**RE: Gambling Act 2005, Triennial Review of Gaming Machine Stake and Prize Limits**: **BALPPA Response to DCMS Consultation**

Dear Ms Marsh,

BALPPA supports the BACTA position in general terms and, for the sake of brevity, will restrict its comments in this document to areas where it wishes to add emphasis or evidence particular arguments, and this will be principally in the area of Category D, which includes the gaming products that most affect BALPPA members.

The first point to make is that this review comes at a time of unprecedented economic hardship for our members.  Over recent years there has been a steady decline in levels of business at the seaside. Many members report up to a halving of turnover for arcades in the last 5 years alone. Hundreds of seaside amusement arcades have closed in the last decade as well as many amusement parks – Margate, Folkestone, Rhyl, Barry Island, Morecombe and Camelot – to name but a few.  The remaining coastal businesses, including some of the nation’s best loved historic piers, are under immense pressure.

The reasons for business decline include:  general trend away from domestic holidays, competition both from new technology and other gaming opportunities since the 2007 Act, the smoking ban, a run of poor weather and hugely increased costs (minimum wage, VAT doubled in 10 years, compliance and licensing costs up several fold as well as rising energy and other costs).  All this increased cost burden whilst the industry is legally prohibited from raising prices on gaming products.

BALPPA appreciates that meeting the licensing objectives rightly take precedence over business hardship but would simply say that, assuming there is no tangible threat to those licensing objectives by a particular measure being taken, they would urge the Government to listen to the industry and take whatever steps it sensibly can to assist the seasides, thereby helping to preserve such an important part of the UK’s cultural heritage.  The need has, quite literally, never been greater.

The second point to make is that it is absolutely vital that any changes to stakes and prizes made in this review for Category D should be accompanied by an identical change in the thresholds for the new tax, Machine Gaming Duty.

Turning now to the detail of the consultation:

1)      BALPPA strongly agrees that the review should return to the tried and tested 3 year timeframe.

2)      BALPPA agrees that the Government is right in rejecting ‘Packages 1 and 2’, and, with BACTA,  recommends a combination of ‘Packages 3 and 4’.

3)      On Crane Grabs, BALPPA’s view is that a non-cash prize is very different from a cash prize and would re-inforce the point that the industry must be allowed to keep pace with the competition in this area. BALPPA would support a compromise level of £75, which is between the £100 originally proposed and the £60 preferred by Government.  This level  would be a 50% increase, which would allow operators better to maintain value against the recommended new stake which is a 100% increase.  £75 would still leave the UK out of step with many other countries where there is no limit on prize value for cranes.  These countries include:  USA, Canada, Holland, Ireland, France, Switzerland, Denmark and Norway.

4)      On Cat D money prize, BALPPA is grateful for the government’s recommendation that the stake should increase from 10 pence to 20 pence – an increase of 100%, but very disappointed with the recommendation for the prize only to increase by 20% to £6.  BALPPA would make the following points:

      £6 is not a round sum amount (unlike 5, 10, 20 etc) and would not be a useful level for game design or value with the doubled new stake. In fact it almost completely negates the value of increasing the stake to have such a small increase in prize.

      The levels of stake and prize for this product have remained the same since 1997, which is over 15 years. On inflationary grounds alone there is a very strong case to be made to go to 20 pence / £10.  The inflationary index has increased from 154.4 in 1997 to 245.8 in 2013, which would make £5 worth around £8.50.  Given that £8.50 is an odd amount there is surely merit in rounding up to £10 now and then not revisiting this for a while to allow levels to ‘catch-up’?

      BALPPA would be prepared to waive any further ‘triennial’ reviews on this particular Category D product (money prize) for 10 years if the Government were to allow 20 pence / £10 now. This would effectively mean that there would be one change to the stake and prize levels on this product in 25 years!

      Because of the nature of our currency with its denominations of coins and notes it is necessary to make major step changes in levels from time to time to ensure that stake and prize levels remain useful and practical both for operators and customers.  BALPPA would urge Government to recognise that now is such an occasion when a step change needs to happen. Government has acknowledged this with the stake increase, but we would counsel that it is essential that the prize level increases in line.

      If £5 was considered a suitable stake level in 1997, then £10 must have an equivalent perception of suitability in 2013.

      BALPPA is not aware of any evidence of harm caused by the 10p/£5 machine and would emphasise that it, along with the rest of Category D, is a product enjoyed harmlessly by families as part of a day out at the seaside – as it has been for generations.

      BALPPA would support and co-operate with any research into the benchmarking of the use of Category D products in seaside arcades.

5)      On Category D combined money and non-money (other than coin pusher), BALPPA apologises and regrets that the need for change in  this category was missed during the original submission by industry – probably due to confusion with to the number of sub categories of D.    Given that there has been no review of this product  for nearly 10 years BALPPA requests that proper consideration be given to increasing the stake from 10p to 20p and the prize from £8 to £16 (of which no more than £10 may be money. We do not believe that this is in any way a controversial product, with any evidence whatsoever of harm caused by it, but an increase in stake and prize would be of great assistance to the industry.

Please do let us know if you require any further information or clarification.

In view of the critical importance of this review to the livelihoods of many of BALPPA’s members, we would be most grateful for a meeting with officials as a follow up to this letter. We have availability to meet with you this week Thursday and Friday as well as any day next week. Please let me know which date would be suitable for you to meet. I look forward to your response.

Regards

Paul Kelly

Chief Executive

BALPPA