



9 December 2003

Alison Mara
Committee Scrutiny Office
House of Commons
London SW1P 3JW

(scrutiny@parliament.uk)

Dear Ms Mara

WRITTEN EVIDENCE TO THE JOINT COMMITTEE OF THE DRAFT GAMBLING BILL

As the only 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 evidence to the joint committee tasked with examining the Draft Gambling Bill. By way of background, the Association currently represents around 100 pub companies – predominantly small, independent groupings – between them operating in excess of 30,000 outlets, 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 Draft Bill, and explicitly endorses the submission made by the British Beer and Pub Association on behalf of ourselves, the British Institute of Innkeeping and the Federation of Licensed Victuallers Association. Nevertheless, we also wanted to take the opportunity to reinforce a number of points of key importance to our members and to provide the Committee with copies of the *ALMR*'s previous submissions to Government.

The Government has not published, so far, those parts of the Draft Bill relating to machines in pubs. This is a major shortcoming and handicaps our response to the Committee. Once these sections of the Draft Bill are published, we would welcome the opportunity to provide further commentary.

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.

We would wish to draw the Committee's attention to the following points in support of this:

- 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 sector. Community and rural tenanted pubs rely more heavily on machine income, and in some cases it will be equal to the outlet's bottom line.

- 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 around 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.
- The same survey of members found that the average number of machines per outlet was 2.5, suggesting that the proposed minimum of 2 machines as of right may be too low.

ALMR recommendations:

- The clauses of the Draft Bill and detailed regulations relating to pub machines must be published as soon as possible
- The Draft Bill should contain an explicit commitment to Grandfather Rights for existing machine permits
- 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
- 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.
- Statutory National Guidance on licensed sector conditions should be approved by Parliament in line with the Guidance published on the Licensing Act.

We also explicitly endorse the key recommendations included in the BBPA submission.

We should be happy to expand on any of these points in additional written or oral evidence, as part of a joint industry presentation.

Yours sincerely

Nick Bish
Chief Executive

Encs Submission to the Gambling Bill policy instructions (2003)
Submission to the Gambling Review, Budd Report (2001)