

# Harnessing Horsepower in the Hills of Headwaters

The State of the Horse Industry  
Challenges & Opportunities



Vel Evans  
Strategic Equine Inc.

# Today's presentation ...

- **Size and scope of the horse industry**
- **The economic contribution from horses**
  - To Canada
  - To Ontario
  - To this region
- **The State of the Industry**
- **Challenges & Opportunities**



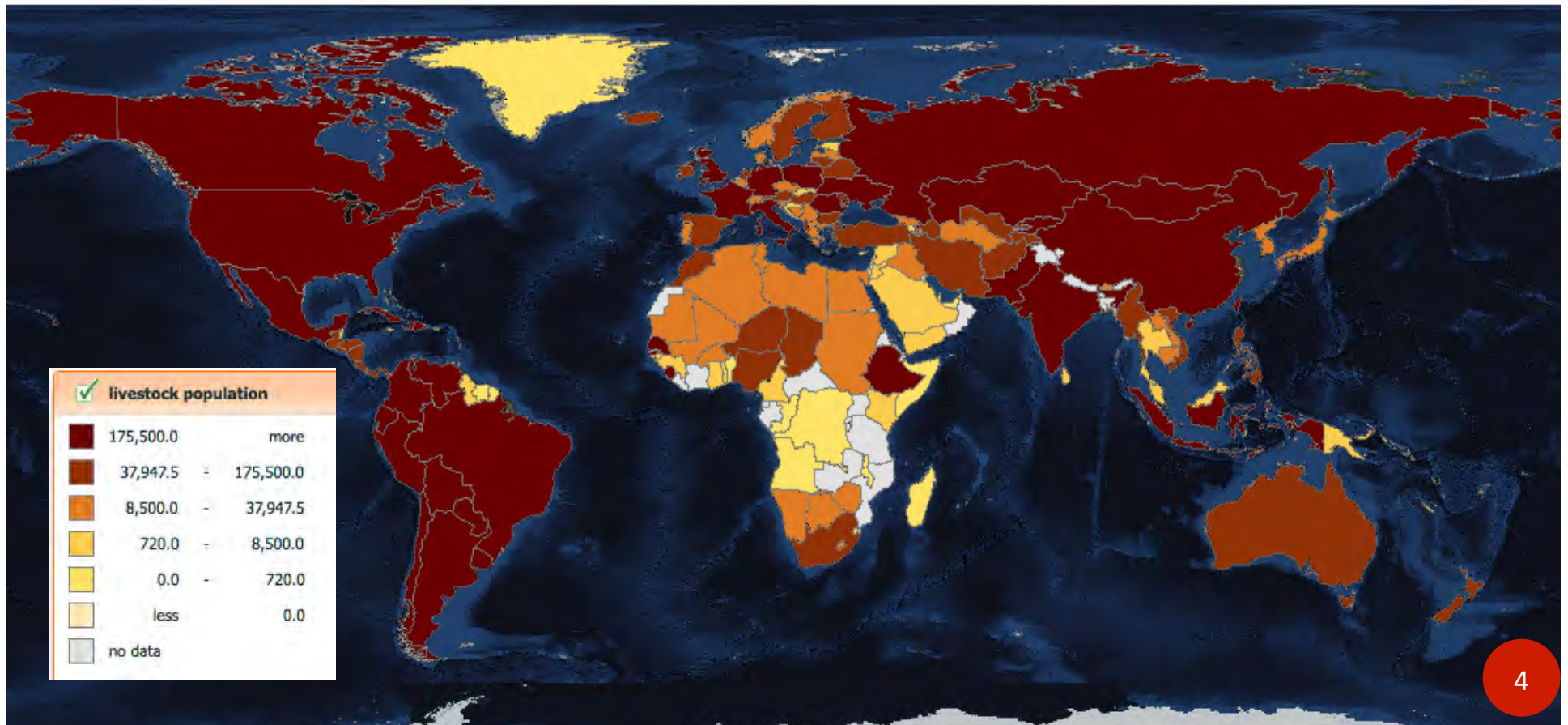
# My background ...

- **Vel Evans**, principal consultant for Strategic Equine Inc.
  - Horse industry business development firm in Newmarket, Ontario
- **Research is the basis of our business**
  - International horse industry research (2001, 2003, 2006, 2007)
  - National horse industry economic impact studies (1998, 2003, 2010)
  - Regional and industry sector profile studies (1997, 1999, 2001, 2002, 2005, 2007, 2009)
- **Think globally – act locally!**



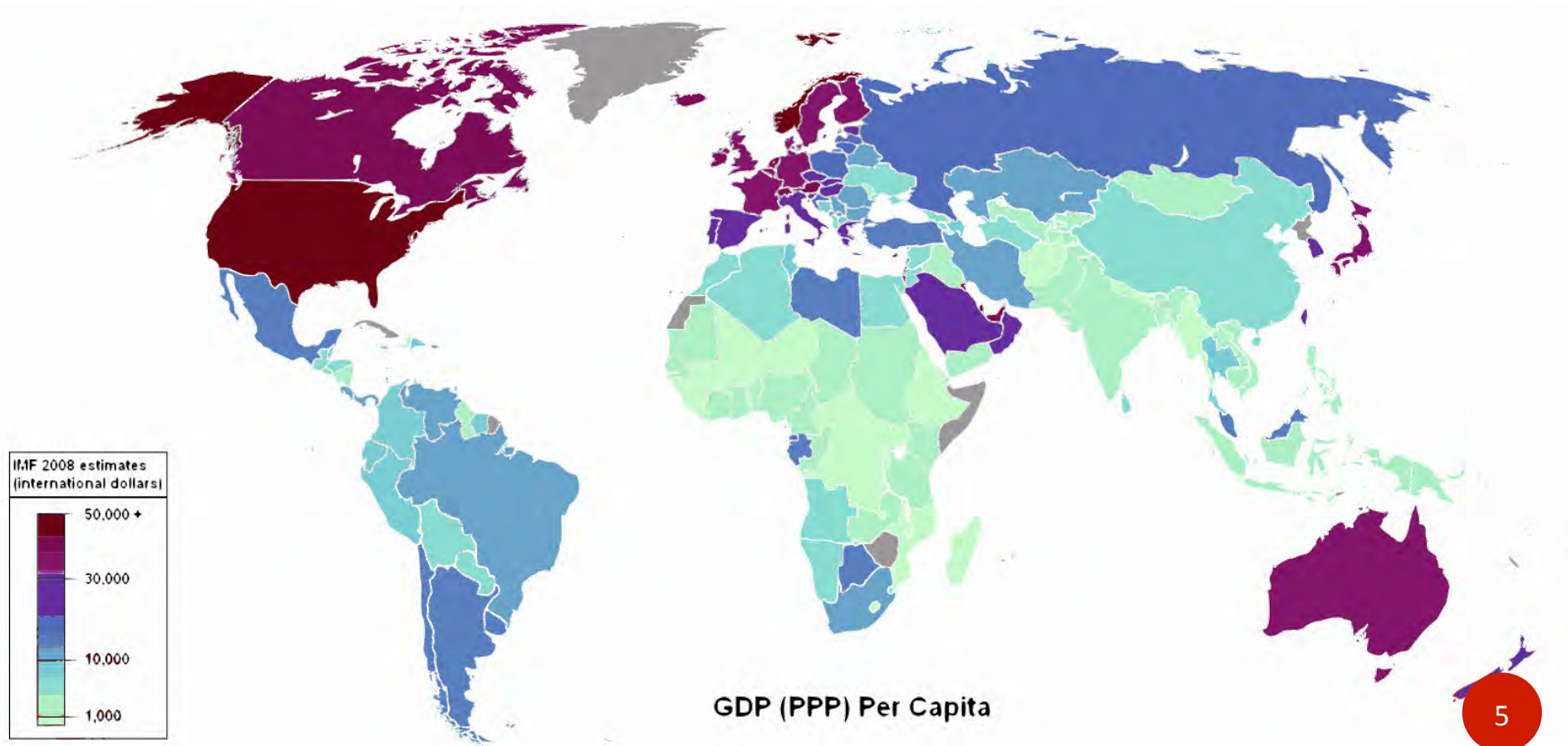
# How many horses ...

- The FAO (Food & Agriculture Organization of the United Nations) estimates 38 million (37,910,961) horses worldwide in 2003 -- “livestock units”



## Horses for Leisure & Entertainment ...

- Significant shift during the 20<sup>th</sup> century from “work” to “entertainment” in developed economies



# How many horses in Canada ...

- Counting livestock ...
  - Statistics Canada completes a Census of Agriculture every five years in Canada



CANADA	1981	1986	1991	1996	2001	2006
# of Horses	358,122	394,953	356,201	443,889	460,569	453,965
# of Farms Reporting	69,178	69,148	58,509	56,707	53,925	54,169
Avg. # per farm	5.2	5.7	6.1	7.8	8.5	8.4

Only counts horses on Census Farms:

*“Users of this data should be aware that there is potential for greater numbers of alternative livestock in Canada than what the census data reports.... Horses are the most notable in this regard, as horses on holdings or in stables that do not produce breeding stock or sell other agricultural produce are not included”* (from Statistics Canada – Cat. No. 23-502-XIE).



# Industry relies on research ...

- The **2010 Canadian Industry Profile Study** is the third national study completed by Strategic Equine
  - 1998 ... 2003 ... 2010
  - Similar template
  - Ten-year+ trends in several key areas
- Largest survey completed –
  - Made over 10,000 phone calls all provinces, territories (except Nunavut)
  - Completed 2,566 interviews
  - Interviewed 2,324 horse owners – who own 17,732 horses



# Horses in Canada ...

Horses in Canada in 2010	Total # of Horses	% of Total	Properties (Premises) with Horses	Horse-Owning Households
<b>Canada</b>	<b>963,000</b>	<b>100%</b>	<b>145,000</b>	<b>226,500</b>
British Columbia	116,000	12.0%	21,600	32,700
Alberta	313,500	32.5%	44,050	62,300
Saskatchewan	108,800	11.3%	14,710	18,600
Manitoba	56,000	5.8%	5,977	7,100
<b>Ontario</b>	<b>212,500</b>	<b>22.1%</b>	<b>34,258</b>	<b>60,100</b>
Quebec	129,500	13.4%	19,359	36,500
Maritimes combined	25,850	2.6%	5,052	8,200
Yukon/NWT	1,350	0.1%	--	1,000

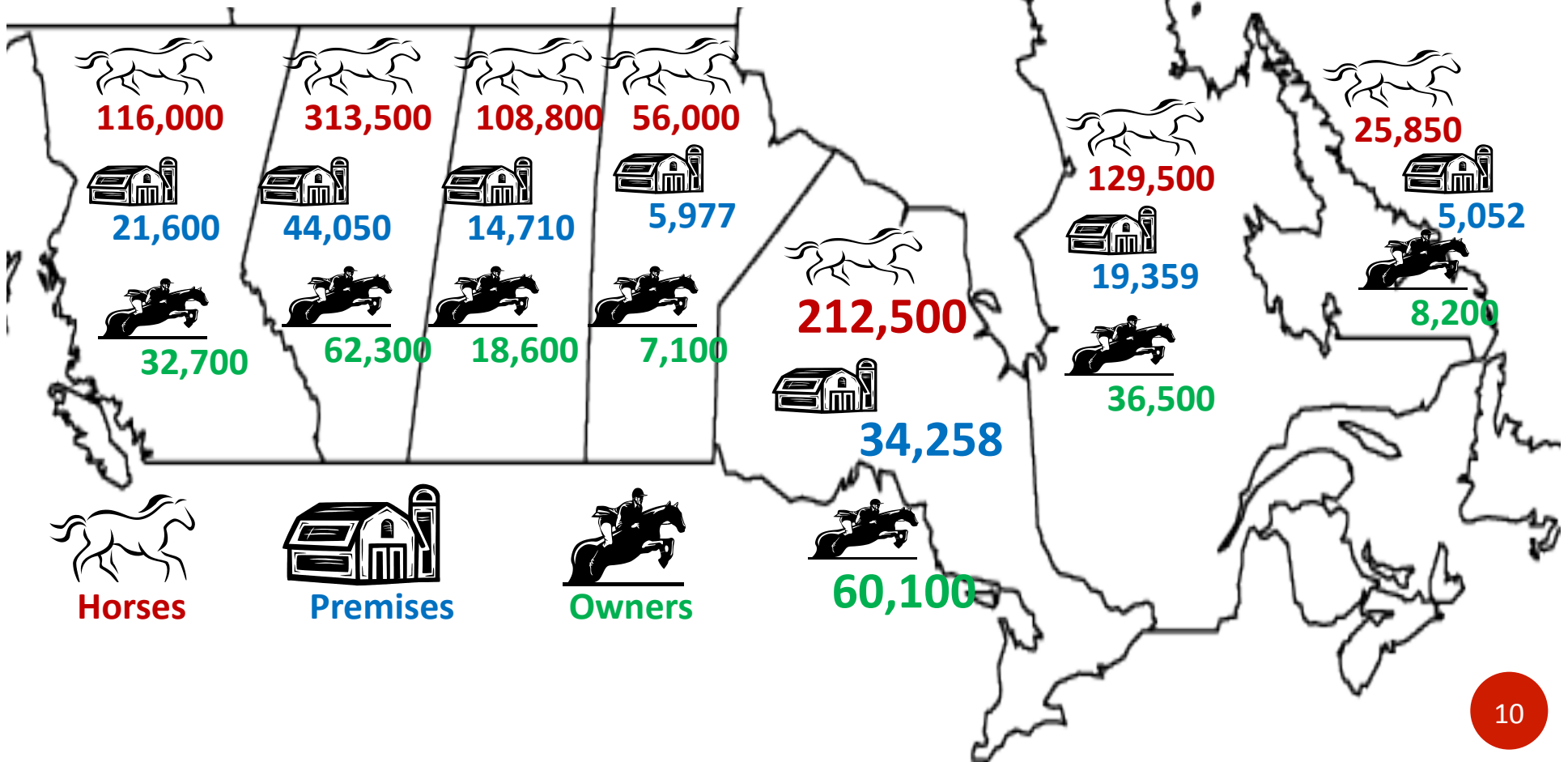


# Trends for herd size 1998 to 2010 ...

## Herd Size Strategic Equine Research

	1998	2003	2005	2006	2007	2010
<b>CANADA</b>	<b>886,500</b>	<b>950,000</b>	<b>1,092,461</b>	<b>1,043,433</b>	<b>994,401</b>	<b>963,500</b>
British Columbia	114,000	135,000	127,473	125,570	123,667	116,000
Alberta	308,500	300,000	356,250	335,980	315,710	313,500
Saskatchewan	123,000	125,000	135,492	127,395	119,298	108,800
Manitoba	71,000	110,000	72,351	67,287	62,222	56,000
<b>Ontario</b>	<b>189,250</b>	<b>194,000</b>	<b>236,901</b>	<b>229,243</b>	<b>221,585</b>	<b>212,500</b>
Quebec	63,000	65,000	137,620	131,981	126,341	129,500
New Brunswick	10,500	11,000	10,008	10,178	10,348	12,500
Nova Scotia	5,000	6,000	8,969	8,445	7,920	8,000
Prince Edward Island	1,500	2,500	4,520	4,610	4,700	4,000
Newfoundland	750	1,500	1,527	1,369	1,210	1,350
Yukon/NT			1,350	1,375	1,400	1,350

**HORSES ...  
 PROPERTIES (PREMISES) WITH HORSES ...  
 HORSE-OWNING HOUSEHOLDS ...**



# Horses in Canada ...

Horses in Canada in 2010	Properties (Premises) with Horses	Average # of Horses per Premises	Horse-Owning Households	Average # of Horses per Owner Household
<b>Canada</b>	<b>145,000</b>	<b>6.6</b>	<b>226,500</b>	<b>4.3</b>
British Columbia	21,600	5.4	32,700	3.5
Alberta	44,050	7.1	62,300	5.0
Saskatchewan	14,710	7.4	18,600	5.8
Manitoba	5,977	9.4	7,100	7.9
<b>Ontario</b>	<b>34,258</b>	<b>6.2</b>	<b>60,100</b>	<b>3.5</b>
Quebec	19,359	6.7	36,500	3.5
Maritimes	5,052	4.7	8,200	3.0
Yukon/NWT	--		1,000	

# Horses in Use ...

- For the purposes of analysis, horses in Canada were divided into industry sectors by category of use ...



## Horse Industry Sectors by Category of Use

Racing

Pleasure riding

Riding school ( or riding lessons)

Work (ranching, logging, etc.)

PMU production

Non-racing sport competition

Breeding stock

Tourist activities(trail rides, sleigh rides, etc.)

Companionship (or full retirement)

Meat production

## Horses in Use ...

- There are approximately 220,000 young horses in the herd – horses categorized as “Not Yet In Use”

2010 Young / Mature Horses	Total Horses	% Young Horses	Estimated Young Horses	Estimated Mature Horses In Use
<b>CANADA</b>	<b>963,500</b>	<b>23%</b>	<b>219,884</b>	<b>743,616</b>
British Columbia	116,000	17%	19,720	96,280
Alberta	313,500	29%	90,915	222,585
Saskatchewan	108,800	28%	30,464	78,336
Manitoba	56,000	23%	12,880	43,120
<b>Ontario</b>	<b>212,500</b>	<b>22%</b>	<b>46,750</b>	<b>165,750</b>
Quebec	129,500	12%	15,540	113,960
New Brunswick	12,500	13%	1,625	10,875
Nova Scotia	8,000	13%	1,040	6,960
Prince Edward Island	4,000	18%	720	3,280
Newfoundland	1,350	7%	95	1,255
Yukon/NT	1,350	10%	135	1,215

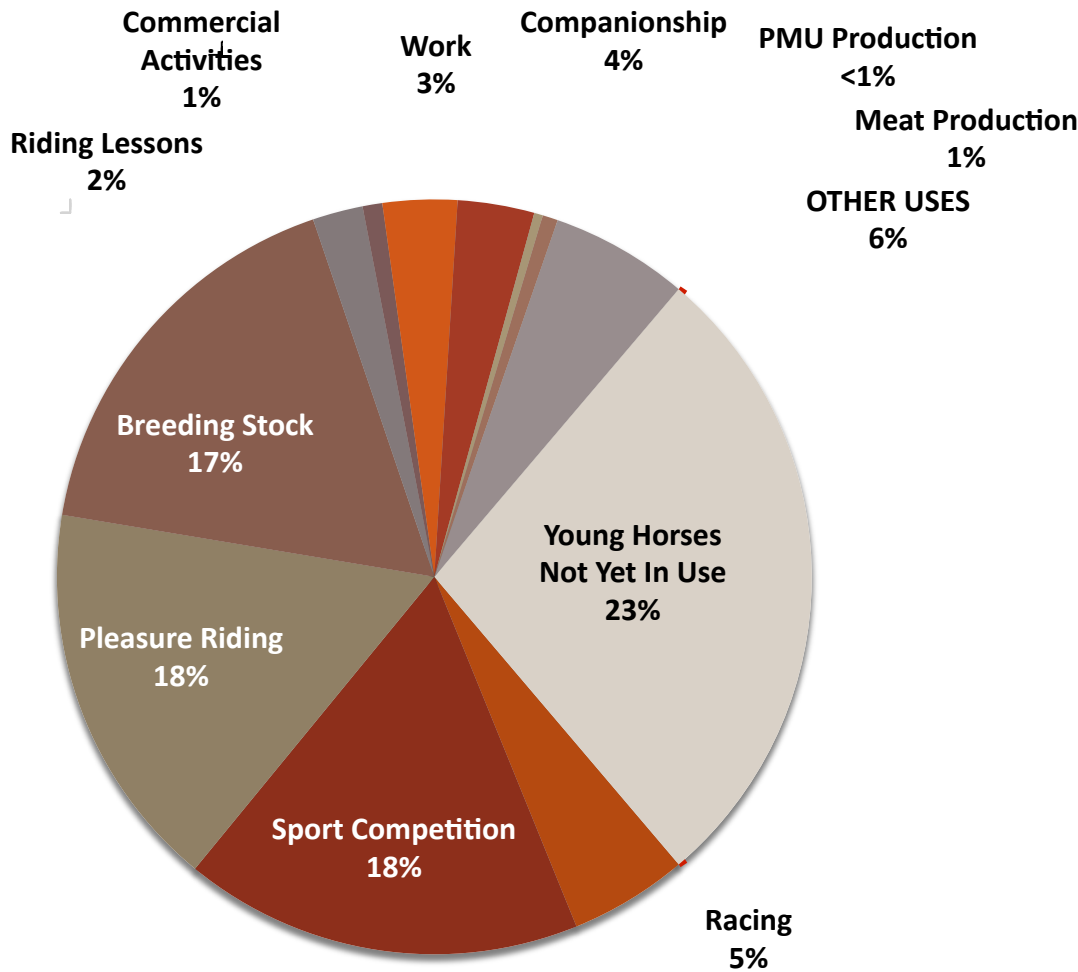
# Horses in Use ...

- Of the mature horses in the herd, 175,000 are in use in the sport sector, 172,000 in the pleasure riding sector, and 176,000 as breeding stock

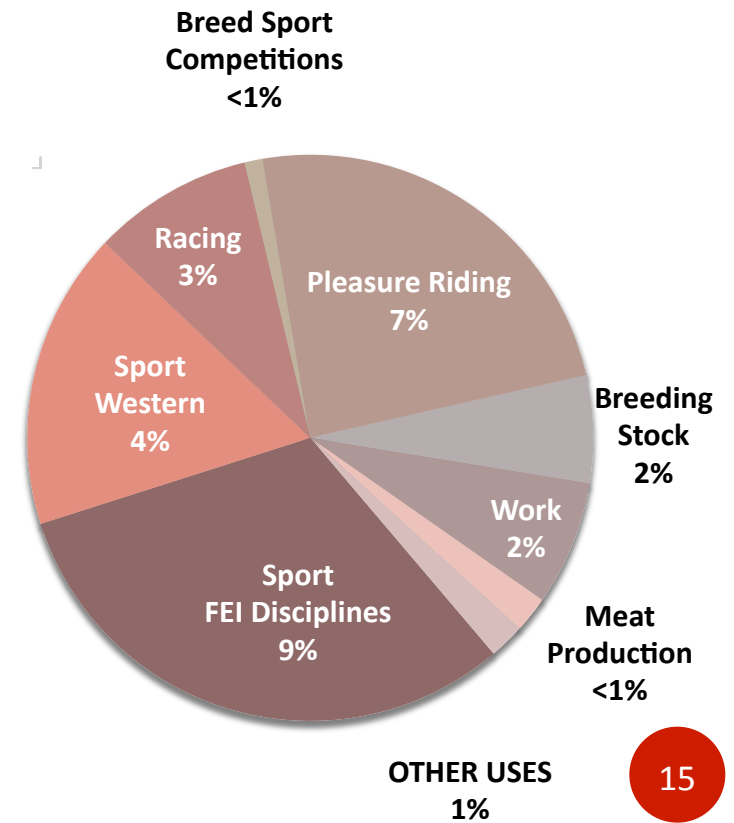
Horses Primary Use	% of Horses	Horses by Primary Use
Young Horses Not Yet in Use	22.8%	219,884
Racing (including breeding for racing)	5.4%	52,029
Sport Competition other than racing	18.2%	175,357
Pleasure riding & driving	17.8%	171,503
Breeding stock	18.3%	176,321
Riding lessons	2.3%	22,161
Commercial trail rides, sleigh rides or tourist activities	0.9%	8,672
Work (ranching, logging, farming, etc.)	3.4%	32,759
Companionship or full retirement	3.5%	33,723
PMU production	0.4%	3,854
Meat production	0.7%	6,745
OTHER USES	6.3%	60,701

# Horses in Use ...

- Professional breeders target specific use markets...

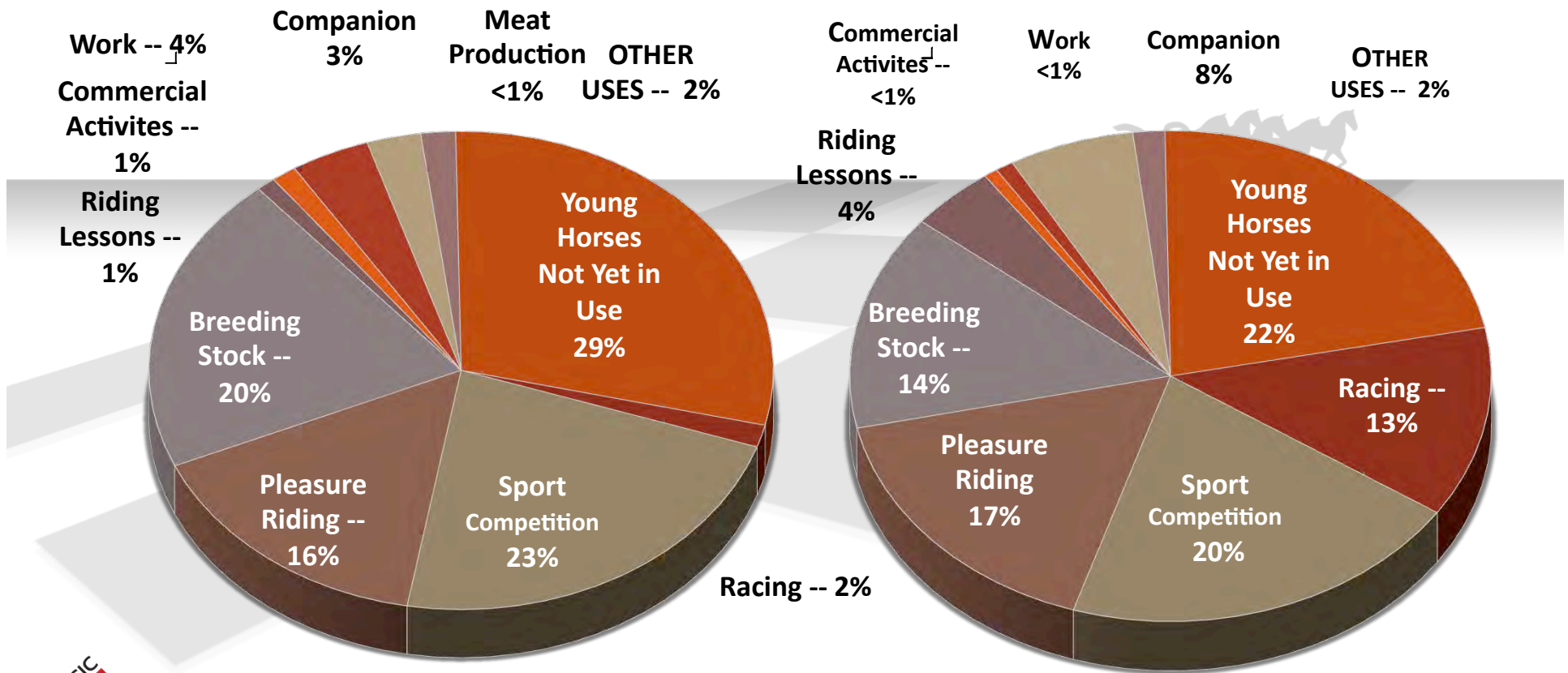


## Horses Primary Use





# Comparing Alberta and Ontario ...



**ALBERTA**

**ONTARIO**



# People In the Industry ...

- An estimated **855,000 people active** in the horse industry in 2010, involved directly in using, or caring for horses in Canada
  - 556,000 living in horse-owning households
  - 350,400 involved using horses owned by others
  - There are more adults participating than children in 2010 ... participation is 59% adult / 41% children
- This calculation does not include:
  - Service providers for horse owners (veterinarians, farriers, equine therapists)
  - Employees at horse-related facilities in Canada (vet clinics, racetracks, horse show facilities)
  - Employees of horse-related industry associations
  - Suppliers, manufacturers or distributors of horse-related products and equipment (tack shops, saddles, feed, etc.)
- ... UNLESS they are also horse-owners or riders/drivers



## People In the Industry ...

- Typical horse owner is ...
  - Female (79% of those interviewed)
  - Baby-boomer generation (median age 50 to 59)
  - Well-educated (84% with some post-secondary education)
  - Living on a large agricultural property where their horses are resident
  - Own many pets (84% of households with dogs, cats or other pets)
  - Living in households with two-or-more adults, 63% of whom ride or drive horses.

# Horse-owning households ...

Participation From Horse Owning Households	Canada	BC	AB	SK	MB	ON	QC	Maritimes
Horse Owning Households	<b>225,500</b>	32,700	62,300	18,600	7,100	<b>60,100</b>	36,500	8,200
Adults in Household Who Ride/Drive	<b>325,136</b>	45,878	91,706	28,644	11,090	<b>82,938</b>	54,604	10,276
Children in Household Who Ride/ Drive	<b>225,250</b>	35,316	59,185	22,097	8,492	<b>47,118</b>	47,852	5,190
Total # of Participants	<b>550,386</b>	81,194	150,891	50,741	19,582	<b>130,056</b>	102,456	15,466
Average # of adults per household	<b>2.3</b>	2.3	2.3	2.2	2.2	<b>2.3</b>	2.2	2.3
% of Adults who ride/ drive	<b>63%</b>	61%	64%	70%	71%	<b>60%</b>	68%	53%
Average # of children per household	<b>1.8</b>	1.8	1.9	1.8	2.3	<b>1.6</b>	1.9	1.3
% of children who ride/ drive	<b>57%</b>	60%	50%	66%	52%	<b>49%</b>	69%	43%



# Horse owner profile ...

- Most horse owners own less than five horses ...  
In Ontario ...
  - 43,272 owners with an average of 2.2 horses per owner
  - 16,828 owners with an average of 15.1 horses per owner

Horse Owner Profile	Canada	BC	AB	SK	MB	ON	QC	Maritimes
Avg. # of horses per owner	<b>7.6</b>	4.3	8.2	13.1	25.1	<b>5.8</b>	3.8	6.3
% of Owners with < 5 horses	<b>71%</b>	81%	64%	52%	46%	<b>72%</b>	85%	76%
Avg. # of horses per owner	<b>2.3</b>	2.2	2.4	2.7	2.7	<b>2.2</b>	2.2	2.0
% of Owners with 6+ horses	<b>29%</b>	19%	36%	48%	54%	<b>28%</b>	16%	24%
Avg. # of horses per owner	<b>20.3</b>	12.9	18.6	24.6	44.4	<b>15.1</b>	12.4	20.0

# Earning a living from the industry ...

- The majority of participants have some other source of income other than activities with horses



Contribution to Participants' Income	Canada	BC	AB	SK	MB	ON	QC	Maritimes
Represents 50%+ of personal income	<b>14%</b>	14%	11%	6%	13%	<b>18%</b>	15%	13%
# of people	<b>45,519</b>	6,423	10,088	1,719	1,442	<b>14,929</b>	8,191	1,362
Represents 50%+ of household income	<b>8%</b>	7%	7%	3%	8%	<b>11%</b>	7%	6%
# of households	<b>18,080</b>	2,289	4,361	558	568	<b>6,611</b>	2,555	492



Of those owning six-or-more horses, 19% reported that horse-related activities represent 50% or more of their annual personal income – 14% reported 50% or more of household income

# Other People Participating ...

- Participants riding horses that belong to others ...  
*The Invisible Sector*



Invisible Sector Participants	Canada	BC	AB	SK	MB	ON	QC	Maritimes
% of Horses Ridden by Other People	<b>8%</b>	11%	5%	2%	2%	<b>10%</b>	9%	13%
# of Horses Ridden by Other People	<b>67,582</b>	12,760	15,675	2,176	1,120	<b>21,250</b>	11,655	2,946
Avg. # of Riders Per Horse	<b>4.54</b>	5.76	3.16	5.60	3.81	<b>4.65</b>	5.04	3.27
# of Other People Participating	<b>304,336</b>	73,498	49,533	12,186	4,267	<b>98,813</b>	58,741	7,298



# Adults and Children participating ...

- Of the 855,000 people active with horses ... the general participation ratio is 59% adults and 41% children.



## Participation By Adults & Children

	Canada	BC	AB	SK	MB	ON	QC	Maritimes
Total # of Participants	<b>854,722</b>	154,692	200,424	62,927	23,849	<b>228,869</b>	161,197	22,764
% Adult Participants	<b>59%</b>	57%	61%	56%	57%	<b>64%</b>	53%	70%
% Child Participants	<b>41%</b>	43%	39%	44%	43%	<b>36%</b>	47%	31%
# of Adult Participants	<b>504,286</b>	88,174	122,259	35,239	13,594	<b>146,476</b>	85,434	15,381
# of Children Participating	<b>350,436</b>	66,518	78,165	27,688	10,255	<b>82,393</b>	75,763	7,383

# Adults participating ... age range

- Aging demographic ... median age for those participating is 50 to 59 years old, with 24% aged 60 or over



Participation by Age Category	Canada	BC	AB	SK	MB	ON	QC	Maritimes
18 to 19	<b>2%</b>	3%	0%	2%	1%	<b>2%</b>	5%	0%
20 to 29	<b>12%</b>	10%	15%	8%	10%	<b>12%</b>	21%	10%
30 to 39	<b>11%</b>	9%	11%	15%	8%	<b>10%</b>	21%	8%
40 to 49	<b>21%</b>	24%	23%	18%	17%	<b>20%</b>	22%	27%
50 to 59	<b>28%</b>	33%	26%	28%	35%	<b>26%</b>	20%	25%
60 to 69	<b>17%</b>	15%	16%	19%	21%	<b>20%</b>	8%	17%
over 70	<b>7%</b>	5%	7%	9%	8%	<b>8%</b>	3%	11%

# How people participate ...

- People were asked to define how they participate with horses (and within the industry) ...
- *“In which of the following horse-related activities do you participate?”*

## Horse Industry Activity Categories

Coach/trainer/riding instructor

Active in horse racing

Service provider

Competitor

Product sales

Farm/stable/ranch manager

Breeder

Pleasure rider

Show organizer / judge / official

Owner

*“Please pick a single category that best describes your participation in the horse industry ...”*

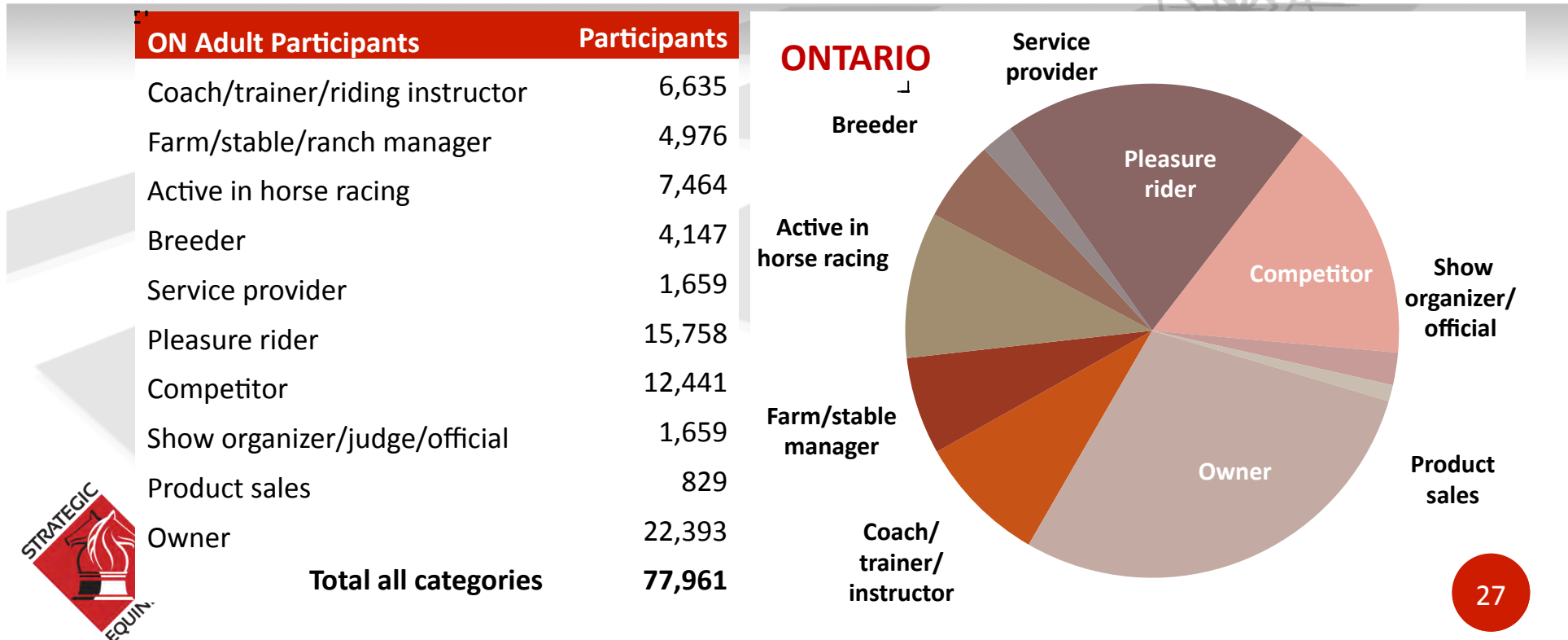
# How people participate ...

- Those participating in the horse industry generally wear three-or-more different hats ...

Adult Participation by Category	% that Participate	Est. # of Participants	% that are Primarily Participating	Est. # of Participants Primary Industry Role
Coach/trainer/riding instructor	17%	55,273	6%	19,508
Farm/stable/ranch manager	27%	87,787	4%	13,005
Active in horse racing	8%	26,011	5%	16,257
Breeder	20%	65,027	7%	22,760
Service provider	7%	22,760	2%	6,503
Pleasure rider	75%	243,852	30%	97,541
Competitor	37%	120,300	16%	52,022
Show organizer/judge/official	15%	48,770	2%	6,503
Product sales	5%	16,257	1%	3,251
Owner	80%	260,109	23%	74,781
<b>Total % all categories</b>	<b>291%</b>		<b>96%</b>	

# What Ontario looks like ...

- The blend of participation varies from province to province ... more breeders in the west ... Quebec with the most pleasure riders ...



# Participation in Horse Racing...

- Live horse racing in Canada at 47 racetrack venues in all ten provinces -- for three breeds – Thoroughbred, Standardbred and Quarter Horse



Thoroughbred			Standardbred			Quarter Horse (Mixed Breed)			Total All Breed Sectors		
Race Days	# of Races	# of Horses	Race Days	# of Races	# of Horses	Race Days	# of Races	# of Horses	Race Days	# of Races	# of Horses
500	4,539	7,588	1,936	22,194	14,236	128	577	917	2,564	27,310	22,741
<b>Gross Purses</b>	\$117,075,136		<b>Gross Purses</b>	\$187,660,836		<b>Gross Purses</b>	\$7,367,043		<b>Gross Purses</b>	\$312,103,015	
<b>Avg. Purse Per Race</b>	\$25,793		<b>Avg. Purse Per Race</b>	\$8,455		<b>Avg. Purse Per Race</b>	\$12,768		<b>Avg. Purse Per Race</b>	\$11,428	



**In 2010, there were 2,564 days of racing nationwide ...  
1,654 days in Ontario**

# Participation in Horse Racing ...

- Participation is controlled in each province by the regulatory body assigned by the provincial government (the ORC – Ontario Racing Commission)

## Participation in Racing By Province in 2010

	Canada	BC	AB	SK	MB	ON	QC	NB	NS	PE	NL
Licensed Participants -- All Breed Racing Sectors	<b>45,400</b>	2,887	4,850	1,148	1,895	<b>28,622</b>	296	1,222	1,981	2,018	481
Licensed Trainers -- All Breed Sectors	<b>5,020</b>	133	479	113	177	<b>3,830</b>	14	59	95	97	23



## Participation in Horse Racing ...

- More than \$1.4 billion was wagered on racing in Canada in 2010 ... \$1.04 billion in Ontario



YEAR 2010	GROSS BET	% ASSOC.	PROV. TAX	PROV. LEVY	FED. LEVY	APO
Canada	\$1,458,092,554	\$251,864,614	\$17,340,541	\$34,416,162	\$11,623,419	\$1,115,231,367
Ontario	\$1,039,195,575	\$184,163,779	\$5,209,711	\$25,849,717	\$8,294,530	\$796,713,772

The Ontario *Slots at Racetracks Program* returned more than \$60 million to local communities with racetracks in Ontario.

# Participation in Horse Sports ...

- Of the 855,000 participants, approximately 343,000 people are active in equestrian sport – 117,000 adults and 225,000 children



<i>Adult Competitors – All Sport Discipline Categories</i>		<i>% of Sample</i>	<i>Estimated #</i>		<i>% of Sample</i>	<i>Estimated #</i>
FEI Sport Disciplines (Est. # 129,000)	Hunter / Jumper	50%	58,525	Reining	5%	5,852
	Dressage	33%	38,626	Endurance	2%	2,341
	Eventing	11%	12,875	Vaulting	<1%	120
	Driving	9%	10,534			
Western Sports (Est. # 34,000)	Rodeo	1%	1,170	Roping	2%	2,341
	Cattle Penning	3%	3,511	Western Pleasure	17%	19,898
	Barrel Racing	5%	5,852	Cutting	1%	1,170
	Chuck Wagon	<1%	220			
Breed Sports (Est. # 12,000)	Halter/Line Classes	5%	5,852	Breed Competitions	5%	5,852
Other Sports (Est. # 21,000)	Gymkhana	4%	4,682	Competitive Trail	4%	4,682
	Polo	<1%	320	Other Sports	8%	9,364
	Saddleseat	<1%	341	<b>TOTAL</b>	<b>169%</b>	

# Employment in the Industry ...

- How we identified employment ...
- Care of horses ... both paid and unpaid
  - For horse owners/caregivers, 91% of the time spent on the care of horses is by the owner or family members
- Services providers (vets, farriers, equine therapists, trainers, etc.)
  - Calculated through annual expenditures on services
- Industry associations, event venues and facilities ... both paid and unpaid (volunteer) labour
  - Calculated through other research

# Employment in the Industry ...

- Taking care of the horses ... supports 17,072 paid FTE (full-time equivalent) jobs in Ontario
- One full-time job for every 12 horses in Ontario



Employment in the Care of Horses	Canada	BC	AB	SK	MB	ON	QC
% of owners providing care	<b>91%</b>	91%	89%	92%	87%	<b>88%</b>	82%
Average hours per horse per year	<b>784</b>	960	498	236	388	<b>1,339</b>	862
Total # of horses	<b>963,500</b>	116,000	313,500	108,800	56,000	<b>212,500</b>	129,500
Est. # of FTE jobs	<b>375,248</b>	55,680	78,062	12,838	10,864	<b>142,269</b>	55,815
% of owners with paid employees	<b>9%</b>	6%	8%	3%	5%	<b>12%</b>	2%
Avg. hourly wage	<b>\$ 13.84</b>	\$18.97	\$14.38	\$10.94	\$23.70	<b>\$13.20</b>	\$ 21.00
# of horses per job	<b>2.6</b>	2.1	4.0	8.5	5.2	<b>1.5</b>	2.3
# of Paid FTE jobs	<b>30,326</b>	3,341	6,245	385	543	<b>17,072</b>	1,116
Horses per Paid job	<b>32</b>	35	50	283	103	<b>12</b>	116

# Employment in the Industry ...

- Services provided by horse owners to other horse owners generates additional employment income ...



Service Providers by Province	Canada	BC	AB	SK	MB	ON	QC	Maritimes
% who provide boarding services	<b>11%</b>	11%	9%	11%	10%	<b>14%</b>	12%	17%
Est. # of boarding sites	<b>16,326</b>	2,376	3,965	1,618	598	<b>4,796</b>	2,323	650
Avg. # of horses boarded	<b>9.2</b>	8.8	11.4	8.5	8.7	<b>11</b>	5.8	4.7
% offering horse training	<b>13%</b>	10%	11%	12%	8%	<b>17%</b>	13%	11%
# of horse trainers	<b>29,315</b>	3,270	6,853	2,232	568	<b>10,217</b>	4,745	923
% offering coaching	<b>12%</b>	10%	12%	12%	12%	<b>13%</b>	13%	8%
# of coaches/instructors	<b>27,060</b>	3,270	7,476	2,232	852	<b>7,813</b>	4,745	683

## Economic contribution from horses...

- Horse production and activities with horses contributes to the economy through ...
  - Capital investment in stock, property improvements and equipment
  - Annual expenditures for the care and feeding of horses
  - Annual expenditures for replacement tack, equipment and property improvements
  - Annual expenditures for training and showing horses
  - Employment both on-farm and off-farm for activities
  - Travel expenditures for showing horses
  - Wagering on live racing in Canada

# Economic impact of the horse industry

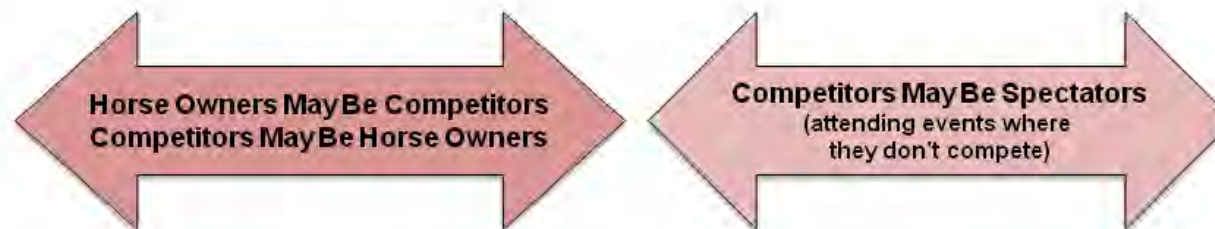
- Economic theory presents many models to evaluate the economic and social benefit of activities within the economy ... this analysis uses the ***Expenditure Model***
  - Adding together all final expenditures on goods and services by the industry (the *inputs*)
  - Measuring the multiplier effect of expenditures on the overall economic activity (the *outputs*)
- ***Direct Economic Impact*** – the value of the initial expenditure on products and services (costs of operations)
- ***Indirect Economic Impact*** – the subsequent purchases or cost of producing the products or services
- ***Induced Impact*** – generated by workers in the sector who spend their income on consumer goods and services



# The Economic Impact Model for Horses ...

- Horse owners, competitors and spectators incur expenditures in several categories

Horse Owners	Competitors	Audience / Spectators
<ul style="list-style-type: none"> <li>• Feed and feed supplements</li> <li>• Bedding</li> <li>• Facilities</li> <li>• Equipment</li> <li>• Grooming and care products</li> <li>• Labour for care of horses</li> <li>• Vet services</li> <li>• Farrier services</li> <li>• Horse therapy services</li> <li>• Horse training services</li> </ul>	<ul style="list-style-type: none"> <li>• Coaching services</li> <li>• Show entry fees / racing fees</li> <li>• Trailering / transportation of horses</li> <li>• Travel / accommodation costs</li> <li>• Food / other services while competing</li> <li>• Memberships fees in associations</li> </ul>	<ul style="list-style-type: none"> <li>• Admission fees</li> <li>• Travel &amp; accommodation to attend events</li> <li>• Wagering on events (horse racing)</li> </ul>



# The Economic Impact Model for Horses ...

Some expenditures are incurred *On-Farm* and some *Off-Farm*

Expenses Incurred On-Farm	Expenses Incurred Off-Farm
<ul style="list-style-type: none"> <li>•Feed and feed supplements</li> <li>•Bedding</li> <li>•Grooming and care products</li> <li>•Facilities maintenance</li> <li>•Tack or equipment maintenance or replacement</li> <li>•Labour costs for care of horses</li> <li>•Labour for horse training</li> <li>•Vet services</li> <li>•Farrier services</li> <li>•Horse therapy services</li> <li>•Dental services</li> <li>•Rider coaching (riding lessons)</li> </ul>	<ul style="list-style-type: none"> <li>•Coaching services at horse shows</li> <li>•Show entry fees / racing fees</li> <li>•Trailering / transportation</li> <li>•Association / club membership fees</li> <li>•Food, travel and accommodation costs for competitors</li> <li>•Food, travel and accommodation for spectators/audience</li> <li>•Vets and farriers on-call at sporting events</li> <li>•Labour to run associations</li> <li>•Labour to run competitions / events</li> </ul>

Some expenses are incurred both on-farm and off-farm  
Coaching, feed, bedding, vet care at horse shows for example

# The Economic Impact Model for Horses ...

- The *Expenditure Model* is based on identifying expenditures (impacts) in three categories ...

**Direct ... Indirect ... Induced**

- For our economic impact analysis ...



- **On-Farm Expenditures = DIRECT impact**

- The money spent **On-Farm** to keep a horse, and the costs to maintain the property on which the horse resides

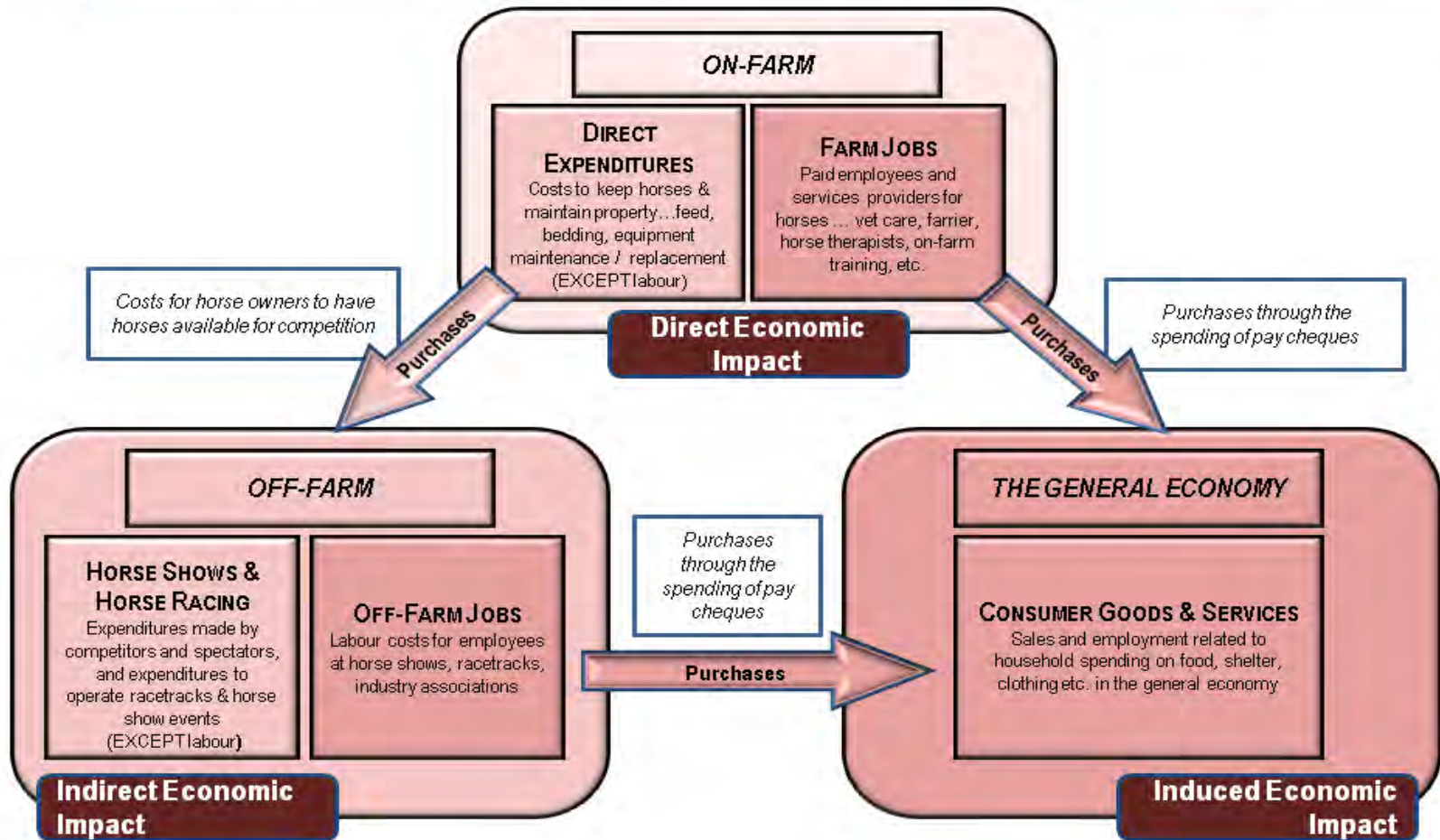
- **Off-Farm Expenditures = INDIRECT impact**

- The money spent for **Off-Farm** activities (racing, competition, the costs incurred by the owner to participate and the costs to run the event)

- **INDUCED impact** = realized from paycheques spent by farm, racetrack, horse show employees

# The Economic Impact Model for Horses ...

## TRACKING THE ECONOMIC CONTRIBUTION OF HORSES IN CANADA



# Annual Direct Expenditures ...

Direct Expenditures (Annual) -- On-Farm Expenditure Categories	% Invested	Number of Units	Avg. Per Unit	Total Expenditure
Hay purchased	67%	691,536	\$700	\$484,135,507
Value of home-grown hay	47%	470,525	\$689	\$323,993,545
Non-forage feed purchased	76%	718,691	\$368	\$264,165,755
Value of home-grown feed	12%	22,131	\$341	\$7,536,733
Feed supplements purchased	71%	667,075	\$141	\$93,884,014
Bedding purchased	46%	485,625	\$235	\$113,991,474
Value of home-grown bedding	33%	254,185	\$154	\$39,152,348
Grooming and care products	90%	852,116	\$116	\$98,693,537
Purchase of tack	65%	144,129	\$582	\$83,891,797
Purchase of horse-related equipment	17%	35,576	\$1,150	\$40,896,924
Horse-related property improvements	66%	143,762	\$4,500	\$646,974,967
Veterinarian / prescription drugs	62%	615,709	\$421	\$259,010,178
Non-vet equine dental services	9%	93,673	\$130	\$12,185,871
Farrier services	73%	759,693	\$311	\$236,061,752
Horse therapy services	8%	85,841	\$278	\$23,824,130
Horse training services	3%	35,502	\$2,095	\$74,362,533
Coaching services / lessons (adults)	37%	198,181	\$2,099	\$416,036,382
Coaching services (children)	65%	223,164	\$1,355	\$302,339,549
On-Farm paid labour				\$957,380,384
Value of non-cash labour				\$4,839,125,536
<b>Total Direct Expenditures</b>				<b>\$9,317,642,916</b>

# Annual In-Direct Expenditures ...

Indirect Expenditures (Annual) -- Off-Farm Expenditure Categories	% Invested	Number of Units	Average Per Unit	Total Expenditure
Trailing /transportation services	23%	52,539	\$1,687	\$88,651,367
Value of owner-trailing	59%	130,535	\$1,359	\$177,431,061
Show expenses -- adult competitors	33%	167,666	\$2,303	\$386,063,530
Show expenses -- children competing	67%	233,210	\$2,269	\$529,080,314
Nomination/sustaining fees horseracing	8%	16,820	\$5,008	\$84,229,929
Off-Farm (or track-based) training services	2%	4,538	\$5,399	\$24,500,748
Membership fees	96%	217,993	\$244	\$53,273,957
Food, travel -- children competing	67%	233,210	\$330	\$76,866,598
Food -- competitors	33%	167,666	\$218	\$36,541,092
Travel and accommodation -- competitors	33%	167,666	\$389	\$65,292,642
Food, travel -- racing participants	8%	16,820	\$996	\$16,757,739
Value of association full-time employment				\$24,332,200
Horse show/event paid employment				\$39,748,500
Value of event volunteer labour				\$79,790,212
Value of Racetrack full-time employment				\$161,260,000
Expenditures for Racetrack Operations				\$90,604,612
<b>TOTAL INDIRECT EXPENDITURES</b>				<b>\$1,934,424,501</b>



# Annual Labour On-Farm and Off-Farm ...

ON-FARM (DIRECT) EXPENDITURES FOR LABOUR	NUMBER OF FTE JOBS	TOTAL LABOUR EXPENDITURE
On-farm care of horses	33,858	\$957,380,384
Horse training On-Farm	7,382	\$74,362,533
Rider coaching	23,292	\$718,375,931
Service providers (farriers, therapists, vets)	11,802	\$531,081,931
<b>TOTALS</b>	<b>76,334</b>	<b>\$2,281,200,779</b>

OFF-FARM (INDIRECT) EXPENDITURES FOR LABOUR	NUMBER OF FTE JOBS	TOTAL LABOUR EXPENDITURE
Full time jobs at racetracks (estimated)	3,622	\$161,260,000
Club/association administration	416	\$24,332,200
Event management and coordination	748	\$39,748,500
Horse training at racetracks (Off-Farm)	5,020	\$24,500,748
<b>TOTALS</b>	<b>9,806</b>	<b>\$249,841,448</b>

**On-Farm activities generate 76,000 full-time jobs -- avg. salary of \$29,884**

**Off-Farm activities generate 9,800 full-time jobs -- avg. salary of \$26,478**



# Annual Induced Labour ...

- Induced employment is calculated using the AAFC factor for agricultural production – **1.91**
  - For every job created *On-Farm* and *Off-Farm* an additional **.91** jobs are created

Induced Employment	Number Of FTE Jobs	Value Of Induced Employment
Induced Employment through <b>Direct On-Farm</b> Labour	69,464	\$2,075,870,454
Induced Employment through <b>Indirect Off-Farm</b> Labour	8,923	\$227,345,341
<b>Total Induced Employment</b>	<b>78,387</b>	<b>\$ 2,303,215,795</b>



**The Canadian horse industry supports more than 154,000 paid full-time jobs ... one full-time job for every 6.25 horses in the country**



# Total Economic Impact ...

- Adding together the three level of inputs ...

## Direct + Indirect + Induced

EXPENDITURES (DIRECT, INDIRECT AND INDUCED)	EXPENDITURES EXCLUDING LABOUR	EXPENDITURES FOR LABOUR	TOTAL EXPENDITURES
Direct ( <i>On-Farm</i> )	\$2,197,316,601	\$7,120,326,315	\$9,317,642,916
Indirect ( <i>Off-Farm</i> )	\$1,604,792,841	\$329,631,660	\$1,934,424,501
Induced		\$ 2,303,215,795	\$2,303,215,795
		<b>TOTAL EXPENDITURE</b>	<b>\$13,555,283,212</b>

The Canadian horse industry generates \$13.5 billion in annual expenditures for production, care and activities with horses.

# The Multiplier Effect ...

- An additional ripple effect as money spent flows through the economy ...
  - \$1 spent at the grocery store in turn generates additional expenditures (and jobs) to produce the food purchased
- The value of the ripple effect is calculated by applying a multiplier factor to total expenditures

$$\frac{\text{Direct Exp.} + \text{Indirect Exp.} + \text{Induced Exp.}}{\text{Direct Exp.}} = \text{Multiplier Factor}$$

**Calculated Multiplier Factor = 1.45**

For every \$1 in expenditure an additional \$0.45 is generated

## Total Economic Contribution ...

- Expenditures, plus their additional multiplier impact in the general economy, totals an economic contribution to the Canadian economy from horses and activities with horses of ...

**\$19,655,160,657 (\$19.6 billion) annually**

- Does not include:
  - Taxes (payroll, municipal, income, sales, etc.)
  - Levies on wagering
  - Horses are the only livestock industry sector subject to GST/HST

# Questions ...

- After the break ...
  - Economic Contribution To The Region
  - Issues and Challenges facing the industry
  - Implications for Decision-Makers
  - Opportunities for the Industry and the Region

## Economic Contribution to The Region ...

- From the 2010 study, we examined responses by area code and telephone exchange
- Of the 2,566 individuals interviewed for the study
  - 722 interviews in Ontario
  - 513 interviews completed in the Region

### 905 & 289 Area Code(s)

Beeton  
Bolton  
Caledon East  
Caledonia  
Dundas  
Orono  
Palgrave  
King City  
Nobleton

### 519 Area Code

Tecumseh  
Orangeville  
Caledon  
Shelburne  
St. Jacobs  
Rockwood  
Fergus  
Elmira  
Erin  
New Dundas  
Waterford  
Alliston  
Elmvale  
Grand River  
Mono Mills

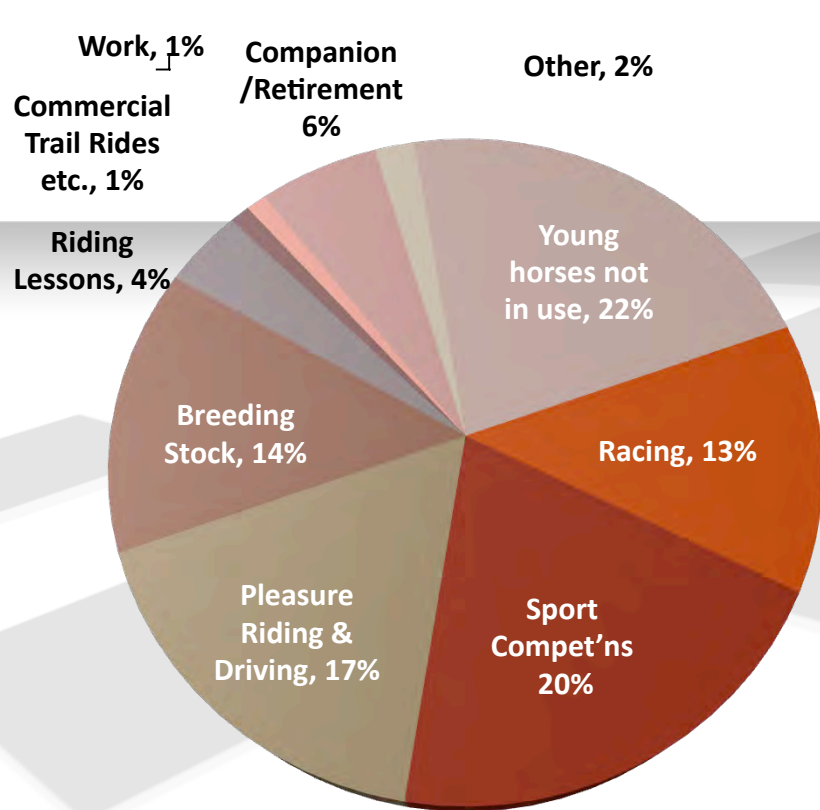
# Horses in The Region ...

- There are an estimated 165,000 horses in The Region ... approximately 40,000 young horses (not-yet-in-use), and 126,000 mature horses

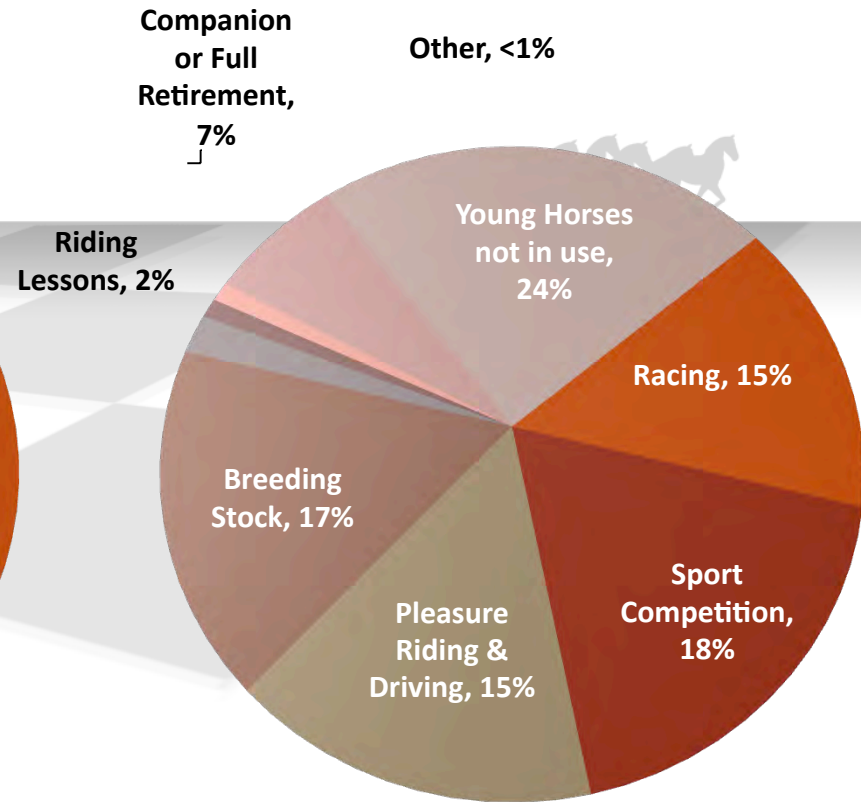


Primary Use of Horses		ONTARIO		THE REGION	
Total Horses		<b>212,500</b>	100%	<b>165,152</b>	100%
	Young	46,750	22%	39,636	24%
	Mature	165,750	78%	125,516	76%
Racing		26,563	13%	24,773	15%
Sport Competition		43,350	20%	29,727	18%
Pleasure Riding & Driving		35,275	17%	24,773	15%
Breeding Stock		30,175	14%	28,076	17%
Riding Lessons		9,138	4%	3,303	2%
Commercial trail rides etc.		1,488	1%	712	<1%
Work		1,913	1%	652	<1%
Companionship or full retirement		13,388	6%	11,561	7%
Other		3,400	2%	-	0%

# Horses in The Region ...



**Horses Primary Use Ontario**



**Horses Primary Use The Region**



# Properties with horses ...

- Properties with horses in the area total 1.8 million acres (763,900 hectares) including 487,000 acres for horse turnout



Horses are valuable animals. They must be raised naturally for optimum health and cannot be exposed to harsh chemical fertilizers, pesticides or pollutants in the feed and water they consume or in the air they breathe.

Because of these factors, horse farms are the greenest of greenspaces .



# Horse Owners and Participation ...

- There are 43,400 horse-owning households in The Region representing involvement of 60,200 adults and 10,000 children active in the industry



Adults and Children Active in the Industry	ONTARIO		THE REGION	
Total Horse Owning Households	60,100		44,390	
Adults in Household / Average Per Household	138,230	2.3	102,099	2.3
Adults in Household Who Ride	71,880	52%	60,238	59%
Children in Household / Average Per Household	25,963	1.6	21,308	1.6
Children in Household Who Ride	12,722	49%	9,802	46%

# Capital Investment in the Region ...

- Owners of the 24,500 properties with horses in The Region have invested in excess of \$2 billion in property improvements related to horse activities (fencing, arenas, barns, run-in sheds, etc.)

Capital Investment in The Region	Avg. Per Horse / Per Owner		Total Investment
Horses	\$ 10,343	48%	\$ 819,920,225
Tack & saddlery	\$ 11,234	81%	\$ 403,937,680
Horse-related equipment	\$ 12,332	53%	\$ 290,137,800
Horse-related property improvements	\$ 272,145	34%	<b>\$ 2,268,355,790</b>
<b>TOTAL INVESTMENT</b>			<b>\$3,778,392,016</b>



# On-Farm (Direct) Expenditures ...

On-Farm Expenditures	Avg. Expenditure	% Reporting	Totals for The Region
Non-forage feed	\$769	93%	\$97,505,741
Hay / forage feed	\$885	85%	\$79,859,250
Feed / nutritional supplements	\$186	86%	\$48,250,808
Grooming & care products	\$208	99%	\$74,021,126
Bedding products	\$475	75%	\$56,036,074
Vet care & prescription drugs	\$735	81%	\$116,897,889
Farrier Services	\$437	96%	\$95,117,643
Horse therapies	\$357	12%	\$8,488,813
Non-vet equine dental services	\$138	16%	\$4,741,514
Horse training services	\$4,095	3%	\$28,875,176
Horse boarding services	\$3,939	12%	\$58,645,475
Horse-related property maintenance	\$5,807	66%	\$93,220,816
Replacement tack	\$740	63%	\$20,069,964
Replacement horse-related equipment	\$336	17%	\$4,292,881
Trailing (non-competitive activities)	\$2,585	30%	\$20,468,375
Coaching services / riding lessons (adults)	\$2,298	31%	\$32,252,292
Coaching services (children)	\$959	82%	\$24,630,994
Direct labour charges for care of horses	\$76,180	8%	\$355,310,352
Value of family labour in horse care	\$176,252	14%	\$130,842,765
<b>Total On-Farm Expenditures</b>			<b>\$1,349,527,948</b>

# Off-Farm (Indirect) Expenditure ...

Off-Farm & Competition Expenditures	Avg. Expenditure	% Reporting	Totals for The Region
Trailing / horse transportation	\$2,585	30%	\$23,080,431
Food (horse shows or racetrack)	\$171	15%	\$5,089,302
Travel & accommodation (competitor)	\$268	8%	\$7,976,216
Association & license fees paid	\$461	22%	\$4,591,689
Costs to Compete (adult competitors)	\$2,497	23%	\$17,092,614
Entry & Starter Fees (for racing)	\$4,963	10%	\$14,770,881
Competition costs (child competitors)	\$5,661	94%	\$166,675,011
Food (horse shows) children competing	\$182	94%	\$5,358,568
Travel & accommodation (child competitor)	\$398	94%	\$11,718,187
Operations Costs -- Event Sites			\$1,631,000
Paid Event Mgmt Staff			\$808,740
Payments to Event Officials			\$294,000
<b>Total Off-Farm Expenditures</b>			<b>\$259,086,639</b>
<b>Total On-Farm &amp; Off-Farm Expenditures</b>			<b>\$1,608,614,387</b>



## Jobs in The Region ...

- On-Farm activities with horses include ...
  - 18,486 FTE (full-time equivalent) jobs
  - Average salary \$34,668 per year
- Off-Farm activities with horses support ...
  - 57 FTE jobs
  - Average salary \$36,758
- Value of On-Farm and Off-Farm labour = \$413,296,378
- Additional Induced employment
  - 16,758 FTE jobs
  - Value of induced employment= \$584,987,832



# Total Economic Impact ...

- Adding together the three level of inputs ...

## Direct + Indirect + Induced

EXPENDITURES (DIRECT, INDIRECT AND INDUCED)	EXPENDITURES EXCLUDING LABOUR	EXPENDITURES FOR LABOUR	TOTAL EXPENDITURES
Direct ( <i>On-Farm</i> )	\$806,491,545	\$412,193,638	\$1,218,685,183
Indirect ( <i>Off-Farm</i> )	\$257,983,899	\$1,102,740	\$259,086,639
Induced		\$ 584,987,832	\$584,987,832
		<b>TOTAL EXPENDITURE</b>	<b>\$2,062,759,654</b>

The horse industry in The Region generates \$2 billion in annual expenditures for production, care and activities with horses.

## Total Economic Contribution ...

- With a Multiplier Factor of 1.65 ...
- Expenditures, plus their additional multiplier impact, totals an economic contribution to The Region from horses and their activities ...

**\$3,486,063,815 (\$3.5 billion) annually**

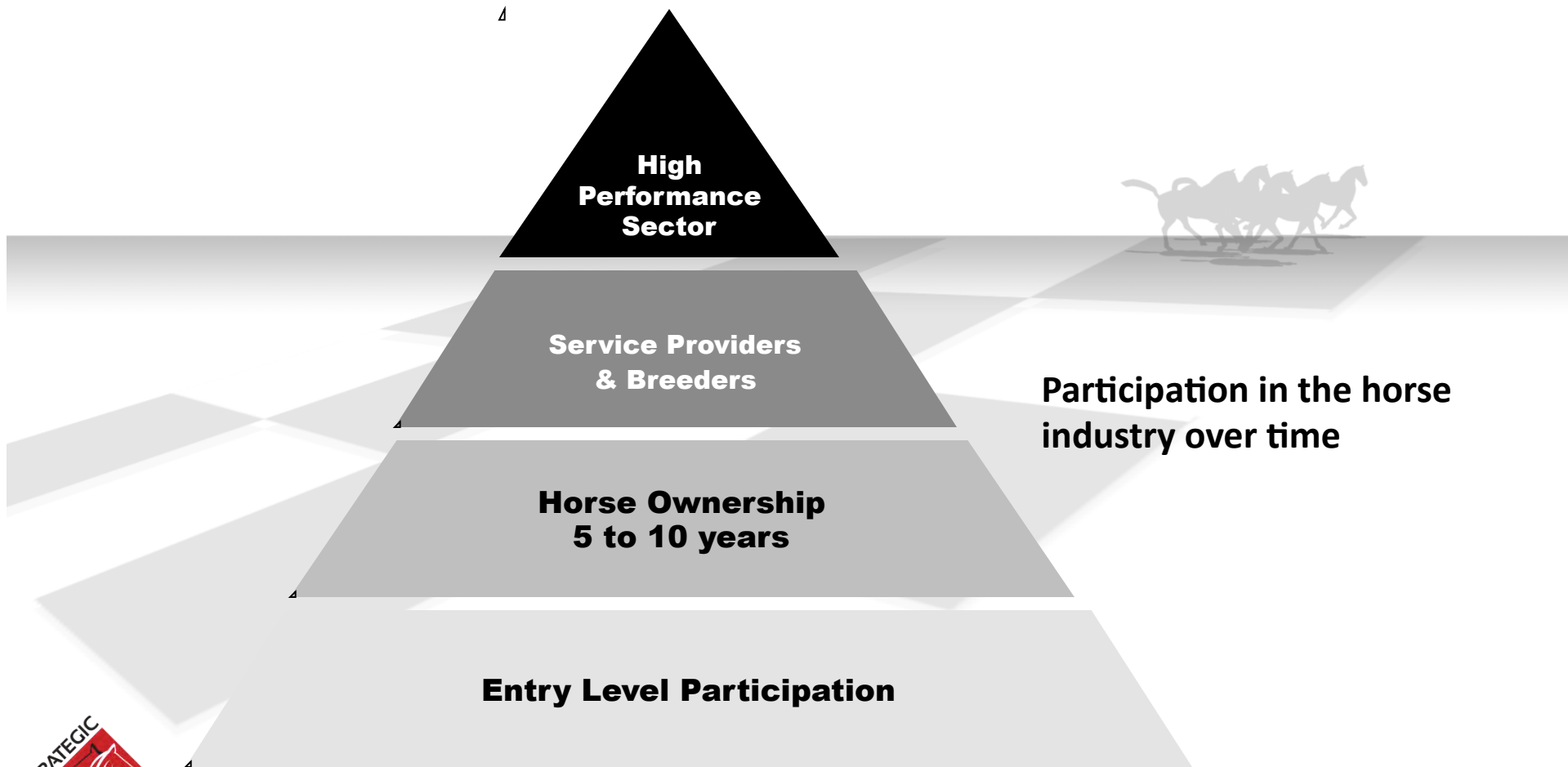
- Fully 18% of the economic contribution made by the Canadian horse industry is realized from activities in this region
- **Note:** \$5.6 billion economic contribution from the horse industry in Ontario (29% of national total)

# Challenges facing the industry ...

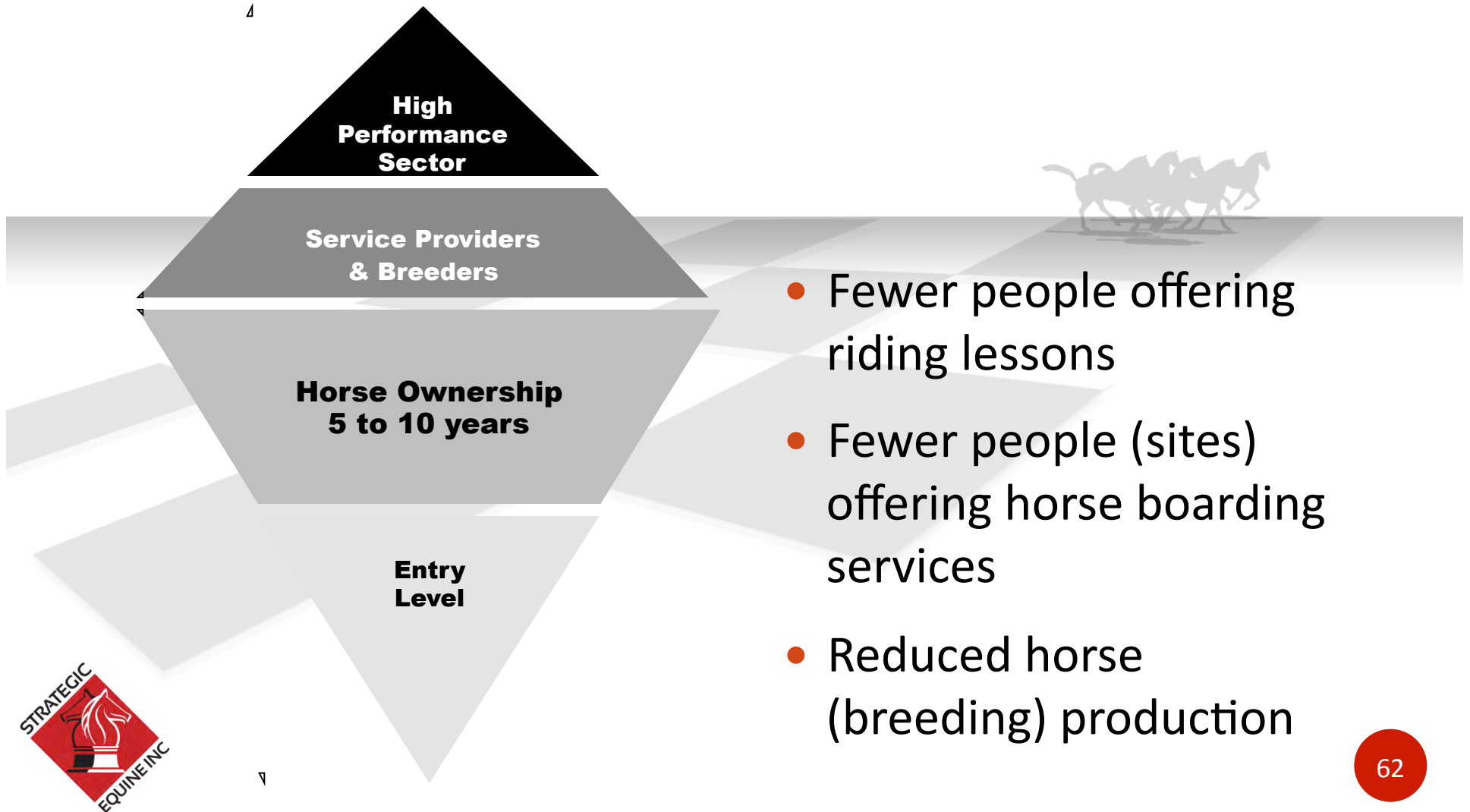
- We are an aging demographic
  - Median age 50 to 59 ... 28% are 60 years-or-older
- More adults participating than children
  - For Ontario ... Ratio is 64% adults / 36% children
  - Total 146,476 adults ... 82,393 children
- Sale of horses is impacted by the economic downturn
  - Approximately 40,000 young horses in inventory in the Region
  - Prices for sale of horses are down approximately 30% compared to 2007 values
- Costs to keep a horse are continuing to escalate
  - Costs in The Region have increased by 57% between 2003 and 2010



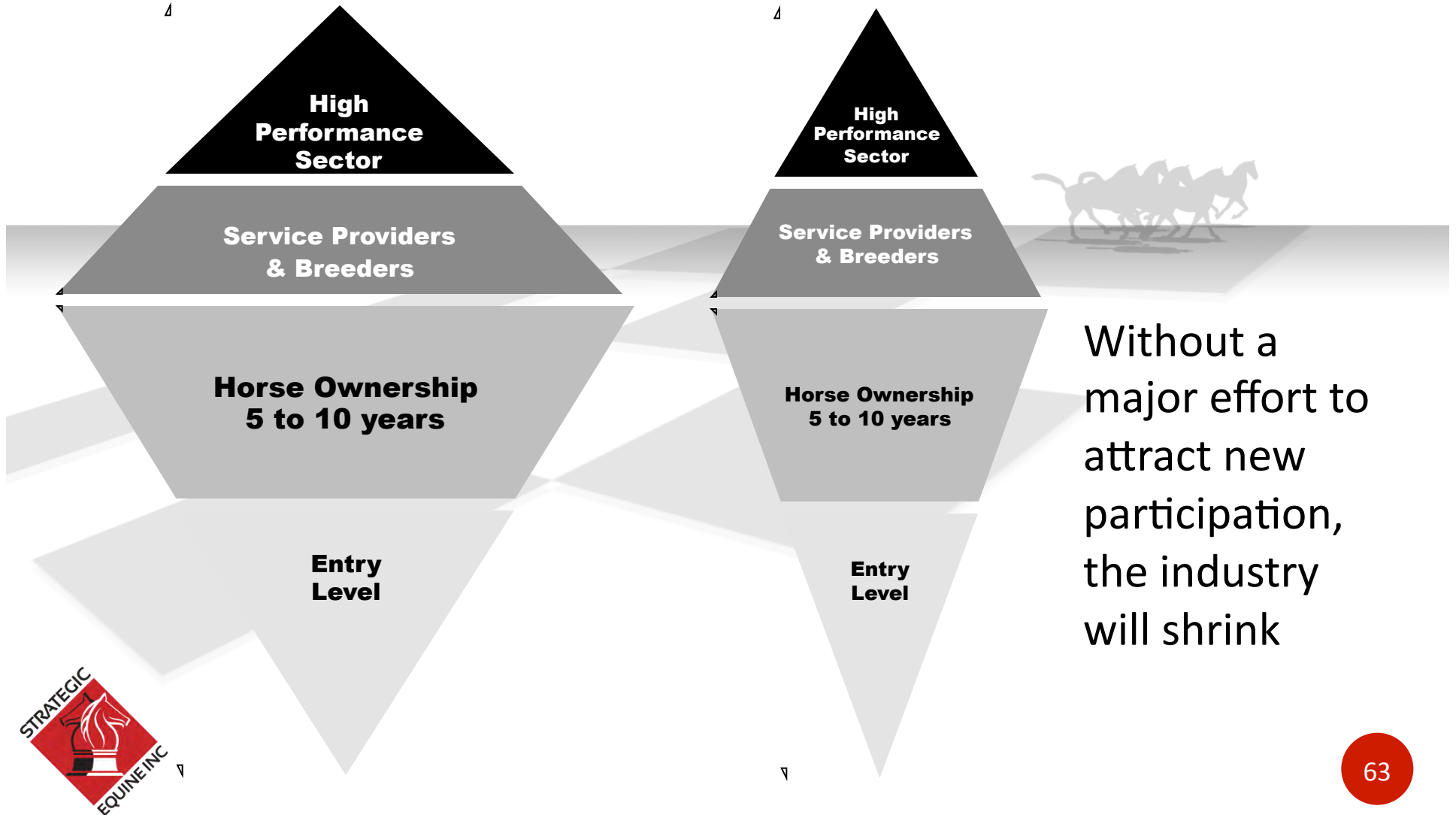
# The Model for Growth in the Industry ...



# The Model in 2010 ...



# Potential impact of current trends ...



# Decision-makers ... Industry

- A top priority – marketing to attract new participation
  - Those that are currently invested are looking to reduce their participation
  - They have horses to sell
- Riding programs for children
  - With aggressive marketing campaigns to attract urban kids
- Nurture and support those in the under 50-age bracket that are looking to invest
- Look to develop export markets for our horses (beyond the U.S.)



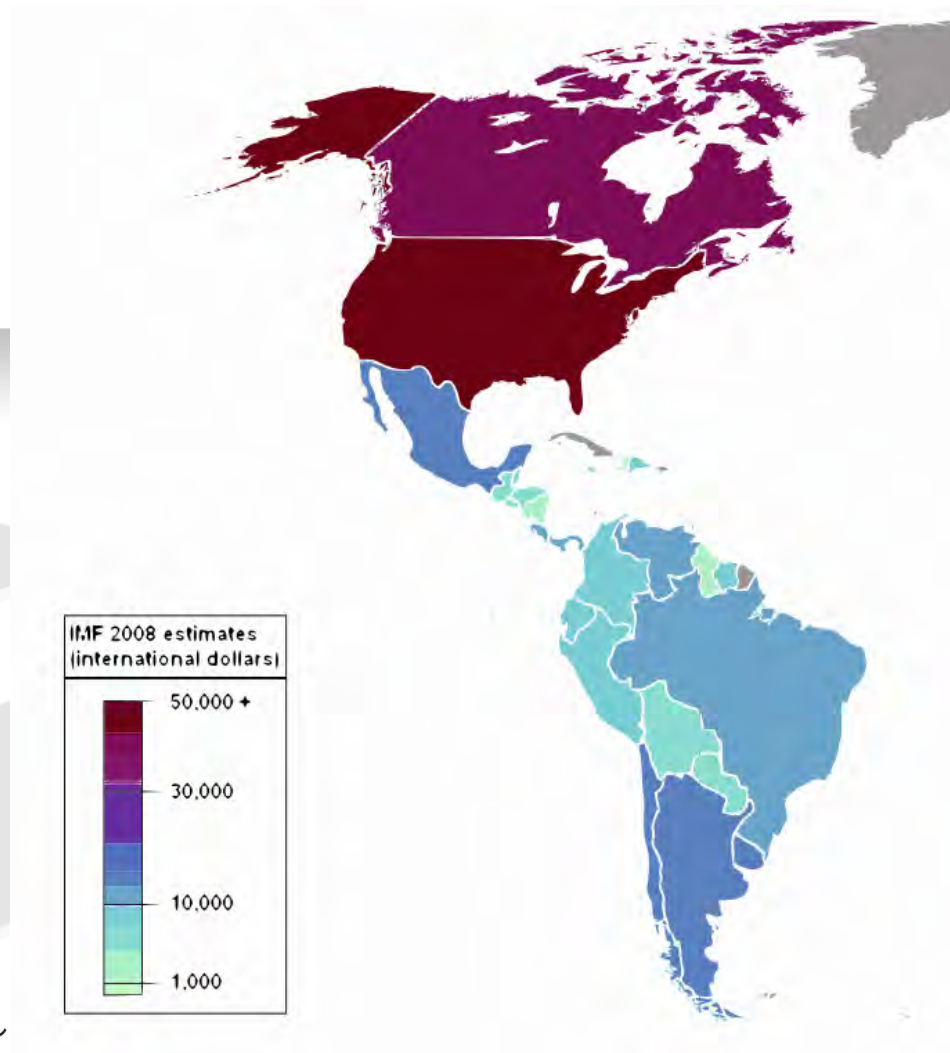
# Decision-makers ... Government

- **“Do No Harm” ...**
  - Horse-friendly bylaws
  - Recognize the value of the horse operations in your area when considering development decisions
- **Those involved in Education Boards ...**
  - Work with industry to promote activities with horses in the school system
- **Those involved in Provincial discussions ...**
  - The horse industry belongs in the Green Belt
  - Access / proximity to urban markets is essential for the industry’s survival

## Opportunities ... The World Is Coming

- Pan-American Games – July 2015
  - Equestrian events at Palgrave and Orangeville
- More than 1,000 people for the competition events alone (without accounting for spectators)
  - Expecting 200 horse/rider competitors
  - Additional 3 or 4 support people per rider
- Additional pool of provincial, national and international *equestrian* spectators in The Region to view the events
- Additional pool of provincial, national and international visitors to the GTA for other PanAm Games sports

# The World Is Coming ...



- 
- Pan-American Games involves North-Central-South America
  - These are excellent potential growth markets for the horse industry internationally

# The World Is Coming ...

- Excellent opportunity to showcase our farms, breeding stock, horses for sale
  - Organize farm tours, exhibitions of “other” equestrian sports such as racing, reining, western disciplines that have appeal in other countries
- Excellent opportunity to showcase equestrian activities in The Region to all visitors to The Games
  - Potential for visitors to combine a PanAm equestrian event with another activity in The Region
- Excellent opportunity to showcase The Region’s importance as ***The Heart Of Horse Country for Canada***
  - Potential for international conference in parallel with The Games



# The Challenge ...

- The horse industry is an important economic component of The Region ...
- How do we ***Harness the Horsepower*** in the Hills of Headwaters to maximize the economic (and other) benefits that the PanAm Games will bring to the region?
- Team PanAm for the Hills of Headwaters?

## Contact information ...

- The 2010 Canadian Industry Profile Study was produced for Equine Canada and is available on their website:

[www.equinecanada.ca](http://www.equinecanada.ca)

Under “Industry”

Under “Industry Studies”

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**THANK YOU ...**

