



# **Ontario Racing**

## **F18-F19 Business Plan**

**June 27, 2017**

**Approved by the OR Board of Directors**

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# 1. Foreword

Ontario Racing (OR) is the non-profit horseracing industry association established in 2016 as the successor to the Ontario Horse Racing Industry Association.

Ontario Racing is directly responsible for setting an annual program of races, attracting new horse owners, implementing breed improvement programs, growing the fan base and connecting the industry with the government and public.

As a condition of receiving funding from the Government of Ontario through the AGCO, OR is required to submit a two-year business plan covering the fiscal years 2017-18 (F18) and 2018-19 (F19).

This Business Plan describes the activities that OR will undertake over the next two years to significantly advance its strategic mandate and the fulfilment of its strategic objectives. It reflects a deliberate and focused approach to building a long-term foundation for success, with an emphasis on inclusiveness, engagement, credibility, and transparency.



## **2. OR Vision, Mission and Objectives**

In February 2017, the Board of Directors approved and communicated to OR stakeholders the following long-term Vision, Mission/Mandate and Strategic objectives of Ontario Racing.

### **Vision**

Ontario Racing is the customer-focused leader and representative voice of a world class horse racing industry.

### **Mission/Mandate**

To promote and further the interests of horse racing in the province by fostering a trusted partnership with government and by championing and advocating for public policy that supports industry self-determination and that creates and sustains a vibrant and financially sound horse racing industry.

### **Objectives**

1. To promote the horse racing industry as a vital part of Ontario's agricultural, sports, entertainment and gaming sectors.
2. To educate the public and stakeholders about the financial, employment and community benefits of the horse racing industry.
3. To advance industry 'self-determination' as the basis for policy development and decision making on important issues that affect the industry.
4. To be the authoritative voice of horse racing, informing public policy development and guiding the progressive tactics and strategies of the industry.
5. To develop the strength, capacity and knowledge to lead the industry and represent the views and diverse needs of all members and segments of the horse racing industry.
6. To engage and consult broadly to consolidate industry views and perspectives as a basis for guiding beneficial activities, programs and priorities.
7. To promote best practices in areas of equine welfare and customer service, and to pursue transparency in collecting and sharing data and information about all aspects of horse racing.
8. Consolidate, and administer government and industry programs that benefit the industry.

### **3. Achieving the Strategic Direction**

OR's strategic direction is broad, comprehensive, and represents an ambitious long-term agenda that will be achieved in stages over the next six to eight years.

This two-year business plan is focused on laying the foundation for this longer-term vision by building confidence, credibility, and capacity. It also begins to deal in a planned way with the fact that the concept of a sector-wide leadership organization for horse racing and the components of our vision represents a very significant change for the sector – one that will impact structures, people, processes, and culture.

Underpinning OR strategic and operational goals is a recognition that OR actions and initiatives need to align with and support the following key outcomes that are measurable over time:

1. The growth of Pari-Mutuel wagering.
2. Increase the awareness and recognition of the positive impact that horse racing has on Ontario's rural economy.
3. Grow the horse racing fan base.
4. Growing horse ownership.

The following are challenges or considerations that merit specific mention and were factors in the development of this Business Plan.

#### **Long term industry funding**

Resolving the issue of long term industry funding for horse racing is the industry's top priority and although there may be a general understanding that the outcome will include some degree of rationalization within the sector, expectations are very high. It is critical that OR be perceived within the industry as an equal partner in the agreement negotiation process, with OLG and a new Racing Alliance (RA). OR is a participant in the funding agreement process and this is reflected in this Business Plan through OR's continued engagement to ensure a broader sector representation in the negotiations and to communicate information regarding the funding agreement to the sector. OR will establish itself as a reliable partner with government that can deliver a legitimate sector perspective.

A key priority for OR during this Business Planning cycle will be to remain engaged in the process, provide our best advice, and ensure that our level of activity and intensity reflects our role and allows us to deliver on all OR priorities as described in this Business Plan.

## **Stable funding for OR**

Stable funding for OR is a critical underpinning of all future OR strategies and plans. Without stable funding, OR's ability to achieve the strategic direction, appropriately plan for and deliver the Horse Improvement Program, and create a stable internal organization will be jeopardized. As is described in section **5. Year 1 Strategic Initiatives**, a plan has been developed that will provide an opportunity to resolve the stable funding issue through discussion with the industry on options related to the Pari-Mutuel Tax Reduction (PMTR).

## **Building a more cohesive industry**

OR faces a significant long-term challenge in that there are many different horse racing stakeholders in Ontario, with different and sometimes competing views about the best interests of the three breeds, and including at times tensions among various groups and associations. While many parts of the industry see the value in having OR as an overarching leadership organization, there are also views that OR has been "forced" on the industry by government. There may also be continuing perceptions that the Board has not evolved from the previous Ontario Horse Racing Industry Association (OHRIA) – which was, in effect, an association-of-associations.

## **Decision-making**

While we will always strive to get agreement, we also recognize that consensus across a sector of the economy is always going to be difficult if not impossible to fully achieve. This means we will be required to make decisions where a consensus does not exist. Our ability to do so and at the same time maintain our credibility and legitimacy will be highly dependant on the quality of our stakeholder engagement processes, the quality and transparency of our analysis of issues and options and a governance structure that represents the broader horse racing sector.

## **Delivering Programs with public benefit**

Unlike most industry associations, OR has a mandate to deliver programs previously delivered directly by government agencies. OR will need to be able to continually demonstrate that it can plan and manage these programs with the goal of achieving broad public benefits for the sector and the province as a whole – both now and more importantly in the future. It will also need to be able to do so in a way that engages the sector.

## **Communications and Stakeholder Engagement Plan**

To support OR being the legitimate, representative 'voice' of the horse racing sector and to support the business functions mandated to OR, an effective overarching communications and stakeholder engagement plan is required. In establishing OR as a trusted partner for



government, it is important that the sector views and positions enunciated by OR are based on sound and effective stakeholder engagement. The plan is also critical to support all the strategic and F18-F19 business plan initiatives and will detail stakeholder engagement and communication 'default' approaches. The communications and stakeholder engagement plan will be developed and approved by the OR Board of Directors in Q1 of 2017.



## **An important step towards achieving the Vision**

Collectively, the strategic initiatives in this Business Plan lay the foundation for future success by emphasizing and operationalizing the following themes:

- Managing expectations and being clear about OR's role.
- Establishing OR as a stable, appropriately funded organization.
- Demonstrating through the governance framework that OR is committed to broad representation and inclusion of all parts of the industry.
- Beginning to build an OR agenda – in effect, a new space within the horse racing industry – in areas where OR can be the primary actor and has a mandate and the resources to act – for example: the future strategic direction of HIP, the development of a sector marketing strategy (that encompasses breeding and ownership, and complements rather than competes with track-focused marketing), and the development of a horse ownership strategy.
- Developing OR's experience and capacity to engage with the sector and test ways to conduct rigorous and disciplined processes, capture and reflect the array of views and interests, and communicate transparently with respect to direction setting and decision making.
- Building confidence and demonstrating that OR can speak for the industry rather than for specific interests.
- Fostering understanding that OR's future ability to advocate with government on public issues directly related to the degree to which the organization is broadly and actively supported within the sector.



## 4. Corporate Governance Plan

Governance is a key enabler of OR effectiveness. Through a governance framework that is representative, transparent, and focused on stakeholder engagement and ownership, Ontario Racing will establish itself over time as the representative voice of the industry.

Given the size and scope of our sector, the different interests represented, and the many organizations involved today, this is not a goal that OR will achieve overnight. Rather, it will be through a planned process of building our credibility and legitimacy through expanding our outreach, demonstrating our values, listening, and engaging.

In F17, we implemented or announced a number of governance measures that marked the beginning of our journey:

- Confirmation of our initial Board of Directors, marking the transition from our founding Board of three individuals.
- Appointment of an independent, non-voting interim chair.
- Announcement of our intention to receive nominations and appoint:
  - A Director to represent regional tracks.
  - Two Directors-at-large (All sector interests including equine welfare and horse players/customers will be considered through an open invitation to the sector for interested individuals).

In addition to these measures, we established our Board Committee structure, comprised of the following:

- Executive Committee.
- Strategic Planning Committee
- Governance Committee (including Nominations)

This Committee structure will ensure effective oversight of Management and provide opportunities for meaningful engagement of all Directors.

We also announced the creation of three Advisory Councils (Standardbred, Equine Welfare, and Horseplayers/Consumers). The purpose of these bodies will be to expand the representativeness of OR, and ensure our strategies and plans are based on the broadest possible input and advice.

Establishment of the Advisory Council on Equine Welfare represents a significant step forward for our sector. Equine Welfare is of great strategic importance to the future sustainability of and continued public support for horse racing in Ontario. We are keenly



aware of the need to anticipate issues and challenges in this area and ensure that our approach is proactive and broad based.

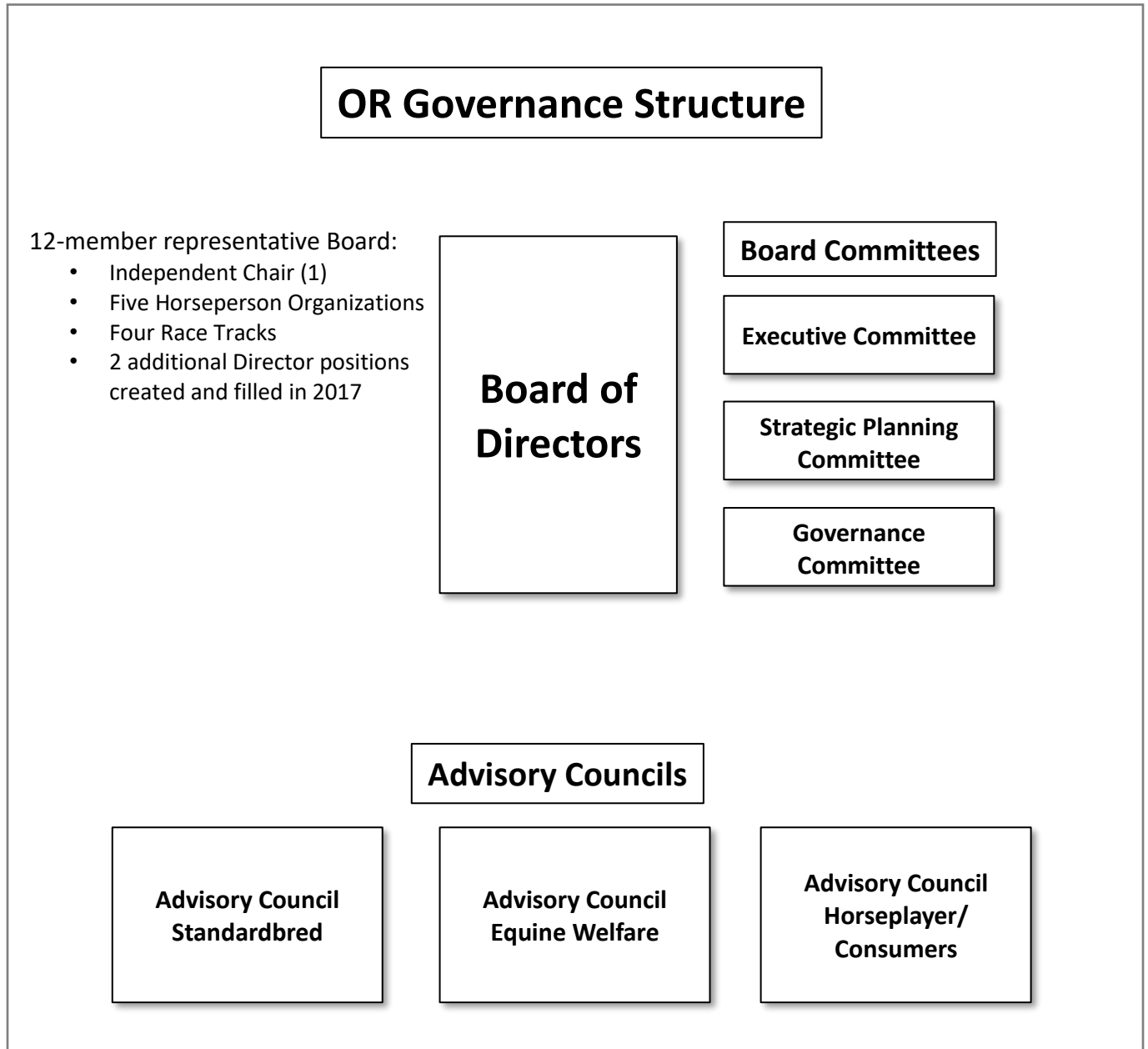
In Section **5. Year 1 Strategic Initiatives**, we outline our plans to fully implement the measures announced in F17 such as completing the process to appoint additional Directors. We will also be taking steps to ensure that our process of governance is as transparent as possible by making governance documents (including by-laws, governance policies and mandate descriptions) open and available to the sector as provided for under the transparency policies of the Board of Directors.

In addition to these formal measures to enhance our corporate governance, we will be considering expanded engagement opportunities for sector organizations in terms of interaction with the Board of Directors.

The diagram on the following page provides an overview of the resulting OR governance structure:



Figure 1



## 5. Year 1 Strategic Initiatives

In Year 1 of this Business Plan, OR will focus on five strategic initiatives that are critical foundation pieces for the future success of OR and the industry:



Each of these Year 1 strategic initiatives is described in more detail in this section, including key actions, timelines, stakeholder impact, and performance measures.

## 5.1 Industry Long Term Funding

### Description

For OR stakeholders, long term industry funding is the most significant issue facing the horse racing industry over the next twelve to eighteen months. The principle parties in the negotiation and development of the agreement are OLG, OR and WEG. OR is an active participant in the process to ensure that the broader interests of the sector are represented. A more specific role for OR will be defined as the process towards a funding agreement evolves.

OR also has an ongoing role to communicate to the industry on information that is publicly-available. It is anticipated that to what extent OR will play an oversight role with respect to the new Racing Alliance in the future will be clarified in Q3 and will be formalized in an MOU between OR and the Racetrack Alliance.

Actions	Timeline
<b>5.1.1</b> Continue to engage with WEG and OLG in the process to establish industry long term funding	Ongoing – timing determined by OLG, OR and WEG
<b>5.1.2.</b> Periodically provide information updates to the industry through email and the website	Ongoing – as information becomes available and can be shared publicly
<b>5.1.3</b> Provide information about the final agreement to the industry through email, the website, and town hall meetings	Timing to be determined.
<b>5.1.4</b> Consult with OR stakeholders on the substance of the agreement including: <ul style="list-style-type: none"> <li>• Collection of industry input.</li> <li>• Consolidation of that feedback into a report that is provided to OLG and WEG, as well a made available to OR stakeholders.</li> </ul>	Timing to be determined.

## **Impact on Stakeholders**

OR's impact on stakeholders will be through effective representation, communications and engagement: a) ensuring that information about the details of the final arrangements are broadly available to the industry; and where possible, b) providing interested stakeholders with opportunities to provide input.

## **Performance Measures**

- Number of individuals and organizations receiving information about the final agreement
- Level of satisfaction among OR stakeholders with the quality of the OR industry representation and outreach



## 5.2 PMTR Options (including stable OR funding)

### Description

In October 2016, OR submitted a policy recommendation that proposed changes to PMTR, the existing 0.5 per cent tax under the Race Track Tax Act (RTTA), and the AGCO regulatory fee to create an enhanced source of funding for a range of industry programs and services, including operational and program budget for OR, the Horse Improvement Program, and Horse People Retirement and Benefits Programs.

In Q1-Q3 of F18, OR will be revisiting this issue and conducting further engagement with the industry, including the discussion of a broad range of options. The context for the consultation will continue to be future-facing, i.e. how to utilize the funds represented by the current PMTR in the most effective manner to strategically advance the industry.

OR is committed to a rigorous and disciplined engagement approach to ensure that all interested organizations and individuals have opportunities to provide input. We will produce and share a report that captures and accurately presents the input. It is anticipated that the process will be controversial and it is possible that a consensus will not emerge.

The timeline for this initiative is compressed. The consultation approach will be developed in April and May, ready to be launched at the beginning of June. The consultations will be completed by mid-July and a submission made to our government partners in mid-September.



Actions	Timeline
<b>5.2.1 Consultation process design and development</b> <ul style="list-style-type: none"> <li>• Rigorous and disciplined public consultation process designed and approved by Board of Directors</li> <li>• Consultation instrument developed, including background materials</li> </ul>	Q1 In place for launch June 1
<b>5.2.2 Delivery of the Consultation Process</b> <ul style="list-style-type: none"> <li>• Including consolidating and documenting the advice and input</li> </ul>	Completed: Q2 June 1 to July 15
<b>5.2.3 Submission to Government</b> <ul style="list-style-type: none"> <li>• Preparation of a draft submission to Government</li> <li>• Consultation with Government stakeholders</li> <li>• Review and approval by the OR Board of Directors</li> </ul>	Q2 Submission to Government on or about September 15

### Impact on Stakeholders

- An opportunity for all stakeholders to provide input and advice, as well as a transparent view of the different and potentially conflicting views within the industry
- Funding that provides a solid foundation for OR that will enable it to better support all stakeholders in future
- Changes to existing uses of PMTR funding and/or the Horse Improvement Program

### Performance Measures

- The extent to which stakeholders feel they have had meaningful opportunities to provide input and that their input has been reflected accurately (as measured by OR stakeholder surveys)
- Achievement of stable funding for OR



## 5.3 Horse Improvement Program Review/Economic Impact of Horse Racing and Breeding

### Description

This strategic initiative is a key component of supporting a more self-sufficient and sustainable sector. Its overarching purpose is two-fold:

- To ensure HIP funding, as administered by OR, is utilized in a manner that is aligned with clear strategic objectives, optimizes value for money, promotes efficient and effective operations and contributes to a more vibrant and sustainable sector.
- To measure employment levels and economic contributions resulting from horse racing and breeding in Ontario and to provide OR with a systematic methodology and tools that will allow this measurement to be replicated by OR and the industry on a periodic basis to inform industry decision making and public policy development in the future.

The initiative will take place in two Phases, with Phase I focused on HIP directions, and Phase II on the economic impact measurement framework and tools. An independent consultant will be retained to carry out both phases of work, followed by OR undertaking an intensive consultation and engagement process with the sector. At the conclusion of this process, OR will be able to make decisions with respect to future HIP changes, including a phased implementation of those changes starting with the F19 program.

Actions	Timeline
<p><b>5.3.1 Third party review – Phase 1: Review of HIP</b></p> <ul style="list-style-type: none"> <li>• An independent evaluation of the program and the identification of potential future program objectives and funding alternatives</li> </ul>	<p>Q1-Q2 Completed by July 31</p>
<p><b>5.3.2 Third party review – Phase 2: Horse Racing Employment Level and Economic Assessment</b></p> <ul style="list-style-type: none"> <li>• Quantification of employment and the economic contribution of horse racing based on key performance indicators and the development of an evaluation framework and tools to enable ongoing measurement</li> </ul>	<p>Q2-Q3 Completed by September 30</p>
<p><b>5.3.3 Consultation process design and delivery re the results of Phases 1 &amp; II</b></p> <ul style="list-style-type: none"> <li>• Consultation process designed and approved by Board of Directors, including development of consultation instrument and supporting materials</li> <li>• Rigorous and disciplined industry consultation process with the industry, including consolidating and documenting the advice and input</li> </ul>	<p>Q2-Q3</p>
<p><b>5.3.4 Review and Decision Making re HIP</b></p> <ul style="list-style-type: none"> <li>• Documentation of proposed HIP changes and implementation plan, including communications plan to industry</li> <li>• Engagement with industry and government partners on proposed program changes and implementation plan</li> <li>• Board approval of final program changes and implementation plan</li> </ul>	<p>Q3</p>
<p><b>5.3.5 Phased Implementation re HIP Changes</b></p> <ul style="list-style-type: none"> <li>• Implementation of first phase of changes for the 2018 HIP</li> </ul>	<p>Q3 – Q4 Approval of first phase of implementation in January 2018 for the 2018 HIP.</p>

## **Impact on Stakeholders**

- An opportunity for all stakeholders to provide input and advice, as well as a transparent view of the different and potentially conflicting views within the industry
- Potential changes to HIP (implemented in a phased manner) that change the level/types of funding available to segments of the industry

## **Performance Measures**

- The extent to which stakeholders feel they have had meaningful opportunities to provide input and that their input has been reflected accurately (as measured by OR stakeholder surveys)
- Implementation of strategic direction for the Horse Improvement Program that supports the future growth and sustainability of horse racing in Ontario



## 5.4 Governance and Transparency

### Description

Governance and transparency are key enablers of OR effectiveness and important tools to ensure that OR policy and program decisions are based on a broad range of perspectives. OR's Board governance model will continue to evolve in F18 to ensure that it is representative of the industry, as well as open and transparent for all OR stakeholders. The actions listed below will enhance the representativeness of the Board of Directors. The measures listed below are in addition to the establishment in Q4 of F17 of Executive, Governance Strategic Planning, and Nomination committees of the Board.

Actions	Timeline
<p><b>5.4.1 Recruitment to one additional Director to represent regional tracks:</b></p> <ul style="list-style-type: none"> <li>• Public posting of a request for expressions of interest</li> <li>• Review of applications and interviews with selected candidates</li> <li>• Confirmation and appointment of successful candidates</li> <li>• Communications to the industry of the appointments</li> </ul>	<p>Process completed: April 2017</p>
<p><b>5.4.2 Recruitment of two additional Directors (potential to be appointed from the industry, Equine Welfare, Horseplayers/Consumers):</b></p> <ul style="list-style-type: none"> <li>• Public posting of a request for expressions of interest</li> <li>• Review of applications and interviews with selected candidates</li> <li>• Confirmation and appointment of successful candidates</li> <li>• Communications to the industry of the appointments</li> </ul>	<p>Q1</p>
<p><b>5.4.3 Establishing and operationalizing the three Advisory Councils (horseplayers/consumers, equine welfare, and standardbred):</b></p> <ul style="list-style-type: none"> <li>• Development of draft Terms of Reference (TORs)</li> <li>• Posting of the draft TORs/opportunity to the industry to provide feedback</li> </ul>	<p>Q2 – first meeting of Standardbred advisory committee</p>

<ul style="list-style-type: none"> <li>• Reporting on the feedback and finalization of the TORs</li> <li>• Open call for nominations</li> <li>• Review of nominations/selection of committee members</li> <li>• First meeting – Standardbred</li> <li>• First meeting – Equine Welfare</li> <li>• First meeting – Horseplayers/Consumers</li> </ul>	<p>Q3 – first meetings of Equine Welfare and Horseplayer/Consumer Advisory Committees</p>
<p><b>5.4.5 Ensure that OR governance related documents are open and accessible to all industry stakeholders</b></p> <ul style="list-style-type: none"> <li>• Approval of Board policy on transparency</li> <li>• Posting of governance related documents on the OR website, including By-laws, Governance and other key administrative policies, Board meeting agendas, and Board meeting minutes on the OR website, subject to the Board policy.</li> </ul>	<p>Q2</p>
<p><b>5.4.6 Measuring (through an annual survey) and reporting publicly on OR stakeholders’ perceptions of accountability, representativeness, transparency, and effectiveness in terms of engagement, consultation</b></p>	<p>Surveys in Q4</p>

### Impact on Stakeholders

- Increased confidence in and acceptance of OR Board of Directors as representative of the industry.
- Enhanced debate and decision-making through a broader range of perspectives and key equine welfare and horseplayer/consumer perspectives.
- Improved accountability to and access to information for OR stakeholders through greater transparency.

## Performance Measures

- Number individuals/organizations who view and/or provide feedback on the Advisory Council TORs.
- Number of nominations for Director positions and Advisory Councils
- OR stakeholder perceptions of the transparency, accountability, and representativeness of the Board of Directors as (as measured by OR stakeholder surveys)



## 5.5 AGCO Horse Racing Regulatory Reform

### Description

The AGCO is in the process of reviewing and modernizing the regulation of horse racing in Ontario. In 2016, the agency completed an intensive roundtable process and in February 2017 released a finding report based on that process. Moving into F18, the next step in the process is a series of working groups dealing with the Equine Drug Program, Officiating, and Health & Safety (Equine and Human). It is anticipated that this working group process will take place in the first two Quarters of F18.

OR will be participating in the three working groups and to monitoring the discussion and providing advice where appropriate. As a complement to the AGCO's own process, OR will provide stakeholders will information and updates on the process.

Actions	Timeline
<b>5.5.1 Ongoing participation in the Regulatory Reform process</b> <ul style="list-style-type: none"><li>• Participating in AGCO-Stakeholders Working Groups</li><li>• Providing information updates and analysis to the industry on the status of the Working Groups through the OR website (as the information is available publicly)</li></ul>	Ongoing

### Impact on Stakeholders

- Awareness of the process and access to information about directions
- Enhanced debate and decision making through a broader range of perspectives and key equine welfare and horseplayer/consumer perspectives
- Improved accountability to and access to information for OR stakeholders through greater transparency

## Performance Measures

- Number/percentage of working group events attended by OR staff
- OR stakeholder awareness of regulatory reform process and the content of key changes (as measured by OR stakeholder surveys)
- OR stakeholder perceptions of the transparency, accountability, and representativeness of the Board of Directors as measured by the annual OR stakeholder survey





## 5.6 New Racing-Related Gaming Products

### Description

A key component of the Ontario Government's commitment to integrate horse racing with the Ontario Lottery and Gaming Corporation's (OLG) modernization plan, includes researching potential horse-themed lottery products and leveraging the OLG's business, marketing and responsible gambling expertise within the horse racing industry. The horse racing industry is strongly committed to working with its government partners in the development, introduction and implementation of innovative horse-themed lottery and gaming products.

Ontario Racing will take on a leadership role in this area and work with Ontario Lottery and Gaming to develop an action plan to facilitate the researching of new racing-related gaming products, and explore revenue generation opportunities that may exist within the existing regulatory and legislative framework. The horse racing industry recognizes that long-term growth and sustainability will require generation of revenue outside of government funding. The creation of an OR Product Development Committee will engage with OLG and the full industry on how new lottery and gaming concepts can work for the betterment of Ontario's entire horse racing sector.

Actions	Timeline
<p><b>5.6.1 New Gaming Product Research and Development</b></p> <ul style="list-style-type: none"><li>• Establishment of Product Development Committee</li><li>• Working with industry and government on a completion of a Jurisdiction Product Review;</li><li>• Industry outreach for education and researching potential new product revenues</li></ul>	Ongoing

## Impact on Stakeholders

The impacts on stakeholders will include:

- Potentially create new revenue sources for the horse racing sector that are not reliant on government funding
- Enhancing marketing efforts and brand awareness of horse racing in Ontario among a broader base of gaming customers

## Performance Measures

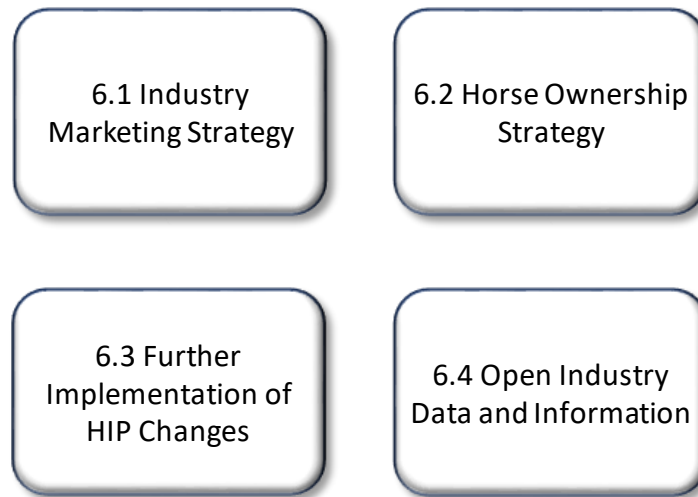
OR's key performance measures will be:

- Creation of an OR Product Development Committee
- Number of industry stakeholders providing comment and input to product development initiative
- Delivery of Product Development recommendations to OLG



## 6. Year 2 Strategic Initiatives

In Year 2 of this Business Plan, OR will focus on four strategic initiatives that continue to lay the foundation for future success and focus on the development of major industry-driven strategies.



Each of these Year 2 strategic initiatives is described in more detail in this section, including key actions, timelines, stakeholder impact, and performance measures.

## 6.1 Industry Marketing Strategy

### Description

The development of an industry marketing strategic is a key component of operationalizing OR's long term strategic direction. It is anticipated that at the end of Year 1 of this Business Plan, the issue of OR funding will have been resolved, as well as clarification with respect to the amount of marketing funding that will be available to the industry through OR and the role of OR relative to other stakeholders including OLG and WEG. In Year 2, OR will develop a multi marketing strategy through a rigorous and disciplined engagement process.

Actions	Timeline
6.1.1 Development of an industry marketing strategy consultation instrument	Q1
6.1.2 Consultation/engagement process with the sector, including discussion with the Advisory Councils	Q2
6.1.3 Release of the findings report/summary of the input identifying areas of consensus and points of divergence	Q3
6.1.4 Opportunity for additional comments based on the findings report, including discussion with the Advisory Councils	Q3
6.1.5 Development and approval of the draft strategy and implementation plan for approval of the Board of Directors	Q4
6.1.6 Communication of the strategy and implementation plan to the sector and establishment of a regular reporting mechanism on progress/performance indicators	Q4

## **Impact on Stakeholders**

The impact of the marketing strategy will be defined through the development process and will not be felt during this business planning cycle. For this impact on stakeholders is primarily related to the effectiveness and transparency of the consultation process.

## **Performance Measures**

The multi-year marketing strategy will include performance measures. For the process to develop the strategy during Year 2, OR's key performance measures will be:

- Number of individuals and organizations participating in the consultation process
- Level of satisfaction among OR stakeholders with the quality of the OR engagement process
- Level of support for the multi-year marketing strategy



## 6.2 Horse Ownership Strategy

### Description

Promoting horse ownership is an industry priority and is a component of OR's long term strategic direction. It is anticipated that at the end of Year 1 of this Business Plan, the issue of OR funding will have been resolved, as well as clarification with respect to the amount of marketing funding that will be available to the industry and the role of OR in marketing relative to other stakeholders including OLG and WEG. In Year 2, OR will develop a multi-year horse ownership strategy through a rigorous and disciplined engagement process.

Actions	Timeline
6.2.1 Development of an industry marketing strategy consultation instrument	Q1
6.2.2 Consultation/engagement process with the sector, including discussion with the Advisory Councils	Q2
6.2.3 Release of the findings report/summary of the input identifying areas of consensus and points of divergence	Q3
6.2.4 Opportunity for additional comments based on the findings report, including discussion with the Advisory Councils	Q3
6.2.5 Development and approval of the draft strategy and implementation plan for approval of the Board of Directors	Q4
6.2.6 Communication of the strategy and implementation plan to the sector and establishment of a regular reporting mechanism on progress/performance indicators	Q4

## **Impact on Stakeholders**

The downstream impact of the marketing strategy will be defined through the development process and will not be felt during this business planning cycle. For this cycle, the impact on stakeholders is primarily related to the effectiveness and transparency of the consultation process.

## **Performance Measures**

The multi-year marketing strategy will include performance measures. For the process to develop the strategy during Year 2, OR's key performance measures will be:

- Number of individuals and organizations participating in the consultation process
- Level of satisfaction among OR stakeholders with the quality of the OR engagement process
- OR stakeholder perceptions of the transparency, accountability, and representativeness of the Board of Directors as measured by the annual OR stakeholder survey.



## 6.3 Further Phased Implementation of HIP Changes

### Description

In Year 2, OR will implement the next phase of changes to HIP (for the 2019 program) arising from **5.3 Horse Improvement Program Review**.

Actions	Timeline
<b>6.3.1 Implementation of next phase of HIP changes</b> <ul style="list-style-type: none"><li>TBD based on implementation planning developed in Year 1</li></ul>	Completed for 2019 HIP

### Stakeholder Impact

The impacts on stakeholders will be assessed and reported based on the outcome of **5.3 Horse Improvement Program Review**, including the phased implementation plan.

### Performance Measures

Performance measures will be developed once the future strategic direction for HIP and the implementation plan are developed.



## 6.4 Industry Open Data and Information Initiative

### Description

Pursuing transparency in collecting and sharing data and information about all aspects of horse racing is an important component of OR's long-term vision. In Year 2 of this business planning cycle, OR will develop and implement an open data and information program that will provide OR stakeholders, government partners, and the public with open and transparent access to a range of industry data and information to support planning and decision making across and at levels within the sector.

Actions	Timeline
<b>6.4.1</b> Engagement process to obtain industry and government partner input on the Framework and program options, including input from the OR Advisory Councils, and reporting back on the industry on the input	Q1
<b>6.4.2</b> Based on the industry input, development of an Open Data Framework and program options, including potential scope, technology requirements, future costs/resource requirements and performance measures.	Q2
<b>6.4.3</b> Consultation with the OR Advisory Councils on the preferred approach	Q3
<b>6.4.4</b> Review and approval by the Board of Directors	Q3
<b>6.4.5</b> Implementation underway	Q4 and into F20

### Stakeholder Impact

The anticipated impacts of open data on stakeholders will include:

- Enhanced empowerment
- Improved or new private products and services
- Support for innovation

- New knowledge

## **Performance Measures**

Performance measures will be developed as part of the program design.



## 7. Performance Metrics

OR is committed to demonstrating its effectiveness in terms of delivering on its mandate, as well as our compliance with all Transfer Payment Agreement requirements, through the development and rigorous reporting of key performance metrics that align with our mandate and vision. This will include the following elements identified in our TPA:

- Acting as the voice of the industry.
- Directing breed improvement programs and acting as Program Administrator for the three breeds and their respective horse improvement programs.
- Supporting the annual program of races and purses.
- Attracting new horse owners.
- Building a fan base.
- Connecting with the industry, government and public.
- Working with OLG on the integration of horse racing within Ontario's gaming strategy.
- Participating as an industry representative for the development of a new funding agreement with OLG.
- HIP review.

Our challenge will be that the full list above reflects a future-state OR, where we are executing our mandate with full effectiveness on all fronts.

As discussed elsewhere in this Business Plan, our immediate focus over the next two years will be on laying the foundation for future success – through more inclusive governance, securing long term funding, resolving our long-term funding, development a new future-facing strategic direction for HIP, and developing long term marketing strategies.

As part of this 2-year business planning cycle, we will be able to report on performance metrics in the following areas:

- Directing breed improvement programs and acting as Program Administrator.
- HIP review
- Supporting the annual program of races and purses.
- Connecting with the industry and government
- Working with OLG on the integration of horse racing with Ontario's gaming strategy
- Participating as an industry representative for the development of a new funding agreement with OLG

With respect to **Acting the Voice of the Industry**, our reporting metrics will be based on initial steps and will evolve over time as follows:

- The key measurement of OR's ability to act as the voice of the industry is dependent on the extent to which the organization has the confidence, support, and buy-in of the sector. In F18, we are instituting an annual survey process within the industry to establish a baseline measurement of our effectiveness and to track and report back to the industry on those measures over time in key areas:
  - Representativeness
  - Inclusiveness
  - Transparency

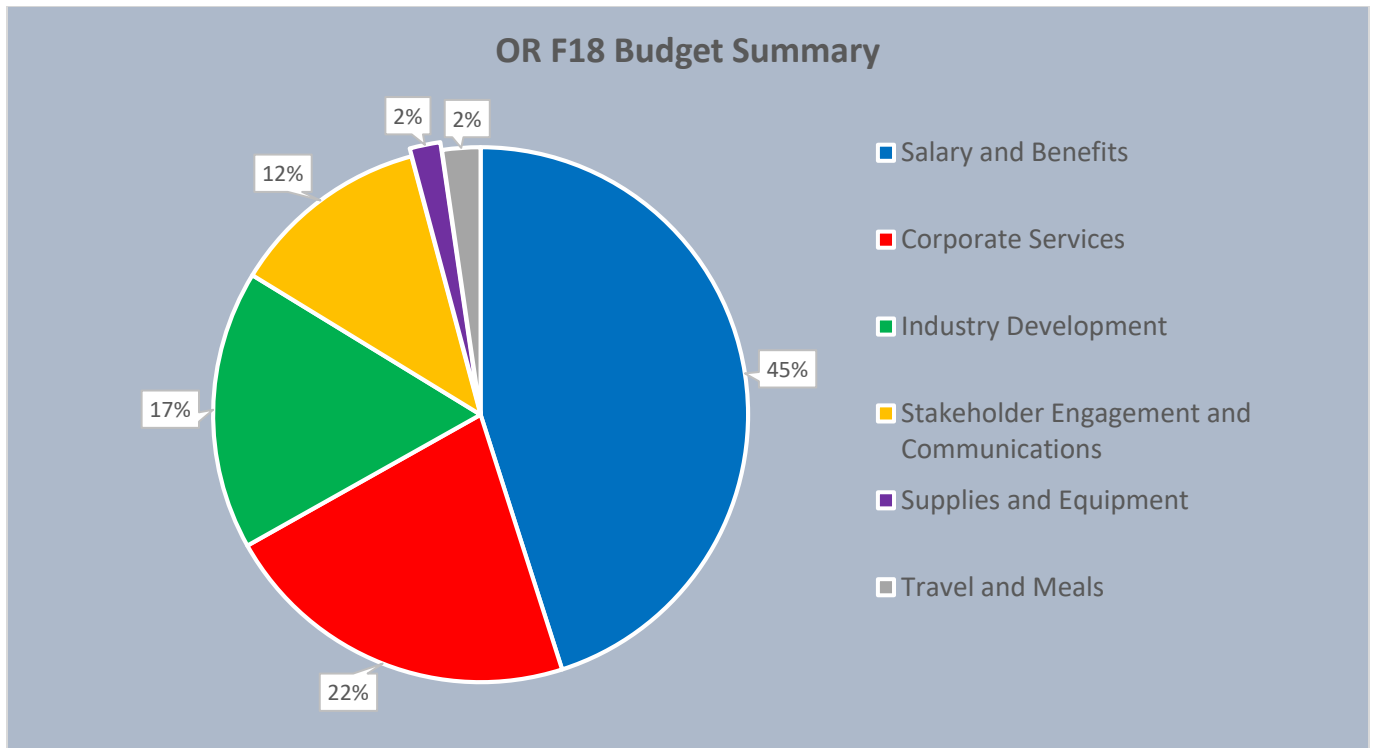
In other performance metric areas identified in the TPA, we will be able to define but not begin to report on some the following elements by the end of this business planning cycle:

- **Attracting new horse owners:** The development of a multi-year strategy, including key performance metrics related to horse ownership is a key strategic initiative will take place in Year 2 of this Business Plan. It is essential that this be accomplished through careful, planned, and intensive engagement with all parts of the sector and our government partners. Our sense is that this cannot take place during Year 1, in part because of OR's limited resources, but more importantly because there is a limit to how much meaningful consultation can take with the sector at any given time. As described elsewhere in this Business Plan, sector engagement during Year 1 will already be very intensive, with its necessary focus on resolving critical issues related to OR long-term funding, resolution of PMTR issues, and the future strategic direction of HIP.
- **Building a fan base:** The development of a multi-year OR marketing strategy, including key performance measures related to building a fan base, will take place in Year 2 of this Business Plan. As above, it is essential that this be accomplished through intensive engagement with all parts of the sector and our government partners.
- **Connecting with the public:** As demonstrated in this business plan, our activities over the next two years will be primarily focused within the industry. We anticipate that our ability to advance the public facing part of our long term strategic direction and mandate, other than through the development of the multi-year horse ownership and marketing strategies, and mandate will be very limited.

## 8. Budget Summary

OR's budget for F18 is based on known funding provided through the AGCO. The budget for F19 will be depending on the outcomes of consultations with the sector and further discussions with the AGCO, OLG, and the Ministry of Finance with respect to changes to PMTR.

The following graphic shows a breakdown of the OR budget by major category:



A more detailed summary of the budget is provided in the table on the following page:

## 8.1 OR Board Approved F18 Expenses



### Ontario Racing Association Operating Budget April 1, 2017 - March 31, 2018

	<b>Fiscal 2018 Budget</b>
<b>Revenue</b>	
Cost Recovery	
Rent (from AGCO)	\$ 123,500
Salaries	\$ 307,700 a
Total Cost Recovery	<u>\$ 431,200</u>
Government Funding	\$ 1,750,000
Miscellaneous Revenue (HST recoverable, interest)	\$ 100,500
<b>Total Revenue</b>	<u><u>\$ 2,281,700</u></u>
<b>Expenses</b>	
Salary and Benefits	
OR Full Time	\$ 678,000
Or Seconded, Consultant, Part-Time	\$ 207,200
Programs	\$ 143,200 a
Total Salary and Benefits	<u>\$ 1,028,400</u>
Corporate Services	
Audit	\$ 25,100
IT Consulting	\$ 10,400
Legal Services	\$ 40,000
Outside Contract Services	\$ 63,600
Governance Training and Development	\$ 15,000
Recruitment	\$ 10,000
Staff Training and Development	\$ 13,000
Insurance	\$ 13,700
Rent	\$ 280,500 b
Other	\$ 25,800
Total Corporate Services	<u>\$ 497,100</u>

Industry Development	
HIP Review	\$ 210,000
Long Term Funding OR	\$ 70,000
Long Term Funding Industry	\$ 25,000
Governance	\$ 10,000
Transparency Initiative	\$ 30,000
AGCO Rules of Racing Reform	\$ 10,000
Business Plan Development	\$ 30,000
Total Industry Development	<u>\$ 385,000</u>
Stakeholder Engagement and Communications	
Branding and Promotions	\$ 100,000
Creative Content and Social Media	\$ 48,000
Magazine Advertising	\$ 10,000
Website Services	\$ 28,100
Executive Director Industry Outreach	\$ 15,000
Industry Sponsorships	\$ 40,000
OR Meetings and Events	\$ 25,000
Annual Report	\$ 10,000
Total Stakeholder Engagement and Communications	<u>\$ 276,100</u>
Total Supplies and Equipment	<u>\$ 42,400</u>
Total Travel and Meals	<u>\$ 52,700</u>
<b>Total Expenses</b>	<u><u>\$ 2,281,700</u></u>
<b>Net Income</b>	<u><u>\$ -</u></u>

*a Program Salary expense item represents only those staff working exclusively for the Programs. Salary cost recovery includes above staff plus cost allocation for shared services for staff working on both OR and Program activities.*

*b Represents gross rent paid, of which a portion is reimbursed from the AGCO.*

## 8.2 Projected Cash Flow Statement



### Ontario Racing Association Cash Flows Fiscal 2018

	Q 1	Q2	Q3	Q4	Totals
<b>Inflows</b>					
Cost Recovery - Rent	\$30,800	\$30,800	\$30,800	\$31,100	\$123,500
Cost Recovery - Salaries	\$75,100	\$74,400	\$79,400	\$79,000	\$307,900
Government Funding	\$583,400	\$291,700	\$583,400	\$291,700	\$1,750,200
Miscellaneous Revenue (HST recoverable)	\$34,400	\$28,600	\$20,100	\$17,600	\$100,700
	<u>\$723,700</u>	<u>\$425,500</u>	<u>\$713,700</u>	<u>\$419,400</u>	<u>\$ 2,282,300</u>
<b>Outflows</b>					
Corporate Services Totals	\$129,500	\$130,800	\$123,300	\$113,100	\$497,700
Industry Development Totals	\$192,000	\$128,000	\$42,500	\$22,500	\$385,000
Salaries and Wages Totals	\$229,100	\$229,700	\$277,200	\$292,000	\$1,028,000
Stake Engage and Communication Totals	\$84,500	\$66,200	\$62,800	\$62,800	\$276,300
Supplies and Equipment Totals	\$8,600	\$17,700	\$8,200	\$7,800	\$42,300
Travel and Meals Totals	\$13,400	\$13,200	\$13,200	\$13,200	\$53,000
	<u>\$657,100</u>	<u>\$585,600</u>	<u>\$527,200</u>	<u>\$511,400</u>	<u>\$ 2,282,300</u>

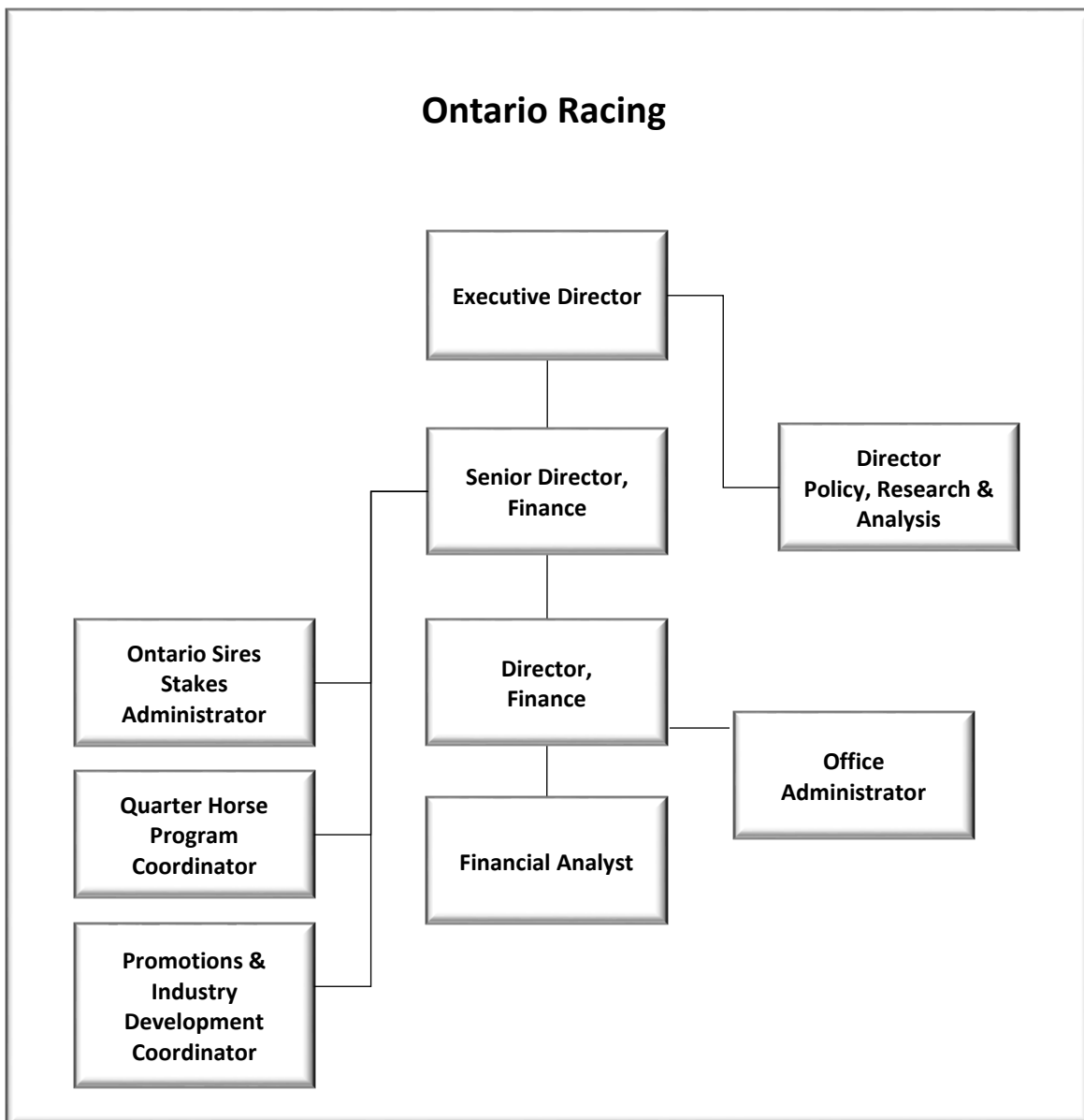


## 9. Human Resources Summary

Ontario Racing is adequately staffed to achieve the deliverables described in this business plan. TH total staff complement is 9 FTEs (5 Management, 4 Staff) as follows:

- Contract: 1 FTE
- Permanent FTEs: 7
- Secoded FTEs: 1

### Organizational Chart



## **10. Corporate Services Functions**

As reported previously, a full suite of OR Corporate Services functions appropriate to the size and scope of OR operations, was established prior to this business planning cycle, during F17. The following were completed, including transfers of service provision from AGCO to OR:

### **Head Office:**

- Establishment of head office at Suite 400, 10 Carlson Court, Toronto, Ontario M9W 6L2

### **Legal and Tax Status:**

- CRA, Business Number, Employee Health Tax registration, WSIB eligibility

### **Finance and Administration:**

- An internal finance and administration service with 4 FTEs.
- Establishment of the following: financial/banking authorizations, annual budgeting process, internal expenditure monitoring process, chart of accounts, facilities agreement, procurement policy, expense policy, and insurance.

### **Human Resources:**

- Retention of an external employee benefits provider (Rwam Insurance Administrators Inc.) as well as external payroll administration service (Ceridian).
- Establishment of Human Resources policies related to vacation, sick day, paid/unpaid leave, and training and development
- Policy and process to maintain employee files
- Development of an employee handbook that includes all relevant employee-related policies and procedures

### **Information Technology:**

- Establishment of OR website and social media presence, including retention of external web service and social media service (The Pixel Shop)
- Retention of external IT services provider (MIT Consulting), including: equipment, network, email, cloud remote, support/helpdesk, backup and recovery, security and facility access

# **11. Audit, Risk Management, and Internal Controls**

## **11.1 Independent Financial Audit**

OR utilizes an independent external auditor for financial auditing and compliance purposes. In F17, BDO LLP was retained as OR's auditor.

OR's annual independent audit planning process includes the following elements:

- The Board of Directors as a committee-of-the-whole provides oversight to the financial audit process, coordinated with Management through the Executive Committee.
- The selection of the independent external auditor is made through a competitive selection process.
- The annual Audit Plan is presented by the external auditor to OR's Board of Directors for their approval.
- The audit of the annual financial statements of OR is performed by BDO. The scope of the annual audit is determined by BDO, and includes the collection of sufficient and appropriate audit evidence to enable them to provide an audit opinion. At a minimum, the scope includes:
  - Audit of OR financial statements to determine compliance with Canadian accounting standards for not-for-profit organizations. The external auditor will also include relevant advice with respect to internal financial controls, if warranted.
  - The OR financial statements will include the results of the standardbred and thoroughbred funds of the HIP, as well as the Quarter Horse Racing Industry Development Program (QHRIDP). As these Programs are under the control of OR, the results are included in the annual financial statements of OR, but will be disclosed separately as schedules to the statements. This will enable the results of the Programs and OR to be separately disclosed.
- The Board of Directors receives the independent audit report from the external auditors, and has an opportunity to meet with or receive independent advice from the external auditor as determined by the Board.
- The report of the independent auditor is approved by the Board and then posted on the OR website, subject to the OR Board of Directors transparency policy.

## 11.2 Risk Management

OR's Risk Management Plan contains the following elements which will be undertaken and completed in F19:

- Development of a Risk Management policy for approval of the Board of Directors, including requirement for a baseline risk assessment, development of risk management strategies, and annual and multi-year review and renewal requirements.
- Preparation of the baseline risk assessment for presentation by Management to the Board of Directors, including Board discussion, review, and approval.
- Preparation of risk management strategies by Management for review and approval of the Board of Directors.
- Publication of the Risk Management Policy, risk assessment, and risk mitigation strategies on the OR website, consistent with the Transparency Strategic Initiative.

## 11.3 Control Plan – Horse Improvement Plan

OR's control plan for the Horse Improvement Program focuses on documenting the functional elements of quality control that have been implemented to ensure that quality standards for the administration of HIP are met. The purpose of the controls plan is to ensure that HIP participants are correctly deemed eligible for program payments. The control items being implemented are based on the recommendations produced during an independent external review of HIP controls that was completed by Kriens~LaRose, LLP in F17.

## 12. Accessibility Plan

The following measures will be undertaken by OR in F18 to ensure compliance with the AODA:

Action Item	Timeline
a. Approval of an Accessible Customer Service policy.	Q1
b. Review of all communications (digital and other) to ensure that means are in place to provide information and communication in an accessible manner to persons with disabilities.	Q2
c. Establishment and communication of a process to receive and respond to feedback related to OR's provision of customer service to persons with disability.	Q2
d. Training for all OR Directors and staff on providing accessible customer service and interacting with people with various types of disabilities.	Q2