

SOUTH AFRICA A MODEL FOR RESPONSIBLE GAMBLING IN THE UK

The United Kingdom gambling industry can learn a lot from South Africa's experience in how to promote responsible gambling.

So said John Greenway, chairman of the UK Parliamentary committee considering a draft Gambling Bill, on a recent visit to South Africa to investigate how "industry and government worked together to ensure the harm caused by excessive gambling is kept to a minimum".

The well-established gambling industry in the UK, which includes horse racing, greyhound racing, cricket and football gambling, 150 small casinos, 700 bingo clubs and the national lottery, has to contend with around 300 000 problem gamblers.

Problem gambling is mainly addressed by Gamcare, a charity which focuses most of its efforts on the greater London area. But the British gambling industry is sceptical about industry-driven projects to tackle the issue, such as South Africa's National Responsible Gambling Programme.

In addition, the British gambling industry is transforming and more and more focus is being placed on "super casinos" much like South Africa's – but these large casinos are being portrayed in the UK as dens of iniquity, most probably because they threaten established interests.

But Greenway said he was impressed with what he had seen in South Africa, and that during a visit to the GrandWest casino he had noticed "no prostitution, gang activity or drunk people" – the exact issues being raised in the UK.

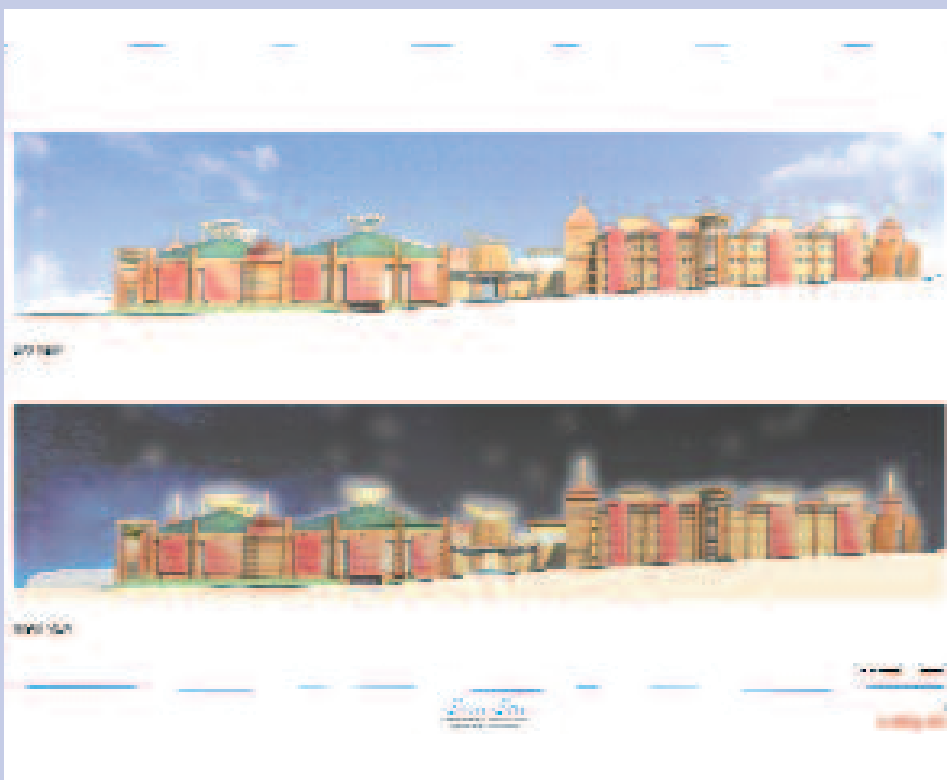
"My perception is that half of the people who were there did not gamble, but were there to relax and enjoy good food and entertainment in a safe environment."

Greenway also said the co-operation between the South African state and gambling industry was worth emulating.

But South Africa can also learn from Britain, he added. The UK had advanced further than this country in plans to regulate online gambling, as well as new forms of gambling technology.

FINAL CASINO FOR GAUTENG

Stellar development ... Gauteng's sixth and final casino complex, the Silverstar Casino in Muldersdrift on the West Rand, is scheduled to open in December after a year of construction work. The R1,2-billion development, a joint venture between Gold Reef Resorts and BEE partners Akani Leisure Investments, will be South Africa's first "lifestyle" casino. It will blend contemporary design, reminiscent of Melrose Arch, with finishes influenced by local materials in a setting of indigenous flora, providing a transition to the natural open spaces bordering portions of the resort. Accommodation and entertainment will complement, and serve as a gateway to, the nearby World Heritage Site. The entire complex – including the hotel and spa, restaurants, and fast food court – will be situated around the central lake water feature, which will boast a musical fountain imported from Europe.



BRITS VISIT CAPE TOWN



CE Derek Auret hosted a lunch for regulators from Jersey. Also present were Rossouw Lubbe and Alicia Gibson of the WCG&RB.



John Greenway MP with NRGP executive director, professor Peter Collins and staff, at the programme's Kenilworth office.



John Greenway MP



CE'S COLUMN

The first few months of the year, after the hectic Christmas holiday season, are normally relatively quiet in our industry. However, this past quarter has, in fact, been one in which gambling has frequently been in the headlines. Much of this news has been dominated by international stories.

OFF TO SPAIN

With the likely purchase of Peermont Global by The Mine Workers Investment Company (MWIC), Ernie Joubert, will be leaving the company he created for international pastures, and in particular Spain, where he plans to go into a new venture in that country's gaming and entertainment sector. Ernie, a founder of CASA, will be missed by all with whom he has worked in the industry in this country, especially for his creativity and innovation.

And it is good to see South African companies venturing abroad where our model, skills and cutting-edge expertise are being exported to new jurisdictions. Sun International, for example, recently announced a major new casino resort complex which will be developed south of Chile's capital city, Santiago. The company is also looking to bid for a license in the UK, and after 2009, most likely in Russia also.

International visitors continue to come to South Africa to learn from our experience. In the past month, senior British

parliamentarian, John Greenway, who chaired the Joint Scrutiny Committee of the House of Lords and the House of Commons on Gambling, spent a week in South Africa with regulators and industry people. The purpose of his visit was to understand the interaction between government and industry, and in particular, our approach to addressing the question of problem gambling. In a visit well covered by local media, he had this to say in *The Cape Argus*:

"I have been very impressed indeed with South Africa's National Responsible Gambling Programme (NRGP), which is acknowledged overseas to be one of the most comprehensive in the world. We in Britain have much to learn from you".

Also in South Africa in February was a large delegation from the Jersey Gambling Commission, led by its chairman, Graham White OBE. Graham and his team were clearly impressed by the standard and scale of South African casinos, the industry's social responsibility programmes, as well as the NRGP, which they described as the foremost of its kind.

INTERNATIONAL EXPERTS TO VISIT SA

Visiting South Africa in May are four leading international academics who will be addressing an African Regulators' conference in Blantyre, Malawi, and will then come to SA to learn more about



our industry, as well as the NRGP. The four are:

Professor Joe Kelly, who is professor of law at the State University of New York, and editor of the authoritative international publication "Gaming Law Review";

Professor Robert Ladouceur, professor of psychology at Laval University in Canada. Ladouceur is an acknowledged international expert in the field of problem gambling;

Marc Etches, from the UK, probably Europe's top man on the subject of gambling and the tourist industry;

Keith Whyte, who is executive director of the US National Council on Problem Gambling.

- continued on page 2 -

CE's COLUMN

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These four are highly regarded internationally in their respected fields, and it reflects well on South Africa and its gambling dispensation that they should specifically request time here to study what we have achieved. We in CASA are planning an occasion at which they can meet with industry leaders.

AND LOCALLY...

On the local front, next month will see the publication of research by Wits University on the extent and popularity of gambling which is conducted outside the regulatory net. I understand that this pilot study was conducted in Gauteng, and while I have not yet been made privy to its findings, I think it is safe to predict that it will reveal levels of gambling spend much higher than government appreciates; and it will raise questions about enforcement issues and problem gambling behaviour in this area, not to mention potential tax revenue about which SARS is presently oblivious.

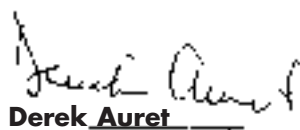
We in CASA have been busy this past quarter with issues relating to FICA, where we are interacting regularly with the relevant authorities in government. We have also undertaken a major revamp of CASA Online, and I urge you to visit the site (www.casasa.org.za) if you've not done so recently.

In March, questions were raised in the KZN press regarding unsupervised children at casino resorts. We at CASA responded to a number of media queries, and made the case strongly that this issue is primarily about responsible parenting, notwithstanding the lengths we in the industry go to provide varied entertainment for minors, supervised child care, and other measures.

And we have seen in the last few months the opening of the Frontier Inn at Bethlehem just before Christmas, and the license award at Kuruman.

The next quarter, with a number of public holidays leading up to Easter and then the mid-year break, will be as eventful, if not a busier time for CASA members, and we look forward to a full three months.

Until next time.



Derek Auret
Chief Executive

NEWS SNIPPETS

NEWCASTLE CASINO

Century Casino Newcastle is situated in the heart of the Battlefields en route from Durban to Johannesburg. The casino is a contemporary style complex that can be accessed off the N11 outside of Newcastle.

The casino has a friendly and intimate feel and is equipped with 250 state-of-the-art slot machines with denomination ranging from 5c - R10, progressive and mystery jackpots, roulette, blackjack and poker tables. The development also boasts a Salon Privé and an exclusive gaming room.

GAMING LICENSE AWARDED FOR KURUMAN

A gaming license was recently awarded to Leithlo Resort and Entertainment World for the first-ever casino in Kuruman in the Northern Cape. Shareholders of the company, which is made up of 100 % empowerment companies, are Meriting Investments (Pty) Ltd – 50% and Calabash (PTY) Ltd – 50 %. Directors are Mathapelo Maropong, Sebastian Bonokwane, Phindile Mpata, Mzi Ngcakani, Mpho Mogale and Patricia Mabula.

HAVE YOU GOT ANY INTERESTING NEWS SNIPPETS ABOUT YOUR CASINO?

PLEASE SUBMIT ANY INFORMATION AND PICTURE MATERIAL YOU MAY HAVE TO:

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UK CASINOS: THE UNCERTAINTY CONTINUES

PETER COLLINS LOOKS AT DEVELOPMENTS IN THE UK

The great British casino saga – some would say “shambles” – continues and has already seen three new dramatic developments this year.

First, there was the Report of the Casino Advisory Panel set up last year under the Chairmanship of Prof Stephen Crow, an expert on planning matters, to determine which local authorities in the UK should be afforded the right to licence one of the 17 new casinos which the 2005 Gambling Act authorises. The Act says that these new casinos will comprise one regional, eight large and eight small casinos. The definitions are respectively:

- “Regional” = Max 1250 machines, unlimited tables
- “Large” = Five machines per table up to a max of 30 tables and 150 machines
- “Small” = Two machines per table up to a max of 40 tables and 80 machines.

The CAP’s recommendations for the eight large and small casinos attracted hardly any controversy, though much – and probably excessive – excitement amongst the communities whose bids were successful. However, their choice of Manchester for the one regional casino, especially in preference to Blackpool, astonished everyone – including all the politicians and civil servants – and infuriated many.

This created a dilemma for Government. If they accepted the CAP Report *in toto* they risked losing approval in parliament for all seventeen local authorities whose wrath they would thereby incur in the run-up to local elections scheduled for May. If, however, they broke up the CAP’s recommendations offering parliament the option of voting separately on the recommendation for the small and large, on the one hand, and for the regional at Manchester on the other, they would be much more likely to win with respect to the 16, and to lose with respect to Manchester, thus alienating one of the most powerful and politically important local authorities in the country.

The painfulness of this dilemma was exacerbated by the peculiar form of parliamentary procedure which the Act committed the Government to following. This is the procedure whereby the Government lays an order before parliament in the form of a so-called “Statutory Instrument.” A statutory instrument differs from other proposed legislation in that its content cannot be amended in the course of debate (though the motion itself can be) and, more importantly, if the order is rejected in the House of Lords it fails altogether and the Lords cannot be overruled by the Commons.

Evidently, statutory instruments are intended to be non-controversial, which is why traditionally the Lords does not oppose them. (It has only done so on two occasions in the past fifty years.) However, this

statutory instrument is about gambling so any hope the Government may have had that it would be uncontroversial was a fat one.

In the event, the Government calculated that if it forced parliament to choose between accepting or rejecting all 17 proposed sites for new casinos, many MPs, who might otherwise vote against Manchester, would be deterred from doing so by fear of displeasing one or more of the 16 other local authorities. They would thus get all seventeen, including Manchester, through and could finally stop having to think about this whole horrible nightmare. It was thus decided that the CAP’s recommendations would be debated as they stand with the full backing of government.

This decision by Government stirred another peculiar parliamentary body into action and thus brought about the second of this year’s dramatic developments.

The House of Lords, though not the Commons, has a “Merits” Committee which is a standing committee whose job is to screen any Statutory Instruments which the Lords is being invited to endorse and to comment, not on the merits of the issue, but on whether the merits of the issue involve unusual and/or important issues of public policy to which their lordships might wish to attend with more than their customary care. To assist it in reaching its conclusions, this Committee may call for evidence orally and in writing from ministers and other interested parties.

In this case, the Merits Committee called for evidence from both Prof Crow and from Richard Caborn, the Minister responsible for gambling matters. It also sought written evidence from local authorities and other interested parties. It received it in abundance.

The upshot was a report of masterly propriety and restraint which cast severe doubt on the whole CAP process, particularly its establishment of the initial short-list, and which totally discredited its selection of Manchester for the regional casino.

The principal flaws which the Lords Committee exposed in the CAP choice of Manchester were twofold:

First, Prof Crow was compelled to admit in his evidence that the CAP terms of reference – at least as he had interpreted them – made it impossible to select any seaside resort for the regional casino because most of its customers would not be local and the impact of the casino on them would be hard to track. This meant that the CAP could never have even considered the reasoning behind the unanimous recommendation of the joint parliamentary Scrutiny Committee that regional casinos should not be in City centres but should be located in “destinations.” Moreover, according to Prof Crow, they should not

even have short-listed Blackpool. This was even more disastrous politically because the only reason that all parties had supported there being one regional casino – as opposed to none – was because they could see the merits of the regeneration case for seaside resorts, and especially for Blackpool, who would attract large numbers of customers from outside their locality.

Second, Prof Crow made it clear that the strength of Manchester's case rested on the suitability for testing purposes of the particular East Manchester site previously selected by the City Council. However, as the Minister in charge of gambling matters, Richard Caborn, stressed the choice could not legally be based on a preference for one particular part of the total area that falls under Manchester City Council. Since many people were saying that it is perhaps not a good ideamery in order to test the social impact – to locate a regional casino in one of the poorest parts of the North West, next to one of the largest supermarkets in Europe, this meant that however strong the case for a casino somewhere near Manchester might be, it could not be the case made by the CAP.

The Lords' "Merits" Committee Report was widely commended, not only for its cogency, but for the speed with which it had been produced. Attempts to rebut its reasoning supplied under Minister Tessa Jowell's signature by the Department for Culture, Media and Sport were widely adjudged unconvincing.

Furious behind the scenes lobbying ensued in an attempt to broker a deal which would ensure the passage of the Order. These included some last minute promises, announced at the opening of the Commons debate on March 28th, to do all sorts of good things for Blackpool which, despite their vagueness and the fact that they smacked of improper and merely expedient favouritism towards Blackpool, persuaded some in both houses that the Order should go through.

The first House to vote, however, was the House of Lords where Government faced a coalition of opposition backbenchers, anti-gamblers (represented by a highly persuasive Archbishop of Canterbury), supporters of Blackpool, and those who felt that the unanimous recommendations of the all-party joint Committee of both Houses had been rejected by the Government and by the CAP without adequate consideration of the evidence or production of persuasive counter-argument.

To everyone's amazement the Lords narrowly accepted an amendment by the Liberals which required the CAP's recommendation in respect of the regional casino to be further considered by a parliamentary committee. This amendment to the motion constituted what is known as a "fatal" amendment. The Government's proposal that the CAP recommendations be accepted was therefore rejected.

Despite the fact that the majority in favour of the Liberal amendment was only three, this belied uncertainty of opposition to the Government in the Lords because a number of people in the Lords, voted against the fatal amendment because they supported another amendment, which would (assuming the Government delivered on what it appeared to be promising) have done something for Blackpool soon. These people included Labour Lord Lipsey and Baroness Golding as well as the Conservative, Lord Mancroft, who comprehensively denounced the Government's incompetence in its entire handling of the casino legislation.

Though it was now irrelevant, the order scraped through a little later in the afternoon with a small (and unenthusiastic) government majority of 25 in the Commons.

What now?

The Government cannot do anything. It must bring a new order.

It is most likely to find a way of getting the uncontroversial locations for the 16 small and large casinos accepted by parliament, while referring the CAP's recommendation about the regional casino to a new joint Scrutiny Committee.

It could recommend that it will make the North West as a whole the area in which it trials regional casinos and acknowledge the need to test both a "destination" casino at Blackpool and an urban casino in Manchester.

It could even decide on the basis of Scrutiny Committee advice to go back to eight, though this seems increasingly unlikely in a country which is largely governed by a hysterical, ignorant, mendacious, malicious and sensationalist media.

On the other hand, we are likely to see further delays as litigation unfolds. There is already a judicial review scheduled for the end of May about whether it is fair to stop the existing casino industry, with its 120-odd existing casinos and its proposed 100-odd new casinos recently applied for under the 1968 Act, from having the same numbers and types of machines as new small and large casinos. There is rumoured to be European litigation about whether you can legally restrict competition to test impacts if your test is of only one casino. Finally, there are many uncertainties about what obstacles might be thrown up in the course of seeking planning approval for new casinos.

Meanwhile, most foreign investors have taken one look at Gordon Brown's recent tax hikes and decided that this is the straw that breaks the camel's back. They have concluded that there is now so much uncertainty about the UK as a stable, political environment for making serious investments that they are better looking elsewhere.