

THOROUGHBRED BREEDERS

Australia

25th November 2020

Thoroughbred Breeders Australia submission to the Independent Planning Commission

Dear Commissioners,

I write to you as the chief executive of Thoroughbred Breeders Australia (TBA).

We have 4,200 members who, collectively, are responsible for over 80 per cent of thoroughbred production in Australia.

My role also encompasses running Aushorse, the breeding industry's marketing body. Aushorse's charter is to increase investment in the thoroughbred industry, both from overseas and domestic sources.

In trying to increase foreign investment I made regular trips (before COVID hit) to countries where we export many racehorses as well as countries with major breeding centers, such as America and England.

These responsibilities give me a valuable insight to be able to comment on some of the issues that are raised by the Maxwell mine proposal.

Firstly, as you have no doubt been made aware, the Hunter is the epicenter of the breeding industry in Australia. There is no other area in the southern hemisphere that gets remotely close to boasting the same concentration and quality of stallions or mares.

But the reputation of the Hunter is not based on mass production: it is a center of excellence. And the two farms that are most directly impacted by this proposed development, Coolmore and Godolphin, are crucial to that reputation.

In my regular communication with industry participants overseas, whether they are American, British or Chinese, I am often asked about the land use conflict in the Hunter.

What is happening with mine developments in the Hunter? Will the government protect the breeding industry? If not, will farms leave the region?

Like so many industries, ours is becoming ever more global, not just in the movement of horses, but the transfer of capital from one region to another.

The Maxwell mine has received significant attention in the thoroughbred media globally and investors from across the world will be watching the determination of the Independent Planning Commission very closely.

There is a failure to understand in these major breeding centers why the government will not intervene to protect what are two key assets in a sustainable industry that has been in this region for almost two centuries and could be here for centuries to come.

Kentucky in America is also a state that has a significant breeding industry and coal mining production. There, legislators have thrown a blanket of protection around the thoroughbred breeding industry ensuring heavy industry cannot threaten the main areas of thoroughbred production.

In Newmarket, England, urban development and light industry rather than coal mining threaten the horseracing industry. Again, governments have intervened to protect the core assets of breeding and racing, recognising the importance of a green and sustainable industry that has been in that part of England since the seventeenth century.

It is important to state that nobody in the thoroughbred breeding industry is saying mining should not go ahead in the Hunter: we recognise the importance of this industry to the state and regional economy. However, mining development should not be allowed in close proximity to thoroughbred studs and where it will clearly compromise the ongoing viability of the breeding industry.

This proposal poses significant risks to Coolmore and Godolphin and, by extension, to the reputation of the Hunter as a breeding center.

TBA has particular concerns around impacts of the proposed mine as they relate to water, air quality and blasting.

Access to clean water is essential for prime agricultural production and an underground mine next to these farms threatens the health of the Hunter River, its tributaries and the aquifers that make up this ecosystem.

As for air quality, the environment of the proposal and local farms is already dusty, and this project will lead to further pollution, which is not a safe or healthy environment for horses or humans.

With blasting, the proposal states that for four years there will be regular blasts six days a week. Again, given the nearby farms are raising highly valuable thoroughbreds that have a flight response, such blasting is incompatible with their safe upbringing.

Perhaps the biggest threat from this application, however, is to the reputation of the Hunter region as a centre for excellence. And in addition to looking at this impact prospectively, the Commission should also consider how the Hunter has already been damaged by uncertainty caused by mining concerns.

Despite the acceptance that the Hunter is one of just three globally renowned breeding centers, there has been no international investment in the Hunter Valley in the past decade, while many other Australian breeding operations have been sold to overseas interests in that time.

Victoria has been the principal beneficiary of investors looking elsewhere. Spendthrift Farm is one of the biggest breeding operations in the world. Owned by a billionaire who is passionate about breeding and racing, their main farm in Kentucky covers more mares in America than any other.

Their General Manager, Ned Toffey, told me: “There is no question that the ongoing issues with mining in the Hunter Valley was a factor in our decision to buy in Victoria.”

They invested in a property near Romsey in 2015. That farm now employs some 20 people directly and they have invested more than \$12 million in improvements and infrastructure to their property. Their policy is to source local contractors whenever possible, bringing sustained benefit to the broader economy.

Another major international investor that chose Victoria over the more obvious Hunter was Chinese billionaire Yuesheng Zhang. Mr Zhang has bought three farms in Victoria in the past six years and, taken together, they employ some 65 people. Their infrastructure investment alone is nearing \$20 million, making Mr Zhang the most important new investor in Australia in the past decade. He also has 100 horses in work, with 70 per cent of those based with trainers in Victoria.

A key reason for Mr Zhang’s decision on where to position his business was the uncertainty caused by the land use conflict between mining and thoroughbreds in the Hunter. One of his most important criteria in assessing any property was its supply of clean water and, given the many threats to this in the Hunter, he felt investing there was too risky.

Others to have looked elsewhere when buying thoroughbred properties include Hong Kong billionaire Pan Sutong, who bought a farm in South Australia to stand his stallion Akeed Mofeed.

His advisor and trainer, Richard Gibson, who helped select the farm, told me: “Clearly there’s volatility and uncertainty in the Hunter because of the fight over the coal mines. When you are investing a significant sum of money in a property you would be irrational not to take that into account. We (Goldin Farms) certainly did and we decided to set up in South Australia.”

With these examples in mind I hope that when the Commission deliberates on this application, it considers the balance between the mining industry and the breeding industry, and the damage that has already been done, the investment already lost.

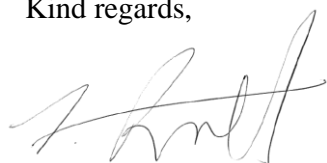
And should this development go ahead, I have no doubt it will be seen as a landmark moment for the reputation and the future of the Hunter Valley.

The eyes of the thoroughbred industry across the globe are on this issue. If the Hunter is to keep its reputation as an international leader, if we want our horses to be in demand across the world, then it is vital that this critical industry cluster is protected.

We believe that mining and breeding can both exist in this region, but not through this application at this location.

I would urge you to reject this application given the threat it poses to Coolmore and Godolphin and the Hunter’s critical industry cluster.

Kind regards,



Tom Reilly
Chief Executive
Thoroughbred Breeders Australia