



Jersey Gambling Commission

Consultation Paper No.1 2020

A consultation on proposals to amend Code of Practice: Minimum Standards Applicable to Gaming Machine Type I and Type II

Class I Bookmakers

Issued July 2020

The Jersey Gambling Commission

The Jersey Gambling Commission is a statutory body corporate established under the Commission Law. It is responsible for the general supervision of gambling, including in particular, (i) supervision of providers of gambling services, and (ii) investigation of whether any person is complying with, contravening, or committing an offence under an enactment relating to gambling.

Guiding Principles

The Commission must, in the performance of all of its functions, have regard to the principles that any gambling services provided:

- should be conducted responsibly and with safeguards necessary to protect children and vulnerable people;
- should be regulated in accordance with generally accepted international standards to prevent fraud and money laundering, and should not be permitted to be a source of crime;
- and should be verifiably fair to consumers of those services.

The Jersey Gambling Commission invites comments on this consultation paper. Comments should reach the Commission by **30th September 2020**.

Responses should be sent to:

Consultation 1
Jersey Gambling Commission 4th Floor
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5-7 Old St
St Helier
JE2 3RG

Office Email info@jgc.je Office Line 01534 828540

Please note that because of the Covid restrictions the Commission's offices are still closed and the telephone is diverted. Please be patient if you wish to speak to a member of the Commission and allow time for the telephone to transfer and connect.

If there is any part of the consultation that you wish to discuss prior to making a decision regarding a submission then please use one of the contacts listed above.

Basis for a Consultation on altering prescribed staking levels

The Commission is issuing this consultation in accordance with Article 5 (4) of the Gambling Commission (Consultation on Codes of Practice) (Jersey) Order 2011, namely that the amendment of stake values constitutes a significant revision that meets the following tests:

- (4) An...amendment of a code is significant if, in the opinion of the Commission, it would significantly alter the effect of the code on –
 - (a) any burden imposed on providers of gambling services; or
 - (b) any protection afforded to consumers of gambling services.

The consultation is directed in particular at holders of a Class I Bookmakers Licence, the Minister and will be published on the Commission's website. Other stakeholders, interest groups and the public may also make submissions.

Background

Gaming Machine Type II are commonly referred to as Fixed Odds Betting Terminals (FOBTs) and are unique to betting shops (in Jersey). They offer a variety of games, including roulette, reels and blackjack. Each machine has a pre-set maximum stake and pays out according to agreed maximum returns.

These machines are server-based gaming machines, meaning that all content (including the means to make randomly generated outcomes) is downloaded to a terminal (the gaming machine cabinet) by one of two companies specialised in the provision of FOBT games:

- Inspired Entertainment
- Scientific Games

In order to understand the current situation in Jersey, it is necessary to consider the journey taken by the UK government that resulted in stake reductions in Great Britain:

- 31st October 2017: the Department for Digital, Culture, Media and Sport (DCMS) announced a range of proposals including an intention to reduce the maximum stake on FOBTs to between £50 and £2. A consultation on these proposals closed on 23rd January 2018.
- 17th May 2018: the DCMS announced that the maximum stake would be lowered to £2.
- 29th October 2018: the Budget report stated that the reduced stake would come into effect from October 2019.
- 5th November 2018: the Chancellor told the Treasury Select Committee that the new stake would be introduced "in a way that is balanced and fair and allows for an orderly transition". However, through cross-party support an amendment to the *Finance (No. 3) Bill* brought the implementation date forward to April 2019.
- 18th December 2018: the *Gaming Machine (Miscellaneous Amendments and Revocation) Regulations 2018* were approved by both Houses.

- 1st April 2019: the 2018 Regulations came into force and reduced the maximum single stake to £2. No change was made to the maximum prize of £500.

Although Gaming Machine Type II are subject to separate and distinct Jersey regulation, the effect of the stake reduction was immediate across all Licensed Betting Offices (LBOs) in the Island. This was because the two content suppliers, Inspired Entertainment and Scientific Games, made the decision to unilaterally dial down all stakes, a decision which impacted the Isle of Man and Northern Ireland as well as Jersey.

The Current Situation

Despite the current Island-wide reduction in stakes to £2 by dint of the decision of the content suppliers, the Code of Practice that defines these stakes has not been amended to either reflect the current situation, or make contingency for the adoption of alternative machine types offering variable stake values.

Stakes and prizes are proscribed in the Code of Practice: Minimum Standards Applicable to Gaming Machine Type I and Type II (the Code) in the following manner and thereafter referenced at these levels throughout the document:

Type II Gaming Machines include sub-categories B2, B3 and C (Digital).

Gaming Machine Type I	Maximum Stake per Game	Maximum Prize
Category A (Analogue)	£1	Up to £100
Gaming Machine Type II	Maximum Stake per Game	Maximum Prize
Category B	Range £1-£100	Up to £500
Category B2	£100	Up to £500
Category B3	£2	Up to £500
Category B4	£2	Up to £500
Category C (Digital)	£1	Up to £70

For the purposes of this consultation we will be considering altering the maximum stakes of category B and B2 machines (subcategories of Gaming Machine Type II in Jersey).

The Proposals

The Commission has been made aware of alternative machines that are not supported by FOBT content suppliers, and therefore offer flexibility in relation to stake values. As the Code currently stands, these machines could be offered for play now should all the other governing criteria of that document be satisfactorily met. However, both government, the industry and its regulator are mindful of the contention surrounding gaming machines, which therefore merits this consultation.

The situation presents 3 points to consider:

1. Retain the stakes at the current Code levels.
2. Propose a medium stake between the £2 and £100, or
3. Adopt the UK position and reduce to the stake to £2.

Matters to consider:

The argument for retaining the current stakes would be if you believe that the situation and reasons for change in the UK do not apply to Jersey. However, given that the situation has changed in that jurisdiction, it would have the potential to alter the market if new machines were imported.

The data available to the Commission would indicate that only very few players, if ever, bet at the maximum level permitted and that the overwhelming majority bet much smaller amounts.

The argument for reducing the stakes would be the consistency with the current market approach and / or if you believed that the approach taken in Great Britain was the right one.

The Commission believes that Jersey, as a separate jurisdiction should set its own course according to what is considered to be its own best interests. The Commission can see merit in all approaches and does not believe that one has a significant regulatory benefit over another.

The fact that the Jersey market has already seen a stake reduction since April of last year would lessen the impact if the Code was amended to recognise this reality.

Amending the Code to adopt a median stake below £100 but above £2 would require the importation of new machines if it was to benefit players.

Responding to the Consultation

The Commission invites comments, in writing, from interested parties on the content of this consultation paper.

Comments should be received no later than **30th September 2020**.

Next Steps

Following this consultation, the Commission will publish feedback and any amendments to the Code.