

## MEMORANDUM

**Date:** March 8<sup>th</sup>, 2021

**Re:** Sports Wagering and Historical Horse Racing in Canada.

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Canada's horseracing industry generates approximately 50,000 full-time jobs across Canada and contributes \$5.6 billion annually to the national economy. From breeders to trainers, veterinarians, etc. the racing industry's impact is significant when it comes to jobs and economically speaking, but it all is possible because of pari-mutuel wagering. It is even more so the case in Quebec as it is our only source of revenue.

The Quebec Jockey Club (QJC) was created as a non-for-profit organisation in 2009 with a mission to sustain and grow the horse racing industry. Since its creation, the wagering from Quebec players on horse races around the world is stable at about 70 million dollars a year. From that, the QJC return approximately 73% to the player with winning tickets using the pari-mutuel model. The rest is kept to pay taxes (federal and provincial), racetracks host fees, partners such as a legal web platform used by clients or betting parlors across Quebec. At the end of it all we are able to present races at our local track in Trois-Rivières and re-distribute 3 million dollars of net profit to the industry.

Here are two reasons we present ourselves before you today;

1. Prevent a potentially devastating change to Section 207(4)(b), definition of a Lottery Scheme, that would allow single sport wagering on horse races under fixed odds wagering
2. A request to amend Section 197 (1), definition of the term "bet" and allow past performances to be legalised in Canada

### **PARI-MUTUEL vs FIXED ODDS WAGERING**

Horse racing is currently the only sport in Canada today where the bet of a single event, a race, is legal. It is legal through the pari-mutuel system. The difference between pari-mutuel wagering and fixed odds wagering is as follows

**Pari-Mutuel Wagering:** Pari-mutuel is a betting system in which all bets are placed together in a pool; taxes and the "house takeout" are deducted, and payoff odds are calculated by sharing the pool among all winning bets.

**Fixed Odds (Single Event) Wagering:** In the fixed-odds model, a bookmaker—or a racetrack—assigns odds to win for each horse or event. When a customer makes a bet, those wagers are locked in for the race.

Section 207(4) provides the definition of a Lottery Scheme:

**“207 (4)** In this section, *lottery scheme* means a game or any proposal, scheme, plan, means, device, contrivance or operation described in any of paragraphs 206(1)(a) to (g), whether or not it involves betting, pool selling or a pool system of betting other than

(a) three-card monte, punch board or coin table;

(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 race or fight, or on a single sport event or athletic contest*; or

(c) for the purposes of paragraphs (1)(b) to (f), a game or proposal, scheme, plan, means, device, contrivance or operation described in any of paragraphs 206(1)(a) to (g) that is operated on or through a computer, video device, slot machine or a dice game.”

- Section 207(4)(b) is the paragraph that currently prohibits Fixed Odds Single-Event Sports Wagering.
- The Private Member’s Bill that has been introduced, first by Brian Masse (NDP – Windsor, ON) and now Kevin Waugh (Conservative – Saskatoon, SK), is a very simple bill which essentially just removes 207(4)(b) from the Code.
- The effect of the Private Members Bill becoming law is that Provincial Governments would be able to “conduct and manage” bookmaking and fixed odds single-event sports betting – including on horse racing. That essentially means they would be able to take wagers on our races.

Our proposition is to amend 207(4)(b):

*“(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”*

- By retaining the reference to “horse-race” in Section 207(4)(b), Bill C-13 protected horseracing from incursion by fixed odds single-event sports wagering on horse races

## **HISTORICAL HORSE RACING (HHR) AND THE CRIMINAL CODE**

The legalization of Fixed Odds Single-Event Sports Wagering will continue the trend of the horse racing industry losing its market share to other gaming offerings. Using Historical Horse Racing to make horse racing competitive with other forms of gaming is imperative to its survival.

Historical Horse Racing (HHR) is a pari-mutuel gaming product where individuals wager on the outcome of horseraces that have occurred in the past. The HHR product is common in many jurisdictions and runs on existing software and datasets. Because the wager is pari-mutuel it can be overseen and regulated by existing pari-mutuel regulators. Discussions have been on-going with both the AGCO and the CPMA, and the CPMA has indicated that they can, and are prepared to, take on the role of regulator for HHR.

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 jobs. This in turn would result in a boost for the entire Canadian economy, creating a win-win situation.

- Section 197 (1) defines the term “bet” for the purposes of the section as follows:

*“bet means a bet that is placed on any contingency or event that is to take place in or out of Canada, and without restricting the generality of the foregoing, includes a bet that is placed on any contingency relating to a horse-race, fight, match or sporting event that is to take place in or out of Canada;”*

- The definition could be amended to allow for historic horseracing events with the following amendment:

*“bet means a bet that is placed on any contingency or event that is to take place in or out of Canada, and without restricting the generality of the foregoing, includes a bet that is placed on any contingency relating to a ~~horse-race~~, fight, match or sporting event that is to take place in or out of Canada save and except that, with respect to a horse-race, bet means a bet that is placed on any contingency or event in or out of Canada;”*

Sincerely,

*Murielle Thomassin*

Murielle Thomassin

Directrice de l'hippodrome de Trois-Rivières