

**SUBMISSION OF QUAKER ACTION ON ALCOHOL AND DRUGS (QAAD) TO THE
REVIEW OF THE GAMBLING ACT BY THE PARLIAMENTARY SELECT
COMMITTEE ON CULTURE, MEDIA AND SPORT**

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, legal, illegal and prescribed - and with gambling. QAAD offers prevention and information services for Quakers and contributes to public policy discussions. Trustees give their time to QAAD freely, and bring voluntary and statutory experience from settings that include prevention, a variety of treatment and support interventions, medical services, and criminal justice.

QAAD does not represent the Religious Society of Friends as a whole, but the views we express are grounded in our Quaker principles. The Religious Society of Friends issued statements against the state-sponsored gambling involved in the National Lottery in 1994 and 2004. Quaker advices counsel us against gambling and speculation on the grounds that it involves gain at the expense of another's loss, works against equality and our spiritual connectedness to others, and encourages an unsatisfying stress on material wealth. However, Quakers are not prohibitionist. Quaker traditions are based on a respect for the different perspectives of others, and we have always worked from the position that sensible regulation is the best approach.

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. We work with our partners in the Methodist Church, the Salvation Army, the Evangelical Alliance, CARE, and the Church of England.

1. Foreword and executive summary

1.1 The Gambling Act of 2005 has failed to achieve its third objective of protecting children and vulnerable people from the adverse effects of gambling. The impact of the Act has been a significant rise in problem gambling in the three years since it came into force, from a rate of around 0.6% to 0.9% of the population.

1.2. The Gambling Act contained some welcome measures that limited ambient gambling, and some necessary modernisation. However, evidence from many jurisdictions has consistently shown that an increase in gambling availability and participation is followed by an increase in gambling problems. The level of de-regulation that the Act enabled was always inconsistent with its third objective.

1.3. Parliament was promised that the national Gambling Prevalence Study would be the indicator of the Act's impact, and that corrective action would be taken if problems with gambling were to increase. *'If evidence of harm emerges through the research and monitoring that is undertaken, we will act swiftly to toughen the controls. We have powers throughout the Bill to withdraw or move back from the liberalisation if there is evidence of harm.'* (Tessa Jowell *Hansard*, 1st November 2004, cols. 31-32). That evidence is now before us.

1.4. Research indicates that problem rises of three or four fold tend to occur in liberalized markets before some stabilization occurs.¹ A problem gambling rate somewhere in the region of 1% to 2% - or even more - is likely in the UK in the foreseeable future unless determined action is taken quickly.

1.5. A common pattern has been for countries with liberalized markets to develop more vigorous and effective problem gambling strategies when harms escalate. There is much to learn from these. The New Zealand Gambling Act of 2003, for example, recognizes the connection between gambling and problem gambling: its first two aims are 'to control the growth of gambling' and 'prevent and minimize the harm caused by gambling and problem gambling.' Its strategy² is precautionary, local, and risk-led - for example, local authorities are encouraged to consider the resilience of their communities before issuing licences for gaming machines. The situation brought about by the UK Gambling Act is precisely the reverse: there is a presumption to licence, Local Authorities have no powers to address numbers or balances of gambling premises, nor to consider the impact of gambling on their communities. This needs to change.

1.6. Other approaches from which we can learn are an assumption of responsibility for a problem gambling strategy by the Department of Health, and a levy that takes account of the social harms related to the gambling product.

1.7. Problem gambling involves ill-health, debt, and severe stress for the individual and for their close others. For the children involved it means a greater propensity to develop a gambling problem themselves. Problems tend to be more intractable for disadvantaged individuals and community costs of all kinds are higher in deprived areas. The social effects of gambling are often to redistribute money from poorer people to a rich industry.

1.8. The moral and practical question for legislators – which was not squarely faced when the Gambling Act was passed - is whether profit for the industry, and an increase in gambling opportunities for the consumer are worth these human costs. The Prevalence Study result is a reminder of the trajectory on which the Gambling Act has put us, and offers the chance to take action before problems become larger and more entrenched.

1.9. The Prevalence Study asked helpful questions about public attitudes that could help inform these decisions. They reveal that most people agree gambling should be a legal right, but also think that 'there are too many opportunities for gambling nowadays.'

³ A more precautionary approach to gambling in general, and the tightening of regulation in risky areas is in the public interest, and likely to be welcomed.

1.10. We welcome this timely Parliamentary review, hope it will consider widely, and commend the New Zealand Strategy to its attention. We set out our own specific recommendations below. The supporting evidence and a discussion of developments since the Act follow in the main body of the document.

¹ Shingogle, J, Morris, D., Park, H. and Volberg, R. (2010) *Gambling Prevalence in Maryland: A Baseline Analysis* Maryland insititute for Policy analysis and Research, page 9

² Regulatory Impact Statement Problem Gambling Levy 2010/11 2012/13
[http://www.moh.govt.nz/moh.nsf/pagesmh/10092/\\$File/ris-pg-may10.pdf](http://www.moh.govt.nz/moh.nsf/pagesmh/10092/$File/ris-pg-may10.pdf)

³ Wardle, H., Moody, A., Spence, S., Orford, J., Volberg, R., Jotangia, D., Griffiths, M., Hussey, D., Dobbie, F. (2011) *British Gambling prevalence Survey* Gambling Commission table page 128

2. We recommend the following actions:

Children

- 2.1. A UK ban on slot machine gambling by children, as is the case in the rest of Europe.
- 2.2. A gambling and problem gambling Prevalence Study for children.

Localism and Planning

- 2.3. Full powers for Local Authorities to refuse or amend gambling licences in their areas.
- 2.4. Gambling businesses to be taken out of their current planning class and considered 'sui generis,' like casinos (as outlined by the Evangelical Alliance)

Gaming machines

- 2.5. B2 gaming machines (Fixed Odds Betting Terminals) to be removed from betting shops, or have their maximum stake reduced to £2.
- 2.6. Withdrawal of the statutory instrument to increase the reach and stakes of B3 machines
- 2.7. Gaming machine stakes and prizes to be reviewed three yearly, with an assumption that rises should only occur in line with inflation.
- 2.8. Impact assessment of machine gambling in relation to distribution and problem patterns, including the machines in pubs and other entitled venues.

Casinos and internet gambling

- 2.9. Impact research on the casinos enabled under the 2005 Act be conducted before any further licences are considered.
- 2.10. The recommendations of CARE be adopted in relation to internet gambling

Advertising/marketing/public information

- 2.11. A review and reformulation of advertising codes and practice within a public health framework, with particular reference to protecting children.
- 2.12. An immediate ban on promotional marketing/inducements that allow 'free' gambles.
- 2.13. Public education should include the information that fast continuous forms of gambling are more likely to be problematic, and that the incidence of problems is greater amongst frequent and multiple gamblers.

A strategic response to the rise in problem gambling

- 2.14. A directly comparable National Prevalence Study in three years in order to track trends at this critical time – with industry funding if government resources are not made available.
- 2.15. The DCMS to work with the Gambling Commission and the Responsible Gambling Fund to consider what level and type of evidence is needed to assess harms and trigger recommendations for regulatory action.
- 2.16. Data from treatment agencies about numbers and proportions experiencing problems with different types of gambling to be fed into judgments about regulation.
- 2.17. A scoping of the funds that would be needed for an effective public health campaign and associated services.

- 2.18. An activation of the powers of levy within the next year unless substantially greater sums are available from GreAT.
- 2.19. The Responsible Gambling Fund to be an entirely free-standing body, and explore transitional ways of relating to the Department of Health, in order to reflect its public health brief and its quasi-governmental functions of education and treatment.
- 2.20. An assumption of responsibility by the Department of Health for a problem gambling strategy, which would work from a public health perspective i.e. that problem gambling and gambling are related and policies need to be holistic.
- 2.21. A clear policy statement that further rises in problem gambling would result in tighter regulatory responses, thus giving the industry an opportunity to draw back from its strategy of relying on lucrative higher-risk products.

3. The effectiveness of the Gambling Act in achieving its core objective to protect children from the harms of gambling.

3.1. The Gambling Act did not take the opportunity to address the anomaly that the UK is the only jurisdiction to allow children to play slot machines and to gamble for prizes. There is already sufficient evidence for a ban: early gambling is a predictor of later problems, and 30% of under-age calls to Gamcare seek advice about fruit machines⁴.

3.2. In other areas of risk-taking behaviour such as substance use, the strategy is to delay the age of onset. There is a large evidence-base for this and it is inconsistent that we do not adopt this approach to gambling. There is evidence of higher levels of problem gambling among adolescents than adults, which we should be working to reduce.

3.3. Adult problem gambling constitutes a risk to children both in terms of present harms and future risk. The current Prevalence Study shows 5% of those whose parents had a gambling problem have a problem themselves, as opposed to 1% in the rest of the sample.⁵ Effective action on adult problem gambling is the key to protecting children, now and in the future.

4. The effectiveness of the Act in achieving its core objective to protect vulnerable people from the adverse effects of gambling/ what impact the Act has had on levels of problem gambling.

4.1. The Gambling Act has manifestly failed in protecting vulnerable people from the adverse effects of gambling. Problem rates have risen. At a conservative estimate, there are now 400,000 or more problem gamblers – nearly a 50% increase in numbers from the previous figure of a quarter of a million. A further 879,000 people were assessed at moderate risk of problem gambling, and a further two and a half million were at low risk.

4.2. Problem gamblers are more likely to suffer a range of health-related harms, while ‘high-time, high-spend’ gamblers were found to be *‘more likely to live in areas of greatest deprivation....have no educations qualifications....and were much more likely*

⁴ Gamcare statistics, 2009/10 page 9 http://www.gamcare.org.uk/data/files/GamCare_statistics_0910.pdf

⁵ Wardle, H., Moody, A., Spence, S., Orford, J., Volberg, R., Jotangia, D., Griffiths, M., Hussey, D., Dobbie, F. (2011) British Gambling prevalence Survey **Gambling Commission** page 93

to be unemployed.’ (BGPS p 66). The most vulnerable in society are most at risk from the harms of gambling.

4.3. A rise of statistical significance within three years is a high bar against which to assess the Prevalence Study results. It is notable that little change was found between the 1999 and the 2007 findings, despite the lengthy gap. The 2007 study was intended as a baseline to assess the impact of the Act, and the evidence is clear from both methods used that there has been a rise in problems since it came into force. The study reports that in 2010: *‘The odds of being a problem gambler were 1.5 times higher than in 2007.’* (BGPS p 85) An increase in problem gambling is consistent with international evidence from other liberalised jurisdictions:⁶

4.4. Some researchers suggest that mature liberalized markets adapt to higher levels of gambling, and that harms level off or even decrease. However, harms tend to rise three or four fold before this occurs, and it does not seem to be suggested that rates reduce to original levels - simply that they may stabilize at some level below the peak increase.⁷ In any event, the problems while this happens would still cause suffering.

4.5. The measures that are needed to minimize the damage involve local empowerment, controls on advertising, public education, high-profile and responsive services for problem gamblers, and active harm reduction measures, particularly as regards higher risk forms of gambling. Little of this is in place in the UK and the funding raised so far via the voluntary arrangement is wholly inadequate to meet the extent of the need. Unless swift and substantial change is forthcoming, the levy power should be activated.

4.6. The British Gambling Prevalence Study provides a vital benchmarking of the effects of policy, but funding has recently been withdrawn by the DCMS. This is worryingly careless of public health at a time when problem gambling is on the increase, though the need for government stringency is understood. If government resources are not to be devoted, funds need to be required from the industry.

5. The effectiveness of the classification and regulation of gaming machines under the Act, and the financial impact of the Act on the UK gambling industry

Evidence of risk and harm

5.1 A large body of research shows that gaming machines are one of the riskier forms of gaming. Dickerson, Haw and Shepherd (2003)⁸ found that one in five regular machine gamblers were problem gamblers. Shinogle et al (2011) report that *‘...while it is generally estimated that between two percent and five percent of the adult population are problem or pathological gamblers in jurisdictions with mature gambling markets, prevalence rates among*

⁶ Shingogle, J, Morris, D., Park, H. and Volberg, R. (2010) *Gambling Prevalence in Maryland: A Baseline Analysis* Maryland insititute for Policy analysis and Research, summarising the studies of Abbott & Volberg, 2000; Gerstein et al., 1999; Productivity Commission, 2010; Schrans, Schellinck, & Walsh, 2000.

⁷ *‘While problem gambling prevalence is likely to rise in the wake of gambling expansion, research suggests it will eventually level out, even when accessibility continues to increase. However, rates may rise three- or four-fold before this occurs and even then, active measures may be required to achieve stabilization.’* Op cit page 9

⁸ Dickerson, M., Haw, J. & Shepherd, L. (2003). *The psychological causes of problem gambling: A longitudinal study of at risk recreational EGM players*. Sydney: University of Western Sydney, Psychology,.

regular machine players and track bettors can be as high as 25 percent' Griffiths reports that literature reviews have 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.'*⁹

5.2. Research indicates that in general a significant proportion of gambling revenue comes from problem gamblers, though figures vary by jurisdiction and product. Revenue from problem gamblers was highest for slot machines in Williams and Wood's Ontario study¹⁰ (2004) and second in an American study, where a quarter of revenue was thought to derive from those with some form of problem.

5.3. In the UK no such research exists, but data is consistent with it. Problems with slot machine gambling is cited by 18% of the callers to Gamcare (2009/10 figures), while slot machine play is by far the most frequently cited form of problem gambling for women (36%).

The classification system

5.4. With the exception of B2 machines, the classification system in the 2005 Act is somewhat rough and ready, but has some basis. The expert panel convened by the Gambling Commission agreed that stake size is a risk factor for problem gambling and limits on prize size would help minimize problems¹¹. However, all machines are inherently high-risk products because of their strongly reinforcing features.

5.5. Limiting machine numbers via premises entitlements was a valid approach, but it has not had the effect of limiting overall numbers. Businesses have split premises to gain more machine entitlements, and competing businesses have proliferated in a way that results in large numbers of machines in small areas, particularly in deprived localities. This applies most acutely to B2 machines and density of betting shops. **Local powers to limit total machine numbers are urgently needed to tackle these problems.**

5.7. B2 machines are dangerously anomalous within the classification system. They have fast speeds of play, and £100 can be bet in £10 multiples (compared with £2 for B1 machines). It is possible to lose large sums quickly, which no doubt explains their profitability. Placing higher stakes is strongly associated with problem gambling.¹² B2 machines are of such a high-risk nature that they should have been confined to casinos if they were to be licensed at all, but prior to the Gambling Act four had been allowed in betting shops. Unsurprisingly, evidence of problems emerged soon after they were introduced, and problem indicators have overtaken other classes of machine.

⁹ Griffiths, M (2009) Impact of High-Stake high Prize Gaming Machines on problem Gambling Gambling Commission

¹⁰ Williams, R. and Wood, R. 2004. *The Demographic Sources of Ontario Gaming Revenue*. Ontario Problem Gambling Research Centre, Ontario; Volberg et al, 2001.

¹¹ Parke, J. (2009) A medium to long-term programme of research for investigating gaming machines in Great Britain: Recommendations from international and British expert panels. Gambling Commission

¹² Sharpe, L., Walker, M., Coughlan, M-J., Enersen, K. and Blaszczynski, 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

5.8. The Prevalence Study shows that 6% of those who gambled used B2 machines in the last year, but they are cited in 22% of calls to Gamcare, second only to betting and exceeding all other types of machine play combined – a clear disproportion that provides a prima facie case for tighter regulatory action.

The Financial impact of the Act on the industry

5.9. The financial impact of the Act on terrestrial businesses seems to have been an increasing reliance on gaming machines for larger proportions of their profits.

5.10. In the betting industry, overall profits remained similar during 2008/9 and 2010, but the proportion of revenue derived from machines is now over three quarters of that derived from counter betting, significantly up from a proportion of 0.6% the year before. The vast majority of this profit is gained from B2s. This is perhaps the clearest example of the subordination of personal and community harm to industry profit. B2 numbers continue to rise - by approximately 5,000 last year.¹³

5.11. The reliance on machine gambling is echoed in other sectors. In 2009/10 there was a 7% increase in profit from machines for bingo clubs, while gross profits from B3 machines were £87m in Adult Gaming Centres – by far the biggest single income source. In casinos 18% of income is derived from machines; gross profit from gaming machines increased by 19% during 2009/10 compared to the previous 12 months, whilst income from some other sources fell.

5.12. The profits from machine gambling have become the driver for further de-regulatory measures since the Act. Industry pressure has resulted in progressive relaxations on stakes, prizes, and numbers of C, D and B3 machines in various locations, while three yearly reviews have been brought forward in response to claims of falling revenues.

5.13. This process culminated in the recent DCMS decision to increase stakes and allow B3 machines in much greater numbers in arcades and bingo halls – moving the latter into more profitable but harder gambling environments. In the light of the increase in problem gambling and the evidence of problem slot machine play amongst women, this change is reckless and should not proceed.

5.14. Throughout this period it has been claimed that there is insufficient evidence to disallow these expansions. However, evidence of risk abounds, whilst evidence of harm has not been sought. There has been an emphasis on unraveling complex chains of causation rather than seeking or acting on empirical evidence of harm. No impact assessments on problem gambling were carried out before or after any of these changes. No specific research seems to have focused on investigating problem rates among consumers of particular products or investigating impacts on vulnerable communities.

General points

5.15. There has been a lack of clarity about, or even a focus on, establishing criteria for what kind of evidence is sufficient to tighten regulation or resist industry calls for loosening. The dispersal of responsibility among the DCMS, the Gambling Commission and

¹³ Gambling Commission industry statistics 2009/10, pages 8, 12, and 14.

the Responsible Gambling Strategy Board, coupled with the influence of the industry in all quarters has allowed this vagueness to continue.

5.16. This failure of purpose applies to all areas of higher-risk gambling. At a national level this must change if the current increase in problem gambling is to be halted. A strategy needs to be evolved to consider the level and type of evidence needed to (a) monitor harms and (b) trigger thresholds for regulatory action. The national problem gambling rate would be part of this. We recommend that the principle three bodies convene an expert committee independent of the industry to address this task. The Department of Health could begin a stronger involvement by contributing.

5.17 Parts of the gambling industry have an honourable history of voluntarily funding treatment providers. However, in the new landscape the Responsible Gambling Fund has a quasi-governmental role in commissioning research aimed at public health and education, and disbursing treatment funds. It should be a free-standing body in all its structures and form links to the Department of Health, which should eventually assume responsibility for devising a problem gambling strategy.

5.18. The relaxations on stakes, prizes and reach of machines urgently needs to be balanced by local powers to address issues of density, proliferation or population vulnerability. These could be readily addressed under current localism initiatives, which we strongly welcome. We support the approaches commended in the submission of the Evangelical Alliance.

6. Why the Act has not resulted in any new licences for casinos or “super” casinos

6. 1. There is evidence from other jurisdictions that the proximity of a casino is associated with higher incidences of problem gambling¹⁴ and we welcomed the decision not to proceed with the supercasino. As regards the others, some of the new licences are in urban settings highly accessible to the local population, which is a risk factor. Another is the ‘family friendly’ complexes that casinos may offer; potentially risky for the children of problem gamblers. We understand that the RGF has funded some local treatment providers in casino areas to offer early interventions for problem gamblers (e.g. Aquarius in Birmingham). Since these casinos will proceed, this is positive and we hope schemes like this will be fully evaluated and form part of impact assessments.

6.3. We are not aware of the reasons that more casino licences have not proceeded, but think this should not be stimulated until local impacts on problem gambling have been assessed. All of the new casinos are large by existing standards, and there will be sufficient numbers for evaluations to occur.

¹⁴ Welte et al, 2004; Gerstein et al, 1999. However, these are American studies and the distances at which the increase in risk becomes critical (10 miles and 50, respectively) may be different in a UK context. The concentration of machines and table games (both higher risk activities) are of particular concern, though the evidence is that ‘destination gambling’ out of town, and on dedicated trips, is less likely to be problematic.

7. The impact of the proliferation of off-shore online gambling operators on the UK gambling sector and what effect the Act has had on this

7.1. Internet gambling has perhaps the heaviest concentration of high-risk features - 24 hour access from any location, rapid ability to stake and re-stake, including on several games at once, credit card play, and potentially uninterrupted gambling. Regulation is genuinely difficult given the international dimension and we appreciate that some efforts have been made. Our concern is that risk should lead the agenda rather than economics.

7.2. We support the recommendations that CARE has made in its submission. We also believe that attention should be given to ways of limiting or preventing access to onshore markets if businesses decide to locate elsewhere, either for profit reasons or to avoid standards of social responsibility.

8. The effectiveness of the Gambling Commission

8.1. The Gambling Commission has been effective in addressing many of its regulatory tasks, and has commissioned some useful research. Its organization and approach seems timely and efficient. We have appreciated consultation and liaison meetings.

8.2. However, its interpretation and management of the latest Prevalence Study focused attention away from the rise in problem gambling, and from the significance of this result in the wake of the Act. This falls short of the independent standards that could be expected of a body advising government and regulating in the public interest.

8.3. The Gambling Commission also appears to have adopted a paradigm of problem gambling that stresses that problem gamblers undertake many forms of gaming, and de-stresses the risks associated with particular forms of gambling, particularly the fast continuous forms. It may be that if the question were fully investigated this approach would be warranted, but there seems to have been a reluctance to examine the different risk profiles. Whilst we have concerns that the acceptance of gambling generally is not a positive influence in society, it is important that the regulator takes a risk-led approach.

8.4. The Gambling Commission's approach could also take a fuller account of the proportions of participants to problem gamblers, and of treatment agency figures about numbers presenting with problems with particular activities. Since regulation is the principle form of controlling accessibility/availability the connection between the two needs to be made more actively if the Commission is to be effective in its key task.

9. Advertising and marketing

9.1. We hope that the Committee will consider advertising and promotions and support the points made by the Evangelical Alliance in their submission. There is evidence that advertising has a particular impact on vulnerable young people '*..advertisements appear to serve the function of maintaining established gambling habits and were particularly problematic to youth with gambling problems*'¹⁵ More careful codes should be developed that safeguard children and adults more effectively.

¹⁵ Derevensky, J., Sklar, A., Gupta, R. And MesserlianInt, C. *An Empirical Study Examining the Impact of Gambling Advertisements on Adolescent Gambling Attitudes and Behaviors*. J Ment Health Addiction (2010) 8:21–34

9.2. 'Free' gambles of substantial sums are now commonplace, but the risks of 'hooking' are evident. Free inducements should not continue.

Concluding comments

We have suggested that this is a critical juncture as regards problem gambling and that immediate action is needed to increase local powers. We have also suggested that a serious change of approach is needed, which should be reflected in central structures in the medium term. We appreciate the opportunity to put these points and would be glad to discuss them in oral evidence.