

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

**INQUIRY INTO BIOSECURITY AND QUARANTINE
ARRANGEMENTS.**

SUBMISSION OF
HARNESS RACING AUSTRALIA
AUGUST 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 the following Terms of Reference (TOR) established for the Inquiry into biosecurity and quarantine arrangements.

***TOR a)** the adequacy of current biosecurity and quarantine arrangements, including resourcing;*

***TOR b)** projected demand and resourcing requirements;*

***TOR c)** progress toward achievement of reform of Australian Quarantine and Inspection service export fees and charges;*

***TOR d)** progress in implementation of the 'Beale Review' recommendations and their place in meeting projected biosecurity demand and resourcing; and*

***TOR e)** any related 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 Inquiry Terms of Reference

TOR a)

- HRA expects that the Commonwealth will continue to maintain and resource stringent border security as any reduction of standards could cause irreparable damage to all equine industries.
- HRA commends policy and operational changes recently introduced to improve the biosecurity of horse importation processes.
- Complacency, poor quarantine policies and practices, under-resourcing and political interference must not be allowed to erode the integrity of border security as the years roll on and the impact of the 2007 EI outbreak fades from corporate memory.
- Adequate resources must be directed along the biosecurity continuum (including pre- and post-border) to fund research and surveillance programs for emerging infectious diseases.

- HRA notes with disappointment that, despite its excellent and essential work, the Australian Biosecurity Cooperative Research Centre for Emerging Infectious Diseases will not be funded for another term.

TOR b)

- HRA foresees no future increase in the demand for import of live standardbred horses from approved countries other than New Zealand.
- Current trends suggest that the number of imported horses of all breeds is likely to decrease to the point where horses become a “low volume product”.
- The future demand for Trans-Tasman trade in horses is completely dependent on the adequacy of Australia’s biosecurity and quarantine arrangements and the preservation of Australia’s current favourable equine health status.
- If the Australian horse industry is forced by government to adopt an “EI-freedom with vaccination” health status or suffers another incursion of an exotic disease, our important Trans Tasman trade will be significantly restricted.

TOR c)

- HRA makes no submission on this matter.

TOR d)

- No structured process has been put in place to allow the HRA to monitor the implementation of the “Beale Review”.
- Hence HRA finds providing informed opinion about the *“Progress in implementation of the ‘Beale Review’ recommendations and their place in meeting projected biosecurity demand and resourcing”* difficult.
- HRA is concerned that Australia’s biosecurity systems are currently under-resourced and the consequences could be severe.
- HRA notes that the Beale Panel’s estimate (page 204) that an additional \$260 million per annum is required to manage challenges to Australian biosecurity and has not been funded by the Commonwealth Government.
- HRA also notes that the recommendation of the Beale Panel (page 205) that a *“remediation investment of approximately \$225 million over a number of years to upgrade information technology and business systems”* has also not been funded by the Commonwealth Government.

- HRA requests that Senate Committee, as part of its Inquiry, explores why, if the recommendations of the “Beale Review” were accepted by the Commonwealth Government “in principle”, these additional resources have not been allocated.
- HRA notes that post entry quarantine arrangements are currently under review by the Commonwealth Government.
- HRA holds no pre-conceived position about a preferred outcome of this review but demands that all existing biosecurity safeguards and standards will remain in place and that procedures will be regularly, consistently and rigorously audited, both internally and externally.
- HRA notes with concern the findings of a recent Performance Audit Report of Management of Live Animal Imports by the Australian National Audit Office.
- HRA requests that, as part of this Inquiry, the Committee seeks detail of the improvements in the QAP audit procedures proposed by DAFF and investigates whether a system of independent audit will be introduced.
- HRA strongly recommends that an external and independent audit program be introduced.
- HRA acknowledges that biosecurity is a shared responsibility and a continuum of which border quarantine is only one part.
- HRA is committed to and has been actively engaged in negotiations to sign the EADRA since 2002.
- HRA is also committed to fostering a second line of defence - an alert and prepared harness racing industry which adopts good biosecurity practices, considers the possibility of an emergency disease when something unexpected and unusual happens and, which develops biosecurity and contingency plans for the future.
- The Australian Rules of Harness Racing and HRA’s long established policies and procedures provide a sound framework for regulation of biosecurity standards in the harness racing industry, during both “war” and peace time.

TOR e)

HRA makes no submission on this matter.

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 adequacy of current biosecurity and quarantine arrangements, including resourcing

Stringent border security is critical

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 expects that the Commonwealth will continue to maintain and resource stringent border security as any reduction of standards could cause irreparable damage to all equine industries.

The recent reports of the Callinan Inquiry and the Beale "One Biosecurity: A Working Partnership" 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" and commends the changes recently introduced to improve the biosecurity of horse importation processes.

Care must be taken that complacency, poor quarantine policies and practices, under-resourcing and political interference do not erode the integrity of border security as the years roll on and the impact of the 2007 EI outbreak fades from corporate memory. EI wreaked havoc in the harness racing industry in 2007. HRA stakeholders suffered first hand and are still recovering. Standardbred owners have no desire to again face crippling financial exposure should another exotic equine disease penetrate the national quarantine barrier.

Emerging diseases

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. Climate change may also have an impact on the future distribution of insect borne diseases.

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*".

Adequate resources must be directed along the biosecurity continuum (including pre- and post-border) to fund research and surveillance programs for emerging infectious diseases.

HRA notes with disappointment that, despite its excellent and essential work, the Australian Biosecurity Cooperative Research Centre for Emerging Infectious Diseases will shortly close its “doors” after it lost a bid to be funded for another term.

TOR b) Projected demand and resourcing requirements

Trade with approved countries (other than New Zealand)

HRA believes that the import of live horses poses the highest risk of introduction of an exotic disease to Australia (from countries other than New Zealand). Information from commercial sources suggests that between 2006 and 2008, standardbred horses comprised about only 9% of horses of the 550-600 horses of all breeds imported annually from approved countries other than New Zealand. Thoroughbred horses accounted for 52% of imports and 39% were horses of other breeds, including Warmbloods (11%), Arabians (5%), ponies and cobs (5%), miniatures (3%) and others (15%).¹

HRA foresees no future increase in the demand for import of live standardbred horses from approved countries.

Artificial insemination is permitted by international standardbred breeding authorities. Unlike thoroughbreds, the Australian standardbred industry does not solely 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.

Additionally, **current trends suggest that the number of imported horses of all breeds is likely to decrease to the point where horses become a “low volume product”**. The cost of shipping horses from Europe and USA has increased substantially following the implementation of full cost recovery of AQIS fees. As the number of imported horses decreases, the costs of importing a horse are likely to rise further, possibly to a point in the future where it may only be afforded by very wealthy individuals and companies.

Trade with New Zealand

Data compiled by HRA (averaged over the past five years) indicates that 616 standardbred horses are imported annually and 103 exported. These numbers substantially reflect trade with New Zealand, the industry’s largest single trading partner.

¹ Biosecurity Australia (2010) *Import risk analysis report for horses from approved countries: final report*.
Biosecurity Australia, Canberra.

The future demand for Trans-Tasman trade in horses is completely dependent on the adequacy of Australia’s biosecurity and quarantine arrangements and the preservation of Australia’s current favourable equine health status.

Regular and unrestricted traffic of Standardbred horses between Australia and New Zealand has always facilitated a vibrant and competitive harness racing circuit in both countries, and has been the strength of our prestigious Inter Dominion Racing Carnival which provides the host State in excess of \$10m in direct spending (\$10.4m in 2009 when event held in Queensland – IER 2009).

Currently, New Zealand requires imported horses from all countries (other than Australia) including those countries which claim EI freedom with vaccination, to undergo 5 weeks pre and post arrival quarantine.

Trans Tasman horse traffic was severely impacted in 2007 and 2008 during Australia’s EI outbreak when horses travelling from Australia to New Zealand had to undergo a total of 5 weeks quarantine and incurred additional costs of \$6300 per horse. This led to a 70% decrease in exports of Standardbred horses to New Zealand.

If the Australia horse industry is forced by government to adopt an “EI-freedom with vaccination” health status or suffers another incursion of an exotic disease, our important Trans Tasman trade will be significantly restricted, travel costs will increase substantially and the historic, social and cultural (not to mention economic) importance of our Grand Circuit Racing program will be directly threatened.

If New Zealand imposed a pre-embarkation (PEQ) quarantine requirement on Australian horses, additional AQIS resources would be needed for supervision of PEQ facilities and procedures.

TOR c) Progress toward achievement of reform of Australian Quarantine and Inspection service export fees and charges

HRA makes no submission on this matter.

TOR d) Progress in implementation of the ‘Beale Review’ recommendations and their place in meeting projected biosecurity demand and resourcing

Transparency of implementation of the “Beale Review”

A structured and transparent consultative process was put in place by the Commonwealth Government so that concerned parties within the horse industry could monitor the progress of implementation of the recommendations of the Callinan Inquiry.

To the best of HRA’s knowledge and despite “in principle” acceptance by the Commonwealth Government of the 84 recommendations of the “Beale review”, no similarly structured process has been put in place for HRA to monitor the implementation of the “Beale Review”.

Hence HRA finds providing informed opinion of the “Progress in implementation of the ‘Beale Review’ recommendations and their place in meeting projected biosecurity demand and resourcing” difficult.

Our comments will thus be confined to some areas of current concern.

Allocation of biosecurity funding

HRA is concerned that Australia’s biosecurity systems are currently under-resourced and the consequences could be severe.

HRA notes that the Beale Panel’s estimate (page 204) that an additional \$260 million per annum is required to manage challenges to Australian biosecurity and has not been funded by the Commonwealth Government.

HRA also notes that the recommendation of the Beale Panel (page 205) that a “*remediation investment of approximately \$225 million over a number of years to upgrade information technology and business systems*” has also not been funded by the Commonwealth Government.

HRA requests that Senate Committee, as part of its Inquiry, explores why, if the recommendations of the “Beale Review” were accepted by the Commonwealth Government “in principle”, these additional resources have not been allocated.

Post-arrival quarantine stations

The “Beale Review” (page 170) reiterates the conclusion of the earlier Nairn Report (1996) “***that with appropriate auditing, there is no reason why private sector operators cannot also provide biosecurity services, even for high-risk imports***”.

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 Commonwealth 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 (be they private or public) and, operational procedures relating to imported horses will be regularly, consistently and rigorously audited, both internally and externally. Only then could HRA be confident and assured that quarantine processes would be implemented effectively.

Auditing procedures

The "Beale Review" stated (page XXVII) *"there is evidence that the lack of a rigorous auditing system identified by Commissioner Callinan with regard to imports of horses is systemic within AQIS"*.

HRA notes with concern the findings of a recent Performance Audit Report of Management of Live Animal Imports [excluding horses] by the Australian National Audit Office (ANAO)² which highlighted that:-

- the documentation of examinations and quarantine decisions that are required by departmental procedures was deficient for the majority of the 207 consignments reviewed by ANAO;
- audit reports detailing the outcome of Quarantine Approved Premises had not been completed for 22 of the 32 audits conducted;
- no systems or processes were in place to monitor corrective action where non-compliance is identified; and
- non-compliance matters identified in the ANAO's sample were not classified by severity or addressed in a timely manner.

HRA acknowledges that the response from DAFF to the findings of ANAO indicated that work is already underway to improve the effectiveness of monitoring QAPs.

² ANAO Audit Report No. 47 2009-10. Management of Live Animal Imports. Accessed at www.anao.gov.au

HRA requests that, as part of this Inquiry, the Committee seeks detail of the improvements in QAP audit proposed by DAFF and investigates whether a system of independent audit will be introduced.

Given the demonstrated incompetence of AQIS to manage audits, HRA strongly recommends that an external and independent audit program be introduced.

One Biosecurity – a working partnership

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, as was seen during the 2007 EI outbreak. Hence the critical importance of biosecurity - routine use of best health practices at all levels of industry activity.

Widespread complacency and ignorance pose a great threat to the biosecurity of the Australian horse industry. HRA is committed to and has been actively engaged in negotiations to sign the EADRA since 2002. We recognise the critical importance of this cost sharing partnership and “the risk of moral hazard” as noted in the Beale Review (page 69).

As part of its obligations as an aspiring EADRA signatory and as an AHA Industry Member, HRA will continue to foster a second line of defence, an alert and prepared harness racing industry which adopts good biosecurity practices, considers the possibility of an emergency disease when something unexpected and unusual happens and which develops contingency plans for the future.

The Australian Rules of Harness Racing (ARHR) and HRA’s long established policies and procedures provide a sound framework for regulation of biosecurity standards in the harness racing industry, during both “war” and peace time. 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 were used to support the efforts of State animal health authorities.

TOR e) Any related matters

HRA makes no submission.

SUBMISSION ENDS