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December 14, 2012

Notice to the Industry

Ontario Racing Program – 2013 Schedule of Race Dates

ORC confirms the Ontario Racing Program for 1st Quarter 2013

Notice of Director's decision regarding 1st quarter 2013 Race Date variance requests

The Director of the Ontario Racing Commission (ORC) today announced the decision on the applications received seeking variances to the assigned dates for 2013. A total of 5 applications were received from 4 different racetrack operators, which in total sought to reduce the number of 2013 race dates in January, February and March from 224 days to 165 days, a reduction of 26%.

Having considered the recommendation of the Implementation and Monitoring Group on the applications and the public input received, the Director issues the 1st quarter Ontario Racing Program for 2013 as follows:

Applicant	Number of Race Dates approved for 1st Quarter
Application denied Woodbine Racetrack	51 Premier Cards (Schedule maintained at 4 days a week)
Application denied Western Fair	51 Signature Cards (Schedule maintained at 4 days a week)
Application varied Flamboro Downs	52 Signature Cards (Approved to reduce to 4 days a week from 5) (Dropping 13 Thursdays, Wednesdays remain)
Application varied Georgian Downs	4 Signature Cards (Approved to cancel 1 race date, March 30, 2013) (Schedule in first two weeks of January remains)

Application approved
Rideau Carleton

27 Signature Cards
(Approved to cancel three Fridays in March)
(Add January 1)

Based on recommendation of the IM Group, the Director also varies the race date schedule at Kawartha Downs, moving the Monday Signature card to Tuesdays, and confirms the race date assignment as follows:

Kawartha Downs

23

11 Grassroots Cards
12 Signature Cards

In summary the Director approved 208 race dates for the 1st quarter of the 2013 calendar, which includes a reduction of 16 dates (7% reduction over the same period in 2012).

The Reasons for Decision are attached to this Notice.

Please be advised that you or any other aggrieved party have the right to appeal the Director's decision to the Commission. Please note that the following date(s) has been set aside for any required hearings: December 28, 2012 (also December 31, 2012 if needed). Any Notice of Appeal must be filed no later than December 17, 2012.

A handwritten signature in black ink, appearing to be 'Steve Lehman', with a long horizontal line extending to the right.

Steve Lehman
Executive Director

REASONS FOR DECISION

The Director of the Ontario Racing Commission (ORC) received applications to vary the 2013 Ontario Racing Program Race Date Schedule from Woodbine Entertainment Group for Woodbine Racetrack (SB), Great Canadian Gaming Corporation (GCGC) for Flamboro Downs and Georgian Downs, Western Fair District for The Raceway at Western Fair District, and Rideau Carleton Raceway Holdings Limited for Rideau Carleton Raceway. Each of the applications has been reviewed and considered through an application of the principles of the Ontario Racing Program.

The year 2013 represents an unusual year with the Slots-At-Racetracks Program (SARP) scheduled to end on March 31, 2013. Until that date, all licensed racetracks and the purse accounts continue to receive their respective share of the slots revenue. The 2013 calendar year therefore includes two distinct periods, differentiated by a change in the economics of the industry.

The question therefore becomes should the 2013 season be treated holistically or as a combination of two distinct periods separated by the end of SARP?

To accept a holistic approach would support the idea of “smoothing” the race calendar – that is, to permit a reduction of racing opportunities in the first quarter of calendar 2013 to support racing opportunities under the new economic circumstances post- March 31. Opponents of this approach would question how to ensure that the expected positive impacts are delivered following March 31.

The significant uncertainty regarding the post-slot period has challenged the industry’s ability to plan and commit to race calendars beyond March 31, limiting the effectiveness of a holistic approach. Acknowledgement of this uncertainty has warranted a change to the procedure of determining race dates. Approaching the two periods as separate and distinct carries the risk of experiencing a dramatic change post March 31 by depleting the purse accounts and operating funds necessary to support a smooth transition.

In consideration of the alternatives, it was decided that the application of the Ontario Racing Program in determining race dates will be based, as much as possible, on “the known” and defer consideration of the post-slot period pending further information relating to the economic environment that the industry will be working within. The business case arguments for variances that rely on speculation regarding a future racing model for the province were therefore considered with less weight.

The collaboration by a number of tracks that resulted in a supplemental joint submission is acknowledged.

**Application to vary the 2013 Race Date Schedule (January – March)
for WOODBINE RACETRACK (Standardbred)
Woodbine Entertainment Group (WEG)**

WEG's application to vary the dates included a reduction from 4 days to 3 days per week, by removing 13 Thursday evening race cards.

The following points were considered and form the basis of the Director's decision:

Customer Demand

- Woodbine Standardbred Premier level racing is a key product for the betting customer. There is sufficient evidence, based on wagering levels and public input that removing one day per week from the schedule would not serve customer interests.

Purse Levels

- WEG did argue that the primary motivator in the application was to save purse monies for the future.
- The loss of wagering dates would result in a loss of approximately \$500,000 to the purse account from wagering revenues.
- Based on projections, there are sufficient funds in the purse account to accommodate racing at four days a week going forward.
- Under the Ontario Racing Program, WEG has the ability to manage its purse account to ensure the purses are able to remain competitive with other jurisdictions for not only the first three months of the racing season, but for the entire year.

Racing Opportunities and Horse Supply

- Under the 2012 approved race schedule, Woodbine has been conducting racing four days a week to the end of the year.
- WEG states that horse supply issues are not a motivating factor in the variance request.
- Input from the industry received through the public consultation period showed no support for the reduction of days at Woodbine. The local horsepeople's representative at Woodbine, the Central Ontario Standardbred Association, is not in support of the application to vary.

Financial Condition

- WEG stated that the revenues earned on a day of racing covered the operational costs and therefore were not a factor in their application.

Harmonization of Schedule

- A balance between the number of Signature and Premier cards are required in the Province. There needs to be sufficient opportunities for Premier racing.

Motivation to Conduct Live Racing

- WEG has clearly stated its commitment to "quality standardbred racing during the winter period".

Based on the above points, the Director denies the application of WEG.

**Application to vary the 2013 Race Date Schedule (January – March)
for THE RACEWAY AT WESTERN FAIR DISTRICT
WESTERN FAIR DISTRICT (WFD)**

WFD's application to vary the dates included a reduction from 4 days to 3 days per week, by removing 13 Wednesday evening race cards.

The following points were considered and form the basis of the Director's decision:

- WFD's rationale for the variance was based in part on the OMAFRA Horse Racing Transition Panel's recommendation on what a future racing model for the province should look like and a concern that the purse account will not be sustainable beyond March 31, 2013.

Customer Demand

- WFD did not raise customer demand as a basis for the requested variance.

Purse Level

- Under the Ontario Racing Program – Implementation Criteria 1-2011, the range of purse level for a Signature track is \$65,000 - \$85,000. Lowering purses to \$73,000 from the current level does not require a variance and should be encouraged as a means of managing the purse account for the approved dates.

Racing Opportunities and Horse Supply

- WFD has sufficient horse supply for four cards of racing per week.
- Input from the industry received through the public consultation period showed no support for the reduction of days and demonstrated a preference for more opportunities versus higher purses going forward. The local horsepeople's representative at Western Fair, the Ontario Harness Horse Association, is not in support of the application to vary the dates.

Financial Condition

- Although WFD did not include in its business case any reference to financial inability to conduct the dates, it is recognized that a track that conducts horse racing in the winter months incurs greater costs than racetracks that only operate in the summer months.

Harmonized Schedule

- WFD is the only track conducting live racing in the Southwest Region during this period, creating a requirement for signature dates during this period.
- WFD participated in the collaborative schedule of the Ontario Winter Tracks, but did not raise harmonization as a basis for the requested variance.

Motivation to Conduct Live Racing

- WFD did not address motivation as a basis for the requested variance.

Based on the above points, the Director denies the application of WFD.

**Application to vary the 2013 Race Date Schedule (January – March)
for FLAMBORO DOWNS**

Great Canadian Gaming Corporation (GCGC)

GCGC's application to vary the dates included the removal of the Wednesday and Thursday race cards from its schedule, amounting to a reduction of 26 dates over the 3 month period. The schedule proposed was for Fridays in the evening, Saturdays in the afternoon and Sundays in the evening.

The following points were considered and form the basis of the Director's decision:

- GCGC's rationale for the variance is based in part on the recommendation of the Horse Racing Transition Panel in their October 2012 Report, that a future model of horse racing in Ontario would include fewer Signature cards than currently exists. While the Director acknowledges the recommendations, these are recommendations for the future, beyond the end of the SARP. The revenue from slots continues to flow to both the racetrack operator and the purse account and there is still a significant requirement for signature dates in the Central West Region (where Flamboro is at the core) during this period, based on available horses.

Customer Demand

- GCGC did not raise customer demand as a basis for the requested variance, however the IM Group recommended a reduction of one day a week based on customer attendance and wagering levels.

Purse Level

- In 2012 the average purse level increased from approximately \$65,000 to \$74,000 at Flamboro. GCGC expressed concern about the ability of the purse account to support 5 days a week during the first quarter of 2013 at the current purse levels. Under the ORP Implementation Criteria #2, GCGC has the flexibility to manage its purse structure within the Signature range of \$65,000 to \$85,000.

Racing Opportunities and Horse Supply

- Currently Flamboro does not have any issues with horse supply and moving from 5 days a week to 3 days a week would have a negative impact on the number of racing opportunities available.
- Under the 2012 approved race schedule, Flamboro has been conducting racing 4 days a week to the end of the year.
- Input from the industry received through the public consultation period showed no support for the reduction of days and demonstrated a preference for more opportunities versus higher purses going forward. The local horsepeople's representative at Flamboro, the Ontario Harness Horse Association, is not in support of the application to vary.

Financial Condition

- Although GCGC did not include in its business case any reference to financial inability to conduct the dates, it is recognized that a track that conducts horse racing in the winter months incurs greater costs than racetracks that only operate in the summer months.
- GCGC also raised the issue of "fairness" regarding a "disproportionate amount of racing" although the basis of this evaluation of proportion was not disclosed.

Harmonized Schedule

- GCGC participated in the collaborative schedule of the Ontario Winter Tracks, but did not raise harmonization as a basis for the requested variance.
- The IM Group recommended a four day weekly schedule for Flamboro that harmonized its schedule with the other racing products.

Motivation to Conduct Live Racing

- GCGC did not address motivation as a basis for the requested variance.

In reviewing the business case related to this application, a reduction to three days a week was not sufficiently supported. The IM Group did, however, recommend reducing one day a week, a reflection of customer interest in the product.

Based on the above points, the Director approves the application for Flamboro Downs in part, reducing the 5 day schedule to a 4 day schedule by removing the Thursday cards, and changing the post time for the Wednesday cards from 1:00 p.m. to 6:00 p.m. to better position the product

Application to vary the 2013 Race Date Schedule (January – March) for GEORGIAN DOWNS

Great Canadian Gaming Corporation (GCGC)

GCGC's application to vary the dates involved the removal of all 5 race dates for the period – January 1, 5, 8, 12, and March 30.

The following points were considered and form the basis of the Director's decision:

Customer Demand

- GCGC did not raise customer demand as a basis for the requested variance.

Purse Level

- The available purse pool at Georgian Downs is capable of supporting the 4 race cards in January.

Racing Opportunities and Horse Supply

- There is a need for racing opportunities in the Central East region in this period.
- Leading up to this period, Georgian Downs will have been conducting racing at four days a week during December 2012, so there are ample horses to fill 2 race cards per week.
- The local horsepeople's representative at Georgian Downs, the Ontario Harness Horse Association, is not in support of the application to vary.

Financial Condition

- GCGC did not include in its business case any reference to financial inability to conduct the dates.

Harmonized Schedule

- In 2012, Georgian Downs' meet was extended into the first two weeks of January to offset the month closure at Kawartha Downs. This ensured racing opportunities in the Central East Region during this time. Kawartha Downs will remain closed for those two weeks in 2013. In part this was offset by extending the Georgian winter shutdown to the end of March.

Motivation to Conduct Live Racing

- GCGC did not address motivation as a basis for the requested variance.

In considering the March 30 race date, that date is the debut of the Spring meet at Georgian Downs. As a result, that March 30 date has been treated as an extension of the post March 31 racing schedule. It is therefore reasonable to eliminate the March 30 race date until more information is known.

Based on the above points, the Director approves the application in part, by removing one race date, March 30, 2013, from the Georgian Downs schedule.

**Application to vary the 2013 Race Date Schedule (January – March)
for RIDEAU CARLETON RACEWAY**

Rideau Carleton Raceway Holdings Limited (RCR)

RCR's application to vary the dates included the removal of three dates – Friday March 15, 22 and 29.

The following points were considered and form the basis of the Director's decision:

Customer Demand

- RCR's rationale included concern of maintaining a consistent race schedule for its customers.
- Currently Rideau Carleton Raceway is scheduled to race two days a week – Thursday and Sunday – for the months of January, February and first half of March.
- Historically, beginning in the middle of March, the Friday cards are added to the schedule and are continued for the remainder of the year.
- The debut of the expanded Spring meet – three Fridays in March – are being considered an extension of the post-March 31 racing calendar and therefore it is reasonable to eliminate these dates until more information is known.

Purse Level

- RCR currently conducts a 15 card program and is encouraged to re-evaluate this practice in order to manage the purse account and the horse supply.

Racing Opportunities and Horse Supply

- RCR also expressed concern there will not be an adequate horse supply to fill race cards on these 3 Fridays, as the track has seen a decrease in entries compared to prior years.

Financial Condition

- RCR did not include in its business case any reference to financial inability to conduct the dates.

Harmonized Schedule

- RCR did not raise harmonization as a basis for the requested variance.

Motivation to Conduct Live Racing

- RCR did not address motivation as a basis for the requested variance.

Based on the above points, the Director approves the application of RCR.