

Annex D - Review of Gaming Machines and Social Responsibility - Submission template

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Organisation: Genting Casinos UK Ltd

For all respondents:

Q1. What, if any, changes in maximum stakes and/or prizes across the different categories of gaming machines support the Government's objective set out in this document? Please provide evidence to support this position.

With regard to the increases in B1 machine stakes and prizes during 2014; Genting has very much welcomed these increases and we believe that the revised stakes and prizes have gone a long way to meeting the Government objective of ensuring responsible growth. Our B1 business has grown modestly which has been welcomed following years of revenue stagnation; all of our data plus anecdotal information indicates this growth has been achieved in a socially responsible manner.

We believe the B1 limits of £5 maximum stake and £10,000 maximum win are still appropriate and to support this position we would like to submit the evidence below:

- Redacted
- Redacted
- Redacted

Whilst asking for B1 stakes and prizes to remain unchanged we do believe however that there are currently two missed opportunities and we have outlined these below.

Firstly we believe there is a missed opportunity which should be pursued and would meet the Government's challenge of being a sector which grows and contributes to the economy whilst ensuring it is steadfastly focused on achieving this in a socially responsible manner. The opportunity is specific to the casinos operating in the very high end Mayfair market; other countries throughout the World benefit from having a VIP slot offering for international players, these offers have much higher stakes and prizes. We regularly receive enquiries regarding our VIP slot offering and once the customer understands we cannot offer what they want, they then arrange their visit to a different country.

Redacted

We cannot provide detailed forecasts based on empirical UK data as there is no similar precedent, we do however believe that the International VIP slots market could have significant potential in the UK if suitable products were permissible. Based on the experience of our international operations and the knowledge our VIP Marketing Teams have of this type of player then we believe that a slot machine with a £50 maximum stake and £100k maximum prize would be required. We have 3 casinos in the Mayfair category where we would be prepared to invest significant sums in equipping these premises accordingly; this would be direct expenditure on infrastructure and gaming machines plus this enhanced operation would create additional UK based full time positions in customer hosting, food and beverage, cashiering, VIP player liaison, chauffeuring and management roles. Additionally the London and indeed wider UK economy would benefit from these International VIP players spending in hotels, restaurants, shops, tourist venues and leisure facilities. We believe across these 3 venues there is an opportunity for 40 of these machines.

The below are our estimates of the benefits to UK PLC from just the Genting Mayfair operations:

- Redacted
- Redacted
- Redacted
 - Redacted
 - Redacted

The second opportunity which we believe also has the potential to help grow the business but in a socially responsible manner is to allow casino groups to offer wide area progressive jackpots across their whole estate. These are found in casinos all throughout the world and are very popular with players. Below are just two such examples.

Holland Casinos Wide Area Progressive across their casinos estate

The screenshot shows the Holland Casino 40th Anniversary website. The main banner is for the 'MEGA MILLIONS JACKPOT' with a large graphic that says 'MEGA MILLIONS Jackpot' and 'MILLIONAIRE WITH ONE PRESS OF A BUTTON'. Below the banner, it states 'BECOME A MILLIONAIRE WITH ONE PRESS OF A BUTTON' and 'Try your luck on the new Mega Millions Jackpot slot machines. You could win an amazing 5 jackpots, with prizes of €75,000 up to the highest jackpot of at least €1,000,000. Play the new Mega Millions Jackpot slot machines at all branches*. The Mega Millions Jackpot slot machines are available from opening to closing in your favorite casino.' The current score is displayed as € 1.173.163. The website also features a sidebar with navigation links for Games, Events, Eat & Drink, Casinos, Group Deals, Favorites, Our Rules, and Webshop. The top right corner shows language options (NL, EN, DE) and a 'My Holland Casino' dropdown menu.

Partouche Group, France, Wide Area Progressive across multiple operators

We believe that the UK market is lacking this product and casino groups should be allowed to connect machines across their estate and offer a top prize of £100,000. This is significantly less than is offered in other European casinos, however we believe that with a £100k maximum we could offer a product which offers an appealing range of prizes and frequencies. Our experience with progressives to date tells us that the frequency of the prize is more important to our customers than lottery jackpot style prizes in the millions. The maximum stake would remain at £5.

The last Triennial review introduced a progressive jackpot of £20,000, up from the previous £4,000 maximum, since this date we have been monitoring the average stake. Redacted. We include this statistic to indicate that the 5 fold increase in prize (£4k to £20k) has not led to runaway high stakes betting. Some customers simply enjoy to play this product more, compared to a standalone machine. On a progressive machine customers sacrifice a very small element of frequency of win and/or size of prize to allow for a small percentage of their payback to be contributed to an ever growing jackpot.

As requested the data has been consolidated into the table provided.

Machine Categories	Proposed Stakes	Proposed Prizes	Estimated revenue change
B-Mayfair	£50	£100,000	Redacted
B1	No Change	No change to £10,000 max per machine. No change to max £20,000 local progressive Introduction of wide area progressive with £100,000 max prize.	We have not indicated a figure here for the Wide Area Progressive benefits (so as to not double count) as it goes hand in hand with our request at Q4 for additional machine allowances.

As per the specific comments requested as part of the document:

- *Please provide details on the variables used to calculate revenue changes (return to player, speed of play, stake and / or prize sizes etc.) and your methodology.* Genting response – We don't anticipate any changes in return to player or speed of play. For the category where we have requested a change in stake and prize we have shown our assumptions in the main text.
- *Can you outline any assumptions made and on what basis you believe these to be correct (e.g. based on market data or past trends) –* Genting response – The main body of the Q1 answer provides details of the sources we have consulted to reach what we believe is a credible picture of future market potential.
- *We anticipate that there will be an element of technological response to stake and prize limits that will occur naturally in line with planned investment. Can you provide any statistical information on the physical box and / or software turnover rate experienced by different categories of machine, and how this rate might interact with changes to stake and prize limits?* Genting response – The stake and prize changes we have requested will necessitate investment in new equipment and any technological advances will only add to the required investment rather than limit it.

Summary of our position for Q1

- **Maintain current B1 stakes and prizes at cabinet level**
- **Consider the introduction of a “Mayfair” category slot**
- **Introduce the facility for a wide area progressive across multiple casinos.**

Q2. To what extent have industry measures on gaming machines mitigated harm or improved player protections and mitigated harm to consumers and communities? Please provide evidence to support this position.

The casino sector place significant emphasis in this area. We are very aware of our responsibilities within the communities we operate and believe the actions we have taken have enhanced player protection. Our high ratio of management and staff to customers plus our strong reception controls are our most critical tools for ensuring we are operating in a highly responsible manner. No other sector can match the controls we have for identifying customers and preventing access to people who are self-excluded plus the heightened vigilance and appropriate customer interventions from our experienced staff and management.

At Genting we take our responsibilities with regard player and community protection very seriously and below are just some of the measures we have introduced or been involved with:

- A Dedicated Head of Responsible Gambling is challenged with devising a strategy in accordance with the direction set by the main Genting UK Board. This role works across all teams to ensure the appropriate actions are implemented and the subsequent monitoring of compliance to these.
- Working with other companies in the sector through NCF, our trade association, Genting were actively involved with the conception and setting up of the SENSE scheme, which is the only national UK self-exclusion scheme operating across the sector and was introduced and in force 8 months before other local schemes in other sectors.
- We have introduced dedicated Slots Hosts and Slot Technicians in the last 3 years. As of now virtually all of our casinos will have a Host on duty during peak trading. We are currently looking at a project to optimize the slots host coverage and in 2017 are looking to make further investment by recruiting additional staff. These team members are one of our key front line defences in proactively identifying customer behaviour where we feel some early intervention would be beneficial to prevent problem gambling issues before they arise.
- Our customer management and tracking systems have been considerably enhanced in the last year at an overall cost of approaching £500k. Previously the data available to our duty management on the slots floor had been updated only every hour, however having invested six figure sums in a new data warehouse with real-time reporting, we can now produce up to the second reports down to machine level to see exactly what the customer is depositing, staking and which game they are playing; all helping us to be very proactive with customer interventions.
- In conjunction with IGT, one of our key suppliers, we introduced Game Chooser which has symbols to indicate to customers which might be the most appropriate game for them to play. We have actively promoted this facility by including additional customer information at the relevant machines.
- Across our estate we have Regional Electronic Gaming Managers who are responsible for developing and training our Slots Hosts. Our slots hosts are well trained in helping customers identify a suitable product for them, in terms of game theme, volatility level, staking level and also they are key in promoting our Genting Reward card which offers customers some benefits but above that we are able to fully track the player for social responsibility purposes.
- Genting UK has current Gamcare accreditation which recognises those organisations that achieve high standards of social responsibility and player protection. In addition to this we also have ACE accreditation; this is verification by independent experts of our commitment and compliance to NCF's Playing Safe policy.

- We are actively working with Focal Research on their project in the UK; their ambition is to analyse data and create predictive models which can be operating in real time; this allows constant monitoring of customer play and based on algorithms can identify a player showing signs of having the potential to tip into the problem gambling category. We believe this project has massive potential to enable us to be extremely proactive interacting with a customer at the right time and with the mechanic which the historical data indicates will be the most effective to change their behaviour.
- Genting work with the trade association group, the Industry Group for Responsible Gambling (IGRG) by supporting various different research projects including the Product and Play Messaging Group, and allowing access to our premises, staff and customers.
- Our general casino policies and procedures allow customers to set limits on withdrawals through our cash desk facilities.

Q3. What other factors should Government be considering to ensure the correct balance in gaming machine regulation? Please provide evidence to support this position.

We believe that the regulatory pyramid which came about from The Budd Report in 2001 and the DCMS white paper "A Safe Bet for Success" in 2002, is vital to achieving the Government objective of responsible growth. The submissions from all the various sectors should be reviewed with the regulatory pyramid in mind to ensure that revised regulations place sufficient high stake machines in the venues with the tightest regulatory controls.

Q4. What, if any, changes in the number and location of current gaming machine allocations support the Government's objective set out in this document? Please provide evidence to support this position.

We strongly believe that the cap of 20 machines on 1968 Act casinos is an outdated and anti-competitive feature of the regulations relevant to casinos. Some of our venues on a busy Saturday night can be catering to in excess of 1000 customers at any one time, with a machine cap of 20 this means up to 50 customers per machine. Customer's simply "don't get it" when we attempt to explain the legislation to them. No country in the World with licensed casinos has such draconian regulations concerning machine numbers.

If we just look at 2 European jurisdictions which we believe are fairly reflective of the rest of Europe and compare these to the UK

Metric	Spain	Holland	UK
Number casinos	48	14	147
Number machines	2119	6011	2833
Machine income per annum	€136m	€233m	£179m
Machine income % of total income	39.9%	51.0%	19.0%
Average annual income per machine	€64,581	€38,812	£63,360

Source of data

Spain – Directorate General for Regulation of Gambling 2015 Annual Report

Holland – Holland Casinos Annual Report 2015

UK – DCMS Call for Evidence document

A comparison to machine numbers in casinos in the Far East and North America would show an even greater level of disparity with the UK allowances.

Genting believe that the very strong social responsibility controls in UK casinos provide the safeguards the Government is looking for in its ambition for growth which contributes to the UK economy. The potential investment in new equipment, infrastructure and additional staff is very significant. We therefore request an increase from 20 slots to a 3:1 table ratio with a maximum cap of 80. An increase in numbers would be essential for the viability of a wide area progressive mentioned earlier. It should also be noted that there are some very small 1968 Act casinos in our estate with low table numbers or which operate under the "Electric" casino model with no live tables, these should have their machine limit grandfathered at 20 max with no reference to table ratios.

We have modelled some assumptions based on the machine allowances for 1968 Act casinos changing from 20 machines to a 3:1 machine to table ratio with an 80 machine cap. The detail is attached at Appendix 4 and below is the summary of the potential benefits.

- Redacted
- Redacted
- Redacted

The information provided below is in table format requested.

Operator (end user)

- Can you provide an estimate of additional investment created by any new machines allocation over the next three years?

Machine Categories	Additional number of machines				Projected cost (£)
	2017	2018	2019	Total	
Mayfair Category	*	*	*	*	*
B1	*	*	*	*	*

*Redacted

Notes

#1 – This is based on the details provided in Q1

#2 – Attached as Appendix 4 is a proposal for the benefits of harmonization of slots allocations to allow a maximum of 80 slots per venue. Redacted. We have therefore had to estimate the number of re-locations in 2018 and 2019 to be in a position to populate the table provided above.

As per the specific comments requested as part of the document:

- *Can you outline the evidence and assumptions used to make these projections?*
Genting response – See attached proposals at Appendix 4
- *Do you expect there to be an increase in spend or the same spend across a greater number of machines?* Genting response – These are new machines which is all additional spend.

- *Please provide details on how the changes in stakes and prizes contributed separately to the changes in spend and can you outline any assumptions made and on what basis you believe these to be correct (e.g. based on market data or past trends)* Genting response – Outline assumptions we have made are provided in Q1 for the machine categories where we have requested an increase in stakes and prizes.
- *Can you provide the average machine earnings varying by places (e.g. public houses) not licensed by the Gambling Commission? Can you provide current and projected earning over the next three years?* Genting response – Question is not relevant to a casino operator.
- *Do you own the gaming machines or do you rent them from a supplier? If owned, how much did it cost you for game/kit upgrades or replacement machines in the last stake/prize uplift in 2013? If not applicable can you estimate how much it cost to replace/upgrade?* Genting response – Redacted

Summary of our position for Q4

- **Increase B1 machine allocation in 1968 Act casinos to a 3:1 machine to table ratio, capped at 80 machines.**

Q5. What has been the impact of social responsibility measures since 2013, especially on vulnerable consumers and communities with high levels of deprivation?

The Health Surveys 2012 and Scottish Health Survey 2015 indicate there has been no evidence of a general rise in problem gambling or a rise in the casino sector. We appreciate gambling related harm is broader and are now exploring how we can target at-risk gamblers for early intervention to modify behavior.

Casinos operate strict entry controls and the Permitted Areas Regulations mean the areas they operate in have not significantly changed since it came into force in the 1970s. As per our response in Question 1, Redacted, however we have increased our social responsibility measures, primarily, through dedicated well trained staff.

The introduction of SENSE has enabled casino customers to self-exclude from all UK casinos should they experience gambling related harm from any products, strengthening our responsible gambling measures.

Q6. Is there anything further that should be considered to improve social responsibility measures across the industry? Please provide evidence to support this position.

The casinos industry has adopted SENSE self-exclusion across all UK casinos rather than by area. Other sectors should strive to make their self-exclusion schemes across the UK rather than confined to the local area.

We believe social responsibility messaging can be more appropriate and better targeted and are working through IGRG to develop this.

Q7. Is there any evidence on whether existing rules on gambling advertising are appropriate to protect children and vulnerable people from the possible harmful impact of gambling advertising?

We believe that the existing rules are appropriate as long as they are respected by the Operator and that the relevant advertising authority and Gambling Commission ensure they are enforced.

Q8. Any other relevant issues, supported by evidence that you would like to raise as part of this review but that has not been covered by questions 1-7?

We would like to raise three issues which we see as being relevant to the review

Machine Regulations

We would like to use this submission to ask the review to look at the specific machine regulations which force the UK machines to operate in a very specific manner and are over complicated. These regulations are Gaming Machine (Circumstances of Use) Regulations 2007. These measures were originally intended as a Responsible Gaming feature but as it stands they simply confuse and annoy customers. Below are the two elements which are causing issue and we would like to see addressed:

- A. Machine Bank Meter regulation – Any cash inserted or winnings has to be placed into the Bank Meter. Before this money can be played a customer has to move this to the Credit Meter. Customers do this by pressing the TRANSFER button for every £10 they wish to transfer. The issue arises now that when customers wish to play at £5 stake they have to press the TRANSFER button every 2 spins. This is incredibly frustrating and customers just don't understand the necessity. We therefore request that we are able to move to the model in every other country of just a credit meter and no bank meter.
- B. Maximum deposit regulation – This regulation means that no more than £20 can be deposited in a single transaction. If a customer inserts a £50 (which are common casino currency), then the first £20 is deposited into the Bank Meter and the remainder is held in suspense until the customer presses a button on screen to deposit the next £20 and then a final button press for the outstanding £10. Confused? Well imagine how our customers feel. We therefore would like to request that the £20 max deposit is increased to at least £50 to allow customers to play with all English denomination bank notes without this confusing deposit system affecting them.

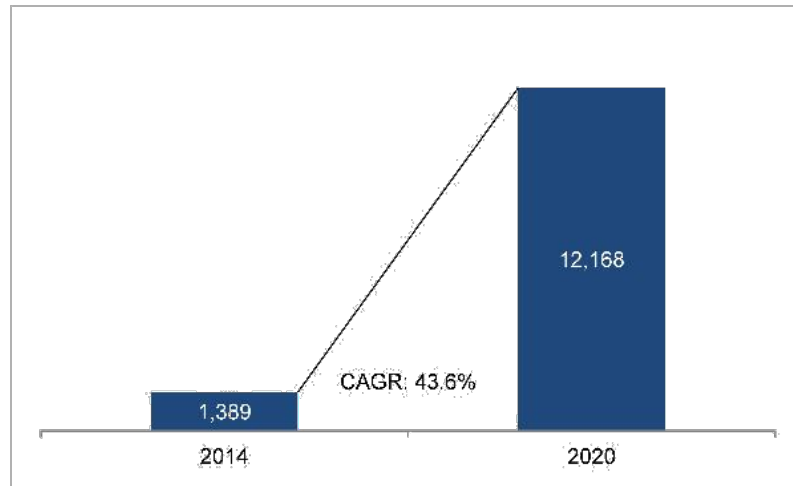
Payment Methods

As DCMS will be aware there are some dramatic changes occurring throughout the UK and indeed the World with regard to consumer payment methods. The rise in contactless payments by either debit cards or Near Field Communication (NFC) solutions, such as Apple Pay has been almost stratospheric. The latest contactless statistics for the month of August 2016 are included below:

- As of August 2016, there are a total of 97.1 m contactless cards in issue in the UK. This is an increase of 30.4% over the year.
- £2.4bn was spent in the UK in the month using a contactless card. This is an increase of 269.1% per the year.
- 260.7m contactless transactions were made in the month. This is an increase of 192.8% over the year.
- 400,034 bank-owned terminals are available in the UK where contactless cardholders can make a contactless transaction. An increase of 44.0% over the year.

Source – UK Card Association

Furthermore the growth forecasts are staggering; the chart below indicates a potential 9 fold increase in contactless payment transactions by 2020, with annual compounded growth of 43.6%.



Source: *Global Payment Cards Data and Forecasts to 2020 (RBR)*

It is important that we are able to stay relevant in this ever changing world and would like to request the ability to accept debit cards and NFC payments at machines; the majority of our machine players are leisure customers and we would only want to offer this for modest spend levels.

Our systems would be upgraded to require customers to enforce compulsory insertion of a player card to use this facility and this would ensure we can enforce a maximum per customer of £100 per 24 hours; this arrangement would prevent multiple card use by individuals. This would allow us to offer the majority of our leisure players a payment method which is consistent with how they are buying their groceries, petrol, coffee and travel tickets; the £100 level would ensure we operate in a socially responsible manner and it will act as a safeguard to alert customers to what they have spent and prevent them from over-spending.

Cash is likely to remain the predominant currency in casinos for many years to come however the younger demographic in particular are engaging with a cashless world in vast numbers and failure to start to modernize will leave UK casinos in the dark ages and losing even more business to digital channels.

Online Gaming

Following the theme of ensuring legislation moves with the times to ensure we stay relevant, we need to address the area of online gaming; with over 1/3 of all UK gaming being online and coming from nowhere 10 years ago, it is vital that UK casinos are allowed to contemporise their offer to meet the needs of the new “digital customer”.

Let's look at a current scenario first, we have a somewhat bizarre situation where a customer can enter our venue, connect their own device, be it smart phone or tablet to our WIFI and then play for unlimited stakes and prizes on tables, slots or sportsbook with any operator of their choosing; our well managed highly responsible environment can in no way offer them any protection, we do not have a clue what is happening. They could even be playing at one of our slots, tables and also playing on their own device at the same time, we simply don't know and don't have the permission or desire to invade their privacy to ask them what they are doing on their phone; it could be a game of Candy Crush or Words with Friends for all we know.

However imagine a new world with an online product being made available to customers via a tablet in venue where any money they deposit into their account either via the casino or online channel is recorded, tracked and monitored via our internal systems; their play by stake level, session duration, win/loss, deposits/withdrawals is all recorded in real-time.

We genuinely believe that allowing casinos to offer their online products in venue to customers via dedicated tablets in areas supervised by slots hosts and by Managers constantly watching real-time customer data is a way to help the UK casino business grow and stay competitive whilst significantly enhancing social responsibility mechanisms. Our Wi-Fi networks can be locked down to prevent access to any online gaming sites.

The proposed tablets would not fall into any of the UK machine categories; it is simply a case of providing a tablet via which the customer can access their online account. All customers would have been registered, would have passed all of the required checks and all play would be associated to them.

Appendix 1

REDACTED

Appendix 2

REDACTED

Appendix 3

REDACTED

Appendix 4

REDACTED