

# **BRIEFING TO THE PORTFOLIO COMMITTEE ON TRADE AND INDUSTRY BY the dti ON THE NATIONAL GAMBLING POLICY**

**09 March 2016**

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# PURPOSE

To brief the Portfolio Committee on Trade and Industry (Portfolio Committee) on the National Gambling Policy as approved by Cabinet on 17 February 2016



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# BACKGROUND



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# POLICY POSITION

Policy Problem	Policy Solution
<b>National Gambling Policy Council</b>	
Effectiveness of the National Gambling Policy Council (Council) is hindered by the constant lack of quorum.	<b>If there is 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.</b>
Policy alignment at national and provincial government is not achieved while provinces continue to implement policies contrary to resolutions.	<b>Both provincial and national departments must consult in the Council to prevent misalignment and contradiction of national and provincial legislation.</b>



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# POLICY POSITION

Policy Problem	Policy Solution
<p><b>National Gambling Board</b></p>	
<p>Status of the board needs review as the National Gambling Board (NGB) does not have to adjudicate on licences.</p>	<p><b>The NGB will accordingly be repositioned and changed into the National Gambling Regulator (NGR) headed by a Chief Executive Officer</b></p>
<p>Money collected as unlawful winnings is eventually declared forfeited to the State through courts at huge costs</p>	<p><b>Money forfeited as <i>unlawful winnings</i> should be automatically forfeited without court order and paid over into the NGR to fund activities relating to problem gambling.</b></p>
<p>Authority of the NGB to approve 40 LPM sites is undermined by provinces.</p>	<p><b>The Act must emphasize that the NGR's role is to ensure socio-economic effects of gambling are considered before such approval.</b></p>



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# POLICY POSITION

Policy Problem	Policy Solution
<p data-bbox="131 439 649 479"><b>National Gambling Board</b></p> <p data-bbox="131 508 836 704">National Gambling Board (NGB) has not been successful in implementing the legislative mandate, especially regarding oversight role.</p>	<p data-bbox="871 508 1785 651">The <i>strategic direction and mandate</i> of the NGB must be reviewed to additionally focus on the following aspects:</p> <ul data-bbox="871 679 1785 1175" style="list-style-type: none"><li data-bbox="871 679 1750 718">▪ <b>Implementing education and awareness</b></li><li data-bbox="871 746 1785 836">▪ <b>Implement measures to combat illegal gambling</b></li><li data-bbox="871 865 1785 1003">▪ <b>Offer treatment to problem gamblers by appointing service providers with such expertise.</b></li><li data-bbox="871 1032 1785 1175">▪ <b>Manage the operation of Central Monitoring System without outsourcing to private operators</b></li></ul>



# POLICY POSITION

Policy Problem	Policy Solution
<p><b>Casinos</b></p> <p>Developments around Casinos begin to impact on the destination policy approach on their location.</p> <p>This include the considerations to relocate Casinos from one area to another.</p>	<p><b>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.</b></p> <p><b>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.</b></p>



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# POLICY POSITION

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<p><b>Bingo</b></p> <p>The emergence of Electronic Bingo Terminals (EBTs) exposed the lack of forward looking in the current policy in that it was never considered that there may in future be this type of electronic bingo.</p> <p>The proposal is that a <i>framework</i> be introduced for regulating EBTs in a coherent and consistent manner.</p>	<p>The policy recommends that electronic form of bingo <i>be allowed</i> with the following:</p> <p><b>The <i>number of licenses</i> for bingo, including EBTs, and bingo seats must be limited in the country – The Minister must be empowered to review the numbers in future.</b></p> <p><b>The two bingo activities must <i>be allocated together per licence</i> and venues by the provinces</b></p>



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# POLICY POSITION

## Policy Problem

### Horseracing and Betting

Horseracing is regulated through self-regulation and the National Gambling Act 7 of 2004 (the Act) only regulate betting (tote betting or bookmakers betting).

Value chain of horseracing entirely depends on financing from betting and betting results depends on the results of horseracing which makes a case for government to intervene.

## Policy Solution

Policy proposes the recognition of self-regulation in the industry, including:

**Recognition of activities like *Bush racing, trotting and harness racing.***

**Self-regulation body be placed under the oversight of the National Gambling Regulator through the standards approved by the NGPC.**

**This will ensure the credibility of racing results and fair treatment of all participants in the horseracing industry.**



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# POLICY POSITION

Policy Problem	Policy Solution
<p data-bbox="112 515 372 554"><b>Bookmakers</b></p> <p data-bbox="112 586 958 876">Horseracing Operators complain that bookmakers take bets on totalisator results without contributing towards the horseracing development and the intellectual property rights attached to the Totalisator.</p> <p data-bbox="112 909 958 1100">Bookmakers pay 6% tax retained from winnings to Provincial Licencing Authorities (PLAs) and 3% or half is paid to horseracing operators.</p>	<p data-bbox="987 586 1835 729"><b>PLAs must help determine a payable rate when bookmakers use products belonging to horseracing operators.</b></p> <p data-bbox="987 819 1835 915"><b>Industry must respect intellectual property right of others.</b></p> <p data-bbox="987 1005 1835 1148"><b>PLAs must ensure that the 3% paid to horseracing operators is used for intended purpose.</b></p>



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# POLICY POSITION

Policy Problem	Policy Solution
<p><b>Bookmakers</b></p> <p>Bookmakers and horseracing operators take bets on lotteries results including sports pools through totalisator sports betting. This is contravention of the Lotteries Act.</p>	<p><b>The Act will be amended to exclude powers to license lottery activities.</b></p> <p><b>Licence to permit betting on lottery, lottery results and conduct sports pools must be obtained from the National Lotteries Commission.</b></p> <p><b>Operators collecting bets on lotteries and sports pools must pay a reasonable contribution to the National Lotteries Distribution Trust Fund as the Minister shall determine</b></p>



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# POLICY POSITION

Policy Problem	Policy Solution
<p data-bbox="112 511 471 558"><b>Greyhound racing</b></p> <p data-bbox="112 582 956 725">There have been proposals to introduce greyhound or dog racing as a form of racing and gambling.</p> <p data-bbox="112 749 956 943">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="112 968 956 1058">There are concerns regarding enforcement of animal welfare standards.</p>	<p data-bbox="989 582 1837 776"><b>Welfare issues, problem gambling and weaknesses in enforcement should supersede the arguments in favour of legalising and regulating the industry</b></p> <p data-bbox="989 868 1837 1011"><b>It is recommended that the industry remain illegal for now and perhaps be considered in future policy reviews</b></p>



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# POLICY PROPOSALS, Cont...

Policy Problem	Policy Solution
<p data-bbox="88 411 434 454"><b>Online Gambling</b></p> <p data-bbox="88 482 938 725">Online gambling continues to be 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="88 753 938 896">Regulators need to develop capacity to enforce against illegal operations before online gambling is permitted</p>	<p data-bbox="975 482 1806 575"><b>It is recommended that online gambling <i>remain illegal</i>.</b></p> <p data-bbox="975 604 1806 889"><b>Enforcement measures must be improved to include banks closing accounts, local Internet Service Providers (ISP) not hosting illegal sites and all measures to ensure the illegal activities do not thrive.</b></p> <p data-bbox="975 918 1806 1160"><b>The NGR will be required to notify banks and ISPs to close down accounts associated with illegal operators. Failure to oblige will lead to prosecution.</b></p>



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# CONCLUSION

It is proposed that the policy recommendations will enhance the regulation of gambling in the country

Measures to implement problem gambling will be improved and more people will be able to access the assistance if offered by the NGB.

The NGPC and the NGB will be more empowered to perform their mandate and that there will be progress in all efforts to harmonise gambling policy in the country.

Technical amendments clarifying certain provisions in the Act will be developed during the processing of the Bill. The Bill is being finalised and will be tabled before Cabinet in due course for approval to consult the public



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