



News Release

For Immediate Release

December 4, 2019

Horse-Racing Industry Lacking in Public Transparency and Accountability: Auditor General

(TORONTO) Ontario's horse-racing industry has received about \$500 million in government funding over the past five years, but remains "remarkably lacking in public transparency and accountability," Bonnie Lysyk says in her *2019 Annual Report*, released today.

"Only one of the 15 racetracks posts its financial statements on its website," Lysyk said after her Report was tabled in the Legislative Assembly, "and there is no public reporting by racetracks of key performance indicators, including gross wagering, wagering commissions, purses paid, and the number of people currently working in the industry."

Lysyk added that the government funding of \$500 million was designed to help the industry become more self-sustaining, but "we found that the industry is no closer to staying financially afloat on its own than it was in 2013." For 2018/19, provincial funding covered 60% (or \$84.8 million) of the total of \$142.3 million in purses paid to winning horse-owners.

The Report found that without government funding, and revenues from hosting provincial slot machines, Ontario's 15 racetracks would have had a combined shortfall of \$170 million for 2018/19.

Racetrack commissions from gambling have declined steadily due to increasing competition from casinos and Internet gambling. In 2016, the Ontario Lottery and Gaming Corporation (OLG) became responsible for funding the horse-racing industry.

In May 2018, the province signed a 19-year agreement to have the OLG pay the horse-racing industry almost \$120 million annually in the deal's first two years. Of that amount, about \$90 million a year was to support racetrack purses to pay owners of winning horses.

The Report found that the 19-year agreement was signed before an economic study was complete. It also noted that the agreement includes provisions that provincial funding would go down if wagering increases, but betting on Ontario horse races would need to increase by 44%. The report found that scenario unlikely based on the fact that wagering overall has gone up only 1% in the past 10 years.

Other findings in the Report include:

- The introduction of the new 19-year funding agreement changed the objective of government funding from transitioning the industry to becoming self-sustaining, to sustaining the industry for a long period of time.
- OLG's marketing strategy has not been effective in increasing wagering by Ontarians and other Canadians on races in Ontario.

- The Woodbine Entertainment Group plays a significant role in the latest funding agreement and in the horse-racing industry. Woodbine’s two racetracks, Woodbine and Mohawk, generate about 90% of the industry’s betting revenue and pay out 70% of purse money paid in Ontario. A wholly-owned subsidiary of Woodbine receives \$3.4 million annually to administer government funding to racetracks and horse breeders, and to administer all betting in Ontario.
- Although there is some risk for money-laundering at race tracks, there is no federal requirement for the horse-racing industry to monitor or report on suspicious transactions.

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Read the report at www.auditor.on.ca

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