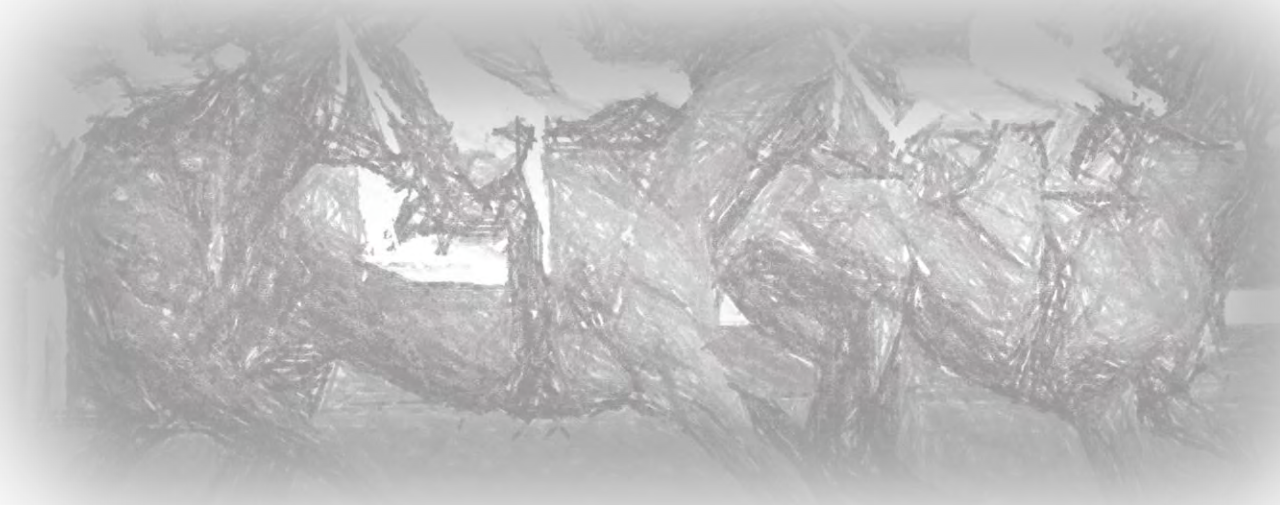


GAUTENG OFF-COURSE BOOKMAKERS' ASSOCIATION



PRESENTATION TO THE PORTFOLIO COMMITTEE FOR TRADE AND INDUSTRY

NATIONAL GAMBLING AMENDMENT BILL, 2018

[As introduced in the National Assembly on Tuesday, 21 August 2018]

Presentation on National Gambling Amendment Bill, 2018

Introduction to GOBA:

Mission, mandate and members

Focus of Presentation:

Excludes substantive provisions of Bill and their deleterious impact on the licensed bookmaking sector

Assumed that further public hearings will be held in relation to the substantive provisions once the Committee has deliberated on the current presentations

Key Areas:

The reconfiguration of the National Gambling Board to the National Gambling Regulator, and

Governance Issues in relation to the National Gambling Policy Council

Presentation on National Gambling Amendment Bill, 2018

Reconfiguration of the NGB to the NGR:

General Structural challenges:

- Trading entity of the dti, under leadership of a single Chief Executive Officer (s 65A)
- Centralised power vested in a single individual (s 65B(2))
- No governing board
- Sacrifice of collective decision-making powers, based on established expertise in various critical functional areas relating to its overall mandate
- Resultant compromised capacity to deliver on statutory mandate
- Risks in relation to procedurally fair administrative action

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General Structural challenges:

- *Ad hoc* Committees composed of suitably qualified professional persons contemplated by the proposed section 65C
- Apparent compensation for shortcomings of having a single executive decision-maker
- Possibility of multiple Committees at any given time
- Logistical challenges and costs
- Untested probity of Committee members
- Scope for legal challenges
- Preferable to retain a governing board, as with the NGB
- Predictability, consistency and continuity in decision-making

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Extended NGR Mandate:

- Significantly wider and more ambitious mandate
- Proposed functions in relation to *“a broad-based public education programme”* in relation to responsible gambling
- Established effectiveness of NRGP - a leading global model with an extensive, recognisable footprint
- Expansion of the reach of the NRGP would be preferable, funded by mandatory contributions by the holder of the National Lottery licence
- Section 76A(1)(e): Powers of national inspectorate to *“ensure compliance of gambling institutions with gambling laws”*, conflicts with exclusive jurisdiction of PLA's to conduct compliance-related inspections under section 30(1)(b) of the National Gambling Act
- Undesirability of duplicate regulatory oversight

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Extended NGR Mandate:

- Clause 11 - NGR to establish and maintain an electronic monitoring system “detecting and monitoring significant events associated with any limited pay-out machine, casino, bingo or betting activity that is made available for play in the Republic”.
- The proposed amendment would ultimately require a single CEMS in respect of all sectors of the gambling industry, including casinos, bingo operators, bookmakers and the totalisator, with each such sector being required to pay monitoring fees to the NGR.
- There is no justification for the above provision.
- Section 27 of the Act was, from the outset, intended to put in place as a result of the wide distribution of large numbers of limited pay-out machines (“LPM’s”) on a multitude of different venues throughout the country, and the

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Extended NGR Mandate:

- The purpose of section 27 was to ensure that all transactions in the (spatially challenging) LPM environment were accounted for, so that the revenues due would be accurately calculated and paid over.
- As a result, the Act requires all LPM's to be linked to the CEMS.
- Real-time transactional information, to which regulators have access, is readily available in the casino environment.
- In the licensed bookmaking and totalisator environments, all betting transactions are required to be conducted by means of computerised wagering software, which is required to comply with the prevailing technical standards, and which similarly tracks and records each and every betting transaction and is capable of generating a range of reports.

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Extended NGR Mandate:

- The development of a single CEMS in respect of all gambling modes will therefore serve no regulatory purpose and provide no additional benefits, as all the information required by the regulator in respect of each industry sector is currently available.
- Each gaming sector operates within significantly different parameters.
- A single CEMS would therefore be required to make provision for a broad range of completely distinct categories of "significant events", depending on the nature and manner of operation of the industry sector in question.
- The development of such a system would be extremely cumbersome, time-consuming and cost-intensive, while delivering no identifiable benefit to

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Extended NGR Mandate:

- The proposal to develop a single CEMS for all gambling modes stands in direct contradiction to the requirements entrenched in the Act in relation to the prevailing technical specifications for gambling devices. These requirements cover gambling devices, server-based gaming devices, gaming equipment, monitoring systems and wagering systems, with a view to ensuring that -
- all transactions are tracked, recorded and stored in a comprehensive and appropriate manner,
- so as to preserve the integrity of licensed operations, to promote fair play and to ensure the accurate and timeous calculation and payment of gaming and betting taxes and levies.
- No device which does not comply with the prevailing technical standards may be made available for use/play in the country, with the result that all

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Extended NGR Mandate:

- To the extent that the proposed amendments to section 27 contemplate that the national CEMS will be maintained by the NGR, which will collect and retain monitoring fees and generate reports in respect thereof, the provision in question will have the impractical effect of duplicating roles and responsibilities as between PLA's on the one hand, and the NGR, on the other.
- There is manifestly no need to develop a further, single, national system which would effectively replace all the prevailing technical standards, at great cost to all sectors of the industry. GOBA therefore submits that the proposed provision is not required and should be deleted.

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National Gambling Policy Council:

- Final Gambling Policy recognises the historic failure of the Council to achieve a quorum in respect of numerous meetings
- The proposed section 63A attempts to address this by permitting the Council to make decisions on any matter at any second meeting in which a quorum is not achieved
- This is expected to entrench, rather than to alleviate, non-compliance with quorum-related requirements
- Corporate governance requirements in respect of any enterprise or body should likewise be in place (and be enforced) in relation to the Council
- Decisions affecting the industry may ultimately be made by only a handful of Council members
- Preferable to disband Council.

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THANK YOU

QUESTIONS?