

April 2004

Mrs Janet Dean  
House of Commons  
London  
SW1A 0AA



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Dear Mrs Dean,

**Subject: Proposed Gambling Bill - The Henley Report predicts more losers than winners**

You are no doubt aware that the proposed Gambling Bill was recently published by DCMS and that the All Party Scrutiny Committee are due to deliver their recommendations to the Government by 7th April 2004.

Punch Taverns plc owns over 7,000 pubs throughout the British Isles. These pubs are let to small operators and entrepreneurial businessmen. We estimate that pubs generate in excess of 70,000 jobs nationwide.

Whilst the British pub remains one of the most enduring cultural icons, the survival of many pubs is finite. The vast majority of our pubs generate part of their income from gaming or "fruit machines" called amusement with prize machines ("AWP's") in the trade. It is the Bill's proposed treatment of this source of income and government revenue that causes us grave concern, obliging us to write.

A recent report, produced by The Henley Centre (in association with consumer trend experts BandDriver), 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

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 UK market
- 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

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 Gambling Bill in its current format and that have been highlighted in the report. My concerns are listed in the attachment. 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,

Bill Knowles  
Central Operations Director

## **Punch Taverns' General Concerns to the Proposed Gambling Bill**

### **1 Fairness & Equity**

We believe that opportunities and controls as proposed in any new gaming legislation should be equally applied between the market sectors and not as it is currently being proposed, only to 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 that will be affected range from large multi-national 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. Machine Numbers**

It is currently unclear what number of machines a pubs should be allowed to operate, although it has been suggested that this is limited to 2 per outlet with applications made for further machines. We estimate that at least 11,000 of the UK's 60,000 pubs have more than two machines. We would therefore strongly recommend that to minimise huge additional administration, and to follow trends in the market (Bookmakers recently agreed an arrangement with DCMS to have four machines), it is logical for the Bill to encompass the vast majority of existing outlets and to allow for reasonable scope for expansion allowing pubs 4 machines by right.

It is worth noting that in pubs we are talking about so called Category C machines with a maximum jackpot of £25.00. It is proposed that clubs which may also admit children should be allowed up to 3 Category B "Jackpot" machines?!

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

### 3. Fixed Odds Betting Machines ("FOBM's")

FOBM's are a recent phenomenon. Introduced recently by bookmakers, the Gaming Board initially deemed them illegal. To avoid a ban, despite a huge roll-out programme, the bookmakers managed to get DCMS and the Gaming Board to agree to concessions to allow up to four gaming machines with stakes up to £100 and prizes of up to £500 per outlet. Since the introduction of FOBM's Punch has seen it's share of income from AWP's in our pubs fall by 5% on a like for like basis. This level of decline will already be jeopardising many more marginal pubs. It is this kind of irresponsible rapid-fire decision that produces bad law.

In "A Safe Bet for Success" the DCMS established the principle that Adult Gaming Centres "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 this principle and hugely disadvantages Adult Gaming Centres, Pubs, Clubs and Bingo Halls. This agreement gives Bookmakers a massive immediate and ongoing advantage over the other providers of machine gambling.

Punch, together with the other members of BACTA, have for the past 18 months adhered to the Gaming Board's repeated requests not to aid the proliferation of 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 machines, they have decided to suspend their case and clarify the position via the new Gambling Act. The net effect 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.

This machine has already resulted in the need to change categories. It is worth noting that until the introduction of FOBM's, Pubs and Bookmakers would have had the same Class C machine. Now, the Bill is having to contemplate a new category of super machine, such as FOBM's which will be defined as Category B+. These machines would then be allowed in AGC's and Bingo Halls as well as Bookmakers.

We are also aware of serious concerns about the number of gambling related problems caused by the proliferation of materially higher stake machines. This will only be compounded with the growth in casino and on-line gaming.

**Remedy:** Serious consideration should be given either to limit the jackpot on these B+ machines or increase the jackpots on Category C machines to allow pubs some chance of bringing back customers who have migrated to gambling on FOBM's.