



# HORSE RACING IN CANADA



## THE ECONOMICS OF HORSE RACING IN 2010

By Vel Evans



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Vel Evans is principal consultant for Strategic Equine Inc. Research studies completed by Strategic Equine (and authored by Vel Evans) include:

- 2010 Canadian Horse Industry Profile Study – The State Of The Industry
- 2010 British Columbia Horse Industry Profile Study
- 2009 Saskatchewan Horse Industry Profile Study
- 2007 Ontario Horse Racing and Breeding Industry Profile Study
- 2007 Review of the Ontario Horse Improvement Program – An Overview of Breeding Sector Incentive Programs in Selected Jurisdictions
- 2003 Canadian Horse Industry Profile Study – The Economic Contribution of Horses in Canada
- 2003 Equine Industry Export Market Opportunity Study – The International Equine Industry
- 2002 Equine/Equestrian Industry International Comparative Review
- 2001 Saskatchewan Horse Industry Research Study
- 1999 Alberta Horse Industry – Horse Health Services Sector Profile Study
- 1998 Region of York Horse Industry Economic Impact Report
- 1998 Canadian Horse Industry Research Study
- 1997 Ontario Equine Market Profile Study

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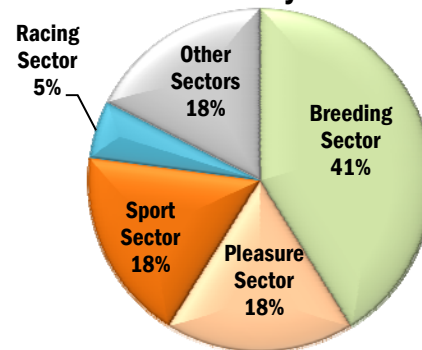
## THE ECONOMICS OF HORSE RACING IN CANADA

### SUMMARY AND HIGHLIGHTS

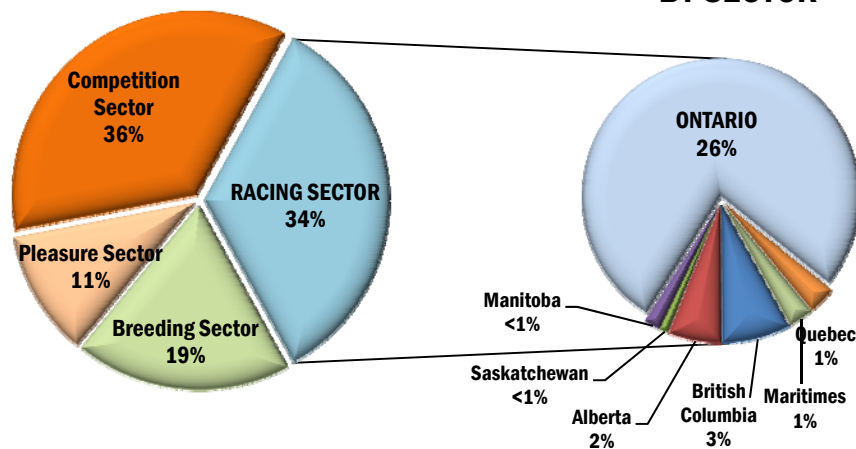
This report identifies the significant economic contribution to the Canadian economy that is realized through horse racing.

The Canadian horse industry – all horses – contributes \$19.6 billion annually to the Canadian economy. With only 5% of the horses, horse racing contributes \$5.7 billion – 29% of the total contribution from the Canadian horse industry.

### 963,500 Horses in Canada by Sector

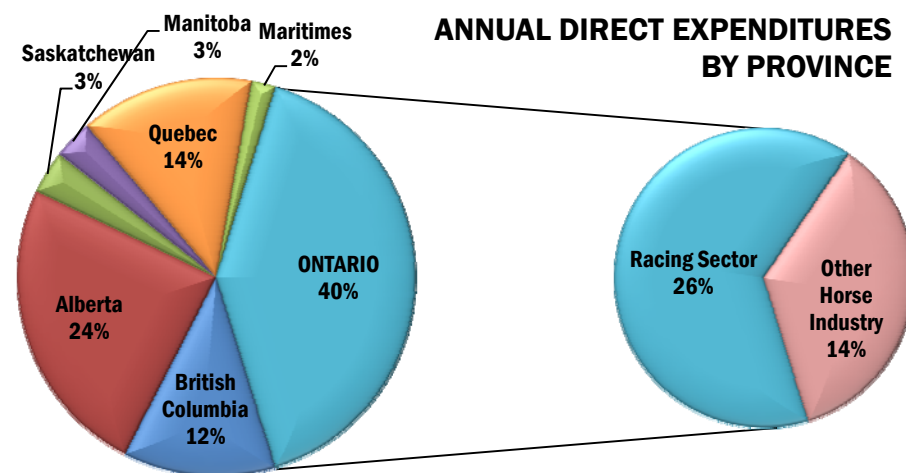


### ANNUAL DIRECT EXPENDITURES BY SECTOR

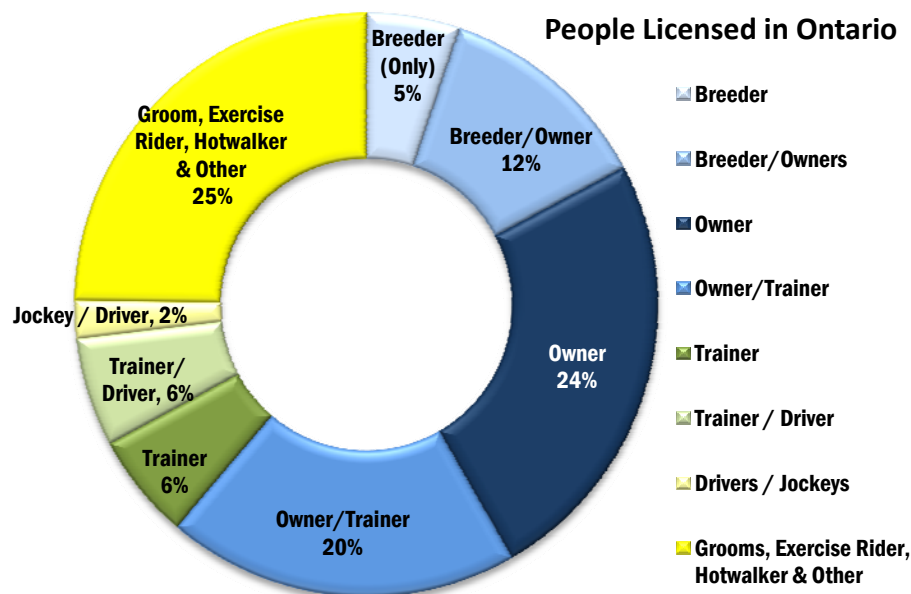


The Ontario racing industry is the economic engine for both the Canadian racing industry and the Ontario horse industry. Expenditures in Ontario racing represent 26% of the total expenditures for the entire Canadian horse industry.

### ANNUAL DIRECT EXPENDITURES BY PROVINCE



The typical horse owner in the racing sector is male, baby-boomer generation, and has been involved in racing for more than ten years. The median household income is \$60,000 to \$80,000 – in line with the national average for two-income households. Most people participating in the industry are both invested as horse owners, and earning a living from the racing or breeding business.



The \$5.7 billion in economic impact that flows from horse racing in Canada, results from the \$3.1 billion in expenditures in this labour intensive industry. Horse racing in Canada represents a complex economic structure. The wide range of expenditures required for the production, care and racing of horses means that the economic benefits flow through several different economic sectors – agriculture, entertainment, tourism, manufacturing, gambling/gaming, etc.

The Canadian horse racing industry generates more than 47,000 full-time equivalent jobs (*person years* of employment) -- one full-time job for every horse in the racing sector. The Ontario racing industry provides 34,816 *person-years* of employment.

Those involved in horse racing are horsemen first, with a passionate attachment to their horses. It is apparent from the numbers that those in the racing business are not chasing profits. For the opportunity to chase purses, they are willing to invest heavily and drive a significant churn of expenditures.

The multiplier effect of expenditures in horse racing can flow both ways – a significant decrease in purse rewards and/or racing opportunities could have a cascading negative effect on the economy as well. Purse rewards and opportunities to chase purse money are the key motivators for owner investment.

The continued willingness of horsemen to invest in the sport of racing is key to the significant economic benefit that the Canadian economy realizes from horses.

## THE FACTS ...

- Approximately 45,000 horses were active in the horse racing sector. In 2010, 58% of the horses active in the racing sector in 2010 were in Ontario.
- The 45,000 horses active in the racing sector were owned by approximately 21,000 owners. In 2010, 56% of the horse owners in the Canadian horse racing sector were in Ontario.
- Horse owners in the racing sector have more than \$4.8 billion invested in horses, tack, equipment and horse-related property improvements -- an average of \$233,536 invested per owner.
- Horses are the only livestock for which GST is charged on the sale of animals, plus products and services for their care. The racing industry contributes \$28.4 million in GST revenues each year.
- The horse racing industry contributes \$42.7 million to provincial sales tax revenues. In provinces with harmonized HST, the horse racing industry contributes the full HST value.
- The horse racing industry generates \$3.1 billion in On-Farm and Off-Farm expenditures. Ontario expenditures totalled \$2.1 billion in 2010.
- The Canadian horse industry, all sectors, provided 76,000 *person-years* of paid employment in 2010 -- 62% of those jobs were in the horse racing sector.
- The Canadian horse racing industry supports more than 47,000 full-time equivalent jobs (*person years* of employment) -- one full-time job for every horse active in the racing sector
  - The Ontario horse racing sector provides 34,816 *person-years* of employment.
  - Many of the jobs in racing are seasonal and part-time. The 34,816 *person-years* of employment in Ontario potentially represent 55,000 individual people employed.
- The total annual economic contribution from the Canadian horse racing sector is \$5.7 billion -- 77% (\$4.5 billion) comes from the Ontario racing industry.
  - Of the 27,310 races run in Canada in 2010, 68% (18,588) were run in Ontario.
  - Of the \$312,103,015 paid out in purses, \$267,536,533 (86%) was earned for racing in Ontario.
  - Of the \$1.45 billion wagered on horse racing in Canada in 2010, \$1.04 billion was wagered in Ontario.
- The CPMA is a federal agency that regulates and supervises pari-mutuel betting on horse racing in Canada. The federal levy on wagering provides funds for the Canadian Pari-Mutuel Agency... 72% of the CPMA funding is generated from wagering in Ontario.

- The racing sector in Canada is the leading sponsor for equine research related to performance health issues (lameness, respiratory ailments, endurance and performance issues), as well as reproductive health for stallions, mares and foals.

The funding model for horse racing varies from province to province, although all provinces receive a significant part of revenues from wagering on horse racing – commissions on pari-mutuel wagering. Several provinces receive some component of funding from slots or gaming on racetracks.

- Horse racing in British Columbia is primarily funded through 18% commission on pari-mutuel wagering and 15.5% commission on Net Slot Revenues at three racetracks.
- Horse racing in Alberta is primarily funded through 15% commission on pari-mutuel wagering and 44% commission on Net Slot Revenues at three racetracks.
- Horse racing in Saskatchewan is primarily funded through 14% commission on pari-mutuel wagering plus an annual grant of \$1.5 million from SLGA.
- Horse racing in Manitoba is primarily funded through 14% commission on pari-mutuel wagering and an annual grant from Manitoba Gaming of \$5.5 million.
- Horse racing in Ontario is primarily funded through 18% commission on pari-mutuel wagering and 20% commission on Net Slot Revenues at seventeen racetracks.
- Horse racing in Quebec in 2010 was primarily funded through 18% commission on pari-mutuel wagering and contributions from horse owners in fees for racing.
- There was no horse racing in Quebec in 2011.
- Horse racing in New Brunswick is primarily funded through 12.5% commission on pari-mutuel wagering and contributions from horse owners in fees for racing.
- Horse racing in Nova Scotia is primarily funded through 12% commission on pari-mutuel wagering and contributions from horse owners in fees for racing.
- Horse racing in Prince Edward Island is primarily funded through 19% commission on all gaming revenue in P.E.I. including pari-mutuel wagering.
- Horse racing in Newfoundland is primarily funded through 12% commission on pari-mutuel wagering and contributions from horse owners in fees for racing.

A copy of the full report is available on the Equine Canada website at:

[www.equinecanada.ca](http://www.equinecanada.ca)