

June 7, 2012

## Submission to the Standing Committee of Finance and Economic Affairs for the Province of Ontario:

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The Quarter Racing Owners of Ontario Inc. on behalf of the Quarter Horse racing and breeding industry, and as stakeholders in the Ontario horse racing and breeding industry, would like to present our concerns with the proposed *Modernizing the Ontario Lottery and Gaming Corporation (OLG)* initiative included in the *2012 Ontario Budget – Strong Action for Ontario*.

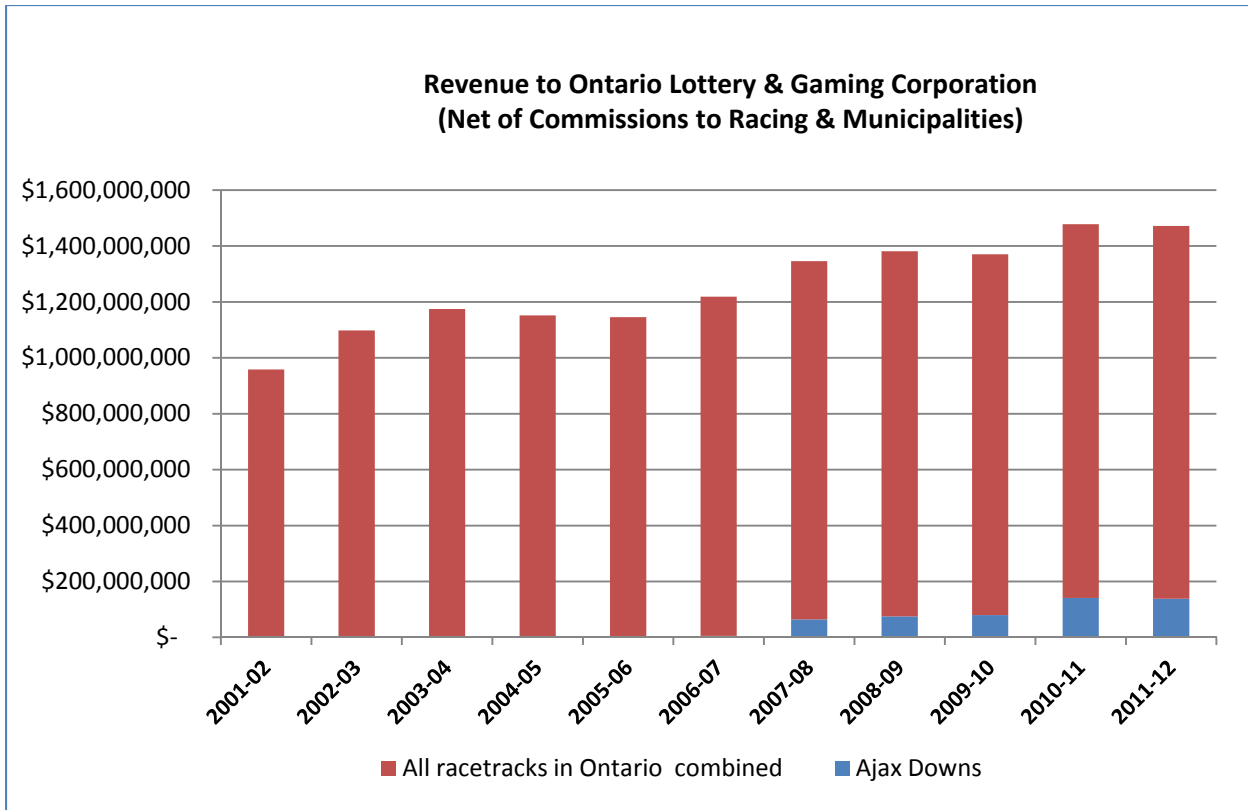
1. The Quarter Horse Racing Industry Development Program (QHRIDP) was launched in 2006, as a result of the Slots at Racetracks Program. In five short years since the creation of the Program there has been significant investment in the development of:
  - infrastructure for live racing,
  - a breeding program to supply horses for racing,
  - a racing program to attract investment and produce a quality wagering product, and
  - in farms, horses and related equipment for breeding, raising, training and transporting horses.

More than \$100,000,000 in private sector investment has been made in Ontario since 2006, for which the expectation for return on investment would be realized through the opportunities available for Quarter Horse racing in Ontario moving into the future .

2. On January 1<sup>st</sup>, 2011 a new funding model was established for the QHRIDP, by way of written instructions from the Minister of Finance (Honourable Dwight Duncan) in April 2010 to the Ontario Lottery & Gaming Corporation (OLG), with the commitment to a fixed payment of \$8 million a year to February 1, 2016 to enable the Program to achieve the goals and objectives outlined at its inception, and to establish a sustainable Quarter Horse racing and breeding industry for Ontario.
3. With regards to the OLG projections for revenue contribution to the Province of Ontario as outlined in the 2012 Ontario Budget (page 66 of the 2012 Ontario Budget document), we are seeking confirmation that the commitment to funding of \$8 million made by Mr. Duncan in April 2010 is included in the OLG projections for annual expenditures.

For more than 10 years, the *Slots at Racetracks Program* has been a highly successful partnership between the Ontario horse racing and breeding industry, the host municipalities for racetracks and the Province of Ontario. In the past ten years alone (since 2001), the *Slots at Racetracks Program* has delivered in excess of \$9 billion to the Province of Ontario – net of all commissions earned and OLG expenses. With seventeen racetracks across the province participating in the *Slots at Racetracks Program*, the economic benefits of the Program have been realized widely across the Province.

In 2006, Ajax Downs (in Ajax Ontario) joined the Slots at Racetracks Program. Since opening in May 2006, the Ajax Downs facility has contributed more than \$503 million in revenues to the \$9 billion in benefits realized by the Province from the Slots at Racetracks Program.



In May 2006, the Ontario Racing Commission, on behalf of the Quarter Horse racing and breeding industry, established a unique program for the investment of commissions earned at the Ajax Downs site. The *Quarter Horse Racing Industry Development Program (QHRIDP)* established a multi-year strategy to invest commissions in the development of the industry, including

- infrastructure for live racing,
- a breeding program to supply horses for racing,
- a racing program to attract investment and produce a quality wagering product, and
- in farms, horses and related equipment for breeding, raising, training and transporting horses.



Before the Program was developed, there was little infrastructure and few horses in the Quarter Horse racing sector in Ontario. The three pillars of the Program – Racing, Breeding and Industry Development – were introduced as a comprehensive strategy to build infrastructure, investment and employment in the sector through increased racing opportunities year over year.

The growth in employment in the industry included administration and professional jobs, as well as entry level and skilled labour positions.

The Program has met all targets, goals and objectives, and has established a framework for the growth of a strong, sustainable Quarter Horse racing industry for Ontario. Participation in the industry has increased six-fold (between 2005 and 2011), supported by approximately \$100,000,000 in private investment in horses, property improvements, and related equipment for breeding, raising, training and transporting horses. In the five years since the start of the Program, a brand new grandstand, slots facility and racetrack have been built at the Ajax Downs site.

**The Past ...**



**The Present ...**



May 2006- Ajax Downs joins Slots at Racetracks Program  
 New slots/grandstand/teletheatre opens  
 QHRIDP launches

Licensed participants increase by 38%  
 Industry Insurance Programs are launched  
 Breeding Sector Programs are launched

1<sup>st</sup> Graded Stakes race in Ontario  
 Ontario Bred Bonus Program Launched  
 Marketing Program Launched

New racetrack opens  
 Wagering education program launched  
 35 days of racing at Ajax Downs

Quarter Horse Racing expands to Fort Erie  
 Simulcast wagering broadcast launched  
 Wagering increased by 478%

New owner investment promotion  
 46 Days of racing at Fort Erie and Ajax Downs  
 Breeder education program launched  
 New Funding agreement for QHRIDP

**2005**

Licensed Participants	145
Total Wagering	\$99,351
Days of Racing	21
Active Racehorses	115

(Prior to Slot at Racetracks)

**2006**

Licenses	250	(+72%)
Wagering	\$120,810	(+22%)
Horses	181	(+57%)

**2007**

Licenses	345	(+38%)
Wagering	\$197,002	(+63%)
Horses	242	(+34%)

**2008**

Licenses	469	(+35%)
Wagering	\$178,577	(-9%)
Horses	334	(+38%)

**2009**

Licenses	738	(+57%)
Wagering	\$357,286	(+100%)
Horses	443	(+33%)

**2010**

Licenses	754	(+2%)
Wagering	\$2,066,734	(+478%)
Horses	543	(+23%)

**2011**

Licenses	869	(+15%)
Wagering	\$3,143,776	(+52%)
Horses	596	(+10%)

**By 2012**

Licensed Participants	<b>+499%</b>
Total Wagering	<b>+3064%</b>
Days of Racing	<b>+119%</b>
Active Racehorses	<b>+418%</b>

Each new breeding and racing operation launching in this rapidly expanding sector, represents \$750,000 in new capital investment. More than \$100,000,000 has been invested (since 2006) in new breeding and racing operations.

Each active Quarter Horse racing in Ontario triggers \$59,000 in direct expenditures for its care, training and management. Direct expenditures on racing Quarter Horses have increased from \$8.5 million annually (in 2005) to \$51 million annually in 2011 – with the majority of this expenditure in rural Ontario.

Quarter Horse racing in 2011 supported approximately 5,000 jobs in rural Ontario (for the breeding, care and training of horses), and an additional 500 in Durham Region for activities at Ajax Downs — 4,400 new jobs created in the five years from 2006 to 2011.

Wagering on American Quarter Horses in North America is a \$350,000,000 market, and represents untapped potential for wagering revenue to Ontario. A goal for the Program is to gain recognition with a quality racing product produced in Ontario and introduce this new product to markets across Canada, the United States and internationally. The current business plan for the Program (to 2016), is focused on building on the infrastructure established so far, and expanding sales of the wagering product into new markets for Ontario horse racing.

Developing new and expanded markets for wagering on Ontario Quarter Horse racing will ensure the long-term sustainability of this rapidly growing new sector for the Ontario horse racing industry.

The unique nature and success of the Quarter Horse Racing Industry Development Program was recognized by Minister Duncan in his correspondence to the OLG in April 2010. ...

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“By way of background, the sport of quarter horse racing is relatively new in Ontario by comparison to standardbred and thoroughbred racing. The sport is expected to attract a new fan base, rejuvenate interest in provincial horse racing more broadly and stimulate regional economic development through breeding of Ontario quarter horses.

... The QHRIDP ... has to date made solid progress in meeting the objectives of the program. ... To fulfill the objectives of the QHRIDP and the sustainability of the sport, I would ask that payments to the program be set at \$8M per year, starting on January 1, 2011 through to February 1, 2016. Beginning in 2011, annual payments to the program would no longer be calculated on a percentage basis of 10% on 200 machines, but rather set at an annual payment amount of \$8M. ...”

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With regards to the OLG projections for revenue contribution to the Province of Ontario as outlined in the 2012 Ontario Budget (page 66 of the 2012 Ontario Budget document), we are seeking confirmation that the commitment to funding of \$8 million made by Mr. Duncan in April 2010 is included in the OLG projections for annual expenditures as referenced on page 66 of the 2012 Ontario Budget.

Respectfully submitted

Bob Broadstock  
President QROOI  
Quarter Racing Owners of Ontario Inc.