

British Columbia Horse Racing

Competition Committee Proposal

Feasibility/Organizing Committee

* please see relevant biog notes appended to this outline

David Milburn, *Chair*

Gary Bannerman, *Vice-Chair & Secretary*

David Aldred

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Preface

All committee members have received the February 10, 2007, outline of this idea prepared by Chuck Keeling, David Milburn and Gary Bannerman.

Nothing in that document, the proposed agenda for the June 22 meeting, or the ideas that follow in this paper should be viewed as preconceived notions. They are no more than thought starters. Only by appealing to the imagination with such ideas could anyone properly consider the significance of what might be possible.

This committee's mandate is as follows:

- Should there be a Competition Committee within the B.C. horse racing industry to play a leadership role in terms of product and business development, and elevating the stature of the sport with respect to other sports and entertainment options available to the public? *The first hurdle to be negotiated ought to be consideration of the existing complex weave of stakeholders groups and whether one more body would have a beneficial, unifying presence, or would it just foster more complexity and misdirection.*
- If so, what would be its structure (main committee and subcommittees), composition, constitution, mission statement and niche among existing stakeholders?
- If so, should this be professional or purely voluntary? To be professional, there would need to be some budget for infrastructure, directors' fees and program delivery. Where would these funds come from?

Agenda

Self-serve informal lunch - Fraser Downs

Part One

- Call to order - David Milburn
- Introduction of participants
- Summary of background - hopes for the meeting - Gary Bannerman
- FEASIBILITY - Competition Committee
 - General discussion
 - What steps are necessary to move this forward? Do we need unanimity of stakeholders or simple consensus?
 - What would be required to make this happen?

Part Two (assuming positive outcome of Part One)

- Mission statement - definition of role
- Composition of Committee and subcommittees
- Professional or voluntary
- Budget - funding for programs

PRELIMINARY THINKING - FOR DISCUSSION ONLY

The Role

As noted in the competition committee discussion paper, just about every major sport, gaming opportunity and entertainment sector has outdistanced horse racing during the past 25 years *and the gap is widening*. Even bingo has developed a higher annual cash flow than B.C. horse racing.

Despite the injection of funds from slot machines, and the illusion of prosperity in some sectors, the bottom line reveals a rapidly declining industry.

Other pro sports have addressed industry-wide business development through the creation of agencies with a mandate to have an overview of the product and its place in the market.

Horse racing has multiple stakeholders who invest disproportionate amounts of energy into fighting each other for a share of the pie, not just competing on track, but negotiating off-track as well, rather than collectively addressing the big picture.

The Competition Committee we propose would take such an overview.

It would not be involved in day-to-day business or stakeholder relations. The vision would constantly be next season and years in advance, issues of philosophy, style, education, marketing and promotion.

Governance

There are horse racing jurisdictions that are essentially industry self-regulated, although all operate under State or Provincial statutes (i.e. Alberta and Florida). It could be argued that if multi-billion dollar industries in B.C. such as real estate and motor vehicle sales could be delegated under legislation to independent agencies, as are professions such as law, medicine, accounting and engineering, there is no reason why racing could not do the same.

However, if "governance" is an issue in B.C., it is so far down the priority list of problems as to be off the radar. Therefore, should this new Committee be formed, it would be most helpful if the founding philosophy is "advisory" only.

The roles of operator, horsemen's associations, breeders and the structure of important bodies such as TBC Teletheatres are well defined at the moment. To mandate authority to any new body would be potentially disruptive to too many agencies.

In time, if the Competition Committee proves itself and earns widespread confidence, additional authority and responsibility could be added.

Vital matters that fall between the cracks

Many proposals for industry improvement gain widespread endorsement but fail to be adequately addressed because they are no one's direct responsibility.

The most pregnant example of this is the fact that "the source" of just about all industry revenue is never systematically consulted on issues - horseplayers. There are so many stakeholders' groups in horse racing it is difficult to count them all, but all of them (except customers) merely consume whatever revenues exist.

The Horse Racing Division of Great Canadian Gaming in 2005 created two Advisory Panels to assess issues:

- Horseplayers Advisory Panel - The Lifeblood Project
- Horse Owners Advisory Panel - Project Respect.

Each of these delivered comprehensive reports and recommendations. Many of the suggestions were entirely within the realm of the operator and most have already been acted upon. Action on some is still in progress and a very few were thought to be unworkable.

But several ideas from these panels were of the "between the cracks" variety. Great ideas, but who is going to make it happen? Examples follow:

Horse Owners Advisory Panel

- Codes of conduct and ethical standards with respect to backstretch deportment and consideration of appearances in Winner's Circles, Paddocks etc., in view of the modern simulcasting world. Being "professional" means looking and acting "professional."
- More recognition of new owners and new trainers in public address announcements and other perks.
- A "buddy system" for new horse owners - an experienced owner whom they could call with any question about horses, racing and service issues.
- Better and more systematic broodmare programs.
- PARI-MUTUEL INTEGRITY - the only true business measurement of successful horse racing is the size of the handle from live on-track audiences and through simulcasting networks.
- PURSES - the financial ability to breed, own, train and race horses of a quality necessary to attract local and simulcast interest is entirely dependent upon purse levels - the size of purse as a much more important consideration than number of races.

- HORSE SAFETY - more attention to all matters related to track conditions, backstretch facilities, veterinarian care and the enforcement of the rules.
- Consideration of a return to "slips" as contracts between trainers and jockeys' agents in the thoroughbred sector.
- Standardized contracts between owners and trainers.
- Voluntary educational programs for backstretch people in management issues and promotion and workshops for horse owners - an emphasis on orientation programs for new owners.
- More effort to enhance fan appeal through exchanges with Alberta and California tracks in both sectors, as well as Emerald Downs in the thoroughbred sector.
- More sophisticated programs for the promotion and management of syndication.
- More effort to build syndication around existing teletheatres.

Horse Players Advisory Panel

This advisory panel focused on a good many service issues and, particularly, the availability of information about pari-mutuel pools in both live racing and simulcast products. Strong views expressed about the respective tote systems.

What was most apparent was the growing preference among serious horseplayers to bet into large pools, particularly the US tracks. The smaller the local pools become, the less attractive they are to the players.... a compounding problem.

The other issue is the simulcast exchanges. The inter-track exchanges of net proceeds of pari-mutuel wagering demonstrate that our players are mostly losing. We dispatch far more money to tracks in other jurisdictions than they send back. It means that the stake players have available to wager gets consumed faster, with less churn through local, live races.

Players are also attracted to the greatest rebates through horseplayers' clubs and Internet connections. We can compete effectively against offshore rebaters with security, personal service and other incentives, but more focus needs to be applied to the issue: one-on-one customer care.

The core issue, however, is that the overwhelming amount of simulcast product available has produced a generation of horseplayers who seem addicted to "constant action" rather than the thoughtful kind of handicapping and money management more likely to be successful.

Our local industry would be well advised to work with horseplayers and develop the best handicapping education resources in the industry: information; workshops; tip sheets or whatever is required.

Other concerns of the advisory panel:

- There should be research into the pari-mutuel handle to determine what classifications of races attract the most action, both from local fans and through simulcast networks.
- More attention to "late scratch rules" and concern by judges for the horseplayers interests, rather than those of the operator or horsemen.
- Uncashed ticket proceeds should go back to the fans through special guaranteed payoffs (such as Win-4 or Pick-6), as well as a change in "breakage" rules to ensure that the benefit goes to the consumer, not the operator.
- More focus on the promotion of racing as a "game" rather than as a sport, which means systematic programs to take the casual fan and develop them into handicappers. This panel believed that horse racing could be marketed successfully as a "game of skill" such as the current poker rage.

Promotion and business development

Perhaps the most critical function this new committee could perform would be to elevate the general awareness of the horse racing sport in B.C. and to create a ubiquitous presence in the community.

The tracks and teletheatres can advertise their products and specific special events, but they are doing this today in the face of monumental disinterest and invisibility of the sport in the broader society.

- media coverage is a reflection of readership and listener surveys. It is not the job of media to build our audience. The multiple pages of Vancouver Canucks coverage illustrate what readers want to see. How do we get a bigger slice of this pie? Build the fan base. Media will come.
- something beyond ordinary daily business has to create a presence for the sport.
- vehicles such as Tom Wolski's *Sport of Kings* need more support and encouragement.
- we should study other countries of the world and emulate what they do best. In England, Australia and New Zealand, there are hundreds of racing clubs built around different towns and regions, each of which evolve camaraderie, new horse owners and everyday excitement for video broadcasts and wagering. In Scandinavia, national lotteries are often built around major races.
- the industry is urgently in need of fresh research into economic impact and how we influence the lives of everyone in the province.

A professional initiative - the budget

In the business plan for both sectors of the industry which anticipates the redevelopment of Hastings Racecourse and the installation of its casino, provision has been made for a business development fund off the top of casino proceeds.

How these funds are to be managed or invested is yet to be defined, but it has been generally assumed that there would be significant expenditures on advertising, promotion and special business development projects.

Some of these funds could finance the Competition Committee or, in fact, the Competition Committee, representing all stakeholders, could manage the entire amount.

Irrespective of this, the Competition Committee should acquire resources according to need, on a project-by-project basis.

Must be professional

In order to be effective, the Competition Committee must behave like a corporate Board of Directors, with honoraria and per diems paid for attendance at meetings and any appropriate expenses.

We expect that the full Competition Committee would meet quarterly. Sector subcommittees would have at least the same frequency.

Depending upon the specifics of the mandate and projects undertaken, there would be a need for basic office and secretarial support, either full-time or part-time. There may be a need for a part-time or full-time executive director.

Otherwise, the budget requirements would be project-related.

A proposed structure

The Committee

- Chair (consensus choice of stakeholders)
- Executive- Secretary
- GPEB Horse Racing Division representative
- CPMA representative
- Veterinarian
- VP Horse Racing Division, Great Canadian Gaming
- Standardbred committee chair
- Thoroughbred committee chair
- TBC Teletheatre representative
- Horseplayers representative (committee would seek applications from an invitation list)
- Director-at-large with demonstrable advertising/marketing/promotion expertise

Standardbred subcommittee

- Chair (consensus choice of stakeholders - different from main committee chair)
- Executive- Secretary (same as main committee chair for cohesiveness)
- BCSA/BCSBS executive-director
- BCSA representative (* see note)
- BCSBS representative
- Standardbred Chief Judge
- Fraser Downs GM
- Fraser Downs Director of Racing
- TBC Teletheatre representative
- Veterinarian
- HPI director (same person both tracks..both subcommittees)
- Standardbred horseplayer (committee would seek applications from an invitation list)

** note: it is assumed that the most effective chairperson for each subcommittee would be a horse person representative. This means two BCSA and two HBPA representatives on the respective subcommittees, in addition to each executive-director. It is essential that one of these two positions on each committee be a non-trainer owner and the other should either be a full-time trainer or owner/trainer.*

Thoroughbred subcommittee

- Chair (consensus choice of stakeholders - different from main committee chair)
- Executive- Secretary (same as main committee chair for cohesiveness)
- HBPA executive-director
- HBPA representative (* see note)
- CTHS representative
- Thoroughbred Chief Steward
- Hastings Racecourse GM or Director of Operations
- Hastings Racing Secretary
- TBC Teletheatre representative
- Veterinarian
- HPI director (same person both tracks..both subcommittees)
- Thoroughbred horseplayer (committee would seek applications from an invitation list)

Horse Racing Competition Committee

FINAL (Revised June 11, 2007)

Please note the addition of Eric Astrom to the roster. This could be "Team Tomorrow" for the BC Horse Racing Industry.

- **David Milburn** (Chairman) is a lawyer by profession and a horseman by avocation, a veteran thoroughbred owner and trainer. He is a past president of both the BC and National HBPA, and currently a director. He was Chairman of the BC Racing Commission's Economic Development Committee (2000-2001) and a past director of the Horse Racing Alliance and TBC Teletheatres. David is the Chairman of the Horse Owners Advisory Panel, *Project Respect*.
- **Gary Bannerman** (Vice-Chairman and Project Secretary), is a corporate communications consultant, writer and veteran broadcaster, the author of several books. A lifelong horse racing fan who has attended racetracks of all descriptions around the world, he has undertaken numerous strategic planning and business development projects for the racing industry, both thoroughbred and standardbred. He was Vice-Chairman of the BC Racing Commission's Economic Development Committee (2000-2001), and author of the committee's report, *The Road to Recovery*.
- **David Aldred** is executive-director of the BC Standardbred Association and the BC Standardbred Breeders Society. He has an impressive background from his native Australia as a horse owner (thoroughbred and standardbred), track general manager, race caller, broadcaster, marketing executive and promoter. He and his wife relocated to B.C. during 2006.
- **Eric Astrom** has been a leading personality of the B.C. horse racing industry since he founded The Gold Sheet at Cloverdale Raceway in 1986, and currently publishes *Racing Gold* for both thoroughbred and standardbred sectors. A B.C. native whose thesis upon graduation from UBC was titled *Marketing Horse Racing in B.C.*, he went east and became executive-secretary of Race Tracks Canada and a long-time marketing vice-president of the Ontario Jockey Club. After returning to B.C., he served for many years on the marketing committee of Cloverdale Raceway/Fraser Downs.

- **Sam Hawkins** is the Director of Racing for the Gaming Policy and Enforcement Branch of the B.C. government, whose B.C. racing roots were as a thoroughbred steward. He was the key facilitator between the BCRC and the Economic Development Committee during 2000-2001. Prior to his B.C. regulatory career, he was a veteran harness horseman (owner, driver and trainer) from both Alberta and Saskatchewan. Sam is very knowledgeable about all the different ways North American jurisdictions are regulated.
- **Peter Kaulius**, a marketing executive in the health products industry, is a major horseplayer, both standardbred and thoroughbred, highly regarded for his vision and overview of the industry. He has frequently been successful in North American handicapping tournaments. Pete was a member of and a strong contributor to the work of the Horse Players Advisory Panel, the *Lifeblood Project*. Perhaps the greatest irony within horse racing is that the only stakeholder group rarely (if ever) consulted in any formal fashion, is the source of the money. The top 100 horseplayers in B.C. represent 15% of the total annual pari-mutuel handle.
- **Bill McNeill** is the General Manager of TBC Teletheatres, with a background in the gaming industry. He joined the Fraser Downs executive team to supervise the development of, initially, the temporary casino and subsequently the permanent facility, working closely with the B.C. Lottery Corporation, contractors, suppliers and racetrack management. Following the acquisition of Fraser Downs and Sandown Park by Great Canadian and Chuck Keeling's move to run all racing operations for GCGC, Bill became GM of Fraser Downs. When Bruce Barbour accepted the GCGC VP position for Ontario, Bill became Bruce's TBC successor.
- **Rick Mowles** is a major standardbred horse owner who has held many executive positions within the horse racing industry over the years, and he played a principal role in efforts to forge harmonious partnerships between both racing sectors. Over the years, he and his partners have won just about every prestigious stakes race on the B.C. harness calendar, and many of them in Alberta and California as well. They have also successfully raced horses in Ontario. He is a member of the Horse Owners Advisory Panel. Professionally, Rick has held senior executive positions both within Crown corporations and in the private sector, and currently is contracted to manage a vast network of care homes for the B.C. government.
- **Raj Mutti** is the Director of Operations at Hastings Racecourse, a graduate of the racing program at the University of Arizona and, with partners, a horse owner. Their best horse over the years, *Roscoe Pito*, won the 2004 BC Derby. Raj has been passionate about horse racing since his childhood and became a favourite of the track community working as a student in a number of jobs, including being a server in the Table Terrace, now Silks.

- **Scott Sinclair**, General Manager of Fraser Downs Racetrack and Casino, first joined the track management team as Director of Marketing in 2003. A BCIT graduate, what most impressed Chuck Keeling at the time of Scott's recruitment, was his enthusiasm and a modern-day philosophy of customer care evidenced by his student work at a top-level golf course pro shop. A horseplayer who has scored some success in handicapping tournaments, he was promoted to the GM position during 2006.
- **Glen Todd**, a businessman and customs broker by profession, has been one of the most respected owners of thoroughbred race horses in B.C. history, achieving considerable success here, in California and elsewhere. In a business too often noted for the fragility of relationships, he and his veteran trainer, Troy Taylor, may one day achieve a world longevity record for loyalty to each other, with multiple decades of partnership. Glen, who has been an active member of the Horse Owners Advisory Panel, is currently building a luxury quality stand-alone horse racing teletheatre, restaurant and lounge within his business complex at the Pacific Border Crossing.