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Sent: 26 May 2009 06:20
Subject: Response to request for information on testing and compensation

Hi ...,

My apologies for the delay in responding to you. I was in Australia for a week recently and I am still working through the backlog of emails.

Comments on your requests.

With regard to cattle and deer being tested, the testing frequency and age of testing is outlined in our National Operational Plan. You can down load this plan by connecting to the following link.

http://tbfree.ahb.org.nz/Default.aspx?tabid=113

The operational plan sets out the frequency of testing and the ages at which cattle and deer are required to be tested based on the location and status of the herd.

In New Zealand, cattle farmers are levied on cattle slaughtered at a rate of $11.50/animal. In addition, dairy farmers are levied on non-fat solids. These two components make up New Zealand cattle farmer's revenue contribution to AHB's TB control programme. Cattle farmers' contributions are used, amongst other things, to pay for TB testing and to compensate farmers for reactors. Thus, there is no direct cost to cattle farmers to test their cattle apart from the cost associated with their time and effort required to test their cattle. The government does not provide any funds for what we call disease control - ie testing of cattle or deer, or for compensation.

Because cattle farmers fund TB testing through these levies, AHB is able to take advantage of the quantum of work and tenders out TB testing on a national basis. This ensures that testing costs are kept competitive to an extent that the cost of testing has remained basically the same for the last 6 years despite inflationary pressures. People wanting to undertake TB testing of cattle or deer are required to be competent testers. Applicants are assessed on their competency to undertake TB testing and if deemed adequate, then the AHB recommends to the Chief Technical Officer of the Ministry of Agriculture and Fisheries that they be accredited to test cattle, deer or both. You have to be an accredited tester to undertake TB testing in New Zealand and TB testing of cattle is virtually all done by lay people, rather than veterinarians as in the UK. Further, in New Zealand, cattle are injected in the caudal fold, rather than at the mid-cervical site on the neck. The caudal fold site is slightly less sensitive than the mid-cervical site, but we try to counteract that by using a more concentrated form of tuberculin than is used in the UK to improve the sensitivity of the test. As you can imagine, the caudal fold site is easier to get to than the neck, the site doesn't need clipping and as a consequence relatively large numbers of cattle can be tested in a day. Thus a tester may start in the morning with a dairy herd and test them as they milk and then test some beef cattle or young dairy cattle during the middle of the day and then another dairy herd at the evening milking. Thus a tester would look to test approximately 1,000 cattle per day. This helps to keep the cost of testing down.

Regarding the average cost to test each animal, in the 2007/08 year, 4.86 million cattle were tested at a national cost of $11.26m or an average cost of $2.32/animal tested.

In New Zealand, money paid to compensate farmers for reactor cattle comes entirely from cattle farmers contribution to the TB control programme, ie there is no government contribution. As a consequence, farmers set the level at which their fellow farmers should be compensated. Beef and dairy farmers agreed to receive 65% Fair Market Value for their TB reactors. Dairy farmers have also agreed that reactors from non-infected herds will receive a top-up to 100% FMV if they are found to be non-tuberculous on slaughter. In this instance, the money used for the top-up

comes entirely from the dairy farmer contribution to the scheme cost. AHB administers the cattle reactor compensation programme. It purchases the reactors from the farmer and arranges the slaughter of them. It retains any carcass proceeds.

In 2007/08, there were 599 TB cattle reactors slaughtered and the net compensation cost was $611,590. The net compensation cost includes the value of the reactor as well as the transport cost associated with sending cattle to slaughter and the slaughter costs. Returns from reactor carcasses have been deducted from the reactor compensation to provide a net compensation value.

Trust that this meets your needs.

Regards, ...