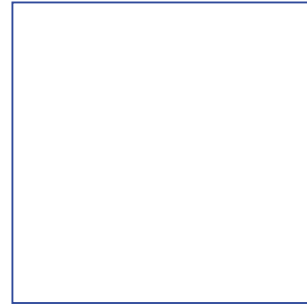
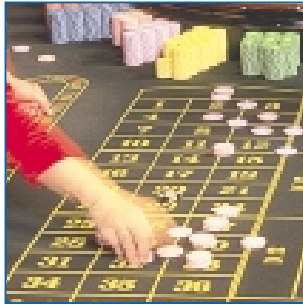


part one

introduction



chapter one

Executive Summary

1.1 Our recommendations are designed

- to simplify the regulation of gambling
- to extend choice for adult gamblers

while seeking to ensure that

- permitted forms of gambling are crime-free, conducted in accordance with regulation and honest
- players know what to expect, are confident they will get it and are not exploited
- there is protection for children and vulnerable persons.

1.2 We also take into account the wider social impact of our recommendations.

1.3 It is an essential aspect of our recommendations that the system of regulation should remain flexible

- to respond to future technical developments
- to adjust regulation (in either direction) in the light of the experience of the changes we recommend and of the results of further research.

1.4 We make specific recommendations for research into the causes and treatment of problem gambling.

Simplifying regulation

1.5 We propose that

- all regulation relating to gambling be incorporated in a single Act of Parliament
- all gambling activities (including betting) be regulated by a single regulator (the Gambling Commission). (Spread betting to continue to be regulated by the Financial Services Authority.)
- licensing of individuals and companies be undertaken by the Gambling Commission. (Licensing of premises be undertaken by local authorities.)

Extending choice for adult gamblers

1.6 We propose that

- the demand test for betting shops, bingo halls and casinos be abolished

- the 24-hour rule for casinos and bingo halls be abolished

- the permitted areas rule for casinos be abolished

- casinos be permitted to provide a wider range of gambling activities, including betting and bingo

- casinos be permitted to provide slot machines with unlimited stakes and prizes

- the current prohibition on alcohol on the gambling floor in casinos be lifted

- casinos be permitted to provide live entertainment

- bingo halls be permitted to offer unlimited prizes, rollovers and unlimited linked games

- betting shops be permitted to have jackpot machines

- betting on the National Lottery be permitted

- credit cards be approved for gambling purchases with the exception of direct use in gaming machines.

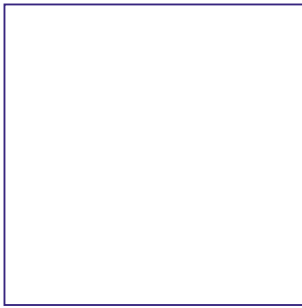
1.7 Our proposals in respect of casinos would permit the development of resort casinos. The question of whether a particular location should be granted a monopoly right to provide a gambling centre is a matter of public policy which is outside our terms of reference.

Keeping gambling crime free

1.8 We believe that the Gaming Act 1968 has generally achieved its main purpose of keeping gaming crime free and that the Gaming Board has been successful in carrying out its allotted tasks. We are convinced that a strong framework of regulation remains essential to keep gambling crime free.

1.9 While we accept that the current system for regulating betting mainly works well, we believe that there are risks which require attention. We recommend that the single regulatory body (the Gambling Commission) should be responsible for licensing all gambling operators and key workers, including those working in bookmaking. To enhance the effectiveness of the Gambling Commission we recommend that it be given the following powers

- to receive enhanced criminal records information
- to share with and receive information from all relevant law enforcement and licensing bodies



- a specified category of staff to have powers of entry, seizure and search
- to take forward prosecutions for offences under gambling
- to impose financial penalties on regulated persons who fail to comply with the requirements of gambling legislation
- to test and approve machines.

Licensing of people

1.10 Under current arrangements the Gaming Board licenses or certifies bingo managers and five separate categories of those employed in casinos. We propose an extension of its responsibilities for licensing operatives to include some or all of those working in

- on-course and off-course bookmaking (and betting brokers)
- the Tote
- adult-only amusement arcades (and family entertainment centres which include adult-only areas)
- pools on sporting activities

1.11 We also propose that the Gambling Commission take responsibility for smaller society (charitable) lotteries, currently regulated by local authorities.

1.12 We want to ensure that those who run and work in gambling are honest and competent and, where relevant, financially sound. The level of checks required will depend on the nature of the activity. Apart from those who are directly licensed by the Gambling Commission, we recommend that there should be a formal duty on operators to ensure that appropriate checks are made on employees who are involved in gambling. Our specific recommendations include the following

- employers in casinos to have a duty to require an employee to seek a certificate from the Criminal Records Bureau each time he is promoted, or transfers employers. In each case the Gambling Commission should be informed and sent a copy of the certificate
- bookmakers to undergo a fit and proper test and be investigated in relation to their competence and knowledge as well as honesty and financial probity
- betting shop managers to be licensed by the Gambling Commission

- bookmakers to require certificates from the Criminal Records Bureau for other key staff
- bookmakers and their representatives working at greyhound tracks and point-to-points to be licensed and regulated in the same way as bookmakers on race courses
- promoters of society and local authority lotteries to be required to provide a certificate from the Criminal Records Bureau
- operators of amusement arcades (or family entertainment centres which include an adult-only area) to be licensed by the Gambling Commission and liable to enhanced criminal record checks.

1.13 We recommend that money-laundering regulations, which currently apply to casinos, should also apply to bookmaking.

Fairness to the punter

1.14 Most punters are happy to take part in gambling activities while knowing that, on average, the punter will lose. They are either convinced that they possess above-average skill or good luck or simply enjoy a good night out with the occasional pleasure of a win.

1.15 Licensing of people and the other regulatory powers of the Gambling Commission, together with the normal operation of the criminal law, will help to ensure that punters are not cheated. Punters are also vulnerable to attempts to interfere in the outcome of sporting events. As far as the latter problem is concerned we regard this as largely a matter for the individual sports. They have strong incentives to ensure that events are conducted honestly. However we support the proposal that there should be a legislative framework to deal with corruption, including in sport. The legislation need not be part of gambling legislation. We also believe that sports should consider how they could apply tougher rules to limit or prevent betting or passing of information to bookmakers by those involved in sports.

1.16 Where possible, punters should be fully informed about the odds they are facing. In relation to betting shops we recommend

- bookmakers' rules, and specifically the rules relating to the completion of betting slips and limits on pay-outs should be clearly displayed
- gambling debts be enforceable
- the palpable error rule be abolished

1.17 We believe that competition between suppliers of gambling activities offers the most effective way of



providing a fair deal for the punter. Our proposals for the abolition of the demand test and the permitted areas rule will help to increase competition.

Protecting the vulnerable

- 1.18** We recognise that some individuals become obsessed by gambling to the point at which they cease to function as normal members of society and may do great harm not only to themselves but also to their families and possibly to the general public. We believe that it is a legitimate role of regulation to limit the risk of problem gambling even if this means restricting the freedom of those who can gamble harmlessly.
- 1.19** Our proposals generally increase the gambling opportunities for adults but our concern with problem gambling has limited the degree of deregulation. In the case of children our proposals move towards some tightening of regulation.
- 1.20** We were unwilling to see an increase in ambient gambling, that is, gambling opportunities that are available in locations which are not dedicated to gambling. We also wished to limit the extent to which gambling could be combined with the consumption of alcohol. We do not therefore propose permitting
- betting in pubs, or
 - alcohol in betting shops.
- 1.21** We propose that gaming machines
- be banned from premises such as cafés and taxicab offices
 - not be permitted at “exempt entertainments”.
- 1.22** It will be a primary task of the Gambling Commission to monitor the scale of problem gambling and to test the effects of new types of gambling, particularly those associated with gaming machines. It will have the powers to ban activities which are particularly likely to cause harm. It will also develop, with the industry, a code of practice in relation to advertising. Understanding of the nature of problem gambling and knowledge of the means to limit it will form part of the fit and proper test for employees. We also believe that the gambling industry has a responsibility to limit problem gambling and make a number of proposals to achieve this, including the requirement for training.
- 1.23** Many members of the gambling industry already recognise that they have a social responsibility towards the vulnerable. Members of trade associations, for example BACTA, sign up to an industry code which requires them, among other things to display posters

advertising help for problem gamblers. However this is an informal and voluntary practice, and non-members have no incentives to comply. To strengthen social responsibility we propose

- the Gambling Commission issues formal codes of social responsibility.

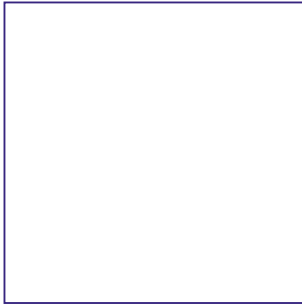
Protecting children

- 1.24** The United Kingdom is unique, in the western world, in allowing children to play on gaming machines. This is largely an historical accident following the existence of seaside amusement arcades which included simple mechanical games. We believe that children are a vulnerable part of the community for whom it is right to prescribe special rules. We considered banning access of under 18s to all gaming machines, however we limited our proposals to the following
- coin-in/coin-out machines in family entertainment centres (outside any restricted area) to have a maximum stake of ten pence
 - low stake/low prize machines be limited to cash prizes only
 - the prize limit on low stake/low prize machines be frozen at £5 and the stake at ten pence
 - under 18s not be permitted to play on all-cash machines (ie machines with a maximum stake of 30p and maximum prize of £15) or jackpot machines wherever they are located.

- 1.25** Our proposals to ban gaming machines in unlicensed premises will also limit opportunities for children to gamble. Further, we recommend that the Government formally review the position in five years time to determine whether any such gambling by under 18s should be permitted, or whether Great Britain should come into line with other jurisdictions and ban it.

The wider social impact

- 1.26** Our terms of reference require us to consider the wider social impact of our proposals. We take this as referring not only to the risk of increased problem gambling but also to the broader effect on communities. Our proposals are likely to lead to an increase in the number, and the possibly the size, of gambling establishments, particularly casinos. To reduce the risk of a proliferation of small casinos we recommend a minimum size.
- 1.27** Under our proposals, local authorities will be responsible for licensing premises. They will apply the normal planning rules in terms of suitability of location etc and will control opening hours. We recommend



- local authorities have the power to institute a blanket ban on all, or particular types of, gambling premises in a specified area
- in determining whether the location for gambling premises is appropriate the local authority have regard to the character of the locality and the use to which nearby buildings are put.

Flexible legislation

- 1.28** One of the difficulties of the current regime is that much of the detailed regulation is incorporated in primary legislation. This has made it difficult to respond to changing technologies or to shifts in the view of the appropriate role of regulation in this area. Our proposals are designed to maintain greater flexibility.
- 1.29** Our working assumption is that the existing Acts will be repealed and replaced by a single Act. We propose that as far as possible, discretion should be given to the Gambling Commission to adjust regulation in response to new demands and to fill any loopholes that may be exposed. For example, the level of stakes and prizes should not be enshrined in primary or secondary legislation. We propose that
- future legislation be in the form of an enabling act which delegates the detailed provisions to subordinate regulation and to codes issued by the Gambling Commission.

Research into the causes and treatment of problem gambling

- 1.30** Our terms of reference require us to “consider the availability and effectiveness of treatment programmes for problem gamblers and make recommendations for their future provision, potential costings, and funding.” As with the Rothschild Commission, more than two decades ago, we were struck by how little is known about either normal or problem gambling. We had very little in the way of hard evidence to guide our discussions.
- 1.31** To help remedy this problem we recommend
- research be carried out to understand the nature of normal, responsible, gambling behaviour and to understand the development of, and risk factors for, problem gambling
 - research be carried out to monitor the effect on problem gambling of changes in regulation

1.32 In relation to treatment we recommend

- increased funding be made available by the NHS for the treatment of problem gambling; problem gambling be recognised as a health problem by the Department of Health; that Health Authorities develop strategies for dealing with problem gambling.
- research be undertaken to evaluate which forms of treatment for problem gambling are the most effective.

- 1.33** To organise and oversee the programme of research we recommend the establishment of a Gambling Trust. Ideally it would be voluntarily funded by the industry but, failing that, it should be funded by a statutory levy. It should secure initial funding of not less than £3 million a year.

On-line gambling

- 1.34** Internet gambling is already widely available to UK residents, although gaming (as opposed to betting) services cannot legally be provided by UK-based operators. We propose
- a new category of on-line gaming be created
 - operators be permitted to set up on-line gambling sites in Great Britain provided they are licensed and regulated by the Gambling Commission
 - licensed operators be required to pass a fit and proper test
 - only those on-line gambling sites which are registered and licensed by the Gambling Commission be permitted to advertise in the UK
 - operators licensed to offer bookmaking, pools or lotteries be able to receive entries on-line provided the “event” occurs off-line
 - all on-line gaming players be positively identified
 - on-line gaming software systems be tested and inspected by the Gambling Commission
 - operators prevent gambling by under 18s
 - gambling sites be required to provide contacts and information about problem gambling treatment and services.