

National Lottery charged with shirking “good causes”

UK LOTTERY

The operator of the National Lottery has come under fire from MPs after they noticed that profits had risen by 122 percent in the last seven years, while its returns to good causes had increased by only two percent.

The Commons public account committee was altered to the disparity after returns fell by 15 percent this year.

The lottery's operator, Camelot, claimed conversely that returns had risen by 30 percent on average, due to increasing play during the early years of its monopoly. But as player habits changed in recent years, away from buying tickets on the lottery's draw games, and towards scratch cards which only give a third as much per sale to good causes, the returns have declined, and annual growth fallen in comparison.

The proportion of sales going to good causes fell from 27p per pound in 2010, and 22p per pound in 2017.

Yet Camelot's profits have risen regardless, to £71m last year, up from

£34m in 2010.

In a report published by the committee, MPs claimed that the monopoly contract had become “too favourable” to Camelot, after the terms of its licence was renegotiated last year. The committee's chair Megan Hillier called for a “concerted effort” by the Gambling Commission and the government to make changes to the license before its next expiration in 2019.

MPs also called for Camelot and ticket sellers to publicise how much different games give to good causes to inform and influence more positive player behaviour.

“The huge contribution made to good causes is less evident to the Lottery player than it used to be,” said the report. “We would expect improvements to have been implemented by September 2018.”

Camelot was also charged with misleading the public in saying the charity GambleAware was “broadly” happy with its new commitment to donate £300,000 - a claim which GambleAware denied.



New dog, old tricks

New regulator expected to follow consumer-first strategy

UK REGULATION



As Neil McArthur's role at the UK Gambling Commission moves from interim to permanent chief executive, **David Clifton**, licensing

expert and co-founder at consultancy Clifton Davies, describes how one chief regulator can make all the difference - but why this one is unlikely to change course.

DAVID CLIFTON: It would of course be wrong to say the chief executive alone determines GC strategy. That strategy is determined by the Commissioners as a whole and the GC's Strategy for 2018-2012 is already in place. However, the chief executive is one of the Commissioners and his or her strength of character, coupled with personal beliefs and experience, will undoubtedly play an important role in developing and effectively delivering the adopted strategy. That this is the case is quite evident from the following contrasting comments by consecutive CEOs in Autumn 2015:

Just after handing over her role as chief executive of the GC to Sarah Harrison in October 2015, Jenny Williams gave her final speech to the International Association of Gaming Regulators, in



Paradigm shifted

“I think the tide has now turned as a combination of very substantial financial penalties and a public backlash against the gambling industry, has woken up operators to the realisation that restored consumer trust is going to be the key to the future commercial success of their businesses.”

iGAMING TIMES: How would you summarise Sarah Harrison's approach to regulation during her tenure, and the impact, good or bad, on the industry?

DC: I would summarise it as she did herself, i.e. “placing the consumer at the heart of gambling regulation”. That approach has had tremendous impact in terms of imposing increased regulatory burdens on operators and encouraging co-ordinated action with other regulators, such as the CMA and the ASA. A year ago, many operators might have characterised that as having had a negative impact on the industry, but I think the tide has now turned as a combination of very substantial financial penalties and a public backlash against the gambling industry, has woken up operators to the realisation that restored consumer trust is going to be the key to the future commercial success of their businesses.

iGAMING TIMES: Have you detected any change in tone or intent at all from Neil McArthur?

DC: Not yet, but I don't expect any material change. Whilst Neil will bring a lawyer's analytical brain to a role that was previously held by a consumer's champion, his more than eleven years' previous experience at the GC will have left its mark, as is illustrated by the clear “more of the same” message conveyed in his following words on the announcement of his appointment as CEO:

“I'm looking forward to the challenge that lies ahead to make gambling fairer and safer. I am really proud of the Commission's achievements over the last 12 years, but there is a lot more to do. Ensuring consumers are empowered to make informed choices about gambling while addressing and reducing the harms that can come from gambling is a challenge that cannot be overcome by us alone. It needs continued strong partnerships with other regulators, consumer representatives and government. Most importantly, it requires gambling operators to treat their customers fairly and they can expect us to be tough but fair in making sure they meet their responsibilities.”

which she summarised the GC's approach to regulation during her time as CEO as follows:

“We aim to impose the minimum of regulation consistent with achieving the licensing objectives”.

“We start from the assumption that the onus is on operators to ensure they only provide gambling in a legal and socially responsible way and to be able to demonstrate this to us. They are better placed to work how to do so in a way best suited to their business”.

Sarah Harrison joined the Commission from the energy regulator Ofgem. In her first speech as chief executive of the GC in November 2015, she drew attention to what she called the “common theme” between regulation of the energy and gambling markets, namely: “the importance of consumer and public trust and confidence to future growth and success, and the contribution that effective regulation can make to that”.

She concluded that speech with the following words that heavily influenced her approach to gaming regulation over the remainder of her time at the GC: “greater freedom brings with it greater responsibilities. As you strive for greater freedom, you will have to be able to demonstrate that you have placed good consumer outcomes and social responsibility at the heart of your thinking”.

It has been the perceived absence of the latter at the heart of gambling operators' thinking that has led to the quite dramatic increase in regulatory burdens over the last two years and has resulted in a 2018-2022 strategy, heavily influenced by the Responsible Gambling Strategy Board, that requires the industry “to move farther and faster” to address “changing and evolving” risks in order to achieve a gambling market that is “fairer and safer for consumers”.

UK's Gambling Business Group urges DCMS to act on skins gambling

UK LEGISLATION

Peter Hannibal, chief executive of the cross sector strategic body, the Gambling Business Group, has called on the government to create a new organisation dedicated to the regulation of time loot boxes and skins, the in-video game cosmetics which change the appearance of weapons or characters.

Frequently utilised as virtual currency for betting, skins are then cashed-in for real money via online trading platforms. A 2017 study by the Gambling Commission found that 11 percent of 11-16 year olds in the UK had placed bets with skins, a statistic that suggests around 500,000 children under the age of 15 could be using skins for gambling.

Hannibal's request follows the publication of the report Daily Fantasy Sports & In-Game Gambling; Skins and Loot Boxes 2018-2022, by Juniper Research, which predicts that total spend will reach \$50bn by 2022, up from under \$30bn this year, growth of some 60 percent.

According to the report issues arise where third-party websites facilitate wagering of skins on eSports matches and casino-style games in the process creating an unregulated gambling market, a development which it argues, should be of great concern to regulators.

Hannibal said: “The video gaming



or eSports world is a good example of where addiction is on the increase, particularly with the young. The UK Gambling Commission has been struggling to reach a firm position on issues with gaming in a society where there is a natural propensity to conflate the two things. I would question whether it's really for the Gambling Commission to regulate a completely separate sector.

“Instead the DCMS should ensure that gaming has its own industry regulator and the Gambling Commission should liaise with them as they do with other associated regulatory bodies. It's not for the gambling sector to fix the problems surrounding addiction, fairness and transparency that are being created by another separate industry over which we have no control.”

Piegate comes back to bite Tabcorp

UK NOVELTY BETTING

Aussie bookmaker Tabcorp is facing a review of its UK licence after its novelty PR stunt involving an overweight athlete eating a pie.

The Gambling Commission slapped Tabcorp, who was trading as SunBets, with a £84,000 fine for offering 8/1 odds on whether Sutton goalkeeper Wayne Shaw would eat a pie during his team's FA Cup match with Arsenal.

An accommodating and well-

humoured Shaw got wind of the wager and proceeded to eat a pie on the stand, thus ensuring Tabcorp would have to pay out to its punters.

However the unwitting player was subsequently hit with a two month ban from the Football Association for “intentionally influencing a football betting market” (a charge normally associated with match-fixing) while also stomaching a £375 fine.

For Tabcorp's part in the drama, the UKGC was slow to work out its response. But some ten months later it in the form of: “Tabcorp failed to properly manage the risks associated with novelty bets.”

“Novelty betting markets, such as the market Tabcorp UK offered on last year's FA Cup tie between Sutton United v Arsenal, may seem like a bit of fun but the consequences were serious - with the potential to encourage someone to commit a criminal act or breach a sports governing bodies' rules,” said Richard Watson, programme director at the UKGC.

