

*Criminal Code*

As a result of this legislation not only will jobs be created but jobs will be preserved. Benefits will be gained throughout the country, including the new betting theatre segment. Betting theatres, also known as teletheatres, will create new jobs in cities where horse racing is not otherwise available. The jobs will be associated with the control of telecommunications, pari-mutuel services, and concessions. Service jobs will be created in the food and beverage sector, and facility support services. Horse men will benefit also from the increased purses. The industry will obviously be able to get increased purses to meet their increased costs for track maintenance and horse care. Higher incentives will maintain the scale of racing in Canada. At the same time, many Canadian thoroughbreds and standard breds can race abroad if they are outstanding performers. With increased domestic support, Canadian breeders will be able to produce outside racing stock.

Given these likely benefits, it is appropriate to take a few moments to outline the size and importance of the Canadian horse racing industry.

To begin with, it is a large proportion of the over-all Canadian horse industry. Racing's help, therefore, contributes directly to the over-all industry.

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It also contributes to its over-all well-being by spreading the cost of supply of goods and services. The horse industry in Canada generates about \$4 billion in economic activity. About 100,000 people are directly employed in the horse industry, 42,000 of them in racing. A further 20,000 people have jobs in services directly related to this industry. These include concessions, sales of feed, tack and other equipment.

Within the racing sector, capital investment is substantial as well. For example, the industry's inventory of all forms of land, equipment and buildings is at least \$3.4 billion. Annual capital expenditure is estimated at \$380 million.

Another significant factor is that the horse industry's balance of trade favours Canada. Americans wager approximately 20 times as much money at Canadian tracks as Canadians bet in the United States.

As we go through these statistics we recognize that racing is big business in Canada. To some it is a way of life. It is part of a culture, and many people are in it for the love of it.

However, there are some strains and there are some concerns within the industry. It is fair to say, I believe, that from the standpoint of the racing industry it is important to take action now if the industry is going to be strengthened and preserved. We know that the United States has recently introduced betting theatres close to the border, in states such as New York, Pennsylvania, North Dakota and Washington. Furthermore, legislation is also being considered in Michigan and Minnesota.

As I said earlier, we now have a very favourable balance of trade in the United States with this business, but these new theatres south of the border may tip the current positive balance of trade in favour of the United States.

Canadian breeders and owners of standard bred and thoroughbred horses have greater penetration of the U.S. market than the other way around. There are two reasons for this. First, there are more opportunities for competitive racing in the United States and purses are in U.S. dollars, so that returns are obviously higher.

Since 1980, the Canadian racing industry has been under severe economic pressure. The causes are inflation, rising costs and a steep decline in industry income.

Other kinds of entertainment wagering such as lotteries have become a bigger part of Canadian life than they used to be. The returns to horse racing have shrunk as those to lotteries in particular have grown.

In 1987, Canada's provincially controlled lotteries made sales of \$3.34 billion. This was an increase of some \$700 million or 26 per cent over 1986. The likely reason for the growth is the wide variety of games available and because tickets are available at more than 34,000 locations across the country.

Competition is likely to become even more fierce in the future. Some provinces, such as Manitoba, Saskatchewan, Alberta and British Columbia, have already legalized some casino-type gambling. Others are likely to follow suit. These and similar forms of entertainment wagering will further increase the pressure on horse racing and its jobs as time passes by.

As an example of what is happening, we can look at Saskatchewan's recent experience. In 1987, more than \$213 million went to casinos, bingo and other games of chance and lotteries took in over \$93 million. Pari-mutuel betting, on the other hand, brought in only \$12.5 million. Although final figures are not complete for 1988, this trend is continuing.