

Valuation and compensation in a cost shared emergency animal disease response

‘Compensation’ is...

Compensation is intended to enable owners of animals that die from or are ordered for destruction because of an emergency animal disease (EAD) to recover their (like-for-like) animal numbers to pre-disease-outbreak levels, once they are approved by state/territory agricultural departments to restock.



Commercial sheep, goats and cattle are generally valued based on the class, condition and weight of the stock.

‘Compensation’ is not...

Compensation is not intended to provide relief and recovery or welfare payments to affected producers or agribusinesses suffering financial losses from an EAD incursion (consequential losses). Recovery and disaster relief arrangements including business continuity during and after emergencies have separate funding mechanisms outside of the Emergency Animal Disease Response Agreement (EADRA) and state or territory disease control legislation.

Types of compensation payments

Compensation payments may be made:

- Initially (the ‘*initial payment*’) following the direction by state/territory authorities to destroy susceptible animals on an infected property or other property as needed, and
- As a ‘*top-up*’ when the infected property is eligible to be restocked, *provided the total value of equivalent livestock is greater on that date, than that of the initial payment.*

The initial compensation payment is for the market value of animals and property ordered for destruction, and animals that die, as a result of the emergency disease response. This initial payment aims to encourage reporting by removing disincentives to report an emergency disease.

The second, or 'top-up', payment recognises that if market prices rise between the response depopulation and restocking, additional compensation may be required to enable the producer to purchase equivalent replacement animals.

Management of compensation

Management of EAD responses, including valuation and compensation, is the responsibility of each state or territory government. Responses are managed according to the jurisdiction's legislation, government policies and processes. The value of destroyed livestock and/or property for compensation purposes will be assessed by government-approved valuers.

The relevant jurisdiction's legislation provides the authority for implementing response activities including the destruction of animals and property, determining when and how valuation occurs and compensation is paid, and the valuation dispute resolution process. The implementation of these processes may vary slightly from state to state.

Payment of compensation

Compensation is paid by the government department leading the EAD response in the jurisdiction where the livestock or property ordered for destruction are located. This is usually a state or territory department of agriculture or primary industries.

The EADRA and compensation

In accordance with the EADRA, the Emergency Animal Disease Response Plan (EADRP) endorsed by the National Management Group will determine if compensation is to be cost shared as part of the EAD response.

Compensation is approved and paid by relevant state/territory governments in accordance with state/territory legislation; the EADRA does not determine if compensation is provided. The EADRA determines how the government and affected industry Parties will

fund eligible response costs (including compensation) set out in the approved EADRP according to the pre-agreed cost sharing formulas in the EADRA. The affected industries' share of the cost sharing comes from producer levies. Producers as individuals do not directly pay for cost-shared response activities.

Compensation payments and tax

Compensation paid to primary producers (those operating a primary production business) for livestock that have died or been destroyed as part of an official EAD response, is considered assessable primary production income.

A range of tax measures are available to assist primary producers whose taxable income is impacted by compensation payments.

More information

More detailed information on compensation is available at [**A quick guide to compensation and valuation in an EAD response - Animal Health Australia**](#)

Contact your state/territory government department of agriculture or primary industries to find out more about compensation, valuation and recovery services in your state or territory.

If you are located in or near an affected area during an emergency response, contact your state/territory department of agriculture and ask to be connected to the emergency animal disease local control centre.

See [**Managing varying income | Australian Taxation Office \(ato.gov.au\)**](#) for more detailed information on taxation for primary producers.

