



BRITISH ASSOCIATION OF LEISURE PARKS, PIERS AND ATTRACTIONS

Tracey Crouch MP
Parliamentary Under Secretary of State
Department for Culture, Media and Sport
100 Parliament Street
London
SW1A 2BQ

4th December 2016

Dear Minister,

REVIEW OF GAMING MACHINES AND SOCIAL RESPONSIBILITY MEASURES – BALPPA'S RESPONSE

I am writing on behalf of BALPPA in response to your department's Call for Evidence to the above review and your Written Ministerial Statement, both issued on 24th October 2016.

BALPPA supports the positions set out by BACTA in broad terms. However we would like to focus our submission on our suggested changes to the current regime on stakes and prizes in the area of Category D, which includes the gaming products that most affect BALPPA members.

By way of context, it should be said that this review comes following a long period of significant economic difficulties for BALPPA members with levels of business at the seaside having been in steady decline for some years. For many members, turnover in their arcades has declined significantly, in some cases by up to half over the last 15 or 20 years. A large number of amusement arcades and seaside amusement parks have closed in the last two decades and those that remain continue to come under immense pressure.

There are various reasons for this decline, foremost among them the general trend away from domestic holidays; competition from new technology and gaming opportunities and the significantly increased costs such as the minimum wage, increases in VAT, utility costs and insurance as well as other compliance and licensing costs. These financial pressures are expected to increase further following the introduction of the National Living Wage and the Apprenticeship Levy as well as the costs of accommodating the new pound coin and new banknotes.

In recent years the government has done little to support Category D machines, which are a key part of the offering in coastal arcades. Some of these machines have not been allowed to raise their stakes and prizes – even just to keep pace with inflation – meaning that they have now not risen in almost two decades. This review is therefore a long overdue opportunity to revise the current regime on stakes and prizes so as to support the amusement and attractions industry and the wider domestic tourism economy.

There is no evidence of harm caused by Category D machines; products that have been enjoyed harmlessly by families as part of a day out at the seaside for generations. Research carried out by PWC on behalf of the industry demonstrates that public attitudes are not against an increase in stake and prize for Category D machines and that many customers would be more inclined to play were such increases to be made.



BALPPA is calling for moderate increases in stakes and prizes which we set out below. We believe that these changes would help relieve some of the financial pressures facing our coastal and holiday resort businesses. Our position has been consistent for some time and we do not consider our proposals to be in any way controversial.

Category D Cranes

Crane grab machines are historical, valued and important parts of the seaside experience. BALPPA is calling for an increase in both the maximum stake and maximum prize on crane grab machines to £2 and £75 respectively. This new stake could provide opportunities to produce and invest in other varieties of crane grab machines and give consumers greater choice on how much they want to spend in order to try and win a particular prize. The overwhelming majority of these machines are on a stake well below the current maximum of £1, and would be expected to remain there.

It is also important to ensure that the prizes are sufficiently desirable in order to attract the customers to these machines to benefit from the increase in stake. It is also no longer the case that these machines are limited to soft toy prizes; whilst these do nevertheless remain, other more sophisticated prizes such as electronic items are becoming more common but difficulties remain in acquiring these items within the current maximum prize limit of £50. An increase in the prize limit to £75 will allow more attractive and sophisticated prizes to be offered to customers, commensurate with the increase in stake which, collectively would result in a better value for money offer for the customer.

It should be said that even with a £2 stake and a £75 prize level, the UK would remain out of step with many other countries where there is no limit on stake or prize value for cranes. These countries include the USA, Canada, Holland, Ireland, France, Switzerland, Denmark, Norway and the Middle East.

Category D Pushers

BALPPA is calling for an increase in the maximum permitted stake for Category D Pushers to be lifted to from 20p to 25p. Although there is obviously no 25p coin – this change would allow an increase in stake for ‘closed loop’ pushers that use tokens instead of money.

BALPPA is also calling for the maximum prize to be increased from £20, of which no more than £10 may be in cash, to £22, of which no more than £12 may be in cash.

The rationale for the change is to allow the use of a £10 note on the pusher beds to heighten interest in playing the machines.

At present in addition to the coins and other items that are available on the moving bed for customers to win, £5 notes are occasionally added to the machine bed as prizes available to win. In order to avoid exceeding the statutory maximum, no more than a £5 note is currently able to be placed on the bed because a £10 note, plus any additional coin prize would immediately exceed the limit.

BALPPA is calling for an increase in the maximum prize to allow a maximum of £12 cash in order to allow an occasional £10 note to be added to the pusher bed, enhancing the range of



prizes available and increasing the attractiveness of the machine. We do not envisage the use of a £10 note to be anything more than a limited occurrence as to do otherwise would undermine the profitability of the machines. However we see this predominantly as an opportunity to increase interest in and traffic to these machines and therefore we cannot envisage any cause for concern in this proposal.

Category D Complex

Complex Category D Machines are reel based fruit machines. At present they have a maximum price of play of 10p and a maximum £5 cash prize. BALPPA is calling for an uplift to a 20p stake and £8 cash or token prize. This request is no more than an inflationary increase given that there has not been a change in the stake and prize on this category of machine since 1997.

This increase would give the industry the opportunity to improve the value for money on games on this type of machine as well as giving manufacturers both a chance to create new games and to boost flagging machine sales.

The PWC research referred to earlier in our submission indicates that public opinion is not averse to this increase.

Category D Other

Other non-complex Category D Machines include various novelty games often allowing customers to redeem tickets to purchase a prize from the FEC redemption prize shop. At present, the maximum stake for these machines is either 10p, with a maximum prize of £8 of which no more than £5 can be cash; or 30p where the maximum non-monetary prize is £8.

In line with our proposals for uplifts in other machines set out above, we believe that there is a strong case for increasing the maximum prize on these machines to £10 in both cases with the cash element being £8 in the case of those with the lower stake. Inflationary pressures alone justify this increase, since the current limit was set in 2009, notwithstanding the various increases in other costs that have taken place alongside this.

In addition, BALPPA is calling for an increase in the maximum stake to 50p for those categories of machines where there is no cash prize available. This would increase the full range of staking options across the various different machines thus allowing far greater choice for the customer.

We are grateful for you taking the time to consider our proposals as part of this review. You will appreciate the critical significance of this review to the livelihoods of many of BALPPA's members and therefore we would be most grateful for a meeting with yourself or your officials to follow up on the contents of this submission.



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Please do contact me should you require any further information or clarification on the issues set out above.

Yours sincerely,

**Paul Kelly,
Chief Executive
BALPPA**