

ASIC Corporations (Horse Schemes) Instrument 2016/790

Feedback on the proposed remake

Bennett Racing is an established Australian racehorse syndication business focused on purchasing well-bred yearlings at accessible price points and managing them through racing and subsequent sales outcomes.

Bennett Racing has achieved strong results both on the track and in the bloodstock market, with horses such as *Southport Tycoon*, a Group 1 Australian Guineas winner, purchased as a \$300,000 yearling, who earned \$2,447,100 in prizemoney and \$43,900 in bonuses, and has since retired to stud at Widden Stud under a multi-million-dollar stallion agreement. Other notable performers include *Snitzanova*, purchased for \$200,000 as a yearling, earning over \$1.1 million on the track and later sold for \$1.8 million; *Zaszou*, purchased for \$200,000, winning Listed races and later sold for \$700,000; and stakes performers including *The Astrologist* and *She Shao Fly*, both multiple stakes winners and Group-placed performers.

Having operated as a licensed syndicator under Stable Connect since 2017 and syndicated interests in more than 100 horses during that time, we have seen first-hand how the racehorse ownership market has evolved over the past decade.

In our view, the current Instrument has been successful in creating confidence amongst owners and providing a framework that supports professional syndication businesses. The disclosure requirements, trust account protections and oversight mechanisms have contributed to higher standards across the industry and should be retained.

That said, the Instrument was introduced at a time when the economics of racehorse ownership were very different to those of today.

The cost of purchasing, training and racing horses has increased significantly. Monthly training and associated costs can now exceed \$10,000 per horse, while the purchase prices of quality bloodstock continue to rise. As a result, some of the thresholds contained within the Instrument no longer reflect the realities of the modern racing industry.

The current limit of 50 owners per horse should be increased to 200 owners. Increasing owner numbers would allow syndicators to spread the increasing costs of ownership across a larger group of participants and make racehorse ownership more accessible and affordable. Without changes to these limits, syndicators will increasingly find it difficult to offer affordable ownership opportunities to new participants entering the sport.

Similarly, we believe the current cap on the amount that may be raised through a syndication should be removed. The purchase price of a horse should not be restricted by an arbitrary fundraising limit. Provided owners continue to receive appropriate disclosure and consumer protections, syndicators should be permitted to structure syndications based on market demand and commercial reality, rather than a fixed monetary cap.

We also believe there is an opportunity to significantly reduce administrative burden through a more streamlined disclosure approval process. Currently, syndicators are required to prepare and lodge documentation and statutory declarations for every individual Product Disclosure Statement.

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