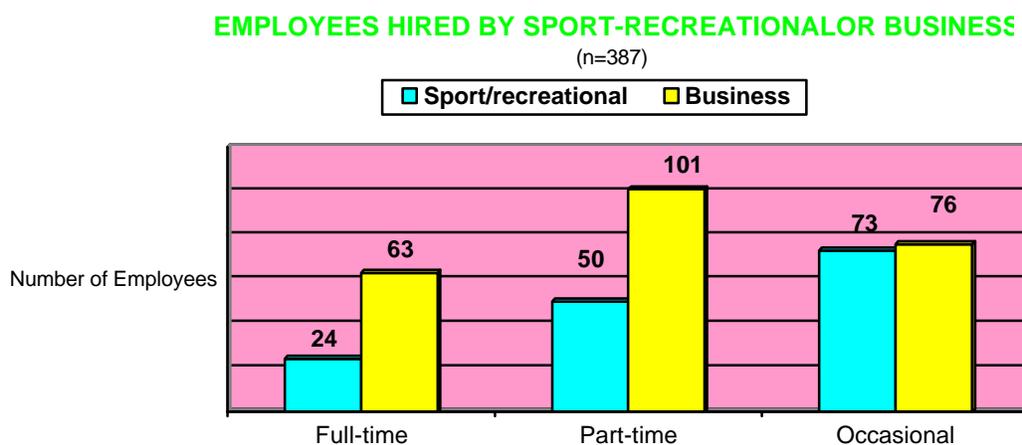


When cross-referenced with the sport-recreational and the business owners it was observed that the business sector of the horse industry hires approximately twice as many full-time and part-time employees as that of the sport-recreational owner. There was very little difference between either the sport/recreational owner and the business owner when hiring occasional help. Horse owners reported that they hired a total of 387 full-time, part-time and occasional employees. The question allowed for respondents to identify more than one source of employment. The frequency of their choice(s) is illustrated in the following graph:



Graph 43. Employees Hired By Sport-Recreational or Business

Marketing

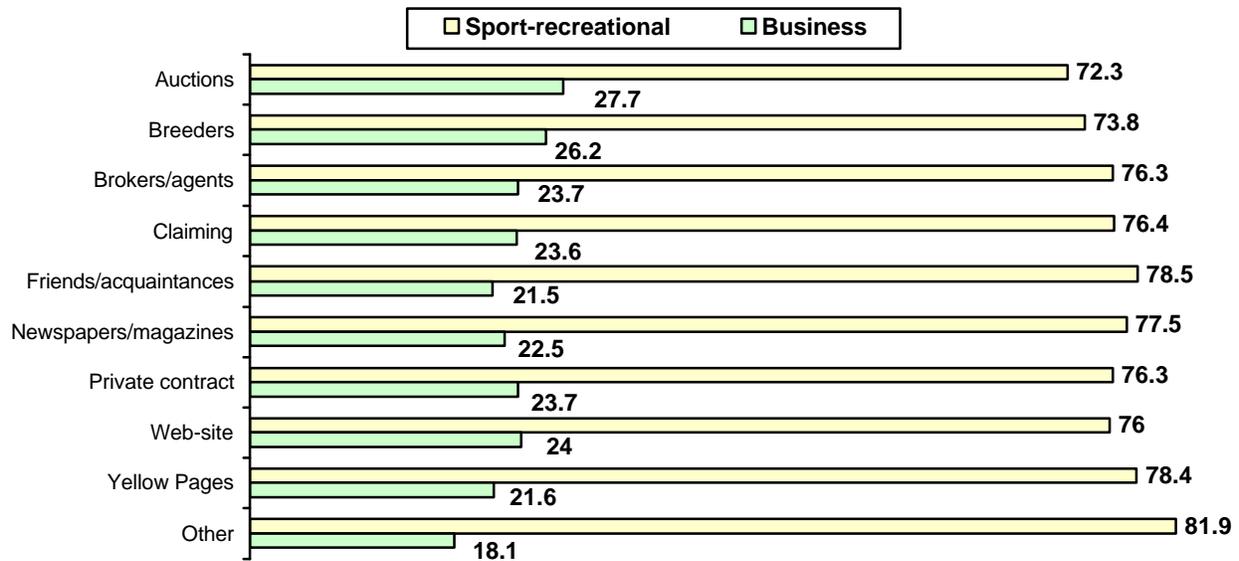
Purchasing Preferences

Preferred methods and origins of horses purchased. Horse owners were asked to rank their purchasing preferences on a scale of 1 to 10. Choices provided were from breeders, brokers/agents, friends/acquaintances, auctions, claiming, newspapers/magazines, private contract, web site, Yellow Pages, and other. The top five methods most preferred were breeders as number one, friends/acquaintances as number two, newspapers as number three, website as number four, and private contract as number five. Of those who chose to add additional comments, 40.3% reported that they bred their own horses. Also, a number of owners reported relying on word of mouth as a means of acquiring new horses. The following graph provides a comparison between purchasing preferences for business and sport-recreational stakeholders.

METHODS OF PURCHASING HORSES

(n=1,511)

(Frequency of Percentage by Selection)

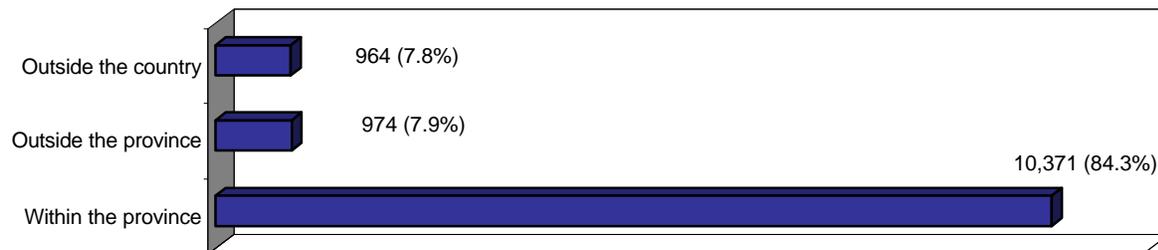


Graph 44.. Methods Of Purchasing Horses

The survey asked owners to identify the origin of their equine stock that they have in their possession. They reported that 7.8% (964 horses) came from outside the country, 7.9% (974 horses) came from outside the province and the majority of horses purchased 84.3% (10,371 horses) were acquired within Alberta.

ORIGIN OF HORSE(S)

(n= 12,309 horses)



Graph 45. Origin of Horse(s)

The following table (Table 19) illustrates the relationship between the origins of equine stock with the four stakeholder groups within the industry. The graph presents information from respondents in both horizontal and vertical percentages allowing for an assessment across the three origins, namely: in province, out of province and outside the country. It appears that the majority of respondents reported

their equine stock originated within Alberta demonstrating a strong demand for the Provincial market which creates a direct impact on the quality and types of preferred breeds, with sport-recreational owners being the largest group (66.1%). It should also be noted that in all four-stakeholder groups the majority of activities are within the province. This has implications for the quality of breeding and the types of preferred breeds within Alberta wherein there is some control over the breeding process i.e., choice of mare and sire. Also, as the majority of horses are purchased by sport-recreational owners the cost of purchasing horses within Alberta could be lower than outside of Alberta.

RELATIONSHIP BETWEEN ORIGINS OF EQUINE STOCK AND STAKEHOLDER GROUPS

(n=2,120)

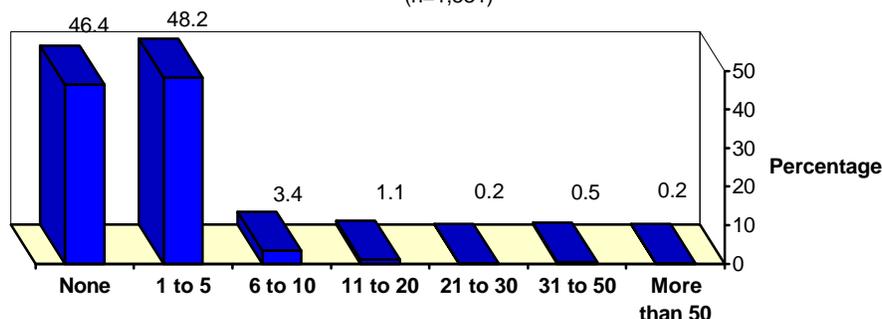
	In Province (%)		Outside the Province (%)		Outside the Country (%)		Total Percentage
Business operator	57.8	17.8	23.0	27.7	19.2	31.6	100%
Sport-recreational owner	76.1	66.1	15.3	52.1	8.6	40.0	100%
Professional	60.4	6.7	19.5	8.5	20.1	12.0	100%
Industry related business person	60.8	9.4	19.4	11.7	19.8	16.4	100%
Total		100%		100%		100%	

Table 19. Relationship Between Origins of Equine Stock and Stakeholder Groups

Horses acquired in the past 12 months. Stakeholders were then asked, “How many horses did you acquire in the past 12 months?” The majority of respondents reported that they had purchased either none (46.4%) or 1 to 5 horses (48.2%) with the average number of horses purchased being 1.5. This would be an indicator of the strong recreational ownership of horses. Of those owners who reported purchasing 6 to 10 horses, the average number purchased was 5.6 while those who purchased 11 to 20 horses acquired an average of 13.5 horses.

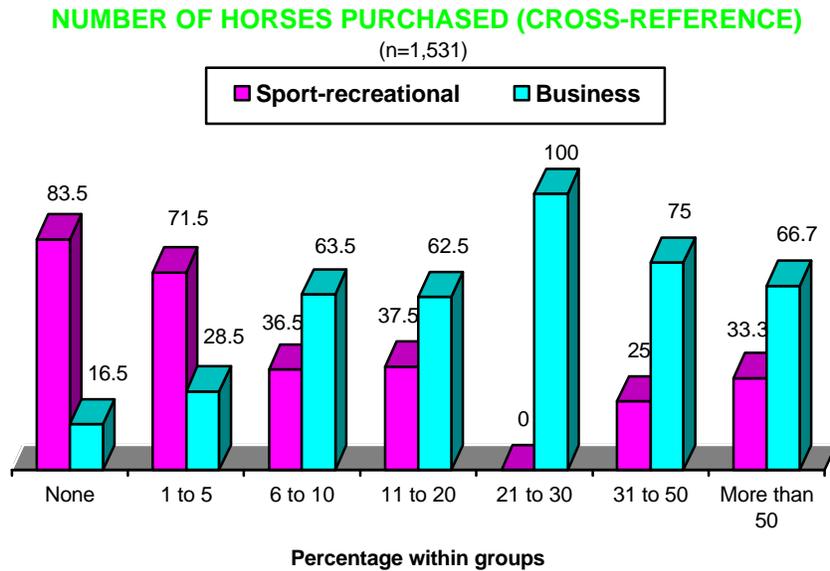
HORSES ACQUIRED DURING THE PAST 12 MONTHS

(n=1,531)



Graph 46. Horses Acquired During The Past 12 Months

As noted in the following graph which cross-references the sport-recreational owner and business owner relating to the number of horses acquired during the past 12 months. Of the 1,531 respondents, the business sector is most prevalent when purchasing more than five horses; however, the sport-recreational sector is the largest group when purchasing one to five horses.



Graph 47. Number Of Horses Purchased (Cross-Reference)

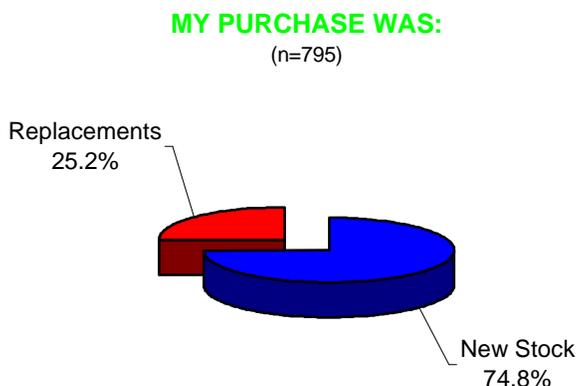
Average purchase price of horses purchased. Horse owners were asked to specify the dollars spent on acquiring new horses over the past 12 months. The average purchase price was \$3,902 with the largest price paid being \$55,000. Total dollars spent by 812 respondents was \$3,168,033.

DISTRIBUTION OF AVERAGE PURCHASE PRICES
 (n=812)

Price Range	Percentage Purchased
\$1,000 or less	20.2
\$1,001 to \$1,500	0
\$1,501 to \$2,000	8.4
\$2,001 to \$3,000	27.7
\$3,001 to \$5,000	24.2
\$5,001 to \$10,000	12.1
More than \$10,000	7.4

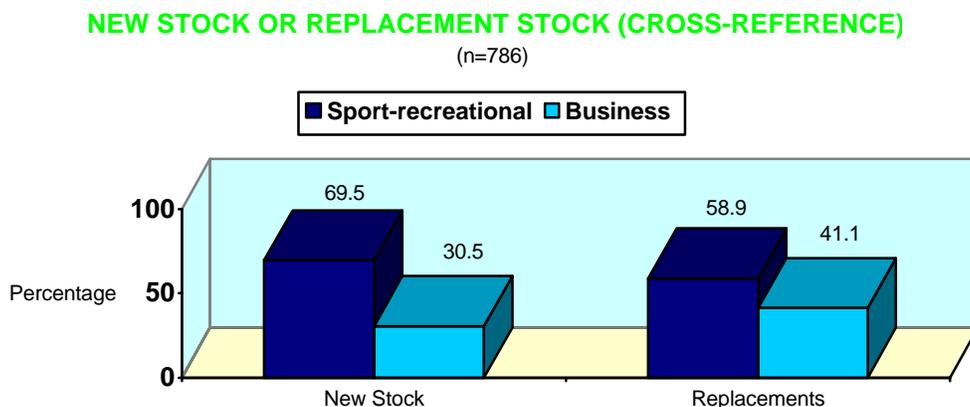
Table 20. Distribution of Average Purchase Prices

New stock or replacement stock? The majority of purchases made by stakeholders was new stock (74.8%) while 25.2% purchased replacement animals as indicated by the following chart.



Graph 48. My Purchase Was...

The following graph illustrates the cross-reference of sport-recreational owners and the business sector relating to new stock or replacement stock. Approximately twice as many sport-recreational owners responded as that of the business sector.



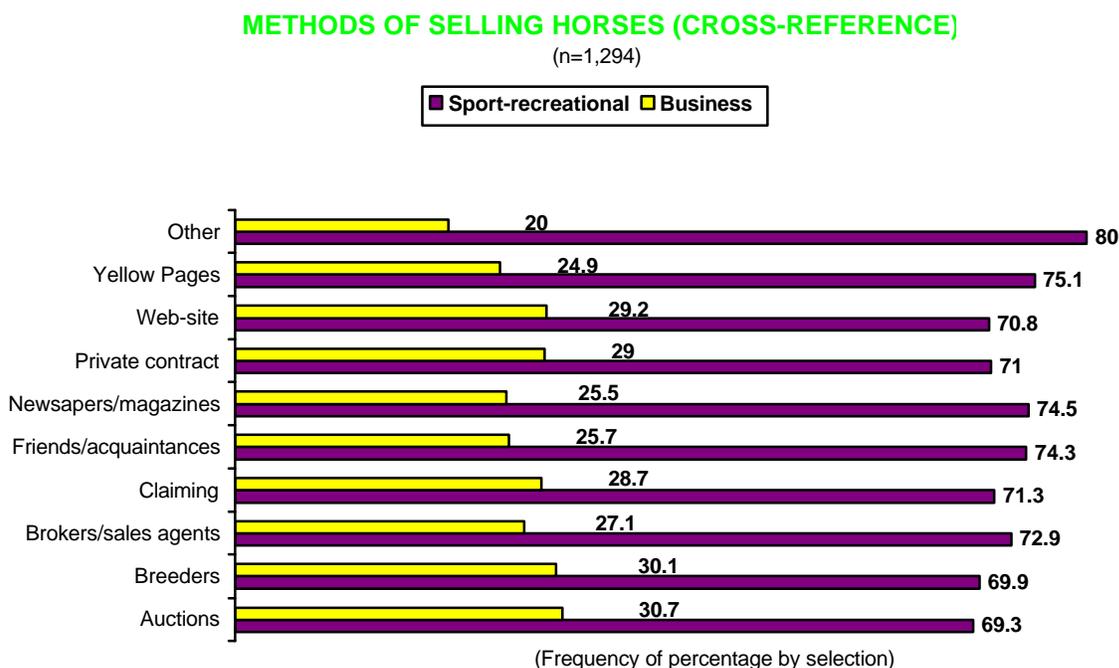
Graph 49. New Stock or Replacement Stock (Cross-Reference)

New stock purchases included primarily Quarter Horses (39.9%), Thoroughbreds (11.4%), Arabians (6.2%) and Appaloosas (4.8%). Additional breeds purchased were Tennessee Walking Horses, Canadian Warmbloods, Paints, Palominos, Percherons, Peruvian, Hanoverians, Morgans, Mules, Newfoundland Ponies, Welsh Ponies, North American Curly, Oldenburgs, Trakehners, Westfalens, Connemara, Rocky Mountain, Shetland Ponies, as well as an assortment of crossed breeds.

Purchases of replacement horses included Quarter Horses (38.5%), Thoroughbreds (14.0%), Arabians (5.5%), Paints (7%), Appaloosas (4.5%), and Morgans (4.5%). Other breeds purchased for replacement purposes were Pintos, Belgians, Canadian Sport, Canadian Warmbloods, Clydesdales, Hannoverians, Hostieners, Paso Finos, Percherons, Welsh Ponies, Shires, Spanish Normans, Suffolk, and Tennessee Walking Horses. Various cross-breeds were purchased 7.5% of the time.

Selling Preferences

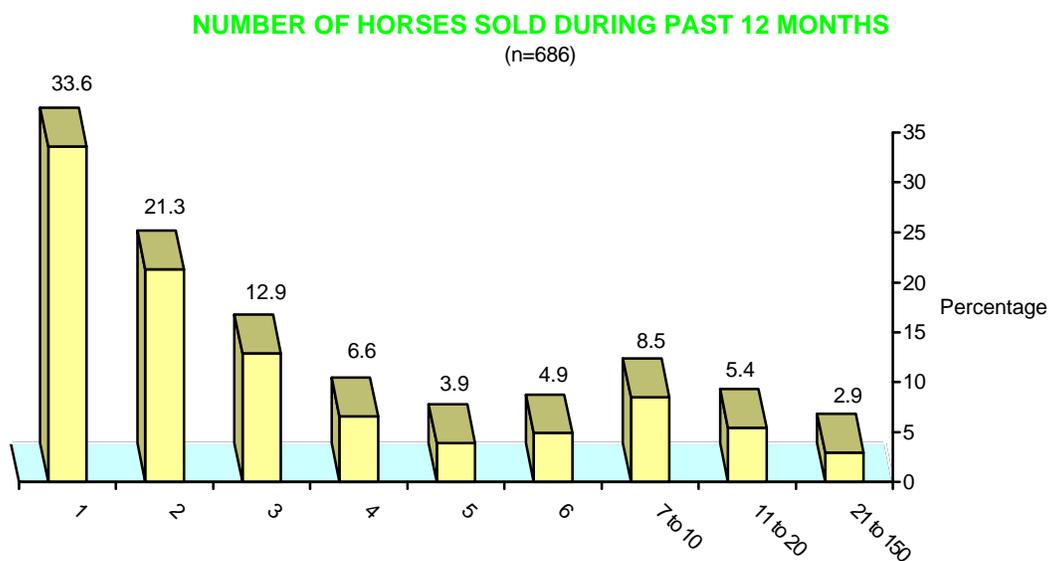
Preferred methods of selling horses. Owners were asked to rank their selling preferences on a scale of 1 to 10. Choices included: auctions, broker/sales agent, claiming, newspapers/magazines, private contract, to breeders, to friends/acquaintances, web-site, Yellow Pages, and other. The top five most frequently selected methods of selling a horse, from the highest to the lowest, were: private as number one, friends/acquaintances as number two, breeders as number three, auctions as number four, and brokers/sales agents as number five. The following graph illustrates the cross-reference of sport-recreational owner and the business sector relating to selling preferences of stakeholders.



Graph 50. Methods of Selling Horses (Cross-Reference)

Of the breeders who chose to add additional comments, many used their trainers and farriers to make potential sales contacts. Other methods included: selling directly to meat plants, on farm sales, homemade signs in horse stores and on their property, and word of mouth. Several horse owners commented that they did not sell their horse(s) but kept them until their horse(s) died.

Number of horses sold and reasons for disposing of horses. Stakeholders were asked how many horses they sold over the past year. Six hundred ninety-eight respondents indicated, they sold a total 1,518 horses during the past year, while 33.6% of respondents indicating that they sold only one horse and 83.2% reported selling 6 or less horses. The following graph illustrates respondents' responses.



Graph 51. Number of Horses Sold During Past 12 Months

Stakeholders were asked to identify the reason(s) for disposing of horses. There was a wide diversity of answers ranging from dissatisfaction with the horse, to drought, to divorce, to poor hay. The reasons cited for disposing of horses by the 632 respondents are as follows:

REASON FOR DISPOSING OF HORSE(S)

(n=632)

(Based on frequency reported)

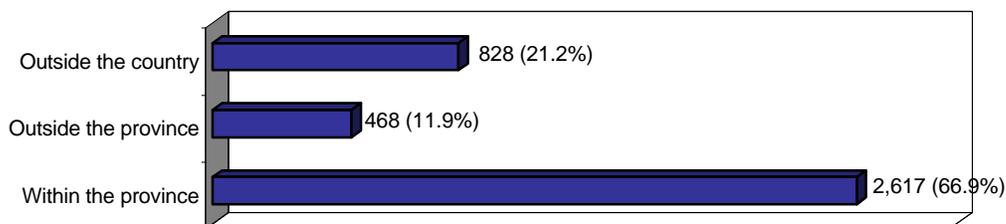
Dissatisfaction with horse (age, size, performance, health)	19.1
Bred to sell	12.0
Downsizing/reduce stock/phasing out	12.0
Business – Resale	9.8
Not enough feed	7.0
Needed money	6.6
Trained to sell	5.7
Drought	3.5
Injured	3.2
Not enough time	3.2
Claiming	3.0
Feed costs too expensive	2.8
Offered good price	2.5
Not needed	2.5
To upgrade to new breeds	2.1
Don't sell them	1.7
Retiring	0.6
Acting as agent	0.5
Economic uncertainty	0.5
Cost Management	0.3
Divorce	0.3
Not enough land	0.3
Boarding too high	0.2
Needed a change	0.2
Poor Personal Health	0.2
Poor quality feed	0.2

Table 21. Reason For Disposing of Horse(s)

Destination of horses being sold. The study sought to determine the destination of horses sold, whether within the province, outside the province but within Canada or outside the country. According to the 904 responses to this question, there were 3,913 horses sold which includes all three-destination areas. Six hundred and three respondents reported selling 2,617 horses (66.9%) within the province of Alberta, whereas 173 respondents sold 468 horses (11.9%) outside of the province but within Canada. One hundred and twenty-eight respondents reported selling 828 horses (21.2%) outside of Canada. The maximum number of horses sold by a single owner within Alberta was 120, with one owner reporting selling 34 horses outside the province but within Canada. One respondent reported selling 260 horses outside of Canada which was not included in the summary or in the following graph.

DESTINATION(S) OF SOLD HORSE(S)

(n=3,913 horses)



Graph 52. Destination(s) of Sold Horse(s)

The following table (Table 21) illustrates the relationship between the four primary stakeholder groups and the destination of horses in Alberta, outside the province or outside of the country, as reported by respondents (not the number of horses). As with the origins of equine stock, respondents reported that the largest group of equine stock was sold within Alberta with the sport-recreational owner selling the largest group of horses. There was very little difference between the business operator and sport-recreational owner (37.5% and 34.0% respectively) selling their equine stock outside of Alberta. The largest portion of horses sold outside of Canada fell in the business operator group at 44.4%.

RELATIONSHIP BETWEEN DESTINATIONS OF EQUINE STOCK AND STAKEHOLDER GROUPS

(n=1,045)

	In Province		Outside the Province		Outside the Country		Total Percentage
	(%)		(%)		(%)		
Business operator	58.1	27.5	22.6	37.5	19.3	44.4	100%
Sport-recreational owner	75.1	48.6	15.0	34.0	9.9	31.3	100%
Professional	60.2	9.7	26.5	15.0	13.3	10.4	100%
Industry related business person	67.8	14.2	18.5	13.5	13.7	13.9	100%
Total	100%		100%		100%		

Table 22. Relationship Between Destination of Equine Stock and Stakeholder Groups

Average age of horses sold. Stakeholders were also asked to report the average age of the horse(s) they sold during the past year in either months or years. Of the 83 who responded in months, the average age was 10.6 months and of the 677 who responded in years, the average age was 9.5 years. Respondent comments indicated that many horses are retained for the purpose of recreational and performance purposes and only when the animal exceeds its’ “usefulness”, is it sold.

Average selling price and breed of horses sold. Stakeholders were further asked to report the average selling price of the horses they sold. They were given the opportunity to report on the two primary breeds, which were disposed of. Eight hundred and sixty respondents to this question reported selling horses during the year. The average selling price of a horse was \$3,756. One horse owner reported selling a horse for \$60,000, while another seller reported selling a horse for \$135,000 (these two prices were not included in determining the average selling price nor in the following table). Twenty-five point five percent of horses sold were \$1,000 or less while 65.2% of the horses sold for \$3,000 or less (Table 23).

DISTRIBUTION OF AVERAGE SELLING PRICES

Price Range	(n=860)	Percentage Sold
\$1,000 or less		25.5
\$1,001 to \$1,500		10.4
\$1,501 to \$2,000		11.6
\$2,001 to \$3,000		17.7
\$3,001 to \$5,000		16.4
\$5,001 to \$10,000		11.8
More than \$10,000		6.6
Total		100.0%

Table 23. Distribution of Average Selling Prices

The average value of a horse was \$4,267 (p.30), which is slightly higher than the reported average selling price. Animals which were used for breeding, show and racing would traditionally be valued higher than sport-recreation animals. Horses used for sport-recreational purposes tend to be sold more frequently and would, in many cases according to respondents be a lower quality horse. This would account for the lower dollars reported in actual sales as opposed to value estimates. To keep the “high value” animals until disposed of or death could make this result. Seven hundred and eighty-one stakeholders responded and based on frequency, the primary breeds sold were:

BREED OF HORSES SOLD

(n=781)

(Frequency Percentage of Selection)

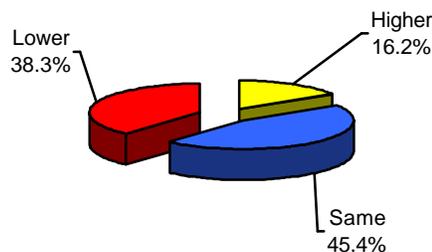
Breed	%	Breed	%
Quarter Horse	38.3	Donkeys	.5
Crossbreeds/Grades	10.9	North American Curly	.4
Thoroughbreds	9.6	Peruvian Paso	.4
Arabians	6.9	Connemara	.4
Paint	4.5	Shire	.4
Morgan	4.4	Norwegian Fjords	.3
Appaloosa	4.2	Appendix Quarterhorse	.3
Warmbloods	3.3	American Walking Pony	.1
Tennessee Walking Horse	2.1	Andalusian	.1
Undefined	1.8	Anglo-Arab	.1
Welsh	1.5	Azteca	.1
Belgians	1.5	Dales	.1
Percherons	1.4	Hesson	.1
Hanoverian	.9	Missouri Foxtrot	.1
Mules	.8	Palomino	.1
Miniatures	.8	Rocky Mountain	.1
Clydesdale	.8	Shetland	.1
Pinto	.8	Spanish Mustang	.1
Saddlebred	.5	Suffolk	.1
Standardbred	.5	Trakehner	.1
Canadian Sport	.5		

Table 24. Breeds of Horses Sold

Average sale prices between 2001 and 2002. The survey asked stakeholders to provide a comparison of average sale prices between 2001 and 2002. Although the cost of raising horses has increased, the respondents to this question indicated that the selling prices of animals had either remained the same (45.4%) or had declined (38.3%). Numerous respondents reported as much as a 40% decline in their selling prices. In some cases the horses were sold for as little as \$50. Sixteen point two percent of horse owners believed that the average sale prices had increased by an average of 35.3%.

COMPARED TO 2001, THE AVERAGE SALES PRICE WAS:

(n=665)



Graph 53. Compared to 2001, the Average Sales Price Was

As within any industry, it is imperative to research and select the best method of buying and selling any product, with horses being no exception. Based on the frequency reported, the following table represents owners preferred methods of selling a horse. The data analyzed is indicative of sport-recreation users, who, based on statistics, do not operate large businesses.

METHOD OF SELLING HORSE(S)

(n=1,262 – Frequency of Selection)

Word of mouth	30.0
Privately	23.3
Newspaper ads	14.9
Internet/Website	14.5
Auction	9.8
Through friends or acquaintances	7.4
Exposure at events	6.8
Magazine ads	6.7
Personal contacts	5.9
Agent	3.8
Reputation and previous customers	3.1
Claiming	3.0
Through trainer	2.8
Through breeders	1.7
Association contacts	1.6
Posters	1.1
Video distribution	0.9
To meat plant	0.5
Performance and bloodlines (Registered)	0.5
Radio	0.2

Table 25. Method of Selling Horse(s)

The following table illustrates a cross-reference between the method of purchasing and selling horses.

Conclusions

Alberta horse owners primarily purchase their horses from suppliers within Alberta and prefer to make their purchases from breeders, friends/acquaintances and from individuals who place ads in newspapers and magazines. Nearly 8% of the respondents reported going out of the province to acquire their animals while 7.8% reported purchasing from suppliers outside of Canada. These individuals rely strongly on the advice of other people who are directly involved in the industry in order to ensure that the horse(s) they are purchasing are high quality and suitable for their needs. A substantial number of horse owners (40.3%) stated that they preferred to breed their own horses. Forty-six point four percent of owners reported not acquiring any new horses in the past year while 48.2% reported purchasing from 1 to 5 horses. The average purchase was 1.5 horses in the last year with an average cost of \$3,902. As the

majority of horse industry activity within the province is related to sport-recreation, these results are to be expected.

The total expenditure on new and replacement stock in the past year was \$3,168,034 with 74.8% being spent on new stock. The primary breeds purchased for new stock were, Quarter Horses (39.9%), Thoroughbreds (11.4%), Arabians (6.2%) and Appaloosas (4.8%). Similar numbers were reported for replacement stock: Quarter Horses (38.5%), Thoroughbreds (14.0%), Arabians (5.5%) and Appaloosas (4.5%). Replacement stock also included Morgans (4.5%) and Paints (7%). A wide variety of other breeds were also reported and documented in the marketing component of this report.

The primary method used for selling equine stock was reported as private while the secondary method was from friends and acquaintances. Trainers and farriers were also used to develop potential sales contracts. In addition auctions, broker/sales agents, claiming, private contact, to breeders, website and Yellow Pages were other options. The question allowed respondents to rank options using a scale of 1 to 10 with 1 being the preferred choice.

The three key reasons for selling horses included dissatisfaction with the horse (19.1%), that the horse was specifically bred to be sold (12.0%) and downsizing of the number of horses (12.0%). Reasons for dissatisfaction with the animal were reported as age, size, performance and health. Other reasons were: in the business (bred or trained to sell), required cash flow or offered a good price, not enough feed, feed costs too high, poor quality feed, arid conditions, injured, not enough time to spend with the horse or not needed, claiming, downsizing and culling stock, closing business, change of lifestyle (retiring, divorce, poor health, needed a change), acting as agent, economic uncertainty and cost management.

The average age of a horse being sold was 10.6 months for younger horses and 9.5 years for older horses. Horses in the 9.5-year range at the time of disposition directly relate to the strong sport-recreation component. The business component of the horse industry is primarily focused on breeding and those horses are sold at an average age of 10.6 months. The overall average sale price of a horse was calculated as \$3,756 with Quarter Horses, Thoroughbreds, crossbreeds/grades, and Arabians being the primary breeds sold. This, as with horses being purchased, presents Quarter Horses and Thoroughbreds as being the breeds most popular in Alberta.

Sale prices of horses remained primarily the same (45.4%) when comparing 2001 to 2002 while 38.3% of respondents reported having to lower their prices. Only 16.2% of owners reported as being able to increase their prices. Owners determined the value of their stock through comparison to other horses on the market. Factors used in comparisons were: age, sex, breed, bloodlines, training, personality,

reliability, temperament, health, performance, competition record, money earned, and compatibility of horse and potential owner. Auctions and sales events were used as a reliable tool to evaluate the current market status and as a tool in evaluating the price of a horse. It was noted that it would appear that the industry does not have a proven method of determining the value of the horse, there is a clear indication that three values are present, seller value, market value and buyer value, all of which produces a broad basis of what is value. Ultimately, prevailing market forces do create a price, which may or may not be acceptable to the buyer and seller.

The majority of respondents (84.3%) reported the origin of their overall equine stock was from within Alberta. Less than 16% of the reported equine stock originated from outside the province and outside of Canada.

The horses that were sold within Alberta comprised 66.9% of reported equine stock sold, while 21.2% of stock was sold outside of Canada with the remainder, 11.9%, being sold outside of Alberta but within Canada. A recent review of Quarter Horse sales statistics for 2001 and 2002 tends to emulate the survey figures of the destination points for equine stock.

Tools used to market horses were, in order of preference, private contract, friends/acquaintances, to breeders, auctions, and brokers/sales agents.

Horses that are deemed as unwanted or unusable in Alberta were disposed of to a meat plant (35.2%), euthanized (25.7%), or sold at auction (22.8%). Seven point nine percent reported giving the animal to a good home while 6.6% were kept until the end of their natural lives. Owners who reported keeping their horses stated that euthanasia was an option only if the horse was injured or in poor health. Numerous owners who reported methods other than the meat plant strongly stated that their animals were either “pets” or “companions” and deserved to be disposed of with dignity. On a smaller scale, owners reported sending their old horses to retirement facilities, rescue organizations and therapeutic riding facilities for the disabled. Horses that could not be sent to these organizations because of temperament or poor health were normally euthanized.

Breeding

A key aspect of the equine industry is its breeding practice, processes and management within different sectors of the industry. Three questions were developed to investigate four topics: 1) were they breeders, and if so, 2) did they have breeding stock, and 3) number of mares and stallions, and 4) types of horse(s) used for breeding. To offer the widest possible understanding of what is happening related to breeding,