

The Gambling Act 2005 – impact a year on?

**A talk at the European Association for the Study of Gambling
by Peter Wilson**

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Agenda

- Trends and issues in land based (non remote) gambling in the UK
- Remote gambling – has the 2005 Act been a success?
- 2005 Act in the international context
- Brief look at the Far East



Licensing Objectives



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What do the Codes and Conditions cover?



Problem Gambling – Social Responsibility

- Info on how to gamble responsibly & get help
- Limits on sessions or money spent
- Self exclusion - 6 months to 5 years
- Social Interaction



Graham Calvert v William Hill Credit Ltd

- No broad duty of care by bookmakers to problem gamblers
- May be duty if behaviour obviously shows gambling out of control
- Will be a duty if self exclusion requested
- Can exclude liability
- Breach of duty may not be cause of loss in case of pathological gambler



Bingo = a bad news story

- Smoking ban
- Reduction in gaming machine allocation (no more s.16/21 machines)
- Double tax
 - 15% gross profits
 - 17.5% VAT on par fees



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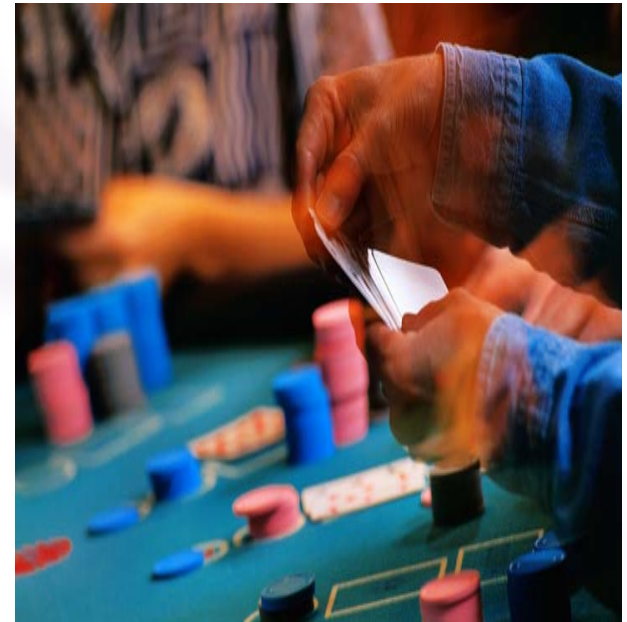
Bingo – opportunities?

- Internet & mobile
- TV – Big Box, Bingo Joy, Bingo Night Live
- Newspapers – Sun, Mirror, Star
- Charitable sector – Big Heart; RehabBingo;
- Pub & Club bingo – up to £2,000 per week in prize fund
- No. of B3 machines doubled from 4 to 8



Casinos – another bad news story

- Regional casino abandoned
- 16 large & small delayed
- Up to 50% gambling tax
- Smoking ban



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Poker – bad news for some, good for others

- Casinos allowed a rake on the pot
- Dedicated poker/casino clubs
 - Dawn till Dusk
 - Fox Club
- Commercial clubs restricted to low stakes and prizes
- Poker allowed in pubs



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Betting – bookmakers not doing badly?

- Betting offices expanding estates
- FOBTs legalised as B2 machines
- Wider product range – fast bet terminals, betting exchanges, virtual racing
- Not subject to 9pm watershed on TV adverts



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Machine sector – looking for angles?

- Loss of s16/21 machines
- Removal of machines from non gambling premises
- Splitting premises to double up allocation
- Betting premises with no live betting



Remote gambling what does it cover?

- Gambling by use of remote communication:
 - the internet
 - telephone
 - television
 - radio
 - any other kind of technology for facilitating communication



Who has remote licences?*

Remote Operating Licence type	No. of licences
Casino	20
Bingo	11
General Betting	89
Pool Betting	34
Betting Intermediary	18
Gambling Software	44
Lotteries (External Lottery Manager & Society Lotteries)	78

*Gambling Commission register of remote operating licences

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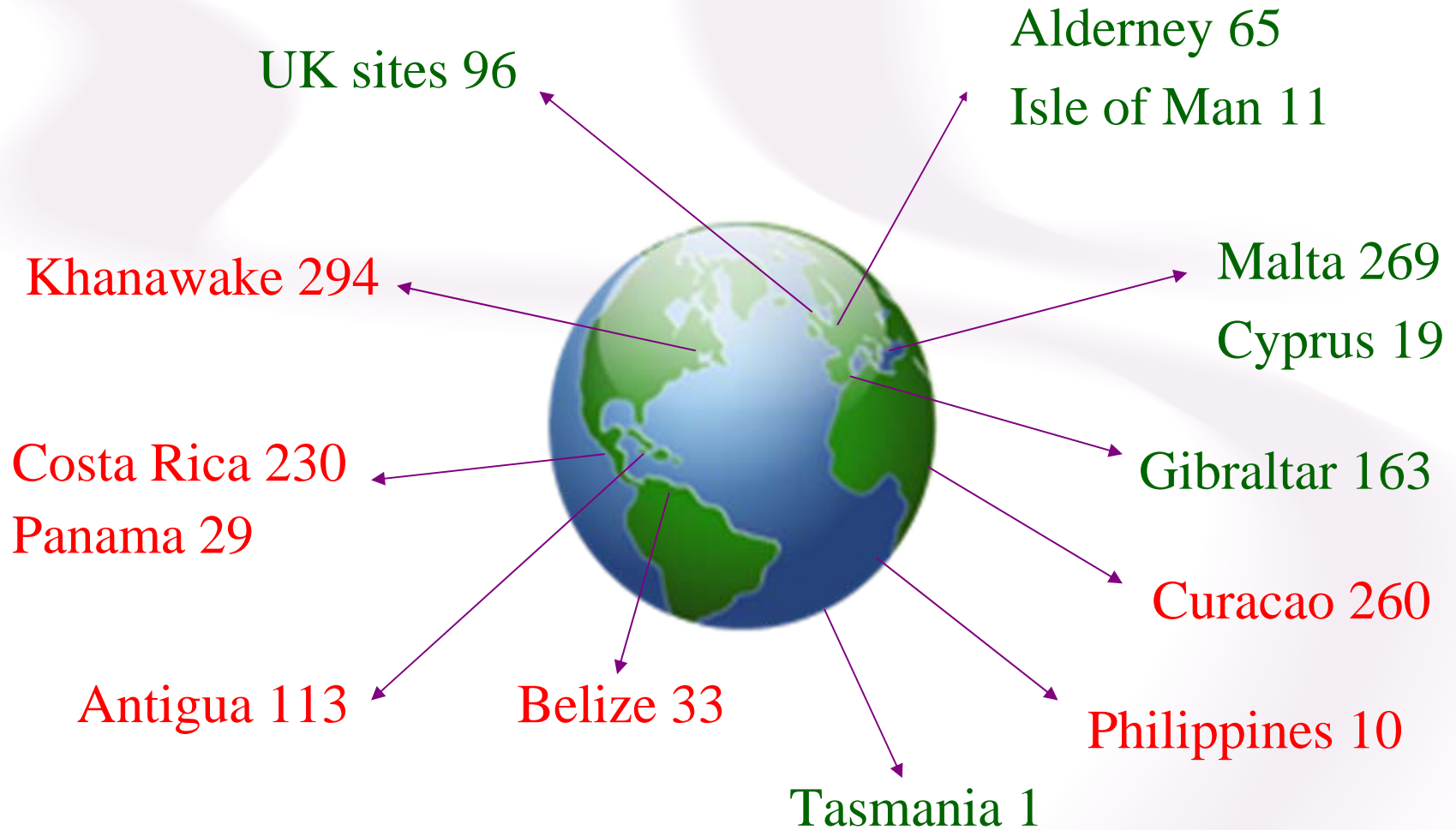


Why go offshore - rough comparison of tax regimes

Place	Gaming duty	Corporate tax
UK	15%	30%
Alderney	None	£600 for non resident Cos
I of Man	0.1 to 2.5%	0%
Malta	€6,900 per mnth for Casino 0.5% on betting	4.17%
Gibraltar	1% subject to min/max	Generally 0%



Where are the gambling sites?*



*Source – www.CasinoCity.com for those accepting play from UK

Advertising - Who can legally advertise to or in the UK?

- Those regulated by a European Economic Area (EEA) State
- Gibraltar – an EEA place (but not a State)
- White Listed Jurisdictions

NB: Prohibited territories



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Who are the white listed jurisdictions so far?


- Alderney
- Isle of Man
- Tasmania (from 31.01.08)

Who applied and was rejected?

- Curacao
- Antigua
- Khahnawake
- ... and others not publicised



Codes – Advertising



Code for socially
responsible advertising



Broadcast
Advertising



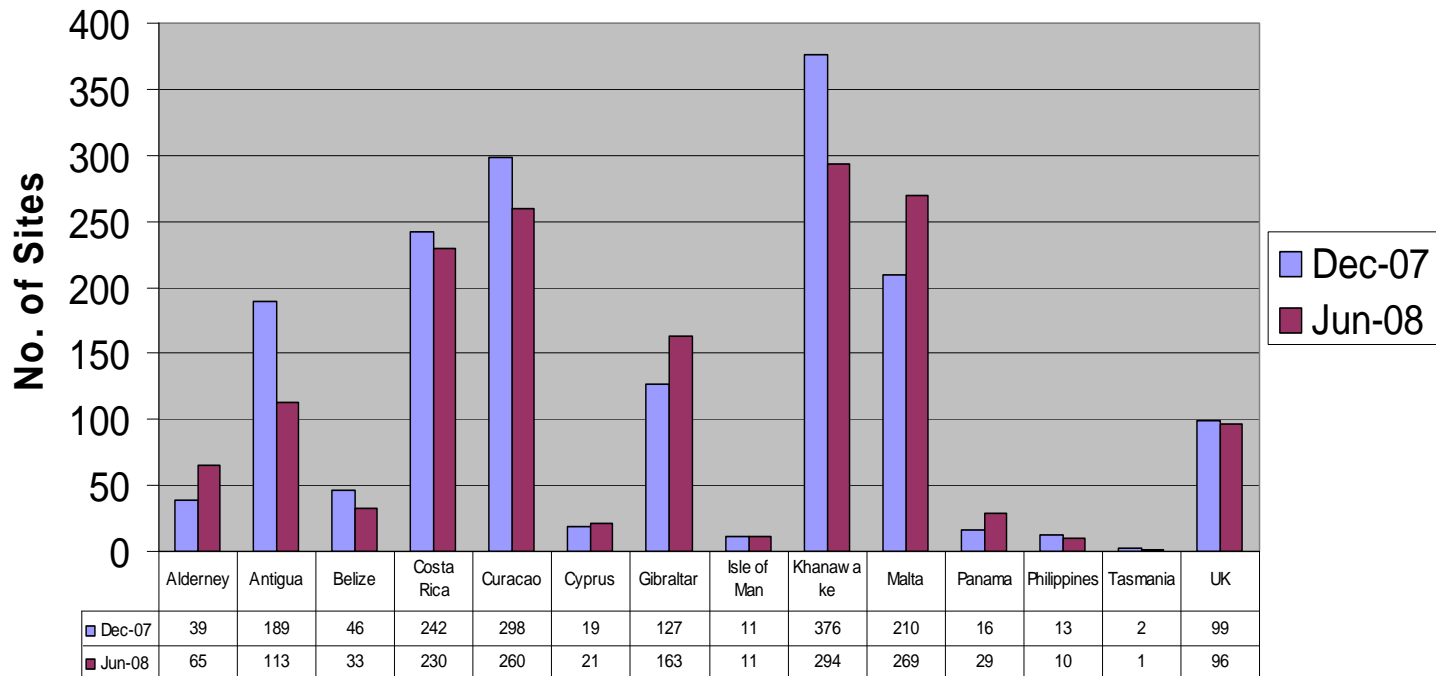
Non Broadcast
Advertising



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Movement of remote operators

Jurisdictions Accepting Play From UK



Jurisdiction



CAP & BCAP Codes - Examples

Marketing communications should not be:

- Socially irresponsible
- Shown as an escape from loneliness etc
- As a solution to financial concerns
- Portrayed as enhancing personal qualities
- Linked to sexual success or toughness
- Portray gambling in working environment

NB Ladbrokes, Paddy Power & William Hill cases



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Industry Code

- Target audience should be 18 years or over
- Adverts should have a link to www.gambleaware.co.uk
- No televised adverts before 9pm watershed except sports betting around sporting events & bingo or pools
- No logos or promotional material on commercial merchandising for children's use



Betting on the Olympics in China?



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Other non state internet gambling in Far East

Place	Legal?
Hong Kong	No
Malaysia	No
Thailand	No
Indonesia	No
Singapore	No
Japan	No
Philippines	Yes in Cagayan Special Zone
Macau	Not yet but maybe soon



Other hurdles for Asian internet market

- Agency betting system & cash dependency
- Safe access to terminals
- Distrust of RNG – live gaming preference



If its illegal, why is there a growing Asian facing market?

- Operators are legally licensed elsewhere
- Question of extra jurisdictional effect of law/international comity
- Uncertainty with anachronistic or unclear laws
- Lack of enforcement



Predicting the future

- UK-
 - Tough market continues for land based gambling
 - Little growth in remote licences – mobiles?
- Mainland Europe –
 - Protectionism continues
 - Opening of Eastern Europe?
- Offshore Europe – continuing growth in remote sites
- US – Prohibition in place for at least for 3 years?
- Other world markets - Far East – South America



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