



ONTARIO RACING

ANNUAL REPORT

2017

ABOUT

ONTARIO RACING

Ontario Racing Association (OR) is a not-for profit Ontario Corporation that represents the horse racing industry to the public, industry partners and government focusing on the areas of horse improvement, racing programs, communications, marketing, business development and industry standards. As OR works to meet its responsibilities, it will strive to effectively represent its members, provide advice to government and their agencies and to deliver industry programs while providing input on industry strategy aimed to beneficially impact employment and the rural economy. In particular, OR aims to play a key-role in the coordinating of race dates and distribution of purse monies.

OR is committed to effective decision making and collaborative partnerships that are necessary to grow the industry and ensure all segments of the industry-racetracks, owners and breeders have the potential to be sustainable and profitable.

OR collects and distributes information to industry participants, and government regarding wagering, purses, horse supply and funding to ensure transparency, accountability and integrity.



We would like to thank Brian Acton, Jeff Bowen, Krista Carignan, Clive Cohen, Santino Di Paola, Sharon Harbaruk, Dave Landry, Lori Martin, Hayley Morrison, Ericka Rusnak, John Watkins, Matt Waples and Will Wong for use of their photos, some of which appear here, as well as on Ontario Racing's website and social media channels. We also thank the many Ontario racetracks and horse racing organizations that contribute their photos to OR.

MISSION, VISION & 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

- To promote the horse racing industry as a vital part of Ontario's agricultural, sports, entertainment, and gaming sectors.
- To educate the public and stakeholders about the financial, employment and community benefits of the horse racing industry.
- To advance industry 'self-determination' as the basis for policy development and decision making on important issues that affect the industry.
- To be the authoritative voice of horse racing, informing public policy development and guiding the progressive tactics and strategies of the industry.
- 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.
- To engage and consult broadly to consolidate industry views and perspectives as a basis for guiding beneficial activities, programs and priorities.
- 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.
- Consolidate, and administer government and industry programs that benefit the industry.



ONTARIO'S RACING INDUSTRY BY THE NUMBERS

ANNUAL GDP

\$2.3 BILLION

Source: Econometrics Research Limited, 2017.

NUMBER OF JOBS

45,000

NUMBER OF HORSES

29,000

NUMBERS BASED ON SURVEY DATA COLLECTED IN FALL 2015 AND ON STAT CANADA MULTIPLIERS THAT ARE SUBJECT TO UPDATE

ANNUAL VALUE OF WAGERING

Fiscal Year Apr 1-Mar 31	Ontario Customers Wagering on Ontario Tracks	Ontario Customers Wagering on Non-Ontario Tracks	Other Canadian Customers Wagering on Ontario Tracks	Foreign Customers Wagering on Ontario Tracks	TOTAL GROSS BET
2016-2017	\$236,689,338	\$645,423,326	\$72,298,722	\$630,877,187	\$1,585,288,573
2015-2016	\$239,706,130	\$627,898,133	\$73,973,286	\$600,881,191	\$1,542,458,740

Source: Canadian Pari-Mutuel Association, 2017





CHAIR'S LETTER

Ontario Racing (OR) is a newly-created horse racing industry association, which was established to serve as the successor organization to the Ontario Horse Racing Industry Association (OHRIA).

The horse racing industry in our province has changed dramatically over the past several years. Some of these changes include a new regulator (the Alcohol and Gaming Commission of Ontario), a mandate by the government to better integrate horse racing into the overall gaming modernization strategy of Ontario Lottery and Gaming, and a recently implemented industry funding program (The Horse Racing Partnership Program).

To ensure horse racing achieves the goal of becoming a sustainable and viable industry, Ontario Racing has taken on a leadership role as a new sector association to achieve the following:

- Act as the voice of the industry and work with our government partners to secure a new, performance-based long-term funding agreement.
- Advance business initiatives that will increase pari-mutuel wagering.
- Ensure that a viable horse racing industry benefits and supports investment and economic growth in rural and small-town Ontario.

To achieve our goals, Ontario Racing's key approach is to serve as a representative, accountable and transparent association for all horse racing participants in the province. After our first year, we have made progress in establishing a new governance structure for the association, with a new board of directors, corporate by-laws and directors' Code of Conduct.

OR, also in its first year, carried-out comprehensive, industry-wide consultations on a wide variety of sector issues, demonstrating an ability to listen and utilize input from hundreds of diverse industry members.



Last year, OR also made its first strides in obtaining and publicly disclosing important industry funding and wagering data to help enhance transparency and integrity.

Ontario Racing has an important direct role in the sector, with responsibility for directing breed improvement programs, setting an annual program of races and purses, attracting new horse owners, building a fan base and connecting the industry with government and the general public.

The benefits to taxpayers and the government are vital. In Ontario, horse racing has a significant economic footprint, with over 29,000 active race horses, 10,000 races at 15 racetracks, and over 45,000 full-time employees. Ontario horse racing generates an over \$2 billion contribution to the province's GDP, a large part it relating to agricultural activities in rural and small

town Ontario. Last year, there was over \$850 million in wagering on Ontario racetracks.

The horse racing industry is vital to the agriculture sector and rural communities across Ontario. By working together with our government partners to secure an agreement for long-term funding in horse racing, rural jobs will be protected, and a strong, sustainable industry will result.

Ontario Racing, as the new industry association for horse racing in Ontario, consulted with horse racing industry stakeholders regarding a proposed long-term funding framework in support of a sustainable live horse racing industry in Ontario. This initiative was a major focus of our work during 2016, and will continue to be into the year ahead. Achieving long-term stability and viability is the most important issue facing our industry today.

In achieving economic sustainability, the horse racing sector will be better empowered to have control over its own future, and ensure long-term funding better enables business decisions made by the industry to ensure future sustainability and economic growth.

Moving forward, the future of horse racing will require the support, cooperation and commitment of all our industry members, from racetrack operators, to horse owners and breeders, drivers, jockeys, trainers and groomers. Together, with the dedication and professionalism our industry is known for, we all must work to improve industry performance, demonstrate the value of our industry to the economy, and support one vision to make Ontario a place for world class horse racing.

Hugh Mitchell, Chair



WHAT WE DO

ONTARIO RACETRACKS

1. Lakeshore (Leamington) Raceway
2. The Raceway at Western Fair District 1/2 Mile
3. Dresden Raceway 1/2 Mile
4. Hiawatha Horse Park 5/8 Mile
5. Fort Erie Racetrack
6. Clinton Raceway 1/2 Mile
7. Grand River Raceway 1/2 Mile
8. Flamboro Downs 1/2 Mile
9. Mohawk Racetrack 7/8 Mile
10. Hanover Raceway 1/2 Mile
11. Woodbine Racetrack 7/8 Mile
12. Ajax Downs
13. Georgian Downs 5/8 Mile
14. Kawartha Downs 5/8 Mile
15. Rideau-Carleton Raceway



PROGRAMS

Ontario Racing administers a number of programs to racetracks and horsepersons across the province.

RACE DATE CALENDAR

Ontario Racing (OR) is mandated with providing recommendations to Ontario Lottery Gaming (OLG) and the Alcohol and Gaming Commission of Ontario (AGCO) on matters relating to setting the annual Ontario racing program. Our objective is to support the development of a world-class racing program that provides an optimal live racing experience for fans across the province.

OR's role in setting the race date calendar is to gather industry feedback, review business plans & applications, provide recommendations to OLG and AGCO, and work with racetracks, OLG and AGCO to ensure race date applications are reviewed and approved in a timely manner.

The annual calendar of race dates, once approved, is also presented on Ontario Racing's website. This information includes the dates, times and racetrack locations of each race date for all fifteen racetracks across the province, providing an easy way for fans to attend races in their community.

HORSE IMPROVEMENT PROGRAM

Ontario's \$30 million (2016/17) Horse Improvement Program (HIP) is one of North America's most successful industry programs, setting the standard for excellence year after year. The program was established in 1974 as a racing and breeding incentive program and continues to this day to produce world-quality horses than can compete on the international stage.

ADMINISTRATION

HIP is administered by Ontario Racing and is funded through a percentage levy on wagering and financial contributions from the Alliance of Standardbred Tracks. Additional enhancements to the Program's Breeders Awards are provided through the government's five-year Horse Racing Partnership Funding Program.

The Horse Improvement Program is comprised of three breed-specific components, which develop program elements specific to their breeding and racing sectors:

- Standardbred Improvement Program (SIP)
- Thoroughbred Improvement Program (TIP)
- Quarter Horse Racing Industry Development Program (QHRIDP)

MANDATE

HIP's mandate is to reward excellence. Each breed group has an Industry Advisory Group that is instrumental in developing programs that support a strong and sustainable live racing product in Ontario with quality horses and competitive fields. These conditions attract enhanced wagering and thereby support the Ontario breeding sector over the long term by creating incentives for the breeding and purchase of Ontario offspring.

STANDARD BRED IMPROVEMENT PROGRAM

The Standardbred Improvement Program (SIP) is a component of Ontario's Horse Improvement Program (HIP). The program offers incentives for the breeding and ownership of Standardbred race horses in Ontario. Incentives are made available in awards and purses through Ontario Sires Stakes (OSS) races, purse bonuses and benefits for breeders and mare owners.

Ontario Resident Mare Program

Foals from mares meeting the requirements of the Ontario Resident Mare Program (ORMP) are registered as Ontario Bred. Offspring of Ontario Resident Mares are eligible for a number of incentives including Ontario Bred Rewards.

Ontario Sires Stakes Program

The Ontario Sires Stakes (OSS) Program was established over 40 years ago, in 1974 to promote the breeding of Standardbred horses in Ontario. This program provides economic incentives for breeders, owners and trainers to breed, buy and race horses in Ontario. Horses eligible for this program are the best racing horses that Ontario has to offer. Fans can see these horses race throughout the tracks in Ontario within their respective division. The OSS is part of the Standardbred (SIP) component of Ontario's Horse Improvement Program (HIP). Ontario Sires Stakes purses are estimated to be approximately \$13 million in 2016.





THOROUGHBRED IMPROVEMENT PROGRAM

The Thoroughbred Improvement Program (TIP) is a component of the Ontario Horse Improvement Program which offers incentives for the breeding and ownership of Thoroughbred racehorses in Ontario through:

- Breeders Awards
- Ontario Bred Purse Bonus's
- Ontario Restricted Stakes racing
- Ontario Sires Stakes
- Sales Stakes Program
- Stallion Awards

The primary goal of the Thoroughbred Improvement Program is to increase the quality and value of Ontario Bred race horses. Breeders and owners of Registered Ontario Breds, Owners of Ontario Sires, and progeny owners of Ontario Sires, receive benefits from the Ontario Thoroughbred Improvement Program. For 2016, nearly \$15 million was available in awards and purses plus an additional \$1.9 million in enhanced Breeders Awards and Incentives.

QUARTER HORSE RACING INDUSTRY DEVELOPMENT PROGRAM

The Ontario Quarter Horse Racing Industry Development Program (QHRIDP) was built on the framework outlined in the Quarter Horse Industry Development Plan. The Plan is a multi-year strategy to build a strong sustainable Quarter Horse racing and breeding industry in Ontario. The incentives and program elements have been and are continuing to be developed as part of the Ontario Quarter Horse Development Program and are targeted to meet the identified goals and objectives of the Plan - Breeding, Racing and Industry Development.

There are three key components to QHRIDP:

- Breeding Program
- Racing Program
- Industry Development



KEY INITIATIVES

PROMOTION & CONNECTING WITH FANS

2016 saw the release of Ontario Racing's first TV commercial to promote horse racing and connect the sport to new fans. The video titled "Your Horse" was supported by Ontario Lottery and Gaming (OLG) and produced by BBDO advertising agency. It was released in May 2016 and was aired throughout the summer and fall.

PARI-MUTUEL TAX REDUCTION (PMTR) PROGRAM

In October 2016, Ontario Racing submitted a policy recommendation to the Ministry of Finance that proposed changes to Pari-Mutuel Tax Reduction (PMTR) Program. We proposed that the 0.5% racetrack tax and regulatory fees be used to create an enhanced source of funding for a range of industry programs and services, including operational and program budget for OR, racetrack operating and capital costs, the Horse Improvement Program, and Horse People Retirement and Benefits Programs.



LONG-TERM HORSE RACING INDUSTRY FUNDING

In Ontario, horse racing has a significant economic footprint, with over 29,000 active race horses, 10,000 races at 15 racetracks, and over 45,000 full-time employees. Ontario horse racing generates an over \$2.3 billion contribution to the province's GDP.

Securing a long-term industry funding agreement is the most significant issue facing the horse racing industry. Ontario Racing, the new industry association for horse racing in Ontario, has been tasked with consulting with horse racing industry stakeholders regarding a proposed long-term funding framework in support of a sustainable live horse racing industry in Ontario.

Ontario Racing completed a public consultation on long term funding regarding a proposal developed by Ontario Lottery & Gaming (OLG), Woodbine Entertainment Group (WEG) and Ontario Racing (OR). This proposal calls for \$93.4M/year, plus \$7M for the enhanced Horse Improvement Program, towards

building a sustainable horse racing industry, for a 17-year period ending no later than 2038.

Over the course of these consultations, Ontario Racing:

- Conducted seven in-person consultative sessions, attended by a total of 260 industry participants
- Conducted two webinars, attended by a total of 362 industry participants
- Engaged the horseracing industry leadership community in two small group consultations, attended by racetrack operators and industry association leadership members
- Accepted 65 written submissions
- Posted a draft of the final report for public comment for 25 days

With the benefit of feedback and perspectives collated over the course of these extensive consultations, Ontario Racing has released ten key recommendations for how the proposed funding framework can be improved to greater support the horseracing industry as a whole.

Investments will be made based on objectives and performance measures to ensure decisions are based on evidence and value-for-money.

This long-term funding agreement will provide certainty so that tracks and horsepersons can make breeding, capital, racing program and hiring decisions. There will be less reliance on public funds, over time, after demonstrated industry growth over targets.

REGULATORY INPUT

Ontario Racing supports efforts by the Alcohol and Gaming Commission of Ontario to provide effective regulatory oversight of horse racing, while ensuring rules and procedures do not impose an administrative burden on industry. OR also supports reducing participants barriers to new investment and ownership in horse racing. During 2016, OR delivered industry input and policy recommendations to AGCO's moving ahead regulatory consultations, on important issues such as licensing requirements, the negative impact of un-regulated gambling, a regulatory framework to better enable fractional horse ownership, and, reducing the overall costs of regulatory oversight and enforcement. Ontario Racing is also a member of AGCO's three regulatory working groups, providing additional regulatory feedback on equine drug programs, officiating and rule enforcement, and health and safety (equine & human).





HORSE IMPROVEMENT PROGRAM (HIP) REVIEW

To support Ontario Racing's (OR) responsibilities for the management and administration of the \$30 million Horse Improvement Program (HIP), OR is undertaking a comprehensive review of the Program. OR has engaged two firms to work jointly on the HIP review - Research Ltd. (ERL) and Strategic Equine Inc. (SEI). The review process will be completed by September 2017.

The objectives of the review are:

- 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.

OR will utilize the findings of the independent HIP Review to help support and guide a broad HIP consultation, which will be conducted over the second half of 2017-18. The consultation will provide an opportunity for all stakeholders to provide input and advice on the direction of HIP and will help guide any changes to the program.

The HIP Review is consistent with OR's objective 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. We expect that the results of the HIP Review will provide a wealth of information to support our industry stakeholders and partners in their responsibilities for planning industry programs and strategies.

TRANSPARENCY AND DISCLOSURE

As part of Ontario Racing's commitment to transparency and industry information sharing, OR has provided up-to-date statistical and financial information that is available for members of the industry and the public to see. During 2016-17, Ontario Racing obtained and disclosed a ten-year

overview of Ontario related wagering (specifically wagering by Ontario customers, and wagering on Ontario product), funding disclosure for the Pari-Mutual Tax Reduction Program, and detailed disclosure of the Ontario Horse Racing Partnership Program funding for purses and operating purposes

GOVERNANCE & ORGANIZATION

Accountable and effective governance is a key enabler of Ontario Racing's success in representing the province's horse racing sector. 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 will be achieved through a long-term, planned process of building our credibility and legitimacy through expanding our outreach, demonstrating our values, listening, and engaging.

During 2016-17, we implemented a number of governance measures that marked the beginning of our journey:

- Confirmation of a new 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 to represent the interests of the industry as a whole.
- Established three new Board committees: an executive committee, a governance and nominations committee and a strategic planning committee.
- Struck two new advisory groups: one representing horse players and customers and one representing equine welfare interests.
- With external legal counsel support, Ontario Racing established new association bylaws and a directors' Code of Conduct to enhance accountability and ethics in the Board's decision-making.

BOARD OF DIRECTORS

Member of Ontario Racing's Board
of Directors (2016-17) are:

Hugh Mitchell	Chair
Sue Leslie	Horsemen's Benevolent and Protection Association (HBPA)
Walter Parkinson	Standardbred Breeders of Ontario Association (SBOA)
Bill O'Donnell	Central Ontario Standardbred Association (COSA)
Bob Broadstock	Quarter Racing Owners of Ontario Inc. (QROOI)
Bruce Barbour	Great Canadian Gaming Corporation (GCGC)
Glenn Sikura	Canadian Thoroughbred Horse Society, Ontario Division (CTHS)
Dr. Ted Clarke	Grand River Raceway (GRR)
James J Lawson	Woodbine Entertainment Group (WEG)
Heather MacKay	Kawartha Downs (KD)

STAFF

TBA	Executive Director
Leslie Campbell	Director of Finance
Mike Chopowick	Director of Policy, Research and Analysis
Ryan Dupuis	Senior Director of Finance & Programs
Karen Hauver	Ontario Sires Stakes Administrator Great Canadian Gaming
Jeff Johnston	Financial Analyst
Dolores Melo-Cordeiro	Office Administrator
Jackie Warner	Promotions and Industry Development Coordinator
Kathie Wilkinson	Quarter Horse Program Coordinator



FINANCES

ONTARIO RACING ASSOCIATION

Statement of Operations

Revenue

Government Funding	\$ 1,365,605
HST Recoverable	54,576
Other Income	773
	\$ 1,420,954

FOR THE YEAR
ENDED MARCH 31, 2017

Expenses

Salaries and Wages	\$ 638,688
Interim Governance Committee (Note 3)	190,137
Policy and Business Plan Development	105,909
Rent	105,792
Corporate services	77,636
Communications and social media	64,298
Stakeholder engagement	39,569
Legal services	37,638
Marketing and promotion	28,200
Audit	25,000
Staff travel and meals	24,846
Professional services	24,176
Computer equipment lease	19,622
Phone, fax, internet	17,411
Supplies and printing	13,166
Insurance	8,866
	\$ 1,420,954



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