

# SUN INTERNATIONAL LAUNCHES GOLDEN VALLEY CASINO

Sun International's R151 million casino development in Worcester, the fifth and final casino license granted in the Western Cape, opened its doors for business on Wednesday, 22 November.

The Golden Valley Casino is the largest investment in tourism ever made in Worcester and is expected to have a significant and positive economic impact on the Breede River Valley region.

The 4000sqm site sits on the confluence of the N1, between Cape Town and Johannesburg, the Wine Route and the Garden Route.

Development of an 80-room hotel on the site is expected to begin early in 2007.

Speaking today at the opening, Golden Valley Casino GM, Felicia Roman, said:

"By providing major new tourism and leisure industry infrastructure in a rural area like the Breede River Valley, the complex will draw visitors and new spending, creating jobs and opportunities for local businesses and suppliers."

Locals have already felt the impact of the casino with the 316 new jobs that have been created. Of these, 126 are connected directly to the casino, and 190 relate to concessionaires, such as the restaurant and bars.

Wherever possible, companies from the region were hired during the construction process. Going forward, a preferential procurement policy will also be followed in relation to future business and staffing policies to maximise economic opportunities for residents of the region.

The Golden Valley Casino has a BEE shareholding of 60%. Of this percentage, Grand Parade Investments holds 38%, Stripe 7 Investments 8% and Business Venture Investments 10%. Importantly, the community-based Breede River Valley Community Trust owns 4%, with the specific aim of empowering local people in the Breede River Valley.

The casino's operator, Sun International, holds the balance of 40%, and from its



ALEX ABERCROMBIE AND GM FELICIA ROMAN

shareholding will come the 3.5% which is to be allocated to previously disadvantaged employees through the Sun International Employee Share Trust.

A corporate social investment committee will be established during the first year of operation of the Worcester Casino. As with other properties within the Sun International group, 2% of profits after tax will be invested in local NGOs.

## THE MERITS OF REGULATION

This article was published in *The Independent*, 24 November 2006

Yesterday's international gathering at Ascot reacquainted us with the regulation of gambling websites, and last month's surprise decision by the US legislature to ban banks from processing payments from such sites, represent two very different responses to the boom in online gambling. Of the two, the approach taking shape at Ascot is by far the more sensible.

There are serious doubts about whether the new US law – passed in an atmosphere of moral hysteria – will be effective. Americans will still have easy access to gambling sites registered abroad. Some will simply circumvent the restrictions by setting up offshore bank accounts. Indeed, it is likely that all this law will succeed in doing is driving America's 4-million internet gamblers underground.

The problem is that the internet, by virtue of its constantly changing nature and the ability of websites to fit between different national

jurisdictions, is almost impossible to police. This is not just a problem with respect to gambling. Despite some well-publicised successes, authorities around the world are still finding it hard to locate the shut down sites selling child pornography. As soon as one is shut down, another springs up. Often they are registered in a country with no specific laws targeting online paedophilia, slowing the process of prosecuting those responsible. There is also a very different kind of problem with British patients perfectly legally purchasing medicines on US sites that would only be available on prescription over here.

What this shows is that, to be effective, any regulation of the internet has to be by global agreement. No single country will have much success acting alone. Of course, the US has a right to attempt to enforce its anti-gambling laws. And sympathy for those British-based gambling companies that have been hit hard by the US ruling must be

limited. They knew that online gambling was illegal in the US, and that enforcement was a possibility. But the lure of the massive US market was too great to resist. Their directors gambled – and lost.

But the point remains that attempting to ban this activity is unwise. The approach outlined yesterday by the Culture Secretary, Tessa Jowell, for a system of internationally enforceable rules for online betting sites is far more attractive. This would give the authorities more leverage to shut down more grossly irresponsible sites, such as those that encourage children to gamble. A system of regulation could also compel sites to inform customers of how much money they had lost. None of this will be possible in a world where online gambling sites are identified as an enemy to be headed out of business – and online gamblers are treated like criminals.

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## FROM THE CE'S DESK

### INTERNET GAMBLING: "The Issue" for 2007?

It can be safely anticipated that the dominant South African gambling debate in 2007 will probably revolve around developments in the field of internet gambling. In late 2005, five years after commissioning its policy study, the National Gambling Board submitted a report to Parliament recommending that policy should have three primary goals: Citizen protection, national reputation protection and the creation of a thriving local industry.

It recommended legislation which would provide for player-protection, the prevention of underage gambling, player ID, accessibility to operators, game rules, player self-limitation, creditable remissions and funding for the National Responsible Gambling Programme.

Thankfully, South Africa has been spared the short-sighted approach of the United States, where the Unlawful Internet Gambling Enforcement Act, passed in Congress on 30 September 2006, outlawed most forms of internet gambling, making it illegal for banks, credit card companies and online payment systems to process payments to online gambling companies.

The legislation, bizarrely, does nothing to protect American consumers who choose to enjoy internet poker and other games. It is arguable that the immediate effect may be to drive the industry further underground as gambling sites devise new methods for getting money from, and to, a market where players have shown a resilient demand for this type of entertainment.

This will prove to be a classic case of unintended consequences. In the guise of protecting vulnerable Americans – minors who want to gamble and adults who can't control their gambling – Congress has actually heightened the risk to these groups. It has driven away the operators who followed the most socially responsible practices. It has also increased the possibility of online gambling being used for money laundering, because it has outlawed the most easily tracked methods of payment.

That is not to say, however, that remote gambling is without risk to those who may be vulnerable to developing gambling problems, as certain factors associated with the development of problem gambling are particularly relevant to internet gambling. For example, gambling over the internet is available 24/7, a factor which could lead to an increase in problem gambling. Similarly, online casinos allow continuous play. Young people are particularly vulnerable, because their familiarity with the internet may lead to an early onset of playing, particularly when free demos on gambling sites allow them to learn the games earlier than would otherwise be the case.

Thankfully, the NGB report recognised the reality that a number of South Africans already participate in various forms of interactive gaming, in spite of this being technically illegal under the current Act. Furthermore, with increasing accessibility of technology, mainstream marketing activities by these enterprises and the easing of exchange control regulations, the report had no doubt that this activity will become more prevalent. In this context the report's sensible goal was to provide local players with an opportunity to engage in interactive gaming legally and safely, preferably on South African-licensed sites.

CASA has adopted the position that the main benefit of legislating and regulating remote gambling in South Africa is that it will enable the Government to crack down on the proliferation of remote gambling opportunities increasingly offered (and advertised) to South Africans without any suitable safeguards being put in place to protect consumers, especially the young and vulnerable.

CASA also believes that if remote gambling were legalised in South Africa, there would be significant revenues for government since South African-licensed companies would add their remote earnings to their land-based earnings and pay tax on the combined



Gross Gaming Revenue. Obviously, at present there are no tax revenues coming from this sector.

We have argued that the main emphasis in South Africa should be the achievement of the three internationally recognised objectives of all good gambling regulation, namely:

- To keep crime out;
- To ensure fairness to customers;
- To protect minors and other vulnerable persons.

We believe the main issues that need to be addressed in the legislation, which will presumably be presented to Parliament in 2007, should recognise the following:

- Taxation levels would have to be set to ensure that South African sites can compete globally. It should be kept in mind that certain highly successful sites are situated in tax havens or low-tax jurisdictions.
- CASA believes that if remote gambling were legalised in South Africa, there would be significant revenues for Government. At present there are no tax revenues coming from South Africans who gamble on remote sites, or from cyber-tourists who play at remote sites operating out of South Africa.
- All South African remote gambling sites must conform to a code of practice laid down by the National Gambling Board.

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WINELANDS MAYOR CLARENCE JOHNSON



SUN INTERNATIONAL'S GOLDEN VALLEY CASINO WAS LAUNCHED ON WEDNESDAY, 22 NOVEMBER



Season's Greetings  
from all at CASA



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## MESSAGE FROM JABU MABUZA, CHAIRMAN

Even by our own vibrant standards, it has been an event-filled year for South Africa's casino industry, largely on the back of our country's strongly performing economy, stability, and investor and consumer confidence.

President Mbeki made the point a few weeks ago that 20 years ago, in 1986, the country experienced a 2.5% decline in real terms in GDP, consumer spending was decreasing, private fixed investment was down 3.5 %, and public sector fixed investment had fallen by as much as 40 %. Inflation had dropped, but only to 18.6 %. Things were desperate.

How different things are today. Buoyed by high levels of consumer spending, fiscal discipline and low inflation, GDP growth has averaged 4.2 % in recent years, there have been strong increases in foreign and domestic investment, and over a million new jobs have been created since 2004.

And our industry, always a reliable litmus test of economic health, is thus thriving, as one can see in announcements over the past twelve months by our members of expansions, acquisitions and other forms of new investment. At Gold Reef Theme Park, GrandWest, Monte Casino, Kalahari Sands and Sun Coast, major new investments have been announced; and during the year Century Casinos acquired Ballele Leisure, and Peermont Global purchased Lusk.

Not immune to this wave of confidence, regulators in the Eastern Cape, the Northern Cape and Limpopo issued four new RFPs for casino licenses, two of which have already been awarded at Queenstown and Umtata.

Two new casinos this past 12 months have also come on stream. The Frontier Inn at Bethlehem and the Golden Valley Casino at Worcester. From what I have seen, both will stand out in respect of design, and will deliver meaningful and measurable social and economic benefits to their surrounding communities.

Outside our sector, it was also a year of important news, with LPWs being introduced to more provinces, most recently Limpopo, and the award of the lottery operator licence to Gidani.

It was also a year, our first as an industry operating under our ground-breaking Code of Conduct signed last December, which saw three major socio-economic research studies published, respectively by the Gauteng Gambling Board, the National Gambling Board and the NCRG. Very relevant is the fact that all three studies paint a picture of a casino industry in South Africa that is socially responsible and accountable.

It is clear from this research that our gambling market has matured in South Africa, that our customers are showing more responsibility when it comes to gambling, and importantly, that our investments in measures like the NCRG to address the question of problem gambling are bearing fruit.

Whilst this past year was the fourth National Gambling Board Biennial Conference held in Cape Town in April and, after a long wait, the NGB's report on on-line gambling. We hope this will see the relevant legislative amendments made in 2007.

Internationally, world attention has been focused on the remarkable events in the US with regard to internet gambling, as well as new developments in Macau, Singapore, the United Kingdom and most recently, Russia. Particularly in the case of these last three jurisdictions, it is heartening to see policy makers introducing frameworks for the industry which closely resemble our own; it only because it further serves to validate government's enlightened and ultimately successful approach after 1994 to reforming and regulating the industry in our own country.

And any review of our industry would be incomplete without saying something about its remarkable people. This was a year in which we saw the retirement of icons of our industry, such as Peter Bacon, Ron Stringfellow and Patrick Reincke who played a vital role in the development and evolution of South Africa's, internationally-respected gambling dispensation. We were saddened to learn of the death of Butch Kerzner, whose family were instrumental in the early days of our industry, and yet delighted that a young South African, Nolutshanyo Carol Sinuka, was chosen as the top dealer in the world at the International Casino Dealer Championships held in Sydney, Australia in September.

It has been a year of glamorous events, top entertainment and amazing promotions at South African casinos, which have seen international celebrities, and the great and the good, from the Duke of Wessex to Caprice and Seal, and among others, beat paths to our doors.

But perhaps the most important people whose lives we have impacted on are the millions of beneficiaries of our corporate social responsibility spending. I am deeply proud to record that our industry invested some R90 million in education, housing, health, arts and culture, sport and other vital social spending during the course of this year.

All in all, then, it has been a great year for our industry, and for our country. As Derek Aured so accurately wrote in a recent edition of Casa News, it feels good to be a South African right now.

It remains for me to wish you and your families a blessed and safe Christmas, and a happy and equally prosperous New Year.

*Jabu Mabuza*

# Corporate Social Investment's whopping golden net for 2006

## LOCAL CASINO GROUPS ARE GIVING MILLIONS BACK TO THEIR COMMUNITIES

Anyone who wonders about who benefits from South African casinos' corporate social investment programmes – and to what extent – need look no further than this year's figures, which show that gambling establishments from Gauteng to the Western Cape bestowed a whopping R90-million on a bewildering variety of good causes.

**Toigo Sun** came up with a total of R5.8 million for various CSI projects: R2.4 million for education, R1.3 million for health and welfare – particularly AIDS-related initiatives – and R1.5 million for sports sponsorships.

**Peermont Global** alone allocated R20 645 863, of which R20.5 million was contributed by Emperor's Palace. Virtually all of this went to educational projects via the East Rand Youth Trust and the East Rand Children's Trust.

The Children's Trust provides childcare in areas of the Ekurhuleni metropole where no other facilities are available, through institutions such as the Vosloorus After-School Care Centre, nursery schools and crèches. Peermont Global's contribution was also used for playground equipment and the financial support and mentorship of high school learners.

The Trust has sponsored 200 learners at Star Schools and installed 10 media centres, but it has not neglected the inner man or ignored the old saying that all work and no play makes Jack a dull boy. So it has given seed money to 10 schools which wanted to establish tuck shops, and built 13 jungle gyms.

The Youth Trust is a second-phase support operation which assists older members of the Ekurhuleni youth community by offering full study bursaries to candidates from disadvantaged backgrounds. So far it has sponsored 26 students in various fields of study. The good news is that they do not have to repay the bursaries, which are outright gifts from Peermont, aimed at uplifting the metropolitan community.



GOLDFIELDS CASINO

The **Emerald Casino** spent a hefty R5 million on CSI programmes, and the **Gold Reef Group** contribution went well over the R2.5 million mark.

Gold Reef City donated just over R2 million to causes such as the Orange Farm Township Project, which includes a college and a workshop for the disabled in the area, the Primedia walk list for a kidney donation, the Tomorrow Trust and the YWCA. It also committed over R1 million to Noah, a charity that provides homes for AIDS orphans.



TUSK RESORTS

The Golden Horse Casino gave away more than R650 000, with major donations going towards the running costs of an Educational Science Centre, the Careways Group – an organisation that provides counselling to people with HIV/AIDS – and the Winter Warmth Campaign.

In the Western Cape, **Casino Mykonos** devoted about R1.3 million to the West Coast Youth Trust, which channelled it to institutions working with traumatised children; the Karitas School for children with special educational needs, and the Indila Yohanda Day Care Centre for the aged.

The Free State's **Goldfields Casino** gave R1 million to the local community trust, whose beneficiaries include the Lesedi Mahau Development Centre, which educates the unemployed; Northern Free State Outreach, a training programme, mainly for women, and House of Hope, which feeds and shelters AIDS orphans and abandoned children.

The **Garden Route Casino** donated over R1 million to a local community trust, including a R300 000 commitment to the first AIDS hospice in Mossel Bay, with smaller sums being spent on buying blankets and on repairs to the local Child Welfare building.



CASINO MYKONOS

Close behind was **Tusk Resorts**, whose four properties contributed a total of R789 997 between them; and the Hollywood Casino in KwaZulu-Natal, which coughed up R458 025 for the Newcastle Crisis Centre, Child Welfare, Newcastle Reach for a Dream, Water Tanks for Schools and the Bayete AIDS Awareness Campaign. Tusk is now owned by Peermont Global.

A total donation of R294 700 from **Century Casinos'** Caledon property provided help over a wide spectrum which covered everything from the youth to the aged, including R12 650 for sports development and R130 500 for 16 local senior citizens' homes.

The casino's CSI programme goes well beyond simply donating money. Since 2002 it has rented foyer space to the Overberg Community Trust for a community shop, and the rental paid over to the Trust from April 2005 to 31 March 2006 came to R33 092. Another unusual venture was initiated in February 2004, when it signed a three-year contract with a local BEE company to launder its uniforms and linen. Between 1 April 2005 and 31 March 2006 the casino paid the company R358 515 for its services.

**Sun International's** corporate contribution to CSI through various social programmes and donations at national and business unit level amounted to 2% of after-tax profit.

Beneficiaries included the Sports Trust, which approved R5.7 million worth of projects, Disability Sports South Africa (DISSA), which will get R3.5 million in the next three years, the Arts and Culture Trust and the Variety Club, to which Sun International donates R10 000 every time the Grand Progressive Jackpot is won.

Every jackpot on the Dream Machine means a R10 000 donation to Reach For A Dream, which assists children with life-threatening illnesses, and other major beneficiaries are the National Sea Rescue Institute and the South African Chefs' Association.

Individual Sun International properties spent R19.5 million on CSI projects during the year. Projects and sponsorships included the Topologo AIDS Hospice in Rustenburg, which received R2.5 million, Soundtrack 4, the Faranani Hydroponic Project which creates sustainable farming jobs in Limpopo Province, and Habitat for Humanity.

Sun International also sponsored the Macufe Arts and Cultural Festival in Bloemfontein and renovated the Odi Hospital Paediatrics Ward, which assists patients from Mabopane, Garankuwa, Soshanguve and surrounding communities. In Port Elizabeth it supported the Read Educational Trust, the Kwa-Mashu Old Age Home, housing projects for AIDS orphans and the Childhood Cancer Association.

In the Eastern Cape, the **Wild Coast Sun** paid 75% of its R1.2 million CSI expenditure into the Wild Coast Sun Mbizana Development Trust.

Other sponsorships went to welfare organisations like the Heart Foundation, the SPCA, Rotary, police forums, Starfish, the Red Cross Society and the SOS Children's Fund.

There is still a long, uphill struggle ahead against South Africa's social ills – but a lot of people who would otherwise have gone without have benefited after being scooped up by CSI's golden net.

## FROM THE CE'S DESK CONTINUED FROM PAGE 1

- The most effective means of encouraging remote gambling companies to operate in a way that offers strong protections against problem gambling and other negative social impacts, is to forbid anyone who is not regulated to advertise their products through land-based media within South Africa or via any website with a .za country suffix.
- Compliance with FICA.

It also seems likely that as more and more gambling takes place via remote technologies, accompanied by perceived dangers to the citizens of individual countries and with the loss of tax and other revenues, pressure will mount to establish and enforce international agreements.

The effect of this, paradoxically, may well be to make it increasingly less advantageous for both consumers and suppliers of e-gambling services to shop around the world for the most congenial

jurisdictions, and instead to operate out of their home-based jurisdiction. This is because the establishments of common international standards and regulatory requirements will minimise the differences between jurisdictions.

Let's see what the New Year brings.

*Jacob Aured*