



16 May 2013

**IFHA
INTERNATIONAL COMMINGLING SUBMISSION
TO
BILLS COMMITTEE ON BETTING DUTY (AMENDMENT) BILL 2013**

Outline

1. This submission sets out the support of the International Federation of Horseracing Authorities (IFHA) for international commingling.

Background on IFHA

2. The IFHA is the international body for thoroughbred racing.
3. Thoroughbred racing is a global sport. Every inhabited continent has well-established racing. Approximately 200,000 races are run around the world each year with total prize money payments of EUR€3.11 billion and total betting sales of EUR€3 billion. Topline racing events such as the Prix de l' Arc de Triomphe ,Breeders Cup, Japan Cup, Hong Kong Internationals, Royal Ascot, Grand National, and Melbourne Cup each attract multimillion audiences, and in some cases worldwide audiences.
4. Under its Statutes the IFHA is dedicated to promote horse racing and breeding, and the integrity and prestige thereof, throughout the world by any and all means that the Federation shall, through its General Assembly, consider relevant and which are in compliance with all existing laws, rules and regulations.

Internationalisation of racing

5. A key objective of the IFHA is to achieve the increased internationalisation of racing. Premier races which attract the best horses, jockeys and trainers from across the world are the key to adding to the international fan base for thoroughbred racing.
6. The IFHA is responsible for a range of initiatives which facilitate and enhance the internationalisation of racing. They include:
 - Working with quarantine authorities to improve the international movement of horses
 - International standards for doping control
 - Global harmonization of rules
 - Producing International Rankings of the World's Best Racehorses
 - Quality control of the grading of elite level races

International commingling

7. The IFHA is committed to the establishment of international commingling. The IFHA position on international commingling is based on twin pillars:

- **Necessary corollary of international racing**

Considerable success has been achieved over the past two decades in achieving the increased internationalisation of racing. There now exists a substantial body of premium quality races which attract participation from overseas horses, trainers and jockeys.

The exchange of simulcasts of these races has been a necessary further step. Taking the Prix de l' Arc de Triomphe as an example, this can now be viewed in real time by a worldwide audience.

The essential next step has been to link the betting pools of the major wagering operators around the world. This provides the racing fan with all that is necessary for him or her to fully engage with the sporting and entertainment opportunities that are available from racing: viewing the race and also being able to place a wager in a pool that is of sufficient size to ensure stability of odds.

- **The fight against unauthorised operators**

The most significant threat to the viability of thoroughbred racing which has emerged in modern times has been the growth of unauthorised wagering operators.

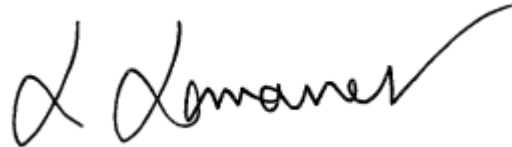
These operators free ride on racing by taking bets on races without contributing anything towards meeting the costs of staging those events.

In commercial terms this is plainly an untenable situation. Under-production of racing is the inevitable outcome. In turn this means that the value which racing generates for the community and for governments, through entertainment, employment, charity and taxation revenue, will be diminished.

The IFHA views international commingling as being essential to the fight against unauthorised wagering operators. By reducing the scope for arbitrage, and by guaranteeing racing fans stability of dividends international commingling enables racing to guard itself against the erosion of its revenues from these free riders.

Conclusion

8. Considerable progress has already been made to achieving international commingling. I believe it is of fundamental importance that a major racing country such as Hong Kong must also be able to take this necessary step.

A handwritten signature in black ink, appearing to read 'L. Romanet', with a long, sweeping flourish extending from the end.

Louis ROMANET
Chairman, IFHA