



Western Cape-based empowerment investment group Grand Parade Investments Limited (GPI), which holds significant stakes in tourism, leisure and gaming interests across South Africa, listed on the JSE on 6 June.

GPI LISTS ON JSE



GPI, which was launched in 1997 with the backing mainly of thousands of community investors, has rapidly grown into a substantial player in the South African tourism, leisure and gaming industry. The empowerment partner in the successful SunWest application for the Cape Metropole casino licence in 1999, it now holds a 26.41% stake in SunWest, which owns South Africa's most successful casino, the GrandWest Casino & Entertainment World, the luxury Table Bay Hotel in the Victoria & Alfred Waterfront, and a stake in the world-class Cape Town International Convention Centre.

GPI also owns interests in limited payout machine operations in the Western Cape, the Free State and KwaZulu Natal through Thuo Gaming, a 36.7% shareholding in the Golden Valley Casino in Worcester, and through the recent acquisition of a

30.6% stake in Real Africa Holdings it now has interests in the Boardwalk Casino & Entertainment World in Port Elizabeth, the Sibaya Casino & Entertainment Kingdom north of Durban, and the Carnival City Casino & Entertainment World outside Brakpan. The Real Africa Holdings deal also increases GPI's stake in SunWest.

GPI also recently acquired 50% of Akhona, a KZN company with interests that include 20% of KZN-based LPM operator Kingdom Slots and 6% of Dolcoast, which in turn holds 22% in Afrisun KZN. This investment gives GPI the opportunity to expand into the KZN gaming market.

"The JSE's approval of GPI's listing application is the culmination of almost two years of work," says GPI chairman Hassen Adams. "We are elated to have cleared this final hurdle, which will open up new

vistas for GPI and ultimately create further wealth for its shareholders, many of whom have been fiercely loyal to GPI for a decade now."

For Adams, the listing will be a major step forward in GPI's plans to become a major player in the tourism, leisure and gaming industry in both South Africa and the rest of the African continent.

"GPI is now outgrowing its roots as a Western Cape-based community empowerment initiative, as evidenced by its JSE listing in June. It will continue to further black economic empowerment in a genuinely meaningful way, by being as inclusive as possible and offering a platform for ordinary people to enter the corporate environment in an equitable manner, but will do so as a national - and eventually international - company that is open to all."

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Queenstown Casino

Officials from the Lukhanji and Chris Hani district municipalities, local business people and over 200 locals attended the official opening of the R140-million Queens Casino and Hotel in mid-June. The casino and 32-roomed hotel, which also includes conference facilities, constitute a major source of development investment in the Queenstown area.

The area offers opportunities in adventure tourism, a wide range of quality accommodation and abundant wildlife - all set against the backdrop of the great Hangklip mountain range.

This is the fourth casino in the province.

Kuruman Casino

August is the scheduled opening date of Leitlo Resort & Entertainment World. It will be managed and operated by Kgalagadi Casino Resort.

Land claim issue in Mthatha

Peermont Global Mthatha (Pty) Ltd are awaiting the settlement of a Land Claims issue before they can proceed further with their development.

Have you got any interesting news snippets about your casino? Please submit any information and picture material you may have to: Charl Faurie

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KERRY CAPSTICK-DALE

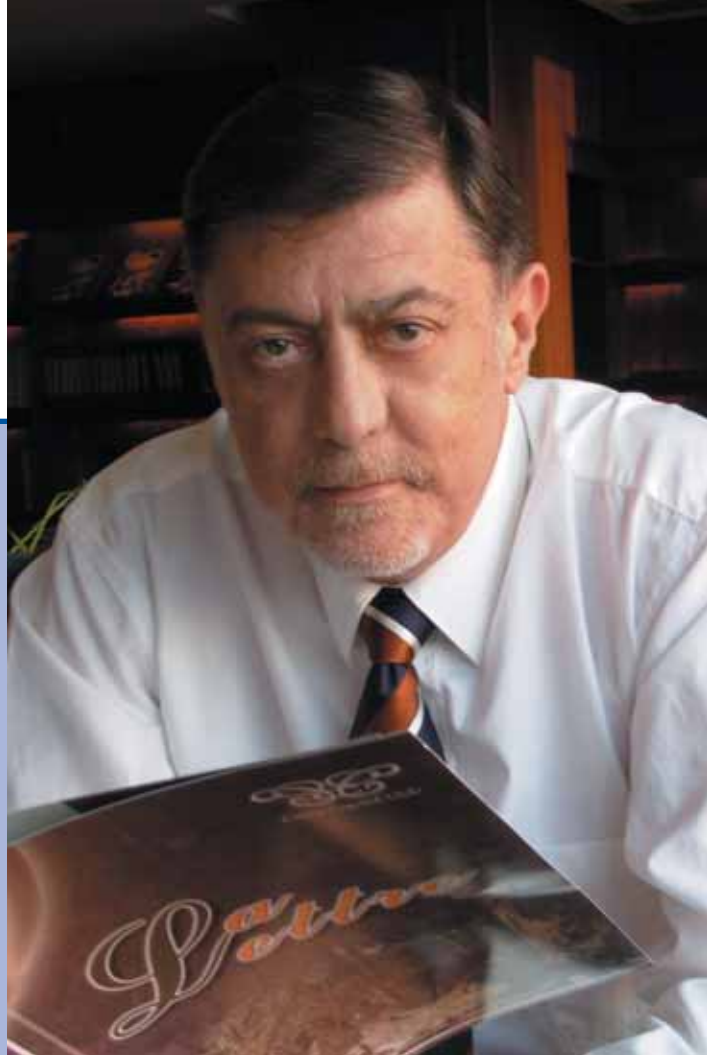
1958 – 2008

Kerry Capstick-Dale, who has died in Cape Town, was the strategic brain behind much of the casino industry's success in establishing its reputation as a reputable and responsible corporate citizen. As joint managing director of Corporate Image, he provided much of the guidance which enabled its distinguished array of clients – including the Casino Association of South Africa, Sun International and the National Responsible Gambling Programme – to establish themselves after the legalisation of South Africa's gambling sector in the mid-1990s.

Kerry's flare for marketing, his unmatched knowledge of the dynamics of public policy and his extraordinary interpersonal skills made him an invaluable advisor at a time when the industry was still in its infancy. Whether coordinating submissions to parliamentary hearings or managing media crises, his was always a reliable, professional and competent guide. A measure of his success was the trust in which he was held by both gambling providers and government regulators, by journalists and by casino bosses.

It was a mark of his professionalism that he never allowed himself to become the focus of his activities, always allowing others to take the credit for the work he had done and remaining in the background while his clients basked in the success that he had created for them.

Kerry had few clients who did not become personal friends. His unique capacity to make and nurture loyal friendships was clear at this funeral, which was attended by captains of industry, servants of his beloved Cape Town Club, representatives of the military and clergymen of the Anglican Church which was so dear to him.



At this funeral, his close friend and colleague Professor Peter Collins – the executive director of the National Responsible Gambling Programme and Professor of Gambling Studies at Salford University – spoke of his role in assembling the team of academics who today advise governments around the world on gambling policy and form the nucleus of the NRGPs research programme.

"It is absolutely typical of the relationship of deep mutual affection that Kerry developed with those he worked most closely with and for, that all these people have reacted to the news of Kerry's death not primarily as to the loss of a close colleague but as to the loss of a very dear friend," said Professor Collins in his eulogy.

Kerry's invaluable advice and guidance will be sorely missed by not only the Casino Association of South Africa, but by the many treasured friends he had throughout the international gambling fraternity.



Casino Association of South Africa

news LETTER

JULY 2008 | ISSUE ELEVEN



SUN INTERNATIONAL'S MAJOR CHILE PROJECT ON TRACK TO OPEN IN OCTOBER

The May roof-wetting of Sun International's latest project, the Monticello Grand Casino and Entertainment World complex outside Chile's capital, Santiago, brought the development one critical step closer to completion.

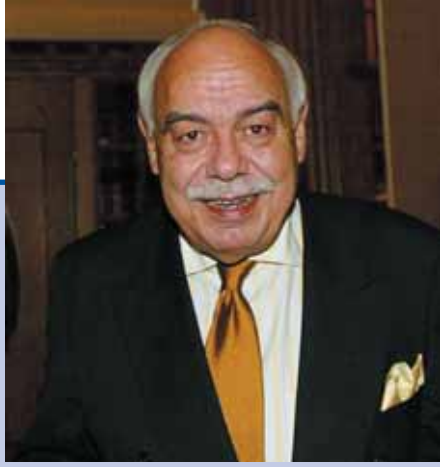
The \$200-million, 66,300m² complex being developed by Sun International - which will also operate the property - is believed to be the largest single private investment ever in the Chilean leisure industry. Situated about 57km south of Santiago, the development is located in a region noted for its natural beauty, ranging from valleys of vineyards and orchards to historic Chilean towns.

The development is consuming 15,427m³ of concrete every day, with 1,831 tonnes of steel already used. 70 tonnes for the roof has arrived on site. To date, 224,000m³ of earth has been excavated. "Along with our partners Novomatic and IGGR, we have assembled a top international professional team to put together this exciting project, which we believe will become a very important asset to the Chilean economy. The investment in Mostazal is a tangible demonstration of Sun International's confidence in this country's exciting economic prospects, as well as its rich gaming, leisure and tourism industry potential," says Sun International CE David Coumts-Trotter.



The development will boast 1,500 slot machines, 80 tables and 300 bingo positions, a 155-key upmarket hotel, a 1,800-capacity conference facility which will be Chile's largest, a retail mall, family entertainment and a wide variety of vibrant bar and restaurant outlets, sports facilities, an amphitheatre for live entertainment, and a luxury spa and wellness centre. It is estimated that over 500 000 people will visit Monticello Grand Casino and Entertainment World every month.

"The roof-wetting was an important symbolic milestone for the Monticello Grand Casino and Entertainment World shareholders and project team. We are now in the home stretch of completing what is South America's largest casino and entertainment destination."



THE "HENRY VIII BILL"

"Fraught" National Gambling Amendment Bill Approved by Parly

In the CE's column of the December edition of CASA News, I noted the relief with which we had greeted the fact that the-then proposed National Gambling Amendment Bill – which sets out a legislative framework for the regulation of interactive gambling – would not be passed by Parliament and the NCOP. We were heartened by the fact that enough of our public representatives – particularly the NCOP – had recognised the dangers of steamrolling the proposed legislation through without serious further consideration.

It seems as if our public representatives didn't quite absorb the fact that consultation and review means precisely that – listening to experts, hearing concerns, relooking at drafts and then making the kind of changes required to ensure effective legislation.

CASA's submission expressed the view that the draft Bill fell short in many respects, notably clarity on the issues of taxation, the levelling of playing fields and international considerations, such as South Africa's commitments to treaties and conventions, notably the World Trade Organisation. Other issues requiring clarity included the establishment of guarantees to cover debts to players and the fiscus, equal access to communication platforms, duplication of inspections, personal licences and the role of interactive intermediaries.

On May 16, the National Assembly voted unanimously to accept the National Gambling Amendment Bill, which now amends the National Gambling Act of 2004. Alarmingly, not nearly enough has been addressed in the version passed by Parliament, which is a grave disappointment and fraught with unintended consequences. The Bill – rubber-stamped by Parliament with what can only be termed "undue haste" - will now go to the President for signature.

It goes without saying that CASA is supportive of the principle of legislation and proper regulation of interactive gambling, but such legislation should have been thought through far more carefully, and submissions made studied in greater depth. That is the point of submissions.

The good news is that the issue of taxation has been – at least we hope – addressed in that the issue of taxation has been stripped out of the Bill and will now be drafted as a separate Tax Bill. In this, the dti, the Portfolio Committee and the NCOP were in agreement, as was current legislation. The Bill dealing with taxation, we are led to believe, is currently being drafted and will be made available for comment in the not too distant future. We will make sure that CASA makes its input to this critical issue as soon as the draft becomes available. The workability and success of the interactive gambling industry is dependent on the level of taxation implemented: too high and it will scare off operators; too low and it isn't worth the trouble for the fiscus.

The fact that a separate Bill on taxation will now have to be drafted, commented upon and reviewed does seem to suggest that the Amendment will in any event not be implemented for at least a year, perhaps even 18 months.

Now the bad news: in the first instance, the new Bill excludes the principle of a level playing field; no consideration is made for land-based casinos, who have made significant investments, over those with a small office and a server.

Secondly, and perhaps most importantly, the Minister has been given far too much power to draft regulations, in fact so much so that it was the Western Cape Gambling and Racing Board's opinion that it could be held to be unconstitutional if challenged. As part of their submission, the WCGRB called it "The Henry VIII Clause" a reference in history to the conferring of unacceptably wide powers on a single political functionary.

The implications for the casino industry *per se* are not dire. However, what the process does suggest is that consultation on draft legislation does not attract the kind of scrutiny and respect it should. There is no good reason why submissions made by CASA and other bodies should not have been taken more seriously, particularly when our international trade reputation is at stake. There is no question that the consultation process was inadequate, and with an eye on future lawmaking, this just isn't good enough to inspire confidence.

Mississippi looks at changes to casino laws

The State of Mississippi is currently debating whether to reward casinos for major investments by way of tax incentives. On a 36-16 vote, the Senate passed a Bill that would include casino companies in a current tourism incentive program.



In 2000, the State of Mississippi implemented the tax incentive programme to boost tourism. It allows companies to recover up to 30% of their costs for attractions through project-generated sales tax. Casinos were not initially included in this legislation, but are now being considered for inclusion. Under the Bill, a company can receive the incentive if it makes at least a \$10 million investment for projects such as theme parks and museums. A more substantial investment would be required for other projects, including hotels.

The Mississippi Gaming Commission already has rules requiring new casinos to invest in land-based projects of equal value as their gambling houses. There's currently no tax break for casinos in

Mississippi law. Those who support the Bill say the legislation will encourage the development of tourist attractions in Mississippi. They also maintain, correctly, that many people go to casinos to eat at restaurants and to shop at stores, with many not gambling at all.

Mississippi has 29 State-regulated casinos. The Mississippi Band of Choctaw Indians also operates two casinos, but they are not regulated by the State and would not be affected by any amendment to the legislation.

Since Hurricane Katrina in 2005, 11 casinos have reopened out of the 13 that were there before the storm.

Source: AP online

NEW FICA BILL RAISES ISSUES OF PRIVACY AND DELEGATED POWERS

Parliament has now passed a more stringent version of FICA (Financial Intelligence Centre Act), which will give the Finance Intelligence Centre more effective and wider powers to deal specifically with money-laundering. At the time of publication, the Bill was set to go to the National Council of Provinces.

CASA objected strongly to the Bill on the basis that a delegation of a supervisory body's powers to any "suitable person" was too broad, and too vague. CASA also questioned whether the powers should be delegated at all.

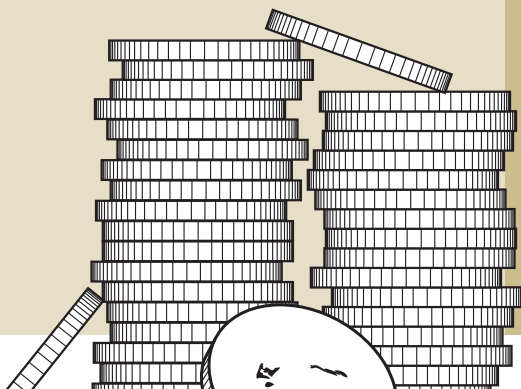
Other objectors included the Life Offices Association, who also said that the powers given to the FIC were too broad and needed to be described in detail, as well as the Independent Regulatory Board of Auditors.

In reviewing the new Bill, the most problematic section is that which allows supervisory bodies to issue directives demanding financial information. The issue of course is one of privacy and confidentiality between institutions and clients.

The National Treasury defended the Bill, arguing that customers' or clients' rights to privacy or to protection, or to self-incrimination, were "not relevant" to money-laundering compliance inspections. The Finance Ministry and the FIC also argued that the new Bill was designed to "close regulatory gaps, effect improvements to certain provisions and provide for increased enforcement for the FIC and other supervisory bodies". Both maintained that keeping track of new and increasingly complicated and sophisticated money-laundering made the Bill necessary.

This does not only apply to the casino industry, but also to banks, insurance companies, accounting and auditing professional bodies – in fact any company, organisation, institution or individual who could receive or be in the possession of financial information that could come under scrutiny.

Non-compliance with directives issued would come with heavy fines or even criminal charges.



KEY FACTS

MONTICELLO GRAND CASINO AND ENTERTAINMENT WORLD

Total Investment

US\$200-million

Gaming

Upmarket Salon Privé and lounge,
1 500 slot machines, 80 tables and
300 bingo positions in total.

Design Concept

The Grand Casino Monticello makes a dramatic statement in respect of architectural design and theming, one that reflects both Chile's heritage and its contemporary aspirations.

Site Location

57kms south of Santiago.

Accommodation

155 key upmarket hotel.

Conferencing

1800 capacity international
convention centre.

Other Amenities

Retail; artisan mall; family
entertainment and a wide variety of
vibrant bar and restaurant outlets;
sports facilities; amphitheatre for live
entertainment; luxury spa and
wellness centre.

Additional Facilities

Business centre, tourism information
centre.

Projected Footfall

In excess of 500 000 per month.

Parking

Capacity for 1 700 vehicles, plus a
dedicated bus terminus/zone on the
property.

Public Safety

As with all Sun International-managed
properties, the resort will place the
highest priority on public safety
measures, including a full coverage
CCTV surveillance network, physical
security, and emergency services in
respect of medical care.

WORRYING CONSUMER PROTECTION BILL UNDER CONSIDERATION

The National Consumer Protection Bill [B19-2008] is currently under scrutiny by the NCOP's Select Committee on Economic and Foreign Affairs. The Select Committee has sent the Bill to the Provinces, which each held Public Hearings to gauge response to the Bill.

The aim of the Bill is to promote a fair, accessible and sustainable marketplace for consumer products and services. To do that, the Bill seeks to establish national norms and standards relating to consumer protection, to provide for improved standards of consumer information, to prohibit certain unfair marketing and business practices and to provide for related incidental matters. On the face of it, these are worthy aims.

However, the devil is in the detail. Like with many draft Bills, there are unintended consequences should this particular Bill pass in its current form, some of them very serious for our industry. In this case, practical application and the practicability of compliance simply haven't been thought through sufficiently. There have been a number of objections to the draft, not only from CASA, but from the retail industry as a whole, to name but one.

As it stands, the draft Bill has a number of considerations that would adversely affect all in the gambling industry, especially Sections 26 and 36.

Section 26 has provisions especially problematic in that it stipulates that the supplier of goods or services must provide a written record of each transaction to the consumer to whom the goods and services are supplied. The difficulty with this provision is obvious: it lies with casino games and the processing of points and

rewards for customer loyalty programme members. The nature of table games and slot machine games is such that each game, or transaction, cannot practically be processed to furnish the information as foreseen in terms of Section 26. The same applies with respect to the earning and redemption of loyalty programme points. Points are earned as a direct function of play and the same practical hurdles apply.

Section 36 too has provisions which present serious issues for the gambling industry. This deals with Promotional Competitions, setting down strict laws and codes, and how to regulate them. This section seeks to repeal section 54 of the Lotteries Act, 1997, which under Regulation 8 of the Regulations Relating to Promotional Competitions, 2003, excludes casinos – and for good reason. This exclusion allowed promotional competitions in casinos to be treated as an activity akin to the other activities on offer at casinos, and therefore distinct from the promotional competitions conducted by other, non-gaming businesses.

The provinces are set to deliver their mandates to the elect Committee in late June, and the committee will then deliver its final mandate to the dti's Portfolio Committee later this year. CASA will keep a careful watch on this particular Bill and will ensure that the industry's concerns are heard and interests protected.