

news LETTER

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CE's column

SANITY PREVAILS

It is with some relief that we note that the proposed National Gambling Amendment Bill, which seeks to introduce a legislative framework for the regulation of a legalised interactive gambling industry, will not be passed by Parliament and the National Council of Provinces this year.

We are heartened by the fact that enough of our public representatives – particularly in the NCOP – have recognised the dangers of steamrolling the proposed legislation through without serious further consideration.

It was noted in this column in September that more research and consultation was needed into the commercial viability and socio-economic implications of legalising interactive gambling, before Parliament and the NCOP should accept the National Gambling Amendment Bill.

It is CASA's view – expressed in a submission presented to provinces on the proposed Amendment Bill – that the Amendment Bill falls short or is not clear in several respects, such as clarity on the issue of taxation of interactive gambling operators, that interactive gambling operators should be subject to exactly the same standards and requirements as land-based operators, and on international considerations, such as South Africa's commitments to treaties and conventions.

Other key issues needing clarity include 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.

In a second submission to provinces, dated 23 October, CASA argued that regulation of online gambling is preferable to prohibition – but only in terms of a proper, credible and constitutionally defensible legal framework, that the material elements of a regulatory relationship between regulator and licensee are sufficiently detailed and clear within the legal framework, that online gambling can be feasibly managed, and that all prerequisites for the operation of interactive gambling are correctly identified, researched and developed.

CASA also averred in that submission that provinces are responsible for regulating day-to-day casino operations, and that it is incorrect for the Amendment Bill to envisage the regulation of interactive gambling by the National Gambling Board (NGB), which at present plays only an oversight role and does not perform this function for land-based gambling operations. Radically altering the role of the NGB in this way impacts seriously on the current legislation in several ways, such as that regulation provisions are contained in provincial gambling laws and not the National Gambling Act.

In addition, the Amendment Bill confers unacceptably wide powers on the Minister of Trade and Industry, which raises issues of constitutionality.

CASA also believes the Amendment Bill contains several problematic definitions relating to gambling devices, licences and providers, and provides no protection to players from unlicensed and unscrupulous operators.



The development of the current National Gambling Act was a thorough, inclusive and comprehensive process that resulted in legislation that is acknowledged to be among the best in the world. We now have a well-regulated gambling industry that contributes billions of rands to the fiscus – and it has delivered significant broad-based black economic empowerment and skills transfer, the creation of more than 100 000 job opportunities, world-class convention centres, hotels, tourist attractions and sporting facilities, and infrastructure such as roads, that has been the catalyst for further new investment.

The Amendment Bill in its present form would do little but undermine the great achievements of the current Act, causing confusion, skewed norms and standards for different sections of the gambling industry, and unnecessary expense and duplication of activities. It was therefore welcome news that the NCOP decided on 7 November that due to the many questions and the call for more information, the Amendment Bill must be changed and go back to the Parliamentary Portfolio Committee for fresh approval.

For the moment, at least, sanity has prevailed – and South Africa's pristine gambling regime remains intact.



Chairman's column

A GREAT YEAR INDEED

It pleases me, in reviewing this past year, to be able to say that it has been both a successful and rewarding period for our industry. On the back of continuing stability, and another strong economic performance by South Africa Inc, investor and consumer confidence remained high.

This was reflected in excellent financial results, with the National Gambling Board reporting that gross gambling revenue in 2006/7 topped R13.5-billion, up from R6.2-billion just five years ago. Unsurprisingly there was a bullish outlook in industry, and 2007 kicked off with three new casinos in operation, Golden Valley in Worcester, Frontier Inn in Bethlehem and Century Casinos' permanent facility at Newcastle. All hit the ground running, and are meeting or exceeding revenue projections.

Making headlines were a number of new investments by industry, including major expansions and upgrading at GrandWest, Gold Reef City, Meropa and Montecasino; hotel developments at Emperors Palace, Montecasino, Suncoast, Carnival City and at Golden Valley; new projects in Queenstown, Kuruman and Mthatha, and the exciting R1.2-billion Silver Star Casino due to open on the West Rand at the end of this year. We await the news of another license award, this time at Burgersfort in Limpopo, a bidding process which was keenly contested. Indicative of the confidence of the financial sector in our industry was the news that a consortium led by the Mine Workers Investment Company was to acquire PeerMont Global, while Ethos Private Equity made an offer for Gold Reef Resorts.

And while most of our members have yet to experience the impact of recent interest rate hikes, my general view is that the economy will continue to perform well in the foreseeable future as there is no better lubricant for consumer and investor confidence than widespread optimism. Well-known UCT economist Don Ross makes the point that people who think the future will

be better than the present tend to spend more, especially on leisure. As Trevor Manuel said in Parliament in October, after so many quarters of steady economic growth, we in South Africa have every good reason to feel as optimistic as we do.

It was a year, too, in which the first casino licensed under the new dispensation, Emnotweni at Nelspruit, celebrated its 10th anniversary.

Outside our sector, probably the main story of 2007 was the remarkable saga surrounding the award of the operator license for the national lottery. LPMs arrived in KZN, and Gauteng announced that it would enter this industry in 2009 with 5 000 machines. KZN decided to license bingo.

Internationally, the big news was the controversial decision by Gordon Brown, Britain's new prime minister, to abandon the introduction of regional casinos. The rest of the world has watched this convoluted and confusing process in the UK with a mixture of mirth and astonishment, and one imagines there are a number of deeply dissatisfied local authorities and potential operators, all of whom will have spent considerable sums, encouraged by government, preparing bids. We have probably not heard the end of this tale.

Rather more successful was the professional and thoughtful process adopted by the Chileans who have introduced a new gambling dispensation not unlike our own. All of us were pleased to hear that Sun International will be developing a US\$200-million property near to Santiago, the capital city.

International visitors continue to beat a path to our door to look at, and learn from, best practice in the industry in South Africa. In particular, political heavyweights like John Greenway MP, who chaired the joint scrutiny committee on gambling in the British parliament, top academics such as Professor Robert Ladouceur, high-profile industry leaders and analysts Keith Whyte and Marc Etches, and regulators the Jersey Gambling Commission went home clearly impressed with measures we have taken with regard to corporate citizenship and social responsibility, and especially the NRGIP.

It has also been a year where empowerment has occupied much of our attention. Our Association has commissioned a comprehensive assessment of our track record in this area, being undertaken by Empowerdex, and we expect this to be wrapped up in the new year. In the news was the consolidation at a group level of the empowerment shareholding in Gold Reef's various properties, and Sun International's decision to enable Grand Parade Investments (GPI) to acquire additional equity in SunWest. This R231-million deal sees GPI acquire a further 6.5%, along with an option for an additional 5%, potentially taking its stake in SunWest to just under 30%.

Any review of our industry would not be complete without the human dimension. This was a year which saw the departure of Ernie Joubert, founder of PeerMont Global, and regulators like Thuli Nxulama, Tibbs Majake, Jacques Booyens and Rossouw Lubbe. Fortunately these last two have stayed in the industry, joining Tsogo Sun and Century Casinos. We welcomed to the Board of CASA Andrew Puttergill, who took the helm at PeerMont Global, as well as

KATY KNOWS THE DEAL

Always the bridesmaid, never the bride...in a way it's the same with croupiers. They deal the winning cards, but often they are destined to never win themselves. Not so for 24-year-old Katy McAlindin, a dealer at Suncoast Casino & Entertainment World (Suncoast) in Durban. This bright young croupier has just been dealt a winning hand.

Katy says life couldn't be better. She came out tops at the prestigious National Dealer Competition held in Johannesburg recently. 'I beat the nation's top 12 croupiers to take the top prize,' she says proudly. In addition, she walks away with R12 000 in cash and her flight and accommodation to the international competition in Australia.

Katy, who hails from Witbank, is no newcomer to winning in her field. In 2005



Katy McAlindin took top honours in the competition

she was 'Top Dealer' at the Tsogo Sun Inter-Unit Competition, held annually amongst all the Tsogo Sun casinos at Montecasino in Johannesburg.

'I achieved fourth place that year, representing Suncoast in the national

play-off. The competition in Sydney, Australia next year will be my first attempt at an international competition.'

The concept of the competition originated at TCS/John Huxley in Australia, and was brought to South Africa in 2004 by John Whiskin, the executive director of TCS/John Huxley, Africa. Casinos around South Africa receive a pre-determined number of spots based on the size of the casino group. The top 12 dealers in the country are then pitted against one another for the national title and a chance of competing at the World Championships in Australia. The winner at the World Championships wins an all-expenses paid trip to Las Vegas sponsored by TCS/John Huxley.

SEASON'S GREETINGS FROM ALL AT CASA

