

The risks and rewards of casino-led regeneration

There will be many beneficiaries of the new gambling laws, not least the Treasury. But for communities to benefit fully, the casino operators will have to meet high standards of responsibility.

→ MINI BIOG



Lisa Buchan is Business Development Manager at GoodCorporation.
Contact:
lisa.buchan@goodcorporation.com

With the passage of the 2005 Gambling Act the UK government has overhauled gambling rules and created a policy framework to use new large casinos as an instrument for urban renewal.

The idea is "thoroughly Labour" as Culture Minister Tessa Jowell recently said. "In some places a new casino will leverage much needed investment to transform sporting, leisure and tourist facilities."

Out of 67 proposals, eight local authorities have made the short list to house a very large regional casino, with a minimum customer area of 5,000 square metres of floor space and housing up to 1,250 'Category A' gaming machines with unlimited stakes and jackpots. That may be small by international standards but it is a much higher concentration of gaming machines than any of the UK's existing 140 casinos are currently permitted. Another 31 cities were selected to license 8 large and 8 small new casinos with respectively 150 and 80 slot machines.

HIGH STAKES

Blackpool's short-listed proposal for a regional casino exemplifies the debate over regeneration. According to the council a new casino conference quarter in the traditional seaside resort would create 2,400-3,500 new jobs in the city as well as generating an estimated 20,000 new jobs and £2bn investment in the Northwest. For the council the regional casino would be "the central focus and catalyst for the regeneration of an entire town."

But there are arguments against a

regional casino in Blackpool and one of its own councillors Steven Bate has set up CASE (Campaign Against Super-casino Expansion). Packing a thousand 'Category A' gaming machines into this relatively small and "economically challenged" community will have consequences. It is likely to siphon off custom from older resort facilities and thus fuel the decline of areas that regeneration plans should be trying to help. Blackpool's problem gamblers could increase from the current estimated level of about 4,500 to nearly 6,200 (roughly 4% of the local population) at an extra cost of £15m per year by 2010, according to regeneration consultants Hall Aitken.

ODDS IN THEIR FAVOUR

No matter which city wins the regional casino bid, the main beneficiary of any such development is the casino operator. In a typical casino resort the gaming operations make gross profits of 33% compared to 5% for the non-gaming activities, according to Professor Sudhir Kales of Bond University, Australia. As he says, "operator applicants in most jurisdictions would never get a license unless they participate in the beauty contest with the casino proposal dressed in non-gaming regalia and ornamented with employment and regeneration possibilities."

The second big beneficiary will be the Treasury and to a lesser extent local government. Casinos are subject to various taxes that add up to an average rate of nearly 40%. It serves the government's interests to support casino development and take its own slice of the profits.

The third beneficiary will be the construction and leisure industries who build and provide staff for the facilities in and around the casino.

“...to ensure that local people experience the rewards of casino-led regeneration, government will have to hold casino operators to account in meeting high standards of responsibility and engaging with the community and vulnerable groups...”

There's nothing wrong with that if job and wealth creation are sustained beyond the initial investment period. But to ensure that local people experience the rewards of casino-led regeneration, government will have to hold casino operators to account in meeting high standards of responsibility and engaging with the community and vulnerable groups.

The views expressed here are those of the author and do not reflect the opinion of GoodCorporation.



More info:

2005 Gambling Act
<http://www.opsi.gov.uk/ACTS/acts2005/20050019.htm>
Campaign Against Super-casino Expansion
www.thecase.org.uk