



# **Crown Corporation**

## **B U S I N E S S P L A N S**

### FOR THE FISCAL YEAR 2008–2009

#### Nova Scotia Harness Racing Incorporated *Business Plan 2008–2009*

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## Mission

***The Nova Scotia Harness Racing Advisory Committee is responsible for evaluating how best to invest the government funding provided while moving the harness racing industry to a more competitive, self-sufficient funding position.***

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## Performance in 2007–2008

During the 2007–2008 fiscal year, a total of 104 live race dates with an increased number of dashes were achieved with the assistance provided by the Government of Nova Scotia. This assistance was also responsible for the successful Atlantic Sire Stakes races.

The track in North Sydney, Northside Downs, received approval from the Maritime Provinces Harness Racing Commission to hold 29 race dates for the season, and their first race date was June 9, 2007. This track, located on the Cape Breton exhibition grounds, had been used as a training track for years, with matinee races held occasionally. The Inverness racetrack has maintained a good population of horses. Truro has had a surplus of horses for a few years now. For the past two years, Truro has found it economically feasible for the purse pool to suspend racing for a few weeks during the winter.

The Liaison Officer continues to divide his time between carrying out tasks for the Nova Scotia Harness Racing Industry and the Maritime initiative.

During 2007–2008, an additional \$375,000 was granted to the harness racing industry by Cabinet (Economic Development budget). That amount includes \$100,000 per track for track improvements requiring a project proposal prior to release of funding, as well as funding for an economic feasibility study of the harness racing industry in Nova Scotia. This study is to be complete by March 31, 2008.

## Strategic Goals

- Strive to improve the product, namely live harness racing, to be competitive in the entertainment market.
- Maintain improved relationships between racetrack management and the horsemen by treating each other as partners rather than adversaries.
- Secure adequate long-term funding through government liaison and corporate sponsorships.
- Improve media coverage of both live racing events and the industry in general.
- Encourage continued quality in the Standardbred horse for the harness racing industry.



- Use the Nova Scotia Harness Racing Industry Association to provide leadership for the industry in Nova Scotia.
- Work towards expanding the product into additional fields beyond live racing events and offer alternative forms of gaming and sports to generate interest and income through improved “entertainment centres.”

## Core Business Areas

Entertainment and Standardbred horse genetics have been the core businesses of Nova Scotia Harness Racing Inc.

### ***Entertainment***

The entertainment aspect consists of three components:

1. live racing events/pari-mutuel wagering
2. simulcast wagering/telephone account wagering
3. gaming/video lottery terminals

There is a need to grow the business in each component so that more funds are available for harness horse owners. Greater incomes will pique interest in investing in the genetics aspects of the industry and drive values of breeding stock upwards.

Pari-mutuel betting is a fundamental source of funding of the live racing events and a key attraction for those keenly interested in the gaming aspect of live harness racing.

Simulcasting of racing events beyond the local racetracks continues to be a major supporting funding source for the industry, making up 88 per cent of wager income. Teletheatre locations for 2007 were located at Cinder's Bar & Grill, Amherst; Chuggles Restaurant, Antigonish; Sackville Superbowl, Lower Sackville; Brewster's, Bedford; The Hoff Pub & Grill, Inverness; The Port Hood Fire Hall, Port Hood; Rollic's Wharf Restaurant & Lounge, North Sydney; and the Meridian Hotel, Sydney. The Canadian Pari-Mutuel Agency reduced its requirements for racetracks to be eligible to establish teletheatres to less than 50 race dates and has to be approved by the Maritime Provinces Harness Racing Commission. Smaller racetracks such as Inverness can now negotiate sites within their market areas, and that has been taking place.

Video lottery terminals (VLTs) continue to be viewed as integral to the development of raceway entertainment centres.

Nova Scotia's industry recognizes that track sites cannot survive with only live racing and simulcast events and that they must become entertainment centres that appeal to a broader section of the public. The VLT restrictions in Nova Scotia could become an

obstacle, but industry views the change in ownership of the casinos as positive.

### ***Genetics***

Maritime-bred horses continue to do well when competing outside the region. Standardbred horses represent a rural economic development opportunity. Horse production facilities can be established on sites where other forms of agriculture cannot exist, because horses have an aesthetic appeal. The breeding, rearing, and training of the Standardbred horse are key activities for both the farming communities of Nova Scotia and the live racing events at the province's three raceways. Stakes races for colts and fillies born or bred in Nova Scotia were established in Nova Scotia in 2006 and will continue in 2008.



## Budget Context

Revenues	Estimate 2007-08 (\$)	Forecast 2007-08 (\$)	Estimate 2008-09 (\$)
NS Funding	1,000,000	1,000,000 675,000*	1,000,000*
<b>Total Revenues</b>	<b>1,000,000</b>	<b>1,675,000</b>	<b>1,000,000</b>
<b>Expenditures</b>	Breakdown will not be finalized until after budget approval		
Special Stakes	17,500	17,500	17,500
Atlantic Sire Stakes	186,075	184,826	200,000
Purse Subsidy Reimbursement	579,118	595,407	565,000
Maritime Provinces Harness Racing Commission	130,000	120,000	135,000
Operational Costs—Meeting Expenses	1,500	1,200	1,500
4-H and Matinee Tracks	5,000	3,250	5,000
Nova Scotia Stake Series	22,907	26,617	25,000
Liaison Officer Position (includes participation on Maritime HR Development Council)	35,000	35,200	40,000
Scholarship	1,000	1,000	1,000
Allotment to access other funding sources/Ind Development	21,900	10,000	10,000
Northside Downs Track Upgrading	—	5,000	—
Track Facility Development	—	600,000	—
Industry Study/Marketing	—	75,000	—
<b>Total Expenses</b>	<b>1,000,000</b>	<b>1,675,000</b>	<b>1,000,000</b>

\* Includes Economic Development funding

### Forecast Background

With three tracks providing live racing, there were 104 live race dates for 2007–2008. Officiating costs are projected to be up from 2006 with three tracks racing, although Northside having a late start and Truro shutting down for a few weeks will help to balance off any increase in officiating expenses. Industry would like to see the funds for officiating provided to the Maritime Provinces Harness Racing Commission (MPHRC) from the Maritime Premiers' Office rather than having the industry fund that expense.

A Nova Scotia stakes series was initiated in 2006 in an effort to encourage local breeders to produce high-performance racehorses and provide racing opportunities for these local products and a local product for simulcasting. It was a new budget subject in 2006–2007 and continued in 2007–2008.

Budgeting for the liaison officer position, which was cut back in 2007–2008, will utilize that full amount.

Operating costs—meeting expenses (exclusive of administration costs) to manage the fund will come in below allocation and are projected to be \$1,200. The 4-H and matinee track fund came in slightly under budget at \$3,250. With three tracks operating, officiating costs were projected to be substantially higher; however, with Northside having a delayed start and Truro shutting down for a couple of weeks in February, the officiating costs will be slightly lower than projected.

# Outcomes and Performance Measures

## Core Business Area 1 Entertainment

Outcome	Measure	Base Year	2007 Actual	2008 Target	Strategies to Achieve Target
More live races	Increase in live races from base	2002: 100 race dates	104 race dates	Increase live race events	Long-term agreements
More horse owners	# of owners	2002: 403 owners	600	625	Improve income for owners
Increased bet	Amount of wager	2001: Gross bet \$12.8 million	Total wager: \$11.6 million	Increase gross bet by 10% over base year	Promote industry to grow fan numbers
More entertainment	Attendance	2001: 70,000	72,000	Higher attendance	Expand entertainment options



**Core Business Area 2** *Genetics*

Outcome	Measure	Base Year	2007 Actual	2008 Target	Strategies to Achieve Target
More horses in race cards	Horse population	2001: 480 Standardbreds	680 Standardbreds racing	720	Improve promotion of industry
Greater interest in horse ownership	Avg. sale year	2001: \$4,400	\$5,400	Increase prices of horses; emphasis on Nova Scotia-bred horses	Promote the Nova Scotia Stakes

Background Information For Targets

- Live race dates were 104 for 2007, but more dashes were held, reflecting higher horse numbers.
- Horse owner numbers continue to grow, especially in Inverness and Northside.
- Attendance was up slightly in 2007 for the three racetracks. The Nova Scotia Stake Series and increased races with the opening of Northside have contributed to this increased interest.
- Total wager was down from the previous year, reflecting the trend across Canada.
- There were more horses in race cards at Inverness and Truro racetracks.
- Fall sale of Standardbreds remains stable.
- The long-range business plan, ending in 2008, for the industry is valid.
- Horse owners and racetrack management at the province's three racetracks continue in a co-operative working relationship and demonstrate a unified position in the industry association.
- Harness racing has become very popular at the Northside Racetrack, North Sydney.