



Betting on a new casino market

Dr Alan Littler, Kalff Katz & Franssen Attorneys at Law, Amsterdam

The fact that regulatory reform of the gaming market is underway in the Netherlands is no longer news. Reforms to enable the licensing of remote gaming have been well documented and licensing is due to commence in mid-2016. News that both the Minister and State Secretary of Security and Justice resigned from their posts on 9 March 2015 following a deal made by the public prosecution service with a criminal in 2000, a lost receipt and a parliament which felt that it had been misled on the issue, will not prove useful. At the very least these events are likely to delay the reform process in the short-term but the VVD party retains its grasp on the Ministry, and all being well the reform process will not be derailed.

Previously, we have cast a glance at the planned reforms to the land-based casino market in the article “Remote gaming bill enters the parliamentary arena despite negative council of state advice” (Autumn 2014 Issue). Indeed, the plans of the current government to modernise the regulation of gaming consist of three stands. Alongside the remote sector there are plans to privatise Holland Casino and to open up the casino market to competition, and last but certainly not least, introduce a transparent licence allocation process for the semi-permanent lottery licences. This grand design dates from October 2012.

Mutterings surrounding the possible privatisation of the land-based casino monopolist Holland Casino are far from new and pre-date 2012. On 30 January 2015 the Ministry of Security and Justice published a draft bill to amend the current Wet op de kansspelen 1964 (Betting and Gaming Act), proposing that Holland Casino is privatised and that scope for new market entrants is created. In the following

paragraphs key elements of the proposal are highlighted, although worthy of note is that the actual process of privatising Holland Casino is not detailed in the draft bill; this is a matter for the Ministry of Finance and will be dealt with separately.

Holland Casino currently operates fourteen venues, but following privatisation this will be reduced to ten. Two additional venues will be introduced, resulting in sixteen casinos nationwide. Six of these will be available to new market entrants. For the purpose of distributing the venues across the country, the Netherlands will be divided into five regions. Based on a number of factors, such as population and population density, each region will be designated a number of venues. Two regions will each see an additional venue; the Northwest Region, which currently has three casinos spread over Amsterdam, Schiphol (Amsterdam Airport) and Utrecht; and the East Region where the cities of Enschede and Nijmegen presently have a casino each.

Four of the five regions will see the future embodiment of Holland Casino relinquish a current venue; it is unclear as to which region Holland Casino will continue to hold its current full deck. Criteria for determining which venues are to be divested are also unknown. A core idea is that in each region there will be different operators and thus some competition between them.

Licences will be valid for fifteen years, with operators having a two year period in which to commence operations. Reference is made to the fact that the licensing process will be transparent and non-discriminatory, and indications are that the process in question will be an auction. However, for the first round of licences another process may be used as licences for some venues could include legacy requirements regarding Holland Casino’s existing premises and

personnel.

At present Holland Casino offers slot machine gaming and table games, including poker. The explanatory memorandum makes clear that the government does not foresee the Netherlands replicating large scale venues such as those in Las Vegas and Macau. Secondary legislation will detail the size and nature of the future gaming offer, but there is a suggestion that venues could be as large as the larger existing Holland Casino venues. Previously there has been some discussion as to the extent of Holland Casino’s non-casino gaming activities. It would seem that under the new regime operators will have more leeway to provide other services away from the casino floor; hotel and conference facilities, and nightclubs, are provided as examples in the explanatory memorandum.

It seems that the government intends to keep remote casino gaming and land-based casino gaming apart from one another. Only those forms of gaming permitted under the casino regime will be offered in future casinos. Even if the operator also holds a remote gaming licence, remote offers will not be permitted in the land-based venues.

A public consultation on the draft bill closed at the end of March; it will be interesting to gauge the appetite for change, both that which is home-grown and international in nature. Thereafter the hands which the two Ministries play should be revealing.

DR ALAN LITTLER is a gaming lawyer at Kalff Katz & Franssen Attorneys at Law. The practice advises and litigates on behalf of the international gaming sector in the Netherlands
littler@kalffkatzfranssen.nl.