



The year 2012 is rapidly drawing to a close

From very humble beginnings in 2004, I believe that CASA has grown into substantial and credible organisation that continues to represent the casino industry and its activities with distinction. It has in fact become the voice of the industry (and not of its individual members) and as such serves a crucial purpose in providing regulators, politicians, analysts and others who have an interest in the industry with credible and empirical information about casino gambling. It is particularly gratifying that this is widely recognised outside the industry. It has been an interesting experience to establish the organisation from scratch and to determine what the imperatives in demystifying gambling should be and to implement these and also to present the facts about the industry to a public that was previously largely ignorant of this form of social entertainment.

That there is an undoubted need for such information is evident when one observes how distorted knowledge of the industry in fact is amongst especially politicians, who are apt to rely on anecdotal descriptions of the industry when they consider any matter related to gambling. This aspect was probably one of the most frustrating experiences of the past 8 years; to see politicians resort to dealing with the industry and its participants in a most paternalistic fashion and negative manner, without recognising the enormous contribution that the casino industry has made to the South African economy. The investment by the casino operators in providing an alternative form of entertainment in safe surroundings and with facilities which compare with the best in the world, the provision of thousands of jobs on a sustained basis (despite the severe economic circumstances of especially the past four years), the establishment of



The end of the year also heralds my departure as the Chief Executive of the Casino Association of South Africa (CASA) after eight years at the helm of the organisation. It is therefore apposite to look back over my tenure and detail some impressions that I have gained over the period that I have been Chief Executive.

significant tourism and other infrastructure and, perhaps most importantly, the provision of significant own income for provinces through taxes and levies on casinos, are but a few of the positive effects that legalised gambling has brought with it. This is in stark contrast to the position that existed prior to legalised casino gambling when illegal and unscrupulous operators held sway throughout the country. It is all the more depressing when politicians seem to focus purely on

the so-called "social ill" that they consider casino gambling represents, especially when the very excellent responsible gambling programme that the industry runs jointly with government, has resulted in a huge reduction in the number of problem gamblers. What is more, it is precisely in areas where the Government encourages people - also especially the poor - to gamble, with the sole purpose of maximising revenue, namely via the ubiquitous lottery, that they take no responsibility for the problems that are thus caused. In addition, the fact that research has unmasked informal and unregulated gambling such as Fafi, cards and dice as one of the major causes for problem gambling, has left the politicians and regulators unmoved and more inclined to impose more regulation on an already overregulated casino industry.

The reason for this aberration is that it is easier to penalise the regulated industry - simply because it looks good to do so - and therefore obviates any necessity of dealing with forms of gambling with which they cannot or do not wish to come to grips. That would be too difficult. One need only compare the very excellent findings and recommendations of the Gambling Review Commission to the recommendations made by the Parliamentary Portfolio Committee to understand the uphill battle that the industry faces. This is most unfortunate since it stifles business growth - there is no certainty and equally no knowing what excessive regulation will be mooted next - and therefore also such very important objectives as job creation and a growth in provincial own revenue is lost. Perhaps someone in government will see the light and the negative and punitive approach that holds sway at the moment will change.

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PROPOSED AMENDMENTS TO THE CODES OF GOOD PRACTICE ON B-BBEE: A BRIDGE TOO FAR?

On 5 October 2012, the Minister of Trade and Industry caused the publication in the Government Gazette of certain proposed amendments to the Codes of Good Practice on Broad-based Black Economic Empowerment ("B-BBEE"). The reach of the proposed amendments is significant and can be expected to have a profound impact on the manner in which business is done in the country as a whole.

By all accounts, the motivation for many of the proposed amendments was that the existing policies of the government in relation to B-BBEE, as set forth in the Codes, were "too easy" to comply with, with the result that the ratings being attained by measured enterprises were regarded as being unrealistically high. Crisply put, therefore, one of the primary objectives to be served by the amendments was to make it more difficult, or at least more challenging, for a measured enterprise to comply with the Codes, and correspondingly, to attain a high B-BBEE Contributor Level Status.

The setting of targets by governments for the achievement of pre-defined national goals is neither unprecedented nor inappropriate. However, the deliberate structuring of goals for a nation on the basis that they are difficult to achieve presents a set of challenges of its own and is likely to have a range of unintended negative consequences. Nowhere is this better illustrated than in the case of the casino industry.

Unlike other commercial sectors, the casino industry is measured, on an ongoing basis, against a range of legislative and regulatory requirements which are simply not applied to other business enterprises. Failure to comply with these requirements may potentially be the death-knell for the very businesses conducted by the holders of casino

licences. These requirements include a plethora of licence conditions, which, if breached, may ultimately result in the suspension or revocation of the licence.

In recent years, a succession of provincial regulators, ostensibly acting in accordance with a decision arrived at on an inter-provincial level, have placed a standard condition on a number of casino licences in force throughout the country, requiring the licence holder to attain a Level 2 B-BBEE Contributor Status by 2015. It should be noted that these conditions were imposed prior to the proposed amendments to the Codes, and for all intents and purposes without regard to any possible future amendments thereto. In short, therefore, and without regard to the issue of whether their respective mandates entitled them to set such targets, the provincial licensing authorities determined that, in accordance with the standards set by the existing Codes, they would regard the attainment of a Level 2 B-BBEE Contributor Status by 2015 as being an appropriate and a reasonably achievable, albeit somewhat ambitious, target for the industry as a whole.

The proposed amendments to the Codes will, however, dramatically alter the extent to which the above targets are achievable at all, not only by the holders of casino licences, but by most, if not all, measured entities in the country. The changes to be ushered in involve, in the first instance, materially increased points for achievement per Contributor Status Level. A simple example will suffice: whereas under the existing Codes an enterprise which scores between 85 and 100 points of a possible 100 will attain a Level 2 Status, in terms of the proposed amendments to the Codes, the points required to attain the same status will be between 95 and 100. The

difficulty associated with achieving an acceptable rating extends all the way along the chain: so that, for example, while between 65 and 75 points are currently required to attain a Level 4 status, an enterprise will now be required to score between 80 and 90 points to achieve the same status.

However, the difficulty only begins here. In terms of the proposed amendments, certain elements of the Codes, namely Ownership, Skills Development and Enterprise and Supplier Development, have now been identified as "Priority Elements". Large entities, including casino operators, which fail to meet the threshold requirements (of 40%) in respect of any of these elements will find that their B-BBEE Contributor Level Status will automatically reduce by two levels, notwithstanding the total points scored.

These difficulties are compounded, in respect of certain of the elements, by the substantial upward revision of both the weighting points and the compliance targets in respect of individual components themselves. By way of a single example, in the context of preferential procurement, the target for B-BBEE procurement spend is proposed to be increased from the existing 12% to 40% and the weighting points assigned to this component to rise by 300% from 3 to 9 points.

In addition to the above, a number of the substantive requirements for compliance have been materially amended. By way of example: in the context of preferential procurement, the proposed amendments to the Codes stipulate that all B-BBEE procurement must be from Value-Adding Suppliers. A Value-Adding Supplier is defined as a VAT-registered entity whose net profit before tax, when added to

its total annual labour costs, exceeds 25% of its total annual revenue. Taking into account ordinary commercial considerations, as well as the prevailing economic climate, very few businesses would qualify as Value-Adding Suppliers. If, as is predicted, CASA members are unable to source an adequate number of Value-Added Suppliers to meet the threshold of 40% (of an increased target of 80%), their B-BBEE Contributor Level Statuses will be discounted by two levels.

In the context of the casino industry itself, the above picture becomes even bleaker when regard is had to the extent to which the procurement spend of the industry is (predictably and unavoidably) dominated by the purchase of imported gaming equipment. Given that the suppliers of this equipment can under no circumstances qualify as Value-Adding Suppliers, as per the proposed amendments to the Codes, the consequences are inevitable.

As is apparent from the above, the proposed amendments to the Codes, if implemented, will expose CASA members to significantly enhanced business risks, inasmuch as their B-BBEE Contributor Level Statuses will drop by at least two levels, if not substantially more. This will invariably mean that their casino licences will be in danger of being suspended or even revoked, as a result of circumstances which are completely beyond their control, exposing the industry to incalculable economic and reputational risk, as well as the potential for unprecedented job losses.

The invidious position in which the casino industry now finds itself provides eloquent testimony to the dangers inherent in target-setting (from a B-BBEE compliance perspective) in the context of licence conditions. The greatest of these dangers, namely that the requirements underpinning these targets will change, rendering the targets themselves unachievable, is now set to materialise. It remains to be seen whether provincial licensing authorities will recognise that, although the licence condition imposed on casino operators will continue to require, on a simple reading, that they attain a Level 2 Status by 2015, the

substantive requirements for compliance with this condition will have changed beyond recognition. In short, if the condition is retained, compliance with it will require performance on a level which is completely unrelated to what was foreseen at the time of imposition of the condition.

On a more general level, however, the most critical risk inherent in the adoption of the proposed amendments to the Codes is that their impact is likely to be counter-productive on a variety of levels. If compliance is rendered so difficult that it is not feasibly achievable, it is likely that compliance levels will dwindle, rather than increase, thereby producing a result which is in direct conflict with the original intention behind the Codes: to create a culture of broad-based BEE throughout the country in terms of which all sectors of commercial endeavor are focused towards the achievement of reasonably achievable goals which will collectively advance the involvement of previously disadvantaged persons in the economy.

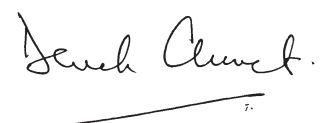
In 1944, the Allied armies attempted to wrest a significant amount of land in Holland from German control. The initial successes achieved in this ambitious campaign led to over-optimism and undue haste in seeking to complete the mission. When the Germans launched a counter-attack, the Allied armies were spread too thinly to resist, and were forced to surrender what they had captured through careful and measured planning and action, effectively driving them back to their starting point and eliminating all the gains that had been made. It is from these circumstances that the now popular saying "a bridge too far" originates.

The parallels with the proposed amendments to the Codes are obvious. Broad-based BEE is working, and with the necessary levels of commitment and effort, positive results can be achieved, and have indeed been achieved by the casino industry in South Africa. It would be lamentable indeed if the desire to achieve more than is manageable were to plunge the country into a situation where it achieves much less.

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It has been interesting to be able to view the developments in the casino industry from a close perspective over the past 8 years. The industry has matured very rapidly and now must rate with the finest operators in the world. And whereas the members of CASA stood at 8 in 2004, the number of members has dwindled to 4, mainly through consolidation brought about by mergers between the operators. It is unlikely that, given the cap that government has placed on the number of casino licences that the number of casino operators will increase, although there may be new entrants to the gambling market through other forms of gambling such as Internet gambling. The prospects are thus that the existing casino operators are limited in what they are able to achieve in terms of expanding their businesses. The individual operators are, after all, competitors. Each one has to be creative and innovative in seeking to maximise its attractiveness. They can only do so by product diversification and product upgrading. The option of expansion through new developments is not available to them and they are therefore only able to expand abroad, with all the consequences this entails.

It has been satisfying to have been part of the growth and maturing of the industry during what have been the formative years of the casino industry. The new boy has come to adulthood very rapidly and has done a fine job. To all those who provided advice (some good, some bad, but nevertheless always well-intentioned) my thanks. It has been a great deal of fun. I trust that the industry will have the luxury of being treated with the respect that it deserves in future.



NEW GAMING MANAGER FOR BLACKROCK CASINO



Blackrock Casino welcomed Zolelwa Mzamane into its fold as Gaming Manager. She brings with her a wealth of experience having worked in the casino industry since 1999. Most recently, she held the position of Area Tables Manager at Suncoast Casino and Entertainment World in Durban since 2007.

In her role as gaming manager at Blackrock Casino, she is responsible for VIP Services, building business intelligence and managing customer relationships. She shares Blackrock Casino's interest in community-building and, in her capacity, hopes to become more involved with the casino's various social responsibility initiatives.

Working in South Africa's fast-paced and exciting gaming industry provides Mzamane with an outlet for her passion for people, boundless energy and adventurous spirit. An avid traveller, she's been exposed to many types of people and cultures which puts her in good stead for dealing with Blackrock Casino's diverse customer base.

CARNIVAL CITY NAMED INDUSTRY LEADER

Ask Afrika Orange Index awards Casino for service excellence



For the second year running, Carnival City has been awarded the top spot in its category by the Ask Afrika Orange Index.

The 2012 Awards, which pitted Carnival City against all other industry competitors as well as sister casinos within the Sun International group, has become the benchmark for service standards in South Africa.

Based on empirical research from 15 400 personal interviews among a nationally representative sample of the country, across 18 different industries and 118 companies, the Awards aim to honour those organisations that consistently offer service excellence to customers.

The Ask Africa Orange Index® was first established in 2001 with the aim of allowing South African companies to compare their service levels with their direct competitors and other associated players, as well as to provide insights into mass consumer trends. Carnival City General Manager Derek Panaino said, "Exceeding customer expectations is the essence of Carnival City and is what differentiates us from our competitors. We offer an experience in which outstanding service and attention to detail plays a key role in attracting, retaining and growing our customer base. Customers reward brilliant service with repeat business.



"For us to maintain our competitive edge, especially in the competitive Gauteng market, we have to ensure that our interaction with customers is consistently warm and friendly, going beyond the ordinary and beyond the expected. To keep abreast of evolving perceptions of service we conduct ongoing formal and informal research but undoubtedly our biggest investment is in staff and training. Every single Carnival City employee has made a terrific effort to ensure we won this award and they all have an equal share in it."

Over the past four years the Sun International group has introduced a comprehensive Touch Point initiative primarily to improve the customer experience and gather insight into their needs. This, coupled with the rollout of an improved customer information system allowing staff to have a single view of each customer, across the group, allows Carnival City to understand and know each customer's preferences personally.

Sibaya Casino contributes to Life skills through Sport



Under the management of Sibaya Casino's Corporate Social Investment committee and Peace Players International, Waterloo Primary School has introduced an educational life skills programme through sport, with Basketball being the primary focus and used as a conduit for life skills and HIV/AIDS training.

Sibaya Casino & Entertainment Kingdom made a generous donation of R157 100.00 to Peace Players International SA, which will go towards capacity building and resources for a sports programme for two schools in Waterloo. The first school was Waterloo Primary School. The funding will go towards the building of the school basketball court, the basketball equipment, staff training, transportation and the primary school educators.

Christmas arrived early for Dirang Ka Natla High School located in Stilfontein in the Northwest Province when the school received a full size soccer field and tarred netball court this week from leading entertainment and casino hub, Rio Hotel Casino Convention Resort. Open for 13 years and boasting a 90% grade 12 pass rate, the comprehensive school had only one shortfall - a lack of sporting facilities. All sports events had to be played at the other schools or on communal sports fields. Rio Resort identified the need and successfully provided a full size soccer field and a tarred netball court. Guests at the handover included Clive Taverner Regional General Manager, Rio Hotel, ANC Councillor Mr Goitse Mogoemang, ACT Education Circuit Manager Mr Motswi Mohutsioa, COO of the NWGB Mr Mothunye Mothiba, and Marketing Manager of the City Council Mrs Sandy Botha.



SUNCOAST SHARES BIRTHDAY FUN WITH UNDERPRIVILEGED CHILDREN



To celebrate Suncoast Casino, Hotels and Entertainment's Suncoast) 10th birthday this year, over 30 management and staff visited the Inkanyezi Creche & Community Care Centre in Jamaica, Chesterville, bringing a bounty of treats along with them, including a birthday cake, food and refreshments and a magician, to the excited group of children.

With its *Doorstep Campaign*, Suncoast continues to 'walk the talk' of making a positive, sustainable impact on the communities in which the business operates. By investing in and improving the quality of life of disadvantaged communities, Suncoast seeks to intervene at the social, environmental and law enforcement levels, of community based-projects.



Her Serene Highness Princess Charlene of Monaco pictured here with Oscar Pistorius, Peermont executives, Bob Yearham (left) and Anthony Puttergill (second right) and his wife Tracey in the winner's enclosure before the start of the Charity Mile.



Derreck David who rode the Mike de Kock-trained Festival of Fire to victory with Her Serene Highness Princess Charlene.



Her Serene Highness Princess Charlene of Monaco in the winner's enclosure with SuperSport presenter Neil Andrews and his wife Natalie.



Some of the well-known personalities who generously gave of their time to support the Charity Mile gave the event a big thumbs up after conclusion of the race. They are, in the front, Alfred "Shorty" Ntombela, middle, Phuti Khomo, Juanita Mitchell, Lynné de Jager, Bailey Schneider, Sphum, Nicole Flint, Carol Tshabalala and at the back, Mark Pilgrim, Dan Nicholl and Neil Andrews.

All photographs courtesy of Yolanda van der Stoep.

KwaZulu-Natal Premier hands over Umfolozi Casino License



FRONT L - R: Dr Zweli Mkhize (KZN Premier), Anthony Puttergill (Group CEO), Mrs Fhiliwe Nkomo (Group HRO), Mrs Zethu Gumbi Umhlathuze (Deputy Mayor), Ms Portia Baloyi (CEO KZNGBB)
BACK L - R: Thabo Mokoena (Group Chief Dev Exec) - Vusi Zwane (Group Corporate Affairs Officer)

Dr Zweli Mkhize officially handed over the permanent casino licence for the Umfolozi Hotel Casino and Convention Resort in Empangeni to Peermont Global (KZN) (Pty) Ltd. The Umfolozi Casino Resort recently added a new hotel, convention centre and upgraded resort facilities to meet the required terms of the licence. Located off the N2 highway the Umfolozi Casino Resort is a renowned landmark and vibrantly Zulu themed resort which provides non-stop entertainment, warm KwaZulu-Natal hospitality and a convenient stop-over en-route through Zululand between Durban and popular tourist destinations such as St Lucia, Hluhluwe, Sodwana and Kosi Bay.

Eastern extravaganza of grandest proportions promised at 10th annual Festival of Lights at Golden Horse

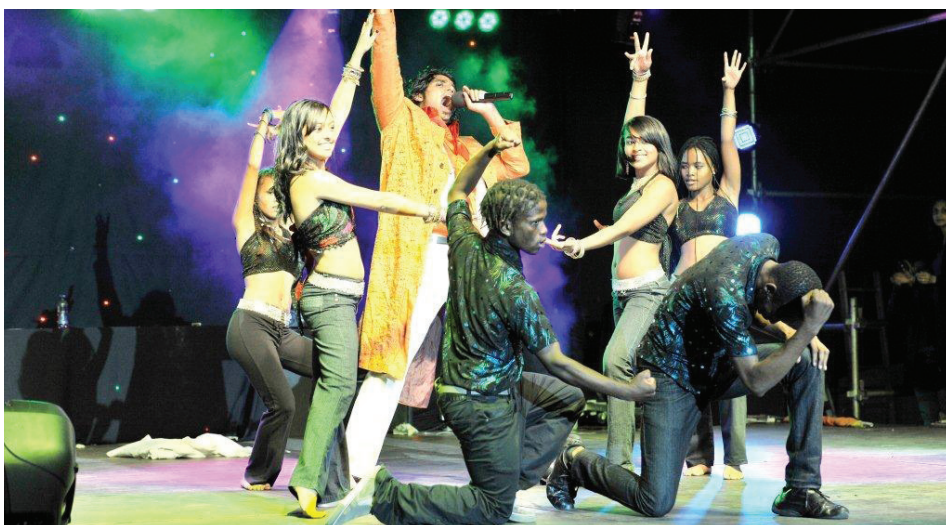
Golden Horse is presenting its annual Festival of Lights for the tenth consecutive year on Saturday the 27th of October 2012. One of the largest and most highly-anticipated events on the Pietermaritzburg social calendar, attracting in excess of 11 000 people in 2011, the Golden Horse Festival of Lights is an extravaganza of Indian culture, sights and sounds. This year the festival of Lights is brought to you in partnership with Public Eye and DSTV Indian.

This year, visitors can expect an astonishing array of entertainment throughout the afternoon and evening, including fashion, dance and music shows. There will also be a variety of stalls and exhibits featuring Indian foods, clothing, jewellery, art and much more. Open FREE to the public, There is no cover charge to attend the event.

It kicks off at 1pm with a comedy show to set the mood for fun.

According to the casino's Marketing Manager, Prabashni Reddy, one of the biggest attractions of this year's Festival of Lights is the DSTV Indian Bhangra Bash with MC Riyash Misra.

Another exciting event during the festival is The Osmans Tajmahal Miss Bollywood Show which features local beauties and fashion talent.



"Girls and guys from the community who are aged between 15 and 30 years old are invited to be part of this mega event. Models volunteering to be part of it will wear exclusive Eastern-inspired garments by local designers and will be given modelling training. On the night, they will be escorted on the ramp by gorgeous men in true Bollywood style," says Reddy.

Another highlight of the Festival of Lights is a dazzling dance display by Nagara Sensation from Durban. This will be followed by an Eastern Extravaganza with Tansen Nepaul's Showband, accompanied by some of South Africa's finest musicians and singers.

"This extravaganza is certain to enthrall the crowd with sensational dancers, extraordinary costumes and professional sound and lighting," says Reddy.

The event will culminate with a high energy performance by the Afro Fusion Cast led by the "king of entertainment", Rajiv Mothie. This production has taken the country by storm, packing out venues and earning rave reviews.

For more information contact Golden Horse Casino Guest Relations: 033 395 8136.

Young people keen to be part of the Miss Bollywood Show can contact Pinky Mothie on 0833274666

PUBLIC NOTICE

REQUEST FOR PROPOSALS FOR A CASINO LICENCE IN THE MPUMALANGA PROVINCE

The purpose of this notice is to invite proposals for a casino licence in the Mpumalanga Province, in terms of section 29(1) of the Mpumalanga Gambling Act, 1995 (Act No. 5 of 1995), as amended.

The area, development, procedural and other requirements are explained in the Request for Proposal (RFP) document that was released by the Board. The RFP also contains the evaluation criteria that will be applied by the Board to award the casino licence.

The Board provides all interested parties, with an opportunity to request clarification on the RFP up to 08 November 2012. The deadline for submission of preliminary proposals is 28 February 2013.

The aforesaid RFP can be downloaded from [here](#) or can be obtained from the offices of the Board, located in First Avenue, White River, Mpumalanga Province.

Any queries regarding this matter can be directed to the Chief Executive Officer at telephone number 013-750 8000, facsimile number 013-750 8099 or e-mail address ceo@mgb.org.za.

Issued by: BHEKI MLAMBO
Chief Executive Officer

Season's Greetings and
a prosperous New Year

from all at **CASA**

INTERNATIONAL NEWS:



Mpumalanga Gambling Board CEO, Bheki Mlambo, has been elected to serve on the Board of Trustees for the International Association of Gaming Regulators (IAGR).

The conference, which was held October 21-24, 2012, was attended by close to 200 regulators from 34 jurisdictions, the highest attendance by regulators at an IAGR conference to date. Among the topics covered during the conference were: Developments in Asian Gaming: The World's Largest Market?; Social Gaming: A Sheep in Wolf's Clothing?; Future Trends in Gaming: Challenges and Opportunities; International Transfer of Test Results; Understanding and Mitigating Money Laundering / Terrorism Financing Risks in Casinos; Sports Betting and Integrity - The Role of the Gambling Regulator; Responsible Gambling; and International Developments: A Pathway to Cooperation.

Begun in the 1980's, IAGR works to advance the effectiveness and efficiency of gaming regulation throughout the world and provides a forum in which gaming regulators from various countries can meet, exchange views and information, and discuss policy issues.

In addition, IAGR creates a means of fostering cooperation between gaming regulators in the performance of their official duties and is a central point of contact for inquiries from governments, gaming regulatory agencies and personnel, and representatives of the international gaming industry.