



The Rank Group Plc response to government consultation on a triennial review of gambling machine stake and prize limits

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Introduction

The Rank Group Plc ('Rank' or the 'Group') is pleased to respond to the *'Triennial Review – Proposals for Change'* paper. Rank is one of Great Britain's largest gaming entertainment companies, operating 36 licensed casinos¹ and 97 licensed bingo clubs under the Grosvenor Casinos and Mecca brands. In addition, the Group operates gaming websites including meccabingo.com and grosvenorcasinos.com, which are licensed by the Alderney Gambling Control Commission. During 2012, Rank's 8,000 team members served more than 2.4 million customers in Great Britain alone. The Group also operates gaming businesses in Spain and Belgium.

In general, we are supportive of the proposals set out by the government for updating stake and prize limits on gaming machines. However, we believe that the failure to address restrictions on machines in casinos (in spite of the clear recommendations of the Culture, Media and Sport Committee) is a major gap in government policy. We draw attention to the response from the National Casino Industry Forum (NCiF) on this point.

As a member of both NCiF and the Bingo Association, we broadly support the responses of both of these organisations to the consultation.

Ian Burke
Chairman and chief executive
The Rank Group Plc

¹ On 6th March 2013, Rank announced that it had agreed to acquire a further 19 licensed casinos from the Gala-Coral Group (in addition to its existing 36 casinos).

Process

Question 1: How often should the government schedule these reviews? Please explain the reasons for any timeframes put forward for consideration.

We consider three years to be an appropriate term for these reviews being a) sufficiently long to allow all parties to understand the effects of changes; and b) sufficiently frequent as to allow the industry to remain in step with external factors (such as inflation, advances in technology or shifts in the competitive landscape).

Ideally, the whole process (from commencement of proposals/consultation to actual implementation of amendments) should take no longer than six months, thus allowing the industry to focus its energies on operations.

Question 2:

2.1 What consumer protection measures have been trialled internationally?

Globally, a range of measures to protect customers of gaming venues have been tested. These cover the following areas:

- **Education** – customer communications to educate customers about their chances of winning and encouraging responsible play. Some casinos in Canada and France deploy self-screening terminals to allow customers to reflect on their behaviour and to receive advice. In South Korea, mobile apps are used to educate customers and encourage responsible play.
- **Controlled entry** – restrictions based upon age (as in British casinos), nationality (India, Singapore), visit frequency (Macau²) and other personal factors (e.g. possession of a criminal record).
- **Exclusion** – some countries (including Britain) operate programmes to exclude specific individuals from entering a venue. In Britain this is based upon customer choice (self-exclusion) but in other parts of the world, friends and family can apply to have relatives excluded.
- **Pre-determination** – in certain jurisdictions (including most US states where casino gaming is legal), gambling is permitted only in destination venues. The aim of this policy is to guard against impulsive behaviour³.
- **Pre-commitment** – trials of machine-based systems that offer customers the choice of setting limits on their play have been tested in some parts of Canada and Australia. In Australia, voluntary pre-commitment is currently being phased in over a period of eight years.
- **Legal punishment** – in certain jurisdictions (e.g. Indonesia), governments use the penal system to deter problem gambling by punishing those who gamble or those who develop gambling-related problems.

² The visit scheme in Macau is based upon visits to the Special Administrative Region itself rather than the casinos.

³ We note research on this subject by Professor Bill Eadington (University of Nevada Reno) and Professor Peter Collins (University of Salford), which ascribes the greatest social benefits and lowest social costs to destination gaming venues.

- **Intervention and counselling** – employee training to identify the signs of problem gambling and to intervene is widespread. Some casinos in Canada provide counselling within the venue.

For a comprehensive review of problem gambling interventions around the world, we recommend *'GlobalScan: An Analysis of Gambling Problems Around the World'*, published by the University of Nevada Las Vegas.

2.2 Which have been found to be most effective?

There is an absence of consensus concerning the effectiveness of different measures. Measures adopted tend to reflect the specific objectives and cultural mores of the jurisdiction as well as the range of gambling products made available to consumers.

In our view, education is highly important to promote awareness of safe play and thus to prevent problem gambling. Employee education is also critical but we would question the wisdom of some of the more punitive measures adopted in certain countries.

For problem gamblers, the provision of easily accessible counselling and treatment is important. Also necessary, we believe is the de-stigmatisation of problem gambling so that those in need of help are able to receive it without fear or shame. We have recently invested £30,000 in a re-branding of our responsible gambling communications with just this aim in mind.

2.3 Is there any consensus in international research as to the most effective forms of machine-based interventions?

In preparing our response, we reviewed the following reports:

- 'PlaySmart' pre-commitment scheme trial, South Australia, August 2010
- 'My-Play' pre-commitment system, Nova Scotia, October 2010
- 'Change Tracker' spend tracking trial, South Australia, July 2012

Based upon our review of international research, we have formed the view that machine-based interventions may be effective in mitigating problem gambling so long as they are introduced on a voluntary basis (i.e. the customer can elect to use a range of tools to set budgets and limit time spent on machines). If such measures are voluntary, they may help 'at risk' customers to achieve greater control; but seem unlikely to help pathological gamblers who are more likely to ignore or over-ride the measure.

However, mandatory or overly intrusive use of such measures may cause a loss of enjoyment for regular customers while not providing the support required for problem gamblers (indeed, we are aware of examples where mandatory interventions have served to exacerbate problems).

We note too the impracticality of requiring all machine operators in the country (from casinos, bingo clubs, betting shops and arcades to pubs and social clubs) and all online and mobile gaming operators to adopt mandatory pre-commitment. At present, the cost of requiring that all machines carry intervention devices is likely to be prohibitively high for a scheme without clear and proven benefits.

Question 3: The government would like to hear from gambling businesses, including operators, manufacturers and suppliers as to whether they would be prepared to in 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?

In principle we embrace this approach and in 2012 we commenced a project with the University of Salford, using anonymous data from our player tracking systems to enhance our understanding of responsible gambling. In addition, we have agreed to work on a similar project with the Responsible Gambling Trust (RGT), making player tracking data available for their research.

We are open to the idea that machine-based interventions might be studied (using a small-scale test installation) as part of our Salford project or as part of the RGT project.

Our investment of resources in understanding problem gambling is motivated by a desire to understand and protect our customers better. However, we believe that government recognition of these efforts via the granting of appropriate commercial freedoms can only serve to encourage greater investment in this important research area.

Package 1:

Question 4: Do you agree that the government is right to reject Package 1? If not, why not?

Yes – we agree.

Package 2:

Question 5: Do you agree that the government is right to reject Package 2? If not, why not?

Yes – we agree.

Package 3:

Question 6: Do you agree with the government’s assessment of the proposals put forward by the industry (Package 3)? If not, please provide evidence to support your view.

Yes – we agree.

Package 4: Category B1

Question 7: Do you agree with the government’s proposal for adjusting the maximum stake limit to £5 on category B1 gaming machines? If not, why not?

Yes – we agree.

Question 8: Do you consider that this increase will provide sufficient benefit to the casino and manufacturing and supply sectors, whilst also remaining consistent with the licensing objectives of the Gambling Act?

While this measure is helpful, it does not address the more fundamental challenge that the casino sector has of access to the machines that customers wish to play. In Great Britain today, there are an estimated 250,000 gaming machines of which fewer than 3,000 are located within casinos. The restriction of 20 machines per casino is a significant commercial impediment as it does not allow venues to meet customer demand for machine gaming.

Licensed casinos is the only sector of the British gambling industry where machine supply is restricted. This is because there are caps both on the number of casinos permitted and the number of machines per casino. By contrast, other sectors may now deploy as many machines as they wish: betting shops (four machines per shop limit; no national restriction on shops); bingo clubs and arcades (variable restrictions on B3 machines and no limit on C machines; no national restriction on venues). In addition, there are no controls whatsoever around the distribution of slots-style games via the internet and mobile devices.

Given the very high levels of control and supervision found in Britain's casinos, the machines restriction appears odd. Certainly, we are not aware of any social policy rationale that might underpin the restriction.

Indeed the restriction seems in some senses to cut against what might be perceived as sensible regulation by deterring casino operators from providing lower classification machines (e.g. machines in the B3 and C categories) in addition to the B1 machine. This impediment to consumer choice seems unnecessary and at odds with government concerns over stake and prizes (by forcing casino customers to play higher stake and higher prize machines).

We would urge the government to conduct a review of machine numbers in casinos and once established do not see why this could not be achieved alongside a regular review of stakes and prizes.

This is not simply the self-interested view of the casino industry. We note that the Culture, Media and Sport select committee recommended a review of this very aspect of casino regulation in their recent report 'A Bet Worth Taking'.

We do believe that the proposed increase in maximum stake is compatible with the licensing objectives of the Gambling Act. However, in line with the government's suggestions, we propose that its introduction be accompanied by research to monitor whether the increase has any effect on levels of problem gambling.

Question 9: Do you agree with the government's proposal for adjusting the maximum prize limit on B1 gaming machines?

Yes – we agree.

Question 10: If so, which limit would provide the most practical benefit to casino and machine manufacturers without negatively impacting on the licensing objectives of the Gambling Act?

We believe that the £10,000 maximum prize limit would provide the most practical benefit and would not negatively impact on the objectives of the Gambling Act. On this point, we note research⁴ commissioned by the Gambling Commission (at the request of the government) which suggests that jackpot size is not a significant determinant of problem gambling behaviour.

Question 11: Are there any other options that should be considered?

While we support the government's recommendations for a maximum stake and maximum prize, we feel it important to highlight the anomaly that slots-style games may be offered on the internet or on mobile devices without any such restrictions. At some point, this disparity may present issues of market distortion and/or customer protection; and we urge the government to keep it under review.

We also support NCiF's proposals for testing higher stake and prize machines (where customer tracking is mandatory) and for progressive jackpots.

Question 12: The government would like to hear from the casino industry and other interested parties about what types of consumer protection measures have been trialled internationally, which have been found to be most effective and whether there is any consensus in international research as to the most effective forms of machine-based interventions.

See answer to question 2.

Package 4: Category B2

Questions 13 & 14:

We operate only a very small number of B2 machines and therefore do not consider our experience in this category to be insightful.

Package 4: Category B3

Question 15

Do you agree with the government's proposal to retain the current maximum stake and prize limits on category B3 machines? If not, why not?

We agree with this proposal subject to a commitment to review stakes and prizes on this category of machine in the future as part of a regularised review process.

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

Not at this stage.

⁴ 'A Qualitative Study of Machine Gamblers', Gfk, 2009

Package 4: Category B3A

Question 17: Do you agree with the government’s proposal for adjusting the maximum stake limit to £2 on category B3A machines. If not, why not?

Yes – we agree.

Question 18: Do you consider that the increase will provide sufficient benefit to members’ and commercial clubs, whilst also remaining consistent with the licensing objectives of the Gambling Act?

As we do not operate B3A machines, we do not consider that we have useful insights in this area.

Question 19: Are there any other options that should be considered?

As we do not operate B3A machines, we do not consider that we have useful insights in this area.

Package 4: Category B4

Question 20: Do you agree with the government’s proposal for adjusting the maximum stake to £2 and maximum prize to £400 for category B4 machines? If not, why not?

Yes – we agree.

Question 21: Do you consider that the increase will provide sufficient benefit to members’ and commercial clubs and other relevant sectors, whilst also remaining consistent with the licensing objectives of the Gambling Act?

Yes.

Question 22: Are there any other options that should be considered?

Not at this stage.

Package 4: Category C

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

Yes.

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

Yes. On this point, we note research⁵ commissioned by the Gambling Commission (at the request of the government) which suggests that jackpot size is not a significant determinant of problem gambling behaviour.

⁵ ‘A Qualitative Study of Machine Gamblers’, Gfk, 2009

Package 4: Category D

Question 25: Do you agree with the government's proposal for adjusting the maximum stake to £2 and maximum prize to £60 for category D crane grab machines? If not, why not?

Yes.

Question 26: Do you agree with the government's proposal for adjusting the maximum stake to 20p and maximum prize to £6 for category D complex (reel based) machines? If not, why not?

Yes.

Question 27: Do you agree with the government's proposal to increase the maximum stake to 20p and the maximum prize to £20 (of which no more than £10 may be prize money) for category D coin pusher machines? If not, why not?

Yes.

Question 28: Do you consider that the increases will provide benefit to the arcade sector, whilst also remaining consistent with the licensing objectives of the Gambling Act?

Given that we operate relatively few numbers of category D machines, we do not feel that we have significant insights to offer on this area.

Question 29: Are there any other options that should be considered?

No.

Costs and benefits:

Question 30: Do you agree with the methodology used in the impact assessment to assess the costs and benefits of the proposed measures? If not, why not?

We agree in principle but wish to understand what this looks like in detail.

Question 31: Do you agree with the government's approach to monitoring and evaluating the impact of changes to inform future reviews? If not, why not?

In broad terms, we do. However, it is worth noting that problem gambling is an intensely complex and poorly understood area. In order for monitoring to yield positive societal and economic benefits, it is important that the approach is suitably sophisticated⁶. Bald statistics alone rarely make a suitable base for policy decisions.

⁶ The 2012 study, 'Map the Gap' (Rand Corporation), which was commissioned by the Responsible Gambling Fund, essentially makes this point

Question 32: What other evidence would stakeholders be able to provide to help monitoring and evaluation?

As noted in our answer to Question 3, we have already committed to a number of research projects which make use of our player tracking capabilities to better understand the effect of machine variables (e.g. stake, prize) on customer behaviour.

Prize gaming:

Question 33: Are there other sectors in addition to bingo that currently provide gaming under prize gaming rules?

Yes – bingo is provided under prize gaming regulations at numerous premises that are licensed to operate as Family Entertainment Centres or Adult Gaming Centres.

Question 34: Were the Government to change the stake and prize limits (including aggregate limits), would this encourage more operators to offer prize gaming?

Whilst changing the stake and prize limits (including aggregate limits) may not encourage more operators to offer prize gaming, it will enable operators to offer more attractive types of small stake/prizes games to customers, alongside the standard game of bingo.

Question 35: What type of products would the industry look to offer as a result of the proposals?

We already offer small value poker games in a selection of our licensed bingo clubs, using prize gaming regulations. However, the current stake/prize limits severely restrict the attractiveness of the offer. While there is clearly demand for this offer in a bingo premises environment as either an add-on to the bingo visit or, for some people, as an alternative to bingo whilst their partner plays bingo, the current low level stakes and prizes (including aggregates) make it operationally challenging to provide customers with a game format that is both easily understandable and sufficiently attractive to players.

Another major bingo club operator currently offers other games under prize gaming regulations (e.g. 'spin the wheel' and blackjack). Again, the prize and stake limits can restrict the flexibility and attractiveness of these games.

Please note that the licensed bingo clubs sector is not seeking to compete with casinos that offer fixed-odds games with unlimited stakes and prizes. It is seeking to offer similar types of games (or variations thereof) to customers who would potentially enjoy such types of games within a social environment and within reasonable/realistic financial limits.

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