

120118 PC TRADE

ONLINE GAMBLING

Portfolio Committee on Trade and Industry

18th January 2012



The World's Biggest Betting Community

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CONTENTS

- Betfair: an overview
- The growth of online gambling
- Other jurisdictions: what works and what doesn't
- Effective regulation
- Conclusion

BETFAIR: THE COMPANY

- Betfair was founded in August 1999.
- Betfair is a FTSE 250 Company, listed on the London Stock Exchange.
- We are licensed in the UK, USA, Italy, Australia, Malta and Gibraltar – enabling us to offer our services to the majority of the EU.
- Betfair agrees with the findings of the Gambling Review Commission in relation to online gambling.
- We employ more than 2000 people worldwide.
- We are committed to the highest standards of corporate governance and take our responsibilities to our customers, staff, regulators and shareholders very seriously.



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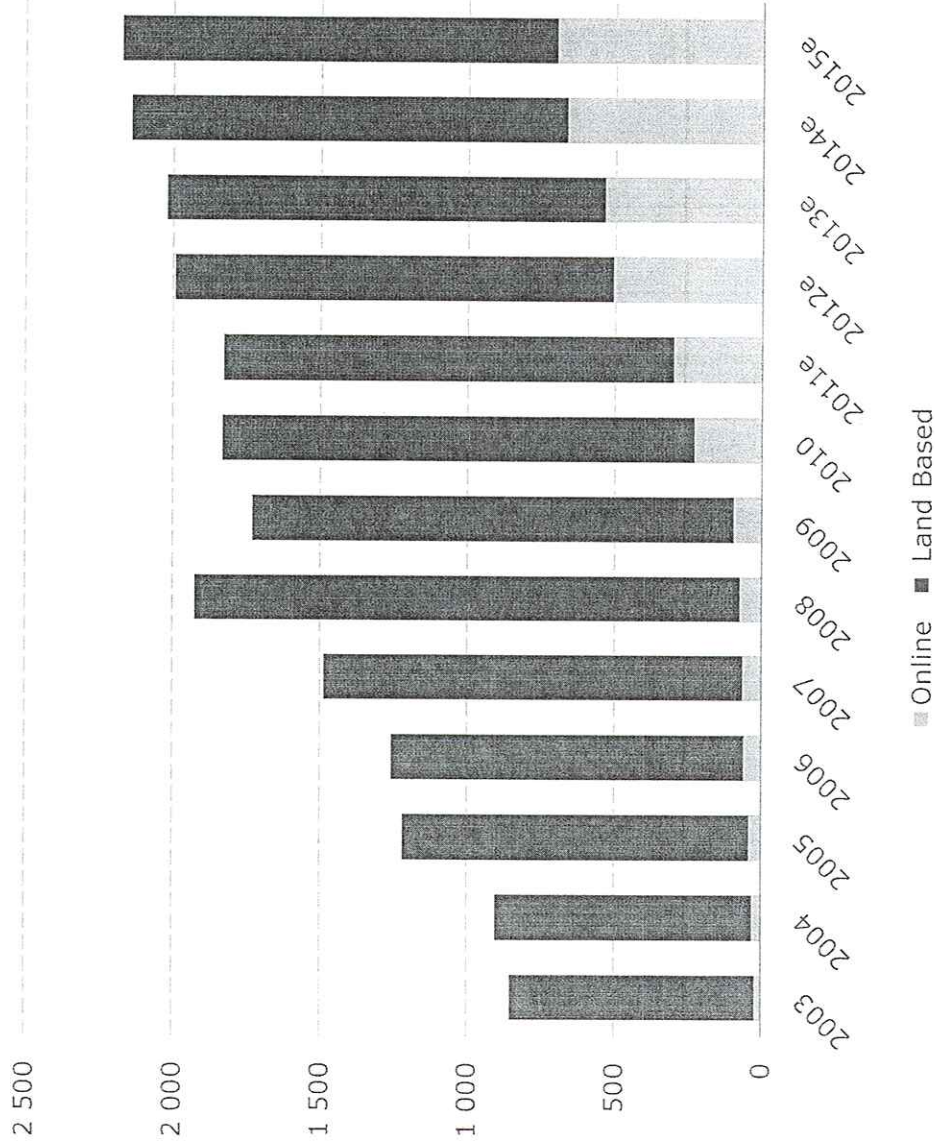


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ONLINE GAMBLING GROWTH IN SOUTH AFRICA

Online vs. Offline (ZAR m)



- Internet penetration of 13.8% (6.80 million)
- Mobile penetration of 105% (51.6 million) and rising
- If correctly regulated, online gambling would generate ZAR 6 billion
- Online gambling has not cannibalised the offline market



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COUNTRY EXAMPLES

GOOD

United Kingdom

- Gross profits tax
- All products regulated

Denmark

- Access to National ID database
- Access to problem gambler database

Spain

- No limit on licensees
- No requirement for Spanish entity

BAD

France

- Turnover tax
- €8.7m cost of establishment
- Sports right

Greece

- Retrospective taxation

USA

- Prohibition of online gambling

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EFFECTIVE REGULATION

DO

- Regulate all products
- Use a gross profits tax
- Ensure high standards in:
 - Player protection
 - AML
 - Fraud
 - Sporting Integrity
- Use the recommendations of the Gambling Review Commission

DON'T

- Limit products
- Use a turnover tax
- Force operators to locate their servers in South Africa.
- Re-invent the wheel
- Continue with the status quo

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CONCLUSION

- **Online Gambling will grow quickly over the next 5-10 years**
- **Online specific regulation is required to protect customers and to enable effective taxation**
- **Onerous regulation, limited product offerings and high taxes force customers to the offshore and unregulated markets**
- **Realistic regulation limits losses to offshore operators and protects players**

THANK YOU

 **betfair**
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