



SOUTH AFRICAN BOOKMAKERS' ASSOCIATION

**PORTFOLIO COMMITTEE ON TRADE AND INDUSTRY
NATIONAL ASSEMBLY, PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA**

Public Hearings

National Gambling Amendment Bill (2018)

– Draft Bill as circulated by the Portfolio Committee

24 October 2018

Overview



1. SABA overview
2. Focus on aspects of the Draft Bill (based on the Committee's criteria)
3. Reconfiguring the National Gambling Board (NGB) to the National Gambling Regulator (NGR)
 - General structural challenges
 - Extended NGR mandate
4. National Gambling Policy Council
5. Conclusion

Introduction to South African Bookmakers Association



Founded in 1985 as a voluntary association, today representing the collective interests of 85 licenced bookmakers.

Mission and Mandate

To render to, for and on behalf of its members services of mutual aid, whilst maintaining and promoting honourable practices amongst bookmakers and their stakeholders within the racing and wagering industry.

Members

The South African Bookmakers' Association members include some of South Africa's biggest betting shop operators along with other medium, small and stand alone operators. Membership includes both on course and off course operators.

Focus of this Presentation



1

The reconfiguration of the National Gambling Board (NGB) to the National Gambling Regulator (NGR)

2

Governance Issues in relation to the National Gambling Policy Council

Reconfiguration of the National Gambling Board (NGB) to the National Gambling Regulator (NGR)



1. General Structural challenges

- Trading entity of the dti, under leadership of a single Chief Executive Officer (Section 65A)
- Centralised power vested in a single individual (Section 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

Reconfiguration of the National Gambling Board (NGB) to the National Gambling Regulator (NGR)



General Structural challenges (continued)

- *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

Reconfiguration of the National Gambling Board (NGB) to the National Gambling Regulator (NGR)



2. Extended NGR Mandate

- Significantly wider and more ambitious mandate
- Proposed functions in relation to *“a broad-based public education programme”* in relation to the risks and socio-economic impacts of 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

Reconfiguration of the National Gambling Board (NGB) to the National Gambling Regulator (NGR)



Extended NGR Mandate (1): Single CEMS

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 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 need to ensure that all gambling transactions performed on these machines could be tracked, stored and reported upon.

Reconfiguration of the National Gambling Board (NGB) to the National Gambling Regulator (NGR)



Extended NGR Mandate (2)

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.

Reconfiguration of the National Gambling Board (NGB) to the National Gambling Regulator (NGR)



Extended NGR Mandate (3)

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 any of its end-users.

Reconfiguration of the National Gambling Board (NGB) to the National Gambling Regulator (NGR)



Extended NGR Mandate (4)

The proposed single CEMS for all gambling modes contradicts the requirements entrenched in the Act.

- These requirements cover the prevailing technical specification for all 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 gaming and betting transactions are fully auditable.

Reconfiguration of the National Gambling Board (NGB) to the National Gambling Regulator (NGR)



Extended NGR Mandate (5)

- 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. SABA therefore submits that the proposed provision is not required and should be deleted.



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 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.



Conclusion

1. SABA respectfully requests that due consideration is afforded to our comments and recommendations.
2. Our detailed written submission contains our perspectives on the range of legislative provisions that enable a progressive, responsible and sustainable approach to regulating the gambling industry, in accordance with policy.
3. A balanced and pragmatic approach is imperative to support a responsible and sustainable operating environment for the South African industry.
4. This requires exploring and formulating legislative provisions that can effectively address the challenges facing the industry and any operational and compliance concerns, without jeopardising its development as well as maintaining the respective role and participation of both the industry and citizens.
5. SABA remains at the Portfolio Committee's disposal and welcomes further discussions and engagement with the Portfolio Committee in this regard.

National Gambling Amendment Bill, 2018



THANK YOU

QUESTIONS?