



GAMBLING IN SOUTH AFRICA



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

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LIST OF ACRONYMS

| | |
|-----------------|---|
| EBT | Electronic Bingo Terminal |
| GRC | Gambling Review Commission |
| LPM | Limited Pay-out Machine |
| NGB | National Gambling Board |
| NHA | National Horseracing Authority |
| NRGP | National Responsible Gambling Programme |
| PLA | Provincial Licensing Authority |
| the dtic | Department of Trade, Industry and Competition |

1. Introduction

- 1.1. Gambling was illegal in South Africa prior to 1996, the exception being betting on horses. A study by the Wiehahn Commission in 1995 recommended that the government regulate gambling to protect society from overstimulation, raise revenue through taxes, create employment and empower the historically disadvantaged. The National Gambling Act, 1996, was passed incorporating recommendations from the commission.
- 1.2. In 2004, the Act was amended to introduce the establishment of a National Gambling Policy Council, which would ensure policy alignment in both national and provincial government.
- 1.3. The National Gambling Amendment Act, 2008, was passed to regulate interactive gambling, although it was yet to be promulgated for implementation.
- 1.4. The Gambling Review Commission (GRC) was appointed in 2009 to holistically review gambling successes and failures in the country and determine if more gambling activities could be introduced. In 2010, the GRC released its report recommending policy reforms.
- 1.5. The National Gambling Policy, 2016, has been passed by Cabinet and will be followed by the National Gambling Amendment Bill, which will give gamblers and operators further protection from illegal gambling.

2. Policy guidelines to regulate gambling in South Africa as recommended by the Wiehahn Commission

- 2.1. Protect society from the overstimulation of latent gambling through the limitation of opportunities.
- 2.2. Protect players and the integrity and fairness of the industry through strict control and supervision.
- 2.3. Encourage economic empowerment of the historically disadvantaged.
- 2.4. Promote economic growth, development and employment.
- 2.5. Generate revenue and taxes for provincial governments and good causes.



3. Regulation of gambling in South Africa

3.1. The Department of Trade, Industry and Competition (the dtic)

the dtic develops national policy on gambling, and sets the national norms and standards to be adhered to by the provinces. The National Gambling Board is responsible for regulatory oversight of provincial licensing authorities to ensure that the national norms and standards are adhered to. The Minister convenes and chairs the National Gambling Policy Council meetings to discuss policy issues with provincial executives responsible for gambling.

3.2. The National Gambling Board (NGB)

The NGB was established in terms of the National Gambling Act, 2004 (Act No. 7 of 2004). It is the regulatory body designed to support **the dtic** to deliver on its mandate of creating a conducive environment for industry to thrive. The NGB has to ensure the proper regulation and coordination of gambling in South Africa. It advises the Minister on policy issues; evaluates licences issued by provincial licensing authorities for compliance with the national norms and standards, as well as the compliance monitoring of such licences; and evaluates the performance of provincial licensing authorities. The NGB also conducts research studies to monitor the economic trends and socio-economic effects of gambling in the country.

3.3. Nine Provincial Licensing Authorities (PLAs)

Each PLA has jurisdiction within its province to investigate, consider and issue licences in respect of casinos, racing, gambling and wagering. In addition, the PLAs conduct inspections to ensure that operators comply with the National Gambling Act, 2004, and their the provincial legislation. They impose penalties that are applicable to the Act and the provincial laws, and issue offence notices. The PLAs also ensure compliance with other pertinent legislation such as the Financial Intelligence Centre Act (FICA).

4. Legal forms of gambling in South Africa

- 4.1. A gambling game is legal if it has been authorised in terms of the National Gambling Act 7 of 2004 (the Act) and respective provincial legislation.
- 4.2. Any gambling activity that is not authorised as listed in sections 7, 8, 9, 10 and 11 of the Act is illegal and criminal sanctions may be imposed. Furthermore, it is illegal for any person under the age of 18 to gamble in South Africa.

5. Legal gambling activities

5.1. Casino

- 5.1.1. The Wiehahn Commission recommended the issuing of 40 casino licences, taking into account the demographics and socio-economic activities in the provinces. The Minister, however, recently published the awarding of a fifth casino licence to the North West after it lost one to Gauteng as a result of the provincial border demarcations in 2005. This means that South Africa now has 41 licences and 38 casinos are operational. The Eastern Cape and Mpumalanga Gambling Boards are still to allocate their final licences for their respective provinces, while the North West is yet to allocate its newly issued licence.
- 5.1.2. The following licences have been allocated:
 - Eastern Cape – five, four of which are operational
 - Free State – four
 - Gauteng – seven
 - KwaZulu-Natal – five
 - Mpumalanga – four, three of which are operational
 - Limpopo – three
 - Northern Cape – three
 - North West – five, four of which are operational
 - Western Cape – five

5.1.3. The following table shows the number and names of casinos in the country, per province:

| PROVINCE | CASINO |
|----------------------|--|
| GAUTENG | Gold Reef City Casino and Hotel – Gold Reef |
| | Emperors Palace Casino and Hotel – Kempton Park |
| | Carnival City Casino – Brakpan |
| | Emerald Casino and Entertainment – Vanderbijlpark |
| | Morula Sun Casino – Mabopane |
| | Silver Star Casino – Krugersdorp |
| | Monte Casino – Fourways |
| | |
| WESTERN CAPE | Grand West Casino – Cape Town |
| | Golden Valley – Worcester |
| | Mykonos Casino – Langebaan |
| | Garden Route Casino – Mossel Bay |
| | The Caledon Casino and Hotel – Caledon |
| | |
| KWAZULU-NATAL | Sibaya Casino and Entertainment – Durban |
| | Golden Horse Casino – Pietermaritzburg |
| | Sun Coast Casino and Entertainment – Durban |
| | Umfoloji Casino – Empangeni |
| | Monte Vista Casino – Newcastle |
| | Blackrock Casino and Hotel – Newcastle |
| | |
| NORTH WEST | Mmabatho Palms Casino – Mahikeng |
| | The Carousel Casino – Temba, Hammanskraal |
| | Sun City Casino – Sun City |
| | Rio Casino and Hotel – Klerksdorp |
| | |

| | |
|----------------------|--|
| LIMPOPO | Meropa Casino – Polokwane |
| | Thaba Moshate Casino and Hotel – Burgersfort |
| | Peermont Metcote at Khoroni – Thohoyandou |
| | |
| MPUMALANGA | Emnotweni Casino – Nelspruit |
| | The Ridge Casino – Witbank |
| | Graceland Casino and Golf – Secunda |
| | |
| FREE STATE | Wind Mill Casino – Bloemfontein |
| | Naledi Sun Casino – Thabanchu |
| | Gold Fields Casino – Welkom |
| | Frontier Inn and Casino – Bethlehem |
| | |
| EASTERN CAPE | Boardwalk Casino – Port Elizabeth |
| | Hemingways Casino – East London |
| | Queens Casino and Hotel – Queenstown |
| | Wild Coast Sun Casino – Port Edward |
| | |
| NORTHERN CAPE | Desert Palace Casino – Upington |
| | Flamingo Casino – Kimberley |
| | The Grand Oasis Casino – Kuruman |

5.1.4. Casinos offer gambling in licensed premises within designated areas. Games include slot machines, table games, random number ticket games, poker, table and roulette games and are operated by a dealer known as a croupier or poker dealer.

5.2. Limited Pay-out Machines (LPMs)

5.2.1. LPMs were introduced as slot machines permitted outside of casinos. These machines are limited because only a maximum bet of R5.00 and winnings of R500.00 are permitted. In addition, only 50 000 machines are permitted to be rolled out nationally and are to be introduced in two

stages of 25 000 per stage. Currently, the rollout of LPMs is within the first stage, with about 10 000 machines rolled out nationally.

- 5.2.2. At the initial stage, a licensed LPM site is permitted to have not more than five LPMs. The NGB may approve an LPM site with more than five machines upon application by the site operator and where such application is supported by a socio-economic impact study.

5.3. Bingo

- 5.3.1. Bingo was played in its traditional form inside and outside of casinos. Recently, Gauteng introduced the use of electronic bingo terminals (EBTs), which are said to have technologically advanced the game of bingo. Those opposed to EBTs argue that they are simply slot machines and should not be permitted outside of casinos, as in the matter of Akani Egoli (Pty) Ltd and others v Chairperson of the Gauteng Gambling Board and others.

- 5.3.2. Following court judgment on the above matter, provinces amended their legislation for the definition of bingo to include EBTs. **the dtic** has also amended the gambling policy to provide for EBTs and their regulation. These amendments come with limitations on the number of licences allowed per province and bingo seats per outlet so as to curb proliferation of gambling and bingo halls, and guard against undermining the gains derived from casinos and LPMs in terms of taxes, employment and infrastructure development.

5.4. Betting (horseracing and bookmakers)

- 5.4.1. Betting on the horses was the only legal mode of gambling allowed in South Africa prior to 1994. The sport of horseracing is regulated by the National Horseracing Authority (NHA) to ensure its credibility. For example, horses are tested for speed-enhancing drugs, and

stiff penalties imposed. On the gambling side, three operators of the totalisator (tote) system, namely Phumelela, Gold Circle (which operates only in the KwaZulu-Natal) and Kennilworth racing, are licensed by provincial licensing authorities. The three tote operators also own the race tracks.

5.4.2. Another important role player in the horseracing industry is the bookmaker, who collect bets. Phumelela and Gold Circle hold bookmaker licences.

6. Illegal gambling activities in South Africa

- 6.1. Any gambling activity that is listed in terms of sections 7, 8, 9, 10 and 11 of the Act is illegal and punishable in terms of the Act.
- 6.2. The following are the popular forms of illegal gambling in South Africa:
 - greyhound racing (dog racing)
 - online gambling, including online casinos
 - fafi (ichina)
 - dice
 - poker, including online poker
 - sports betting/stake (cricket, soccer etc.)
 - betting on lottery results via bookmakers
- 6.3. Any person who participates in or offers these illegal forms of gambling can be prosecuted and may be liable for a fine of R10 million or a minimum term of 10 years in prison.
- 6.4. The Act makes provision for the appointment of inspectors to ensure compliance, and fines or compliance notices can be imposed on offending operators. The inspectorate will be enhanced at national and provincial levels to ensure evidence is effectively gathered. The NGB works with all affected stakeholders to ensure that there is no facilitation of illegal gambling, either in terms of financial transactions or online sites.

7. Exclusions from participating in gambling activities

- 7.1. In terms of section 14 of the National Gambling Act, 2004, a person can voluntarily exclude themselves or an interested person can approach a court to have another person excluded from gambling.
- 7.2. Section 14 of the National Gambling Act, 2004, requires that the NGB maintain a Register for Excluded Persons. A person included in the Register of Excluded Persons will be precluded from participating in any legal gambling activities in the country. A person may, by way of a prescribed form, request to be readmitted to gambling provided they produce proof that they have completed a rehabilitation programme.

8. National Responsible Gambling Programme

- 8.1. The National Responsible Gambling Programme (NRGP) was founded in 2000 and is a public-private partnership between regulators and the gambling industry in South Africa. Licensed operators primarily fund the programme, contributing 0,1% of their GGR. The NRGP employs qualified counsellors to provide problem gamblers with assistance via a toll-free line or in-patient treatment.
- 8.2. In addition, the NRGP offers a National Schools Education programme as well as a research programme responsible for the National Prevalence Study, among other research.

Important numbers: NRGP – Toll free: 0800 006 008 / 076 675 0710

National Gambling Board – Tel: 010 003 3475 / E-mail: info@ngb.org.za

REFERENCES

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