



HELG ECONOMIC IMPACT REPORT

A BASELINE REPORT ON THE ECONOMIC IMPACT OF THE EQUINE SECTOR IN THE HEADWATERS REGION

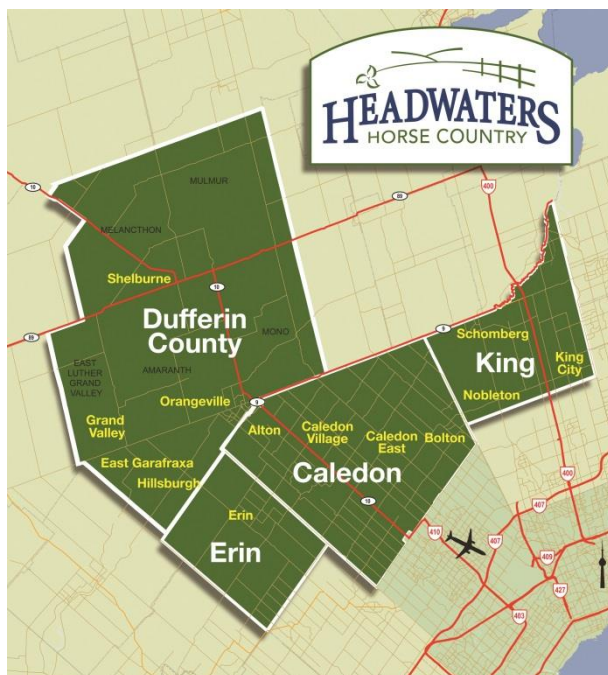
This report will describe the indicators that impact the economic sustainability of a region that are directly related to the equine sector. The report will show direct impacts only with no accounting for indirect or multiplier effects at this time.

April 2014

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Headwaters Horse Country is geographically comprised of the Town of Caledon, the County of Dufferin, the Town of Erin and King Township as outlined in the map below.



HEADWATERS HORSE COUNTRY: A SNAPSHOT

Headwaters Horse

Country home to over

23,000 horses, over

2000 horse farms and

hundreds of businesses

that support these

horses and their owners.

This area is also home to

4 internationally

recognized event

facilities two of which

are hosting equestrian

events for the TO 2015

Pan American Games.

INTRODUCTION

The equine industry has been identified by the Headwaters Equine Leadership Group (HELG) as an important facet of the economic prosperity of the Headwaters Region. The equine sector is strong in this region and the economic impact of the sector has been acknowledged as an important component of the efforts of HELG as a group. The following data points have been collected to illustrate the current status of the economic component of the sector. This report will serve as a baseline for future reports which may include primary data collected through the efforts of HELG to measure progress. In addition, this report will be used to illustrate the value of the sector and to gather further support for the work of HELG from the community based on the importance of the sector to the local economy.

ECONOMIC IMPACT

Economic impact can be measured in many ways and through research on similar reports from other communities HELG has determined that the use of secondary data to inform our baseline number is the most appropriate approach at this time. Headwaters Horse Country, as defined above, is a sub-set of the larger regions that have been studied extensively and therefore the use of the existing data points is appropriate at this time. A comprehensive report entitled *State of the Industry* (Equine Canada, 2010) was compiled by Strategic Equine, a well-known company that specializes in the equine sector and its principle researcher, Vel Evans. This report collected data from over 2500 respondents across Canada and assembled information on all aspects of the equine sector. This data was further refined to depict the “Region” (see below for a description) and was presented to the participants of the 2011 Equine Forum, a presentation of the Hills of Headwaters Tourism Association. The data presented at the forum is being used as one of the primary sources of data for the following analysis.

EQUINE ECONOMIC IMPACT

The equine sector creates economic impact through three main channels, direct expenditures, indirect expenditures and induced expenditures. This report will focus primarily on direct spending. This report does not have the capacity to calculate indirect or induced expenditures or a multiplier effect.

DATA POINTS CHOSEN FOR THIS BASELINE REPORT:

Data Point	Rationale
Number of horses	This number allows for some generalization about total direct spending if an average per horse can be calculated.
Number of farms	This number is somewhat under-reported and does not capture hobby farms, but will be useful to capture critical mass of the sector.
Primary Use of horses	The use of horses impacts the costs associated with feed, care, etc.
Expenditures –on farm operating	Operating costs on-farm is the most direct spending in the sector.
Expenditures – on farm capital	Capital expenditures are useful to understand the size of the sector and can be used to approximate future investments.

HEADWATERS HORSE COUNTRY: BY THE NUMBERS

The number of horses and horse farms in a region is a commonly used data point to capture the economic impact of the sector on a region's economy. The following calculations have been made using the *2011 Census of Agriculture* (Statistics Canada, 2012) and the multiplier developed by Dr. Bob Wright. See the sidebar for a full explanation.

NUMBER OF HORSES IN HEADWATERS HORSE COUNTRY:

Number of Horses in HHC*

Total horses in HHC	23,228
❖ Caledon	5015
❖ Dufferin	7960
❖ Erin	5179
❖ King	5074
Total horse farms in HHC	2032
❖ Caledon	382
❖ Dufferin	956
❖ Erin	421
❖ King	273

*the number of horses and number of farms with horses was calculated by using figures from the 2011 Statistics Canada Census of Agriculture and the commonly used multiplier of 3.9 developed by Dr. Bob Wright. Dr. Wright developed this multiplier to account for the vast under-reporting of horses through the census of agriculture in his 1996 study entitled "Ontario Horse Industry Report" and again in his 2008 report "Economic Impact of the Ontario Horse Industry".

Primary Use of Horses

These figures were taken from Vel Evans', principle at Strategic Equine and author of the *State of the Industry Report 2010* (Equine Canada, 2011), presentation *Harnessing Horsepower in the Hills of Headwaters: The State of the Horse Industry Challenges & Opportunities*, given at the 2011 Hills of Headwaters Tourism Equine Forum. See below for a detailed outline of the geographic areas that comprise the "Region".

	ONTARIO		THE REGION		Headwaters Horse Country	
Total Horses	212,500	100%	165,152	100%	23228	
		Young	46,750	22%	39,636	24%
		Mature	165,750	78%	125,516	76.00%
Racing	26,563	13%	24,773	15.00%	3484	
Sport Competition	43,350	20%	29,727	18.00%	4181	
Pleasure Riding & Driving	35,275	17%	24,773	15.00%	3484	
Breeding Stock	30,175	14%	28,076	17.00%	3949	
Riding Lessons	9,138	4%	3,303	2.00%	465	
Commercial trail rides etc.	1,488	1%	712	0.40%	100	
Work	1,913	1%	652	0.40%	92	
Companionship or full retirement	13,388	6%	11,561	7.00%	1626	
Other	3,400	2%	-	-	-	

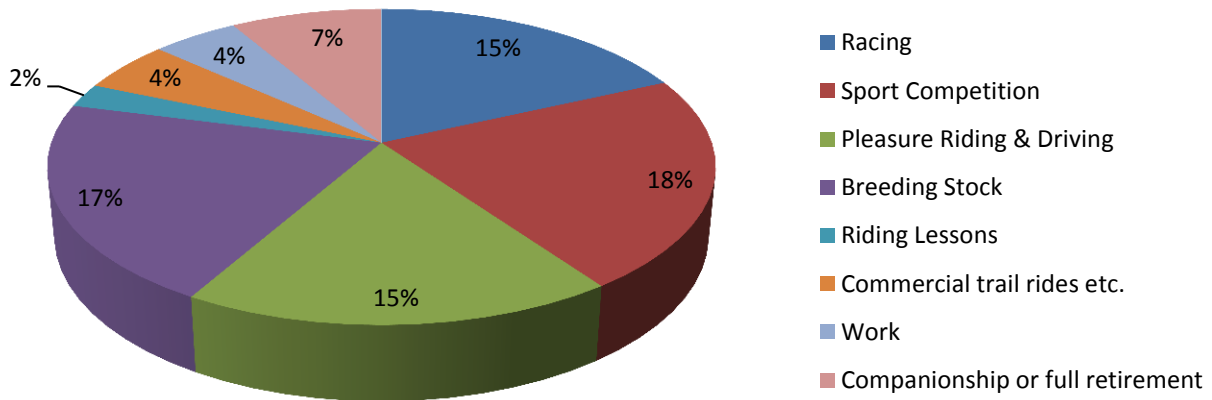
WHAT COMPRISES THE REGION

*The Region described below was derived from respondents to the survey conducted as part of the *State of the Industry Report 2010* (Equine Canada, 2011).

905 & 289 Area Code(s)	519 Area Code	
Beeton	Tecumseh	Erin
Bolton	Orangeville	New Dundas
Caledon East	Caledon	Waterford
Caledonia	Shelburne	Alliston
Dundas	St. Jacobs	Elmvale
Orono	Rockwood	Grand River
Palgrave	Fergus	Mono Mills
King City	Elmira	
Nobleton		



Primary Use of Horses in HHC



EXPENDITURES ON HORSES BY CATEGORY IN THE REGION SURROUNDING HHC

The following tables show expenditure by horse for the total number of horses in HHC. These figures were derived from the *Harnessing Horsepower in the Hills of Headwaters: The State of the Horse Industry Challenges & Opportunities* presentation. These figures are deemed valid for our purposes at this time.

ANNUAL EXPENDITURES ON-FARM (OPERATING) IN HEADWATERS HORSE COUNTRY:

On-Farm Expenditures	Avg. Spend/horse in "The Region"	Totals for 23,228 horses in HHC
Non-forage feed	\$769	\$17,862,332
Hay / forage feed	\$885	\$20,556,780
Feed / nutritional supplements	\$186	\$4,320,408
Grooming & care products	\$208	\$4,831,424
Bedding products	\$475	\$11,033,300
Vet care & prescription drugs	\$735	\$17,072,580
Farrier Services	\$437	\$10,150,636
Horse therapies	\$357	\$8,292,396
Total On-Farm Expenditures	\$4,052/horse	\$94,119,856

CAPITAL EXPENDITURES ON-FARM IN HEADWATERS HORSE COUNTRY

Capital expenditures in the equine sector can be categorized as property related improvements such as barns, arenas, fencing and security construction or renovations. These expenditures are captured on a per farm basis and utilising the "The Region's" average spend of \$272,145, the percentage of respondents to the Equine Canada survey presented in *The State of the Industry Report 2010* and the number of farms in HHC, the total capital expenditure in HHC is over **\$188,000,000**. Other capital expenses such as those expended on purchasing the horses averages over \$10,000 per horses in "The Region" and utilising the number of horses in HHC and the number of respondents that said they were purchasing horses (just under 50%), the capital expenditure in HHC on horses is just over **\$115,000,000**. Other expenditures on tack, saddlery and other horse related equipment cannot be measured for HHC as we do not have the data to support an estimate; however these figures reach over \$694,000,000 for "The Region" showing significant economic impact throughout this area. Therefore a conservative estimate of capital expenditures at the time of the *2010 State of the Industry Report* in HHC was approximately **\$303,000,000**.

EXPENDITURES OFF-FARM IN THE CEP CATCHMENT AREA:

At this time off-farm expenditures in HHC cannot be calculated due to lack of primary data. However, the Equine Canada study and the Vel Evans summary of off-farm expenditures in "The Region" presented at the 2011 Hills of Headwaters Tourism Equine Forum are calculated to be just over \$259,000,000. These expenditures are for horses that compete or race and include entry fees, transportation costs licensing and association fees as well as food and accommodations for riders. While it is impossible to determine how much of this expenditure happens in HHC, it is fair to assume a significant portion spent in this region due to the four internationally recognized facilities in this area that hold shows throughout the season. In future iterations of this report, it is our intention to capture the specific data in this category for HHC.

Conclusion

Headwaters Horse Country strives to be a centre of equine excellence and through careful consideration of the sector and strategic support, this will be achieved. The economic impact of the sector to the region is conservatively estimated to be at a minimum of **\$100,000,000** annually for ongoing operating costs with a further **\$300,000,000** spent on property improvements including barns and arenas and as investment in horses. The nature of the horse industry requires much of this spending to be locally focussed further emphasizing the sectors importance to the local economy. The Headwaters Equine Leadership Group will continue to promote this region as Headwaters Horse Country to encourage this sector to grow and thrive in this area providing jobs, economic impact and prosperity to the region. This work will include the review of this report on an annual basis to measure any progress made and HELG will seek to build a comprehensive database with listings for equine and equine related businesses throughout the region that will further support the development of an economic profile for this sector. As part of the development of that database, in depth profiles will be created on a handful of businesses each year to provide insight into the value of the equine sector both to the businesses that operate in that sector and to the greater community. This report is the first of many reports to be prepared by HELG to support the development of the Headwaters region as a centre of equine excellence.

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