



G3-247 Report

IRELAND

The colour of money

A small country with a big reputation. A land with buckets full of charm and character and renown for its ragged coastline and landscape, friendly folk, lyrical nature and history seeped in culture – and a gaming industry stuck in the dark ages, until now...

Ireland is the third largest island in Europe and the 20th largest in the world. It is located to the north west of continental Europe and to the west of the UK from which it is separated by the Irish Sea.

Politically the country is divided between the Republic of Ireland which covers five sixths of the island and Northern Ireland which is part of the UK and has the remaining area. Total population is 6.4 million whilst the Republic of Ireland has around 4.6 million.

People have inhabited Ireland for over 9,000 years. Gaelic Ireland emerged some in prehistory and lasted until the early 17th century and was converted to Christianity from the 5th century onwards. After the Norman invasion in the 12th century England claimed sovereignty but this rule did not cover the whole island until the 16th and 17th century. In 1801 Ireland became a part of the United Kingdom.

Protestant English rule disadvantaged the Catholic majority and troubles began and continued throughout the 18th century. The Great Frost struck Ireland and Europe between 1739 and 1741 and destroyed crops and the Great Famine of 1840 led to a mass exodus of Irish people. Some one million died and a further one million were then forced to emigrate, mainly to the US, and a period of civil unrest followed.

The 19th and 20th centuries saw the rise of modern Irish Nationalism and in 1921 the Anglo Irish Treaty was signed which gave Ireland complete independence in its home affairs whilst an opt-out clause enabled Northern Ireland to remain within the UK.

Large scale emigration began again between the 1950s and 1980s but by 1987 the economy was improving and the 1990s saw the beginning of substantial economic growth. The republics GDP grew by an average of 9.6 per cent during 1995 and 1999 and by 2000 Ireland was the

sixth richest country in the world in terms of GDP per capita. The financial crisis ended this boom period and the GDP dropped significantly and fell by as much as seven per cent and unemployment began to soar.

The country is however slowly coming out of the recession and the economy grew by 0.4 per cent this year despite a higher predicted growth. Although exports increased by 4.3 per cent in Ireland, consumer spending was only up by 0.7 per cent.

However unemployment is still standing at around 13 per cent and 17 per cent of owner occupiers are having trouble paying their mortgages.

Back in 2010 the Irish government was bailed out with €85bn of emergency loans from the IMF and European Union. The Irish government also secured a loan from the UK.

Traditionally Ireland is subdivided into four provinces – Connacht (west), Leinster (east), Munster (south) and Ulster (north) and has 26 counties.

A ring of coastal mountains surround low plains in the centre of the island. The highest of which is Carrauntoohil in County Kerry at 1,038 metres. The longest river is River Shannon in the north west which flows 113km to Limerick. The country shares a 360km land boundary with Northern Ireland and a coastline of 1,448 km.

Meanwhile in 2012 some 7.5 million tourists visited Ireland of which 6.2 million were from overseas primarily Britain, Europe or North America.

In 2012 the expenditure by tourists reached €5.3bn which was a 4.4 per cent growth on the previous year. The government earned around €1.3bn in revenue through taxation of tourism and in 2012 the tourism industry accounted by 3.8 per cent of all tax revenue in this country. The

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sector employs around 123,000 directly. Last year almost 13.7 million passengers travelled through Dublin airport in the first eight months of 2013.

IRELAND'S GAMBLING BACKGROUND

At the moment Ireland's gambling industry lives off an antiquated legal system which offers betting, lotteries, bingo and some forms of gaming.

Prior to 1956 the main gambling activities in Ireland were a number of large charitable lotteries plus other activities such as bingo, which was mainly promoted by the church and charity groups, plus gaming associated with travelling shows.

The main thrust of the 1956 act was to limit lotteries to smaller promotions organised totally within the state and regulate and control gaming activities. It was successful in shutting down larger lotteries although gaming continued at seaside resorts or via travelling fairs.

At the moment Ireland is governed by the Gaming and Lotteries Act 1956 and the Betting Act of 1931. Basically these laws permit the following:

- Lotteries (excluding the National Lottery which operates under the Department of Finance). There are five types of lottery permitted – those limited to members of a society with no prize limit; lotteries conducted in conjunction with dance/concert with maximum prize of £25; Lotteries promoted with a circus or carnival or

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at a amusement arcade or funfair; lotteries operated under special permit by Garda with maximum prize of £3,000 and lotteries operated under a licence by district court with maximum prize of £10,000.

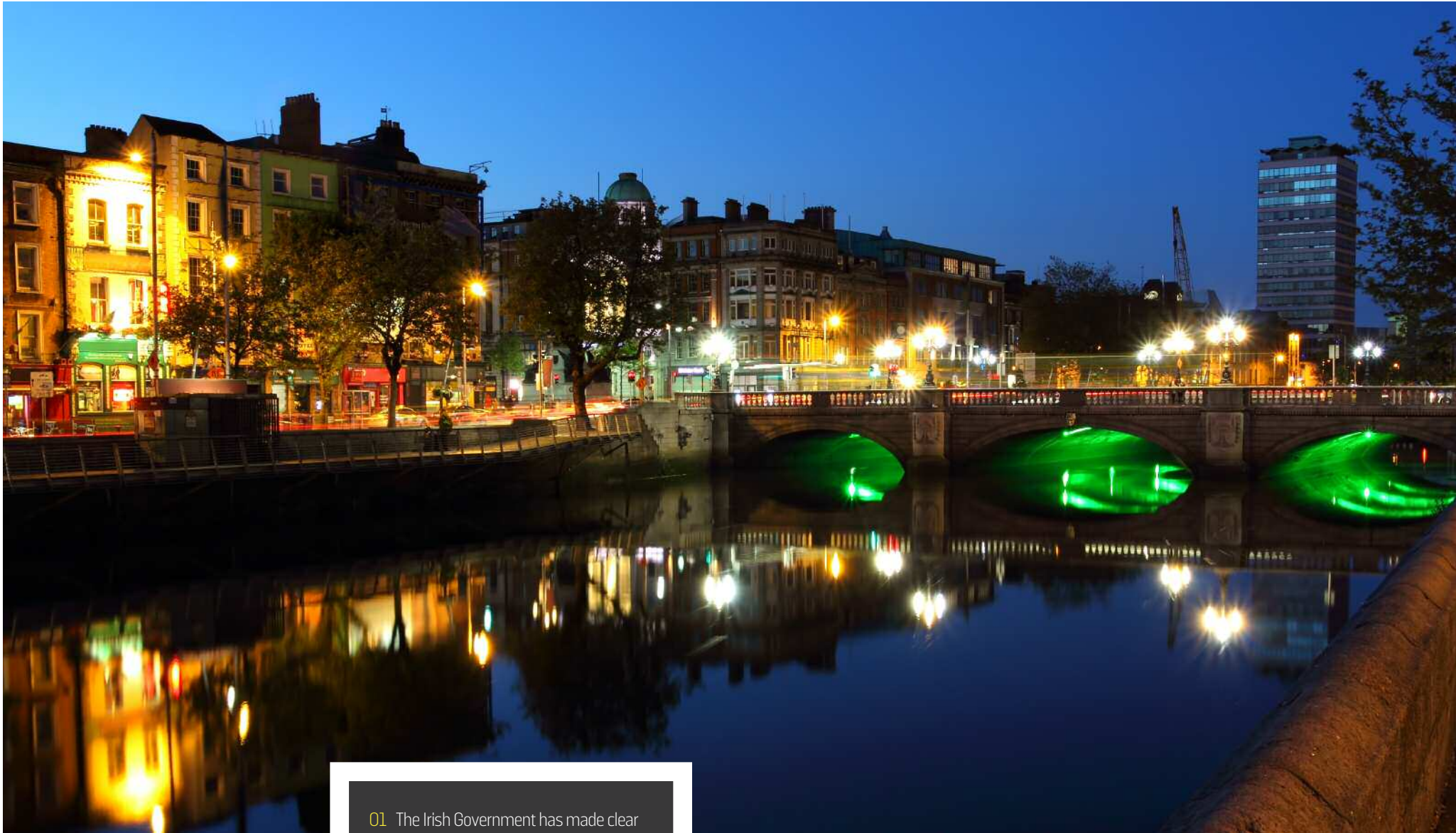
- All gaming is prohibited except gaming carried out at travelling fairs or carnivals or at a licensed amusement hall or funfair. The stake here is limited to sixpence and 10 shillings (2.5p and payout of 50p.)

- Slot machines are prohibited which deliver money prizes.

- Games such as Roulette and Blackjack are prohibited.

There have been various changes over the years. In 1965 the Supreme Court Judgement found bingo to be a form of lottery and the 1961 Lottery regulations which affected this were then changed and amended.

Other changes over the years include a 1969 ruling which then permitted cash payout slots. The Caffola case in the 1980s highlighted the need to increase the 2.5p/50p stake and prize levels saying the values set in 1956 were currently not practical. But the case was lost and the levels continued albeit today they are not strictly adhered to.



Around the same time the Gaming and Lotteries Bill 1985 was published which proposed the stake and prize limits should be increased to 10p and £20 but the bill was withdrawn when it failed to attract all party support. The way round the extreme low stakes is that each credit is valued at 2c so players are able to bet with multiple credits.

Meanwhile today there are around 57 licensed gaming premises with a total of 5,600 games operated in them compared to 149 gaming premises licences and 10,500 machines back in 1998. It is also estimated that there are around 20,000 unlicensed machines operating in unlicensed premises or in premises licensed for amusement machines rather than gaming machines.

According to the 1975 Finance Act a gaming machine will pay an excise duty and there are two types of licences – the gaming licence (no 374) for gaming premises and the gaming machine licence (no 382) for individual machines.

The gaming licences pay €175 for three months and €630 for 12 months for gaming premises. Machines pay

01 The Irish Government has made clear its intention to make Fixed Odds Betting Terminals (FOBTs) illegal in its new gambling legislation. In July 2013 it published its Gambling Control Bill 2013 in which it clearly states that no gambling licence will be issued for 'any device that is or is capable of being a fixed odds betting terminal'. If any device is found to be being used as an FOBT, the licence will be revoked, the device impounded, and the licence holder charged with an offence which, if proved, would result in a fine and/or imprisonment. There is probably at least a year to go before the Bill becomes an Act and and the gambling industry in Ireland is expected to lobby hard between now and then. In the mean time, FOBTs can continue to be operated under the existing 1956 Gaming and Lotteries Act.

an excise duty per game of €145 per machine for up to three months and €505 for one year. VAT is charged on net takings from the machines.

Meanwhile there are three types of amusement licences – Amusement Permit; Amusement Machine High Season Licence (1 June until 31 August) and Amusement Machine Annual Licence (1 July – 30 June)

In 1992 an excise duty on amusement machines was introduced. An amusement machine permit costs €100 plus a machine duty licence of €38 for three months or €125 for a year licence per machine.

The total income in excise duty in 1998 was £52,000 for the premises and £1.1bn for gaming machines.

VAT is payable where the total turnover is more than £20,000 per year which is then charged on the net take.

Turnover for the 12 largest lotteries at this time from weekly draws and scratch cards was around £7.9m. It is estimated that at this time the total gaming turnover for gaming industry in Ireland was around £1bn made up of

£669m from betting with bookmakers and totalisators, £337m from the National Lottery and £90m from gaming, lotteries and bingo.

In 2005 9,673 gaming machine licences were issued and duty collected was €2.3m. There were 6,831 amusement machine licences issued at the time and duty collected was €833,630.

Probably the most significant development for the gaming industry was in 1986 when the National Lottery was introduced which although not included in the 1956 Act, became the biggest promoter of gambling in the country.

Meanwhile although casinos per se do not exist they do operate and survive in a legal vacuum and under the guise of Private Members Clubs who offer casino services to their members.

Although the idea of legalising casinos has been a recurring theme to date it has not happened. At the moment under the current law gaming machines are only permitted mainly in premises located in seaside or holiday resorts and via travelling shows, carnival and circuses.



Private Members Club have operated as Poker clubs for decades and now offer various types of table gaming and slot machines.

In County Dublin they have been subject to much debate and are now prohibited throughout the city and county (except in parts of Skerries and Balbriggan). However it is reported there is some illegal gaming in the city.

It is said Poker and other forms of machines using credit or token systems are used throughout the country in venues. Private Members Club have operated as Poker clubs for decades and now offer various types of table gaming and slot machines.

In 1998/2000 a review of the Gaming and Lotteries Act was included in the Department of Justice, Equality and Law Reform's Strategy Statement. The main recommendations at the time included:

- Two classes of gaming machines should be introduced: i) Gaming - to be located only in premises licensed for gaming and ii) AWP's - for low prize level, non cash machines with no restrictions on siting these machines.
- An increase in stake and prize limits for all gaming machines to 50c stake and €20 payout (39p/€16) maximum whilst AWP's should have a maximum stake of 25c and maximum non cash prize of €6 (19p/€6).
- The ban on casino type gaming should be retained
- Lotteries should be divided into four types – Category 1 for lottery schemes and bingo with a maximum prize fund of £15,000 per week or £50,000 per

month. Category 2 is for lotteries and bingo with a maximum prize fund of £3,000 per three month period. Category 3 for lotteries with a maximum prize fund of £500 limited to one lottery per month (charitable or similar) and Category 4 for lotteries operated in conjunction with sales or marketing promotions.

- Internet gaming will come under new legislation to ensure that prohibitions on specific elements of gaming and lottery activities within the jurisdictions be enforceable in both online and offline environments.
- Age limits of 18 years will apply to those using gaming machines (other than AWP), buying lottery tickets or betting with totalisator.

In 2010 another review was undertaken entitled Options for Regulating Gambling and this arose from a public consultation on the reform of gambling laws.

This again was aimed at the remote gambling sector and casino gambling and gave the view that to prohibit such activities was to simply drive it underground. This review suggested two types of casinos – Resort Casinos and Registered Casinos. The latter would be smaller casinos with up to 15 table games and a fixed number of slots linked to the number of tables (ie: three slots per table game).

It also suggested a new regime for gaming machines offering Grades 2a and 4 for AGCs whilst Grade 3 and 4 machines would be located in licensed amusement arcades. The proposal was for Grade 1 machines (casinos) plus 2a would have a €5 stake and €5,000 win, 2b €3/€1,000, 2c €2/€500, 2d €1/€100 and Grade 3 €1/€50. A Grade 4 (AWP) would be played with 50c or €1 (with non monetary prize) and payout of €10 cash or €20 (non cash prize).

Again these proposals failed to reach any conclusion and the industry battled on.

Which brings us to the Gambling Control Act of 2013.

This is the latest in a long history of recommendations and the act was announced in September 2011 by Irish Minister for Justice Equality and Defence Alan Shatter.

His aim is to push through new proposals to modernise the Irish gaming law and the Gaming Control Act was completed the following year.

At the time Alan Shatter said: “The government agreed with me that it was long past time for a full and comprehensive revision of our gambling laws. The shortcomings in the current law, for example, the absence of any regulation of on-line gambling, are exposing young people and other vulnerable persons to unacceptable risks.

“The Exchequer is also being short changed because of the absence of a taxation regime for online and other forms of remote gambling. The present laws are not adequate to deal even with aspects of gambling which they were intended to cover. For instance attempts to curtail unlicensed private members’ clubs, including prosecutions have been unsuccessful.”

The Gaming and Lotteries Act's underlying ethos is that the demand for gambling be strictly regulated and not stimulated. It begins by rendering all forms of gaming as unlawful.

THE GAMBLING CONTROL BILL 2013

One of the key problems for the Irish gaming sector has always been its antiquated laws. Dating back to 1956 the Act, in this present day no longer offers the required control or regulation of the gaming sector and restricts it in many ways.

The Gaming and Lotteries Act's underlying ethos is that the demand for gambling be strictly regulated and not actively stimulated. It begins by rendering all forms of gaming and lotteries as unlawful but exempts on certain conditions such as some lotteries and limited gaming for small stakes.

When the government later introduced its own lottery with larger prizes (the Prize Bond scheme) and co-operated with the set up of Hospital Sweepstakes Acts in 1930 and 1931 then tensions began to arise and contradictions were questioned.

The Hospital Sweepstakes ceased operations in 1986 and was placed into voluntary liquidation after huge sales declines. The Prize Bond scheme however still continues today.

The Prize Bond scheme was launched in 1956 via the Finance Act to effectively raise money for the state and this was exempt from the 1956 Act. Today it is operated by An Post and FEXCO.

Players buy prize bonds worth €6.25 with a minimum purchase of four units (€25) which are then entered into a weekly cash draw with over 2,800 prizes. In



01 There are six broad categories of licences – Betting licences; Gaming licences (to include bingo and lottery); Remote Gaming and Betting licences; Temporary licences, Hybrid/Cross-over licences and Personal licences. Over all there will be 43 different licence types within these categories. A land based bookmaker for example who also provides a remote betting service will require a separate licence to cover the remote betting aspect of their operation. There will be four types of personal licences to cover personnel working in the industry.

2012 the Prize Bond saw gross sales of €352.6m with €46m dished out in prizes.

Meanwhile developments in technology and products plus the socio economic profile of the country means the country has been less than productive with its gaming offerings.

Gambling is very popular in Ireland particularly lottery and horse racing and gaming machines are often associated with seaside funfair where amusement and slots can be found alongside those in urban arcades.

Whilst the gaming industries in neighbouring UK, Europe and the US have grown significantly over the last 20 or 30 years the development has been restricted in Ireland

and far too tightly controlled than many would wish for. Calls have been made for years for a move towards a more liberal gaming act and to bring the country in line with other European markets.

The Gambling Control Bill was initially announced in July 2011 and is basically to repeal the 1931 Betting Act and the 1956 Gaming and Lotteries Act and to combine both these to recreate a new gaming act for Ireland.

The Gambling Control Bill 2013 General Scheme was published by Alan Shatter, Minister for Justice, Equality and Defence in July last year and to date the government has approved the General Scheme of the bill.

This document has no legal effect but it has since

received a hearing approval and must now be drafted into a bill which is expected to be completed by next June. It is thought the Act could then be officially in place by the end of 2014 or beginning of 2015.

The bill aims to provide more customer protection by requiring licensed operators to maintain a minimum level of funds in reserve and making bets recoverable by law, similar to UK legislation.

It proposes that the Minister for Justice and Equality be the sole licensing authority and regulator under a new dedicated office called the Office for Gambling Control Ireland (OGCI). A social responsibility fund will also be compulsory and operators will have to pay into this.

The bill will replace all existing regulations for betting, gaming, bingo and lotteries (except the National Lottery) and will extend the licensing regime to include online and electronic gambling. There is no provision for large scale resort casinos but there is a proposal for smaller casinos.

The main points are:

- A licensing and supervision regime for casinos will be set up. The number of casinos will be limited to 40 with a maximum number of 15 tables and a maximum number of 25 slots will be permitted.
- A new state agency called the Office for Gambling Control Ireland (OGCI) will be established to licence

and regulate the sector. It will be financed in part from licence fees and situated within the Department of Justice and Equality.

- A Social Gambling Fund will be established to assist with treatment services for problem gambling funded by a levy on gambling operators' turnover
- Consumer complaints and procedures and controls on advertising with age restrictions will be established.
- Large scale casinos will not be permitted and FOBTs will be prohibited.
- Limited gaming will be permitted in betting shops although no cash transactions are allowed and only payment by electronic means. There will be a small number of gaming machines permitted for bars and take away outlets under strict terms.
- Lotteries requiring a licence are linked to charitable causes, non profit sports or a group and this applies to those which do not have an annual prize fund of more than £120,000.
- Bingo will be separated from lotteries where it is currently governed and operators will be given two yearly licences and a one year licence for remote bingo. There will be a cap placed on the amount to be allocated to overheads and minimum percentages for prize money.

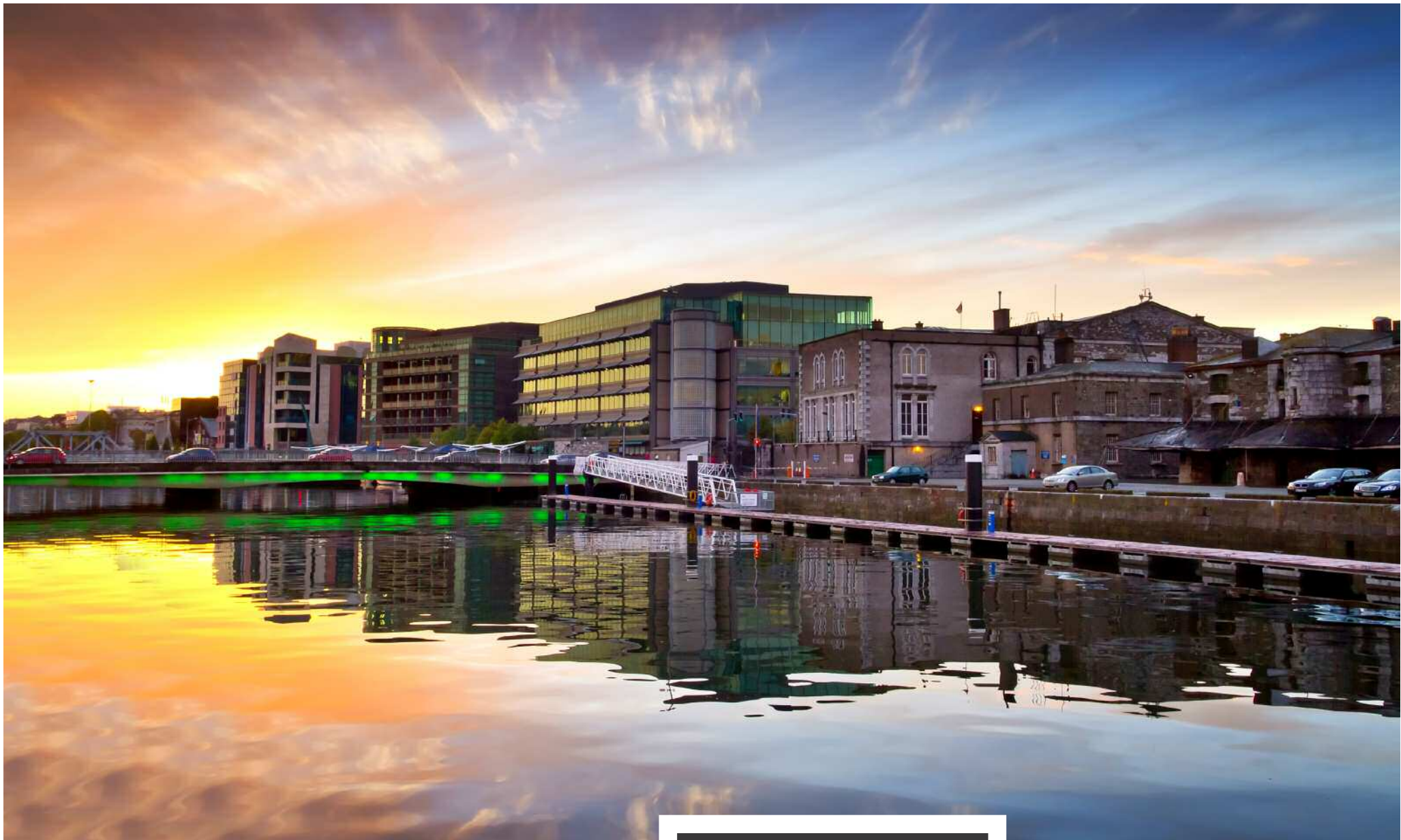
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Over all there will be 43 different licence types within these categories. A land based bookmaker for example who also provides a remote betting service will require a separate licence to cover the remote betting aspect of their operation. There will be four types of personal licences to cover personnel working in the industry.

Betting Licences: There will be a creation of 10 basic categories of betting licences (Category 1A to 1H) including those for land based bookmakers and remote licences, pool betting and spread betting licences. Although Tote is not cover in the scheme this will be included at a later date. The legislation will strictly prohibit FOBTs. Limited gaming maybe permitted requiring a separate licence and cash transactions will not be permitted and payment will only be by electronic means.

Casino Licences: The number of casinos will be capped at 40 and there will be regulations as to where they can be located (ie: not near schools or health care centres). Only smaller scale casinos will be permitted allowing between three (minimum) and 15 (maximum) gaming tables. Gaming machines will be a standard multiplier of two machines per table applied with a maximum of 25. Ten year gaming licences will be issued and operating hours of 11am until 4.30am proposed. Sale of alcohol will be permitted

Lottery Licences: A lottery licence will be required where the levy of prize money is determined by the



extent to which the selected numbers match. There are different types of licences depending on levy of prizes. At a minimum 25 per cent of proceeds from ticket sales must be allocated to charitable causes.

Bingo Licences: Bingo will fall under the same rules applying to lotteries and must always be organised for charitable or philanthropic purposes. A separate licence is required for remote bingo.

Gaming and Amusement Arcades Licences: There are two separate categories of licence for gaming arcades and amusement arcades. Premises containing four amusement machines or less will not require a licence.

Miscellaneous Licences: Shopping centres and catering outlets may be able to apply for licences to provide a limited number of gaming machines to customers but may be subject to restrictions. For example a one month licence may be issued for cruise ships docked in Irish

waters or an annual licence can be issued for passenger ferries.

There will be 43 categories licences including 17 licences between 1A-K for betting – land based and remote; 23 2A-W licences for gaming – land based and remote; two 3A-B for remote gaming and betting and three 4A-C temporary licences.

WHAT THE INDUSTRY THINKS

There are two main bodies representing the industry in Ireland. The Gaming and Leisure Association of Ireland (GLAI) and Irish Gaming and Amusement Association (IGAA)

GLAI was founded in 2005 to represent the interests of the Private Member Clubs and is headed by David Hickson, Director and founding member, who is also MD of the Fitzwilliam Card Club and Steven Merrick who is CEO of the Irish Eyes Poker online gaming site.

- 01 The original 2001 legislation which created the fund established a link between the fund and betting tax. But former Minister for Finance Brian Lenihan broke the connection in 2008 but said the state would continue to support it.
- 02 In 2011 a report showed betting tax raised €28m for the state but said there was a big shortfall between this figure and the grant given to the racing fund. The report stated the total betting turnover in Ireland that year was €4.3bn and that the tax on online betting would come close to making up the shortfall.

The GLAI welcomes the need for a licensing regime and says the industry currently is overburdened with VAT charges of 23 per cent on GGR.

The GLAI has recommended certain elements around the new bill which include the provision of some type of interim licence to be provided to facilitate existing Private Members Card Clubs and giving them the option to continue with their services. This could be worked around the bill and suggestions that there are maximum 15 tables and 25 slots and an over 18s policy.

If not then the GLAI calls for the casino and online sector to be given priority in terms of commencing as these sectors at present do not exist.

The GLAI's response to the Gaming Control Act includes:

- appropriate taxation level for all forms of gambling is a key component to the regulation of gambling. Casinos should be removed from the VAT net in

- favour of a gaming tax which would better facilitate smaller operations by operating on a sliding scale based on gross profit so smaller venues are not disadvantaged financially against the larger venues.
- A transitional arrangement must be put in place for Private Member Gaming Clubs to allow them to continue to plan for future operations.
 - The casino licence duration of 10 years should be extended to 15 years to enable operates to secure a return on initial investment.
 - Remote gambling should be created to encourage online operators to establish in Ireland thereby creating a 'hub' similar to Malta and Isle of Man.
 - Proposed restrictions on opening hours for casinos should be amended so land based casinos can compete directly with 24/7 online operations.
 - The proposal for 2E and 2G licences for gaming in catering outlets, bars and betting shops should not be permitted as under 18s are allowed in these venues and this sector needs to be tightly controlled.

In addition the GLAI is asking for an independent regulator to head the sector rather than a particular minister being given the power and that the OGCI will be an independent regulatory body removed from the sphere of political influence.

David Hickson, Director and Chairman of GLAI said: "The cabinet's decision to take gambling out of the dark ages into the online age is a positive step forward.

"Proper regulation of the gaming sector is good news. It will help prevent criminal involvement and bring Ireland in line with best international practices. We will now examine the Heads of Bill as published and look forward to engaging with the Minister and his officials on the adoption of a workable bill."

A regulated market will lead to new jobs boosting the 500 or so currently employed via the land based industry alone.

Meanwhile the new Gaming Control Act will open the

One of the first casinos to set up a fully licensed online casino was Palmas casino which was at the time powered by Playtech software offering over 100 games.

doors for online gaming and permit Irish companies to be registered to offer such services.

At the moment it is partly permitted. The Horses and Greyhound Act of 2001 allowed the Irish to bet online with other companies and those based in Ireland.

Although online gaming in other forms is not permitted, players simply gamble using online casinos from other countries. With this the country's budget loses several millions every year since they cannot tax the sector.

The Irish rules governing the online gambling are quite liberal as the entities operating out of Ireland are exempt from paying any betting tax or duty. The new Act will bring these entities under the betting duty ambit.

The excise duty for a remote betting licence will be €5,000. It has been kept fairly low to attract overseas providers to apply for a licence in Ireland the bringing them within the taxation net in the country.

The idea is to extend the one per cent levy on betting to the online gaming sector and this could in theory raise between €15m and €17m for the state.

This is being welcomed by the horse and greyhound racing sector who want the extra cash raised to be allocated to the state administered Horse and Greyhound Fund on which they partly rely for finance. Grants have fallen from €61m in 2008 to just €44 this year.

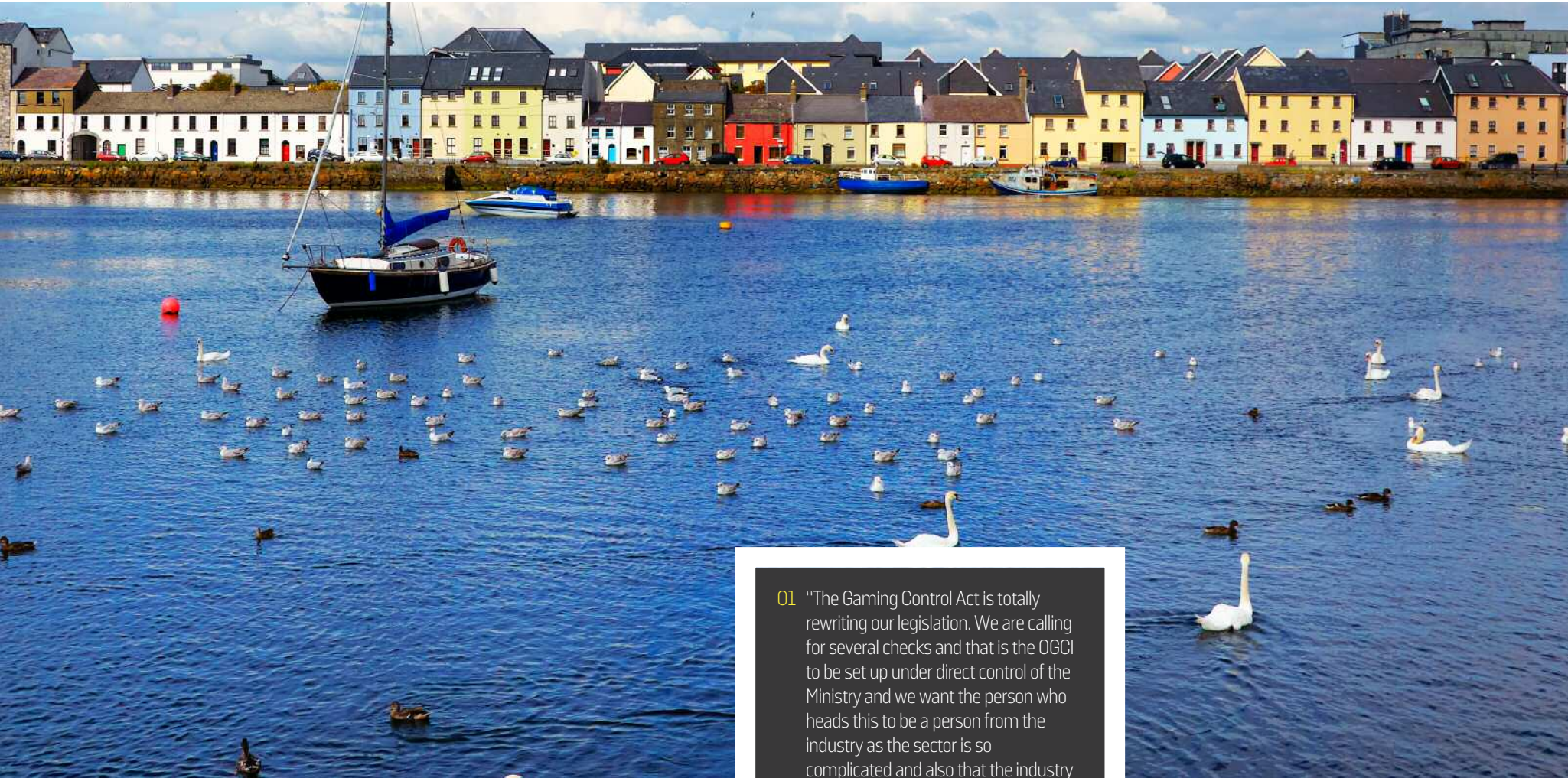
The original 2001 legislation which created the fund established a link between the fund and betting tax. But former Minister for Finance Brian Lenihan broke the connection in 2008 but said the state would continue to support it.

In 2011 a report showed betting tax raised €28m for the state but said there was a big shortfall between this figure and the grant given to the racing fund. The report stated the total betting turnover in Ireland that year was €4.3bn and that the tax on online betting would come close to making up the shortfall.

Bookmakers are eager that the enforcement is crucial or the overseas operators will have the competitive advantage and there should be a level playing field in the market. Meanwhile under the new Gaming Control Act rules the huge super casino once planned for Ireland will no longer go ahead, however a scaled down version is being considered.

In 2011 the controversial casino and leisure complex planned for Two Mile Borris, a small village in North Tipperary, was given the go ahead by An Bord Pleanala. The plan was for a full size replica of the White House, resort casino, 500 room hotel plus a horse and greyhound racetrack and a golf course on an 800 acre development area. A 15,000 seater music venue was deemed 'inappropriate' and not given permission.

At the time planners said they would not go ahead with the hotel build until the casino received full approval. Although the government says a casino of this size cannot be permitted a scaled down version could be permitted under the new Gaming Control Act regulations.



This could revive the project. The €450m development is being developed by Richard Quirke who runs amusement arcades and casinos in Ireland and has been backed and lobbied for by independent TD Michael Lowry. Lowry has since called the Gaming Control Act “short sighted and negative” saying the small casinos will have no appeal to the industry whilst Mr Quirke is still pushing for his plans.

Mr Lowry said: “While elements of Minister Shatter’s Bill are welcome the overall thrust of the proposal is overwhelmingly short sighted and negative. This is a missed opportunity to modernise our gaming law in line with European norms. The Minister’s proposed legislative reform will fail to modernise the potential for the gaming sector and the benefit to the economy as a whole.

“The level of activity that can be conducted in a casino under this bill is ridiculously low. The cap on gaming machines and tables is so prohibitive as to make these proposed new casino licences commercially non viable. Due to the curtailment measures contained in the bill these new proposed licences will have no appeal to the industry.”

Meanwhile FOBTs are not permitted in Ireland at present and under the new Gaming Act are also strictly prohibited. If a device is capable of being or becoming an FOBT it will not be issued with a licence and there are

serious implications for anyone found supplying or offering services for the FOBTs.

Although gaming terminals, such as Poker machines are available in arcades, Private Member Clubs and bars it is estimated some 10,500 machines are in operation which operate in a ‘grey’ area. Bookmakers are not permitted machines.

However under the new Gaming Act the aim is to bring all gambling activity within the licensing and taxation regime and limited gaming will be permitted in betting shops but no cash transactions only payment by electronic means.

Sharon Byrne, Chairperson of the Irish Bookmakers Association said: “The Gaming Control Act is totally rewriting our legislation. We are calling for several checks and that is the OGCi to be set up under direct control of the Ministry and we want the person who heads this to be a person from the industry as the sector is so complicated and also that the industry has a say in the setting up of the policy.

“Also we are mindful of the costs. The new legislation will provide for several things such as new licensing procedures and player protection funds and the gambling body is funded by the sector. But from where does this additional funding come from?

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“We are also calling for a level playing field so it is the same for all gaming machines in all establishments and not limiting betting shops to transactions with cards only. The betting industry is a heavily licensed regulated environment with an over 18 policy and restricted trading hours.”

GAMING AS IT STANDS

At the moment in Ireland the National Lottery, Casinos (Private Member Clubs) and Betting sectors are the main forms of gambling.

LOTTERY

The National Lottery was founded when the Irish government passed the National Lottery Act in 1986 with the

aim of supporting local sport, recreation, health, welfare and national heritage projects.

It is operated under licence by the An Post National Lottery Company and 80 per cent of company shares are held by Ireland’s semi state postal services provider An Post and 20 per cent by the Minister for Public Expenditure and Reform.

Gaming operations began in 1987 with scratchcards and now include three families of lottery drawing games – Lotto, EuroMillions and Daily Million plus televised bingo and game shows. Lotto began in April 1988 and is the flagship game with sales of around €339m last year.

Over the last 26 years since it began the lottery had raised over €12bn in sales and paid out €6.7bn in prizes and raised €4.2bn for good causes.

Around 2.2 million people play the lottery and the games are now available online or via a network of 3,744 retail agents. Some 1,800 of these outlets have digital display screens offering up to the minute national lottery news.

In 2012 national lottery sales reached €735.1m with a total of €406m dished out in prizes and €225m awarded to charities. Of this, EuroMillions and EuroMillions Plus saw combined sales of €176.1m. scratchcard games saw sales of €163.5m and TellyBingo saw sales of €17.3m.

IRELAND'S LICENSING SET-UP		
Category 1		
Betting – basic licences	1A, 1B, 1C	Land based bookmakers
	1D	Land based but with some remote services.
	1E, 1F	Remote betting
	1G	On course betting
	1I, 1J, 1K	Betting exchanges, pool betting, spread betting
Category 2		
Gaming – basic licences	2A	Gaming arcades
	2B	Amusement centres
	2C, 2D, 2F	Gaming at festivals
	2H, 2I, 2J, 2K	Lotteries (small scale)
	2L, 2M, 2N	Bingo
	2Q	Remote bingo
	2R	Casinos (games permitted in casinos)
	2O, 2P	Remote casino gaming
	2S, 2T	On ships
	2W	Tournaments
Category 3		
Remote services including gaming and betting	3A	Where service provided is in state
	3B	Where support facility is in the state
Category 4		
Temporary licences	4A	Betting or gaming unforeseen development
	4B (i) (ii)	Special events

Online sales saw sales of €8.7m (just three per cent of its revenue) and due to regulatory restrictions has a small base of online players with around 40,000 active players. Some 18 new play online instant win games were launched in 2012 bringing the total number of online games to 33.

In 2012 national lottery sales reached €735.1m with a total of €406m dished out in prizes and €225m awarded to charities.

In 2011 due to the financial crisis it was decided to sell the National Lottery licence to assist public finances and raise €3bn from the sale of some of the state assets.

An Post has held the licence since the lottery began in 1987. In 2013 the National Lottery Bill 2012 was passed permitting the sale of the licence and the set up of a new independent lottery regulator plus the elimination of some restrictions on internet gambling to permit online lottery sales. An Post and Camelot won the bid for the €405m buyout of the national lottery after they had met the ‘essential requirements’ and had submitted the highest fee proposals. It is thought the deal will be finalised by the end of the year.

The two other bidders included GTECH and Australian Tote betting and gaming firm Tatts. But in June 2013 An Post had formed an alliance with the Ontario Teachers Pension Plan (which had acquired Camelot in 2010) suggesting the Canadian company would finance the upfront payment whilst the An Post and Camelot would operate it.

Ongoing support to good causes will be 65 per cent of the GGR whilst retailers will receive the same commission. The payment will be made in two instalments.

HORSE RACING

Apparently there is a saying in Ireland which goes ‘one may get away with insulting a man’s wife or family but never his horse’. Horse racing is a very cultural and traditional form of entertainment and has a long rich history. It is extremely popular in Ireland and the country has more race tracks per head of population than any other in the world. The island is noted for its breeding and training of race horses and is a large exporter of racing dogs.

There are 26 horse race courses in Ireland which include three flat racing tracks and three national hunt racing. Around 1.2 million people have attended race meetings throughout Ireland and it is an extremely social and enjoyable activity.

The history of horse racing here dates back to 1603



which entitled the governor of Derry to hold fairs and markets at which horse races could be held.

As the 17th century entered racing became more organised and competitive with the introduction by King Charles II of the King's Plate races. By mid 18th century a regulatory body was formed which later became the Irish Jockey Club or the Turf Club as it was later called.

The industry has always been supported by the government and in 1926 a bill was introduced which legalised off course betting shops. The Tote was introduced onto racecourses in 1930 to provide 'pool betting' at racecourses and greyhound tracks, despite opposition from bookmakers.

Tote bets are made at the track via a manned counter or via Touch Tote machines at use in most tracks. There are also hundreds of off course betting shops. Levies on on-course betting turnover is used for the upkeep of the racecourses and tracks and increased prize money.

In 1945 the Racing Board was set up to deal with financing and the industry thrived and in the 21st century a semi state body called Horse Racing Ireland (HRI) was

set up in 2001 and the sport has grown continuously into a leisure pursuit.

Today horse racing and breeding supports more than 16,000 jobs in Ireland and there are over 20,000 stallions and mares and foals in the country. Ireland is the third largest producer of thoroughbred foals in the world and there are 11,363 racehorses in training. Around 70,000 overseas visitors visit at least one race meet each year during their trip to Ireland.

Total attendance reached 1.2m last year. On-course bookmaker's turnover reached €129.4m and off-course bookmaker betting turnover was €2.7bn. The horse racing and breeding sector contributes around €1bn annually to the Irish economy.

The Irish Greyhound Board (IGB) is a commercial semi state body responsible for the greyhound racing industry and was established under the Greyhound Industry Act 1958. At the moment there are 17 tracks in Ireland of which eight are owned and controlled by the board. The remainder are owned and operated by private enterprises.

01 "The cabinet's decision to take gambling out of the dark ages into the online age is a positive step forward. Proper regulation of the gaming sector is good news. It will help prevent criminal involvement and bring Ireland in line with best international practices. We will now examine the Heads of Bill as published and look forward to engaging with the Minister and his officials on the adoption of a workable bill."

David Hickson, Director and Chairman of GLAI

Tote facilities are operated at all greyhound tracks. Track attendance reached around 720,000 last year with a turnover from racing facilities of €31m.

The Horse and Greyhound Racing Act of 2001 guaranteed the sector a level of investment related to the revenue from excise duty on off course betting. Under the act 80 per cent and 20 per cent of the monies paid into the horse and greyhound fund are distributed to the HRI and IGB respectively. Meanwhile the Irish Bookmakers

The three major Irish brand bookmakers include Ladbrokes, Paddy Power and Boylesports which form the majority of the betting market.

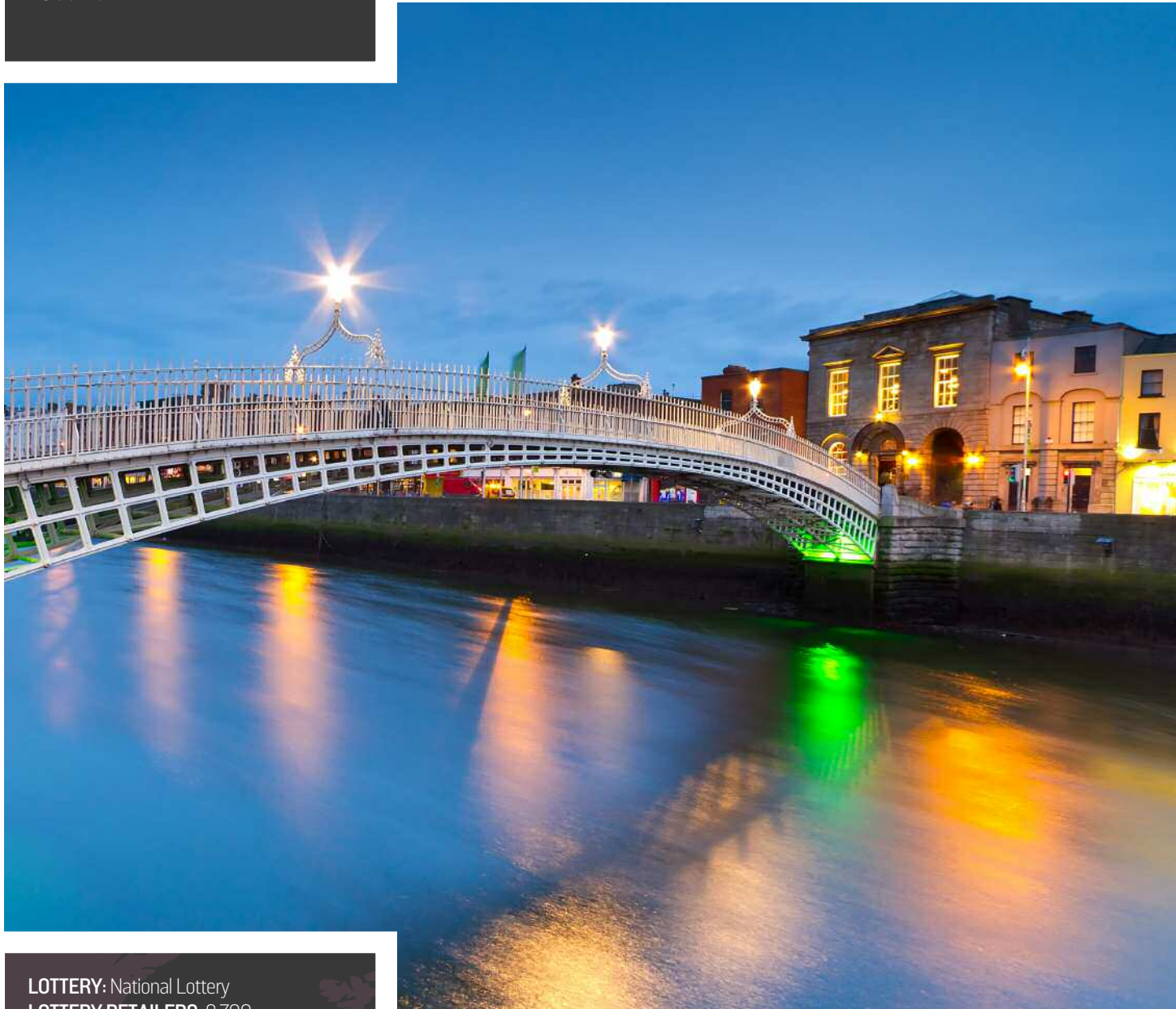
Association was founded in 2005 and has around 700 of the 1,009 betting shops as members.

The three major Irish brand bookmakers include Ladbrokes, Paddy Power and Boylesports which between them have the majority of the betting market followed by other groups with around 40 to 45 shops and then smaller independents. Online specialists Bet365 have a greater range of markets than most bookmakers and cover Irish sports very well.

The industry is struggling at the moment. LBOs have seen their share of the national betting market fall from 91 per cent in 1999 to around 50 per cent as telephone, internet, betting exchanges and private members clubs have grown substantially.

IRELAND: Vital Statistics
Capital: Dublin
Population: 4,775,982
Land Area: 70,273sq.km
Median age: 35.4 years
Languages: English, Irish (Gaelic or Gaeilge)
Ethnic Groups: Irish (87%), Other white (7.5%), Asian (1.3%), black (1.1%)
Government: Republic, parliamentary democracy
Chief of State: President Michael Higgins (since October 2011)
Head of Government: Prime Minister Edna Kenny (since March 2011) Fine Gael Party
Elections: President elected by popular vote for seven year term. Next due in 2018.

LICENSING LIMITS			
Category/Sub Category	Maximum duration of licence	Maximum hours of business	Comments
BETTING/LAND-BASED			
1A (no more than 3 premises)	3 years	Max 7am-10pm	Land based betting shops divided into 1A, 1B or 1C by size of operation. Fees fixed accordingly.
1B (4-10 premises)	3 years	Max 7am-10pm	As in 1A
1C (10+ premises)	3 years	Max 7am-10pm	As in 1A
BETTING/LAND-BASED SOME REMOTE			
1D	3 years	Max 7am-10pm	
BETTING/REMOTE			
1E	2 years		An operator with a land business and remote business need two separate licences.
GAMING HALL/ARCADE			
2A	3 years	10AM-1.30am max (May-Sept) and 10am-12am (Oct-April)	
AMUSEMENT HALL/ARCADE			
2B	3 years	10am-10.30pm (May-Sept) and 10am-9pm (Oct-April)	
CASINO			
2R	10 years	11am-4.30am	



LOTTERY: National Lottery
LOTTERY RETAILERS: 3,700
LOTTERY REVENUE: €735m (turnover)
RACETRACKS: 26
ON COURSE BETTING TOTAL: 130.3m (includes €46m Tote, €75.9m bookmakers and €8.2m SP Shops)
BETTING SHOPS: 1,009
MAIN OPERATORS: Ladbrokes, Paddy Power and Boyle Sports.
BETTING REVENUE: €36.5m (turnover)
GAMING MACHINES: 5,600
MACHINE REVENUE: €200m
GAMING ARCADES: 57
CASINOS: 32 (Private Member Clubs)
MAIN OPERATORS: The Sporting Emporium, The Fitzwilliam Card Club, The Penthouse.
CASINO SLOTS: 200 approx.
CASINO TABLES: 200-300 approx
CASINO REVENUE: €26m
TOTAL GGR: €1.8bn

Under the 1956 Act, casinos are illegal, but due to the ambiguous nature of legislation operators found ways around the law.

Last year there were over 1,200 shops compared to just over 1,000 at the moment and shops are apparently closing at a rate of three per week. However the industry employs around 6,200 staff which is equivalent to 0.3 per cent of the total labour force and is a huge employment contributor.

The sector's net profit is around €100m whilst the industry pays around €36.5m in taxes. The IBA is concerned that the LBO sector does not operate on a level playing field with the non retail sector as the latter can offer customers tax free betting and gaming without any deductions.

At the moment the betting sector is governed by the Betting Act of 1931 which covers horse and dog racing and other sporting events.

On-course betting requires a bookmaker's licence whilst Off-course requires a bookmaker's licence and a certificate of registration for any premises that are used. Licences runs from 1st December until 30th November and expire on this date regardless of issue date.

In 1999 betting duty was reduced from 10 per cent to five per cent and again in 2002 reduced to two per cent then in 2006 dropped again to one per cent payable on betting turnover (not profit). They also pay VAT which is not reclaimable. Bookmakers pay €380 for the registration of a bookmaker's office.

The annual excise duty on a bookmakers licence is €250 and registration of each premises is subject to an annual duty of €380. In 2005 some 1,170 bookmaking premises were licensed and 588 bookmaker licences with a total of €45.8m in betting duty.

CASINOS

Under the 1956 Act, casinos are to all intents and purposes illegal. However due to the antiquated and ambiguous nature of legislation operators have found a number of ways to circumvent the law.



The Irish casino sector accounts for around 1.5 per cent of the entire gaming industry GGR equalling around €26m and employs around 500 people.

In theory there are no casinos in Ireland. There are however Private Member Gaming Clubs will provide casino like services and the legal status of the activities within these clubs remains unclear. A strict membership process is required and all clubs must register with the Anti Money Laundering Unit in the Department of Justice.

Card Clubs have existed in Ireland since the early 1970s in one format or another. Although Poker enjoys a certain popularity games such as Roulette, Blackjack and Punto Banco became more popular in tandem with other changes in Ireland such as the growing levels of affluence, multi culturalism and the internet.

As the Irish travelled and experienced casinos overseas the demand for gaming continued. There are currently 32 Private Member Clubs in Ireland with another five or six yet to register with the unit. They are subject to normal business taxes such as income tax and corporation tax but not subject to any gambling duty including the current betting levy of one per cent as paid by bookmakers. They however pay 23 per cent VAT on GGR.

On the other hand the other types of gaming permitted,

horse and dog racing, sports betting, gaming arcades and lotteries, have all been authorised and legal for many decades. As Private Member Clubs only members can use the club's gaming facilities and to acquire membership players need to fill out a membership form and show ID and must be over 18 years of age. Some charge a membership fee which can then be exchange for free casino chips.

The Irish casino sector accounts for around 1.5 per cent of the entire gaming industry GGR equalling around €26m and employs around 500 people.

If this sector was updated and regulated it is believed

this sector could easily account for nine per cent of the GGR and achieve anything between €157m and €280m per year in GGR.

Under the new act it is thought that existing Private Members Club will convert into casinos whilst others which do not meet the criteria will be closed down and there is no automatic guarantee they will be fully compliant with the new licensing regulations.

Some of the main casinos include:

FITZWILLIAM CASINO & CARD CLUB is located in Dublin and opens from 2pm until 8am in the city centre and offers a range of live gaming from Roulette, Blackjack, Punto Banco and Brag. This casino is also home of live Poker in Dublin with tournaments and card games every night of the week. Free membership is available to over 18s and visitors to Ireland. This is one of the largest Private Member Clubs in Ireland and was opened in 2003.

SPORTING EMPORIUM also located in Dublin was opened back in 2005 and is now a premier gambling location. It is backed by Dermot Desmond, one of Ireland's most successful entrepreneurs and provides card and betting facilities. There are 25 card tables with Blackjack, Brag, Punto Banco and Poker together with six Roulette tables including a Luminar table unique to Ireland. Plus there is a sport lounge called the Arena with sporting events shown on large plasma screens and offering a betting area.

MACAU SPORTING CLUB is located in Cork and is a casino, Poker club and restaurant. The casino offers Roulette, Blackjack, slots, Texas Hold 'em, Punto Banco and is open from 2pm until 6am. It was originally opened in 2011 and is the largest club in Ireland with 13,000sq.ft of gaming on one floor.

COLOSSUS CASINO CLUB in Dublin is the city's oldest club and is open from 8.30pm until 8am offering Roulette, Blackjack and Brag plus Poker games and tournaments at the Jackpot Club just across the road.

WESTBURY MALAHIDE CASINO AND CARD CLUB is located in the heart of Malahide Village north of Dublin City and has various gaming tables plus 30 slots. It is open seven days a week from 7pm plus there are 42 inch screens for sporting events.

EGLINTON CASINO was opened in 2007 and is a premier casino in the west of Ireland in Galway City. Membership is free and as well as Texas Hold 'em and Omaha Hold 'em Poker tournaments there are also table games such as Blackjack, Roulette and Oasis Poker.

FITZPATRICKS CASINO is part of the largest casino operating groups in Ireland and has been in business for the last 27 years with several casino locations in Ireland mainly operating a style of gaming arcade with token live tables. There are three FitzPatrick casinos now in Ireland in Limerick, Tallaght and Dun Laoghaire. The Limerick casino is one of the largest in the city open 24 hours a day with table games and a Poker room, Tallaght is in the heart of the city and part of the Plaza Hotel complex open from noon until late whilst Dun Laoghaire is on the busy High Street in the old seaside town and is the company's flagship casino.