

6 November 2015

HTBA SUBMISSION BYLONG COAL PROJECT

The Hunter Thoroughbred Breeders Association (HTBA) registers its concern and objection to the proposed Bylong Coal Project – an open cut and underground coal mine located in the Upper Hunter. The HTBA represents over 150 thoroughbred breeders and equine related supply industries.

The Hunter Valley's multi-billion dollar industry is one of the largest employers in the Hunter Valley. The Hunter Valley Breeders represent the largest concentration of stud farms in the world outside of Kentucky in the USA

The Hunter Valley is Australia's largest producer, supplier and exporter of premium thoroughbreds. It is one of only three international centres of thoroughbred breeding excellence in the world.

The NSW Government has:

- mapped the Upper Hunter equine Critical Industry Cluster;
- recognised the Upper Hunter's equine Critical Industry Cluster as an industry concentration of regional, state, national and international significance;
- provided the cluster with heightened protections – including scientific assessments to be undertaken by NSW's Independent Gateway Panel (Strategic Regional Land Use Plan, Upper Hunter); and
- protected the cluster by prohibiting coal seam gas mining.

A brief overview of the history and operations of the Hunter Valley's Thoroughbred Breeding industry and its economic contribution to the region, the state and nationally is appended to this letter.

THE BYLONG COAL PROJECT

The Bylong Coal Project is 100% owned by KEPCO, The Korean Electric Power Corporation. KEPCO proposes to construct and operate an open cut and underground coal mine in the Bylong Valley. The Proposed open cut and underground coal mine will:

- have a project life of 25 years;
- mine approximately 125 million tonnes (Mt) of Run of Mine coal (ROM) to produce approximately 90Mt of thermal coal;
- mine up to 6.5 Mt per annum of ROM initially using open cut excavators supported by trucks and other ancillary mining equipment to develop two open cut mining areas;
- underground coal resources will be extracted using longwall mining techniques;
- have an initial development of two open cut mining areas with associated haul roads and Overburden Emplacement Areas (OEA), utilising a fleet of excavators, trucks and supporting ancillary equipment will be operating 24 hours a day, 7 days a week over a 10 year period;
- include the construction and operation of administration, workshop, bathhouse, explosives magazine and other open cut mining related facilities;
- construct and operate an underground coal mine operating 24 hours a day, 7 days a week for a 20 year period;
- have underground mining operations with primary access provided via drifts constructed adjacent to the rail loop and Coal Handling and Preparation Plant;
- construct and operate facilities to support underground mining operations including personnel and material access to the underground mining area, ventilation shafts, workshop, offices, employee amenities, fuel and gas management facilities;

- construct and operate a Coal Handling and Preparation Plant (CHPP) (designed throughout of some 6 Mt of ROM with capacity for peak fluctuations beyond this);
- Dewater reject materials through belt press filters (or similar dewatering technology) within the CHPP and the co-disposal of dewatered fine and coarse reject materials within the OEAs and final open cut voids;
- construct and operate a rail loop and associated rail load out facility and connection to Sandy Hollow to Gulgong Railway Line to facilitate the transport of product coal;
- construct and operate surface and groundwater management and reticulation infrastructure (including diversion drains, dams, borefield pipelines, pumping stations and other required infrastructure);
- install communications and electricity reticulation infrastructure;
- construct and operate a workforce accommodation facility and associated access road from the Bylong Valley Way;
- Upgrade the Upper Bylong Valley Road and construct and operate a Mine Access Road;
- relocate sections of existing public roads to enable alternate access routes for private landholders surrounding the Project; and
- Infilling of mining voids, rehabilitation of disturbed areas, decommissioning of Project infrastructure and rehabilitation of land progressively following mining operations.

COMMENTS RELATING TO THE PROPOSED BYLONG COAL PROJECT

The Bylong Coal Project is a major mining project on land that is has been classified by the NSW Government as Biophysical Strategic Agricultural Land and Strategic Agricultural Land – Equine Critical Industry Cluster CIC).

The HTBA comments on this Project are in respect to the Project's impacts on the Upper Hunter Equine Critical Industry Cluster. However we do note that the Project's study area contains at least 2,366 ha of verified BSAL which is also at risk.

Bylong Valley – Impacts on Equine

The Bylong Valley has a long equine breeding and racing history dating back to the 1800's. Brief highlights of the Bylong Valley's equine breeding and racing history is appended to this submission.

The Bylong Valley Coal Project study area impacts on equine operations including Bylong Park Thoroughbreds, the historic Tarwyn Park, Tinka Tong (home of Hunter Stock horses) and Walling's Aggregation includes the Helvetia complex, Torrie Lodge and Sunnyside - containing a number of equine stable complexes and equine related operations, such as lucerne production.

Tarwyn Park has long been associated with the Hunter's thoroughbred breeding history being the home of champion racehorses Heroic and Rain Lover.

Heroic was leading Australian sire in the 1930's. He sired 29 stakes winners including Hall Mark, 1933 Melbourne Cup winner). Rain Lover was Australian Racehorse of the year in 1969, dual Melbourne Cup winner (1968 and 1969). He was inducted in the Australian Racing Hall of Fame in 2014 and the SAJC Rain Lover Plate in named in his honour.

All of these equine related operations will be directly impacted by the Project. All of these operations are part of the Hunter Valley's rich history as the equine capital of Australia and breeding ground of champion racehorses. Further many of these operations are part of the Upper Hunter equine through the provision of horse husbandry and forage production.



Importantly we note that Tarwyn Park, through the commitment, determination and practices of its previous owner Peter Andrews, is the international test case for Natural Sequence Farming which promotes sustainable agricultural systems to improve fertility, hydrology, vegetation, natural landscape, and property stock levels – including the growth and performance of horses.

It would be a great shame that this Australian and world leading research and demonstration of sustainable agricultural practices rather than being protected and heralded is now at risk due to coal mining in this State.

Failure to Assess Equine CIC Impacts

The NSW Government has verified 1,933 ha of land within the Project Boundary as Equine CIC. All equine CIC land has been identified by the NSW Government as strategic agricultural land *“now subject to protections never before seen in NSW”*¹.

The HTBA notes that the Proponent has failed to undertake an assessment of the Project’s impacts on equine CIC land contrary to the Secretary’s Environmental Assessment Requirements – which specifically require the Proponent to undertake *“an assessment of the likely agricultural impact of the development, paying particular attention to the mapped equine critical industry cluster in the area”*².

The HTBA also notes that the NSW Independent Gateway Panel has found the Proponent “non-compliant with respect to its assessment of the Equine CIC” which “lacks proper assessment of the potential impacts”³.

In its report, the NSW Independent Gateway Panel has found that this Project would have a significant impact on the Equine CIC because⁴:

- There is 1,933ha of verified Equine CIC Land within the Project Boundary area;
- The Applicant has already directly impacted the Equine CIC through its acquisition of land, eg Bylong Park Thoroughbreds, and implemented land use change;
- The Project proposes a disturbance footprint of 2,667 ha for open cut and underground coal mining;
- The Project proposes open cut and underground mining that directly impacts lands within this CIC; and
- The Applicant has misconstrued the Gateway Process and failed to put forward a compliant or considered assessment of its potential impacts on the Equine CIC.

The HTBA further notes that the Independent Gateway Panel Report found⁵ that this project will have a significant impact on:

- 17(4) (a) BSAL
 - BSAL land through surface area disturbance and subsidence;
 - BSAL soil fertility;
 - highly productive groundwater;
 - the fragmentation of agricultural land uses;
 - BSAL and agricultural land;

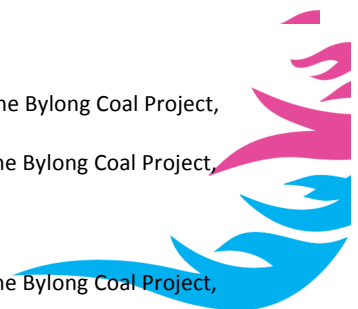
¹ NSW Premier’s foreword, Strategic Regional Land Use Plan, Upper Hunter, September 2012

² Secretary’s Environmental Assessment Requirements, Bylong Valley Coal Project, June 2014

³ Report by the Mining & Petroleum Gateway Panel to accompany a Conditional Gateway Certificate for the Bylong Coal Project, 15 April 2014, p3

⁴ Report by the Mining & Petroleum Gateway Panel to accompany a Conditional Gateway Certificate for the Bylong Coal Project, 15 April 2014, p3

⁵ Report by the Mining & Petroleum Gateway Panel to accompany a Conditional Gateway Certificate for the Bylong Coal Project, 15 April 2014, p 26



- 17 (4) (b) Equine CIC
 - land impacts through surface area disturbance and subsidence;
 - reduced access to, or impacts on, water resources and agricultural resources;
 - reduced access to support services and infrastructure;
 - reduced access to transport routes; and
 - loss of scenic and landscape values.

This Project has failed 11 of the 12 Gateway Criteria. If the Government's Gateway process proves anything, it is the fact that the Gateway Panel should have the authority **NOT TO PROVIDE GATEWAY CERTIFICATES** to project that are clearly damaging to NSW Biophysical and Strategic Agricultural lands and industries and the NSW Government's Strategic Regional Land Use Policy intents.

The Gateway Process has clearly demonstrated that up front scientific review can and should weed out Projects that pose a significant threat to NSW's productive biophysical, agricultural assets and public interest.

Equine CIC – NSW Government Should Not Shift the Goal Posts

The creation of Critical Industry Clusters in the Upper Hunter were undertaken with the aim to protect this high quality agricultural land from the impacts of coal and coal seam gas (csg) mining activities. In January 2014 the NSW Government finalised and gazetted the CIC maps and introduced a Gateway Process which would scientifically assess all State Significant Development Process which could impact on Biophysical Strategic Agricultural Land and Equine Critical Industry Clusters. The mapped CIC's were gazetted via an amendment to the State Environmental Planning Policy (Mining Petroleum Production and Extractive Industries) 2007.

This legislative process concluded a period of over 3 years of mapping, verification and government policy deliberation to identify, verify and protect strategic agricultural land and concentrations of highly productive industries that:

- are state and nationally significant;
- contribute to the identity of the region; and
- provide significant employment opportunities.

It is clear that this process was designed to provide heightened protections to Critical Industry Clusters, as articulated in the NSW Government's Strategic Regional Land Use Plan (Upper Hunter) 2012 and as is witnessed by the NSW Government's announcement in February 2013 introducing tough new rules for coal seam gas mining and prohibiting coal seam gas mining on critical industry clusters by creating csg exclusion zones⁶.

It is therefore of considerable concern that the Proponent has attempted to circumvent established Government policy and process and not abide by the requirements required of other SSDs to assess the impacts of this project on the Equine CIC. This must be corrected.

Importantly the HTBA is concerned that established Government processes and Government Policy is now not undermined by this Project.

The Bylong Coal Project is clearly on, and will have significant impacts to mapped equine CIC land. If this project is allowed to circumvent established Government policy and processes it will strike at the heart of the Government's credibility. Hunter Valley communities, regional communities farmers throughout NSW will not tolerate such a shift in the Goal Posts.

⁶ Tough New Rules for Coal Seam Gas, Premier Barry O'Farrell, 19 February 2013



CONCLUSION

The Bylong Coal Project poses a real and significant threat to both Biophysical and Strategic Agricultural Lands - the destruction of which would be contrary to established Government policy.

The HTBA is seriously concerned that the Proponent has not paid particular attention to the impacts of this Project on the equine CIC. Importantly the HTBA is seriously concerned at any circumvention or watering down of established Government policies designed to protect and preserve equine CIC land (for current and future generations).

Yours sincerely



Dr Cameron Collins
President
HTBA

Enclosures:

1. Bylong Valley - Equine Breeding and Racing History
2. The Hunter Valley's Thoroughbred Breeding Industry & Economic Significance



BYLONG VALLEY – EQUINE BREEDING AND RACING HISTORY

The Bylong Valley has a long equine breeding and racing history dated back to the 1800's.

1800's

In the second half of the 19th Century John Lee established his Bylong horse stud with top-class English bloodlines in the 1800s. The racehorse 'Bylong' won the first AJC Metropolitan in 1866.

Early 1900's

In 1918, Herbert Thompson purchased part of Lee's estate in Bylong, which he named Tarwyn Park and, over the next 30 years, developed into one of the true show properties of the state. Tarwyn Park became famous over the period 1927-39 as home of the record making champion sire 'Heroic'. Heroic's son, 'Hall Mark' - born at Tarwyn in 1930 – won the AJC and VRC Derbies, the VRC Melbourne Cup and the 1935 AJC Doncaster carrying 9st 8lb.

Other famous horses bred during the Thompson period include Hua, Persist, Feminist, Pushover, Lindbergh, Nuffield and Golden Chariot, winner of the VATC 1000 Guineas. Golden Chariot, sold in a dispersal sale after the death of Herbert Thompson, became the dam of 'Carrus' and the champion filly 'Wenona Girl'.

From 1950's

In the second half of the 20th Century Dan Buffier of Wingarra Stud bred many fine horses there from the late 1950s through until the 1980s. Amongst the most famous of these were the two Golden Slipper winners 'Sir Dapper' and 'Birthday Card', along with the earlier VATC Blue Diamond Stakes winner 'Let's Get Physical'.

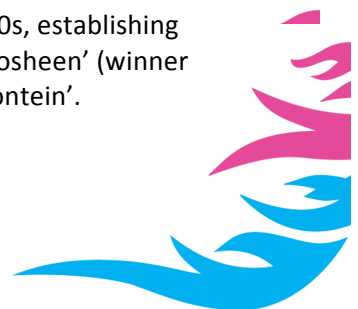
From 1970's

Peter Andrews purchased Tarwyn Park in the mid-70s. Mr Andrews bred and raised 'Black Shoes', the leading 2year old filly of her year who won the VATC Blue Diamond Stakes Group 1, the STC Silver Slipper Stakes, the AJC Gimcrack Stakes and the ATC Tea Rose Stakes. Other Stakes winners included 'Latin Saint', 'Razor Sharp' and 'Colour Bright'.

Don Nancarrow operated Clearvale Stud on the property Taworri from 1979. He bred and raised (for other owners) many good horses. Amongst the more notable of these were 'Quick Flick', 'Legal Agent', 'Merry Shade', 'Ab Initio' and 'Azzaland'. Nancarrow also stood the renowned 'Spectacular Spy' who turned out to be a very good source of winners but unfortunately died in his prime.

At Kinscem Stud, Simon Thompson bred and reared 'Heavenly Glow', winner of the Group 1 Arrowfield Stakes and the AJC Oaks, along with 'Platinum Skye'.

Richard Johnston purchased the property Taworri from Don Nancarrow in the mid-2000s, establishing Bylong Park Thoroughbreds. Well-known horses bred there in recent times include 'Mosheen' (winner of three Group 1 races in a row before being spelled) and Magic Millions winner 'Driefontein'.



THE HUNTER VALLEY'S THOROUGHBRED BREEDING INDUSTRY

The Hunter Valley's multi-billion dollar Thoroughbred Breeding Industry is a nationally and internationally significant industry. It has evolved over 150 years and has gained critical mass and international prominence over the last thirty years. It is the heartland of Australia's national Thoroughbred Breeding Industry and is one of three international Centres of Excellence (alongside Kentucky in the USA and Newmarket in the UK).

The Hunter Valley's rich history of breeding Thoroughbred Champions has attracted significant domestic and international investment and a concentration of Thoroughbred Breeding support industries making the Hunter Valley the envy of our domestic and international competitors.

The Hunter Valley holds the second largest concentration of horse studs in the world, outside Kentucky in the USA. It produces approximately half of all Thoroughbred horses born annually in Australia and represents nearly 70% of all Australian Thoroughbred horse exports. It is a world recognised and major national and international source of Group 1 winners (the equine equivalent of Olympic Gold Medal winners).

The industry is based on access to clean water, clean air and topography that blends rich valley pastures for lactating mares and their foals and more testing, rugged terrain for the development of young thoroughbred lungs and limbs. Clean air and water supplies are critical to our industry and our clean, green, Thoroughbred champion-producing character and reputation.

The major Thoroughbred Breeding players in the Hunter Valley have invested billions of dollars in establishing world-leading properties, breeding and bloodstock. They have attracted a sophisticated network of thoroughbred support industries which would not be located in the Hunter Valley but for the existence of our world-class Thoroughbred Breeding Industry.

The industry underpins the business operations of regional thoroughbred breeding related industries. Approximately 85% of capital expenditure by the Thoroughbred Breeding Industry is spent within the Hunter Valley region. The largest equine hospital in the Southern Hemisphere, the Scone Equine Hospital, provides world-class veterinary services and research and provides veterinary care for 90% of the stud farms in the area. It is located in Scone because of the critical mass of Thoroughbred breeding operations in the region.

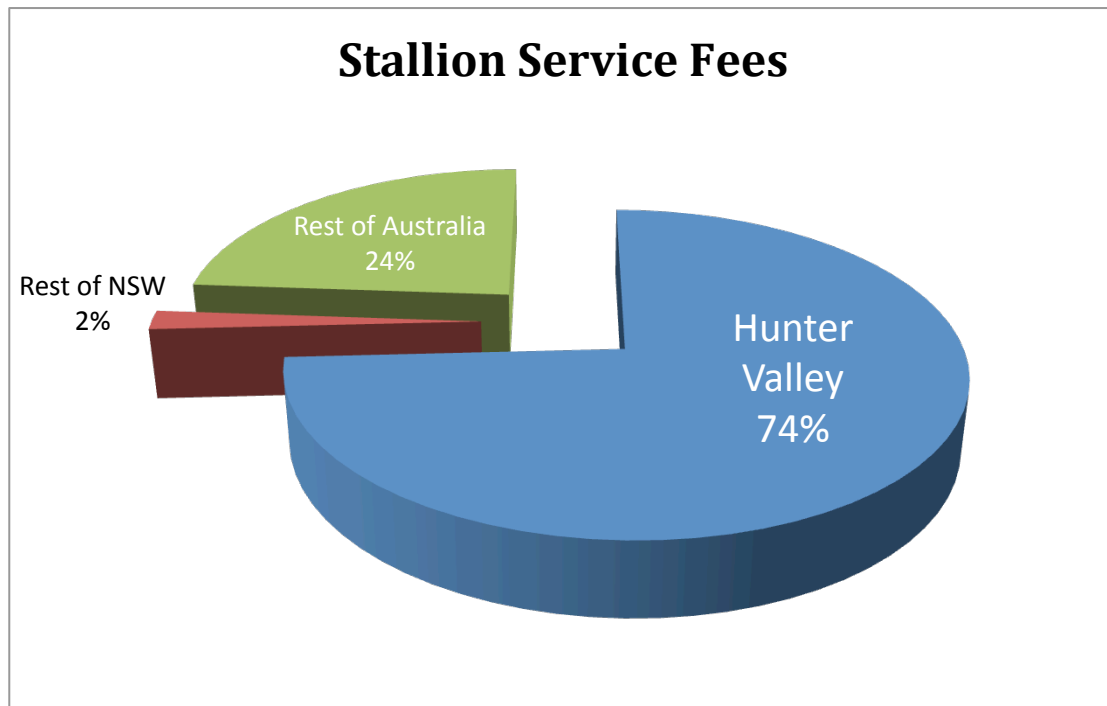
The Hunter Valley's Thoroughbred Breeding Industry generates and supports thousands of jobs in the region and hundreds of thousands of jobs across the nation. It has been acknowledged that the horse racing and breeding industry is one of the largest employers in Australia, supporting over 230,000 direct and indirect employees, participants and volunteers.

Thoroughbred Investments in the Hunter Valley

Major investments in world-class Thoroughbred Breeding have been made in the Hunter Valley by significant international and domestic investors.

Australian and international investors have located their Thoroughbred Breeding operations in the Upper Hunter Valley because it is a Centre of Excellence with a critical mass of Thoroughbred Breeding operations, world-leading support services and a unique environment.





Source: Stud Book, 2013

The major international operators have multi-regional operations. Their Hunter Valley businesses are a key element of their international breeding operations. They have invested many billions of dollars in establishing their properties, operations, bloodstock and supporting infrastructure.

The Australian Industry – Structure and Economic Significance

Overall the Hunter Valley's major stud farms support some 150 broodmare farms and a sophisticated network of support industries – including veterinarians, farriers, horse transport companies, veterinary laboratories, feed merchants, lucerne growers, horse breakers, agronomists, irrigation specialists, saddlers, catering and hospitality industries. It also supports equine auction houses such as Magic Millions and Inglis.

The Hunter Valley Thoroughbred Breeding Industry is interconnected and inextricably linked to the NSW Racing Industry (insert cross ownership stat). It is also internationally recognised as a centre of excellence and respected as a producer of premier Australian thoroughbred and world thoroughbred champions.

IER Pty Ltd in its report "Economic Impact of Australian Racing" produced in August 2007 assessed the Thoroughbred Breeding and Racing Industry's economic contribution in 2006 at:

- \$5 billion in value added to the national economy (with regional economies generating more than \$2.2 billion);
- over \$1.1 billion in state and federal taxes;
- over \$1.1 billion invested annually by breeders, owners and trainers.

Further this report highlighted that:

- more than 4,700 thoroughbred trainers play a vital role in the preparation of more than 40,000 race horses each year
- more than 78,000 thoroughbred owners, 5,000 trainers and over 1,100 jockeys also play a pivotal role in the production, training and racing of Australia's thoroughbred horses.

The Hunter Valley is highly valued and internationally recognised for its ability to produce Group 1 winners (the equivalent of Olympic gold medal winners).



In its more recent report (2014) for the NSW Government, IER research demonstrated the importance of thoroughbred breeding and racing to the NSW economy, contributing over \$2.6 billion annually to the state economy. (Included in this attachment).

Export Markets

Australia's major export markets include Hong Kong, South Africa, Singapore, Malaysia and New Zealand. Australian thoroughbred horses from the Hunter Valley also comprise a significant proportion of Australia's exports to other markets such as the Philippines, Thailand, the USA, UK, Ireland and Japan. In the 2008/2009 financial year, the number of thoroughbred exports sired or bred in the Hunter Valley represented some 70% of total Australian thoroughbred exports. In dollar terms the percentage of exports sourced from the Hunter Valley would be significantly higher (perhaps as high as 80% or 90% of the total value of Australian thoroughbred exports) reflecting the fact that the Hunter Valley produces the majority of premium quality thoroughbred horses.

Australia is a respected and major supplier of Thoroughbred horses to Asia and is well positioned to respond to increasing interest from China.

Over the past decade there has been a significant increase in the number of Australian thoroughbred horses exported to Hong Kong, Singapore and Malaysia. China is set to become a major international player. China's growing interest in horse racing and breeding is driving strong growth in the demand for imported horses – making China an important potential market for Australia. The Hunter Valley is well placed to service China's growing interest in horse breeding and racing. The potential to service the growing Chinese market will result in significant benefits for Australian thoroughbred breeders, the economy and jobs – particularly in the Hunter Valley.

The increasing quantity of thoroughbred horses being exported reflects the demand for, and reputation of, Australian race winning thoroughbreds.

Importance of the Hunter Valley Thoroughbred Breeding Industry

In May 2010, the independent Planning Assessment Commission (PAC) reported its expert findings on the Bickham Coal Project in the Hunter Valley. In its report, the PAC concluded that:

"The thoroughbred industry in the Upper Hunter Valley is a very significant contributor to the regional, state and national economies and a major source of employment. The structure of the industry makes it particularly vulnerable to threats based on image ... The available evidence supports the view that open-cut coal mining and a viable international-scale thoroughbred breeding enterprise are incompatible land uses."

The PAC recognised that:

- the industry in the Hunter Valley is based on the international reputation that the Hunter Valley has acquired for producing premium quality stock;
- the industry's production capacity is based on key environmental attributes including clean air, clean water and green rolling hills;
- the high net worth individuals in whose hands the top breeding stallions are concentrated are potentially very mobile and should they decide to move, they could move offshore;
- the extent of this potential mobility could see 60% of the premier stallion strength move overseas with a consequent impact on 80% of the broodmare farms and the supply industries.



Two Drayton South PAC reports have reaffirmed the finding that international scale thoroughbred breeding enterprises and open cut coal mining are incompatible land uses. Both PACs also called for similar protections that apply to other thoroughbred breeding operations in the world should also be applied in Australia.

Australian Centre of National and International Significance

The Upper Hunter is referred to as the “Horse Capital of Australia”. It has the second largest concentration of horse studs in the world, outside Kentucky USA.

The Upper Hunter Valley horse studs produce around half of all thoroughbred horses born annually in Australia and are nationally and internationally acknowledged for breeding quality horses and one of the three major thoroughbred nurseries in the world (along with Bluegrass in Kentucky USA and Newmarket in the UK).

The majority of yearlings sold at the major Australian sales (such as Magic Millions and Inglis) were produced in the Hunter Valley. The prices paid for premier yearlings from the Hunter Valley reinforce the Valley’s reputation for breeding high quality thoroughbred horses of international standing.

The Hunter’s stallion stud farms support some 150 broodmare farms and a network of support industries throughout the Hunter Valley.

This concentration of Thoroughbred Breeding operations in the Hunter Valley has attracted other state-of-the-art equine operations **which would not be located in the Hunter but for the existence of its world class Thoroughbred Breeding Industry.**

The Scone Equine Hospital, is the largest equine hospital in the Southern Hemisphere. It employs over 100 staff, including 30 qualified veterinarians, 5 Specialists and some 70 support staff. The Scone Equine Hospital operates a 24-hour surgical and intensive care facility. It is a major employer of professional staff in rural NSW and the surgical and intensive care facilities are major referral centers for local, state and interstate veterinarians.

The Scone Equine Hospital’s research outcomes deliver world-first advancements in equine care with major domestic and international benefits. In addition the Scone Equine Hospital provides training for up to 40 veterinary students and annually and plays an active role in the training of 60 veterinary nurses each year at the local TAFE.

Scone’s Equine Hospital provides primary veterinary care for the thoroughbred breeding industries in the area. Its business almost entirely (90%) dependent on the thoroughbred breeding industry. The Scone Equine Hospital’s fate is therefore inextricably tied to the fate and future of the Hunter’s Thoroughbred Breeding industry. The Hospital’s future \$8-10 million investment to develop a state of the art equine hospital is on hold given the level of uncertainty resulting from this and other mining projects in the Upper Hunter.

Scone has a world-class equine research, training and education centre, the **Hunter Valley Equine Research Centre** which was founded in 1999 to foster and support equine research in Australia, including developing effective diagnosis and prevention technologies for all horse diseases.

The Scone Cup is the richest Country Cup meeting in Australia and is held as part of the **Scone and Upper Hunter Horse Festival** held each Autumn. In 2012 it attracted some 10,000 visitors to the region. The **Thoroughbred Breeding Stallion Parades**, held in the last weekend in August annually, attract some 5,000 visitors, clients and investors to the area. These events are an important part of the economic, cultural and social fabric of the Hunter. They attract significant tourism to the region and reinforce the Hunter as the Horse Capital of Australia.



Australian Stock Horse Society is headquartered in Scone. Established in 1971, it is the largest of more than 70 horse breeding associations in Australia – with more than 66 branches. Some 10,000 individual members and over 165,000 nationally and internationally registered horses. The Society's purpose is to preserve the bloodlines of the Australian Stock Horse and promote the breed domestically and internationally.



ECONOMIC SIGNIFICANCE

HUNTER VALLEY THOROUGHBRED BREEDING INDUSTRY

INTERNATIONALLY RENOWNED, NATIONALLY, STATE AND REGIONALLY SIGNIFICANT

The heartland of Australia's premier thoroughbred breeding industry is concentrated in the NSW Hunter Valley.

Economically Significant

The Hunter Valley's multi billion dollar thoroughbred breeding industry is a vibrant, world renowned and economically significant agricultural industry. It contributes \$5b every year to the national economy and supports over 230,000 sustainable long term jobs throughout Australia.

In NSW it contributes over \$2.6 billion to the NSW economy, supports over 50,000 people generating sustainable jobs and investment. It attracts tourism to our regions and delivers a diverse economic base for regional Australia.

In the Hunter Valley it is the largest agricultural industry and employer. It is 2 times the value of irrigated agriculture, 4.5 times the value of dairy and 10 times the value of meat and cattle.

It supports some 5,000 jobsⁱ, 150 broodmare farms and a sophisticated network of equine supports industries. Industries ranging from fodder and lucerne producers, farriers, saddlers, equine transport companies, hospitality and retail, and the largest equine hospital in the Southern Hemisphere. Industries that would not exist in the Hunter but for the thoroughbred breeding industry.

The industry is also important in the city. In Western Sydney and Sydney it supports over 15,000 people and a wide range of industries including wholesale and retail trade, accommodation, food, beverage, entertainment, education, training, arts and recreation.

The NSW Government's own studies affirm that the thoroughbred and racing industry is a significant employer and contributor to the NSW economy.

Internationally Renowned

As one of three Centres of Thoroughbred Breeding Excellence in the world – alongside Kentucky in the USA and Newmarket in the UK – the Hunter Valley's thoroughbred breeding industry has a proud and envied reputation of producing and exporting the best thoroughbred champions in the world.

The Hunter Valley's industry represents the second largest concentration of studs in the world, second only to Kentucky USA. This concentration of world-class thoroughbred breeding operations reflects world scale operations and world's best practice.

World class operations attract world class investment. Over the past 15 years more than \$5b has been invested in the Hunter Valley's breeding, training and racing operations.

The record-breaking 2015 Magic Millions sale grossed over \$100m representing the biggest yearling sale conducted in the Southern hemisphere in almost seven years – over 80 per cent of which were by Hunter Valley stallions. The top 120 lots sold were all sired by stallions based in the Hunter Valley.

The 2014 Inglis Easter Yearling Sale produced similar results with over \$90 million in sales and the majority of the catalogue (over 80 per cent) produced by Hunter Valley. The 2015 Inglis Easter Yearling Sale is poised to be the biggest sale conducted in the last 5 years.



Operating in a unique environment

The Hunter Valley's unique environment – its heritage, scenic landscape, plentiful water systems, rich soils and undulating lands – are essential attributes for breeding and training world leading thoroughbred athletes, attracting investment and maintaining sustainable jobs and diverse economies.

Producer and Exporter of Champions

The Hunter Valley is the heart and home of Australia's premier breeding industry. It produces:

- over 50 per cent of all thoroughbreds born in Australia;
- 70 per cent in volume and 80 – 90 per cent in value of Australian thoroughbred exports;
- 75 per cent of all horses racing in Sydney and Melbourne;
- over 80% of all yearlings at Australia's premier yearling sales.

Discerning clients travel far and wide to invest in Australia's premier stallions in the Hunter Valley.

Exports

The Hunter Valley's is Australia's premier thoroughbred export hub. The caliber and reputation of Hunter Valley thoroughbreds is reflected in the demand for Australian thoroughbreds from our Asian and Middle Eastern neighbors.

In 2013 Australia supplied over:

- 80 percent of thoroughbred imports into New Zealand,
- 58 per cent to the Philippines,
- 51 per cent to Macau,
- 46 per cent into South Africa,
- 43 per cent to Malaysia and
- 38 per cent to Hong Kong.

This trend will grow as the Asian markets grow and expand. Australia has an enviable reputation and track record of producing world champions. It is well positioned to take advantage of this growth and the value added opportunities it offers.

Part of Australia's sporting heritage and history

Since the first race staged by Governor Macquarie in Hyde Park in 1810 horseracing has been an important part of Australia's sporting history and heritage and is a quintessential part of our way of life.

Today the Hunter's thoroughbred breeding industry is vertically integrated to the NSW racing industry which supports:

- 134 race clubs - many of which are located in, and form an integral part of, regional communities
- over 31,000 owners and syndicate members;
- over 1,000 trainers;
- nearly 11,000 horses in training; and
- over 250 jockeys.

Thoroughbred breeding has had a proud place in our sporting history (and remains Australia's second most popular sport behind Australian Rules), our communities and way of life for over two centuries – and if protected can continue to grow and prosper.



Internationally Significant	
1 of 3	International Centres of Thoroughbred Breeding Excellence in the World – alongside Kentucky in the USA and Newmarket in the UK
Largest	Concentration of thoroughbred studs in the world outside Kentucky USA
Largest	Australian producer & supplier of premium thoroughbreds
Largest	Australian exporter of premium thoroughbreds, representing:
• 80.35%	Imports from Australia to New Zealand
• 58.65%	Imports from Australia to the Philippines
• 51.63%	Imports from Australia to Macau
• 43.54%	Imports from Australia to Malaysia
• 38.83%	Imports from Australia to Hong Kong
Nationally significant	
\$5b	Contribution to national GDP annually
230,000	Jobs generated and sustained nation wide
State Significant	
\$2.6b	Contribution to NSW economy annually
53,696	People employed or participating in thoroughbred breeding and racing in NSW
34,000	People directly involved in breeding, racing or training in NSW
21,837	Thoroughbred owners in NSW
134	Racing Clubs in NSW
\$175m	Investment in NSW Racing infrastructure underpinned by the quality of bloodstock & racing product produced in the NSW Hunter Valley



Regionally Significant	
55% +	Of the \$2.6b total value added occurs in regional NSW
Largest	Agricultural industry in the Hunter Valley:
2 times	The value of irrigated agriculture
4.5 times	The value of dairy
10 times	The value of meat and cattle
150	Broodmare farms dependent on Hunter Stallion stud farms
Sophisticated	Network of equine support industries dependent on Hunter Valley stud farms – including farriers, fodder producers, saddlers, equine transport companies and the Southern Hemisphere's largest equine veterinary practice, Scone Equine Hospital
Significant Regional Employer	
42,586	Employees and participants in regional NSW:
• 5,745	in the Hunter
• 4,979	Full Time Equivalent Employment in the Hunter
• 10,159	in Sydney
• 5,633	in Western Sydney
• 6,783	in Mid North Coast, Central Coast, Illawara and South Coast
• 14,266	throughout the rest of regional NSW
Significant Regional Investor	
\$5b +	Invested in the Hunter Valley's thoroughbred breeding industry in the past 10 years (and rising)

SOURCE: IER Pty Ltd Report 2006; IER Pty Ltd Report 2014, Marsden Jacob Associates Report 2014, Australian Stud Book



AT A GLANCE

Hunter Valley At A Glance	
470	Breeders
4,797	Full Time Equivalent Employment
5, 745	Employees and Participants*
6	Race Clubs
78	Race Meetings – including the only Saturday Stand Alone meeting in regional Australia
595	Races
100,416	Attendances
\$564.6m	Value added injected in the local economy by the thoroughbred breeding & racing industry

Sydney At A Glance	
10,159	Employees and Participants
3	Race Clubs
66	Race Meetings
494	Races
291, 858	Attendances
\$11.1 billion	Value added injected into the economy by the thoroughbred breeding & racing industry

Western Sydney At A Glance	
5, 633	Employees and Participants
1	Race Club
76	Race Meetings
392	Races
237, 411	Attendances
\$321.9 million	Value added injected into the Western Sydney by the thoroughbred breeding & racing industry

* Participants are the lifeblood of the industry. They provide investment, time, skills and passion that underpins the horse racing industry in the State.

Source: IER Pty Ltd, Size and Scope of the NSW Racing Industry, 2014.

ⁱ IER Pty Ltd, Size and Scope of the NSW Racing Industry, 2014.

