

From: [REDACTED]
To: [RRI Consultation](#)
Subject: ASIC Corporations (Horse Schemes) Instrument 2016/790
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Hi,

I do have a number of areas in which the regulations should be changed to protect industry participants, mainly shareholders and the breeders.

The current legislation pretty much goes unchecked and is not policed in my opinion. The large syndicator companies have poor reviews from persons that have put their money into their schemes. It is near impossible to get a return on any investment they promote.

The reality is that horses are very unlike a company share. A company has assets, a direct market income source. Sure you can buy speculative shares in say a start up mine, but their is data, a business and financial model based on future market projections etc etc etc. A horse is very different. It can have the perfect breeding, scope, x rays, conformation and still not perform at a competitive level. The odds are very different/poor compared to a speculative company share investment.

The major syndicators are effectively killing off a breeding and participants in the industry. 5 years ago South Australia alone had over 7,500 direct and indirect jobs in the racing industry. Today we are well below 4,500.

Owner/investors are disappearing. One cause is the major syndicators. Horse purchased for \$100,000 are being offered in micro shares for a valuation of well over \$500,000. In some cases we have seen them as high as \$1 million in valuation. The mark ups, management fees and then prize money sharing is ridiculous. Many people who have purchased micro shares for "fun" now say they would never invest in a standard share of a horse as there is near no chance to ever get your money back or more. We know this can happen but there is always a chance to get a "good one" and make money.

We as small breeders, have seen a dynamic shift in the sales market due to these syndicators. They are now controlling the direction of auction houses and the large breeding stud farms. This is affectively killing off the small to medium breeder. The lower end of the market has finished by around 30% in the last 2 years alone.

I would request a change to the regulations to where a registered breeder can publicly offer and advertise shares for sale to the public. There would need to be strict conditions such as veterinary report, x rays and scope to be made available for prospective buyers. No micro shares. Maximum number of 10 shareholders per horse. Must nominate a selection of trainers that the horse will be sent to and share the costs of those trainers before a sale completes.

If we don't have any avenues to protect the small to medium breeders, we will lose the small trainer with us, lose the gambling revenue (less horses, less races) and less participants/owners which will in effect most likely lead to 10,000 industry job losses nationwide in the coming years.

The revenue in taxes from lower gambling numbers would also take a massive hit.

Regards,

[REDACTED]

Sorce Consulting

M. [REDACTED]