

PRESENTATION TO THE PORTFOLIO COMMITTEE ON TRADE AND INDUSTRY

OVERVIEW OF GAMBLING ACT AND CHALLENGES

DELEGATION

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PURPOSE

- To provide an overview of the gambling legislation
- Challenges faced in the implementation of the legislation
- Proposed solutions to the challenges

Historical background

- Prior 1994 gambling was illegal in South Africa
- Horse racing was the only legalized form of gambling pre 1994 – although not regulated under the current National Gambling Act of 2004
- The Wiehahn Commission constituted to conduct a comprehensive review of gambling industry
- This Commission opted for a limited approach in regulating or legalisation of gambling activities (1995 report)
- Commission recommended the regulation or legalisation of casinos, Bingo, Limited Pay Out Machines, racing and wagering activities

Historical Background

- Following Wiehahn Commission recommendations, the National Gambling Act of 1996 was passed
- The Act of 1996 was repealed by National Gambling Act of 2004 which mainly recognises concurrent exercise of powers by National and Provincial government
- 2004 legislation provides for uniform norms and standards applicable through SA
- It establishes national institutions responsible for co-ordinating and administering national gambling policy in a cooperative and coherent manner

PRINCIPLES GOVERNING GAMBLING IN SA

- According to Wiehahn, gambling should be based on following principles:
 - licensing to be transparent, fair and equitable
 - economic empowerment of HDIs
 - protection of society and economy from over stimulation and damaging effects of gambling
 - strict control, effective and efficient regulation and enforcement
- Underlying purpose for regulating gambling activities was partly to generate revenue, to monitor, police and enforce

Forms of Gambling Activities not Recommended

- Wiehahn recommended that racing between animals which is illegal not to be allowed
- Animal Racing:
 - Horse racing in SA not be given any policy or statutory protection or any preferential treatment
 - Dog Racing further research on the activity was recommended for policy decision
 - Any other illegal animal racing that is contra bones mores not be permitted

Forms of Legalised Gambling

- **The National Gambling Act of 2004:**
 - **Regulates Limited Payout Machines**
 - Does it achieve the intended purpose?
 - There is a strong need to revisit policy rationale, e.g. roll-out, maximum pay-out
 - Extent of roll-out in provinces, who benefits from the profits raised?
 - Assessment of effectiveness to SMMEs, HDIs and employment, socio-economic impact
 - Oversight role played by NGB-monitoring of roll-out of the machines

Forms of Legalised Gambling

➤ Regulation of Bingo

- There are no specific regulations for traditional bingo
- There is no mention of the demarcated areas where the halls could be placed, hence they are situated in malls and shopping centres.
- The legislation does not specify the maximum number of licenses to be issued per province as in the casino industry.
- Gauteng the only province that has developed legislation on this matter
- Challenge – introduction of Electronic Bingo Terminal outside of legislation. This introduces a look and feel of a slot machine thereby introducing casino type machine in Bingo halls

Forms of Legalised Gambling

- **Allows Casino licences to a maximum of 40 licences**
 - Limits gambling in Casino buildings / environment only
 - Limitation on the number of licences.

 - Assess socio-economic impact- employment, BEE, Tourism & Infrastructure.

 - Proliferation of gambling-can Minister call back number of licences

 - Impact on revenue to be assessed

 - Control mechanisms to be put in place to prevent over stimulation of gambling

Interactive Gambling

- Technological developments brought about the need to introduce internet or interactive gambling
- The National Gambling Amendment Act, 2008 was passed into law to introduce interactive gambling
- Regulations were drafted and published to regulate interactive gambling
- Challenge is the limited approach in regulating this form of gambling which currently excludes Person to Person (P2P)
- Another challenge relates to sufficient and effective control measures to ensure protection of society and integrity of the economy

Other Challenges in the Industry

- The regulation of Horse racing also need to be introduced
- National Gambling Act should be amended to properly address challenges of policing and prosecuting illegal interactive gambling operators
- Illegal advertising of interactive gambling in South Africa from operators outside South Africa also necessitates the amendment of the legislation to properly deal with the challenge
- The televising of gambling games also pose a challenge as to whether we need to regulate or prohibit the television programmes as they also over stimulate gambling
- Proliferation of gambling activities and sustainability by the industry

Solution

- **the dti** has established the Gambling Review Commission to investigate the gambling industry holistically to determine the following:
 - Impact of gambling in society in relation to addictions, youth gambling, mitigating factors on the negative effects and assess the commercial growth vis-à-vis contribution to social responsibility
 - Assess the proliferation of gambling and whether there is a need to expand the industry by adding other gambling activities like animal racing etc

Solution

- Assess legislative objectives regarding enforcement and determine if regulatory bodies achieve the objectives and to recommend measures to best regulate the industry
 - Benchmark with other jurisdiction on the best policy approaches in the industry
 - Recommend policy position based on the findings
- **the dti** will report on the outcomes of the review to Parliament upon finalization



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Thank You

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