



2016
SURVEY OF
CASINO ENTERTAINMENT
IN SOUTH AFRICA

casa

Casino Association
of South Africa



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MESSAGE FROM THE CHAIRPERSON
JABU MABUZA

I am pleased to present the eleventh edition of the Survey of Casino Entertainment in South Africa. This annual publication, produced by CASA, provides industry role players with valuable insights into the national commercial casino industry in South Africa.

The data from this survey is gathered from research findings and statistics published by CASA member casinos and independent studies. This report is a testament to the industry's unwavering commitment to transparency and openness.

Steady casino revenues still a significant economic contribution to South Africa

We are all aware that South Africa is currently battling a negative economic outlook due to various economic factors, yet as an industry our revenues have held steady this year. Casino revenues of CASA members have increased this year by 6,7% from last year and they contributed R5,9 billion in taxes towards the South African economy. The casino industry continues to positively impact our national, provincial and local economies making a significant contribution towards employment, social responsibility and infrastructure development.

The regulatory environment and granting of additional licences remain a major concern

With this encouraging outlook for the industry, we remain deeply concerned about the regulatory environment within which our members operate. This year, a powerful example of this is evidenced in the granting of an additional casino licence to the North West Province. CASA raised its objection to this publicly and we stand by our view that there is no reasonable justification for this additional licence. It is our view that this move by Government promotes instability and negatively impacts investor confidence. It also sets a very worrying precedent concerning the granting of future gambling licences. We have since instituted legal proceedings and plan to strongly contest this issue.

Other regulatory challenges that we continue to engage with Government



around, remain the fast-tracked roll out of electronic bingo terminals ("EBTs") without a national regulatory framework to support it, further intervention in gambling related advertising as well as the National Liquor Policy and the Liquor Amendment Bill. All these policies have the potential to severely hamstring the industry's ability to grow and escalate its contribution to the country.

The threat of illegal gambling, especially online illegal gambling continues to be high

In addition to the above named issues, we still face the threat of illegal gambling and are particularly concerned with the growth in illegal online gambling in South Africa. Government has voiced its willingness to enforce heavy penalties on transgressors, but these are yet to materialise. We urge Government to address this threat prior to the implementation of any new policy.

Serious questions about the National Gambling Policy Council decision-making process and the establishment of a new problem gambling treatment programme

We also face some disturbing questions surrounding the legitimacy of the decision making process of the National Gambling Policy Council. The Council mostly fails to achieve a quorum for most of its meetings and the Final National Gambling Policy empowers the Council to make hugely significant decisions that impact the industry without a quorum. We also believe that the Council has failed to perform the majority of its functions assigned to it by the National Gambling Act of 2004.

The new gambling policy's intention to establish a new treatment programme for problem gamblers managed by the envisaged National Gambling Regulator also gravely concerns us. The National Responsible Gambling Programme ("NRGP"), a flagship programme of the South African Responsible Gambling Foundation ("SARGF"), is world renowned and we are of the opinion that the establishment of a new and additional treatment programme is not only a waste of tax payers' money, but that the objective of treating more problem gamblers can easily be achieved by funding of the SARGF by the National Lottery in addition to the current funding by the gambling industry.

Call to partner with an industry that delivers

In conclusion, I would like to make it clear that as an industry we remain an important economic contributor and role player in the South African economy. It is our firm belief that through partnership with Government and open consultation, we can work together to develop policies that create an environment conducive to growth and expansion.

Jabu Mabuza
CASA Chairperson





MESSAGE FROM THE CHIEF EXECUTIVE OFFICER, **ADV. THEMBA NGOBESE**

The results of this year's survey prove once again that our member casinos are an important and vital cog in South Africa's economic engine both in terms of gross gambling revenue and tax contribution.

Representing the casino industry

This year we saw no increase in the number of operational casinos with CASA still representing the interests of 36 of the 38 operational casinos in South Africa. As an association, we remain the single most effective advocate of the casino industry as we ensure our members' voices are heard by senior policymakers, national and provincial regulators.

Increase in government tax revenue

We are pleased to announce that in the financial year 2015/16, CASA members contributed R5,9 billion towards Government tax revenue in the form of various taxes and levies which represents 36% of the value generated by them after taking into account amounts paid to suppliers, up 3,3% from last year's R5,7 billion due to a 6,7% increase in CASA member gross gambling revenues.

While this increase is definitely encouraging, as an industry we are still held back by a tough economic climate

as well as the impact of illegal gambling activities.

Job creation is still a key driver

The industry supports over 64,000 jobs. In the year 2015/16, 10,666 employees were directly employed in casino operations with a further 7,356 people being employed for outsourced services such as security and cleaning services for casino operations only. The balance is employed in non-casino operations such as hotels, convention centres, restaurants, theatres etcetera.

Significant value added by the industry

In the current year, CASA members generated R16,4 billion of value from their activities after taking into account amounts paid to suppliers which amounted to R6 billion. Of the R16,4 billion generated, R3,4 billion or 20% was distributed to employees whilst R5,9 billion or 36% went to local, provincial and national governments in the form of various taxes and levies. These two

stakeholders received 56% of the value generated.

CASA members invested a total of R2,4 billion in capital expenditure at their casino complexes which amounts to 13,2% of their gross gambling revenues.

Corporate social investment contributions by members increased by 9,4% or R14 million bringing the total spend to R165 million. This investment reinforces the industry's deep commitment to uplifting communities and addressing the country's social challenges. Of the R165 million, R17,1 million was channelled into the NRGP, a flagship initiative of the SARGF.

I hope you find this report a valuable resource that provides you with a comprehensive understanding of this vibrant, growing industry.

Adv. Themba Ngobese
CASA CEO



**JOB CREATION IS STILL A KEY DRIVER
THE INDUSTRY SUPPORTS
OVER 64,000 JOBS**



CASA'S MEMBERS INCLUDE
36 OF THE 38
LEGAL CASINOS

WHO IS CASA?

The Casino Association of South Africa ("CASA") represents the interests of the R18,2 billion casino industry in South Africa. CASA's members include 36 of the 38 operational and legal casinos in South Africa. Founded in 2003, it is CASA's mission to actively champion good governance and constructively contributes towards policy decisions that encourage growth and investment in the industry and South Africa.

CASA members adhere to a strict code of conduct and all its members conduct business with the highest integrity and consistent ethical principles. This survey, which is sponsored wholly by CASA, is part of the association's commitment to provide research-based data to educate policy makers, regulators, members of the public and address misconceptions about the casino industry.

Visit www.casasa.org.za for more information or find us on

 Casino Association of South Africa

 @CASAORG_SA



OUR MEMBERS

Current CASA members include 36 commercial legal casinos in South Africa. By representing 95% of all legal casinos, CASA is rightly positioned to act as the single most powerful advocate for its members and the casino industry.

CASA members include:

Tsogo Sun - South Africa's largest hotel, gaming and entertainment company with a rich heritage dating back to 1969 when it was Southern Sun Hotels.

www.tsogosun.com

Sun International - Africa's largest tourism, leisure and gambling group with a total of 27 resorts, luxury hotel and casinos across 10 countries.

www.suninternational.com

Peermont Global - This entrepreneurial group has 13 properties across South Africa, Malawi and Botswana. It manages a market leading corporate social investment programme.

www.peermont.com

London Clubs International - As part of Caesars Entertainment Corporation, this group is one of Europe's leading casino companies with a diverse portfolio of entertainment and gambling locations across United Kingdom, South Africa and Egypt.

www.caesars.co.uk



INTRODUCTION

The annual Survey of Casino Entertainment in South Africa 2016 is produced by CASA to provide an informed and balanced overview of the impact of the casino industry on national, provincial and local economies.

While effective regulation and policy is necessary in the casino industry, this survey has been produced specifically by CASA to provide policy makers with information and knowledge in order to make informed decisions. The Association believes that it is vital that these decisions

are made within context and with a clear understanding about the contribution casinos make towards the betterment of society and South Africa.

Going forward CASA welcomes further engagement and consultation with Government, policy makers and regulators as the organisation strives to play a constructive and positive role in the development of good public policy and governance with respect to the casino industry.

CASA REPRESENTS
95% OF ALL
LEGAL CASINOS





THERE ARE MULTIPLE LAYERS OF
MICRO-REGULATION
ON VARIOUS LEVELS

REGULATORY CONCERNS

The gambling industry has been an important economic driver for South Africa in the form of employment, tax revenue and economic transformation and it has contributed greatly to the development of South African communities through its Corporate Social Investment programmes. As an Association, CASA urges Government to consider instituting a policy framework that stimulates further growth for the industry.

The Association strongly calls for Government to build on the solid economic foundations the industry has built in order for more South Africans to benefit and prosper.

REGULATORY ENVIRONMENT

In the 2015 Survey, it was noted that the prevailing economic climate in the country posed various challenges for the licensed casino industry. This situation has shown little, if any, signs of dissipating. The fragility of the economy, the resultant ongoing risk of credit downgrades and their impact on the value of the rand, coupled with an ongoing and unprecedented drought and relative volatility in the political sphere have had a lasting effect on the levels of disposable income available to the public for leisure spending. These factors similarly have the

effect of decreasing investor confidence and therefore impeding growth and innovation.

In an environment of this nature, mitigatory measures are required to ensure that businesses are assisted, rather than unduly impeded, in the conduct of their activities. This is particularly so in the case of the casino industry, which by definition is subject to high levels of regulation in the ordinary course. Top-heavy, multi-layered regulation, which increases the costs of doing business, should be abandoned in favour of a more streamlined and uniform approach and the compliance monitoring function should be revisited to avoid narrow formalism coupled with a routinely punitive regulatory response, in favour of a more focused, risk-based approach. The implementation of measures of this nature would go some way towards alleviating the rigid constraints which have come to characterise the regulated casino environment over the past few years.

The reality, however, is that the casino industry continues to be subject to multiple layers of micro-regulation on various levels. Industry stakeholders are routinely subject to intensive ongoing regulation by up to nine different provincial gambling regulators ("PGRs"), each with its own set of standards and requirements. While the

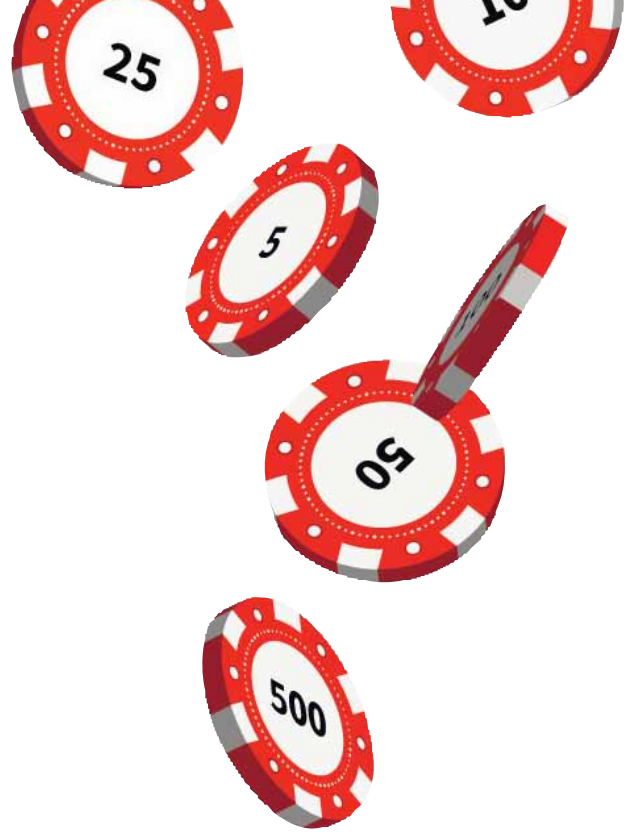


need for regulation is accepted, the nature of that regulation is frequently marked by undue duplication of regulatory resources and effort, as well as costs passed on to licence holders, against no identifiable regulatory benefit. By way of example, persons required to be subjected to probity investigations frequently find themselves required to submit to multiple investigations of the same nature by different PGRs, despite the fact that their suitability has already been conclusively established. Investigations of this nature are cost and resource-intensive, and serve no meaningful purpose, given that the outcome of investigations of precisely the same nature would be available to regulatory authorities. These investigations are often repeated in depth prior to the renewal of licences, increasing costs exponentially.

In the context of compliance monitoring, the tendency to require licence holders to pay additional costs associated with the conduct by regulators of their routine compliance-related functions, despite the fact that annual licence and registration fees are in place for this purpose, results in undue additional costs. In addition, the absence of uniform provisions in both primary and subordinate provincial legislation requires different operational strategies to be devised and implemented to achieve the same regulatory objectives, thereby further increasing costs. Furthermore, the approach towards compliance monitoring is not typically skewed towards a risk-based approach, but is generally formalistic and in some cases routinely punitive. Although attempts were made to alleviate

a number of these difficulties with the wholesale revision of the national legislation pertaining to gambling, which resulted in the enactment of the National Gambling Act, No. 7 of 2004, many of the initiatives put in place to promote uniformity and decrease costs have borne no fruit. For example, PGRs typically do not share probity-related information, despite the stated objective to achieve this by way of Section 35 of the National Gambling Act, increasing costs incurred by licence holders and their stakeholders exponentially without any corresponding regulatory benefit.

Against the backdrop of the high costs of regulation and the widely recognised need to streamline and rationalise gaming regulatory effort, it has been a source of concern to CASA to note that the National Gambling Amendment Bill ("the Bill"), which was published for public information and comment on 30 September 2016,



does not address these fundamental concerns, but instead proposes to replace the National Gambling Board with a new National Gambling Regulator, with considerably expanded powers - but no governing board - which will operate as a trading entity of the Department of Trade and Industry. The Bill has the potential to increase, rather than alleviating the degree of regulatory duplication to which the industry is subject, and aims to impose further restrictions on the ability of licence holders to advertise their products. Whilst what is most needed are provisions which will create a more uniform, streamlined and cost-effective regulatory environment, these are markedly absent from the Bill.

41st CASINO LICENCE

In June 2016 the Minister of Trade and Industry, Dr Rob Davies increased the maximum number of casino licences that may be granted in the country from 40 to 41 with the additional licence being allocated to the North West Province.

CASA has raised serious concerns as the granting of this new licence without any reasonable justification sets a worrying precedent and creates instability within the industry, while damaging investors' confidence.

When gambling was legalised in South Africa in 1995, the Wiehahn Report on Gambling in South Africa recommended that the maximum number of casino licences available in the country be capped at 40 – a recommendation that was subsequently adopted by Government. The number of casino licences per province was also laid down, based on empirical considerations such as the propensity to gamble, economic activity, the population of each province, and other relevant factors.

Based purely on the above factors, the North West Province, according to the Wiehahn Report, should only ever have been allocated two casino licences. However, due to the fact that the province incorporated the former Bophuthatswana, the North West Province was already home to no less than seven established casinos. A programme to reduce the number of casinos in the province, as well as the re-demarcation of the North West and Gauteng provincial borders, meant that the number of casinos has since contracted to four, which is still double the Wiehahn Report recommendation.

In a letter to the Minister of Trade and Industry in December 2015, CASA pointed out that the Gambling Review Commission, which was appointed in 2009 by Minister Dr Rob Davies himself to

THE ADDITIONAL LICENCE
GRANTED TO
NORTH WEST PROVINCE

consider whether legalised gambling activities should be expanded or curtailed, had concluded that the limit of 40 casinos was appropriate for the country and should be maintained in the future. In a letter dated 2 March 2016, the Minister countered that the addition of the new licence “is considered special as the North West Province lost the Morula Sun licence as a result of the Gauteng/North West municipal border demarcation process”.

CASA steadfastly resists this argument and believes that the demarcation of provincial boundaries should not have an impact on the overall maximum number of casino licences allocated in the country especially in the absence of empirical data in support of a deviation from the cap contained in the Wiehahn Report (1995) as well as the subsequent Gambling Review Commission Report (2011). CASA further points out that the Morula Sun licence was, in fact, never ‘lost’ – it was merely transposed.

Recently CASA instituted legal action to challenge this entire decision.

ILLEGAL ONLINE GAMBLING

Illegal online gambling remains prevalent in South African society as more and more people are gambling online due to increased access to the Internet. For the year 2015/16, CASA estimates that the illegal industry has cost South

Africa R140 million in lost gambling tax revenue alone i.e. excluding other taxes such as value added tax and corporate taxes. CASA has conducted extensive public awareness campaigns in this regard, as well as using all means at its disposal to sensitise regulatory and law enforcement authorities to the continued operation of these businesses, which constitute an ongoing threat to the viability of the operations of licensed casinos in the country. However, more frequent and considerably more decisive action is required by regulators and law enforcement authorities to eliminate this scourge.

ELECTRONIC BINGO TERMINALS

In the 2015 Survey, CASA outlined its extensive concerns regarding Electronic Bingo Terminals (“EBTs”). While the absence of a national regulatory framework remains a concern for CASA pending the finalisation and introduction of a national regulatory framework for EBTs, CASA does commend Government’s policy statements on EBTs as detailed in the Final National Gambling Policy 2016 as well as the National Gambling Amendment Bill, 2016.





THE ILLEGAL INDUSTRY HAS COST
R140 MILLION
IN LOST GAMBLING
TAX REVENUE ALONE
IN 2015/16



REPORT ON THE PERFORMANCE OF THE CASINO INDUSTRY

EXECUTIVE SUMMARY

Overview on the performance of the casino industry

This fiscus, CASA member gambling revenue increased from R17 billion in 2014/15 to R18,2 billion, a 6,7% increase due to *inter alia* the opening of a new casino in Limpopo in the first quarter of the financial year 2015/16.

Gambling taxes/levies, VAT and corporate taxes paid by CASA members have consequently increased from R4,8 billion last year to R4,9 billion in 2015/16. This tax contribution by CASA members represents 27% of their gross gambling revenue.

Of the R4,9 billion, R1,8 billion was paid to the PGRs as gambling taxes/levies whilst

R2 billion as well as R1,1 billion was paid to the national treasury as VAT and corporate taxes respectively.

CASA members invested a total of R2,4 billion in capital expenditure at their casino complexes which amounts to 13,2% of their gross gambling revenues.



2016 Provincial Snapshot: Member GGR, Gambling Taxes/Levies & VAT

	Gauteng	Western Cape	KwaZulu-Natal	Mpumalanga	Limpopo
GGR 2016	7,483,100,841	2,772,555,786	3,442,447,905	742,836,330	455,826,089
Gambling taxes/levies 2016	622,846,601	425,192,295	407,852,775	52,899,642	33,460,149
Gambling taxes/levies & VAT on GGR 2016	1,479,714,452	710,740,306	766,588,413	136,898,269	83,472,414

	North West	Northern Cape	Eastern Cape	Free State	Total
GGR 2016	1,358,398,226	181,723,000	1,213,185,379	506,456,184	18,156,529,741
Gambling taxes/levies 2016	121,050,752	14,251,000	100,141,803	29,750,111	1,807,445,128
Gambling taxes/levies & VAT on GGR 2016	266,698,380	32,731,000	232,102,634	85,220,825	3,794,166,693



Five year history: Member GGR, Gambling Taxes/Levies & VAT

	2016	2015	2014
GGR	18,156,529,741	17,018,844,238	16,464,036,701
Year on year growth	6,68%	3,37%	2,95%
Gambling taxes/levies (Excl. VAT)	1,807,445,128	1,747,170,237	1,626,695,387
Year on year growth	3,45%	7,41%	6,01%
VAT	1,986,721,565	1,868,353,821	1,790,557,125
Gambling taxes/levies (Incl. VAT)	3,794,166,693	3,615,524,059	3,417,252,512
Year on year growth	4,94%	5,80%	4,45%

	2013	2012
GGR	15,992,226,392	14,984,301,838
Year on year growth	6,73%	6,42%
Gambling taxes/levies (Excl. VAT)	1,534,527,373	1,420,986,884
Year on year growth	7,99%	8,68%
VAT	1,737,277,088	1,623,253,379
Gambling taxes/levies (Incl. VAT)	3,271,804,461	3,044,240,262
Year on year growth	7,48%	5,66%

a) Legal operational casinos in South Africa

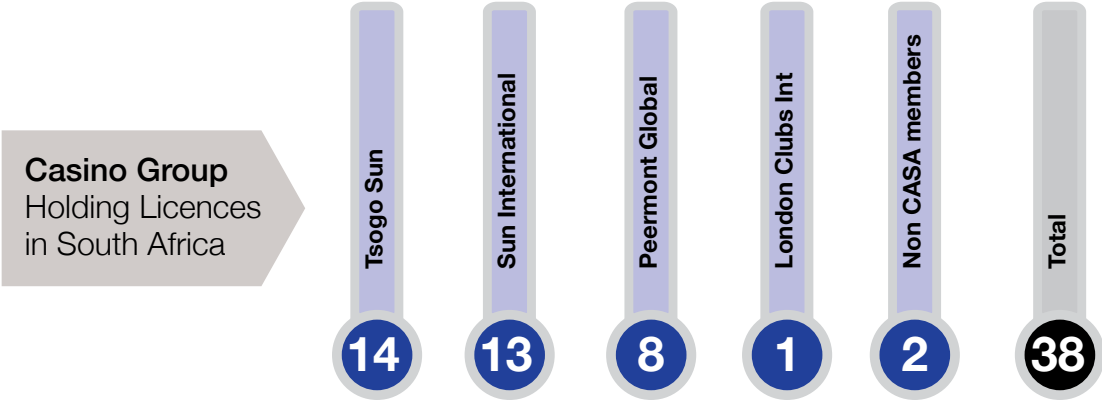
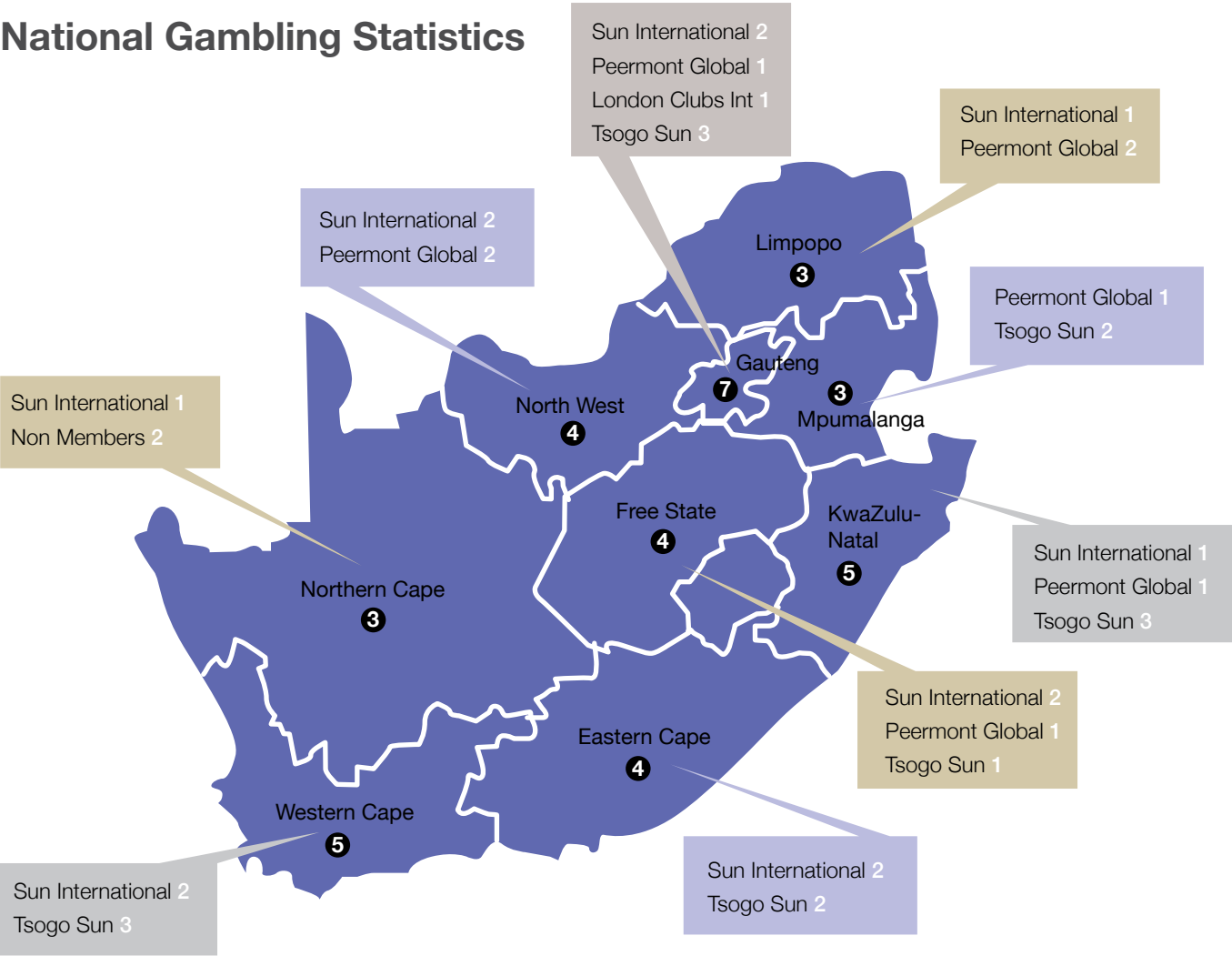
Province	Tsogo Sun Group	Sun International	Peermont Global	London Clubs International	Desert Palace Casino*	Leithlo Resort*	Total
Gauteng	3	2	1	1	-	-	7
KwaZulu-Natal	3	1	1	-	-	-	5
Western Cape	3	2	-	-	-	-	5
Eastern Cape	2	2	-	-	-	-	4
North West	-	2	2	-	-	-	4
Free State	1	2	1	-	-	-	4
Mpumalanga	2	-	1	-	-	-	3
Limpopo	-	1	2	-	-	-	3
Northern Cape	-	1	-	-	1	1	3
TOTAL	14	13	8	1	1	1	38

* Non CASA member



b) Legal operational casinos in South Africa

National Gambling Statistics





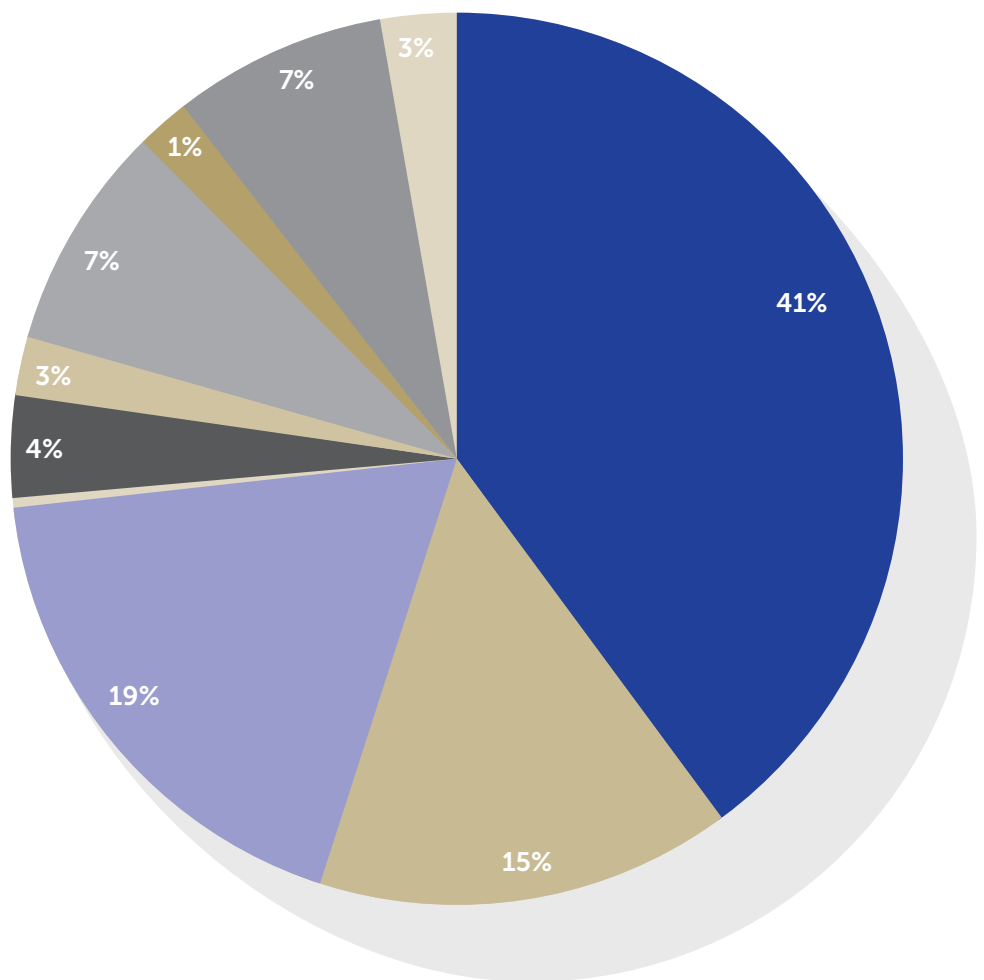
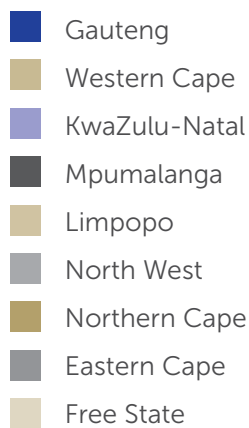
c) Member Gambling Statistics: Financial Year 2015/16

(i) Gross Gambling Revenue ("GGR")

Definition:

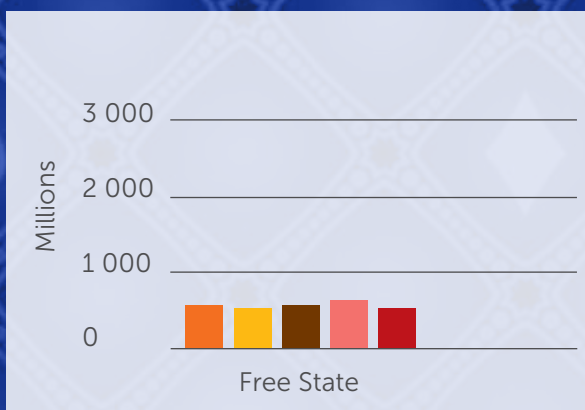
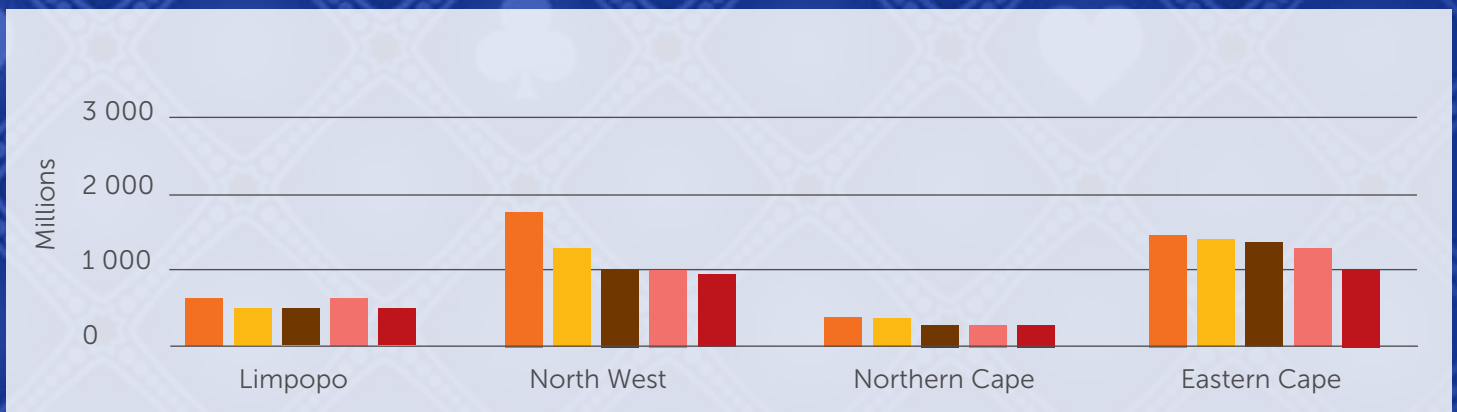
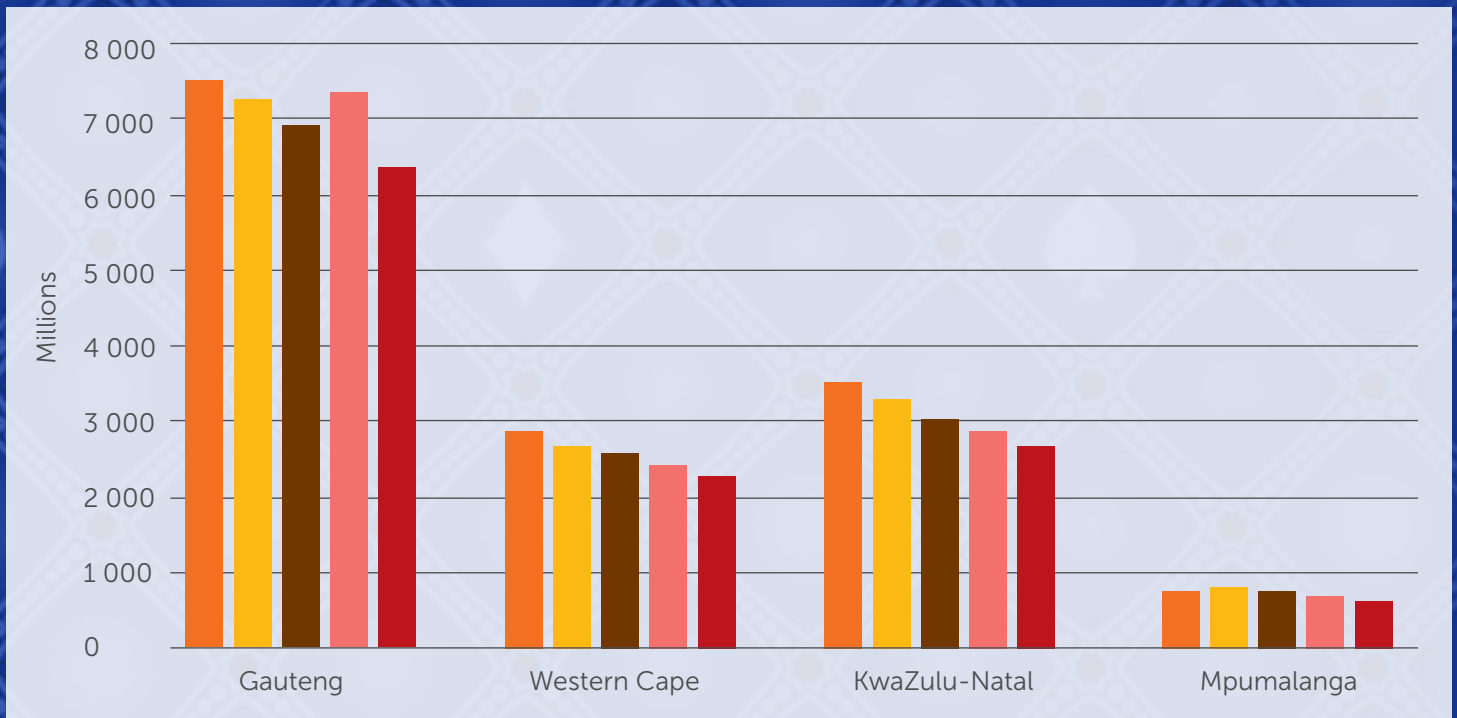
"**Gross gambling revenue**" or "**GGR**" means the revenue which represents the gross revenue generated from gambling activities in the hands of the gambling licence holder i.e. amount wagered less winnings paid to players, on the basis of which gambling tax/levy is calculated.

Provincial split of GGR



Member GGR per province for the last 5 years

2016 2015 2014 2013 2012



Member GGR by province 2016 – 2012

	% Growth 2016 vs 2015	2016	2015	2014	2013	2012
Gauteng	5,5%	7,483,100,841	7,092,584,304	6,949,786,839	6,790,289,169	6,421,429,355
Western Cape	2,6%	2,772,555,786	2,701,192,678	2,527,120,103	2,409,811,065	2,284,166,807
KwaZulu-Natal	7,6%	3,442,447,905	3,197,816,401	3,071,780,988	2,968,072,937	2,701,920,634
Mpumalanga	-2,0%	742,836,330	757,939,394	728,757,840	707,808,203	659,044,249
Limpopo	28,6%	455,826,089	354,365,196	352,805,626	372,856,739	345,777,724
North West	25,1%	1,358,398,226	1,085,477,401	1,029,755,280	997,613,576	964,536,902
Northern Cape	9,6%	181,723,000	165,784,147	154,079,000	160,254,000	154,698,000
Eastern Cape	1,4%	1,213,185,379	1,196,567,797	1,171,624,861	1,108,876,874	1,002,206,523
Free State	8,4%	506,456,184	467,116,921	478,326,164	476,643,829	450,521,643
TOTAL	6,7%	18,156,529,741	17,018,844,238	16,464,036,701	15,992,226,392	14,984,301,838

Overall gross gambling revenues increased by 6,7% in 2016 to R18,2 billion, and have grown by an average of 4,2% between 2012 and 2016. The industry has been affected by the general economic conditions during the past year which has impacted on the disposable income of consumers as well as revenue erosion from illegal online gambling operations.



ii) Tables and slots revenue statistics

Member slots and tables statistics

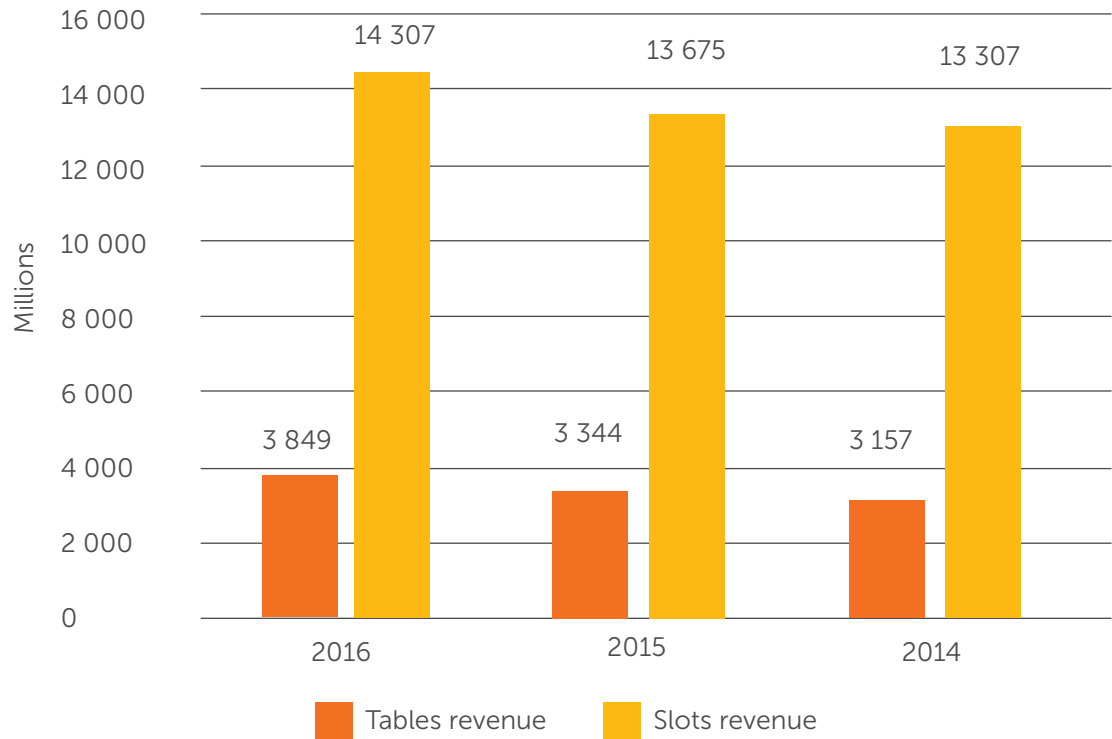
	Growth 2015 to 2016	2016	2015	2014
No. of operational tables*	-0,8%	870	877	893
No. of slot machines	1,4%	23,735	23,415	23,167
		2016	2015	2014
Tables revenue	15,1%	3,849,069,104	3,343,945,658	3,157,428,594
Slots revenue	4,6%	14,307,460,637	13,674,898,580	13,306,608,107
		18,156,529,741	17,018,844,238	16,464,036,701
Average revenue per table	16,0%	4,422,946	3,812,937	
Average revenue per slot machine	3,2%	602,800	584,023	

	2013	2012	2011
Tables revenue	2,938,961,283	2,757,408,833	2,588,588,527
Slots revenue	13,053,265,109	12,226,893,005	11,491,862,993
	15,992,226,392	14,984,301,838	14,080,451,520

* This relates to the number of tables as opposed to gaming positions.

Chart showing revenue split overall country wide
between tables and slots

Member Table vs Slots Revenue



GAMBLING TAXES/LEVIES AND VAT
FOR CASA MEMBERS TOTALLED
R3,8 BILLION IN 2015/16



(iii) Gambling Taxes/Levies, VAT and corporate taxes

Definitions:

"Corporate tax" means an amount imposed and collected from companies based on their income by the South African Revenue Service in terms of the Income Tax Act, Act No. 58 of 1962 (as amended).

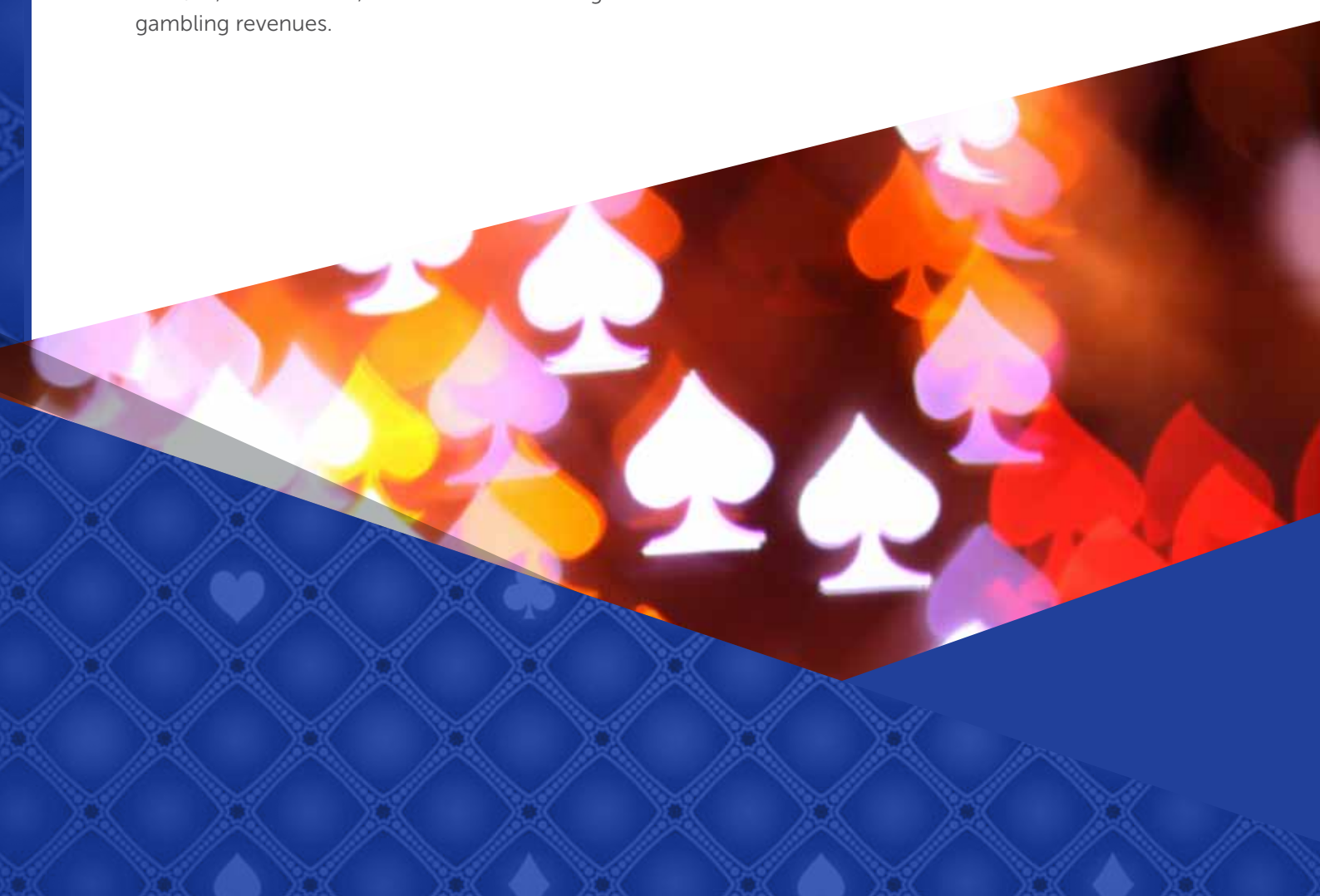
"Gambling tax/levy" means an amount imposed and collected from gambling licence holders based on their gross gambling revenue by provincial gambling regulators in terms of provincial gambling legislation.

"Value Added Tax" or "VAT" means an amount imposed and collected by the South African Revenue Service from companies based on their sale of goods and services in terms of the Value Added Tax Act, Act No. 89 of 1991 (as amended).

Casino operators pay a deemed output VAT to the national treasury on the total gross gambling revenues generated by the casino. The output VAT is calculated after gambling taxes/levies and is a cost to the casino as it is not recovered from the player.

Gambling taxes/levies and VAT for CASA members totalled R3,8 billion in 2015/16, up 4,9% from 2014/15, due to the 6,7% increase in casino gross gambling revenues.

CASA members paid R3,8 billion in gambling taxes/levies and VAT and an additional R1,1 billion in corporate taxes. In total for the period amounting to R4,9 billion for the year which represents 27% of their gross gambling revenues.

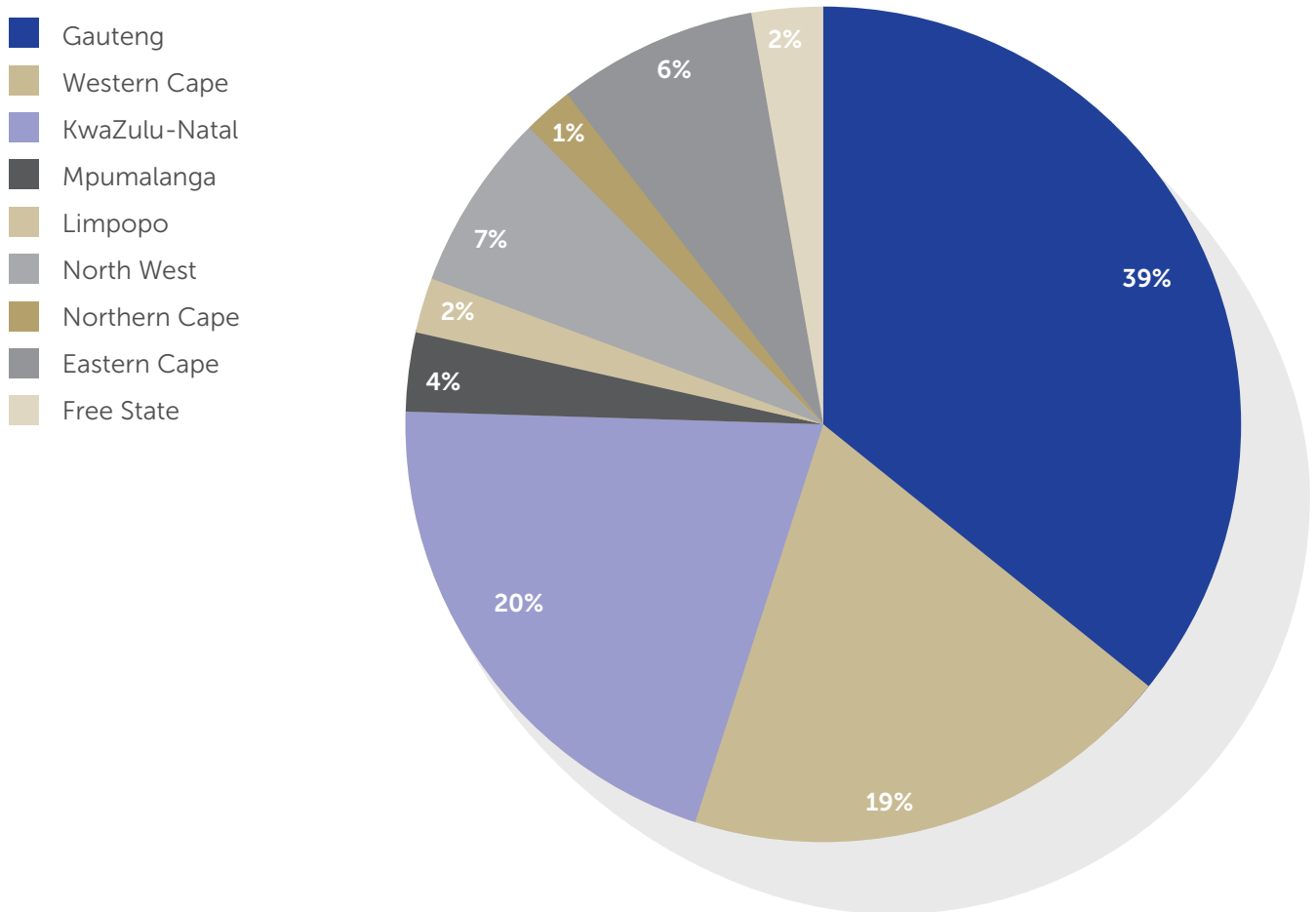


Member Gambling Taxes/Levies and VAT

	GGR 2016	Gambling taxes/levies 2016	VAT on GGR 2016	Total gambling taxes/levies & VAT 2016	Gambling, taxes/levies & VAT as a % of GGR
Gauteng	7,483,100,841	622,846,601	856,867,851	1,479,714,452	19,77%
Western Cape	2,772,555,786	425,192,295	285,548,011	710,740,306	25,63%
KwaZulu-Natal	3,442,447,905	407,852,775	358,735,638	766,588,413	22,27%
Mpumalanga	742,836,330	52,899,642	83,998,627	136,898,269	18,43%
Limpopo	455,826,089	33,460,149	50,012,265	83,472,414	18,31%
North West	1,358,398,226	121,050,752	145,647,628	266,698,380	19,63%
Northern Cape	181,723,000	14,251,000	18,480,000	32,731,000	18,01%
Eastern Cape	1,213,185,379	100,141,803	131,960,831	232,102,634	19,13%
Free State	506,456,184	29,750,111	55,470,714	85,220,825	16,83%
TOTAL	18,156,529,741	1,807,445,128	1,986,721,565	3,794,166,693	20,90%

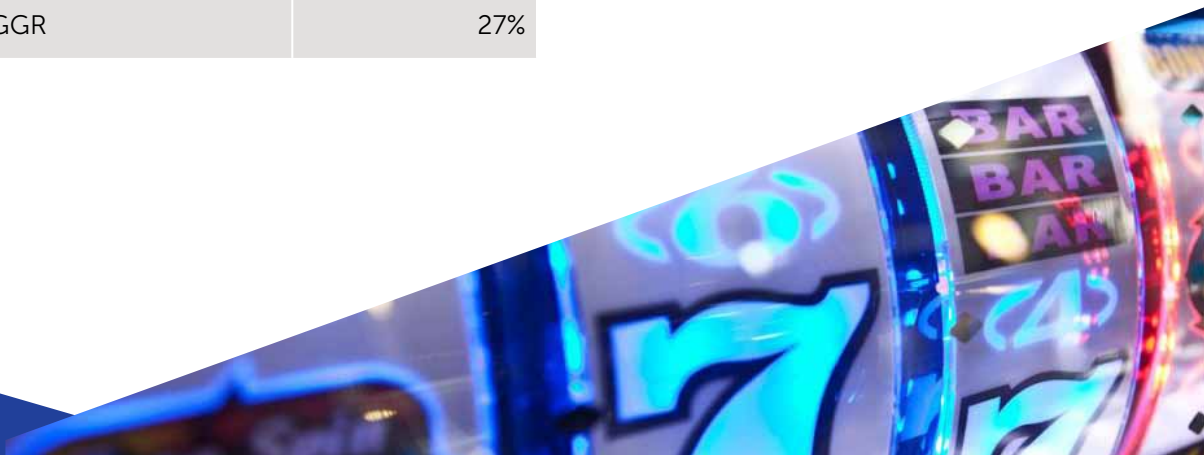


Member gambling taxes/levies and VAT 2016



Total taxes (gambling taxes/levies, VAT & corporate tax) as a share of gross gambling revenues: Members

GGR	18,156,529,741
Gambling taxes/levies and VAT 2016	3,794,166,693
Corporate taxes	1,074,600,191
	4,868,766,884
Total taxes as % of GGR	27%



Total gambling taxes/levies and VAT for last five years compared to total GGR: Members

National	2016	2015	2014	2013	2012
GGR	18,156,529,741	17,018,844,238	16,464,036,701	15,992,226,392	14,984,301,838
Gambling taxes/ levies & VAT	3,794,166,693	3,615,524,059	3,417,252,512	3,271,804,461	3,044,240,262
% of Gambling taxes/levies & VAT to GGR	20,9%	21,2%	20,8%	20,5%	20,3%
Growth in Gambling taxes/ levies and VAT	4,9%	5,8%	4,4%	7,5%	5,66%
Growth in GGR	6,7%	3,4%	3,0%	6,7%	6,42%



Casino Industry Value Added Statement - CASA members

a) Where the money goes

	2016 R000	2015 R000
Revenue		
Casino Gross Gambling Revenue	18,156,530	17,018,844
Slots win	14,307,461	13,674,899
Tables win	3,849,069	3,343,946
Interest Income	68,757	114,308
Dividend income	161,000	263,231
Other revenue	4,010,590	3,250,815
Gross value generated	22,396,878	20,647,198
Less paid to suppliers for materials and services	-5,974,984	-5,389,115
TOTAL VALUE ADDED	16,421,894	15,258,083
Disbursed among stakeholders		
Employees	3,353,884	3,150,798
Salaries, wages and all related benefits	3,737,239	3,546,044
Less: PAYE	-383,355	-395,246
State and provincial taxes	5,928,036	5,740,469
Corporate tax	1,074,600	1,076,698
PAYE	383,355	395,246
Casino levies	1,807,445	1,747,170
VAT on casino revenues	1,986,722	1,868,354
VAT on other revenues	356,000	349,573
Withholding taxes	4,723	2,890
Other taxes (property assessment rates, UIF, RSC, skills levy etc.)	315,190	300,538
Beneficiaries of corporate social responsibility programmes	165,432	151,166
Educational trusts and bursary schemes	78,090	70,596
Community upliftment trusts/ NGO's	34,682	39,112
Local government contributions	24	166
General charitable donations	31,513	24,091
Infrastructure improvements	3,995	425
Responsible gambling programme	17,127	16,776
Providers of capital	3,862,139	3,543,356
Dividends to shareholders	2,206,102	1,857,647
Interest paid on borrowings	1,312,883	1,442,138
Capital paid on borrowings	267,941	150,205
Property rental costs	75,213	93,366
RETAINED IN BUSINESS	3,112,402	2,672,294
Depreciation	1,583,053	1,468,389
Available to fund the replacement of assets and facilitate future growth	1,529,349	1,203,905
	16,421,894	15,258,083

Casino industry Value added statement - CASA members

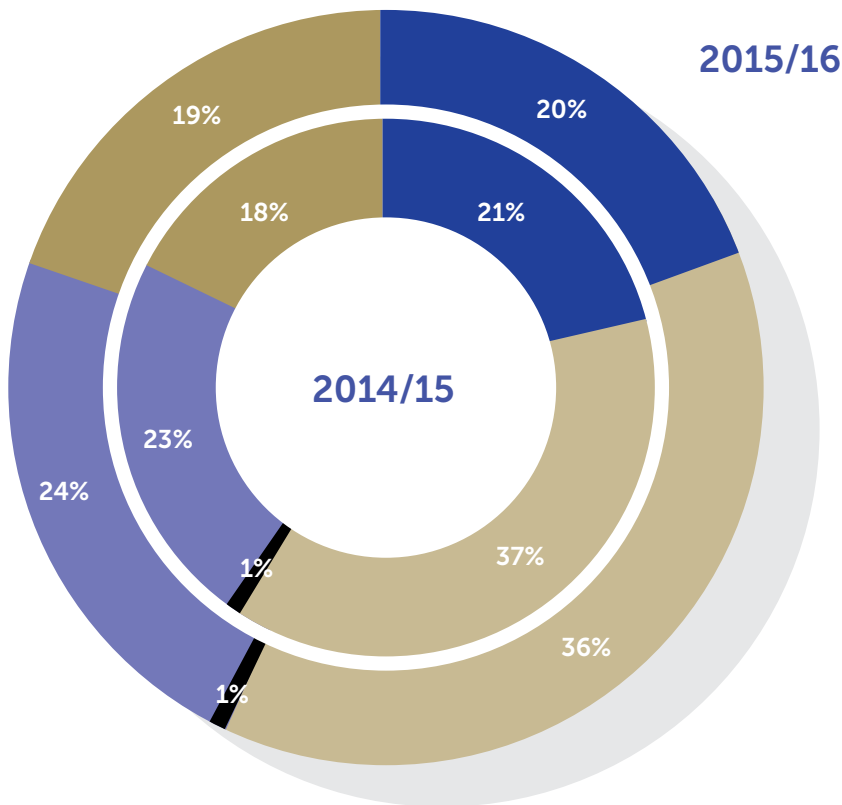
a) Where the money goes

	2016 Amount R000	2015 Amount R000
Disbursement of value added by CASA members to stakeholders		
Employees	3,353,884	3,150,798
State, payroll, gambling and provincial taxes	5,928,036	5,740,469
Beneficiaries of corporate social responsibility programmes	165,432	151,166
Providers of capital	3,862,139	3,543,356
Retained in business	3,112,402	2,672,294
	16,421,894	15,258,083
Employees	20%	21%
State, payroll, gambling and provincial taxes	36%	37%
Beneficiaries of corporate social responsibility programmes	1%	1%
Providers of capital	24%	23%
Retained in business	19%	18%
	100%	100%



R74 MILLION
WAS SPENT ON
COMPLIANCE RELATED COSTS

Disbursement of value added by CASA members to stakeholders



- Employees
- State, payroll, gaming and provincial taxes
- Beneficiaries of corporate social responsibility programmes
- Providers of capital
- Retained in business

CASA members generated value of R16,4 billion in 2015/16 from their activities after taking into account amounts paid to suppliers which amounted to R6 billion. Of the R16,4 billion generated 20% was distributed to employees and 36% to local, provincial and national governments in the form of various taxes and levies. These two stakeholders receive 56% of the value generated.

CSI initiatives received 1% or R165 million of value generated, which includes SARGF contributions of R17,1 million, whilst providers of capital received 24% of value generated.

South African Responsible Gambling Foundation and Compliance Costs

a) South African Responsible Gambling Foundation

The South African Responsible Gambling Foundation ("SARGF") and its internationally renowned flagship programme, the National Responsible Gambling Programme ("NRGP") promotes responsible gambling in South Africa. The Foundation, which is funded and supported by CASA members and other role players from the gambling industry, focuses on prevention, treatment, counselling and research with regards to problem gambling.

During 2015/16 the amount invested into the SARGF by CASA members is R17,1 million which is 0,09% of gross gambling revenue.

A large part of the Foundation's programme is directed into driving awareness about gambling in schools through the National Schools Programme and into other vulnerable communities. The Foundation trains casino employees on responsible gambling, sensitising them to the dangers associated with problem gambling and how to manage crisis situations should they arise.

With the appointment of a new Board, Executive Director and management team this year, the Foundation has developed a new business strategy which will see the organisation pursuing 5 strategic priorities. To match this refreshed perspective and focus, the Foundation has completely rebranded and strategically aligned it's programmes.

Contributions to the SARGF by CASA members over five years

National	2016	2015	2014	2013	2012
GGR: CASA Members	18,156,529,741	17,018,844,238	16,464,036,701	15,992,226,392	14,984,301,838
SARGF Contributions: CASA Members	17,126,656	16,776,478	16,306,877	14,616,631	13,767,543
% of GGR	0,09%	0,10%	0,10%	0,09%	0,09%

Further information on the SARGF can be obtained at www.responsiblegambling.co.za



b) Revenue and compliance audits at casinos for the year

Compliance costs include gambling regulatory compliance costs, internal audit requirements for reporting to the PGRs in terms of legislation and costs incurred for the casino regulatory compliance function costs.

Compliance with gambling legislation remains the primary focus area for members and is a deep-rooted practice of all members. CASA members operate in a highly regulated industry, take legislation seriously and comply with the stringent regulatory requirements. R74 million was spent on compliance related costs in 2015/16, which amounts to 0,41% of GGR.

Compliance costs of CASA members as a ratio to GGR

	2016	2015	2014	2013
Costs of revenue and compliance audits at CASA member casinos for the year	74,499,459	69,915,575	61,624,708	57,877,467
CASA member GGR	18,156,529,741	17,018,844,238	16,646,036,701	15,992,226,392
% of GGR	0,41%	0,41%	0,37%	0,36%



BROAD-BASED BLACK ECONOMIC EMPOWERMENT ("B-BBEE")

CASA and its members regard B-BBEE as an integral part of their business philosophy, values and operational activities.

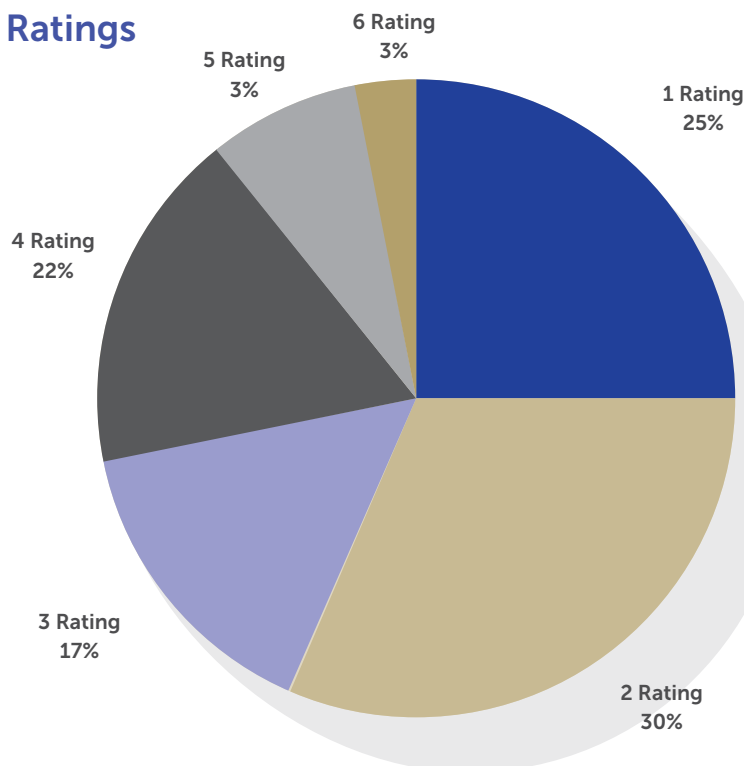
a) 2016 B-BBEE ratings

Of the 36 member casinos, 25% are rated Level 1 B-BBEE with 30% being rated at Level 2. On average, the total rating for the casino industry is 2,73.

Average B-BBEE ratings per province

Gauteng	KwaZulu-Natal	Western Cape	Eastern Cape	North West	Free State	Mpumalanga	Limpopo	Northern Cape
2,43	1,80	2,60	2,75	2,50	2,50	1,00	5,00	4,00

Total Ratings





b) B-BBEE update

CASA members welcome the fact that their B-BBEE compliance is to be measured against the requirements of the newly amended Tourism B-BBEE Sector Code dated 20 November 2015. This has brought about the required degree of certainty regarding the measurement and reporting obligations of CASA members in the context of B-BBEE, allowing them to continue to focus their energies on further developing and refining the B-BBEE-related strategies which have been successfully implemented to date in this sector of the economy.

B-BBEE COMPLIANCE IS TO BE
MEASURED AGAINST THE REQUIREMENTS
OF THE NEWLY AMENDED TOURISM
B-BBEE SECTOR CODE



CORPORATE SOCIAL INVESTMENT & SUSTAINABILITY

Corporate Social Investment & Sustainability

Strategic corporate social investment remains an important business imperative of CASA members. Looking back over the past five years, we can report a marked increase in the amount

being invested in CSI by our members with this year totalling R165 million, up R14 million from 2015. CSI spend accounts for 1% of CASA member GGR.

Total CSI spend over the last five years

Year	Total CSI Spend
2016	R165,432,203
2015	R151,166,389
2014	R124,304,983
2013	R116,327,647
2012	R109,775,877
Total CSI spend over 5 years	R667,007,099
GGR for 2016	R18,156,529,741
CSI as proportion of GGR	1%

CASA members continue to make great strides in aligning CSI spend with core business objectives with a key focus on building and maintaining partnerships with civil society and local communities. The collective investment of CASA members spans education, skills development, sports development, community upliftment and health. In 2015/16 CSI spending patterns reveal that education saw the most

dramatic increase in investment with R70 million being invested, an increase of 26% from last year. It is pertinent that this large increase in education comes at a time when education is again in the limelight in South Africa. Other development sectors that received a large proportion of spend were community development (R35 million) while health, welfare and HIV/Aids received R23 million.

Total CSI spend in 2016 per sector

Development sector	Total spend in 2016
Education	R70,431,823
Community Development	R35,349,130
Health, welfare, HIV/Aids	R23,125,065
SARGF Contributions: Members	R17,126,656
Sports, arts and culture	R10,972,295
Other CSI projects	R8,427,233

a) Education

CASA member's CSI spend into this sector came in the form of bursaries, and education initiatives targeting basic and tertiary education. Education spend here is also allocated for in-house training conducted by casinos operators.

Members' initiatives include:

- Hotel school
- Scholarship programmes
- Learner and teacher development initiatives
- Afterschool care programme

b) Community Development

Addressing the struggle against poverty, inequality is a key focus of CASA operators across the country. Spend into this sector is mainly directed towards infrastructure upgrades of housing and schools as well as conservation and community trusts.



c) Health, Welfare & HIV AIDS

Health remains an important priority of CASA members' CSI programmes.

Members initiatives include:

- Employee wellness programmes
- HIV/Aids training and awareness programmes
- Partnership with CANSA
- Counselling support

d) Sports, arts and culture

Sports, arts and culture are an important factor in nation development and social cohesion. CASA members actively invest in this sector by supporting academies, festivals, museums and other sponsorships.

Member initiatives include:

- Sports tournaments
- Sports fun days
- Inter casino competitions

e) Environmental sustainability

Our members are continually implementing greener practices such as energy saving programmes, recycling programmes and environmental programmes.

Member initiatives include:

- Water saving initiatives
- Water management
- Biodiversity programmes
- Environmental education





REGULATORY AUTHORITIES IN SOUTH AFRICA

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