

# **THE SOCIETY FOR THE STUDY OF GAMBLING**

## **NEWSLETTER**

Spring 1997, Number 29

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## **THE SOCIETY FOR THE STUDY OF GAMBLING**

The Society for the Study of Gambling was formed in 1977 to provide a forum for those concerned with research into gambling, to promote its scientific study, especially as far as the psychological, social and economic aspects are concerned, and to inform the public about these matters.

The membership of the Society is drawn from a wide circle of people who have an interest in various aspects of gambling. They range from social workers and psychiatrists who deal with 'compulsive gamblers' to members of the commercial gambling industry. It is a condition of the Society that there should be freedom of opinion and practice among its members, so that the Society does not take any particular stance in relation to gambling.

Papers are reproduced in the **Newsletter** as a record of the Society's meetings, and/or at the invitation of the editor, and are not intended as an alternative to publication in a learned journal. Any of the standard reference systems is acceptable. The Editor welcomes unsolicited manuscripts, correspondence, book reviews and other items which are of interest to SSG members.

Subscription: The **Newsletter** is circulated twice a year to Society members. Annual subscription for individual Society membership - £18. Annual subscription to Newsletter only - £12. Cheques should be made payable to The Society for the Study of Gambling, and sent to the Honorary Treasurer. Overseas subscribers should remit in sterling.

The Society holds regular meetings twice a year in London. The next meeting will be in November 1997.

For further details please write to the Honorary Treasurer.

Please note that students and others not in receipt of earnings may attend the Society's meetings without having to pay the meeting fee. Applications to waive the fee should be made to the Treasurer.

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## EDITORIAL

**Christopher Hill**

### **The National Lottery**

The National Lottery's success, and its effect on other forms of gambling, are still the burning issues of the day.

All sections of the industry continue to fight back. The bookmakers, whose turnover fell dramatically after the lottery's introduction, are now reporting much improved results, although not yet at pre-lottery levels. The crisis forced them to lay off employees and close shops, though it is impossible to say how many would have gone in the process of rationalisation, even if there had been no lottery.

The reasons for their bounce back include AWP's in betting shops; 49s (the numbers game introduced to compete with the lottery); the Irish lottery ("Lucky Choice"); spread betting; and it may be that the bookmakers' increasingly close relationship with the Tote will become a significant factor. The reduction in General Betting Duty (GBD), achieved with effect from March 1996, also played a very useful part in the recovery. Turnover was just over 6% up (the figure includes 49s and Lucky Choice) in the first eleven months of reduced GBD, but it is not possible to disentangle its contribution to the improvement from those of the various innovations during the period, nor from such factors as the lack of abandonments of fixtures in February. The bookmakers and the racing industry lobbied hard for a second reduction in November 1996 but, perhaps not surprisingly, without success.

The Tote has been permitted since December 1996 to take bets on the Irish Lottery, and on 8 February 1997 the Bill to allow it to bet on non-sporting events, including 49s, passed Third Reading in the House of Commons. Recently the Tote has achieved another break through by persuading Ladbroke's, with its 1925 betting shops, to participate in Tote Direct. (Bets taken in betting shops at Tote odds).

Perhaps the most significant factor has been 49s, both on account of its attractiveness as a new product, and because it moves the bookmakers' profile away from their traditional appeal as promoters of an activity involving skill in choosing horses. It has been said (for example, by the chairman of Stanley Leisure) that women are brought into betting shops by 49s, and that young people like the game, as they do other forms of sports betting. Camelot has naturally argued in the courts, so far without success, that 49s constitutes an illegal lottery. The Board of 49s is confident in its legal advice that, whereas in a lottery the player is buying a chance to share in a prize pool, in 49s there is no pool, and it is "a fixed odds numbers game based on an individual contract between punter and bookmaker."

Following the introduction of the mid-week draw early in February this year, Lotto turnover has risen by 20% and is running at over £90m per week, with a further £15m on scratch cards (which reached a peak of £32.8m per week in the months following their introduction in March 1995). According to Camelot the increase in Lotto has been achieved without cannibalising the turnover on scratch cards. It has, however, taken some Lotto punters away from Saturdays, whose turnover has gone down from £70-£75m to about £60m.

To start with, about 20% of combinations of numbers were not played at all, but more even distribution was expected to follow the introduction of "Lucky Dip", in which the player does not choose his own numbers, but accepts those selected for him by the machine. This has happened to an extent (there are no statistics) but to a lesser extent than would have been the case without the mid-week draw, because the more complete coverage of possible combinations is to some degree cancelled by the fact that there is lower turnover on Saturdays than before, so that fewer combinations are chosen.

A very high percentage of tickets was sold on Fridays and Saturdays. This created cumbersome queues in small shops, so that small shopkeepers welcomed the introduction of the mid-week draw for two reasons: it spreads the queues and evens out cash flow, which can otherwise be stretched by having to pay out a great many prizes at once.

There has been speculation that Camelot intends, if the regulator allows, to move into Keno, set up links with football pools, and expand abroad. These ideas have become public from leaked minutes of what Camelot insists was a brain storming session, which appeared in *The Mirror* (19 February 1997). It is not too soon for Camelot to be thinking about the renewal of its licence after the initial seven years, and the minutes showed that Mr Tim Holley, the Chief Executive of Camelot, thought that expansion overseas (South Africa, Egypt, India) would be good from this point of view. He is quoted as saying of South Africa "It is likely that a vehicle established for diversification would take an equity share with G Tech and enter into a management agreement".

Although the terms of Camelot's licence would not allow it to put into effect some of the new developments, which it was reported to have discussed with such potential partners as Ladbroke's and Bass, it does appear that the regulator and the Secretary of State for the National Heritage are equivocal. They justify the equivocation by reference to the "good causes".

### **Horse racing**

Racing has of course suffered at the hands of the lottery. Its failure, mentioned above, to achieve a further reduction in betting tax, has stimulated some fresh thinking, notably an initiative by Lord Donoughue to look at ways of finding some less roundabout method than the levy of obtaining a contribution by bookmakers to the costs of the sport/industry. We shall know much more about his thinking after he has addressed the Society on 13 May.

Bookmakers' representatives have been saying recently that they are willing to work towards replacing the levy system, which has been in operation since 1962, and which has only sometimes been satisfactory to any of the parties involved. Racing is slow to change, and it may be some years before an alternative method of obtaining contributions from bookmakers is in place.

### **The football pools**

The pools have also been fighting back. They have lobbied for further deregulation, and one Order (details are in David Miers' contribution in this issue) got through Parliament before the Dissolution. Three other Orders would in any case not have been ready before parliament was dissolved, and will be put to the new Parliament after further consultation. In the longer term it may be necessary for government to consider a new regulatory framework, in order to take account of technological advance, and of the ease with which new operators can, at least in principle, enter the pools industry.

There has been a significant increase in the use of charity scratch cards. This increase in turn provides new business opportunities for pools operators to manage society lotteries, which are regulated under the Lotteries and Amusements Act of 1976, not the National Lotteries Act 1993. Littlewoods, the major pools operator, has bought UK Charity Lotteries, and expects the enlarged company to have about 10% of the scratch card market, with £70m turnover in about 40,000 outlets.

### **In this issue**

We have been able to illustrate some of the rich variety of opinion within the industry by reproducing in this issue some of the short papers given at the Society's meeting on 14 November 1996. Tristram Ricketts, as chief executive of the British Horseracing Board, and Tom Kelly, Director-General of the Betting Office Licensees' Association, are in favour of deregulation, so far as it applies to betting shops, but not for football pools. Nigel Kent-Lemon, as chairman of Lingfield racecourse, thinks racing's support for deregulation has been a mistake. Richard Faulkner and Paul Zetter deplore the unfair treatment of the pools.

### **Wisconsin Policy Research Institute**

The institute has produced a report entitled *The Social Costs of Gambling in Wisconsin* by William N. Thompson, Ricardo Gazel and Dan Rickman.

The authors conducted telephone interviews with a thousand randomly chosen Wisconsin adults in September 1995, to determine the extent of gambling addiction in the State. They analysed the results using a modified version of Diagnostic Statistical Manual (DSM) IV, where a respondent scoring 3 on the nine questions asked rated as a serious problem gambler. On this basis nine respondents qualified (0.9%) which, if extrapolated to the whole adult population of the State, gives 32, 425 persons with a potential problem.

A related study surveyed 98 members of Gambling Anonymous groups in Wisconsin, in order to assess the costs attached to problem gambling. The results were too intricate to be digested here, but copies of the report may be obtained from the institute at P.O. Box 487, Thiensville, WI 43092, USA.

The authors state that "Policymakers in the State of Wisconsin will be required to make decisions about the continuation of Native American casino gambling prior to the end of 1998." Their main policy conclusions are that "There should be no expansion of legalized gambling in Wisconsin at this time or in the near future, though it would be advisable to renew compacts for operations of Native casinos at their present (or reduced) levels of activity".

### **Back issues**

I am trying to build up a complete run of the *Newsletter*. If any reader has any spare or unwanted copies I would be most grateful if he or she would let me know.

# LOTTERIES: CONSIDERING CONSIDERATION

Susanna FitzGerald

"Win a day trip on Concorde." "Win this magnificent car." "Wouldn't you like to spend a free weekend in the West Indies?" "All you have to do is..." All of us see that type of statement all the time, in the newspapers, on supermarket shelves and, it sometimes seems, everywhere else as well. These so called "free prize draws" are extremely popular. The relevant law concerning them is contained essentially in the Lotteries and Amusements Act 1976. These schemes can be "lotteries" or competitions. Different provisions apply.

In this article I deal with one aspect of the law, namely the distinction between lotteries, which (apart from certain exceptional cases) are illegal by section 1 of the Act, and free prize draws.

If a scheme is a lottery and illegal, then by section 2 it is an offence, *inter alia*, to distribute chances in or advertisements of it, to print tickets for use in it, or to publish a list of prize winners. Where an offence under the Act is committed by a company, if it is proved to have been committed with the consent and connivance of, or to have been attributable to any neglect on the part of *inter alios* any director or manager of the company, that person is also guilty of the offence. The penalties are two years' imprisonment, a maximum fine of £5,000, or both. So much may turn on the apparently arcane point discussed below.

The term "lottery" is not defined in the Act or in any of its predecessors, but the following definition set out in the speech of Lord Widgery C.J. in Reader's Digest Association Limited v Williams [1976] 1 W.L.R. 1109 at 1113 was approved by the House of Lords in Imperial Tobacco Limited v A-G [1981] A.C. 718:-

"... a lottery is the distribution of prizes by chance where the persons taking part in the operation, or a substantial number of them, make a payment or consideration in return for obtaining their chance of a prize. There are really three points one must look for in deciding whether a lottery has been established: first of all, the distribution of prizes; secondly, the fact that this was to be done by means of a chance; and thirdly, that there must be some actual contribution made by the participants in return for their obtaining a chance to take part in the lottery".

A free distribution of prizes by chance is not an illegal lottery. There must be some "payment or consideration" or "actual contribution" by the participant in return for the chance to win.

A difficulty is caused by the technical approach of English law to the question of "consideration". Consideration is one of the elements of a valid contract, and in that context can be any detriment, however slight, suffered by the promisee, or any benefit however slight conferred on the promisor. However, what did Lord Widgery C.J. mean by the third element of his definition "some actual contribution made by the participants"? There are two possible answers:

- (1) A payment by a participant, in money or in kind, so that he suffers a real detriment.
- (2) Anything which amounts to consideration as a matter of contract law.

Although there is no decided case directly in point, I consider that a distribution of prizes by chance is not an illegal lottery unless the payment for the chance is a real payment, in cash or in kind. I believe that Lord Widgery C.J. used the word "consideration" in this sense, and not in the technical sense in which it is used in contract law. In order to justify this view, it is necessary to consider a number of recent authorities, but it is perhaps useful to look first at the dicta in the Reader's Digest case as to the purpose of the statutory prohibition:

"It must not be entirely forgotten in the construction of these Acts of Parliament that the evil which the lottery law has sought to prevent was the evil which existed where poor people with only a few pence to feed their children would go and put these few pence into a lottery and lose it, and this sociologically was a bad thing. It is for that reason - the reason that that is the mischief aimed at - that lotteries have always required the third factor to which I have referred, namely that there should be some contribution from the participant, or from a substantial number of the participants, in return for obtaining a chance" per Lord Widgery C.J. at 1113D-F.

"It is interesting when one reads the preamble to that Act (the Act of 1802) where it is declared that there has been great impoverishment and utter ruin of many families because of those evilly disposed persons who, in premises such as public houses, set up lotteries to their great profit ... That is the background to the legislation ..." per Caulfield J. at 1116H.

Having regard to these definitions of the mischief at which the Acts prohibiting lotteries have been aimed, one would not expect a prize draw to be illegal, if all the participant has to do to obtain his chance of success is to perform a trivial act, not involving him in any real financial or other detriment. In such circumstances he has not been tempted to gamble. In my view, there is nothing in the authorities which displaces, and much which supports, this initial reaction.

The older authorities on lotteries stress that a payment or contribution by participants is an essential feature of an illegal lottery. None of them refers to "consideration" in this context. Whitbread & Co. Limited v. Bell [1970] 2 Q.B. 547 is one of the more recent authorities. In that case Whitbread promoted a scheme called "Win with Whitbread", in which persons visiting their premises (whether or not they bought drinks) were handed a sealed envelope containing a coupon which enabled them to win a prize by filling in the blank spaces to complete one word connected with Whitbread, or an instant-winner coupon entitling them to a prize without doing anything more. The Divisional Court held that the scheme was legal, since participants were not obliged to pay anything, and rejected the argument that it was illegal because the whole object of the promotion was to increase the sale of liquor. Lord Parker C.J. (with whom the other members of the Court agreed) held that in order for there to be an illegal lottery -

"... there must be some payment or contribution, if not towards the prizes themselves, at any rate towards funds, i.e. profits, out of which prizes are provided".<sup>1</sup>

Lord Parker also approved (at 557B-C) a dictum from a Scottish case, Douglas v Valente that

"... in its ordinary sense a lottery involves contribution".

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<sup>1</sup> To the extent that Lord Parker C.J. suggested that the payment or contribution had to be towards the prizes, this was disapproved both in Reader's Digest: at 1115H and in Imperial Tobacco.



This decision was followed in the Reader's Digest case, and was held by the House of Lords in the Imperial Tobacco case to have been rightly decided. It is accordingly important because it establishes:

- (1) that a scheme is not illegal merely because *there* is commercial benefit to its promoters by the reason of increased interest in its products;
- (2) that it was not fatal to the legality of the scheme that at least some of the participants were obliged to complete their coupons in order to win a prize (even though this would undoubtedly amount to consideration as a matter of contract law and would confer some slight commercial benefit on Whitbread);
- (3) that in order to render the scheme illegal, it was necessary for the participants to make "some payment or contribution".

In addition, it was not suggested that having to go to a Whitbread pub to participate in the scheme made it illegal, although this would of course be consideration in law.

In Atkinson v Murrell [1972] Q.B. 274, whether it was a necessary ingredient of a lottery that there should be a prize fund was in issue. In the course of his judgment Griffiths J. (with whom the other members of the Court agreed) said at 282D that the Whitbread case was clear authority for the proposition that it was an essential feature of a lottery that the participants should "make a payment or contribution for the purchase of their chance". The case went to the House of Lords, [1973] A.C. 289, and Lord Dilhorne made a similar comment at 294H-295A that the Whitebread case: "... decided no more than that for there to be a lottery, the participants must pay for their chances".

Thus far there is no suggestion in the cases that any consideration, as opposed to a payment or a contribution, makes a scheme an illegal lottery, but then one comes to the Reader's Digest case, in which Lord Widgery CJ, in the passage cited at the beginning of this article, uses the phrase "payment or consideration". This was a sales promotion scheme in which an envelope was posted to potential participants containing an offer to sell goods together with a list of numbers. Participants could return the numbers for checking in "Yes" envelopes if they wished to purchase goods as well or (as the majority did) in "No" envelopes, if they did not, but in any event received a prize if their number happened to be a winning number. The Divisional Court held that this was not an illegal lottery, because participants were not obliged to pay for their chances, even though some chose to do so. Again, the fact that the object of the scheme was to advance its promoters' commercial interests was treated as irrelevant.

I have already referred to the passage in the judgment of Lord Widgery C.J. in which he sets out the mischief which the Act seeks to prevent, namely an undue temptation to gamble.<sup>2</sup> It is helpful also to set out the concluding passage in his judgment, at 1116C-D, in which, having referred to the passage in Lord Dilhorne's speech in Atkinson v. Murrell quoted above, he said:

"It seems to me to be entirely consistent with principle because the law and public morals are not concerned with profits made by the organisers nearly so much as they are by the injury to the participants who are unduly tempted to spend their money, as I have already suggested. It seems to me that the whole matter is summed up by Lord Dilhorne when he says that Whitbread's case decided no more than that for there to be a lottery the participants must pay for their chances."

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<sup>2</sup> Some doubt is tentatively cast on this by Lord Dilhorne in Imperial Tobacco, but this passage in his speech is unconvincing.

This passage, stressing as it does the law's concern to protect the financial position of the participant, makes it unlikely that the Court in the Reader's Digest case was seeking to lay down a rule that every technical benefit or detriment which might amount to consideration as a matter of contract law would be a "contribution" in lottery law. Indeed, it is strongly arguable that the participants in the Reader's Digest scheme did provide consideration in law, by the act of returning the entry in the "Yes" or "No" envelope, yet it was held to be legal. In the light of this passage, it seems that when Lord Widgery referred to "consideration" at page 1113F, he was not using the word in its technical contract sense, but as a synonym for the word "contribution" which he used earlier in the passage at 1113D and at E. This is also supported by his approval of the first part of Lord Parker C.J.'s formulation in Whitbread, namely "some payment or contribution by the participants", in the passage at 1115G-H.

It is also helpful to look at the judgment of Caulfield J. at 1117B-C:

"I would not like to define a donkey; I would not like to define a lottery. But the fact that I do not define does not prevent me from recognising a donkey or a lottery when I see it. I think the approach to cases of this sort is to examine the facts, and not then to decide whether or not the facts satisfy a particular definition, but whether the Court can then declare that the facts show a lottery.

The absence of detriment on the part of the participants is in my judgment the critical factor here, and for that reason I would allow this appeal".

The precise meaning of "consideration" in the lotteries context did not arise and was not argued. However, I think that the tenor of both these judgements strongly supports the view that there is no illegal lottery, unless the participants make some real contribution or payment, involving a real detriment to themselves, in return for their chance of success. The judgement of Melford Stevenson J. also supports this view, since he says at 1116G that what took the case "outside the frontiers of a lottery" was the fact that the participants "were paying nothing... were not contributing".

In Express Newspapers Plc v. Liverpool Daily Post & Echo Plc [1985] 1 W.L.R 1089, newspapers distributed cards, free and at random. In order to see whether a prize had been won, the card holder had to check the cards against grids containing 25 letters and two separate rows of five letters in newspapers (which, however, they did not have to buy) and were then able, if they had a winning sequence, to claim a prize. Whitford J. held that it was not an illegal lottery because a participant did not have to pay anything either to obtain his chance, or even to find out whether he had won. This case too seems to be inconsistent with the proposition that if participants are obliged to provide anything which is consideration in law, the lottery is illegal. Participants in this scheme would have to scratch their card in order to discover whether they won, inspect the newspaper and claim their prize: all this would be good consideration in law. Again, this case supports the view that what makes a lottery illegal is some real payment (in money or otherwise) by the participant.

Finally, it is necessary to refer to the Imperial Tobacco case. The House of Lords held that the scheme involved an unlawful lottery because virtually all the participants had to buy a packet of cigarettes in order to participate; the fact that a very small proportion of participants secured free entry made no difference.

The two leading speeches were given by Lord Dilhorne and Lord Lane. Lord Dilhorne agreed with Lord Widgery's reservations as to the second part of Lord Parker's formulation in the Whitbread case (see footnote 1 above), and continued at 736F to 737C:-

"What is essential is that there is a distribution of prizes by lot or chance and that the chances should be secured by some payment or contribution by those who take part... Lord Parker C.J. spoke of "some payment or contribution"; Lord Widgery C.J. of "a payment or consideration" and an "actual contribution". Usually, I think, money is parted with to secure a chance. I suspect that Lord Parker and Lord Widgery did not refer only to payment because in their view it would suffice to constitute an unlawful lottery if there was any consideration given to secure the chance. However this may be ...." (my emphasis).

It would seem from the concluding words "However this may be", that Lord Dilhorne was leaving the point open, and in any event it is not clear that he was taking the view that Lord Parker and Lord Widgery had used the word "consideration" to mean anything which as a matter of contract law would be consideration, as opposed to a valuable consideration other than money. So in my view this passage in the speech of Lord Dilhorne takes the matter no further. Lord Edmund-Davies and Lord Scarman agreed with the speech of Lord Dilhorne, and also with the speech of Lord Lane to which I refer below.

The relevant passage in the speech of Lord Fraser appears at pages 744D-H:-

"In my opinion, a scheme will be a lottery if the prizes are distributed by chance and if persons are induced to make a money payment, or to give other valuable consideration (my emphasis) in order to obtain a chance of winning a prize.... The material question is whether some consideration has to be given, in order to acquire a chance. The participant must, of course, give the consideration knowing that it will give him a chance to win a prize; if he pays his money without knowing that, the scheme will not be a lottery...."

Although the last part of that passage, taken by itself, might support an argument that anything amounting to consideration in law is sufficient to render a lottery illegal, I think it is clear from the phrase "valuable consideration" and from the reference to the participant "paying his money" that what Lord Fraser had in mind was the provision by the participant of something of real value.

Lord Lane's speech does not take the matter much further; if anything it supports my view, since he says at 748H that the decision in Atkinson v Murrell made it "abundantly clear that although in a lottery the participant must pay for his chance to participate, it is not an essential ingredient that there should be any prize fund....", and at 749B he approves the passage in the judgement of Lord Widgery in Readers Digest cited above in which he defined the third ingredient as "some actual contribution made by the participants". At page 747B he adds that the word "contribution" is correct if it is used simply as a synonym for payment.

From these authorities, I think that the correct test is whether participants make a real contribution (in money or in kind) involving a real "payment" by them. The contrary argument, that anything which is consideration in law suffices, would have to be based upon a single reference to "consideration" in Lord Widgery's judgment in Readers Digest, but this occurs in a passage whose central thrust is that the participant must make a payment or contribution. Both Whitbread and Reader's Digest itself are, on analysis, inconsistent with the proposition that anything amounting to consideration in law suffices to make a lottery illegal. The dicta in Imperial Tobacco are inconclusive on the point. The point was not directly relevant in Imperial Tobacco, or indeed in any of the earlier cases.

Many schemes around today do not involve payment of money (although probably most still do, following the Imperial Tobacco example, but relying on a so called "free route" to achieve legality). These schemes often involve the provision of information: "Just fill in the form and you will automatically be entered in our free prize draw". Is this sufficient contribution to make the scheme illegal? Clearly filling in the form does amount to consideration at law. However in my view it does not necessarily amount to payment or consideration in lottery law and therefore make the scheme illegal. It depends on the amount and the nature of information required.

One cannot lay down hard and fast rules about these matters, but I do not see in normal circumstances that a participant providing his name and address is making a contribution within the meaning of that concept in the authorities. However a participant who is required to provide lengthy and/or detailed personal information, often financial in nature, may be making such a contribution. Such information is very valuable, and may be impossible for the promoter to get in any other way. It is often, if not generally, used by the lottery promoters in their business and/or used to compile mailing lists which are sold to third parties. By providing such information the participant is at least laying himself open to bombardment by sellers to purchase their products and heaven knows what else. I think that in such a case the scheme may well be an illegal lottery.

# **PREVENTION OF PROBLEM GAMING IN HOLLAND CASINOS**

**J. Paauw**

**General Manager, Security Department, Holland Casinos**

## **Historical notes**

*1976*

When Holland Casinos was founded, gambling addiction policy was in its infancy and it was to take about fourteen years to mature. Although it was possible for guests to take a voluntary admission ban, they had to approach a floor manager themselves in order to arrange this, which was not exactly an inviting proposition.

In the seventies there were only three official casinos, and the admission ban applied only to the casino where it had been requested. Moreover, once guests had plucked up the courage to go to a floor manager and fill in the admission ban form under supervision, they were then free to define the length of ban for themselves. Not many admission bans were undertaken at this time.

*1985*

As time went on - we are speaking now of the mid-eighties - Holland Casinos underwent a structural reorganization. This decade saw many new casinos being opened, and explicit regulations and agreements needed to be drawn up to meet the new situation. Admission bans applied to all casinos and a minimum term of six months was agreed. A guest who took an admission ban for an indefinite period was held to a minimum term of twelve months.

Holland Casinos also introduced the option of a visit limitation arrangement during the mid-eighties. This proved to be a useful extension of the policy, because until then there had been no procedure available to cover guests who did not wish to give up visiting casinos altogether, but who did wish to make fewer visits. Such individuals had not opted for an admission ban and continued to visit the casino as usual. Another change during this period was that the intervention of a floor manager was no longer necessary in order to obtain an admission ban or visit limitation form; guests could pick these up and fill them in at reception.

*1990*

Because of the state's policy relating to the distribution of casinos, all efforts were then directed to expanding casinos in The Netherlands and it was the late eighties and early nineties before any new developments came in the gambling addiction policy. At the end of the eighties consultations took place in cooperation with the Jellineck Consultancy as to how a clear framework could be set up for gambling addiction policy within Holland Casinos. The policy principles were laid down in 1990 and have lost none of their strength in the meantime. A package of preventive measures was announced at this time.

## **Preventive measures**

Four measures were taken:

1. A brochure intended for the guests and entitled "The Risks of the Game" was introduced in all Holland Casinos. This brochure makes it clear to guests that casino gaming does not necessarily mean enjoyable entertainment and positive excitement for everyone. Holland Casinos wanted to use the brochure to draw the line between recreational and problem gaming as clearly as possible and to offer a

helping hand - where needed. In the casinos the brochure is prominently placed and available to everyone; in the foyer it is also placed in the displays next to the "Rules of the Game" leaflet. The book about the risks contains a form which the guest can complete and return in order to request an admission ban or visit limitation. This also lowers the threshold, in that guests no longer need to fill the form in while a member of staff is watching but can now send it in privately.

2. An Advertising Code for Casino Gaming was drawn up. This includes the stipulation that Holland Casinos will never encourage immoderate gaming and will not explicitly target young people. Experience has shown that young people are on average more susceptible to outside influences.
3. There was also the introduction of the so-called return interview. Once the term of the protective measure has expired, guests must be interviewed by a member of the Security staff before being allowed back in. During this interview the circumstances which led to the original request for a visit limitation or admission ban are discussed in depth, and the circumstances are then assessed in the light of the current situation. The interview leads to a definite answer as to whether the protective measures should be lifted. In principle, the option of a visit limitation is recommended, if necessary, when an admission ban is lifted.
4. The last measure which should be mentioned here is the training of Holland Casinos employees. In order to optimise identification of problem players, a continuous education and training programme has been developed in cooperation with the Jellineck Consultancy to increase the involvement of all employees with the gambling addiction prevention policy. Besides this the Mission Statement of Holland Casinos emphasises to existing and new employees that immoderate gaming is not encouraged. Each employee is expected to know the risks and to want to prevent or limit them. A system using success indicators comprises a quarterly audit of the actual implementation of the policy in each of Holland Casinos' ten casinos. The training programme will now be explained in more detail.

### **Training**

In order to ensure that employees are able to identify the signals of (the early stages of) gambling addiction, Holland Casinos have developed various training courses in cooperation with the Jellineck Consultancy.

There are training modules for three groups of the almost 3,000 employees of Holland Casinos:

- there is a module for all employees with information about addiction problems in general in order to increase involvement with this phenomenon;
- the next module is job-orientated for all managers in the Table Games and Slot departments, because they are responsible for identifying problem players;
- a further module goes still further and is intended for those employees who have been assigned for actually approaching problem players.

The last group of employees learn techniques to enable them to discuss the risks and their way of playing with the guests concerned. These interviews, which as a rule lead to an admission ban or a visit limitation, are entered into by a discipline within the organisation which operates independently of the gaming and players. In general this concerns the Security department. Attention is paid to two aspects in this, namely the identification of problem players and prevention.

The gaming floor management plays a crucial role in events leading up to this. Because of their position, these employees are familiar with the more frequent visitors and know their habits and playing patterns. They can give supplementary general information to incidental identification from casino employees whose freedom of movement is restricted to the gaming table or the Slot Park.

This system means that good local insight is developed and that consultations are facilitated with support organizations, to whom guests are referred where necessary. The success of Holland Casinos' prevention policy depends on the fact that visitors must provide valid identification and that a Visitors Registration System is coupled to this. This computer system ensures that an admission ban or visit limitation is enforced nation-wide. This instrument is of particular importance for those guests who request a protective measure in one clear-headed moment. Once the measure has been requested it cannot be cancelled in the interim. The contract is binding.

### **Effectiveness of the gambling addiction prevention policy**

In 1995 KPMG carried out research into the effectiveness of the gambling addiction prevention policy implemented by Holland Casinos. In this the effects of contacts with guests during the first quarter of 1994 were examined. During that quarter 770 casino guests were identified based on the prevention policy. Of these 70% took an admission ban or visit limitation with immediate effect. Thirty per cent took no protective measure. It was this group which was the subject of the research in order to determine if the visiting frequency of this category dropped noticeably after the gambling addiction interview.

The interview held with the guests did have an effect, as was shown from the behaviour of a randomly selected sample of sixty of these initially dismissive people. Half of these were shown to have taken a protective measure after all within a year. A quarter had restricted their visits to Holland casinos to fewer than three per month. Of the remaining quarter in the sample, 17% reduced their visiting frequency to fewer than eight times a month.

Based on the KPMG report, Holland Casinos developed a Follow-up Administration System at the beginning of 1996. Guests who do not want a protective measure after having a gambling addiction interview, are followed up for at least a year. During the interview the guest must indicate what he or she considers to be an acceptable visiting frequency. If the guest then exceeds the number of visits he has indicated are acceptable, this will lead to Holland Casinos initiating a further interview. This also applies to guests who are able to visit the casino again after a protective measure has expired. The advantage of this system is that guests who do not want protective measures no longer disappear into anonymity and that individual and personal follow-up can be offered. The situation is thus continuously monitored.

Another new development is the stipulation in the Holland Casino House Rules based on the Casino Gaming Order 1996 and approved by the Ministers of Justice and Economic affairs. The state wanted an explicit stipulation which would enable Holland Casinos to impose on a reluctant guest an admission ban or a visit limitation with regard to gambling addiction. Obviously, all the circumstances are considered before such a measure is imposed.

### **Future developments**

Holland Casinos is currently investigating the viability of setting up a permanent monitoring system with regard to measuring the effectiveness of the gambling addiction policy. Based on the KPMG research, Holland Casinos is working towards having figures relating to gambling addiction continuously and immediately available so that specific adjustments can be made to the policy if and when indicated.

## **Comment**

The gambling addiction policy was not lightly brought into effect at the end of the eighties. At that time, when the phenomenon of gambling addiction came to the fore, it should be realised that it took a great deal of persuasion to tackle the problems of gambling addiction on an organisational scale.

There was initial hesitation in the casino world with regard to the problem; "the problems aren't too bad" was the comment. All manner of memoranda were rewritten and differently formulated. However, the policy principles were finally laid down and Holland Casinos with its gambling addiction policy is now unique within the casino industry.

Because the subject is not a particularly attractive one, the employees must continually be kept keen and involved by drawing their attention to and involving them with the progress of the gambling addiction policy. Casino games are an attractive subject, it is gambling addiction which is not.

Finally: the problems surrounding gambling addiction are not only of concern to Holland Casinos, but also to the state. Because of the extreme care with which Holland Casinos deals with the lifting of admission bans and visit limitations, the state should make extra effort with regard to the presence of illegal casinos.

In the opinion of Holland Casinos, the tolerance of illegal casinos is irreconcilable with the implementation of our gambling addiction policy which was urgently desired by the state. The prevention policy operated by Holland Casinos is thwarted if guests, who have requested an admission ban for a long period at Holland Casinos and therefore can no longer play in Holland Casinos, have the opportunity to continue playing in illegal casinos elsewhere. This contention is made even more convincing because research has shown that the prevention policy is so worthwhile.

If only for this reason, Holland Casinos feels that the state, given its attitude towards gambling addiction in general, should no longer tolerate any illegal gaming facilities.



# THE ROLE OF FAMILIARITY IN FRUIT MACHINE GAMBLING

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## Introduction

Fruit machine gambling is a popular leisure activity in the United Kingdom - particularly among adolescents (see Griffiths, 1995 for an overview). Despite such popularity, the gaming industry has reported peaks and troughs in fruit machine turnover in the last ten years (Atkinson, 1992). Although there are a number of types of establishment where fruit machines are placed, (e.g. leisure centres, amusement arcades, fast-food outlets etc.) they are usually installed on prime sites (e.g. pubs - pubs) for the first, and most profitable, six months of their lives (Atkinson, 1992).

It is generally believed that the punter's interest in a particular fruit machine diminishes quite rapidly. Therefore, new themes are constantly sought and, once found, have to appeal to a wide range of people for a fairly substantial amount of time. This paper explores the role of "familiarity" as an important factor in the popularity of fruit machines.

Griffiths (1990) reported that most of the fruit machine players have "favourite machines" reflecting the belief that they played better (through familiarity) on one particular machine than on other less familiar ones. He also argued that cognitive variables may be important in the continued playing of fruit machines, and that the introduction of specialist play features (e.g. 'nudge' and 'hold' buttons) may stimulate the illusion of control (Langer, 1975) through personal involvement, perception of skill and familiarity with a particular machine. Earlier experiments by Langer (1975) showed that such factors as the nature of the competition, the familiarity of the task, and the degree of personal involvement influenced the belief that skill is a controlling force. In essence, Langer's basic assumption was that, in some chance settings, those conditions which involve factors of choice, familiarity, involvement and/or competition may stimulate the illusion of control to produce a skill orientation (that is, a belief that an activity is skilful when in fact it is not). In these situations "familiarity" refers to a process that occurs during the development and maintenance of gambling activity.

Manufacturers of fruit machines are perhaps beginning to realise that one of their design aims should be to make their machines appear familiar *before* a punter has ever played on them. This can partly be achieved through the name or theme of the machine and it is on this aspect that this paper will concentrate. Both authors noticed that the names and themes of fruit machines changed quite dramatically between the 1980's and early 1990's. One theme seemed to be appearing more than any other, namely, popular media (i.e. fruit machines which featured a film or television programme in their design). Very often, these machines not only featured pictures of the film or programme's characters but also played the theme tune to the programme itself. Machines were also introduced which featured familiar board games. For instance, in 1993, a fruit machine based on one of the world's best known board games (Monopoly), was introduced in the UK. Such a well-known theme may persuade individuals to spend time (and money) playing it. The use of "familiar" themes continued in June 1994, with the launch of a new machine based on the American television programme *Baywatch* (Woolcock, 1994).

According to Costa (1988) the names of fruit machines are important. The first fruit machine was called *The Liberty Bell* because it typified patriotism, in that it was the symbol of American Independence. However, the names of machines probably make different impressions on different people, and therefore can be seen as psycho-structural characteristics which are potentially gambling-inducing (see Griffiths, 1993). Analyses by Griffiths (1993;1994a) focusing on marketing strategies have also examined the psychology of fruit machine names, his original analysis, carried out in 1990-91, having found that the names fell into four categories. By far the most common were those which contained a reference to money (e.g. *Action Bank*, *Cashpoint*, *Cashline*). These names all gave the impression that the machines were places from which players could get money not where they could lose it. The second category of machine names consisted of those which suggested that skill was needed to play the machines (e.g. *Skillcash*, *Fruitskill*) whereas the third category gave the impression that the player's chance of winning was fair by comparison with that of the house (e.g. *Fortune Trail*, *Silver Chance*). The remaining machines' names either included reference to the word "reel" (e.g. *Reel Money*, *Reel 2 Reel*, *Reel Crazy*) or were described as being "acoustically attractive" (e.g. *Nifty Fifty*, *Naughty but Nice*).

As we have seen, the fruit machine industry constantly updates its machines, and anecdotal observations by both the authors seemed to indicate that Griffiths' (1993) classification was now outdated. In an attempt to confirm the authors' anecdotal observations, a preliminary study was carried out examining the types, names and themes of gaming machines in pubs. Pubs were chosen because they tend to house the newest machines.

### ***Method (Phase 1)***

The study took place in the pubs of Worcester, a city in central England and the home town of the first author. There are over a hundred pubs in Worcester, nearly all of which contain gaming machines. A representative sample of them (n = 42) were visited for the purposes of analysis. Each of the 42 pubs was visited at various times of the day, over a one month period and in each a note was made of every gaming machine and its name/theme. The two main aims in the first part of the study were to establish (i) whether there were more fruit machines than other types of gaming machine (i.e. quiz machines, pinball machines and video games) and (ii) the names/themes of the machines and whether one type appeared more often than any other.

### ***Results (Phase 1)***

The results show that 57.7% (n = 45) of pub gaming machines were fruit machines and that 42.3% (n = 33) were other types. The names of the fruit machines fell into five different themed categories: "Media-related", "Chase", "Escapism", "Board Games" and a miscellaneous category. The "Media-related" category (45%) exclusively contained machines which had the names either of popular British television programmes (e.g. *Coronation Street*, *Eastenders*, *Only Fools and Horses etc.*) or of films (e.g. *Pink Panther*, *Sudden Impact etc.*). "Board Games" (10%) are self-explanatory and contained such popular games as *Cluedo* and *Snakes and Ladders* (both *Super Viper* and *Adders and Ladders* are based on this). "Escapism" (14%) included those machines where the theme involved "getting away from it all", e.g. *Viva Espana* or *Sphinx*. The "Chase" category (21%) is again self-explanatory and related to themes where one character is chased by another, e.g. *Cops and Robbers* and *Cat and Mouse*. The final miscellaneous category (10%) included names that did not fit into any of the other four (e.g. *Wild Shot*).

The analysis clearly shows - even with a very small number of machines - that Griffiths' (1993) classification of fruit machine names is outdated and that very few of the modern machine names would fit into any of Griffiths' four original categories. The first question is why there should be more names in the "media-related" category than in any other. It could be that fruit machines with a media-related theme are more profitable because of their familiarity to the punter, and we shall return to this idea in the discussion.

## **Phase 2: Method**

The next stage of the research involved a small study involving the observational analysis of fruit machine use, which examined the preferences of real gamblers with regard to a media-related and non media-related fruit machine.

A pub in the centre of Worcester was selected which housed two different types of fruit machine adjacent to each other. An observational analysis in a natural setting was performed on the two machines (*James Bond* - media related; *Viva Espana* - Escapism). The analysis was performed during lunch times, as this was considered by the authors to be the most consistently busy time of the day. The selection of participants was purely random and notes were taken on (i) when an individual started to play on a particular machine, (ii) which machine it was and (iii) the time he/she spent (to the nearest minute) playing the preferred machine. The study took place for a period of two hours, on four consecutive days. It was predicted that a fruit machine with a theme directly related to a popular media film item (*James Bond*), would be used (i) more often and (ii) for a significantly longer period of time than an adjacent fruit machine with a theme not directly related to popular media (*Viva Espana*).

## **Results**

The *James Bond* machine was played for a total of 297 minutes by 35 people whereas the *Viva Espana* machine was played for 216 minutes by 29 people. The total time for the *James Bond* machine was higher partly because more people played it. However, the *James Bond* machine was played for a mean time of 8.5 minutes per person, against 7.4 minutes for the *Viva Espana* machine. This was a statistically significant difference ( $t = 2.79$ ;  $p = 0.032$ ).

## **Discussion**

The results demonstrated that in the pubs of Worcester, fruit machines with a media-related theme were predominant and that, based on the observational analysis, the media-related fruit machine was more popular, in that it was played more often and for a longer mean time than the machine unrelated to media.

In order to create a clearer picture of this popularity, a number of other aspects have to be addressed. The manufacturers are probably looking for the social player, who, when in a pub, considers gambling to be part of the afternoon's or evening's entertainment. It is possible that the majority of the participants observed in the second phase of this study were social players (who played for fun) and so would be more likely to respond to machines with familiar themes.

Another finding which supports this view is that, of the thirty pubs with only one machine, 50% had those which were media-related. This is a fairly substantial figure when one takes into account the fact that such machines were only publicised in June 1994. What is it about these types of fruit machine that has led to there being so many of them about? Why is it possible for an individual's cognitions to be affected in such a way as to lead to the decision to prefer media-related machines? Why is it possible for an individual's cognitions to be affected by such "familiar" images? These questions will be examined further.

It is possible that familiarity is a very important aspect of why media-related fruit machines are more prominent in pubs today. The media theme may induce a "psycho-structural interaction" (Griffiths, 1993). This could result in repeated use. Consequently, if the themes are increasingly "familiar", a individual might be more likely to persevere with the complexities of a machine. Players may find it more enjoyable because they can easily interact with recognisable images. Therefore, the use of familiar, media-related themes may have a very persuasive effect, leading to an increase in the number of people using them, and in the money they spend. While there are many other aspects which influence an individual's decision to gamble, the possible persuasive nature of the themes should not be underestimated. A look at factors that may influence an individual's decision to gamble on fruit machines is needed.

McGuire (1969) outlined the stages in the persuasive process as applied to advertisements. This can be adapted to the playing of fruit machines. The framework that was constructed will be used to display the possible effectiveness of familiar themes in fruit machine gambling. The stages in the persuasive process are exposure, attention, comprehension, yielding, retention and decision to buy, (cited from Condry and Scheibe, 1989). Of the stages listed above, the "decision to buy" is reinterpreted as the decision to gamble. The following adaptation of this framework illustrates the point.

**Exposure:** For an advertisement to be effective, the individual must first be exposed to it. The same can be said for fruit machines, and in order to increase this exposure, machines in pubs are usually found near doorways or close to the bar.

**Attention:** Even though many people may be exposed to the machine, only a few will pay attention to it, and to gain their attention manufacturers may use diverse sights and sounds. One thing that was apparent from the initial analysis of machines in pubs was the use of familiar signature tunes. On a number of occasions, especially if the pub was not busy, the well known media-related theme tunes of, for example, *Coronation Street* or *Eastenders* were heard coming from the machine. The tunes were not repeated often, but it appeared that they were played just enough to catch a person's attention.

**Comprehension:** When the individual is fully attentive, the message has to be comprehended and understood. Therefore, as far as fruit machines are concerned, if a familiar theme is incorporated into the machine, the individual is possibly more likely to comprehend that gambling is socially acceptable because the images are familiar and likeable.

**Yielding:** This is when the individual agrees with the message or claim made by the advertiser. In the context of fruit machine gambling, if a familiar media theme is included in the design of the machine, the person may be more likely to fully accept that gambling is socially acceptable, because he or she can "like" the images and sounds that are experienced.

**Retention and Decision to Gamble:** According to Condry and Scheibe (1989) these two stages occur much later than when the individual is initially exposed to the advertisement. When in the shop, the person must recall the product, which may have been advertised a long time previously, and decide whether to buy it. With regard to fruit machine gambling, it is possible that the players may be instantly attracted to the machine because they are aware of immediately familiar media images and sounds, leading to a much quicker decision to gamble. This point can be better illustrated with the following example.

Individuals may enter a pub, have a couple of pints of beer, then notice the familiar tune of *The Pink Panther* movie coming from a fruit machine not far from the bar. However, they decide not to gamble, because they have never done so before. The following day, they visit another pub, which has two fruit machines adjacent to one another. Their "attention" is gained when they hear the *Pink Panther* tune that they recognise. They "comprehend" that because this well-known and likeable signature tune is incorporated into the machine, it is acceptable to have a look. They may believe that the gambling process involves a theme based around aspects associated with the *Pink Panther* movie, and because they are attracted to, and "agree" with the "message", they "yield" to the view that gambling on this particular fruit machine is socially acceptable. This leads to the "decision to gamble", because instead of the individual finding a fruit machine with a *Pink Panther* theme, they find the *Pink Panther* fruit machine.

This example suggests that the decision to gamble may involve a number of stages and that familiarity appears to be the most important aspect. It would appear that familiarity not only promotes a skill orientation once a player has begun to gamble (Griffiths, 1994b) but may also be an important factor in a player's (or non-player's) initial decision to gamble. This line of thinking requires further research as it is a potentially important factor in determining people's initial decision to gamble. Finally, it would be interesting to ask the manufacturers themselves how they decide on new names for fruit machines and what psychological research (if any) they do.

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**Table 1 : Categories of fruit machines by name (n =45)**

**Media-related**

Coronation Street\*, Eastenders, Albert Square, Andy Capp, Match of the Day, Only Fools and Horses, James Bond, Crimewatch, Pink Panther, Grand Prix\*, Gladiators, Sudden Impact, Around the World in 80 Days

**Chase**

Cops and Robbers, Cat and Mouse, Hotrod, Interceptor, Roadblock, The Heat Is On

**Escapism**

Viva Espana\*, Sphinx, Viva Las Vegas\*, Fairground\*

**Board Games**

Cluedo, Adders and Ladders, Super Viper\*

**Other**

Wildshot, Spectre, Screenplay

\*More than one machine with this name.

# **THE IMPACT OF DEREGULATION ON HORSE RACE BETTING I**

**Tristram Ricketts**

**Chief Executive, British Horseracing Board**

## **Introduction**

Deregulation has been a major plank of the present Government's policy generally, and nowhere has it made a more welcome appearance than in the gambling field. And there is, I think, every reason to believe that, if there were to be a change of Government next year, the general policy of deregulation would continue, although there would inevitably be differences of emphasis and detail. So this discussion is very timely.

I want to break my initial comments down into a number of different heads. I shall deal with deregulation as it has impacted on betting offices in respect of, first, their opening hours; secondly, their facilities and, thirdly, their advertising. Finally I shall consider deregulation as it impacts upon different types of betting, with particular reference to betting on lotteries.

## **Betting Office Opening Hours**

### *Evenings*

In 1993 the Government agreed that betting offices could remain open until 10 p.m. in the period from 1<sup>st</sup> April to 31<sup>st</sup> August. This was something for which the racing industry had been pressing for some time, to eliminate a situation in which real time off course betting could not take place on race meetings which were particularly popular from racecourses' point of view, because of their ability to attract more custom in the evening. These meetings were funded to a degree by the Levy Board, but generated little or no levy income prior to 1993. Not a satisfactory financial position.

The initial impact of evening opening on betting turnover and the levy was very favourable, although there was inevitably a lesser impact on bookmakers' profitability, because of the additional costs involved. The initial expanded evening race programme had to be cobbled together in something of a hurry for 1993, but soon thereafter there was a basic programme of five evenings per week, two fixtures per evening. This proved unpopular with the betting industry and, as a result of further discussions, the number of evenings on which racing will take place in 1997 in the evening period will be reduced from five to four per week. There have also been adjustments to the period in which evening racing takes place, with some of the early season April fixtures being dropped, because they generated neither healthy betting turnover nor healthy attendances. But overall the impact of evening opening has been positive and welcome.

### *Sundays*

In 1994 Parliament finally legislated for Sunday betting, marking the culmination of a campaign for Sunday racing, with on and off-course betting facilities, stretching over several decades. This coming Sunday (17th November) sees the close of the second season of Sunday racing. In 1995 we started with twelve Sundays, two fixtures per Sunday. In 1996 we have had twelve Sundays, with two fixtures on six Sundays, and

three fixtures on the other six. In 1997 we move to twelve Sundays, three fixtures per Sunday.

Attendances on Sundays have generally been very encouraging and, as anticipated and hoped for, Sunday racing has attracted families and a sea of new faces to the racecourse. However Sunday racing has regrettably not yet been so successful off course, with disappointing turnover levels which have not been sufficient to provide bookmakers with the level of profitability required to take full account of the increased costs of Sunday opening. Obviously we all hope that, in time, punters' habits will change, as they get used to the availability of betting opportunities on Sundays, leading to an improvement in turnover levels off course. We shall continue to encourage racecourses to play their part by staging programmes which appeal to punter and racegoer alike.

One final general comment, before I leave opening hours. We could reasonably have expected evening opening and Sunday opening to have led to a healthy improvement in overall betting turnover levels. That this has not occurred is due almost entirely to the impact of the National Lottery. And of course the arrival of the National Lottery two years ago, with all its inherent promotional and fiscal advantages, made vigorous pursuit of a deregulation policy even more essential.

### **Facilities in Betting Offices**

It goes without saying that racing has welcomed the steps which have been taken to improve the attractiveness and appeal of the British betting shop. Betting shop customers needed and deserved better treatment than that accorded to them under the very restrictive legislative regime from 1960 to the late 1980s. The ability to provide live pictures, which marked a turning point in betting office history, and subsequently to sell soft drinks, light refreshments and newspapers, as well as the opening up of shop fronts, were among the long overdue improvements.

Where racing had to pause and think through its attitude and policies was in relation to the introduction into the betting office of facilities offering competing gambling opportunities. I refer, in particular in this context, to AWP machines. Some of the more conservative within racing felt that we should have opposed the introduction of AWP's lock stock and barrel. But I am pleased to say that common sense prevailed and, taking a wider view, the BHB supported these measures on the basis that, in the longer term, facilities which increased betting shop traffic would improve the profitability of betting shops, particularly the smaller ones. This was in the longer term interests of racing. A punter who comes in to play a slot machine may also be attracted to bet on the horses, and similarly anything which keeps a betting shop open is advantageous because turnover once lost may never be regained, at least not in full. AWP machines have reportedly been a great success since their introduction in June this year, but it appears, understandably, too early to say whether they are taking money away from horse racing or adding to it, or whether the effect is neutral.

### **Betting Office Advertising**

It has very obviously always been a nonsense that bookmakers could not advertise the location of their retail outlets. Again, it is in the interest of racing that bookmakers should be able to maximise their customer base, and for that reason we have supported the lifting of advertising restrictions. The Home Office recently announced that proposals for lifting restrictions on the non-broadcast advertising of betting would be brought forward shortly, and we have also indicated to the Home Office that we see no reason why there should be restrictions on broadcast advertising on betting, even if the bookmakers do not wish to take advantage of any such relaxation for the time being. We want betting to be on all fours with the competition.



## **Other Types of Betting**

As you know, the betting industry is lobbying hard at the moment to be allowed to bet on the National Lottery, but Virginia Bottomley, so far at any rate, remains unmoved. Again, it is anomalous that bookmakers can bet on the Irish Lottery but not on our own, and it is even more anomalous that the Tote cannot even bet on the Irish Lottery. We hope that Woodrow Wyatt's efforts to secure legislative action for this purpose bear quick fruit.

Again, racing could take the view that it should resist the attempts by the betting industry to be allowed to bet on the National Lottery, thus further reducing its already declining market share. But one of the things about deregulation is that it is difficult to justify picking and choosing which bits to support, with the choice being based on apparent narrow self interest. If the betting industry's profitability and attractiveness are improved by being allowed to bet on the National Lottery, then it should be allowed to do so, providing of course that when assessments come to be made, from time to time, as to the capacity of bookmakers to pay the levy, any overall increase in profitability is taken fully into account. Racing cannot and will not be afraid to compete and it is the job of the British Horseracing Board, and of the racecourses in particular, to ensure that they put on programmes which appeal to the punter at times which also suit this very important customer. Competition is the name of the game these days and, of course, one of the effects of deregulation is to increase competitive opportunities.

## **Pools Deregulation**

This brief review would not be complete without some reference to the recent Consultation Paper on Deregulation of the Pools Industry, and in particular the proposal to allow pools companies to operate pools on a limited number of horse racing events, using terminals in pubs, clubs etc. I know that this will be discussed in some detail this afternoon, but for the sake of completeness I just want to stress now that racing has strong objections to this proposal. Why pools companies should be allowed to offer betting opportunities on horse racing in pubs and clubs, when the betting industry cannot, is neither clear from the Consultation Paper, nor logical, nor sensible. If Government does wish to take this further, it should only do so in the context of a major and comprehensive review of the availability of betting outlets generally.

## **Conclusion**

That then is a brief overview of how racing views the deregulatory initiatives by Government. They are welcome and have in general been very beneficial for the interdependent racing and betting industries. However, as I said just now, deregulation has been, and may continue to be, something of a double-edged sword, because of the opportunities it provides for increasing competition to betting on a sport which for many years was the only serious kid on the betting block. The challenge for racing now is to find, with the betting industry, ways of at least maintaining its market share against strong competition from other betting media. Hopefully the day will come when that, at least maintained share, is part of a growing overall betting market.

# THE IMPACT OF DEREGULATION ON HORSERACE BETTING II

**Nigel Kent-Lemon**

**Chairman, Lingfield Racecourse**

This is a very personal view of how the deregulation of gaming and betting affects the horse racing industry.

It is worth summarising the different forms of betting on horses. At the track, there are three forms of betting: the on-course pitch bookmaker, the Tote, and the on-course betting shop. Off-course, there are between 8,500 and 9,000 betting shops, supplemented by a fairly substantial credit business. Spread betting is also increasing in popularity.

Unlike in many other countries, such as the United States, British racecourses have lost control of the betting product. On-course pitch bookmakers operate their own self-employed businesses. The Tote is effectively owned by the government, although the racecourses receive the greater part of any distributions made by it, most of which go into prize money. On-course and off-course betting shops and credit betting businesses are dominated by the large off-course betting shop chains such as William Hill, Ladbroke, Coral and the Tote.

Looking at the betting industry from a racecourse perspective, although we have lost control we are none the less dependent for our future existence on the strength of the betting markets. Racegoers give us a substantial income, but just over half of our prize money is paid for by the levy on the off-course betting industry, distributed to us through the Levy Board. The Levy Board also gives us substantial grants to race on days which would otherwise be unprofitable, and offers us interest-free loans for capital improvements. Satellite Information Services (SIS) pays us a significant daily commission for televising our racing product and selling it to betting shop chains. The Tote pays us a commission on bets placed and gives us other benefits, such as sponsorship and grants for capital improvements. Pitch bookmakers pay us a fee for coming on to the racecourses to bet. The on-course betting shops pay us a rental, normally based on betting turnover.

Without these substantial contributions, racecourses and the racing industry as we know it today would not survive. Looking at the future of our industry, it is important to understand the way that it is viewed by the British public because, as I will explain later, this will be crucial to the future of the industry.

Since the first racecourse opened at Chester in 1511, racing has been part of British culture, and indeed enjoyed a monopoly of legal betting until the 20th century. Almost every day, racing is broadcast on national television into the majority of British homes. All the national newspapers publish the cards for each racecourse every day and there are two national daily newspapers, the Racing Post and the Sporting Life, devoted almost entirely to racing. All race meetings are also televised every day for the benefit of the off-course betting industry, and there is a Sky racing channel exclusively devoted to our sport.

British racing is part of our heritage and an important part of our daily life. It is relatively healthy; although there are the usual criticisms about the prize money levels being too low, and the betting shops making too much money at racing's expense. Nonetheless, the number of horses to training does not seem to fall, and no racetrack has gone out of business in the last ten years.

The racing industry now hopes that it will be favourably affected by the move towards deregulation of gambling that is not only the policy of the present government, but also appears to be that of the likely future Labour government. We know that deregulation of gambling can have an impact. When the National Lottery was launched, particularly its scratch card product, there was a substantial effect on the greyhound industry, which is far less strong than the racing industry. Although there were other factors involved, these statistics for 1994 and 1995 show that betting at greyhound tracks was adversely affected by the Lottery.

<b>DECLINE IN BETTING TURNOVER AT UK GREYHOUND TRACKS SINCE THE INTRODUCTION OF THE NATIONAL LOTTERY<sup>3</sup></b>					
Location	1995		1994		Percentage difference
	Turnover	No of Meetings	Turnover	No of Meetings	
Provincial (34 Tracks)	£46,768,972	5,233	£51,880,670	5,087	-12.37%
London (5 tracks)	£29,872,030	973	£33,983,206	1,037	-6.32%
Total	£76,641,002	6,206	£85,863,879	6,124	-11.92%

However, the equivalent turnover in the off-track betting shops only declined by 3.2% against a forecast increase, had there not been the introduction of the Lottery, of around 5.3%.<sup>4</sup>

The problem for the off-track betting industry is that deregulation has now reached almost its full potential. Sadly this does not apply to the Lottery, with only one weekly draw (when the talk on which this paper is based was given) and no video lottery terminals. Casinos are a repressed and highly regulated industry in the UK but, most importantly, at present only have six slot machines each. The slots arcade industry does not offer strong competition to the betting shops because they only have £10 maximum jackpot machines.

In trying to foresee what is likely to happen in the UK we have two obvious models to look at, those of the United States and Australia. We know from statistics issued by Plainfield Greyhound Track that the greyhound industry can be hit very hard in the States by casinos. The following table illustrates the point:

<sup>3</sup> Source : **The Spotting Life**

<sup>4</sup> Source: **The Henley Centre**, *The State of the Bookmaking Industry*, July 1996.

**DECLINE IN TURNOVER AND HANDLE AT PLAINFIELD GREYHOUND TRACK AFTER THE OPENING OF FOXWOODS CASINO IN FEBRUARY 1992**

Six monthly period	Attendance	Handle
July to December 1990	313,379	\$430,096
January to June 1991	282,772	\$400,752
July to December 1991	307,203	\$391,133
January to June 1992 *	284,007	\$338,783
July to December 1992 **	235,772	\$297,871
January to June 1993 ***	207,672	\$250,181
<u>July to December 1993 ****</u>	<u>214,019</u>	<u>\$249,284</u>
January to July 1994	172,072	\$204,515

- \* November 1991: Plainfield began simulating Horse racing, greyhound figures declined (horse handle not included in these figures)
- \*\* February 1992: Foxwoods opened - table games only
- \*\*\* January 1993: Foxwoods added slots
- \*\*\*\* September 1993: Foxwoods major expansion

We also know that revenues at racetracks adjacent to casinos in the U.S. are decimated, particularly the slots.

**DECREASE IN PERFORMANCE OF AMERICAN RACETRACKS SINCE THE INTRODUCTION OF CASINOS**

Location	Live Racing Turnover	Simulcast Turnover
Fairmount Park, Illinois	-47%	-26%
Louisiana	-44%	-26%
*Ellis Park, Kentucky	-14%	-6%

\* The nearest casino to Ellis Park, Kentucky is 85 miles away.

The horse racing industry in the United States does not compare to the industry in the UK. Fortunately, it has proved to be sufficiently powerful to persuade state governments to allow the introduction of slot machines at certain tracks that have been adversely impacted by casinos or lotteries. It will be interesting to see whether this sort of development will be as positive for the horse racing interests as it will be for the owners of the tracks.

Perhaps the UK industry should look more to what happens in Australia. The table below shows the gaming turnover figures for four of the Australian states divided into gaming, (casinos, slots, lotteries, pools) and racing:

**AUSTRALIAN GAMING TURNOVER: GAMING (EXCLUDING RACING)  
VS-RACING: AS MILLION**

Year	New South Wales		Queensland		South Australia		Victoria	
	Gaming	Racing	Gaming	Racing	Gaming	Racing	Gaming	Racing
1985/8	25,153	3,291	462	1,201	311	521	618	2,200
6								
1986/8	24,314	3,638	668	1,194	449	496	692	2,370
7								

In the largest Australian state, New South Wales, there are slot machines with very substantial jackpots throughout the state, one for every 31 households; there is a massive new casino in Sydney, which admittedly has to serve the whole of the New South Wales market place; there is of course horse racing, both thoroughbred and trotting; the lottery; and bingo. Considering that the slot machine is the strongest competitor with the racetracks, it is astonishing that the racing industry has survived as well as it has.

So what, then is the future of the UK industry? It will survive. Unfortunately, as I explained earlier, it has lost control of its own betting product, but luckily the government understands that and has a way of manipulating the finances for the racing industry by reducing the betting tax, which in turn increases the levy on betting shops. The racing industry is alleged to employ some 100,000 people in full and part time jobs, and is part of our national heritage. The government would not wish to see it wither and die. It is my view that whatever happens to the off-track betting industry (which may become less and less dependent on the racing product on which the levy is based, and more and more dependent on other sporting events and slot machines) the government will ensure, by controlling the rate of tax, that there is

a sufficiently high levy to keep the racing industry financed. Perhaps it will not do so at the sort of level that the industry would like to see, but that is hardly surprising.

It is also true to say that the government would not do this unless it thought that the industry was trying to run itself in the most attractive and commercial fashion. The industry, back in the 50s, 60s and 70s, suffered from somewhat uncommercial management because there was little pressure on profitability at the tracks. That is no longer the case. The industry now attracts stronger management and is keen to ensure a good standard of service to customers at the tracks with the highest standard of training for its employees. The creation of the British Horseracing Board to govern the sport is an example of the way in which the industry is looking to the future.

The weakness of British racing is that it has lost control of its betting product. Its strength is that it forms part of our national heritage and is strongly supported by our national media and so is harder to damage than its U.S. counterpart.

What, then, should the British racing industry's response be to deregulation? Of course the racing industry is, as far as its racing betting product is concerned, completely deregulated. Of course, apart from national media advertising, the same is true. Further deregulation, apart from advertising, can only involve the off-course industry in moving away from traditional betting products and locations towards more slot machines, maybe casino-style games, betting on the lottery, etc. This is not good for British racing. Other forms of deregulation will further affect the racing betting product, such as a bi-weekly national lottery draw, better quality gaming machines in arcades, resort-style casinos, etc.

By supporting deregulation, the racing industry is subscribing to its own demise. Any small deregulatory changes that may affect gaming and betting are far more likely cumulatively to damage horserace betting, either through further diversification in off-course betting shops or by helping other industries, such as casinos, to improve their products, which will in turn compete with betting on racing. This is a vicious circle which does not benefit racing.

Once the racing product has been fully deregulated, racing can only fall back on the sorts of diversification of its own product which the industry would find hard to stomach. How would we feel about turning our racecourses into vast slots arcades with racing only a bye-product? There is a real question as to whether historically the industry should have resisted deregulation rather than helped it. Perhaps now would be the time for the industry to change direction on this important topic.

# **PROPOSED CHANGES TO LEGISLATION GOVERNING THE POOLS INDUSTRY**

**Tom Kelly**

## **Betting Office Licensees Association-BOLA**

My brief is to give a BOLA view of the proposals relating to pool betting outlined in the Home Office Consultation Paper, to which we were asked to respond by the end of October 1996.

Before I do that, however, it may be helpful if I say a little about the background: the situation in my own industry of off-track betting; why deregulation of gambling is a live issue at present, and why there is danger as well as opportunity in today's less restrictive climate.

Turning first to betting offices, they have been damaged as much as any activity - and more than most - by the National Lottery. According to the Henley Centre, since the Lottery was launched in November 1994, the betting office industry:

- Has lost £52 million in profits (nearly 35%) compared to what would have been the case had the Lottery never happened.
- Will have lost 650 outlets out of 9,300 by the end of 1996, with a further 1,300 at risk.

AND

- Has lost 3,400 jobs, with a further 4,000 under threat.

Incidentally, the Levy Board, which receives payments from all betting shops and therefore should have a good idea of how many there are, is even more pessimistic than Henley about the number of offices likely to be open for business in 1997.

Around this time in 1995, Henley calculated that betting offices required a 2% reduction in the rate of general betting duty to put them where they would have been had the Lottery never happened. The outcome was that the Chancellor responded in part in his November 1995 Budget by announcing a reduction in duty of 1 % from 1st March 1996. This enabled the deduction - the betting offices' charge on bets - to be cut from 10% to 9% and recycling of the money released had the effect of arresting the decline in turnover and of partially restoring profitability, without returning the industry to its 1994 position.

Encouraged by Henley's calculation that the 1% cut will lead to turnover in 1996 being 3.5% higher than it would otherwise have been, in July 1996 the Bookmakers' Committee appointed the Centre to conduct a second study of the industry. This has led to the Chancellor being asked for a further reduction in duty of 1.25%, which, according to Henley, is the cut now required to restore the industry to its pre-Lottery position. If there are any punters present, they will probably already know that the industry has said that if Mr Clarke obliges with a no-strings-attached reduction of 1.25%, the deduction will be reduced by 1.5% to 7.5%. No strings, of course, means no diversion of some of the money released into the horse race levy, which as a result of the deal that accompanied the March tax cut, benefited by almost £7 million and is now some £2 million ahead of where it could have expected to be without the Lottery.

To complete the financial picture, the total betting market is an estimated £6.8 billion, with the dutiable part of that figure being about £6.2 billion - producing revenue of approaching £420 million. Add VAT and this figure rises to £473 million, the industry's all-in contribution to the Exchequer being in excess of £700 million.

Total expenditure on gambling has increased from just over £20 billion in 1993/94 to approaching £24 billion in 1995/96, with the market share of off-track betting having fallen from 35.8% to 27.3%. Gaming machines (from 44.4% to 36.15%), casinos (11% to 9.7%), bingo (3.9% to 3.6%) and football pools (4.5% to 2.4%) have also seen their market share eroded.

Meanwhile thanks to the huge success of the nation's Saturday night preoccupation - soon to take over on Wednesday night as well - lotteries have risen from 0.2% of the overall market to 20.9% in just two years. What that share will grow to when a second, mid-week draw is added early in 1997 and the planned £100,000 scratch card arrives is anyone's guess.

Besides seeking a reduction in duty which, in terms of the money actually spent by customers, would put betting in the same taxation ball park as the Lottery, BOLA has for years been an advocate of regulation with a lighter touch. For example, when I was reading myself in as a BOLA recruit longer ago than I care to remember, one of the first questions I had to ask was "what is an AWP?" I soon found out that AWP stands for Amusement With Prizes machine - a low prize fruit machine, but it was only in June, more than a dozen years later, that they arrived in betting shops.

BOLA's principal deregulation objective today is betting on the National Lottery draw. Although this is permitted in Ireland, it is prohibited in the UK by Section 18 of the National Lotteries Act. The initial thinking behind this ban is not difficult to understand. The National Lottery was an unproven newcomer about to enter an already mature and extremely competitive market place and the Government was determined to ensure its success. Thus the Lottery was given promotional, marketing and retailing advantages not available to other forms of gambling. In fact, it took the Government some time to accept that the Lottery is a gambling product and, with the exception of the football pools, even longer to acknowledge the damage it was doing to other sector operators.

In addition to pursuing betting on the Lottery draw, BOLA is also an advocate of a higher prize money ceiling than the present £10 for AWP's in betting offices. Meanwhile we have achieved other, less beneficial but still welcome relaxations such as the opening up of betting shop windows, some easing of advertising restrictions and the right to take football pools coupons in betting offices.

However, everything we have advocated by way of change has adhered to the principle that gambling, with the exception of those products at the very softest end of the spectrum, should be available only in designated premises. In other words, it may be acceptable for football pool coupons and Lottery tickets to be provided in retail outlets, but those forms of betting which offer the possibility of large stakes and/or the opportunity to chase losses or play up winnings - the Home Office's own definition of hard gambling - should be confined to licensed establishments. In that way, way, there can be no possibility of a customer entering a shop to buy a newspaper, or going into a pub with a couple of pints in mind and being tempted by hard gambling opportunities.

Now, before I go on, I want to make it totally clear that BOLA is not hostile to the pools companies. Whether or not three firms, one of which has almost 80% of the market, can accurately be called an industry, we have every sympathy with the football pools operators and have no wish to see them in decline. It is necessary to make this point now because I have reached the point that they probably are not going



to like, which is that bookmakers are totally opposed to the Home Office's current proposal whereby pool betting would be extended into retail outlets, including pubs.

Given a Government philosophically committed to deregulation, plus the new, more relaxed attitude to gambling engendered by the National Lottery and the opportunities afforded by advances in information technology, it would be unrealistic to think that change will not take place, or to try to oppose it. Nevertheless, the idea that pool betting on ten racing events a year - and ten would only be a start - and on an unlimited number of sports events, should be allowed outside licensed betting offices is so far removed from all previous Government policy, and so certain to undermine existing structures, that I doubt if anyone other than the Pools Promoters' Association and perhaps the Tote, who would authorise the racing events, will be in favour. In fact,

During the passage through Parliament of the National Lottery Bill in April 1993, Sir Peter Lloyd, who was then the Home Office Minister responsible for gambling, justified the decision not to allow pool betting on sports other than football in retail premises by saying:

"The reason for restricting the concession is simple. It is to preserve the existing framework whereby only socially harmless forms of low-stake, long-odds gambling, such as football pools and lotteries, are available in ordinary retail outlets, while harder forms of gambling continue to be confined to dedicated, licensed premises, such as betting offices, where they can be better supervised."

He went on:

"...The retail outlet concession is deliberately confined to football pools because of their special character. To allow pool betting on other sports to take place in newsagents and other shops could potentially turn them into unlicensed, unregulated betting offices. A whole range of other pool competitions could be brought in by a whole range of other promoters. Some Hon. Members may be very relaxed about this, but I believe that many others remain to be persuaded that the system of dedicated licensed premises for betting has had its day".

A month earlier, Sir Peter had expressed similar sentiments when he told the House:

"It would be wrong to turn such premises (he was referring to retail outlets) into unlicensed, unregulated betting offices. Furthermore, only coupons for the weekly, long odds pool competitions should benefit. Other forms of pool betting should, as now, be confined to licensed betting offices, horserace courses and greyhound tracks, or, alternatively, be conducted by post.... We do not want to turn unlicensed premises into unlicensed betting shops .... The Government's proposal will not allow the football pools to operate other than on traditional football matches. That is a conscious decision ...I realise that pools companies run competitions on the Grand National, but the distribution and collection of those pools coupons should not be conducted through unlicensed shops".

Can the situation really have changed so much since Sir Peter Lloyd made that emphatic declaration of Government policy just three years and a half ago ? BOLA believes not ... and our conclusion is that the Home Office has not thought through the implications.

Deregulation is meant to relieve the burden on business - not increase it. Yet to allow betting on horse racing and other sports other than in betting shops would undoubtedly inflict further damage on an industry already reeling from the impact of the National Lottery. Not only would this have a serious knock-on effect on the funding and networking of horse and greyhound racing, but it would, inevitably, result in a decline in Government revenue and a growth in illegal betting. Furthermore, given competition from pubs selling bets, what more natural reaction from bookmakers than an urgent request for the playing field to be levelled by allowing betting offices to provide alcohol? As matters stand, few, if any, bookmakers, would want to mix betting with strong drink. But given the mix already existing elsewhere, the desire to survive and compete would surely prevail.

The assumption is that deregulation is meant to help businesses, thus creating an environment in which employment levels are protected and perhaps even increased. However, not only is the number of people employed by the pools companies comparatively small, but the proliferation of on-line terminals, which would follow an implementation of the Home Office proposals, would almost certainly lead to the pools companies becoming less labour intensive. In fact, there is a very real possibility that only Littlewoods, the dominant market force, could afford the level of investment required and, far from helping the three companies which form the Pools Promoters' Association, the Government might inadvertently be contributing to the creation of a single-company monopoly. Unless, of course, Rupert Murdoch, whose B-Sky-B pumps sports' broadcasts into pubs every night of the week, scented a new opportunity and decided to enter the pools business.

There is also the question of the social good. Under the Home Office proposals, sixteen year olds would legally be able to bet on a horse race or sports pool in retail outlets. But they would have to wait two more years before they could do the same thing in a Tote betting shop.

Despite all these objections, the Home Office is proposing to "fast track" these changes through an Order laid under the Deregulation and Contracting Out Act which requires, among other things, that the legislation to be amended does not include a necessary protection. In BOLA's view, removal of a restriction which confines betting on horse racing and other sports to designated, licensed premises, plus a reduction in the minimum age from eighteen to sixteen, must surely constitute removal of a necessary protection and we strongly contend that the Home Office should withdraw these proposals.

The next step should be to look at the overall picture and BOLA believes we have reached the stage in the deregulation of gambling where the Government has to examine each product, determine where it lies in the soft to hard gambling spectrum, and then regulate as appropriate. BOLA contends that this would mean continuing to confine all but the softest products to premises specifically created for the placing of gambling transactions. Continue to make football pool coupons and lottery tickets readily available by all means, but do not allow the regulation of other gambling to degenerate into a free-for-all that would almost certainly do more damage than good.

# POOLS AND THE NATIONAL LOTTERY: INEQUALITY OF COMPETITION

**Richard Faulkner**

**Chairman, Westminster Communications**

I am disappointed that BOLA's (The Betting Office Licensees' Association) first instinct has been to oppose the deregulation measures proposed for the football pools industry. The interests which have been so grievously affected by unfair competition from the national lottery should work together in seeking to protect themselves and curb Camelot's excesses, and I hope that an accommodation can be reached which allows BOLA to withdraw its objections.

There are three main issues. The first is the way in which the market is rigged in favour of the national lottery, and against its principal competitors. Secondly, there is the wholly unsatisfactory regulatory regime which inadequately protects the national interest. And thirdly, there is a disastrous vacuum in public policy towards gambling.

Taking the last of these first, we do not yet know what will be the social consequences of unleashing a dramatic stimulation of gambling demand. Until recently, all parties agreed that the gambling industry be tightly regulated, and people were not encouraged to gamble more than they could afford. It was in this context that the pools industry deliberately suppressed demand for its products, and scrupulously followed the course of social responsibility and community commitment. Now fifty years of consensus have been swept away.

On regulation the role of Mr Peter Davis as Director-General of OFLOT (Office of the National Lottery) has been much discussed. Apart from the reservations about his suitability, which have been widely talked about, it is obvious that there is an inherent contradiction in OFLOT's terms of reference. On the one hand the Director-General is supposed to consider the national interest and only to license games which do not encourage excessive play; but on the other hand, his job is to encourage Camelot to become as large as possible, under the guise of maximising the return to "good causes". This has meant that he has the strongest interest in stifling competition, and we have the extraordinary situation whereby the operator, Camelot, effectively has a veto over the licensing of fresh games by competitors. That is why no Section 6 licences have been granted to any organisation other than Camelot.

Now that the British lottery has established itself as the largest in the world, the Director-General has clearly met the second objective, but he has fallen down in his protection of the public interest. All this needs to be looked at urgently. We cannot afford to wait until Camelot's seven year licence has expired.

The operation of OFLOT highlights a serious anomaly in gambling regulation generally. Virtually all gambling operations in Britain -with the exception of the national lottery - are regulated by the Home Office or by bodies set up under Home Office-inspired legislation. They, quite rightly, put the protection of the public at the top of their agenda. Not so OFLOT, whose main interest seems to be to allow Camelot to monopolise as much of the soft gambling market as possible. How otherwise can one account for the decision by the Secretary of State for National Heritage to allow Camelot to run a second on-line midweek game? As recently as 2 April 1996 Mrs Bottomley told the National Heritage Select Committee: "*there is no need at present to further encourage new games and initiatives.*"

The division of responsibility between the Department of National Heritage and the Home Office is obviously unsatisfactory, and is proving unworkable. The sooner the whole of the gambling industry - including the lottery - comes under the Home Office the better. Heritage can then get on with the job of overseeing the distribution of lottery revenue to the good causes, while the Home Office resumes its responsibilities for protecting the public interest and exercising control over OFLOT.

The inequalities between the pools and the national lottery remain great and unacceptable. They include:

- Tax. The pools are taxed at 26.5%, the lottery at 12%.
- Rollovers. The lottery can have a rollover whenever the results permit it: instead of the "once or twice a year" predicted by the Home Office minister when the lottery bill was going through Parliament, there have been no fewer than 18 rollovers on the lottery, including two double rollovers. Until now the pools can only have a rollover if one has been triggered by the lottery - an unworkable system, unacceptable to pools clients (which is why the companies have not tried to operate it). ( Richard Faulkner adds: Since the talk on which this article is based was first given, most restrictions on pools rollovers have been lifted, and there is no longer a link to the lottery's. They are limited to a total of three in succession and nine in a year).
- "Salting" the prize fund. The lottery is allowed to hold back prize funds to enhance future draws - hence the £20 million jackpot on the lottery's second anniversary.
- Promotion on radio and television. Not only is the lottery allowed to advertise freely, it is paid money by the BBC – Britain's public interest broadcaster – for the right to screen the lottery draw programmes. The pools, by contrast, are not allowed to pay for the sponsorship of the football results programmes on ITV and commercial radio.

Against this back cloth, the current Home Office deregulation proposals – covering such matters as mid-week games, the type of sporting events which feature on coupons sold through premises, and the payment of winnings in retail outlets – are very modest indeed. They are further examples of the "too little and too late" syndrome which has paralysed government thinking towards the pools industry since the lottery started.

These are compelling reasons why steps need to be taken now to remove the many inequalities in the competitive regime governing the operation of the pools and the lottery. It is not a question of loading the dice in favour of the pools, but of ensuring that the two can compete on fair terms, and each contribute to the welfare of our country.

# FOOTBALL POOLS: DECLINE AND FALL

**Paul Zetter**  
**Chairman, Zetter's pools**

Gambling is compulsive, crosses all boundaries of class, race or breeding and affects all humanity. Mark Twain once said, "There are two times in a man's life when he should not speculate, when he cannot afford it and when he can". Whether we like it or not, human beings gamble; sensible society takes account of that and maximises the benefits while minimising the casual defects. That is what we have done in this country with efficiency and to great effect, until the 19th November 1994. Since that date we have witnessed, some would say suffered, the decline and fall of the Pools Industry.

When I joined the family business in 1947, it was estimated that well over eight hundred Pools companies existed. There may be some older statesmen among you who remember some of them. Shermans, Copes, Empire, Screen, ITP, Soccer, Strangs, Murphys and so on. Today, you can count the survivors on the fingers of one hand and if the National Lottery still enjoys the operational benefit of an unlevel playing field, you'll soon count the remainder on the big toe of one foot.

It became clear in those early post-war years that with such proliferation, controls and regulations were necessary. A most significant first step was made in January 1949, when Sir Stafford Cripps, Chancellor of the Exchequer in Clement Attlee's Labour Government, imposed a 10% Pools Betting Duty. This, of course, required the Pools companies to register, and registration inevitably led to regulation. Those regulations were far reaching and complex. Indeed they have grown in complexity over the years. Successive governments have introduced legislation and increased taxation with a series of Betting and Gaming Acts enough to satisfy the voracious appetite of even Her Majesty's Stationery Office. Complex they may have been but they all had one clear simple message, approved by all Political Parties. The demand for gambling must not be stimulated. The proliferation of gambling must be severely restricted and controlled.

And so it was until that fateful day in November 1994, the start of the National Lottery. I think the word in common usage today is Sea Change. A sea change occurred in the attitude to gambling. Proliferation was out, Deregulation was in. Never before has there been strong Government endorsement of, and commitment to, a gambling product. On that day, under the terms of the National Lottery Act 1993, the rules were turned on their heads, but only for the National Lottery. The National Lottery being a newcomer to the scene had to be protected and the corset of constraints applied to the pools would only slowly be slackened. And that is where we are today, debating changes to legislation and deregulation.

Thus far, we have heard only from the Horse Race Betting Lobby. So much of what they have said is right. Well considered and sensible arguments which give us all much to think about. I do wonder, however, whether they have identified their real adversary. I applaud their efforts to protect and nurture the Horse Race Betting business. I wish them well. But I have to say to my friends in BOLA, the Pools are no threat to your industry. You are concerned that we wish to ma our pools on events other than football and thus turn the comer shop into a betting shop. We do not, and I say that, not because we are altruistic, idealist, fair-minded, which we are, but because it has been tried over the year and it does not work. Pools on golf, rugby, snooker, even the top-ten pop charts, have all been tried and found wanting. There is a market for a limited number of sporting events, which historically the pools have catered for and which we are now debarred from offering.

Not many of you will know that my company ran a pool on cricket for over 45 years. We were stopped from doing so at the introduction of the National Lottery. Why? I want to run my cricket pool again, as I want to run a pool on the Grand National which I did for decades with no casualties that I am aware of.

We, the Pools promoters, are trying to save our industry and, let there be no doubt, it has suffered most grievously at the hands of the National Lottery. In 1994 turnover exceeded £900m. This year it will be in the order of £500m. And if that ain't suffering, I don't know what is.

BOLA is concerned at the proliferation of gambling. In a few months time we are going to enjoy the dubious benefit of a mid-week National Lottery draw. An extra billion pounds or so a year is probably going to be spent by punters. Where is the revenue going to come from? Yes, betting shops, bingo, small charity lotteries and, be in no doubt, the pools. All of these will involuntarily donate to the insatiable appetite of the National Lottery, as will the nation's pocket money, thereby contributing to what is clearly an acceptable form of taxation.

Why was this extra draw necessary? What controls are to be imposed upon it? Sadly these are rhetorical questions. Only last April the Secretary of State, Virginia Bottomley, said to the Heritage Committee, "there is no need at present to further encourage new games and initiatives". Really? Well I can tell you, Secretary of State, the twice weekly National Lottery draw will certainly encourage rollovers, because neither the Wednesday nor the Saturday draw will have the same concentration of betting as does the present single Saturday draw. Rollovers enable the operators to carry prize money forward from one week's competition to another and to my mind are the unacceptable face of gambling. Rollovers will happen with a far greater frequency than at present. Perhaps that was the motivation. For whatever reasons, proliferation is gaining pace and yes, BOLA are right to be concerned; so am I, but is it not being a little unfair to retain restraint on the Pools while our main competitor has *carte blanche* because it operates for good causes.

Ladies and gentlemen, this industry that is giving some of you concern knows a bit about good causes. It is the industry that originated the Football Trust, that supplied video cameras, security policing and terrace seating to practically every major football ground in the country and which, undoubtedly, is mainly responsible for the tremendous reduction, if not elimination, of football hooliganism. The Football Trust receives monies from the proceeds of the reduction in pool betting duty and a voluntary donation from Littlewoods' Spot the Ball competition. In the year 1993/4, the income amounted to some £36 million. It now stands at £22 million, a forty per cent shortfall. The decline in income means that it is now impossible for the Football Trust to complete satisfactorily the implementation of the Taylor Report recommendations at small clubs by the Government's 1999 deadline.

It is the same industry that created the Foundation for Sport and Arts, of which, incidentally, I am very proud to be a Trustee. Since its inception, the Foundation has dispensed nearly £300 million of grants to over 21,000 organisations, very often to those projects which would not attract the interest of the lottery and, indeed, which fall outside the remit of its grant giving bodies. Our ability to award grants is now suffering, as income has dropped by 30 per cent. In 1994 receipts were nearly £68 million; in 1996 the income has fallen to £47 million.

I believe there is now only one possible way forward that will help us to regain our market share and thus to continue to fund good causes such as the Foundation and the Football Trust: that is to allow the pools companies to operate on a par with the national lottery. That means reducing our tax burden from the current 26.5 per cent nearer to the 12.5 per cent of the National Lottery and also putting deregulation proposals into immediate effect.

We have argued for some time for more deregulation and, gradually, the government is beginning to accept that we might have a case. Tim Kirkhope, Minister at the Home Office, has been sympathetic to our cause and has drafted a set of deregulation proposals. These refer to: the type and timing of events that appear on pools coupons sold through premises; allowing us to run competitions on any sporting event except greyhound racing and with a limit on horse racing; the payment of winnings through premises: broadening the deregulation procedures which allow payment through betting offices to be extended to retail outlets, along similar lines to that of the lottery; and lastly, (for the moment) advance notification of profits and expenses percentage. Currently the pools are required to submit a weekly notice to the local authority accountant on expected profits and expenses in advance of a competition. An onerous task whose value is questionable. The government has proposed that this be changed to notifying the accountant within seven days of the competition, although we feel it would be more reasonable to operate an annual notification process - as the lottery does. These are the current de-regulations under discussion.

It is true there have been other changes. Initially, the doubt concerned with coupons in shops was removed. The age of consent was reduced from eighteen to sixteen. This generous concession does not appear to have made a significant impact upon my business. I am being sarcastic, of course ... pool punters are more mature citizens than the 16 to 18 age group. Pools were, for the very first time, permitted rollovers, to which I have already referred. Mind you National Lottery rollovers still needed to be protected, so the original easement was a bit qualified.

To be fair, we were all learning in 1994, and things have moved on since then. We can now advertise on TV and Radio. I have to welcome this freedom of choice, albeit with some hesitation as to its true commercial benefit or merit. It may be heresy, but would not the playing field have been equally levelled if the broadcasting ban had been imposed on the National Lottery in common with the entire gambling industry? After all, the Pools Industry survived and thrived for over 70 years under the most penal regulations and massive taxation, and would still be doing so today had it not been for the lottery. Was there really a need to forego that policy of non-stimulation of gambling?

I seem to have strayed to what is sadly a fantasy, or some might say a backwoods man's, agenda: let us return to reality. The National Lottery is here to stay. It would be totally short-sighted to discount the benefits to the quality of life it has brought and I welcome that, but its existence, its continuance, must not be at the cost of everyone else in the gambling industry.

The Pools deserve to survive. We have been a clean industry serving the public for over seventy five years. I have an amusing but true story illustrating that service.

Most people associate winning the pools with instant millionaire status, but of course many people regularly win quite *small* amounts. A certain Mrs. Ladywood, living in Birmingham, thought she fell into that category and wrote to my company claiming to have won a pound for a sixpenny bet, having correctly forecast three drawn matches. We wrote back saying that we had re-checked her coupon and that sadly she was *not* a winner, she had only forecast *two* correct draws, the third choice having been a home win. A photo-copy of her original coupon was enclosed. She wrote back and politely thanked us for the photo-copy, but explained that, in fact it confirmed her claim, all three forecasts having been drawn matches, so would we kindly send a pound.

We responded by pointing out that, while her first two forecasts had certainly been drawn matches, regrettably her third, Chelsea-Everton, had been a win. The result was given in the National Press on the Sunday after the match. "That's all wrong", she replied angrily, "I have it here in front of me", *The Birmingham Post*, 19th October. Chelsea 1 Everton 1: I'll sue you if I don't get my pound. Ah", we said. "now we understand. *The Birmingham Post* published an incorrect result that week and have since printed a correction: we enclose a copy." "Nonsense" came the retort ... "you are clearly in cahoots with that newspaper. I want my pound and if I don't get it ..." and so it went, on and on, until one morning I was opening my mail and found a neat little letter from, *Mr Ladywood*. It read: `Dear Mr Zetter, would you *please* send my Wife the enclosed pound and we'll *all* get a bit of peace'.

This is a true story and it goes to show that I really am in a service industry. Some years ago, John Major expressed the view that as we enter the new millennium, the British people would still be drinking warm British beer in traditional British pubs and filling in their pools coupons. Oh I hope that you were right Prime Minister. I do hope you were right.



# RECENT DEVELOPMENTS

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## 1 Betting And Gaming Duties

**Annual Report of the Department of Customs and Excise year ending 31 March 1996 (November 1996; Command Paper 3427; statistical table L2).**

The total of betting and gaming duties (rounded figures) for the fiscal year 1995-96 was £1,573.3m. This was an increase on the preceding year (£1,216.9m). However, as can be seen from the comparative figures for 1994/95, there was a decrease in the returns for betting duties (£170.1m) which was offset by the substantial return of £611.9m in lottery duty.

The breakdown (£m) was:	1995-96	1994-95
general betting duty	489.3	508.6
pool betting duty	190.8	341.6
gaming licence (premises) duty	84.1	72.3
gaming machine licence duty	106.6	106.1
bingo duty	90.7	84.4
lottery duty	611.9	103.9
<b>TOTAL</b>	<b>1,573.3</b>	<b>1,216.9</b>

## 2 The Gaming Board For Great Britain

**The Report of the Gaming Board for Great Britain 1995/96 (11 July 1996, House of Commons paper No. 577).**

### (a) Casino gaming

In 1995/96 120 casinos enjoyed a total drop of £2,548m. This was a 4% increase over 1994/95 (£87m), itself a 10% increase over 1993/94. London casinos account for 68% of the drop. The total house win was £450m (18% of the drop). American roulette remains by far the most popular game (62% of the drop), but it is of interest to note that its slight decrease in popularity compared with 1994/95 is almost wholly accounted for by the introduction of casino stud poker, which attracted 6.8% of the drop in 1995/96. Punto bunco contributes 13.5% and blackjack 16.7% of the drop.

### (b) Licensed bingo

The amount staked on bingo at licensed bingo clubs between March 1995 and April 1996 was £906m. This was a 7.3% increase over the previous year; although it has fluctuated, there has been an increase above the RPI in recent years in money staked on licensed bingo. The number of licensed clubs is about the same as the previous year: 906 clubs holding licences on 31 March 1996 by comparison with 903 in the

previous year. As has always been the case, not all of these are open for business (855 were operating in 1995/96).

**(c) Gaming machines**

Due to a change in the manner in which Customs and Excise now complete their statistics, it is no longer possible for the Gaming Board to give an exact number of gaming machines. Using trade information, the Board estimates that there are currently some 210,000 AWP's in Great Britain, with a further 45,000 jackpot machines located in casinos, bingo clubs and private members clubs.

**(d) Lotteries**

The Gaming Board is responsible for the larger scale society lotteries (those with proceeds in a single lottery of over £20,000 or a cumulative annual total of £250,000) and all local authority lotteries (the Board has no jurisdiction over the National Lottery). By the end of 1995/96, the Board had registered 551 lottery schemes; 21 local authorities lotteries, and 530 societies' lotteries. The figure of 551 itself represents a 37% increase in registrations over the year by comparison with 31 March 1995 (402).

The Board notes that during 1995/96 there was a £79m increase in lottery receipts; more than double the previous year and reversing 3 years of decline. It attributes this to increases in the number and size of lotteries promoted, the impact of Littlewoods Lotteries Ltd (a certificated external lottery manager) and an increase in the sale of one particular lottery, Lucky Lotto. The Board also suggests that the large scale lottery market may have been stimulated by the National Lottery.

**3 The National Lottery**

**(a) The National Heritage Select Committee**

During the 1995/96 session of Parliament, this Committee conducted a lengthy inquiry into the conduct and impact of the National Lottery. The evidence given to the Committee is extensive and of great interest. It is published by HMSO in the following House of Commons papers, all entitled National Heritage Committee, The National Lottery, Minutes of Evidence, HC paper 240:

20 February 1996: HC 240-i (Department of National Heritage)

22 February 1996: HC 240-ii (various retail groups, BBC and ITV)

29 February 1996: HC 240-iii (OFLOT: Camelot)

7 March 1996: HC 240-iv (Betting Office Licensees' Association; British Greyhound Racing Board; British Horseracing Board; Pools Promoters Association; National Council for Voluntary Associations)

14 March 1996: HC 240-v (the Sports and the Arts Councils and the Millennium Commission)

21 March 1995: HC 240-vi (Bingo Association of Great Britain; HM Treasury)

28 March 1996: HC 240-vii (National lottery Charities Board; English Heritage; National Heritage Memorial Fund)

2 April 1996: HC 240-viii (Department of National Heritage)

18 April 1996: HC 240-ix (Irish National Lottery; various others).

The Committee's Report (The National Lottery) was published on 14 May 1996 as HC 240-I.

The Government's reply was published on 9 July 1996 as: The National Lottery: Government Response to the Second Report from the National Heritage Committee Session 1995-96 (HC 586).

**(b) The Committee of Public Accounts**

During 1996 this Committee continued its enquiry into the way in which the Director General of OFLOT had conducted his investigations into the application by the Camelot consortium to be awarded the section 5 licence to run the Lottery.

The Report was published on 15 July 1996 as: Evaluating the Applications to Run the National Lottery and the Director General's Travel and Hospitality Arrangements (HC 96). It is a comprehensive review which is also critical of some aspects of his inquiry in particular into GTECH.

**(c) The Office of the National Lottery**

Social Research (1 August 1996)

This contains a report of research conducted by Or Sue Fisher on the scratchcard games. The preliminary conclusions are that about 15% of the adult population buys a National Lottery scratchcard in any one week (a fall from 20% in the summer of 1995); that they are slightly more popular with low income groups and are twice as popular with those without further or higher education than those with. There is no gender difference in participation rates; persons aged 19-24 are more likely to play than other age groups save for those over 65, who are least likely to play. The per capita spend is less than £5 per week.

**4 The Football Pools**

**Proposed Changes to the Legislation Governing the Pools Industry**

The Home Office published this consultation paper in August 1996. It made four proposals:

- (a) to relax the restrictions on the types of sporting events for which pools competitions can be retailed through shops and other premises (currently, only football). There would also be a reduction from 18 to 16 in the minimum age at which participation in pools competitions would be permitted;
- (b) to remove all restrictions on the timing of sporting events for which pools competitions may be retailed through shops and other premises (currently confined to weekend or public holiday football matches);
- (c) to permit the payment of pools winnings in all premises (currently confined to licensed betting offices); and
- (d) to remove the requirement for promoters to notify their weekly profits and expenses percentage in advance to a local authority accountant.

The second of these was implemented in the Deregulation (Football Pools) Order 1997 made in March under the Deregulation and Contracting Out Act 1994 and came into force on 19 April 1997. The other three are subject to further consideration.

## **5 The Horserace Totalisator Board**

### **The Horserace Totalisator Board Act 1997**

Under this Act, the Tote will now be able to receive or negotiate bets on any event made otherwise than by way of pool betting (that is, not just sporting events (save for football) as the 1972 Act provided), except bets on the outcome of any lottery which forms part of the National Lottery.

## **6 Deregulating Commercial Gambling Facilities**

A number of Orders were made in early 1997 under the Deregulation and Contracting Out Act 1994

### **(a) The Deregulation (Football Pools) Order 1997**

As noted above, this Order permits football pools companies to run pool betting on midweek football games.

### **(b) The Deregulation (Betting and Gaming Advertising) Order 1997**

This Order removes bingo from the advertising restrictions in section 42 of the Gaming Act 1968, amends section 42 to allow on-site advertising of AWP gaming machines, and relaxes the restrictions in the Betting, Gaming and Lotteries Act 1963 to allow advertising of betting shop locations in the non-broadcast media and to repeal rule 4 of Schedule 4 to the Act which relates to encouragement to bet.

This Order came into force on 19 April 1997.

### **(c) The Deregulation (Casinos and Bingo Clubs: Debit Cards) Order 1997**

This Order permits casinos and bingo clubs to accept customers' debit (but not credit) cards, in addition to cheques. A further Order, the **Gaming (Record of Cheques and Debit Card Payments) Order 1997**, requires clubs to keep records of such payments.

This Order came into force on 19 April 1997.

### **(d) The Deregulation (Casinos) Order 1997**

This Order permits casinos in England and Wales to provide alcoholic drinks until 3.00 am in London and 2.00 am elsewhere. Equivalent provision was made for Scotland (whose licensing laws are different to those in England and Wales) in the **Deregulation (Gaming on Sunday in Scotland) Order 1997** and the **Gaming Clubs (Hours and Charges) (Scotland) Order 1997**. These two Orders affecting Scotland came into force on 15 April 1997.

The Casinos Order also reduces from 48 to 24 hours the waiting period before new members may participate in gaming; this aspect of the Order applies throughout Great Britain.

These give effect to some of the changes proposed by the Home Office in its Consultation Paper published in 1996. There are four other matters concerning casinos which remain for further consideration: additions to the list of areas within Great Britain that are permitted to have casinos; the removal of advertising

restrictions; postal applications and group membership; and an increase in the number of jackpot slot machines.

This Order came into force on 3 April 1997.

**(e) The Deregulation (Betting Licensing) Order 1997**

This Order provides that bookmakers' permits and betting office licences will last for three years instead of one. It comes into force on 1 September 1997.

**7 SNOWBALL SCHEMES**

**Re Senator Hanseatische Verwaltungsgesellschaft mbH [1996] 4 All England Law Reports 933 (Court of Appeal).**

This case raised the question whether a scheme whereby participants who had initially paid a joining fee and who thereafter stood to receive a share of those fees paid by any new participants recruited by them, constituted a lottery. The organisers argued that inasmuch as these further recruits were persuaded (or not) to join by the existing members, there was an element of skill and thus the scheme was not a lottery, one of whose defining characteristics is that any prizes are distributed entirely by chance.

The Titan Business Club existed solely for the purpose described. A person (P) who joined the Club (following an interview) paid a fee of £2500 (becoming a junior partner) and if he then recruited two more members, received £450 for each one. If he then recruited a third he received £1,220 (and became a senior partner). If that third new member in turn recruits two more new members, he would receive £770 from the joining fees paid by them. At that stage, P's total receipts are £900 + £1,220 + £770 = £2,890, thus showing a small profit. In theory, P would continue to receive sums of £1,200 from each further new member he persuaded to join, and £770 from each new recruit that member persuaded to join.

Saville LJ (a judge with very great experience in commercial law) put the matter thus: '... once a member becomes a senior partner there is a chance that other and potentially much greater glittering prizes will come (if at all) from further down the family tree. Whether or not they do depends on the success or failure of others down the line. The fact that those down the line might themselves exercise skill in persuading others to join is to my mind irrelevant, since whether they can and do, and indeed whether further members join for whatever reason is, so far as any particular senior partner participant is concerned, entirely a matter of chance. It seems to me that a scheme can be a lottery even if some of the rewards can be said to be gained by the application of an element of skill on the part of the participant, provided that the scheme to a substantial extent offers other rewards dependent entirely on chance.'

It will be seen that notwithstanding some possible element of skill, Saville LJ held that this scheme was a lottery. His Lordship adopted earlier remarks by Lord Wilberforce in **Seay v Eastwood** [1976] 3 All ER 153, that the proper approach in cases of this kind is one involving common sense rather than an over-analysis. In the absence of any statutory definition (as is the case with 'lottery'), the question whether any particular scheme was a lottery was a matter of interpretation for the court.

This will equally apply to chain letter and other money circulation schemes in which the 'commission' or 'profit' or 'distribution' (however it may be described) depends on the success or failure of persons subsequent to the initial punter in persuading others to subscribe to the scheme.

## BOOK REVIEW

### *An Economic and Social History of Gambling in Britain and the USA*

by Roger Munting

(Manchester University Press, 1996)

reviewed by Christopher Hill

Roger Munting has done a service to all students of gambling by producing this scholarly, yet comprehensible and jargon-free, history of gambling in Britain and (though in much less detail) in the USA. In a single volume he cannot cover everything, but he covers a great deal, as well as coming up with a vast number of out-of-the-way interesting facts, like the emergence of cricket as a betting medium in the eighteenth century, or that William Crockford turned from racing to gaming because racing was so dishonest.

Nineteenth century legislation, he shows us, was patronising to the poor, but on the whole tolerant of the rich, who could look after themselves. Much of the late nineteenth century moral fervour against gambling was evangelically based, and directed against *all* gambling, whether indulged in by the rich or the poor. The National Anti-Gambling League, founded in 1890, therefore had in part to sacrifice its principles, for which the Street Betting Act of 1906 was only a partial victory. It prohibited off course cash betting, but left the better-off free to bet on credit. (How times have changed: now the rich need to encourage the poor to bet in betting shops in order to maximise the levy, and government milks them through the lottery).

Munting links the growth in gambling to the growth in real wages and leisure time, and so to the introduction of the new betting media, football pools and greyhound racing. The Treasury wanted the revenue that gambling could yield, while the reformers did their best to limit it. One solution was to control and manage the demand for gambling. Keynes 1933 wanted a national lottery, "which would be cheap, fair and frivolous" and would allow more serious gambling to be strictly controlled. Later a National Lottery for Good Causes was recommended by Lord Rothschild, but got nowhere at the time (like a number of his recommendations).

Munting puts the post-war turning point in the liberalisation of attitudes towards gambling at 1956, the year of *Look Back in Anger* and Premium Bonds. Real incomes were continuing to increase, and a new atmosphere of social freedom had come in. The last bastion of *bien pensant* disapproval fell in 1968, when the *Manchester Guardian* introduced a full racing service.

The growth of liberalisation, both of attitudes and legislation, has gone on to this day, with, for example, changes in the regulations governing betting shops, which allowed their owners to make them less unattractive. These changes had to be fought for, but now are taken for granted. The process culminated in the National Lottery of 1994, which itself stimulated the progressive removal of other regulations to "level the playing field", as well, of course, as provoking demands for continued control, notably by the Gaming Board.

For Munting (and I agree with him) the return to a national lottery "may be seen as... a sea change. For government to take a direct financial interest in a form of gambling is different *in kind* from taxing the activity." To promote a lottery is to condone it, whereas raising a tax on it is not. (p.83). He sees the lottery as a form of soft taxation: "One of the main political advantages is that the taxation is voluntary. But taxation it is..." (p.86). (I am not so sure about this. Would it not be more accurate to say that the lottery is *like* a tax?). He points to the danger posed by the lottery to the pools companies, and makes the good point that they have in effect been operating a national lottery for sixty years. He tells us that the two have co-existed in France, the Netherlands and Germany (but not Belgium) but it would be useful to have a fuller explanation of why this is so. (p.143).

Munting's major point is that people have always gambled, legally or otherwise, but now a sea change has come about. The concept of "unstimulated demand" has gone. Instead, governments now advocate what was once a sin, and have a direct interest in what was once illegal. Perhaps when he returns to the subject he will have space to discuss the morality of gambling more fully and to give his views in more detail on why governmental and social attitudes have changed so definitely. Probably every reader of this Newsletter could write an article on the subject (perhaps someone will rise to the challenge?).

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Sue Fisher

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