

# **Federation of Racecourse Bookmakers – Written evidence (GAM0008)**

## **Background information**

1. The FRB is pleased to respond to the call for evidence published by the Select Committee on the Social and Economic Impact of the Gambling Industry. In order that the response may be read in the correct context, we have outlined below the history of the Federation. This is important as it recognised that the on-course bookmaking industry operates a different business model to those of the off-course and on-line betting industries.
2. 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 views of the entire industry. It 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.
3. As an unintended consequence of the Gambling Act 2005, a dispute over tenure of list positions developed between bookmakers and The Racecourse Association (RCA). Former Sports Minister Gerry Sutcliffe convened a working party to open discussions between the FRB and RCA which resulted in an agreement incorporating future direct payments to racing from the on-course bookmaking industry.

## **Gambling and racing**

4. There is an intrinsic link between horseracing and gambling and it is essential that this inquiry appreciates that most punters are not addicts and enjoy a day at the races. According to the Gambling Commission, 0.7% of people aged 16+ in Great Britain are classified as problem gamblers.<sup>1</sup> For decades, wagering on the outcome of horse races has been a source of the appeal of the sport and is the sole reason horse racing has survived as a major professional sport.
5. Whilst we believe that the research, education and treatment for problem gambling should be funded by the gambling industry, the mechanism and amounts should take into account (a) the relative profitability of the businesses involved, (b) the need for proportionality in light of the administrative and bureaucratic burden and (c) if possible, the relative impact of the different sectors of the gambling industry on problem gambling.

## **On-course bookmakers' financial contribution to racing**

6. 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 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

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<sup>1</sup> <https://www.gamblingcommission.gov.uk/PDF/survey-data/England-Health-Survey-Findings-2016.pdf>

- greatly over the last few years, we are happy to make a sensible and equitable contribution to ensure investment and the continuity of a great British tradition.
7. Racecourses, with our contribution, give support to organisations and charities that support those with gambling addictions. We are of course ready to continue our support via our financial payments to racecourses and our annual contribution to Gamble Aware.
  8. We do not believe that a statutory levy should be imposed on the on-course market. In fact the existing contributions made to all aspects of racing by FRB membership should be taken into account as well as the differing business models of stakeholders.

### **Differences between on-course and off-course / on-line bookmaking**

9. Tackling problem gambling should be a priority for all bookmakers. However, on-course bookmakers have always been treated differently to their off-course and on-line counterparts to take into account their commercial arrangements with racecourses and unique business model. Should on-course bookmakers be treated in the same fashion as off-course and on-line bookmakers, it would have a serious impact on their ability to remain viable.
10. On-course bookmakers operate in a fashion that allows for frequent and personal contact. Firstly, there is the interaction between the bookmaker and the punter when placing a bet. Even in the fast pace pre-race betting there is still time for a conversation. As a result, the on-course bookmakers will notice if a member of the public returns frequently to place numerous bets.
11. Secondly, the presence of the Betting Ring Manager, who is supplied by an independent company called AGT, appointed by the racecourses themselves but fully funded by the on-course bookmaker, allows for an extra pair of eyes on these activities. Since the introduction of the Anti-Money Laundering regulations in 2017 the role of the Betting Ring Manager has been augmented to support bookmakers in all aspects of their work, including anti-money laundering policies and tackling under-age betting. The FRB employs the services of Serve Legal to ensure all their members comply with the law in this matter.
12. Thirdly, there are extensive gaps between races, which does not allow for a pattern of gambling akin to the constant input of money into Fixed Odds Betting Terminals. Additionally, it should be recognised that on-course bookmakers only offer one product, not multiple platforms as seen in the off-course and on-line industry.
13. Even at the big race meetings, most bets tend to be in single or double figures. It is suggested that at Lingfield on a mid-week evening, bets tend to be around £9, at Sandown £12 and even on major race days such as Ascot or Cheltenham, bets are unlikely to be above a few hundred pounds – in fact individual bets larger than that would certainly raise suspicion.
14. The Gross Gambling Yield of the on-course industry is a small proportion of all betting revenue. Turnover has been falling since April 2016 indicating that both numbers of gamblers and the size of their bet is reducing.
15. Additionally, our members do not use credit cards to take bets, unlike the business model of other bookmakers. We fully support a ban on the use of credit cards for gambling and will be responding to the current Gambling Commission consultation on this subject.
16. As we operate from racecourses, punters have to pay an entry fee in order to enter the racecourse. This additional payment is most likely to deter those who

do not see attendance as an enjoyable past-time, but who prefer to spend all their money on betting. There are no entry fees to high street bookmakers and on-line gambling sites, makes these platforms a more attractive offering to potential problem gamblers.

17. Finally, our business model is not based on incentivisation for increased betting activity. Unlike the off-course and on-line industry, we do not offer bonuses or gimmicks to staff who encourage punters to continuously bet, nor do we advertise.

## **Conclusion**

18. The FRB is fully committed to supporting those who develop a gambling problem, and working with industry partners to prevent consumer habits spiralling out of control. However, solutions to problem gamblers must not take away from the vast majority of the members of the public who wish to enjoy a day at the races and placing bets in a controlled fashion.
19. A statutory Levy is not the solution for the on-course market. The on-course market makes its contribution to Gamble Aware according to their size and business model
20. It is essential that any solution outlines a clear and distinct marker between the contribution of the on-course and the off-course and on-line bookmaking industry.
21. The FRB would be very happy to provide further information to the Committee.

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