

# **WORLD TOTE ASSOCIATION SUBMISSION TO THE REVIEW OF THE UK GAMBLING ACT 2005**

**MARCH 2021**

## **INTRODUCTION**

The World Tote Association (WoTA) is pleased to be able to make a submission to the Department for Digital, Culture, Media and Sport (DCMS) with regard to the Review of the Gambling Act 2005 (“the Review”).

WoTA has not sought to answer individual questions but share information about the national and international role of pool betting, particularly in relation to supporting the horseracing and wider equestrian sector.

As the UK representative member of WoTA, the UK Tote Group has made a detailed submission to DCMS addressing the specific issues raised in the Review, along with the role of pool betting within the gambling sector and its close relationship with British horseracing.

## **ABOUT THE WORLD TOTE ASSOCIATION**

WoTA brings together Tote (often referred to as parimutuel or pool betting) betting operators from around the world to work together to promote and support the horseracing industry in a socially responsible and sustainable manner.

All members of WoTA support:

- A percentage of revenues going towards supporting beneficiaries, including the horseracing sector;
- The optimisation of technology and operations to ensure members can exchange best practice and develop mutually beneficial work streams collaboratively;
- Continued development of leading standards for social responsibility to prioritise safer betting and protection of customers; and
- Utilising technology to ensure an engaging and positive customer experience in national and global pools.

WoTA has 21 Tote operators as members representing a turnover of more than €25 billion and 4 Associated members (technology and services providers and racing organisers).

WoTA was created in 2020 through merging members of the European Pari Mutuel Association (EPMA) and the Asian African Tote Association (AATA).

Paul Cross, General Manager International at Tabcorp in Australia and Richard Cheung, Executive Director Customer and International Business development at the Hong Kong Jockey Club are co-chairing WoTA for the first two years. Hans Lord Skarploth, CEO of ATG in Sweden acts as the Vice Chairman and Keith Johnson, Chief Revenue Officer of AmTote of Stronach Group, as the Treasurer.

WoTA members are promoting specific core values of the Tote betting model:

- Integrity
- Fairness
- Transparency
- Trust

WoTA members have responsibilities to customers, shareholders, regulators, national governments, and society as a whole. Beyond legal obligations, our members are committed to maintaining a balance between their commercial objectives and social responsibility, including the promotion of responsible gambling and funding for horseracing.

Through local and international operation, Tote betting creates large pools with no risk taken by the operator which gives rise to a wide range of differentiated opportunity for customers through bet types that cannot be matched by fixed odds operators, commonly resulting in bets offering big dividends from small amounts bet by customers.

As set out above, Tote betting has four core values:

***Integrity – for customers and the horseracing sector***

Tote betting is a form of betting with core values which guarantee the integrity of betting on sport. With Tote betting, the volumes of bets are added together and the winnings shared among the customers who back the correct outcome, after the take-out of the operator.

This is done completely independent of the result of the race with the Tote operator having no vested interest in the outcome of the race.

WoTA members work in close cooperation with racing authorities around the world.

***Fairness***

Tote betting treats all customers fairly. Every bet has the same chance of success and dividends are equally proportionate to the size of bet. Unlike fixed odds bookmakers who are taking risk when accepting a bet from a customer, the relationship between Tote operators and their customers is not adversarial, and there is no need for customers to lose to make money. Tote operators therefore have no vested interest in the success of their customers and are not motivated to try to “beat them”, or to close or restrict winning customers’ accounts simply because they are successful. Even though the bookmaker tries to balance the books, profitability will differ depending on the result of the event.

***Transparency***

Tote betting ensures transparency through the implementation of clear operating rules to establish an equal percentage share of total bets that will be returned to winning customers. Tote operators are able to share the performance information of their pools with customers without disclosing commercially sensitive information relating to the operating model and appetite to risk through how odds are set.

***Trust***

Many WoTA members were established by Governments and remain wholly, or part owned, by the state or by the sport (Sweden, France). For those who have become private owned, like the UK Tote, the operators remain intrinsically linked to the sport and operate under the philosophy of doing the right thing by the customer and sport.

## **TOTE BETTING IS DIFFERENTIATED FROM FIXED ODDS BETTING WORLDWIDE**

Tote betting represents more than 70% of the total legal horserace betting worldwide.

A large majority of horseracing stakeholders around the world recognise the benefits of the Tote betting model as the best tool to preserve, develop and fund their industry. Due to the fundamental differences in the betting model, and the absence of an adversarial relationship between the operator and the customer, governments and regulators worldwide differentiate pool betting from fixed odds betting in terms of risk evaluation and therefore regulation, and regard it as a central component to the health and wellbeing of the horseracing sector.

In certain jurisdictions, including France, Singapore, Norway, Canada and Hong Kong, and until relatively recently Australia and US, Tote betting was the only form of regulated betting permissible on horseracing. This enables risk to be consistently evaluated and a concentration of revenue back into the sport at all levels within those jurisdictions. The proliferation of fixed odds operators and betting products, and particularly in play betting, has generated interest and concern in many jurisdictions. The differentiation between these betting models has, however, been preserved across the WoTA membership and we note certain jurisdictions, notably Sweden, have begun to differentiate further with consideration of the hierarchy of risk and therefore regulatory approach between these betting models.

## **TOTE BETTING AND THE UNIQUE BENEFITS FOR HORSERACING**

The consistency of the pool betting model and rules across pool operators worldwide is also seen as a major advantage for the sport of horseracing. Consistency of rules enables collaboration and for Tote operators to work together in the interests of promoting horseracing. Working in close collaboration with the horseracing industry and local media rights owners, Tote operators are able to promote greater interest in their local horseracing product and thereby generate greater awareness, and indeed revenues, for their local sport through global interest.

By way of example, customers in leading racing nations, including UK, Ireland, Sweden and Hong Kong can all watch the Epsom Derby at the same time and through collaboration between Tote operators, customers watching the race can bet into the same pool, thereby supporting promotion of the race to a global audience. This mechanism is called “World Pool” which commenced in 2019 and is continuing to expand each year.<sup>1</sup>

The quality on offer within the British horseracing sector is highlighted while at the same time generating a greater sense of global community and interest in the sport. Importantly, revenue from international bets is generated for the local sport which would otherwise be retained by the jurisdiction in which the customer is based. WoTA considers it critical for the consistency of pool betting models to be preserved to enable Tote operators to continue to contribute to the success of their local horseracing industries in this way.

## **THE SOCIAL RESPONSIBILITY OF TOTE BETTING**

WoTA members ensure Tote betting benefits customers and supports the sport of horseracing. Beyond legal obligations, members are committed to acting in a socially responsible manner. This includes:

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<sup>1</sup> Further information about World Pool can be found here: <https://www.uktotegroup.com/2000-guineas-and-derby-days-to-be-world-pool-events-in-2021>

- European Tote betting operators **returning €1.2 billion to horseracing every year**. This supports a healthy horseracing industry in Europe, whose economic impact is estimated at €12 billion (€40 billion for betting), creating some 155,000 direct (and predominantly rural) jobs and generating €1.5bn of Governmental income through betting tax alone<sup>2</sup>; and
- WoTA members **contributing to the funding of other components of the equestrian sector**. Swedish and Norwegian Tote betting operators support their equestrian Olympic teams; in both these countries, as well as France, operators also make a major contribution towards education in equine related professions (for example blacksmiths, saddlers, riding schools etc); SOREC in Morocco finances the construction of equestrian infrastructures (racetracks, large exhibition grounds, training centres), the development of equestrian art, horse shows, equi-therapy; and the Hong Kong Jockey Club donates to 210 charitable and community projects into four major area - Community Services, Education and Training, Medical and Health, and Sports, Recreation and Culture; and
- Many WoTA members **contribute to the research, education and treatment of problem gambling** including in UK, Hong Kong, France and Finland.

## CONCLUSION

WoTA looks forward to continuing to work with DCMS as gambling reform progresses in the UK.

If DCMS would like any further information from WoTA, please contact Florence Gras, Secretary General of the World Tote Association. *Email: [florence.gras@world-tote.org](mailto:florence.gras@world-tote.org) Telephone: +32 496565318.*

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<sup>2</sup> [Horseracing in Europe - European & Mediterranean Horseracing Federation](#)