



# BC HORSE RACING INDUSTRY 2011

Presented to:

BC Horse Racing Industry Management Committee

BC Horse Racing Industry Representatives

June 9, 2011

# AGENDA

1. Opening Remarks
2. Issues for Discussion
3. Industry Allocation
4. Transparency
5. Lease Issues
6. Future Sources of Revenue
7. Standardbred Issues
8. Questions and Thank You

# OPENING REMARKS

- We acknowledge that the Horse Racing Industry Management Committee was a creative solution initiated by the Provincial Government in order to bring stability to the Horse Racing Industry.
- The Committee has been a tremendous asset and it would be a shame were it not to continue with its mandate to revitalize the Horse Racing Industry.
- Reports have indicated there will soon be a Commissioner/Executive Director to assist the Committee in the management of its business. This would be beneficial to all industry groups.

# OPENING REMARKS CONT.

- Thank you to the BC Lottery Corporation and its marketing staff who have done a tremendous job in the management of the advertising budget, as allocated by the Committee.
- Thank you to the GCGC and their accounting staff for the management of the allocations and the handling of the financial aspects, requiring hundreds of hours.
- Thank you to the current members of the Committee for their time and effort in serving on the Committee.

# ISSUES FOR DISCUSSION

1. Industry Allocation
2. Transparency
  - All sources of revenue
  - Audit of allocations
3. Lease – City of Vancouver
4. Future Sources of Revenue
  - Expansion of TBC
  - Other
5. Standardbred Issues

# INDUSTRY ALLOCATION

- It needs to be understood that the Thoroughbred Owners and Breeders together have a far greater investment than the track operator and it must be so recognized by the Management Committee.
- With the current model of allocation, we will not sustain or revitalize the Thoroughbred Industry as we do not receive our fair share.
- Current allocation as set for 2011 is approximately 50% GCGC, 30% Thoroughbred and 20% Standardbred.
- Since the Thoroughbred sector is 80% of the Racing Industry, we are in total disagreement with the current allocation.
- In the vast majority of racing jurisdictions in North America, the revenue generated from wagering is split 50% to the operator and 50% to the balance of the Industry.

# INDUSTRY ALLOCATION CONT.

- Originally the slot revenue and grants were designated for the Racing Industry participants to revitalize horse racing and breeding, not to be shared by the track operator who receive its revenue from its operation of the casino.
- As 3 members of the Committee are in a biased or a direct-conflict position, we would recommend that for future allocations an independent individual with industry specific knowledge be retained for recommendations and that the Thoroughbred, Standardbred and Racetrack representatives be excluded from any decisions.
- The Owners and the Breeders are working together, however, they are looking to the Management Committee for guidance and direction which have not yet been forthcoming.

# TRANSPARENCY

## **All Sources of Revenue**

- The Industry needs to see all sources of revenue and expenses from the total operations of Hastings Racecourse, Fraser Downs, and all racing organizations.

## **Audit of Allocation**

- The Industry would like to see a complete audit conducted by GPEB of all of the above.



# LEASE – CITY OF VANCOUVER

- The current Lease of Hastings Racecourse expires in approximately 18 months.
- We recognize the importance of confidentiality in these negotiations with the City, however, we need some assurances the track operator will keep the Industry advised of the status of the negotiations.
- It is hard to revitalize the Industry with the uncertainty that is hanging over the Lease issue. The Owners and Breeders are worried about their future and their investment.
- We recommend that the Horse Racing Industry start immediately preparing a “Plan B” in the event racing cannot continue at Hastings Racecourse beyond November 2012.

# FUTURE SOURCES OF REVENUE

- We are concerned with the moratorium that was passed by City Council regarding any future expansion of gaming in the City of Vancouver.
- We would like to see TBC expand its operations into as many profitable locations as possible, especially the Grand Villa and Edgewater Casinos, which are in close proximity to Hastings Racecourse.
- We would also like to hear from the Committee as to any future sources of revenue they are considering to revitalize the Industry.

# STANDARD BRED ISSUES

- It was a mandate of the Management Committee when it was set up that there would be no overlap of Standardbred and Thoroughbred racing and that each would race six months.
- We believe the recent change to the Standardbred season is a poor decision and can only add to the loss of revenue and increase expenses of the track operator causing a further deterioration of the allocations.
- We would like to hear the Committee's explanation of the wisdom of this decision and its implications for the Thoroughbred sector.
- The Thoroughbred sector has cooperated with the track operator on many relevant issues to reduce costs in ways that have not always been in the best interest of the horsemen. We can only see this change in the Standardbred season as adding additional costs to the entire Racing Industry.



QUESTIONS

THANK YOU