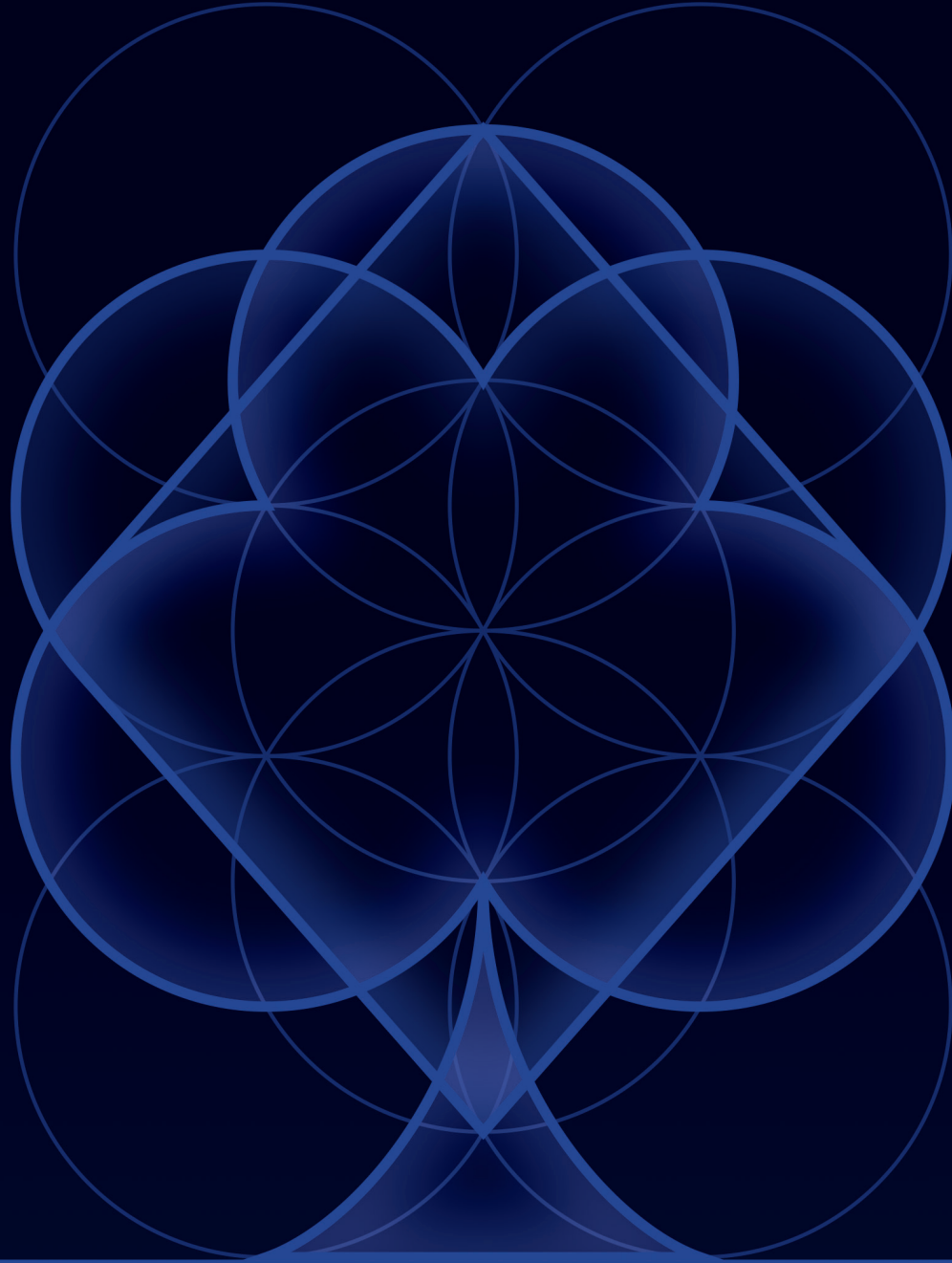


**casa**

Casino Association  
of South Africa



2018

SURVEY OF **CASINO ENTERTAINMENT**  
**IN SOUTH AFRICA**







“

**CASA represents the interests of the country's legal casino gambling industry, as well as the growing public that the industry serves. CASA's emphasis is on playing a constructive and positive role in the evolution of good public policy and good governance in respect of the casino industry.**







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Dr Jabu Mabuza  
CASA Chairperson

“

CASA  
MEMBERS  
GENERATED  
**R16,4**  
**BILLION OF**  
**VALUE**

## Message from the Chairperson

**Once again, I am proud to present the annual Survey of Casino Entertainment in South Africa. This is the 13th edition compiled by the Casino Association of South Africa (“CASA”), providing industry stakeholders, and the general public, an invaluable overview of the challenges and successes that the commercial casino industry has experienced over the last year ended March 2018.**

This survey is based on the research findings and statistics published by the national and provincial gambling regulators (“PGRs”), CASA member casinos and independent studies.

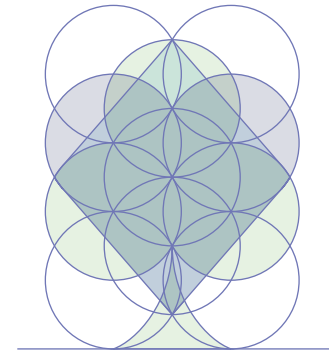
### **Industry revenues rally after previous year’s decline**

This year saw gambling revenues clawing their way back into positive territory after the worrying decrease of the previous financial period, during which gambling revenues regressed for the first time since the inception of the casino industry in 1997. This decline was due to, *inter alia*, tough economic conditions and unchecked illegal gambling operations. With a 3.5% increase in gross gambling revenue (“GGR”) this year, the industry displayed resilience in the face of multiple challenges, a testament to CASA members’ responsible and sustainable business practices.

### **Illegal casino operations – a growing concern**

Illegal gambling operations – online and otherwise – continued to put pressure on the regulated casino industry this year. Despite previous commitment from government and the dti to stem the swell, lack of enforcement remains an issue.





CASA implores the authorities to prioritise the shutting down of illegal gambling operations, before they grow to insurmountable proportions.

### **Upliftment where it's needed most**

The casino industry takes its responsibility to society seriously and is committed to improving the lives of its employees and the public at large through stimulating the economy and contributing meaningfully to the fiscus.

In the financial year ended March 2018, CASA members generated R16.4 billion of value, of which R3.7 billion or 23% was distributed to employees. A further R6.1 billion or 37% went to local, provincial and national governments in the form of various taxes and levies. These two stakeholders received 60% of the value generated, an increase of 3% compared to the previous year.

CASA members invested R2.7 billion in capital expenditure on their casino complexes during the year under review; an amount equalling 14.5% of GGR.

The industry kept the empowerment of South African communities high on its list of priorities this year, with CASA members spending R143 million on corporate social investment ("CSI") initiatives. Focus areas included responsible gambling, education, health, sports, arts and culture, and the environment. Of the R143 million, R15.6 million was earmarked for providing free support to problem

gamblers through the excellent work of the South African Responsible Gambling Foundation NPC ("SARGF"). The SARGF is globally recognised for its flagship programme, the National Responsible Gambling Programme ("NRGP"), and also provides training and research services.

Despite challenging times ahead, with growing uncertainty regarding the gambling regulatory framework and the impact of the 1% increase in value added tax ("VAT"), the industry hopes to continue to help drive the economy and looks forward to even greater positive impact in the future. We understand, however, that all stakeholders need to work in concert to achieve the objectives of a more equitable and inclusive South Africa and hope that we can engage with government to ensure that our goals are aligned to realise lasting progress for all.

Dr Jabu Mabuza  
**CASA Chairperson**



Adv. Themba Ngobese  
Chief Executive Officer



CASA  
MEMBERS  
CONTRIBUTE  
**R6.1 BILLION**  
**TOWARDS**  
**GOVERNMENT**  
**TAX REVENUE**

## Message from the CEO

**The casino industry continues to play an important role in the South African economy, despite continuing challenges. It remains steadfast in its commitment to uplifting society through job creation, tax contributions and social responsibility.**

### Increase in government tax revenue

We are pleased to announce that in the year under review, CASA members contributed R6.1 billion towards government tax revenue in the form of various taxes and levies which represents 37% of the value generated by them after taking into account amounts paid to suppliers, up 3,6% from last year's R5.9 billion due to a 3.5% increase in CASA member gross gambling revenues.

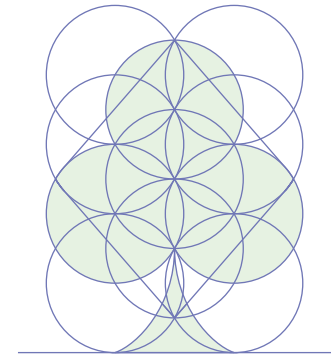
While this increase is definitely encouraging, as an industry we are still held back by a tough economic climate as well as the impact of illegal gambling activities.

### Regulatory challenges

Recent proposed changes in legislation could result in the casino industry facing further regulatory pressures on a number of fronts. The draft Control of Tobacco Products and Electronic Delivery Systems Bill, for example, could see all smoking banned in enclosed public places, including current designated smoking areas. Should this Bill be passed, casinos could see as much as an 18% drop in GGR nationally, which translates to around R3.16 billion. The knock-on effect would be massive, with as many as 4 000 direct and indirect industry jobs on the line.

The National Gambling Amendment Bill also raises multiple red flags for the industry, not least of which is the proposal to replace the National Gambling Board ("NGB") with the National Gambling Regulator ("NGR"). While CASA shares the apparent misgiving as to the NGB's effectiveness, it is doubtful that the NGR





will be any more effective given that it will be performing the same functions but with added responsibilities. We also believe that replacing a collective decision-making body with an individual will result in less capacity and, more worryingly, less legitimacy.

Another serious regulatory concern is the proposed amendment to the Gauteng Gambling Regulations which aims to change the way Gauteng casinos are taxed. Whilst this particular amendment is specific to Gauteng, its approval could pave the way for other provinces to change their regulations, fuelling a tax war in which the casualties would be jobs, investment and, ultimately, growth.

Also hampering growth, and a concern that all South African businesses are currently grappling with, is the 1% increase in the VAT rate. Whilst this change only came into effect after the period under review, we estimate based on the figures for the year under review that the increase will result in an additional R141 million in VAT for CASA members.

### **Representing the casino industry**

This year, we saw a decrease in the number of operational casinos represented by CASA. Queens Casino in the Eastern Cape Province is no longer a member of CASA. Accordingly, CASA currently represents the interests of 35 of the 38 operational casinos in South Africa. As an association, we remain the single most effective advocate of the casino industry because we ensure that our members' voices are heard by policymakers, as well as national and provincial regulators.

### **Online gambling – to legalise or not?**

As the law currently stands, all online gambling is illegal in South Africa. And, whilst CASA is neither for nor against legalising online gambling, it is concerned that the illegal – and thus unregulated – online gambling industry is eroding revenue from legitimate operations. This not only affects the bottom line of licensed casinos, but society at large, as tax revenues, employment opportunities and associated economic activities are suppressed.

We believe that there are two options available to government – either maintain the status quo with respect to online gambling being illegal but then take decisive action against illegal operators, or legalise it and subject it to an effective and credible legislative and regulatory dispensation. This would ensure that consumers are protected and that online operators contribute positively to the economy, as the current land based licensed casinos do.

Although the industry has many hurdles it needs to overcome, it remains steadfast in its commitment to provide safe, enjoyable and innovative entertainment options to its customers, whilst still making a positive impact to the community at large.

Adv. Themba Ngobese  
**Chief Executive Officer**

# WHAT IS CASA?

**CASA represents the interests of the casino industry in South Africa as well as the interests of the growing public that the industry serves. CASA's members include 35 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 contribute 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 inform policy makers, regulators, members of the public and address misconceptions about the casino industry.

► Visit **[www.casasa.org.za](http://www.casasa.org.za)** for more information or find us on:  
**FACEBOOK:** Casino Association of South Africa  
**TWITTER:** @CASAORG\_SA



# OUR MEMBERS

Current CASA members include 35 commercial legal casinos in South Africa.

By representing all but three of all legal operational casinos, CASA is rightly positioned to act as the single most powerful advocate for its members and the casino industry.

## CASA members include:

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### TSOGO SUN

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](http://www.tsogosun.com)

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### PEERMONT GLOBAL

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](http://www.peermont.com)

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### SUN INTERNATIONAL

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

[www.suninternational.com](http://www.suninternational.com)

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### CAESARS ENTERTAINMENT

Caesars Entertainment - Caesars Entertainment 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](http://www.caesars.co.uk)

[www.emERALDCASINO.co.za](http://www.emERALDCASINO.co.za)

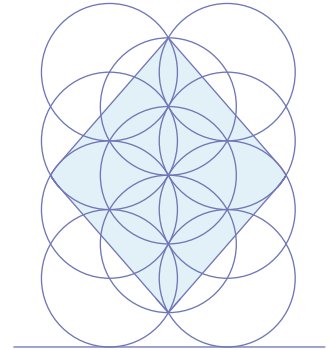
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# TRADING ENVIRONMENT



## Political uncertainty

The period under review was marred by political uncertainty and dissent within the ruling party as President Jacob Zuma stepped down and President Cyril Ramaphosa took the reins. And whilst optimism was high following the changeover of power, tough economic conditions persisted for the majority of South Africans. High unemployment, rising inflation, and rocketing petrol and food prices, all took their toll on the South African consumer, forcing them to cut back on luxuries such as entertainment.

## Lack of regulatory clarity

The casino industry was bombarded with proposed regulatory changes over the past 12 months and is still seeking clarity on a number of issues. From prohibitively strict smoking bans, to the proposed introduction of a National Gambling Regulator to replace the NGB, from the proposed changes to the Gauteng casino tax regime to the ongoing debate over the number of casino licences allowed to be granted, the casino industry has been fighting legislative fires coming in from many directions.

## Illegal gambling – more action required

With illegal gambling operations cropping up with alarming frequency, the casino industry has had to adapt to operating with invisible competitors. Besides advocating for more concerted action to be taken by law enforcement, CASA has used public relations and advertising channels to inform the public of the status of unlicensed operators, how to spot illegal operations and the possible penalties that may be enforced on operators and players alike.

# INTRODUCTION AND CASINO INDUSTRY STATISTICS

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## Executive Summary

During the year ended 31 March 2018, CASA members generated GGR of R18.5 billion, an increase of 3.5% from R17.8 billion in the previous year, despite slow economic growth, which negatively impacted on the amount of disposable income available to consumers, as well as revenue erosion by illegal gambling operations.

Gambling taxes/levies, VAT and corporate tax paid by CASA members this year totalled R4.9 billion, up 4.2% from R4.7 billion in the year ended March 2017 due to the 3.5% increase in GGR. This tax contribution by CASA members represents 26.5% of their GGR.

Of the R4.9 billion, R1.9 billion was paid to the PGRs as gambling taxes/levies whilst R2 billion and R1.0 billion respectfully were paid to the national treasury as VAT and corporate tax respectively.

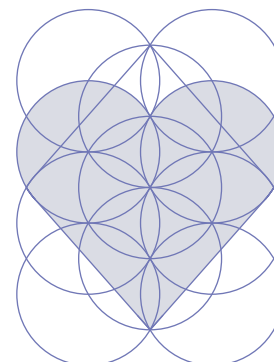
We note that the figure of R4.9 billion excludes other taxes and levies such as VAT on revenues other than gambling revenues, property assessment rates, skills levy etc. To this end, the total contribution of CASA members to government tax revenue in the form of various taxes and levies totals

R6.1 billion. This total tax contribution by CASA members represents 37% of the value generated by them after taking into account amounts paid out to suppliers.

In total, CASA members invested R2.7 billion in capital expenditure at their casino complex properties during the year ended March 2018, an increase of 38% from R1.96 billion in the previous year. This investment amounts to 14.5% of their GGR.

The gambling industry continues to be an important employer and in the year ended March 2018, CASA members employed 10 719 employees directly involved with casino operations only. A further 2 672 people were employed for outsourced services, such as security and cleaning services, for casino operations only.

Non-gambling related staff employed on casino complexes and precincts amounted to 8 197, with another 9 608 for outsourced services. Third parties operating restaurants and other entertainment facilities at casinos employed 6 924 employees. This is a total of 38 120 jobs for the industry.



## Legal operational casinos in South Africa

Province	Tsogo Sun Group	Sun International	Peermont Global	Caesars Entertainment	Desert Palace Casino*	Leithlo Resort*	Queens Casino*	#Mayfair Casino*	Total
Gauteng	3	2	1	1	-	-	-	-	7
KwaZulu-Natal	3	1	1	-	-	-	-	-	5
Western Cape	3	2	-	-	-	-	-	-	5
Eastern Cape	1	2	-	-	-	-	1	1	5
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
<b>TOTAL</b>	<b>13</b>	<b>13</b>	<b>8</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>39</b>

\* Non CASA Member

# Anticipated opening date: November 2018



# Location of legal operational casinos in South Africa

### CASINO GROUPS HOLDING LICENCES IN SOUTH AFRICA

13

TSOGO SUN

13

SUN INTERNATIONAL

8

PEERMONT GLOBAL

1

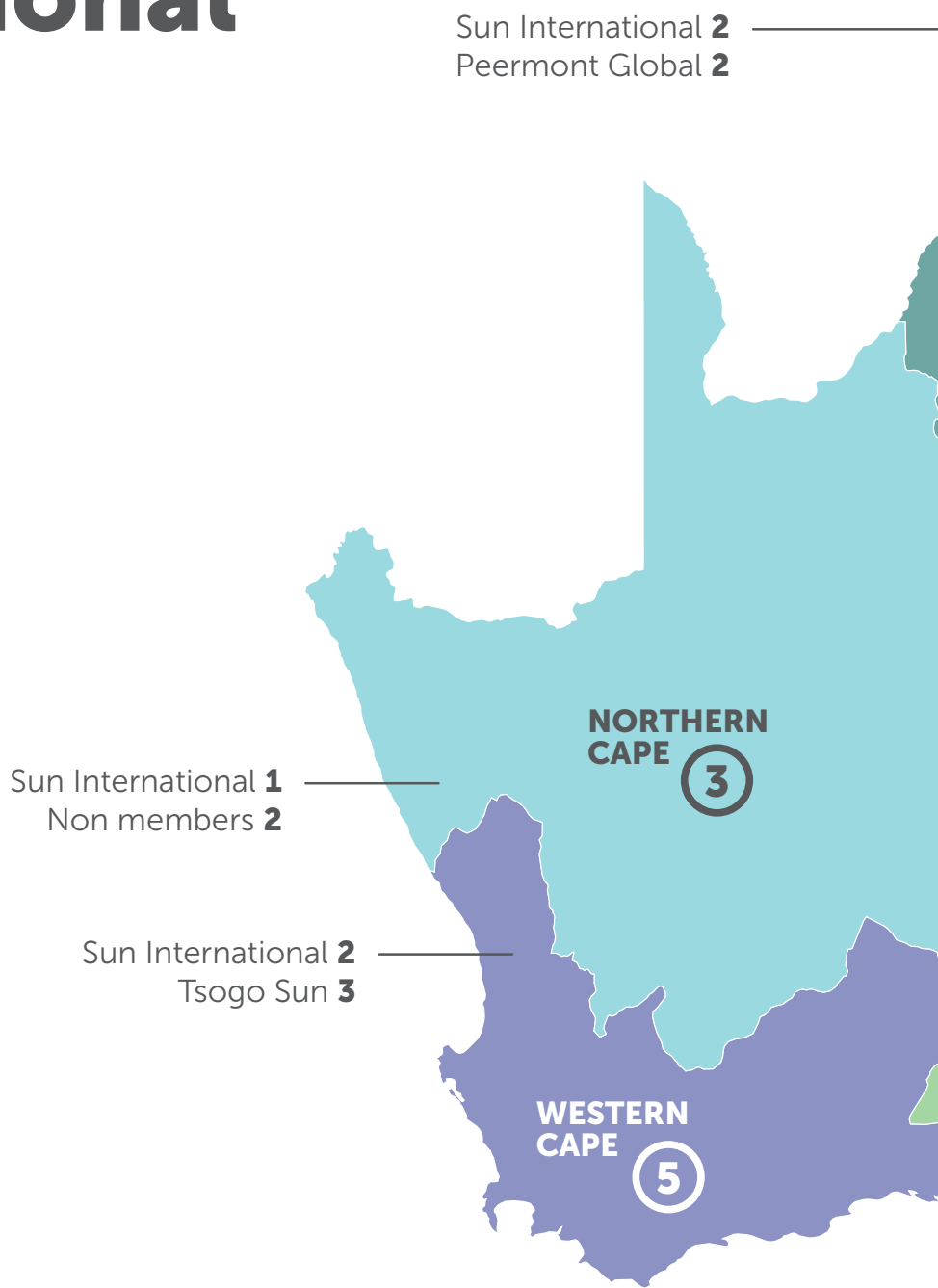
CAESARS ENTERTAINMENT

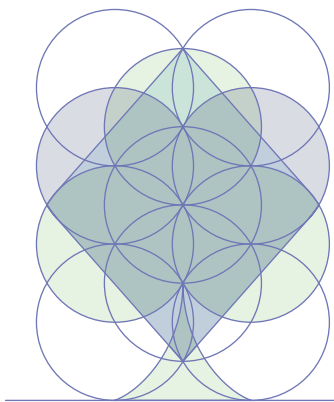
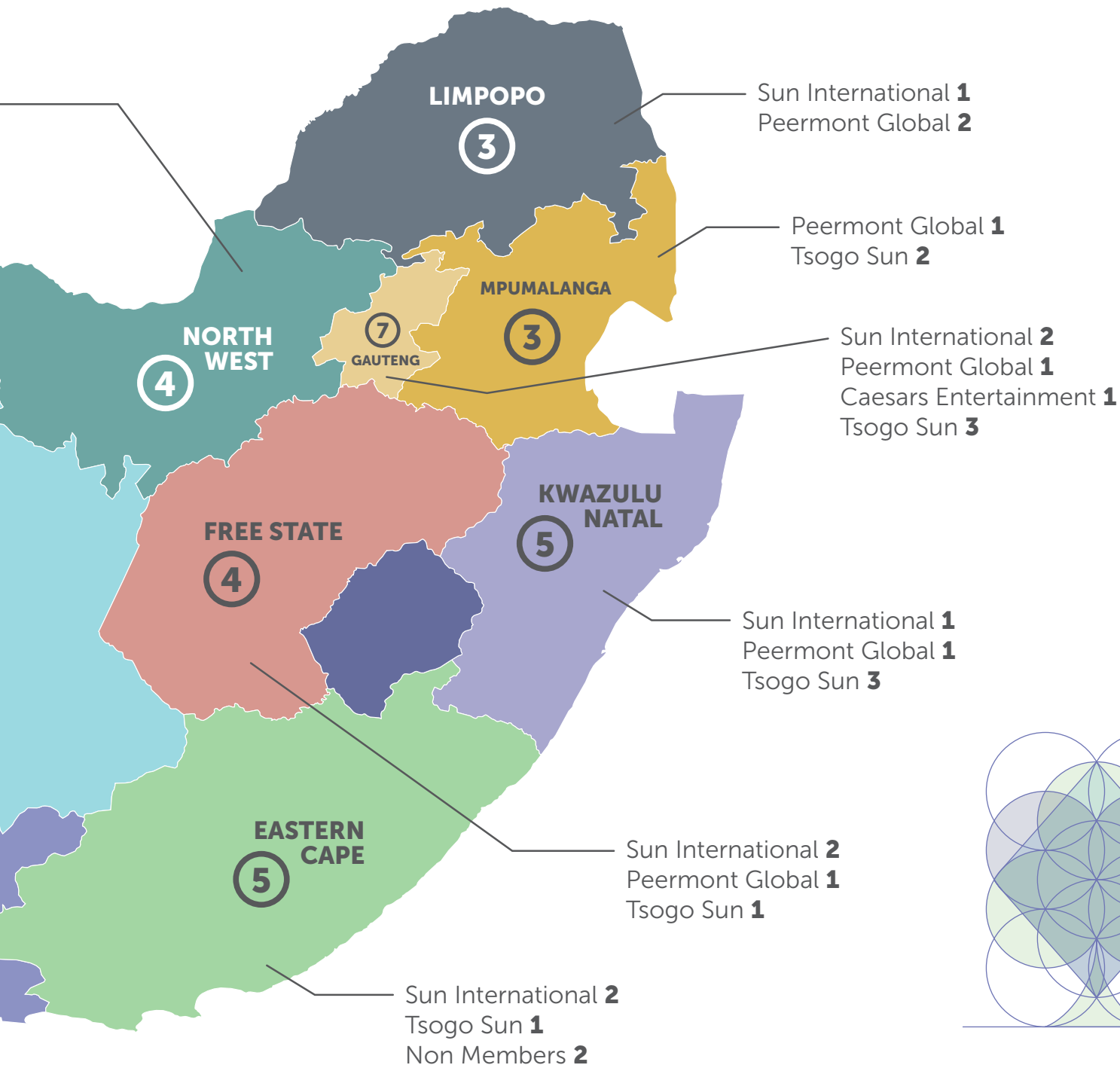
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NON CASA MEMBERS

39

TOTAL





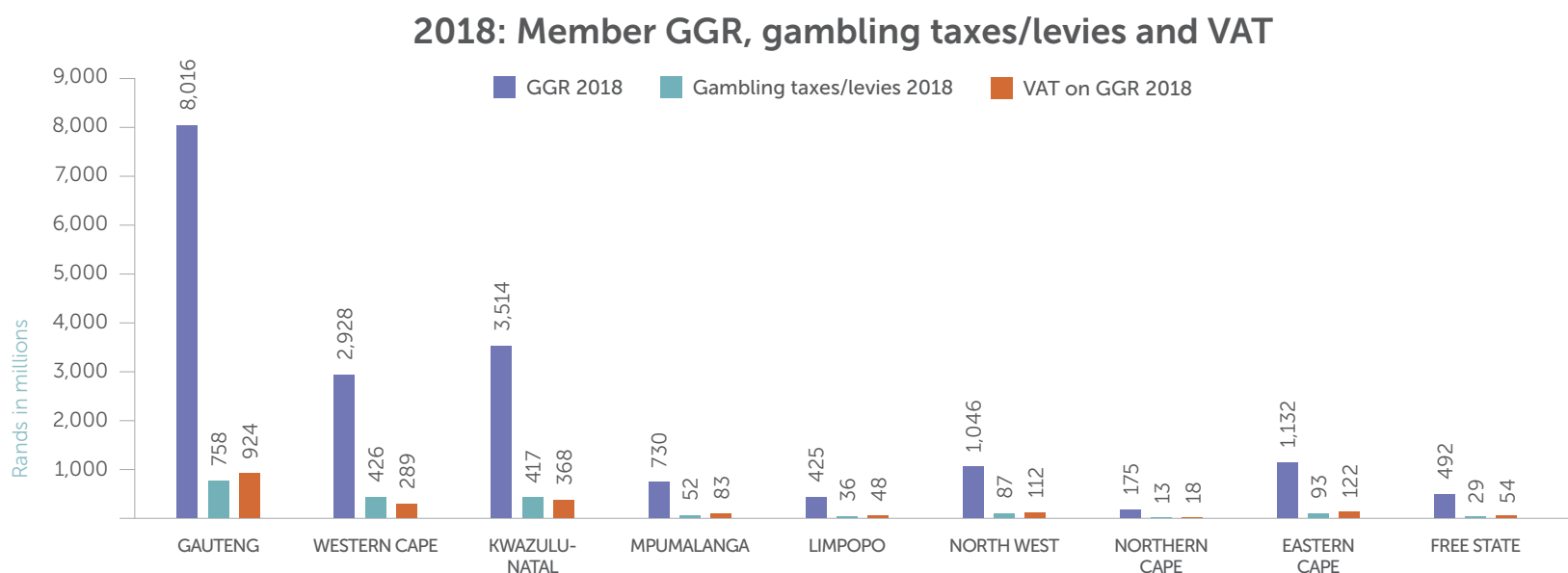


## KEY STATISTICS 2018

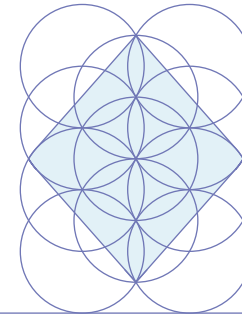
### 2018 Provincial Snapshot: Member GGR, gambling taxes/levies and VAT

2018 Snapshot Members	Gauteng	Western Cape	KwaZulu- Natal	Mpumalanga	Limpopo	North West	Northern Cape	Eastern Cape	Free State	Total
GGR 2018	8 016 297 945	2 927 961 617	3 514 426 735	730 440 929	424 803 244	1 046 109 767	174 714 000	1 131 729 818	492 269 804	<b>18 458 753 859</b>
Gambling taxes/levies 2018	758 351 229	425 691 938	416 763 340	51 517 433	35 565 360	87 206 539	13 404 355	92 522 235	28 748 243	<b>1 909 770 672</b>
VAT on GGR 2018	923 547 250	289 468 938	368 227 804	82 514 558	48 067 533	112 083 766	17 663 491	121 538 260	54 224 954	<b>2 017 336 554</b>

Figures represent Rands



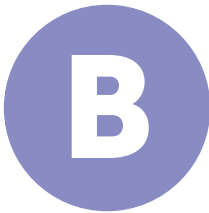




Five-year history: National Member GGR, gambling taxes/levies and VAT

Five-year history: Members	2018	2017	2016	2015	2014
GGR	18 458 753 859	17 838 517 552	18 156 529 741	17 018 844 238	16 464 036 701
Year on year growth	3.5%	-1.8%	6.7%	3.4%	3.0%
Gambling taxes/ levies (Excl. VAT)	1 909 770 672	1 811 289 084	1 807 445 128	1 747 170 237	1 626 695 387
Year on year growth	5.4%	0.2%	3.4%	7.4%	6.0%
VAT on GGR	2 017 336 554	1 907 333 971	1 986 721 565	1 868 353 821	1 790 557 125
Gambling taxes/ levies (Inc. VAT)	3 927 107 226	3 718 623 055	3 794 166 693	3 615 524 059	3 417 252 512
Year on year growth	5.6%	-2.0%	4.9%	5.8%	4.4%

Figures represent Rands



# MEMBER GAMBLING STATISTICS: FINANCIAL YEAR 2017/2018

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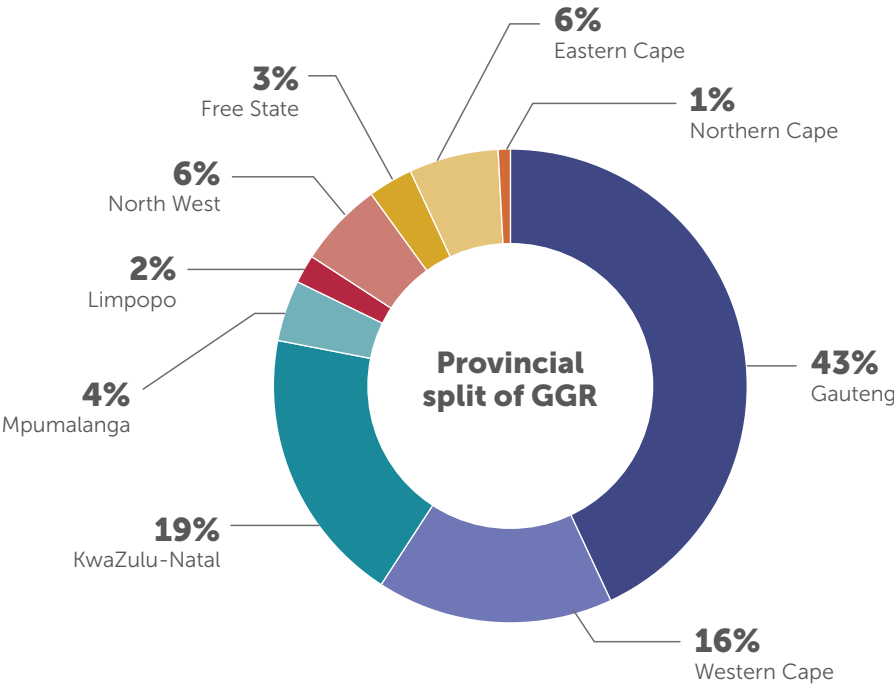
## Gross Gambling Revenue ("GGR")

**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.

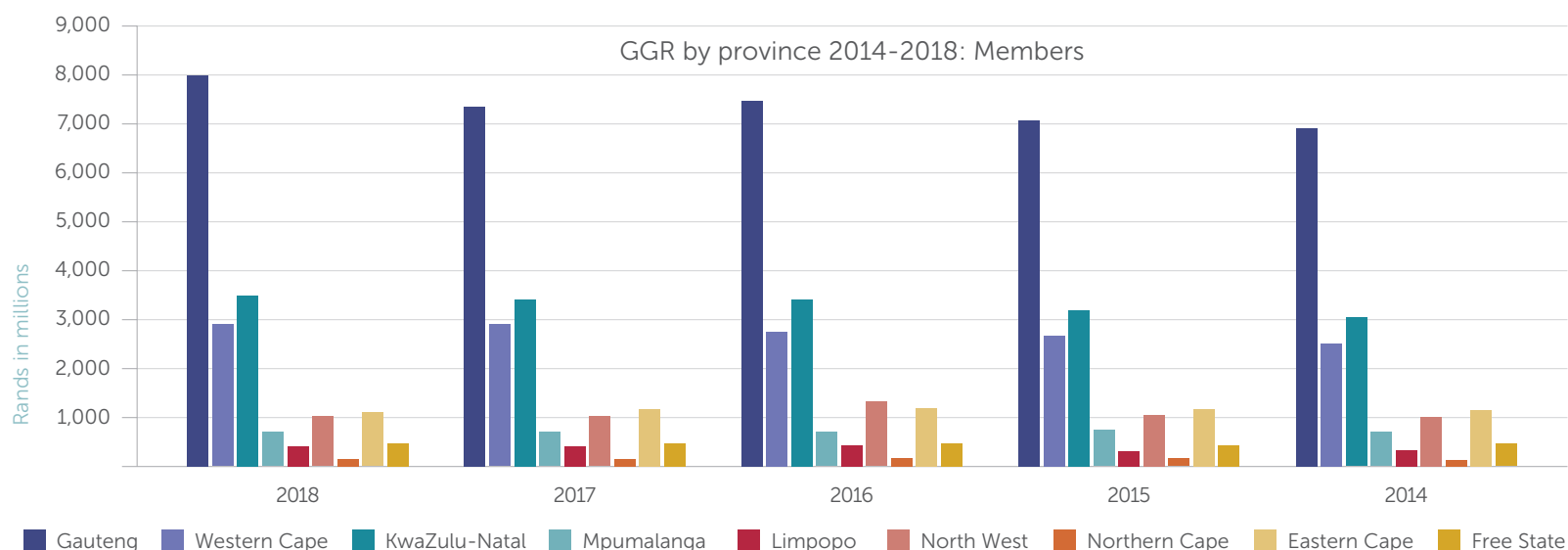
## Provincial split of GGR

The graph shows that, by province, Gauteng has the highest percentage of GGR at 43%. This is to be expected as the province also has the highest concentration of casinos (7). KwaZulu-Natal, which is home to five casinos, has the second highest share of GGR at 19% whilst the Western Cape's five casinos accounts for 16% of South Africa's GGR.

It is interesting to note, however, that Gauteng's share of GGR increased by 2% from 41% last year, whilst the Eastern Cape and Limpopo each saw percentage losses of 1%. The remainder of the provinces remained unchanged.



## Member GGR per province for the last 5 years



## Member GGR per province for the last 5 years

	% Growth 2018 vs 2017	2018	2017	2016	2015	2014
Gauteng	8.9%	8 016 297 945	7 363 050 649	7 483 100 841	7 092 584 304	6 949 786 839
Western Cape	0.3%	2 927 961 617	2 918 644 712	2 772 555 786	2 701 192 678	2 527 120 103
KwaZulu-Natal	2.0%	3 514 426 735	3 446 111 575	3 442 447 905	3 197 816 401	3 071 780 988
Mpumalanga	0.8%	730 440 929	724 637 695	742 836 330	757 939 394	728 757 840
Limpopo	-8.9%	424 803 244	466 150 100	455 826 089	354 365 196	352 805 626
North West	-1.2%	1 046 109 767	1 058 817 974	1 358 398 226	1 085 477 401	1 029 755 280
Northern Cape	-2.2%	174 714 000	178 565 000	181 723 000	165 784 147	154 079 000
Eastern Cape	-4.6%	1 131 729 818	1 186 485 139	1 213 185 379	1 196 567 797	1 171 624 861
Free State	-0.8%	492 269 804	496 054 706	506 456 184	467 116 921	478 326 164
<b>TOTAL</b>	<b>3.5%</b>	<b>18 458 753 859</b>	<b>17 838 517 552</b>	<b>18 156 529 741</b>	<b>17 018 844 238</b>	<b>16 464 036 701</b>

Figures represent Rands

Overall gross gambling revenues increased by 3.5% for the year ended March 2018 to R18.5 billion, growing by 12.1% between 2014 and 2018. The industry has been affected by the general economic conditions during the past year, which has impacted on the disposable income of consumers. The increase in GGR for the reporting period shows a degree of recovery for the industry, which saw its first negative growth (-1.8%) in GGR in the previous year since the inception of South Africa's regulated gambling industry.

## b Tables and slots revenue statistics

The number of tables and slot machines increased this year by 3.5% and 4.3% respectively, with 31 additional tables and 1 010 additional slot machines coming into operation. Average revenue per table increased by 9.2% with tables generating R4.2 billion (up 13% on the previous year), whilst average revenue per slot machine dropped by 3.2%. Slots, however, still generated the majority of gambling revenue at R14.3 billion (up 1% on the previous year).

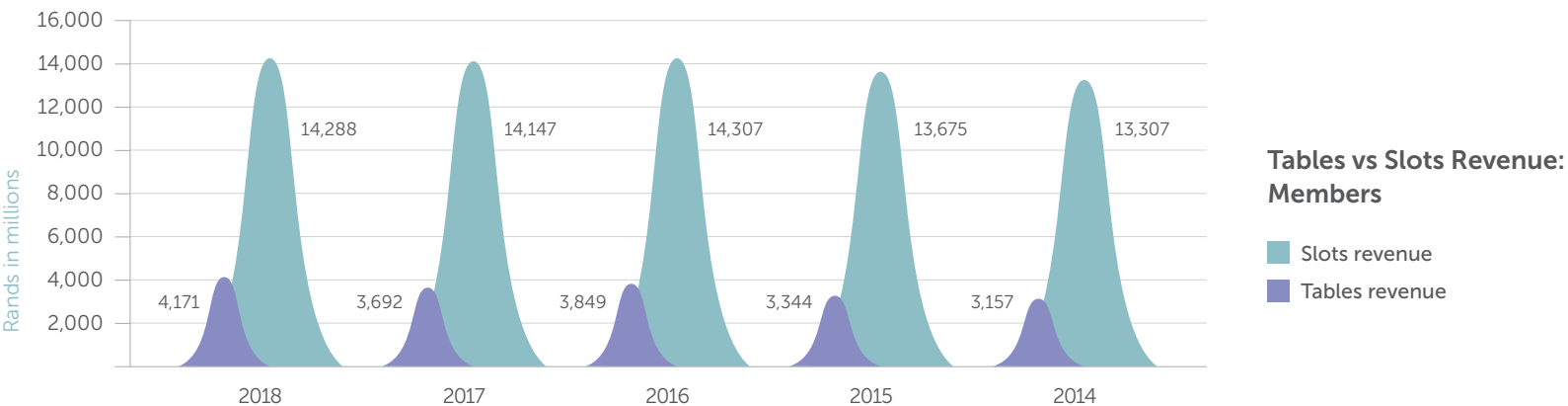
### Member tables and slots statistics

Slots and tables statistics: Members	% Growth: 2017 vs 2018	2018	2017	2016	2015	2014
Number of operational tables*	3.5%	922	891	970	877	893
Number of slot machines	4.3%	24 508	23 498	23 735	23 415	23 167
Tables revenue	13.0%	4 170 818 938	3 691 663 816	3 849 069 104	3 343 945 658	3 157 428 594
Slots revenue	1.0%	14 287 934 921	14 146 853 736	14 307 460 637	13 674 898 580	13 306 608 107
		18 458 753 859	17 838 517 552	18 156 529 741	17 018 844 238	16 464 036 701
Average revenue per table	9.2%	4 522 030	4 141 732	4 422 946	3 812 937	3 535 754
Average revenue per slot machine	-3.2%	582 991	602 045	602 800	584 023	574 378

Figures represent Rands

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

### Chart showing revenue split overall country wide between tables and slots





## C 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 licensing authorities 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).

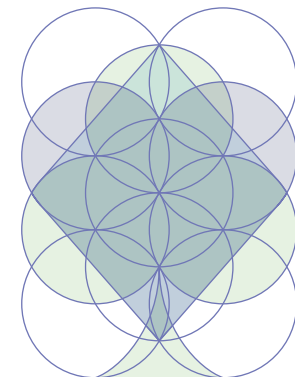
**Gambling taxes/levies and VAT totalled R3.9 billion in the year ended March 2018, up 5.6% from the previous year, due to the 3.5% increase in gross gambling revenue.**

Casino operators pay a deemed output VAT to the national treasury on the total gross gambling revenue 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/customer.

CASA members paid R3.9 billion in gambling taxes/levies and VAT, and an additional R1.0 billion in corporate taxes. The total for the period ended March 2018 amounts to R4.9 billion, which represents 26.5% of their gross gambling revenue.

The 1% increase in the VAT rate became effective from 1 April 2018 and does not influence the results of the year under review, however, this increase

will impact on the casino industry as well. The additional estimated VAT that will be paid, based on the GGR for the year under review, is R141 million or an additional 0.8% of GGR.

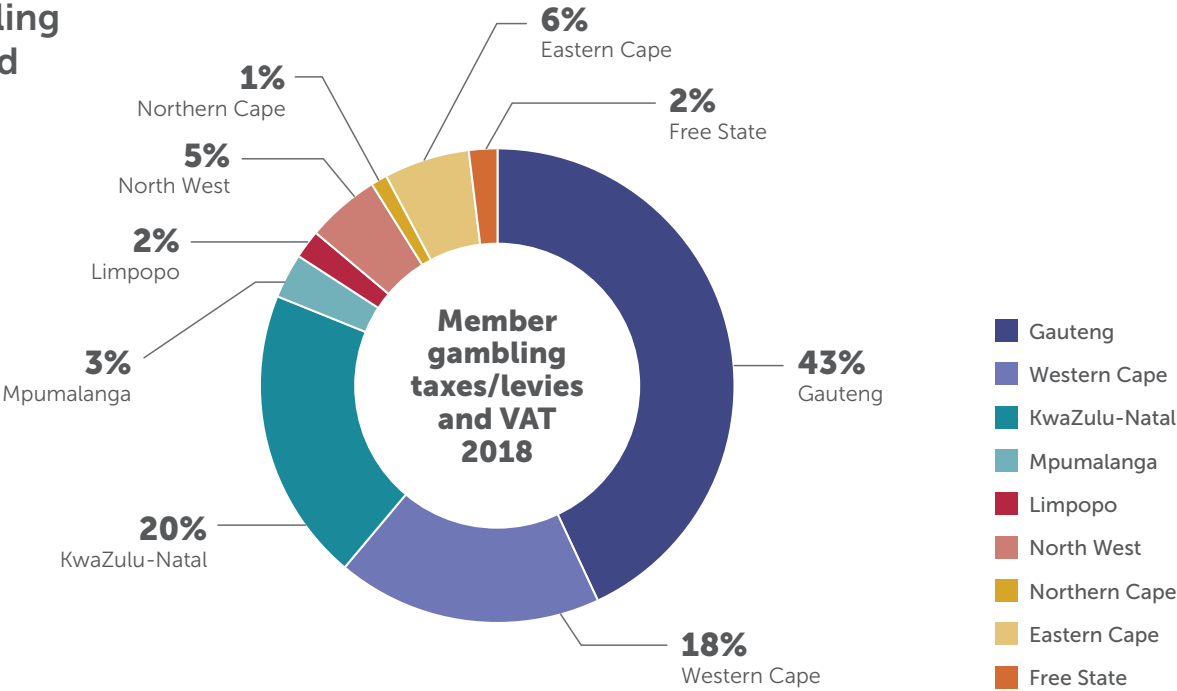


Member Gambling taxes/levies and VAT

Members	Gauteng	Western Cape	KwaZulu-Natal	Mpumalanga	Limpopo	North West	Northern Cape	Eastern Cape	Free State	Total
GGR 2018	8 016 297 945	2 927 961 617	3 514 426 735	730 440 929	424 803 244	1 046 109 767	174 714 000	1 131 729 818	492 269 804	18 458 753 859
Gambling taxes/levies 2018	758 351 229	425 691 938	416 763 340	51 517 433	35 565 360	87 206 539	13 404 355	92 522 235	28 748 243	1 909 770 672
VAT on GGR 2018	923 547 250	289 468 938	368 227 804	82 514 558	48 067 533	112 083 766	17 663 491	121 538 260	54 224 954	2 017 336 554
Total gambling taxes/levies & VAT 2018	1 681 898 478	715 160 876	784 991 144	134 031 992	83 632 893	199 290 305	31 067 846	214 060 495	82 973 197	3 927 107 226
Gambling taxes/levies and VAT as % of GGR - 2018	21.0%	24.4%	22.3%	18.3%	19.7%	19.1%	17.8%	18.9%	16.9%	21.3%
Gambling taxes/levies and VAT as % of GGR - 2017	19.9%	24.2%	22.3%	18.5%	19.1%	20.1%	18.1%	18.6%	16.9%	20.8%

Figures represent Rands

Member gambling taxes/levies and VAT 2018



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

Members	2018	2017	2016	2015	2014
Gross Gambling Revenue	18 458 753 859	17 838 517 552	18 156 529 741	17 018 844 238	16 464 036 701
Gambling taxes/levies and VAT	3 927 107 226	3 718 623 055	3 794 166 693	3 615 524 059	3 417 252 512
% of gambling taxes/levies and VAT to GGR	21.3%	20.8%	20.9%	21.2%	20.8%
Growth in gambling taxes/levies and VAT	5.6%	-2.0%	4.9%	5.8%	4.4%
Growth in GGR	3.5%	-1.8%	6.7%	3.4%	3.0%

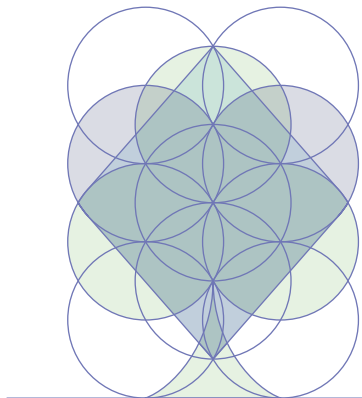
Figures represent Rands

The table illustrates a general upward trend in total gambling taxes/levies and VAT compared to GGR over the last five years. For most years, the increase in taxes/levies and VAT is disproportionate to growth in GGR. In 2018, the 5.6% growth in gambling taxes/levies and VAT was significantly higher than that of the growth in GGR at 3.5%. This trend is likely to escalate in the future as the effects of the 1% VAT increase come into play.

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

GGR	18 458 753 859
	4 898 884 474
Gambling taxes/levies and VAT 2018	3 927 107 226
Corporate tax	971 777 248
Total taxes as % of GGR	26.5%

Figures represent Rands



# CASINO INDUSTRY VALUE ADDED STATEMENT

## WHERE THE MONEY GOES

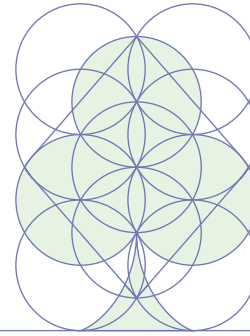
### Casino industry of South Africa value added statement - CASA members

01 April 2017 to 31 March 2018

	2018 AMOUNT R'000	2017 AMOUNT R'000
<b>Revenue</b>		
Casino Gross Gambling Revenue	18 458 753	17 838 518
Slots win	14 287 935	14 146 854
Tables win	4 170 818	3 691 664
Interest income	112 827	102 121
Dividends income	714 384	125 000
Other revenue	4 765 325	4 265 881
<b>Gross value generated</b>	<b>24 051 289</b>	<b>22 331 520</b>
Less:		
Paid to suppliers for materials and services	-7 654 176	-5 813 395
<b>TOTAL VALUE ADDED</b>	<b>16 397 113</b>	<b>16 518 125</b>
<b>Disbursed among stakeholders:</b>		
Employees	<b>3 694 995</b>	<b>3 510 047</b>
Salaries, wages and all related benefits	4 113 831	3 942 159
Less: PAYE	-418 836	-432 112

Figures represent Rands





	2018 AMOUNT R'000	2017 AMOUNT R'000
<b>State and provincial taxes</b>	<b>6 099 521</b>	<b>5 885 002</b>
Corporate tax	971 778	1 019 300
PAYE	418 836	432 112
Gambling taxes/levies	1 909 771	1 811 289
VAT on casino revenues	2 017 337	1 907 334
VAT on other revenues	459 283	395 009
Withholding taxes	564	800
Other taxes (property assessment rates, UIF, RSC, skills levy etc.)	321 952	319 158
<b>Beneficiaries of corporate social responsibility programmes</b>	<b>142 831</b>	<b>154 795</b>
Educational trusts and bursary schemes	63 514	68 656
Community upliftment trusts/ NGO's	35 160	28 405
Local government contributions	23	395
General charitable donations	28 454	33 726
Infrastructure improvements	54	7 219
Responsible gambling programme	15 626	16 394

Figures represent Rands

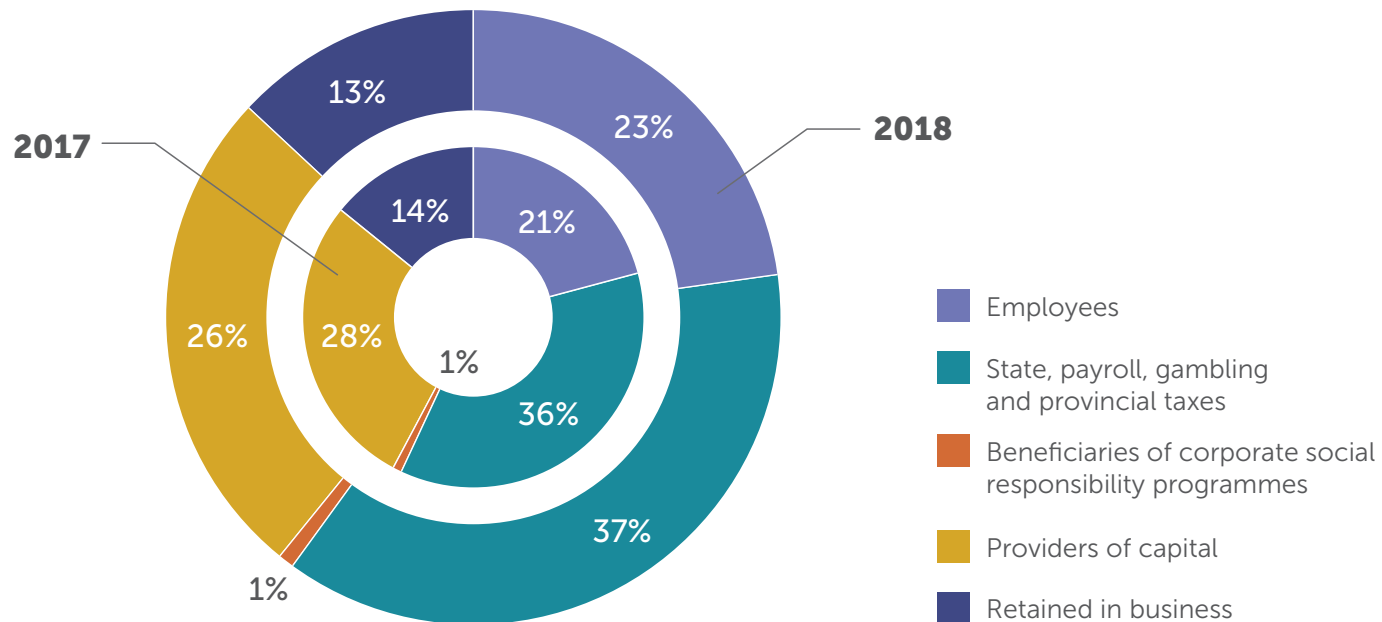
## Casino industry of South Africa value added statement - CASA members

01 April 2017 to 31 March 2018

	2018 AMOUNT R'000	2017 AMOUNT R'000
<b>Providers of capital</b>	<b>4 347 775</b>	<b>4 622 470</b>
Dividends to shareholders	1 879 972	2 607 460
Interest paid on borrowings	2 055 035	1 569 125
Capital paid on borrowings	305 331	357 195
Property rental costs	107 437	88 690
<b>Retained in business</b>	<b>2 111 991</b>	<b>2 345 811</b>
Depreciation	1 819 242	1 622 137
Available to fund the replacement of assets and facilitate future growth	292 749	723 674
	<b>16 397 113</b>	<b>16 518 125</b>
<b>Disbursement of value added by casinos to stakeholders</b>		
Employees	3 694 995	3 510 047
State, payroll, gambling and provincial taxes	6 099 521	5 885 002
Beneficiaries of corporate social responsibility programmes	142 831	154 795
Providers of capital	4 347 775	4 622 470
Retained in business	2 111 991	2 345 811
	<b>16 397 113</b>	<b>16 518 125</b>
Employees	23%	21%
State, payroll, gambling and provincial taxes	37%	36%
Beneficiaries of corporate social responsibility programmes	1%	1%
Providers of capital	26%	28%
Retained in business	13%	14%
	<b>100%</b>	<b>100%</b>

Figures represent Rands

## Disbursement of value added by CASA members to stakeholders



During the year ended March 2018, CASA members generated value of R16.4 billion from their activities, after taking into account amounts paid to suppliers. Of the R16.4 billion generated 23% was distributed to employees and 37% to local, provincial and national government in the form of various taxes and levies.

The value distributed to employees increased by 2% from last year, whilst payments to government increased by 1%. These two stakeholders received 60% of the value generated, up from 57% in the previous year.

CSI initiatives received 1% or R143 million of value generated, with R15.6 million of that being channelled into SARGF contributions. Providers of capital received 26% of value generated, down 2% from last year, whilst 13% of value generated was retained in the business, also down 1% from last year's figure of 14%.

# SOUTH AFRICAN RESPONSIBLE GAMBLING FOUNDATION NPC **AND COMPLIANCE COSTS**

## South African Responsible Gambling Foundation NPC

The National Responsible Gambling Programme (“NRGP”) delivered by the South African Responsible Gambling Foundation NPC (“SARGF”) is internationally acclaimed for its sound practices which are targeted at eradicating irresponsible gambling, and members of the SARGF, remain actively involved in the programme. It is a leading example of a collective industry approach to ensuring responsible gambling which underpins the sustainability of the industry.

The SARGF creates and promotes awareness amongst customers and employees about the dangers associated with irresponsible gambling and under age gambling. This unique public/private sector partnership also deals with education, training, treatment, counselling and research in connection with responsible gambling in South Africa.

Besides encouraging responsible gambling behaviour through public awareness activities, the SARGF offers a free and

confidential treatment and counselling programme to problem gamblers and their loved ones.

Available 24 hours a day, seven days a week, the dedicated SARGF helpline offers professional counselling services over the phone, as well as referrals for face-to-face treatment with SARGF treatment professionals throughout the country – all absolutely free of charge to the recipients of its services.

Counselling services provided by the SARGF are based on international best practice and tailored to meet the specific needs of each individual based on their unique situation. Since its inception, the SARGF has counselled over 18 500 people and has earned international recognition for the effectiveness of its programmes.

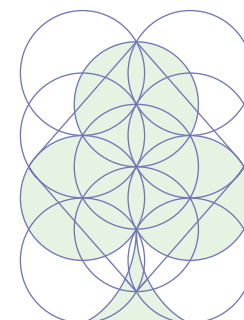
Further information on the SARGF can be obtained at [www.responsiblegambling.org.za](http://www.responsiblegambling.org.za)

## Contributions to the SARGF by CASA members for the last five years

	2018	2017	2016	2015	2014
GGR: members	18 458 753 859	17 838 517 552	18 156 529 741	17 018 844 238	16 464 036 701
SARGF contributions: members	15 625 814	16 394 369	17 126 656	16 776 478	16 306 877
As % of GGR	0.1%	0.1%	0.1%	0.1%	0.1%

Figures represent Rands





## Revenue and compliance audits at CASA member casinos for the year

CASA members operate in a highly regulated industry, take legislation seriously and comply with the stringent regulatory requirements. Compliance with legislation remains the primary focus area for members and is a deep-rooted practice in all members.

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.

An amount of R86 million was spent on compliance related costs in the year under review, which amounts to 0.5% of gross gambling revenue. This was an increase of 2.4% over last year or R2 million.

### Revenue and compliance audits at casinos for the year

	2018	2017	2016	2015	2014
Revenue and compliance audits at casinos for the year	86 353 741	84 351 377	74 499 459	69 915 575	61 624 708
GGR	18 458 753 859	17 838 517 552	18 156 529 741	17 018 844 238	16 464 036 701
	0.5%	0.5%	0.4%	0.4%	0.4%

Figures represent Rands

# BROAD-BASED BLACK ECONOMIC EMPOWERMENT ("B-BBEE"): 2018 B-BBEE RATINGS

CASA and its members regard B-BBEE as integral to their business philosophies, values and operational activities. Whilst we have made progress in this regard, we believe there is more work to be done in order to deepen and broaden the impact of B-BBEE and to ensure that the industry realises its obligations from a legal, economic and ethical perspective.

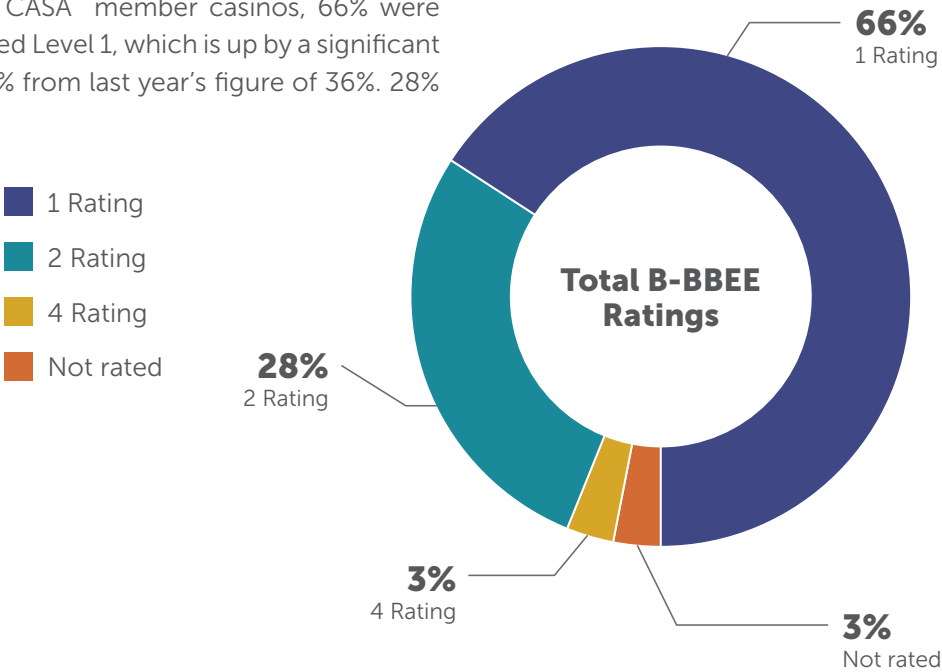
Since the commencement of the Broad-Based Black Economic Empowerment Act, No. 53 of 2003 (as amended) ("the B-BBEE Act") in 2007, the B-BBEE compliance of CASA member casinos was measured based on the Generic Scorecard.

However, the promulgation of the Amended Tourism B-BBEE Sector Code in November 2015 ("Tourism Sector Code") meant that CASA member casinos can no longer be measured based on the Generic Scorecard, but on the Tourism Sector Code. This required that member casinos should adjust their B-BBEE-related strategies and plans in order to align them towards the requirements of the Tourism Sector Code. This work commenced in earnest in 2016 and is ongoing.

Against this background, our members have been rated in the year under review based on the Tourism Sector Code.

Of CASA member casinos, 66% were rated Level 1, which is up by a significant 30% from last year's figure of 36%. 28%

achieved a Level 2, whilst 3% attained Level 4. On average, the total rating for CASA member casinos is 1.36.



## Average B-BBEE ratings per province

	Gauteng	KwaZulu-Natal	Western Cape	Eastern Cape	North West	Free State	Mpumalanga	Limpopo	Northern Cape
Average B-BBEE rating	1.86	1.00	1.20	1.67	1.50	1.00	1.00	1.00	2.00

# CORPORATE SOCIAL INVESTMENT AND SUSTAINABILITY

## Corporate Social Investment and Sustainability (CSI)

As a socially responsible sector, CASA members are fully committed to CSI as one of the cornerstones of their ethical business model.

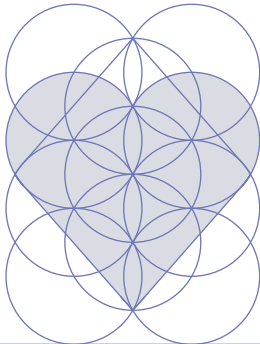
With CSI becoming ever more strategically focused, it also makes sense to align CSI spend with core business objectives and imperatives.

Such an approach moves CSI out of the charitable sphere into one in which true partnerships with beneficiaries, government and non-governmental organisations (“NGO’s”) bring about long-term sustainable development to the benefit of all.

The collective efforts of CASA’s members run the entire scope from education, poverty alleviation, skills development, community upliftment, sports development and sponsorship, health care, altruistic infrastructural improvement, HIV treatment and assistance to those most in need, namely the young and elderly. In total, CASA members spent R127 million during the year under review on CSI initiatives, with a further R15.6 million spent on SARGF contributions.

Total CSI spend for the last five years	
2018	142 831 190
2017	154 795 646
2016	165 432 203
2015	151 166 389
2014	124 304 983
	<b>738 530 411</b>
<b>GGR for 2018</b>	<b>18 458 753 859</b>
<b>CSI as a proportion of GGR</b>	<b>0.8%</b>

Figures represent Rands



# CORPORATE SOCIAL INVESTMENT AND SUSTAINABILITY

## Total CSI spend per sector

	2018	2017	2016	2015
Education	63 513 997	63 034 163	70 431 823	56 118 135
Community development	30 477 566	30 755 293	35 349 130	32 443 357
Health, welfare and HIV AIDS	16 665 144	19 429 657	23 125 065	15 157 006
SARGF Contributions: CASA members	15 625 814	16 394 369	17 126 656	16 776 478
Sports, arts and culture	6 901 596	9 038 836	10 972 295	8 797 253
Other CSI projects	9 647 073	16 143 328	8 427 233	21 874 161
Total	142 831 190	154 795 646	165 432 203	151 166 389

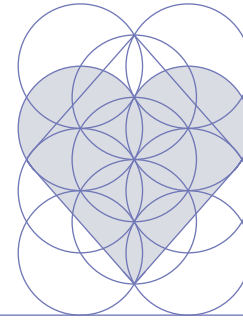
Figures represent Rands

### **a** Education

CASA members believe strongly that education is the foundation of any great nation and target basic and tertiary education by extending fully-paid student bursaries that cover all costs related to education.

In total, CASA members spent R64 million on educational trusts and bursary schemes during the year ended March 2018.

Whilst bursaries are offered to members of the public, CASA members are also committed to improving the availability of education to their own staff members and, to this end, fund training of their employees.



## **b** Community development

Through targeted community upliftment initiatives, CASA members strive to help alleviate poverty and improve the circumstances of society's most vulnerable.

Last year, CASA members dedicated R30 million to community upliftment trusts, NGO's and infrastructure development.

## **c** Health, welfare and HIV/AIDS

In the year ended March 2018, R17 million was channelled into health, welfare and HIV/AIDS, with initiatives in this area including programmes offering both treatment and education for especially vulnerable members of the community.

With this in mind, key beneficiaries include the young and the elderly.

## **d** Environmental sustainability

CASA members' ongoing efforts to reduce their environmental footprint have seen them adopting a number of practices aimed at reducing energy consumption and improving the efficient use of resources.

These include recycling programmes, water-saving initiatives, water management, energy saving initiatives, biodiversity programmes and environmental education.

## **e** Sports, arts and culture

One cannot underestimate the importance of a thriving sports, arts and culture movement in the quest to build a balanced society.

CASA members last year spent R7 million supporting a number of museums, academies and festivals through sponsorships, as well as sports tournaments and fun days.



## REGULATORY AUTHORITIES IN SOUTH AFRICA

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### **Eastern Cape Gambling and Betting Board**

ECGBB Building, Quenera Park  
Quenera Drive, Beacon Bay  
East London 5205  
Eastern Cape

P.O. Box 15355  
Beacon Bay, East London 5205  
Eastern Cape

Tel: +27 (0) 43 702 8300  
Fax: +27 (0) 43 748 2218  
ceo@ecgbb.co.za

[www.ecgbb.co.za](http://www.ecgbb.co.za)

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### **Free State Gambling, Liquor and Tourism Authority**

111 Zastron Street, Westdene  
Bloemfontein 9301  
Free State

P.O. Box 9292  
Bloemfontein 9300  
Free State

Tel: +27 (0) 51 404 0300  
Fax: +27 (0) 51 404 0322  
officeofthecao@fsgrb.co.za

[www.gla.fs.gov.za](http://www.gla.fs.gov.za)

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### **Gauteng Gambling Board**

125 Corlett Drive, Bramley  
Johannesburg 2018  
Gauteng

Private Bag 15  
Bramley 2018  
Gauteng

Tel: +27 (0) 11 581 4800  
Fax: +27 (0) 11 581 4900  
info@ggb.org.za

[www.ggb.org.za](http://www.ggb.org.za)

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### **KwaZulu-Natal Gaming and Betting Board**

330 Langalibalele Street  
Pietermaritzburg 3201  
KwaZulu-Natal

Private Bag X9102  
Pietermaritzburg 3200  
KwaZulu-Natal

Tel: +27 (0) 33 345 2714  
Fax: +27 (0) 33 342 7853  
enquiries@kznghbb.org.za

[www.kznghbb.org.za](http://www.kznghbb.org.za)

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### **Limpopo Gambling Board**

8 Hans van Rensburg Street  
Polokwane 0700  
Limpopo

Private Bag X9520  
Polokwane 0700  
Limpopo

Tel: +27 (0) 15 230 2300  
Fax: +27 (0) 86 505 3460  
ceo@lgb.co.za

[www.lgb.org.za](http://www.lgb.org.za)

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### **Mpumalanga Economic Regulator**

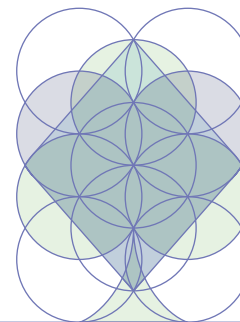
First Avenue, White River 1240  
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Mpumalanga

Tel: +27 (0) 13 750 8000  
Fax: +27 (0) 13 750 8099  
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## **National Gambling Board of South Africa**

420 Witch-hazel Avenue  
Eco Glades 2, Block C, Eco Park  
Centurion 0144  
Gauteng

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Gauteng

Tel: +27 (0) 86 722 7713  
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E-mail: [info@ngb.org.za](mailto:info@ngb.org.za)

[www.ngb.org.za](http://www.ngb.org.za)

## **Northern Cape Gambling and Racing Board**

31 McDougall Street  
Monument Heights  
Kimberley 8301  
Northern Cape

Tel: +27 (0) 81 761 9101 or  
+27 (0) 81 765 5039  
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[enquiry@ncgb.co.za](mailto:enquiry@ncgb.co.za)

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## **North West Gambling Board**

131 University Drive  
Mmabatho 2735  
North West

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## **Western Cape Gambling and Racing Board**

Seafare House  
68 Orange Street, Gardens  
Cape Town 8001  
Western Cape

P.O. Box 8175  
Roggebaai 8012  
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Tel: +27 (0) 21 480 7400  
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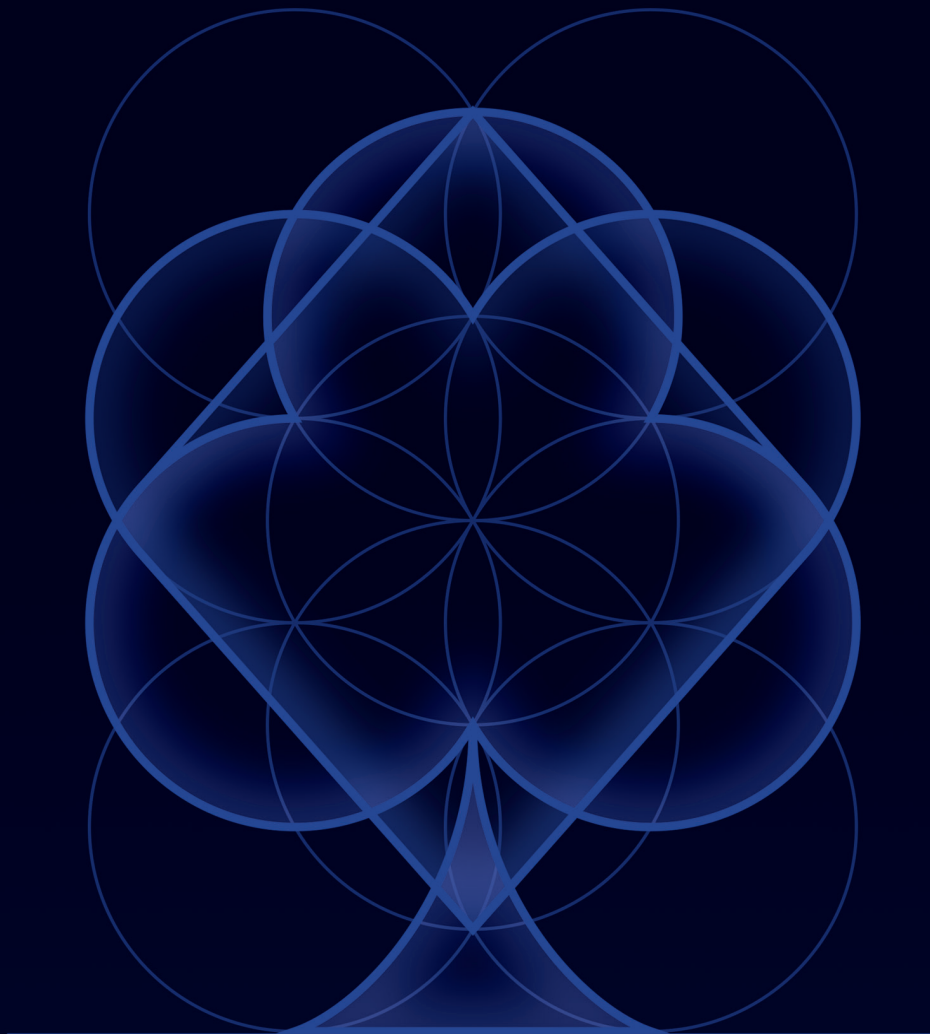
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