

BACON FAREWELL

On Monday June 5, CASA bade a fond farewell to chairman Peter Bacon at a function held at the Mount Nelson Hotel in Cape Town. Industry CEOs and their spouses were there to pay tribute to a man who has become synonymous with the South African gaming industry and wish him well with his future endeavours. Dr Vincent Maphai, chairman of the SA Responsible Gambling Trust, and executive chairman of BHP Billiton, was among the many industry leaders who were there to wish him well.

Bacon stepped down as CASA's chairman at the end of June, coinciding with his retirement from Sun International after three decades in South Africa's tourism and leisure industry. While he will continue to work with the Group in developing its European, British and other international projects, he also intends to involve himself in a number of other leisure industry initiatives.



Mr Peter Bacon, Mr Jabu Mabuzo, Mrs Anneline Bacon and Mr Derek Auret



Mr Charl Faurie (GM CASA) and Mrs Anneline Bacon



Mr Erwin Haitzman (CEO Century Casinos), Mr Derek Auret and Mr Christian Garnert (COO Century Casinos)



Mrs and Mr Martin Rice (MD Emerald Safari Resorts)



Mr Christian Neuburger (COO of Gold Reef), Mrs Laura Franklin (wife of Jeremy Franklin, CE of Tusk Resorts) and Mr Steven Jaffe (CE of Gold Reef)



CASA
Casino Association of South Africa

news LETTER

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FROM THE CE's DESK



Our new chairman

Tsogo Sun chief executive Jabu Mabuzo has been elected to succeed Peter Bacon as the chairman of the Casino Association of South Africa. Jabu will be serving his second term, having been the founding chairman of CASA in 2003/4.

Jabu is a dynamic leader who is held in high regard by all of CASA's stakeholders. As our founding chairman in 2003/4, Jabu was responsible for the establishment of the association, bringing together in common purpose all the key players in a highly competitive and previously fragmented industry. Importantly, he made a positive contribution to the evolution of the 2004 National Gambling Act and subsequent regulations, which have defined our operating environment.

Jabu is widely regarded among regulators and industry leaders for his social awareness, and his leadership of an industry in South Africa that had delivered much in the public interest. He has been in the forefront of new thinking on key social issues such as

responsible gambling, transformation and corporate governance; and he is a modern business leader who understands that commercial success depends on being trusted to meet society's expectations.

We in the CASA office much look forward to working with Jabu in the year ahead.

And goodbye to Peter Bacon

It would be remiss of me not to pay tribute to Jabu's predecessor, Peter Bacon, who retired in June after a 30-year career with Sun International.

Peter is one of South Africa's best-known and regarded business leaders, and it is widely acknowledged that he has been instrumental in the robust growth of our country's tourism and leisure sector in recent years. Moreover, he has played a well-recognised and crucially important role in the development of the country's internationally respected policy framework for the gambling industry, and the fact that our industry is held in such high regard here and abroad has everything to do with Peter's thoughtful and vital contribution over many years.

The National Gambling Board's 2006 Socio-Economic Impact Study

The publication of the NGB's research study into the socio-economic impact of gambling in South Africa is a milestone in the history of our industry.

Crucially, the report (undertaken by the Bureau of Market Research at UNISA) makes the following key points.

- That the gambling market has matured, with South Africans showing more responsibility when it comes to gambling. Gamblers in South Africa realise that gambling is, first and foremost, entertainment and recreation.
- That problem gambling has declined since the last UNISA study in 2003.

The UNISA findings vindicate the considerable investment by South Africa's casino sector since 2000 in public education, and in particular, through the National Responsible Gambling Programme (NRGP), something which has clearly achieved the desired results.

We share the National Gambling Board's concern, however, that a quarter of the gambling market comprises the less affluent - those earning less than R1000 per month. But what is significant about this finding in the report - results that are mirrored in the recently published NRGF study - is that this segment of the market is overwhelmingly (75%) lottery players. Only a small percentage ever gambles at casinos. The UNISA study returned similar results for gamblers who were unemployed.

This shows that issues such as accessibility and proliferation, as well as price, play a central part in decisions by less affluent people to gamble. Casinos, a relatively expensive gambling product for this market, are much less accessible and are thus not the gambling product of choice for South Africans who are poor.

Finally, the report covers in some detail the extent of the casino sector's positive contribution to economic growth and development, noting that our industry has generated nearly R16-billion in new investment in the past decade. It has also created almost 100 000 direct and indirect jobs during this period, and we therefore believe overall that the balance sheet in respect of the casino industry is a positive one.

**Derek Auret
CE**

FROM THE CHAIRMAN

It is a pleasure for me to contribute some thoughts to CASA News as the newly elected chairman of the organisation. As you know, this is my second term at the helm of CASA and I fully expect the coming year to be as eventful as my previous tenure as chairman.

Our role at CASA is to conscientiously represent the interests of our industry, and as importantly, those of the stakeholders we serve. Since inception, our organisation has made an important contribution to the evolution of good public policy and good governance in respect of gambling, something which is essential for our long term sustainability as an industry.

During my term of office, it will be my focus to consolidate and expand the casino sector's contribution to public benefits, enhance our commitment to good corporate citizenship as an industry, and to meet and exceed our obligations in respect of social priorities such as problem gambling. I will ensure that everyone in the industry, and all our stakeholders, understand our commitment with regard to these issues.

Responsible gambling measures are working

The well-publicised results of the NRGPs bi-ennial National Problem Gambling Prevalence Survey has made news. The largest research project of its kind undertaken in Africa, and arguably the southern hemisphere, this important piece of research has good news for industry, the regulatory community, government, and indeed all those in civil society with an interest in promoting a culture of responsible gambling in South Africa.

In summary, the results of the 2005/6 study reveal that the incidence of problem gambling in South Africa has dropped from 6.8 % in 2003 (of adults with ready access to commercial gambling) to 4.8 % in 2005. Less than 1 % of South Africans are compulsive or pathological gamblers. These findings are consistent with those of the recent UNISA study, commissioned by the National Gambling Board, the results of which are dealt with in CE Derek Auret's column in this issue.

For me, what is particularly pleasing, is that our collective efforts to educate the public about gambling, undertaken by industry itself and the NRGPs, are bearing fruit. There is no doubt that South Africans today are better informed about gambling, and our significant investment in public awareness initiatives has met with some considerable success.

What also emerged from the study is that the conventional wisdom that the availability of commercial gambling necessarily leads to higher levels of addiction is, in fact, an incorrect perception. We have known for some time that research in North America which demonstrates clearly that if the introduction of additional gambling is accompanied by extensive public education, the prevalence of problem gambling can be contained, if not reduced. But this is the first time in South Africa that we have seen local evidence of this.

A final observation on the NRGPs study relates to another misperception about the casino industry, namely that the poorest of the poor are targeted by casinos. What in fact the research proves is that fewer than 3 % of people with a disposable income below R1400 per month ever visit a casino. But in contrast, 70 % of the people in this market play the lottery regularly. A pity, then, that the lottery does not contribute to our collective efforts through the NRGPs to address and deal with the question of problem gambling.

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As many of you know, I have recently also been elected chairman of the board of SA Tourism. This appointment, in part, undoubtedly constitutes recognition that our industry has made, and can make,

a major contribution to the successful evolution of South Africa's tourism sector. Given that our members in CASA have been responsible for substantial investments in new tourism infrastructure, including in the past eight years over 5000 new hotel keys, two international convention centres, and other attractions such as the Apartheid Museum, I believe we have a significant role to play.

And we get a golden opportunity to demonstrate this with the forthcoming FIFA 2010 World Cup.

Because tourism and leisure (including the casino sector) is a labour-intensive industry, and one which is characterised by a high degree of small business activity, it has strong economic multipliers, with very obvious knock-on effects.

Studies by analysts such as Grant Thornton demonstrate conclusively that tourism's contribution to GDP benefits South Africans across all social and economic strata. In fact, a major component of visitor spending by tourists is that to be found in typical SME enterprises such as the manufacture and sale of gifts and souvenirs, transport, food, and other commodities and services provided by small businesses.

Everybody also benefits from infrastructural spending ahead of an event like the FIFA World Cup. Economists estimate that the World Cup will bolster South Africa's economy by more than R21-billion, creating approximately 160 000 new jobs through the construction of roads, stadiums, hotels and other facilities.

Events benefit regions and cities like ours in two principal ways. Firstly, they generate new spending from visitors outside a given economy or political jurisdiction because, if correctly chosen, they have the ability to attract visitor spending from tourists who come to a destination specifically because an event is being held there. The Nedbank Golf Challenge at Sun City is a good casino industry example of this.

Secondly, top flight events are arguably the most cost effective form of marketing which a region or a city can undertake. This is entirely because appropriate events beget national, continental and international media coverage. Especially in the case of television, an event effectively becomes a shop window through which an international audience is exposed to a city or a region in a managed way, for infinitesimally less than if such time or space was to be purchased commercially.

In the case of developing nations in particular, like South Africa, who do not have the resources and budgets to be able to match the marketing spend of competing tourism destinations in the northern hemisphere, or even Australia or New Zealand for example, events are a highly lucrative an effective means of getting one's message to the market place at considerably reduced cost.

Events are therefore central to South Africa's overall tourism strategy, and I urge all of our members in CASA to not only exploit this opportunity, but to come together, in the national interest, to make sure that Africa's first-ever FIFA World Cup is the sparkling success it can and must be.

**Jabu Mabuza
Chairman**



PEERMONT GLOBAL EXPANDS TO THE FREE STATE

PeerMont Global Limited has begun construction of the Frontier Inn & Casino in Bethlehem. The resort will comprise 120 gaming machines, eight tables, an 80-seater entertainment bar, a Spur restaurant and a beautifully designed 21-key, three-star hotel - capable of expansion in accordance with demand. In addition there will be an amusement centre, a professionally staffed childcare facility and a convenience and confectionery shop. The gaming floor will consist of a main casino and Salon Privé with smoking and non-smoking areas throughout.

PeerMont Global bought effective control of Incitcorp (Pty) Ltd, holder of the casino licence, and will also be the developer and manager of the casino and the other facilities forming part of the resort. The Black Empowerment Partners will have 30% ownership of the resort. Construction started at the end of November 2005, with the expected opening date being 30 November 2006.

The Frontier Inn & Casino will see the creation of approximately 480 jobs during the development phase. A further 113 jobs are expected

to be created, largely for residents of the surrounding communities, once the resort is operational.

Ernie Joubert, Chief Executive Officer of PeerMont Global, comments: "This project provided PeerMont Global with an opportunity to contribute to economic and tourism development and BEE in the Bethlehem area. In designing the Frontier Inn & Casino, we took our inspiration from Bethlehem's characteristic architecture when it was still a Frontier Town. The theme of the resort is that of a late 19th Century stage coach or mail coach Inn and Tavern with typical sandstone and plaster trim, wide porches and terracotta clay roof tiles, accentuated with chimneys."

"This resort will have all the elements of a PeerMont Global development, namely quality design and construction, the highest level of customer service and operating standards, excellent value for money, quality entertainment and thrilling promotions."

The Frontier Inn & Casino will indeed become the place to see and be seen in Bethlehem.



PE BID FOR EASTERN CAPE CASINO LICENCE

The Herald, Monday, July 3, 2006

Local team vying for one of the last two opportunities includes Emfuleni Resorts BEE partner

By Bianca Capazorio

Port Elizabeth businessman Steven Dondolo has his eye on another business venture, and this time, he will be trying his luck in the casino industry.

His company, African Pioneer, has teamed up with Zonwabise, a local company, to submit bids for the last two casino licences in the province. While Dondolo is bound by the Eastern Cape Gambling and Betting Board not to reveal details pertaining to the bid, those details that are publicly available indicate that African Pioneer has envisaged a Mithatha waterfront, facing the N2 and next to the Walter Sisulu University.

They have also bid for the Queenstown Casino, with all three of the bids received for that development operating on a Victorian theme.

Dondolo said in an interview that African Pioneer, established in 1995, had teamed up with Zonwabise because of their experience in the casino industry.

Zonwabise is the BEE partner in Emfuleni Resorts, the company that owns the Boardwalk.

Dondolo said African Pioneer had wanted to "grow our investments" and had looked to the casino industry to do that. African Pioneer has stakes in Eyethu Fishing and Coca Cola Sabco.

Five bids were received from three companies for the two licences. Also competing are East London-based Lukhanji Leisure, made up of the Kat Leisure group co-operating with the Kroc brothers, who are associated with Gold Reef City Casino in Johannesburg.

The final bid was made by PeerMont Global, the group responsible for the Johannesburg's Emperor's Palace. They too will be bidding for both licences.

Eastern Cape gambling and Betting Board heads Gonza Mati said the bids had exceeded their expectations.

The bids were subject to guidelines of a R65-million investment for the Mithatha Casino, and a R50-million investment for Queenstown. The Mithatha casino also had to have a 40-room hotel, while the Queenstown bidders had to include a 30-room hotel.

Mati said the bids would be open for public inspection and interested and affected parties would be allowed to make comments, after which public hearings would be held.

The proposed sites would then be visited and each bidder will have to provide financial guarantees by October.

Mati said anyone who could not submit the financial guarantees would be disqualified, and the winning bids would be announced in November. Construction was likely to start in January, 2007.

"We want to have at least the casino side operating by September," he said.

Mati dismissed possible complaints that casinos built in poorer areas would have a negative impact on the societies in which they functioned.

He said: "That argument is pre-1994. The question of whether we should have been gambling or not has been surpassed by legislation. There were always going to be five licences here, so this is not a new thing." He said the new casinos would create jobs during the construction phase, and afterwards as staff would be needed for hotels, shops and restaurants and would be focused on attracting tourists to the area.