



Briefing Memorandum

To: Justice and Human Rights Committee
From: Harness Racing BC (HRBC) and the Horsemen's Benevolent and Protection Association of BC (HBPABC)
Date: March 10, 2021
Subject: Bill C-218 - An Act to amend the Criminal Code (sports betting)

We represent Standardbred and Thoroughbred racing in British Columbia. HRBC and HBPABC are also part owners (Great Canadian Gaming Corporation is also a partner) of Teletheatre BC which is licensed and regulated to conduct off-track betting in British Columbia. Our organizations/members want one thing: a level playing field so that we may compete and grow as an industry in British Columbia.

We support Bill - 218 in principle. Ensuring that there is a legal and regulated sports betting regime in Canada can prevent money from going to offshore establishments/organizations and keep that money in Canada. But we have a concern that introducing fixed odds sports betting without protecting the 50,000 FTE jobs in horse racing across Canada relying on parimutuel racing bets will decimate and potentially kill Canada's historic horseracing industry.

In addition, in recent years we have seen various states in the US, introduce Historical Horse Racing (HHR) as an additional electronic betting game, allowing racetracks and casinos to operate HHR games, with a part of the proceeds going to the racing industry to support purses, upgrading of facilities, and providing a regulated, legal income flow back to the industry. This is like parimutuel betting financially supporting our industry.

Our ask of this committee is simple.

1. Add language into Bill C-218 that will protect horse racing in all forms in Canada from single bet fixed odds betting on horse races.
2. Add language that will allow the various provincial and territorial jurisdictions to work with the horse industry in their jurisdiction to introduce and share in revenue generated by Historical Horse Racing (HHR) games as another source of legal and regulated income.

British Columbia Perspective

Horse Racing has existed in this province for more than 140 years. In BC it is regulated by the Gaming Policy and Enforcement Branch (GPEB) of the Ministry of Finance. There are two active tracks in British Columbia – Hastings Racecourse (thoroughbred racing) and Fraser Downs (standardbred racing). It is estimated that horse racing has:

- Estimated economic impact of \$350 million each year (Size and Scope of Horse Racing in British Columbia, IER Pty. Ltd., 2008).
- 2,350 jobs and direct track-based employment (GPEB Annual Report, 2017/18, p. 14).

- Close to 7,000 British Columbians derive some form of income from racing (Size and Scope, 2008).
- Combines both gaming with the important agriculture sectors to provide millions in purse revenue every year, creating an incentive for sizeable industry investments in annual agricultural support programs.
- Generates significant net revenue to government through gaming activity and taxes; and
- Connects communities in every corner of our province.

There are many types of jobs directly and indirectly related to horse racing:

- farm workers where we get our hay and feed,
- truckers hauling to and from the farms and tracks where horses are raised or raced,
- Veterinarians and the techs they work with are located across the province,
- Jockeys and drivers
- Trainers, grooms, exercise riders, track workers, feed store employees, all working to keep our horses fed and healthy.
- Breeders on family farms who breed and raise right here in BC.
- Auctioneers who attend and run the sale of horses bred in BC.
- GPEB officials, racetrack office officials, maintenance workers at each track
- Parimutuel clerks, Racebook employees, Teletheatre BC employees, photographers, broadcasters, race callers, outriders (ensuring the safety of the horses and jockeys/drivers if things go wrong
- Many other occupations who rely upon a successful industry indirectly for at least part of their livelihoods

Teletheatre BC has 15 Racebooks located throughout the province and pre-COVID these all provided income directly back to government. Teletheatre BC also conducts on-line betting in partnership with Woodbine using Woodbine's Horseplayer Interactive platform. This allows horseplayers to bet on horse racing anywhere in the world in a safe and regulated manner. The racetrack operator (Great Canadian Gaming Corporation) and the racing industry, in a formula agreed to some time in the past, share in the income from horse racing. There are no profits sent out to shareholders within racing. Horseracing's share of income goes into purses, back to breeders, to wages and costs of those in this industry.

Protection for Parimutuel Betting on Horse Racing

In Bill C-13 there was protection for horse racing built into the proposed changes to legislation. That bill included the following wording:

Paragraph 207(4)(b) of the *Criminal Code* is replaced by the following:
 (b) bookmaking, pool selling or the making or recording of bets, including bets made through the agency of a pool or pari-mutuel system, on any horse-race; or

We saw this as sufficient, however, Bill C-218 does not include this protection and we require this or something similar. This is of paramount importance to our industry.

Income from Other Sources – Historical Horse Racing

Historical Horse Racing (HHR) was introduced in other racing jurisdictions, as an additional source of revenue for the racing industry. HHR is viewed by those regulators as “parimutuel games” and falling under the definition of horse racing betting and, therefore, legal. Some US States amended or introduced legislation to allow HHR to be legal in their jurisdiction. The results have been significant profits returned to the horse racing industry in the form of purses, grants etc. and other financial support for horse racing activities. HHR is credited for saving Churchill Downs, the home of the Kentucky Derby when traditional sources of income were constrained while expenses continued to increase.

Because the current law talks about races to come in future, we think that HHR is not an alternative at this point under our laws. Therefore, we are supporting an additional change(s) to Bill C-218 that allow for the legal introduction of HHR. This would leave the introduction of this potential revenue source to the provinces and various racing organizations to create the framework for its implementation and sharing of revenues.

In Canada, the definition of “bet” is interpreted to mean betting on an event or race in the case of horse racing that will take place. This means HHR could not be introduced currently as the basis of HHR is players betting on anonymized races from the past.

We need every opportunity to add revenues to protect this historic and important industry. By allowing for HHR, another regulated revenue stream would be available for consideration by provincial governments.

In closing let us reiterate that protection for parimutuel betting and horse racing must be the priority. Historical Horse Racing is important as well but is secondary to our need to protect the industry from fixed odd betting on horse racing.

If you have any questions, please contact.

Gary C Johnson, Vice-President - Owner HBPA of BC
778-995-3703
garycj@shaw.ca

Thank you for your consideration of the needs and concerns of our organizations and the thousands of Canadians who work in and care for our horses and industry.