



CANADIAN PARI-MUTUEL AGENCY

*COMPREHENSIVE
REGULATORY
FRAMEWORK REVIEW*

- DISCUSSION DOCUMENT -

May/June 2006

INTRODUCTION

The Canadian horse racing industry has undergone considerable change over the last number of years with a number of factors contributing to this new dynamic. Most notably:

- globalization, with an increasing trend towards Canadians betting into foreign regulated betting pools;
- an increase in the availability of other forms of gambling; and,
- continuing advances in technology.

At the same time, the “Regulatory Framework” by which pari-mutuel betting on horse races is supervised has remained relatively unchanged.

The laws relating to pari-mutuel betting on horse racing in Canada are found in section 204 of the Criminal Code of Canada and the Pari-Mutuel Betting Supervision Regulations. These documents can be found at www.cpma-acpm.gc.ca. Racetracks in Canada must comply with all of the requirements contained in these laws in order to be able to offer wagering on their races to the betting public. It is these laws, as well as the policies and programs of the Canadian Pari-Mutuel Agency (CPMA), that constitute the “Regulatory Framework” of the CPMA.

The Minister of Agriculture and Agri-Food has directed the CPMA to engage industry stakeholders in a comprehensive review of the Regulatory Framework currently employed for regulating and supervising pari-mutuel betting on horse races.

The scope of this review will be comprehensive and will highlight both specific regulatory issues as well as broader issues related to laws, policies and programs of the CPMA.

The objective of this review will be to ensure an accountable framework that provides for the most modern, efficient, and effective approach for the regulation and supervision of pari-mutuel betting. This is in line with the government of Canada's broader initiative to establish better coordinated, more transparent regulatory systems that remain forward-thinking, progressive, and accountable to the citizens it serves.

The CPMA has an important mandate to protect the betting public, which it delivers through the provision of surveillance programs such as Video Race Patrol, Photo Finish, Drug Control and research, and by approving and supervising all pari-mutuel related activities of Canadian racing associations. The fulfilment of this mandate will remain the principal objective of the government, it is also desirable to ensure that the government's regulatory framework does not unnecessarily inhibit industry's ability to effectively compete in the domestic and international market.

CONSULTING ON THE ISSUES

In considering possible changes to the CPMA's Regulatory Framework, it is critical that government benefit from the views and opinions expressed by Canadian stakeholders. Accordingly, the review of CPMA's Regulatory Framework will be supported by broad-based consultations. As a first step in this process, a list of themes has been developed for discussion and consideration. Your views on these themes will be important as we develop recommendations for changes to the Regulatory Framework.

It is understood that for many stakeholders certain issues will be of more interest than others, and you should not feel compelled to provide comments on all of the themes. This list is not intended to be exhaustive and we would encourage you to share your views on any other aspects of the regulatory framework that may not be captured in this document.

Requirements for Permits, Licenses, and Approvals

The current Regulatory Framework outlines the requirements for various approvals related to the conduct of pari-mutuel betting. While it is necessary for associations to establish compliance with all requirements at the time of approval, it is likewise necessary that they maintain ongoing compliance with all terms and conditions upon which their application has been approved. We are seeking your comments concerning current requirements relating to all forms of approval, including betting permits, theatre licenses, telephone account betting, inter-track and separate pool betting on domestic and foreign races, etc. You may want to consider, amongst other things, whether...

- current requirements are reasonable and manageable;
- there are instances where specific requirements have become outdated or are no longer effective; and,
- the current CPMA approach to administering the requirements effectively responds to issues of non-compliance.

Approval Process

Specific administrative processes are followed by the CPMA before granting approval to associations to conduct activities such as operating betting theatres, telephone account betting, and participating in inter-track and separate pool betting. Approval processes typically include the submission of various information, and may also include inspection and testing of pari-mutuel betting systems. We are seeking your comments concerning the current approval process. You may want to consider, amongst other things, whether...

- the current processes are sufficiently clear and predictable, and deliver results within a reasonable time-frame;
- there are modifications you would propose to strengthen the approval process; and,
- there are ways that CPMA processes could better compliment other regulatory approvals processes, and avoid unnecessary duplication of required information.

Race Surveillance Programs

The CPMA provides Photo Finish and Video Race Patrol surveillance programs at racetracks in Canada for the purpose of protecting the betting public. By contracting these programs on a national level, we establish predictable and reliable program levels that are consistent across the country. We are seeking your comments respecting the provision of surveillance programs for horse races in Canada. You may want to consider, amongst other things, whether...

- the current model continues to serve the public interest by promoting integrity in betting on horse races;
- there are modifications that could be made to the current model so as to more effectively fulfill the objective of protecting the betting public; and,
- there are benefits provided by these programs that go beyond serving the needs of the betting public.

Drug Control Surveillance Program

The Drug Control surveillance program is currently provided by the CPMA at racetracks across Canada, and ensures that a horse's performance is not unfairly influenced by the administration of a restricted drug or medicament. We are seeking your comments respecting the requirements and operation of the drug control surveillance program. You may want to consider, amongst other things, whether...

- the current model continues to promote integrity in betting on horse races;
- there are modifications that could be made to the current model so as to more effectively fulfill the objective of protecting the betting public; and,
- there are benefits provided by these programs that go beyond serving the needs of the betting public.

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Provision of Information

Regulatory requirements pertaining to the provision of information such as video display, odds, changing conditions, past performances, results, inquiries, etc., have been established to ensure the general public has adequate access to relevant and timely information. The minimum requirements may vary depending upon where and by what means the bet is made. We are seeking your comments concerning current requirements pertaining to the provision of information to the public. You may want to consider, amongst other things, whether...

- current requirements ensure sufficient information is made available to the betting public;
- increased capacity of communications systems offer opportunities for improvements in delivering information to the public; and,
- Associations should be restricted in the types of information they make available to the public.

Betting Into Foreign-Regulated Pools

There are specific regulations governing the operation of Foreign Race Inter-Track Betting (FRITB), an activity experiencing rapid growth. In recognition of this ongoing trend toward greater international blending of pari-mutuel networks, we are seeking your comments concerning current FRITB requirements. You may want to consider, amongst other things, whether...

- continued globalization of betting pools warrants the development of new practices to ensure a level of integrity consistent with what Canadians expect;
- the betting public is adequately informed in a timely manner of all relevant information related to races and pools operated outside of Canada; and,
- how best to deal with the rules and regulations applicable to each foreign jurisdiction, and the ongoing changes made to these rules.

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Staying Current

The gaming landscape has been under transition for several years, with increasing competition requiring racing associations to be more aggressive in retaining their market base. The CPMA has the objective of ensuring the regulatory framework keeps pace with the changing landscape of the horse racing industry. Given this context, we are seeking your comments respecting whether the regulatory framework is sufficiently modern. You may want to consider, amongst other things, whether...

- there are current requirements that in your view, unnecessarily restrict the ability of racing associations from responding to changes in the market; and,
- there are current requirements that unduly restrict racing associations from benefitting from advances in technology.

Regulatory Framework

The federal government employs a number of tools with which pari-mutuel betting systems in Canada are regulated and supervised. These include the legislated requirements in the Criminal Code, the Pari-Mutuel Betting Supervision Regulations, and the policies and programs of the CPMA. We are seeking your comments regarding the current mix of approaches used to supervise pari-mutuel betting systems in Canada. You may want to consider, amongst other things, whether...

- the current mix continues to support a predictable, open and efficient system; and,
- there are modifications that could be made to the current mix that would improve delivery of these objectives.

Activities and Visibility

The mandate of the CPMA is to ensure that pari-mutuel betting in Canada is conducted in a way that is fair to the public. It is understood that maintaining and enforcing national standards that protect the public against fraud helps to enhance the viability of the horse racing industry. We are seeking your comments regarding the activities of the CPMA. You may want to consider, amongst other things, whether...

- there are current activities of the CPMA that are not necessary for the purpose of fulfilling its mandate;
- there are other activities the CPMA could be doing to more effectively fulfill its mandate (e.g., adopt regulations that promote 'responsible gaming'); and,
- making CPMA activities more visible would elevate the perceived integrity of betting on horse races.

Transparency and Accessibility

While principally responsible for protecting the betting public, the CPMA is also accountable to those they regulate in the horse racing industry. Effective supervision benefits from open and well-defined lines of communication between the regulator and all stakeholders. We are seeking your comments regarding the accessibility of CPMA staff and management. You may want to consider, amongst other things, whether...

- the current processes provide sufficiently clear mechanisms that facilitate engagement between the CPMA and all stakeholders, including the betting public; and,
- there are other processes available that would stimulate ongoing consultation and interaction with the CPMA.

YOUR INPUT TO THE PROCESS

We would appreciate receiving your written comments on the various themes, and any other issues related to the CPMA's Regulatory Framework that you may wish to raise, no later than July 1, 2006.

There will no doubt be a wide range of views on many of the issues as there are not necessarily "right" or "wrong" answers to any of the questions raised. Specific, constructive comments addressing current regulatory requirements and the role of the CPMA will help guide the development of any changes to the Regulatory Framework.

As we move forward, we will be consulting with stakeholders on the views and suggestions received, and discussing possible amendments to the current regulatory framework. We will be providing regular updates on the Review through our website at www.cpma-acpm.gc.ca

Contact Information

Please feel free to contact the CPMA directly at any time.

Should you have any questions on the Review:

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You are welcome to provide your written comments by email at:

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or by post at:

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