



Horse Racing Industry  
Transition Panel  
Interim Report

August 17, 2012

# HORSE RACING INDUSTRY TRANSITION PANEL

August 17, 2012

The Honourable Ted McMeekin  
Minister of Agriculture, Food and Rural Affairs  
Government of Ontario

Dear Minister:

It has been a privilege for us to serve as members of the Horse Racing Industry Transition Panel. As you directed, we have consulted widely with industry participants and have worked to develop a vision for the industry's future.

This is our interim report, presenting our findings.

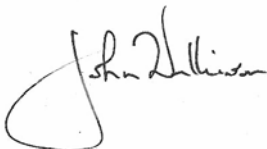
We are hopeful that our efforts will help the government and the industry build a new partnership that will benefit all Ontarians.



Elmer Buchanan



John Snobelen



John Wilkinson

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# 1. EXECUTIVE SUMMARY

- In June 2012, three former Ontario Cabinet ministers were engaged to make recommendations about how the Ontario government could help the horse racing industry adjust to the end of the Slots at Racetracks Program (SARP). This is the panel's report. It reflects a consensus of all three members.
- The panel believes it would be a mistake to reinstate SARP, as many stakeholders advocated. The program has provided far more money than was needed to stabilize the industry – its original purpose – and has done so without compelling the industry to invest in a better consumer experience. Slots revenue has enabled the industry to avoid facing up to the challenges of today's intensely competitive gaming and entertainment marketplace.
- The panel's mandate is to help the industry make the transition to a sustainable future. However, the panel has concluded that the \$50 million allocated over three years to support the transition is insufficient to build a bridge to sustainability.
- Overall, the horse racing industry now derives 63.6 per cent of its purse revenue from SARP. Few if any industries could survive such a sharp financial loss.
- The panel concludes that a viable, world-class industry requires public support to sustain its core elements: an adequate number of races, competitive purses, state-of-the-art tracks, quality breeding programs, skilled personnel and a growing pari-mutuel wagering pool.
- However, any future investment of public dollars should be based on clear public-interest principles including accountability, transparency, a renewed focus on the consumer and a business case showing that each public dollar invested is returned to government through tax revenues.
- Further research and analysis would be necessary to plan and implement a new partnership between the horse racing industry and the government. Tasks include:
  - calculating the gap between potential costs to preserve a core industry and revenues that would need to be filled by some form of public support – which could include allowing the industry to offer new gaming products;
  - developing a leadership framework to enable the industry to work together; and
  - building the government's expertise in the equine sector.
- The panel is confident that the right level of public investment with the right conditions would have a positive impact on employment, the economy, government finances and the industry's future.

## **2. INTRODUCTION**

In March 2012, the Ontario government announced the cancellation of the Slots at Racetracks Program (SARP) effective March 31, 2013 as part of the modernization of the Ontario gaming system. The government indicated that the horse racing industry's share of slots revenue – \$345 million in 2011-12 – would be directed to other public priorities such as health care and education. The government has set aside up to \$50 million over three years in transition support for the horse racing industry.

Three former Cabinet ministers – the panel – were engaged in early June 2012 to work with the industry to develop a vision for its future and plan the transition to a more sustainable business model. The panel was assigned to consult with stakeholders on how the government can support the transition, including the allocation of the dedicated funds. The panel was also asked to advise on how to modernize other revenue sources to assist the industry to become more self-sufficient.

Commenting on the panel's task, Finance Minister Dwight Duncan said: "Our government understands that ending the Slots at Racetracks program and responding to market demands poses a challenge for everyone involved in the horse racing industry. That's why we are committed to helping the industry move toward greater self-sufficiency without government support." The Minister of Agriculture, Food and Rural Affairs, Ted McMeekin, added: "It is important for the horse racing industry to develop a new vision for its future. I look forward to hearing the panel's recommendations on how we can provide transitional support for the industry."

This is the panel's report. It reflects a consensus of the three members.

### **Background on SARP Cancellation**

The decision to end the Slots at Racetracks Program followed a strategic business review by the Ontario Lottery and Gaming Corporation (OLG). Among many conclusions, the review found that the linkage of slot facilities with racetracks has prevented OLG from locating gaming sites on the basis of customer interest. This limitation has kept OLG from maximizing slot revenues. In response, the government directed OLG to end SARP on March 31, 2013, and locate slot facilities more strategically.

The cancellation of SARP was reiterated in the 2012 Ontario Budget, which noted that \$3.7 billion has been provided to the industry since 1998, including \$345 million in 2011-12. The Budget said the industry needs to move toward greater self-sufficiency without government support so it can respond competitively to market demands for its racing product. The Budget confirmed that the reduction in the provincial pari-mutuel tax will remain in place, leaving wagering revenue with the industry to support programs.

These measures came in the wake of the report of the Commission on the Reform of Ontario's Public Services – the Drummond report – released in February 2012, which noted that Ontario has more racetracks than any other jurisdiction in North America. The report stated that

“subsidies to racetracks and horse people require a review and adjustment to realign with present-day economic and fiscal realities.”

A few days after the cancellation announcement, OLG announced the closing of the slot facilities at racetracks in the three border communities of Fort Erie, Windsor and Sarnia as of April 30. The three tracks will continue to receive about the same level of SARP funding until March 31, 2013 as they would have if the slots remained open. The other 14 tracks received notification that their slots agreements would be terminated as of March 31, 2013.

Although racetracks will no longer receive a percentage of slot revenues once SARP ends, OLG plans to retain slots facilities at racetracks where it believes there is consumer interest. Negotiations between OLG and some racetrack owners for the rental of the space required for slot facilities have begun.

## **Panel’s Consultations**

The panel began its work by inviting stakeholders to submit written comments, preferably through industry associations. In all, 232 emails were received. The panel also spoke in person with 53 different groups or individuals through a total of 68 meetings. A list of stakeholders who met with the panel appears in the Appendix.

The panel deeply appreciates the time people took from their summer schedules to meet with us, as well as the effort that went into preparing written submissions. We simply could not have prepared our report without this input from the people who know the horse racing industry best.

## **Structure of the Report**

The balance of this report provides background information on Ontario’s horse racing industry and then describes the panel’s analysis and conclusions.

**Overview of Horse Racing Industry in Ontario** sets the stage with a look at the industry and its components – racetracks, horse owners, employees and of course horses – as well as its economic impact and what makes it tick.

**Slots at Racetracks Program: Origins and Impact** explains where the program came from and the effect it has had.

**Horse Racing Industry Revenues and Purses** drills down on the industry’s financial structure and how SARP fits in.

**Industry Regulators and Programs** examines the regulatory framework in which the industry operates, as well as industry development programs to support its growth.

Finally, the report presents the **Panel’s Findings**.

### **3. OVERVIEW OF THE HORSE RACING INDUSTRY IN ONTARIO**

To provide background and context, the following section looks at Ontario's horse racing industry: what it is, where it is, who is in it, how it works, how it affects the economy – and why it exists.

#### **The Appeal of Horse Racing**

To begin with the “why,” horse racing is deeply embedded in Ontario's culture. Organized races predate Confederation, going back to the 1830s. The first Queen's Plate – now North America's oldest continuous running thoroughbred race – was held in 1860 after Queen Victoria, in response to a local petition, granted an annual prize. The inaugural running took place at the Carleton Race Course in the area now known as the Dundas West Junction in Toronto. The race moved around southern Ontario tracks until settling at Toronto's Greenwood Racetrack in 1883 (where it remained until shifting to Woodbine in 1956). The sport of horse racing was highly popular in Toronto, with four tracks operating there from the 1920s until the 1950s. It also took root in other parts of the province, with the Fort Erie Race Track, for example, opening in 1897 and now celebrating its 115<sup>th</sup> anniversary. Standardbred horse racing has been especially important in the life of rural communities, while quarter horse racing, though relatively new, offers a unique racing experience. As the laws on wagering were gradually relaxed beginning in the late 19<sup>th</sup> century, horse racing became Ontario's original legal gaming product.<sup>1</sup>

Horse racing is the natural intersection of chance and sport. The combination of the ancient arts of training and breeding, the inherent beauty and athleticism of a horse and the excitement of racing has provided entertainment for generations. While our society has become much more diverse in recent years, the enjoyment of horse racing is a feature of many of the different cultures that make up today's Ontario.

#### **Economic Impact**

The industry consists of racetracks, horse owners and breeders and other horse people. It has substantial and complex links to primary agriculture, the agricultural services sector and the overall economy.

The panel has reviewed several studies on the economic impact of Ontario horse racing, including three very recent ones:

- *The Economic Impacts of Horse Racing and Breeding in Ontario, 2010* – Econometric Research Limited (ERL), November 2011

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<sup>1</sup> Ontario Racing Commission; Heritage Toronto

- *Horse Racing in Canada: The Economics of Horse Racing in 2010* – Val Evans, Strategic Equine Inc., March 2012
- *Economic Impact of the Ontario Race Horse Industry* – Dr. Robert Wright, 2012.

The panel feels that the available reports have weaknesses that make them less than ideal as a basis for informing public policy. Much of the foundational data comes from private surveys and sources that cannot be independently verified, and some of the underlying assumptions and calculations are not disclosed to the reader. Nevertheless, we believe that at least the big picture can be sketched by comparing findings from recent reports.

A note on terminology: direct expenditures are made by the horse racing industry itself, for example, on paying workers, operating racetracks or buying supplies; indirect expenditures are made by suppliers to the industry, such as feed producers or equipment manufacturers; and induced expenditures refer to the re-spending of income by workers in the affected sectors.

The ERL study includes OLG slots operations in its figures. Removing these – as the panel does not view slots as part of the horse racing industry – direct industry expenditures come to \$1.4 billion and indirect and induced expenditures bring the total to \$3.3 billion.<sup>1</sup>

Strategic Equine includes unpaid labour in its estimates, but the panel does not see why this should be considered an expenditure when no money changes hands. Removing this factor puts direct expenditures at \$991 million and total expenditures – including induced expenditures – at \$1.6 billion.<sup>2</sup>

The Wright analysis finds that the \$334 million in slots revenue – apart from other industry income – generated a total of \$1.1 billion to \$2.6 billion in direct and indirect economic activity in 2010.

The panel has had difficulty reconciling the approaches in the various studies, due to the data problems mentioned above. One key difference appears to lie in the choice and application of multipliers. Without getting into a technical debate, the panel accepts a working estimate of \$2 – 2.5 billion as the gross expenditure attributable to horse racing in Ontario.

The panel repeatedly heard from stakeholders that the industry generates substantial tax revenues for government. The ERL study estimated that the three levels of government together derived \$544 million in tax revenues from the impact of horse racing and breeding in Ontario – including \$194 million for the province and \$58 million for municipalities.<sup>3</sup> Again, the panel has been unable to verify these overall calculations. However, the contribution to some forms of tax revenue is not hard to determine. For example, based on Standardbred Canada data, standardbred sales and stud fees in 2011 totalled \$101 million, sending \$8 million to the Ontario treasury as the provincial share of HST.

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<sup>1</sup> Econometric Research Limited (ERL), *The Economic Impacts of Horse Racing and Breeding in Ontario, 2010*, November 2011, p. 17

<sup>2</sup> Val Evans, Strategic Equine Inc., *Horse Racing in Canada: The Economics of Horse Racing in 2010*, March 2012, Appendix 2, p.1

<sup>3</sup> ERL, p. 17



## **Racetracks**

Ontario has 17 racetracks – 14 offer standardbred racing only, one offers thoroughbred and standardbred (Woodbine), one offers standardbred and quarter horse (Fort Erie), and one offers quarter horse only (Ajax). Six tracks (including Woodbine and Mohawk) are operated by not-for-profit corporations, and 11 by for-profit corporations. Of the race dates approved for 2012, 81 per cent are for standardbreds, 16 per cent are for thoroughbreds and 3 per cent are for quarter horses. Twelve of the tracks are located in southwestern Ontario (see Figure 1).

Racetracks are divided into three classes – premier, signature and grassroots – based on the quality of horses running, which is related to the size of purses offered. The tiered structure allows horses to move up and down the tiers so they can continue to race and be competitive and earn purses at different levels.

## **Horse Owners**

Horse owners may be individuals, partnerships or syndicates. Ontario in 2010 had 11,600 ownership units, including 10,619 individual owners. Most breeders owned active race horses, but there were 981 breeders who did not.<sup>1</sup>

In 2010 the capital investment per ownership unit totalled \$279,238 for horses and related equipment and property improvement.<sup>2</sup>

## **Employment**

Horse racing is by its nature labour-intensive and creates employment opportunities for Ontarians. Jobs range from minimum-wage work to high-end technical and management positions.

Each race horse needs several people for training and racing activities, as well as care year round, like all horses. One worker can take care of several horses. Owners employ trainers and jockeys or drivers, and trainers in turn employ assistant trainers, grooms, exercise walkers and hotwalkers (who walk horses after a workout). Blacksmiths, veterinarians, therapists and other services are usually supervised by the trainer but paid by the owner. On the farm, breeders and others work in the production and care of horses. Racetrack operators hire staff to manage track facilities and operate live racing, including pari-mutuel wagering.

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<sup>1</sup> Strategic Equine, p.11

<sup>2</sup> Strategic Equine, p.29

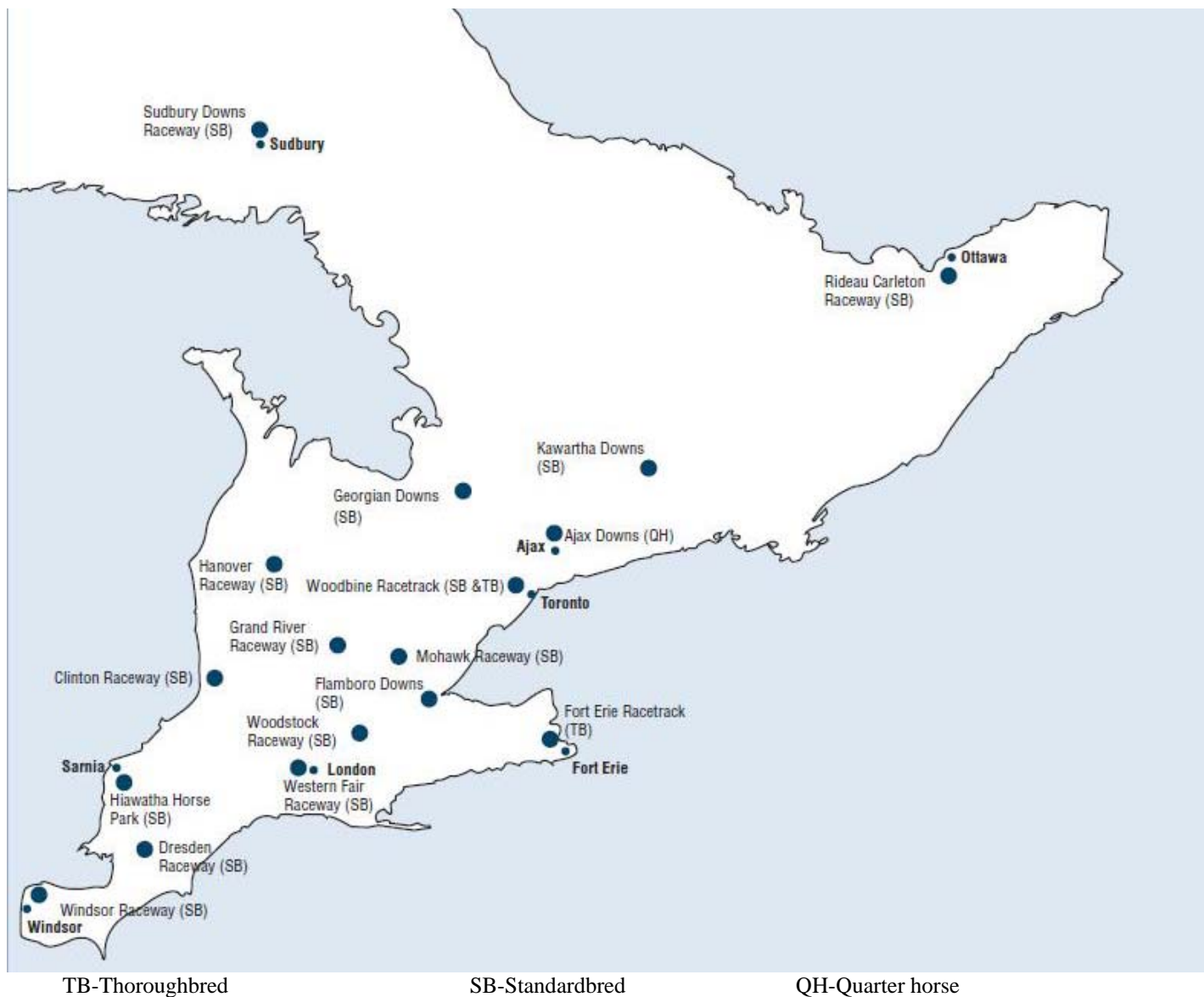


Figure 1 – Ontario Racetrack Locations

In the consultations, the panel heard horse farms described as job factories. These jobs generally involve long hours and low pay, and require little formal education. But as the panel was frequently told, people employed in the horse racing industry love their work. Moreover, the skills that make employees valuable in the backstretch, breeding barns and training stables are not transferable outside the equine sector.

The panel has spent much time weighing the impact of the horse racing industry on employment in rural Ontario and the province as a whole. Due to the diverse nature of the industry and the lack of a central body tasked with recording equine activity, employment numbers for the sector are difficult to gauge accurately.

## Licences

Solid information comes from the Ontario Racing Commission (ORC), which issues licences for owners, track officials and various occupations: trainers, jockeys and drivers, grooms, exercise riders, veterinarians, racetrack operations, pari-mutuel staff and others. In 2010 the ORC issued 27,871 licences.<sup>1</sup> Since a person can hold more than one kind of licence, this total represents about 17,000 licensed individuals.<sup>2</sup>

## Jobs

People working on racetracks are only part of the story. Many others are employed caring for horses on the farm or working for suppliers of feed, equipment or other inputs. Jobs are induced in the larger economy when on- or off-farm workers spend their pay cheques.

The ERL study finds 11,829 direct full-time-equivalent (FTE) paid jobs in the horse racing industry itself (not including slots employees), and attributes a total of 23,849 paid FTE jobs to Ontario horse racing if indirect and induced jobs are counted.<sup>3</sup> Strategic Equine puts on- and off-track paid employment in the industry at 18,228 FTEs and total paid employment including induced jobs at 34,816 FTEs.<sup>4</sup> Again, the panel has been unable to reconcile the differences in the studies, for the reasons mentioned above, and also notes that the multipliers used in both cases may be too high. All in all, the panel feels comfortable with a range of 20,000–30,000 FTEs as the estimated employment impact of Ontario horse racing.

Moreover, both studies agree that, as many horse racing jobs are seasonal or part-time, the FTE total understates the number of people actually working in the industry. Strategic Equine says its FTE figure may represent the employment of 55,000 individuals.<sup>5</sup> For example, in 2008 racetracks employed 5,885 people – 2,482 full-time and 3,403 part-time.<sup>6</sup>

Strategic Equine calculates that, on a nationwide basis, one active horse equals one full-time job. Given the employment estimates above, and given that Ontario has about 26,000 race horses, this ratio holds true and is a useful guidepost for Ontario.<sup>7</sup> To take an international comparison, a recent study found that each of the 170,000 race horses in Europe directly and indirectly generates 1.8 jobs.<sup>8</sup>

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<sup>1</sup> Ontario Racing Commission (ORC)

<sup>2</sup> Strategic Equine, p.14

<sup>3</sup> ERL, p. 17

<sup>4</sup> Strategic Equine, p.2, Appendix 2, p.1

<sup>5</sup> Strategic Equine, p.41

<sup>6</sup> ORC

<sup>7</sup> Strategic Equine, p.40

<sup>8</sup> European Pari Mutuel Association, *The economic and social contribution of horseracing in Europe*, Sept. 2009, p.11

## The Horses

The heart of the industry is the race horse. In 2010, Ontario had 26,338 horses active in racing (including breeding stock).<sup>1</sup> The breakdown by breed was:

- Thoroughbred: 7,122
- Standardbred: 18,184
- Quarter horse: 1,032.

All three categories of race horse represent distinctive and registered breeds. Thoroughbreds are ridden by jockeys and run for the biggest purses, while standardbreds are harness horses that pull a driver in a cart. Quarter horses carry jockeys but are sprinters, running on a shorter, quarter-mile track.

It should be noted that race horses make up only a fraction of Ontario's horse herd. Just 16 per cent of mature horses in the province were active in racing (including breeding stock) in 2010.<sup>2</sup> Other horses are used, for example, for amateur sport competition, pleasure riding, breeding stock, riding school or lessons, work (such as ranching or logging) or companionship.

### Production Cycle

The gestation period for a horse is 11 months and horses do not race until they are two or three years old. (About 60 per cent of active race horses start racing as two-year-olds and the rest as three-year-olds.<sup>3</sup>) This results in a four-to-five year production cycle for the industry. From the time a mare is bred, four to five years of time, effort and resources are expended before the horse even reaches the track.

The breeding sector produces a significant revenue stream, with horse sales and stud fees representing an estimated 28 per cent of total racing-related revenue (as of 2002.)<sup>4</sup>

In addition to the horses that started racing in 2012, breeders (and owners) now have a sizable investment in pregnant mares and young horses on the farm:

- Foals of 2010 to start racing in 2013 as three-year-olds
- Foals of 2011 to start racing in 2013 as two-year-olds or 2014 as three-year-olds. (Foals of 2011 will be offered for sale as yearlings in 2012)
- Foals of 2012 to start racing in 2014 or 2015 (yearlings for sale in 2013)
- Breedings of 2012 (foals of 2013) to start racing in 2015 or 2016 (yearlings for sale in 2014).

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<sup>1</sup> Strategic Equine, p.10

<sup>2</sup> Strategic Equine, p.9

<sup>3</sup> Strategic Equine communication with ORC, May 25, 2012, p.6

<sup>4</sup> G.L. Brinkman and A.J. Weersink, *Contribution of the Horseman Component of the Harness Horse Industry to the Ontario Economy*, University of Guelph, October 2004, p.15

## Breed to Race Model

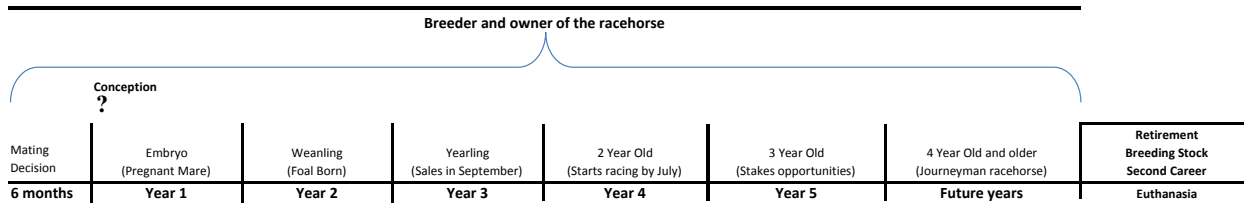


Figure 2 – Production cycle for race horses

## Exports

Ontario has a proud history of producing world-class race horses. In the thoroughbred industry no modern sire has had a more profound global impact than Northern Dancer. The Ontario standardbred industry has grown from county fair races to an industry that produces world record-holders including the 2012 Pepsi North America Cup winner, Thinking Out Loud.

This reputation has been reinforced by Ontario’s Horse Improvement and Sires Stakes programs and has generated foreign revenues. In 2011, in the standardbred industry, 1,321 U.S. mares were bred to stallions standing in Ontario for \$9 million in stud fees. And U.S. residents spent \$1 million to buy Ontario horses at public auctions.<sup>1</sup>

## Equine Health and Welfare

The welfare of the equine athlete – the horse – is paramount in training and racing. Apart from the funds invested, horse people love their animals – and public opinion is highly sensitive to any suggestion that races horses are being mistreated.

For some time, the industry has supported Equine Guelph – a not-for-profit organization based at the University of Guelph that pursues education, research and equine health promotion. It has conducted studies in such areas as injuries sustained by horses on racetracks, respiratory diseases and reproductive issues. However, the industry’s annual investment in Equine Guelph currently totals less than \$500,000, a fragment of the industry’s revenues.<sup>2</sup>

<sup>1</sup> Standardbred Canada

<sup>2</sup> Horse Racing and Breeding Industry Strategic Planning Panel, *It’s All About Leadership: Strategic Vision and Direction for the Ontario Horse Racing and Breeding Industry*, June 2008 (Sadinsky report), p.58

Horses have a 22-28 year life expectancy – far beyond their racing careers – and their well-being is a concern throughout the life cycle. While there are horse adoption organizations in both the thoroughbred and standardbred sectors, the industry as a whole does not have a credible post-racing life plan for horses. For example, approximately 3,500 standardbred horses are retired from racing each year. Due to the limited funds to retrain horses and a lack of permanent homes, the Ontario Standardbred Adoption Society was able to arrange only 24 horse adoptions last year.<sup>1</sup> Some retired race horses move into other equine activities, but others are euthanized due to the absence of lifecycle planning on the part of the industry.

## **Driving Forces**

Industry participants have a passionate attachment to their horses. The raw numbers suggest they are not chasing profits. For the chance to win purses, they invest heavily and drive a significant “churn” of expenditures.

Just over half of active race horses – or 13,969 – actually ran in one or more races in 2010. Dividing the total purses available that year – about \$266 million – by the number of horses that started a race comes out to average winnings of \$19,000 per horse. But the average cost to keep a horse and train it for racing in 2010 was \$27,052.<sup>2</sup>

At first look, these figures support the stereotype that horse racing is an elite sport for the wealthy who are willing to spend huge sums. However, while this is true of some horse owners, the majority of those invested in the industry are small business enterprises, that is, owner-operators with less than 10 employees. These operators make their living, and pay their employees, from the business of racing, with purse winnings as their return on investment.<sup>3</sup>

In the panel’s view this industry, unlike other industries, is not really motivated by profits. It is motivated by hope – the hope of scoring a big win or finding a great horse like Northern Dancer.

## **4. SLOTS AT RACETRACKS PROGRAM: ORIGINS AND IMPACT**

To understand the industry’s current situation, it will help to consider how the Slots at Racetrack Program (SARP) came to be and the impact it has had on the industry’s size and value.

### **SARP’s Beginnings**

In 1985, the expansion of lottery-style gaming under the auspices of the provincial government began, ending horse racing’s near monopoly on legalized gambling. In the mid-1990s casino

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<sup>1</sup> Ontario Standardbred Adoption Society

<sup>2</sup> Strategic Equine, pp. 34, 45

<sup>3</sup> Strategic Equine, p. 45

gambling was added to the list of gaming options in Ontario. Moreover, throughout this period competition for the entertainment dollar in general intensified with a proliferation of sporting events, both live and broadcast, as well as live performances and alternatives in other jurisdictions. These pressures contributed to a decline in Ontario's horse racing industry.

In 1996, the Ontario government significantly reduced the tax on pari-mutuel gambling in line with other jurisdictions. This reduction – equivalent to 6.9 per cent of gross Ontario wagering – is now worth about \$70 million. Under a 1997 Memorandum of Agreement the industry committed to spend these savings on Horse Improvement Programs and various customer benefits and other initiatives.

In 1998, the provincial government set out to increase its gaming income. After exploring the feasibility of establishing a series of charity casinos, it was determined that racetracks offered the easiest entry point for slots into communities. Between 1998 and 2007, slots opened at all 17 racetracks in Ontario. SARP is based on a revenue-sharing agreement between the province and the horse racing industry. Municipalities hosting the racetracks also share in slots revenues, through a separate agreement with OLG. All the slots facilities are operated by OLG.

SARP distributes 20 per cent of gross slots revenues to horse racing industry participants. Of the 20 per cent, half – 10 per cent – is provided to racetrack operators for race-day costs, capital improvements and rent, and the other half – 10 per cent – is provided to horse people, almost entirely through purses. About 5 per cent of net slots revenue goes to municipalities where the tracks are located, and the remaining 75 per cent goes to OLG as revenue to the province.

## **SARP's Impact**

SARP turned the industry around. In fact, the panel has heard that the revenues generated – for both the industry and the government – far exceeded expectations. SARP did more than stabilize the industry's financial position: it ignited rapid growth fuelled, not by the demand for horse racing as an entertainment and gaming product, but by slots money.

A study published in 2004 looked at changes to the harness racing industry – which accounts for about two thirds of race horses – resulting from the slots revenue between 1998 and 2002. Based on a producer survey, the study found that the industry expanded substantially from the size it was in 1998. Furthermore, had it not been for the slots revenue, the industry would have contracted by almost half from its 1998 size.<sup>1</sup>

The study observed that total purses offered by race tracks in Ontario for standardbred racing more than doubled following the introduction of slots revenue in 1998, from \$81 million to \$189 million by 2002. (Thoroughbred purses also more than doubled, from \$45 million to \$112 million.)<sup>2</sup> Since wagering at race tracks remained relatively constant, the increase in purse money came largely from slots revenue. The additional purses sparked growth in the industry, with the number of standardbred race horses increasing by about 1,000 or 17 per cent over a five-

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<sup>1</sup> Brinkman and Weersink, p. 33.

<sup>2</sup> ORC

year period, and the number of licensed owners, officials and people working at tracks growing by one third.<sup>1</sup>

For the 1998-2002 time frame, the producers responding to the survey reported an average 50 per cent increase in horse numbers – including mares, stallions, yearlings and race horses; an average 250 per cent increase in aggregate horse values; and a doubling of investment values for land, facilities and equipment. Overall, the study estimates that slots revenue contributed to the raising, training, and racing of 13,906 to 15,717 more horses per year by 2002 and \$625.1 to \$666.6 million more in horse values by 2002 than might have existed if the slots revenue had not been provided.<sup>2</sup>

### Purses Compared with United States

Fed by slots revenue, Ontario purses have become among the largest in North America. Here are some comparative figures from racing jurisdictions that compete with Ontario, all in Canadian dollars (see Figures 3-5):<sup>3</sup>

For thoroughbreds, in 2010, Ontario's average purse of \$42,000 was the third largest, trailing New Jersey's \$59,000 and Kentucky's \$46,000 but ahead of New York's \$33,000. In 2009, California was first at \$42,000 and Ontario was tied for second with New York and New Jersey at \$40,000.

In standardbred racing, Ontario's average purses though high are less exceptional. In 2010, Ontario and New York were tied for fourth in average purse – at \$11,000 – behind Kentucky at \$20,000 and Pennsylvania and New Jersey at \$15,000.

What is exceptional though is the total purse available for standardbred racing in Ontario, due to SARP. For several years, Ontario has been the North American leader in total standardbred purses paid. In 2010, standardbred purses in Ontario totalled \$168 million, well ahead of New York with \$121 million and Pennsylvania with \$106 million. The supply of purse money has led to the running of an astonishing number of standardbred races in Ontario – in 2010 almost 40 per cent more than the next highest jurisdiction, New York.

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<sup>1</sup> Brinkman and Weersink, pp.4-5

<sup>2</sup> Brinkman and Weersink, pp.16, 33

<sup>3</sup> Strategic Equine, Appendix 3; New York State Racing and Wagering Board Annual Reports



**Thoroughbred - Average Purses per Race**

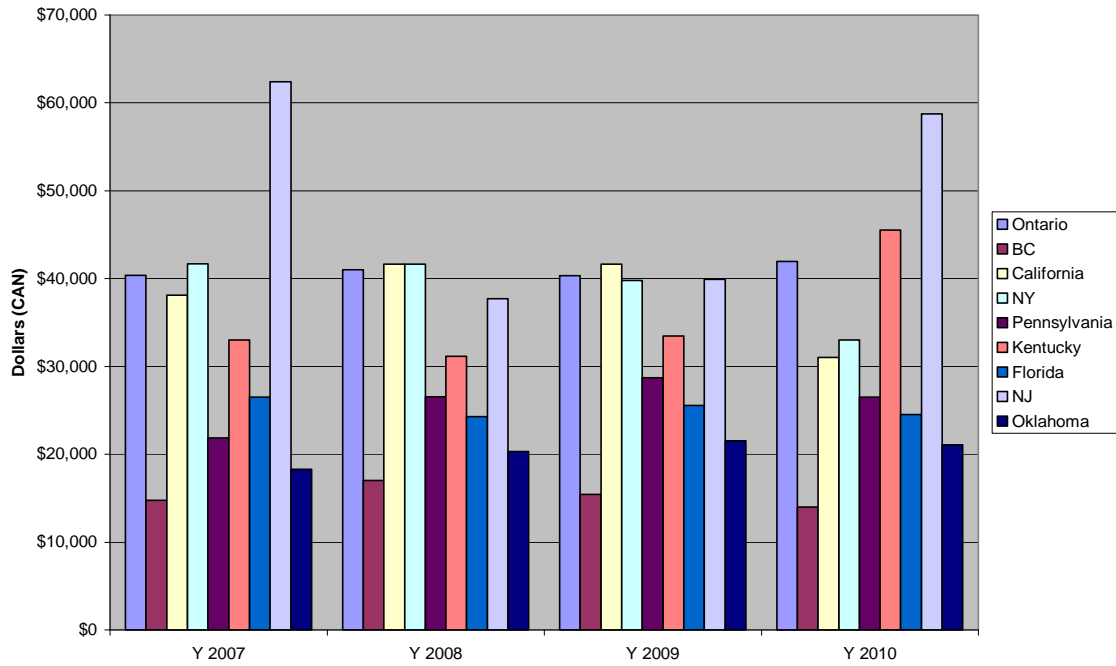


Figure 3: Comparison of average thoroughbred purses in North American jurisdictions.

**Standardbred - Gross Purses**

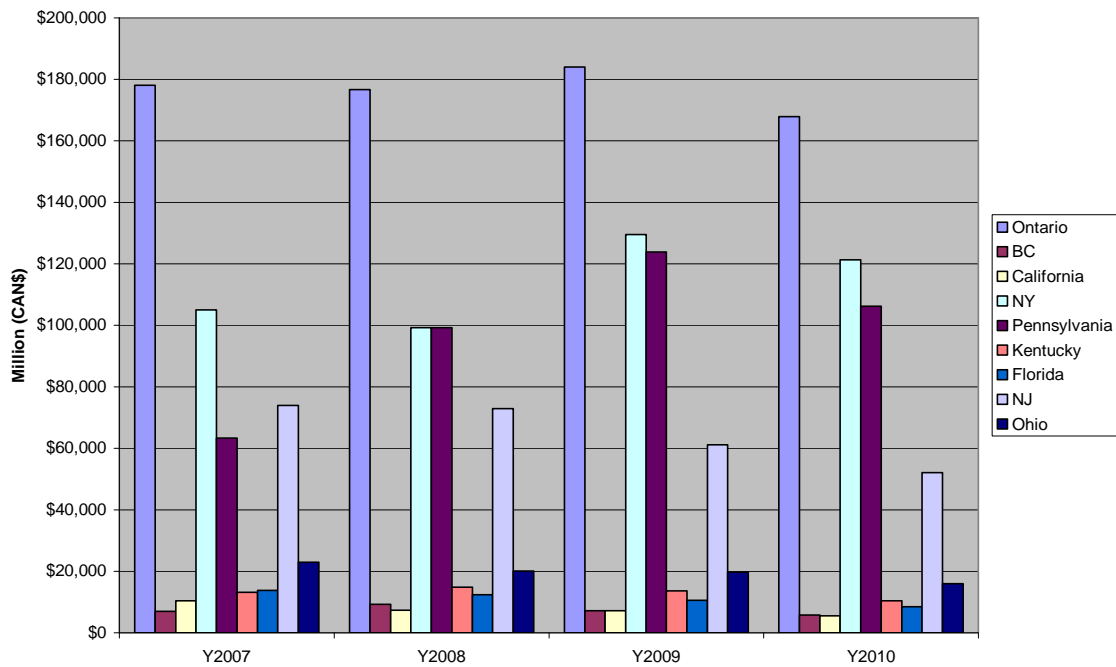


Figure 4: Comparison of gross standardbred purses in North American jurisdictions

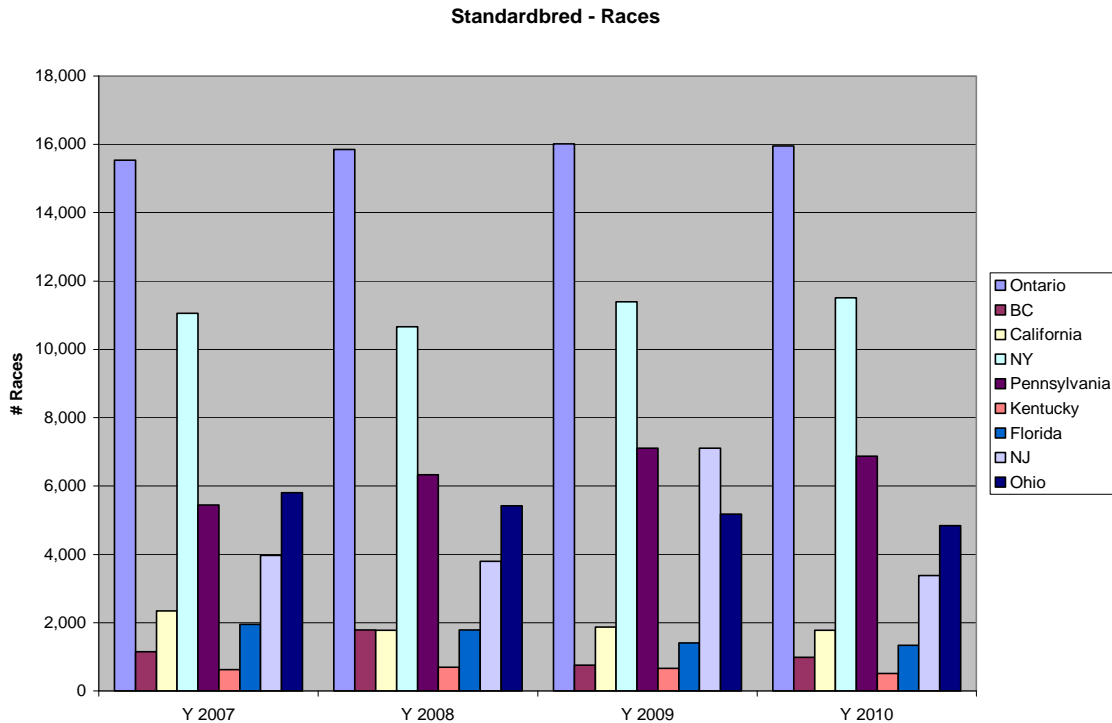


Figure 5 – Comparison of number of standardbred races in North American jurisdictions

### Breeding Sector

Breeders have benefited from SARP, but less so than other sectors of the industry. The 2008 report of the Horse Racing and Breeding Industry Strategic Planning Panel (the Sadinsky report) found that the trickle-down effect of slots revenue to the breeding sector between 1997 and 2006 was minimal. While the number of yearlings sold was up, the average price for thoroughbreds rose only marginally and for standardbreds actually declined.

This outcome may have been due to the fact that SARP did not direct how purse monies should be allocated, so much of the funds went to races that were not restricted to Ontario-bred horses. Owners may have found it safer to purchase older, established horses wherever they were bred and race them for the high purses being offered, rather than take the risk of investing in untried, Ontario-bred yearlings.<sup>1</sup>

### Horse Racing Market

The high purses made possible by SARP also attracted foreign horses to Ontario races. In 2002 foreign products made up 65 per cent of the Ontario thoroughbred racing market and close to 20 per cent of the standardbred market. At the same time, the earnings of owners became more

<sup>1</sup> Sadinsky report, pp.20,50

concentrated, with 10 per cent of owners claiming 60 per cent of earnings in 2003. The high purses supported by slots revenues appear partly responsible as wealthy owners brought their horses to Ontario to compete with less affluent Ontario owners.<sup>1</sup>

### The Quebec Experience<sup>2</sup>

Revenue from video lottery terminals (VLTs) helped support the Quebec horse racing industry prior to its collapse in 2008 and 2009. Historically, Quebec has had four racetracks, all standardbred. The collapse followed the bankruptcy of the company that operated the four tracks. A not-for-profit group called the Quebec Jockey Club (QJC) is now working to revive the industry.

The tracks had run into financial trouble before, and were bought up by a Quebec government agency that transferred management to the private sector in 2005. The government provided approximately \$450 million to support the industry between 1995 and 2009, through the return of betting tax revenue and 15 per cent of revenue from VLTs connected with the tracks. The operator's share increased to 22 per cent for VLTs at "ludoplexes" that opened at two tracks in 2007. Another planned ludoplex was not built and apparently those that opened were less popular than anticipated. The government refused to provide further help when revenues proved inadequate to sustain the private operator's business plan.

The QJC secured the rights to internet betting on North American simulcast races in the Quebec market, and used it to fund purses for live standardbred cards at the Quebec City track beginning in 2010. Upon learning that the Quebec City track would become unavailable, the QJC purchased the dormant Trois Rivières track and plans to offer live racing there starting in fall 2012.

The QJC projects purses of \$1.6 million in 2013, growing to \$2.5 million in 2015 – barely 10 per cent of the approximately \$25 million in purses offered in the mid-2000s. In addition, the number of brood mares in Quebec has plummeted from about 1,800 in 2008-09 to about 100 today. In October 2009, the Quebec government launched a \$9.2 million transition assistance program for standardbred horse breeders, which ended in March 2012. Many breeders have either sold their farms or gone bankrupt.

## **5. HORSE RACING INDUSTRY REVENUES AND PURSES**

The report will now more closely examine how slots revenues fit into the industry's financial structure and business model.

Today, horse racing in Ontario is funded primarily through two sources:

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<sup>1</sup> Econometric Research Limited, *The Economic Impact of Slot Machines on Horse Racing and Breeding in Ontario: Benchmarking the Industry 1992-2003*, March 2004, pp. 11-12

<sup>2</sup> Based on media reports and Quebec government releases

- a 20 per cent commission on **net slot revenues** at the 17 racetracks
- a 20 per cent commission on **pari-mutuel wagering**.

As OLG Slots sites, racetracks are not permitted to charge for admittance or parking. Some tracks make incidental income from food and beverage operations, but others do not.

## **Slots Revenues**

Of the slots commission, half – 10 per cent – goes to racetrack operators to cover lease, capital improvements and race-day operations and the other half – 10 per cent – goes to horse people at the track. About 90 per cent of the horse people’s portion of slots revenue supports purses, while approximately 8 per cent is allotted to horse improvement programs and 1.5 per cent to horse associations.<sup>1</sup>

The industry’s share of net slot revenues in 2011-12 totalled \$345 million. As a result of the original agreements setting up SARP, the 10 per cent/10 per cent formula for distributing slots revenues applies to all tracks without reference to need, the local market or other criteria.

## **Pari-mutuel Wagering**

In Canada wagering on horses is conducted through the pari-mutuel system. All amounts bet on a race are combined in a pool. Pay-off odds are calculated by sharing the pool among winning bettors after known deductions (for taxes and fees, operating expenses and purses).

In Ontario, each racetrack operator takes approximately 20 per cent of gross wagering placed at its track. Half of this amount is retained by the operator and the other half goes to purses, based on an agreement with the horse peoples’ association at the racetrack. A small percentage of the pool is devoted to federal and provincial levies, and the rest – about three-quarters of the total wagered – is returned to winning bettors.

Live wagering – that is, betting at the track where the race takes place – accounts for only about 10 per cent of pari-mutuel wagering. Teletheatres at off track-locations generate 46 per cent of wagering, while telephone and Internet betting make up 23 per cent and intertrack betting (placing a bet at an Ontario track on a race at another track) takes 21 per cent.<sup>2</sup> As a 2004

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<sup>1</sup> This commission structure does not apply to two racetracks with two unique site holder agreements. From 2010 – 2012, the Fort Erie Racetrack operator receives a fixed amount of \$5.6 million per year from OLG. As of 2010, Ajax Downs horse people receive a fixed \$8 million from slots revenues that is used to support the Quarter Horse Racing Industry Development Program (including purses and programming). Ajax Downs horse people have also forfeited their portion of wagering revenues to the racetrack operator.

<sup>2</sup> ORC

industry benchmarking study by ERL observed,<sup>1</sup> the decline in live wagering has been driven by technological change and seems to have started well before the introduction of slots at racetracks. Horse people share in the proceeds of these forms of wagering as well, though the split varies depending on where and how the bets are placed and the terms of the agreement with the track operator.

Modern technology also enables Ontario to import and export races and wagering, though the equipment and systems involved are costly. It is hard to generalize about the financial impact, as each track has its own agreements on simulcasts and the terms vary widely. Overall, 66 per cent of wagering in Ontario is on foreign racing product. Ontario tracks also send their race signals to other markets. When this is done, the Ontario track typically receives 3-4 per cent of the wagering produced, which brings in approximately \$20 million a year from betting that takes place outside Ontario. This revenue is generally split evenly with horse people.<sup>2</sup>

The level of pari-mutuel wagering depends on the quality of the racing product. To attract bets, race dates must have full cards, full fields, competitive horses and sizable wagering pool – at least \$1 million per day for most thoroughbred races. (Under the pari-mutuel system, the wagering pool is shared among the winners; a large pool is needed to keep last-minute bets from dramatically changing the pay-off odds.)

In 2011, pari-mutuel wagering on horse racing totalled \$999 million in Ontario. The industry share of pari-mutuel wagering revenue comes to approximately \$200 million a year.

## **Sources of Purse Money**

The horse racing industry is driven by purses, which are distributed 90 per cent to the horse owner, 5 per cent to the jockey or driver, and 5 per cent to the trainer.

In 2011, purses of \$260,290,400 were earned for racing in Ontario. Of this total, 35 per cent went to thoroughbreds, 63 per cent to standardbreds and 2 per cent to quarter horses.

The majority of purse money paid in Ontario does not come from horse players: it comes from slots players. In 2010, SARP funding made up 63.6 per cent of purses. The proportion varies from track to track. (See Table 1 and Figure 6.) Woodbine and Mohawk account for close to 80 per cent of pari-mutuel wagering in the province and a relatively low 40-50 per cent of their purses comes from SARP. At other tracks, however, SARP makes up over 90 per cent of purses. As well, nomination and entry fees represent a small portion – less than 5 per cent – of the total purse in Ontario.<sup>3</sup>

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<sup>1</sup> ERL Benchmarking, p. 9.

<sup>2</sup> Woodbine Entertainment Group; ORC

<sup>3</sup> ORC

The source of purse money also varies by breed, with 49 per cent of thoroughbred purses, but only 21 per cent of standardbred purses, derived from pari-mutuel wagering.<sup>1</sup> Standardbred racing is much more dependent on slots revenue for its purses.

**Table 1 – Racetracks and Purses – 2010**

ALL FIGURES ARE ESTIMATES

	Racetrack Name	Municipality	Business Status	Total Purse (\$M)	Total Slots into Purse (\$M)	Total Wagering into Purse (approx.) (\$M)	% of Slots into Purse (approx.)	Race Dates
				2010	2010	2010	2010	2012
1	Woodbine Racetrack	Toronto	Not-for-Profit	\$118.5	\$58.8	\$59.7	49.6%	297
2	Mohawk Racetrack	Milton	Not-for-Profit	\$37.3	\$15.4	\$21.9	41.3%	98
3	Rideau Carleton Raceway	Ottawa	For Profit	\$17.3	\$14.2	\$3.1	82.1%	159
4	Flamboro Downs	Hamilton	For Profit	\$15.6	\$12.1	\$3.5	77.6%	188
5	Georgian Downs	Barrie	For Profit	\$14.0	\$12.7	\$1.3	90.9%	103
6	Western Fair	London	Not-for-Profit	\$11.8	\$10.2	\$1.6	86.3%	123
7	Fort Erie Race Track <sup>1</sup>	Fort Erie	For Profit	\$8.6	\$4.1	\$4.4	48.2%	81
8	Kawartha Downs	Cavan-Monaghan	For Profit	\$7.4	\$6.6	\$0.8	89.3%	96
9	Grand River	Centre Wellington	Not-for-Profit	\$6.6	\$4.4	\$2.2	66.3%	65
10	Windsor Raceway	Windsor	For Profit	\$6.2	\$4.1	\$2.1	66.5%	88
11	Ajax Downs <sup>2</sup>	Ajax	For Profit	\$5.1	\$11.0	0	100%	40
12	Sudbury Downs	Sudbury	For Profit	\$4.9	\$4.9	0	100%	62
13	Hiawatha Horse Park	Sarnia	For Profit	\$3.6	\$3.0	\$0.7	81.6%	44
14	Hanover Raceway	Hanover	Not-for-Profit	\$2.6	\$2.2	\$0.4	85.4%	30
15	Woodstock Raceway	Woodstock	For Profit	\$2.6	\$2.5	\$0.1	95.7%	23
16	Clinton Raceway	Central Huron	Not-for-Profit	\$1.7	\$1.2	\$0.5	71.4%	19
17	Dresden Raceway	Chatham-Kent	For Profit	\$1.7	\$1.3	\$0.4	76.0%	23
<b>TOTAL</b>				<b>\$265.5</b>	<b>\$168.7</b>	<b>\$102.7</b>	<b>AVG 63.6%</b>	<b>1,539</b>

1. Fort Erie receives a fixed amount of \$5.6 million per year.
2. Horse people at Ajax forfeit wagering revenues to the racetrack operator and purses are solely supported by slots revenue. Not all funds allocated to purses were paid out during the year.

<sup>1</sup> ORC

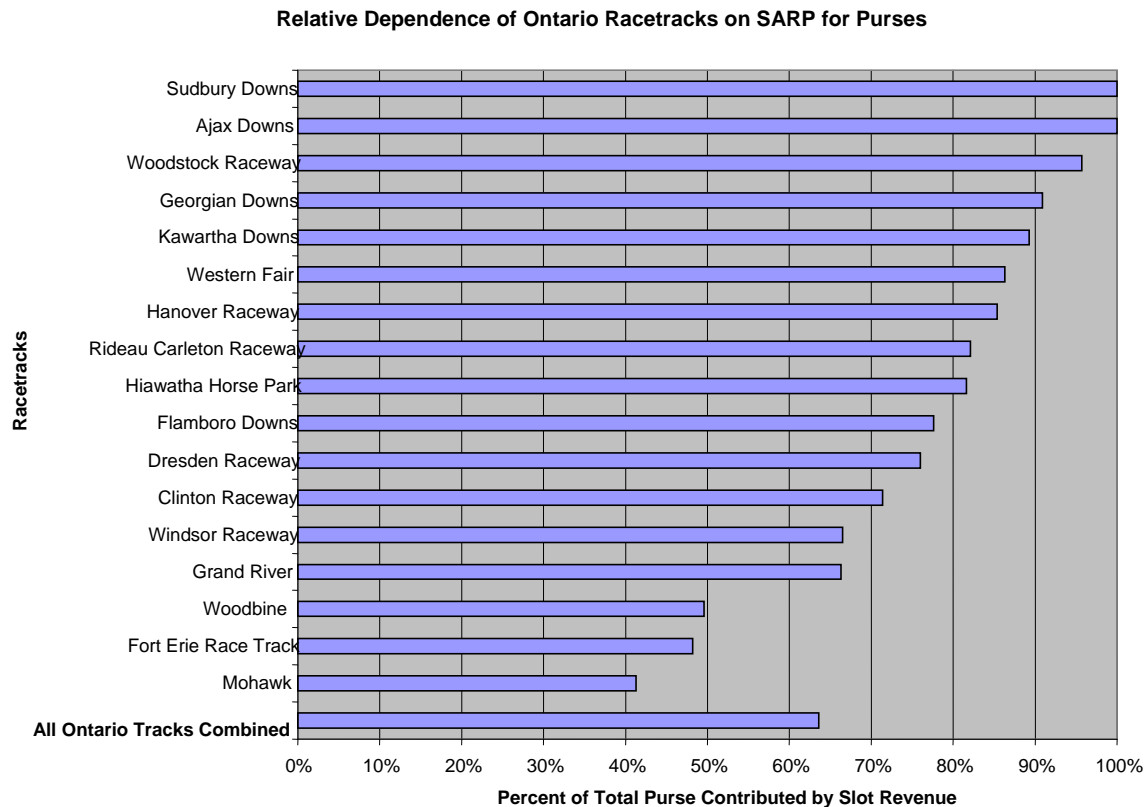


Figure 6 – Ontario race tracks: slots revenue as percentage of purses

## Potential New Revenue Streams

In 1995, the Ontario Horse Racing Industry Association published a strategic plan that called for innovation, observing that the industry “has not changed the way it presents and packages its core product – the race.” Although some improvements have occurred since then, this observation still rings true.

The industry could consider new types of pari-mutuel wagers offered in other jurisdictions – for example, the Super High Five, where the bettor picks the first five horses in the order of finish, or the Flexibet where the bettor chooses the amount of the wager. Fixed odds wagering, which is said to account for about a quarter of horse betting activity globally, is another possibility. Under this system each bet is made individually between the bettor and the operator and the payout is agreed at the time the bet is sold. Another idea mentioned to the panel is the weekly V75 lottery in Sweden, which ties the jackpot to the results of seven live horse races. Since the basic bet is about 10 cents, thousands of combinations can be played at little cost. Some of these new initiatives may require legislative, regulatory or government policy changes.

A federal bill that has passed the House of Commons and is currently before the Senate proposes to legalize betting on a single sports event or athletic contest. In Canada it is now legal to bet on

multiple sports events but not single events. If this legislation is enacted, sports books will be permitted and could potentially be located at racetracks.

## **6. INDUSTRY REGULATORS AND PROGRAMS**

Federal and provincial regulators, working collaboratively, oversee the operation of Ontario's horse racing industry.

### **Canadian Pari-Mutuel Agency**

The Canadian Pari-Mutuel Agency (CPMA) within Agriculture and Agri-Food Canada regulates and supervises pari-mutuel betting on horse racing at racetracks across Canada. Its mission is to ensure that pari-mutuel betting is conducted in a way that is fair to the public. CPMA is funded through a levy of 0.8 per cent on each bet placed in Canada.

CPMA is responsible for the surveillance of pari-mutuel betting. Its officers:

- Test and monitor all computerized betting tote systems;
- Audit the distribution of pay-out prices;
- Conduct investigations into questionable activities; and
- Enforce betting regulations/policies and ensure compliance.

Various drugs and medications, if administered to a horse, could affect the outcome of a race. The CPMA provides an Equine Drug Control Program to deter the uncontrolled use of drugs or medication in horses running in pari-mutuel races. Urine or blood samples are collected from horses before or after a race and analyzed at a laboratory. When a prohibited substance is detected, the provincial regulatory body – the Ontario Racing Commission – is notified for enforcement action. The CPMA also carries out research to develop and improve analytical methods for the detection of drugs.

### **Ontario Racing Commission**

Originally established in 1950, the Ontario Racing Commission (ORC) was converted into a self-funding regulatory body in 2000. The ORC's mandate is to direct, govern and control the horse racing industry and ensure public confidence in the honesty and integrity of the sport. Its corporate structure comprises an administration responsible for day to day operations, and a board of directors responsible for governance and adjudication.

The ORC's budget grew from \$5.4 million in 2001 to \$12.2 million in 2011. Revenue is derived from licensing fees, fines and a percentage levy on wagering and purses.

The ORC's core regulatory functions include:



- Officiating at all races – three officials (judges or stewards) are provided to supervise races at each licensed track
- Approving race dates
- Investigations and compliance
- Licensing individuals directly involved in racing
- Adjudicating appeals from rulings of judges or stewards or the director
- Holding public hearings – on administrative issues or to obtain input into programs or policies
- Oversight of racetracks – including annual licensing and review of business plans.

The ORC also delivers regulatory programs such as the Ontario Racing Program as well as industry development programs including the Horse Improvement Program and the Quarter Horse Racing Industry Development Program.

### Ontario Racing Program

The Ontario Racing Program (ORP) was launched in 2011 in response to the issue of declining race dates and uneven purses at certain racetracks. Developed in collaboration with stakeholders, the ORP is designed to improve standardbred racing by coordinating the number and distribution of race dates at all standardbred tracks across Ontario.

Key features of the program include:

- A new framework for standardbred race date allocation
- Race card classification (i.e., grassroots, signature or premium)
- Coordinated purse management (including purse pooling)
- Standardized racing conditions.

The ORC intends to work with the standardbred industry to improve the program, now in its second year of implementation and monitoring, and may extend it to the thoroughbred industry in the future.

### Horse Improvement Program

The Horse Improvement Program (HIP) was established in 1974 to improve the quantity and quality of Ontario-bred horses by providing financial awards and incentives. The ORC assumed responsibility for the management and administration of HIP in 2005. Program funds are used to supplement purses to Ontario-bred horses, provide financial awards to owners and breeders, and pay for research, marketing, promotion and administration.

Revenue for HIP is collected from wagering, slots revenues and other sources. The financial resources of the breeds differ. Wagering makes up 76 per cent of HIP revenue for thoroughbreds but only 44 per cent for standardbreds. As a result, the standardbred improvement program is much more dependent on slots revenue. See Table 2.

HIP expenditures differ somewhat for thoroughbred and standardbred racing. Overall, 83 per cent of HIP expenditures go to purses – 85 per cent of standardbred expenditures and 79 per cent of thoroughbred expenditures.

HIP supports the Ontario Sires Stakes program, made up of a series of standardbred races that are restricted to Ontario-bred horses. All 15 standardbred racetracks participate. In 2011, OSS purses totalled \$19.3 million. A similar but less extensive sires program operates for thoroughbreds at Woodbine and Fort Erie.

As the panel learned, the industry is proud of HIP and believes it has helped make Ontario horse racing and breeding world-class. The program channels revenue into the breeding sector, maximizing the economic impact of racing in Ontario. It has encouraged the quality and competitiveness of Ontario bloodstock. Ontario now ranks fifth among North American jurisdictions in the number of mares bred to thoroughbred stallions.<sup>1</sup> And the number of U.S. mares bred to Ontario standardbred stallions has increased more than 70 per cent over the past four years, pulling in foreign dollars.<sup>2</sup> The program also helps counter intensive competition from neighbouring states like New York, Pennsylvania and Illinois, which are investing huge sums in their horse racing industries.

**Table 2 – Horse Improvement Program Revenue Breakdown by Breed (2011)**

Revenue Sources	Thoroughbred		Standardbred		HIP Total Revenue	
Wagering Levy	\$14,384,163	75.0%	\$10,054,160	40.2%	\$24,438,323	55.3%
Breeders' Incentive*	\$1,381,654	7.2%	\$1,313,011	5.3%	\$2,694,665	6.1%
Slot Revenue	\$3,327,005	17.3%	\$9,872,179	39.5%	\$13,199,184	29.9%
Stallion Fees	\$12,900	0.1%	\$15,000	0.1%	\$27,900	0.1%
Mare Residency Fees	-	-	\$91,400	0.4%	\$91,400	0.2%
Interest and miscellaneous income	\$80,307	0.4%	\$117,412	0.5%	\$197,719	0.4%
Nomination/Sustaining/Starting fees, Stallion Levy	-	-	\$3,543,450	14.2%	\$3,543,450	8.0%
<b>Total</b>	<b>\$ 19,186,029</b>	<b>100%</b>	<b>\$25,006,612</b>	<b>100%</b>	<b>\$44,192,641</b>	<b>100%</b>

\*Revenue represents a portion of the reduction in pari-mutuel taxes, allocated to breeders' incentive programs.

### Quarter Horse Racing Industry Development Program

The Quarter Horse Racing Industry Development Program (QHRIDP) began operating in 2006 to support a strong and sustainable quarter horse racing industry in Ontario. The ORC receives the horse people's share of SARP funds at Ajax Downs to plan and operate the program in cooperation with stakeholders. The program received \$8.5 million in 2011, which was split among purses, breeder incentives and awards and industry development.

<sup>1</sup> The Jockey Club

<sup>2</sup> Standardbred Canada

## **7. THE PANEL'S FINDINGS**

The government commissioned the panel to provide advice on transitioning the horse racing industry to a sustainable model. To do this, the first step is to determine the impact of the cancellation of the Slots at Racetracks Program and the baseline for sustainability of the horse racing industry. Then, with those parameters established, we can determine the actions necessary for the industry to move to a sustainable state.

But a broader consideration underpins all of our work: a commitment to the public interest. Our overriding goal is to provide advice that will serve the public, and all of our deliberations and analysis have taken place in this context. Before weighing the impact of SARP's cancellation, we will explain more fully our perspective on the public interest.

### **The Public Interest**

The public good of horse racing has tangible and less tangible aspects.

#### Cultural Impact

To start with those that are less tangible, or less easily quantified, horse racing is embedded in Ontario's culture. Its origins trace back before Confederation and it has been the cornerstone as our modern gaming system evolved. The beauty of horses and the excitement of races have combined to deliver a popular form of entertainment for decades. Moreover, the sport is enjoyed by many different cultural communities in today's diverse society. It also forms a bridge between rural and urban Ontario and connects our high-tech world with a simpler, pastoral era. In the view of the panel, the sport of horse racing is a valuable social, cultural and community asset.

#### Economic Impact

The tangible public good inherent in horse racing is the creation of economic activity, jobs and government revenues.

As discussed above, we estimate the industry generates \$2-2.5 billion in gross expenditures in Ontario each year. The resulting tax revenues are substantial, although hard to measure precisely.

The expansion of the gaming industry in the 1990s was driven largely by the desire to draw American gamblers to border casinos. Almost two decades later, the revenue stream from American visitors has largely evaporated. However, over the same period the Ontario horse racing industry has expanded its net revenues from foreign wagering on the Ontario product – now around \$20 million a year. And breeders currently garner about \$10 million a year from U.S. customers in stud fees and sales. Ontario benefits from these foreign revenues.

The panel estimates that the horse racing industry sustains 20,000-30,000 full-time-equivalent jobs, which translates into employment for thousands more people when part-time and seasonal work is considered. In the consultations, we learned that the skills of people working in the backstretch, breeding barns and training stables are not transferable beyond the equine industry. Horse people love their jobs and want to keep them – and in many cases have little other choice. With an employment ratio of roughly one FTE per horse, the horse racing industry is a significant creator of Ontario jobs.

### **Panel Findings:**

**Horse racing generates expenditures, jobs, exports and tax revenues. Moreover, horse racing is a cultural asset for Ontario communities. Given the significant public good derived from horse racing, the province should pursue a gaming strategy that includes horse racing as a key component.**

### Accountability

The public interest also demands accountability for the use of public funds – but this has been weak where the Slots at Racetracks Program is concerned. As the Sadinsky report observed, while SARP at the outset referred to objectives such as enhancement of live racing and sustaining the agricultural sector, clear benchmarks were not established to monitor the achievement of these goals. The government simply paid over funds to the industry without guidelines or requirements, feeding a “culture of entitlement.”<sup>1</sup> The same funding formula – 10 per cent of slots revenue to track operators, and 10 per cent to horse people via purses – was applied to all locations without regard to need, the local market or any other conditions.

The government has chosen to make our panel a non-partisan body drawn from all three political parties because what is at stake in the horse racing industry transition is public money – a precious resource that must be husbanded carefully in the current fiscal environment. Any public funds committed to the industry going forward must come with objectives, benchmarks, measurement tools and transparent reporting.

### *Subsidy or Partnership?*

The panel believes SARP’s “no strings attached” approach is one reason the industry has come to think of slots revenue as “their money.” In fact, in the panel’s view, it is public money belonging to the people of Ontario and the government can redirect it to other purposes if it concludes this is in the public interest. The wording of the letter of intent setting up the program reinforces this view. It describes SARP’s purpose as to “promote live racing in the Province and subsequently benefit the agricultural sector in Ontario through **support** to horseracing.” (emphasis added)

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<sup>1</sup> Sadinsky report, pp.9, 11

In the consultations we often heard SARP referred to, not as a subsidy, but as a “partnership”. If it is a partnership, it is a very one-sided one. It may work great for the industry – but what’s in it for the public?

As we have suggested, the original intent of the program was to stabilize the industry – not inflate it to immense proportions. But thanks to the flow of slots money, unimpeded by accountability requirements, the industry has experienced unexpected, unplanned and ultimately unsustainable growth. As noted above, Ontario has by far the most standardbred races and the highest standardbred gross purse in North America. Total purses for both standardbred and thoroughbred racing more than doubled in SARP’s first four years. The results surpassed all expectations. Clearly the public policy objective of stability could have been achieved with a much less generous funding formula. But as growth proceeded there was no monitoring system in place to signal the need for a course correction.

Prior to 1998, the industry’s business model was based on pari-mutuel wagering. Since then, it has been twisted out of shape. We now have a situation where a dozen Ontario racetracks obtain more than 70 per cent of their purse money from slots revenue. There are some tracks that rely on slots for more than 90 per cent of purses. The economics of the industry have come to rest on an external force that is unrelated to horse racing or its client base – namely, slots facilities. All in all, SARP has had a perverse impact on the industry’s development.

Another problem with SARP has been the lack of transparency. This is not surprising given the absence of benchmarks or other conditions for obtaining funding. Tracks were not required to account for or report on how they spent the operator’s share of SARP money, so they didn’t.

By visiting tracks, one can see that some operators have invested in upgrading their infrastructure, improving customer amenities and developing markets, but others have not. Moreover, the industry collectively has done little to modernize or repackage its product or even, until recently, think very hard about its future. Access to slots money has let the industry avoid doing what every other industry has had to do, that is, focus on the consumer and constantly come up with new products and better services to gain new customers and keep old ones.

### **Panel Findings:**

**Though it is outside our mandate to comment on the merits of the government’s decision to cancel SARP, we will nevertheless do so because so many people we spoke with advocated reinstatement of the program. It is the panel’s view that continuing SARP would be poor public policy. The program has contributed to a fractious industry that has lacked accountability, transparency, a common vision and a proper focus on the consumer. It would be possible for the government to simply reduce the share of slots revenue going to the industry, but this would not solve the underlying problems. Further investment in this program would not be a wise use of public funds, and in the long run would not benefit the industry. Continuation of SARP would allow the industry to keep evading the competitive challenges of today’s entertainment marketplace.**

## **Impact of SARP Cancellation**

While SARP has serious flaws, the panel has concluded that simply cutting off the flow of public funds to the industry will have grim consequences. A middle ground should be found that preserves the core of the industry while reducing but not terminating public support.

As the basis for advice on the transition to a sustainable model, the panel sought an accurate projection of the horse racing industry in Ontario following the end of SARP. After reviewing the submissions from the industry and government agencies, and in light of the recent experience in Quebec, one fact is inescapable.

### **Panel Finding:**

**Without slots revenue or a new revenue stream, the horse racing industry in Ontario will cease to exist.**

## **BUSINESS IMPACT**

To continue as an industry – that is, as a viable business enterprise – horse racing needs to preserve three essential ingredients: racetracks, race dates and purses, and product.

### Racetracks

Racetracks in Ontario include a variety of for-profit and not-for-profit models but, regardless of the ownership status, the fundamental cost structures are the same. In order to conduct racing, track owners must maintain the track infrastructure, offer adequate accommodation for horses, people and equipment, provide for pari-mutuel wagering and meet regulatory requirements.

Currently, racetracks cover the fixed and variable costs of conducting races with two primary revenue streams: 10 per cent of the handle from pari-mutuel wagering and 10 per cent of the revenue from slots.

The panel interviewed every racetrack owner in Ontario and asked a fundamental question: Can you conduct races with only the revenue derived from pari-mutuel wagering?

The answer in every case was no. Every racetrack in Ontario is planning to discontinue racing effective April 1, 2013.

This conclusion is reinforced by the basic business case for the current operation of racetracks. Even the strongest tracks, Woodbine and Mohawk, rely on slots for almost half their revenue, and the smaller tracks are even more dependent on slots. Only one track owner – Great Canadian Gaming – is publicly traded and required to publish financial information. For 2011, the company reported expenses of \$17 million and revenue of \$34 million – including \$25

million from slots – for its two Ontario tracks. The end of SARP led the company to write down the value of its assets by \$57 million.

### **Panel Finding:**

**Absent some other new revenue stream, no Ontario racetrack has a viable business plan to continue racing operations after March 31, 2013.**

### Race Dates and Purses

Race dates and purses underpin the economics of the horse racing and breeding industry. Race dates are set by the ORC and reflect the availability of racing fields and purse money.

To calculate the effect of the end of SARP, the panel asked the ORC to calculate both purses and race dates based only on revenues available from pari-mutuel wagering. The panel requested two calculations: the total available purse if the number of race dates remained the same as in 2011; and the number of race dates if the total purse remained the same as in 2011.

### *Thoroughbred Racing*

For thoroughbred racing, the 2011 baseline reflects 243 race dates, 2,150 races and an average purse of \$37,500. Maintaining an average purse of \$37,500 with only pari-mutuel revenues would result in 76 days of racing and 669 races. On the other hand, maintaining 243 race dates on pari-mutuel revenues would result in an average purse of \$11,674.

ORC pointed out that these numbers are best-case scenarios. It is unlikely that horse racing with a dramatically reduced season or smaller purses would attract the same level of gaming activity. The more likely outcome is a decline in pari-mutuel handles, which would quickly erode the purses available until thoroughbred racing becomes completely unviable.

In the best-case scenario, assuming a track is somehow able to remain open, the thoroughbred industry would be reduced to a ship-in, two-month summer meet supporting no domestic thoroughbred horse industry.

### *Standardbred Racing*

The baseline for standardbred races in 2011 is 1,262 race dates, 14,383 races and an average purse of \$10,119.

Maintaining that average purse with pari-mutuel funds would equate to 166 race dates and 1887 races. Alternatively, maintaining 1,262 race dates with the pari-mutuel funds would result in an average purse of \$1,328.

Reducing the purse size or race dates would have a detrimental effect on the pari-mutuel pool with the same erosion predicted for thoroughbred racing.

The revenue available from pari-mutuel wagering will not support a professional standardbred racing industry.

### *Quarter-Horse Racing*

Quarter horse racing had 39 race dates and 354 races for an average purse of \$11,137 in 2011. Applying the same average purse to the pari-mutuel pool would result in 1 race date with 11 races. Maintaining the same number of race dates would result in an average purse of \$1,887.

The revenue available from pari-mutuel wagering will not support a professional quarter-horse racing industry.

### Product

The horse racing industry should be based on conducting races that appeal to horse players. To generate wagering, particularly from out of province, race dates must have full cards and fields (at least 10 races with 10 or more competitive horses) as well an attractive betting pool. The racing season must be long enough to gain and hold consumer interest.

If the basic racing product falls below these thresholds, the structure of pari-mutuel wagering is undermined and wagering declines rapidly. As the above analysis suggests, if Ontario racing is supported only by pari-mutuel handles, reduction in either purses or rates dates, or some combination thereof, will be necessary. The quantity and quality of the racing product offered will not meet acceptable standards.

The Ontario horse racing product will not be attractive to the domestic or American gaming public after the end of SARP unless new revenue sources for the industry are found.

### **Panel Findings:**

**The essential ingredients for a viable horse racing industry – tracks, race dates and purses, and product – will dissolve once SARP ends. The industry will enter a downward spiral as decreasing purses and race dates lead to reduced wagering, which leads to even lower purses and fewer races, which leads to even less wagering, and so forth. Without a sustainable funding source beyond the revenues from pari-mutuel wagering, the horse racing industry in Ontario will close down.**

**The panel was asked to give advice on the allocation of up to \$50 million over three years to help the horse racing industry transition to sustainability. Without long-term financial assistance to the industry and given the withdrawal of over \$1 billion in SARP funds over**



**the same three-year period, the panel cannot deliver a model for sustainability or a gradual exit for those invested or employed in the industry. Fifty million dollars over three years is insufficient to build a bridge to sustainability.**

**A viable, vibrant horse racing industry is simply not feasible today without public investment. The revenue currently available from pari-mutuel wagering – or from foreseeable growth of the wagering pool in the short term – is not enough to maintain the industry. Ontario horse racing has benefited from government help since Queen Victoria granted 50 guineas for the Queen’s Plate in 1860. The panel knows of no jurisdiction in North America where there is a thriving horse racing sector without government assistance.**

## **IMPACT ON EMPLOYMENT**

Ontario’s horse racing industry is labour-intensive. It generates 20-30,000 full time equivalent jobs that would disappear if the industry shut down.

The panel has met with the government agencies that support labour adjustment and has learned of the programs and services currently provided for people who have lost their jobs. This structure would be useful to the more highly skilled individuals, who would likely have a relatively easy transition to other work.

On the other hand, as discussed above, the horse racing industry is a source of employment for thousands of people whose skills are not transferable beyond the equine industry. It is hard to see how the broader equine sector could absorb such a large, sudden influx of new workers. Few of these individuals have post-secondary education and many would require literacy instruction to enter other fields. Those who lack basic skills, are at or near the end of careers, or are located in remote areas would be hard to assist. The panel has been advised that this group comprises the largest segment of potentially displaced horse people.

## **IMPACT ON HORSES**

There are an estimated 26,000 race horses in Ontario – including active race horses, horses in training, weanlings and yearlings and breeding stock. Approximately 3,800 foals are born each year from racing parents.

The downsizing of the horse racing and breeding industry in Ontario began right after the March 2012 announcement that SARP was ending. Breeders report that about half of breeding activity stopped immediately. This will begin to reduce the horse herd in 2013.

In the event of an industry shutdown, the most valuable race horses would likely find homes in other racing markets. However, a large number of horses would not be saleable in other jurisdictions. Conservative estimates place the total number at 13,000.

Some of these horses would move into the equine sport, companion animal and similar fields. Thoroughbred and quarter horses would be easier to place because as saddle horses they are more adaptable to riding pursuits. Standardbred horses can be trained for riding interests as well but the training is difficult and costly. The sudden flow of race horses into these secondary markets would displace horses bred for sport and other non-racing purposes, which would then become surplus. The various horse adoption agencies would not be able to deal with such a massive number of unwanted horses.

The panel has also spoken with experts who advise that mass herd reductions in other jurisdictions have resulted in extreme emotional distress for owners and other industry participants that can be life-threatening. As well, the panel has been warned that owners may put off the humane dispatch of horses, particularly yearlings and weanlings, but leave the animals in distress from inadequate care and feeding or outright abandonment.

### **Panel Findings:**

**If the industry were to shut down, the implications for thousands of people and thousands of horses would be dire.**

**It is clear that the usual supports for unemployed workers would not be effective for most of the horse racing industry employees who stand to lose their jobs. Innovative programs would be necessary to help those without basic skills, near retirement or in remote areas.**

**If the industry closes, the panel has received expert advice that provision should be made for the humane dispatch and disposal of 7,500 – 13,000 horses in early 2013. Regrettably, initiatives to encourage euthanizing horses while supporting horse owners and other industry participants in emotional distress would be imperative.**

### **A New Partnership**

The panel is convinced it doesn't have to be this way. In our view it is possible for Ontario to have a viable, world-class, right-sized horse racing industry, but only if additional revenue is provided either by the government directly or by allowing the industry to offer new gaming products. A sustainable industry can be achieved with significantly less public funding than now comes from SARP. But some public support is essential if the industry is to maintain competitive races, attractive purses, state-of-the-art tracks, quality breeding programs, skilled personnel, and a robust pari-mutuel wagering pool.

The easy availability of slots revenue has enabled the industry to evade the serious challenges it faces in today's hyper-competitive gaming and entertainment marketplace. In exchange for new public support, the panel recommends that the government demand reform of the industry.

Furthermore, while the panel concludes that providing public funds to the horse racing industry is in the public interest, we are adamant that the industry must be held accountable for the use of

those funds. Objectives and benchmarks must be set and met – with proof provided through transparent reporting on results.

### **Panel Findings:**

**The panel strongly encourages the government to keep horse racing in the mix of gaming opportunities in Ontario by forging a new partnership with the industry.**

**We urge the government to make a decision quickly. As the recent Quebec experience shows, once a horse racing industry collapses, it is extremely difficult to revive it.**

**After much consultation, analysis and discussion, the panel members have determined that any government partnership with the horse racing industry should be guided by a public policy framework with these five elements:**

- **a vision for a sustainable industry**
- **public-interest principles**
- **an implementation plan**
- **a framework for leadership and**
- **government equine expertise.**

### Vision for a Sustainable Horse Racing Industry

As mentioned above, this industry runs on hope. The key is to preserve a core industry that gives hope to horse owners and breeders that the possibility of a return on their investment exists. The panel's vision for a core industry includes three dimensions:

- a racing product that appeals to horse players – which means state-of-the-art tracks, ample race dates, full cards, competitive fields and an attractive pari-mutuel wagering pool
- an Ontario-based breeding industry – for thoroughbreds, standardbreds and quarter horses – including preservation of the world-class Horse Improvement Program and Ontario Sires Stakes, which the panel heard loud and clear are critical for a high-value horse racing industry in the province
- an Ontario-based race horse training network – based on resident Ontario horses, not just on horses shipped in for a short season and then shipped out.

## Public-Interest Principles

In the panel's view, a new funding model should be based on a true partnership between the industry and the government – one which benefits both parties. A new partnership should reflect the following principles:

- Accountability
- Transparency
- A renewed focus on the consumer
- A business case that clearly demonstrates that every dollar invested in the industry is returned to government through tax revenues generated by the industry's impact.

Any new government funding for the industry should come with strings attached. Clear criteria and metrics must be adopted at the outset to show that the program serves the public interest, with regular reporting on results. SARP funds have been paid without any reference to performance – or any requirement to disclose results. This mistake should not be repeated. Accountability and transparency should be the hallmarks of a new partnership, and the industry would have to accept and support these basic conditions.

The panel welcomes the *Plan for the Future of the Ontario Horse Racing and Breeding Industry* released in July by the Ontario Horse Racing Industry Association. We view the comments on the importance on benchmarking, transparency and accountability as a constructive contribution to the effort to find a new foundation for a government- industry partnership.

## Implementation Plan

Further research and planning would be necessary to turn the above vision and principles into a workable, lasting partnership between the industry and the government.

First, it would be necessary to determine the number of race dates and the purse money needed to sustain a core industry as envisaged – that is, one that offers a high quality racing product and supports a vibrant Ontario-based breeding sector and race horse training network. These calculations would be needed for thoroughbreds, standardbreds and quarter horses in each of the various racing classes.

Once these parameters have been scoped out, a financial analysis could be performed to compare two figures:

- the estimated net revenue from pari-mutuel wagering that a reformed industry could realistically be expected to generate in the short term, given the intense competition for the gaming dollar

and

- the costs of maintaining a core industry – including race-day costs, purses and ongoing fixed costs and overheads at racetracks, plus essential breeding programs such as HIP and QHRIDP.

These two figures will not match: the gap between revenues and costs represents the amount of public support that would be required to keep the industry financially stable and sustainable over the long term. This support could take a number of different forms – such as direct funding assistance, paying enhanced rent to tracks for their slots facilities, or allowing racetracks to offer new gaming products.

Once the funding need is determined, the government would then make a final assessment. It would determine that the funding gap could in fact be met by a partnership model that meets the principles outlined above: accountability, transparency, consumer focus and net positive return to taxpayers.

If the government decides to enter into such a partnership, it would then be up to each racetrack to accept or decline the terms offered. Each racetrack would decide its own future, letting the industry itself determine its size.

Without a doubt, the horse racing industry of tomorrow will have a smaller footprint than it does today. Some people will leave the industry and will require help and support to find alternatives. The panel was impressed by the sincere concern expressed by many business owners in the industry, not for themselves, but for the people they employ. The implementation plan for a reformed industry should include measures to provide assistance to workers displaced by the industry's transition.

### Framework for Leadership

Assuming some form of public investment becomes available, the industry will need a new leadership structure to chart its future, fairly allocate the public funds and monitor the results achieved.

Ontario's horse racing industry is fractious and has proven capable of very little collaboration for the common good. This is partly due to the flow of slots money that has enabled the industry to function without pulling together. The panel concludes that the industry currently lacks the cohesion to save itself.

In the short term, the government should allocate the necessary funds to an appropriate ministry or agency and charge it with the responsibility to manage any flow of public money to the industry. The panel notes that the expertise and mandate of the Ontario Racing Commission would be an invaluable resource to the government in this regard.

In the medium term – preferably by the end of 2013 – a new organization called Horse Racing Ontario (HRO) should be created, similar to the proposal in the Sadinsky report. It would serve as the provincial racing secretariat, with responsibility for setting and synchronizing race dates,

developing an industry strategic plan and marketing strategy, and administering all government funds invested in the industry.

HRO's role would include the tracking and reporting of results produced by public investment in the industry. HRO would be expected to compile solid statistical information to measure the industry's performance and economic impact, including the contribution to tax revenues.

HRO would take over the industry development programs now overseen by the ORC – HIP, QHRIDP and Sires Stakes – allowing the ORC to streamline its activities and play a purely regulatory role. A narrower mandate should help the ORC focus on ways to streamline regulation and reduce regulatory costs, especially at the signature and grassroots levels.

The new industry organization should also put more emphasis on equine health and welfare through increased investment in research and education at Equine Guelph. Life cycle planning for horses should be a focus. For example, HRO could channel more industry support to organizations that arrange the adoption of horses after their racing careers have ended.

As well, HRO could explore the development of new revenue streams to supplement pari-mutuel wagering, such as a Swedish-style V75 lottery or a sports book, which have a natural link to horse racing. These innovations may require legislative or policy changes if they to be implemented in Ontario, but any new revenue produced could offset the need for public funding.

Moreover, the experience in other countries, from Australia and Hong Kong to the United Kingdom, France and Ireland shows that effective marketing can increase the pari-mutuel handle. If the Ontario industry could do this, it could lessen its dependence on the public purse.

### Government Equine Expertise

Given the significant public investment in the horse racing industry, it is surprising that the government has so little knowledge about or expertise in equine issues. If the government enters into a new partnership with the industry, this deficiency should be remedied. At a minimum, an equine specialist position should be created in the Ministry of Agriculture, Food and Rural Affairs. The person filling this post should have not only formal training but also a sound working knowledge of the industry.

## **In Conclusion**

Should the government decide not to proceed with a new partnership with the industry, the panel can resume work to refine the programs, approaches and investments that could help to mitigate the effects of an industry shutdown on both people and horses. In particular, the panel would further explore a combination of training initiatives for individuals displaced from horse racing as well as measures to encourage the humane dispatch and disposal of unwanted horses and support horse owners and other industry participants in emotional distress. We would work closely with Equine Guelph on these priorities.

On the other hand, should the government accept the public policy framework set out above, we the panel members stand ready to assist with implementation in any way we can.

We believe Ontario's vibrant world-class horse racing and breeding industry is worth saving. Keeping in place a sustainable core industry would preserve thousands of jobs and just as many horses, plus hundreds of millions of dollars in economic impact and substantial tax revenues. The right level of public investment with the right public-interest conditions would have a positive impact on employment, the economy, government finances and the industry's future. Just as important, horse racing – which is part of Ontario's heritage – would remain a key part of Ontario's leisure and entertainment scene for the enjoyment of residents and visitors alike.

We are confident that the policy framework we have outlined above can provide the basis for a new partnership that keeps hope alive in the horse racing industry while protecting and advancing the public interest.

## **APPENDIX**

### **Panel Members**

#### **Elmer Buchanan**

Elmer Buchanan served as Ontario Minister of Agriculture from 1990 to 1995 and represented the riding of Hastings-Peterborough as a Member of Provincial Parliament. Mr. Buchanan currently sits on the board of the Ontario Farm Products Marketing Commission and raises alpacas and angora goats on his Havelock, Ontario family farm.

#### **John Snobelen**

John Snobelen is an internationally renowned horseman and was inducted into the National Reining Horse Association Hall of Fame in 1994. He served as Minister of Education and Minister of Natural Resources and represented the riding of Mississauga North and Mississauga West as a Member of Provincial Parliament from 1995 to 2003. Mr. Snobelen is president of Beyond Consensus Inc., a firm specializing in conflict resolution.

#### **John Wilkinson**

John Wilkinson was first elected in 2003 as Member of Provincial Parliament for Perth-Middlesex. In 2007, he was re-elected as MPP for Perth-Wellington. The first Certified Financial Planner to sit in the Ontario Legislature, he was named to the provincial cabinet in 2007. He served as Minister of Research and Innovation, then as Minister of Revenue and subsequently as Minister of the Environment. Currently, Mr. Wilkinson is the President and CEO of Wilkinson Insight Incorporated of Stratford.



# **Horse Racing Industry Transition Panel**

## **Terms of Reference**

### **Context**

The panel is part of the Government's commitment to help the horse-racing industry (Industry) toward a self-sustaining future.

### **Purpose**

The purpose of the panel is to make non-binding recommendations to the Minister of Agriculture, Food and Rural Affairs about how the Government might help the Industry adjust to the end of the Slots at Racetrack Program (SARP).

### **Objectives**

The Panel shall:

- Provide a forum for Industry stakeholders;
- Work with Industry to create a vision for Industry self-sufficiency;
- Identify the Industry's key adjustment challenges and what is required to meet those challenges
- Encourage dialogue, strategic planning and consensus building within the Industry;
- Advise on priorities for transition support and how best to address the priorities, including how to allocate funding amongst these priorities;
- Provide additional observations on how the Industry can improve governance and work better together;
- Provide the Minister with a written report and recommendations.

### **Term**

The working term of the Panel will begin on the date that the Minister of Agriculture Food and Rural Affairs announces it, a final report is expected in late summer and its work will end on September 30, 2012.

### **Deliverables**

"In Scope"

The Panel shall:

- Consult, at its discretion, with
  - Industry organizations representing those affected by the end of the SARP

- Experts in gaming and Industry development
- The Ontario Lottery and Gaming Commission and the Ontario Racing Commission
- Community leaders from areas affected by a reorganization of the Industry
- Other organizations or persons the Panel feels may assist its work
- Gather information on the scope and dynamics of the Industry and consumer demand for its products and services
- Assess the Industry's prospects in a competitive gaming marketplace
- Identify the barriers to, and enablers of the Industry's transition to a self-sufficient business model
- Provide the Minister with a written report that:
  - Sets out the challenges the Industry may encounter as a result of the end of the SARP ;
  - Identifies critical areas that will require transitional funding or other support;
  - Identifies a plan to help the Industry become self-sufficient; and
  - Makes recommendations for:
    - Options to be considered as part of a comprehensive transition approach for the Industry,
    - Allocating funding under the Horse-Racing Industry Transition Plan (Plan) to assist the Industry in becoming self-sufficient.
    - Provides the cost of any recommendations, and
- Report to the Minister or his designate as requested.

The Panel may also make recommendations of a more general nature, including:

- Recommendations to strengthen the sector and improve governance and decision-making
- Recommendations related to the delivery of transition support

The final written report and recommendations shall reflect the consensus views of the Panel members. Where a consensus cannot be achieved, the matter should be identified and commended to further consideration by Government.

The Panel shall ensure its recommendations are consistent with the following considerations:

- Recommendations shall give consideration to providing support for people who wish to leave the Industry and for people who wish to continue in the Industry
- As the Industry's workforce will be particularly challenged as the Industry restructures, any special workforce training and assistance measures that may be warranted.
- Animal welfare concerns arising from industry uncertainty or restructuring shall be addressed.
- Proposed initiatives should be within the approved funding for the Plan and any recommendations to amend legislation must be within Ontario's jurisdiction;
- Proposed initiatives should complement other transition supports that may be available through Government programs.

- The Plan shall, at a maximum, cover three fiscal years (2013-14 through to 2015-16) and will end in March 2016; following that period, the Industry could participate in whatever generic business support programs the government may offer for which they are eligible.

## **Governance and Conduct**

The Panel members shall:

- Provide the Deliverables in a full, diligent, professional, non-partisan and competent manner.
- Comport themselves at all times to the highest ethical standards and in a non-partisan manner with a view to serving the best interests of the public and the Industry
- Conduct themselves in Industry interactions so as to demonstrate probity, impartiality and respect for the views and opinions of Industry participants;
- Adhere to this Terms of Reference

## **List of Stakeholders Consulted**

### **ORGANIZATIONS**

#### **Canadian Thoroughbred Horse Society**

Glenn Sikura, President

#### **Canadian Thoroughbred Horse Society – Ontario Division**

Julie Coulter

#### **CAW-Canada**

Ken Lewenza, National President

#### **Central Ontario Standardbred Association (COSA)**

Bill O'Donnell

#### **Chatham-Kent and Sub-committee of Mayors**

Randy Hope, Mayor Chatham-Kent

John Fallis, Mayor, Township of Cavan Monaghan

Scott McFadden, Deputy Mayor, Township of Cavan Monaghan

Joanne Ross-Zuj, Mayor, Township of Centre Wellington

Andrew Goldie, CAO, Township of Centre Wellington

James Ginn, Mayor, Municipality of Central Huron

Cindy Lunau, Councillor, Milton

Linda Leeds, Director of Corporate Services, Milton

Bill Mann, Director-Planning, Milton

Helga Riedl, City of Windsor

#### **Chief Veterinarian – Dr. Greg Douglas**

Dr. David Alves

#### **Clinton Raceway**

Ian Fleming

#### **Equine Canada**

Dean Leifso, Director, Equine Canada Board of Directors

Vel Evans, Industry Analyst and Consultant, Equine Canada and owner of Strategic Equine

Gayle Ecker

Dr. Jeff Thomason

**Essex County**

Merv Richards, EA to MPP  
Taras Natyshak, MPP  
Mayor Tom Bain  
Bob McIntosh  
Dr. John McKinley and Sheilagh McInley  
Leo Thibideau  
Dr. Mark Biederman  
Bob Ladoucer

**Fort Erie Race Track**

Jim Thibert  
Rick Cowan  
Tom Valiquette

**Grand River**

Dr. Ted Clarke  
Yvon Giguere our Pari-mutuel Manager

**Great Canadian Games - Flamboro & Georgian Downs**

Bruce Barbour, Executive Director Racing Operations  
John Stolte, GM for Flamboro Downs

**Hanover Raceway**

Gord Dougn  
Dean Leifso  
Randy Ryer

**Hiawatha Horse Park (Sarnia)**

Ryan Trusler

**Jockey Club of Canada**

Chief Steward, James Lawson

**Jockey's Benefit Association of Canada**

Robert King

**Kawartha Downs**

H. Ambrose  
Crystal O'Brien (Sanders) Manager

**Ministry of Agriculture, Food and Rural Affairs**

Tracy Dallaire, Director, Farm Finance Branch  
Bradley Shaw, Farm Finance Branch

**Ministry of Finance**

Tanya Watkins, Manager, Gaming Policy Branch  
Liz Yeigh, Director, Gaming Policy Branch

**Ministry of Training, Colleges and Universities**

Barb Simmons, Director, Service Delivery Branch

**Northern Horsemen's Association (NHA)**

Bob Bodkin, President

**Ontario Association of Equine Practitioners**

Dr. Robin Reid-Burke

**Ontario Equestrian Federation**

Dianne Graham

**Ontario Federation of Agriculture (OFA)**

Mark Wales  
Neil Currie  
Keith Currie

**Ontario Harness Horse Association (OHHA)**

Brian Tropea

**Ontario Horse Racing Industry Association (OHRIA)**

Sue Leslie, President and Chair  
Stanley Sadinsky

**Ontario Horsemen's Benevolent and Protective Association (HBPA)**

Sue Leslie, President

**Ontario Lottery and Gaming Corporation (OLG)**

Board of Directors

Jan Westcott, President & CEO of Spirits Canada - Association of Canadian Distillers

Jason Melbourne, Managing Director of Institutional Equity Sales and Trading – Canaccord Genuity

William Hill, Executive Director

Larry Flynn, Senior Vice President, Gaming

Beth Webster, Senior Vice President, Marketing, Communications and Stakeholder Relations

**Ontario Racing Commission (ORC)**

Steve Lehman, CAO

John Blakney, Executive Director & CEO

**Ontario Standardbred Adoption Society**

Jim Evans, President

**Quarter Horse Racing Owners of Ontario (QROOI) and Ajax Downs**

Bob Broadstock, President QROOI

Norm Picov, General Manager, Ajax Downs

**Racetracks of Ontario**

Bruce Barbour – Flamboro

Alex Lawryk, Rideau Carlton

Ted Clarke, Grand River

**Rideau Carleton Raceway (RCR) with the National Capital Region Harness Horse Association (NCRHHA)**

Warren Armstrong, Chair RCR

Jean Larose, General Manager RCR

John MacMillan, Executive Director NCRHHA

**SEIU Local 2, Brewery, General, and Professional Workers' Union**

Ted Mansell, Executive Vice President

**Standardbred Breeders**

Anna Meyers

Jim Bullock

**Standardbred Canada**

Anne McNeil

John Gallinger

**Sudbury Downs**

Patrick MacIsaac, President

**University of Guelph**

Alfons Weersink, Food, Agriculture and Resource Economics

George L. Brinkman

Brownwyne Wilton, Office of Associate VP Research, Strategic Partnerships

Tina Widowski, Animal and Poultry Science

Jason Coe, Population Medicine

Colleen Best, graduate student

**Wellington County**

Chris White Warden

Andrea Ravensdale, Communications Manager

Jana Reichert, Economic Development Officer

**Western Fair**

Hugh Mitchell

**Winrac Development Inc. – Windsor, Dresden & Woodstock**

Pat Soulliere

Chris Kruba

**Woodbine Entertainment Group (WEG)**

Nick Eaves, President & CEO

Jamie Martin, Executive Vice-President, Racing

Jane Holmes, Vice-President, Corporate Affairs

**INDIVIDUALS**

- Dr. Bernie Brennan
- Robert & Blair Burgess
- Ian Howard
- Charles Juravinski
- Atif Kubursi – McMaster University, Professor of Economics
- Earl Lennox
- Tony Macerollo
- Dennis Mills
- Eric Poteck
- Don Thomson
- Dr. Michael Wilson
- Dr. Robert Wright