

# Stakes and chips

Belgians love to play games, be it in bars, arcades, casinos, and most especially in government. G3 examines how the Gaming Act of 1999 has affected the fabric of Belgian gaming

Most countries take both a paradoxical and hypocritical stance on the regulation and exploitation of their gaming industry, but few revel in the details to the extent of Belgium. Its people have made an art-form out of the manipulation of legislation, having been occupied more times than a lavatory door. Not only is Brussels the seat of European Union power, with more ministerial officials in this one city than in the whole of the United States, but its bureaucracy breeds bureaucracy; the fact that Belgium's central government has a ministry for the simplification of other ministries, speaks for itself. If a camel is a horse designed by a committee, in Belgium they were far too busy with the gaming industry to have anything to do with horses...

Belgium is a country divided by language, government and taxes. Taxes are different for the north and the south of Belgium, as are most areas of everyday life; including gaming. The country splits horizontally between the Flemish and the French speaking areas of the country, with arcade machine tax following this split, as 3,570 euros is payable in the Flemish part of the country, while French speaking operators pay half of this sum. Brussels also has this same level, as the country has a National government, then a number of Federal governments, which are split into Flemish, Walloon and Brussels. Each government duplicates every ministry and minister, producing officials much like rabbits.

Until the Gaming Act of 1999, Belgium's eight casinos, 300+ arcades and thousands of slot-operating bars were run under a semi-legal umbrella. Though technically all gaming was and remains illegal in Belgium (the government grants licences to exempt operators), and despite the enormous number of public officials, each federal government collected its taxes and looked the other way to the indistinct status of its gaming industry. Gaming was the great unmentionable. As the UK has found in its attempts to implement its recent Gaming Bill, any minister raising the subject of gaming, even to effect greater control, is seen as championing the industry and is pilloried for their efforts. Governments want the tax generated by gaming, but few can sell the concept to both the media and the voting public. The fact that Belgium has a

Gaming Act at all has its roots in the country's schizophrenic government set-up and it's need to feed its many mouths. While Belgium's casinos were split evenly between its French and Flemish halves, four in the south and four in the north, Brussels, the capital, was left without a share of tax revenues. To create a casino licence in the European Union capital was unthinkable (and unconstitutional) when it's official position on gaming maintained that it was unlawful. In other words, in 1999, the country's Gaming Act was created to give the Brussels' federal government more tax. Since that date, Belgium's Gaming Commission has licenced the original eight casinos with the ninth expected to open before the end of the year in the capital. The Commission has also granted 180 class B licences for arcades and 7,573 licences in the C class pub market.

Originally, there were close to 300 arcades in Belgium, with thousands of small machine halls at the rear of bars decorated as an arcade with a double room and separate entrance. Some became amusement-only locations after the introduction of the Gaming Act, others closed, while some were successful in being granted an arcade licence, though this was a very small number of the total. Several operators simply disappeared from the market. They had made enormous profits with the operation of casino-style slots in the bars prior to 1999. Before the Act it was possible to locate as many machines within a location as could fit through the door. As long as you had the space – that was your only limit. Then came the crackdown and the introduction of slot games depicting black jack, poker, horse racing, dice and roulette – reel games were banned from the bars and arcades. This ban was part of a long history of banning reel games in Belgium. In 1970, the country also banned their operation. It was a social issue, with the newspapers of the time reporting stories of husbands losing whole salaries at the bar slots. It was a situation that escalated until the government intervened. So in 1971, reels machines were culled from the market. Historically, this resonates with the view that was to become an integral part of the Gaming Act almost 30 years later, and an opinion firmly held by the current Belgium Gaming Board (see boxout



interview) concerning reel-based game. Reels and the representation of reels within a video game can only be played within a casino environment, and even there they are limited by the casino machine's loss per hour of 70 euros. The ban, which came into effect four years ago, saw bar owners restricted to the operation of two bingo machines per location. They warehoused their slots and sought to sell them to eastern European markets, while attempting to come to terms with this restriction. To begin with, the bar owners didn't have a machine with which they could just swap out the slots and replace with a compatible bingo game. It's just wasn't that simple. Each bingo game needed to be faster, to be technically up-to-date. Where slots are relatively easy to operate, in comparison



bingos take a great deal of maintenance; it has to be levelled perfectly and is notoriously complicated to operate as it's such a mechanically focused game, much like a pinball. It's also a skill game – though how much it strays into the area of skill is questionable. Bingo requires the player to guide a steel ball towards a series of holes, nudging to guide the outcome, but those too heavy-handed are rewarded with a tilt and a lost bet. As simple as it sounds, the game appears wildly complicated, though it's the only machine now allowed in the bars, with an amusement tax applicable as it's a device that's not seen as a true gambling machine. Belgium's devotion to bingo, which is recognised as the 'traditional Belgium game,' allows it a certain degree of privilege and leniency in the eyes of

the Gaming Commission. To the uninitiated it doesn't make a great deal of sense, where reel slots are not only less complicated for the operator, but for the player too. However, the game essentially works in the same way as club bingo, but with a pin-table twist. Players buy cards as in regular bingo, play the curves, send a ball into the play field to score and hope to trigger the special wins. The latest devices each have LCD monitors that enable manufacturers to create different game features. But it's a slow game. Where reel games typical last two-three seconds per game, a single game in bingo can take minutes. Players play five balls, with a possibility of a sixth. They gamble on the prize that can be won, theoretically, with stake of six euros they could achieve a win of 500 euros with

each of the five balls. Visit France, Italy, some parts of Germany, Israel, India, Indonesia and Guam and you'll find bingo games. In the US, South Carolina proved a lucrative market as it too replaced its slots business with an 'amusement' game. When the State banned poker games, operators also found themselves looking for a replacement and bingo filled the hole there too. Yet bingo is restricted from other countries precisely because it's considered a hard gaming product, but in Belgium it's practically the national game. Where gaming machines are restricted to locations where you must register before you're allowed entry, bingos can be played straight off the street in any bar. The bingos tend to stay on site for 5-10 years, whereby seven is the average. Return on investment is around seven months to one year for the cost of a bingo (around 7,000 euros) the monthly return approximately 1,000 euros, or anywhere down to 500 euros depending on the location, which means operators must have a good location to make their investment worthwhile. Most machines need a lot of play as they average a minimum of 82 per cent payout. If operators drop below this rate then players don't play; if too high then the operator loses money. Whichever way, it's tough to recover the investment in certain locations. Altogether there are around 1,200 bingo machines in Belgium. Bars must apply for a licence, with every bar paying 500 euros per licence. In the French side of the country, the tax for a machine was recently doubled from the original 900 euros to 1,800. In the Flemish region of the country, where taxes had also previously been set at 900 euros, these have doubled and then doubled again to today's 3,600 euros. Due to this massive hike, it's common practice for the bar owner to pick up half of the machine tax and the operator to settle the rest. And while taxation has put the squeeze on operators, the Act also brought with it the right of veto. During its introduction, each town was given the right to veto gaming within its borders. Towns such as Meskroe chose to do just that. City Hall has the power to open or close arcades once the licence is ready for renewal, but in 1999 every arcade within Belgium had to reapply. Meskroe's Mayor decided arcades where not to become part of the fabric of the town post-1999 and closed its 10 locations. As such, of the 180 locations allowed in Belgium, there are currently 170 in operation, while the 10 licences in Meskroe remain under dispute and in the courts. Speaking of dispute, it would be impossible to write a piece about the Belgium gaming industry without mentioning Willy Michels and the empire he has built. An operator, >>

**By the end of 2005 Brussels will have its first casino, courtesy of Casinos Austria International. Though impressive at 30 tables and 250 slots, it will be a temporary site before the final location opens with double this quota.**

>> distributor and manufacturer, Mr. Michels' influence on the Belgium industry has been profound, not just as a big player, but as a trade association founder and editor-in-chief of the Belgium industry gazette, which he famously edited from prison during his tenure for corruption charges. Mr. Michels' gaming career would make a rainbow look drab, but there are several large operators in the Belgium market, which continues to favour economies of scale. On the French side of the country there's more diversity, but the bigger operators are continuing to swallow the smaller ones. Operators need buying power in the market right now and some of the smaller location owners are tending to sell rather than reinvest. There are still some strong arcades that are independent. The company Unibox has around 35 arcades in the Belgium market, Mr. Michels the same number; GAA has between 20-25 arcades, between three-four arcades for Mategali, with over half of the allocation of Belgium's 180 arcade quota in the hands of a few large operators. There are several smaller operators, but each holding no more than 5-10 locations (the complete list is available on the government's Internet site). Unusually, Merkur Spielotek is the only foreign company to remain in the market. A US company recently invested a lot of capital in the creation of 'Poker Palace' locations in Belgium, but these quickly failed. Even Merkur has abandoned plans to develop the market, while Spain's Cirsa entered briefly but also exited, as Belgium seems to have an adverse affect on foreigners. They find the bureaucratic nature of the industry structure difficult to comprehend, never mind an environment in which to make money. In explanation, Belgium has always been a country that has operated under occupation of an aggressive force. As such, its people are used to being governed by alien rules and regulations, and have become masters at manipulating these systems to their best advantage; and it's no different in the gaming industry. As a result, examining a Belgian arcade is a unique experience. Bill acceptors can be used to convert notes into coins within arcades and casinos, but it's illegal to use them to convert notes into credits within the machine itself. That said, it is legal to use smart-cards to achieve the same purpose. The country's casinos are not currently allowed to operate multi-player machines, though its arcades can. Each arcade is allowed 45 gaming places per location, which in almost every site represents three six-seat multi-players, and 27 slot machines. Each arcade operates the very latest, most hi-tech, extremely expensive multi-players, but at the same time they house some of the oldest slot games operating outside of the Gauselmann Museum. It's been suggested



that it's simply too expensive to test and create games for such a niche market. To manufacture a new game and see it fail is too much of a gamble even for this industry, with no one willing to invest the capital to try. This situation has created an environment in which decade-old Bell Fruit Games cabinets are continuously reconditioned and recycled. Combine this with the Gaming Act's Class B machine 'loss per hour' of 25 euros and the result sees Belgian customers playing their 50 euros for up to two hours on one of the oldest, ugliest looking machines imaginable. Playing the same game again and again and again. Currently, there are around 5,400 arcade machines in Belgium. It's a small market, where the life-span of the game is 2-3 years for the random class II machine, with max loss per hour set at 25 euros. The variety of games is also both poor and limited, served by practically one cabinet for the whole industry. There is slight variety in that the Scorpion II cabinets from Bell Fruit Games do differ from the Scorpion 4 cabinets, and between the Payslots and Super Payslots machines, with players obviously remaining wowed by the latest in Super VGA monitors... for the last five years. Today, game creators use these cabinets for their kits, swapping out the old game and inserting a new one, which is actually a reconditioned platform, to update the previously updated machine... again. New games look practically identical to old ones, a doppelganger in all but title. Successful game programs from neighbouring countries fail adoption as they're corrupted by the constraints of

**The very latest gaming machines in the very latest arcade locations still look like they're an exhibit from a gaming museum.**

changing the games to adapt to the Belgium law - the loss per hour proving the biggest sticking point. Even if a manufacturer is able to clear all these hurdles, the certification body - Belgium's Meteorology department, which is more commonly known for testing the accuracy of lead weights in the measurement of groceries - is accused of rejecting successful games and of being incapable of agreeing to standardise its own interpretations of the Belgium Gaming Law. And by capping the number of arcades to 180, market entry is restricted, competition is hampered by a costly machine licensing law and the result is that the player gets no choice of venue and no choice of machine. It's as though the Belgian industry is perpetuating some kind of mid-90s time warp. Meanwhile, for the operator, return on investment is frantically tight, with machine faults, technicians and staff to pay, location and licence costs each biting into profit. Restriction on the age of customers within a location, types of game, loss per hour, five game styles, no possibility to comp players, very strict passport control to the entry and a low maximum stake and maximum win, create a harsh environment in which to operate. To open an arcade you must apply for a licence, which costs 75,000 euros for a five year tenure. For a casino this is extended to 10 years, payable in advance. The Gaming Commission is very thorough in its checking procedure, with the CEO the person ultimately holding the licence, not the company. This means that the named individual on the licence can be



>> personally prosecuted. The Gaming Act made this change from company title to individual to make operators more accountable; and it has worked. Each licence holder signing their name also signs away an element of their freedom. Whereas the authorities need a warrant to search private buildings, to arrest individuals suspected of murder etc.; the police can take those named on the licence and hold them indefinitely without stating the cause. One operator described it as: "like being on parole - the police give you the grace to carry on legitimate business activities, but in their eyes you're already seen as guilty - they just don't have a crime to pin upon you." While the arcades are filled with cheap slots, the multi-players are a different story. They represent the very latest technology, but there's one that's taking all the business right now, Elaut's multi-roulette with its 'bonus' feature to which players are currently attracted as it raises their initial bet to the power of four. The horse racing multi-player, Royal Ascot, also remains popular despite its age and cost. There are 27 single player slots in practically every arcade, and three multi-players, of six betting places each, to make a total of 45 gaming places in each arcade. Six-player multi-players were allowed in 2004, having previously been restricted to a commercially and cosmetically unattractive four. With a multi-roulette, the loss per hour rule also applies and sees areas of the bet window shutting themselves down as you place your bet. The machine works out the odds as you place your bet, preventing you

from betting on numbers that could see you losing more than the allowed amount in the allotted time. For the roulette player, watching their betting opportunities continuously shrinking, the restriction is something similar to being blind-folded in the cinema or restricted to water at the bar. All these restrictions have seen a number of hi-tech solutions not only from the manufacturers, but also from the regulator to maintain its grip on the industry and uphold these measures. Online protocols link each and every machine to a central server within the locations, which is then linked to the government server housed in Brussels. Everything is online. A Royal Decree was to be passed in Belgium as this report was compiled, which would create a completely new method of collecting data from the customer registration process. Each arcade location must register players in the usual way, taking their identification details from a passport or identification card. However, the new system takes this a stage further, with each location having to connect to the Gaming Board's central server at the time of registration to check each customer's details online. Self-exclusion, a staple of many casino jurisdictions, is something that the Belgium Gaming Board is very keen to implement fully throughout the country. The authorities are also eager to make sure those restricted or forbidden for reasons of crime, debt, age, etc. are excluded (and also recorded in the case of those allowed into each location). As such, the system links every location and excludes a player from every opportunity

**Both arcade slot games and multi-players feature five types of game: roulette, horse racing, dice, poker and black jack - all representing the more social side of gambling according to the government.**

to gamble - at least as far as a country can when it is surrounded on three sides with border casinos and gaming halls. Under this compulsory system the location's computer sends a request to the central government server asking for confirmation regarding the player's name and details. A simple yes or no response is the only reply, whereby operators must then act to expel those declined or face a penalty. This has recently been shown to the full extent of the law with several operators having their licences suspended for two weeks, and another completely removed for flaunting registration rules. Operators are worried that this new registration process will add further time to what is already a lengthy and off-putting barrier to entry, but the Gaming Commission has assured that this will take between 30-45 seconds only. "The EPIS system is a database containing the names of over 2,000 excluded players," stated Commission des Jeux de Hasard President, Marique Etienne. "Operators registering their guests will send a request to our database, which will respond with a yes or no from the list. The system quickly verifies the status of the customer and is very up-to-date, as it's a daily list combining the Commission's list with that of the police." In addition to customer checks, every machine must also pass inspection and receive a stamp from the Belgium Meteorology department. They test every machine for the market, every EPROM device, costing 150 euros for a game or a game modification. Worryingly, the Meteorology Institute is now looking to increase its scrutiny of auto-roulette to a hitherto unheard of degree. As previously mentioned, it's an institute more regularly concerned with the accuracy of grocery weights, industrial standard lasers and exact measurements for diesel pump dispensers - in this context a miscalculation in either direction could result in highly combustible outcome. But the Institute taking the same degree of accuracy and applying it to the random nature of a roulette wheel is another matter entirely. The Institute is setting parameters for the random element of roulette so exactly that during the course of the 66,000 cycle test of the wheel, the margin of randomness must be precisely the same. If this is not the case the Institute will demand that the cylinder is replaced. This will apply to automatic and casino table roulettes. One manufacturer stated: "They are taking the same tolerances applicable to lasers and relating this to a random roulette wheel - it is ridiculous. The issues of tolerance would be better served if they would just ban roulette altogether. Such a calculation is preposterous."

Joker Games is a Unibox arcade in Lontzen, close to the German



## G3 interviews Marique Etienne, President of the Commission des Jeux de Hasard.

In 1902, Belgium legislated to forbid gambling in its borders. Though strictly forbidden, Belgium continued to allow the operation of eight casinos, over 300 arcades and thousands of bars up to the creation of its first Gaming Act in 1999. Crackdowns had taken place, most notably in the early '70s, when the country sought to curb the incidence of jackpot machines within bars. Its answer was to create arcade-style Luna Parks, in which players could play for a little money and have a beer, without the social danger presented by reel slot jackpot machines. However, without an umbrella Gaming Act, and thanks in part to Belgium's penchant for manipulating regulations, slot machines once again crept back into the bars. Definitions had been set as to the skill quota of a game, those with greater skill falling into the skill bracket, the rest into games of chance. However, by blurring the boundaries, slots managed to bypass the legislators and thousands were in operation once again. On its own, this was still not enough to stimulate the government into action, what it needed was a financial push. This came from the federal Brussels' government's desire for gaming tax revenue. A law had to be created to allow Brussels its own casino while at the same time bringing under control the swelling slot market and guaranteeing taxation revenue for the future. To control the situation, legislation was enacted in 1999 which kept in place the gambling prohibition, but licenced casinos, arcades, pubs and people working and manufacturing in the industry. There were four exceptions that fell outside the Gaming Act: betting, lotteries, Internet and mobile phone gaming, but these are areas that the Commission is seeking to address in the future. At present and as part of the conditions of the Gaming Act, the Belgium Gaming Commission was set-up as an independent commission, comprising of a wide sweep of officials and ministers. The Gaming Commission has a series of officials in administrative roles, while there are representatives from the Ministry of Finance, Justice, Health, Internal Home Affairs and Ministry of Public Enterprises, chaired by a Magistrate and the Chairman of the Gaming Commission. These 30 members have three missions: to advise the authorities on gaming and gambling matters and to also take the initiative for proposals. 2. Grant licences - casino licences, pubs and arcades etc. 3. A control function, to ensure the terms of the licence and the Gaming Act are upheld. "We can take sanctions, administrative measures and even close if infractions take place," said the Belgium Gaming Commission President, Marique Etienne. "In 1902 everything was forbidden, so in terms of legislation we started from nothing. However, by 1999 there was a market in existence and it was very difficult to start to learn and build everything from scratch. And of course, it was hard to manage operators who weren't used to being controlled, as self-regulation had been the order of the day. Manufacturers also resisted the requests for the source code of the machines, so it was very hard to have the administration at a normal level and under control from the beginning. But to date, we have granted licences to eight casinos, the ninth will open its doors at the end of the year. There are 180 arcades, this maximum considered sufficient and frozen. There are almost 8,000 pubs, each granted two gaming machines in



the form of bingos. We have also licenced 2,500 people to work in the industry and 205 manufacturers. We have worked hard with the Meteorology Institute, which is our technical branch that examines machines in light of legislation, Royal Decrees and technical protocols. It is the Commission that grants authorisation, but it is the Meteorology Institute that has to homologate the machine to see if the protocol has been respected. We can also ensure that we achieve technical and online control in the field. Our online system connects every machine with daily information (coin-in and coin-out etc.), which is sent to our central server here in Brussels. We also ensure that we keep close contact with the police service to enable control in the field. To create these controls it was necessary to create the law in 1999, though there was not the political will to do so. We were confronted with many problems and exceptions. Betting currently falls under another legislation - lottery under another as it was not foreseen at the time the rise of gaming on the Internet and mobile phones, which remains forbidden. However, a PC opens a thousand chances to gamble and we have been advising the government to change the regulations. We have to raise awareness of this problem and consider a change of legislation. As such, every discussion in the Commission looks at two sides: the good of industry versus the cost of addiction. Belgium has very strict legislation, with a whole chapter dedicated to legislation for the control of problem gambling. In both casinos and arcades we restricted the age of entry to 21, 18 for bingos and barred certain professions from

>> speaking community within Belgium and near the German border. The arcade keeps to the national average number of 27 single player slots, alongside three six-seat multi-players. It has a low ceiling, clear and bright environment, contrasting greatly with large themed environments of the large city locations in places such as Antwerp. The games, however, remain the same. Rows of Scorpion cabinets line the walls, dice games barely visible as the lights reflect off the Super VGA monitors. Next to these machines are 120,000+ euros multi-players, each glistening with brass, LCD technology, touchscreens and

mahogany craftsmanship. It's like comparing the Montgolfier balloon to the Space Shuttle. Operators are obviously convinced that investment in multi-player games is worthwhile; where the income quickly satisfies the demands on return on investment. To comply with the terms of the licence, every arcade needs an online system. This system connects the arcade to the Gaming Commission's FTP server. Information is sent concerning the coins in-out, number of games played and percentage information. Identification numbers of the licence of the operator and the gaming machines in operation are also sent for verification to the Gaming

**"We recently met with the Holland Ministry of Justice who expressed their desire to create a similar model of control in Netherland's arcades."**

**Marique Etienne, President, Belgium Gaming Commission.**

Commission FTP site. These are checked against the numbers logged at the Gaming Commission against the licences and taxes paid to ensure the location is operating according to the rules. Once a day this information has to be sent, and even the bars have to send this information, and must therefore have an online connection. Operators admit the system has made things more transparent, with a two way advantage for the operators in that it gives them greater credibility too. More often, bars use a modular GPRS system rather than a land-line. There have also been an increasing number of random inspections from the

>> entering casinos. Connecting jackpots for one massive prize is also forbidden, while the hourly loss for casino machines is restricted to 75 euros, for arcades it's 25 euros. No credits or gifts can be given in arcades and no alcohol is permitted. This may sound strict, but it isn't strict, it's just borne of the need to always see the addiction before profit. Our role begins when a licence application is made. Operators must pass a screening, with a personal and financial screening of the company involved too. On the other side, to avoid illegal gambling, we have implemented very strict regulation. I believe it's our culture in Belgium to argue that there will always be gambling, that we can't avoid it, even though we'd like to eradicate it. Therefore, regulation needs to be very strict to protect all involved, and that includes the operators. By experience, we have always communicated with operators before making changes, creating a dialogue to examine the real problems. One example would be our move to increase the arcade machine's hourly loss from 12.5 euros to 25 euros. Operators said this was too little; that a player does not continuously play, they drink beer, take moments of reflection etc. We agreed with them and doubled the hourly loss rate. It's just one example of the fact that the Commission is not here to kill the industry, but our greatest challenge is to find the right middle ground. We are always in that middle groove and it takes a huge level of diplomacy to keep that stance. We believe in communication, with the associations, with operators, and with players, to try to find the right solution. It's not always easy and it's often necessary to take hard decisions. The conflicts we've encountered stem from operators that are not accustomed to an authority imposing rules upon them. Beforehand, it was the operators who explained their business to Minister's who didn't know the difference between a jackpot machine and a juke box. They were not used to an authority who knew the machines, who had gaming experience. But they have learned that it is better to cooperate with us than set themselves against us. Operators also didn't think we would be so quick to instigate changes in regulation, but we were quite clear on that. We also had to understand the operators and not see them as gangsters. We have had good and bad experiences, but while there are still problems, we now have good communications and both sides know where we stand. We see the operators on a regular basis; they come here and discuss the solutions together. For example, the problem in the beginning to understand their machines meant that we had to find out everything about them. Operators and manufacturers were not happy to give us their secrets, so we had to build trust with them, which we are still working upon. But it's good to see that operators now understand our role and see the possibilities for the future of the industry. I think operators are ultimately happy that there is a regulation. It offers a solution to the problems occurring before 1999, in which there was no point of contact with the government. If operators now have a problem they bring it to the Gaming Commission for a solution. In this way they can be assured of a good business within a regulated environment that has a definite future. As a result, most of the people we speak to are very pleased with the situation. From an industry perspective, the operators now have a regulated business. When they look to make an investment in their business they can be assured of its long-term future. Without regulation you don't know



what the future may hold. For the player too there's real protection now. We can give lists of those excluded to the operators who barr them from their premises. We can also assure players that the games are random games, they're not manipulated or controlled. For the Commission there's also a tax perception, in which we're looking to make sure that it's impossible to manipulate the tax from the counters in the machines. We are not idle in this department, but working hard to create something that is honest and fair. We are also self-supporting, as it's the operators who pay us for our work, so it's important we have our own budget and make our own policy that doesn't depend on the Ministries. Furthermore, we believe in transparency, we ask this from operators and they of us. We ask that they communicate with us as clients, though they are clients occupying a special economic branch. We are constantly seeking data regarding figures for those forbidden from gaming, but across Europe it's hard to glean such information. There are no international figures, but a recent Belgium study conducted among 800 people visiting casinos, arcades, pubs, lottery and betting locations, revealed some interesting results. It showed that of the 14 per cent of the public who encounter gaming, from this figure 42 per cent are at risk within a gambling environment. That's 1 per cent of entire adult population. It's not a hugely scientific study, but our view is that every problem gambler is one too many. We must do what we can to control the environment and prefer to have a well known gambler with a problem than one that's invisible. >>

Gaming Commission, to check that the machines logged tally with the actual machines on-site. This ensures that operators abide by the law. However, the Belgium system is similar to the Italian online system, in that it is not a two-way online process. It is a data collection system, not an active verification system. If the software or machines themselves have been altered, there is no means to test remotely that this has taken place without a site visit. The online system for the arcades has been operational since the beginning of 2003, whereby February 2006 is the final deadline for everyone to connect to the system, including the bars.

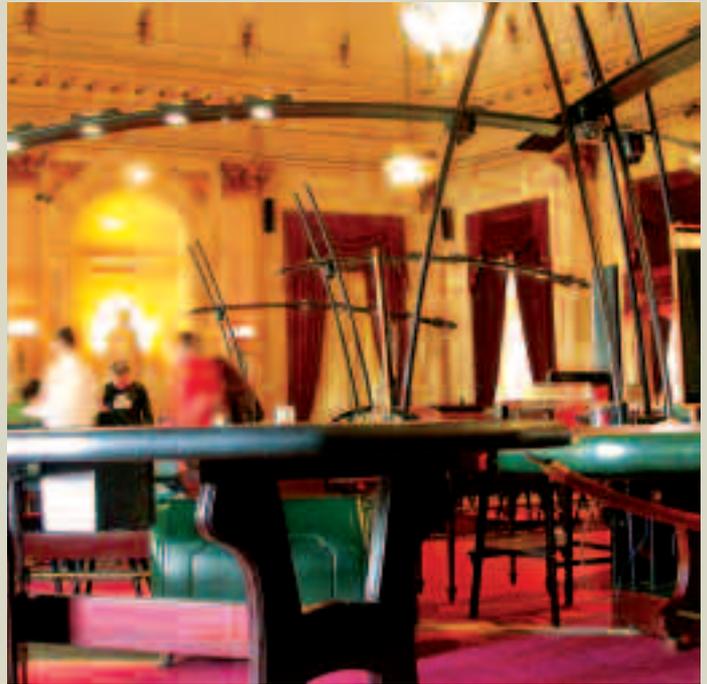
From October 30, bar operators need to have thoroughly installed the system and to be in a position to send information before the deadline of January 1, 2006. The bars have until the end of the year having had several extensions to meet the set-up requirements needed for online connectivity. Manufacturers have also had to meet the challenge, with bingo machines needing to be altered at the hardware and software level to cope with online demands. Bingo manufacturers have sold a great many upgrade kits and new machines as a result. In certain areas, where Belgium's online network is not able to meet the required

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**Marique Etienne,  
President, Belgium  
Gaming Commission.**

connectivity, operators are allowed to take the machine readings manually and send this information from a home or office PC to the central government server every day. The online system is therefore informed of the machine results on a daily basis, logging the machine licence codes against those that are licensed for that establishment, though to check this someone would have to physically check the information. The Gaming Commission does not have a red flagging system that automatically warns them if the system is being abused. The information has to be verified manually and the site physically inspected before confirmation of abuse can be confirmed. >>

>> We have our policy and the belief that gaming is an eternal evolution. We work with protocols and online systems to react very quickly to new methods, binding in legislation, but often we simply can't react to change as quickly as we would like. One of the most important areas for consideration is betting, which is currently regulated by three different laws, which is a disaster. We have daily calls from people with betting problems. We have to enact change for protection purposes and to account for the millions in lost taxes. It's something the government has agreed to study, while the next area is the Internet and mobile phones. Though this is forbidden in legislation and we have tried to have repress it as much as possible, effectively this is very difficult to achieve. And if repression is impossible, the next measure would be to control it. We are giving the government several possibilities in this direction, adopting the same philosophy to give licences that we can control. Additionally, the lottery presents the same problem. Legislation remains unclear, whether a lottery is there to promote a firm or the church? Belgium's lottery legislation is ancient, going back to 1851. There's the national lottery which is strictly operated, and there are those doing whatever they want. It's an unfair situation that is creating many problems. Currently, betting, lotteries, Internet and mobile phone gaming do not fall under the remit of the Gaming Commission, but it's something that we hope will change. We need a national level of control over each of these virtual and real markets. It's a necessity. In Belgium we do not want to copy the American model, in which gaming is seen as a normal economic branch of business. Our view is that gaming must be controlled by the State. There are too many social issues raised by gaming and it's the country's social security system that has to pick up the pieces. Across Europe, each country must have its own policy, but to control gaming at the border and over the Internet is impossible. Belgium started by making a difference with the casinos, reducing the effects of the most dangerous table games, the slots and reel machines. Arcades are allowed five kinds of game only: poker, dice, horse race, black jack and roulette, not reels. The pubs operate bingo and one ball. As such there are three levels: 1. Casinos, only nine, strictly and heavily regulated with a ration of 15 slots per table. 2. Arcades, still dangerous, but there's a strict loss per hour, no gifts are allowed, no alcohol can be served, and though you still lose money, it's in smaller amounts. Arcades are also allowed just 30 machines with three multi-player devices. 3. Pubs, only two machines, with a loss of 12.5 euros per hour. In this way we make the difference very clear for the client. It's the principle of short-to-long odds. Machines go slower and slower and so the player loses less money. We still believe that the most dangerous gaming elements are reels slots and video slots, where there's little to no input from the player. You put the money in... and that's your only interaction, there's no skill. In table play, you have the factor of player influence, but with a slot there's no influence, just a pull on the arm or a press of a button. In poker the player can make choices, hold cards, takes cards, make decisions. It's entertainment. Of course, we recognise that it is an illusion of control, but it's more fun to play. We have only had slots in casinos for 18 months, before that they were not allowed. Despite the introduction, we still view them as the most dangerous gambling element,



but here they are heavily controlled and restricted. One of the first steps in implementing the Gaming Act was to remove reel machines from the arcades and pubs. In their place we introduced slower games to avoid the speed of loss. On the other side, we worked to promote multi-players in arcades, which are slower games and we believe create a more social environment. Again, it's an illusion, but players discuss their bets and socialise with each other in this environment (the Commission is looking into the introduction of multi-players within casinos in the near future). We discussed with operators and sought the opinion of many experts that four-player multi-players were the most frequent type of device on the market before the introduction of the law in 1999. Afterwards, we changed to a six-player at the operators request and they can now operate three multi-players with six terminals each, which in addition to the 27 arcade machines gives a total of 45 gaming positions in arcades. It's a situation that we don't consider likely to change. However, we recently met with the Holland Ministry of Justice who expressed their desire to create a similar model of control in Netherland's arcades. Dutch Ministers don't want casino/arcades or rather arcades as casinos. So Holland is examining our methods, as is Albania and Poland, which share the same views and problems as us. I think all have common points, but problem gambling is the first priority. In addition, there are opportunities to exchange experience and be more open with our policies. In Belgium the loss per hour per arcade machine is 25 euros, whereby it is 45 euros in Holland. In practical

>> operator that has to pick up the tab for online connectivity and is responsible for sending the information to the Commission. Once again, it is the person whose name is on the licence that is accountable for any mistakes. Continuing the technology theme, Unibox is one of two companies in Belgium that operates a card reader system that is built into its gaming machines. Credit can be charged to the card, therefore the player does not need to constantly change their notes to coins for credit, but instead can change notes into credit on the card system. Note acceptors change into coins only, but Unibox has a cashless Smart Card system

onto which credits can be charged and debited to and from. The Smart Card means that the player doesn't need to go to the cashier's desk to load his card, though originally he does to purchase it, but subsequently the player can load the card, play and win and top it up at the machine, each of which has a card reader/writer. The security argument was accepted by the Gaming Commission that it is safer for the customer to carry Smart Cards than handle large quantities of cash. Both Unibox and Mr. Michels' operations have such a system. Travelling from the Joker Palace to the oldest casino in Europe, Casino de Spa,

**"In Belgium the loss per hour per arcade machine is 25 euros, whereby it is 45 euros in Holland. In practical terms, if both adopted a 30 euros loss the same machine could be sold in both Holland and Belgium."**

**Marique Etienne,  
President, Belgium  
Gaming Commission.**

the landscape changes to reveal a resort town that has seen more prosperous days, but investment is flowing back into Spa. Tourism clearly has benefits for casinos operating in the 'spa' towns, as these are busier in the traditional season, which tends to run from mid-July to early September. Many people also have 'weekend apartments' on the coast and boost weekend business there as the casinos have attractive features for them. The building in Spa itself is owned by the city of Spa and is the oldest casino in Europe at 232 years old. Spa used to be a holiday destination for the pensionably rich, but has since seen



case-by-case. Operators can be represented by a lawyer, wherein a legal decision is required, some of which are taken to the supreme council, though the council has yet to rule against our decision. As if to reiterate, gaming is not a normal economic business. The legislation is clear that gambling is forbidden and from this starting point, the Commission can grant licences and remove them. Local authorities also have a say in proceedings. It's logical that control should be exerted by local authorities in terms of licensing issues. A licence for a pub used to take 3-4 months to issue, but our system has improved and is completed in two months if the file is fully completed - pub owners are not administrative geniuses in this country and the lack of speed is not always our fault. A quick screening takes two months, but there's also a system in which operators can visit our offices in Brussels with the necessary files on Monday and they will get their licence by Friday. All efforts are being made to speed things up, but the files must be complete and the operators need to have filled in their form correctly. Arcades have a licence for nine years, 15 for casinos and five for pubs. Operators need to be clear that their investments will be secure over the life of this licence. If one of the local authorities want to withdraw the licences, they must come to Commission to take sanctions, as they can't cancel a licence. However, they can refuse to grant one in the first place. The procedure of granting a licence also involves a great deal of screening. Take the Brussels licence, for example. It's necessary to have an investigation and this takes time. Casinos Austria has 53 casinos, which take time to investigate. This will be Belgium's ninth casino licence, and it's our view that Belgium could not accommodate more than this number since Holland, which is much larger, has 12. Brussels therefore, will be the last. The tender itself was put to public offer. Holland Casinos, Belcasino, Partouche, Casinos Austria and Accor made their bids. The Brussels government accessed each and concluded that Casinos Austria International's was the best and granted the concession. The Gaming Commission has travelled to CAI's operation in Lucerne, Switzerland and has already conducted its examination of the new Director of Brussels, investigating financial status, money laundering, possibilities of money laundering etc. The casino is expected to open at the end of the year and will make quite an impact. This casino is at the heart of Europe, and will no doubt impact on the entire European casino market, but within the limitations of our legislation. I don't think that it will be a place such as Las Vegas, but for Brussels, it will be a point of attraction, source of revenue, tax - and I think that there is a certain need to have a place to go out. Brussels is not a very lively city in the evening. We need a point of attraction. People who work in European institutions, see a huge potential number of players. In conclusion, having put into action our first mission, to grant licences, what we see next is the need to refine our regulations. To be more creative in our approach and offer both better ways of protection and accountability. We believe in a technical approach in that matter, as technology plays an increasingly large role in our lives and in gaming. We must continue working in that direction, but also believe that we can't avoid controls in the field. We must combine betting and the Internet into legislation and that will be a challenge. But we have already made sure that gambling is visible in Belgium."

terms, if both adopted a 30 euros loss, the same machine could be sold in both Holland and Belgium. Beyond this, we are also looking to countrywide policies on gambling addiction, since within the European Union there exist 10 countries that have yet to make any study relating to gambling addiction. I believe, therefore, Belgium's model can prove helpful by offering a benchmark. In terms of control, our legislation with the casino is working work very well. We have shown that we can exert control and that the casinos are happy to make investments in this industry. For the arcades is has been more difficult. In April, with the help of the police, two arcades manipulating the online information sent to the central server were closed. But we have learned about the failures in our system and adapted. We still have to connect 7,000 locations for pubs, but we are going to achieve this. It's clear the system works, despite the slight problems with arcades. We have a protocol that is clear and is flexible enough to allow us to make changes. One of the things we have changed is that the information must be sent directly to us, and by that direct route it cannot be interfered with. Each location has a server, each machine connected and the mechanical counters ensure that it's the right machine, sending the right information via their server to our database. We can check this information, spot infractions, the mis-registration of a person, the manipulation of figures or games, or that they haven't sent certain documents, after which we have a sanctioning procedure. For a non-registration we can close a location for eight days, though each is viewed

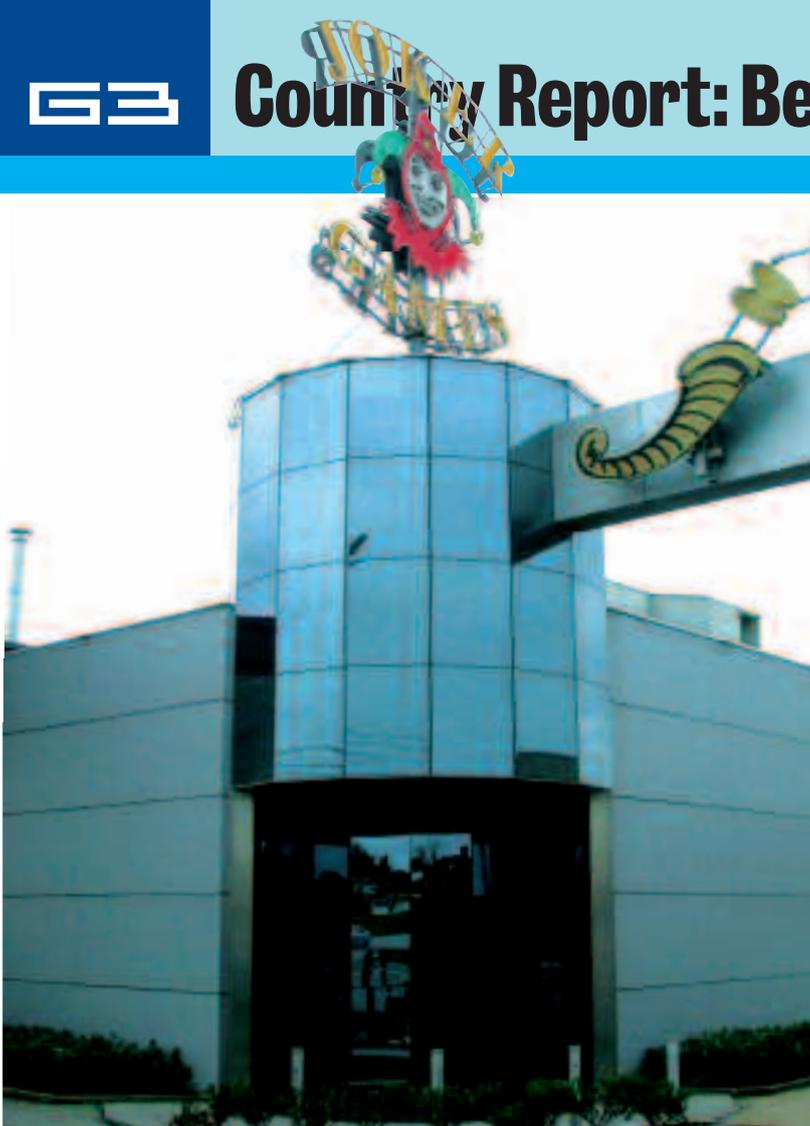
**"I don't think that it (the CAI casino) will be a place such as Las Vegas... Brussels is not a very lively city in the evening. We need a point of attraction."**

**Marique Etienne, President, Belgium Gaming Commission.**

>> its image slip and the visiting hordes slow to a trickle. However, with an injection of interest surrounding the casino refurbishment following a change of ownership in November 2003, it's hoped that Spa can move back into the limelight. There's also hope that the new Radisson hotel in the centre of Spa will help to stimulate tourism throughout the year and not just in the summer, when there are many day tourists and visitors to the famous race track. Speaking to Grosvenor Casinos' London Regional Director, Paul Armitage, who is responsible for Grosvenor's six London casinos and its two Belgian casinos, he

explained that casinos in Belgium are over 100 years old and just as in many other European countries, the casinos are sited in spa towns. "Casino de Spa is one of the first European casinos and still operates to this day," said Mr. Armitage. "It has its busiest time when the Grand Prix is on these days, but all Belgium's casinos are sited in spa towns or resorts. Four are in the French speaking part of Belgium and four are sited on the Flanders coastline in the Dutch/Flemish speaking area." Initially these sites were only visited by wealthy people who could afford to travel indulgently and to game, so they are not specifically sited in areas

with a large population density. They were tolerated as privately operated ventures but eventually the government started to demand taxes from them. They did this without actually legalising casinos formally, which is why they were considered 'semi-legal.' The 1999 Act made them 'officially' recognised in law, so now casinos pay taxes legally. Most of the current casino practices were covered by the legislation, although the government agencies did not wish to appear to be unduly influenced by the operators, so decided not to consult with them prior to setting up the laws. This led to misunderstandings and



>> some incomprehensible rulings borne of a deep lack of understanding of casinos. "Some of the game rules were probably lifted from French casino manuals by people who had no real understanding of casino gaming," said Mr. Armitage. "The operators, through individual or Federation discussions are now addressing much of this with the Gaming Commission representatives. Some tidying up and improvement has already taken place and, for the most part, the casinos operate much as they did before the Act, but within a more formal, weighty - and legal - set of rules and guidelines. It would be fair to say that the approach now is 'organic' in that there appears to be a willingness to adapt where a sensible case can be made for change." One of these changes could very specifically affect Casino de Spa. The location has both an arcade entrance and casino entrance, with the same multi-player/slots mix in the arcade as seen elsewhere in Belgium. However, the big event for the casino will be the launch of electronic bingo gaming within its ornate walls in the very near future. Standing in a resplendent grand ballroom-style hall, the question that springs to mind is to wonder if there has ever been a grander location for the game of bingo? Casino de Spa will use the same electronic bingo set-up that has found great popularity in Spain to call numbers within an enormous chandelied room on the first floor of the casino. The end of October,

2003 saw the official acquisition of Casino de Spa by the Circus Group and it is hoped that in October this year, a Royal Decree will enable the casino to open the country's first 180 seater electronic bingo operation. The game will feature fully automatic operation and open Friday, Saturday and Sunday afternoon. "It will be the first bingo hall in Belgium," explained Philippe Mewissen, Casino Director of Spa. "First, we must wait for the rules to be changed and a Royal Decree to sanction bingo gaming by the Government. Right now everyone watches us and wants to see what happens, as Ostend Casino amongst others is known to want one too." Asked if he thinks bingo will take-off, Mr. Mewissen is optimistic for the success of the game in Belgium. "Electronic bingo is a blend of hi-technology with a simple game that attracts all kinds of players. In eastern and western Europe everyone goes to play bingo, so why not here? It will also bring in the clientele for the bingo that wouldn't ordinarily step foot inside a casino. The rationale being that the husband plays the tables, the wife the bingo. You would expect a little-cross over, but on the whole the players are very different and separate in their behaviour and betting activities. In this way we are offering the whole package." Mr. Mewissen sees bingo as another means to reinforce a positive image of gaming with a wider spectrum of players. "Casino de Spa is a leisure and

Awarding the Brussels casino licence to Casinos Austria International, the Belgium government selected one of Europe's most influential and experienced casino operators. But what did the victory mean to the people behind the licence bid?

"I think it is a great success for CAI as it's one of the last great licences remaining in Europe, and one of the few capital city licences still to be serviced by a casino," said Paul Herzfeld, CEO Casinos Austria International. "A capital city licence such as Brussels holds enormous prestige for a casino operator. From this point of view it's an interesting market, particularly as the first indications of a change in the gaming law emerged back in 1995. At that time we immediately began to investigate the possibilities of this market. Our activities started around that time, but it took until 1999 for it to become apparent that Brussels would become a much sought-after licence. Another four years passed before the tender process commenced and finally the licence was awarded. This sounds like a long time, but most of this was the creation of the law, the tender process was actually very efficient, starting in April 2004 and finishing in June. I think several factors contributed to the awarding of the licence to CAI. I believe, first and foremost that the Belgium government liked the way we do business; CAI is a serious operator with both a transparent and sound group of shareholders from a variety of banking and insurance groups. Another important factor is that CAI is very experienced as a casino operator in capital cities, where we have casinos in Vienna, Prague, Canberra, Johannesburg, Copenhagen, etc. There are specific requirements and demands placed upon the operation of a casino in a capital city, with aspects of tourism, business, community, all coming together in one location. It's a very specific business category. We also tried very hard to be thorough and diligent in the licence application, answering all the



## In Brussels we are looking to redefine the term ‘European casino.’

Hermann Pamminer, Casinos Austria International.

requirements and requests, resulting in the fact that in 12 of the 13 requirement categories for the licence, CAI came out as the number one applicant. Our experience operating casinos and knowledge in preparing applications is an invaluable asset to draw upon, but every application has its own requirements and characteristics, and every application demands reinvention and innovative thinking. In Brussels we really steered away from standard answers to the questions put to us and delivered the best possible model for the city. As for the casino market in Belgium, there is a long tradition of casinos in the country. The general market will benefit greatly from the Gaming Law, the intention of which is to establish a sound and clear base for casino operation and it's a great step forward that brings Belgium into line with other European countries, such as France and Germany. In regards to slots and the perception of Belgium's slots business, I think there's still some room to develop this aspect of the market further in Belgium, to meet the demands of the modern casino player. Slots are the dominant form of gaming worldwide, and they're still growing in importance in the casino environment. People are increasingly interested in slot machines, because you can play on your

own, at your own pace, on many different types of machine. And for very low stakes you have a chance to win very large jackpots. Having said that, I know Belgium table games still maintain a healthy share of the market, so we need to build on this statistic and emphasise the importance of table games as attractive, alternate forms of gaming entertainment. CAI's philosophy is to offer a complete entertainment experience, in which the core business will always be gaming, but it must not be the only thing on offer. A modern casino should be a place where people go to relax, celebrate birthdays and weddings, a place that's more than just a gaming centre, but offers function rooms, a ballroom, different kinds of entertainment. In this way Brussels will become an entertainment complex for the whole city. I believe there remain many aspects of entertainment not explored in the existing casino market. Entertainment within casinos tends to focus on staging cabaret shows, but there's a lot more to offer: fashion shows; product presentations, mini concerts etc. a great range of different entertainment that's new and exciting and unexpected in a casino venue. Casinos can no longer simply offer gaming facilities, they must bring added value, and in this case enhance the attractiveness of Brussels as a destination. The

interest in casino games gives additional value to an entertainment facility and to the city of Brussels itself. The casino should be an integral part of the entertainment offering of the city, offering functions for entertainment several times per year, working with the Brussels' community to provide events of special interest. A casino also gives an additional form of entertainment for tourists visiting the city and to business travellers, who generally expect such an entertainment facility to be part of a city's offering as a matter of course. Right now the Brussels licence is solely the property of Casinos Austria International, though we would be interested in working with a local partner at a later stage, to build on this community aspect. In terms of the casino itself, I think this licence enhances the prestige and reputation of CAI as an international casino operator. But this is not just a trophy licence to simply add our portfolio, I believe the Brussels casino is a sound financial investment and I trust in the Gaming Board's strict implementation of gaming regulations. I also think developments such as CAI's casino in Brussels will help to maintain casino standards and enable the Belgium market to become like every other European gaming market.



>> entertainment venue. We must knock down the image of casinos as a gambling church or cathedral that is unwelcoming and intimidating. Bingo will help us to achieve this goal." Since the Circus Group took possession of Casino de Spa, table game revenue has increased significantly. Circus changed the tables, changed the cloth and equipment and increased quality, but did not change the personnel, all of whom have stayed with the casino - which is unusual in a takeover scenario. "Over the last 18 months, the original staff stayed and 15 extra have been recruited," stated Mr. Mewissen. "The frequency of visitors has tripled and income doubled. Every casino in Belgium was losing money prior to the introduction of slot machine gaming last year. Now they're starting to invest as they are making money. As they reinvest, they are making even more money." Croupier training was taking place during the G3 visit to Casino de Spa, where croupiers were studying at the casino's six roulettes, two stud pokers and two black jack tables. The roulettes, even those in the Salon Privé, are all American roulette. In a couple of months, Mr. JL Delneuville, Casino de Spa's Table Manager, stated that they would be trying to relaunch French roulette, but would be presenting the game differently. One of the areas that

most frustrates the management is the cap on complimentary for the players. "We can give complimentary drinks within the casino, but only offer up to 50 euros per customer per week in food and beverages. At this limit it's impossible to offer hotel rooms as it's far too expensive," said Mr. Delneuville. "However, attendance at the tables has risen a lot, with the new management injecting more drive and the personnel offering better service. "The casino business still has to improve, but each year it increases," said Mr. Delneuville. "Bets are increasing and attendance has risen dramatically. Next month we are offering a promotion of free champagne at the Radisson to encourage players to visit the casino. We also run advertisements in local papers and even national TV, depending on budgets of course. We have a national TV spot for the arcade division and press for casinos here and in Holland. We are targeting a mixed variety of players, but we continue to see men dominate the live tables area. However, the casino has become younger in attendance, some come only to have a drink here, then leave for other locations, but the younger players are starting to take an interest in table play. But at the same time we are handicapped in comparison to the Dutch casinos. Go to

**(Top) The Historic Casino de Spa, which at 232 years old is the oldest casino in Europe, is now in the hands of the Circus Group.**

**"Casino de Spa is a leisure and entertainment venue. We must knock down the image of casinos as a gambling church or cathedral that is unwelcoming and intimidating. Bingo will help us to achieve this goal."**

**Philippe Mewissen, Casino Director of Casino de Spa.**

Masstricht or Falkenburg and these are huge casinos. People in Antwerp don't go to Ostend to play, they go to Holland. We have limited slots, limited win, limited jackpots, but the opportunities in Holland are much better." Traditionally, tables take priority with Belgium casinos. At Spa, the maximum stake of 20 euros and a loss per hour for the machines of 70 euros maintains table dominance as players find table play much more interesting. In Belgium the highest number of machines within a casino is currently 65, with a maximum prize of 25,000 euros. Casino de Spa uses Austrian company CARD for its cloth, TCSJohnHuxley for its chippers and shufflers and its own distribution company for a variety of other supplies. The casino formerly operated a restaurant for three months after its relaunch, but it closed thereafter and has remain shut. Buffets are laid on for guests, but the casino management stated it's their intention to open the restaurant once again in the future. Half of the customers at the casino are German, coming for the atmosphere and culture of the resort and the casino. "A lot of professionals in Germany are not allowed to enter casinos within their own country (magistrates, police, lawyers etc.) so travel off-duty to neighbouring casinos to play," said Mr. Delneuville. On the slot floor, the >>



>> best performing machines are the video slots, the reel-spinners having seen increasingly reduced play. Orion, Amatic, Atronic and Novomatic machines are well represented on the slot floor, all are video and each proving much more popular than their reel-spinning equivalents. This is something that caught operators by surprise at the start of slots introduction in Belgium. Many operators believed that there would be a lengthy period of transition for the players to grow accustomed to video slot play. As such, many biased their slot floor towards reel-spinners, as this was a machine that the country's machine players were familiar with from the arcades. What results have shown is that few arcade players have migrated to the casino slots. Instead, the Belgian casino slot player has emerged, perhaps having previously visited border casinos until now, creating a new player in the market. This player does not want to be associated with arcade reel players and has predominantly chosen to play video machines. "Every country in Europe has moved to video play. Belgium is the same," said Mr. Mewissen. However, no wide area progressives are allowed, jackpots of this kind are forbidden, but standalone progressives are proving popular with maximum wins up to 12,000 euros. Once again, the bill

acceptors are only for change purposes, as in the arcades. The slots floor area at the Casino de Spa was previously a pizza parlour, and here betting is sliced into high performing games from Amatic, Atronic and Novomatic, to games that are constantly removed and rotated. "The quality of the machines on offer is limited," explained Mr. Mewissen. "For the manufacturers to produce a game with a 70 euro loss per hour it is a big investment for such a small market. In Belgium there's current potential for 400-600 slots in the entire country, which must be divided between the manufacturers. It's a lot of investment for limited sales." Despite operating an arcade within the location, Mr. Mewissen and his staff see 'little to no' crossover of players, despite their proximity. "Players here play in the casino, not in the arcade. Casino slot players are not the ones venturing into the arcade or vice versa," stated Mr. Mewissen. "Casino customers are very different to arcade players. When slots were banned in the casinos, these players didn't switch to the arcades. "It's a question of prestige, better environment, parking, food and drink. They don't want to play in a dark little back room - that's the profile of the arcades. It's different in a casino, players here want the casino experience as much

**(Top) The slots floor of Casino de Spa, where video slots are proving a more dominant force by the day.**

**Gaming in the casinos is primarily dominated by roulette and this remains, by far, the most popular table game. Blackjack, Casino Stud Poker and, in Grosvenor's clubs, the Big Wheel are operated. It is rare to see Dice, Punto Banco or Boules offered or played. New games that are not mentioned in the legislation would not be permitted, because there is no provision in law for them, so operators would have to seek a legal amendment to introduce any.**

as they want to play the gaming machine." There were, and still are, eight casinos in Belgium, with a ninth licence having been granted for a casino in Brussels. The French Partouche Group own three (Chaufontaine, Knokke and Ostend,) UK's Rank own two (Middelkerke and Blankenberge), Lucien Barriere Group own one (Dinant), while Spa and Namur are owned by Belgium's Circus Group, which also owns 14 arcades. The current eight casino sites are the only ones allowed by legislation, which means that large towns like Antwerp and Gent have no casinos. The local municipalities grant licences and operators have to be approved by the Commission as 'fit and proper'. The Brussels casino will be run by Casinos Austria International and is scheduled to open at the end of 2005 in a temporary site. The present casinos have a Federation, which meets regularly to discuss issues that concern the operators, and which is the negotiating body for reaching national agreements with unions, although local union agreements are also reached on finer detail. The Gaming Commission often meets to discuss issues with Federation members. "There are 180 arcade licences permitted now, where, prior to legislation, there were many more and they did not have to fulfil any searching regulations," commented Mr. Armitage. Again, local authorities grant permission for arcades. The difference between arcades and casinos is mainly in the 'rate of loss' permitted in their respective slots. A properly run arcade has to go through similar processes to a casino for identifying players. Minimum age for entry is 21. Gaming in the casinos is primarily dominated by roulette and this remains, by far, the most popular table game. Blackjack, Casino Stud Poker and, in Grosvenor's clubs, the Big Wheel are operated. It is rare to see Dice, Punto Banco or Boules offered or played. New games that are not mentioned in the legislation would not be permitted, because there is no provision in law for them, so operators would have to seek a legal amendment to introduce any. The tax regime for table gaming is progressive up to 44 per cent maximum. Paul Armitage explained that Grosvenor's slots repay on average 95 per cent to customers and pay a graded tax rate from 20 per cent to 50 per cent on slots, depending on the level of profits made. "We are also obliged to give our gaming staff a share of the net income. This is an agreement made back in the late 1980s when slots were first planned in Belgium and the unions could see the effect slots were having in France where they rapidly overtook table gaming as the main profit source for French casinos." Mr. Armitage is very proud of his

>> Belgium team, of whom he states: “I have an excellent General Manager in Domi de Wilde, who runs the two clubs. He is the Belgian Casino Federation’s Secretary and has legal and financial training from his previous career. We work together and share our knowledge to improve club performance for the company. In Middelkerke and Blankenberge we are also proud to have two of the best chefs and restaurants in the region offering fine dining for all in both clubs - and Belgium is rightly famous for its fine dining experiences.” However, one of Belgium’s stranger anomalies is that electronic roulette machines are not permitted in casinos, but are permitted in arcades. The reason for which has never been explained. “It would seem more logical for casinos to offer casino-style machines and games,” said Mr. Armitage. It is an area the Gaming Commission is due to address in the future. But right now, Grosvenor is concentrating on its machine focus on the relatively recent introduction of slot machines. “Initially slots were permitted in casinos (in theory) in 1999, but we had to wait until the middle of 2003 to have a complete set of guidelines from the Commission before we could actually operate any legally,” said Mr. Armitage. “At the moment we have 55 in Middelkerke and 50 in Blankenberge. They have to be in a separate area to the tables. Some casinos put them in totally separate rooms; we have ours in a specifically designated part of our casinos.” Slots have become very popular very quickly, especially the low stake, video slots. Suppliers have to be appropriately licensed, and as the number of casinos is limited, only a few suppliers have licensed. Grosvenor use IGT, Bally, Orion, Atronic and Novomatic slots predominantly, through an approved agent/supplier. All slots games have to be approved by the Commission and then are approved for use in any casino. It is illegal to offer any linked jackpots on the slots in Belgium, which is unlike most European casinos. Mr. Armitage hopes this law will also be amongst those being reviewed in due course. Casinos are allowed to install slots at a ratio of 10 for each table operated over a 5-hour minimum, which means that a 10 table operation such as Grosvenor’s could operate up to a maximum of 100 slots. “We therefore still have room for growth in a controlled fashion and with the right product mix,” said Mr. Armitage. “Grosvenor’s Slots Manager, Mario Vilela, gives technical advice and support directly to our local slots manager and has years of relevant experience in this area. It is expected that the ratio will move to 15 slots per table.” With the number of arcades being lower and the regulations stricter, there is a



more even playing field for both types of operation than pre 1999, when arcades were clearly more prosperous. “The first draft of the law said we could not serve alcohol in the slots area, but we have always been able to do this in the tables area,” stated Mr. Armitage. “The Commission and legislators are expected to relax this rule and will hopefully take it out of legislation now they realise how inconsistent this appears. They have similarly relented from the first position they took on what could be offered free to all customers. They started saying nothing was permitted (not even a cup of coffee!) and now have set a spending limit of 50 euros a week per person, which means we can offer sensible things like a meal or drinks.” Of the many requests being made to the Belgium Gaming Commission, one that could have wide reaching effects is a complaint lodged against the government from a rival bidder in the process for the licence in Brussels. The group is known to be suing the government regarding the handling of the licence application process. As far as is known, this is the first such case to take place in Europe. Such is the nature of commerce and government in Belgium that political rumours are never far below the surface. In Ostend, the wife of the city mayor is incidentally the president of the local basketball team. The mayor, having banned arcade operators from holding a licence in the city following the reorganisation of the gaming industry, is

**(Top) The entrance to the Namur casino from the side of the nightclub.**

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**Grosvenor Casinos’ London Regional Director, Paul Armitage**

satisfied with the revenue generated by the Ostend Casino. Coincidentally, the casino is the sponsor of the local basketball team. It’s a link that is enough to fuel speculation in a country where political rumour-mongering is less like gossip and more like art-form. The arcade operators are currently going through the courts in the attempt to solidify their complaint. The only other international news issue in Belgium’s casino industry was the strike by the casino workers in the Ostend casino. The main issue there was about having a guaranteed minimum pay rate in an environment where tip income was reducing year on year. Other casinos on the coast had already addressed this issue in previous years. Ostend resisted the move and had a strike from February to July 2004 before resolving the matter. And while these stories have been either internal matters or simply conjecture, the Belgium Gaming Commission has already flexed its muscles against an operator in a high profile case last year in Namur. Corruption at Namur placed it in the hands of administrators after several members of the personnel and board were interrogated by police concerning corruption at the casino. Consequently, three applications were made for the licence. SA Gambling Management (Circus) was the winner and took over the running of Namur in November last year. “I understand that the owner, along with various managers and employees, were arrested and

>> accused of falsifying gaming returns,” explained Paul Armitage. “The club was privately owned. Incidents like this don’t help the authorities to trust operators, but we feel they are more reassured when dealing with major companies.” The scam at the casino was actually the opposite of money laundering, of which casinos are often accused. In this case, the management colluded with a Ministry official (there’s always a member of the Ministry in attendance at the opening of every Belgium casino) to defraud players at the point of cashing-in and cashing-out. A percentage of the transaction was skimmed from the actual chip value on each occasion, the value mounting up to a considerable figure at the end of each month. Protests from players were ignored until the government finally took action and withdrew the casino’s licence. The official reopening of the Namur casino took place in January, 2005. During the summer season, Namur is an attractive destination for tourists seeking culture and entertainment. It’s a recent acquisition for the Circus Group, which is making a concerted effort to draw customers from Brussels as the opening of the new city centre casino looms large. In terms of attendance, Ostend is No.1 for customer visits, while Namur holds the top spot for revenue, with Spa traditionally last on the list of eight. Today, Spa has moved off the bottom and hopes to travel further up the charts, while the Circus Group hopes to improve and maintain its position in Namur. “Belgians want to play in Belgium,” explained Bernard Toyos, Manager of Casino Namur. “Brussels is half an hour from Namur, Chaloir is 20 minutes away and in half an hour you can reach many large cities. It is an ideal location for a casino.” The management at the casino are currently being appraised following the takeover. “We want one year to access everything and get the results back from the operation,” stated Mr. Toyos. However, the interior is 25 years old, which means that Namur is in desperate need of refurbishment. Circus bought a casino with a strong history and heritage in Belgium, but with problems too. The group is therefore taking 12 months to appraise the operation. In the meantime, Casinos Austria International is to open its showpiece casino in the heart of Brussels, taking a bite out of Namur’s client base. But when Circus took over the casino it was operating under bankruptcy protection and being run by several lawyers - not the ideal position in which to commence ownership. The length of the casino licensing period is short for such a massive investment, particularly as Namur is in need of a complete refurb, but Circus is aware of the task ahead. “Slot machine revenue at



the casino is increasing every day, and we’re taking more and more as compared to table revenues,” commented Mr. Toyos. “It’s a new order for new machines in which we expect to make more money from the machines in a faster return on investment. You have one technician for 40 machines, whereby for each table there’s three staff and a supervisor; it’s very expensive in terms of labour costs alone.” Video slots are continuing to gain ground and are in the dominance at Namur. The casino’s 55 slots are increasing in the near future to 70, certainly by the time G3 is in print. In the beginning nobody had an understanding of what games would work in Belgian casinos, without a current player history to draw upon. Now operators admit that they have a better understanding of the demands of the Belgian player base, and have, even after such a short space of time, begun to confidently replace games with more popular titles. The complete Namur complex includes a casino, night club and hotel, with the plan to cross-promote to drive traffic from location to location. The tables are split between one poker, two black jacks, a single French roulette and six American roulettes, with the slots area and tables area very separate, both at Spa and Namur. At Spa they are in entirely different rooms, while the Namur Casino splits each area with a huge glass panel. But where players at Spa had shunned reel-machines, steppers are doing well at Namur, with a different

**(Top) A casino-style game in a casino-style cabinet sitting in a casino-style arcade in Belgium is very rare site.**

**“It’s a new order for new machines in which we expect to make more money from slots in a faster return on investment.”**

**Bernard Toyos, Casino Manager, Namur Casino.**

kind of player demanding reels play at the casino. There’s a wide range of players coming from the capital, which could account for the variation in slot preference, though the table floor was very busy, especially for 6:30pm on a Monday evening. In comparison, the slot floor was relatively quiet, though that’s in part due to the impression given as the slots are so spread out over a huge area. It would be difficult to create a sense of crowd despite every slot position being taken. What’s unusual is that the group in charge at Spa and Namur, has installed in both locations managers who had previously been arcade managers from within the Circus Group. It’s the flip side of the European equation in which, ordinarily, a casino manager’s table game knowledge is paramount. In this case, slots knowledge is their forte. It would certainly seem that this is the direction in which the Belgium casino industry is heading, with the new Brussels casino expected to open with 30 tables and 240 slots. This is a temporary casino only, with the next expected to be twice the size and twice the number of tables and slots. With its limitations and restrictions, it will be interesting to see the effect of the new casino on Belgium players, operators and ultimately, to gauge the government’s response to the final part of its introduction of the Gaming Act. And of course, then the final piece will fall into place and Brussels will finally get its hands on that casino gaming tax.