

Response on behalf of SE Leisure Group. Gaming machine suppliers.

SE Leisure are the largest independent gaming machine suppliers in the UK and a leading employer in the sector.

In our view the gaming machine tie should not be abolished for the following reasons –

1. The gaming industry is highly regulated and the use of approved suppliers by Pub Cos ensures that only those suppliers who comply with and are licensed by the Gambling Commission may supply to their estates. Health and safety regulation, adequate insurances, responsible supply with respect to environmental regulation are also key factors in approval to supply.
2. If the tie were abolished a free for all would ensue and risk a return to the situation prior to the 1968 gaming act. Non regulated suppliers would flourish with total disregard for the current rules and regulations.
3. Approved suppliers ensure that the tenants are registered for Machine Games Duty and that all necessary taxation is applied such as VAT. Unregulated suppliers would not necessarily make these checks, meaning a loss to the treasury and non compliance by unwitting tenants.
4. Regulated suppliers work closely with Pub Cos to ensure maximum revenue for the tenant by means of using only approved machine models and close compliance with service levels. Loss of this process would lead to lower returns for tenants and in turn the treasury via taxation.
5. The process by which local authority gaming permits are obtained by the supplier on behalf of the tenant may be overlooked by inexperienced unregulated suppliers.
6. Many of the above points whilst very necessary impose a requirement on regulated suppliers to have the correct number of staff to ensure compliance in all areas. A loss of the tie and the subsequent outcome would lead to cost cutting and staff cuts as unregulated suppliers undercut the industry.
7. Current regulated suppliers support the UK machine manufacturing industry and many jobs therein. Loss of the tie would lead to discounting, lower product quality, greater age and subsequently job losses in this sector.

In summary we believe that the current tie system -

- Ensures regulatory compliance with the Gambling Act 2005 and the licensing objectives of this act
- Is beneficial for the exchequer
- Supports the UK machine manufacturing sector and the employment this brings
- Creates additional profit for tenants

Ken Mullarkey

Sales Director

On behalf of SE Leisure Group