**TRIENNIAL CONSULTATION RESPONSE ON BEHALF OF SG GAMING – 8th April 2013.**

1. **Introduction**

We welcome the Government’s review into gaming machine stakes and prize limits and value the opportunity to respond directly to the consultation.

SG Gaming supply gaming machines to the bingo, arcade, casino and LBO land based sectors, in addition to providing games content to the growing interactive gaming sectors. Our UK business is a subsidiary of Scientific Games Corporation (Nasdaq quoted) which has a global presence in lottery and gaming products. We employ over 600 people in the UK, based out of London and Manchester.

We have been contributors to the ABB consultation response, therefore, this document will not contain the level of detail found within the ABB response, however, we fully endorse both the analysis and conclusions contained within the ABB submission. We will concentrate the majority of our comments here on the additional invitation to provide input into the discussion around B2 gaming machines, of which we supply over 20,000 to Ladbrokes, Coral, BetFred, Paddypower and a significant number of the independent LBOs.

1. **Responsible Gambling**

Both the ABB membership and the major machine suppliers to UK betting shops have an enviable track record of responsible gambling. Prior to the introduction of ‘The Gambling Act 2005’ the LBO industry and machine suppliers joined together to design a voluntary Code, which was subsequently endorsed by regulators, problem gambling charities and other stakeholders. Whilst some commentators will suggest that the LBO sector remained ‘unregulated’ during this period, our contention is that our sector was strongly ‘self-regulated’. This view is supported when one considers that the 2005 Act contains the overwhelming majority of the 2003 voluntary Code measures. The significant majority of the LBO sector consists of large corporate businesses (Ladbrokes, William Hill, Coral) or large corporate machine suppliers such as SG Gaming. Each corporate organisation have significant compliance and regulatory functions within its business. The expansion of the number of gaming machines into LBOs (16,000 in 1996 to 34,000 in 2013) has been undertaken in a responsible manner resulting in no material rates of problem gambling within the UK (reference BGPS of 2007 and 2010). In fact, the cooperation between industry and regulator during this time has been a huge success and has kept the criminal element away from meeting the clear demand for the B2 gaming machine product.

1. **B2 and B3 stakes and prizes**

The role of gaming machines in the betting shop environment has become crucial in recent years. The cost of running a betting shop has increased significantly whilst the total profitability of the betting shop has remained static. The ABB have provided the relevant analysis and evidence to support this assertion within their submission. Industry experts believe that the number of betting offices today would have been significantly reduced had the introduction of B2 gaming machines not occurred. Clearly, the B2 machines have proven to be very popular with betting shop customers and any changes to the stakes and prize levels surrounding those machines would place at risk the viability of thousands of betting shops, tens of thousands of jobs and a significant tax yield for the Treasury**. SG Gaming support the government’s recommendation to retain the current level of stakes and prize limits for B2 gaming machines.**

1. **Myths about the B2 machines**

We have been shocked and dismayed at the unsubstantiated and misleading campaigns which have been running within various media over the past several months. The ABB have provided detailed analysis about these myths, with support from SG Gaming, as part of their submission. These outrageous claims are completely without fact or foundation and have been sensationalised to the extent that the public are being seriously misled. SG Gaming have refused to participate in a public, media debate but we would like to take this opportunity to categorically refute the charges made against our industry and repeat our unquestionable credentials as a globally responsible business.

1. **Research into gaming machines**

We agree with the common assertion that there is an absence of clear empirical research into gaming machines and any association to problem gambling. We welcome the initiative by the Responsible Gambling Trust (RGT) to appoint Natcen to conduct a thorough research project in respect of all category B gaming machines. SG Gaming are fully supportive of the initiative and have agreed to supply key machine data to Natcen. SG Gaming will be represented on the steering group, working alongside Natcen, in order that they gain access to all relevant data to assist the project.

1. **Recommendations**

6.1 SG Gaming agrees with the government that there should be no changes in the stakes and prize levels of B2 gaming machines.

6.2 We do not believe that the solution offered in recent campaigns (a reduction of stakes to £2) would do anything to help problem gambling, on the contrary, we believe a reduction in stakes would place at risk jobs and tax revenue without any justification. Additionally, we fear that the criminal community would satisfy unmet demand.

6.3 We are a responsible business and will continue to work with the industry and regulators in order to ensure that responsible gambling policies are followed and enhanced.

6.4 We support the research project into category B machines and urge the government to equally support this initiative and analyse its findings prior to recommending any changes to the current stake and prize structures in respect of B2.

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