

Gambling Act 2005: Triennial Review of Gaming Machine Stake and Prize Limits British Horseracing Authority's Response

The British Horseracing Authority (BHA), the governing and regulatory body for the sport of thoroughbred horseracing in Great Britain, welcomes the opportunity to respond on behalf of the sport to the Department for Culture, Media and Sport's Triennial Review of Gaming Machine Stake and Prize Limits.

The review has set a number of direct questions for operators on the financial impacts and relevant harm protection measures, to which Racing does not have the necessary data or information to respond.

Nonetheless, as an important stakeholder in the British Gambling industry, with some £10 billion staked on our sport annually both through remote betting and Licensed Betting Offices (LBOs), the industry believes that it is important to provide our views on the general issues relating to LBOs and the stake and prize limits of Category B2 Machines, and their potential impacts on British Racing. Please note that these comments only relate to LBOs and Category B2 Machines and not other premises with gaming machines.

The BHA supports the Government's intention to reintroduce a triennial review system to consider the level of monetary limits on stakes and prizes applied to gaming machines in Great Britain through the Gambling Act. We agree with the Government that it will put in place a more coherent and systematic approach to the regulation of stakes and prizes, as part of a wider approach to gambling issues where policy is formulated on the basis of proper evidence and research. This is particularly significant in light of both the cultural heritage of gambling in this country, where "having a flutter" has for several decades been regarded as a socially acceptable pastime, and the substantial economic contribution which gambling, and its related industries such as British Racing, make to the British economy each year through employment and direct and indirect expenditure.

The Racing industry has a unique perspective on the British betting industry as a supplier of what remains a key product to the betting market, even in the context of other product offerings such as Category B2 Machines. The Grand National earlier this month will have provided LBOs with their busiest day of the year, and more generally we specifically structure our Fixture List, by volume and scheduling, to as far as possible meet the demands of the betting industry. Our Rules, regulations and other processes reflect the fact that we are a betting product and have a key funding relationship in place accordingly.

The BHA welcomed the recent Association of British Bookmakers and Deloitte study on the Economic Impact of the Betting Industry, which states that the "relationship between horseracing and betting continues to be important and symbiotic" and that the industries are "mutually beneficial to one another"¹. Around 50% of Over The Counter (OTC) gross win in LBOs is on Racing, the vast majority of it British.

Accordingly, the BHA believes that no immediate Government action should be taken on stakes and prizes on Category B2 machines unless it is entirely evidence-based. We agree with both Government and the betting industry's proposals under Packages 3 and 4 in the consultation document, that the Government should await more detailed reviews on the impact of Category B2 machines from the Responsible Gaming Trust before proposing to amend maximum stakes and prizes. At this stage, British Racing does not believe that a precautionary reduction is appropriate, as the evidence that this

¹ [The full Picture – 2nd Edition, measuring the economic contribution of the British Betting Industry](#), March 2013, p.22

would mitigate gambling-related harm remains limited, while the impact on LBOs and their economic contribution to British Racing could be substantive.

LBOs are vital to the ongoing success and financial viability of British Racing, principally through their contribution to the statutory Horserace Betting Levy. At present 10.75% of gross profits on British Racing is returned to the sport for its continued improvement, distributed under key headings of prize money – to all categories of participant, with consequent trickle-down effect particularly in the rural economy – integrity and regulatory infrastructure, and veterinary science and education. We therefore cannot and do not support any action which, in the absence of appropriate evidence to suggest that it is necessary for harm mitigation purposes, damages the financial viability of LBOs and as such their pivotal contribution to our sport.

Relevant in this context, however, and as British Racing has made clear to DCMS through several submissions in recent years, is the fact that we are not capturing a return from the overwhelming majority of betting that takes place outside of LBOs through remote platforms including online and telephone. Government's priority should be correcting this key anomaly in wider gambling legislation, and ensuring that a modern, commercial and enforceable funding mechanism is in place for our sport.

The current loophole has already contributed to a substantial decline in Levy yield from an average of over £100 million from 2003-4 to 2007-8 to a forecast just £72 million in 2012/13, and makes LBOs all the more important to British Racing. A further decline in Levy yield precipitated by hasty changes to the framework of regulation around LBOs that undermined their viability would be deeply damaging.

Therefore, British Racing is supportive of the Government and Betting Industry's proposals to maintain the current stakes and prizes limits on Category B2 Machines within LBOs while further evidence is collated and ascertained.

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