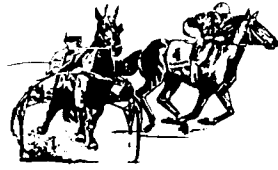


Manitoba

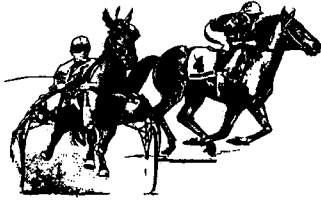


ANNUAL REPORT

2005 - 2006

Manitoba
Horse Racing
Commission





David Miles (Chair)
Dushant Persaud (Vice-Chair)
Marvin Vestby (Member)
Georgine Spooner (Member)
Mary Ann Patrick (Member)
Executive Director: Larry Huber

MANITOBA HORSE RACING COMMISSION

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May 30th, 2006

The Honorable Rosann Wowchuk
Minister of Agriculture, Food and Rural Initiatives
Room 165
Legislative Building
Winnipeg, MB R3C 0V8

Dear Ms. Wowchuk:

Annual Report

The undersigned has the honour to present the Fortieth Annual Report of the Manitoba Horse Racing Commission covering the fiscal year ended March 31st, 2006.

Yours truly,

Manitoba Horse Racing Commission

David Miles
Chair
DM/wfd

David Miles (Président)
Dushant Persaud (Vice-président)
Marvin Vestby (Membre)
Georgine Spooner (Membre)
Mary Ann Patrick (Membre)

Directeur Général: Larry Huber

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Le 28 juin 2005

L'Honorable Rosann Wowchuck
Ministre de l'Agriculture, de l'Alimentation et des Initiatives Rurales
Bureau 165
Edifice de l'Assemblée Législative
Winnipeg, MB R3C 0V8

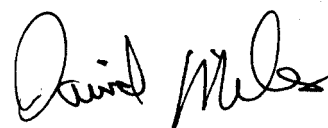
Objet : Rapport annuel

Madame,

J'ai l'honneur de vous présenter le Quarantième Rapport Annuel de la Commission Hippique du Manitoba couvrant l'exercice qui s'est achevé le 31 mars 2006.

Je vous prie d'agréer, madame, l'expression de mes sentiments distingués.

Le président de la Commission
Hippique du Manitoba,



David Miles

David

Dushan

Marvin

George

Mary A

QUARANTIÈME RAPPORT ANNUEL

COMMISSION HIPPIQUE DU MANITOBA

Concernant l'exercice s'achevant le 31 mars 2006

COMMISSAIRES – À compter du 31 mars 2006

David Miles	Président	Winnipeg
Dushant Persaud	Vice-président	Winnipeg
Marvin Vestby	Membre	Swan River
Georgine Spooner	Membre	Winnipeg
Mary Ann Patrick	Membre	Altona

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FORTIETH ANNUAL REPORT **THE HORSE RACING COMMISSION**

GENERAL

This report covers the twelve months ended March 31st, 2006.

Functions of the Manitoba Horse Racing Commission (MHRC)

The functions of the MHRC are set out in the Horse Racing Commission Act and the Pari-Mutuel Levy Act.

Under the Horse Racing Commission Act the MHRC is given the power and the responsibility to govern, direct, control, and regulate horse racing and the operation of all racetracks in Manitoba. However, the MHRC traditionally confined itself to regulating only those race tracks offering Pari-Mutuel racing. As set out in the annual report for the period ending March 31st 2005 the MHRC had recommended that the Statutes governing horse racing be amended so as to ensure that the MHRC was not legally required to regulate non-pari-mutuel racing. The government acted upon the recommendation. The Horse Racing Regulation Act was repealed and the Horse Racing Commission Act amended. Pursuant to that amendment a regulation was enacted whereby the MHRC, is only required to regulate live horse racing offering pari-mutuel wagering.

Pursuant to its' responsibility the MHRC passes and enforces rules, licenses all industry participants and racetrack operators, and generally oversees all aspects of horse racing to ensure that it is carried on in a manner that is fair and safe for all participants and that the races are run fairly and honestly and are perceived as such by the public.

The rules are primarily enforced on a day-to-day basis by Stewards/Judges (Officials), employed by the MHRC. In carrying out their duties the Officials not only act as investigators and prosecutors, but also act as judge and jury - making decisions based on their own investigations. Appeals from all decisions of the Officials may be made as a matter of right to the Commission, which is bound to act impartially. There is no appeal as a matter of right to any Court or any entity beyond the Commission, so the hearing of appeals is one of the most important functions of the Commission.

The Commission is cognizant of the fact that horse racing rules and their interpretation are not static. Changes sometimes are prudent in view of changing times, needs, and circumstances. The MHRC is continuously working with the racetrack operator (Manitoba Jockey Club) and the various horsemen's organizations to make sure that the rules are updated when required. Since the 2002 Rulebook was published, more than twenty amendments and directives have been enacted by the Commission. During the winter of 2005/06 the Rule Book was re-analyzed, amended accordingly, and a new comprehensive set of rules published effective April 1st, 2006. The MHRC is satisfied that the enforcement of the rules as set out in the new Rule Book will ensure that the racing continues to be safe and fair to the public and all participants.

Additionally, under the Horse Racing Commission Act, the MHRC is to perform such other duties and functions that may be imposed upon it by the Lieutenant Governor in Council. Traditionally, the Chair of MHRC has acted as a confidential policy advisor to the Member of the Executive Council charged by the Lieutenant Governor in Council with the administration of the Act.

It should be noted that unlike Commissions in some other provinces it is not part of the function of the MHRC to promote horse racing. The Manitoba Commission is a regulator. The only reference to promotion in either the Horse Racing Commission Act or the Pari-Mutuel Levy Act is Section 13 (1) of the Pari-Mutuel Levy Act which establishes the Pari-Mutuel Levy Fund for “promotion” of horse racing.

Pursuant to the Pari-Mutuel Levy Act, a fixed percentage of each dollar wagered in Manitoba is collected by the track operator and remitted to the MHRC for distribution as authorized by the Act. The MHRC is charged with the responsibility of adopting a plan on an annual basis for distribution of the funds. The Minister of Finance must approve the plan, once adopted, before it can become effective. The current plan, and that adopted and approved for 2006/07, provides that the Commission is to retain 1% for its own operation and is to distribute the balance, expected to be approximately \$2,800,000, to the racing industry. For the fiscal period covered by this report, from the approximately \$32,000,000 wagered, the Commission retained approximately \$320,000 to cover its expenses and distributed approximately \$2,200,000 to the Thoroughbred Horsemen’s Benevolent and Protective Association (HBPA) for purse support and \$600,000 to the Canadian Thoroughbred Horse Society (CTHS) to support its breeding program.

The Standardbred and Quarter Horse Industries have never received money from the Pari-Mutuel Levy Fund. Traditionally these racing organizations were funded by the Province of Manitoba, supplemented by funds from the MHRC. This changed during the 2004 racing season. The Manitoba Lotteries Corporation (MLC), by Memorandum of Understanding (MOU) dated July 15th, 2004, assumed responsibility for the funding of Standardbred and Quarter Horse Racing. For the year 2005 the MLC contributed \$502,000 for the support of the Standardbred and Quarter Horse Industry and will be providing another \$500,000 for the 2006 season. Of the \$502,000 annual grant \$40,000 is allocated to the MHRC to supervise the rural harness meet. The MHRC decided to allocate \$12,000 to the Quarter Horse Industry and the balance of \$450,000 to the Harness Industry. Of that \$450,000, by agreement between the Industry and the Agricultural Societies which sponsor “the rural circuit”, \$40,200 (approx) went to the Agricultural Societies to defray the expense of conducting the weekend race meets. The balance of \$409,800 (approx) was used for purses, breeder awards/incentives and circuit administration.

Results Achieved

To ensure safety for participants, the Commission continued to carry out extensive and improved human drug and alcohol testing programs as set out in the last Annual Report. These programs, for the protection of both humans and horses, continued to be in effect during the entire race season, not only during live race days. The quality of race riding continued to improve as a result of which the Commission is very pleased to report that, once again, there were no accidents arising from substandard riding during the year. Manitoba continued to be a leader in the employment of the latest drug detecting technology. As set out in the last Annual Report other Provinces are now following our lead in using the most modern drug testing equipment to further ensure the safety of all participants. Alberta and British Columbia are now using testing procedures first adopted in Manitoba.

In addition to drug testing the MHRC has continued to emphasize education, prevention, and rehabilitation. The MHRC, in cooperation with the Horsemen and the Track Operator,

continues to strive to offer a work environment safe from the threat of injury to humans or animals.

To ensure that races are run fairly and honestly, and are perceived as such by the public, the betting pools are constantly monitored for fraudulent patterns and investigations are held into any hints or allegations of questionable racing tactics. This Commission is pleased to report that over the last five years there has not been received, from the public or participants, any even remotely substantiated allegations of a tainted race.

Racing: April 1st 2005 – March 31st 2006

a) Live and Simulcast Racing at Assiniboia Downs

The total combined live and simulcast wagering for the year at Assiniboia Downs was \$32,462,053. This is a decline of approximately \$800,000 from the period ending March 31st, 2005.

The live betting also declined. It decreased from approximately \$6,000,000 in the 2004 season to \$5,793,000 in 2005. In the view of the MHRC Chair the caliber and competitiveness of the racing remained satisfactory. In this writer's view the decline is consistent with the decline in betting being experienced at most minor race tracks.

The winter simulcast betting once again showed a moderate downward slide. This trend is also consistent with that of most small racing jurisdictions. An aging population translates into fewer dollars wagered. The lost revenue, in the short term, continues to be replaced by VLT revenues. In the long run the attraction of younger people to the sport is essential.

The horse population remained at full capacity. The number of licenses issued showed no marked change from the previous year but the MHRC is concerned that the number of "Owner licenses" issued decreased. Again, the solution is attracting more young people to the sport.

b) Standardbred Live Racing

The Manitoba Great Western Harness Racing Circuit raced 21 days (22 were scheduled) with average daily wagering of \$5,867 in 2005 compared to \$5,457 in 2004.

As set out in the last Annual Report, the history of harness racing in rural Manitoba extends back to the 1930's. Harness racing continues to provide excellent entertainment and continues to enhance the cultural heritage of local communities. The problems facing rural racing have been well documented. The Government together with the MLC addressed the problems by the signing, by the MLC and MHRC, of the MOU referred to in both last year's and this year's report. This MOU expires at the end of the 2006 race meet. During the period covered by this report the Government received and considered a proposal for the construction of a permanent standardbred race facility in Brandon but at the time of the writing of this report the MHRC has been advised that the proposal, in the form presented, has been rejected. This writer is pleased that in its' rejection the Government continued to pledge support to the harness industry. As set out earlier, for the 2006 season, \$490,000 has been designated by the MHRC for the support

of the rural circuit which sum includes \$40,000 for regulation of the circuit by the MHRC. This money has been provided pursuant to the MOU.

c) **Quarter Horse Racing**

There were a total of 8-Quarter Horse races run at Assiniboia Downs. There was, once again, no Quarter Horse Racing in Manitoba outside Winnipeg. The traditional 2 days of racing at Rosburn again did not take place. Quarter Horse racing, though still popular in Winnipeg, faces what appears to be insurmountable problems. So few races were run because there were no jockeys that were able or willing to ride. There does not appear to be a solution. As set out in the last Annual Report there is no future for racing in rural Manitoba. In any event the MHRC, from monies received from MLC, has again designated \$12,000 for the support of quarter horse racing for the 2006 season. What will happen next season is yet to be determined.

QUARANTIÈME RAPPORT COMMISSION HIPPIQUE

RENSEIGNEMENTS GÉNÉRAUX

Ce rapport couvre la période de 12 mois qui s'est achevée le 31 mars 2006.

Fonctions de la Commission Hippique du Manitoba (CHM)

Les fonctions de la CHR sont indiquées dans la *Loi sur la Commission Hippique*, et la *Loi sur les Prélèvements sur les Mises de Pari Mutuel*.

En vertu de la *Loi sur la Commission hippique*, la CHM a le pouvoir et la tâche d'administrer, de diriger, de contrôler et de réglementer la course hippique ainsi que le bon fonctionnement des champs de course au Manitoba. Toutefois, la CHM se borne à régir seuls les hippodromes qui proposent des courses à pari mutuel. Ainsi que stipulé dans le rapport annuel concernant l'exercice qui s'est achevé le 31 mars 2005, la CHM a recommandé que les statuts qui gouvernent la course hippique soient modifiés, ceci pour s'assurer que la CHM ne soit pas juridiquement contrainte de réglementer les types de courses autres qu'à pari mutuel. De fait, le gouvernement a présenté des lois à cet effet. La *Loi sur les courses de chevaux* a été abrogée et la *Loi sur la Commission hippique* modifiée. Suite à cet amendement, il fut édicté un règlement par lequel la CHM n'est contrainte de ne réglementer que les courses à pari mutuel diffusées en direct.

Conformément à sa tâche, la CHM vote et met en application des lois, délivre des permis à tous les intervenants de l'industrie et aux exploitants d'hippodrome. Elle a aussi pour fonction de surveiller de manière générale tous les aspects des courses hippiques afin qu'elles se déroulent de manière loyale et sécuritaire pour tous les participants, que les courses soient courues de façon loyale et honnête et soient perçues comme tel par le public.

Les règlements sont principalement appliqués journallement par les régisseurs ou les Arbitres (des fonctionnaires), employés par la CHM. Dans l'exercice de leurs fonctions, les fonctionnaires interviennent non seulement comme enquêteurs et procureurs, mais aussi comme juges et membre du jury. Les décisions sont ainsi fondées sur leurs propres investigations. De droit, la Commission, dont il est le devoir d'intervenir avec impartialité, peut interjeter appel contre n'importe quelle décision des agents publics. En revanche, il n'existe aucune cour ou entité quelconque au-dessus de la Commission qui puisse interjeter appel de droit. Pour cette raison, l'instruction des appels est l'une des fonctions les plus importantes de la Commission.

La Commission a connaissance du fait que les règles des courses hippiques et leur interprétation ne sont pas statiques. Il est parfois prudent d'opérer des changements, étant donné que les temps, les besoins et les circonstances changent continuellement. La CHR travaille sans interruption avec les exploitants de champs de courses (Manitoba Jockey Club) et diverses associations de cavaliers pour s'assurer que les règles sont mises à jour quand cela est nécessaire. Depuis la parution du dernier Règlement en 2002, plus de 20 amendements et directives ont été promulgués par la Commission. Au cours de l'hiver 2005/2006, le Livre de Règlements a été l'objet de nouvelles analyses et a été modifié en conséquence. Un nouvel

ensemble de règle a alors été mis en vigueur le 1^{er} avril 2006. La CHM est persuadée que l'application des règlements prévus par le nouveau Livre de Règlements assurera que les courses se dérouleront honnêtement et loyalement pour le public et les participants.

D'autre part, de par la *Loi sur la Commission hippique*, la CHM doit s'acquitter d'autres devoirs et fonctions qui peuvent lui être imposées par le Lieutenant-Gouverneur en Conseil. Habituellement, le Président de la CHM agit à titre de conseiller politique confidentiel auprès du membre du Conseil exécutif chargé de l'administration de la loi par le Lieutenant-Gouverneur en Conseil.

Il est à noter que contrairement aux commissions de certaines autres provinces, la promotion de la course hippique ne fait pas partie des fonctions de la CHM. La Commission du Manitoba est une autorité de réglementation. La seule référence faite à la promotion de ce sport, que ce soit dans la *Loi sur la Commission Hippique* ou dans la *Loi sur les Prélèvements sur les Mises de Pari Mutuel*, se trouve au paragraphe 13 (1) de la *Loi sur les Prélèvements sur les Mises de Pari Mutuel*, qui établit le Fonds du Pari Mutuel pour la promotion de la courses hippique.

Conformément à la *Loi sur les Prélèvements sur les Mises de Pari Mutuel*, un pourcentage fixe de chaque dollar parié au Manitoba est collecté par l'exploitant du champ de courses puis reversé à la CHM qui le distribuera, tel qu'il est stipulé dans la Loi. La CHM est chargée d'adopter un plan annuel de distribution de fonds. Une fois qu'il a été adopté, le Ministre des Finances doit l'approuver pour qu'il devienne effectif. Le plan actuellement en vigueur, ainsi que celui adopté et approuvé pour l'année 2006/2007 stipulent que la Commission retiendra 1% des fonds pour ses propres besoins de fonctionnement et devra redistribuer le solde, d'environ 2.800.000\$, à l'industrie des courses de chevaux. Pour la période fiscale couverte par ce rapport, la Commission a retenu environ 320.000\$ des 2.800.000\$ initialement perçus pour couvrir ses dépenses et a distribué environ 2.200.000 \$ à la Thoroughbred Horseman's Benevolent and Protective Association (HBPA) pour financer la prime aux propriétaires, et 600.000 \$ à la Canadian Thoroughbred Horse Society (CTHS) pour subventionner son programme d'élevage.

L'industrie du Standardbred et du Quarter Horse n'a jamais reçu d'argent provenant du Fonds du Pari Mutuel. D'accoutumée, la Province du Manitoba assurait le financement de ces associations de course auquel s'ajoutaient des fonds de la CLM. Cela a changé lors de la saison de course 2004. Par protocole d'entente datant du 15 juillet 2004, la Commission des Loteries du Manitoba (CLM,) a assumé la responsabilité du financement des courses de standardbred et de quarter horse. Pendant l'année 2005, la CLM a versé environ 502.000\$ pour soutenir l'industrie du Standardbred et du Quarter Horse et versera de nouveau 502.000\$ pour la saison 2006. De cette subvention de 502.000\$, 40.000\$ iront à la CHM afin de superviser les rencontres rurales de course attelée. La CHM a décidé d'allouer 12.000\$ à l'industrie du Quarter Horse et le solde de 450.000\$ à l'industrie de la course attelée. Par accord entre l'industrie et les sociétés agricoles qui sponsorisent le « circuit rural », approximativement 40.200\$ ont été pris de ces 450.000\$ pour être reversés aux sociétés agricoles afin de rembourser les frais provenant de l'organisation des courses de fin de semaine. Le solde, d'une valeur approximative de 409.800\$, a été utilisé pour financer les primes aux propriétaires, les primes de rendement destinées aux éleveurs et l'administration du circuit.

Résultats obtenus

Pour assurer la sécurité des participants, la Commission a continué à mettre en œuvre de vastes programmes, de meilleure qualité, visant à dépister toute trace de drogue ou d'alcool chez les humains, tel que cela a été exposé dans le rapport annuel précédent. Ces programmes, qui visent à protéger les humains et les chevaux, sont toujours en vigueur durant l'intégralité de la saison et pas seulement les jours de courses. La qualité de l'équitation n'a donc cessé de s'améliorer, si bien que la Commission a le plaisir d'annoncer qu'une fois de plus, il n'y a pas eu d'accidents dus à une pratique de ce sport non conforme aux normes. En outre, le Manitoba est toujours en tête des autres provinces en terme d'utilisation des technologies de dépistage anti-dopage de pointe. Tel qu'il est indiqué dans le précédent rapport annuel, les autres provinces suivent notre exemple en faisant appel au matériel de dépistage de substances illicites le plus récent, dans le but de garantir la sécurité de tous les participants. Á l'heure actuelle, l'Alberta et la Colombie-Britannique utilisent des procédures de dépistage qui ont déjà été adoptées par le Manitoba.

En plus des dépistages anti-dopage, la Commission a continué à mettre l'accent sur l'éducation, la prévention et la réhabilitation. En coopération avec les cavaliers et les exploitants d'hippodromes, la CHM continue à s'efforcer d'offrir un environnement de travail exempt de tout risque de blessure pour les humains et les animaux.

Pour s'assurer que les courses se déroulent loyalement et honnêtement et soient perçues comme tel par le public, les pools des paris sont constamment soumises à une surveillance vidéo pour déceler les pratiques frauduleuses et des enquêtes sont menées à partir de chaque soupçon ou allégation de stratégie de course douteuse. Cette Commission a le plaisir d'annoncer qu'au cours des 5 dernières années, aucune d'allégation portant sur une quelconque course truquée n'a été faite de la part du public ou des participant,

Les courses : avril 2004 – 31 mars 2005

a) **Les courses en direct et en diffusion simultanée à Assiniboia Downs**

Le revenu annuel provenant des paris en direct et en diffusion simultanée à Assiniboia Downs se monte à 32.462.053 \$. Il y a eu une baisse d'environ 800.000\$ par rapport à la période qui s'est achevée le 31 mars 2005.

La recette des paris effectués pour les courses en direct a aussi enregistré une baisse. Elle a diminué d'environ 6.000.000 \$ lors de la saison 2004, puis de 5.793.000\$ en 2005. Le Président de la CHM pense que la qualité et la compétitivité des courses demeurent satisfaisantes. L'avis de l'auteur est que cette baisse correspond à la baisse des recettes de paris dont font l'objet la plupart des champs de courses secondaires.

Les paris des courses en diffusion simultanée d'hiver ont continué à enregistrer une légère baisse. Cette tendance se retrouve aussi dans la plupart des juridictions où le nombre de courses est réduit. Une population vieillissante résulte en des revenus moindres. Dans l'immédiat, le revenu perdu continue d'être remplacé par les revenus provenant des appareils de loterie vidéo. Á long terme l'attrait d'une population plus jeune pour ce sport est essentiel.

La population chevaline est restée à son niveau maximum. Le nombre de licences délivrées n'a pas enregistré de baisse particulière par rapport à l'année dernière mais la CHM s'inquiète de la diminution du nombre de licences de propriétaire de cheval délivrées.

b) **Les courses de standardbred en direct**

21 jours de courses se sont déroulés au *Manitoba Great Western Harness Racing Circuit* (22 étaient initialement prévus). Un revenu journalier moyen de 5.867\$ a été enregistré en 2005, contre 5.547\$ en 2004.

Tel qu'il apparaît dans le précédent rapport annuel, l'histoire des courses attelées au Manitoba rural remonte aux années 1930. Les courses attelées constituent toujours un excellent divertissement et continuent à promouvoir l'héritage culturel des communautés locales. On a rassemblé beaucoup de renseignements sur les problèmes auxquels les courses rurales ont été confrontées. Dans un effort commun du Gouvernement et de la CHM pour traiter ces problèmes, la CHM et la Commission des loteries du Manitoba ont ratifié un protocole d'entente dont il est question dans le rapport de l'année dernière et dans celui de cette année. Ce protocole expire à la fin des réunions de course de l'année 2006. Durant l'exercice couvert par ce rapport, le Gouvernement a reçu et examiné un projet concernant la construction d'installations de course de standardbred à Brandon. Lors de la rédaction de ce rapport, la CHM a été avisée que le projet, dans la forme sous laquelle il avait été présenté, avait été rejeté. Toutefois, l'auteur a le plaisir d'indiquer que tandis qu'il rejetait le projet, le Gouvernement continuait de s'engager à soutenir l'industrie de la course attelée. Tel qu'il est mentionné plus haut, 490.000\$ ont été prévu par la CHM pour la saison 2006 afin de soutenir le circuit rural. De cette somme, 40.000\$ sont réservés à la réglementation du circuit par la CHM. Ces sommes ont été pourvues conformément au protocole d'entente.

c) **Les Courses de quarter horse**

Un total de 8 courses quarter horse s'est déroulé à Assiniboia Downs. Une fois de plus, il n'y a pas eu de course de quarter horse au Manitoba à l'extérieur de Winnipeg. Les 2 journées de course traditionnelles à Rosburn ne se sont de nouveau pas déroulées. Bien qu'elles demeurent populaires à Winnipeg, les courses de quarter horse doivent faire face à des problèmes apparemment insurmontables. Seules quelques rares courses ont été courues, du fait qu'aucun jockey n'avait les moyens ou le désir de participer. Il ne semble pas y avoir de solution à apporter. Comme il a été indiqué dans le rapport annuel de l'année passée, les courses hippiques n'ont pas d'avenir dans le Manitoba rural. Avec les fonds alloués par la CLM, la CHM a de nouveau affecté une subvention de 12.000 \$ aux courses de quarter horse pour la saison 2006. Ce qui suivra au cours de la saison suivante reste encore à voir.

SCHEDULE A

Assiniboia Downs

Live Racing Season

	<u>2005</u>	<u>2004</u>
Wagering on Live Racing	5,792,775	6,045,488
Simulcast Wagering	<u>10,844,023</u>	<u>10,746,904</u>
Total Handle	\$ 16,636,798	\$ 16,792,392
Number of Live Race Days	75	69
Number of Live Races	600	602
Number of Simulcast Days	138	134
Average Daily Wagering (Live)	77,237	87,615
Average Live Wager per race	9,622	10,075
Average Daily Wagering (Simulcast)	78,579	77,876
Purses Paid Out	5,695,669	5,569,113
Per Race Purse Average	9,492	9,251

Simulcast Racing Season

	<u>2005/06</u>	<u>2004/05</u>
<u>Pari-Mutuel Wagering</u>	\$ 15,825,254	\$ 16,429,453
Number of Race Days	216	216
Average Daily Wagering	73,265	76,062

Totals

	<u>2005/06</u>	<u>2004/05</u>
<u>Pari-Mutuel Wagering</u>	\$ 32,462,053	\$ 33,221,846
Number of Race Days	354	344
Average Daily Wagering	91,700	96,873

SCHEDULE B

Rural Racing

<u>Standardbred</u>	<u>Racing Days</u>		<u>Amount Wagered</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Dauphin	2	2	\$ 15,530	0
Deloraine	1	2	3,959	11,608
Glenboro	2	2	10,282	11,834
Holland	3	2	13,955	8,588
Killarney	4	4	23,317	30,088
Minnedosa	0	0	0	0
Portage	4	6	28,611	36,621
Wawanesa	2	2	15,293	11,398
Miami	<u>3</u>	<u>1</u>	<u>12,271</u>	<u>4,359</u>
Subtotal	21	21	\$ 123,218	\$ 114,496
 <u>Quarter Horse</u>				
Rosburn	<u>0</u>	<u>0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTALS:	<u>21</u>	<u>21</u>	<u>\$ 123,218</u>	<u>\$ 114,496</u>

Other Comparative Statistics

	<u>2005</u>	<u>2004</u>
Total Overnight Purses - Standardbred	\$ 286,034	\$ 303,082
Per Race Purse Average - Standardbred	\$ 1,662	\$ 1,762

Provincial Support Programs

	<u>2005</u>	<u>2004</u>
Race Meet Support - Standardbred	\$377,184	\$398,500
Breeders/Owners Incentives - Standardbred	111,110	87,000
Purses/Breeders/Owners Incentives – Quarter Horse	12,500	9,800
Unexpended Grant	<u>0</u>	<u>0</u>
TOTALS From Manitoba Lotteries Corporation	<u>\$500,794</u>	<u>\$495,300</u>

SCHEDULE C

MANITOBA HORSE RACING COMMISSION

Occupational Licenses and Registrations for the year ending
March 31, 2006

<u>Occupational Licenses</u>	<u>Thoroughbred</u>		<u>Standardbred</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Owner/Trainer	96	96	11	6
Trainer	32	24	0	0
Assistant Trainer	10	18	0	4
Owner/Trainer/Driver	0	0	25	29
Owner/Driver	0	0	2	5
Jockey (1/4 & Amateur incl.)	36	21	0	0
Apprentice Jockey/Exercise Rider	54	59	0	0
Driver	0	0	5	3
Driver/Trainer	0	0	2	4
Jockey Agent	8	6	0	0
Officials	11	9	11	8
Backstretch	229	257	11	2
Occ 1 (Assoc., Kitchen, etc.)	145	136	0	0
Occ 2 (Press, etc.)	57	20	0	0
Occ 3 (Tradesmen, etc.)	22	34	0	0
Occ 5 (Veterinarians, etc.)	<u>9</u>	<u>7</u>	<u>0</u>	<u>0</u>
TOTAL LICENSES ISSUED:	709	<u>687</u>	<u>67</u>	<u>61</u>

<u>Registrations & Non-Occupational</u>	<u>Thoroughbred</u>		<u>Standardbred</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Owners	497	569	81	83
Sponsored Persons	117	109	10	10
Partnerships	197	184	3	3
Stable Names	145	127	0	0
Colours	54	12	0	0
Leases	0	0	0	0
Authorized Agents	209	154	0	0

	<u>Quarter Horse</u>	
	<u>2005</u>	<u>2004</u>
All Categories (excluding Assiniboia Downs dual licensees)	27	61

SCHEDULE D

MANITOBA HORSE RACING COMMISSION

<u>Thoroughbred</u>	<u>2005</u>	<u>2004</u>
Rulings	175	131
Fines	\$ 15,000	\$ 9,300

<u>Standardbred</u>	<u>2005</u>	<u>2004</u>
Rulings	20	11
Fines	\$ 537	\$ 400

MANAGEMENT REPORT

The accompanying financial statements are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles. In management's opinion the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgment regarding all necessary estimates and all other data available. The financial information presented elsewhere in the annual report, is consistent with that in the financial statements.

Management maintains internal controls to provide reasonable assurance as to the reliability and accuracy of the financial information and to ensure that the assets of the Commission are properly safeguarded.

The responsibility of the Auditor General for Manitoba is to express an independent professional opinion as to whether the financial statements are presented fairly, in all material respects.

Larry Huber
Executive Director

A handwritten signature in black ink, appearing to read 'L. Huber', with a long horizontal flourish extending to the right.

Date: May 16th, 2006

RAPPORT DE L'ADMINISTRATION

L'état financier ci-joint est la responsabilité de l'administration et a été établi selon les principes de comptabilité généralement répandus au Canada. Du point de vue de l'administration, l'état financier a été établi comme il convient, dans les limites raisonnables de la pertinence et il contient les avis les plus pertinents au sujet des estimations nécessaires et de toute autre donnée disponible. Les renseignements financiers présentés ailleurs dans le rapport annuel correspondent aux données présentées dans l'état financier.

L'administration maintient des contrôles internes dans le but de garantir la fiabilité et la précision des renseignements financiers et d'assurer la sauvegarde des éléments d'actif de la Commission.

La tâche du Vérificateur Général du Manitoba consiste à fournir un point de vue professionnel et indépendant quant à l'impartialité de l'état financier relativement à toute considération matérielle.

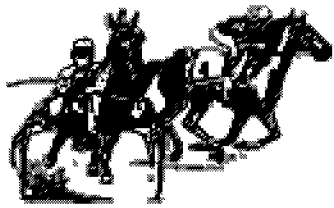
Larry Huber
Directeur Général



Date : 30 avril 2006

The Manitoba Horse Racing Commission Financial Statements

March 31, 2006



Manitoba
Horse Racing Commission

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Office of the Auditor General

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT
Supplementary Financial Information

To The Legislative Assembly and
The Directors of The Manitoba Horse Racing Commission

We have audited the Supplementary Financial Information of The Manitoba Horse Racing Commission for the year ended December 31, 2005 prepared in accordance with Section 2 of The Public Sector Compensation Disclosure Act. This financial information is the responsibility of the Commission's management. Our responsibility is to express an opinion on this financial information based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial information.

In our opinion, this financial information presents fairly, in all material respects, the employee compensation payments and the amount of compensation, in the aggregate paid to or for the benefit of its Directors for the year ended December 31, 2005 of The Manitoba Horse Racing Commission in accordance with the provisions of The Public Sector Compensation Disclosure Act.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
May 16, 2006

THE MANITOBA HORSE RACING COMMISSION

Balance Sheet

as at March 31, 2006

(with 2005 figures for comparison)

Exhibit A

Assets	Restricted Funds						Total Year ended March 31 2006	Total Year ended March 31 2005
	General Fund	Capital Asset Fund	Pari-mutuel Levy Fund	H.B.P.A. Fund	C.T.H.S. Fund	General Support Fund		
Current assets:								
Cash on hand and in bank	\$ 33,374	\$ -	\$ -	\$ 4,394	\$ 246,476	\$ 267	\$ 284,511	\$ 353,712
Pari-mutuel levy receivable	-	-	30,551	-	-	-	30,551	26,711
Pari-mutuel levy distribution receivable	3,141	-	-	21,558	5,852	-	30,551	26,711
Receivable - other	32,220	-	-	-	-	-	32,220	12,101
Prepaid expenses	10,605	-	-	-	-	-	10,605	8,882
	<u>79,340</u>	<u>-</u>	<u>30,551</u>	<u>25,952</u>	<u>252,328</u>	<u>267</u>	<u>388,438</u>	<u>428,117</u>
Long-term receivable								
Province of Manitoba (Note 3)	271,207	-	-	-	-	-	271,207	207,251
Capital assets, net (Note 5)	<u>-</u>	<u>15,371</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,371</u>	<u>14,959</u>
	<u>\$ 350,547</u>	<u>\$ 15,371</u>	<u>\$ 30,551</u>	<u>\$ 25,952</u>	<u>\$ 252,328</u>	<u>\$ 267</u>	<u>\$ 675,016</u>	<u>\$ 650,327</u>
Liabilities								
Current liabilities:								
Accounts payable and accrued liabilities	\$ 13,458	\$ -	\$ -	\$ 25,952	\$ 252,328	\$ 267	\$ 292,005	\$ 328,509
Deferred revenue	1,770	-	-	-	-	-	1,770	3,015
Due to C.T.H.S. Fund	-	-	5,852	-	-	-	5,852	5,096
Due to General Fund	-	-	3,141	-	-	-	3,141	2,753
Due to H.B.P.A. Fund	-	-	21,558	-	-	-	21,558	18,862
	<u>15,228</u>	<u>-</u>	<u>30,551</u>	<u>25,952</u>	<u>252,328</u>	<u>267</u>	<u>324,326</u>	<u>358,235</u>
Long-term liability:								
Provision for employee pension benefits (Note 3)	<u>271,207</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>271,207</u>	<u>207,251</u>
	<u>286,435</u>	<u>-</u>	<u>30,551</u>	<u>25,952</u>	<u>252,328</u>	<u>267</u>	<u>595,533</u>	<u>565,486</u>
Fund balances - Exhibit B								
Unrestricted	64,112	-	-	-	-	-	64,112	69,882
Invested in capital assets	<u>-</u>	<u>15,371</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,371</u>	<u>14,959</u>
	<u>\$ 350,547</u>	<u>\$ 15,371</u>	<u>\$ 30,551</u>	<u>\$ 25,952</u>	<u>\$ 252,328</u>	<u>\$ 267</u>	<u>\$ 675,016</u>	<u>\$ 650,327</u>

APPROVED BY THE COMMISSION

See accompanying notes to the financial statements.

THE MANITOBA HORSE RACING COMMISSION

Statement of Operating Revenue and Expenditure and Fund Balances

for the year ended March 31, 2006

(with 2005 figures for comparison)

Exhibit B

	Restricted Funds						Total Year ended March 31 2006	Total Year ended March 31 2005
	General Fund	Capital Asset Fund	Pari-mutuel Levy Fund	H.B.P.A. Fund	C.T.H.S. Fund	General Support Fund		
Revenue:								
Fees, licenses and fines (Note 4)	\$ 104,028	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,028	
Grants:								
Province of Manitoba	-	-	-	-	-	-	241,700	
Manitoba Lotteries Corporation	40,000	-	-	-	-	462,000	156,800	
Interest	681	-	-	1,574	3,613	441	4,165	
Pari-mutuel levy	-	-	3,088,613	-	-	-	3,088,613	
Pari-mutuel levy fund distribution	320,376	-	-	2,185,059	583,178	-	3,177,090	
Sundry	90	-	-	-	-	-	233	
Employee future benefits - Province of Manitoba (Note 3)	63,955	-	-	-	-	-	63,955	
	<u>529,130</u>	<u>-</u>	<u>3,088,613</u>	<u>2,186,633</u>	<u>586,791</u>	<u>462,441</u>	<u>6,853,608</u>	
Expenditure:								
General Fund expenditures, Exhibit C	532,831	-	-	-	-	-	484,760	
Overnight purse support thoroughbred	-	-	-	2,186,633	-	-	2,247,883	
Owners/breeders incentive thoroughbred	-	-	-	-	586,791	-	603,263	
Pari-mutuel levy fund distribution	-	-	3,088,613	-	-	-	3,088,613	
Quarter Horse support	-	-	-	-	-	12,000	9,800	
Standardbred rural support	-	-	-	-	-	450,441	359,386	
Amortization of capital assets	-	1,657	-	-	-	-	883	
	<u>532,831</u>	<u>1,657</u>	<u>3,088,613</u>	<u>2,186,633</u>	<u>586,791</u>	<u>462,441</u>	<u>6,883,065</u>	
Deficiency of revenues over expenditures	(3,701)	(1,657)	-	-	-	-	(5,358)	
Fund transfers (Note 2F)	(2,069)	2,069	-	-	-	-	-	
Fund balances, beginning of year	69,882	14,959	-	-	-	-	84,841	
Fund balances, end of year	<u>\$ 64,112</u>	<u>\$ 15,371</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,483</u>	
							<u>\$ 84,841</u>	

See accompanying notes to the financial statements.

THE MANITOBA HORSE RACING COMMISSION Exhibit C

**Statement of General Fund Operating Expenditures
for the year ended March 31, 2006
(with 2005 figures for comparison)**

	2006	2005 (Note 7)
Expenditures:		
Advertising and promotion	\$ -	\$ 1,500
Commissioners' per diem and honoraria	15,364	18,402
Drug, alcohol and security	16,836	11,041
Employee benefits	28,103	33,936
Equipment rentals	1,390	230
Memberships and dues	7,145	479
Office	5,874	5,539
Pension cost	77,847	29,436
Professional fees	11,933	23,807
Repairs and maintenance	2,996	3,354
Salaries		
Administration	121,206	126,135
Security	17,584	28,169
Stewards and judges	138,315	124,056
Veterinarian services	51,836	51,720
Sundry	3,602	2,794
Telephone	7,273	10,152
Travel	25,527	14,010
	\$ 532,831	\$ 484,760

See accompanying notes to the financial statements.

THE MANITOBA HORSE RACING COMMISSION

Notes to the Financial Statements for the year ended March 31, 2006

1. Nature of operations

The Manitoba Horse Racing Commission (Commission) was established under The Horse Racing Commission Act to govern, direct, control and regulate horse racing and the operations of horse race tracks in Manitoba.

The operating expenditures of the Commission in excess of revenue derived from its regulatory activities are funded through an appropriation of the Government of the Province of Manitoba and a grant from the Manitoba Lotteries Corporation. Administrative grant monies drawn down in excess of actual expenditures are retained by the Commission. However, such retained funds in excess of actual expenditures reduce subsequent administrative grants.

Revenues and expenditures related to program delivery and administrative activities of the Commission are reported in the General Fund.

Effective April 1, 1997, Pari-mutuel Levy and Consequential Amendments Act (the "Act") was enacted. The Act provides for the establishment of a Pari-mutuel Levy Fund for the promotion of horse racing in Manitoba. The fund is collected by the Commission and distributed in accordance with a Plan For Distribution, as required by the Act.

Horsemen's Benevolent Protection Association (H.B.P.A.) Fund is to be used for overnight purses at Assiniboia Downs. Funding for the H.B.P.A. Fund is provided through the Pari-mutuel Levy and Consequential Amendments Act based on the Plan For Distribution approved by the minister.

Canadian Thoroughbred Horsemen Society (C.T.H.S.) Fund is to be used for breeder's and owner's incentives at Assiniboia Downs. Funding for the C.T.H.S. Fund is provided through the Pari-mutuel Levy and Consequential Amendments Act based on the Plan For Distribution approved by the minister.

General Support Fund is used for funding of the rural circuit as well as Quarter Horse racing. Funding for the General Support Fund is provided through a grant from the Manitoba Lotteries Corporation.

Capital Asset Fund represents the net investment of the Commission in capital assets.

THE MANITOBA HORSE RACING COMMISSION

Notes to the Financial Statements for the year ended March 31, 2006

2. Significant accounting policies

A) Fund accounting

The Commission follows the restricted fund method of accounting for contributions.

B) Revenue recognition

Restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be estimated and collection is reasonably assured.

Funding from the Province of Manitoba includes the Commission's share of provisions recorded for unfunded pension liabilities.

C) Pension costs

These consist of the employer's share of pension benefits paid to retired employees, as well as the increase in the employee pension benefits liability during the fiscal year. This liability is determined actuarially every three years with the balances for the intervening years determined by formula provided by the actuary. The most recent valuation was completed as at December 31, 2004. Experience gains or losses are recognized in the year the actuarial valuation is completed.

D) Use of estimates

In preparing the Commission's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

E) Financial instruments

The Commission's financial instruments consist of cash, accounts receivable and accounts payable. It is management's opinion that the Commission is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

F) Fund transfers

Fund transfers represent allocations from the General fund to the Capital Asset Fund for capital acquisitions.

THE MANITOBA HORSE RACING COMMISSION

Notes to the Financial Statements for the year ended March 31, 2006

2. Significant accounting policies (continued)

G) Capital assets

Capital assets are recorded at cost. Amortization is provided on a straight-line basis over the assets' estimated useful lives, as follows:

Computer equipment	5 years
Security equipment	10 years
Furniture	10 years

3. Provision for employee pension benefits

The Commission follows the accrual method of accounting for its employee pension benefits liability.

The Province of Manitoba has accepted responsibility for the unfunded portion of the pension liability. Accordingly the provision of employee pension benefits is offset by a receivable from the Province of Manitoba. There are no specific terms of repayment for this receivable.

An actuarial valuation of the employee pension benefit liability as at December 31, 2004 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The key actuarial assumptions were a rate of return of 7% (2001 - 7.25%), 2.50% inflation (2001 - 2.75%), salary rate increases of 3.25% (2001 - 3.5%) and post retirement indexing at 2/3 of the inflation rate. The service to date projected benefit method was used and the liabilities have been extrapolated to March 31, 2006 using a formula provided by the actuary and adjusted for a provision for adverse experience and a trust fund credit.

Provision for employer's share of employees' pension plan:

	<u>2006</u>	<u>2005</u>
Balance, beginning of year	\$ 207,251	\$ 190,344
Experience loss	<u>47,468</u>	<u>-</u>
Adjusted beginning balance	254,719	190,344
Benefits accrued	12,978	16,533
Interest accrued on benefits	17,402	12,903
Benefits paid	<u>(13,892)</u>	<u>(12,529)</u>
Balance, end of year	<u>\$ 271,207</u>	<u>\$ 207,251</u>

THE MANITOBA HORSE RACING COMMISSION

Notes to the Financial Statements for the year ended March 31, 2006

4.	<u>Fees, licenses and fines</u>		<u>2006</u>		<u>2005</u>
	Assiniboia Downs				
	Daily licenses		\$ 52,880		\$ 50,310
	Fees and licenses		33,263		32,979
	Fines		<u>16,253</u>		<u>8,569</u>
			<u>102,396</u>		<u>91,858</u>
	Rural Circuit				
	Fees and licenses		995		825
	Fines		<u>637</u>		<u>400</u>
			<u>1,632</u>		<u>1,225</u>
			<u>\$ 104,028</u>		<u>\$ 93,083</u>

5.	<u>Capital assets</u>		<u>2006</u>		<u>2005</u>
		<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
	Computer equipment	\$ 8,710	\$ 1,098	\$ 7,612	\$ 8,162
	Security equipment	1,629	224	1,405	1,517
	Furniture	<u>7,571</u>	<u>1,217</u>	<u>6,354</u>	<u>5,280</u>
		<u>\$ 17,910</u>	<u>\$ 2,539</u>	<u>\$ 15,371</u>	<u>\$ 14,959</u>

6. Statement of cash flows

A statement of cash flows has not been provided as information about financing and investing activities and their effects on cash resources are readily apparent from the other financial statements.

7. Comparative figures

Certain of the prior year's comparative figures have been reclassified to conform to the presentation adopted for the current year.