

Casino (Amendment) Bill 2012
First Reading approved

1. Mr Lowey to move:

That the Casino (Amendment) Bill 2012 be now read a first time.

The President: I call on the Hon. Member, Mr Lowey, to take the First Reading of the Casino (Amendment) Bill 2012.

Mr Lowey: Thank you, Madam President.

May I just say, in case I get into hot water or difficulty, I have at my disposal and the Council's disposal, Mr Mark Rutherford, the Director of Policy and Legislation for the Isle of Man Gaming Commission in the Public Gallery. If I get into trouble, I will, with your permission, Madam, call on his expertise to rescue me.

This Bill is introduced by the Treasury with the intention of further consolidating the Isle of Man's already sound reputation as a centre of excellence for offering gambling activity to global consumers and to capitalise on the unique opportunities that the industry offers the Isle of Man and its economy. The gambling industry is a highly innovative and dynamic sector of the economy, both locally and worldwide. The Isle of Man is extremely well placed to facilitate both licensable and non-licensable elements of this international industry. Indeed, the Isle of Man gambling sector has already shown unprecedented economic growth over the last three years, despite the general downturn in the global economy.

Madam President, it is because the industry is fast moving that it is essential that new opportunities are identified as they occur. Last year the Department of Economic Development identified an opportunity which promises to generate additional revenue for the Isle of Man Government and, more importantly, the local economy through tourism, as well as offering opportunities for existing gambling operators to diversify and expand their portfolios.

Online gambling is one of the fastest growth areas in the overall gambling sector and many people choose to spend their leisure time in this way. Alongside the more traditional gambling activities available online, such as slot machines, casino games and sports betting, a large percentage of the population increasingly enjoy competitive gambling. That is where each player plays against another player or players, rather than against the house. These games are known as peer-to-peer gambling, and this model is typical for games such as poker, mahjong and rummy. Indeed, the appetite for these games is such that, alongside the casual day-to-day play, it is common to find online tournaments being organised. These tournaments are normally played on a knockout basis, with the competition's prizes going to those players who are able to find a place at the final table. Such online tournaments are hugely popular and attract hundreds of thousands of players each week worldwide.

However, even the profile of these online tournaments pales into insignificance when compared to the live tournaments that are held from time to time. Live tournaments are highly prestigious events, usually open to allcomers or those who have qualified online, and are frequently televised. They bring players from all parts of the world to a single venue, and these players compete against one another for large prizes. Some players are so successful in this environment that they acquire a degree of celebrity as a result, which in turn fuels interest within the gaming community towards further live tournaments. Such tournaments are often sponsored by large operators. For example, a local gambling operator in the Isle of Man has sponsored hugely successful poker tournaments in Europe, Asia, Latin America, Australia and New Zealand, Italy and Czechoslovakia. Closer to home, it sponsors a UK and Ireland tour which visits a new destination in the UK and Ireland for each leg of the tournament.

Madam President, as the legislation on the Isle of Man covering casinos currently stands, it is only possible for a live tournament to be hosted in the Isle of Man if it is held on the premises of a casino. This has the unfortunate side effect of restricting the maximum size of the tournament to those facilities that our casino can offer. The Casino (Amendment) Bill 2012 proposes the concept of temporary certification of premises other than those of a casino for use as approved by the Gaming Supervision Commission.

This will have the effect of retaining the already very strong regulatory framework that protects the Isle of Man players and visitors while allowing a casino licenceholder to temporarily rent accommodation that is of a suitable size for one of these tournaments. With this ability, a casino licenceholder can obtain the ideal premises for a tournament and then offer the facilities to an online gambling operator which is interested in staging a leg of its tournament circuit in the Isle of Man. Such a tournament would be good for the Isle of Man's economy. Visitors would utilise the local accommodation and retail outlets, as well as the transport links to and from the Island. The extra business opportunities created for casino licenceholders would allow for business development and greater revenue. In addition, it would offer the Isle of Man yet another opportunity to showcase its wonderful assets to a global audience and to underline its commitment to this important growing sector of business on the Island.

As with the expansion of any activity, safeguards must be put in place to ensure that the interests of citizens and consumers are protected. The Isle of Man Gambling Supervision Commission has established an enviable global reputation for the strength and quality of its regulation, and it is through regulation that citizens and consumers in the Isle of Man will continue to be protected if this Bill is enacted. A mechanism will exist to allow unsuitable tournaments to be declined by the Commission. Tournaments will need to be advertised in good time and citizens who have concerns about a particular venue will be able to lodge objections. The laws that govern minimum age and standards of conduct within the Isle of Man casino will be the same in the temporary premises and the inspection regime will operate to the same standards.

The consultation, which has already been undertaken to canvass views on the proposals to this Bill, produced feedback from industry, Government and individuals alike, and all of the feedback on the concept was positive and encouraged the Bill's introduction. Likewise, when the Bill undertook its passage through the House of Keys, there were no objections and the only matter arising was related to the consultation process. Specifically, one Member wished to understand to whom the Bill had been passed for consultation. This information was clarified at the Third Reading and the Bill passed unanimously.

Madam President, given the favourable feedback and the potential benefits that I have outlined today, I hope that this Council will agree that this is business that the Isle of Man can do, should do, and I beg to move that the First Reading of the Casino (Amendment) Bill be read.

Mr Braidwood: I beg to second, Madam President, and reserve my remarks.

The President: The Hon. Member, Mr Callister.

Mr Callister: Yes, thank you, Madam President.

I think the Member moving this Bill has done so with great clarity. I have never seen him more poker-faced on previous occasions.

I have some questions for the mover. First of all, referring back to this consultation, his notes, I think, tell us that there were only eight results from the consultation. Were any of those from religious organisations, or were they just simply Government and interested companies and so on? Is he not disappointed with the response that came, with only eight?

Where might temporary premises be located, say if they were all Island? Would he be thinking in terms of (**Mr Braidwood:** Villa Marina.) the Villa Marina, for example, the largest venues perhaps that we have?

I take it that this is not something that would involve croupiers or the requirement to recruit croupiers from elsewhere, but if it did – or some kind of officials to oversee these things – would we require to get into the world of Work Permits, and in that connection, does the Work Permit Act, in fact, extend beyond the land into territorial waters?

I think that will be enough for the time being.

The President: Hon. Member, Mr Turner.

Mr Turner: Thank you, Madam President.

I would like to give the principle of this piece of legislation my full support. I know Mr Lowey is a... I do not know if a regular in Las Vegas, but I know he has been there fairly recently, as have I myself and it shows really how you have to be innovative in terms of raising revenue for the country. We are in times now where we have to be innovative and move along and whilst I probably understand that, although the comments have been largely favourable, there will be areas who will not approve of this particular principle behind this legislation, I would like to support it for a number of reasons.

The rest of the world is moving on and if we do not take this opportunity to enable this, we have already decided we are going to grasp industries such as e-gaming, then we may as well do it properly. One of the points that we made when setting up the Commission as a statutory body was that we have to give them the right tools to be able to do the job and this obviously, I see as part of that process. I think it will be good for the economy. I think we had a televised poker tournament here about six or seven years ago at the Palace Hotel. I was working for ITV at the time and was doing some work on that for the news and that seemed to give the Isle of Man an incredible amount of publicity and spin-off from that.

Mr Lowey, I think, is right, it will be good for the economy in terms of bringing people here for these televised tournaments. Transport links were one of the key things and I think with the addition of the new jet terminal, then we are going to see potential there of bringing in people who are going to be involved in these tournaments.

I do have some questions which I will do at the appropriate stages, but at this First Reading I would like to give the principle of this Bill my full support.

The President: Hon. Member, Mr Downie.

Mr Downie: Thank you, Madam President.

I would like to speak in support of the Bill. I think what bringing events such as poker or mahjong, or rummy, for example, do bring about a great social occasion. There are a lot of people who enjoy taking part in these pursuits. There are several places around the world where people do congregate and, as far as I am concerned, in a very well-regulated jurisdiction like the Isle of Man, where we do have reasonably good hotel facilities and at certain times of the year we could accommodate occasions like this, provided that they are properly regulated and run, and this is what the Bill is all about.

What is before us today, Hon. Members, is not new, by any means. Those of you who have been around this place for a while will know that we have a Bowls Festival, and we allow gaming at the Bowls Festival, and there is an Order that comes to Tynwald every year to allow that great social occasion to happen. If people want to want to wager on what the outcome of the Bowling Festival is, well, they can do that.

Some years ago, we had another piece of legislation which allowed us to look at on-course betting and some entrepreneurial people were running events at Great Meadow. They were bringing horses here. It was a great day out for everybody and that was looked out on as a very encouraging sign.

I think my hon. colleague, Mr Turner, has made some very good points. We have got to get real if we are going to attract people to the Isle of Man. We have got to provide facilities in a similar vein that happens in other jurisdictions. I see no problem putting a piece of legislation like this together which will allow these events to take place.

At the present time, the present casino is quite small, in modern-day terms, and the purpose of the Bill is to allow an extension of that out to somewhere else for these activities to take place and I think if we do not do this, we will be missing out. We have companies on the Isle of Man who are more than capable of providing this sort of great social occasion. As was said, a lot of these are televised now. There are channels on Sky which do nothing else but follow these tournaments and what is going on and I think if we are serious about developing the gaming industry in the Isle of Man and having all the checks and balances in place, we have got to proceed with legislation such as this.

The President: The Lord Bishop.

The Lord Bishop: Thank you, Madam President.

I am interested... obviously agree that the gambling sector is an important one for the Island, although I do not think just the argument that it is good for the economy is a good enough one. It may be, as the mover says, a highly innovative and dynamic sector, but during the presentation, Mr Lowey mentioned that there was a growth in the sector, despite the turndown in the economy. I think any observer of the gambling sector will know that the growth always happens when there is a turndown in the economy. It is not despite it; it is because of it.

Gamblers ultimately, collectively, never win. Those who operate gambling facilities, those who run casinos, do not do it for charitable purposes; *they* always win ultimately and collectively. So it is obvious why gambling grows in times of financial adversity, because it offers hope of a quick fix for a very small minority of people. That is what it does, which is why people who are up against it are the most vulnerable and also the most unknowing – one might almost say innocent.

I am sorry to disagree with Mr Downie, but I really do not think it has any great connection with a bowls festival.

So I am torn, really, in this Bill, because I support the safeguards in the Bill and I recognise that there are safeguards in the Bill, but I do not support an encouragement for growth in gambling on this scale, so I am pulled two ways and I am afraid at the moment I am likely to vote against it.

The President: Mr Braidwood.

Mr Braidwood: Thank you.

I can understand the sentiments expressed by the Bishop and he is quite right that, generally when there is a downturn in the economy, people will turn to other means to try to achieve more revenue and one of those is gambling. I think we can see this in the National Lottery, where people have bought tickets or purchased more scratchcards.

However, what I feel with this Bill, is another string to the bow, basically, which allows, as Mr Downie said, peer-to-peer, if it is poker. It could be *chemin de fer*, and there are other areas of card games. It probably could expand into craps games – I do not know – in larger venues, because the casino is now small in comparison to other jurisdictions where they have casinos. Generally, one of the queries raised by Mr Callister was about croupiers who would come over: it depends if it is, say, poker, there might not be enough qualified people over here, so they would have to bring other croupiers in to deal the cards or whatever and to act as banker,

depending on what games are being played, because I do not think that the casino here would lend some of their croupiers to an alternative company.

So, as I have already seconded the Bill, I will be supporting the Bill, Madam President.

The President: The Hon. Member, Mr Butt.

Mr Butt: Thank you, Madam President.

I do tend to agree with what the Bishop said in this case, but I will be supporting the Bill. I am not a fan of gambling. I was brought up with games of skill like cribbage and whist, which did not involve money at any stage. I do think I will support it because (a) it is minimal in trying to deal with raising revenue and (b) the people that will come here to the Island to play these games will actually be professional or semi-professional people, coming here to undertake the games and earn a living, in effect. So I do not think it will actually affect the population of the Isle of Man in any way at all, no matter how morally we may disagree with it. So I think the people actually using it will be there of their own volition and will be gambling for their own sake and not to the detriment of the Isle of Man.

I have a couple of queries for the mover, when he comes to the other stages. One he mentioned in the Bill was a mechanism to decide if a game or a terminal is unsuitable: I wonder who decides that, what 'unsuitable' is and how that comes into place.

The second thing I would like to raise is the fact that gambling is often a vehicle for money laundering and I hope the Gaming Commission are aware of that. I am sure they are, and I would like to know what protections there are under the money-laundering regulations to make sure that this is not used for that purpose.

I will support it, but I would give my support more strongly if it was a televised whist drive. That really would interest me! (*Laughter*)

The President: The Hon. Member, Mr Wild.

Mr Wild: Madam President, just about the comment that... I acknowledge the sensitivities and concerns expressed by the Bishop, but having said that, I do believe this is a practical piece of positive legislation which is there to develop and protect an element of the economy, and it has my support, subject to the necessary safeguards, balances and checks being in place.

Thank you.

The President: The Hon. Member, Mr Crowe.

Mr Crowe: Thank you, Madam President.

Yes, I too will be supporting the Bill, and I accept the reservations of the Lord Bishop and others who have concerns, but as long as there are safeguards in the legislation, it should protect the players and the community.

The thing that I was just interested in, in reading this Bill and the three Bills before us today, is this automatic repeal mechanism, which seems to be a new measure which is part, presumably, of the legal drafting that will happen for all of this amending legislation. The mover might just like to comment on that, when he replies.

The President: Mr Callister.

Mr Callister: Can I just come back on the Lord Bishop's comments, Madam President?

The President: Not usually at First Reading.

Mr Callister: Okay. I will leave it to Second Reading, thank you.

The President: The Hon. Member to reply, please.

Mr Lowey: Thank you, Madam President.

First of all, can I congratulate my colleagues on a full House speaking on the Bill. (*Laughter*) If you would care to read the comments in the Lower House, nobody spoke on this particular Bill.

To the first comment of Mr Callister's: was I surprised that only eight people responded to the adverts to comment on this legislation? Yes, I was. And, as far as I am aware, there were no churches that actually commented on the Bill, and that surprised me too.

Having said that, I think we must accept the realities of the Isle of Man. In my younger days, this Bill would have been very hotly contested; but the Isle of Man has moved on since then and we have come to learn to live

with what we have got in this changing world of ours. So that is number one.

Number two, the Bill is designed to enable something to happen. There is no guarantee it will happen, but it is designed, should we be prepared to accept a concept of gambling, which we did many years ago in accepting a casino on the Isle of Man and we have operated with and lived with it every since. That has developed then into the gaming industry as we know it today – not so much casinos, but international gambling online and the like – and it is a welcome adjunct to the economy of the Isle of Man and above all it is a good employer and it is catering to a need that is being expressed worldwide.

I note very much the Lord Bishop's comments about a quick fix, it is the vulnerable that want it and we know that the house usually wins. As I said in my opening remarks, these particular tournaments tend to be not the house but actually people gambling against each other. Having said that, there is no doubt about it that in entertainment... and the Far East, which is not in recession, is seeing a dramatic growth. South America is seeing dramatic growth, and they are not in recession. So I accept the general concept that the Bishop rightly says, because that is my element which I have been brought up with, but having said that, gambling is here, it is big business.

Should the Isle of Man be involved? We are involved. We are recognised as a centre of excellence for regulation. There are many areas that look to the Isle of Man as the template for their legislation. Europe looks to us at this moment in time as, 'This is how the Isle of Man does this; this is how we should do it,' where, before, they had their face set against us. So imitation is the sincerest form of flattery.

But back to this particular Bill and the comments that were made about it. This Bill enables the Isle of Man to host some prestigious events. No guarantee, but it enables us to do so. My good friend, Mr Turner, rightly says that we did have one a few years ago in the existing casino. Well, it was not quite in the existing casino; it was in the car park of the existing casino, in a tent. I have to say that if Mr Turner was responsible for what I would call the photography that led into it... There was a helicopter shot of all the Douglas Bay. You could have been in Naples. It came in over... and I think everybody who saw the film thought that the tournament was being held in the white castle above it. Tell me, help me out. (**Several Members:** Falcon Cliff.) The Falcon Cliff, because there it was – it did not show you down below, but it showed you the Falcon Cliff, which was beautiful in the trees and this white castle. It was wonderful, but again it is illusion.

Can I just say to you that Mr Callister asked me, for example, where would we have these. The Villa Marina is a classic. The Villa Marina is a prestigious building which would lend itself to this form of thing. I should not really expand, because it is not for me to pick venues, but another that would really... The International Business School is an area with extension that could be used. I do not know whether it will or could, or has even been considered, but if you ask me, as a person – bear with it... But they are limited. They are very limited, but I think those are the sort of places with imagination and flair, and these people have got imagination and flair. That is why they are successful.

I think the point on the croupiers has been answered by my good friend, Mr Braidwood.

Can I come to Mr Turner. He has mentioned that I have been on holiday to Las Vegas. Yes, I have, and enjoyed every moment of it, and I also used it as an excuse to go horseriding in Arizona and into the Grand Canyon. We do not have a Grand Canyon, but my word, we have other attractions which can be sold via these events! I think the most underrated and undersold natural phenomenon that we have is the return, year-on-year, of the basking sharks, and if anybody could make a story and a lead-in, (**Mr Braidwood:** Gambling sharks!) it is one of these. Not sharks, (*Laughter*) but basking sharks and the return of these things and the manner in which we have actually done that pioneering of the research into basking sharks – where they go in the winter, what they do. I think we have a story there to tell, which I think can quite easily be... So, again I am adding to what I would call the availability and the ability to sell the Isle of Man.

But Las Vegas shows how it is done. It is gambling mainly, but it is entertainment as well. Entertainment for people to watch, but also entertainment that is added on to it. Our prospects here is to have an event where people will come in. This is where the new revenue will come in. Mainly the new revenue will be used for people coming in using our hotels, the taxis and the restaurants for the three or four days these tournaments would be. Then we would be selling the Isle of Man as a venue to come and see and to enjoy. I think there is a win-win situation here for the Isle of Man. Nothing is guaranteed, but it is an opportunity.

Can I come to Mr Downie and his support. He is absolutely right. I think we have got to recognise, whether we like it or not, gaming is here to stay. We have brought our expertise and made our place a place of excellence where the punters are number one, safeguarded. The locals are safeguarded, and I believe that we have done well over the years to do all of that, and to those that are affected, we have a very good helping situation to help people with problems.

As I said, from the Lord Bishop, I recognise the difficulty and I really do appreciate the manner in which he addresses it. I think it is right that he should address it in those ways and he should express the fears that he thinks it may bring. I think they are unfounded – and I say to him it is unfounded – based on the facts that we have regulated the gaming industry on the Isle of Man successfully – after a dreadful start, but over the decades we have successfully managed and introduced the online gaming business to the Isle of Man with success. So I

am confident that the modern-day history fits all the things that I am saying.

I, again, would like to thank my hon. seconder for his support and to Mr Butt. I can assure him – and I will be able to answer him later on – that who will actually adjudicate on what is acceptable and what is not: it will be the Gambling Commission of the Isle of Man. I can assure him that the pitfalls of money laundering are very well recognised in this legislation and in the conversations that have been going on, so that has already been specifically mentioned in this Bill and I will be able to mention that during the clauses stage.

I thank Mr Wild for his support and to Mr Crowe, I think a lot of this legislation now has got to be Human Rights compliant. In other words, people have the right to appeal, and if they are turned down, they must have the right to appeal and you will find all the legislation now has got to comply with that. People have the right to appeal, there must be an appeal position, all in place. I hope I have read his concerns rightly that that is what –

Mr Crowe: No, it is *repeal*, not the *appeal* – the repeal of this legislation, when it gets Royal Assent. Clause 3, I think it is.

Mr Lowey: Yes, indeed, I will answer that at the clauses stage.

Mr Crowe: Okay. Thank you. I will know.

Mr Lowey: With that, I, again, would like to thank Council. This is our role, this is what we do best and I appreciate the input of all Members here today.

I beg to move the First Reading.

The President: The motion is that the Bill be read a first time. Those in favour, please say aye; against, no. The ayes have it.

A division was called for and voting resulted as follows:

FOR	AGAINST
Mr Braidwood	The Lord Bishop
Mr Butt	
Mr Callister	
Mr Crowe	
Mr Downie	
Mr Lowey	
Mr Turner	
Mr Wild	

The President: With 8 votes cast in favour, 1 against, the motion therefore carries.