

Industry Perspectives



Tax model for gaming massive own goal?

And it's that vibe which is causing considerable discomfort. So obsessed with gambling and the evangelistic drive to get venues off the high street, despite the intense scrutiny and obligations those businesses have to the regulator and its local authority, nothing is more important to them than taking thousands of businesses out of the UK economy.

Not even an actual coup at the top of the government and one of the most serious undermining of the democratic framework of British politics moves them. We can overthrow a leader elected by the country and install, without scrutiny or challenge, a man who won 54 percent of the vote in a choreographed by-election that ranks between the 350-400th sized constituencies in the UK.

This is crazy town politics - and worrying not just for our industry, but the UK economy. Those that pass every scrutiny test and regulatory requirement and deliver jobs, high street footfall, entertainment and innovation - the SMF acolytes are determined to kick out.

That will not deliver growth: why would any business investor put money into a country that's ruled by a vibe, whilst their business model is ruled by evidence.

In this small review Bacta, GBG, BA, BGC and Regulus Partners offer their viewpoint on this dangerous situation where facts and evidence are dismissed by a vibe and emotion.

But facts do matter and they were absent in their entirety at the SMF launch this week.

So here's a few issues to process and

scrutinise, courtesy of a high street operator that does employ staff, does provide its financial details to the Commission, operates under all the regulatory rules of the Commission and the local authority, provides a percentage of turnover to the Gambling Levy, pays its business rates, corporation tax, NI and VAT, runs an extensive community programme, invests in its facilities, utilises the most advanced gambling harm innovations for all its players and hasn't been afforded a price increase by the government for 13 years:

- Where is the evidence that higher MGD reduces harm - SMF only offers dodgy theories but no real-life evidence;
 - The report asks readers to accept assumptions as if they were established facts;
 - Every major conclusion rests on modelling and speculation - not proof;
 - The report counts every supposed cost of gaming but conveniently ignores every benefit: bingo and its social importance; working men's clubs and their role in the community; how important B3 machines are in supporting seaside businesses;
 - The report is dependent on evidence selected to fit;
 - The case for higher taxes simply does not stand up to scrutiny;
 - The report has a complete lack of understanding on technical issues;
 - The Report barely deals with displacement - moving from regulated high street venues and bingo to online where migration to unregulated sites is factual.
- Vibe your way out of that?

Peter Hannibal: "Enacting the SMF proposals would be the worst example of economic self harm - and the high street will be the injured party.."

PETER HANNIBAL CHIEF EXECUTIVE GAMBLING BUSINESS GROUP

The **Gambling Business Group** sets out the scene of carnage that tax proposals offered up by the Social Market Foundation would create if implemented. And it's a proposition where everyone loses.

The industry has had a few days to reflect on the Social Market Foundation's proposals to raise taxes on gaming machines to 40 percent. And that time has produced extremely robust, coherent and persuasive arguments to discard the SMF's tax hike framework.

The collective industry view is a tax rise will, not could, but will result in the closure of many small family businesses in town centres and seaside resorts; job losses for local staff; an acceleration in the UK's high street decline; substantially reduced tax revenues, business rates and Levy contributions; and - the most ridiculous of all - drive more players into unregulated, unprotected illegal black markets operating out of eastern Europe and across the world.

It's fanciful, ideological nonsense and totally irresponsible posturing by the SMF.

That said, it is riding the wave of a vibe and emotion in spite of all governance rules to legislate on facts and evidence.

That's what makes this an existential concern.

The idea that bingo will be lost from the high street and even the leisure sector entirely is unthinkable. The same for small family businesses that have built their operations over 4 and 5 generations; working men's clubs - the traditional heart and soul leisure spot for working people for over 100 years will disappear; AGC's, one of the most popular forms of affordable entertainment on the high street, lost because of ideological whims and unsubstantiated data; investment on the high will decline because investors simply could not trust a government due to its anti-business, anti-growth policies.

And let no-one be fooled: a 40 percent



increase in MGD will not raise Treasury revenues to the level that UK plc requires - in fact, analysts Regulus Partners have presented a powerful and incontrovertible case that undermines the credibility and reliability of the SMF research and concludes that it will actually reduce tax income rather than raise it. I would like to congratulate Regulus on the speed in which they were able to produce

a coherent response full of relevant facts. It's a shame that the SMF don't have even a modicum of Regulus's acumen.

But setting aside the facts that only 48 percent of the public gamble, and more than half of those that do gamble crazily on the uncontrolled National Lottery, the idea that the SMF attack is directed at land based gambling businesses is curious at best.

These operations are heavily regulated by both the Gambling Commission and the local authorities; pay a percentage of revenues to the Gambling Levy; provides taxes to both national and local authorities; employ local people; invest on the high street; and are crucial to the economy of towns and seaside resorts across the UK.

And these numbers are falling as the Gambling Commission statistics confirm.

To increase taxes at a time when the Gambling Review Act is restricting opportunities and growth is incoherent. But to continue to raise the costs whilst consistently refusing the industry the opportunity to raise its own stakes and limits - it's now 13 years without a shift - is punitive policy-making and an anti-business practice.

The Social Market Foundation's report is a policy of decline and a disincentive for investment. And enacting the SMF proposals would be the worst example of economic self harm - and the high street will be the injured party.