

**BETTING DIVISION
SUMMARY REPORT
FINANCIAL YEAR APRIL 2003 TO MARCH 2004**

Introduction

This report provides information on the performance of the Betting Industry which is comprised of the Racing Promoter, Caymanas Track Limited and * fifteen (15) bookmakers.

The Betting Industry

During the fiscal year April 2003 to March 2004, the industry's primary betting activity was in horse racing promoted locally by Caymanas Track Limited (CTL) who in conjunction with eight (8) of the fifteen (15) bookmakers accepted bets on overseas races from the United States, the United Kingdom and Australia. Such overseas races were transmitted locally to approved locations island-wide via satellite.

The operations carried out by the Promoter was through a network of approximately sixty-six (66) Off-Track Betting Parlours (OTB) operated by the Racing Promoter who conducted betting on eighty-seven (87) local race meets, three hundred twelve (312) days of simulcast races and twelve (12) Racing Pools games. Bookmakers on the other hand conducted their operations from eighty-seven (87) local race meets, fifty-two (52) weeks of overseas races and 26 weeks of sporting events.

For the year under review the industry realized overall sales of \$4.660B as shown in **Table 1**, an increase of 2.59% when compared to the \$4.543B recorded for the 2002-2003 financial year.

*** Golden Horse Betting was sold to Champion Betting Company Limited as at September 2003.**

The Racing Promoter recorded sales of \$2.848B an increase of 2.62% when compared to the previous financial year during which sales generated were \$2.775B, while the bookmakers overall sales increased from \$1.767B in 2002/2003 to \$1.812B during the year under review an increase of 2.54%. It should be noted that the increases recorded by both the Racing Promoter and bookmakers were achieved notwithstanding the decrease in the number of local race meets, from ninety-five (95) in 2002/2003 to eighty-seven (87) in 2003/2004.

Table 1 shows that the performance of sales on simulcast races by the Promoter was largely responsible for the overall increase reported, as this betting mode recorded a 15.24% increase with sales increasing from \$1.1000B in the financial year 2002/2003 to \$1.268 for the year under review.

Also of significance, is the fact that the Racing Promoter because of declining sales suspended the Racing Pools game indefinitely at the end of June 2003. This suspension resulted in sales decreasing on this betting mode from \$16.302M for year ended March 2003 to \$2.2822M at the end of March 2004.

Table 2 shows the sales performance of bookmakers on local races. The performance for the year under review continues to be of concern as the slide experienced in 2002 has continued unabated with sales decreasing to an all time low of \$1.052B. On the converse, sales on overseas races by bookmakers for the year under review were somewhat encouraging, moving from \$687.278M in 2002/2003 to \$750.218M during the year under review an increase of 9.16% the highest reported total for the five year period 2000 to 2004.

During the period under review Track Price Plus Limited and Markham Betting Company Limited accepted bets on international sporting events and recorded sales of \$9.266M an increase of 259.91% when compared with the previous year's sales of \$2.574M.

Further statistical information on the sales performance of the Racing Promoter and bookmakers over the five (5) year period 2000 to 2004 is shown in **Table 1 and Table 2 (below)** and is complemented by **Figure 1**.



Figure 2 (below) shows that sales generated by the Racing Promoter accounted for 61.112% of the industry's sales

with the remaining 38.888% being shared among bookmakers. Also shown is the dominance of local races with 56.445% of the industry's sales.



Tables 3 and 4 provide information on the sales performance of individual bookmakers for local and overseas racing for the period under review. Track Price Plus Limited the island's premier bookmaking company maintained their dominance among bookmakers, operating a total of seventy-four (74) betting offices of which fifty-four (54) accepted bets on overseas races, recording the highest overall sales of \$628.215M or 34.66% of total reported sales. On the converse Folly's Betting (1963) Limited with fourteen (14) betting offices recorded the lowest sales of \$10.839M.

The 31.34% decline in the reported sales by Western Track Limited is cause for concern as despite the downturn in the economy this significant decline requires further investigation.

A comparative analysis of bookmakers' sales at **Table 4** shows four (4) bookmaking entities, Champion Betting Company Limited, Folly's Betting (1963) Company Limited, Markham Betting Company Limited and Total Betting Limited recording increased sales on local races for the financial year. Champion Betting Company Limited recorded the largest percentage increase of such sales, increasing from \$90.084M in the financial year 2002/2003 to \$132.043M for the year under review, an increase of 46.58%. This increase may be attributed to the company's acquisition of all twenty-three (23) betting offices previously operated by Golden Horse Betting Limited on October 1, 2003. With the planned computerization of betting outlets by Champion Betting Company Limited it is anticipated that the sales of this company should increase even further.

A significant increase was also recorded by Markham Betting Company Limited, with sales of \$120.967M an increase of 24.42% when compared to the financial year 2002/2003, during which recorded sales were \$97.225M. Markham Betting Company Limited, Track Price Plus Limited and to a lesser extent Champion Betting Company Limited have consistently operated their betting offices beyond the prescribed opening hours on local race days since the middle of the fiscal year 2003/2004. It should be noted, however, that notwithstanding the extended opening hours by Track

Price Plus Limited the company recorded a decrease in local sales of 4.3% as sales moved from \$276.147M in the previous financial year to \$264.261M during the year under review.

The state of the economy and the increasing cost of simulcasting races from North America and the United Kingdom may have contributed to Post to Post Betting Company Limited; one of our smaller bookmakers discontinuing accepting bets on overseas races as at May 2003 and as such only recorded sales of \$5.503M for the period under review. **Tables 3 and 4** show that of the remaining six (6) bookmakers who accepted bets on this betting mode, five (5) reported increased sales for the period under review when compared to the previous year. Charles Off Betting Limited was the only bookmaker to report a decline in sales as there was a reduction from \$16.595M in 2002/2003 to \$15.382M a 7.32% decline

On the converse Ideal Betting Company Limited recorded the highest increase of 28.89% on this betting mode with sales moving from \$45.604M in the 2002/2003 financial year to \$58.781M in 2003/2004.



Table 5 provides information on the net revenue recorded by bookmakers for the period under review. Folly's Betting (1963) Limited with sales of \$10.839M and payouts of \$7.081M or 65.32% of sales, recorded the highest percentage payouts, while Total Betting Company Limited with sales of \$18.236M and payouts of \$10.371M or 56.87% of sales recorded the lowest payouts percent. Track Price Plus Limited recorded the highest net revenue of \$221.393M from overall sales and payouts of \$628.215M and \$406.822M respectively, while Folly's Betting (1963) Limited recorded lowest of \$3.759M.



The downturn in the taxes paid was due primarily to the failure of Caymanas Track Limited to pay government imposts. **Table 6** shows that for the period under review the company paid \$69.658M of the \$199.672M payable. This was in contrast to the payment of levy by bookmakers who paid \$200.208M, some \$887,625 in excess of the amount payable, as outstanding payments from the previous financial year were paid during the year under review.

Of a total of \$398.993M payable by the industry, over \$270.167M was paid by licensees. This represents a 20.43% decrease on the \$339.537M paid for the financial year 2002/2003. It should also be noted that the amount payable by the Promoter for the year under review was in excess of that for the previous year and in all probability had the Promoter not been delinquent in meeting its tax obligations the amount paid would have been greater than the previous financial year.

The failure of the Racing Promoter to pay government imposts continues to be of great concern to the division and it is hoped that the question of a reduction in the taxes payable from 7% to 2% as alleged by Caymanas Track Limited will be clarified at the earliest possible time.

It is also of some significance that Bet-Winnings Tax paid by bookmakers on international sporting events increased by 277.7% moving from \$230,847 in 2002/2003 to \$871,905 for the year under review. Further information on levies, duties and taxes paid and payable is provided in **Table 6 and Figure 3 (below)**.



The First Instance Tribunal

There was an increased number of sittings of The First Instance Tribunal over the total of the previous financial year as Track Price Plus Limited, Markham Betting Company Limited, Champion Betting Company Limited and Capital Betting And Wagering Limited were charged for repeated breaches of Section 22 (1) of the BGLC Act – operating beyond the prescribed opening hours. Most of these matters are on going. **Table 7** provides additional information on completed tribunal hearings.

Conclusion

During the period under review the division proposed certain amendments to the Betting, Gaming and Lotteries Act and Regulations which it is anticipated will help in modernizing the industry, bring transparency to bookmakers operations and enhance government's tax take. We also look forward to the divestment of Caymanas Track Limited with the hope that this will give a well needed boost to the local horse racing industry.