

Cities of echoes

Italy was the first European country to instigate lockdown in the battle to beat the Coronavirus outbreak. It is also one of the countries most severely affected by the pandemic with over 235,000 cases and almost 33,900 deaths as of June 8.

As of writing there were still, on average, 60 new deaths daily and 200 new cases per day compared to 6,000 at its peak in mid to end March (worldometers.info) whilst the region of Lombardy (Milan, Como, Brescia) has been the region hit the hardest.

The country declared a national State of Emergency on January 31 even though it did not adopt any specific measures until a month later.

State of Emergencies are more prevalent in Italy. Over the years they have been introduced after floods, prison riots and earthquakes. It gives the central government the power to intervene directly into the affairs of the sub state administrations which exist throughout the regions or provinces.

The January 31 State of Emergency was different in some ways mainly because of its scope, which covered the entire country, and also the fact it was not because of a crisis which had happened, but because it was anticipating a crisis evolving.

Italy's State of Emergency was introduced a day after the World Health Organisation declared a public health emergency of international scale. And although the number of people officially infected with COVID-19 at that particular time in Italy was still at zero, the government predicted a huge risk.

The government confirmed the country's first cases of the disease at the end of January when the virus was found in two Chinese tourists visiting Italy. Following confirmed cases in Lombardy several municipalities in this region were put into lock down.







The pandemic surged in Italy around mid February and the government adopted a decree-law to enable them to issue measures to help contain and managed the outbreak. A nationwide lockdown was introduced on March 10 and there were prohibitions on those entering or leaving their area, suspension of public, educational and sporting events and suspension of all non essential commercial and public activities. There were fines and prison sentences threatened to those who did not comply. It halted all flights and to and from China. Schools and universities closed plus public spaces plus non-essential businesses and industries.

RE-OPENING

Italy has introduced a more immediate response to re-opening although this has caused some alarm with reports of infractions and large gatherings in the cities and on the beaches.

Italy eased its lockdown restrictions on May 4 and many were allowed to return to work. Meanwhile on May 18 restrictions were lifted further and this permitted the opening of

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accommodation facilities such as hotels and hostels plus the opening of museums, bars, restaurants, pastry shops and ice cream parlours. Beach resorts and commercial activities could resume with social distancing protocols in place.

This was a couple of weeks ahead of an initial re-opening schedule mainly due to Conte's government facing pressure from struggling businesses after two months of closure.

From May 25, the gyms, swimming pools and sports centre could open plus spas and places of worship.

Cinemas, theatres and outdoor spaces could open from June 15 with spaced seats and maximum of 1000 spectators for outdoor shows and 200 for indoor events. Parks and gardens also opened on this date whilst mask use is mandatory in closed spaces.

On June 3 the Italian government lifted restrictions to enable Italians to travel between regions and it also re-opened its borders to tourists to and from the EU, Schengen Agreement states, UK and Northern Ireland, Andorra and Monaco. There's no quarantine required unless tourists arrive from a non-approved country.

Italy is Europe's third largest economy and it relies heavily on export and tourism. Italy's GDP shrank by 5.3 per cent in the first quarter of 2020, compared to the previous quarter. In 2019 annual GDP was \$2 trillion with a 0.3 per cent growth. Annual GDP per capita was \$33,156.

The country has been hit hard by the crisis. Italy's public debt is expected to rise to almost

ITALIAN MARKET GAMBLING TURNOVER

Game	2017	2018
Newslots Machines (AWP)	€25.4bn	€24bn
Comma 7	€140m	€140m
VLT	€23.5bn	€24.5bn
Betting Exchange	€1.13bn	€1.5bn
Bingo	€1.61bn	€1.64bn
Card games	€16.3bn	€19.7bn
Poker Cash	€2.52bn	€2.27bn
Tournaments	€924m	€933m
Lotto	€7.4bn	€8.01bn
Totalisator	€1.52bn	€1.54bn
Horse racing	€553m	€536m
Sports betting	€9.97bn	€10.9bn
Lotterie	€9.11bn	€9.24bn
Virtual games	€1.51bn	€1.74bn
TOTAL	€101.7bn	€106.8bn

The Italian sector was legalised in the 1900s and up until this time it was fairly unregulated and mostly affiliated with Mafia organisations. The National Lottery was set up in 1932 and today SuperEnalotto is the most popular operated by Sisal.

Until 1992 gambling in Italy was reserved mostly for lotteries and football pools. But as the government looked for additional funding a set of new measures were introduced to open up a new gambling market. As the 21st century arrived gambling boomed in Italy and slot machines emerged like Gremlins caught in a rain shower.

Concessions were introduced and VLTs were developed. It is estimated around 17 million gamble in some form in Italy.

The turnover of €110.5bn for 2019 is a 3.5 per cent increase on the 2018 figures of €106.8bn whilst GGR was €19.5bn in 2019 (€18.9bn in 2018). The turnover was divided between €74.1bn (€17.6bn GGR for the landbased gambling and €36.4bn (€1.62bn GGR) for online gambling. The state sees around €8bn in terms of taxation

The majority (around 48 per cent) of gambling revenue is spent on machines – €48.9bn in total divided between €25.4bn on slots and €23.5bn on VLTs – followed by card games (16 per cent) and then sports betting (10 per cent).

In Italy there are currently:

- Over 200 bingo halls.
- 33,450 totalisator points of sale.
- 34 horse racing tracks.
- 2,959 betting shops.
- One sports betting agency.
- 3,127 betting shops.
- 61,700 lotteries points of sale.
- 34,354 Lotto shops.
- 263,300 New Slots.
- 56,967 VLTs.
- 4,979 VLT salons.
- 87,000 Comma 7c machines.

As lockdown began the casinos, gambling halls, bingo halls, betting shops were forced to close and the ADM opted to suspend retail and online lottery sales in Italy on March 21. The only lottery which continued was Eurojackpot held in Finland with 17 other participating countries.

Sales of SuperEnalotto, Eurojackpot, SuperStar, SiVinceTutto and Lotto draws were resumed six weeks later on May 4 and tickets bought prior to the closure were still valid as draws recommenced.

160 per cent of GDP this year whilst economic growth is predicted to drop by more than eight per cent in 2020. The tertiary sector, culture, tourism and catering, have all been knocked to their knees.

Tourism in Italy is responsible for about 12 per cent of GDP. With around 63 million tourists annually it is the fifth most visited country and offers everything from beaches to culture to cuisine to art. Tourism brings in around €189bn per year.

The country is divided into 20 administrative regions. Lombardy in the northwest accounts for around 10 million residents – one sixth of the population and is the region where more than a fifth of Italy's GDP is produced.

Boasting a 60 million population means there is also a big transitory population moving north to south and along the axis from Rome–Firenze–Bologna–Milan. The lockdown saw tourism drop by 95 per cent with €20bn in losses from tourism sector this year.

GAMBLING SECTOR

The Italian gambling industry accounts for around 20 per cent of the world's entire gambling market and has seen rapid growth. In a decade the country's turnover has more than doubled to around €110.5bn in 2019 from €47.5bn back in 2008.

The history of gambling in Italy dates back to the Roman Empire period when dice was played. Baccarat originated in Italy in the 15th century and bingo also has its roots here.

The first gambling establishment to open in Venice in 1638 later became the Casino di Venezia and as such is the oldest casino in the world. Although there are only four casinos operating in Italy other sectors such as the huge and lucrative slots market, sports betting, lottery and bingo are all legal.

The Agenzia Dogane Monopoli (ADM) which is the Agency of Customs and Monopoly, oversees the sectors and is responsible for licensing and collecting duties.

Horse racing meets in Rome and Milan re-opened at the end of May behind closed doors initially.

Meanwhile the Palio of Siena, described as the toughest horse race in the world, has been cancelled this year for the first time since World War II. The bareback race which dates back to the Renaissance era is usually held twice a year in July and August around Siena's mediaeval square. According to officials with social distancing rules it would be impossible to stage.

CASINOS

Under the governmental decree casinos were due to re-open mid June. Protocols have been implemented to provide social distancing plus there are sanitation regulations, thermal imaging cameras, limited gaming stations, plexiglass dividers and distribution of masks and gloves. The date has been set to coincide with gambling halls also re-opening.

There are only four landbased casinos (five locations) licensed in Italy which operate under an ad hoc regulatory regime dating back to the 1930s which gives them special status as licensed gambling houses.

Two years ago Casino di Campione went bankrupt and closed. The casino, near Milan is the largest casino in Italy and was opened in 1917 as a cover for an espionage venue. It is located in the Italian enclave within the Swiss canton of Ticino. The casino closed in 1919 and then reopened in 1933. The building was replaced in 2007 by a huge 55,000sq.m nine floor property which cost around \$160m and houses around 760 slots and 56 table games and can accommodate around 3,100 gamblers at a time.

The timing was terrible. The following year the global recession plunged Italy into financial problems whilst the strengthening of the Swiss franc against the Euro, plus the opening of three Swiss casinos nearby, all took their toll.

A new law permitting slots in bars and cafes plus the rise of online gambling has also had adverse effects on the casino market generally and it finally closed its doors in July 2018.

The casino and the municipality have both suffered and raked up millions in debt. The casino is 100 per cent owned by the municipality and provides employment for around 500 people who live in this tiny 1sq.km territory which is home to around 2,000 inhabitants in total.

In January 2020 the enclave was forced to re-join the Italian economy under an agreement set up four years ago and this has brought several changes with its EU status. With unemployment soaring and government services disrupted the enclave's problems have only been exacerbated by the CV19 pandemic.

Meanwhile Casino Municipale di SanRemo opened in 1905. There are 480 slots and table games. The casino saw around €44.4m in



income last year and employs around 300 people.

Casino de la Valle in Saint Vincent resort has around 500 slots and 100 table games. It officially opened in 1947 and has 3,500sq.m of gaming over two floors.

Casino di Venezia has two locations – the Ca'Noghera and Ca'Vendramin Calergi. The Venice Casino was founded back in 1638 and moved to its current location on the Grand Canal in the 1950s. Meanwhile the Ca'Noghera is Italy's first American style casino and has 4,000 sq.m of gaming space and opened in 1999. Both casinos have 600 slots in each and 20 gaming tables.

It was predicted that if the Venice casino remained closed until the end of May losses would account for €27m.

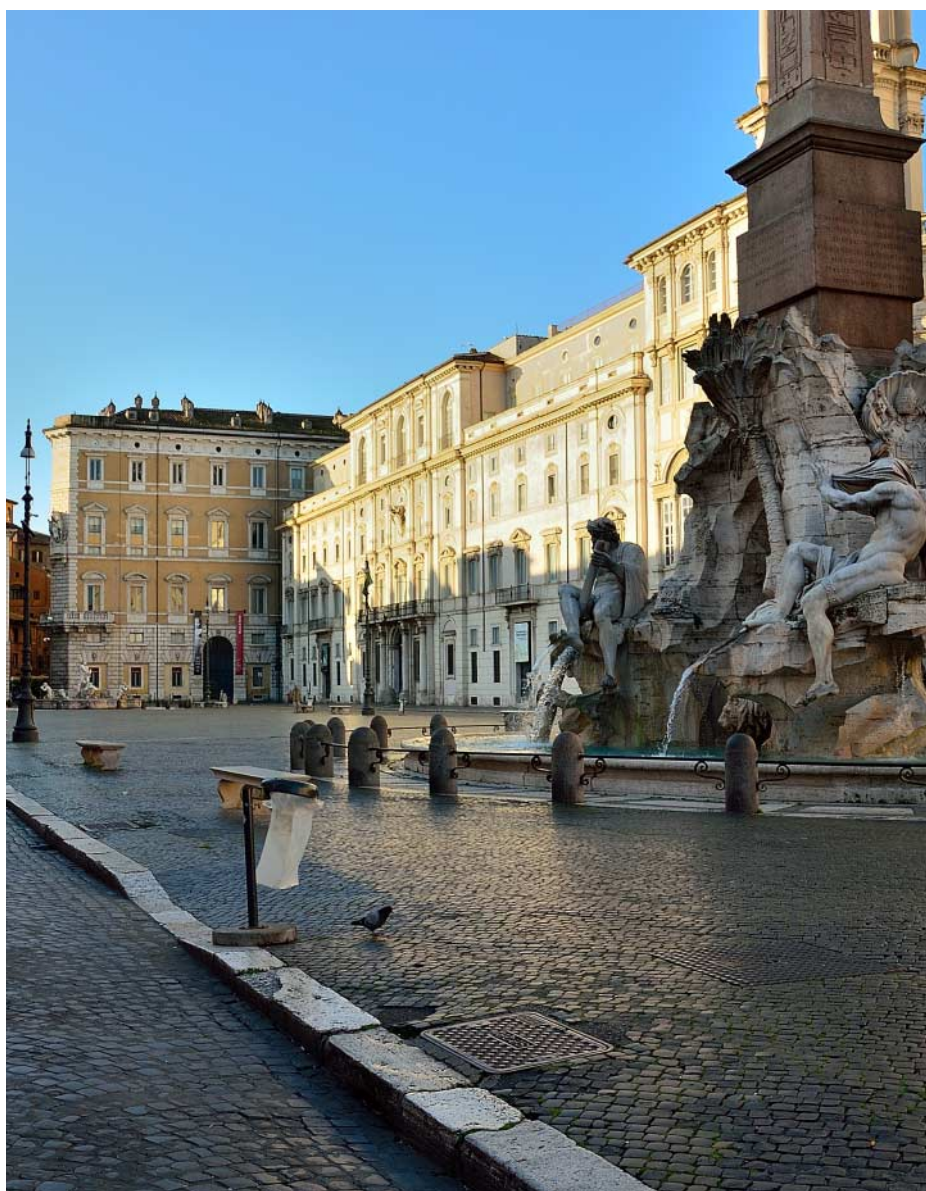
SLOTS & VLTS

Slots are permitted in bars, tobacco shops, shopping malls and gaming parlours. Since 2004 all machines have been connected to a central control system in a bid to control the number of illegal machines in the market.

There are three types of gaming machines available:

Newslots (AWP) machines which offer cash prizes and can be installed in bars, restaurants, cafes, tobacco shops, private clubs and gaming arcades, betting shops or bingo halls. There are around 263,000 of these in operation. Price of play is €1 and they can payout up to €100 in winning.

Comma 7c are skill games (without payment) such as pinball, table football which offer prizes instead of cash.



In 2017 the Stability Law was passed in Italy with the aim of reducing the number of slots in the market by around 30 per cent over a three year period. The number of machines dropped from 400,000 to around 265,000 whilst gaming venues were halved to around 50,000. The removal of the slots from bars was expected by this summer and by summer 2022 for gambling halls, but operators are calling for an extension to the rule giving them two years to comply.

Comma 7a are VLT machines regulated in 2009. These can payout prizes of up to €5,000 with network jackpots of up to €100,000. They can be installed in betting shops, bingo halls and gaming halls with a pre-set ratio of machines per size of venue. There are around 87,000 in the market.

January 2019 saw a few changes for the sector with AWP payouts reduced from 70 to 68 per cent payout on stakes and 85 to 84 per cent for VLTs. Tax rates were increased however and VLTs now pay 6.75 per cent and AWP 18.85 per cent.

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Meanwhile a law to remove slots and VLT machines from bars and tobacconists, less than 300 metres from 'sensitive' locations such as schools, is being met with some resistance. The removal of the slots from bars was expected by this summer and by summer 2022 for gambling halls, but operators are calling for an extension to the rule giving them two years to comply.

The fear is a drastic reduction in turnover and employment. Some bars see 30–35 per cent of their turnover from slots and they are calling for a delay of two years until August 2022, particularly after the pandemic knock on effect.

The date to re-open slot halls is also set for June 12 alongside sports betting and bingo halls. There were calls to bring this forward to June 3 mainly to give them some competition against neighbouring Austria and Slovenia who opened earlier.

SPORTS BETTING

Italian betting activity saw only 10 days of activity in March before lockdown was initiated. The ADM figures saw GGR from online betting in March drop to around €49m a drop of 43 per cent from February figures. The damage is nothing compared to that of the retail sector and the betting shops across Italy saw a total GGR of just €26m in March a drop of 73 per cent.

The ADM has predicted a combined monthly loss of €750m for the industry divided between €450m for the Italian state and €300m for authorised gaming operators. Professional sports including Serie A football is due to be resumed mid June after the games were suspended on March 9 with most teams having 12 games still to play. The matches will be held behind closed doors although a maximum of 300 people can be present with a maximum of 60 per team group.

ONLINE REVENUES DECEMBER 2019

GAME TYPE	SPEND	WINNINGS	TAXES	GGR
Betting exchange	€1.69bn	€1.68bn	€1.83bn	€8.87m
Big	€35,755	€26,411	€3,513	€9,343
Bingo	€153.8m	€119m	€10.8m	€34.8m
Sports Predictions	€757,555	€875,093	€105,314	-€117,537
Eurojackpot	€1.3m	€288,703	€529,012	€1.09m
Skill games	€26.3bn	€25.3bn	€243.9m	€978.1m
Horse racing	€15.4m	€10.3m	€926,350	€5.07m
Instant Lottery	€40.4m	€33.2m	€2.3m	€7.15m
Traditional Lottery	€58,545	-	€24,960	€58,545
Lotto	€119.6m	€89.9m	€12.3m	€29.7m
Play Six	€20,487	€10,775	€3,530	€9,711
Agency horse racing	€75.5m	€62.5m	€2.16m	€13.03m
Fixed Odds Betting	€77.1bn	€6.99bn	€174.1m	€725.6m
Virtual Bets	€214.4m	€184.6m	€6.54m	€29.7m
Superenalotto	€34.3m	€15.8m	€13.7m	€18.5m
V7	€316.50	€5.06	€47.48	€311.44
WinforLife	€3.11m	€1.64m	€725,368	€1.47m
TOTAL	€36.4bn	€34.54bn	€470.4m	€1.85bn

Sports betting also began again on June 12. There are an estimated 1,700 companies involved in this sector employing 6,000 people. According to the ADM it will take six to nine months for any acceptable recovery in terms of revenues.

There was an appeal to the government to lift the advertising ban, even temporarily, to recoup some losses but it was denied.

Meanwhile the Italian government approved a temporary tax on sports betting turnover to help the nation recover from the CV19 crisis. The measure is part of the government's Decreto Rilancio (Re-launch Decree) to help rebuild businesses and industry in Italy.

The decree pledges €55bn in stimulus measures to help rebuild Italy with tourism tax breaks, benefit payouts, temporary residency for foreign workers, bicycle bonus, child care subsidies and tax breaks for certain businesses.

The turnover tax will apply to all sports betting (online, virtual and retail) related business until December 2021 at least and will be a 0.5 per cent tax which is expected to raise €90m.

ONLINE

Italy was the first EU member state to legalise, licence and regulate online gambling in 2006 whilst online casinos were legalised in 2011 through state monopoly concessions. There are more than 200 gambling websites in Italy and the majority of these are online casino websites

The Italian online gambling market grew by over 13 per cent in 2019 to €1.73bn. The biggest earner is the casino and slots online sector with around 48 per cent (€831.4m) of the GGR followed by online sports betting with 42 per cent (€725m).

The main operators include Lottomatica, Pokerstars, Bet 365, Sisal, Eurobet, Snai, Bwin, William Hill, Planetwin365 and Betsson.

In January 2019 an advertising ban came into effect in Italy for the online gambling sector. Entitled the Dignity Decree it was enforced by the advertising and communications regulator AGCOM and means direct and indirect advertising, sponsorship or promotional communications were banned.

So product placement, distribution of branded items and advertorials were all prohibited under the new rules in a bid to protect vulnerable groups such as problem gamblers and minors.

Informative communication is permitted so sporting odds, jackpots, bonuses available and odds on winning a game can be communicated via Italian media sites whilst retail operators can display branding on signage and shop fronts.

The prohibition on sports sponsorship came into effect also in July 2019 and bans operator branding on strips and hoarding. The ban however did not apply to the national lotteries.

The ban came as the industry saw a series of tax increases also introduced from January 2019. Online casino and bingo operators are now taxed at 25 per cent of the GGR (previously 20 per cent) and online fixed odds betting is taxed at 24 per cent GGR (previously 22 per cent).

The new tax hikes were part of the country's budget for 2019 alongside broad spending plans in place until 2021. The aim was to reduce the country's deficit to 2.04 per cent of GDP down from its original target of 2.4 per cent.

The Coronavirus crisis saw an increase in online sports betting in Italy by around 30 per cent. Online gambling for casino and poker activities saw an increase of 33 per cent in March with €120m GGR compared to €90m in February.

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