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An Open Letter from Chair Rod Seiling

“The Framework: A Roadmap for Racing in Ontario”

With the implementation of the Ontario Racing Program now underway, a new “province-wide” approach to horse racing is closer to reality. The Program is based on a framework that was approved by the Board of the Ontario Racing Commission (ORC) in September 2010, following a 14-month long consultation with the industry. I believe that this framework will greatly improve racing in Ontario, as well as assist the Commission to meet its responsibilities, as set out in the Racing Commission Act.

There are many aspects of the Program to be developed, as we move to this provincial focus. The changes and refinements that are being introduced will be closely monitored over the next four to six months. Many of you likely have questions and I would encourage you to submit these to members of the Implementation and Monitoring Group (OntarioRacingProgram@Ontario.ca).

A Revitalized Approach to Racing

I believe it is useful to review some of the history and aspects of why the Program was devised. Attached to this document, I have reviewed the historical data on the development of the framework – from the ordering of a moratorium on reductions, to the consultation with industry, to the establishment of governing principles, which were subsequently approved by the ORC Board in January 2010.

Generally speaking, a revitalized approach for racing became necessary, in part, by the unintended and unforeseen consequences emanating from *the Slots at Racetrack* program. Here is what we were seeing in some instances:

On one hand, some tracks allegedly wanted to reduce live racing to bolster financial returns. On the other, it spurred demand for more races from horse people simply as a mechanism to distribute purse monies from the Slots without any regard to entertainment value. This dynamic created an unhealthy relationship and every year the Commission was required to arbitrate a solution – determining how much a given track would race over a season.

In broad terms, the framework's primary objective is to re-focus horse racing back to the customer and in the process, restore the sport's hierarchy. That can be simply summed up as "... where the best horses, race against the best horses, and they do so at the best racetracks. "

The ORC also wanted to ensure that the intended benefits of the *Slots at Racetrack* initiative were identifiable as to meeting the stated objectives of the program for all the partners. In this regard, the Ontario Lottery Corporation (OLG) has undertaken an initiative to examine how the funds flowing from the program have been invested. As a sister government agency, the ORC has been requested to co-operate and work with the OLG and the government on this accountability project.

The Framework Components

In more specific terms, the framework is composed of a number of initiatives. They are as follows:

- A classification of racing based on a hierarchical system of race cards and horse supply;
- Synchronized race date and post time scheduling;
- A purse management system to introduce a greater equity in purses;
- Balanced conditions which will result in more balanced competition;
- Economic oversight, accountability and re-investment in live racing.

The "re-investment" component of the Ontario Racing Program means ensuring that live racing venues meet the expectations of both customers and racing participants. This works hand-in-hand with the OLG efforts to establish benchmarks, mentioned previously.

A provincial approach to the setting of race conditions and to the management of purses is also key. Acting in tandem, the intent is to ensure horses are competitively classed and are racing for relatively the same purse. To support this, province-wide qualifying times have also been established.

No longer should a trainer be able to enter a horse into a condition whereby that horse is a certain 1 to 9 opener on the odds board. It turns customers off the product. Quite frankly, it is also bad for the business – what owner wants to see their horse in a race with no chance of winning?

Purse distribution into the pools of tracks where more wagering dollars are being bet, as knowledgeable industry people have told us, will mean that the horses will be funnelled to those tracks.

It never made economic sense to distribute \$70,000 or more for a day of racing at a track that handled, at best, \$10,000. It also exacerbated the ORC's budgetary pressures, as its total revenues for that day may only be \$300, all the while providing a full range of services.

For some time, the ORC has recognized this revenue problem due to the decrease in wagering province wide. It has responded by 'flat lining' its expenses for at least 5 years. However, it cannot continue to provide the services the industry continues to demand in a "business as usual" arrangement like the aforementioned.

Also, please note that purse distribution in this inaugural year of the framework has been limited to tracks with common ownership. This is not new – for example, Mohawk and Woodbine standardbred have been doing this for many years, to the benefit of the industry.

Classifications of Racing

I think it is useful to point out that *tracks* have not been classified but rather the *races* have. The framework allows tracks to make their *own* decisions on how they best fit into the market and what type of racing they should offer. Tracks can offer more than one type of race.

The classifications are:

Grassroots -- a community based racing card that is not normally simulcast.

Signature -- a wagering, customer-focused racing card that is simulcast primarily for a domestic market and which serves as the under card for any Premier racing card.

Premier -- a wagering, customer-focused racing card of the highest quality of Ontario product that is simulcast for the domestic and international market.

With these classifications and other refinements, the Ontario Racing Program is projected to offer horse people more and better racing opportunities. With a province-wide approach, no longer will tracks within a region will write the same class for relatively the same day. When that happened under the old system (and there were many such instances), the likelihood of any of the races being filled was minimal. The net result was *everyone* missed a racing opportunity. Under the new framework, that should not occur.

I believe that an important aspect to the framework has been the creation of the Implementation and Monitoring Group. This group is already operational. As I mentioned, you should contact the Group with your questions. It is the group's responsibility to ensure a smooth transition, respond to industry comments, and to react immediately to any unforeseen problems.

This new framework gives the horse racing industry the opportunity to re-position itself as a value-for-money entertainment option to the public. It sends a message that racing is not just a 'ward of the state' but that the government's investment in racing is paying dividends, and that it is receiving a return on that investment.

It is an opportunity I hope the industry will embrace fully.

Rod Seiling
Chair

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The Development of the Framework

- In the fall of 2009, race date applications for 2010 were received. If approved, it would have resulted in 150 fewer less race dates than the previous year.
- The ORC Board orders a moratorium on reductions and directs the Executive Director to commence an industry wide consultative process with the goal to identify a new and better means of allotting live race dates.
- Once into the matter, there was a quick recognition that the issues that needed addressing were more involved than simply race dates.

As a result of the dialogue and consultations, a number of governing principles were identified and subsequently approved by the ORC Board in January 2010. These principles that an acceptable model for racing will:

1. Enhance live racing and provide benefit to the agricultural sector in Ontario
2. Allow a fair return on investment over the short term while protecting value for owners and communities over the long term
3. Provide customer-focused, competitive racing by recognizing both supply and demand
4. Leverage and support the horse racing's partnership with the public sector by using government's investment to enhance the economic sustainability of Ontario horse racing
5. Encourage and provide incentives for live racing
6. Be simple and objective

Following the 14 month consultation process, a proposed new framework based on these principles was brought forward to the ORC Board for approval. Prior to taking any action the Board met with all the respective industry associations to allow them to provide their own position directly to the Board. There were no dissenters; support was received from everyone.