

Good Morning Ladies and Gentlemen

## **Introduction**

My name is John Messara and I'm here with others today to present the case for the introduction of an on-going vaccination program for the Australian Thoroughbred Industry.

I have had a life long involvement in the industry having bred and raced numerous horses as well as operating one of Australia's largest stud farms. Until recently I was Chairman of Thoroughbred Breeders Australia.

I have been asked to speak to you also on behalf of the Australian Racing Board, which is the peak national body for the Thoroughbred Racing Industry. I also have here a letter of support addressed to ARB Chairman Bob Pearson from the Australian Thoroughbred Racehorse Owners Council. The Chairman of the ARB, Mr Bob Pearson from WA, is in attendance here, but has left me to speak, as I was in the eye of the storm here in NSW during the EI outbreak.

I will confine my remarks to the economic case for vaccination. I will not presume to lecture you on the scientific case for on-going vaccination.

To this scientific end we are fortunate to have been joined today by two of the world's most eminent scientists in the field, and they will speak a little later in this session.

In all walks of life we are encouraged to insure ourselves against a variety of possible risks – things such as accidents, disasters and other unforeseen occurrences. While most of these occurrences do not eventuate, failure to take out the necessary insurance cover exposes us to the possibility of significant loss and in some cases financial ruin.

Why then should the Thoroughbred Industry be any different.

Until last year Australia had been in the enviable position of being one of only three countries in the world to maintain an equine influenza free status. That situation changed forever on 24<sup>th</sup> August 2007.

Because of the ever present risk of human or systems failure, it will not be possible to guarantee the Australian horse population against further exposure to EI, despite the upgrade in quarantine protocols resulting from the Callinan Report.

However, we contend that an ongoing vaccination program can provide for us the second line of defence to protect our most valuable industry against the EI virus.

## **The INDUSTRY**

Racing is often portrayed as the sport of kings and the domain of the wealthy. Nothing could be further from the truth. In fact the Australian Thoroughbred Industry fills an integral place in the sporting life, cultural traditions and everyday economy of Australia and has few equals anywhere in the world.

Horse racing is one of Australia's oldest and most popular sports. The first organized thoroughbred race meeting in this country was held in Hyde Park, Sydney, in 1810, with Governor Macquarie in attendance. Today, about 2 million Australians attend a thoroughbred race meeting at least once per year, and almost 500,000 attend at least one harness race meeting.

To give you some idea of the size and scope of the Industry I would like to quote the following statistics.

There are 397 thoroughbred racing clubs in Australia, which is more than any other country in the world.

Australian racing is a major economic activity, making a significant contribution to the national GDP, to employment and to government revenue. According to a recent report, the economic activity generated by thoroughbred racing and breeding alone contributes more than \$5 billion to the national GDP.

It was estimated that almost half of that amount (\$2.5 billion) is generated in regional areas. The thoroughbred racing and breeding industry was estimated to account for more than \$560 million per annum in taxation revenue for the Commonwealth, plus \$610 million per annum in taxation revenue for the States.

According to that same report, more than 65,500 individuals derive full-time, part-time or casual employment from the thoroughbred racing and breeding industry. If harness racing and breeding are taken into account, the extent of economic activity and the contribution to employment is larger still. Racing and breeding also help to sustain employment in other areas of the economy, such as feed merchants, veterinarians, farriers, transport companies, caterers, hoteliers, and the fashion industry - in other words to a plethora of suppliers – yes, racing has a significant multiplier effect. In fact former prime Minister Bob Hawke has often stated that over 200,000 Australians were directly or indirectly employed through the racing industry. To this day, he describes our industry as the fourth largest in the country.

Australia's thoroughbred breeding sector is one of the largest and most successful in the world. Exports are an important part of the Australian industry, with Australian bloodstock highly regarded internationally. Last year 2,378

Thoroughbreds were exported from Australia on a temporary or permanent basis.

More than 9,900 breeders play a vital role in the production of racehorses in Australia. These breeders spend more than \$787 million in ensuring that quality racing stock is prepared for racing and future breeding purposes. Breeding operations vary from the large stud operations, to sole owner and partnership breeders. In fact, 77% of all Australian breeders have two or less broodmares.

The investment in property, infrastructure and thoroughbreds is worth many billions of dollars.

It's for all these reasons that we are so committed to providing the highest possible level of protection for our industry from the effects of future outbreaks of EI.

## **RISK OF FUTURE OUTBREAKS**

While some commentators emphasise that Australia has been free of EI for 200 years, in actual fact the risk of the disease entering Australia did not arise until the 1970s when air transport of horses became feasible. As a result of international movement, the risk of introducing a highly infectious disease such as EI has significantly increased.

Looked at in these terms Australia has only succeeded in preventing the disease entering the country for approximately 35 years.

New Zealand, which has never experienced an EI outbreak, can be viewed in similar terms. Plainly, a factor that has more recently heightened Australia's risk of EI incursions has been the increased international movement of horses for breeding and competition purposes.

In the past twenty five years, six countries that had not previously been exposed to equine influenza have been affected by the disease. These countries were South Africa (in 1986), India (1987), Hong Kong (1992), Dubai (1995), the Philippines (1997) and Australia (2007). Of these countries, the disease has only reoccurred as a significant outbreak in South Africa. The reoccurrence happened in 2003, 17 years after the initial outbreak and only 2 years after they had abandoned mandatory vaccination. Equine influenza is not considered endemic in any of these countries.

## **THE 2007 OUTBREAK**

Our 2007 outbreak of Equine Influenza was, quite simply, a disaster for the racing and breeding industries of this country.

By noon on 25 August 2007, all weekend race meetings in Australia (apart from Darwin) had been cancelled and in the first week 50 thoroughbred race meetings were lost. The standstill was soon lifted elsewhere, but in NSW and Queensland no metropolitan race meetings were held for 3 months and racing in other parts of those States was dislocated for several additional months.

In NSW alone, a total of 193 thoroughbred race meetings were lost (30 metropolitan, 31 provincial, and 132 country). This included the Sydney Spring Carnival, from which the industry traditionally derives a large portion of the annual wagering income that is used to fund all NSW race clubs.

For the majority of participants in the industry who live and work in NSW or Queensland, having no race meetings meant receiving little or no income.

The situation for industry participants was so dire that the Federal Government established a scheme of emergency financial assistance for industry participants, modeled on previous schemes for natural disasters such as Cyclone Larry, which the current Minister, The Hon. Mr. Tony Burke, subsequently extended.

In the breeding industry, the outbreak has resulted in a depleted foal crop, with the Australian Stud Book predicting a 13% fall in live foals from NSW and a 17% fall in live foals from Queensland. Nationwide, the thoroughbred foal crop is predicted to fall by 10% from that of the previous year. This will have an impact on breeders' incomes, as well as on the size of the racehorse populations in future years, with subsequent reduction in activity and revenue. Can you imagine what could have happened had the zonal structure in NSW not been introduced by our DPI - a loss of up to 40% of our national foal crop and the impact this would have had on racing into the future, long after the virus was eradicated – just calamitous.

The industry will be forever grateful for the scientific skill and judgment displayed by the DPI in NSW under the leadership of Minister Ian Macdonald. Our deep-felt thanks go to all the team at DPI and to our CVO, Bruce Christie.

As well as a depleted foal crop, breeders had to contend with the suspension of all imports of Australian horses into New Zealand, Hong Kong, the United Arab Emirates, Malaysia, the Philippines, Singapore, Macau, France and Qatar.

A report by the Australian Bureau of Agricultural and Resource Economics estimated that the direct costs of the Equine Influenza outbreak during the initial response period, involving containment and eradication through restricted movement, had reached \$500,000 per day for disease control

alone, plus \$4.6M per day in forgone income for businesses affected by Equine Influenza, including racing, farming and recreational businesses.

This amounts to a cost of approximately \$500 million in the first three months alone of the incursion, and by extension the costs together with revenue lost as a result of reduced betting turnover and other costs of containing the outbreak, including vaccination costs and implementing special bio-security measures at racecourses and training establishments, has been estimated to be in the region of \$1 billion.

It is understood that the Commonwealth expended approximately \$108M on the response to the outbreak, which makes it the most costly emergency animal disease response in the nation's history.

## **CASE FOR VACCINATION**

Ladies and Gentlemen, it is essential that the Thoroughbred Industry and the Australian taxpayers never again be exposed to those costs as a result of misadventure, a breakdown in established processes or some other unforeseen occurrence and it is incumbent upon all of us to explore every avenue possible to avoid such a situation.

We in the thoroughbred racing industry believe that the logical and most practical solution is vaccination. It has worked in other countries to prevent the kind of disruption we suffered here last year. It represents an appropriate risk management strategy.

In this regard it has been estimated that costs of implementing an on-going vaccination programme in the thoroughbred industry would not exceed \$10-15 million per annum and

using the insurance analogy we believe that this represents a very small premium to pay for an extra layer of protection, given all that is at stake. A maximum of \$15 million per annum, which we the stakeholders are prepared to pay for, versus potential losses akin to last year's disaster of over \$1 billion.

With those words ladies and gentlemen I would like to introduce our international experts who will make the scientific case for ongoing vaccination a little later in this session.

They are:

- Dr. David Powell, BVSc, FRCVS from the Maxwell H Gluck Equine Research Centre, University of Kentucky, Lexington, Kentucky, USA. David has held senior positions in the equine health fields in the UK and the USA and his research interests have focused on disease investigation and surveillance at the local and international level.
- Professor Ann Cullinane, MVB, Phd, MRCVS, who currently heads the Virology Unit at the Irish Equine Centre. Her key responsibilities in this position include the provision of a comprehensive diagnostic virology service to all sectors of the Irish horse industry and all aspects of virus control and disease prevention.

I hope that the scientific justification for vaccination to be provided by these two experts along with the economic imperatives that I have referred to will persuade you to seriously consider the ongoing vaccination option as a second layer of protection for the thoroughbred equine herd.

*John Messara  
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