



# MEMORANDUM

**Date:** March 8, 2021  
**Re:** Sports Wagering and Historical Horse Racing in Canada

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## **About Horse Racing in Ontario and Ontario Racing**

Ontario Racing is the customer focused leader and representative voice of a world-class horse-racing industry in the province of Ontario. Members include horse people's associations, breeders and racetracks and represents a single voice for horse racing in the Province to promote and further interests of its membership by establishing a trusted partnership with Government and by championing and advocating for public policy that supports industry self-determination and sustainability.

Ontario Racing continues to identify new revenue streams and the potential for new wagering platforms to complement overall industry efforts in carving out a road map toward long-term sustainability and growth by attracting new customers for generations to come.

## **The Need for a Carve-Out**

The Ontario horse racing industry supports an estimated 35,000 jobs and contributes in excess of 2 billion to the national economy and an estimated \$1 billion in personal tax revenue. These jobs are entirely enabled through wagering on horse races through the pari-mutuel system regulated by the federal government. The jobs in our industry span well beyond those who just participate in races and work at the tracks. breeders, farmers, barn workers, blacksmiths, grooms, hotwalkers, veterinarians and many other types of employment are supported across rural and urban Ontario by our industry.

Most Ontario racetracks operate on a not-for-profit basis. Therefore, a significant amount of the wagering handle is recycled directly back into the industry to support tracks, horse people, breeders, and other elements of the broader agricultural sector in Canada – this reinvestment allows the local industry to survive.

Bill C-218 as drafted, expands wagering on horse racing beyond the pari-mutuel system and potentially creates an opening for external actors, including international companies, to offer wagering on horse racing under a new fixed odd, single sports wagering system. Fixed odds single sports wagering is conducted with a “house take” that is substantially lower than pari-mutuel wagering. This is extremely problematic for a number of reasons:

- Firstly, these external organizations do not have any obligation to pay for any of the costs of producing the horseracing product (e.g., purses, track maintenance, etc.). In addition, such external organizations will have no obligation to recycle any of the wagering handle to support programs for breeders, horse people and other elements of our industry.
- This lack of obligation to our local industry would allow them to offer a competitive wagering product at a significantly reduced “house take” which would collapse the local horse racing industry along with the thousands of jobs horse racing supports across rural and urban Canada.
- The only solution is to ensure provincial lottery schemes cannot license companies to offer wagering products on horse races. This would ensure that the current pari-mutuel system, along with the supplementary agreements between industry members to share proceeds that support local jobs would remain in place.

## **The Need for Historical Horse Racing (HHR)**

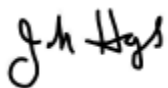
Currently, horse racing is the only form of legal single-event sports wagering in Canada. As single-event wagering is legalized for all other sports, and multi-national companies spend millions of dollars to promote their gaming products, it is highly probable that the horse racing industry will lose our customer base to other sports. As a result, this requires our industry to modernize and offer new products to remain viable. Luckily, there is a wagering product used in many other jurisdictions to ensure their local horse racing industries remain competitive.

Historical Horse Racing is a gaming product where individuals can wager on the outcome of horse races that have occurred in the past. Some of the important features of this method of wagering on horse races include:

- The player is presented with information in a way that anonymizes the actual race. Once the player locks in the wager, the actual historic race is unblinded, and in some cases, the original video of the race is played on the screen. This allows the player to get the experience of being at a live horse race while wagering on a database of historic races.
- Instead of waiting for live races to run, HHR will allow the horse racing industry to offer a product at tracks via online platforms even when races are not running, which would help retain existing customers.
- This initiative is imperative for the survival for the horse racing industry in Canada. HHR is not a subsidy for horse racing. It is an innovative, racing-based product that reinvests in the industry, sparks significant economic development, and creates and preserves the approximately 50,000 jobs that are associated with the Canadian horse racing industry.
- HHR is not a new idea. It is a proven solution for supporting the local horse racing industry in many jurisdictions. It is often credited for bringing back racing at Colonial Downs in Virginia and helping sustain the globally renowned racing industry in Kentucky, home to the famous Kentucky Derby.

Should you require more information regarding the disclosures noted above, or would prefer to discuss these items further, please do not hesitate to reach out to me any time. Thank you.

Regards,



John Hayes  
Chair, Ontario Racing

Cc: Board of Directors, Ontario Racing (OR)  
Jonathan Zammit, Executive Director (ORM)