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Gambling and Lotteries Policy Team
DCMS
100 Parliament Street
London SW1A 2BQ

Via email

16 February 2018

Dear Sir,

**CONSULTATION ON THE USE OF A LEGISLATIVE REFORM ORDER TO
REFORM THE ADMINISTRATION OF THE HORSE RACE BETTING LEVY**

I am writing in response to the above consultation exercise. By way of introduction I should explain that the RGA is a trade association which represents the online gambling sector. Further information and a full list of our members can be found at www.rga.eu.com.

Administration of the levy

Paragraph 2.5 of the consultation paper refers to an aim of these reforms being a reduction in the financial and administrative burdens on the betting and horseracing industries. However, it is not explained how there would be any reduction of the financial burden on the betting industry, especially as the wider reforms to the levy were designed to increase the amounts that the betting industry would pay to the horseracing industry.

If these particular reforms do lead to a reduction in the overall administrative costs of the levy then it should be made clear that these benefit the horseracing sector alone.

Related to this, Paragraph 3.7 indicates that the Gambling Commission's role in collecting future levy payments will reduce the overall administrative costs. Although we very much hope that will be the case, we would challenge the

assertion in this paragraph that such reductions *will also be of indirect financial benefit [-] to the betting sector*. Again it is hard to see how this will lead to any financial benefit to the betting sector. For those required to pay, their statutory payments are set at 10% of their gross profits on British horseracing. This does not decrease as a result of any efficiency savings that are made.

State aid

It is of course correct to say (see paragraph 2.7) that the Government received state aid clearance for the planned reforms, but we would stress that the clearance was on the basis of a certain model and the purposes for which the levy funds were to be used.

We would welcome confirmation that the Government will monitor the actions of the new Racing Authority to ensure that the revised system remains compliant with state aid rules throughout its lifetime. Those involved with the Racing Authority will no doubt already be very mindful of the need to ensure compliance, but the legislation does not remove the Government's responsibility in this area.

Composition of the Racing Authority and its liaison with the betting sector

One of the questions posed in the paper is whether any person is prevented by the proposals from continuing to exercise any right or freedom they might reasonably expect to continue with. The most obvious example of this is that under the previous levy regime there was a statutory Horserace Betting Levy Board Bookmakers' Committee and its chairman had a seat on the main Levy Board. This was in part an acknowledgement that the betting industry had something worthwhile to contribute and also it has been described as reflecting the principle of no taxation without representation.

Under these proposals there would be no such formal involvement in the decision-making process of the Racing Authority or on how levy funds are allocated.

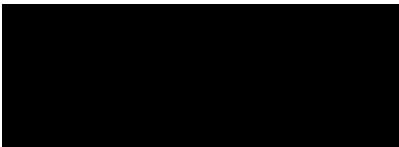
Although we note the Racing Authority's plans to establish a Horseracing Industry Betting Liaison Group and the intention to include four representatives from the betting sector to cover both online and land-based betting operators, this is still very different from the previous statutory structure.

We are fully committed to working with the Racing Authority to ensure that these new structures lead to benefits for all the stakeholders involved, and are grateful to them for setting out details in a letter this month, but we would suggest that the Government has an ongoing responsibility to keep the arrangements under review to ensure they do indeed meet the objectives that are being set before Parliament.

In previous correspondence with us, DCMS had described the concept of annual reporting arrangements by the Racing Authority as a transparent way of engaging with all interested parties and providing an assurance that the funds are used only in ways which are compliant with State Aid-approved common interests. We hope that this is an option that will still be pursued.

We would of course be glad to discuss any of these issues further if that would be of help.

Yours faithfully,

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