Chambre territoriale
des comptes
Nouvelle-Calédonie

# SUMMARY

## Casinos in Noumea

2019 - 2024

*Reviewed by the Territorial Audit Office, 6th of March, 2025*

# Warning

This summary is intended to facilitate the reading and use of the full report from the territorial audit office. Only the full report engages the territorial audit office.

The answers, if expressed, of the administrations, organizations and local bodies concerned are included after the full report.

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A casino is an establishment usually comprising three distinct activities: gaming, entertainment and catering. The legal environment for casinos has long been characterised by a high level of supervision by the public authorities. Historically, gambling establishments were developed in seaside resorts and spas, and more recently in major cities. In New Caledonia, the first casino was opened in 1974. Today, there are two casinos, the Grand Casino and the Casino Royal, both located in Nouméa and run by the same operator, SNC Casino de Nouméa.

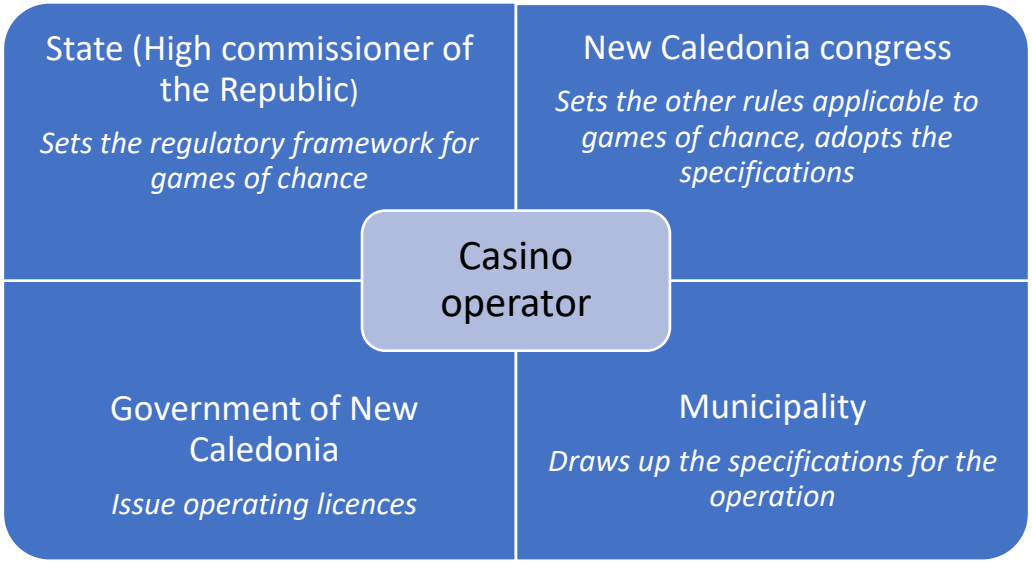
Until now, the casino sector has not been the subject of a specific audit by New Caledonia's territorial audit office. Given the unique legal framework for casinos in New Caledonia and the financial stakes associated with these establishments in a context of deteriorating local public finances, the territorial audit office has included an audit of the Nouméa casinos in its 2024 programme for 2019 and subsequent years, with the aim of reviewing the activity of these establishments, examining the financial situation of their operating company and analysing the direct (particularly financial) or indirect benefits of the presence of casinos.

The audit was initiated simultaneously in respect of the SNC Casino de Nouméa and the Nouméa municipality, which is a contracting party to the specifications for the operation of the two casinos. It thus corresponds to a coordinated audit as provided for in article R. 262-117-1 of the financial jurisdictions code.

# 1 NEW CALEDONIA HAS SPECIFIC REGULATIONS CONCERNING CASINOS THAT PROVIDE FOR A MUNICIPAL FRAMEWORK, THE ONE DEVELOPPED BY THE TOWN OF NOUMEA HAS NO REAL IMPACT

The regulation of casinos in New Caledonia is characterized by a division of powers between the state and local institutions.

**Diagram 1: Distribution of responsibilities for casino regulation**




*Source: territorial audit office, based on the data collected*

In mainland France, casinos are banned in principle, with exemptions possible for certain municipalities. In New Caledonia, this ban is also in force, but authorizations may be granted in communes with a high level of tourist infrastructure, particularly hotels.

The decree issued by the High commissioner of the Republic on 26 August 2003 currently governs gaming establishments, imposing strict criteria for the authorization and operation of casinos. Authorizations are temporary and must be renewed periodically. Their maximum duration is set at eighteen years, unlike the terms and conditions agreed with the municipality where the casino is located, which may not exceed five years.

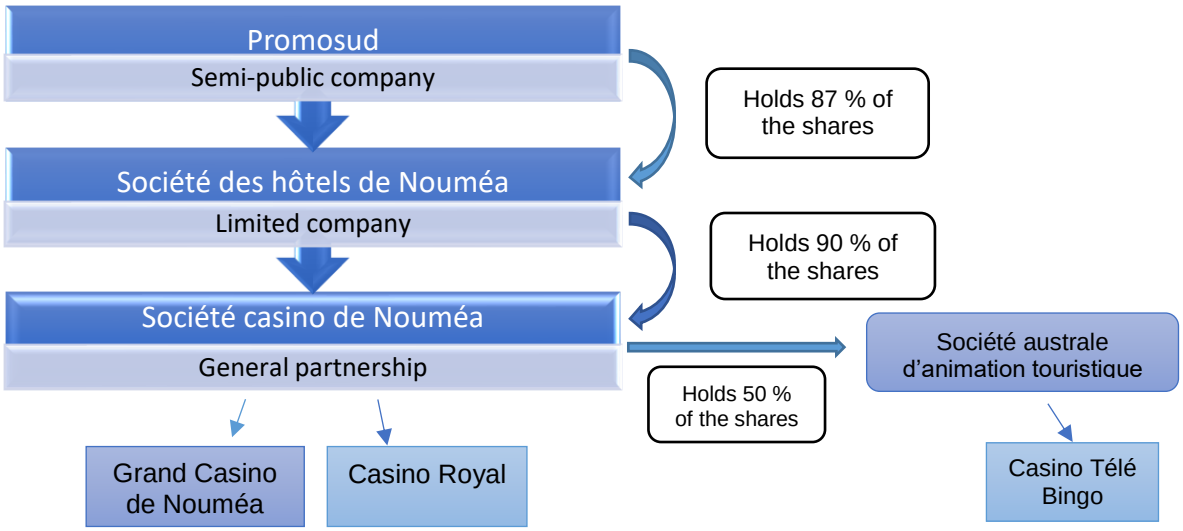
The current specifications for the two casinos in Nouméa have so far been succinct and ineffective, lacking detail on the operators' commitments, particularly in terms of tourism and cultural development. The commune of Nouméa does not rigorously monitor these specifications, which is in contradiction with the regulatory reinforcement of their scope. The territorial audit office recommends that a robust contractual framework be drawn up for the two casinos, including precise commitments and effective monitoring by the municipality. It notes that the new terms and conditions signed in December 2024 for the Grand Casino, drawn up for one year, go in this direction.

According to administrative case law, the specifications relating to the operation of casinos can be analysed as public service delegation agreements. In principle, this would require a competitive tendering process, which has never been the case in New Caledonia. Moreover, the current legal framework is not conducive to such a procedure due to the very limited duration of the specifications, which makes the classification as a public service delegation ineffective. In the Chamber's view, the legal framework should be changed.

# 2 THE CASINO DE NOUMÉA COMPANY, A SUBSIDIARY OF THE SOCIÉTÉ DES HÔTELS DE NOUMÉA, MANAGES BOTH CASINOS CENTRALLY

Casino de Nouméa was incorporated in January 1995 when the Casino Royal was taken over. It is controlled by Société des Hôtels de Nouméa, itself a subsidiary of PromoSud, the South province's semi-public company. Its status as a general partnership implies a high degree of responsibility and solidarity on the part of the partners.

**Organisation chart: Casino de Nouméa and its group**




*Source: territorial audit office, based on the data collected*

The statutory framework and the distribution of share capital have remained relatively stable. Société des hôtels de Nouméa holds almost 90% of the shares, alongside two minority shareholders, and thus has a dominant role in decision-making.

On the whole, governance is satisfactory. The manager has extensive powers, and the partners regularly express their opinions either at general meetings or through written consultations. However, the territorial audit office notes that the deadline for providing information prior to the general meeting is not always met, and it therefore urges the company to ensure that this is the case. In addition, the current management structure, in the form of co-management, seems fragile given the text of the articles of association, which does not provide for this possibility.

The Casino de Nouméa company provides centralized management of the two casinos through cross-functional strategic objectives, a common management team and the pooling of support functions.

The real estate of the two casinos is well-managed, with the Société du Casino de Nouméa owning the premises of the Casino Royal and leasing those of the Grand Casino from a real estate company affiliated with the mixed-economy company PromoSud. The renovation of the Casino Royal has been considered for several years but, to date, despite various studies conducted, it has not resulted in the presentation of a project at the general assembly, which was nevertheless announced for 2022.

# 3 A HIGHLY REGULATED GAMING ACTIVITY, WITH GROWTH DRIVEN BY SLOT MACHINES; ACTIONS ARE IMPLEMENTED TO COMBAT GAMING ADDICTION

Casinos are subject to strict regulation, with oversight by the gaming police and the tax authorities. The gaming police ensure the surveillance of gaming equipment, compliance with regulations, and adherence to tax and security obligations. They monitor the daily activities of casinos.

Casino activities include gaming, dining, and entertainment. Gaming is the predominant activity. It is divided between slot machines and table games, including electronic games. The regulation allows a specific number of slot machines per installed gaming table. The gross revenue from games fluctuates but shows a positive trend, with a notable increase in 2023, during which it reached 5.26 billion CFP francs. Slot machines alone account for nearly 90 % of the casinos' gross gaming revenue.

**Table 1: Gross gaming revenue (in million F CFP)**

| *Exercices* | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|---|---|---|---|---|---|
| Slot machines | 4 002,2 | 3 489,4 | 3 749,1 | 3 628,4 | 4 721,6 | 4 113,9 |
| *Change n/n-1* | - | *- 12,8 %* | *+ 7,4 %* | *- 3,2 %* | *+ 30,1 %* | *- 12,9 %* |
| Table games | 554,6 | 476,5 | 496,5 | 405,7 | 539,2 | 518,1 |
| *Change n/n-1* | - | *- 14,1 %* | *+ 4,2 %* | *- 18,3 %* | *+ 32,9 %* | *- 3,9 %* |
| ***Total*** | **4 556,8** | **3 965,9** | **4 245,6** | **4 034,1** | **5 260,8** | **4 632,0** |
| ***Change n/n-1*** | - | ***- 13,0 %*** | ***+ 7,1 %*** | ***- 5,0 %*** | ***+ 30,4 %*** | ***- 12,0 %*** |

*Source : territorial audit office based on the company's accounts*

The restaurant business is structurally loss-making, although efforts are being made to improve results. Investments have been made to diversify the restaurant offering, with the introduction of the "Chef's Residence" concept at the Grand Casino. The entertainment and shows business is expanding. It is included in the catering business.

Casino attendance, which had been impacted by the health crisis, showed a very favourable trend in 2023-2024, but declined following the public order disturbances in Nouméa metropolitan area. It is analysed in particular via entries (all persons passing through the casinos) and traffic (players on the machines). The casinos operate a "*full cashless*" system, requiring the use of magnetic cards to play on the machines. This makes it possible to carry out a rational analysis of attendance and gaming levels. However, there is still room for improvement in the attendance data, as the information on table games is incomplete.

The Casino de Nouméa has introduced measures to combat gambling addiction, drawing on provisions in mainland France while adapting these measures to specific local circumstances as part of a 'responsible gambling' programme. The programme has three pillars: player prevention (self-protection and self-exclusion measures), communication (raising awareness among the general public) and support (identifying and monitoring high-risk behaviour). The results are encouraging, but the prevention and support strand needs to be fully implemented to better identify pathological gamblers.

# 4 A FAVOURABLE FINANCIAL SITUATION FOR THE CASINO DE NOUMÉA, A SIGNIFICANT CONTRIBUTION TO LOCAL AUTHORITY TAX REVENUES

The accounting practices are rigorous, with certification by auditors and approval of results by the general assembly.

The financial situation of the Société du Casino de Nouméa has seen a favourable evolution between 2019 and 2023. Expenses are well-controlled, primarily consisting of taxes and personnel costs. Financial indicators are positively oriented: the self-financing capacity increased by 44% between 2019 and 2023, reaching 1.18 billion CFP francs in 2023. These good results are mainly explained by the volume of play on slot machines—that is, the total amount of bets—whose revenues represented on average 83 % of the company's turnover. These results are even more remarkable given the rate of redistribution in favour of customers, with the Société du Casino de Nouméa showing a rate higher than that set by regulation.

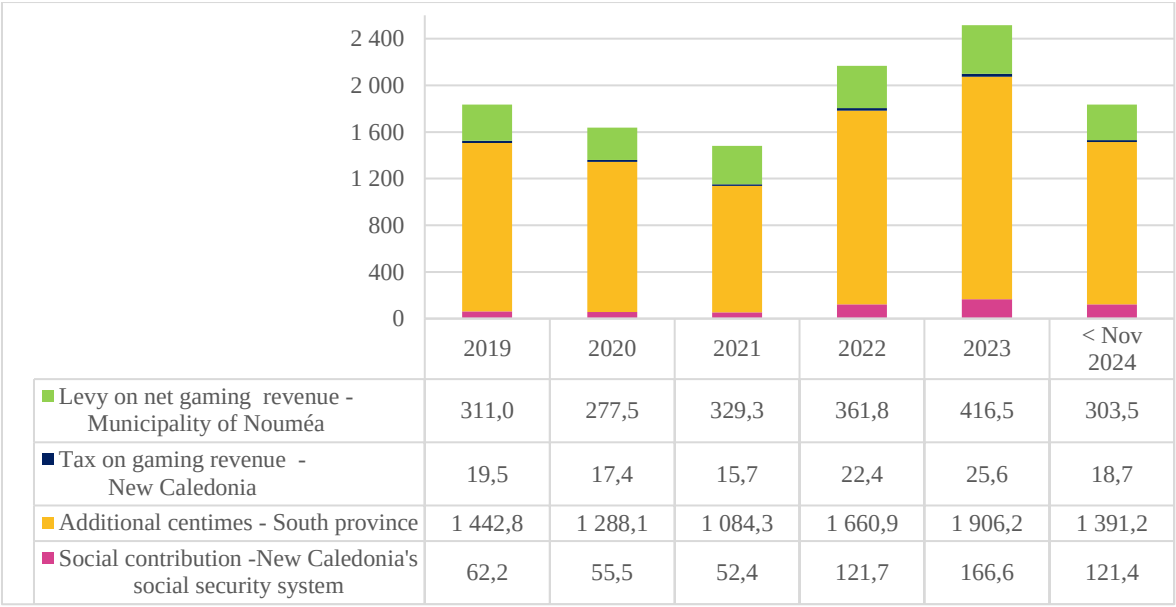
The result of the fiscal year ended on September 30, 2024, amounting to 756.2 million CFP francs, although lower compared to the previous year, is higher than that of the fiscal year ended in 2019 (644.1 million CFP francs).

The net cash position is significantly in surplus, exceeding one billion francs for the fiscal years ended in 2022 and 2023. However, it is impacted by the monthly payment of taxes on games and the distribution of results to partners. Indeed, the company distributes its entire profit to its partners in proportion to their shareholdings. The primary beneficiary, the Société des Hôtels de Nouméa, thus received 3.14 billion CFP francs between 2019 and 2023.

As a direct consequence, the company has resorted to various loans, primarily state-guaranteed loans totalling 1 billion CFP francs between 2020 and 2021 to cover its structural costs during the health crisis. Other loans taken out have partly financed its investments. In this regard, the company's investment policy has not met its objectives between 2019 and 2024, with the actual amount of investments averaging 59 % of the allocated budget. At the close of the 2023 fiscal year, debt is managed with a low financial leverage ratio of 18.6 %, indicating room for manoeuvre to raise new capital. The chamber recommends that the company develop a multi-year investment program and ensure its follow-up to improve the planning of its investments."

The two casinos make a very significant contribution to the local authorities' tax revenues. Taxes on gaming products, after a significant drop in 2020-2021 during the health crisis, reached 2.5 billion CFP in 2023. The year 2024 was marked by public disturbances from May onwards, with taxes returning to the 2019 level (1.84 billion CFP), whereas the first few months of the year showed an upward trend. The main beneficiary of gaming taxes is the South province, for which the additional centimes represented a cumulative total of 8.8 billion CFP between 2019 and 2024, while taxes for the Nouméa municipality via the levy on net gaming revenue amounted to 2 billion CFP.

**Graph 1: Amount of taxes by type and calendar year (in F CFP million)**




| | 2019 | 2020 | 2021 | 2022 | 2023 | < Nov 2024 |
|---|---|---|---|---|---|---|
| Levy on net gaming revenue - Municipality of Nouméa | 311,0 | 277,5 | 329,3 | 361,8 | 416,5 | 303,5 |
| Tax on gaming revenue - New Caledonia | 19,5 | 17,4 | 15,7 | 22,4 | 25,6 | 18,7 |
| Additional centimes - South province | 1 442,8 | 1 288,1 | 1 084,3 | 1 660,9 | 1 906,2 | 1 391,2 |
| Social contribution -New Caledonia's social security system | 62,2 | 55,5 | 52,4 | 121,7 | 166,6 | 121,4 |

*Source : territorial audit office, based on the detailed summary provided by the company.*

On the other hand, it is difficult to assess the indirect benefits of the casinos, particularly in terms of tourism.

At the end of its audit, the territorial audit office made three performance recommendations to the Casino de Nouméa general partnership and one to the municipality of Nouméa.

*1 (Nouméa municipality): In conjunction with the Casino de Nouméa company, define a more ambitious contractual framework for the operation of each of the two casinos, including a definition of the company's commitments in terms of tourism development and cultural and artistic events, as well as the terms and conditions of the municipality's control, together with indicators to ensure monitoring (deadline: end 2025).*

*2 (SNC Casino de Nouméa): Include in the company's articles of association the possibility of appointing one or more managers (deadline: end 2025).*

*3 (SNC Casino de Nouméa): Carry out the studies for the Casino Royal renovation project and present the project to the general meeting for approval (deadline: 2026).*

*4 (SNC Casino de Nouméa): Draw up a multi-year investment programme and monitor it (deadline: 2025).*

## PRESS RELEASE

# In its audit of the Nouméa casinos, the territorial audit office noted the significant contribution made by these establishments to local authorities' tax revenues thank to the dynamics of the gaming business and the need for a more ambitious contractual framework.

**Gaming activity is governed by a specific legal framework, with terms and conditions signed with the Nouméa municipality to be consolidated**

The municipality of Nouméa has two casinos, the Grand Casino and the Casino Royal, which are owned by the general partnership Casino de Nouméa, a subsidiary of the Nouméa hotels company. The operation of casinos in New Caledonia is governed by a specific legal framework in which powers are shared between the State and local institutions.

The specifications agreed with the municipality of Nouméa for the two casinos have so far been very brief, with no real commitments on the part of the operating company and no follow-up by the municipality. The territorial audit office, which noted a favourable trend during its audit, recommended that a more ambitious contractual framework be defined. It notes, however, that the limited five-year duration of the specifications means that in practice the qualification of public service delegation recognised by case law is ineffective.

**Gaming activity, driven by slot machines is dynamic and considers the problem of gambling addiction**

After the period of the health crisis that impacted casino operations, gaming activity experienced a strong revival during the 2022-2023 financial year. Gross gaming revenue reached 5.2 billion CFP. It fell by 12 % at the end of the 2023-2024 financial year, which was marked by public order disturbances, but remained higher than before the health crisis. Slot machines, which have a redistribution rate to players of over 90 %, account for most of this.

Casino de Nouméa has developed an action plan to combat gambling addiction. The territorial audit office invites the company to continue implementing this program.

**Casino de Nouméa is in a favourable financial position and makes a significant contribution to local government tax revenues**

Casino de Nouméa is in a favourable financial position, as it redistributes all of its profits to its partners, the most important of which is the Société des Hôtels de Nouméa. However, there is room for improvement in investment management. The territorial audit office recommends that a multi-annual programme be drawn up, which should include the current discussions on casino property.

Casinos make a significant contribution, via various gaming levies, to the tax revenues of local authorities and social bodies. These levies amounted to more than 11 billion CFP between 2019 and 2024. The indirect impact of casinos, particularly on tourism, is difficult to assess.

*Read our full report*