

Arena Racing Company: Further Evidence to the Public Consultation on proposals for changes to Gaming Machines and Social Responsibility Measures

January 2018

Introduction

About Arena Racing Company:

Arena Racing Company (“ARC”) currently operates c.35% of the racing that takes place in Great Britain every year. In 2018 ARC racecourses will hold 522 race meetings across these 16 racecourses: Bath, Brighton, Chepstow, Doncaster, Ffos Las (independently owned but operates within the ARC Group), Fontwell Park, Great Yarmouth, Hereford, Lingfield Park, Newcastle, Royal Windsor, Sedgefield, Southwell, Uttoxeter, Wolverhampton and Worcester.

ARC runs four of the six all-weather racecourses in the UK offering three different types of surface for horses to run on: Polytrack at Lingfield Park, fibresand at Southwell Racecourse and tapeta at Newcastle and Wolverhampton Racecourses – the only tapeta racing surfaces in Europe. In 2013 ARC pioneered the All-Weather Championships which see horses compete throughout the winter for the chance of qualifying for a £1 million Finals Day on Good Friday at Lingfield Park. This initiative is helping raise the profile and prestige of all-weather racing in Great Britain.

ARC hosts racing at all levels of the sport from Class 7 through to Group 1s. Doncaster Racecourse is home to the world’s oldest Classic, the St Leger, run each year in September as part of the four-day St Leger Festival. Feature jumps races include the Grade 1 Fighting Fifth Hurdle at Newcastle Racecourse, the Welsh Grand National at Chepstow Racecourse and Midlands Grand National at Uttoxeter Racecourse.

ARC is a significant shareholder in the horseracing TV channel At The Races which is broadcast on the Sky platform to c.14 million homes, and a JV partner with Racing UK in GBI Racing which sells UK and Irish Racing to betting shop operators around the world.

ARC plays a pivotal role in British Racing. It is a shareholder in British Champions Series and Racecourse Data Company and is on the boards of the Racecourse Association (“RCA”), Great British Racing (“GBR”) and British Champion Series (“BCS”).

In 2015 ARC set up The Racing Partnership. This limited company represents the media rights of the 15 ARC owned-racecourses and the 7 independent racecourses Fakenham, Ffos Las, Hexham, Newton Abbot, Plumpton, Ripon and Towcester.

In addition to racecourses ARC owns Newcastle and Sunderland Greyhound Stadia and looks after the media interests of the Greyhound Media Group (“GMG”).

ARC employs 650 permanent staff and engages with 3,500 casual staff for racing and events across its racecourses. Further information about ARC can be found at www.arenaracingcompany.co.uk.

ARC’s submission to the consultation:

ARC welcomes the opportunity to submit further evidence to the Consultation on proposals for changes to Gaming Machines and Social Responsibility Measures (“the consultation”).

ARC agrees with the overriding policy of the government that gambling should have social responsibility at its heart, and that the gambling industry provides a significant contribution to the

UK economy. We also fully agree with the content of the formal response from the British Horseracing Authority with regards the consultation.

ARC would like to reiterate that it is not for us to determine, or give a view upon, the appropriate stake levels for Fixed Odds Betting Terminals, but would like to expand upon the potential direct impact that the widespread closure of betting shops on British Racing and give further detail on the link between the prosperity of the retail betting sector and British Horseracing.

Comments from ARC about the financial impact to racing of widespread betting shop closures

The retail betting sector is British Horseracing's largest customer, directly through the purchase of media rights to broadcast live content to customers. Therefore, the health of retail betting shops and the horseracing industry are intrinsically linked.

ARC considers that, whilst the extent to which a stake limit on FOBT's would lead to retail betting shop closures has been publicly overstated, the closure of 2,500 shops is very much conceivable. Shop closures at this level would represent a direct annual loss to British Horseracing of over £50 million.

British Horseracing's media rights deals and the annual Levy calculations are both heavily dependent on shop numbers. The closure of 2,500 shops would lead to a loss of nearly £24,000 per fixture (of which there are 1,450 per annum) in media rights payments. Lost Levy proceeds from these shops can be considered at a level of £10 million per annum.

In addition, although hard to quantify exactly, losses of this nature would also have a significant impact on the profitability of remaining shops.

It is likely that such a dire economic impact to British Horseracing would primarily hit racecourses ability to continue to invest in prize money (which has been consistently rising in recent years), which would have a damaging impact on the overall economic ecosystem of the industry.

This would be a huge blow so shortly after all of the work done by the industry and government in the last year to extend the levy to online operators, which would be undone in an instant.

Once again, ARC would like to reiterate that whilst it is not for us to give a view on maximum stake limits, we would implore government to consider the wider indirect economic implications of the outcome of this consultation and the potential economic damage that widespread betting shop closures would have on the British Horseracing industry.