



Quaker Action on Alcohol and Drugs

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QAAD RESPONSE TO HMRC REVIEW OF AMUSEMENT MACHINE LICENCE DUTY ON GAMES KNOWN AS ‘SKILL WITH PRIZES’

Quaker Action on Alcohol and Drugs (QAAD) is a listed group of the Religious Society of Friends (Quakers). QAAD is an independent national charity that has a concern with the use and misuse of alcohol and other drugs, and with gambling. QAAD was one of the interfaith group that gave oral evidence to the Joint Parliamentary Select Committee that considered the Gambling Act of 2005, and we have continued to be actively involved as a stakeholder since that time.

Background to our concerns

‘Skills With Prizes’ machines are not subject to the restrictions relating to location and numbers that apply to gaming machines under the Gambling Act. They are not regulated by the Gambling Commission with regard to standards of social responsibility designed to protect children and people who may be vulnerable to problem gambling, or already problem gamblers. However, some SWP machines are presented as gaming machines, and some involve an element of chance that brings their functioning into the ambit of gambling. Our concern in this review is that machines of that nature should be taxed – and, at least as importantly – regulated as gaming machines. Our concerns relate to the following points:

1. Presentation as gambling machines

The thrust of the Gambling Act 2005 is that gambling should not be ‘ambient’, but should take place in designated or approved areas. For this reason, slot machines were removed from places in which they had traditionally been allowed, such as taxi ranks and cafes. Under the Act, certain types of premises have licences or entitlements to a specified number of machines, as long as certain social responsibility criteria are complied with. Machines that present themselves as gambling machines weaken this underlying principle by their ambiguous nature. This is undesirable on several counts:

- It represents a move towards ambient gambling that is contrary to the Gambling Act and sends out a confusing message to the public.
- It makes regulation more difficult to police, more open to violation, and more consuming of resources. If machines that present themselves like gaming

machines are widely dispersed, some of them could, in fact, be EGMs. It takes resources to assess on which side of the line they fall.

- The Gambling Commission has responsibility for monitoring Electronic Gaming Machines, but is not resourced to check machines in a wide variety of non-gambling venues.
- Our understanding is that these machines can be quickly and readily modified through a change of programming. This, coupled with the fact that some machines are already borderline in terms of the chance element, gives a constant boundary for regulators and government tax-collecting bodies to monitor - both in general terms, and as regards specific machines in specific locations.
- This is presumably a difficult situation in terms of tax and compliance, but it is not one we believe is acceptable in terms of the Gambling Act, social responsibility, and problem gambling. It means that the gambling industry can lead regulation through practice on the ground, rather than regulation giving the framework for practice to develop.
- To avoid this situation, a simple, clear standard is needed: one already exists.

If a machine is not a gaming machine, should not be presented like one unless it wants to be considered as one. These machines market themselves to the public with gambling references and within a gambling framework, but claim to be non-gambling for tax purposes. This is not consistent, and it not consistent with the wording of the regulations on AMLD: a game presented as involving an element of chance.’ Even if machines of this appearance have no gambling element of chance (which is not the case as we understand it) they should be subject to a tax that reflects the cost of monitoring and regulating them.

2. The potential for problematic use or addictive play.

Electronic gaming machines have been shown by academic research to be associated with high rates of problem play: *‘Internationally, as in almost every other country worldwide, the greatest problems are, to a very considerable degree, associated with non-casino EGMs such as arcade ‘fruit machines’ (Griffiths, 1999; Parke & Griffiths, 2006)’*¹ The reasons are complex, but some of them relate to the fast speed of play, the ability to re-stake quickly, the excitement of flashing lights and noise – and an intermittent or unpredictable reinforcement schedule. If there is an element of chance involved in a reinforcement schedule i.e. if it pays out at different rates at different times, or simply pays on a normal intermittent schedule, (including ‘free’ games rather than money) - it is likely to carry a risk of triggering repetitive play.

We have concerns that machines with any of these key characteristics (or others rehearsed in the literature) should be widely dispersed without safeguards in terms of social responsibility and problem gambling.

¹ ‘Gambling addiction and its treatment within the NHS: A guide for healthcare professionals January’ British Medical Association publication, 2007

3. Children

It is our understanding that children are able to play these machines, and if this is indeed the case we have very strong concerns. Children are only permitted to play Category D machines under the Gambling Act, and these are confined to specific locations. Even if SWPs are not functioning like gaming machines, their presentation as such would be worrying. Children may perceive themselves to be playing roulette, for example - and if they do receive rewards, this feeling of gambling is further reinforced. Early gambling is one of the predictors of later problems. The various social responsibility measures designed to protect children would not come into play, which would effectively subvert the intention of the Gambling Act.

Concluding remarks

We gather that there may be some confusion or dispute about how these machines should be classed, where there are elements of both skill and chance. However, the regulations are clear, and we do not believe they should be revised, either through a policy decision or because regulators find it hard to keep up with industry inventiveness on the ground. Machines that are presented as gaming machines do fall within existing definitions, and should be taxed as such.

We appreciate that this is a vexed area and that feelings may be running high in the industry if back-dated duty is at stake. It may be possible for the reinforcement of this standard to be prospective rather than retrospective.

However, for us the more important issue is that machines presenting themselves, or having characteristics of, gaming machines, should not be dispersed in ways that do not conform to the restrictions of the Gambling Act that apply to EGMs. Machines that have software that readily make them function as EGMs should certainly not be available in this way. We hope that if this significant concern is beyond the scope of the current review, further work and standards can be agreed with the Gambling Commission.

We wish you well with this review.