



2012 – 2014 Business Plan

Horse Racing Alberta



ACCOUNTABILITY STATEMENT

The Business Plan for the years commencing January 1, 2012 was prepared by management under my direction. It reflects the realities of the 2012 Race Season and realistic expectations and assumptions for the following two years. The advice of the Industry at our Fall Industry Strategy Session, held at the Expo Center at Northlands Park, has been incorporated in this three year plan.

The Plan envisions that the 2012 Race Meets will mirror 2011 in tracks utilized and that a similar number of Race Days will be available for all Breeds.

The Budget for 2012 and the two years out, proposes modest growth. Expenditures for the 3 year plan will be much the same as 2011, again with very modest increases in purse grants.

2011 saw a completion of Horse Racing Alberta's By Law review and the Board of HRA passed the new By Laws into effect as of July, 2011.

The HRA Board also embarked on a search for a Chair under the direction of the Governance Committee. The successful candidate was Mr. Rick LeLacheur, whose term will commence January 1, 2012.

HRA's priorities and strategies outlined in the Plan are developed within the context of its responsibilities as identified in the Horse Racing Alberta Act. It continues to work toward sustaining the infrastructure that will support economic growth and stability and a successful breeding and racing industry into the future.



Shirley McClellan
CEO

HORSE RACING ALBERTA

In 2002, as a result of the Horse Racing Alberta Act, Horse Racing Alberta (HRA) was formed as a not-for-profit corporation with representatives from all segments of the industry and acts as an independent organization that is open and publicly accountable.

MANDATE

In accordance with the Act, the mandated objectives of HRA are:

1. To govern, direct, control, regulate, manage, market and promote horse racing in any or all of its forms;
2. To protect the health, safety and welfare of racehorses and, with respect to horse racing, the safety and welfare of racing participants and racing officials; and
3. To safeguard the interests of the general public in horse racing.

VISION

“Alberta will be recognized internationally for premier horse racing, breeding and quality entertainment.”

MISSION

“To be a governing body whose role is to promote and facilitate the growth, integrity and economic contribution of the Alberta horse racing and breeding industry. This shall be done by providing quality entertainment, employment, economic and value-added agricultural opportunities within a unified, viable, progressive, accountable and self-regulated industry environment.”

CORE BUSINESS

“To stabilize, enhance and ensure the growth and integrity of the Alberta horse racing and breeding industry.”

GOVERNANCE

HRA is governed by a Board Chair, eight Directors representing the various breed organizations and racetracks, three Directors representing the public and two government-appointed ex-officio (non-voting) members.

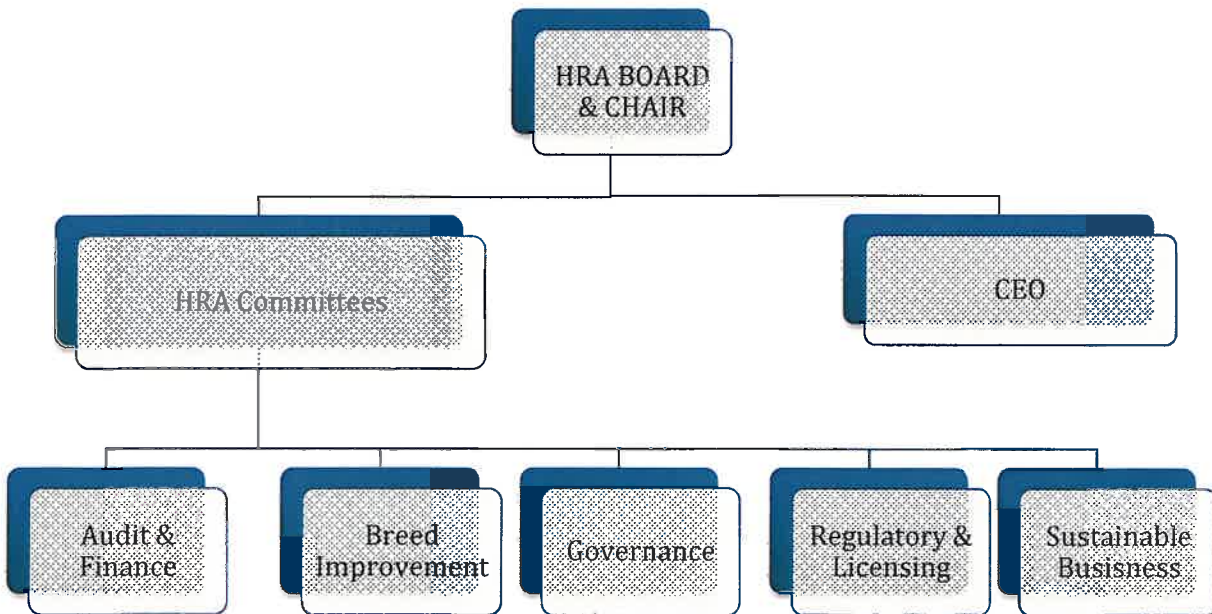
The role of the Chair is to provide direction to management in fulfilling HRA's mandate and carrying out the direction of the Board by ensuring the strategies and operational activities outlined in this Business Plan and the Act are pursued and achieved.

The role of HRA Directors is to provide a multifaceted and balanced approach to industry issues to ensure that decisions are made with full knowledge of all relevant industry logistics. HRA Directors must act with a view to the best interest of the horse racing industry.

The Committees Chaired by Public Members, report to the Board and are responsible for developing programs and monitoring performance in specific areas.

Regular communication, reporting, and accountability to the Board is central to the Chair's responsibilities. The Board has empowered the Chair to act and speak publicly on behalf of HRA, as well as to negotiate on its behalf with government and industry partners. The role of the Chair was reviewed over the course of 2011 to ensure the role and responsibilities are current and appropriate to the new governance structure

Horse Racing Alberta Governance Structure

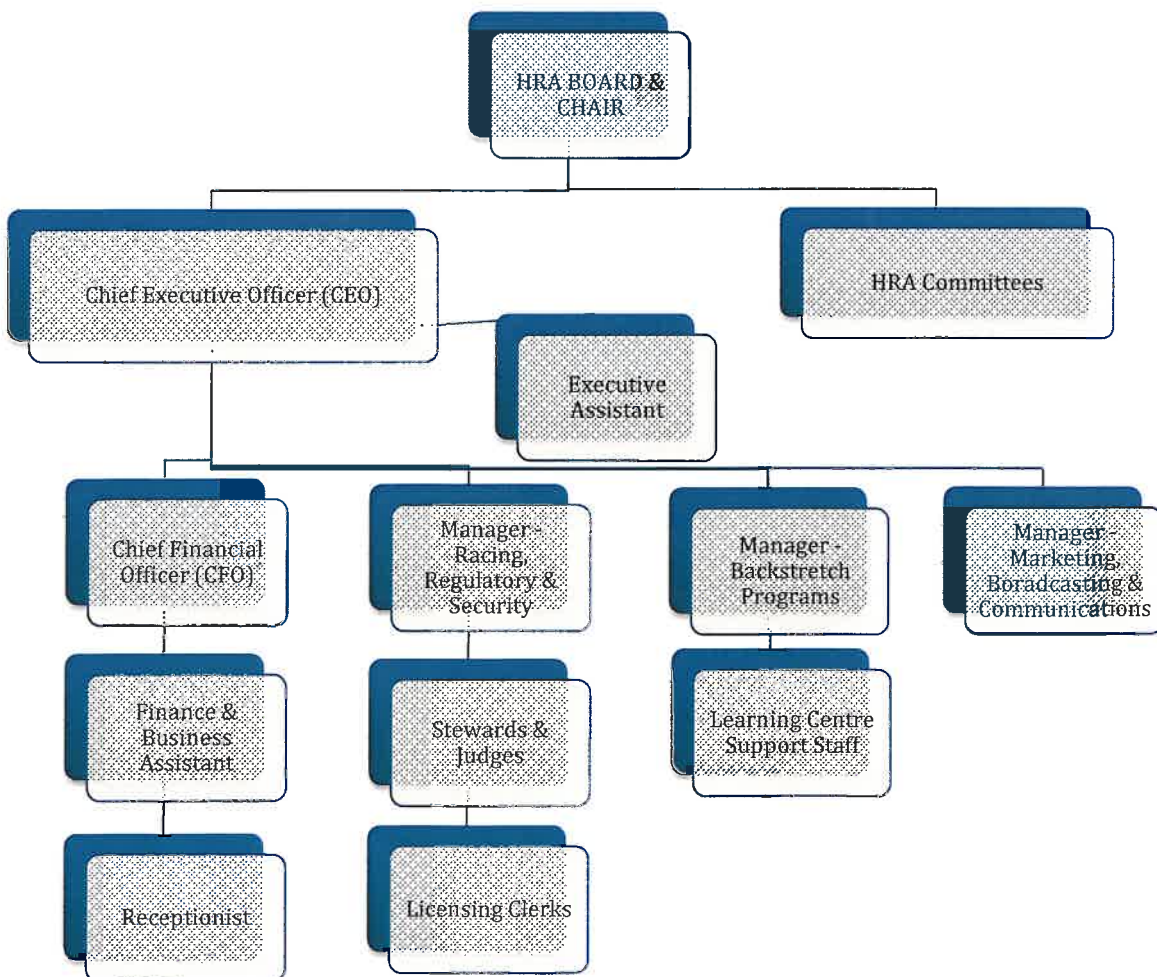


CORPORATE STRUCTURE

HRA is lead by the Chief Executive Officer and supported by a management team comprised of the Chief Financial Officer, the Manager – Racing, Regulatory & Security, the Manager – Marketing, Broadcasting & Communications, and the Manager – Backstretch Programs. In 2011, HRA completed an organizational review to assess its structure as well as processes and systems in key areas to ensure that they align with its mandate, strategic direction and business plan.

The position of Chief Executive Officer was filled in June of 2011.

Horse Racing Alberta Corporate Structure



REPORTING REQUIREMENTS

Accountability to Government

On an annual basis, HRA provides to the Minister:

- A three year business plan, approved by the HRA Board of Directors which includes, but is not limited to, goals and key strategies;
- A detailed Operating and Capital Budget for the next calendar year, approved by the HRA Board of Directors, which details financial projections for each subsequent year of the HRA Business Plan and are consistent with the financial targets;
- An Annual Report for the previous calendar year, approved by the HRA Board of Directors, which includes the audited financial statements, and reporting on actual results for each goal, key strategy and performance measure contained in the approved Business Plan; and
- Copies of any management letters issued by HRA's independent auditors and responses to any such letters.

Accountability to Industry

HRA is accountable to industry:

- By actively listening to the issues raised and working collaboratively to address these issues;
- To seek input on industry needs and opportunity for growth; and
- To regularly communicate the overall direction being pursued.

The strategic planning session held in September of 2011 again emphasized the importance of improving the lines of communication with our industry partners. This will be pursued aggressively in 2012. Some of the initiatives considered to date are outlined in this Business Plan.

STRATEGIC PRIORITIES 2012 – 2014

Through hard work, perseverance, and collaboration with our partners namely race track operators, race horse owners, trainers, backstretch staff, horsemen's associations, breeders, and the provincial government - we will continue to rebuild our industry.

In September of 2011 stakeholders and partners of Horse Racing Alberta gathered to discuss opportunities to move the horse racing industry forward. As a result of the day long discussions, the Board of HRA agreed to pursue three top priorities identified by the session participants.

1. Transparency and Improved Communication lines
2. Certainty and Stability – multi-year contracts with tracks for racing and race dates established well before the new Race season.
3. Calgary Market

One of the challenges the Board faces is determining indicators of success in these areas and how to properly and effectively measure the outcomes. Management has been tasked to analyze this and to bring recommendations forward to the Board in early 2012.

Critical Strategic Priority Areas

Marketing:

- Review and update the way we market horse racing
- Assist our OTB partners with marketing
- Assist all tracks in event marketing, increasing the fan base and successful growth of their fans overall entertainment experience
- Develop cost effective Marketing Strategies to incorporate all new media opportunities and technologies, and to ensure industry-wide co-operation

Revenues:

- Evaluate ways to improve the returns to our industry and reduce our dependence on slots
- Working with our partners in simulcast and off track, create a new business model that will allow this to grow to its full potential
- Work with AGLC as it conducts a review of slot machines and establishes policy with respect to Racing Entertainment Centres (Racinos/REC)

Tracks:

- Continue to support the United Horsemen of Alberta in their pursuit of a track at Cross Iron Mills (Balzac)
- Explore opportunities at community or “B” tracks to improve lighting which could create potential for evening racing and additional races for simulcast
- Encourage the various industry stakeholders to look to long term agreements to enhance stability and confidence in our industry
- Long term licensing, development and support of Northlands Park addressing barn renovations and race track lighting
- Explore ways to grow the community circuit for all racing breeds
- Continue to enhance the quality of the working and living environment of racetrack personnel through educational opportunities, substance abuse rehabilitation, work safety awareness and chaplaincy programs

Racing/Breeding:

- Institute a multi-year purse strategy with sufficient growth to provide confidence for involvement in the industry
- Review factors that may lead to catastrophic injuries to race horses
- Support the breeding industry with programs that encourage improvement of the quality and numbers of mares bred, competitiveness of breeding stock, and ensure an adequate return at sales

Communication

Continue to improve and expand the new HRA Website utilizing the site with links to partner sites to better communicate with Industry.

Review with Industry the operation of the Web Site. Ask the questions – Are we providing the type of information that is valuable to Industry, etc.?

Risks: 2012 – 2014 Business Plan

The following have been identified as risks that may impede HRA on delivering its business plan objectives:

- Further delay in opening a southern Alberta track.
- The continued moratorium by AGLC, as to the potential expansion of RECs at new community tracks.

- Emergence of new epidemics that threaten race horse, foal, stallion and broodmare health.
- Failure of horsemen's organizations to resolve disputes and agree on a long-term strategic plan for horseracing in Alberta.

Key Strategic Areas 2012 – 2014

INDUSTRY & GOVERNMENT RELATIONS

“Act as a single voice for the Alberta racing industry, keeping industry and government informed of developments, and championing issues important to the attainment of HRA's mission and goals.”

BACKGROUND / EXPECTED RESULTS

Since 2002, HRA has stimulated significant investment throughout all areas of the horse racing industry and the areas it touches upon (agriculture, recreation, tourism, and transportation). HRA is the forum for industry stakeholders to meet, to strategize, and to unfold plans that will grow the industry. It is critical that HRA continues to be the one voice of the industry in order to ensure ongoing government support. This alignment continues to be HRA's major challenge, particularly with the potential availability of only one 'A' track facility, located at Northlands. The continued delay and uncertainty around a second 'A' track facility threatens this progress. However, we believe that 2012 will see a resolution to the question of a track at Balzac.

To be the one voice of the industry, HRA will continue to identify, advocate, and champion issues of relevance and importance on behalf of the industry. The Board will need to restate its continued commitment to all racing breeds and show flexibility and creativity to help the divergent industry reach consensus.

We heard the message clearly from our Industry partners. The focus must be to create more confidence, stability, opportunities, and the environment necessary for continued growth in the industry.

ACTION PLAN 2012 – 2014: INDUSTRY AND GOVERNMENT RELATIONS

<i>Key Strategies</i>	<i>Operational Activities</i>
Ensure the industry <u>is</u> meeting provincial government requirements relating to the racing industry.	Regular dialogue and contact with industry. This will be accomplished by regular postings on HRA Web Page and stakeholders meetings.
Provide guidance and assistance to the industry in meeting provincial and municipal government requirements.	<p>Continue to liaise with the provincial government on matters relating to the horse racing industry.</p> <p>Communicate and work with Alberta Gaming and Liquor Commission (AGLC) as they review their strategies for gaming in Alberta and the impact on RECs.</p> <p>Continue to identify industry-wide issues, provincially and nationally; or other issues of importance to the industry on which HRA should either take the lead, act as arbitrator, or facilitate.</p>
Better communicate with industry and government partners.	<p>Co-ordinate the evaluation of the economic impact of horse racing in the province.</p> <p>Strengthen existing relationships and forge new relationships with racing, gaming, and agricultural organizations, educational institutions, as well as horsemen's groups at either a provincial, national, or international level.</p> <p>Continue to develop the database of industry data and facts for the use of the racing industry and government. This would be a public document. The data base would include facts regarding various breeds of horses, which would include the number of horses in each breed, number of farms involved in breeding, raising, and racing, and the economic benefits of the industry to the province.</p> <p>Continue to expand our Web Site as an effective tool to communicate with our Industry Partners.</p> <p>Develop and distribute an annual report on horse racing in Alberta.</p>

Assist industry in meeting federal government requirements relating the racing industry.	Support our industry partners in their work at the federal level for appropriate tax laws as they apply to the agricultural segment of our industry.
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MARKETING

“In partnership with the industry actively market and promote Alberta horse racing.”

BACKGROUND / EXPECTED RESULTS

Horse Racing Alberta will formulate marketing strategies that are based on the best ways to meet the measures of success arising out of the 2011 Industry Strategy Session.

BRANDING

The Brand “The Horses” has performed very well in the Alberta Marketplace over the last ten years. HRA research clearly reinforced that the campaign is doing its primary job of increasing awareness and changing perceptions of horse racing. Ten (10) years ago the campaign set out to raise the profile and awareness of the Horse Racing and Breeding Industry, Longwoods Research (2007) and Leger Marketing Research clearly prove the campaign has achieved its goals. The current campaign strategy and creative has also reached its full shelf life potential.

The next step is for the Branding Campaign to move to “A Stronger Call to Action”.

Due to a lack of funds coupled with the Industry Planning Session feedback, the Branding Campaign will be suspended for the 2012 race season. During the summer of 2012, HRA will issue a province wide RFP for an agency to meet the industries new goals of shifting the campaign for 2013 to “A Stronger Call to Action”. The review process, creative and overall strategy will be ready to be fully implemented in the start of the 2013 race season.

The 2012 Branding dollar allocation will be shifted towards other areas in Marketing with an emphasis placed on Racetrack and Industry Marketing Assistance.

LIVE TELEVISION

In 2012, the Industry will once again showcase the prestigious Canadian Derby with a television partner while continuing with a nationwide telephone/internet betting incentive directly tied into this property.

The Industry Public Service Campaign that assists Albertans in understanding the economic impact and contribution of our industry across the province will be increased in the 2013 race season.

RACETRACK MARKETING SUPPORT

HRA will continue to partner with all Alberta racetracks and horsemen/women on marketing live racing and special event programs that drive attendance and live handle. In 2012, HRA has committed over three (3) times the funds (branding allocation) be made available based on performance criteria such as customer service, the continuation of use of the brand, the sharing of an initial marketing plan and the submission of a detailed application and evaluation which embraces the criteria.

WEBSITE

The HRA website will continue to fulfill the website goals of providing regulatory, breeding operational, marketing and governance information but will expand to ask for Industry feedback in appropriate and current matters. The Website will continue to post racing stories to keep our Web participants informed on a timely basis.

ACTION PLAN 2012 – 2014: MARKETING

<i>Key Strategies</i>	<i>Operational Activities</i>
Develop a strategic and cost effective marketing strategy.	Effectively implement the industry's creative properties in a comprehensive, multi tiered, strategic plan to market and promote horse racing in Alberta. Develop a targeted and well executed strategy that utilizes social networking and respective platforms that work in conjunction with traditional media plans that raise the profile and awareness of horse racing.
Continue to reposition live horse racing as a viable and affordable form of entertainment that can be a great social outing with family or friends.	Suspend the Brand campaign in 2012 and issue an RFP for the 2013 Race Season that moves the Brand Campaign from "Increasing Awareness" to "A Stronger Call To Action". Place emphasis on a campaign that is strategic and targeted with a goal of having a return on investment.
Continue to assist industry stakeholders and partners in growing the live attendance and handle (money wagered).	Review and adjust the current marketing activities to ensure that they are linked to increasing attendance and handle. HRA will increase the partnership with Alberta racetracks and horsemen/women on the marketing of live racing and special event programs that drive attendance and handle.
Live Television	The Industry will showcase the Canadian Derby nationwide with a television partner linked to an internet betting incentive.
www.thehorses.com	The 'thehorses.com' website will continue to assist industry stakeholders and the general public in providing regulatory, breeding, operational, marketing, and governance information on the industry website.
Pursue nontraditional horse racing partners in an effort to grow the prominence of the industry and influence public opinion of horse racing in the province.	Evaluate the success of our current partnerships and adjust accordingly.

RACETRACK LICENCING

“To promote the development of high quality off track betting facilities and racetracks for horses, fans, owners, and racing personnel.”

The growth and solidification of our principle racing venues, is of utmost importance to the future of racing in Alberta. The industry has endorsed the evolution of racetracks into exciting multi-entertainment destinations.

BACKGROUND / EXPECTED RESULTS

High quality racing facilities are essential for the industry to optimize its potential.

In granting racetrack licenses and providing funding to racetracks in Alberta it is the intention of HRA to:

- Enable the market for pari-mutuel horse racing to mature and expand within the parameters of consumer demand and horse population. As such, the HRA will limit the number of ‘A’ racetrack licenses to two, which is the number we believe that the Alberta market can support.
- Facilitate the establishment of additional racing facilities in a measured and strategic manner.
- Require detailed long-term strategic business plans from racetrack licenses for both on and off site activities.
- Allocate and monitor funding to racetracks in a fair, equitable, and timely manner, based upon HRA approved business plan taking into consideration the racetracks approved strategic business plans.

ACTION PLAN 2012 – 2014: RACE TRACK LICENSING

<i>Key Strategies</i>	<i>Operational Activities</i>
Establish a Memorandum of Understanding (MOU) with partners in simulcast and off track to examine the present system and develop a new business model for growth including expansion of the Horses Off-Track Network (HOT); with emphasis on the development of partnerships with members of the Alberta Hotel and Lodging Association (AHLA).	Review ways to position Alberta racing Live TV and Satellite broadcasting signal to be a more attractive commodity for the sale and exportation to other jurisdictions. Work with the horsemen's groups to ensure the model used for commission and revenue sharing from the wagering handle is current and appropriate.
Work with all licensed tracks to assist them to develop an annual budget and business plan that will be used by HRA in the license review process..	The Regulatory and Licensing Committee will create a process and a template to be used for the review of current racetrack licenses.
Through a carefully managed growth strategy, pursue the establishment of new community racetrack facilities.	Work with interested parties to develop new community tracks.
Explore the introduction of additional gaming devices in those racetracks that have a REC gaming license, where warranted.	

BREED IMPROVEMENT PROGRAM

“Facilitate the growth of the breeding industry and the quality of racehorses bred in Alberta.”

The growth of the industry is largely dependent upon Alberta's ability to market the horses sired by Alberta stallions, or of mares that deliver foals in Alberta.

BACKGROUND / EXPECTED RESULTS

HRA's Breed Improvement Program is directed at enabling the production of high quality Alberta bred horses. HRA's Breed Improvement Committee is responsible for strategic development of these programs.

Success within this sector takes time. Breeders require a five year horizon from the time of arranging for breeding until the racehorse has the opportunity to reach its full potential on the racetrack. The continued delays in developing a new 'A' racing facility in the Calgary market area has added challenges in achieving these goals.

ACTION PLAN 2012 – 2014: BREED IMPROVEMENT

- Continue to work with Alberta Agriculture and Rural Development, the Horse Industry Association of Alberta, Olds College, and the Universities of Alberta and Calgary in fostering research and health initiatives for the equine athlete.
- Continue to work with Alberta Agriculture and Rural Development in identifying equine health risks and potential areas that may require research.
- Review the purse component of breeding support programs for provincially bred and owned horses.
- Continue to improve the frequency and variety of educational / training options on such topics as marketing and sale preparation, increasing live foal percentages and disease control and prevention.
- Direct resources to programs that encourage ownership of Alberta sired or foaled horses of all racing breeds.

Thoroughbreds (2012 forward): Breed Improvement

<i>Key Strategies</i>	<i>Operational Activities</i>
Review effectiveness of all existing programs. (2012 – 2014)	Analyze data on mares bred, foals born and racing success.
Encourage ownership of Alberta bred horses. (2012 forward)	Supply purse supplements to successfully competing Alberta breds.
Encourage excellence of breeding. (2012 forward)	Supply breeders' bonuses to successfully competing Alberta breds.
Highlight Alberta Breeding. (2012 forward)	Support the Alberta Fall Classic, which is a day of stakes races that showcase the Alberta bred racehorse to the rest of the country.
Encourage purchase of Alberta bred yearlings at the Select Alberta Sale.	Support the Yearling Sales Stakes.
Support successful Alberta stallions.	Continue the performance based stallion bonuses.

Standardbreds (2012 forward): Breed Improvement

<i>Key Strategies</i>	<i>Operational Activities</i>
Direct resources to programs that encourage ownership of Alberta sired or foaled standardbreds. (2012)	Support bonuses to owners of 2 – 4 year old Alberta sired horses in all non-stakes races.
Support superior quality mares. (2012)	Maintain the Mare Bonus Program for foals sired by Alberta stallions.
Review effectiveness of existing programs. (2012 – 2014)	Analyze the data on purse supplementation to ensure goals are being achieved.
Encourage purchase of Alberta bred or sired standardbreds at the Annual Yearling Sale.	Supply a performance based yearling sale credit to be applied towards a purchase at the Annual Yearling Sale.

Quarter Horses (2012 forward): Breed Improvement

<i>Key Strategies</i>	<i>Operational Activities</i>
Encourage the breeding of quality American Quarter Horse racing stock in Alberta.	Supply breeders' bonuses to successfully competing Alberta breds.
Prove Stallions standing in Alberta.	Continue the performance based stallion bonuses and the Sires Stakes Program for foals sired by Alberta Stallions.
Encourage growth in new ownership and investment in racing and breeding stock of Alberta bred horses.	Ensure a balance of racing opportunities between overnight races and stakes racing programs for Alberta breds.
Encourage purchase of yearlings at the Annual Quarter Horse sale.	Support the Canada Quarter Horse Cup Races.

Community Circuit (2012 forward): Breed Improvement

Continue to work with and provide resources to all breeds at the community racetracks and horse associations. Regardless of where Alberta-breds race in Alberta, Northlands or Community Tracks, they are supported equally through the Breed Improvement Program. Bonuses are paid based on total purse monies earned by Alberta-breds in all races at all race tracks in Alberta.

REGULATORY

“Enhance and foster integrity and ethical conduct as a foundation for all aspects of the horse racing industry in Alberta.”

BACKGROUND / EXPECTED RESULTS

Racing integrity and the protection of the public interest are essential to the further development of the industry and central to HRA’s mission. HRA is continuing to enhance a regulatory and compliance framework that is just, reasonable, efficient, and consistent.

In accordance with the *Horse Racing Alberta Act*, the mandated objectives of the HRA are:

- To govern, direct, control, regulate, manage, market and promote horse racing in any or all of its forms;
- To protect the health, safety and welfare of racehorses and, with respect to horse racing, the safety and welfare of racing participants and racing officials; and
- To safeguard the interests of the general public in horse racing.

ACTION PLAN 2012 – 2014: REGULATORY

<i>Key Strategies</i>	<i>Operational Activities</i>
Continue vigilant drug testing both equine and human.	Continue to enforce the Rules of Racing through a fair and just system.
Allocate some contingency funding to the current budget enabling HRA to maintain the present levels of equine testing in the event CPMA reduce the level of service.	Assist the CPMA with the implementation of amended regulations going forward.
Analyze data compiled by our licensed practicing veterinarians pertinent to race or training related injuries.	If any anomalies become evident HRA must be proactive along with track operators in striving for equine safety.

HUMAN RESOURCE DEVELOPMENT

"Facilitate the education, training, and well being of individuals involved in Alberta's horse racing industry."

BACKGROUND / EXPECTED RESULTS

HRA has been proactive in addressing human resource issues by improving conditions for its employees and increasing the available pool of qualified personnel. The industry has some unique needs and the hours of work differ from those in most other sectors. In partnership with horsemen's organizations, racing industry solutions will address human resource needs and improve the quality of life for its employees. Many of the programs are directed towards personnel who work and sometimes live at the track.

ACTION PLAN 2012 – 2014 (PROGRAMS): HUMAN RESOURCES

<i>Key Strategies</i>	<i>Operational Activities</i>
Investigate the possibility of having an on-site addictions counselor at more tracks to address substance abuse and addictions.	Work with Stewards, Judges and other racetrack officials to determine a more effective means to deal with substance abuse and addictions. Continue to provide on-site counseling to those suffering from addiction and substance abuse. Referral services to all Programs available through Alberta Health Services are also provided, along with information and education.
Pursue the possibility of providing literacy programs on-site at all racetracks.	Continue the "English as a second language" program for backstretch personnel.
Develop and implement a safety-first program and research the most efficient way to introduce it.	Work with Northlands to establish a safety first program utilizing expertise from Olds College.
Form partnerships with horsemen's associations, racetrack operators and educational institutions to research and develop training opportunities for various industry skills and tracks.	Continue the Exercise Rider/Jockey School as a partnership between Olds College, HRA and Horsemen's Benevolent and Protective Association (HBPA). Continue the Groom School at Olds College to successfully address the desperate manpower needs in the backstretch. HRA partners with Canadian Thoroughbred Horse Society (CTHS). Continue to provide Backstretch Scholarships to HRA licensed backstretch

	workers and their families. Liaise with all license racetrack operators and other partners to improve accommodations and programs on the backstretch.
Create a not-for-profit association for the Chaplaincy Program. This is a non-denominational Chaplaincy supporting spiritual and social needs of the horsemen.	Explore various avenues for the creation of a not-for-profit/charitable model for the Chaplaincy Program.
Create a wellness program and promote health and wellness on-site.	Assess possibilities and implement subject to availability of financial resources.
Explore new partnership opportunities with Olds College and the University of Arizona in order to enhance access to Horse Industry Programs at an advanced level.	

ANIMAL WELFARE

“Promote and encourage continuous improvement in the industry’s animal welfare practices.”

Protecting “the health, safety, and welfare of racehorses” is one of the legislated objectives of HRA. In reality, equines are treated and looked after very well. Despite this, public perception is often to the contrary, primarily due to publicized issues of poor treatment of animals. This mandate has become increasingly important with media reports of injuries to horses at major international racing events.

BACKGROUND / EXPECTED RESULTS

HRA and other stakeholders must continue to work to ensure that the industry and the public have confidence that Alberta racehorses and breeding stock are treated with respect and dignity. We will seek strategic partnerships with animal welfare organizations to enhance these endeavors.

An outstanding example of these partnerships is the Canadian Equine Centre of Innovation at Olds College. The centre of innovation incorporates leading-edge expertise, facilities, technology, and applied research to provide unique human resource solutions for the equine industry.

ACTION PLAN 2012 – 2014: ANIMAL WELFARE

<i>Key Strategies</i>	<i>Operational Activities</i>
Pursue opportunities to work with others to undertake joint education and research.	<p>Continue the research grant to the Western School of Veterinary Medicine, based on specific research proposals.</p> <p>Enter into partnerships with the University of Alberta and the University of Calgary as appropriate.</p>
Identify and address animal welfare concerns.	<p>Advise industry of any emerging disease threat.</p> <p>Have in place protocols for any emerging infectious disease.</p> <p>Work with racetrack management to assist them with design and upkeep of their facilities in order to ensure the health and safety of horses.</p> <p>Review the multi-location plan for investigating the cause of death of any horse that dies at an Alberta racetrack.</p>
Monitor data provided by the racetrack veterinarians.	<p>Analyze available data on injuries to horses and look for trends.</p> <p>Analyze racing surfaces to ensure an appropriate cost / benefit ratio if installed at Alberta tracks.</p>
Improve horsemanship and animal welfare through education.	<p>Continue to provide educational seminars on fire prevention and safety at racetracks and breeding farms.</p> <p>Working with licensed racetracks, ensure that attainment of a fire safety certificate is a prerequisite for obtaining a groom or trainer license.</p> <p>Work towards better education and ensure proper testing in order to minimize potential drug abuse in racehorses.</p> <p>Work with other agencies to develop seminars for horsemen related to animal upkeep and welfare (i.e., farrier, medication, and vaccination programs).</p>
Ensure racetrack safety.	<p>Begin work towards ensuring there is an equine emergency care facility at each racetrack by 2012.</p>

	<p>Research ways to reduce catastrophic injuries through education and increasing race surface standards at all tracks.</p> <p>Continue to enforce HRA's rules, policies, and procedures designed to maximize the safety of racehorses during training and competitions.</p> <p>Meet with animal welfare agencies to review the work being done at racetracks to ensure the welfare of the horse population.</p>
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PURSES

"Manage and maximize purses, based on revenues available, to stimulate the overall activity, and investment in the industry."

Purse structure forms the basis for all aspects of the participation and investment in live horse racing. Purses ultimately determine the quality of the horses, racing at all horse racetracks, which then directly determines the revenues that may be potentially generated.

BACKGROUND / EXPECTED RESULTS

The purse structure in Alberta must be aggressive, significant, and sustainable. This will provide commitment to the fiscal viability for those investing and participating in horse racing and allows these industry participants to plan for the long term. The result of this strategy should be:

- A more vibrant horse breeding and racing industry in Alberta.
- A higher quality of racing for racing fans (improved quality of horses; larger and more competitive fields) which in turn may stimulate wagering.
- Consensus amongst the breeds that the purse allocations are fair and equitable.
- An increased number of racehorses and racehorse owners in Alberta.
- A greater possibility of race horse owners and breeders making a positive return on their investment.
- Attract appropriate numbers and sufficiently skilled jockeys and drivers.
- Ensure Alberta offers competitive purses especially as it relates to British Columbia.

The following is the historic and anticipated purse schedule on the class 'A' track and community circuit from 2008 to the end of this Business Plan period:

Year	HRA Purse Grant	Horsemen's Contribution to Purses	*Breed Improvement Program Purse Support	Total Purses
2008	\$18,344,220	\$8,238,859	\$3,449,794	\$30,032,873
2009	\$13,274,279	\$6,688,550	\$2,777,448	\$22,740,277
2010	\$11,165,182	\$6,985,206	\$2,680,793	\$20,831,181
2011	\$10,717,566	\$5,616,000	\$2,280,000	\$18,613,566
2012	\$10,717,566	\$5,672,160	\$2,280,000	\$18,669,726
2013	\$10,824,742	\$5,785,603	\$2,302,800	\$18,913,145
2014	\$10,932,989	\$5,901,315	\$2,325,828	\$19,160,132

*Estimated money available to purses from Breed Improvement Programs.

ACTION PLAN 2012 – 2014: PURSES

<i>Key Strategies</i>	<i>Operational Activities</i>
Pursue a strategy for purse distribution during this period that sustains racing during continued transitional period. (Keep in top half of North America racetracks)	Manage race dates with regards to available facilities, revenues, horsemen's negotiation, and attractive racing product.
Communicate the rationale for purse grants and race date allocation.	Incorporate into HRA new "corporate" website and strategic Communications Plan.

KEY PERFORMANCE MEASURES

HRA recognizes the importance of monitoring performance. Specific key performance areas that can be measured and tracked have been selected to reflect the expected rejuvenation of the breeding, racing and entertainment sectors that occur as result of the proposed initiatives. These include:

Industry Confidence in HRA

In 2007 a survey, conducted by an independent market research company, was conducted to determine industry confidence in HRA. 503 telephone interviews, approximately 10 minutes in duration on average, were conducted among a representation sample of Albertans 18+ years of age. Results are accurate within +/- 4.4%. The survey concluded the following:

- Albertans have a very positive view of horse racing and breed in the province, despite the fact that only a small minority actively attend, watch, or bet on the sport.

- Familiarity breeds respect: The more involved people are with horse racing, the more positive their attitudes and the more likely they are to support the Racing Industry Renewal Program.
- Programs such as Horse Racing Alberta's which generate attendance and viewership therefore have an important role in creating positive climate for the provincial government's support of the industry.

Industry confidence ultimately represents the perception of a fair equitable opportunity to be gainfully employed and potential profitability of racing. It is very much dependant on availability of facilities, purse structure and number of race days. All of these areas have been seriously challenged since 2008 to the present date. The level of uncertainty of race dates and the continued delay in the opening of the racing facility in the Calgary area continue to undermine industry's confidence in HRA.

An industry Stakeholder session in 2011 again emphasized the importance of gaining stakeholder confidence through certainty in race dates, transparency and improved communication. A more formal survey will be conducted throughout 2012 to determine the industry's confidence in HRA.

Pari-Mutuel Handle

The pari-mutuel handle reflects fan interest in the industry as an entertainment opportunity and as an alternate wagering activity. It is dependent on the size of the pool of money available for distribution, education of potential bettors, and variety of wagers such as win, place, show, and exotic bets such as exactors, daily doubles, triactors, pick 6, pick 7. Industry emphasis must focus on improving live handle (money bet on the Alberta product), as well as the total handle which includes Foreign Full Card simulcast.

Racetrack Attendance

Racetrack attendance reflects on the success of marketing as well as the ability to compete as a major multifaceted entertainment option for the public. The physical layout of the tracks makes it difficult to accurately reflect the mix of fans attending the racing venues versus the other components of the facilities. Clearly on major race days the attendance at the overall facility dramatically increases.

Average Price at Select Yearly Sales

2011 sales showed improvement over 2010 for all Breeds. This might be attributed to more secure and timely race dates and an improved economy.

Performance Indicators

A wide spectrum of data will be collected for inclusion in the Annual Report and monitored by HRA to assess progress in implementing desired objectives. These include:

- Number of licenses issued
- Number of registered breeders
- Number of mares bred
- Live foal rate
- Documented animal welfare indicators
- Number of racehorse owners
- Number of racehorses owned by Alberta licensees

Industry Confidence in HRA	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Projection	2012 Target	2013 Target	2014 Target
Agreement that HRA helps stabilize, enhance and ensure the growth and integrity of the Alberta horse racing and breeding industry	85.40%	83.00%	No Data	No Data	No Data	No Data	80%	85%	85%	85%
Agreement that HRA is a leader in promoting and facilitating the growth, integrity and economic contribution of the Alberta horse racing and breeding industry	83%	85.90%	No Data	No Data	No Data	No Data	80%	85%	85%	85%
Pari-Mutuel Handle	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Projection	2012 Target	2013 Target	2014 Target
Alberta Racing	\$44,757,696	\$41,297,125	\$36,877,066	\$31,050,733	\$19,874,589	\$18,708,669	\$18,147,409	\$18,510,357	\$18,880,564	\$17,166,179
Total Handle	\$159,535,414	\$171,196,862	\$180,308,474	\$182,458,310	\$158,336,427	\$152,160,948	\$147,596,120	\$150,548,042	\$153,559,003	\$160,179,384
Racetrack Attendance *	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Projection	2012 Target	2013 Target	2014 Target
Northlands	1,179,321	1,434,968	1,427,839	1,497,924	1,000,000	1,497,924	1,500,000	1,500,000	1,500,000	1,600,000
Calgary	160,928	197,423	154,085	63,779	0	0	0	0	0	0
Lethbridge	63,860	66,689	69,820	74,025	69,104	74,025	78,000	80,000	82,500	85,000
Grande Prairie	31,264	29,800	29,800	23,200	23,200	23,200	25,000	25,000	27,500	27,500
Millarville	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,500
Lacombe	0	0	0	0	3,840	3,840	5,000	6,000	7,000	7,000
Total	1,440,373	1,733,880	1,686,544	1,663,928	1,600,149	1,600,149	1,600,149	1,600,149	1,600,149	1,725,000
Yearling Sale (Not a measure in 2007)	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Target	2013 Target	2014 Target
Thoroughbreds	8,621	11,143	11,016	9,300	8,138	5,389	8,469	9,000	9,500	10,000
Standardbreds	8,551	6,692	6,632	7,527	6,425	5,820	6,242	6,700	7,200	7,700
Quarterhorses	6,500	5,484	4,268	3,314	3,530	3,538	4,040	4,200	4,400	4,600

* Edmonton and Calgary figures are a year round total and the other tracks are for live race dates only.

Statement of Operations Operational Data

	2009 Actual ¹	2010 Actual ¹	2011 Budget ²	2011 Forecast ³	2012 Budget ⁴	2013 Projections ⁵	2014 Projections ⁶
Handle 'A' Racing -Alberta Live & Simulcast	\$15,887,436	\$14,717,737	\$14,611,914	\$13,044,108	\$13,174,551	\$13,438,042	\$13,706,803
Handle 'A' Racing -Foreign Simulcast	\$101,194,902	\$97,434,897	\$93,963,362	\$99,733,840	\$100,731,178	\$102,745,802	\$104,800,718
Total Handle 'A' Racing	\$117,082,337	\$112,152,634	\$108,575,276	\$112,777,948	\$113,905,729	\$116,183,844	\$118,507,521
Handle HOT - Alberta Simulcast	\$2,544,023	\$2,199,135	\$2,159,608	\$1,846,229	\$1,864,691	\$1,901,985	\$1,940,025
Handle HOT - Foreign Simulcast	\$33,034,672	\$31,667,620	\$31,232,642	\$32,102,329	\$32,423,353	\$33,071,820	\$33,733,256
Total Handle HOT	\$35,578,694	\$33,866,755	\$33,392,250	\$33,948,558	\$34,288,044	\$34,973,805	\$35,673,281
Handle 'Community' Racing -Alberta Live & Simulcast	\$1,443,131	\$1,436,994	\$1,375,887	\$1,445,894	\$1,460,353	\$1,489,560	\$1,519,352
Handle 'Community' Trac Racing -Foreign Simulcast	\$4,232,265	\$4,290,902	\$4,252,707	\$4,262,670	\$4,305,297	\$4,391,403	\$4,479,231
Total Handle 'Community' Racing	\$5,675,396	\$5,727,896	\$5,628,594	\$5,708,564	\$5,765,650	\$5,880,963	\$5,998,583
Handle All Tracks Racing -Alberta Live & Simulcast	\$19,874,589	\$18,353,867	\$18,147,409	\$16,336,232	\$16,499,595	\$16,829,587	\$17,166,179
Handle All Tracks Racing-Foreign Simulcast	\$138,461,838	\$133,393,419	\$129,448,711	\$136,098,840	\$137,459,828	\$140,209,025	\$143,013,205
Total Handle All Tracks Racing	\$158,336,427	\$151,747,286	\$147,596,120 ²	\$152,435,072 ³	\$153,959,423 ⁴	\$157,038,612 ⁵	\$160,179,384 ⁶
"A" Track HRA Purse Grant - overnights and stakes							
Thoroughbred - HRA Purse Grant	\$5,693,625	\$4,551,750	\$4,662,141	\$4,662,141	\$4,662,141	\$4,708,762	\$4,755,850
Standardbred - HRA Purse Grant	\$2,266,100	\$1,961,051	\$3,753,439	\$3,551,783	\$3,442,142	\$3,476,563	\$3,511,329
Purse Grant-AQHRA Stakes Races at Edmonton	\$120,000	\$102,000	\$107,176	\$107,176	\$107,176	\$108,248	\$109,330
Total 'A' Track HRA Purse Grants	\$8,079,725	\$6,614,801	\$8,522,756	\$8,321,100	\$8,211,459	\$8,293,574	\$8,376,509
Purse Grant Lethbridge - Runners	\$2,016,000	\$1,342,913	\$1,126,540	\$1,126,540	\$1,126,540	\$1,137,805	\$1,149,183
Purse Grant Grande Prairie - Runners	\$795,554	\$722,500	\$563,270	\$540,739	\$563,270	\$568,903	\$574,592
Purse Grant Grande Prairie - Standardbred	\$2,070,000	\$453,320	\$0	\$0	\$0	\$0	\$0
Purse Grant Lacombe - Standardbred	\$288,000	\$2,006,649	\$480,000	\$681,655	\$791,297	\$799,210	\$807,202
Purse Grant Millarville - Runners	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,250	\$25,503
Total Community HRA Purse Grants	\$5,194,554	\$4,550,382	\$2,194,810	\$2,373,935	\$2,506,107	\$2,531,168	\$2,556,480
Total HRA Purse Grants	\$13,274,279	\$11,165,182	\$10,717,566 ²	\$10,695,035	\$10,717,566 ⁴	\$10,824,742 ⁵	\$10,932,989 ⁶
Scheduled Race Days Thoroughbred at 'A' tracks	89	84	85	81	84	84	84
Scheduled Race Days Standardbred at 'A' tracks	43	47	95	90	87	87	87
Scheduled Race Days Community Tracks	130	139	99	88	95	95	95
Total Scheduled Race Days	262	270	279	259 ³	266	266	266

1 2009 and 2010 Actuals are based on HRA's audited financial statements in all instances in this document. Rural Hot contractual arrangements expired in 2009 and were re-allocated to Northlands Park. Contractual arrangements were made for the Calgary Urban Hot area. Subsequent years have been re-allocated.

2 2011 Budget as approved by HRA Board. Handle budgeted to decrease by 3% over 2010 actuals. Purse budget for 2011 is 4% less than 2010 even though race days are budgeted to increase. Purse allocations are pro-rated based on approved racing schedule for the "A" tracks and include the ASHA Extended Meet at Lacombe. In 2009 the ASHA Extended Meet was held in Grande Prairie. Beginning 2010 this meet was moved to Alberta Downs and treated as an "A" track meet. Purses were adjusted accordingly.

3 2011 Forecast differs from 2011 Budget based upon updated projections for slot revenues reflecting annual performance through October 2011. Handle forecast shows increase of 3% over 2011 Budget reflecting a slight increase from 2010 actuals. Final race days were reduced and mutually determined between the horsemen's groups and the tracks. Additional races were added to make up for cancelled days.

4 For 2012 Handle is budgeted to increase by a modest 1%. Purse allocations to remain at 2011 budget level. Purses are pro-rated based on 43.5% to Thoroughbreds, 39.5% to Standardbreds and 17% to Other Breeds. A continuation of the ASHA "A" Meet in Lacombe followed by a smaller "B" Meet in the fall is scheduled.

5 Handle is projected to increase by 2% in 2013 and Purse Grants will increase by 1%.

6 In 2014 Handle is also projected to increase by a further 2% and Purses by 1%.

Financial Data

	2009 Actual ¹	2010 Actual ¹	2011 Budget ²	2011 Forecast ³	2012 Budget ⁴	2013 Projections ⁵	2014 Projections ⁶
Revenue							
General Fee	\$7,911,896	\$7,587,406	\$7,376,953	\$7,617,890	\$7,694,971	\$7,848,773	\$8,005,748
Promotional Levy	\$606,282	\$575,929	\$564,337	\$582,769	\$588,665	\$600,431	\$612,440
Assessments / Licenses / Fines / Other	\$522,584	\$392,022	\$321,755	\$306,000	\$349,345	\$350,000	\$350,000
Gaming Agreement-Current Year ⁷	\$27,718,213	\$23,834,823	\$23,716,198	\$22,698,457	\$22,743,315	\$23,038,978	\$23,384,563
Deferred Revenue Recognition/Interest	\$6,852	\$1,935	\$2,000	\$5,000	\$5,000	\$5,000	\$5,000
Total Revenue	\$36,765,827	\$32,392,115	\$31,981,244	\$31,210,116	\$31,381,296	\$31,843,182	\$32,357,750
Expenses							
HRA Purse Grant	\$13,274,279	\$11,165,182	\$10,717,566	\$10,695,035	\$10,717,566	\$10,824,742	\$10,932,989
Edmonton - HRA Racetrack Funding	\$7,898,506	\$9,296,481	\$9,186,594	\$8,633,092	\$8,633,412	\$8,764,476	\$8,895,943
Calgary/Urban HOT - HRA Racetrack Funding	\$337,997	\$0	\$0	\$0	\$0	\$0	\$0
Lethbridge - HRA Racetrack Funding	\$924,427	\$1,155,057	\$1,114,611	\$1,079,215	\$1,079,358	\$1,095,529	\$1,111,962
Grande Prairie - HRA Racetrack Funding	\$598,317	\$798,734	\$553,375	\$678,585	\$677,026	\$687,574	\$697,887
Millarville - HRA Racetrack Funding	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Lacombe - HRA Racetrack Funding	\$0	\$503,117	\$1,040,000	\$1,040,000	\$1,200,000	\$1,200,000	\$1,200,000
Transitional Funding Assistance ⁸	\$3,722,748	\$0	\$0	\$0	\$0	\$0	\$0
Total Racetrack Funding ⁹	\$13,501,996	\$11,773,389	\$11,914,580	\$11,450,892	\$11,609,797	\$11,767,579	\$11,925,793
Contributions to Alta Racetrack Capital Fund ¹⁰	\$400,320	\$50,000	\$0	\$0	\$0	\$0	\$0
Thoroughbred Breeding Support	\$2,492,781	\$2,517,946	\$2,294,000	\$2,274,000	\$2,294,000	\$2,316,940	\$2,340,110
Standardbred Breeding Support	\$2,074,410	\$1,526,431	\$1,266,000	\$1,266,000	\$1,266,000	\$1,278,660	\$1,291,446
Community Breeding Support	\$527,000	\$499,341	\$440,000	\$440,000	\$440,000	\$444,400	\$448,844
Total Breeding Support ¹¹	\$5,094,190	\$4,543,717	\$4,000,000	\$3,980,000	\$4,000,000	\$4,040,000	\$4,080,400
Emerging Programs and Projects ¹²	\$0	\$7,180	\$0	\$0	\$0	\$0	\$0
Human Resource Development	\$322,649	\$259,182	\$300,000	\$300,000	\$316,912	\$320,081	\$323,282
Broadcasting	\$379,852	\$398,869	\$140,000	\$140,000	\$140,000	\$141,400	\$142,814
Marketing at Racetracks	\$0	\$0	\$0	\$0	\$490,000	\$494,900	\$499,849
HRA Internal Marketing	\$180,349	\$217,735	\$180,000	\$180,000	\$150,000	\$151,500	\$153,015
Sponsorship/Major Event Promotions	\$0	\$5,000	\$220,000	\$220,000	\$200,000	\$202,000	\$204,020
Branding	\$428,738	\$281,509	\$500,000	\$500,000	\$200,000	\$202,000	\$204,020
Public and Media Relations	\$8,539	\$7,811	\$15,000	\$15,000	\$10,000	\$10,100	\$10,201
HOT Marketing Launch Program (Matching)	\$0	\$0	\$75,000	\$75,000	\$0	\$0	\$0
Technology Improvements	\$70,876	\$90,319	\$120,000	\$120,000	\$80,000	\$80,800	\$81,608
Consumer Research	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Top Players Rewards (Matching)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Public Service Announcements	\$65,964	\$78,435	\$100,000	\$100,000	\$80,000	\$80,800	\$81,608
Future Initiatives	\$0	\$68,557	\$0	\$0	\$0	\$0	\$0
Total Marketing and Promotion ¹³	\$1,134,318	\$1,148,235	\$1,350,000	\$1,350,000	\$1,350,000	\$1,363,500	\$1,377,135
Regulatory / Administration ¹⁴	\$3,779,997	\$3,322,134	\$3,213,255	\$2,972,438	\$3,215,546	\$3,247,701	\$3,280,178
Contingency ¹⁵	\$0	\$0	\$319,812	\$225,000	\$150,000	\$200,000	\$250,000
Total Expenses	\$37,507,748	\$32,269,019	\$31,815,213	\$30,973,365	\$31,359,820	\$31,763,604	\$32,169,776
Net Operating Result	-\$741,921	\$123,097	\$166,031	\$236,751	\$21,476	\$79,578	\$187,974
Cumulative Surplus (Deficit), beginning of year	\$997,575	\$255,654	\$256,147	\$378,751	\$615,502	\$636,978	\$716,556
Less Adjustment to Interest Receivable on UHA Loan							
Accumulated Surplus, end of year	\$255,654	\$378,751	\$422,178	\$615,502	\$636,978	\$716,556	\$904,530
Contributions to Alta Racetrack Capital Fund ¹⁶	\$400,320	\$50,000	\$0	\$0	\$0	\$0	\$0
Disbursements from Alberta Racetrack Capital Fund ¹⁶	(\$400,320)	(\$50,000)	\$0	\$0	\$0	\$0	\$0
Cumulative Surplus from Previous Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cumulative Alberta Race Track Capital Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0

⁷ 2009 slot revenue projections include Stampede Park from Jan-Mar only. Slot revenue declines by 14% in 2010 and a further 4% forecast in 2011. Minimal increases of .2%, 1.3% and 1.5% forecast for next three years.

⁸ Included in Transitional funding for 2009: \$2,897,455 to Northlands Park, \$450,293 to Evergreen Park in Grande Prairie and \$375,000 to Alberta Downs in Lacombe.

⁹ Racetrack Funding Grants comprised of Pari-Mutuel Grants and Operating/Capital Grants (now combined) to 2010. Commencing in 2011 all Grants are re-negotiated based on cost of racing.

¹⁰ The equivalent of 5% of slot revenue was allocated from HRA unrestricted funds to the Alberta Racetrack Capital Fund to meet current and future capital requirements at Alberta's racetracks as determined by HRA and revenues available. In 2010 \$50,000 was reallocated to Lacombe from the ASHA purse account to assist with capital expenditures for first full year of operation.

¹¹ Beginning in 2011 the total available for Breed Improvement is split 57.35% to Thoroughbred (both A and B tracks), 31.65% to Standardbred (both A and B tracks) and 11% to Other Breeds.

¹² Funds for new and unforeseen but effective programs and projects that will move the horse racing industry forward. Only \$7,180 was used for Pick 6 in Lacombe. Discontinued in 2011.

¹³ Marketing was increased by 1% in 2010 and a further 2% in 2011. In 2012 the Marketing Budget will remain at the 2011 level with increases of 1% in both 2013 and 2014.

¹⁴ 2010 saw decrease of 12% over 2009 and in 2011 a further decrease of 10% is forecast. 2012 budget remains at 2011 budget level with increases of 1% per year in 2013 and 2014.

¹⁵ In 2011 a Contingency has been introduced each year based on approximately .5% to 1% of projected revenue.

¹⁶ Contributions to Capital Fund and Disbursements from Capital Fund were adjusted to balance out in years 2008 through 2010. Operating and Capital Grants have now been combined.