



## **Sustaining Horse Racing in Northern Ontario**

A Socio-Economic Perspective -  
City of Greater Sudbury

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on behalf of the Northern Horsemen's Association.

## Executive Summary

In 1998, an agreement between the Ontario government's Lottery and Gaming Corporation and the Horseracing Industry of Ontario was struck. This agreement, called the Slots-at Racetracks Agreement has proven to be one of the most successful public/private partnerships in Ontario's sport and gaming history. Its success and notoriety has been so impressive that other jurisdictions within the North American Horseracing sector have modeled and applied it to improve, support and develop horseracing programs and venues.

Suddenly, on March 12, 2012, known as "Black Monday" in racing circles, without industry consultation, the Ontario Lottery Corporation, OLG, exercised its one year option clause to remove itself from the Slots-at-Racetrack agreement leaving the proud tradition of Ontario Racing and its related agriculture supply side partners at a perilous crossroads.

The economic and social impact on the City of Greater Sudbury without racing and related supply side business and applied agriculture economy dependant on racing will be a devastating situation for Northern Ontario. In particular, the City of Greater Sudbury's rural agricultural areas of Chelmsford, Hanmer, Azilda, Blezard Valley and Val Caron represent the agriculture sector of the greater city and represent over 10% of the City of Greater Sudbury's population base. The direct employment impact of 500 direct racing jobs, related supply side agriculture and related services generate over 10 million dollars annually to the overall economy of this Northern Ontario region.

The social effects will be costly to government in terms of welfare applications, potential bankruptcies and unnecessary retraining cost to an already deficit deprived education system. The psychological and mental health related treatment costs on people in this region of the province have no estimates at this time but history has shown that the results of traumatic change are disastrous in its affect on families and individuals whose quality of life is disrupted and displaced suddenly.

The Northern Horsemen's Association representing 125 horsemen in Northern Ontario and also members of the Ontario Harness Racing Industry of Ontario present this economic and social impact position paper demonstrating and advocating for the importance of maintaining horseracing in Northern Ontario,

The Northern Horsemen's Association presents this paper to Mr. Stan Sadinsky, who has been retained by OHRIA to make recommendations regarding the restructuring of racing in Ontario in light of recent government announcements and with respect to the cancellation of the Slots –at- Racetrack program.

The Northern Horsemen's Association feels it is imperative that a fair and equitable racing program in Ontario **must** be representative of all regions of Ontario and that Northern Ontario is and will be an integral part of the future of horse racing in Ontario.

## Introduction

Harness Racing in Northern Ontario is not a unique concept given the resource based economic reputation the North has in relation to its Southern Ontario counterparts. Certainly there are naysayers that will tell you Northern Ontario Racing is isolated and should not form the circle of tracks in Ontario. If the government review panel and others are considering consolidation or downsizing of any racing product in Ontario, then Sudbury should well be considered one of the “regional tracks” that remain.

This paper will provide factual information based on a century old racing tradition, a 30+ year racing infrastructure venue, the sustaining economic impact and the social context that Northern Ontario racing brings as a benefit to this rural agriculture niche of Ontario. Racing in rural Northern Ontario is as important to the Ontario agricultural community as its rural Southern Ontario counterpart. Any disposition of this economic generation would have a devastating \$10 million plus impact to this rural economy.

The jurisdiction to be addressed specifically is the City of Greater Sudbury, which embraces the rural agricultural communities of Chelmsford, Azilda, Hanmer, Val Caron and Blezard Valley. The horse racing facility will be referenced as Sudbury Downs, a privately funded \$10 million infrastructure that was established in the early 1970's.

## The Greater City of Sudbury Economic View

With a population of \*158,000, the City of Greater Sudbury is the largest city in Northern Ontario. It covers an area of 3,627 sq. km (1,400 sq. mi.) - about two thirds the size of Prince Edward Island. The City of Greater Sudbury is the regional retail/commercial, health and education services centre for Northeastern Ontario. Its catchment area of approximately \*750,000+ population includes but is not limited to, Espanola/Manitoulin Island to the west, Timmins/Kirkland Lake/Tri- Towns to the north, North Bay/ Nipissing/ Sturgeon Falls to the east and Parry Sound /Muskoka to the south. Mainly known for its resource based economy, the City of Greater Sudbury boasts a rural agricultural district that is over a century old.

The breakdown of population that identifies the rural agriculture area of the City of Greater Sudbury is defined by the former towns of Chelmsford, Hanmer, Blezard Valley, Val Caron and Azilda. These combined areas represent more than 10% + or approximately 20,000+ residents of the gross population of the City of Greater Sudbury and is increasingly becoming a preferred “growth” area in the region.

\*Chelmsford - 6,570

\*Val Caron (includes Blezard Valley & McCrea Heights) - 6,335

\*Azilda - 3,837

\*Hanmer - 5,945

Source: \*Key Facts City of Greater Sudbury- Population

### **Market Profile - Retail Sales by Types of Goods, 2011 Estimates**

**Source: FP Markets Canadian Demographics 2011; Greater Sudbury CMA.**

**Greater Sudbury CMA (million \$)**

New/Used Cars, Rec. Vehicles, Parts \$617.9

Gas Stations \$273.2

Furniture \$41.0

Home Furnishings \$24.3

Computer & Software \$3.7

Home Electronics & Appliances \$48.9

Home Centres, Hardware, Etc. \$120.3

Supermarkets \$416.0  
 Convenience & Specialty Foods \$62.8  
 Beer, Wine, Liquor \$97.3  
 Pharmacies, Personal Care \$197.6  
 Clothing \$91.6  
 Shoes, Clothes, Accessories & Jewelry \$20.4  
 Dept. & other General Merchandise \$269.8  
 Sporting, Hobby, Music & Book \$45.8  
 Misc \$110.3  
 Total \$2440.9

\*Total may not sum due to rounding.

**Market Profile - Average Household Expenditures, 2011 estimates**  
**Source: FP Markets Canadian Demographics 2011; Greater Sudbury CMA, (million\$).**

Expenditures are averages for all 7,964 household types combined. The average household size in Greater Sudbury is 2.4 persons (2006 Census).

Food Shelter	13,355
Clothing	2,961
Transportation	9,757
Health & Personal Care	2,970
Recreation, Reading & Education	5,996
Taxes & Securities	17,899
Other	10,696
<b>Total</b>	<b>\$71,598</b>

\*Totals may not sum due to rounding.

<b>Population Density Median age: is</b>	<b>59,780 (40 – 59 years)</b>
<b>Median Household income:</b>	<b>\$58,088.00</b>

## The Big Picture

\*Adapted Source: *The Equine Economic View – FedNor Commissioned Report*  
*Suthey Holler Associates, May 14, 2006*

**NOTE: The Equine Industry directly contributes \$70 million annually to the economy of Northern Ontario – based on an estimated 14,000 horses in the region. The City Greater Sudbury rural agriculture communities, Chelmsford, Azilda, Val Caron, Hanmer and Blezard Valley are significant contributors to this industry.**

The results of the FedNor report are the following:

- The equine economy is indeed very important to Northeast Ontario, generating an annual direct economic contribution of \$70 million. This makes it about 10 to 15 times larger than the maple syrup industry, although only about 5% of the forest industry in Northeast Ontario. Another way of representing the contribution is that the horse industry is equivalent to the economic impact of Nipissing University on the North Bay/Nipissing region or the equivalent of the 2003 Canada Winter Games on the economy of New Brunswick. If the indirect and induced economic impact is added, the total is a contribution of \$105 million.
- The estimate of this impact is based upon methodologies and average ratios applied in a number of previous studies in the United States and Canada. The most recent of these studies, published in the autumn of 2005, is *The Economic Impact of the Horse Industry on the United States*, commissioned by the American Horse Council Foundation (AHCF). The horse industry contributes approximately US\$ 39 billion in direct impacts to the U.S. economy on an annual basis.
- The industry in Northeast Ontario reflects an estimated 14,000 horses in communities throughout the region from Muskoka to Hearst. The most important sector is the Recreational segment involving nearly 6,000 horses (those riders that love their horses but don't compete in shows). This is followed by 4,000 horses dedicated to the Showing segment (those horses and riders that participate in shows on a regular basis). The racing segment includes about 1,300 horses and a further 2,600 horses are classified as "other" (foals, horses still used for work etc.). The number of draft horses – estimated by some at 4,500 in the Northeast – is reflected in all of the categories except racing.
- Estimating the number of horses in Northern Ontario has not been an easy task. We have derived the estimate from earlier studies completed in Canada: the 1996 study of Dr. Robert Wright of OMAFRA (updated in August, 2005), the 2003 Canadian Equine Industry Profile

Study, the 1998 National Horse Study of Agriculture and Agri-Food Canada and the 2001 study of Dr. Atif Kubursi on the economic impacts of racing and breeding in Ontario.

- Many industries in Northern Ontario that supply goods and services to the equine sector benefit from the impact. The exhibit below indicates the spending by categories:

Type of Expenditure	Totals (C\$)
Horse-related goods	13,909,296
Horse-related services	19,440,559
Transportation and travel	5,238,397
General operating expenses	5,869,022
Salaries and wages	2,227,520
Taxes	1,455,628
Capital expenses	14,939,511
Owners profits	1,902,348
Land purchases	5,459,017
<b>TOTAL EXPENDITURES</b>	<b>70,441,298</b>

- **Opportunities for growth exist**

- Up to the present, few people have recognized the economic contribution that the equine economy makes to Northern Ontario – or, indeed, to the whole of Ontario.
- The horse industry is often thought of as being part of the agricultural sector, and as such, expenditures relating to horses at feed, farm and equipment stores throughout Northern Ontario contribute to supporting the viability of such suppliers for the agricultural sector as a whole. However, the industry goes beyond the agricultural sector as many horses are not kept on farms and many riding stables and race tracks are not part of farm operations – catering to a recreational, sports and tourism market.
- The industry is relatively small compared to the large resource industries, such as forest products (2% to 3% of the size) but it is certainly in the category of developing industries that are built around the resource base.

## The Rural Racing Economic Fact Focus

The Big Picture is further condensed with a specific look at the economic impact on the City of Greater Sudbury rural racing economy.

Given that in Ontario, the equine industry is much more predominant in the South than it is in the North (riding stables, breeding, racing etc, we also have anecdotal evidence that the equine sector is growing in Northern Ontario. There is evidence of several new modern riding stables, racing related businesses and training facilities and the development of new breeding operations.

The racing industry in rural City of Greater Sudbury employs more than 500 people directly. The Northern Horsemen's Association (NHA), a member of OHRIA, boasts a membership of 125 independent horsemen that provide employment to grooms, walkers, barn help and other direct ancillary work. In addition, veterinarian services, blacksmiths, feed stores, hay/grain farmers, harness makers, transport workers, and other indirect supply side businesses and employment within this jurisdiction are largely dependent on horseracing to rural Northern Ontario directly

The direct economic impact of the racing component to this economy of scale is estimated at \$10 million plus per annum. In directly, gas stations, supermarkets, convenience and specialty foods pharmacies, home electronics, computer and software furniture, clothing, shoes, department and other general merchandise have developed as a result of the establishment of Sudbury Downs and related equine industry growth to this area of Greater Sudbury and rural Northern Ontario. Real numbers on the added value side of economic input to the indirect supply side is not easily assessed due to the nature of private enterprise; therefore an estimated guess would be inappropriate. However, and in addition, direct dollars paid based on facts issued in a letter to the City of Greater Sudbury Council by the owner and operator of Sudbury Downs earlier this year stated the following information:

### **Sudbury Downs Economic Contribution 2010 and 2011**

#### Infrastructure Specific

Annual Average Realty Property Tax	\$300,000.
Average Annual Payroll	\$1,500,000.

Sudbury Downs ranks as one of the three major tourist attraction destinations alongside Science North/Imax and Dynamic Earth.

Note: that it is also important to recognize that racing affects tourism dollars to this Northern region of Ontario.



Further, Sudbury Downs is appropriately designed for increased utility as a full Casino and along with a Racing compliment can suffice a "RACINO" model concept.

"Sudbury Downs is primed for a casino. In addition to the 11,000 square feet of gaming floor already located at the racetrack, there is another 11,000 square feet directly below it that has been cleared for more gaming. Maclsaac said as part of the original agreement with OLG and the Slots At Racetracks Program, Sudbury Downs was required to prepare double the amount of space in the event OLG decided to expand. One thing he does know for certain, though, is that if Sudbury Downs doesn't have any participation in the gaming industry beyond pari-mutual (betting), then racing won't exist. "These aren't pleasant options," he said. "This is a pretty critical issue for 400 or 500 people in the area who rely on horse racing to make a living."

Source: Pat Maclsaac, Northern Life Interview, June 13, 2012

## The Racing-Social Impact

As governments struggle with global, national, regional and local fiscal impacts, the social side of economics is often misplaced in the considerations required to make intelligent decisions.

Racing's social impact is no exception and the recent decision to review the horseracing industry in Ontario must now deal with this important aspect of the industry. The human capital required to develop this industry has a proud and colorful history. In the true entrepreneurial spirit men and women have chosen to expand, embrace and evolve an agricultural economy into an information/technology economy while at the same time embracing the hard work ethic and risk taking endeavors that come with crops in the field dependent on weather, breeding horses with no guarantee of a sale or buying and trading livestock, training and nurturing a vision of return on investment. Without this social and human capital commitment there would be no industry. Across Ontario the recent announcement by Finance Minister Dwight Duncan to terminate the OLG's Revenue Sharing Agreement, known as the Slots-at-Racetracks program, has left a critical segment of Ontario's population in shock and disarray and gutted the heart of industry people. This social affect is equally as great in Northern Ontario as it is in Southern Ontario.

Here are some examples of the human stories that illustrate the importance of the social impact to racing in Northern Ontario. **(Excerpts from Amending Bill 55 Ontario Legislature Public Hearing Committee on Finance; Presented by MJ Pappin-Lamoureux, June 7, 2012, Toronto)**

1. The Robertson family left Saskatchewan because racing in Ontario provided a self employment opportunity in Northern Ontario. Over the last 7 years they have invested 1.2 million dollars in real estate that includes a state-of-the art training facility. The Robertson family has built stabling for over 100 standard bred horses, they have constructed a ½ mile training track, they have purchased a horse equisizer and also put up 27 paddocks. Just in the last 3 years they have spent close to \$400,000 on our property. Chantal Robertson states, "Had we known that this abrupt decision was going to be made by this government, we would never have continued investing our hard earned money into this industry knowing there was no future or chance of recuperating our investment."
2. The MacLeans, McNeils, MacLennans, Rhymers and Dowlings migrated from the east coast because Ontario offered the best opportunity for horseracing and they decided to establish roots and now call rural Sudbury their home. These families felt secure in the "horse business" and in the opportunity to race horses in Northern Ontario. As a result, they've purchased homes for the very first time, decided to start a family, adapted children to school and extracurricular community activities, all because they felt secure in their ability to earn a living.
3. The Belangers, Nowoselskys, Lamoureuxs, Soullieres and Rivests have continued 3<sup>rd</sup> generation legacies of Northern Ontario horsemanship and farming. What we have seen through the years of backstretch observations is the sense of community horse racing people have. Most

have grown up in or around the business – fostering 2nd and 3rd generations. Some have foregone formal education because the love of the sport and the horses drew them in. This is a profession where experience is gained hands-on, not in the classroom. It's the only profession where you can work all week and there is no guarantee of a pay check. You have the same expenses for a horse that cost you \$50k or one that cost you \$5k. They all need food, shelter, bedding, horseshoes, vet work, training time, rehab time – whatever it takes to get them to the winner's circle because at the end of the day that is the goal. The horse racing business is a 24:7 way of life. Most days start at sunrise and end hours after sunset, especially on race days and typically, there are few days off.

4. In Northern Ontario the crop season is relatively short. Farmers normally have one cut of hay and most agricultural farms in the area can only grow hardy produce that endure a short-season and varied climate. If horseracing populations decrease or terminate, these local farmers will endure great hardships. These local farmers count on the sale of their crops to local industry participants and do not necessarily have the luxury of diversifying their crops given the geographical location and temperatures in Northern Ontario.
  
5. WEG and MOHAWK are considered "A" tracks - the best of the best - trainers, drivers & horses. The best young Ontario Breds are showcased, the big races like the NA CUP, Maple Leaf TROT, and OSS Grassroots Finals all features of "A" track. Sudbury, London, Grand River, Georgian, Ottawa, etc are considered "B" tracks in Ontario racing. The "B" track strengths are in the development of drivers & trainers skills and showcase good young horses. Horses can still race at a respected level but not the level of the "A" tracks, notwithstanding the opportunity to fluctuate between "A" and "B" tracks. This arrangement would model major sports models such as the NHL Farm Team model of development and skill building and an arena for succession into racing, keeping a strong and vibrant future view.

If Ontario racing consolidates to 6-7 tracks, there is a huge potential for people from Southern Ontario to have the option to make Sudbury their home. This action would keep people involved in the business and provide potential for new participants to engage in the racing industry. This model would also be a preventive measure both economic and social to keep present participants in the racing industry off the welfare system with no need for re-training in a second career and further maintain and grow supply side agricultural and service related businesses in Northern Ontario.

It is imperative that Sudbury play, as a Northern Ontario region, a role in the future development of horseracing and related services in Ontario providing jobs and careers for future generations.

## Conclusion

Horseracing in Northern Ontario shares and experiences with Southern Ontario the same environment both social and economic. The Northern Horsemen's Association is a willing participant to engage in best practice scenarios that would lend success to this product, the businesses involved and the people who choose to call Northern Ontario their home.

The recent abdication by the OLG from the Slots-at-Racetrack Program and its current although not fully announced agenda to redesign gambling venues and bingo halls across Ontario with a "push" toward Downtown Casinos is leaving race track owner/operators and the racing/breeding industry at an incredible crossroad for decision making and future planning. Further, horsemen and horsewomen are and will be the constant ingredient to make the industry work regardless of track ownership or contracted management. Casinos alone will not stand the test of time and the success of a race/gambling venue has already illustrated a proven track record against financially viable stand alone Casino venues.

While the government is entertaining RFIs and RFPs for Casino interest, it is imperative the North, Sudbury, be involved and tied to a partnership for a "**RACINO**" model concept. Sudbury is well positioned, as the information in this paper demonstrates. Moving forward this model would secure a strong future for the horseracing industry, job creation and sustainability and be a stabilizing partner for the agriculture sector in Northern Ontario.

The only constant in this change environment is the men and women dedicated to the racing/breeding industry who are committed to create a future for racing with partnerships that are accountable and dedicated to ensure that racing is viewed as a vital complimentary inclusion of any future model for racing and a strategic part of an entertainment/destination package.

It is not only strategic for OHRIA and Ontario Racing but it is also the social and economic responsibility of the Sandinsky Recommendations Report to ORHIA to be inclusive of the Northern Ontario component to support and sustain racing in this jurisdiction. Otherwise, the political, economic and social divisiveness between Northern and Southern Ontario will be highlighted and heated for years to come and dramatically affect the potential for a strong and vibrant racing industry across Ontario.

The Northern Ontario racing industry is no different than its Southern Ontario partners. They are no longer willing to be seen as an isolated part of Ontario racing. The four-laning of highway 400/69 completion is imminent and the role of technology in racing shortens any geographic gap that has historically been used as a reason to see the North as apart from the rest of Ontario.

There are many opportunities at issue here for the expanded growth of rural economics related to agriculture and its horseracing industry partner. These opportunities are not singled out only for Northern Ontario but further expand racing as an all-inclusive Ontario industry with provincial and global recognition and expectations.

Centralizing and downsizing racetrack venues may be a solution in the concentrated geographic areas of Southern Ontario due to proximity of venues. It is not the case, however, for Northern Ontario, specifically Sudbury.

The next appropriate step for consideration would be a dialogue and discussion that the Northern Horsemen's Association is prepared to have resulting in the growth and expansion of horseracing in Northern Ontario. Innovation such as expanding race dates to 9 months, increased racing weekly from the current twice a week schedule to three times weekly, simulcast for live bet thus increasing handle and pari-mutual betting, and re-opening on-site backstretch for stabling thereby attracting new interests/participants in the North with allowance for accommodation should a condensed "regional" industry model and be implemented across Ontario. On the shared revenue side, discussions should be open to entertain percentages like the Slots-at-Racetracks agreement accruing from expanded Casino gaming along with a newer mandate and accountability process on how the industry is "all Ontario" marketed and track ownership participates in growth and development.

Our vision is in line with what we believe is a growing consensus of a "**RACINO**" model and a package that partners a full-gambling/gaming and entertainment destination for the City of Greater Sudbury and the horseracing industry in Northern Ontario and all of Ontario.

Further, we would anticipate Northern Ontario representation with respect to future restructuring discussions, committees, panels of the industry demonstrating an equal representative role for Northern Ontario with its Southern Ontario partners. This inclusion is the fair and balanced best practice approach to reinvigorating an important industry to the social and economic racing/breeding specific industry and the overall well being for the agriculture sector and related sub sectors in Ontario.

We await the opportunity to work with you.

Respectfully submitted by:

Dr. Karen Pappin

cc: Northern Ontario Horsemen's Association  
City of Greater Sudbury