CALLS FOR A FARM MANAGEMENT DEPOSIT ‘STYLE’ FUND FOR ON-FARM BIOSECURITY

24 December 2012

The **Agricultural Levies Institute of Australia** today proposed that the Government should think about establishing a **Disease Insurance Deposit Scheme** to ensure farmers are efficiently compensated for the effects of pest and disease outbreaks. The scheme would have similar taxation arrangements to the existing Farm Management Deposits scheme.

“Instead of pooling farmers’ money into a ‘war chest’ that may never be accessed by those farmers who contributed to ‘the pool’, it would be far more equitable to offer them a scheme where they could keep their money if or when they exit farming”, said the Chief Executive Office of the Levies Institute.

The Institute proposed that the design of the scheme could mirror that of the existing Farm Management Deposit scheme which has been in place since the early 1990s (previously known as the Income Equalisation Deposit Scheme and Farm Management Bond Scheme until 1999). Money is deposited into special purpose accounts which can be used in the event of a destructive disease incursion in much the same way as funds are used in Farm Management Deposits.

“Currently, commercial animal and crop producers rely on ex-post levy arrangements for compensation in the event of an outbreak of a destructive pest or disease” claimed the Levies Institute. “Under formal agreements with Australian governments, industry pays for eradication measures, such as the destruction of animals, through their own tailored levy contributions” said the CEO.

“There should be another alternative for producers involved in commercial production and where crops or animals have to be destroyed to ensure eradication” said Mr Spiro Adamopoulos. “It’s really not a hard concept to deal with” claimed the CEO, who has been an advocate for the judicious use of farmers’ levies.

“Here at the Institute we are working to ensure that farmers’ money, in the form of levies, is spent to the benefit and purpose it was originally intended” said Mr Adamopoulos.

“Currently, producers facing the prospect of their herd being wiped out, say in the event of a Foot and Mouth Disease outbreak, are compensated under the arrangements set out in the Emergency Animal Response Agreement (EADRA)” said the CEO. “A foot and mouth disease outbreak seems to be the major production threat consuming governments at the moment, especially the Commonwealth Government”, claimed the CEO. “We know that an outbreak of foot and mouth disease could potentially cost hundreds of millions and in order to compensate commercial producers for animal destruction the government would need to provide assistance to re-start production”. “Providing a tax free mechanism for producers to use in the event of a catastrophic event can help alleviate the reliance on government processes at a time when farmers need to get working again”.

The Agricultural Levies Institute of Australia is also working with the insurance industry to find alternate ways to ensure that farmers’ levy money is applied in the interests of those who pay their levies. Down the track levies may be used to buy a ‘communal’ insurance policy to cover disease outbreaks and farmer’s compensation payments.

“The Agricultural Levies Institute of Australia is determined to work for the interests of farmers in getting the best out of their levies” said the CEO. “That’s our motto, “Partners with Producers” and our objective is to uphold the interests of farmers”. “The **Disease Insurance Deposit Scheme** is just another way we can help farmers in their normal business”.

Further Enquiries:

Media Liaison Consultant: 0401 414 981

For further information, visit Agricultural Levies Institute of Australia website [www.leviesinstitute.com.au](http://www.leviesinstitute.com.au/).