

**ECONOMIC CONTRIBUTION OF THE  
HORSE INDUSTRY –**

**TOWN OF CALEDON &  
CALEDON EQUESTRIAN PARK**

**MAY 2011**



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# 1. INTRODUCTION

This analysis report was prepared to identify the economic contribution of the horse industry to the Town of Caledon, and the additional economic contribution generated by activities at the Caledon Equestrian Park. The report presents the analysis results of data from two sources:

- Interviews completed during the summer of 2010 with horse owners (and horse industry participants) in the area, as a component of the 2010 Canadian National Equine Industry telephone survey, and
- Data provided by the Caledon Equestrian Park related to events at the site, and the number of competitors (horses and people) involved in events on an annual basis.

This report provides two sets of analysis:

1. **The overall economic contribution of horses to the local area surrounding the Town of Caledon.** The Town of Caledon area is home to more than 12,500 horses, resident on 2,400 properties. These horses are in use for a range of activities, involving the racing sector, sport competition sector, breeding sector, and recreational riding sector.
2. **The overall economic contribution supported by activities at the Caledon Equestrian Park.** As a key sport competition facility in Ontario, the Caledon Equestrian Park supports a significant component of the Ontario sport competition sector – drawing more than 2,560 competitors annually to the site for competition activities.

For the purposes of defining the Town of Caledon area, the analysis has included all available data on horses resident within the Town of Caledon borders as identified by telephone area code and telephone exchanges within the area.

For the purposes of defining the size of the catchment area that draws competitors active at the Caledon Equestrian Park, analysis was completed to identify horse owners active in non-racing sport competition in five telephone area codes (905, 416, 519, 705 and 289), and the economic activity surrounding their horses and their competition activity at the Park.

The statistical data referenced in this report has been extracted from data collected during the 2010 national telephone research study of the Canadian horse industry. Data reported includes capital investment, direct and indirect expenditure for the care and maintenance of horses, the properties on which they are resident, and expenditures related to sport activities with horses.

The 2010 Canadian Equine Industry Profile study was completed by Strategic Equine Inc. on behalf of Equine Canada. The 2010 study was designed to provide current data and an updated profile on the 2010 Canadian equine industry, and to assess the

The horses in the Town of Caledon area are in use for a range of activities, involving the racing, sport competition, breeding, and recreational riding.



state of the industry in the current economic environment. The study identifies inventory and capacity within the Canadian equine industry sector, and trends within the industry that impact industry sustainability, domestic market development, and farm management.

The 2010 research included the completion of a national telephone interview survey with industry participants in all provinces (and territories), selected randomly from available industry lists. The telephone interviews, which averaged approximately 25 minutes in length, were completed by a total of 2,566 individual industry participants nationwide during May through August in 2010.

Of the 2,566 individuals interviewed across Canada:

- 722 interviews were complete with horses owners (and industry participants) in Ontario, of which
- 513 interviews were completed with industry participants in the Caledon Equestrian Park catchment area, of which
- 52 interviews were completed with horse owners within the Town of Caledon area.

In total, the data acquired from 513 interviews used for this analysis, represents approximately 1.15 % of the estimated number of horse ownership households in the region. At this sample size, the accuracy of the data acquired for all respondents, and the validity of the analysis of responses, represents +/- 3.6%, 19 out of 20 times – roughly equivalent to 94% accuracy factor.

As an appendix to this report, the author has included detailed worksheets that outline all calculations used in the completion of this analysis.

## 2. THE ECONOMIC IMPACT MODEL FOR THE HORSE INDUSTRY

One of the challenges to analyzing the economic value of activities with horses and people lies in accurately estimating the value of the wide range of activity types. Activities with horses cross a broad spectrum of uses, including working horses in farm and ranch work, horses for pleasure riding (and driving), horses for youth and adult amateur sport, high performance horses in use for Olympic and other international sport competition, and race horses generating wagering on the racetrack and via the Internet.

Activities with horses, and the related care and husbandry of horses, are highly labour intensive. Analysis of study data indicates that the direct care and husbandry of horses in Canada generates the equivalent of one full-time job for every 6.25 horses in the country. However, the majority of the person-hours devoted to keeping horses is provided by horse owners (or owner family members) as unpaid labour.

In addition, activities with horses generate expenditures for a wide range of products and services. The range of services required for horse husbandry includes veterinary care, farrier services, horse boarding services, horse training services, rider coaching services – most of which are traditionally provided by small business units with five-or-less employees within the local communities where horses are kept.

The analysis included in this section addresses the economic contribution of the ownership and care of horses, and the indirect contribution of activities with horses.

### 2.1 Economic Analysis Models:

Economic theory provides a number of models for evaluating the economic and social benefit of activities within a country's economy, and between economic sectors of an economy. For the purposes of evaluating the economic contribution of horses to local, regional and national economies, Strategic Equine uses the *Expenditure Model*, which adds up all final expenditures on goods and services, and measures the multiplier effects of expenditures on overall economic activity.

A dollar spent on keeping a horse, or participating in a horse-related activity circulates and re-circulates within the economy, multiplying the effect of the original expenditure. In the *Expenditure Model* for economic impact analysis, expenditures and their impact are categorized at three levels:

**Direct Economic Impact (Initial effect)** – The value of initial expenditures on products and services (cost of operations)

**Indirect Economic Impact:** Representing the subsequent purchases by suppliers of materials and services to sustain the original expenditures (i.e. cost of producing the products or providing the services that are purchased as direct expenditures), and



**Induced Impact:** Generated when workers in the sector spend their pay cheques (or purse winnings from competition) on consumer goods and services.

For the purposes of generating a comprehensive economic impact analysis model for horses and activities with horses, the SEI model evaluates data for three categories ...

**HORSES**  **OWNERSHIP**  **ACTIVITIES**

**Horses** → including the capital cost to acquire (buy) or produce the horse, and the cost to keep the horse on its home farm, including basic tack and equipment

**Ownership** → including the capital invested in property improvements to keep the horse, horse-related equipment for use of the horse on the home farm (including horse transportation for non-sport activities such as vet requirements, or breeding requirements)

**Activities** → the costs of competition, association memberships, sport licences, trailering/transportation for horse shows or racing, food and accommodation to compete, costs to prepare the horse and rider for competition, etc.

Some of the expenditures related to horses, ownership and activities are incurred On-Farm (on the home farm property) – feed and care of horses for example. Some of the expenditures are incurred Off-Farm – horse show entry fees, travel and accommodation to participate in horse shows, etc.

Some expenses are incurred on a *per horse* basis, (feed, veterinarian care, farrier services, etc.). Some expenses are incurred on a *per owner* basis – property maintenance, membership fees & licenses, etc.

For the purposes of applying the general concepts of the *Expenditure Model* for Direct, Indirect and Induced Impact, the author has assumed three factors:

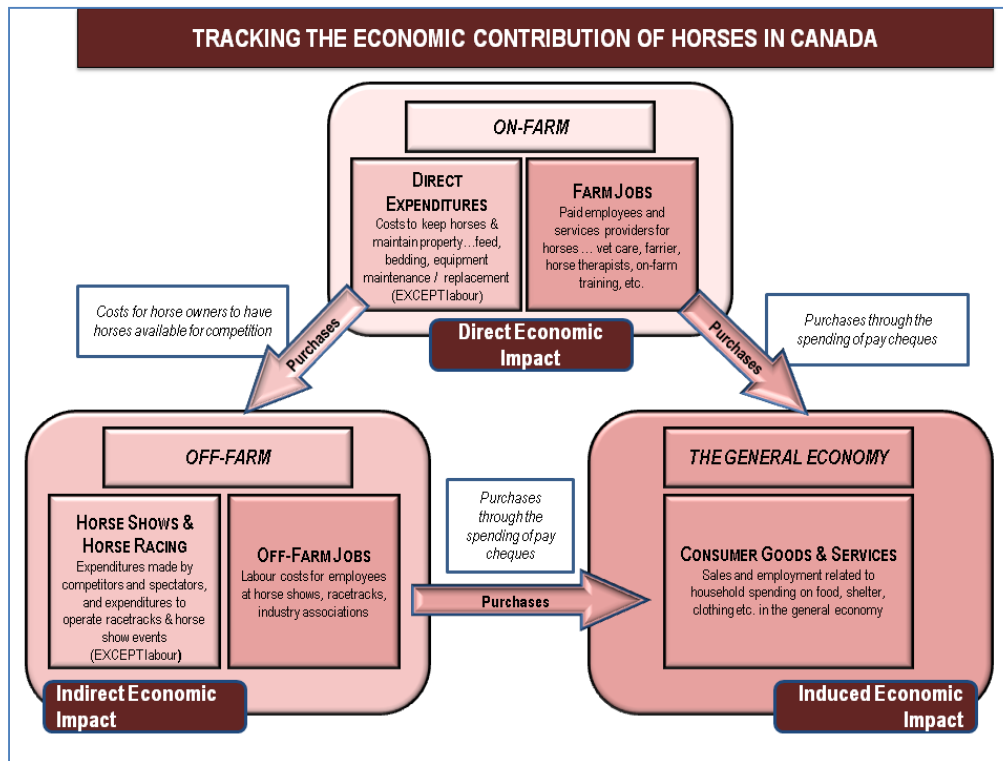
- 1) **ON-FARM expenditures = DIRECT EXPENDITURES:** The direct economic impact is realized by the money spent *on-farm* to keep a horse, and the costs to maintain the property on which the horse resides. Values for these expenses are fairly well quantified from survey interviews, and other available research resources.
- 2) **OFF-FARM expenditures = INDIRECT EXPENDITURES:** The indirect economic impact in this model is realized through activities with horses, such as competition, racing, and the costs incurred by the owner to participate in these activities. Additional indirect impact is contributed from the money spent by spectators attending racetracks, horse competition events and exhibitions. Spectator spending generates funds to run the event, maintain event facilities, employ staff, and purchase required supplies and services, etc.

Spectators and competitors also indirectly contribute to local communities where events are held, through expenditures on travel and accommodation to attend.

- 3) **The INDUCED ECONOMIC IMPACT** of On-Farm and Off-Farm activities is achieved when owners and farm employees, as well as racetrack and horse show employees spend their pay cheques.

To graphically represent the model:

**Figure 2.1: Tracking the Economic Impact of Horses – the Model**



## 2.2 Direct and Indirect Expenditures by Horse Owners

For the purposes of calculating economic contribution of activities with horses, calculations are based on the number of adult horse owners – considered to be the *buying units* – in each of the two analyses. Study data also reported direct expenditures for children competing in horse sports. The corresponding estimates for expenditures related to children in equestrian competition have been included in the expenditure analysis as well.

The average values for horse, owner and activity expenditures from the survey data were applied by sector and region, to create a picture of direct expenditure.

Survey data was used to calculate average expenditures by expense category, and the resulting averages were applied to horses and owners in each of the two sets of analysis (Town of Caledon area and Caledon Equestrian Park catchment area). The



average expenditure was multiplied by the percentage of sample reporting expenditures in each category. For example:

If non-racing competitors representing 85% of the horses in competition reported spending an average of \$881 per horse-per-year on the purchase of hay, total annual expenditure on hay for competition horses in the Caledon Equestrian Park catchment would be:

	\$881	(average expenditure per horse)
X	2,560	(# of horses competing at CEP)
X	<u>0.85</u>	(% of horses for which expenditure incurred)
	<b>\$1,917,056</b>	

Included in the On-Farm expense calculations is an estimated market value for non-paid labour by owners (and family members) in the care of horses. Data was collected during interviews on the number of hours spent by owners and family on horse care, and used to calculate an average number of unpaid hours of labour. Owners who employed paid labour in the care of horses were also asked to quantify their annual expenditures in paid labour for care. The resulting average hourly wage (for care of horses) was calculated at \$12 per hour, and this value was used to calculate the value of unpaid family labour.

The On-Farm/Off-Farm calculations for the racing sector represent a special case. Depending on the type of racing activity (which racing circuit), horses active in racing will incur expenses at different levels for care and training on-farm versus care and training on-track. To achieve composite totals for the racing sector, it was assumed that horses active in racing in the current year would receive 60% of their annual care-and-training on-track, and the remaining 40% of care-and-training On-Farm.

### 2.3 Capital Investment and Land Usage

During study interviews, data was collected on capital investment in horses, tack and saddlery, horse-related equipment (horse trailers, sport equipment such as jumps, sulkies, etc.), and horse-related property improvements (fencing, arenas, run-in sheds, etc.). Calculations were completed to determine average investment per category, as well as the percentage of participants in a given sector (or region) that are invested.

Calculations for investment in horses are based on a *per-horse* investment, and investment in tack and saddlery are based on a *per-horse-owner* investment. Calculations for property improvements and equipment are based on a *per-property-owner* investment.

### 2.4 Induced Impact

Induced economic impacts are achieved through the spending of wages earned in *On-Farm* and *Off-Farm* care and use of horses. In our model, we have assumed that the contribution of owner time in the care of horses, contributes to the bottom line of



horse operations. The value of the labour contributed to the care and management of horses has been calculated based on the number of hours contributed annually by the owner (or other family member), as reported from survey results. The value of the labour charge has been calculated based on the average hourly rate paid by those owners who paid staff for the care of horses.

For the purposes of this analysis, the author has used the Statistics Canada/AAFC factor of 1.91 as the multiplier value for calculating induced job creation (and related labour expenditure) for agricultural activity. It is recognized that this is a conservative approach, considering that labour expenditures are occurred both On-Farm and Off-Farm in the horse industry model. However, in general more than two thirds (66%) of expenditures are incurred On-Farm – in the agricultural sector.

## 2.5 Total Impact and Multiplier Effects

Total expenditures for an industry sector under this type of economic modeling is calculated by adding together the three levels of “inputs” –

$$\text{Direct Expenditure} + \text{Indirect Expenditure} + \text{Induced Expenditures} = \text{Total Expenditures}$$

In addition to total expenditures, each dollar spent in the industry has an additional ripple effect as it flows through the economy. This ripple effect is achieved as \$1.00 spent on a purchase in turn generates additional expenditures (and jobs) to produce the product purchased.

The value of this ripple effect – known as the *multiplier effect* – is calculated by applying a multiplier factor to Total Expenditures. The multiplier factor is calculated using the following formula:

$$\frac{(\text{Direct Expenditure} + \text{Indirect Expenditure} + \text{Induced Expenditure})}{\text{Direct Expenditure}} = \text{Multiplier Factor}$$

Adding the multiplier effect of expenditures to total expenditures provides an end-number representing total contribution to the economy as the total change in GDP (Gross Domestic Product) through an economic sector’s activities.





### 3. THE ECONOMIC CONTRIBUTION OF THE HORSE INDUSTRY TO THE TOWN OF CALEDON

As outlined in the previous section, the overall measure of the economic contribution of the horse industry to the Town of Caledon, can be calculated through combining the direct expenditures, indirect expenditures and induced effect of activities with horses in the area. For the purposes of this analysis, data was examined for horses, properties with horses and horse owners in the Town of Caledon area from interviews completed during the 2010 Canadian Equine Industry Profile Study.

#### 3.1 Horses in the Region

The 2010 Canadian Equine Industry Profile Study reported 212,500 horses in Ontario resident on 34,500 properties in the province. Of these 212,500 horses, 12,500 horses can be found within the Town of Caledon area, resident on 2,400 properties in the Area.

The average property with horses in the region is approximately 80 acres in size, of which about 20% of the acreage (16 acres per property), are used for horse turnout/pasturage. Properties with horses in the region include 190,953 acres (77,276 hectares) of land, including 38,300 acres (15,454 hectares) devoted to horse turnout.

Horses in the region are kept for a variety of uses. Approximately 13% of the 12,500 horses in the region are young horses, not yet in use, serving as inventory from the region's breeding operations for future activities. Table 3.1 below compares the percentage of horses resident in the area by Primary Use, compared to all horses in Ontario.

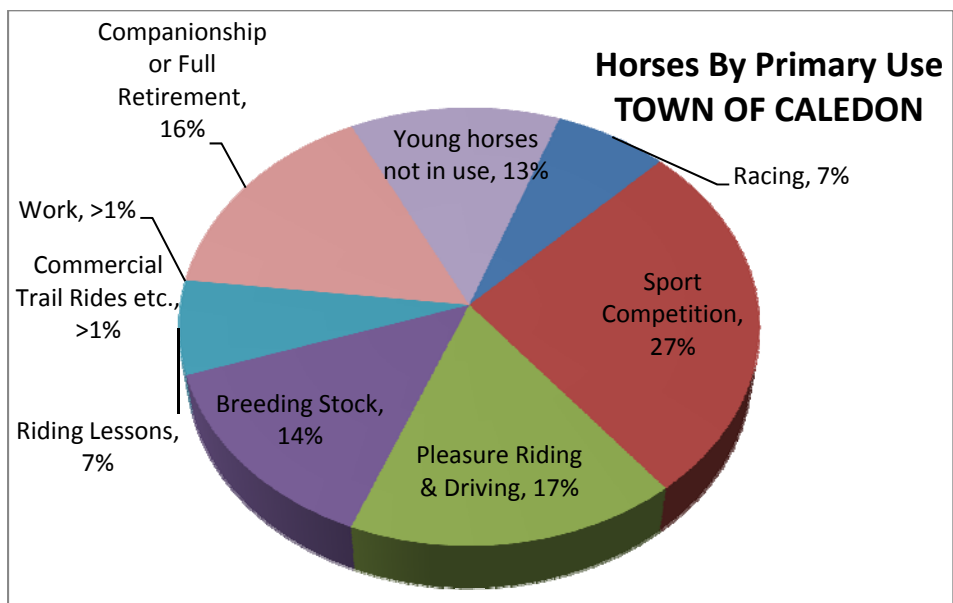
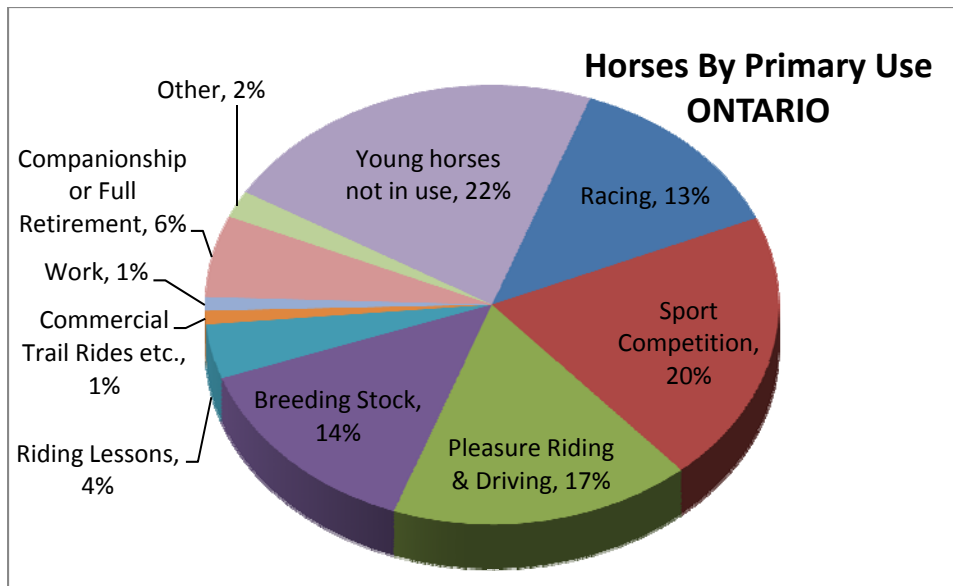
*Table 3.1: Horses by Primary Use*

Primary Use of Horses	ONTARIO		TOWN OF CALEDON	
<b>Total Horses</b>	<b>212,500</b>	100%	<b>12,547</b>	100%
<b>Young</b>	46,750	22%	1,631	13%
<b>Mature</b>	165,750	78%	10,916	87%
<b>Racing</b>	26,563	13%	878	7%
<b>Sport Competition</b>	43,350	20%	3,388	27%
<b>Pleasure Riding &amp; Driving</b>	35,275	17%	2,133	17%
<b>Breeding Stock</b>	30,175	14%	1,757	14%
<b>Riding Lessons</b>	9,138	4%	878	7%
<b>Commercial trail rides etc.</b>	1,488	1%	-	<1%
<b>Work</b>	1,913	1%	-	<1%
<b>Companionship or full retirement</b>	13,388	6%	2,008	16%
<b>Other</b>	3,400	2%	-	<1%

The figures below, represent the allocation of the horses in Ontario and the Town of Caledon area by primary use activity.

12,500 horses can be found within the Town of Caledon area, on 2,400 properties





### 3.2 Horse Owners and Industry Participants

Horse owners in the region include approximately 4,600 horse-owning households defined as a household in the area where one-or-more household members own one-or-more horses. These 4,600 horse-owning households represent the involvement of approximately 4,100 adults and 3,700 children active in the industry.

Table 3.2 below, reports the number of adults and children active in the industry comparing Ontario and the Town of Caledon.

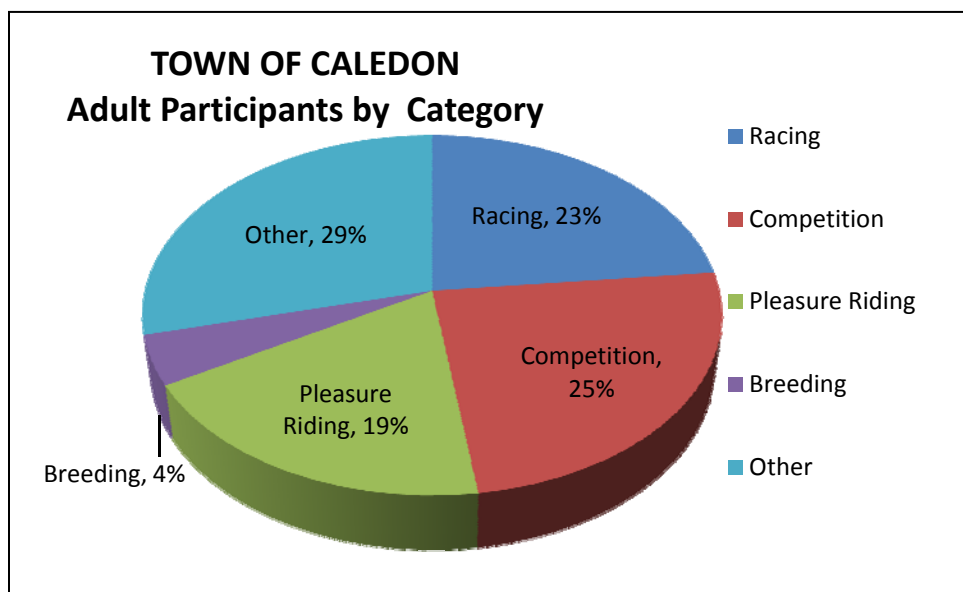
Table 3.2: Adults and Children Active in the Industry

	ONTARIO		TOWN OF CALEDON	
<b>Total Horse Owning Households</b>	<b>60,100</b>		<b>4,589</b>	
<b>Adults in Household / Average Per Household</b>	<b>138,230</b>	<b>2.3</b>	<b>6,425</b>	<b>1.4</b>
<b>Adults in Household Who Ride</b>	71,880	52%	4,112	64%
<b>Children in Household / Average Per Household (with children)</b>	<b>25,963</b>	<b>1.6</b>	<b>7,342</b>	<b>1.6</b>
<b>Children in Household Who Ride</b>	12,722	49%	3,671	50%

While those who participate in the horse industry are usually involved in multiple activities, Table 3.3 below outlines the primary activity category for adult participants in the region, compared to the profile for participation in Ontario.

Table 3.3: Adult Participants by Participation Category

	ONTARIO		TOWN OF CALEDON	
<b>Total Adult Participants</b>	<b>71,880</b>		<b>4,112</b>	
<b>Racing Sector</b>	6,469	9%	946	23%
<b>Sport Competition Sector</b>	19,407	27%	1,028	25%
<b>Pleasure Riding &amp; Driving</b>	18,689	26%	781	19%
<b>Breeding Sector</b>	4,313	6%	164	4%
<b>Other Activities</b>	23,002	32%	1,192	29%



### 3.3 Capital Investment in the Town of Caledon Area

Capital investment related to horses and their care is significant in the Town of Caledon. Owners of the 2,400 properties with horses in the area have invested in excess of \$150,000,000 in property improvements directly related to horse activities (fencing, arenas, barns, run-in sheds, etc), excluding their investment in real estate.

While many of the horses in the region were bred on local farms, the majority of the horses in the area were purchased by their current owners. More than \$52,000,000 has been invested in the purchase of horses resident in the area.

In addition, horse owners report that they have an average of \$8,000 per owner invested in tack and saddlery for their horses, and an additional \$9,700 invested in other horse-related equipment

Table 3.4 below identifies the average capital investment per horse (or per owner), and the total values estimated for the region.

**Table 3.4: Capital Investment in Horse, Equipment and Property Improvement**

Capital Investment	Town of Caledon Avg. Per Horse / Per Owner		Total Investment
Horses	\$ 8,008	52%	\$ 52,247,716
Tack & saddlery	\$ 8,115	78%	\$ 29,046,993
Horse-related equipment	\$ 9,781	55%	\$ 24,686,755
Horse-related property improvements	\$ 177,632	35%	\$ 150,267,790

### 3.4 Annual Expenditures on the Feed and Care of Horses, Ownership Expenses and Costs to Compete

Table 3.5 below outlines the average annual expenditure by category for the feed and care of horses in the Town of Caledon area. Expenditures have been categorized as follows:

- *On-Farm* – considered to be *Direct Expenditures* for our economic analysis model. This includes expenditures related to the care and husbandry of horses on properties within the area, and
- *Off-Farm* – considered to be *Indirect Expenditures* for our economic analysis model, which includes expenditures related to participating in activities including racing, horse shows, coaching, training and other costs attached to participation activities.

Both *On-Farm* and *Off-Farm* expenditures have been calculated related to the number of horses, or the number of horse-owners who reported expenditures in each category during the 2010 surveys. The column % *Reporting* represents the percentage of all those surveyed who reported expenditures by category.

Included in the calculation of Direct Expenditures is an estimated value for the contribution made by horse owners (and family members) for the care and husbandry of horses.

During the telephone research interviews, those surveyed were asked to quantify the number of hours each week spent on the care of horses for which they are responsible, and what portion of that time was paid or unpaid. Values for pay rates for paid employees in the area were used to calculate a value for the unpaid contribution towards labour costs.

**Table 3.5: Direct Expenditures for the Care and Husbandry of Horses in the Town of Caledon Area**

On-Farm Expenditures	Avg. Expenditure	% Reporting	Totals Town of Caledon Area
Non-forage feed	\$615	96%	\$7,407,749
Hay / forage feed	\$509	95%	\$6,067,102
Feed / nutritional supplements	\$332	88%	\$3,665,732
Grooming & care products	\$498	90%	\$5,623,565
Bedding products	\$377	90%	\$4,257,197
Vet care & prescription drugs	\$753	94%	\$8,881,018
Farrier Services	\$662	87%	\$7,226,319
Horse therapies	\$514	10%	\$644,916
Non-vet equine dental services	\$261	11%	\$360,224
Horse training services	\$4,371	4%	\$2,193,717
Horse boarding services	\$3,551	10%	\$4,455,440
Horse-related property maintenance	\$4,516	41%	\$4,440,041
Replacement tack	\$682	65%	\$2,034,304
Replacement horse-related equipment	\$431	22%	\$435,129
Trailer (non-competitive activities)	\$1,370	33%	\$2,074,687
Coaching services / riding lessons (adults)	\$2,742	37%	\$4,655,724
Coaching services (children)	\$1,000	10%	\$146,800
Direct labour charges for care of horses	\$130,800	6%	\$36,014,472
Value of family-member labour in horse care	\$20,643	14%	\$13,262,302
<b>Total on-farm expenditures</b>			<b>\$113,846,438</b>

Total On-Farm Expenditures for the care and husbandry of horses in the Town of Caledon area is approximately \$113.8 million annually. In addition, the care and husbandry of horses in the area supports the equivalent of 2,086 full-time *On-Farm* jobs in the area.

Indirect Expenditures – or Off Farm Expenditures – include the costs related to participating in activities such as racing, horse shows, and recreational riding activities in the region. While the actual expenditure may be incurred in an area other than the Town, (paying race entry fees at Woodbine racetrack for example), the

The care of horses in the area supports the equivalent of 2,086 full-time *On-Farm* jobs.



economic value of the activity is considered to support the overall economic contribution generated by the horse residing in the Town of Caledon area.

For example, a horse resident in the Town that regularly competes in racing in Toronto or Milton, would have off-farm expenditures related to those racing activities. However these off-farm activities contribute additional value to the \$113.8 million spent within the Town area to maintain and keep the horse. The logic is that the horse would not be kept (with all related expenditures) without serving its primary intended use – racing in this case.

**Table 3.6: Indirect Expenditures for Off-Farm Activities for Horses (and Horse Owners) Resident in the Town of Caledon Area**

Off-Farm & Competition Expenditures	Avg. Expenditure	% Reporting	Totals Town of Caledon Area
Trailer / horse transportation	\$2,743	33%	\$2,992,558
Food (horse shows or racetrack)	\$438	15%	\$1,448,028
Travel & accommodation (competitor)	\$1,394	10%	\$4,608,564
Association & licence fees paid	\$525	12%	\$289,107
Costs to Compete (adult competitors)	\$2,381	25%	\$1,967,897
Entry & Starter Fees (for racing)	\$7,317	10%	\$2,419,000
Competition costs (child competitors)	\$2,400	10%	\$352,320
Food (horse shows) children competing	\$342	10%	\$50,206
Travel & accommodation (child competitor)	\$330	10%	\$48,444
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>\$16,909,864</b>
<b>Total On-Farm &amp; Off-Farm Expenditures</b>			<b>\$130,756,302</b>

Total On-Farm and Off-Farm Expenditures (Direct and Indirect Expenditures) for horses in the Town of Caledon area is \$130.7 million per year (based on 2010 values).

The care and husbandry of horses in the Town of Caledon area supports the equivalent of 3,106 full time jobs – including 2,545 paid jobs at an average annual salary of \$23,624, and the equivalent of an additional 561 full-time jobs which are an unpaid contribution in care for horses by owners or family members.

Expenditures on staff and service providers for the care of horses in the Town of Caledon total \$60.12 million each year. In addition, activities at the Caledon Equestrian Park (within the Town area) contribute an additional \$1,107,240 in salaries and wages for competition activities at the site.

Expenditures for horses in the Town of Caledon area is more than \$130 million per year.



### 3.5 Economic Contribution of Horses to the Town of Caledon Area

Total annual expenditures on the production and care of horses in the Town of Caledon area – is calculated by adding together the three levels of inputs –

$$\text{Direct Expenditure} + \text{Indirect Expenditure} + \text{Induced Expenditures} = \text{Total Expenditures}$$

Induced Expenditures is estimated through a calculation of the additional *induced* jobs (and pay cheques) that are generated by the spending of pay cheques earned On-Farm and Off-Farm. For the purposes of calculating economic impact for the Canadian agricultural sector, Stats Canada (and AAFC – Agriculture and Agri-food Canada) use a factor of 1.91 for calculating induced job creation from agricultural activity. For every 1 (single) job in agriculture sector an additional .91 jobs are created through the induced effect of labour expenditures.

For the Town of Caledon area, induced expenditures include an additional 2,343 full time jobs (equivalent), at an annual value of \$55.7 million. Total annual expenditures for the horse industry sector in the Town of Caledon area:

	Direct Expenditure	\$113,846,438
+	Indirect Expenditure	\$ 16,909,864
+	Induced Expenditure	<u>\$ 55,705,650</u>
		<b>\$186,461,952</b>

As discussed in the previous chapter, total economic contribution is calculated through identifying the multiplier effect of expenditures – the *ripple effect* of the expenditure of money on goods and services within the general economy. The *multiplier factor* is calculated using the following formula:

$$\frac{(\text{Direct Expenditure} + \text{Indirect Expenditure} + \text{Induced Expenditure})}{\text{Direct Expenditure}} = \text{Multiplier Factor}$$

The multiplier factor resulting from the calculation is 1.64 ... for every \$1 in expenditures, an additional \$0.64 in economic benefit is realized in the general economy.

The total economic contribution to the Town of Caledon from horses within the area is estimated at an annual value of **\$305.8 million**.





## 4. THE ECONOMIC CONTRIBUTION OF THE CALEDON EQUESTRIAN PARK

The Caledon Equestrian Park (CEP), situated within the Town of Caledon, plays a unique role in the Ontario equestrian sport community. The site hosts an average of sixteen events each year, involving 67 days of equestrian sport competition. From data provided by the Park, entries in 2010 competitions exceeded 10,000 horse-rider pairs, including 6,409 adult entries and 4,273 youth entries.

By the nature of the types of competitions offered at the Park, the majority of adult and youth participants will visit the Park to compete in more than one event each year. It is estimated by CEP management that a typical competition year would involve approximately 2,500 unique horse-rider pairs – 2,500 horses, with 1,540 adult riders, and 1,027 children competing. On average, horse-rider competitors will visit the Park for four competition events each year – an average of eight-to-ten days of competition.

The Caledon Equestrian Park is the primary sport competition venue for a large catchment area in Southern Ontario. Of the 2,568 individual competitors, more than 85% are resident in the broad region surrounding the Park – including the 905, 519, 705, and 416 telephone area codes. For the purposes of analyzing the economic contribution made by the Caledon Equestrian Park, data was examined for horses, properties with horses and horse owners in four area codes (specifically western part of 905, 519, 705, and 416 area codes) from interviews completed during the 2010 Canadian Equine Industry Profile Study.

Analysis of the economic contribution generated by the Caledon Equestrian Park was specifically focused on the 2,568 horses (and their riders) that compete at the Park each year. The analysis of economic contribution examines three areas of expenditures related to these competitors:

- The annual cost of the care and upkeep of horses for competition on farms within the CEP Catchment Area – calculating the annual cost of their care, related tack and equipment for their training and transportation, and the costs to maintain the horse-related infrastructure on the properties on which they are resident,
- The costs attached to preparing the rider for competition, including association membership fees, riding lessons (or coaching services), and
- The costs attached to competition activities at the Park, including costs of competition (entry fees, on-site stabling, etc.), costs of trailering (transportation) to shows, travel and accommodation expenses incurred for competition, and the costs of operations for the CEP competition venue.

From the research, it is identified that a horse with a primary use in the sport competition sector represents a higher capital investment, and incurs a higher level of annual expenditure related to training and preparing the horse and rider for competition. This, in turns, represents a higher economic contribution resulting from competition activities. The tables in this section compare average capital investment



and average annual expenditure for horses active in competition at the Caledon Equestrian Park, compared to all horses in the CEP Catchment Area.

While it is understood that horses competing at the Caledon Equestrian Park are also competing at other venues in Ontario (and out-of-province), the premise is that the availability of the CEP venue encourages, and supports, the considerable investment in horses and infrastructure in the area. With more than 60 competition days each year – at varying levels of competition – the CEP venue is a key resource to the Ontario sport competition sector.

#### 4.1 Horses in the Region

The 2010 Canadian Equine Industry Profile Study reported 212,500 horses in Ontario resident on 34,500 properties in the province. Of these 212,500 horses, 165,000 horses can be found within the Caledon Equestrian Park catchment area, resident on 24,323 properties in the area.

The average property with horses in the area is approximately 77 acres in size, of which about 26% of the acreage (20 acres per property), is used for horse turnout/pasturage. Properties with horses in the area total 1,872,871 acres (763,900 hectares) of land, including 486,946 acres (198,600 hectares) devoted to horse turnout.

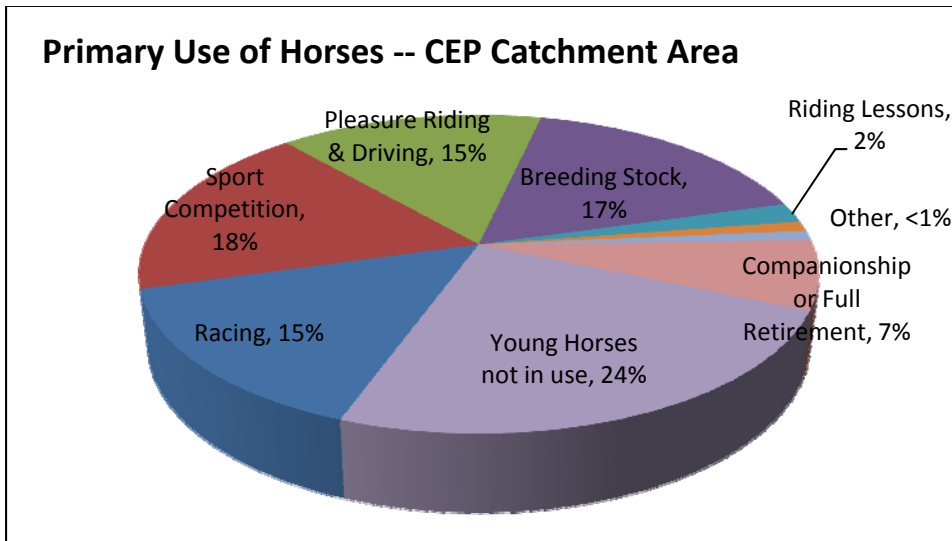
Of the 165,000 horses in the area, 24% (approximately 40,000) are young horses, not yet in use, serving as inventory from the areas breeding operations for future activities. Of the 125,000 mature horses in the area, 18% (approximately 30,000) are allocated to the sport competition sector as their defined Primary Use. Table 4.1 below compares the percentage of horses resident in the area by Primary Use, compared to all horses in Ontario.

Table 4.1: Horses by Primary Use

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

The average property with horses in the area is approximately 77 acres, of which about 20 acres is used for horse turnout

The figure below represents the allocation of the horses in the Caledon Equestrian Park catchment area by primary use activity.



### 4.2 Horse Owners and Industry Participants

Horse owners in the region include approximately 43,400 horse-owning households defined as a household where one-or-more household members own one-or-more horses. These 43,400 horse-owning households represent the involvement of approximately 60,200 adults and 10,000 children active in the industry.

Table 4.2 below, reports the number of adults and children active in the industry comparing Ontario and the area served by the Caledon Equestrian Park.

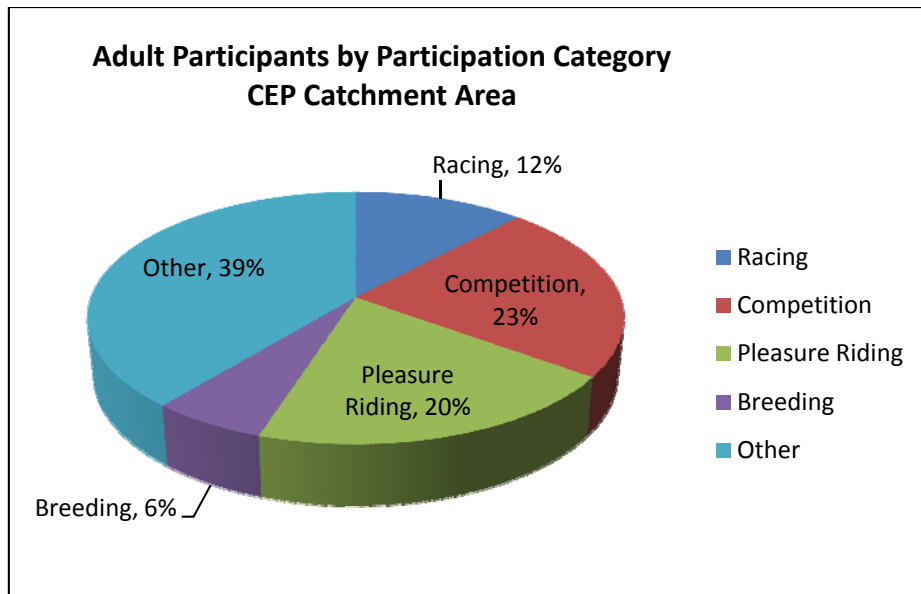
Table 4.2: Adults and Children Active in the Industry

	ONTARIO		CEP Catchment Area	
<b>Total Horse Owning Households</b>	<b>60,100</b>		<b>44,390</b>	
<b>Adults in Household / Average Per Household</b>	<b>138,230</b>	<b>2.3</b>	<b>102,099</b>	<b>2.3</b>
<b>Adults in Household Who Ride</b>	71,880	52%	60,238	59%
<b>Children in Household / Average Per Household (with children)</b>	<b>25,963</b>	<b>1.6</b>	<b>21,308</b>	<b>1.6</b>
<b>Children in Household Who Ride</b>	12,722	49%	9,802	46%

While those who participate in the horse industry are usually involved in multiple activities, the figure below illustrates the primary activity category for adult participants in the Caledon Equestrian Park Catchment Area.

There are 43,000 horse-owning in the Caledon Equestrian Park Catchment Area.





### 4.3 Capital Investment in the Caledon Equestrian Park Catchment Area

Capital investment in the horse industry is significant for the area served by the Caledon Equestrian Park. Owners of the 24,500 properties with horses in the area have invested in excess of \$2 billion in property improvements directly related to horse activities (fencing, arenas, barns, run-in sheds, etc).

While many of the horses in the region in 2010 were bred on local farms, the majority of the horses in the area were purchased by their current owners. More than \$800,000,000 has been invested in the purchase of horses resident in the area. In addition, horse owners report that they have an average of \$11,000 per owner invested in tack and saddlery for their horses, and an additional \$12,300 invested in other horse-related equipment

Table 4.3 below identifies the average capital investment per horse (or per owner), and the total values estimated for the region.

**Table 4.3: Capital Investment in Horses, Equipment and Property Improvement**

Capital Investment	CEP Area ...	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%	\$ 2,268,355,790

The capital investment reported here, represents the total investment for the area, for all sectors of the horse industry (racing, sport, breeding, recreational riding).

More than \$800 million has been invested in the purchase of horses

For the 1,541 adults who compete annually at the Caledon Equestrian Park, the average capital investment is significantly higher. Table 4.4 below reports the average investment in horses, equipment and property improvements for adult competitors at the Caledon Equestrian Park.

**Table 4.4: Capital Investment for CEP Competitors**

Capital Investment	CEP Competitors ... Horse / Per Owner	Avg. Per	Total Investment CEP Competitors
Horses	\$ 26,636	58%	\$ 39,672,724
Tack & saddlery	\$ 22,571	86%	\$ 29,912,443
Horse-related equipment	\$ 15,778	55%	\$ 13,372,644
Horse-related property improvements	\$ 264,775	30%	\$ 122,405,483

Those competing at the Caledon Equestrian Park have more than \$205 million invested in horses and related equipment and property infrastructure, and support an overall industry investment of more than \$3.7 billion in the CEP Catchment Area.

#### 4.4 Annual Expenditures on the Feed and Care of Horses, Ownership Expenses and Costs to Compete

Table 4.5 outlines the average annual expenditure by category for the feed and care of horses that are active in competition at the Caledon Equestrian Park each year. Expenditures have been categorized as:

- *On-Farm* – considered to be Direct Expenditures for our economic analysis model including expenditures related to the care and husbandry of horses on properties, the training and preparation of horse and rider for competition, and
- *Off-Farm* – considered Indirect Expenditures for our economic analysis model, including expenditures related to participating in activities in the sport competition section within the CEP catchment area.

Both *On-Farm* and *Off-Farm* expenditures have been calculated related to the number of horses, or the number of horse-owners who reported expenditures in each category during the 2010 surveys. The column % *Reporting* represents the percentage of all those surveyed who reported expenditures by category.

Included in the calculation of Direct Expenditures is an estimated value for the contribution made by horse owners (and family members) for the care and husbandry of horses. Values for pay rates for paid employees in the area, were used to calculate a value for the unpaid contribution towards labour costs.

Average expenditures reported here have been derived from the average values reported by those active in the Sport Competition sector of the industry within the CEP Catchment Area. These values are derived from the expenditures reported by horse owners responsible for approximately 30,000 horses in sport competition in



the area. For the purposes of using a conservative method for calculating actual economic contribution for the CEP catchment area, averages derived from the research have been applied to the 2,568 horses (and adult/youth riders) directly active in competition at the Caledon Equestrian Park.

Where the calculation of total expenditure is based on the expenditure per-owner or per-competitor, calculations have been made based on the 1,541 adult competitors and 1,027 youth competitors active at the Caledon Equestrian Park (in 2010).

It should be noted that not all competitors active at the Park in 2010 are resident within the defined CEP Catchment Area. It was reported by CEP management that between 5% and 15% of competitors each year are from areas outside the region – from other provinces, the U.S. and other international countries. The percentage of competitors from outside the catchment area varies from year-to-year depending on the level and type of competition offered at the venue.

Competitors travelling to the site from outside of Ontario (and outside of Canada) would have significantly higher costs for travel and competition compared to local residents. If costs attached to international (or inter-provincial) travel were included in estimates, there would be a significant increase in the estimates for Indirect Expenditures in the analysis.

For the purposes of using a conservative method to calculate economic contribution from the CEP, the author has chosen to treat all competitors at the venue as if they were resident within the CEP Catchment Area.

Costs reported here are annual costs – the total, or average, annual cost incurred for a calendar year. By way of explanation, the analysis is based on the following assumptions:

- Costs-to-keep a horse are 365-days-a-year, regardless of the number of days of competition for an individual horse in any given year.
- Costs to train and prepare a rider for competition are an annual cost, regardless of the number of competitions that an individual competitor may enter in any given year.

The author recognizes that all costs of competition may not be incurred only at the Caledon Equestrian Park (horses may be trailered to other competition venues, for example). However, for the competitors reported here, events at the CEP represent more than 50% of their annual competition activity.

From the research data, participants in the CEP Catchment Area who defined their primary area of participation as *Sport Competitor*, on average participate in 19 days of sport competition each year. With sixteen different competition events each year – involving 67 days of competition – there is sufficient competition opportunity at the CEP to provide a *full season* for the average Ontario competitor.



On this basis, the author considers it reasonable to estimate the economic contribution from the site based on the annual cost of competition for those participating at the Park.

*Table 4.5: Direct Expenditures for the Care and Husbandry of Horses Competing at the Caledon Equestrian Park*

<b>On-Farm Expenditures</b>	<b>Avg. Expenditure</b>	<b>% Reporting</b>	<b>Totals CEP Competitors</b>
Non-forage feed	\$608	73%	\$1,139,781
Hay / forage feed	\$576	64%	\$946,668
Feed / nutritional supplements	\$316	86%	\$697,880
Grooming & care products	\$265	100%	\$680,520
Bedding products	\$435	59%	\$659,077
Vet care & prescription drugs	\$718	95%	\$1,751,633
Farrier Services	\$760	87%	\$1,697,962
Horse therapies	\$447	29%	\$332,890
Non-vet equine dental services	\$191	1%	\$4,905
Horse training services	\$2,590	10%	\$665,112
Horse boarding services	\$4,084	27%	\$2,831,682
Horse-related property maintenance	\$9,676	70%	\$10,437,501
Replacement tack	\$838	83%	\$1,071,827
Replacement horse-related equipment	\$220	9%	\$30,512
Trailer (non-competitive activities)	\$2,166	44%	\$1,468,635
Coaching services / riding lessons (adults)	\$2,580	72%	\$2,862,562
Coaching services (children)	\$1,180	71%	\$860,421
Direct labour charges for care of horses	\$72,300	3%	\$3,342,429
Value of family-member labour in horse care	\$16,386	14%	\$3,535,116
<b>Total On-Farm Expenditures</b>			<b>\$35,017,113</b>

Total On-Farm Expenditures for the care and husbandry of horses competing at the Caledon Equestrian Park is approximately \$35 million annually. The care and husbandry of horses in the area – and the preparation of horse and rider for competition – supports the equivalent of 521 paid full-time on-farm jobs in the area at an average salary rate of \$22,107 per year. An additional equivalent 160 full time jobs are contributed through the unpaid contribution of time by owners (or family members) for care of horses.

Indirect Expenditures – or Off Farm Expenditures – include the costs related to participating in competition activities at the Caledon Equestrian Park, and the costs to run competitions at the venue.



*Table 4.6: Indirect Expenditures for Off-Farm Activities for Horses and Riders Competing at the Caledon Equestrian Park*

Off-Farm & Competition Expenditures	Avg. Expenditure	% Reporting	Totals CEP Competitors
Trailering / horse transportation	\$2,166	44%	\$1,468,635
Food (horse shows or racetrack)	\$296	44%	\$456,136
Travel & accommodation (competitor)	\$513	31%	\$790,533
Association & license fees paid	\$329	95%	\$481,640
Costs to Compete (adult competitors)	\$4,090	69%	\$4,348,856
Entry & Starter Fees (for racing)			
Competition costs (child competitors)	\$6,933	71%	\$5,055,336
Food (horse shows) children competing	\$261	71%	\$190,313
Travel & accommodation (child competitor)	\$398	71%	\$290,210
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>\$15,815,399</b>
<b>Total On-Farm &amp; Off-Farm Expenditures</b>			<b>\$50,832,512</b>

Total On-Farm and Off-Farm Expenditures (Direct and Indirect Expenditures) for horses competing at the Caledon Equestrian Park is \$50.8 million per year (based on 2010 values).

Activities with horses competing at the Park contribute approximately \$11.5 million in wages for the equivalent of 521 full-time jobs on farms in the area at an average annual salary of \$22,107. In addition, activities at the Caledon Equestrian Park contribute an additional \$1,107,240 in salaries and wages (equivalent 30 full-time jobs) for competition activities at the site.

#### 4.5 Economic Contribution of Caledon Equestrian Park

Total annual expenditures supported by competition activities at the Caledon Equestrian Park is calculated by adding together the three levels of inputs –

$$Direct\ Expenditure + Indirect\ Expenditure + Induced\ Expenditures = Total\ Expenditures$$

Using the StatsCan/AAFC factor for induced employment from agricultural activities, the induced employment supported by competitors at the CEP generates an additional 501 full-time jobs – an annual value of \$11.5 million.

Total annual expenditures for competitors at the Caledon Equestrian Park:

	Direct Expenditure	\$ 35,017,113
+	Indirect Expenditure	\$ 15,815,399
+	Induced Expenditure	<u>\$ 11,471,184</u>
		\$ 62,303,696

Total annual expenditures for competitors at the Caledon Equestrian Park is over \$62 million annually

As discussed in the previous chapter, total economic contribution is calculated through identifying the multiplier effect of expenditures – the *ripple effect* of expenditure on goods and services within the general economy. The *multiplier factor* is calculated using the following formula:

$$\frac{(\text{Direct Expenditure} + \text{Indirect Expenditure} + \text{Induced Expenditure})}{\text{Direct Expenditure}} = \text{Multiplier Factor}$$

The multiplier factor resulting from the calculation is 1.78 ... for every \$1 in expenditures, an additional \$0.78 in economic benefit is realized in the general economy.

The total economic contribution realized from competition at the Caledon Equestrian Park is estimated at an annual value of **\$110.9 million**.

