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Our Ref AL/JO/SM

23 March 2004

Mr Tony McNulty, MP for Harrow East  
c/o The Labour Centre  
18 Byron Road  
Wealdstone  
HARROW  
Middlesex. HA1 1JT

29 MAR 2004

Dear Mr McNulty:

**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 7<sup>th</sup> April 2004.

A recent report, produced by the Henley Centre (in association with consumer trend experts BrandDriver), 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.

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**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.

We operate amusement and gaming machines nationally and employ 150 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, and that have been highlighted by the Report. My specific concerns are:-

**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.

**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.

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### **TRADITIONAL SEASIDE BUSINESSES**

Family Entertainment Centres / Category D machines. The Bill allows a discretion to introduce an age restriction for Category D machines by means of secondary legislation (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). 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.

### **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 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 a larger prize is known as 'trading up'. A test case in the 1990's established it as a legitimate practise. 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).

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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

John Oram  
DIRECTOR

A handwritten signature in blue ink, appearing to read 'John Oram', is written over the typed name. The signature is stylized and somewhat illegible due to overlapping lines and a large flourish extending to the right.