributions from the affected Industry Parties will be cattle 85% (beef 84% dairy 1%) and sheep/goats 15%, (based on information from *“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).

2.2 Cost Sharing where more than one Industry Party represents a species

Where more than one Party represents a species, the manner of Cost Sharing between those Parties will be determined by Animal Health Australia in consultation with those Parties, having regard to the GVP of Industry sectors.

For screw worm fly, the cattle apportionments are 1% for dairy, with the remaining 84% split on GVP between beef grazing and beef feedlots.

...

Statistic required for EADRA Cost Sharing Formulae

Key

Statistic not available from ABS



	Livestock	Signatory	National	ACT	NSW	NT	Qld	SA	TAS	Vic	WA
Livestock Population											
	Beef Cattle	CCA									
	Dairy Cattle	ADF									
	Calves	CCA and ADF									
	Feedlot Cattle	ALFA									
	Sheep (meat)	SPA									
	Sheep (Wool)	WPA									
	Goats	GICA									
	Pigs	APA									
	Horses	Racing Australia									
		Harness racing									
		Australian Horse Industry Council									
		Equestrian Australia									
	Hens and pullets for egg production	AEL									

	Livestock	Signatory	National	ACT	NSW	NT	Qld	SA	TAS	Vic	WA
Gross Value of Production (GVP)											
	Beef Cattle	CCA									
	Milk	ADF									
	Calves	CCA and ADF									
	Sheep	SPA									
	Lambs	SPA									
	Wool	WPA									
	Goats	GICA									
	Pigs	APL									
	Chicken meat (92.5% of Poultry)	ACMF									
	Chicken eggs	AEL									
	Horses	Racing Australia									
		Harness racing									
		Australian Horse industry Council									
		Equestrian Australia									
Slaughter Numbers											
	Pigs	APL									
	Chickens	ACMF									
Human Population											