

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

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**Organisation: Greene King**

Greene King is a leading pub retailer and brewer which was founded in 1799 and is headquartered in Bury St. Edmunds, Suffolk. We currently employ over 40,000 people across our trading divisions: Pub Company, Pub Partners and Brewing & Brands. We operate around 3,000 pubs, restaurants and hotels across England, Wales and Scotland.

We operate over [REDACTED] category C & D gaming machines which are installed across around 90% of our pub estate. In many pubs, struggling to keep afloat in difficult economic conditions, these machines help to drive footfall and are a vital revenue stream. The revenue from machines is the difference between many pubs being profitable or not and thus supporting jobs across the pub sector and in many cases allowing important community hubs to remain open.

Greene King has a track record of participating in consultation processes. We do so in the belief that our input may help to improve legislation. We were therefore disappointed that areas of real importance to the pub industry, such as the numbers of category C machines a pub is automatically entitled too, seem not to have been given adequate consideration as part of the previous consultation. We are also concerned to see that some of the proposals put forward in this consultation document appear to be based on inaccuracies and do not include any of the requests made by Greene King in our last response, despite offering sensible suggestions that would promote socially responsible growth.

Unless the proposals contained in this consultation are amended they will result in further pub closures, job losses and a decrease in tax revenues.

We note the majority of the consultation document is in relation to machines in betting shops, online gaming and gambling advertising; areas we are not involved with. We have therefore only answered the questions directly linked to our business.

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

We do not agree with the government's proposal to maintain the status quo regarding stakes and prizes on category C gaming machines and urge that the request to increase stakes and prize to £2 / £150 maximum be reconsidered.

We note in the consultation paper that the reason given for refusing the request for a modest increase in stakes and prizes was 'the Government is concerned about the potential impact on players of another uplift which would give it a comparable maximum stake to B3 gaming machines (but with a lower return to player ratio), which are not permitted in pubs due to the fact that they are less regulated environments, especially as no corresponding changes have been suggested by industry in terms of additional player protection measures.'

Given the reference to return to player we are concerned that the Government has been influenced by the submission from RGSB which takes a theoretical return to player and uses the minimum game speed to calculate an expected theoretical cost per hour. This advice is flawed and the Government should have set it aside when considering stakes and prize values for Category C machines. The advice takes no account of the actual speed of game on the type of machines found in pubs which is considerably slower than the 2.5 seconds RGSB uses for this analysis. In our last consultation response, we submitted evidence from a Category C machine manufacturer in relation to game speed, which is reproduced below and shows how flawed this RGSB analysis is:

*G Squared, a manufacturer of the 'fruit machine' style product found in pubs ran a game emulator showing how a typical customer plays this type of game. This showed an average spin every 15 seconds when time taken to complete features is taken into account. A customer playing this type of machine with £10 who replays all winnings and playing on a £2 stake with the machine set at 82% return to*

*player (RTP), would take on average 6 minutes 45 seconds before the £10 was lost. Contrast this with a rapid play B3 (2.5 seconds per spin) machine with a RTP of 94%, playing using a stake of £2, the £10 would be lost in just 3 minutes 28 seconds.*

We are not aware of any evidence that suggests machines in pubs are associated with problem gambling. Indeed, NatCen Social Research's study for the Gambling Commission (*Gambling Behaviour in Great Britain in 2015, August 2017*) identified numerous areas of problem gambling and gaming in pubs warranted no mention. We are therefore disappointed to see that one of the reasons the request for increased stakes and prizes was rejected was that the industry hadn't suggested additional player protection measures. It appears we are being asked to find a solution to a problem that does not exist.

If the government is concerned that Category C machines shouldn't have stake parity with B3 machines then a sensible compromise would be to increase the maximum stake to £1.50. This would support the industry by promoting socially responsible growth.

Finally we take exception to the phrase 'another uplift'. We would like to respectfully remind the Government that the last increase in maximum stake (the effective cost to play a machine) was in 2009.

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

We do not agree with the government's proposal to maintain the status quo regarding stakes and prizes on category D gaming machines and urge that the request to increase stakes and prize to £2 / £75 maximum on cranes be reconsidered.

The government appears to have based the decision not to increase the maximum stake and prize on cranes on the following:

1. That 'the UK is the only jurisdiction internationally to permit gambling for under 18's'

2. That 'there is an association between early gambling participation and problem gambling in adulthood'

We believe both assertions to be incorrect in relation to cranes. Many international jurisdictions allow children to use cranes, but due to the nature of the fun style of the game and that prizes are non-monetary they are not captured under their gambling legislation. We also question whether playing a game where typically a soft toy is won will be considered gambling by the vast majority of people completing any problem gambling surveys.

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

We do not agree with the government's proposal to maintain the status quo on allocations for pubs and urge the request to increase the automatic entitlement to four machines in pubs is reconsidered.

We are grateful for the Minister's letter acknowledging the inaccuracy in the consultation paper in this area. That Greene King wasn't alone in making the case for an increase in the automatic entitlement number is not a surprise. Restricting the automatic entitlement to two machines provides no social responsibility benefits, but does produce red tape and unnecessary cost for both pubs and Local Authorities.

We ask, now that the inaccuracies in the consultation document have been acknowledged, that the proposal to increase the automatic entitlement to four machines is given proper consideration.

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

While we do agree that the prohibition on using credit cards as a payment method on gaming machines should continue, we do not agree that the prohibition on using debit cards for contactless payment should continue.

As we demonstrated in our submission to the last consultation, our customer preference for making payments is moving quickly away from cash to card. Since we submitted our response there have been some significant changes to the commercial model for supplying ATMs, resulting in our supplier completely withdrawing from supplying to the UK pub market. This has further restricted the availability of cash in the pubs where we made ATMs available for our customers (these were available in around 50% of our retail pubs).

Without deregulation to payment methods, cash becoming less common as a payment method is an existential threat to the gaming machines in pubs. Contactless card payments also provide the opportunity to put in place increased social responsibility measures and deter money laundering.

**Q11. Do you support this package of measures to improve player protection measures on gambling machines?**

We are not aware of any evidence linking gaming machines in pubs with problem gambling. We are therefore pleased this proposal appears to exclude Category C machines. Sharing data with RGSB, Gamble Aware and the Gambling Commission in the way suggested in the document would require additional systems and connectivity being installed as the majority of machines in pub are standalone analogue machines. If these additional costs were to be imposed upon the industry it's likely it would lead to machines becoming completely unviable in pubs, particularly given the proposals to freeze stakes and prizes and not lift the prohibition on payment methods.

**Q14. Do you agree the Government should consider alternative options including a mandatory levy if industry does not provide adequate funding for RET?**

Despite no evidence we're aware of linking machines in pubs to problem gambling, as a socially responsible company Greene King fulfils its obligations in full to Gamble Aware. However, we are aware of the difficulties in tracking industry support for RET, particularly given that contributions to Gamble Aware are only one method of

providing such support. On balance we think RET funding should remain discretionary and not mandatory.

Should the government decide to make this levy mandatory then it must ensure the largest burden falls onto sectors associated with problem gambling.

**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?**

One way to promote socially responsible growth in pubs while simultaneously boosting machine manufactures, would be a relaxation of the current technical standards so they become principle based. The government should encourage the Gambling Commission to consult on revising the current technical standards so they remove unnecessary red tape and allow increased innovation in a socially responsible way.