

27<sup>th</sup> February 2004

Greig Chalmers  
Draft Gambling Bill Consultation  
Gambling and National Lottery Licensing Division  
Department for Culture, Media and Sport  
2-4 Cockspur Street  
London  
SW1Y 5DH

*Dear Greig,*

Ladbrokes Worldwide is pleased to outline a short response to DCMS on the draft Gambling Bill. We do so with the full knowledge that our trade association, the Association of British Bookmakers ("ABB"), has submitted a detailed paper to the DCMS. We support this. In order to avoid repetition we therefore wish to confine our comments to two principal areas: betting exchanges and social responsibility. The absence of comment in this paper on other areas, especially remote gambling, should not be interpreted as a sign that these are of less importance. Instead we wish to give our full support to what the ABB have submitted on this issue.

### **Ladbrokes Worldwide**

As the largest betting company in the world Ladbrokes Worldwide is well placed to comment on the draft Gambling Bill. Our experience in betting and gaming dates back over many years and extends from our pools business through to remote gambling. We currently have 1880 shops in the UK, and a further 125 in Ireland and 309 in Belgium. We employ 12,800 people. Our remote gambling business, Ladbrokes.com is a global operation and includes Internet, telephone and interactive services operating in 13 languages and 17 currencies.

### **Betting Exchanges**

Ladbrokes Worldwide is concerned about unregulated, non-recreational laying on betting exchanges. This threatens the integrity of the bookmaking industry and additionally deprives the Government of duty revenues.

Ladbrokes Worldwide believes that the proposal in the Draft Gambling Bill to categorise betting exchanges as 'betting intermediaries' is inadequate as it means that those people that "lay" bets and act as bookmakers are unlicensed and unregulated. Ladbrokes Worldwide is not opposed to exchanges per se and we do not wish to stifle innovation. However our concerns revolve around non-recreational layers, who make up a very significant proportion of the laying community on exchanges and who, in essence, act as bookmakers.



It is important therefore that Government policy reflects the fact that there are two very different and separate sets of layers on exchanges: recreational and non-recreational and a clear definition of each group is urgently required. Policy then needs to take account of non-recreational layers so that they are subject to the same regulatory regime as other bookmakers.

We recognise that the solution to this needs to be proportionate to the issue. As already stated, our aim is not to stifle innovation or any form of competition. We merely wish to ensure that the integrity of racing and betting is fully protected and that the playing field, in fiscal terms, is levelled. It seems surprising to us that the Government does not wish to apply existing policy (i.e. the fit and proper test, gross profits tax and levy) to a new form of bookmaking, just because of the emergence of new technology.

Our proposal, therefore, which is outlined in further detail by the ABB, attempts to address the issue of what could be considered 'recreational laying' and what, therefore, should be considered non-recreational. We believe that a system that combines the volume and value of bets laid by an individual is an appropriate method to establish whether someone is laying bets for recreational purposes or otherwise. Together with the rest of the industry we propose for consideration a system whereby any individual whose profits from "laying" totals more than £1,000 per month are defined as non-recreational layers. Once this threshold has been reached we propose that layers should start paying betting duty. This figure is being suggested as it falls midway between the national average for full time employees (£1551.96 per month after tax) and the national average wage for part-time staff (£589.45 per month after tax). It therefore represents an economic threshold above which it is reasonable to assert that an individual is to be considered to be making their livelihood from an activity. Furthermore, in terms of frequency, laying over 60 bets in a rolling calendar month is a threshold above which it is reasonable to consider an individual to be exceeding recreational activity. For emphasis, we are not suggesting the introduction of tax for "backers"- punters, nor are we seeking to penalise genuine recreational layers.

If non-recreational laying remains unchecked it will inevitably be detrimental to the integrity of the existing bookmakers' licensing regime. It will also reduce the amount of tax revenue to the Exchequer and the amount of Levy raised that is so vital to the horse racing industry. Ladbrokes Worldwide believes that this creates an inequitable situation where a commercial advantage is gained by one part of the market over another because the former is more leniently treated by the taxation regime.

We believe that this proposal is entirely consistent with existing government policy and could be introduced ahead of a Gambling Bill, in the guise of a voluntary code with Betting Exchanges.

### **Social Responsibility**

At the heart of the Government's proposals for the Gambling Bill is the objective of ensuring that the gambling industry behaves with the utmost responsibility and integrity. We fully support this. Ladbrokes Worldwide believes in responsible gambling and is committed to good practice throughout its operations. We accept that there are sometimes unintended consequences to gambling and that Ladbrokes Worldwide has a responsibility to mitigate these problems.

Ladbrokes Worldwide supports the work of the Responsibility in Gambling Trust and we would urge the rest of the gambling industry to follow suit. We are also long-standing supporters of GamCare. Indeed we are the first betting company to have been accredited by GamCare as a socially responsible operator of Licensed Betting Offices. It is important that the Gambling Commission keeps under review matters of social responsibility and we think its right for the new Gambling Commission to have the powers to remove licences from those companies that are deemed not to be behaving responsibly. It is vital for the future of the gambling industry that high levels of probity and responsibility are maintained in order to protect the young and vulnerable. Ladbrokes Worldwide will do all that it can to ensure that such standards are maintained.

Ladbrokes Worldwide will be happy to provide further information on any of the above or indeed on any other issue that DCMS would find helpful.

Yours sincerely, 

Christopher Bell

**CHIEF EXECUTIVE**