



AUSTRALIAN HARNESS RACING COUNCIL Inc.

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April 22, 2005.

Mr Tony Robinson, MP
Chairman
Economic Development Committee
Level 8, 35 Spring Street
MELBOURNE VIC 3000

Dear Mr Robinson,

Thank you for your invitation to provide a submission to the Victorian Government's Economic Development Committee. As Harness Racing Victoria will be providing a complete submission on the Victorian Standardbred Industry and its viability, Council's submission will be the provision of statistical information and brief comment.

Should your Committee require further national information as a result of the Committee's deliberations please contact me.

Yours faithfully,

signed

John Bagshaw
Chairman

signed

Rod Pollock
Chief Executive

Question 1:**The Strength of the Victorian Standardbred Breeding Industries compared to other Australian States.**

Council collates national statistics on Breeding by a number of indicators which relates to both stallions and broodmares from the Standardbred herd. Please note that there are no statistics kept on the total numbers of the herd in each State or nationally.

<u>2003/04 Season</u>	<u>National</u>	<u>Victorian</u>
Stallions	297	117
Services	8931	4090
Foals	5510	2221
Imported Semen Services	968	943

[A table of previous season's information is attached.](#)

Question 2:**The role of overseas breeding interests and the influence that they are having on the Victorian industry.**

By way of background, Australia has imported its breeding stallions principally from North America. Our industry has made significant change with the acceptance of dual hemisphere stallions, the use of artificial breeding techniques including the transportation of chilled and frozen semen internationally and throughout Australia, the removal of any restrictive limits on broodmares served by individual stallions etc.

John Bagshaw, Chairman of the Australian Harness Racing Council in an earlier published paper outlined areas relevant to this question. The key points are covered in the response that follows. The proposition which has occurred is that Australian breeders have bred to obtain progeny from the most successful stallions or bloodlines in North America (and a limited number from Europe).

As a result, the owners of leading stallions (and semen) have received an increasing portion of the service fees spent by breeders within Australia, often regardless of the cost incurred. This has escalated the cost of outright purchase of stallions domestically but has also increased the importation of chilled and frozen semen internationally. The key Australasian Studmaster Groups operate across Australia and New Zealand regarding it as one regional market place. This has had a significant effect on the owners of second tier stallions as breeders patronise successful top end stallions in search of commercial yearlings for sale or for racing purposes to the detriment of the former.

Question 3:**The extent to which the Victorian industries are integrated at a national and international level.**

The Victorian industry is corporately administered by Harness Racing Victoria. This entity is a full service commercial and regulatory body and State Government appointed Board headquartered in Moonee Ponds.

Harness Racing Victoria is a Member of the Australian Harness Racing Council and the Inter Dominion Harness Racing Council. These are the Peak Industry Bodies with a range of commercial and reciprocal agreements in place allowing for administrative transactions to be conducted nationally. Reference should be made to the national website www.harness.org.au for more complete information on the corporate governance aspect. In addition, Harness Racing Victoria is the co-owner and service provider of our industry's information systems which support all breeding activities under the uniform National Rules of Australian Harness Racing. The latter cover all aspects of our operations with our industry participants and stakeholders. The Australian Harness Racing Council is a Member of the International Trotting Association which provides similar reciprocal agreements for transactions internationally. In many areas Australia exceeds international standards within our industry internationally.

Question 4:

The extent to which the Victorian industries have adopted international best practice.

Harness Racing Victoria will provide a State based response to this question, however this submission will address the areas which Council administers for all Regulatory Board Members which they share/utilise through Council.

These areas briefly are identified as:

- The advancement of artificial breeding techniques including the use of transported chilled and frozen semen to bring the current international commercial stallion(s) and their semen to Australia through regulated commercial transactions.
- The use of transported semen in the breeding process to promote standardbred welfare which removes the risks of equine transport.
- The decision to deregulate the stallion book limits has fostered market growth in the books of stallions which breeders perceive as successful.
- The implementation of inexpensive parental DNA genotype verification by hair sample through Maxxam Analytics (Canada) has allowed for the genetic databases of the United States Trotting Association, Standardbred Canada and AHRC to be combined with the same service provider.
- The creation of integrated computer B 2 B software with Maxxam Analytics to support this process by the AHRC and the Victorian software programming team from HRV.
- The continuing development and publication of the Australian Trotting Stud Book containing all registered standardbreds as the "Keeper of the Stud Book".
- The development of electronic databases and information on AHRC On-Line, Australian Breeding and other areas on the national website and their electronic publication. This site currently receives in excess of 90 million hits annually.
- The provision of both a full enquiry service on registration and naming by the staff of Council utilising electronic/telecommuting means from our premises in St Kilda Road, Melbourne.
- It should also be noted that Rod Pollock, Chief Executive, AHRC has been Chairman of the International Trotting Association's Studbooks, Records & Identification Committee for the last four years.

Question 5:
Employment and investment opportunities and patterns with particular emphasis in regional Victoria.

The national statistics available on licensed industry participants are provided for your information.

<u>2003/04 Season</u>	<u>National</u>	<u>Victorian</u>
Drivers	3417	950
Trainers	4866	1561

[A table of previous season's information is attached.](#)

No other information at the national levels is collected with relevance to this question.

Question 6:
The development of skills within the industries.

The Australian Harness Racing Council has participated as a key member of Racing Training Australia in the past which has now evolved to the Racing Industry Standing Committee. It is an affiliated body under the auspices of the Agri-Food Skills Council. As such, Council has participated in the following key initiatives with Racing Victoria and Racing New South Wales and respective bodies from other States:

- Active contribution and representation on Racing Training Australia's Board.
- Participation in the establishment and conduct of the Annual National Racing Training Conference.
- Encouraged the development of the On-Line Harness Racing Licensee Courses through the Bendigo Harness Racing Training Centre nationally.
- Chaired the Product Steering Group in the provision of Curriculum for Racing Training Australia.
- Promoted Australia's Training Package in World Trotting Conference Meetings of the International Trotting Association.
- Participated as the key Racing Codes Representative on the ANTA Transitional Committee, particularly on Corporate Governance in the establishment of the Agri-Food Skills Council and its racing affiliated Racing Industry Standing Committee.
- Disseminated all national information to all AHRC Members on the above areas.
- Inclusion of animal husbandry and welfare skills and competency information in all courses developed.

An attachment recently provided to both the Racing Minister's Conference and Council Meeting is attached which effectively summarises the current status and achievements in this important area by Marianne Chaffe, Chair, RISC for your information.

Council's Equine Breeding, Animal Welfare and Registration Committee is currently evaluating the area of artificial breeding techniques. In addition, this Committee is considering the breeding knowledge management educational opportunities for industry participants to identifying them and promote them nationally. As a

consequence, it is intended to discuss these areas with relevant professional service providers to our industry in the future.

Conclusions for the Future

Earlier, I referred to a paper by AHRC Chairman John Bagshaw on this area. The following edited key points are made and are relevant to your enquiry on this constantly changing market place.

CURRENT TRENDS TO BE AWARE OF

1. *The number of top level stallions imported and available in Australasia at a stud fee in excess of \$3000 is established and increasing.*
2. *The numbers of first season North American stallions are readily available and there is limited local ownership*
3. *The cost of North American stallions has tripled as a result of the economic conditions in North American harness racing, recognition of their Duel Hemisphere revenue potential and our local currency compared to the US Dollar. To be competitive, future outstanding stallion acquisitions will start at \$US 1 million plus.*
4. *The cost of standing stallions has increased substantially with large investments in technology, marketing and logistics now necessary.*
5. *Breeders are incurring substantial additional costs as a result of using transported semen which is somewhat offset by breeders getting better value for money with stallion service fees*

WHAT DOES THE FUTURE HOLD?

1. *A small number of very large and sophisticated stallion stations supported by highly efficient insemination farms scattered throughout Australasia*
2. *The vast majority of imported stallions substantially overseas owned and the bulk of service fees remitted to North America*
3. *More opportunities for our local champions to embark on successful stud careers (especially future sons of the top US sires).*
4. *A further reduction in the number of mares bred but a significant lift in quality resulting in a net increase in horses that get to race.*
5. *The number of mares bred each season to the most popular stallions falling significantly as the number of quality stallions available increases significantly and conception rates improve using the frozen semen approach as opposed to those using chilled semen*

WHO WILL BENEFIT IN THE FUTURE?

1. *North American stallion owners who will be able to dictate future service fee levels.*
2. *Those farms who understand the new paradigm and position themselves to be either a large scale stallion station standing multiple stallions or a well appointed and highly trained insemination farm.*
3. *Those commercial breeders who recognize that a much better quality yearling will in future be necessary to attain even today's prices and who upgrade or cull their current broodmares accordingly. Hopefully market competition will act as a ceiling for the pricing of stud fees for all breeders.*