



## EMERALD CASINO RESORT'S HOLISTIC APPROACH TO EMPOWERMENT AND SOCIAL RESPONSIBILITY

It is this realisation that has spawned a wave of corporate social responsibility activities, business taking on a more human face and investing in environmental and people bottom lines.

In South Africa it has been no different and, as business evolves, so do some of the major industries such as gaming. Just over a decade and a half ago, prior to regulation, the casino industry was not dissimilar to the Wild West and its social contribution less than zero. Today, in a formal and regulated market, the gaming industry has contributed significantly to the overall empowerment and upliftment of our people.

Emerald Casino Resort has, during the past decade, focused on a broad based social contribution strategy with its epicentre in the community that it serves. "Our policy has always been to focus outward and into our local communities," says CEO Martin Rice whose enthusiasm for the property's social investment is infectious. "Emerald Casino Resort has contributed to our community in various forms, from sponsoring the local under-13 soccer league through to rebuilding Ebenezer House, a home for abandoned children in Evaton run by pensioner Edith Morake on less than R 400 a month." Rice says that community based initiatives should be the cornerstone of corporate assistance. "It makes a difference to the lives of real people and engages every aspect of a business; from staff participation through to touching the lives of every member of the community."



Until as recently as the Eighties companies the world over simply had one objective, a single minded focus on a net bottom line that clouded every other aspect of doing business. It wasn't until the mid Nineties when business started looking at a different kind of bottom line, at equities outside markets and at the environment and citizens whose lives are affected by the ebb and flow of living in an increasingly globalised world.

Rice says that beyond contributing to the community, the property also encourages enterprise development. "Emerald Casino Resort hosts a permanent craft market, a feature designed into the fabric of our business from the get-go, and a platform where entrepreneurs are able to showcase and retail their goods." He says that this corporate attitude to empowerment incorporates every aspect of policy. "Broad Based Black Economic Empowerment as national policy fits with our vision of empowering South Africans who have not enjoyed economic and social benefits before," says Rice, adding that the Emerald's procurement policies require high contributor status levels from all suppliers. "Presently our scorecard reflects excellent levels of engagement with empowered companies, but," he says, "we continue to strive for greater achievement on this level."

To this end the Emerald Casino Resort has also implemented extensive training and up-skilling programmes internally. "We have a wealth of talent in this country and within our business we believe in developing and nurturing skills, building not only a stronger internal resource but providing colleagues with opportunities to excel within their own universe."

Rice says that the Emerald Casino Resort's holistic approach to empowerment and social responsibility - from community based initiatives through to internal skills development and empowerment - is working and paying handsome dividends internally and externally.



## CE'S COLUMN

# B-BBEE INTEGRAL PART OF BUSINESS PHILOSOPHY

The number of BBBEE deals being concluded has slowed markedly in the last year, mostly because economic conditions make new deals expensive, while many of the older deals have considerably impoverished new shareholders whose shares have lost a substantial amount of value and the repayment of share purchases through dividends alone has become problematic. There are, however, some signs that new deals being devised are using other funding methods which make new shareholders less vulnerable, particularly by using internal funding mechanisms.

The members of CASA, which include all but two of the licensed casino operators in the country, regard B-BBEE as an integral part of their business philosophy, values and operational activities.

B-BBEE, and the philosophies underpinning it, are anything but new to the casino industry. They were consciously developed as one of the cornerstones of the licensing process when casino licence applications were invited and the licences subsequently awarded. Applicants for casino licences were therefore required to place special emphasis on job creation and shareholding (and funding in this respect), skills and enterprise development, corporate social investment, and related requirements. Provision was thus made for all facets of B-BBEE, which subsequently came to be entrenched in the B-BBEE Act and the

Codes of Good Practice, in the casino licensing process.

The casino industry was one of very few industry sectors where a meaningful framework was put in place for the promotion of black economic empowerment. The philosophy and objectives underpinning B-BBEE have been wholeheartedly embraced by all casino operators and were taken up in conditions of licence when these were awarded. The conditions constitute binding and legally enforceable contracts between the relevant boards, as organs of state, and the casino operators. It is therefore a matter of record that the casino industry has been a pioneer in the development of this important policy that has now formally become part of South African economic reality.

More specifically, the casino industry has contributed significantly to B-BBEE by:

- Creating value for BEE groups through shareholding structures and management participation;
- Facilitating favourable repayment schedules for debt. In some instances shareholding was allocated at no cost;
- Creating thousands of direct and indirect job opportunities;
- Ensuring that, on average, more than 80% of all jobs created have been filled by previously disadvantaged individuals;
- Contributing millions of rands to

corporate social investment initiatives including the creation of broad-based community trusts; and,

- Ensuring that skills development and succession planning are given the highest priority.

The casino industry, as a further measure of its serious commitment to B-BBEE has set itself a target to attain a Level 4 rating by 2010 and individual companies, members of CASA, have set protocols to achieve this objective. As a further indication of the progressive implementation of this policy, the members of CASA have undertaken to undergo another full industry audit to verify this achievement by no later than April 2011. CASA is certain that this will be a first for any industry in the country.

The casino industry has demonstrably embraced the philosophies underpinning B-BBEE and, as a pioneer in this field, has every reason to be extremely proud of its achievements. It has already achieved many of the requirements which are now only being made applicable to other sectors of business. It has made it a priority to continuously improve the B-BBEE status of the sector as a whole which indicates clearly that it is serious about B-BBEE.

*David Clumet.*

# BABIES' HOME BENEFITS FROM THE BOARDWALK FOUNTAIN



The AAA Babies' Haven caters for infants from birth to the age of one year. "These children come to us through Childline and Child Welfare," says coordinator Debbie Devoy. "They often arrive malnourished and abused. Some even have foetal alcohol syndrome and are in need of specialised care."

"We asked AAA Baby Haven for a 'wish list' of items that they needed," says Peggy Mokhatla, social equity manager at The Boardwalk. "We then used R7000 collected from The Boardwalk's dolphin fountain between January and March to purchase these items." The 'care package' included baby formula, nappies, blankets and food products.

Miss South Africa, Tatum Keshwar made the handover on 29 April 2009.



**Virgil Michael's casino career started at the Pietermaritzburg-based Golden Horse Casino in 2001, where he started as a Security Officer, was soon promoted to Junior IT Technician, then to Senior Technician and finally to Golden Horses IT Administrator. He is currently working on a BSc Information Technology Management.**

## CASINO LIFE

In 2008 Virgil left the Golden Horse Casino and joined the Garden Route Casino in Mossel Bay as the head of Information Technology.

"The Garden Route Casino offers me a lot of challenges. Working as a manager I now see how individuals are measured and would like to see people grow in conceptual capital, learn to become and work with diversity, embracing it, to grow in their personal and business lives. Working in a diverse team such as IT is

assisting in making steady progress in getting individuals to bring out their best."

"Being a manager is being a leader, one able to motivate, inspire and encourage, finding gaps and closing them so that the business is always ahead of the game. I now know that I have the courage and strength to lead my new team to great heights and hopefully one day, one of them will be able to fill in my shoes when it's time for me to move on to greener pastures."

## From cleaner to slots technician



Zenyano Masilela started her career as a cleaner at Ridge Casino in 2003. She always had a keen interest in the electronic and technical side of the casino industry and decided to start studying towards her N2 certificate, which she obtained in 2006. Zenyano was then offered a position in the technical department.

A year later she was made technical assistant and completed her studies obtaining her N4 certificate in electronics. In December 2007 Zenyano was promoted to slots technician, a position she holds today.



## B-BBEE - CRACKING THE CODES?

It is widely acknowledged that the casino sector of the gambling industry in South Africa has, in many respects, played a pioneering role in the concrete day-to-day implementation of B-BBEE in business in this country. The significant successes achieved to date have been the result of constructive cooperation between casino licensees and provincial regulators, based on an acknowledgement that the policy decision to legalise gambling in South Africa was largely driven by a recognition that the industry could act as a substantial catalyst for the achievement of the national government's objectives in respect of Black Economic Empowerment ("BEE").

The empowerment-related undertakings made by casino licensees preceded the issue of the Codes of Good Practice on B-BBEE ("the Codes"). The result was that although attention was given to the promotion of BEE through the evaluation and licensing processes, different requirements in respect of empowerment applied to different casino operators, depending upon their original bid commitments and the particular requirements of the provincial regulators. In subsequent years, the need for uniformity and consistency of approach in respect of BEE in the gambling industry became increasingly apparent.

It is important to note that provincial legislation pertaining to gambling empowers provincial regulators to impose conditions on the licences issued by them. Traditionally,

therefore, licence conditions became the key to the measurement and enforcement of compliance with BEE-related undertakings.

Subsequent to this, in February 2007, the Codes were issued, in terms of the Broad-based Black Economic Empowerment Act, Act 53 of 2003 ("the Act"). These were later supplemented, also during 2007, by an Interpretive Guide to the Codes issued by the Department of Trade and Industry ("the Guide"). In stressing the need for uniformity of approach towards B-BBEE, the Guide stipulates that the Codes "provide a standard framework for the measurement of broad-based BEE across all sectors of the economy. This means that no industry will be disadvantaged over another when presenting their BEE credentials". It further stipulates that the Codes are intended "to level the playing field for all entities operating within the South African economy by providing clear and comprehensive criteria for the measurement of broad-based BEE".

Against the backdrop of this palpable quest for uniformity, there is the potential for an interesting legal conundrum in the context of B-BBEE in the gambling industry. The holder of a casino licence may find itself required by conditions imposed on its licence by a regulator, to attain, for example, a Level 4 B-BBEE status within a certain period, but also simultaneously to implement B-BBEE-related initiatives over and above the requirements set forth in the Codes. Examples might include a requirement imposed by the regulator that all the licensee's expenditure on preferential procurement should be incurred with local BEE suppliers, or that its expenditure on enterprise development would be recognised on

a basis other than the formula (3% of NPAT) contained in the Codes.

Regulatory requirements in the context of B-BBEE which differ from the performance indicators in the Codes can be expected to pose their own unique challenges. These would arise, in the first instance, in the context of procuring a rating from an accredited B-BBEE verification agency. A rating agency must, by law, apply the formulas set forth in the Codes to rate a measured enterprise. Therefore, such an agency will not, in performing a rating, have regard to compliance with additional requirements which may have been imposed by the regulator. It will not have regard, for example, to the extent to which procurement expenditure has been incurred with local BEE suppliers, but will merely focus on the extent to which the suppliers in question are themselves B-BBEE compliant. Similarly, expenditure on enterprise development will be rated solely on the extent to which it approximates the target of 3% of NPAT. Accordingly, on the basis of compliance with the requirements of the Codes, a casino licensee may be issued with a Level 4 Contributor status, irrespective of whether it has complied with the additional B-BBEE requirements of the regulator. In such a case, where the casino licensee has failed to meet these further requirements, the question which arises is whether the possible suspension, or even the revocation of the licence, on the basis of non-compliance with its conditions, would be a legally appropriate response?

In considering this, it is important to take into account that section 10(a) of

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## Boardwalk gives R10 000 for CANSA

The Boardwalk donated R10 000 to the Eastern Cape Cancer Association on Wednesday, 29 April. Miss South Africa, Tatum Keshwar took time out of her busy schedule promoting the World Series of Slots tournament to hand over the cheque.

The funds were collected during The Boardwalk Shavathon on 03 April this year. According to Peggy Mokhatla, social equity manager at The Boardwalk, R4 200 was raised on the day and The Boardwalk then more than doubled the amount to end up with a grand total of R10 000.

"This is a very worthy cause and it deserves a generous donation," says Mokhatla. "It is also something very close to our hearts because the wife of our GM recently passed away from this disease."

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the Act places a positive obligation on public entities, such as regulatory authorities, to "take into account and, as far as is reasonably possible, apply any relevant code of good practice issued in terms of this Act in determining qualification criteria for the issuing of licences, concessions or other authorisations in terms of any law". The impression created by this is that regulators are bound by the terms of the Codes, unless adherence to

them is not reasonably possible. Against this backdrop, the legal implications of a departure from the terms of the Codes may merit closer inspection.

Inasmuch as the imposition by regulators of additional BEE-related licence conditions, over and above the requirements of the Codes, has the potential firstly to undermine the uniformity which the history of the

industry to date has demonstrated is much needed, and which the Codes have been designed to create and secondly may provide scope for unequal treatment, as between different licensees on the one hand, and as between the gambling sector and other sectors of the economy on the other, thought will have to be given to the best route towards the achievement of B-BBEE-related objectives within the industry.



## MACK'S SHOP

Godfrey Mack was employed in the security department at Mykonos Casino, having started out as a security supervisor and working his way through the ranks to security shift manager. During his employment Godfrey noted the lack of a proper, affordable staff canteen that could offer staff a wider variety of food and snacks at an inexpensive price.

Resigning from his position, Godfrey later returned to establish what is affectionately known today as "Mack's Shop". Drawing on his knowledge and experience gained during his time with the company he was able to meet a need within the casino that was easy on the pocket.



## MAKING DREAMS COME TRUE

In February 2005 Paul Steenkamp started his career as a security officer at Mykonos Casino. Two years on he applied for the position of slots technician, and in 2008 successfully completed his Level 4 Electronics Course. With the assistance of the training co-ordinator, he applied for and received study assistance in order to complete a short course in electronic installations. "Through the company's enterprise development initiatives, casino staff and the community are afforded the opportunity to realise their dreams, and for this I am truly grateful".



## ON THURSDAY THE 7TH OF MAY, THE SOLOUETTE VIP AND MEDIA LAUNCH NIGHT TOOK PLACE AT THE ODEON SHOW BAR AT EMPERORS PALACE.

Sisters and Singers! Kerishnie Naicker and her sister Saloshni Narandas; actress Jana Strydom and sister Anju Strydom with SOLOUette singers Glenn Fransman, Candida (Candy) Mesoma, Ruth Brown and Stephan Nel.

# In the driver's seat with Hemingways

**Social responsibility is a driven agenda at Hemingways Casino and Hotel. When three minivan shuttles had served their purpose of ferrying guests between the temporary parking and the hotel complex, Hemingways decided to turn the vehicles into a BBBEE opportunity. The only catch was: what business opportunity?**



Following a collaborative process, General Manager Mike Page invited business proposals. "The choices were to sell the vehicles or to use them to give something back to the community." Hemingways has a very active CSI programme, but a venture of this nature required a different level of commitment. "Enterprise Development requires much more hands-on responsibility. There is so much that can go wrong: to be successful it needs active mentorship," says Mike. This is an important initiative as part of the ECGBB license bid in East London was based on the initiation of an Enterprise Development Fund by Hemingways.

Norman Xhosana, a manager at Hemingways, proposed a tourism shuttle service, a business that would dovetail with Hemingways' core offerings. It was a perfect opportunity. It would allow Norman to make the most of the clientele he knew best, having spent 20 years in the leisure industry, and allow Hemingways to actively support and mentor the new business. Norman's Shuttles opened for business in November 2008, and has been growing from strength to strength, despite economic conditions and personal crisis.

Norman's Shuttles supplies airport transfers to all the hotels in East London, stretching as far as Mpekweni and Fish River Sun. Norman has especially good relations with Hemingways, Garden Court, The Blue Lagoon, Mpekweni and Fish River Sun.

Hemingways has gone out of their way to ensure the success of the business, from providing vehicles, financing assistance, an office at the casino complete with email and fax facilities, and instant access to guests requiring this service. Even the choice of branding the shuttles with Hemingways livery was deliberate. "We wanted to give the service all our support, including the credibility attached to our well-known brand," says Mike Page.

However, some things have proved beyond Hemingways' control. Recently when Norman investigated loud noises outside his home he was shot in the stomach and had to spend some weeks in hospital. But his caring staff continued building the business in his absence, confident that he would soon return. Today he is back in the driver's seat - even with a bullet still somewhere in his stomach!

Success is all about caring and excellent service. "I really do what I can for my

guests," says Norman, "because word of mouth is the best reference. I once drove a visitor from a large out of town organisation and he was so happy with the service his recommendation means that all staff visiting East London must now use my service."

The success of the business has justified Hemingways' faith in Norman Xhosana. Hemingways has indicated that they are willing to support Norman should he decide to expand this business by branching into the tourism industry. "My vision is to offer a shuttle service in East London that caters also for VIP guests by offering flashy cars like they do in Jo'burg and Cape Town, but with friendly Eastern Cape drivers," says Norman.

Norman has a CSI plan of his own. For the Garden Court's recent Soccer Day, Norman provided transport for players. "It is all about giving back. In fact, Norman's Shuttles has created jobs for three drivers who would otherwise not be employed today," says Norman.

"The entrepreneurial spirit is what the Eastern Cape is all about" says Mike Page, "and we are very excited to be able to nurture this spirit and give back to the community."

# WE BET ON BEE AND CAME OUT TOPS.

Since 1996, the casino industry has been responsible for more than R12-billion in new development, created almost 100 000 direct and indirect new jobs, and has invested heavily in public infrastructure and tourism plant, including two international convention centres, over 5 000 new hotel rooms, as well as other tourism assets.

Importantly, B-BBEE and the philosophies underpinning it were consciously developed as one of the cornerstones of the licensing process when casino licence applications were invited and the licences subsequently awarded.

Since then, the casino industry has considerably advanced transformation, creating a new order in the management and ownership of assets in our tourism and leisure industry and has set itself a target to attain a Level 4 rating by 2010.

Individual companies – members of CASA – have put programmes and protocols in place to achieve this, and have it independently verified by April 2011. We are certain that this will be a first for any industry in the country.

Over the years since the new gambling dispensation came into being, we have created value for BEE groups through shareholder structures and management participation, facilitated favourable repayment schemes for debt, created thousands of direct and indirect job opportunities, ensured that on average 80% of all jobs created are filled by the previously disadvantaged, contributed millions of rands to corporate social investment initiatives and broad-based community trusts and ensured that skills development and succession planning are given the highest priority.



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