

1 July 2011

Mr Geoff Want  
Chairman  
Harness Racing Australia  
Level 1  
400 Epsom Rd  
FLEMINGTON VIC 3031

Dear Geoff,

On behalf of Australian Standardbred Breeding Panel, I am pleased on behalf of my fellow panelists, to present our Final Report on the Australian Breeding Industry to the Harness Racing Australia (HRA) Executive.

As you well know, all industry sectors are facing increasing pressures, whether it be administrators, regulators, industry participants, broadcasters or wagering operators. What our Report highlights is the extreme pressure facing breeders.

Since the consultative processes upon which this report is based, this extreme pressure has been further evidenced in a 12% reduction in the number of services for the 09/10 - 10/11 season. A drop of this magnitude has not been seen since the mid-1990's and represents a reduction of at least 950 horses available to race from this crop.

It is important to bear in mind that the commitment and responses of the breeding industry to the consultative processes contributing to this report were emphatic. Far more breeders than could be imagined took the time to complete survey forms and detail submission responses, providing a clear mandate for change.

Our report has aimed to deliver the Executive with details of the major issues which affect breeders' decision making, while providing relevant and practical recommendations, inclusive of funding options for consideration by HRA Members. The Panel feels that the implementation of these funding options is essential if any significant improvement in the breeding industry is to occur.

In closing I would like to thank the HRA Executive for the opportunity to review such an important foundation of the industry.

Yours sincerely

John Bagshaw  
**Chairman**  
**Australian Standardbred Breeding Panel**

**AUSTRALIAN STANDARDBRED BREEDING PANEL**

**REPORT ON THE AUSTRALIAN BREEDING INDUSTRY**

**JULY 2011**



## Overview

The Australian Standardbred Breeding Industry (The Industry) is under pressure.

Hobby breeders, who breed mainly to race, dominate The Industry. Therefore rising costs have impacted on recent, current and future breeding decisions.

These cost impacts are evidenced with a reduction in the number of horses being bred; a shift in activity from breeding to buying yearlings; less fillies being 'tried', and some breeders abandoning The Industry.

The cost pressure is caused mainly due to increases in ancillary breeding expenses such as feed, fuel, veterinarians and agistment. The pressure mounts when assessing these costs against available prizemoney. Stallion Service Fees have also increased as better credentialed Stallions have become available.

*It should be noted that the Australian Standardbred Breeding Panel (The Panel) deliberately took the view that whilst prizemoney is of fundamental importance, prizemoney levels are set to the maximum of which States can afford – and this will continue to be the case.*

Although smaller in number, commercial breeders are also under pressure with the ancillary breeding expenses compounded by uncompetitive sales activity, an oversupply of similar type yearlings and reduced interest in fillies - leading to reduced sales income. This two-way cost pressure has resulted in the breakeven point for many commercial breeders becoming increasingly, if not already, unattainable.

Aside from cost pressures, time pressures (and the need to continually predict the future) are also impacting on The Industry. Again, due largely to the hobby nature of The Industry, many broodmare owners juggle their breeding interests with full-time employment or other activities. As a result, many are time poor and inexperienced, leading to inefficiencies within The Industry.

Inefficiencies are evidenced largely through the loss of almost 1000 foals to various causes after a positive pregnancy test. These losses have a ripple effect which cause increased costs and reduced productivity throughout The Industry.

Access to information, advice and education on mare management issues should improve current performance and provide benefits which extend beyond The Industry and into the wider harness racing industry.

However, inefficiencies are not limited to broodmare owners. Education, training and accreditation to improve performance across the various supply chain service providers would also improve productivity and reduce costs to The Industry.

The pressure to secure current levels of racing product and content into the future also occupies the minds of harness racing administrators nationally and was the genesis for the establishment of the The Panel.

The Terms of Reference for The Panel dealt primarily with Standardbred breeding issues and this is reflected in the panel recommendations as they relate to the key areas identified to be:

- Costs
- Leveling the playing field
- Education/training and accreditation
- Additional rewards and incentives for breeders
- Marketing, Promotion and Financial Support to encourage breeding and horse ownership

However, the symbiosis by which the breeding and racing elements of the wider harness racing industry currently operates cannot be ignored, nor can the demand for change evidenced in the The Industry's Survey and Submission responses to relieve the current pressure.

## Background

In response to industry concerns across Australia regarding the future availability of sufficient horses to sustain and increase the current level of harness racing, the HRA Executive established the Australian Standardbred Breeding Panel (The Panel) in August to determine the current health and trends of the Australian Standardbred breeding industry and to develop a plan to stimulate future growth of breeding and ownership of broodmares and racehorses.

The Panel appointed by the HRA Executive are John Bagshaw – Chairman, David Sharpe, Glenn Burns, Harvey Kaplan and Andrew Kelly – Secretary.

Terms of Reference for The Panel were:

- Establish a statistical baseline from which the future development of the Australian Standardbred Breeding Industry can be assessed
- Identify challenges facing Australian Standardbred Breeders and how they can best be overcome
- Recognise future training and education requirements of the Standardbred Breeding Industry
- Identify opportunities to increase breeding activities and expand ownership of Standardbred broodmares
- Identify opportunities to increase and expand ownership of Standardbred racehorses
- Develop a plan and priority schedule to implement the resultant recommendations

Once established, The Panel met regularly to plan activities to assist in the development of a breeding industry plan which can be owned by the entire industry.

The need to review and update current statistical data, along with effective industry engagement were considered priorities.

## The Process

The Panel determined the Terms of Reference would best be fulfilled via both an internal and external assessment of The Industry, from which a set of realistic recommendations could flow, based on both statistical data, industry feedback and evidence based activity.

The process included an assessment of existing breeding reports, with improvements made where required, as well as identifying gaps and producing new reports to establish a baseline from historical data and trends.

The launch of The Industry survey and submission project enabled the responses to be assessed against the statistical data, as well as providing an insight into actual behaviors, motivations and profile of breeders.

Tying both the internal statistics and external survey data together, reflected a remarkable, yet reassuring, similarity which gave The Panel great confidence in understanding the current breeding situation.

This was complemented by the Submission responses which gave a personal insight into the views of breeders on major issues. The strong messages emanating from the Submissions were reinforced at The Industry Workshops where a firsthand account was gauged and captured for development of recommendations and future planning.

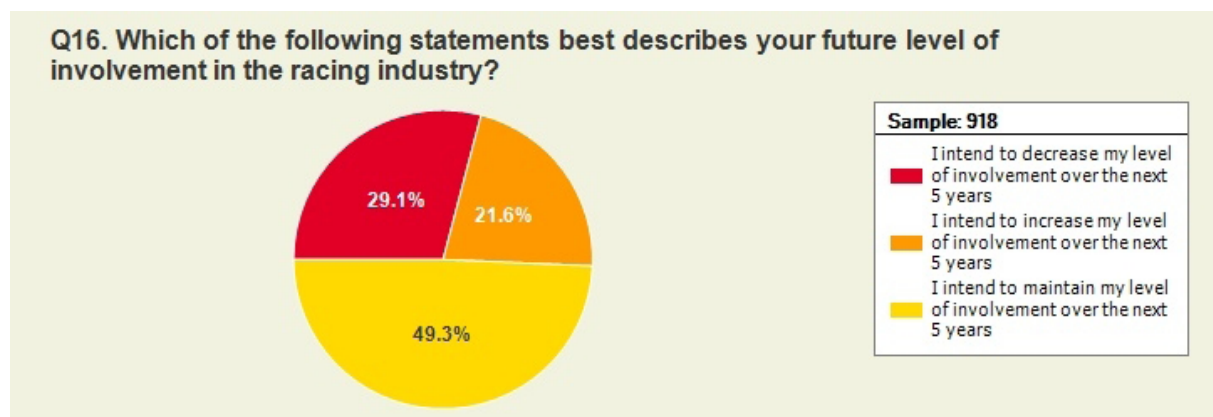
### Baseline Reports:

An assessment of existing breeding specific reports highlighted the effect Equine Influenza (EI) had on the industry and a failure to rebound to pre-EI breeding levels since (National Registration Statistics 1967 – 2009).

Lower breeding levels have an obvious knock-on effect for the available racehorse population and are clearly demonstrated in the modeling of the future race horse population (National Race Horse Population Projection (2009)).

It does appear however that in addition to the 'EI dip' of approximately 1000 foals in 2006/07, the trend is for this decline to continue. Survey responses indicate that breeding levels will continue to decline over the short term (next 5-years). This trend has been confirmed in the

number of services reported in the 2010/11 breeding season (Season Service Comparisons 2008/09 to 2010/11).



Customer Direct Research Report – HRA Breeders, August 2010

To build on the existing baseline breeding reports a number of new reports were generated from which the health and future performance of the industry can be assessed into the future.

These reports concentrate on the racing performances of Australian bred foals aged 2yo, 3yo and 4yo since 2005/06. While these reports are in their infancy, they do highlight the difficulties facing breeders to produce a product which gets to the racetrack, let alone win a race. The table below is an extract highlighting starter and winning percentages based on the live foal crop from that year:

| Age | % Starters to Foals | % Winners to Foals | % Winners to Starters |
|-----|---------------------|--------------------|-----------------------|
| 2yo | 25.72%              | 8.53%              | 33.14%                |
| 3yo | 35.82%              | 15.53%             | 43.33%                |
| 4yo | 34.69%              | 20.49%             | 59.09%                |

Report Extract – Australian Bred Foals Who Race

Other reports, both existing and new from which The Panel determined their views and recommendations included:

- Age Profiling of Active Broodmare Population (3yo to 19yo)
- Foals that Race with age and sex profiling
- Racing information
  - aggregate race, starter, winners, sex and country of birth statistics for past 20 years

- total number of horses imported to Australia for racing purposes each year
- separation of Pacing and Trotting data in most reports

A Gestation Times Report was established for the first time to historically track not only a 'normal', 'short' or 'long' gestation period, but also the months in which foals are born.

The Panel also revamped the Sires Fertility List Report to include positive tests, to more accurately reflect the performance of the Stallion. Previously, a mare dying, a mare slipping or a foal dying counted against a Stallions fertility performance. These changes now determine the Stallions' performance based on positive tests as a percentage of total services.

Based on 2009/10 statistics, the Stallion Fertility percentages rose from 62.15% to 73.94% as there were 992 more positive tests than the live foals figure reflects.

### Feedback

The survey and submission project was delivered both on-line and via direct mail, utilising the database of broodmare owners established specifically for this project.

Direct mail was considered important due to the belief that many broodmare owners would not have access to a computer, or suffer from varying levels of computer literacy which might impact their interest or capabilities of participating.

This theory was proven incorrect, with 1287 responses generated on-line. However, the direct mail campaign did have a positive impact with almost 200 responses received via this hard copy method – providing an excellent cross section and sample.

In considering The Industry responses, it was evident to The Panel that the breeding industry is demanding change.

The following key challenges were identified directly from The Industry, forming the basis from which many of the recommendations flow:

#### 1. Costs

Service fees continue to increase, along with allied breeding costs, yet returns are stagnant with the breakeven point for most breeders becoming unattainable



2. Level the Playing Field

The gap between the elite and 'regular' horse population is increasing, with on-track competition becoming increasingly difficult – particularly under the current handicapping system

3. Education/training and accreditation

Strategies need to increase the ratio of live foals to services and live foals to the track

4. Additional rewards and incentives for breeders

More racing opportunities for fillies to further breeding activities

5. Marketing, Promotion and Financial Support to Encourage Breeding and Horse Ownership

Each of these challenges was further explored at Workshops across the country at:

Tasmania – Launceston and Hobart

SA – Gawler and Globe Derby

Victoria – Melton, Shepparton, Bendigo and Cranbourne

NSW – Menangle, Newcastle, Bathurst and Wagga

QLD – Brisbane and Marburg

WA – Bunbury and Gloucester Park

The Survey and Submission feedback, along with the baseline and trends established earlier in the process were reinforced by those attending the Workshops. The Workshops also provided an opportunity to both roadtest and develop ideas and solutions to the identified challenges.

Following consideration of all information by The Panel, recommendations were shared with senior representatives of the Australian Standardbred Breeders Association (ASBA), Breeders NSW and Breeders Victoria prior to the final report being tabled.

## Breeding is a sizeable industry

From the information gathered throughout this process, a mix of existing data and survey responses was able to be used to profile The Industry.

The following statistics provides an insight as to its size:

### Population:

- Active Broodmare population (aged 3 to 19 years) is 12,191
- On average, 7,800 broodmares are bred to each year
- Active Broodmare Owners number 6,552

### Profile:

- 54% of breeders are aged between 41 and 60 years
- 80% of breeders are Male
- 80% of breeders breed to race
- 92% of breeders race Standardbreds
- 73% of breeders are hobbyists, while a further 20% are part-time
- 60% of breeders own or lease a property for the purposes of breeding
- 42% of breeders own 1 -2 broodmares and a further 31% own 3 – 5 broodmares

### Service Fees:

- Net value of service fees (based on live foals and advertised fees) paid during 2009/10 was \$16.3m

## Key Points

- Breeding is an enjoyable pursuit for over 6,000 breeders in Australia
- 73% of breeders are hobbyists, while a further 20% are part-time
- Breeders have access to, and are capable computer users
- The majority of breeders own 1 - 2 mares
- 79% of breeders breed horses mainly to race
- Rising Costs is the largest cause of breeders exiting The Industry or intending to reduce breeding activities over the next five years
- Many breeders have swapped breeding horses for buying yearlings
- Australia has never been more spoilt for stallion choice or stallion quality
- The gap between well performed, competitive horses and 'the rest' is widening – with a clear link to stallion
- Net value of service fees (based on live foals and advertised fees) paid during 2009/10 was \$16.3m – a substantial proportion of which is paid to internationally based Stallion owners
- Service fees and yearling sales prices are not aligned
- Stallion fertility in 2009/10 was 73.94%
- Almost 1000 foals are lost each year between positive test and birth
- 94% of foals are born between September and December each year
- 50% of live foals are colts and 50% of live foals are fillies
- 49.28% of live foals go on to race at least once
- 6.6% of races each season are exclusively restricted to female horses
- There is a large pool of 'speed challenged' horses
- The majority of breeder/owners are calling for more racing opportunities and prizemoney at 'the bottom end' – even if it comes from the top
- It is incredibly difficult to win a 2yo race (8% of the foal crop)
- Many breeders do not contemplate, or persevere with racing careers for fillies
- According to the 2009/10 Studbook:
  - 28% of mares published in the Stud Book have never raced
  - A further 27% of f mares published in the Stud Book have never won a race

- A number of Breeders who do not want to race a filly are willing to lease them
- Leasing appears to be the most attractive option for first time owners due to the low entry cost and no requirement for capital outlay
- Of the three animal racing codes, harness racing provides the best dollar return for owners
- On average, 600 horses per year are imported from international jurisdictions permanently
- 13% of the Australian racing population are New Zealand bred horses
- 15% of race winners are New Zealand bred horses
- The majority of breeders most want to win a 3yo Classic race
- Breeders' thirst for information is almost insatiable
- Acknowledgement and rewards for breeders is limited
- Communication with the breeding industry has been poorly managed

## **Recommendations and findings**

With most of the challenges identified by The Industry during this process requiring some element of funding, and States already acknowledged as proving their optimum level of returns, The Panel's task of providing realistic, self-funded outcomes to meet all industry expectations of both The Industry and HRA Members was a balancing act.

This balancing act has had to consider ways to minimise or offset price impacts on an industry already under significant cost pressures while identifying efficiencies and supporting Australian breeding activities across all levels.

Recommendations and findings are grouped within each of the key challenges identified during the process.

### **1. Costs**

**Service fees continue to increase, along with allied breeding costs, yet returns are stagnant with the breakeven point for most breeders becoming unattainable.**

#### ***1.1 Direct Financial assistance***

Provide direct financial assistance in the payment of service fees by a fully funded National Mares Credit Scheme (see 4.2 for details).

#### ***1.2 Centralised Breeding Administration***

Streamlining breeding administration to a central point to improve efficiency and provide industry cost savings.

The establishment of a one-stop-shop for breeding activity will reduce duplication, develop access to real-time data, establish a breeding industry database, manage communication with breeders and set uniform fees.

A dedicated 'knowledge centre' can also provide the expertise, education and detailed focus an industry under pressure requires.

### **1.3 *Advertised Cost Comparisons***

Price competition among supply chain service providers can be promoted via a dedicated cost comparison section of the national website.

Not only can a service provider advertise their fees but present detail and tailored offers with greater transparency than is currently available.

### **1.4 *Encourage Extended Payment Options for Service Fees***

Studs should be encouraged to delay or extend the cost of Service Fees over a longer period of time to reduce cost pressures.

The Panel accepts that both studs and breeders are financially geared to the current practice, however, benefits in extending payments over a longer period of time or based on breeding milestones (eg. insemination, positive test, live foal) should not be ignored, particularly if the industry is able to protect Stud's who do offer flexible pricing options.

### **1.5 *Protection for Stud's Providing Extended Payment Options***

The Unpaid Forfeits List (UPFL) is a protective measure which could be offered to Stud's that provide the industry with extended or flexible payment options.

## **2. Level the Playing Field**

**The gap between the elite and 'regular' horse population is increasing, with on-track competition becoming increasingly difficult – particularly under the current handicapping system.**

### **2.1 *Program More Fillies and Mares Races***

Owners of fillies and mares are less likely to race or persist with racing opportunities under the current programming configuration - particularly when there are very few races for fillies or mares of comparable limited ability.

While it is acknowledged that some States have made ground in this area, including metropolitan races and barrier concessions, more needs to be done.

These owners need to be motivated to race or lease their horses via targeted and dedicated female only race programming across all levels as a priority.

Some suggestions include 'Australian bred' races, top-up prizemoney, 4yo mares only races and races for females of similar ability.

### ***2.2 Improve Prizemoney and Racing Opportunities for Juvenile and Lower Assessed Horses***

Rewarding owners at the earlier end of a horse's racing career maintains interest and motivates re-investment.

The majority of respondents favored a greater proportion of the overall prizemoney being distributed among races for 2yo, 3yo and 4yo horses.

### ***2.3 Investigate Changes to Prizemoney Distribution for Conditioned Racing***

Changes in prizemoney distribution has merits in terms of distributing the available funds more widely. It may be that such a change improves the earning capacity and therefore returns to a majority of owners – motivating them to both keep horses racing and to keep racing horses.

The Panel is of the view that prizemoney distribution changes under the current class/assessment racing structure would be unfair, particularly to winning horses, but the merits of re-distribution under a different system is worthy of investigation.

### ***2.4 Generic Profiling of Stallions on Industry Website***

The uniform assessment and comparison of key Stallion statistics should be publicly available via a dedicated section of the national website.

This provides an opportunity for breeders to assess Stallions free from commercial spin.

### ***2.5 Mandate Real Time Breeding Data From Studs***

Currently, Studs are not required to notify authorities of services until March following each breeding season, often delaying final data until May. The timing of information renders any remedy strategies fruitless as issues are not identified or highlighted until well after the season has finished.

The establishment of improved reporting standards and timelines, including the real time loading of service information will provide breeders with the opportunity to make informed decisions, while administrators can closely monitor activity and trends which can be acted upon quickly should the need arise (eg. stimulate activity in the face of low service figures).

### ***2.6 Free Access to Pedigree Advice and Suggested Matings***

Providing free access to expert advice and on-line Tesio style matings will assist decision making for breeders, providing greater opportunity for successful outcomes.

## **3. Education, Training and Accreditation**

**Education, training and accreditation can reduce inefficient practices and provide improved breeding outcomes The Industry.**

### ***3.1 Review and Implement Standardbred Breeding Industry Training and Accreditation Standards With Input From Experts***

Inefficient breeding management and care is a major industry cost.

Improved education, training and accreditation programs will assist in improved service provider and mare management outcomes, reducing the wasted opportunities and costs associated with missed services and foals which die.

Further, Quality Assurance programs linked to Stallion Fertility Research should be adopted with the intention of reducing the average number of serves per positive test.

### ***3.2 Improve HRA Breeding Data***

HRA's On-line Reports should be reviewed in order that the information provided accurately reflects the needs of The Industry.

Ideally, the current subscriber information should be provided free of charge for the benefit of breeders at all levels – from the novice to the experienced breeder.



### ***3.3 Establish a Helpline for Expert Breeding Advice***

Providing breeders with independent expert breeding advice will assist breeders at all levels of experience when they need it – improving animal welfare and breeding outcomes related to mare husbandry, matings, foaling, nutrition, stabling and emergency situations.

## **4. Additional Rewards and Incentives For Breeders**

**More racing opportunities for fillies to motivate and improve racing activities and the flow on breeding benefits**

### ***4.1 Improve Prizemoney and Racing Opportunities for Fillies and Mares***

Closely linked to recommendation 2.1, improving incentives and opportunities to race fillies and mares, increases the potential racing population.

### ***4.2 Fully Funded National Breeding Credit Scheme***

A fully funded National Breeding Credit Scheme (NBCS) would also stimulate greater racing participation by owners of fillies and mares.

Such a scheme should be designed to encourage owners at various stages of a filly's development, with rewards accrued by way of a dollar value credit when a filly or mare first races, each time it races and when it wins a race as a 2yo, 3yo and 4yo.

These dollar credits should be retained by the horse, not the owner, and can only be used for the purposes of purchasing services to Australian domiciled Stallions for that mare.

Breeding credits are accrued and 'cashed in' upon purchase of an eligible stallion service, with the credit component of the service fee (all or part of the total service fee as proposed by the broodmare owner) paid directly to the Stud within 30-days of confirmation of a 42-day positive pregnancy test.

For the purposes of illustration, the following examples are provided:

Example 1: a mare has a credit of \$4000 and the owner purchases a \$3000 eligible

stallion service – the full \$3000 is paid to the stud (within 30-days of receipt of 42-day positive test) via the NBCS and the mare retains a \$1000 NBCS

Example 2: a mare has a credit of \$4000 and the owner purchases a \$7000 eligible stallion service – \$4000 is paid to the stud (within 30-days of receipt of 42-day positive test) via the NBCS and the mare owner is responsible for payment of the remaining \$3000 of the full fee. The mare's NBCS is reduced to \$0.

A filly or mare's accrued credit value should be accessible via the website for the information of owners and studs.

An NBCS not only motivates and rewards filly's and mare owners for racing their horses, but may also have a knock-on effect of improved sales prices for female horses be they fillies at a yearling sale or a broodmare proposition.

It is estimated that an NBCS would require approximately \$2.2m to properly fund.

#### ***4.3 GST and Taxation Relief***

HRA must lobby for taxation relief in order that breeders can compete on equal footing with other competitive jurisdictions.

#### ***4.4 Industry Loyalty/Membership Program***

Tap the existing loyal customer base and coordinate the provision of discounted services and benefits such as service fees, Stud Book, fuel, transport etc....

#### ***4.5 Assess the Impact of Delaying Yearling Sales Dates by 8 to 12-weeks***

Delaying the current approach to Yearling Sales should be assessed.

A delay may allow yearlings the opportunity to further develop before sale time, provide a 'buffer' for studs and breeders between tending to foals and preparing yearlings for sales and provide potentially better prices, particularly for yearlings foaled in December.

If, as with other jurisdictions, they were conducted in conjunction with Sales Races, interest and involvement may be heightened.

#### ***4.6 Greater Recognition of Owners and Breeders***

The largest investors in the industry are often the least acknowledged.

Establishing protocols at each race venue and presentation can improve awareness and reward to owners and breeders for little cost.

Breeder trophies and recognition at each Group 1 race should be instituted, as should the establishment of National Award categories such as 'Breeder of the Year' and Sire 'Fertility Awards'.

The inclusion and or acknowledgement of Owners should be considered as often as possible, including on the website, with horse searches also revealing the Owners names. This could be particularly useful for filly and mares owners, as it provides breeders looking to increase or improve their stocks with a contact point.

#### ***4.7 Automated Prizemoney Distribution to Lessors***

Utilising the HaRVey system to provides a streamline system and surety of payment to actual horse owner.

Lessors who support the racing population by leasing rather than 'warehousing' their horses should be supported with payment protection.

### **5. Marketing, Promotion and Financial Support to Encourage Breeding and Horse Ownership**

#### ***5.1 Re-alignment of the fee structure of The Industry giving greater emphasis to Australian based Mares and Stallions***

To transparently fund initiatives which promote The Industry in Australia, it is recommended that a number of existing fees are re-aligned.

### Stallion Registration Fees

It is recommended that Stallion Registration Fees be amended to align more closely with the value of a Stallion's service fee and number of live foals produced per season rather than a flat fee for all Stallions regardless of value, profitability or performance.

This can be achieved by setting annual Stallion Registration Fees equal to the advertised service fee set by the stallion owner or stud. Stallions with no service fee have the Stallion Registration Fee set at \$500.

The Stallion registration Fee entitles the Stallion up to 50 breedings that produce a 42-day positive test.

In addition, it is recommended that where stallions produce more than 50 positive tests, they pay an additional 3% of their service fee for each 42-day positive test between 51 and 100, 4% between 101 and 150, 5% between 151 and 200 and 6% for more than 201 positive tests in a season.

Stallions providing less than 51 services via frozen semen should attract an annual Stallion Registration Fee of \$500 plus an additional \$500 for each 42-day positive test. Once the 51 service ceiling is broken, the Stallion Registration Fee reverts to the 'standard fee' as set out above.

### Imported Semen Foal Registration Fee

On average, 15% of Australia's foals are the result of imported, chilled or frozen semen.

It is recommended that an Imported Semen Foal Registration Fee be established at the rate \$500 for colts and \$250 for fillies when registered in Australia.

### Import Fee

On average, 600 Standardbred horses are imported permanently to Australia each year for the purposes of participating in the Australian harness racing industry.

It is recommended that the Import Fee be re-aligned in the following manner:

#### Fillies and Mares:

Short stay (less than 90-days) - \$ 250

|                                |        |
|--------------------------------|--------|
| Permanent aged 4yo and under - | \$1500 |
| Permanent aged 5yo and over -  | \$ 250 |

Colts and Geldings:

|                                  |        |
|----------------------------------|--------|
| Short stay (less than 90-days) - | \$ 250 |
| Permanent -                      | \$5000 |

The Panel acknowledges that any re-alignment of fees will be met with some resistance, however, the transparent appropriation of the re-alignment will assure The Industry that such action is not a profit making exercise, but an investment back into The Industry itself.

Funding options are further detailed in a latter section of this report.

**5.2 Establish a dedicated, all-encompassing Australian Standardbred Breeding Website**

The internet is awash with racing and breeding information, yet locating what is relevant and then disseminating the available information can be complicated.

Establishing a one-stop-shop dedicated to the Australian breeding industry will assist breeders with all levels of experience and tie many of the recommendations from this report together. From on-line foal registration to pregnant mare nutrition; promotion of syndicates to stallion profiles; pedigree information to educational videos; this dedicated hub of breeding information would, over time become self sustaining.

It is estimated that such a website would require start-up capital of \$50,000, plus maintenance resources.

**5.3 Establish a social networking breeding community**

A dedicated breeding website should also be supported via a social media tools such as Facebook, Twitter, flickr, Skype and YouTube.

Building a strong breeding community will provide opportunities for breeders to contact, assist and communicate with each other, regardless of location or the time of day. Such tools also provide an opportunity for administrators to push, pull or poll information in real time.

#### **5.4 'Getting Started' Packs**

New entrants to harness racing, or interested persons, have little or no access to advice or information on how to get started – be it breeding or ownership.

The dedicated breeding website should be complemented with 'Getting Started' packs so new entrants can avoid the many pitfalls at the start, those interested can have a positive experience that meets both their expectations and personal circumstances.

The Panel acknowledges that these 'packs' may vary according to the interest of the person making the inquiry (eg. breeder or owner) and that States have a role in developing this promotional material for owners.

#### **5.5 Promote Breeding and Ownership Stories via all available Media**

There is a plethora of entertaining and interesting breeding and ownership stories which never see the light of day.

Such stories need to be integrated into industry media plans as they act as not only a reward or acknowledgement for that person or horse, but as a strong promotional tool which can extend beyond the industry 'bubble' in many cases.

#### **5.6 Promotion of Ownership Options**

The attraction of new owners and retention of existing owners cannot be stressed highly enough. Although the majority of The Industry breed for their own racing purposes, most are looking to form partnerships to share the cost burden, while commercial breeders are looking for competitive tension in the sales ring.

While it is acknowledged that prizemoney is a key driver, enjoyment is often the principal motivation for many owners – but this cannot be taken for granted.

The growth area in ownership which must be heavily promoted is syndication, particularly among first time owners.

Financial barriers to entry are reduced via syndication, while providing a social experience among either friends or new found acquaintances. It is acknowledged that some States have

existing syndication programs which have enjoyed great success. This should be adopted across the board, including working closely with syndicate managers to maximise the ownership experience.

A further recommendation is the leasing of fillies to syndicates. This has the multiple effects of removing capital costs of an outright purchase, races a horse which a breeder may otherwise not race and provide syndicate members with an insight into the breeding industry should they maintain an interest in the mare's pursuits beyond the racetrack.

The potential of course is that a syndicate member transitions to owner and maybe even a breeder.

Ownership options need to be promoted widely, but large groups such as social or sporting clubs provide an environment which 'fits' with the particularly syndication or partnership ownership options.

Yearling sales can be overwhelming, so a novice owner will need assistance and advice. Dedicated marquees or booths at sales should be established to promote ownership options and or assist with a purchase.

### ***5.7 Communication with Owners***

Effective and regular communication with and among partnership and syndicate members is critical, including via social media tools to maintain interest and knowledge.

The activities of partnership and syndicate managers, as well as trainers, directly reflect on the industry. Information handbooks/guides should be developed to educate and provide tips on effective management and communication with owners.

### ***5.8 Promote State Breeding Associations***

Consult, partner and promote the activities of State Breeding Associations who are advocates for breeders on local issues.

## Funding Options

The Panel recommendations contained within this report have been considered from both an income and expenditure position.

Should some or all of the recommendations be met favorably by the Membership of Harness Racing Australia (HRA), it is acknowledged that they may be introduced at various intervals. Therefore it is difficult to provide an on-going budget.

However, the budget below gives an overview of the major income and expense items in the event each of the initiatives are applied, assuming a smoothing over 3-years for initial funding injections for website development and promotional materials.

### Funding

|                                  |                    |
|----------------------------------|--------------------|
| Imported Semen Foal Registration | \$352,115          |
| Import Fees                      | \$1,702,843        |
| Stallion Registration Fees       | \$587,952          |
|                                  | <b>\$2,642,910</b> |

### Expenses

|  |                    |
|--|--------------------|
| National Breeding Credit Scheme (NBCS) | \$2,191,000        |
| Website                                | \$70,000           |
| Staffing                               | \$120,000          |
| Contribution to Ownership Promotions*  | \$200,000          |
| Industry Promotion & Education         | \$50,000           |
|  | <b>\$2,631,000</b> |

|                |                 |
|----------------|-----------------|
| <b>Surplus</b> | <b>\$11,910</b> |
|----------------|-----------------|

\*Contribution is in conjunction with State bodies.



## Priorities, Timelines and Cost Centres

This matrix provides details of recommended priorities, timelines for the introduction of The Panels' recommendations.

| Issue                            | Strategy  | Rationale   | Priority | Timeline               | Cost Centre                            |
|----------------------------------|---|---|----------|------------------------|--|
| <b>1 Costs</b>                   | 1.1 Direct Financial Assistance                             | Provide direct financial assistance in the payment of service fees by a fully funded National Mares Credit Scheme (see 4.2 for details).  | HIGH     | 1 September 2012       | National Breeding Credit Scheme (NBCS) |
|                                  | 1.2 Centralised Breeding Administration                     | <ul style="list-style-type: none"> <li>Streamlined and efficient resourcing</li> <li>Industry cost savings</li> <li>Uniform fee structure and approach to issues</li> <li>'Knowledge centre'</li> <li>One-stop-shop for industry</li> <li>Reduced duplication</li> <li>Real time updating of databases</li> </ul>   | HIGH     | Launched – 1 July 2012 | Staffing                               |
|                                  | 1.3 Advertised Cost Comparisons                             | Open advertisement of fees to create competition and transparency in the allied breeding services costs areas   | HIGH     | 1 July 2012            | Website & Staffing                     |
|                                  | 1.4 Encourage Extended Payment Options for Service Fees     | Potential costs reduction, or at least options to spread costs across a longer period   | MEDIUM   | 1 September 2012       | Industry Promotion                     |
|                                  | 1.5 Protection for Studs providing Extended Payment Options | Support for Studs to encourage extended payment options for service fees via Unpaid Forfeits List (UPFL)  | MEDIUM   | 1 September 2012       | Industry Promotion                     |
| <b>2 Level the Playing Field</b> | 2.1 Program More Fillies and Mares Races                    | <ul style="list-style-type: none"> <li>Motivate owners to race their fillies and mares to increase available racing stock</li> <li>Improve percentage of mares in studbook who: (1) have raced; and (2) have won races</li> <li>'Australian Bred' only races</li> <li>Top-up prizemoney/bonuses for fillies/mares who win open races</li> <li>Dedicated races for fillies/mares of similar ability</li> <li>Increased 4yo only races for females</li> </ul> | HIGH     | 2012 season            |  |

|  |  |   |        |                  |  |
|--|--|---|--------|------------------|--|
|  | 2.2 Improve Prizemoney and Racing Opportunities for Juvenile and Lower Assessed Horses                               | Rewards at the earlier end of a horses racing career maintains owner interest and motivates re-investment   | MEDIUM | 2012 season      |  |
|  | 2.3 Investigate Changes to Prizemoney Distribution for Conditioned Racing  | It may be that a change in the distribution of prizemoney creates a more even spread of money among owners – motivating them to keep racing horses longer   | MEDIUM | 1 January 2012   | Ownership Promotion                        |
|  | 2.4 Generic profiling of Stallions on Industry Website   | A no-nonsense, uniform assessment of a Stallion's vital statistics was a strong message from the workshops  | HIGH   | 1 July 2012      | Website                                    |
|  | 2.5 Mandate Real Time Breeding Data From Studs   | <ul style="list-style-type: none"> <li>Information, information, information</li> <li>Current returns are not notified until March and often not loaded until May, which is far too late for breeders to be planning the year ahead</li> <li>Brings Australia into line with world best practice</li> </ul>   | HIGH   | 1 September 2012 | Website                                    |
|  | 2.6 Free access to Pedigree Advice and suggested Matings   | Providing accurate and comprehensive information should improve decision making for breeders  | MEDIUM | 1 July 2012      | Industry Promotion and Education & Website |
| <b>3 Education, Training and Accreditation</b> | 3.1 Review and Implement Standardbred Breeding Industry Training and Accreditation Standards With Input From Experts | <ul style="list-style-type: none"> <li>Inefficient management and care is a major industry cost</li> <li>Strategies to increase the percentage of services to live foals provides greater pool of racing stock</li> <li>Information for Studs regarding quantity of semen required per transported service</li> </ul>   | MEDIUM | 1 August 2012    | Industry Promotion and Education           |
|  | 3.2 Improve HRA Breeding Data  | <ul style="list-style-type: none"> <li>Considerable pressure during the Breeding Workshops for this information to be freely available as it is in other major jurisdictions around the world</li> <li>Providing information free of charge, and improving reports with relevant data will be a benefit experienced breeders' right through to novice and new breeders</li> </ul> | HIGH   | 1 September 2011 | Industry Promotion and Education & Website |

|   |   |   |        |                |  |
|---|---|---|--------|----------------|--|
|   | 3.3 Establish a Helpline for Expert Breeding Advice                     | Just-in-time access to expert advice should lead to improved outcomes in many areas of breeding including: <ul style="list-style-type: none"> <li>• Mare husbandry</li> <li>• Matings</li> <li>• Foaling</li> <li>• Stallion Selection Parameters</li> <li>• Nutrition</li> <li>• Stabling</li> </ul>   | HIGH   | 1 July 2012    | Industry Promotion and Education & Website |
| <b>4 Additional Rewards &amp; Incentives for Breeders</b> | 4.1 Improve Prizemoney and Racing Opportunities for Fillies & Mares     | <ul style="list-style-type: none"> <li>• As for 2.1</li> <li>• Owner/breeder races</li> <li>• Pay 4yo Breeder Bonuses throughout the horses 4yo season – not just in 4yo races</li> </ul>   | HIGH   | 2012 season    |  |
|   | 4.2 Fully Funded National Breeding Credit Scheme (NBCS)                 | <p>A fully funded National Breeding Credit Scheme (NBCS) to stimulate greater racing participation by owners of fillies and mares.</p> <p>Design scheme to encourage owners at various stages of a filly's development, with rewards accrued by way of a dollar value credit when a filly or mare first races, each time it races and when it wins a race as a 2yo, 3yo and 4yo.</p>                | HIGH   | 1 January 2013 | NBCS                                       |
|   | 4.3 GST and Taxation Relief   | <ul style="list-style-type: none"> <li>• Lobby for tax incentives for increased investment in breeding industry</li> <li>• Create parity with other, competitive, jurisdictions</li> </ul>  | MEDIUM | Immediate      | Industry Promotion and Education           |
|   | 4.4 HRA Loyalty/Membership Program                                      | Tap an existing loyal customer base and coordinate the provision of discounted services and benefits for a small fee  | HIGH   | 1 March 2012   | Ownership Promotion                        |
|   | 4.5 Assess the Impact of Delaying Yearling Sales Dates by 8 to 12-weeks | <ul style="list-style-type: none"> <li>• Provide yearlings with an opportunity to develop and mature at a slower rate</li> <li>• Provide a 'buffer' for studs and breeders between tending to foals and preparing yearlings for sales</li> <li>• Potentially better prices – particularly for late foals</li> <li>• Run in conjunction with Sales races to maximise interest/involvement</li> </ul> | MEDIUM | 1 January 2012 | Industry Promotion and Education           |

|   |   |  |        |   |  |
|---|---|--|--------|---|--|
|   | 4.6 Greater Recognition of Owners and Breeders  | The largest investors in the industry are often the least acknowledged.<br><ul style="list-style-type: none"> <li>Establishing a Breeder of the Year Award (and similar) and provide a breeders trophy at each Group 1 race presentation</li> <li>Horse Owner details on the website</li> </ul>  | HIGH   | Immediate   | Ownership Promotion                        |
|   | 4.7 Automated Prizemoney Distributions to Lessors   | Provide a streamline system and surety of payment to actual horse owner  | MEDIUM | 1 January 2012  | Industry Promotion and Education           |
| <b>5 Marketing, Promotion and Financial Support to Encourage Breeding and Horse Ownership</b> | 5.1 Re-alignment of the fee structure of The Industry giving greater emphasis to Australian based Mares and Stallions | To transparently fund initiatives which promote The Industry in Australia, it is recommended that a number of existing fees be re-aligned, including: <ul style="list-style-type: none"> <li>- Stallion Registration Fees (SRF)</li> <li>- Imported Semen Foal Registration Fee (ISFRF)</li> <li>- Import Fees (IF)</li> </ul>   | HIGH   | Various:<br>SRF – 1 Sept.'12<br>ISFRF – 1 Sept.'12<br>IF – 1 Sept.'11 |  |
|   | 5.2 Establish a dedicated, all-encompassing Australian Standardbred Breeding Website                                  | A one-stop-shop for breeding information which when established should become self-supporting  | HIGH   | 1 July 2012   | Website                                    |
|   | 5.3 Establish a Social Networking Community   | <ul style="list-style-type: none"> <li>Support website via a social media tools such as Facebook, Twitter, flickr, Skype and YouTube.</li> <li>Building a strong breeding community will provide opportunities for breeders to share information</li> </ul>  | HIGH   | 1 July 2012   | Website                                    |
|   | 5.4 "Getting Started" Packs   | <ul style="list-style-type: none"> <li>New entrants, or interested persons have little or no access to advice or information on how to get started</li> <li>By avoiding the many pitfalls at the start, those interested can have a more positive experience</li> <li>With so many options available, people need to understand what best suits their circumstances</li> </ul> | MEDIUM | 1 July 2012   | Ownership Promotion                        |
|   | 5.5 Promote Breeding Stories via all available Media  | There is a plethora of great breeding stories which never see the light of day. These act as not only a reward/acknowledgement for that person or horse, but is a tool which extends beyond the industry in many cases   | HIGH   | Immediate   | Industry Promotion and Education & Website |

|  |   |   |      |                                  |                     |
|--|---|---|------|----------------------------------|---------------------|
|  | 5.6 Promotion of Ownership Options      | <ul style="list-style-type: none"> <li>• The attraction and retention of Owners cannot be stressed highly enough</li> <li>• Leasing appears popular due to no capital outlay</li> <li>• Promote via sporting and social clubs</li> </ul>  | HIGH | Coordinated launch – 1 July 2012 | Ownership Promotion |
|  | 5.7 Communication with Owners           | <ul style="list-style-type: none"> <li>• Effective &amp; regular communication to partnership and syndicate members is critical, including via social media tools</li> <li>• Partnership and syndicate managers, as well as trainers, directly reflect on the industry - handbooks/guides should be developed to educate and provide tips on effective management and communication with owners.</li> </ul> | HIGH | 1 July 2012                      | Ownership Promotion |
|  | 5.8 Promote State Breeding Associations | Work in symbiosis and promote the activities of these associations who can be advocates for breeders on local issues  | HIGH | 1 July 2011                      | Ownership Promotion |

## APPENDIX A - REPORTS

The following Reports, which provided some of the material upon which The Panel based this report, are provided for information:

1. [National Race Horse Population Projection – HRA Review 2009](#)
2. [National Registration Statistics 1967 – 2010](#)
3. [Season Service Comparisons – 2007/2008 to 2010/11](#)
4. [Customer Direct Research Report – HRA Breeders, August 2010](#)
5. [Gestation Times Report – 2004/05 to 2009/2010](#)
6. [Australian Bred Foals That Race - by Age](#)
7. [Sires Fertility Report 2009/10 \(2008/09 services\)](#)
8. [Age Profiling of Active Broodmare Population \(3yo to 19yo\) – HRA 2010](#)
9. [Foals that Race with age and sex profiling – HRA 2010](#)
10. [National Stakemoney Statistics – Starts, Starters, Winners, Licencees \(1987 – 2010\) – HRA 2010](#)
11. [Horse Imports That Race In Australia \(selected seasons\) – HRA 2010](#)

## **APPENDIX B – TERMS OF REFERENCE**

Australian Standardbred Breeding Panel Terms of Reference as set by the HRA Executive:

- Establish a statistical baseline from which the future development of the Australian Standardbred Breeding Industry can be assessed
- Identify challenges facing Australian Standardbred Breeders and how they can best be overcome
- Recognise future training and education requirements of the Standardbred Breeding Industry
- Identify opportunities to increase breeding activities and expand ownership of Standardbred broodmares
- Identify opportunities to increase and expand ownership of Standardbred racehorses
- Develop a plan and priority schedule to implement the resultant recommendations

## **APPENDIX C - ACKNOWLEDGEMENTS**

The Panel extends sincere thanks and gratitude to the following peoples and organisations:

1. Each and every person who took the time to provide information via 1487 individual, joint, group or Association survey and submissions.
2. Host Clubs and attendees at the sixteen Breeding Panel Workshops conducted across Australia
3. Alabar Bloodstock who donated service to Armbro Operative as an incentive for breeders to participate in the survey and submission project. The winner, selected at random, was Western Australian based breeder, Errol Ashcroft who nominated Shattering Hearts for the service and she is now safely in foal.
4. Executives of the Australian Standardbred Breeders Association (ASBA), Harness Breeders Vic (HRV) and Harness Breeders NSW (HBNSW).



## **APPENDIX D – PANEL MEMBER BIOGRAPHIES**

### **John Bagshaw – Panel Chairman**

John Bagshaw was Chairman of NSW Lotteries Corporation for 13 years until it was privatized in 2010. He previously was Executive Chairman of Bell and Howell Australia Limited and with over 30 years of Board experience mostly in gaming, information technology and technology related companies.

John has raced and bred standardbreds for over 40 years, initially as a relaxing hobby and eventually turning into a modestly successful commercial venture. He currently is joint owner with Alan Galloway of Village Jasper and Armbro Operative, both of whom have been leading Australian sire in recent years. Other stallions he and Alan have owned include Safely Kept and Stoneridge Scooter.

John breeds from a small band of broodmares, currently 6 in number, and has bred the group one winners : La Coccaracha, Mother Courage, Tandias Courage, Blatant Lie, Keppel Bay, and Mr Nickel, since he started breeding commercially approx. 15 years ago.

John served as a Director of NSW Harness Racing Club for 3 years from 1978-80 and was Chairman of Australian Harness Racing Council {now HRA} for 2 years from 2006-2008.

### **Glenn Burns**

Glenn is a former Assistant Headmaster (1995 - 2007) at St Patrick's College, Strathfield and retired from this position in 2007 after having completed 28 years teaching. During those years he taught Mathematics at all levels and held a number of Middle, Senior management and Executive positions in three Independent Schools. He holds a Bachelor of Science degree and a Master of Education degree both conferred by the University of NSW.

Glenn has been member of the board of the New South Wales Harness Racing Club for the past 7 years and is currently the Executive Director, a position he has held since 2007. He is also on the board of the Australian Pacing Gold sales company.

Glenn is a partner in Burns Bloodstock which owns and operates Egmont Park Stud in Queensland. The partnership breeds and sells yearlings at various sales held in Queensland, New South Wales and New Zealand annually.

### **David Sharpe**

As the Managing Director of locally based Adelaide Building and Electrical Companies, ERS (SA) Pty Ltd and Sharpe Electrical, David Sharpe is passionate about both his businesses and further the harness racing industry – both current and future.

Noted among his peers in the electrical industry for his leadership, astute strategic planning focus, customer service and flexible, professional approach to business, he leads a team of 85 staff and boasts a number of industry awards.

A compelling and passionate person, David brings these qualities to all areas of his personal and professional life, having served as a committee member of a variety of clubs and organisations including Electrical Standards Association, ETSA Advisory Committee and South Australian Veterans Tennis Club.

David is a Vice-president of the Adelaide Football Club and has been a member and avid supporter of the Crows since inauguration. Further, he is a member of 'SA Great' and a continuing participant in fund raising for Variety, the Children's Charity.

Another great Hobby of David's is his 30 year involvement in Harness Racing, having held a registered trainer's licence for 15 years. Currently racing several horses under the Crest name, he has successfully bred, owned and sold numerous winners through family owned Arrowcrest Standardbreds. David's most treasured memory in racing is the joy of racing Group One winning mare 'Elysees Crest.'

As President of the South Australian Harness Racing Club for three years 2005 /07, David worked similarly to many in the sport for many hours to better the industry.

David believes in loyalty, candour and accountability in all levels of life and business and encourages everyone to work towards achieving these from today onwards.

### **Harvey Kaplan**

Harvey Kaplan is one of Australia's preeminent breeders with a collection of over 45 Standardbred broodmares and racehorses across Australasia.

Born in South Africa, he emigrated to Australia with his family in 1988, settling in Western Australia where he studied a Bachelor of Laws at the University of Western Australia (WA) before working with high profile law firms Phillips Fox and Mallesons Stephen Jacques which took him east to Melbourne.

WA was also Harvey's introduction to harness racing where a day at the football or cricket was not complete without combining a trip over the road to the Gloucester Park races.

His corporate career changed direction when joining Hartley's as an investment advisor, before joining Macquarie Bank in 2003 where he is currently an Associate Director in the Private Wealth Division.

Married with two beautiful daughters, Harvey's breeding successes have included Fly Like An Eagle, Arctic Fire and Australasian Oaks winner, Baby Bling.