



The Gaming & Leisure Association of Ireland

**Mr. Michael Walsh
Casino Gaming Control Section
Department of Justice, Equality and Law Reform
2nd Floor, Bishops Square
Redmond's Hill
Dublin 2**

28th September 2009

Dear Mr. Walsh,

Re: regulation of land-based casinos

Despite the unregulated nature of the casino sector in Ireland, there are a range of entities which currently provide casino-type gaming to their customers and/or members. This ranges from poker clubs with online feeds of casino gaming into their establishment, through amusement arcades with some live gaming tables, to private members gaming clubs who provide the full range of casino services to their members. It is clear that the sector requires regulation and the GLAI is supportive of the Minister's intention in this regard.

We provide below a brief overview of elements which we believe should be considered by the Casino Gaming Control Section in its deliberations on how casino gaming should be regulated. As directed by the Casino Gaming Control Section, we have reviewed the casino licence system in other EU Member States and specifically in the UK and, where appropriate, have based our proposals on regimes already in operation within the EU.

I. Casino licences – scope, number, timeline, arbitration

The GLAI and its members agree that a licensing system for the provision of gaming services should be introduced and that in the event the regulatory process is prolonged interim licenses should be issued to those entities already providing casino services, subject to compliance conditions. In a regulated environment, licences to provide casino gaming should be tiered in terms of the range of services permitted under the licence – all or a combination of Poker, Club card games, Amusement Machines with cash prizes, Gaming Machines, VLTs, Roulette, Blackjack, Punto Banco - the resulting qualification requirements, licence fee etc.

A provisional licence should be granted for 12 months with the automatic grant of a full, open ended licence at the end of the 12 month period, further to an audit by the granting authority, repeated on an annual basis. Failure to consistently comply with licence conditions should result in the suspension of the licence until the Regulator can satisfy himself that the casino operator is in compliance with licence conditions. Further to a



request to comply and a failure to do so, should cause the licence to be revoked. This process should be subject to third party arbitration where appropriate. Providing casino services without a licence, or non-compliance with a licence, must be pursued by the Regulator in association with An Garda Siochana.

The GLAI does not believe there is merit in limiting the number of licences to operate casinos per se, and is of the belief that market demand and geographical spread has already limited the number of casino-type clubs in operation. If licences are granted on the basis of very strict criteria which can ensure proper CSR in casino gaming, then the number of licences granted will in any event be tightly controlled by nature of those strict conditions.

II. Licence to operate a casino

The following services should be made permissible by the granting of a licence to operate a land-based casino service:

- Poker
- Club card games
- Amusement Machines with cash prizes
- Gaming Machines¹
- VLTs
- Roulette
- Blackjack
- Punto Banco

An operator must be able to choose which services it wishes to provide and seek a licence on that basis. We foresee four categories, namely

Category I – Full range of casino gaming services

- Poker
- Club card games
- Gaming Machines: CAT A - D
- VLTs
- Roulette
- Blackjack
- Punto Banco

Category II – Full range of casino gaming services – smaller stakes and payouts

- Poker
- Roulette
- Blackjack
- Punto Banco
- Gaming Machines: CAT B-D

¹ CAT A: unlimited stake and prize; CAT B: High but limited stake and prize; CAT C: Medium-range and limited stake and prize; CAT D: Low and limited stake and prize



Category III – Casino Gaming Services EXCEPT live gaming tables and high stakes gaming machines

- Poker
- Amusement Machines with cash prizes
- Gaming Machines: CAT C&D

Category IV – Poker and low stake amusement machines.

- Poker
- Gaming Machines: CAT D

These licence categories are simply headline categories – each category should then be broken down into what level of gaming is permitted for each category (number of gaming tables, machines, minimum / maximum stakes and payouts etc.)

Finally, the possibility must be granted to some or all casinos categories to apply for a liquor licence should they so wish but such a licence would not form part of the services permitted by the license to operate a casino.

2. Licence Requirements

It is clear that any licence to operate a casino must only be granted to those entities who can prove compliance with the licence conditions. Based on licences in other jurisdictions, it appears to the GLAI that the following compliance areas should form part of a licence to operate a casino. The level of compliance under each category should be subject to further discussion, but we limit our considerations here to headline categories. An application to procure a casino licence should be accompanied by:

1. Files audited accounts for the three previous years (for existing entities)
2. Tax clearance certificate issued by the Irish Revenue Commissioners
3. A probity check certificate (undertaken by the Casino Gaming Control Unit)
4. Registration for the purposes of anti-money laundering rules
5. Local authority certificates related to Health & Safety in the workplace, planning permission etc.
6. Proof of an appropriate Management Structure

In addition to these ‘corporate governance’ requirements and in order to ensure proper protection of all consumers, the applicant should also be in a position to provide extensive information to the Casino Gaming Control Unit on:

1. Its self-exclusion policy
2. Its staff training in relation to CSR in gambling
3. Its credit rules
4. Its age verification process
5. Its house rules (as related to games played, tournaments etc.)

3. Licence fee and taxation

As set down in the GLAI statement of principles, care is required in the setting of a tax rate and licence fee in terms of the casino sector so as to ensure that the overall financial obligation of an operator does not render the operation of a casino unviable. That said, the GLAI is of the view that all casino operators, regardless of the platform used to provide their service, should pay a basic licence fee which may be tiered on the basis of the categories above. Assuming any casino licence is structured in a basic fee + corporation tax + percentage of GGR model in terms of taxation, the margins enjoyed by the land-based as opposed to remote operators must also be considered. In this vein, land-based casinos will pay a higher percentage on GGR than their online counterparts, but in both instances the tax rates set must allow for a viable business for the operator.

Taxation must not be used as a means to stifling the market, as is clearly the case in the UK. A system of fair taxation which allows small and medium-sized casinos to operate viably is entirely achievable. VAT should not apply to casino gambling, regardless of the platform used.

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We hope that these comments prove useful in your deliberations and we look forward to discussing them with you at the appropriate time.

Yours sincerely,

David Hickson,
Director, GLAI

Steven Merrick
Director, GLAI