

January 23rd 2018.

A response to the Department for Digital, Culture, Media and Sport's consultation regarding;

Proposals for changes to Gaming Machines and Social Responsibility Measures.

The Gambling Business Group.

The Gambling Business Group (GBG) is an association of gambling businesses from all sectors of the UK Gambling Industry, in addition it represents Gambling Industry support businesses that include product manufacture and development, legal and audit, finance and consultancy organisations. Our members account for a majority of the UK's Gross Gaming Yield (GGY) making the GBG the most significant single body of representation of UK Gambling Businesses.

Overview.

The Gambling Business Group (GBG) is pleased that the DCMS has extended the debate on social responsibility measures and gaming machines and welcomes the fact that all stakeholders have been given an opportunity to contribute. It is a well-known fact that gaming machines are prevalent in most sectors of the UK Gambling Industry and as the GBG has representations in each of those sectors we will be appropriately balanced with our responses to the questions posed.

The Gambling Business Group has always been of the view that this review should be evidence based and evidence led. Indeed, the initial 'call for evidence' was exactly what we believe was needed. This has also been backed up by parliamentary questions to the Minister in the House of Commons where she confirmed twice that the process would indeed be evidence based.

An example lies in the RGSB advice to the Gambling Commission that says in point 90; *We agree that it is not possible on the basis of the existing evidence to state categorically that LBO gaming machines generally, and B2 machines in particular, are more harmful than other forms of gambling relative to the regulatory requirements relating to them. We have*

also found unproven the assertion that B2 machines are particularly associated with loss of control leading to violence.

One cannot help but note the reference to 'evidence' in this quote. Government has still chosen to act for the reasons they have stated in the consultation document.

In stark contrast it is apparent that whenever the Industry asks for any change (however good the intentions) the lack of evidence to say the change will not cause 'harm' is enough to dismiss the request. The use of these double standards to suit an argument does not always engender confidence in Government and Government policy.

Which brings another question into the debate; what is gambling related harm? As we are as yet unable to quantify or measure gambling related harm, then it is always difficult to know for sure if we have made a positive difference with the implementation of any proposition.

There is one piece of evidence that the government, the press and The Gambling Commission use very forcefully on a regular basis, which is the estimated problem gambling (and 'at risk') rates taken from the respective Health Surveys. In the consultation document point 2.8 there is an example of the DCMS dismissing this evidence as 'not...significant'. It is surprising therefore that while the Gambling Commission's own statistics report a 55.5% (or £650m) increase in GGY on B2 machines since 2010, the consultation document implies this is not significant enough to make a difference to the PG statistics. Do we really believe that the PG statistics are immune to a £650m increase in B2 playing activity?

Would this argument that 'statistically stable' is not 'significant' then continue against a factual backdrop of a 155% increase in UK GGY since 2010? This is **real** evidence that is not being given due recognition in the wider debate.

If it transpires that we are not happy that the problem gambling statistics within the health surveys are a reliable measure of the issue, then surely there is a Social Responsibility obligation towards genuine problem gamblers to have a Government objective that identifies a robust measure that is reliable?

Lastly, before moving onto the specific questions, GBG members have asked that the principle of the Triennial Review is acknowledged in this response and not forgotten by Government. This particular review has been dominated by the B2 stake debate at the expense of other matters that have formed part of previous Triennial reviews. In an Industry that was producing 80,000 machines annually and which is now producing just 10,000, the lack of an effective Triennial review has taken a cruel toll on businesses and jobs and for the record, the next Triennial review should be being planned now as a matter of urgency. Simply put, the industry needs a three yearly review cycle (even if sometimes the review decides upon a 'standstill' until the next review). What other business sector has to operate without the ability to reflect inflationary pressures in its pricing policy for years on end?

Responses to Questions

Q1. Do you agree that the maximum stake of £100 on B2 machines (FOBTs) should be reduced? If yes, what alternative maximum stake for B2 machines (FOBTs) do you support?

A1. We are very aware that the government have been persuaded by public negativity towards the B2 staking levels and that they now feel convinced to make some form of change.

There is clearly public concern over the current stake levels of B2 gaming machines. Whilst some academic research indicates a lack of empirical evidence of a link to harm, practical feedback from problem gambling support charities and anecdotal evidence from many other sources tends to indicate otherwise.

In addition there is no doubt that the corrosive effect that this prolonged B2 debate has had on the whole UK gaming industry has prevented other sensible regulatory and legislative measures that encourage product development in the industry. We do believe that, this must now be urgently addressed by the Government which means that we would support a reduction in stake levels on B2 machines in order to have the matter put well behind us.

However we believe that if a decision is made to change to a new stake level on B2 gaming machines it is essential that all stakeholders are fully cognisant of all of the likely consequences, both good and bad - as the DCMS has indicated in Point 2.11.

Other than that we have no further comment to make.

Q2. Do you agree with the government's proposals to maintain the status quo on category B1?

A2. We believe that stakes and prizes on all gaming products should be regularly reviewed, ideally on a three yearly basis.

Q3. Do you agree with the government's proposals to maintain the status quo on category B3?

A3. We believe that stakes and prizes on all gaming products should be regularly reviewed, ideally on a three yearly basis.

Q4. Do you agree with the government's proposals to maintain the status quo on category B3A?

A4. We believe that stakes and prizes on all gaming products should be regularly reviewed, ideally on a three yearly basis.

Q5. Do you agree with the government's proposals to maintain the status quo on category B4?

A5. We believe that stakes and prizes on all gaming products should be regularly reviewed, ideally on a three yearly basis.

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

A6. We believe that stakes and prizes on all gaming products should be regularly reviewed, ideally on a three yearly basis.

Q7. Do you agree with the government's proposals to maintain the status quo on category D?

A7. At this time the GBG does not agree with increasing stakes on any gambling machines to which children have access.

However, we do believe that there is a case for the following changes;

- Category D Cranes - increase the maximum stake to £2 and the maximum prize to £75 to allow this retail product genre to keep pace with inflation. The Gambling Business Group has always maintained that Cranes are not gambling products in the same respect as slot machines (where winnings can be replayed and losses chased). The risks of problem gambling being caused by these 'fun' products are essentially non-existent. If the DCMS are minded to agree to an increase in Prize Bingo prizes then they should be similarly agreeable to this non-contentious change or to the removal of Cranes as a category of gaming machines altogether.
- Category D Pushers - increase the maximum prize to £22 which is a technical increase to ensure that operators remain compliant as per our submission to the call for evidence. There is no request to change stakes on these machines at this time. We simply want our operator members to be allowed to be properly compliant through this very minor and uncontentious change.

Q8. Do you agree with the government's proposals to increase the stake and prize for prize gaming, in line with industry proposals?

A8. The GBG can see no reason to object to this proposal.

Q9. Do you agree with the government's proposals to maintain the status quo on allocations for casinos, arcades and pubs?

A9. We do not understand why the request for parity between 2005 Act Casinos and 1968 Act Casinos has been dismissed, particularly as the DCMS has been promising to deal with this unintended anomaly since 2009 through their successive Gambling Teams. We are surprised that now that the opportunity to address this issue presents itself to the DCMS, they have chosen once more not to do this. We continue to believe that the current status is fundamentally wrong therefore, the GBG does not agree with the government's proposals to maintain the status quo with respect to casinos.

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

A10. No we absolutely do not.

The DCMS response to this point in the consultation document appears to be ignorant of the facts presented. It appears that the submissions to the call for evidence have not been read effectively.

We are very disappointed that the DCMS have chosen to conflate the use of debit cards with credit cards in their consultation document. We are not aware that any of the responses to the call for evidence have asked for the prohibition of credit cards to be lifted. For government to make such a link is hopefully an oversight in what is for the Industry a critical issue.

If the GBG submission had been read and digested properly, it would be clear to see that playing gaming machines via contactless transactions actually provides increased player protections and is a far more responsible method of payment than anonymous cash due to the restrictions on transactions and spend, plus the added transparency of gambling spend via bank statements at the end of each month.

The reality is the exact opposite of the 'backward step' description used in the consultation document.

The world of payment processes in society is changing rapidly, to prevent players from using cashless payment solutions on gaming machines defies logic and will eventually consign the UK gaming machine industry to the history books.

Research from Payments UK confirmed that 2015 was the first year that cashless was used for more than 50% of payments made by consumers.

In September of 2016 the number of contactless transactions in the UK increased by a staggering 270% year-on-year. Great news for all of us who seek simplicity and speed of transaction, but a looming disaster for an industry which has mostly been predicated and regulated around players using their spare change to be entertained on a gaming machine.

It is a bizarre situation when an Industry has been asked by its regulator to use technology to be more socially responsible only to then come up against a Government opinion that wrongly assumes that such a thing would be a 'backward step in the protection of vulnerable players'.

We are mindful that the solution to this is a very easy process for the DCMS and SoS to implement.

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

A11. The GBG supports the implementation of player protection measures when they are proven to be effective and do not have a disproportionate effect on the enjoyment of the majority of players. An evidence based approach is key in this area. We all have an obligation to continually improve the protection of the vulnerable and some of the proposals may prove to be effective in this regard but as the DCMS has acknowledged in 5.3 and 5.4. the results are not yet considered to be successful. When they are, and they are considered proportionate the GBG would support some measures becoming mandatory via appropriate means. Similarly, the industry and the regulator should always be cognisant of other even more effective measures that may evolve and develop over time.. Therefore we would not want to be wedded to a prescriptive 'package of measures' in isolation.

We are aware that the Gambling Commission advocate a debate on 'tracked play' on machines. The term 'tracked play' has many interpretations and therefore implications, which puts this at a very early stage in our collective thinking.

The Gambling Business Group is working together with NCF, The Bingo Association, BACTA and the Gambling Commission through 2018 to achieve the best outcome with 'tracked play'.

It is in no-one's interests to see costly and damaging unintended consequences as a result of misguided compulsion to force tracked play without the necessary supporting evidence and detail.

In order to move this forward in a constructive way, we propose the following staged approach;

1. What is the evidence that demonstrates what is it we are looking to fix with 'tracked play'?
2. The evidence should be used to clearly define the issue. Otherwise, the first job on this 'tracked play' journey should be to identify and prove the need for it. Creating a costly intrusive solution for data collection in order to prove there is a problem is the wrong way to approach an initiative such as this, an initiative that has the potential to be very damaging.
3. The issue should then be defined and the question posed; Can it be fixed via 'tracked play' and how? This definition should then inform the detail of the 'tracked play' solution along with the customer journey.
4. The detail of the 'tracked play' solution is critical to the following;
 - i. Hardware requirements and costs.
 - ii. Software changes - what can be achieved on which machines?
 - iii. Premises infrastructure requirements – entry/access criteria – verification process.
 - iv. What is the impact on legacy machines?
 - v. Ease/difficulty (and therefore cost) of communicating changes to both regular and casual players.
 - vi. The loss of income through player disengagement – this is likely to be the biggest cost impact to the Industry.
5. It is illogical (and inevitably inaccurate) to attempt to produce the costs before the solution is fully defined.
6. We must also avoid expensive and damaging 'unintended consequences', therefore careful planning and testing/trialling are crucial.

We believe that we should all be asking ourselves whether 'electronic payment methods' such as those in Q & A 10 would be a more acceptable, progressive and less disruptive route to implement 'tracked play' for machine players?

Q.12 Do you support this package of measures to improve player protection measures for the online sector?

A12. We respond to this question in exactly the same vein as Q11. The GBG supports the implementation of player protection measures when they are proven to be effective and do not have a disproportionate effect on the enjoyment of the majority of players. An evidence based approach is key in this area.

Q.13 Do you support this package of measures to address concerns about gambling advertising?

A13. We have nothing to add to the government's proposal.

Q.14 Do you agree the Government should consider alternative options including a mandatory levy if industry does not provide adequate funding for RET?

A14. The GBG believe that the Gambling Commission has an obligation to be transparent when it comes to the quantum of donations made to RET. Gamble Aware can only quote the total monies they themselves receive from donors. Conversely, via the regulatory returns, the Gambling Commission can see the all of the funding being donated to all RET

organisations, but to date they have chosen not to publicise this number. The GBG has written to Bill Moyes in this regard and requested full transparency. In December (in response to a Parliamentary Question) Tracy Crouch confirmed that an aggregate almost £10m had been contributed to GambleAware and the Senet Group over the course of the previous year. When you add to this the donations made to YGam, BetKnowMore, Gambling Therapy and the other worthwhile causes the Industry contributions are much closer to the 0.1% threshold than the Gambling Commission's rhetoric professes.

We would also argue that tackling problem gambling goes far beyond research, education and treatment. In recent years, substantial investment has been made by industry stakeholders into a variety of safer gambling initiatives, including multi-operator self-exclusion schemes and awareness campaigns. If these activities are valuable (as the Government indicates), then they ought to be included in the reckoning when recognising the positive work and corporate investment towards dealing with problem gambling and protecting the vulnerable. Gamble Aware may well be part of the solution, but they should not be focused upon as the solution.

When the current process is made transparent and all of the information is made available, along with a broadening of the current narrow thinking, only then should decisions about whether other options would be more relevant should be considered.

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

A15. The GBG agrees with this assessment.

Q16. Are there any other relevant issues, supported by evidence, that you would like to raise as part of this consultation but that has not been covered by questions 1-15?