

Weststar
HOLIDAY PARKS

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Andrew George MP
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17th March 2004

Dear Mr George

PROPOSED GAMBLING BILL The Henley Report predicts more losers than winners

I am sure you are aware that the proposed Gambling Bill was recently published by DCMS and the All Party Scrutiny Committee are due to deliver their recommendations to the Government by the 7th April.

A recent report, produced by the Henley Centre (in association with consumer experts Brand Driver), analyses the "Economic and Social Impacts of the proposed new Gambling Bill" and raises a number of serious questions.

The Henley Centre Report indicates that the Bill as currently proposed fails to achieve the balance of necessary safeguards both socially and economically. It benefits two new market sectors (Vegas Style Casinos and New Media) but hugely disadvantages much of the existing traditional UK market, will damage communities, limit customer choice and do nothing to regenerate areas most in need.

The Henley Report Highlights:

- The Nation will gamble an extra £1 Billion per year by 2010
- The Government will gain at least an extra £400 Million in tax
- New style 'Vegas' type casinos will form a significant part of the

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- Internet, interactive and mobile phone gambling will grow

BUT

- Thousands of traditional family owned businesses will disappear
- Social clubs, pubs, bingo halls, seaside and inland arcades will all suffer
- Significant redundancies in community based established businesses will offset employment gains in new sectors
- The number of problem gamblers will grow to over 700,000 by 2010

In our Holiday Park environment we operate high quality, modern family amusement centres.

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 and that have been highlighted by the Report. My concerns are:

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 £400M per annum in tax revenue. Businesses range from large multi-national subsidiaries to third or fourth generation family businesses that 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.

(b) Economic Impacts:

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. This is of particular concern within our regions.

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, adults 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 relevant legislation and codes of conduct.

4. Traditional seaside businesses

FEC's/Category D machines. The Bill allows a discretion to introduce an age restriction for Category D machines by means of secondary legislation*. Such a move would appear likely to 'wipe-out' the seaside entertainments industry. There are no grounds for this measure as our research (ORB) has shown. This potential change will make future investment in the industry an unrealistic prospect. This position is totally unacceptable to BACTA as it will significantly affect many members who have for many years provided much needed investment into the coastal resorts.

*The draft currently contains wide discretion for the introduction of many restrictions, which would fundamentally undermine the industry and appear not to be the subject of consultation.

Remedy: Remove the enabling clause, allowing an age restriction for Category D machines only through Primary Legislation with full consultation, should evidence from research prove that change is required.

5. 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 only 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 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 a larger prize is known as 'trading up'. A test case in the 1990's established it as 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 that may be exchangeable (but not for money).

6. 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 licences 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 licences will represent an inordinate, unwarranted, and costly bureaucracy.

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

7. 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 ECHR.

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

8. 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.

I hope that you will be able to make representation to the Rt Hon Tessa Jowell MP, Cabinet Minister ultimately responsible, Lord McIntosh of Haringey, the Minister with responsibility for the Bill, and John Greenway MP, Chairman of the Scrutiny Committee.

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

Yours Sincerely



David Jelfs
General Manager