

Breakdown of the Handle

The handle is generally allocated as follows:

Recipients	Determined by:	% of Handle ¹
1.1 Levies (Provincial/Federal)	Regulatory bodies and pool type	3.3% to 5.3%
1.2 Racetrack Commission ²	Pool type and by the Host Track	12% to 24%
1.3 Payout Pool	Remaining balance after deducting Government Levies & Fees and Racetrack Commission	70.7% to 84.7%

¹Rates are applied to the handle at the racetrack where the wager was made.

²Rates for imported races are generally based on the Host Track commission rate or the rate specified in the contract between the Host and Guest tracks.

Levies (Provincial/Federal) & Other Fees

Pool Type	Federal Levy	Provincial Levy	Total Government Levies & Taxes	California WCB Fee ¹
Triactors	0.8%	4.5%	5.3%	0.5% - 1.0%
Other	0.8%	2.5%	3.3%	0.5% - 1.0%

¹Charged on the handle wagered on imported signals from California races. Amount is added to the Import fee.

Revenues from Racetrack Wagering in BC

Source	Amount
Racetrack Commission ¹	12% to 24% of the Handle placed on the Host Tracks' races
Levy Tax Revenue	Provincial Levy less administration fee (Horse Racing Industry Funding)
Host Fees:	
Export Fees	~2%-5% of the Handle placed at the Guest Track
Less: Import Fees ²	~3%-5.5% of the Handle placed on the Guest Track
Breaks	On tickets won at the track where the wager was made (rounded to dime increments)
Outs	On unclaimed winning tickets purchased at the Host Track race

¹Racetrack Commissions vary depending on the pool type and contracts between racetracks.

²Races imported from California have an additional 0.5% fee on thoroughbred races and 1.0% fee on standardbred races based on the handle for certain pool types and is added to the Import Fee.

Example: \$100 Wagered in British Columbia

	LIVE Wager at Track A		IMPORT Wager at Track A		IMPORT (from California) Wager at Track A		EXPORT Wager at Track B	
	% Wager	Amt	% Wager	Amt	% Wager	Amt	% Wager	Amt
Wager	100%	\$100.00	100%	\$100.00	100%	\$100.00	100%	\$100.00
Takeout Rate¹	21.4%	\$21.40	21.4%	\$21.40	21.4%	\$21.40	21.4%	\$21.40
Government Levies & Taxes (non-triactor bets)²	3.3%	\$3.30	3.3%	\$3.30	3.3%	\$3.30	3.3%	\$3.30
Commission³	18.1%	\$18.10	18.1%	\$18.10	18.1%	\$18.10	18.1%	\$18.10
Track A	18.1%	\$18.10	15.1%	\$15.10	14.6%	\$14.60	3.0%	\$3.00
Host Fee Track B	n/a	n/a	3.0%	\$3.00	3.5%	\$3.50	15.1%	\$15.10
Payout Pool	78.6%	\$78.60	78.6%	\$78.60	78.6%	\$78.60	78.6%	\$78.60

¹The Takeout rate varies with the type of bet and at different racetracks.

²For the column, "Export (wager at Track B)", government taxes and levies are paid by Track B and not the Track A.

³Breaks, Outs and Tax Levy Revenues were excluded to simplify this calculation.

Payout Pool

The Payout Pool is the total amount of money collected at all racetracks and paid out to winning tickets for a race and is calculated from:

Wagers made at the host and guest tracks on the host race

Less:

- **Levies (Provincial/Federal), Taxes & Other Fees**
- **Racetrack commissions**

The amount paid out is rounded down to the nearest \$0.10 (based on a minimum \$2 wager) and the amount rounded down, known as the break, is kept by the racetrack. For example:

- Actual winning amount = \$95.97
- Payout amount = \$95.90
- Break (kept by the racetrack) = \$0.07

HPI Rewards Program:

Take-out Adjustment (TOA) & Bonus TOA

Take-out Adjustment (TOA):

- members wagering a minimum of \$1,250 per week (on certain types of bets such as Win-Place-Show (WPS) or Exotic) qualify to receive a percentage of their wager in cash towards their HPI account
- TOA percentages start at 0.50% for a minimum weekly wager of \$1,250 to 3.00% on wagers of \$18,750 and above for wagers made between Monday and Sunday of each week
- Exotic bets receive a 25% premium and WPS bets are discounted 25% on the TOA rates
- wagers for Hong Kong races are included in the total wager amount which is used to determine the TOA rate but wagers for Hong Kong races are excluded in the TOA calculation

Bonus TOA:

- members wagering \$37,500 or more per week receive a bonus percentage (ranging from 1% to 3% on their total week's wager) in addition to the TOA

HPI Rewards Program (continued): Take-out Adjustment (TOA) & Bonus TOA

Take-out Adjustment Rates

LEVEL	WAGER (X)	LIVE	Simulcast
7	X < \$1,250	0.00%	0.00%
6	\$1,250 =< X =< \$3,749	0.75%	0.50%
5	\$3,750 =< X =< \$7,499	1.00%	0.67%
4	\$7,500 =< X =< \$11,249	1.50%	1.00%
3	\$11,250 =< X =< \$14,999	2.00%	1.33%
2	\$15,000=< X =< \$18,749	2.50%	1.67%
1	X => \$18,750	3.00%	2.00%

Bonus Take-out Adjustment Rates

WAGER (X)	RATE
\$37,500 =< X =< \$49,999	1.00%
\$50,000 =< X =< \$62,499	2.00%
X > \$62,500	3.00%

Appendix:

TERMS & DEFINITIONS

British Columbia Lottery Corporation or BCLC – Is the Crown corporation in British Columbia which conduct, manage and operate the gaming industry in the province of British Columbia.

Break or Breakage – The rounding down of the payout amount from the actual amount won to the nearest 10 cents (based on a \$2 minimum bet).

Exotic – Is a classification of horse racing wager which involves betting on more than one horse or race simultaneously and has larger payouts than straight bets (win, place show) but is more difficult to win. Some exotic bets include triactor (or trifecta), exacta, superfecta, daily double, etc.

Export – The ability for other racetracks to bet on races taking place at the Host Track.

Export Fee – The revenue received by the Host Track from the Guest Track for the ability to wager on the Host Track's live races. It is the same as the Import Fee from the Guest Track's perspective.

Guest Track – The racetrack that is showing the simulcast of live races from other racetracks.

Handle or Wager – The total amount of money bet by customers.

Horsemen's Association – For this presentation, collectively or individually refers to associations that work for the interest of the horse racing industry and may include the Horsemen's Benevolent & Protective Association, Harness Racing BC, the Canadian Thoroughbred Horse Society and BC TOBA.

Host Track – Racetrack where the live racing is taking place.

Import – The ability of the Guest Track to bet on races taking place at other racetracks.

Import Fee – The fee paid to the Host Track for the ability to wager on a live race taking place at the Host Track. It is the same as the Export Fee from the Host Track's perspective.

Appendix:

TERMS & DEFINITIONS (continued)

IVR – Is an Interactive Voice Response telephone wagering system. All HPI wagering in British Columbia (Internet, Phone, Mobile) is reported as an IVR wager.

Pay Figure – The settlement amount between racetracks.

Payout Pool – The portion of funds allocated to pay for winning tickets or the remaining amount after deducting the racetrack commission and government levies & taxes from the handle.

Pool type – The type of pari-mutuel bets in horse racing such as trifecta, show or place, etc.

Purse – The total amount of money collected and offered as a prize to the horse owners, jockey, drivers and trainers for winning a race.

Outs – The outstanding (uncashed) winning tickets that are cancelled because they were not claimed.

Sportech– Sportech is the provider of the pari-mutuel system, an automated, computerized betting system that keeps track of race results and winning tickets.

Take-out Rate – The percentage of the wager not part of the payout pool and is equal to the wager less the payout pool.

TRACS – The Tote Revenue Application Consolidation System is an application that automates journal entries and provides management reports for horseracing.