

Dear Standing Committee on Justice and Human Rights Members,

I am writing to you today regarding Bill C-216 Single Sport Wagering (SPW) and the reasons why Horse Racing should not receive any special provision considerations in the Bill.

I offer you this perspective as a lifelong customer and fan of Pari-Mutuel Wagering (PMW) on Horse Racing in Canada and having spent the past 12 years advocating as a volunteer on behalf of Canadian PMW horseplayers. I have no skin in the game aside from its enjoyment.

In your previous committee meeting, there was some confusion as to the difference between SPW and PMW. The major differences are in SPW you are betting and competing against the bet taker or the 'house', whereas in PMW you are betting and competing against all other bettors. In SPW the house is open to risk. If their point spread is bad it could result in losses on a game. In PMW the bet taker does not take on any risk, rather they take a rake or commission which is referred to as the takeout rate in horse racing. In SPW you know your odds and payout price once your bet is placed. In PMW you do not know your odds (although you have an approximation) or payout price when you place your bet as the odds can change until the race begins at which time your odds are locked in. In SPW there is a skill needed to set the odds. In PMW that skill is not required as it is the bettor's who determine the odds. Although both games involve gambling, they are very distinct.

Horse Racing in Canada is currently afforded significant special provisions both in terms of Federal and Provincial protections and subsidies. Aside from the current Criminal Code protection the Ontario horse racing industry receives over \$200 million in annual subsidies and the Alcohol Gaming Commission of Ontario protects Woodbine Entertainment's (WE) online wagering monopoly. Unfortunately, the industry has abused these special provisions which has significantly contributed to the plummeting amount of Canadian residents' wagers. According to the Canadian Pari-Mutuel Agency (CPMA) Canadians wagering on Ontario racetracks has decreased by 53% between 2006 and 2019.

It is important to point out that when we speak of pari-mutuel Horse Racing in Canada, we are essentially talking about WE. WE control about 90% of all pari-mutuel dollars wagered in Canada through the racetracks they own and manage and via their Canada (except Alberta) wide online wagering monopoly.

The most egregious example of the industry/WE taking advantage of their special provisions is the fact they increase the takeout rates (aka commission) rates on US racetrack wagers. The raising of takeout rates in Canada on US racetrack wagers results in Canadians receiving lower payout prices than their pari-mutuel competitors in the US. The lower payouts create an inherent statistical disadvantage or an unlevel playing field for all Canadians. Simply put the game is rigged against Canadians. Canadians cannot compete fairly. No pari-mutuel bet taker in the US raises takeout rates on foreign held races. It only happens in Canada.

To illustrate how the dramatic differences in the payout prices when takeout rates are raised, below is a chart that details the payout prices for Canadians on the 2019 Kentucky Derby versus what it paid in

every other country in the world. You will see Canadians were short changed \$735.60 for every winning \$1 triactor and a whopping \$2,635.90 for a winning superfecta.

2019 Kentucky Derby Payout Prices			
Wager Type	US Resident Payout Price	Ontario Resident Payout Price	Amount Pocket by Woodbine Entertainment
\$1 Triactor	\$11,475.30	\$10,739.70	\$735.60
\$1 Superfecta	\$51,400.10	\$48,764.20	\$2,635.90

At this point you may be saying to yourself this is not supposed to happen in a highly regulated gambling industry. How could it be possible that the CPMA would allow a competitive gambling game to be rigged against the Canadian betting public? In my recent correspondence with the CPMA on this topic they noted, "...it is our view that determining the appropriate takeout rate is strictly a business decision". Think about that, the Canadian regulator of pari-mutuel wagering, whose Executive Director's testified in front of this committee describing their mandate as "to ensure that pari-mutuel betting on Horse Racing is conducted in a way that is fair to the betting public" is calling a game rigged against Canadians a "business decision". Clearly a gambling game that has an inherent built in statistical disadvantage against Canadians is not fair to the betting public. Clearly the CPMA is not fulfilling their mandate by allowing this scheme to continue.

The CPMA Executive Director also offered a definition of pari-mutuel wagering in her testimony before this committee as "a form of betting that is pool based where betters compete with each other for a share of the pool". The key word in the definition is **compete**. Canadians cannot compete on a level playing field when we pay a higher takeout rate than our pari-mutuel competitors. It is statistically impossible!

In further conversations with the CPMA they did acknowledge that the rule that allows Canadian PMW bet takers to raise takeout rates is a "silent rule". Again, think about that. The Canadian Pari-Mutuel regulations are composed of 78 pages and the rule that changes the very definition and nature of pari-mutuel wagering in Canada is a silent rule. Such a position defies logic.

It is important to note that this discrepancy in the payout price has nothing to do with US exchange rates or any other factor. It is strictly a result of WE taking money out of the pockets of Canadian Horseplayers and putting it in their own pockets. I have guesstimated that WE is siphoning approximately \$10 million dollars a year for about 30 years with this sanctioned scheme. The fact that the CPMA, who does recognize the statistical disadvantage, sits idly by is a testament to the extreme lobbying power of WE and the industry. Granted the CPMA is in an awkward position having to admit that it has not enforced their own definition of pari-mutuel wagering and has failed to fulfill their mandate. However, it is my hope that by bringing this issue to light with the Justice Committee and with your assistance combined with the relatively new CPMA senior management team we can finally end this despicable scheme and provide Canadians with a fair pari-mutuel gambling game.

Considering the above, it is my recommendation that Bill C-216 should not contain any special provisions for Horse Racing. The wise decision would be to leave such consideration to the provinces who can tailor their model to fit their individual goals and objectives. However, if there is consideration by the Justice Committee or the House to add special provisions it must come with the assurance that

the raising of takeout rates must be stopped immediately and the required safeguards are put into place to ensure any future special provisions for Horse Racing will not impede Canadians ability to compete in a fair pari-mutuel gambling game.

Thank you for your time and consideration. It would be my pleasure to answer any questions you may have.

Good luck with Bill C-216. It is long overdue.

Thank You

Eric Poteck