



The Federation of Racecourse Bookmakers Limited



Association of
Racecourse Bookmakers

National Association
of Bookmakers

Rails Bookmakers
Association

5th February 2018

Consultation on the use of a Legislative Reform Order to reform the administration of the Horserace Betting Levy

Response from the Federation of Racecourse Bookmakers

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Introduction

The Federation of Racecourse Bookmakers (FRB) was formed in 2003 at the behest of DCMS to ensure that any submissions made by the on-course bookmaking industry are representative of the membership of the three trade associations. The FRB is the umbrella organisation for The Association of Racecourse Bookmakers, The National Association of Bookmakers and The Rails Bookmakers Association. The FRB's constituent associations consist mainly of on-course bookmakers, but do have some off-course bookmakers as members.

Commercial Arrangements

Unlike other sectors of the racing industry, in 2012 the FRB on behalf of its constituent members negotiated and concluded a 40 year commercial deal with racing. The commercial terms of the licence incorporate the right of attendance by the bookmaker and his staff, the right to trade encompassing all those services and facilities offered on any race day.

These licences which include a built-in review mechanism, allow for a direct payment from the bookmakers to the racecourse. Whilst the on-course industry's payments to racing have increased greatly over the last few years, they are happy to make a sensible and equitable contribution to ensure investment and the continuity of a great British tradition.

With this in mind the FRB are pleased that the final arrangements for the new Levy Scheme exclude the vast majority of on-course bookmakers. However, despite the commercial arrangements as detailed above, the FRB were disappointed to be included in the new Levy, despite the high threshold, as it is the industry's belief that their increased financial contribution to racing is an adequate reflection of their position.

New Levy Arrangements

Under the new arrangements for the Horserace Betting Levy, the role of the Government will be taken over by the new Racing Authority. This will include setting the rate of the Levy and periodically reviewing those included and excluded in the scheme, as well as the thresholds set for inclusion.

The FRB therefore feels it is essential that the voice of the on-course industry is represented on the new body, as it was under the old Levy system via the Bookmakers' Committee. The on-course industry functions in a hugely different manner to its off-course partners and therefore must never be considered to operate on the same financial model and thus be given the same terms for paying into the Levy. History has taught us that having a distinct voice is the only way to ensure that the FRB members are fully represented in the decision-making process.

The FRB recognises the benefits to streamlining the operations of the management of the racing industry and supports Government efforts in this area. However, in response to Question 6 (Do the proposals remove any necessary protection) it is difficult to respond without knowing what



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the make-up of the new Racing Authority would be. The FRB would strenuously object if their voice was ignored.

Conclusion

In principle, the Federation of Racecourse Bookmakers supports the proposals to abolish the Horserace Betting Levy Board and pass their and DDCMS's responsibilities to the Gambling Commission and the new Racing Authority. However, it is vital that before the LRO can be passed, the details of the new Authority are consulted on, and all industry partners given an opportunity to contribute to its formation. Without this, it will not be considered to be representative of all bodies who pay into the Levy Scheme.