**Gambling Act 2005: Triennial Review of Gaming Machine Stake and Prize Limits. Consultation.**

The view on this consultation are of Shipley Estates Ltd and Shipley Brothers Ltd. Shipley Estates Ltd and Shipley Brothers Ltd operate a number of Adult Gaming Centres and Bingo Halls across the country.

**Question 1: How often should the government schedule these reviews?**

The current system of 3 years is appropriate as this gives enough time to implement and analyse changes to stakes and prizes as well as keeping up with inflationary uplifts.

**Question 2: The government would like to hear about any types of consumer protection measures that have been trialled internationally?**

No comment.

**Question 3: The government would like to hear from gambling businesses as to whether they would be prepared to in the future develop tracking technology in order to better utilise customer information for player protection purposes in exchange for potentially greater freedoms around stake and prize limits?**

Yes we would be prepared to develop tracking technology as long as it was not cost prohibitive to our operations.

**Question 4: Do you agree that the government is right to reject Package 1 (Do Nothing)?**

Yes we agree that the government is right to reject package 1 as the gross gaming yield in the sectors that we operate in (Adult Gaming Centres and Bingo) is rapidly declining with a 19% drop in machine revenues in the Bingo market from 2005 to 2010 and a vast drop in Adult Gaming Centre machine revenues from £377.63m in 2009-2010 to £313.28m in 2010-2011. Therefore it is crucial that the government acts and makes changes to the stake and prize of Category B3 and C machines in this review to aid the AGC and Bingo industries and to fulfil one of the main objectives of the review to ‘Encourage the growth and development of the gaming machine market in order to support economic recovery and create jobs’.

**Question 5: Do you agree that the government is right to reject Package 2?**

Yes we agree that the government is right to reject package 2 as it would not create sufficient conditions to encourage growth and development of the gaming machine market.

**Question 6: Do you agree with the government’s assessment of the proposals put forward by the industry (Package 3)?**

We agree with the government’s assessment that there are serious concerns across the AGC and Bingo industry about the performance of the category C machine and its importance to the gaming machine market overall.

However we do not agree with the governments views in point 3.44 on category B3 with regards to the need of monitoring the impact of the changes made in 2011 of increasing the number of B3 machines permitted to 20% of the total gaming machines available for use and increasing the stake from £1 to £2. These changes did not bring anything new to the Bingo and AGC market as this was available before the 2005 Gaming Act. Instead it brought the two sectors back in line with the availability of comparable stake and prize gaming machines under the previous regulatory regime before the 2005 Gaming Act and as mentioned in point 41 of the Evidence Based Impact Assessment their widespread availability and popularity did not have any significant impact on the prevalence of problem gambling pre 2007. Therefore we see no need for the government to wait and monitor the changes made to Category B3 in 2011 in relation to licensing objectives before considering any further changes.

The changes that have been made to the stake and prize of Category B3 have not put the Bingo and AGC markets in any more favourable state than before the 2005 Gaming Act which is why machine revenues are declining in both sectors and will continue to do so if Category B3 stakes and prizes stay the same.

With regards to Package 3 the government does not acknowledge the importance of category B3 to the economic viability to Bingo and especially the AGC market as income from gaming machines is the only income for Adult Gaming Centres. The Category B3 slots product which is instrumental to the economic viability of Bingo and AGC’s is far inferior to the slots products currently available on Category B2 and slot games available online with unlimited stake and prize. With no increase to stake or prize the Category B3 product will be stifled in comparison to the Category B2 gaming machine where it can provide a slots product that looks and feels like Category B3 on a Category B2 platform allowing the game to play differently to a B3 and allowing the customer to stake more than a £2 stake which is currently the maximum on Category B3.

We believe the government should acknowledge these concerns in line with its objectives of the first post Gambling Act review. To consider the relativities between different categories of gaming machine and ensure competition across the gambling industry remains balanced within the context of a regulated market and to encourage the growth and development of the gaming machine market in order to support economic recovery and create jobs.

**Questions 7 – 12 relating to the Casino industry.**

No comment.

**Question 13 – 14 relating to for evidence on category B2?**

No comment.

**Question 15: Do you agree with the government’s proposal to retain the current maximum stake and prize limits on category B3 gaming machines? If not, why not?**

We do not agree with the government’s proposal to retain the current maximum stake and prize limits on category B3 gaming machines. We do not agree with government’s proposal as we do not believe retaining the current maximum stake and prize limits on category B3 gaming machines is in line with the governments objectives for the first post-Gambling Act review for the Bingo and Adult Gaming Centre industries, these are to:

* Consider the relativities between different categories of gaming machine and ensure competition across the gambling industry remains balanced within the context of a regulated market;
* Encourage the growth and development of the gaming machine market in order to support economic recovery and support jobs;
* To do so only to the extent consistent with player protection and gambling-related harm minimisation.

As stated earlier in question 6 stake limits and premises entitlements introduced in 2011 brought the Bingo and Adult Gaming Centre industries back in line with the £2 stake limit and entitlements pre 2005 Gaming Act. As a result Category B3 has remained stagnant and little progression has been made to a product that is so economically vital to the viability of Adult Gaming Centres and Bingo Halls.

Meanwhile competition across other gaming sectors with Category B2 gaming machines in Betting Shops has been allowed to flourish with the same £500 prize limit but a maximum stake of £100. This has enabled growth and development of the category B2 gaming machine market not only through its casino games such as roulette but the ability to produce new B2 slots games with a higher stake than a category B3 gaming machine. B2 slot games are games with reels that look and feel the same as category B3 games, however on category B2 gaming machines these games are available at a much higher stake than the £2 maximum limit for Category B3 gaming machines.

 For example a B2 gaming machine can have the same slot game that a B3 gaming machine would have at a maximum £2 stake, however a B2 gaming machine can offer the same game at a higher stake of up to £100. This imbalance of stake on slot games is currently on offer across a wide range of national betting shops where a customer can get 4 spins on a slot game for £20 (£5 stake), increasing the win-ability of features and the £500 jackpot. This widening of stake allows manufacturers of B2 slot games to create new features and more scope to attract new and existing players. Whilst the limit of the maximum £2 stake of a category B3 gaming machine is stifling the growth and development of the AGC and Bingo markets as it reduces the appeal of Category B3 compared to the slot games available on category B2 gaming machines and gravely reduces the capability of Adult Gaming Centres especially to compete on slot based products with Betting shops.

Slot based gaming machines are the only products and the only source of income for Adult Gaming Centres. Thus for a Category B3 machine, the main product and source of income in an AGC to not be able to compete with a B2 slots based product gives the Betting industry a significant advantage over the AGC and Bingo industries contrary to point 187 in the Evidence Base of the Impact Assessment and creates a significant imbalance between different categories of gaming machine on the high street.

Furthermore by not making any changes to category B3 stake or prize limits it keeps AGC and Bingo industries at a disadvantage to slot games available online that have unlimited stake and unlimited prize. Category B3 gaming machines in AGC and Bingo halls are operated in highly regulated premises which operate strict over 18 and social responsibility policies that are enforced by trained employees, whose jobs contribute to the local economy. These player protection policies are more robust than online gaming policies yet by maintaining stake and prize limits for category B3 it puts AGC and Bingo operators behind online operators that offer unlimited stake and prize slot games creating a further imbalance of competition.

Moreover if the government does not change its proposal to retain the current maximum stake and prize for category B3 not only will the significant decline in gross gaming yield for Adult Gaming Centre and Bingo industries continue as stated earlier in question 4. More AGC and Bingo Hall closures will take place creating a loss of jobs for employees in these industries. This is illustrated in the Evidence Base of the Impact Assessment in Table 5 and Table 8, which shows the average number of employees in AGC’s has declined by 1834 employees from March 2010 – March 2011, and has declined by 491 employees in the Bingo market for the same time period. These tables show a huge loss of 2325 employees across the AGC and Bingo sectors in the space of a year highlighting the pressing need for a change in stake and prize for gaming machine categories B3 and C which are vitally important if more jobs in these two industries are not to be lost.

**Question 16: Are there any other options that should be considered?**

Other options for Category B3 gaming machines must be considered to ensure growth and development of the AGC and Bingo industries in order to compete on a level footing in slot based gaming with Category B2 slot games in Betting shops as well as online slot games with unlimited stakes and prizes.

Currently the maximum stake limit for slot games on category B2 gaming machines is £100. Therefore in order to remain competitive for slots based gaming the only product available to Adult Gaming Centres we are suggesting that the maximum stake for category B3 gaming machines is to increase to £100.

This would ensure competition between Betting shops and Adult Gaming Centres remains balanced within the context of a regulated market, as they have the same levels of regulation with regards to Over 18 and Social Responsibility policies. It would redress the current imbalance of slot based gaming where Betting shops are able to offer category B3 based games on a category B2 platform enabling a higher stake which is not on offer in AGC’s or Bingo halls.

It would encourage the growth and development of the gaming machine market in order to support economic recovery and support jobs in AGC and Bingo industries, both of which are currently in decline with regards to gaming machine income. It will also stimulate a massive boost for manufacturers in these industries as AGC and Bingo operators tend to buy their gaming machines creating more jobs in manufacturing and suppliers.

It would help these industries whilst keeping gambling related harm to a minimum as the stake will match what is currently on offer in Betting shops, where there is no clear evidence that the stake of category B2 gaming machines have had any significant effect on the level of problem gambling in Britain. The AGC and Bingo industries are as highly regulated as the Betting industry therefore there is no further risk allowing the increase in stake for category B3 in these premises than there should be for a Betting shop.

If category B3 stakes are not increased it will greatly prohibit the development category B3 gaming machines as they will not be able to offer the same features as slot games on Category B2 and online slot games. As a result more players in AGC’s and Bingo Halls that play category B3 gaming machines will go online to play more exciting slot products due to the prohibitive £2 maximum stake. This migration in players will have a negative effect not only to the AGC and Bingo industries but also to the government as taxation from gaming machine income will reduce and will not be replaced by taxation from the online sector. As a result this will not only be detrimental to jobs and growth in the AGC and Bingo industries but will also reduce the income on gaming machines for the government.

 **Questions 17 – 22: Proposals for B3A and B4 gaming machines?**

No Comment.

**Question 23: Do you agree with the government’s proposal to increase the maximum prize to £100 for Category C machines?**

Yes we agree.

**Question 24: Do you consider that this increase will provide sufficient benefit to industry sectors, whilst also remaining consistent with the licensing objectives of the Gambling Act?**

Yes we believe this will bring a benefit to the AGC and Bingo industry creating development of new machines which will also help the growth of the manufacturing sector.

**Questions 25 – 35:**

No comment.