



# Select Committee on the Social and Economic Impact of the Gambling Industry

## Corrected oral evidence: Social and Economic Impact of the Gambling Industry

Tuesday 29 October 2019

4.20 pm

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Members present: Lord Grade of Yarmouth (The Chair); Lord Butler of Brockwell; Lord Foster of Bath; The Lord Bishop of St Albans; Lord Filkin; Lord Lipsey; Lord Mancroft; Lord Parkinson of Whitley Bay; Lord Smith of Hindhead; Baroness Thornhill; Lord Trevethin and Oaksey; Lord Watts.

Evidence Session No. 8

Heard in Public

Questions 80 - 87

### Witnesses

[I](#): John White, CEO, BACTA; Jason Frost, Former President, BACTA.

### USE OF THE TRANSCRIPT

1. This is a corrected transcript of evidence taken in public and webcast on [www.parliamentlive.tv](http://www.parliamentlive.tv).

## Examination of witnesses

John White and Jason Frost.

Q80 **The Chair:** There is a formal notice I read out at the beginning of the meeting. If you heard it, I do not need to read it out again as it was just for the record. Welcome and thank you very much for your attendance and your evidence. I will go first, if I may. Do not feel obliged to each answer every question as we want to get through as much as we can in the available time. We would be interested to understand from you a breakdown of the proportion of the amusement machine industry's revenue that comes from different types of machines, particularly the proportion from category D, fruit machines, crane grabs and penny falls. Could you give us some factual data on that if you have it to hand and, if you do not have it, please send it to us?

**John White:** I do have them but I will send them to you anyway because I am about to give rather a blizzard of figures. Before we start could I explain what BACTA is and who we represent so that it is absolutely clear?

**The Chair:** I think we know that.

**John White:** The total number of machines in the marketplace at the moment is about 310,000 and that covers everything from juke boxes to pool tables, pin tables, videos, machines in adult-only gaming arcades, et cetera. If we focus on the family entertainment centres, which are by and large the seaside arcades that we will be talking about today, there are about 1,500 to 2,000 of those. The figures are not particularly precise.

**The Chair:** This is actual arcades—1,500 to 2,000 arcades.

**John White:** Seaside arcades, not the adult gaming centres that you would find on the high street which are adult-only and contain gambling machines.

**The Lord Bishop of St Albans:** I am slightly unclear. When we go to the high street and we see ordinary amusement arcades, not coastal ones, are you saying they are of a different category?

**John White:** Absolutely, yes. Those are adult-only gaming centres and they have category B3 machines, category C machines and others. They are adult only and a very different product.

**The Lord Bishop of St Albans:** So any children in there should not be there.

**John White:** Absolutely not.

**The Chair:** That is very helpful.

**John White:** If we come back to the family entertainment centres, there are about 100,000 machines of one kind or another in there. I have mentioned some of the different varieties that you find. The turnover of

that bit of the industry is roughly £240 million. These are very rough figures. They come from a report that we did in 2015, but there has not been that much change in the industry to suggest there is much change from now.

If we look at the three different machines that you mentioned in your question, there are about 14,000 category D cash-payout fruit machines spread throughout these amusement arcades at the seaside. That is on average about seven per arcade. Collectively, they turn over about £12 million a year. That is roughly £850 per year per machine, roughly £15 a week. There are about 19,500 crane-grab machines—the things you try to win your teddy bears in—in these amusement arcades and their turnover is about £70 million a year. Doing the same comparison, that is about £3,500 a year or about £69 a week per machine. Finally, on the penny falls machines, the corresponding figures are there are 7,800 of those out there and their turnover collectively is £46 million per year, which is £5,900 per machine, or about £113 per week.

Collectively, the crane grab machines and the tuppenny pushers represent nearly 50% of a family entertainment centre's income. The rest is made up of hundreds of different types of machine, which you have all seen, I am sure.

**The Chair:** Just remind me—I am sure the Committee knows—what is the regulation on fruit machines in these family entertainment centres?

**John White:** I hesitate slightly because in some family entertainment centres you will find an adult-only area next door to it, but in relation to the family entertainment centre itself the fruit machine is categorised as one of five subcategories of category D. Its maximum stake is 10 pence and its maximum cash prize is £5.

**Q81 Lord Butler of Brockwell:** If there were to be a ban on children using category D machines, how severe an impact would that have on your industry?

**John White:** At a very straightforward level you can see from the figures I have just quoted that there would be, one would expect, just an immediate loss of that particular revenue, but I think it is more important to talk about the amenity of the FEC for the family. Nearly a third of the population visits the seaside in one way, shape or form, and will pop in to our members' premises. The category D fruit machines that are there are for the adult members of the family.

However, they do not want to go into the adult-only area if there is one; they want to remain with their family, with their children, who will be running around and playing on all sorts of things, banging moles on the head or chucking basketballs in a certain direction and ping-pong balls and all the rest of it. Potentially you would be taking away some of the amenity and the attraction of that family entertainment centre for the adult members of the family. I could not even begin to guess the impact of that, but it would certainly be a loss of amenity.

**Lord Butler of Brockwell:** The problem is there is evidence that even with these small-stake machines, starting children on this path can lead to problems later on, or addiction, even though the stakes are low. What is your view about children needing to be protected even if, as you say, it affects the amenity of the family activity?

**Jason Frost:** When you look at problem gamblers, who you possibly would have spoken to, and people who are in treatment today, as Marc said before, they grew up in a different era from the one children are growing up in today. Over the years we have seen it is more and more the families playing on the machines rather than the children. If you take it from that perspective and you were to restrict children from playing on category D machines for the purpose of preventing problem gambling in the future, it does not hold water in this day and age because we live in a different world. It would be like trying to address the objectification of women and bad language in rap music by banning people from listening to the Bay City Rollers. It is not of its time. It is not something that happens today. The issue with category D machines at the seaside is more about them being legally able to be in the same room as the other machines that the children play on.

**John White:** I would add that in terms of the evidence base, which we are obviously very close to, it is undoubtedly a fact that for some of the people you have had before this Committee that their gambling problems are associated with their early exposure to gambling. As Jason said, it is very different, but at the same time the vast majority of people have very similar or the same experiences and do not end up with the same issues. Indeed, I was talking to one ex-gambling addict recently who said, "Yes, I used to play on fruit machines in amusement arcades back in the 1970s and I developed a gambling addiction later on", but he would readily admit that the two were absolutely not connected.

We need to listen to all the voices of experience around this as well as looking at the academic base. When it comes to young people there are two bits of evidence that are sort of sitting there and being debated. One looks at snapshots in time and says, "This number of people are gambling and doing this and doing that", and that could be on anything, I am not talking just about category D fruit machines here. You then have more recent longitudinal studies that seem to suggest that most children would be coming in and then growing out of gambling activities. We have to spread all that out on the table and have a good hard look at it before we can derive an appropriate public policy.

**Lord Butler of Brockwell:** When you said that the world has changed, it obviously has changed, but in what respects has it changed that are relevant to this particular point?

**Jason Frost:** To give you an example, the Gambling Act came into effect in June 2007 and smartphones were not around then. If kids today want to gamble they can just as easily pick up a smartphone. Philip Graf, who was the chair of the Gambling Commission, very often used to say that everybody has a super casino in their pocket, referring to their phones. If

they want to gamble they can, and it is a much more attractive style of gambling. A 10p-a-go machine with an opportunity of winning £5 is not really that attractive.

**Lord Butler of Brockwell:** Yes, but it is an issue of what is accessible to them and what it is that starts them and what they are tempted into.

**Jason Frost:** One of the things the Gambling Act dealt with very well was reducing the number of those machines on the high street. There used to be AWP machines in fish and chip shops and cafeterias. In Cornwall, where we are there, is a supermarket that used to have them. The Act dealt with that so those machines exist only in licensed premises, or unlicensed FECs, generally at the seaside, generally in holiday parks. People are generally transient there as well. They are not there every day, seven days a week playing on the same machine. It is more of an entertainment issue and, as I say, I think the Act dealt with that in removing those machines, because thousands were removed from high streets up and down the country.

**Lord Filkin:** It is your business and you have been in this business for many years so, naturally, you do not want to see radical changes, but we have two pieces of evidence before us that a higher proportion of problem gamblers become problem gamblers if they start very early. Obviously your point is true that many of them do not, but that is not the point. The second one is we are virtually unique in allowing children under 18 to gamble. You asked the public policy question, but is there not a self-evident case for changing that public policy position and prohibiting children gambling?

**John White:** The first thing to say is that it is not that unusual internationally to allow people under the age of 18 to gamble.

**Lord Filkin:** Does that mean it is good?

**John White:** You asked about the international comparisons so I am just clarifying the position. There are lots of jurisdictions where there are cranes and pushers, which I think most people would not consider to be gambling if you asked anyone on the high street, frankly. You can find cranes in the Middle East, in Muslim countries. They are very widespread in shopping malls there.

Your next question was about the association between gambling when you are young and potential problems later on in life. As I was explaining earlier, I do not think the evidence is as clear as people have suggested on that. Some of the longitudinal studies say that people come in and come out. Finally on that particular point—I may be corrected on this—I do not think it is very clear either about what gambling activities are taking place. When we say gambling, it is all lumped in together, and we are not very good at extracting precisely what those activities are. I do not mean to be facetious, but a lucky dip or a roll-a-penny at the school fête would be gambling and are we suggesting that exposure to that at a young age is likely to have some causal link to later gambling-related

problems? I do not think the evidence is quite as clear-cut as might be suggested.

**Jason Frost:** May I add to that quickly? I am the former president of BACTA, but I am currently the president of EUROMAT, which represents the European gaming associations. You are quite correct that we are unique in the fact we have these 10p/£5 real pay slot machines in the UK. We also have one of the lowest levels of problem gambling in the world.

**Lord Filkin:** Where is the data for that?

**Jason Frost:** I can send you that.

**The Lord Bishop of St Albans:** Could you tell us what your definition of gambling is? You have talked about the cranes. What is your working definition of gambling?

**John White:** The statutory definition, as you probably know, is a game of chance or a game of chance and skill combined, but that covers a multitude of what used to be called coin-op machines, so a category B3 machine that is only available for adults in bingo halls and AGCs, and clearly one would say that is gambling.

**The Lord Bishop of St Albans:** Are cranes gambling?

**John White:** They are games of chance and skill combined. When I talk to people about the family entertainment business that I am in, that is just not the way the vernacular operates. Strictly speaking, yes, they are games of chance and skill combined and therefore it is gambling, but the sense I get is that people would not consider that to be gambling. I think that is important for the research as well because when you are getting self-reporting, or indeed interviews with the population that you are doing research with, sometimes that misunderstanding may creep in.

Q82 **Lord Watts:** Your new initiative advises that people under 16 should be accompanied by an adult on some category D machines. Why did you decide to establish this initiative, how many operators have signed up to it and how effective has it been?

**John White:** The reasoning behind that was because there was increasing public discourse about the issue we are talking about today. We wanted to respond to that and we were talking to parliamentarians, the Gambling Commission and other stakeholders, who said, "We think this is an issue of concern, what can you do about it?" We discussed it with our members and said we could introduce this particular policy to our particular products. We did not anticipate that that would be in any way difficult and, as it turns out, it has not been difficult.

In terms of numbers, we have issued around 4,500 stickers to go on 14,000 machines—and of course BACTA members and non-BACTA members will have a different approach—so that is a sizeable sample, if you like, to enable us to evaluate what has gone on. What we are

hearing, and our evaluation is based on talking to our members, is that the trial has gone very well. There have been very few instances where interventions have had to be made with people under 16. As I say, it is not a machine which is attractive to them. The empirical evidence we have suggests that it is not in widespread use by people under 16. Where we have had to make an intervention it has been a very easy one. It has not been confrontational and the fact there has been a sticker that a member of staff can point to has made the conversation flow quite well, "I'm sorry, mister, I didn't realise that was the policy", and they have gone off and done whatever else they wanted to do.

**Lord Watts:** Some people might say that the voluntary system that you have introduced with the stickers is an easy fix for public concern and that sending out a few stickers does not cost anyone anything and it does not change the pattern of behaviour for parents or for children. Would you not agree that if you visit one of these seaside resorts there is not much supervision? You often have one person who seems to be more intent on giving people change than anything else. There is not that level of supervision that you seem to suggest.

**John White:** When I visit amusement arcades at the seaside, as I do, understandably, on a very regular basis, I see families, I hear laughter, I see a great deal of fun. I see kids running around, "Mum, can I have a go on this?" There is Dad over there trying to beat his son at a basketball game. That is how I would characterise the family entertainment centre. You are right that supervision is based upon staff walking around but, believe me, there are a fair number of staff walking around these places keeping an eye on what is going on because they have a lot to do. On the fundamental point—what you challenged me with to start off with—I agree with you, you could say that, but the fact of the matter is that young people are not attracted to amusement machines. Empirical evidence from our members is that they do not play them in any great numbers and, therefore, this was an easy thing to allay some of the public concern that might exist around under-18s' access to these machines, and I hope it has worked.

**Lord Watts:** I accept the point you make about the enjoyment and laughter you hear. My own practical experience as a grandfather and father was the problem was getting them out of those places. They would stay in there all day and this shows a level of addiction already built in there because they do not want to leave.

Q83 **The Lord Bishop of St Albans:** Perhaps we might continue on this same area, thinking particularly about how the younger people are when they start gambling, the more likely it is, possibly, that we will see more gambling-related harm later in life. Some of the evidence we have been hearing, particularly from experts by experience, makes a link between this early start and the category D gaming machines. How do you believe legislators and regulators should approach this issue?

**John White:** It has been very good to hear the increased volume from those people who have had experience of gambling-related harm. It is

good to see that the Gambling Commission is working to incorporate that voice into its public policy considerations. I would refer to my earlier answer that there are lots of experiences, both good and bad, and lots of evidence that those who determine public policy need to look at all of that, spread it out on the table and give it a really good look to ensure that we get the balance. You will all know better than I that determining the right type of policy outcome is a very difficult business where you have competing interests, evidence and beliefs. Personally, I think we have got that balance about right in relation to the family entertainment centre at the seaside. With the voluntary measures that we have introduced, and with the controls that local authorities, the police and the Gambling Commission and so on have, it feels to me that this meets the concerns of society at the moment while allowing the activity to take place in an enjoyable way.

**The Lord Bishop of St Albans:** Just to push you a little on that, there are people in this room who have lost family members through gambling-related harms and there are some heartrending stories. The story you give of happy families laughing and how wonderful it is they are all running around; there will equally be people here who years on are still weeping night by night because of this particular problem. That is why we are trying to balance it. For the 55,000 families who have a teenager with some sort of diagnosed gambling addiction, do you think we have got that balance about right?

**John White:** In relation to family entertainment centres, I do. For those 55,000 we would need to know whether they had any connection or relationship with a gambling activity in an amusement arcade itself. I would suggest they do not. There will be some but I suggest by and large they do not. I suspect most of those activities are taking place online. That seems to be where the biggest issue sits at the moment.

**The Lord Bishop of St Albans:** I hear your opinion, and you are somebody in the industry so I am sure that is based on something, but what is that based on?

**John White:** A lot of it is based upon reading the research itself. There was a very good report which Mark sent to me quite recently by Professor Gill Valentine—I am sure many of you will know about it—which tried to summarise the research in this space around the young people. It was very, very instructive, so I am basing a lot of what I say on what was in there. Again, I am more than happy to provide extra details on that if your Lordships would like me to. I have drawn on that and other bits and pieces of research that I have read over time.

**Lord Mancroft:** What is the level of cash payout machines in amusement arcades? Is it about the same or has there been an increase in numbers since the passage of the Gambling Act?

**John White:** It is decreasing.

**Lord Mancroft:** Problem gambling has exploded, effectively, since the

Gambling Act in 2005 and the number of machines in arcades has gone down; is that right?

**John White:** Yes, a number of arcades have closed and the number of machines has declined as well.

**The Chair:** Before I come to the next question, in what way do your members come into contact with the regulation from the Gambling Commission? Does it do secret visits?

**Jason Frost:** I am an operator as well, I have arcades, and we have visits from the Gambling Commission. It has compliance officers.

**The Chair:** Are they anonymous visits or do they tell you in advance they are coming?

**Jason Frost:** No, they turn up unannounced. For the first couple of years of the Gambling Commission, it would ring to ensure we were there because it wanted to check all our paperwork and everything else but now it can come whenever it likes.

**The Chair:** But they make themselves known when they arrive.

**Jason Frost:** They generally want to see the manager or the owner or whoever is in charge. The other thing to say is that most FECs and most of these arcades we are talking about are family-run businesses.

**The Chair:** Lord Smith.

Q84 **Lord Smith of Hindhead:** I have to declare an interest. I know both Mr White and Mr Frost because the club organisation which I run operates gaming machines, category B4 and B3A, so you might imagine I would know them. I am about to ask you a question which has been asked five times already because we are going around the same old thing. However, it is nice to see somebody from the industry. You are the first witnesses we have had so far who are representing the industry and I welcome that.

There is a lot of talk about whether 16 year-olds should be able to play the National Lottery. The Responsible Gambling Strategy Board made a recommendation that a comprehensive review of allowing UK 16 year-olds to purchase National Lottery products should be undertaken. Have you been approached by either the Gambling Commission or DCMS on the subject of 16 year-olds being able to play category D machines?

**John White:** No, not directly specifically on that. There have been conversations but nothing specific in relation to the under-16 question that you ask.

**Lord Smith of Hindhead:** May I ask you another question? That question was scraping the bottom of the barrel on that subject. The title of this Select Committee includes the social and economic impact of the gambling industry. It does not say the negative impact of it; it just asks about the impact. Could you give the Committee your view very briefly

on the positive or possible positive impact of the gambling industry as you know it?

**John White:** From a social point of view, our bit of it, and I do not purport to speak for online or bookmakers or casinos—

**Lord Smith of Hindhead:** I am not asking you to do to that.

**John White:** Just from our sector, I think we provide entertainment. I see the seaside amusement arcades as part of the tourism industry. We do a lot of policy work on tourism. In terms of the economic impact, we gave some strong evidence to Steve Bassam's Committee which looked at the regeneration of seaside communities, and it is undoubtedly true that in many small resorts around the country, which often experience significant social problems, the family businesses that Jason alluded are often among the only economic activities taking place in that town. We need to recognise that these arcades are part of the fabric of Britain's culture and we should be celebrating and supporting them in a way that helps to promote the regeneration of those seaside communities and seaside towns. I would suggest that that is a very positive economic contribution they can make.

**Lord Smith of Hindhead:** Thank you.

**Jason Frost:** May I add a very quick point? I went to Brighton recently and where the wheel used to be is a piece of land owned by a relation of mine. They have some fish and chip shops and amusements. He showed me a video on his phone of a "Carry On" film—"Carry on Camping" or something like that—and he showed me where the bus arrives and they all jump off the bus and it happens to be right outside his place and there is the pier in the background. He said, "And watch what they do", and they all go on the pier, they have a go on the rides, they go in the arcade and they come out and buy fish and chips and candy floss at the end. We walked down to the pier and we watched a coachload of people doing exactly the same thing 60 years later. They are still doing it. It is part of our culture.

**Lord Smith of Hindhead:** Social cohesion is the phrase.

Q85 **Lord Foster of Bath:** Before I ask a question I want to say thank you for the very valuable support you gave to those of us who were campaigning against the fixed-odds betting terminal staying where it was—I know you played a major role in that—and also declare that I had a fantastic Saturday with a range of my family of all ages on the pier in Southwold, which is absolutely brilliant.

Since Lord Smith asked whether you had been approached by the Gambling Commission or DCMS to advise on changes, to which you said no, may I ask whether they sought any advice on your views on having a smart compulsory mandatory levy? If they have not, would you like to tell this Committee what you would have told them?

**John White:** We have expressed our views on the mandatory levy and we have absolutely no problem with its introduction. We made the point that you made earlier about the need for that to be a smart levy and, indeed, I believe Tom Watson has advocated this as well. We say that because it seems unreasonable to us that the People's Postcode Lottery or the Health Lottery, just by way of example, should be contributing the same amount as—and you used the example and we used the example—sports betting, when the evidence suggests that clearly the related harms, and Mark is quite right you can have harms spread across any type of gambling activity, in terms of the financial measures are far greater if you are participating in this activity and seem to affect many more people.

Secondly, with regard to the smart levy on activities such as the Health Lottery, or indeed the family entertainment centres at the seaside that I represent, the margins are much smaller than some of these other businesses and, to a certain extent, if you applied the same percentage across the piece there would be an element of subsidy, which I think is unreasonable. It does not seem to be beyond the wit of man to be able to create a structure that would allow us to reflect those differences in the levy scheme.

**Lord Foster of Bath:** Am I not also correct that part of your recommendation on the levy is that it is not used to fund treatment or education, arguing that that should be funded by the very high level of taxation you already pay?

**John White:** That is correct.

**Lord Foster of Bath:** It is important to have it on the record because a number of us would have real concern about that.

**John White:** I would argue that that is basically the model that we have in the country for drugs and alcohol and other activities. As an industry, we should be looked to to fund a research programme, that research programme to be determined independently, and you have heard lots of evidence on that, and administered independently by a body such as the Medical Research Council. By and large, I think the industry should be funding that. However, if it is a public health issue, and again I am very pleased to see that is now largely accepted, as with drugs and alcohol and other things, it seems to me the treatment should be coming out of general taxation.

**Lord Foster of Bath:** The duties and levies on alcohol and tobacco have gone up enormously to help fund that so, presumably, your argument is that whatever the compulsory levy is and however it is done, that should be significantly raised, or the duties on betting should be raised—which way round?

**John White:** The amounts the industry should be expected to contribute would be determined by the research requirements that are independently identified by whoever.

Q86 **Baroness Thornhill:** To get my head clear about things that the Government do, you have been very critical in your evidence, and we have had other evidence, that there is a bit of a poor relationship between yourselves and the Gambling Commission. Clearly that has implications for the effectiveness of regulation. You have described it as being adversarial and “headmasterly”, with lots of stick and no carrot. That troubles me because if you want good and effective regulation that strikes me as not being a good place to start. Is that a fair description and, more importantly, what could both sides do to improve that relationship in order to achieve better regulation that has everyone’s consent, for want of a better word?

**John White:** I do not want to overplay the criticism that we have of the Gambling Commission. It may sound as if relationships have been incredibly frosty. They are not. We engage with the Gambling Commission regularly. The individuals that I engage with at the commission are perfectly pleasant and well-meaning and we get on well on a personal level.

**Baroness Thornhill:** Are you backpedalling here?

**John White:** Not at all. I want to be absolutely clear in the characterisation of the relationship. We have some general concerns about the way in which the Gambling Commission has developed. Principally, it would be around the concept of regulatory creep, if I may use that particular phrase. There is a very explicit obligation on the Gambling Commission to permit gambling in so far as it is consistent with the licensing objectives, and you will be aware of all those. When it comes to vulnerable people and children, that is where the commission has begun to go beyond what I would consider its statutory duties are.

**Baroness Thornhill:** Could you give us some examples of that because we might feel that it should do more? Where are you feeling that line?

**John White:** My reading of that would be, first, that when you talk about the vulnerable you talk about people who may have mental illness, drug addiction or learning difficulties. It is that sort of thing that I have in mind when we speak specifically about the vulnerable—people who will not be able to make a rational judgment about the activity that they might be participating in. It seems to me that the commission has now determined that every member of the population is vulnerable to gambling-related harm because things can happen in life that lead you into a gambling disorder. I feel that is a step too far and it has consequences for the policies it has, which are now beginning to become a tad more moralistic. I am sure the commission can speak for itself on that. That is an overall view of the commission.

Secondly, as a very specific example, I think it is leading it to do things such as suggest for our sector that we ought to have some form of mandatory player tracking on machines. This is currently being considered by the commission and we have made our response to that. The consequences of that, while you can see the benefit—which the

commission would certainly articulate—the cost of that would be existential for our sector. That brings me to a third point, which is that the commission needs to look much harder at the evidence that is put to it. It needs to look much more in the round about what it is and what it sees and what it looks at.

Fourthly, it needs to understand business better. There is a lack of diversity of thought within the Commission. It is very much based upon, and a lot of the individuals come from a background of, regulation. I was very pleased to see that the commission has introduced a Hot Shoes initiative which is encouraging its staff to get out into the gambling business. We were promoting that with the commission and its chief executive was the first to do it and came to the pier at Weston-super-Mare and spent a couple of weeks collecting and counting 2p pieces, which I think he still remembers to this day. That is all I have to say on that. Jason, I know you have an international view, do you not?

**Jason Frost:** I think the Commission is okay. I was at a conference last week in Brussels and there was a guy called André Wilsenach from BMM Testlabs, which tests gaming machines all over the world and works in 458 different gaming jurisdictions across the world. He was asked a direct question as to which the best-regulated jurisdiction is, and he said, “Without doubt Massachusetts in the US”. Apparently, they are so good because they work hand in glove with the operator. They speak to the operators and there is more involvement. He said that closely behind would be the UK Gambling Commission, and I think that is down to the operators as well.

They showed us a graph and the graph was talking about regulation, particularly in unregulated markets, and when they become regulated how there is an upsurge in business and then it levels off because the regulation is wrong, as our gaming Act is now wrong. As I said before, the Gambling Act was brought into force in 2007 and the iPhone or smartphone was not around then. We were told when the Act was coming in the whole point of that was that it could move quickly legislatively to catch up with technology. It is way behind. I think it needs looking at again. Going back to the graph, it would show growth and then it would level off as regulation is wrong. The regulation would change, and it would continue. We are at a stage now where our gaming sector is actually going backwards.

Q87 **The Chair:** A couple of last questions from me on your evidence, if I may, just for clarification. In paragraph 72 it says, “BACTA is proud of its record on age-verification testing. We blind test all our members who have age-controlled premises”. How does that work and what is a blind test?

**John White:** We are very privileged to have a person who has a company which does this exercise and I will let him answer that question.

**Jason Frost:** The primary authority sets the parameters in which the test is conducted. Students aged between 18 and 19—and they have to be

over 18 otherwise it is entrapment—will go to a venue and wander in and browse for a minute around the machines. If they are not asked for ID during that space of time, they put a coin in the machine and play, and from when they put the coin in that is a fail.

**The Chair:** They are not challenged because they do not necessarily look under age.

**Jason Frost:** What we are challenging with the adult gaming centres in the UK that are BACTA members is the Think 25 policy they operate, so it is testing their Think 25 policy and whether they ask for ID.

**The Chair:** I have a last question which is more of a philosophical and existential question but one of you may like to have a stab at the answer. You have made a good case for the family fun entertainment value of the family entertainment centres. Where would you draw the line between fun and harm or fun and when it gets a bit more serious? Is there a line? For example, is there anything available in the market that you could put into your venues within the regulatory framework that you would not because it would change the nature of the venue and stop being fun and becomes more serious?

**Jason Frost:** There are no products out there that we could legally put in any of our venues that would cause a problem, no.

**The Chair:** So if you move beyond the boundaries of family entertainment centres, what is it that changes the nature of the experience from being a family fun experience to something a bit more hardcore? Hardcore is probably not the right phrase but you know what I mean.

**John White:** I think I understand where you are coming from. Again relating to our business, it is probably the fundamental business model, if you like, that would allow you to draw some kind of distinction, and it would be a very wide line, because people are complicated and messy and all sorts of different things are going on, but the family entertainment centre is in the tourism industry, providing fun. Some 50% of the machines are not regulated at all and roughly 50% are. It is all about providing entertainment and fun—you know all this—but the minute you move to, say, an adult gaming centre, it is providing gambling opportunities, which is fun and entertainment, but it is exclusively about gambling. That is how I would make the distinction: fun/gambling.

**Jason Frost:** The issue with adult gaming centres—and I have adult gaming centres—is we cannot offer anything else. Under the regulation all we can offer is slot machines and that is it.

**The Chair:** What else would you like to offer?

**Jason Frost:** If you look at the Spanish model, there are venues in Spain that have sports betting and a café. Alcohol is different abroad, I agree, but they would have a bar, a café, sports betting, an adult gaming

centre, and then they will have another area which would be higher stakes and prizes machines provided that you fulfil the requirements of an extra set of showing your ID, for instance, to ensure you are not on any banned register. If that was okay and there are no issues, you can go into another section; to have it all in one place.

**John White:** We are in danger of revisiting the Budd report.

**The Chair:** On behalf of my Committee, I thank you both very much for your expertise and your time today.