**Greene King plc**

**Response to ‘Gambling Act 2005: Triennial Review of Gaming Machine Stakes and Prize Limits**

**Introduction:**

Greene King is a pub retailer and brewer, founded in 1799 and is headquartered in Bury St.

Edmunds, Suffolk. It currently employs 21,000 people across its main trading divisions: Retail, Pub Partners and Brewing & Brands. Greene King operates 2,300 pubs, restaurants and hotels across England, Wales and Scotland.

Over 90% of our estate includes some form of gaming machine. In many pubs, struggling to keep afloat in these difficult economic conditions, these machines help to drive footfall and are a vital revenue stream.

**Summary**

Greene King is pleased to have the opportunity to respond to this consultation. We believe that the reintroduction of a regular maximum stake and prize review and the category C maximum prize proposals in package 3 & 4 will provide some much-needed benefit to the struggling UK pub sector and to the UK manufacturing sector.

The economic assessment for package 1 & 2 does not take into account the continued cost of decline for the pub industry should no action be taken.

In addition, we believe that further benefit would be gained, without any risk to the licensing objectives, by government also increasing the maximum prize on a category D crane grab machine to £100 and that on a complex category D machine to £10.

Contact:

Jason Lockwood

Greene King plc

Westgate Brewery

Bury St Edmunds

Suffolk

IP33 1QT

Tel: 01284 763222

Email: jasonlockwood@greeneking.co.uk

3 April 2013

***Process:***

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

Greene King would like to see a review of stake and prize limits every three years. This would allow for changes in market forces, technology innovation and development or problem gaming issues to be reacted to and would also stimulate a sensible investment cycle. Prior to the introduction of the Gambling Act 2005 the certainty of a regular review allowed planning of an investment cycle to meet customer demand.

The lack of this certainty in terms of a regular stakes and prize review has led to a lack of investment, resulting in a lower gross gaming yield, which in turn has depressed investment. Our firm belief is that the single most important zero cost action that government can provide to help the gaming machine sector is to reintroduce a regular review of stakes and prize limits within a known cycle. It is critically important for the future health of both the UK pub sector and the UK machine manufacturing sector that a regular cycle of no more than three years is introduced.

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.

Greene King has no direct experience of any consumer protection methods for gaming machines that have been trialled internationally.

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.

Greene King is receptive to working with its supplier partners to evaluate the possibilities of introducing player tracking technology to gaming machines located within public houses. In order to consider this further, Greene King would welcome the opportunity to meet officials from DCMS to further understand the objectives, scope and timescales of introducing this kind of consumer-behaviour tracking technology. Clearly there are cost implications for both the machine manufacturers and for us. Therefore, we would welcome the opportunity to discuss the need and potential use of such customer data.

***Package 1:***

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

Yes, we agree that government is right to reject Package 1. Failure to make a change to the prize levels for category C gaming machines will undoubtedly result in further job losses in the UK manufacturing base and further closures of public houses. It will also result in a reduction in tax contributions.

***Package 2:***

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

Yes, we agree that government is right to reject Package 2. We believe that Package 2 would result in little or no real change and would probably have the same impact and results as a potential Package 1, i.e., leading to job losses in the UK manufacturing base, further closures of public houses and reduced tax contributions.

***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.

Greene King agrees with the government’s assessment of the proposals put forward by the industry in relation to category C machines.

However, we do not agree with government’s assessment of category D machines. Crane grabs are perhaps the softest form of gambling and we believe that an increase in the maximum prize to £100 would not compromise the licensing objectives but will allow for more desirable prizes (such as tablets) that attract a wider consumer base.

We agree that it is important that a clear distinction is maintained between machines played for amusement and more straightforward gambling. We therefore would not support an increase in complex category D machines if it led to a maximum prize that was likely to cause an increase in problem gaming, particular in younger age groups.

However, the maximum stake and prize proposed by the industry for complex Category D machines to 20p / £10 is a modest one and we are unaware of any evidence that points to such a modest increase in the maximum stakes or the maximum prize having an adverse effect on problem gambling. Furthermore, we note that the industry proposal also maintains a maximum prize lower than that of the proposals for cranes and pushers maintaining the principle of a maximum prize lower than these types of machines.

We therefore disagree with the assessments in relation to complex category D machines.

***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?

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?

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

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?

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

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.

We have no comment to make on changes to category B1 gaming machines as we do not have this type of machine on the Greene King estate.

***Package 4: Category B2***

Question 13: The government is calling for evidence on the following points:

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?

b) If so, in what way?

c) Who stakes where, what are the proportions, what is the average stake?

d) What characteristics or behaviours might distinguish between high spending players and those who are really at risk?

e) If there is evidence to support a reduction in the stake and/or prize limits for B2 machines, what would an appropriate level to achieve the most proportionate balance between risk of harm and responsible enjoyment of this form of gambling?

f) What impact would this have in terms of risks to problem gambling?

g) What impact (positive and negative) would there be in terms of high street betting shops?

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?

b) If so, what is the evidence for this and how would it be implemented?

c) Are there any other options that should be considered?

We have no comment to make on changes to category B2 gaming machines as we do not have this type of machine on the Greene King estate.

***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 gaming machines? If not, why not?

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

We have no comment to make on changes to category B3 gaming machines as we do not have this type of machine on the Greene King estate.

***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?

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?

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

We have no comment to make on changes to category B3A gaming machines as we do not have this type of machine on the Greene King estate.

***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?

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?

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

We have no comment to make on changes to category B4 gaming machines as we do not have this type of machine on the Greene King estate.

***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, Greene King supports the government’s proposal to raise the maximum prize to £100 for category C machines.

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?

A maximum prize increase to £100 will provide game designers the framework to design more entertaining games by utilising a more sensible 100:1 maximum prize to maximum stake ratio, resulting in a better playing experience even at lower stakes.

This increased entertainment will lead to an increased yield, allowing increased investment and therefore allowing manufactures to increase R&D budgets, creating a virtuous cycle. Category C machines are a relatively soft form of gambling and this modest prize increase in our opinion will pose no additional risk to the licensing objectives, but will support jobs in the UK manufacturing and help to prevent further public house closures.

***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?

Category D Crane grab machines are perhaps the softest form of gambling and whilst we welcome the governments acknowledgement that the maximum prize value should increase, we believe that an increase in the maximum prize to £100 will not compromise the licensing objectives but will allow for prizes (such as tablets) that attract a wider consumer base.

We therefore feel that the current proposal to increase the prize level to just £60 does not go far enough and we would like to see this raised to £100. We do however, support the proposal to increase the maximum stake to £2. This will allow a higher win frequency for the customer making the game more interesting, which should lead to a higher yield allowing increased investment in these soft gaming machines.

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?

An increase in maximum stakes and prizes for complex category D machines is welcome, as the last increase was more than a decade ago and hence the category is flagging. Greene King for instance no longer has a single dedicated category D machine across its managed estate. We support the increase in the maximum stake to 20p, but without also raising the maximum prize to at least £10 total it is unlikely that many will be reintroduced to UK pubs. A reintroduction of this category of machines into UK pubs would provide a real boost to UK manufacturers and provide pub retailers with a real alternative to SWP machines which are in terminal decline.

We therefore strongly recommend that government should reconsider this area and increase the maximum prize on a complex category D machine to £10.

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?

We have no comment to make on changes to category D coin pusher machines as we do not have this type of machine on the Greene King estate.

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?

We have no comment to make on whether the proposals will provide sufficient benefit to the arcade sector. However, we do consider that the reintroduction of a regular maximum stake and prize review and the category C maximum prize proposals in package 3 & 4 will provide some benefit to the UK pub sector and to the UK manufacturing sector, but believe that further benefit could be gained without any risk to the licensing objectives by also increasing the maximum prize on a category D crane grab machine to £100 and that on a complex category D machine to £10.

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

We have no other options to propose at this time.

***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? (Please provide evidence to support your answer)

We have no comment to make on the impact study other than to note that the economic assessment for package 1 & 2 does not take into account the continued cost of decline for the pub industry should no action be taken.

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)

Greene King is in agreement with the proposed approach to monitoring and evaluating the impact of changes to inform future reviews.

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

We suggest that numbers of gaming machines in pubs and gross gaming yield be collated by the Gambling Commission through the trade bodies.

***Prize gaming:***

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

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

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

We have no comment to make on prize gaming as we do not have this type of product on the Greene King estate.

Ends

Submission from:

Greene King plc

3 April 2013