



Quaker Action on Alcohol and Drugs

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RESPONSE OF QUAKER ACTION ON ALCOHOL AND DRUGS (QAAD) **TO THE CONSULTATION ON CATEGORY B3 GAMING MACHINES**

Quaker Action on Alcohol and Drugs (QAAD) is a listed group of the Religious Society of Friends (Quakers). QAAD is an independent national charity that has a concern with the use and misuse of alcohol and other drugs, and with gambling. QAAD was one of the interfaith groups that gave oral evidence to the Joint Parliamentary Select Committee that considered the Gambling Act of 2005, and we have continued to be actively involved as a stakeholder since that time.

Question 1. Do you agree with the government's proposals for adjusting stake limits to £2 on category B3 gaming machines?

We disagree strongly with this proposal because it represents a risk to the third objective of the Gambling Act 'to protect children and vulnerable people from the harms of gambling'. A doubling of the stake coupled with a significant widening in the availability and accessibility of these machines represents a simultaneous increase in two risk factors.

We find it extremely worrying that the significant, extensive and recent body of research about the association between slot machines and problem play is described in the consultation merely as a 'historical concern.' We urge renewed consideration of the evidence-base, including the following elements:

- The literature reviews by Livingstone and Woolley in 2008 and Parke and Griffiths in 2007, which concluded that **'it is widely held in the available research that gaming machines are more likely to lead to problem gambling than other forms of gambling.'** (Griffiths' summary, 2009).¹

¹ Griffiths, M. (2008) Impact of high-stake, high-prize gaming machines on problem gambling published by the Gambling Commission

Livingstone, C., Woolley, R., with Zazryn, T., Bakacs, L., & Shami, R. (2008). *The relevance and role of gaming machine games and game features on the play of problem gamblers*. Report prepared for Independent Gambling Authority South Australia.

- **Machine gambling is particularly attractive to problem players:** *‘Evidence suggests that while gaming machines appear to appeal to many ordinary gamblers, they seem to be particularly attractive to those at risk of problem gambling and to those with a gambling problem. Compared to non-problem gamblers, problem gamblers tend to play on gaming machines more frequently and spend more time and money on them.’*² The psychological mechanism of reinforcement scheduling that underlies the attraction and power of machine gambling is well attested.
- **Research from other jurisdictions indicates that a high proportion of machine revenue comes from problem players.** Williams and Wood (2004) estimated that *‘about 35% of Ontario gaming revenue is derived from moderate and severe problem gamblers.’* This is a significantly higher proportion than revenue from other forms of gambling. Caraniche (2005) report that problem gamblers averaged sessional EGM expenditure nearly three times that of non-problem gamblers and more than twice as many gambling sessions per week.³ **Greater revenue from machine profit is likely to be disproportionately at the expense of problem gamblers.**
- The study by Sharpe et al. (2005), which reports that *‘lowering the bet size would reduce the level of harm associated with gambling’* (2005: 518⁴)
- **Slot machine play is already cited by 18% of the callers to Gamcare** (2009/10 figures) and slot machine play is by far **the most frequently cited form of problem gambling for women (36%)**, who are the main client group for bingo halls.
- **The accessibility of machine gambling is considered a significant factor by problem gamblers themselves in a recent UK qualitative study:** *‘Furthermore, gaming machines were felt to be more prevalent than they had ever been in the past... It was also observed that bingo halls had started hosting machines or were hosting more machines than previously and that these were now being installed in rooms separate to the main hall to enable continued play during games of bingo...’*⁵

We believe, therefore, there is every reason for caution about machine play, and for caution in raising the stakes and the availability of these higher-value B3 machines.

There is no evidence of consumers wanting more choice or greater availability. The arguments rest entirely on the industry’s economic case, to which most of the consultation document is devoted. It is notable that the representations of the gambling industry are adduced in detail, even though it is acknowledged that a similar case made

² Griffiths, M. (2008) *Impact of high-stake, high-prize gaming machines on problem gambling* published by the Gambling Commission p2

³ Caraniche Pty Ltd (Caraniche). 2005. *Evaluation of Electronic Gaming Machine Harm Minimisation Measures in Victoria*. Department of Justice (Victoria), Melbourne.

Williams, R. and Wood, R. 2004. *The Demographic Sources of Ontario Gaming Revenue*. Ontario Problem Gambling Research Centre, Ontario

⁴ Sharpe, L., Walker, M., Coughlan, M-J., Enersen, K. and Blaszczyński, A. 2005. *‘Structural changes to electronic gaming machines as effective harm minimization strategies for non-problem and problem gamblers’*, *Journal of Gambling Studies*, 21(4), pp. 503–20.). Comparing play on modified machines (AU\$1.00 maximum bet) with machines with a AU\$10 maximum bet, it was found that the modified EGMs ‘reduced time spent gambling, number of bets and losses’. More than three times as many problem gamblers (7.5%) as recreational gamblers (2.3%) placed maximum bets in excess of AU\$1.00 and the preference for relatively large bets was a predictor of gambling problems and severity

⁵ Thompson, M and Hollings. P. (2009) *Qualitative study of machine Gamblers, the Gambling Commission*, p 36

for an increase in Category C stakes and prizes did not result in the anticipated outcomes. The risks apparent from the evidence-base are being under-estimated, whilst the benefits are being over-played.

Question 2: Will it provide sufficient benefits (consistent with the licensing objectives of the Gambling Act) to AGCs and bingo clubs, as well as machine manufacturers and suppliers, to outweigh any potential risks?

2.1 For all the reasons cited above, we do not think the benefits to different parts of the industry will outweigh the risks of problem gambling to consumers, communities and families.

2.2 We understand the argument that bingo halls and Adult Gaming Centres are softer gambling environments than betting shops (given that B2 machines are cited in a separate category in 22% of calls to Gamcare). However, to make softer gaming environments harder is a high-risk strategy, and much more likely to exacerbate problems than relieve them.

2.3. As indicated, qualitative UK research indicates that problem players find the ubiquity of machines a factor in their gambling. To make a generally denser gambling environment in the community is likely to make matters worse for them.

2.4. As regards the other end of the spectrum, bingo halls are obviously looking to extend their customer base – particularly among women - by offering comfortable surroundings and meals. This strategy is likely to involve a base of new customers, rather than people who have been drawn away from betting shops. Offering high stake machines in greater numbers will simply expose new clients to a greater level of higher risk gambling than would be the case if the regulations remained unchanged in terms of machine numbers and stakes. The argument for drawing the sting from problematic environments simply does not add up.

2.4. Traditionally, bingo has been a sociable activity as the consultation document points out. However, machine play tends to be more solitary, and this is particularly the case for problem players. The cultural and social aspects of bingo halls will be threatened rather than enhanced by an increased entitlement to more, and higher stake, machines.

2.5. We appreciate the concerns about employment. However, since the Gambling Act was passed, relaxations of regulation seem to have been largely led by one sector or the other claiming economic difficulties, and each pushing for more machines to increase their revenue. The net result is an increase in numbers, proliferation, stakes and prizes of all machines.

2.6. Bingo clubs and AGCs (like betting shops and casinos) are moving to a greater and greater reliance on profits from machines. 2010 industry figures published by Gambling Commission show a 7% increase in profit from machines for bingo clubs and gross profits of 87m from B3s in AGCs – by far the biggest single income source. Given the evidence that yields from machine play are particularly likely to be derived from at least a proportion of players with problems, we have deep concerns at the expansion of the whole industry on this basis. To gain what is likely to be at best a relatively small

number of jobs by increasing reliance on one of the riskier forms of gambling is neither sensible nor desirable. Problem gambling can involve debt and deep human harm to individuals and communities - and whilst these machines are not open to children, the environment in which they function does set an example. Machine gambling is involved in 73% of the under 18 calls to Gamcare. We would hope to see a more positive policy from the government about the basis of economic growth and social cohesion.

2.7. Profits from AGCs are stated to be £397.4 million in the latest figures. It is difficult to see this as an industry in crisis, or one incapable of sustaining employment that is not usually highly paid.

Question 3. Are there other options that should be considered?

3.1. We appreciate that premises have artificially been split in contravention of the spirit and intent of the regulations order to obtain a greater entitlement to more machines. However, the answer is to uphold regulations that were designed to safeguard the third objective of the Gambling Act, rather than to change them. At ground level cash-poor Local Authorities tend to be cautious in their approach to this issue, because a well-funded industry has less to lose and far more to gain from taking disputes to litigation. This is only likely to get worse.

3.2. To be effective, upholding the regulations needs to involve **giving Local Authorities the power to address the numbers of machines in their areas. This could be done in various ways, including by passing an amendment to the Miscellaneous Provisions Local Government Act**, (in the way that was done for lap-dancing establishments). We would urge that the fullest consideration be given to this. These local powers would obviate many of the complexities considered in the later sections of the consultation document about the impact of various options.

3.3. There is evidence that near misses and/or frequent small prizes have a reinforcing effect on customers - play is continued in the belief that reward is near. We note that doubling the stake would enable a more frequent payout ratio, which may well increase the risks of problematic play. One of the problems of the various relaxations since the Gambling Act is that their impact is not tracked by the publication of industry data, or by research by the Responsibility in Gambling bodies. The absence of specific evidence about increased risk is then used as the basis for further relaxation. If any change is made, we would like **to see specific impact research conducted, including as regards distribution in communities, rates of customers with problems, and impact on vulnerable socio-economic and ethnic groups. This could be conducted under the auspices of the Responsible Gambling Fund.**

Question 4: Is it appropriate that existing premises should be allowed to retain their current entitlement to machines, even if they would not be permitted that number of machines under any revised arrangements?

4.1. We do not find it appropriate that existing premises should be allowed to retain their current entitlement no matter what the new revised arrangements might be. This would simply have the effect of increasing the overall number of machines. Machine numbers were restricted because of their known association with problem play. Regulations that start with such significant exceptions have no coherence.

Question 13 and 14: Which of the six options outlined in chapter 3 would your favour, and why? Are there any other potential options you feel that the government should consider, and why?

5.1. This is potentially one of the most significant developments since the Gambling Act of 2005, both in terms of the potential increase in the numbers of machines, and as regards the principle of commercially-led changes to regulation for one of the riskier forms of gambling. We would like to see the questions of availability, accessibility, density, and impacts on vulnerable/specific populations much more fully addressed in this consultation and the decisions arising from it. Some parts of the industry have indicated on their websites that this consultation is simply a step in the fulfillment of pre-election pledges to the industry, (though as far as we can ascertain this does not seem to have appeared in manifestos). We are concerned about matters of access and transparency, and hope we are correct in assuming that consultations will proceed on an open basis.

5.2. **Our preferred option is the first.** Leaving the status quo intact is the only option that meets the third licensing objective, particularly in view of the fact that the Gambling Act was only fully implemented in 2007 and its full impacts are unlikely to have been fully manifested even in the 2010 Prevalence Study.

5.3. Option 3 seems particularly high risk, in that it would result in 3,000 more machines - including in small, widely dispersed, easily accessible AGCs. These are the exact conditions under which problem rates with B2s have escalated, and the consultation document accepts that there is a risk of unchecked proliferation in this option. This appears to be the least desirable in terms of the potential seriousness of its impact.

5.4. We do not believe that stakes should be increased at the same time as allowing more B3 machines in bingo clubs. This changes two risk elements simultaneously, and moves a traditionally softer environment further into 'harder' territory.

5.6. However, if this does occur, and entitlement were to be related to floor space, it might favour the development of large bingo clubs with large numbers of machines, in a similar way to casinos. Again, particularly if these were in central or easily accessible locations, the risks of problem gambling would be increased, which would be deeply concerning. Known risk factors of accessibility and availability should be central to the terms on which decisions are made about distribution. This should also be the case in relation to machine manufacture. Machines that change from one class to another are harder to regulate and to track in terms of their impact on problem gambling, unless the industry co-operates in the process of research, or is required to do so.

Other options

5.7. We recommend that **treatment agencies keep a record of the forms of gambling with which their clients are having their most acute problems.** In the substances field, polydrug use across legal and illicit substances is common, but clients are asked which are their prime and secondary problem substances. If there is no pre-eminence, this too can be recorded. Such information helps inform regulation and provides important evidence about problem trends and the effectiveness of solutions. If plans are not already in train, we recommend that a simple treatment record along the

lines of TOPS be developed for the gambling field, perhaps via the Responsibility in Gambling body.

5.8. We are concerned about the balance of discourse in relation to regulation, which is exemplified in this consultation. The gambling industry is varied in its forms and makes strong representations, as indeed is its right. However, there is no equivalent group of the nature of Alcohol Concern or Drugscope in the substances field to balance it. Alcohol Concern and Drugscope act as independent and expert policy advisors, as well as umbrella bodies for treatment and education agencies. Alcohol Concern has advocated minimum pricing, for example, and in this way provides a voice that counterpoints the alcohol industry. It also has no role in the disbursement of treatment funding, and is therefore able to make useful independent analyses of policy and practice in this area. In the gambling field, Gamcare does not take a position on the regulation of a legal activity, whilst the Responsible Gambling Fund has a quasi-governmental function in disbursing funds that are raised from the industry. Faith groups have taken on the role of independent advocacy and commentary, but there are some limitations to this. **We would recommend that consideration be given to forming an independent body along the lines of 'Alcohol Concern'.** The opportunity for this should increase as the treatment field expands.

5.9. This consultation severely weakens the principle of limiting the number of B3 machines by entitlement through premises licences, which is an extremely worrying development. Numbers must be limited if the risks of problem gambling are to be managed. It is vital, therefore, that Local Authorities be given increased powers to address the issues that will inevitably arise from any option other than the first, and which already exist in relation to B2 machines. **We urge the government to increase Local Authority powers to address density and proliferation by passing an amendment to the Miscellaneous Provisions Local Government Act in order to manage and minimise these considerable risks.**