

Presentation on the Draft National Gambling Policy Review Document

**Presentation to the Portfolio Committee on Trade and
Industry**

Parliament, Cape Town

02 June 2015



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Delegation

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Purpose

To provide the Portfolio Committee on Trade and Industry
with an Overview of the Draft National Policy Review
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Comments



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Background



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Background

- In 1995 the Wiehann Commission produced a report, which informed 1996 gambling policy with following key objectives:
 - Protection of society from over-stimulation of latent gambling through the ***limitation of gambling opportunities***
 - Protection of players and integrity and fairness of the industry through ***strict control and supervision*** of the industry
 - ***Uniformity and harmonisation*** of policy and legislation at all levels of government across provinces through minimum norms and standards, cooperation and coordination
 - Generation ***of revenue and taxes*** for provincial governments and for good causes
 - Economic empowerment of the ***historically disadvantaged***
 - Promotion of ***economic growth, development and employment.***



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Background

- In 2002 a review of gambling policy was undertaken and the following were factors informing the review:
 - **Disputes** between provincial gambling licensing authorities and the National Gambling Board
 - Negative **socio-economic effect** of gambling
 - New forms of gambling (**horse racing and interactive gambling**)
- In 2004 the review led to the following:
 - Institutionalization of **cooperative governance** through the National Gambling Policy Council
 - National Gambling Board as **oversight body**
 - Mechanisms to mitigate the increasing **social harm**



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Background

- In 2008 the National Gambling Amendment Act 10 of 2008 was promulgated to regulate *interactive gambling*.
- **Regulations** were finalised and tabled in Parliament in 2009 and Parliament raised concerns about proliferation and protection of minors.
- Minister appointed the **Gambling Review Commission** in 2009 – report submitted in September 2010.
- The Gambling Review Commission was tabled in Parliament - two houses of Parliament separately produced reports in 2012 and 2013
- In 2013 **the dti** has commenced with the draft National Gambling Policy Review guided by the above processes.
- National Gambling Policy Review Document was tabled at the National Gambling Policy Council on 05 September 2014 and on 02 March 2015.

Background

- Some matters tabled at National Gambling Policy Council meetings also informing policy proposals:
 - The dispute between provincial gambling regulatory authorities and the National Gambling Board **on Central Monitoring System** – dispute resolved temporarily through mediation by **the dti**.
 - Proposals for legalisation of **greyhound racing** - research was conducted in 2009 which was met with serious opposition.
 - Court decision halting the licensing of **electronic bingo terminals in** Gauteng – various provinces revised legislation to allow this without policy.
 - North West Province lost **Morula Sun casino licence** to Gauteng Province due to demarcation.
 - The need to develop **norms and standards** to achieve consistency.



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Background

Policy objectives

- Protection of society from over-stimulation of latent gambling through the **limitation of gambling opportunities**
- Protection of players and integrity and fairness of the industry through **strict control and supervision** of the industry
- **Uniformity and harmonisation** of policy and legislation at all levels of government across provinces through minimum norms and standards, cooperation and coordination
- Generation **of revenue and taxes** for provincial governments and for good causes
- Economic empowerment of the **historically disadvantaged**
- Promotion of **economic growth, development and employment**

Status to date

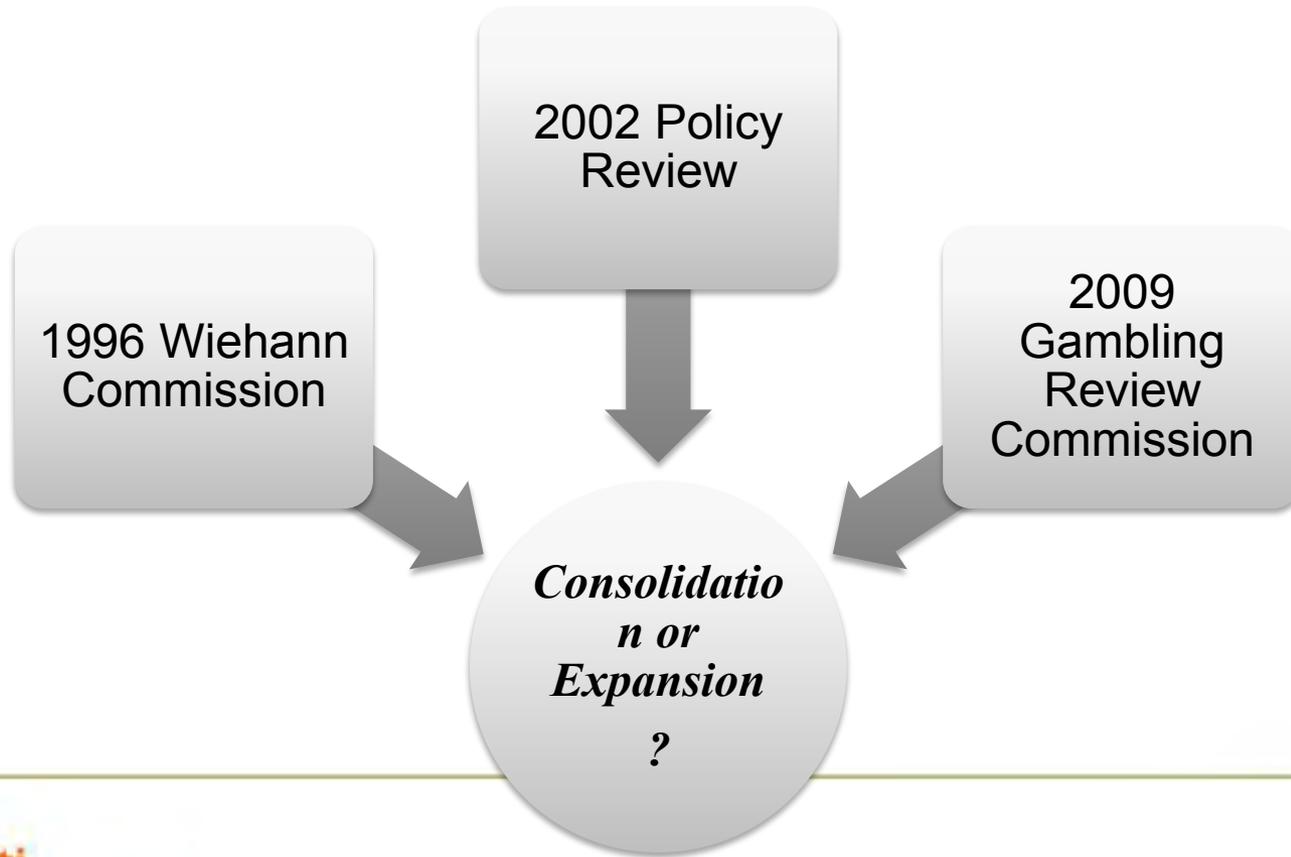
- Opportunities for gambling are increasing with more demand for new games, and proximity to people – **3-4.7% problem gambling**, program ineffective.
- Inadequate access control for **excluded persons and minors**, and increase in seats, machines and tables in gambling outlets.
- **Lack of uniformity** with inconsistent provincial requirements, coordinating structure not effective and roll out of illegal activities contrary to policy.
- **Significant** taxes and revenue generated
- **Limited** transformation in gambling industry, but some progress recorded
- Employment largely in casinos, industry **contribution large**, growth continued despite recession, current growth at 4.5%.



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Policy Question



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Factors Considered

- Policy decision on whether to expand or consolidate gambling took into account the following:
 - Growing Problem Gambling
 - High Levels of Poverty
 - Increasing Unemployment Rate, especially among young people
 - Worrying levels of over-indebtedness, with more credit active consumers having impaired credit
 - Other concerns relating to addiction, such as substance abuse and increasing trends
 - Global trends and benchmarking



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Policy Considerations

The GRC policy Matrix

Demand

Demand exists but more harm will result outweighing benefits

Proliferation

Extending beyond existing modes will create proliferation, especially with current policy misalignment.

Geographic location

Gambling operations creeping into malls and closer to where people reside.

Economic viability

Economic viability of bingos and horse racing raised concerns – need for modernisation

Socio-Economic impact

New modes of gambling will result in more social harm than economic benefit.

Competition

New modes could lead to unfair competition with few significant jobs to offer.

Enforcement

Inadequate enforcement capacity.

Revenue

Revenue generation with possible huge contribution to fiscus.



Policy Proposals

Policy Problem	Policy Solution
National Gambling Policy Council	
Effectiveness of the National Gambling Policy Council (NGPC) due to constant lack of quorum.	If no quorum in a meeting and the same happens in the next meeting, the Minister and the MECs in attendance are empowered to make binding resolutions regardless of the quorum.
Policy alignment at national and provincial government – provinces implement activities contrary to policy and resolutions.	Both provincial and national departments should improve consultation required in the National Gambling Act to prevent misalignment and contradiction of national and provincial legislation.



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Policy Proposals

Policy Problem	Policy Solution
National Gambling Board	
National Gambling Board has not been successful in implementing the legislative mandate.	<p>The <i>strategic direction and mandate</i> of the National Gambling Board must be reviewed to focus on the following aspects:</p> <ul style="list-style-type: none">▪ Continue oversight function to facilitate policy coherence and coordination▪ Conduct research and trend analysis▪ Implementing education and awareness▪ Implement measures to combat illegal gambling▪ Address issues of problem gambling and oversee National Responsible Gambling Program▪ Ensure effective operation of central monitoring system



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Policy Proposals

Policy Problem	Policy Solution
National Gambling Board	
Status of the board needs review as the National Gambling Board.	National Gambling Board to be <i>restructured</i> into a <i>trading entity</i> of the dti also advising the Minister of the norms and standards from time to time. The NGB will be known as the National Gambling Regulator.
Due to lack of impact, problem gambling under the National Responsible Gambling Programme will fall under the National Gambling Board to ensure the broad reach of people affected.	Mandate of the NGB must include the function of providing problem gambling treatment. This function must be funded by the industry through an industry levy as shall be determined by Minister. Money forfeited as <i>unlawful winnings</i> should be paid over into the NRGP to fund activities relating to problem gambling.



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Policy Proposals

Policy Problem	Policy Solution
Casinos	
<p>Developments around casinos begin to impact on the destination policy approach of their location.</p> <p>This include the considerations to relocate casinos from one area to another.</p>	<p>In instances where developments have occurred around the <i>existing casino</i> location, it is proposed that entrances and exits for casinos remain separate from other developments around it.</p> <p>In instances of <i>relocation</i> of a casino from existing location, it is proposed that policy implications be a consideration by the province in making a decision to relocate a casino.</p>



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Policy Proposals

Policy Problem	Policy Solution
<p data-bbox="112 325 239 368">Bingo</p> <p data-bbox="112 394 739 605">Technological advancement brought about the emergence of Electronic Bingo Terminals, highlight the need for policy framework to anticipate future events.</p> <p data-bbox="112 691 739 859">The proposal is that a <i>framework</i> be introduced for regulating electronic bingo terminals in a coherent and consistent manner.</p> <p data-bbox="112 945 739 1068">Electronic Bingo Terminals were found to have the look and feel of slot machines.</p>	<p data-bbox="774 394 1802 474">The policy proposes that electronic form of bingo <i>be allowed</i> with the following:</p> <ul data-bbox="774 496 1802 982" style="list-style-type: none"><li data-bbox="774 496 1802 625">▪The <i>number of licenses</i> for bingo, including EBTs, and bingo seats must be limited in the country – Minister must be empowered to review the numbers in future.<li data-bbox="774 648 1802 728">▪The two bingo activities must <i>be allocated together per licence</i> and venues by the provinces having<li data-bbox="774 751 1802 831">▪Must have regard to casino catchment areas as well as the dynamics and the community surrounding each venue.<li data-bbox="774 853 1802 982">▪The <i>look and feel</i> of the electronic form of bingo which resembles the casino slot machine must be revised and removed.



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Policy Proposals

Policy Problem	Policy Solution
<p data-bbox="112 348 585 391">Horseracing and Betting</p> <p data-bbox="112 415 606 694">Horseracing is regulated through self-regulation and the National Gambling Act only regulates betting (tote betting or bookmakers betting).</p> <p data-bbox="112 779 606 911">Other forms of horse racing are not regulated within this framework.</p>	<p data-bbox="639 415 1769 501">Policy proposes the recognition of self-regulation in the industry.</p> <p data-bbox="639 525 1740 568">This will include the recognition of other forms of horseracing.</p> <p data-bbox="639 592 1769 678">The activities like <i>Bush racing, trotting and harness racing</i> should be covered.</p> <p data-bbox="639 702 1769 833">Self-regulation be placed under the oversight of provincial licensing authorities through the standards approved by the NGPC.</p> <p data-bbox="639 858 1769 989">The proposal is therefore not to introduce full government regulation, but <i>partial</i> to ensure concerns raised are addressed.</p> <p data-bbox="639 1013 1769 1099">Mechanisms to deal with allegations of abuse, unacceptable working conditions, and lack of recognition of other roleplayers.</p>



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Policy Proposals

Policy Problem	Policy Solution
<p>Bookmakers</p> <p>Bookmakers take bets on horseracing events without making any contribution towards the development of horseracing sports.</p> <p>Bookmakers do not pay for intellectual property rights attached to the totalisator system.</p> <p>Despite calls to eradicate bookmakers, a strong case has not been made for the policy to propose their ban from taking bets in the horse racing industry.</p>	<p>Bookmakers must contribute a reasonable financial contribution towards horseracing development.</p> <p>Bookmakers must also contribute towards any proven Intellectual Property rights of others. This applies to all participants in the industry.</p>
<p>Bookmakers and horseracing operators take bets on lotteries results including sports stakes. This is contravention of the Lotteries Act.</p>	<p>Any operations in relation to lotteries must be authorised in terms of a licence issued in terms of the Lotteries Act.</p>



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Policy Proposals

Policy Problem	Policy Solution
<p data-bbox="162 422 498 458">Greyhound Racing</p> <p data-bbox="162 491 838 615">There have been proposals to introduce greyhound or dog racing as a form of racing and gambling.</p> <p data-bbox="162 639 838 808">The activity is said to be taking place in the country despite the standing ban imposed by the Transvaal, Free State, Natal and the Cape Ordinances.</p> <p data-bbox="162 832 838 956">There are concerns regarding enforcement of animal welfare standards.</p>	<p data-bbox="871 491 1765 615">Welfare issues, problem gambling and weaknesses in enforcement should supersede the arguments in favour of legalising and regulating the industry.</p> <p data-bbox="871 696 1702 736">It is recommended that the industry remain illegal.</p>



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Policy Proposals

Policy Problem	Policy Solution
<p data-bbox="79 389 426 434">Online Gambling</p> <p data-bbox="79 458 809 672">With relaxed enforcement, online gambling has become a challenge for South Africa given the capacity to regulate, the extent of problem gambling and other social issues arising from gambling.</p> <p data-bbox="79 696 809 911">More still needs to be done to determine the <i>impact</i> this form of gambling will have on the brick and mortar gambling operations considering benefits already derived from them.</p> <p data-bbox="79 992 809 1163"><i>GRC recommended that a policy framework for online gambling be considered in the future, to deal also with interactive gambling.</i></p>	<p data-bbox="840 458 1787 582">It is recommended that online gambling <i>remain illegal</i> at this point and that measures be introduced to close down these operations and prosecute perpetrators.</p> <p data-bbox="840 668 1787 792">Provisions must be enhanced to prevent banks from <i>processing payments</i> derived from illegal gambling, thus preventing winnings from reaching the participants.</p> <p data-bbox="840 878 1787 1021">Further measures to block websites must be introduced. All enforcement agencies should jointly ensure the eradication of illegal online gambling.</p>



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Conclusion

- The policy question is whether to expand gambling by legalising prohibited modes or to consolidate the current modes for better impact with improved regulation.
- South Africa has to consider its current environment as well as the need to minimise the socio-economic effects of gambling.
- The choice to be made should be the one that creates stability and provides significant contribution to job creation
- On assesment, the other forms of gambling such as online gambling promises financial contribution in form of taxes, but has minimal jobs
- At this point, the recommendation is to improve regulation and viability of the current modes.
- And the new forms of gambling that were proposed should remain illegal as the benefit is unlikely to outweigh the harm.