

Ministry of Finance

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Ministère des Finances

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JUL 23 2012

Mr. Ian Cunningham
President
Council of Ontario Construction Associations
180 Dundas Street West, Suite 2001
Toronto, Ontario
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Dear Mr. Cunningham:

Thank you for your letter, regarding funding for the horse racing industry through the Ontario Lottery and Gaming Corporation's (OLG) *Slots at Racetracks* program. I appreciate your taking the time to write and share your concerns and I am pleased to respond.

As you are aware, funding to the horse racing industry was reviewed along with all other government supports in the context of the government's plan to eliminate the deficit, and the recommendations set out in the Report of the Commission on the Reform of Ontario's Public Services (i.e. Drummond Report).

On March 12, 2012, the OLG released a report, *Modernizing Lottery and Gaming in Ontario: Advice to Government*. The government has accepted the report, and I have asked the OLG to modernize its operations according to its recommendations.

Based on the government's review of funding to the horse racing industry and the recommendations set out by the OLG, it was decided that the *Slots at Racetracks* program is not sustainable in the context of the government's plan to eliminate the deficit and the OLG's recommendation to locate gaming sites where there is greater customer interest. As a result, the *Slots at Racetracks* program will end on March 31, 2013.

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Since 1998, the OLG has provided the horse racing industry with approximately \$3.7 billion through the *Slots at Racetracks* program. In 2011-12, it is estimated to be approximately \$345 million. One of the reasons the program was originally introduced was to provide support to the industry as wagering revenues were in decline. However, despite funding to the industry, wagering revenues have continued to decrease since 1998. Recognizing this, the government determined that the industry needs to move towards greater self-sufficiency without government support. This will allow the industry to respond competitively to market demands for its racing product.

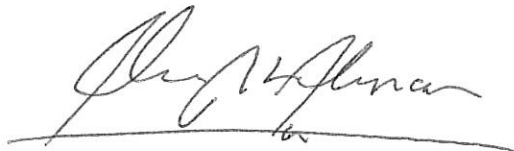
Even with changes to the *Slots at Racetracks* program, wagering revenues remain available to the industry to help it continue to operate. The government remains committed to the horse racing industry in Ontario through its reduction of its provincial pari-mutuel tax which provided approximately \$70 million in tax relief to the industry in 2010.

Also, the government recently announced its commitment to working with the horse racing industry in a constructive way, including providing one-time transition funding to help the industry transition away from the current system to a new self-sustaining model. To assist with this transition, the government has asked an expert panel of three former Ontario Cabinet Ministers, Elmer Buchanan, John Snobelen and John Wilkinson, to consult with the industry to determine how the government can support the transition of the sector, including the allocation of up to \$50 million in program funding.

I am confident that participants in the horse racing industry will work together to offer a competitive racing product in Ontario that is appropriately supported by its pari-mutuel wagering revenues.

Thank you again for writing.

Sincerely,

A handwritten signature in black ink, appearing to read "Dwight Duncan", written over a horizontal line.

Dwight Duncan
Deputy Premier
Minister of Finance