

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

**June 27, 2012**

**In Attendance:**

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

Mr. F. Murphy  
1<sup>st</sup> National Executive  
Vice-President  
Agriculture Union, PSAC

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

Ms. N. Milosevic  
Service Officer  
Agriculture Union, PSAC

Mr. R. Sawchuk  
Director, Policy and Planning  
Canadian Pari-Mutuel Agency, AAFC

Mr. M. DeLuca  
Regional Manager, Eastern Canada  
Canadian Pari-Mutuel Agency, AAFC

Mr. S. Robineau  
Senior Labour Relations Advisor  
Human Resources Branch, AAFC

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

**Introductions**

All parties were welcomed and introduced, as many participants were new to the CPMA-UMCC. An agenda was provided as a basis for discussion, but it was decided to proceed with the meeting in a more general format in order to familiarize everyone with the issues. All agreed that items of greater substance would likely require follow-up discussions.

**Introduction to the CPMA and the Horse Racing Industry**

S. Suttie provided an overview of the CPMA, its creation as a Special Operating Agency, and a brief overview of the revolving fund. This fund is derived from a 0.8 percent levy on every dollar bet in Canada on horse racing. Accordingly, the CPMA is not funded by tax payers. Along with being funded differently, the Agency does their own accounting, prepares their own financial statements and has an external audit of those statements done annually. As the CPMA is part of

Corporate Management Branch, it follows AAFC policies and procedures when it comes to corporate/supporting services and is subject to Departmental and Treasury Board Secretariat oversight.

The betting landscape has changed dramatically over the years. Initially, the only form of legal betting in Canada was on horse racing and it had to take place in person at a racetrack and was only available on live racing. Now, 65% of the money bet in Canada on horse racing is bet on foreign races. It is important for the CPMA to recognize how the betting landscape has evolved and ensure that our pari-mutuel supervision model evolves similarly.

The horse racing industry previously enjoyed a monopoly on legalized gambling, but due to increased competition with other forms of gambling, revenue has decreased significantly over the last decade. Conversely, the cost to provide the CPMA's programs has continued to rise.

S. Suttie also provided some history and an overview of Ontario's Slots-at-Racetracks program. This revenue sharing agreement stimulated investment in the industry and promoted the conduct of more horse racing. This in turn led to a greater demand for the CPMA's drug control and surveillance programs. At the same time, the amount of pari-mutuel betting (and the CPMA's revenue) continued to decline. Therefore, the high number of race dates has increased CPMA's costs, but the revenue to pay for these programs, generated by the betting, has decreased substantially.

#### **CPMA Financial Situation**

For the 2012-13 fiscal year, the CPMA is projecting revenue of \$10.7M, which is a 4.5% decrease from 2011-2012. Depending what happens in Ontario, it is possible that the decrease in revenue could be greater.

The CPMA has been cutting expenses where possible over the last 5 years including cuts on travel, management salaries through attrition and merging of responsibilities, drug control costs (the number of samples collected and analysed decreased from 95K in the mid-nineties to 42K in 2011). CPMA has decreased drug control at smaller tracks in order to focus more resources where more the money is bet.

As examples, the CPMA previously had 5 regions, but over the years has decreased to 2 (Eastern and Western Canada). In addition, the management of the Jerseyville Research Centre has been assumed by the Eastern Regional Manager.

CPMA's 2 main programs are Pari-Mutuel Surveillance and the Equine Drug Control Program (EDCP). The EDCP is comprised of the Research and Reference Lab, Jerseyville Research Centre, service contracts for the collection, shipping and analysis of blood and urine samples, and related research.

Provincial Regulatory Bodies provide out-of-competition testing, adjudicate races, impose penalties, approve race dates, and licence participants.

The CPMA is currently working with provinces to review the drug control program with a view to identifying efficiencies.

The analytical contract expires in March, 2013 while the collection contract expires in June, 2014. Both have 2 one year options (at the Agency's discretion) with favourable terms. At current service levels, over half of the CPMA's expenditures are spent on the EDCP. Costs continue to rise, making it necessary to review this program. This achieves only a part of the CPMA's mandate, but it is the portion that concerns provinces, associations and horsemen the most.

Services for Photo Finish and Video Race Surveillance were ended in April 2011 saving the Agency \$2.6M annually. Provinces used this service for officiating and to determine the order of finish, and associations used the video feed to promote simulcast betting on their races. CPMA did not directly benefit from this service, and therefore ended its provision in order to focus its limited resources on its core mandate.

In March 2012, Ontario's Drummond Report was released, which included a recommendation to review the Slots-at-Racetracks program. Subsequently, Ontario decided to end this revenue-sharing agreement effective March 31, 2013. Slots at Windsor, Sarnia and Fort Erie were removed immediately, but the province will continue to provide funding to these tracks until the end of March 2013.

Without the slot revenue, it is expected that many tracks in Ontario will close. Several tracks have already announced closures: Windsor – August 2012, Fort Erie – December 2012, Kawartha – March 2013. The largest player in the industry in Canada, the Woodbine Entertainment Group which operates Woodbine Racetrack in Toronto and Mohawk Racetrack in Campbellville, Ont., have also publicly stated that without an acceptable agreement with the Ontario Lottery and Gaming Corporation in place to operate slots at those 2 locations, they too may be forced to close.

Subsequent to Ontario's announcement, Saskatchewan has announced the withdrawal of \$1.5M in provincial funding to the horse racing industry, while New Brunswick has done likewise in the amount of \$600K – both effective March 31, 2013.

While devastating to the industry, the resulting decrease in race dates may make the CPMA's more financially viable.

The CPMA expects some impact on staffing levels if tracks close and race dates decrease, but at this point the extent is uncertain. The CPMA's focus is on full-time employees and keeping them employed. Some Assigned Work Weeks (AWWs) for part-time employees will be decreased and use of casual employees will be reduced.

A few years ago, the CPMA committed to the Union to make every effort not to drop an employee's AWW below 12.5 hours due to the impact on their employment status and benefits. The CPMA will attempt to honour that commitment for this fiscal year. However, given what may happen in the industry over the next 6 -18 months, this must now be reviewed. Some employees' AWWs will be decreased this fiscal, but the CPMA will consult with the Union prior to any employee's AWW dropping below 12.5 hours.

The CPMA committed in 2010 to review all part-time employees' AWWs near the beginning of each fiscal year or more frequently if required on a case-by-case basis, to try to better reflect the busy and "dark" periods for some tracks.

- F. Murphy asked if the CPMA had considered the use of 'seasonal' employees as that particular employment status is used quite frequently in the Department. It can be beneficial for both the employer and employees. The CPMA will discuss this potential option with Human Resources Branch and will advise the Union accordingly.

CPMA also advised the Union of some staffing actions over the past year, including the hiring of: a term CR-03 Administrative Clerk in Jerseyville, a PM-03 Quality Assurance Officer, a PM-05 Regional Manager (Eastern Canada), a PM-05 Senior Programs Coordinator, a PM-05 QA Manager and Equine Drug Control Officer, and a CO-03 Director, Operations.

### **New Operational Model**

Several years ago, the CPMA began a pilot project to explore the possibility of conducting off-site monitoring (i.e., supervising/monitoring pari-mutuel betting from a location other than the track where the race was taking place). As a result of its success, and given the way the betting landscape has changed, the CPMA is now looking to implement this concept at tracks nationwide. A phased-in approach will be followed. In the first phase (already implemented), locations where the CPMA does not have an officer with that location as their Designated Workplace (meaning they would be in travel status scheduled to work at that location), physical presence at that location will be reduced by 50%. In the second and subsequent phases, this approach will be expanded to the point where even if a location has an officer with that track as their Designated Workplace, they will not have an officer present 100% of the time.

In addition to reducing costs which must be done to address the continuing decrease in revenue, the CPMA believes this will allow more employees to be

retained, even in the event of a track closure at their home location. This is obviously important for employees, but is also important for the employer as employees with expertise in pari-mutuel betting are difficult to replace.

The CPMA has increased staff communication through recent all-staff conference calls.

Also in support of the new operational model, the CPMA is building a new electronic monitoring system (CMS) which will replace the Internal Control System (ICS) and allow for increased off-sight monitoring. Industry's response has been mixed. The CPMA continues to work on outreach programs to assist associations with this transition, and will ensure that associations have access to CPMA employees during all live racing events.

In future (no timetable given at this point), the CPMA envisions Agency Officers monitoring pari-mutuel activities remotely from a central location or locations supplemented with periodic on-site inspections. This concept will allow officers to work more closely with their peers and learn from each other rather than being isolated at tracks by themselves. They will have the supervisory, clerical, administrative and electronic support they require.

#### **Review of June 10, 2011 Minutes and Terms of Reference**

Since the June 2011 meeting, it was determined that VSSAs were not required and as such CPMA confirmed that they will continue to proceed with the steps necessary for the cancellation of the Woodbine VSSA.

CPMA is now scheduling employees as per the shift work provisions of the Collective Agreement using the shifts 12:00 midnight to 8:00 am, 8 am to 4 pm and 4 pm to 12 midnight or 11:00 pm to 7 am, 7 am to 3 pm, and 3 pm to 11 pm. In addition, Agency occasionally requires one shift different than those referred to above – a 10:30 am to 6:30 pm shift for race cards that start early. CPMA consulted in advance with local union representatives and employees to explain the need for this extra shift. No concerns were raised.

- Union will review the Collective Agreement with regard to the section on shift provisions and advise if they have any concerns.

With respect to the Terms of Reference and meeting once per year, both parties agreed, given the changes that are expected in the industry over the next year or so and the potential impact on the Agency, that ad hoc meetings will likely be required as more information becomes available.

The CPMA committed to providing the Union with:

- A copy of the Woodbine employees' current VSSA

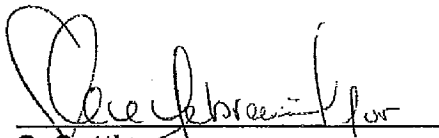
- A copy of the previous national VSSA
- Org Charts (CPMA notes that the org charts are currently being updated)
- Number of employees (full times, casuals, part times, AWWs, lab, HQ, Jerseyville, Regional offices), location, status etc.

### Roundtable

Some are of the view that the CPMA's mandate does not fit within AAFC's mandate. Most betting/gambling is provincially regulated. The CPMA is currently looking at options for the future.

All agreed that the CPMA would discuss issues with the Union as they become more aware of changes in the industry impacting the CPMA.

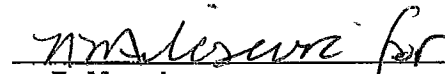
**Next meeting:** annual meetings are usually held in June however the next meeting is expected to be ad hoc as more information becomes available.



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S. Suttie  
A/Executive Director

Vice-President  
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F. Murphy  
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