



AMENDMENTS TO AUSTRALIAN RULES OF RACING

TOR Rule 6 Ownership restrictions on persons the subject of an Enforcement Action Application

Summary:

Under the Trainer and Owner Reforms (TOR) Rules in Schedule 2 to the Australian Rules of Racing, where an owner has failed to pay their training fees as required (and has not lodged a Dispute Notice in respect of them) a trainer may lodge an Enforcement Action Application (EAA) against the owner. Upon lodging an EAA, the trainer may seek the following consequences be applied against the owner until the outstanding fees have been paid:

- owner not permitted to transfer the horse to another trainer (if the owner owns at least 50% of the horse);
- owner not permitted to transfer their share in the horse to another person; and
- owner's prizemoney is frozen and redirected to the trainer.

However, an EAA issued against a defaulting owner does not restrict that owner from entering the ownership of other horses, even while the debts remain unpaid. This can affect future training and joint ownership relationships, as participants may unwittingly enter into arrangements with persons who have a history of not paying their training fees and who can continue to accumulate training debts throughout the industry. This has the potential to create negative experiences for participants and can threaten (particularly for owners) their ongoing involvement in the industry.

To address this situation, Racing Australia has approved amendments to TOR Rule 6, such that where a defaulting owner is the subject of a current EAA he or she will be prohibited from entering the ownership of any other horse. Only once the EAA is lifted (i.e. by payment of the training debt or through agreement with the trainer) will such an owner be permitted to acquire and register ownership interests in other horses. The rule change includes a discretionary element that allows Racing Australia/Principal Racing Authorities to waive any relevant ownership restriction where they believe it will assist in reducing the training debt owed by a defaulting owner.

These changes will not affect a defaulting owner's existing ownership in other horses (if any) given the potential for that to affect other innocent owners.

The rule change will take effect with the start of the new racing season on 1 August 2021, which will provide sufficient time for defaulting owners to clear their training debts.

Amend TOR Rule 6 as follows:

TOR Rule 6 – Consequences if the presumption of a training debt arises

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- (6) Subject to subrule (7), if an EAA has been applied by Racing Australia and/or a PRA against an owner under this rule, while that EAA remains in place:
- (a) that owner must not, either directly or indirectly, acquire an interest in another horse

and/or lodge with Racing Australia or a PRA in respect of another horse:

- (i) a Foal Ownership Declaration;
 - (ii) a registration application;
 - (iii) a transfer of ownership application, except for the purpose of that owner selling his or her interest in another horse; or
 - (iv) a lease application; and
- (b) Racing Australia and/or a PRA must not process any such application or lodgment.
- (7) Racing Australia and/or a PRA (as applicable) may waive any prohibitions in subrule (6) if they are of the opinion that such waiver will assist in reducing the relevant owner's training fees and/or training disbursements debt.

Date of effect: 1 August 2021