

542

19/1/04
EA

MIDLAND COIN MACHINES LTD

**UNIT 7 NETHERTON BUSINESS PARK
HALESOWEN ROAD
NETHERTON
DUDLEY
DY2 9NT**

**Tel 01384 413030
Fax 01384 413388**



Mr Ian Pearson,
House of Commons,
London,
SW1A 0AA

7th January 2004

Dear Mr Pearson,

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. I operate as a supplier of amusement and gaming machines in the West Midlands area and employ 7 people. 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.

General Concerns:

1. Fairness and Equity

We believe that opportunities and controls should be equally applied between the market sectors and not, as 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, bingo 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 all 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 gambling environments providing scant impetus for social and tourism led regeneration.

Town/city centres:

Casino operators will site the 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 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.

Specific concerns:

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 matter.

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

4) Pub Machine Numbers

The Bill leaves the pub sector very vulnerable. BACTA and many other trade associations believe that Pubs should be allowed a minimum of 4 machines by right so that they are protected against the uncertain approach of some Local Authority decisions (as contemplated by "A Safe Bet for Success") but also so that they can keep pace with development in the market. This would also avoid the post bill administrative nightmare of some 11,000 pubs currently with 2 to 4 machines having to apply for special permits. At the present time there are no agreed guidelines for the siting of machines. There is no evidence of problems currently existing, and it would therefore be inequitable and unnecessary for pub customers to be disadvantaged by either a change in the way in which machines are sited, or a restriction on machine numbers in Pubs.

The illogicality of just 2 Category 'C' machines by right in pubs is further demonstrated by the fact that other premises where alcohol is served and children can be present, like clubs, are to be allowed 3 Category 'B' jackpot machines.

Remedy: Grant pubs a minimum of 4 machines by right, and agree sensible guidelines for machine siting in line with current practices.

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
prize	30p	£8 non-monetary
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

5) Licensing Requirements/Costs

To date we do not know precisely the combination of licences that will be required in any given outlet (personal, operating, premises etc), but are deeply concerned that the potential requirement for excessive categories of personal licenses will be operationally invidious. Further, the Gaming Board has efficiently administered the current regulatory regime minimising costs and we fear that the proposed changes via the Gambling Commission and Local Authority licenses will represent an inordinate, unwarranted, and costly bureaucracy.

Remedy: To identify licensing requirements and costs without delay so that businesses can plan accordingly and ensure that costs are properly attributed to those industry sectors benefiting from the new regime.

6) Powers of the Gambling Commission and Local Authorities

We are seeking to ensure that the present well-structured and clear operational environment is retained to protect the current industry and encourage forward investment. The safeguards identified in "A Safe Bet for Success" (including guidance and advice which Local Authorities should be obliged to follow) are enshrined in the new regulatory scheme and we would like to see as much as possible included in the Act to prevent arbitrary or inconsistent applications of the legislation. Where there is such a lack of detail or objective criteria, then

those who fall within the legislation will be uncertain when their action might lead to criminal liability, infringing the HRA and the ECOHR.

Remedy: To define powers very precisely, including via the Gambling Commission, the statutory guidelines and role of the Local Authorities.

Machine Testing BACTA fully supports the need for new standards of testing and protocols to be devised for Category 'A' machines. The draft Bill appears to offer the possibility that the existing successful testing regime agreed with the Gaming Board for Category B/C/D machines could also be subject to change, contrary to previous assurances by The Gaming Board and DCMS. This would be undesirable as the additional unnecessary bureaucracy could impede investment in and speed of product innovation and development.

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 the 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 that 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
RW Crofts



Managing Director