

DCMS Consultation on proposals for changes to Gaming Machines and Social Responsibility Measures

Regal Amusement Machine Sales Limited

Consultation Response

Q6. Do you agree with the government's proposals to maintain the status quo on category C?

Regal Amusement Machine Sales Limited (Regal) does not agree with the Government's proposals to maintain the status quo of Category C gaming machines.

The Gaming machine industry and, particularly, gaming machines within pubs have thrived on the triennial reviews, and increases in stakes and prizes. These regular reviews have allowed the industry to maintain its position within our society and economy, in terms of player leisure activity, employment, investments and payment of taxation. The current level of stakes and prizes does not reflect the economic changes that have occurred in recent years. An increase in stakes and prizes would drive innovation, investment and employment within the industry. The current level of stakes and prizes in Category C gaming machines is not attractive to players, which drives down the performance of the machine, yet the costs for the industry increase as the costs of fuel, transportation, wages increase. The emergence of online gaming, through use of smartphones has had a huge impact on the pub gaming machines industry. This is an industry that is well known for the low margin of profit, and the current level of stakes and prizes is forcing businesses out of the industry which leads to less competition and, therefore, less attractive games for the players.

Furthermore, one of the significant changes in recent years has been the move to a cashless society, and towards contactless payments.

We challenge the evidence provided by the Responsible Gambling Strategy Board ("RGSB") regarding Category C machines in their document "Advice in relation to the DCMS review of gaming machines and social responsibility measures, 31st January 2017". There is no real evidence to show that Category C gaming machines in pubs have led to any increase in problem gambling. Their conclusions regarding Category C machines are not supported by an understanding of the industry, and cannot be drawn from the evidence suggested.

The conclusions are based on Expected Average Theoretical Cost per hour, ("EATC/h") but no definition is provided of EATC/h to permit an informed understanding and review of the statements made by the RGSB. Indeed, the RGSB themselves state within their advice at paragraph 96 that EATC/h is theoretical, and at paragraph 141 refers to reservations about the suitability of EATC/h as a method for making comparisons. Yet, EATC/h is the only evidence put forward by the RGSB, leading to the conclusions made regarding Category C gaming machines.

No hard evidence is provided supporting the RGSB's conclusions regarding Category C machines. The RGSB displays a lack of understanding regarding the gaming machine industry within pubs. Operators and retailers, members of the Association of Licensed Multiple Retailers (ALMR) and the British Beer and Pub Association (BBPA), along with members of the British Amusement and Catering Trade Association ("BACTA") train employees on the Licence Conditions and Codes of Practice, on the supervision of gaming machines, the positioning of those gaming machines within their premises, on problem gambling, age verification and customer interaction. Regal Amusement Machine Sales Limited, along with a number of significant pub retailers are working with BACTA to develop a

standard form of training for the industry, which will be aimed specifically at Category C gaming machines within pubs.

Contrary to statements within the consultation, there are high levels of supervision of gaming machines within pubs. The gaming machines are often positioned within close proximity of the bar, which allows them to be permanently supervised by those members of staff working behind the bar. This allows much greater supervision than in many other gambling premises. Pubs will always have members of staff working the floor, whose responsibilities will include supervision of the gaming machines. CCTV is commonly positioned within alcohol licensed premises. The nature of the player within the pub environment is different to other gambling environments within the industry, and the consultation and the advice from the RGSB fails to take into account the type of player and the levels of play.

BACTA, working with Price Waterhouse Coopers(PwC) provided evidence that an uplift in stake and prizes would generate an increase in Gross Gambling Yield and machine sales, additional tax revenue and would provide development of new machines and innovation with the industry, improving the economic viability of gaming machines within pubs.

Q10. Do you agree with the government's proposals to bar contactless payments as a direct form of payment to gaming machines?

We do not agree with the Government's proposals to bar contactless payments as a direct form of payment to gaming machines. The Government is seeking views on player protection measures and gaming machines, and the use of contactless payment could provide the very infrastructure to develop the improved player protections which the Government requires. Furthermore, the prohibition on contactless payment is having a significant detrimental effect on the gaming machine industry, as our society moves to one predominantly of cashless payment.

Player Protection

Contactless payment offers significant player protection benefits over current anonymous cash payment as contactless payment could form the basis for tracked play on gaming machines. Contactless payment provides an opportunity for the identification of players, which could then be used for a number of self-help tools, limits on stakes, and limits on duration of play, and thus could provide social responsibility provisions which do not currently exist on gaming machines. Players themselves would have the ability to review their spend on their bank statements.

Contactless payment and the identification of the player could be used to implement voluntary time and spend limit settings, alerts when periods of time and spend benchmarks are reached and, generally, the monitoring of players, player behaviour and, ultimately once developed, the utilisation of algorithms to identify problematic play on gaming machines. The use of contactless payment could therefore enhance the operators' ability to target interventions, prevent underage and self-excluded players from gambling, and to evaluate the impact of interventions.

Any contactless system would permit debit cards but not credit cards. The prohibition on payment by credit cards should remain.

Cashless Society

The gaming machine industry must be permitted by the Government to develop as our society changes. The UK is the third largest user of cashless transactions in the World, and the largest in Europe. 60% of a pub's trade is now via a cashless solution, and the lack of cash in a pub, along with the collapse of the ATM LINK system, is having a significant adverse impact on gaming machines within pub premises.

As customers and players within pubs have less cash in their pockets, there is an inevitable, and increasingly significant, impact on the gaming machine industry; customers and players simply do not have the cash to stake on the machines and, without a change in the Government's position, this issue will continue to significantly, negatively impact on the gaming machine industry.

The industry has been working with the Gambling Commission on potential arrangements, which would allow a form of contactless payments with the ability to control spend, set personal limits, identify those playing and track player time through electronic payment systems. We suggest the Government takes part in these discussions to understand the impact of the prohibition on cashless payment on gaming machines, but also to help them understand the significant player protection benefits.

Q.11 Do you support this package of measures to improve player protection measures on gaming machines?

Regal support the package of measures to improve player protection measures on gaming machines.

Q.15 Do you agree with our assessment of the current powers available to local authorities?

Regal agree with the Government's assessment of the current powers being available to Local Authorities are sufficient, and that no further powers are required.