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**Gambling Bill**  
[HL Bill 19, 2004-05]

**LLN 2005/003**

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## 1. Introduction

The Gambling Bill was introduced to the House of Commons during the 2003-04 session on 18th October 2004. It received its Second Reading on 1st November 2004 when it was also agreed that the Bill could be carried over into the 2004-05 session. The Gambling Bill was considered in twenty sittings of Standing Committee B from 9th November 2004 to 11th January 2005. The Bill's Report Stage, together with Third Reading, took place on 24th January 2005. The Bill was introduced to the House of Lords on 25th January 2005. A Second Reading has been scheduled for 22nd February.

The *Explanatory Notes* accompanying the Bill as introduced in the House of Lords provide the following background to the Bill:

The Gambling Bill gives effect to the Government's proposals for reform of the law on gambling. The Bill contains a new regulatory system to govern the provision of all gambling in Great Britain, other than the National Lottery and spread betting.

A draft Bill was published in November 2003 (Cm 6014), and further draft clauses were published in February and March 2004. The Bill followed on from the publication of a Government White Paper *A Safe Bet for Success* (Cm 5397) published in March 2002. The White Paper was itself the Government's response to the report of the Gambling Review Body (Cm 5206) published in July 2001. The purpose of the publication of the draft Bill was to enable pre-legislative scrutiny to take place, by a Joint Committee of both Houses. The Joint Committee was convened on 16th September 2003, and produced two reports on 7th April 2004 (HL paper 63-1; HC 139-1) and 22nd July 2004 (HL Paper 146-1; HC 843-1). The Government's responses to these reports were published on 14th June 2004 (Cm 6253) and 22nd September 2004 (Cm 6330).

The present legislation on gambling is contained, primarily, in three statutes: the Betting, Gaming and Lotteries Act 1963 (c.2), the Gaming Act 1968 (c.65) and the Lotteries and Amusements Act 1976 (c. 32). The Bill will repeal all three measures.

(HL Bill 19-EN, 25th January 2005, paragraphs 3-5)

The genesis and evolution of the Gambling Bill, including an analysis of the pre-legislative scrutiny process, are covered in a Research Paper produced by the House of Commons Library, *The Gambling Bill* (28th October 2004). This can be accessed online at:

<http://hcl1.hclibrary.parliament.uk/rp2004/rp04-079.pdf>

The Department for Culture, Media and Sport's website provides a range of information about the development of the Gambling Bill:

[http://www.culture.gov.uk/gambling\\_and\\_racing/gambling\\_bill/default.htm](http://www.culture.gov.uk/gambling_and_racing/gambling_bill/default.htm)

The Bill's *Explanatory Notes* provide the following summary of the Bill's key provisions:

Gambling will be unlawful in Great Britain, unless permitted by:

- the measures contained in this Bill; or
- measures contained in the National Lottery etc. Act 1993 (c.39), or pursuant to the Financial Services and Markets Act 2000 (c.8).

Two comprehensive offences are established: providing facilities for gambling or using premises for gambling, in either case without the appropriate permission. Such permission may come from a licence, permit, or registration granted pursuant to the Bill or from an exemption given by the Bill. Where authority to provide facilities for gambling is obtained under the Bill, it will be subject to varying degrees of regulation, depending on the type of gambling, the means by which it is conducted, and the persons by whom and to whom it is offered.

The Bill introduces a unified regulator for gambling in Great Britain, the Gambling Commission ("the Commission"), and a new licensing regime for commercial gambling (to be conducted by the Commission or by licensing authorities, depending on the matter to be licensed). The Bill removes from licensing justices all responsibility for granting gaming and betting permissions, which they exercised previously. Instead, the Commission and licensing authorities will share between them responsibility for all those matters previously regulated by licensing justices.

The Commission will not regulate spread betting, which is currently the preserve of the Financial Services Authority (at least for the time being), or the National Lottery, which is regulated by the National Lottery Commission. Those aside, the Commission will regulate all commercial gambling in Great Britain.

The Commission will take over from the Gaming Board for Great Britain. In addition to assuming responsibility for the Board's current remit of regulating gaming and certain lotteries, the Commission will take on responsibility for regulating betting. The Commission will be responsible for granting operating and personal licences for commercial gambling operators and personnel working in the industry. It will also regulate certain lottery managers and promoters. The Bill sets out different types of operating licence that cover the full spectrum of commercial gambling activities conducted in Great Britain. It also makes provision for the Commission to have powers of entry and inspection to regulate gambling, with safeguards for those subject to the powers.

The Bill establishes a Gambling Appeals Tribunal to hear appeals from decisions made by the Commission.

Licensing authorities will have new powers to license gambling premises within their area, as well as undertaking functions in relation to lower stake gaming machines and clubs and miners' welfare institutes. In England and Wales local authorities are given these responsibilities; in Scotland they are given to licensing boards. There will be a new system of temporary use notices. These will authorise premises that are not

licensed generally for gambling purposes to be used for certain types of gambling, for limited periods.

The Bill contains three licensing objectives which underpin the functions that the Commission and licensing authorities will perform. These objectives are central to the new regulatory regime created by the Bill. They are:

- Protecting children and other vulnerable persons from being harmed or exploited by gambling;
- Preventing gambling from being a source of crime or disorder, being associated with crime or disorder, or being used to support crime; and
- Ensuring that gambling is conducted in a fair and open way.

Regulation of gambling in Great Britain will be achieved through a variety of measures established under the Bill. These include:

- Secondary Legislation;
- Conditions on Licences;
- Codes of Practice; and
- Guidance.

The Bill recognises and accommodates the significant technological changes that have taken place in the last 40 years. The Bill requires regulation of gambling where the player is not present on the operator's premises. For example, operators based in Great Britain must obtain an operating licence to authorise the provision of gambling via remote communication e.g. television or the internet. Moreover, the new licensing system has been designed to keep pace with technological developments, so that, subject to appropriate Parliamentary approval, gambling delivered by new, unforeseen, methods can be regulated in the future.

The Bill revises the law of gambling. For example commercial bingo halls and casinos will no longer have to operate as clubs with a 24 hour membership rule (making them places to which the public will now have access), and betting will now be able to take place on tracks on Good Friday or Christmas Day. The Bill also repeals legislation that has prevented contracts relating to gambling from being enforceable through the courts.

The Bill makes significant changes to the regime for casinos. It substantially increases the number of gaming machines which can be provided in a casino. It also removes certain regulatory controls which existed under the 1968 Act (for example, "permitted" areas and the demand test). Three categories of casino are introduced (regional, large and small). These primarily relate to a casino's size. A casino's category affects what can be provided at the casino. For example, a casino's gaming machine entitlement depends on which category it falls in. There will be a minimum size limit for casinos established under the Bill.

The Bill imposes an initial limit of 8 on each category of casino that can be established under the Bill. There are powers to amend the limits on casino numbers or remove them entirely. Casinos which are in operation, or which can lawfully be operated, immediately before the casino provisions of the Bill come into force will be allowed to continue to operate. This will be so irrespective of whether or not they have one of the limited casino premises licences granted under the Bill. This will be provided for by means of transitional provisions under Schedule 18 to the Bill.

The Bill introduces a new regime for gaming machines. A new definition of gaming machine is provided, together with power to prescribe categories. The Bill provides certain entitlements for commercial operators to use specified numbers and categories of machines in consequence of their licences. It also establishes permit procedures for authorising use of the lowest stake gaming machines in specific locations.

The Bill provides protection for children and vulnerable adults from the effects of harmful gambling. It will do this through a number of specific offences that will prevent children and young persons from being given access to inappropriate or harmful gambling opportunities. In particular, it will be an offence to invite or permit a child or a young person to gamble contrary to the provisions of the Bill. The Commission is required to promote socially responsible gambling through licence conditions and codes of practice directed at those providing facilities for gambling. The Bill also provides powers for the Commission to void bets that are unfair, for example due to cheating.

A revised regime for the law of lotteries is contained in the Bill, building upon that set out in the Lotteries and Amusements Act 1976, which the Bill repeals.

The Bill makes provision for the advertising of gambling, creating new offences relating to the advertising of unlawful gambling and providing powers for the Secretary of State to make regulations controlling gambling advertisements.

The Bill establishes a series of authorisations for private and non-commercial gambling in Great Britain. This includes authorisations for domestic gaming and betting, and provisions for gaming and lotteries at non-commercial events.

(HL Bill 19-EN, 25th January 2005, paragraphs 6-23)

Since its introduction to the House of Commons in October of last year, the Gambling Bill has generated a great deal of public and parliamentary interest. The vast majority of the measures in the Bill have been welcomed and supported, such as the creation of the Gambling Commission, measures to deal with remote gambling and the provisions to update the existing legislation to meet technological developments. The measures involving casinos, however, gave rise to considerable concern from the outset both in Parliament and the wider public sphere. As a result, the Government's policy on casinos has been amended significantly during the Bill's passage through the House of Commons.

Clause 7 of the Bill stipulates that there are to be three categories of casino licensed under the Bill: regional, large, and small. A regional casino (often referred to in the media and elsewhere as a 'super' or 'mega' casino) would have the largest floor space requirements, followed by large casinos, and then small casinos. Essentially, during the Bill's progress

through the Commons, the Government moved to address concerns that the Bill might lead to a proliferation of casinos by imposing an initial limit of eight on each category of casino (regional, large and small) that can be established under the Bill. This House of Lords Library Note seeks to summarise aspects of the Gambling Bill's scrutiny in the House of Commons, focusing primarily on the key issue of casinos and how the Bill has been amended in this regard.

## 2. Second Reading - Overview

The Second Reading debate in the House of Commons took place on 1st November 2004 (HC *Hansard*, cols. 25-142). The spokespersons for the Conservative Party and the Liberal Democrats both expressed their opposition to the Bill and votes were forced at the conclusion of Second Reading. The amendment moved by the Conservatives was defeated by 293 votes to 183 and the Bill was accorded a Second Reading by 286 votes to 212. Thirty Labour backbenchers voted against the Bill's Second Reading. The House also divided on the programme motion and the carry-over motion, with the Government again winning both votes.

The debate was dominated by criticism of the Government's policy on casinos. Many speakers argued that the case had not been made for the introduction of regional casinos, often referred to as 'super' or 'mega' casinos. The former Health Secretary, Frank Dobson, for example, stated that:

I support most of the Bill; we clearly need to modernise the laws on gambling, but I oppose the proposal to make it easier for multinational casinos to rip off hard-working British families. There is no public demand for the provisions in the Bill.

(HC *Hansard*, 1st November 2004, col. 52)

Speaking late in the debate, the Labour backbencher Frank Field summarised the debate as follows:

Having listened to the debate, my right hon. Friend will know that there have been two themes, which have knitted together almost every contribution to it. The first theme has been that there is no contention but that most of the Bill is needed to bring up to date the legal framework within which gambling operates in this country. Equally, there has been a concern about the possible or likely side effects of licensing mega-casinos...

(HC *Hansard*, 1st November 2004, col. 99)

The following three sections set out the positions at Second Reading of the Government, the Conservative Party and the Liberal Democrats.

### 2.1 The Government's Position

Opening the Second Reading debate, the Secretary of State for Culture, Media and Sport, Tessa Jowell, stated that it was vital that new legislation was put in place which addressed technological developments in the gambling market:

The Bill addresses a subject that has not been properly scrutinised for more than 40 years, because of the policy of previous Administrations, which, where gambling was concerned, was to sidestep the big issues and be content to tinker. That is a luxury that we can no longer afford. We need to address the challenges that are caused by new technology, by the internet and by the steady growth in consumer demand. We need to keep gambling crime-free by giving regulators new powers and new duties. We

need to make sure that our desire to give adults freedom to gamble if they wish is not at the cost of children or the vulnerable.

(*HC Hansard*, 1st November 2004, col. 25)

Tessa Jowell told the House of Commons that the Bill's three underlying objectives were:

... to protect children and the vulnerable, to ensure that gambling is conducted in a fair and open way, and to keep gambling in this country crime-free...

The key principle will be that of social responsibility—a condition that is the test of each element of the Bill.

(*HC Hansard*, 1st November 2004, col. 26)

The Culture Secretary set out the rationale underpinning the Government's stance on the role of the state in regulating gambling:

The House should recognise, however, that gambling is at the boundary between personal freedom and state intervention. On one side of the boundary is the reasonable expectation of adults who, within the law, exercise their right to live their lives as they choose. On the other is the role of the state: to recognise human frailty, and in particular to respect its duty to protect children and the vulnerable. As a Government and a society, we have three options in that respect: prohibition, a free-for-all or regulation. We have no doubt about choosing the regulatory route. The question for the House is how best to apply the regulatory framework for the benefit of society as a whole.

(*HC Hansard*, 1st November 2004, col. 28)

Tessa Jowell informed MPs that the Bill would enable Ministers and the Gambling Commission to take action if evidence emerged of harm being caused:

The Bill gives Ministers and the Commission the power to respond to new risks, increase controls and avoid harm. We will get evidence, through a substantially increased programme of genuinely new research, which has already started. A national gambling audit will take place every three years. The first will happen before the Bill takes effect...

Just as there will be a baseline against which we can judge the impact of all our reforms, there will be not one but two further gambling studies before we even consider any calls for further relaxation of the new regime. We shall thus have a proper baseline, which tells us how many people gamble, and against which we can monitor closely, through the Gambling Commission, the impact of any of the changes. If evidence of harm emerges through the research and monitoring that is undertaken, we will act swiftly to toughen the controls.

We have powers throughout the Bill to withdraw or move back from the liberalisation

if there is evidence of harm.

(*HC Hansard*, 1st November 2004, cols. 31-32)

The Culture Secretary moved on to set out the regime for casinos envisaged in the Bill, asserting that the Government proposed “a restrained modernisation that protects the public from problem gambling” (col. 33). Elaborating on the framework within which the proposed new regional casinos would be allowed, Tessa Jowell acknowledged calls for a national cap on the number of the new regional casinos. However, she stated that:

The Joint Committee looked carefully at the issue and did not recommend a cap. I share the objective that regional casinos should be relatively few in number, but I do think that a cap may be a blunt instrument. My preferred alternative is for tough planning and licensing tests that may well be difficult for a number of proposals to pass, but do allow some flexibility for local communities.

(*HC Hansard*, 1st November 2004, col. 34)

The Conservative MP, John Bercow, put it to the Secretary of State that;

...surely there is something to be said for a backstop position. Given that she envisages only between 20 and 40 super-casinos but that her critics predict a very much larger number, I put it to her that introducing a limit in the Bill on the total number, as well as being right in itself, would help to facilitate the smooth passage of this important Bill, which in other respects she is entirely right to champion.

(*HC Hansard*, 1st November 2004, col. 35)

Tessa Jowell retorted that:

The practical obstacle created by a cap is that the whole thrust of the regulatory and planning system is to leave decisions about new casinos to local people, but if an arbitrary limit is imposed, what do we say to those local authorities – there may be a significant number – that present applications for new casinos just as the cap is about to be reached...

(*HC Hansard*, 1st November 2004, col. 35)

Tessa Jowell turned to the interaction of casinos with the planning system. She announced that work was in hand to address a supposed loophole in planning law that would have allowed any leisure facility to be converted into a casino without additional planning controls:

Some Members and, as the hon. Member for Ryedale (John Greenway) said, the Joint Committee have expressed concern that some casinos may bypass the planning system because of the absence of a separate use class for casinos in planning law. The current law theoretically allows any leisure facility, such as a swimming pool or cinema, to be converted into a casino without triggering planning controls, although, obviously, a premises licence – therefore, the planning regime – would be invoked. After the Joint Committee’s second report, my right hon. Friend the Deputy Prime

Minister undertook to review the possibility of a new use class for casinos and invited comments by the end of October. I am delighted to announce today that he and I have agreed in principle to require change of use to a casino to be subject to planning control. Subject to further detailed consideration of the outcome of the review and the usual consultation, we are minded to amend the use class order.

(*HC Hansard*, 1st November 2004, cols. 36-37)

The Culture Secretary argued that the proposed system of safeguards for the establishment of casinos was:

... robust and will, I hope, reassure the House and concerned communities throughout the UK that there will be no proliferation of casinos, whether small, large or regional. The system will allow local communities to ban all casinos or to reject specific casino plans that do not measure up to the social responsibility criteria in clause 1 or the requirements of planning law.

(*HC Hansard*, 1st November 2004, col. 37)

Tessa Jowell told the House of Commons that the system of safeguards led most economic and industry analysts to expect the British market to be able to sustain only between 20 and 40 regional casinos:

They have reached that conclusion because the policy that we have designed is so stringent and because they do not think that demand will be any higher. If demand is lower than analysts expected, there will be even fewer than 20 to 40 regional casinos.

(*HC Hansard*, 1st November 2004, col. 37)

Tessa Jowell elaborated on how the Bill would protect children from internet gambling:

There is no more important area to keep children away from harm than the internet. The evidence published over the summer that some British companies were failing in this area is profoundly disturbing. Any internet operator seeking a licence from the Gambling Commission will need to demonstrate precisely how it intends to exclude children from play.

(*HC Hansard*, 1st November 2004, col. 39)

In relation to children's use of the lowest-prize gaming machines, she argued that the Bill strikes a balance between a complete ban and the current situation of general access:

I want to say a few words about our approach to the lowest-prize gaming machines [Category D machines], which children can use. These machines are found in leisure sites such as seaside fairs and funfairs, but they are also available in a wide range of premises such as fish and chip shops and taxicab offices. I have received many representations from those who disagree with children being allowed to use gaming machines at all, and I have sympathy with those who observe that Britain is unusual in allowing children to play on any category of slot machine, but I think that it would be wrong of the Government to ignore the fact that children have been permitted to use

amusement machines for many decades without clear evidence of an impact on the level of problem gambling among children.

Such amusement machines have also been a traditional and well-loved part of the family leisure and seaside experience. We have not yet seen sufficiently compelling evidence to ban children from using these machines altogether. I know that the Joint Committee considered this matter very carefully and also reached that view ... there is a reserve power in the Bill [clause 58 in HL Bill 19] to be used should evidence of problems arise some time in the future, but as my hon. Friend made clear – I know that many hon. Members with constituency interests have found this – by and large, the regime in seaside arcades and family entertainment centres is very responsible. By withdrawing Category D machines, as they are called, from fish and chip shops and minicab offices, we deal with the risks of ambient gambling and of exposing children to gambling.

(*HC Hansard*, 1st November 2004, col. 39)

Concluding her speech, the Culture Secretary reiterated the principal objectives of the proposed legislation:

Gambling is a legitimate industry that requires fair and proportionate regulation. It is an industry where the freedom to operate is important, but only when the public are properly protected. The Bill will protect the public at a time when technology threatens to overwhelm us with new, poorly regulated gambling opportunities. It provides vital new powers to protect children and put an end to socially irresponsible practices. It puts Parliament and the regulators back in control, with the power to toughen controls and the evidence on which to act. Crucially, it puts power firmly in the hands of local communities. New casinos will come to their area only if they want them – full stop.

(*HC Hansard*, 1st November 2004, cols. 39-40)

## **2.2 The Conservative Party's Position**

The Shadow Secretary of State for Culture, Media and Sport, John Whittingdale, spoke to an amendment which stated that:

...this House declines to give a Second Reading to the Gambling Bill since it fails to take account of the recommendations of the Joint Committee on the draft Bill with regard to regional casinos; consequently fails to impose adequate controls on the number and location of such casinos and on the number and type of gambling machines contained; does not give local authorities sufficient powers to reject specific casino applications; opens the door to an influx of overseas-owned super casinos in our towns and cities, close to where people live; and is likely to promote gambling and lead to further diversion of funds from the National Lottery, severe disadvantage to the existing UK gaming industry and a significant increase in problem gambling.

(*HC Hansard*, 1st November 2004, col. 40)

John Whittingdale argued that a previously gradual and measured approach to the liberalisation of gambling over many years had given way to “a massive change that will completely alter the nature of gambling in this country” (col. 42). He did, however, express support for many of the Bill’s provisions:

There is much in the Bill that we support. There is no doubt that during the past seven years a huge change has taken place. In particular, there has been the growth of interactive and online gambling, which is completely unregulated. We therefore agree that the time has come for gambling legislation to be overhauled and brought up to date.

(*HC Hansard*, 1st November 2004, col. 42)

Specifically, the Shadow Secretary of State welcomed the establishment of the Gambling Commission as a new unified regulator for betting, gaming and lotteries, the creation of the new offence of inviting, causing or permitting a child or young person to gamble and the provisions of the Bill dealing with remote gambling.

Turning to his reservations about the Bill, John Whittingdale highlighted the Government’s decision to disallow the lowest stake Category D gaming machines in non-licensed premises such as fish and chip shops and minicab offices. He argued that:

Although the Joint Committee suggested that approach, little evidence exists that the existing arrangement has resulted in harm, yet the proposal will deprive many small businesses of an important source of revenue.

(*HC Hansard*, 1st November 2004, col. 43)

John Whittingdale also questioned the Secretary of State’s reserve power in the Bill (clause 58 in HL Bill 19) to create an offence of inviting, causing or permitting a child or young person below a specified age to use a Category D gaming machine:

My right hon. Friend speaks for many operators in seaside arcades and amusement centres who are deeply concerned about the powers in the Bill to prevent children from continuing to use machines such as penny-falls and cranes. The Secretary of State has said that the power will be reserved, but many people feel that there is no evidence that such machines have ever led to any harm. While that reserved power is in the Bill, such people will continue to believe that the Government will impose controls at a future date...

...we continue to believe that that particular clause is unnecessary and that it should be removed.

(*HC Hansard*, 1st November 2004, col. 43)

The Conservative Spokesperson returned to this issue at the Report Stage, at which time the Government pledged to review the need for a reserve power and report its conclusions to the House of Lords (*HC Hansard*, 24th January 2005, col. 87).

Turning to the measures in the Bill to liberalise the laws relating to casinos, the Shadow Culture Secretary acknowledged that there was a case for a further relaxation in some respects, “such as restrictions on advertising, the confinement of casinos to permitted areas and the 24-hour delay before membership is granted” (col. 44). However, he moved on to express concerns about the proposed new regional casinos and the introduction of Category A gaming machines:

... regional casinos of the kind proposed have never been seen before in this country—nor, until now, have we permitted the introduction of Category A gaming machines. Those machines, which have unlimited stakes and prizes, have proved to be the biggest cause of problem gambling in Australia following the liberalisation that took place there, so it is absolutely essential to proceed cautiously in that respect...

The Bill takes us from a situation in which there are no such machines to one in which there may be 50,000. That is not, in my view, cautious liberalisation – *[Interruption.]* The Secretary of State asks where we get the figure of 50,000 from. She has said that there will be up to 40 regional casinos. There may be up to 1,250 machines in each of those, so that equals 50,000.

(*HC Hansard*, 1st November 2004, cols. 44-45)

This claim prompted the Secretary of State to intervene, arguing that such concerns were misplaced. John Whittingdale, however, did not accept Tessa Jowell’s reassurances:

**Tessa Jowell:** It is absolutely essential that this debate is conducted on the basis of fact, not fantasy, myth and mistaken beliefs. The expectation is that about 10 per cent. of machines in regional casinos will be Category A machines that do not have a specified stake or prize. If there is any evidence that they are causing harm, it will be for the Gambling Commission to reduce the stake and the prize. That deals with the hon. Gentleman’s concerns. Whether in relation to this or to my very clear assurances on seaside arcades, it is important that he sticks to the facts instead of writing a novel.

**Mr. Whittingdale:** The fact is that regional casinos will be allowed up to 1,250 machines, which, as they can be of any category, could all be Category A; it is not sufficient for the Secretary of State merely to say that her expectation is that they will not be. I hope that she will take seriously my suggestions on how further limits could be imposed.

(*HC Hansard*, 1st November 2004, col. 45)

John Whittingdale moved on to argue that there had been a shift of emphasis in terms of the location of regional casinos and the intended regenerative effects:

We were first told that there would be a limited number of resort destination casinos and that they were so called because they would be located in seaside resorts and away from centres of population. Limiting the accessibility of jackpot machines was said at the time to be crucial to the Government’s objective of protecting children and the vulnerable. However, the Government have been seduced by the prospect of the millions of pounds of investment being offered by the overseas operators who want to come and set up in this country...

...the original hope that this proposal might lead to the regeneration of seaside resorts such as Blackpool will actually be undermined by the proposals before us, as there is no doubt that the operators of the casinos would much rather locate them in central Manchester or Liverpool, for example, than in Blackpool, if they had the opportunity to do so...

We are concerned that the original intention to locate the casinos in seaside resorts and other places that need regeneration will be undermined by the shift in the Government's strategy towards locating them in centres of population. That is one of our deep concerns about the Bill, and one of the reasons why we cannot support it this evening.

(*HC Hansard*, 1st November 2004, cols. 45-47)

The Shadow Culture Secretary continued that, "there is a case for having some kind of cap on the figure so that we do not see a proliferation of such regional casinos, which are of a kind that we have never seen previously" (col. 48).

Returning to the issue of Category A gaming machines, John Whittingdale expressed concern about the Government's decision to restrict Category A machines to regional casinos alone. He argued that:

Another difference between the draft Bill and the one before us today relates to new Category A, so-called 'million pound' jackpot machines. Originally, the Government proposed that they should be allowed in all casinos and be subject only to the machine-to-table ratio. They also proposed that in regional casinos there should be no limit on numbers at all. Although it was not a recommendation of the scrutiny Committee, the Government then decided to restrict Category A machines to regional casinos alone and impose a cap on the number of machines at 1,250. By doing that, they will increase the attraction of regional casinos and severely disadvantage existing UK operators. Those companies rightly point out that they will be unable to compete if they are prevented from offering any Category A machines in their existing casinos while the new regional ones can contain up to 1,250 such machines. The pressure on them to convert into regional casinos will be enormous and will lead to still more proliferation.

The answer, as the scrutiny Committee again pointed out, is to allow a limited number of Category A machines into small and large casinos, or alternatively to increase the maximum stake and prize that Category B machines can offer. That would help to address the problem of the cliff edge that the Government have created between large and regional casinos.

As I said earlier, however, we also believe that there is a case for further limiting the number of Category A machines. Most operators predict that the maximum number of 1,250 machines in regional casinos will, as the Secretary of State confirmed, contain a mix of different categories. We believe that, within the overall limit, it makes sense to impose a further restriction on Category A machines so that we can monitor the effect of their introduction in this country.

(*HC Hansard*, 1st November 2004, cols. 50-51)

Concluding his speech, the Shadow Secretary of State for Culture, Media and Sport, John Whittingdale, reiterated his party's opposition to the Bill in its current form:

The Bill initially enjoyed widespread support, but by refusing to listen to those who have advocated a cautious approach combined with sensible safeguards, the Government have managed to unite almost everyone against it. People are against the Bill, not because of snobbery but because it will disadvantage responsible and long-standing UK companies, lead to a proliferation of casinos in our towns and cities and risk creating a massive increase in problem gambling. The Secretary of State has said that she is listening and is prepared to amend the Bill. It is a pity that she was not willing to do so earlier.

(*HC Hansard*, 1st November 2004, col. 52)

### **2.3 The Liberal Democrat Position**

The Liberal Democrat Spokesperson for Culture, Media and Sport, Don Foster, began by agreeing that much of the Bill was welcome and deserved support. The Bill, he stated, would provide:

...a much-needed updating of existing legislation. Like many other people, we are pleased about the stronger, broader regulation that will result from the replacement of the Gaming Board with the Gambling Commission. It will be stronger because the Commission will have greater powers to rescind licences, impose higher fines and enter and inspect premises. It will be broader because it will cover remote gambling such as internet, betting-exchange and interactive television gambling.

(*HC Hansard*, 1st November 2004, col. 55)

However, he told MPs that, "while 90 per cent. of the Bill may well be good, and I believe that it is, if the 10 per cent. is so very bad and continues to be so, I am sure that the hon. Gentleman would not accept that we should support it" (col. 56).

Elaborating on his concerns about the Bill, Don Foster firstly highlighted anxieties about the introduction of regional casinos:

...I am concerned about some aspects of the Bill, particularly those proposals relating to the new super-casinos and the enormous number of unlimited-prize machines that there might be within them. We are worried about the likely number of such casinos, their location, the speed of their introduction and the controls over them. We are particularly worried about the introduction of the unlimited-prize machines in such large numbers without any significant research having been done into the likely effects that they will have on problem gambling. The Secretary of State has told us that only 10 per cent. of machines in super-casinos may be of this type, but even if that is the case – I suspect that it will be far more – we will still be introducing 5,000 of these machines in this country without any sort of trial.

(*HC Hansard*, 1st November 2004, col. 56)

The Liberal Democrat Culture Spokesperson argued that the Bill, as currently drafted, would inevitably increase problem gambling:

As the right hon. Member for Holborn and St. Pancras (Mr. Dobson) said, recent opinion polls show that people do not want increased gambling opportunities, not least because of the inevitable increase in problem gambling that they will create. Many people do not want regeneration in their area if it comes on the back of creating significant misery for many people locally.

We already have more than 300,000 gamblers – probably far more – and the Bill as it stands will inevitably increase that significantly. Everyone seems to believe that – every independent commentator – except the Secretary of State. The whole House will surely have been surprised when she said to the Joint Committee:

“If this legislation gave rise to an increase in problem gambling then it would have failed and it would be bad legislation.”

(*HC Hansard*, 1st November 2004, col. 57)

Don Foster argued that it was far from certain that the introduction of regional casinos would actually create jobs and the case for regeneration was not clear cut:

There is confusion, too, about the number of jobs that will be created. The Prime Minister, again on the Floor of the House last week, and in a press briefing, said there would be 80,000. The Secretary of State says in articles in today’s papers that there will be 85,000. Leaving that aside, in the run-up to the Bill jobs have actually been lost. British gaming machine manufacturing jobs have been lost to America, and further job losses are predicted. The Henley Centre claims that there will be “no significant employment gains” as a result of the Bill. It argues that

“certain sectors of the leisure industry, for example pubs, restaurants and hotels, will be put under great pressure in their competing leisure offerings with casinos.”

In other words, it is likely that super-casinos will merely displace jobs, not create new ones...

The case for regeneration, however seductive it may be, frankly has not been made...

... there are conflicting bits of evidence about the issue, and it is wrong of the Government to claim categorically that all the additional jobs will be created when there is conflicting evidence about that. Surely, as many hon. Members have suggested, a far better way forward, adopting the precautionary principle, would be to move slowly, possibly by having just one new super-casino in each region.

(*HC Hansard*, 1st November 2004, col. 59)

Moreover, Don Foster expressed disquiet about the dangers presented by having regional casinos in city centres:

We should not be talking about regional casinos, but about leisure destination casinos. The Committee recognised the danger of super-casinos on the high street because of the clear link between casual, “walk in and play” gambling and problem gambling. The Government initially appeared to agree, which is why so many of us are so shocked at what has happened in the final stages of drafting the Bill.

In giving evidence to the Joint Committee at the end of last year, Lord McIntosh appeared to agree with the merits of making “a positive decision” to go gambling, rather than

“casual gambling which is thrust at you at the street corner”.

Well, he seems to have changed his mind, although in the press release that he issued two days ago, he suddenly talked about destination casinos again, so whether that was a U-turn or merely a blunder, we do not know.

Fundamentally, the Government have missed the point about the type of super-casinos in limited numbers in which people might be interested. We simply do not know whether the benefits to which the Government refer—not only jobs, but economic regeneration—will come.

(*HC Hansard*, 1st November 2004, col. 61)

In conclusion, the Liberal Democrat Spokesperson for Culture, Media and Sport, Don Foster, reiterated the reasons why his party would vote against the Bill’s Second Reading:

I began my speech by welcoming the good parts of the Bill: regulating remote gambling, enshrining social responsibility, protecting children and establishing a new and more powerful regulator. Despite those provisions, however, we still need measures that will control the proliferation of super-casinos, perhaps by allowing one or two per region to start with, and we need to consider delaying the introduction of Category A machines until further research has been undertaken; to reintroduce the concept of super-casinos as destination casinos to increase control of them, perhaps by introducing a membership requirement again; and to provide strong and absolute powers to local councils to specifically reject individual casino applications. Only if the Bill contained such measures could we continue supporting it. They are not in the Bill at present, which is why we will vote against it.

(*HC Hansard*, 1st November 2004, col. 62)

### **3. Casinos - Standing Committee B**

At the fifth sitting of Standing Committee B on 16th November 2004, the Minister for Sport and Tourism, Richard Caborn, delivered a statement to MPs in which he said that:

We have taken careful note, as promised, of the concerns raised on Second Reading about the casino proposals in the Bill, particularly the provisions for regional casinos. In the debate, there was a large measure of support for the view that the proposed licensing controls, working alongside the planning system, would not be strong enough to guard against the proliferation of gambling facilities hitherto untested in this country, or against the location of regional casinos in unsuitable areas.

(HC Standing Committee B, 16th November 2004, col. 139)

The Minister told the Committee that the Government had decided to amend the Bill in order to satisfy those who sought a more cautious approach. He announced that the number of regional casinos would be limited in the first phase to eight:

The Government regard the regional casino framework, which was much strengthened by pre-legislative scrutiny, as robust and comprehensive. However, we are happy to provide additional reassurance to those who prefer a more cautious approach. We have therefore decided to amend the Bill, if possible in Committee, but at the latest on Report, to address concerns without losing the opportunity to broaden consumer choice and add to the regeneration of areas that might benefit from regional casinos.

Our analysis has always suggested that the number of regional casinos would increase gradually in the early stages of the new licensing environment because of the safeguards that we are putting in place. As an additional reassurance, we will limit the number of regional casinos in the first phase to eight. They will be able to open after the Bill is brought fully into force, which we expect to be in 2007.

Whether more regional casinos will be allowed in due course will depend on the results of careful evaluation of their impact after the initial period. We will expect the independent Gambling Commission, supported by expert research, to advise on whether the introduction of such casinos has increased the risk of problem gambling. What happens then will depend on the assessment and on judgment about protection of the public from social harm. We will also want to know, with the help of the regional development agencies and regional planning bodies, what regeneration and other economic effects there have been in the areas concerned.

Within the tough regulation framework established by the Bill, it will be for the market to decide whether there is a true demand for regional casinos. However, if Parliament agrees that the first phase has provided the expected level of reassurance, more regional casinos will follow. If the Government decide on the basis of the assessment to allow more regional casinos to be established, an order will need to be approved by resolution of both Houses.

(HC Standing Committee B, 16th November 2004, cols. 139-40)

Richard Caborn told MPs that when the amendments were tabled, a detailed statement setting out the overall policy context would be published:

When tabling amendments, we shall set out in detail our proposed arrangements for determining where regional casinos will be located and how licences to run them will be awarded, any consequential changes relating to other categories of casino to avoid the proliferation of small or large casinos, and other such matters on which a number of views have already been expressed.

At this stage we do not propose to rule out any part of Great Britain as a suitable area for one or more of the eight regional casinos that will initially be authorised. We are clear that there should be an overarching national policy statement that brings together the requirements of gambling regulation and the roles of planning and economic regeneration. That will set out the principles that should guide decision making about casinos. We intend to publish a draft of that statement when we table the amendments so that Parliament and the public can fully understand the overall policy context.

(HC Standing Committee B, 16th November 2004, col. 140)

In response, the Shadow Secretary of State for Culture, Media and Sport, John Whittingdale, described the statement as “an extraordinary development...a humiliating climbdown” (col. 141). He did, however, welcome “the fact that the Government have now agreed to set a limit on the number of regional casinos and that there will be a pilot scheme subject to assessment after a period” (col. 141).

The Liberal Democrat Spokesperson for Culture, Media and Sport, Don Foster, welcomed “the brief draft proposals that the Minister has given us in respect of the significant U-turn that the Government are now making on this most controversial clause” (col. 142).

\* \* \* \* \*

Subsequently, at the seventeenth sitting of Standing Committee B on 16th December 2004, the Minister for Sport and Tourism, Richard Caborn, delivered a statement in which he detailed how the Government’s proposals had developed. He announced that as with regional casinos, the Government had decided to set an initial limit of eight each on the number of large and small casinos:

The Government recognise, however, that the casino proposals in the Bill represent a significant change and that we need to take a cautious approach to assess whether their introduction will lead to any increase in problem gambling. We have taken the view that the risk of an increase in problem gambling will be reduced if a limit is imposed on the number of casinos. We announced our intention to set a limit on the number of regional casinos, and I said at the time that the Government would consider whether any consequential changes were necessary to avoid proliferation of other categories of casino. Our conclusion is that the limit on the number of regional casinos will lead to a significantly greater rise in the number of small and large casinos than would otherwise have been the case.

That has made us reconsider the potential risk posed by small and large casinos. We now believe that, as with regional casinos, it is right to set an initial limit of eight each

on the number of large and small casinos. The Government believe that, in order properly to assess the impact of those new casinos, there needs to be a sufficient number of casinos in each category to allow their impact to be assessed in a range of areas and types of location that might be suitable. Those include, for example, urban centres and seaside resorts in different parts of Britain. A limit on regional, large and small casinos of eight each is consistent with that aim and ensures that any risk is minimised.

(HC Standing Committee B, 16th December 2004, cols. 618-19)

Richard Caborn told the Standing Committee that an independent advisory panel would be established to propose suitable locations for the casinos:

The Government will appoint an independent advisory panel to recommend where the locations of the regional, large and small casinos should be. No earlier than three years after the award of the first premises licence, the Government will ask the Gambling Commission to advise on whether the introduction of the new types of casino has led to an increase in problem gambling or is increasing the risk of that. We believe that such a period is necessary to ensure that a full assessment can be made.

Once that assessment has been made, it will be easier to judge the continuing need for a limit. If, on the basis of that assessment, the Government decide to allow more casinos to be established, the order allowing that will need to be approved by Parliament. None of those provisions will affect the ability of a local authority to refuse to have any new casinos of any size category in their area. Today, we are making available a document that sets out our policy in detail, including the role of the advisory panel on new casino locations and arrangements for existing casinos.

(HC Standing Committee B, 16th December 2004, col. 619)

The document referred to above, 'Casinos: Statement of National Policy', can be found in Appendix.

In response, the Shadow Secretary of State for Culture, Media and Sport, John Whittingdale, expressed dismay that the Government's policy had changed to such an extent at this late stage in the Bill's scrutiny:

This is another extraordinary development in what has been the most bizarre saga of the Bill's consideration. Today, the Minister has announced major changes to the Bill—changes that alter completely the whole thrust of the Bill. He has done so when we had just finished considering clause 310 of a Bill that consists of only 337 clauses.

The Minister sought to portray those changes as a refinement or clarification of the Government's strategy. The truth is that he has put a coach and horses right through the centre of the Bill. The changes come on top of what was itself a pretty extraordinary announcement: the limitation of the number of regional casinos to just eight. Now the Minister says that no more than 24 new casinos of any type at all will be allowed in the country for the foreseeable future.

(HC Standing Committee B, 16th December 2004, col. 622)

The Liberal Democrat Spokesperson for Culture, Media and Sport, Don Foster, claimed that the Government now appeared uncertain of the Bill's integrity:

[The Government] have made a significant U-turn, and I am increasingly convinced that they are having second thoughts about the Secretary of State's belief, stated on Second Reading, that the Bill would not lead to an increase in problem gambling, and if it did, the Bill would have failed. It is increasingly clear that the Government, and certainly the Minister, are beginning to wonder whether they can rely on that belief.

(HC Standing Committee B, 16th December 2004, col. 633)

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At the nineteenth sitting of Standing Committee B on 11th January 2005, the Minister for Sport and Tourism, Richard Caborn, brought forward the amendments necessary to implement the Government's revised policy on casinos. He spoke to new clause 20, 'Casino premises licence: overall limits' (clause 173 in HL Bill 19), and new Schedule 3, 'Applications for Casino Premises Licences' (Schedule 9 in HL Bill 19). New clause 20 stipulated the proposed limits on regional, large and small casinos. Richard Caborn stated:

New clause 20 is the key to controlling the proliferation of casinos in the country. It prevents there from being any more than eight new casinos of each of the three types provided for in the Bill.

(HC Standing Committee B, 11th January 2005, col. 702)

The Minister explained to MPs how the Government had arrived at the figure of eight:

Until Parliament decides otherwise, there will be an absolute maximum of 24 new casinos in the new regime. That is achieved in new subsections (1), (2) and (3). Members of the Committee had some seasonal fun and the Tories started before I got to my feet talking about the figure eight and the reasons for its selection. It is a decision based on the exercise of judgment, not on any precise, irrefutable scientific process, or on going to the Library to find out what the definition of eight is. There is no mystical significance to that number. We wish there to be a reasonably large number of each type of new casino so that the impact can be assessed in a range of areas and types of location that might be suitable. We think that a limit of eight each is a reasonable number to achieve the aim while ensuring any risk of problem gambling is minimised.

(HC Standing Committee B, 11th January 2005, col. 703)

Richard Caborn defended the Government's decision to limit the number of large and small casinos, as well as the number of regional casinos:

Some members of the Committee said on 16 December that there was no need for concern about small and large casinos, because there are plenty operating and they present no problems at all. The Government believe that that is incorrect. Small and large casinos under this Bill will be very different from those operating now. They will be bigger and offer new combinations on a large scale. All can offer eight to 15

times the maximum number of jackpot gaming machines offered in casinos now; large casinos will be able to offer betting and bingo in addition to casino games; and small casinos will be able to offer betting. The facilities will be appreciably bigger and different from those now on offer, so we must be cautious in our approach to their development.

I have also heard it said that it is unfair that the existing casinos will not be able to benefit from the full range of commercial rights that new small and large casinos will have. Again, I think that is incorrect, even though I acknowledge the disappointment that the operators feel. The reasons for imposing a limit on the new types of casino is because of the social risk that they pose, and that is true of small and large casinos, too. We propose to test limited numbers to minimise the risk. That cannot be achieved by testing as many as 150 casinos. If we did not impose the restrictions that we have, and gave the same rights to the 136 casinos currently operating, it would bring the total of new-style small and large casinos to about 150.

If an existing casino is one of the up to 24 areas selected by the Secretary of State, it may apply to operate one of the new-style casinos like any other applicant.

(HC Standing Committee B, 11th January 2005, col. 703)

Responding to new clause 20, the Shadow Culture Secretary, John Whittingdale, argued that the Government, in formulating its new policy on casinos, had failed to consult adequately:

Part of the problem is that the genesis of the Bill was a matter of consultation, building consensus and giving the industry and other interested bodies the opportunity to have an input. However, the new clause, which fundamentally changes the thrust of the Bill, has come out of nowhere. It has certainly not been subject to anything like the consultation that the Bill had had before. As far as I can see, it was subject to no consultation at all.

(HC Standing Committee B, 11th January 2005, col. 719)

John Whittingdale asserted that while he welcomed the Government's proposed limiting of regional casinos, he did not support such an approach to large and small casinos:

Large and small casinos are not a novel concept in this country. We have large and small casinos; we have had them for a considerable time. Indeed, the Government have acknowledged on many occasions that this country has been remarkably successful in avoiding many of the problems experienced by other countries. There is not a significant level of problem gambling in the UK or of organised crime in our casinos. The existing UK industry has a good reputation for behaving responsibly and has adopted measures to prevent those problems. Therefore, the arguments for a precautionary approach for regional casinos do not apply to large and small casinos...

All those campaigning against the Bill had focused on regional casinos. I do not believe that even the *Daily Mail*, which has been perhaps the most vocal campaigner,

called for a cap on large and small casinos. Certainly we have not been lobbied to that effect.

(HC Standing Committee B, 11th January 2005, col. 727)

Moreover, John Whittingdale put it to the Committee that an initially liberalising measure was becoming ever more restrictive:

The Bill was supposed to be liberalising—a cautiously drafted and gradual step forward, but one that would gradually liberalise the regime. We have now gone in the opposite direction and will end up with a Bill preventing the establishment of any more than 24 new casinos. That will halt the investment plans of many UK and overseas companies in their tracks. It will undermine the economic plans of many local authorities. It will have a significant economic impact and it will undoubtedly lead to loss of money, investment and jobs.

(HC Standing Committee B, 11th January 2005, col. 728)

The Liberal Democrat Culture, Media and Sport Spokesperson, Don Foster, stated that while he was not averse to the cap of eight on regional casinos for a pilot period, he was not so convinced as to whether this was the right approach for large and small casinos:

In relation to small and large casinos... we have a number of concerns as to whether this is the right way forward. Certainly, the industry is adamant that it is not, and will create significant difficulties for the existing industry. We have proposed, on a number of occasions, other ways in which proliferation of small and large casinos might be tackled, while giving greater powers to local councils to make decisions in the best interests of the local people that they serve. Therefore, we shall be looking at ways of altering the mechanism for reducing significant proliferation, not looking at the eight, eight, eight proposals, but at other measures along the lines that we have already proposed: the reintroduction of the demand test; looking at public nuisance issues; strengthening the powers of local authorities to say no to a specific casino proposal.

(HC Standing Committee B, 11th January 2005, col. 738)

At the end of the debate, new clause 20 and new Schedule 3 were agreed to without a division.

#### 4. Casinos - Report Stage

At the Report Stage of the Gambling Bill on 24th January 2005, MPs returned to the contentious issues surrounding casinos (HC *Hansard*, cols. 46-78). Despite the changes made in Standing Committee B, many concerns persisted and MPs took the opportunity to raise a number of issues.

The Liberal Democrat Culture, Media and Sport Spokesperson, Don Foster, spoke to amendment 116 which would have required people to have satisfactory evidence of identity before entering the gaming area of a casino. He argued that casinos without some form of identification requirement could attract criminality:

While liberalising the gaming industry has its benefits, we must be diligent about the possible dangers. Casinos without some form of identification requirement could easily attract criminals. As can be seen in the Treasury's anti-money laundering strategy document, the National Criminal Intelligence Service said as recently as 26 October last year

“Money launderers can take advantage of the facilities offered by casinos to disguise the origins of their funds. Launderers can take ‘dirty’ cash into a casino, exchange it for chips, spend a few hours gambling, and then exchange the chips (with a gain or loss according to their play) for a casino cheque which can subsequently be presented as an apparently legitimate source of funds.”

(HC *Hansard*, 24th January 2005, col. 50)

Don Foster told MPs that he tabled the amendments:

...with the aim of preventing crime and money laundering from infiltrating our casinos. They clearly set out a system under which well-monitored areas in casinos will be designated for gaming. To enter such areas, gamblers will have to provide identification for the casino operators, who will then use the information from identification to keep track of those who frequent their casinos. Those measures will not only curb money laundering and crime, but help with problem gambling.

(HC *Hansard*, 24th January 2005, cols. 50-51)

In response, the Minister for Sport and Tourism, Richard Caborn, agreed that strong controls were necessary to tackle money laundering. However, the Minister stated that such controls did not need to take the form of identification on entry, adding that, “we should not impose excessive burdens on the industry without good reason” (col. 74).

Amendment 116 was put to the vote, but was defeated by 235 votes to 148.

The Labour backbencher Win Griffiths expressed his opposition to key areas of the Bill during the Report Stage. He told the House of Commons:

I appreciate that in Committee the Government have adjusted the likely number of super-casinos and have proved willing to experiment first, but I have still tabled amendment No. 96, which would delete regional casinos from the Bill. Other

amendments to which I have put my name would provide for smoke-free areas, a ban on alcohol at the tables and limits on opening hours.

(*HC Hansard*, 24th January 2005, col. 53)

The Shadow Secretary of State for Culture, Media and Sport, John Whittingdale, reiterated many of the concerns that he had expressed in Standing Committee. He told MPs that he was unable to understand precisely how the Government had arrived at the figure of eight as an appropriate cap for the number of regional casinos. He explained that his amendment 143, which would have reduced the number of regional casinos from eight to four, was an attempt to press the Government to explain why eight was the right number:

First, as I said, we want the Government to tell us why eight is the right number. They are, after all, the Government, and they must justify their proposals. We proposed four because we feel that it is much more sensible to start off with a small number, test the impact and, if it appears that there are no problems, increase. Although we recognise the possibility of the regeneration benefits which the Government hope for, and which we would certainly like to see, it is not right to risk a dramatic rise in problem gambling. We have to be satisfied that there has not been a massive rise in problem gambling before we go on to seek those potential regeneration benefits.

The Secretary of State said right at the beginning that if the consequence of the Bill were a rise in problem gambling, the Bill would have failed. Our concern is that eight regional casinos could lead to a significant increase in problem gambling, particularly because there could be up to 10,000 Category A machines. At present, there are no Category A machines in this country, yet as a result of one pilot scheme we could have up to 10,000 of them.

Also central to the purpose of our amendment is the fact that it is possible to start with four and increase, whereas it is not realistic to start with eight and go downwards. It is unthinkable that investors would commit the sums that we are talking about - £150 million per casino - if there were any risk that after a few years their licence would be taken away.

(*HC Hansard*, 24th January 2005, cols. 56-57)

In response, the Minister for Sport and Tourism, Richard Caborn, defended the Government's decision to opt for eight regional casinos:

The official Opposition want four regional casinos; we recommend eight. At the end of the day, this is a judgment call. It is not an exact science; far from it. What is important—and, indeed, what lies behind our decision—is the need to strike the appropriate balance between providing for a number that will enable a proper assessment of social impact to be made, while minimising the risk of social harm. We think that eight casinos will give a sound basis for a reasonable test. Four would be too few.

(*HC Hansard*, 24th January 2005, col. 73)

The Minister also sought to reassure those Members who continued to harbour doubts about the Bill's stance on casinos:

I acknowledge, however, that new casinos will bring risks that are untested in Great Britain. That is why we took the decision to limit the numbers of these casinos to eight. It does need to be restated that these casinos will be subject to the most intense regulation. Every aspect of their conduct will be carefully controlled. Casino gaming in regional casinos is a legitimate leisure activity for adults, and at the end of the day, I believe that adults need to be treated like adults.

(*HC Hansard*, 24th January 2005, col. 72)

The Conservatives' amendment 143 was pressed to a vote. It was defeated by 271 to 131.

## 5. Third Reading

Opening a brief Third Reading debate, the Secretary of State for Culture, Media and Sport, Tessa Jowell, reiterated the principles underpinning the Bill:

It is important to recall the principles that underpin the legislation—that children and vulnerable adults should be protected, and that gambling in Britain should be kept crime-free, and conducted according to the principles of fair play. Everything in the Bill will be judged against those principles. If we secure the legislation, we shall have the toughest, most comprehensive regulatory framework in the world to protect the public interest and to prevent the exploitation of children.

(*HC Hansard*, 24th January 2005, cols. 126-27)

Tessa Jowell stressed that the Government had listened and responded to the concerns raised about the Bill. She then reflected upon the apparent paradox in the demands that were placed on Ministers:

It is a curious thing in modern British politics that in one breath Ministers are accused of being arrogant, out of touch and refusing to listen, and in the next breath, when they have listened and responded positively, they are accused by the same people of a humiliating climbdown or a screeching U-turn. Ministers are damned if they do listen and damned if they do not, so they may as well listen—otherwise, what is the point of Parliament? We have listened to the concerns raised about the Bill, and it is a better Bill as a result...

(*HC Hansard*, 24th January 2005, col. 127)

In conclusion, the Secretary of State underlined the importance of the Bill's provisions:

...the Bill is essential because without such legislation, gambling technology is leaving the law in its wake. If we do not modernise, people will not be protected. Without the Bill, there would be no Gambling Commission with the objective of social responsibility in gambling at its heart, internet gaming would continue to go unregulated, and there would be no powers to deal with roulette machines in bookmakers' shops, or the chain gifting schemes about which I know hon. Members will have received representation from constituents, and which continue to exploit women.

(*HC Hansard*, 24th January 2005, col. 127)

The Shadow Secretary of State for Culture, Media and Sport, John Whittingdale, expressed strong misgivings about how the Bill had been handled by the Government. He claimed that the Government:

...appeared surprised at the chorus of opposition that they encountered. That led to not just one but two U-turns, reverses or whatever the Secretary of State chooses to call them, during the Committee stage.

The Government certainly appeared for a long time to be in a state of blind panic. What they have done has completely changed the whole thrust of the Bill, and at the very last stage of its passage. They have done so without any consultation with the industry and without any proper scrutiny. In some areas, they have turned a Bill that began life as a liberalising measure into one that will put in place a more restrictive regime than exists at present. By doing so, they have ended up satisfying almost no one. The overseas investors who were led to believe that there would be an opportunity for them in this country now feel betrayed because they will be restricted to a small number of locations. The domestic industry saw £0.5 billion wiped off its share values as a result of the Minister's statement in the Committee. The local authorities, many of which looked on the Bill as offering potential regeneration benefits, also feel let down. Those who are concerned about the dangers of gambling addiction still feel that the Bill may allow too many regional casinos and too many Category A machines.

(*HC Hansard*, 24th January 2005, col. 128)

The Labour backbencher Win Griffiths reiterated his profound disagreement with the basic thrust of the Bill:

My remarks this evening are tinged with sadness. Although I recognise that the Government have moved significantly on a number of important issues, as the hon. Member for Ryedale (Mr. Greenway) said in support of the number of experiments, once the genie is out of the bottle, it is difficult to put back.

The concept of responsible gambling is a contradiction in terms. All Governments have a pathetic history of dealing with addiction problems—for example, alcohol. We are not coping with the problems. I tabled amendments, which we unfortunately failed to reach, to introduce specific references to finance and expertise, both to try to prevent gambling problems from developing and to treat people with gambling problems.

When my hon. Friend the Member for Nottingham, South (Alan Simpson) spoke to amendment No. 1, which unfortunately, we did not have an opportunity to vote on, he mentioned that there are three times as many problem gamblers in households earning less than £15,600 a year as in households earning more than £32,000 a year. A wide body of opinion suggests that the Bill will at least double the number of problem gamblers to about 750,000; some estimates are even higher. For each problem gambler, the lives of half a dozen people in their immediate vicinity are seriously damaged, so the Bill will affect millions of people. As the Opposition do not intend to vote against it, it will go to the other place, where I sincerely hope that it will be substantially amended.

(*HC Hansard*, 24th January 2005, col. 129)

The Liberal Democrat Spokesperson for Culture, Media and Sport, Don Foster, stated that while many parts of the Bill had received widespread support, deep concerns, particularly about casinos, persisted. Don Foster stated that:

I know of very few people who have expressed any real desire for the massive increase in gambling opportunities proposed by the Bill in its initial form.

I am delighted that the Government have belatedly listened and made a welcome U-turn. It is right to have a pilot period, and a cap on the number of casinos during that time. However, much remains to be done in another place.

(*HC Hansard*, 24th January 2005, col. 130)

The Bill was given a Third Reading by 236 votes to 38. Twenty four Labour backbenchers, including two tellers, and six Conservative MPs voted against Third Reading. The Conservative and Liberal Democrat frontbenches abstained.

## Appendix

### Casinos: Statement of National Policy (16th December 2004)

1. This statement is issued on behalf of Her Majesty's Government.
2. The Government's policy on casinos is based on the three broad objectives of the Gambling Bill:
  - To protect children and other vulnerable people from harm
  - To prevent gambling being a source of crime or disorder and
  - To ensure that gambling is conducted in a fair and open way.

Britain has a low level of problem gambling compared to other countries (less than 1% of the population) and the Government is committed to maintaining this record. Casinos are already tightly regulated and have strict controls in place. The Gambling Bill will strengthen the existing safeguards. There are currently a number of regulations, however, which the Government believe are outdated. The 24-hour rule, the ban on advertising and the permitted areas rule unnecessarily restrict customer choice and discourage investment and economic regeneration.

3. The tourism and leisure industries are increasingly significant elements of the economy. Tourism alone accounts for 4.4% of our GDP. The Government believes that the casino proposals in the Bill, with its emphasis on increased regulation, have the potential to make a positive contribution to the success of these sectors. In addition Regional casinos, as major developments, offer clear potential for regeneration of areas across Britain. They will provide not just a range of gambling activities, but may include hotel accommodation, conference facilities, restaurants, bars, areas for live entertainment and other leisure attractions. The benefits of such a development could go much wider than the location of the casino itself. There are many parts of the country which could benefit from the regeneration that these kinds of leisure developments can offer.
4. The Government recognises, however, that the casino proposals in the Bill represent a significant change and we need to take a cautious approach in order to assess whether their introduction leads to an increase in problem gambling. The Government has taken the view that the risk of an increase in problem gambling will be reduced if a limit is imposed on the number of casinos. We have therefore decided to set an initial limit on the number of Regional, Large and Small casinos of 8 each. The identification of operators and locations for the new casinos will be subject to broadly the same arrangements in each case.
5. The Government believes that, in order properly to assess the impact of these new casinos, there needs to be a sufficient number of casinos in each category to allow the impacts to be assessed in a range of areas and types of location that might be suitable (including, for example, urban centres and seaside resorts across different parts of the Britain). A limit on Regional, Large and Small casinos of 8 each is consistent with this aim while at the same time ensuring that any risk of problem gambling is minimised. The Government has decided to appoint an independent Advisory Panel to recommend the areas for the Regional, Large and Small casinos. Following the

Panel's advice the Government will decide the areas where each of the new casinos may be licensed.

6. Once an assessment has been made of the impact on problem gambling of the limited number of new casinos, it will be easier to judge the continuing need for a limit. No earlier than three years after the award of the first premises licence, the Government will ask the Gambling Commission to advise on whether the introduction of the new types of casinos has led to an increase in problem gambling or is increasing that risk. We believe such a period is necessary to ensure a full assessment can be made of the impact of the new casinos. If the Government, on the basis of the Gambling Commission's advice decides to propose that more casinos may be licensed then the Order providing for this will need to be approved by Parliament. We will also want to assess, with the help of regional bodies, what the regeneration and other economic outcomes have been.
7. This policy statement sets out our policy on casinos in more detail below, including the role of the Advisory Panel in recommending areas for the new casinos and arrangements for casinos which already have a licence under the Gaming Act 1968. The proposals for casinos outlined here are for England, Scotland and Wales. Responsibility for the planning system in Scotland and Wales is for their respective devolved administrations. None of the proposals here will affect the ability of local authorities to refuse to have a new casino of any size category in their area.

#### The Advisory Panel on new casino locations

8. The Secretary of State for Culture, Media and Sport will appoint an independent Advisory Panel to advise her on the areas in which the new casinos should be located. The Panel will collectively have knowledge and expertise in a range of matters including planning, securing regeneration, tourism and addressing the social impacts of gambling. Clearly, all Panel members must be able to demonstrate independence from any potential interested parties and must have an appreciation of the need for impartiality.
9. In order to ensure that the impact of the new casinos can be assessed on the basis of a broad range of information and experience, the Advisory Panel will be asked to identify areas for the new casinos which will provide:
  - a good range of types of areas, and
  - a good geographical spread of areas across Britain.

The Panel will also want to ensure that those areas selected are willing to license a new casino. Subject to these criteria, the Panel will be asked to choose areas in need of economic development and regeneration (as measured by employment and other social deprivation factors) and likely to benefit in regeneration terms from a casino.

10. The Advisory Panel will invite views from interested parties. In taking forward its work it will in particular invite the Regional Planning Bodies in England to identify a list of broad locations for Regional casinos emerging from their work on the Regional Spatial Strategies. Before the Advisory Panel finalises its recommendations on areas for Regional casinos it will need to ensure that these areas are compatible with the

broad locations identified in England in Regional Spatial Strategies or in any draft revisions of Regional Spatial Strategies before the First Secretary of State.

11. The Advisory Panel will be asked to offer Ministers a list of up to 8 recommended areas for each of the three categories of casino. The Secretary of State will consider the Panel's recommendations. After consulting the Scottish Executive and the Welsh Assembly Government, the Secretary of State will then decide which areas to designate.
12. The Panel will be able to begin its work in the course of 2006, taking account of views put forward to Regional Planning Bodies as they progress the preparation of revisions of Regional Spatial Strategies, and of local authorities as appropriate. We do not expect it to complete its work before the end of 2006.

#### Planning for casinos

13. In England, Regional Planning Bodies as part of their revision of Regional Spatial Strategies will need to consider possible broad locations for Regional casinos within their region. Their proposals will then feed into the recommendations of areas for the initial eight Regional casinos by the Advisory Panel. In revising their Regional Spatial Strategies, Regional Planning Bodies need to take into account national planning policy guidance. Planning Policy Guidance Note 6 "Planning for Town Centres and Retail Developments"/draft Planning Policy Statement 6 "Planning for Town Centres", Planning Policy Guidance Note 13: "Transport" and the two joint statements already provide a comprehensive policy framework for casino development.
14. The Government does not consider that a separate national planning policy statement on casinos is required. However, it will consider whether there needs to be further clarification or development of its planning policy in respect of casinos in particular, in finalising PPS6.
15. For all three categories of casinos, the identification of specific sites will be for local planning authorities in their local development framework, having regard to national policy and the Regional Spatial Strategy. Local planning authorities will also be responsible for deciding applications for casino developments.
16. Operators will be required to apply for planning permission in the usual way and all applications will be considered on their merits in line with national and local planning policies. Applications may come forward at any stage. Decisions on whether they should be called in for decision by the First Secretary of State will be made in light of the Government's call-in policy and the particular circumstances of the case.
17. It will be for the devolved administrations to decide to what extent these considerations should apply to them.

#### The operating licence

18. The Gambling Commission will award operating licences to companies on the basis of the usual licensing criteria, but incorporating an additionally stringent test of social

responsibility to reflect the fact that Regional, Large and Small casinos will present hitherto untested risks of social harm. Therefore, operators will need to demonstrate a commitment to:

- ensuring effective measures for reducing the risks posed to vulnerable people by casino gambling products and the environment in which they are supplied, and
- making available information, advice and assistance to people using the casino who may be affected by problems related to gambling.

The Commission will take account of the fact that greater commitment and resources is likely to be needed in the case of Regional casinos because of the greater risk they pose, particularly because of the availability of Category A machines. There will be no limit on the number of operating licences that may be granted.

### The premises licence

19. A local licensing authority will only be able to award a casino premises licence if one has been identified for its area. The process for awarding a premises licence will be open to all operators. It will have two stages. The first stage will be a regulatory test to ensure that all proposals satisfy the regulatory premises licensing requirements already in the Bill. The second stage will be triggered where there are more applications for casino premises licences than the local licensing authority is permitted to grant.
20. The second stage of the process will be a competition held by the local authority on the wider casino proposal. We will consult with the Local Government Association and others on how the competition should be conducted. The competition could be judged on a wide range of issues, reflecting the issues that are important in the local area, local concerns and priorities. These may include, for example, employment and regeneration potential, the design of the proposed development, financial commitments by the developer to local projects, location, range of facilities and other matters. The local authority may wish to provide an opportunity for consultation with local people. The local authority would set out its priorities and concerns in a set of objective key considerations and it will then invite operators to submit entries to the competition. The eventual winner of the competition will be eligible for a full premises licence once he has obtained planning permission and the casino has been built.
21. The operator will therefore need to have an operating licence, a premises licence and planning permission. The planning permission is likely to be subject to a planning obligation.
22. The premises licensing process and the planning consent process will need to be conducted taking account of the need to clearly separate the licensing and planning functions. ODPM and DCMS will issue guidance to local authorities on the propriety issues surrounding these processes. The fact that an applicant's proposal may be the preferred option in the competition will not guarantee planning permission. Once planning permission has been granted and the casino has been built, the operator will

be able to apply for a full premises licence, which he could expect to obtain provided there has been no material change in the proposals since the competition.

#### Casinos which already have a licence under the Gaming Act 1968

23. The arrangements described above for Regional, Large and Small casinos are aimed at minimising the risk of problem gambling from an increase in the number of casinos, particularly from a proliferation of high stake and high prize gaming machines. Existing casinos will be allowed to continue to operate, and to have the opportunity to compete for the new licences. But the Government does not believe it would be appropriate to allow them to have all the new casino entitlements in circumstances where a limit is imposed on the establishment of new casinos.
24. Accordingly, we propose that there will be no size requirements on existing casinos and they will not be subject to the ban on advertising and the 24-hour rule. They will, however, be restricted to their current gaming machine entitlement of 10 gaming machines of up to Category B and they will not be allowed to provide bingo or betting on real or virtual events.
25. Arrangements will be made to ensure that existing casino businesses can in the future be transferred to new owners and to new premises if the current premises for some reason become unavailable (such as end of lease or fire), so long as it is within the existing licensing area. A company operating a casino which already had a licence under the 1968 Act may apply for a Regional, Large or Small casino premises licence. If it is awarded one of them for an existing casino, then it will be able to operate it with all the new entitlements authorised by the new licence.