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5th April 2004

Rt Hon Jack Straw MP

1st Floor
Richmond Chambers
Richmond Terrace
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Dear Mr Straw

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 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.

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

Winners Amusements Limited, a privately owned family business operate Adult Gaming Centres offering amusement and gaming machines in the North West and Lancashire Area, including premises in Blackburn town centre and employ a total of 37 people. As the local MP to my business 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 who provide pleasure and entertainment to millions and form an important part of the UK's social infrastructure.

2. 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 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.

3. Fixed Odds Betting Machines

Fixed Odds Betting Machines (FOBM's). In a recent agreement between the Bookmakers, the DCMS and the Gaming Board betting shops have been given the right to operate up to 4 machines per shop with stakes of up to £100 and prizes of up to £500. In "A Safe Bet for Success" the DCMS established the principle that 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 AGC's and Bingo Halls.

This agreement gives Bookmakers a massive immediate and ongoing advantage over the other providers of machine gambling on the high street, notably AGC's and Bingo Halls. BACTA members have for the past 18 months adhered to the Gaming Board's repeated request 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 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.

Adult gaming Centres and Bingo Halls sited within close proximity of Bookmakers have seen their machines turnover decline substantially since the introduction of these machines. Proliferation at the scale now envisaged could well prove terminal for many businesses.

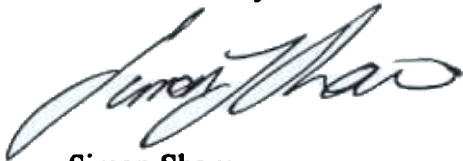
REMEDY: We understand that the position following the Bill will be that FOBM's will be defined in the new Act as Category "B"+ and AGC's, Bingo Halls and Bookmakers will have the same entitlement to machine numbers, stakes and prizes. This will achieve the principle of product parity between these outlets applied within the Government's White paper.

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 before the Bill becomes law.

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



Simon Shaw
Managing Director