

INTERNATIONAL STUDY OF GAMBLING JURISDICTION

Gambling Review Commission, 2010

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International Study of Gambling Jurisdictions

- 1. The objectives of the international study of gambling jurisdictions were to:**
 - Establish best policy approaches in other jurisdictions in the gambling industry, discuss and deliberate best-practices on various regulatory aspects
 - Recommend policy positions in the gambling industry based on the study findings.
- 2. Scope of the study**
- 2.1. Gambling activities looked at were:**
 - Role of government in gambling
 - Regulatory, control and enforcement aspects of gambling
 - Interactive/online gambling – regulation to curb easy access; advertising; proliferation thru phones, computers and television; measures and structures to protect players, minors and prevent money laundering and impact of activity on e-commerce
 - Gambling advertising – look at current regulatory regime; impact on minors and addiction; norms and standards for compliance with legislation; gaps in legislation and adequacy of government to challenge content and approval of adverts
 - Person to person betting – look at suitable/available P2P model, establish growing need for activity and impact on society given prospects of proliferation
 - Greyhound racing – regulation of over-breeding of dogs; use of drugs to enhance ability of dogs; handling of disposal of retired dogs; transportation and housing of dogs; need to introduce other forms of animal racing; cost to government of regulation; socio-economic impact to society
 - NRGP – impact on problem gamblers; appropriateness of legislation; redefinition of scope of programme to meet target market
 - EBT's – specific regulations for EBT's including traditional bingo, demarcation of areas and number of licenses
- 2.2. Jurisdictions included in the study are:**
 - Australia – is said to have the most secure and lucrative gaming market in the South Pacific. A visit to one state, to explore the horse and dog racing environment and how they are trying to eliminate problem gambling since they had the highest rate of problem gamblers.
 - Britain – is said to have the largest gaming industries in Europe
 - Alderney - is said to be one of the leading countries to introduce interactive gambling. Will be interesting to note how they regulate and the infrastructure they have in place to curb abuses by hackers and minors trying to gamble on line.
 - Swaziland – With the oldest legislation that was enacted before internet gambling they have online gambling licenses. It will be interesting to know how they regulate and what are their objectives and attitude towards regulation including advertising by online operators are.

- Botswana – is said to be operating casinos only and is currently benchmarking with South Africa and other jurisdictions on enhancing the gambling industry. Ascertain the reasons why they only operate casinos and whether they have plans to expand.
- Malawi – is said to be closely aligned to South Africa and even using a model similar to the NRG. Ascertain whether the NRG program works for them.
- Netherlands – is said to have the most sophisticated, best run and well-rounded casino gaming in all of Europe
- USA - the US is experiencing tremendous expansion in gambling in particular, gaming
- Canada – establish the role of government on gambling in an accountable and socially responsible manner that takes into account the public interest
- Italy – They have legalized online gambling and are refining the regulatory framework. Establish how they are managing

2.3. Methodology

The study was conducted by:

- Desktop review of existing data in the identified jurisdictions
- Site visits to some of the jurisdictions and interviews with the relevant officials

Note should be made of the fact that because of time constraints site visits were restricted to UK, Italy, Alderney, Australia, Hong Kong and Singapore. The site visits and interviews assisted greatly in facilitating in-depth discussions to clarify issues and obtain additional information on the regulatory practices and how they are enabled. It should also be noted that because a limited number of jurisdictions were visited, the information gathered may not be comprehensive in all material aspects. However the information provided, was that needed to identify aspects and issues to enable an informed discussion on aspects of the South African gambling regulation that needed to be improved on.

3. Background and introduction

For decades legal gambling was limited to a handful of locations around the world. In the past ten years legalized gambling has exploded faster than ever with gambling revenues now topping \$80 billion and still rising. A number of factors have caused legalized gambling to spread and these include rising consumer spending in developing economies, the end of authoritarian rule in many countries resulting in liberalization of social mores, the arrival of the internet and the growing competitiveness of the global tourism industry. Russia in the east of Europe has about 800 casinos, the European Casino Association reported 1000 casinos in Europe, casinos are spreading across Africa with revenues in South Africa topping \$1.1 billion in 2006, in Latin America Argentina has nearly 80 gambling facilities, while Costa Rica has become a global hub for online gambling, rapid economic growth is making Asia the biggest gaming market, and casinos abound in countries from Australia, Burma to Vietnam and even Korea has a few casinos.

As gambling globalizes, its modernization and consolidation can minimize the illegal component and the crime that come with it., but at the same time its legalization has deeper consequences including the undermining of a country's fiscal and political stability by fostering massive consumer debt and enabling a country's political or business leaders to capture massive profits and create a new marginalised class of have-nots. For these to be avoided, casino centers around the world will have to adapt, because if they do not then

these new problems will make old vices such as mobsters and gangsters seem like minor irritations.

If they do change then developing nations may find that gambling can help them thrive in the global economy. However it should be noted that the introduction of commercial gambling will not necessarily erase organized crime and money laundering but can help reduce their influence (Kurlantzick)¹

4. The role of government

4.1. United States of America

Government's decisions have influenced the expansion of gambling in America and influencing those decisions is the principal objective of most of the public debates on the role of government in gambling. Gambling requires special rules and treatment and an enhanced scrutiny by both government and the electorate. Unlike other businesses in which the market has been the principal determinant, the shape and operation of legalized gambling has been largely the product of government decisions. State lotteries are a case in point where governments have not just sanctioned gambling but have legislated themselves into a monopoly. In other forms of gambling, government determines which kinds of gambling will be permitted, the number, location, size of establishment, conditions under which they will operate, who may utilize etc. But even more importantly is the fact that government levies and collects taxes, regulates the gambling operations, determine the level and type of competition etc.

In the US federalist system, there is a multiplicity of actors with functions and decision-making powers divided into many levels that include federal, state, local and others. Each of the actors plays an active role in determining the shape and size of legalized gambling. The federal government plays an overarching role, while the states have the responsibility for gambling decisions, which they sometimes delegate to local jurisdictions for key decisions such as determining whether or not gambling should be permitted in their communities.

There appears to be no coordination on decisions made by each of the actors with the federal sometimes acting unilaterally and the states not adopting a common approach to gambling. If anything, rivalry and competition among and between the states for revenue and investments have dominated most government decision-making regarding gambling activities.

Motivations for lack of a common approach appear to have been the pursuit of revenue by the various jurisdictions and some critics noted this as being done at the expense of consideration for public welfare. This argument has however met with counter-arguments that say that legalizing gambling is aimed at economic development for the economically depressed areas, the general promotion of business for investment and employment opportunities and undermining illegal gambling and the organized crime it supports. (NGISCR)²

¹ Kurlantzick Joshua, 2010, Raising the Stakes: Can Legalized Betting Save the Developing World from its Ills, www.questia.com

² National Gambling Impact Study Commission Report page 1-4

The National Gambling Impact Study Commission noted that, efforts to assess the various claims by proponents and opponents are made difficult by the lack of reliable information. Any available information on economic and social impact is both scanty and inadequate. On further examination the Commission also noted that much of what Americans think they know about gambling turns out to be exaggerated or taken out of context. Much of the information in circulation is either inaccurate or false and that many studies that exist were contracted by partisans of one point of view or the other.

4.2. The State of Ontario – Canada

“Credible objective and relevant information is the key to a healthy accountability process. In Ontario and most Canadian provinces not all this information is readily available to the public. If the pertinent information called for was in the public domain, Ontario would be an international leader in offering gambling in the public interest” (Smith and Rubenstein, 2009). In determining the role of government, frank answers to the following questions will enable a better determination of whether the gambling regime is accountable, socially responsible and operating in the public interest:

- Why does Government provide gambling?

Nobody would question Government providing services such as public education and infrastructure because these are areas in which there is a public need and very few people would question this. However gambling which can be considered as a non-essential good or service, is viewed as a morally contested activity and is seen as placing a predictable percentage of the population at risk, should rather be placed under private control.

- Should Government promote gambling?

In Ontario, government and its agents spent more than \$265 million in 2005/6 to promote gambling consumption. It also provided \$36 million to the Ministry of Health and Long-term Care and the Ministry of Health Promotion for gambling problem prevention, treatment and research activities. This begs the question – is government promoting gambling to increase its social acceptance?

- Key terms defined

The Government of Ontario as an integral part of its policy on commercial gambling should provide:

- A definition of social responsibility as it applies to legal gambling
- A statement of priorities and how they are applied to complicated issues such as revenue generation, community revitalization and social responsibility
- Guidelines of how the “public interest” is interpreted and applied by decision-makers in the development and implementation of gambling policy
- A statement of fundamental principles used to formulate policy
- An explicit statement of whether provinces adhere to the precautionary principles in achieving harm minimization objectives

- Gambling industry contracts

Because of contractual arrangements between the gambling corporation and government there are concerns of the possibility of undue influence by gambling

corporations on government policy, given contractual arrangements between the corporations and government. Citizens need enough information to assess gambling industry's influence on government.

- Consumer protection shortcomings

The Government should consider whether gambling consumers under the Gaming Act, have less protection than that afforded consumers in other areas.

- Gambling policy and evidence-based research

There is a need for systematic government research plan for gambling and an emphasis on policy makers, regulators and operators being conversant with academic research trends and findings

- Profit seeking may override other goals

Gambling is reported to generate almost \$2 billion annually for the Province of Ontario. There is a risk that government can become dependent on this significant amount of revenue and lose sight of public interest goals

- Regulatory independence and oversight challenges

Unlike other provinces Ontario is regulated by a stand-alone Crown agency. There is a need for a higher level oversight body to monitor and report on the extent to which commercial gambling is "in the public interest" and in accordance with the principles of honesty, integrity and social responsibility. (Smith and Rubenstein, 2009, 9)³

4.3. Australia

Both the federal and state governments in Australia are involved in nearly every aspect of gambling ranging from acting as suppliers, tax collectors, police, funding and organizing of help services for gamblers experiencing problems, regulators and have put into place a host of laws and regulations in terms of who can gamble, where, when and what they can gamble on etc. However various levels of government have different responsibilities pertaining to gambling – the Federal Government determines national laws about internet gambling and through a broader health system supplies health services. State and territory governments oversee most aspects of gambling, while local government have responsibilities over planning.

Within government itself there are departments and agencies that oversee particular policies, provide services and act as regulators. These many departments and agencies, the Productivity Commission has observed, makes the gambling policy environment very complex. The Commission is however of the view that the following key points are central, to a good gambling policy framework in Australia:

- There are strong rationales for government regulatory and policy involvement in gambling including the need to ensure probity and avoid harm to consumers.

³ Smith Gary Dr; Rubenstein Dan; 2009; Accountability and Social Responsibility in Ontario's Legal Gambling Regime – Final report to Ontario Problem Gambling Research Centre

- The key criteria for policy should be the overall well-being of the community. This means that measures aimed at addressing the adverse impact of legalized gambling need to be balanced against sizeable benefits of gambling and recreational gamblers and the industry
- Public health and consumer policy frameworks provide the best basis for coherent gambling policies, emphasizing the importance of policies that address the gambling environment of gamblers' behaviours. The framework for gambling policy needs to recognize that it goes beyond ameliorating the harms to people suffering severe harm from their gambling.
- Even harm minimization measures with modest efficacy may produce worthwhile net benefits so long as they do not also inadvertently generate excessive costs. Approximate calculations suggest that a ten percent reduction in the harm related to problem gambling could yield a gain of around \$45- million annually and an accumulated gain of billions of dollars
- There are pervasive uncertainties about which gambling policies can effectively reduce harm. Demanding a very high or potentially unachievable standard of proof about what works would risk policy paralysis in an area where there are demonstrably large costs from inaction
- Policy needs to take account of both the costs of mistakenly introducing ineffective policies as well as the costs of failing to act when a policy option may in fact be effective (Productivity Commission)⁴

4.4. Findings and conclusion

Given the massive industry that gambling has become, government involvement has become inevitable as there was and there still is a need to regulate the sector in order to eliminate the illegal component and protect the interests of a variety of innocent stakeholders. The specialized nature of gambling activities require specialized forms of regulation and only government is best positioned to this.

Over the years, circumstances changed significantly with governments seeing an opportunity to levy a 'voluntary tax' in order to meet the many and competing service delivery needs for scarce resources. While funding some of the social needs such as health and education cannot be questioned, the unintended consequences of the impact of gambling on society with issues such as problem gambling and the social costs that accompany them, leaves some unanswered questions as to the real intentions of government and the role that it should play in the gambling sector. The good intentions in providing for certain public goods and the unintended consequences of such intentions, make governments to walk a tight rope in achieving a balance between acting in the public interest in regulating the sector and generating the much required financial resources to fulfill its mandate, and ironically to also act in the public interest.

Balancing should entail first, accountability by government in the provision of gambling by ensuring that it is administered according to the principles of honesty, integrity and social responsibility to advance the public interest. Secondly it would entail social responsibility by focusing on all aspects of problem gambling and funding empirical research to inform policy. Thirdly it should entail acting in the public interest in terms of the net community benefits. None of the jurisdictions reviewed appears to be balancing accountability, social responsibility and acting in the public interest optimally.

⁴ Australian Government Productivity Commission; 2009, Gambling Report

There is a need for a clear division of roles and responsibilities, a clear and common agenda as well as coordinated approach amongst and between the different tiers of government in pursuit of one objective viz acting in the public interest. To varying degrees local government appears to be relegated to the tail end of the regulatory spectrum and yet this is the level of government that is closest to the people in terms of deciding on the suitability of gambling activities and the potential impact of harm. Providing credible and non-partisan information on a consistent basis provides proof to all and sundry that government has no hidden agenda in its involvement in gambling. Development of good gambling policy supported by effective regulation and enforcement will certainly keep out the criminal component and ensure gambling is carried in a fair manner with all the consumers well protected in gambling as they are under regulation of provision of other types of goods and services.

There is also a need to find a balance between the fiscal considerations of government to fulfil their mandate and the need to act in the public interest. The situation is not only a South African one but a global one. Governments need to act in an accountable and socially responsible manner taking into account the public interest and ensure that gambling frameworks recognize the need to go beyond the harms caused by gambling.

5. Regulation, control and enforcement

5.1. Australia

Regulation of the gambling industry in Australia is the responsibility of the states that rely on the revenue generated from such activities. Responsibility for the control of legal and illegal gambling is primarily a state government responsibility, with Federal Government control limited to the investigation of organized crime and international investment. The implementation of gambling legislation and policies is carried by semi-autonomous statutory bodies such as boards, commissions, tribunals and committees. According to the Australian Institute of Criminology report⁵, these many and varied semi-autonomous bodies make it difficult to ensure effective parliamentary supervision. These bodies are characterized by differences of opinion on policy issues, interdepartmental rivalry, political disputes and an absence of coordination, thus making administrative efficiency considerably weak.

The report argues that problems go beyond the structure of government bodies, because privatization of gambling operations has severely limited the capacity of government to control and regulate aspects of legal gambling. Also collaboration of private gambling operations and public agencies is reported to have undermined government autonomy and action and resulted in imbalances between economic and political power, thereby facilitating control by powerful economic groups.

State and Territory Regulatory Authorities (www.aph.gov.au)

- Australian Capital and Territory (ACT)

The ACT Racing and Gambling Commission is an independent statutory authority responsible for controlling and regulating all gaming, racing and betting in the ACT to ensure they are conducted, honestly, with integrity and free from criminal influence

- New South Wales (NSW)

⁵ Pinto Susan; Wilson Paul, 1990, Gambling in Australia, Australian Institute of Criminology

The New South Wales Department of Gaming and Racing is responsible for the proper conduct and balances development of gaming, racing, liquor and charity industries in New South Wales

- Northern Territory (NT)

The Racing and Gaming Authority administers gambling legislation in the Northern Territory. The NT Gaming Machine Commission is responsible for licensing gaming machines.

- Queensland

The Queensland Office of Gaming Regulation regulates machine gaming, casinos, art unions, lotteries and keno in Queensland

- South Australia (SA)

The Gaming Supervisory Authority is responsible for ensuring that there is effective supervision of the operations of casino and gaming machine licenses in South Australia. It is the function of the Office of the Liquor and Gaming Commissioner to provide supervision of licenses.

- The Tasmanian Gaming Commission regulates and controls gaming in Tasmania. It is an independent authority but receives operational support from the Gaming Operations Branch of the Tasmanian Department of Treasury and Finance.

- Victoria

The Victorian Casino and Gaming Authority regulates and monitors Victoria's gambling activities through legislation and policies

- Western Australia

The Office of Racing, Gaming and Liquor administers Western Australia legislation dealing with these areas and carries out many of the operational functions of the Gaming Commission, including the provision of licensing, inspection and audit functions in respect of both casino and permitted gaming service (Australian Institute of Criminology, 1990)

5.2. Great Britain⁶

Great Britain has had legislative regulation of gambling for more than five centuries, shaped by moral, social and economic imperatives. The Gambling Act 2005 is the most recent reform of gambling legislation which updated several statutes including the Betting, Gaming and Lotteries Act of 1963, Gaming Act 1968 and the Lotteries Amusement Act of 1976. The Gaming Board of the Great Britain which regulated the gambling industry was replaced by the Gambling Commission, which is responsible for monitoring and regulating all forms of betting and gambling with the exceptions of the National Lottery and spread betting, which are regulated by the National Lottery Commission and the Financial Service Authority respectively. The Gambling Act 2005 for gaming and betting came into effect on the 1 September 2007 and has:

⁶ Research and Library Services, 2008, Regulation and Control – Research Paper 19/09 prepared by the Committee on Social Development outlining legislative framework in Ireland and Great Britain

- Introduced a licensing system with three forms of license viz the operating license, the personal license and premises license. The operating and personal licenses are issues by the Gambling Commission with the premises license being issues by licensing authorities in England and Wales and by licensing boards in Scotland. This function is generally performed by local authorities.
- Established the Gambling Commission as the regulatory body for the gambling regime. The Commission is under statutory responsibility to publish a statement outlining the overarching principles that are applied in exercising its functions and must explain how these principles will assist in the pursuit of the licensing objectives.

Before publishing the statement the Commission must consult with the following persons and bodies:

- Secretary of State
- HM Commissioners of Customs and Excise
- Representatives of local authorities
- Chief Constables
- One of more persons with knowledge of social problems associated with gambling
- As appropriate members of the public
- Bestowed investigatory powers on the Gambling Commission to investigate and prosecute offences. Inspection and enforcement powers rest with authorized officers, which include employees of the Gambling Commission, police constables and local authority officers.
- Conferred on the Secretary of State a regulation-making power in respect of small, large and regional casinos. The Act has provided for one regional casino, more commonly referred to as the 'super-casino (Las Vegas style)
- Legislated for remote gambling and coupling this with the requirements in relation to licensing conditions of advertising with the aim of providing a robust system of regulation to encourage online operators to base themselves within the UK system.
- Introduced a new regulatory framework for the advertising of gambling allowing wider advertisement of betting and gambling services than before. Advertising can take many forms such as broadcast and print media, sponsorship and branding or internet or mobile phone adverting. The Gambling Commission is responsible for enforcement of the law in relation to advertising of gambling.(Regulation and Control of Gambling)

5.3. United States of America⁷ **The Federal Government role**

Initially the federal government had deferred to the states in matters relating to gambling with its role focusing mainly on criminal matters, including organized crime, fraud etc

⁷ National Gambling Impact Study Commission Report – www.govinfo.library.unt.edu/ngisc/reports

especially where these straddled across the states. In the 1960 the federal government expanded its regulatory role over gambling through:

- The 1961 Wire Communications Act to prohibit the use of wire communications by persons or organizations engaged in the business of wagering to transmit bets or wagers etc
- The Travel Act to prohibit travel or the use of mail, either interstate or internationally for business of gambling
- Racketeering Influenced and Corrupt Organizations statutes enacted in 1971 under the Crime Control Act
- Amendment in 1985 of the Bank Secrecy Act to include casinos, used car dealers, money transfers etc
- Involvement in Native American gambling in the 1980's

The State's role

- Lotteries fall under the purview of state government with minor variations in the implementation of regulatory structures. Some structures are organized as arms of a particular state agency while others exist as separate organizations with varying degrees of independence
- Casinos, as with lotteries are the province of the states with a variety of different regulatory structures. Most of the administrative differences are reported to be superficial rather than substantive with basic tasks varying little from state to state. The administrative structure is as follows:
 - In some jurisdictions gambling boards or commissions exercise final administrative authority, while other jurisdictions have adopted a two-tiered system in which one body exercises administrative authority while a separate entity serves as the due process oversight body
 - Each casino is required to adopt and adhere to a comprehensive set of state-designated procedures known as "Minimum Internal Control Standards" that focus on the range of gambling-related activities such as the conduct of games, movement and handling of cash, accounting and record trail of transactions.
 - Casino regulatory agencies direct and review audits of casino operations with private sector audit firms engaged in some states to conduct compliance audits
 - The regulatory structure of most states includes statutory language that restricts gambling by those under 21. States levy fines and other punishments for the failure to adhere to an adopted code of conduct.
 - There is also considerable variation across the states regarding the scope of the individuals and entities subject to licensing to work in casinos. Some states license only persons engaged in gambling-related duties, while in other states all employees regardless of work duties or work location are subject to licensing
 - The depth of regulatory investigations and oversight of suppliers varies across states. The licensing of gambling industry suppliers is the responsibility of business entities that provide gambling devices and equipment. Most regulatory bodies have the statutory authority to license entities that provide non-gambling related goods or services.

- Pari-mutuel gambling (horse and greyhound racing and jai alai)

The exact form of the administrative structure varies although all states regulate through a racing commission or other state gambling regulatory body on matters such as:

- The integrity of the races or events
- Ensuring the state receives its tax revenues
- Overseeing the licensing of tracks and operators
- Preventing infiltration by criminal elements

- Sports wagering

The Professional and Amateur Sport Protection Act passed in 1992 prohibits a government entity or person to operate or authorize any wagering scheme based on “competitive games in which amateur or professional athletes participates”. The Wire Communications Act of 1961 also prohibits the use of wire communications for sports wagering. Currently sports wagering is legal in four states but offered in Nevada and Oregon. Delaware and Montana are allowed to have sports books by statute but currently neither state offers legalized sports wagering. Despite the enactment of the 1992 federal legislation prohibiting sports wagering, the four states were unaffected because they had pre-existing statute providing for sports gambling.

5.4. Botswana

Botswana is reported to be among the first countries to regulate and legalize gambling in Southern Africa. Gambling in Botswana has been regulated by two pieces of legislation viz the Lotteries and Betting Act of 1962, to regulate lotteries, bingo and horse racing by profit or Non-Governmental Organisations, and the Casino Act of 1971, after which an exclusive casino licence was granted by the Botswana Parliament to the Holiday Inn Hotel for premises situated in Gaborone.

The Casino Control Board, a government body, was established in terms of the Casino Act, and made responsible for the regulation and development of casinos in Botswana.

The exclusivity of the licence issued to the Holiday Inn Casino ended after a period of twenty (20) years in 1992 necessitating a new position by government of allowing for competition and Government took a position that as a matter of policy, any hotel of international calibre being established in Botswana could, regardless of location, be eligible to apply for a casino licence. Seven (7) additional casino licences were issued by the Casino Control Board between 1995 and 1998 in major towns in Botswana. Currently, no casino operates in a rural location. Casino licences are valid for a period of ten (10) years and are renewable on such terms and conditions as the Board may seem fit.

With regard to problem gambling, the Casino Act does not have restrictions on casino advertisement nor does it have restriction on the time casinos may remain open, leading to some operating for 24 hours and seven (7) days a week. These and other factors, have contributed to an increase in problem gambling in the country. The incidence or prevalence of problem gambling in Botswana has not yet been quantified – but is however estimated at 1% of the gambling patronage.

Typically, impacts common in the patronage with problem gambling are:

- Work-related – job loss, absenteeism, poor performance;
- Personal – stress and poor health

- Financial – debts, bankruptcy, theft, asset losses;
- Interpersonal – violence, relationship breakdown and neglect of family.

Available ameliorative measures include self-exclusions, imposing an entrance fee and to a limited extent, some casinos display messages in their gaming areas about the dangers of gambling. These alone have proved to be not effective given the fact that the country does not have treatment centers or counseling facilities on problem gambling.⁸

The Casino Control Board subsequently placed a moratorium on issuance of casino licences pending the production of a National Gaming and Gambling Plan. A comprehensive Gaming and Gambling Bill was being drafted to cover several issues including:

- Establishment of an autonomous gambling authority to regulate all gaming and gambling and gambling activities to ensure effective control of the industry;
- Establishment of a National Lottery operated by a private company;
- Provision for the training of frontline staff of operating casinos in the recognition of symptoms associated with problem gambling;
- To require gambling facilities, especially casinos, to “track” players to establish gambling patterns;
- To establish a fund for the treatment of problem gambling and to provide for each gambling facility to contribute to such a fund independent of the gaming Duty/Levy;
- Requiring casinos to impose a dress code so as to discourage patrons “at risk”.
- A committee or advisory body on the management of problem gambling will also be established⁹.

5.5. Malawi

In 1996, new gambling legislation was introduced, and a new regulatory authority was created. Malawi has two land-based casinos viz Colony Club Casino (Victoria Avenue, Blantyre, Malawi) which opens daily from 4pm until 4am, and offers 4,306 square feet of gaming space. There are 46 gaming machines and seven table games (Raise'em Poker, Caribbean Stud Poker, Blackjack and American Roulette).

A bar and restaurant are also located on the property, as well as a race book and sports book; American Palace Pirates Casino (Lilongwe, Malawi) which offers 100 gaming machines and eight table games (including Blackjack and Roulette). There are also two restaurants on the premises. Children over the age of five are admitted to the casino, as there is a children's play area with 15 video games and six gaming machines. (www.worldgamblingreview.com)

It is reported that in the relatively short period of eight years since new legislation was introduced and a regulatory authority created (in 1996), Malawi had established a stable and contributory industry; eliminated a previously widespread illegal industry, and has been successful in leveraging the gambling industry to stimulate investment, encourage tourism,

⁸ Presentation by Botswana Gambling Board CEO, 2005, 3rd Annual GRAF Conference in Gaborone, www.grafrica.net

⁹ Lekopanye Moeketsi, 2007, www.allafrica.com

and create employment. Malawi also satisfies international standards in terms of industry probity and customer protection. According to Dr Rodger Dreyer, Deputy Director of the NRG (in RSA), "Malawi has not rushed the introduction of a number of new forms of gambling, which remain relatively limited, by design, and has every reason to be proud of the impartiality and absence of corruption which characterises the administration and regulation of this new industry". He went on to say that Malawi was not out of step with international trends in respect of gambling.

The National Responsible Gambling Programmes is assisting Malawi with the development of a responsible gambling policy. This includes regulations to address the question of problem gambling, as well as a number of measures to promote awareness in Malawi of the dangers of compulsive gambling. Malawi Gaming Board, chief executive officer, Mr Master Maliro, also commented that the Malawi government was aware that by making gambling more available, there was always a danger that some people would gamble excessively, causing to damage to themselves and their families.

"In a developing nation such as ours, confronted as it is by poverty, we have a duty to ensure that gambling does not lead to broken families, debt and addiction. This is why the Malawi Gaming Board will be implementing regulations and guidelines to ensure that gambling licensees comply with our objective of minimising the incidence of problem gambling" Mr Maliro said (NGRP¹⁰)

5.6. Findings and conclusion

In jurisdictions that have been reviewed the implementation of gambling legislation and policies is carried by semi-autonomous statutory bodies such as boards, commissions, tribunals and committees. In some instance these bodies are characterized by differences of opinion on policy issues, interdepartmental rivalry, political disputes and an absence of coordination, thus making administrative efficiency considerably weak. It also came to light that collaboration of private gambling operations and public agencies is reported to have undermined government autonomy in ensuring that government becomes accountable, socially responsible and acts in the public interest.

In the USA and Australia the federal arrangements pose some challenges in the regulation of gambling, given the differing and competing agendas of federal/central and state governments. In some instances the overarching role of federal/central government appears to be ignoring regional/local dynamics (revenue considerations) by acting in the public interest through prohibitive measures that seek to curtail gambling or the proliferation thereof. Federal governments leave states to the actual day to day regulation of all forms of gambling with the federal government having responsibility for certain overarching roles. This makes it easier given the sizes of the countries to regulate and enforce at a regional level, taking into account the cost considerations for a centralized regulatory authority and the need to take into account regional and local requirements.

Cross-cutting issues are left mainly to the federal government because of the need for uniformity, centralized planning, scarcity of resources and economies of scale. Some of the overarching roles of the federal government have become a source of conflict between the federal and state governments, such as Wire Communications Act in the USA and the Internet Gambling Act in Australia, which prohibit to varying degrees online gambling.

To the federal governments the concern is about consumer protection and this is addressed by putting a threshold beyond which gambling should not be permitted because certain gambling formats are just considered hazardous and have the potential of proliferating and

¹⁰ National Responsible Gambling website, 17 August 2004

impacting negatively on society. To the states the main consideration is the need to optimize investment and revenue in order to fulfill mandates. But even among states there is lack of a common approach.

Under unitary arrangements in the UK, Botswana and Malawi regulation and control appear streamlined, although Botswana and Malawi have not been as fully permissive as the UK has been with gambling. In the UK in particular the Gambling Commission has overall control over gambling including investigative powers for effective enforcement. Its approach to regulation is a risk-based approach to obviate capacity challenges by allocated resources on the basis of potential impact. The Secretary of State has regulation-making powers while the Gambling Commission implements. This acts as a check and balance and facilitates oversight in ensuring that the Gaming Commission is accountable and acts in the public interest. In Botswana after operating casino gambling on an exclusive license, competition was introduced although operating hours and advertising were not regulated, leading to prevalence of problem gambling (estimated at 1% of gambling patronage) However regulatory aspects have since been reviewed for restructuring for effective regulation and control and for dealing effectively with prospects of problem gambling that can be brought about by a more permissive gambling environment. Malawi on the other hand has not been fully permissive in its gambling regulation in order to guard against the potential negative effects that accompany a liberalized gambling environment. Malawi has adopted the South African approach in its management of responsible gambling with the NRGPs providing various forms of support.

The issue of a balancing act between the federal and the states' interests and among the states should assume centre stage as it inevitably affects the effectiveness of regulation, control and enforcement. Proper coordination through the development of a common agenda for balancing revenue generation and social responsibility and that at all times, the public interest should always override fiscal considerations.

Part of the common agenda should also be the development of federal norms and standards and ensuring that a level of harm that is built into gambling policy is acceptable to all stakeholders and that adequate monitoring and enforcement measures are in place. Regulation of advertising and operating hours appears to be crucial in managing the prevalence of problem gambling. But even more importantly and to ensure proper monitoring and coordination, is the establishment of effective independent oversight bodies that are fully capacitated to ensure that the gambling regime, first and foremost, takes into account the public interest through a socially responsible gambling approach..

Clarity of roles and responsibilities amongst and between various agencies that carry out regulation, control and enforcement is crucial. Proper interface mechanisms between the various tiers of government are an imperative in ensuring that jurisdictions deal effectively with the elimination of the illegal component and the crime that it generates; vulnerable members of society are protected and gambling activities are carried out in a fair manner.

6. Gambling advertising

6.1. United Kingdom¹¹

- Advertising

The 2005 Act allows for wider advertisement of betting and gambling services such as broadcast and print media, sponsorship and branding or internet or mobile phone advertising. The Gambling Commission has been given the responsibility of enforcing the law regarding advertising together with the Advertising Standards Authority and the industry regulator Ofcom. There is a code of good practice that outlines the standards to which gambling advertising must adhere and that includes the protection of children and young people and awareness of responsible gambling. Over and above legislative requirements, the gambling sector has also developed a code of good practice aimed at the self-regulation of advertising with additional standards to the existing code of practice.

Some of the things that the code would not like to see in advertisements generally are the glamorizing of gambling or portraying gambling as a solution to financial problems or designing the advertisement in a manner that appeals to young people. The authorities continue to monitor advertising of gambling and betting services despite the fact that the industry is self-regulating. The Secretary of State can however, make regulations on the form, content, timing and location of advertisements

- Foreign advertising and white-listing

Advertising foreign gambling other than a lottery such as Euro-millions is illegal in Great Britain. Foreign gambling refers to remote gambling in a state outside the European Economic Area (EEA). Under Section 331(4) of the Gambling Act 2005, the Secretary of State of the UK can specify that a country or region be considered as if it were an EEA state.

This process is known as white-listing and means that such operators can advertise in the UK. Currently three areas have made it onto the white-list and they are Tasmania, the Isle of Man and Alderney.

To be eligible for white-listing a country or region must demonstrate that they have a system of gambling regulation that the Secretary of State considers similarly robust to that of the UK. In banning foreign advertising and relaxing the UK regime the Government wanted to make UK-regulated sites more appealing to online gamblers. The established industry code suggest that UK-licensed or white-listed operators include a form of words informing the audience that their services are regulated by the Gambling Commission.

Key regulatory requirements that ensure eligibility for white-listing are:

- Key regulatory requirements - the licensing and regulatory objectives informing the jurisdiction's gambling regulatory regime, should in practice broadly achieve the objectives under which British gambling regulatory regime operates and that includes:

¹¹ Research and Library Services; 2008; Regulation and Control of Gambling; Research paper prepared for the Committee on Social Development, UK

- To prevent gambling from being a source of crime or disorder or being associated with crime or disorder or being used to support crime
 - To ensure that gambling is conducted in a fair and open way
 - To protect children and other vulnerable persons from being harmed or exploited by gambling
- Keeping out crime – one of the prime objectives of the jurisdiction’s gambling regulation must be to combat criminality, with appropriate barriers to entry for those wanting to join the industry as well as effective mechanisms for policing new and existing gambling operators
 - Ensuring gambling is conducted in a fair and open way – consumers should be confident that a gambling product is operated in a fair and transparent manner.
 - Protection of children and the vulnerable – licensed operators must conduct their business in a socially responsible way, specifically with regard to children and vulnerable persons for which gambling represents a particular risk that other forms of leisure may not have
 - Independent regulatory body with inspection and enforcement powers – the British Government has established a central body for the regulation of the British-based gambling industry covering both remote and non-remote products and operations, with responsibility for investigating and taking actions against illegal gambling.
 - Licensing arrangements – permitting operators to offer specific gambling activities and setting conditions on the way in which they offer specified gambling activities.
 - Additional criteria include:
 - Fair tax criteria by adhering to fair tax principles
 - Openness with tax bases and rates of gambling taxes being clear and properly enforced and applied to all operators
 - Equal availability of the tax regime to all operators whether owned domestically or by offshore interests
 - Equal treatment with tax rates being applied equally to gambling services supplied for both domestic and overseas consumption

6.2. The USA¹²

Gambling advertising in the US is restricted but not completely banned. Casinos are allowed to advertise their restaurant and entertainment venues but not their gambling activities. Native American Tribes, church bingo nights and state-run lotteries are permitted to advertise gambling. The Federal Communications Act 1934 which provided the statutory basis for restrictions on advertising has been significantly changed and a number of exceptions added although there continue to be federal restrictions on many forms of gambling advertising. The rationale for existing prohibitions reportedly rests on two assumptions viz:

¹² www.govinfo.library.unt.edu/ngisc/reports, National Gambling Impact Study Commission

- The Federal prohibition of commercial gambling advertising assumes that casino gambling has a causal relationship with social ills
- That advertising increases gambling behaviour both by inciting people to do more gambling than they otherwise would and by recruiting people to gamble who otherwise might not.

Given these assumptions the ban on gambling advertising is being interpreted as an indirect attempt to regulate people's gambling behaviour and in turn minimize gambling's social costs. However a number of exceptions have undercut the original sweeping scope of the Act with exceptions including state lotteries, fishing contests, gambling conducted by and Indian Tribe pursuant to the Indian Gambling Regulatory Act, a lottery, gift enterprise or similar scheme by not-for-profit organization or governmental organization.

Following court rulings (e.g. in Valley Broadcasting Co. v United States) gambling advertising is allowed in the western states and in Nevada (following the ruling in Players International Inc v United States) while in other states the restrictions are being upheld. The National Gambling Impact Study Commission made the following recommendations regarding gambling advertising:

- That all relevant governmental gambling regulatory agencies should ban aggressive advertising strategies, especially those that target people in impoverished neighbourhoods or youth anywhere.
- That each gambling operation, state lottery, tribal government and associations of gambling organizations voluntarily adopt and then follow enforceable advertising guidelines that:
 - Avoid implicit and explicit appeals to vulnerable populations including the youth and low-income neighbourhoods
 - Enforcement should include a mechanism for recognising and addressing any citizen complaints that might arise regarding advertisements

6.3. Remote Gambling Association¹³

It is appropriate that gambling activities are advertised and that an operator is able to promote the facilities available. However any such advertising and promotion must comply with the laws, regulations and any relevant codes of practice of the jurisdiction in which the operator is licensed

- General principles
 - *Advertisements should be legal, decent, honest and truthful*
 - *Advertisements should be prepared with a sense of responsibility to consumers and to society in general*
 - *Promotional email should only be sent in accordance with relevant regulations and legislation*
 - *No advertisement should bring the advertising industry into disrepute*
 - *Advertisements and promotions should be socially responsible*

¹³ www.rga.eu.com/responsiblegambling

- Betting and gaming specific
 - Care should be taken not to exploit the young, immature or those who are mentally or socially vulnerable
 - Advertisements should not be directed at people under the age of 18 through the selection of media, style of presentation, content or context in which they appear
 - Persons portrayed gambling should not be nor appear to be under 18
 - There should be honesty at all times with regard to the chances of winning, and the odds or payout rationale that applies to the gambling on offer
 - Operators should always gain permission before carrying any 3rd party logo and ensure that logos and links are valid and appropriate.

6.4. Findings and conclusion

The UK has a very robust gambling advertising regulatory regime as contained in the Gambling Act 2005 and the code of practice developed and adopted by key operators in the gambling industry, the Remote Gambling Association (RGA). Both the provisions of the Gambling Act 2005 and the RGA code of practice make sure that operators conduct their businesses in a very socially responsible manner while at the same time protecting the youth and vulnerable groups. One outstanding aspect contained in the code that is commendable given the vulnerability of the youth and people from socio-economically distressed areas is that advertisements generally should not have content that glamorizes gambling or portray gambling as a solution to financial problems or designing the advertisement in a manner that appeals to young people.

Foreign advertising and white-listing in the UK is directed at foreign gambling companies who wish to advertise in the UK. White-listing can be regarded as a sanction mechanism by the regulatory authorities. The companies are expected to uphold the highest standards of compliance with the UK regulatory gambling regime, which includes prevention of crime, conducting gambling activities in a fair and open way and protecting children and other vulnerable groups from being harmed or exploited by gambling.

It came to light during the visit to the UK and Italy that white-listing does not appear to be a favoured way anymore, of upholding high standards of gambling compliance by jurisdictions. Strong views were expressed about the fact that white-listing does not guarantee continued upholding of high standards by operators and that each jurisdictions should assess and approve operator suitability rather than relying on other jurisdictions. However this does not take away the notion of cooperation between jurisdictions in ensuring that the highest standards of gambling compliance are upheld by the operators. Both Italy and Alderney support the view of jurisdictional cooperation as opposed to white-listing and it would appear that other jurisdictions will be following suit.

The USA situation of prohibition rather than regulation, demonstrates further the fact that prohibition does not work in the long run. Rather a comprehensive and robust regulatory regime is what is required to keep operators in check while protecting the vulnerable groups in society. Again the state federal dynamics have come into play as the two levels of government jostle for power over gambling turf, with court rulings allowing advertising in the western states as well as the state of Nevada. One point about regulation of advertising in the USA that requires mentioning, is the establishment of a mechanism for recognizing and addressing citizen complaints that arise from advertising. The National Gambling Impact Study Commission has added its voice by recommending that all relevant governmental gambling regulatory agencies should ban aggressive advertising strategies, especially those that target people in impoverished neighbourhoods and or the youth anywhere.

In both jurisdictions, (the UK and USA) regulation and restrictions respectively are aimed at the prevention of crime and protecting the youth and other vulnerable groups in society and this can be regarded as socially responsible behaviour by the jurisdictions.

The Remote Gambling Association code of practice adopted by key operators in Europe, USA and other parts of the world forms a very good basis on which the ASA code could be adapted to regulate and reign in deviant operators while the relevant provisions of the National Gambling Act can be invoked to provide appropriate sanctions for any contraventions of the law. The code of practice is recommended for adoption in South Africa for enforcement by the regulators and self-regulation by gambling establishment operators, the same way that RGA members do in other parts of the world.

While the RGA code was found commendable by some operators and jurisdictions, there was concern that the code is not enforceable and that there have been instances where members have behaved contrary to the code and no sanctions were imposed. This however does not take away the fact that the code is worth consideration for adoption and even incorporating some of its provisions into the law.

7. Online/Interactive gambling

7.1. Policy positions

- Great Britain

The Gambling Act of 2007 allows fully legal, governmentally regulated online gambling sites within its borders with three objectives in mind: keeping gambling crime free; making sure that gambling is fair and open and protecting children and the vulnerable adults. The Gambling Act 2005 created the Gambling Commission to regulate gaming sites and officially grants site operating licenses. To protect children and the vulnerable companies are not allowed to seek out children and are responsible for keeping customers aware of their spending.

The amount of tax revenue the government collects from on-line gambling is expected to be high although it remains unclear how many on-line gaming operations will relocate to the United Kingdom. The UK is not only interested in allowing legalized internet gambling within its own borders, but is also encouraging other countries to match their policies with the UK.

- United States of America

The United States of America has adopted a prohibitionist approach to on-line gambling and one major method used is to pressure banks and companies which specialize in on-line money transfers to stop wiring money to off-shore on-line gambling accounts. Many individual states have taken the same approach. However not all forms of on-line gambling are illegal because the Interstate Horseracing Act of 1978 allows bets across state lines by both telephone and other electronic media.

The small island nation of Antigua and Barbuda where a large number of on-line gambling sites operate brought a case against the USA through the WTO panel alleging that the ban on internet gambling was unfairly discriminating against foreign on-line gambling providers while protecting US-based companies. The WTO ruled in favour of Antigua and Barbuda but on appeal the WTO held that the U S may unilaterally declare internet gambling out of the purview of its WTO commitments, though it would have to compensate other WTO members for doing so.

GamblingCompliance in its report from impartial analysts based in London and the US and who have drawn on extensive interviews with commercial casino operators, tribal

gaming interests, state lottery directors, lawyers and lobbyists highlighted the following regarding the status of online gambling in the US:

- *The Las Vegas casino industry remains divided over the wider fiscal implications of federal regulation, calling into question initiatives to regulate online gambling.*
- *US Justice Department investigations into offshore internet gambling are currently intensifying and widening to target casino, poker sites as well as operators offering sports betting to US citizens*
- *Efforts to approve internet poker in California have stalled over reluctance to of politically powerful Indian gaming tribe to back any initiative that might limit their tribal sovereignty*
- *Foreign interest face frustrations as opportunities for non-US companies are restricted to business to business and in particular business to government deals*

Andrew Gellatly – GamblingCompliance’s editorial director went on to say that: “there is clearly a recognition by some leading policy makers that expanded online gambling offers tremendous revenue potential to states”. This contention was supported by the following information provided by eGaming Review’s market focus (posted 22/02/2010) on the State of New Jersey, five years after legislating for online gambling

- Population: 8.7 million
- Sportsbetting gross win by Year 5: US\$375m*
- Casino gross win by Year 5: US\$290m*
- Poker gross win by Year 5: US\$270m*
- Bingo and other gaming by Year 5: US\$110m*

▪ Australia

Although regulation of the gambling industry in Australia has been the responsibility of the states, in 2001 the Commonwealth introduced the Interactive Gambling Act 2001, which provides for the federal framework for the regulation of the on-line gambling industry in Australia. The Act sought to impede the continued expansion of gambling in Australia, whilst minimising the impact of problem gambling for families and communities. The Act has two major functions viz:

- It makes it an offence to provide interactive gambling services to a person who is physically present in Australia
- It creates an industry-based complaints system which allows Australian consumers to make complaints about on-line gambling service which originate off-shore

However the Act does not affect the operation of online sports betting services as these are considered to involve an element of skill rather than game of chance. A number of states have also legislated for online gambling although this is nullified by federal legislation which operates ‘over the top’ of the state schemes. The present position is that online gambling service providers may operate in Australia, but may not provide their services to Australian consumers. However Australian consumers wishing to engage in online gambling may do using the services of an off-shore operation.

The Productivity Commission recommended in 2009 that the Government should lift the ban on interactive gambling as prohibited by the Interactive Gambling Act 2001, subject to a strict consumer regime. eGaming Review reported (24/06/2010) that the Australian Government has turned down the recommendation and quoted the Communications Minister Mr. Stephen Conroy as saying that: "We are not convinced that liberalising online gaming would have benefits for the Australian community which would outweigh the risks of an increased incidence of problem gambling, particularly with the rapid changes in technology,". eGaming Review went on to report that in 2008, Australian citizens spent about AS\$ 790 million on offshore sites.

- Swaziland

Gambling in Swaziland falls under the Ministry of Tourism, Environmental Affairs and Communication, and is regulated by the Casino Act of 1963 and the Lotteries Act of 1963, with the powers vesting with the Minister through the Board. In 1998 Swaziland gave Piggs Peak Casino an extension to its brick and mortar gaming license allowing it to provide gambling services over the internet. Piggs Peak offers casino gaming and poker over the internet and would also be permitted to offer sports betting if it so wish.

Regulations on currency exchange prohibit Piggs Peak from paying customers in any currency other than the rand. English is the only language that is supported and the company pays the same company tax and tax on gross win that it does for its land-based casino.

Online deposits at Piggs Peak are American Express, Visa, Mastercard, Autopay and Diners Club. Withdrawal methods are more limited, restricted only to Poli and Reverse Withdrawal Request. It is reported that online slots are easy to operate. In 2007 the South African Pretoria High Court banned all Swaziland-based sites from accepting wagers from South African residents. The ruling also forbids the advertisement of Swaziland-based internet gambling sites in South Africa (www.online.casinocity.com)

- Alderney¹⁴

The State of Alderney has established the Alderney Gambling Control Commission for regulation of online gambling. The Commission's key objective is to provide a regulatory environment which offers robust, enlightened, active regulation while also being responsive to the needs of the changing industry. The Commission recently carried out a review of the egaming landscape and considered the increasing development of multi-location distributed networks and the growth of business to business operations as a major sector of licensing egaming activity. The regulatory framework was remodeled, restructuring it as mix of licenses and certificates. Under the new regime, licenses would be used to authorize activities split by function viz: gambling operations that would include player registration, management of player funds and the gambling offering. These would be classified as category 1 licenses; and gambling platform for effecting the provision of approved games run from approved hosting services. These would be classified as category 2 licenses.

- Revised fee structure – in reviewing the licensing structure, the fee structure was also reviewed to make sure the jurisdiction remains financially attractive compared to others

¹⁴ Annual Report, 2009, Alderney Gambling Control Commission

- Player protection – the jurisdiction continues to work with its licensees to develop stringent player identification and appropriate customer due diligence to obviate risks that include fraudulent behavior and under-age gambling.
- Working with global industry – the Commission is in continuous discussions with regulators in various countries to keep itself up to date and fully informed with legislative developments
- Regulatory and legislative cooperation – on a continuous basis the Commission liaises with other international regulatory bodies, enforcement bodies regarding probity, due diligence investigations and common international practices. It also plays a key role in other bodies such as the Gaming Regulators European Forum and the International Association of Gaming Regulators.

Monitoring control measures include:

- All active licenses are inspected within one year of the approved start of live operations and thereafter annually
 - All inspections incorporate a careful examination of the licensee's procedures to ensure that they remain robust
 - Each inspection is preceded by a mystery shopping exercise testing the site from the perspective of the player
 - An inspection includes reviews of the player registration, payments systems, player due diligence and other controls used to prevent money laundering and to combat terrorist financing
- Italy
Casinos in Italy are controlled by the Ministry of Interior while online gambling is controlled by the Ministry of Finance. Ten concessions have been awarded to operate slot machines in pubs, bingo halls, betting shops etc. Online gambling in Italy is a monopoly and is operated through a concession to a private sector company. A batch of 200 concessionaires is being considered for awarding.

Legalization of online gambling appears to have attracted more customers with 30% of online betting coming from sport betting. The regulatory framework requires that head quarters and or server of the operating company be located in the EEA and allows for non-gaming company to apply for licenses. Consumer protection has improved and stringently enforced and requires that there be a dedicated bank account for players' deposits, that there be a maximum time for winnings and withdrawals and that there be a mandatory self-limitation by players.

Problem gambling prevalence is potentially estimated at 500 000 people with actual being around 60 000. There are self exclusion programmes with player accounts being capable of being controlled centrally to avoid players moving between operators to circumvent self-exclusion monitoring. Although this tracking and monitoring system is costly, the regulator thinks it is justifiable given the potential for problem gambling prevalence.

Dotcom companies are prohibited from operating in Italy and operators licensed in other jurisdictions are not automatically permitted to operate in Italy. The regulator has installed an IP blocking mechanism for dotcom companies with a message that alerts players to illegal operators and only legal operators are allowed to advertise in Italy.

7.2. Trends in the growth of online gambling in other jurisdictions – market data focus

■ France

According to eGR, France issued the first licenses for the egaming market in the second week of June 2010

- Adult population: 51.1m
- Broadband penetration: 57%
- Average gambling spend per adult in 2009: €171
- Monopoly and off shore activity by gross gaming yield (GGY):

PMU -	€161.5m (24%);
FDJ -	€133.2m (20%);
Betting -	€134m (21%);
Casino -	€110.7m (17%);
Poker -	€80.4m (12%);
Monopoly and off shore Bingo/other -	€46.7m (7%)
- Growth of market following regulation (GGY): €666.6m in 2009 to €1,243.2m in 2012, an increase of 86%

(Data source: H2 Gambling Capital - All figures 2009 unless otherwise stated, Posted: 11/06/2010)

■ Spain

Spain is reported to be closer to developing regulations for online gaming, apparently three years after they were first announced

- Broadband penetration: 58%
- Average annual gambling spend per adult: €302
- Onshore and offshore gross gaming yield (GGY): €592.9m, representing 370% growth from the €127
- Adult population: 35.1m
- Offshore activity by vertical: bingo – €217.7m (39%); poker – €129.8m (23.5%); betting – €119.3m (21.5%); casino – €87.9m (16%).

(Data source: H2 Gambling Capital. All figures 2010 unless otherwise stated, Posted 11/06/2010)

■ India

It is reported that Sikkim the Himalayan Indian province passed online gaming legislation in July 2008. It is further reported that at least three licenses will be on offer for online sports betting for local companies

- Egaming gross win: currently US70m,
- Gross win: could reach US250m by 2012 under partial state regulation
- Population: 1.2bn
- Broadband penetration: 5.2%

(Data source: H2 Gambling Capital Posted: 08/04/2010)

7.3. The Remote Gambling Association¹⁵

Remote Gambling Association (RGA) represents most of the world's largest licensed remote gambling companies (28) in Europe, US and other parts of the world to provide the industry with a single voice on all matters of importance to regulators, legislators and decision makers around the world. The RGA is committed to the encouragement of:

- *High standards of probity and integrity within the betting and gaming industry both for the benefit of its members and the public generally*
- *Social responsibility within the betting and gaming industry, effected through various means including support for charities and initiatives to help those who have gambling problems.*

It has adopted a social responsibility code to help its members achieve these aims in a consistent manner in whichever jurisdiction the member is operating all forms of remote gambling. The code is intended to be flexible and capable of development in line with any emerging best practice: (www.rga.eu.com)

- Compliance with codes of conduct - Operators must have their own rules and procedures designed to protect their business, enhance customer experience and minimise harm to the vulnerable
- Underage gambling - Operators should adopt reasonable measures to minimize underage gambling using the primary tool – age verification procedures
- Staff training – Operator staff and customers must be trained on social responsibility and problem gambling, as part of an initiative to raise awareness of these issues especially for frontline staff who deal with problem gamblers.
- Player protection measures – In order to prevent and combat problem gambling operators should take the following measures to help their customers with:
 - *Links from the site's home page to both the player protection and responsible gambling pages*
 - *Links should also be readily available via any screen where the game may occur.*
 - *The social responsibility page should contain as minimum a message that gambling could be harmful if not controlled and kept in moderation; advice on responsible gambling and resources of help on problem gambling including contact details; a 'self assessment process to determine the risk potential either on the page or via a link; a link to the player protection page if that is different; links to a filtering programme to enable customers to prevent children gaining access to gambling sites via their computers; and details of the company's social responsibility policy*
 - *The player protection page information should contain the measures available to the customer including customer led deposit limits and self-exclusion facilities*
 - *Applications to set or decrease deposit limits should be dealt with as quickly as possible, but if a customer wishes to increase a previously set deposit limit, then*

¹⁵ www.rga.eu.com/responsiblegambling

he/she have to wait for 24 hours to do so. This would act as a suitable 'cooling off' period.

- *Where available an up-to-date account balance will help customers monitor their spending*
- *Their gambling history should be available on request dating back for a minimum of a month, including all deposits and withdrawals*
- *The current time where displayed on the customer's computer, will help customers monitor the time spent gambling*
- *The provision of a self-exclusion facility for nay customers who wish to exclude themselves from gambling on the operator's website*
- *Rules should be available about the gambling products that are on offer and those rules should not be changed during the course of a gambling event*
- *Free play games should provide links to the same information about age restriction, responsible gambling and player protection as those used by real money customers and the payout percentage for a particular game should be the same in a free play mode as it is in the real money game*
- *There should be easy and obvious methods on the site for customers to submit complaints or queries*
- *The provision for a self-assessment test or link to one to help customers gauge whether or not they are developing a problem*
- Customer communication – Gambling operators must be able to direct customers to sources of help where they address concerns about their gambling should they wish to do so. The availability of such assistance can be brought to the attention of customers in the following ways:
 - *Displaying a logo of and a link to appropriate problem gambling organizations on the website's home page*
 - *Display of an appropriately worded link to the area of the website where resources of help can be found*
 - *Providing an area of the website that sets out the operator's policy, that emphasizes the need to keep gambling under control and shows where to seek help should anyone concerned about their own or someone else's gambling*
 - *By having staff who can supply such information and contacts*
- Advertising and promotion – It is appropriate that gambling activities are advertised and that an operator is able to promote the facilities available. However any such advertising and promotion must comply with the laws, regulations and any relevant codes of practice of the jurisdiction in which the operator is licensed
 - General principles
 - ❖ *Advertisements should be legal, decent, honest and truthful*
 - ❖ *Advertisements should be prepared with a sense of responsibility to consumers and to society in general*

- ❖ *Promotional email should only be sent in accordance with relevant regulations and legislation*
- ❖ *No advertisement should bring the advertising industry into disrepute*
- ❖ *Advertisements and promotions should be socially responsible*
- Betting and gaming specific
 - ❖ Care should be taken not to exploit the young, immature or those who are mentally or socially vulnerable
 - ❖ Advertisements should not be directed at people under the age of 18 through the selection of media, style of presentation, content or context in which they appear
 - ❖ Persons portrayed gambling should not be nor appear to be under 18
 - ❖ There should be honesty at all times with regard to the chances of winning, and the odds or payout ration that applies to the gambling on offer
 - ❖ Operators should always gain permission before carrying any 3rd party logo and ensure that logos and links are valid and appropriate.

7.4. Findings and conclusion

In the USA the Unlawful Internet Gambling Enforcement Act makes it illegal for all financial transaction providers to make fund transfers to online sites. This prohibition is not targeting individuals and there have been rare cases of prosecution, which means that despite the ban online gambling is persisting. This is further evidenced by the fact that in July 2007 the USA was ranked number 10 on the list of Top 20 Online Gambling Jurisdictions with about 28 online gambling sites (Internetgambling Review 2007).

Again this has become an area of contestation between the federal and state governments. eGaming Review Magazine reported that the State of New Jersey has challenged the 17-year federal ban on sports betting with the introduction of the first US intrastate egaming bill. Other states are reported to be following the New Jersey initiative.

In Australia the Federal Government has partially restricted internet gambling by means of the Internet Gambling Act and despite recent recommendations by the Productivity Commission for the ban to be lifted, the Rudd government has turned this down.

The continued prohibition appears to be motivated by fears of problem gambling prevalence given ease of access and prospects of proliferation. InternetGambling Review, (2007)¹⁶ reported Australia as ranking 13th on the Top 20 Online Gambling Jurisdictions with 18 online sites.

The appearance of the USA and Australia on the list of top twenty online gambling jurisdictions is evidence enough to show that any form of prohibition will not be very successful. The number of online gambling sites is likely to increase and with that, proliferation and possibly problem gambling prevalence. Given the state of denial of authorities in these jurisdictions it is unlikely that adequate resources will be allocated to prevent proliferation and or problem gambling prevalence.

¹⁶ Robert J W, Robert T W, 2007, Internet Gambling: A Comprehensive and Synthesis of Literature

The UK has a very permissive gambling environment for online and land-based gambling. However the regulatory framework remains stringent with the Gambling Commission regulating gaming sites and officially granting site operating licenses, protecting children and the vulnerable and being responsible for keeping customers aware of their spending. The code of practice developed by the RGA advocates for high standards of probity and integrity as well as social responsibility in the gambling industry with specific measures for protection of players, advertising that does not target children and the vulnerable and the putting into place of responsible gambling measures to assist those requiring help.

The Alderney Gambling Control Commission has been very innovative by coming up with measures that include regular reviews of licensees and the effectiveness of the procedures and inspections that are preceded by mystery shopping exercises that seek to keep operator compliance under constant check. Collaboration with other jurisdictions is regarded as crucial to online gambling and so is the importance of updating on a continuous basis with legislative developments in other jurisdictions.

Italy has legalized online gambling and each product has its own set of rules. Online gambling revenue has grown significantly from 2003 to 2009 and there are lower tax levels to incentivize legal operators. Operator screening procedures are applied in a very strict manner. Consumer protection measures are stringent requiring dedicated player bank account with mandatory player self-limitations. Players are also alerted to illegal operators and self-exclusion measures are centrally monitored.

The eGaming Review Magazine reported some serious growth in online gambling in a number of jurisdictions around the world and as revenue figures grow, fiscal considerations will be the overriding factor for most jurisdictions. If predictions turn out to be true then online gambling is bound to be the key gambling activity driven by growing broadband penetration.

The key issue is not whether jurisdictions around the world will ever legalize online gambling, but it is only a question of when they will be legalize online gambling. eGaming Review Magazine reported that in 2009 a total gross win of approximately R320m was generated online (onshore and offshore) in South Africa. It further reported that 3% of homes in South Africa have broadband connections and 5% of mobile phones provide EDGE/3G internet access, an important development in the growth of online gaming. With South Africa having already developed online gambling regulations, the next thing to do is to beef them up to make sure that operators play by the rules of the game so that innocent players are not exploited.

There are perceptions that online gambling is difficult to regulate, but according to some of the operators and jurisdictions, regulating online, is far more easier than regulating terrestrial gambling because of the nature of controls that are capable of being installed and operated including player registration, opening of accounts, identification, setting of gambling limits etc.

This, it is contended is easier than monitoring unknown people entering a gambling facility with unknown quantities of money, whose motives are unknown and who can never be traced or known what they did with money.

Online gambling is here and is here to stay and with the growth in broadband penetration, the online gambling market will grow exponentially and regulators in both Alderney and Italy attest to this view. While there are jurisdictions that still attempt to prohibit online gambling (partially though), events appear to be moving faster than predictions and very soon online gambling will be the order of the day. What is required is a robust regulatory framework capable of accommodating all forms of gambling. Despite reservations about compliance monitoring with the RGA code of practice, it still provides a solid foundation for self-regulation by key operators and incorporation of remote gambling regulatory framework.

8. National responsible gambling programmes

8.1. Australia: Review of a prevalence study of problem gambling of the indigenous people's participation in gambling

The historical record of gambling activity among the Indigenous people of Australia prior to colonization is less certain, although several studies have documented widespread gambling, according to McMillen and Donnelly¹⁷. However there is historical evidence that Indigenous people in Northern Australia wagered for animal carcasses and clothing with visiting Macassans during the 1700's. Modern forms of gambling such as card playing are attributed to their contact with European colonisers. Studies also identified card games as potentially an important means of accumulating and distributing limited resources among the Aborigines.

Card playing was also a social activity that resulted in positive social interactions that allowed for a mechanism for cultural and social relationships to be reinforced. According to McMillen and Donnelly, evidence suggested that changes to the gambling environment exposed the Aborigines to increased risk of gambling problems, as recent research found that community card games were no longer the predominant form of gambling especially after the introduction and expansion of commercial forms of gambling.

Indigenous people broadened their gambling activities and the convenience provided by electronic gambling machines in clubs, hotels and casinos resulted in a negative impact on them. While prevalence studies on problem gambling have been conducted in several Australian states, they are reported to have used different methodologies and incompatible measures for problem gambling. Australian research initially used the South Oaks Gambling Screen (SOGS) which classifies gamblers into discrete categories of problem and non-problem gamblers based on clinical scores to measure the prevalence of problem gambling population surveys.

After criticism that the medical model underlying its conception was flawed, Australian research adopted the Canadian Problem Gambling Index (CPGI) which is regarded as a more valid measure compatible with Australia's broad public health to harm minimization.

National studies, using a randomized telephone methodology and SGOS on a sample of 10500 respondents, in 1999 found participation by Indigenous people to be reflecting that of the general population. A related survey of clients in counseling services also found that Aboriginal and Torres Strait Islander (ATSI) clients broadly corresponded to their proportion of the total population as follows: 1.2% total clients and 1.5% of gambling clients were ATSI people and 2.4% of ATSI clients had gambling problems. A review of research findings conducted in various states suggested that gambling patterns of the Indigenous people of Australia and their potential for developing gambling problems varies from state to state depending on their socio-economic circumstances and particular gambling contexts. (McMillen and Donnelly)

8.2. Canada: Review of a Canadian study prevalence study on problem gambling¹⁸

An examination of the distribution of video lottery terminals (VLTs) in Montreal was carried to understand the spatial distribution of opportunities for this form of gambling, but more specifically to reveal the spatial patterning of gambling opportunities in relation to

¹⁷ McMillen Jan and Donnelly Katie, Gambling in Australian Indigenous Communities: The State of Play (www.questia.com)

¹⁸ Gilliland A Jason, Ross A Nancy, Opportunities for Video Lottery Terminal in Montreal: An environmental Analysis (www.questia.com)

neighbourhood socio-economic conditions. According to the examiners there was growing consensus from both international and Canadian studies that VLTs pose a particular serious public health threat especially as an entry to gambling addiction for the youth. VLTs are reported to be like video arcade games but with higher stakes. The machines offer games such as blackjack, poker and video slots with individual bets starting as low as a nickel. Studies suggest that most VLT addicts are under the age of 30, single and tend to have below average levels of education and income.

The examiners further stated that the literature on VLTs and gambling in general tended to focus overwhelmingly on individual explanatory models of human behaviour while disregarding the social, political and economic contexts in which that behaviour occurs. To support this argument the examiners cited this example that “problem gamblers have been reported to have high rates of suicide ideation and attempts, a number of mental health and behavioural problems, including increased risk-taking, low self-esteem etc. Problem gamblers also exhibited heightened anxiety and excitability, tend to have difficulty conforming to social norms, experience difficulty in self-discipline and are at increased risk for multiple addictions”.

The results of the study of the distribution of VLT locations across Montreal and Laval were as follows:

- There is a striking correspondence of VLT distribution with neighbourhood socio-economic characteristics
- The virtual absence of VLT locations in the most affluent West Island and downtown neighbourhoods while their concentrations are elevated in the more distressed neighbourhoods
- When the distress index was decomposed into constituency measures it was noticed that VLT prevalence, adoption and density are significantly positively correlated with unemployment rates, the proportion of individuals without high school diploma and the proportion of families headed by a lone parent

The examiners also noted that these correlations were not unexpected given the tendency for lower income areas of the city to have more zoning for commercial activities, including liquor establishments. They further noted that the distribution of liquor establishments also appears to reflect levels of socio-economic disadvantage.

The examiners concluded by saying that although the study has clearly shown that VLTs are disproportionately concentrated in disadvantaged neighbourhoods and that a previous study has shown that VLT players are more likely to come from disadvantaged background, the data does not allow them to confirm causality between VLT accessibility and play at this time. They go on to say that casino studies have made the link between accessibility and the probability of participation and development of gambling problems

8.3. Summary of the British prevalence survey¹⁹

In 2007, the UK conducted a survey to establish the prevalence of problem gambling using two sets of screening questions (the last study was conducted 1999). The one set of questions based upon the fourth edition of the Diagnostic and Statistical Manual of the American Psychiatric Association (DSM IV), thus allowing for direct comparison with the 1999 study. The second set of questions used the Canadian Problem Gambling Severity Index (PGSI) which was developed in 2001.

¹⁹ National Centre for Social Research, 2007, British Gambling Prevalence Survey 2007, Gambling Commission

The specific aims of the study were to:

- Measure the prevalence of participation in all forms of commercial and private gambling
- Estimate the prevalence of 'problem gambling' and look at which activities have the highest prevalence of 'problem gamblers'.
- Investigate the socio-demographic factors associated with gambling and problem gambling

Participation in gambling activities was as follows:

- 68% of the population had participated in some of gambling activity within the past year compared to 72% in 1999
- Excluding people who had only gambled on the National Lottery Draw in the last year, 48% of the population had participated in another form of gambling in the past year compared with 46% in 1999
- The most popular activity was the National Lottery Draw at 57% compared to 65% in 1999, followed by the scratch cards (20%), betting on horse racing (17%) and playing slot machines (14%)
- There were only three activities that showed reduction in participation between the two surveys and they were National Lottery Draw from 65% to 57%; football pools from 9% to 3% and scratch cards from 22% to 20%
- Only a small proportion of people (3%) gambled online or placed bets with the bookmaker using the internet (4%), while 3% used fixed odds betting terminals and 4% gambled in a casino. Overall 6% of the population used the internet to gamble in the past year.
- Men were more likely than women to gamble overall at 71% (1999 65%) and on each individual activity with the exception of bingo (4% of men compared to 10% of women)
- Respondents who described their ethnic origin as white were more likely to be past year gamblers (70%) than those who classified themselves as Black (39%) or Asian (45%)
- People in higher income households were more likely to gamble and in terms of education respondents with higher levels were less likely to gamble – 61% of those with a degree compared to 73% of those who were educated to GCSE/O level equivalent

Problem gambling using the two measures: DSM IV and PGSI

- The rates of problem gambling in the population were 0.6% and 0.5% respectively, equating to around 284000 (DSMIV) and 236000 (PGSI) adults (16 years plus) in Britain. The problem gambling prevalence rate according to DSM IV was the same as it had been in 1999 (0.6%)
- The prevalence of problem gambling among the past year gamblers was 0.9% for DSM IV (0.8% in 1999) and 0.8% according to PGSI. Excluding those who played the National Lottery Draw, increases the estimate of problem gambling among past year gamblers to 1.3% (DSM IV) and 1.2% (PGSI)

- Problem gambling was more prevalent among men than women and tended to be more prevalent among younger age groups. In 1999 problem gambling was significantly associated with being male reporting that a parent was or had been a problem gambler and being in the lowest income category. In 2007 a significant association was again found between problem gambling and being male and also parental regular gambling. Problem gambling was also associated with poor health and being single.
- According to the DSM IV problem gambling was significantly associated with being Asian/Asian British or Black/Black British; being separated/divorced; having fewer educational qualifications and (according to PGSI) being younger than 55 years old
- In terms of international studies of problem gambling prevalence, Britain compares as follows:
 - Is higher than that found on Norway
 - Is similar to that of Canada, New Zealand, Sweden and Switzerland
 - Is lower than Australia, South Africa, the USA, Singapore, Macao and Hong Kong

It was advised that the comparisons should be treated with caution as different methodologies have been used in different countries

- The highest prevalence of problem gambling was found among those who participated in the past year in spread betting (14.7%); fixed odds betting (11.2%) and betting exchanges (9.8%). All estimates are as per the DSM IV.
- The most favourable attitudes to gambling were shown by:
 - The under 35's
 - Heavier drinkers
 - Those who engaged in more than four different types of gambling activity in the past twelve months
 - Those who have engaged in more than three types of gambling in the last week
 - Those who were classified as problem gamblers according to either screen
- The least favourable attitudes to gambling were shown by:
 - The over 55's
 - The Widowed
 - Those describing themselves as Asian/Asian British or one of the other ethnic groups
 - Non-gamblers
 - Those with a parent or close relative with a gambling problem.

8.4. USA estimate of gambling problem prevalence²⁰

Different studies in the USA have produced wide range of estimates of problem gambling prevalence, and chief among the reasons for the variation being the timeline used. It is reported that studies using the DSM IV may make a distinction between those gamblers who meet the criteria for pathological or problem gambling at some time during their life time (referred to as “lifetime”) and those who meet the criteria only during the past 12 months (referred to as “past year”).

The “lifetime” method could overestimate problem gambling by including people who may recently have gone into recovery and no longer manifest the symptom, while the “past year” approach could understate the problem by not including people who continue to manifest problem gambling behaviours but who may not have engaged in such behaviour in the past year.

In spite of the fact that data on prevalence was scattered the Commission found that all estimates indicated a serious problem. The Commission cited Dr Shaffer’s review of existing literature on problem gambling that concluded that approximately 1.6% of the adult population (3.2 million) were lifetime “level 3” (pathological gamblers) gamblers another 3.85% (7.7 million) are lifetime “level 2” (below pathological) gamblers.

The Commission’s research findings were as follows:

- The NRC study estimated 3.9% of adults (7.8 million) meet the “lifetime” for problem gambling while 2% (4 million) meet the “past year” criteria
- Between 3% and 7 % of those who gambled in the past year reported some symptoms of problem gambling
- The NORC study based on a national telephone survey supplemented with data from on-site interviews with patrons of gambling establishments concluded that:
 - 1.5% of adult population (3 million) fit the criteria for “lifetime” problem gamblers,
 - 0.7% of adult population (1.4 million) fit the criteria for “past year” problem gamblers
 - Based on “lifetime” data more than 15 million Americans were identified as “at risk” gamblers, where “at risk” gamblers are defined as those who meet 1 or 2 of the DSM IV criteria.
 - The incidence of problem or pathological gambling among regular gamblers appeared to be much higher than in the general population. A survey of 530 patrons at gambling facilities revealed 13% meeting the ‘lifetime” criteria for pathological or problem gambling while another 18% were classified as “at risk” for developing severe gambling problems
 - By comparison the NORC random digital dialing survey of 2417 members of the general population found that 2.1% met the “lifetime” criteria for pathological or problem gambling while 7.9% were classified as “at risk”.
- Underage problem gambling²¹

²⁰ www.govinfo.library.unt.edu/ngisc/reports, National Gambling Impact Study Commission

²¹ www.govinfo.library.unt.edu/ngisc/reports, National Gambling Impact Study Commission

The Commission observed that available evidence indicates that individuals who begin gambling at an early age run a much higher lifetime risk of developing problem gambling. The Commission further observed that, although the scope of problems remains to be defined, effective measures need to be implemented to address the problem of adolescent gambling.

The following were some of the findings regarding adolescent gambling:

- Adolescent gamblers are more likely than adults to develop problem and pathological gambling, with the NRC estimating 1.1 million adolescents between 12 and 18 years being “past year” pathological gamblers (much higher than adults). In the NORC study the rate of problem and pathological gambling among adolescents was found to be comparable to adults
- Based on its survey of the research literature on problem and pathological gambling among adolescents, the NRC reported that:
 - Estimates of the “past year” rate of problem and pathological gambling combined range from 11.3% to 27.7% with a median of 20%
 - Estimates of “lifetime” adolescent problem and pathological gambling range between 7.7% and 34.9% with a median of 11.2%
 - Estimates of “past year” adolescent pathological gambling alone range between 0.3% and 9.5% with a median of 6.1%
 - Estimates of “lifetime” adolescent pathological gambling alone range between 1.2% and 11.2% with a median of 5.0%

The Commission noted that adolescents are a segment of the population who are at particular risk of developing problem gambling and should therefore be specifically targeted to curtail youth gambling.

8.5. Responsible gambling programmes by jurisdiction²²

- United Kingdom

The promotion of responsible gambling features prominently in the Gambling Act 2005, where it forms part of the licensing requirements. The Gambling Commission is also required to consult persons or bodies with knowledge of the social effects of problems gambling before publishing any guides to the industry. Any guides or codes of practice would therefore have input of those dealing with problem gambling. As part of the licensing conditions and associated codes of practice gambling operators are expected to show how they are tackling problem gambling through inter alia:

- Staff training
- Providing advice and information on problem gambling
- Donating to The Responsibility in Gambling Trust (RIGT) that addresses problem gambling through advice, counselling and education. RIGT is funded through industry contributions and any shortfalls are topped up by bigger gambling firms.

²² - Research and Library Services; 2008; Regulation and Control of Gambling

- Smith Garry Dr; Rubenstein Dan; 2009; Accountability and Social Responsibility in Ontario’s Legal System

RIGT is also responsible to the management of responsible website www.gambleaware.oc.uk and gambling charities Gamcare and the Gordon House Association. (Regulation and Control of Gambling 2008, 10)

- GamCare is a non-profit organization that was started in 1997 to provide help line support, face to face counseling and online counseling in collaboration with other partner organizations which it provides with funding and training so that they can effectively execute their functions. Because of these partnerships it is able to provide a one-stop service in a very integrated manner. Funding comes from the Responsible Gambling Fund, the gambling industry and various other sources.

This enables the provision of a variety of services for free depending on the circumstances of the client. GamCare also issues operators with accreditation certificates for initiatives that they put into place to deal with problem gambling and various responsible gambling measures. This is done on a voluntary basis and operators pay for the certificates.

- Netherlands

Discouraging immoderate gambling was an important consideration from the outset of casino gambling in Holland (a state monopoly), with various methods being experimented with that included entrance fees, dress codes, presentation of valid identification and low maximum bet limits. The introduction of slot machines created an increased demand on problem gambling counseling resources, and prompted the authorities to explore a more robust responsible gambling programme (RGP) that included:

A mission statement which listed the casino's two main goals as making a profit from gambling and adhering to the goals of the Responsible Gambling Programme. In the event that there was a conflict between the two goals the RGP goal would prevail over the profit goal

- *Holland offers brochures that outline the risks of the games and trains casino staff to identify and deal with suspected problem gamblers*
- *Gambling advertising is limited and low key such as not aiming at youngsters or other risk groups, there can be no mention of big winnings, getting rich, or jackpots and the emphasis must be on entertainment, not gambling.*
- *All 14 Holland casinos are linked to an ID based computer registration system which tracks individuals' frequency of play, location of play, hours played, money spent and lists of any incidents or observation reports involving an individual.*
- *Upon entry to a casino, players must register by showing ID. Players concerned about an inability to control their gambling may ask to be excluded from the casino or placed in the "limited visit" category, which means no more than 8 visits per month.*
- *In addition to voluntary self-exclusion, casinos monitor high risk players i.e. those who averaged 18 visits per months over the past three months; those between the ages of 18-23 who averaged 4 or more visits per month and new clients who have dramatically increased the frequency of their visits.*
- *Players may also request loss-limit protection, i.e. once they have reached their session loss-limit they are precluded from further gambling*

- *Holland Casino also has a responsible gambling strategy for on-line gamblers – players must double register both on-line and at a regular casino. For the first 30 days gamblers pay for points only and not money and when money play is allowed, they must start with minimum stake bet. The maximum on-line bet that can be made through Holland Casino is \$90 Canadian. An entry ban from a land based casino also applies to on-line play. (Smith and Rubenstein, 2009, 50)*
- Australia
 - Major responsible gambling initiatives include:
 - Responsible gambling is embedded in legislation – that is, gambling industry must operate in conjunction with community standards and expectations and in so doing go beyond mere compliance with laws and regulations. The ACT introduced the Gaming and Racing Control Act in 1999 which specified that the Gambling and Racing Commission is obligated to act in the public interest and must promote consumer protection, minimize the possibility of criminal or unethical activity and reduces the risks and costs of problem gambling to the community and individuals
 - Restrictions on electronic gambling machines and depending on the state, restrictions include capping the number of machines in the state, regions and sites, allowing local councils a say in the placement of machines and disallowing ATMs near machines
 - Social impact assessments – legislation requires any hotel or club applying to increase the number of machines to prepare a social impact assessment detailing for the neighbourhood and community:
 - The current number of machines
 - The demand for gambling
 - The incidence of problem gambling
 - The availability of problem gambling services
 - Proposed harm reduction measures as a result of increasing the number of machines
 - Any likely changes in demand on local infrastructure such as traffic congestion, need for improved public transportation, need for improved social services etc.
 - Gambling regulations were tightened and made explicit relative to:
 - ❖ Providing players with information on how poker machines work, their chances of winning, availability of problem gambling support services, and how much time and money they have spent per gambling session
 - ❖ Limiting the amount of cash that can be accessed around gambling venues
 - ❖ Placing cash dispensing facilities outside of gambling areas
 - ❖ Ensuring advertising and promotions do not encourage problem gambling nor target youth or other vulnerable groups

- ❖ Requiring self-exclusion programmes at all gambling venues and venue-based exclusion programmes for players demonstrating signs of problem gambling or intoxication
 - ❖ Developing programmes that use smart card technology to activate EGMs and allow players to pre-commit the amount of time and money and or money they will spend in a gambling sessions (Smith and Rubenstein, 2009, 52)
- Canada – Ontario

Common approaches used by Canadian jurisdictions to deal with problem gambling include:

- Voluntary self-exclusion programmes from certain gambling venues
 - Harm reduction measures on EGMs such as pop-up warnings, clocks, problem gambling hotline referrals and player expenditure data
 - Restrictions of betting limits minimum age of players, alcohol and or tobacco consumption, hours of operation, cheque cashing and credit granting.
 - Bans on certain gambling formats such as VLT gambling
 - Constraints on perceived hazardous gambling formats such as capping the number of EGMs in a jurisdiction of gaming venue
 - Responsible gambling training for gambling industry employees
 - Problem gambling education and awareness campaigns as in gambling venue player information brochures and posters with information on odds, payback percentages and how games work and problem gambling modules for use in school curricula
 - Gambling venue information/counselling kiosks that provide facts about the gambling products , tips for gambling prudently, signs of problem gambling and available treatment and in some case crisis intervention
 - Limits on the amount and type of gambling advertising and promotional activities (Smith and Rubenstein, 2009, 44)
- Other jurisdictions
 - Singapore²³

In Singapore the National Council on Problem Gambling (NCPG) which was established in 2005 in anticipation of the launching of two new big casinos has announced plans to work closely with the two casinos to put into place strict responsible gambling measures. The NCGP is made up of individuals with diverse areas of expertise to collaborate with the government to raise awareness of and support effective treatment programmes to help individuals with gambling disorders.

Among the responsible gaming safeguards developed by the NCGO are:

²³ Responsible Gaming Quarterly Vol. 8 no. 1, 2010, 14

- A voluntary stop-loss service which enables patrons to place a limit on how much money they are prepared to spend while gambling. Once patrons reach their limit they are not allowed to continue gambling.
 - Singaporeans and permanent residents will not be allowed to use credit or debits cards at the casinos. Only cash will be accepted and since ATMs will not be accessible at the establishment, patrons who spend their available cash will have to leave to withdraw more money
 - Both casinos will prominently display responsible gaming signage featuring the city-state's problem gambling help line.
 - The Casinos will also offer on-site counseling services to provide immediate assistance to patrons who may experience problems
 - Both establishments will train tens of thousands of staff members to detect and address problem gambling cases.
- Massachusetts – USA²⁴

The State of Massachusetts is currently debating legalizing casinos. However the newly formed Massachusetts Partnership for Responsible Gambling has taken proactive measures, to ensure that problem gambling prevention and responsible gaming, are key considerations in any policy decisions.

The Partnership, a working group of regional gambling operators and responsible gaming advocates, is committed to increasing public awareness of problem gambling, promoting responsible gambling policies and practices and supporting prevention, intervention and treatment programmes for individuals with gambling disorders. The Partnership's recommendations include:

- Any gaming-related legislation should prominently feature a provision that assures resources and funding for preventing and treating gambling problems. It should also include a plan to develop a robust set of responsible gaming regulations for new and existing gaming operators
- The establishment of an oversight authority to regulate expanded gambling in the jurisdiction, where the Partnership will offer its members' expertise to assist with its development. The governing body with knowledge of public health and gambling disorders will vigorously enforce and frequently assess the efficacy of gambling laws and responsible gaming regulations. ()

8.6. Findings and conclusion

The prevalence studies in Australia and Canada showed that socio-economically distressed areas are affected negatively by commercial gambling. In Canada researchers found that there is a striking correspondence of VLT distribution with neighbourhood socio-economic characteristics. The researchers further noted that when the distress index was decomposed into constituency measures, VLT prevalence, adoption and density are significantly positively correlated with unemployment rates, the proportion of individuals without high school diploma and the proportion of families headed by a lone parent.

In Australia, traditional forms of gambling such as community card games were no longer the predominant form of gambling especially after the introduction and expansion of

²⁴ Responsible Gaming Quarterly Vol. 8 no. 1, 2010, 14

commercial forms of gambling. Indigenous people broadened their gambling activities and the convenience provided by electronic gambling machines in clubs, hotels and casinos resulted in a negative impact on them.

The prevalence studies in the UK and USA demonstrated the extent of problem gambling even in well developed economies, which are assumed to have resources to effectively deal with the social ills caused by gambling.

Some notable observations in the UK prevalence study are that:

- Overall 6% of the population used the internet for gambling
- Men are more likely than women to gamble
- People in higher income groups are more likely to gamble
- The rate of problem gambling according to the 2007 survey were 0.6% (284000 people)
- Problem gambling was more prevalent among men than women
- Problem gambling was significantly associated with being Asian and Black
- Problem gambling prevalence in Britain is higher than in Australia, South Africa, USA, Singapore Macau and Hong Kong
- The highest prevalence of problem gambling was found among those who participated in the past year in spread betting (14.7%); fixed odds betting (11.2%) and betting exchanges (9.8%)

In the USA problem gambling prevalence estimates revealed a serious problem with 3.9% of the adults (7.8 million) meeting the criteria for “lifetime” problem gambling while 2% (4 million) meet the criteria for “past year” gambling problem. Adolescent problem gambling according to the “lifetime” criteria ranged from 7.7% to 34.9%, while according to the past year criteria it ranged from 0.3% to 9.5%.

The findings lead one to conclude that gambling appears to be impacting socio-economically distressed areas more than the affluent ones and that the convenience brought about by commercial gambling does have an influence on gambling problem prevalence and that the more permissive gambling jurisdictions seem to be showing higher gambling prevalence. Underage gambling appears to be a very serious problem that requires dedicated resources and focused attention early on.

Responsible gambling programmes in these and other jurisdictions are comprehensive and include provision of information and counseling services on problem gambling, staff training for identifying and dealing with problem gambling, a voluntary stop-loss service, egaming legislation that features a provision that assures resources for problem gambling and the establishment of an oversight body to oversee implementation of problem gambling programmes and the efficacy thereof.

Other innovations include smartcards for identification and tracking of problem gamblers, self-exclusions programmes and self-setting of limits by gamblers. Where gamblers have multiple accounts these are linked to obviate prospects of a gamblers switching between accounts to avoid being noticed during self-exclusion or when exceeding the self-set limits. In Netherlands, Canada and Australia the programmes are embedded in legislation, while in Singapore the National Council for Problem Gambling is independent and collaborate with government and in Massachussets the Partnership for Responsible Gambling is an independent body that seeks to lend support to government initiatives by making its

members available to provide expertise in developing policy and putting into place oversight structures and mechanisms.

GamCare in the UK is a non-profit organization (with funding from the Great Foundation and other sources) that addresses not only gambling problems but also provides counseling for other problems whose cause might be gambling or whose outcome might be problem gambling. GamCare works in collaboration with other agencies some of which it provides with funding and training. There is also the Responsible Gambling Strategy Board made up of independent persons who are specialists in various fields who advise on various responsible gambling programmes that are funded by the Responsible Gambling Fund.

9. Person to person betting

9.1. Introduction

Person to person (P2P) involves two people with differing opinions against each other. P2P implies a betting system exclusively under the control of a licensed gambling platform where the operator's revenue is guaranteed (i.e. free from risk) thus leaving the players to share in the rest (they are at risk only to each other) It is a simple, fair and easy form of betting and can be regarded more as some form of social betting. Traditionally this was a suitable model of betting because of low volumes and was used for social interaction within communities. In modern day betting with large volumes of bets it has become unsuitable because of its non-scalability.

As more and more people developed interest in betting, totes and pools developed which paid a dividend from the betting pool, with odds unknown at the time of placing the bet. Totes and pools are very much liquidity dependent and 'winners are always welcome'. Fixed odds/sportsbook entails the bookmaker setting the odds on the bet with the price being known but the real cost to the consumers not being disclosed. With the evolution of betting, betting exchanges came about with customers being able to choose their own prices and the operator taking commission on bets placed. Betting exchanges combine the advantages of all other methods (reviewed above) and leverages the power of the internet and benefits from the network effect. Betting exchanges are an efficient and transparent market place that provides the customer with best value and many new features and opportunities (Betfair, 2010).

9.2. Suitable/available P2P model,

Betting Exchanges allow registered members to place bets against each other on any sporting or special event covered by the exchange. Rather than betting against a bookmaker and taking the odds they dictate, members bet against each other and agree to their own fixed-odds price. The betting exchange operator acts as a facilitator/platform for the transaction and retains a commission (collected from the winning bet) for the service provided. (www.betexware.com)

The most notable changes since the introduction of betting exchanges has been the attempt to make the playing easier or attractive by adopting a trading approach where players can lay bets making it possible to cover multiple outcomes in a single market. This, it is reported, almost guarantees a favourable result regardless of who wins. The leading betting exchange operators are Betfair - clear market leader, and the others in no particular order are Livebetting, Betdaq, Betsson, Tradesports and the stateside facing Matchbook.

Betting exchanges provide a suitable P2P model based on a robust regulatory framework that strikes a balance between the interest of the operator (in terms of turnover) and

interests of the regulators (in terms of tax levied) and should also incorporate the following unique selling points: (Niall O'Connor, 2009)

Transparent markets - *Transparency equals fair betting markets, because it ensures that all players in the market are provided with the same market information. In its purest form, a betting exchange, which covers horse racing, presents a system, where all private information about a horses chance is incorporated in the price; in addition to information pertaining to Jockey; track, trip, form etc....Punters are able to learn of each others information by observing prices, and they are, for the first time, able to change their actions according to the prices that they see (they can play or lay, and bet in-running). Transparency also facilitates arbitrage across the betting market, thus ensuring that different prices do not obtain on different markets.*

Longshot Bias - *Research into betting exchanges supports the notion that the longshot bias is positively related to the transaction costs faced by bettors in acquiring information concerning the true probabilities of runners in a horse race/sporting event. Markets that are characterized by lower transactions and information costs, have a tendency to be more informative, and punters trading in those markets are provided with a more realistic assessment as to the chance of longshots. Accordingly, the favourite longshot bias is typically diminished, if not eroded - a situation that pertains on Betfair.*

- **Low cost structure** - The low cost structure of the trading system, ensures that transaction costs for traders are kept to a minimum. This ensures that the prices available on the betting exchanges are significantly better, when compared with those on offer from the traditional layers.
- **Breadth of bets** - Punters are able to play or lay, and bet in running on all events, however, the more sophisticated may hedge, arb; cut in running; etc..... much more appealing, compared with the rigidity of fixed odds betting;
- **Perception** - Punters do not traditionally like bookmakers and in the exchanges they have been presented with a system which purports to be "betting without the bookies." Every time one of the Big Three UK bookmakers is seen to knock the betting exchanges punters are more likely to migrate towards them in defiance. If the exchanges move offshore so will the punters.

9.3. The growing need for betting exchanges

It is reported that Betting Exchanges are still evolving, even in Europe where they have made significant progress into the sports betting market during the past five years. According to Niall O'Connor, "the internet has revolutionized the nature of traditional betting markets. And at the forefront of that revolution has been the betting exchanges - trading systems that facilitate person to person betting through allowing traders to either back or lay on a wide range of sports betting markets. The ability to back and lay, alongside low transaction and information costs, conspires to attract a heavier concentration of informed, financially focused bettors onto the betting exchanges in that these informed bettors seek out opportunities where they can identify misperceptions of probability, so as to benefit by removing or mitigating it, their presence goes some way towards erasing the favourite longshot bias. Moreover, the absence of risk-averse bookmakers from the equation, leads to the development of 100% books on almost every sporting event." (Niall O'Connor 2009).

But even more importantly is the fact that the betting exchange market is growing, and growing exponentially as recent estimations by the Media & Entertainment Consulting Network, showed that the total volume of matched bets in Europe rose to US\$160 Billion by 2008 - an estimated compound annual growth rate of 79%. It is reported that while these

figures may be a little optimistic, the possibility of growth in regions such as Australia, the USA and Asia is significant. (www.betexware.com)

9.4. Impact on society given prospects of proliferation

Betting exchanges appear to be growing and growing very fast especially given estimates of the market in 2008 (\$160 billion). One aspect that will accelerate the growth even further and with it proliferation is improved technology that will make it easier to place bets not only through the internet but also via mobile phones and television remote controls. The extent of the growth and hence proliferation still has to be estimated but given current bandwidth penetration globally, this is bound to be massive.

Betting exchanges are a new activity in the gambling sector and sufficient information has not been gathered yet to establish amongst others the flow of investment, levels of employment to be generated and the economic benefits on other businesses providing goods and services to the betting exchange companies.

From the estimate of the size of the market, it is evident that the regulatory authorities will be smiling all the way to the bank from tax and tax related levies collected. Like all other forms of gambling there is bound to be unintended consequences of problem gambling and deviant operators who do not always play the game according to the rules.

The impact on society will be the cost of regulation to government and cost to the industry of putting into place appropriate responsible gambling programmes to mitigate the impact on society. Given the fact that betting exchanges are a recently developed gambling activity, many jurisdictions around the world have not yet figured out how they will legislate for betting exchanges. However in the UK, according to O'Connor, "a policy paper issued by the Department of Culture Media and Sport (DCMS) in April 2003, revealed, for the first time, that the UK Government was prepared to embrace the concept of betting exchanges.

The paper stated that betting exchanges would be bound by the general conditions of an ordinary betting license, but, that they would also be subjected to specific duties:

- They would not be able to initiate bets in any way on the exchange - in that they merely construct a controlled market; and are not a party to the bet.
- They may not permit their customers to identify themselves to each other, either through personal contact or otherwise.
 - They must display and disseminate their betting rules.
 - They must consent to having their play and payment systems checked by someone authorized by the Gambling Commission.
 - They must at all time separate money belonging to punters and their own operating resources.
- On matters of public policy, the exchanges will be subjected to the same level of regulation as any other gambling product operating through the internet. The paper also stated that, pursuant to the steps which will be taken to achieve the Government's regulatory objectives there will be no need for individual layers on the betting exchanges to be licensed". (Niall O'Connor, 2009)

9.5. Findings and conclusion

Person to person betting with betting exchanges as a operating model has an estimated market size of US\$160 billion (in 2008). One could confidently conclude that betting exchanges have revolutionarized person to person betting and are certainly a gambling activity that is not only here to stay but a major gambling activity of the future. Because

betting exchanges as a platform is recently evolving gambling, a lot of jurisdictions have not figured out what regulatory framework to adopt, but according to a Betfair official any robust framework should be flexible enough to accommodate any new form of gambling activity.

Betting exchanges are allowed in the UK, France, Netherlands, Australia and Denmark and according to eGaming Review Magazine they will soon be taking hold in the rest of Europe, North America and Asia. Denmark has apparently just finalized its regulatory framework that includes regulating betting exchanges, and a lot of industry players are impressed with the framework. Matters of fairness, integrity, privacy and general market stability should be sufficient enough for regulators to achieve their public interest objectives.

Betting exchanges appear to be where the future of gambling lies, given the exponential growth of the activity globally. A number of international players have indicated some interest in the South African market. Again here South Africa should also not allow events not to overtake it. New as the gambling activity is with no existing regulatory frameworks in other parts of the world, ways can be found in which it can be accommodated into the current framework.

10. Greyhound/Dog racing

10.1. Background (Wikipedia)

Greyhound racing is the sport of racing greyhounds. The dogs chase a lure (traditionally an artificial hare or rabbit) on a track until they arrive at the finish line. The one that arrives first is the winner. Modern greyhound racing has its origins in coursing. The first recorded attempt at racing greyhounds on a straight track was made beside the Welsh Harp reservoir, Hendon in 1876, but this experiment did not develop. The sport emerged in its recognizable modern form, featuring circular or oval tracks, with the invention of the mechanical or artificial hare in 1912 by Owen Patrick Smith. O.P. Smith had altruistic aims for the sport to stop the killing of the jack rabbits and see 'greyhound racing as we see horse racing'.

The sport was particularly attractive to predominantly male working-class audiences, for whom the urban locations of the tracks and the evening times of the meetings were accessible, and to patrons and owners from various social backgrounds. Betting has always been a key ingredient of greyhound racing, both through on-course bookmakers and the totalisator, first introduced in 1930. Like horse racing, it is popular to bet on the greyhound races as a form of parimutuel gambling

Greyhound racing is a popular form of gambling, similar to horse racing. In many countries, greyhound racing is purely amateur and conducted for enjoyment. In other countries (particularly the UK, US, Ireland and Australia) there is some popular concern in the aforementioned countries regarding the well-being of the dogs; the effectiveness of industry efforts to address these concerns is controversial. A greyhound adoption movement has arisen to assist retired racing dogs in finding homes as pets.

In common with many other sports, greyhound racing enjoyed its highest attendances just after the Second World War—for example there were 34 million paying spectators in 1946. The sport experienced a decline from the early 1960s, when the 1960 Betting and Gaming Act permitted off-course cash betting, although sponsorship, limited television coverage, and the later abolition of on-course betting tax have partially offset this decline

In the United States, greyhound racing is not governed by the Animal Welfare Act, so treatment of the dogs depends largely on the industry's self-regulation. In the UK Greyhounds are not kept at the tracks and are instead housed in the kennels of private individuals, and transported to the tracks to race. Unfortunately this can sometimes leave

the dogs exposed to substandard treatment from their owners. The Greyhound Racing Authorities in Australia regulates greyhound welfare and living conditions and all racing authorities in Australia finance Greyhound Adoption Groups, which house dozens of greyhounds a month. In several European countries (Belgium, Denmark, Czech Republic, Finland, France, Germany, Hungary, Netherlands, Sweden, Switzerland) greyhound racing is carried out by the owners of the dogs without financial interest. There is some popular concern in the latter countries regarding the well-being of the dogs; the effectiveness of industry efforts to address these concerns is controversial. A greyhound adoption movement has arisen to assist retired racing dogs in finding homes.

10.2. United Kingdom²⁵

Regulation of over-breeding of dogs;

In the UK an estimated 10000 greyhounds are reported to be entering and leaving the licensed sport each year, with a further 3000 - 4000 believed to be racing on unlicensed tracks. There is also an admission that because of the scarcity of information, the authorities do not know the precise number of greyhounds and what actually happens to them during their life time. Even worse is the fact that there is very little enforcement of the 1999 Breeding and Sales Dogs Welfare Act. All greyhounds in the UK are earmarked at around 12-15 weeks but are not registered with the Regulator unless or until they are ready to race at about 15 months.

Somewhere along the way there are those greyhounds that display insufficient ability or inclination to race, which means that they have to be cared for or disposed in some way or another. The increased volume of racing in recent years and the flow of greyhounds leaving the sport, means that demands for re-homing outstrip current supply of retirement provision.

Regulation and Animal Welfare Act 2006 demand that racing breeders should be licensed and subject to fully qualified veterinarian supervision. All greyhound puppies should be registered at birth or at least at the time of earmarking

10.3. Use of drugs to enhance ability of dogs;

Performance enhancing drugs are sometimes used to affect the outcome of a greyhound race and clearly the act of running a greyhound at an event on which gambling is taking place which has been given drugs in order to affect its performance is unacceptable and in contravention of provisions of the Gambling Act 2005.

A recommendation has been made to legislate for drug misuse. Apparently enforcement at the independent tracks is a challenge, but a drug testing regime is in place at licensed tracks and random testing would have to be increased, backed by regulations to enable local authority inspectors and sampling stewards from the regulatory authority to gain access at venues to take samples.

10.4. Handling of disposal of retired dogs;

It is reported that some greyhounds are temperamentally unsuited to re-homing because of mass-kenneling, although for the majority of greyhounds the demand for retirement places far outstrip the supply. The options for tracking this imbalance include:

- A condition of granting a track license should be that the track operates an efficient re-homing scheme

²⁵ Lord Donoughue of Ashton, 2007, Independent Review of the Greyhound Industry in Great Britain

- The racing and betting industries should increase the allocation of financial support for retirement provision

10.5. Transportation and housing of dogs

In the UK the Animal Welfare Act requires that animals be provided with a suitable environment and this includes instances where greyhounds are being transported by road or otherwise. The Welfare Animal Transport Order also requires anyone transporting live vertebrate animals in connection with an economic activity to provide a suitable environment.

Furthermore in the event that greyhounds are being transported by air, the International Air Transport Association has published standards for air transportation for animals including dogs. Suitable environment means providing sufficient space for a greyhound to turn around easily and that in the event of an accident the greyhound should be more securely protected.

Greyhounds need to be housed both at the tracks and at training and breeding establishments. Firstly, in addressing the issue of housing at the tracks, there are a number of instances which require that greyhounds be kenneled. The first being to comply with the welfare rules in respect of ventilation, space and ambient temperature criteria. The second addresses the integrity issues to ensure that the greyhounds are kept in a secure environment during the period immediately before they race thus eliminating or substantially reducing any substitutions or other performance affecting interference taking place.

With regard to housing greyhounds at the breeding and training establishments, it has been reported that the standards of these establishments vary from poor to high quality across the industry. This led the authorities to require that there be minimum standards for kenneling and other built accommodation used for the purpose of keeping or housing greyhounds. There is also a provision in the regulations that allows for independent inspections to take place on behalf of the regulatory or local authority as appropriate at any reasonable hour without notice.

10.6. Socio-economic impact to society

The following information has been extracted from Industry Statistics as compiled by the Gambling Commission from regulatory returns for the period 1 January 2008 to 31 December 2008 for the whole betting industry as follows:

Returns

Category	Turnover £million	Gross profit £ million
Off-course returns	1,646.8	312.2
On-course returns	70.8	6.9
Betting sector total	10,816.9	1544.3

% of turnover to be applied in determining greyhound component will be: 15.22%

Employment (number of employees)

Fulltime equivalent for sector 43,133 and for greyhound is 6565

Head count for sector 67,613 and for greyhound 10, 291

Pool betting returns

Category	Turnover £ million	Gross profit £ million
Greyhound	53.9	14.7
Total pool betting	482.4	143.1

% of turnover to be applied in determining greyhound component will be: 11.17%

- o Total pool betting gross profit from gaming machines in betting shops £1,138 million and for greyhound £ 127.15million
- o Number of self-exclusions recorded by operators (using 15.22%)

Description	Total	Greyhound
Self-exclusions	10,281	1,564
Known breaches of self-exclusion	3,362	512
No. of individuals who cancelled their self exclusion after minimum self-exclusion period	964	147

- o Underage gambling

The following incidences of under the age of 18 persons were recorded
(Using 15.22%)

Description	Total	Greyhound
Persons who entered betting premises	85,097	12,957
Persons who took a bet before age was ascertained	22,202	3,379

- o Integrity betting

Description	Total for sector	Greyhound
Suspicious cases reported	48	7
Suspicion grounds not substantiated	22	3
Passed to relevant body for investigation	15	2
Active investigations involving Commission	11	2
Cases closed	22	2*

* 15.22% not applied as actual figure was provided

10.3. Australia – South Australia Province²⁶

The Australian Greyhound Racing Association (AGRA) is divided into many state governing bodies, which regulate greyhound welfare and living conditions. All racing authorities in Australia, part-finance some of the Greyhound Adoption Groups, which house dozens of greyhounds a month.

Each Australian State and Territory has a governing greyhound racing body. The New South Wales Greyhound Racing Authority (NSWGRA) and Greyhound Racing Victoria (GRV) are the two largest authorities, governing over 40 racetracks. The Queensland Greyhound Racing Authority (QGRA), Western Australian Greyhound Racing Authority (WAGRA), Tasmanian Greyhound Racing Authority (TGRA), Greyhound Racing South Australia (GRSA), Northern Territory Racing Authority, and the Canberra Greyhound Racing Club (CGRC), all contribute to running and monitoring of greyhound racing in Australia as it continues to grow

GRSA is the body responsible for promoting the sport of greyhound racing in South Australia and a key part of its role is setting standards for the establishment and conduct of greyhound premises. A greyhound industry Code of Practice has been developed to assess and monitor greyhounds as follows:

- Regulation of over-breeding of dogs

In the GRSA code no reference is made to regulation of over-breeding but rather reference is made to breeding regulations mainly for stud dogs looking specifically at:

- Registration of the greyhound as a stud sire - the owner of the greyhound must register it as a stud sire with the Board, subject to payment of fees
- Registration and retention of registration - it is a condition of registration and retention of the registration that the stud master be registered with the Board
- Expiration as stud sire upon death - subject to any express provision in the rules to the contrary the registration of a greyhound as stud sire may expire upon the death of the sires.
- Conditions of registration as a stud sire - any registration of any greyhound as a stud sire is conditional upon:
 - DNA fingerprint analysis being carried out by a Board approved analytical laboratory
 - Costs of DNA fingerprint analysis to be borne by owner of the stud sire
 - A successful fertility test carried out in the preceding 30 days as per appropriate veterinary procedures
 - Any costs incurred to be paid by the stud master
- No greyhound whelped in South Australia shall be eligible to be registered for any purpose unless the litter in which it was produced was registered with GRSA
- Application for registration of a litter shall be:

²⁶ Greyhound Industry – A code of practice for Greyhound Establishments, Commenced 2006, Revised 2007, Greyhound Racing South Australia

- Lodged with the authority within four months of the whelping date
 - Accompanied by a certificate of vaccination with first vaccination between the age of eight and twelve weeks. The second vaccination between the age of twelve and sixteen weeks
- Use of drugs to enhance performance
 - The owner, trainer or person in charge of a greyhound nominated to compete in a race shall ensure the greyhound is free of any drugs
 - Any person who administers, attempts to administer or causes to be administered aids or abets any person to administer or has prior knowledge of a drug being administered to enhance the performance or behaviour of the greyhound shall be guilty of an offence
 - The owner, trainer or person in charge of any greyhound brought onto a race course for purposes of engaging in any race which is found on testing, examination or analysis conducted pursuant the rules shall be guilty of an offence
 - Any greyhound which competes in a race and is found to be the recipient of a drug shall be disqualified from that race

- Handling of disposal of retired dogs

Greyhound Racing New South Wales (GRNSW) runs a 'Greyhounds as Pets' program for retired greyhounds. 'Greyhounds as Pets' is a not for profit industry initiative. The objective is to improve animal welfare in the greyhound racing industry by providing dogs with a 'career change' if they are not suited to, or ready to retire from the racing industry.

The program starts with a staff of foster care givers, who train the former greyhounds how to be pets and how to live outside the organized and structured life of racing. The Dogs are also provided with up to date vaccinations, are desexed, microchipped and wormed. If needed they also are given a dental exam. The costs of all these are heavily subsidized by GRNSW initiative.

- Transport and housing

- Transport

- Greyhounds shall at all times be transported in vehicles that are well ventilated, maintained and regularly disinfected
- Greyhounds kenneled in minimum sized pens that are not engaged in a training programme or injury recovery programme must be exercised:
 - ❖ Dogs in enclosures larger than 20 square meters do not normally require additional exercise
 - ❖ Care must be taken to ensure that dogs being exercised are not in danger of attack or other injury
 - ❖ Treadmills and or rotary walking machines must only be operated while a responsible person is in attendance

- ❖ Appropriate exercises may be provided by allowing dogs access to an exercise or training area daily
- Security requirements include:
 - ❖ Kennels must be able to be securely locked to prevent unauthorized entry
 - ❖ All prescribed veterinary medication must be kept in a secure lockable cupboard
 - ❖ Each individual kennel must be fitted with a secure closing device that cannot be opened by the greyhounds
 - ❖ Any security methods used must allow for ready access to greyhounds and ready exit for staff in the event of an emergency
 - ❖ Dogs should be safe from attack, stress, injury and their behavioural needs should be met
- Housing
 - General hygiene
 - ❖ The establishment must be clean at all times
 - ❖ Greyhound establishment sites must have adequate water supply and must be sewerred
 - ❖ Waste disposal must be in accordance with the requirements of the local government authority
 - ❖ After cleaning sleeping areas must not be allowed to remain wet
 - ❖ Disinfection of pens must be done prior to whelping or whenever the occupant of the pen is changes
 - ❖ All watering and feeding utensils must be cleaned daily
 - ❖ Pests including fleas, ticks, flies, mosquitoes and rodents must be effectively controlled
 - General construction and materials
 - ❖ Greyhound kennels must be designed, constructed, serviced and maintained in a way that ensures the good health and well being of the animals
 - ❖ Housing must provide protection from the weather
 - ❖ Materials should be selected for ease of maintenance, cleaning, durability and toxicity
 - ❖ Where water impervious materials capable of conducting heat are utilized, adequate insulation must be incorporated in the walls to minimize heat
 - Inside pens

- ❖ The internal surfaces of wall of all inside kennels should be constructed of impervious solid, washable materials
- ❖ Floors of inside pens must be made of an impervious material or coated as such to assist cleaning and drainage
- ❖ Floors of all inside pens must be sloped to enable wastes and water to run off
- ❖ Where pens are constructed indoors, temperature, humidity and ventilation must be considered
- Outside pens
 - ❖ Dirt or grass floors are only acceptable in outside pens
 - ❖ Pens constructed outdoors require separate or attached roofing to be maintained to provide sun protection with 75% shade
- Fencing

Pens may be separated by solid partitions and fencing maintained in an escape proof condition
- Sleeping areas

All housing must be provided with a weatherproof sleeping area containing raised beds
- Enclosure sizes – general considerations
 - ❖ A litter may be housed together until the pups are 16 weeks old
 - ❖ A maximum of four pups to the age of 13 months old may be housed together
 - ❖ Pups housed together must be of similar age
 - ❖ Boarding kennels must not exceed one dog per pen
 - ❖ One greyhound only is permitted to be housed in each minimum sized racing kennel

10.4. United States of America²⁷

- Handling of disposal of retired dogs

After the dogs are no longer able to race (generally, a greyhound's career will end between the ages of four and six), or as soon as they no longer consistently place in the top four, the dogs' race career ends. The best dogs are kept for breeding purposes. In the United States, prior to the formation of adoption groups, over 20,000 retired greyhounds a year were euthanized; recent estimates still number in the thousands, with about 90% of National Greyhound Association-registered animals either being adopted, or returned for breeding purposes (according to the industry numbers upwards of 2000 dogs are still killed annually in the US while anti-racing

²⁷ www.hotspotlinks.com

groups estimating the figure at closer to 12,000.) Other greyhounds are either sold to research labs, or sent to foreign racetracks, sometimes in developing countries.

In recent years, several state governments in the United States have passed legislation to improve the treatment of racing dogs in their jurisdiction. During the 1990s seven states banned live greyhound racing. In November 2008, Massachusetts held a vote to ban greyhound racing, which passed 56% to 44%. In venues where greyhound racing does not involve gambling, the dogs are almost invariably pets and are, therefore, generally well treated.

- **Housing**

In the United States, greyhound racing is governed by state law, which ranges from total prohibition in some states, to other states which do not specifically regulate racing and largely rely on the industry's self-regulation. Kennels are made up of indoor crates stacked two levels high, with the females usually kept on the upper level, and males on the lower level. While the space allocated to each dog varies between locations, typical crate size is 3-1/2 feet wide by 4 feet (1.2 m) deep by 3 feet (0.91 m) high. While living on the track these dogs will spend most of their time in these kennels

In addition to state law and regulations, most tracks adopt their own rules, policies and procedures. In exchange for the right to race their greyhounds at the track, kennel owners must sign contracts in which they agree to abide by all track rules, including those pertaining to animal welfare. If kennel owners violate these contract clauses, they stand to lose their track privileges and even their racing licenses

10.5. Findings and conclusion

This is one gambling activity that has been subject of much heated debate especially between the pro and anti-greyhound racing groups. While it will certainly be easy to legislate for issues around breeding, housing, transporting and use of drugs, challenges remain, even in the jurisdictions where the gambling activity is allowed. As the British report on greyhound racing has indicated, there is scarcity of information about the actual numbers and the life careers of greyhounds, in terms of the actual number of dogs and what actually happens to them during their lifetime.

All greyhounds are reportedly earmarked at around 12- 15 weeks and become ready for racing at 15 months and along the way those with insufficient inability to race are disposed off in one way or the other. The manner of disposal once the racing days are over is also a matter of contention. The report states that of the 10000 greyhounds leaving the licensed sport annually, only some 4000 are re-homed. These two issues are among the many that are subject of heated contestation between the interest groups and these are some of the things that need to be investigated further to help inform the decision-making process. The fact of the matter is that the gambling activity is currently taking place underground and abuse of the greyhounds is certainly taking place at a scale that cannot be imagined. Greyhound racing is however being fully practised in four jurisdictions viz Australia, USA (in seven states), Ireland and the UK.

Greyhound racing is one gambling activity that is subject of much heated contestation between the pro and anti greyhound racing groups and there is paucity of information on the actual number of these dogs and what happens to them during their life time. Even the UK where greyhound racing developed as a cultural sport and has been practiced for many years, there is no mechanism of dealing with dogs that might be excess to racing requirements. In fact the authorities there indicated that their concern is with dogs that have been registered for racing. Various programmes are in place to take care of the greyhounds once they are past their racing careers including adoption as pets and placing them with organizations that house them. The various programmes are reported to be

successful to varying degrees. However the British Greyhound Racing Authority has a mechanism of tracking the dogs once they are retired to ensure they are not ill-treated.

Greyhound racing is practiced on a full scale in only four jurisdictions around the world and other than animal welfare legislation and codes of practice adopted in the practicing jurisdictions, there is no legal framework. Self-regulation appears to be the norm and in the USA even animal welfare laws do not cover greyhounds. Despite greyhound racing being permitted in 13 states in the USA, only about seven states practice it and various greyhound gambling websites have indicated some legislators as being very keen on introducing legislation to prohibit it.

11. Electronic Bingo Terminals - United Kingdom

11.1. Background

Apparently the bingo game can be traced as far back as the 16th century. In some jurisdictions it was a gaming activity that was used to benefit charities and worthwhile causes. A number of people can be involved in the game of bingo competing for a pre-determined prize that lasts approximately 15 minutes. Some US states and Canadian provinces imposed a prize limit in order to restrict playing to a social level and obviate the potential for problem gambling. Like all other gambling activities, bingo has evolved and with developments in technology the typical bingo 'card' game has been replaced by hand held devices, video bingo machines, internet games etc.

Electronic bingo machines first became popular after the passing of the US Indian Gaming Regulatory Act of 1988 (IGRA) which resulted in a number of Native American tribes increasing revenue by building large bingo halls and parlours and offering significantly large prize payouts. Because the IGRA allowed 'maximum flexibility' of technology in the use of bingo – whether or not it was electronic, computer or other technological aids – technology transformed electronic bingo machines into virtual slot machines. When the authorities realized this they took action to prevent what they considered "exploitation of technology", but were overruled by the courts given the statutory language of the IGRA which appeared to allow any form of technology. (Kelly and Derevensky, 2010)

11.2. Specific regulations for EBT's including traditional bingo,

In the UK bingo is not given a statutory definition in the 2005 Gambling Act other than that it means any version of the game irrespective of by what name it is described. It is to have its ordinary and natural meaning. Two types of bingo are commonly understood viz; cash bingo where the stakes paid make up the cash prizes that are won and prize bingo where various forms of prizes are won not directly related to the stakes paid. For commercial operators the distinction between the two types of bingos has been abolished and the holder of a bingo operating license is able to offer any type of bingo game.

Licensing authorities need to satisfy themselves that bingo can be played in any bingo premises for which they issue a premises license:

- Protection of children and young persons
 - Children and young persons (anyone under the age of 18) cannot be employed in providing any facilities for gambling on bingo premises. However children aged 16 and 17 maybe employed in bingo premises while bingo is being played provided the activities on which they are being employed are not connected with the gaming or gaming machines
 - Children and young people are allowed into bingo premises. However they are not allowed to participate in the bingo and if category B or C machines are made

available for use these must be separated from areas where children and young people are allowed.

- Gaming machines
 - Holder of a bingo premised license may make available for use up to eight category B machines; any number of category C machines; and any number of category D machines. Regulations state that category B machines at bingo premises should be restricted to sub-category B3 and B4 machines and not B3A lottery machines
 - A single licensed bingo premises is entitled to provide a maximum of eight gaming machines in categories B3 and B4 and an unlimited number of category C and D gaming machines.
 - Equipment operated by a bingo operating license for the purpose of playing bingo, such as a mechanized cash bingo and electronic bingo ticket minders (EBTs), are exempt from controls on gaming machines provided they comply with any conditions set by the Commission.
- Primary Gambling Activity
 - An operating license condition provides that gaming machines may be made available for use in licensed bingo premises only on those days when sufficient facilities for playing bingo are also available for use.
 - In this respect, in cases where bingo is exclusively offered by means of electronic bingo terminals or bingo machines, there must be more individual player positions made available for bingo than there are gaming machines made available for use
 - Supplement 4 of the License Conditions and Codes of Practice sets out in full the requirements on operators
- Bingo in clubs and alcohol licensed premises
 - Bingo is a class of equal chance gaming, permitted on alcohol-licensed premises.
 - In addition new rules are laid down in the Act about playing bingo specifically in alcohol-licensed premises. Where the level of bingo played in these premises reaches a certain threshold, it will no longer be authorized by these rules and a bingo operating license will have to be obtained from the Commission for future bingo games.
 - The threshold is that if the bingo played during any seven-day period exceeds £2000, either in money taken or prized awarded, all further games of bingo played for the next 12 months will require an operating license to be legal. If after a single incidence of 'high turnover' bingo all further games are below the threshold, no operating license is required.
 - If it comes to the attention of licensing authorities that alcohol-licensed premises are playing bingo during the course of a week which involves significant stakes and prizes that makes it possible that the £2000 in seven days is being exceeded, authorities should inform the Commission

- Bingo in casinos

Large casinos are able to offer bingo as part of their casino premises license and they are not required to obtain a separate bingo premises license, though they need to obtain a bingo operating license in order to offer facilities for bingo at a casino

11.3. Demarcation of areas

There are default and mandatory conditions relating specifically to bingo premises

- Mandatory conditions

- Restriction for persons under the age of 18 years with notice visible displayed
- Bingo premises can't be accessed from casino, adult gaming or betting premises
- Barrier to be erected with notice visibly displayed separating under 18 persons from the over 18-years persons. The barrier and notice must be adequately supervised
- Admission charges, charges for displaying bingo games and rule of bingo must be prominently displayed
- ATM facility to be out of reach of customers i.e. customer must stop gambling and make an effort to reach it

- Default conditions

- Bingo facilities in bingo halls not to be offered between 24h00 and 9h00, although gaming machines in the bingo hall can be accessed

11.4. Number of licenses

There were 216 bingo operators licensed by the Commission at 31 March 2009 operating 641 clubs against 222 operators with 675 clubs at 31 March 2008. Gala Bingo and Mecca Bingo between them own 40% of the clubs

Organization	Total bingo clubs	% of total
Buckingham Bingo	11	1.7
Carlton Clubs	14	2.2
Gala Bingo	158	24.6
Mecca Bingo	102	15.9
Riva Bingo	13	2.0
Top ten Bingo	36	5.6
Independent/small operators	307	48.0
Total	641	100

(Source: Gambling Commission – Industry statistics 2008/9)

Gaming machine categories

Machine category	Maximum stake	Maximum prize
A	Unlimited	Unlimited
B1	£2	£4000
B2	£100 pounds (in multiples of £10)	£500
B3	£1	£500
B3A	£1	£500
B4	£1	£250
C	£1	£70
D non-money prize	30p	£8
D non-money prize	£1	£50
D combined money and non-money prize	£10p	£5
D combined money and non-money prize	10p	£8
D combined money and non-money prize	10p	£15

(Source: Gambling Commission – Industry statistics 2008/9)

Gross gaming revenue

1 April to 31 March	Gross gaming revenue £ million
2004/5	1,783
2005/6	1,826
2006/7	1,820
2007/8	1,620
2008/9	1,694

(Source: Gambling Commission – Industry statistics 2008/9)

Number of employees (fulltime equivalent) 14337

Number of employees (headcount) 16926

(Source: Gambling Commission – Industry statistics 2008/9)

11.5. Findings and conclusions

The game of bingo can be traced as far back as the 16th century when it was being played more as a social pastime with limited prize money. With time and developments in technology the game evolved dramatically and the passing of the 1988 Indian Gaming Regulatory Act accelerated the popularity of the electronic version to the extent that electronic bingo machines came to be regarded as virtual slot machines.

Attempts by authorities to prevent further use of these machines were overruled by court decisions. It could be that the current controversy surrounding the EBTs being regarded as electronic gambling machines (casino machines) has its origins in the US bingo machine situation (the IGRA).

or specific regulations on EBTs, the UK was considered to look at issues around protection of children, the type of gaming machines allowed for bingo games, licensing conditions regarding number of machines for the primary gambling activity, bingo in clubs and alcohol licensed premises, bingos in casinos etc. Also the issues of demarcation and licensing were considered looking at the UK situation. All the issues considered were found to be adequately provided for.

But even more importantly, to try and circumvent the controversy caused by the use slot machines (high stake and prize machines) in bingo premises, the UK has made specific prescriptions for the holder of a bingo premises license to make use of certain categories of machines in the B, C and D categories. There is no restriction on the number of machines for the C and D categories but with the B category the operator can have up to eight category B and even then regulations stipulate that category B machines at bingo premises should be restricted to sub-category B3 and B4 machines and not B3A lottery machines

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