

## THE FIRST RACINO TO DROP THE “RAC” & JUST HAVE THE “INO” ?



# op/ed

by bill finley

Fort Erie is like a lot of racetracks. It has slot machines, which make money, and horse racing, which doesn't. It seems that's no longer okay with the track's owner, Nordic Gaming Corporation, which is vying to end live racing at Fort Erie, a lovely little Canadian track that's been around since 1897. The slots, though, may not be going anywhere.

Will Fort Erie become the first racino to drop the "rac" and just have the 'ino?' That's apparently what Nordic Gaming wants, and how this story plays out could have a cataclysmic effect on horseracing. This is about a lot more than Fort Erie, a small-time track that caters to lower-end horses. It's about horseracing's uncomfortable relationship with slot machines and the possibility that Fort Erie could set a precedent, paving the way for other tracks to dump racing because it's a drain on what they really care about--slots.

Slots came on the scene at Fort Erie in 1999. The story in Ontario was the same as it was just about everywhere else. The legalization of slot machines at racetracks was justified because slots were needed to help the ailing racing and breeding industries in the province. It's right there for all to see on the Ontario Racing Commission's website, where it says: "The government confirmed its commitment to supporting economic development within the industry through two key commitments: Pari-Mutuel Tax Cut; Introduction of Slot Machines at Racetracks."

At first, everyone was happy. Slots were a hit at Fort Erie, the profits from the machines fattened purses and track owners were making enough money that they weren't about to challenge the idea that slots were there to help racing.

In time, the story changed. A competing casino was opened near Fort Erie on the U.S. side of the border. After 9-11, crossing the border into Canada became more difficult, cutting down on the number of U.S. citizens willing to head over to Fort Erie. The Canadian casinos had to adhere to strict no-smoking ordinances, something the nearby U.S. casinos didn't. Suddenly, Fort Erie slots weren't quite the cash cow they had once been.

With Nordic's profits from the slot machines down, the company started to make noise that it could no longer afford to support a money-loser in horse racing. In December, it announced that 190 employees who work in racing departments would be terminated Mar. 31. Nothing has been said about letting go of employees involved in the gaming end of the operation, a clear indication that Nordic wants to continue in the slot business without holding a live racing meet.

Sue Leslie, the president of the Ontario HBPA, is trying to keep that from happening.

"We will fight this tooth and nail," she said. "If there is no live racing at Fort Erie, then there cannot be slots. The whole basis of introducing slots at racetracks back in the '90s was to enhance live racing."

So far, the right people don't seem to be listening. No official word has come down from the Ontario government concerning whether or not Fort Erie can continue with slots without racing. That's troubling. The government should have come out with an immediate statement in which it said Nordic must race in order to stay in the slots business. Then again, what does the government stand to gain from seeing Fort Erie close all together? It shares in the slots profits, revenue it no doubt doesn't want to lose.

Leslie has taken the horsemen's fight to the government, imploring it to do what it can to save Fort Erie. She believes the answer to survival revolves around Ontario taking a smaller cut of the profits from the Fort Erie slot machines and funneling that money back to Nordic Gaming and/or purses if racing continues.

She is meeting resistance from those who say that would set an unwelcome precedent, prompting other tracks in the province to ask for the same sweetheart deal. There are slot machines at 16 other Ontario tracks--Woodbine--and 15 tracks that run harness racing exclusively.

Her job is to save Fort Erie racing and to keep the sport going there for her organization's members and for the hundreds of additional people who derive their livings from the track. But she understands there is something bigger at stake.

"We are very lucky in Ontario that Woodbine's board of directors is made up of racing people and that [Woodbine CEO] David Willmott has a long history in horse racing and is a big supporter of the sport," Leslie said. "They have slots there but will always believe in and want horseracing. But many racetracks are privately owned companies and aren't in the business to support horse racing. They're in the business to make money. It's easy to make money with slot machines. If you lose racing at Fort Erie and open the floodgates, you're going to have many racetracks across North America that will want slots only."

With few exceptions, the owners of virtually every racino in the country would probably love to get rid of horseracing. It's costly to run, it doesn't make anyone any serious money and it's a business that few believe will ever again be on the upswing. These people want to be in the slots business, not in the racing business.

The only safeguard horseracing has is the argument that slots came to be at racetracks in the first place because enough politicians believed the sport needed help. In Ontario, they're going to have to decide if that still holds, that there's no justification for racetrack slot machines if they're not supporting Fort Erie racing.

What they decide could have a devastating impact on the sport's future. Could Fort Erie represent the beginning of the end of racing profiting from slot machines? Be very afraid.