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Draft Legislative Reform (Horserace Betting Levy) Order 2018

Briefing for House of Lords Delegated Powers and Regulatory Reform Committee

The British racing industry – represented by the British Horseracing Authority, Racecourse Association and the Horsemen's Group – is delighted to provide this short briefing to the House of Lords Delegated Powers and Regulatory Reform Committee regarding the *Draft Legislative Reform (Horserace Betting Levy) Order 2018*.

We wholeheartedly support the Department for Digital, Culture, Media and Sport's (DCMS) three key policy objectives in this important legislation of:

- (i) reducing administrative inconveniences for both betting operators and the horseracing industry;
- (ii) reducing the cost of administering the Levy, and thereby increasing the funding available to be spent for the benefit of British racing and betting; and
- (iii) removing the Government from the need for direct ongoing involvement in relation to Levy spending decisions, a policy aim since 2014, and supporting British racing's ambitions for self-determination over expenditure of our industry's key income streams

The British racing industry

- British racing is the country's **second largest sport** by:
 - **Attendances** – **5.95 million** attendees at over **1,500** fixtures held at **60** racecourses (**52** in England, **5** in Scotland and **3** in Wales), with **four of the top ten** attended sports events in the UK in 2017
 - **Revenues generated** – Annual expenditure of **£3.45 billion**, a tax contribution of **£300 million** and a lever for multi-billion pound trade – including significant foreign direct investment – into the UK annually
 - **Employment** – Over **17,400 FTE** employment in the industry including approximately **450** jockeys, **550** trainers and **6,500** stable staff
- Over **£11.5 billion** is bet on horseracing in the UK each year – with the vast majority of this on British racing

The Horserace Betting Levy

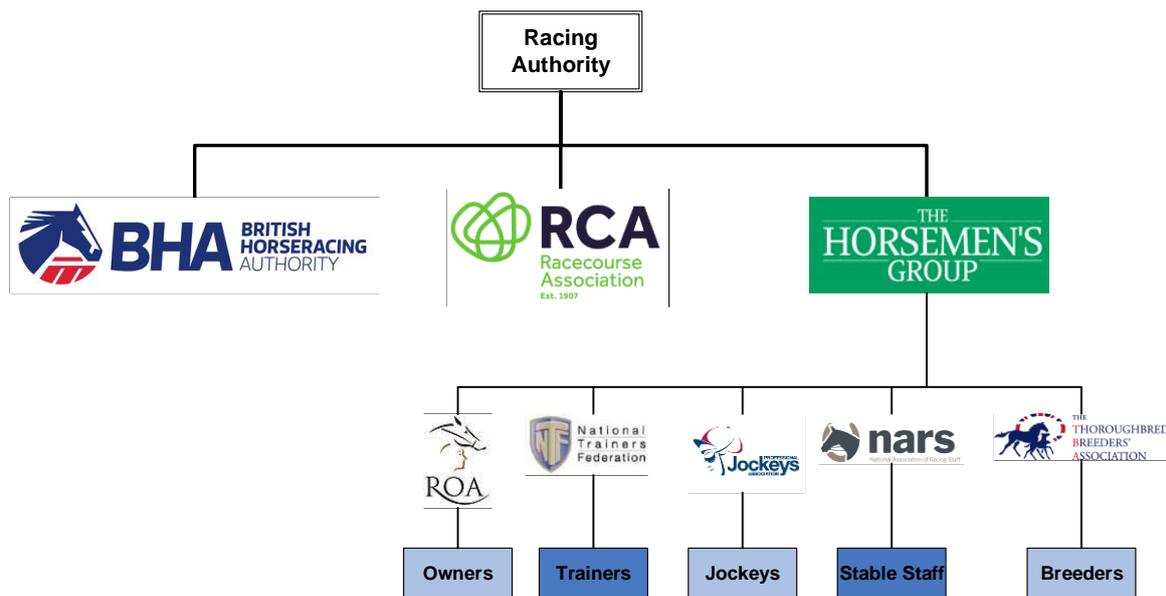
- *"In the UK, racing and betting have a unique interdependency that goes back over 200 years. A day at the races includes, for most participants, betting on horse races as well."*
European Commission, Horserace Betting Levy State Aid clearance, April 2017
- The Horserace Betting Levy has been in place since the 1960's and *"recognises the mutual interest racing and betting share in a thriving racing industry."* (DCMS)
- The Horserace Betting Levy supports:
 - *Racing's grassroots* – Prize money for participants to allow them to maintain their involvement in the sport, keep horses in training and improve the racing product – supporting rural communities across the country
 - *High standards of integrity in British racing* – Including anti-doping and anti-corruption measures
 - *Participant welfare and training* – Including initiatives to support the mental and physical wellbeing of participants, and education and training opportunities for young people to become involved in the sport
 - *The wider UK horse sector* – Through veterinary science research and education funding, disease surveillance, and support for rare breeds societies
- The Levy has been administered since its creation by the Horserace Betting Levy Board (HBLB) – a non-Departmental Public Body of DCMS
- Last year, the UK Parliament enacted the *Horserace Betting Levy Regulations (2017)* – described by the European Commission as *"clearly justified ... necessary and proportional"* – extending liability to pay the Levy to all betting operators – on or off-line, on or off-course, on or off-shore – offering bets on British racing to British customers

- As illustrated below, this welcome and much required reform has seen income rise by over **£45 million to c.£95 million** – with the increased revenues already benefitting the industry, our horses and our people



The proposals in the Draft Legislative Reform Order

- British racing wholeheartedly agrees with Government's assessment that our sport is best placed to determine the allocation of Levy funds – through well informed, data driven, decisions on Levy expenditure to maximise the benefits of Levy receipts for the Racing and Betting industries, and the wider rural economy
- Under the Draft Legislative Reform Order (LRO), the HBLB and its appeal tribunals will be abolished – and all legislation pertaining to the Horserace Betting Levy transferred to the *Gambling Act (2005)*
- The responsibilities of the HBLB will be transferred to two organisations:
 - The Gambling Commission will be responsible for Levy collection and enforcement
 - A Designated Body to distribute Levy funds in line with its statutory objectives – British racing believes this Designated Body should be the new Racing Authority
- The [Racing Authority](#) – Chaired by Sir Hugh Robertson – is already up and running, and as illustrated below, ensures that all of the diverse elements of the British racing industry (and beyond) are represented and have appropriate input into expenditure decisions





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- British racing agrees that it is important that the betting industry, and other key stakeholders including the veterinary science and equine sectors, are appropriately consulted on relevant Levy expenditure decisions.
 - A Betting Liaison Group has been established to enable meaningful, and fruitful, consultation with the betting industry and provide the platform for an enhanced and mutually beneficial relationship between our interdependent industries moving forward
 - We are proud of the **£50 million+** of veterinary research and education funding provided by the Levy since the 1960s, and are engaging with the equine and veterinary sector on proposals for how these funds can be distributed, including potentially through the creation of Research Council reflecting best practice in medical, biotechnology and biological science research

The benefits of the Draft Legislative Reform Order

- British racing believes that the Draft Legislative Reform Order (LRO) and the second phase of Levy reform by:
 - addressing the remaining structural deficiencies within the Levy;
 - reducing administrative and financial burdens on the racing and betting industries; and
 - removing the Government from day-to-day involvement in decisions on the funding of British racingwill allow the benefits of the first phase of Levy reform to be unlocked fully, working closely in partnership with the betting and wider equine and veterinary science sectors.
- The proposed reform represents a **£240,000 (14.7%)** annual saving on Levy administration, with these funds now available to be targeted to the Levy's statutory objectives
- There will also be significant administrative efficiencies to the annual fixture funding allocation and recruitment and training funding processes, alongside significant system synergies
- The new system will enable enhanced engagement and co-operation between British racing and the betting and veterinary science sectors

British Racing fully supports the proposed Legislative Reform Order and the major benefits which it will bring for our industry, our grassroots and our relationships with the betting and veterinary science sectors.

We would be delighted to provide the Committee with any further information which it requires as part of its consideration of the *Draft Legislative Reform (Horserace Betting Levy) Order 2018*.

For more information, please contact:

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