
BC HORSE INDUSTRY In The 1990's



BRITISH
COLUMBIA

Ministry of Agriculture,
Food and Fisheries

BC HORSE INDUSTRY In The 1990's

...the horse industry is a significant and growing livestock sector, uses other agricultural products, preserves land for future food production and acts as a buffer between large agriculture operations and urban centers'



Ministry of Agriculture,
Food and Fisheries

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Introduction

In 1990 the Ministry of Agriculture and Food undertook a comprehensive survey to provide more accurate information on the structure and economic contribution of the horse industry in British Columbia. In 1994 a follow-up survey was completed to update the information and expand on the role of horses as a farming enterprise. In 1998 another survey was completed to update information, evaluate trends in the industry over the decade and identify opportunities and constraints facing the industry in the next decade. As a group, the three surveys provide a clear picture of the horse industry in the 1990's.

The 1998 survey confirms horses are big business in B.C. Some 37,000 owners use 245,000 acres of farm land and spend \$407 million annually in direct operating expenses to support 90,000 horses and over 10,500 full time equivalent jobs. This activity generates \$77 million in direct provincial and federal tax revenues. The capital value of the horses is \$379 million and the farm properties keeping horses have a further capital investment of \$789 million in buildings and equipment (excluding property value) to house these horses. The total annual economic impact of the industry, including race track operations, is \$771 million.



In the last census, farms reporting horses were the second most common livestock reported on farms behind cattle, but grew faster than cattle between 1991 and 1996 (13% as compared to 5.6%). The horse industry is a significant and growing agricultural commodity, uses over \$90 m in other agriculture products, helps preserve land for future food production and provides an effective buffer between large scale agricultural operations and growing urban centers.

In 1994 over 50% of respondents planned to increase their activity in the horse industry, and expand they did. The *Census of Agriculture* indicates that from 1991 to 1996 the number of farms reporting horses rose by 13% and the number of horses reported on farms rose by 25%. The Ministry survey estimates the number of horses, including those not on census farms, increased by 18% from 1994–1998. The industry is again planning to expand over the next 5 years but at a slower rate.

Although as many as 2,000 horses reside at race tracks for part of the year, horses live on agriculture land. Many rural properties have become horse businesses to meet the rising demand for horses. There are over 12,000 properties with horses. 46% are classified as farm land and 37% operate as a business (fill out farm income tax form).

Over 4,000 horse farm properties breed horses and produce over 10,000 foals per year valued at approximately \$25 m.

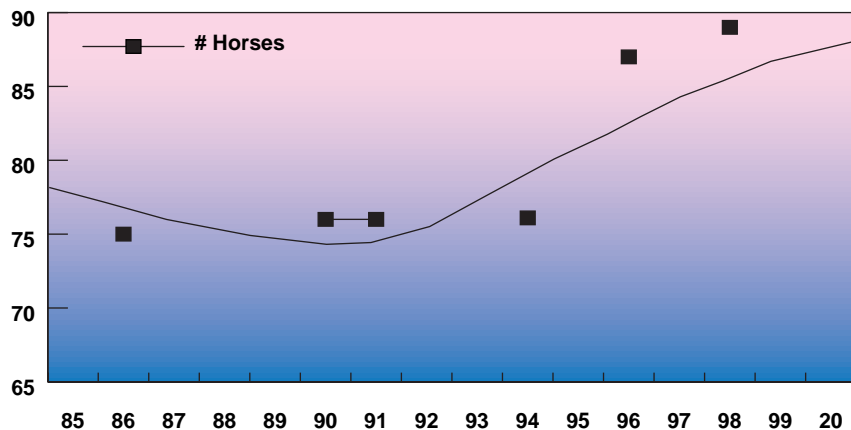
Horses have remained a work animal in several areas. They are still used on cattle ranches, are becoming more popular in selective forestry and are the mainstay of the rapidly growing guide/outfitter sector. Horses are still bred on farms, and are produced to meet a variety of demands that may also exist on farm land.

Since 1961 the horse population on B.C. census farms has been increasing and may soon reach the pre-1940 levels of over 60,000.

Section 1 of the report describes the trends in the horse industry in the 1990's and the challenges and opportunities the industry faces in the next decade. Section 2 presents a general overview of the structure and economic contribution of the industry and reads like a reference manual of statistics on the industry developed from the 1998 Horse Industry Survey. Section 3 provides a more detailed analysis of the economic impact of the Horse Racing Sector and the Appendix provides more detailed support material for the survey results.

While reading the report it is important to recognize that the trends and interpretations come from five separate estimates of the horse industry in British Columbia in the 1990's, three by the Ministry and two by statistics Canada. From anecdotal information and journal articles it is the author's opinion that the samples are spot estimates of an industry whose size has changed along a continuum that can best be described in the following graph.¹

Figure 1. General Trends in the B.C. Horse Population



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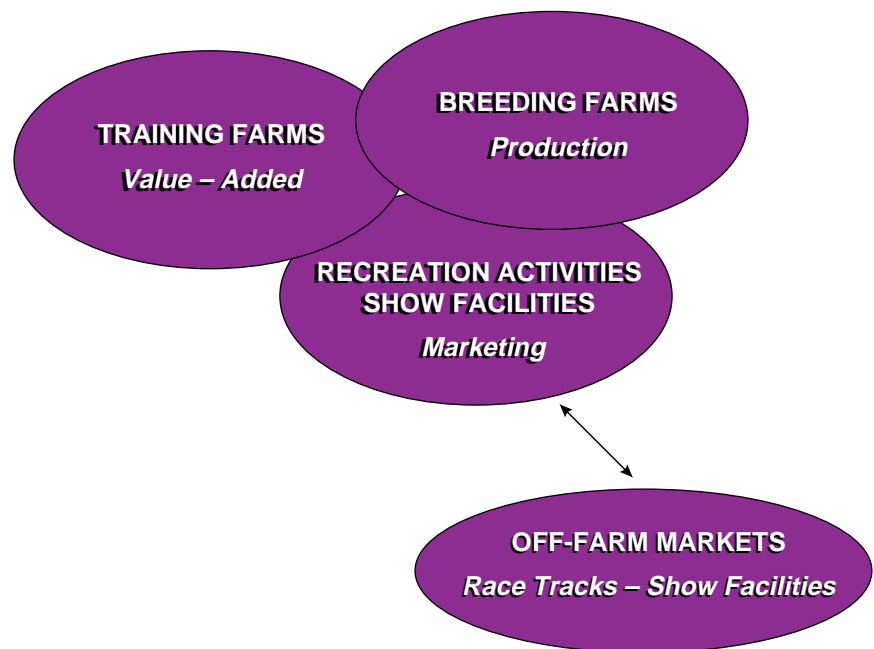
¹ See the appendix for a more detailed explanation

SECTION 1.

1.1 Structure of the Horse Industry

Traditionally agriculture has produced a product, sold it from the farm gate into the marketing channel (wholesalers and retailers) and seen it purchased by a final consumer. The economic impact of the horse industry has been difficult to measure because horses have many varied uses and because it is difficult to draw boundaries around separate parts of the industry. Horses may be produced, marketed and utilized, all on farms. Some farms may just breed, others may breed, train and board, others may use horses to diversify more traditional farm production.. Figure 2. tries to demonstrate this relationship.

Figure 2. Industry Structure



1.1a A Business or a Hobby

A common perception regarding the horse industry is that it is a hobby, not a business. The 1998 survey identified horses involved in activities that would qualify as a farm businesses and/or for the land to be classified as farm because of the horse business. Horses as part of a business, accounted for 63% of the economic activity in the industry and 60% of the horses.

This estimation is on the conservative side as many people grouped with the recreational sector would consider themselves in the horse business. Demand for horses in areas such as endurance riding, competitive driving and cattle penning is increasing yet their competitions do not involve prize money² so horse businesses serving this market would be included as recreational under the categorization in this study.

1.1b Production Base

Relatively few horses are imported or exported, consequently almost all of the horses in B.C. were produced here. A rough estimate of the value of production would be 10,000³ horses/ year times an average yearling value of \$2,500 for \$25 million/year in primary production.

The south coastal region has a lot of breeding activity primarily because of its proximity to the markets. The land cost, feed cost and increased requirements for buildings and manure handling facilities in the coastal region makes it more expensive to produce horses than in the interior. It is no surprise that the interior of the province with its abundance of grazing land, cool winters and reasonably dry conditions has become a popular production area. Horses are also produced under wild/range conditions in the Peace River area.

Horse production units are typically small (under 10 mares) and utilize medium sized properties (10–70 acres). These farms invest more in buildings and equipment (\$98,000 vs \$70,000) are more likely to qualify for farm class (75% vs 54%) and are more likely to file farm business income tax statements (71% vs 51%) than the average property with horses.

1.1c Marketing and Adding-Value

Different types of horses are marketed in different ways. Race horses are often sold as yearlings (approximately 18 months old). Race horse breeders are the only group with regular auction markets for their horses. Other breeds and disciplines sell through agents or the local paper and horse journals.

Horses produced primarily as sport horses (involved in the Olympic disciplines) are normally broken and trained to a starting level before being sold. This could be at 4 or 5 years of age. Specific breeds like quarter horses, appaloosas and Arabians may be sold as yearlings or after some initial training.

Adding value to horses is considered primary agriculture production by the B.C. Assessment Authority.

Value can be added to horses by:

- growing them to maturity
- demonstrating their traits as superior animals in their breed (breed shows and performance trials)
- improving their skills in a specific work or sport discipline (training them to jump higher, run faster, etc.)

² Owners were considered in sport horses rather than recreation if they attended 3 events a year that offered prize money

³ Assuming the average horse lives 9 years

Horses have a wide variety of uses in sport and work. Some examples of horse sports include jumping, hunting, dressage, and polo. Examples of traditional working roles that have become sports include rodeo, cutting, roping, reining cattle penning, competitive driving, endurance riding and horse pulling. Current work roles include selective forestry, ranch work and guide/packing.

Because horses are used in a variety of ways their value can be increased by becoming better in one specific use or by changing uses. For example a horse bred to race may be sold as a yearling for \$5,000 and then compete as a race horse at a value of \$10,000. When retired from racing the horse may be sold for \$2,000 as a show horse prospect, trained and resold as a competitive show horse for \$15,000.

1.1d End Use

When a horse's usefulness is over, it will be slaughtered for human consumption, or sold to the local rendering plant. Few horses are buried.

The closest plant that processes horse meat for human consumption is in Ft. McLeod, Alberta which annually receives 2,000–3,000 horses from the lower mainland and 2,000–3,000 from the Peace River area. The balance of horses are processed at local rendering plants.

1.2 Properties With Horses / Horse Farms

The definition of what is agriculture and what is a farm has been through much debate over the last 20–30 years. From its original base as 'food production from land' agriculture has embraced nursery production, Christmas trees, floriculture, game farming and the production and adding value to horses.

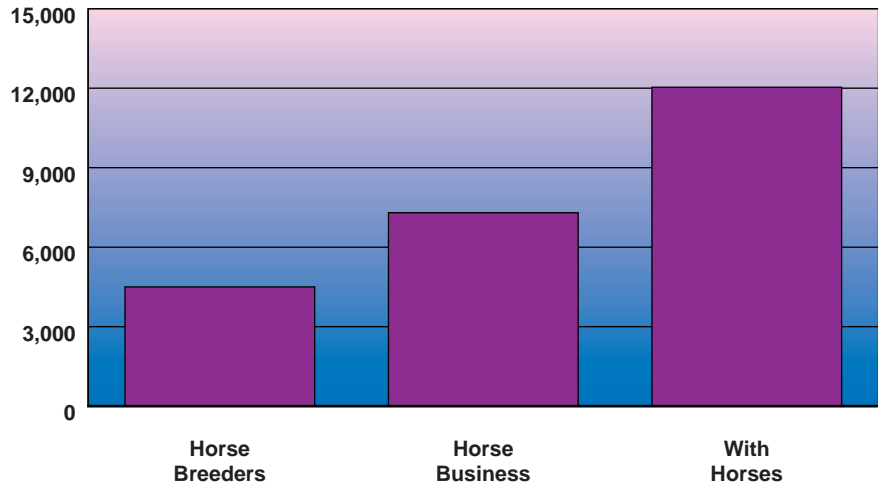


The view of horses by individuals in agriculture range from being a recreational activity that drives up the price of farmland, to a vibrant part of the economic engine in rural communities, to a viable use of small land holdings that enhance the rural atmosphere and preserve land for future food production.

Regardless of the current range of perceptions, responses to the 1998 Horse Industry Survey indicate that:

- 12,035 rural properties in B.C. have horses
- 61% (over 7,300) are farm businesses (classified farm or census farms or both)
- 37% (4,500) breed horses
- 45% (5,400) produce other agricultural products
- 21% (2,500) hire outside labour

Figure 3. Rural Properties with Horses



*In the context of this report:
a horse farm is a business on agricultural land involving the raising or adding value to horses for the race, sport or recreation market, or the use of horses in work.*

1.2a What is a horse farm?

To be considered a business, horse farms need to meet one or both of the following criteria:

Farm Land Classification

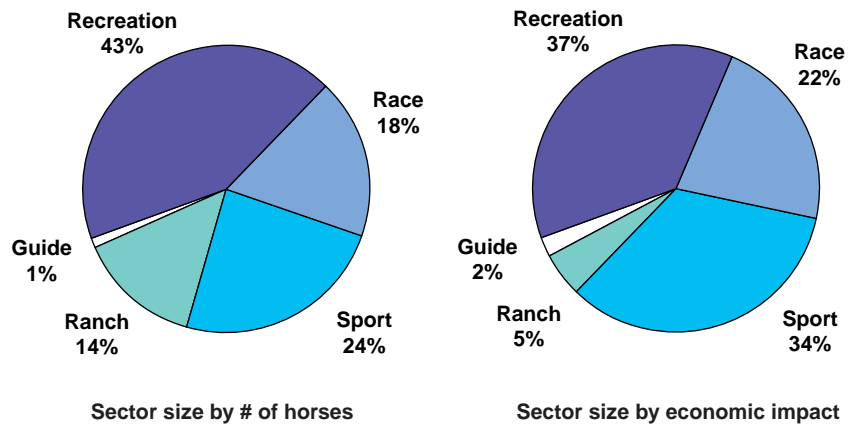
- A threshold level of sales of horses bred or value-added depending on the size of the farm.

Farm Income Tax Return

- Horse businesses which have a reasonable expectation of profit involving:
 - raising and exhibiting horses; or
 - trading in or maintaining race horses

In the context of the 1998 Horse Industry Survey ranch/guide horses, race horses and sport horses that exhibited for prize money more than 3 times a year were considered in the business. The rest were considered recreational. Given this breakdown—63% of the economic impact of the horse industry comes from the business sector and involves 60% of the horses.

Figure 4. Industry Size and Economic Impact by Sector



1.2b Horses Role on the Farm

Horse businesses on farm land are a significant livestock sector with almost \$407 m in annual operating expenditures supporting 7,300 FTE farm based jobs. The horse industry is difficult to describe as it provides a variety of products for local niche markets.

Horse businesses support agriculture in many ways. The horse industry is seen as a diversification opportunity and a market for local hay, grain and straw. The horse industry purchases over \$90 million in hay, grain and straw annually. Much of the hay comes from B.C. producers. Dairy farmers in the Fraser Valley have long recognized the value of selling hay to the horse industry.

Horse businesses support other agricultural businesses such as feed and equipment dealers, veterinarians and other farm based goods and services.

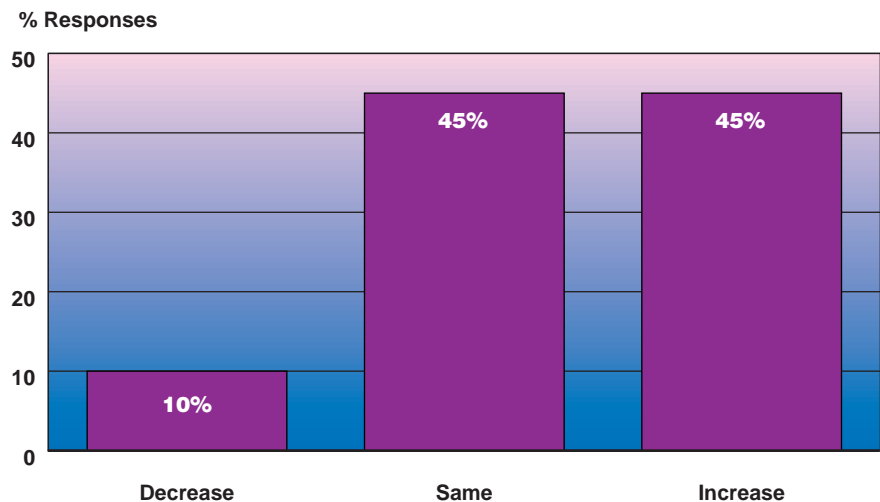
Land use planners trying to accommodate the needs of agriculture on the urban fringe have recognized the value of the horse industry as an effective buffer between large scale agriculture production and urban areas. Langley specifically recognizes this aspect of the horse industry in it's rural plan.

Pasture is one of the most accepted ways of keeping land for future food production. With the median size horse farm of 13 acres maintaining an average of 5.1 horses it is understandable how a well managed horse farm can be viewed as a good way of maintaining small farm parcels for the future.

1.3 Potential for Growth in the Industry

The survey indicates the industry is still planning to grow. Almost half the respondents (45%) indicated they plan to increase their involvement in horses over the next 5 years while only 10% indicated they would reduce their activity.

Figure 5. Potential for Growth in the Industry



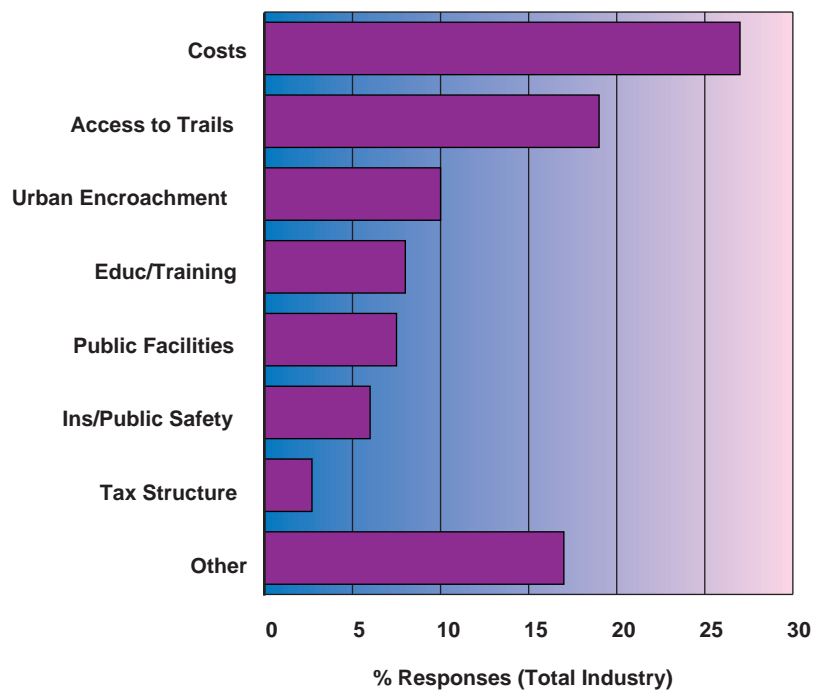
Some pessimism in the racing sector, where 30% of the respondents indicated they plan to increase their activity while 22% indicated they plan to decrease their involvement, underscores the incredible optimism in the sport and recreation sectors

Growth in the market for sport and recreation horses is in part due to the rise in interest in many 'recreational uses'. These areas include backcountry horse riding, endurance riding, competitive driving, reining, cattle penning and others.

1.4 Challenges Facing the Industry

Despite the optimism in the industry there are several constraints that could limit growth. The following responses were given to the open question: What problems or concerns could limit expansion in the horse industry?

Figure 6. Constraints to Growth in the Industry



Section 2

Detailed Results of the 1998 Horse Industry Survey

Major Findings

- 90,000 Horses on 12,000 Horse Farm Properties
- 37,000 Horse Owners in 17,600 Households, supporting 10,500 FTE Jobs,
- \$771 Million of Economic Activity Annually, and providing \$85 Million in Direct Taxes from Operating Expenditures

2.1 Introduction

The Ministry of Agriculture and Fisheries undertook a comprehensive survey in the spring of 1998 to update information, evaluate trends in the industry over the decade and identify opportunities and constraints facing the industry in the next decade.

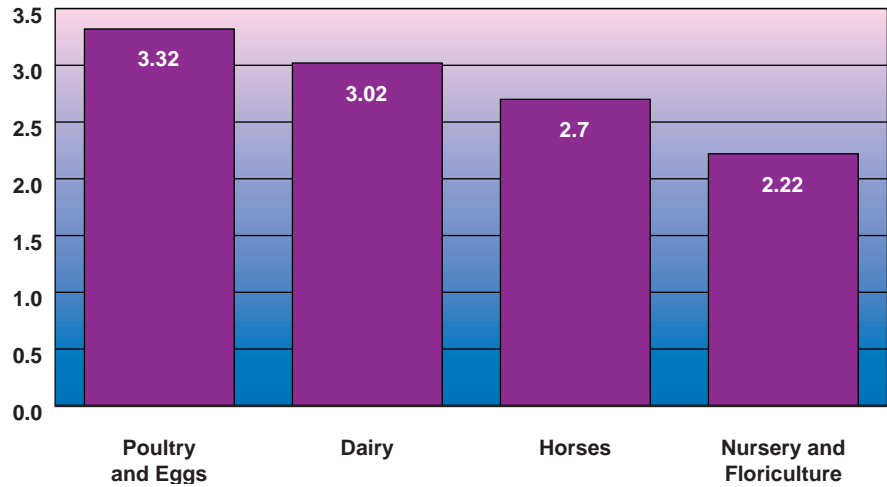


The study recognizes five distinct sectors of the industry: race, sport, recreation, ranch and guide. Each sector was surveyed and analyzed separately, then combined to provide an overall picture. In addition, responses were coded by forward sorting area (FSA), the first three digits of the postal code, to enable the data to be analyzed on a regional basis.

The survey confirms horses are big business in B.C. Some 37,000 owners use 158,000 acres of land and spend \$407 million annually in direct on-farm operating expenses to support 90,000 horses and over 10,400 full time equivalent jobs. This activity generates \$77 million in direct provincial and federal tax revenues.

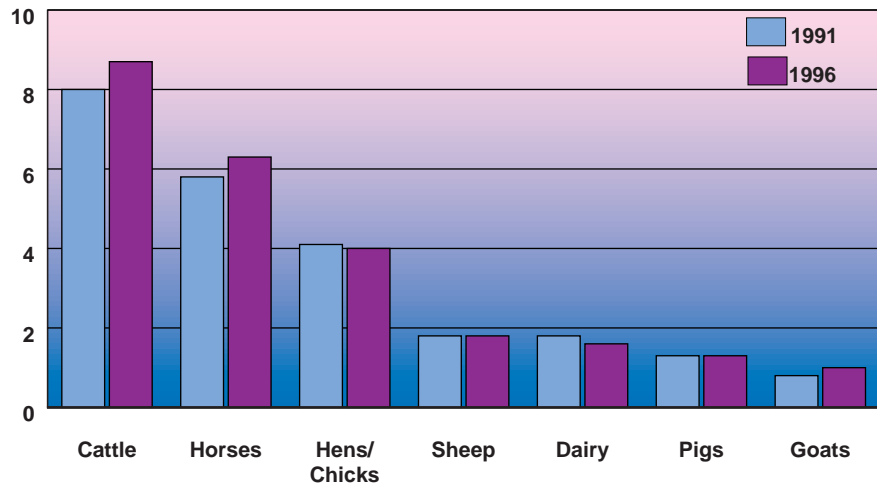
How does this compare to other agriculture activities? In agriculture the measure of economic activity is 'farm gate receipts.' Operating expenditures in the horse industry are a conservative estimate of 'farm gate receipts.' This being the case the horse industry, with over \$270 million in operating expenditures annually simply to maintain horses, is third behind poultry & eggs and the dairy industry in size.

Figure 7. Horse Industry Size Relative to Other Livestock Sectors



In the last census, farms reporting horses were the second most common livestock reported on farms behind cattle but grew faster than cattle between 1991 and 1996 (13% as compared to 5.6%).

Figure 8. Trends in Farms Reporting Horses Relative to Other Livestock (1000 Farms)



Horse farms have also been identified as a viable use of small farm holdings near urban centers. Section 2.5 describes some characteristics of horse farm properties.

The industry is planning to expand over the next 5 years, however, not quite as fast as in the last 5 years.

In the previous survey in 1994 over 50% of respondents planned to increase their activity while only 7% planned to decrease their activity in the horse industry. Well expand they did. The *Census of Agriculture* indicates that from 1991 to 1996 the number of farms reporting horses rose by 13% and the number of horses rose by 25%. The Ministry survey estimates the number of horses, including those not on census farms, increased by 18% from 1994–1998. In 1998 45% indicated they planned to increase their activity while only 10% planned to decrease their activity.

2.2 Industry Size – Number of Horses

A stable or slightly declining horse population in the late 1980's and early 1990's was followed by a period of strong growth during the mid 1990's. The *Census of Agriculture* estimates that the horses on census farms rose 25% from 1991 to 1996 while the Ministry survey estimates the total # of horses (census and non-census farms) rose 18% from 1994 to 1998.

Figure 9. Horses Reported on Census Farms⁴ (1000 Horses)

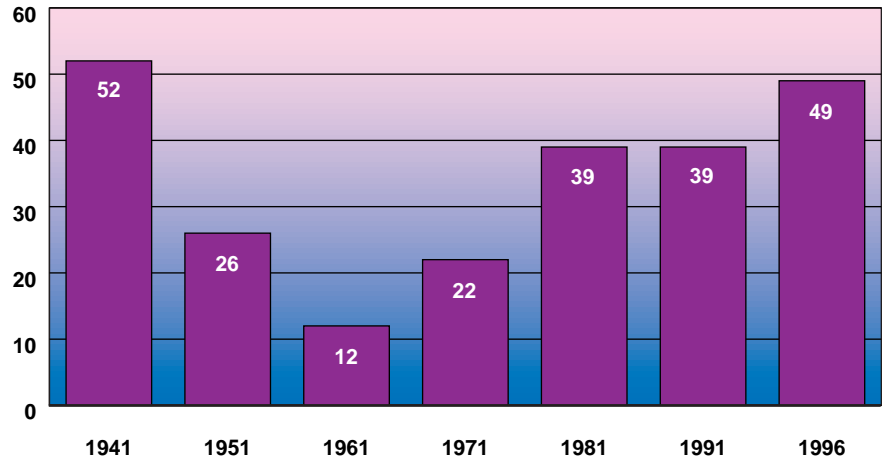
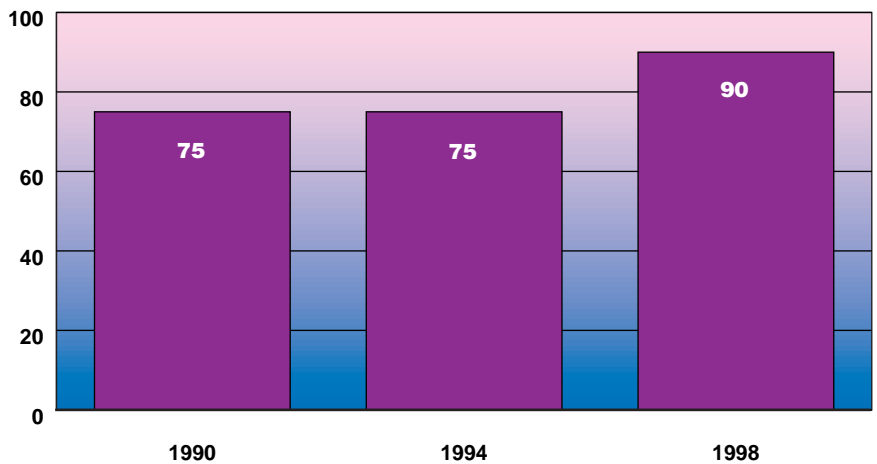


Figure 10. Ministry Estimates of Total Horses (1000 Horses)



⁴ The census of agriculture surveys all rural properties that the census taker views as farms. This does not include all the properties with horses. The Ministry survey estimates the total horse population in the province.

The total horses in B.C. are estimated to be distributed between the five sectors as follows:

Table 1. Number of Horses by Sector

Horses/Sector	# Households	%farm	#farms	Av/Farm	# Horses
Race	2,288	58	1,327	6.6	15,100
Sport	2,933	44	1,290	6.8	19,944
Guide	200	38	76	34.6	6,920
Ranch	1,849	100	1,849	6.25	11,556
Recreation	10,484	25	2,621	3.5	36,694
Total	17,754	40	7,123	5.1	90,215

The census data and survey responses provide the basis for the following very rough estimate of the distribution of horses throughout the regions of the province during the 1990's:

Table 2. Number of Horses by Region

Region	Estimated # of Horses		
	1991	1996	1998
Cariboo	8,000	7,000	9,300
Vancouver Island	6,000	7,000	9,300
Kootenay's	3,500	3,000	4,000
Lower Mainland	20,000	21,500	28,700
Okanagan	16,000	17,500	23,300
Omineca	6,000	6,000	8,000
Peace	10,000	9,000	12,000
Thompson	5,500	4,000	5,300
Total	75,000	75,000	90,000

2.3. Economic Contribution To B.C.

Economic contribution (impact) as used in this report, can best be described as the total expenditures related to the existence of horses.

Expenditures are broken down into capital expenditures and operating expenditures. Capital expenditures include all purchases of equipment, buildings and horses. Land has not been included in capital expenditures as it is difficult to separate out which part of land on mixed farms is used for horses, and because the price of land varies so much around the province that any generalizations would have little value. Direct operating expenditures include all expenditures related to the ownership of horses. This includes maintaining, training and exhibiting/working horses.

Operating expenditures stimulate other expenditures. For example, when a horse owner pays a vet bill for medicine and services, the vet will use that money to make other purchases, and so on. These secondary expenditures are estimated as a proportion of the direct operational expenditures (wages are typically spent quickly) so in general the more labour intensive an industry, the higher the secondary expenditures. Other studies of the horse industry (primarily the racing sector) have estimated secondary expenditures at from 1 to 1.5 times the direct operating expenditures. Considering this we estimated secondary expenditures by using a conservative multiplier of 1 for the more labour intensive racing and sport sectors and .5 and .25 for the recreational and work sectors respectively.

Table 3 is a summary of the economic contribution of the horse industry using the operating expenditures reported in the survey and the multipliers discussed above. A more detailed analysis of the racing sector is included in Section 3. Table 4 describes the operating expenditures by sector, Table 5 describes the operating expenditures per horse and Table 6 summarizes the capital investment in the industry.

Table 3. Total Economic Impact

Business	Operating Expenditures	(Multiplier)	Secondary Expenditures	Total Economic Impact
Race (owners)	\$89.4 m	(x 1)	\$89.4 m	
(track)	\$26.9 m	(x 1)	\$26.9 m	
Race Total	\$116.3 m		\$116.3 m	\$232.6 m
Sport	\$137.5 m	(x 1)	\$137.5 m	\$275 m
Work/Guide	\$27.7 m	(x.25)	\$6.9 m	\$34.6 m
Recreational	\$152.6 m	(x.5)	\$ 76.3 m	\$228.9 m
Total	\$434.1 m		\$337.0 m	\$771.1 m

Table 4. Operating Expenses on Horse Farm Properties

	Race	Sport	Ranch	Guide	Rec	Total
# of Horses	15,100	19,944	1,1556	6,920	36,694	90,214
# of Households	2,288	2,933	1,849	200	10,484	17,754
# of Farm Properties	1,375	1,928	1,849	148	67,35	12,035
Annual Maintenance Expense (\$Million)						
Grain	9.3	9.3	1.1	0.7	9.3	29.7
Bedding	4.6	4.7	0.8	0	5.9	16
Hay	12.5	15.8	5.5	1.7	23.6	59.1
Tack	4.7	7.8	1.8	0.8	10.1	25.2
Farrier	6	10.1	3	1.6	15.3	36
Veterinarian	10.4	9.5	1.6	0.2	10.5	32.2
Horse Care Products	2.7	3.5	2.7	0.4	5	14.3
R & M Building & Eqpt	5.7	7.2	0.6	0.5	10	24
Outside Labour	11.7	9.1	3.2	1.1	8.9	34
Total	67.6	77	20.3	7	98.6	270.5
Annual Incremental Board and Training Expense* (\$Million)						
Incremental Boarding	6.4	12.5	0	0.4	22.6	41.9
Incremental Instruction	0	13.4	0	0	13.9	27.3
Incremental Training	9.2	18	0	0	1.8	29
Total	15.6	43.9	0	0.4	38.3	98.2
Annual Incremental Activity Expenses (\$Million)						
Clothes	0.7	2.1	0	0	2.7	5.5
Tack	2.2	5.6	0	0	8	15.8
Travel	3.3	8.9	0	0	5	17.2
Total	6.2	16.6	0	0	15.7	38.5
Total Annual Operating Expenses (\$Million)						
	89.4	137.5	20.3	7.4	152.6	407.2

* Costs to horse owners over and above the maintenance cost

The trend in economic impact, adjusted to constant 1992 dollars, during the 1990's is shown below:⁵

Figure 11. Economic Impact of the Horse Industry in Inflation Adjusted (1992) Dollars

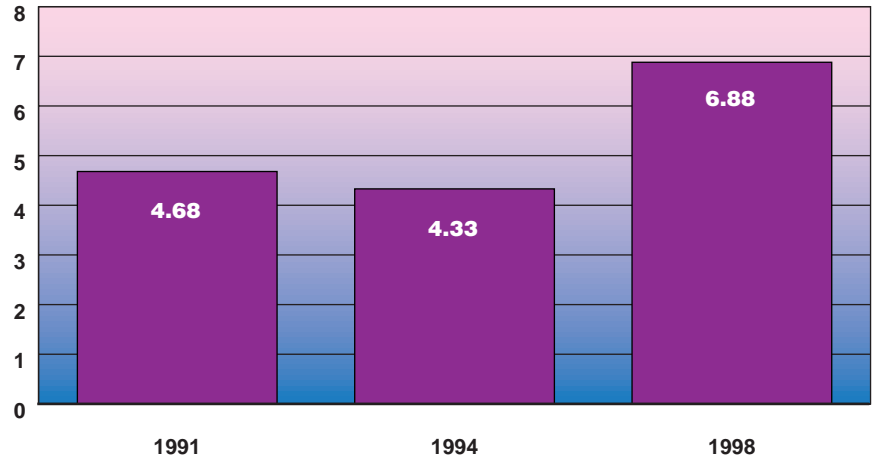


Table 5. Operational Costs on a Per Horse Basis

Maintenance	Race	Sport	Ranch	Guide	Rec
Grain	617	464	99	104	254
Bedding	303	234	67	0	162
Hay	830	792	480	242	642
Tack	317	395	159	117	277
Farrier	397	512	261	229	416
Vet	687	476	140	27	285
Horse Care Products	178	177	238	59	137
Labour	775	456	277	159	243
Total Maintenance	4,104	3,506	1,721	937	2,416

⁵ Using price index figures from Statistics Canada table no 13-213

Table 6. Capital Investment per Horse Farm and per Industry

	Race	Sport	Ranch	Guide	Rec	Total
# Horses/Farm	6.6	6.8	6	34.5	3.5	
Average Value/ Horse	10,471	8,710	2,137	1,522	5,854	
Capital Value of Stock/Farm	69,108.6	59,228	12,822	52,509	20,489	
Present Value of Buildings and Equip/Farm	118,304	105,163	21,780	73,875	55,377	
Total Capital / Farm	187,412.6	164,391	34,602	126,384	75,866	
# Horse Farm Properties	1,375	1,928	1,849	148	6,735	12,035
Total Capital/Industry (\$100/million)	2.58	3.17	.64	.18	5.11	11.17

2.4. Jobs

Employment has been one of the poorest understood aspects of the horse industry. Respondents indicated that on-farm employment to maintain and train horses is substantial. The survey indicates that the highest concentration of employment is on race and sport horse farms. Furthermore racing, sport and guide horse farms are more likely to hire help on a full time basis while recreational horse farms more typically hire part time help.

The unemployment insurance program's definition of full time employment was used for determining full time equivalent (FTE) employment. The information on hired help for maintenance, training and support services outlined in tables 7, 8 and 9 is summarized in table 10.

Table 7. Hired Help Related To Maintaining Horses

Business	Properties Hiring Help (properties* % hiring help)	Hrs/Week	FTE Jobs*
Race	1375 X 53% = 729	33	789
Sport	1928 X 34% = 656	29	624
Ranch Work	1849 X 14% = 259	24	204
Guide	148 X 19% = 28	51	47
Recreation	6735 X 13% = 876	28	804
Total			2468

* 30.5 hrs/week = one FTE job

Table 8. Hired Help Related To Training Horses/Riders

Race Horse Sector	
*Licensed Personnel (Trainers/Grooms/Jockey)	1690
(- 30% Recreational)	-507
FTE Jobs	1183
Sport Horse Sector	
* 255 trainers obtaining 42% of their income from training	107
* 438 instructors obtaining 42% of their income from instructing	184
FTE jobs	291
Total FTE jobs	1,474

Table 9. Employment In Support Services

Veterinarians	1.17 jobs/\$175,000 annual sales – \$322million annual sales =	215 jobs
Farriers	1 job/\$75,000 annual sales – \$36 million annual sales =	480 jobs
Feed/Tack stores*	1.91 jobs/\$311,000 annual sales – \$90.5 million annual sales =	555 jobs
Total FTE jobs in support services		1250

* weighted to sales of equine products

Table 10. Employment Summary

	Direct Job	SecondaryJobs*	Total
Maintenance of horses	2,468	2,112	4,580
Training of horses and riders	1,474	1,268	2,742
Track operations	462**	397	859
Support services	1,250	1,075	2,325
Total	5,654	4,852	10,506

* from Thalheimer Research Associates – The Economic Impact of the California Race Horse Industry

** from appendix on economic impact of horse racing

2.5. Characteristics of Horse Farm Properties

Farms involved in more traditional forms of agriculture normally file farm income tax returns and are thus more likely to be considered in statistics Canada's census of Agriculture. This is not the case with horses, where often horse owners do not file farm income tax returns. The estimate of horse farm properties considers the properties assessed farm that do not file farm income tax returns and are not included in the census of agriculture.

There are over 12,000 properties in B.C. that keep horses. Horse operations have become very common in areas surrounding urban centres. They are a popular use of the small land holdings in these areas.

Table 11 summarizes the key characteristics of these properties.

Table 11. Characteristics of Horse Farm Properties

	Race	Sport	Ranch	Guide	Rec	Total	
Capital Investment							
# Horses/Farm	6.6	6.8	6.0	34.5	3.5		
Average Value/Horse	10,471	8,710	2,137	1,522	5,854		
Capital Value of Stock/Farm	69,109	59,228	12,822	52,509	20,489		
Present Value of Buildings & Equip	118,304	105,163	21,780	73,875	55,377		
Total Capital/Farm	187,413	164,391	34,602	126,384	75,866		
# Horse Farm Properties	1,375	1,928	1,849	148	6,735	12,035	
Capital Value of Stock / Industry(\$million)	95	114	24	8	138	379	
Total Capital/Industry(\$million)	258	317	64	19	511	1,168	
Horse Farm Properties							
% owning horse farm properties	62%	68%	100%	84%	67%		
Median acreage used for horses	10	8	20	420	5	13	
Total Acreage used for horses*	42,048	73,997	36,980	62,160	30,308	245,493	
Average horses / acre	0.66	0.85	0.30	0.08	0.78	0.57	
% File Farm Income tax	94%	62%	100%	44%	37%		
Number File Farm Income Tax	1293	1195	1849	65	2492	6,894	57%
% classified farm	86%	67%	90%	56%	46%		
Number Classified Farm	1183	1292	1664	83	3098	7,319	61%
% produce other agri products	38%	37%	100%	30%	34%		
Number produce other agri products	523	713	1849	44	2290	5,419	45%
Median value of other products	5	5	65	7	4		

Table 11. *continued*

	Race	Sport	Ranch	Guide	Rec	Total	
% Board other horses	37%	38%	0%	15%	29%		
# Boarding horses	509	733	0	22	1,953	3,217	
% where less than half farm income	80%	76%	0%	100%	70%		
Average # boarded	5	6	0	11	4		
Total # boarded	2,442	4,498	0	239	8,770	15,949	
% Farms that hired outside labour	53%	34%	14%	19%	13%		
Number that hired outside labour	729	656	259	28	876	2,547	21%
Average hours/week	33	29	24	51	28		
Total hours per week	24,049	18,945	6,264	1,437	24,866	75,560	
Manure Handling on Horse Properties**							
% with protected manure storage	30%	24%	5%	24%			
% spread manure	79%	78%	87%	83%			
% compost and sell	20%	25%	26%	35%			
Pasture Management Techniques**							
Rotational grazing	81%	77%	88%	88%			
Irrigation	28%	23%	5%	21%			
Fertilizer	39%	44%	24%	41%			
Harrow	62%	61%	48%	50%			
Breeding							
% Breed	74%	70%	65%	39%			
# Farms Breeding	350	1,350	96	2,627	4,422	37%	
Average foals/year	2.00	2.71	5.80	2.17			
Total Foals/year	700	3,657	558	5,700	10,615		

**median size X # of farm properties.

***will not add to 100% as some respondents did more than one thing.

2.6. Horse Owners – Demographics

Through its historical importance and treatment in the media, the horse industry has often been associated with wealth and status. The survey does not support this view. While the costs associated with keeping a horse would naturally eliminate some lower income households, the profile of the horse owner is not very different for the average British Columbian.

We can characterize the people in the horse industry as well educated, middle aged, middle income and more often female.

In comparison to the general population, horse owners have more post secondary training, work more as professionals and have slightly higher household incomes. There is a larger presence of 35–45 year olds in the horse industry than the general population.

The survey responses discount the view that horse owners are typically wealthy. The percentage of owners with incomes over \$60,00 was only 3% higher than the provincial average. Owning a horse is an expensive activity so it is not surprising to find that there are 11% more households that own horses in the middle income level than the provincial average and 13% less households in the lower income level than the provincial average.

Across the four major sectors the characteristic that stood out the most was the high level of university graduates in the industry. Compared to the general population 50% more horse owners have university degrees.

A common perception regarding the horse industry is that there is a gender balance toward females. This is true in the sport and recreation sectors but not so in racing, ranch and guide. The demographic information is summarized on Table 13.

The 1998 surveys asked horse owners if and how often they rode for pleasure. Their responses were:

Table 12. Time Spent Riding for Pleasure

	Business				Rec
	Race	Sport	Ranch	Guide	
% that Pleasure Ride	50%	85%	0%	83%	78%
Days per year that they ride for Pleasure	90	107	0	51	120

Compared to 1994, in all but the ranch sector more horse owners ride for pleasure and they ride more often for pleasure.

Table 13. About Horse People*

	B.C.	Total Industry	Diff	Race	Sport	Ranch	Rec
Households		17554		2288	2933	1849	10484
Average # People/ Household		2.128636		2.21	2.27	2.93	1.93
Total People		37366.08		5056.48	6657.91	5417.57	20234.12
% Male	49.70%	37%	-13%	50%	34%	52%	31%
%Female	50.30%	63%	13%	50%	66%	48%	69%
Age <18	25%	20%	-4%	11%	25%	21%	21%
19-25	8%	6%	-2%	6%	6%	8%	6%
26-35	16%	11%	-5%	9%	10%	12%	11%
36-45	17%	24%	7%	18%	24%	20%	27%
46-55	13%	23%	9%	25%	20%	23%	23%
>55	21%	16%	-6%	31%	15%	16%	12%
Education							
<High School	34%	23%	-11%	23%	25%	24%	22%
High School Diploma	23%	28%	5%	36%	30%	31%	25%
Post Secondary Diploma	27%	27%	0%	21%	23%	28%	29%
University Degree	16%	22%	6%	20%	22%	17%	24%
Household Income							
< \$30,000	26%	13%	-13%	10%	7%	26%	12%
\$30,000–\$60,000	35%	46%	11%	56%	58%	51%	38%
>\$60,000	39%	42%	3%	34%	35%	23%	51%
Own a Horse Trailer				45%	67%	100%	63%
		11448.63		1029.6	1965.11	1849	6604.92

* the work/guide sectors were not included as there were too few responses.

* general population numbers are from Statistics Canada 1991 Census.



2.7 Direct Provincial and Federal Government Tax Revenues From Operating Expenditures in the Horse Industry

The provincial government receives almost \$25 m annually and the federal government receives \$52 m annually from direct operational expenditures by horse owners, and a further \$8 m from race track operations. This does not account for the tax revenues received from secondary expenditures or land taxes.

Direct operational expenditures are the moneys spent by horse owners each year to maintain and exhibit (including race) their horses. The estimate of direct provincial and federal government tax revenues relates to the money sent directly to the government by the business that provided the goods and services to horse owners.

Businesses remit taxes directly for 1) GST and sales tax on taxable goods purchased and, 2) income tax on the wages paid to provide the goods or service. For the calculation that follows, applicable tax rates were estimated as follows (see appendix for detailed calculations):

- provincial sales tax of 7% on all taxable goods
- federal GST of 7% on all taxable goods
- provincial share of income taxes = 1/3
- federal share of income tax = 2/3
- effective income tax rate of 20% for semi-skilled jobs and 30% for professionals.

Table 14. Direct Government Tax Revenues (from operational expenditures in the horse industry) (\$million)

	Expenditures	Prov Rate	Fed Rate	Prov Taxes	Fed Taxes
Equip Maintenance	24	8.5	13.5	2.04	3.24
Vet/Farrier	68.2	7.4	21.8	5.05	14.87
Travel	17.2	4.7	8	0.81	1.38
Wages	132.2	6.6	13.2	8.73	17.45
Incremental Boarding/Training*	98.22	7			6.87
Total	407.2**			25.06	59.47

(excluding race track operations)

* Incremental Boarding and Training costs are considered wages and are included in the wage total for income tax considerations. GST is charged on the service.

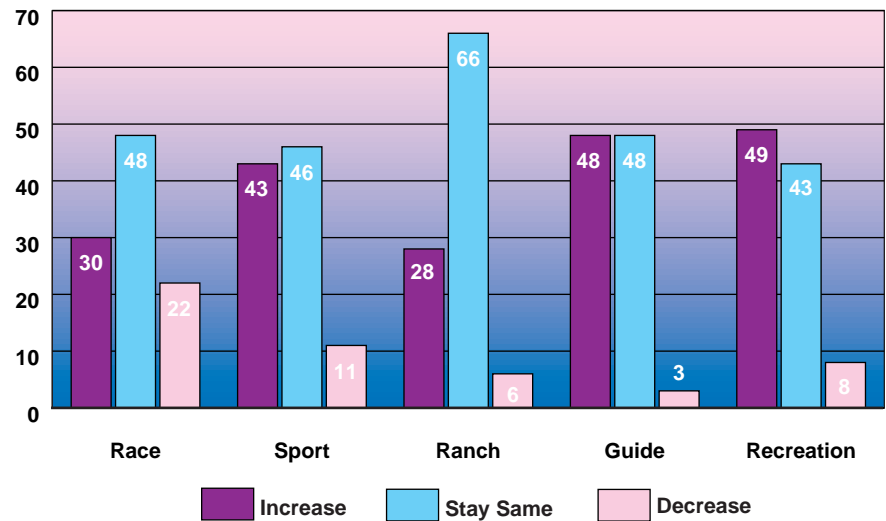
** Incremental Boarding /Training is not used as part of total as it is already included in wages

2.8. Potential for Industry Growth

Despite the rapid growth in the mid 1990's the horse industry is set for more growth past the year 2000. For every 4.5 responses to the survey that indicated they planned to expand their business in the next 5 years only 1 indicated they planned to reduce their business. This is not as strong as in 1994 when those planning to increase outnumbered those planning to decrease by a 7 to 1 margin. 45% of the respondents indicated they plan to increase their activity over the next 5 years.

The response in the racing industry was not so strong and pulled the average down. Only 30% planned to increase their involvement while 22% planned to decrease their involvement. The recreational sector was the most optimistic. Figure 12 summarizes the sector responses.

Figure 12. Potential for Growth in the Industry by Sector



2.9 Constraints to Industry Growth

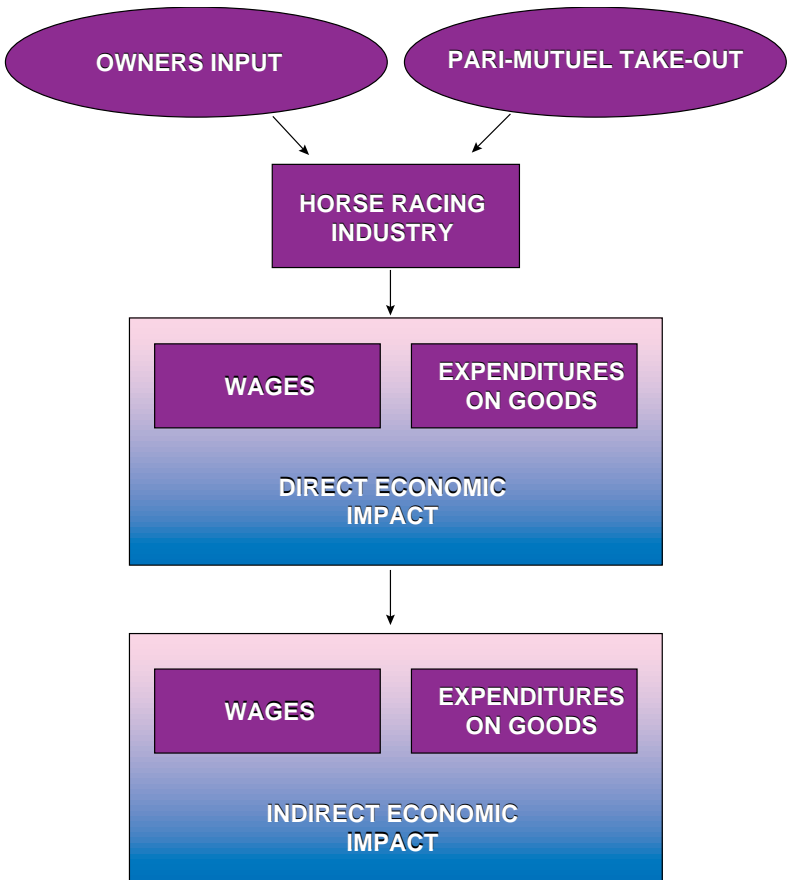
Despite the strong optimism in the industry there are several constraints that could limit growth. The following responses were given to the open question: What problems or concerns could limit expansion in the horse industry? See Figure 6 on page 8.

Section 3 Economic Impact of Horse Racing in B.C.

3.1 Introduction

The report of each horse survey conducted by the Ministry has included an estimation of the economic impact of the horse racing sector. The approach to estimating the economic impact of the horse racing sector has been simplified by first recognizing that there are only two sources of funds entering the industry, the take-out from the mutuel handle and payments by owners for services on their horses and second by assuming that no profits are taken from the industry⁶. Whatever goes into the industry must then flow out into the economy as direct and indirect wages and expenditures as shown in Figure 13.

Figure 13. Economic Structure of the Horse Racing Sector



⁶ A recent study of the yearling market by the author found that only 5% of horses earn a profit

The indirect economic impact is a result of the spin-off affects of wages and expenditures in the industry. When a groom spends his/her earnings on other goods it generates more economic activity.

This estimation of economic impact does not include transaction in horses or land so to that extent is biased on the conservative side.

Horse transactions are not considered under the assumption that there are no profits taken from the industry.⁷ Land is not considered in the entire report as land values vary greatly throughout the province and any estimation would not contribute to our understanding of the industry.

3.2 Overview

The major findings of the economic impact study are:

Annual Economic Impact	\$198 million
Full time Equivalent Jobs	4,000
Investment in Horses	\$70 million
Investment in Capital (exc land)	\$118 million
Direct annual government tax revenues	\$15 million

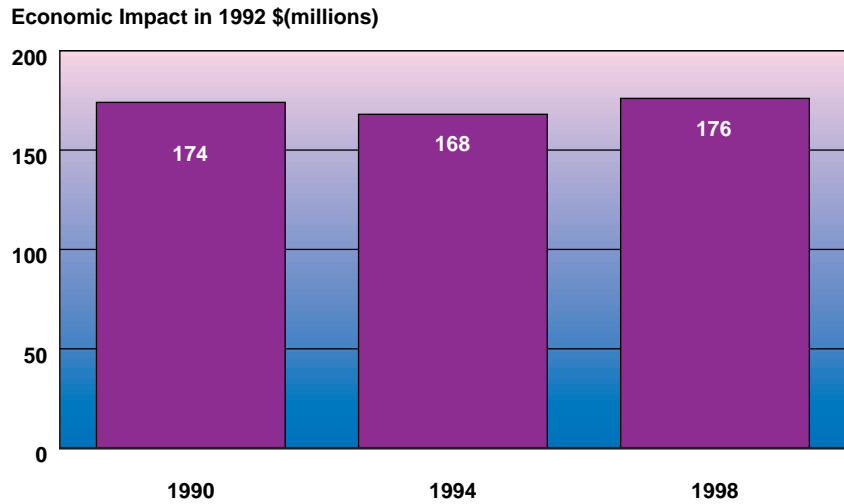
The industry involves:

1,375	Farms, housing
15,100	Horses, on
42,000	Acres



⁷ This may be less valid on the breeders side, however, an estimation of the amount of money that is taken from the industry and used elsewhere is very difficult.

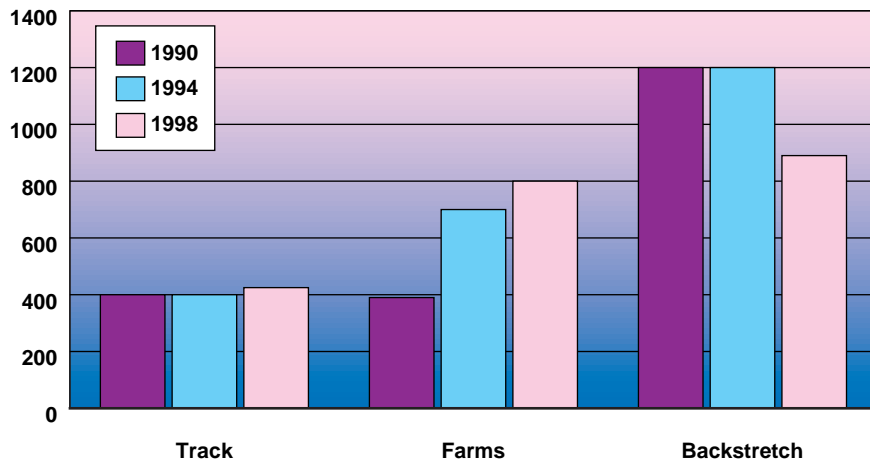
Figure 14. Inflation Adjusted Trends in the Economic Impact of Horse Racing



- *there are 4 jobs on the backside/farms for every job on the front side, and*
- *there are 3 dollars spent on the backside/farms for every dollar spent on the front side*

The economic impact of the Horse Racing sector has remained stable through the 1990's at around \$170+ million in constant 1992 dollars. This relative stability of the overall industry hides some significant changes within the industry. In 1998 as compared to 1994, the economic activity shifted with a loss of activity on the backstretch and an increase in activity on farms and at the teletheatre outlets.

Figure 15. Trends in Jobs in the Race Horse Sector (FTE jobs in different sectors of racing)

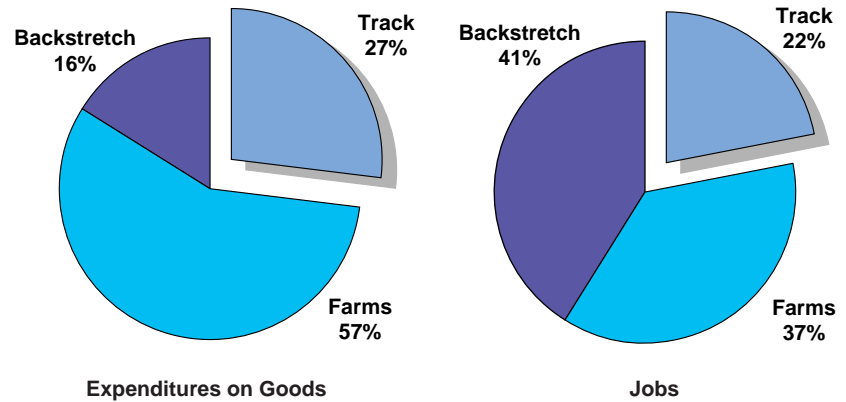


The distribution of jobs and expenditures between the gambling side and the live racing side has remained similar and from a live racing perspective is the most important information in this report as the study again confirms⁸:

⁸ Some of the track jobs relate to the operation of live racing (track maintenance, racing office) so the jobs related to conducting gambling would be less than 20% of the industry jobs.

The distribution of wages and expenditures between the backstretch, farms and the track in 1998 are:

Figure 16. Distribution of Jobs and Expenditures in the Horse Racing Sector



This suggests that despite the shortage of horses to race the interest level still exists among horsemen. The responses to the survey may shed some light on what is behind these numbers.

This indicates that more people were involved in race horses, but on average each had fewer race horses and more of other breeds of horses.

3.3 Comments on Trends in the Industry⁹

Given the general skepticism in the racing sector and the apparent shortage of horses for live races a drop in the economic activity in the sector was expected. This, however, was not apparent from the survey responses or from the records of licensed personnel at the race track. The estimation of people that owned property and raced horses actually rose (from 1055 to 1375) while the number of horses per farm stayed the same. The number of the horses on those farms that were race horses did drop (from 10,506 to 9,075).

The number of licensed horsemen (trainers, grooms, jockey etc) actually rose slightly and the number of licensed owners also increased from 2416 to 2982.

The industry is less optimistic in 1998 than in 1994. When asked if their involvement would increase, decrease or stay the same over the next 5 years owners responded:

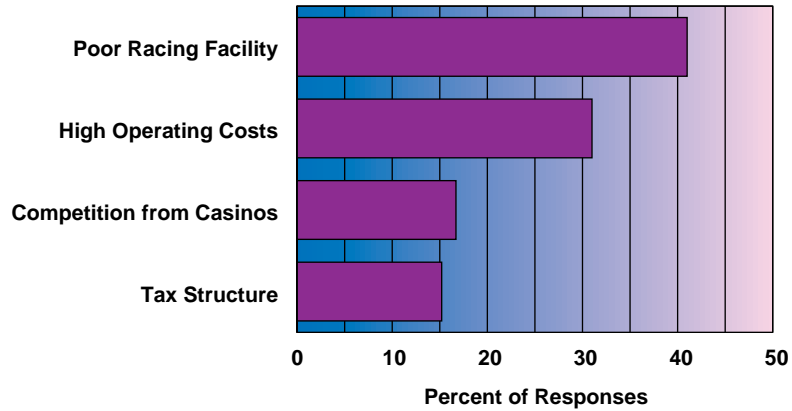
Table 15. Potential for Growth in the Racing Sector

	Increase	Decrease	Stay the Same
1998	30%	22%	47%
1994	41%	17%	42%

⁹ From the 1998 Horse Industry Survey

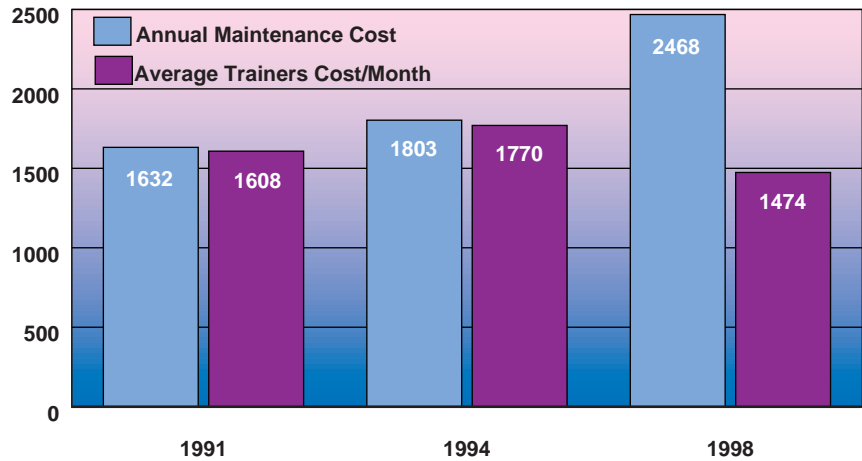
When asked what were the key constraints to growth the four most frequent responses were:

Figure 17. Constraints to Growth in the Horse Racing Sector



The concern regarding higher operating costs is supported by the survey results that suggest that the inflation adjusted cost of maintaining and training horses has increased over the last 10 years.

Figure 18. Trends in the Costs of Maintaining and Training Race Horses in Inflation Adjusted \$1992



Though the number of people involved in owning and working with race horses has increased the high cost involved and the uncertainty in the future appears to have resulted in owners reducing the number of horses they have racing.

3.4 Detailed Economic Analysis Calculations

A. Jobs and Expenditures Related to Training Race Horses

1. Expenditures Related to Care and Training at Race Tracks and Farm Training Centers

	Expenditures	Goods	Wages
Hastings Park			
Owners Training Expense			
- 400 owner trained @ \$560/mo * 9 mo	2.0		
- 800 hired trainer @ \$1165/mo * 9mo	8.4		
Owners Lay-up Expenses			
- 430 boarded out @ \$424/mo * 3 mo	0.6		
- 770 kept at home @ \$210/mo * 3 mo	0.5		
	11.5		
Cost of Goods (feed/bedding/tack)[\$2,317/horse/yr]		2.8	
Wages (the difference)			8.7
Fraser Downs			
Owners Training Expense			
- 400 owner trained @ \$400/mo *11mo	1.8		
- 300 hired trainer @ \$970/mo *11mo	3.2		
Owners Lay-up Expenses			
- 260 boarded out @ \$330/mo *1 mo	0.1		
- 440 kept at home @ \$150/mo *1 mo	0.1		
	5.1		
Cost of Goods (feed/bedding/tack)[\$1,613/horse/yr]		1.1	
Wages (the difference)			4.0
Jockey/Driver/Agent Fees			
			Hastings Park
			Fraser Downs
Total Major Tracks	16.6	3.9	12.7
Secondary Tracks (5% of major tracks)	0.8	0.2	0.6
Industry Total	17.4	4.1	13.3

2. Jobs Related to Care and Training at Race Tracks

Licensed Personnel

Position	Hastings	Fraser	Interior	Total	Adjustment	FTE Jobs
Jockey/Driver	46.0	36.0	37.0	119.0	-1/3 interior	106
Trainers	371.0	71.0	109.0	551.0	*.42 re survey	231
Grooms	867.0	619.0		1486.0		490
				2156.0		828

3. Veterinary and Farrier Expenses at Race Tracks and Training Farms

	Expenditures	Goods	Wages
Veterinary Fees			
Hastings Park – 1200 Horses @ \$3.50/day * 250days	1.1		
Fraser Downs – 700 Horses @ \$3.50/day * 300 days	0.7		
Secondary tracks + 10%	0.2		
Total	2.0		
Expenditures (40%)		0.8	
Wages (60%)			1.2
Farrier Fees			
Hastings Park – 1200 Horses @ \$2.50/day*250days	0.8		
Fraser Downs – 700 Horses @ \$2.50/day*300days	0.5		
Secondary Tracks + 10%	0.1		
Total	1.4		
Expenditures (40%)		0.3	
Wages (80%)			1.1

4. Personal Expenses by Owners Related to Racing

Travel	- 1200 horses/1.42horses/household *\$2,526/household	2.1		
Tack	- 1200 horses/1.42horses/household *\$1,657/household	1.4		
Total Personal Expenditures		3.5	3.5	

5. Summary of Expenditures Related to Care and Training at Race Tracks

Total Expenditures	24.3		
Total in Goods		8.7	
Total in Wages			15.6

B. Expenditures Related to Maintaining Breeding Stock

Expenditures on Goods			
9075 horses – 1200 racing = 7875 on farms			
7875 * weighted cost per year of \$3,200=	25.2	25.2	
R & M on 1370 farms (@\$4,976/farm)	6.8	6.8	
Wages			
1370 farms			
55% of farms hire 33 hours of work a week @ \$9/hr	11.6	11.6	
Summary of Expenditures	43.7	32.0	11.6
Jobs	754 farms hiring 33 hrs/week = 24,882 hrs/week 24,882/30.5 hrs/week/job = 816 jobs		

C. Jobs and Expenditures Related to Race Track Operations

	Expenditures	Goods	Wages
Mutual Clerks			
Hastings Park			
live	155 clerks * 115 days = 17825 clerk days		
Sim	50 clerks * 100 days = 5000 clerk days		
	22,825 clerk days		
Fraser Downs			
live	100 clerks * 80 days = 8000 clerk days		
sim	30 clerks * 100 days = 3,000 clerk days		
	12,000 clerk days		
Secondary + 5%	1741.0		
Teletheatre Outlets			
	22 outlets @ 3 clerks/outlet @ 275 days = 18,150		
Total	54,716 clerk days @ \$80/day = 219 FTE jobs	4.4	4.4
Concession			
Hastings Park			
live	108 concession * 115 days = 12,420 concess days		
sim	35 concession * 150 days = 5,250 concession days		
Fraser Downs – 1/3 hasings	=5,831 concession days		
Secondary + 5%	= 1,175 concession days		
Teletheatre – 22 outlets * 1 concess * 275 days = 6,050 concession days			
Total = 30,726 concession days @ \$80/day			
= 123 FTE Jobs	2.5		2.5
Admin & Management			
Hastings Park			
	80 employees @ \$40,000/yr	3.2	3.2
Fraser Downs			
	40 employees @ \$40,000/yr	1.6	1.6
	Total wages =\$4.8m		
	Total FTE = 120 jobs		
Total Track Operations/Teletheatre			
	Total FTE = 462 jobs		
	Total Wages	11.7	11.7
Est Expenditures	\$15 m	15.0	15.0
	94.7	55.7	39.0

D. Tax Revenues

From Wages

	Wages	Fed Tax	Prov Tax
Horsemen	15.6	1.6	0.8
Breeding Farms	11.6	1.2	0.6
Track Ops	11.7	2.0	1.0
	39.0	4.7	2.3

From Patron Expenditures

Concession/ Programs/etc	Purchases	Customers	Total	GST	PROV
Tracks	17.0	750000.0	\$12.75m	\$.89m	
Teletheatre	8.0	347000.0	\$2.78m	\$.2m	
Alcohol					
Tracks	2.0	750000.0	\$1.5m	\$.10m	\$.10m
Teletheatre	5.0	347000.0	\$1.7m	\$.12m	\$.12m
				\$1.31m	\$.22m

From Pari-Mutuel Handle

Hastings	155.0	0.0	4.7
Fraser	65.0	0.0	2.0
			6.6

Summary of Tax Revenues

	Take-out	GST	PST	Income
Fed	1.3	4.7	6.0	
Prov	6.6	0.2	2.4	9.2
6.6	1.3	0.2	7.1	15.2

Summary of Jobs	94Direct	98Direct	Indirect	Total	%
Horse Care at Race Tracks	1960.0	828.0	712.1	1540.1	38.1
Vets and Farriers		66.0	56.8	122.8	3.0
Breeding farms and lay-ups	725.0	816.0	701.8	1517.8	37.6
Track operations/ Teletheatre	413.0	462.0	397.3	859.3	21.3
	3098.0	2172.0	1867.9	4039.9	100.0

Summary of Economic Impact

	wages	goods	total direct	indirect	total	+Tax*	Total
Farms(Breed/train)	11.6	32.0	43.6	43.6	87.2		
Backstretch	15.6	8.7	24.3	24.3	48.6		
Track Operations/Tele	11.9	15.0	26.9	26.9	53.8		
	55.7	94.8	94.8	189.6	189.6	8.1	197.7

* excludes income taxes as they are included in gross wages

Appendices

Methodology

1998 B.C. Horse Survey

**Economic Impact of the Horse Racing Industry on the
Saanich Peninsula**

Methodology

The goal of this study was to combine statistical analysis with an intuitive understanding of the industry to provide meaningful information about size, scope, economic contribution and constraints to growth in the horse industry.

Estimation of the size and economic contribution of the industry are based on two key variables: the number of horses in the province and the expenses related to these horses. Spending and use patterns are very diverse in the horse industry. For this reason five sections were identified and analyzed individually before being combined to form the total industry numbers.

Information on the expenses related to maintaining a horse is easily obtained through surveys. Estimating the actual number of horses, particularly the recreational horses, is more difficult. The size of the four non-recreational sectors (race, sport, guide, work) is easily and accurately established by the required membership in the appropriate association. Race horse owners are licensed with the Racing Commission, sport horse owners are members of the Canadian Equestrian Federation, guide operators are licensed and large scale ranchers are on a ministry mailing list. The key challenges in determining the recreational sector are firstly what is the difference between sport and recreation and secondly how big is the recreation sector.

The sport sector, for the purpose of this study, was defined as horse owners that competed for prize money at least 3 times a year. This excluded some of the newer sports such as cattle penning, endurance riding and others that don't regularly have prize money but includes all the olympic disciplines and rodeo.

Table A1 indicates how the size of the recreational sector was estimated. In British Columbia, under the provincial assessment authority, land is classified as farmland if it is operated as a farm. Many, but by no means all, horse operations are classified as farm. The Census of Agriculture provides the total number of farms reporting horses (7123). The number of horse properties assessed farm in each of the four sectors can be determined from the size of the sector and the % of each sector that is assessed farm — provided in the survey responses. The number of farms in the recreation sector is the difference between the total farms and the farms in the other four sectors (2621). The size of the recreational sector can now be estimated by dividing the number of recreational horse farms by the proportion of the sector that is classified farm ($2621 / .25 = 10484$).

Table A1 Estimation of Size of the Recreation Sector.

Sector	# Households	% Farms	#Farms
Race	2,238	58%	1,327
Sport	2,933	44%	1,290
Guide	200	38%	76
Ranch	1,849	1	1,849
Recreation	10,484	25%	2,621
Total	17,754		7,123

The survey was direct mailed to all the associations involved in the race, sport, ranch and guide sectors. The recreational sector was captured through the Horse Council mail out, mail outs to other recreation type associations and by distribution to feed and tack stores and placement in the two major horse journals.

Response rates to mail outs to the associations ranged from 8% to 15% which is considered good. The total responses were as follows:

Race	173
Sport	368
Guide	31
Ranch	97
Recreation	753
Total	1,412



Estimate Of % Of Expenditures Sent To Government

(% of goods taxable was estimated for the different businesses)

Feed	50% labour x 20% tax rate x 1/3 provincial	3.3 %		
	50% labour x 20% tax rate x 2/3 federal	6.6 %		
	50% Grain and Bedding - 7% GST	3.5 %	3.3 %	11.1%
Tack/Misc	40% labour x 20% income tax rate x 1/3 provincial	2.6 %		
	40% labour x 20% income tax rate x 2/3 federal	5.4%		
	80% goods taxable x 7% provincial sales tax	5.6 %		
	80% goods taxable x 7% GST	5.6%	8.2 %	11.0%
Equip/ Maintenance	50% goods taxable x 7% provincial sales tax	3.5 %		
	50% goods taxable x 7% GST	3.5%		
	50% labour x 30% income tax rate x 1/3 provincial	5.0 %		
	50% labour x 30% income tax rate x 2/3 federal	10.0%	8.5 %	13.5
Vet/Farrier	75% labour x 30% income tax rate x 1/3 provincial	7.4 %		
	75% labour x 30% income tax rate x 2/3 federal	14.8		
	100% services X 7% GST	7.0%	7.4 %	21.8%
Travel	50% labour x 20% income tax rate x 1/3 provincial	3.3 %		
	50% labour x 20% income tax rate x 2/3 federal	6.6%		
	20% goods taxable x 7% provincial sales tax	1.4 %		
	20% goods taxable x 7% GST	1.4%	4.7 %	8.0%
Wages	20% income tax rate x 1/3 provincial	6.6 %		
	20% income tax rate x 2/3 Federal	13.2%		



1998 BC Horse Survey Form

1998 BC HORSE INDUSTRY SURVEY

**If horses could talk...
we would ask them!**

Return to:

BC HORSE INDUSTRY SURVEY
c/o 1767 Angus Campbell Road
Abbotsford, BC
V3G 2M3



...But they can't so we need your help to find out information on the size and impact of the horse industry. The information developed from the survey is for you and your industry and will be available through publications and on the Ministry Web Site. Please return to the address above. It will fit in a window envelope.

Thank you for your time.

A cooperative project between the Ministry of Agriculture, Fisheries and Food and the Horse Council of B.C.

SECTION 1 THE HORSES YOU OWN

1. Please describe the horses you (or members of your household) own.

Number	Breed	Total Value (estimated)
_____	_____	_____
_____	_____	_____
_____	_____	_____

2. What do you do most with these horses? (number from most active (1) to least active).

Race/Thoroughbred <input type="checkbox"/>	Driving <input type="checkbox"/>
Race/Standardbred <input type="checkbox"/>	Rodeo <input type="checkbox"/>
Race/Quarterhorse <input type="checkbox"/>	Endurance <input type="checkbox"/>
Show/English <input type="checkbox"/>	Recreation <input type="checkbox"/>
Show/Western <input type="checkbox"/>	Breeding <input type="checkbox"/>
Reining <input type="checkbox"/>	Roping <input type="checkbox"/>
Penning <input type="checkbox"/>	Others _____

3. If you breed, how many foals do you produce per year? (average of last 3 years) _____

4. When buying a horse where do you first start looking?

Industry Contacts
 Horse Journal Adds
 Horse Trainers
 Auctions
 Other _____

5. If you board your horses out at any time during the year, how much do you pay per month for:

Pasture Board _____ \$/month
 Full Board (Stall) _____ \$/month
 Board & Training (Race) _____ \$/month
 (Sport) _____ \$/month

6. Do you keep your horse at home any time during the year?
 Yes No
 If yes, please complete Section 3.

7. If you show/exhibit/race your horse how many events did you attend last year? _____
 How many offered prize money? _____
 How many miles did you drive to attend the events (Total) _____

8. How much did you spend on the following in order to participate in the events? (estimate)

Tack _____
 Clothes _____
 Travel Expenses _____

8. If you used your horse for pleasure riding in 1997, how many days did you ride for pleasure? _____

SECTION 2 TRAINERS - COACHES

9. What horse activity best describes the area you train or coach?

10. How many hours of help do you employ weekly to assist you in training &/or coaching?
 _____ hrs/week

11. What do you pay your help per hour? (average) \$ _____

12. Please describe your level of training/coaching activities?

Training: _____ # of horses
 Coaching: _____ # of students

13. What percentage of your income comes from coaching/training?
 _____ %

**SECTION 3
Your HORSE FARM**

15. How many acres do you own? _____
lease? _____
16. How many acres are used for horses? _____
17. Will you file a farm income tax form with your 1997 return?
Yes No
18. Is your land classified as farm by the BC Assessment Authority?
Yes No
19. Do you produce other agriculture products?
Yes No
If yes, what annual value? _____
20. How many hours of extra labour do you employ per week to look after your horses? _____ hrs
What is the average hourly rate you pay them? \$ _____
22. How much do you spend on average per horse per year for the following:
Grain \$ _____ Farriers \$ _____
Bedding \$ _____ Vet \$ _____
Hay \$ _____ Horse Care Products \$ _____
Tack \$ _____
21. Is your manure storage area protected from rain?
Yes No
23. How do you dispose of your horse manure? (✓)
 a) Spread it on your fields
 b) Spread it on your neighbour's field
 c) Truck it to another disposal site
 d) Compost it & sell it as fertilizer
24. Which pasture management techniques do you use:
 Rotational grazing Fertilizer application
 Irrigation Chain Harrow
 Others _____
25. What is the present value of the buildings & equipment you use to keep your horses?
\$ _____
26. How much do you spend annually to maintain these buildings & equipment?
\$ _____
27. Do you board other peoples' horses on your farm?
Yes No
If yes, how many? _____
28. Does the boarding represent more than or less than 1/2 the gross earnings you make from your horse operation?

**SECTION 4
About You**

29. What are the first 3 characters of your RESIDENTIAL postal code? _____
30. How many people in your household are involved with horses? _____
31. How many of these are Male _____ Female _____
32. What age range do they fall into? (✓) (for each member)
 < 18 36-45
 19-25 46-55
 26-35 55+
33. Please indicate the range of your total annual household income
 < 30,000 30,000-60,000 +60,000
34. Do you own a horse trailer?
 Yes No
35. For the following please put a check (✓) mark for each member of your household involved with horses.
Indicate the level of formal education:
 High School incomplete
 High School graduation
 Diploma or Special Skill Training
 University Degree
Other _____

**SECTION 5
It's YOUR TURN**

36. Over the next 5 years do you feel your involvement with horses will:
 Increase Decrease Stay the same
- Please comment on problems or concerns that you feel limit the expansion of the industry in your sector.
- _____
- _____
- _____

Economic Impact of the Horse Racing Industry on the Saanich Peninsula

Executive Summary

This report is in response to a request by the Horse Racing Alliance to extend the information in the Economic Impact of Horse Racing to evaluate the impact of live racing at Sandown Race Track. The report does not address the potential impact of simulcast wagering or the potential spin-off tourism benefits from a revitalized Sandown Race Track.

The analysis assumes that a revitalized Sandown Race Track could accommodate 2,000 people in a weather protected facility for fall and spring meets and the backstretch could house approximately 400 horses. It is also noted that a reconfiguring of the racing surface to accommodate racing distances not run at Hastings Park would help attract horses for the thoroughbred meets.

It is estimated that a fully revitalized Sandown Race Track with, community support, could generate from it's live racing component:

\$15.7 million in economic activity,
supporting
208 FTE on-farm jobs
175 FTE backstretch and track jobs

The body of the report outlines how these numbers were estimated and provides a basis for estimating other meet formats in the future.

The economic impact of live racing in a regional market is dependent on achieving a level of racing activity that will prompt trainers to move their horses to the track during the meet. Industry representatives indicate this occurs when a meet moves from a purely weekend (2 day/week) meet to a 3 day /week. The higher level of employment in the thoroughbred sector is a reflection of the greater number of horses, in part because of the history of racing, that would stay resident on the peninsula.

Saratoga Springs N.Y. has created an 'event' around it's summer racing meet. The population of the community doubles from 25,000 to 50,000 during the 4 week meet. The race track and community have developed a relationship that enhances both and has resulted in the highest on track attendance in North America. If this type of relationship could be achieved at Sandown there would be a significant tourism related economic benefits for Sidney and the Saanich Peninsula.



OUTLINE

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Economic Impact of Live Horse Racing at Sandown Race Track ...1



Preface

This report responds to a request from the Horse Racing Alliance to extend the information used in the Economic Impact of Horse Racing in B.C.¹ to analyze the economic impact of live racing at Sandown Race Track on the Saanich Peninsula.

Analyzing racing activity on a regional basis, rather than a provincial bases, poses several challenges:

- identifying the portion of horses that train in the region as compared to shipping in
- identifying the portion of the backstretch help that stay in the region,
- estimating the impact of the number of racing days per week on the above, and
- estimating what level of racing is required to sustain a local breeding and training community.

Estimates of these numbers were obtained from individuals that operated and worked at Sandown Race Track²

A second question is what does a revitalized Sandown mean. From the perspective of this report revitalized means a grandstand that can house 2,000 people in comfort during fall and spring meets and stabling for at least 400 horses. Other aspects of a revitalized Sandown that would make it attractive for horsemen and bettors would be

- a reconfigured track that could permit different lengths of races
 - 5 F around 1 turn
 - 1 mile around 2 turns
- separate thoroughbred and harness surfaces that would permit a better quality surface and the opportunity to train both breeds year round.

¹ Prepared by the Ministry of Agriculture and Food.

² Ed Popham, Gerald Milburn, Derek Todd, Jim Blackmore, Nicki Wylie, Nancy McMinn

2... Economic Impact of Live Horse Racing at Sandown Race Track

Community support refers to a close operational and promotional relationship between the track and the community. Examples of this would be to have community events at the track during meets, have community events connected to Sandown during the summer meets and so on.

The subtitle—yesterday, today and tomorrow—indicates that for a regional track like Sandown the economic impact depends to a great deal on the structure of the meet. For this reason the study will estimate the economic impact per week for several different meet structures—4, 3, and 2 day per week racing plus acting as a training facility and use these as a base to estimate the economic impact of past and present meets.

The purpose of this report is to help forecast the economic impact of future meets at Sandown, consequently the report takes the liberty of estimating several future scenarios: shoulder meets, summer meets and training center activity. The report also discusses the potential on-track impact of what is termed the 'Saratoga Factor'.



Economic Impact of Live Horse Racing at Sandown Race Track ...3

A Brief History of Horse Racing on Southern Vancouver Island

It will be a surprise to some that thoroughbred horse racing was thriving on southern Vancouver Island and the Lower Mainland long before the major California tracks were built and long before Longacres was built in Seattle. In the 1920's racing was going strong at the Willows and Colwood tracks in Victoria and Brighthouse, Lansdowne and Hastings parks in Vancouver. Horses shipped here from all over the pacific northwest. All operated short meets and horses and trainers traveled from track to track. Sam Randall owned and operated all the tracks at that time under the name of the Ascot Jockey Club.

In the lean years of the 30's Colwood and Brighthouse closed down. During the 1940's Jack Diamond's B.C. Turf assumed ownership of Lansdowne Park and later convinced the Randall family (Ascot Jockey Club) to join with him in the B.C. Jockey Club to focus Lower Mainland racing at an upgraded Hastings Park (renamed Exhibition Park) and to use Lansdown Park as a training center. When the lease was not renewed for Willows in 1949 a site for a new track was identified in Sidney and when built was called Sandown Park. Sandown hosted thoroughbred racing from 1955 until the late 1960's and was operated by the B.C. Jockey Club during that time. It struggled for racing dates, horsemen support and profitability and eventually stopped thoroughbred racing in 1969.

Jim Keeling revived standardbred racing in B.C. in 1974 by rebuilding the racetrack at the Cloverdale fair grounds and operating during the thoroughbreds winter break. To provide year round racing Mr. Keeling leased Sandown and held a summer meet there to compliment the winter meet in Cloverdale.

Sandown's thoroughbred meet was revived in 1975 by the Capital City Turf Club (CCTC) and had several successful years operating a fall meet after Exhibition Park closed. As the racing dates got pushed further and further into the fall, attendance decreased and Sandown went from a 3 day/week meet to a 2 day/week meet and finally to closing in 1994. Simulcast wagering was not operating at the time.

Currently a 6 week (2 day/week) summer standardbred meet continues and simulcast races are presented on a regular basis.



4...Economic Impact of Live Horse Racing at Sandown Race Track

Estimates of Weekly Economic Impact (past and present)

Increased attendance affects the economic impact of the grandstand operation and as such three different attendance levels are considered:

1. *Status quo*
1,000 / day attendance
2. *Revitalized*
2,000 / day attendance
3. *Saratoga factor*
4,000 / day attendance

The following tables are a summary of the more detailed economic impact analysis in section 5. This information forms the basis for estimating the economic impact of different structured race meets. The numbers represent an estimate of the increase in economic activity in the region derived from conducting live racing under the meet structure described (all in thousands of \$1998). **The economic impact of additional teletheatre or other gaming on the site is not considered.**

The opportunity to simulcast will likely increase the purse level from current and past meets. Though the level of purses does not itself significantly increase the economic impact of the backstretch (it reduces the out of pocket cost of owners) it is a crucial factor in attracting the number of horses needed for 3 and 4 day week race meets.

The assumptions used in these calculations, over and above those used in the provincial estimate, include:

- * The shift from a 2day/week meet to a 3 day/week meet substantially increases the number of horses and staff that stay resident at the track
- * The history of thoroughbred racing on the island leads to a larger proportion of horses resident at the track for thoroughbred vs standardbred meets and also the thoroughbred sector has a greater on-farm breeding and training impact in the peninsula.

	Thoroughbred Economic Impact/week (\$,000)			Train/100 horses
	2 day/wk	3 day/wk	4 day/wk	
Status Quo				
Econ Impact/wk	\$150	\$280	\$374	\$26.1
Revitalized				
Econ Impact/wk	\$179	\$325	\$432	\$26.1
Saratoga Factor				
Econ Impact/wk	\$231	\$403	\$537	\$26.1

	Standardbred Economic Impact/week (\$,000)			Train/100 horses
	2 day/wk	3 day/wk	4 day/wk	
Status Quo				
Econ Impact/wk	\$67	\$122	\$ 63	\$18.1
Revitalized				
Econ Impact/wk	\$97	\$166	\$221	\$18.1
Saratoga Factor				
Econ Impact/wk	\$149	\$244	\$326	\$18.1

Economic Impact of Live Horse Racing at Sandown Race Track ...5

The estimates above can be used to evaluate the impacts of past, present and future racing meets at Sandown Park.

Estimated Economic Impact of Past Meets (in \$1998)

- | | |
|---|----------------------------|
| 1. Sandown Thoroughbred (1960's) ³
– 4/days/week for 8 weeks | \$3.5 million ⁴ |
| 2. Sandown Thoroughbred('75 - '80)
– 3 day/wk racing for 7 weeks | \$2.3 million |
| 3. Sandown Thoroughbred('90 - '94)
– 2 day/wk racing for 6 weeks | \$.9 million |
| 4. Sandown Standardbred(75-80)
– 3 days/week for 10 weeks | \$1.2 million |



Estimated Economic Impact of Present Meet (in \$1998)

- | | |
|--|---------------|
| 5. Sandown Standardbred (current)
– 2 days/week for 7 weeks | \$.5 million |
|--|---------------|

³The estimates for revitalized (2,000/day) were used for the Sandown meets in the 60's and mid 70's. This is a conservative estimate as average attendance did exceed this level in many of those years.

⁴ From thoroughbred/ revitalized/ 4 day/week times 8 weeks (\$432 * 8 = \$ 3.45 m)

6...Economic Impact of Live Horse Racing at Sandown Race Track

Future Meets

In looking to the future several questions may arise:

- 1) What is the impact of Sandown operating as a B track hosting 'shoulder'⁵ meets for the A tracks in Vancouver?
- 2) What is the impact of Sandown operating a short summer meet as a break in the Hastings Park meet (similar to Saratoga in NY)?
- 3) What is the impact of a revitalized Sandown on the on-farm breeding and training activity in the peninsula?
- 4) What is the economic impact of Sandown being used as a training center?

Estimates of Economic Impact of future meets.

- | | |
|--|-----------------|
| 1a. Thoroughbred Shoulder Meets with Promotion (Revitalized) | \$ 3.02 million |
| – 3 days/week for 4 weeks/ 5 weekends in Spring | |
| – 3 days/week for 4 weeks/ 5 weekends in Fall | |
| 1b. Standardbred Shoulder Meets with Promotion (Revitalized) | \$ 1.88 million |
| – 3 days/week for 6 weeks/7 weekends in June/July | |
| – 3 days/week for 4 weeks/5 weekends in Sept/Oct | |
| 2. Thoroughbred Summer Meet with Promotion (Revitalized) | \$ 2.47 million |
| – 4 days/week for 4 weeks/5 weekends starting Aug 1 | |
| 3. Sandown as a training center | \$.5 million |
| Thoroughbreds 300 horses for 11 weeks(.3 m) | |
| Standardbreds 150 horses for 9 weeks(.15m) | |

⁵ Shoulder meets are those that are scheduled either right before or right after the A meets. For thoroughbreds this would be early spring and late fall. For standardbreds this would be late spring and early fall.

⁶ This estimate is for the on-track impact only. The off-track impact would be much larger but needs a more detailed review than is permitted in this study.

⁷ Provincially the economic impact on farms keeping race horses is approximately equal to that of maintaining horses at the track. This is primarily because there are 5 horses on the farm for every active race horse.



Economic Impact of Live Horse Racing at Sandown Race Track ...7

In the future a Sandown Park , with a fully revitalized track including shoulder meets for thoroughbred and standardbred and a summer thoroughbred meet would have the following estimated economic impact.:

Thoroughbred Shoulder	\$ 3.02 m
Standardbred Shoulder	\$ 1.88 m
Thoroughbred Summer	\$ 2.47 m
Training Center	<u>\$.5 m</u>
Total Direct Expenditure	\$ 7.87 m
Total Indirect Expenditure	<u>\$ 7.87 m</u>
Total Economic Impact	<u><u>\$15.74 m</u></u>

A fully revitalized Sandown with the meets described above would support the following jobs:

Temporary Positions

Backstretch*

Thoroughbred Shoulder	185 positions @ 10.3 weeks =	1905.5
Standardbred Shoulder	76 positions @ 13.3 weeks =	1010.8
Thoroughbred Summer	246 positions @ 5.3 weeks =	1303.8

Track

Shoulder meets	130 positions @ 20.6 weeks =	2678.0
Summer meets	228 positions @ 4.3 weeks =	980.4

Total position weeks **7875.5**

Full time equivalent jobs (÷ 45) **175**

Full time on-farm positions ** **208**

Total full time equivalent jobs **383**

*1 week added for preparation for each meet

** Thoroughbred averaged between 3 days/week meet and 4 days/week meet.



8...Economic Impact of Live Horse Racing at Sandown Race Track

The Saratoga Factor

Why would the most successful race horse trainers, training some of the most valuable horses in the world leave 2 outstanding racing facilities, connected by rapid transit to the largest population center in North America, pack their bags and ship their stables to a small town in upstate New York with a permanent population of only 25,000 people?

Why does this small town swell to 3 times it's normal size in the summer and provide higher average on-track attendance and handle than the facilities next to N.Y. city—and highest in North America.

This is the Saratoga Factor and to understand it is to understand the potential of Sandown Race Track.

Some horsemen say it revitalizes them. Takes them back to there roots - it's racing as it should be. The community sights the great interaction between racing and the people and merchants of Saratoga. What ever the real `Saratoga Factor' is it is counter to all that the policy makers in racing today profess yet Saratoga is the most successful race track in North America in terms of average on-track handle and average on-track attendance.

Just about every article on Saratoga talks about the 'roots' of racing and something to the effect that 'everything that is good about the sport is at Saratoga.'⁹ What are the 'roots' of racing. In North America racing has never been the 'Sport of Kings' but started as the sport of 'farmers'. Racing started as part of the local country fair where one farmer suggested that his horse was faster than his neighbours. Racing evolved from small fair meets that were as short as a week in length where horses and trainers travelled from meet to meet throughout the season.

From the many articles on Saratoga there seems to be 3 general themes offered to explain their success and the connecting to racings roots: short meet, community involvement and country fair atmosphere.

The situation surrounding Saratoga in New York has many similarities to Sandown in B.C. A summer escape to Sandown would be a break in the middle of one of the longest continual meets in North America, it is in a community with a long history of supporting racing, Sidney is evolving into a culture/ tourism based town and there is a large population base 30 minutes drive away.

The similarities are striking. The opportunity exists! If a Saratoga like atmosphere was created at Sandown the economic impact to the community would far exceed the on-track impact from live racing estimated in this report. ●

⁹ From the July 17, 1999 Thoroughbred Times article.



'Everything that is good about the sport is at Saratoga.'

Economic Impact of Live Horse Racing at Sandown Race Track ...9

Detailed Economic Impact Analysis*

Thoroughbred Training & Racing Costs (owners costs)

	2 days/wk	3 days/wk	4/days/wk	Training (100 horses/ week)
Racing Days/Week	2	3	4	
Purses/day 30,000				
Horses	250	375	500	100
Training Costs/week \$240/horse/wk	60000	90000	120000	24000
Jockey's Fees \$3575/day 6%Of purses	7150 3600	10725 5400	14300 7200	
Vet/Farrier Expenses \$35/week racing \$21/week training	8750	13125	17500	2100
Owners Personal Expense \$60/week/horse	15000	22500	30000	
Total Training & Racing Costs	94500	141750	189000	26100
Minus Shippers	40%	20%	20%	0
Island Portion	\$56,700	\$113,400	\$151,200	\$26,100
On-Farm Breeding & Training	\$56,700	\$113,400	\$151,200	
Total Island Impact	\$113,400	\$226,800	\$302,400	
Temporary: Backstretch Jobs/Week of Racing				
Direct Jobs (1 per 3 horses on grounds)	50	100	133	
Indirect jobs**	43	85	113	
Total Jobs	93	185	246	
Permanent: On-farm Jobs				
Direct	43	85	113	
Indirect	37	72	96	
Total jobs	80	157	209	

* In 1998—data from 1998 Horse Industry Survey

** Indirect jobs estimated at (.85 x direct jobs)—from Horse Industry Survey

10...Economic Impact of Live Horse Racing at Sandown Race Track

Standardbred Training & Racing Costs (owners costs)

	2 days/wk 2	3 days/wk 3	4/days/wk 4	Training (100horses/ week)
Racing Days/Week				
Purses/day 20,000				
Horses	150	225	300	100
Training Costs/week \$160/horse/wk	24000	36000	48000	16000
Drives Fees 6%Of purses	2400	3600	4800	
Vet/Farrier Expenses \$35/week racing \$21/week training	5250	7875	10500	2100
Owners Personal Expense \$60/week	9000	13500	18000	
Total Training & Racing Costs	40650	60975	81300	18100
Minus Shippers	0.5	0.25	0.25	0
Island Portion	\$20,325	\$45,731	\$60,975	\$18,100
On-Farm Breeding & Training	\$10,163	\$22,866	\$30,488	
Total Island Portion	\$30,488	\$68,597	\$91,463	
Temporary Backstretch Jobs/week of racing				
Direct Jobs (1 per 4 horses on grounds)	19	42	56	
Indirect Jobs	16	34	45	
Total Jobs	35	76	101	
Permanent On-farm Jobs				
Direct Jobs	8	18	24	
Indirect	7	15	20	
Total	15	33	44	



Economic Impact of Live Horse Racing at Sandown Race Track ...11

Track Operations - Live Racing

Status Quo/Attendance - 1000/day

Wages			
40 clerk days @ \$80	6400	9600	12800
20 concession days @\$80	3200	4800	6400
Administration	3000	3500	4000
Direct Jobs/week(inc 3 for grounds)	33	48	63
Indirect Jobs	28	41	54
Expenditures on Goods			
12,000/day	24000	36000	48000
	36661	53989	71317

Revitalized Attendance - 2000/day

Wages			
60 clerks/ day @ \$80	9600	14400	19200
30 concession /day @\$80	4800	7200	9600
Administration	4000	4500	5000
Direct Jobs/week(inc 3 for grounds)	48	70	93
Indirect Jobs	41	60	79
Expenditures on Goods			
24,000/day	48000	72000	96000
	66489	98230	129972

Saratoga Attendance - 4000/day

Wages			
-80 clerk days @ \$80	12800	19200	25600
-40 concession days @\$80	6400	9600	12800
-Administration	3000	3500	4000
Direct Jobs/week(inc 3 for grounds)	63	93	123
Indirect Jobs	54	79	105
Expenditures on Goods			
48,000/day	96000	144000	192000
	118317	176472	234628

Incremental Saratoga factor **51815** **78223** **104630**

Jobs

Status Quo	61	89	47
Revitalized	89	130	172
Saratoga	117	172	228



12...Economic Impact of Live Horse Racing at Sandown Race Track