

Gambling Act 2005: Triennial Review of Gaming Machine Stake and Prize Limits.

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

Response to the Consultation from Mr Edmond Yeo, The Chairman of the Chinese Information and Advice Centre (CIAC), UK; contact email: chair@ciac.co.uk

Question 1

Gaming Machine Stake and Prize Limit reviews should be held on a biennial basis, to identify problems and apply corrective actions at an early stage.

Question 2

There is limited evidence to provide at this stage. But nonetheless, we believe that precautions and much more careful thought is needed when asking gambling machine companies to use its own tracking technology as a means of consumer protection. This could lead to potential ethical and human rights issues when using tracking devices to monitor the player's behaviour. Instead, we propose the best way of safeguarding consumer protection is through human observation to identify possible addictive behaviours.

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.

Question 5

We agree with the decision to reject the inflation uplift proposed in package 2.

Question 6

We disagree with the government's acceptance of the proposed status quo with regard to B2 stakes/prizes. We believe that the ready accessibility of the B2 machines in the industry is proliferating in poorer areas and targeting vulnerable individuals and communities. There has been an explosion of gambling establishments in London Chinatown, which on surface does not harm anyone, but a deeper analysis has shown that it has negative impacts for the Chinese community- impinging on the culture of Chinatown and fuelling an increase in gambling addiction.

Most people in Chinatown are involved with the catering trade, so their hours are very long and receive very short intermittent breaks. The betting shops are becoming widely available and more accessible to catering workers who often go to the betting shops as a place to socialise during their breaks. Their wages are often paid cash in hand and as a result their whole week's salary is invested into machine games allowing the player to continuously repeat bets in the hope to regain their losses. It has also resulted Chinatown being labelled the Las Vegas of Chinatown. Ultimately, the high stake B2 machines should be removed from high street betting shops altogether to prevent both individuals and communities from easily accessing the machines.

Question 7

We do not agree with the proposal to adjust the maximum stake limit and believes that it should be approached with extreme caution. A higher stake will mislead players into thinking a higher return, however in effect it will lead to a more rapid and larger loss. As a result, it needs to view in the context of the player protection strategies that are available.

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 question 2.

Question 13

- a) The consultation document rightly acknowledges that 'association between gaming machines, particularly high stake, high prize machines and gambling-related harm is widely accepted'. It is also clear that the broad evidence base that is already available justifies Government action to invoke a precautionary reduction in stake from £100 to £2.

The £100 stake available on B2 machines is the highest in the world for machines available on the high street and far in excess of that for other gaming machines available in the UK. The overall stake and prize limit is fundamental to the risk posed by B2 machines, alongside the speed of play which makes the B2 gaming machine a

uniquely dangerous product if it operates in a low regulation and low player protection environment.

- b) B2s allow gamblers to wager up to £100 every 20 seconds on casino games, allowing people to stake up to £18,000 on 180 games per hour. The high stake in particular can feed a vicious cycle in which gamblers try to ‘chase their losses’ by gambling larger and larger amounts in an attempt to win back lost wagers.

High stakes coupled with the speed of play can result in players losing large sums of money in a short space of time. This unique combination has a propensity to turn ordinary gamblers into addicts, especially when the gambling occurs in the practically unregulated environment of a betting shop as the vast majority now does in the 9,000+ bookmakers accommodating 35,000 B2 machines.

The following evidence highlights the harm that B2 machines are doing:

The British Gambling Prevalence Survey

The 2010 British Gambling Prevalence Survey (BGPS) highlighted how high stakes B2 machines have played a major role in the 50% increase in UK problem gambling over the last three years.

The BGPS shows that those who had played B2 machines in the year prior to the survey were more likely to demonstrate problem gambling symptoms – defined by an internationally recognised threshold for problem gambling – than those engaging in other forms of betting activity including other gaming machines. 8.8% of those surveyed that had gambled on B2s in the previous year exhibited problem gambling symptoms, compared with just 4% of those that had played on slot machines, more than twice as many. This figure rose to 13.3% for those playing B2s on at least a monthly basis, compared to 8.7% for slot machines.

The disparity in problem gambling rates between B2 players and players of other gaming machines with lower stakes is significant. The major difference between B2 machines and slot machines, for example, is the very large stake available on B2 machines, 50 times that available on slot machines, and the speed of play of the Casino games, about 4 times faster than in a real casino. The fact that those playing B2s in the past month were more than 1.5 times as likely to develop problem gambling as those playing slot machines demonstrates the considerable dangers posed by this large stake.

The BGPS figures also show that the 13.3% of people who had gambled on B2s in the month previous to the survey and exhibited problem gambling symptoms was considerably higher than those who had engaged in sports betting (8.1%) or horse racing (9.1%), the two activities that betting shops are licensed to provide under the primary purpose regulation. This further demonstrates the inappropriateness of combining these very different gambling activities within the same regulatory environment.

Secondary analysis of the BGPS

Looking at the 2010 BGPS, Professor Jim Orford has calculated that around 25% of B2 takings come from people with gambling addictions and this equates to 250 million pounds a year. Orford's research suggests that problem gamblers lost more on B2s than on horses, dogs and in casinos combined highlighting how addictive they truly are compared to other forms of gambling.

The recent secondary analysis of the three prevalence studies showed there was an increase in prevalence of past year gambling in B2 machines, particularly in the younger and lower income groups, the groups particularly vulnerable to problem gambling.

Evidence from gambling charities

Evidence of the extent of problem gambling compared to other forms of gambling is provided by the gambling charity Gamcare.

B2s are causing a disproportionate amount of problem gambling and this is highlighted by recent figures supplied by the charity. In its 2012 report GamCare highlighted figures showing that 34% of calls to its Helpline came from people who cited B2 machines specifically; this is the highest for any form of gambling.

Evidence from the medical experts

Henrietta Bowden-Jones of the National Problem Gambling Clinic is a recognised expert on these issues and has identified a strong link between B2s and problem gambling, stating that 'about 50% of patients claim fixed odds betting terminals (B2s) are particularly problematic'. Bowden-Jones has stated that the Clinic knows exactly which games problem gamblers are playing and that 'B2s come first'.

Increasing levels of first hand evidence

As the issue gains prominence through the large amount of media coverage the amount of testimony coming in from the public, former and current addicts and betting shop employees has increased dramatically. The Government should certainly give due weight to this anecdotal evidence as it is supported by the empirical evidence above. Many of these testimonies are highly instructive in showing the inherent risk posed by having this kind of hard casino style gambling so easily available on high streets up and down the country

More generally though, it is important to acknowledge that the causation of problem gambling is a difficult subject to research due to the complex nature of addiction. However, there is overwhelming anecdotal, academic and empirical evidence linking B2 machines to increased incidents of problem gambling, and the precautionary principle should be employed positively, and the machines removed or materially curtailed, and the onus should be on the operators to prove the machines are not causing problems, not the other way round.

- c) There is strong evidence that betting shops, and therefore B2 machines are proliferating in poorer areas in particular.

Research conducted by the geographical information systems consultancy Geofutures highlights the very strong correlation between areas with high numbers of job seekers allowance (JSA) claimants and betting shop numbers. The image below showing Hackney and Haringey is taken from the Geofutures report and charts the number of JSA claimants against betting shops. The darker areas are those with the higher number of JSA claimants, while each black dot represents a betting shop. The correlation is very clear, with the black dots located almost exclusively in the darkest regions. This situation of betting shops being concentrated in poorer areas is visible across the UK. Two of the poorest constituencies in the country, Liverpool Riverside and Manchester Central, boast 52 and 50 betting shops each. Constituencies Wimbledon and Sutton and Cheam have only 18 and 16 by comparison. In itself this is not necessarily a problem, as bookmakers have existed there for decades. However, introducing B2 machines has materially hardened the Betting shop product and this is the cause of the problems.



Evidence also shows that B2 machines are popular with younger people in particular. Gambling Commission figures suggest the proportion of 16-24 year olds using B2s is four times that of 35-44 year olds. These findings are particularly worrying as 16-24 year olds are the group most vulnerable to developing gambling addictions.

Also, because of the lack of door control in betting shops, underage gamblers are particularly at risk. 2009 Gambling Commission figures show that 35% of under-18 year olds who attempted to gamble in betting shops were successful.

The average amount staked on a B2 machine is unclear as a number of different figures have been put forward. However, The Association of British Bookmakers state on their website that the average amount spent by a B2 player is “circa £10 per

machine per hour” and that 10% of B2 players “play once a month or less”. If this is accurate then it highlights that a significant reduction in stake is unlikely to have the negative impact that is sometimes portrayed.

- d) The issue is not how much people spend, but can they control their spending at whatever level they are playing. Currently the best way of identifying if players are in trouble is by human observation.
- e) The high stake available on B2 machines should be brought into line with that of other high street machines and be reduced to £2, although ultimately B2 machines playing casino games should be removed from high street betting shops altogether. Besides any evidence, common sense says that £100 stake gaming machines, way beyond anything allowed on the high streets of any other country in the world, should not be there. Common sense says Roulette available in casinos with high protection at 80 seconds a game, should not be allowed in bookmakers with low controls at 20 seconds a game.

Given that, according to the ABB, the average stake is dramatically lower than the £100 maximum, such a reduction would have little impact on the majority of people using the machines and at the same time protect the most vulnerable from developing damaging problem gambling habits.

- f) The major difference between the B2 machines, shown by the BGPS data to have a strong link to relatively high levels of problem gambling, and other gaming machines, shown to be linked to lower levels of problem gambling, is the high stake available on B2s, and the high speed of casino gaming allowed on them, 20 seconds a game. Synchronising the maximum stake available on B2 machines with other gaming machines on the high street would therefore significantly reduce the level of problem gambling by making the machines staking levels appropriate for high street venues and the controls and regulations they have.
- g) The consultation document rightly acknowledges concerns about the ‘clustering’ of betting shops within certain local areas. The clustering has become pronounced because B2 machines have become the focal point of the bookmaking industry’s business model, leading them to move away from the over the counter betting they have traditionally provided toward increasingly profitable B2 machines.

This overreliance is having huge consequences for problem gamblers and local communities, where anti social behaviour is now a real problem.

2012 Gambling Commission statistics show that the industry as a whole now derives more than half of its shop income from B2 machines. The bookmaking industry has also ensured that the profitability of the machines has improved markedly. The gross weekly profit that William Hill make from the machines, for example, rose to £924 in 2012 from £648 in 2007. The desire to accommodate as many of these profitable machines as possible has led to bookmakers opening multiple shops, often in the same area, in order to get around the current cap of four machines per betting shop. Again the data supplied by Geofutures highlights this point effectively.

The four largest bookmakers for which information is publically available have already pledged to open nearly 250 shops between them in 2013. This follows a substantial increase in the number of retail units for each of these four bookies in 2012. The expansion and ‘clustering’ of betting shops on British high streets is having a negative impact on shopping districts, reducing commercial diversity and leading to vast amounts of money being sucked out of local economies that would otherwise be spent on goods and services. This rapid expansion plan also highlights the need for the precautionary principle to be introduced as quickly as possible.

Reducing the stake of B2 machines significantly or removing them from betting shops altogether would result in betting shop numbers becoming more stable and put an end to this damaging ‘clustering’ effect. It may affect the Bookmakers profits, but that is not a concern of the gambling act which is focussed on protecting the vulnerable.

Government action could in fact help restore jobs to the bookmaking industry. Despite the number of betting shops in the UK increasing by over 3% between March 2009 and March 2012, the total number of betting shop staff fell by almost 5,000 over the same period. This substantial loss of jobs is due to the shift away from over the counter betting to the automated casino gaming offered by B2 machines. This has obviously had a negative economic impact but the result is that there are now even fewer staff per customer to check IDs and monitor for signs of problem gambling leaving vulnerable people and underage gamblers allowed to play B2 machines at will.

The presence of B2 machines in betting shops has also had a big impact on antisocial behaviour. Community, the union for betting shop workers, has identified a rise of over 170% in the number of violent incidents in betting shops in London alone between 2005 and 2010, since the proliferation of large numbers of B2 machines in betting shops. Testimonies from betting shop staff illustrate the strong link between the machines and violent behaviour. Staff speak of people frequently punching and spitting on machines. Ryan Slaughter, Campaign Manager at Community has stated that B2 related violence can range from “anything from putting a chair or stool through the glass of the machine to kicking or punching it”.

Figures from the Panorama documentary shown last year also suggest the number of violent incidents reported in betting shops has risen by 9% between 2008 and 2011.

A key licensing objective of the 2005 Gambling Act is to prevent gambling being a source of crime and disorder. The rise in B2 related violence runs counter to this objective.

The relationship between clusters of betting shops and crime is recognised by a number of local authorities. Indeed, Newham Council has recently rejected a licence application for a new Paddy Power due to concerns that the new shop would contravene the primary purpose regulation. The council also objected to the high level of crime and antisocial behaviour that had concentrated around existing bookmakers in the borough. The council statement explaining the rationale for rejecting the licence cited statements from the local Safer Neighbourhood Team stating that an ‘excessive volume’ of crime and ASB was visible in the area near a clustering of betting shops in the borough.

Question 14

- a) The most effective harm mitigation measure in relation to B2 machines would be to remove them from the lightly regulated high street bookmaker environment. Failing this, the reduction of the maximum stake available on B2 machines to bring it in line with other high street gaming machines would significantly mitigate the harm presently being caused by the machines, and reducing the game speed, something that can be easily done with Gambling Commission technical standards, is also appropriate. Given Roulette in real casinos is played at around 80 seconds a game, if it is allowed to continue at all, it should be played materially slower in bookmakers.

It is telling that Ladbrokes have acknowledged the dangers surrounding B2 machines and announced proposals for self-limiting on B2s in their betting shops as a solution to these dangers. Such proposals have however been demonstrated to be ineffective at curbing harmful behaviour in problem gamblers. Research by Nower and Blaszczyński at the University of Sydney has demonstrated that problem gamblers are highly unlikely to participate in such schemes thus negating their ability to protect those vulnerable to gambling problems.

- b) Professor Mark Griffiths showed game speed is a major risk factor. Reducing the game speed to an appropriate level for ambient high street premises can be done by the Gambling Commission changing their technical standards.
- c) See question 14a.

Question 15

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

Question 16

No comment

Question 17

We do not support the proposal to increase stakes on Category B3A machines. There is a huge concern that children and young people may develop gambling addictions by witnessing parents and other adults gambling and is also likely for them to join in. Please see question 13c.

Question 18

No comment.

Question 19

We propose a retaining of the current level stakes.

Question 20

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

Question 21

No comment.

Question 22

We propose a retaining of the current levels of stakes.

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 there should be no increases following the 100% increases in maximum stakes and prizes in 2009.

Question 24

No comment.

Question 25

We do not support the government's proposal to increase stake/prize levels on crane grab machines. We believe that an increase of 100% in stake /20% prize is excessive and potentially poor value to the player. Chain betting shops are changing the nature of Chinatown. Each time a restaurant goes, a gambling establishment takes over as they have the financial resources to outbid small restaurants. Ultimately, this means one less shop that suits the streetscape and befits what we call Chinatown.

Question 26

No, no increases because of the exposure of children and young people to these machines in FECs. 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. See question 13c.

Question 27

No, no change. They should either be reduced or remain as they are at most.

Question 28

We feel that potential harm to vulnerable individuals, in particular children and adolescents would be disproportionately high when compared to any perceived benefits to the arcade sector.

We believe that any such decline should be used as a starting point to a phasing out of this Cat D. Complex machines, in line with the obligation under the Act, to protect children.

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

Profound and increasing concerns have been raised about B2 machines over recent years from members of the public, problem gamblers, politicians, academics, councils, trade unions, faith & community groups, problem gambling campaigners and from within the industry itself. This is because of the common sense that it is illogical to have such hard gambling available in ambient gambling premises on the high street and the increasing level of evidence that B2 gaming machines are causing social problems and turning ordinary gamblers into addicts, contravening key parts of the Gambling Act.

We believe that the assessment of impact relies too heavily upon industry perceptions of cost/benefit to the industry. There is a need to examine in more detail the potential societal costs/benefits, particularly in terms of problem gambling.

Question 31

No comment.

Question 32

No comment.

Question 33

No comment.

Question 34

No comment.

Question 35

No comment.