



THREE BREEDS. ONE VISION.

Horse Racing Industry Consultation: Long Term Funding

Ontario Racing: Background

- Ontario Racing (OR) 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 assigned by Premier Wynne to advocate on behalf of the horseracing industry and to work for a sustainable future for horseracing in this province.
- Ontario Racing will be leading the consultation process with the industry on a long term funding framework and agreement.



Ontario Racing: Updates

- OHRIA board has now transitioned to become new, interim board of directors at Ontario Racing to provide a strong industry perspective and to direct association affairs
- Michael Keegan and John Snobelen have stepped down as directors, with thanks for their hard work and dedication
- New interim board has struck a governance committee to work with legal experts to determine a new, permanent and representative board structure
- New structure to be in place in 2017



Objective

- Goal is to create a long term funding model for 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 in Ontario
- Industry self determination: transitioning from looking at horsepeople as stakeholders, to shareholders
- Here today to share the details of next steps, to determine what a long term funding framework could look like.
- Focus on how public funds can be invested in the horse racing industry so that they will have the greatest long term economic impact



Overview

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



Long Term Funding Framework

Long term funding framework is based on four key principles:

1. A new racetrack alliance: all Ontario racetracks that conduct live racing will be invited to create a new alliance. It is proposed that Woodbine Entertainment Group (WEG) will serve as the administrator of this new alliance.
2. Longer- term, predictable funding: Ontario's horseracing industry can invest in their businesses beyond 2021.
3. Ongoing accountability and transparency: decision-making based on evidence and agreed upon success indicators.
4. Industry leadership: racetrack business plans, race dates, purse levels will be aligned across racetracks for a coordinated approach. Ontario Racing will play a key industry leadership role in the future.



Racetrack Alliance

- Will be an incorporated Ontario not-for-profit corporation
- Governed by a Board of Directors comprised of representatives from the alliance
- WEG will be responsible for the management and the administration of the Racetrack Alliance, leveraging WEG's expertise in operating the existing Standardbred Alliance
- There will be a funding agreement created between OLG and the Racetrack Alliance for the full amount of government funding
- The Alliance will work together to create the racing program, with approval required by OR



Length of Term

- Designed to provide the industry with the certainty they need for breeding, buying, capital and other types of business investments
 - Initial term 7 years beginning in 2021
 - Plus two five-year extensions, based on performance measures
 - Total **17 years**
- These extensions based on performance measures and contract compliance
- Annual fund: \$93.4 million
 - Realizing efficiencies - examples: central race office staff, purse management, tote operations, settlements



Industry Leadership and Cohesiveness

- Performance Measurements and Key Performance Indicators (KPI's), including wagering targets
- Cost allocation agreement to ensure shared administrative efficiencies for racetracks
- Ontario Racing responsibilities:
 - Organizational support of the Racetrack Alliance
 - Reviewing and approving Racetrack Alliance program and annual business plan
- Annual Business Plans from tracks required
- Pari-mutuel wagering revenue sharing agreement
- Reporting requirements to OLG, including 5-year strategic plans



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
- Racetrack Alliance will enter into the Funding Agreement with OLG for receipt of the Annual Funding Payment
- WEG will be responsible for the management and administration of RA pursuant to a Management Agreement
- WEG will prepare Racetrack Alliance Annual Business Plan, the main feature of which will be the racing program and use of the OLG Annual Payment
- The Annual Business Plan will be approved by RA and OR Boards, then OLG and AGCO



WEG's Expertise

- WEG has done an exceptional job - in spite of the declining horse supply, the bet per race at most Alliance Standardbred tracks is increasing.
- 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.



Next Steps in Consultation:

- Comments and opinions can be expressed through a portal on the Ontario Racing website. The ability to engage on-line will be possible throughout the consultation period.
- In person consultation will be held across the province with meetings scheduled as follows:
- Keep checking with the Ontario Racing website for any changes or additions to the meeting schedule.
- This webinar is intended to provide a knowledge base for the industry to think about – more information will be provided at the start of each consultation meeting and then we need to hear from you!



Consultation Dates

Wednesday, October 19	1pm-2pm	Long Term Funding Webcast (available online)
Monday, October 31	2pm-4pm	Toronto (Holiday Inn Toronto International Airport)
Tuesday, November 1	2pm-4pm	Hamilton (Flamboro Downs)
Wednesday, November 9	5pm-7pm	Sarnia (Hiawatha Raceway)
Sunday, November 13	2pm-4pm	London (Western Fair Raceway)
Wednesday, November 16	5pm-7pm	Ottawa (Rideau-Carelon Raceway)
Saturday, November 19	1pm-3pm	Port Perry (Location TBD)
Tuesday, November 22	2pm-4pm	Milton (Gambrel Barn, Country Heritage Park)

