



Bookmakers predict 4,000 betting shops may close

it would review the levy which could be extended to bets on global racing which could partially offset any reduction. It has been estimated that could bring in a further £15m.

What will the effect be on bookmakers?

Bookmakers have warned that 4,000 betting shops and 21,000 jobs could be lost through a £2 stake on FOBTs, although not all those closures would happen immediately. Analysts at Regulus Partners estimated around 3,700 shops would close over five years with independents hit hardest and a 66 per cent fall in earnings for the betting shop sector.

What will happen to online operators?

In order to fill the hole left in public finances from lost tax income from FOBTs, the government said the change would be linked to an increase in Remote Gaming Duty, paid

by online gaming operators, probably announced in the Budget in November.

What else has the government announced?

The government has unveiled a number of other moves which would affect gambling including stronger age verification rules and proposals to set limits on consumers' spending until affordability checks have been conducted in online betting, more responsible gambling promotion, an investigation into the public health aspects of gambling and a review of the age limits on National Lottery games.

What hasn't been included?

Gambling advertising is the most complained-about aspect of the sector but the government has resisted bringing in tougher rules about when advertising can be shown.

COMMENT

Bill Barber
Industry editor



THE wait is over. Matt Hancock has gone all in. FOBT maximum stakes are to be cut to £2 and now the reckoning can begin.

There is no doubt the government's move will protect some vulnerable people who find themselves gambling far more than they can afford on the machines.

Quite how effective this will be as a way of tackling problem gambling is hard to estimate, but this was always more of a political decision than part of a coherent, evidence-based strategy to address the issue.

Someone standing outside a betting office with a mobile phone – or, more worryingly, lying drunk in bed – will be able to blow far more money much more easily on the same sort of games available inside the shop, while a 16-year-old can still buy £10 scratchcards at any newsagent.

The major high street bookmakers claim 4,000 betting shops and 21,000 jobs will be lost as a result of the government's decision, but it is a crisis they have largely brought upon themselves and their employees.

They did not take the issue of problem gambling seriously enough and then, when it became clear that criticism of the sector was not going to

Government lands a huge punch – now the reckoning begins

away, their efforts were too little too late.

They were outmanoeuvred by campaigners who found a media willing to swallow the more outlandish claims about the losses that could be made on the machines.

Racing must now work out how it will deal with the effects of what its leaders claim could be a £50 million reduction in income, having created a boom in media rights payments from betting shops to make up for the dramatic fall in the levy.

The levy has been reformed and further changes have been proposed, but the extra income they generate could well be wiped out as a result of the government's announcement.

Ireland, where FOBTs have always been outlawed, is often held up as an example to Britain of how bookmakers and racing can thrive without the machines.

However, according to the Irish Bookmakers Association

betting shop numbers in Ireland fell from 1,385 in 2008 to 855 in 2016 – hardly the sign of a flourishing sector.

And Irish racing benefits financially from its media rights deal with SIS that broadcasts to British betting shops. The fewer British betting shops, the less money for Irish racing.

This is not going to be the end of the pain for the betting

industry and it is unlikely that the purely online operators are looking on smugly at events feeling they are immune to attention from government and campaigners.

The Treasury is looking to make up for lost tax revenue by hitting the online operators, while the Gambling Commission and Competition and Markets Authority are already investigating the sector.

The Campaign For Fairer Gambling will no doubt be turning their attention to online stakes next.

The other problem for the industry may take even longer to resolve – that of the reputation of gambling.

Gambling has always been frowned upon in some circles, but was essentially seen as a bit of fun in wider society. Now the reputation of betting has become toxic as a result of the FOBT debate and the industry needs to find a way of rehabilitating it.

'Racing's financial health is less rosy than has long appeared to be the case'

Tom Kerr, page 10

By Bill Barber

BRITAIN'S betting shop operators received the news they feared yesterday as the government finally made its decision on FOBT stakes.

William Hill described the government's decision to cut stakes to £2 from £100 as unprecedented as the company said the move would make 900 of its estate of more than 2,300 shops unprofitable while GVC Holdings, who recently completed the acquisition of Ladbrokes Coral, said they expected there would be a £120 million impact on earnings two years after the implementation of the change.

Betfred accused the government of playing politics with people's jobs, but Paddy Power Betfair, who have previously called for a cut in FOBT stakes, welcomed the government's decision.

William Hill said around 70 per cent of their total gaming machine net revenue was generated by stakes in excess of £2 and that following mitigation measures the government's decision could reduce the operating profit of their retail estate by around £70m to £100m.

Chief executive Philip Bowcock said: "The government has handed us a tough challenge today and it will take some time for the full impact to be understood, for our business, the wider high street and key partners like horseracing.

"We will continue to evolve our retail business in order to adapt to this change and we will support our colleagues as best we can. Despite the challenges presented by this decision, our teams will compete hard and offer great service to William Hill customers."

'This will result in job losses and empty shops'

In a statement GVC said they welcomed the certainty provided by the government but were disappointed by the outcome.

They said: "As a responsible business, we reiterate our commitment to work closely with the government and regulators to ensure that both our retail and online offerings are places where customers can enjoy gambling in a safe and secure environment."

Paddy Power Betfair said they did not believe a £2 stake will have a material impact on their UK retail strategy, estimating a £2 stake would hit revenues by £35m to £46m, or two per cent to 2.6 per cent of group revenue.

Chief executive Peter Jackson said: "We have previously highlighted our concern that the wider gambling industry has suffered reputational damage as a result of the widespread unease over stake limits on gaming machines. We welcome, therefore, the significant intervention by the government today and believe this is a positive development for the long-term sustainability of the industry."

That view was not shared by

Betfred, whose managing director Mark Stebbings described it as a political decision rather than being evidence-based.

He said: "We are already highly regulated, and responsible gambling is at the very heart of our business."

"This decision will result in unintended consequences including direct and indirect job losses, empty shops on the high street, and a massive funding hit for the horseracing industry."

Were remote gaming duty increased to 20 per cent it would raise an extra £200m in tax according to analysts Regulus Partners.

Such an increase would punish Sky Bet and risk jobs, according to their chief executive Richard Flint, who added: "Rather than punishing a UK-based job creator, the government should focus on getting a fairer tax contribution from other tech companies who, unlike us, don't already pay sufficient taxes on their UK activities. There are a number of wider proposals in today's Gambling Review based around online safety which we welcome."

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