



BC HORSE RACING INDUSTRY MANAGEMENT COMMITTEE

Horse Racing 2011

Meeting October 15, 2010

OPENING REMARKS AND AGENDA

1. Opening Remarks and Agenda Review
2. Current Picture – Owners
3. Current Picture - Breeders
4. Introduction of BC TOBA
5. Current Allocation
6. Proposed Allocation Split
7. BC TOBA Goals
8. Questions and Thank You

CURRENT PICTURE - OWNERS

- We are advised that there are under 500 active accounts at Hastings Racecourse
- Numerous Owners are listed on multiple accounts
- We estimate 150 Owners control 80-85% of the horses at Hastings Racecourse
- Of the 1,250 horses granted stalls at Hastings close to 1,000 horses started in 2010
- The 1,000 horses averaged 4.5 starts per horse
- Owners carry the financial responsibility for the purchase of racing stock and the employment of trainers and the majority of employees at Hastings Racecourse

CURRENT PICTURE - OWNERS

- The cost of maintaining 1,000 horses totals approximately \$25 M annually
- A recent economic study indicated that Thoroughbred horse Owners have a capital investment of \$95 M
- In the same study, the annual economic impact of the Thoroughbred sector in BC was \$191 M
- To rejuvenate the industry and to attract new owners the available purse structure needs a substantial increase
- Due to the purse schedule offered in 2010 we believe we are going to lose more Owners over the winter unless the purses are increased and announced sooner rather than later

CURRENT PICTURE - BREEDERS

- There are currently 220 registered Breeders in BC
- A recent economic study indicated that Thoroughbred horse Owners and Breeders have a capital investment of approximately \$342 M

| YEAR | # of Mares | # of Mares Bred | # of Foals |
|------|------------|-----------------|------------|
| 2000 | 1400 | 1052 | 573 |
| 2005 | 1050 | 861 | 508 |
| 2009 | 650 | 432 | 231 |
| 2010 | 650 | 378 | 207 est. |

- A 10 year average for the number of foals from mares bred is 55%

CURRENT PICTURE - BREEDERS

- With the high degree of uncertainty facing the Thoroughbred industry, the Breeders have continued to own approximately 650 mares, however, they are reluctant to breed all of them
- The declining trend indicates there will not be enough horses for racing to continue at Hastings in the near future
- The infrastructure to rejuvenate is still in place but needs immediate direction and assistance from the horseracing industry partners and the Industry Management Committee
- Due to the purse schedule offered in 2010 we are going to lose more Breeders as the Owners do not have the available funds to purchase the Yearlings being bred

INTRODUCTION OF BC TOBA



- **BC Thoroughbred Owners & Breeders Association**
- One voice for Owners and Breeders in BC
- Currently 161 Breeders, 204 Owners already registered with more applications for membership coming in daily
- Currently we represent the vast majority of the Breeders in BC and we represent the Owners who have earned over 70% of the purses offered at Hastings Racecourse
- This clearly represents the vast majority of the economic impact of the Thoroughbred industry in BC

INTRODUCTION OF BC TOBA



Goals and Mandate:

- Promote the racing, breeding, owning and marketing of Thoroughbred Horses
- Provide leadership to the Thoroughbred racing and breeding industry through education, training, employment and promotion
- Promote the interests of Thoroughbred racing and breeding
- Liaise with racetrack operators, governmental agencies and industry organizations to further the industry

CURRENT ALLOCATION

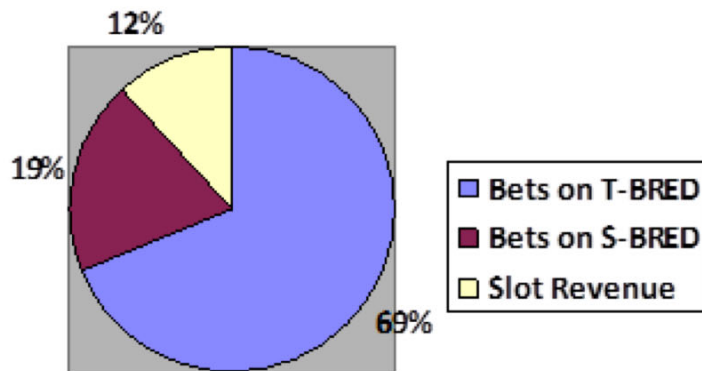
Thoroughbred Allocation 2010

| Hastings Allocation for 2010 | June 22,2010 | 12-Oct | 31-Dec |
|-----------------------------------|---------------------|------------------------|---------------------|
| Revised Allocation | \$ 8,380,000 | \$ 8,380,000 | \$ 8,380,000 |
| Nomination Fees | \$ 723,500 | \$ 621,675 | \$ 621,675 |
| HEI Contribution to Programs | \$ 91,500 | \$ 91,500 | \$ 91,500 |
| Stake Sponsors | \$ 120,000 | \$ 230,000 | \$ 230,000 |
| Total Funds Available | \$ 9,315,000 | \$ 9,323,175 | \$ 9,323,175 |
| Use of Allocation of Funds | | Pd as of Oct 12 | Bal as Oct 4 |
| CTHS Breeders Programs | \$ 800,000 | \$ - | \$ 800,000 |
| Operations CTHS | \$ 120,000 | \$ (100,000) | \$ 20,000 |
| BC Bred Bonus | \$ 525,000 | \$ (541,165) | \$ (16,165) |
| BC Bred Bonus Gain | \$ (93,000) | \$ - | \$ (93,000) |
| Learning Centre | \$ 20,000 | \$ (20,000) | \$ - |
| Groom School | \$ 3,000 | \$ (3,000) | \$ - |
| Standby Vet | \$ 30,000 | \$ (30,000) | \$ - |
| Purse Pool | \$ 5,775,000 | \$ (5,613,069) | \$ 161,931 |
| Stake Pool | \$ 2,125,000 | \$ (2,155,000) | \$ (30,000) |
| | \$ - | \$ - | \$ - |
| Shipping Fee | \$ 10,000 | \$ (5,400) | \$ 4,600 |
| Total | \$ 9,315,000 | \$ (8,467,634) | \$ 847,366 |
| Balance plus/minus | \$ - | \$ 855,541 | |

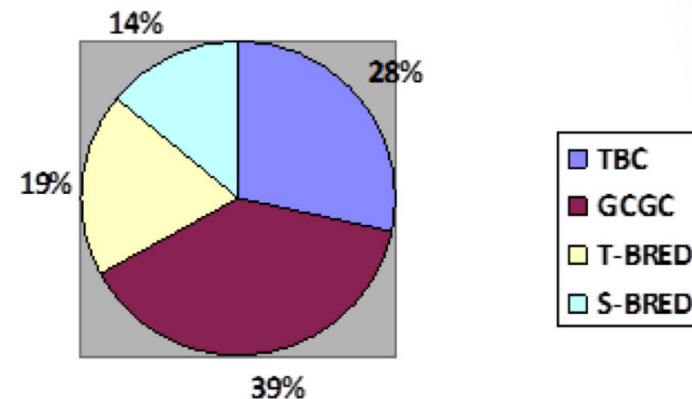
CURRENT ALLOCATION

CONT.

Revenue Earned by
Source (\$49.8M)



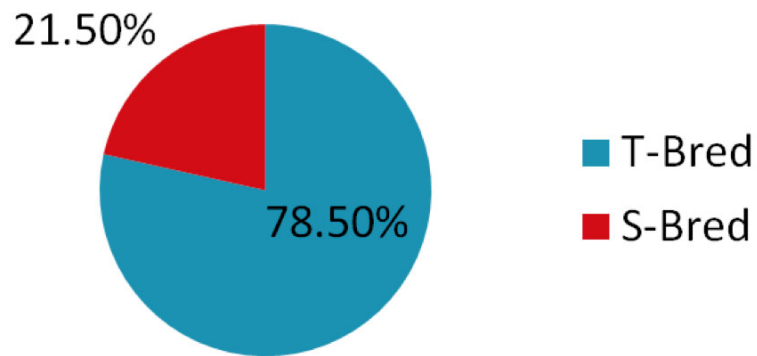
Revenue Allocations
(\$44M)



- According to the Committee's Open Meeting on July 27, 2010, bets on Thoroughbreds made up **69% (\$34.3 M)** of the total revenue earned
- In the same document, **19% (\$8.48M)** of the total revenue allocations in 2010 have been dedicated to Thoroughbreds

CURRENT ALLOCATION CONT.

Wagering in BC



- With slot revenue removed from the previous charts, the total revenue from wagering in BC was 78.5% Thoroughbred and 21.5% Standardbred
- The 2010 allocation was \$8.38 M to Thoroughbreds and \$6.23 M to Standardbreds and \$17.1 M to GCGC
- These allocations are clearly disproportionate in relation to the wagering revenue and investment

PROPOSED ALLOCATION SPLITS

| | GCGC | Thoroughbred | Standardbred |
|--------------|------|--------------|--------------|
| Wagering | 50% | 40% | 10% |
| Levy | 50% | 40% | 10% |
| TBC | 50% | 40% | 10% |
| Slot Revenue | 0 | 50% | 50% |
| | | | |

***Proposed in the total Thoroughbred allocation is \$300,000 for the British Columbia Interior Horse Racing Association subject to finalization of the total allocation**

ALLOCATION SPLIT CONT.

- In addition to the wagering on Thoroughbreds and Standardbreds
- In further support of the proposed allocation:

| | # of Horses | # of Horses Qualified or Started | % of Horses Qualified or Started |
|--------------|-------------|----------------------------------|----------------------------------|
| Fraser Downs | 350 | 250 | 21% |
| Hastings | 1252 | 957 | 79% |

| | # of Employees care and training | % |
|--------------|----------------------------------|-----|
| Fraser Downs | 175 | 21% |
| Hastings | 650 | 79% |

BC TOBA GOALS

- Move the industry forward
- Provide for the increase & stabilization of purses for Owners
- Provide Breeders incentives to respond to the diminishing number of BC-born foals
- Establish stabilization of employment
- Initiate marketing with the BC Lottery Corporation
 - Promote the industry as a whole
 - Capture a new target market
 - Promote the track for increased attendance
- Ensure the allocations of revenue are proportionate to the industry contributions
- Attracting and keeping Breeders and Owners is necessary to the Thoroughbred industry

QUESTIONS

THANK YOU