

NMcL/ERR
8 April 2013

Ms Caity Marsh
Gambling (Triennial Review)
Department for Culture, Media and Sport
2-4 Cockspur Street
London
SW1Y 5DH

Dear Ms Marsh

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

Astra Gaming Group's response to Proposals for Changes to Maximum Stake and Prize Limits for Category B, C and D Gaming Machines

Please find below the response from the Astra Gaming Group to the government's consultation on Proposals for Changes to Maximum Stake and Prize Limits for Category B, C and D Gaming Machines.

The Astra Gaming Group is the UK arm of the Novomatic Group, and comprises two of the UK's largest gaming machine manufacturers (Bell-Fruit and Astra) together with one of the UK's largest gaming machine operators (Gamestec). The Novomatic Group is one of the biggest producers and operators of gaming technologies and one of the largest integrated gaming companies in the world, employing more than 22,000 staff in 43 countries. Founded by entrepreneur Prof. Johann F. Graf, the Novomatic Group exports high-tech electronic gaming equipment to more than 80 countries, operates more than 215,000 gaming machines in its own 1,400+ locations and rental concepts, includes a sports betting operator with more than 200 outlets and an online gaming specialist.

The Astra Gaming Group largely agrees with the government's proposals outlined in package 4, but wishes to particularly highlight the unfair competition that currently exists between adult-gaming centres (AGCs) and licensed betting offices (LBOs), both providing adult-only gambling on the high street, and that this imbalance needs to be addressed once the RGT research into Category B gaming machines is complete.

Yours sincerely



Nigel McLaughlin
Director of Compliance
Bell-Fruit Games

Astra Gaming Group's response to Proposals for Changes to Maximum Stake and Prize Limits for Category B, C and D Gaming Machines

Question	Astra Gaming Group response
Process:	
Question 1: How often should government schedule these reviews? Please explain the reasons for any timeframes put forward for consideration.	Triennial: a well-understood model that provides a sensible balance between the periodic need for change and the time required for the legislative process – also allows the impact of the previous review to inform any proposals, and the effect of a 3-year compounded RPI would not be inconsequential.
Question 2: The government would like to hear about any types of consumer protection measures that 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. The government would also like to hear views about any potential issues around data protection and how these might be addressed.	<p>Player education is believed to be helpful, but there is little hard evidence to support that view – the principles of gaming are complex and can be difficult to convey effectively, although the Queensland and Saskatchewan governments have developed web-pages that deliver far more information than can be provided by a gaming machine alone.</p> <p>Intervention triggered by player behaviour requires the definition of well-founded trigger criteria, and that significant concerns regarding consumer privacy are addressed.</p>
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 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.	<p>Presents significant technological and legal challenges, but we should certainly be open to considering proposals for the development of tracking technology in order both for player protection (such as age controls planned in Italy) and to assist gaming designers to develop new products that will satisfy future demands around stakes & prizes and content.</p> <p>From a technology viewpoint, there is the opportunity to network machines across a wide-area and to include card functionality, whereby in order to utilise a machine a card (magnetic or RFID) would need to be inserted, a player would need to have applied for the card and proven themselves to be of the required age before said card would be issued. This would be an example of a value-adding technological enhancement with which, in addition to other functions and features such as loyalty, additional player protection could be achieved.</p> <p>The suggestion above has the potential to offer significantly better player protection in the UK pub sector and as a result, it may be possible to increase the stakes and prizes of pub gaming machines to provide them with the opportunity of potentially being more competitive against online gaming where there is no restriction on stakes, prizes or type of game offered via mobile devices and tablets in pubs, restaurants etc. on free Wi-Fi networks, as well as the strong stake and prize offering from the high street LBO's.</p>
Package 1:	

Astra Gaming Group's response to Proposals for Changes to Maximum Stake and Prize Limits for Category B, C and D Gaming Machines

Question	Astra Gaming Group response
Question 4: Do you agree that the government is right to reject Package 1? If not, why not?	Yes.
Package 2:	
Question 5: Do you agree that the government is right to reject Package 2? If not, why not?	Yes.
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.	<p>In the main, yes.</p> <p>The Astra Gaming Group is disappointed to note that nothing is to be done to address the unfair competition that currently exists between Adult Gaming Centres and Licensed Betting Offices arising from the valuable Category B2 machines only being allowed in the latter, even though both provide adult-only gambling facilities on the high-street.</p>
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.
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?	Yes.
Question 9: Do you agree with the government's proposal for adjusting the maximum prize limit on B1 gaming machines?	Yes.

Astra Gaming Group's response to Proposals for Changes to Maximum Stake and Prize Limits for Category B, C and D Gaming Machines

Question	Astra Gaming Group response
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?	£10,000: retains the current stake/prize ratio and is not significant in comparison with other in-venue gambling opportunities and so will not materially affect the retail balance.
Question 11: Are there any other options that should be considered?	No comment.
Question 12: The government would also 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.	No comment.
Package 4: Category B2	
<p>Question 13: The government is calling for evidence on the following points:</p> <p>a) Does the overall stake and prize limit for B2 machines, in particular the very wide range of staking behaviour that a £100 stake allows, give rise to or encourage a particular risk of harm to people who cannot manage their gambling behaviour effectively?</p> <p>b) If so, in what way?</p> <p>c) Who stakes where, what are the proportions, what is the average stake?</p> <p>d) What characteristics or behaviours might distinguish between high spending players and those who are really at risk?</p> <p>e) If there is evidence to support a reduction in the stake and/or prize limits for B2 machines, what would an</p>	<p>The current RGT research into Category B gaming machines will help inform, but it seems unlikely that this can provide definitive evidence in the absence of effective player identification.</p> <p>a) Our view is that a £100 stake has the obvious potential to encourage higher stake gambling.</p> <p>b) B2 machines clearly offering easy access to high stake/high speed gambling (for Roulette and Slots Machines in the B2 £100/£500 machine category). With a 20 second spin of the Roulette wheel, a significant number of games are able to be played in an hour; this constitutes high stake/high speed gambling.</p> <p>c) Our understanding is that the average stake for a B2 gaming machine is circa £15 per spin or play of the Roulette wheel, which constitutes 75% of the play of all gaming content available on B2 gaming</p>

Astra Gaming Group's response to Proposals for Changes to Maximum Stake and Prize Limits for Category B, C and D Gaming Machines

Question	Astra Gaming Group response
<p>appropriate level to achieve the most proportionate balance between risk of harm and responsible enjoyment of this form of gambling?</p> <p>f) What impact would this have in terms of risks to problem gambling?</p> <p>g) What impact (positive and negative) would there be in terms of high street betting shops?</p>	<p>machines.</p> <p>d) No comment.</p> <p>e) B2 gaming machines should enjoy the same stake as B1 or even B3 gaming machines (current stakes). It does not make any sense that a B2 gaming machine is allowed 50 times the stake of a B1 Casino Slot machine (presently the maximum B1 stake is £2 in a highly regulated casino environment).</p> <p>f) Lower stake B2 Gaming machines would certainly reduce the opportunity in the terrestrial gaming sector to stake very large amounts on gambling machines.</p> <p>g) No comment.</p>
<p>Question 14: a) Are there other harm mitigation measures that might offer a better targeted and more effective response to evidence of harm than reductions in stake and/or prize for B2 machines?</p> <p>b) If so, what is the evidence for this and how would it be implemented?</p> <p>c) Are there any other options that should be considered?</p>	<p>Anecdotal 'evidence' suggests speed-of-play may contribute to potentially harmful behaviour (along with stake and prize values) so game-time could provide an alternative to stake and prize as a vehicle for reducing any perceived risk of harm. For example, a simple extrapolation of the Cat.B3 £2 stake / 2.5s game-time would suggest 12.5s for a £10 stake game, and just over 2 minutes for a £100 stake game.</p>
Package 4: Category B3	
<p>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?</p>	<p>No – category B3 gaming machines are competing directly against B2 gaming machines on the high-street, the playing field from a “stake and prize” viewpoint is not level - we look forward to the outcome of the RGT research into Category B machines will drive changes that will address this imbalance.</p>
<p>Question 16: Are there any other options that should be</p>	<p>Parity between Adult Gaming Centres and Licensed Betting Offices in respect of the gambling opportunities</p>

Astra Gaming Group's response to Proposals for Changes to Maximum Stake and Prize Limits for Category B, C and D Gaming Machines

Question	Astra Gaming Group response
considered?	that they offer must be considered.
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 gaming machines? If not, why not?	Yes.
Question 18: Do you consider that this increase will provide sufficient benefit to members' and commercial clubs, whilst also remaining consistent with the licensing objectives of the Gambling Act?	Yes.
Question 19: Are there any other options that should be considered?	No comment.
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.
Question 21: Do you consider that this 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?	No comment.

Astra Gaming Group's response to Proposals for Changes to Maximum Stake and Prize Limits for Category B, C and D Gaming Machines

Question	Astra Gaming Group response
Package 4: Category C	
Question 23: Do you agree with the government's proposal to increase the maximum prize to £100 for category C machines?	Yes.
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?	In part - an increase in stake could provide additional opportunities to develop engaging products where (for example) Casino-style games could offer increased RTP for those players who elect to play at a higher stake.
Package 4: Category D	
Question 25: Do you agree with the government's proposal to increase the maximum stake to £2 and the maximum prize to £60 for category D crane grab machines? If not, why not?	No – we believe a prize increase to £75 would allow cranes to offer significantly more attractive prizes.
Question 26: Do you agree with the government's proposal to increase the maximum stake to 20p and the maximum prize to £6 for category D complex (reel based) machines? If not, why not?	No - 20p/£10 would allow for a better product; doubling of the stake should allow for a material increase in the prize offered to the player.
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 a money prize) for category D coin pusher machines? If not, why not?	Yes.
Question 28: Do you consider that the increases will provide sufficient benefit to the arcade sector, whilst also remaining consistent with the licensing objectives of the Gambling Act?	Yes - although we note that no increase has been proposed for Category D combined money & non-money prize (other than coin pusher or penny falls) – we propose an increase from the current 10p / £8 (of which no more than £5 may be a money prize) to 20p / £16 (of which no more than £10 may be a money prize).

Astra Gaming Group's response to Proposals for Changes to Maximum Stake and Prize Limits for Category B, C and D Gaming Machines

Question	Astra Gaming Group response
Question 29: Are there any other options that should be considered?	No comment.
<i>Costs and benefits:</i>	
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? (Please provide evidence to support your answer)	Yes.
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? (Please provide evidence to support your answer)	Yes.
Question 32: What other evidence would stakeholders be able to provide to help monitoring and evaluation?	No comment.
<i>Prize gaming:</i>	
Question 33: Are there other sectors in addition to bingo that currently provide gaming under prize gaming rules?	No comment.
Question 34: Were the Government to change the stake and prize limits (including aggregate limits), would this encourage more operators to offer prize gaming?	No comment.
Question 35: What type of products would the industry look to offer as a result of the proposals?	No comment.