

# Holland: a black comedy

Political pressure is being exerted on one of the pillars of monopolistic gaming in Europe. Will liberalism of conservatism win out?

The Netherlands is one of the smallest countries in Europe and one of the most densely populated, but it's also one of the most liberal.

A modern, industrialised nation, the Netherlands was at one time the benchmark for many other European countries eager to have such a healthy AWP gaming market.

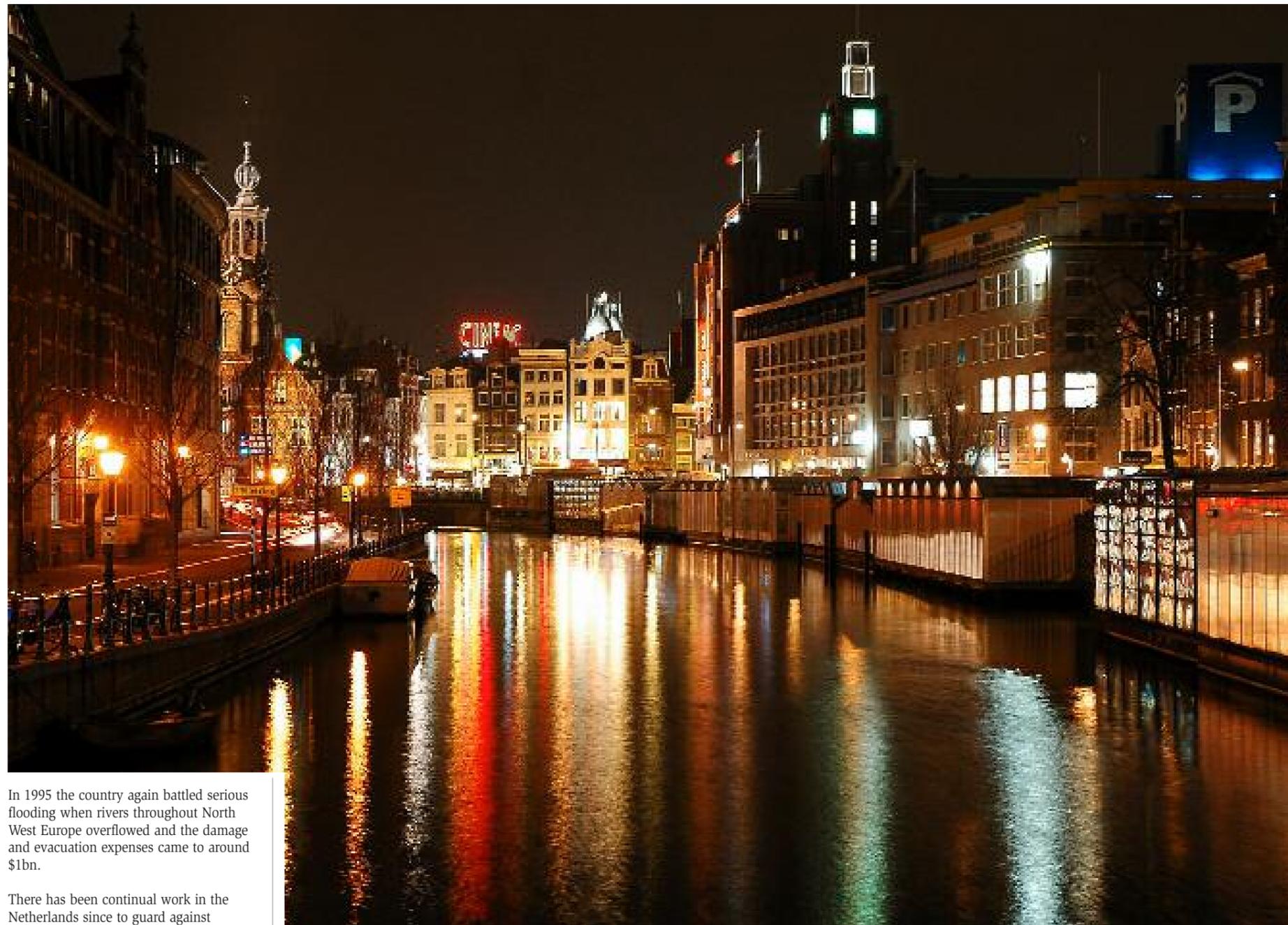
Today, the story is a little like a black comedy. Whilst the state-owned Holland Casino controls the casino sector, the street market has been reeling from a tax increase last year which has left it slowly sinking.

Although this is a concept the Netherlands is clearly accustomed to the Dutch are now currently wading through the quagmire in a bid to stop the industry from drowning.

The Netherlands is situated in the lowlands of Northwest Europe and is flanked in the north and west by the North Sea, to the east by Germany and Belgium to the south. The country's highest point is the Valsenberg Hill in the south east, which is 321m above sea level, meaning that most areas in the north and west (about 25 per cent of the country) are below sea level.

As such the country faces a constant battle with the sea. The last major flood was in 1953 when a huge storm caused the collapse of several dykes and some 1,800 people died. At this point the Dutch government took on the large scale Delta Works project to protect the country against future flooding which took 30 years to complete.

As the gaming market in Holland grew, so did the problem with gambling addiction and in 1995 an effort was made to curb gambling markets which resulted in the Nijpels Commission which saw new standards for machines. This legislation came into force in 2002.



In 1995 the country again battled serious flooding when rivers throughout North West Europe overflowed and the damage and evacuation expenses came to around \$1bn.

There has been continual work in the Netherlands since to guard against flooding from building dykes and windmills to pumping water out of low lying areas.

On the other hand due to the amount of water, the country has a huge fishing industry and its location on the estuaries to the three major rivers has enhanced its position as a trading country.

The country is divided by three large rivers – the Rhine, Maas and Scheldt which function as a natural barrier and have almost created a cultural divide between the north and south of the country.

The Netherlands has 20 national parks and hundreds of nature reserves and is criss-crossed by countless rivers and canals important for both shipping and water management.

Although the name Holland is frequently used this actually refers to the two western coastal provinces,

North and South Holland, which have played an important role in the country's history.

With more than 16 million population the country is one of the most densely

populated countries in the world (twice that of the UK) and has the 16th largest economy in the world.

Around two thirds of the population is located within the Randstad - the area connecting the four cities of Amsterdam, Den Haag, Utrecht and Rotterdam.

The Netherlands has a prosperous and open economy depending heavily on foreign trade with a GDP growth rate in 2008 that grew by two per cent whilst it is expected to drop by 3.2 per cent this year with the world recession.

*It is estimated that each Dutchman spends around €125 per year on gambling – a total of around €1.75bn. But with a casino monopoly situation in place the freedoms of operators are restricted and market expansion is often kept to a minimum.*

Unemployment stands at around 4.5 per cent and around 17 per cent of the working age are on benefits whilst there is a high number of part time employees (particularly women) meaning labour shortages often need addressing.

The governing coalition, composed of the CDA, Labour Party and the small Christian Union, is expected to remain in power until the next elections in 2011.

The country is divided into 12 provinces including, Drenthe, Flevoland, Friesland, Gelderland, Groningen, Limburg, Noord-Brabant, Noord-Holland, Overijssel,

Utrecht, Zeeland and Zuid-Holland

The country on the whole receives around 10 million foreign visitors each year primarily from Germany, the UK, the USA and Belgium whilst foreign visitors spend around €8bn a year in the country.

The country is well known for its liberal policies towards drugs, prostitution, homosexuality and euthanasia whilst the rich culture and history draws other tourists to its 1,000 or so museums and unique landscape of tulips and 1,000 plus windmills, harbours and canals.

The Dutch coastline attracts recreational visitors and with round 15,000 kilometres of cycling tracks running throughout the country it is often the preferred form of transport for even the Dutch themselves with some 16 million bicycles in the country.

In the retail sector over 90 per cent of the Dutch shopping market is controlled by the top four supermarket groups.

Ahold (Albert Heijn shops) has 41 per cent of the market followed by Laurus (Edah, Konmar, Super de Boer) with 26 per cent and Trade Service Netherlands (A&P). C1000 and other independents have 15 per cent whilst Superunie (SPAR) and others have less than 10 per cent.

Albert Heijn is probably the country's best known brand and today has more than 750 stores across four formats. Established back in 1887 Albert Heijn pioneered the development of the modern supermarket in the Netherlands.

Meanwhile the retail sector remains heavily dominated by Dutch retail organisations and there are around 225,000 retail outlets.

In the early part of the 21st century there were around 12,600 men's and women's clothes shops and approximately 7,500 retail companies of which 62 per cent were small companies and 15 per cent large businesses.

The majority of these retail outlets are located in shopping malls whilst the first Factory Outlets didn't start to open in the Netherlands until 2000 with the Lelystad Centre. Major retail chain stores include Royal Ahold, Inter IKEA Systems, C&A Nederland and AS Watson.

As the Dutch however are the most active internet users in the world it also seems that the growth of retailing online is growing rapidly.

Netherlands has a well developed shopping centre market and currently has



around 8m sq.m of shopping mall space and has the highest amount of shopping space per inhabitant than any other European country. However the next few years is showing low level growth as development is expected to focus on extensions and upgrades.

In 2007 the shopping centre Leesten opened with 3,000 sq.m of space for shops plus a Super de Boer supermarket. The centre is part of a housing development which is expected to be finally completed in 2015.

The Dutch housing market is seeing some decline as are most in the current economic crisis. Between 1995 and 2001 there was a period of strong growth as house prices increased by 15-20 per cent in the Netherlands.

However at the end of 2008 the average

price for property in the centre of Amsterdam had dropped by 5.8 per cent although in some more affordable areas prices are slightly increasing. The average price of a house is now around €244,000.

Expatriates have in the past always seen benefits of buying property in the Netherlands as it is often cheaper than renting and the country has a flexible mortgage system and tax reimbursement which makes it attractive for those who plan to live there for a few years. Tax relief on mortgage interest is also encouraging buyers.

**GAMING INDUSTRY**

Slot machines first began to enter the Dutch market back in the 1930s. However in 1964 the Gambling Act came into effect which banned all types of gaming machines.

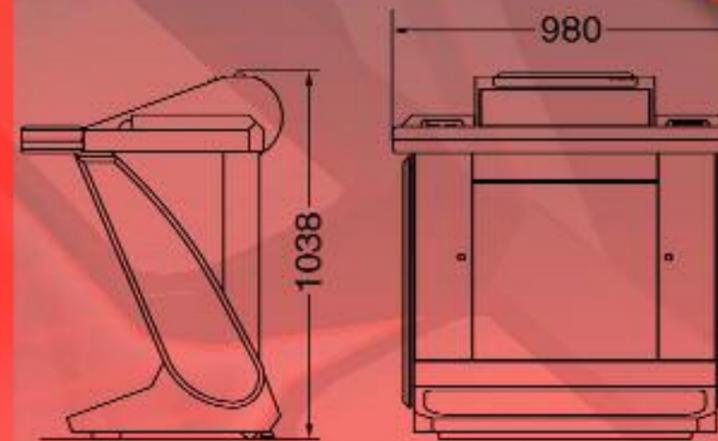
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Things began to change in the late 1980s and 1990s. In 1986 a new law permitted payout machines whilst the legal number of casinos was increased to 13 locations. The Postcode Lottery was introduced in 1989 and the denationalisation of the State Lottery occurred in 1992.

As the gaming market grew so did the problem with gambling addiction and in 1995 an effort was made to curb gambling markets which resulted in the Nijpels Commission which saw new standards for machines. This legislation came into force in 2002.

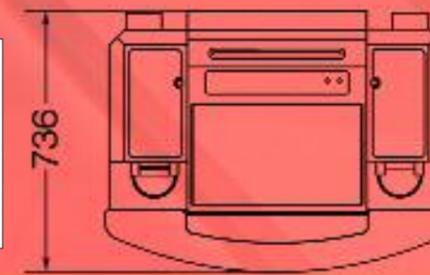
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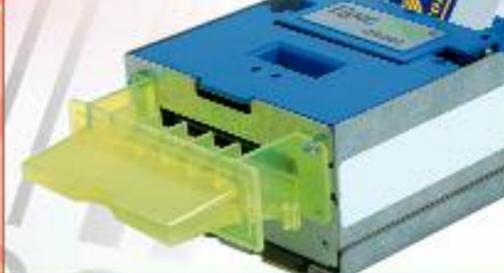
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The Dutch gaming industry operates under the Netherlands Act on Games of Chance 1964 and is governed by the Gaming Control Board. Points include:

- Local mayor gives the licence for gaming in bars and the local city council approves amusement arcades.
- Maximum stake per AWP is 20c and maximum payout is €40.
- Average maximum loss per hour is €40 and game time is a minimum of 3.5 seconds. At least 60 per cent of turnover is returned in prizes (although in practice this is usually around 80 per cent).
- Multiplayers have a maximum stake of €8.
- Limited jackpot systems have maximum payout of €2,500.

- Two gaming machines are permitted per single site and up to 56 machines are permitted in arcades.

The Dutch industry has been suffering over the last year or so. In July 2008 the industry was hit with a double whammy of bad luck when not only was a smoking ban introduced but a new tax on gaming machines was imposed.

According to VAN the private gaming industry has suffered significant revenue declines during the last year which is definitely due to the smoking ban and economic downturn.

Turnover dips of around 20 per cent are prevalent whilst the industry has seen increased costs to the introduction of the gambling tax and abolition of the VAT system in July 2008.

The new tax regime which suddenly

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came into force across the board in July 2008 has had a severe knock on affect on the gaming sector and saw tax on slots rise from VAT 16 % to 29%.

The casino industry too suffered at the hands of this tax although in all reality whatever it is taxed goes back to the state anyway whilst table gaming saw tax rates drop from over 40% to the uniform 29%.

The tax burden meant costs have tripled and have led to a halt on new investments practically bringing the industry to a standstill.

The number of gaming machines (AWPs) has dropped to around 37,900 compared to more than 40,000 back in 2003 and 2004. Most significantly the drop has been in single sites (pubs) rather than in the arcade market.

The KPMG says the effects of the tax and



smoking ban meant the turnover in arcades decreased by 16 per cent during the third quarter of 2008 whilst single sites saw a drop of 32 per cent compared to the second quarter of 2008. Net turnover dropped by 29 per cent in arcades and 47 per cent in single sites

Operators have pretty much stopped investing whilst the elite arcades (or casinos as they are often called) are also suffering with some closures.

The association VAN has lobbied the government in a bid to save the industry and it is understood the government is now re-looking at the situation and a way

of raising the cash boxes and help the industry pay the extra taxes.

The problem is how? The Netherlands has a very stringent and official anti-gambling policy particularly in its casino sector which is monitored closely.

The idea of trying to encourage people to play goes against the grain and so the government has to be very careful in what is actually approved bearing in mind the industry wants blood over the tax increase.

The State Secretary of Finance Jan Kees de Jager has expressed his willingness to

Suzo has found that its GeWeTe change machines and mini ATM from Hess are particularly popular in the Dutch market, especially with Holland Casino whilst its Arcade III change machines are ideal for the arcade market.

look at the possibility to permit in arcades cashless play, which is already used by Holland Casinos.

This means slots working with banknote acceptors, TITO system and the possibility of a new gaming machine for arcades and restaurants with higher stake and payout ratios, faster game cycle and lower hourly loss.

Also with the advent of new younger players the sector is eager to see the introduction of new products, such as video AWP's rather than reel only whilst there is also a demand now for more skill features.

In addition a new gaming authority is expected to be created which will police the Dutch online and offline gaming market more effectively and will have powers to apply administrative and criminal sanctions against operators.

Marc Aarts, Sales Manager at Suzo Happ Group said: "At the moment new machine investments are on the lowest level ever. Let's hope that the lobby of the VAN against the gaming tax will bring a positive outcome so investments will be done again.

"Cashless should be a new and positive impulse for the Dutch market. We foresee that the investment for cashless will bring new opportunities.

"The experience Suzo has with TITO is extensive and the feedback from casinos that have implemented TITO is indeed very positive from all around the world. The marketing concept of TITO is just beginning to be considered in casinos, a further advantage TITO brings."

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It's not first time the Dutch market has suffered from a change in the law. Back in 2002 the Nijpels Commission divided the market by splitting the type of machines permitted in arcades and single sites.

This meant two types of development processes for manufacturers active in the Dutch market.

There are now a handful of Dutch based manufacturing companies whilst the main distributor here is still Janshen-Hahnrraths.

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company based in the south east of the country in Kerkrade. It was founded back in 1959 and operates 45 Fair Play Center branded arcades and Fair Play Casinos in both the Netherlands and Spain.

Meanwhile there are currently around 9,000 amusement machines now in the Netherlands. This has dropped from 12,800 back in 2003 and is divided between 8,200 in single sites and just over 1,000 in arcades.

Average turnover per gaming machine is around €5,000 for AWP's in single sites and €16,000 for those in arcades.

**HOLLAND CASINO**

Although the idea of legalising casino gaming was discussed before the Second World War, it was not actually realised until 1974 when the country's Betting and Gaming Act was revised.

On December 17 1975 the Dutch government issued the first and of course only, casino licence to the De Nationale Stichting tot Exploitatie van Casinospelen in Nederland (National Foundation for the Operation of Casino Games in the

Netherlands) or less formally known today as Holland Casino.

It was decided that only one licence should be issued in order to ensure that gaming would remain reliable, honest and well-controlled.

So in March 1976 the company opened its head office at Schiphol airport and in October of the same year opened its first casino in Zandvoort. This was followed by two casinos in the popular tourist resorts of Valkenburg (1977) and Scheveningen (1979) which was then followed by a major expansion between 1985-1989 with five city centre casinos opening in Rotterdam, Amsterdam, Breda, Groningen and Nijmegen.

In 1984 the company relocated its office to Hoofddorp and in 1986 came the introduction of slots in casinos.

Later casinos in Eindhoven (1993), Schiphol (1995), Utrecht (2000) and Enschede (2002) would join the list and the company had reached the target level stated in the government's policy document of 1995.

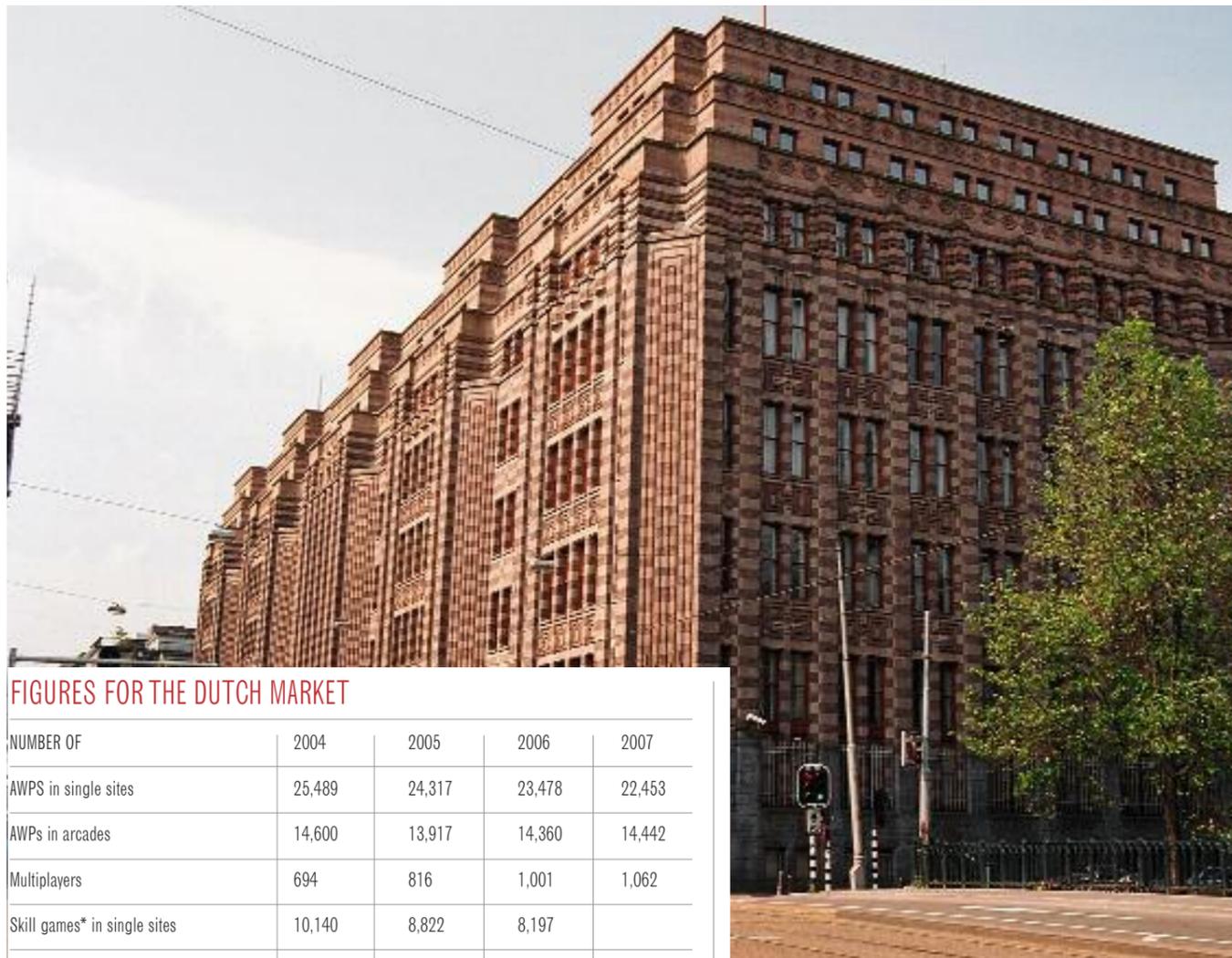
In the year 2000 a report was published which proposed a revision of the government's gaming policy and recommended that the embargo on new casinos should be lifted and that the market should be open to any private operator who could meet the licensing requirements.

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However the government did not agree to the proposals and in 2004 reaffirmed its monopoly status by stating that Holland Casino would remain the only legal licensed casino operator in Holland.

The government did however suggest that 12 casinos were not enough and in 2005 Holland Casino was granted permission to open a further two locations in Venlo which opened in 2006 and Leeuwarden which opened in 2007. A further five applications have now been submitted in order to provide full nationwide coverage.

This monopoly situation today remains a sore point and is still criticised. Those against the monopoly argue that all the revenues (taxes and profits) simply go directly to government coffers. The government meanwhile argues that the



**FIGURES FOR THE DUTCH MARKET**

NUMBER OF	2004	2005	2006	2007
AWPS in single sites	25,489	24,317	23,478	22,453
AWPs in arcades	14,600	13,917	14,360	14,442
Multiplayers	694	816	1,001	1,062
Skill games* in single sites	10,140	8,822	8,197	
Skill games in arcades	1,217	1,104	1,096	
Gaming arcades	282	279	271	273
Single sites				16,900
<b>TURNOVER</b>				
Single sites	€149m	€127m	€126m	n/a
Arcades	€430	€370m	€391m	n/a
For AWPs in single site	€139m	€118m	€120	
For AWPs in arcades	€305m	€243m	€243m	
For multiplayers	€121m	€124m	€145m	
For skill games in single sites	€10m	€9m	€6m	
For skill games in arcades	€4m	€3m	€3m	
Average turnover per AWP in single sites	€5,453	€4,862	€5,101	
Average turnover per AWP in arcades	€20,890	€17,484	€16,926	

www.vaninfo.nl (The association has not undertaken any research for 2008)  
 \* Skill games in this category are mainly pinball and video games.

All of Holland Casino's net profits are returned to the state once every three months except for any amount allocated to its equity. Previous to 2008 slots paid a 19 per cent VAT tax whilst gaming tables paid a 40.85 per cent tax.

monopoly is in place to protect player interests and keep the casino sector under control.

Holland Casino is under government control and the members of the supervisory board are appointed by the Minister of Finance. The Netherlands Gaming Control Board advises the casino company on behalf of the government

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After an intensive process of lobbying it was finally agreed that as from July 2008 takings from slots are no longer subject to VAT and winnings from both table games and slots are now subject to a gaming tax of 29 per cent which is paid monthly.

VAT of 19 per cent is paid on a proportion of the admission fees and other receipts.



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Preparations for the relocation of Holland Casino Zandvoort to Haarlem and Schipol Airport casino's move to Amsterdam Zuidoost and Holland Casino Utrecht's move to new premises in Utrecht have been put on hold for the time being.

However as this limits the number of sources liable to VAT the opportunity to offset VAT paid on purchases has been largely lost.

The year 2008 saw a period of change all of which have affected Holland Casino. The rejection of the legislation to permit online gaming, the introduction of the smoking ban, the amendments to the gaming tax and the economic crisis have all had a negative impact.

In 2008 the gross turnover reached €700.1m a drop of 7.5 per cent on the previous year whilst year end profits also saw a drop from €85.6m to just €14.3m and all of the above coincided with the year that the company planned to review its strategy and management system which saw around 200 people made redundant.

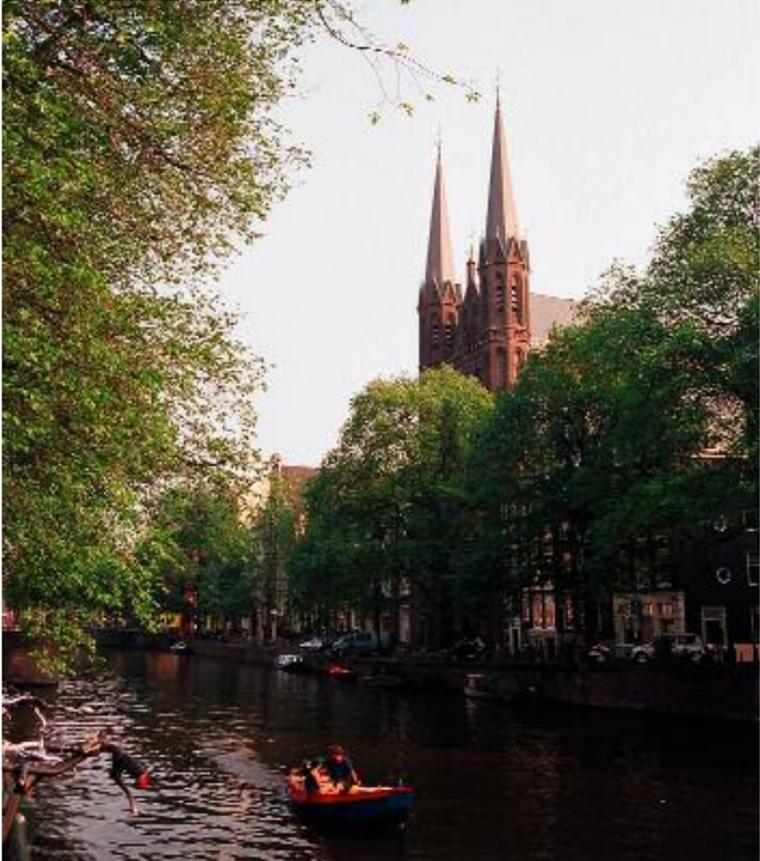
In addition, 2008 saw the Act on the Prevention of Money Laundering and Terrorist Financing come into effect, which means a more stringent guest screening policy.

For the future, Holland Casino's concerns involve the smoking ban which may cause some gamblers to turn to online gaming whilst its monopoly on table games may be lost.

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Meanwhile, further job losses could be in store as the recession continues and the company did not expect its profits to recover to the 2007 level, by the end of 2009.

Press Officer Mark Woldberg said: "As with most companies in the leisure business we suffer from the economic climate and other factors such as the smoking ban and tax amendment.



**HOLLAND CASINO - CONTRIBUTION PER CASINO IN 2008**

CASINO	NUMBER OF TABLE GAMES	NUMBER OF SLOTS	GROSS REVENUE PER CASINO (2007)	VISITORS PER CASINO (2008)
AMSTERDAM	89	714	€109.3m	941,000
BREDA	47	660	€72.6m	613,000
EINDHOVEN	27	447	€42.2m	415,000
ENSCHDEDE	49	526	€35.1m	363,000
GRONINGEN	24	444	€33.9m	308,000
LEEUWARDEN	19	347	€15.2m	182,000
NIJMEGEN	30	522	€47.8	449,000
ROTTERDAM	52	808	€101.8m	869,000
SCHEVENINGEN	49	676	€78.9m	805,000
SCHIPOL	3	88	€6.5m	146,000
UTRECHT	56	766	€78.8m	615,000
VALKENBURG	31	500	€56.5	531,000
VENLO	28	563	€41.9m	385,000
ZANDVOORT	15	324	€33.2m	295,000
TOTAL	519	7,385	€756.7m	6,917,000

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“We don’t have specific plans for the next 12 months other than taking the necessary measures to cut our cost structure on the one hand and to remain attractive for our guests on the other hand. An example of the latter is the reopening of our casino in Rotterdam which has been restyled in order to match better with the needs of the contemporary guest.”

Last year, Holland Casinos opened a new venue in Breda aimed at offering a different style of gaming. It was a lounge area offering contemporary entertainment such as music and dance. This has since been repeated in Rotterdam which opened at the beginning of November.

The group is also advertising a €35 ‘try-out package’ which lets prospective new gamblers have a go at all the different games on offer throughout its 14 casinos.

Meanwhile, for Holland Casino as a whole, net operating profit fell by 83.3 per cent in 2008 to just €14.3m whilst the profit margin dropped by 2.7 per cent. The main reason for the fall is due to the smoking ban, tax regime, re-organisation costs and economic crisis which were particularly prevalent during the second half of 2008.

The gross revenue of €700.1m is a drop of 7.5 per cent compared to 2007 whilst earnings from table games and slot machines also dropped. Table games account for 40 per cent of the revenue whilst slots account for 49 per cent.

In 2008 gaming tables paid €98.9m in tax whilst slot machines paid €43.8 with €30.8 paid in VAT.

The 6,917,000 visits were made by around 1,297,000 individual guests from both Netherlands and abroad whilst each guest made on average 5.3 visits during the year.

The Netherlands has probably one of the most effective systems in place when it comes to dealing with problem gamblers

In order to keep a reign on problem gaming any young adult between the ages of 18 and 23 who visits the casino for the sixth time in a month is given a ‘six of hearts’ card whilst those over 24 years are given a ‘ten of hearts’ card on their tenth visit in a month.

The text on the card reminds them of the frequency of their visit and encourages them to think about the possible risks.

All guests must show identification which is linked into the nationwide registration system. Possible problem gamblers are



invited for an interview if visits persist and around 35,000 such interviews were held in 2008.

A second interview is conducted should visits persist and possible restrictions can then be put into place to limit visits or outright exclusions can be enforced. In 2008 there were just over 4,500 limits placed on visits and 5,340 total admission bans.

However Labour party MPs are backing recent calls to privatise Holland Casinos saying the company has not succeeded in keeping gambling addiction under control and has now become a large scale entertainment company. This was due to be discussed further in December.

Netherlands based IGT believes, although the casino industry has been hit by the economic downturn and the tax hike, the country remains resilient.

The company sells its range of electronic gaming machines, including its AVP slot

machines and MPS electronic roulette terminals plus its casino management systems into the Dutch market and has a very successful long term relationship with Holland Casino.

IGT has been supplying Holland Casino with slots for almost 18 years since its European Headquarters was set up in Hoofddorp in 1992 whilst the company’s Casinolink management system has been installed throughout the Holland Casino locations.

James Boje, Managing Director, IGT Europe said: “The Netherlands as a whole, has been relatively resilient in the face of global recession and the local gaming and entertainment industries appear to be showing some positive signs of recovery.

“IGT predicts that 2010 will be a turnaround year for Holland Casino as some of its announced plans, such as the stunning remodelling of its Rotterdam Casino, are put into place.

IGT has been supplying Holland Casino with slots for almost 18 years since its European Headquarters was set up in Hoofddorp in 1992 whilst the company’s Casinolink management system has been installed throughout the Holland Casino locations.

“We will also market our cutting-edge sbx system in the Netherlands. Server Based Gaming is predicted by many to represent the next tipping point of casino technology.”

Netherlands based Orion Gaming says WMS is actively working with the operators in the Dutch market and is currently marketing 16 new games from WMS plus the new Helios cabinet which is targeted for markets where premium priced gaming equipment is not a viable option for the operator.

John Van Schaijk, Director of Orion Products said: “Today the trends we are seeing in the Dutch gaming market are very much the same trends we are seeing in other international gaming markets. Casino operator capital budgets for the purchase of new machines remain constrained and slot machine replacement levels are at historically low levels.

“Then the smoking ban created an

HOLLAND CASINO FIGURES

	Revenue categories	2008	2007	2006
Gross revenue		€700.1m	€756.7m	€721.5m
	Table games	€280.3m	€298.2m	€288.6m
	Slot machines*	€346.6m	€377.2	€354.8m
	Tips	€39.6m	€43.3m	€44m
	Catering	€25.7m	€28.2m	25.5m
	Other	€7.9m	€9.8m	€8.5m
Taxes		€173.5m	€182.3m	€174.4m
Net revenue		€526.6m	€574.4m	€547.1m
Gross operating profit		€17.7m	€89.4m	€94.5m
Net operating profit		€14.3	€85.6m	€89.3m
Number of visitors		6,917,000	7,459,000	6,931,000
Expenditure per visit		€101m	€101	€104
Number of employees		4,795	5,134	4,714
Number of gaming tables		519	544	420
Number of slots*		7,385	7,225	7,097

\* Slots include reel and video, multiplayers, mega jackpot, poker, bingo and roulette.

additional issue. While casinos could and did establish enclosed smoking areas on their gaming floors, play levels have suffered. Furthermore the 29 per cent gaming tax which replaced VAT on slot machines have had a direct negative impact on casino profitability.”

“It has been proven in many instances around the world that the best way to generate jobs, investment and tax revenues through gaming is to have a common understanding between legislators and casino operators.

“Understanding on both sides of the table will result in a market environment that fosters long term growth potential for all invested parties. A tax environment that allows casino operators to invest appropriately in their infrastructure, including the best gaming devices such as our offering, is an important consideration as we seek to achieve our common goals.”

**OTHER GAMING**

Aside from the AWP market and the state’s 14 casinos there are also six licensed lotteries.

There are three permanent (monopoly) licences for the lotto game, sports betting and instant lottery (scratchcard) and these are all in the possession of the Stichting de Nationale Sporttotalisator (SNS/De Lotto).

In addition the only state lottery in the Netherlands is The Stichting Exploitatie Nederlandse Staatsloterij (SENS).

Meanwhile there are three other semi-permanent charity lotteries which are operated by public limited liability company Nationale Goede Doelen Loterijen (National Charity Lottery) which are granted licences for a period of five years. These include the National Postcode Lottery, the Lottery BankGiro and the Sponsor Bingo Lottery plus there are also five smaller incidental lotteries.

These lotteries perform 13 drawings each year and a minimum of 50 per cent of sales is distributed among organisations with around 35 per cent in prize money. The horse race betting licence is with Scientific Games.

**STATE LOTTERY**

The Stichting Exploitatie Nederlandse Staatsloterij (SENS) was founded in 1726 and as such is the oldest lottery in the world. It is now the largest lottery in the country with a turnover of €826.2m in 2007 and besides the monthly lottery a weekly lottery called Dayzers is also organised. At least 60 per cent of sales from the lottery must be returned in prize money whilst the net profit is returned to



the state. In 2007 a total of 20 per cent (€161.5m) was given to the state treasury.

**DE LOTTO**

SNS and NIL (National Foundation Instant Lottery) came together in late 2000 and the games continue to operate under the SNS name, registered name of De Lotto.

In 1956 the Royal Dutch Football Association authorised the government to organise a national Toto and in 1961 SNS was founded.

Sports betting is run under a monopoly licence by SNS and between 47.5 and 50 per cent is returned in prizes. Net profit goes to sports and welfare causes as with the instant lottery. In 2007 the net profit of SNS was €54m and 19 organisations, such as sports and social welfare, benefited.

In 1971 the SNS applied for an application to operate a lottery and Lotto was launched in 1974 and in 1993 the government gave permission for instant lottery scratch cards. The instant lottery must return between 47.5 and 65 per cent in prizes. Net profit is destined for sports, culture, welfare and social causes. In 2007

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the SNS contributed around €54m to charities.

**NATIONAL POSTCODE LOTTERY**

The Nationale Postcode Loterij was founded in 1989 and around 2.5 million people play each month with around 4.5 million tickets sold. Some 50 per cent of its income goes to charity and the group supports 64 organisations and has given more than €2.7bn to its beneficiaries since it was founded.

In 2008 some €224m was divided among 66 beneficiaries.

**SPONSOR BINGO LOTTERY**

This lottery became part of the National Charity Lottery Holding in 1998 and supports 31 beneficiaries in the field of health and wellbeing. Participants can also choose to play for their own club or association. Around 600,000 people play each month with around one million tickets sold monthly. In 2008 the lottery contributed more than €47m to good causes and some 2,200 local clubs.

**BANKGIRO LOTTERY**

The Giro Lottery began in 1970 becoming the BankGiro Lottery in 1978 and later becoming part of the National Charity



Lottery Holding in 2002 and around 1.3 million tickets are sold to 900,000 people each month. In 2008 the lottery supported 50 cultural organisations which received €58m.

**HORSEBETTING**

Betting on horse racing can be done via the track or sports book sites since January 2007 and via the internet. The licensee is Scientific Games and at least 50 per cent must be returned in prizes. Net profit generally goes to equestrian related sports associations. SG Racing provides full venue management for racetracks and OTB parlours in the Netherlands including an internet wagering site for the Dutch market. In 2008 saw total sales of €7.5m for the Dutch racing market.

Meanwhile in the land of online gaming the Dutch government continues its resistance against licensed European online gaming operators who currently provide their services in the Netherlands.

It is believed that more than one million Dutch residents participated in illegal gambling during the last 12 months.

A bill for a pilot project passed by the Dutch House of Representatives in September 2006 to permit online gaming

was rejected by the Senate in April 2008 by 37 votes to 35.

The legislation would have permitted interactive internet gaming on an experimental three year basis which would have been operated by Holland Casino only.

It was to be held under strict conditions to enable the government to gain experience and insight into the effects of online gaming.

The rejected proposal is proving to be a major set back for many sectors particularly Holland Casino who has now had to rethink its strategy for the future whilst writing off investments it made into this sector during the last year or so.

The company says the decision will also have a negative impact on the organisation’s results since illegal gaming offered by overseas operators will affect the real-world gaming activities of Holland Casino.

The group has now asked the government to explore new avenues by which legal, regulated and reliable online gaming opportunities can be created and the Minister of Justice has agreed to review the possibility of legalising online gaming.

In May last year, Betfair filed an action with the civil district court against the Dutch government saying it called for payment blocking on gambling web sites.

As Marc Aarts of Suzo Happ said: “When our sector is not able to offer online gaming it is another major blow for our market. Although there are still a huge group of players who like to go out and visit an arcade for the atmosphere I hope we can share online gaming in the future to offer it to the market together with Holland Casino.”

At the moment, although it is not permitted to operate internet gaming, or indeed play it, there are a number of lotteries where it is permitted to buy tickets via internet or use the internet to bet on horses.

A case is currently being heard with the European Court of Justice as UK gambling giants Betfair and Ladbrokes take on the Dutch government.

In May last year, Betfair filed an action with the civil district court against the Dutch government saying it called for payment blocking on gambling web sites.

Betfair say the Dutch Ministry of Justice circulated a letter to the banks asking them not to process payments from Dutch customers who wanted to bet on English betting group web sites.

The government says they could not

operate without a gambling licence although when Befair inquired about the licence they claim they were then told they could not apply for one.

Ladbrokes has been involved in a seven year battle with the Dutch government after they issued an injunction preventing the group from accepting wagers from Dutch citizens.

Now Befair and Ladbrokes have both taken their separate and yet linked cases to the ECJ. Although it could take up to a year for rulings, if the case is successful Befair says it will sue the Dutch government for damages which could run into millions.

According to market research company Motivaction in 2008 the number of people who play online for real money has doubled to reach around 485,000 whilst the average outlay has also risen to around €985 per player per year. The total value of this market exceeds €475m per year in the Netherlands alone.

Although no gambling sites can be run via a Dutch server or with a Dutch website the foreign companies which are targeting the Dutch have to be careful with advertising as they cannot place any banners on Dutch websites.

Meanwhile the Dutch may soon see an end to the monopoly on poker. The popularity of the game is growing although it is currently illegal to play in venues such as bars and clubs.

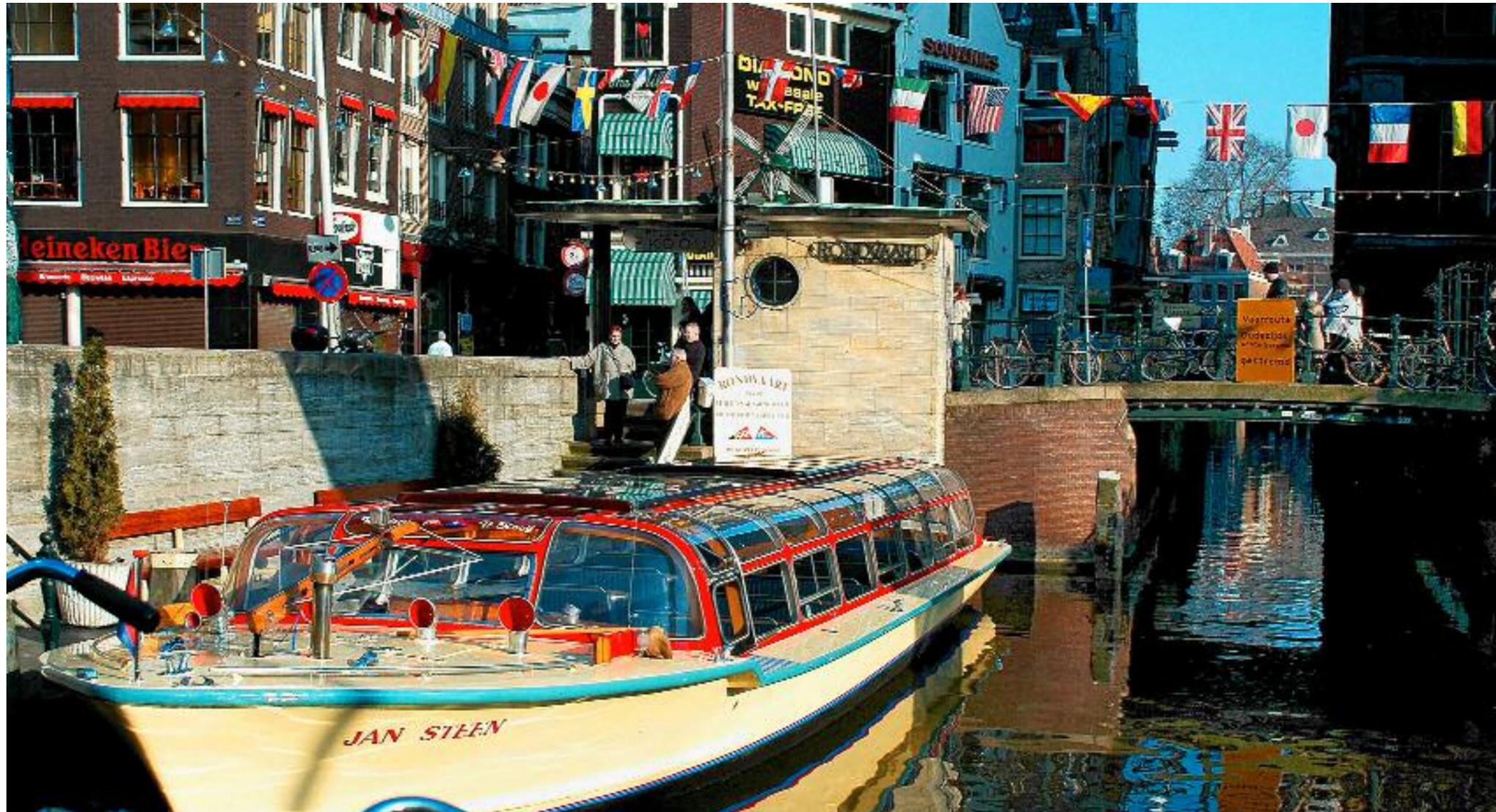
However the Justice Minister Ernst Hirsch Ballin has decided to lift the ban on people playing poker for money outside of Holland Casino.

However some players are worried about the fairness and security whilst Ballin says it should reduce the number of illegal operations that exist in Holland at the moment which is estimated to be around half a million players.

A survey carried out for the gambling board estimated that around 31 per cent of the total youth population play poker more than once a month averaging on 3.5 hours per week. Nearly one quarter of all young people play online.

Meanwhile according to research the Dutch spend around 51 per cent of their total game platform budget on console games compared to 29 per cent on PC games, 10 per cent on game portals, eight per cent on MMO (massively multiplayer online games) and one per cent on mobile phone games.

History in the Netherlands dates back to



**CAMPARISON OF TURNOVER FOR GAMING SECTORS**

Industry	2005	2006	2007	2008
Holland Casino	€680.5m	€721.5m	€756.7m	€700.1m
AWP industry	€497m	€517m	€517m (2006)*	n/a
State Lottery	€672.5	€737.6m	€772.4	€826.2m
BankGiro Lottery	€105m	€102.5m	€106.5m	€116.3m
Sponsor Bingo Lottery	€72.2m	€74.5m	€80.1m	€94m
Postcodeoterij	€419.9m	€432.1m	€450.5m	€488.8m
Toto/Lotto	€220m	€216.6m	€202.8m	€227.8m
Instant Lottery (scratchcards)	€55.5m	€59.9m	€67.2m	€60.6m
Horse betting	€33m	€33.8m	€34.3m	€31.8

\* Figures for 2007 not available. Using 2006 figures.

the 1st century BC when Roman forces conquered Germanic and Celtic tribes inhabiting the area.

For about 250 years under Roman rule, peace and prosperity prevailed until about 300AD when German tribes invaded from the east.

The powerful invaders, The Franks, forced local tribes into Christianity and by 800 the territory was ruled by Charlemagne, the great Frank king.

During the 9th and 10th centuries Scandinavian Vikings frequently raided the coastal areas and sailed up the rivers and these raids led to the emergence of fortified towns.

As the 12th, 13th and 14th centuries passed the land became an important trading centre and wealthy merchants in the towns challenged the power of the nobles who ruled the countryside.

The Netherlands and the surrounding area, known as the Low Countries, passed from the control of the dukes of Bourgogne during the early 16th century to the hands of the Habsburg emperor Charles V who already held other territories in Europe.

In 1555 Charles granted control of Spain and Netherlands to his son Philip II whose oppressive rule led to an 80 year long war of independence waged by the Dutch in 1568.

A survey carried out for the gambling board estimated that around 31 per cent of the total youth population play poker more than once a month averaging on 3.5 hours per week. Nearly one quarter of all young people play online.

**THE NETHERLANDS: VITAL STATISTICS**

**Capital:** Amsterdam  
**Population:** 16,715,999  
**Land Area:** 41,526 sq.km  
**Median age:** 40.4 years  
**Languages:** Dutch (official), Frisian (official)  
**Currency:** Euro  
**Government:** Constitutional Monarchy  
**Chief of State:** Queen Beatrix (since 1980)  
**Head of Government:** Prime Minister Jan Peter Balkenende (since 2002)  
**Cabinet:** Council of Ministers appointed by the Monarch  
**Elections:** Monarch is hereditary. Following second chamber elections the leader of majority or majority coalition is usually appointed Prime Minister by the Monarch.

**Casinos:** 14  
**Casino Operators:** 1  
**Casino Slots:** 7,385  
**Gaming Tables:** 519  
**AWPs:** 37,957 (including 1,062 multiplayers)  
**Gaming Arcades:** 273  
**Single Sites:** 16,900  
**Amusements:** 9,000  
**Gaming Revenue:** €517m (single sites and arcades)  
**Casino Revenue:** €756.7m

In 1579 the Union of Utrecht was formed by the northern half of the Seventeen Provinces (which included most of present day Belgium, Luxembourg and some parts of France and Germany) to defend themselves against the Spanish army. This union is seen as the foundation of modern Netherlands.

The war finally ended in 1648 when Spain, then under King Philip IV, finally recognised the independence of the seven northern western provinces in the Treaty of Munster whilst parts of the southern provinces became de facto colonies of the new republican-mercantile empire.

The Dutch grew to become one of the major seafaring and economic powers of the 17th century during the period of the Republic of the Seven United Netherlands. This was the so-called Dutch Golden Age which began when vessels from Amsterdam began travelling to Indonesia to trade.

By the mid 17th century it was the commercial and maritime power of Europe and Amsterdam was the financial centre of the continent and many historians say the Netherlands was



the first capitalist country in the world.

During this period the first full time stock exchange was developed, it led to insurance and retirement funds and the first asset inflation bubble and the tulip mania of 1636.

Inevitably the Dutch and the English (the two leading maritime trading nations) came to conflict and the Anglo-Dutch Wars were waged during the 1650s and 1660s.

Eventually the Dutch were overshadowed by Great Britain and France and conflict grew when Napoleon incorporated the Low Countries into the French Empire in 1810. After the fall of Napoleon the Netherlands was restored with the addition of some parts of Belgium.

Belgium rebelled and later gained independence in 1830 and the personal

union between Luxembourg and the Netherlands ended in 1890 when King William III died leaving no surviving male heirs.

There was a period of liberalisation during the second half of the 19th century and the administration of colonies was reaffirmed. Between 1880 and 1914 the Netherlands enjoyed an era of economic expansion and managed to remain neutral during the first World War although it did suffer from loss of trade.

During World War II the Netherlands was invaded by Nazi Germany and suffered heavy destruction and it was only the bombing of Rotterdam that led the Dutch army's surrender.

During the occupation more than 100,000 Dutch Jews were sent to concentration camps and in the end only 876 Dutch Jews survived.

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The years that followed saw intensive efforts to rebuild the country and restore trade and industry. In the Colonies the Dutch had lost a war against nationalists in Indonesia which gained its independence in 1949 whilst Netherlands New Guinea gained independence in 1962 and Suriname in 1975.

The 1960 and 1970s were a time of social and cultural change as the Netherlands youths and students in particular embraced changes and rejected traditional aspects. Today the country is regarded as an extremely liberal country in terms of its policy on drugs, prostitution and legalisation of euthanasia.

The Netherlands was one of the founding members of BENELUX (Belgium, Netherlands and Luxembourg) grouping which was among the 12 founding members of NATO and participated in the introduction of the Euro in 1999.