

Manitoba



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# ANNUAL REPORT

2007 - 2008

Manitoba  
Horse Racing  
Commission





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

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## MANITOBA HORSE RACING COMMISSION

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<http://www.manitobahorsecomm.org>

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June 30<sup>th</sup>, 2008

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 Forty Second Annual Report of the Manitoba Horse Racing Commission covering the fiscal year ended March 31<sup>st</sup>, 2008.

Yours truly,

Manitoba Horse Racing Commission

David Miles  
Chair  
DM/wfd



David Miles (Président)  
Dushant Persaud (Vice-président)  
Georgine Spooner (Membre)  
Mary Ann Patrick (Membre)  
Directeur général : Larry Huber

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le 30 juin 2008

L'honorable Rosann Wowchuk  
Ministre de l'Agriculture, de l'alimentation et des initiatives  
Pièce 165  
Assemblée législative  
Winnipeg, MB R3C 0V8

Madame la ministre :

### Rapport annuel

Le soussigné a le privilège de vous présenter le 42e Rapport annuel de la Manitoba Horse Racing Commission pour l'exercice financier qui a pris fin le 31 mars 2008.

Bien cordialement,

Commission hippique du Manitoba

(Manitoba Horse Racing Commission)

David Miles  
Président  
DM/wfd

**FORTY SECOND ANNUAL REPORT  
THE MANITOBA HORSE RACING COMMISSION**

**For the year ending March 31<sup>st</sup>, 2008**

**COMMISSIONERS**

<b>David Miles</b>	<b>Chair</b>	<b>Winnipeg</b>
<b>Dushant Persaud</b>	<b>Vice Chair</b>	<b>Winnipeg</b>
<b>Georgine Spooner</b>	<b>Member</b>	<b>Winnipeg</b>
<b>Mary Ann Patrick</b>	<b>Member</b>	<b>Altona</b>

**42e Rapport Annuel**

**COMMISSION HIPPIQUE DU MANITOBA  
(THE MANITOBA HORSE RACING COMMISSION)**

**Exercice financier terminé le 31 mars 2008**

**COMMISSAIRES**

<b>David Miles</b>	<b>Président</b>	<b>Winnipeg</b>
<b>Dushant Persaud</b>	<b>Vice-président</b>	<b>Winnipeg</b>
<b>Georgine Spooner</b>	<b>Membre</b>	<b>Winnipeg</b>
<b>Mary Ann Patrick</b>	<b>Membre</b>	<b>Altona</b>

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**FORTY SECOND ANNUAL REPORT**  
**THE HORSE RACING COMMISSION**

**GENERAL**

This report covers the twelve months ended March 31<sup>st</sup>, 2008.

**Functions of the Manitoba Horse Racing Commission (MHRC)**

As stated in previous annual reports 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 and Regulations thereto the MHRC governs, directs, controls, and regulates horse racing and the operation of all racetracks in Manitoba 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 MHRC is very cognizant of the importance of ensuring the safety of the horses. To that end a veterinarian is employed to inspect and monitor the condition of all horses running at the track. This past year a few new pieces of equipment (shock wave therapy, corneal collar and lip chain) have been introduced by horsemen in order to aid in the management and treatment of the racehorse. The MHRC, working with the track vet, has implemented procedures to ensure the equipment is used in a manner which enhances the welfare of the racehorse.

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.

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 2008/09, provides that the Commission is to retain 1% for its own operation and is to distribute the balance, expected to be approximately \$2,700,000, to the racing industry. For the fiscal period covered by this report, from the approximately \$31,500,000 wagered, the Commission retained approximately \$315,000 to cover its expenses and distributed approximately \$2,146,000 to the Thoroughbred Horsemen's Benevolent and Protective Association (HBPA) for purse support and \$572,000 to the Canadian Thoroughbred Horse Society (CTHS) to support its breeding program.

As stated in previous reports 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. As set out in the annual report for the period ending March 31<sup>st</sup>, 2007 for the years 2004 – 2007 these programs were funded by the Manitoba Lotteries Corporation. The funding arrangement was not renewed for 2008. In order to maintain the program for the 2008 summer season the Government of Manitoba contributed \$525,000 to be disbursed "*in part to the Manitoba Great Western Harness Racing Circuit Inc. (Great Western) and the Manitoba Quarter Horse Association (MQHA) for their 2008 horse racing season*". The government contribution was allocated \$450,000 to Great Western, \$37,5000 to MQHA and the balance to MHRC in order to supervise the Great Western race days.

### **Results Achieved**

The Commission continues to carry out extensive human drug and alcohol programs and is pleased to report that once again there were no accidents arising from substandard riding during the past year. The MHRC continues to emphasize education, prevention, and rehabilitation and continues to support "The Winners Foundation" which provides counseling and support programs to all industry participants.

### **THE PUBLIC DISCLOSURE (WHISTLE BLOWER PROTECTION) ACT**

This Act, which came into force April 1st, 2007, applies to the MHRC. Procedures have been implemented as required. There have been no complaints or enquires under this Act.

### **Racing: April 1<sup>st</sup> 2007 – March 31<sup>st</sup> 2008**

#### **a) Live and Simulcast Racing at Assiniboia Downs**

The total combined live and simulcast wagering for the year at Assiniboia Downs was \$31,478,992. This is an increase of approximately \$500,000 from the period ending March 31<sup>st</sup>, 2007.

The horse population remained at full capacity. The number of licenses issued for owners and trainers decreased not insignificantly as set out in Schedule C. It should also be noted that the number of "backstretch employees" also decreased not insignificantly. These are the people who work directly with the horses. Furthermore the Commission is concerned that the percentage of workers who are not from Manitoba continues to climb. This is important because traditionally it is these local workers who, as they become older, become owners and trainers. The track owners and horsemen are cognizant of this situation and are working to try to train and employ as many locals as possible. To that end the groom school has been revamped and has graduated 10 students from the most

recent class – 7 of whom are still working at the track. The MHRC believes that it is fair to say that this labor shortage is common to all Canadian racetracks and in fact common to many other sectors of the economy. However it is a trend that is of concern to all industry participants for the reasons already stated.

b) **Standardbred Live Racing**

The Manitoba Great Western Harness Racing Circuit raced 23 days (24 days were schedule; one cancelled due to rain) with average daily wagering of \$5,621 in 2007 compared to \$5,340 in 2006.

As setout in previous annual reports 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. As previously stated the funding from the MLC has ended and the 2008 race meets are being funded by the Government. The proposal for the construction of a permanent facility in Brandon appears to be dead. The government will once again have to deal with the issue of funding for this industry.

c) **Quarter Horse Racing**

In 2007 there were, as in 2006, a total of 4-Quarter Horse races run at Assiniboia Downs. There was, once again, no Quarter Horse Racing in Manitoba outside Winnipeg. For the 2008 season, as previously stated, the Government of Manitoba has contributed \$37,500 towards this industry and the MHRC is please to report the number of races being run at Assiniboia Downs is expected to double and these races are reportedly being well received by race fans.

**CONCLUSION:**

All industry participants are awaiting the publication of the study being carried out by the firm of PriceWaterHouseCoopers LLP.

**42e RAPPORT ANNUEL**  
**LA COMMISSION HIPPIQUE DU MANITOBA**

(THE MANITOBA HORSE RACING COMMISSION - MHRC)

**Généralités**

Ce rapport couvre la période de douze mois qui a pris fin le 31 mars 2008.

**Fonctions de la Commission hippique du Manitoba (Manitoba Horse Racing Commission - MHRC)**

Les activités de la MHRC sont indiquées dans le « Horse Racing Commission Act » ainsi que le « Pari-Mutuel Levy Act. »

Selon la loi du *Horse Racing Commission Act and Regulations*, le MHRC gouverne, dirige, contrôle et réglemente les courses de chevaux ainsi que les opérations de tous les hippodromes du Manitoba qui offrent la possibilité de pari mutuel.

En accord avec ses responsabilités, la MHRC adopte et applique les règlements, accorde les permis à tous les participants de l'industrie ainsi qu'aux opérateurs d'hippodromes, et en général supervise tous les aspects des courses de chevaux afin d'assurer que le sport se déroule d'une manière équitable et sécuritaire pour tous les participants et que les courses se déroulent d'une manière équitable et honnête aux yeux du public. La MHRC reconnaît l'importance d'assurer la sécurité des chevaux. À cette fin, un vétérinaire est embauché afin d'inspecter et surveiller la condition de tous les chevaux qui participent aux courses. Au cours de la dernière année, quelques nouveaux équipements ont été introduits - thérapie par ondes de choc, collier cornel, jouet d'embouchure - par les professionnels du monde équestre afin d'aider au contrôle et aux soins des chevaux de course. La MHRC, en travaillant avec le vétérinaire de l'installation, a mis en oeuvre des procédures afin d'assurer que les équipements sont utilisés de manière à améliorer le bien-être des chevaux.

Les règlements sont appliqués sur une base quotidienne par des commissaires et des juges (officiels) employés par la MHRC. Dans l'exécution de leurs tâches, ces officiels peuvent agir non seulement à titre d'enquêteurs et de procureurs, mais aussi en tant que jury et juge et prendre des décisions basées sur leurs propres enquêtes. Des appels concernant toutes les décisions des officiels peuvent être déposés à l'endroit de la commission, qui se doit d'agir d'une manière impartiale. Il n'y a pas la possibilité d'interjeter un appel dans une cour ou autre entité à l'extérieur de la commission et par conséquent la procédure d'instruire un appel est une des activités les plus importantes de la commission.

Aussi, selon la loi du *Horse Racing Commission Act*, la MHRC doit aussi assumer les responsabilités et tâches que peut lui déléguer le lieutenant gouverneur en conseil. Selon la tradition, le président de la MHRC agit en tant que conseiller confidentiel en matière de politique au membre du conseil exécutif chargé par le lieutenant gouverneur en conseil d'appliquer la loi.

Également, et ce contrairement aux commissions des autres provinces, la MHRC ne fait pas la promotion des courses de chevaux. La commission du Manitoba agit en tant qu'organisation de réglementation. La seule référence à la promotion comme telle dans le Horse Racing Commission Act ou le Pari-Mutuel Levy Act est la section 13 (1) du Pari-Mutuel Levy Act qui établit un fonds de prélèvement pour le pari mutuel (« Pari-Mutuel Levy Fund ») afin de promouvoir les courses de chevaux.

Selon le Pari-Mutuel Levy Fund Act, un pourcentage fixe de chaque dollar misé au Manitoba est recueilli par l'opérateur d'hippodrome et remis à la MHRC pour distribution tel qu'autorisé par la loi. La MHRC détient la responsabilité d'adopter un plan sur une base annuelle pour la distribution des fonds. Le ministre des finances doit donner son approbation au plan tel qu'approuvé afin que celui-ci puisse entrer en vigueur. Le plan actuel, ainsi que celui qui a été adopté pour l'année 2008- 2009, prévoit que la commission retiendra 1 % pour ses propres opérations et distribuera ce qui reste, approximativement 2 700 000 \$, à l'industrie du hippisme. Pour l'exercice financier couvert par ce rapport, du 31 500 000 \$ approximatif qui avait été misé, la commission a retenu environ 315 000 \$ afin de défrayer ses dépenses et a distribué environ 2 146 000 \$ au Thoroughbred Horsemen's Benevolent and Protective Association (HBPA) pour payer les bourses et 572 000 \$ au Canadian Thoroughbred Horse Society (CTHS) afin de soutenir son programme de sélection.

Tel qu'indiqué dans les rapports des années précédentes, les industries des chevaux standardbred et quarter horse n'ont jamais reçu de l'argent du Pari-Mutuel Levy Fund. Traditionnellement, ces organisations de course étaient financées par la Province du Manitoba, en plus de recevoir des fonds de la MHRC. Comme il est écrit dans le rapport pour l'exercice financier qui s'est terminé le 31 mars 2007, pour les années 2004-2007, ces programmes ont été financés par la Corporation manitobaine des loteries. Cette entente n'a pas été renouvelée pour l'année 2008. Afin de continuer le programme pour la saison estivale de 2008 le gouvernement du Manitoba a contribué 525 000 \$, à être distribués " *en partie au Manitoba Great Western Harness Racing Circuit Inc. (Great Western) et le Manitoba Quarter Horse Association (MQHA) pour leur saison de courses 2008.*" La contribution du gouvernement a été distribuée comme suit : 450 000 \$ à Great Western, 37 500 \$ à la MQHA et le reste à la MHRC afin de superviser les journées de course Great Western.

## **Résultats**

La commission a continué de l'avant avec ses programmes exhaustifs et améliorés de dépistage de drogue et d'alcool et la commission est donc heureuse de pouvoir affirmer qu'une fois de plus il n'y a pas eu d'accident causé par des courses qui se sont déroulées en dessous de la norme. La MHRC a continué de mettre l'emphase sur l'éducation, la prévention et la réadaptation et continue d'appuyer la fondation des gagnants (« The Winners Foundation ») qui fournit des programmes de counselling et de soutien à tous les participants de l'industrie.

## **Loi sur les divulgations faites dans l'intérêt public (protection des divulgateurs d'actes répréhensibles)**

Cette loi, qui est entrée en vigueur le 1er avril 2007, s'applique à la MHRC. Les procédures y afférentes ont été mis en oeuvre telles que requises. Il n'y a pas eu de plaintes ou d'enquêtes selon cette loi.

## **Les courses : 1er avril 2007 – 31 mars 2008**

### **a) Courses en direct et diffusion simultanée aux Assiniboia Downs**

Le total des paris pour les courses en direct et diffusion simultanée au Assiniboia Downs pour l'année était de 31 478 992 \$. Ceci représente une augmentation d'environ 500 000 \$ en comparaison à la période qui avait pris fin le 31 mars 2007.

La population des chevaux est demeurée à pleine capacité. Le nombre de permis pour les propriétaires et les entraîneurs est demeuré à peu près inchangé tel qu'indiqué dans l'annexe C. À noter aussi, le nombre de travailleurs dans les écuries a connu une baisse assez importante. Il s'agit ici des individus qui travaillent directement avec les chevaux. Qui plus est, la commission remarque avec inquiétude que le pourcentage de travailleurs qui ne sont pas originaires du Manitoba continue d'augmenter. Ceci est important parce que traditionnellement, ce sont ces travailleurs locaux qui deviennent éventuellement des propriétaires et des entraîneurs. Les propriétaires de l'installation de course et les professionnels du monde équestre sont conscients de cette situation et travaillent à former et embaucher autant de personnes locales que possible. À cette fin, l'école de formation a été réorganisée et 10 étudiants ont gradué de la classe la plus récente, dont sept travaillent toujours aux Assiniboia Downs. La MHRC croit qu'il est juste d'affirmer que cette pénurie de main-d'oeuvre persiste au sein de toutes les pistes de courses au Canada et même au sein d'autres secteurs de l'économie. Cependant, il s'agit d'une tendance qui préoccupe tous les intervenants de l'industrie pour les raisons déjà citées.

### **b) Courses Standardbred en direct**

Le Manitoba Great Western Harness Racing Circuit a tenu 23 jours de courses (24 journées avaient été prévues avec une annulation pour cause de précipitation) avec une moyenne quotidienne de paris totalisant 5 621 \$ en 2007 comparativement à 5 340 \$ en 2006.

L'histoire des courses attelées au Manitoba rural date des années 30. Les courses attelées continuent de donner un excellent spectacle et de bâtir sur l'héritage culturel local de ces communautés. Les problèmes auxquels font face les courses en milieu rural sont bien connus. Tel que précisé plus haut, la CLM a déjà indiqué qu'elle n'accorderait plus de financement et les courses de 2008 ont été financées par le gouvernement. La proposition concernant la construction d'une installation permanente à Brandon semble être à toute fins pratiques abandonnée. Le gouvernement devra une fois de plus se pencher sur la question du financement pour cette industrie.

### **c) Courses Quarter Horse**

En 2007 tout comme en 2006, il y a eu un total de quatre courses quarter horse à Assiniboia Downs. Une fois de plus, il n'y en a pas eu à l'extérieur de Winnipeg. Pour la saison 2008, tel qu'il est indiqué plus haut, le gouvernement du Manitoba a contribué 37 500 \$ à l'industrie et la MHRC est heureuse d'affirmer que le nombre de courses qui auront lieu à Assiniboia Downs va probablement doubler et que ces courses sont bien appréciées de la part des amateurs des courses de chevaux.

## **Conclusion:**

Tous les intervenants de l'industrie attendent la publication de l'étude qui est en voie d'être complétée par la firme PriceWaterHouse Coopers LLP.

SCHEDULE A

Assiniboia Downs

**Live Racing**

	<u>2007</u>	<u>2006</u>
<b>Wagering on Live Racing</b>	<b>5,586,141</b>	<b>5,473,085</b>
<b>Number of Live Race Days</b>	<b>69</b>	<b>70</b>
<b>Number of Live Races</b>	<b>558</b>	<b>560</b>
<b>Average Daily Wagering (Live)</b>	<b>80,959</b>	<b>78,186</b>
<b>Average Live Wager per race</b>	<b>10,011</b>	<b>9,773</b>
<b>Purses Paid Out</b>	<b>5,662,920</b>	<b>5,450,527</b>
<b>Per Race Purse Average</b>	<b>10,011</b>	<b>9,879</b>

**Simulcast Racing**

	<u>2007/08</u>	<u>2006/07</u>
<b><u>Simulcast Wagering</u></b>	<b>\$ 25,892,851</b>	<b>\$ 25,500,543</b>
<b>Number of Race Days</b>	<b>364</b>	<b>364</b>
<b>Average Daily Wagering (Simulcast)</b>	<b>71,134</b>	<b>70,056</b>

**Totals**

	<u>2007</u>	<u>2006</u>
<b><u>Pari-Mutuel Wagering</u></b>	<b>\$ 31,478,992</b>	<b>\$ 30,951,070</b>
<b>Number of Race Days</b>	<b>364</b>	<b>364</b>
<b>Average Daily Wagering</b>	<b>86,480</b>	<b>85,092</b>

**SCHEDULE B**

**Rural Racing**

<b><u>Standardbred</u></b>	<b><u>Racing Days</u></b>		<b><u>Amount Wagered</u></b>	
	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>
McCreary	0	2		5,539
Dauphin	2	2	\$ 11,014	8,867
Deloraine	2	1	10,145	9,950
Glenboro	2	2	10,466	9,379
Holland	4	4	19,081	16,521
Killarney	4	4	20,971	26,177
Portage	4	4	23,194	27,503
Wawanesa	2	2	13,989	14,136
Miami	<u>2</u>	<u>2</u>	<u>8,659</u>	<u>11,216</u>
Subtotal	22	23	\$ 117,519	\$ 129,288

**There was no Rural Quarter Horse Racing in 2007**

**Other Comparative Statistics**

	<b><u>2006</u></b>	<b><u>2007</u></b>
Total Overnight Purses - Standardbred	\$ 284,900	\$ 284,880
Per Race Purse Average - Standardbred	\$ 1,656	\$ 1,548

**Provincial Support Programs**

	<b><u>2006</u></b>	<b><u>2007</u></b>
Race Meet Support - Standardbred	\$378,000	\$377,822
Breeders/Owners Incentives - Standardbred	110,000	110,000
Purses/Breeders/Owners Incentives – Quarter Horse (quarter horse programs operated from Assiniboia Downs)	12,000	12,000
TOTALS From Manitoba Lotteries Corporation	<b><u>\$500,000</u></b>	<b><u>\$500,000</u></b>



SCHEDULE C

MANITOBA HORSE RACING COMMISSION

Occupational Licenses and Registrations for the year ending

<u>Occupational Licenses</u>	<u>Thoroughbred</u>		<u>Standardbred</u>	
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
Owner/Trainer	118	101	27	33
Trainer	27	18	2	1
Assistant Trainer	17	17	4	2
Owner/Trainer/Driver	0	0	19	17
Owner/Driver	0	0	0	3
Jockey (1/4 & Amateur incl.)	24	38	0	0
Apprentice Jockey/Exercise Rider	52	56	0	0
Driver	0	0	3	0
Driver/Trainer	0	0	0	0
Jockey Agent	9	9	0	0
Officials	11	11	8	7
Backstretch	232	189	9	5
Occ 1 (Assoc., Kitchen, etc.)	109	124	0	0
Occ 2 (Press, etc.)	78	97	0	0
Occ 3 (Tradesmen, etc.)	17	23	0	0
Occ 5 (Veterinarians, etc.)	<u>9</u>	<u>7</u>	<u>0</u>	<u>0</u>
<b>TOTAL LICENSES ISSUED:</b>	<b><u>703</u></b>	<b><u>702</u></b>	<b><u>70</u></b>	<b><u>72</u></b>

<u>Registrations &amp; Non-Occupational</u>	<u>Thoroughbred</u>		<u>Standardbred</u>	
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
Owners	518	495	76	72
Sponsored Persons	101	85	1	1
Partnerships	204	218	3	17
Stable Names	137	98	1	2
Colours	47	34	0	0
Leases	0	0	0	0
Authorized Agents	226	229	0	8

	<u>Quarter Horse</u>	
	<u>2006</u>	<u>2007</u>
All Categories (excluding Assiniboia Downs dual licensees)	24	24

SCHEDULE D

MANITOBA HORSE RACING COMMISSION

<u>Thoroughbred</u>	<u>2006</u>	<u>2007</u>
Rulings	222	207
Fines	\$17,300	\$10,950
<u>Standardbred</u>	<u>2006</u>	<u>2007</u>
Rulings	10	14
Fines	\$ 1,127	\$ 655

## **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', is written over the printed name and title.

**Date: June 30<sup>th</sup>, 2008**

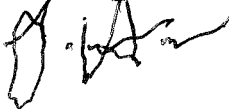
## **Rapport de la direction**

Les états financiers ci-joints sont la responsabilité de la direction et ont été préparés conformément aux principes comptables canadiens généralement reconnus. À notre avis, les états financiers ont été convenablement préparés à l'intérieur des limites de l'importance relative des renseignements, en y incorporant le meilleur jugement de la direction en ce qui a trait aux estimations requises ainsi que toutes autres données disponibles. L'information financière présentée ailleurs dans ce rapport annuel est conforme à ce que l'on retrouve dans les états financiers.

La direction maintient des contrôles internes afin d'assurer, et ce dans la mesure du possible, que l'information financière est précise et fiable et aussi que les actifs de la commission soient bien protégés.

La responsabilité du vérificateur général du Manitoba est d'exprimer une opinion professionnelle indépendante à savoir que les états financiers ont été présentés d'une manière équitable dans tous leurs aspects importants.

**Larry Huber**  
**Directeur général**



**Date: le 30 juin 2008**

**The Manitoba Horse Racing Commission  
Financial Statements**

March 31<sup>st</sup>, 2008

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## AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and  
To the Board of Commissioners of Manitoba Horse Racing Commission

We have audited the balance sheet of the Manitoba Horse Racing Commission as at March 31, 2008, and the statement of operating revenue and expenses and fund balances and the statement of general fund operating expenses for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Manitoba Horse Racing Commission as at March 31, 2008, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Office of the Auditor General*

Office of the Auditor General

Winnipeg, Manitoba  
June 11, 2008

**AUDITORS' REPORT**  
**Schedule of Compensation Paid to Commission Members and Employees**

To the Legislative Assembly of Manitoba, and  
To the Board of Commissioners of the Manitoba Horse Racing Commission

We have audited the Schedule of Compensation Paid to Commission Members and Employees of the Manitoba Horse Racing Commission for the year ended December 31, 2007, 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 schedule presents fairly, in all material respects, the commission members and employees compensation payments of the Manitoba Horse Racing Commission for the year ended December 31, 2007, in accordance with the provisions of The Public Sector Compensation Disclosure Act.

*Office of the Auditor General*

Office of the Auditor General

Winnipeg, Manitoba  
June 11, 2008



# THE MANITOBA HORSE RACING COMMISSION

## Exhibit A

Balance Sheet  
as at March 31, 2008  
(with 2007 figures for comparison)

	General Fund	Capital Asset Fund	Pari-Mutuel Levy Fund	Restricted Funds			Total	
				Rural Fund	H.B.P.A. Fund	C.T.H.S. Fund	Year ended March 31 2008	2007 (Note 8)
<b>ASSETS</b>								
Current assets:								
Cash on hand and in bank	\$ 66,483	\$ -	\$ -	\$ 6,753	\$ 80,291	\$ 255,412	\$ 408,939	\$ 413,748
Pari-mutuel levy receivable	-	-	5,564	-	-	-	5,564	47,394
Pre paid expense	-	-	-	-	-	-	-	7,388
Interfund balances	1,053	-	(5,564)	(500)	3,888	1,123	-	-
Accounts Receivable	13,650	-	-	-	-	-	13,650	15,430
Receivable from Province of Manitoba - Pension (Note 3)	307,729	-	-	-	-	-	307,729	-
Long term receivable:								
Province of Manitoba (Note 3)	388,915	-	-	6,253	84,179	256,535	735,882	483,960
Capital assets (Note 6)	-	14,448	-	-	-	-	-	288,336
								15,255
	<b>\$ 388,915</b>	<b>\$ 14,448</b>	<b>\$ -</b>	<b>\$ 6,253</b>	<b>\$ 84,179</b>	<b>\$ 256,535</b>	<b>\$ 750,330</b>	<b>\$ 787,551</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Current liabilities:								
Accounts payable and accrued liabilities	\$ 28,139	\$ -	\$ -	\$ 3,682	\$ 84,179	\$ 256,535	\$ 372,535	\$ 434,116
Deferred revenue	1,755	-	-	-	-	-	1,755	2,915
	29,894	-	-	3,682	84,179	256,535	374,290	437,031
Long term liability:								
Provision for employee pension benefits (Note 4)	307,729	-	-	-	-	-	307,729	288,336
	337,623	-	-	3,682	84,179	256,535	682,019	725,367
Fund Balances - Exhibit B								
Unrestricted	51,292	-	-	-	-	-	51,292	46,928
Invested in Capital Assets	-	14,448	-	-	-	-	14,448	15,256
Restricted	-	-	-	2,571	-	-	2,571	-
	<b>\$ 388,915</b>	<b>\$ 14,448</b>	<b>\$ -</b>	<b>\$ 6,253</b>	<b>\$ 84,179</b>	<b>\$ 256,535</b>	<b>\$ 750,330</b>	<b>\$ 787,551</b>

APPROVED BY THE COMMISSION

Chairman  
Comptroller

See accompanying notes to the financial statements

# THE MANITOBA HORSE RACING COMMISSION

## Exhibit B

Statement of Operating Revenue and Expenses  
and Fund Balances for the year ended March 31, 2008  
(with 2007 figures for comparison)

	Restricted Funds					Total		
	General Fund	Capital Asset Fund	Pari-mutuel Levy Fund	Rural Fund	H.B.P.A. Fund	C.T.H.S. Fund	Year ended March 31 2008	Year ended March 31 2007 (Note 8)
<b>Revenue:</b>								
Fees, licenses and fines (Note 5)	\$ 116,713	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 116,713	\$ 126,261
Grant from the Manitoba Lotteries	38,000	-	-	462,000	-	-	500,000	500,000
Interest	970	-	-	2,571	3,082	7,969	14,592	13,085
Pari-mutuel levy	-	-	3,032,682	-	-	-	3,032,682	2,985,302
Sundry	-	-	-	-	-	-	-	34
Employee future benefits - (Note 4)	19,393	-	-	-	-	-	19,393	17,130
	<u>175,076</u>	<u>-</u>	<u>3,032,682</u>	<u>464,571</u>	<u>3,082</u>	<u>7,969</u>	<u>3,683,380</u>	<u>3,641,812</u>
<b>Expenses:</b>								
General Fund operating expenses, Exhibit C	484,326	-	-	-	-	-	484,326	507,504
Overnight purse support thoroughbred	-	-	-	-	2,149,003	-	2,149,003	2,117,574
Owners/breeders incentive thoroughbred	-	-	-	-	-	579,940	579,940	569,392
Quarter Horse support	-	-	-	12,000	-	-	12,000	12,000
Amortization of capital assets	-	1,984	-	-	-	-	1,984	1,828
Standardbred rural	-	-	-	450,000	-	-	450,000	450,813
	<u>484,326</u>	<u>1,984</u>	<u>-</u>	<u>462,000</u>	<u>2,149,003</u>	<u>579,940</u>	<u>3,677,253</u>	<u>3,659,111</u>
Excess (deficiency) of revenues over expenses	(309,250)	(1,984)	3,032,682	2,571	(2,145,921)	(571,971)	6,127	(17,299)
Capital fund transfer (Note 2H)	(1,177)	1,177	-	-	-	-	-	-
Pari-mutuel levy fund transfer (Note 2H)	314,790	-	(3,032,682)	-	2,145,921	571,971	-	-
Fund balances at beginning of year	46,929	15,255	-	-	-	-	62,184	79,483
Fund balances end of year	<u>\$ 51,292</u>	<u>\$ 14,448</u>	<u>\$ -</u>	<u>\$ 2,571</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,311</u>	<u>\$ 62,184</u>

See accompanying notes to the financial statements

# THE MANITOBA HORSE RACING COMMISSION

## Exhibit C

### Statement of General Fund Operating Expenses for the year ended March 31, 2008 (with 2007 figures for comparison)

	<u>2008</u>	<u>2007</u>
Expenses:		
Bad Debt	\$ 1,930	\$ -
Commissioners' per diem and honoraria	15,816	20,828
Drug, alcohol and security	7,718	4,705
Employee benefits	27,520	26,736
Equipment and office furniture	5,821	-
Equipment rentals	3,709	1,275
Insurance	893	968
Memberships and dues	(472)	6,845
Office	19,666	13,070
Pension cost	34,378	31,402
Professional fees	8,412	8,400
Recruiting costs	2,000	1,927
Repairs and maintenance	-	1,822
Salaries:		
Administration	124,048	125,595
Security	17,791	17,295
Stewards and judges	122,863	153,380
Veterinarian services	51,654	50,124
Support grant	15,739	15,823
Telephone	6,421	6,602
Travel	18,419	20,707
	<hr/>	<hr/>
	\$ 484,326	\$ 507,504

# THE MANITOBA HORSE RACING COMMISSION

## Notes to the Financial Statements for the year ended March 31, 2008

### 1. Nature of the 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 expenses 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 expenses are retained by the Commission. However, such retained funds in excess of actual expenses reduce subsequent administrative grants.

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

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

Effective April 1, 1997, Pari-mutuel Levy 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.

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

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 Act based on the Plan For Distribution approved by the minister responsible for the administration of the Act.

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 Act based on the Plan For Distribution approved by the minister responsible for the administration of the Act.

# THE MANITOBA HORSE RACING COMMISSION

## Notes to the Financial Statements for the year ended March 31, 2008

### 2. Significant accounting policies

#### A) General

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP).

#### B) Fund Accounting

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

#### C) New accounting policies

Effective April 1, 2007 the entity adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA):

##### **Section 1506, Accounting Changes**

Section 1506 requires that voluntary changes in accounting policies are made only if they result in the financial statements providing reliable and more relevant information. Additional disclosure is required when the entity has not yet applied a new primary source of Canadian GAAP that has been issued but is not yet effective, as well as when changes in accounting estimates and errors occur. The adoption of this revised standard had no material impact on the entities financial statements for the year ended March 31, 2008.

##### **Section 3855, Financial Instruments – Recognition and Measurement**

Section 3855 prescribes the criteria for recognition and presentation of financial instruments on the balance sheet and the measurement of financial instruments according to prescribed classifications. Under this section, financial assets and liabilities are initially recorded at fair value. This section also addresses how financial instruments are measured subsequent to initial recognition and how the gains and losses are recognized.

The entity is required to designate its financial instruments into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings or directly to unrestricted fund balance, respectively. All other financial instruments are subsequently measured at amortized cost.

The Commission has designated its financial instruments as follows:

Cash on hand and in bank is classified as financial assets held for trading and is measured at fair value with gains and losses recognized in net earnings.

Accounts receivable, pari-mutuel levy receivable and receivable from Province of Manitoba - pension are classified as loans and receivables. These financial assets are recorded at their amortized cost using the effective interest rate method.

# THE MANITOBA HORSE RACING COMMISSION

## Notes to the Financial Statements for the year ended March 31, 2008

Accounts payable and accrued liabilities are classified as other financial liabilities. These financial liabilities are recorded at their amortized cost using the effective interest rate method.

The adoption of this revised standard had no material impact on the Commission financial statements for the year ended March 31, 2008.

### D) Financial instruments

The Commission's financial instruments consist of cash on hand and in bank, accounts receivable, pari-mutuel levy receivable, receivable from Province of Manitoba - pension and accounts payable and accrued liabilities.

Unless otherwise noted, it is management's opinion that the Commission is not exposed to significant interest, currency or credit risk arising from these financial instruments.

The fair value of accounts receivable, pari-mutuel levy receivable, receivable from Province of Manitoba - pension, accounts payable and accrued liabilities approximates their carrying values due to their short-term maturity.

### E) 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.

### F) 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.

### G) 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.

# THE MANITOBA HORSE RACING COMMISSION

## Notes to the Financial Statements for the year ended March 31, 2008

### H) Fund transfers

#### i) Capital fund transfers

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

#### ii) Pari-mutuel levy fund transfer

A pari-mutuel levy is collected by the Commission for the promotion of horse racing in Manitoba. The Pari-mutuel Levy Fund is then distributed in accordance with the Plan for Distribution.

### I) 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

### J) Future accounting policy changes

The CICA has issued two new standards, CICA 3862: Financial Instruments – Disclosures and CICA 3863: Financial Instruments – Presentation, which enhance the abilities of users of financial statements to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks.

The CICA has also issued a new standard, CICA 1535: Capital Disclosures, which requires the disclosure of qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital.

These changes in accounting policies, which will be adopted effective April 1, 2008, will only require additional disclosures in the financial statements.

### 3. Receivable from the Province of Manitoba - Pension

The balance is comprised of:

	<u>2008</u>	<u>2007</u>
Pension entitlement	\$ 307,729	\$ 288,336
Less: long term portion	-	288,336
Amount due within one year	<u>\$ 307,729</u>	<u>\$ -</u>

The Province of Manitoba has confirmed that it intends to pay in full the March 31, 2008 receivable balance related to prior years' funding for the pension liability. This payment will be placed in an interest bearing trust account on March 31, 2009 to be held on behalf of the Manitoba Horse Racing Commission until the cash is required to discharge the related liabilities. Accordingly, this receivable is classified as current.

# THE MANITOBA HORSE RACING COMMISSION

## Notes to the Financial Statements for the year ended March 31, 2008

### 4. Provision for employee pension benefits

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

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 estimated to March 31, 2008 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>2008</u>	<u>2007</u>
Balance, beginning of year	\$ 288,336	\$ 271,207
Benefits accrued	13,163	13,198
Interest accrued on benefits	20,594	17,823
Benefits paid	<u>(14,364)</u>	<u>(13,892)</u>
Balance, end of year	<u>\$ 307,729</u>	<u>\$ 288,336</u>

### 5. Fees, licenses and fines

	<u>2008</u>	<u>2007</u>
Assiniboia Downs		
Daily licenses	\$ 66,975	\$ 67,000
Fees and licenses	36,648	39,771
Fines	11,490	17,610
	<u>115,113</u>	<u>124,381</u>
Rural Circuit		
Fees and licenses	570	1,160
Fines	1,030	720
	<u>1,600</u>	<u>1,880</u>
	<u>\$ 116,713</u>	<u>\$ 126,261</u>



# THE MANITOBA HORSE RACING COMMISSION

## Notes to the Financial Statements for the year ended March 31, 2008

### 6. Capital assets

	2008		2007	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 11,599	\$ 2,695	\$ 10,422	\$ 1,818
Security equipment	1,629	448	1,629	336
Furniture	7,571	3,208	7,571	2,213
	<u>\$ 20,799</u>	<u>\$ 6,351</u>	<u>\$ 19,622</u>	<u>\$ 4,367</u>
Net Book Value		<u>\$ 14,448</u>		<u>\$ 15,255</u>

### 7. 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.

### 8. Comparative figures

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

# THE MANITOBA HORSE RACING COMMISSION

## Schedule of Compensation Paid to Commission Members and Employees For the Year Ended December 31, 2007

The Public Sector Compensation Disclosure Act requires disclosure of the aggregate compensation paid to the Commission's Board members and of individual compensation paid to Board members or staff, where such compensation exceeds \$50,000 per year. In the year 2007 the Commission paid the Board members in aggregate \$16,776. In the year 2007, the Commission paid the following employees in excess of \$50,000.

<b>Name</b>	<b>Position</b>	<b>Compensation (\$'s)</b>
Huber, Larry	Executive Director	71,000
Meek, Dr. Joseph	Commission Veterinarian	50,406