

# News Release

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## **SURVEY RESULTS SHOW GROWTH IN THE E-GAMING SECTOR ON THE ISLE OF MAN**

A survey of leading e-gaming companies in the Isle of Man estimates that the sector grew by almost 24% in 2010 – and is forecast to continue in 2011 with an estimated further 8% growth. The sector now provides over 645 diverse and skilled employment opportunities, making it one of the recent success stories within the Isle of Man's dynamic and growing economy.

The annual Manx eGaming Association (MeGA) survey was successfully completed again this year and alongside a survey of the E-business sector conducted by PKF (Isle of Man) LLC, on behalf of the Department of Economic Development, financial data was obtained from a number of E-Business and e-gaming companies on the Island and compared with similar data obtained in previous years.

### **Key results from the research included:**

- The number of staff employed by the respondent companies in the sector rose by eight per cent when comparing like for like companies which participated in both the 2008 and 2009 surveys.
- Participants were asked to record how much they spent in the Isle of Man (other than on salaries) to help determine the sector's contribution to the economy. The survey recorded a 24% year on year increase to over £153m excluding capital spending.
- The total 'tax take' rose by 36% to £15.2m. 'Tax-take' incorporates the total ITIP, National Insurance and gaming duties paid by respondent companies.

## Summary of findings:

Year	2006	2007	2008	2009	2010	2011 (forecast)
Total employment	230	360	460	543	645	693
Total spending in IOM *	£60m	£70m	£91m	£123m	£153m	£165m
Total taxes paid in IOM **	£3m	£4m	£5m	£11.2m	£15.2m	18.5m

\* excludes capital spending

\*\* includes payroll taxes, National Insurance and duty paid only

**John Webster, Chairman of MeGA, commented:** “These survey results show another robust performance by the e-gaming sector on the Isle of Man. Tax revenues are generated for the Treasury, job opportunities are being created and the industry’s demand for top-class software, telecommunications and other support services has significantly improved the quality of the Island’s business environment; the e-gaming sector has thus acted as a catalyst for companies with similar exacting requirements to consider locating on the Isle of Man.

Forecasts for 2011 confirm Mega’s view that the Island’s e-gaming sector has passed its initial growth phase and is now a mature industry. This implies that there will be increasing price competition, merger activity and focus on the bottom line that this inevitably brings. It is therefore essential that we recognise the need to keep ahead of the increasing number of jurisdictions competing for new business in this sector. Recent news of actions by regulators to protect their domestic markets is a further reminder that we cannot be complacent. The lost revenue, cost and distractions of dealing with changing regulatory environments should not be underestimated and they will add to the uncertainties surrounding future growth in the sector.”

**Allan Bell MHK, Minister for Economic Development, said:** “The Isle of Man has consciously established itself as an internationally recognised centre for responsible e-gaming businesses. These latest figures demonstrate that this strategy has been a success, helping the companies that base themselves here to fulfil their potential. The survey also highlights the benefits the e-gaming sector has brought to the Manx economy as whole, particularly given the difficult in economic climate over the last two years.”

**Phillip Dearden, Managing director of PKF, said:** “The results demonstrate the continued contribution the sector has to the Island’s economy, not just in terms of taxation paid to the Government but also in terms of the impact that spending in the Isle of Man economy has upon Gross national Income (GNI). The Island’s GNI is further enhanced by the number of high earners

engaged within the sector who benefit the economy as a result of their high disposable income. The data provided to us shows the importance of the e-gaming industry to the sector as a whole. The overall growth figures identified were largely a result of the expansion in that specific sector.”

**Alex Downie MLC, Member of the Department of Economic Development with delegated responsibility for e-business commented:** “These results are encouraging and confirm that the e-gaming sector continues to grow year on year as well as generating good quality jobs for school leavers.”

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**Notes to editors**

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