



**BRIEFING TO THE PORTFOLIO COMMITTEE ON TRADE AND
INDUSTRY OF THE NATIONAL GAMBLING AMENDMENT BILL**

24th October 2018

PRESENTATION OUTLINE

- ▶ Purpose
- ▶ Overview of KZN Gambling Industry
- ▶ Comments (by Provision)
- ▶ Financial Implications
- ▶ Other Comments

PURPOSE

- The purpose of this submission is to provide comments from the KwaZulu-Natal Gaming and Betting Board on the National Gambling Amendment Bill, 2018 (“the Bill”) as published on 20 July 2018 in the Government Gazette number 41787 of 20 July 2018.
- 15 May 2015 **the dti** published the National Gambling Policy for broader public consultation. The National Gambling Policy was approved by Cabinet on 17 February 2016 and the National Gambling Amendment Bill was drafted pursuant to the approved National Gambling Policy, 2016. 30 September 2016 the National Gambling Amendment Bill was published for broader public consultation for 45 days and direct engagements with stakeholders and the public were conducted until early 2017.
- The Current version of the Proposed Bill has not previously been consulted.

PURPOSE

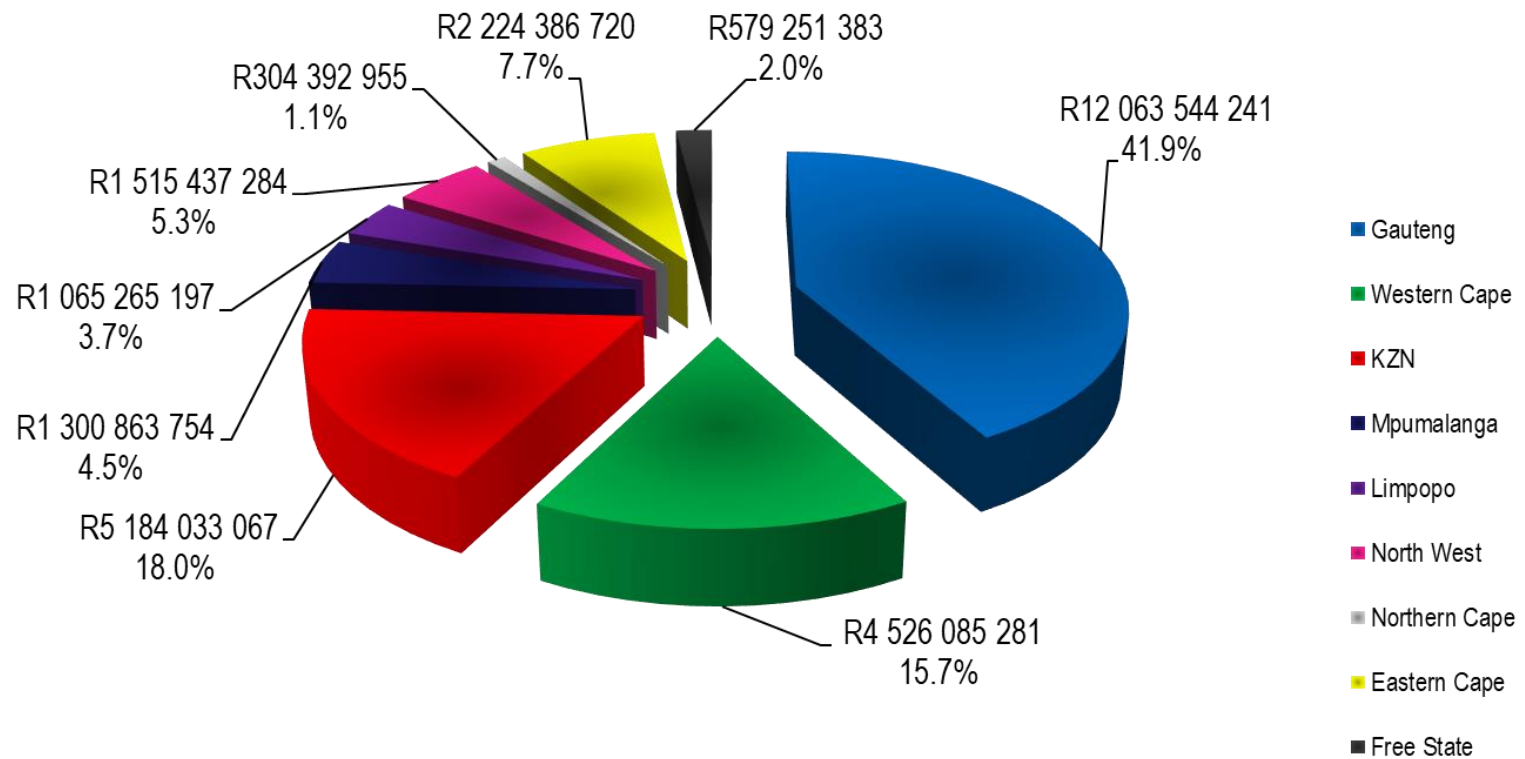
- The National Gambling Amendment Bill was published for broader public consultation for 45 days and direct engagements with stakeholders and the public were conducted until early 2017.

Comments:

- **Consultations with PLAs important as there are practical & financial implications on the Provinces.**
- **PLAs have a joint legislative responsibility with the National Gambling Board to enforce the National Gambling Act (Schedule 4 Constitution/Concurrent legislative competence).**

GGR PER PROVINCE, ALL MODES, FY2017/18

GGR per province, all modes, FY2017/18



PROPOSED PROVISION

Provision	KZN Comment (1)	KZN Comment(2)
<p>Section 1 definition of bingo game is amended to enable the offering of electronic bingo terminals (EBTS).</p>	<p>Provision is supported by KZN Gambling Board with reservation of the limitations of licences and machine numbers.</p>	<p>The Province has been exposed to a myriad of legal challenges emanating from this definition.</p>

PROPOSED PROVISION

Provision	KZN Comment (1)	KZN Comment(2)
<p>Section 8 and Section 30 are amended to restrict lottery related licences under the gambling legislation. And Section 44C is introduced to provide that bets on lottery results or conducting sports pools must be licensed under the lottery legislation by the board of the National Lotteries Commission.</p> <p>Licenseses must contribute towards the NLDTF.</p>	<p>KZN does not support the exclusion on bets of National Lottery, Foreign lottery, lottery results and sports pools.</p> <p>The amendment provides for the bookmakers in KZN to be able to take such bets, they must obtain a license from the National Lotteries Commission (“NLC”) in accordance with provisions of the proposed section 44C.</p>	<p>This provision is problematic for the KZN as the KZN Act Currently recognises Betting on Contingencies or sports pool in its own legislation. There will be a major impact on current KZN Bookmaking Operators which rely on Betting on Contingencies and Sports Pools.</p> <p>See further comments to the proposed section 44C</p>

PROPOSED PROVISION

Provision	KZN Comment (1)	KZN Comment(2)
<p>Section 14(13) is inserted to provide that the Gambling Operators must remove names of excluded persons from their mailing list.</p>	Supported.	N/A.
<p>Section 15 is amended to empower Minister to regulate times of gambling advertising and to prevent unsolicited gambling messages through sms or internet.</p>	Supported.	N/A.

PROPOSED PROVISION

Provision	KZN Comment (1)	KZN Comment(2)
<p>Section 16 is amended to provide that 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.</p>	<p>Supported.</p>	<p>N/A.</p>

PROPOSED PROVISION

Provision	KZN Comment (1)	KZN Comment(2)
<p>Section 17 is amended to require that gambling premises in shopping complexes must have separate entrances from other shops at the complex or malls.</p> <p>The provision is also amended to prohibit leases for unlicensed gambling operators or activities.</p>	<p>Bingo and bookmaking licence holders are already licensed and currently operate their businesses in shopping malls and complexes..</p> <p>What happens to existing operational licences.</p>	<p>The primary objective of a mall is a centre of shopping activity,</p> <p>Some Venues are on Mezanine floors or up stairs, it may not be possible.</p> <p>The Current KZN Legislation already restricts visibility from Public.</p>

PROPOSED PROVISION

Provision	KZN Comment (1)	KZN Comment(2)
<p>Section 44A is inserted to provide for the recognition of the electronic form of Bingo but limited numbers of licences and machines.</p> <p>According to the NGB the country has 6543 EBTs by 2017/18.</p>	<p>This provision purports to prescribe the number of licences and machines <u>after the fact</u>.</p> <p>KZN among Provinces that have gone ahead, using the powers they derived from various provincial laws, Other Provinces include North West, Mpumalanga, Eastern Cape, Limpopo, Gauteng Porvinces.</p>	<p>In KZN (22) bingo licences were authorised between 2009 and 2011.</p> <p>The KZN Act , 2017 recognizes “<i>gaming positions</i>” which do not differentiate gaming equipment.</p>

PROPOSED PROVISION

Provision	KZN Comment (1)	KZN Comment(2)
<p>Section 44B (1) and (2) is amended to provide for the recognition of self-regulation in the industry and monitoring by the NGB through the Standard Operating Procedures to be approved by the National Gambling Policy Council (NGPC).</p>	<p>This amendment recognises and entrenches the self-regulation of the horse racing sector., subsection (2) creates a system whereby the National Gambling Regulator creates a licensing criteria of the same sector.</p>	<p>Self-regulation and licensing criteria of the same sector by the PLAs are contradictory concepts.</p>

PROPOSED PROVISION

Provision	KZN Comment (1)	KZN Comment(2)
<p>Section 44C proposes to transfer the regulation of “betting on any form of lottery, lottery results and sports pools to “NLC”. 44C is also amended to provide for the PLAs to help determine a payable rate by bookmakers towards the development of horseracing as they take bets on horseracing products. The rate to be determined must consider current contributions by bookmakers.</p>	<p>KZN do not support the proposed amendment as it impacts as follows:</p> <ol style="list-style-type: none"> 1) New BBEE Bookmakers aprox. 55% Turnover Reliant on Contingencies 2) Bookmakers generated abt 32 million of total betting turnover on contingencies 2017/18 3) Bill silent on whether or not there will be taxes payable and whether they will be deducted from punters winnings or from the licensee’s business.. 	<p>4) To bets on any horse race or sport or contingency, bookmakers are required to use a wagering software approved by the KZN Board.</p> <p>The Bill does not say which software will be used to transact such bets, given that the licence is not issued in terms of the KZN laws</p> <p>5) Job losses by Bookmakers dependent on revenues from these contingencies.</p>

PROPOSED PROVISION

Provision	KZN Comment (3)	
Section 44C Continued	<p>6) it does not say who approves that software and using what material in order to determine if it complies.</p> <p>7) Loss of revenue for Provincial <i>fiscus</i> from taxes collected from Contingency betting.</p>	<p>8) If betting on the lottery results or numbers (including foreign lotteries), and sports pools are to be licensed by NLC the provincial government will lose tax revenues arising of from such betting because the licence will fall outside the ambit of the KwaZulu-Natal Gaming and Betting Tax Act 9 of 2010.</p>

PROPOSED PROVISION

Provision	KZN Comment (3)	KZN Comment(4)
Section 44C Cont	Thirdly, it does not say who approves that software and using what material in order to determine if it complies.	<p>Turnover on horse races - above R74 million;</p> <p>Betting on sports - above R29 million;</p> <p>Betting on contingencies - above R24 million.</p> <p><i>This represents that 19% of bets were on horse races, 58% on contingency betting and 23% on sport betting.</i></p>

PROPOSED PROVISION

Provision	KZN Comment (1)	KZN Comment(2)
Section 53A	This provision is supported however, no consequence for non-compliance with licence conditions	PLAs' powers of enforcement must be not limited to suspension or cancellation of licences, but it must include the power to impose fines in appropriate circumstances.

FINANCIAL IMPLICATIONS

- If betting on the lottery results or numbers (including foreign lotteries), and sports pools are to be licensed by NLC the provincial government will lose tax revenues arising of from such betting because the licence will fall outside the ambit of the KwaZulu-Natal Gaming and Betting Tax Act 9 of 2010.

OTHER IMPLICATIONS

- Betting on a dog race (as a contingency) is permitted by the KwaZulu-Natal Gaming and Betting Act only if it takes place on grounds where dog racing is not prohibited. If the Bill is passed in the current form, then KZN bookmakers and the provincial fiscus will lose these revenues.

THANK YOU

