

IAGR Session 2

Sunday 19 September 2004

The UK Experience of Law of Reform:

Lessons for Regulators

Moderator: Peter Dean, Chairman, Gaming Board for Great Britain

INTRODUCTION

1. Good morning ladies and gentlemen. My name is Peter Dean and I am Chairman of the Gaming Board for Great Britain.

2. The title of this session is “The UK Experience of Law Reform: Lessons for Regulators”. As you see from the programme, the session is intended to be “fully interactive”. Please do not be alarmed by these words. Let me explain what I have in mind.

3. The UK is now in the later stages of a fundamental reform of its gambling laws. I am not intending in this session to describe in detail either the process of reform or the substance of the laws we are likely to end up with. If you are interested in these subjects I would encourage you to come along to the IAGA/IAGR Breakout Session tomorrow morning when they will be dealt with more fully.

4. Instead, after a very brief, bird’s-eye survey of the reforms themselves, I would like to focus on some of the general themes and questions which have arisen in the course of the process and which I think may be of interest to other regulators.

5. On the sheet which you have been given you will see some questions listed. When I have finished my short overview I will invite you all to share your

thoughts in an open discussion on these and indeed any other topics that may occur to you in the course of my presentation.

MOTIVES FOR REFORM

6. Almost everyone agrees that we badly need new gambling legislation in the UK, but people's reasons differ. There are four main motives: liberalisation, modernisation, economic regeneration and protection of the vulnerable.

7. The present laws are 25 or 30 years old or more. One of the principal statutes, the Gaming Act 1968, was introduced to counter serious abuses and criminal activity which proliferated in the sixties. It succeeded very well in this purpose, but it is exceptionally rigid. The policy underlying the legislation of that era was that, given the impossibility of stamping out gambling altogether, it should be brought under strict control and kept to a minimum. Over time attitudes changed and the climate today is more tolerant.

8. In parallel with changes with attitude, advances in technology have made the law less and less fit to do the job for which it was intended. In particular the development of high-tech computerised systems in the delivery of gambling, and of course the Internet, are phenomena with which our laws are woefully ill-equipped to deal.

9. Recently attention has focussed on the other two motives I mentioned. The possibility of economic regeneration being stimulated by large resort casinos is now in the forefront of the Government's mind, as are serious concerns about problem gambling.

THE MAIN REFORMS IN OUTLINE

10. The main proposed reforms in outline are as follows.

11. The objectives of gambling regulation will be explicitly stated in the law.

They are:

- (a) that crime should be kept out of gambling;
- (b) that gambling should be conducted in a fair and open way; and
- (c) that children and other vulnerable persons should be protected from harm or exploitation.

These three objectives provide the foundation upon which the whole regulatory edifice will be built.

12. A single new regulatory authority, called the Gambling Commission, will be set up to license all gambling operators and key workers. This Commission will encompass and build on the work now done by the Gaming Board, but it will have a wider remit – extending for example to betting on-line gambling – and broader powers, including powers to impose fines and commence prosecutions.

13. The Gambling Commission will have a duty to pursue the three objectives of regulation mentioned. But it must aim to permit gambling so far as it thinks is reasonably consistent with pursuit of these objectives.

14. The reforming legislation will take the form of an enabling Act, which allows much of the detail to be left to subordinate regulations and to codes of practice issued by the Gambling Commission.

15. The Gambling Commission will make comprehensive “fit and proper” and financial checks on operators of gambling premises, and will interview senior executives and key employees for competence.

16. Unlimited pay-out machines will be allowed in certain casinos only and nowhere else, and controls on machines will be tightened in other areas where there are concerns. Many of the other constraints by which casinos are bound at

present will be loosened, but casinos will nevertheless continue to be subject to tight regulation.

17. There will be an easing of some of the current restraints on bingo, betting shops and lotteries.

18. On-line or Internet and other forms of remote gambling will be permitted and regulated, and its regulation will broadly replicate that applicable to terrestrial equivalents. As a pre-requisite for obtaining a licence, an operator must as a minimum locate its key equipment (i.e. that which accepts the bet or wager and, where appropriate, determines the outcome of a virtual event) in Britain.

19. Protection of the vulnerable is regarded as a priority by the Government. Operators will be required to adhere to formal codes of responsibility as a condition of their licences. In relation to problem gambling, the intention is that the industry will set up a voluntarily funded Gambling Trust, in the sum of £3 million a year, to allocate funds for research and treatment. If these funds are not forthcoming voluntarily (and I expect they will be), the legislation will include provision for a compulsory levy.

DISCUSSION

20. That is all I am proposing to say about the reforms themselves. My Board is closely involved in the process. We have a keen interest in it because, although we shall formally cease to exist as an entity, we are intended to be the main building block for the new Gambling Commission. Radical changes like this are not always very comfortable for regulators, but they do force us to look at some fundamental questions with fresh eyes.

21. I've listed some of these questions on the sheets which you have been given. I propose to take these in turn and open up discussion. But before doing

this, could I ask whether there is anything that any of you would like clarified in my brief presentation?