



Canadian Pari-Mutuel
Agency

An Agency of Agriculture
and Agri-Food Canada

Agence canadienne
du pari mutuel

Un organisme d'Agriculture
et Agroalimentaire Canada

CPMA Discussion Paper

Proposals Amending the *Pari-Mutuel Betting Supervision Regulations* – 2014

Regulation Recommendations

Discussion papers play an important role in the development of the regulatory program of the Canadian Pari-Mutuel Agency (CPMA). They are used to solicit feedback from the horse-racing industry and general public on changes being considered to the regulatory framework that guides the conduct of pari-mutuel betting in Canada on horse racing.

The use of discussion papers early in the regulatory process underlines the CPMA's commitment to full engagement of all stakeholders and the conduct of a transparent consultation process. The CPMA considers all comments received from this consultation process in determining its regulatory approach.

The CPMA has described a number of current issues within this Discussion Document, and has identified a number of proposed changes to the current regulatory framework. While mostly administrative in nature and intended to clarify existing requirements, there are some proposals that may represent a change in public policy.

There are also a number of changes proposed in response to consultations with the Standing Joint Committee (SJC) for the Scrutiny of Regulations¹. In response to concerns raised by the SJC, the CPMA is recommending amendments that will address identified grammatical errors, and will provide greater consistency in meaning and application between the French and English text.

Upon completion of this consultative process, the CPMA will engage Department of Justice officials and draft proposed amendments to the *Pari-Mutuel Betting Supervision Regulations*. Upon the direction of the Minister of Agriculture and Agri-Food Canada, the proposed amendments will then be pre-published in the *Canada Gazette*, Part I, for a minimum of 30 days. At that time, industry stakeholders and the general public will be invited to express their views regarding the proposed changes.

¹ The Standing Joint Committee for the Scrutiny of Regulations is a joint committee of the Canadian House of Commons and the Canadian Senate. Its mandate is to examine regulations made by the government of Canada and can recommend changes to regulations.

1. Definitions – section 2 – “Commission”

Issue - The definition of “**Commission**” allows *Standardbred Canada* or the *United States Trotting Association* to assume some of the responsibilities that are typically fulfilled by a “commission”, when one is not otherwise established by Provincial statute.

Proposal - Remove reference to both *Standardbred Canada* and the *United States Trotting Association*, and add language allowing the province to acknowledge and designate another acceptable entity to carry out the duties of a regulatory authority.

Comments:

2. Definitions – section 2 – “dead heat”

Issue – New types of pools (e.g. *Pentafecta*) require the selection of the first five finishers in a single race. However, the definition of “**dead heat**” only addresses the official results for the first **four** finishers.

Proposal – Amend the definition “dead heat” to address all finishers in the race that may have bearing on the distribution of the pari-mutuel pool.

Comments:

3. Definitions – section 2 – “pay-out price”

Issue - The term “**pay-out price**” is specific to ‘*each dollar bet*’, and does not describe the requirements for reporting pay-out prices for ‘fractional bets’.

Proposal – Amend the definition of “pay-out price” to include display requirements for bets that are made in amounts less than one dollar.

Comments:

4. Permits - section 3

Issue – The annual application process is administratively burdensome.

Proposal – Amend the requirements such that approvals for betting permits, theatre licences and/ or other pari-mutuel authorizations may be issued for more than one calendar year. Similarly, the authority to grant a permit for a period less than one year would be more clearly established.

Comments:

5. Permits – section 4

Issue – Associations must submit their application for a betting permit 30 days or more before the first intended day of betting. This requirement is unnecessarily limiting on associations that conduct only occasional race-days (e.g., fair tracks).

Proposal – Amend this requirement such that it does not apply to associations that conduct fewer than 10 race-days per year.

Comments:

6. Permits – paragraph 6(2)(a)

Issue – This section limits to one year the duration for which any CPMA-issued authorization may remain valid, and does not support multi-year approvals, as described in Item #4 (Permits - section 3).

Proposal – Amend this provision such that it supports a multi-year approval scheme.

Comments:

7. Race Information – subsection 26(2)

Issue – It is unclear to whom Associations must provide information regarding pari-mutuel pools that they are hosting.

Proposal – Amend subsection 26(2) of the Regulations such that the requirement applies to “any person”.

Comments:

8. Requirements Respecting Pari-Mutuel Betting Operations – subsection 51(4)

Issue - Subsection 51(4) of the Regulations states that the value of bets made in a foreign currency shall be determined by converting the bets into Canadian currency at the previous day’s noon rate quoted by the Bank of Canada (BOC). However, the BOC does not list conversion rates for all possible currencies.

Proposal – Amend subsection 51(4) such that, where a bet is made in a currency not listed by BOC, an alternative foreign currencies exchange rate service may be approved and used.

Comments:

9. Telephone Account Betting – paragraph 77(2)(c)

Issue – The Regulations do not address the opening of telephone betting accounts in a province in which a Commission is not currently established.

Proposal – Allow associations to open telephone betting accounts for people who reside in a province in which a Commission is not currently established.

Comments:

10. On-Track Account Betting – subsection 84.5(4)

Issue – This section is not consistent in how it refers to “account holder”. Other provisions within the Regulations extend the rule to persons acting on behalf of the account holder.

Proposal – Add the phrase “...or person acting on his behalf”, as it currently appears in other provisions such as subsection 80(4) of the Regulations.

Comments:

11. Betting Theatres – section 85

Issue – Similar to the annual issuance of betting permits described above in Item #4 (Permits - section 3), each year associations must apply annually for betting theatre licenses.

Proposal – Amend subsection 85(1) of the Regulations to allow more flexible approvals, including multi-year licences that may be informed by the duration of their provincially issued licence.

Comments:

Issue – Paragraph 85(2)(a) of the Regulations requires an association to “be the holder of a permit” when *making* an application for a theatre licence, whereas section 7 of the Regulations states that “an association that has applied for a permit may also apply for a theatre licence”.

Proposal – Change the requirement such that the issuance of the betting permit must precede the issuance of the theatre licence, but not the application for the theatre licence.

Comments:

12. Inter-track Betting/Foreign Race Inter-track Betting – sections 90 & 95

Issue – Associations are required to provide race-dates to the Executive Director when inter-track betting. However, this requirement is no longer necessary.

Proposal – Remove the requirements to inform the Executive Director of race-dates.

Comments:

13. Inter-track and Separate Pool Betting – section 92

Issue – Section 92 of the Regulations requires Canadian associations to only conduct separate pool or inter-track betting during the time which betting may be conducted by the pool host. This provision limits when Canadian associations may conduct separate pool or inter-track betting but does not apply to foreign organizations betting into Canadian-hosted pools. There is no similar restriction applicable to foreign race separate pool or inter-track betting and Canadian associations may accept bets on foreign races as per the direction of the foreign host or its regulator.

Proposal – Amend section 92 of the Regulations such that the requirements for both foreign and Canadian guests are the same when betting on Canadian hosted pools.

Comments:

14. Separate Pool Betting – section 90 - 93

Issue – Canadian racetracks may be authorized to offer separate pool betting on horse races conducted at a racetrack that has not been issued a permit to conduct pari-mutuel betting.

Proposal – Review the requirements applicable to the conduct of separate pool betting on Canadian horse races for which the race host does not have a betting permit.

Comments:

15. Association's Percentage – subsection 102(4)

Issue – Associations must wait 5 days before implementing a change in take-out rate, regardless if the change can be accommodated by the CPMA and adequately communicated to the public.

Proposal – Amend this provision to allow the revised rate to apply upon receipt of written approval by the Executive Director of the CPMA.

Comments:

16. Record of Calculations – section 103

Issue – On January 1, 2012, the CPMA implemented “single takeout” reporting. As such, associations were no longer required to separately report amounts legally deducted from pari-mutuel pools. In addition, subsection 103(2) of the Regulations refers to “amounts” described in subsection 103(1) of the Regulations. However not all of the required information presented in subsection 103(1) of the Regulations can accurately be described by the term, “amounts”.

Proposal – Amend this section so as to remove the requirement to report amounts retained under provincial enactment and the payment to the Receiver General. Also, change the reference from “amounts” to “information”, as it appears in subsection 103(1) of the Regulations.

Comments:

17. Consolation Double – subsection 110(1)

Issue – The CPMA has received feedback suggesting ambiguity in the description of when the association must refund a daily double bet for horses that are scratched in either the first race or in the second race.

Proposal – Amend the Consolation Daily Double provision to clarify how the refund rules apply under each scenario.

Comments:

18. Overpayments and Underpayments – section 113

Issue – Section 113 of the Regulations currently restricts the offsetting of underpayments with overpayments to specific circumstances. However, the introduction of fractional betting (i.e., bets in increments of less than one dollar) coupled with the discontinuation of pennies being minted in Canada has created situations whereby associations cannot pay the exact amount owed on some winning bets.

Proposal – Amend subsection 113(3) of the Regulations so as to broaden the range of acceptable circumstances in which an underpayment may be offset by an overpayment. This would include amounts resulting from the rounding of payouts to the nearest nickel for fractional bets. Approval to offset any amounts will continue to be limited to underpayments and overpayments that arise from the same cause.

Comments:

19. Statement and Sample – section 170

Issue – A horse that is chosen for a test and that has been administered Procaine in accordance with section 170 of the Regulations, must provide an “official sample” which by definition may be of blood, urine or some other bodily substance. However, the acceptable quantitative limit may only be established by analysis of a blood sample.

Proposal – Amend paragraph 170(b) of the Regulations such that the requirement is specific to providing a sample of blood drawn from the horse which had been administered the Procaine in accordance with the requirements in section 170.

Comments:

20. EIPH Program – Section 170.1

Issue – An official sample of urine must be used to establish that a horse on the exercise-induced pulmonary hemorrhage (EIPH) list did not receive the drug furosemide. The absence of that drug may also be established by analysis of an official sample of blood.

Proposal – Amend paragraph 170.1(1)(g) of the Regulations by deleting the reference to urine.

Comments: