

**Ontario
Racing
Commission**

Suite 400
10 Carlson Court
Toronto, Ontario
M9W 6L2
Tel 416 213-0520
Fax 416 213-7827

**Commission
des courses
de l'Ontario**

Bureau 400
10, Carlson Court
Toronto (Ontario)
M9W 6L2
Tél 416 213-0520
Télééc 416 213-7827



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Notice to the Industry Ontario Racing Program

ORC orders purse re-direction from Georgian for race dates at Grand River and Western Fair

On October 25, 2013 the Ontario Racing Commission (ORC) issued a Notice of Order to Great Canadian Gaming Corporation (GCGC) to re-direct a total of \$566,400 in purse monies from Georgian Downs Ltd. (Georgian) for race dates at The Raceway at Western Fair District (Western) and Grand River Raceway (Grand River).

It was determined and communicated in the September 3, 2013 Notice to the Industry that the cancellation of eight Georgian race dates necessitated additional race dates at Western and Grand River. The additional nine race dates that were approved required more purse funds than either Western or Grand River were forecasted to have available in their purse accounts.

In the September 3, 2013 Notice to the Industry, the Director gave notice that the Administration of the ORC would work with Western and Grand River management to ensure that adequate purse funds were available for these additional nine Signature race dates. The actual purses paid on the five additional race dates at Western was \$328,600, while the actual purses paid on the additional four race dates at Grand River was \$237,800.

For more information, please see the Background document attached.

Please be advised that any aggrieved party has the right to appeal the Director's decision to the Commission.

Steve Lehman
Executive Director

Background

Purse re-direction from Georgian Downs to Grand River and Western Fair

Key Dates

- On August 29, 2013 the Director of the ORC approved an application for variance from GCGC that resulted in the cancellation of eight September Signature race dates at Georgian.
- In the Notice to the Industry the Director stated that “while eliminating dates at Georgian in September is contrary to several tenets of the Ontario Racing Program (ORP), the Director respects the negotiated arrangement, and therefore cancels the eight race dates in September for Georgian Downs.”
- The Director also noted “that the deficiency of Signature race dates in central Ontario for September created by this decision should equally create a market opportunity for another racetrack operator.”
- On August 30, 2013 and September 3, 2013 the Director approved separate applications for variance from Western and Grand River. The approval added nine September Signature race dates - five Signature race dates at Western and four Signature race dates at Grand River.
- The Director based the decisions on the deficiency of Signature racing created by the cancellation of September dates at Georgian Downs.

Consideration of the “best” source of funds

The Implementation and Monitoring (IM) Group, as part of its on-going monitoring of the industry, tracks purse accounts and forecasts under or over payments of purse by racetrack. Information provided by track management is corroborated by information gathered by the IM Group to prepare reliable purse account reports for the province.

As there were multiple options for purse funds, the IM Group applied the guidelines outlined in the Director’s August 16, 2013 Notice to the Industry to determine the “best” source of funds. When considering Georgian’s purse funds as a source, it was noted that Georgian had the largest purse under payment among all of the Signature and Grassroot Racetracks.

Guidelines:

1. **Breed:** Georgian, Western and Grand River are all exclusive to Standardbred racing therefore purse monies earned by the breed would be raced for as purses by that breed (as is preferred).
2. **Geographical Proximity:** While the ORP recognizes a provincial focus, racing at Georgian, Western and Grand River all occur within the Central Ontario market.

3. **Impact on racetrack operating costs:** The use of purse monies will not have a material negative affect on Georgian or the commonly owned Flamboro Downs. The additional race dates at Western and Grand River were funded under separate transfer payment agreements with Government, with track operators confirming that there would be no impact on their net operating costs.
4. **Administrative considerations:** The ORC has previously re-directed purse funds to both Western and Grand River from the Standardbred Horsepeople's Purse Trust Account.
5. **Opportunity costs:** The cancellation of eight race dates at Georgian caused a direct impact to the customers and horsepeople. That impact was mitigated by the approval of nine race dates between Western and Grand River. In effect, this redirection results in purse account balances at each of the three relevant tracks that resemble "what would have been" had Georgian raced those September dates as originally approved.