

Ontario Racing Program

October 25, 2011



Industry Notice

Positive efforts at Georgian Downs proving successful Since August, track has posted increases in daily purses and entries

Toronto ON – Working closely with the Implementation and Monitoring (IM) Group, Georgian Downs is rebounding from a spring filled with the challenges of reduced horse supply, dropping entries and lower purses.

Similar to other tracks, Georgian was faced with a supply of 10% fewer horses. As a result, entries were low. While a wide range of classes were offered, only the lower classes filled, resulting in lower average daily purses. In April, purses averaged \$76,000 with 119 entries, and by May declined to \$70,000 with 102 entries.

Working with the IM Group, by August the downward trend was halted. Georgian Downs had returned to stronger Signature level purses and healthier numbers of entries. From August to the first week of October, daily purses for overnights grew to an average of \$83,000 with 149 entries.

“Georgian is a key player within the Ontario Racing Program, offering Signature cards of racing with the ability to offer overnight purses between \$65,000 and \$85,000,” said Mike Wilson, a spokesperson for the IM Group. “It was important they returned to these levels.”

So, how did they do it?

To begin with, Georgian took advantage of the added money and special event options available to them under the Program to target specific types of horses and to attract interest. (It should be noted that added money is not included in the calculation of daily purse levels.) To complement the many added money races for condition horses, Georgian staged a series of new added money races called the *Summit Series*. In collaboration with the IM Group, the *Ontario Graduate Series* for Ontario-sired three year olds was launched in early October. Other events are in development for November through to December.

By early August, a starter bonus program was put in place, to attract more horses from farther away. It is recognized that there is not a large local horse population to draw from in the area. (While the starter bonus ended September 30th, Georgian has now applied to have the bonus in place for November and December.) Additionally, the IM Group worked with Georgian to establish higher purses if they met the target of 12 races per card for the simulcast product. On other levels, the track was encouraged and agreed to increase the value of certain maiden and allowance classes.

All combined, the efforts proved to be very successful.

The key is coordination and synchronization with the offerings of other tracks and the available horse supply, and that is a primary role of the IM Group. By closely monitoring the condition sheets and the resulting overnight sheets, tracking entries, monitoring the classes at neighbouring racetracks, and speaking continually to race secretaries and horsepeople, the IM Group works hard to stay on top of what's happening in racing in Ontario, and either recommend or order changes where required.

The intent of establishing daily purse levels is to create greater consistency across racetracks with similar operations and encouraging horses to be raced where they will have the greatest impact for the Ontario Racing Program. For the most part, the established levels mirror what most tracks are able to offer, but what they do, is provide a framework for future decision making.

With respect to the reported projections of a Georgian underpayment, Wilson also pointed out that every track needs a balance of purse money to prepare for the upcoming season. "It's difficult to pick a date, but we've used December 31st", recognizing that at that date, purse money is already building from the day the season closes from simulcast wagering and slot revenue. The trick is determining what the right level should be at that time of year to ensure stable purse levels. Consistency and stability make for good decision making and encourage trainers and owners to invest."

Industry participants have been expressing concern about the status of the Georgian Downs underpayment. To be blunt, it's been growing for years. Georgian Downs is fortunate to have a successful OLG slots operation that is producing a very healthy purse account, especially since the expansion two years ago.

At the end of its 2010 season, Georgian's purse account underpayment had grown by half a million. This year with the Ontario Racing Program in play, the 2011 underpayment is expected to grow by about \$700,000. With the transfer of \$1 million to Flamboro, that track is also producing similar numbers, funds to be used in the future to maintain the average purses paid increase seen in 2011 and support a focused added money program.

"With a couple of exceptions, the current purse underpayments across the province are reasonable for the size of track, volume of race dates or time of year," said Wilson. "Currently, the increase to provincial underpayment is projected to be less than \$2 million, of which \$ 1.6 million is accounted for by Georgian/Flamboro. Even so, this number is far less than the \$9 million predicted by some industry commentators."

With over \$160 million in purses projected to be paid in 2011, the percentage of purse underpayment incurred in 2011 compared to purses paid, is projected to be about 1%.

Regardless of the final numbers, the Board of the Ontario Racing Commission continues to assure the racing community that purse money will remain what it always has been – **for the benefit of horse people**. The purse account underpayments remain in the accounts of the racetrack where they were generated. The determination of **how** any underpayment will be allocated is being undertaken through a planning process that started in April involving the racing community.

The only redirection of purse money authorized by the Director to date has involved tracks owned by the same corporate interest - Georgian Downs and Flamboro (Great Canadian Gaming); Windsor Raceway, Dresden and Woodstock (Winrac), similar to the approach already in place at the WEG tracks of Mohawk/Woodbine. The Ontario Harness Horse Association (OHHA) appealed the decision of the Director on this purse redirection last fall; a panel of the Commission denied the appeal. OHHA then filed a request for Judicial Review of the decision. The outcome is yet to be determined.

The Ontario Racing Program marks a significant moment for racing. It represents a commitment to live horse racing in Ontario within a framework that has a clear goal: to stabilize the industry and create more Ontario opportunities in racing. The focus of the Program goes beyond the needs of 'just one local racetrack' or 'just one local horseperson.'

The mandate of the IM Group is to implement and monitor the elements of the Ontario Racing Program and to ensure the Program is flexible enough to change, where the need for change is demonstrated and determined to be warranted.

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