

Jersey Gambling Commission

Jersey
Gambling Commission



Public Consultation Document: Gambling Machines

July 2013

WHY ARE WE CONSULTING?

The purpose of this consultation paper is to give the public an opportunity to guide the development of a new policy for the licensing, use and regulation of gambling machines in Jersey. The consultation paper sets out the issues and asks questions which will provide useful information for the Jersey Gambling Commission. It is important that the Commission gets your views and that you take the time to think about the issues in this paper and what it means to you and your Island. This is your chance to say exactly what you think.

DEADLINE FOR RESPONSES

Monday, 30th September 2013

SUMMARY / QUESTIONS TO CONSIDER

The States has implemented a new gambling law and empowered the Jersey Gambling Commission ("the Commission") to develop new policies for the licensing, use and regulation of gambling in the Island. This paper builds on earlier public views (received in 2008), international research and current trends to consider whether new types of gambling machine might be allowed in the Island, where they might be sited and the limits in stakes and prizes that should be applied (if appropriate).

This paper discusses:

- the results of the 2008 Public Consultation
- provides an overview of existing low value gambling machines and higher value server-based machines
- the wider range of gambling machines permitted in other countries and jurisdictions
- whether certain types of gambling machine should be allowed in licensed premises (pubs and clubs)
- whether certain types of gambling machines should be allowed in private members clubs
- the impact of introducing new types of gambling machines on problem gambling and other related factors.

FURTHER INFORMATION This paper is available electronically from www.jgc.je (the Commission's web site), and at the address below. Comments received by the 30th September will be analysed and used to inform the drafting of the new policy. Please note that the Commission is not able to reply to submissions.

SEND COMMENTS TO

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This consultation paper has been sent to the following individuals / organisations:

The JGC Consultation Register
All States Members
All Parish Halls
Jersey Race Club
Breweries

Department of Health
Gambling Industry representatives
Social Responsibility Panel
Chamber of Commerce
Jersey Hospitality Association

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Introduction

This consultation document is an important one. It is the first to be issued by the Commission since the coming into force of the Gambling (Jersey) Law 2012. That law allows the Commission to licence new types and categories of gambling, subject to creation of a policy for its licensing and regulation. This consultation is issued subject to Article 9(3) of the Law.

The Commission will not use this power idly or in a vacuum. We recognise that gambling has an impact on society and that unregulated, this impact can be harmful. However, we are also confident that with the appropriate levels of regulation, gambling can be a safe and enjoyable mainstream leisure activity for the vast majority of people.

It's important to recognise that gambling machines have been a part of Island life since the legalisation of gambling in 1964. Under the now repealed 1965 Regulations, low value machines could be played by children in arcades and at fetes and other special events. Higher-value machines were introduced in 2003, but restricted to the adult-only environment of betting shops and then amended further in 2010. We do not intend to change the regime for these machines as part of this consultation. They each have an existing policy and licensing framework under the Law and the Commission is satisfied that they are operating lawfully and in a controlled manner. As with all Jersey Gambling Commission's (JGC) policies, they are reviewed at least annually.

This consultation is primarily about the locations and numbers of gambling machines currently allowed in the Island, but also touches upon whether new machines (currently prohibited) should be introduced and if so, under what circumstances. The Commission believes that sufficient time has passed since the 2008 consultations to test public opinion again and also to challenge some of our own initial assumptions based on our actual regulatory experience. Once we have received feedback and comments the Commission will either issue a statement stating that no draft policy is needed (meaning that no new machines will be introduced), or it will issue a draft policy outlining what new machine categories will be allowed, where they may be sited, numbers of machines allowed and what fees and licensing conditions they will be subject to. This draft policy will also be available for comment prior to being brought into effect.

It is also important to be upfront about our intentions in this sector. The JGC is already on record as saying that there is a case for higher-value machines in private members clubs. We also think that it is appropriate to widen this to allow lower-value gaming machines in pubs and clubs on the Island, similar to those that exist in the UK. This is because the opportunities for people to gamble already exist (via an old loophole that allowed for so-called 'skill games') and because the regulatory controls and penalties that can be placed upon them because of the new law are now robust. What we don't have, however, is a fixed view of what should or will happen. The JGC is therefore neutral on the introduction of more gambling so long as it complies with the Commission's guiding principles, translated into an effective compliance regime through rigorous application of the licensing policy.

Background

In the old 1965 Regulations, gaming machines in Jersey were defined as “a machine or mechanical contrivance, not being an amusement machine, for the purpose of any game, sport, hazard or competition in which any prize or stake in money or money’s worth is awarded or forfeited contingently on the result of the operation of such machine or mechanical contrivance, whether such operation is automatic or not.” This was not very helpful because it didn’t say what an amusement machine was and wasn’t particularly well understood by the public who were more used to popular UK terminology such as “one arm bandits or AWP (Amusement with Prizes). This naturally created a state of confusion because a UK amusement machine (AWP) was a gaming machine in Jersey law, but amusement machines with prizes were allowed in Jersey both at an amusement arcade and special charitable events (fetes for example) with a maximum prize up to £8. As the undefined Jersey amusement machine was (by lack of definition) not a gaming machine, this meant that children could play them with impunity. So-called ‘Skill with Prize (SWP) machines were also undefined and hence not caught by this outdated legislation.

This rather strange state of affairs was further complicated by the 2003 States decision to allow gaming machines into Jersey Licensed Bookmakers. These gaming machines (in Jersey law) were actually the same as the UK termed amusement machines and had a relatively low stake of 30p and a maximum prize of £25. Terminology aside, the structure of the Gaming and Lotteries (Jersey) Regulations 1965 was rigid and inflexible, requiring amendment by the States for even the simplest of changes. Pressure came in 2006, when the UK Department of Culture, Media and Sport agreed to increase the stake and prizes for AWP to 50p and £35 respectively. Due to Jersey being primarily supplied from UK manufacturers, there was a natural pressure from the industry to follow the UK in order to have continued supply of machines and spares.

This limitation, however, remained in force in Jersey until December 2009, when the Minister for Economic Development brought a proposed amendment to the States. This amendment provided for the increase in stake and prizes and brought AWP in-line with the UK. At the same time, the amendment allowed for the introduction of server-based gaming machines, commonly known as Fixed Odds Betting Terminals or FOBTs in LBOs, while maintaining the restriction of a maximum of two machines (of whatever type) per LBO. The numbers and operation of FOBTs (server based gaming machines) was further reviewed by the Commission in 2012 and the number allowed per shop was subsequently raised to four.

The Commission also reviewed the operation of the pre-existing low payout machines and through use of a new policy under the 2012 law defined all machines that paid out a prize as being gaming machines, regardless if they operated by pure chance, skill, or skill and chance combined. This meant that proper rules and exclusions could be applied to them so now play by under 18s is only permitted with the immediate presence of the minor’s parent or guardian. Moreover, the Commission also limited the number of machines allowed in a single venue to two¹. Given this recent review these machines, as well as the server-based machines already in operation do not form part of this consultation.

This consultation is therefore aimed at new types of machines, many of which will be familiar to those Islanders who have travelled to the UK or further afield. There are many different types in existence and the Commission categorises them by stake and prize. As with those already in existence, any machines introduced with high prizes would be expected to be regulated to a higher degree and possibly be limited to gambling licensed premises, as opposed to lower prize machines which hold a lower level of regulatory risk.

¹ For the full machines policy go to: jgc.je/assets/Policies/Policies/Policy-Gaming-Machine-Operators.pdf

The 2008 Consultation

In 2008 the Commission (then operating in shadow form) released three public consultations; Broadening of the Industry, Regulatory Principles and Harm Reduction. The consultations were released to assist the Minister for Economic Development with drafting the next gambling law. The consultation documents asked questions about the;

- the current gambling industry – back in 2008;
- future legislation;
- gambling diversification;
- regulatory principles; and
- social responsibility.

The consultations covered many diverse topics, but as this consultation is only about Gaming Machines, the following section provides you with an summary insight into those responses received in relation to Gaming Machines only.

Gaming Machines

There was overwhelming support for raising the (then) long frozen jackpots of £25 for fruit machines (AWPs) and that stakes and prizes should be reviewed yearly by the Commission.

The suggestion of jackpot machines with prizes ranging from £500 to £1000 was roundly opposed by faith groups, but the majority of other respondents supported the introduction of these machines, although some were content to settle for a lower top prize.

Linked progressives (a situation where gaming machines link together and raise a separate pooled prize) received a mixed response, the faith groups were concerned, and therefore against, any combination that would establish substantial jackpots. Industry responses were broadly favourable in principle, but doubted their viability without an increase in allowable prizes.

The question of permitting machines with lower jackpots in premises other than Licensed Betting Offices (LBOs) split responses down the middle. Generally, the industry were not against losing the monopoly on these machines within their shops, but all agreed that machines should not be sited where under 18s have access and some added the caveat that they should not be permitted where alcohol is served. One trade association proposed that fruit machines be allowed in modest numbers in hotels, guesthouses and campsites with the number of machines commensurate with each establishment's number of registered beds. Faith groups were generally against any proliferation outside of LBOs.

Another trade association reply dedicated the bulk of its response to this subject and contended that future gambling legislation should, following the UK model, permit liquor licensed premises to operate fruit machines. The response argued that these types of machines have been successfully operated in both the UK and other jurisdictions and would not only provide customers with low cost, low risk enjoyment, but also provide increased revenues for the States as well as managers and tenants of their outlets.

The 2008 consultations also asked a question regarding the (former) position of £5 jackpot machines in arcades. The question offered three options:

- Outright removal;
- Retention but screened off from under 18s;

- Stick with the status quo.

Those who elected for the removal of these machines argued that permitting children to play these games sent out mixed messages. The bulk of responses preferred that the machines remain but be screened off from under 18s².

Gaming Machines – 2008 Shadow Commission Response

The views of the Commission have evolved in the intervening five years, but it is useful to provide an overview of the 2008 opinion here:

- The Commission was content, based on strong endorsement from the consultation, that stakes and prizes should not only rise, but be subject to a more regular review, ideally annually.
- Higher prize machines should be allowed within an LBO.
- The Commission believed that allowing higher prize machines will lead to the replacement of the current £25 machines and not just the addition of a new product.
- Although the majority of respondents were not against the growth of machine gambling outside LBOs, the Commission stated it would not consider or approve the use of fruit machines in other types of establishment (like hotels or pubs) deemed family venues.
- The Commission would accept the introduction of gaming machines within private members clubs.
- The Commission would accept linked progressives (within LBOs).
- The Commission recommended the segregation of low payout gambling machines from the main body of an arcade and the introduction of a policy to ensure compliance with an 'adults only' regime.

The Commission has been in formal existence as an independent statutory body since 2010 and able to change and adapt policies and procedures for the licensing and regulation of gambling since January of this year (after the repeal of the 1964 Law). For that reason we are now more comfortable with the concept of a larger gambling product being offered on the Island than we were before the Law changed. Since the adoption of higher-value gambling machines in LBOs the industry has been roundly compliant with the codes of practice and licensing conditions attached to their operation and there is an expectation that should machines be allowed in other sectors the Commission now has the means to ensure compliance or punish transgressions. Looking back at the 2008 response, therefore, it is interesting to consider each in the light of our experience:

- Stakes and prizes (as part of a general policy review) are normally reviewed annually or at least every second year.
- Higher prize machines were allowed in LBOs (States decision in 2010).
- The assumption that the lower value machines would be replaced and no longer operated proved correct.
- The Commission has changed its view on the siting of low-value machines in pubs. For the past fifty years, a pub could have and operate a 'skill' machine offering prizes because it escaped the definition in the old law. Prizes for such SWPs had been rising such that they were offering prizes up to and occasionally in excess of £150. This has now been stopped and a skill machine (now deemed a gambling machine) may only offer a prize up to £50. Given that these may still be operated in a pub (because they always have been able to) the Commission does not see that it is proportionate to allow one type of gambling machine operated with an element of skill, but

² It should be noted that the former Amusement Premises Licence no longer exists. Any operator wanting to install and operate low-value gambling machines must have a licence and comply with the relevant policy.

not another that is purely determined by chance. To that end, the Commission believes that gambling machines should be licensed and operated according to the levels of stake and prize that they offer and not because of the mode of operation.

- The Commission still believes that gambling machines should be allowed in private members clubs if licensed and this forms part of the consultation.
- The Commission would still consider linked progressives, but would likely wish any to be sited within dedicated gambling licensed premises.
- The Arcade licence has been abolished and there are currently no arcades in the Island. If an operator wished to operate gambling machines they would have to be segregated and properly supervised. The Commission would consider developing a policy to cover arcades if there was commercial demand.

Social Responsibility

The Commission is well aware that gambling can cause harm and it is one of our Guiding Principles that in licensing and regulating gambling we take that into account. In order to assist us the Commission has a Social Responsibility Panel that consists of a health professional, a representative of the licensed industry and an independent Chair. As the body responsible for guidance and overseeing policies and progress on the Commission's social responsibility functions the Panel is a formal consultee to this document.

The need to act responsibly and safely is enshrined in law and it is a condition of any commercial gambling licence that gambling must not be advertised in any manner that is directed at children or that contravenes any provision of a code of practice that restricts advertising of commercial gambling in relation to children. Likewise children may not be customers and the Commission may impose systems to ensure checks are carried out on the age and vulnerability of customers (Article 20). Likewise all gaming equipment is subject to testing for fairness and conformity with technical standards. Article 21 provides powers for the Commission to determine amounts payable by customers and ensure that information is provided to ensure customers are not misled as to any issue relevant to the fairness of the gambling. The full range of licence conditions, both mandatory and supplementary may be found in Articles 16-21.

Machine gambling remains a sensitive issue worldwide, but the Commission is not aware of research that definitely shows that it is particularly harmful vis-à-vis other types of gambling. Statements like 'the crack cocaine of gambling' may make great headlines, but so far the research backing such statements up has yet to be provided. That having been said, prolonged exposure to gambling, any type of gambling, has the potential to be harmful and the Commission are open to consider methodologies designed to lessen this risk. The important difference however between the current proposals for gambling machines and those of 2008 is that the Commission now has the power to amend codes of practice and licence conditions in response to evidence and experience. This means that if a given type of gambling or style of gambling is found to have significant negative effects the rules of their operation can be changed very quickly. The Commission also thinks that a fee should be levied on each new gambling machine to contribute to the Social Responsibility Fund and to ensure that money is specifically collected to pay for education, treatment and research.

Case Studies

The 2008 public consultation provided the former Gambling Control and Economic Development Department with the required information to assist with the creation of policy and later the modernisation of the gambling law. Good information and evidence remains the cornerstone of policy-making and while the Commission has the technical expertise and experience to make professional and reasoned

decisions, it also needs to do so having considered the prevailing views of the public. The public voice is important, but to be valuable it has to be both informed and reasonable. It is a perfectly acceptable point of view for example, to have a moral stance against gambling and by extension to respond against any further licensing. An unhelpful response would be to urge the Commission to remove that which is already licensed. At the other extreme it is perfectly acceptable to favour a freedom of choice approach and suggest the Commission licence any type of gambling. What would be unhelpful is to suggest that there be a free-for-all that would conflict with the Commission's Guiding Principals.

In order to give Islanders an overview of different ways of regulating machine gambling, we have given a (necessarily) short overview of three very different jurisdictions, Australia, Norway and the United Kingdom. Each has a unique perspective and a different way of doing things. For reasons of brevity we have not examined their markets in serious detail and we are not suggesting any are better than each other, but want to show that circumstances can be dealt with effectively in different ways. Before considering them, however, it is also important that Islanders know what the Commission currently does in respect of the machines already operating in Jersey.

As soon as the new Gambling Law came into force on 1st January 2013, the Commission moved to regulate all forms of machine gambling and took steps to licence machine suppliers, licence machine operators, and provide for an reporting and inspection regulatory framework.

Machine suppliers, before they can supply, install or maintain any gambling machines in Jersey must be in possession of a Machine Suppliers Permit. The process of obtaining such a permit is by application to the Commission. However, the permit does not give suppliers free range to install any type of gambling machine, only those specifically approved by the Commission. Given that they are the point of source, suppliers must also inform the Commission and obtain a Gambling Machine Operators licence for the required premises prior to installing any gambling machine.

Furthermore, and in keeping with the Commission's Guiding Principles, machine suppliers must comply with the Licensing Policy which sets out what they can and cannot do. The operator's policy creates three categories of machines based on stake and prizes rather than the style of play. Put simply, if a machine accepts money in and after play it can reward the player by paying money out, then for the purposes of the policy it is considered a gambling machine.

The current permitted categories were created to cater for the types of machines which were already in existence, but some were unregulated as they fell outside the old legislation. The following tables are extracts from the Gambling Machine Operator's Policy that states the three categories, their stakes and prizes, and the locations where the machines can be sited. The policy restricts the total number of machines in a premises of any category to a maximum of two.

Machine Categories

The maximum stake and prize features are as set out in the table below:

Gambling Machine Category	Maximum Stake per Game	Maximum Prize
Category 1	Up to £50p	Up to £10
Category 2	Up to £1	Up to £35
Category 3	Up to £1	Up to £50

Machine Locations

The following table depicts where categories of machines can be sited and how:

Location	Gambling Machine Categories Allowed	Restrictions
Premises with a First, Fifth and Seventh Category Licence under the Licensing (Jersey) Law 1974 First – Taverner’s Licence Fifth – Club Licence Seventh – Entertainment Licence	Category 1 Category 2 Category 3	Can only be available for playing when the premises are ordinarily open to the public. Play not allowed by under 18s.
Premises with a Second Category Licence under the Licensing (Jersey) Law 1974 Second – Residential Licence	Category 1 Category 2 Category 3	In a conspicuous place but in line-of-sight from the bar staff and only switched on for operation while the bar is being manned. Play not allowed by under 18s.
Cafes, commonly defined by the Places of Refreshments (Jersey) Law 1967	Category 1	Play not allowed by under 18s, unless with the parent or guardian immediately present.
Cafes, commonly known under the definition of Places of Refreshment as defined by the Places of Refreshments (Jersey) Law 1967.	Category 2 Category 3	Machine(s) must not be in view from outside the premises or from any entrance. Play not allowed by under 18s.

Category 1 machines are those low payout machines that were previously available for unsupervised play by children in arcades and at fetes or other special events. These are still permitted, but when located in a café, the parent or guardian must be present to supervise and by extension, approve the child’s use of the machine.

Note: In the case of a cabinet with multiple games, then the game with the highest category dictates the location and restrictions in force.

Australia

Australia has a long tradition of gambling machines as part of the adult entertainment and leisure industry and they are licensed and regulated at State level. They are located in casinos, registered clubs and pubs, settings traditionally associated with leisure and entertainment. Arguably these type of venues provide a more appealing and safer environment than indiscriminate locations with no licensing framework. On the other hand, the Federal Productivity Commission³ has noted that:

In retrospect, given the harmful effects that ensued, a different model of liberalisation centred on destination rather than ‘community’ gambling may well have been more appropriate. However, it would

³ Productivity Commission, *Gambling*, Canberra, PC, 2010, 10 November 2011 p. 30, Overview <http://www.pc.gov.au/projects/inquiry/gambling-2009/report>

be difficult and impractical now for any Australian government to suddenly reverse long-standing arrangements...Only Western Australia adopted a model of destination gaming through a single casino — and the evidence supports it maintaining that model.

There is wide variation in the type and style of games allowed in Australia with some gambling machines having one cent games, whereas others are configured to allow maximum bets up to AU\$10 (in NSW). Most have cash note acceptors where high denominations are allowed. Likewise payouts vary depending on the stake of the game played. Gambling machines in Australia are all random machines, meaning that the chance of winning is the same for each spin and there is no 'compensated' effect for playing longer.

Although the Australian Federal and State Governments have long understood that problem gambling is an issue warranting serious attention, they follow a principle endorsed and upheld by the Productivity Commission⁴ in favour of maintaining the principle of 'consumer sovereignty' in approaches to gambling regulation. This means in essence that the player should be free to determine what goods and services are produced and that purchasing power is directed at that which is most in demand. For that reason Australian authorities have not sought to ban gambling machines and the Productivity Commission itself now recognises the positive benefits that stem from the industry including player pleasure, employment, social grants and investment and valuable tax revenues.

The question that it is grappling with is not the two extremes of prohibition or economic liberalisation, but rather how can the product be delivered in a manner that is safe and thus least likely to cause harm? As with many other jurisdictions, Australia has considered, for example, slowing the rate of play and removing ATM machines, but has recognised that 'some proposals to regulate aspects of EGMs more tightly would diminish the enjoyment for recreational gamblers, without clear benefits to problem gamblers or those at risk'⁵.

Areas that do appear worthy of greater study include having lower bet limits which should reduce harm from high intensity gambling without unduly affecting recreational gamblers (who typically bet at quite low levels). Lower cash input limits would oblige those playing at sustained high intensities (often problem gamblers) to insert notes frequently. This would prompt them to think about whether they wanted to continue playing, and slow their rate of play, without affecting most recreational gamblers: Importantly, the Productivity Commission has recognised that gambling technologies of the future will be substantially different to those of today, and are likely to provide improved ways of delivering effective harm minimisation, at much lower cost.

For that reason the Australian Productivity Commission is pushing for gambling policy that acts on multiple levels to: *'change the particular aspects of the environment (relating to venues, technology and accessibility) that lead to problems for gamblers vulnerable to harm change the broader aspects of that environment that can lead to adverse outcomes for gambling consumers generally, such as ensuring probity, good information about the product being consumed, fair industry practices and removing barriers to competition help gamblers who have problems (and their families) through counselling and professional services'*.

One of the most interesting developments in recent times is the concept of 'Pre-commitment'. Pre-commitment is where players use special cards to set limits in advance of their play. Although recent trials have been voluntary and thus subject to the commitment being broken by the player (who can still play with cash only), the Australian experience suggests that they can still be helpful for people in

⁴ Productivity Commission, *Ibid* p. 20.

⁵ Productivity Commission, *Ibid* p11.1

controlling their spending. Repeated circumvention of their own commitments may also help people to realise that they have genuine control difficulties. On the face of it, a compulsory pre-commitment system would be more effective. The essential element of such a system would be the capacity for gamblers to set a spending limit that, when exceeded, no longer enabled them to play (or only to play at a significantly reduced level).

The Productivity Commission felt able to support this because it is consistent with consumer sovereignty, since each gambler has a choice about their own appropriate limits. Gamblers' privacy would be ensured with no one permitted to 'track' their play without their consent. To use their own words, 'the Commission's model of pre-commitment ensures that the gambler is in charge, not some 'big brother'". Pre-commitment systems can also provide other options for harm minimisation at low incremental cost, including records of spending, set breaks in play, more tailored warnings, and less easily circumvented 'self-exclusion' (the capacity to bar oneself from gambling altogether).

The state of the Australian market is such that pre-commitment systems will need time to develop as full-scale implementation and advanced interfaces require all machines to have card readers (or other player identification devices) and software upgrades — a costly measure if required to be done quickly. Accordingly, the Commission has recommended a staged approach: partial pre-commitment should be introduced in jurisdictions with compatible monitoring systems, while ensuring that the systems underlying this are compatible with the later adoption of full pre-commitment. This system has been endorsed by a number of states with South Australia currently debating passage of the Statutes Amendment (Gambling Reform) Bill 2013 that will see numbers of machines reduced across the state and pre-commitment accelerated.

Norway

Norway is a useful jurisdiction to consider after the Australian experience because of its much tougher response to gaming machine proliferation.

Prior to 2007, gambling machines in Norway were readily available in shopping centres, garages and train stations, and although an age limit had been introduced in 2001 it was reportedly difficult to enforce. In 2003, the government began efforts to impose greater control on gambling machines, but these were met with considerable resistance, including legal challenges from the gaming machine industry. In July 2007, in response to on-going concerns over the harms from problem gambling, the Norwegian government banned all electronic gambling machines from Norway.

The ban removed the commercial sector from the gambling machine market and Norsk Tipping, the government's own operator was tasked to develop an acceptable alternative which it did by 2009 with the roll out of new gaming machines, known as video lottery terminals (VLTs). These VLTs were configured with features to make them less harmful, including: a mandatory limit on the amount players could gamble, mandatory breaks in play, lower bets, lower prizes and player exclusion options. Gamblers could no longer insert cash to play the VLTs, but instead were required to use a player card. All VLTs were connected to a central server for player tracking and data collection purposes.

From a security perspective, the use of unique player ID cards eliminates play by under 18s with the cashless system making the machines impervious to casual theft. The key element of Australian regulation however, that of consumer sovereignty, does not exist in this model because the Norwegian government has determined what the maximum limits for play are going to be, namely 400 Kroner a day (£43) up to a maximum of 2200 Kroner per month (£240) and a maximum bet of 50 (£5.40) Kroner. Likewise the maximum win is 1500 Kroner (£160) and game duration is a minimum of 3 seconds per play. The system is also valuable to government because of the demographic data it automatically collects. This includes age, gender, address and phone number, all transaction data per customer

including all games purchased, number of tickets, cost, duration, time and place of sale, outcome (win / loss) amounts and so on. Critically in this digital age, the player card works across several technologies, not just VLTs and is accepted via Internet and Mobile communication.

Operationally the Norwegian system would seem to have been a success with (as of Q4 2011):

- 15 % stopped by Global monthly limit (NOK 2 200)
- 1.6 % of gambling sessions stopped with the mandatory break (after 1 hour continuous play)
- 1.1 % have set personal limits for time
- 2.3 % have set stricter personal limits for money spent

United Kingdom

The UK is the third and probably closest example to our domestic market. The UK classify their machines using an alpha-numeric sequence ranging from A to D, with A having the highest stake and prize, and the sub-categories being identified by the numeric portion of the sequence, for example A1 or B2. The following table denotes the stakes and prizes for all machine categories available in the UK, these are further restricted by virtue of the premises and numbers. Jersey uses a similar approach.

Gaming machines (fruit machines, slot machines) fall into categories depending on the maximum stake and prize available:

Machine category	Maximum stake (from July 2011)	Maximum prize (from July 2011)
A	Unlimited	Unlimited
B1	£2	£4,000
B2	£100 (in multiples of £10)	£500
B3	£2	£500
B3A	£1	£500
B4	£1	£250
C	£1	£70
D non-money prize (other than crane grab machine)	30p	£8
D non-money prize (crane grab machine)	£1	£50
D money prize	10p	£5
D combined money and non-money prize (other than coin pusher or penny falls machines)	10p	£8 (of which no more than £5 may be a money prize)
D combined money and non-money prize (coin pusher or penny falls machine)	10p	£15 (of which no more than £8 may be a money prize)

Category A machines have unlimited stake and prizes, but existing legislation prohibits their use outside of “resort casinos”. Gordon Brown cancelled plans to build the UK’s first resort casino in 2007, therefore no Category A machines are currently in use.

Category B machines have one and two pound stakes, with top prizes ranging from £250, (B4) £500 (B3, B2) and £4000 for a B1. These types of machine are operated in Betting Offices, Bingo Halls and Members Clubs, with the B1 only allowed in Casinos. Category C machines have a one pound stake, with a top prize of £70 and are typically found in pubs and entertainment centres (arcades). The numbers and types of machines allowed by category of premises / licence is shown below:

Casino: B1 – C (all types permitted. Number restricted individually per licence)
Members Clubs: B4 – D (restricted to three machines)
Bingo: B3 & B4 (restricted to four machines) & unlimited numbers C or D
Betting Offices: B2, B3 or B4 (restricted to four machines)
Family Entertainment Centre (Arcade) & Fairs: unlimited numbers of category D
Family Entertainment Centre (with operating licence): unlimited numbers of category C & D
Pubs: C & D (restricted to two machines)

In considering categorisation when the 2005 Gambling Act was being drafted, the higher stake machines (B2, B1 and A) were restricted to betting shops and casinos only, these being the two venues considered by the government and the Joint Committee to be at the top of the “regulatory pyramid”⁶

The lowest scale (category D) does not have any age restrictions and cannot be played for a stake higher than £1. This category includes crane-grabbing games and coin-pushing machines which are familiar to visitors to seaside resorts in the UK. Furthermore, these machines can be sited almost everywhere; Arcades, Betting premises (LBOs), Bingo premises, Casinos, Pubs, Clubs, and other qualifying alcohol licensed premises, as well as travelling fairs.

To try and simplify the UK machine categorisation and give it some meaning in relation to Jersey's machine estate, the only machines that are currently not allowed in Jersey are category A and B1.

There is also a distinct difference with category C machines (stake £1, prize £70), which in Jersey are only allowed in LBOs, but in practice are not used at all because of the availability of category B in those premises.

Jersey – The Proposal

Jersey receives most, if not all of its gambling machines by import from the UK. While local legislation allows for differences between the two regimes (and these are many), when it comes to the manufacturers specifications for machines Jersey has little choice but to accept the UK standard, because our market is too small to justify separate standards.

Jersey currently has 3 approved gaming machine suppliers; Global Draw, Inspired and IGT which are all UK based international companies, which supply the Jersey LBOs. There are also 3 local authorised machine suppliers, supplying liquor licensed premises and some cafes. The machine categories table, on the previous page, depicts what is currently authorised in Jersey with the exception of category A and B1.

As previously mentioned, Jersey already has two policies that regulate gambling machines in the Island. Gaming Machines policy Type I and II which covers the machines allowed in LBOs, which are primarily the UK categories B and C and a Gambling Machine Operator's policy, covering the Low Payout Gambling (LPG) machines, known as Category D and the old Category C machines (30p stake, £35

⁶ <http://www.publications.parliament.uk/pa/it200304/itselect/itqamb/63/6313.htm>

payout). These (old category C) are only allowed in liquor licensed premises and in cafes, but not where they can be seen from the outside or doorway.

The Commission is proposing modifications to the machine locations, by removing some restrictions where machines can be sited and allowing certain categories in specific liquor licensed premises. These can be seen below:

Type I (Category A): these are £1 stake and up to £70 top prize. They are currently allowed only in Licensed Betting Shops, but are in reality no longer in use. The Commission believes that a lower value machine would meet its social responsibility criteria so long as their numbers were restricted to initially no more than two machines per premises and only within a licensed premises.

Type II (Category B4): these are £1 stake and up to £250 top prize. These are currently only allowed in Licensed Betting Shops, but the Commission believes that they could be sited in private members clubs and meet its social responsibility criteria so long as entry by the general public was restricted and that there were no more than two machines per premises.

Location	Gambling Machine Categories	Restrictions
Premises with a First, Fifth and Seventh Category Licence under the Licensing (Jersey) Law 1974 First – Taverner’s Licence Fifth – Club Licence Seventh – Entertainment Licence	Type I (Category A)	Can only be available for playing when the premises are ordinarily open to the public. Play not allowed by under 18s.
Premises with a Second Category Licence under the Licensing (Jersey) Law 1974 Second – Residential Licence	Type I (Category A)	In a conspicuous place but in line-of-sight from the bar staff and can only be switched on for operation while the bar is being manned. Play not allowed by under 18s.
Premises with a First, Fifth and Seventh Category Licence under the Licensing (Jersey) Law 1974, but where the public have access by way of adult membership	Type I (Category A) Type II (Category B4)	Can only be available for playing when the premises bar is open to the club members. Play not allowed by under 18s.

The locations and restrictions stated in the table above have been selected for a number of reasons. As liquor licensed premises, they are all regulated and generally adult environments. The Commission accepts that in Jersey children may enter pubs, but that does not mean that the presence of a gambling machine is going to have a harmful or destabilising effect. The UK has had these machines in pubs and clubs for many years and it has not been suggested that their presence is a meaningful threat to children. Of course, in suggesting that a pub may apply for a licence to have one or two machines, the

Commission will insist that they be properly supervised to ensure that they cannot be played by children and would punish such transgressions most severely. The new Gambling Law provides the Commission with powers to levy civil penalties of up to £5000 as well as issue Notices, Directions and seek Injunctions and Remedial Orders from the Royal Court. Ultimately of course the licence can be revoked.

When these machines were first introduced to Jersey, it was deemed appropriate to restrict their use to dedicated gambling licensed premises until some experience of their use could be obtained and a view taken regarding their desirability. As a novelty, at that time, they did prove popular, but it was clear within a couple of years that dedicated gamblers wanted a more elaborate product and with the introduction of the B Category machines, they have fallen completely out of use. The product is no longer considered a mainstream gambling machine in other jurisdictions, but part of the wider leisure and entertainment industry.

The Commission has also been minded to ensure that its standards of licensing are consistent, as this was one of the main failings of the old repealed legislation. Machines, now considered gambling machines but then termed 'skill' machines were already in pubs and clubs offering prizes in excess of what is proposed here. The Commission has reduced the prizes allowed, but sees no palpable difference between the 'skill' machine and the 'chance' machine. So long as the stakes and prizes are regulated and the product properly supervised both types are acceptable.

In making this change, the Commission will restrict the number of machines allowed in these premises to a maximum of two. We took the same approach when it came to the machines in LBOs as it allowed time to assess their use. As part of our own procedures, all licensing policies are reviewed at least once every second year and, as with LBOs, the Commission may consider increasing the numbers permitted in the future and then only after further consultation. However, the Commission does not envisage that the number of machines be increased to more than four.

The area of change that the Commission wants public feedback is in relation to private members clubs. As stated at the introduction, the Commission has advocated this for many years. Private clubs do not allow access to the public and so are more controlled than pubs and clubs. All restrictions regarding the use of these machines would equally apply, particularly with regard to prevention of access by children and the Commission would inspect these premises to ensure compliance. Due to the restrictions on membership, the Commission believe that it would be acceptable to allow higher value machines, offering prizes up to a maximum of £250, although a private club would also be permitted to use the lower value machines as an alternative. Regardless of type numbers would be restricted to two per premises.

In suggesting these changes, the Commission chose to contrast the Island with Australia, Norway and the UK. In doing so we wanted to give a flavour not so much of their gambling markets, but rather of the methodologies chosen in those jurisdictions to deal with machine gambling. The Norwegian model is highly prescriptive and does not allow much flexibility from the player's perspective. It does, however, provide much needed data from which evidence-led policy decisions can presumably be made. Australia's move to cards allowing pre-commitment is appealing, because it allows data collection but keeps the decisions regarding what and how to play with the consumer. The UK approach keeps the player firmly in command of their own choices and decisions, with the venue suggesting the gambling environment that is on offer.

Jersey of course is unique and that allows us to develop our own models and solutions. The Commission would be highly supportive of a card-only cashless system of gambling if the market was larger. The investment in technology would be considerable, but it would be warranted if opportunities to gamble were more readily available. Transferable via machines, the internet or mobile, it would provide

the Commission with invaluable data regarding gambling habits and trends as well as being able to identify those at risk. However the market in Jersey is not large and realistically is not going to be so. The Commission has gone on record to say that it will produce policies to licence commercial bingo and commercial card clubs. Both of these would expect to have an allocation of machines, but they would not be of the magnitude to justify investment in mandatory player cards, unlike a casino⁷ for example.

An intermediate solution would be to offer players the choice of pre-commitment. The set-up cost may potentially be high as take up would not be mandatory, but it would allow the individual to take control of their own spending instead of having limits set by regulators. Again, the small size of the market makes such a system challenging to implement. This leaves the methodology already in use, namely the onus on the individual to manage their own affairs aided by knowledge of the types of gambling offered in different premises. Jersey is fortunate that its size does allow for stronger oversight and inspection by the Commission over and above that realised in the UK and the JGC is content that this system works well. In relation to higher value machines, we would continue our policy of ensuring that they are connected via an online monitoring system so that Commission personnel can review their operation.

Finally, while the Commission has no plans to introduce such machines, it would be wrong to miss the opportunity to ask for Islanders views on B1 and A category machines and their equivalents. These are very high value machines and could only be introduced within a dedicated gambling licensed premises.

⁷ The JGC has no intension of bringing forward a policy for the licensing of a casino and would only do so if requested by government or after substantial support through public consultation.

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**Public Consultation Document: Gambling Machines
July 2013**

PLEASE ANSWER AS MANY QUESTIONS AS YOU WISH AND RETURN THIS FORM EITHER ELECTRONICALLY OR IN HARD COPY TO THE ABOVE ADDRESS BY **MONDAY 30th SEPTEMBER 2013**. SUBMISSIONS RECEIVED AFTER THIS DATE WILL NOT BE CONSIDERED.

THE COMMISSION IS NOT ABLE TO REPLY TO CONSULTEES AND YOU WILL NOT RECEIVE AN ACKNOWLEDGEMENT UNLESS IF SUBMITTED ONLINE, BUT ALL SUBMISSIONS WILL BE CONSIDERED.

PLEASE INDICATE WHETHER YOU ARE CONTENT FOR YOUR SUBMISSION TO BE QUOTED IN ANY SUBSEQUENT REPORT, OR IF YOU PREFER THE SUBMISSION TO BE CONFIDENTIAL.

I authorise the JGC to name me or my organisation and refer to my submission when presenting the results to the consultation:

I authorise the JGC to refer to my submission when presenting the results to the consultation but I wish to remain anonymous:

I do not wish my submission to be quoted in any way and wish to remain anonymous:

My Name:.....

My Organisation.....

Question 1

The Commission already allows gambling machines in liquor licensed premises with prizes up to £50.

Would you support raising the maximum stake from £1 up to £2 and raising prizes up to £100?

YES -

NO -

Please explain _____

Question 2

The Commission already allows up to two gambling machines in liquor licensed premises (please refer to the table on page 15).

What do you think should be the maximum allowable number of machines?
Please tick the relevant box.

- 2 -
- 3 -
- 4 -
- 5 -
- 6 -

Other (Tick Box)

If OTHER, please explain _____

Question 3

As machines in Jersey are usually sourced from the UK, should the Commission keep stake and prizes in Jersey at the same level as the UK (please refer to the table on page 13 and page 15)?

YES -

NO -

Please explain _____

Question 4

Do you agree that higher value gaming machines should be allowed in private members clubs?

YES -

NO -

If YES, please tick any that apply.

(UK Categories – Please refer to page 13 for the machine categories)

Type	Stake	Prize	Tick
B4	£1	£250	<input type="checkbox"/>
B3	£1	£500	<input type="checkbox"/>
B2	£100 (in multiples of £10)	£500	<input type="checkbox"/>
B1	£2	£400	<input type="checkbox"/>
A	Unlimited	Unlimited	<input type="checkbox"/>
OTHER			<input type="checkbox"/>

If OTHER, please explain _____

Question 5

Private members clubs are already allowed a maximum of 2 gambling machines by virtue of their liquor licence. (please refer to the table on page 15)?

Do you think they should be allowed a higher number of machines?

YES -

NO -

If YES, please tick the relevant box:

2 -

3 -

4 -

5 -

6 -

Other -

If OTHER, Please explain _____

Question 6

The Commission will be consulting on a licensing regime for commercial card clubs and commercial bingo. Both of these will be dedicated gambling licensed premises (because gambling is their primary purpose) and consequently, subject to a higher level of regulatory oversight. As part of that regime both would be expected to be allowed gambling machines.

What type of machines should be allowed on these premises?

Type	Stake	Prize	Tick
A	Unlimited	Unlimited	<input type="checkbox"/>
B1	£2	£4000	<input type="checkbox"/>
B2	£100 (in multiples of £10)	£500	<input type="checkbox"/>
B3	£1	£500	<input type="checkbox"/>
B4	£1	£500	<input type="checkbox"/>
C	£1	£70	<input type="checkbox"/>
D	50p	£10	<input type="checkbox"/>
OTHER			<input type="checkbox"/>

If OTHER, please explain _____

Question 7

The consultation document refers to a number of different systems used in other countries to help players keep in control of their gambling.

Jersey already uses the “Challenge 21” whereby, anyone that looks under 21 on entering a licensed betting office.

7.1

Do you think that players should be able to play unrestricted as they do now?

YES -

NO -

Please explain your answer:

7.2

If practical and economically viable, do you think that players should have the option of using a player card for gambling machines in Jersey? (This would record their game play and allow them to set limits. However a machine could be operated without using it).

YES -

NO -

Please explain your answer:

7.3

Do you think that it should be mandatory to use a player card for gambling machines in Jersey?

YES -

NO -

Please explain your answer:

Question 8

Do you think that machines should be allowed in any other premises, other than premises with a liquor licence?

YES -

NO -

Please explain your answer:

Question 9

Do you think that a fee (on top of the licence fee) should be levied on each new gambling machine to contribute to the Social Responsibility Fund (for education, treatment and research)?

YES -

NO -

Question 10

What other rules or restrictions on the use of gambling machines would you like to see in Jersey?

Question 11

Is there anything else you would like the Commission to take into account in respect of this consultation?

Jersey Gambling Commission

Jersey
Gambling Commission



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