

Criminal Code

Other levels of Government have given the industry some support. Every province, for example, applies a tax on pari-mutuel betting. During the past five years, provincial Governments have set up programs to rebate a part of their revenues directly to the tracks and horsemen.

These funds have been transferred in such ways as to provide for purses for breeder stake races, for equipment and capital, for improvement programs, assistance on overnight purses and advertising programs. As you can appreciate, these programs vary from one province to another, but considering the scale of the assistance it is not likely that further support from provincial sources will be possible.

Over the years, the House has also broadened its legislation to provide the industry with the means to promote growth and competitiveness.

For example, we supported such initiatives as inter-track betting, separate pool betting, foreign race separate pool betting, telephone account betting and additional exotic pools. All of these have served to increase the marketability of entertainment wagering on horse races, so they have all been helpful and of some use to the industry.

During 1988, intertrack betting was conducted at eight tracks. Some \$146.7 million was wagered. That is an increase of almost 13 per cent over 1987.

Separate pool betting was available at another 19 tracks and attracted wagers of \$21 million.

Foreign race separate pools were set up at 18 tracks across the country and attracted \$10.4 million in bets on races originating at U.S. tracks. Six tracks offered telephone account betting resulting in more than \$28 million wagered, which is a 20 per cent increase over 1987.

These means of betting continue to be of help. Raising association commissions on these additional amounts have helped them in meeting their continuously rising operating costs and have added to the horsemen's purses.

Much has been done, but more needs to be done. As the proposed theatre betting legislation will be implemented, again horsemen will be guaranteed through ensuing regulations a negotiated partnership with racing associations for the scheduling of races for intertrack, separate pool and theatre betting. They will also negotiate cost and revenue sharing.

Track commission rates have been adjusted to help cope with the cost squeeze caused by inflation. In 1982, the track commission rate was increased to a maximum of 15 per cent, although larger tracks were authorized at a lower rate. The allowable commission rate was again increased in 1984, and by 1985, the maximum rate was set at a flat 18 per cent. With the exception of a few large tracks, most racing associations are now operating at the 18 per cent commission level.

These adjustments mean that there is no leeway for future commission increases to meet any further rise in costs. The combined take-out by the tracks, provincial Governments and the federal operations levy has reached its probable upper limit. In other words, even a small increase in the take-out is likely to have a very negative impact on total amounts wagered.

Government has already given what support it can. On the market side, however, there are still opportunities to serve existing patrons in an improved fashion.

The intent of the legislation is to permit racing associations to bring their sport to patrons at locations other than racetracks. Teletheatres will allow the industry to take horse racing entertainment to cities where there are no tracks. Another application could see races transmitted live to teletheatres in densely populated areas even in close proximity to a track.

The teletheatre concept has been tested successfully in the United States. Teletheatres offer a potential for growth by catering to infrequent race-goers and some new fans. They increase customer convenience, offer the more pleasant surroundings of a theatre environment and increase the ability of the industry to compete head-to-head with other forms of entertainment in the theatre's immediate marketing area. Recent U.S. surveys have revealed who teletheatre patrons are. Half, we are told, have been to a race track one to five times within the previous 12 months. Thirty per cent have not been to a track in the previous year and one in 10 is a person who has never been to a race track.

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The figures support several conclusions. Teletheatres will encourage the return of infrequent racegoers. They will cater to regular race patrons and they will assist the industry in attracting new fans. The U.S. experience has been very favourable. The Canadian industry believes it can administer betting theatres at least as well as U.S. operators and all segments of the industry support the initiative.