



27th February 2004

Draft Gambling Bill Consultation
Gambling and National Lottery Licensing Division
Department of Culture Media and Sport
2-4 Cockspur Street
London
SW1Y 5DH

Dear Sir/Madam

Draft Gambling Bill Consultation

As the trade body dedicated to representing the interests of UK pub and bar operators, the Association of Licensed Multiple Retailers (*ALMR*) welcomes the opportunity to submit written comments as part of the public consultation on the draft Gambling Bill. By way of background, the Association represents around 90 companies – predominantly small, independent groupings – between them operating in excess of 30,000 outlets. That equates to around half the UK pub estate.

The Association has liaised closely with the other trade bodies in the sector to establish a joint position on the Bill. We therefore explicitly endorse the submissions made by the British Beer and Pub Association to both the Joint Scrutiny Committee and DCMS on behalf of ourselves, British Institute of Innkeeping and Federation of Licensed Victuallers Association. Nevertheless, we also wanted to take the opportunity to reinforce a number of key points of importance to our members.

Overview

The *ALMR* has a number of grave concerns about the Government's proposals as currently drafted and believe that they will have a deleterious effect on the competitive position of pub gaming machines in the face of increasingly accessible and attractive alternative forms of hard gambling. The Draft Bill presents no opportunities or benefits to the pub trade – in real terms the maintenance of the status quo in this sector alone is effectively a tightening of the regulatory regime. In contrast, other gambling premises will see a significant deregulation of controls surrounding their location, accessibility and advertising. The already unlevel playing field will be further distorted to the detriment of many community and rural outlets which are more heavily reliant upon machine earnings.

Gaming machines are vital and integral part of the pub offering and the financial contribution they make to profitability should not be under-estimated. A recent survey of *ALMR* members found that machine income normally contributed 30-40% of net profits, although this rose to nearer 80% in the independent tenanted sector. Community and rural tenanted pubs rely more heavily on machine income, and in some cases it will equate directly to the final net earnings of pub and hence the earning potential of individual tenant.

This revenue stream is vulnerable. Around 1 in 5 pub customers play machines but only a quarter of those will be core players. The implications of this for machine revenues are clear – if these



players are attracted elsewhere it can have a devastating impact on profitability. Pub machine takings have declined by between 6-10% year on year since the introduction of FOBTs on the high street and we would expect this effect to be replicated if the Draft Bill proceeds.

ALMR Recommendations

The *ALMR* is therefore calling on the Government to reassess the clauses relating to gaming machines in pubs and amend them to relax some of the proposed controls:

- The proposed exemption for 1 or 2 category C or D machines to be increased to cover up to 4 machines. We question whether this should be written into the Act itself or whether this level of detail should be supplied through secondary regulations. There is no objective justification for retaining this artificial constraint and the policy document explicitly states that “unnecessary restrictions on the ability of businesses to meet consumer wishes” should be removed. A recent survey carried out by Business In Sport & Leisure found that 76% of the public want increasing numbers of gaming machines in pubs. Around 18% of the UK pub estate has more than 2 machines and an increase in the automatic exemption would therefore provide greater flexibility and less bureaucracy and cost.
- The policy document refers to “social gambling, including simple low stake gambling in pubs and clubs” but the draft Bill does not provide parity of treatment between the two regimes. There may be merit in allowing adult only outlets – as defined in the Licensing Act and controlled through licence conditions – to operate a restricted number of category B machines in keeping with the regime applying to members’ clubs.
- The proposed stake and prize limits should be increased to lessen the difference between category B and C machines and allow pubs – a controlled environment – to offer a more attractive form of ambient gambling and entertainment

These changes are relatively modest within the context of the overall reform package, but we believe will offset the potentially adverse effects of deregulation in related markets.

We should be happy to expand on any of these points.

Yours sincerely,

Nick Bish
Chief Executive