
Reports

INDIAN OCEAN RESORTS





Indian Ocean

Exotic, relaxing and luxurious

The Indian Ocean resorts are a dream holiday destination offering an idyllic backdrop of world-class hotels, crystal clear waters and pristine sandy beaches. Casinos are a key offer on many of the island resorts. Here, we take a look at Christmas Island, the Seychelles, Sri Lanka and Mauritius.

Far-flung exotic islands in the Indian Ocean boasting emerald waters and luxurious resorts are a dream destination for many of us and the figures prove it. Tourism has been increasing steadily over the last decade or so due to better air connections.

With Asia, Africa and Australia all bordering this vast expanse of water many of the top airlines now offer economy flights to the island resorts. For example, there are direct flights from the UK to Mauritius, Sri Lanka and the Maldives, whilst the airport on Mahé in the Maldives extended its runway last year to welcome super jumbo flights.

The longer runway is part of Mahé airport's expansion plans whilst other destinations such as Sri Lanka, Seychelles, Mauritius, Madagascar and Reunion Island have all collectively seen the number of scheduled flights rise by around 30 per cent over the last five years.

Sri Lanka remains the largest destination, with Colombo Bandaranaike Airport looking to expand following a surge in demand, aiming to increase the airport's capacity from six million to 15 million passengers per year and the island will

build a second terminal due to open in 2021. The airport is bursting at the seams and exceeding its capacity with 9.9 million travellers using the airport in 2017.

Meanwhile, the Seychelles is anticipating a growth in tourism figures after BA announced the reintroduction of a route between Heathrow and the Seychelles International Airport on Mahé last year after an absence of 14 years. Edelweiss Air began flights from Zurich last year and Air France has resumed its link from Paris Charles de Gaulle to the island after a 20 years.

Links to the Asian market are also being developed. Air Seychelles has signed a code share with Air India on flights to eight Indian cities as well as its own service from Mahé to Mumbai and Johannesburg.

Asian visitors to Mauritius doubled between 2009 and 2015 whilst the Maldives is extremely popular with mainland Chinese visitors, who made up 30 per cent of visitor arrivals in 2015.

Mauritius airport has seen passenger numbers increase by 25 per cent since 2013 and the major

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Tourists who were once keen to visit regions such as north Africa and Turkey have shifted to the Indian Ocean islands whose hotel occupancy levels have steadily increased. As visitor numbers have increased, so too has interest in investment, with a particular focus on hotels and resorts with big name chains eager to develop on the islands.

airport Sir Seewoosagur Ramgoolam currently sees around four million passengers annually and there are plans to expand the airport to cater for up to 10 million.

There are also plans to develop and expand the airport on Rodrigues and it is thought Mauritius could act as a hub airport between southern Africa and Asia Pacific. This is already one of Air Mauritius' goals and the island is already improving its schedules for flight connections between the continents whilst also developing partnerships with other carriers.

HOTEL GROWTH

Tourists who were once keen to visit regions such as north Africa and Turkey have shifted to the Indian Ocean islands whose hotel occupancy levels have steadily increased. As visitor numbers have increased, so too has interest in investment, with a particular focus on hotels and resorts with big name chains eager to develop on the islands.

According to Top Hotel Construction's online database, 334 new hotels are set to open this year (2019) worldwide, which will deliver over 66,500 new rooms.

Of this the Asia Pacific region leads the way with 135 new hotel projects followed by North America (93), Europe (60), Middle East (22), Latin America (14) and Africa with 10.

According to the Gulf and Indian Ocean Hotel Investors Summit, the Indian Ocean saw \$300m worth of transactions in 2017, a huge increase of 65 per cent from the previous year, but this is predominantly due to one large resort in the Maldives.

The Radisson Hotel Group is targeting the Indian Ocean as a key market for its African development plans and aims to double its hotel and resort portfolio in cities along the Indian Ocean by 2022. At the moment Radisson has six hotels in operation and under development in the Indian Ocean region. The company's African

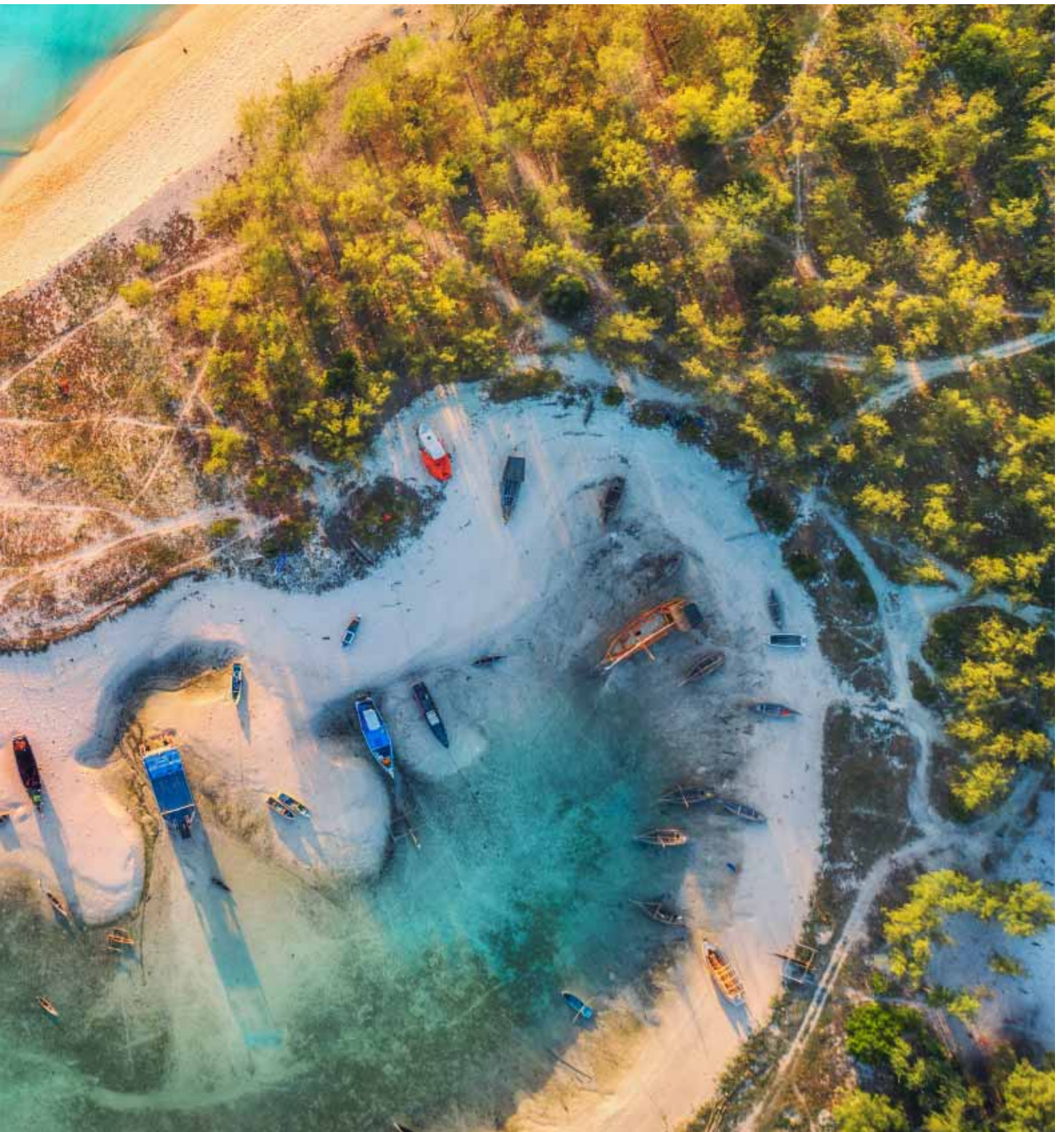


portfolio consists of 89 hotels and 17,000 rooms open or in development in Africa.

The plan is to increase number of African hotels by 50 over the next five years. Mauritius is a key market for this expansion, although the group also wants to develop in the Seychelles, Madagascar and Reunion Island.

Currently, Mauritius has two Radisson Blu Hotels open and a Park Inn under development. The company wants to bring all its brands to the island on both the West and East coasts.

Madagascar is Radisson's second Indian Ocean territory and the group recently signed a deal for



three hotels in the area. This consists of two hotel conversions and a new hotel in Antananarivo due to open next year. The company also plans to bring Radisson Blu and Park Inn brands to Nosy Be Island.

In the Seychelles, the company wants to bring a Radisson Collection and Radisson Blu to the islands Mahé and Praslin, whilst it is also looking at development on Reunion Island with its Blu and Park Inn brands.

Meanwhile, Atmosphere Hotels and Resorts have unveiled expansion plans for four more properties in the Maldives and Sri Lanka over the next two years. The group launched in 2013

and plans to open an OBLU X brand and an OBLU property in the Maldives next year with OZEN and OBLU Select in Sri Lanka due to open in 2021.

The hotel group Raffles has opened new hotels in the Maldives with its luxury brand operated by Accor. The brand, which has 14 hotels in 12 countries, is aiming to increase its number by another eight to 10 hotels in the next few years. Two new properties opened this year in the Maldives and China (Shenzhen).

The Raffles Maldives Meradhoo is in one of the more remote parts of the island and comprises 21 villas and 16 water villas in the Indian Ocean.

This is Accor's fourth property in the Maldives but the first under the Raffles brand.

Marriott is also making its debut in the Seychelles with the development of a new Luxury Collection resort on the North Island, 30km northeast of Mahé Island. This will be the group's first property in the ASW Hotel Collection and will feature 11 private villas.

Other hotel groups include Sun Resorts, which has four properties in the Mauritius and one in the Maldives and Hilton. They opened their first hotel in the Seychelles in 2007 and have since expanded with two hotels on this island. Hilton also has hotels in Mauritius and Sri Lanka.

Christmas Island

With Christmas Island's resort casino licence currently under consideration, the Indian Ocean finds itself under the spotlight. Christmas Island is suffering financially.

Last year, the government closed its immigration detention centre that has held thousands of asylum seekers since it opened in 2008 whilst the island's other main industry, phosphate mining, is also under threat.

The island hopes tourism could help the dwindling economy. The renewal of a discontinued casino licence could be the Band-Aid that is most required.

The casino opened in 1993 before its licence was later cancelled by the government in 1998 after the Asian financial crisis saw a drop in visitors, together with rumours of money laundering.

At the time of closure, the casino had three gaming rooms offering 43 slots and 23 gambling tables. There was a bar, two restaurants and two nightclubs plus 56 guest rooms and suites. At its peak, the casino turned over A\$5bn annually with the wealthy elite flying in direct from Jakarta.

After it closed, the Christmas Island Resort was purchased from liquidators in May 2000 by South Korean born businessman David Kwon of Soft Star Pty, who reopened it as a hotel with the promise of a reinstated casino licence.

The sale caused some controversy on the island at the time. Soft Star purchased the casino and the 156-room property for A\$5.7m. It was reopened seven years later following a \$15m

refurbishment of the resort. The sale occurred outside of a tender process that later led to an inquiry. The resort apartments then provided accommodation for the detention centre employees.

In 2004, the Federal Government blocked an application to reopen the casino on the grounds of it having a negative social impact. After years of correspondence, discussions and repeated applications for a casino licence, 2013 saw Soft Star formally submit to the Australian government a full business plan for the proposed casino operations detailing financial forecasts and benefits.

Michael Asims, representative for Soft Star, said at the time of the application: "A reopened casino would be a key driver in providing all the building blocks required to develop a successful tourism industry. It would provide a platform and underpin many of the essential elements required including increased air services both in number and frequency, lower priced air services and more extensive air hubs for inbound tourism.

"A casino operation on Christmas Island would

rely on these additional and more frequent flights in order to attract and retain its clients. This would require the casino to lease its own aircraft to ensure stability and reliability with air connections."

Five years later, the company is still waiting. The Australian Department of Infrastructure, Transport, Cities and Regional Development has said a casino licence should be issued with a competitive tender.

A report from the Department said: "The majority of feedback received identified a preference for an integrated resort that would include a hotel with a casino together with entertainment facilities, retail and dining. Respondents indicated that an integrated resort would address concerns surrounding a lack of higher end accommodation for tourists and limited entertainment and recreational activities for tourists and residents. The options of a boutique casino and 'online casino' were also identified with the condition that either option be attached to a resort."

"It was widely acknowledged that a casino on Christmas Island would need to target Asia's



Essential information and facts about Christmas Island:

Capital	The Settlement
Total Area	135sq.km
Population	2,205
Religion	Muslim, Buddhist, Roman Catholic
Ethnic Groups	Chinese, European and Malay
Languages	English (Official), Mandarin, Malay.
Currency	Australian dollars (AUD)
Government type	Non self-governing overseas territory of Australia
Chief of State	Queen Elizabeth II (represented by Peter Cosgrove Australia)
Head of Government	Administrator Natasha Griggs
Elections	October 2020 (administrators serve a two year term).

“The Australian government recognises the significant community interest in re-establishing a casino on Christmas Island to provide employment, increase economic activity and boost tourism. The casino proposal is complex and needs to be rigorously worked through including assessing its financial viability and developing the regulatory framework.”

Recently, Michael Philipps from the Australian government’s Department of Infrastructure, Transport, Cities and Regional Development, said: “Active consideration of re-issuing a licence for an integrated resort, including a casino licence, on Christmas Island continues. Market sounding and work into how a licence might be structured was completed in December and January, followed by a meeting between Australian and Western Australian governments in February to discuss potential regulatory arrangements.”

“The Australian government recognises the significant community interest in re-establishing a casino on Christmas Island to provide employment, increase economic activity and boost tourism. The casino proposal is complex and needs to be rigorously worked through including assessing its financial viability and developing the regulatory framework.”

“The department is working with other Australian government agencies to resolve issues relating to a casino including social impacts, additional infrastructure needs, a tax regime and community benefit fund, licence conditions and impacts on national security.”

The department has now opened a discussion paper on the establishment of a casino on the island. This will go forward to a proposal for consideration by the Australia Government, which will then decide whether to issue a casino licence.

casino market and existing Asian casinos may affect viability. With regard to the latter, respondents highlighted that the safety and anonymity of Christmas Island is a competitive advantage for an Asian market. Respondents indicated that the competitive advantage of the previous casino relied on a visa on arrival for gamblers from Indonesia which no longer exists.”

THE CASINO STORY A dot in the Indian Ocean, Christmas Island was discovered on that festive day in 1643. The British discovered phosphate in 1887 and the island population grew as Sikhs, Malays and Chinese were imported to work in the mines. Once a British colony, it was placed under the Crown Colony of Singapore in 1946. Later in 1958, Britain transferred sovereignty to Australia.

Christmas Island is about 300km south of Java and 1,600km off the north west coast of Australia. Around 63 per cent of it is National Park.

It is made up of only 2,200 people with a diverse community. Around 21 per cent are Chinese, 13 per cent Australian and 12 per cent Malay.

Domestic tourism from Australia is limited. This is predominantly due to high flight costs and the need to transit in Perth. The island requires significant improvements to its international hubs to increase tourism figures.

Frank Woodmore, a Perth property developer, first conceived the island casino. When Indonesia closed its casinos in the 1980s, the casino opened on Christmas Island and it saw a huge influx of visitors from Jakarta.

However, in 1997 flight services were cut and a year later the Asian financial crisis struck and the tourism industry collapsed. The casino went bankrupt and was closed.

Total passenger arrivals to Christmas Island airport had peaked in 1994/95 to around 20,000, of which 14,000 were international arrivals. This dropped to 6,000 total arrivals by 1998, with only 2,500 being international arrivals. Today, there are flights in from Perth, Jakarta and Kuala Lumpur.

With the closure of the detention centre many islanders now want to focus on an island tourism business.



Mauritius

Mark Twain once wrote that "Mauritius was made first and then heaven, heaven being copied after Mauritius." Lying 2,000km off the south-eastern coast of Africa in the turquoise Indian Ocean, Mauritius is indeed a heavenly and peaceful island offering pristine beaches, national parks and luxury resorts. But it's not just a pretty face.

Mauritius is the fastest growing wealth market in Africa and the island's sharp rise in wealth over the last decade is primarily due to strong economic growth, a thriving financial sector, its stable governance and low taxes which lure wealthy investors to live and do business there. Since achieving independence from Britain in 1968, the island has developed from a low income, agricultural based economy to an upper middle-income diversified economy based mostly on tourism, textiles, sugar and financial services.

Mauritius has a population of 1.2 million people and the tourism industry is the fourth largest contributor to the Mauritian economy. Last year, there were 1.3 million visitors, an increase of five per cent from the previous year, whilst earnings from tourism amounted to MRs62.5bn.

With a legalised gambling sector since the early 1970s, the development of gambling has been steady. There are private and state casinos, as well as a new law introducing hotel casinos.

There are currently four casinos in Mauritius – three of the casinos are managed by Casinos of

Mauritius, a subsidiary of the State Investment Corporation (SIC), and one is operated by Senator Clubs.

It is said the Mauritius SIC casinos have run at a loss for the last 10 years. The machines are said to be old, the buildings require maintenance and there has been suggestion of mismanagement from the state.

Last year, the State Investment Corporation's director Manickchand (Prem) Beejan reported a MRs24m loss for the four state owned casinos that were in operation. In an interview, he said

the SIC would need to inject around MRs15m to improve the casinos.

One of the biggest issues is the proliferation of gambling houses. Some 40 years ago these casinos were the only place to gamble, yet with the diversification of gambling houses and other betting activities people now have other gambling options open to them.

Back in 2002/2003, casinos were showing profits. However, there have been casualties. Sugar Beach Casino and Trou aux Biches closed in 2010. Three years later, Sun Casinos ceased operations whilst SIC's Flic en Flac casino was not issued with an operator's licence this year, reducing SIC's number of casinos from four to three.

Casino revenues today are cited to be around MRs567m compared to MRs923m 10 years ago. Manickchand Beejan, who took over the realm of Casinos of Mauritius in April last year, has announced a restructuring plan for the Mauritius casinos with talks of opening a new casino, either in the Flacq region or the Lake Point Curepipe. Mr Beejan comes from a government background and was previously the MD of the State Investment Corporation.



The SIC has been operating for the last 30 years in Mauritius. It is a business investment group founded in 1984 that mostly provides funds for various ventures and businesses, from transport to property. It was converted from a private company to public company in 1992.

The four casinos on the island are: Casino de Mauritius is the SIC flagship casino and the oldest casino located in the Curepipe Tourist City, in the heart of the island. This casino opened in 1970 and was revamped in 2004. There are 53 slots plus table games.

Le Grand Casino du Domaine is located in a colonial style building surrounded by restaurants close to Port Louis in a private estate called Domaine Les Pailles. There are 48 slots plus table games.

Le Caudan Waterfront Casino is located between two luxury hotels and shops in Port Louis. It is the largest casino and operates the highest number of slots (194) and 18 table games. It opened in 1996 in the theme of a pirate ship.

Casino Grand Baie is operated by Senator Clubs, which also operates seven other gaming halls.

THE GAMING MIX

In addition to the casinos, there are also 22 privately owned gaming houses (20 Gaming House A licences and two Gaming House B licences) and around 1,650 slot machines in the market. Essentially, there is little differentiation between casinos and slot halls.

Annual licensing fees for casinos (Category 1) are MRs3.5m plus MRs125,000 per gaming machine per year. The casinos offer gaming on slots, TouchBet, Oasis Poker, Blackjack and American Roulette plus other games such as Chemin de Fer, Mini-Cherry, Oasis Stud and Punto Banco.

Gaming House A (Category 2) is for company operated venues which can operate various table games. They pay the same licensing fee as a casino of MRs3.5m plus MRs125,000 per gaming machine per year, whilst in Rodrigues they pay MRs500,000 and MRs20,000 per machine.

Gaming House B (individual) can operate Mahjong and Rummy. They pay a MRs15,000 licensing fee.

The Gaming House A operations include Amicale de Port Louis, Bolyhouse, Caesar Palace, Centre Gaming House, Funworld, Palladium Games and Pallagames.

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Essential information and facts about Mauritius:

Capital	Port Louis
Total Area	2,040 sq.km
Population	2,205
Religion	Hindu, Roman Catholic, Muslim, Christian
Ethnic Groups	Indo-Mauritian, Creole, Sino-Mauritian
Languages	Creole, Bhojpuri, French, English
Currency	Mauritian Rupee
Government type	Parliamentary Republic
Chief of State	Acting President Paramasivum Pillay Vyapoory
Head of Government	Prime Minister Pravind Jugnauth
Elections	Due in 2019/2020.



Funworld operates a casino via Ti Vegas in Grand Baie, open since 2002. This is part of a family leisure centre (Lucky Strike) offering arcade games, table football, billiards, bowling and café. The casino organised the World Poker Tour and also introduced the first automatic roulette machine to the island.

Pallagames operates in three locations. The company began in 1990 and operates a total of 26 table games and 300 slots. This also includes its slot hall in Praslin, Seychelles.

The SIC also operated Sun Casino Ltd, which at the time operated casinos at St Geran Hotel and La Pirogue Hotel via its Sun Resorts group.

The Sun Resorts group owns five luxury resorts in the Indian Ocean with four in Mauritius and one in the Maldives (Kanuhura). In 2014, Sun, also owner of Le Touessrok, signed a management contract with Shangri-La Hotels and Resorts for the management of the property and after renovations it reopened under the name Shangri-La's Le Touessrok Resort and Spa. A year later, Sun acquired a 100 per cent stake in Anahita Hotel that owns the Four Seasons Resort in Mauritius.

Sun Resort operates Long Beach along the east coast of Mauritius. This is a five star resort hidden in dense tropical gardens and situated on the Belle Mare beach. Sugar Beach is another five star resort in the bay of Flic en Flac with manicured gardens and pristine beaches. La Pirogue is a boho-chic resort themed in the style of a traditional fishing village with thatched bungalows. It reopened in 2017 after renovations. Finally, Ambre is a four star all-inclusive accommodation and an adult only resort.

CHANGES AHEAD

In July last year, the 2018/19 budget announced that gaming, slot or other gambling machines could now be located in hotels in a bid to attract wealthy tourists to the island whilst creating more revenue for the state via licensing fees and gambling tax.

The measure contained in the Finance Bill created a new licence for a Hotel Casino Operator (Category 1A) which enables a hotel to install gaming or slot machines and other gambling machines.

In October, there was a call for applicants that

ran until the end of November. The hotel casinos are to be reserved for non-residents and foreigners. To operate an applicant would need several permits including:

1. A Hotel Casino Licence that permits a hotelier to operate a casino at the hotel. The annual licence fee is MRs55,000 (to increase to MRs75,000 in July 2021).
2. A Hotel Casino Operator Licence (per premises) is an annual licence fee of MRs250,000 (increasing to MRs300,000 in July 2021).
3. A Hotel Casino Gaming Machine licence in a casino that allows the operation of a gaming machine in the casino. Annual licence fee is MRs50,000 (rising to MRs75,000 in July 2021) per machine per year.

The gaming machines will also have to be connected to the Central Electronic Monitoring System of the Gaming Regulatory Authority.

An amendment was added to the GRA Act but at the moment only two operators have come forward with applications after a year of bidding



and it appears there is little enthusiasm to date.

Reina Veerabadren, Public Relations and Responsible Gambling Officer at the GRA said: "The Hotel Casino Licence was introduced during the National Budget of 2018. We have invited potential operators to send their applications last year and the applications are currently being processed.

"Given that Mauritius is a tourist destination, this measure was launched in an attempt to attract a specific niche of travellers, mostly those hailing from East Asia. Access to Hotel Casinos will be open only to foreigners and non-residents."

Financially, the new measures favour the hotel casinos. Currently a casino and gaming house pay MRs3.5m for their licence and MRs125,000 per slot per year. Other benefits for the hotel sector mean they do not have to provide a guarantee whilst casinos and Gaming House A operators have to pay a deposit of MRs1.2m. Gaming tax for hotel casinos is also only 15 per cent of gross income monthly (which will increase to 20 per cent after July 2021) whilst existing casinos pay 15 per cent of gross takings

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Reina Veerabadren, Responsible Gambling Officer, GRA

in respect of table games and 35 per cent for gaming machines. Gaming House A (Category 2) pay 30 per cent in terms of table games and 35 per cent for gaming machines.

Meanwhile, other changes included in the 2018 Finance Act mean that as from September last year the National Lottery, casino operators, hotel casino operators and gaming house operators need to deduct a tax of 10 per cent on the amount of winnings over MRs100,000.

The government is also setting up a Responsible Gaming Programme with a series of measures to create awareness among gamblers and non-gamblers which will include a national survey to identify player profiles.

Reina Veerabadren added: "Since February 2018, the GRA has appointed responsible gambling consultants from North America to develop a

tailor made responsible gambling framework for the country. As responsible gambling is a notion that is new to Mauritian players, we are primarily focussing on creating awareness and setting up a support system for problem gamblers.

"In July 2018 we launched our first responsible gambling helpline dedicated to problem gamblers and whistle blowers. This year we shall set up a national self exclusion programme to further support players willing to keep their gambling habits in check.

"In December 2018 we completed a study that aims to understand gamblers and non-gamblers perceptions regarding the local gambling landscape. The findings will be used to devise a national advertising campaign. We are planning to launch the responsible gambling advertising campaign during the coming months."



There are nine off-course bookmakers now licensed to offer bets on foreign football matches in Mauritius and each is authorised to operate a head office and a number of betting outlets. To date there are two licensees which can offer fixed odds betting on local horse races via remote means.

THE GAMBLING OVERVIEW

The Gambling Regulatory Authority in Mauritius was established in 2007 and the GRA operates under the Prime Minister's Office which regulates and controls the gambling sectors in Mauritius.

Under the GRA Act of 2007 (most recently amended in February 2019), the authority took over any existing operations within the gambling sector and also issued the first bookmaker licence for fixed odds betting on foreign football matches in 2008. The GRA issued the Mauritius National Lottery licence later that same year followed by AWP licences in March 2011 which was later renamed LPM. The same year the GRA approved the combination of Automatic System LTD and Global Ltd Pools in Mauritius to operate the Tote.

There are nine off-course bookmakers now licensed to offer bets on foreign football matches in Mauritius and each is authorised to operate a head office and a number of betting outlets. To date there are two licensees which can offer fixed odds betting on local horse races via remote means which is SMS Pariaz and Bet On Line Ltd.

Bookmakers (Category 4) pay MRS3.5m in an annual bookmaker licence for conducting fixed odds betting plus an additional MRs40,000 per additional place of business.

Horse racing in Mauritius dates back to 1812 when the Mauritius Turf Club opened the Champ de Mars racecourse in Port Louis, which today is the only one on the island and the second oldest race course in the world. Events gather around 20,000 to 30,000 people.

In the past, bets were organised by bookmakers, but since 1991 computerised wagers have been operated by Automatic Systems Ltd (Supertote), and later Global Sports Ltd (Totelep). In 1994, telephone bets were introduced by Automatic Systems, followed by bookmakers in 2002.

The Mauritius Turf Club (MTC) is responsible for the horseracing sector. In 2017, the club saw total revenues of MRs341.2m, of which

MRs141.4m came from bookmaker sales, MRs18.4m from Telebook and SMS Pariaz and MRs63.4m from the Tote whilst other revenue came from subscriptions, lottery and sponsorship. There are 37 on course bookmakers and nine off course bookmakers. There are three operators licensed to take bets by remote communication and each remote communication operator currently owns 25 facility centres.

Under Section 91 of the GRA Act, online gambling is illegal for residents of Mauritius and the government can block transactions and control ISPs. It is illegal for players to access offshore gambling sites but this is rarely enforced.

ZOUGADERE NATION

Although Mauritius has a steady gambling market back in 2014 when the new government came into power it immediately went to war against the proliferation of gambling created by the previous government.

During his first budget after the 2014 elections, then finance minister Vishnu Lutchenaraidoo, announced several budget



measures to prevent Mauritius from becoming a 'Zougadère Nation' and "the illusion that life is a jackpot."

Lutchmeenaraidoo was finance minister from December 2014 until March 2016 and became Minister of Foreign Affairs until his sudden resignation in March 2019.

His measures in 2014 included a total ban on advertising relating to gambling, a ban on scratchcards, a ban on new gaming licences for five years (except casinos), increasing gambling licence fees and taxes, and a three year period for local authorities to relocate gambling houses from city centres to specified areas.

The lottery was hit exceptionally hard by the loss of the scratchcards and advertising ban. As a result, over the last couple of years it has struggled financially.

Lottotech has been operating the national lottery since 2009 with a licence from the State Investment Corporation and launched La Loterie Nationale in Mauritius and Rodrigues. It has just seen its licence renewed until 2029. Sales since then have generated over Rs4bn in funds

invested into health, education, sport and culture organisations.

The only game authorised initially was lotto 6/40 and, despite instant win scratchcards initially being authorised, they were withdrawn from the market in 2015.

There are 815 lottery retailers on the island and last year Lottotech saw MRs2bn in turnover from lottery tickets and just over MRs1bn in revenue (after prizes).

Meanwhile over the last year or so the gambling market has grown in Mauritius. There are new betting shops opening (Places of Public Entertainment licences) which can operate as a bookmaker on horse races by remote communication (SMS and telephone) plus 300 LPM licences granted in addition to the second weekly draw for Lottotech and the opening of a casino in Grand Bay.

It all began with the arrival of the Pari Mutuel Urbain in Mauritius at the end of 2017, which began with Sunday betting and has since increased to bets on Friday, Saturdays and Sundays. Players can also bet on foreign football

with Bet365. It's been a bone of contention and the sector said the PMU would be a serious threat to the future of Mauritian horse racing sector.

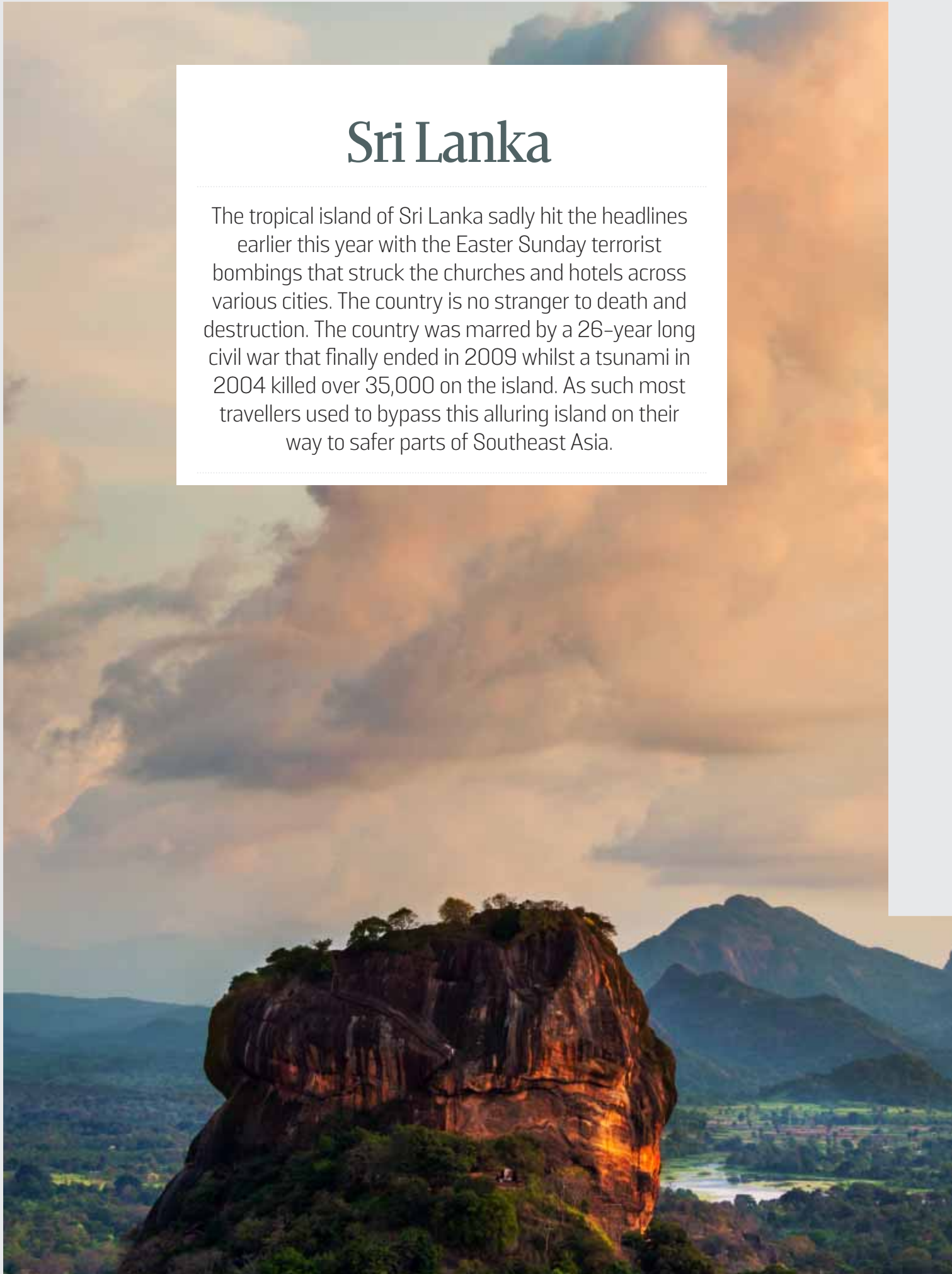
PMU is operated on the island by Peerless, a company that is already incorporated in Mauritius and as such didn't need another licence to operate in partnership with the PMU. Peerless Ltd was set up in 1989 and has held a pool betting licence for the last 30 years.

The number of betting shops has increased with 32 new branches in the last year bringing the total to 200. The state was expecting to receive around Rs2.2bn in terms of taxes this year levied from the industry whilst the GRA has seen revenues from licensing fees of MRs449m – double the amount to that back in 2011.

Casinos and gambling halls contribute half of the licensing fee revenue whilst horse races, bookmakers and totalisators are second, followed by betting on international football matches and the lotteries in fourth place. Taxes from the horse racing/football sectors amounted to MRs1bn, MRs810m from casinos and slot halls and MRs320m from the lottery.

Sri Lanka

The tropical island of Sri Lanka sadly hit the headlines earlier this year with the Easter Sunday terrorist bombings that struck the churches and hotels across various cities. The country is no stranger to death and destruction. The country was marred by a 26-year long civil war that finally ended in 2009 whilst a tsunami in 2004 killed over 35,000 on the island. As such most travellers used to bypass this alluring island on their way to safer parts of Southeast Asia.



The country's gambling market saw a legal framework introduced 10 years ago. After the three decade long civil war, the government under previous President Mahinda Rajapaksa actively pursued various ventures to attract tourism and boost the economy. One such area was the growth of the gambling industry with a hope of encouraging visitors from India and China.

Before 2009 annual tourist figures reached around 500,000 at the most. But a steady increase since 2010 shows that today Sri Lanka is one of the best tourist destinations in the world and there were 2.1 million visitors last year. Of this figure there are almost 300,000 Chinese and the aim is to increase this to one million Chinese tourists by the year 2020.

Sri Lanka history spans 3,000 years and was known during British rule as Ceylon. After independence in 1948 the country became a republic and adopted its new name in 1972. President Maithripala Sirisena heads the country.

With a population of over 22 million the country is divided into nine provinces and 25 districts. The GDP in terms of purchasing power parity is second only to the Maldives in the South Asia region. During the 19th and 20th centuries it became a plantation economy famous for the production of cinnamon, rubber and tea.

By 1977, the free market economy was introduced and although some production remains today the country's main economic sectors are tourism, tea export, clothing, rice production and agricultural products. The service sector now makes up 60 per cent of GDP and per capita income has doubled since 2005 and poverty and unemployment have also dropped.

GAMBLING MARKET CHANGES

There are a number of changes in store on the Sri Lankan gambling horizon that will affect the casino operators on the island.

At the moment casino operators pay an annual license fee of LRs200m (\$1.1m). This has recently been doubled under finance minister Mangala

Samaraweera's suggestions to LRs400m (\$2.2m). In addition operators have to now pay 15 per cent in taxes on gambling turnover as from April 2019.

There will also be an entry fee for casino visitors of \$50 per person per visit as from June 2019. Initially the fee was to be levied on all visitors but was later amended to only target local patrons and as such is designed to discourage local residents and nationals from gambling.

The moves are among a number of 'sin' taxes also slapped on the tobacco and alcohol industries to help pay for public sector salary increases and subsidised loans for small business in the election year.

The Presidential elections are due to be held before the end of 2019 as Sirisena's term in office ends on January 9 2020 although he can run for a second term.

In October last year President Sirisena sacked the then Prime Minister Ranil Wickremesinghe that dealt a severe blow to the economy. Sirisena called for fresh elections which triggered a power struggle ending with a Supreme Court ruling that the president had violated the constitution and Wickremesinghe was reinstated.

The economy in Sri Lanka grew by just three per

cent last year, the slowest growth rate in 17 years whilst figures show the country will have to repay a record US\$5.9bn in foreign loans this year. The government is hoping to collect a total of LRs2.5bn from casino related taxes and fees.

In 2017 the total amount of tax revenue from the Betting and Gaming Levy amounted to LRs1.92bn which was 0.23 per cent of the total tax revenue of LRs836.5bn collected that year. The majority comes from VAT (53 per cent) and Income tax (27 per cent). In 2016 the Betting and Gaming Levy was LRs1.88bn.

The gambling sector is taxed via the Betting and Gaming Levy Act No. 40 of 1988 which has seen various amendments. It was the first formal policy of taxing gambling operators. There were harsh measures announced back in 2015 including an increase in annual license fees which were never fully implemented.

The Act currently includes a betting levy of LRs4m (\$22,700) via agents or LRs600,000 (\$3,400) via live telecast facilities.

Meanwhile, Samaraweera has also announced that cricket betting, operated by two private companies on the island, would be declared illegal in the future. The ban was requested by the Minister of Transport and Civil Aviation and former cricket captain Arjuna Ranatunga who prompted the government to issue the ban.

It is said the move is down to a lack of regulatory infrastructure. Most horse racing and cricket wagers take place in kiosks and gambling shops but there is no framework in place to regulate the operations.

There is also talk of creating a new regulatory framework for the gambling and casino industry to be in line with the country's anti money laundering laws.

The country's gambling market saw a legal framework introduced 10 years ago. After the three decade long civil war, the government under previous President Mahinda Rajapaksa actively pursued various ventures to attract tourism and boost the economy. One such area was the growth of the gambling industry with a hope of encouraging visitors from India and





China. So back in 2010 the Sri Lankan parliament passed a bill to fully regulate gambling for the first time.

Gambling was not a new notion to the island. The first casinos opened back in 1977 but were largely unregulated and unlicensed and operated via a loophole in the law. There were already casinos and shops where locals could bet on horse and greyhound racing but for years they survived by exploiting legal loopholes and tax evasion.

The law meant the national government would take charge of all gambling licences whilst geographical zones for gambling businesses were set up.

The Casino Business (Regulation) Act No. 17 was passed in 2010 that designated areas where casinos could be based and outlawed anyone

after 2012 to operate a casino without a valid licence.

Meanwhile there were three integrated resorts planned for the capital city Colombo but a change in government saw the cancellation of all three casino licences whilst also stating there were to be no further casino licences issued.

One of Sirisena's election manifesto points was to disallow casino licences issued under the previous President's Strategic Development Projects Act. Sirisena cancelled the three separate licences including Crown Resort's \$400m project for an integrated casino resort which was a partnership between James Packer's Crown and Sri Lanka's Rank Entertainment, Queenbury's (local businessman Dhammika Perera) planned resort due to cost around \$300m and Water Front Properties (John Keells Holdings) \$850m project.

The smaller casinos which have operated for decades were allowed to stay open whilst the resorts were given the permission to continue, albeit without a casino floor, but only Water Front continued to develop.

CASINO SECTOR

There are five casinos in Sri Lanka currently. Ravi Wijeratne, Chairman and owner of Sri Lankan Rank Holdings, holds the licence for two of the country's five casinos. The other three are held by local Dhammika Perera. Wijeratne was issued with his first gambling licence 25 years ago when he bought Star Dust and later built Casino Marina.

Perera is a Sri Lankan billionaire businessman and owner of Vallibel One Group, a holding company with investments in financial services and leisure sectors. He started a casino in 1993 and later opened MGM, Ballys and Bellagio in Sri



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Essential information and facts about Sri Lanka:

Capital	Colombo
Total Area	65,610sq.km
Population	22,576,592
Religion	Buddhist, Hindu, Muslim, Roman Catholic
Ethnic Groups	Sinhalese, Sri Lankan Tamil, Sri Lankan Moors, Indian Tamil
Languages	Sinhala, Tamil and English
Currency	Sri Lankan Rupee
Government type	Presidential Republic
Chief of State	President Maithripala Sirisena
Head of Government	President Sirisena. Prime Minister Ranil Wickremesinghe
Elections	August 2020

Lanka. Star Dust Casino is located in the city centre and is one of the oldest casinos in Sri Lanka that opened in 1995. It has 40 gaming tables and slots.

Casino Marina Colombo opened in 2013 offering private gaming rooms, five star cuisine and various packages. There are 50 plus gaming tables and slots. Both Star Dust and Marina are operated by Rank Holdings, which manages and

holds a significant interest in the property. It is part of the Casino Marina Global chain with other resorts in Mozambique, Madagascar, Malawi and Zambia.

MGM Casino opened in 1995 in Colombo.

Ballys Colombo opened in 1996 and offers live betting, slots and over 100 table games and is in the city centre. There are bars and restaurants

and partner hotels. Players can visit ballysbet.com to play online live casino.

Bellagio Colombo was opened in 1998 and is the third casino by Perera and is in the capital city.

It’s one of the largest facilities in Sri Lanka offering table games and slots via the Mass Gaming area, VIP and Poker and Flush areas. It partners with three hotels.



The Seychelles gained independence from the UK in 1976 and has developed from a largely agricultural society to a market based diversified economy relying on service, public sectors and tourism.

The Seychelles is made up of 115 islands and lies 1,500km east of mainland East Africa. With 95,000 population it has the smallest population of any sovereign African country and three quarters of the residents live on the island of Mahé.

GDP output has grown considerably over the years and growth last year was 3.6 per cent. Today it has the highest nominal per capita GDP in Africa (not including the French regions). There's still considerable economic inequality however with a high level of poverty.

Tourism took off in 1971 when the Seychelles International Airport opened in the north east of Mahé and considerable infrastructure growth followed with the opening of hotels and resorts

and the development of interisland ferries. In recent years the government has encouraged foreign investment to upgrade the hotels and services.

In 2018, the number of visitors reached 362,000 – some 66 per cent are from Europe and 19 per cent from Asia – spending around US\$500m.

Some 16 of the 115 islands currently offer accommodation from self-catering to luxury five star resorts and in 2017 there were 38 large hotels, 115 small hotels/guest houses and 386 self-catering establishments in the Seychelles. In total there were over 10,300 beds available.

The Seychelles remains the least over-developed of the Indian Ocean islands nations, compared to Mauritius and the Maldives for example. After a slow growth in tourism in the early 1980s, the country's tourist industry began to boom with the opening of high-end resorts with vigorous advertising campaigns and more competitive pricing.

Alain St Ange is a Seychelles politician who was formerly Minister of Tourism and Culture from 2012 until 2016. He said: "The Seychelles is currently missing out on enormous revenue that can be obtained by globally established casinos. These casinos may bring in many wealthy hordes of rich gamblers to our shores by providing flights, transport, accommodation in world-class resorts and entertainment.

"Furthermore these high rollers would spend large amounts of money on shopping and dining during their stay, further adding economic benefit. Also as the saying goes: 'the odds are always in favour of the casino.' Not to discourage gambling, but statistics show that there is a greater chance of the money staying with the house rather than leaving the house. With the house being Seychelles in this instance further economic benefit is established.

"Countries like Macau and Monaco are known for their luxurious casinos and almost exclusively economically built through the



Seychelles

In the Seychelles a review of the Gambling Act is due to be undertaken looking at regulations and internal control system guidelines, together with junket casinos. The Seychelles has yet to tap into its lucrative casino junket market, as currently it is not legal for casinos to bring in junkets or, in fact, offer "incentives" to players. An island which relies heavily on tourism, there are many who say this is a huge untapped resource. The Seychelles already has a high percentage of visitors from the Middle East and Gulf states for whom the Seychelles is a favoured vacation destination, and Dubai is only a four hour flight away

Macau and Monaco are known for their luxurious casinos and almost exclusively economically built through the courting of high roller gamblers. These players have expressed that they would love to be brought to the Seychelles to gamble and at the same time to enjoy the exotic tropical delights of our country

courting of high roller gamblers, also known as junket players. These players have expressed that they would love to be brought to the Seychelles to gamble and at the same time to enjoy the exotic tropical delights of our country, a combination they can rarely find elsewhere. Unfortunately current legislation prohibits local casinos from inviting them.

"There is of course understandable concern about the possibility of money laundering with junket players and the lack of control if the financial transactions take place outside of the Seychelles. In this context it is very important to note that if these players are brought to the Seychelles the that authorities will need to regulate all the player cash transactions for a junket, and that these transactions must only take place in the casino in the Seychelles. Legislation about junkets and their control also needs to be put in place to ensure transparency in the operations.

"The Seychelles tourism industry is presently

missing a huge opportunity in bringing these high roller players to our country. We already have in place excellent infrastructure with the top quality hotels and resorts where any of these players would feel at home." The casino best positioned to take advantage of a positive change in the Junket legislation is the Club Liberté Casino, which was specifically designed to attract high-end player groups.

CASINOS AND SLOT HALLS

There are five casino licences and seven slot machine licences at the moment in the Seychelles. It is unlikely that these numbers will be increased. The five casinos are:

Gran Kaz Entertainment Centre: located in Victoria, Mahé. The Gran Kaz has two linked operations – a site for 150 slots plus adjoining, a table games operation with blackjack, roulette and poker tables. The casino was opened in 2014 and is mainly pitched to the local Seychelles market, offering low table minimums. The casino's main advantage is its central location.

The Gran Kaz company also operates a slot hall in Bel Ombre in the north of Mahé.

Victoria Casino: This was the oldest casino in Victoria but closed several years ago when the building it occupied was demolished for redevelopment. The owners have now managed to find a suitable site for a new casino in Victoria and plan to reopen by the end of this year. This casino will be targeted at the local market.

Berjaya International Casino: This casino is also in Mahé in the north coast located at the Berjaya Beau Vallon Bay Resort on one of the most renowned beaches on the island. The resort is part of the Berjaya Corporation Group of Companies, which also operates resorts in the UK, Sri Lanka, Malaysia and Philippines. The resort has 232 rooms and suites and is 15 minutes from the airport and five km from the capital Victoria. The casino has a number of table games but no slots as these were closed when the new gaming legislation recently came into force and the Berjaya was unable to make

Essential information and facts about The Seychelles:

Capital	Victoria
Total Area	455sq.km
Population	94,633
Religion	Roman Catholic, Protestant, Christian
Ethnic Groups	Creole, plus French, Indian, Chinese
Languages	Creole, English, French
Currency	Seychellois rupee
Government type	Presidential Republic
Chief of State	President Danny Faure
Head of Government	President Danny Faure
Elections	Due 2021



their slots compliant. Considerable investment will be required to bring the Berjaya Casino up to a standard to attract foreign players.

Club Liberté Casino: is situated adjacent to the luxury Four Seasons Resort in Baie Lazare, in the south of Mahé. It opened in September 2016 and is managed by the British casino operations company, New World Gaming Ltd. This is a boutique casino designed to attract the top end of visitors to the Seychelles and for future junket business from the Gulf States and further when it is permitted. The quality of the building and the décor – “colonial” inspired – would rate this casino amongst the best in the region. The casino consists of an exclusive VIP gaming room with two roulettes and three card tables; the main gaming floor with two roulettes, three card tables, two Texas Hold'em tables and 31 slots. Plus there is semi-private gaming room with one roulette and two card tables. The casino has a lounge bar, sushi bar, the impressive 5 Spices restaurant and live entertainment. The casino is mainly focused on the high end market and not mass market and saw a total of 16,200 visitors in 2018.

Star Casino: is located in the Eden Island Complex, just outside Victoria. The casino was closed for several years and has just reopened its slot operation with 140 slots. The gaming

tables are still shut at the time of this article, but will reopen with 11 tables of roulette and card games. There is also a private poker room with three tables. It is operated by Star Entertainment Ltd. Finally Pallagames Games is operated by Seymau Investments. Pallagames is located in Grande Anse on Praslin. There are 60 slots. The company also operates three gambling halls in Mauritius.

Meanwhile the seven slot halls include Fun Park which is located on La Digue, the third most populated island, and has 28 slots and table games. Grand Kaz Entertainment Centre is the sister slot hall to the casino of the same name and is located in Bel Ombre (near to the Berjaya resort), in the north of Mahé and has 60 slots. The site also boasts a Tanbour Bar and Grill. The oldest and most popular slot hall in the Seychelles is the Amusement Centre, which has been open for the past 24 years and houses 190 slots. It is located in Victoria on Mahé. All of these slot operations tend to target the local Seychelles player.

GAMBLING ACT

The Seychelles Gambling Act 2014 governs the sector whilst the Seychelles Gambling (Fees) Regulation was added in 2018. Licences are granted via the Financial Services Authority that was established in 2013. This is the regulator for non-bank financial services in the Seychelles headed by Chairman Suketu Patel and CEO Steve Fanny.

The Gambling Supervision Section (GSS) of the

FSA was set up in 2015 to administer the Seychelles Gambling Act, which is responsible for the regulation of casino, slot machines, and interactive gambling. In 2017 the FSA received SRs4.6m in gambling fees.

The licence fees are:

- Interactive gambling licence – application fee of SRs50,000 plus annual licence fee of SRs300,000.
- Casino licence – application fee of SRs25,000 plus annual licence fee of SRs1m plus SRs3,500 per casino table over 10 tables and SRs2,500 per slot machine.
- Slot machine licence – application fee of SRs15,000 plus annual licence fee of SRs2,500 per slot machine.

The FSA took over the responsibility of these sectors from the Seychelles Licensing Authority that continues to regulate the lottery and betting sectors.

The licence fees via the SLA are:

- Betting – SRs50,000.
- Coin operated machines – SRs200 per machine.
- Games of chance lottery – SRs200.
- Games of chance – SRs1m.

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