EADRA GUIDANCE DOCUMENT

Information for directors of Industry boards or councils

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1. Purpose of this guidance document

Emergency Animal Disease (EAD) Incidents need rapid, coordinated action to protect Australia's livestock industries, animal health and food supply.

This document explains what board directors or councillors of Industry peak bodies need to do during a Cost Shared EAD response under the Emergency Animal Disease Response Agreement (EADRA). It focuses on your role in overseeing Cost Sharing decisions that will affect your Industry's livestock producers.

Defined EADRA terms are capitalised throughout this document.

Use this document alongside the EADRA. If there is any conflict between the EADRA and this document, follow the EADRA.

2. Key messages for directors or councillors

- You must be ready to meet at short notice and make decisions with limited information.
- You do not need to calculate response costs.
- You do need to understand the potential financial exposure for your Industry.
- Animal Health Australia (AHA) supports Industry Parties and their boards or councils during an EAD response by providing information to help inform decision-making.
- You must understand and abide by confidentiality requirements.

3. How the EADRA works

The EADRA is an agreement between Australia's governments and peak industry bodies. It sets out how governments and industry:

- work together to reduce the risk of an EAD Incident
- manage EAD responses
- share eligible response costs.

The EADRA provides the framework for decisions about response plans, budgets and Cost Sharing arrangements.

AHA manages the agreement on behalf of EADRA Signatories. The current version of the agreement can be downloaded at: https://animalhealthaustralia.com.au/eadra/.

4. Key decisions in an EADRA response

During an EADRA response, senior representatives from the Affected Industry participate in decision-making through the Consultative Committee on Emergency Animal Disease (CCEAD) and National Management Group (NMG).

The CCEAD provides technical advice to the NMG. NMG members should actively engage with their CCEAD member representative so that they are aware of issues discussed at CCEAD and consistent positions are taken to both forums.

The NMG:

- members are the President, Chief Executive Officer, or equivalent of each Party involved in the response
- decides whether to approve the strategic response plan (EAD response plan or EADRP) and the budget for eligible Cost Shared activities in the EADRP
- sets the Upper Limit (the maximum Costs Shared spend for the response based on the proposed budget for the specific response)

- decides whether to increase the Agreed Limit for the response (the cap agreed prior to a response, that determines what affected signatories must collectively contribute to fund a Cost Shared response under the EADRA for that EAD).

All decisions are made by **Consensus**. This means decisions are made by general agreement and without active opposition by any NMG representatives during the decision-making process. Consensus decision-making may involve some compromise to achieve a workable outcome.

These decisions have financial implications for your Industry's livestock producers and biosecurity emergency response levy payers.

The NMG representative or their delegate must brief the Industry board or council and explain what these decisions mean, including potential future levy payments.

5. Role of Industry in Cost Sharing under the EADRA

Under the EADRA, Industry shares the eligible costs of an EAD response with governments. Eligible costs are EADRP related and other response activities (e.g. audit fees) approved by the NMG to be Cost Shared.

An **Industry** is an animal production sector affected by EADs.

Each Industry is represented by an **Industry Party**, a nationally representative peak industry body that is a member of AHA and a signatory to the EADRA.

An **Affected Industry Party** is an Industry Party whose Industry is impacted by the EAD or response measures. For example, an Industry with livestock susceptible to the EAD and affected by control measures (such as movement controls).

Industry members, such as livestock owners or producers, must fund the Industry's share of eligible response costs. These costs are usually paid through a statutory biosecurity emergency response levy, but some Industries have other arrangements in place (see Schedule 7.1 of the EADRA and DAFF's About levies and the levy system).

Industry Parties do not pay the Industry's share of eligible response costs from their own funds. Instead, they consult their Industry and put arrangements in place to pay (or repay) these costs with funds collected from the Industry members such as through a biosecurity emergency response levy.

5.1 Underwriting by the Commonwealth

An Affected Industry Party can request that the Commonwealth pay the Industry's share of eligible response costs up front (underwriting) (see Schedule 7 of the EADRA).

The Industry must repay these costs, usually within 10 years. Interest applies at a rate equivalent to the annual inflation rate for the period where the amount remains outstanding.

A major EAD Incident can reduce Industry production or income for years. Levy income or other voluntary repayment arrangements may not be enough to repay underwritten response costs within

this time. In this case, the Industry Party must consult with Industry and negotiate with the Commonwealth to find a new repayment approach. This may include:

- recovery assistance from government
- extending the repayment period
- establishing alternative levy income streams.

6. Mutual commitments of Parties under the EADRA

1. **Reduce disease risk** - maintain coordinated biosecurity measures, including industry biosecurity plans and government biosecurity strategies, to minimise the likelihood and impact of an EAD Incident.
2. **Be prepared to respond** - maintain the trained people, systems, plans and resources needed to respond effectively, in line with AUSVETPLAN and the national response arrangements.
3. **Shared decision-making** - participate in national response governance through authorised and informed representatives, particularly in the CCEAD and the NMG, which make decisions on response strategies, funding and other key response matters.
4. **Sharing eligible response costs** - contribute to agreed response costs based on the disease category and Cost Sharing formula, in line with the beneficiary-pays principle.

7. Responsibilities of board directors or councillors in an EADRA response

Be prepared to meet at short notice and make decisions quickly

- Follow any applicable Industry-specific EAD response plans for convening board directors or councillors during an EAD Incident.
- Be ready to attend board or council meetings at very short notice (in person or virtually) to discuss issues relating to an EAD Incident.

- Work with the Chair, fellow directors, and the CEO or president to determine actions and responsibilities.

Maintain confidentiality

- Comply with confidentiality provisions of the EADRA.
- Response cost information can only be shared with board directors or councillors if each member has executed a signed and witnessed copy of the most current EADRA Confidentiality Deed Poll.

Oversee Cost Sharing decisions

- Understand the financial implications of decisions being made by the NMG.
- Consider what the Industry may need to repay before authorising your NMG representative to agree to an EADRP, the Upper Limit, or any increase to the Agreed Limit.

Plan for repayment

- If costs are underwritten by the Commonwealth, set a repayment timeline for the Affected Industry's share of eligible response costs, noting the usual time limit is a maximum of 10 years.
- Consider the potential impact on levy payers, including the timing and level of future levies.

Engage with your Industry

- Seek input from your Industry. For example, through state farming organisations, before making significant financial decisions.
- Where urgent decisions are required, rely on existing governance arrangements, delegated authority and the best information available at the time, and communicate with Industry as soon as practicable.

Engage with representatives of the Commonwealth Government

- Be prepared to represent your peak body in working with levy staff from the Department of Agriculture, Fisheries and Forestry to trigger the emergency response levy at the agreed level.

8. How EADRA Cost Sharing is calculated

The EADRA sets out how response costs are shared between governments and industry, and how much can be spent during a response. As a board director or councillor, you do not need to make these calculations yourself. However, you need to understand what they mean and how they affect decisions about response budgets, Cost Sharing, and potential repayment obligations.

8.1 Agreed Limit

The Agreed Limit is the maximum total amount that affected signatories must collectively contribute to a Cost Shared response for an EAD Incident. It is preset in the EADRA, at 1% of the Affected Industry's total GVP (or 2% for foot-and-mouth disease).

The Agreed Limit acts as a trigger point. If response costs are likely to exceed it, the NMG must review the situation and decide whether to:

- increase the limit for the current response
- modify the response
- cease the response or transition to long-term control outside the EADRA.

AHA calculates the Agreed Limit using Australian Bureau of Statistics (ABS) data, averaged over three years. If ABS data is not available, AHA works with Industry Parties to source alternative data.

8.2 Upper Limit

The Upper Limit is the maximum amount that can be spent on the response under an approved response plan. The NMG sets the Upper Limit based on the proposed EADRP/s and total budget (including any required contingency).

The Upper Limit must be lower than the Agreed Limit.

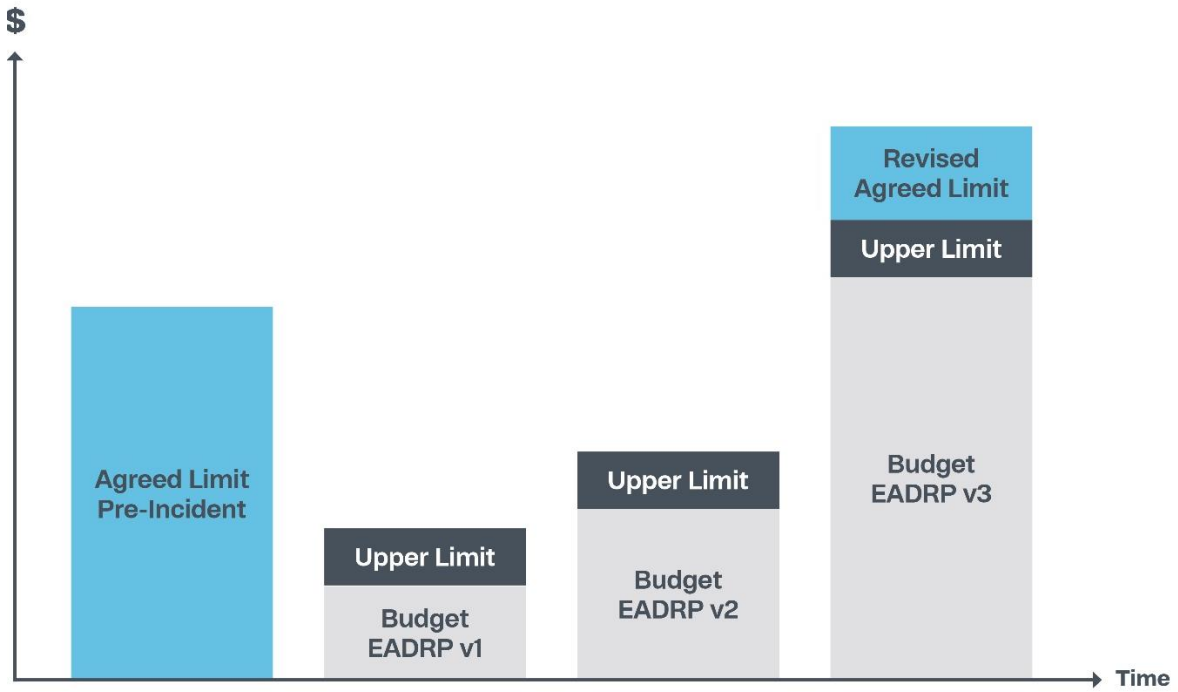

Figure 1: Agreed and Upper Limit in an EAD Response

8.3 Split of eligible costs between government and industry

The EADRA sets out how eligible costs are shared between government and industry based on the categorisation of the EAD (see Schedule 3.1 of the EADRA and Figure 2).

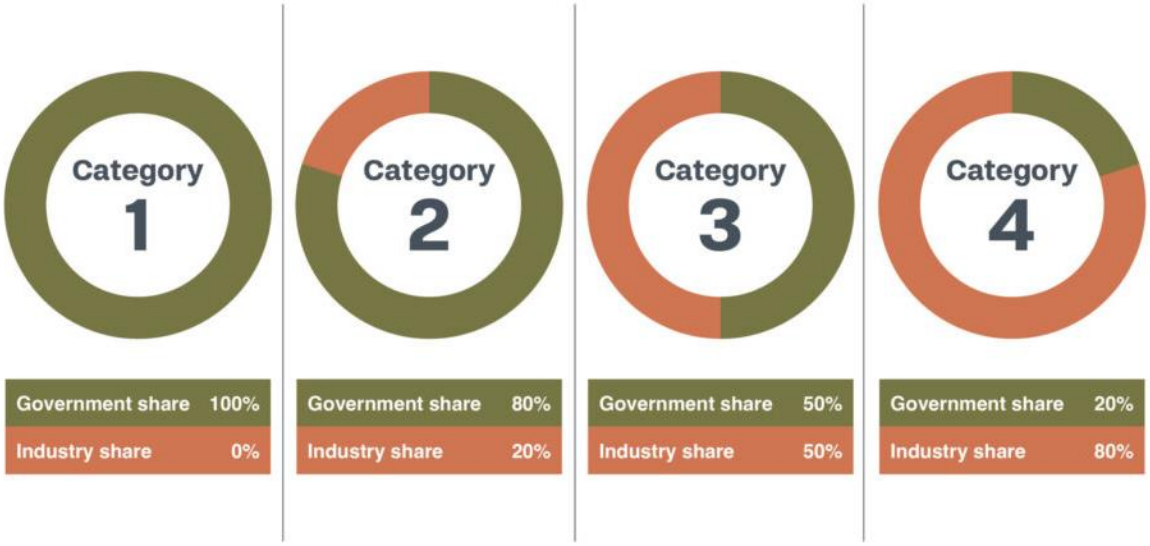

Figure 2. Categorisation of EADs.

8.4 Split of eligible costs between individual Industry Parties

If more than one Industry is affected, the EADRA sets out how the Industry share is divided between Affected Industries using the formulas in Schedule 6.2, unless the Parties agree on another approach.

9. How AHA supports Industry board or council deliberations

AHA supports Industry Parties and their boards or councils during an EAD response by providing information and coordination to help inform decision-making.

AHA works with representatives from an Affected Parties to:

- confirm that each board director or councillor has signed and had witnessed a copy of the current EADRA Confidentiality Deed Poll (see Schedule 9 of the EADRA)
- provide information before NMG meetings, including
    - the estimated Agreed Limit for the EAD
    - the Affected Industries' share of eligible response costs for budgets equal to the proposed Upper and Agreed Limits for the response
- provide updated information before board or council meetings on the latest estimates of the individual Industry's shares of eligible response costs.

10. Key EADRA text

The EADRA sets out the legal framework for managing EAD responses and Cost Sharing. The clauses and Schedules below are particularly relevant to board directors or councillors.

- EADRA definitions – clause 2.1
- Categorisation of EADs – clause 8 and Schedule 3
- Principles of Cost Sharing – clause 10 and Schedule 6
- Agreed Limit – clause 2.1 and 10.5
- Funding an EADRP – clause 11
- Industry representation in EAD responses – clause 12.3 and Schedule 8
- Confidentiality – clause 31 and Schedule 9
- Funding of Cost Sharing obligations – Schedule 7

11. Other resources

The following resources provide more detailed information on EADRA processes, Cost Sharing and related topics.

EADRA guidance documents at https://animalhealthaustralia.com.au/eadra/eadra-guidance/ contains guidance on:

- Cost Shared Compensation under the Emergency Animal Disease Response Agreement (EADRA)
- Confidentiality and the Emergency Animal Disease Response Agreement (EADRA)
- Statistical data for EADRA Cost Sharing calculations
- Role of Industry personnel in an EAD response

Other resources include:

- EADRA cost sharing - Animal Health Australia
- EADRA compensation and valuation - Animal Health Australia
- Information on EAD levies is at: About the levy system - DAFF