Compensation in control of infectious diseases of livestock

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with thanks to Ana Riviere Cinnamon and Jan Hinrichs
Overview

- Why compensate?
- Who is compensated?
- How much?
- How?
- Who funds it?
Why compensate?
Compensation may be considered for more than one reason

- Encourage people to report disease
- Encourage people to present animals and birds for culling instead of selling them when they are sick
- Government responsibility. If the government destroys the private assets of citizens for public purposes, it should compensate them.

These reasons justify a typical compensation process where farmers whose birds are culled by government animal health teams are compensated for the birds destroyed.
Beyond compensation.....

- Provide a “safety net” to protect people when they have to wait before restocking. In this case we are talking about insurance or livelihoods support rather than compensation.

Here the question of risk sharing is important. If the government provides a safety net whenever things go wrong, this does not encourage private individuals to take steps to reduce risk.
Who is compensated?
Who you compensate depends partly on your reason for compensating

- ... to encourage disease reporting, you can reward those who report
- .... to encourage people to take part in official compensation schemes, you must compensate everyone whose birds are culled
- ..... to provide livelihoods support it is necessary also to include production losses from “downtime” or birds that die. This is much more difficult.

EU compensation for avian influenza losses: compensation will be given to farmers who have to slaughter poultry or other captive birds due to a risk of the disease, destroy contaminated feedstuffs and animal products, or disinfect plants and equipment.

In Afghanistan, a scheme was set up to pay a reward to the farmer and the veterinarian or animal health worker who reported a suspected case of disease that was confirmed to be positive.
How much?
Compensation rates?

- It is advisable to pay uniform rates everywhere in the country (otherwise people will move birds)
- Different prices by species and category (age, broiler or layer) but not too many categories or it is hard to administer
- Decide in advance what percentage of market price will be paid – how much can you afford? what will people accept?
- Decide in advance how you will determine market price – the average for this month or week? the price on the day of culling? How good is market price information in your country?

In Thailand, from 70% to 100% of market value has been compensated in avian influenza outbreaks.

In Vietnam, the compensation payment includes a “compensation” element and a “restocking” element. Recently a payment was introduced for welfare culling which is about 2/3 of the rate used when culling to stamp out an outbreak.

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How?
Decide in advance how people will register

- Each production system presents a different kind of challenge

- How can you check that the numbers of animals reported are fairly accurate?

- The state culling team could register the numbers of birds culled. BUT the government needs to work fast or people will cull their own.

The UK has no national poultry register. It has recently begun registering all flocks above a certain size.

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Where and by whom will the payments be made?

- You need a system that is simple and makes use of existing institutions

In European countries, a cheque can be sent to farmers to deposit in their bank account. In Indonesia, many small farmers do not have a bank account. Payments can be made at mosques. In Iraq, local committees organise payment.
Who funds it?
Ideally, funding is from both public and private sources

- If your country has a well organised private sector, it is possible to set up a fund for livestock emergencies, to which the government and the private sector contribute
- This encourages reporting, helps to insure against losses, shares the financial risk between the public and private sector so that both will take steps to reduce the disease risk

The Australian National Animal Health System (NAHS) is organised as a not-for-profit company with 24 members spread across four membership categories: (i) the Commonwealth, (ii) State and Territory governments, (iii) key primary industry groups and (iv) other key interested organisations. Funding is provided by annual subscriptions paid by the members to the Company. Each livestock sector or species is represented by an organization that is effectively the “peak body” for livestock producers utilizing that species of animal.
Private insurance and regional funds may contribute

- Commercial farmers may take out private insurance. Those who do so will probably be asked to join a quality management scheme.
- If your country is part of a regional economic group (like the EU), the region may also assist to top up national compensation funds.

In Chile... pig farmers could take out insurance against losses from CSF, but they were required to join a quality management scheme and their farms were inspected.

In the Netherlands... in case of an emergency, the EU contributes with 50% of the costs of depopulation, disposal of carcasses and related contaminated materials and disinfection of premises. To fund this, an annual agricultural levy is imposed on EU member states.
Wrap up...

- The compensation policy and operational plan need to be part of every disease control contingency plan.
- It is better to plan in “peace time” then try to make a plan during an epidemic.
- The compensation plan needs to be tailor-made to suit your country’s poultry industry and the local “rules of the game”.
Thank you