



MEDIA RELEASE

Serious consequences expected from service fee increases for animal health products

Guelph, ON (April 5, 2018) - Proposed service fee increases for veterinary drugs will create serious and unintended consequences, says a new report from Agri-Food Economic Systems. The report, commissioned by the Canadian Animal Health Institute, finds that proposed service fees for the review and maintenance of veterinary drugs are to increase up to 500 per cent, effective April 1st, 2019. Access to veterinary drugs would become more challenging as a result of these excessively high fees. This in turn will result in fewer veterinary drugs available in Canada leaving our food animal industries in a less competitive position, and leaving pet owners and horse enthusiasts with an increasingly difficult challenge to maintain their animals' health and welfare.

Health Canada suggests that the proposed fees make Canada consistent with those applied in the United States (US), the European Union (EU) and Australia, "But Canada has a much smaller livestock population than the US, EU, or even Australia, and as such the animal health market from which to recover these service fees is much smaller", says Douglas Hedley, Agri-Food Economic Systems Associate and co-author of the report. "These service fees proposed for Canada will exceed those in competing regions, on a unit basis, by a considerable margin".

The report finds that the high fees being proposed for Canada would result in fewer veterinary drugs being registered in Canada. It says that some companies will cease to market drugs for minor species and for niche products in this country. Options such as not treating and culling an animal, finding alternative therapies to licensed medicines, increased use of compounded drugs and other unapproved products will be used in the absence of licensed veterinary drugs. In other cases, firms may attempt to pass through increased costs in pricing, and many will find animal health products unaffordable. Reduced access to veterinary drugs could harm the health status of food animals due to the substitution of unregistered product as a means of keeping animals healthy. This in turn threatens the phytosanitary standards of Canadian food animal exports.

"The proposed fees will have unintended consequences that will hurt the safety of our food supply, our trade with foreign countries and reduce pet owner access to health management tools for their pets", says report co-author Al Mussell, Agri-Food Economic Systems Research Lead. "This is an administrative decision made without the full understanding of the ramifications for Canada's economic competitiveness and welfare of its animals; it also sets an alarming precedent for regulatory service fees that could apply elsewhere in the agri-food chain".

The report can be accessed at www.agrifoodecon.ca. Agri-Food Economic Systems is an independent economic research organization dedicated to agri-food located in Guelph, Ontario.

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