

SENATE RURAL AND REGIONAL AFFAIRS AND TRANSPORT REFERENCES COMMITTEE

Inquiry into Australian horse industry and an emergency
animal disease response agreement.

Submission of

AUSTRALIAN RACING BOARD

&

THOROUGHBRED BREEDERS AUSTRALIA



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Appendix A AR64K

i Introduction and approach

The following submission has been prepared by the Australian Racing Board Limited (**ARB**), a public company limited by guarantee, which is the national body formed by and representing the thoroughbred racing Controlling Bodies in each State and Territory of the Commonwealth (**Controlling Bodies**). The Controlling Bodies are all either established or recognised by State or Territory legislation, and each is responsible for doing all that is reasonably within its power to develop, encourage and manage the thoroughbred racing industry in its jurisdiction. This submission has also been endorsed by Thoroughbred Breeders Australia (TBA), which is the national peak industry body for breeders of thoroughbreds.

This submission addresses each of the Terms of Reference established by the Committee:

- The implications to the Australian horse industry of committing to an Emergency Animal Disease Response Agreements (EADRA);
- 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;
- Criteria by which the cost burden of a levy would be shared between Commonwealth, State and Territory governments, horse industry groups and owners; and
- Quarantine and biosecurity threats to Australia's horse industry.
- Any other matters

The ARB would welcome the opportunity to attend the Committee's public hearing and speak to this submission.

1. Background on thoroughbred racing industry and broader horse industry

1.1 General

The first observation that should be made about the horse industry is its scale and diversity.

Number of Horses in Australia and NSW

Type	Estimated Numbers in Australia
Thoroughbred (racing)	32,039
Thoroughbred (breeding)	68,199
Standardbred (racing)	13,954
Standardbred (breeding)	33,080
Arabian horses	42,101
Arabian derivatives	60,333
Australian Stock Horse	145,000
Australian Quarter Horse	87,000
Warmblood	10,000
Appaloosa	34,000
Paint Horse	6,000
Australian Pony	79,800
Miniature Horse & Pony	5,000
Heavy Horse	Average 5000 per colour (4) 20,000
Coloured Horse	Average 5000 per colour (4) 20,000
Other breeds	Average 1000 per colour (8) 8,000
TOTAL	Approx. 664,506

Source the Horse Industry: Contributing to the Australian Economy CIE 2001

Other estimates have put the total herd at about 1.2 million horses across Australia including some 400,000 brumbies and 316,000 horses on agricultural properties.

What is sometimes referred to as “the recreational horse” sector includes show jumping and eventing, endurance riding, polo and polo-crosse, pony clubs, working horses, breed societies and camp drafting and rodeo interests.

An examination of the Australian thoroughbred sector (ATS) provides a useful indication of this scale and diversity.

The impact of the ATS extends far beyond ‘declaration of correct weight’. The ATS fills an integral place in the sporting life, cultural traditions and everyday economy of Australia. From the first official race meeting staged by Governor Macquarie at Hyde Park Sydney in 1810, Australian racing has grown to a scale that would have been difficult to imagine two centuries ago, and has few equals anywhere in the world. Today, Australian racing spans both the calendar and continent: over 17,000 thoroughbred races are held each year, staged in almost every part of Australia. On any

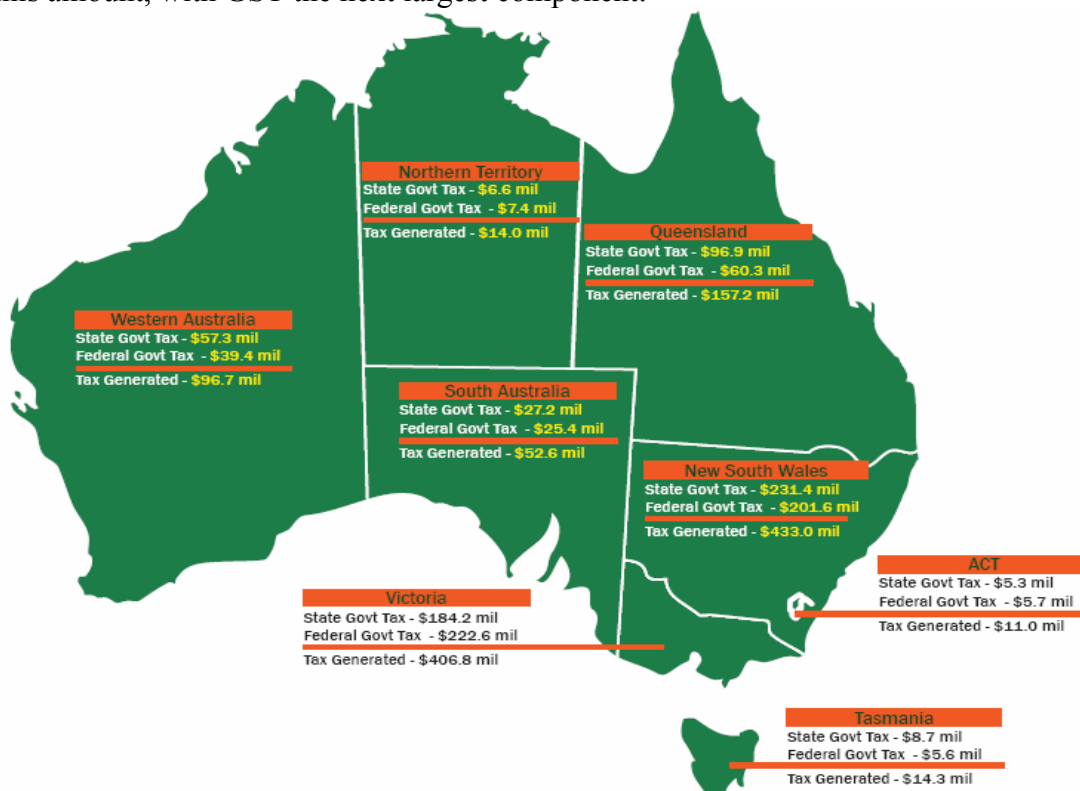
given day there are between 40 and 300 races run, which as George Johnston observed “*is a pretty deafening thunder of hooves by any standard*”^{*}.

Today, about 2 million Australians attend a thoroughbred race meeting at least once per year, ranking it second only to AFL in terms of attendance[†]. While racing’s best known event, the Melbourne Cup, is now an international spectacle viewed by 700 million people, at the same time racing continues largely unchanged in picnic meetings run throughout country Australia where almost every place big enough to be called a town – as well as in some that are not – has its own racetrack. For many rural communities, their Cup race day remains one of the social highlights of the year.

Racing also has a cultural significance that poker machines and casinos cannot begin to imitate, with our champions, such as Phar Lap and Bart Cummings, part of the national identity, and writers from Banjo Paterson, C J Denis and Breaker Morant through to Frank Hardy, George Johnston, Gerald Murnane, Peter Temple, Les Carlyon and David Williamson mining its rich lode of characters and stories or documenting its place in the national physce.

Indeed, it can be said that Australia has three truly national days: ANZAC Day; Australia Day; and Melbourne Cup Day.

A 2007 report prepared by the Melbourne-based economic research company IER found that the ATS generated nearly \$1.2 billion in taxes each year. Taxes on wagering comprised almost half of this amount, with GST the next largest component.



There are 379 thoroughbred race clubs in Australia, which is more than any other country in the world.

^{*} George Johnston, *The Australians*

[†] *ABS Attendance of Sport*.

On a per capita basis Australia has arguably the strongest racing industry in the world. Even in aggregate terms the ATS ranks in the top 3 racing industries in the world on all industry indicators notwithstanding its much smaller population and economy *vis a vis* competitors such as the US, Japan, Great Britain and France.

Australian thoroughbred racing on a world stage

Rank	Starts	Black type races	Prize money	Foals born
1	USA	USA	USA	USA
2	Japan	Australia	Japan	Australia
3	Australia	Great Britain	Australia	Ireland
4	Great Britain	France	France	Japan
5	France	Argentina	Great Britain	Argentina
6	Chile	Japan	Korea	Great Britain
7	Argentina	South Africa	Turkey	France
8	Italy	Brazil	Hong Kong	New Zealand
9	South Africa	New Zealand	Ireland	Brazil
10	New Zealand	Ireland	Italy	Canada

Source: ARB Australian Racing Fact Book

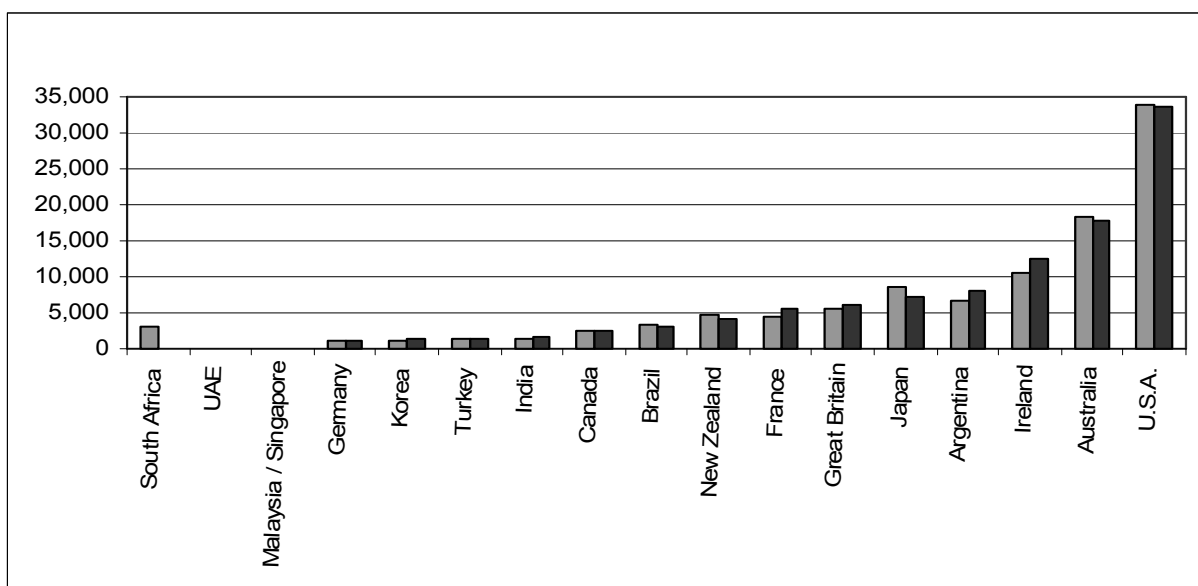
1.2 Wider economic impact of thoroughbred sector

(a) International trade

The thoroughbred sector is the foremost element of Australia's trade in horses.

Australia's breeding sector is one of the largest and most successful breeding industries in the world. Australia currently makes the second largest contribution to the world's thoroughbred foal crop.

International Thoroughbred Foal Crops 2003 v. 2008



Source: Australian Racing Fact Book

Exports are an important and vibrant component of the Australian industry with Australian bloodstock highly regarded internationally.

There is also significant potential for future growth with Australia's world best practice improvements in reproduction technology and pasture management, and the recent international successes of Australian-bred horses all combining to substantially enhance the marketability of Australian bloodstock.

Number of Thoroughbred Horse Exported 1998/99-2008-09



Source: Australian Racing Factbook

The spread of export markets for Australian horses is wide and growing.

Australian Thoroughbred Exports by Country 1999/00 - 2008/09

COUNTRY EXPORTED TO	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	Total
NEW ZEALAND	438	497	512	507	475	557	575	1002	185	883	5,631
SINGAPORE	336	363	183	176	145	145	195	212	190	346	2,291
KOREA	151	127	39	5	54	115	184	198	94	107	1,074
MALAYSIA	296	298	214	257	194	148	152	178	7	243	1,987
HONG KONG	141	197	144	135	140	121	118	130	119	160	1,405
MACAU	113	150	171	117	141	155	102	86	56	68	1,159
CHINA	195	244	101	0	78	18	0	3	1	80	720
THAILAND	0	8	6	46	29	26	24	21	18	43	221
SOUTH AFRICA	87	19	5	34	59	60	104	190	85	107	750
PHILIPPINES	0	15	63	46	72	101	105	179	143	128	852
USA	17	30	23	35	42	33	37	33	37	37	324
INDONESIA	0	0	0	0	0	0	0	11	0	11	22
JAPAN	6	23	13	17	34	33	16	46	22	19	229
IRELAND	2	21	7	9	26	0	20	29	24	32	170
UNITED ARAB	1	25	10	3	7	6	16	23	1	13	105
GREAT BRITAIN	2	9	4	4	17	19	27	23	25	15	145
INDIA	0	2	0	0	0	0	0	2	1	0	5
SAUDI ARABIA	0	0	0	0	4	0	0	0	0	0	4
OTHER *	97	29	0	10	0	11	20	17	53	42	279
TOTAL	1,882	2,057	1,495	1,401	1,517	1,548	1,695	2,362	1,061	2,334	17,352

Source: Australian Racing Fact Book

Moreover, the global equine market has been estimated to be greater than US\$250 billion. Examples of opportunities, recent and future, to generate export revenues from R&D outcomes include:

- Development of race tracks in Vietnam, China, UAE, Mongolia
- Worldwide demand for enhanced safety gear for riders

(b) Markets related to the thoroughbred sector

There are a number of markets that are either wholly derivative from or significantly affected by the horse sector. These include:-

(i) Wagering

Horse racing was the first medium for organized gambling in Australia. In 2009 the Australian market for wagering on racing (3 codes) stood at approximately \$19.3 billion.

(ii) Events

The thoroughbred sector is a major source of public entertainment. Racing by itself is the second most popular sport in Australia measured by attendance (ABS 2007). In addition horse shows, equestrian events, polocross, pony club are significant in the market for public events.

(iii) Trading in horses

Australia has a substantial market in the trading of horses.

Australian Auction Sales Results 2008/09

CATEGORY	NO. SOLD	GROSS SALES	AVERAGE	MEDIAN
Weanlings	981	\$14,643,750	\$14,927	\$6,000
Yearlings	4,730	\$244,733,852	\$51,741	\$19,000
2 Year Olds	530	\$12,508,800	\$23,602	\$12,000
Broodmares	2,068	\$51,549,659	\$24,927	\$4,500

Source: Australian Racing Fact Book

(iv) Service providers

So far as the market for services are concerned what should also be understood is the significance of ancillary activities which specialize in providing goods and services to the horse sector, including, most immediately, feed merchants, veterinary services, farriers and transport companies, but extending to an array of activities such as pharmaceutical companies, accountancy, air transport and others.

(v) Markets in other industries

The markets in fashion, food and beverage, and accommodation are also significantly linked with the horse sector. For example, the Victorian Spring Racing Carnival by itself generates an economic impact of approximately \$600M annually (IER: 2006 Spring Racing Carnival Economic Benefit).

1.3 Profit and the thoroughbred sector

In past discussions about EADRA and levy arrangements to enable cost-sharing there has been a general lack of understanding about the economics of the thoroughbred sector.

It is important to note that:

- The Australian Racing Board and the Controlling Bodies for thoroughbred racing are not profit-making entities. Instead they all serve a regulatory/supervisory/management function.
- Unlike some other countries, proprietary racing does not exist in Australia. All racing venues are operated by race clubs, which are not-for-profit entities that are prohibited from distributing any funds to their members. Many racecourses are situated on land which is shared with other sporting and community groups.
- Unpaid volunteers are the mainstay of all race clubs. All race club boards are made up of volunteer committee members. The majority of Australia's race clubs depend on volunteer labour to function and conduct race meetings.
- Race clubs are under increasing financial pressure. For example, during 2008/09 NSW thoroughbred race clubs sustained combined net losses of \$13.9M.[‡]
- Self evidently, racing cannot be conducted without the participation of racehorse owners. In most cases ownership of racehorses is not a commercial undertaking: this is so in the eyes of Australia's tax system (the Australian Taxation Office presumes that all racehorse owners are hobbyists), and it is also so having regard to the basic economics involved. Taking NSW as an example, in 2009 racehorse owners as a group lost \$137Million.

Description	\$M
Annual Training, Spelling, Vet, Racing Costs	250
Prizemoney return excluding trainer jockey commission	113
Deficient net by owners	-137*

Source: RNSW Strategic Plan 2010

* These figures understate outlays by owners because they do **not** include initial costs of purchasing/breeding horses, rearing and education costs.

- The thoroughbred sector currently faces considerable uncertainty about its financial viability. Changes to the national wagering market have necessitated that legislation be introduced ensuring that all wagering operators that take bets on Australian races make an equitable contribution to meeting the costs of race clubs conducting race meetings.

[‡] Racing NSW Strategic Plan 2010 pg 6

- This state-based legislation has encountered strong legal challenge from a number of wagering service providers variously testing the manner in which State the controlling bodies have exercised their rights to charge a commercial fee for the use and publication of race fields. In some cases, challenges have questioned the Constitutional validity of the legislation arguing that there is cross-border trade discrimination due to the different mechanisms by which local racing industries derive revenue from intrastate and interstate wagering service providers. If these challenges succeed then they have potential to completely dismantle the industry's primary revenue base. The industry would be obliged to refund millions in race field fees with no ongoing capacity to impose a commercial fee on interstate wagering service providers. The implications of this level of financial shock would be profound in terms of a major reduction in returns to participants and capital investment into racecourse infrastructure. This loss of funding would in turn cause significant industry rationalization particularly throughout regional and rural Australia as well as adversely impact on the viability of major racing events.
- Even if the actions prove to be ultimately unsuccessful or are mitigated by remedial State law amendments, they will continue to cause widespread disruption and uncertainty for the racing industry for a period.
- The gravity of these issues has recently been recognised by the Productivity Commission in its recently released report on its inquiry into gambling. The Commission has recognized the valid objectives of the State race fields legislative frameworks and recommends the adoption of a national statutory scheme should the state-based frameworks prove legally unsustainable.

2. The implications to the Australian horse industry of committing to an Emergency Animal Disease Response Agreement

The Government and livestock industry cost sharing deed in respect of emergency animal disease responses (**EADRA**) was executed by State and Commonwealth Governments and Australia's national livestock industry organizations in 2002. All livestock industries bar the horse industry have signed the Agreement and set in place an agreed way to cover their potential funding liability (generally a levy or levy component set at \$0 until activated). The Australian Racing Board is named as a party to EADRA but is not a signatory to the deed.

The development of EADRA was the work of the Animal Health Australia (**AHA**), a non-for-profit company established by the Commonwealth and State and Territory Governments, and Australia's major national livestock industry organizations.

EADRA was designed to replace the former cost-sharing arrangements for certain emergency animal diseases (**CSCSA**) that were first introduced in 1955. The CSCSA operated as an agreement between the Commonwealth and the State/Territory governments, whereas EADRA introduced industries as formal parties to cost-sharing.

While the CSCSA did not include any contribution from industry, during the late 1990s government policy was increasingly adopting the 'beneficiary pays' principle. Accordingly, EADRA was based on the proposition that the greater the degree of benefits of eradication to an industry relative to the public benefit, the greater the contribution that industry would be required to make to the costs of eradication.

The suggested *quid pro quo* of this move to impose cost-sharing on industries was that stakeholders who shared the cost of disease responses would be given a role in decision-making. Therefore, EADRA included provision for the industries affected by an emergency disease to be represented at both technical and policy levels in an outbreak of that disease (**CCEAD** being the technical level and **NMG** the policy level). This proved to be of critical importance to the horse industry during the 2007/08 equine influenza (EI) outbreak.

EADRA binds the 21 signatories to follow specified processes in managing responses to 68 diseases including detailed provisions on consultation and funding. Under EADRA the cost of a response to an EAD is shared between the affected industry, the Commonwealth and the States and Territories according to agreed formulae. Diseases are classified into 4 "categories" according to their relative importance to governments and industry with industry's proportion varying from 0% (Category 1) to 80% (Category 4). Eligible costs include salaries and wages, operating expenses, selected capital costs and compensation for animals and equipment necessarily destroyed to achieve eradication.

The following table sets out the funding split for each of the disease categories:

Category of Disease	Government Funding	Industry Funding
Category 1	100%	0%
Category 2	80%	20%
Category 3	50%	50%
Category 4	20%	80%

The Agreement applies to 21 equine diseases including 3 multi-species diseases that involve proportional sharing of the cost of response liability with other livestock industries. Two diseases involve organisms pathogenic to humans where the total cost would be covered by the collective Australian governments.

It should be noted that in our view there would be merit in reviewing the current categorisation of some of the equine diseases covered by EADRA. To put things beyond doubt, this should not be seen in any way as a reason against horse industry participation in EADRA. Indeed, active participation would open up to the industry the mechanisms for disease re-categorisation that EADRA provides.

The scheme of EADRA is that the Commonwealth is prepared to act as ‘banker’ for an industry’s cost-sharing obligations but will only do this if a satisfactory means of repayment has previously been agreed on. The horse industry identifying its means of repayment has been identified by the Commonwealth Government as a precondition to this industry being permitted to sign the deed.

EADRA provides (schedule 7) that repayment by an Industry Party may be through industry statutory levy arrangements or voluntary means.

In all these circumstances the implications to the Australian horse industry of committing to an Emergency Animal Disease Response Agreement are these:

- **Philosophically**, EADRA and its cost-sharing principles represents the most rational public policy approach to dealing with incursions of animal diseases that has been developed anywhere in the world. All of Australia’s other livestock industries have embraced this philosophy, and the horse industry must have the maturity to do so as well.
- **Morally**, any livestock industry that is truly concerned about the welfare of its animals must be a fully functioning participant in EADRA so as to ensure that the pain and distress of a disease incursion is avoided to the maximum possible extent.
- **Commercially**, the horse industry needs the certainty that there will be EADRA responses to disease incursions that may affect its financial health, and a voice in the decision-making on the nature of those responses.

Shortly stated, the Australian horse industry must commit to EADRA.

3. 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.

To this point the obstacle to achieving horse-industry participation in EADRA has been the difficulty in establishing to the requisite standard that there is sufficient industry support for levy arrangements capable of meeting EADRA's cost-sharing obligations.

Serial attempts have been made to identify a basis for the whole of the horse industry to become a party to EADRA and participate in cost-sharing. Prior to 2008/09 much of these efforts centred on the concept for a horse shoe levy (**HSL**), and it was the perception that the HSL had extremely limited prospects of ever being implemented that led to the ARB being encouraged to become a party to EADRA in its own right.

However, in February 2006 a new report "The Australian Horse Industry as a Signatory to the Emergency Animal Disease Response Agreement" by former AHA CEO, Dr Geoff Neumann, made the following recommendations (relevantly):

- That the Australian Horse Industry Council (AHIC) seek general industry support for a zero-based levy on foal registrations as a means of meeting cost-sharing under EADRA. (That is, a levy set at zero until a liability arose under EADRA and then applied for as long as necessary to discharge the debt to the Commonwealth.)
- That if the AHIC could achieve general industry support for this zero-based levy then the Commonwealth Government should introduce legislation establishing it.
- That the proposal to have the ARB as a signatory to EADRA should not proceed until all efforts to implement the foal registration levy had been exhausted.

Following the publication of that report:

- The AHIC conducted a communications campaign to promote the concept of a zero-based levy
- The AHIC subsequently obtained expressions of support sufficient to satisfy the Commonwealth Government's Levy Principles and Guidelines that are applied where a rural industry seeks a new levy.
- The Commonwealth Minister for Agriculture, Fisheries and Forestry, The Hon Tony Burke, introduced the Horse Disease Response Levy Bills (the Levy Bills) in March 2008.
- In February 2009 the Bills were voted down in the Senate

In our submission, a zero-based levy on foal registrations remains the most suitable basis for a disease levy. In particular, it satisfies two key considerations:

- (i) The collection method should not unduly penalise current horse owners just because they have benefited from a recent control experience. Rather the intent is to obtain the required funds by a method(s) that ensures that the majority of industry participants bear at least some part of the cost. A foal or new foal registrations collected over a 10 year period would achieve this.
- (ii) The aim of disease control, viz, eliminating an exotic pathogen from the Australian horse industry. Thus levy burdens relating to repaying a debt arising from the

EADRA should be based on horse health and in this all horses should be considered equal.

Additionally, any horse industry levy will have similar potential inequities to those used in other livestock industries. For example:

- There will always be some industry participants who do not contribute to a levy. The situation can be compared with the cattle industry where a slaughter levy is used but many industry participants (eg, especially small holders or hobby farmers - where risks are high) only rarely have an animal slaughtered and thus under contribute to the levy.
- Primary industry levies are often accepted as necessarily focussed on the “commercial” or larger scale participants that are accessible for levy purposes.
- Some industries have different outputs in terms of value but share the one levy (eg feedlot and grazing industry cattle).

It is important to note that under a levy on registrations the racing sector would pay a level of levy that was out of proportion to its horse numbers:

- According to the CIE study referred to in section 1 above, the racing and breeding stock of the thoroughbred and standard bred sectors constitute 22% of the total horse population of Australia (if the higher estimate of 800,000 is taken (i.e. including horses on agricultural properties but excluding brumbies) then the two racing sectors constitute only 18% of the Australian horse population).
- The evidence given to the Committee in its November 2009 Inquiry relating to the Horse Disease Response Levy Bill indicated that the number of horses registered in Australia each year is in the vicinity of 50,000-60,000 and that this level would decline if there was a levy on registrations. The combined number of registrations in thoroughbred and harness racing is approximately 21,000 and in these two sectors registration is compulsory for participation, meaning that there would be no levy leakage possible.
- Accordingly, under a levy on registrations the two racing sectors comprising 22% (or as low as 18%) of the Australian horse population would pay approximately 42% of the levy.

This is not advanced as an argument against a levy on registrations: the two racing sectors supported the registration levy proposed under the Horse Disease Response Levy Bills. However, what it does help illustrate is that the racing sectors of the horse industry have a genuine commitment to making a substantial contribution towards any cost-sharing obligations the horse industry will incur associated with EADRA.

In this context the information contained in section 1.3 on the economics of the racing sector is highly relevant:

- As a group racehorse owners outlay money on their horses: they do not profit at all from their participation.
- Racehorse owners should not be singled out any more than should cattle barons involved in camp drafting, merchant bankers’ wives who keep horses at Moore Park in Sydney, or GPs’ daughters who enjoy Pony Club at Brookfield in Brisbane.

Therefore, summing up:

- (i) We agree with the 2006 Report prepared by Dr Geoff Neumann:
 - That a single levy is the most cost-effective and feasible; and
 - That a levy on registrations is the most equitable and the most administratively feasible levy mechanism
- (ii) We would also be prepared to consider supporting some alternative levy arrangements that could be demonstrated to be feasible, cost-efficient and equitable. Differential rates of levy being applied to different sectors might also be supported, subject to the same conditions.
- (iii) A consideration of alternatives to a levy on registrations should:
 - Have regard to the research that has previously been done in this area, in particular the detailed report by Dr Neumann. Fresh discussion on the conclusions arrived at by Dr Neumann is highly desirable, but failing to have regard to his research runs a real risk of wasting time and effort pursuing lines of inquiry that have already been exhausted.
 - Be geirmane with other livestock levies. Notions such as that of a tax on TAB bets[§] is a pointless distraction. For example, TABs already pay significant wagering taxes which go to consolidated revenue for government expenditure on general community purposes. The rates of these taxes form part of the licensing agreements entered into by State Governments at the time of TAB privatisations.

[§] Evidence to Committee Inquiry November 2008

4. Criteria by which the cost burden of a levy would be shared between Commonwealth, State and Territory Governments; horse industry groups and owners

EADRA already determines these matters.

5. Quarantine and biosecurity threats to Australia's horse industry

It is important to note that, so far as the racing sectors are concerned. Most horses entering Australia for racing purposes come from New Zealand. New Zealand has the same health status as Australia.

So far as racing purposes are concerned the greatest number of horses that enter quarantine are those from Europe, the UAE, Asia or America that come here to race. The scale of this traffic is very small – 15 to 20 a year. All of the post arrival quarantine ("PAQ") takes place at the industry's own cost at an industry operated PAQ facility (previously Sandown and now Werribee). The racing sector's PAQ arrangements were fully endorsed by the Callinan Inquiry, which compared them very favourably with the AQIS – managed facility at Eastern Creek.

The only other racing horses that enter quarantine are those Australian horses returning from having competed in Asia, Europe, the UAE or America. The numbers involved are extremely low- in the order of 4-5 a year, less than the number that travel overseas from Australia for equestrian competition events. The racing horses that are involved here comply in all respects with all of the PEQ and PAQ requirements established by Callinan and Beale.

The racing industry also has an excellent record so far as biosecurity matters are concerned. An example of the comprehensive regulatory arrangements the racing sector has implemented to achieve its desired biosecurity outcomes is set out in Appendix B (AR64K)

6. Any other matters

One issue that is highly relevant to matters raised by this inquiry is the essential difficulty involved in classing Australia's multifarious horse-related pursuits as an "industry", with the homogenous nature that term implies.

The uncertain role and status of the Australian Horse Industry Council (AHIC) springs directly from that difficulty.

One thing that all of the various sectors of the horse industry share in common is that the horse itself is viewed as a special creature that is to be admired and enjoyed, rather than being a commodity. But it is essentially the only thing that all participants would accept as being a point of commonality.

Accordingly, it is very difficult to meaningfully use the term "horse industry" in the same manner in which we might talk about the wool, beef, or dairy industries.

For all of the reasons given above this is not a reason against horse industry commitment to EADRA. It is vital to the horse industry's future that it does commit to EADRA.

However, two things that do spring from this unusual nature of the horse industry are these:

(i) AHIC

The AHIC is a company limited by guarantee that was established some 20 years ago to act as an umbrella body for the disparate sectors of the horse industry.

Its funding is practically non-existent: it depends almost entirely on the voluntary services of its officeholders. At times it has achieved quite remarkable results e.g. the insurance crisis in 2001 which saw the AHIC play a pivotal role in re-establishing the availability of public liability insurance for "recreational" parts of the horse industry such as riding school, pony clubs etc.

However, the reality is that the AHIC has an almost impossible task because the disparate nature of the activities that make up the horse industry make it very difficult to achieve a consensus on issues it confronts, and it has no real resources with which to attempt this.

Serious consideration should be given to means by which to either better support the role and status of the AHIC, or establish alternative arrangements.

(ii) Avenues for whole of industry collaboration

Something that is frequently overlooked is that opportunities do exist for the whole of the horse industry to work together as opposed to retreating into a "them and us" mentality. A good example of this is in the area of research and Development R&D.

RIRDC is a statutory authority established by the Australian Government to work with industry to invest in research and development. RIRDC manages

R&D Programs for a range of industries, some of which have statutory levy based programs and others that do not.

The RIRDC Horse R&D Program was established in 1995 and is based on voluntary funds from industry that are matched by RIRDC.

The major component of the voluntary funding is a \$20 fee incorporated into the cost of registration of a thoroughbred racehorse to race in Australia. The Australian Racing Board implemented this levy in 1995.

It is important to note that the funds raised by the racing industry levy contribute to research that in most cases generates benefits for the entire horse industry.

One example of the whole-of industry benefits that this racing industry funded R&D generates is in the area of lameness.

Estimates from Australia and overseas indicate that lameness and musculoskeletal injuries affect between 10-18% of horses each year. Costs attributable to musculoskeletal injuries can be split between direct costs of health care (veterinary fees, drugs and other treatments), mortalities and costs associated with lost use of the animal. The largest contributor to costs is the loss of use of the animal, accounting for 50-60% of total costs. It is estimated that musculoskeletal injuries cost the Australian horse industry as much as \$100 million per year.

In the current 5-year plan (since 1 July 2006), the Horse Program has invested a total of ~\$700,000 on research focused on musculoskeletal injuries which in turn has resulted in R&D with a total value of ~\$4 million. RIRDC funded R&D has resulted in significant improvements in our understanding of factors causing these conditions, as well as detection, treatment and prevention.

Assuming that this R&D has resulted in a 10% reduction in total costs of musculoskeletal conditions, this represents a saving of ~\$10 million per annum.

Other major conditions affecting horses include gastrointestinal disease (including colic, diarrhoea, dental disease and other conditions) that are estimated to affect 2 - 4% of horses, respiratory conditions (2 - 6%) and skin conditions (4%). Major contributors to ongoing preventive health costs include parasite control (most horses are wormed four times per year), foot care, teeth care and vaccination against infectious diseases (tetanus, strangles and equine herpes virus). Costs associated with these conditions are estimated to total \$50-75 million plus per year.

The RIRDC Horse Program has invested in a range of different types of research areas. With respect to diseases of horses major R&D outputs from the RIRDC Program include:

- Improved understanding of factors causing respiratory disease (infectious conditions and inflammatory airway disease) in horses, and better management of conditions to ensure full and rapid recovery.

- Understanding of the epidemiology and pathogenesis of specific diseases including strangles and *Rhodococcus equi* infection (rattles) in foals, leading to improved methods of diagnosis and treatment for these important conditions.
- Identification of parasite resistance and improved strategies for managing parasite control.
- Improve understanding of the occurrence of gastric ulceration and factors causing ulceration.

It is to be hoped that the exercise of working together on establishing horse industry participation in EADRA could lead to greater collaboration between the various sectors of the industry on other matters of mutual interest.

APPENDIX A.

AR. 64K. (1) The following animal diseases or conditions are declared to be notifiable, and must be notified and dealt with in accordance with subrules (2) to (8) of this rule:

African horse sickness
Borna disease
Contagious equine metritis
Dourine
Epizootic lymphangitis
Equine encephalomyelitis (Eastern and Western)
Equine encephalomyelitis (Venezuelan)
Equine encephalosis
Equine herpes-virus 1 (abortigenic and neurological strains)
Equine infectious anaemia
Equine influenza
Equine piroplasmosis (Babesiosis)
Equine viral arteritis
Getah virus
Glanders
Hendra virus
Japanese encephalitis
Potomac fever
Screw-worm fly - New World (*Cochliomyia hominivorax*)
Screw-worm fly - Old World (*Chrysomya bezziana*)
Strangles
Surra (*Trypanosoma evansi*)
Trichinellosis
Warble fly myiasis
West Nile virus infection

[subrule replaced 1.9.09]

(2) A person who owns or is in charge of, or has in his possession or control, a horse which the person suspects or should reasonably suspect is infected with a notifiable disease or condition, and who does not, as soon as possible after he should have suspected or became aware that the horse is infected, report the fact to the Principal Racing Authority in that State or Territory by the quickest means of communication available to the person is guilty of an offence.

(3) A person who owns or is in charge of, or has in his possession or control, a horse which the person suspects or shall reasonably suspect is infected with notifiable disease or condition must as far as practicable keep that horse separate from other horses or animals not so infected. A person who contravenes this subrule is guilty of an offence.

(4) If they reasonably suspect any premises, place or area to be contaminated with a notifiable disease or condition, the Stewards may by order in writing declare it to be an infected place. Such written notice of an order declaring any premises, place or area to be an infected place must be given to the owner or person in charge or in apparent control of the premises, place or area to which the order relates.

(5) If they reasonably suspect any vehicle to be contaminated with a notifiable disease or condition, the Stewards may by order in writing declare it to be an infected vehicle. Such written notice of an order declaring a vehicle to be an infected vehicle must be given to the owner or person in charge or in apparent control of the vehicle to which the order relates.

(6) Any person (other than a person expressly authorised to do so by the Stewards) who brings, moves, takes or allows any person to bring, move or take any animal, fodder or fitting into, within or out of any

such premises, place, area or vehicle, declared under subrules (4) or (5), or who causes, permits or assists any vehicle to enter or leave any such premises, place or area is guilty of an offence.

(7) Without limiting their powers, the Stewards may attach conditions to an authorisation referred to in subrule (6) including conditions that the animal, fodder, fitting or vehicle to which the authorisation relates -

must first be disinfected to the satisfaction of the Stewards and in a manner specified by the Stewards before leaving or being taken out of the infected place or infected vehicle; and

must not go or be brought to any other premises or place where any specified animals, fodder or fittings are located.

(8) The Stewards may give any direction or order with respect to bio-security precautions that shall be taken by any person on licensed premises, or any person handling or riding racehorses.

[subrule added 28.8.07][amended & renumbered 1.9.09]

(9) An order made under this Rule comes into effect on the day it is made.

[rule added 27.8.07][renumbered 1.9.09]

AR.65. The name of any horse disqualified by a Principal Racing Authority may be struck out of any engagements by the Secretary of any Club who has received any entry of such horse.