

# 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 by The Gambling Reform and Society Perception Group – 'GRASP'.

#### Process:

1. Gaming Machine stake/prize limit reviews should be held on a *biennial* basis, so as to enable a greater opportunity for intervention should evidence of a disproportionate impact upon problem gambling arise, as a result of previous increases in stakes/prizes. The impact assessment statement accompanying this review (*para 168/169 and others*) alludes to the difficulties frequently encountered in assessing the level and impact of problem gambling and points to the Gambling Prevalence Study as a means of defining and measuring this. To this end, GRASP believes it is essential that a reinstated & more robust Gambling Prevalence Study is conducted at a similar interval, in order to identify and address any impact of machine stakes and other significant game play characteristics upon the level of problem gambling.
2. The predominant activity in the area of consumer protection in relation to gambling machines internationally is unsurprisingly born out of casino based machine play, unsurprisingly this has arisen from technology initially used for promotional purposes.

Automatic player tracking is used in the USA & Canada. Software developed by Canadian company iView for example, tracks approx 500 behavioural variables, such as number of machines played, usual stake levels, does the player chase losses, longest losing streak amongst others. Historical data is collated to identify a risk profile for any particular machine player. Real time data is compared with historical data and any increased risk is communicated to the casino's marketing & management functions, resulting in a cessation of advertising to that player and a blocking of their card. This is frequently combined with intervention by staff trained to observe physical/behavioural indicators of addictive behaviour, such as simultaneously playing multiple machines, frequent trips to cash machines, excessive use of credit cards, aggression, nausea or trembling.

***'When Such behavioural observations are triangulated with a gambler's computed risk score, the confidence level in correctly identifying problem gamblers reaches an impressive 95 percent' (1)***

Clearly there are enormous issues around data protection and these would require a thorough and multi-agency discussion likely to extend beyond the scope of this consultation.

It is clear from the cited example that the human role is highly significant in bringing about effective player protection. GRASP would express concern here at a trend identified by some industry employees towards lone working within certain chains of Licensed Betting Offices. These are now host to a highly significant level of high stake machine play in the UK. Such a level of staffing would arguably detract from player protection and increase vulnerability of staff.

Notwithstanding the potential legal & ethical hurdles, GRASP believes that some facets of such technological interventions could be deployed, though implementation would need to address the comparatively more varied contexts in which UK gambling machines exist.

3. GRASP's belief is that if there is a potentially significant safeguarding role for technology, it would be best deployed in creating a more robust and industry/sector-wide self exclusion or indeed a 'pre-commitment scheme' with regard to the machines identified as having greater implications for protection of the vulnerable. We believe that the need for player protection solutions exist at the current stake/prize level and that using these as a bargaining chip in return for greater industry flexibility would set an utterly unacceptable precedent.

### Package 1:

4. GRASP believe that there are in fact compelling arguments to justify *reductions* to the stake/prize levels and restrict certain game play characteristics within certain machine categories, particularly in the case of **Cat D complex & B2** Machines, due to reasons detailed below. As such we believe that although it fails to address serious problem gambling concerns, particularly within these machine categories, package 1 is by comparison the one of least detriment.

GRASP broadly challenges the industry assertion that increases in stakes/prizes are essential to provide growth within the sector, we believe that such growth would inevitably lead to at least a statistical increase in the prevalence of problem gambling. If such growth is desired by the gambling machine industry, GRASP suggests that with recent development of 'terminal based' games, the technology exists to bring about this growth without recourse to increased stakes/prizes. We feel that the level of play on multi-game **FOBT** machines in Licensed Betting Offices supports this argument.

### Package 2:

5. GRASP agrees broadly with the decision to reject the inflation based uplift proposed in package 2. The principal reason being the resulting increase in stake/prize levels on Cat, D complex, but also B2 & B3 machines and the resulting impact upon problem gambling, as detailed below.

### Package 3:

6. GRASP shares the concerns with regard to increased problem gambling across the machine gambling sectors. Whilst there is a distinction between increasing the number of participants and increasing the amount staked by existing players, GRASP believes that either outcome or in reality a combination of both is certain to increase the number of problem gamblers at least in line with the statistical norm. There is however evidence arising from the 2010 Prevalence Study to illustrate that a disproportionately high number of frequent (*at least monthly*) B2 machine players are problem players when compared to other modes of gambling, around 13% of B2 (FOBT) players falling into the category of problem gamblers. (**2010 Prevalence Survey.**)

An influential secondary analysis of the 2010 Study data provides an estimate that indeed 23% of B2 machine takings are derived from problem gamblers. (**2**)

GRASP therefore wish to disagree with the government's broad acceptance of the proposed status quo with regard to B2 stakes/prizes. We believe that the ready accessibility of the highest stake machines in the industry, in a relatively less regulated environment, places an unacceptable emphasis upon industry interests at the expense of protection of those vulnerable or potentially vulnerable in respect of problem gambling.

The industry representative s **ABB's** own analysis shows a rise from **39.9% in 2008** to **49.4% in 2011**, in the contribution to shop profits derived from machine gambling. This can be viewed against a general trend of decline in other machine gambling contexts.

GRASP asserts that stakes as high as **£100 per game** serve no purpose to the recreational player the betting sector purports to court. We urge that a significant reduction in stake is considered as a matter of urgency along with removal of game play characteristics such as '**Repeat Bet**' and a reduction in the permitted frequency of spins. This would have no impact upon the recreational B2/B3 player but would contribute greatly towards player protection.

### Package 4: Category B1

7. GRASP feels that any machine stake increase needs to be approached with extreme caution and needs to be viewed in the context of the player protection strategies that are available. As a casino is associated generally with higher stake gambling and are subjected to generally effective protection strategies GRASP does not disagree per se with an increase in stake within this environment.

8. Clearly this increase is likely to give some requested scope to the industry in terms of machine design/development, this could only be considered acceptable if effective player protection strategies are implemented.
9. GRASP has serious concerns around proposed increases in maximum prize from £4000 to the proposed £7k / £10k /£15k levels. This represents a range of 75% -275% This we feel provides an enormous incentive to a player in chasing losses, already one of the most common characteristics of problem machine play and behavioural indicator of problem gambling generally. This, coupled with a proposed increase in maximum stake of 150% from £2 to £5, would risk the acceleration of harm arising from such 'loss-chasing'. GRASP would only agree with either proposal in the event of establishing highly effective player protection methods and reinstatement of the 24 hour notice period required before gambling for the first time in any particular casino.
10. See answer to question 9.
11. Yes, further consideration should be given to continuation of current levels of stake/prize, or a significantly more modest uplift, in light the identified impacts upon player protection.
12. N/A

#### **Package 4: Category B2**

13.
  - a. The £100 stake limit on B2 machines must also be viewed within the permitted frequency of games and other game features such as repeat bet, ability to deposit by debit card. These combined, offer the player an opportunity to chase losses at potentially a highly harmful rate.
  - b. Players will often place bets on a large selection of numbers (roulette) effectively betting against themselves, vastly restricting the likelihood of a profitable outcome. Players will often place one large bet and use the 'repeat bet' feature to rapidly play at the same high stake rather than make a new selection, compounding losses in a short space of time.
  - c. GRASP is inundated with forum submissions of members who have experienced problem gambling as a result of B2 machine play. Typically this would start at comparatively modest levels of £2 to £5 but would progress to a level determined by available funds. Members report frequently placing stakes at or near to the maximum £100 per game for prolonged periods. Statements on behalf of the sector by the ABB purport that the majority of players participate recreationally and that problem players are a small minority. The experiences of many players/former players including GRASP members runs contrary to this assertion and the aforementioned secondary analysis of the 2010 Prevalence Study data rebuts the industry claim by citing that 23% of B2 machine takings are from problem players. Several local authorities have expressed concern over the proliferation of machines and the resulting prominence of Betting Shops on their high streets.
  - d. Frequent use of the repeat bet feature, playing games at or close to the permitted frequency, borrowing money to play, chasing losses, playing more than one machine simultaneously are behaviours that might distinguish at risk players from other high spending players.
  - e. GRASP believes there is sufficient evidence for a reduction in B2 stakes/prizes. The impact of readily accessible high stake machine gambling ( highest in the industry) upon both vulnerable individuals and local communities has received a great deal of publicity. A disproportionately high number of contact with our organisation relates to people who have experienced problems with regard to B2 machine gambling. GRASP is not an anti-gambling or anti-betting shop organisation. We firmly believe that a stake/prize reduction would have no impact upon the recreational player, but would serve to abate the risks to vulnerable/ potentially vulnerable players, shop workers and local communities through crime and antisocial behaviour.

f. GRASP believes that a reduction in stake/prizes would result in a reduction of 'loss chasing' behaviour, would remove the lure of a potential quick big win and would reduce the potential losses sustained by problem players.

g. Representatives of the LBO sector, namely the ABB have repeatedly argued via national media that regulation of B2 machines could result in the closure of 8000 shops and the loss of around 39,000 jobs. GRASP believes such claims to be exaggerated and that they amount to an admission that problem machine gamblers are indeed central to the business model of many LBOs. Indeed there is increasing evidence via a recent high profile media campaign by '**Fairer Gambling**' in conjunction with data compiled by '**Geofutures**' that shops have opened to almost exclusively provide machine gambling.

If as is claimed, the sector is intent on courting recreational machine players, GRASP asserts that this is likely to be at the expense of more traditional betting products, with a likelihood that this will compound issues such as funding of the racing industry, resulting in job losses across the industry including LBOs themselves. Regulation therefore could actually protect jobs within the industry. GRASP highlights that there has been a worrying rise in linking B2 machine gambling with such traditionally less intensive betting products. (*images 1 & 2*)

GRASP feel that shops would encounter less antisocial or criminal behaviour and as a result of regulation, thereby appealing to a broader recreational customer base in respect of both machine gambling and traditional betting activities. This in turn could actually increase the requirement for staff in shops.

14. ***In addition, please refer to question 6.*** GRASP advocates strongly that certain game play characteristics associated with B2 machines contribute significantly to problem play. Arguably the most impact here is created by the 'repeat bet' feature, which impacts upon both the speed of play and stake level. It is logical to conclude that were this feature to be removed, the player would have more opportunity to think rationally about their stake on each 'transaction' prior to each play. GRASP also advocates strongly in favour of a reduction in game frequency from the current 3 games per minute. In addition, a much more robust self exclusion system is required. The current system is at the mercy of too many inconsistencies. Issues such as turnover of staff, number of shops, single staffing and inability to challenge excluded players are amongst factors that in many cases render the current system not fit for purpose. GRASP believes that a national 'linked' scheme or an 'opt in' type 'pre commitment' scheme for B2 machine play would mitigate these flaws. There is also a compelling argument that such high stakes machines should not be sited in such readily accessible locations.
15. GRASP considers the government's proposal to retain B3 prize limits to be the best of the options presented, although we believe the impact to be lower than that of B2 machines, we believe there is an impact nonetheless and GRASP's agreement with this proposal is subject to a commitment to maintaining and improving measures in AGC's & LBO's as set out previously in respect of self exclusion and support where there is evidence of problem gambling.
16. GRASP believes there is a strong argument in favour of separating the B2 & B3 gambling content on the terminal based machines in LBOs. There are indications from problem players that the juxtaposition of these characteristically distinct games can result in players electing to play B2 games to 'chase losses' arising from B3 games, due to the perception that B2 participation will bring about bigger returns more quickly.

#### **Package 4: Category B3A**

17. GRASP does not support the proposal to increase stakes on Cat B3A machines. Sited in the majority of cases in clubs, there are strong concerns that though restricted to over 18s only, in practice, there is a significant possibility that minors will accompany adults in such premises, participating in machine play on a 'secondary' and in some cases primary manner. As such any increase in stake is likely to incentivise play and thus fall short of obligations to protect children and the vulnerable.

18. GRASP feels that such a rise in stake will result in an impact upon problem gambling levels, that is disproportionate to any perceived benefit to commercial or private clubs.
19. GRASP proposes a retaining of the current level of stakes.
20. GRASP does not agree with the proposals to increase the stake/prize levels of B4 machines for the reasons stated in response to question 18.
21. GRASP feels that such a rise in stake will result in an impact upon problem gambling levels, that is disproportionate to any perceived benefit to commercial or private clubs.
22. GRASP proposes a retaining of the current levels of stakes/prizes.

#### **Package 4: Category C.**

23. GRASP does not agree with the government's proposal to increase Cat C. prize limits to £100. The principal objection is that the machines are highly accessible given that they are cited in AGCs and in particular licensed premises. The last increase in stake was 100% in 2009 and the proposed increase would represent an uplift of 42.8% GRASP is concerned that such an increase risks incentivising participation to an extent whereby impact upon problem gambling would be significant.
24. GRASP feels that such a rise in prize limit would result in an impact upon problem gambling levels, that is disproportionate to any perceived benefit to the AGC sector or licenced trade.

#### **Package 4: Category D.**

*Category D. machines give rise to a great amount of concern. Clearly the category contains sub-categories of machines varied in nature and stake/prize level. Although there are differences between the respective emphasis upon amusement/ entertainment and gambling between the sub-categories of machine, GRASP believes that none of the sub-categories of machine is free of risk in terms of access by children.*

*As such both the industry and the government have adopted a somewhat overly simplistic analysis of the status and respective impact of these machines and that this impacts directly upon the 2005 Gambling Act obligation of protection of children.*

*GRASP believes that the UK's status as the only country that regulates gambling but allows children to participate, amounts to a de facto breach of the obligations towards protection of children arising from the 2005 Act. In 2006 Prof Mark Griffiths of Nottingham University made this assertion in his 2006 submission to government. Similar views have been expressed by many experts in the field of problem gambling research, including professor Jim Orford of Birmingham University.*

*GRASP regularly receive accounts from problem gamblers who claim that [Category D.] slot machines were their first rung on the ladder of problem gambling.*

*GRASP's allegation of the simplistic view taken by both the government and industry sector, is due to the failure to consider within this consultation, the impact of factors other than stakes and prizes. A vast body of academic research testifies to the impact of environmental factors, machine design/ location and game play features, upon exploiting the propensity of individuals to play gambling machines. It is difficult to rebut the presumption that this will have a greater impact upon younger more impressionable minds.*

GRASP asserts that the machines viewed by the industry as 'Harmless fun for families' ( Impact statement para 88.) do not exist in isolation, but can fulfil an insidious link role within a hierarchy of machine gambling that fails repeatedly to protect children and the vulnerable.

It should be noted here that over 6000 machines were removed from takeaways, cafes & taxi ranks etc. as a result of the 2005 Act, on the basis that it prevented children from unsupervised machine play. This would tend to imply a belief by government and an assertion by the sector that FECs provide a supervised environment in which young people can participate. This is sometimes far from being the case and there are indeed examples of unstaffed grab machine locations and insufficient supervision in staffed venues where access to Cat D. Complex machines is available.

25. GRASP does 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. GRASP also recognises that these machines are often sited in the entrances to FECs, particularly at seaside locations. We believe that the level and nature of prizes serves as an incentive to enter the premises and potentially embark upon further gambling activities. GRASP recognises that these machines exist in other jurisdictions, such as French, Dutch & Belgian resorts. As alluded to previously however, the UK is unique in allowing children in a gambling environment, and in these other jurisdictions the machines exist within a culturally different idiom.
26. No, GRASP does not agree with the government's proposal to uplift maximum stakes/prizes with regard to Cat D. complex machines. The government states that ***'It is mindful that many of these machines are popular with children, and while they may be regraded primarily as amusements they are gambling nonetheless'*** (Impact statement para 112) That this statement is not considered a pretext to a phased removal of such machines is in GRASP's opinion, nothing short of a scandal. It should be noted that prior to the 2005 Act, these machines were an adult product. It is true that in many cases the these machines are identical in characteristics, game play, feature, design to Cat C. equivalents. In fact in some cases the only distinguishing feature is the stake/prize limit and in most other cases they are broadly similar in principal. So we have an adult product, which is acknowledged as having a potential for causing addiction available to children. The stakes/prizes may appear modest from an adult perspective. GRASP asserts however that from the perspective of a child or especially an adolescent ( a category of player statistically more predisposed to machine addiction) , the prize of £5 is potentially sufficient incentive to encourage excessive and therefore problem play. As such, GRASP can in no way agree with any proposal to increase either stakes or prizes with regard to Cat D. Complex machines.
27. GRASP believes that this proposal relies heavily on the misconception of coin pusher machines as ***'Fun retailing'*** (Impact assessment para 88) Again, aside from stake/prize ratios, the design and features of the machine in fact define coin pushers as very much gambling machines. The visual and aural impact of cascading coins appeals enormously to young people and the repetitive mechanism and game play, with frequent near misses mean that compulsive and therefore problem play is not unlikely.  
  
***Significantly, a number of coin push machines now incorporate a chance to activate reel based games as part of the play. These essentially function in the same way as a Cat D. Complex game. To introduce an uplift at the proposed rate could therefore create a class of what are in effect Cat D. Complex games, with a higher payout limit than that sought by the government in respect of that sub-category. GRASP would welcome clarification on this issue and indeed any similar instances where a machine clearly has cross category characteristics.***
28. GRASP feels 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.

29. Maintain current level of stakes across all Cat D. machines, but especially in the case of Cat D. complex ( reel based) machines.

### **Costs and benefits:**

30. GRASP believes 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. The cost to individuals and families directly, the cost in terms of productivity, health care , welfare payments, impact of debt, impact upon education. This would be likely to be beyond the scope of one department and would benefit from input from a wider involvement of support and interest groups. GRASP firmly believes that this should be undertaken against a backdrop of a statutory levy on the industry, as allowed for by the 2005 Act, in order to bring about a full and unbiased exposition of their impact of machine based gambling.
31. See above.
32. See above.

### **Prize gaming:**

33. Some seaside arcades and FECs provide machine based prize games. These are typically where the player inserts coins into a machine, strikingly similar in characteristics to Cat D. complex and therefore similar to some 'simple' Cat C. machine formats. Prizes are generally paid in ticket form by the machine, these are then exchanged for low value prizes, but tickets can be aggregated to achieve prizes greater in value. There is a strong concern that as a result of the low value prizes, the machines are able to 'pay off' at far more frequent intervals than would be profitable in other machine categories, without impact upon profitability. As these machines bear striking similarities to other categories of reel based machines, GRASP believes that this engenders skewed expectations of frequent prizes when similar machines are played in other categories. GRASP is aghast at this exposure of impressionable young children to such insidious game play features and strongly advocate that such products are not available in premises/venues accessible by children.
34. Not known.
35. Not known.

### **Notes:**

- (1) 'Addiction by Design' Natasha D. Schull, P285 para 1.
- (2) 'What Proportion of Gambling is Problem Gambling? Estimates from the 2010 British Gambling Prevalence Survey.' by Jim Orford, Heather Wardle & Mark Griffiths.

### **Appendix:**

- (1) Statement by Philip Mawer, author of 'Overcoming Gambling', founder of 'Gamblersaloud' and GRASP trustee. (please see PDF attached separately.)

**Images:**

(1)



(2)





**Eugene Farrar, 4<sup>th</sup> April 2013, on behalf of the trustees of the GRASP group.**

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3<sup>rd</sup> April 2013

TO WHOM IT MAY CONCERN

As a trustee of the Gambling Reform and Society Perception (GRASP) and the author of the best selling (Amazon gambling addictions category) book "Overcoming Gambling" I have been asked to relate my experiences of slot machines, before the forthcoming DCMS review.

Like so many compulsive gamblers and gambling addicts that I meet either through GRASP or my own website, my first experiences of gambling were as a child (6 or 7 years old) at the Skegness arcades when I was taken there by my elderly aunts. Currently I'm unaware of any scientific evidence that links such early experiences of gambling to a full blown addiction later in life but my strong feeling is that there are too many examples for there not to be a link. Even now, some 40+ years later, I can still remember the slots and the promise of untold (to a 6 year old) riches and how they assaulted all of my senses, their touch, their noise, their feel, their look and even the smell of nearby candy floss. Even at that young age they registered with me and that knowledge never left me, indeed it was never allowed to leave me.

My next experiences of seeing slots were in pubs when taken there with my parents and again I had an unhealthy obsession for studying them and more particularly the people playing them. Again, as with arcades, I consider it extremely dangerous to INCREASE the stakes and payouts of such machines when they are so easily visible to children and they are so impressionable. It is planting a seed from which a cancerous crop is grown.

The final stage of my "progression" into slots and machines was the dreaded "crack cocaine of gambling" B3 "roulette machines". Whilst it was internet gambling that took my addiction to the deepest depths, had I had greater access to FOBTs (and had they been more accessible when I was in the depths of my addiction) they would have taken over from my internet gambling. I have NEVER seen a legal machine (other than a gun) be so capable of destroying peoples' lives so quickly and so effectively as FOBTs and yet here we are even discussing increasing their payout to £1000. This is simply pandering to the industry's need to CREATE more addicts and sustain their unparalleled growth in the depths of an economic recession. The idea is abhorrent to me and should be to anyone with an ounce of compassion in their soul.



I can only believe that the current "drive" for increasing the stakes and the prizes of most gaming machines comes from an industry addicted to problem gamblers and a government addicted to gambling taxes. The welfare of the general public MUST be taken into account on this matter and it has NO bearing on freedom of choice or restriction of choice. There are currently 4 different categories of machines with differing stakes/prizes and within each category an almost unlimited variety of games to play. How can anyone argue that the PUBLIC'S interest is served by increasing stakes/prizes when there is NO restriction in place to limit how much money is spent by an individual in any category of these machines on any given day?

I urge the DCMS to deal with this issue with the peoples' interest at the FOREFRONT rather than the purely financial interest of an industry already recording record profits and growth.

Best regards  
  
Phil Mewer

Author "Overcoming Gambling"

Founder "Gamblersaloud"

Trustee Gambling Reform and Society Protection (GRASP)

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