

## **Consultation on Proposals for Changes to Maximum Stake and Prize Limits for Category B, C and D Gaming Machines**

Response to the Consultation from Peter Chan, Centre Manager of the Christian Centre for Gambling Rehabilitation, UK; contact email: pchan@ccgr.org.uk

Our main comments relate to machine categories B2 (Question 13) and D, complex/reel-based (Question 26). Answers to a number of other questions are also provided.

Question 1      No comment

Question 2      We believe there is insufficient evidence on this at present. But, in any case, we think it may be unwise to tempt the gambling machine industry with the prospect of reduced 'blanket controls' by asking it to use its own tracking technology as a means of customer protection. There are surely a number of more fundamental issues to be faced about that: the conflict of interests involved in asking the providing industry to use for other purposes methods which were designed to increase customer loyalty and spend; the ethical and human rights issues involved in using a system of customer surveillance (nothing similar would, or could, be proposed in the case of other dangerous, commercially available, activities such as alcohol or tobacco consumption); and possible implications for the reputation of the gambling machine industry if such close observation of customers is seen as necessary in order to prevent harm. These are issues that require much more careful thought and public discussion.

Question 3      No comment.

Question 4 We agree with parts of Package 1, specifically those relating to machine Categories B3, C and D where all maximum stakes and prizes should, in our view, be kept as they are (see Questions 23 to 29).

Question 5 No, we do not agree with the rejection of Package 2. Where there is no special reason to hold maximum stakes and prizes at their present levels, any increase should not be more than inflation and this should be the most appropriate basis for making proposals (this relates to machine Categories B1, B3A and B4 – see Questions 15 to 22). This should allow the value of stakes and prizes to be reduced or maintained. Any increase greater than inflation would run the risk of an increase in problem gambling and related financial, social and health problems to gamblers, their families and the society as a whole. It is very difficult to quantify that risk but, since we are still only a few years into the new era of liberalised gambling following the 2005 Gambling Act, and the evidence we do have from the 2010 British Gambling Prevalence Survey suggests that there have been a 40 to 50% increase in the adult prevalence of problem gambling in only three years, we should be erring in the direction of precaution in the interests of preventing gambling-related harm.

Question 6 See our comments on the different categories of machines below.

Question 7 No. In the case of Category B1 machines, the industry proposal is for a massive 150% increase in both maximum stakes and maximum prizes. The government acknowledges that there is a need for greater industry reassurance about customer protection but it is hard to envisage what reassurances the industry could give about the possible effects of such large increases, way beyond inflation, on gambling-related harm.

Question 8 No comment.

Question 9 No. See Question 7.

Question 10 No comment.

Question 11 Should not increase more than inflation.

Question 12 See our comments on this above (in answer to Question 2).

Question 13 Maximum stakes for B2 machines should be *reduced* to bring them into line with other gambling machines located in highly accessible venues such as betting shops. The maximum stake should be £2 as for other machines. There is now sufficient evidence to suggest that B2 machines in their present form and location may be particularly harmful. The evidence of harm falls into three categories as follows:

1. *B2s combine a number of features which would lead us to expect them to be particularly dangerous.*

Like other gambling machines, which are recognised the world over to be more addictive than most other forms of gambling, they allow for rapid play and are programmed to pay out on a schedule designed to encourage continued play. Their harmfulness is mitigated to some extent by keeping the maximum allowed stake low (£2 or less for other gambling machines in Britain). Unlike all other types of gambling machine, B2s (FOBTs) allow for much higher stakes, up to £100. Until they appeared in British betting shops a few years ago, such high stake, continuous machine gambling was unknown on British high streets. Everything that is known about gambling and problem gambling should have led us to expect that they would be particularly dangerous. It is rather like making legally available a new drug which combines the chemical properties of several existing drugs known to be addictive. No proper impact assessment was carried out when B2s were introduced. The 2012 report of the DCMS Committee's investigation of the 2005 Gambling Act recognised this when they referred to FOBTs as 'hard gambling'. That report acknowledged that their presence on

the high street was contrary to the regulatory principle, which they referred to as the 'regulatory pyramid', whereby the 'harder' forms of gambling should be confined to venues, such as casinos, which were less easily accessible to the general public.

*2. The 2010 British Gambling Prevalence Survey showed a high percentage of B2 players to have gambling problems and roughly a quarter of all takings from B2s to come from people with such problems.*

The results of the 2010 British Gambling Prevalence Survey (BGPS) showed, as expected, that a relatively high percentage of those who reported playing B2s at any time in the last 12 months answered questions about problems related to their gambling which put them above the internationally recognised threshold for 'problem gambling' (9% compared to, for example, 4% for other kinds of gambling machine). For those reporting playing B2s at least monthly, problem gambling prevalence rose to 13%. High though those figures are, they underestimate the amount of B2 gambling which constitutes problem gambling. Secondary analysis of BGPS 2010 data, accepted for publication in an academic peer reviewed journal (*International Gambling Studies*), has estimated that approximately 23% of all takings from FOBTs (stakes minus payouts) are contributed by people who are above the problem gambling threshold (compared to, for example, an estimated 12% for arcade machines and 11% for casino table games) (please refer to the relevant research paper). Further important evidence comes from a secondary analysis of data from the 2007 British Gambling Prevalence Survey. A team from the USA showed that, once a measure of total gambling engagement (the number of separate forms of gambling which a person had engaged in during the last 12 months) was allowed for statistically, B2 machine gambling was the only form of gambling which retained a statistically significant association with problem gambling (LaPlante et al, *European Journal of Public Health*, 2009).

3. *People who have developed addictions to B2 machines, and their families, are increasingly making themselves known to treatment agencies and through media and website channels.*

Problem gambling is notorious for being one of the most hidden addictions. However, recent attention given to the dangers of B2s has encouraged individuals and their family members, despite the stigma still associated with problem gambling, to talk openly about their FOBT addictions – see, for example, the *Real Life Stories* on the Gambling Watch UK website, or the recent live discussion on BBC Radio 5 Live (9 a.m., Friday, January 11, 2013). At the same time, the Christian Centre for Gambling Rehabilitation and other organisations which provide services for people with gambling problems and their families, such as GamCare, the National Problem Gambling Clinic, have reported that large numbers of their clients and patients are experiencing problems with B2s.

Question 14 The other way of reducing harm from B2 machines would be to confine them to casinos where harm mitigation regulations are tightest. Although it was not what they actually recommended, this would be the logical conclusion of the 2012 DCMS Committee argument that ‘harder’ forms of gambling should be confined to locations with tighter restrictions and less easy access for the general public.

Question 15 Yes, we agree with the government's proposals to retain the current maxima for B3 machines.

Question 16 No comment.

Question 17 No. In the case of Category B3A and 4 machines, the Government response is accepting of industry proposed increases on the grounds that these machines are largely confined to clubs, which minimises any harm. However, this ignores the fact that children and young people will often accompany adults into clubs where they may witness parents and other adults gambling and

may even join adults in playing. Clubs are less well controlled gambling environments than others and may not be such safe environments as might be supposed; any increase should not be more than inflation; this follows a precautionary principle to reduce possible harm.

Question 18 No comment.

Question 19 Rises should not be more than Inflation. Inflation would suggest a rise in maximum stake only to £1.22 (see Package 2). The suggested increase to £2 is a 100% rise. A maximum of £1.20, although it may appear awkward, is after all only a maximum and no customers are required to stake that exact amount.

Question 20 No, for the same reasons given in answer to question 17.

Question 21 No comment.

Question 22 Increases should not be more than inflation i.e. to a maximum stake not more than £1.20 and a maximum prize of not more than £300.

Question 23 No, we do not agree with the government's response regarding Category C machines. They are to be found in some of the venues most accessible to the general public and in my view there should be no increases following the 100% increases in maximum stakes and prizes in 2009.

Question 24 No comment.

Question 25 Our main argument about Category D machines is set out in answer to Question 26 about reel-based machines which are the most serious because of their similarity to adult gambling

machines. Some of the same argument applies to other types of Category D machine such as crane grabs and coin pushers. There were some very considerable increases in maxima in 2009, so no further increases so soon are justified. They should remain as they are.

Question 26 No, no increases because of the exposure of children and young people to these machines in FECs. Category D machines were one of the most controversial aspects of the 2005 legislation for the simple reason that Britain, uniquely amongst countries that have a systematic set of gambling regulations in place, continues to allow children of any age to play such machines. Not surprisingly, therefore, the Gambling Review Body (GRB), whose recommendations formed the basis for the 2005 Act, expressed great unease on this issue. They were persuaded that machine gambling could be particularly dangerous for young people and stated: ‘... if we were creating the regulations for the first time, we would certainly recommend that no gaming machines should be played by under 18s’ (report of the Gambling Review Body, 2001, paragraph 23.23).

If children and young people are to continue to be allowed to play the kinds of money-prize Category D machines, which in all essential respects are like other categories of slot machine, then it is important that the kind of harm which the Gambling Review Body feared, is prevented as much as possible by keeping maximum stakes and prizes as low as possible.

Adolescents are a high risk group for problem gambling; in fact the special vulnerability of adolescents to compulsive gambling is one of the better established facts in the problem gambling field. It is machine gambling that has caused most of the juvenile problems. (These conclusions are based on research carried out over a number of years in the UK, in a number of studies carried out in several other European countries, and the USA and Canada).

In the cases of alcohol, tobacco and drug use and misuse, the evidence is very clear that the earlier the use of a substance begins in childhood or adolescence, the more likely it is that a young person will use the same and other substances later on and the more likely is the later experience of heavy or problematic use. It is for that reason that much of the effort devoted to trying to prevent substance misuse is directed at trying to delay the initiation into use of substances in adolescence. What evidence there is for gambling suggests, similarly, that starting gambling early in childhood or adolescence puts young people at greater risk of subsequent gambling problems.

If there is any decline in the popularity of these machines I believe that is something we should welcome and we should be looking forward to the time when Britain would come into line with other jurisdictions and would phase out these machines altogether (or at least the presence of such machines in any venue to which under-18s have access).

Question 27 No, no change. See our answer to question 25. There were some very considerable increases in maxima in 2009, so no further increases so soon are justified. They should either be reduced or remain as they are at most.

Question 28 No comment.

Question 29 Any change to maximum stakes or prizes for Category D crane, coin push machines and reel-based machines should be a reduction.

Question 30 Our general criticism of the approach taken to the impact assessment is that it rests too heavily upon the economic costs and benefits to the gambling machine providing industry. A fuller impact assessment taking into consideration all the different costs and benefits to the nation is of course a much more complicated exercise (perhaps beyond the capacity of a single government department, which is why we believe a proper national strategy for gambling should certainly

involve the Department of Health and perhaps other departments also). The most complete gambling cost-benefit analysis for any one state was carried out in Australia (Australian Productivity Commission, 1999, Australia's Gambling Industries. Report number 10, Canberra: Ausinfo). The following are some of the costs associated with gambling which were considered in that report or by others who have considered this matter carefully:

1. Crime associated with problem gambling (police, court and prison costs)
2. Crime associated with gambling generally (e.g. corruption in sport, money laundering)
3. Employment costs associated with problem gambling (lost productivity, lost employment time, employer staff recruitment costs)
4. Business costs associated with new gambling facilities (displacement of other businesses)
5. Bankruptcy (legal and other costs)
6. Personal costs to those with gambling problems (psychological and physical illness, loss of earnings, etc)
7. Costs borne by affected family members (emotional distress, psychological and physical illness, family abuse and neglect, other family impact)

8. 'Abused dollars' (money or possessions acquired from family, friends or employers under false pretences)
  
9. Treatment and social service costs associated with problem gambling (unemployment and other social benefits, treatment costs etc)
  
10. Damage to the environment (e.g. traffic congestion, crowding and noise, change of the character of an area, loss of local control)
  
11. Costs associated with government regulation of gambling

Question 31 No comment.

Question 32 No comment.

Question 33 No comment.

Question 34 For the same reasons given above (Question 26), there should be a reduction or no increase to maximum prizes in venues where under-18s can be present such as FECs and bingo establishments which allow under-18s. Where under-18s are not admitted, any increases in maximum stakes and prizes should not be more than inflation. The evidence suggests that anything that makes it easy for children to accompany adults on outings that involve witnessing their elders gambling, and at the same time makes it easy for children to gamble in a similar way on the same occasion, is running the risk of providing the very set of circumstances that puts children at risk. Bingo clubs may constitute a set of premises where, because of liberalisation, the protection of

children and young people has become more difficult. Where children and young people can be admitted, bingo halls constitute a place where young people might readily be introduced to gambling.

Question 35 No comment.

## **REFERENCE**

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**What Proportion of Gambling is Problem Gambling? Estimates from the 2010 British Gambling Prevalence Survey**

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