



# **Horse Improvement Payment First Continuation Proposal**

**August 2024**



Prepared for Ontario Lottery and Gaming Corporation — Confidential

## Table of Contents

1.0 Introduction .....	Page 1
2.0 Background .....	Page 2
3.0 Ontario's Horse Improvement Program.....	Page 3
4.0 Use of Horse Improvement Payment Funds FY2020 to FY2024 .....	Page 5
4.1 Equine Research and Aftercare .....	Page 5
4.2 Quarter Horse Improvement Program .....	Page 7
4.3 Standardbred Improvement Program .....	Page 8
4.4 Thoroughbred Improvement Program .....	Page 10
5.0 Horse Improvement Payment — First Extended Term Proposal .....	Page 11
6.0 Conclusion.....	Page 13
Appendix A.....	Page 14
Appendix B (i) (ii).....	Page 16
Appendix C.....	Page 18

### 1.0 Introduction

Having received the “First Term Notice” on May 31, 2024, confirming the extension of the Amended and Restated Funding Agreement for Live Horse Racing (LTFA) through the First Extended Term, Ontario Racing requests the continuation of the portion of the Annual Payment comprised of the Horse Improvement Payment through the First Extended Term in accordance with Article 2.1(f): Annual Payment.

The First Continuation Proposal details the uses of the Horse Improvement Payment through the Initial Term of the Agreement and the rationale for extending the payment through the First Extended Term of the Agreement.



## 2.0 Background

When the Horse Improvement Payment (HIP) was added to the LTFA in March 2019, the Ontario horse racing industry had rebounded from the low levels of participation seen in 2013-14, when breeding numbers fell by almost 60 per cent due to the shockwaves caused by the February 2012 announcement that the Slots at Racetracks Program would end on March 31, 2013. Unlike racetrack owners, breeders and owners of racehorses were not given the ability to negotiate a compensation package for the losses they suffered when the program was cancelled 18 months after site-holder agreements were renewed for five years or longer.

Over the ensuing five year period (2014-19), breeders cautiously reinvested and that modest growth was expected to continue through the first term of the Agreement. To fuel the anticipated growth, the HIP component of the annual payment was targeted at efforts to improve the quality of racehorses in Ontario and to promote breeding and ownership of Quarter Horse, Standardbred and Thoroughbred racehorses in Ontario through purse supplements and breeder awards for Ontario-bred horses.

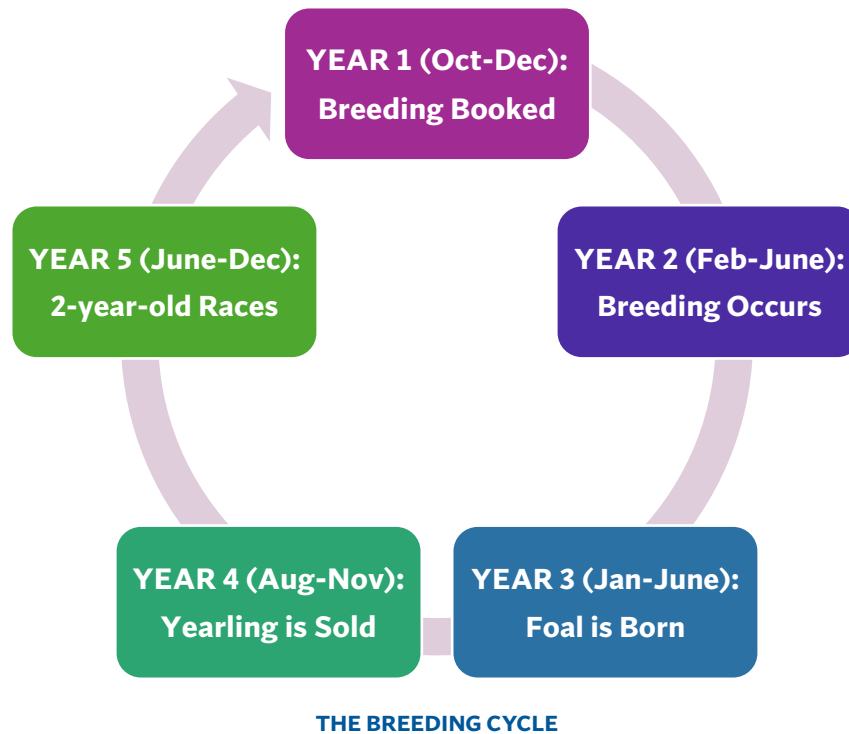
In addition to dedicating the HIP allocation toward breed improvement and ownership incentive programs, the Ontario Racing Board of Directors elected to direct a portion of the payment toward Equine Research and Aftercare.

Unfortunately, the global pandemic and resulting surge in inflation stifled the anticipated growth in breeding and ownership. The repeated cessation of horse racing in 2020 and 2021, which limited the opportunity to earn a return on investments made at the 2018 and 2019 yearling sales, made breeders and owners uneasy about, and in some cases unable to, reinvest in the industry. Once racing was able to resume normal operations, spiking inflation saw the input costs for raising and racing horses (i.e., feed, transportation, equipment, veterinary and farrier care) rise by an estimated 35 per cent, while the inflation-adjusted value of the HIP funding fell by some 18 per cent.

Given the global headwinds breeders and owners have faced since 2020, it is remarkable that the Horse Improvement Programs have not experienced significant contraction during the first five years of the LTFA. Breeders operate on a five-year cycle (*see Appendix A for complete details*) which begins with the decision to breed and culminates when the result of that mating arrives on the racetrack, which means the negative impacts of the pandemic and spiking inflation have suppressed key performance metrics in the Initial Term and will continue to ripple through the Ontario horse racing industry into the First Extended Term.

Fortunately, the 50-year history of the province's Horse Improvement Programs and the efforts to spur investment and participation by the Horse Improvement Program committees prevented Ontario from suffering the precipitous fall in foal crop numbers seen in competing Thoroughbred jurisdictions (*Appendix B*) and maintained a racehorse population strong enough to preserve a race date calendar substantially similar to 2020 at the province's 13 Standardbred racetracks.





### 3.0 Ontario's Horse Improvement Program

Spearheaded by a group of Standardbred horse people whose goals were to improve the local breeding industry and to increase purses so participants would be able to afford more modern, safer equipment, Ontario's Horse Improvement Program was announced in 1973.

The objective of the program was — and remains to this day — to promote the breeding of racehorses in Ontario and to provide economic incentives for breeders, owners and trainers to race in Ontario. Financed by a rebate of the provincial pari-mutuel tax on horse racing wagering, in 1974 the Horse Improvement Program funded a new Ontario Sires Stakes program for Standardbreds and enhanced already existing Canadian-sired events, breeders' awards and overnight purses for Thoroughbreds.

The founders' initial vision was based on improvement programs they had observed in other jurisdictions and in the intervening years horse racing jurisdictions across North America have enacted improvement programs. Horse Improvement or State/Provincial Bred programs are recognised as foundational due to their impact on the local economy, the competitiveness of the locally bred product, and the impact on wagering at local racetracks. In Ontario the Horse Improvement Program:

*Fuels the Economy:* With the prospect of a strong return on investment from purses and breeders' awards, Ontario breeders and owners make significant investments in livestock, land, buildings, equipment, jobs, and ancillary services.

***Builds Competitiveness:*** Improving the quality of racehorses produced in Ontario allows stallion owners to collect stud fees from mares located in other jurisdictions, attracts mares to Ontario to give birth at local foaling facilities, makes Ontario Bred and Sired horses attractive export commodities, and draws those racehorses — and the spending associated with their care and training — back to Ontario to compete in Horse Improvement Program funded races.

***Drives Wagering:*** Ontario Bred and Sired horses make up 60 to 80 per cent of the racehorse population at Ontario's racetracks. Incentives to encourage participation by Ontario Bred and Sired horses help race offices fill fields, which attracts wagering dollars to the Ontario product.

Breed-based improvement committees, whose members are approved by the Ontario Racing Board of Directors, guide the Horse Improvement Programs, providing input and recommendations on program components. The annual Horse Improvement Program budgets are approved by the board of directors of Ontario Racing. Three breed specific coordinators, members of the Ontario Racing Management Inc. staff, administer program components, ensuring compliance with program requirements and adherence to the budget.

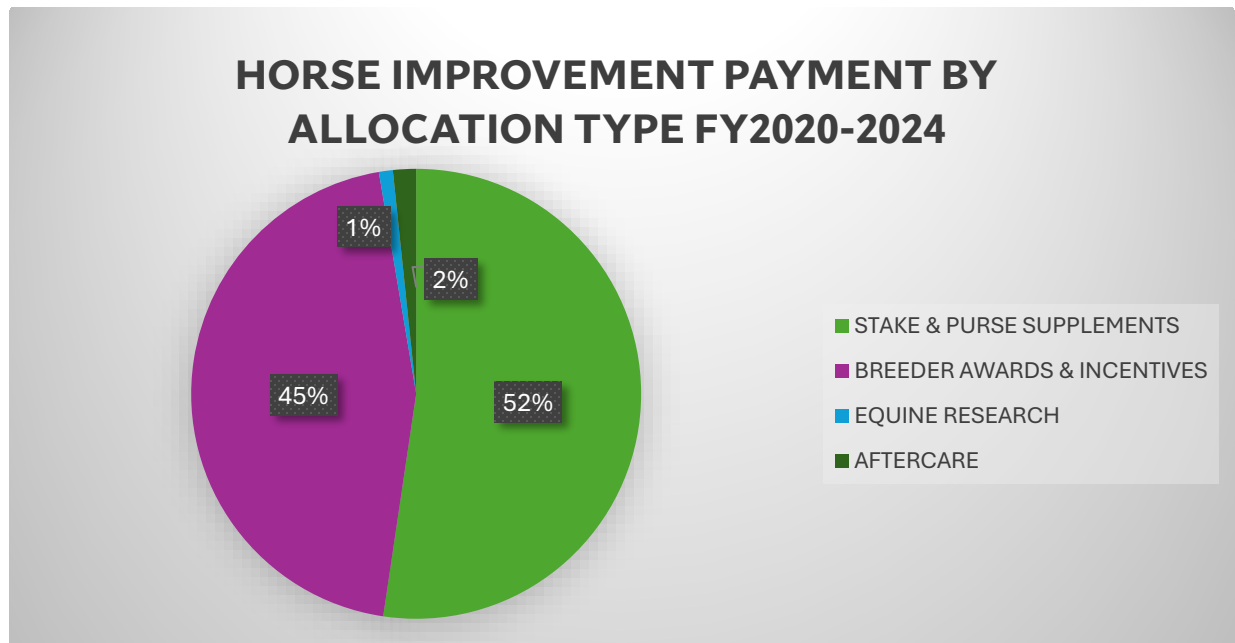
The Ontario Quarter Horse, Standardbred and Thoroughbred Improvement Programs offer a combination of purses for Ontario Bred or Sired races, breeders' awards, and participation incentives.

Purses for Ontario Bred and Sired races are paid to the owners of horses which race in those events. Those purse funds may be used to pay for the care and training of an owner's horse(s) or to invest in additional horses. Breeders' awards are earned by breeders whose enrolled mares produce racehorses that achieve success both within Ontario and beyond its borders. Those breeders' awards are used to invest in new breeding stock, buildings, equipment, and other upgrades. Participation incentives are targeted toward activities such as racing in a series of events, breeding to an Ontario-based stallion, or upgrading breeding stock, making those choices more economically attractive for breeders and owners.





## 4.0 Use of Horse Improvement Payment Funds FY2020 to FY2024



### 4.1 Equine Research and Aftercare

The annual HIP allocation has been a vital component of the Equine Guelph research grant program, amounting to almost 50 per cent of the research funding distributed since FY2020. A total of 44 research projects have been funded over the last five years, advancing knowledge of equine health and welfare, and offering early career researchers and students much-needed financial support.

Among the 44 research projects funded include ongoing work by:

- Dr. Luis Arroyo on the causes and treatment for colic, including fecal microbiota transplantation
- Dr. Judith Koenig on treatment for equine osteoarthritis
- Dr. Janet Beeler-Marfisi on causes of equine lung disease
- Dr. Tracey Chenier on the causes of equine abortion
- Dr. Thomas Koch on the use of stem cells in joint cartilage repair.

*(Additional details are available on the 'RESEARCH' tab of Equine Guelph's website <https://www.equineguelph.ca/research/index.php#gsc.tab=0>.)*

Horse racing aftercare agencies — LongRun Thoroughbred Retirement Society and Ontario Standardbred Adoption Society (OSAS) — annually support some 150 horses and have retrained and placed 278 former racehorses in post-racing homes since FY2020. *(For additional details visit <https://longrunretirement.com/> and <https://www.osas.ca/> )*

# EQUINE RESEARCH AND AFTERCARE – ANNUAL HIP ALLOCATION \$250,000 ANNUAL USE OF HIP FUNDS FY2020-2024

YEAR	EQUINE RESEARCH	LONGRUN	OSAS
FY2020	\$100,000	\$75,000	\$75,000
FY2021	\$100,000	\$75,000	\$75,000
FY2022	\$100,000	\$75,000	\$75,000
FY2023	\$100,000	\$75,000	\$75,000
FY2024	\$100,000	\$75,000	\$75,000
<b>TOTAL</b>	<b>\$500,000</b>	<b>\$375,000</b>	<b>\$375,000</b>

# EQUINE RESEARCH AND AFTERCARE IMPACT OF HIP FUNDS FY2020-2024

YEAR	EQUINE RESEARCH			LONGRUN		OSAS	
	NO. OF PROJECTS FUNDED	TOTAL EQUINE GUELPH FUNDING*	AVG. PROJECT FUNDING	HORSES SUPPORTED	HORSES ADOPTED	HORSES SUPPORTED	HORSES ADOPTED
FY2020	9	\$247,285	\$27,476	91	30	43	16
FY2021	9	\$275,728	\$30,636	96	36	50	20
FY2022	8	\$285,947	\$35,743	99	39	65	30
FY2023	9	\$275,728	\$30,636	96	32	54	23
FY2024	9	\$247,285	\$27,476	99	32	50	20
<b>TOTAL</b>	<b>44</b>	<b>\$1,331,973</b>	<b>AVG: \$31,507</b>	<b>AVG: 96</b>	<b>169</b>	<b>AVG: 52</b>	<b>109</b>

\* With an annual \$125,000 contribution, Ontario Racing has funded 48% of the Equine Guelph research grant program since FY2020. The additional \$25,000 comes from the TIP budget.

As the only accredited Thoroughbred charity in Ontario, and one of only two in Canada, we keep approximately 60 horses, and receiving the HIP funding to feed them and pay for their shoeing is something for which we are extremely grateful.

~ Vicki Pappas, LongRun Thoroughbred Retirement Society, Hillsburgh



## 4.2 Quarter Horse Improvement Program (QHIP)

The \$1 million annual HIP allocation has been critical to maintaining the stability of the Quarter Horse racing program and the initiatives undertaken by the QHIP Committee. Just over half of the allocation has been dedicated to rewarding those breeders whose horses enjoy success at Ajax Downs, while the remainder supplements Ontario Bred and Sired purse bonuses and stakes purses. As a result, the number of breeders, owners and registered racehorses has been reasonably steady since FY2020.

In addition, the Quarter Horse Post Racing Bonus rewards an average of 30 horse owners per year whose former racehorses are succeeding in second careers with partner organisations such as the Ontario Barrel Racing Association.

### QUARTER HORSE IMPROVEMENT PROGRAM – ANNUAL HIP ALLOCATION \$1 MILLION ANNUAL USE OF HIP FUNDS FY2020-2024

YEAR	ON BRED/SIRED STAKE & PURSE SUPPLEMENTS	BREEDER AWARDS	MARE BREEDING INCENTIVE	POST RACING BONUS
FY2020	\$491,634	\$440,000	\$49,000	\$19,366
FY2021	\$491,000	\$440,000	\$69,000	\$10,000*
FY2022	\$473,114	\$440,000	\$67,000	\$19,886
FY2023	\$490,378	\$440,000	\$50,000	\$19,622
FY2024	\$476,137	\$440,000	\$64,000	\$19,863
<b>TOTAL</b>	<b>\$2,422,263</b>	<b>\$2,200,000</b>	<b>\$299,000</b>	<b>\$78,737</b>

\* Show season shortened due to COVID-19 pandemic

### QUARTER HORSE IMPROVEMENT PROGRAM IMPACT OF HIP FUNDS FY2020-2024

YEAR	RACEHORSES REGISTERED (ALL AGES)	UNIQUE OWNERS REGISTERED	UNIQUE BREEDERS	STALLIONS REGISTERED	MARES REGISTERED	POST RACING HORSES
FY2020	43	79	39	18	121	31
FY2021	59	78	41	21	157	21*
FY2022	44	80	43	18	149	31
FY2023	52	83	42	22	142	29
FY2024	46	79	43	18	132	33

\* Show season shortened due to COVID-19 pandemic





### 4.3 Standardbred Improvement Program (SIP)

The \$4.375 million annual HIP allocation has been a foundational element of the Standardbred Improvement Program (SIP) through the first term of the LTFA, allowing the SIP Committee to maintain Ontario Sires Stakes (OSS) purse levels and breeder incentives, while expanding racing opportunities and incentives.

In FY2021, the Prospect Series was introduced for Ontario Sired horses, expanding local racing opportunities for young horses and providing a quality race product for Grassroots racetracks. In FY2024, with significant investments announced by competing jurisdictions, the Super Final and Grassroots Championship purses were returned to \$300,000 and \$75,000, respectively, for each age-sex-gait final to elevate buyer interest in Ontario Sired yearlings.

We can't live without the HIP funding. The Ontario Sires Stakes program is the basis of everything here in Ontario. It gives you the bulk of the horses that are racing here, so if you want horse racing in Ontario you have to have a properly funded Sires Stakes program. And it's widely known that purses are what drive the industry, so we need strong purses; they are what keep me going as a trainer, keep me going as an owner, and keep me going back to the yearling sales every year.

*~ Dr. Ian Moore, Hall of Fame Trainer and Owner, Cambridge*

Unfortunately, the uncertainty and loss of income experienced by breeders during the COVID-19 pandemic had a significant impact on foal crops in 2022 and 2023 (breeding decisions made in late 2020 and 2021). Although growth was suppressed due to that uncertainty and the significant increase in costs experienced by the industry over the last five years, Ontario's resilient Standardbred breeders continue to produce world class horses valued by owners across North America.

Breeders Awards keep the whole wheel turning. We do fencing, we purchase mares, we replace buildings, we buy new trailers. We reinvest, and that ripples far beyond our farm.

*~ Tammy McNiven, Breeder, Twinbrook Farms, Embro*

A 50-year reputation of excellence, strategic program adjustments to cope with reduced revenue from the HMA wagering levy, and the hard work done by stallion farms to attract exciting new stallions to the province have also allowed the Ontario Sires Stakes to maintain its reputation as a top tier program through the Initial Term of the LTFA.



# STANDARD BRED IMPROVEMENT PROGRAM – ANNUAL HIP ALLOCATION \$4.375 MILLION ANNUAL USE OF HIP FUNDS FY2020-2024

YEAR	ONTARIO SIRES STAKES PURSE SUPPLEMENTS	BREEDER AWARDS
FY2020	\$2,375,000	\$2,000,000
FY2021	\$2,375,000	\$2,000,000
FY2022	\$2,375,000	\$2,000,000
FY2023	\$2,375,000	\$2,000,000
FY2024	\$2,375,000	\$2,000,000
TOTAL	\$11,875,000	\$10,000,000

# STANDARD BRED IMPROVEMENT PROGRAM IMPACT OF HIP FUNDS FY2020-2024

YEAR	OSS STARTERS	BREEDER AWARD RECIPIENTS*	STALLIONS REGISTERED	MARES ENROLLED (ORMP)	ONTARIO SIRED FOALS
FY2020	731	429	60	1101	1488
FY2021	715	374	57	1021	1472
FY2022	649	325	67	973	1405
FY2023	572	348	54	958	1359
FY2024	575	329	45	860	1219

\* Breeders of horses which earned money in the Ontario Sires Stakes program (Grassroots and Gold Series level) and select open stakes

# MAJOR STAKES WON BY ONTARIO SIRED HORSES, 2019-2024 RACING SEASONS

PACE	TROT
Metro Pace Final, 2019, 2022	William Wellwood Memorial Trot Final, 2019
Shes A Great Lady Final, 2023	Peaceful Way Final, 2022
Fan Hanover Final, 2024	Goodtimes Final, 2021
Jugette Final, 2021	Hambletonian Final, 2019
North America Cup Final, 2020, 2021, 2024	
Meadowlands Pace Final, 2019, 2020, 2021	
Breeders Crown Finals, 2019, 2020, 2022	

#### 4.4 Thoroughbred Improvement Program (TIP)

With the stability of the \$4.375 million HIP allocation, the Thoroughbred Improvement Program has been able to implement programs aimed at combating the North America-wide foal crop decline (*Appendix B*) and supporting Ontario breeders and owners as they have grappled with the significant cost increases faced by the horse racing industry through the Initial Term of the LTFA.

Among the programs implemented or expanded since FY2020 are the Ontario Sired Heritage Series for three-year-old colts/gelding and fillies, the Mare Purchase Program, and the Sales Credit program. These programs have provided Black-type racing opportunities for Ontario Sired three-year-olds at Woodbine and Fort Erie Racetracks, allowed Ontario breeders to improve the quality of their broodmare bands, and supported local owners purchasing Ontario Bred and Sired yearlings at the Canadian Thoroughbred Horse Society's (CTHS) Premier Yearling and Mixed Sales.

Although the uncertainty and loss of income experienced during the COVID-19 pandemic, the significant increase in the costs of raising and racing horses, and the enhanced state-bred funding in competing jurisdictions (*Appendix C*) have stifled growth in the Ontario Thoroughbred industry, Ontario Bred horses are well regarded by yearling buyers from across North America and have enjoyed open stake success from Ontario to California to Virginia.

HIP funds are critical to horse people. Being that it is agricultural and farming there are often big gaps in income, so breeders' awards are the gas in the engine for a lot of small breeders. They are used to pay feed mills, veterinarians, farriers, it all goes back into the rural economy because when horse people receive money they spend money. The HIP funds keep people investing, and that's what you want.

~ Bernard McCormack, Breeder and Agent, Cara Bloodstock, Janetville

#### THOROUGHBRED IMPROVEMENT PROGRAM – ANNUAL HIP ALLOCATION \$4.375 MILLION ANNUAL USE OF HIP FUNDS FY2020-2024

YEAR	ON BD/SD STAKE & PURSE SUPPLEMENTS	BREEDER AWARDS & INCENTIVES
FY2020	\$2,375,000	\$2,000,000
FY2021	\$2,375,000	\$2,000,000
FY2022	\$2,375,000	\$2,000,000
FY2023	\$2,375,000	\$2,000,000
FY2024	\$2,375,000	\$2,000,000
<b>TOTAL</b>	<b>\$11,875,000</b>	<b>\$10,000,000</b>



## THOROUGHBRED IMPROVEMENT PROGRAM IMPACT OF HIP FUNDS FY2020-2024

YEAR	BREEDER AWARD RECIPIENTS*	STALLIONS REGISTERED	MARES ENROLLED	ONTARIO BRED FOALS	NEW MARES PURCHASED
FY2020	360	60	756	768	26
FY2021	276`	48	764	784	18
FY2022	301`	51	669	678	42
FY2023	317	46	688^	710^	41
FY2024	313	47	550^	634^	29

\* Breeders of Ontario Bred/Sired horses which earned purse money in eligible races at Woodbine and Fort Erie Racetracks

` Shortened Thoroughbred racing season due to COVID-19 pandemic

^ Mares enrolled and foals registered to date

## 5.0 Horse Improvement Payment – First Extended Term Proposal

Looking toward the First Extended Term of the LTFA, all three breed improvement programs face similar challenges.

- ➔ Medium-term forecast for HMA wagering anticipates annual declines of approximately two per cent
- ➔ Cost increases on inputs for breeders, owners and trainers ranging from feed to labour to transportation
- ➔ Continued significant investments in province/state-bred funding and infrastructure by competing jurisdictions

Given the challenges ahead, in particular the decline in annual HMA wagering of which three per cent is dedicated to breed improvement programs, continuation of the LTFA HIP funds will be critical for all three breeds, along with Ontario's equine research and aftercare programs.

Smaller revenue streams from the HMA wagering levy forced the Standardbred and Thoroughbred Improvement Program Committees to cut \$1.3 and \$1.45 million, respectively, from their FY2025 budgets. All three breed improvement committees recognise the importance of purses as the fundamental driver of successful province/state-bred programs. Strong purse levels ensure Ontario Bred and Sired yearlings remain attractive to buyers and keep those horses racing in Ontario, contributing to a quality racing and wagering product. Unfortunately, the required budget cuts saw small purse cuts in the Ontario Sires Stakes program and for Ontario Sired horses in the Thoroughbred program.

Continuation of the LTFA HIP funds, which make up approximately one-quarter of the overall Quarter Horse racing industry and 30 per cent of the Standardbred and Thoroughbred Improvement Programs, should allow for the maintenance of most current initiatives. However, the decline in the real dollar value of the HIP allocation, forecast to have fallen some 25 per cent by the end

of the Initial Term, will eventually require a contraction within the Horse Improvement Program budgets.

In addition, should HMA wagering fall at the forecasted rate of two per cent per annum, the SIP and TIP Committees will be required to make difficult choices, cutting programs, purses, breeders' awards, equine research allocations or aftercare support. The fall in HMA wagering has a more limited impact on the Quarter Horse Improvement Program due to its small share of the levy.

Due to shrinking the HMA forecast, the impacts of inflation and the incentives being offered by competing jurisdictions, particularly Kentucky, significant growth in the Ontario breeding industry is not expected through the First Extended Term. Continuation of the LTFA HIP funds should, however, stave off the kind of disastrous drop in breeding numbers experienced in 2013-14.

QUARTER HORSE	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
Unique Breeders	40	41	39	40	42	41
Stallions Registered	18	19	18	19	17	18
Mares Enrolled	134	135	137	140	138	135
Racehorses Registered	40	46	48	45	49	46
STANDARD BRED	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
Unique Breeders	330	335	348	353	346	344
Stallions Registered	43	45	42	48	46	43
Mares Enrolled	870	880	910	900	890	880
Ontario Sired Foals	1220	1250	1300	1285	1270	1250
THOROUGHBRED	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
Unique Breeders	315	309	313	310	312	313
Stallions Registered	46	48	45	46	48	47
Mares Enrolled	675	690	670	680	685	675
Ontario Bred Foals	685	700	680	690	695	685

Should the HIP allocation be discontinued, it is forecasted that Quarter Horse breeding and racing would no longer exist in Ontario.

Without the HIP allocation Ontario Sires Stakes purses would be reduced and it is forecasted that the Standardbred industry would see five to six of the province's exciting new stallions — the foundation of all Sires Stakes programs — move to more lucrative jurisdictions, along with the mares that were acquired to support them. As a result, Ontario would no longer be a producer of world class Standardbred horses and the province's racetracks would struggle to program full cards of racing, which would further impact the HMA wagering levy, perpetuating a downward cycle.



Due to the requirement for live cover (mare travelling to stallion), Ontario's top Thoroughbred breeders already have strong connections with broodmare farms in Kentucky, where the majority of stallions reside. Should the HIP allocation not be extended, purses and breeder awards in Ontario would be reduced and it is forecasted that many of the province's leading Thoroughbred breeders and owners would relocate their operations and investment to other jurisdictions, particularly Kentucky.

Like other producers of goods, Ontario's owners and breeders will locate their operations in the jurisdiction with the most favourable business climate for their product, with the goal of maximizing their return on investment.

## 6.0 Conclusion

In spite of a global pandemic, rising interest rates and input costs, and a rapidly changing gaming market, Ontario's breeders, owners and trainers have made significant investments in broodmares, stallions, racehorses, land, buildings, and equipment over the initial term of the LTFA.

Their passion and commitment to producing and developing horses and horse people that can compete with the best in the world has remained steadfast through these challenges with the expectation that the racing program in Ontario will remain reasonably stable. Due to the changing HMA wagering landscape that stability is under threat.

As a result, all those invested in the Quarter Horse, Standardbred and Thoroughbred industries would be deeply appreciative should Ontario Lottery and Gaming Corporation continue the Horse Improvement Payment through the First Extended Term. Continuing the HIP allocation would give breed improvement committees, racetracks and horse person's organisations time to respond to the forecasted contraction in HMA wagering, allowing them to develop and refine programs and incentives which reflect the changing economic and market conditions to ensure current investments are maintained and new opportunities pursued by Ontario's owners and breeders.

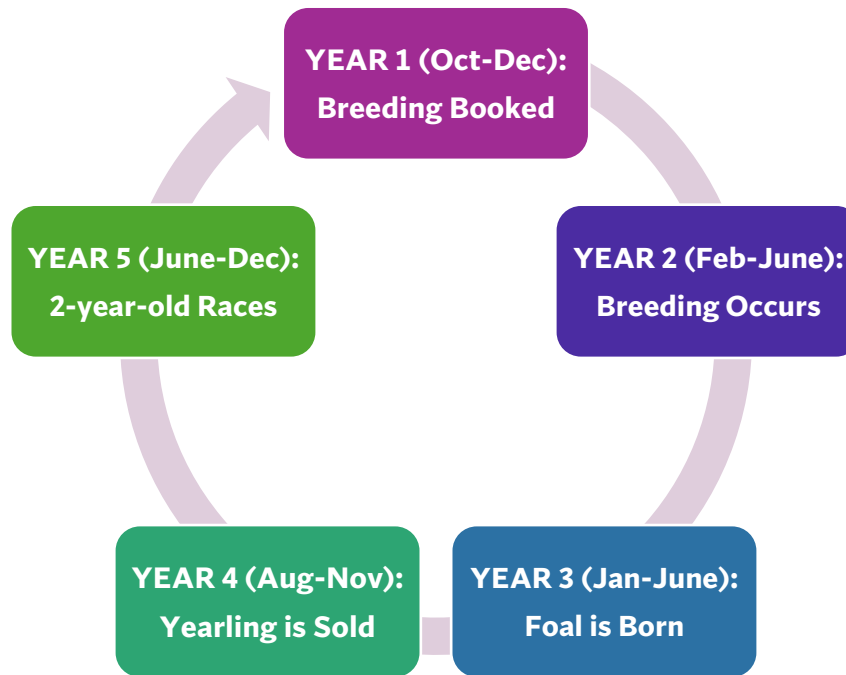
Those investments, made possible by the HIP allocation, are the engine of the province's horse racing industry, providing employment and opportunity in rural Ontario, maintaining productive greenspace, and driving more than \$1.9 billion of the province's GDP.





## Appendix A

### THE BREEDING CYCLE



#### YEAR 1 – MATINGS BOOKED (October to December):

Breeders acquire new mares and syndicates decide in which jurisdiction to locate stallions. (The major breeding stock sales are in November, after the yearling sales are complete.) Once those acquisitions and/or announcements have been made, breeding decisions are finalised, and mares are booked to the selected stallions. Stallions serve a limited number of mares each year and the top stallions books' fill quickly.

#### YEAR 2 – MARES BRED TO STALLIONS (February to June):

Breeding occurs between mid-February and the end of June. The average gestation period for a broodmare is 340 days, and because all racehorses advance in age on January 1 it is important that mares not foal before that date. Thoroughbreds require live cover (mare travels to stallion's location to be bred 'in-person'), while Quarter Horses and Standardbreds most often use artificial insemination, cooled or frozen and shipped from the stallion farm to the mare's location.

Most mares are bred every year, as soon as one week post-foaling through to June. Late foals, those born in late May and June, are less desirable among yearling buyers than those born earlier in the year due to the common birthday so all mares will eventually miss a year of production.

**YEAR 3 – BIRTH OF FOAL (January to June):**

For mares that carry to term, foals are born between January and June. Some 12 to 17 per cent of equine pregnancies are lost between conception and full-term. (*Source: Cornell University College of Veterinary Medicine*)

Payment to the stallion owner or syndicate (the “stud fee”) is typically due when the foal stands and nurses.

**YEAR 4 – SALE OF YEARLING (August to November):**

Most racehorses that are conformationally correct (bone and muscle structure) and have not suffered illness or injury as foals are sold at the age of one, at breed-specific yearling sales. The annual yearling sale is the broodmare owner’s opportunity to recoup the stud fee and cost of 30 to 40 months of feeding, housing, and providing veterinary and farrier care to the mare and foal.

**YEAR 5 – TWO-YEAR-OLD RACES (June to December):**

Once sold the yearling enters training, learning to wear a harness and jog cart or a saddle and rider. During the spring the now two-year-old will learn to travel behind or break from a starting gate, preparing to begin racing as early as June. Not all horses will race at two. Some take additional time to develop physically and mentally.

Once the two-year-old races, the broodmare owner can evaluate the success of that “cross” or “nick” and can make a more educated decision with respect to the next breeding (return to the same or a different stallion). Once a new stallion’s two-year-old crop reaches the racetrack syndicate owners can make more educated decisions about which mares to prioritise in the stallion’s book, or which jurisdiction is likely to most benefit the stallion’s progeny.

## Appendix B (i)

### REGISTERED THOROUGHBRED FOAL CROP COMPARISON 2013 TO 2022

#### Top 10 US States (2022 ranking) and Ontario

STATE/PROV (By 2022 ranking)	2013		2022		% Change 2013 to 2022
	Reg. Foals	Percentage of NA Foal Crop	Reg. Foals*	Percentage of NA Foal Crop	
Kentucky	7,407	31.86%	7,698	41.17%	3.9%
New York	1,468	6.31%	1,316	7.04%	-10.4%
California	1,695	7.29%	1,303	6.97%	-23.1%
Florida	2,163	9.30%	1,141	6.10%	-47.2%
Louisiana	1,528	6.57%	766	4.10%	-49.9%
Ontario	964	4.15%	710	3.80%	-26.3%
Maryland	448	1.93%	575	3.07%	28.3%
Pennsylvania	898	3.86%	511	2.73%	-43.1%
Indiana	602	2.59%	430	2.30%	-28.6%
Oklahoma	662	2.85%	370	1.98%	-44.1%
Ohio	321	1.38%	356	1.90%	10.9%
<b>NORTH AMERICA</b>	<b>23,248</b>		<b>18,700</b>		<b>-19.6%</b>

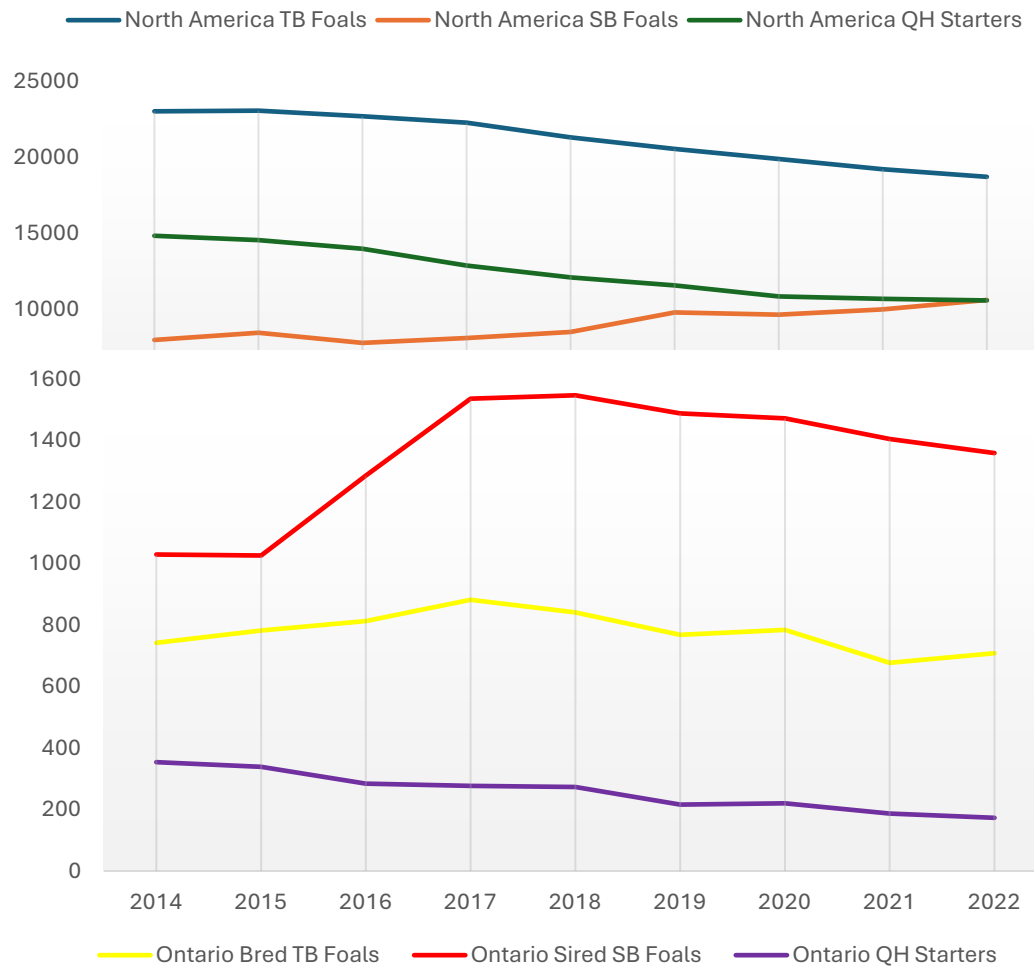
Source The Jockey Club <https://jockeyclub.com/default.asp?section=Resources&area=11>

\* Estimated figures. Foal registration is to be completed within 12 months of the birth of the foal. However, late registration is available for additional fees, making actual foal crop counts impractical before Dec. 31 of the crop's 2-year-old year, the time by which the vast majority of the foal crop has been registered.



## Appendix B (ii)

### REGISTERED NORTH AMERICAN FOAL CROP (SB & TB) AND STARTER (QH); REGISTERED ONTARIO BRED (TB), ONTARIO SIRE (SB) AND STARTER (QH) TRENDLINES 2014 TO 2022



## Appendix C

### SIRES STAKES JURISDICTIONAL COMPARISON – STANDARD BRED

	Ontario (FY2025)	Indiana (2024)	Kentucky (2024)	New Jersey (2024)	New York (2024)	Ohio (2024)	Pennsylvania
Total Purses (approx.)	\$13.84 million	\$14.6 million	\$20 million	\$5.7 million	\$13 million	\$22.7 million	\$15 million
Total Breeders Awards	\$2.63 million	\$1 million	N/A	N/A	\$1.32 million	\$1.4 million	\$8.3 million
Number of Racetracks	12	2, 10 Fair Circuit	3, 2 Fair Circuit	2	7, 18 Fair Circuit	4, 65 Fair Circuit	3, 15 Fair Circuit
Levels of Racing	3	2 (incl. Fair Circuit)	6	3	3 (incl. Fair Circuit)	3 (incl. Fair Circuit)	3 (incl. Fair Circuit)
Aged   Overnight Events/Bonus	No   No	Yes   Yes	Yes   No	Yes   Yes	No   No	Yes   No	No   No

Jurisdictions highlighted in green announced increases in purse and/or breeder award funding for the 2024 season.

### STATE BRED JURISDICTIONAL COMPARISON – THOROUGHBRED

	Ontario (FY2025)	California (2023)	Florida (2024)	Kentucky (2023)	Louisiana (2021)	New York (2024)	Pennsylvania (2023)
Total Restricted Purse/Bonus (approx.)	\$9.469 million	\$23 million	\$7 million	\$48 million	\$7.3 million	\$40 million	\$ 12.35 million
Total Breeders Awards	\$5.86 million	\$5.6 million	\$8 million	\$16.275 million	\$7.9 million	\$13 million	\$13 million
Investment Incentives/ Owner Bonuses	\$790,000	\$1.213 million				\$2.6 million	\$1.65 million
Restricted Races Required	No	Yes	No	No	Yes	Yes	Preferred Starter Status
Number of Racetracks	2	3, 7 Fair Circuit	2	5	4	3	3

Jurisdictions highlighted in green announced increases in purse, breeder award and/or infrastructure funding for the 2024 season.