



House of Commons  
Culture, Media and Sport  
Committee

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**On-course horserace  
betting: Government  
Response to the  
Committee's Fifth  
Report of Session  
2007–08**

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**Second Special Report of Session  
2007–08**

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## The Culture, Media and Sport Committee

The Culture, Media and Sport Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Culture, Media and Sport and its associated public bodies.

### Current membership

Mr John Whittingdale MP (*Conservative, Maldon and East Chelmsford*)  
*[Chairman]*  
Janet Anderson MP (*Labour, Rossendale and Darwen*)  
Mr Philip Davies MP (*Conservative, Shipley*)  
Mr Nigel Evans MP (*Conservative, Ribble Valley*)  
Paul Farrelly MP (*Labour, Newcastle-under-Lyme*)  
Mr Mike Hall MP (*Labour, Weaver Vale*)  
Alan Keen MP (*Labour, Feltham and Heston*)  
Rosemary McKenna MP (*Labour, Cumbernauld, Kilsyth and Kirkintilloch East*)  
Adam Price MP (*Plaid Cymru, Carmarthen East and Dinefwr*)  
Mr Adrian Sanders MP (*Liberal Democrat, Torbay*)  
Helen Southworth MP (*Labour, Warrington South*)

### Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the Internet via [www.parliament.uk](http://www.parliament.uk).

### Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at

[http://www.parliament.uk/parliamentary\\_committees/culture\\_\\_media\\_and\\_sport.cfm](http://www.parliament.uk/parliamentary_committees/culture__media_and_sport.cfm)

### Committee staff

The current staff of the Committee are Kenneth Fox (Clerk), Martin Gaunt (Second Clerk), Anna Watkins/Lisa Wrobel (Committee Assistants), Rowena Macdonald (Secretary), Jim Hudson (Senior Office Clerk) and Laura Humble (Media Officer).

### Contacts

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## Second Special Report

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1. On 23 January 2008, the Committee published its Fifth Report of Session 2007–08, on On-course Horserace Betting.<sup>1</sup> Gerry Sutcliffe MP, the Minister with responsibility for sport at the Department for Culture, Media and Sport, responded to the Report by way of a letter on 1 May 2008. The Committee had accepted that a delay in responding was justified, because of the danger of prejudicing sensitive discussions in March and April between members of the Existing Betting Areas Working Party, chaired by Sholto Douglas-Home. The Government's response is published as the Appendix below.

### Appendix: Government response

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I am writing to respond to the conclusions and recommendations set out in the Culture, Media and Sport Committee's report on on-course horserace betting published on 23 January. My response has been delayed pending the conclusions of the Existing Betting Areas Working Party which has been looking at this issue, and I am grateful for the Committee's patience in allowing the Federation of Racecourse Bookmakers (FRB) and the Racecourse Association (RCA) to continue their discussions until after Easter Recess. This extension provided some badly needed breathing space at a point when the dialogue was at a sensitive stage.

I would like to thank the Committee for its detailed consideration of the issues. This clearly reflects the important roles that racing and horserace betting continue to play in the sporting life and culture of this country, and the Government is committed to the future prosperity of both the racing and bookmaking industries. We are rightly proud of the unique atmosphere that exists at British racecourses on race days, and this is enhanced by the variety of on-course betting opportunities available to the public.

Below I set out the Government's responses to the conclusions and recommendations in the Committee's report, but since the Committee offered some much appreciated support for the Working Party, it may be useful if I first summarise the progress it has made.

I convened the Existing Betting Areas Working Party, under the independent chairmanship of Sholto Douglas-Home (then Global Head of Marketing and Communications at Reuters), to assist representatives of the FRB and RCA to agree a non-legislative mechanism for allocating positions to bookmakers within racecourses' existing betting rings that both bodies could recommend to their members for adoption after cessation of the Five Times Rule.

To this end the group, which met seven times, took account both of bookmakers' case that the list positions which they had purchased should be honoured, and of the requirement of racecourses to establish a robust commercial system governing bookmakers' entry into, and the allocation of positions within, existing betting rings. The terms of reference specified that the focus of the group's work should be on identifying workable solutions rather than debating how the present situation came about. A decision was also taken to set

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<sup>1</sup> HC 37, Session 2007–08

on one side the issue of pitch allocation in new betting areas, although this remains a pressing matter and one which the FRB feel has a material impact on the value of their list positions.

On the basis of suggestions submitted by both parties, the Working Party enjoyed considerable success in identifying the individual elements within a satisfactory new relationship to operate from 1 September 2012. Concepts on which there was some level of agreement in principle (though the FRB indicated they would require much more specific details before agreeing to consult their members), included:

- Term agreements recognising existing pitch list positions for a fixed period (length to be determined, see below), which would cover bookmakers' positions in both existing and new betting areas;
- The ability of bookmakers to trade list positions, with racecourses taking a commission on trades;
- Detailed contracts setting out not only bookmakers' obligations in terms of payments, attendance and behaviour but also racecourses' obligations in terms of services and facilities provided to bookmakers;
- Provisions for bookmakers who refuse to accept new arrangements;
- Bookmakers paying a percentage of annual turnover or a discountable daily fee (depending on local preference) in return for access to the betting ring;
- Regular access fee reviews (3 or 5 yearly to be agreed);
- Provision for expert determination in the event of disputes over payments.

One key area where the Working Party could not reach an agreed position was the total term over which contracts recognising existing pitch list positions (referred to by the RCA as "First right of refusal") should operate. The RCA's initial position was that this term could not extend beyond 2012; the FRB's was that it should be indefinite. Both sides offered some flexibility on the issue. Following discussions in the Working Party and subsequent consultations with its members, the RCA agreed that they would be prepared to recommend to racecourses, subject to certain conditions, that the Right of First Refusal period could extend to 25 years beyond the date of implementation of the Gambling Act, that is to 31 August 2032. The FRB agreed that the overall term might be limited to 99 years (thereby relinquishing the principle of perpetuity).

In the final meetings of the group a possible compromise position emerged, under which a subsequent period or periods of 25 years could be negotiated, with appropriate commercial settlements, at the 20 year point (initially, in 2028). However, there remain differences of opinion over whether only one or multiple extensions may be appropriate; and whether these extensions should be unilateral (i.e. the bookmakers having an automatic right to renew contracts on payment of the agreed sum), or bilateral (i.e. renewal subject to agreement by both the bookmaker and the racecourse involved). The RCA have agreed to give further consideration to whether three successive automatic 25-year extensions, subject to agreement on an appropriate fee, might be acceptable.









