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## **RANK GROUP RESPONSE TO CONSULTATION ON THE REGULATORY FUTURE OF REMOTE GAMBLING IN BRITAIN**

The Rank Group Plc ('Rank' or the 'Group') is pleased to have the opportunity of responding to this consultation. Rank operates 35 casinos in Great Britain, chiefly under the Grosvenor and G Casino brands and 103 bingo clubs under the Mecca Bingo brand. The Group also operates remote betting and gaming sites (licensed in Alderney) through Rank Interactive. Our online brands include Bluesq.com, Meccabingo.com and Gcasino.com.

As a result, we believe we have a rare perspective on this consultation, which has direct and indirect implications for our businesses. The Group's response to this consultation may be summarised as follows:

- 1) Rank is not opposed in principle to the Government's proposals as set out in its consultation paper "*a consultation on the regulatory future of remote gambling in Great Britain*". However, any change to licensing needs to take place within the context of a broader review of the flawed regulation of gaming and betting in Britain.

If the Government genuinely desires a 'level playing field' for British gaming and betting companies then it must seek to address the regulatory inequalities which currently characterise the industry and which penalise those sectors that do most to uphold the aims of the Gambling Act.

- 2) We believe that the Government should make explicit from the start what its intentions are towards the remote gaming industry in terms of taxation. Since the consultation was launched in March 2010, there has been sustained speculation that the creation of a new licensing regime would lead in turn to the imposition of new taxes.

As Rank has made clear in its earlier paper, '*Responsible Taxation: Fairness, Simplicity, Sustainability*' the Group is not opposed in principle to the application of taxation to remote gaming operations. However, as with regulatory change, any reform needs to be carried out as part of a broader harmonisation of British gambling taxes.

- 3) The Government should ensure alignment between its social policy and fiscal policy agendas with regards to Britain's betting and gaming industry. Too often in recent years

(under a previous administration), social policy objectives, based upon the principles of the Gambling Act, have been endangered or undermined by fiscal policy and vice versa.

## 1. **Overview**

We offer full support to the Government and the Gambling Commission to ensure that customers are protected. However, we seek confirmation that any changes to gaming regulations will be motivated by sound reasons and intentions. Our concern is that, undertaken in isolation the creation of a new licensing regime will fail to create a level playing field and may in fact penalise those operators who do most to uphold the aims of the Gambling Act – to protect young people and the vulnerable, to keep crime out and to ensure fairness.

The UK remote gambling market is dominated by companies based in a handful of well-regulated jurisdictions, notably Gibraltar, Isle of Man, Malta and Alderney. Regulatory standards in these jurisdictions are comparable to the high levels achieved in Britain, a fact endorsed by the immediate inclusion of Alderney and the Isle of Man on the Government's advertising "White List" when the Gambling Act first came into force in 2007.

It is therefore not clear whether the "potential risk" to consumers is sufficient justification for the primary legislation required to institute a new licensing regime.

- ***Tax generation***

There is a concern within the industry (and it is the subject of public speculation) that regulatory proposals may conceal a desire to generate tax revenue from overseas based operators. We are not alone in wishing to add a very strong caveat that it is difficult to respond to this consultation paper with any real confidence unless, or until, any related taxation issues are clarified.

We appreciate that taxation is a matter for the Treasury, not the DCMS, but we believe both departments should be unequivocal on this point.

We are not opposed to the idea of offshore gaming businesses paying UK duty, provided this is part of a fair and considered tax structure. In our own paper, we propose a 15% rate of duty be applied to all activities governed by the Gambling Act 2005, wherever they are located. However, we would clearly have concerns if offshore operations were to be brought into the tax regime without reform of the existing tax regime which currently penalises land-based gaming operations (e.g. licensed bingo clubs and casinos).

- ***White Listing***

The consultation paper also refers to the inadequacy of the current White Listing system. However, whilst it is clear that ministers have lost faith in this system for various reasons, it is again difficult to see what actual harm has been caused by it. Either way, if the white listing system itself is in need of review and overhaul, then we believe this should be undertaken separately without need for unrelated primary legislation covering a much wider scope.

- ***Level Playing Field***

The consultation paper cites the need to create a level playing field for licensed British operators as the basis for reform. We agree that the regulation of gaming in Britain should be based upon the principle of fairness and would support reform genuinely aimed at creating that level playing

field. However, we do not believe that the proposals go far enough to address the issues. Were the proposals to be adopted as drafted, land-based gaming businesses in Britain would continue to operate at a disadvantage to remote gaming businesses.

For example, remote operators may offer an unlimited range of gaming machines and table games and a level of machine stakes and prizes (essentially, Category A machines) that are denied to the land-based industry. At the same time, even remote sites currently licensed in the UK can offer games of bingo, poker or roulette at a tax rate that is substantially lower than in land-based operations (where up to 50% may be payable in gaming duty).

The playing field between well-regulated remote gaming operators and well-regulated land-based gaming operators will never be level until such times as government appreciates and addresses the real source of the problem. We contend that customers should be entitled to access the same gaming facilities, stakes and prizes within the safe, controlled environment of a UK land-based licensed premises, as they can when playing at home on their computer.

- ***Donations to RET via GREaT***

We support the need for all operators who derive income from Britain's gaming and betting market to contribute to RET in order to fund research into and treatment of problem gambling. However, it is misleading to suggest that none of the overseas based operators currently do so.

In fact, the majority of online gambling in the UK is transacted through companies that make substantial contributions to RET (either in their own right or as part of their associated UK based operations). Specifically, I would call your attention to the fact that Rank was the recipient of GREaT's 'GREaTTest Donor' award for 2009.

Given that this is the case, we would question whether primary legislation is the most effective means of increasing funding to RET.

- **Conclusion**

Whilst we fully support any endeavours to protect the consumer, we are concerned about the impact of piecemeal legislation when it is clear that a broader review of Britain's gaming and betting regulations is required to achieve the twin goals of 'fairness' and consumer protection.

We do not believe that a sufficiently convincing case has been made within the consultation document to justify the proposed legislation in isolation. We reiterate that, if these proposals are wholly, or even partially, driven by fiscal considerations, then this should be made explicit from the start. Again, whilst Rank would support the application of tax to income generated from the UK by offshore providers, we would do so **only** as part of a broader harmonisation of gaming taxes.

**Richard Wade**  
***Head of Compliance***  
***For Rank Group plc***  
***18th June 2010***

*Link to Rank Group Plc paper on Responsible Taxation:-*  
[http://www.rank.com/downloads/responsible\\_taxation.pdf](http://www.rank.com/downloads/responsible_taxation.pdf)