

## **Bet Extra Response to the Consultation on proposals for changes to Gaming Machines and Social Responsibility Measures**

**Q1. Do you agree that the maximum stake of £100 on B2 machines (FOBTs) should be reduced? If yes, what alternative maximum stake for B2 machines (FOBTs) do you support?**

### **Summary:**

- I consider the question somewhat redundant since after the Triennial Review the government has said it is considering four staking options:- £2, £20, £30 and £50.
- Commercially driven businesses that would benefit from a reduction in FOBT maximum stakes- ie, casinos, amusement centres, online focused bookmakers – only have an agenda to benefit their businesses. They campaign on misinformation, put together parliamentary groups that breach parliamentary standards, and ignore advice from RGSB.
- From the betting shop model both the Exchequer and horseracing's finances benefit enormously.
- The total number of betting offices is on a clear, fast paced downward trajectory, as evidenced by Gambling Commission figures. Any reduction in FOBT maximum stakes will accelerate this, only to a lesser degree with £50 and £30 staking options.
- With a stake reduction to £50 the retail betting industry can continue to achieve socially responsible growth, and thereby continue to support horseracing's finances and that of the greyhound industry, as well as generate the significant sums that it does for the Exchequer and local Councils via Business Rates.

### **Further response:-**

I am a third-generation bookmaker and currently operate two independent betting offices T/A Bet Extra, bookmaking both on and off course being in the family since before legalisation of betting shops in 1961. The betting shops operated by the family over the years I think it is fair to say have performed a social function within their communities, providing a source of camaraderie particularly amongst the older demographic. I am concerned that lobbying supported by businesses which stand to benefit from any reduction in maximum stakes on FOBTs is putting that under threat.

In the last accounting year my two-shop chain paid to the Exchequer over £86,000 in MGD, over £48,000 in General Betting Duty, over £30,000 in NI and employee's tax receipts, £11,175 to horseracing via the Levy, just short of £80,000 to companies providing horse racing and sports events pictures (the majority of which finds its way into horseracing coffers through media rights payments), and around £25,000 to the local Sheffield and Rotherham councils. After all this the yearly profit was less than £100,000 with no director's dividends taken, meaning nearly three times

as much was generated for the Exchequer, horseracing and local councils than for the Company, this before any Corporation tax consideration.

This goes to demonstrate how with the betting shop model, very positive contributions are being made to support the nation's and horseracing's finances, in a way which an online industry does not support. Indeed, Gambling Commission figures show that in the six months to the end of September 2017, 304 betting shops closed bringing the total figure down to 8502, this equating to a contraction rate in the number of betting offices of over 7%, completely at odds with the misinformation carried by vested interest groups. Should this rate of decline not be arrested horseracing's finances will suffer massively, mainly through the loss in media rights payments paid on a per shop basis. The independent sector alone will pay over £25m in Media Rights in 2018 and in excess of £100m over the next four years.

In September 2017 the Racing Post reported an intervention in the debate by Paddy Power Betfair, a company with a market capitalisation of over £6 billion, supporting a reduction in maximum FOBT stakes to £10. I think the point needs raising here that in their last set of accounts only 12% of their profit came from retail bookmaking, the rest from the online sector. Over the years they have continually fallen foul of the Advertising Standards Agency, often for adverts in bad taste, all to the end of commercially driving the brand. Paddy Power Betfair obviously have the online presence to support loss making retail estates, and I would suggest their motive here is to drive competitors out.

Furthermore, the same games offered on FOBTs can be found on the Paddy Power website and app, and can be played at £3,000 per spin rather than the £100 limit imposed in betting shops. The commentary around FOBTs has been slow to catch up with this, though recently some columnists are waking up to it. Of course, these apps can be accessed at any time of day and night, anywhere on our ubiquitous electronic devices. At least players of in-shop FOBTs receive a certain degree of supervision. How anomalous to be allowed to bet such sums on online games, yet be restricted in physical establishments with supervision.

This leads me on to how the whole issue of problem gambling is being presented too simplistically by various pressure groups. Rather than focusing on just one form of gambling in one type of establishment (FOBTs in betting offices), the reality is that for the unfortunate minority of problem gamblers the issue is a great deal more complex than de facto eliminating one form of gambling in one type of establishment. By its nature a problem gambler will find another way and means to bet. Restricting stakes on FOBTs will not help one problem gambler, only sabotage a responsible industry that has been trading on Britain's streets for over 50 years.

Going ahead I ask you to take an evidence and fact-based approach when deciding the outcome of the Consultation process. A £2 stake is tantamount to an outright ban and is prohibition by any other name. It represents a 98% reduction. I would highlight the RGSB Advice that states a reduction to as low as £2, *'would effectively abolish B2 gaming machines altogether. There would be little point in anyone playing on a B2 machine when the same stakes would be available on B3 machines with a*

*faster rate of play and the same prize level...we would find it difficult to regard so strong an action as being proportionate on the basis of existing evidence'*

While the opposition parties pander to “easy” solutions with no real consideration of the outcome, I would suggest that the debate around problem gambling needs widening, and that the public would grasp that the reality of the situation is a lot more complex than various lobbyists would have us believe. Biometric solutions built in to FOBs are a way in which technology can shore up the present self-exclusion process. As socially responsible operators the retail bookmaking industry would have no problem with this, yet it would be a more effective tool than any reduction in maximum stakes.

Additionally, by widening the debate to all areas and sections of the gambling industry, to include the fast-growing online sector as well as casinos and amusement centres, then perhaps some of the incessant “noise” created by certain sections against the retail bookmaking sector will dissipate.

Finally, while the opposition parties would wreck and sabotage the long-standing retail bookmaking industry while not helping one problem gambler, may I suggest it is the responsible, mature way to take a more considered, thoughtful approach, valuing a sector that contributes a considerable proportion of its revenue to the economy and provides much employment, and is vital to supporting horseracing's finances.

Yours sincerely

