



# **Crown Corporation**

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

### FOR THE FISCAL YEAR 2010–2011

#### Nova Scotia Harness Racing Incorporated ***Business Plan 2010–2011***

## Table of Contents

Message from the Minister .....	.199
Mission .....	.201
Performance in 2009–2010 .....	.201
Strategic Goals .....	.201
Core Business Areas .....	.202
Budget Context .....	.204
Outcomes and Performance Measures .....	.205

# Message from the Minister of Agriculture

I am pleased to present the 2010–11 business plan for Nova Scotia Harness Racing Incorporated.

Harness racing is a popular entertainment attraction for Nova Scotians. The horse racing and breeding industry is an exciting, unique agri-business that plays an important and significant role within the agricultural economy of Nova Scotia. The industry has a positive affect on communities throughout the province, providing jobs and contributing annually to the provincial economy.

I wish harness racing enthusiasts every success as we build on existing efforts and work with stakeholders and partners within the greater agricultural community and government to achieve growth and prosperity for our province.

Yours Sincerely,  
The Honourable John MacDonell

---

## 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.***

---

## Performance in 2009–2010

During 2009–2010, a total of 109 live race dates were achieved with the assistance provided by the Government of Nova Scotia. This assistance was also responsible for the successful Atlantic Sire Stakes races and the newly created Nova Scotia Stakes Series.

The track in North Sydney, Northside Downs, which received approval from the Maritime Provinces Harness Racing Commission to hold 29 race dates for the 2007–2008 season, had a very successful year in 2009–2010 with 30 race dates. The Inverness racetrack has maintained a good population of horses and in 2009–2010 hosted 30 live dates and completed construction of the new barn. As in the past three years, Truro found it necessary to suspend racing for a few weeks during the winter. The horse population in the province remains strong.

Funding was once again included for a Liaison Officer/Executive Officer. This position remained vacant for a few months while the position was advertised and a hiring procedure was followed. The new executive officer spent the remainder of the year getting up to speed on industry development, lobbying government, and performing various tasks for the Nova Scotia Harness Racing Industry. The Maritime Provinces Development Council was reactivated with a meeting held in December 2009.

## Strategic Goals

- Strive to improve the product, namely live harness racing, to be competitive in the entertainment market, promoting the industry to the public as a sport.
- Maintain the good working relationships between racetrack management and the horsemen to continue to treat each other as partners.
- Secure adequate long-term funding through government liaison and corporate sponsorships.
- Improve media coverage of both live racing events and the industry generally.
- Promote harness racing through development and implementation of a marketing plan.
- Encourage continuing quality in the Standardbred horse for the harness racing industry and promote local horses.



- Use the Nova Scotia Harness Racing Industry Association to provide leadership for the industry in Nova Scotia.

## 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. Teletheatre locations for 2009 were located

at Bedford/Sackville Superbowl, Lower Sackville; Brewster's Restaurant & Lounge, Bedford; The Port Hood Fire Hall, Port Hood; Rollie's Wharf Restaurant & Lounge, North Sydney; the Martin Arms, Sydney; and Jack Duggan's Beverage Room & Grill in New Waterford.

Nova Scotia's industry recognizes that track sites cannot survive with only live racing and simulcast events. Increased competition in the gaming industry has contributed to this. A marketing study to identify the target audience would serve as a starting point for future direction. Promoting the industry to the public has become a priority. Inverness and North Sydney are working on getting their live races out to other tracks for simulcasting. Truro Raceway is researching an additional teletheatre site.

### ***Lottery Proposal***

The harness horse industry has presented a lottery proposal to the Nova Scotia Gaming Corporation. The proposal is similar to the lottery that exists in Sweden. What makes the Swedish lottery successful is that a large proportion of the population participates in it. The intent here would be to use all the outlets in the province that currently sell lottery tickets.

Ontario has been very successful in accessing more purse money for horse racing by making slot machines available at racetracks. However, it is becoming very

evident that the fan base for horse racing is not being grown with that approach and that the industry is merely being subsidized in another fashion.

There is a fairly urgent need for the industry to grow its fan base. It begins with making the venue more family oriented and making the track facilities more welcoming to the public. In addition, spectators must be educated in evaluating the horses and drivers such that placing a bet provides them much better odds of winning than purchasing a lottery ticket.

The lottery system being proposed involves picking horses to win a series of races. This seems to be the approach most likely to inject life and viability back into the industry. The proposal is currently going through the review process by the Nova Scotia Gaming Corporation. Harness horse racing is a sport, and the horses are the athletes. The overwhelming positive response to the success of Somebeachsomewhere in 2008 indicates that many of the public view wagering on the sport more favourably than slots or gaming machines or gambling with cards.

### ***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 esthetic appeal. The breeding, rearing, and training of the Standardbred horse support many spinoff business opportunities and are driven by 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 2010.



## Budget Context

Revenues	Estimate 2009–10 (\$)	Forecast 2009–10 (\$)	Anticipated Funding 2010–11 (\$)
NS funding	1,000,000	1,000,000	1,000,000
<b>Total revenues</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>
<b>Expenditures</b>	Breakdown will not be finalized until after budget approval		
Special stakes	17,500	20,000	20,000
Atlantic Sire Stakes	200,000	200,000	200,000
Purse subsidy reimbursement	565,000	560,400	560,300
Maritime Provinces Harness Racing Commission	135,000	122,000	130,000
Operational costs—meeting expenses	1,500	1,750	1,800
Matinee tracks/youth promotion	5,000	5,000	5,000
Nova Scotia Stake Series	25,000	25,000	25,000
Liaison officer position	40,000	17,000	35,000
Marketing plan	—	—	—
Scholarship	1,000	1,000	1,000
Allotment to access other funding sources/industry development	10,000	—	—
Upgrading signal	—	21,900	21,900
Maritime Breeders' Crown	—	25,950	—
<b>Total expenses</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>

### Forecast Background

With three tracks providing live racing, there were 109 live race dates for 2009–2010. The Maritime Provinces Harness Racing Commission (MPHRC) has made a deliberate effort to recruit officials through an apprenticeship program and to develop a continuing education and evaluation program, including a judges' seminar to attract apprentice officials. The additional officials created across the Maritimes should help to keep travel costs in check. Industry would like to see the funds for officiating provided to the 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 to provide racing opportunities for these local products and a local product for simulcasting. This Nova Scotia Stake Series will continue in 2010–11 with an effort to further encourage the development of local "trotters" and by further improving the program overall.

Budgeting for the executive officer position continued in 2009–2010. The position was vacant for a few months during this time in order to advertise and refill. With a change in government in 2009, there was again a great need to inform new political partners of the importance of harness racing to the Nova Scotia economy. This lobbying, discussions with the Nova Scotia Gaming Corporation, and seeking new opportunities for the harness racing industry will occupy a lot of the executive officer's time.

Operating costs—meeting expenses (exclusive of administration costs) to manage the fund will remain similar to last year, with a projection of \$1,300.

# Outcomes and Performance Measures

## Core Business Area 1 Entertainment

Outcome	Measure	Base Year	2009	2010 Target	Strategies to Achieve Target
More live races	Increase in live races from base	2002: 100 race dates	109 race dates	Increase live race events	Long-term agreements between racetrack management and horse owners
More horse owners	Number of owners	2002: 403 owners	632 owners	Increase by 10%	Improve income for horse owners
Increased bet	Amount of wager	2001 gross bet: \$12.8 million	Total wager: \$12,449,746	Increase gross bet by 10% over base year	Promote industry to grow fan numbers and wager
More entertainment	Attendance	2001: 70,000	69,000	Higher attendance	Expand entertainment options through better marketing and high-performance racehorses



**Core Business Area 2** *Genetics*

Outcome	Measure	Base Year	2009	2010 Target	Strategies to Achieve Target
More horses in race cards	Horse population	2001: 480 Standardbreds	858 Standardbreds racing in NS	Increase	Improve financial status of industry
Greater interest in horse ownership	Average sale year	2001: \$4,400	\$3,734	Increase prices of horses—emphasis on Nova Scotia bred	Promote the Nova Scotia Stakes and other special stakes

**Background Information for Targets**

- Live race dates at 1 09 for 2009, but more dashes were held, reflecting higher horse numbers.
- Horse owner numbers continue to grow, especially in Inverness and Northside.
- Attendance was down slightly in 2009 for the three racetracks.
- Total wager was down from the previous year, reflecting the trend across Canada.
- There were more horses in race cards at Inverness, Truro, and Northside.
- Fall sale of Standardbreds was up slightly from 2008 (\$3,734 from \$3,558).
- The long-range business plan 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 remains popular in the communities of Inverness and North Sydney.
- Economic study for the Nova Scotia Harness Racing Industry indicated a significant impact in the province:
  - contributes \$11.6 million in household income
  - contributes \$1.6 million annually to government in taxes
- Recession has had a negative impact on attendance and total wager.