

Results of the Survey of Ontario Horseracing Owners, Breeders and Trainers - Fall 2015



**Commissioned by Ministry of Agriculture, Food and
Rural Affairs**

March 24, 2016

Horsepeople's Survey Results- Fall 2015

In the fall of 2015 the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) engaged Deloitte to survey Ontario race horse owners, breeders and trainers to collect data on horse racing. Deloitte worked closely with OMAFRA and key industry stakeholders to develop the survey. The survey focussed on collecting data on expenditures, employment and horse supply.

Survey responses were received from 403 of approximately 6300 licensed owners, breeders and trainers in the province (approx. 6% response rate). The results presented in this document are extracted directly from the expenditure data that was included in the responses to the survey. The survey was posted online for over three weeks during October and November 2015. Deloitte anonymized the data received and survey respondents were not able to be identified.

OMAFRA would like to thank all the horsepeople who completed the survey for providing valuable data and also thank the industry associations¹ for supporting the survey and distributing it to their members.

The results of the survey provided valuable insights about the current size of the horse racing industry and will be used in the work underway to research the impact of horse racing on the Ontario economy.

An Executive Summary of results from the survey follows.

1. Ontario Horse Racing Industry Association, Canadian Thoroughbred Horse Society, Horsemen's Benevolent and Protective Association of Ontario, Quarter Horse Racing Owners of Ontario Inc., Ontario Harness Horse Association, Standardbred Breeders of Ontario Association, Jockey Club of Canada, Central Ontario Standardbred Association and Standardbred Canada

Executive Summary

Survey Highlights:

- **Costs:** Average annual expenditures on horse racing of **\$169,966** per respondent
 - Horse costs – **\$77,966**, General costs – **\$55,200**, Capital costs – **\$10,300**, Other costs – **\$26,500**
- **Horse Maintenance:** Active race horses are significantly more expensive to maintain than inactive / retired race horses
- **Employees:** Average employment of **2.6 full-time**, **2.0 part-time**, and **2.9 seasonal** individuals across the Owner, Breeder, Trainer, Owner-Breeder, Owner-Trainer, and Owner-Breeder-Trainer segments
- **Race Horse Supply:** Average ownership of **8.8 Standardbreds**, **13.3 Thoroughbreds**, and **5.1 Quarter Horses** among those Owners, Owner-Breeders, Owner-Trainers, and Owner-Breeder-Trainers that indicated they own a particular breed of horse

Market Inferences:

- Estimated range of **\$494M in horse direct expenditure impact** and **\$583M in other direct expenditure impact**
- **41,329 unique jobs** (**15,616** full-time, **12,497** part-time, and **13,216** seasonal jobs) resulting in an estimated 26,418 full-time equivalent jobs
- From the Owner, Breeder and Trainer population in Ontario, *estimated* horse population:
 - **34,101 horses** (**20,894** Standardbreds, **12,660** Thoroughbreds, and **547** Quarter Horses)

Additional Insights:

Insight #1 Costs: The average annual expenditure on horse racing is **\$169,966** per respondent.

| Horse | |
|---|-----------------|
| Horse training | \$30,000 |
| Veterinary services / medicine (including supplements, dental, etc.) | \$8,000 |
| Prepared feed grain / hay / bedding | \$9,600 |
| Nominations | \$3,000 |
| Stud fees | \$10,000 |
| Additional support activities (including farrier, grooming, transportation, etc.) | \$5,000 |
| Other | \$12,366 |
| Total | \$77,966 |

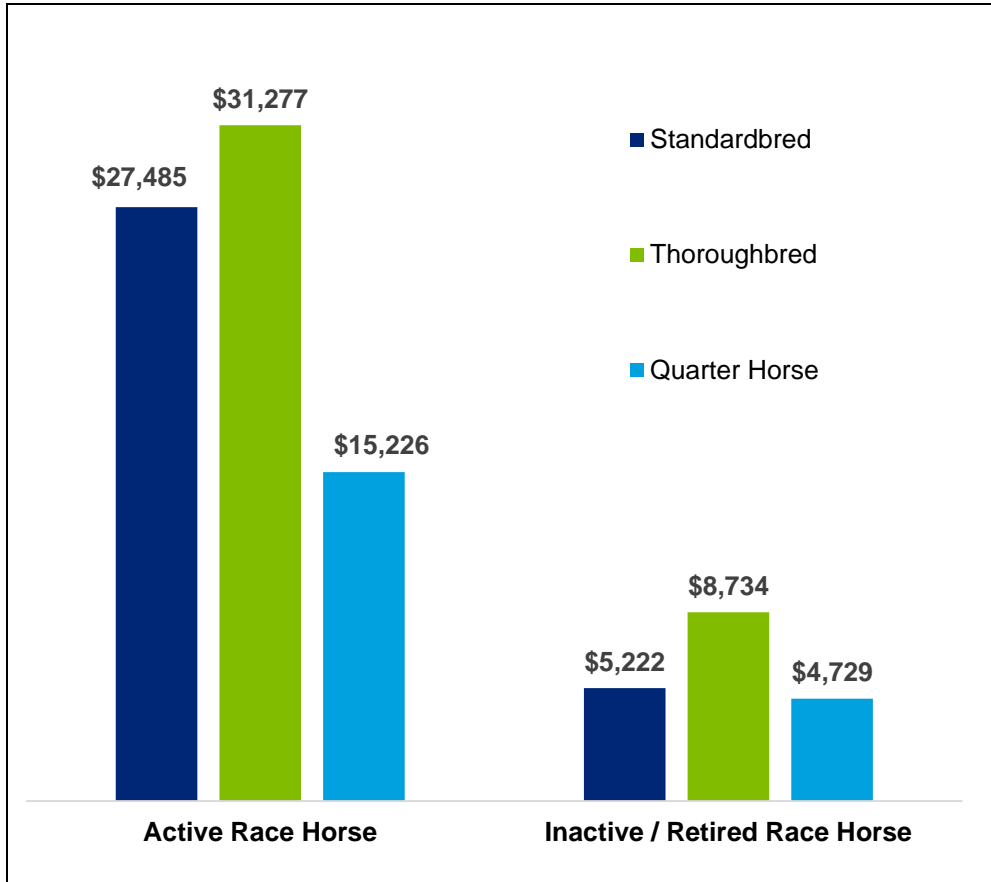
| General | |
|---------------------------------|-----------------|
| Accounting and legal fees | \$1,000 |
| Administration | \$1,500 |
| Insurance and benefits | \$2,500 |
| Licenses and permits | \$500 |
| Marketing and promotion | \$1,000 |
| Membership / subscription fees | \$300 |
| Motor vehicle expense | \$5,000 |
| Rent (land, building, pastures) | \$7,000 |
| Salary, wages and benefits | \$30,000 |
| Telephone | \$1,200 |
| Utilities | \$3,000 |
| Other | \$2,200 |
| Total | \$55,200 |

| Capital | |
|---|-----------------|
| Construction-related (including repair and maintenance of structures) | \$5,000 |
| Machinery (repairs, licenses, insurance) | \$3,500 |
| Other | \$1,800 |
| Total | \$10,300 |

| Other | |
|--|-----------------|
| Interest (real estate, mortgage and other) | \$6,000 |
| Other consultants / services | \$1,500 |
| Property taxes | \$3,000 |
| Income taxes | \$7,500 |
| Other | \$8,500 |
| Total | \$26,500 |

When the average total cost of horse racing is applied to the total number of licensed owners, breeders and trainers the resulting Economic Impact of Horse Racing: \$494M in direct expenditure on horses impact and \$583M in other direct expenditure impact.

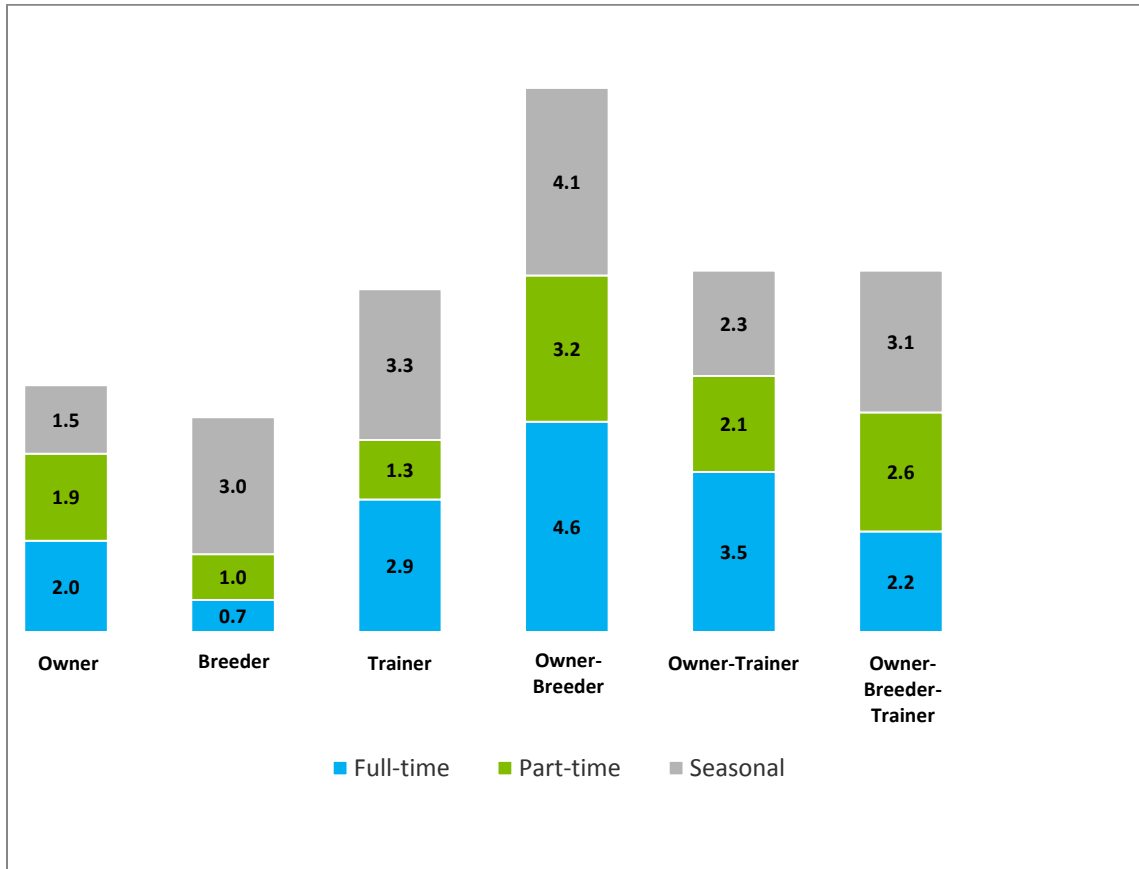
Insight #2 Horse Costs: Active race horses are significantly more expensive to maintain than inactive/retired race horses.



The average cost per horse is based on costs reported by survey respondents.

Insight #3 Jobs: The average number of people employed by Owners, Breeders, Trainers, Owner-Breeders, Owner-Trainers and Owner-Breeder-Trainers is **2.6 full-time, 2.0 part-time and 2.9 seasonal.**

Survey - Average Employees



Employment Market Inferences

| | Individuals | Full-Time Equivalents |
|------------------|---------------|--------------------------|
| Full-Time | 15,616 | 15,616 |
| Part-Time | 12,497 | 7,498 |
| Seasonal | 13,216 | 3,304 |
| Total | 41,329 | 26,418 |

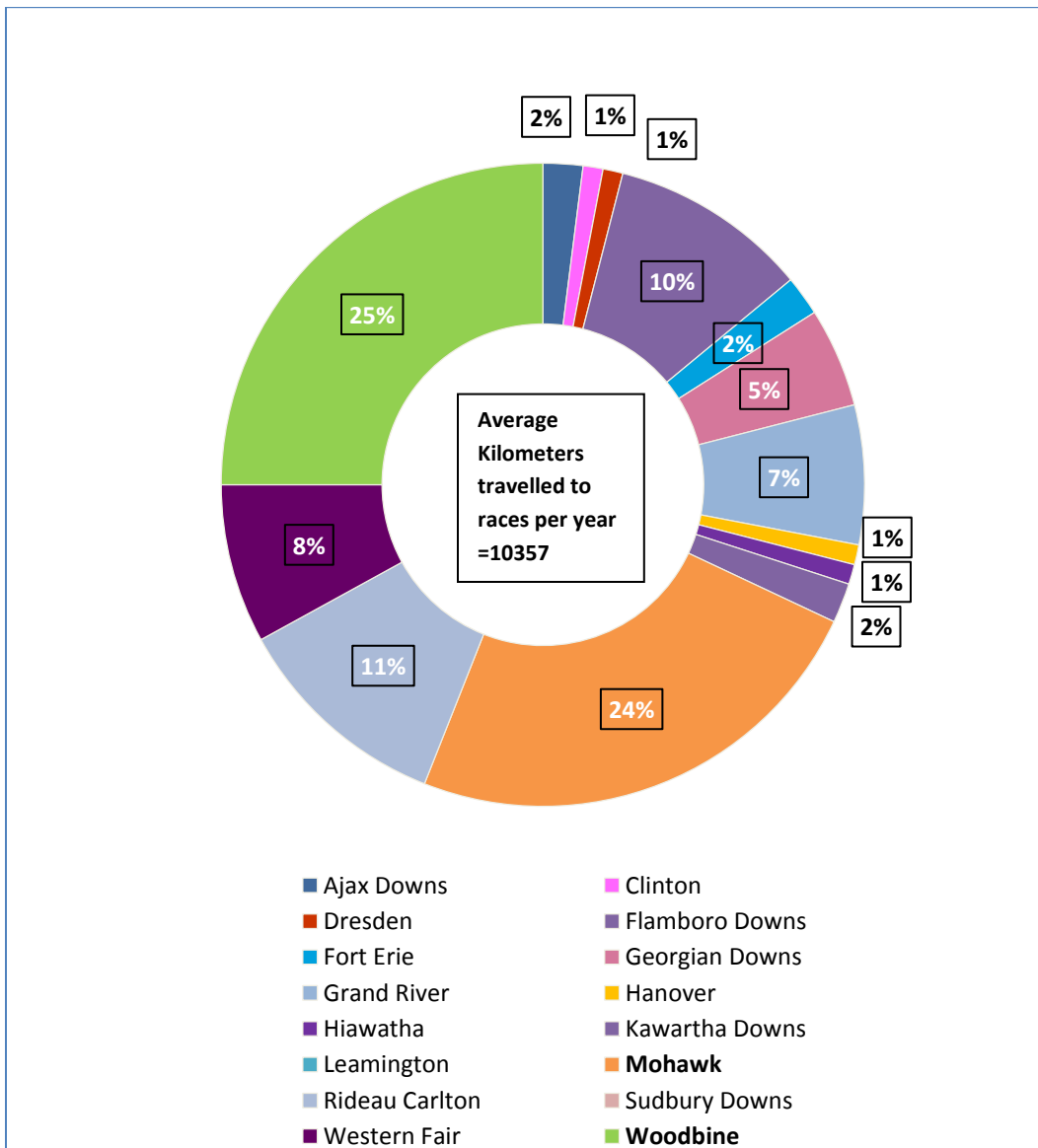
Insight #4 Horse Supply: The average number of race horses by breed owned by Owners, Owner-Breeders, Owner-Trainers, and Owner-Breeder-Trainers is **8.8 Standardbreds, 13.3 Thoroughbreds, and 5.1 Quarter Horses.**

| Survey – Average Horse Ownership | | | |
|----------------------------------|--------------|--------------|---------------|
| | Standardbred | Thoroughbred | Quarter Horse |
| Owners | 4.2 | 7.8 | 3.3 |
| Owner-Breeders | 15.4 | 19.5 | 9.6 |
| Owner-Trainers | 5.0 | 3.5 | 1.0 |
| Owner-Breeder-Trainers | 10.5 | 22.5 | 6.7 |

| Race Horse Supply Market Inferences | | | | |
|-------------------------------------|--------------|--------------|---------------|--------|
| | Standardbred | Thoroughbred | Quarter Horse | Total |
| Population | 20,894 | 12,660 | 547 | 34,101 |

Insight # 5 Where horsepeople race: Survey respondents participated in the greatest number of races at Woodbine and Mohawk (almost half) and travelled an average total of 10,357 km annually to get to tracks.

Where Survey Respondents Race



Survey Questions

1. Please identify the nature of your involvement in the horse racing industry. Please check all that apply.
2. With respect to the horse racing industry, are you a sole proprietor (i.e. sole owner/operator) or part of a partnership (i.e. group of owners/operators)? Please check all that apply.
3. In which region(s) of Ontario are your horse racing operations located? Please check all that apply.
4. In what type(s) of population centre(s) are your horse racing operations located? Please check all that apply.
5. Business activity with race horses includes breeding, training, buying/selling race horses, and providing these services to clients. Using your best estimate, what proportion of your annual income is derived from activities with race horses? Please check only one option.
6. Where do you stable your race horses? Please check all that apply.
7. Do you currently own farm land in Ontario? If yes, are you the sole owner, or do you own the land as part of a partnership (i.e. group of owners)? Please check only one option.
8. If you own farm land in Ontario, how would you characterize the primary purpose or usage of the land? Please check all that apply.
9. Using your best estimate, please indicate the number of horses you currently own by breed and type. Please use only numbers for your response, including the number "0" where you do not own any race horses of a particular breed / type.
10. Using your best estimate, how many horses in your current race stable(s) qualify for the Horse Improvement Program and / or the Quarter Horse Racing Industry Development Program? This includes the Ontario Sires Stakes and the Mare Residency Program. Please use only numbers for your response, including the number "0" where appropriate.
11. Using your best estimate, how many horses in your current race stable(s) were sired or bred in Ontario versus outside Ontario? Please use only numbers for your response, including the number "0" where appropriate.

12. What type(s) of information do you typically look at when making buying, selling and/or breeding decisions? Please check all that apply.
13. Using your best estimate, approximately what percentage of your horse business relates directly to horse racing. Please use only numbers for your response.
14. Using your best estimate, how much does it cost you / your business to support and maintain an active race horse versus an inactive or retired race horse on an annual basis? Please use only numbers for your response, including the number "0" where you do not own a particular breed of race horse.
15. Using your best estimate, how many years (on average) are your race horses active? Please use only numbers for your response, including the number "0" where you do not own a particular breed of race horse.
16. Using your best estimate, please indicate your approximate total costs on an annual basis for each category below. Please use only numbers for your response, including the number "0" where applicable.
17. Using your best estimate, how many individuals did you employ in 2014, and what was the nature of their employment? Please use only numbers for your response, including the number "0" where applicable.
18. Using your best estimate, please indicate the number of races you have run at each racetrack in the past 12 months. Please use only numbers for your response, including the number "0" where applicable.
19. Using your best estimate, what is the average number of kilometers you have traveled to attend races in the past 12 months? Please use only numbers for your response.
20. Where "1" indicates no confidence and "10" indicates total confidence, what is your level of confidence in continuing or adding to your current Ontario horse racing investments?
21. Please provide any additional thoughts and considerations on the economic impact of the horse racing industry in Ontario.