



Crown Corporation

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

FOR THE FISCAL YEAR 2007–2008

Nova Scotia Harness Racing Incorporated *Business Plan 2007–2008*

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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.

Performance in 2006–2007

During the 2006–2007 fiscal year, a total of 85 live race dates with an increased number of dashes per race date 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 Sydney, Tartan Downs, did not open for the 2006 racing season. Horsemen travelled to Inverness to race, with some traffic to and from Truro as is normal. Business ran quite smoothly between horse owners and track management at the two tracks in 2006–2007. The Inverness racetrack was able to deal with the extra horses by building temporary stalls and increasing the number of dashes per race date; however, as this gradually eroded the purse pool, the number of races had to be cut back, resulting in some horses having to “sit out.” The Sydney horsemen are working with a matinee track in North Sydney with the intent to race there in 2007–2008. Truro has had a surplus of horses for a couple of years now, the problem increasing in the winter when some tracks shut down. Again, this erodes the horsemen’s purse pool. While in the past Truro raced year-round, they were closed for the month of February 2007 in order to salvage the purse pool.

2006–2007	Processed Claims
Special Stakes Races, Inverness, Truro	\$ 17,500
Atlantic Sire Stakes	\$ 221,100*
Nova Scotia Stakes Series	\$ 22,975
Atlantic Breeders’ Crown	\$ 15,000
Purse Subsidy Reimbursement	\$ 567,025
Matinee Tracks & 4H	\$ 5,000*
Maritime Provinces Harness Racing Commission	\$ 100,000*
Operational Costs (meeting expenses)	\$ 1,400*
Liaison Officer	\$ 50,000*
Projected Total For 2006–2007 Fiscal Year	\$ 1,000,000

* Projected expenditures



The racino facility in Charlottetown is up and running. The Charlottetown Racino complex sets a much higher standard for grandstand facilities to attract new patrons.

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

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 to treat 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 generally.
- Encourage continuing 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 peak 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 2006 were located at Cinder's Bar & Grill, Amherst; The Hub Athletic Club, Sydney; Chuggles Restaurant, Antigonish; Exhibition Park, Goodwood; Sackville Superbowl, Lower Sackville; Rollie'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. Plans are in the works to establish stakes races for colts and fillies born or bred in Nova Scotia.



Budget Context

Revenues	Actual 2005-06 (\$)	Estimate 2006-07 (\$)	Forecast 2006-07 (\$)	Estimate 2007-08 (\$)
NS Funding	1,000,000	1,000,000	1,000,000	1,000,000
Total Revenues	1,000,000	1,000,000	1,000,000	1,000,000
Expenditures				
Special Stakes	27,500	27,500	17,500	Breakdown is undetermined at this time
Atlantic Sire Stakes	179,000	200,000	221,340	
Purse Subsidy Reimbursement	621,500	567,025	567,025	
Maritime Provinces Harness Racing Commission	109,785	121,000	100,000	
Operational Costs- Meeting Expenses	1,136	1,500	1,400	
4-H and Matinee Tracks	3,587	5,000	4,750	
Nova Scotia Stake Series	—	12,974	22,975	
Liaison Officer Position (includes participation on Maritime HR Development Council)	49,951	50,000	50,000	
Atlantic Breeders' Crown	7,538	15,000	15,000	
Total Expenses	999,999	1,000,000	999,990	1,000,000

Forecast Background

With only two tracks providing live racing, there were 85 live race dates for 2006-2007. Officiating costs are projected to be down for 2006 with only two tracks and Truro shutting down for February. 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 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 2006-07.

The liaison officer position will utilize the full amount budgeted in 2006-2007.

Operating costs-meeting expenses (exclusive of administration costs) to manage the fund will come in below allocation and are projected to be \$1,400.00. The 4-H and matinee track fund came in slightly under budget at \$4,746.50. Because of Truro shutting down in February and the fact Tartan Downs didn't open, the officiating cost will be significantly lower, but anticipate that, if three tracks are racing next year, costs will have increased for travel and wages.

Outcomes and Performance Measures

Core Business Area 1 Entertainment

Outcome	Measure	Base Year	2006-07	2007-08 Target	Strategies to Achieve Target
More live races	Increase in live races from base	2002: 100 race dates	85 race dates*	Increase live race events	Long-term agreements
More horse owners	# of owners	2002: 403 owners	500	525	Improve income for owners
Increased bet	Amount of bet	2001 gross bet: \$12.8 million	Total wager: \$7.7 million*	Increase gross bet by 10% over base year	Promote industry to grow fan numbers
More entertainment	Attendance	2001: 70,000	71,000*	Higher attendance	Expand entertainment options

*Closure of Tartan Downs during 2006. Horsemen travelled to Inverness and Truro Racetracks.



Core Business Area 2 *Genetics*

Outcome	Measure	Base Year	2006-07	2007-08 Target	Strategies to Achieve Target
More horses in race cards	Horse population	2001: 480 Standardbreds	680 racing	720 racing	Improve promotion of industry
Greater interest in horse ownership	Avg. price at yearly sale	2001: \$4,400	\$4,900	Increase prices of NS-bred horses	Promote the Nova Scotia Stakes

Background Information for Targets

- Live race dates at 85 for 2006, but 30 more dashes were held, reflecting higher horse numbers.
- Horse owner numbers continue to grow.
- Attendance was up slightly in 2006 for the two racetracks at Truro and Inverness; the Nova Scotia Stake Series may have contributed to this increased interest.
- Total wager was down from previous year with the closure of Tartan Downs.
- There were more horses in race cards at Inverness and Truro racetracks.
- Fall sale of Standardbreds remains stable.
- The long-range business plan for the industry is valid.
- Horse owners and racetrack management at the province's two racetracks continue in a co-operative working relationship and demonstrate a unified position in the industry association.
- Harness racing proposed for Northside (Cape Breton County Exhibition location, North Sydney for 2007) with 30 race dates approved by the MPHRC.