



Harness racing: What does the future hold?

Christina Commisso and Catherine O'Hara
 September 1, 2011

SPECIAL REPORT: Reporters Christina Commisso and Catherine O'Hara have delved into the local harness racing industry in Off Track.

From horse and buggy contests to a high stakes sport, harness racing has become an economic driving force for Ontario and its agricultural sector. For decades, the sport enjoyed a monopoly in the gambling marketplace, but a three-part exclusive series by Metroland West Media Group, Off Track, reveals that the \$2.6-billion industry that employs 65,000 Ontarians is under threat. Here is part one in the series.



Harness racing: What does the future hold?. Eric Riehl / Metroland West Media Group

There wasn't a drop of liquor in Nassagaweya when the charge to establish a racetrack began in the 1950s. A few kilometres away, a Flamborough farmer defaulted on his rural property. And so began the journeys of two visionaries who took a gamble on creating a mecca for harness racing in the region.

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Wolf Von Richtoven — a descendant of World War One flying ace Manfred Von Richtoven, (the 'Red Baron') — and his group of investors saw a 400-acre swath of land in Campbellville as the perfect location to build a horse racing facility in southern Ontario. Situated near more than half a dozen major cities, the rural hamlet would allow horse racing enthusiasts from near and far to place their bets at the track.

But prohibition obstructed their path.

"We went to the jockey club. They said they'd be interested, but we need booze first," said Bert Walton, a lifelong Nassagaweya resident.

Walton, now 87, played a lead role in garnering support from the local constituency to lift the ban on alcohol — a decision that in 1961 received overwhelming support and to this day remains the referendum with the highest affirmative votes in the history of the province.

Plans to construct Mohawk Racetrack were rapidly put into motion. On April 26, 1963 the \$3.5-million facility, which boasted barns for 828 horses, was opened to the public. The event drew a crowd of nearly 4,500 people.

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The parcel of agricultural land, nestled in Flamborough, was at a standstill, creating no revenues for the bankrupt farmer. Charles Juravinski saw the pastures as an opportunity to stimulate the economy and create a haven for standardbred racing in the community.

"I suggested to anybody who wanted to listen at the time that this area would become the Kentucky of the horse racing industry," said Juravinski.

His vision, however, was received with skepticism. Detractors attempted to thwart the Greensville man's plans and questioned the facility's eventual success, as little development existed along Hwy. 5, east of Waterdown into Toronto.

"I can remember thinking to myself, this business can't do anything but succeed because people are going to move into this area and somehow, we are going to get them to Flamboro Downs," recalled Juravinski of the facility he built in 1975.

Set on more than 200 acres, Flamboro Downs was an entertainment venue that attracted 3,300 patrons daily at its peak.

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The successes of horse racing at Mohawk Racetrack didn't occur overnight.

"It wasn't that great to begin with, but we gradually kept building and building," said Walton, while finishing up dessert at Mohawk's newly-renovated seven-tier dining room that boasts a panoramic view of 7/8 mile-long track below.

Flat screen TVs with live results and stats and betting odds adorn each dining table — where patrons can make use of wireless wagering devices — and Walton is reminded of how far the rural track has come. The same rings true at Flamboro Downs, where new initiatives and high stake races, including Confederation Cup, were developed.

Prior to 1985, much of Ontario's legalized gambling was centered on horse racing. A report commissioned by the Ontario government in June 2008 notes that the horse racing industry "held a virtual monopoly on legalized gambling."

The report, headed up by former Ontario Racing Commission Chair Stanley Sadinsky, described the monopoly as "both a blessing and a curse."

With limited avenues to test one's luck, the horse racing industry didn't have to compete for the legal gambler's dollar. This "near exclusivity," however, resulted in missed opportunities to promote and market the sport and appeal to new patrons.

As the leisure and entertainment industry underwent sweeping changes in the early 1990s, it became essential for the horse racing industry to set itself apart from other venues that promised families a fun and exciting night out. The horsemen weren't only competing for the betting buck, they were vying for an audience.

"Prior to 1994, the industry was in a state of serious decline, especially the racetracks," reads Sadinsky's report. "It had largely failed... to attract new horse owners and to reach out to a broader audience that had become accustomed to demanding and receiving exciting entertainment experiences."

Still, the horse racing industry maintained its importance across the province by creating jobs and helping to sustain the agricultural industry.

"The horse racing industry has been remarkably resilient," said Brian Tropea, general manager of the Ontario Harness Horse Association (OHHA), an agency that represents the interests of horse people provincially.

When the Slots at Racetracks program was rolled out in 1998, the industry's transformation was blanketed with optimism. Investments were made that significantly increased the footprint of the industry. People capitalized on the opportunity to invest in the industry, own horses and win races, as the purses swelled thanks to the Ontario Lottery and Gaming (OLG) Corporation's infusion of funds.

People established businesses in and around the racetracks to better serve the needs of the horse people, explained Geoff Maltby, an OHHA director.

"At one time 15 years ago, pre-slot era, there was one place within an hour of Milton to buy horseshoes. Now there are three places," he said.

"In any given part of the industry, there's more because there is more money and it has been trickling down."

The Slots at Racetracks model, implemented at 17 facilities across Ontario, subsidizes live racing by affording 20 per cent of the slot facility's revenues to the racetracks. Of its contribution, 10 per cent of the OLG revenue creates the purse pool, while the remaining 10 per cent is allocated to the owner of the facility to further enhance and promote live racing.

But the number of opportunities to win the lucrative purses has been on a steady decline for years. Great Canadian Gaming, the current owner of Flamboro Downs, has successfully applied to the Ontario Racing

Commission for reductions in the number of live race days. The company also received approval in 2006 to close the backstretch, barns and grooms' quarters surrounding the half-mile track.

These changes, noted Tropea, had a direct impact on the local horsemen — and their pocketbooks.

While some believe the Slots at Racetracks program saved the horse racing industry, others hotly disagree.

"The less opportunities you have to race, the less opportunities you have to earn revenue," Tropea commented.

Said Maltby: "When the slots first came around everyone said slots saved the industry. Well no, slots were a Band-Aid."

See part two examining the red tape involved in running a track/slots operation in next Thursday's Champion.

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More racing incentives needed, say horsemen

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From horse and buggy contests to a high stakes sport, harness racing has become an economic driving force for Ontario and its agricultural sector. For decades, the sport enjoyed a monopoly in the gambling marketplace, but a three-part exclusive series by Metroland West Media Group, Off Track, reveals that the \$2.6-billion industry that employs 65,000 Ontarians is under threat. Here is part two in the series.

Following the heyday of the 1970s, when thousands gathered at post time, the crowd in the grandstand eventually grew sparse and the allure of the races began to fade. It was clear the horse industry needed a lifeline.

The \$2.6-billion business, the second largest in the agricultural sector, was an economic engine in Ontario's rural communities. The Ontario Horse Racing Industry Association looked to the Province for help. The Province, in turn, saw a chance to cash in.



More racing incentives needed, say horsemen. A horse treads water as a lower impact form of exercise on race day. Eric Riehl / Metroland West Media Group

The answer came in the form of glittering machines that could eat up cash quicker than you could flip a switch. Since introducing slots at the racetracks, billions of dollars have funneled into Ontario's horse business. But industry experts say the model is broken and in need of repair — fast.

"The public policy of slots at racetracks was to enhance live horse racing and support the agricultural industry," said Brian Tropea, general manager of the Ontario Harness Horse Association (OHHA). "As it is now, the racetracks receive their money and there's really nobody to see that they are reinvesting it back into marketing, promoting or creating incentives to bring people to the tracks to grow the horse end of it."

Since 2002, the Ontario Lottery and Gaming Corporation (OLG) has distributed \$1.45 billion to racetracks and \$1.43 billion to horse people, money used to fund their winnings. The cash injection had horse people from around the globe flocking to Ontario for their share of the lucrative purses. But any long-term vision for the racing industry was left at the starting line.

"When the slot program began, the government was more concerned about opening facilities as quickly as possible, and, in my view, not enough attention was paid to the program itself; what impact it would have and how it would really operate," said Stanley Sadinsky, a former Ontario Racing Commission (ORC) chair, who in 2007 was asked to head a panel on the state of the horse racing industry.

The panel spent a year touring racing facilities, talking with horsemen and crunching the numbers. There was no doubt the slots swelled the pockets of horse owners, trainers drivers and trickled down to the grooms, blacksmiths and hay farmers. But what was being done with that money was — and still is — an unknown.

"None of us know where this money has gone to, but people are starting to ask those questions now," said Flamborough's John Williamson, an OHHA director.

Site holder agreements between the Province and racetracks included the establishment of benchmarks to ensure slots revenues are reinvested into the tracks. More than a decade has gone by since the agreements were signed and to date, the OLG has yet to develop the benchmarks.

OLG spokesperson Don Pister said that under the leadership of a new chair, Paul Godfrey, the benchmarks are now at the top of the "to-do" list. "The new board made it one of their earliest priorities to ask for better information from the horse racing industry so everyone can better understand how the slot money has been used to improve horse racing in our province."

Racetrack owners were tasked to provide the OLG with detailed reports on how they've used the slots revenues, such as spending the funds on facility improvements or new business ventures, and how they intend to use the slots monies in the future. These comprehensive accounts, noted the spokesperson, aim to provide better transparency and more accountability for the OLG.

"All of the tracks responded — it did take some time. We are now working with the ORC and with the government to go over that information and we are in the process of creating relevant industry-wide benchmarks," said Pister.

The ORC said efforts to begin benchmarking are now in the works.

Wendy Hoogeveen, the ORC's director of industry development and support, said the benchmarks will serve as an "excellent opportunity for the industry to tell its story back to government about the value of the program."

And it's the information garnered from the establishment of benchmarks that will have an impact on the horse racing industry. "It will help the government in decision-making with respect to the future," said Hoogeveen.

Benchmarks or no benchmarks, Woodbine Entertainment Group (WEG) says over the years it has used the OLG money to become a leader in North American horse racing industry.

"I think we've exceeded the criteria," said WEG's vice-president of standardbred racing Bruce Murray.

The not-for-profit organization operates Woodbine and Mohawk racetracks along with two up-scale Greater Toronto Area restaurants that offer off-track betting.

Murray said WEG has invested \$300 million since 1997 in its facilities, including a \$7-million facelift for Mohawk in 2005.

"We wager 75 per cent-plus of the dollars bet in Canada, the rest of the tracks collectively are betting 25 per cent. That's a telltale sign itself we're doing everything we can to ensure the health and well-being of our company and of the industry," said Murray, while touring Mohawk's expanded backstretch, an on-site facility that world-class veterinarians, trainers and drivers call home.

Being a not-for-profit agency, said the vice-president, gives WEG a huge advantage over neighbouring tracks.

"If we were publicly traded, you're totally bottom line driven; it's all about share price and having the stock at certain level. Our advantage (is that) any profits are reinvested back into the industry." he said.

Do other racetracks make the necessary reinvestments? Murray said it's a "mixed bag," noting, "Some do a terrific job at promoting themselves and others do not do as good of a job, and that's just an observation."

Flamborough horsemen believe Great Canadian Gaming Corporation, the British Columbia-based owner of Flamboro Downs and 16 other tracks and casinos in North America could stand to further promote harness racing and upgrade its facilities.

"They aren't putting enough time into their business to promote harness racing," said Paul MacKenzie, who made the move to Ontario from his native Prince Edward Island more than 30 years ago with hopes of making a better living as a trainer and driver.

Since Great Canadian Gaming, a publicly traded company on the Toronto Stock Exchange, acquired the Hwy. 5 track six years ago, MacKenzie said little improvements were made to the facility. "Nothing stands out that would make me a lot happier."

Howard Blank, Great Canadian Gaming's vice-president of media and entertainment, referred Metroland to the company's financial reports for a detailed list of its track expenses.

"I'm not going to discuss funds that we receive and how we spend," said Blank. "We have a marketing budget for that facility that our company uses to work on trying to attract special races, special events, promotions, media, advertising, etc."

"We have a budget like we do at every single property."

With a declining interest in harness racing in Ontario — and beyond — track owners like Great Canadian Gaming have to think outside of the box to attract patrons to the grandstand and horse people to the paddock.

"Racing, especially standardbred racing, has seen declines over the years," said Blank.

According to the ORC's annual statistical report for the fiscal year ending March 2010, 18,783 licences related to standardbred racing were issued in 2009, a more than 17 per cent drop in the number issued in 2005.

In attempt to increase attendance, revenues and enjoyment of harness racing at Flamboro Downs, Great Canadian Gaming is working with its partners and horse racing industry stakeholders, explained the vice-president.

"We are not in the business to obviously lose money," said Blank, who believes there remain numerous opportunities to appeal to new patrons and get them interested in harness racing.

At its tracks in British Columbia, Great Canadian Gaming has hosted family-oriented events to entice families to spend some time at the facility.

Families, said Blank, have also been invited to attend community-centered events and promotions at Flamboro Downs.

But more of those types of incentives are needed, say local horsemen.

FACILITY	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Flamboro Downs	225	218	223	258	258	259	257	259	259	260
Mohawk Racetrack	115	116	105	80	80	74	110	103	102	154
TOTAL RACE DAYS	1,358	1,328	1,352	1,440	1,430	1,426	1,382	1,396	1,363	1,307

Source: *Ontario Racing Commission*

See part three examining keeping harness racing alive for future generations in next Thursday's Champion.

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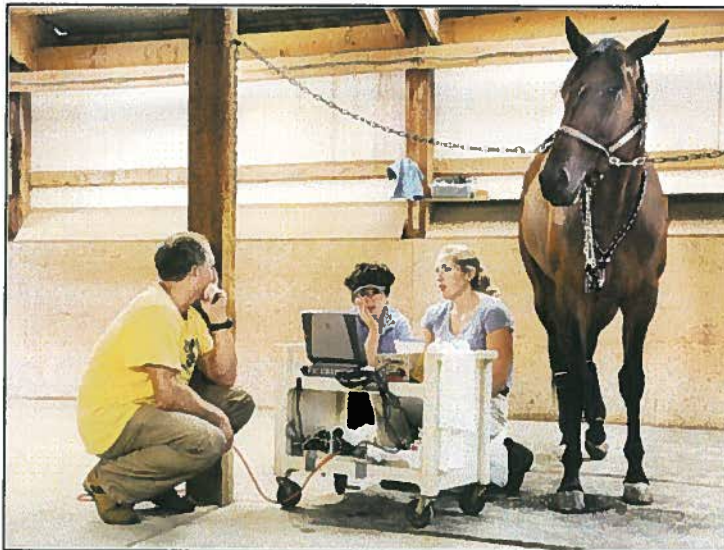
Horse racing needs some new blood

Christina Commisso and Catherine O'Hara,
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From horse and buggy contests to a high stakes sport, harness racing has become an economic driving force for Ontario and its agricultural sector. For decades, the sport enjoyed a monopoly in the gambling marketplace, but a three-part exclusive series by Metroland West Media Group, Off Track, reveals that the \$2.6-billion industry that employs 65,000 Ontarians is under threat. Here is the final part in the series.

With the hot breath of a 1,000-pound animal tickling the back of the driver's neck, the adrenaline pulses to the beat of the horse's 30-mile per hour stride. Racing inches apart from their competitors, every driver on the half-mile dirt track has one goal in mind: to win. But if one horse goes down, they all do.

"You can feel a horse. He will tell you how he feels in his bit. It's like any kind of sport. It's a high, a good high," said Paul MacKenzie, top driver at Flamboro Downs who has won more than 7,000 races in his 30-year career.



Horse racing needs some new blood. In the backstretch at Mohawk Racetrack, veterinarian Dr. Melissa McKee (right) does an ultrasound on a leg of race horse 'Village Java' while owner Elizabeth Thompson and trainer James Barton look on. Veterinary services for race horses can be costly. *Graham Paine / Metroland West Media Group*

The Prince Edward Island native migrated to Ontario for a piece of the slots money. In the late '80s, he said, the local racing atmosphere was great. "There was lots of money around, lots of racing horses, fans, owners. But it seems to be dying out a little bit. We have to pick that back up."

The industry needs new blood.

At 22 years old, Scott Zeron is the poster boy for standardbred racing. Young, talented and passionate, the Oakville driver — ranked fourth at Mohawk Raceway and winner of the most races in Canada last year — said he's making the most of his newfound fame.

"I'm not up in the grandstand so I don't know who the betters are, but I see the fans, and they're always a younger crowd," said Zeron, minutes before his first of eight races at Mohawk.

He started jogging horses at 14-years old, which he said is late in the industry. "There are a lot of young kids working in the barns, and eventually, they work their way up."

But are there enough Zerons out there?

Attracting new interest in the industry is a constant challenge, said Bruce Murray, Woodbine Entertainment Group's vice-president of standardbred racing.

"Horse racing costs a lot of money to put on. From the time you breed the mare and the stallion to raising the foal, it's a three-year cycle before you can even think about racing a horse.

"At the same time, there's a lot of money tied up in the barns and backstretches and infrastructures. There's a lot of hard costs involved versus let's say putting on a poker game or pushing a slot machine."

Owners pay upwards of \$3,000 a month to train each horse. They must also foot large bills for stabling costs, veterinarian services and transportation to and from area racetracks, as well as overseas.

"The horse has to win \$50,000 to break even, and that puts a lot of pressure on the horse and the owner," said Dr. Huw Llewellyn, a famed equine veterinarian based out of Campbellville.

A 2004 economic impact study reveals that owners with horses in the racing phase spend close to \$180 million on training their standardbred horses in Ontario.

At Emerald Isle Training Centre, home to 200 racehorses in Flamborough, the facility easily contributes \$400,000 to the local economy each month.

"The only thing we pursue is the next greatest horse," said Brian Tropea, Ontario Harness Horse Association's general manager. "We are kind of a strange breed that way. Pretty much everything that is earned is reinvested into the business."

More horses. Better facilities. New barns. That's the immediate effect of the Slots at Racetracks program. But as the purse money increased, so did the cost to race a horse.

"Purses have gone up since slots came in, but they haven't kept up with inflation," said Dave Menary, a 32-year-old owner who trains at a Middletown Road facility in Flamborough.

Years ago, a bale of hay cost \$2. That amount has since doubled. Transportation costs have also skyrocketed. A truck and trailer that once cost \$40,000 now runs \$100,000. Gas and diesel prices have tripled. To compound the problem, a steady decrease in the number of live race days gives horsemen less opportunity to win their money back, a phenomenon described as "the crunch effect."

Since 2000, the number of live race days at Flamboro Downs has dropped by more than 23 per cent. At Mohawk Racetrack, it has dropped 25 per cent.

"We are racing for more money but we have less opportunity to race," explained MacKenzie. "In this game, you need lots of opportunity all year round."

When Great Canadian Gaming, a publicly traded company, acquired Flamboro Downs in 2006, the company applied to reduce race days by 50 from 258. The ORC (Ontario Racing Commission) approved a reduction to 223. This year, the facility scheduled 199 live race days.

The ORC, the industry's regulator, has put a moratorium on race day reductions, offering a glimmer of hope for the sector's vitality.

The commission's director of industry development and support, Wendy Hoogeveen, said putting on a race is a costly endeavor. Throughout the last decade, racetrack operators across Ontario applied to the ORC for reductions in the number of live race days at their facilities. The decline in race dates has become a troubling trend.

The ORC is developing criteria to warrant a reduction in race days. "We work quite closely with the industry in trying to determine this and evaluate and make assessments where there should be more or less racing," said Hoogeveen.

While the number of race days has declined, slots patrons continue to contribute to the horsemen's winnings. The Slots at Racetracks program was supposed to encourage wagering. But at Woodstock Raceway the slots directly fund 93 per cent of the purse money. With the exception of WEG, the majority of purse money awarded at Ontario racetracks comes from slot wins.

Stanley Sadinsky, former ORC chair, said one wonders if the Slots at Racetracks program is "just in effect a money distribution system as opposed to generating pari-mutuel wagering."

A 2008 report by Sadinsky pointed to a lack of cooperation and the horse racing industry to try to attract more betters. "We wanted to see something like joint marketing programs," he said.

The horsemen couldn't agree more. The investments they are making today won't yield any returns for at least five years. "There's a lot of blind faith, really," said Tropea.

"We put a lot of faith and trust that the racetracks will continue to do a good job of marketing and promoting our business... we put a lot of trust in the government that they don't change the revenue that is currently being allocated for purses so that we can recoup our investment that we make today."

If the industry continues on a downward spiral, the effects will be felt province-wide. Roughly 65,000 jobs — many of which are industry-specific — are dependent on the racetracks' survival along with billions of dollars that keep the rural communities alive.

"You need a certain mass to make any industry successful. Mohawk is that cornerstone in Nassagaweya," said Milton's rural councillor, Cindy Lunau. "What Nassagaweya would look like without Mohawk absolutely scares me."

Big box development. Urban sprawl. Subdivisions.

Growth surrounding Flamboro Downs is what Charles Juravinski was banking on when he built the facility in the '70s. "Had I known that I was going to live as long as I have after selling Flamboro Downs, I would have never left it," said the 81-year-old Greensville visionary.

"It would be a different place today... It can be a destination place. Golf, skiing, skating, camping, you name it.

"Anyhow, that's life ain't it?"

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