

STATES OF JERSEY

Economic Affairs Scrutiny Panel Hearing with the Minister for Economic Development

TUESDAY, 22nd FEBRUARY 2011

Panel:

Deputy M. Higgins (Chairman)
Deputy J. Macon of St. Saviour
Deputy D. Wimberley of St. Mary

Witnesses:

Senator A. Maclean, Minister for Economic Development
Mr. J. Lane, Chief Executive, Jersey Gambling Commission
Mr. M. Setubal, Technical and Compliance Manager, Jersey Gambling Commission
Mr. D. Evans, Legal and Intelligence Manager, Jersey Gambling Commission

In Attendance:

Mr. T. Oldham (Scrutiny Officer)

[15.35]

Deputy M. Higgins (Chairman):

Okay, we will start the hearing now formally, anyway. First of all, welcome to this hearing. I do apologise for the short notice, but, as I have just explained to the Minister, we are trying to do a very brief review of this legislation, with the idea of getting it back to the States as soon as we can. Ideally, we would like to try and produce a paper for Tuesday. So it depends on what actually comes out of what we hear. Otherwise, I will have to go back to the States on Tuesday and say we require some more time and there is going to be some more investigation, but our intention was to review it -- do a brief review of the law. So I will first of all start by asking -- I will first of all introduce myself. I am Deputy Mike Higgins. I am the Chairman of the Economic Affairs Panel.

Deputy J.M. Macon of St. Saviour:

Deputy Jeremy Macon of St. Saviour.

Deputy D. Wimberley of St. Mary:

Deputy Wimberley of St. Mary.

Deputy M. Higgins (Chairman):

Alan?

Senator A. Maclean, Minister for Economic Development:

Senator Alan McLean, Minister for Economic Development.

Mr. M. Setubal, Technical and Compliance Manager, Jersey Gambling Commission:

Mario Setubal, Technical and Compliance Manager for Jersey Gambling Commission.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Jason Lane, Chief Executive, Jersey Gambling Commission.

Mr. D. Evans, Legal and Intelligence Manager, Jersey Gambling Commission:

David Evans, Legal and Intelligence Manager of the Jersey Gambling Commission.

Deputy M. Higgins (Chairman):

Sounds like an interesting title, Legal and Intelligence. Yes. Okay --

Senator A. Maclean, Minister for Economic Development:

Just for the record, we have obviously explained the circumstances, but the gentlemen who have just introduced themselves were formerly of Economic Development, up until 1st January of this year. So a lot of the comments that they will be able to assist with is in relation to the development and modernisation of the gambling legislation and the development of disaster recovery and also the Gambling Commission.

Deputy M. Higgins (Chairman):

Okay. That is very helpful. Right. I had better explain. One other person I need to mention is obviously our Scrutiny Officer, Tim Oldham, and again ask if, I think you have been to many of these hearings, but obviously there is the statement that you must be aware of in terms of all these hearings and what your rights are and what they are not. Okay. Start off then by saying basically why we decided to do a review of this legislation and during the States Debate a number of State Members were extremely honest and said they had not read the legislation and that gave us concern in the sense that it is a very, very important and detailed piece of legislation and it is important that States Members scrutinise it properly. So that is one of the reasons why we decided to take it away and have a look at. One, it gives them time to read it, but also it gives us a chance to give them a little more detail and we can make comments. Another reason why we wanted to take it away was the fact that the title of the law, which is one of the reasons why some people did not read it, was I think misleading, not only to States members, but certainly to members of the public, because I wonder if members of the public who might have had an interest in this piece of legislation would have realised that the online gambling aspect of it was effectively hidden in a regulation that was to do with data recovery. A data recovery piece of legislation obviously did not attract the same sort of attention as one with online gambling would have done. That was a reason. We also had other concerns as well. One, the actual regulations and the law mentions codes of practice, but we have seen no codes of practice, and we wanted to see the whole, rather than just part; and we also had concern over the relationship between regulatory sanctions and criminal sanctions. Again, we would like to explore that area as well with you. If I find the piece of paper I had which has all these on, I will just make sure I have kept everything. Going back to the codes of practice, another concern of ours was not only were there no codes of practice, but, as far as we are aware, none has been published and we are not aware of any public consultation, which gave us concern. One final one, and a very important one as well, with all these other factors, the other considering factor was the fact that the legislation came into effect 14 days after the States passed it, which was a very, very short period of time and, with our concerns about the other, we felt it was something we needed to look at. Normally, legislation comes in much later than this. So that is our starting point. So what I am going to do first of all is just to ask you to give us a bit of background on the development of the law and what we would like very much is a time line explaining how you got to where you are at the present time.

Senator A. Maclean, Minister for Economic Development:

Right. Before I do that, I would just like to express my disappointment that we have got to

this particular stage, mainly because this has been flagged up for a considerable period of time, not just to State Members, but also to your Panel, Mr. Chairman. We had an in principle debate, as you will recall, back in April of last year on the introduction of an E gaming regime. As part of that debate, we had two briefings that we arranged for State Members. I recall from our records that neither you nor your Panel turned up to those meetings, although I accept the Deputy of St. Mary turned up just prior to -- ten minutes towards the end of it --

Deputy J.M. Macon of St. Saviour:

Minister, I hate to correct you, but I was not able to attend the first one because of planning, but I do believe I attended the second, the supplementary one.

Senator A. Maclean, Minister for Economic Development:

Okay. Nevertheless, this is going back to April of last year, when we had briefings for States Members about this issue. We had a full and wholesome debate, which was overwhelmingly supported by the States. Since that period, there have been numerous quarterly briefings that we have held with your Panel here, where I have continuously repeated the importance of E gaming and the gambling legislation, as far as my Department was concerned, and even December of this year we had questions raised by you in the December 14th meeting, where you asked about the position with E gaming. The Chief Executive of Economic Development not only referred to the fact that we were about to lodge E gaming legislation in the first quarter of 2011; he also said, and I quote, "... I think after amending the existing DR disaster recovery regulation". So he refers specifically to the fact that the disaster recovery regulation was going to be amended for that particular purpose. I am making these comments because in your opening remarks you said there was some confusion with some States Members. I am not aware of any States Members confused, other than the Deputy of St. Mary, who was concerned about the title to the regulations, the Draft Gambling, Remote Gambling Disaster Recovery, but, as the Chair pointed out during the debate, the first two lines of the report clearly state, and this is not a question of reading all the legislation -- it clearly states, "The purpose of these amendments is to make lawful by licence the continuous operation of E gambling in Jersey". Those are the reasons I am very disappointed that we have got to this stage. There will be plenty of opportunities for this to be scrutinised. I welcome scrutiny of legislation that is coming forward and I welcome working closely with your Scrutiny Panel in order to achieve that, but at the last minute, on the hoof, it is disappointing.

Deputy M. Higgins (Chairman):

I am sorry. Okay. Fine. I have given you the opportunity to say yours and we will say ours as well. We have indicated -- if you go back through Hansard -- you will find we have indicated that, despite States Members asking to scrutinise at early stages, for example the Gambling Commission, it did not -- despite the fact that it was referred back and then we were asked to scrutinise it, and on also other occasions we have been asked to scrutinise it, and we decided to wait. Now, we also indicated to you, and you can read Hansard and you will see, we said that, when it came down to the online gambling, we were likely, more than likely, to actually review it. That is one point. Secondly, I cannot speak for other members and whether they have read the things or not, but certainly the title that was used and the method by which this has been introduced will confuse the public, and it has certainly confused States Members. I think someone made the point in the States that, obviously, States Members have a tremendous amount of paper. We all know we are deluged with paper, and we have to prioritise, and a title like that, they have let it through. Anyway, the point is we are where we are, and we are going to scrutinise it now. But what I will say is I was extremely disappointed by your media attack on Scrutiny,

and that is effectively what it was, because, if you remember, under the regulations of the States, the Codes of Practice and everything else, the Chairman, after the principles of any piece of legislation, will ask the Chairman of the appropriate subcommittee whether it wishes to scrutinise it. It is the standard procedure, and I excised my right, and yet you went on the media, whether it be television or press, and criticised the Panel, including by name, where delaying all of this is costing the island a fortune, and so on. Now, we are doing a scrutiny function. We are not engaged in politics and we certainly took it that that was a political jibe, and I do not think it is appropriate and it is not good for the relationship between Scrutiny and ministers.

Senator A. Maclean, Minister for Economic Development:

Well, I accept that point and I think I would hope you would agree that, during the course of the last two and a half years, I have been supportive of you and this particular Panel and I support the scrutiny process. I think it is absolutely right that it goes about its duty. What I would not accept, and I did not attack Scrutiny, I responded to media -- during the course of a media interview, I responded to questions -- in a factual way. As far as I am concerned, there was plenty of opportunity for this to be scrutinised earlier. I do not think it is good practice. I am concerned about reputational issues, as far as the island is concerned, and I think to say that Members did not understand it, if they did not understand it, I am lost as to why 38 Members supported it and only four were against. If there were that many concerned about it, you would have expected to see the actual vote on the principles to be a lot closer, but I would suggest that we do not go any further on this. Let us get on with the process and --

Deputy M. Higgins (Chairman):

We shall. Okay. So we have asked, then, if you would give us a background, and in particular a timeline for the development of the legislation, in terms of the different stages of the legislation and where you have got to now. I think you already indicated that you considered this a very important piece of legislation; obviously, it has been a high priority for your department.

Senator A. Maclean, Minister for Economic Development:

Yes.

Deputy D. Wimberley of St. Mary:

Can I also say, in terms of not just the legislation, but in terms of the consultation process and in terms of reports that you had going back -- my first one is Collins in 2003, which is a major report -- so, you know, just the evolution of this whole process.

Senator A. Maclean, Minister for Economic Development:

Right. I was not going to go to 2003. That predates my time within the States. I can call on Jason to give details if you want to go back that far.

Deputy M. Higgins (Chairman):

Just briefly.

Senator A. Maclean, Minister for Economic Development:

We will touch on that in a moment. I will just give you a brief overview and then let Jason give you a run through, because he has been involved in it from the very beginning. In 2005, the States approved in principle that we progress an E gaming regime and, during the course of that debate, key was that a proper regulatory oversight was put in place. That strikes me as being perfectly reasonable, in line with international best practice, and

so on. When I was elected to the States and got my role as Assistant Minister of Economic Development with responsibility for gambling, I had an initial meeting with Jason to progress matters. We set out a plan for developing an E gaming regime for the island and for also modernising the gambling legislation, most of which dates back to the early 1960s and is not really appropriate. Top priority was to get a Gambling Commission, proper regulatory oversight, in place. The reason for that was that, putting aside the E gaming goal, if you like, or priority, in terms of economic diversification, we recognised that the island already had a gambling industry. There were 29, or are 29, licensed betting offices and a whole raft of other -- like a race track -- a whole raft of other activities which are gambling related that needed to be properly regulated. So, following the direction from the States in 2005, we progressed the Gambling Commission. We put in place first of all a shadow Gambling Commission, which was approved by the States. Later in 2010, was followed by the Gambling Commission itself. Until the Gambling Commission was in place, it was not appropriate to bring forward any gaming licensing regime. So we have moved on, having succeeded in the Gambling Commission introduction, to develop, to introduce or bring forward the E gaming legislation that was presented to the States at the last sitting.

Deputy M. Higgins (Chairman):

The shadow Gambling Commission was when, just to -- 2008?

Senator A. Maclean, Minister for Economic Development:

That was the Gambling Commission.

Deputy M. Higgins (Chairman):

2006, was it not, or 2005?

Senator A. Maclean, Minister for Economic Development:

No, it was not five. It was six, I think.

Deputy M. Higgins (Chairman):

Can we get Jason in? We have had the overview from the Minister.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Thank you, Chairman. I joined the then Gambling Control Committee in 2001. One of the things that became very apparent in dealings with both the terrestrial industry and through the Policy and Resources Committee, various international E gaming companies, was that the Jersey law was not fit for purpose, either for terrestrial gambling of all types, because it was haphazard, it was out of kilter with modern life, it was not readily understandable. The then President, Deputy Lyndon Farnham, shortly before the Committee was dissolved and became one of I think seven committees, which then became part of EDC, made a recommendation through RC50 that organisation of the islands gambling laws be made a priority. That was then taken up by the Economic Development Committee under the Presidency of Deputy Voisin, and Deputy Voisin's Committee then brought forward the P62 on the back of the consultancy report that Professor Peter Collins and Anthony Jennens made in May 2003. Peter Collins was then Professor of Gambling Studies at Salford University. He is currently, I believe, the Head of the South African National Responsible National Gambling Board. Anthony Jennens is the Chairman of GamCare, the gambling neutral charity, you may have heard of in the UK. So they came with a lot of experience. They made various recommendations. The EDC took those forward to the States, as you will no doubt recall, but hopefully we will not dwell on the primary part of that particular debate, the establishment of a terrestrial casino. That was convincingly defeated. However, the States did support in principle the formation of a Jersey Gambling

Commission, the bringing forward of online gambling, the introduction, if it was possible, of the UK National Lottery, and also the general modernisation of the island's gambling laws. With the advent of the ministerial system and the election of the Senator, as then Deputy, that work continued. It was influenced a great deal by the UK 2005 Gambling Act, so subsequent discussions that I and my colleagues have had at international regulatory meetings, following the UK intergovernmental conference at Ascot in 2006, and yearly conferences and meetings that we have as regulators, both within the Gambling Regulators' European Forum, or "GREF", as it is called, and also IAGR, the International Association of Gambling Regulators.

Deputy M. Higgins (Chairman):

Right, and then the next piece of legislation, the next stage?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

The next piece of legislation -- well, depending how far you want to go back -- I forget the exact date. There was the bringing in of game machines into licensed booking offices. I think that was around --

Senator A. Maclean, Minister for Economic Development:
2001.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Was it 2001? 2001. The next one was the introduction of the server based gaming machines that was done last year and, notwithstanding the Gambling Commission Jersey Law, the next regulation is this one.

Deputy M. Higgins (Chairman):

Okay. We also had a discussion of the E gaming proposition.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Yes, but that was not legislation.

Deputy M. Higgins (Chairman):

Okay, but I am looking at everything, including consultation. So, can you tell us what consultation you have done? That is the legislation. What is the consultation that you have done?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

In 2007, the Shadow Commission, with co-operation from the Department -- I am feeling a little schizophrenic now, sort of facing both organisations -- issued three consultation documents: one on harm reduction; one on broadening the industry; and one on regulatory principles around the gambling industry.

Deputy M. Higgins (Chairman):

Right.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

They were completed towards the end of 2007 and the Shadow Board, with our input, produced a report in January, I think, 2008. Specifically in relation to online gambling, the result, I think it is fair to say, was mixed. There was a slight view in favour of having an online gambling regime, but it was fairly evenly divided. That having been said, the States had already made an in principle decision that the Department should bring forward legislation for online gambling. So the Shadow Commission took the principled position

that, if the States was going to pass online gambling, then they would seek to regulate it; and, if they did not, then it would not.

Senator A. Maclean, Minister for Economic Development:

I would just add that that was the key premise that we worked to from a timing perspective to ensure that the Gambling Commission was in place first, which was the direction of the States in 2005, the Gambling Commission properly regulating the industry, and they had supported the progression of any gaming regime in 2005.

Deputy M. Higgins (Chairman):

Just going back to the consultation for a second, again, the findings were in favour, or not in favour?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

They were -- it is hard to assess because there were both individual and group responses on both sides. But, purely numerically, there were 15, both individual and group, responses in favour of having an online gambling regime, and there were 14 against.

Deputy M. Higgins (Chairman):

Okay, and, in terms of who the consultation took place with?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Well, it went out to the public, so we got faith groups, we had the industry, we had individual members of the public.

Mr. D. Evans, Legal and Intelligence Manager, Jersey Gambling Commission:

Hospitality.

Deputy M. Higgins (Chairman):

Did you actually publicise it in the media? I know there are references to parish halls, and all the rest of it, and it was sent out through specific agencies, but did you actually do any media sort of awareness?

Senator A. Maclean, Minister for Economic Development:

Certainly, it was pushed out in the media. I did interviews before, when it was launched, and I did interviews in conclusion when it was finished.

Deputy D. Wimberley of St. Mary:

Okay, so, coming on from there, I mean, you said, correctly, that there was an evenly divided response and the difficulties of weighting those. In the light of that, or following on from that, what consultation was done on these regulations, because they were quite substantial? They actually put the flesh on the bones, if you like, so what consultation has been done on these -- on P199?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

They would have been the briefings that we put forward and asked for States Members to come to before the in principle debate.

Deputy M. Higgins (Chairman):

But what consultation did you do with the wider community, rather than just the States?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

We have not done a wider consultation. As you know, we generally do not have a

consultation on individual pieces of legislation unless they are specific to an industry. I would not imagine that many nonprofessional people, other than having a general interest, would be able to comment on the specifics. If, for example, we had an amendment of -- if we take, for example, the last amendments to the gaming machines, we spoke directly to the industry. That was open through our Bookmakers' Liaison Group to any other parties, because they were directly involved. We do not actually have an industry for E gaming. So ...

Senator A. Maclean, Minister for Economic Development:

I mean, let us be clear. We have had a consultation which has established the principle of E gaming. Jason has given you the balance of views from individuals and groups, but, as far as the rest of the detail, it is essential and these regulations meet necessary international standards. That is what we have sought to do.

Deputy D. Wimberley of St. Mary:

Yes. Can I press you a bit on this. The original consultation was indeed high level principle harm reduction, and so on, and revealed a 50:50 split, for the sake of argument, more or less. Then we also know from -- I also know from the Gambling Commission in the UK, Survey 2007, in summary, they researched in a scientific way the public's attitude to gambling and, surprisingly, actually, to me -- this is 2007 -- the average view was that, "... gambling [was] more harmful than beneficial for individuals and for society and should not be encouraged". I just state that because, if you put that together with the split view, you would then see that the process of regulating where we are going is actually quite controversial. People want to see various things built in, like protection and sanctions and all the rest of it, and harm reduction. That is actually quite important to them, in terms of the general attitude to gambling. So, to put the question again, having said that, possibly in hindsight, would it not have been better to have had -- to have allowed the public to comment on these regulations in draft? To put them out and say, "This is what we intend to do ... What do you think?"

Senator A. Maclean, Minister for Economic Development:

No. I do not think that is necessary to do that. We have been through a consultation process. We have established the position, the public view, which is absolutely right. More importantly, we have put in place a strong regulatory regime with a Gambling Commission of the highest quality, and that is the way in which we ensure we protect the young, and the vulnerable people from gambling, gambling that already exists, not only the terrestrial gambling industry that we have existing already in the island, but E gaming, which also exists in Jersey. We are not creating more gambling in this proposition at all. We are just recognising the fact that there is gambling going on and we are seeking to benefit from the economic potential, and there are also, of course, social benefits to the island in adopting a principle of this nature. But, no, I do not think any further consultation on the detail of individual regulations, which are complicated, would have added any value whatsoever. Meeting international standards is absolutely imperative and that is the role of the Jersey Gambling Commission, to ensure that we do that.

Deputy M. Higgins (Chairman):

Thank you. Yes, go ahead.

Deputy D. Wimberley of St. Mary:

Yes, Minister. You commented that these regulations meet international standards. In what way do they meet international standards?

Senator A. Maclean, Minister for Economic Development:

Well, in every way. Obviously, we look at what other jurisdictions are doing. I attended, I think, Jason mentioned before, back in 2006, the Ascot summit of governments that met there to discuss ways in which we can more effectively regulate the industry, the E gaming industry, and clear principles were driven out of that particular summit and we have developed our legislation based on those principles and based on the principles adopted in other well regulated jurisdictions. Clearly, for Jersey, as is the case with the financial services industry, it is absolutely of paramount importance that our regulatory standards are of the highest possible standard, and I believe these regulations meet those standards. I think the Commission now support that. They would not have endorsed them if that was not the case.

Deputy D. Wimberley of St. Mary:

But specifically, minister?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

If I might add? Within the Gambling Commission Jersey law, there are guiding principles that the Commission must take into effect or take accordance of, rather, when considering licensing, and they are, if I may quote, "Gambling 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. Gambling should be verifiably fair to consumers of those services. Gambling should always be conducted responsibly and with safeguards necessary to protect children and vulnerable people". The Minister issued a set of guiding principles as well that the Commission has to abide by and, specifically, "Licensees are expected to comply with the Commission's social responsibility directives, conduct their business with integrity, act with due care, skill and diligence, take care to organise and control their affairs responsibly and effectively, and have adequate systems and controls to minimise the risks to the licensing principles, maintain adequate financial resources, have due regard to the interests of customers and treat them fairly, have due regard to the information needs of customers and communicate with them in a way that is clear and unambiguous and allows them to make a properly informed judgment about whether to gamble, manage conflicts of interest fairly and work with the Commission in an open and co-operative way". That is brought out particularly within the draft regulations in Regulation 10, whereby independent testing houses are put in place by the Commission to make sure that any gambling licensee's equipment is verified and fair and complies with existing technical standards, and also allows under amended Regulation 8 -- 11A8 for the Commission to impose both standard and nonstandard conditions for a licence to ensure their assistance for informing customers about help with problem gambling, in particular on the social side, and about changes and about regulation by the Commission and systems for customer checks, record keeping, accounts, and so on.

Deputy M. Higgins (Chairman):

Okay.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

So, I think the protections are there.

Deputy M. Higgins (Chairman):

A very comprehensive answer. I believe we will run on, because we are aware of them, but I will give you the opportunity --

Deputy D. Wimberley of St. Mary:

Can I come in on the help with problem gambling?

Deputy M. Higgins (Chairman):

That is the one we are going to come to. First of all, before we actually go to that, obviously, you have got the guiding principles, which you are to comply with, and you are supposedly producing Codes of Practice.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Yes.

Deputy M. Higgins (Chairman):

Can you give us an example or tell us exactly what the Codes of Practice are going to cover?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

The Codes of Practice will cover social responsibility with regards to informing customers about what the game is, how it works, how it is regulated, making sure that they have ready information about how much they have gambled, for how long they have gambled, giving them opportunities to link to information websites about problem gambling, about receiving help. Exclusion and cooling off periods? Are you familiar with those terms?

Deputy M. Higgins (Chairman):

I am with "cooling off periods", yes.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

"Exclusion" is basically signing up to the website and saying, "I no longer wish to gamble on this website", and then you are effectively barred. We mirror that in the terrestrial industry as well. So that is on the social side. We have technical standards.

Mr. M. Setubal, Technical and Compliance Manager, Jersey Gambling Commission:

Allow yourself to put self-limits as well.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Thank you.

Deputy M. Higgins (Chairman):

And age verification, and things like that?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Yes. Now, we have draft documentation. It is not complete. It is quite thorough, though. It is based on international best practice. We have operational control systems ... let us see ... operational control systems. We have technical standards for E gaming operators ... and we have the Responsible Gambling Code of Practice for E Gaming Operators. These are still awaiting, (a) to see whether the States will approve the regulation; (b) they have not been considered by the Board and they would only be considered by the Board after the States actually passed the regulations. We have two weeks if the States pass the regulations, plus the licensing period, in order to complete them. They are substantially finished, but we still want to tweak them, and we also want to consult with our colleagues in other jurisdictions. But there is more than enough time to make the small changes that we need if the States decide to pass the regulation.

Deputy D. Wimberley of St. Mary:

Can I ask what status the Codes of Practice have? It sounds like they come under the Regulators' own statutory force.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

They have statutory force in so far as a licensee is required to comply with them.

Deputy D. Wimberley of St. Mary:

So you have got a Code of Practice, which essentially is the gun and the bullet. It says, "This is what you are going to have to comply with under these regulations ... " But the State is in a position of passing the regulations -- may even comment yes or no, if I have got it wrong -- the State has been put in a position of passing the regulations without knowing what the gun and the bullets look like.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

To be fair, Deputy, it follows exactly the same principle that was laid out in the Gaming Machine Regulations. What we are generally trying to achieve is a system whereby the States can take comfort that the regulatory framework is there, but it is sufficiently flexible that, with the adaptation and change in technology, that every time that something new arises, we do not have to go back to the States to make consequential amendments.

Deputy M. Higgins (Chairman):

We are certainly aware of the fact of use of Codes of Practice, and obviously like the Finance Services Commission, but, equally, the Codes should be out there and I think it is rather remiss of us all in a sense that we did not pick it up on a previous one. The idea that we should be looking at the codes and we should be looking at the thing in the whole. In fact, Deputy Macon in one of his speeches in the States, actually mentioned that we should be looking at the thing in the round. In other words, we can pass the principles here, but you have to see the whole of it before you can actually fully understand what we are actually getting and whether it is actually sufficient or not.

Senator A. Maclean, Minister for Economic Development:

Well, Mr. Chairman, I understand your point, but, having said that, the purpose of appointing a Gambling Commission is for the Gambling Commission to have due responsibility for doing that. That is exactly what they are going to carry out.

Deputy M. Higgins (Chairman):

But it does not absolve State standards from actually looking at the whole.

Deputy D. Wimberley of St. Mary:

So, if I go to a detail that would concern me and, actually, thousands of other people, because I know that it would concern them, when somebody is playing online, you mentioned, quite rightly, what the game is, the social responsibility, the operator has to tell the player what the game is and how it is regulated and how long they have been playing and how much -- is that sort of in the corner of the screen, so it is small? Do you specify what kind of warning that must be? Is it compulsory to declare a limit that you are going to gamble to? Or is it: you do that if you like and tick that box if you like or you can fill it in or not? Will you get a warning when you are approaching that limit, if the limit is compulsory? Or even if it is not? Is there a warning every now and again flashed up that this can damage your health, your family, and all the rest of it? You see, my parallel is cigarette packets. We have just legislated to have packets -- so much on the packet you cannot even do a States Report on the back of it anymore.

Senator A. Maclean, Minister for Economic Development:

Jason, I will let you answer that, but, just before you do, what is on the screen at the moment that you have just referred to is absolutely nothing because people in this island, and there are an estimated 5,000 people, are gambling online on internet sites as we speak. There is absolutely nothing there. However, when we pass this, then there is an

opportunity, as we take licences into the island, to be able to provide some form of protection, whereas at the moment, as I have said, there is absolutely nothing.

Deputy M. Higgins (Chairman):

We are going to come to this in a moment. We will follow up on that point.

Senator A. Maclean, Minister for Economic Development:

Okay. Do you want to just do the detail, Jason?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Yes, okay. Thank you. The guidelines look at each application on a case by case basis. We have not gone for a one size fits all solution, other than saying they must make provision for it. How they individually make provision for it, they need to specify. They need to submit that to the Commission, we will evaluate it. If we do not think that it is fit for purpose, then we have the power to make them amend it.

Deputy D. Wimberley of St. Mary:

What the Code of Practice says about what you are trying to achieve is the protection of vulnerable gamblers.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Indeed, as a licensing condition.

Deputy D. Wimberley of St. Mary:

Yes, yes. Right. So the Gambling Commission has discretion to make sure that, within their Code of Practice, which I have not seen, they have stated that the purpose is to avoid, so far as possible, to reduce harm, so far as possible, and so these things will be built into any licence that is granted. But my problem, and I think this is probably one for the Minister, is you are in a competitive -- if we go this way, we are in a competitive industry. If Gibraltar or Bermuda, or wherever, says, "Well, actually, our conditions are less onerous, come to us"?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Well, if I can jump in, the opposite is actually true. We are talking about stock market listed public companies. They are blue chip. They are wanting to be in a highly regulated environment because it provides both their shareholders and their clients with a sense -- not a sense, but with the very real trust in the integrity of their systems. I think that the playing public is generally becoming more sophisticated, certainly online, and if you have a choice of playing in a jurisdiction with a reputation for high levels of regulation and due diligence, opposed to one without it, I am fairly confident about where I would put my money.

Senator A. Maclean, Minister for Economic Development:

To be absolutely clear about this, it is very straight with regard to the Jersey Financial Services Commission, the way in which they regulate the financial services industry. We expect the Gambling Commission to be set up and to operate in exactly the same way. We are looking for high quality business, low footprint, and high value. We are not looking for a race to the bottom to attract business by cutting standards and cutting costs. That is not the principle behind it and that is not the way in which the Gambling Commission would operate. The reputation is key to the island.

Deputy M. Higgins (Chairman):

Let us just move on a bit further.

Deputy J.M. Macon of St. Saviour:

The comment you made -- was that in reference to businesses? In choosing their location?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

I think so, businesses and players. Businesses certainly, without a shadow of doubt. The leading companies in the market have all gravitated to highly regulated jurisdictions.

Deputy J.M. Macon of St. Saviour:

Do you think players, when they are looking for a .com website, when they want to gamble, really mind where that is originating from?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Well, in my experience, which probably is greater with regards to the horses perhaps than the multitude of online companies, yes, customers are sophisticated. They know where they are going to get the better deal and they will learn very, very swiftly from experience if they get a poor deal. So, yes, I think customers will choose to move and I think that is why these leading companies are as successful as they are.

Mr David Evans, Legal and Intelligence Manager, Jersey Gambling Commission:

The high street names, such as William Hills or Ladbrokes, or 888.com?

Deputy D. Wimberley of St. Mary:

They are already in Guernsey, which, obviously, we are copying what I understand some of their Codes. Why did they move here? Why not stay where they are?

Senator A. Maclean, Minister for Economic Development:

They moved to Jersey for the attraction of facilities that Jersey offers. Even companies that are located in Alderney will find Jersey in some respects more attractive. We are not targeting Alderney businesses.

Deputy D. Wimberley of St. Mary:

But why more attractive if you have got the same Codes following the same statutory standards?

Senator A. Maclean, Minister for Economic Development:

Well, because it is not just about E gaming in isolation. It is taking into consideration all the other associated benefits, the professional services that exist in the island, the banking, the fiduciary services, the legal, the accounting, and so on, services, and also connectivity in terms of getting on and off on the island, into the UK, multiple transport hubs, and so on and so forth. Jersey is a more attractive location than many others and its reputation and high regulatory standards in other areas make it even more so. Availability of resource, for staffing, and so on. The list is much longer. Quite simply, industry are telling us, and certainly the Gambling Commission have been approached by organisations, significant brand name organisations, that want to move here. We lost one, actually, a year or 18 months ago in terms of sporting bet, who wanted to come to Jersey, but, thinking we had the legislation to accommodate them, they have since gone to Guernsey and invested significantly in Guernsey.

Deputy M. Higgins (Chairman):

Actually, they have not gone to Guernsey. They have gone to Alderney. Guernsey does not have any E gaming laws.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

They have the data centres.

Deputy M. Higgins (Chairman):

They have the data centres, but it is different to having an E gaming law. It is riding on the back of the Alderney --

Senator A. Maclean, Minister for Economic Development:

It is actually registered -- the licensing regime is registered through Alderney, but the benefit accrues and significant benefit accrues to Guernsey through data investment, and so on.

Deputy M. Higgins (Chairman):

We will talk about that later

Deputy D. Wimberley of St. Mary:

Can I take an angle on this business of good reputation and good regulation and so on. You went to the Ascot, or the Minister went to the Ascot conference.

Senator A. Maclean, Minister for Economic Development:

So did Jason.

Deputy D. Wimberley of St. Mary:

Is it an annual conference, this business of all the jurisdictions with gambling, E gaming, facilities, all meet every year?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

That was a ministerial conference.

Deputy D. Wimberley of St. Mary:

Yes.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

That was a one off ministerial conference. However, at officer level, there are numerous meetings between the various regulatory agencies.

Deputy D. Wimberley of St. Mary:

Is that just between regulators, or is that access for organisations like GamCare or people who have a vested interest in making the industry "safer"? Do they have access to those meetings?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

They certainly have access to policy making. When you think of GamCare in particular, they certainly have access through the Department of Culture Media and Sport to development of policy. They were certainly involved in the work leading to the 2005 Gambling Act. The meetings that I go to, Deputy, are regulatory ones. I cannot talk for meetings that I do not go to, but I am well informed that these sorts of issues and these groups do meet in the UK.

Deputy D. Wimberley of St. Mary:

My question is: will the Jersey on this matter of harm reduction -- will we take the lead in saying, "We are a good jurisdiction and (a) we want to be good jurisdictions"? Or are we going to be part of this inevitable race to the bottom, because you are bidding for business,

and corporations have to say, "Well, we are not going to you because you are too tough"?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Well, with respect, I really do not agree. As I said, it is more a race to the top than a race to the bottom. Those companies, and there may be some, that are in the race to the bottom, it is not the type of industry or company that we are looking for. It does not fit with the Jersey brand. We are a high reputation brand, as I am sure I do not need to tell this Panel. We have had quite a few discussions with representatives from GamCare. As I mentioned before, Anthony Jennens, who came over here back in 2002, is well established with GamCare. The Commission has just last month at its January meeting established a Social Responsibility Panel. They are going to have their first meeting in March. They have three Members. One is an industry representative from William Hill, but who covers the national social responsibility work for William Hill in the UK. One is a representative of health and social services here in Jersey, with particular expertise with regards to counseling and addictions; and one, the Chair, is an independent local advocate.

Deputy M. Higgins (Chairman):

Thank you. Sorry, Daniel, do you have a note and then we will move on? All right. What I wanted, then, is we talked about the international bodies and so on and the paper produced. Let us actually look at the social harm and States Members throughout all the debates have expressed real concern about the social harm of gambling and, Minister, you have actually recognised that fact in Hansard. You said there are adverse effects from gambling. Obviously, not everyone is affected badly by it, but there is the significant minority who can be. Now, part of the role of the Commission is to look at education, research, dealing with addiction and so on. Can you tell us what you have actually done so far in those areas?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Bearing in mind that the Commission has only actually been in force since October and has only had an executive working for it since January, I think in that very short time of six to eight weeks we have achieved quite a bit. As I said, the Commission has appointed the Social Responsibility Panel. We have -- Deputy.

Deputy M. Higgins (Chairman):

It has met once, has it not?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

No, we have had telephone conversations. It has its first meeting next month.

Deputy M. Higgins (Chairman):

Right.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Timetabling is such that 16th March, I think, is going to be its first meeting. We have asked the terrestrial industry to contribute to the social responsibility fund and a number of contributions have come in.

Deputy M. Higgins (Chairman):

Which is currently at 9,500; is that right?

Mr. M. Setubal, Technical and Compliance Manager, Jersey Gambling Commission:

Correct. Going on the way to 14,500.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Which is enough in our opinion to start the ball rolling. The most important thing I think that we face is paucity of data. One of the things that we want to do is to engage either with GamCare or with Responsible Play, which is part of the Gordon Moody Association, to get a web link for Jersey residents to be able to go to which we will publicise and print leaflets about so that people will get to know about it, so that if they have an issue and if they have a problem, they do not necessarily have to go as first port of call to their GP or to try and find GA, but they can go on this website. They can get information directly from it and, most importantly, I think for policy formation with regards to social responsibility, we will get some real data about the sort of numbers that we are talking about.

Deputy M. Higgins (Chairman):

You have had a shadow gambling body for a number of years now, and obviously you have been working on legislation, but have you done any research into problem gambling within the island before now? Do you have any idea of the extent of problem gambling within Jersey, no matter what form it is? Whether it is E gambling or anything else? Because gamblers will gamble on anything.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Absolutely. No, we did consider the idea of undertaking a study, but, for the amount -- to get a real understanding of problem gambling, you cannot just take a snapshot. You need to have a longitudinal study. So it needs to look at all aspects of gambling over at least a number of years. That is very expensive and resource hungry to do and, for a small jurisdiction, on balance, it is probably easier to extrapolate and look at the figures for the UK and round it down. It is certainly not perfect, it is not ideal, but, as far as cost benefit and weighing up the time and effort and money to do that, against the size of the problem and moving forward, it really did not make sense.

Deputy D. Wimberley of St. Mary:

Have you done the extrapolation exercise?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

No.

Deputy M. Higgins (Chairman):

Taking the UK --

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Well, yes, we have done that.

Deputy M. Higgins (Chairman):

What was the size of the problem?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

I would need to consult my files, if truth be told, but it is 0.6 per cent.

Deputy D. Wimberley of St. Mary:

How many thousand of people is that? 0.6 per cent of adults. What do you reckon that comes to, because I can tell you if you have not got the figures off the top of your head, 450, or thereabouts.

Senator A. Maclean, Minister for Economic Development:

0.6 per cent.

Deputy D. Wimberley of St. Mary:

Of the adult population in Jersey is roughly 450 --

Senator A. Maclean, Minister for Economic Development:

Just to be absolutely clear about this, this is all forms of gambling --

Deputy D. Wimberley of St. Mary:

No, this is problem -- people with problems.

Senator A. Maclean, Minister for Economic Development:

Yes. All forms of gambling.

Deputy M. Higgins (Chairman):

No, I do not disagree with that.

Senator A. Maclean, Minister for Economic Development:

I just want to be clear about that

Deputy M. Higgins (Chairman):

A person who gambles will gamble on everything. Therefore, we have a problem -- the point is we have had various other forms of gambling in the island and what infrastructure do you have for those people? The problem gamblers? The gambling, let us say, on horse racing, or, I do not know, whatever else and whatever other forms of gambling there is in the island?

Deputy D. Wimberley of St. Mary:

What care is there now?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Well, there is the Health and Social Services Therapy Unit.

Deputy M. Higgins (Chairman):

With dedicated people for gambling?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

No.

Deputy D. Wimberley of St. Mary:

You see, my issue with this is I remember being told in, I think in the in principle debate, that one of the points about that was that the Gambling Commission and so on going forward would have the resources partly because of introducing E gaming to really help to identify, as you say, and to offer help to people who are afflicted with problem gambling in Jersey. Then, when we asked you, we find that, there is the HSS Therapy Unit and a budget of 14,500.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

No, to be fair, you are looking backwards, Deputy. We have not actually passed this regulation to get the funds coming in for us to do this. The Commission, as a body, as I have said, has only had an executive six and a half weeks. So I really do not think it is fair to think that we could have established too much. But, looking --

Deputy M. Higgins (Chairman):

May I just mention on point on that. The States actually voted, when you were set up, I think it was £242,000, the Gambling Commission and, according to regulations and everything else, you can use your own funds or other funds to actually fund this type of thing, in terms of the social funds. It is actually there in your own regulations.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Yes, we can.

Deputy M. Higgins (Chairman):

So, I am surprised in one sense that, obviously, we are going at full tilt to try and bring this forward, obviously, but we have not done any research beforehand to find the true nature of the harm we have. Have you even considered -- what sort of work have you done on education programmes? Mr.

J. Lane, Chief Executive, Jersey Gambling Commission:

We have had Martin Buczkiewicz, who is the Chief Executive of Tacade, who are an addiction specialist charity. They do work on all forms of addiction. He came over specifically to talk, obviously, about the work they do primarily in schools. I think it is what I would call early senior school. I am afraid I am too old to remember what key stage is these days, but 11 to 12 years olds, whatever that is. We had a very, very good day's meeting with a number of secondary school teachers at Highlands, at the Education Department. It was extremely well received. Like everything else, it comes down to money. The Education Department did not have the funds to bring this form of education in. It is the sort of thing that the Gambling Commission would look to do in the future, if we have the funds. We have formed part, as has the whole States, and I think it is absolutely right that the Gambling Commission bears its share of the pain, of CSR, and we have to cut our cloth accordingly. Once this form of new business comes in, we will expect online operators that are licensed in Jersey to make a contribution to the social responsibility fund and from that the Social Responsibility Panel, who have industry experts an addiction experts on there, will make recommendations to the Commission about how that should go forward.

Deputy M. Higgins (Chairman):

When was this individual -- when did you have the meeting at Highlands College?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Again, I would need to check my files. I cannot remember exactly. 2008ish. We have also had a number of visits from an organisation called Responsible Play. They are part of the Gordon Moody Association. The Gordon Moody Association is the only residential care provider for gambling addicts in the UK. He has been working with us and has also met with health professionals at Overdale to discuss the possibility in the very, very near future of coming over and running a training course for the counsellors there at the therapy unit to give them a greater awareness of gambling addiction, and, again, if the funds allow for it, what we would like to do is to offer one of the counsellors there the opportunity to become a dedicated gambling therapy specialist.

Deputy M. Higgins (Chairman):

Because at the moment there is only drug and alcohol addiction counsellors, is that correct?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Well, to be fair, I cannot talk for what Health and Social Services offer. I believe that is

true, but I cannot say that I am in any way an expert on what Health and Social Services offer.

Deputy M. Higgins (Chairman):

But I think, from a conversation we had, you said they would have to train up somebody?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

For gambling addiction.

Senator A. Maclean, Minister for Economic Development:

Can I just clarify something, because I am finding this a little bit confusing. You are reviewing our legislation for the introduction of E gaming regime, yet the debate, although the subject being discussed is extremely important in terms of harm reduction and mitigation and so on, a lot of these questions are more relevant to the gambling -- to the Gambling Commission effectively.

Deputy M. Higgins (Chairman):

You have got the Gambling Commission here.

Senator A. Maclean, Minister for Economic Development:

But not to what we are seeking to introduce in E gaming. Can I just finish, please? Can I just say that what we are doing with this E gaming regime is not introducing any more gambling whatsoever into Jersey. It does not do that.

Deputy M. Higgins (Chairman):

I do not deny that. What we are saying is we have had gambling in the island anyway, but we have had no facilities, effectively. We do not know how many problem gamblers there are. We have had no counseling up to date with it and States Members throughout all the debates, regarding E gaming and all the rest of it, have stressed the importance of harm reduction, social harm. So there is no mechanism in place. We would have thought that you would have actually taken the stage of getting all these things in place before the legislation comes in. Is it a case of we are going after the money first and then we will start trying to deal with the problem afterwards?

Senator A. Maclean, Minister for Economic Development:

No, what you do is -- you are quite right that there is not appropriate protection in place. There is no regime in place until we put the Gambling Commission -- we established the Gambling Commission in 2010.

Deputy M. Higgins (Chairman):

There is still the harm.

Senator A. Maclean, Minister for Economic Development:

Once the Gambling Commission was effectively established, and it has only come into effect from a shadow form into its current form in October and had an executive from January of this year on, it has already started -- it has done a lot of work, as Jason has said, in a very short period of time establishing the Social Responsibility Panel and establishing some funding therein. But, of course, the E gaming legislation that we hope to approve with your support, once that industry gets up and running, and starts to develop and generate more licensing fees, then there is more money to put into harm reduction and all the schemes that have just started, or are beginning.

Deputy M. Higgins (Chairman):

I think my concern is the fact that all the way through, everybody, including yourself in some of your papers, you mentioned how gambling is always going to be conducted responsibly and safeguards are necessary to protect children and vulnerable people.

Senator A. Maclean, Minister for Economic Development:

Absolutely. Hence the Commission.

Deputy M. Higgins (Chairman):

But those protections are at the end of the pile, rather than --

Senator A. Maclean, Minister for Economic Development:

No, they have started. They have started.

Deputy M. Higgins (Chairman):

I am sorry, but I do not think so, from what we have heard so far.

Deputy J.M. Macon of St. Saviour:

To answer your question, Minister, the Commission is referred to in Articles 10 and 11, and it is the relationship between these regulations and the Commission, which is why the Panel are discussing those issues at the moment, just to make that link.

Senator A. Maclean, Minister for Economic Development:

I can understand the link, but there would seem to be a major focus on that point. It is not the introduction of additional gambling -- was the point that I was making.

Deputy D. Wimberley of St. Mary:

Something that puzzles me in relation to the Gambling Commission, and I know they have written into that they are going to deliver on all the social responsibility stuff, is that there was a lot of concern in the States about the budget of the previous Gambling Commission, i.e., the Shadow. As I understand it, there were four working full-time and a budget of 300 grand. That is a rough figure in my head, around 300 grand. Yet, you know, we are hearing that, as of January this year, we can start looking at things because now we have got an Executive Officer and I am finding it very difficult to square all this. I would have thought that the research and the extrapolation of the UK figures and the going and focusing and bearing down on this harm reduction would have thought that we would be further down the road.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

The Shadow Commission did not have a budget, because it did not exist. The Department held the budget.

Deputy M. Higgins (Chairman):

Yes, but the Minister says he considers important even before the Board came into being. Surely, you could have gone to him to get some money?

Deputy D. Wimberley of St. Mary:

There was money. There was 300 grand.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Funding is distributed between the different section heads of the department, who each have responsibility for their allocated area and have to fund their work programme, which comes from the Minister, within the budget that they are allocated. So within the regulatory services budget, there was money for the development of gambling policy. There was money for the development of broadcasting and wireless telegraphy, there was money for

the development of shipping law, competition law, telecoms law. I could carry on. There was no one discrete pot that the Shadow Board could go to because they had no authority under the Public Finances Law to spend any money.

Deputy M. Higgins (Chairman):

You could have gone to the Minister and said, "Look, we have got a problem already, with problem gamblers and everything else. Can we have some money, please, to try and set up the programme?" Did you actually ask for any money?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

We discussed the benefit of having a longitudinal study to look at the possible level of problem gambling in the island and, based on the likely cost and the time involved, given the fact that we have a small team within the Department, it was not considered to be the best use of time and money.

Deputy M. Higgins (Chairman):

When was it that you actually discussed that? When was it discussed? Recently? A year ago? Two years ago? Previous years? Was it with the previous Minister?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

We have certainly discussed the matter with the current Minister. Whether that was -- whether you were Minister or Assistant Minister at that time, again, I would have to go back to the file. Again, the Commission has a regulatory responsibility to ensure that gambling companies comply with the proper principles. It does not have a direct responsibility for giving medical help to people who are ill.

Deputy M. Higgins (Chairman):

It has the responsibility, though, of funding things like that.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

We do now, Chairman, because the Gambling Commission law has come into force. We certainly did not before October.

Deputy M. Higgins (Chairman):

Thank you. How about the education side of it, then? What have you done about trying to get the education and schools and educate children about the dangers of gambling?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

I refer you to my previous comment about the visit of Martin Buczkiewicz.

Deputy M. Higgins (Chairman):

That was one.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Well, that --

Deputy M. Higgins (Chairman):

The secondary head teachers, but have you developed a programme yet with the teachers or with education? Have you had any discussions with education about that?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

We have had that solitary discussion with education. We have to prioritise our work programme. We have been to education. The timing was not right. We will look at it

again once we have the legislative programme completed, at whatever level the States decides; once we have a new licensing round finished, if we have a new licensing round at all; once we have the preliminary views of the Social Responsibility Panel; and once we have ongoing discussions with the terrestrial industry. The Minister has made it a policy objective to reform the gambling law, the primary gambling law, which, as I said, is a 1964 piece of legislation. There are only so many objectives you can have. We have to prioritise them. The Minister wants the legislation to be updated. It will all follow, but it is going to have to take time

Deputy M. Higgins (Chairman):

Because the Minister also said in his ministerial policy on gambling that, "Gambling should always be conducted responsibly with the safeguards necessary to protect children and vulnerable people". So surely that is going to be a high objective?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Yes, that would be a licensing objective with any licensees.

Deputy M. Higgins (Chairman):

Not only licensees, but surely also with providing necessary funding for projects or programmes within the island, one would have thought?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

In the future, yes, but it has to be actually evidence based on proper data. We cannot just take a --

Deputy M. Higgins (Chairman):

You did not do the data, so ...

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

No, but what we are hoping to do, through the website that we are going to set up, is that we will actually get that data and it will be anonymised and it will be cleaned and we will get that data through Responsible Play and the Health Department in such a way that it can then inform policy

Deputy M. Higgins (Chairman):

How many gamblers, for example, if we look at alcoholics, many people deny they have got an alcohol problem. How many gamblers are actually going to sign up to your website?

Mr David Evans, Legal and Intelligence Manager:

If they have not realised they have got a problem, with all respect, Chairman, they cannot be considered problem gamblers.

Deputy M. Higgins (Chairman):

They can be considered problem gamblers because they have got a problem, just not admitting it.

Mr David Evans, Legal and Intelligence Manager :

Then they cannot be helped.

Deputy D. Wimberley of St. Mary:

I am sorry, they can, because somebody else can -- it is not domestic violence abusers who go to the help. It is the person who is abused who goes to the shelter and says, "My

husband is ..." or, "My wife is doing this and that". So, with respect, you will get an idea, once you set up this weblines and if you publicise it properly, because people will say --

Senator A. Maclean, Minister for Economic Development:

That is the intention.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

And this is going to be driven by the Social Responsibility Fund, and the funding there, although small, is going to provide the funding for the website and provide the funding for the publicity to go into bookmakers at (inaudible) square to help raise awareness. It is raising awareness is the issue.

Deputy D. Wimberley of St. Mary:

It is good that you mentioned the Fund -- 14,500 to launch this thing -- in harm reduction. Do you have any estimate of how much it costs to put somebody right when they fall into the addiction of gambling? Any estimate of the cost of -- from the contacts with --

Deputy M. Higgins (Chairman):

Treating one person?

Deputy D. Wimberley of St. Mary:

What is the cost of actually treating one person to the point where they are gambling free?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

I think it varies completely on a case by case basis. I could not possibly give you any figure.

Deputy M. Higgins (Chairman):

An average figure?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

No, I could find out for you, but I think it is also important to realise that the end point is not necessarily being gambling free. It is getting --

Deputy D. Wimberley of St. Mary:

Management.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Yes, absolutely -- to a point where they are actually in control and they are making a rational decision that they want or do not want to do something, rather than a compulsive decision.

Deputy D. Wimberley of St. Mary:

Certainly, if I was looking at harm reduction in a context of the budget that I needed and the context of the levies I might have to levy on the industry and so on, that would be one of the first figures I would go for. I would find out how much it is going to cost me to deal with the estimated numbers, which is 450, times the amount case by case, roughly, to be gambling management or gambling free. You do not have the figure.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Well, the --

Deputy D. Wimberley of St. Mary:

I am being a bit harsh, but there you are.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

The discussions that we have had with Health would indicate that a Grade seven part-time depending on their use, we could be looking professional staff at anywhere between 12, 15,000 pounds a year. That would be non-residential on the island. If you are talking about residential, it would have to be at the present time in the UK. As far as I am aware, Gordon Moody do not actually make a charge for that because, generally, when a person has hit rock bottom. They do not have any money to pay it. So that is done by voluntary donation. They are a charity.

Deputy D. Wimberley of St. Mary:

Coming through GamCare?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Yes.

Deputy D. Wimberley of St. Mary:

But on the Grade 7, are you saying that that is the level of staff person who would be needed to help these people in counselling, or are you saying that is the cost per person? I am not sure.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

That would be the administrative grade of the type of counsellor.

Deputy D. Wimberley of St. Mary:

Right, but you have no idea of what sort of caseload a person like that would manage on average? Because that is how you do it with social workers. You work out the number of social workers you need on the basis of how many cases there are, divided by their caseload.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Indeed, but my understanding and, again, this is somewhat anecdotal, but my understanding is that the level of incidents of people who present purely with a gambling problem is extremely small, but there are some people who present with a gambling problem who actually have a more serious other problem.

Deputy D. Wimberley of St. Mary:

But I still do not have an estimate of how many people roughly a Grade 7 would be able to handle on a caseload. It matters because the whole budget thing depends on it.

Deputy M. Higgins (Chairman):

All Right. Can I suggest --

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

We do not know how many people there are. **Deputy D. Wimberley of St. Mary:**

no, no. It is the caseload that this Grade 7 person would do on a part-time basis, being paid roughly 15K. How many people would they be able to help?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

I would need to check and get you that information.

Deputy M. Higgins (Chairman):

The counsellor -- what sort of qualifications, would you expect this Grade 7 counsellor to have?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

We are totally beyond my level of expertise, Chairman.

Deputy M. Higgins (Chairman):

Right. Can I just move on. One last thing I just want to clarify before we move onto the new topic. We talked about research. We talked about education. Just to clarify, so far as addiction counselling at the moment, there is no one in the island at the present time who is doing addiction counselling; is that right?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

I could not say that with absolute authority. I believe there are individuals. I have met with individuals in the past who have been trained in gambling therapy. I am not sure whether they work for the Health Department or whether they are private consultants. My understanding is they do exist. They are small in number. I think reflecting the level of clients that they have who are also anecdotally small in number

Deputy M. Higgins (Chairman):

Right. Let us move on, then. We want to move onto the economic benefits of E gaming and, Minister, can you help us on this. Obviously, you made various things from the States and so on, but what do you see are the main benefits of the E gaming coming into the island?

Senator A. Maclean, Minister for Economic Development:

Well, it is not just what I see, it is what industry sees and it is what external experts see. I think you are referring to my comments in the States about a report produced by KPMG about the estimated value to the Guernsey economy in 2007, which was £7 million, and that was revised to £50 million in 2009. Obviously, the value to the economy is an overall. It is not just licence fees. I think it was the Deputy of St. Mary who did some mental arithmetic and worked out very rapidly that the number of licences are not going to equate to that amount of money, and he is quite right. However, the licence fees themselves largely cover the regulatory cost and some additional revenue on top. The significant benefits to the economy are leveraging the professional expertise that exists in the island in terms of banking, fiduciary, accounting and so on. For example, the investment and development of the telecommunications sector, the band width investment that we have seen driven in other jurisdictions to the significant benefit of those particular jurisdictions. Again, Jersey would seek to benefit from that as well. They are without doubt wide-ranging in terms of employment opportunities. Although it fits our profile of low footprint and high value, we see that as a very good diversification story for the island, with other jurisdictions as a benchmark of type of revenues that can be achieved. Isle of Man, for example, have seen employment growth in this sector of about 18 per cent. They have seen in 2008 there was £91 million put into the economy in terms of spend by the industry. That is spend by the E gaming and associated industries into their particular economy. So there are lots of indicators as to the value that this sector would bring to the island.

Deputy D. Wimberley of St. Mary:

Sorry, which country was this, again?

Senator A. Maclean, Minister for Economic Development:

Isle of Man, Isle of Man. £91 [sic] investment spend into the --

Deputy D. Wimberley of St. Mary:

Oh, of investment spend, yes. Senator A. Maclean,
Minister for Economic Development:
Of spend in all respects of the economy

Deputy M. Higgins (Chairman):

You mentioned the KPMG report, which obviously you have been told that we have been seeking this. Did you Commission that report?

Senator A. Maclean, Minister for Economic Development:

No, no, it was a Guernsey report

Deputy M. Higgins (Chairman):

Have you had sight of that report?

Senator A. Maclean, Minister for Economic Development:

No, we have just seen the reports of the outcomes of that report.

Deputy M. Higgins (Chairman):

It was a press report, was it not? A public relations press report?

Senator A. Maclean, Minister for Economic Development:

There has been a press report on it, yes.

Deputy M. Higgins (Chairman):

What research have you actually conducted yourself into the economic benefits of the island? Have you commissioned any reports into the benefits of it?

Senator A. Maclean, Minister for Economic Development:

Specifically, locally, we have contacted and spoken at length to industry professionals. Again, investment in areas like data centres. In fact, you and your Panel were invited by Foreshore to attend upon them, which I do not believe you did, but nevertheless they are a large data centre operator, keen for this legislation. They see the potential growth in that sector. Itex are another company.

Deputy M. Higgins (Chairman):

But what economic reports did you -- for example, (inaudible) on interview research into the economy and so on? Did you commission any form of research into the benefits, the economic benefits to this island?

Senator A. Maclean, Minister for Economic Development:

What we have done is we have studied economic benefits that have accrued to other jurisdictions, island jurisdictions, which are clearly going to be indicative of the sort of potential results --

Deputy M. Higgins (Chairman):

Can I just question out that again. In the case of Alderney, the KPMG report you have not seen, none of us has seen, you are basing it on a newspaper report about what that report is supposed to contain

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

With respect, Chairman, not just that. They have quoted that report in the Alderney Gambling Control Commission's Annual Report and Accounts. So they have referenced that data. It has been published by The Financial Times. It has been --

Deputy M. Higgins (Chairman):

Has it been verified? I might say, by the way, just for your information, we have been talking to Guernsey Deputies, who equally are quite surprised at some of the figures that are bandied about and some of the statements that have been bandied about as well. So the point I am trying to make is, and I have asked the question, you have not done any independent research? We are basing it on data from elsewhere? Let us actually look at some of those --

Senator A. Maclean, Minister for Economic Development:

I can estimate very clearly the value to the economy if we do not pass this legislation.

Deputy M. Higgins (Chairman):

We can see, actually, some of the advantages. We are not totally negative on this. We are just questioning you.

Senator A. Maclean, Minister for Economic Development: . Well, it is simply that. If we do not pass this legislation I mean one of the roles of government is to effectively remove barriers to investment and growth and to ensure that the right legislative programme is put in place to encourage businesses to invest. That is what we have seen happening elsewhere, where the legislation to allow E gaming has happened in places like Alderney, the Isle of Man, Gibraltar and elsewhere. We are seeking simply to do that and allow industry then to invest.

Deputy M. Higgins (Chairman):

Okay. Can I just move onto the idea of band width, first of all. Obviously, you made various statements about the increased band width that is available in Guernsey and all of rest of it and you mentioned in the past we were on par with. It was not just E gaming that has increased the band width. Can you explain other factors, other factors, other than E gaming, that led to increases in band width in Guernsey and Alderney?

Senator A. Maclean, Minister for Economic Development:

Well, the significant -- I think it was back in 2005, that Jersey was just slightly ahead of Guernsey at that stage -- but without doubt the significant volumes that go through or are driven by E gaming sites. Two, for example, E gaming sites in Alderney have more volume going through them than the entire banking industry in Jersey. It is the volume that helps to encourage investment and helps to drive down costs.

Deputy M. Higgins (Chairman):

Okay. Some of those are obviously dedicated lines and are not shared by other members of the community. Let me just go to the fact that --

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

I do not really understand what you mean, because band width is driven through telecom cables, which are universal.

Deputy M. Higgins (Chairman):

No, I accept that, but then there are dedicated lines, but it depends on the size. Now, for

example, one of the major sort of investors in Guernsey's economy has been Jersey Telecom, which is, if I am not mistaken, a State owned body.

Senator A. Maclean, Minister for Economic Development:

Yes.

Deputy M. Higgins (Chairman):

Have you had discussions with them as to why they are investing more in Guernsey than here? Besides the gambling, by the way?

Senator A. Maclean, Minister for Economic Development:

Well, they are investing in Guernsey simply to help diversify their portfolio, as you might well imagine. It is a sensible thing to do. They are not just investing in Guernsey. They are looking at investment opportunities elsewhere in the world. They are outward looking and that is exactly what businesses should be doing.

Deputy D. Wimberley of St. Mary:

On band width, looking at the JEP report, which of course is a very reliable source, first December, "fastest broadband in the west", and that jumped out at me, actually, as headlines do or do not. One gigabyte at (inaudible), which is a lot faster than the fastest in Guernsey. So how did that come about without any E gaming? Can you just explain to me?

Senator A. Maclean, Minister for Economic Development:

Well, that is --

Deputy D. Wimberley of St. Mary:

Whether this is some kind of, you know -- explain how --

Senator A. Maclean, Minister for Economic Development:

Well, that is a direct line that has gone in specifically as promotional activity into that particular development and that was driven by the developer and the company getting together and deciding to showcase the opportunity, but what we are looking at is roll out across the island as a whole, not just for the business sector, but the social benefit I talked about in the past for the island in this type of investment. That is to see dramatic increase in available band width, for example in Jersey typically 2 megabyte would be the available megabit, rather, would be the available speed in Guernsey. It is typically moving to 25. They are significantly faster across the island than that is available here in Jersey, that is a problem. It is also a problem for the significant number of people who work increasingly from home now.

Deputy D. Wimberley of St. Mary:

It still puzzles me that a private developer can fit one gigabyte, which is a lot more than 25 megabites, into a development just like that. They just decided to do it.

Senator A. Maclean, Minister for Economic Development: Yes, but it is cost, is it not.

To be able to afford to do it and to bring the island up to the same level or in excess of the Guernsey band width, you would have significant investment. To get that private sector investment, you need to have volume going through the system. The volume is driven by the investment from the private sector from E gaming businesses. That is as simple as that.

Deputy M. Higgins (Chairman):

You have also admitted in some of the documents you provided us that you are looking to the future, really. I accept that. At the present time, the band width that is available in Jersey is more than sufficient to meet the needs. That is a comment in the report. Can I just move on, anyway, I just want to move onto --

Deputy D. Wimberley of St. Mary:

Before we do, it is just a quick question: We discussed earlier how the legislation might apply to Alderney, yet the servers are located in Guernsey. Why has not a similar situation happened in Jersey, without us?

Senator A. Maclean, Minister for Economic Development:

Sorry, the servers are actually located in Alderney.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

The Alderney regulation, with the acceptance of the States of Guernsey, they passed legislation that the Alderney Gambling Control Commission could regulate and licence companies, but that they may place their servers in Guernsey. That fitted the business model of the time and also suited the States of Guernsey extremely well because they benefited from the capital investment and the band width capacity and everything the Minister explained previously. The industry has diversified now enormously and quite a lot of these companies will have servers and different parts of their business in different jurisdictions. So it is not so much where the server is or where the company is based, so much as the licensing regime that it is subject to. But, of course, the fact that Alderney is part of the States of Guernsey have made that piece of legislation fit for purpose at the time.

Deputy D. Wimberley of St. Mary:

A couple of questions on this economic thing. The first thing is to stay with band width, I would just like you to comment on the statement by Paul Brooks, who was writing on behalf of the Jersey Evangelical Alliance, which I just happened to collect as part of the previous debate. He claims that the current connection to the UK, "I understand, runs at about 20 per cent capacity", so he is saying in the argument; that the band width argument is not as important as it is made out. Would you like to comment on that? I do not know whether you know --

Mr. M. Setubal, Technical and Compliance Manager, Jersey Gambling Commission:

That band width from the isle of Jersey, between the connectivity between Jersey and UK, is not a problem. It is infinite. We have been told it is infinite. It is the end to end points that is the problem.

Deputy M. Higgins (Chairman):

Can you explain that?

Mr. M. Setubal, Technical and Compliance Manager, Jersey Gambling Commission:

The end to end points is the equivalent, it is at the end of the cables. So you can have, you know, 150 gigabits of band width and use 20 per cent because the end point only supports 20 per cent. You have to replace those two pieces of equipment to be able to give you the extra 50 per cent, 70 per cent and so on.

Deputy M. Higgins (Chairman):

Okay. What is the situation in the UK? Have they invested in their own?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

If I may, Chairman, sorry. That is half the issue. The other half is having a use for that available capacity.

Deputy M. Higgins (Chairman):

I accept that. We will come to the second part. I will come to that. Going back to it, has the UK invested in their end of the pipeline?

Mr. M. Setubal, Technical and Compliance Manager, Jersey Gambling Commission:

The end of the pipeline -- it belongs to whoever owns the pipeline, in this case being the telecommunication industries, being in Jersey, being in the UK. So it is partially owned by the UK infrastructure, as well as by the UK. Infrastructure, and they both have already given indications that if there is a need for it, they will upgrade the kit.

Deputy M. Higgins (Chairman):

All Right. How about in the island here? Have you got a commitment?

Mr. M. Setubal, Technical and Compliance Manager, Jersey Gambling Commission:

We have an island commitment from the data centres.

Deputy M. Higgins (Chairman):

What is the actual capacity of those data centres at the present time?

Mr. M. Setubal, Technical and Compliance Manager, Jersey Gambling Commission:

There is a brand new one that just opened.

Deputy M. Higgins (Chairman):

So how much capacity have we got? How many years' sort of usage have we got before we run out?

Mr. M. Setubal, Technical and Compliance Manager, Jersey Gambling Commission:

You can get a major supplier coming in asking for 200 racks, for example, or 500 racks. There could be a capacity of the data centre. We know that Foreshore have got an entire upper floor, which is ready for E gaming, ready to take new clients. We know that our other licensee is opening a data centre on the back and very much so hoping that this legislation will go and push forward.

Deputy D. Wimberley of St. Mary:

I am puzzled now by these end to end points that, although the band width is there, it is the connections at the ends.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

The band width is not there. The capacity for the band width is there.

Deputy M. Higgins (Chairman):

Until we have the two nodes at two ends, we cannot move forward.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Absolutely, and nobody will update and invest in those nodes unless there is business to drive it and pay for it.

Deputy D. Wimberley of St. Mary:

So how does the one gigabyte, when it comes up to that node -- is that actually pure fiction?

Mr. M. Setubal, Technical and Compliance Manager, Jersey Gambling Commission:

That is not fictional. That -- if I was to take a guess, and it is a pure guess, from the developer, is that they put what is called a "back plate" or a "backbone" onto the building, which will support up to one gigabit of speed, which means you can then plug, looking for the future, a piece of kit that can then take that back plane like a fibre optic.

Deputy M. Higgins (Chairman):

Into the future, not necessarily now?

Mr. M. Setubal, Technical and Compliance Manager, Jersey Gambling Commission:

No. So the end kit will still support 2 meg or 4 meg. **Deputy D. Wimberley of St. Mary:**
The key words being "up to".

Mr. M. Setubal, Technical and Compliance Manager, Jersey Gambling Commission:

"Up to", indeed. Up to.

Deputy M. Higgins (Chairman):

Okay. Any more questions?

Deputy D. Wimberley of St. Mary:

On the economic benefit, yes. You say, you know, the global take -- the global contribution in Guernsey, for the sake of argument, is 50 million in 2009. Out of that, there is -- some of it is licence fees. Do you have any prediction of what the licence fee income would be and what the tax income would be, from an E gaming sector, and how that is likely to evolve?

Senator A. Maclean, Minister for Economic Development:

Well, after 2010, you are not going to have a tax revenue, per se, from Alderney/Guernsey, are you?

Deputy D. Wimberley of St. Mary:

Well, I just wanted confirmation of that.

Senator A. Maclean, Minister for Economic Development:

So the benefit to the Guernsey economy is assessed across all the areas that were discussed a moment ago.

Deputy M. Higgins (Chairman):

In terms of licensing fee, I think it was 2.7 million, I think.

Senator A. Maclean, Minister for Economic Development:

3.8.

Deputy M. Higgins (Chairman):

3.8; is that right?

Mr. M. Setubal, Technical and Compliance Manager, Jersey Gambling Commission:

3.8.

Deputy D. Wimberley of St. Mary:

3.8 million. That is surplus net of the compliance and regulation and the problem gambling.

Senator A. Maclean, Minister for Economic Development:

2009 is 3.8 licence fees -- sorry, licence fees ...

Deputy M. Higgins (Chairman):

The net? What is the net?

Senator A. Maclean, Minister for Economic Development:

3.87.

Deputy D. Wimberley of St. Mary:

Is the licence total?

Senator A. Maclean, Minister for Economic Development:

Total licence fees for 2009.

Deputy D. Wimberley of St. Mary:

Then you have to net off the cost of running the Commission and the cost of the regulation and the cost of ...

Mr. M. Setubal, Technical and Compliance Manager, Jersey Gambling Commission:

That is just from the E gambling stuff, whereas the Commission will take in all the other gambling sectors.

Deputy M. Higgins (Chairman):

Are you finished with that?

Deputy D. Wimberley of St. Mary:

Well, just the no tax issue is kind of interesting and is it true that the other jurisdictions play the same game, that they also have corporations that shop around and say, "Oh, you have got no tax"? Is it impossible for you to tax these profits?

Senator A. Maclean, Minister for Economic Development:

No, there is a provision for an economic levy after five years.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

That is within the Gambling Commission --

Deputy M. Higgins (Chairman):

No, before that, it depended on the amount of business they are doing and how much they are generating and so on.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Similar to the JFSC.

Deputy M. Higgins (Chairman):

Yes. Okay. Let me just move to employment for a moment. I will touch on that before we go onto the next thing. Employment. How many people do you expect to be employed as a result of this legislation coming through?

Senator A. Maclean, Minister for Economic Development:

Well, I think the first thing to say is there is existing capacity within the businesses locally that would benefit from an E gaming regime. I have already stated the fact that you have got existing e-commerce style business, data centres and so on, who would probably be

able to absorb a certain amount of business within their existing resources. However, as it grows, it will give opportunities for them to increase their employment numbers. That applies to all the different sectors outside of e-commerce, but support services, accountancy, legal, banking, fiduciary ... Just pointing back to the tax issue, do not forget, of course, every registered site that operates in the island, all the bets that are placed on that site go through the local Jersey banking system. So, of course, from a banking perspective, there is a great deal of attraction for the banking industry to see that level of business being driven through the island. But, as far as employment is concerned, it is not possible to predict exactly, but it does fit the profile of what we are looking for, which is low footprint and high value.

Deputy M. Higgins (Chairman):

It is not likely to be significant, just through E gaming. It is only if e-commerce is developed even further that you would see perhaps a growth.

Senator A. Maclean, Minister for Economic Development:

Well, this without doubt is at the forefront and the best opportunity in e-commerce at the moment. I mean, others clearly are being developed, but this is the one that they have available now, which will offer sort of technology based training and development opportunities for young people in particular.

Deputy M. Higgins (Chairman):

Guernsey is developing a major e-commerce park. Do you have any plans for something similar?

Senator A. Maclean, Minister for Economic Development:

Salt Pans.

Deputy M. Higgins (Chairman):

Yes.

Senator A. Maclean, Minister for Economic Development:

Yes. £250 million e-commerce park. Again, there are opportunities to do that in due course and I hope this could be a catalyst to --

Deputy M. Higgins (Chairman):

You have done no work on it yet? You just say "in due course" there may be a possibility?

Senator A. Maclean, Minister for Economic Development:

No, we have looked at the possibility of developing. I mean, e-commerce is a key area, as far as we are concerned. It links in with intellectual property development, which you will be familiar with, and we certainly believe that this particular activity is at the forefront of that.

Deputy M. Higgins (Chairman):

Thank you. Right. Do you have anything?

Deputy D. Wimberley of St. Mary.

Just for the record, I did have a long conversation with the Managing Director of Foreshore and (inaudible) a presentation.

Deputy M. Higgins (Chairman):

In that case, can I just move on, then, very quickly -- I hope it will not take too long -- to the idea of sanctions. It is sanctions that we want to look at. Now, obviously, from what we have seen, most of it is regulatory, and there appears to be a criminal sanctions for use. Can you just fill us in with exactly how you intend to police this sector? What measures of control, both regulatory and criminal, do you actually have?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

As far as the regulatory side is concerned, bearing in mind that we are still operating within the 1964 law, that criminalises any gambling activity that is not made legal by regulation. So that is the first pivotal catch there. The disaster recovery regulations made the limited operation of E gaming legal, but only within bona fide circumstances of verified disaster. With regards to criminal prosecution, that of course is not going to be a matter for the Commission. That remains the preserve of the Attorney General. It is the Attorney General who makes decisions about prosecution or not, and who looks at all new legislation and reviews tariffs and criminal sanctions. So that is an area which is his preserve. The Commission believes that we have the regulatory toolkit available within the draft regulations to ensure that any licensees conform to the standards that the Commission puts within their licensing conditions and we believe that they are adequate and fit for purpose.

Deputy M. Higgins (Chairman):

What discussions did you actually have at the Law Officers' Department, looking at this whole area of activity, and looking at your respective responsibilities, have you sort of --

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

We have had quite detailed discussions with the Law Officers' Department, over a number of years. Those discussions are ongoing and we will see changes, I hope, within the new draft gambling law, the new primary law. These regulations, because they are an amendment of the existing regulations, do not change the tariffs. So the tariffs remain the same as the disaster recovery regulations, which have received the sanction of the Law Officers for human rights compatibility and for having the correct level of tariffs.

Deputy M. Higgins (Chairman):

Actually, where are you on the gambling law, because we were quite surprised, to be perfectly honest, the gaming reports were in this way, rather than in the new gambling law, which we were promised? Where are you with that one at the moment?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

The drafting is at a fairly advanced stage. Having been involved in law drafting yourself, Chairman, I am sure you are well aware of how many times it goes backwards and forwards between Instructing Officers and the Draftsman. We are involving the Law Officers as well, because there are a number International Convention on Human Rights issues to consider. We are also looking at tariffs as well. So I would hope that we will see some changes there in reasonably short course.

Deputy M. Higgins (Chairman):

Right. Just another question on. Minister, you said earlier that obviously this was your top priority in terms of bringing forward to the States, and you did accuse the Committee of delaying and costing the island millions. Have there been any other delays with this legislation or E gaming and gambling legislation, other than our one week or two week delay?

Senator A. Maclean, Minister for Economic Development:

No, you just happened to have been the straw that broke the camel's back.

Deputy M. Higgins (Chairman):

Okay. What were -- you tell us?

Senator A. Maclean, Minister for Economic Development:

I think Jason has identified that it is not straightforward when you are drafting laws of this nature and it has taken considerable time. I think you will probably be well aware that there are resource implications within the Law Draftsman's Department and that has obviously made it more challenging for them. They need more resources, more personnel, not just with regard to legislation they deal with, but across the piece. There is a lot of competing pressure for law drafting time. We have also found that, of course, following the global financial crisis and the reviews undertaken by the IMF, that took an enormous amount of both Officer time and Law Draftsmen time. There has been a whole series of delays across the piece, which has not been particularly helpful.

Deputy M. Higgins (Chairman):

Including within your own Department.

Senator A. Maclean, Minister for Economic Development:

No. I would not suggest there has been anything other than resource perhaps led delays within the Department, but, generally speaking, it has been more external than internal for the Department. I have to say there has been over the period some concern by politicians, and you have alluded to that -- you are absolutely right -- and there has been considerable concern amongst the Council of Ministers since these proposals have been brought forward on moral and religious grounds, and I fully understand and appreciate the concerns that both ministers and some Members have had. What I would say is -- and that was the reason why we undertook to bring the proposition, the principle of bringing this E gaming legislation forward in April of last year. I think it was demonstrated by the overwhelming support of the States that they understood that having and putting in place the right regulatory regime would mitigate as best we possibly can those type of issues in relation to harm reduction.

Deputy M. Higgins (Chairman):

You can understand, obviously, with the various Hansards, you will see how much concern States Members expressed about the social harm of gambling. Not necessarily opposed to it, but concerned about that aspect of it and the nature of gambling, which is one of the reasons why we wanted it examined and that is why we have examined you quite closely about what you have actually done. Okay. Any further question, Daniel?

Deputy D. Wimberley of St. Mary:

Just in closing, yes, I have got a question of timing about the legislation. When we were talking about timeline, you brought us up to 2010 -- I am trying to find it -- and the formation of the Gambling Commission, but, in terms of these regulations, when did they first go to the Law Draftsmen? What was the sort of timing around that? Or the instructions?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

The instructions for these regulations?

Deputy D. Wimberley of St. Mary:

These particular regulations?

Senator A. Maclean, Minister for Economic Development:

Backwards and forwards.

Deputy D. Wimberley of St. Mary:

Yes, I suppose so. Was the initial --

Deputy J.M. Macon of St. Saviour:

When did the tennis match begin?

Deputy D. Wimberley of St. Mary:

The tennis match begin.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

2007 ... 2008 ... You see, what we have done is we have been looking at amendment of the whole law in the round. As different parts have gone forward and we have had questions back from the Law Officers or from the Draftsmen or from industry, particularly with regards to the terrestrial ones, then one part has stopped while we have dealt with that. It has been a sort of holistic process, if you will. But also the ministerial statement in 2010, I think you will recall, prior to the Gambling Commission Law, when you said that you would be bringing an in principle debate.

Deputy D. Wimberley of St. Mary:

In 2009.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

So probably around about that time. That was being talked about, anyway.

Senator A. Maclean, Minister for Economic Development:

Bear in mind, though, that everything was put on hold when discussing the progression of E gaming and E gaming regime with the Council Ministers. Ministers were keen that we had an in principle decision through the States. Hence, the debate in April of last year. From the time that was agreed with Council Ministers, the Law Draftsmen stopped work, just in case the State turned around and said, "Sorry, we are not going to support it".

Deputy M. Higgins (Chairman):

The April debate?

Senator A. Maclean, Minister for Economic Development:

And after the April debate, they started work on it again, but obviously we lost the best part of -- well, I think it was at the end of the proceeding year we got it in for the debate. So there was about six months or probably more, but certainly six months was lost in terms of law drafting time because of that --

Deputy D. Wimberley of St. Mary:

The decision to go to the in principle --

Senator A. Maclean, Minister for Economic Development:

Yes.

Deputy D. Wimberley of St. Mary:

Did you -- roughly when did you move from trying to reform the 2004 -- sorry, the 1964 law, when did you decide we cannot, we are going to go for amending the DR?

Senator A. Maclean, Minister for Economic Development:

The work to modernise the gambling legislation as a whole piece has continued. But the view is that, in terms of getting the E gaming regime in place, that amending the draft -- the disaster recovery regulations was the most appropriate and easiest way to do it.

Deputy D. Wimberley of St. Mary:

Roughly when was that decision taken, because that is independent of preliminary issues? We can be debating principles, but obviously you were still getting on with the original law and performing that. So can you give us an idea of when --

Senator A. Maclean, Minister for Economic Development:

It was after April. It would have been, well, fairly soon after that, I would imagine.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Yes, but, I mean, to be fair, the Minister has not looked at this in isolation because this was exactly the same solution, pragmatic solution, if you will, for not waiting to deliver the whole package in one go, which is why we did the gaming licensing amendments, the gaming machine amendments so we have updated that area because it could be dealt with reasonably discretely together as a package and this fits the same model.

Deputy M. Higgins (Chairman):

So, basically, since April, you have been going full tilt on this and you have no other problem?

Senator A. Maclean, Minister for Economic Development:

I mean, developing legislation is never problem free. It comes backwards and forwards. It has taken time.

Deputy M. Higgins (Chairman):

No, I understand it does go backwards and forwards. We have all been through the process. But, again, there were no other -- in other words, it was a high priority of yours and you raced through with it?

Senator A. Maclean, Minister for Economic Development:

There have been competing issues as far as law drafting time is concerned, but, yes, it has been progressing as quickly as we have been able to progress it.

Deputy M. Higgins (Chairman):

Within the Department, though, you have been progressing it?

Senator A. Maclean, Minister for Economic Development:

Yes, absolutely.

Deputy D. Wimberley of St. Mary:

The other question was, now, yes, we have heard about the existing progress that has or has not been made with reducing social harm in Jersey as a result of gambling addiction. So, when you set that alongside the commitment to regulate E gaming firmly and in line with the second principle, which is to avoid -- to minimise harm -- can I have a commitment that in international forums, and we have a few, within international forums, Jersey will be leading the way in harm reduction and saying, at a political level and at Officer level, but principally a political level, "We want as little harm as possible from this industry and we are going to regulate tough and we want you lot to regulate tough as well"?

Senator A. Maclean, Minister for Economic Development:

Well, absolutely. We are going to be at the forefront. Best international practice is the target that we set. It is the target in other areas of the economy and it will be relevant to this particular area of the economy.

Deputy D. Wimberley of St. Mary:

I hope you stick to that.

Deputy M. Higgins (Chairman):

Actually, I just have one other thing. It is at the end. Perhaps you can just help explain this to me, in terms of the law. Obviously, it is to do with the regulations. It is regulation 8.2, "The Commission may to co-operate with an overseas authority exercise any approved power in Jersey (a) as if the enactment conferring the power extended to the country or territory of that overseas authority; or (b) as if any act complained of by that authority had taken place in Jersey". This is almost like an extraterritorial. You are going out and you are assuming you have got powers on this other --

Mr. D. Evans, Legal and Intelligence Manager, Jersey Gambling Commission:

It is more of a self-help. It is a -- if a jurisdiction has a licensee, yes, who is also licensed in Jersey, so if the infraction happened in their back yard, they would want information from us and we could act upon it.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

So long as it would also be an offence in Jersey law.

Deputy M. Higgins (Chairman):

So long as it is. The other thing, too, is do you have the information gateways? Do you have the authority to transfer the information and obviously the Finance Services Commission we have to have proper, approved gateways where you could share information, and so on.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

We have --

Deputy M. Higgins (Chairman):

I have not noticed those in the law, actually. Whether I have missed them ...

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

There is provision in the Gambling Commission law for exchange of information.

Deputy M. Higgins (Chairman):

Okay. You can just send me a note on that.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Co-operation with Overseas Authority, Part 3.

Deputy M. Higgins (Chairman):

Also, it says if the enactment extending to the country or territory, so if they had been doing something in their country which we are not happy about, we cannot take action against them?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

We can if they are licensed -- if a licensee here undertakes business that would not conform with their licensing conditions in Jersey, then, notwithstanding the fact that they are operating in another jurisdiction, we can exercise a regulatory oversight on them.

Deputy D. Wimberley of St. Mary:

Because of the information you are getting from elsewhere?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Yes.

Deputy D. Wimberley of St. Mary:

How would you become aware of that information? Would you be proactive, you are going to check on licensee X and the fact that they are also in this jurisdiction you think is not so well regulated and you keep an eye on that? Or is it simply that somebody reports to you?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

There are a number of routes. Reporting certainly happens by competitors and others. Self-reporting also happens. Again, getting back to the fact that we want to only encourage the higher tier companies, we encourage them to report regulatory infractions and to make sure that they put in place procedures to make sure they do not happen again, rather than try and bury them underfoot. We also have -- we are going to be working on a programme of bilateral agreements with other regulators to specifically allow for greater regulatory co-operation and information sharing, within relevant confines of data protection, of course.

Deputy M. Higgins (Chairman):

Okay, and just one other thing. Could you just clarify the position, then. You have registered a business here. You have licensed them. We have seen at Alderney a data centre can be elsewhere. What specific provisions do you have to prevent them operating data centres outside Jersey? So, in other words, they are licensed here but a lot of the work is being done elsewhere.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

I am not sure necessarily that there is anything intrinsically wrong with having part of your business somewhere else. So, from a regulatory perspective, so long as we have access to the information that we require and they voluntarily provide it, and we can tie into their systems, the fact that they do not have their HR function here or some of their banking function here --

Deputy D. Wimberley of St. Mary:

The servers with a huge load of electricity. You might want to put them in Iceland.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Any company with any international savvy will have parts of their businesses backed up in other jurisdictions. I think that is good practice.

Deputy M. Higgins (Chairman):

Back up is one thing, but provision of data recovery and that is one of the reasons that that law was there in the first place. If they had a natural disaster, they could continue operating from here. In terms of location, we are getting a bit concerned here. If they are coming in the licensing in Jersey, what is to stop them having servers and most of their operations elsewhere?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Nothing.

Deputy M. Higgins (Chairman):

Nothing. They could stay in Alderney or Guernsey, just have a brass plate and pay a licence fee in Jersey.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

It is not a brass plate. It is not --

Deputy M. Higgins (Chairman):

I am using the analogy of a brass plate.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

It is about which regulatory environment you want to work in. Now, if they are going to get the Jersey licence, they have to be a Jersey person, whether natural or corporate. It has to be real. I would ask why they would seek to have a Jersey licence and yet not put their business here. That would be a cost with no benefit to them. So, while it would not be a criminal act, I would doubt the business viability of doing it. So we work on the assumption that, yes, they do want to be here, they do want to be regulated here, they will put their service here; but the business models in the gambling industry are changing. There are links between different companies in different jurisdictions. They share customers quite often in B2B type platforms. As long as we have regulatory oversight of that and the customers know when they are moving from platform to platform and who they are being licensed or being regulated by, and everything is transparent to the customer, then, from a regulatory perspective, that is fine.

Deputy D. Wimberley of St. Mary:

Track them from B2B and make sure from the bottom it changes from regulated in Jersey to regulated in Antigua?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Yes, absolutely.

Deputy D. Wimberley of St. Mary:

Also, the risk has changed and your profile has changed and your ratio has changed and thank you very much, and all of that will be controlled from Jersey.

Mr. M. Setubal, Technical and Compliance Manager, Jersey Gambling Commission:

A lot of the operators nowadays use what is "distributed networks". I know it is a tech word, but it is basically exactly what it means. They will come to Jersey and they will put an entire set of computers over here, servers. They will do exactly the same in Guernsey, or Alderney. They will take licences on both sites and they will do what is called "load balancing" between the two sites. So that there is always 100 per cent resilience to their players and, as long as we know that there are servers here and servers there, we have oversight of both of them, the same as Alderney will want. They will want oversight over both sites.

Deputy M. Higgins (Chairman):

Equally, you would not necessarily need all the band width if they can actually be able to operate elsewhere, even if they are just licensed here?

Mr. M. Setubal, Technical and Compliance Manager, Jersey Gambling Commission:

What happens if one of the servers goes down on the site?

Deputy M. Higgins (Chairman):

Yes, but they may also have servers elsewhere.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

But in which case, why would they want a licence here?

Deputy M. Higgins (Chairman):

A good question. I am asking the question. Why?

Deputy D. Wimberley of St. Mary:

Because of the advantages of being a blue chip in Jersey.

Senator A. Maclean, Minister for Economic Development:

There would not be businesses wanting to come here, would there, if there was no advantage?

Deputy M. Higgins (Chairman):

How many businesses have you got queuing up, by the way?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

We have had discussions with three in depth, who have made a very strong indication that, should the States approve the regulations, they would seek to have a licence.

Deputy M. Higgins (Chairman):

Two of those are small, Malta based.

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

Two were reasonably small. One is enormous.

Mr. D. Evans, Legal and Intelligence Manager, Jersey Gambling Commission:

One has applied for a DR licence.

Deputy M. Higgins (Chairman):

An existing DR licence?

Mr. D. Evans, Legal and Intelligence Manager, Jersey Gambling Commission:

Yes.

Deputy M. Higgins (Chairman):

Okay. Can you tell us where the activities are primarily based, the company?

Mr. J. Lane, Chief Executive, Jersey Gambling Commission:

They are an international firm.

Deputy M. Higgins (Chairman):

Of course, they all are, yes. Thinking about it. I have mentioned it before and I cannot remember exactly, but I have seen -- I do not gamble -- after a Grand National where all 12 horses fell at the first hurdle; one hurdle and the last horse actually went through -- everybody was picking themselves up and one -- I thought it was a mug's game. I never gambled since, except for the National Lottery. In terms of -- sorry, I have lost my train --

Senator A. Maclean, Minister for Economic Development:

While you are thinking about it, Chairman, the point about one of those interested parties that wants to relocate is that it is time sensitive because the licence that they currently have in the jurisdiction in which they are currently operating is expiring and it is sensitive to them. They are interested in coming here. They have had discussions about doing so. Unfortunately, if this does not progress, and clearly that is going to be a decision for you, then they will look at other opportunities because they have no other choice and Alderney is going to be the most likely beneficiary.

Deputy M. Higgins (Chairman):

We have already committed to the Department, through Jason, that we were planning on a very brief review and we hope actually to be able to put a paper to the States for the next sitting, which is what -- the 2nd of or the 1st --

Senator A. Maclean, Minister for Economic Development:

Next week.

Deputy M. Higgins (Chairman):

The 2nd, yes. So, hopefully, that is what we are planning. We are planning a very quick review anyway. However, obviously, we will have to digest all of this and try and get a report together. I doubt there will be a slippage of more than two weeks, if it was that, but our aim is to be 2nd March. Anyway, I have forgotten the point I was making, but gambling so I might send you an email for that. But, anyway, has anybody got any other questions? No. In that case, can I just thank you for a very interesting and informative meeting.

Senator A. Maclean, Minister for Economic Development:

I would hope, Chairman, that you appreciate that this is our aim to fulfil your amendment to the strategic plan, with regard to economic diversification.

Deputy M. Higgins (Chairman):

Yes. I fully accept that.

Senator A. Maclean, Minister for Economic Development:

So I would hope that, you know, following your review, I understand both your concerns and those raised by Members of your Panel in terms of, you know, the vulnerability of young people and those that are subject to addictions with gambling. I certainly hope that the Gambling Commission will address those issues and I would just emphasise one final time that the introduction of the E gaming regime into Jersey is not going to add any form of additional gambling whatsoever. If we do nothing, then we are not benefiting those who are already subject to the whole array of gambling that is going on in the island and I believe, you know, that would be a great mistake and a great shame.

Deputy M. Higgins (Chairman):

Okay. What I will just say, in passing again, just to bring you up to date on one thing, when you went to the media, you drew attention to the fact that I abstained. I can tell you exactly why I abstained. I knew we were going to deal with viewing it and therefore I wanted to make sure that I was not either for it or against it and therefore could not be accused of being one way or the other. Looking at this objectively, I will make an objective report.

Senator A. Maclean, Minister for Economic Development:

I do not think I drew attention to your abstaining.

Deputy M. Higgins (Chairman):

You did.

Senator A. Maclean, Minister for Economic Development: I think I --

Deputy M. Higgins (Chairman):

Jersey Evening Post.

Senator A. Maclean, Minister for Economic Development:

Well, I can assure you that my view was that you had actually voted against it. I was not aware at that stage that you had not, so I do not think I did. So you might like to raise that with --

Deputy M. Higgins (Chairman):

Anyway, thank you very much, gentlemen.

[17.23]