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COMMISSION
ON THE
REFORM
OF
ONTARIO'S
**PUBLIC
SERVICES**

PUBLIC SERVICES FOR ONTARIANS: A PATH TO SUSTAINABILITY AND EXCELLENCE

The horse racing industry is another area where subsidies to racetracks and horse people require a review and adjustment to realign with present-day economic and fiscal realities. Ontario has more racetracks than any other jurisdiction in the U.S. or Canada. In addition to revenues from wagering, since the late 1990s the industry has benefited from a provincial tax expenditure (a reduction to the provincial pari-mutuel tax) and a percentage of the Ontario Lottery and Gaming Corporation's gross slot revenues that together are worth an estimated \$400 million in 2011–12. Over the past 12 years, approximately \$4 billion has flowed through 17 racetracks to support purses, racetrack capital improvement and operating costs. Ontario's support is 10 times that of British Columbia, which has six racetracks, and 17 times that of Alberta, with five racetracks. Ontario's approach is unsustainable and it is time for the industry to rationalize its presence in the gaming marketplace. For more on the horse racing and breeding industry, please see Chapter 17, Government Business Enterprises.

Recommendation 11-11: Review and rationalize the current provincial financial support provided to the horse racing industry so that the industry is more appropriately sustained by the wagering revenues it generates rather than through subsidies or their preferential treatments.

Ontario's mining tax system, including CIT expenditures such as the Ontario resources tax credit and mining tax expenditures, was designed to encourage investment when corporate tax rates were high. The tax regime for this sector is also designed to ensure that the province is appropriately compensated for extraction of its non-renewable resources. With the significant improvement in Ontario's international tax competitiveness, the cost of doing business in Ontario is more favourable, encouraging businesses to invest and extract the province's minerals. As such, Ontario needs to review the impact of tax expenditures for the mining sector and, more broadly, on its resource pricing.

Recommendation 11-12: Eliminate the Ontario resource tax credit and review the mining tax system to ensure that the province is supporting the exploration and production of minerals in Ontario while receiving a fair return on its natural resources.

Integrate Delivery

Changes in how ministries receive program funding must be accompanied by changes in the way ministries deliver programs to make them more accessible and user-friendly.