



# THIRD REPORT OF THE PUBLIC ACCOUNTS COMMITTEE

## Betting Levy Board of Trinidad and Tobago (BLB)

**Fourth Session, 10<sup>th</sup> Parliament**

Examination of the Financial  
Statements for the years ended  
June 30, 2008 & June 30, 2009

*Ordered to be printed by the House of  
Representatives and Senate*



## Public Accounts Committee

The Public Accounts Committee (PAC) established by the Constitution of the Republic of Trinidad and Tobago in accordance with Section 119(4) is mandated to consider and report to the House of Representatives on:

*“(a) appropriation accounts of moneys expended out of sums granted by Parliament to meet the public expenditure of Trinidad and Tobago;  
(b) such other accounts as may be referred to the Committee by the House of Representatives or as are authorized or required to be considered by the committee under any other enactment; and  
(c) the report of the Auditor General on any such accounts.”*

### Current membership

Mr Colm Imbert	Chairman
Mrs Raziah Ahmed	Member
Mrs Diane Baldeo-Chadeesingh	Member
Mr Vasant Bharath	Member
Ms Donna Cox	Member
Dr Dhanayshar Mahabir	Member
Mr Collin Partap	Member
Ms Ramona Ramdial	Member
Mr Anand Ramlogan	Member
Mr Anil Roberts	Member

### Committee Staff

The current staff members serving the Committee are:

Ms Keiba Jacob	Secretary to the Committee
Ms Khisha Peterkin	Assistant Secretary to the Committee
Ms Candice Williams	Graduate Research Assistant
Mr Ian Mural	Parliamentary Intern
Mrs Michelle Galera-Bleasdel	Administrative Support

### Publication

An electronic copy of this report can be found on the Parliament website: [www.ttparliament.org](http://www.ttparliament.org)

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## Members of the Public Accounts Committee

TENTH PARLIAMENT,  
REPUBLIC OF TRINIDAD AND TOBAGO



Mr. Colm Imbert  
**Chairman**



Mr. Collin Partap  
**Member**



Ms. Ramona Ramdial  
**Member**



Mr. Anil Roberts  
**Member**



Ms. Donna Cox  
**Member**



Mr. Anand Ramlogan S.C.  
**Member**



Mr. Vasant Bharath  
**Member**



Mrs. Diane Baldeo-  
Chadeesingh  
**Member**



Mrs. Raziah Ahmed  
**Member**



Dr. Dhanayshar Mahabir  
**Member**

## Executive Summary

The PAC wishes to present its Third Report of the Tenth Parliament which details its examination of the *Betting Levy Board of Trinidad and Tobago (BLB)* on its **Financial Statements for the years ended June 30, 2008 and June 30, 2009.**

The Report concludes with the following main recommendations:

- ✓ Develop a Strategic Plan
- ✓ Amend the Betting Levy Board Act
- ✓ Implement a corporate governance policy
- ✓ Amend the Gambling and Betting Act

**Chapter 1:** Presents details of the establishment of the PAC in the Tenth Republican Parliament, the Election of Chairman and determination of the Committee's Quorum.

It also includes the particulars of Meetings held with the entity under report and lists the Support Staff of the Committee.

**Chapter 2:** Describes the Company and explains the evidence given to the Committee

**Chapter 3:** Lists the main issues; each with specific recommendations presented by the Committee, for the consideration of the Parliament.

**Appendices:** Includes the supporting Minutes of Meetings, Notes of Evidence, Correspondence and Submission from the Bookmakers Association of Trinidad and Tobago.

## Chapter 1

### THE COMMITTEE

#### **Establishment, Election of Chairman and Quorum**

The PAC of the Tenth Republican Parliament was established by resolutions of the House of Representatives and the Senate at sittings held on Friday September 17, 2010 and Tuesday October 12, 2010 respectively.

2. The Committee held its first meeting on Tuesday October 26, 2010. At this meeting the Committee elected Mr. Colm Imbert as Chairman, in accordance with Section 119(2) of the Constitution of the Republic of Trinidad and Tobago.

3. At that same meeting, the Committee resolved that its quorum should comprise of six (6) Members, inclusive of the Chairman and any other Opposition Member.

4. At the Committee's second meeting, held on Tuesday February 8, 2011, by agreement, the quorum was reduced to five (5) Members, with no change to the composition.

#### **Changes in Membership**

4. By resolution of the House of Representatives made on January 18, 2011, Mr. Terrence Deyalsingh was appointed to replace Mr. Ted Roopnarine as a Member of this Committee. On December 10, 2013, Mrs. Diane Baldeo-Chadeesingh was appointed in lieu of Mr. Terrence Deyalsingh.

5. By a similar resolution of the Senate made on October 16, 2012, Mr. Jamal Mohammed replaced Mr. Danny Maharaj as a Member of the Committee. On September 23, 2013, Mrs. Raziah Ahmed was appointed in lieu of Mr. Jamal Mohammed.

6. By another resolution of the House of Representatives made on October 19, 2012, Mr. Collin Partap replaced Dr. Rupert Griffith as a Member of the Committee.

7. By a similar resolution of the Senate made on September 23, 2013, Dr. Dhanayshar Mahabir was appointed in lieu of Mrs. Corrine Baptiste-McKnight.

### **Committee Secretariat Support**

10. The following persons serve the Committee through the provision of procedural, research and administrative support services:

- Ms. Keiba Jacob - Secretary to the Committee
- Ms. Khisha Peterkin - Assistant Secretary to the Committee
- Ms. Candice Williams - Graduate Research Assistant
- Mr. Ian Mural - Parliamentary Intern
- Mrs. Michelle Galera-Bleasdell - Administrative Support

11. It is to be noted that the Committee made a decision to enlist the services of a financial consultant on February 8, 2011. Given the complexity of the information that is required to be reviewed by the Committee, Members agreed that in addition to the expert assistance of the Auditor General and other Officials from the Ministry of Finance and the Economy, the services of a Financial Consultant should be procured on as-needed basis, to elucidate matters of complexity and to provide related services to the PAC.

12. By letters dated May 11, 2011, invitations for proposals were sent to Pricewaterhouse Coopers, Deloitte & Touche, Ernst & Young, Baker Tilly Montano Ramcharitar – Chartered Accountants, KPMG, BDO Trinity Ltd. and Pannel Kerr Foster Limited. Responses were received from Deloitte & Touche, Baker Tilly Montano Ramcharitar – Chartered Accountants, PKF Limited, BDO Trinity Ltd and Pricewaterhouse Coopers. At a meeting held on November 22, 2011 the Committee agreed that the consultancy would be awarded to Baker Tilly Montano Ramcharitar – Chartered Accountants. The Committee based its decision on their service fee being the lowest and them naming senior managers and partners to assist the Committee.

13. The following persons from the firm, Baker Tilly Montano Ramcharitar – Chartered Accountants who assisted the Committee are:

- Mr. Leslie Ramcharitar - Managing Partner
- Mrs. Veera Ramcharitar - Senior Consultant

## Meetings

14. The Meetings of the Committee in relation to the examination of the BLB were as follows:

- Tuesday April 10, 2012 - *in public*
- Tuesday June 12, 2012 - *in camera*

15. At the Meeting held *in public* on Tuesday April 10, 2012, the Committee met with Officials of the BLB to examine its Financial Statements for the years ended June 30, 2008 and June 30, 2009. The witnesses attending on behalf of the BLB were:

- Mr. Kama Maharaj - Chairman
- Mr. Richard Jackson - Chief Executive Officer
- Mr. Norris Galbaran - Accountant

16. The Committee received correspondence dated May 21, 2012 in which the Bookmakers Association of Trinidad and Tobago requested to meet with the Committee in relation to comments made by the BLB at the public meeting held on Tuesday April 10, 2012 (Listed in Appendix III).

17. The Committee agreed to facilitate this request and at the Meeting held *in camera* on Tuesday June 12, 2012 the Committee held discussions with the Bookmakers Association of Trinidad & Tobago. The witnesses attending on their behalf were:

- Mr. Peter George - President
- Mr. Kearne Govia - Member and Licensee
- Mr. Vinda Ramsingh - Member
- Mr. Terrence Milne - Legal Counsel for the Association



## Chapter 2

### Company Profile

18. The BLB is a body corporate established and incorporated under the Betting Levy Board Act, Chap. 21:53. The Board consists of a maximum of eleven (11) members appointed by the President of the Republic of Trinidad and Tobago and is responsible for—

- (a) the development and improvement of every aspect of horse and dog racing, including the breeding of race horses and dogs, as well as the provision of benefits for jockeys and stable lads; and
- (b) monitoring compliance with any rules relating to the operation of pool betting offices and pool betting outlets, including their opening and closing hours.

19. The Board collects all taxes, duties, fees or other payments in respect of:

- (a) the granting of any permit or licence for betting on horse or dog races; and
- (b) betting on any such race,

and any such sums payable to it under the Gambling and Betting Act, and shall put all administrative, technical and other systems in place to ensure compliance with the provisions of any written law relating to the payment of any tax or levy, the collection of which is the responsibility of the Board. The Board by means of monthly remittances, pays one-half of the monies collected, into the Consolidated Fund.

20. The Board's financial statements for the years ended June 30, 2008 and June 30, 2009 were audited by the accounting firm, PriceWaterhouseCoopers. The Board receives a Grant from the Government of Trinidad and Tobago. This totaled \$18,388,564 and \$6,876,411 in 2008 and 2009 respectively.

## Examination of the BLB

21. During the examination of the BLB, the Committee was apprised of the following:

**I. Total Assets**

Total assets declined from \$22,505,122 million in 2008 to \$10,785,321 million in 2009. This was attributed to the decline in Grant Receivables (from the Government of Trinidad and Tobago) from \$18,388,564 to \$6,876,411 between 2008 and 2009.

Grant Receivables of \$18,388,564 million in 2008 covered an 18-month period from January 2007 to June 2008 whereas the \$6,876,411 million in 2009 represented a six-month period from January 2009 to June 2009.

**II. Promotion and Development of Racing Expenditure**

Members noted that Promotion and Development of Racing Expenditure increased from \$16,962,432 to \$21,115,595 in 2008 to 2009 and were informed that this was as a result of a decision taken by the Board to increase the level of contributions paid by the Board toward stakes. This caused an increase of Stakes (under its "Promotion and development of Racing Expenses) of \$8,699,633 in 2008 and \$12,635,788 in 2009.

The Committee further noted that between 2008 and 2009 income from Racing Licenses, taxes and permits marginally increased from \$13,712,490 to \$14,324,663 and Miscellaneous Income from \$69,970 to \$448,770.

BLB's Officials informed the Committee that the returns from the cumulative income increase of \$990,973 compared to the promotion expenditure increase of \$4 million were not evident in the Income and Expenditure Account for the year ended June 30, 2009 however, it is believed that this return is evident in relation to the increase in the number of horses and owners of horses.

### **III. Stakeholder Relationships**

There are three (3) primary stakeholders; the BLB is the tax collector, the Arima Race Club is the promoter and the Trinidad and Tobago Racing Authority is the regulator in the racing industry.

However, the Betting Levy Board Act has given the Board overarching responsibility for the “*development and improvement of every aspect of horse and dog racing.*” This has stepped on the promotional responsibility of the Arima Race Club.

### **IV. Borrowings**

Members inquired into the relationship between the Arima Race Club and the BLB that allowed a loan to be collateralized against the assets of the Arima Race Club and the reason for the Arima Race Club not being able to take the loan themselves.

BLB's Officials informed Members that a First Citizens Bank Limited loan in the amount of \$30 million was taken by the Board and secured by the assets of the Arima Race Club, because the Board did not have the security required for the loan. This loan was completely paid off in May 2009. The majority of the proceeds of the loan went to the Arima Race Club, capital expenditure and settlement of indebtedness.

### **V. Depreciation Expenses**

Members noted that depreciation expenses declined from \$1,526,000 in 2008 to \$128,309 in 2009 and were informed that this decline was ascribed to the BLB spending approximately \$18 million (out of the \$30 million loan) on equipment and the accounting entries relative thereto. Depreciation over the ten (10) year period was therefore significant. This asset has now been fully depreciated in value.

**VI. Settlement Fee Expenses**

Members inquired into what represented Settlement Fee in 2009 which amounted to \$1.5 million since it was noted that this was not a recurring expense and was not incurred in 2008.

Officials informed the Committee that this fee represented an out-of-court settlement from legal action brought by Human Resource Promotions against the BLB and the Arima Race Club.

**VII. Vacation Leave Expenses**

The Committee queried the policy of the BLB with respect to employees who have not taken their vacation leave. Vacation Leave expenses declined from \$26,936 in 2008 to \$1,226 in 2009.

They were informed that staff is not paid for accrued vacation leave; it is an accounting requirement by the auditors that unutilized vacation leave is quantified and shown as an expense in the year.

**VIII. Net Cash Generated from Operating Activities**

Members noted that Net Cash from Operating Activities declined from \$4,841,200 to \$705,970 between 2008 and 2009.

Officials were not able to fully clarify the reasons for this decline, other than citing that at least \$1.4 million was as a result of the depreciation expenses during the year and possibly the increase in stakes during this period.

**IX. Tax Collection Challenges**

The Committee expressed a concern with respect to BLB's present tax collection challenge.

BLB's Officials stated that the industry lacked any rules and regulations with respect to the Betting Levy Board Act. Therefore, the Board collected taxes from the private betting shops on an *ad hoc* basis and relies heavily on moral suasion. The Board currently does not have the authority to demand consistent reporting on the turnover of betting shops.

Further, there are legitimate betting shops acting like illegal bookmakers because they are taking money out of the system. The Board currently collects approximately \$15-16 million in taxes, however, officials indicated that collections are estimated to be at least \$100 million.

**X. Difference between private betting outlets and the Arima Race Club**

The BLB clarified that the Arima Race Club opened off-track betting shops and not the BLB. The BLB assisted in the setting up of the off-track betting shops by providing some funding.

Private betting shops and the Arima Race Club attract different types of punters (people who bet money) since they both take different types of betting. The Arima Race Club takes pari-mutuel betting so that the dividend paid on winning dividends is based on how much money is bet in that race in the pool. On the other hand, private betting shops take fixed-odds wagering so that people know how much they are going to get even before betting on a horse. As a result of this, it would be difficult to have a comparative estimate of the revenues generated in a private outlet using the example of the revenues from an Arima Race Club outlet.

**XI. Strategic Plans for the Racing Industry**

BLB officials indicated that there is a steering committee/task force under the Ministry of Trade, Industry and Investment. They are working with the Woodbine model from Toronto Canada to possibly computerize operations of betting shops.

## Examination of the Bookmakers Association of Trinidad and Tobago

22. In the course of receiving evidence from the Bookmakers Association of Trinidad and Tobago, the Committee noted the following:

### **I. Refuting Statement made by the Betting Levy Board**

At the meeting held with the Committee on June 12, 2012, the Association indicated that, *“the statements made by Mr. Kama Maharaj, the Chairman of the Betting Levy Board, at a meeting held on April 10 was totally misleading and in our opinion wild and reckless. It sends some very serious connotations on the integrity of the bookmakers... Allegations about a billion dollar industry that the private betting shops alleged by the Betting Levy Board is totally untrue, totally wishful thinking. It is just a wild statement and that the bookmaker should be paying \$100 million in taxes, totally absurd lady and gentlemen...”*

The Association made written submissions that the betting volume and taxes in Trinidad and Tobago for Bookmakers are as follows:

Annual Sales	Annual Taxes Collected
<b>2007 – 176 million</b>	17.6 million
<b>2008 – 181 million</b>	18.1 million
<b>2009 – 165 million</b>	16.5 million
<b>2010 – 156 million</b>	15.6 million
<b>2011 – 151 million</b>	15.1 million

Further, it was submitted that the betting volume and taxes in Trinidad and Tobago for Arima Race Club are as follows:

Annual Sales	Annual Taxes Collected
<b>2008 – 88 million</b>	8.8 million
<b>2009 – 100 million</b>	10 million
<b>2010 – 94 million</b>	9.4 million

<b>2011 – 110 million</b>	11 million
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## **II. Tax Turnover and Collections**

The Association stated that there was a large underground illegal bookmaking arm in Trinidad and Tobago because of the ten (10) percent turnover tax to be collected by each bookmaker and then remitted to the BLB. People prefer to place bets using the illegal bookmakers where they are not required to pay the turnover tax.

As a consequence, this has created problems and mistrust between the Board and private betting shops on the basis of an allegation that shops were collecting the tax and not remitting it; the effect of this was that betting shops were making much more in turnover than their records show. This has challenged the bookmaking industry as the number of private betting shops has declined from thirty-five (35) in 1989 to fourteen (14) in 2012. Furthermore, in the last ten (10) years, there has been only one (1) new application for a betting shop.

## **III. Audit of Bookmaker's Shops by the Board**

The Association deemed that it was an invasion of privacy for the BLB to send compliance officers behind the counters to conduct audits without the bookmakers' knowledge. This matter was sent to the Courts and the ruling was in favour of the Association. The Association stated that Accountants sent to conduct an audit were not a problem.

## Chapter 3

### ISSUES AND RECOMMENDATIONS

23. Having examined the financial statements and operations of the Betting Levy Board, the Committee identified as significant, the following issues and recommendations:

**I. Issue:** Strategic Plan

**Recommendation:** Develop a Strategic Plan by March 2014 which includes a number of indicators for measuring success; the betting handle must not be the only indicator for measuring success.

**II. Issue:** Betting Levy Board Act

**Recommendation:** Amend the Betting Levy Board Act to:

- properly demarcate and define the role and relationship of each stakeholder in the racing industry, with specific attention to the relationships between the Betting Levy Board, the Trinidad and Tobago Racing Authority and the Arima Race Club.
- develop the Regulations that ensure that the Board has the authority to request consistent reporting from private betting shops, to verify the amount of bets, to check the amount of taxes which should be collected and to enforce these measures.

**III. Issue:** Vacation Expenses

**Recommendation:** Implement a corporate governance policy to ensure employees take their vacation leave.

**IV. Issue:** Borrowings

The Board should not be able to borrow if it is unable to collateralize such borrowings on its own.

**Recommendation:** Implement and enforce control measures to prevent external involvement in securing funding.

**V. Issue:** Tax Turnover and Collections



**Recommendation:** Amend the Gambling and Betting Act, Chap. 11:19 as proposed by the Bookmakers Association of Trinidad and Tobago. (*excerpt listed in Appendix IV*)

The Committee recommends that in addition to the amendments proposed by the Bookmakers Association that the following also be included in its amendments:

- To increase the penalties and fines for illegal operations;
- To allow betting shops to take sports bets and not limit betting to “horse and dog racing”.

**VI. Issue:** Conflict within the industry

**Recommendation:** Resolve issues among all major stakeholders within the industry by March 2014.

**VII. Issue:** Collaboration with Ministries

**Recommendation:** Develop mechanisms to strengthen the relationship between the BLB, Ministry of Trade, Industry and Investment and the Ministry of Finance and the Economy.



This Committee respectfully submits this Report for the consideration of the Parliament

Sgd

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Mr. Colm Imbert  
**Chairman**

Sgd

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Mr. Collin Partap  
**Member**

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Ms. Ramona Ramdial  
**Member**

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Mr. Anil Roberts  
**Member**

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Ms. Donna Cox  
**Member**

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Mr. Anand Ramlogan, S.C.  
**Member**

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Dr. Dhanayshar Mahabir  
**Member**

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Mrs. Raziah Ahmed  
**Member**

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Mrs. Diane Baldeo-Chadeesingh  
**Member**

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Mr. Vasant Bharath  
**Member**



## APPENDIX I

### Minutes of Meetings

**THE PUBLIC ACCOUNTS COMMITTEE –  
SECOND SESSION, TENTH PARLIAMENT**

**MINUTES OF THE SIXTH MEETING HELD ON TUESDAY, APRIL 10, 2012 AT  
10:37 A.M. IN THE ARNOLD THOMASOS ROOM (EAST) AND THE J. HAMILTON  
MAURICE ROOM, OFFICE OF THE PARLIAMENT, TOWER D, INTERNATIONAL  
WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT OF SPAIN.**

Present were:

Mr. Colm Imbert	-	Chairman
Mr. Vasant Bharath	-	Member
Mr. Danny Maharaj	-	Member
Mr. Terrence Deyalsingh	-	Member
Mrs. Corinne Baptiste-McKnight	-	Member
Mr. Ralph Deonarine	-	Secretary
Ms. Keiba Jacob	-	Assistant Secretary
Miss Indira Binda	-	Research Officer

Absent were:

Dr. Rupert Griffith	-	Member (excused)
Mr. Anil Roberts	-	Member (excused)
Miss Ramona Ramdial	-	Member (excused)
Ms. Donna Cox	-	Member (excused)
Mr. Anand Ramlogan, SC	-	Member (excused)

Also present were:

**BAKER TILLY MONTANO RAMCHARITAR – Chartered Accountants**

Mr. Leslie Ramcharitar	-	Managing Partner
Mrs. Veera Ramcharitar	-	Senior Consultant

**BETTING LEVY BOARD OF TRINIDAD AND TOBAGO**

Mr. Kama Maharaj	-	Chairman
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Mr. Richard Jackson - Chief Executive Officer  
Mr. Norris Galbaran - Accountant

### **COMMENCEMENT**

- 1.1 On the attainment of a quorum, the Chairman called the Meeting to order at 10:37 a.m.
- 1.2 The Chair informed Members that five Members had asked to be excused: Dr. Rupert Griffith, Miss Ramona Ramdial, Mr. Anil Roberts, Miss Donna Cox and Mr. Anand Ramlogan, SC.

### **EXAMINATION OF MINUTES OF THE FIFTH MEETING**

- 2.1 The Committee examined the Minutes of the Fifth meeting held on Tuesday March 13, 2012.
- 2.2 There being no omissions or corrections, the Minutes were confirmed on a motion moved by Mr. Terrence Deyalsingh and seconded by Mr. Danny Maharaj.

### **MATTERS ARISING OUT OF THE MINUTES**

- 3.1 Under item 2.2, the Chairman informed Members that the Attorney General was written to, seeking a legal opinion and that a response was imminent.
- 3.2 At paragraph 5.3, the Chairman enquired whether responses were received from the HSF and NIBTT respectfully. The Secretary informed Members that both entities wrote the Committee, giving assurances of their responses by April 12 (HSF) and April 13 (NIBTT), 2012.
- 3.5 The Chairman then welcomed the Consultants from Baker Tilly Montano Ramcharitar and invited Members to discuss together with the consultants their concerns and questions on the accounts of the Betting Levy Board for the years 2008 and 2009.
- 3.6 Following the conclusion of its method of inquiry and upon being informed that the Officials from the Betting Levy Board were present and awaiting the Committee, it was agreed that the *in camera* meeting be suspended in order to conduct the examination *in public*.
- 3.7 Prior to the meeting being suspended, the Committee agreed that while waiting on the 2010 accounts of the Unit Trust Corporation, the Board of the Heritage and Stabilization Fund who had very recently submitted its 2011 financials should be examined next, on those accounts.

## SUSPENSION

- 4.1 At 11:08 am, the Chairman suspended the *in camera* meeting to resume in the J. Hamilton Maurice Room *in public*.

## RESUMPTION

### *Examination of the Betting Levy Board of Trinidad & Tobago on the 2008 & 2009 audited financials:*

- 5.1 At 11:15 a.m., the Chairman called the public meeting to order and welcomed the officials from the Betting Levy Board of Trinidad and Tobago and asked that introductions be made for the record.
- 5.2 The Committee held discussions with the Betting Levy Board on its 2008 and 2009 Audited Accounts and the main issues discussed are listed as follows:
- i. **The decline in total assets from \$22.5million in 2008 to \$10.8million in 2009 was caused primarily by a grant payment in 2008 which covered an 18-month period, whereas in 2009 the grant receivable covered a 6-month period;**
  - ii. **The increase in expenditure under the item “Promotion and Development” from \$16.9 million to \$21 million arose out of a Board decision to increase the level of contributions paid by the Board toward stakes.**
  - iii. **The relationship amongst the Betting Levy Board, the Arima Race Club and the Trinidad and Tobago Racing Authority, vis-à-vis the mandate of the Betting Levy Board;**
  - iv. **The details of a loan that was taken by the Betting Levy Board with First Citizens Bank and levied against the assets of the Arima Race Club;**
  - v. **A significant variation between the charges for depreciation in 2008 and 2009 of \$128,309.00 and \$1,526,000.00 respectively;**
  - vi. **A figure of \$1,500,000 presented as a Settlement Fee in 2009;**
  - vii. **Vacation leave for staff and accounting for vacation leave not taken;**
  - viii. **Decrease in Net Cash Flow from Operating Activities between 2008 and 2009 from \$4,841,200.00 to \$705,970.00;**
  - ix. **Limitations/difficulties relating to the collection of taxes, the need for amending the existing legislation in relation to the mandate of the Board and its powers to effect and enforce tax collection mechanisms**
  - x. **The strategic direction of the Industry, driven by the various stakeholders.**

5.3 The Committee enquired on the 2010 financials of the Board, to which Members were informed would be ready within two (2) months.

**ADJOURNMENT**

6.1 There being no further matters for discussion, the Chairman adjourned the Meeting.

6.4 The adjournment was taken at 12:22 p.m.

**We certify that these Minutes are true and correct.**

CHAIRMAN

SECRETARY

March 26, 2012.



**THE PUBLIC ACCOUNTS COMMITTEE –  
SECOND SESSION, TENTH PARLIAMENT**

**MINUTES OF THE EIGHTH MEETING HELD ON TUESDAY, JUNE 12, 2012 AT  
11:25 A.M. IN THE ARNOLD THOMASOS ROOM (EAST) AND THE J. HAMILTON  
MAURICE ROOM, OFFICE OF THE PARLIAMENT, TOWER D, INTERNATIONAL  
WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT OF SPAIN.**

Present were:

Mr. Colm Imbert	-	Chairman
Mr. Anil Roberts	-	Member
Mr. Anand Ramlogan, SC	-	Member
Mr. Danny Maharaj	-	Member
Mr. Terrence Deyalsingh	-	Member
Mrs. Corinne Baptiste-McKnight	-	Member
Mr. Ralph Deonarine	-	Secretary
Miss Indira Binda	-	Research Officer

Absent were:

Dr. Rupert Griffith	-	Member (excused)
Miss Ramona Ramdial	-	Member (excused)
Ms. Donna Cox	-	Member (excused)
Mr. Vasant Bharath	-	Member (excused)

Also present were:

**OFFICIALS FROM THE BOOKMAKERS ASSOCIATION OF T&T**

Mr. Peter George	-	President
Mr. Kearne Govia	-	Member and Licensee
Mr. Vinda Ramsingh	-	Member
Mr. Terrence Milne	-	Legal Counsel for the Association

**COMMENCEMENT**

- 1.3 Upon a Quorum being attained, the Chairman called the meeting to order at 11:25 a.m.
- 1.4 The Chairman informed Members that Dr. Rupert Griffith, Miss Ramona Ramdial, Miss Donna Cox and Mr. Vasant Bharath had asked to be excused from the Meeting.

## **EXAMINATION OF MINUTES OF THE SEVENTH MEETING**

- 2.1 The Committee examined the Minutes of the Seventh Meeting held on Tuesday May 22, 2012.
- 2.2 There being no omissions or corrections, the Minutes were confirmed on a motion moved by Mr. Terrence Deyalsingh and seconded by Mrs. Corinne Baptiste-McKnight.

## **MATTERS ARISING OUT OF THE MINUTES**

- 3.1 At paragraph 3.4 the Chairman informed Members that the Secretary prepared and circulated a draft resolution to Members. The Chairman asked the Secretary to read the draft resolution upon which the Committee asked the Attorney General to consider the wording and advise the Committee when it next meets;
- 3.2 The Attorney General was asked to apprise the Committee, arising out of paragraph 3.2.4 of the deliberations with the Board of the Heritage and Stabilization Fund (HSF) on the matter. The Attorney General stated that Sir Fenton Ramsahoye was selected and would be presented a brief, pending correspondence awaited from the Chairman of the HSF.
- 3.3 The Chairman informed Members present that a reply had been received from the HSF in response to the list of questions/issues raised the 6<sup>th</sup> Meeting, which would be circulated to Members for consideration.
- 3.4 Members were then directed to Agenda item 3; taking evidence from the Bookmakers Association of Trinidad and Tobago.
- 3.5 Members of the Bookmakers Association were seated and introductions were made. The Chairman noted that the proceedings were being held in camera and asked the Officials present to reciprocate the confidentiality of the ensuing discussions held with the Committee.
- 3.6 The Officials from the Bookmakers Association proceeded to give their evidence to and engaged in discussions with the Committee (see Verbatim). Arising out of these deliberations, the Attorney General advised that he had instructed the Law Revision Commission to prepare a policy document on the betting industry and extended an invitation to the Bookmakers Association to make representations as stakeholders. The Attorney General gave an undertaking that the Bookmakers Association would be written to within one week's time.

## **ADJOURNMENT**

- 4.1 Following the discussions held with the Bookmakers Association and with no further matters for consideration, the Chairman adjourned the meeting.
- 4.2 The adjournment was taken at 12:37 p.m.

**We certify that these Minutes are true and correct.**

CHAIRMAN

SECRETARY

October 17, 2012.

Notes of Evidence

VERBATIM NOTES OF THE PUBLIC ACCOUNTS COMMITTEE HELD IN THE ARNOLD THOMASOS ROOM (EAST), AND J. HAMILTON MAURICE ROOM, 2<sup>ND</sup> LEVEL, MEZZANINE FLOOR, TOWER D, THE POS INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT OF SPAIN, ON TUESDAY, APRIL 10, 2012, AT 10.37 A.M.

OFFICIALS OF THE BETTING LEVY BOARD

Mr. Norris Galbaran	Accountant
Mr. Kama Maharaj	Chairman
Mr. Richard Jackson	CEO

**Mr. Chairman:** Good morning. I welcome the officials of the Betting Levy Board. Could we start by having you introduce yourselves?

*[Members of the Betting Levy Board introduced themselves]*

**Mr. Chairman:** Let me introduce the members of the committee. We are missing one. I assume Mr. Baharath is on his way. He was upstairs.

*[Members of the committee introduced themselves]*

*[Other officials introduced themselves]*

**Mr. Chairman:** Mr. Bharath has joined us. What we will be doing today is examining your 2009 and 2008 accounts. I must confess that I am not a betting man, but I understand Mr. Deyalsingh is an expert in these areas. *[Laughter]* So, Mr. Deyalsingh, the floor is yours.

**Mr. Deyalsingh:** Thank you, Mr. Chairman. My betting is limited to lotto from time to time. My first question is to Mr. Maharaj. In reading the statements as produced by PricewaterhouseCoopers, June 30, 2009, my first question is: at the bottom somebody has signed for the chairman, could you tell me who the actual chairman was in 2009, please?

**Mr. Maharaj:** Mr. Jackson will answer that because I came in in June 2011.

**Mr. Deyalsingh:** Sure.

**Mr. Jackson:** The appointed chairman was Mr. Gerard Ferreira.

**Mr. Deyalsingh:** Mr. Gerard Ferreira.

**Mr. Jackson:** If we look at the administrative report for 2008—the front of it which is like page 3—Mr. Gerard Ferreira was appointed on September 23, 2007 and he resigned on June 18, 2009.

**Mr. Deyalsingh:** Right!

**Mr. Jackson:** The Act provides for any one of the remaining three Government members to chair. So, at a meeting, the members of the board would appoint one of the three Government members to chair.

**Mr. Deyalsingh:** Okay.

**Mr. Jackson:** So at the meeting where the accounts were signed, Mr. Joseph Hadeed was appointed to chair.

**Mr. Deyalsingh:** Okay. Great! My first question deals with the balance sheet on page 2. I looked at the item, total assets, which shows a decline from \$22,505,122 to roughly \$10.8 million. When I look at the details under current assets I see that a great chunk of it could be explained by the grant receivables from the Government of Trinidad and Tobago, could you explain to me two things:

- (a) how does that grant work; and
- (b) does it account fully for the decline from \$22 million in 2008 to \$10.7 million in 2009?

**Mr. Jackson:** To answer your second question first, basically, it does primarily account for the difference between 2008 and 2009. What the grant represents—under the Betting Levy Board Act, the board is supposed to pay 50 per cent of the taxes collected to the Consolidated Fund, but various administrations dating back to 1998 have allowed the board to retain that 50 per cent by means of an exchange of cheque, whereby the Government gives the Betting Levy Board a grant equivalent to the 50 per cent that we paid to the Consolidated Fund.

**Mr. Deyalsingh:** If we turn to page 3 of the same document, I look at and I marry page 3 with page 4, Expenditure, Promotion

al and Development of Racing. I see from 2008 where it was roughly \$16.9 million, there was a substantial increase to \$21.1 million in 2009. This increase in Promotion and Development of Racing, I assume, would have been tied to some sort of strategic plan, some sort of promotion plan, could you explain or tell us what were the main facets of that promotion plan that would have allowed for an increase from roughly \$16.9 million to \$21 million?

**11.20 a.m.**

**Mr. Jackson:** Basically the primary reason for the increase in the expenditure under “Promotion and Development” was because of a decision taken by the board to increase the level of contribution, the Betting Levy Board’s contribution toward stakes. Let me just define stakes. Stakes is winning prize money paid to owners of horses that race. Basically, what happened is that revenues went up a bit—when I say revenues I mean collection of taxes from the private betting shops and the Arima Race Club themselves—you would see revenues went up to, like about from \$27 million to \$29 million, and basically the majority of it was earmarked to be pumped into stakes.

**Mr. Deyalsingh:** On page 15 where you talked about stakes, in 2008, from \$8.7 million to \$12.6 million, would that account for it?

**Mr. Jackson:** Pretty much.

**Mr. Deyalsingh:** Right, but this increase in stakes goes directly into whose pockets, into the pockets of what? Horse owners?

**Mr. Jackson:** Owners, trainers, jockeys and grooms.

**Mr. Deyalsingh:** Was any other promotion spent on bringing more people through the turnstiles, and, as we say, putting more bums on seats at the Arima Race Club?

**Mr. Jackson:** Well, primarily, the job of putting more bums on seats really rests with the promoter themselves—the Arima Race Club.

**Mr. Deyalsingh:** Okay. Would you say then that that increase in promotion, did it really result in any increase in revenues commensurate with the increase in promotion?

**Mr. Jackson:** What I think it did basically was it engendered a number of new owners, and what we had was an increase in the horse population which would have made racing more competitive, and hence, there was also an increase in wagering which would also redound to the Betting Levy Board through the 10 per cent tax—our 10 per cent tax which is collected on the wagering would have increased also.

**Mr. Deyalsingh:** Mr. Chairman, I do have more questions but I do not want to dominate the proceedings if—I do not mind giving way.

**Mr. Chairman:** Well, I know nothing about betting but you have peaked my curiosity. Could we go back to the balance sheet? In terms of the grant receivable, what would have accounted for—this is on page 2 of the Financial Statements—the reduction in the grant by such a large sum of money between 2008 and 2009 where it dropped from \$18 million to \$6 million?

**Mr. Jackson:** What happened there in 2008, the amount of \$18 million covered actually an 18-month period, January 2007 to June 2008, because that exchange of cheque which I referred to earlier had not been done for a considerable period whereas the \$6.8 million in 2009 only represented the six-month period, January 2009 to June 2009.

**Mr. Chairman:** Well, I am glad you cleared that up, that was not apparent in the statements.

The other thing that bothered me from the little discussion that you had with Sen. Deyalsingh, when I look at page 3 now—Income and Expenditure—the increase in income from licences, taxes and permits was just about \$500,000 or \$600,000?

**Mr. Jackson:** Probably about that.

**Mr. Chairman:** It was \$13.7 million in 2008, \$14.3 million in 2009, \$600,000—

**Mr. Jackson:** Correct.

**Mr. Chairman:**—but the promotion went up by \$4 million because I would not count any of the other items really. What I am seeing is an increase in promotion expenses of \$4 million, an increase in income—I see that you have miscellaneous income as well—of maybe \$900,000. Are my maths correct?

**Mr. Jackson:** You are correct, Mr. Chairman. What would explain where the cash basically came from is, once again, you need to go back to the balance sheet. We had, at the end of 2008, loan owing to the bank of \$2.5 million, and you would notice that that was wiped off in 2009. So having paid off the bank loan means additional funds available to the board.

**Mr. Chairman:** Yes, but that is not what I meant. You have put out an additional \$4 million to promote racing, your income went up by, say \$1 million to make it a round figure, do you expect in 2010/2011 to see the fruits of that \$4 million increase in promotion expenses?

**Mr. Jackson:** Well, we would hope so, Mr. Chairman, and I could say that in 2010, revenues went up just marginally, not the amount we had expected, but, then, at the same time, I think we took into concern the so-called economic downturn but it did not go up as much as we expected.

**Mr. Chairman:** Let me tell you what I am driving at. Somebody took a decision—you said it was the board—to increase expenditure on promotion by a significant amount. Are you seeing the returns from that increase in promotion and expenditure?

**Mr. Jackson:** Mr. Chairman, you may not see it specifically in the income statement on the income side of the Betting Levy Board, but when you look at the overall racing industry, as I said earlier, in terms of the increase in the number of horses, owners buying new horses, new

owners coming on board, I would think that it did assist.

**Mr. Chairman:** Okay. Mr. Maharaj, I know you were not the Chairman then but have been in races for a long time. Am I not correct?

**Mr. Maharaj:** Just a short time—for 35 years.

**Mr. Chairman:** Could you corroborate what the gentleman is telling us just from your limited knowledge?

**Mr. Maharaj:** Thank you, Mr. Chairman. I did wear another hat at that time, I was the President of the Arima Race Club, and when I became President, the betting handle was averaging for the previous 10 years, \$45 million to \$48 million, and four years later, it went up to \$100 million so a lot of things worked.

The unfortunate thing is that the Betting Levy Board is basically the tax collector, and they would get 10 per cent of the increase handle and pass it back to the club for, basically, it is stakes because the cost to mind a horse now, when it was \$1,500, you were running for \$10,000 stakes, and the cost is \$6,000 now and you are running for basically the same stakes, and owners are leaving. So because we were able to increase the subvention for stakes, we had stopped the hemorrhage, owners were not leaving as much, some came in and that has helped us, because, basically, the Betting Levy Board collects taxes on betting.

But we collect taxes from the club—while we saw this almost 100 per cent increase in revenue from the race club, we saw a decline in the collection from the betting shops, and this has been a nightmare for us. Actually, since I came in, we met with the betting shops a few times trying to gently persuade them to collect the taxes. Because, you know, a doubles went from \$1.00 to \$4.00 and the whole economy mushroomed, and the only business that did not grow was the business in the betting shops and they know that. I think they are trying to see what they could do to pay more because it is embarrassing. The club cannot be paying 100 per cent more and they are paying the same thing for a 10-year period. That is what had stymied the growth of the industry more than anything else. Prior to the Betting Levy Board, the Government funded the TTRA, the waste authority and funded everything.

So, if there is one huge negative in this industry it is the collections from betting shops—the private betting shops. As far as we are seeing, the Arima Race Club has taken control of their expenses and has increased and introduced innovative bets that have really captured the imagination of the betting population. They are running a good business as far as I am concerned but it is the collection from the betting shops that have the noose around our



neck.

**Mr. Chairman:** Fine, thank you. Sen. Bharath.

**Mr. Bharath:** Thank you, Mr. Chairman and good morning, gentlemen. I think the line of the previous question really revolves around the measurability of how you spend the money. In other words, do you have some sort of strategic plan by which you are working to determine at the outset that having spent \$4 million, you expect X, Y or Z in return, because if you do not have that, then clearly, it will be spending \$4 million in a vacuum and just hoping for the best.

I think the previous line of questioning really was looking to see whether in fact you have a strategic direction and strategic plan to suggest that if you spent \$4 million, or if this year, you spend \$5 million, what is it that you are expecting to see in “X” time frame? Are you expecting to see more taxes collected? Are you expecting to see more people come in, more horses come in? What is it that you are expecting and is it measurable so that you could say that you have been successful?

In the same way that you said that the Arima Race Club went from \$40 million to \$100 million and you are able to measure that, is there something measurable at the outset that you are saying “we are looking to spend this money and we are hoping to be able to get to this point in terms of either takings or collections, or number of owners coming in or stopping “x” number of owners going out? What is it that you are attempting to achieve by continuing to spend money?

That is a separate question but there are some technical questions that I want to ask after so if you could answer that one because it just follows up on what the previous speakers asked.

**Mr. Maharaj:** From my old President’s hat, we do look at projecting revenues. We look at the horse population, the foal crops, how many horses are being bred, and how many owners are in the business. But, really, we look at the betting handle. That is the one that is really measurable.

**Mr. Bharath:** Do you want to explain that to the committee because we are not very familiar—

**Mr. Maharaj:** Yes, the betting handle is the betting turnover that went from \$48 million to \$100 million, and I know that they are projecting even to go up to \$150 million this year. What accounts for that? More horses, more competitive racing and when you have 15 horses in a race, you get more betting, when you have five horses you get very little betting, right, so

we are filling the race carts with more horses. But, it is a cycle, if you get more stakes, more owners are attracted and you get more betting. So, it is always a double edge sword but the most measurable aspect is that in turnover from the Betting Levy Board really, what we are concerned about is betting handle.

**Mr. Bharath:** But you do have a strategic plan by which you are working?

**Mr. Maharaj:** Well, the Betting Levy Board is a tax collector; that is all we are. The clubs are the promoters and we do not—there are three basic bodies in racing: the Betting Levy Board which is the tax collector; the Arima Race Club which is the promoter and the Trinidad and Tobago Racing Authority which is the regulator. In the past, they have had people stepping on each other's toes but this Betting Levy Board is focused on collecting taxes. We are not promoting racing.

**Mr. Bharath:** I understand but you have a time frame within which you must reach a certain amount of revenue as far as you are concerned?

**Mr. Maharaj:** Yes. As far as we are concerned, we are very pleased with what we are seeing at the Arima Race Club, and we have total displeasure at what we are seeing from the betting shops. At the time when I came in, I am seeing a little glimmer of hope that we are starting to see about 15 per cent increase, but we are expecting that to hit at least 50 per cent, and we are working to collect those taxes.

**11.35 a.m.**

**Mr. Chairman:** Before we go there, Minister, on that same point, if we could go to the last page on the 2009 financial statements, No. 15. Now, I have listened carefully to what you said that the Betting Levy Board is a tax collector but you do spend money on the promotion and development of racing. A lot of the money that you get, most of it, is spent on the promotion and development of racing. Is it true to say a little bit more than a tax collector?

**Mr. Maharaj:** Well, as I said, previous boards—according to the Betting Levy Board Act, the Betting Levy Board is responsible for the promotion and development of local horse and dog racing. I think that was a flaw in the Act, because the Arima Race Club is the promoter and this caused the Betting Levy Board, in the past, to get involved in promotion, which they should not have. This board has taken a decision that we are going to collect the taxes and try and do the best possible job collecting the taxes and let the promoter promote and let the regulator regulate.

**Mr. Chairman:** Does that mean that you would be giving more money to the club then?

**Mr. Maharaj:** Yes, every penny we collect extra, goes towards the club, improvements in the club, basically prize money and stakes.

**Mr. Chairman:** Right, but I am seeing all sorts of things here, breeders and sires premium, subsidies for imported horses, mayor subsidy, jockey incentive; all sorts of things. Are you going to continue with this?

**Mr. Maharaj:** Yes, absolutely, that is funding for the Trinidad and Tobago Racing Authority, which we are mandated to fund.

**Mr. Chairman:** As well!

**Mr. Maharaj:** As well. We fund the club and we fund the Trinidad and Tobago Racing Authority.

**Mr. Chairman:** Because that will bring us to a question, perhaps we could do it now. We were all, not being gamblers any of us, trying to figure out what was the purpose of the Betting Levy Board, if you do not mind the question being a naive question. What is really the role and function of the Betting Levy Board?

**Mr. Maharaj:** To fund the development of the industry in a holistic way. There are several breeders. It is agri-business if you want to look at it. Kentucky survives on it, Ireland survives on it. It is a whole breeding industry and the incentive that they get is when one of the horses they breed wins, they get a percentage. We fund that. That is called breeders premiums. If you have a mare it is breeders' premiums. If you have a Stalion, it is sires premiums. We also fund—everybody gets a percentage. The jockeys get a percentage, the breeders a percentage, the trainer and the owner of the prize money. When you increase prize money, everybody benefits.

**Mr. Deyalsingh:** Mr. Chairman, if I may piggyback on that same issue before Sen. Bharath goes on his technical questions. Mr. Maharaj, on page 14, it talks about the demand loan being secured by a first demand debenture over the fixed and floating assets of the Arima Race Club. Could you explain to us, because we were wondering, what is the exact nature of the relationship between the Betting Levy Board and the Arima Race Club where a loan taken by the Betting Levy Board is secured by the assets of the Arima Race Club?

**Mr. Jackson:** At the time, when this loan was taken, the majority of the proceeds of the loan went to the Arima Race Club, some of it for capital expenditure and some of it for settlement of indebtedness. So, the Arima Race Club benefited in a way.

**Mr. Deyalsingh:** The Arima Race Club is a private entity?

**Mr. Jackson:** It is a Private Members' Club.

**Mr. Deyalsingh:** Mr. Maharaj, you started off by saying that one of the major functions of the Betting Levy Board is a revenue collection agency. Then you went on to explain that you are also involved in the promotion and development of horse racing. So, you are both revenue collection and you do expend money on the development of horse racing. I am trying to understand again, the Betting Levy Board, is it a tax collection body or is it more than that and what is the role then of the Trinidad and Tobago Racing Authority? Because if you are both collecting taxes and spending money on development, I am just more confused as to—

**Mr. Maharaj:** This is what is confusing. The Act, "20-something" years ago, I think, was written and influenced for the wrong reason, that some czar thought he would have been there for the next hundred years and tried to follow the adage: "He who pays the piper calls the tune." But really, the Betting Levy Board ought not to have been involved in the promotion of racing, even though the Act says they are allowed to. And this Betting Levy Board has taken the decision, we are going to allow the promoter to promote and we would collect the taxes. That is why they did such a bad job collecting taxes, because they were trying to promote at the same time.

**Mr. Bharath:** I am still not clear o the question that Sen. Deyalsingh asked, which is: What exactly is the relationship between the Arima Race Club and the Betting Levy Board that allows a loan to be collateralized against the assets of the Arima Race Club? Although you have said that the majority of it was used by the Arima Race Club, then why was it that the Arima Race Club did not take the loan themselves? I am unsure of what relationship exist that allows the Betting Levy Board to take a loan from a bank and collateralize it against the assets of the Arima Race Club.

**Mr. Maharaj:** This was 12 years ago. How it was at the time? The club is presently unencumbered, the assets of the club, and some arrangement, as far as I know, was worked out with FCB at the time, it was not First Citizens, and the club, I think Mr. Hammon was chairman then, or Mr. Chadeesingh and they leveraged the club because the bank would not lend you money without security. Some arrangement was made where the club was leveraged and the loan was paid off.

**Mr. Bharath:** So, there is no legal relationship, simply that you may have had influential parties sitting on both boards that may have been interconnected in some way?

**Mr. Maharaj:** Yes. Those questions were raised at the time.

**Mr. Bharath:** Yes, I know.

**Mr. Maharaj:**—as far as memory goes. But it was accepted by the bank because the Betting Levy Board does not have that kind of asset. The club has the asset worth over \$100 million, which the bank held. The loan was paid. They never missed a payment, as far as I understand. The loan was completely paid off.

**Mr. Bharath:** Just as a matter of interest, what are the assets of the Betting Levy Board?

**Mr. Maharaj:** The Betting Levy Board? No, the club has the assets.

**Mr. Bharath:** What assets does the Betting Levy Board have, because on your balance sheets you are carrying an asset value of \$877,000?

**Mr. Jackson:** The Betting Levy Board, out of that same \$30 million loan in 2000, purchased some equipment which is primarily used by the promoter, the Arima Race Club. But the fact that the Betting Levy Board bought it, it remained in our books as our asset.

**Mr. Bharath:** Which really brings me to the question I wanted to ask, relating to the expenditure on your income statement and that is, there is a significant variation between the charge for depreciation in 2008 and 2009. Although you have not in fact disposed of any assets the figures are \$128,309 charged in 2009, but \$1,526,000 charged in 2008, could you tell us why the wide discrepancy?

**Mr. Jackson:** Primarily, once again, the equipment that was purchased in 2000 was for what was then a **classico** meeting. The Betting Levy Board spent about \$18 million of the \$30 million on this equipment. Hence, depreciation on \$18 million over the 10-year period was a significant amount.

**Mr. Bharath:** Are you saying therefore, it has now been fully depreciated?

**Mr. Jackson:** Correct.

**Mr. Bharath:** Just one more question on the income. The figure for the settlement fee, could you tell us what that represents, \$1.5 million in 2009? It is not a recurring expense. It did not occur in 2008.

**Mr. Jackson:** It represented settlement of a legal action brought by an organization by the name of HR Promotions against the Betting Levy Board and the Arima Race Club.

**Mr. Bharath:** Is that an out-of-court settlement?

**Mr. Jackson:** It was an out-of-court settlement.

**Mr. Deyalsingh:** On page 3, the income and expenditure account, I see an item fifth from the bottom, under expenditure, "vacation leave expense" could you tell me what is the policy of the

Betting Levy Board as far as employees who have not taken their vacation? Is it the policy to pay them for that?

**Mr. Jackson:** The Betting Levy Board does not pay staff for vacation leave accrued. It is an accounting requirement by the auditors that vacation leave not taken is quantified and shown as an expense in the year.

**Mr. Deyalsingh:** So, members of the Betting Levy Board may not take their vacation?

**Mr. Jackson:** May not take their vacation entitlement within the year. But whatever is not taken during the course of the year is quantified and shown as an expense in the year.

**Mr. Deyalsingh:** Are these full-time employees who report to work eight to four every day?

**Mr. Jackson:** Correct.

**Mr. Deyalsingh:** My question is—I want to make sure and phrase this question properly—in industries like racing, gambling, especially where you are handling large volumes of cash, do you think it is desirable that employees not take their vacation, because one of the major indicators of fraud in any organization is when employees refuse to take their vacation? Do you think this is a desirable practise and something that this board will look at?

**Mr. Jackson:** The amount of leave that is accrued by members of staff is not significant. The Betting Levy Board is a relatively small organization, 16/17 members of staff. We do not deal significantly with cash with the exception of the daily racing programmes and English race programmes, which we produce, which amounts to probably about \$5,000 per day because we print between 2,000 and 2,500 programmes a day at a cost of \$2.00.

**Mr. Deyalsingh:** But you would be handling cash transfers, not physical cash but electronically?

**Mr. Jackson:** Yes, primarily. Our collection of taxes from the private betting shops and the Arima Race Club is all done through on a cheque basis, basically.

**Mr. Deyalsingh:** Anyhow, it just has a corporate governance issue, I think, that employees should take their vacation.

On page 4 of the same accounts, again, under the cash flow statement: Cash flows from operating activities, 2008 and 2009, there seems to be a significant decline, the net figure from \$4.8 million in 2008, to \$705,000 in 2009. What would have accounted for such a significant decline and is this an indicator of illiquidity in the organization? Can the organization at that time have met its commitments?

**Mr. Jackson:** It may be that that major difference there was brought on by the fact that we

had—just one second.

**Mr. Deyalsingh:** Sure.

**11.50 a.m.**

**Mr. Jackson:** All right. Well, not the major portion of it, but at least \$1.4 million of that would have been brought on by the depreciation during the course of the year.

**Mr. Deyalsingh:** Even if we take off that \$1.4 million, you still move from \$3.4 million to \$705,000, which is still significant.

**Mr. Jackson:** All I can say is maybe because we had incurred the increase to stakes during the period.

**Mr. Deyalsingh:** You see, that pegs back to one of my original questions, this increased expenditure into stakes, where is it really going? It seems to me that it is not going where it should be going.

**Mr. Jackson:** You mean the benefit that we are getting from it?

**Mr. Deyalsingh:** Yes.

**Mr. Jackson:** Not where it is going?

**Mr. Deyalsingh:** Yes, it is not linked.

**Mr. Jackson:** Mr. Chairman, just to address the committee. As I say, it is difficult as the Chairman said earlier, with the exception of the amount of money wagered, it is difficult to actually put a finger on where we are benefiting except—you can look, as I say, it is primarily betting, number of horses, number of owners and the number of horses being bred locally, those are the things we look at.

**Mr. Deyalsingh:** Okay. Maybe I can link it hopefully to page 15, the reason I am asking these questions, and whenever I hear the word “subsidy” I get defensive, because you are talking about using taxpayers’ money to subsidize something. Under item 14, promotion and development, okay, we dealt with stakes already going up, could you tell me on a per horse basis, what is the quantum of subsidy which a breeder gets when he brings in one horse? Because subsidies for imported horses went up from \$900,000 to \$1.4 million, how does that translate down to a horse?

**Mr. Jackson:** The subsidy and offer for imported horses was \$25,000 for horses purchased above a certain quantum of money—*[Interruption]*

**Mr. Deyalsingh:** Which is?

**Mr. Jackson:** Above US \$10,000, that was to try to generate importation of well bred horses.

**Mr. Deyalsingh:** So, I go abroad, I buy a horse for US \$10,000, roughly TT \$63,000, is it that the Government gives me back \$25,000? Is that how it works?

**Mr. Jackson:** The Betting Levy Board would give you back \$25,000.

**Mr. Deyalsingh:** Okay. And why is there a separate subsidy for mares?

**Mr. Jackson:** The mare subsidy is on offer only to locally bred horses.

**Mr. Deyalsingh:** Okay, I see.

**Mr. Jackson:** That also applies to the incentive to breeders which is—we offer an incentive to the mare, when it is certified by a veterinarian as being in foal, and when you have a live foal, we also offer a small incentive.

**Mr. Deyalsingh:** Okay. Just a final question, and this may be an unfair question so I apologize, just for me to have an idea, what sort of employment do you think the horse racing industry generates directly and indirectly? Just to have an idea of where this industry is going, what is the value of this industry in terms of employment?

**Mr. Jackson:** Directly I would say between probably about 1,200 to 1,500 persons; indirectly maybe about twice that.

**Mr. Deyalsingh:** Okay. Thank you. Thank you, Mr. Chairman.

**Mr. Maharaj:** Good morning, once again. My question is based on the administrative report dated July 01, 2007 to June 30, 2008: Vision for Development, on point 2 it states one of the points for development is to pursue amendments to the Gambling and Betting Act, and to make into law some amendments.

**Mr. Chairman:** Senator, what page are you on?

**Mr. Maharaj:** Actually it does not have a page number, but the third page: Vision for Development.

**Mr. Chairman:** Okay.

**Mr. Maharaj:** Yes. It is very clear that one of the challenges you all are facing is in terms of the tax collection. What are some of the critical amendments that you believe are necessary and if any of these relate to enforcement of tax collection?

**Mr. Jackson:** Right now there were never any rules and regulations concerning the Betting Levy Board Act. So that basically, the Betting Levy Board right now collects taxes from the private betting shops on a—I do not want to say an ad hoc basis—but take, for example, the reporting from each private betting shop tends to be different. We have tried over and over again to get them all to report in a certain manner, but as I say, without the rules and



regulations of the Betting Levy Board we basically have no teeth in which to really demand that. We have been trying for a number of years—it has been with the relevant line Ministry for a number of years, we have put forward the recommended rules and regulations, but they have been stuck.

**Mr. Maharaj:** So essentially the problems you are facing: you do not have the authority to verify the amount of bets and so on; and to check the amount of taxes which should be collected; and to attempt to enforce those by some mechanism, you do not have that—  
[*Interruption*]

**Mr. Jackson:** That is indeed correct.

**Mr. Maharaj:**—and you need to have that within the context of the Act to give you all that authority to really pursue these different agencies, so you will have the real amount of moneys coming into your coffers so you can better administrate? Is that it?

**Mr. Jackson:** Correct. Correct.

**Mr. Chairman:** May I ask the representatives from the Ministry of Finance, either of you, do you have a view on this problem which is being identified, that there are no regulations relating to collection of taxes from the private betting shops? You all must have a view, one of you?

**Mrs. Harris:** Hi, good morning all. Well, Mr. Jackson alluded to the fact that the line Ministry—their relationship in trying to get them to do what they need to do which is where it really lies. The line Ministry needs to play a bigger role and they need to be in contact with the Ministry of Finance in order to put the systems and everything in place in order that these taxes can be properly collected, and that they can be accounted for. So the relationship between the Betting Levy Board, the line Ministry and the Ministry of Finance will need to be worked on and strengthened in order that we can achieve that.

**Mr. Chairman:** Perhaps we should send a letter to the Ministry of Trade and Industry.  
[*Speaks to the Secretary*] Sorry, go ahead, Senator.

**Mrs. Baptiste-McKnight:** Thank you, Mr. Chairman. Good morning gentlemen. I have just a few questions. First of all, I note that the Board established an off-track betting outlet, with the fact that you have an actual experience of the quantum of betting that such an outlet generates help you in any way to ascertain the extent to which you are not getting revenues from private betting outlets?

**Mr. Jackson:** First of all, hon. Member, the Betting Levy Board did not open an off-track

betting shop, the Betting Levy Board cannot open an off-track betting shop, it is the Arima Race Club which opened the off-track betting shop. What the Betting Levy Board did was facilitate the Arima Race Club with some funding to assist them in setting up the off-track betting shop.

**Mrs. Baptiste-McKnight:** Very well, I stand corrected. Can you then have a comparative estimate of the revenues generated in a private outlet using the example of the revenues you would be getting from the Arima Race Club outlet?

**Mr. Jackson:** It is difficult to assess and compare, because the Arima Race Club takes a different type of betting than the private betting shops. The Arima Race Club takes what is betting, which is referred to as pari-mutuel betting, so that the pool, the dividend paid on winning dividends is based on how much money is bet in that race in the pool. The private betting shops adopt a different type of wager, they take what is called fixed odds wagering, so even before you bet on the horse you know how much you are going to get. So they both attract a different type of punter, if you understand what I mean.

**Mrs. Baptiste-McKnight:** Very well.

**Mr. Jackson:** Now, Mr. Deyalsingh, I see him shaking his head. I will just say it again, one is called pari-mutuel betting, in other words, if the amount wagered in the pool is \$1,000, then the winning dividend could only be based on less the 10 per cent tax, \$100 will only be based on \$900.00, this is the Arima Race Club.

The private betting shops, they take predetermined odds and their odds as a matter of fact are set in England, so their wagers are based on the various horses coming at 3:1; 4:1; 5:1 whatever, which has no basis at all on the amount of money wagered on the race. I hope that clears it up.

**Mrs. Baptiste-McKnight:** Thank you. Your accountants noted that there was a problem with PAYE that was not paid on certain allowances, and in response to their query you noted this discrepancy, have you sought to follow this up with the Board of Inland Revenue? And if so, with what result?

**Mr. Jackson:** That matter has been cleared up and the only reason it appeared in two consecutive years, was because by the time it was identified in the first year we were almost midway through the second year. As a matter of fact you would see that appearing in both 2008 and 2009, but that matter has since been cleared up and the relevant taxes are being deducted.

**Mrs. Baptiste-McKnight:** Thank you, last question. I am still a little unclear about your implementation of your role as it is reflected in the legislation, because you keep saying that the present Board leaves the matter of development to the Arima Race Club, yet the fact that the Board actually funds the development of racing through the race club, seems to me it means that the Board is involved in development. This being so, whichever interpretation, can you give me an idea of where the Board sees the future of racing going?

**Mr. Jackson:** All right. The Board has two major functions if you look at the Act, one is the development and improvement of every aspect of horse racing, and the second is for monitoring compliance with the rules relating to the operation of the private betting shops, including collection of the taxes under the Gambling and Betting Act.

**12.05 p.m.**

The only licensed promoter in Trinidad is the Arima Race club. The Betting Levy Board, I think, and various betting levy boards in the past, have had to work, I feel, with the promoter, other than that I think local racing probably would have come to a halt a long time ago, and hence the reason why the previous boards did a little bit of promoting. I would differ and say, not only did they do a little bit of promoting but they worked very closely with the promoter in terms of how the promoter promoted racing.

**Mrs. Baptiste-McKnight:** I do not think that you got the gist of my question. The brunt of the question is, where do you see racing going? What is in the future of racing?

**Mr. Maharaj:** Okay, the first imperative is to stop the hemorrhage. Guyana is starting to pick up in their racing activities and they are coming in and buying all our horses, and people who get fed up and cannot survive in the industry will sell their horses, so we are losing horses to Guyana.

We have 14 jockeys leaving this week to go to the United States and Canada, we have grooms leaving because the level of the stakes are not high enough to hold people. Once we can improve our collections from the betting shops we will have more money to put into stakes that is the immediate imperative that we need to look at.

To answer your previous question member, we do not have hard evidence of what the turnover of the betting shops is. We look at what the off-track betting outlets do, and the Arima racing outlets. They are very small outlets and their competitors are these massive—and wild speculation is that at the betting shops the collection is supposed to be between \$50 to \$100 million; that is the speculation over the years, they collect \$15 million. In the past

10-year period, it is an average of \$15 million—I think the most I ever collected was \$18 million. And of course, there is going to be—some people are saying it is supposed to be \$100 million, some people saying it is \$50 million, but very rare it is under that.

If we could get anywhere up to that \$50-million collection for the betting shops we can make Trinidad and Tobago the mecca of horse racing in the region. It could be a tremendous economic contribution to this country, it would make a fantastic tourism product. You have a lot of people that are employed in this industry that are unemployable. It takes people off the streets who do not have another option and they are employed in the racetrack—the figure that is being called in this industry right now is about 5,000 people directly and indirectly.

We believe that if we can just get that one aspect sorted out, the collection of the taxes from the betting shops—we have a very solid foundation here. Racing is over 100 years old in this country that we can make here the mecca in the entire hemisphere, and that is our vision for the industry.

**Mr. Baptiste-McKnight:** Mr. Chairman, can I have a follow-up? Have you got a plan for increasing this income so that you can produce mecca?

**Mr. Maharaj:** Pardon me? I did not hear. Do we have a plan for—?

**Mrs. Baptiste-McKnight:** Have you got a plan for increasing your revenue from the betting shops because if this is the critical issue, and this your main function then you need to have a plan to achieve this in order to get to mecca.

**Mr. Maharaj:** We do have a plan.

**Mrs. Baptiste-McKnight:** You may not be able to share the plan with us but I would like you to at least encourage me to believe that you have a plan and that it is workable.

**Mr. Maharaj:** Yes. There is a steering committee/task force under the Ministry of Trade, and they understand that imperative very, very clearly. We are looking at the options—now, we have models worldwide we are looking at, and most successful model is Woodbine in Toronto Canada. We are working very closely with the Woodbine people to very possibly computerize the operations of the betting shops, but we will need teeth and legislations, fines and penalties for those breeching and contravening those regulations that we are going to ask to be put in place.

**Mrs. Baptiste-McKnight:** Are you prepared to produce some drafts of the possible legislation that you need?

**Mr. Maharaj:** We have a lot of the legislation drafted already, and we are looking at the

different models available right now, but without that this board has been moral suasion for the bookmakers, we are calling it bookmakers. How it works is: the betting shop owners do not pay their taxes you know, the punter, the bettor ought to be paying 10 per cent tax. And that is what—it is like a vat, they are just collectors, but what is clear, some of them do not charge you tax, some of them charge you tax and keep it, and that is what we are faced with right now. We have no teeth, we cannot go behind their counter, they took us to court and we lost, so we do not have any teeth to collect. So as far as they are concerned right now, we will pay anything we feel like paying. I mean, no society could operate like that.

So, we are using moral persuasion at this point but I am telling you are not going to sit there and not do our job. We are going to ask Cabinet and Parliament to enact legislations; it would allow us to collect the taxes. These are taxes they would not pay, it is the printers paying it, the bettor pays it and it does not reach us.

**Mr. Chairman:** Just excuse me Senator.

**Mrs. Baptiste-McKnight:** No, no, no, go ahead.

**Mr. Chairman:** How is it successfully done in other countries? Could you give me an example? Do they audit the books, what do they do?

**Mr. Maharaj:** “Oh yeah”. There is a betting levy board in England and we use the same model but they can tell you the penalties are so stringent. It is like, you own a casino in La Vegas, you have one infraction you lose your license, nobody messes around; but here there are no penalties, and that is the problem.

You have illegal bookmakers taking illegal bets out of the system. I do not know if that is money laundering, or what, it is out of the system. We have betting shops that are legitimate betting shops acting like illegal bookmakers too because they are taking money and operating the same way, but if we have legislation and said, you know what, \$1 million fine for anybody placing or taking an illegal bet, and loss of license immediately because it is a criminal offence; they are going to collect the taxes and give it to us; and we can build this mecca that we envision. That is all we are asking for.

I am not taking a penny out of their pocket. We just ask them to collect the tax and pay it to the racing industry, that is all.

**Mr. Chairman:** Mr. Bharath you had a question? I am coming back to you afterward.

**Mr. Bharath:** Since this the major source of your income—collection of taxes—are you then going to be linking, definitively, any further promotion and development or what is termed

here as promotion development that \$4 million? Is it now or in the future that you are going to be linking any expenditure directly to the collection of taxes because I have to tell you gentlemen, I am not comforted by the explanations we have been given with regards to this nebulous—but expenditure that has been expended, are not understanding, quite frankly, or not being able to measure the return, and in what area, not even be able to specifically say it is going to be down to the benefit of collection of taxes or definitively to more people coming into the sector, or if you can more people coming in you cannot say how many.

You have been in the private sector Chairman for many years, you would not expend money not knowing what the return is likely to be, or how you could measure the return because you will not know whether you need to spend \$4 million this year, \$5 million next year, then \$10 million, because essentially, your board could come back here next year and say we spend \$10 million, but we are not quite sure how it is going to affect the running of the Betting Levy Board.

The question I am asking, following up on Mrs. McKnight's question if you do indeed have a strategic plan for the Betting Levy Board is it that your financial resources and your energies will now be focused, or funnelled on ensuring that you collect your taxes as efficiently as it is necessary, and any expenditure that is going to be spent primarily in that area, since that is your main source of income.

**Mr. Maharaj:** Well, as Mr. Jackson said the previous board maybe I was unkind. The previous board really worked with the promoter. For all you know they tried to influence the promoter. We are confident that we have an excellent promoter, an excellent team of people, very knowledgeable. We have three task force reports, so what needs to be done in the vision for this industry has been well—we have the James David report and we have Whiteway report and we have three reports. It is well documented, what the vision is for tis industry; where we want to and we needed to do to get there. It all hinges upon the collection of taxes.

I want to say that the Arima Race Club has stepped up to the plate. And from running like a parlour organization, accepting \$48, \$45 million a year and to owe over \$100 million. In tough times, they have been very innovative and they have demonstrated their propensity to operate at a lower cost level. So they have reduced their cost and we have seen that. We do not see any foreign travelling, and entertainment in Arima race club, but that funding, that money that comes in there is insufficient to fulfil our vision. We need to collect the taxes. Just to collect it, collect what is due to us, to the racing industry from the betting shops, and we

need teeth to do that. As long as we have the teeth to do that and willingly or forcibly, the taxes come to us.

We have it all well documented where we want to take this industry. We intend to fund setting up of betting shops all through the Caribbean. Up to Belize, all through and collect taxes from that. This is part of the master plan.

**Mr. Deyalsingh:** Mr. Chairman, through you, Mr. Maharaj are you able to quantify with any reasonable certainty the quantum of taxes that you are losing from these shops or not receiving?

**Mr. Maharaj:** We cannot—as I said—we are collecting \$15, \$16 million and there are people that saying that they are knowledgeable saying that it is supposed to be \$100 million, but anybody could call a figure. We know it is a lot more to be collected and they know, the betting shop owners know that. So far this year, we have seen about 18 to 20 per cent increase just by moral suasion.

**Mr. Chairman:** Just to ask you, Mr. Maharaj, when you say you collect \$18 million or \$12 million whatever the number is, are those the taxes you are collecting?

**Mr. Maharaj:** The taxes that the bettors pay in the betting shops. So they make a bet for \$100 and they pay \$110.

**Mr. Chairman:** No, I am just trying to get at something here. That means that the amount being bet, the turn over, the bundle is \$180 million, \$200 million, I mean, on paper?

**12.20 p.m.**

**Mr. Maharaj:** At the most.

**Mr. Chairman:** And you are saying it should be closer to \$1 billion. Is that what you are saying?

**Mr. Maharaj:** There are people who are saying it is a billion dollars.

**Mr. Chairman:** A billion dollars?

**Mr. Maharaj:** There are people who are saying that we are supposed to be collecting \$100 million and the ones that are saying that are the ones who talk the loudest, and are knowledgeable.

**Mr. Chairman:** So these local bookmakers are collecting \$1 billion in income. That is what you are being told?

**Mr. Maharaj:** People are saying that. We are happy if it is \$500 million and we are getting \$50 million. We are happy with that. Remember, they are not paying this tax. It is the people

who are betting in the shop.

**Mr. Chairman:** I understand what you are saying.

**Mr. Maharaj:** We just need the teeth to collect it.

**Mr. Chairman:** I understand and I think we need to write the Minister of Trade and Industry.

Are there any other questions?

**Mr. Bharath:** Was an overdraft not issued at one point?

**Mr. Jackson:** It was a temporary overdraft just to take us until the end, so we have done away with it.

**Mr. Chairman:** Thank you very much. When do you think the 2010 accounts will be ready?

**Mr. Jackson:** Mr. Chairman, 2010 has already been audited and we are just awaiting the auditors. Actually, we have a draft and everything else. We are just awaiting the auditors to finalize it for us, so I would say definitely within two months.

**Mr. Chairman:** Thank you very much.

**12.22 p.m.:** *Meeting adjourned.*



VERBATIM NOTES OF THE PUBLIC ACCOUNTS COMMITTEE HELD IN THE  
ARNOLD THOMASOS ROOM (EAST), LEVEL 6, TOWER D, THE POS  
INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT OF  
SPAIN, ON TUESDAY, JUNE 12, 2012, AT 11.25 A.M.

OFFICIALS OF THE BOOKMAKERS ASSOCIATION OF TRINIDAD AND TOBAGO

Peter George	President
Kearne Govia	Member and Licensee
Vinda Ramsingh	Member
Terrence Milne	Attorney-at-Law for the Association

**Mr. Chairman:** Good morning. Let me welcome you to this meeting of the Public Accounts Committee of the Parliament of Trinidad and Tobago. The proceedings are being held in camera, that is privately, and any evidence presented before the committee this morning will not be made public until this committee officially reports to the Parliament, which is probably going to be sometime in July or August because the Parliament, the current session, comes to an end within the next couple of weeks.

I would ask you also to not disclose any discussions you may have this morning. The purpose of the meeting is to receive evidence from the Bookmakers Association, with respect to our current examination of the accounts of the Betting Levy Board.

What I would like the representatives of the Bookmakers Association to do now is to just introduce themselves and then I will introduce the members of the committee.

*[Members of the Bookmakers Association introduce themselves]*

*[Members of the PAC introduce themselves]*

**Mr. Chairman:** We are a bipartisan committee or tripartisan, if there is such a word and we operate—we do not, or we try not to put on our party hat in these meetings. We are just here as Members of Parliament to give you a hearing. Over to you.

**Mr. George:** Thank you, Mr. Chairman. Just before we started, I handed the secretary, Mr. Deonarine copies of a document to be passed on to the members of the committee just for them to get acquainted with it. If I am allowed I would like to read this document.

**Mr. Chairman:** Members? All four pages of it?

**Mr. Ramlogan SC:** I do not think it—although we received it this morning, it is very user-friendly. So, perhaps, it might be wise to just paraphrase and take us to the main points.

**Mr. Chairman:** If you could just summarize because we have all read it.

**Mr. George:** Okay. First of all, Chairman and members I thank you on behalf of the Association for allowing us the privilege of pointing out the problems facing, not only the private betting shops bookmakers but also the horse racing industry.

In 1989, the Betting Levy Board Act was enacted and it provided where a turnover tax of 10 per cent must be paid by the punter. That tax to be collected by the bookmaker and subsequently remitted to the Betting Levy Board. Since that started, with the first couple of years, we struggled with it, knowing full well that it was a serious disadvantage for the punter to be able to pay 10 per cent tax on every bet. Nevertheless, it went on for a few years and it subsequently created a lot of problems and mistrust between the Betting Levy Board and the private betting shops on the basis of (a) allegedly we are not collecting the tax; (b) we are collecting the tax and refunding the tax; and (c) we are collecting the tax and not remitting it—very serious allegations.

So, what we want to point out today, members, is that the statements made by Mr. Kama Maharaj, the Chairman of the Betting Levy Board, at a meeting held on April 10 was totally misleading and in our opinion wild and reckless. It sends some very serious connotations on the integrity of the bookmakers.

Since the inception of the Act, at that time members, we had 35 private betting shops in operation in 1989. At present, there are only 14. The demise of all these other betting shops, obviously, there must be a reason for that and the reason is that the punters have no desire of paying 10 per cent on their bets. We have had constant discussions with the Betting Levy Board, members of the Arima Race Club and also some Members of Parliament, with the last administration and to no avail, nothing has been done. The problem is the turnover tax that is based on the law, is not workable and it is outdated.

In England, in 10/11 years ago, they abolished the turnover tax on betting, as you will see in the document. The reason they did this is because people were betting outside of England and they had no desire to pay the 9 per cent tax. The private betting shops realized that. They made representation to the United Kingdom Government and it was abolished. Presently, there is no turnover tax, not only in the United Kingdom, but nowhere in the world. It does not work.

In addition, over the last several years you have online tax free betting. It is very easy for a punter in Trinidad to get an online bet tax-free. It is very easy for him to pick up the phone and spend \$5 and get a tax-free bet in England. It is as easy as that. So, the idea is why would I pay a tax when I can get a tax-free bet?

Now, surely punters in Trinidad do pay the tax but unfortunately it is the small punters that pay the tax; the guys who are betting \$5 and \$10 and \$20, whatever. But anybody who is betting in the hundreds or in some cases in the thousands, they have no desire of paying the tax. The net result, they come to the bookmaker, the bookmaker refuses the tax free bet, they go to the underground and they get the tax-free bet or they go online or they go wherever.

**Mr. Ramlogan SC:** When you say underground, forgive my ignorance, what does that mean, in terms of betting?

**Mr. George:** We have a very serious large underground illegal bookmaking arm in Trinidad, simply because of this 10 per cent turnover tax. And there are people who are knowledgeable in racing that have set up a network and they are getting bets from people who are betting hundreds and thousands and we are not able to get those bets.

The net result is the bookmaking industry is starting to struggle and hence the reason you have now only 14 against 35 and you have very—in fact, you have no new applications. In the last eight, nine or 10 years we had one new application for a betting shop, one. So, the question is—we are saying that these allegations about a billion dollar industry that the private betting shops alleged by the Betting Levy Board is totally untrue, totally wishful thinking. It is just a wild statement and that the bookmaker should be paying \$100 million in taxes, totally absurd lady and gentlemen. We are only here to defend that statement. Hence, the reason for this position paper, if you read it, you would find the problems not only relate to Trinidad and Tobago. It is worldwide, in terms of taxes and the decline of horse racing in this country and worldwide, serious problems.

So, to extract some of the things we are saying here is that we also gave you, in this document, two comparables in Trinidad and Tobago, which demonstrate that 14 private betting shops cannot generate \$1 billion in sales. It is virtually impossible, one of which is the National Lotteries Control Board and they are only involved in gaming. There are 800 lottery shops throughout the country, not 14, not 100, lady and gentlemen, 800, and the total betting volume throughout this entire country is approximately \$1.5 billion.

In addition, we look at a private public company called Prestige Holdings that also has

the largest KFC chain in the country, the largest Pizza Hut chain and also the TGI Fridays, which we are all familiar with. That Prestige Holdings owns these three chains, 65 shops, and their total yearly sales is \$700 million.

**Mr. Ramlogan SC:** Can I ask? I have sort of—I think we have grasped the point in document. The parallel, as I understand is really the flat tax imposed by the United Kingdom, as opposed to the per bet system that we operate and per bet system is obviously working hardship on the small punters. The big punters are avoiding the tax which is either based on the bet or on the proceeds of the win and either way they lose. I notice in the proposed amendment, you are not opting for the UK model of a flat tax on the gross earnings.

**Mr. George:** No.

**Mr. Ramlogan SC:** Why is that so?

**Mr. George:** No, because AG, we do not have the mechanism to monitor. These betting shops are all private individual betting shops and not public companies like Ladbrokes or William Hill of the United Kingdom and all these big multi-public companies where the Internal Revenue Service or the Treasury can monitor these accounts because they are all audited publicly.

In Trinidad it would not work. We would go back to where we are now. We will have accusations, like you are withholding the bets, we are not getting the true value. Hence the reason, for years we have been advocating that in Trinidad and Tobago, the best thing is a flat tax, what we call the flat licence, per betting shop in whatever geographical area we are in.

For example, in Port of Spain, we are suggesting that a flat licence of “X”, out of Port of Spain, another flat licence. In that case, the Betting Levy Board can budget. They can know exactly how much money they expect to receive every year and there is no problem, in terms of wild rumours and allegations. This has been going on, AG, for years. I mean to say we are tired of it. We would like it to come to a head and we are here to not only defend the fact that this billion dollar accusation is wrong, but we need help. We need the Government to really bring this to a head and do some amendments, so that everybody can operate with an equitable tax system.

**Mr. Ramlogan SC:** Chairman, permit me to say the for the record and for the benefit of the Bookmakers Association that the Law Reform Commission—earlier on I had instructed them to prepare a policy document on, not just on this but casinos and the whole betting industry. This morning, in anticipation of this meeting, I spoke to the Chairman of the Commission and I

was advised that they would give me a status report on that, because it is a very important matter and it is going to be a big football for us to grapple with in Parliament. I was going to invite the Association to see whether or not they would be prepared to meet with the Law Reform Commission to, perhaps, assist us in that process and to make some representations on behalf of your organization, because I think it is a very important stakeholder in that process and it may very well inform the policy position that we eventually arrive at.

**Mr. George:** AG, we would be delighted.

**Mr. Ramlogan SC:** Sure.

**Mr. George:** We would be happy and we will be delighted to meet with the Law Reform Commission.

**Mr. Ramlogan SC:** One area that we have not touched upon that I know is very contemporary and a matter of concern to many is, of course, what mechanisms can be put in place, if any at all, to deal with the alleged relationship between money laundering and the betting shops? It is viewed as a way to wash money. If you work out the mathematical probabilities and you had \$5 million from drug trafficking or whatever you can literally bet on all the horses. You might lose \$5 million, but you come out with a winning that is from a legitimate source, as it were, so it launders the money pretty easily.

I know the Financial Intelligence Unit has been having some concerns in that particular area. I just throw it out for you to think about. This is a legitimate business and a legitimate operation that you all are running. It may very well be that these guys are the ones who are going at the underground to place the larger bets.

**Mr. George:** It is possible.

**Mr. Ramlogan SC:** But either way, we would need to then, perhaps, look at how the laws can deal with the underground syndicates that are operating as well that are threatening to put you out of business.

**Mr. George:** Yes, correct. We will be happy with any input that we can provide, AG. We will be happy to do it.

**Mr. Ramlogan SC:** Sure. Lovely

**Mr. Chairman:** Okay, I have some questions for the bookmakers. Where would the Betting Levy Board have gotten these figures from?

**Mr. George:** Well, Chairman, when the Betting Levy Board was enacted the then Chairman, after a couple of years, made these statements publicly that the Betting Levy Board should be

collecting so much taxes and in his opinion that the betting volume in the private shops is \$1 billion. He made that statement.

**Mr. Chairman:** Can you recall who that would be?

**Mr. George:** Mr. Merlin Samlalsingh.

**Mr. Chairman:** That was a long time ago?

**Mr. George:** That was a long time ago and ever since then that was carried on by different Betting Levy Board Chairmen that knowledgeable people have stated that the betting volume is \$1 billion. Who are these knowledgeable people? We do not know but we can assume. The only person ever made that statement was Mr. Samlalsingh.

**Mr. Chairman:** I have another question. When the Betting Levy Board came before us they told us an attempt was made to audit the volume of bets and the amount of money that was passing through the bookmakers' shops and the bookmakers objected and the matter went to court and the bookmakers were successful in the legal action. Could you shed some light on that, please?

**Mr. George:** What had happened then was that the Betting Levy Board wanted to send compliance officers behind the counters, to audit and that, in our opinion, was an invasion of privacy. You cannot have employees working and taking bets and you have compliance officers walking up and down and checking every minute. You cannot do it. It is totally disruptive. So, we took them to court and the judge ruled in our favour, but we never stopped them from auditing us. They are free to send an accountant and audit or do whatever they want. We have no problem with that.

**Mr. Chairman:** Would the bookmakers have any objection to some form of inspection, not just an audit, a sort of a random inspection with an inspector coming into a bookmaker shop unannounced and just performing a physical check of the amount of money?

**11.55 a.m.**

**Mr. George:** I think, Mr. Chairman, what is being done now is that they send compliance officers to all the shops without our knowledge, and when we eventually find out Mr. X is there, making notes or whatever, it is done quite regularly.

**Mr. Chairman:** But it is not in the law?

**Mr. George:** I do not know if it is in the law.

**Mr. Ramsingh:** No, it is not in the law.

**Mr. Chairman:** Right.Okay. I will open the floor to the other Members in a short while. Of

the 14 shops, how many are in Port of Spain and how many are outside of Port of Spain?

**Mr. George:** Four in Port of Spain, 10 outside of Port of Spain.

**Mr. Chairman:** Okay. If I do some very rudimentary calculations, this fee structure that you are proposing would yield \$25 million—\$26 million?

**Mr. George:** Twenty three million dollars.

**Mr. Chairman:** Okay. “So meh maths not too bad”—*[Laughter]* and currently the taxes are \$15 million.

**Mr. George:** Well, “yeah,” it used to be a little higher, but with the advent of the casino industry, and expansion of the illegal betting, our volume has reduced, but it is averaged now at around \$15 million.

**Mr. Chairman:** On the face of it this would be an increase over what is presently collected.

**Mr. George:** Correct, correct.

**Mr. Chairman:** Why are you proposing something that on the face of it appears to be more?

**Mr. George:** Because there is no turnover tax, all right, a punter comes and place his bet—*[Interruption]*

**Mr. Chairman:** But the volume will go up.

**Mr. George:**—the volume would go up.

**Member:** It would re-encourage—*[Inaudible]*

**Mr. Chairman:** Okay, I understand. I have no other question.

**Mr. Deyalsingh:** Mr. Chairman, through you to Mr. George. I know nothing about betting, but in listening to you, you do not agree with the ten per cent turnover, you do not agree with a flat-tax system, you are proposing some sort of licence fee if I understand you based on geography. You said one fee for shops within Port of Spain and one licence fee for shops outside of Port of Spain. What is the rationale for a licence fee based on geography and not based on turn or volume of bets? How do you reconcile the—*[Interruption]*

**Mr. George:** Senator, there is a bigger mass market in the Port of Spain area, and there are only four shops in Port of Spain whereas there are 10 shops outside. So what we are saying is, the shops in Port of Spain, because of the population and the density of bettors in Port of Spain, we say okay, the Port of Spain shops should be \$2 million and outside of Port of Spain \$1.5 million, the betting public is denser in the Port of Spain area.

**Mr. Deyalsingh:** I agree with that, but my basic understanding of how taxes should work is that the more you make the more taxes you should pay. With this type of system it does not

seem to me that the more bets that a betting shop takes in they pay more taxes, I mean PAYE and corporation tax based on how much you earn.

**Mr. George:** No, Well, Senator—*[Interruption]*

**Mr. Deyalsingh:** I am just trying to understand your proposal.

**Mr. George:** If I have a betting shop in Port of Spain that has a little better volume in terms of betting which will hopefully give me a better bottom line, obviously you should pay a little more licence or what we call the flat fee. Whereas the other people up in the east/west corridor, central and south, we give them the leeway of a little relief on the flat fee, because obviously their volume would be a little less.

**Mr. Deyalsingh:** But what about if you have a case of betting shops outside of Port of Spain which, through before marketing, markets themselves better and actually does more business than a shop in Port of Spain.

**Mr. George:** Good for him. Good for him.

**Mr. Deyalsingh:** “Yeah.” But does that not sort of fly in the face of how a tax system is supposed to work, that the more you earn the more you should pay?

**Mr. George:** Well, Senator, the tax system in gambling is kind of weary and different from a normal corporate kind of tax—normal tax system. The question of—and hence the reason we are in this trouble—hence the reason underground betting is getting bigger and illegal betting is getting better, because of this problem, of this 10 per cent turnover tax; that is the problem. What we are saying is the Port of Spain shops that have a bigger volume, hopefully, we guesstimate or hopefully that is correct—have a little bigger volume than the other shops, we say your licences or flat fee should be a little bigger, and most of the bookmakers have agreed to that, and outside of Port of Spain as long as you leave, let us say, from the San Juan area right through the rest of the country, is \$1.5 million. Senator, respectfully, it is really a fee that you call a flat fee or licence fee. But I will tell you, it would certainly make significant difference for the entire industry, not only bookmakers, the entire horse racing industry which as we are aware has a very high employment.

**Mr. Maharaj:** Let us take into consideration the statements made here, so we have this flat fee system, so basically you have a licence, you pay for a licence to operate, you run your business accordingly and you make a profit.

**Mr. George:** Right.

**Mr. Maharaj:** You are saying, additionally, this will encourage bettors to come back into the



market, revive the industry and the business activity in that sector.

**Mr. George:** “Yeah.”

**Mr. Maharaj:** Just to connect with Mr. Deyalsingh at a certain level, what you are saying, I believe, is when your profits become very huge, let us say you generate—you have—the bets for 2011 is \$110 million here, right? Let us say you go up to \$500 million, what kind of adjustment can we make? Can we then review the licence fee? Would that be a feasible concept to review, because we might not be able to sustain a fee? Let us say your income generation is so high, we might need to look at—is that part of a—

**Mr. George:** No. That \$110 million Senator, is the Arima Race Club, it is not the private betting shops.

**Mr. Maharaj:** The private betting shops collected \$151 in 2011.

**Mr. George:** Yes, correct.

**Mr. Maharaj:** Right. Let us say overall it goes up to \$500 million, then we might need to review the licence fee or something like that, right?

**Mr. Ramsingh:** We have agreed to that.

**Mr. Maharaj:** Because this cannot be a lifelong fee?

**Mr. Ramsingh:** I guess like any situation it is reviewed after a particular period of time.

**Mr. Maharaj:** So this is just a starting, you want to start with something?

**Mr. George:** Correct.

**Mr. Maharaj:** Then we will review.

**Mr. George:** If the AG is kind enough to give us some sort of amendment, there can be a review ever three to five years or whatever a review on—it is either we can do it or cannot do it.

**Mr. Chairman:** Based on that conversation, do the bookmakers pay corporation tax at this time?

**Mr. George:** Yes, correct.

**Mr. Chairman:** So there is some way of establishing what your gross revenue is?

**Mr. George:** Absolutely, at the end of the year.

**Mr. Chairman:** Would you object to a sliding scale, with a floor of \$2 million, I am speaking hypothetically, and if your volume increases beyond a certain amount that you pay an additional fee, because I think that is really what Mr. Maharaj is driving at, that this is all based on an assumption, that perhaps your revenue might go up to say \$200 million from \$150

million, what if it, in fact, goes to \$500 million which would be confirmed by the Inland Revenue Department. Would you have any objection to paying an additional fee based on increase volume?

**Mr. George:** Well, the increased volume would be shown after a couple of years, you would not get any impact on any significant increased volume. Let us assume the amendments are done, and we have a flat-tax fee, it is going to take a while before you get to that level, it would not get to \$500 million overnight.

**Mr. Chairman:** I understand that, I am assuming that it happens.

**Mr. George:** Well, okay, that is a lovely assumption I hope that—*[Laughter]*

**Mr. Chairman:** Nobody is talking in that context, both Mr. Deyalsingh and Mr. Maharaj are assuming, if the Parliament and the Government agree that your volume will go up and, therefore, in such a situation would you be agreeable to pay more?

**Mr. George:** There is a possibility, “yeah.” We are prepared to meet with the Law Commission—*[Interruption and laughter]*

**Mr. Chairman:** “Ah better put on Mrs. Baptiste-McKnight yuh know, ah think she has something to say.” Go ahead. No. Sorry, sorry. Go ahead.

**Mr. George:** It all depends on what we end up with, what type of legislation, what is acceptable to the Government, and what is hopefully reasonably accepted by us, I am saying so respectfully. The question ladies and gentlemen is that we want to bring this problem to a head, it is long overdue, it is creating accusations, it is creating all sorts of problems, both for the industry, and private enterprise. So we are saying, please we need you to deal with this urgently so that we can arrive at an equitable system.

**Mr. Chairman:** Mr. George, there is a specific question I am asking you, you know. You are proposing a flat fee, I do not know what the reaction to that will be, I was just a bit curious that it would involve an increased income for the Treasury. What the other Members are saying is that: “Look, this is obviously predicating on certain assumptions that your income will go up and, therefore, you will be able to absorb these flat fees.” But the point that is being made is if your income goes up way beyond your expectations, would you want the fee to be capped at \$2 million or would you agree to pay an additional fee?

**Mr. George:** Well, I would like to say Chairman, that in the gambling industry it is very difficult to enact taxes on a gambling industry, it has all sorts of what I am saying is before we agree to agree, we need to see what the legislation that hopefully we are going into, but in any

case we have agreed that there will be a period of three years or two whatever we agreed upon in terms of looking at the fee for an adjustment, so I think that will take care of if there is a rise, the agreement that we will agree to in terms of reviewing this flat fee every certain period, will give you the benefit of the increasing taxes.

**Mr. Chairman:** Mrs. Baptiste-McKnight, do you have any comments?

**Mrs. Baptiste-McKnight:** Thank you, Mr. Chairman. I would like to ask—it might be a strange question, but is VAT collected on these bets?

**Mr. George:** No.

**Mrs. Baptiste-McKnight:** Oh. So it means basically something that is a luxury like a carnival costume you pay 15 per cent VAT on, but on another luxury which is “ah bet” you pay 10 per cent, and you think this is onerous? Now, if any of you has a business, I assume you have some arrangement by which you can differentiate the 15 per cent VAT from what is yours, why can this not apply in racing?

**Mr. George:** What, the VAT, Senator? Are you referring to the VAT?

**Mrs. Baptiste-McKnight:** No. VAT is 15 per cent, you are currently asked to collect 10 per cent, right? Under normal conditions you would be asked to collect 15 per cent, because this is not a basic food item, therefore, it would be vatable, like a carnival costume, we together on that?

**Mr. George:** Right.

**Mrs. Baptiste-McKnight:** Now, why can your bookmakers not discuss with the business community and see how they deal with differentiating the VAT and apply that to the betting industry, so that there is no problem of collecting this 10 per cent?

**Mr. George:** Well, first of all Senator, we do not pay the tax, the bookmakers collect the tax, the punter pays the tax and he does not want to pay the tax.

**Mrs. Baptiste-McKnight:** When I go to the pharmacy, to the laundry, wherever, I as the consumer pay the VAT, right?

**Mr. George:** Right.

**Mrs. Baptiste-McKnight:** So if I come to consume a bet I would be responsible for the tax, the difference is when I come to bet, I am responsible for 10 per cent, whereas when I go to Kappa Drugs I pay 15 per cent, right?

**Mr. George:** Right.

**Mrs. Baptiste-McKnight:** But Mr. Kappa does not have a problem collecting 15 per cent

VAT, how come you have a problem collecting the 10 per cent?

**Mr. Roberts:** Let me just explain, let me jump in here, because Mrs. Baptiste-McKnight, what happens is the VAT, until probably the Tobago House of Assembly when there is a duty free or tax-free zone, is equally and equitably shared across the board, so if you are going to buy bread in Point Fortin, your 15 per cent VAT is there and it is collected same as if in Port of Spain or Scarborough. What happens with betting now, because of computers, Blackberries and television betting, people can easily place the same money and get the same product without paying that tax. So, therefore, the competition becomes a bit more fierce when our local shops have to—the punter has to pay 10 per cent so, therefore, if he was to win, he would be only betting 90 cents rather a full \$1 if he bets in Miami, on a computer and so on. So his potential earnings on a free bet elsewhere throughout the globe is higher, so the competition is not fair, that is the position.

**Mr. George:** Correct.

**Mrs. Baptiste-McKnight:** Now, I understand all of that, but I also understand if I place £1,000 pound bet on somebody else's Blackberry, because I do not deal with that—*[Laughter]* and I win, I do not get that money in my bank account, right?

**Mr. George:** Respectfully, I do not understand that.

**Mrs. Baptiste-McKnight:** If I place a bet on my computer and I win, I must have an account with these people into which that money goes.

**Mr. George:** Correct. Correct. Yes that is true.

**Mrs. Baptiste-McKnight:** Right. And when I am repatriating it I have to explain to my bank the wherewithal that produced this source of funding?

**Mr. George:** Source of funds.

**Mrs. Baptiste-McKnight:** Right. So I am not concerned that much about the overseas betting, what I am trying to understand is the level of hardship that the 10 per cent imposes, I have a block about that.

**Mr. Roberts:** I will help fill the block, because I have studied this point. The block that comes in is the decline in legitimate business from 35 to 14. What they have not said because there are very diplomatic is that 21 of those who used to be legitimate have now ceased to exist in the business, what they have done is taken themselves out of the glare of the 10 per cent and are operating below that radar. So, locally I can go to my legitimate betting shop and put 90 cents down, or I can call Stanley who used to be an official shop and my dollar is worth a dollar,

because he not paying that turnover tax. You know in Trinidad and Tobago, we are not very good at monitoring and assessing those who are breaking the law.

**Mrs. Baptiste-McKnight:** Wonderful, absolutely wonderful. So what I want to know now is, does this proposal mean that Stanley is coming back into the legal betting business, because that means Stanley is not “ah Trini?”

**Mr. Roberts:** Well, this is where the information will have to show. Now, what we can say is their potential—now, Stanley might be very happy in his black market and nothing we do—this small change from licensing fee from turnover tax to licensing may not encourage Stanley, however, what it does is it closes the gap on the legitimate businesses.

As far as I am concerned any law that we put—and I hear the Chairman always say we must make good law, anytime there is a law that forces good citizens to do wrong, or there is a situation that forces normally or reasonable people to make a wrong choice, something is wrong with the law or with the system. For example, if you look at us on the roads and you see a lot of people driving up the shoulder who normally would not, you know the traffic congestion is terrible and needs to be addressed, not that all these people are lawbreakers, but because the situation is so untenable, it forces normally good people, people who make good decisions to do the wrong thing.

Now, what we have to determine is, will it be easier or will the legitimate betting shops be able to compete more evenly with Stanley by removing the turnover 10 per cent tax and putting a licensing fee? I guess what we are hearing from that side is they will be more competitive. Now, will Stanley come back? We do not know, because we are not sure, we have no clue what Stanley’s real profit is. We are not collecting anything from Stanley, and he is doing his thing under a dark cloud, but one thing that we know is from the evidence presented, and we will have to do more research is that industry is dying, there needs to be something—I think it is much more than removal of a 10 per cent turnover tax. I think there is a serious problem globally and in Trinidad and Tobago that needs to be addressed, but I can see this may encourage, (1) new entrepreneurs to get involved, (2) make sure that the number does not go down from 14 to zero, because lots of people are employed in the industry and it may present a fillip.

**Mrs. Baptiste-McKnight:** Mr. Chairman, I have another concern. I looked at the figures on page 3, and you say that the Arima Race Club has seven off-track betting shops, and I assume that these betting shops operate like the other private betting shops in addition to the race

track on race days. When I look at the figures I do not know where these clubs—the Arima shops are located, probably all in Port of Spain, because I note the seven shops produced a little more than half of the income that the 14 shops produced.

**Mr. Chairman:** Where did you get that from?

**Mrs. Baptiste-McKnight:** On page 3.

**Mr. Chairman:** I know but the half of the—

**Mrs. Baptiste-McKnight:** If in 2008 Arima Race Club's annual sales were \$88 million, the bookmakers, \$181 million, that is a large disproportion. Seven shops produced \$88 million and 14 shops produced \$181 million. You go to 2011, and seven shops produced \$110 million, but the 14 shops produced \$181 million.

**Mr. Chairman:** Let me just intervene here and get some clarification.

**Mr. George:** I can clarify that.

**Mr. Chairman:** I suspect the income shown from the Arima Race Club is not only the off track, but what they collect up at Arima as well.

**Mr. George:** Correct. The Arima Race Club, Senator, that figure includes the entire 43 days of local racing which attract thousands of people, and huge amounts of bets in addition to the seven off-track betting shops.

**Mr. Chairman:** Give us some idea of what proportion of that \$110 million you think is produced by the off-track betting shops? Do you have any idea?

**Mr. George:** No, we do not have an accurate idea, but it is not going to be large, most of the volume of the Arima Race Club is really on local race days on the track. As a matter of fact, we heard, Mr. Chairman, that none of these seven off-track betting shops are really doing well, they are all losing money.

**Mr. Chairman:** Mrs. Baptiste-McKnight, I am sorry, I interrupted you.

**Mrs. Baptiste-McKnight:** No, no, I am finished.

**Mr. Ramlogan SC:** I think Mrs. Baptiste-McKnight's point is—there is still a disproportionate increase when you look at the figures. If you look at the bookmakers sales as compared to the Arima Race Club, it jumps from \$18 to \$1 million. I mean in 2010, for example, for the bookmakers, \$156 million down, 2011 it goes down to \$151 million, but 2010 for Arima Race Club is \$94 million; 2011 is \$110, that is \$16 million more. What accounts for the \$16 million increase in revenue to the Arima Race Club? Any idea?

**Mr. Roberts:** AG that has to do in the change in Government [*Laughter*]

**Mr. Chairman:** All right, Mr. Roberts.

**Mr. Roberts:** I have to say it—*[Inaudible]*

**Mr. Chairman:** Hello, there is one Chairman in this meeting, so let us deal with the facts please.

**Mr. Roberts:** No, it is facts. What you would have seen in 2011 also, was the advent of music entertainment inside, it attracted bigger crowds, this is not from the bookmakers, if you would see, it would not be from the betting shops, it would have been from the attendance at the Arima Race Club, it also falls in my constituency, and I am there, so I can tell you, when the average race in 2008, 2009 they may have been a few, let us say 5,000 people, in 2010—2011 and in 2012, because of added attractions you will get 7,000, 8,000, 9,000 people and the occasional bettor, like myself would go there—I would not go in a betting shop, but if I am there around the races excitement, so that increases the revenue on the race day itself.

**Mr. Chairman:** All because of your astute stewardship. *[Laughter]*

**Mr. Roberts:** No, no, no, not me, I will give Minister Cadiz some plug, plus Carib and bmobile.

**Mr. Chairman:** We are getting a little side tracked here. AG, did you complete what you were saying?

**Mr. Roberts:** I am sure you are happy with that answer. *[Laughter]*

**Mr. Ramlogan SC:** I was just following on Mrs. Baptiste-McKnight's point, about the fact that there is a disproportionate increase.

**Mr. George:** AG, for the knowledge of the committee, the Arima Race Club does not only get involved in local racing, they are also involved in American racing, and that is a new revenue stream for them at the track, so people at the race track betting on local horses, can also bet on American racing and that has increased the volume.

**Mr. Deyalsingh:** “Yeah.” Mr. George I have been going to races off and on for some years now, and that has been going on for some years.

**Mr. George:** “Yeah.” It has been going on for quite a while, but the volume might be getting a little better, there could be more interest also in addition to the American racing.

**Mr. Chairman:** I think Mr. Maharaj wanted to say something for a little while now.

**Mr. Maharaj:** I understand the suggestion in terms of the licence, because it is really an attempt to deal with conflicts, the assumptions, the accusations, and additionally, in context with the underground operations, because by having the license system it takes away a lot of

the questions, in terms of collection of the 10 per cent.

**Mr. George:** Yes.

**Mr. Maharaj:** Now, what is driving me to be a little supportive also is in terms of the new fees when we collect the licences currently, based on the current situation, it is more money that is likely to be paid, because based on this, we are going to collect \$15 plus million in the past year, and based on the licence structure it is really \$20 something million.

**Mr. George:** Yes.

**Mr. Maharaj:** Right. So it is less conflict and it is a greater income generation—

**Mr. George:** Correct.

**Mr. Maharaj:**—and less process and it takes away from the underground operation, because it narrows the margin between the punter wanting to go to someone where he feels: “Listen, I am going to get more for my money as opposed to something legitimate and he will get less.” So we utilize that to a certain level.

But going back to what the Chairman said initially, and I know it is just really a start, it is a proposal you brought here in terms of the licence, but in terms of the scale the Chairman was talking about, because based on when your profits increase, you will need to have some kind of commensurate scale—you know, of course, you will need to make a profit, but as your betting margin increases, we need to have some quota as when you pass a certain quota then we have a commensurate licence fee.

**Mr. George:** “Yeah.” But Mr. Maharaj, if the level of betting increases and your profit increase, obviously we would be paying corporation tax.

**Mr. Maharaj:** Okay, okay.

**Mr. George:** We would be paying income tax.

**Mr. Maharaj:** Right.

**Mr. George:** So that is in addition, remember that flat licence fee is a flat licence fee, it has nothing to do with your income tax at the end of the year.

**Mr. Maharaj:** Okay, okay. So you would soon be paying greater revenues?

**Mr. George:** That is correct.

**Mr. Roberts:** Mr. Chairman, I would just like to say it is clear to anybody with basic knowledge and understanding of business that, if there was a billion-dollar business with revenue in Trinidad and Tobago, we would not be seeing diminishing numbers of people trying to get in. One thing Trinis know about doing—you see gyros, it is making money, “all kind ah



people” making gyros, doubles, we know where the money is. So if there was a gross income of a billion dollars as stated, we would not see a fall off of betting shops, we would see an increase across Trinidad and Tobago, all in Matelot you would see betting shops. So it is clear the industry is under some pressure.

Now, what is the Government’s position or what should it be? It should be to try and maximize tax revenue, we can see an increase. It should be to make things simple and reduce the amount of confusion and the ability to point fingers, I think the licensing system does that. It should be to encourage legal business rather than—right now it appears there is a majority of—we do not know, but it appears that there is a majority of undercover businesses running. I also agree that, of course, anytime—while in our system, our laissez-faire system, we do not want to punish people for being successful, we would like to also when people are successful get resources to help those most in need, and from what I am hearing from the other side is that, they would be open to review on the licensing and so on, and I would like to suggest to the AG that the Law Review Commission, the discussion and consultation will be a possible way forward.

**Mr. Ramlogan SC:** We will be writing to the Bookmakers Association by the end of the week, with a view to receiving a written submission from you all, and perhaps a follow up meeting. I give the undertaking that by the end of this week we will do that.

**Mr. George:** We will appreciate that.

**Mr. Ramlogan SC:** All right.

**12.25 p.m.**

**Mr. Chairman:** I want to summarize some issues. Mr. Roberts, your entire argument collapses if, in fact, there is a huge underground betting industry because it means that it is a vibrant industry; it is just not obvious. I want to put a question now to the bookmakers and their legal advisor.

I have looked at your proposed amendments, but I am not seeing anything for increased penalties for illegal operations. Why have you not asked us to do that? If I were you that would be the first thing I would ask. If there is this huge underground economy in the betting industry, the first thing I, as a legitimate businessman, would want is to wipe them out and I would call upon the Government and the Parliament to increase the penalties and fines and create new offences and so on. Why have you not proposed that to us?

**Mr. George:** Your point is well taken, Mr. Chairman. In our anxiety to get those three little

amendments done, we really forgot to mention that, but we would be happy to insert any severe legislation—

**Mr. Chairman:** Essential! Essential! You now have 14. Let us say the penalties are increased drastically, then you might find that the underground people have no choice but to come into the legitimate system. You might find you now have 30 betting shops, which would mean the revenue would go up to \$50 million a year. The only way I can see your proposal being feasible is if we also try to wipe out the illegitimate betting industry at the same time and then the numbers of legitimate bookmakers will increase and, therefore, the take from the licence fee will go up significantly. I would like you to address your mind to that.

**Mr. George:** Point well taken Chairman.

**Mr. Ramlogan SC:** There are other issues as well that were not addressed. I thought it might have been because of the timing of the thing, which is why I am extending the invitation so that there can be a more mature consideration of the issues. There may be things other than the betting shops that would impact on you that you might want to consider—casinos and the slot machines you mentioned and things like that. I welcome your ideas and proposals in that regard.

The good thing about this industry is that there is competition but, really, the geographical spread is not one that interferes too much with one another. A punter is not going to leave Tabaguite to come up to Port of Spain to place a bet. So that if you have a shop in Tabaguite, he will go and place his bet right there in the local shop. By the end of the week you will hear from us and I look forward to hearing from you.

**Mr. Roberts:** Before you wrap up, let me just ask a question. While horse racing globally may be diminishing because of many factors, whether it is the cost of producing a great racehorse to the excitement of it, sport betting has been and continues to increase. Are some of these legitimate shops involved in—if someone wanted to bet on Manchester United vs Liverpool—do you take those bets? Does it fall under this law? What can be done to incorporate it as we are legitimizing all the forms and fashions?

**Mr. George:** Yes. Some of the betting shops operators do take some bets in the sports betting.

**Mr. Chairman:** You are legally allowed to do that?

**Mr. George:** “Yeh”. You are legally allowed to do that, “yeh”.

**Mr. Roberts:** I am suggesting, with the law review, if this is a possible growth path—because

the Government would like to increase tax revenue, it can be legitimized and even stated that you do not only focus on horse racing and all shops provide the full gambit of legitimate betting—that we look to do that through the Law Review Commission.

**Mr. George:** That is what we will suggest to the Law Review Commission as the AG, hopefully, would get us to see. That is not included in the Betting Levy Board Act. The Betting Levy Board Act states clearly “horse and dog racing”; makes mention of no other thing; so we would include that in the amendment.

**Mr. Chairman:** No tax is paid on that right now?

**Mr. George:** Yes.

**Mr. Chairman:** On bets on non-horse and dog? Football, boxing.

**Mr. Govia:** Not at the moment.

**Mr. Chairman:** No tax paid. That was corporation tax.

**Mr. George:** Yes, corporation tax. What the AG has said earlier, there are other things we need to deal with, which we will talk to the Commission.

**Mr. Deyalsingh:** Chair, if I can address a last soft issue on this whole horse racing thing? As an onlooker looking on at the horse racing industry, I am always saddened by the warfare that exists between the major parties; whether between yourselves and Mr. Kama Maharaj. You always hear Mr. Derek Chin threatening to resign and give up. I would like to suggest to you all, as gentlemen, maybe under the auspices of the Minister of Sports, that you get your major stakeholders together and thrash out your issues for the benefit of the industry. This type of warfare that is played out in the public domain between major players—now you have yourselves and Mr. Kama Maharaj; you have the Horse Racing Association that is always in the news for the wrong reasons—as big men, you should sit and thrash out your issues for the benefit of the industry.

**Mr. George:** Correct.

**Mr. Roberts:** Just to let you know that that is ongoing, but it falls under the Ministry of Trade and Industry. Mr. Cadiz has been doing it.

**Mr. Ramsingh:** May I respond a little bit on that? We do not seek to indulge in any warfare with the on-track aspect of horse racing. If you would realize, we often respond to accusations and whatever is sent our way. We try not to react—Mr. George has been very careful in asking us to respond and not react. So ours is responsive or reactionary, as you may want to look at it. We cannot talk for the battle between Derek and Karma. That is a whole on-track

situation.

My closing point, to give some assurance to the Chairman; I have closed six betting shops under this 10 per cent regime, so I am here to confirm a lot of what the Chairman is saying and this is in spite of being in the business for three generations. I am poised to return if we can get some consensus as to what is a viable and equitable way to handle the question of licences and so on.

**Mr. Chairman:** Are you saying that if a flat fee were imposed that would be sufficient encouragement for you to return?

**Mr. Ramsingh:** Yes. I may not return with six, but I will return and I know for sure that other people may consider coming in.

**Mr. Chairman:** And that is because of the underground economy or the disincentive of paying the tax? What is the reason?

**Mr. Ramsingh:** Simply because punters do not have to pay at the window, you will have them coming back in. I would prefer to bet with a legal bookmaker than to go around the corner not sure to get paid if push comes to shove.

**Mr. Chairman:** Just clear this up for me. If I bet \$10, \$1 of that comes out and is not counted in my bet?

**Mr. Govia:** You pay \$11.

**Mr. Chairman:** If I pay \$11—

**Mr. Govia:** You get a return on \$10.

**Mr. Chairman:** So my bet is only \$10. So if I walk in there with \$11, my bet is \$10.

**Mr. Govia:** Right. You have a value of \$10 and that goes away once we can resolve this issue. You get full value.

**Mr. Chairman:** If the licence fee is paid, the punter—\$10 is a \$10 price.

**Hon. Member:** That is right.

**Mr. Chairman:** And if he wins \$100, he collects the whole \$100.

**Mr. Govia:** As businesspeople, we are now taking the onus to pay our licence fee and encourage new betting.

**Mr. Chairman:** So where is the money coming from for that \$2 million? This might be a stupid question.

**Mr. Govia:** Good question.

**Mr. Chairman:** It might be stupid.

**Mr. Govia:** No, no.

**Mr. Ramsingh:** A lot of it is already there. There are projections. We expect, in addition to what we pay, the volume would increase. We may very well lose, too, it is a projection that—

**Mr. Deyalsingh:** That will be a policy decision for the Government of the day.

**Mr. Chairman:** That is not the question I am asking. I am just curious. It is no longer a tax; it is no longer somebody else's money. It is their money that they are paying the \$2 million out of. I am just wondering where it is coming from.

**Mr. George:** There is a misconception there.

**Mr. Chairman:** What is the misconception?

**Mr. George:** If I am to pay \$2 million, a flat fee, obviously the business itself cannot afford to pay that \$2 million. You do not have enough profits to pay \$2 million because that business, as other people may not know, is very marginal in terms of gross profit. Based on the statistical data from the United Kingdom, the gross profit on the betting business ranges between 12 and 18 per cent. That is it. You have good days; you have bad days; but the bottom line is that if you have a fairly good year, based on your volume, your gross profit can range between 12 per cent or 18 per cent and that is determined by the results of the races. If you have more favourites winning, it would be less; if you have less, it would be higher.

So we get a licence fee of \$2 million; the punter pays no tax; then we have to implement a very small system in saying—we have not determined exactly what it is going to be—so if a man places a bet of \$100 and he wins \$150, we will charge him 3 per cent or 5 per cent of the winning bet.

**Mr. Chairman:** You are going to tax him?

**Mr. George:** Not that. We call it a shade.

**Mr. Roberts:** Tax him on winnings, “eh”

**Mr. George:** Hold on. Realize, Chairman, it is still going to encourage the business because if a guy does not have to pay a tax and he only pays a small levy when he wins, it is no big thing.

**Mr. Roberts:** You say what turns them off is paying tax on the roots.

**Mr. George:** That is it. That is the problem. That is where the problem lies.

**Mr. Deyalsingh:** So you want to move from tax to winnings?

**Mr. George:** We are not saying it is a tax, Senator. All we are saying is a small charge, what we call a shade or a small percentage of the winning bet and that is very palatable.

**Mr. Chairman:** You are reducing your expenses because the winnings are an expense.

**Mr. George:** Yes, of course, because you cannot afford to pay \$2 million and at the end of the year carry all the overhead costs.

**Mr. Chairman:** So the money is coming from somewhere. It is coming from the—

**Mr. Chairman:** —the successful punter.

**Mr. George:** It is coming from us and the punter; both sides.

**Mr. Chairman:** Any other questions?

**Mr. Ramlogan SC:** No.

**Mr. Chairman:** Thank you very much.

**Mr. George:** Thank you, Members. Thank you Chairman.

**Mr. Chairman:** You already have an invitation from the Attorney General, so you got something out of this meeting.

**Mr. George:** I am so happy. I am so happy for that.

**Mr. Ramlogan SC:** Because of the nice tie you are wearing.

**Mr. George:** Lovely, lovely. Similar type of tie, but thank you very much. Thank you, Chairman.

**12.37 p.m.:** *Meeting adjourned.*

Correspondence from Bookmakers Association of Trinidad and Tobago

 **Bookmakers Association of Trinidad & Tobago**  
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May 21<sup>st</sup>, 2012

**Public Accounts Committee,  
Hon. Colm Imbert,  
Chairman,  
Office of the Parliament,  
Levels G-7, Tower D,  
P.O.S. International Waterfront Centre,  
#1A Wrightson Road,  
Port of Spain.**



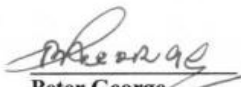
Dear Mr. Chairman,

On Tuesday 10<sup>th</sup> April 2012 the "Public Accounts Committee" was informed by the chairman of the Betting Levy Board Mr. Kama Maharaj that the Private Betting Shops (Bookmakers Association) should be collecting 10million a year in taxes, based on the fact that knowledgeable people have calculated the betting volume to be 100 million per annum.

Mr. Chairman these wild and reckless accusations without any evidence are totally untrue and unrealistic. What is really needed is for the Government to enact a proper and equitable tax system for the benefit of all parties concerned in the Horse Racing Industry.

A copy of our response is enclosed.

Respectfully Yours,

  
**Peter George**  
**Bookmakers Association**

# Bookmakers Association of Trinidad & Tobago (Private Betting Shops)

## PRESS RELEASE

On Tuesday the 10th April, 2012, the "Public Accounts Committee" chaired by Mr. Colm Imbert was informed by Mr. Kama Maharaj the Chairman of the Betting Levy Board (B.L.B.), that the B.L.B. should be collecting 100m a year in Taxes from the Private Betting Shops. His statement, Quote "knowledgeable people have calculated a betting volume of ONE BILLION DOLLARS".

On Wednesday the 11th April, 2012 all three local newspaper published the following:-

- |                   |   |   |
|-------------------|---|---|
| Trinidad Guardian | - | Local Bookies skipping millions in Levy.    |
| Daily Express     | - | One Billion a year in Bets on Horse Racing. |
| Newsday           | - | Betting Levy Board losing millions.         |

In addition to the above, many serious accusations were made by the Chairman of the B.L.B. against the Private Betting Shops, which, no doubt has damaged the INTEGRITY and REPUTATION of the Bookmakers.

These accusations are totally Untrue, Unrealistic, and Reckless, with no foundation whatsoever, thereby misleading the Government and people of Trinidad & Tobago.

We ask, where are the facts to prove these wild and damaging accusations? Who are these knowledgeable people making these irresponsible statements? Why have they not opened a betting shop themselves so that they can enjoy this lucrative billion-dollar business?

Well, for the benefit of the Betting Levy Board/The Government/ and the people of T&T here are the FACTS.

At one time there were 30 Private Betting Shops operating in T&T. **At present there are only 13 operating 300 days a year.** Already in 2012 (2) have closed. In order to generate One Billion Dollars a year in Bets the following must occur: - I.E.

### **"EACH BETTING SHOP" MUST SELL"**

- A. \$500 in bets per minute OR
- B. \$266,000k in bets per day OR
- C. 7 Million in bets per month OR
- D. 80 Million in bets per annum

The volume of bets indicated above is what will be needed to achieve One Billion a year in sales, which is not only unrealistic, **but also impossible.**

The Private Bookmakers are also affected by stiff and unfair competition from Illegal betting, the Casino Industry and the Arima Race Club, together with their 7 off Track Betting Shops.

Why should Bookmakers be subject to constant ridicule and not the Arima Race Club who are doing the same type of betting business as Bookmakers?

Why should the Arima Race Club depend on the Private Betting Shops?

Why can't they make it on their own? What is wrong with their Management?

Why should Private Bookmakers subsidize their competition? And by extension several American Racetracks.

We are struggling to survive, the Government is subsidizing the Arima Race Club with millions of Tax Payers dollars year after year. The Arima Race Club is operating only because of the taxes collected from the Bookmakers and the help from the Government. Why isn't the Arima Race Club (A PRIVATE MEMBERS CLUB) which is supported by the Bookmakers (not enjoying the BILLION DOLLAR BONANZA)?

Something is definitely wrong! and not kosher. The real problem! is the need for Local Racing to become self sufficient and not depend on the Bookmakers for financing. Its high time these accusations against the Bookmakers come to an end. The Betting Levy Board and Arima Race Club should thank the Bookmakers for their hard work and contributions in keeping the Local Horse Racing Industry alive.

In conclusion, we the Bookmakers are requesting the relevant authorities in Government, to meet with the Bookmakers, so that together we can arrive at a reasonable Tax System instead of a 10% turnover tax on all bets, which is outdated and no longer used anywhere else in the world.

***"The Gambling and Betting Act" needs to be amended as soon as possible.***



Submission from Bookmakers Association of Trinidad and Tobago

NOTE

Proposed Amendments to Gambling and Betting Act, Chap.11:19

Objectives:-

1. Remove the restriction to Sunday openings
2. Remove the eligibility restriction that prevents corporate licensees
3. Simplify the provisions for the payment of fees, duties and taxes by the introduction of a flat fee.

\*\*\*\*\*

1. **The days on which licensed premises are permitted to open for business and operate.**

**Suggestion:** Paragraph 1 of Second Schedule should be amended as follows:

*"The licensed premises shall be closed on Good Friday and on Christmas Day, and at such other times, if any, as may be prescribed, and shall not be used for any purpose other than the effecting of betting transactions.*

2. **Companies, in addition to individuals, should be permitted to apply for and obtain a License.**

**Suggestion:** The Act should be amended to permit companies (in addition to individuals) to be eligible to apply for and obtain a license. This can be achieved by repealing sub-paragraph (c) of paragraph 14 in Schedule 14 of the Act.

[The applicable provision is found in section 29 of the Act which refers to paragraph 14 of Schedule 1 of the Act. In that section "person" should be defined to include a company registered under the Companies Act, Chap. 81:01]

3. Simplify the collection of revenue from Licenced operators by the introduction of a flat fee (to be called an "operations fee") to include all duties, taxes and license fees.

**Suggestion:** The Act should be amended to-

- *Delete the reference to license fee, taxes and duties where they appear in the Act and replace them with a flat operations fee*
- *Place an operations fee definition in the definitions section of the Act*
- *Define "operations fee" to mean a fixed fee which will include all annual taxes, duties and the betting office license fee which is payable every year in order for the betting office to be in operation.*

- *“Operations Fee System”*
  1. *The operations fee shall be an annual fee for obtaining a licence to operate a betting office situated anywhere within Port-of-Spain in the amount to \$2,000,000.00 and the operations fee for betting offices located outside of Port-of-Spain shall be \$1,500,000.00 per year.*
  2. *The operations fee shall be payable every year in 4 equal quarterly installments by the license holder of the particular betting office. A payment of \$500,000 is payable by the license holder of a betting office in Port-of-Spain and \$375,000 for a license holder of a betting office outside of Port-of-Spain on or before the 1<sup>st</sup> January, 1<sup>st</sup> April, 1<sup>st</sup> July and 1<sup>st</sup> October of every year that the betting office is in operation.*

***Further incidental amendments-***

- *Repeal Section 34 and 34A*
- *Repeal Section 36*