

BC Horse Racing -2010

BC Horse Racing Industry Management Committee
Open Meeting

July 27, 2010



Agenda

1. Welcome, purpose of the meeting, review of the agenda
2. Introduction of the committee and outline of its purpose and mandate
3. Current financial situation
4. Horse Racing Industry Working Group – Summary of Workplan
5. Break
6. Question and Answer session
7. Wrap up

BC Horse Racing Industry Management Committee

- Established as part of the BC Horse Racing Revitalization Initiative
- Created on November 17, 2009 to provide strategic direction, decision-making and business leadership to the horse racing industry
- Provides fiscal framework and business direction within which horse racing operates
- Horse racing operators, associations and participants continue to make operational decisions
- Regulation remains with the Gaming Policy and Enforcement Branch

Actions of the Committee to date

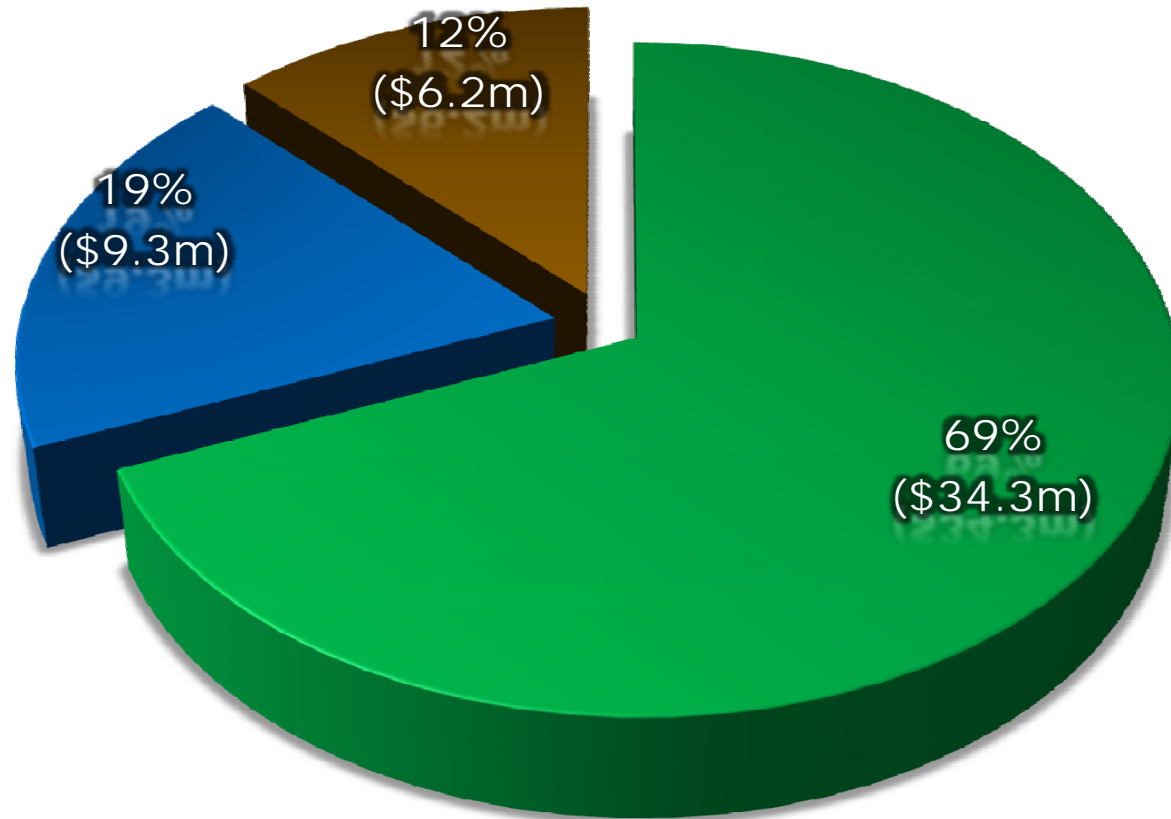
- Concluded a Memorandum of Agreement (MOA) with key industry participants
- Developed and implemented a new, transparent financial model
 - Industry Revenues are under the control of the committee
 - New funding model operational on July 1, 2010 – applies retroactively to January 1, 2010
- Allocated anticipated 2010 revenue to critical industry purposes and organizations.
- Set up monthly meetings with the principals of key industry organizations to improve communications and transparency
- Established a link to a BC Horse Racing Industry Revitalization Initiative web page on the Gaming Policy and Enforcement Branch website at <http://www.hsd.gov.bc.ca/gaming/horse-racing/revitalization.htm>

Financial Situation for 2010

- January 2010 – anticipated revenue for the industry in 2010 = **\$50.3 million**
- Significant decrease in betting for the year to date
 - Revenues are in decline
- June 2010 – projected revenue for the industry in 2010 = **\$44.4 million**
- This decrease in anticipated revenue has required significant cost cutting from all parties
 - Great Canadian Casino,
 - Thoroughbred, and
 - Standardbred.
- Despite these cuts to date, operating expenses still exceed revenue

Revenue Earned by Source

2009 - Actuals

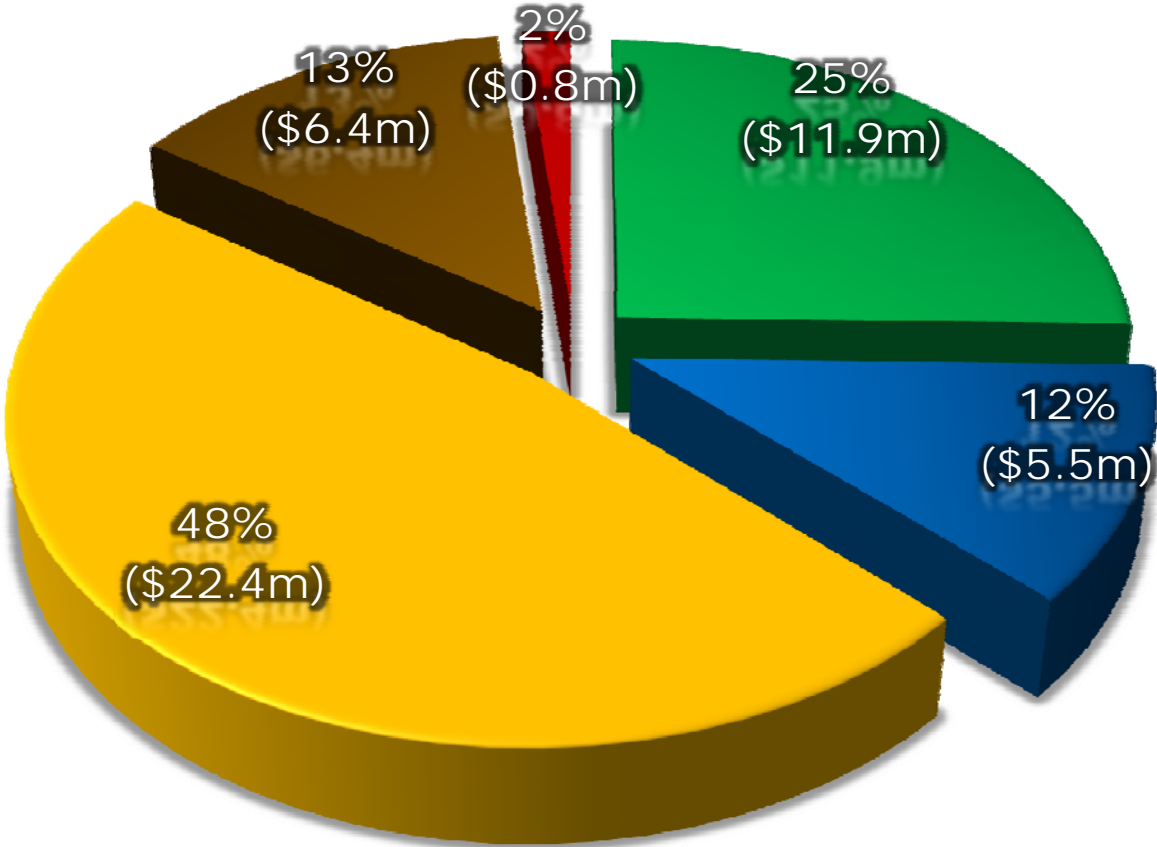


TOTAL: \$49.8m

■ Bets on T-Bred ■ Bets on S-Bred ■ Slot Revenue

Revenue Earned by Source

2010 - Forecasted



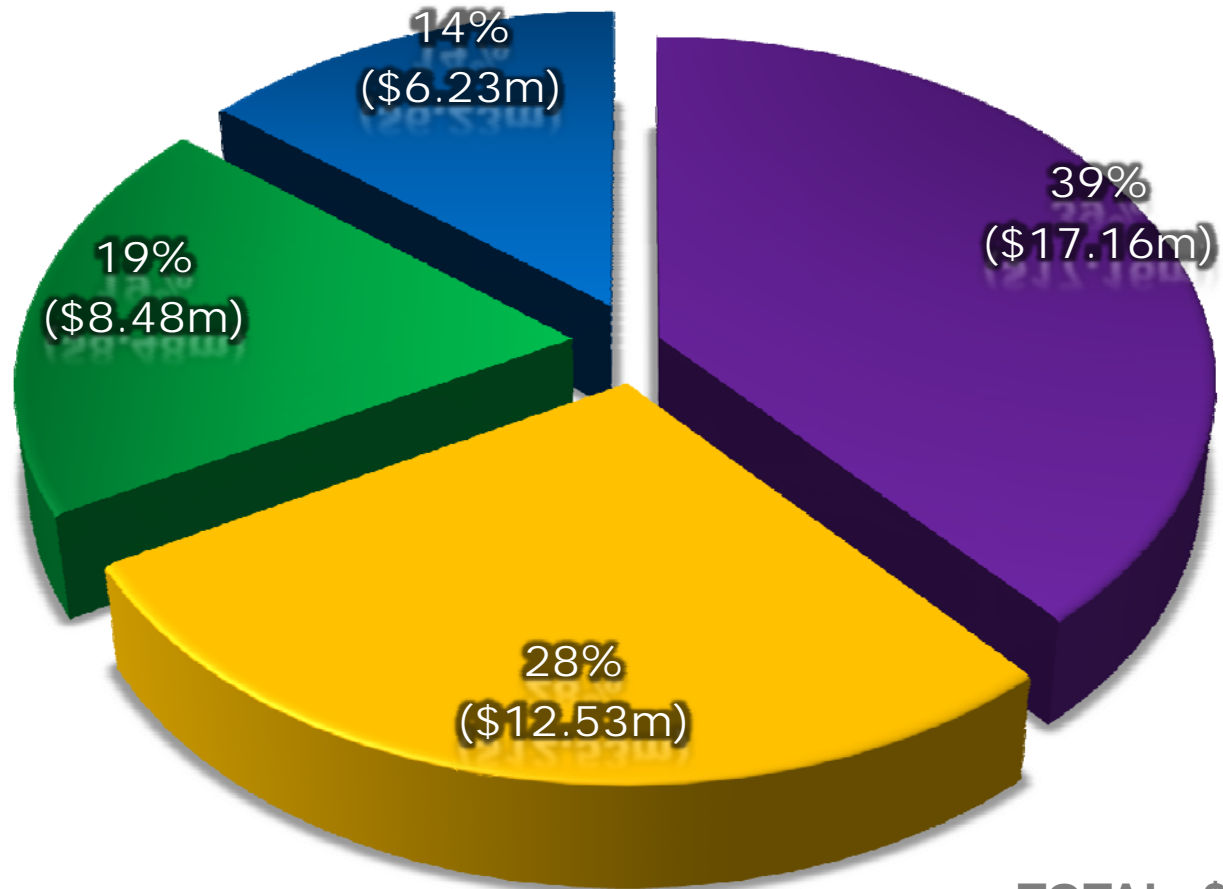
TOTAL: \$44.4m*

* Includes a downwards revenue adjustment of (\$2.6m)

■ Hastings ■ Fraser ■ TBC ■ Slot Revenue ■ Gov't (TBD)

Revenue Allocations

2010



■ GCGC ■ TBC ■ T-Breds ■ S-Breds

Cost Savings Achieved to Date

- Cancel race dates
- Reduce purses
- Lay off staff

What does this mean?

- In order for horse racing to be sustainable, industry revenues must meet or exceed the cost of operating the tracks and holding race events.
- The cost savings to date are not enough. The cost of keeping track facilities open is still too high.
- Current risk is that purse and cost cutting measures will diminish the experience for customers, and the incentive for breeders, trainers, and owners, to the point that they leave and do not return.
- The committee is considering all possibilities in analyzing cost saving and revenue producing measures for the industry.
- There are fundamental challenges still to be addressed.

Horse Racing Industry Strategic Working Group

- BC Lottery Corporation (BCLC) is leading a working group aiming to improve revenues for horse racing by means of short term and mid term strategies

Short Term

- Arrest the decline
- Define the long term vision for the industry to be self-sustaining

Mid Term

- Build industry revenues at live events
- Analyze revenue potential of links between horse racing and BCLC initiatives

Information on the Workplan

A more detailed summary of the planning done by the workgroup will be available at <http://www.hsd.gov.bc.ca/gaming/horse-racing/revitalization.htm> in early August

Question and Answer Session

- Summary (not verbatim) being taken
- Summary will be posted on the website in early August
- If you do not get a chance to ask your question, please contact Chris Curtis, Chris.Curtis@gov.bc.ca