

Supplementary submission from the Hippodrome Casino

It was a pleasure to meet you yesterday and I very much appreciated the opportunity to speak on the problems associated with FOBTs as part of the round-table discussion. As I explained at the session, I have worked in the gambling industry for many years and like many others, I have strong concerns about the growth and proliferation of FOBTs, not out of commercial self-interest but because I have a passionate belief in the need for a strong but responsible gambling industry which is operated fairly and safely. Something must be done to stop the evident harm these machines are causing to our communities and I welcome the committee's important work on this.

I wanted to follow up on a couple of points from the session.

Firstly, I said I would pass on the report from the University of Las Vegas demonstrating algorithms are not the answer to dealing with FOBTs and their ability to pick up evidence of problem gambling is limited. Please find the report attached.¹

I also looked to emphasise yesterday that it is important to underline that it is not just 'problem gamblers' that we should be concerned about. This is just a small fraction of the overall gambling population. FOBTs also prey on the young and vulnerable and what could be termed 'at risk' groups. The evidence suggests that FOBT machines are highly addictive and can easily lead to significant harms even for those who would not necessarily be termed 'problem gamblers'.

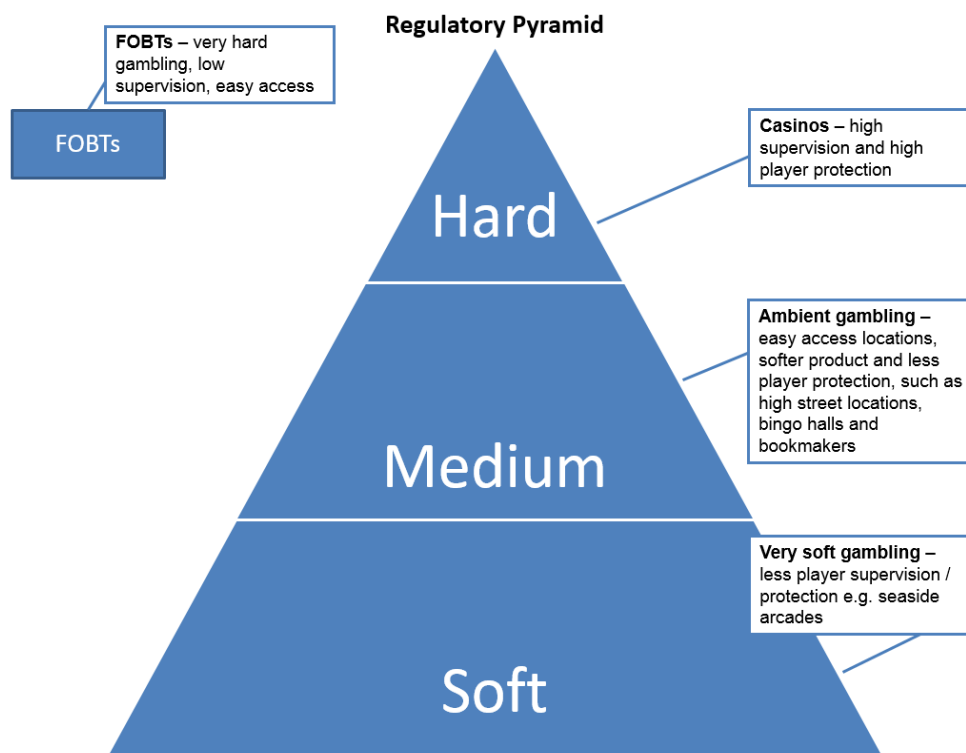
I attach two reports which may be of interest to the Committee which I referenced yesterday from Neraⁱⁱ and Landmanⁱⁱⁱ economics. They show that if the stake on FOBTs were cut back to £2, some bookmakers would close, particularly where they had sprung up in clusters, but also that the bookmakers would still make reasonable money from their gaming machines, and that money would return to over-the-counter betting supporting the traditional horse racing industry. At the same time some money would return to other, more labour intensive shops on the high street adding over 2,000 net jobs. The Landman Economics [The Economic Impact of Fixed Odds Betting Terminals 2013] analysis when applied to Scotland indicates that last years' estimated losses of £158 million could have cost the Scottish economy 2,054 jobs across the wider economy. Whilst across the betting sector since 2008 the number of people employed has fallen by 9,700.

Finally, I also referenced a paper by Professor Mark Griffiths on 'Product, location and player'.^{iv}

In this Gambling Commission 2009 'Qualitative Survey of Machine Gamblers', Professor Mark Griffiths set out three dimensions which influence customer behaviour on machines – situational (characteristics of the environment), personal (characteristics of the player) and structural (characteristics of the machine). His study suggested that all three were important in understanding play and problematic play. This would serve to wholly contradict the bookmakers assertion that it is the merely the person rather than the product which is the issue in relation to FOBTs.

This principle set out by Professor Griffiths is consistent with how gaming legislation has developed world wide with the combination of player, environment and product considered in the development of appropriate gambling Regulation. This has effectively developed as a pyramid and I have attached a picture of this below. As you can see, 'Hard gambling' comes at the top of this pyramid, in casinos, venues viewed as a destination, with harder gambling and high levels of supervision and player protection. Ambient gambling with easy access locations, softer product and less player supervision/protection lies in the middle of the pyramid, i.e. high street locations like arcades, bingo, pubs and bookies. Very soft gambling with even less player supervision/protection at places like seaside arcades comes at the bottom of the pyramid.

I very much appreciate the Committees important work in this area and hope pressure can be bought to bear on Westminster to give the Scottish Government further powers to control FOBTs. The evidence suggests that stake reduction and slowing the speed of games would go a long way towards reducing the ills being caused.



ⁱ <http://www.stopthefobts.org/wp-content/uploads/2015/12/Active-Interventions-Diagnostic-Algorithms-and-Problem-Gambling-FINAL3.pdf>

ⁱⁱ <http://fairergambling.org/wp-content/uploads/2014/04/nera-report-040414.pdf>

ⁱⁱⁱ <http://fairergambling.org/wp-content/uploads/2012/11/The-Economic-Impact-of-Fixed-Odds-Betting-Terminals.pdf>

^{iv}

<http://www.gamblingcommission.gov.uk/pdf/gfk%20nop%20qualitative%20study%20into%20machine%20gamblers%20-%20october%202009.pdf>