

**HORSE INDUSTRY CONSULTATIVE COMMITTEE
MINUTES**

Meeting 12

**Friday 29 November 2013
10.45am to 1.15pm
Ground Floor Conference Room**

**Department of Agriculture
255 Melrose Drive, Tullamarine, Victoria**

Participants:

Roger Lavelle	Australian Horse Industry Council
Peter McGauran	Australian Racing Board
Kevin Doyle	Australian Veterinary Association
Crispin Bennett	Crispin Bennett International Racehorse Transport
Janene Kingston	Department of Agriculture - Animal Biosecurity Branch
Helen Walker	Department of Agriculture - Animal Import Operations Branch
Kerry Daly	Department of Agriculture - Animal Import Operations Branch
Andrew McDonald	Department of Agriculture - Animal Import Operations Branch (chair)
Tim Chapman	Department of Agriculture - Biosecurity Animal Division
Phillip Widders	Department of Agriculture - Central East Region
Matt Ryan	Department of Agriculture - Cost Recovery and Funding Analysis Branch
Colin Grant	Department of Agriculture - Future Post Entry Quarantine Project Division
Peter Moore	Department of Agriculture - Future Post Entry Quarantine Project Division
Annette Drury	Department of Agriculture - Post Entry Quarantine Operations Branch
Cyrma Hearn	Department of Agriculture - South East Region
Grant Baldock	Equestrian Australia (teleconference)
Andrew Kelly	Harness Racing Australia
Chris Burke	International Racehorse Transport
Josh Murphy	New Zealand Bloodstock Pty Ltd
Greg Northcott	New Zealand Bloodstock Pty Ltd (observer)
John Peatfield	Thoroughbred Breeders Australia

Apologies

Peter Finnin	Department of Agriculture - South East Region
Patricia Ellis	Harness Racing Australian (observer)
Brian Stewart	Werribee International Horse Centre

Meeting commenced at 10.45am

1. Welcome and Apologies

The Chair welcomed members to the 12th meeting of the Horse Industry Consultative Committee (HICC). The Chair noted apologies.

The chair explained the recent personnel changes to the Department of Agriculture (the department) and explained the status of the proposed Biosecurity Bill following the election of a new government.

2. Meeting 11 minutes and Actions Arising (Paper)

The department called for any comments on the minutes from the 11th HICC meeting. The minutes were accepted without modification. The department outlined the action items from meeting 11 and confirmed that outstanding action items would be covered under agenda item 3.

3. Update on the Post Entry Quarantine (Horse) Program Finance (Paper)

The Department provided an overview of the Post Entry Quarantine (Horse) Program finances for the 2012-13 financial year and the 2013-14 first quarter. The actual revenue for 2012-13 was \$2.187m and the expenditure was \$2.076m. This was based on 9765 horse quarantine days and resulted in an under budget surplus of \$0.111m.

The daily rate for post entry quarantine was adjusted for horses entering on or after 1 February 2013 from \$196 to \$262 per horse. The majority of intakes for the 2012-13 financial year occurred prior to this fee adjustment, so the effect of this increase on the program income equalisation reserve (IER) was small but positive.

For the 2013-14 first quarter, the revenue for 2013-14 first quarter was \$0.785m and expenditure was \$0.517m, which resulted in a surplus of \$0.268m (\$0.132m below budget). This misalignment with the budgeted figures is due to overestimation of budget volumes of horse quarantine days, as the budget was calculated prior to a decision being reached on the implementation date of the new horse import policy. Routine reviews will update this budget to account for the new policy. However, under the current fee structure and with consistent import volumes, the IER deficit will increase in future years.

Industry participants expressed frustration at the processes that had delayed the fee adjustment. They were also frustrated that the impact of the new horse import policy could not be included into the most recent fee adjustment. The department acknowledged that the delay had impacted industry, businesses and client relationships, however noted that these processes are constrained by government cost recovery guidelines and internal government approval processes. The department also explained that to include the impact of the new import policy in the fee review would have meant further delay of the fee adjustment. It was the department's preference to implement the fee adjustment as soon as possible to begin to address the program's IER deficit.

Industry participants raised concerns about the program's current financial position and the department's ongoing ability to address the IER deficit. Industry participants felt that as government processes are delaying necessary fee adjustments for the program, industry should not be responsible for the portion of the growing IER deficit attributable to these delays.

Action item 1: Industry members of HICC to write to the government to seek that the IER deficit be forgiven.

Action item 2: The department to provide industry members with an estimate of the proportion of the current IER deficit attributable to the new post entry quarantine period (rather than the revenue forgone).

4. Update on the Future Post Entry Quarantine Arrangements

The department provided an update on the future post entry quarantine arrangements. Leighton Contractors have now been appointed as the managing contractors. The contractors have now assumed responsibility for the design of the facility and will work with the architects (SKM-S2F) to finalise it and develop a delivery plan. Construction is expected to commence in February 2014.

The department then gave an update on the new post entry quarantine facility design. The architects delivered the 50% design for this facility in September. The 50% designs for the horse compounds including the stalls, exercise yards, horse walker, storage facilities and amenities within each compound were then outlined. The detailed designs (i.e. 90%) are expected to be delivered to the department early in the New Year and the design finalised by March 2014.

Industry participants enquired how the department has ensured that the future post entry quarantine facility will meet animal welfare and husbandry requirements. The department explained that it had arranged for the managing contractors and architects to look at recently built animal facilities and talked with the operators of these facilities for their advice. In addition, the department has consulted veterinarians from the University of Queensland about the designs.

Action item 3: The department to provide industry with the opportunity to provide feedback on the next stage of design of the future post entry quarantine facility.

Groom accommodation in the future post-entry quarantine facility was discussed. Industry participants felt groom accommodation improved the capability of their staff to monitor horses whilst in post entry quarantine. The department clarified that industry staff will be able to monitor horses in the facility 24 hours a day, and enter and exit 24 hours a day but no on site accommodation will be provided. Industry participants also registered their concern over the plans for only one national quarantine facility.

The department advised that the Minister had received a letter from the Premier of Victoria regarding the provision of training facilities in the new quarantine facility. There are a number of physical restrictions on the new

facility site and cost issues with provision of training facilities. However, some exercise facilities, such as larger turn out yards and horse walkers, have been included into the design. A training track was not able to be included in the facility due to size, cost and biosecurity challenges.

The transition plan to a single facility in Melbourne was discussed. The department is standardising operational practices at all the facilities in preparation for the transition. The current infrastructure at Melbourne airport will be an issue that needs to be addressed, given the expected increase in throughput that transition to a single quarantine facility will bring. The department is still working on this issue through discussions with Melbourne Airport.

HICC committee members were informed that the Eastern Creek Quarantine facility site is currently for sale. However, the department confirmed that this will not affect the department's current lease. The current process for disposal of unused feed and bedding at Eastern Creek Quarantine Facility at the end of quarantine was discussed.

Action item 4: The department to provide confirmation on the viability of unused feed and bedding being returned to importers at the end of the quarantine period at Eastern Creek Quarantine Facility.

There was some discussion about the fees for the new post entry quarantine facility and how these would be determined. The department has done some preliminary modelling but is not able to share this with HICC members at this stage as it is not well enough developed. The department is doing a thorough review of the fixed and variable costs of the program, which will feed into a more effective fee model. This fee model will need to undergo the same government process of consultation and approval through government as applied to the last fee review.

The process and timeline for determining the new fee structure for the future post entry quarantine facility was discussed. Costs for the facility are still evolving. For example property costs for each commodity need to be determined with the Department of Finance. The department confirmed that there would be a government subsidy in the budget for the first three years of operation to cover the fact that some of the costs cannot be estimated prior to operation of the facility. Consequently a fee model and cost recovery impact statement cannot be developed until the project is more advanced.

Action item 5: The department to provide a fee model for the new post entry quarantine facility to the members of the HICC Finance Subcommittee when available.

5. HICC Terms of Reference (paper)

The HICC terms of reference (TOR) were tabled at meeting 11 and comments on the draft were called for out of session. All comments from committee members were incorporated into the agenda paper for meeting 12. The chair called for any further comments on this TOR. No comments were raised and the TOR were accepted by HICC members.

6. Implementation of the new horse import policy (paper)

The department provided an update on negotiations with approved countries on new health certificates following release of the new import policy for horses on 1 August 2013. So far, the department has received replies from 3 of the approved countries (Singapore, the United Kingdom and Germany). A health certificate has been finalised with Singapore and new import conditions will be updated for Singapore by the end of the year. Negotiations with the UK and Germany are in the early stages.

6. Other Business

The chair called for other business.

a. Hendra virus vaccination

The department provided an update on the ongoing negotiations about the acceptance of Hendra vaccination by other countries. China, Malaysia, the UAE and Singapore all require testing for Hendra and have not agreed to accept any animals that test positive for any reason at this stage. The department has written to these countries to explain the biosecurity risks of Hendra virus vaccination. However, only Singapore has replied to date, with more questions. Regional disease concerns (such as Nipah outbreaks) may make acceptance of Hendra more difficult in affected countries like Malaysia.

b. Import Clearance Costs

HICC members raised concerns over the cost, primarily and the inconsistency in charging for import clearance of horses between consignments and regions. The department is committed examining what simplification of procedure might be possible to reduce costs and provide greater levels of business certainty.

Action item 6: The department to exam what simplification of procedure might be possible to reduce costs of import clearances and provide greater levels of business certainty.

The next meeting is scheduled to be in Sydney in May 2014.

Meeting finished at 13.15

Summary of Action Items

Action item 1: Industry members of HICC to write to the government to seek that the IER deficit be forgiven.

Action item 2: The department to provide industry members with an estimate of the proportion of the current IER deficit attributable to the new post entry quarantine period (rather than the forgone revenue).

Action item 3: The department to provide industry with the opportunity to provide feedback on the next stage of design of the future post entry quarantine facility.

Action item 4: The department to provide confirmation on the viability of unused feed and bedding being returned to importers at the end of the quarantine period at Eastern Creek Quarantine Facility.

Action item 5: The department to provide a fee model for the new post entry quarantine facility to the members of the HICC Finance Subcommittee when available.

Action item 6: The department to exam what simplification of procedure might be possible to reduce costs of import clearances and provide greater levels of business certainty.