



BILLS COMMITTEE ON BETTING DUTY (AMENEMENT) BILL 2013

SUBMISSION

Background

1. I make this submission as the Secretary-General of the Asian Racing Federation. I have held this post since November 2001.
2. It should be noted that since August 2012 I have been employed by the Hong Kong Jockey Club as its Director of Racing Development.

Asian Racing Federation

3. The Asian Racing Federation is the peak regional body for thoroughbred racing in Asia, Australasia, Arabia and South Africa. Currently the ARF has 20 Full Members and 1 Associate Member. Racing-related bodies from Indonesia, Kuwait and Turkmenistan are Affiliate Members of the Federation.

The ARF's activities include:

- Promoting and facilitating the internationalisation of racing
- Policy development on commercial and regulatory matters affecting racing
- Quality control of 'black type', which the ARF carries out through its Asian Pattern Committee
- Harmonization of the rules of racing and of drug control across its members throughout the region
- Assisting the development of racing throughout the ARF footprint
- Coordinating the biannual Asian Racing Conferences

ARF support for commingling

4. The ARF has been actively promoting international commingling since its Asian Racing Conference held in Dubai in January 2007.

5. The ARF promotes international commingling for a number of reasons:

- (i) Success at the international level is the pinnacle achievement in any sport. This applies equally in the sport of racing.

International racing which matches the best against the best is a key ingredient to maintaining and extending the sport's fan base. By this means racing is able to achieve global recognition for its elite horses, jockeys and trainers. Moreover, the events themselves have a standard of athletic excellence which showcases the sport.

Commingling enables international racing to be staged optimally, with the unrestricted involvement of its fans.

- (ii) Currently there is a growing disjunction between the creation of racing events and the generation of revenues from conducting wagering on those racing events. Bookmakers and betting exchanges operating via telephone and the internet are increasingly trading on racing without authorisation. This means an erosion in the funding of racing and an erosion in taxation receipts, both of which have detrimental consequences for the community.

Commingling enables racing to compete more effectively against these free rider wagering operators by reducing the scope for arbitrage and by providing its customers with greater stability of odds.

- (iii) International commingling can be an important tool for expanding the sport's geographic footprint.

Arrangements are well-established for telecasting race meetings internationally. However, totalisator betting on non-local races is not feasible in other countries if there is an inadequate scale of wagering. Linking pools with the country of origin of the telecasts provides the liquidity needed for viable totalisator wagering to take place. This can be a means of enabling racing to expand its footprint.

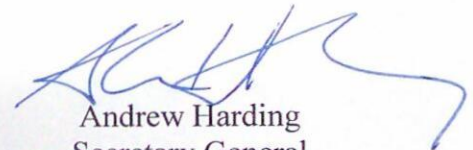
6. A number of the ARF's members are already engaged in commingling:

- Australia (domestically i.e. linking the wagering pools of different States and Territories, since 1992; and internationally since 2007)
- New Zealand (internationally since 2007)
- Singapore (internationally since 2011)

- South Africa (domestically i.e. linking the wagering pools of different provinces, and internationally, since 2002)
7. The common prerequisite of these commingling arrangements has been agreement on the part of government that betting tax is not levied on non-local bets.

HKJC and Commingling

8. Hong Kong is seen within the ARF as being especially well-placed to engage in international commingling. It has the dual advantages of an excellent standard of racing, and substantial wagering pools.



Andrew Harding
Secretary General