



SUPPLIERS OF GAMING AND
AMUSEMENT EQUIPMENT THROUGHOUT
LONDON, THE HOME COUNTIES
AND SOUTHERN ENGLAND

Directors: Paul F. Conway
G. Koss

GAMING MACHINES • C.D. SOUND SYSTEMS • POOL TABLES • BIG SCREEN T.V. SYSTEMS • ICE-MAKING EQUIPMENT
—TO MEMBERS CLUBS, THE FREE TRADE, TENANTED & MANAGED ESTATES—

Right Honourable Tessa Jowell
Secretary of State for Culture, Media and Sport
House of Commons
Westminster
London SW1 0AA

16th March 2004

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| Department for Culture, Media and Sport | |
| DATE RECEIVED: | 18 MAR 2004 |
| Treat Official (TC) | |
| Deadline: | 15/04/04 |
| INLLD | |
| FOUR REF: | 05/24874 |

Dear Ms Jowell,

RE: PROPOSED GAMBLING BILL

I am the Managing Director of the above company, with 30 years experience in the supply of gaming and amusement machines. I have a high degree of self interest in the continuity of machine availability to the gambling public but may I bring to your attention what I consider to be four very important points in connection with the above.

FOBMs (Fixed Odds Betting Machines).

Clearly these types of machine have been enormously successful, witness the enhanced profits of the large betting chains, i.e. Ladbrokes, William Hill, etc. as a direct result of the FOBM extra revenue. They have also been described as 'the crack cocaine of gambling'. To allow them to migrate into high street adult gaming centres (I understand currently under consideration) would, in my view, be social irresponsibility. They are very highly addictive and will proliferate problem gambling and a surge of applications in retail areas for gaming centres, to the detriment of our industry and the vulnerable players. I strongly urge that they are restricted to licensed betting shops, as now.

Deregulation for casinos

Providing that deregulation is staged, with a sensible amount of permits being granted over, say, a three-year period, i.e. 30 to 50 per annum, this would nearly double the amount of casinos we have at present and should accommodate the requirements of the casino industry and offer the additional choice to the gambling public. Unrestricted deregulation will damage, in some cases terminally so, hundreds if not thousands, of public houses and bona fide members social clubs across the U.K, as well as give this country the aesthetics of a Nevada-style territory. (May I respectfully refer you to the Economic and Social Impact Study of the proposed gambling bill from the Henley Centre, published in February 2004).

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Amusement Machine Licence Duty.

Currently there is a levy payable to Customs and Excise (AMLD) in respect of gambling machines sited. This levy ranges from £695 per annum for a gambling machine placed in a public house (currently £25 maximum jackpot, Category C machine) to £1,860 per annum for a high rate jackpot machine (i.e. currently £250 maximum jackpot, Category E machine) placed in a proprietary or members social club. A recent consultation document intimated that the government may seek to scrap existing rates of AMLD and replace instead with a gross profits tax (GPT) on the gaming machine income that will replace both v.a.t. and AMLD.

Our trade association is against the proposal of GPT and wishes to keep AMLD but I believe they are being influenced by the larger retailers who see a GPT proposal as costing them more money. (Several of our trade association members supply the large retailers?!) I favour the government proposal of a gross profits tax as I believe it is both fair and progressive, i.e. the more you earn the more you pay. I calculate that GPT would create an additional £150m per annum uplift to the Treasury if it was pitched at, say, 25% of gaming machine income. (I have studied machine weekly averages to support this and should be pleased to give you my own findings if required.) This would also assist in supporting the survival of a raft of marginally trading public houses and bona fide members social clubs, both types of establishment, I believe, are worthy of some support. Highly profitable machine locations would, of course, pay more, but that's tough. If you are making plenty of money, you can afford to pay more.

How on earth can it be fair for a large managed city centre pub with, say, three gaming machines averaging £1,000 per week, to pay the same licence fee as a struggling rural pub or social club earning possibly only £100 per week or less out of their machine.

Illustration:

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| Typical managed house gaming machine gross take per week | £300.00 |
| Current v.a.t. payable | £44.68 |
| AMLD per week (at £695 per annum) | £13.37 |
| <u>Total duty per week therefore</u> | <u>£58.05</u> |
| <u>GPT at 25% of gross income as suggested</u> | <u>£75.00</u> |
| Uplift to Treasury or 29% increase. | £16.95 a week |

The low earning gaming machines in marginally trading public houses and some members social clubs will get relief, which is fair, but this will be substantially outweighed by the increase in revenue from more profitable locations, i.e. managed houses, busy clubs, casinos, etc. etc.

Members' Social Clubs

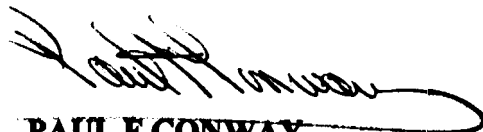
These are non-profit making, charity supporting, locations which, in most cases, act as centres for the communities they serve and should receive, in my view, the fullest support from the government to continue to be able to trade. They are quite simply a place for the average man in the street and his family and friends to meet, relax, and enjoy themselves, and are mainly frequented by those who cannot afford managed house pub high street prices and certainly not regular attendance in casinos. However thousands of these bona fide members clubs depend on their machine income for their survival and should be able to compete on an even playing field with licensed bookmakers shops, which many social clubs directly compete with, by virtue of the geographical proximity of both locations. The current proposal for bookmakers shops, which seems likely to be carried through, is for a maximum jackpot of £500 and a maximum stake of £1 per play. This jackpot and stake should also apply to members social clubs who have to compete for the reasons I have already stated. This is only fair. I hope and trust that this uplift will be applied in the new gambling bill in respect of bona fide members social clubs. For the avoidance of doubt, I refer to British Legions, CIU Working Mens Clubs, political clubs Lib/Lab/Con, and sports and social clubs.

All of the above proposals that I have set out, if adopted, would be sensible for our industry and its growth, good for the Treasury, and socially responsible in accommodating the requirements of the gambling public and the best possible protection for the vulnerable or potential problem gambler.

I stress that I am trying to exercise impartiality as my own business supplies social clubs, public house groups, casinos, and bookmakers, and I supply FOBMs, but I strive to see a well balanced gambling industry with a minimum of negative effects to all parties.

I should be grateful of your views and acknowledgement to ensure safe receipt.

Yours sincerely,



PAUL F CONWAY
MANAGING DIRECTOR

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 Mr John Greenway, MP for Ryedale, House of Commons, London SW1A 0AA
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