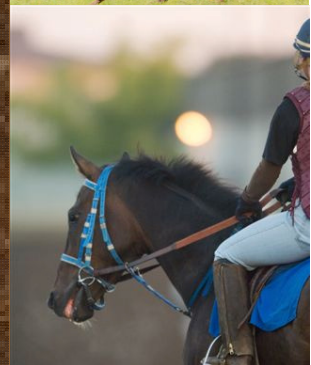


Horse Racing Alberta

Business Plan 2009 - 2011



ACCOUNTABILITY STATEMENT

The Business Plan for the three years commencing January 1, 2009 was prepared under my direction. It reflects the significant challenges and uncertainties brought about by a down-turn in the industry, shortage of race days and delays in the opening of the new Calgary area racetrack. The causes for delay embrace escalating costs, difficulty in the Municipal District of Rocky View obtaining an appropriate water permit and the unique financial environment engendered by the sub-prime mortgage effect on the economy and banking system.

The unanticipated hiatus between the closing of Stampede Park for horse racing and the provision of race dates at the Cross Iron track at Balzac has led to a difficult transition period. This Plan addresses the extra transition year and its impact on Horse Racing Alberta's (HRA's) role in leading a multifaceted, diverse horse breeding, racing and entertainment industry. It is directed at aligning Alberta's horse racing and breeding industry behind common goals that will see the industry through a year of uncertainty in 2009, a year of stabilization in 2010 and year of significant growth of race days, purses and other initiatives in 2011.

The Plan aggressively pursues the objectives laid out by **Alberta's Strategic Horse Racing and Breeding Industry Plan**, put forward by a combined government and industry working committee in 2001, and fully endorsed at the Industry retreat for all stakeholders in 2006.

HRA's priorities and strategies outlined in this Plan are developed within the context of its responsibilities as identified in the *Horse Racing Alberta Act*. It works towards growing the infrastructure that will support economic growth and stability and thus the opportunity for a successful breeding and racing industry in the future

Shirley McClellan
Chair
Horse Racing Alberta

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 assist and direct management and staff in fulfilling HRA's mandate and carrying out the direction of the Board through executing the strategies and operational activities outlined in this Business Plan and the *Act*.

The role of the HRA Directors is to ensure a multifaceted and balanced approval 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 corporation.

In fulfilling its role, the Board makes use of an Executive Committee and a number of functional Committees (functional Committees are chaired by a member of the Board with representatives from industry, public and / or HRA administration). The Committees report to the Board and are responsible for developing programs and monitoring performance in specific areas.

Regular communication with the Executive Committee and 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 their behalf with government and industry partners.

REPORTING REQUIREMENTS

Accountability to Government

On an annual basis, HRA provides to the Minister:

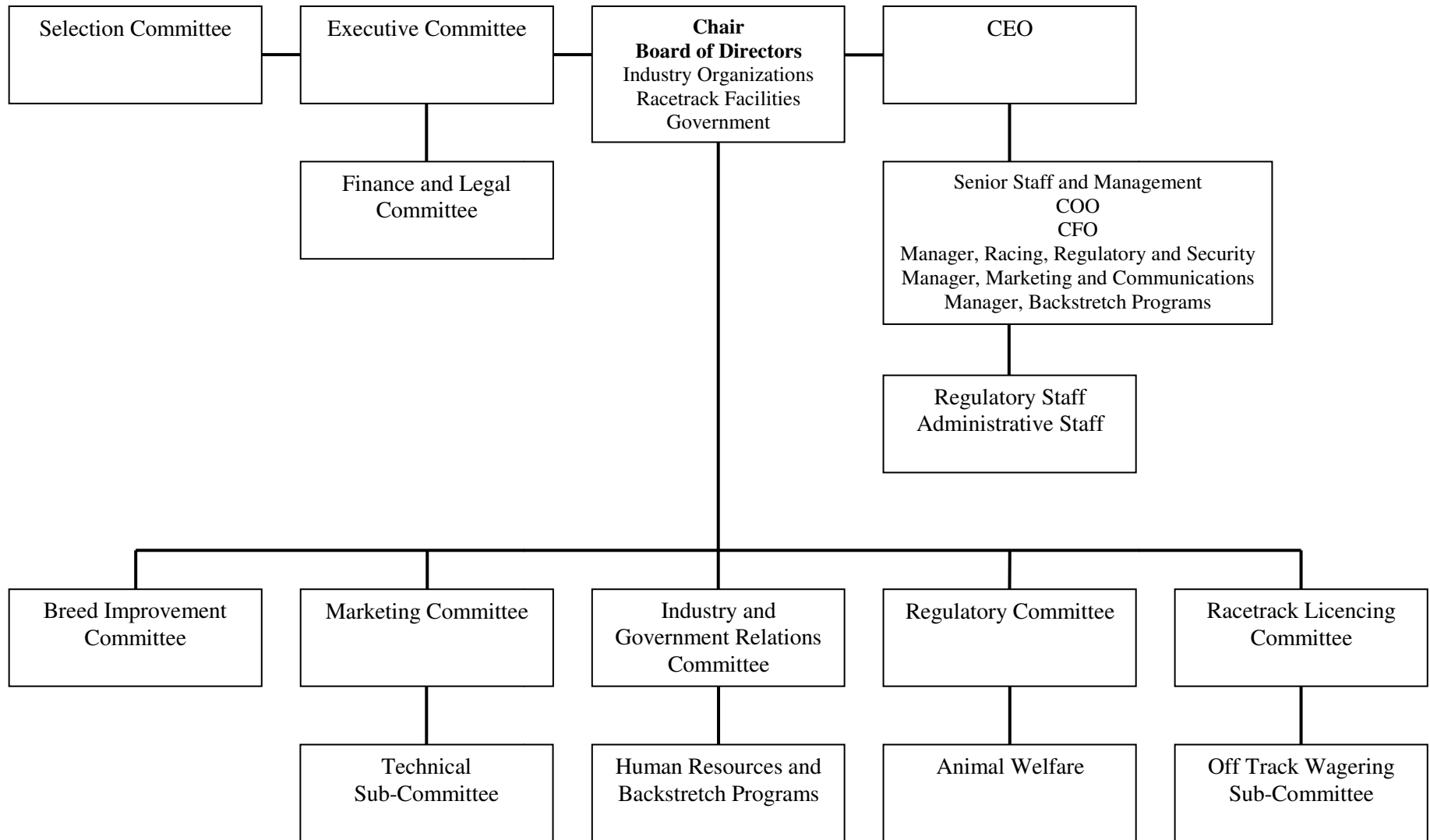
- a three year business plan, approved by the HRA Board of Directors which includes, but is not limited to, goals and key strategies;
- a detailed Operating and Capital Budget for the next calendar year, approved by the HRA Board of Directors, which details financial projections for each subsequent year 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.

HRA GOVERNANCE / CORPORATE STRUCTURE



STRATEGIC PRIORITIES 2009 – 2011

The industry's future lies with the continual upgrading of existing racing facilities and with the creation of new race tracks.

It is critical to address the delay in the Calgary area track, which has generated fear, uncertainty and loss of opportunity for horsemen. This delay has resulted in a further unanticipated transition year. This is being addressed through other racing facilities offering racing opportunities and **by re-allocation of funds within the budget.**

The development of an adequate community circuit for all breeds will also be addressed by improvements at Grande Prairie and Lethbridge, as well as the potential opening of tracks at Lacombe (2009) and Medicine Hat (2010 – 2011).

This Business Plan anticipates a phased- in opening of the Calgary area track, starting in August of 2009 and a completed project by 2011. It also incorporates the Lacombe track in 2009.

HRA's Business Plan centers around eight key strategic areas. While each of these areas impact on one another, some initiatives are more critical in addressing the health and growth of the industry at this stage.

For 2009 to 2011 these areas of focus include but are not limited to the following:

Critical Strategic Priorities

- Construction and opening of the United Horsemen of Alberta racetrack and entertainment Centre in Calgary for the Fall 2009 Standardbred meet.
- The upgrading of the Grande Prairie facility at Evergreen Park in order to attract horsemen of all breeds to support this meet. (2009)
- Assist all tracks in event marketing, increasing fan base and successful growth of their Racing Entertainment Centers competitive. (2009 forward)
- Review factors that lead to catastrophic injuries to racehorses. (2009)
- Long-term licencing, development and support of Northlands Park addressing barn renovations and race track lighting. (2009 forward)
- Secure and grow Off Track Betting opportunities for fans and owners.
- Instituting a multiyear purse (money used for successful win and placing in racing) strategy with sufficient growth to provide confidence for investment and re-investment in the industry.
- Growing the community circuit for all racing breeds by the opening of new facilities in Lacombe by 2009 and in Medicine Hat by 2010 – 2011.
- Work with Alberta Gaming and Liquor Commission (AGLC) as they conduct a review of slot machines and establish their policy with respect to Racing Entertainment Centres.

Other Strategic Priorities

- Develop cost effective Marketing Strategies to incorporate all new media opportunities and technologies, and to ensure industry-wide co-operation. (2009 – 2010)
- Supporting 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. (2009 forward)
- Enhancing the quality of the working and living environment of racetrack personnel through daycare support, educational opportunities, substance abuse rehabilitation, work safety awareness and Chaplaincy programs within the constraints of the reduced industry income. (2009 forward)
- Investigating Provincial and Federal opportunities to enhance industry revenues from electronic horse racing games. (2009 forward)

The full execution of these strategic priorities will stabilize and ensure growth of the racing industry. Further, it will ensure that the industry remains economically viable and attractive for fans and investors alike.

RISKS OF ACHIEVING 2009 – 2011 BUSINESS PLAN

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

- Delay in recovery of the Alberta and Canadian economy.
- Further delay in the opening of the United Horsemen of Alberta's track at Balzac.
- An adverse decision from AGLC as to the potential for expansion of RECs at new community tracks.
- Delay in opening of the Lacombe area community track.
- Emergence of new epidemics that threaten race horse, foal, stallion and broodmare health.
- Failure of horsemen's organizations to resolve disputes through mechanisms set up by HRA.

KEY STRATEGIC AREAS 2009 – 2011

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 Goal.”

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 delay and uncertainties and the potential availability of only one ‘A’ track facility, located at Northlands which threatens this progress.

To do so, HRA will continue to identify, advocate and champion issues of relevance and importance on behalf of the industry. It will require its board to be firm in its commitment to all racing breeds, and to reach consensus in a divergent industry.

Into the future, emphasis will turn to creating more confidence, stability, opportunities and the environment necessary for continued growth in the industry.

ACTION PLAN 2009 - 2011

Key Strategies	Operational Activities
<ul style="list-style-type: none"> Assist industry in meeting Provincial and Municipal government requirements relating to the completion of the new racing and entertainment facility at Balzac. (2009) 	<ul style="list-style-type: none"> Continue to liaise with the Provincial government on matters relating to the horse racing industry. (2009 forward)
<ul style="list-style-type: none"> Assist industry in meeting Provincial and Municipal government requirements relating to the potential expansion of the community circuit at Lacombe (2009) and in Southern Alberta. (2010-11) 	<ul style="list-style-type: none"> Communicate and work with Alberta Gaming and Liquor Commission (AGLC) as they review their strategies for community RECs for 2009 and forward.
<ul style="list-style-type: none"> Assist the Canadian Pari-Mutuel Agency (CPMA) in developing and implementing strategies at the federal level which will facilitate growth of the industry and combat challenges of modern technology which are used to sell or pirate the live racing signal. (2009 – 2010) 	<ul style="list-style-type: none"> 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 or act as arbitrator or facilitator. (2009 forward)
<ul style="list-style-type: none"> Support the governance review of the Board of HRA which is being undertaken by the Government of Alberta. (2009) 	<ul style="list-style-type: none"> Strengthen existing relationships and forge new relationships with racing, gaming and agricultural organizations, educational institutions as well and horsemen's groups at either a Provincial, National or International level. (2009 forward)
	<ul style="list-style-type: none"> Co-ordinate the evaluation of the economic impact of horse racing in the province. (2009)
	<ul style="list-style-type: none"> Continue to communicate the benefits of the Alberta horse racing industry to relevant Alberta community and business organizations through public presentations and an effective web site. (2009)
	<ul style="list-style-type: none"> Work at the federal level for appropriate tax laws as they apply to the agricultural segment of our industry. (2009)

MARKETING

“Actively market and promote Alberta Horse Racing.”

This strategy focuses on raising the profile and awareness of horse racing and repositioning horse racing as a significant, accessible entertainment option. In 2009 it will be necessary to address the anxiety within the industry, as well as find the most cost effective use of decreased marketing dollars.

BACKGROUND / EXPECTED RESULTS

Within the limitation of a reduced budget, Horse Racing Alberta's Marketing Sub-Committee, composed of Industry Stakeholders, have identified three strategic initiatives as being critical to the success of the provincial marketing campaign.

BRANDING

HRA has defined a target audience of 18-34 year olds. The brand **“The Horses”** continues to perform well. HRA research clearly reinforced that the campaign is doing its primary job of increasing awareness and changing perceptions of horse racing as being a good and desirable form of entertainment in Alberta.

LIVE TELEVISION

HRA believes strongly that a prerequisite for increasing the awareness and popularity of horse racing, as both sport and entertainment, is to place horse racing prominently on television. Five television shows will include a stronger entertainment value in an effort to better capture and portray industry stories.

HRA will also enhance the very well received Public Service Announcement campaign in an effort to continue to educate Albertans about the contribution and economic impact of our industry across the province and the source of funding through our Racing Entertainment Centres.

RACETRACK MARKETING SUPPORT

HRA will partner with all Alberta racetracks on marketing live racing and special event programs at their facilities. Funding will be prorated based on performance in such areas as brand management, customer service and innovative incentives that result in an increase in overall handle (money wagered) and attendance at the track.

ACTION PLAN 2009 – 2011

Key Strategies	Operational Activities
<ul style="list-style-type: none"> Develop cost effective marketing campaigns to maintain vital programs during the transition. (2009) 	<ul style="list-style-type: none"> Strengthen the initiatives that allow fans to wager on the live racing product. (2009)
<ul style="list-style-type: none"> Place emphasis on a campaign which will increase attendance and handle (money wagered) through branding, live television, customer service, racetrack marketing support, and big bettor programs. (2009 – 2010) 	<ul style="list-style-type: none"> Emphasize the link between horse racing, entertainment and HRA industry brand. (2009)
<ul style="list-style-type: none"> Investigate sponsorship opportunities at the facilities and with HRA's live television shows. (2009) 	<ul style="list-style-type: none"> Continue to assist the tracks in providing first time attendees at live horse racing with a favorable experience that will lead to return visits. (2009 forward)
<ul style="list-style-type: none"> Pursue nontraditional horse racing partners such as other professional sports, IMAX Theatres, and post-secondary education facilities, in an effort to grow the prominence of the industry. (2009 forward) 	<ul style="list-style-type: none"> Continue to sell and promote Alberta's live racing video production (racing signal) to other racing jurisdictions in order to increase wagering on local races. (2009 forward)
	<ul style="list-style-type: none"> Integrate cutting edge technology in future marketing efforts. (2009 forward)
	<ul style="list-style-type: none"> Evaluate the successes, challenges, barriers and effectiveness of all programs. (2009)

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, specifically the new Calgary facility, 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. Horse racing is conducted at ‘A’ tracks offering at least 100 days of live racing and community track which run a minimum of 50 days of racing. The physical assets associated with the horse racing industry are estimated at over \$736 million. Significant capital dollars are required to facilitate renovation and expansion projects at all of our racetrack facilities. The completion of these projects goes a long way in addressing horse racing competition from outside of our borders.

In granting racetrack licences 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 licences 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.
- In consultation with the Alberta Government, ensure that live horse racing is a prerequisite for maintaining a Racing Entertainment Centre (REC) gaming licence. These RECs would include live horse racing (as their principal business) simulcasting (potentially on and off track), as well as other forms of entertainment.
- Require detailed long-term strategic business plans from racetrack licences for both on and off site activities.
- Allocate and monitor funding to racetracks in a fair, equitable and timely manner, based upon their approved business plans.

ACTION PLAN 2009 – 2011

Key Strategies	Operational Activities
<ul style="list-style-type: none"> • Work to facilitate the Class 'A' United Horsemen of Alberta's racetrack at Cross Iron (Calgary) opening for Standardbred racing in late 2009 and other breeds in 2010. 	<ul style="list-style-type: none"> • Revisit the race schedule and format of the Alberta racing Live TV and Satellite broadcasting signal to be a more attractive commodity for the sale and exportation to other jurisdictions. (2009 forward)
<ul style="list-style-type: none"> • Work with Northlands Park to provide a suitable budget and business plan that will allow the issuing of a long term licence. (2009 forward) 	<ul style="list-style-type: none"> • Implement changes to our technology, production and approach to selling the live racing signal. (2009)
<ul style="list-style-type: none"> • Actively pursue the expansion of The Horses Off Track Network (HOT), with particular emphasis on the development of partnerships with members of The Alberta Hotel and Lodging Association (AHLA). (2009 forward) 	<ul style="list-style-type: none"> • Work with the Horsemen's groups to ensure the model used for commission and revenue sharing from the wagering handle is current and appropriate. (2009)
<ul style="list-style-type: none"> • Actively pursue the establishment of new community racetrack facilities. (2009 forward) 	<ul style="list-style-type: none"> • Work with the AGLC and the Lacombe Area Track for 2009 and the potential Medicine Hat location for 2010.
<ul style="list-style-type: none"> • Pursue the introduction of additional gaming devices in those racetracks that have a REC gaming licence, where warranted. (2009 forward) 	

BREEDING 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 out of mares that deliver foals in Alberta.

BACKGROUND / EXPECTED RESULTS

HRA's aggressive Breed Improvement Program is directed at enhancement of the quality of 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 to seven year horizon** from the time of arranging for breeding until the racehorse has the opportunity to reach its full potential on the racetrack. The current delays in developing a new 'A' racing environment in Calgary has seriously threatened this initiative. In 2009 it is essential to review and prioritize existing programs in view of a decreased budget allocation.

ACTION PLAN 2009 – 2011

- 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. (2009 forward)
- Work with Alberta Agriculture and Rural Development in identifying Equine Health Risks and potential areas that may require research.
- Continue to provide educational seminars on Fire Prevention and Safety at racetracks and breeding farms. (2009 forward)
- Review the Purse Component of Breeding Support Programs for provincially bred and owned horses. (2009)
- 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 (2009 forward)

Key Strategies	Operational Activities
<ul style="list-style-type: none">• Review effectiveness of all existing programs. (2009 – 2010)	<ul style="list-style-type: none">• Analyze data on mares bred, foals born and racing success.
<ul style="list-style-type: none">• Encourage ownership of Alberta bred horses. (2009 forward)	<ul style="list-style-type: none">• Supply purse supplements to successfully competing Alberta bred.
<ul style="list-style-type: none">• Encourage excellence of breeding. (2009 forward)	<ul style="list-style-type: none">• Fund a bonus to owners of each Alberta bred finishing win-place-show in Open Stakes Races.
<ul style="list-style-type: none">• Provide ongoing support to breeders after sale of stock. (2009 forward)	<ul style="list-style-type: none">• Supply purse supplements to breeders of successful 2 to 5 year old Alberta bred.
<ul style="list-style-type: none">• Highlight Alberta Breeding (2009 forward)	<ul style="list-style-type: none">• Support the Alberta Fall Classic, which is a day of stakes races that showcase the Alberta bred racehorse to the rest of the country.
<ul style="list-style-type: none">• Encourage purchase of Alberta bred yearlings at the Select Alberta Sale.	<ul style="list-style-type: none">• Support the Yearling Sales Stakes.
<ul style="list-style-type: none">• Support successful Alberta based stallions.	<ul style="list-style-type: none">• Continue the performance based stallion bonuses.

Standardbreds (2009 forward)

Key Strategies	Operational Activities
<ul style="list-style-type: none">• Direct resources to programs that encourage ownership of Alberta sired or foaled Standardbreds. (2009)	<ul style="list-style-type: none">• Support bonuses to owners of 2 – 5 year old Alberta sired horses in all non-stakes races.
<ul style="list-style-type: none">• Support successful Alberta stallions (2009)	<ul style="list-style-type: none">• Enhance the Sires Stakes Program for foals sired by Alberta stallions.
<ul style="list-style-type: none">• Review effectiveness of existing programs. (2009 – 2010)	<ul style="list-style-type: none">• Analyze the data on purse supplementation to ensure goals are being achieved.
<ul style="list-style-type: none">• Review effectiveness of the mare acquisition program (2009 forward)	<ul style="list-style-type: none">• Analyze data on live foal percentage, breed back successes and effectiveness of racehorses born to these mares.
<ul style="list-style-type: none">• Encourage purchase of Alberta bred or sired Standardbreds at the Annual Yearling Sale.	<ul style="list-style-type: none">• Supply a performance based yearling sale credit to be applied towards a purchase at the Annual Yearling Sale.

Community Circuit (2009 forward)

- Continue to work with and provide resources to all breeds in the community racetracks and horse associations to help them better serve the interest of their communities and horse racing 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 the Mission. HRA is continuing to enhance a regulatory and compliance framework that is just, reasonable, efficient and consistent.

In 2007, the Federal regulatory body, the Canadian Pari-Mutuel Agency (CPMA), initiated a comprehensive review of the regulatory framework by which betting on horses is conducted in Canada. The objective was to ensure a regulatory model that provides the most modern, efficient and effective approach to protecting the betting public. HRA was an integral part of being both a catalyst for, and a partner in, this review. Several new policies will be introduced in 2009 that give additional flexibility and responsibilities to Provincial regulating bodies. These include approval of horsemen's contracts with racetracks as part of licencing for transmitting and reviewing racing signals and for running teletheatre networks.

ACTION PLAN 2009 – 2011

Key Strategies	Operational Activities
<ul style="list-style-type: none">Enhance the policy of maintaining stiff penalties for drug infraction through meaningful fines and suspensions.	<ul style="list-style-type: none">Continue to enforce the Rules of Racing and ensure a fair and just system of investigation, hearing and penalties. (2009 forward)
<ul style="list-style-type: none">Assist the CPMA in introducing animal testing for steroids. (2009)	<ul style="list-style-type: none">Work closely with the Canadian Pari-Mutuel Association on all Federal matters pertaining to Horse Racing and Criminal Code compliance.
<ul style="list-style-type: none">Introduce out-of-competition animal testing in 2009.	<ul style="list-style-type: none">Continually look for ways to better inform the public of regulatory decisions. (2009 forward)
<ul style="list-style-type: none">Enhance programs for human drug testing to address the rehabilitation of the individual as well as imposing sanctions. (2009 forward)	<ul style="list-style-type: none">View security as a vital enforcement tool and seek ways to expand its effectiveness. (2009 forward)
<ul style="list-style-type: none">As part of the Community Circuit Task Report recommendation, review and augment the community circuit regulatory process and personnel into bringing the community circuit more in line with Class 'A' tracks. (2009 forward)	<ul style="list-style-type: none">Distribute the updated and revised Rules for Racing to all industry participants.
	<ul style="list-style-type: none">Ensure a more efficient and expedited review by the Appeals Tribunal in order to meet current industry needs.

HUMAN RESOURCES 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. We have witnessed the success of many new initiatives and have an appetite for more. Many of the programs are directed towards personnel who work and sometimes live at the track.

ACTION PLAN 2009 – 2011 (NEW PROGRAMS)

Key Strategies	Operational Activities
<ul style="list-style-type: none">Investigate the availability of expanding an on-site addictions counselor at additional tracks to offer information and education on substance abuse and addictions. (2009 forward)	<ul style="list-style-type: none">Continue the “English as a second language” program for backstretch personnel. (2009 forward) (The area surrounding the barns is referred to as the backstretch)
<ul style="list-style-type: none">Pursue the possibility of providing literacy programs on-site at all racetracks.(2009 - 2011)	
<ul style="list-style-type: none">Develop and implement a safety-first program and research most efficient way to introduce it.(2009)	

ACTION PLAN 2009 – 2011 (PROGRAMS)

The following programs will be initiated, expanded or continued by Horse Racing Alberta:

Planned to be Initiated	Expanded	Continued
<ul style="list-style-type: none"> Form partnerships with Horsemen's Associations, racetrack operators and educational institutions to research and develop training opportunities for various industry skills and tracks. (2010 – 2011) Create a not-for-profit association for the Chaplaincy program. This is a non-denominational Chaplaincy supporting spiritual and social needs of the horsemen. (2009) Liaise with racetrack operators and other partners to improve accommodations on the backstretch. (2009 forward) Create a wellness program and promote health and wellness on-site. (2009) 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. (2009) 	<ul style="list-style-type: none"> The on-track Chaplaincy has proven to be an invaluable resource to those who live and work in the horse racing industry. The Non-Denominational Chaplaincy has helped foster a strong community spirit and continues to meet the physical, emotional and spiritual needs of all the people who live and work in the backstretch. The Learning Centre is now firmly established on the backstretch at Northlands. The demand for access has increased dramatically. In response, we have increased the resources. A variety of programs were offered. Computer skills, groom refresher courses, CPR training and language training are examples. The Learning Centre will continue to create learning opportunities that will specifically meet the needs of all backstretch personnel. HRA has successfully applied to Human Resources and Skills Development Canada and Immigration Canada to upgrade the classifications which apply to grooms and exercise riders from unskilled to skilled labor. This means that it will be simpler to bring in foreign workers (when required), which will help address the current labor shortage in the horse racing industry. 	<ul style="list-style-type: none"> The Exercise Rider / Jockey School (the first of its kind in Canada). This program is a partnership between Olds College, HRA and Horsemen's Benevolent and Protective Association (HBPA) and is fully subscribed. Alberta Learning recognizes the Exercise Rider / Jockey School as an accredited course. The Groom School at Olds College is successfully addressing the desperate manpower needs in the backstretch. Backstretch Scholarships are available to HRA licenced backstretch workers and their families. Many families and individuals continue to access the Daycare Subsidy, which has proven to be an invaluable resource. HRA has provided on-site counseling to those suffering from addiction and substance abuse. Referral services to all AADAC Programs are also provided, along with information and education. Prevention has become the main focus of HRA.

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. The industry at its strategic planning session in 2007 reconfirmed that Animal Welfare is of paramount importance to the industry. **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 the recent high profile significant injury 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. HRA's Animal Welfare Sub-Committee has moved forward on the actions outlined in the 2007 – 2009 Business Plan and builds upon them in this plan. We will seek strategic partnerships to enhance these endeavors.

An outstanding example of these partnerships is the Canadian Equine Centre of Innovations. This facility, and many of its programs, will be situated in a Satellite College at the new Calgary racetrack. It will form the focus of many essential programs centered around equine care and research. The land has been secured and the finances are in place to pursue and assist the evolution of this major project.

ACTION PLAN 2009 – 2011

Key Strategies	Operational Activities
<ul style="list-style-type: none">Pursue opportunities to work with others to undertake joint education and research (e.g., continue the research grant to the Western School of Veterinary Medicine and enter into partnerships with the University of Alberta and the University of Calgary). (2009 forward)	<ul style="list-style-type: none">Work with partners, (industry organizations, animal welfare agencies, Alberta racetracks and racetracks in other jurisdictions, and government agencies) to identify and address animal welfare concerns. (2009 forward)
<ul style="list-style-type: none">Work towards better education and stricter testing in order to minimize potential drug abuse in racehorses. (2009 forward)	<ul style="list-style-type: none">Enforce HRA's rules, policies and procedures designed to maximize the safety of racehorses during training and competitions. (2009 forward)
<ul style="list-style-type: none">Pursue and support an industry-wide placement program for retired horses or horses no longer able to race. (2009 forward)	<ul style="list-style-type: none">Advise industry of any emerging disease threat. (2009 forward)
<ul style="list-style-type: none">Work towards ensuring there is an equine emergency care facility at each racetrack by 2010.	<ul style="list-style-type: none">Ensure that attainment of a fire safety certificate is a prerequisite for obtaining a groom or trainer licence. (2009 forward)
<ul style="list-style-type: none">Work with other agencies to develop seminars for horsemen related to animal upkeep and welfare (i.e., farrier, medication and vaccination program workshops). (2009 forward)	<ul style="list-style-type: none">Work with racetrack management to assist them with design and upkeep of their facilities, to ensure the health and safety of the horse. (2009)
<ul style="list-style-type: none">Analysis of synthetic racing surfaces to ensure an appropriate cost / benefit ratio if installed at Alberta tracks. (2009 forward)	<ul style="list-style-type: none">Have in place protocols for any emerging infectious disease. (2009)
<ul style="list-style-type: none">Reduce catastrophic injuries. (2009 forward)	<ul style="list-style-type: none">Analyze available data on injuries to horses. (2009)

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 racing venues, 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 anticipated purse schedule on Class 'A' tracks and community circuit for this Business Plan period:

Year	HRA Purse Grant	Horsemen's Contribution to Purses	*Breed Improvement Program Purse Support	Total Purses
2008	\$18,361,325	\$7,510,883	\$3,273,500	\$29,145,708
2009	\$14,278,890	\$7,235,662	\$2,555,934	\$24,070,486
2010	\$18,911,280	\$10,539,266	\$3,225,000	\$32,675,546
2011	\$20,044,785	\$11,274,450	\$3,386,250	\$34,705,485

*Estimated money available to purses from Breed Improvement Programs.

ACTION PLAN 2009 – 2011

Key Strategies	Operational Activities
<ul style="list-style-type: none">Pursue a strategy for purse distribution during this period that sustains racing during continued transitional period in 2009. (Keep in top half of North America racetracks)	<ul style="list-style-type: none">Manage race dates in 2009 and 2010 with regards to available facilities, revenues, horsemen's negotiation and attractive racing product.
<ul style="list-style-type: none">Communicate the rationale for purse grants and race date allocation. (2009)	<ul style="list-style-type: none">Expand HRA's web site.
<ul style="list-style-type: none">Significantly increase purses in 2010 to reflect the first year of uninterrupted operations at Alberta's two Class 'A' tracks.	<ul style="list-style-type: none">Bring into the top one third of racetracks in North America.

It is the intention that HRA will have significant upward flexibility with respect to the overall Provincial purse structure.

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%. 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 in 2008 and will continue to be so in 2009. The level of uncertainty of race dates and the delay in the opening of the United Horsemen of Alberta (UHA) facility in the Calgary area has significantly undermined the 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. The absence of the Calgary Market area in 2009 will have a significant adverse impact on total handle projections. Despite this, we are projecting some growth of handle.

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 make 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

The average price obtained at Select Yearling Sales for each breed reflects confidence in the quality of the Alberta sired or foaled racehorse and its ability to ultimately compete successfully at the track. With the obvious uncertainties of 2009, this will be an area that is most significantly affected.

The Thoroughbred Select Sales was down 15% in 2008, while the Standardbred Sale averaged \$7,527 which was an improvement over 2007 and exceeds the target number of \$7,000. Both sales, however, experienced difficulties with the lower end stock, a trend which is constant throughout North America. The Quarterhorse Sale was also affected with an average of \$3,314, below the target of \$4,000 for 2008.

Across Canada and North America, sales have been down 20% - 40%. This even includes the well known sales in Florida and Kentucky. The latter posted some of worst numbers in 30 years.

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 objective. These include:

- Number of licences 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 licences

2009 – 2011 Key Performance Measures - Attachment A

Industry Confidence in HRA*	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Target	2009 Target	2010 Target	2011 Target
Agreement that HRA helps stabilize, enhance and ensure the growth and integrity of the Alberta horse racing and breeding industry	84.1%	85.4%	83.0%	N/A	80%	80%	80%	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.	81.5%	83%	85.9%	N/A	80%	80%	80%	85%

Pari-Mutuel Handle	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Target	2010 Target	2011 Target
Alberta Racing Handle	\$46,853,212	\$44,757,696	\$41,297,125	\$36,877,066	\$31,050,733	\$22,491,816	\$37,100,000	\$41,400,000
Total Handle	\$156,725,839	\$159,535,414	\$171,196,862	\$180,308,474	\$182,458,310	\$170,540,000	\$190,870,000	\$204,470,000

Racetrack Attendance **	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Target	2009 Target	2010 Target	2011 Target
Northlands	1,164,887	1,179,321	1,434,968	1,427,839	1,300,000	1,400,000	1,400,000	1,500,000
Calgary	184,040	160,928	197,423	154,085	165,000	0	1,000,000	1,600,000
Lethbridge	66,363	63,860	66,689	69,820	73,245	75,000	75,000	75,000
Grande Prairie	29,293	31,264	29,800	29,800	33,000	34,000	34,000	35,000
Millarville	6,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Total	1,450,583	1,440,373	1,733,880	1,686,544	1,576,245	1,514,000	2,514,000	3,215,000

Yearling Sale Prices (Average) (Not a measure in 2007)	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Target	2010 Target	2011 Target
Thoroughbreds	8,401	8,621	11,143	11,016	9,300	10,000	12,500	13,000
Standardbreds	11,157	8,551	6,692	6,632	7,527	8,000	10,000	11,000
Quarterhorses	2,887	6,500	5,484	4,268	3,314	4,000	4,500	5,000

* This survey is planned to be performed every second year for logistical purposes. The survey for 2008 will be carried out in 2009 to allow recording of events for the entire year.

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

Statement of Operations

Operational Data

	2006 Actual ¹	2007 Actual ¹	2008 Budget ²	2008 Forecast ³	2009 Budget ⁴	2010 Projections ⁵	2011 Projections ⁶
Handle 'A' Racing -Alberta Live & Simulcast	\$35,159,273	\$31,429,296	\$29,390,211	\$25,186,384	\$18,378,662	\$35,800,000	\$40,000,000
Handle 'A' Racing -Foreign Simulcast	\$104,882,805	\$114,136,588	\$98,143,938	\$110,304,200	\$118,121,338	\$151,000,000	\$160,000,000
Total Handle 'A' Racing	\$140,042,077	\$145,565,884	\$127,534,149	\$135,490,584	\$136,500,000	\$186,800,000	\$200,000,000
Handle HOT - Alberta Simulcast	\$4,844,694	\$4,159,447	\$3,000,000	\$3,092,998	\$2,800,000		
Handle HOT - Foreign Simulcast	\$22,845,032	\$26,703,395	\$29,000,000	\$26,923,000	\$27,200,000		
Total Handle HOT	\$27,689,726	\$30,862,841	\$32,000,000	\$30,015,998	\$30,000,000		
Handle 'Community' Racing -Alberta Live & Simulcast	\$1,275,158	\$1,288,324	\$1,193,044	\$1,203,198	\$1,313,154	\$1,300,000	\$1,400,000
Handle 'Community' Trac Racing -Foreign Simulcast	\$2,189,901	\$2,591,426	\$2,596,996	\$2,666,000	\$2,726,846	\$2,770,000	\$3,070,000
Total Handle 'Community' Racing	\$3,465,059	\$3,879,750	\$3,790,040	\$3,869,198	\$4,040,000	\$4,070,000	\$4,470,000
Handle All Tracks Racing -Alberta Live & Simulcast	\$41,279,125	\$36,877,067	\$33,583,255	\$29,482,580	\$22,491,816	\$37,100,000	\$41,400,000
Handle All Tracks Racing-Foreign Simulcast	\$129,917,738	\$143,431,408	\$129,740,934	\$139,893,200	\$148,048,184	\$153,770,000	\$163,070,000
Total Handle All Tracks Racing	\$171,196,862	\$180,308,474	\$163,324,189 ²	\$169,375,780 ³	\$170,540,000 ⁴	\$190,870,000 ⁵	\$204,470,000 ⁶
"A" Track HRA Purse Grant - overnights and stakes							
Thoroughbred - HRA Purse Grant	\$9,029,130	\$8,730,360	\$7,506,930	\$7,506,930	\$5,797,344	\$6,944,700	\$7,361,382
Standardbred - HRA Purse Grant	\$8,640,273	\$7,224,259	\$6,196,063	\$6,710,775	\$3,502,562	\$6,944,700	\$7,361,382
Purse Grant-AQHRA Stakes Races at Edmonton	\$98,500	\$110,000	\$120,000	\$120,000	\$120,000	\$127,200	\$133,660
Total 'A' Track HRA Purse Grants	\$17,767,903	\$16,064,619	\$13,822,992	\$14,337,704	\$9,419,906	\$14,016,600	\$14,856,424
Purse Grant Lethbridge	\$2,376,804	\$2,424,340	\$2,424,340	\$2,424,340	\$2,344,500	\$2,696,175	\$2,857,946
Purse Grant Grande Prairie	\$1,066,942	\$1,088,281	\$1,088,281	\$634,281 ³	\$929,350	\$2,137,505	\$2,265,755
Purse Grant Grande Prairie - ASHA Extended Meet	\$0	\$1,089,476	\$964,712	\$904,000 ³	\$1,524,134	\$0	\$0
Purse Grant Millarville	\$53,805	\$51,000	\$61,000	\$61,000	\$61,000	\$61,000	\$64,660
Purse Grant-Other Community	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Community HRA Purse Grants	\$3,497,551	\$4,653,097	\$4,538,333	\$4,023,621	\$4,858,984	\$4,894,680	\$5,188,361
Total HRA Purse Grants	\$21,265,454	\$20,717,716	\$18,361,325 ²	\$18,361,325 ³	\$14,278,889 ⁴	\$18,911,280 ⁵	\$20,044,785 ⁶
Scheduled Race Days Thoroughbred at 'A' tracks	119	111	110	107	96	100	100
Scheduled Race Days Standardbred at 'A' tracks	140	105	100	100	58	100	100
Scheduled Race Days Community Tracks	87	110	111	105	117	101	101
Total Scheduled Race Days	346	326	321	312	271	301	301

¹ 2006 and 2007 Actuals are based on HRA's audited financial statements in all instances in this document.

² 2008 Budget as approved by HRA Board. Decline in handle from 2007 due to second transition year from Stampede Park to UHA. No live racing in Calgary from July through December '08. Purse budget for 2008 is 11% less than 2007 based on fewer racing days and revenues available for second transition year in 2008. Purse allocations are pro-rated based on approved racing schedule for the "A" tracks. 2008 ASHA Extended Meet at Grande Prairie assumes status quo from 2007.

³ 2008 Forecast differs from 2008 Budget based upon updated projections for slot revenues reflecting annual performance through October 2008 and a greater cumulative surplus from the previous year. Handle forecasted to increase by 3.7% over 2008 Budget. At ASHA's request, purse monies were re-allocated for the 2008 racing season.

⁴ 2009 Budget as approved by HRA Board. Only slight increase in handle due to delays in opening of UHA track in Calgary. No live racing in Calgary from January through December. Purse budget for 2009 is 22% less than 2008 based on fewer racing days and revenues available for 2009. Purse allocations are pro-rated based on approved racing schedule. 2009 ASHA Extended Meet at Grande Prairie consists of 41 days of racing.

⁵ Handle is projected to increase in 2010 with opening of UHA track in Calgary. HOT contractual arrangements extended to December 31, 2009, so HOT handle in subsequent years has been re-allocated to NLP (North) and UHA (South). With increase in handle and slot revenues (from UHA), purses are projected to rise by 32% bring total purse dollars back up to 2008 level.

⁶ In 2011, Handle is projected to increase by a further 7%. Total purses are projected to rise 6%.

Statement of Operations

Financial Data

	2006	2007	2008	2008	2009	2010	2011
	Actual	Actual	Budget	Forecast	Budget	Projections	Projections
Revenue							
General Fee	\$7,185,494	\$7,469,053	\$6,566,209	\$6,967,989	\$7,027,000	\$7,293,500	\$7,723,500
Promotional Levy	\$541,927	\$567,011	\$502,300	\$533,051	\$537,600	\$385,828	\$399,598
HOT Licensing Fee	\$1,340,000	\$1,400,000	\$1,480,000	\$1,480,000	\$1,560,000	\$0	\$0
Assessments / Licenses / Fines / Other	\$511,362	\$678,139	\$478,000	\$690,000	\$460,000	\$510,000	\$560,000
ASHA Simulcast - Calgary area in 2007-2008	\$0	\$976,787	\$1,030,065	\$860,000	\$0	\$0	\$0
Gaming Agreement-Current Year	\$42,523,054	\$36,095,887	\$44,646,840	\$36,398,505	\$30,565,223	\$43,462,107	\$46,083,899
Deferred Revenue Recognition/Interest	\$195,885	\$225,311	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$52,297,722	\$47,412,187	\$54,703,414	\$46,929,545	\$40,149,823	\$51,651,434	\$54,766,997
Expenses							
HRA Purse Grant	\$21,265,454	\$20,727,716	\$18,361,325	\$18,361,325	\$14,278,889	\$18,911,280	\$20,044,785
Edmonton - HRA Racetrack Funding	\$7,206,473	\$6,329,100	\$9,273,882	\$8,302,558	\$8,236,049	\$8,344,635	\$8,726,617
Calgary - HRA Racetrack Funding STP	\$4,039,099	\$4,546,322	\$9,685,616	\$6,491,924	\$399,000	\$0	\$0
Calgary - HRA Racetrack Funding UHA	\$0	\$0	\$0	\$0	\$0	\$4,977,035	\$5,429,493
Lethbridge - HRA Racetrack Funding	\$1,003,961	\$962,417	\$950,704	\$1,035,291	\$1,030,545	\$1,380,047	\$1,436,830
Grande Prairie - HRA Racetrack Funding	\$405,505	\$862,034	\$930,178	\$688,184	\$776,176	\$853,033	\$892,462
Millarville - HRA Racetrack Funding	\$0	\$19,200	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Grande Prairie - Harness Meet	\$0	\$460,000	\$0	\$0	\$0	\$0	\$0
2008 Transitional Funding Assistance	\$0	\$0	\$1,678,410	\$1,618,410	\$2,500,000	\$0	\$0
Total Racetrack Funding ¹¹	\$12,655,039	\$13,179,071	\$22,538,790	\$18,156,368	\$12,961,769	\$15,574,750	\$16,505,402
Contributions to Alta Racetrack Capital Fund ¹²	\$2,852,283	\$1,524,503	\$723,899	\$300,000	\$407,179	\$778,783	\$807,612
Contributions to ASHA Account - Calgary area	\$0	\$976,787	\$1,030,065	\$860,000	\$0	\$0	\$0
Thoroughbred Breeding Support	\$3,512,616	\$3,701,388	\$3,514,000	\$3,414,000	\$2,811,200	\$3,542,358	\$3,795,383
Standardbred Breeding Support	\$2,830,939	\$3,071,464	\$2,673,510	\$2,573,510	\$2,138,808	\$2,695,085	\$2,887,591
Community Breeding Support	\$798,500	\$922,834	\$756,453	\$756,453	\$605,162	\$762,557	\$817,026
Total Breeding Support	\$7,142,055	\$7,695,686	\$6,943,963	\$6,743,963	\$5,555,170	\$7,000,000	\$7,500,000
Emerging Programs and Projects	\$0	\$300,000	\$100,000	\$0	\$0	\$500,000	\$500,000
Human Resource Development	\$486,763	\$419,441	\$500,000	\$360,000	\$300,000	\$500,000	\$500,000
Broadcasting	\$1,138,492	\$1,084,769	\$995,000	\$825,000	\$500,000	\$855,000	\$1,141,250
Marketing at Racetracks	\$1,020,448	\$875,103	\$882,011	\$882,011	\$0	\$900,000	\$927,000
HRA Internal Marketing	\$261,680	\$286,914	\$380,000	\$350,000	\$280,000	\$350,000	\$402,500
Branding	\$1,185,787	\$967,462	\$1,297,000	\$1,399,000	\$500,000	\$500,000	\$575,000
Public and Media Relations	\$37,161	\$57,756	\$60,000	\$50,000	\$20,000	\$60,000	\$69,000
HOT Marketing Launch Program (Matching)	\$0	\$0	\$70,000	\$0	\$0	\$0	\$0
Technology Improvements	\$0	\$0	\$40,000	\$0	\$100,000	\$55,000	\$63,250
Consumer Research	\$23,947	\$0	\$20,000	\$0	\$0	\$20,000	\$23,000
Top Players Rewards (Matching)	\$49,600	\$25,450	\$50,000	\$40,000	\$0	\$50,000	\$57,500
Public Service Announcements	\$0	\$0	\$0	\$102,500	\$150,000	\$150,000	\$172,500
Future Initiatives	\$159,698	\$39,851	\$71,617	\$56,489	\$0	\$60,000	\$69,000
Total Marketing and Promotion	\$3,876,813	\$3,337,306	\$3,865,628	\$3,705,000	\$1,550,000	\$3,000,000	\$3,500,000
Regulatory / Administration	\$3,681,456	\$4,110,197	\$4,786,722	\$4,130,307	\$4,096,979	\$4,301,827	\$4,430,882
Total Expenses	\$51,959,863	\$52,270,707	\$58,850,393	\$52,616,963	\$39,149,988	\$50,566,641	\$53,788,680
Net Operating Result	\$337,858	(\$4,858,521)	(\$4,146,979)	(\$5,687,418)	\$999,836	\$1,084,793	\$978,317
Cumulative Surplus (Deficit), beginning of year	\$10,762,977	\$11,100,835	\$4,355,124	\$5,898,135	\$210,718	\$1,210,553	\$2,295,346
Financial Instrument Standards Implementation (2007)		(\$344,179)					
Accumulated Surplus, end of year	\$11,100,835	\$5,898,135	\$208,145	\$210,718	\$1,210,553	\$2,295,346	\$3,273,663
Contributions to Alta Racetrack Capital Fund ¹⁶	\$2,852,283	\$1,524,503	\$723,899	\$300,000	\$407,179	\$778,783	\$807,612
Disbursements from Alberta Racetrack Capital Fund ¹⁶	(\$2,702,359)	(\$1,714,142)	(\$723,899)	(\$300,000)	(\$407,179)	(\$778,783)	(\$807,612)
Cumulative Surplus from Previous Year	\$39,715	\$189,639	\$0	\$0	\$0	\$0	\$0
Cumulative Alberta Race Track Capital Fund	\$189,639	\$0	\$0	\$0	\$0	\$0	\$0

⁷ Simulcast revenues earned by ASHA at Stampede Park in 2007 and 2008. HRA receives these funds in absence of a racing agreement between ASHA and Stampede Park. HRA provides these funds to ASHA primarily for purses.

⁸ In 2009 slot revenue projections include Stampede Park from Jan-Mar only with a new REC in Calgary in 2010.

⁹ \$460,000 was set aside for operational assistance in Grande Prairie due to the Extended Harness meet in 2007.

¹⁰ Includes transitional funding grant to Northlands Park of \$1,078,410 with additional \$600,000 available in 2008. \$2,500,000 has been set aside in 2009 for transitional assistance.

¹¹ Racetrack Funding Grants comprise (a) Pari-Mutuel Grants and (b) additional general revenues made available by agreement.

¹² 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.

¹³ Breeding support for 2009 transition year decreased by 20% over 2008 budget with further increases of 26% and 7% respectively for 2010 and 2011.

¹⁴ In 2009 Marketing support decreased by 60% over 2008 budget and will rise to \$3,500,000 by 2011.

¹⁵ Increase in 2008 due to inflation, second transition year and projected increase in legal costs. Expenditures cut back as slot revenue declined. 2009 expected to remain constant with further increases of 5% for 2010 and 3% in 2011.

¹⁶ Contributions to Capital Fund and Disbursements from Capital Fund have been adjusted to balance out in transitional years 2007 through 2011.