

**Minutes of the Union - Management Consultation Committee (UMCC) Meeting
Canadian Pari-Mutuel Agency and the Agriculture Union, PSAC**

July 2, 2013

In Attendance:

Mr. S. Suttie
A/Executive Director
Canadian Pari-Mutuel Agency, AAFC

Mr. F. Murphy
1st National Executive
Vice-President
Agriculture Union, PSAC

Ms. S. Dubreuil
Director, Operations
Canadian Pari-Mutuel Agency, AAFC

Ms. N. Milosevic
Labour Relations Officer
Agriculture Union, PSAC

Ms. H. Hay
Senior Labour Relations Advisor
Human Resources Directorate, AAFC

Minutes prepared by: Ms. K. Dicaire
Executive Assistant to the Executive Director
Canadian Pari-Mutuel Agency, AAFC

Review of previous minutes

Reviewed June 27, 2012 minutes. The CPMA continues to explore efficiencies in all areas including working with Provincial Regulatory Bodies with respect to the Equine Drug Control Program.

Recap of recent scheduling issues in Toronto

All grievances regarding scheduling were resolved. CPMA management will make every effort to ensure 16 hours of rest between shifts whenever possible. The Union agreed that employees have no outstanding issues at this time.

CPMA Financial Situation

Last year, revenue was \$10.6M which was a decrease of 5%. So far, April, May and June revenue has decreased by 10.2%, 4.9% and 4.7% respectively, for an average decrease of 6.4% over the first 3 months of the fiscal. To put this in perspective, annual revenue in 2006-07 was \$13.9M and \$14.9M in 2001-02. This trend is not expected to change/reverse.

Despite the decrease in revenue, the CPMA realized a small surplus as a result of tighter controls on travel, not replacing employees who retired or left the Agency (including a management position), and sharing a veterinarian with the Ontario Racing Commission.

Budgeting is a challenge as it is difficult to project revenue. However, we must continue to operate within the revenue provided for by the federal levy. For this reason, the CPMA needs to explore a more flexible and scalable operational model.

Update - Situation in Ontario

Race dates in Ontario have been cut by approximately 50% this calendar year in response to the expected decrease in purse money. Some tracks have negotiated rental agreements for slots with the Ontario Lottery and Gaming Corporation. In addition, some have secured 2 and 3-year transitional funding agreements to assist with costs related to the conduct of live horse racing. Figures have been disclosed in regard to the first year. However, there has been no information in regard to funding for the next two years.

At this point, race tracks at Windsor and Woodstock have closed, while the future of others including Sarnia and Kawartha are not certain. The Horse Racing Industry Transitional panel had previously speculated that as few as 5 tracks in Ontario would be operational going forward. That number is also being mentioned in a recent draft report the Panel has put together.

The decrease in race dates and track closures has already resulted in a decrease in the CPMA's workload.

Status of New Operational Model Initiative

The CPMA, while still developing its new operational model, has taken some initial steps toward implementing the concept of remote supervision. Where the CPMA does not have an officer with a home work location at a particular race track, 50% to 70 % of the live events at that location are now being supervised remotely as opposed to officers being present for all live races as we have been in the past. The move to this approach is based on changes in how and where betting takes place. Technology has improved, regulations have changed and the ways people can bet have increased significantly. Today, 65% of the money bet in Canada on horse racing is bet on foreign races. The CPMA needs to transform and modernize its operational model to ensure that monitoring of pari-mutuel betting is done in the most effective and efficient way possible. Many of the duties officers perform can be done off-site without travelling to the race track. There will be some challenges with this approach but nothing management foresees that cannot be overcome.

The vision for the new operational model will be a centralized approach - ideally with senior and junior officers working together with management, clerical and administrative support on-site. They will make better use of technology and have access to improved training programs. Supervision of betting will not always be in real time as we will adopt more of a risk-based, post-audit approach supported by periodic on-site visits. We will also implement a client outreach program to proactively assist tracks in complying with the Regulations.

Clearly, we cannot get there overnight and a phased-in approach will be adopted as we move towards full implementation of this vision.

CPMA will ensure the Union is kept informed as this initiative advances.

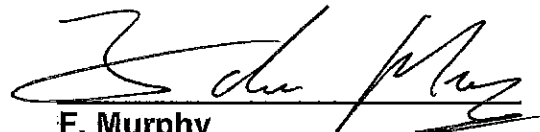
Expected Impacts on CPMA staff

S. Suttie spoke about various cost saving measures that the CPMA has taken in the past to address decreases in revenue. Regions have been merged, programs have been discontinued, individuals have not been replaced as they retire. CPMA HQ will be moving to less expensive office space on AAFC's experimental farm. Discussions are underway with the Ontario Racing Commission to share office space. Discussions have been held with US regulators to share costs related to systems development and the drug control program. We will continue to look for efficiencies in CPMA operations and programs.

As the industry continues to downsize, the CPMA has to continue to adjust as well. It is still anticipated there will be an impact on CPMA staff. S. Suttie committed to keeping the Union current as information is made available. While acknowledging this is a difficult time, he has endeavoured and will continue to keep staff apprised through meetings/conference calls and emails to all staff.

Next meeting: Ad hoc when more information is available.


S. Suttie
A/Executive Director
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