

IN THE MATTER of setting intra-provincial boundaries for the purpose of limiting telephone account betting in Nova Scotia.

AND IN THE MATTER of hearings conducted by the Atlantic Province Harness Racing Commission to consider proposals submitted to the Commission by the three licenced race tracks in Nova Scotia, namely Northside Downs, Inverness, and Truro Raceway, on the issue of telephone account betting in Nova Scotia.

Hearings at Charlottetown, PE, November 14, 2022, at 9:00 A.M. (Northside Downs), 10:00 A.M. (Inverness), and 11:00 A.M. (Truro Raceway)

PRESENT:

A Panel consisting of Chair Frank Balcom (NS), and Commissioners, Stefan DeCoursey (NB), Lowell Crowe (NS), Bill Roloson, and Jacinta Campbell (PE) was convened to conduct hearings in respect of proposals submitted by Northside Downs, Inverness, and Truro Raceway, on the issue of telephone account betting in Nova Scotia.

The Hearings were conducted under the provisions of the *Atlantic Provinces Harness Racing Commission Act*, SNS 1993, c 8.

The Hearings followed a breakdown of the agreement amongst the three tracks regarding telephone account betting revenue sharing. Historically, no boundaries had been established to limit telephone accounting betting. All tracks had access to the entire Province for the purpose of conducting telephone account betting. Truro Raceway acted as the administrator and the three tracks shared revenue according to an informal agreement. Following a breakdown of the private revenue sharing agreement, requests were made to the Commission to intervene. Ultimately, proposals were submitted by each track and the Commission decided to schedule hearings to allow each track to make submissions in support of its proposal.

OVERVIEW OF PROPOSALS:

Northside Downs

Northside Downs presented first. In their presentation, Northside Downs highlighted the following points:

- All three tracks in Nova Scotia are rural, significantly distanced from Halifax.
- Almost half of the revenue generated from Telephone Account Betting in Nova Scotia comes from Halifax Regional Municipality.
- Only a small percentage of the revenue generated from Telephone Account Betting stems from bets on races in Nova Scotia; the vast majority is generated from betting on races outside Nova Scotia.
- In Ontario, each track has exclusivity for a 50 km radius surrounding the track. The remainder of the Province is divided up amongst the tracks by the Regulator.
- Under the informal revenue sharing agreement, 63% of the revenue from Telephone Account Betting goes to Truro Raceway; 22% goes to Northside Downs; and 15% goes to Inverness.
- Cape Breton County, the home County of the Northside Downs track, generated 24.5% of the Provincial Telephone Account Betting wager. Colchester County, the home County of Truro Raceway, generated 7.7%. Inverness County, the home County of the Inverness track, generated 10.5%.
- Northside Downs has a strong racing program and Cape Breton County has a strong horse and trainer population.

Northside Downs suggests the private revenue sharing arrangement unfairly favours Truro Raceway. Consequently, Northside Downs suggests that the Commission should intervene to impose a more equitable revenue sharing arrangement or to withhold race date and simulcast approvals until the three tracks negotiate and sign a new revenue sharing agreement. No authority was presented to establish the Commission's jurisdiction to provide these remedies.

Alternatively, Northside Downs suggests intra-provincial boundaries be imposed to provide it a home market area including Cape Breton County, Victoria County, and Dartmouth.

Inverness

Inverness racetrack presented second. Their presentation focused on the fact that the current revenue sharing agreement unfairly favours Truro Raceway and that representatives of Truro Raceway have simply refused to engage in discussions or negotiations in respect of the arrangement. They suggest their program and facilities could be improved if there was a more equitable sharing of the revenue generated from the Halifax market.

Inverness requests that the Commission establish intra-provincial boundaries to limit Telephone Account Betting and that Inverness be assigned an area including Inverness County, Richmond County, and part of Halifax Regional Municipality.

Truro Raceway

Truro Raceway presented last. In their presentation, they highlighted the following points:

- It is no longer necessary or administratively convenient to have the entire Province shared pursuant to a private revenue sharing arrangement.
- The betting software used to provide Telephone Account Betting to customers is now capable of accommodating separate areas being assigned to separate tracks with reference to postal codes.
- Truro Raceway's home market area for Teletheatre betting has long included all of mainland Nova Scotia.
- Truro Raceway has a physical presence in Halifax with its Teletheatre location in Bedford.
- Truro Raceway has the most advanced track facilities in the Province and is undergoing a major construction project to improve their facilities further.
- Truro is the leading track in Nova Scotia with respect to its program, which includes its own Stakes program as well as Maritime invitational events.
- Government funding was historically split amongst the three tracks in a similar fashion to the revenue sharing arrangements associated with Telephone Account Betting. This was recently changed to give the smaller tracks a larger share of the funding. In agreeing to the change with respect to Government funding, Truro Raceway emphasized that it did not agree to the same change being made to the revenue sharing arrangement with Telephone Account Betting and that the new Government funding model should not be seen as a precedent for Telephone Account Betting.
- If the Telephone Account Betting revenue was split equally amongst the three tracks, Truro Raceway would not be able to maintain its current program.

Truro Raceway requests that the Commission establish intra-provincial boundaries to limit Telephone Account Betting and that Truro Raceway be assigned an area including all of Mainland Nova Scotia.

ANALYSIS AND DECISION:

After hearing from representatives of all three Nova Scotia race tracks, and reviewing the material submitted by each, the Commission is of the view that historic private revenue sharing arrangement related to Telephone Account Betting in Nova Scotia unfairly benefits Truro Raceway. The most telling evidence in this respect is the historical betting data, which shows that only 7.7% of the Provincial wager was generated in Colchester County, Truro's home County, while 63% of the revenue generated Province-wide has gone to Truro. Meanwhile, 24.5% of the Provincial wager was generated in Cape Breton County, Northside Downs' home County, while only 22% of the revenue generated Province-wide has gone to Northside Downs.

Truro Raceway argues this perceived inequity would be addressed by establishing boundaries and assigning each track an area including its own home County. However, Truro Raceway maintains that the area assigned to it should include all of mainland Nova Scotia, and more importantly, all of the Halifax market.

All tracks agree that Halifax is the economic driver for the entire Province, with approximately half of the Province's population living in Halifax Regional Municipality. Although Truro Raceway is the closest track to Halifax, there is no track located within the boundaries of Halifax Regional Municipality. No convincing argument was presented to establish that any one track should have exclusive benefit of the Province's largest market. Truro Raceway argues that its physical presence in Halifax, through its Teletheatre in Bedford, justifies assigning the entire market to it. The Commission accepts that Truro Raceway's Teletheatre location in Halifax helps drive interest in the sport in the Halifax market, as does the proximity of Truro's race track, justifying an increased share of the Halifax market over the other tracks. However, the Commission does not accept Truro Raceway's argument that essentially all of the interest in the sport from Halifax customers was generated by Truro Raceway so that Truro Raceway should enjoy exclusivity over this entire market. The Commission is of the view that a more equitable sharing of the Province's largest market is in the best interest of the sport in Nova Scotia.

The Commission has decided to establish boundaries for the purpose of limiting Telephone Account Betting in the Province of Nova Scotia. Each track will be assigned an area including all its home County. The remainder of the Province will be divided and assigned as the Commission determines to be in the best interest of racing. Where necessary, divisions will be determined by postal code. Each track will be responsible for proving to the Commission that it holds the necessary licence to conduct Telephone Account Betting in the area assigned to it.

For the 2023 Race year, the Commission assigns the following areas to the following race tracks:

1. Northside Downs:
 - a. Cape Breton County
 - b. Richmond County
 - c. Part of Dartmouth: area codes, beginning with B2V, B3A, and B3B

2. Inverness:

- a. Inverness County
- b. Pictou County
- c. Antigonish County
- d. Victoria County
- e. Part of Dartmouth: area codes beginning with B2W, B2X, and B2Y

3. Truro Raceway:

- a. Colchester County
- b. Annapolis County
- c. Cumberland County
- d. Digby County
- e. Guysborough County
- f. Hants County
- g. Kings County
- h. Lunenburg County
- i. Queens County
- j. Shelbourne County
- k. Yarmouth County
- l. Halifax Regional Municipality **excluding Dartmouth**

 AS PER.

Frank Balcom, Chair

Dated this 14 day of December 2022, at Kensington, Prince Edward Island.