

DKM publishes new report that assesses the economic impact of regulating the Irish casino gaming sector

Tuesday, 7th October 2008: DKM Economic Consultants today published a new report that assesses the economic impact of a regulated Irish casino gaming sector. The report concludes that land-based casinos and the on-line casino gaming sectors have the potential to create in the region of 13,000 new jobs and deliver annual returns to the Exchequer of €280 million by 2020, if the appropriate regulatory and fiscal structures are put in place. The report was commissioned by the Gaming & Leisure Association of Ireland (GLAI) and sponsored by A&L Goodbody Solicitors and Mazars Accountants.

Based on EU averages for a regulated land-based casino sector, the DKM report concludes that if regulated, the sector could, over the next 12 years:

- Employ over 3,000 people
- Generate a total of €50million per annum in revenue to the Exchequer through gaming and corporation tax, PAYE / PRSI contributions and commercial rates

In relation to the on-line Casino Gaming sector, the current value of this industry globally is estimated at €4 billion per annum, growing to €5 - €130 billion by 2015. If Ireland were to succeed in attracting 5% of the global sector, the report estimates an Irish online sector could, over the next 12 years:

- Employ 10,000 people in the IT & Financial Services sectors and also in support professional services such as Legal, Audit & Accountancy, Taxation, Advertising, and other back office roles
- Generate up to €30 million per annum in revenue to the Exchequer, through gaming and corporation tax, commercial rates and PAYE /PRSI contributions

The report indicates that already, a number of leading firms in the on-line sector have established operations in Ireland, including Canadian company Cryptologic.

Discussions with the online industry and a number of Professional Service firms in Dublin indicate that these companies are looking for a stable onshore base with a deep labour pool where they can continue to develop in a secure fiscal and regulatory environment .

Commenting on the findings of the report, the author, Mr. John Lawlor, DKM Economic Consultants said: “As the Government’s own Casino Committee’s report highlighted there is a particular window of opportunity for Ireland at the moment, because the on-line sector is currently largely based in offshore locations that tend to suffer from limitations in terms of IT infrastructure or specialist skill sets. According to the industry sources we have consulted, they would prefer to move onshore to more established and larger jurisdictions, but no such jurisdiction has moved to adequately accommodate them as of yet. This window of opportunity is unlikely to remain open in the long run, however, as strong growth in the sector and straitened economic times make them an attractive target.

Mr David Hickson of the Gaming & Leisure Association of Ireland (GLAI) said: “There has been no previous quantitative examination of the size of the casino gaming sector in Ireland nor the potential for future growth, based on international trends. This report establishes some level of an economic benchmark for the debate on regulation. While the Government’s own report clearly indicates the

need for regulation of the sector in order to tighten current legislation and ensure consumer protection, DKM's report indicates there are also sound economic arguments to be considered.

Joe Kelly, partner in A&L Goodbody and head of the Firm's Gaming and Betting Group, said: "In order to comply with Ireland's obligations under EU law, Ireland needs to bring in modern legislation to deal with developments in the industry, in particular in relation to on-line gambling. It has long been our view that a transparent and fully regulated Irish gaming sector can contribute significantly to the Irish economy, both in terms of job creation and returns for the Exchequer.

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Note to Editor:

The findings of the report and the potential economic contribution of the Irish gaming sector will be discussed by delegates at a two day conference organised by Gambling Compliance which Joe Kelly will chair and which is taking place on Monday 13 and Tuesday 14 October at Clontarf Castle Hotel.

Experts from across the sector will be in attendance and all areas of the gaming, betting and gambling industries will be reviewed over the two days.