



## DISCUSSION PAPER

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*for a **JOINT MEETING** of:*

Horse Owners Advisory Panel (Project Respect)

Horse Players Advisory Panel (The Lifeblood Project)

10 February, 2007  
Hastings Racecourse

**Re: BRITISH COLUMBIA HORSE RACING  
COMPETITION COMMITTEE**

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## PREFACE

An economic development committee of the British Columbia Racing Commission in 2000 and 2001 (*David Milburn, chair; Gary Bannerman vice-chair*) illustrated that the regulator had put financial health of the industry as the highest priority. Historically, governments have been content to tax heavily what was once almost a monopoly on legal gaming, and otherwise behave as both a police force and a judiciary. But this committee's 40,000-word report, *The Road to Recovery*, demonstrated a change of emphasis.

Monitoring the fairness of competition and the honesty of pari-mutuel pools is no less essential now than ever, but survival has been an issue, and it is in everyone's interests to unite in efforts to build new audiences, new investors and financial health for all concerned.

This excerpt from the 2001 report goes to heart of what this paper is all about:

*The diverse interests which must co-operate to achieve a worthwhile horse racing business presents both its most admirable attribute and almost impossible managerial challenges. The wealthiest, most powerful horse owners become totally dependent upon trainers, drivers, jockeys, grooms, veterinarians, those who invest in facilities and regulators. . . . The diversity of interests ensures a broad economic impact from any investment, but it also sets up competition for every dollar, not merely those offered as purses for races.*

## THE PANELS

Both advisory panels have made excellent recommendations. Many of these are within the exclusive control of the operator and quite a number have already been acted upon. Other practical suggestions will be implemented where appropriate and wherever feasible. Some of the change will have to await the major redevelopment of Hastings Racecourse and the new revenue streams that will come from its casino.

The written reports of these panels will be valuable resources that should pay dividends for years, particularly in the orientation of new personnel. The panels have totally surveyed the field and their original mandate has been concluded, but it was hoped at the beginning and it remains a commitment now, that this should herald in a new era of consultation.

What is the best way to do this?

Many of the panels' recommendations could not be implemented unilaterally by anyone: operator, regulator or horse people. Matters related to the tote may involve the federal regulator and even international agreements. Many items such as codes of ethics or conduct in the backstretch, standardized contracts, the pursuit of pari-mutuel integrity and the development of new owners, breeders and horseplayers often fall into grey areas which are nobody's direct responsibility, but yet in everybody's interest.

What follows is the direction taken by every other successful professional sport and, in terms of market share, they have left horse racing far behind. The regulatory environment under which our industry operates makes it unique in comparison to other sports. Legal and illegal wagering on NFL football, international soccer and other professional sports is likely greater than racing has ever been in North America, yet their games remain self-regulated. There is public trust in the honesty of hockey, football, soccer, basketball, golf, tennis and baseball, despite the occasional scandals and the lack of government appointed regulatory officials.



## **HORSE RACING COMPETITION COMMITTEE**

It should be stated at the outset that there is no intent here to usurp the current authority of the regulators, breeders or horse people. There is also sensitivity that another agency in a sport already suffering from hydra-headed management, should not be created unless we are confident that it would lessen the complexity associated with necessary change.

We attempt to compete against major sports corporations who can forge ahead with little or no consultation with anyone. They act while we talk and, over the years, their compounding success has also added financial resources we can only dream of.

The "competition committee" we envisage would carry forward the work of the two advisory panels, but it would embrace much more.

As will be noted in what follows, the hope would be to have three committees: the main one and a subcommittee for each sector. These must ensure quality representation from the operator, regulators, breeders, horse people, horse players, the tote, veterinarians and possibly others.

## **A GOVERNMENT CLIMATE OF DEREGULATION**

Gaming is such in society that we believe there will always be a role for federal and provincial regulators and, as a result, we would hope that the regulators would participate in any "competition committee" that might be created.

Yet far bigger sports with greater amounts of money involved can manage their own affairs with minimal government involvement. "Game officials," are employed by the leagues in every sport against which we compete. There is no impulse here to force change from our current system, but we can envisage a day when the government role may be just to establish policy and to serve as a court of appeal. As a new "competition committee" earns respect and the confidence of racing's stakeholders, consensus may empower it beyond the advisory status envisaged for its beginnings.

If professions such as law, medicine, accounting and engineering - sometimes life and death concerns for society - can regulate themselves under provincial oversight and legislation, and multi-billion dollar industries such as real estate, travel and motor dealers can do the same, is there some reason why horse racing cannot?

## **THE "GOLD STANDARD" IN PROFESSIONAL SPORTS**

If there is a "gold standard" in professional sports copied by everyone, it is the astonishing success of the National Football League's Competition Committee. Its foundation is based upon rules and regulations and competitive equality of opportunity for all teams, whether big city or small city, with a paramount concern being the economic development of the sport, television and media revenues, value added profits from merchandise and endorsements.

Every major sport now tries to copy the NFL approach. They are not as successful mostly because they are not as rich - they have far greater economic and market disparity from team-to-team. The NFL TV revenues are so awesome that little places like Green Bay or Charlotte can play as equals.

The one parallel to horse racing may be that the NFL has 32 equal partners (the owners)... none can move without 23 others on side. Similarly, the NFL Players Association has enormous power. They are interdependent with the owners.

This could be the hammer to ensure that the pari-mutuel handle becomes the navigator for all product development - the most accurate measure of what succeeds and what fails.

## EXAMPLES OF ISSUES

- Pari-mutuel integrity. How can we shape the supply of race-ready horses and race conditions to excite and entertain prospective new fans, while attracting far more wagering activity from both local and simulcast audiences?
- How can we help our regular horse players do better in simulcast wagering.
- How can we become net importers of dollars in simulcast pari-mutuel networks.
- Codes of conduct and ethical standards should be set for backstretch communities and the competitive face of the sport as seen in video presentations.
- There should be standardized contracts between owners and trainers.
- Thorough review of all racing rules and regulations.
- Marketing, promotion and business development issues

## IF THE COMPETITION COMMITTEE HAS MERIT, WHAT NEXT?

A competition committee must have an enshrined mandate, agreed to by all parties, a firm annual budget, and strong management. The operator, BCSA, BCSBS, HBPA and CTHS would all have a voice in "nominating" candidates to represent them. Some formula should achieve an appropriate annual budget. Directors Fees of some nature would be advisable for members of the main committee and the two breed-specific subcommittees.

Both standardbred and thoroughbred sectors have agreed to a forward-looking business development fund after the Hastings Racecourse casino is in operation. A portion of these funds might be the best source of budget for the new committees. Once the parties agree to the committee structure, its constitution, management and budget, there should be no interference with its work, which an exception being an annual review of the mandate and budget.

The recommendations of the Committee to the operator, the regulator or the horsemen would not have any force of law. They would be advisories only, but powerful weapons for public relations purposes.

A number of meetings would be required to achieve an initial impact.

- Organizational phase..constituting the committees
- Founding meeting - main committee, subcommittees - all together.
- Meeting of Main Committee to establish a priority list and to issue assignments to the subcommittees.
- Two meetings each of the subcommittees
- Half-day or all day workshop for the main committee, with a facilitator and follow-up. Formulation of recommendations.

