

THE CANADIAN SPORTSMAN

Roundtable Discussion

15 Essential Ideas for Saving Racing



WOODBINE RACETRACK
WED., JUNE 2, 2010

Panel *(in speaking order)*

BLAIR BURGESS *(via phone)* trainer and horse owner based in Milton, ON

DR. TED CLARKE veterinarian and general manager of Grand River Raceway in Elora, ON

CLAY HORNER partner Osler, Hoskin & Harcourt, LLP, horse owner and vice-chair of the Board of Directors of the Woodbine Entertainment Group (WEG)

ALAN KIRSCHENBAUM *(via phone)* Hollywood screenwriter, horse owner, racing blogger and president of the California Harness Horsemen's Association

NICK EAVES president and CEO of WEG

DEAN TOWERS *(via phone)* secretary Horseplayers Association of North America (HANA)

CHRIS ROBERTS director of racing operations (Ontario) for Great Canadian Gaming Corporation (Georgian Downs in Innisfill, ON and Flamboro Downs in Hamilton, ON)

MURRAY BROWN *(via phone)* public relations director for Hanover Shoe Farms in Hanover, PA and vice-president and general manager of the Standardbred Horse Sales Company

HUGH MITCHELL *(via phone)* CEO of the Western Fair Association in London, ON

Moderators

Dave Briggs
Lauren Lee



DAVE LANDRY



DAVE LANDRY

Introduction

It's no secret harness racing is plagued with problems; so many problems, in fact, it's difficult to know where to start to address them.

In an attempt to stir debate and have that debate expand into meaningful action, *The Canadian Sportsman* assembled some of the brightest minds in our game both in a room at Woodbine Racetrack and on a conference call to attempt to identify racing's biggest problems and offer solutions.

Our nine panelists were each asked to come prepared to discuss two essential ideas for saving harness racing. In the end, the group came up with 15 ideas in total.

Special thanks to the Woodbine Entertainment Group — particularly Nick Eaves and Marie Collet — for the hospitality.

DAVE BRIGGS: "We are hoping just to spend five minutes each outlining your two ideas, two essential ideas for saving harness racing and we start with Blair Burgess. Blair, you have the floor."



BLAIR BURGESS: "I am just going to preface my remarks by saying I am not a track operator, of course, just a horseman and sometimes I may not be fully aware of some of the difficulties that (tracks) face in trying to fix some of these things, and it sounds like things in racing are extremely difficult at the moment... The first thing I am going to mention is product presentation... I am a very big sports fan, and probably about the only hobby I have, after doing the horses, is sitting back and watching some baseball, basketball or hockey. And when I get over to something like HPI (HorsePlayer Interactive), I am falling asleep or switching channels, and it is very difficult to watch the product that they are putting out there. It's too long between races; an eight or nine-horse field going one mile with very little passing, big long gaps with just numbers flashing up on the screen and no talking head analysis that I think many sports fans are used to or yearn for. (There is) poor lighting at many racing venues, a blurry picture on the television screen. We never use the side angle from the start car or a low angle, which almost all sports shows use now, and even the racetracks use it in Europe and France and Scandinavia. Our competition is just basically much slicker. They are high-def in most cases, and even going 3D. I know there is a big funding issue out there to improve this, but I am just thinking maybe in a slot-enhanced jurisdiction this is no longer an excuse.

"And then as an addendum to that, the product that we put on the track as horsemen is not a very interesting presentation, either. We have moved away from bigger fields. The fields are too small. We don't do variable distance racing in North America. I just think we need more variety, we need to try even crazy things like Monte racing or under-saddle racing, just something that is more exciting, more interesting. And the excuse for these events from the horsemen is always they won't enter these events, but I think certain incentives or coercion has to be used, even hook-up fees or something to make people enter these different racing events.

"And also, I don't think it should ever take more than two hours to run a race card. This is also a trend in other sporting events. The people are not willing to invest any more than two hours in most sporting or entertainment events. You can't get them to do it anywhere else. I don't know why we would expect them to come to a racetrack for three or four hours.

"We have to find out what kind of crowd we are trying to appeal to. If we are trying to appeal to a hard-core gambling crowd on the Internet, then we should have product out there 24/7. So I don't know how you mesh these two things together, but certainly live attendance for anything more than two-and-a-half hours is ridiculous.

"We have to have a hotter, slicker presentation. And I was just going to say at the end that obviously what they do on *The Score* network on Monday nights here in Canada, it is the most advanced racing presentation out there and it is obviously a trend in the right direction. But even then, we still provide them with five one-mile dashes that can seem pretty average on some nights.

"A second thing that has always bothered me is there seems to be... a disturbing trend in racing of restricting access. I think probably most of the people on the phone or in the room here, one way or another, came to know racing as kids because they had access, and access was easy when most of us were children. But now, whether because of 9/11 or just because we are trying to deal with perceived cheating out there or whatever, getting a licence and getting onto a backstretch, getting into a paddock is so much more difficult than it ever was. And I just think we are not taking advantage of the affinity in society that there still exists towards horses. I see it at my daughter's horse shows, and anybody can get in there any time to see any events, and some of these events are like watching paint dry. So I don't know. There are lots of people there and they can get there, and they still want to see the horses. We still have horses in our sport and I think that the access could be improved... At least when the

races are on, the backstretch should be open. I think this is the way it was once and I think the fact we have tried to remove the horses away from the people has really hurt us, especially with the young people. The youth camps are in the right direction, but it is just not easy enough.

“As an addendum to that, I suppose, we could bring the horses to the people more, too. I don’t know why it is just on special nights that we have horses in the grandstand stalls. There should be a horse in the grandstand every night.

“Racetracks that are very close to universities, having students around in the grandstand, you know, with cheap beer... But, in any event, those are just two things, I guess — access to the horses and the product presentation.”

DAVE BRIGGS: “Thanks, Blair. Dr. Clarke?”



DR. TED CLARKE: “I will preface my remarks by saying that collective action on any of these items is probably the preferable route, and I know it is almost impossible to achieve, but I plant that as a seed for whatever comes out of this. My focus is a little more directed to the customer, and I agree with, essentially, what Blair said. I think, in a lot of cases, we don’t do a very good job of actually recognizing our customers. He referred to having different people with different demands, and essentially we haven’t, at least at our level (at Grand River Raceway) — and I apologize to Nick (Eaves) if I insult Woodbine, because I know they do a lot more customer work than we do — but we haven’t identified the segments of the customer base and aligned them with products that are particularly good for that portion of the customer base. If you look at the French PMU, 40 per cent of their customers are women. They also have a lottery-style bet to sell and a mechanism for distributing it, and so they, in fact, tap a customer group there that we don’t reach with much success. And I think that idea of analyzing the customer base and figuring out what products would be saleable to which segments would probably be a first step in beginning to re-create the racing industry.

“Of course, we look at this from a pretty small point of view. And, in our case, we have selected to try and direct our efforts, in large part, to live racing attendance because that is what we can control. We had issues, and they were clearly outlined by Mr. (David) Willmot recently, with regard to regulation and product development, and so that is part of this complaint. We obviously need to have a lot of co-operation if we are going to identify and develop products that are saleable. I think the last one we developed was probably the superfecta, and that is quite a while ago. So I think Blair did relate to the idea of people being on the Internet. That is absolutely the way to go, but we need to have the right products and the right presentation to sell there, and long periods of quiet time aren’t going to get the job done. We do need to have a different presentation than we are showing at present.

“It should be possible, with the skills we have, to figure out what the best practices used in harness racing to market the customers have been and where we can go from that. And certainly evaluating the customer’s assessment of what we do is even more important. That, at the end of the day, will be what either gives us success or failure: the customer’s response to our offerings, and I think that is sort of the basis of my first thrust in this statement. I don’t have all the answers and I am not sure, even with collective effort, we will get there, but understanding our customers and having products for them have to be foremost in our thoughts.

“The second part of this, and it still relates to the customer... We came to the conclusion earlier this year that we were doing a really poor job of asking for the sale. If you go to a sales course, people tell you, ‘You have to ask for the sale to make it.’ Well, if you think about walking into a racetrack, where there is a counter and somebody sitting behind it that is twiddling their thumbs and not necessarily interested in you as a customer, what is the incentive to make a sale? It is virtually not there. In fact, it is almost prohibitive to think that people would walk in and make a purchase under that circumstance. We are selling wagers, so we have to ask

to do it. So we have tried to develop some techniques that we can at least manage at our race-track doing that and tried to instill that attitude amongst the people who are there. They don't all think they are salespeople, but in fact that is really what we are, and I don't have a sales background myself. I am probably not the most skilled salesperson in the world, but I know that if you don't have a price and you don't ask it, you are not going to make many sales."

DAVE BRIGGS: "Thanks. Clay Horner?"



CLAY HORNER: "Let me just start out by saying that both Blair and Ted have hit on two critical elements. Firstly, Blair, in talking about the product refresh. That is my idea, as well. I want to situate it in maybe a little bit of a broader industrial context for my comments, although I endorse each of the specific recommendations that Blair made in that regard, and I have some further ones to make in that regard.

"Secondly, I completely endorse Ted's comment, and it will really go to my second area of comment, which is the need for us to find a way to attract new owners, and that I don't offer so much from the traditional point of view of we need new owners so trainers will have clients. That is obviously true at a microeconomic level, but we need new owners and we need new capital, because one of the great problems with the business is we have way too much insider baseball. Everybody involved has been involved forever and is largely a prisoner of their historical thoughts and perception about things. And, particularly in the slots-aided jurisdictions, too many people don't see the need or the urgency for change. Because of artificial support, they have a comfortable lifestyle.

"What new capital does, what new people do in any business, is bring a new perspective, make new demands, ask new questions, bring new energy, and we need to do that. And those of you who have heard me before on this topic will know that what new people do, who come to something new, is they, in effect, say, 'I am going to demand integrity and fairness or I have other places that I can allocate my capital.'

"So, just going back to the first one, the product refresh. As well as endorsing each of Blair's specific proposals in that regard, I think of this issue and the position of harness racing as being very, very similar to the position of the automobile industry in North America. And the history of what has happened to harness racing over the last 30 to 40 years is not dissimilar to what has happened to the automobile industry over the last 20 to 30 years, i.e., we had an industry that was conceived in a notion of being supply-driven rather than focused on what the customer wanted; i.e., the objective was to produce as many cars as you could, because there was lots of buyers because nobody had a car before or everybody traded their car in every three years. And the American automobile industry had a monopoly, just as at one time horse racing had, largely, a monopoly, at least in legalized gaming. Over the last 40 years, we have seen what has happened to the automobile industry. There were sources of new competition, in terms of the foreign providers who came in and in effect said, 'We are going to take some of the pie,' and the American automobile industry didn't do a very good job of evolving and recognizing the threat and changing the product to meet that demand. Of course, we all know where that ultimately led, not dissimilar to where new competition led racing, not just harness racing but, ultimately, with the collapse of the American automobile industry and a rescue by the government. And, of course, what we have seen in most jurisdictions is a collapse in the horse racing business and a rescue by the government in a form of the slots support.

"But there have been lots of examples in history where industries have been buffeted by change and have found the resolve to change themselves in order to remain competitive, although in a different guise, and one of the things we will need to do in harness racing is restructure the industry. And, frankly, that means that the industry needs to get smaller and more specialized.

“And so there is a role, both to pick up on Ted’s comment, which is a very good comment, which is to say there will be some parts of the industry that their best business strategy is to focus on live attendance and provide the absolute best live product to their customers, just as there are some elements of the industry that need to focus on maximum distribution capability and becoming one of a small group of major winners to preserve the position or the relevance of the industry as a competitive product for gaming on a North American scale, if not an international scale.

“You see what Monmouth has done in terms of repositioning their meet, in terms of saying, ‘We are going to give you less, but what we are going to give you is going to be of higher quality and of greater interest.’ You see what it does.

“We all have been trapped in this mindset that, ‘Oh, the big nights must be Friday and Saturday nights. Those are the big entertainment nights.’ We actually find out that by putting out a quality product and getting distribution of the product on a Monday night, where you have less competition, you actually can do better from a business point of view. Thinking of the product refresh idea, one of my views has been, I don’t understand why we persist in this notion that all of our major events have to be on Saturday night. Some of our major events should be on Saturday night, but we should accept the fact that real people — and I don’t mean that in a critical fashion — but people who have other things to do with their lives than being devoted 100 per cent of the time to harness racing happen to have other interesting options available to them on Saturday night.

“My personal experience is, when we invite people to come to the races with us on Saturday night, we frankly have a relatively low uptake, because people tell you about what else it is they have to do on Saturday night, either with their family or their other hobbies or their cottage or whatever it is. On the other hand, if you said to 10 couples, ‘We have got a horse racing in a big race on Tuesday night, would you like to come and be our guest at the race-track on Tuesday night?’ They would all come and they would all have a very good experience, and they might be likely to come back. And, yet on Saturday night, if you asked them to come, if they are not already industry insiders, four of them come and we miss the opportunity to bring 16 people to see our product.

“We have to get over this mindset, which is too much of a product of not having enough new blood, new capital here, people who are in the industry who think that what we are doing must be the centre of the universe for what is going on. Just to finish on this topic, and this is really an elaboration of some of what Blair said, we need odd distance races, we need big fields. We should have 15-horse fields. We should have purses that reflect 15-horse fields, maybe with a different distribution of the purses, if we need that to be the case.

“Another example, we need to quote our odds in a different way. I grew up in a racing family, so I learned how to read the program when I was seven years of age. My kids look at the racing program and they think, ‘Who would bother with this?’ The *Wall Street Journal* got it right. When they started covering sports, they don’t cover the odds on baseball games by 7-5; they say, ‘What is the percentage chance the Cubs are going to win?’ Seventy-two per cent in this game, and it is 28 per cent chance the Phillies would win. Anyone understands that kind of a number. We need to quote odds in terms of, ‘For your \$2 bet, this is going to pay 12 bucks,’ not 5-1. Let’s get over our historical notions of insider baseball and present information to people that is relevant to the way people think in the modern era.

“My second idea is that we need to find a way to take advantage of the fact that one of the real relative advantages that harness racing has is that it is an accessible opportunity for people to be in the racehorse-ownership business. It is a welcoming community of people. You don’t have to have a perception of yourself as a mogul in order to be an owner. The price point of entry is an accessible price point. The price point for paying to train and manage a horse is, in relative terms, a better proposition. We have a lot of purse money available, but we need to fix ourselves and make ourselves attractive to new people who want to come into the game, including picking up on ideas, in terms of saying, ‘If you become an owner,

it doesn't mean you have to race your horse on Saturday night,' because that is when it is that the big races are, when someone says, 'Yes, but I go to the cottage on Saturday night, so why would I want to own a horse that is going to race when I am at the cottage? But I wouldn't mind having a horse that would race on Tuesday night, if that means I go out and have some wings and beer at the track on Tuesday night.'

"And as well as needing outside capital to have any successful business in the long term, one of the things that outside capital does and new people do is, they actually act as the effective disinfectant on bad practices that creep up in an industry when it is all just the same people. And, unfortunately, one of the things that happens and is happening right now is, too many of the participants in the industry are anesthetized by the slots support and so don't see any real need for change, and are quite happy to just recycle the money, which is abundant, amongst the folks that are already playing the game. And, in some cases, it is because they are oblivious to the fact that there is a challenge from the outside. And, in some cases, it is because they are old enough to say, 'This will go on long enough to see me through my time.' But we need new people to bring new money, new energy and ask the hard questions, and not be prepared to accept the old answers."

DAVE BRIGGS: "Thanks. Alan Kirschenbaum?"



ALAN KIRSCHENBAUM: "I am just going to pick up on something Clay said near the end... I am going to suggest two things, the first of which is going to be very hard and the second of which is much easier. The first is that the purses are too high in our sport right now, and the level of purses are numbing people as they are anesthetized to how big the problems are right now. And my first suggestion would be to cut the purses at every slot-enhanced track five per cent and start building up a war chest, because a war is coming and we, being harness horsemen, harness people, have nothing to fight that war with... If the invite at Woodbine goes for \$40,000 or \$45,000 or \$35,000 or \$50,000, no one is not going to enter because of that. There are two races at Yonkers Raceway this weekend that are going for \$250,000 that are four-horse fields. There are too many big events in harness racing right now... We would have to get horsemen's associations to agree to it, which would be nearly impossible, but I think track management should have to match it. Of course, several people on this call would disagree, but there are so many things coming up that we need a lot of money for. And whether this money is used for marketing the sport, whether it is used for lobbying purposes, when the time comes that people start asking for this welfare money back, whether it is to improve our presentation, like Blair was talking about, and switching tracks over to HD and changing the lighting at some of these tracks, whether we put in some sort of comp program for the real gamblers in the sport. I think that there are huge storm clouds on the horizon, and as they get closer and closer, we have nothing to respond to the challenges that are ahead of us, and they are ahead of us.

"My second thought, which is much easier to accomplish, goes to the heart of what some people have mentioned already which is, we do not know who we are trying to appeal to. And constantly, in this sport, it is a battle between are we trying to appeal to people who already like harness racing or new fans? And specifically what I am talking about are the in-house television presentations and Internet stream presentations that are being provided by the tracks. Since I am in California, I watch a lot of my racing on Youbet.com, and I watch a lot of the streams of the tracks, and almost nobody is doing a good job right now in terms of providing anything of entertainment value during that time. The personalities that are on those streams are not big personalities. What they do is basically give out handicapping suggestions. And the truth of the matter is, the way our sport is right now, we are down to the diehard gamblers, we are down to the people who love this sport, and they pick their own horses. They are not watching this to find out who to bet. I am not even sure why they are watching it. They are watching it to see the races, but on a racetrack-by-racetrack basis, we need to start presenting something of entertainment in those 30 seconds and one minute. And, certainly, when I watch Kelly Spencer at Grand River, she is the most entertaining person on any of these things right now. But I think we need to showcase our big personalities.

When I talk about big personalities, I am talking about, to some extent, gamblers. The powers that be in this industry, although they pay lip service to appealing to our gamblers, they do it kind of holding their noses, and I think even the word 'gambler' is regarded with a certain amount of skepticism by people in our business. These are our customers. These are our clients, and if they are going to be anything, we are going to be willing to improve our position in the world as gamblers.

"Poker players have become celebrities. Why can't our big personalities, who are gamblers, be presented in the same way? I would rather watch some names that would send chills down the spine of people (in this discussion) between the races, talking about losing tickets, winning tickets and things like that. I have a friend I went to college with named Alan Boston, who is a poker player and a college basketball expert and a gambler, who is a tremendously entertaining guy, who would be better on shows than any of these people. Some of the galvanizing personalities on the bulletin boards now, which are mostly people that generate negative feelings, at least they are generating feelings. What we have now that we are presenting for the world is an endless stream of dull talking heads that say, 'My picks are 5, 3 and 1,' and that is not appealing to anybody."

DAVE BRIGGS: "Thank you. Nick?"



NICK EAVES: "Well, I knew when I saw myself in the middle of the batting order that the context would be pretty well said, and obviously it has between Blair, Ted, Clay and Alan. We are all keenly aware of some of the challenges that we face. And I must say, of everything that I have heard in the last 30 minutes or so, I don't disagree with any of it. That is the easy thing to say. The easy thing is to say that you don't disagree, well, what the hell are you going to do about it? And, I think, Ted's point is, unless we are making decisions and taking action as an industry and sort of all together, then the abundance of good ideas that have already been put out on the table aren't going to materialize. I think if there is perhaps one pledge — not that this group can effect the change on its own — but if there is one thing that needs to come out of any of this it is a resolve on the part of the different sectors of the industry to actually do something different. We have already talked about what doing the same looks like, and we have seen year over year, at least in terms of handle, certainly in terms of WEG handle, what that looks like and we, for one, can't very well withstand many more years of 10 and 11 per cent year-over-year declines on our live pool. So that is the reality of where we find ourselves.

"I took Dave to heart in terms of two ideas. One is an immediate idea; one is a longer-term idea. Neither of them is brand new, but we have got to start doing some things differently. The first thing I think we need to do in Ontario, and particularly as it relates to WEG product, is to eliminate the HIP (Horse Improvement Program) levy that sits on top of every pari-mutuel wager, and the outcome is a significant reduction in takeout. Our product, not just WEG's, but WEG's certainly, is priced too high relative to the alternatives that are out there, certainly our primary competitors on the standardbred side. And this isn't our only problem, but we are pricing ourselves in a way that doesn't have us being competitive... and it is for a reason that is beyond our control. The HIP program is critical. It needs to be funded to a point that Alan made. There are other areas, frankly, that this abundance of slot-generated purse money can be much more effective than it is today. And my strong view is that one of those places is to fund the Horse Improvement Plan entirely out of slot-generated purses, eliminate the tax, which is essentially what it is, that sits on top of all wagers, two per cent on everything except for trifectas and it is four per cent on tris. If we could eliminate that... prohibit that pricing, then we are bringing the pricing of our product into a zone that, at a minimum, is going to keep and perhaps have some of our core customers return. It is not going to do much for that new customer that we obviously have to have equally in our sights. But we are, as an industry — as has already been said — at a point of crisis and we are not going to price-cut our way into a rosy future, but pricing our product in a way that is more competitive with the others out there, which gives more value back to the big players.

"Many businesses, most businesses, have the 80/20 rule where 80 per cent of your business

is coming from 20 per cent of your customers. I think, in our business, we have the misfortune of having the 95/5 rule and job one needs to be to move away from that fairly unpleasant reality, but we need to be very, very judicious in terms of protecting that base, which really is the lion's share of our wagering. So it is pretty simple. It requires our industry working with our regulator to make sure that we can finally succeed in an area of delivering a material price reduction to customers if we want to succeed.

“My second idea really is about the future, and Ted touched on it and others have certainly articulated it. I read this morning about the announcement from Meadowlands and Yonkers about their new multi-leg bet (the Metro 6 Shooter), and the reality is, we have to, as an industry — certainly, Woodbine, to the extent that we intend to continue in the pari-mutuel business, but the industry more broadly — has to embrace a better distribution strategy. We have distribution sort of in the conventional ways, some of which we didn't have 10 years ago. So perhaps that is some progress, but it is nowhere near enough. We don't have a distribution strategy that has any hope of doing anything other than continuing to welcome those insiders that Clay referred to.

“So if we are going to succeed not in two and five years time, but in ten and 15 and 20 years time, we need to be much more like the PMU, which Ted has referenced and others, who look at the reality of distribution and actually do something about it. The PMU is the best example, I think, that is out there. France is a country of 65 million people or thereabouts and the PMU have a regular user base somewhere in the order of six to six-and-a-half million people and they bet nine-and-a-half billion Euros a year in 7,500 or more outlets. So that is sort of a Utopian environment, but we can't carry on just with our anemic distribution relative to examples like that, because we are just obviously not going to be able to grow the base in any material way. So it requires, again, the industry working jointly to achieve the outcome, perhaps it is in partnership with the provincial lottery corporations, to the extent that they have got broad-based distribution. They are a competitor, so they may not welcome it, in which case, we are going to have to look at other alliances through distribution networks out there.

“And we need to marry that distribution, that very broad-based multiple-outlet distribution with a television product that can enhance it. Everyone else has already made the point, and I don't disagree at all. We have got a racing product on television which is boring. We tweaked (*The Score* show) this past Monday night, for the first time, our effort to put that product out there in the form of Bet Night Live. And, Alan, we are not in the least apologetic in terms of trying to make sure that it is the gambler that is following our product. Not everybody is going to like Bet Night Live. In fact, a lot of people are already crapping all over it, and we fully expected it. But what we are not doing is sending out to the insider group the same old racing that they can get at the track, on HPI TV and elsewhere. We have got lots of ways of accommodating that group, and they are not unimportant, but we need to set our sights in another direction. So it needs to be in the form of that broad-based television to support a distribution strategy which actually can grow over time, and I think over a longer-term strategy. I think anything short of that means that we are continuing to focus on the insiders and not doing enough to focus and look outside.

“So, again it has been said, but certainly my view is that if we don't get together to finally deliver on that broad-based strategy, then we are already taking one step back.

DAVE BRIGGS: Thank you, Nick. Dean Towers?”



DEAN TOWERS: “Hi, everyone. Nick, Dr. Clarke, Alan and Clay spoke a little bit about what I thought of as a horse player person and belonging to a horse players' organization. Generally, my thoughts are ideas that we can't tweak. Tweaking was for about 15 years ago, when we didn't do that and we should have. Tweaking won't do anything to help us, I don't think. I think it needs big things, some of the stuff that Nick spoke about. I read a business author pretty closely. I don't even like the word 'save,' and he wrote something a couple of weeks ago that made me laugh. And if I could quote it a little bit, he said — it was about book publishing — ‘Who will save book publishing? What will save the newspapers? What

means 'save'? If by 'save' you mean what will keep things as they are, then the answer is nothing will, it is over. We need to get past the idea of saving because the status quo is leaving the building and quickly, not just in print, of course, but in your industry, too.' I think that is pretty poignant.

"Generally, I agree with some of the points that Alan made and Nick made about distribution and deciding who we are. In harness racing, we never really know who we are. Ask 10 different people who you want to market to or sell to and you will get 10 different answers. Four out of five players are over 50, they are not being replaced, we all know that. We have two types of players. There are the existing players, they are getting older, they are not interested in playing harness racing, and then there are the non-existing players who play thoroughbred racing and who play other skill games on the web. Not slot players, of course, we know we can't get them over, but I think in 2010, just on the Internet alone on skill games, revenues will be \$20 billion worldwide for skill games. And at a four per cent rake or a five per cent rake, that is four or \$500 billion of a market there. It is pretty fair to say, you know, if we were buying a hamburger stand we would say, 'Oh, if we just had one per cent of McDonald's market,' you know, that is the trap you get into.

"Clearly, harness does have a product that would appeal to them, but we never seem to go after them. I subscribe to the Horseplayers magazine, I chat with thoroughbred players. Our organization has about 1,500 members, about 1,200 of them are thoroughbred players and they don't even watch the harness racing. I had one of my horses in and I said, 'I will put it on tonight, if you want,' it was a decent race, and they had no idea. They didn't even watch one, and that is clearly a problem. I think if you had a strategy to go after them, there are things in harness that could appeal to them, but we don't do that.

"Secondly, the skilled player out there, we don't go after them, as Nick said. We don't distribute our product to them correctly. A lot of the things we do, we shoot ourselves in the foot. It is very, very difficult to get people to play your product because it is very hard to play it, especially online, because there are so many hoops you have to jump through. It is crazy in this day and age that at night, at 2 a.m., I can buy a put on the Hang Seng Exchange for \$1 commission, but I am going to have a hell of a time betting on a harness race if I am in the same position. You need to get 52.3 per cent of your football bets to make money, four per cent poker skims, you are trying to sell people a game that they truly believe is completely unbeatable. The game everybody in the room is selling, its tag line is, 'You can beat a race, but you can't beat the races.' It is not exactly a great marketing line, you know, 'Come to the track and lose,' and that is what we sell, and that is clearly a problem.

"So, generally, stop being everything to everyone, decide who you want to go after and go after them. There are plenty of horse players out there that would be interested to play your product. Harness racing is every week. Bill Bent and Allan Woods spent probably hundreds of billions of dollars since 1990 on Hong Kong racing. Why? Because there is a thousand horses, they are all in security barns, there is no funny stuff, and you get to know the trainers and the jockeys and the horses, and they play that. There are huge pools, of course, but harness is very similar to that. The circuits are the same horses and you can watch replays. If you are a replay watcher in thoroughbred racing, you should love harness racing because you are going to catch winners if you watch replays. So there is a lot there that can be done to sell that to them, but you have to decide.

"\$7,000 handles and we are giving away \$90,000 in purses. I'm sorry fellows, I am not a horse owner, but I don't know how you guys let that stuff happen. I mean, that has to stop. That is just insanity. We are not going to grow if we stick to the status quo like that.

"We try to out-casino casinos. Mike Maloney, who is a VP of the Harness Association and a big player down in the States, he told a story about two kids going up the turnpike at Lexington. He said they go up the turnpike and they head left to Indiana to go play at a casino, and they get free food and they get a purse card and all this fun stuff and everything, they are not going to turn in to go to Turfway or they are not going to come back and go to Keeneland to play. We can't just offer them free stuff and expect them to come to the track.

They have to be sold the game. The game is what should attract them. If they come and learn the puzzle of racing and then the giveaways and that, for those people that want those, they are going to go to the casino. We shouldn't try to even bother competing with them.

"Lastly, the markets that are there, that are existing, they are worldwide now. As most of you know the Breeder's Cup was sold to Singapore. They got half-a-million in the Singapore Turf Club. India took some volume... They are more likely than here by about a factor or two to be on social networks, social networking, and they are probably a market that would bet, because betting is very social in that regard and computer-driven. Twenty per cent of our handle in North America is from the computer now.

"All over the world regulatorily you have to do that... and I realize that is a bad word. It is very hard to get anything done in racing... The Meadowlands exported their signal to Sweden for a Hambo last year and got 1.9 or \$2 million in handle, that is a lot of handle. I wonder if that is the future. What if all tracks Saturday had a 9 p.m. post time — which I know the horsemen will love — but is that the future in exporting it to Sweden, doing a deal with ATG? Is that the future to get double? You might be able to double or triple Western Fair's handle. You might be able to offer a pick six. You might be able to offer some different things with that. Australia is the same thing. They did this years ago and they consolidated and put everything into one little shell and sold it at a low price to everybody in the world. They have got a commercial in Mongolian. So there is a whole world out there that does like harness racing and does want to play it.

"One of the first things we tried to do at the Horseplayers' Association, when we were working together, was to try to get tracks to report their probables in equal increments. In a simulcast 89 out of every \$100 comes into your coffers, you look up and see a \$20 exactor here and a \$40 exactor here. Well, they are the same exactor, just one track reporting it as a dollar and one is at two. But if we call up the track that is reporting it as a dollar and say, 'Why don't you go to two?' they would say, 'No, we like our way.' When we go to the other track and say, 'Why don't you do that?' 'Oh, no, we like our way. We have been doing this for years.' They can't even report prices the same. I mean, that is just insanity. I think we would all agree with that. I know it is very hard for you guys to do that, to get together and do things, but I think that is imperative and tweaks just aren't going to do it. Thanks for listening."

DAVE BRIGGS: "Thanks. Chris Roberts?"



CHRIS ROBERTS: "Well, there are two things Dean said that I agree with wholeheartedly. One is that tweaking will do nothing. I could not agree with that more. I think that is an extremely poignant statement, one that most in the industry (a) don't want to hear and (b) don't know what to do with. And, two, when Dean says that the model is full of insanity, I think he is right. Everyone in the industry likes to point at Woodstock as being sort of the best of the worst example and it is, because it is a classic example of an industry with absolutely no strategic plan for the use of the funds that are available to it through... whether it be public policy or gaming... certainly, in Woodstock's case, public policy, and I actually hate that term because it is not, it is absolutely not public policy money, and I am not going to rant about that right now, so I will leave it at that.

"But I think the industry needs to ask itself a thousand questions and one, in the case of places like Woodstock, is what does this expense achieve? Does it achieve anything? If we look at it as industry money, and some would and some wouldn't, but, if we do, what does it achieve? I think the danger in any discussion like this is I am just going to sound like another whiner with big ideas and no follow-through. I think Nick sort of said a little bit about that and I agree, because we all spend a lot of time talking about these things.

"I have two ideas, one of which is a lot more actionable than the other, and I did that on purpose. There is one I think we can probably do something about today. The first... is not exactly what Dean said, it is not exactly what some others have said, but it is along the same path, and it is not so much an idea as it is a guiding principle, and that is that there is such a true lack of understanding in harness racing, in all horse racing, but certainly harness racing about what it is that we sell. And I continue to hear people in the industry who should know better but clearly don't understand what it is that we actually are selling to customers that come through our door. We have a consumable product, we have a commodity, and there is no question that it is the wager. I mean, certainly tracks sell buffets and we have gift shops and we have other lines of what you could describe as ancillary revenue, but the consumable product, the commodity, if you look at it in the retail environment, is the wager itself and more than ever we compete in a marketplace where the value of that commodity is going to be tested and evaluated and we simply don't add value. There is no value-added nature to the proposition that we propose to our customers. We talk strategically within Great Canadian about moving players along what we call the player life cycle, which sort of begins with someone who knows nothing and we assume it ends with a player who is fully engaged, using the myriad product offerings that are available be it online, HPI, you know, whatever the case may be. The reality is that is not where the player life cycle ends. The player life cycle ends when we educate a player to the point where he decides that this is no longer a good bet for him and he or she walks out the door. We simply don't have a commodity that is competitive, and I think we have to approach wagering from a retail-type standpoint.

"As Dean said, we are competing with four and five per cent takes, and I don't think anybody is suggesting that we could move to that type of a takeout environment and still offer a product that would have any type of a business plan that could see racetracks, which are always going to be the backstop of the industry. Someone has to put the product on. It is an expensive proposition. That being said, you know, and Ted talked about new products and Nick talked about the HIP levy, but it has got to be so much more than that. We have to wrap our head around some sort of commodity that people are actually going to want, that educated bettors are actually going to find some value in, and that is not an idea, that is something we all talk about, but it is more of a guiding principle and just understanding.

"I talk to a lot of friends in the industry, people again that take a significant amount of money out of the industry in the form of pay cheques and truly have very little idea of what it is we are trying to sell. I hear people say, 'We need to make stars,' or, 'We need to do...' any litany of things at the track that we probably can do a lot better. But, as Ted said, we have to ask for the sale and the sale has to be something that can compete. The dog has to be able to hunt. And, as it is right now, we can put on the greatest card of racing in the world, we can add millions of dollars in entertainment value to it, but when we ask for the sale, what we are selling is bad and until the gambling product we offer can compete, there is no way that we can build a sustainable business model around it. That is my first rant.

"My second, which is more actionable, is more of an exposure item, which has to do with agricultural environments and fair racing, and I got the idea from something we have done at Flamboro Downs, which is not new, simply that we have partnered with a couple of fairs, one specifically. It is an enormously small investment to make, it is very doable for racetracks and horse people, it offers maximum exposure in markets that otherwise have very little. We do it at a place called Norfolk County Fair, which is a big agricultural fair. The racing became unsustainable for them. It is very, very expensive as we all know to put on, and the Norfolk Fair is about a hundred kilometres from Flamboro, so it really is an island-type market that we don't have a tremendous amount of access to, and we partnered with them. They came to us and effectively said, 'Look, we can't offer this. We are losing too much money on it. Are you interested? Can you bring anything to the table?' And effectively, what we did, by examining it a little closer, is realize that for an enormously small investment, you know, something in the neighbourhood of three or \$4,000, using our staff, our equipment, that we could keep racing alive in this tiny, little market. Well, the reality is that the Norfolk Fair has two to 3,000 people a day watching harness product in a market where they are not exposed to any at all. We bet twice as much at the Norfolk County Fair as some of our pari-mutuel tracks, and I am not saying that is a big success, it certainly isn't. But if

we can do \$10,000 on an afternoon of the worst harness racing product you could possibly imagine, and we are doubling the wager of what is coming through at fully licensed pari-mutuel tracks, there has got to be a little bit of lightning in a bottle there. And I am not suggesting that every track with their licence should have to bail out a county fair, but there are probably 15 fairs in this province somewhere that tracks could partner with, and like I said, for an enormously paltry investment.

“Our horsemen come to play, too. They allocate some purse money to these issues at our track. I think we have a regulator that is totally out of step in Ontario with regard to the use of purse funds and things like that. They establish roadblocks that are asinine in my experience. That being said, for a very, very small investment, we can hit some doubles and triples and it is not hard to do. It takes a little bit of blood, sweat and tears from track operators and horsepeople. It is probably the best marketing investment we have ever made, and it is not a big one.”

DAVE BRIGGS: “Thank you. Murray Brown?”



MURRAY BROWN: “I won’t pretend to have any solutions. I have got two significant problems that I would like to identify and speak a little about. Frankly, I am very, very surprised, after six or seven speakers, nobody has mentioned the word ‘integrity.’ I think it is a big part of our problem. I happened to be at a social even this past weekend where a half-dozen, probably eight, of the biggest owners in the business were and there was one topic of discussion, the dominance of racing at the Meadowlands, Chester, Pocono, Freehold and Yonkers by one trainer, a trainer whose track record is, at best, checkered, a trainer who has never, ever come even infinitely close to what he is doing now. These owners are discouraged, they are disgusted, and some might get out, almost all will cut down. They just don’t think we have a fair playing field. Some of the arguments or some of the solutions that were spoken of and one that I particularly like, one which is an impossibility, they mentioned the dominance of one trainer at Penn National this past winter, where the man won just about every race and the jockeys got together and said, ‘We are not going to ride for him,’ and they got him out of there and thus allowed a degree of the perception of integrity that wasn’t there previously. This will never happen with our drivers in the sport. It is just impractical to assume that they would go ahead with it. However, three of the very, very biggest owners, probably the three people who control as many quality horses as any entities in the business, made the suggestion that they were going to tell their trainers not to allow their horses to be driven by drivers who drive for this particular trainer. And it was generally met with agreement that this should be tried. The drivers, for the most part, derive a very, very good living from the sport. Some of them, such as Jody (Jamieson), put their money right back in. Others don’t, but that is kind of beside the point. The point is the people who are being hurt the most by this are the trainers. Owners can get out of the business, you know, they are sick of it, they feel they are not getting a fair shake and they just sell or don’t buy any more and they are gone. Trainers are going to be broke. They have got to get together on this and do something about it. I don’t have the solution, but I have been in this business 50 years, from the years in the early-‘60s, perhaps even the late-‘50s... Through the years, there has always been one who was suspected of some foul deeds who dominated like he should not have, but never to the degree that this person is and never with the effect that I see out there.

“The second thing I would like to speak about is the horse itself. To me that is one of the biggest attractions of this business. That is what got me into it. I loved horses, I loved seeing horses, and it is something for some reason we don’t sell or maybe people don’t appreciate or aren’t interested in, I don’t know, but that is sure what got me to the racetrack and made a lifer out of me. I find it amazing. You go to the racetrack today and even the few people who are there are not watching the horses, and how to get them to watch the horses, how to get them to have some affinity with the horses, I just have no idea. But, basically, that is all I have to say. I wish I had solutions. I don’t, but I think one area is scourge and the second is something that I think brighter minds than mine can possibly do something to help interest in the sport.”

DAVE BRIGGS: "Thanks, Murray. Hugh Mitchell?"



HUGH MITCHELL: "I guess I am the last one and now I know what it is like racing out of the nine-hole. But there have been a lot of great ideas shared and, honestly, I don't disagree with any one of them. So I compliment those who have attended and participated and certainly *The Sportsman* for bringing us together. I will preface my comments before I touch on some thoughts on how we can deal with our issues in racing. My comments may appear a little critical, and I hope I don't offend anybody either reading the article or participating today by my comments. I am a part of the industry, so the criticism is as much of myself, frankly, as it is of anybody else. Me and my family have enjoyed an above-average standard of living due in large part to this industry, and I don't think I am alone in that. I don't think I can give anywhere near as much back to this industry that it has given me.

"But, having said all of that, I think there are some serious issues — this is not profound — that need to be addressed and urgently addressed. I get the sense we are at a crossroads and we are actually stopped, and we have been, in my view, for some time. The road is a road that is single-laned, we can't look back or turn back. I think the market forces are fast approaching us from behind like a speeding transport truck and trailer. You just have to look at the waging trends of the last ten years, and I think that is a testament to the fact that this industry is in serious trouble, and I just want to repeat that time is of the essence. I would like to look at it from about 60,000 feet, if I could for a minute, and I don't want to repeat any of the good ideas that have already been shared. But, in my view, and it is a humble view, racing, as we know it today, cannot be saved. Transformed, yes, I think there is hope, and let me explain that in a minute. But I notice the subject matter today is two essential ideas for saving racing, and I just want to make it clear, I don't think racing, as we know it today and have known it for a number of years, can be saved.

"I think the first step in transforming racing... If I could just take a moment to talk about a little story. My first year of business school, my first business course, that is 1975, a prof came into the room — and just imagine 300 kids sitting in an auditorium, and we had all bought our books and we were all ready and anxious to learn. And he came to the front of the class and said, 'Listen, in the next 14 to 16 weeks, I am going to teach you a lot about business, but the most important thing you will learn from me about business can be summed up in two words' and he went to the blackboard and he wrote 'Confront Reality,' and this, I think, is where we are at in this industry, and I know it is extremely difficult to do. In a highly-fragmented business such as racing, it takes a lot of courage and discipline, but, frankly, I think we are at the stage where we need to confront reality, and I don't think we often, as a group, do. And there are conflicting benchmarks out there. If you look at purses, they have never been higher. Again, you look at wagering, and it has frankly never been lower, at least in modern times. So I guess what I want to talk about is a way we might facilitate the execution or the implementation of a lot of the good ideas that have been shared today, and I want to talk about process, really.

"It is hard establishing what to do. It is even more difficult to establish how to do it, but I think what our industry needs, whether it is by region, by nation or globally, because the barriers are coming down tremendously between provinces and between countries on racing. It really is a North American racing scene, not an Ontario scene. But I think we need a strategic plan for the industry, and that will take time and money, but I think the first step is beginning to accept the reality of what we face today, and that is that the business model we currently work under as an industry is seriously flawed.

"Let me make a few comments about that. Again, I am saying this at the risk of sounding negative, but I think we really need to confront this reality and talking about it is the first step. Pari-mutuel is a very expensive way to put four numbers on a board. Cost of production makes it extremely difficult to be competitive in a very competitive and sophisticated gaming market. It takes a lot of real estate, facilities, infrastructure, labour and it doesn't matter whether you are at a breeding centre, a training centre or a racetrack. All these costs are pretty significant and contribute to a very expensive process of putting four numbers on the board.

“There is all kinds of excess capacity in the market in terms of live racing, an oversupply of the market just about in every jurisdiction that I am aware of, and all face an eroding market share. So I think we just have to deal with the fact that, frankly, this industry is trying to feed too many mouths in all aspects of the business, whether it be racetracks, horsepeople, breeders. All components, I think, are oversupplied, and we have way too much excess capacity. I don't think we can sustain this current level of participation, unfortunately. It pains me to say that. There are too many people like myself making a living in this business, and I think we need to move quickly to a more consolidated and contracted industry and that means fewer racetracks, fewer horsepeople, fewer racehorses. And I think the industry needs to carve out a niche where a live product needs to be showcased at modern, multi-dimensional entertainment, gaming, sporting and recreation destination sites. Live racing cannot stand on its own, and we need to be featuring high-quality, high-profiled events with the pageantry that this industry has never seen before.

“Now, having said that, I am a big believer that a big part of racing, whether owning a horse, whether you aspire to develop a career in racing, whether you want to aspire to drive or train, there has to be a dream. And so a premier racing facility or operation is paramount to the success of this industry, because that is where everybody aspires to be. Now not everybody can make it there and so there is feeder system that is required to facilitate people learning the business and developing their skills at whatever level they are in the business and moving on, hopefully, to where the dream is alive and that is at a premier racing facility.

“So I think there is a tiered approach to what the model might look like. At the end of the day, nobody buys a \$30,000 yearling to race at Western Fair Raceway, and that is no disrespect to the organization I operate and manage. But, frankly, they do it to race in the Hambletonian, the North America Cup, et cetera, et cetera.

“Another point I would like to make about the strategic planning process that needs to embrace is the fact that our industry is not agile enough. We are not market responsive, and change takes waiting. It is a bit like, frankly, trying to turn around a 747 on a tennis court, due, in large part, because of the regulatory environment. I am not being critical of it; I am just stating it. It is extremely difficult to respond to changing needs of customers with bet types or even card distribution concepts just because of the regulatory environment that we work in, and that has to change.

“I think, frankly, we all, as a group, need to start thinking about our attitudes towards this business. I think one of the prevailing attitudes that hurts us a lot is an attitude of entitlement. I think we all need to understand it is a competition, we all need to earn our way at whatever level we are in the business, and the thinking really should be rather than an attitude of ‘because I have, I should keep’. I don't think any business that is organic and growing can function on a basis of everybody keeping what they already have. I think there should be an understanding that, in order for us to grow, some of us will have to leave the business and make way for others.

“Finally, I think that a strategic planning process should really have a component built around the government's overall gaming strategy for whatever jurisdiction it is. I think we need to be a part of that overall gaming strategy. I think it is very difficult for our industry to function in the silos that are created because of the regulatory environment and because of government institutions. I think, in that way, other alternative gaming products can be developed that are synergistic to ours and presented. So I think racing needs to be part of a much broader gaming strategy within a jurisdiction, and, eventually, it may lead to our product being distributed through lottery sites or through permanent and charitable gaming sites or through bingo halls, et cetera, et cetera. So I think for us to develop a play for ourselves, without being part of a broader gaming strategy may be futile.

“There are really three or four components inside of what I think should be contemplated as a real strategic plan for the industry. And I know that it is difficult to think of getting people together to develop one, but I don't see us having the ability to effect change or to champion some of the great ideas that have been shared here today.”

DAVE BRIGGS: “Thank you, Hugh. We have a little more than half an hour left, and I do want to end on time. I would like to open up the conversation to anyone who is passionate to speak on what already has been talked about, and we will just try and keep emphasis on being practical and proactive and speak about that which we could possibly accomplish, rather than just have this be talk.”

CLAY HORNER: “This is Ontario-focused, but where we have four track executives here, which obviously represent — I don’t know what percentage of the wagering activity that you four gentlemen represent in the province, but it would be an extremely high percentage. Let me throw out as a provocative comment, although frankly one I think is probably true. The ability of the industry in Ontario to solve these problems by way of each of you coming up with your own strategy and trying to implement it and make the changes you need to make, I might suggest would lead to some marginal improvements in some areas around the edge, but I would also suggest to you that if we brought this same group or a similar group together in five years or 10 years from now, the situation will be worse than it is today.

“So going back to the analogy, which people at Woodbine have heard me use for a number of years, but the events of the last couple of years have made it even starker, was the analogy to the automobile industry. The only thing that allowed the North American automobile industry to respond to the crisis it was in was, in fact, hitting rock bottom, going broke. And the only thing that allowed the American automobile industry to restructure was the government saying, ‘You are broke and you are going out of business, except that we are going to intervene to keep you in business. To keep you in business, we are going to demand that you do various things, including shutting down capacity in a very significant way, shutting off product lines, changing your Board of Directors, changing the leaders of your companies, in some cases.’

“It strikes me that, frankly, the only prospect for getting the strategy that Hugh Mitchell talked about or for forcing the change that needs to be made — because we can all pick up on Chris’ point that ‘Yes, Woodstock is an absurdity and it ought to be fixed,’ but it doesn’t really matter. It ain’t going to make a lot of difference other than fix one of the absurdities in life — would be to find some way to have the government appoint somebody who has enough brains, like the U.S. government did when it came time to deal with the automobile industry and getting Steve Rattner to take on that job. We need to get somebody to take on the job and in effect say, ‘By triangulating between the OLG — which if you look at it is really the controller of the purse strings — and the ORC, that is the regulator, we are going to pull together a group of people and we are going to have a conversation with the industry, but it is a conversation that is going to demand some radical restructuring.’

“To put it in the terms of the original slots deal, you had the government and the OLG saying, ‘In order to solve a political problem, which we have, which is to find a politically-acceptable place to expand gaming, we will go to where we already have gaming’ and that has worked very, very well and everybody in the industry has benefitted, at least financially, from that.

“In order to have any chance to restructure the industry in a meaningful way that will make a difference in terms of whether — to use Hugh’s term, it is saved or survives longer term for the future — I throw out the question of, do we not need the government to say, ‘No more of this nonsense. We are going to fix this and we are going to fix it in a dramatic way,’ which is going to involve some losers and is going to involve some people going out of business. It is going to involve a smaller business, but it is going to, in effect, say, ‘We are not going to allow the slot money to simply flow to each of you to spend as you wish. In funding most of the purses at your track, we are going to demand an industry restructuring.’”

HUGH MITCHELL: “Clay, you are dead on. I really do believe it will take government involvement to be able to take us to where we need to go to create the urgency and the crisis for us to deal with it. And, until we get there, we will have our discussions, as we do over the course of time, but we actually have to get with government and ask for help in organizing ourselves, inchworm ourselves into an industry that will survive and stabilize itself in time.”

NICK EAVES: “I mean, that is, obviously, a pretty profound departure from where we are, and I am not going to disagree for a second that frankly it isn’t what we need to do. The reality is, we are all presently engaged in a multitude of sort of consultations and processes and internally-focused discussions. And I think realization number one needs to be, it is not going to accomplish a thing. Everyone at this table is spending countless hours committing to the discussion, probably hoping that there is going to be an outcome of some sort that will be different from what we are all seeing currently, but I think the reckoning is here in a way, which is either, do we all acknowledge that that is not going to get us anywhere? It hasn’t yet.

“Some good stuff is out there, some of the same discussion, not as frank as has been occurring at this table, has been occurring at those other tables, but I think the question we have to ask ourselves is, is there any hope at all of the industry, on its own, bringing about this transformation, and I haven’t heard anybody say that they think that is a likely outcome. So that might be the first hard acknowledgment that this industry has to make. We can’t do it on our own.”

CLAY HORNER: “I would say further, if I were to say the one thing the industry in Ontario needs — and Alan and Murray, in particular, may disagree — but, frankly, the industry in Ontario, because we have Toronto and no other jurisdiction — other than, if by some long-shot in my view they can solve the situation in New Jersey — has any market for our sport that is as good a market as Toronto is and can be long term. The question is: Can the industry coalesce? Because although I think the only way to fix it is by the government, in effect, saying, ‘We are going to change the rules,’ the very dangerous thing is if the government says, ‘We are going to change the rules,’ and picks the wrong person or people to lead that effort. The success of the bailout of the U.S. automobile industry came from the U.S. government saying, ‘This really matters. We need people who are really good and are properly motivated to save this industry to get involved.’ We are never going to have a czar of the industry and a czar of the industry, frankly, is a waste of time. It isn’t going to fix the problems, because no one could ever get enough authority to drive the results. The only way you can get authority is that somebody who can give authority gives it, and in Ontario it is the government, because they actually have the cash, and you would need to have the industry to find a way to say to the government, ‘This is important. We are prepared to acknowledge that we don’t want you to just leave us to ourselves to keep playing the game and reshuffling the chairs on the patio. But, in fact, we are prepared to commit to obviously a consultative process and a negotiating process with one or a small group of people who can have influence with the OLG and with the government, at the highest levels, who are properly motivated to say we are going to dictate a restructuring of the industry in Ontario.’

“And (a) the question is, who could do that and are people up for going that far, surrendering that much of your autonomy with a view to getting to a different place or are we all in the place where we in effect say, ‘You know what? There is lots of cash around right now, let’s just keep bubbling along because it will be good enough for my remaining 10 or 15 years, and I sure as hell know my kids ain’t interested in this going forward.’”

DAVE BRIGGS: “Just one question in relation to that. Are we speaking about government in terms of the CPMA or the ORC? If it is the CPMA, there seems to be a lack of anyone wanting to step forward and really manage anything. I guess it is a question of which government and who and how.

CLAY HORNER: “Well, I guess it has to be the Ontario government in the first place. The first rule in every business is, the guy who calls the tune is the guy who has the C-A-S-H and it is the government that has the C-A-S-H. So it has to be the Ontario government, but it would have to be a process of partnership from a consultative point of view, not a decision-making point of view, with the tracks, the horsemen, and the OLG would have to be prepared to play and participate in that. The ORC would have to be prepared to play and participate in that, and I would have thought that if you get all of that together, you would probably have the heft that would help you with the CPMA, in terms of facilitating the changes that needed to be made or some changes that needed to be made to make it all work.

ALAN KIRSCHENBAUM: “I just have a question, and it seems like mostly what you guys are talking about is related to harness racing in Ontario, but does anybody get a little queasy about the notion of going to a government who has already given this industry tens of millions of dollars in what is basically a handout and saying, ‘Oh, and by the way, we don’t know how to solve our own problems and we would like you to help us to solve them. In addition to all the money, we need you to solve our problems, too.’”

NICK EAVES: “I am very queasy about that because, frankly, if the discussion is bilateral between Woodbine Entertainment Group and the province, it is a bit of a different discussion, and that is not to say we have done everything perfectly and that there are no issues within our business in our future, that is not the case at all. But one of the underlying real challenges is, there are so many different degrees of under-performance in terms of how participants and tracks, in particular, I suppose, have performed based on this government partnership. So it is a very uncomfortable reality which, to be perfectly honest, I would say Woodbine has the most to lose, because we are not the ones who need the broader base of the industry to float our boat in terms of being able to check the boxes and answer some of the questions in a comfortable way. And, again, I don’t see that we don’t need to transform. I am not disagreeing for a moment that, along with everybody, our business model needs to be transformed, but certainly once one embarks on a government-controlled process, then that is a whole new game.

HUGH MITCHELL: “I think Alan, I see it as government facilitating the industry, dealing with its problems; having a long-term solution to its problem in right-siding itself. So, I see the word ‘facilitation’ as the most important, rather than dictating to us what it should be. And the problem I see, internally, around Ontario is we got together a group fairly quickly when we were fearful that the 20 points on the slot business might be something less. So it is that adversity, that adverse situation, the notion we might lose something very important to us, that brought us all together, something we all had a vested interest in.

“I think the problem today is that you can’t get everybody to the table to respond with the urgency that is required and have every group make the tough decisions that have to be made. I think we need some kind of a fatherly figure to say, ‘Listen, get in a room, solve your problems, here is the deadline, here are the outcomes we are looking for.’ So I still see the industry finding the solutions, ultimately, but I see a larger body, an umbrella body, namely the government, forcing us to do it.”

ALAN KIRSCHENBAUM: “I know very little about your situation up there, but if a father has given his kid all this money and all this money and all this money, and then the kid says to the father, ‘Oh, and by the way, I am still screwed up and you need to help me, too,’ the father would say, ‘Well, the first thing I realized is giving you all this money wasn’t the solution.’”

CLAY HORNER: “Yes. Although, Alan, one of the great benefits that the industry has in Ontario is, at least for the reasonable medium term, the industry has the money, i.e., there are slots deals in place that have a long, continuing life to run with them, and so the answer isn’t that the government could say, ‘Gee, you are still screwed up and so, frankly, in two years time, we are taking away a lot of the money.’ To think the industry is going to be restructured, I think it is probably necessary. My great concern about it is, can you find the right people to lead it and will the government truly play ball in terms of saying, ‘This matters to us and we are going to commit government forces to helping the industry find a better way to use the same money going forward,’ because in fact we do have real allies. Nick has heard me at the Woodbine Board. One of the great things that the standardbred business has is it has a broad base of political legitimacy through the province. There are standardbred people all through the province. There are farms, there are a lot of people who make their living — not being rich guys playing with their ponies. And so the government has a real legitimate political interest in continuing to foster the agricultural legitimacy and the broad-base community success of the industry, but the critical things you would have to have would be a real willingness on the part of the OLG to engage — in terms of saying, you know, ‘We actually want you guys to get a V75-type wager. We will help do that. We realized that is consistent with broader good public policy in Ontario in the gaming area,’

“Then, secondly, getting somebody or a small group of people to lead that facilitation and, ultimately... as much as I like to use words, where you are reducing capacity, as Hugh talks about, at the end of the day, there are very few people who voluntarily choose to go out of business or reduce their business circumstances. You need somebody to, frankly, force that on them, although maybe induce them at the end of the day, and you would need a very wise, respected, smart person or small group of people to lead that initiative.”

DAVE BRIGGS: “Can I take this in a slightly different direction? Does anybody want to add one more point on this or one or two more points? I want to talk about some of the other ideas for a second.”

CHRIS ROBERTS: “Hindsight is always 20/20, but it is almost impossible to imagine that the industry back in the ‘90s would do anything but screw up. All of this money that came falling out of the sky. We were all broke. Businesses were going out of business. Businesses were losing their very essence, horsepeople were broke and money from heaven came down. The one thing we all need to remind ourselves, and we need to do a better job of reminding government, is that this is a great deal for government. It was the best possible outcome for government, and government’s investment has been a good one. Ted and I actually spoke about this at the Molson Pace the other night.

“Jane Holmes did a wonderful job of that when she was at OHRIA, and we have done a horrendous job of that, I think as an industry, since sort of OHRIA died and has been reborn, of just painting what a good investment picture that actually was for government. That is not to say we don’t have huge problems. I mean, to follow up on what Clay said with the benevolent dictator and the czar, and I always smile when I hear ‘industry czar,’ because a czar is great in concept until he does something that you hate and tries to take your pie, and then you go after him with a knife.

“The ORC, to their credit, and I am the least likely person to run to their defence, is endeavouring to tackle some of these issues right now. As an industry, we say, ‘Okay, good that someone wants to tackle these issues, except the solutions that you seem to be coming up with we hate and we are going to come after you with weapons.’ As Hugh said, it is not just minor losers and we don’t just need a minor tweak; there are going to be humongous losers in this thing or as this thing moves forward and morphs into something different, and it is not reasonable to believe that people aren’t going to fight for their market share in a dwindling market. I can assure you that my company will.”

DAVE BRIGGS: “Let’s quickly touch on some of the other things that were brought up so that it is inclusive. Can anybody speak to some of the things brought up? Is there anything further on some of the smaller things that Blair talked about, with freshening the product, or Alan talked about, making it more entertaining, maybe involving gamblers more, or Murray talked about, with the love of the horse and going back to Blair, the restricting of access? Some of the smaller things that we probably could accomplish in the short term while we are working ahead towards that big thing?”

ALAN KIRSCHENBAUM: “Let me just clarify something I said. On these Internet and streaming things from the tracks, I think there are two options: One is to try to appeal to people who don’t watch racing necessarily, and somehow, miraculously, you know, if they are tuned in somehow or some way — the odds are slim — would be to do more general entertaining stuff. So if you see a handicapper — this is an example I have used over and over again. If you see a handicapper on air say, ‘I think that 5 will win,’ and then the race happens, it is boring. But if that handicapper says, ‘I think that 5 will win, and if he doesn’t win, I will eat this plate of bugs,’ like on *Survivor* or, ‘I will shave my head,’ or ‘Somebody will dunk me in a dunking booth,’ then I am interested in watching no matter what happens, because there is something of entertainment value provided.

“Now, that is one way. Forgive me for this one, guys, but if there is a beautiful woman on air and every time this guy picks a winner, she removes one article of clothing, there is a segment of your audience that is going to watch that. But give them something to watch. If the notion is we are only going to appeal to the people who are watching because they are hard core aficionados, I think people like them should be on the air — big personalities. You know, the Woodbine people would probably throw up, but put Bert Smith on TV, put my friend Alan Boston on TV, put Dan Nance from one of the bulletin boards on TV, because they are galvanizing people the same way.

“Louie DePalma on Taxi was not somebody you liked, but he was somebody you enjoyed not liking. Put somebody on these shows that people are interested in or provide entertainment value, but don't just put another middle-of-the-road, bland personality giving numbers out. That was my point.”

DEAN TOWERS: “I agree with that quite a bit. The Mountaineer show with Mark and Nancy talking about racing is probably the best little pre-show, because they just fill up the air. They talk about horses, they talk about trainers, they talk about all kinds of things. It is just entertaining. And that is not even what you are talking about, Alan. You are talking about taking it up three notches, but it always kills me that there is so much dead air. I have no idea why there is dead air. Nick might be able to answer this. I love watching players put on bets there. I hang out with people that are playing and I have had a big bankroll now and watching a guy play with a four or \$500,000 balance is quite interesting, and I think it would be interesting to people at home to see someone put \$5,000 or \$8,000 on a horse to win.

“In the Breeder's Cup, I watched someone I was playing with and he was putting on bets there, and he bet \$7,000 against Zenyatta, who won the Breeder's Cup classic. Very interesting stuff. Nick, can you put a couple of gamblers on air playing big tickets and show that being played or would you get booted off the airwaves? That is the kind of stuff I think I would like to see and I think a lot of people would like to see, because it is playing the game and harness racing is a game.”

NICK EAVES: “It all comes back to one of the themes of this discussion which is segmented. Many of us agree those dead-air silences are just intolerable at times. The alternative we have heard about, which is whenever we get a bit of a babbling, an on-air person saying something that I don't agree with, we get far more criticism of that than the dead air.

“Now you are suggesting something different, which is let's get the interesting perspective of a gambler, who has got a real bankroll and I actually think that that is a great idea, but for who? I think many of us are in a different business and I think actually Woodbine is in a couple of different businesses. I will use again the small example of our Monday night program. We had to go and re-engineer the way we programmed that content, and we didn't nail it on night one and we might not nail it tonight on the thoroughbred side. In fact, we won't and it is going to take some time, but we have to be presenting that product in a way that is a little more compelling than the way we have been doing it. And we have to focus on the business that we are in, which is very much the selling of pari-mutuel wagers. We have to ask for the sale, which we are doing now through that contest, essentially, which at least is betting real money. So I agree with you, Dean. We want to focus on the betting customer out there, those are the things we need to be doing, but you might hear a different answer, in fact, I think you would hear a different answer from Ted and potentially Chris about which primary business it is they are in. And that is why a couple of people have made the point that it starts with that segmentation.

“If we are all going to keep doing all things to all people because that has really been the model of the industry the last number of years, well, I think we know where that story ends. So I think the segmenting has to begin, and again I am just using a small example, but Clay put the fine point on it. We bet a million-three on a Monday night, we bet \$950,000 on a Friday night. Why is that?”

DAVE BRIGGS: "Does anybody want to address integrity, what Murray said and what Clay said earlier about integrity? Can there be anything more done or something different than is being done now?"

CLAY HORNER: "Yes. I, of course, completely agree with Murray. As people know, I have been on this bandwagon for a number of years. I find it extraordinarily distressing that so many people, who are involved in the industry, are prepared to make mild complaints or complain when they lose a race, but they are not prepared to do anything beyond that. And, in fact, the good living they have has anesthetized them to the threat that the cheaters represent to everybody long term, and it is very gratifying to hear Murray speak about some owners. Because, again, back to my comment about the government having the C-A-S-H, the other people who have the C-A-S-H are the owners, who, in effect should be saying to the trainers, 'We expect you to behave and operate our assets in a manner that is consistent with the best interests of the game and our own best long-term interests.'

"It is an incredibly distressing and depressing situation and it is one of the things that makes it very hard to credibly say to newcomers, 'Why don't you come and join me? We will lose all the races by 10 lengths, but you will otherwise find it a great experience.'"

CHRIS ROBERTS: "I would say that racing has lots of problems and integrity is definitely one of them. I am of the belief that if it were our biggest problem, we would be in a much better position than we actually are. I do agree that it is an issue, there is no doubt. And I also agree fully with Clay that we can't simply rely on the regulators to deal with it; we have to find a way of the participants stepping up themselves. We have seen racetrack associations try and do that in the past. I think the amount of money that the industry is putting into out-of-competition testing and medication task forces, has been largely inconsequential and I think we have to find ways outside the box of dealing with integrity. Maybe it is on the participant side, because I can frankly see this industry continuing to spend at the level we are now — or spend at a level three or four times that — and see absolutely no results."

DAVE BRIGGS: "We have about five minutes left. Do either Blair or Dr. Clarke want to jump in and add anything since they haven't spoken in a little bit?"

DR. TED CLARKE: "I would be happy to reinforce a couple of things that have been said by others. I do believe that the Province of Ontario has benefitted to a very significant extent from the slots program as it has been distributed through the province at racetracks, and sure enough there has been a side benefit to all of us, but we invested really significant cash to make it happen. It is a business investment that we made, and so to think that we can just sort of willy-nilly disrupt that program, setting certain units aside, is not likely a practical way to begin the discussion. Certainly, I agree that the industry needs to be transformed. In fact, I think it needs to be transformed to where it finds new markets. I think the idea of sitting still and thinking that we can downsize to fit the market that we have or do any of those things probably isn't going to work. If we aren't able to change either our distribution or our product mix and can't get outside of the regulations that hold us to what we are doing now, we really have some difficulty with a plan to go forward."

DAVE BRIGGS: "Blair, any final thoughts?"

BLAIR BURGESS: "On the integrity thing again, it would be folly probably to say that every time a trainer starts to win a lot of races, we are all going to decide not to race against him. I don't know what the solution is. I think the testing is very extensive and very stringent. We are dealing with more stringent rules probably than ever and there are still individuals like this out there apparently, and I don't know how to deal with them exactly. I think Woodbine maybe had an idea in the past that maybe should be looked at again. We shouldn't exclude these people; maybe we should include them and they should be forced to race under a controlled environment, maybe race out of the backstretch that was controlled —

though, there aren't too many racetracks that have backstretches anymore. But the few that do, maybe an individual like this should be put into a sort of probationary period whereby he has to prove he can perform in a controlled environment. If he can do so, then I guess he is just a great trainer, but maybe something like that. It doesn't sound that crazy, and I think since the racetracks control the entry process, they can decide who makes those entries. 'Unless you race the way we wish you to race, then we are not going to accept your entry.' It is a different way of looking at it, maybe.

NICK EAVES: "Well, it is an important point and it is a balance that we attempt to strike every day. Because, on the one hand, we are a very intensely-regulated business, as we are all well aware and there is a whole lot of appeals to the regulator every time a participant feels they are being dealt with unfairly, and that is, in a way, the right of that particular participant. But from the standpoint of the racetrack operator, our view is we have got sort of a higher obligation which is to protect the customer from a dishonest product. And we have done some things in an effort to do that, and you referenced a couple of them. Blair, whether it is detention or a requirement that a particular participant who has shown some confusing trends, you know, be resident on our backstretch, things like that. That is obviously not going far enough and we, as one organization, would love to go further and in ways that are available to us intend to go further. But is a balance, unfortunately, that we keep having to strike based on the Racing Commission and their role and their restrictions — this isn't an excuse, it is just a statement of fact — certain restrictions that they are placing on their licensees in terms of what they will allow and not allow us to do."

DAVE BRIGGS: "These discussions are great for talking and often they don't go much further than the talk. Is there anything people can suggest to make some or all of these things get some traction and move forward, something practical to start this down a productive road?"

CHRIS ROBERTS: "I don't have the answer to your question, but I think part of it is — a big part of it is — broad-based confrontation. As Hugh said, confront reality, but a broad-based confrontation and understanding that where we are is absolutely somewhere we cannot afford to be longer term, and I feel that in the industry. I feel that there is more of this conversation happening than has ever happened before. I know that Standardbred Canada has some ideas for player development programs that we have talked about a little bit, also their suggestion regarding the five per cent of purse money. If it would ever happen, it would be one of the first tangible examples in the last 50 years where a horseman steps forward to say, 'I am going to invest in my future. I am going to pay it forward a little bit. I am going to do something to better our collective lot longer term.' That is something that can actually happen. I don't think anyone in this room or anyone in this industry, perhaps, is qualified to spend those funds. I mean, we may need to go outside and get the appropriate professional assistance or build that strategic plan, as you said, but there is something that is actionable and could actually happen in the short term."

DAVE BRIGGS: "Any final words from anybody?"

MURRAY BROWN: "I would like to mention something that was passed upon briefly. I can remember — heck, this has got to be 40-some years ago — Billy Haughton was telling me it drove him crazy that our paddocks were hidden from public view, that the people couldn't see the horses, that they weren't exposed to them, that the general feeling he felt amongst horseplayers was our participants were conniving and fixing races back there, and the proof of the pudding was the thoroughbreds. You can see (thoroughbred) horses... Our paddocks are hidden. That is why the people cannot see what is going on and cannot see the horses before they get on the racetrack."

DAVE BRIGGS: "Final words, Dr. Clarke?"

DR. TED CLARKE: "Just to speak to that, it is entirely possible, under today's circumstances in Ontario at least, to have people in the paddock. I take tours through our paddock on a regular basis, and so it is not impossible to be done. It just requires somebody have the will to do it. We actually have a little ring now where we bring the horse out of the paddock so that people can look around and see the thing, they can see right into the paddock. It is not only for the issues for health and safety is there a need to restrict that access. The Commission will allow you to take guests in any time you see fit to do it. So there are ways to get around some of those simpler issues. I will take issue with what Chris said earlier where he said nothing had happened in the last 50 years where a horseman did something. In fact, when Elmira Raceway was reorganized in 1988, the horsemen gave back a significant percentage of their purses towards the reorganization and to float that place while we got it to go again. And I think we are being unreasonable as we sit here without any horsemen, other than Blair present, to say that all of this has to come out of the purses. Granted, I know that that is the easy place to attack and it is easy especially if you are a track organization to say, 'Yes, let's take it from the purse account.' The fact of the matter is, if we are going to give back significant — what I think is a significant amount at least to customers — if we are going to give back revenue in the way of a HIP levy, I think we need to consider where that money is going to come from. The customer is going to be of benefit to both the horsepeople and the track. And, if this is a collective effort, then we have to make it a collective approach. It can't be done on the backs of somebody else."

BLAIR BURGESS: "What about a political initiative from the track? I guess I should be speaking to the track operators, to Nick, Ted and Chris. It seems as if the CPMA is a lot of the trouble as far as the regulations, from a Canadian perspective. It slows us up. It was specifically mentioned just how difficult it is to sign on to get an HPI account and to watch the races. I mean, the regulations are ridiculous, whereas do we really need a CPMA? Is the tail not wagging the dog? Maybe one regulator shouldn't even be existing."

NICK EAVES: "Well, that is a great point. We are saddled with multiple regulation and it is a reality. Certainly, the industry has attempted to work with the CPMA, and for awhile I would say with some success. It was a function of the leadership that was there at the time to try and create that more agile environment that Hugh referred to. Unfortunately, I think we have regressed in terms of getting a good result there. Blair, no, we don't need two regulators. It is onerous, it is expensive to a point where the industry can't afford it and, frankly, where they intend to take it. It is on that long list of very difficult things to try and bring change to, but we need to try."

DAVE BRIGGS: "Thank you all very much. I appreciate you taking time out of your day and your thoughts and insight."