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20th February 2004.

Mr Ivan Henderson,
MP for Harwich,
House of Commons,
Westminster,
London,
SW1A 0AA.

Dear Mr Henderson,

PROPOSED GAMBLING BILL.

As I am sure you are aware the proposed Gambling Bill was recently published by DCMS and written evidence requested by the Joint Scrutiny Committee whose task it is to review the Bill.

As you will probably be aware from my previous correspondence we are operators of amusement and gaming machines in the Clacton area and employ around 6 staff all year round and approximately another 15 throughout the summer season. As my local MP I have decided to write to you to express both some general and specific concerns that I have with the proposed Bill in its current format. These I have listed below and hope that you will feel able to make representation to either John Greenway MP (Chairman of the Scrutiny Committee) or any of its members, details of whom are attached.

General Concerns:

1. Fairness and Equity

We believe that opportunities and controls should be equally applied between the market sectors and not, as it is currently being proposed, only favour the new emerging sectors (large casinos and remote gambling). Many of the existing traditional machine market sectors (seaside arcades, inland arcades, pubs, bingos etc) are facing restrictions relating to machine numbers, stakes and prizes, whilst new sectors (casinos and remote) will be able to offer a multiplicity of gaming products with virtually unlimited stakes and prizes.

It should be remembered that whatever the new entrants may generate in terms of economic benefits and jobs, the existing machine marketplace employs in excess of 22,000 people directly and generates circa £400K per annum in tax revenue. Businesses range from large multi-national subsidiaries to third or fourth generation family businesses who provide pleasure and entertainment to millions and form an important part of the UK's social infrastructure.

2. Social and Economic Consequences of the Bill

a) Problem Gambling:

The existing gaming industry has evolved successfully and responsibly over many years and the current measured regime is key to the relatively low levels of problem gambling experienced in the UK. The 0.8% quoted in the 2001 prevalence study is one of the lowest rates in the world.

The Bill imposes insufficient restriction upon the expansion of the new style casinos producing a very real risk of over-supply to the market in the short to medium terms. The recently published Nera Report, based upon research from the USA and Australia into casino gaming, predicts a figure of 1 million problem gamblers in the UK as a result of the likely increase in the number of casinos once the Bill becomes law. Apart from a multiplicity of gambling and leisure activities being on offer under one roof, conservative estimates suggest that an additional 50,000 machines with unlimited stakes and prizes will enter the market. (This compares with the circa 235,000 limited stake and prize machines on offer today). Negative publicity ensuing from the likely increase in problem gambling will fall disproportionately upon the existing traditional machines market.

b) Economic Impacts:

Seaside Resorts:

New style casino resort complexes will be so vastly superior in terms of size, range of product offering etc that new and existing visitors will naturally gravitate towards these "emporiums", slowly destroying much of the existing seaside economy. Resort and large casinos will be adult gaming environments providing scant impetus for social and tourism led regeneration.

Town/city centres:

Casino operators will site new casinos on the edge of prosperous towns rather than the areas needing urban regeneration. These large casinos sited on the outskirts of towns and cities have the ability to transform the night-time economy of local town centres. Large casinos offering food, drink, entertainment and several forms of gambling under one roof (betting, bingo, gaming table and machines) could herald the demise of the city centre businesses including adult gaming centres, clubs, pubs, restaurants

and bingo halls, in exactly the same way that large out of town supermarkets have damaged the vibrancy of town centres for retailing.

Remedy: Follow a cautious approach and allow the phased introduction of a limited number of new style resort and large casinos within a controlled number of designated areas where a clear economic and social benefit is deemed likely. This compromise would allow this exciting new product to be market tested in the UK without risking the potentially disastrous social and economic consequences illustrated above.

3. Grandfather Rights

The Bill does not include measures reflecting the assurances given by Lord McIntosh in his speech to the BACTA Convention 2003 that the existing industry would not be endangered. In most cases the future of these businesses (whether they be seaside amusements, adult gaming centres or machines being operated in public houses) could be left to the discretion of Local Authorities which may unilaterally decide not to grant permits to businesses that may have been operating for generations and there is no right of appeal. This would be totally unacceptable to BACTA and we seek confirmation that the final draft will incorporate these matters.

Remedy: Grant “grandfather rights” to existing businesses in perpetuity, providing they operate within all the relevant legislation and codes of conduct.

4. Stakes and Prizes

The Bill reduces stakes and prizes for Section 34 machines from 30 pence stake/ £8 prize to 10 pence stake/ £5 prize with the exception of cranes (and predominantly skill ticket redemption machines), which will be allowed to retain the 30 pence stake. In the case of the latter machines paying out non-monetary prizes BACTA believes that it is illogical to allow the stake to remain at the same level (30p) but reduce the prize from £8 to £5. This will erode established customer value. BACTA believes that there is a good case for operating non-monetary prize machines on a marginally higher stake and prize tier. The ORB survey shows strong customer support for the existing Family Entertainment product.

Remedy: Allow Category D machines paying out non-replayable, non-monetary prizes to operate on 30 pence stake/ £8 prize.

“Trading Up”. The practice of saving individual prizes won from, for example, a crane machine and trading them in/exchanging them for larger prizes is known as “trading up”. A test case in the 1990’s established it is a legitimate practice. The DCMS and the Gaming Board have consistently stated that this issue will not be revisited, but, on page 36 of the Policy document, paragraph 4.54, crane machines on 30 pence appear to be prohibited from paying out exchangeable prizes.

Remedy: Amend policy to allow machines in this category to pay out non-money and non-replayable prizes and prizes that may be exchangeable (but not for money).

4. Fixed Odds Betting Machines

Fixed Odds Betting Machines (FOBM's). In a recent agreement between the Bookmakers, the DCMS and the Gaming Board betting shops have been given the right to operate up to 4 machines per shop with stakes of up to £100 and prizes of up to £500. In "A Safe Bet for Success" the DCMS established the principle that AGC's and Bookmakers should be entitled to operate the same tier of machine types, either category B or C. The recent agreement with FOBM's goes completely against the principle, and hugely disadvantages AGC's and Bingo Halls.

This agreement gives Bookmakers a massive immediate and ongoing advantage over the other providers of machine gambling on the high street, notably AGC's and Bingo Halls. BACTA members have for the past 18 months adhered to the Gaming Boards repeated request not to aid the proliferation on FOBM's whilst the Gaming Board pursued its court case to establish the definition of FOBM's as gaming machines. Whilst the Gaming Board still state that they believe FOBM's to be gaming machine they have decided to suspend their case and clarify the position via the new Gaming Act. The net affect of this is that the number of FOBM's on the high street could well double to over 20,000 before the new Bill becomes law.

Adult Gaming Centres and Bingo Halls sited with in close proximity of Bookmakers have seen their machines turnover decline substantially since the introduction of these machines. Proliferation at the scale now envisaged could well prove terminal for many businesses.

Remedy: We understand that the position following the Bill will be that the FOBM's will be defined in the new Act as Category 'B'+ and AGC's, Bingo Halls and Bookmakers will have the same entitlement to machine numbers, stakes and prizes. This will achieve the principle of product parity between these outlets applied within the Governments White paper.

Pre the Bill becoming law

BACTA has concerns regarding the current situation and for information purposes we advise the joint Committee that we believe this inequality of stake and prize levels should be addressed in the industry's Triennial Review to reflect the following stakes and prizes as soon as possible, ie. Before the Bill becomes law:

	Stake	Prize
Section 34(1)	(No changes until new Act)	
Post new Act	10p	£5 monetary prize
	30p	£8 non-monetary prize
Section 34(5(e))	£1	£50
Section 31	£5	£500 club £1000 bingo £2000 casinos
Section 16	£1	£50 cash prize

Note: The stake prize ratios being proposed are at a minimum ratio of 50 to 1 which compares with 5:1 for FOBM's.

Summary/Conclusions:

We welcome the principles of the proposed changes to the UK's outdated gambling laws but have some significant concerns with the detail of the proposed Bill. Apart from specific issues outlined we do not believe that the Bill treats existing businesses in the market with fairness and equity and neither do we believe that the Bill, as written, takes sufficient account of the economic and social consequences it could trigger.

I apologise for the lengthy list of concerns highlighted, but I am sure you will appreciate just how worried we are that the draft Bill being proposed could ruin our business unless changes are made.

I do hope that you feel able to help us by contacting members of the Scrutiny Committee and look forward to hearing from you in due course.

Yours sincerely,



**W. Ball Jnr,
Partner.**