



Ontario Racing

# Long-Term Funding Agreement

Report on Horse Racing Industry Consultations; Fall 2016

Ontario Racing  
400 – 10 Carlson Crt  
Toronto ON M9W 6L2  
[www.ontarioracing.com](http://www.ontarioracing.com)

February 3, 2017

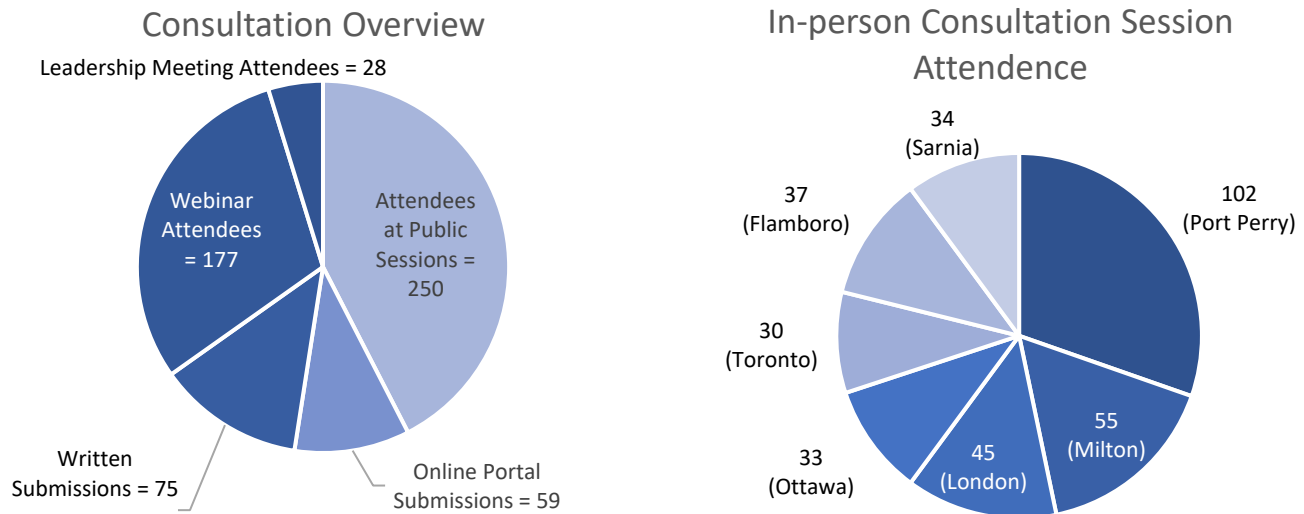
# Executive Summary

## PURPOSE

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.

This document provides an overview of the methodology by which these consultations were executed and a record of what was heard by horse racing industry stakeholders regarding the proposed framework.

## CONSULTATIONS AT A GLANCE



## WHAT WE HEARD: OVERVIEW

- The horse racing industry is generally supportive and appreciative of an annual \$93.4 million contribution from the government towards sustainability
- The proposed level of funding will provide continued certainty for investment, although concerns were expressed about the impact of rising industry costs over time on a fixed annual funding amount
- The industry is generally supportive of the length of term of seven years plus two five-year term options for renewal if the metrics and key performance indicators (KPIs), upon which renewals will be assessed, are realistic and developed with the industry
- There was a consensus among consultation participants that the creation of a new Racetrack Alliance that invites all tracks to participate is an important component of this proposal
- The industry supports the use of key performance indicators to ensure sustainability objectives are met, while conveying that performance measures account for parameters facing regional racetracks in smaller markets
- A representative, transparent, and accountable governance model for the industry is vital for ensuring the concerns of all industry members, in all horse racing regions of the province, are considered
- The horse racing industry is strongly committed to considering and pursuing new and innovative options to grow employment, expand the customer base, increase wagering, and introduce horse-themed products
- Woodbine Entertainment Group has performed well in managing the success of the current Standardbred Alliance of racetracks, however its own business objectives must be balanced with the overall best interests of the province's horse racing industry if it is to succeed as administrator of a new Racetrack Alliance

# Contents

---

- Executive Summary ..... 2
- Introduction ..... 5
  - Objectives: ..... 5
- Methodology ..... 6
  - Industry outreach ..... 6
    - Overview ..... 6
    - Industry Leadership Meeting ..... 6
    - Webinar ..... 6
    - In-person Consultation Sessions ..... 6
    - Online portal ..... 7
    - Written submissions ..... 7
    - Industry association and racetrack submissions ..... 7
    - Ontario Racing Website ..... 8
    - Paid amplification ..... 8
    - Social media outreach ..... 8
    - Media engagement ..... 8
  - Final Consultation ..... 8
- Consultation Feedback Summary ..... 11
  - FUNDING LEVELS & TERMS OF THE FUNDING AGREEMENT ..... 11
    - What We Heard: Funding Levels and Terms of the Funding Agreement ..... 11
  - CREATION OF A NEW RACETRACK ALLIANCE ..... 12
    - What We Heard: New Racetrack Alliance ..... 12
  - ALLIANCE MANAGEMENT BY THE WOODBINE ENTERTAINMENT GROUP ..... 13
    - What We Heard: WEG Management ..... 13
  - INDUSTRY REPRESENTATION AND GOVERNANCE ..... 14
    - What We Heard: Industry Representation and Governance ..... 14
  - SUGGESTED KEY PERFORMANCE INDICATORS ..... 15
    - What We Heard: Suggested KPIs ..... 15
  - ONTARIO LOTTERY AND GAMING (OLG) AND HORSE RACING INTEGRATION ..... 16
    - What we heard: OLG and Integration ..... 16
- Next Steps ..... 18
  - Appendix A: ..... 19
    - Comprehensive Consultation Participant List ..... 19

Appendix B:..... 21  
Long Term Funding Framework Powerpoint Deck ..... 21  
Appendix C:..... 23  
Online Portal Questionnaire ..... 23  
Appendix D: ..... 24  
Industry Organization Submissions ..... 25  
Appendix D: ..... 42  
Social media promotion examples ..... 42

## Introduction

---

In Ontario, horse racing has a significant economic footprint: with over 8,300 active race horses, 10,000 races and over 17,500 full-time employees, Ontario horse racing generates an over \$2 billion contribution to the province's GDP.

The Horse Racing Partnership Plan, which was established on April 1 2014, represented Ontario government's five-year plan to invest up to \$500 million to support the horse racing industry as it transitioned from the old Slots at Racetrack Program to a new and economically sustainable model. The plan reflects the hard work and genuine willingness of many in the horse racing industry to work together and build a new partnership with government.

The 2016 Budget announced that government funding for horseracing had been extended for two additional years beyond March 2019, to March 2021. The consultation on which this document is premised relates to a government proposal, represented by the OLG, for a longer-term funding agreement with the industry. The agreement would be subject to government approvals and negotiations, and would further support industry sustainability.

Ontario Racing has engaged in a comprehensive public consultation process to solicit industry feedback regarding this proposed long-term funding model. Hundreds of industry participants, representing horseperson groups, owners, breeders and racetrack management and employees, have contributed to the findings detailed in this report.

Ontario Racing began public consultations on October 12, 2016 with an industry leadership meeting, which was attended by industry association and racetrack leadership. On October 19, 2016, Ontario Racing hosted a webcast which outlined available information about the proposed framework. A recording of this webcast is now available on the Ontario Racing website. Subsequently, seven in-person consultation sessions were conducted in the following locations: Toronto, Flamboro, Sarnia, Ottawa, Port Perry, Milton and London. Opportunities for online and written feedback were also provided.

### Objectives:

- To secure a funding framework for a sustainable long term future for horseracing in Ontario.
- To seek input on the funding framework from industry participants, including trainers, owners, breeders, track operators, stable workers, track employees and other interested parties.
- To ensure that industry participants have a strong voice in the determination of next steps in the funding framework development process.

# Methodology

---

## Industry outreach

### Overview

The Ontario government, through the Ontario Lottery and Gaming Corporation, developed a proposed funding framework to support the long-term sustainability of horseracing in Ontario. As the new industry association for horseracing, Ontario Racing was tasked with soliciting feedback from a diverse range of industry participants.

Ontario Racing conducted seven in-person consultation sessions, that were attended by: track operators, owners, trainers, breeders, track employees, riders, drivers, jockeys and stable workers. Feedback was also solicited in writing, and online via the Ontario Racing website. A comprehensive list of all consultation participants can be found in **Appendix A**.

### Industry Leadership Meeting

Several days prior to the public release, via webinar, of the proposed long term funding plan Ontario Racing invited leaders from each of the horseracing organizations, representatives from each racetrack, and the Ontario Racing board, to be introduced to the proposed funding framework. This meeting was also attended by OLG and WEG leadership, to provide ample opportunity for questions and answers.

### Webinar

Ontario Racing conducted an webinar to provide industry participants and other interested parties with an overview of the proposed long term funding framework. This webinar was attended by 177 industry participants, and set the foundation for the following stages and channels for consultation. Please see **Appendix B** for a copy of this presentation.

### In-person Consultation Sessions

In-person consultation sessions were conducted at seven locations across the province, and were attended by escalating numbers of industry participants as the process unfolded. The sessions were attended by: track operators, owners, trainers, breeders, track employees, riders, drivers, jockeys and stable workers. Attendees signed-in and were provided with a funding framework backgrounder as well as a feedback card for any questions and/or comments.

Ontario Racing used a theater-style format for each consultation session. Each session was opened by the Executive Director of Ontario Racing who presented an overview of the industry association and a detailed review of the proposed long-term funding model in a manner parallel to the webinar presentation. Three quarters of the consultation time allotment was dedicated to a question and answer session to allow for an open and transparent discussion of stakeholder issues of concerns and priorities. Ontario Racing staff were present to capture the comments which are highlighted in this report.

Toronto, October 19 2016  
Holiday Inn Toronto International Airport, 2pm-4pm  
Attendance: 30

Hamilton, November 1 2016  
Flamboro Downs, 2pm-4pm

Attendance: 37

Sarnia, November 9 2016  
Hiawatha Raceway, 5pm-7pm  
Attendance: 34

London, November 13 2016  
Western Fair Raceway Agriplex, 2pm-4pm  
Attendance: 45

Ottawa, November 16 2016  
Rideau-Carleton Raceway, 5pm-7pm  
Attendance: 33

Port Perry, November 19 2016  
Golfer's Dream Golf Club, Scugog, 1pm-3pm  
Attendance: 102

Milton, November 22 2016  
Country Heritage Park, 2pm-4pm  
Attendance: 55

### Online portal

An online portal was also made available on the Ontario Racing website. See **Appendix C** for a complete version of the survey found there. Twenty-eight individuals submitted feedback to Ontario Racing via the online portal. A recording of the webinar is available alongside the online portal for ease of reference.

### Written submissions

In addition to feedback gathered in person and via the Ontario Racing online portal, Ontario Racing also accepted written feedback. During each of the in-person sessions, feedback forms were distributed. Attendees were encouraged to use these to share their feedback. Ontario Racing received seventy-one comment cards, and one written submission.

### Industry association and racetrack submissions

Ontario Racing received submissions from the following racetracks and horseracing industry associations. Please see **Appendix D**

- Central Ontario Standardbred Association (COSA)
- Dresden Raceway
- Grand River Raceway
- Great Canadian Gaming Corporation
- Horsemen's Benevolent and Protective Association of Ontario (HBPA)
- National Capital Region Harness Horse Association (NCRHHA)
- Standardbred Breeders of Ontario Association (SBOA)
- Quarter Racing Owners of Ontario Inc (QROOI)
- The WFA Raceway Corporation
- The Woodbine Entertainment Group

## Ontario Racing Website

Ontario Racing established a dedicated section on its website in support of a comprehensive industry consultation and communication program to solicit industry feedback regarding this proposed long-term funding model. The website provided viewers with information on the proposed funding model and the consultations as well as providing the platform for the online portal to provide comments.

## Paid amplification

Ontario Racing engaged Standardbred Canada's news website to amplify its consultation message. Standardbred Canada serves as the largest and most viewed news aggregator for the racing industry, and thus was a logical advertisement investment option. This advertisement received 601,200 impressions. As the consultation process progressed, this ad was updated to promote each upcoming session and to push interested parties towards the online feedback portal.

## Social media outreach

Ontario Racing's twitter and facebook pages were heavily leveraged to promote these consultations. With 2,682 twitter followers and 7,741 "likes" on facebook, these platforms provide significant access to industry participants. Each session was promoted via these channels and photos were posted to reflect industry interest throughout the process. Twenty posts were made on Ontario Racing channels.

In addition to leveraging owned social channels, Ontario Racing engaged with several facebook groups focused on Ontario's racing industry. These include the "Stand up, speak out for Ontario horse racing" group and the page belonging to the "Horse people's Alliance of Ontario".

See **Appendix E** for samples of these posts.

## Media engagement

Ontario Racing's long term funding consultations have been well covered by industry media. Trot, Standardbred Canada's publication, published four pieces. Canadian Thoroughbred also covered the sessions, with additional writing done by Kawartha Downs and the QROOI organizations as well.

## Final Consultation

The interim report will be posted on the Ontario Racing website, distributed through the Association's online distribution list and shared with all the industry associations. Ontario Racing will be gathering comments for a period of 25 days ending February 28, 2017. During this final consultation period, Ontario Racing will be meeting with industry associations and racetracks to discuss the contents of this report. A final report will be issued following this consultation period.



## Letters & Submissions from Key Stakeholder Organizations

Letters and formal submissions were received by Ontario Racing from the following organizations. Key points from their feedback are summarized below.

### **Central Ontario Standardbred Association (COSA)** **(Standardbred Horseperson group – 1,843 members)**

---

- Support for continued negotiations and advancement of the long-term funding framework.
- Support the long term financial commitment as a basis of industry sustainability. Supports WEG administration.

### **Dresden Raceway** **(Standardbred racetrack)**

---

- Support in principle for the formation of a province-wide Alliance for implementation of the long-term funding agreement.

### **Grand River Raceway** **(Standardbred racetrack)**

---

- Support for the long-term funding agreement and need to consider improvements based on the consultation with the industry.
- Supports the alliance concept and the role of WEG as the manager of the new alliance.

### **Great Canadian Gaming Corporation** **(Standardbred racetracks – Georgian Downs & Flamboro Downs)**

---

- Support for the long-term funding framework with recognized need to modify and improve the framework based on industry consultation.
- Support the concept of an alliance and management of the alliance by WEG.

### **H.B.P.A. of Ontario** **(Thoroughbred Horseperson Group – 1,600 members)**

---

- Support for further discussion, negotiation and advancement of the framework LOI.
- Support for the proposed funding, term, alliance concept, WEG administration and the role of Ontario Racing as the voice of the industry and balance to the alliance.
- Several areas of improvements recommended.

### **Standardbred Breeders of Ontario Association (SBOA)** **(Standardbred breeders group – 87 members)**

---

- Support for the long-term funding framework and recommends that discussions be initiated to modify and improve the proposed framework based on industry feedback.
- Support for the long term financial commitment as critical to investment decisions.

**Quarter Racing Owners of Ontario Inc. (QROOI)**  
**(Quarter Horse Horseperson group – 200 members)**

---

- Disappointment in the lack of clarity around governance, timing and industry revenue information.
- Support for improving the long-term funding proposal to ensure that the industry can sustain and govern itself in the long term.
- Concern with WEG administration unless reasonable controls around decision making are in place.
- Recommendations on a variety of issues connected and not connected to the long-term funding proposal.

**The WFA Raceway Corporation (Western Fair)**  
**(Standardbred racetrack)**

---

- Support for the long-term funding proposal, financial commitment and alliance concept.
- Support for WEG administration of the alliance.

**Woodbine Entertainment Group (WEG)**  
**(Thoroughbred and Standardbred racetracks)**

---

- Support for the long-term funding framework in concept.
- Recommendations for improvement through continued discussion and negotiation.

**Canadian Thoroughbred Horse Society (Ontario)**  
**( Thoroughbred breeders group - 479 members)**

---

- The Canadian Thoroughbred Horse Society (Ontario) supports the Long-Term Funding Framework and recommends to the Ontario Lottery and Gaming Corporation (OLG) that discussions be initiated to modify and improve the proposed framework based on industry consultation and feedback.

**National Capital Region Harness Horse Association**  
**(Horseperson's group in the Ottawa area)**

---

- We are in full support of the continued negotiations and advancement of the LOI, as well as the initiatives of Ontario Racing (OR), in concert with OLG and the Ontario Government, in seeking a long term sustainability model through financial commitment.

**Ontario Racing (OR) Resolution**

---

As the initial phase of this public consultation ended, the Ontario Racing board of directors reviewed industry feedback, and passed this resolution in November 2016:

*“Be it resolved that: Ontario Racing (OR) supports the proposed long term funding framework and recommends to the Ontario Lottery & Gaming Corporation (OLG) that discussions be initiated to modify and improve the proposed framework based on horse racing industry consultation and feedback.”*

As part of Ontario Racing’s efforts to ensure that all industry participants have an opportunity to share their thoughts and perspectives, this preliminary report has been released for additional industry feedback.

# Consultation Feedback Summary

## FUNDING LEVELS & TERMS OF THE FUNDING AGREEMENT

A central pillar of the proposed long term funding framework for horse racing in Ontario includes the premise of a seventeen-year term – comprised of an initial seven-year term, followed by opportunities for two five year extensions – and a continuation of current government funding levels of \$93.4 million. This reflects a need for certainty about the future of horseracing in Ontario, to permit tracks and horsepeople to make breeding, capital, racing program and hiring decisions with confidence.

### What We Heard: Funding Levels and Terms of the Funding Agreement

**Details regarding the proposed seventeen-year term, to be implemented no later than 2021, and the proposed continuation of the current annual funding of \$93.4 million, were received with appreciation by industry participants and horse racing association leadership. Concerns were raised about the potential impacts of inflation and rising industry costs on the fixed amount of annual funding over the term of the agreement. Additional concerns were raised regarding potential “claw backs,” or what the appropriate mechanism should be to ensure that a decline in government funding relative to an increase in horse racing revenues is not punitive.**

|  |
|--|
| Support regarding funding levels and agreement term:   |
| There is general appreciation and support for the government’s commitment of \$93.4 million per year. The proposed funding amount is an important step toward a stable, healthy and successful horse racing industry. The 17-year plan depicted at the consultations achieves longer term certainty, and this will help spur investment. Moving toward self-sustainability and economic viability is an important objective for the horse racing industry, and this proposal can help the industry achieve that.   |
| Concerns regarding funding levels and agreement terms included:  |
| The time-frame of 17-years is welcome, though some in the industry expressed that their challenged businesses may not survive to until 2019, when the existing TPAs expire, or 2021, when existing TPAs may be extended to.<br><br>This amount of funding may still be inadequate to support purse levels at signature level racetracks, and many consultation participants noted that \$93.4 million per year is not enough to sustain all of Ontario’s existing racetracks. Many also noted that a fixed annual amount of funding over 17-years will decline in real dollars, due to inflation and rising industry costs.<br><br>Ontario Racing also heard some participants express that government funding is not sole the solution for horseracing sustainability. These concerns included suggestions that revenue from new horse- |

|  |
|--|
| <p>racing related gaming products, and better marketing and promotions, be employed to support industry.</p>   |
| <p>Suggestions for improvement include:</p>  |
| <p>The proposed long-term funding framework does not, at this point, include confirmation regarding the funding for the Enhanced Horse Improvement Program (E-HIP). Indication regarding the long term survival of this program is needed by breeders.</p> <p>Many industry members expressed the need for increased purse amounts. There was recognition that there either needs to be fewer racetracks, or more money for the existing number of tracks.</p> |

**CREATION OF A NEW RACETRACK ALLIANCE**

The proposed long term funding framework for horse racing in Ontario is premised around the creation of a new expanded Racetrack Alliance. A condition of receipt of government support would be membership in the Racetrack Alliance. OLG would then create a single funding agreement with the Racetrack Alliance, as a replacement for the old transfer payment system.

**What We Heard: New Racetrack Alliance**

**The concept of an expanded Racetrack Alliance was welcomed by the tracks and horsepeople who have seen the positive results associated with the existing Standardbred Alliance. For those industry participants, this proposal reflects a clear and easily understood improvement on the status quo. For many outside the existing Alliance, there were questions and concerns regarding how the interests of horseracing within their region would be protected within a larger Alliance. There was significant input that was in favour of a model that invited all racetracks to join the new Racetrack Alliance.**

|   |
|---|
| <p>Participants in favour of creating a new Racetrack Alliance expressed:</p>   |
| <p>The existing Standardbred Alliance has demonstrated success in managing costs and growing wagering. Consultation participants expressed that there may be good opportunities for the new Racetrack Alliance to build on this success. Notably, at the Ottawa consultation, many expressed the desire for the Rideau Carleton Raceway to join the Alliance.</p> |
| <p>Participants opposed to creating a new Racetrack Alliance expressed these concerns:</p>  |
| <p>Many consultation participants expressed that more information is needed about the function of the current Standardbred Alliance to agree with this new proposal. There were also concerns expressed about the need for horsepeople representation within the new Racetrack Alliance. Concerns were</p>  |

also raised about how the small regional tracks would co-exist with the larger tracks; industry participants from those tracks worried that they will not receive equal funding, relative to the other tracks. Some individuals also noted that industry participants racing at the Signature track level are particularly in need of increased purses. Many suggested that some tracks would need to be closed in order to redistribute the existing funds. Finally, many also noted that this proposal does not address existing issues around Quarter Horse racing, particularly around upcoming funding gaps.

## ALLIANCE MANAGEMENT BY THE WOODBINE ENTERTAINMENT GROUP

Woodbine Entertainment Group (WEG) would be responsible for the management and the administration of the new Racetrack Alliance, leveraging WEG's expertise in operating the current Standardbred Alliance.

The current Standardbred Alliance represents a group of racetracks centered around the concentrated horse supply in Central and South Western Ontario, and has provides a measure stability and growth for participant racetracks. The current Standardbred Alliance has developed a racing plan with a coordinated year-round racing calendar that is attractive to both foreign and domestic customers, providing for consistent purse levels at each track, and enabling enhanced operational efficiencies among the tracks in the current Standardbred Alliance.

Under the leadership of Woodbine Entertainment Group, the current Standardbred Alliance tracks have seen wagering growth, successful integrated marketing efforts, and have met the objective of maintaining a live racing schedule with stable, competitive purses. Members of the alliance have also accessed Woodbine's substantial distribution network, and many administrative efficiencies have already been realized across the current Standardbred Alliance.

In recognition of this expertise and experience, WEG would be responsible for management and administration of the new Racetrack Alliance during the term of the funding agreement. WEG's management role of the Alliance would be pursuant to a management agreement negotiated with other Racetrack Alliance members.

### What We Heard: WEG Management

**While many industry participants who have experienced the existing Standardbred Alliance are supportive of this approach, Ontario Racing also heard from many industry participants who expressed concerns regarding this proposed leadership role for WEG. Specifically, concerns were raised regarding the need for a strong commitment to transparency regarding the operation of the proposed Alliance. Additional concerns were expressed regarding the process by which this leadership role was assigned to WEG. If Woodbine Entertainment Group is to be successful as administrator of the funding program, it is vital that its own business interests be balanced with those of Ontario's entire horse racing industry.**

Participants in favour of this proposal expressed the following feedback:

The current Standardbred Alliance run by WEG has been a success in its first two years, providing the industry with stability by cooperating on race dates and reducing costs for the seven participant tracks. This proposed expanded Racetrack Alliance has the opportunity to mirror this success. An additional advantage to this proposal is that WEG can access the entire North American market with

their signal; their support gives a larger platform to the signal of other tracks. As the largest player in the industry, and with the experience WEG has in running the current Alliance, many consultation participants feel that Woodbine is the logical choice to play an enhanced leadership role.

Participants opposed to this proposal expressed the following feedback:

With WEG leadership, control of the industry is centered in Toronto. To that point, many consultation participants raised concerns that WEG may not adequately consider the needs of smaller racetracks. Concerns were also raised about WEG's role in maintaining a strong horse population. There were specific concerns about transparency by WEG in their current operations, specifically regarding how commissions are distributed or received, financial disclosure and communication of information to horsepeople. Some also expressed the concern that WEG could put its own business interests ahead of what may be best for the horse racing industry as a whole.

Suggestions for improvement include:

Many consultation participants suggested that controls are needed to ensure that new Racetrack Alliance management decisions are made for the betterment of the industry as a whole. Some questions were also asked about how wagering channels, like tele-theatre, phone and online wagering, would be controlled in that new context. Finally, some suggested that it would have been appropriate to have the management of a new alliance tendered to an RFP, to ensure that the process is open and transparent.

## INDUSTRY REPRESENTATION AND GOVERNANCE

The proposed new Racetrack Alliance (RA) would be governed by a Board of Directors comprised of representatives from the Alliance, including a minority of representatives from Woodbine Entertainment Group (WEG). The Alliance would work together to create the racing program, with approval required by Ontario Racing. Ontario Racing would support the new funding framework through cooperation in the formation and organization of the Racetrack Alliance, and by reviewing and approving the Alliance's annual business plan.

OR's new interim board of directors provides an industry perspective to direct association affairs. However, many industry participants perceive that additional representation for horsepeople is required. A governance committee has been struck to work with legal experts to determine a new, permanent and representative board structure. Additional interim steps and a new structure will be in place in 2017.

### What We Heard: Industry Representation and Governance

**A common concern raised by consultation participants relates directly to complaints regarding representation of horsepeople in leadership bodies across the horse racing industry. This includes the OR board, which OR has detailed plans to improve and evolve, and the board of the proposed Racetrack Alliance. During the consultations,**

industry members consistently expressed support for improved representation and accountability in the governance of Ontario Racing, and the new Racetrack Alliance.

|   |
|---|
| Participants concerned about this component of the proposal expressed the following feedback:   |
| <p>Many industry participants expressed that horsepeople are not adequately represented by industry leadership. It was noted repeatedly that OHHA, which represents a significant portion of the Standardbred industry, is not currently represented in decision making bodies. To that end, many consultation participants noted that the OR board should be elected directly and that all industry associations should also elect their leadership. Many noted that there are many layers of industry associations and leadership throughout the industry, and it is perceived to be onerous and ineffective in many instances. To effectively represent the industry, there was significant support for a timely transition of OR's board of director's from its current composition of former OHRIA directors.</p> <p>A key piece of feedback heard from industry participants is the need for more transparency. Some data is not available from Alliance tracks; many participants expressed the need for additional disclosure. Consultation participants consistently expressed that commissions, wagering numbers, details on HPI numbers and operating costs should all be shared publicly.</p> |
| Suggestions for improvement include:  |
| <p>Many consultation participants indicated that increased communications are needed, particularly between OLG, OR, WEG and horsepeople.</p>  |

**SUGGESTED KEY PERFORMANCE INDICATORS**

The proposed long term funding framework for horse racing in Ontario will be evidence based, with investment decisions based on clearly defined performance measures. These success measures, also known as Key Performance Indicators (KPIs), will be used to determine how the investment of public funds can be made to generate the largest positive return regarding the creation and maintenance of industry jobs and also regarding the overall health of the industry.

**What We Heard: Suggested KPIs**

**Ontario Racing asked consultation participants for their suggestions regarding these KPIs. The overwhelming majority of feedback related to a focus on the need to increase the live handle at all racetracks. Other common performance metric suggestions related to breeding numbers and the number of unique starts. Many industry participants also expressed the need for research regarding correlation between handle and purse levels.**

Participants expressed the following feedback and suggestions regarding KPIs:

The most common suggestions regarding Key Performance Indicators were:

- Wagering levels, with a focus on live handle churns.
- Number of horses foaled or registered each year.
- Number of unique racing starts.
- Horse sale prices at all Ontario racehorse sales.
- Average field size per race, average card size per race date.
- Attendance levels at live racing events.
- Track operating expenses, including payroll.
- License registration numbers (numbers of licensed owners, breeders, trainers etc)
- Many participants also suggested the development of a metric that reflects the social and cultural contribution of racetracks to their communities.

## ONTARIO LOTTERY AND GAMING (OLG) AND HORSE RACING INTEGRATION

OLG is working with the Ontario government and the horse racing industry to help build a sustainable industry in Ontario. Part of this effort toward financial sustainability is integration of horse racing into OLG's provincial gaming strategy. OLG is providing support that puts a focus on horse racing to grow the customer base and ensure the industry has a strong future in Ontario by:

- helping the industry become self-governing
- providing responsible gambling expertise
- providing marketing strategy expertise
- developing new horse-themed products
- providing advice to the Province of Ontario regarding horseracing

These objectives are intended to align with the Ontario government's commitment to support live racing and to secure stable funding to the horse racing industry.

Within the proposed long-term funding framework, OLG would be party to the long-term funding agreement, along with the new Racetrack Alliance and Woodbine Entertainment Group. OLG's role would also include overseeing the new funding model, such as reviewing the new Racetrack Alliance management agreement, and making decisions on extending the term of the funding agreement.

### What we heard: OLG and Integration

**Over the course of Ontario Racing's consultations, issues were raised that were external to the scope of the proposed long term funding framework. Many of those comments pertained to OLG's management role within the horse racing industry, and particularly to the process of integrating horseracing to OLG's other lines of business. Many horsepeople and track operators engaged in discussion about the urgency of moving forward with**



**the development of new gaming products that can generate new revenue streams for Ontario’s horse racing industry. OLG’s capacity to invest in marketing and promotion of horse racing was also seen as vital for building sustainability and growing the fan base.**

Comments regarding Ontario Lottery and Gaming (OLG) and Horse Racing Integration included:

Transparency regarding OLG funding allocation is important to industry participants. Many consultation participants asked that more funding and financial information be made publicly available.

Integration of horse racing and gaming by OLG could contribute to sustainability for horse racing if new revenue streams are generated; many industry members are anxiously awaiting delivery on the government’s commitment to produce new OLG gaming products that support horse racing. During the consultation there was recognition that direct government funding alone will not result in sustainability for the horse racing industry, and that new and innovative gaming products, and marketing campaigns are necessary for revitalizing the industry.

A significant amount of feedback recommended that new revenue streams generated by other gaming products could help bolster both awareness and financial viability of racing. Some feedback suggested that new gaming products could be geared to make horse wagering more accessible, simplified and convenient for customers – for example, making horse wagering as simple and convenient as buying an OLG lottery ticket. There were many recommendations during the consultation that a timetable be set for the introduction of, and revenue sharing from, horse-related gaming products

OLG has a vital role to play in marketing and promotion of horse racing. However, some industry members feel that marketing and promotion of horse racing by OLG is a higher priority than the development of new gaming products.

Racetracks that currently have slot facilities located on their properties are concerned about potential relocation of these facilities. This is of particular concern to industry participants that race at Ajax Downs, the sole Quarter Horse racing facility. Without revenue from slot lease fees, it may not be possible for racing to continue at Ajax Downs; the closure of Ajax Downs would end Quarter Horse racing in Ontario.

According to many consultation participants, an objective of integration should be to reduce competition between horse racing and casinos, and allow the two gaming activities to complement each other. Some feedback recommended a return to revenue sharing with slot machine facilities.

## Next Steps

---

1. Gather input on the preliminary consultation report:
  - This document summarizes feedback received from industry and detailed the consultation methodology.
  - The final consultation report will be released following the close of consultation on February 28th. When combined with the initial consultation period, industry participants will have had a total of 90 days to provide feedback on the proposed funding framework.
2. This preliminary report will be released on the Ontario Racing website, distributed through the OR mailing list and shared directly with all industry associations.
3. The release of the preliminary report will be followed by a consultative session with industry associations and racetracks, to discuss the contents of the report.
4. Opportunities to provide feedback on the draft report will be available in writing and online.
5. Ontario Racing will host a public webinar, where Ontario Lottery Gaming and Woodbine Entertainment Group officials will provide an overview of the Letter of Intent for the Long Term Funding Framework.
6. The Final Consultation Report will be released, including policy recommendations made by Ontario Racing to the Ontario Government to help inform the implementation of the funding framework.

## Appendix A:

### Comprehensive Consultation Participant List

|                   |                    |                    |
|-------------------|--------------------|--------------------|
| Al Boeckman       | Debbie Slater      | James Donald       |
| Al McIntosh       | Debi O'Brien Moran | Armizag            |
| Alan Fair         | Dennis Morrissey   | James Wellwood     |
| Alex Lawryke      | Dick Lush          | Janet Mullen       |
| Andrew Cady       | Don Reid           | Jason Niblock      |
| Andrew Demetrious | Donald W Leschied  | Jean C Fravictoire |
| Andrew Wright     | Doug Reddick       | Jeff Begg          |
| Ann Lilley        | Dr Chris Robson    | Jeff Jarman        |
| Ann Straatman     | Drew Cady          | Jeff Porchak       |
| Audree Vachon     | Dustin Jones       | Jeff Wellwood      |
| Benoit Frense     | E Thomas Knight    | Jennifer Smiley    |
| Betty Ellis       | Ellie Mayhew       | Jim Ellis          |
| Bill Kulpatrick   | Eric Leghtinen     | Jim Fraleigh       |
| Bill Manes        | Estelle Clunies    | Jim Hashall        |
| Bill McMaon       | Fran Sabli         | Jim Wellwood       |
| Bob Ladouever     | Frank Di Giulio    | Jim Whelan         |
| Bob McKeen        | Fred Haskell       | Joan Cassell       |
| Brett Carachi     | Gail Woodward      | Jody Jamieson      |
| Brian Bell        | Garfield McBeen    | John Braid         |
| Brian O'Leary     | Gary Grieve        | John Burness       |
| Brian Peterson    | Gayle Sommer       | John Hayes         |
| Bruce Irving      | Geoff Davidson     | John MacMullan     |
| Carlo Micucci     | George Coleman     | John Pentland      |
| Carmen Di Paola   | Gerald Hill        | John Stolte        |
| Carol Robertson   | Gerard Catalano    | John Van Allen     |
| Catherine Day     | Gerry Sloan        | Jordan Haxym       |
| Phillips          | Gilbert Mercier    | Joyce Lehtinen     |
| Cathy Noughton    | GJ Guzzo           | Julie Coulter      |
| Cathy Scowcroft   | Glenn Pearson      | Justin Nixon       |
| Chad Gates        | Glenn Sikura       | Karen Kroger       |
| Chantal Mitchell  | Gordon McDonald    | Kathy Heys         |
| Chris Robson      | Graeme Mitchell    | Kathy McBride      |
| Corey Johnsom     | Gregory Peck       | Katie Browne       |
| D O'Brien Moran   | Harold Eder        | Ken Morden         |
| Dan Gall          | Harry Elder        | Ken Oliver         |
| Dan O'Brien       | Harry Martin       | Kim Ito            |
| Dave Boyle        | Heather MacKay     | Lesley Barter      |
| Dave Tyrrell      | J Doug Patton      | Lisa Bauer         |
| Dean Culislo      | Jack Darling       | Liz Knight         |
| Deana D'Ambrosio  | Jackie Ecker       | Lois Grieve        |
|                   |                    | Lyn Mancini        |

Lynn Farrell  
Mark Frostad  
Mark Morner  
Mark Williams  
Martin Earle  
Mary Schrama  
Megan Walker  
Melisa Hamilton  
Michael Edwards  
Michael Petetski  
Michelle Jerome  
Mike Keeling  
Mike Wade Neil  
Desborough  
Norie Hasspieler  
Pam Frostad  
Pamela Loomis  
Park Stud  
Patti Ball  
Paul Branton  
Paul Garrison  
Peter Andruser  
Peter Smiley  
Ralph A Davis  
Ralph Davis

Ralph Pearson  
Randy Fulnier  
Randy Rier  
Ray Elgie  
Rebecca Geisel  
Rebecca Singleton  
Rhonda Waechter  
Rhonda Waechter  
Richard Farrell  
Richard Gardner  
Rik Hudson  
Rob Hammond  
Robert Burgess  
Robert Woodward  
Ronald Legault  
Sam Meli  
Sam Taylor  
Scott Reid  
Sean Slater  
Shawn Minshall  
Stacey Newman  
Stan Henderson  
Stephanie Keeble  
Steve Desterd

Steve Lehman  
Steve Suttie  
Tanya Boulmetis  
Ted Bailey  
Ted Clarke  
Ted Smith  
Terry Fried  
Terry Fuer  
Theodore Burnett  
Thomas Brodhurst  
Thomas Rankin  
Tom Bain  
Tom Durand  
Tom Farley  
Tom Hamm  
Tom Knight  
Tom Valiquette  
W Lennon  
Walter Parkinson  
Warren Byrne  
William Dalious  
William Sorokolit

# Appendix B:

## Long Term Funding Framework Powerpoint Deck



1

### Ontario Racing: Background

- Ontario Racing is the successor to OHRIA, and the new industry association for horse racing in the province.
- Recognized by government – including the AGCO and the OLG – as the voice for the industry, with a mandate to advocate on behalf of the racing industry and work for a sustainable future.
- Ontario Racing will lead the consultation with the industry on a long term funding framework and agreement.
- Ontario Racing will be a 'party' to negotiating a long term funding agreement for government approval – representing the industry.

2

### Ontario Racing: Updates

- Founding OR board has been replaced with individuals from the OHRIA board who have formed an interim, transitional board of directors at Ontario Racing to provide a strong industry perspective: 5 horseperson groups and 3 tracks.
- Michael Keegan and John Snobelen have stepped down as directors, with thanks for their hard work and dedication.
- Interim board has struck a governance committee to work with legal experts to determine a new, permanent and representative board structure.
- Expanded interim board structure is expected shortly with a final structure to be in place in 2017.

3

### Long Term Funding Objective

- Objective: to create a long term funding model to sustain live horse racing in Ontario.
- To date, primary task has been engaging with partners in government, at the OLG and at WEG to create a foundation for a more stable and sustainable horse racing industry.
- Focus now on establishment of industry self determination:
  - Industry making decisions on what the future looks like, where change is needed and how public funds should be invested to have the greatest long term economic impact.
- Here today to share the share information regarding a possible approach to long term funding, and to receive and document the feedback from the industry.

4

### Key Elements

- Creating long-term funding certainty so that tracks and horsepeople can make breeding, capital, racing program and hiring decisions.
- Achieving less reliance on public funds, over time, after demonstrated industry growth over targets.
- Leveraging WEG expertise, Alliance management experience and market impact to improve product and grow wagering.
- Negotiating a single TPA so that funding can be invested across the entire industry to derive the greatest impact.
- Ensuring evidence-based decision making, informed by metrics to drive growth and the sustainability of the industry.
- Not about maintaining the status quo: challenging conversations about the changes needed for a sustainable industry.

5

### Long Term Funding Framework

Proposed long term funding framework is based on four key principles:

1. Annual Funding from the government through OLG: \$93.4 million (not indexed to inflation and scaled to industry growth)
2. Length of Term: Initial term 7 years beginning in 2021
  - ➡ Plus two five-year extensions, based on performance measures
  - ➡ Total 17 years

Extensions based on performance measures and contract compliance
3. Creation of a new Racetrack Alliance
4. Industry Leadership and Cohesiveness
  - Business plans, race dates, purse levels coordinated across racetracks

6

### Racetrack Alliance

- All Ontario Racetracks that conduct live racing, and agree to the terms of the new model, will create a new alliance.
- OLG will create a single funding agreement with the Racetrack Alliance to replace the old transfer payment system.
- Governed by a Board of Directors, comprised of representatives from the Alliance.
- WEG will responsible for the management of the administration of the Racetrack Alliance, leveraging WEG's expertise in operating the existing Standardbred Alliance.

7

### Alliance Rationale

- WEG has done a credible job at halting the declining handle and is now starting to see growth across the current Standardbred Alliance.
- With WEG's expertise, the members of the Alliance have been able to offer sustainable racing programs and obtain increased distribution.
- Since the inception of the HRPP, the Ontario based wager has grown each year. Members of the Alliance are able to tap into WEG's substantial distribution network.
- Many administrative efficiencies have already been realized across the current Alliance. Examples include central purse management and a central race office.

8

### Racetrack Alliance Creation

- Alliance to be formed with the support of OR.
- WEG will not have majority of the directors, but certain material decisions will require approval of WEG nominees.
- Alliance will enter into the Funding Agreement with OLG for receipt of Annual Funding Payment and an Administrative Payment.
- WEG will be responsible for the management and administration of the Alliance pursuant to a Management Agreement.
- WEG will prepare the Alliance Annual Business Plan, the main feature of which will be the racing program and use of OLG Annual and Administrative Payment.
- The Annual Business Plan will be approved by the Alliance and OR Boards - then forwarded to OLG and AGCO.

Confidential for discussion only



9

### Industry Leadership and Cohesiveness

- There would be performance measurements and Key Performance Indicators (KPI's), including wagering targets.
- A cost allocation agreement to ensure shared administrative efficiencies for racetracks would be required.
- A pari-mutuel wagering revenue sharing agreement would be necessary.
- There would be reporting requirements to OLG, including 5-year strategic plans.
- Ontario Racing responsibilities:
  1. Organizational support of the Racetrack Alliance
  2. Reviewing and approving Racetrack Alliance program and annual business plan

Confidential for discussion only



10



Confidential - Staff for discussion only

11

# Appendix C:

## Online Portal Questionnaire

INDUSTRY NEWS
TRANSPARENCY
ABOUT HORSE RACING
FIND A TRACK
SCHEDULES
BREEDING PROGRAMS

INFORMATION
FEATURES
CONSULTATION
RACING
TRACK EVENTS

Long Term Funding – Online Consultation Portal

Long Term Funding Consultations

Long Term Funding Online Consultation Portal

2015-16 Funding Disclosures

ACCO Consultations

Racetrack Race Date Applications

**HANDICAP CORNER**

Join the Conversation

@ontarioracing

@OntarioRacing

**FOR THE LOVE OF RACING**

Ontario Racing is engaging in industry-wide consultations on a proposed framework for long term funding for horseracing in Ontario. You can review that presentation that outlines the proposed framework here. We encourage all interested parties to share feedback by completing the survey below and sharing their thoughts and perspectives.

1. Name
2. Email
3. Select all that apply
  - Owner  Trainer  Breeder  Racetrack Operator
  - Racetrack Employee  Driver  Rider/Jockey
  - Groom/ Stable Worker  Horseplayer  Standardbred
  - Thoroughbred  Quarterhorse
4. Do you believe that this proposed long term funding framework is on the right track for the future of the racing industry in Ontario?
 

|          |   |   |   |   |       |   |   |   |    |
|----------|---|---|---|---|-------|---|---|---|----|
| 1        | 2 | 3 | 4 | 5 | 6     | 7 | 8 | 9 | 10 |
| Disagree |   |   |   |   | Agree |   |   |   |    |
5. What elements of the proposed long term funding framework do you think are most positive? Choose all that apply.
  - Level of Funding  Length of term  New racetrack alliance
  - Industry-led
6. What elements of the long-term funding framework do you think are problematic? Why? (max. 1000 characters)
7. Do you think that a roadmap or business plan for the industry as a whole will support a more sustainable industry?
 

|          |   |   |   |   |       |   |   |   |    |
|----------|---|---|---|---|-------|---|---|---|----|
| 1        | 2 | 3 | 4 | 5 | 6     | 7 | 8 | 9 | 10 |
| Disagree |   |   |   |   | Agree |   |   |   |    |
8. Does the proposed long term funding model provide you with enough certainty to invest in the Ontario horse racing industry?
 

|          |   |   |   |   |       |   |   |   |    |
|----------|---|---|---|---|-------|---|---|---|----|
| 1        | 2 | 3 | 4 | 5 | 6     | 7 | 8 | 9 | 10 |
| Disagree |   |   |   |   | Agree |   |   |   |    |
9. Prioritize (1-3) the preferred year/timeline you would like to see the funding agreement take effect.
  - 1. Prior to 2019
  - 1. In 2019 (when current government transfer payment agreements expire)
  - 1. In 2021 (after a two-year extension to current government transfer payment agreements)
10. How important are success measurements, benchmarks and key performance indicators to determining the sustainability of the horse racing industry in Ontario?
 

|          |   |   |   |   |       |   |   |   |    |
|----------|---|---|---|---|-------|---|---|---|----|
| 1        | 2 | 3 | 4 | 5 | 6     | 7 | 8 | 9 | 10 |
| Disagree |   |   |   |   | Agree |   |   |   |    |
11. What do you think those success measurements should be? (max. 1000 characters)

Appendix D:  
Industry Organization Submissions





PO Box 297, 36 Main St. N.,  
Campbellville, ON L0P 1B0  
Tel: 905-854-2672  
Fax: 905-854-2644  
Website: [www.cosaonline.com](http://www.cosaonline.com)

---

December 2, 2016

Ontario Racing  
10 Carlson Court, Suite 400  
Toronto, ON M9W 6L2

Attention: Rob Cook, Executive Director

**Re: Horse Racing Partnership Funding Program**

We, the undersigned, are writing to confirm our agreement and acceptance of the proposed Long Term funding program. Our entire working lives have been devoted to the racing industry and many own our own farms. All of us have our complete net worth invested in the industry and are concerned about the future of racing in the province of Ontario.

The funding program you have described, and the proposed Alliance of Racetracks, will ease much of our concerns.

We would be pleased to discuss this further, either through our horsemen's association (COSA) or individually.

Yours respectfully,

Jack Darling  
Richard Moreau  
Ted McDonnell  
Greg McNair  
Murray Brethour  
Scott McNiven  
Mark Horner  
Joe Hudon  
Doug Wilson  
Doug McNair  
Rob Giles  
Jim Wellwood



PO Box 297, 36 Main St. N.,  
Campbellville, ON L0P 1B0  
Tel: 905-854-2672  
Fax: 905-854-2644  
Website: [www.cosaonline.com](http://www.cosaonline.com)

---

November 30, 2016

Ontario Racing  
10 Carlson Court, Suite 400  
Toronto, ON M9W 6L2

Attention: Rob Cook, Executive Director

On behalf of the COSA board of directors, we would like to inform you that we are in full support of the continued negotiations and advancement of a LOI. We further support the initiations being put forward by OR with the OLG and the Ontario Government in moving forward on a long-term financial commitment which will give our industry sustainability.

Also, thank you for spearheading the recent industry consultations which were of great importance to our members in letting them have their input into the future of horse racing in Ontario.

COSA also supports WEG as the administrator of the funds. WEG holds world class thoroughbred and harness racing and without them there would not be a racing program in Ontario.

Sincerely,

Bill O'Donnell  
President



Tel: (519) 846-5455  
Fax: (519) 846-0206  
7445 Wellington County Rd. 21  
RR #2 Elora, Ontario N0B 1S0  
info@grandriverraceway.com  
www.grandriverraceway.com

November 29, 2016

Rob Cook, CEO,  
Ontario Racing,  
10 Carlson Court, Suite 400  
Toronto, Ontario, M9W 6L2

Dear Mr. Cook,

I am writing on behalf of the Grand River Raceway in support of the proposed long term funding agreement for the horse racing industry in Ontario that is currently under study and which has attracted both support and concern (at least at the 3 sessions I attended). Although there are several areas where there is room for development, there were constructive comments about adopting best practices (Sarnia meeting) and a need for the development of the Alliance sooner rather than later (Framboro meeting FAR track rep). There were many questions based on insecurity that comes from the short term future of our current state of affairs.

Grand River Raceway supports the development of the Alliance concept as described with Woodbine Entertainment Group acting as the service provider to facilitate the conduct of the services required to conduct racing and wagering. They are capable (the only entity that can do the job) and have done a good job with the current Standardbred Alliance. There is a need for more purse money in several operations that must be recognized. The current Alliance has succeeded in growing the wager which is one of the remedies for the purse issue.

Yours truly,

A handwritten signature in black ink, appearing to read "C. E. Clarke".

C. E. Clarke



flamboro downs limited  
P.O. Box 8220, Hamilton, Ontario L9H 6Y6

967 Hwy # 5 West, Hamilton, Ontario  
telephone: (905) 627-3561 fax: (905) 627-0480

December 2, 2016

Ontario Racing  
400-100 Carlson Court  
Toronto, Ont.  
M9W 6L2

Attention Mr. R. Cook  
Executive Director

Dear Mr. Cook:

I would like to take this opportunity to provide the support of both Georgian Downs and Flamboro Downs, as it relates to the proposed long term funding framework for Horse Racing in the Province of Ontario.

In addition, we would recommend to the Ontario Lottery & Gaming Corporation (OLG) that discussions be initiated to modify and improve the proposed framework based on the horse racing industry consultation and feedback.

Georgian Downs and Flamboro Downs continue to support the concept of a Horse Racing Alliance much like the Standardbred Alliance with Woodbine Entertainment as the "manager" of said Alliance.

Yours Truly

A handwritten signature in black ink, appearing to read "B. Barbour".

Bruce Barbour  
Executive Director  
Racing Operations

**THE H.B.P.A. of ONTARIO**  
Administrative Office  
135 Queen's Plate Drive, Suite 520  
Toronto, Ontario M9W 6V1



Telephone: 416-747-5252  
1-866-779-3067  
Fax: 416-747-9606  
www.hbpa.on.ca

*Representing the Thoroughbred Horsemen and Horsewomen of Ontario*

November 29, 2016

Rob Cook  
Executive Director  
Ontario Racing  
400 - 10 Carlson Court  
Toronto, Ontario  
M9W 6L2

Dear Mr. Cook,

Please be advised that the Board of the Ontario HBPA has discussed the outline of the proposed LOI.

While more specificity, vision and adjustments are required the HBPA Board supports continued negotiation and consultation of the long term funding and the progression of the LOI.

As such, I have copied to you below the motion of the HBPA Board in this regard.

*"To support further discussion, negotiation and advancing of the framework LOI as presented by OR through its webinar and consultation meetings. This support is based on the principles of long term funding of 93.4 million for 17 years, the formation of a new racetrack Alliance administered by WEG and OR as the Association that will be the voice of the industry to Gov't and review, approve or not, decisions of the Alliance."*

The Board wants to identify the following as some of the more relevant concerns within the current presentation that need to be addressed.

1. An inflation mechanism for purses to grow is required
2. The need for a commitment on development of horseracing gaming products to help grow industry income as other forms of gaming increase and modernize
3. A monetary allowance is needed for necessary capital investments at racetracks for safety issues and good customer experience
4. The amount of money (93.4 million) is not sufficient to keep the entire industry as it exists whole. How and when is this going to be addressed?

We trust this makes our support clear.

Best,

President  
HBPA of ONTARIO



Standardbred Breeders of Ontario Association

December 2, 2016

Dear Rob,

On behalf of the Standardbred Breeders of Ontario Association (SBOA) I would like to extend our sincere thanks to you and Ontario Racing (OR) for engaging Ontario's Standardbred horse breeders in the consultations for the proposed long-term funding model for Ontario's horse racing industry.

As Standardbred breeders, a long-term funding model is essential to creating a vibrant and sustainable breeding industry within the province. The Ontario Standardbred breeding industry continually produces high quality horses that compete at the top levels of racing both domestically and internationally. This requires long term financial commitments with an expected return on investment. A long term funding model will further promote industry confidence, thus encouraging breeders to continue to make investments and to produce horses that are in demand.

The Standardbred Breeders of Ontario Association is in support of the long term funding framework and recommends to the Ontario Lottery & Gaming Corporation (OLG) that discussions be initiated to modify and improve the proposed framework based on horse racing industry consultation and feedback.

The Standardbred Breeders of Ontario Association is more than willing to assist OR, OLG and the Province in further developing and initiating a long term funding framework that benefits all sectors and partners within Ontario's horse racing industry.

Sincerely,

A handwritten signature in black ink that reads "Walter Parkinson". The signature is written in a cursive, flowing style.

Walter Parkinson  
Assistant Farm Manager – Seelster Farms Inc.  
President – Standardbred Breeders of Ontario Association



11 Harwood Avenue South, Suite # 202  
Ajax, Ontario L1S 2B9  
Phone 905-426-7050 • Fax: 905-426-7093  
[groiheadoffice@gmail.com](mailto:groiheadoffice@gmail.com)

---

Ontario Racing  
Rob Cook – Executive Director

Mr. Cook,

The Quarter Racing Owners of Ontario Inc. and our horsemen look forward to the continued consultation and negotiations that will provide the framework for the Ontario Racing Industry over the next 20+ years. Through our attendance at the industry consultations that took place in October/November this year, we were disappointed with the lack of clarity around governance, timing and information about all sources of industry revenues. The Ontario horse racing industry relies on approximately \$322M, of which only \$99.7M (31%, including breeder's incentives of \$7M) came from the HRPP in 2015. The remainder, approximately \$222M (69%), is generated by contributions from OLG slots at racetracks leases (approx. \$50M) and wagering revenues (approx. \$172M, net of provincial and federal taxes, and including PMTR of approx. \$58M). Both of these other sources of funding are critical to industry sustainability and have not yet been elaborated on in the consultations.

We fully recognize that OLG has originated this plan and Ontario Racing is trying to consult industry on it, get feedback, and provide guidance to decision makers including the OLG, OMAFRA, Ministry of Finance and the OR board. We feel that it is extremely important to get this right the first time and that is why we have decided to provide you with some key suggestions to ensure that the industry has the capacity to sustain and govern itself over the long-term.

Our submission herein constitutes various suggestions aimed at identifying fatal flaws and improving what we know about the currently proposed plan. We expect that we will have additional comments and positions on matters as they arise from your consultation summary report, and through future rounds of consultations where we may learn more.

#### **SITE SECURITY**

The future of horse racing in Ontario is dependent on the continued success of a variety of tracks located in geographically strategic locations. OLG must work to secure these key racing sites across the province by providing racetrack operators with long term lease agreements that coincide, at minimum, with the term of the long-term funding plan. Approximately one sixth of all racing industry revenues (~\$50M) is derived from OLG leases. The racing industry would be unable to operate without them today, and growth in leases through gaming expansion (and subsequent contribution to horse racing) will be the single largest driver of sustainability going forward.

#### **SMALL TRACK SECURITY/QUARTER HORSE FUNDING SECURITY**

Funding must be designated and directed to specific sectors within the industry. Funds should be set for: Standardbred Grassroots/Regional Track Purses, Standardbred Purses, Thoroughbred Purses, Quarter Horse Purses and Track Operations.

WEG currently receives all province-wide revenues from teletheatre and internet wagering, which equates to approximately \$845 million wagered (FY14) and generates approximately \$114 million in additional revenue, which as been entirely retained, as far as we know, by WEG. Funds from these streams should also be set-aside for Alliance and Operational funding while additional purse money should be directed to breeds based on OLG performance measures. These funds would then be required to be spent within their designated sector with the WEG-administered alliance and restricted from being able to move funding between the sectors.

### **WEG-CONTROLLED ALLIANCE**

Real or perceived, Woodbine control of the industry is a significant concern for all in the sector other than WEG. Unfortunately, we are required to operate within a single TPA system, therefore it is important to put in place a variety of fair and reasonable controls designed to ensure balance in industry decision-making. This is not only a track issue but is crucial for horse people, who should also have a dedicated line to the Alliance.

Alternatively, many concerns may be resolved by providing sector-specific funding security as described above. The support and consultation of horse people would be required for changes to purse allocation programs, while track support would be required to resolve operational issues and/or consolidation.

### **ONTARIO PRODUCT FOCUS**

WEG must utilize the teletheatre network and internet wagering platforms to expand wagering on Ontario product first. We have experienced this first hand in the quarter horse industry, where we have a monopolistic ADW platform (HPI) and OTB network, now entirely controlled by WEG, that has historically favoured other product and has left quarter horse racing with a severely limited opportunity for exposure.

### **REWARD FOR SUCCESS**

We believe that KPIs should provide (i) a way to measure the industry fairly and effectively, with consideration of each breed/sector's unique attributes (ie. It is all relative). Furthermore, we believe those same KPIs should be utilized to provide incentive for growth through a reward system.

KPIs under development by OLG, OR and OMAFRA should continue to focus on growth of LIVE ON TRACK wagering and should also consider the individual earning potential of the horse (e.g. unique starters province wide x total purse by breed).

KPIs should also look to racetracks that are performing well and measure on-track attendance and wagering development. This information not only provides a way of measuring the success of our industry but can also be used as a benchmark to determine each sector's share of wagering revenues generated at teletheatres and through internet wagering platforms. We believe strongly that, the revenues generated from these wagering platforms, if they remain a monopoly, should be controlled by Ontario Racing, with WEG maintaining its established administration and management of them as part of the proposed WEG administration agreement.



## **LOI "CLAWBACK" PROVISIONS**

The "clawback" provision of the LOI puts all tracks (especially those that are for-profit) at a competitive disadvantage to all other potential gaming sites. The "clawback" provision is only effective in an environment where racetracks have a secure long-term cash flow in which they can contribute back a reasonable portion of said cash flow to the industry.

In the current environment of site competition as a result of the OLG modernization process, the existence of this "clawback" creates a disincentive for racetrack operators to run live racing and therefore it should be modified from its currently proposed form.

## **ONTARIO RACING – GOVERNANCE**

Ontario Racing will need to be an organization that has support of the entire industry. As the Alliance will be racetrack controlled, horse people should have a majority role at Ontario Racing. There should be representation from all three breeds both as horseman and breeders and those representatives should be duly elected by their membership. At no time should horsemen be appointed to serve at Ontario Racing, they must be elected and it is Ontario Racing's job to ensure that elections are held in a manner that cannot be challenged by horsemen that disagree with the results. Although the exact structure of the board needs further work, we believe that this provision is the only way that our industry will come together. We live in a 'democratic' society and should stand up for those values.

I look forward to meeting with you to discuss this submission. We are dedicated to working through the challenges that we are facing in order to ensure that Ontario Racing can be an effective governing body and so that horse racing remains a vibrant industry in Ontario for future generations.

Sincerely,

Bob Broadstock  
President  
Quarter Racing Owners of Ontario Inc.

December 1, 2016

The Honourable Charles Sousa, MPP, Minister of Finance  
Ministry of Finance  
7<sup>th</sup> Floor, Frost Building South  
7 Queen's Park Crescent  
Toronto ON M7A 1Y7

Sent via email/mail: [csousa.mpp@liberal.ola.org](mailto:csousa.mpp@liberal.ola.org)

Dear Minister Sousa,

I would like to extend both my personal support and thanks, as well as the support and appreciation of my racetrack, Western Fair Raceway in London, Ontario, for the funding proposal recently put forth by your ministry through Ontario Racing to our horse racing industry.

I wish to go on record with my support and my encouragement of your ministry to proceed with the principles proposed as follows:

- A new racetrack alliance of all Ontario tracks administered and overseen by Woodbine Entertainment Group;
- Long term government funding that gives stakeholders confidence in a promising future;
- Ongoing accountability and transparency for all participants benefitting from the government's funding proposal;
- Industry leadership: racetrack business plans, race dates and purse levels aligned across the province for a coordinated and collaborative approach to distributing live racing.

I also want to acknowledge the collective work and effort put forth by Ontario Racing, Woodbine Entertainment Group and the OLG during the recent consultation process to inform racing participants of the funding principles being proposed. This process was professionally managed and most informative.

It is my observation that our industry needs to proceed with the new initiatives proposed as quickly as possible. The plan may not be perfect, and questions may still remain, but I believe the horse racing industry in Ontario needs to take a leap of faith to embrace the concepts and the principles in it and, working with government, begin forging a brighter future for itself.

Once again, we appreciate the efforts and the support of your ministry as well as the other agencies that are working diligently to assure the success of Ontario's horse racing industry going forward.

Most Sincerely,

A handwritten signature in black ink, appearing to read "H. Mitchell", written in a cursive style.

Hugh M. Mitchell  
President & Chief Executive Officer

CC:

Rob Cook, Executive Director, OR  
Sue Leslie, Chair, OR Board of Directors

Stephen Rigby, President & CEO, OLG  
Jim Lawson, Chief Executive Officer, WEG



November 28, 2016

**James J. Lawson**  
*Chief Executive Officer*

Rob Cook  
Executive Director  
Ontario Racing

And

Cal Bricker  
Senior Vice President – Horse Racing  
Ontario Lottery and Gaming Corporation

Dear Sirs,

We felt it important to provide you with our thoughts following the completion of the public consultant sessions which Ontario Racing (“OR”) has held across the Province to discuss the future of the horse racing industry in Ontario (the “Plan”) as set out in the letter of intent (“LOI”) signed by Woodbine Entertainment Group (“WEG”), Ontario Lottery and Gaming (“OLG”) and OR. Either WEG senior officers or senior representatives of member racetracks of the Standardbred Racing Alliance attended each of the public sessions and we were very disappointed that the meetings, in most cases, became forums for the same disgruntled voices to air their historical disagreements with the government, industry governing organizations and WEG. We understand that many industry participants are struggling with the new realities of racing in the Province and that the cancellation of the Slots at Race Tracks program remains front and centre for many individuals, but we must work to a path forward.

WEG is the owner and operator of the Province’s two Premier level racetracks – Woodbine and Mohawk. WEG is a corporation without share capital and our mandate is to support horseracing in the Province and invest any profit back in to the industry, as we have been doing in the Province since 1881. We proudly employ over 1700 individuals directly and have many more times that number earning their livelihood at our racetracks. WEG tracks host over 3,000 race horses on our properties each year along with the thousands of rural-based horse people that work daily with these equine athletes. Our account wagering platform, HPI, is a recognized North American leader in the field and available across the entire country. We are the current operator of the Province’s off-track teletheatre network and since taking over that operation have increased both the footprint of outlets (doubling the number of outlets to 54) and significantly grown the handle of this network.

In 2013, to ensure the survival of the racing and breeding industries in the Province we created the Standardbred Alliance. WEG currently invests \$5M annually to administer the Standardbred Alliance of 7 racetracks. This Alliance has been a success in its first 2 years of operation. It has provided the industry with stability by cooperating on race dates, reducing operating costs for the 7 participant tracks and given the Signature and Grassroots tracks access to a wagering and marketing network that would otherwise not be available to them. Much of the growth has come from the export of the Ontario racing product to US wagering markets.

**WOODBINE ENTERTAINMENT GROUP**

555 Rexdale Boulevard P.O. Box 156 Toronto Ontario Canada M9W 5L2  
Tel: 416-675-3993 ext. 2203 Fax: 416-213-2126 [www.WoodbineEntertainment.com](http://www.WoodbineEntertainment.com)

*November 28, 2016*

*Page 2*

Currently, 85 % of all wagering in the Province on horseracing is managed by WEG. WEG has plans to continue to invest significantly in the Woodbine and Mohawk properties to maintain our world-class racing facilities for decades to come. We believe that we will be able to continue to grow top-line wagering handle.

We remain strongly supportive of the Plan in concept. There are many reasons why, but to list just a few:

- The industry risks losing investment and has no hope of attracting new investment without longer term certainty – the 17-year Plan depicted at the consultations achieves that certainty. The racing and breeding industries need participants that are prepared to invest significantly. Without that there is no hope of keeping and attracting the next generation of industry participants.
- A majority of the owners of racetracks in Ontario are not prepared to operate horse racing at their tracks without the support that the Plan provides – each racetrack which operates live racing cannot operate without additional revenue streams, as operating costs, including purses, significantly outweigh the income received from its commissions on pari-mutuel wagering. Simply put – pari-mutuel wagering alone cannot support the Province's horseracing and breeding industries. Additional horse racing/lottery products and gaming leases must be solidified quickly to bolster revenue and create sustainable business for all horse people in the Province.
- The objective behind the Plan is to spread the success of the Standardbred Alliance across a larger group, and given the realities of the horseracing and gaming industry today, this is the only opportunity the industry will have to survive in this Province.
- The industry needs to take control of its own destiny – by settling on the Plan the industry can be represented by an expanded Racetrack Alliance overseen by a large and diverse non-profit board which will largely run the industry with a step towards self regulation – the alternative is a very much reduced industry driven solely by Government and likely just the WEG tracks surviving.

What should the next steps be? We strongly feel that OR and government should speak to and consult with the major owners, breeders and other significant racetracks in Ontario, including in particular, the current Standardbred Alliance racetracks. Attending at the public sessions it was very clear to us that you have not heard from over 90% of the industry and any report or review of the consultations will lack credibility unless and until there is now a concerted effort made to hear from more than the disgruntled handful that attended the sessions.

We know that there remain significant large issues that must be addressed to ensure the survival of the Province's racing and breeding industries. We are prepared to work with both industry and government to address them. Of immediate concern:

November 28, 2016

Page 3

- Those tracks that are to survive and be vital components of the expanded Alliance must be provided certainty that gaming will remain at their sites or, in the alternative additional funds be made available to compensate for the loss income stream.
- Integration of horseracing and gaming is required. Products that provide significant income streams to the industry must be introduced quickly and with a meaningful marketing investment.
- The level of required deductions from pari-mutuel wagers must be significantly reduced to put the Province's racetracks on a level playing field with their North American competitors.
- The cost of regulation must be controlled and some certainty provided to racetracks.
- The Province's breed improvement programs must be reviewed so that programs can be put in place that will ensure the breeding of quality horses is a priority and breeders are given a level of long-term certainty. Without a strong breeders awards program and HIP, there will not be a racing product. We must support the investments of the breeders as well.

We look forward to continuing our dialogue of these key points and on the Plan. We remain hopeful that the Plan, in either its current form or slightly revised, can provide the long-term platform that will allow success and build an industry that we can all be proud to participate in.

Sincerely,



James J. Lawson  
Chief Executive Officer

JJL:cw

cc: Sue Leslie - OR  
Stephen Rigby - OLG



**DRESDEN**  
RACEWAY

P.O. Box 790, DRESDEN, ON N0P 1M0  
Phone: 519-683-1116 Fax: 519-683-4203  
Email- DAS: [agsociety@gmail.com](mailto:agsociety@gmail.com)  
Raceway [dresdenraceway.bramsay@gmail.com](mailto:dresdenraceway.bramsay@gmail.com)  
Website: [www.dresdenex.com](http://www.dresdenex.com)

---

Attention:

December 12, 2016

Rob Cook  
Executive Director  
Ontario Racing (OR)

Dear Mr. Cook,

We the Dresden Agricultural Society (DAS)/ Dresden Raceway are excited to send this letter of support to you and your team in regards to the long term funding plan being proposed by your organization.

We appreciate the diligent effort you have put forth in preparing this plan as well as the consultations that were held province wide to solicit industry feedback. It gave us more insight into how the Alliance operates and the potential benefits of becoming a part of it.

We support in principle the formation of a province-wide Alliance as part of the plan put forward and appreciate the fact that industry was asked to participate and offer feedback and that this feedback is being taken into consideration.

On behalf of the DAS which operates Dresden Raceway, we appreciate OR having the best interest of the Ontario Horse Racing industry at heart, for all race tracks involved.

Sincerely,

Lucille Laprise  
DAS President

CC: Gabrielle Gallant



# The Canadian Thoroughbred Horse Society

---

Ontario Division

December 13, 2016

Sue Leslie  
Ontario Racing  
400 - 10 Carlson Court  
Toronto, Ontario  
M9W 6L2

Dear Sue:

The Canadian Thoroughbred Horse Society (Ontario Division) supports the proposed long term funding framework and recommends to the Ontario Lottery & Gaming Corporation (OLG) that discussions be initiated to modify and improve the proposed framework based on horse racing industry consultation and feedback.

Yours truly,

R. Glenn Sikura, President  
On behalf of the Board of Directors  
CTHS (Ontario Division)





National Capital Region Harness Horse Association  
Suite 651  
136 - 2446 Bank St.  
Ottawa, Ontario, K1V 1A8

Email: ncrhha@rcr.net

16 January 2017

Ontario Racing  
10 Carlson Court, Suite 400  
Toronto, ON  
M9W 6L2

**Attention:** Mr. Rob Cook, Executive Director

On behalf of the NCRHHA Board of Director, who represent our racing community here at Rideau Carleton, I thank you for taking the time to visit our area for Round Table Consultation. These opportunities to voice input to forward planning for our industry are important to every member of our racing community.

We are in full support of the continued negotiations and advancement of the LOI, as well as the initiatives of OR, in concert with OLG and the Ontario Government, in seeking a long term sustainability model through financial commitment.

We ask that you continue to communicate advancements in discussion and planning, with a view to providing further opportunities to collaborate and contribute to positive outcomes as we move toward sustainability in cooperation with Rideau Carleton Entertainment, a staunch supporter of the industry in these difficult times.

Please reach out to the NCRHHA at the address or email indicated in the letter head should you wish to respond to this communique. Alternatively, I may be contacted by mobile at 1-613-292-9476 or by email at [gordon.mcdonald@rogers.com](mailto:gordon.mcdonald@rogers.com) .

Regards,

Gordon McDonald  
President, NCRHHA

# Appendix D: Social media promotion examples

The collage consists of six screenshots:

- Top Left (Twitter):** A tweet from Ontario Racing (@ONTRacing) dated 12:19 PM. The text reads: "Consultations continue on November 13 at @WesternFair Get info here: [ontarioracing.com/Transparency-C...](http://ontarioracing.com/Transparency-C...) #ontag #onpoli #ontarioracing #horseracing". It includes a photo of horses on a racetrack.
- Top Middle (Twitter):** A tweet from Ontario Racing (@ONTRacing) dated 12:19 PM. The text reads: "Long-term funding consultations continue this week in Ottawa, on Wednesday @ 5pm @ Rideau Carleton Raceway. [ontarioracing.com/Transparency-C...](http://ontarioracing.com/Transparency-C...) #ottcity". It includes a photo of a consultation meeting.
- Top Right (Facebook):** A Facebook post from Ontario Racing, posted by Gabrielle Gallant on November 13 at 2:09 PM. The text reads: "We're here in London, at the The Raceway at the Western Fair District, for another long term funding consultation. Thanks to all who have joined us on this beautiful Sunday afternoon." It includes a photo of a large group of people at a consultation.
- Middle Left (Twitter Profile):** A screenshot of the Ontario Racing (@ONTRacing) Twitter profile page. It shows the profile picture, bio "The voice of the horse racing industry", website "ontarioracing.com", and follower/following counts.
- Middle Right (Facebook Post):** A Facebook post from Ontario Racing dated November 19 at 1:14 PM. The text reads: "Huge crowd here in Port Perry for our long term funding consultation session. Thanks to all who took the time to join us! If you weren't able to join us, but would still like to share your thoughts, you can do so here: <http://ontarioracing.com/Transparency-Consultation/Long-Term-Funding-Online-Consultation-Portal.aspx>". It includes a photo of a consultation session.
- Bottom Right (Facebook Post):** A Facebook post from Ontario Racing dated 2016-11-19, 1:16 PM. The text reads: "Huge crowd for our Port Perry long term funding consultation. A warm thanks to all 110+ who joined us!". It includes two photos: one of a consultation session and one of a sign for the Port Perry Raceway.