



Horse Sense & GOVERNMENT Nonsense

Public-Private Partnerships Are Not Subsidies

The Ontario government's decision to end the Slots at Racetracks Program has a detrimental effect for Ontario's vibrant horseracing and equine industries.

THE COMEDIAN GROUCHO MARX ONCE COMMENTED that: "Politics is the art of looking for trouble, finding it everywhere, diagnosing it incorrectly and applying the wrong remedies." That observation may well describe the Ontario government's decision to abruptly end the *Slots at Racetracks Program*, a successful revenue-sharing program that has, for almost 15 years, mutually benefited the government, the horseracing and equine industries and many small towns in rural Ontario.

The vehicle for the Ontario government's unexpected decision was its March 27, 2012 Budget when Finance Minister Dwight Duncan rose to his feet at Queen's Park and unveiled the document entitled *Strong Action for Ontario*. It outlined how Premier Dalton McGuinty's Liberal government would eliminate the province's massive \$15-billion deficit within the next five years. Ontario horsemen, jockeys,

breeders, equine suppliers, blacksmiths, saddlers, veterinarians and farmers had no warning that contained within the 332-page document was a proposed initiative named *Modernizing the Ontario Lottery and Gaming Corporation* (OLG), which would eliminate the *Slots at Racetracks Program* by March 31, 2013, threatening the sustainability of the industry and a large segment of Ontario's agricultural industry that it supports.

Since its provincial government-initiated inception in 1975, the OLG has been the Crown corporation responsible for running Ontario's gaming industry, ranging from the sale of lottery and bingo tickets to the oversight of Ontario's many resort casinos. Betting on the horses has been a time-honoured practice in Ontario since before Confederation, but, with the introduction of the *Slots Program* in 1998, horseracing became more closely tied to the gaming industry. The Budget initiative's plan to remove slot machines from racetracks will undoubtedly loosen those ties. But why would their removal deliver such a crippling blow to the horseracing and equine industry, the second largest sub-sector of Ontario's agricultural economy? The answer can be found in first identifying why OLG and the Ontario government put slot machines at the racetracks in the first place and also how the program functioned for the past 14 years.

Under a revenue-sharing agreement, profits from slot machines located at the tracks were split among the government, the horseracing and equine industry and the rural municipalities where the slot machines were located. The government received 75 per cent of every dollar spent at a provincial track and the industry got 10 per cent for wages and employment purposes. An additional 10 per cent was distributed to the racetracks to augment the purses of prize money, to maintain the tracks and for renovations. The final 5 per cent went to the rural municipalities. The subtext of the initial implementation of the *Slots at Racetracks Program* reveals a financial olive branch offered to the horseracing

Since its inception in 1998, the *Slots at Racetracks Program* earned Ontario roughly a billion dollars in revenue every single year.

industry and a calculated conclusion based on social perception.

In the 1990s, knowing that slot machines were a crucial source of revenue, the OLG and the government needed to find an appropriate venue to expand the use of slots beyond Ontario's numerous pre-existing casino facilities. Social perception made this a difficult task, since many Ontarians were reluctant to have new gambling facilities anywhere near where they lived. The province's racetracks soon came to be seen as the appropriate place for the excess slot machines. As Ian Russell – president of Canada's largest equine supplier, Greenhawk Harness and Equestrian Supplies Inc. – explains, “[the] racetracks are already located in socially acceptable places for gambling to occur.” Ed McHale, who serves as director of the National Capital Region Harness Horse Association (NCRHHA), offers the Ottawa-area perspective on this same issue by noting that: “Nobody wanted the slots anywhere and they decided that the best place (because they had nowhere else to put them) was the racetracks.” Yet there was another reason that the province's newly expanded slot facilities found what many thought would be a permanent home at the province's racetracks: a compromise with the horseracing industry.

Anna Meyers, president of the Standardbred Breeders of Ontario Association, identifies the compromise offered to the racing industry by the OLG in 1998 by stating that “we knew with the introduction of slot machines at racetracks, there would be some cannibalization of the wagers placed on the horses involved in horseracing, but we also knew that the revenue-sharing element of the *Slots at Racetracks Program* could also raise a lot of money both for the horseracing industry and the province.”

Or, as John Macmillan, executive director of NCRHHA, puts it: “We

thought we could play off of one another, allowing both horseracing (through bets placed on horses) and the slot machines to be profitable. We felt that it would even out, because whatever revenue the industry lost through reduced wagers placed on horses due to the presence of the slot machines would be offset by the share of revenue kept from the slot machines.” And, as the results demonstrate, these two competing forms of gambling were able to “play off of one another” for quite some time.

Since its inception in 1998, the *Slots at Racetracks Program* earned Ontario roughly a billion dollars in revenue every single year, most of which was gladly accepted by the province to help pay for essential services. In fact, between 2001 and 2011, after OLG commissions and expenses were deducted, the program delivered over \$9 billion in revenue to the province. Each year, hundreds of millions of dollars from the horseracing industry's portion of the lucrative revenue-sharing agreement were reinvested in the horseracing community. In 2010 alone, the industry received \$334 million from its share of the *Slots Program*. That \$334 million was split down the middle between the horse owners, racers, trainers and breeders on the one hand, and the racetracks on the other hand.

However, the \$334 million pales in comparison with the approximately \$2.3 billion the industry spent in Ontario that same year. Most of the \$2.3 billion was spent in rural communities, stimulating the local economy through the purchase of services like training and grooming or goods like saddles, trucks, trailers and gasoline. All of these essential goods and services, part of the cost of doing business in Ontario's thriving horseracing and equine industry, provided additional tax revenue for Ontario. But with the delivery of the Ontario Budget on that cold day in March, and its passage on the first day

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Gloucester Fair (Last 13 years)
 Spartan Races (7,000 participants)
 1000 Wishes: World's Biggest Golf Event fundraiser
 1812 Military Celebrations
 3'2 Company Night at the Races Fundraiser
 3s Company
 Aboriginal Day at the Races
 Académie catholique Ange-Gabriel Fundraiser
 Algonquin College Fundraiser
 Alta Vista Veterinarian
 Aphasia Centre of Ottawa
 Arnprior Night at the Races
 Arts Court Night at the Races Fundraiser
 Association Emiliana Fundraiser
 Australia
 Aware (Animal Wellness Awareness Rescue Education)
 BARK – Bytown Association for Rescued Kanines
 Beckwith Township Night at the Races
 Big Bike for the Heart and Stroke Foundation
 Bikers Against Brain Cancer Fundraiser
 Birch Haven Rescue and Rehabilitation Services
 Black Canadian Scholarship Fund
 Blossom Park Night at the Races
 Boys and Girls Club
 Breast Friends Club Weekend to End Breast Cancer Fundraiser
 Brinston Night at the Races
 Bruce House
 Bust a Move Fundraiser
 Bytown Storm Triathlon Fundraiser
 Canadian Blood Services
 Canadian Federation of chefs and cooks
 Canadian Guide Dogs for the Blind
 Canadian Nurse Foundation
 Canadian Showtime Chorus
 Canadian Showtime Chorus Fundraiser
 Candle Lighters
 Caribbean Carnival Soiree
 Carleton Place Night at the Races
 Carleton Russell Holstein Club
 Carp Lynx Fundraiser
 Casselman Night at the Races
 Centre Pauline Charon Night at the Races Fundraiser
 Centre Pauline- Charron
 CESA-EO Fundraiser
 CHBO – Canadian horse Breeders of Ontario
 CHEO PKU – CHEO Phenylketonuria
 Chesterville Night at the Races
 Christina Polifroni
 CIBC Run for the cure
 Clarence Rockland Night at the Races
 Cornwall Night at the Races Fundraiser for Team Cornwall
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 City of Clarence Rockland
 Corporation of the Town of Perth
 Cougars
 Council of Canadians with Disabilities Fundraiser



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Crohns and Colitis Foundation of Canada
 Cumberland Jr. Grads Hockey Fundraiser
 Cumberland Ward Night at the Races
 Dine 'n Dash for Dom
 District A-4 Lions Club Fundraiser
 Down syndrome Association & Capital City
 Condors Fundraiser
 Early Childhood Partnership
 East Ottawa Chamber of Commerce Business
 After Hours Fundraiser
 Easter Seal Society
 Eastern Ottawa Resource Centre
 Edwardsburgh-Cardinal Night at the Races
 Embrun Night at the Races
 Family Fun Day
 Federal Liberal party Fundraiser Night at the Races
 Findlay Creek Community Association

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- Fundraiser
- Run for Military Families Fundraiser
- Russell Curling Club Fundraiser
- Russell Raiders Soccer
- Sailors Night at the Races
- Saltos Athletics Fundraiser
- Save the Children Canada
- Shawville/Pontiac Night at the Races
- Shepherds of Good Hope
- Smart Vest for Sabrina
- Smiths Falls Night at the Races
- Sons of Scotland
- South Africa
- South Dundas Fundraiser
- South Gloucester United Church
- South Ottawa Race Day Cancer Foundation
- Spartan Race
- Spencerville Night at the Races
- Stand up for Kids Fundraiser
- Steve Clark Mpp Night at the Races
- Stittsville Night at the Races
- Survivor Ottawa
- Team Diabetes
- The Arthritis Society
- The Black Canadian Scholarship Fund
- The Glebe Centre
- The Irish Society
- The Men's Project
- The National Institute of Jamaican-Canadians
- The OK Clean Water Project
- The Pearl
- The Royal Canadian Legion – Manotick Fundraiser
- The Weekend to end Women's Cancers
- The Wish Lamp Fundraiser
- Town of Mississippi Mills
- Township of Beckwith
- Township of Drummond-North Elmsley
- Township of Lanark Highlands
- Township of Leeds and Thousand Isles
- Township of Montague
- Township of North Dundas
- Township of North Grenville
- Township of North Stormont
- Township of Rideau Lakes
- Township of South Stormont
- Township of Tay Valley
- TROtt – Therapeutic Riding Association of Ottawa Carleton Fundraising Dinner
- U16-Halifax Fundraiser
- United Way
- University of Guelph Kemptville Campus Night at the Races
- Upper Canada Fundraiser Night at the Races
- Vanier Museopark Fundraiser Night at the Races
- Vanier Night at the Races
- Vankleek Hill Night at the Races
- Wacca- Walls and Ceilings Associations Night at the Races
- Wade Wallace Campaign Fundraiser
- WaterCan
- Waupoos Foundation
- Weekend to end breast Cancer
- West Carleton March Ward Night at the Races
- Williamsburg Night at the Races
- Winchester Night at the Races

The stakes could hardly be higher or the fallout worse from the sudden removal of the Slots...



of summer three months later, the fate of the *Slots at Racetracks Program* was officially sealed.

The Ontario government and OLG have attempted to rationalize their decision to end the Program on purely economic grounds. They maintain that it is a necessary first step in the modernization initiative which will promote economic efficiency in the province's gaming industry and will help reduce the province's unsustainably high deficit. However, the reasoning simply does not add up. On page 39 of the Ontario Budget, it is stated that the modernization initiative will further benefit the province since it "will create 2,300 net new jobs in the gaming industry and nearly 4,000 additional jobs in the hospitality and retail sector by 2017-18." While this may seem positive, closer examination reveals

that it requires a tradeoff that is less-than-beneficial for Ontario.

The Budget speaks of "public sector investment" that will be reduced while still allowing the province's gaming industry to make more revenue "through shifting day-to-day operations of gaming sites and lottery distribution to private operations." Is this realistic? Bear in mind that this "public-sector investment" of about \$345 million between 2011 and 2012 (and the cumulative total of roughly \$3.7 billion that made its way to the horseracing industry from 1998 to date) is not a "subsidy", as Dwight Duncan has said in the past. It represents the horseracing industry's portion of the revenue accumulated under the *Slots at Racetracks Program*, a revenue-sharing agreement, not a "subsidy."

Will the modernization initiative's plan raise more revenue than is now being generated by the current revenue-sharing program when the revenue provided by the OLG's lottery and bingo operations has remained largely stagnant and that generated from charity and resort casinos has declined? Nevertheless, OLG's modernization initiative projects that by eliminating the *Slots Program*, its most profitable revenue stream, and by further developing gaming operations which have historically returned less revenue to OLG and the province, net revenues will increase by more than \$500 million by 2015. OLG spokesman Tony Bitonti explained how this paradoxical situation could be plausible by claiming that: "At the moment, it may be true that the bulk of revenue in the gaming industry comes from slots, but the demographics are changing. More and more people are



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becoming interested in table games.” Maybe so, but the OLG’s own data seems to show that the resort and charity casinos that provide a cross-section of slot machines and table games continue to see their revenue decline.

Perhaps the answer can be found in the cautionary tale of Quebec’s experiment with revenue restructuring in its gaming industry which led to a nightmare scenario that could be repeated in Ontario — but at a higher risk of 55,000 jobs lost. In 2006, Quebec’s horseracing industry undertook a revenue-restructuring initiative that resulted in the total collapse of the province’s horseracing industry and a near-death experience for the province’s equine industry two years later. The plan was to privatize the horseracing industry by allowing a private sector company called Attractions Hippiques to install Video Lottery Terminals (VLTs) in restaurants and bars while removing many of the existing VLTs from the province’s tracks and restricting Off-Track Betting. These actions, coupled

with mismanagement, led to an inability to generate sufficient revenue through diversification and the subsequent bankruptcy of Attractions Hippiques. The horseracing and equine industries disintegrated almost overnight. Today, there remains only about 13 per cent of the pre-2006 jobs in Quebec’s horseracing and breeding industry. While VLTs were found in 6 per cent of Quebec’s tracks, slot machines are now present at (but will shortly be removed from) 100 per cent of Ontario tracks. The stakes could hardly be higher or the fallout worse from the sudden removal of the slots, because 10 per cent of their revenue had been kept by each track under the *Slots Program*.

The OLG and Ontario government predict that the modernization initiative will increase job opportunities for the gaming and hospitality industries. This is an attempt to divert attention away from the fact that, by adding some 6,000 jobs in five or six years’ time, Ontario risks sacrificing its horseracing and equine industries, as well as their

satellite industries which employ about 55,000 Ontarians in full-time, part-time and seasonal jobs. The government position is perplexing since the modernization initiative has already caused 560 layoffs when the slots operations in Sarnia, Windsor and Fort Erie were closed down in April.

When speaking about the direct implications of the McGuinty government’s sudden decision, Sue Leslie — president of the Ontario Horse Racing Industry Association (OHRIA), the organization which is the voice of horseracing in the province — captured the urgency of the situation by stating that “there’s an absolute genuine possibility that there will not be horseracing in Ontario in two or three years from now.” John Macmillan from the NCRHHA elaborates on the fallout of the government’s decision by noting that “there has been almost no investment in horseracing in Ontario since the ending of the *Slots at Racetracks Program* was announced in March.”

60,000 Jobs at Risk in Ontario

Help Save the Ontario Horse Racing Industry

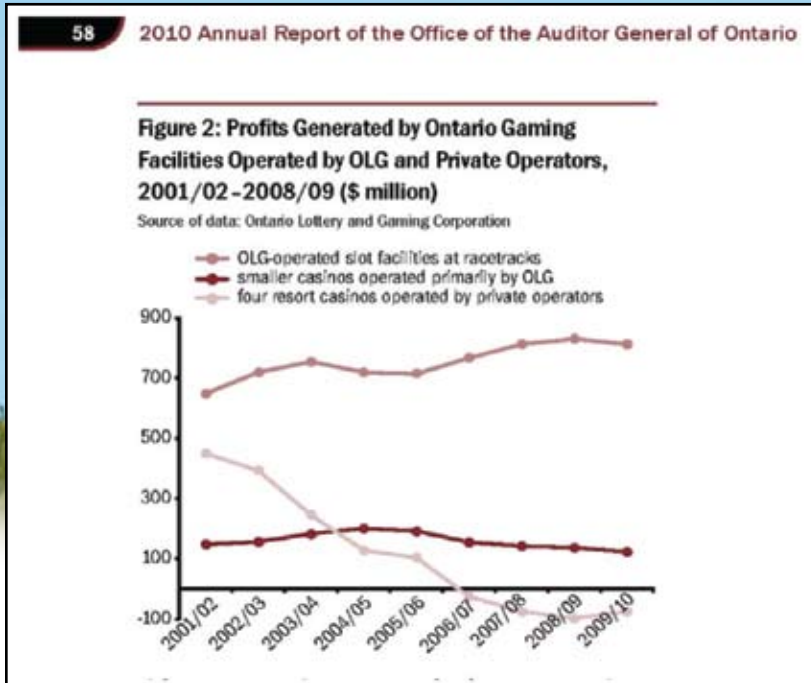
20 racetracks will close in Ontario, with 60,000 jobs at risk. Generations of families stand to lose their heritage and their livelihood. Ontario’s horse racing industry is renowned worldwide and contributes over a billion dollars annually to the Ontario Government. We are in danger of losing a gem of an industry.

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- Generating more than \$14 billion in revenue for the Province since its inception in 1998.
- Ensuring the viability of the Ontario horse racing and breeding industry which generates \$2 billion in annual expenditures and is a major contributor to the rural economy.
- The horse racing and breeding industry employs more than 60,000 Ontarians and provides all three levels of government with more than \$730 in annual revenue.
- A total of \$1.5 billion in wages and salaries are sustained annually by the Ontario Horse Racing and Breeding Industry.

OLG's 2012 Modernizing Lottery and Gaming Strategic Business Review and Advice to Government

Cancels the Slots at Racetracks Program to expand the resort casinos operated by private operators model.

“OLG should expand private sector participation in the efficient, effective delivery of casinos..... The result would be regulated private operators selected to run existing and new sites.”

- Page 15, Modernizing Lottery & Gaming in Ontario



Stop the proposed ending of the Slots at Racetracks Program on March 31, 2013 until a detailed analysis of the economic impact of ending the Program has been completed by a joint government-industry panel



The Ontario Horse Racing Industry Association
 416-679-0741 • ohria@ohria.com
www.value4money.ca

(Ontario horseracing) is an industry that represents a huge valuable export market for Canada in terms of horses, trainers, equipment and expertise.

Dennis Mills, former Liberal MP



This is a serious problem with major ramifications. Dennis Mills, the former Liberal MP whose web site *Racing Future* builds awareness of Ontario's horseracing and equine industries, points out that the industry is considered to be one of the top three in the world. He states that: "Our province has a horseracing industry that is of similar calibre to that of the United States (home to the renowned Kentucky Derby) and England (which hosts the world-famous Royal Ascot)." High-profile Canadian races like the Queen's Plate, North America's longest-running annual horse race, are broadcast and webcast worldwide with betting from all corners of the globe. Furthermore, Ontario has become the world's premier harness racing destination. As a result of this importance, Ontario horseracing "is an industry that represents a huge valuable export market for Canada in terms of horses, trainers, equipment and expertise," Mills states.

Terminating the *Slots at Racetracks Program* threatens the very existence of this enviable industry. As Jane Holmes – vice-president of corporate affairs at the Woodbine Entertainment Group, owner of the Woodbine Racetrack in Toronto – states: "You may see horseracing survive in Ontario, but it certainly will not be the international sport that it is today." There will also be a negative impact on the purse for races. Holmes says that even "if we have enough money to survive, the purse for the surviving races will simply be too small to sustain the sport." Put differently, without the program, the purse money will not cover the high costs associated with breeding, training, feeding, maintaining and racing a horse in Ontario. This is crucial... because over 60 per cent of the horseracing industry's take from its share of slot machine revenue is used to pay for purses.

As Robert Wright, the former

lead veterinarian for Equine and Alternative Livestock at the Ontario Ministry of Agriculture, Food and Rural Affairs and publisher of the *Horse News and Views* web site, explains: "Horse owners receive their share of the Slot revenue through money added to the purses and they reinvest these winnings in the local economy, purchasing everything from feed and bedding to vehicles and trailers." Owning and maintaining a single horse costs upwards of \$20,000 annually and "a reduction in purses trickles down to lower spending power." As a result, certain rural communities that depend on this spending for their existence will likely disappear.

Ending the long-standing program also threatens the viability of the many industries that help support the horseracing industry. The most immediate of these is the heart and soul of the equine industry: the breeding industry — and it is particularly hard hit by the decision to end the *Slots Program*. Anna Meyers (of the Standardbred Breeders of Ontario Association) captures the essence of the problem by stating that "with the government's decision, there will be a ripple effect that will be felt across the province." But that ripple effect will likely be first felt by Ontario's horse breeders since, as she explains: "Breeders need almost five years of lead time to respond to changing market forces." Because the breeders were not forewarned about the cancellation of the program, they did not have the required lead time to compensate for the sudden lack of demand for race-ready horses arising from the cancellation. To make matters worse, "breeders in Ontario are sitting on roughly three years worth of horses due to the timing of the birth to yearling sales to racing process."

Because of the prevailing climate of uncertainty, the breeding of

mares and the sales of yearlings have dropped off more than 40 per cent since the program's termination was announced, according to Robert Wright. Anna Meyers explains that not only have breeders' sales been cut in half, but clients are refusing to pay stud fees and many of the mares that were boarded in Ontario have left the province for safer breeding markets with stable sire stakes programs.

A similar story can be told of Ontario's veterinary industry. Like doctors, veterinarians have different specialties and areas of practice. Because of the stature of Ontario's horseracing industry, Ontario has some of the most sophisticated and renowned equine veterinarians and veterinary facilities in North America. However, after the *Slots Program* is discontinued, things may very well change.

As Dr. Garth Henry, a long-time practicing equine veterinarian who owns the Russell Equine Veterinary Service located just outside Ottawa in Russell and owner of Hamstan Farm, one of the premier horseracing training facilities in eastern Ontario explains, "access to equine veterinary treatment in the province will decline substantially" as a result of the government's decision. There will simply be a much smaller demand for the services provided by equine veterinarians. Dr. Henry states that this will lead to a "mass exodus of Ontario's equine veterinarians," the majority of whom will likely be forced to relocate their practices to American states like Kentucky, New Jersey and Pennsylvania which are less likely to discriminate against the horseracing and equine industries.

The farming industry in Ontario has also suffered from the Liberal government's sudden cancellation of the *Slots at Racetracks Program*. Mark Wales, President of the Ontario Federation of Agriculture (OFA), states that "a lot of our members

Horse owners receive their share of the Slots revenue through money added to the purses and they reinvest these winnings in the local economy.

Robert Wright, publisher of *Horse News and Views*

supply hay and oats to those who breed horses in Ontario” and that the demand for feed rises and falls with the demand for horses. Mark Wales notes that many of Ontario’s farmers will need to adjust their business models and explains that: “Farmers selling oats, hay and straw for racing will have to switch their crops to sell more crops that aren’t as dependent on the equine industry. This will represent a substantial loss of market for hay, oats and straw.”

Changing the staple crops a farmer grows is an expensive process and can be particularly difficult for those who have specialized in equine-specific crops and who may lack the skill sets and resources required to change.

In June, the Ontario government created its face-saving *Horse Racing Industry Transition Panel* in an attempt to find a way to ensure the survival of the horseracing and equine industry post-March 31, 2013. The panel is chaired by three knowledgeable former politicians representing the three provincial parties: Elmer Buchanan (NDP), John Snobelen (PC) and John Wilkinson (Liberal). They are tasked with creating a meaningful dialogue with the Ontario horseracing and equine industry to smooth the transition from the “dependency” of the *Slots Program* to what is deemed a “more sustainable” business model.

The panel has \$50 million and three years to accomplish this task. Yet, the viable business model in question must be implemented before this September’s yearling sales, without which the remaining 50 per cent of Ontario’s breeding industry would likely collapse and the horseracing industry would be as defunct as Quebec’s. But even if the panel is able to reach a relevant conclusion, what will the horseracing and equine industry be able to transition to?

As Sue Leslie says on behalf of the

OHRIA: “The panel and the broader provincial government need to understand that the industry is not looking for a way to transition out of existence. It is looking for a way to transition to a more sustainable but still profitable business model. (...) I don’t see the government reversing its position and therefore it will be a huge challenge to adopt to this environment, a challenge which is simply impossible to overcome in a mere three years.”

Undoubtedly, the horseracing and equine industry knows that the stakes couldn’t be any higher. And, as Elmer Buchanan says on behalf of the panel, “we are well aware that we have a short timeline.” However, Buchanan feels that there should be a new model for the industry whose “dependency on the increased slot revenue happened by accident.”

Ontario’s Minister of Agriculture, Food and Rural Affairs Ted McMeekin (now responsible for the phasing out of the *Slots Program*) explains what he sees as one of the biggest problems with the current program by stating that the industry “needs a path that allows it to function without being artificially propped up by the revenue from slot machines.” Although McMeekin represents the riding of Ancaster-Dundas-Flamborough-Westdale, a riding which is home to many horse farms and to Flamboro Downs, one of the province’s most popular racetracks, his description of Ontario’s horseracing industry as being “artificially propped up” is reminiscent of the flawed reasoning of Finance Minister Dwight Duncan who does not seem to understand that the *Slots at Racetracks Program* is a public-private revenue-sharing program and not a subsidy.

Nevertheless, Minister McMeekin’s vision for the new business model is “a model that won’t require artificially propping up the horseracing industry and that will have roughly 60 per

cent of what the industry used to be, albeit running more efficiently.” This will likely be difficult to translate into reality given both the time constraints and the paltry \$50 million allocated for this process. As Anna Meyers notes, “that \$50 million doesn’t even begin to cover the losses that the breeding industry alone faced this year.”

Ian Russell explains why many in the industry view the transition panel as a toothless paper tiger by stating that “\$50 million is a drop in the bucket compared to the billion plus dollars the industry generates for the province every year under the *Slots Program*.” In fact, Ed McHale of the NCRHHA is quick to point of that “the \$50 million would be enough to cover the purse money at Ottawa’s Rideau Carleton Raceway but not the other tracks in the province as well.” Russell sums up the frustration felt by many in the industry when he says that “the panel is merely a way for the government to deflect criticism that it is ignoring the consequences its decision will have for the horseracing and equine industries.”

Although some in the industry are hopeful that the panel can reach an agreeable, realistic and tenable conclusion and create a business plan with input from industry members, that remains to be seen. But the buck stops with the transition panel because, as Buchanan says: “We’re not going to come out with a Plan B.” Aside from the limited funding allocated to the panel, each day that goes by without a viable new plan pushes Ontario’s once vibrant industry closer to collapse and the Ontarians who work in it closer to the unemployment line.

The McGuinty government’s decision to end the *Slots at Racetracks Program* has become a political football which has been kicked back and forth between the OLG, the Liberal government and the NDP (the Progressive Conservatives have been on the sidelines due to their decision to withhold support for the Ontario Budget even before it was announced), with no one party clearly wanting to deal with the consequences that ending the program would have



HERE STAND THE FUTURE UNEMPLOYED

Premier McGuinty: Partnerships are not subsidies!

These are the people who will be out of work because of your arrogant and reckless decision, without any notice to shut down the successful Slots at Racetracks Program.

By selling out to corporate gaming interests and large U.S.-style casinos, you will unnecessarily thrust tens of thousands of ordinary, hard-working people into the unemployment lines and will wipe out an industry that directly contributed more than \$2.3 billion to Ontario's annual income in 2010.

Horse racing and breeding is much more an industry of ordinary folks. It employs 55,000 people – 31,000 of them full-time – and very few are rich. Many live outside Ottawa in rural areas, running small farms, breeding and boarding horses, or they live in nearby towns, providing veterinary, training, feed and transport services. They work at the racetracks and training centres exercising and grooming horses, keeping the horses healthy and fed and cleaning the horse stalls. Others are running the paramutuals and maintaining the slots. It's honest work, not lavishly paid and they pay taxes, all 55,000 of them.

The Horsemen and Women of Russell County

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The McGuinty government's past financial boondoggles like eHealth and Ornge Air pale in comparison with the likely long-term loss of revenue and the number of Ontarians who will be forced to rely on unemployment or social welfare programs.

for the province. The OLG's play is summed up by their spokesman Tony Bitonti, who insists that "the implications for ending it fall into the camp of the government, since *Slots at Racetracks* is a government policy and we're a Crown corporation, not a government body."

The Liberal government's play is to set up a straw man argument, presenting itself as making a tough but necessary choice between continuing to support the province's health care and education systems or its horseracing industry, a clearly fictitious argument. Dwight Duncan's spokesperson Aly Vitunski captures the government's play by stating that "we are committed to the people in the industry, but there comes a point when it's health care and education or horseracing. It's unfortunate but we have to choose health care and education." Health care and education on the one hand and horse racing on the other are not mutually exclusive. In fact, much of the McGuinty government's 75 per cent share of the revenue generated from the *Slots at Racetracks Program* is allocated to providing generous support for health care and education in Ontario.

The example of one Ottawa-based racetrack demonstrates that the "either or" play used by the Liberal government does not stand up to scrutiny. Jean Larose, general manager of Ottawa's Rideau Carleton Raceway, states that: "Since the *Slots Program* began, Rideau Carleton Raceway has generated \$643 million for the provincial government that is specifically earmarked to be spent on health-care costs for all Ontarians. That represents the cost of nearly 80,000 hip replacements."

It should also be noted that, on the issue of health care, the Ontario government has a less than sterling record. On Premier Dalton McGuinty and Finance Minister Dwight Duncan's watch, eHealth

squandered more than \$1 billion in taxpayers' money on the province's failed initiative to create electronic health records for Ontarians. And, earlier this year, it came to light that Ornge, the province's not-for-profit air ambulance provider, lost more than \$200 million of taxpayers' money through mismanagement. Allegations of unsound business practices and questionable investments, some unrelated to running an air ambulance service, were compounded by the fact that the number of patients transported by Ornge was steadily declining. But the funding Ornge received from the Ontario government increased rather than decreased. The McGuinty government claims that Ontario must act now and choose between, as Aly Vitunski said, "health care and education or horseracing." Yet, in the case of Ornge, the government was informed of alleged wrongdoing long before it was finally forced to act. One might wonder why the government is now moving so quickly to terminate a successful revenue-sharing program like the *Slots at Racetracks Program* when it was in no hurry to deal with the Ornge debacle.

Andrea Horwath, the leader of the Ontario New Democratic Party, delegated the NDP's play in the *Slots at Racetracks* political football game to NDP MPP Taras Natyshak, who has been the party's point man on this issue. Representing the riding of Essex which is closely tied to the horseracing industry, Natyshak stated that "the Ontario government's decision is not a prudent move and is fiscally irresponsible." (...) "The provincial NDP as a whole disagree with the Premier and the Ontario government's decision." However, actions speak louder than words. When asked what exactly this statement meant and why the NDP abstained rather than vote against the Budget if it so strongly disagreed with the government's decision,

Natyshak responded that, "because the modernization initiative was spearheaded by a government agency, OLG, it did not rear its head in the context of the Budget. No amendments within the Budget could have been made by us to specifically address the OLG modernization initiative since the details of the initiative were absent and they were the prerogative of the OLG."

Andrea Horwath and the Ontario NDP were prepared to vote against the Budget over wages for unionized government workers but would not do the same for the province's horseracing and equine industry because of the OLG modernization plan's lack of clarity and detail. Instead, the NDP claim to have won a victory for Ontario's horseracing and equine industry by having secured the \$50 million funding for the *Horse Racing Transition Panel*.

However, many in the industry view the panel and its \$50 million fund as little more than an economic band-aid and an attempt by the government (and also the NDP) to show that they care about the 55,000 non-unionized industry workers. In politics, perception is reality. Across the aisle, Liberal Minister McMeekin says: "We in agriculture had nothing to do with the OLG decision. We discovered it about the same time as everyone else did." And so the political football continues to be passed.

Regardless of who assumes responsibility for ending the *Slots Program*, it is abundantly clear that the issue as a whole can be seen as symbolic of a predominantly urban-focused and urban-centric government being unable to understand a predominantly rural-based industry and way of life. As Dennis Mills puts it, "very few legislators understand how this industry works because most legislators are from cities" and they are unfamiliar with the horseracing and equine world. Ian Russell explains



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that many legislators who hail from Ontario’s cities have a preconceived notion that horseracing is a sport limited to Bay Street investment bankers and corporate lawyers who own and race thoroughbreds. This is not the case. “In fact, the majority of the tracks in Ontario race standardbred horses that are owned, trained, managed and raced by salt-of-the-earth, everyday Ontarians,” Russell says.

Many in the industry adamantly insist the government needs to realize it wrongly assumed that ending the *Slots at Racetracks Program* would adversely affect only the upper echelon of Canadian society. Or, as Anna Meyers explains, “the Ontario government needs to look at the whole province and not just the urban centres when it considers the implications for any decision it makes.” The argument could be made that this was not the case with its cancellation of the *Slots at Racetracks Program*.

Instead, the government suddenly and unilaterally ended a program that has allowed the horseracing and equine industry to thrive in Ontario. And, as Conservative Senator Bob Runciman points out, “a true cost-benefit analysis of ending the *Slots at Racetracks Program* has not yet been undertaken.” He goes on to state that the decision “doesn’t make any sense” because when a production line at an Oshawa automotive assembly plant is shut down with a loss of about 2,000 jobs, there is blanket coverage in the media. Yet, when the province’s entire horseracing and equine industry, accounting for some 55,000 jobs, is placed on life support by a hastily implemented government decision, there is very little coverage by the media.

The reasoning behind this event continues to defy logic. The McGuinty government’s past eHealth and Ornge boondoggles pale in comparison with the likely long-term loss of revenue and the number of Ontarians who will

be forced to rely on unemployment or social welfare programs, given their industry-specific skills which are not easily transferable. The province’s unresearched and unpredictable decision to terminate the lucrative *Slots at Racetracks Program* will have lasting consequences. Senator Runciman sums this up by stating that “maybe the original contract and revenue-sharing agreement should have been updated or renegotiated, but to blindsides everyone by unilaterally ending the program without even doing a cost-benefit analysis speaks volumes about the unpreparedness and hastiness of this government.”

The impact of that questionable decision will be felt by more than the 55,000 Ontario workers who are part of the horseracing and equine industry with its web of ancillary businesses. The province’s horse tracks are not just the workplaces of jockeys, trainers, and farriers – nor do they simply provide a venue for

the leisure of gamblers and spectators. The tracks also serve as meeting places for people from all walks of life. For instance, Ottawa's Rideau Carleton Raceway has been the home of the Gloucester Fair for the past 13 years. Every year, the Raceway hosts fundraising events for more than 100 charities and businesses, as well as the annual events of several embassies.

It is also worth noting that much of the revenue that has been raised from the 14-year-old *Slots Program* is being put to use outside the tracks themselves. The Rideau Carleton Raceway's general manager Jean Larose explains that: "The Slots at Rideau Carleton Raceway generated \$52 million for the City of Ottawa which the city has said helps keep annual municipal property tax increases lower." Thus, even city dwellers will feel the impact of the *Slot Program's* termination as more of the province's horseracing tracks will be forced to call off all bets and close down. Ultimately, the termination of the *Slots at Racetracks Program* will be a great loss to Ontario and to Canada as a whole because as

Dennis Mills notes, "there's no other product in Canada that has the global sports presence and the tourism reach of horseracing in Ontario, but a lot of city people don't know this."

Many Ontarians who live in rural areas are well aware of the importance of the province's horseracing industry, the third largest of its kind in North America. Dr. Garth Henry is one of those people. He has invested hundreds of thousands of dollars in building and operating his veterinary practice and horse training facility and is very conscious of the negative effect that cancellation of the *Slots Program* will have for his business and for his employees.

Dr. Henry states that when the program ends on March 31, 2013, "the Hamstan Farm's training facility will be shut down overnight and the 13 people who work there will be unemployed immediately." As will doubtless be the case for similar businesses in Ontario's horseracing and equine industry, the future does not look rosy for the 100-acre Hamstan

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Farm. It will become the victim of an urban-centric government that is seeking to reduce its \$15-billion deficit at the expense of the *Slots at Racetracks Program*. ■



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