

**SENATE RURAL AND
REGIONAL AFFAIRS AND
TRANSPORT REFERENCES COMMITTEE**

**INQUIRY INTO AUSTRALIAN HORSE INDUSTRY
AND AN EMERGENCY ANIMAL DISEASE
RESPONSE AGREEMENT.**

SUBMISSION OF
HARNESS RACING AUSTRALIA
28 JULY 2010
Andrew Kelly
Chief Executive



Executive Summary

This submission to the Senate Standing Committee on Rural and Regional Affairs and Transport has been prepared by Harness Racing Australia (HRA). It addresses each of the following Terms of Reference (TOR) established for the inquiry into the Australian horse industry and an emergency animal disease response agreement.

TOR a) *The implications to the Australian horse industry of committing to the Emergency Animal Disease Response Agreement (EADRA);*

TOR b) *Options for equitable contributions by horse owners to a levy scheme to meet their obligations under EADRA in the event of an emergency animal disease outbreak in horses;*

TOR c) *Criteria by which the cost burden of a levy would be shared between Commonwealth, state and territory governments, horse industry groups and owners; and*

TOR d) *Quarantine and biosecurity threats to Australia's horse industry;*

TOR e) *Any other matters.*

HRA would welcome to the opportunity to speak to this submission at a public hearing if invited to give evidence by the Committee.

Summary response to the Terms of Reference

TOR a) HRA foresees no negative implications for the Australian horse industry from commitment to signature of the EADRA and reaffirms its previous commitment to signature of the EADRA, independently of other horse industry sectors if necessary.

TOR b) HRA's preferred levy mechanism is a levy on registrations.

However, HRA has no desire to stifle the implementation or momentum of any alternate levy mechanism/s, as long as it is equitable, cost efficient and reasonable.

TOR c) HRA requests that the EADRA categorisation of HeV and EI be reviewed but accepts that this cannot occur until the horse industry becomes an EADRA signatory.

HRA recommends that a detailed census of horse numbers by State/Territory and by breed/activity is an urgent priority to underpin future equitable cost sharing by all Parties to the EADRA.

HRA recommends that horse industry signatories of the EADRA urgently resolve the basis on which eligible response cost obligations will be equitably shared between horse industry sectors, both for EADRA scheduled diseases which affect horses only and, for those where costs are shared with other species (Borna disease, vesicular stomatitis, surra).

Consideration needs to be given to whether the use of GVP to apportion shares of eligible costs is appropriate for the horse industry.

TOR d) HRA is resolute in its long-held policy that Australia's first line of defence from exotic diseases must continue to be a strong national quarantine barrier.

HRA believes that the import of live horses poses the highest risk of introduction of an exotic disease of horses to Australia and that rigorous quarantine standards must be maintained by the Commonwealth government.

HRA holds no pre-conceived position about a preferred outcome of the current Commonwealth government review of arrangements for post entry quarantine but expects that all existing biosecurity safeguards and standards will remain in place and that post entry facilities for imported live horses (be they private or public) will be regularly, consistently and rigorously audited by AQIS.

HRA recognises that, while border controls can be readily applied to the import of live horses and semen, emerging diseases are a potential biosecurity threat and are covered by the EADRA.

HRA notes with concern that many emerging infectious disease are zoonoses.

TOR e) Criticism of perceived "special treatment" of the racing industry by the non-racing sector during the 2007 EI outbreak is ill founded and should not be cited as a reason why EADRA signature will not benefit the non-racing sector. Critics fail to acknowledge the well established regulatory and organisational aspects of Australian racing that supported earlier and safe resumption of business activity in the racing sector.

HRA welcomes national agreement that Property Identification Codes should be compulsory in Australia.

Background - Harness Racing in Australia

As the peak national body for the harness racing code of racing in Australia, this submission is made on behalf of HRA Members, consisting of harness racing Control Bodies and Principal Clubs in the States of New South Wales, Queensland, South Australia, Tasmania, Victoria and Western Australia; each of whom operate within the various *Racing Acts* of their respective States to regulate, nurture, foster and promote harness racing at all levels within the industry.

Harness racing in Australia enjoys not only a rich heritage, but continues to provide significant cultural and economic contributions to the community on a daily basis. This is evidenced in the 2006/07 racing season where the harness racing industry's 114 Clubs conducted 1,921 race meetings and 15,588 races for 15,027 individual horses competing on behalf of 40,000 owners, 4,484 trainers and 3,173 drivers in search of \$90,252,834 in prizemoney.

The resultant economic contribution of the harness racing industry is further illustrated with a contribution of \$310,317,379 in State taxes during the same period, generated from \$1,950,218,567 of TAB wagering activity - the equivalent to 16% of the Australian racing wagering market.

This level of wagering activity also provided the harness racing industry with \$136,625,321 in product fees from TABs, accounting for 88% of Control Body revenue, highlighting the traditional dependence of Control Bodies on TABs as the financial cornerstone of the industry.

TOR a) The implications to the Australian horse industry of committing to the Emergency Animal Disease Response Agreement (EADRA)

HRA foresees no negative implications for the Australian horse industry from commitment to signature of the Emergency Animal Disease Response Agreement (EADRA).

HRA congratulates all government and industry Parties who have worked so hard to develop the EADRA to this point, an agreement that is a world first. We consider it imperative that the horse industry signs the Deed and shoulders the consequent responsibilities and obligations.

HRA is committed to and has been actively engaged in negotiations to sign the EADRA since 2002. HRA is an AHA Industry Member. HRA has participated in AHA emergency disease preparedness activities including the training of 12 Industry Liaison Officers as recently as January 2010 as evidence of its continued commitment to future signature.

Negative implications for HRA will only arise if the Australian horse industry does not become an EADRA signatory. HRA potentially faces serious horse health risks and significant economic disruption if the Australian horse industry does not sign the EADRA because of lack of consensus about a levy mechanism/s.

Equine influenza wreaked havoc in the harness racing industry in 2007. HRA stakeholders suffered first hand and are still recovering. HRA is gravely concerned that, without the certainty of early detection and a rapid and effective response, standardbred owners could once again face crippling financial exposure should there be another equine disease outbreak.

From a business risk management perspective, HRA is willing to sign the EADRA to guarantee the standardbred industry stakeholders of certainty of a guaranteed coordinated response to an emergency animal disease (EAD) outbreak.

HRA expects that signature of EADRA will provide certainty that:-

- Government/s will mount a rapid and nationally coordinated response to an outbreak of significant disease of horses without delay
- who does what and who pays for it will be agreed in advance;
- HRA will have a voice in technical and policy discussions and decisions at national, state and local level
- HRA will be able to monitor eligible response costs

HRA acknowledges that signature of the EADRA offers excellent “insurance” value for the horse industry. Signature of the EADRA puts into effect an “insurance” policy that

guarantees an immediate and nationally co-ordinated response to an equine associated EAD incident underwritten by the Commonwealth government, with the “premium” being paid after that incident has been resolved.

HRA understands that the horse industry signature of the EADRA will be welcomed by other major livestock commodity groups. All major livestock industries except the horse industry have signed the EADRA and put in place an agreed mechanism to cover their potential cost sharing liability. HRA recognises that failure of the horse industry to join the other major livestock industries and governments as a signatory jeopardises the integrity of national response arrangements and potentially undermines the government/industry partnership arrangements which are the very foundations of the EADRA.

HRA reaffirms its previous commitment to signature of the EADRA, independently of other horse industry sectors if necessary.

TOR b) Options for equitable contributions by horse owners to a levy scheme to meet their obligations under EADRA in the event of an emergency animal disease outbreak in horses

As the peak body of harness racing in Australia, HRA believes it has a moral and commercial responsibility to protect Australian harness racing participants and horses if an outbreak of an EAD occurs in the future. Every Australian horse owner has a role to play and they should not shy away from their obligations.

If it ever becomes necessary, HRA will contribute to any levy scheme that is equitable, covers the potential liability of most of the Australian horse industry and is accepted by the Commonwealth government. HRA acknowledges that levies at multiple points may be required and that, due to the diverse nature of the Australian horse industry, not all horse owners will be “captured” by a levy mechanism/s.

However, “equitable” does not necessarily mean “the same”. Industry participants that create greater risk of introduction and spread of a disease and that derive greater benefit from a successful emergency disease response should pay more.

HRA acknowledges that, within Australia, standardbred racehorses potentially contribute to the risk of spread of highly contagious diseases because of their widespread movement and, because of the size and frequency of racing meetings where horses from different origins are commingled. Having said that, nearly every sporting or other activity which involves horses of any breed also involves commingling and movement to and from a home property.

HRA believes that the import of live horses poses the highest risk of introduction of an exotic disease to Australia. Information from commercial sources suggests that between

2006 and 2008, standardbred horses comprised only 9% of horses imported to Australia from approved countries other than New Zealand. Thoroughbred horses accounted for 52% of imports and 39% were horses of other breeds.

Artificial insemination is permitted by international standardbred breeding authorities. Unlike thoroughbreds, the Australian standardbred industry does not rely on the import of live horses to introduce new genetic material and hence HRA submits that Australian standardbred breeding practices pose a lesser threat to the integrity of Australia's border security.

HRA notes that zero-rated levies on products such as manufactured horse feed, horse wormers and horseshoes have been suggested by some horse industry organisations. At this time HRA does not have sufficient or reliable information to assess the breadth of horse industry coverage of these suggested levy mechanisms and their collection costs per unit. HRA is concerned that levy "leakage" will potentially occur if these mechanisms are adopted.

HRA's preferred levy mechanism would be a registration levy as it would:-

- be administratively feasible and cost efficient to collect;
- provide an equitable coverage of stakeholders as registration is mandatory for participation;
- be potentially differentially costed to capture higher risk registrations e.g. imported horses.

HRA's preferred levy mechanism is a levy on registrations.

However, while HRA prefers a registration levy, HRA has no desire to stifle the implementation or momentum of any alternate levy mechanism/s, as long as it is equitable, cost efficient and reasonable.

Discussions to date by AHA and others have emphasised that any potential levy mechanism would be zero-rated until an incident occurs. HRA prefers a levy on registrations as such a levy could be activated by HRA now to build a "war chest". A "war chest" approach would buffer the economic impact of any cost sharing obligation incurred in the future, provide more certainty that HRA would be able to pay its share in a timely manner and ensure a smooth transition to an EAD response levy.

The time frame for sectorally inclusive horse industry agreement about a preferred levy mechanism is short and must be reached by 1 December 2010. The threat that the Federal government will permit "voluntary" EI vaccination if horse industry consensus about a

preferred levy is not achieved by this date intensifies the urgency of the situation. There is a substantial risk that a suboptimal “solution” may be adopted.

HRA submits that any decision about levy mechanisms adopted to meet this tight deadline will not preclude later consideration of alternative options if circumstances change or if the agreed levy mechanisms subsequently prove to be unfeasible, impractical or unable to generate sufficient funds to meet a cost sharing obligation.

TOR c) Criteria by which the cost burden of a levy would be shared between Commonwealth, state and territory governments, horse industry groups and owners

HRA would enthusiastically welcome any contribution by any Government - Commonwealth, state or territory - to sharing “the cost burden of a levy”. A dollar for dollar matching contribution by Government/s would be a good starting point.

Regarding the split of eligible response costs after a response to an incident has concluded, HRA makes the following observations.

Government/industry cost sharing

HRA endorses the existing EADRA philosophy that the “beneficiary pays” principle should underpin categorisation of EADRA scheduled diseases (EADRA Schedule 3. Clause 8) and agrees that only EADRA scheduled diseases which pose a significant public health risk should be 100% government funded.

However HRA questions the current categorisation of Hendra virus and EI in the EADRA Schedules.

Hendra virus

Hendra virus (HeV) is a disease that predominantly poses significant public health risks.

HRA submits that it be re-categorised as a Category 1 disease.

Equine influenza virus

After HRA’s firsthand and distressing national experience of the socio-economic impact of the 2007 EI outbreak on the standardbred industry, HRA questions whether the term “national socio-economic consequences” is adequately defined in the EADRA and, also questions the objective basis upon which socio-economic impact is determined to be “major” or “significant (but generally “moderate”) as it relates to categorisation of EADRA scheduled diseases.

HRA submits that EI be a Category 3 disease as the 2007 EI outbreak had national socioeconomic consequences and resulted in:-

- severe market disruption and losses in the two EI affected States with flow on consequences to unaffected States
- severe horse industry production losses including wagering tax losses to State governments
- human health impacts and psychological distress in affected jurisdictions as demonstrated by papers published by Melanie Taylor (Taylor M, Agho K, Griffin E (2008a) *Human impacts of equine influenza*. University of Western Sydney, Sydney. Taylor M, Agho K, Stevens G, Raphael B (2008b) Factors influencing psychological distress during a disease epidemic: data from Australia's first outbreak of equine influenza. *BMC Public Health* 8: 1-13.)
- demonstrated international trade losses
- a large scale and protracted national response which indicated a significant level of national concern
- a successful EI eradication campaign that promoted the international reputation of Australian animal health authorities and Australia's disease control and eradication programs

HRA requests that the EADRA categorisation of HeV and EI be reviewed but accepts that this cannot occur until the horse industry becomes an EADRA signatory.

Deficient information about horse numbers and horse industry GVP

HRA is concerned that that lack of reliable and consistent data relating to horse numbers in the non-racing sector and deficient information about Gross Value of Production (GVP) of horse industry sectors will create difficulties and inequity in the determination of proportional shares of eligible response costs for governments, horse industry Parties and, for a few EADs, other livestock Industry Parties.

The EADRA currently proposes that State/Territory shares be based on horse numbers per State/Territory as a % of the national total using ABS source data or, if no ABS data is available, on a best estimate from other sources.

No reliable and accurate estimates of total horse numbers by states and territories are available. The only reliable statistics are those kept by the thoroughbred and standardbred sectors. Estimates made by Gordon (2001) overstate the numbers of horses in the standardbred sector and probably underestimate the number in the non-racing sector.

HRA recommends that a detailed census of horse numbers by State/Territory and by breed/activity is an urgent priority to underpin future equitable cost sharing by all Parties to the EADRA.

The EADRA uses GVP to determine the contribution of industry sectors to cost sharing. For example, Schedule 6 – Cost Sharing (Clause 10) Section 2.2 of the current EADRA states “Where more than one Party represents a species, the manner of Cost Sharing between those Parties will be determined between them having regard to the GVP of Industry sectors. Where they have not advised Animal Health Australia of their manner of apportionment for Cost Sharing, they will be equally responsible for meeting the costs for which their industry is liable under this Deed”.

HRA recommends that horse industry signatories of the EADRA urgently resolve the basis on which eligible response cost obligations will be equitably shared between horse industry sectors, both for EADRA scheduled diseases which affect horses only and, for those where costs are shared with other species (Borna disease, vesicular stomatitis, surra).

Consideration needs to be given to whether the use of GVP to apportion shares of eligible costs is applicable to the horse industry.

TOR d) Quarantine and biosecurity threats to Australia’s horse industry

HRA is resolute in its long-held policy that Australia’s first line of defence from exotic diseases must continue to be a strong national quarantine barrier. Horse industry signature of the EADRA must not lead to any reduction of Australia’s quarantine standards.

The recent reports of the Callinan Inquiry and the Beale “One Biosecurity” Review both stressed the need for constant vigilance at Australia’s borders and effective quarantine measures. HRA shares the view expressed in the report of the Callinan Inquiry (page 64) that horses should be considered “high risk imports”. HRA expects that the Federal Government will continue to maintain stringent border security as any reduction of standards could cause irreparable damage to all equine industries. Care must be taken that complacency and poor practices do not erode the integrity of border security as the years role on and the impact of the 2007 EI outbreak fades from corporate memory.

For over 80 years, Australia’s animal quarantine stations for imported horses have been government controlled and operated, the only current exception being the facility established and operated by Racing Victoria for temporarily imported racehorses. HRA notes that post entry quarantine arrangements are currently under review by the Federal

Government and that a full range of options will be considered and costed including the option of privatisation as an alternative to government-run stations. HRA holds no pre-conceived position about a preferred outcome of this review but expects that, regardless of the outcome, all existing biosecurity safeguards and standards will remain in place and that post entry facilities for imported horses (be they private or public) will be regularly, consistently and rigorously audited by AQIS.

HRA recognises that, while border controls can be readily applied to the import of live horses and semen, a significant biosecurity threat could also potentially emerge from nowhere (like Hendra Virus in 1994 and Contagious Equine Metritis in 1977), or drift into Australia from the north on the wind or with a mosquito, migrating bird or bat.

HRA notes with concern that, according to a recent report from the Australian Biosecurity Cooperative Research Centre, *“in the past two decades, 75% of emerging infectious diseases have been zoonoses (infections transmitted from animals to humans) and most have originated from wildlife”* and that *“Australia is not removed from these global threats with respect to animal and human health, and associated economic impacts. More zoonotic viruses have been identified in Australia since 1994 than in any previous equivalent period”*.

Who knows from where the next threat will come from and when it will occur? Fortunately the EADRA covers emerging disease incidents.

HRA acknowledges that biosecurity is a shared responsibility and a continuum of which border quarantine is only one part. The complex structure and mobility of Australia’s horse industry heightens its vulnerability with the very real possibility of widespread dissemination of disease. Hence the critical importance of biosecurity - routine use of best health practices.

Widespread complacency and ignorance pose a great threat to the biosecurity of the Australian horse industry. As part of its obligations as an EADRA signatory and an AHA Industry Member, HRA will continue to foster a second line of defence, an alert and prepared harness racing industry which adopts best health practice, considers the possibility of an emergency disease when something unexpected and unusual happens and develops contingency plans for the future. Establishment of a “war chest” approach would aid these efforts.

TOR e) Any other matters

“Favourable” treatment of the racing industry

HRA is aware that significant residual antipathy remains about perceived “favourable treatment” afforded to the racing sector during the 2007 EI outbreak, including early resumption of racehorse movement and racing. This has led to distrust by some of government policy and concern that even if EADRA is signed, governments will only heed the voice of the racing industry during any future disease incursion. Such criticism is ill founded in that it fails to take into account the regulatory and organisational aspects of Australian racing that enabled an earlier resumption of business activity.

Critics fail to appreciate that the Australian Rules of Harness Racing (ARHR) and HRA’s long established policies and procedures provide a sound framework for regulation of biosecurity standards, during both “war” and peace time.

The ARHR are legally enforceable and actively enforced by the Stewards. Key industry participants and premises are licensed and subject to the provisions of the ARHR. All standardbred horses are registered and uniquely identified by a visible freeze brand, racehorse movements are documented, accessible, controlled and supervised, and the licensed premises on which a standardbred racehorse is located can be readily ascertained from stable returns. Official racing veterinarians oversee the health and welfare of horses at race meetings and trials.

The ARHR, and in particular Rule 104A, impose obligations on industry participants relating to notification of significant infectious or contagious diseases of horses and augment and support the provisions of State based disease control legislation. The ARHR also confer powers to Stewards to regulate control of declared diseases and penalise persons for biosecurity breaches. These rules were enforced during the 2007 EI outbreak and supported the efforts of State animal health authorities.

A unique feature of the Australian standardbred industry is that racing and breeding activities are covered by the ARHR and relevant information about horses and owners is integrated in a nationally accessible database.

ARHR rules relating to artificial insemination (AI) were originally formulated to ensure pedigree integrity but *de facto* also ensure that diseases are not spread by AI.

When other organisations are able to demonstrate to government that they have in place the appropriate rules and powers and adequate resources to enact, monitor and enforce relevant biosecurity measures, there is no reason why they should be treated the same way as the racing industry was treated in 2007.

Property Identification Codes

HRA welcomes national agreement that Property Identification Codes should be compulsory in Australia.

Individual horses are mobile but immediate access to details of properties where horses are kept within any Declared Area would be of great benefit to a response to any future disease incursion.

SUBMISSION ENDS