

CURRENT STATUS OF TRANSFORMATION AND GROWTH IN THE SOUTH AFRICAN GAMBLING INDUSTRY



National Gambling Board
South Africa
a member of the dti group





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Research Report
Date: March 2020

TABLE OF CONTENTS

Abbreviations	lii
Explanatory Notes	lv
Chapter 1 : Introduction	1
1.1 Introduction	1
1.2 Study Rationale and Objectives	2
1.3 Research Design	3
1.4 Methodological Approach	4
1.5 Limitations of the Study	6
1.6 Report Outline	7
Chapter 2 : Policy Rationale	8
2.1 The Constitution of the Republic Of South Africa, 1996 (108 of 1996)	8
2.2 National Gambling Act, 2004 (7 Of 2004)	8
2.3 The Broad-Based Black Economic Empowerment Act (B-BBEE) and Codes of Good Practice	9
2.4 The Promotion of Equality and Prevention of Unfair Discrimination Amendment Act, 2002 (Act 52 of 2002)	12
2.5 The Competition Act, 1998 (Act 89 of 1998)	13
2.6 National Gambling Policy, 2016	13
2.7 National Gambling Amendment Bill, 2018	14
2.8 Employment Equity Act, 1998 (Act 55 of 1998)	15
Chapter 3 : Economic Participation and Transformation in the South African Gambling Industry	16
3.1 Introduction	16
3.2 Defining Transformation	16
3.3 Transformation in Terms of Shareholding/Ownership	18
3.4 Transformation in Terms of Employment Equity	44
Chapter 4 : Qualitative Analysis	59
4.1 Transformation Policies/Strategies and Enforcement Measures	59
4.2 Transformation Conditions per Gambling Mode	59
4.3 Status of Transformation	61
4.4 Challenges Preventing Industry Transformation	62
4.5 Role of PLA's In Industry Transformation	62
4.6 Role of NGB in Industry Transformation	62
4.7 Role of Licensees in Industry Transformation	62
4.8 Benefits of Transformation	63
4.9 Compliance with Transformation/BBBEE Legislation	63



4.10 Measures to Encourage HDI Participation in the Gambling Industry	63
4.11 Challenges Impeding Industry Growth through Transformation	63
4.12 Barriers to Entry for HDI Participation	64
4.13 Potential Measures to Stimulate Economic Participation of HDI's in the Gambling Industry	64
4.14 Concluding Remarks	65
Chapter 5 : Economic Contribution of the Gambling Industry.....	66
5.1 Introduction	66
5.2 Overall Gambling Industry	66
5.3 Casino Sector	66
5.4 Betting on Sport and Horseracing Sector	67
5.5 LPM Sector	67
5.6 Bingo Sector	68
5.7 Multiplier Calculations	69
Chapter 6 : Case Studies	70
6.1 Introduction	70
6.2 Broad-Based Black Socio-Economic Empowerment Charter for the South African Mining and Minerals Industry, 2017	70
6.3 Tourism B-BBEE Sector Code, 2015	75
6.3 Findings	81
Chapter 7 : Concluding Remarks and Recommendations.....	83
7.1 Introduction	83
7.2 Summary of Findings	83
7.3 Concluding Remarks and Recommendations.....	89

ABBREVIATIONS

B-BBEE	Broad-Based Black Economic Empowerment
EBTs	Electronic Bingo Terminals
EC	Eastern Cape
FS	Free State
FY	Financial Year
GDP	Gross Domestic Product
GGR	Gross Gambling Revenue
GIS	Geographic Information Systems
GP	Gauteng
KZN	KwaZulu-Natal
L	Limpopo
LPM	Limited Payout Machine
MP	Mpumalanga
NC	Northern Cape
NCEMS	National Central Electronic Monitoring System
NGA	National Gambling Act
NGB	National Gambling Board
NW	North West
PLAs	Provincial Licensing Authorities
Qrt	Quarter
RO	Route Operator
RTP	Return to Player
SA	South Africa
SO	Site Operator
the dtic	The Department of Trade, Industry and Competition
TO	Turnover
WC	Western Cape



EXPLANATORY NOTES

TERM	EXPLANATION
Broad-Based Black Economic Empowerment (B-BBEE)	Broad-Based Black Economic Empowerment is the sustainable economic empowerment of all Black people
Bingo	Bingo means a game played in whole or in part by electronic means that is played using cards or other devices; that are divided into spaces each of which bears a different number, picture or symbol; and which are arranged randomly such that each card or similar device contains a unique set of numbers, pictures or symbols; in which an operator calls or displays a series of numbers, pictures or symbols in random order and the players match each such number, picture or symbol on the card or device as it is called or displayed; and the player who is first to match all the spaces on the card or device, or who matches a specified set on numbers, picture or symbols on the card or device, wins a prize.
Black people	A generic term which means Africans, Coloureds and Indians- (a) who are citizens of the Republic of South Africa by birth or descent; or (b) who became citizens of the Republic of South Africa by naturalisation- i. before 27 April 1994; or ii. on or after 27 April 1994 and who would have been entitled to acquire citizenship by naturalisation prior to that date.
Bookmaker	A bookmaker, bookie or turf accountant is a person or organization that takes bets on various events or contingencies such as horse racing, football, rugby union or marriages, births, names, divorces and even in extreme cases death, etc. at agreed upon odds (fixed odds). A bookmaker may be licensed to operate on or off-course, that is at licensed premises, other than a race course.
Casino	A casino is a facility which is licensed to house or accommodate certain types of licensed casino style slots and table gambling games.
Employment (direct)	Key (licensed) and other gaming (licensed) employees
Gambling machine/ slot machine (used interchangeably)	A slot machine, informally known as a fruit machine, is a casino gambling machine with three or more reels which spin when a button is pushed or a handle is pulled (older mechanical types). These slot machines are also known as one-armed bandits because of the one lever on the side of the machine (the arm) and because of their ability to leave the gamer penniless (bandit). The machine pays off based on patterns of symbols visible on the front of the machine when it stops. Slot machines are the most popular gambling method in casinos and constitute about 80% of the average casino's income.
Gross Gambling Revenue (GGR)	Gross Gambling Revenue is defined as the Rand value of the gross revenue of an operator in terms of turnover less winnings paid to players.

TERM	EXPLANATION
Historically Disadvantaged Individual (HDI)	<p>A South African citizen-</p> <ul style="list-style-type: none"> (a) who, due to the apartheid policy that had been in place, had no franchise in national elections, prior to the introduction of the Constitution of the Republic of South Africa, 1983 (Act No 110 of 1983) or the Constitution of the Republic of South Africa, 1993 (Act No 200 of 1993) ("the Interim Constitution"); and/or (b) who is a female; and/or (c) who has a disability: <p>Provided that a person who obtained South African citizenship on or after the coming to effect of the Interim Constitution, is deemed not to be an HDI.</p>
Horse racing	<p>Horse racing is the sport in which horses and their riders take part in races, typically with substantial betting on the outcome.</p>
Licensed (all modes and outlets)	<p>Licensed is when a person or company is in possession of a valid license, registration card or certificate allowing him/them to offer approved gambling activities within licensed premises to over 18year old persons.</p>
Limited Payout Machine (LPM)	<p>Limited payout machines means a gambling machine/slot machine outside of a casino in respect of the playing of which the stakes and prizes are limited.</p>
Route Operator (RO)	<p>Route Operator is a juristic person which is licensed to own or operate limited payout machines, maintain and effect the collection of money and paying of taxes and levies in respect of all machines under its license.</p>
Site Operator (SO)	<p>Site Operator is a natural or juristic person licensed to manage limited payout machines owned by a route operator on his licensed premises (also known as a site) and to make them available to be played by members of the public.</p>
Table game	<p>In casinos, the term table game is used to distinguish games such as blackjack, craps, roulette and baccarat that are played on a table and operated by one or more live dealers like a croupier or poker dealer.</p>
Taxes/levies	<p>Gambling tax levied by and collected by Provincial Licensing Authorities</p>
Totalisator/ Pari-Mutuel betting (used interchangeably)	<p>Totalisator is the name for the automated pool betting system which runs pari-mutuel betting, calculating payoff odds, displaying them, and producing tickets based on incoming bets.</p> <p>Pari-mutuel betting is a betting system in which all bets of a particular type are placed together in a pool; taxes and the "house-take" are removed, and payoff odds are calculated by sharing the net pool among all the winning bets.</p>
Turnover (TO)	<p>Turnover is the rand value of money wagered. This includes "recycling" which refers to amounts that are staked on more than one occasion. "TO" in the fixed odds/bookmaking environment is, however, different from other forms of gambling in that the amount of money crossing the table is NOT seen as turnover, because the amount of money staked/wagered/bet on an event is returned to the player should the player win the wager/bet, so a true description of turnover in fixed odds/bookmaking parlance is money wagered minus the stakes wagered on winning bets = fixed odds/bookmaking turnover.</p>



CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

Since the inception of democracy in 1994, the main economic objectives of government have been job creation, the elimination of poverty and the reduction of inequality. In an effort to address these inequalities and to drive economic transformation, the South African government embarked on a comprehensive programme to provide a legislative framework for the transformation of South Africa's economy. In 2003, the Broad-Based Black Economic Empowerment (B-BBEE) Strategy was published as a precursor to the B-BBEE Act, No. 53 of 2003. The fundamental objective of the Act is to advance economic transformation and enhance the economic participation of black people in the South African economy. The Act provides a legislative framework for the promotion of B-BBEE, empowering the Minister of Trade and Industry to issue Codes of Good Practice and publish Transformation Charters, and paving the way for the establishment of the B-BBEE Advisory Council.

In May 2015, the Codes of Good Practice was amended, reducing the number of compliance elements to five, namely ownership, management control, skills development, enterprise and supplier development and socio-economic development. The amended codes further identify priority elements on which companies should concentrate: **ownership, skills development and enterprise and supplier development.**

A B-BBEE scorecard was issued as a Code of Good Practice in terms of the forthcoming enabling legislation. The code allows for a measure of flexibility in order that it can be adapted to the particular circumstances of specific sectors or enterprises, while at the same time bringing a measure of standardisation to the definition and measurement of BEE. In particular, it is the mandate of government to apply BEE criteria, as set out in the scorecard, whenever it:

- grants a licence to engage in a specific regulated economic activity, for example, gambling or mining
- grants a concession to a private enterprise to operate an asset or enterprise on behalf of the state
- sells an asset or a state-owned enterprise
- enters into a public-private partnership
- engages in any economic activity

In a 2002 report by TIPS (Trade and Industry Policy Strategies) titled "The Challenge of Transformation within the Regulatory Environment of the Gambling Industry The Role within the Southern African Environment" it was stated that a number of participants (and so-called beneficiaries of the economic empowerment agenda) at the National Gambling Conference in 2002 stated very clearly that empowerment failed within the gaming industry and that participation in the mainstream of the industry remain limited and sparse. The challenges of skills, technology and high capital investments forced most of the key role-players to be from the global arena with lesser participation of local players in the industry through the empowerment initiatives. This conference was however hosted before the 2003 B-BBEE Act and 2007 Codes of Good Practice were published and that notable changes have been effected in the gaming industry over the past 18 years.

The drivers of a region/industry's economic transformation can be very diverse, and can include, amongst others, improved governance, strong economic growth, employment expansion (direct and indirect), strong local and foreign investment, and policy reforms undertaken in early stages of transformation.

In an extract from National Treasury's 2017 Budget Review, it is stated that "Growth without transformation would only reinforce the inequitable patterns of wealth inherited from the past. Transformation without economic growth would be narrow and unsustainable. Government's objective is not merely to transfer ownership of assets or opportunities to contract with the state: it is to change the structure of the economy. Broad-based transformation should promote growth, mobilise investment, create jobs and empower citizens. It must create new resources to support social change, including assets and livelihoods for the majority, and strengthen South Africa's constitutional foundations."

The above relates to transformation in general and was not aimed specifically at the gambling industry. It would nevertheless be important to consider the drivers of growth in the gambling industry. It is on this basis that it is important to understand what drives growth in the gambling market. A holistic understanding of transformation and growth within the existing regulated

modes of gambling has not been assessed in terms of the Codes of Good Practice.

1.2 STUDY RATIONALE AND OBJECTIVES

The rationale for the study is to ultimately advise the Minister on the current status in the South African Gambling Industry in terms of Transformation (B-BBEE, inclusive of growth (*continuous improvement in sector of gambling mode productivity*), shareholding and employment. The main aim of the research is to determine or reflect the current status in terms of economic growth, transformation and economic participation of Historically Disadvantaged Individuals (HDI's) and women in the South African gambling industry (excluding National Lottery).

The purpose of this report is to assist the NGB and the Minister of Trade and Industry to understand the current situation within the South African Gambling Industry in terms of transformation (inclusive of growth). Ultimately, this report is aimed at addressing the following aspects:

1. Determine the current shareholding in terms of licensed operators – all regulated modes, including manufacturing and testing laboratory operations, impact of mergers and acquisitions within the gambling industry and identify possible dominant role players and practices;
2. Determine the current economic benefit to HDI licensees/HDI operators/HDI owners;
3. Determine the current levels of transformation in terms of B-BBEE contributor levels from 2000 to the promulgation of the B-BBEE Act in 2003 and reaching of set targets based on the sector agreement to reach level 2 by 2015 (i.e. what entities have endeavoured to comply to these requirements and what were the challenges, also considering the future taking into account the amended B-BBEE codes and identification of licensees who are complying or not, and what are the challenges, taking into account the requirements of B-BBEE Act and Codes of Good Practice, the NGA Section 45(2) (b)(ii) and Section 53(1)(a)(i);
4. Determine the current economic participation of HDI's and women in the regulated gambling industry;

5. Determine barriers to entry into the gambling industry (gambling operators, manufacturers and testing laboratory operations – as referred to above); and
6. Determine current contribution to the Gross Domestic Product (GDP) with years of interest specified (FY2000/01 to FY2017/18), and formal employment positions broken down as follows:
 - Total direct employment including employment multipliers per mode (e.g. direct jobs per Rand spent at the various elements of the horse racing value chain from breeding, training, courses, operators, governance, breeding, betting, bookmakers),
 - Indirect total employment, and
 - Taxes and contribution to direct and indirect household income.

1.3 RESEARCH DESIGN

As emphasised by the background information and study rationale, the current status of transformation and inclusive growth within the South African Gambling Industry remains unknown. Broad-Based Black Economic Empowerment (B-BBEE) is an economic and a strategic objective of the South African Government. However, the gambling industry, to date, does not have its own transformation charter or industry code, and gambling operators are thus measured in terms of the Generic Scorecard and Codes of Good Practice as published by **the dtic**. The NGB thus monitors the industry performance in terms of contributor levels for each province per gambling mode, based on the information submitted by the PLAs.

Even though it was previously stated at the 2002 National Gambling Conference that the industry was not considered to be transformed at that point in time, this statement has not been officially tested and revised in the interim. And it is on this basis that the primary objective of the investigation is to measure the extent to which the gambling industry has transformed over the past 18 years.

For the purposes of this study, and in keeping with the study objectives, transformation in the gambling industry will be measured on (a) the inclusion of black people¹

¹ Africans, Coloureds and Indians- (a) who are citizens of the Republic of South Africa by birth or descent; or (b) who became citizens of the Republic of South Africa by naturalisation- before 27 April 1994; or on or after 27 April 1994 and who would have been entitled to acquire citizenship by naturalisation prior to that date.



in ownership/shareholding structures of entities; and (b) on the participation of black people¹ in managerial occupation levels.

The key research questions that need to be addressed are:

- Has the gambling industry transformed?
- To what extent are black people¹ benefitting from shareholding and ownership in the gambling industry? (i.e. ownership)
- To what extent do black people¹ participate in the gambling industry? (i.e. economic empowerment and employment equity)?

- Does the gambling industry adhere and conform to the current B-BBEE Act and Codes of Good Practice?
- Given the outcome of the above, how should the NGB ideally respond?

1.4 METHODOLOGICAL APPROACH

This report is submitted as the final deliverable in a five-phased approach (see figure).

This report constitutes a final comprehensive research report which includes aspects from the first four deliverable reports.

Figure 1.1: Methodological approach



PHASE 1

STEP 1: PROJECT INITIATION

The **purpose** of the first step was to start the project through an inception meeting/preliminary workshop where specific goals, objectives, and the project approach were agreed upon. A detailed inception report was submitted outlining the agreed-upon scope of work and secondary objectives, milestones and timeframes, methodological approach and data collection measures, project management aspects and organisation of the evaluation (key interviewees and agencies, key evaluation questions, performance criteria, etc.), reporting, action points, etc.

PHASE 2

STEP 2: STATUS QUO OF THE LEGAL GAMBLING SECTOR

The **purpose** of this step was to determine and report on the current status of the legal gambling industry, with specific reference to bingo, casino and LPM sectors, and to understand the trends and impact of trends within this industry. This step included a **desktop review** of all possible secondary information and data to develop a quantitative understanding and status quo of the legal gambling industry in South Africa. Existing/available and applicable research reports and information were identified, and were obtained from the relevant role-players. These included various research reports and audited statistics from the NGB, statistics and research from industry associations, annual reports, statistics and research reports from the various PLAs, and well as other publicly available research on the gambling industry.

In addition to the scope of work, case studies were also undertaken to understand how other industries and countries are promoting transformation and ensuring inclusive growth. Benchmark comparisons were made, where possible, to determine the most competitive approach/policies taking into consideration support provided, and other.

In addition, interviews were also conducted with key stakeholders and role-players (including all PLAs and industry associations) to obtain a better understanding of the current situation in the gambling industry based on qualitative information; and also to fill any quantitative

gaps that might exist within the existing secondary information.

The outcome of this step, and the first phase deliverable, was a Status Quo Report, based on the desktop research and qualitative interviews.

PHASE 3

STEP 3: IMPACT ANALYSIS

The **purpose** of this step was to undertake a qualitative and quantitative analysis of the objects and unintended impacts and to determine the challenges that were faced by the industry. This step also included forecasting and modelling of future estimates and expectations. The data obtained from the previous step was analysed using both generally accepted qualitative and quantitative analysis techniques.

The quantitative analysis was guided by the research objectives and design of the project and complemented by the qualitative analysis.

The outcome of this step was an **economic impact analysis report**, including future expectations and estimates and potential impacts.

PHASE 4

STEP 4: ANALYSIS REPORT & RECOMMENDATIONS

This step involved consolidating information relative to the status quo as well as quantitative and qualitative research. The aim was to have conclusive findings on whether the gambling industry has transformed and has experienced inclusive growth.

Recommendations were made based on the outcome of the analysis on what potential measures/policy directives can be implemented by the NGB to ensure rapid transformation of the industry.

PHASE 5

STEP 5: STAKEHOLDER WORKSHOP

The **purpose** of this step was to present and discuss the draft results and draft report with the Project Team through a workshop where specific results of the research objectives were discussed, and improvements/suggestions/ recommendations/ feedback/ input were considered and taken into account.



STEP 6: REPORT FINALISATION AND RECOMMENDATIONS

The **purpose** of this step was to develop a comprehensive final report, with infographic maps and charts; and to finalise the project through a close-out meeting with the client.

The final deliverable, and last phase deliverable, was a final Comprehensive Research Report with conclusive findings and recommendations.

1.5 LIMITATIONS OF THE STUDY

- Availability of statistics and information:
 - Detailed statistics regarding employment equity were not available per mode or per province. PLAs were asked to assist with a data collection process for each of the provinces, but even this route was unsuccessful.
 - Employment Equity statistics obtained through the Department of Labour were only available for companies who employ 50 or more staff members or whose annual turnover is more than set down in Schedule 4 of the Employment Equity Act.

- Employment Equity statistics obtained through the Department of Labour could not be broken down into a provincial split, as certain major companies, such as Tsogo Sun, would report on a national basis.
- Employment Equity statistics for multi-purpose companies, such as Tsogo Sun, includes employment statistics across all functions, such as casino, hotel, resort, etc.

1.6 REPORT OUTLINE

The remainder of the report comprises the following chapters:

- Chapter 2: Policy Rationale
- Chapter 3: Economic Participation and Transformation in the South African Gambling Industry
- Chapter 4: Qualitative Analysis
- Chapter 5: Economic Contribution of the Gambling Industry
- Chapter 6: Case Studies
- Chapter 7: Concluding Remarks and Recommendations

CHAPTER 2

POLICY RATIONALE

This chapter provides a synopsis of relevant policy development and legislation on a national government level. The Chapter places emphasis on the applicability of these national policies, legislation and their strategic alignment to the growth and transformation of the gambling industry in South Africa.

2.1 THE CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA, 1996 (108 OF 1996)

The Constitution is the absolute supreme law of South Africa; any law or conduct inconsistent with the Constitution is deemed invalid, and the obligations imposed by it must be fulfilled. The Constitution assented in 1994 identifies the ability of the provincial governments to legislate on matters within the functional areas of ‘casinos, racing, gambling and wagering’, excluding lotteries and sports pools.

The Constitution provides in Schedule A Part 4 that a provincial legislature shall be competent to make laws for the province with regard to casinos, gambling and wagering; and empowers Parliament to make provision in an Act of Parliament for the promotion of uniform norms and standards applying generally throughout the Republic with regard to casinos, racing, gambling and wagering; and further states that it is necessary to determine national economic policy and to prevent provincial laws from materially prejudicing the economic interests of other provinces and the Republic as a whole. Hence the establishment of the National Gambling Act (Act 33 of 1996) which was repealed by the current NGA, 2004 (Act 7 of 2004).

The Constitution further seeks to address historic inequalities in section 9 (equality clause) by stating that everyone is equal and that no-one should be discriminated against, directly or indirectly, in terms of race, gender, sex, pregnancy, marital status, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, culture, language or birth.

The Constitution, as absolute supreme law of South Africa, drives transformation through the equality clause and it seeks to address historic inequalities. It furthermore provides for uniform norms and standards within the gambling industry.

2.2 NATIONAL GAMBLING ACT, 2004 (Act 7 of 2004)

The National Gambling Act of 1996 made provisions for the regulation of gambling activities and promotion of uniform norms and standards in relation to gambling throughout the country. It gave definitions to different gambling notions, described how the 40 gambling licences should be distributed among the provinces and provided information on liability. It also established the NGB as an organisation responsible for the supervision and regulation of the gambling industry. This change in legislation saw the establishment of legal casinos, a national lottery and other forms of gambling.

The National Gambling Act of 1996 was later repealed by the National Gambling Act 7 of 2004 (the Act). The National Gambling Act, 2004 (Act 7 of 2004) is legislation that was adopted for the uniform regulation of gambling activities in South Africa. The Act has the following mandates:

- To provide for the coordination of concurrent national and provincial legislative competence over matters relating to casinos, racing, gambling and wagering
- The continued regulation of those matters for that purpose to establish certain uniform norms and standards applicable to national and provincial regulation, and licensing of certain gambling activities
- The creation of additional uniform norms and standards applicable throughout the Republic; and incidental thereto

The NGA states in Part E, Section (53) that:

- (1) When considering an application for a licence, other than an employment licence, or when considering an application for the transfer of a licence, a provincial licensing authority—
 - (a) must consider the commitments, if any, made by the applicant or proposed transferee in relation to—
 - (i) black economic empowerment; or
 - (ii) combating the incidence of addictive and compulsive gambling;



- (b) must consider the potential socio-economic impact on the community of the proposed licence; and
 - (c) may impose reasonable and justifiable conditions on the licence to the extent necessary to address the matters referred to in paragraphs (a) and (b).
- (2) At least once every year after the issuance of a licence other than an employment licence, the provincial licensing authority that issued that licence—
- (a) must review the commitments considered in terms of subsection (1)(a) and the achievements of the licensee in relation to those commitments; and
 - (b) may impose further or different reasonable and justifiable conditions on the licence to the extent necessary to address the matters referred to in subsection (1)(a) and (b).

The National Gambling Act, 2004 (Act 7 of 2004) thus prescribes black economic empowerment as a consideration for regulators when issuing/transferring a license, but does not prescribe any targets/minimum requirements.

2.3 THE BROAD-BASED BLACK ECONOMIC EMPOWERMENT Act 53 of 2003 AND CODES OF GOOD PRACTICE

The Broad-based Black Economic Empowerment Act of 2003 (Act 53 of 2003) is to establish a legislative framework for the promotion of black economic empowerment; to empower the Minister to issue codes of good practice and to publish transformation charters; to establish the Black Economic Empowerment Advisory Council; and to provide for matters connected therewith.

The objectives of this Act are to facilitate broad-based black economic empowerment by:

- promoting economic transformation in order to enable meaningful participation of black people in the economy
- achieving a substantial change in the racial composition of ownership and management structures and in the skilled occupations of existing and new enterprises

- increasing the extent to which communities, workers, cooperatives and other collective enterprises own and manage existing and new enterprises and increasing their access to economic activities, infrastructure and skills training.

This act was promulgated in to law in 2003 during a time in which the implementation of BEE was facing a critical stage especially regarding the way in which the private sector approached economic transformation and empowerment. Therefore, the gazette of the Codes of Good Practice (CoGP) in February 2007 was a direct response to the need for redefining empowerment from a narrow-based towards a broad-based approach.

Although a nationwide consultative process with key stakeholders were undertaken, the release of the Codes was preceded by the release of the Draft Codes which were extensively published for public comments and inputs. Despite this, certain aspects of the Codes presented certain interpretation challenges given the various and often contested interests in the implementation of BBEE. Since the Codes are generally a vehicle and mechanism through which various empowerment objectives are to be achieved, the underlying provisions, principles and measurement tools will always be subjected to a variety of scrutiny and debate. To a certain extent, this resulted in the delay in implementing B-BBEE as many companies argued that they were receiving conflicting advice about the true intentions of the Codes. In view of this, **the dtic** released an interpretive guide that sought to further explain certain provisions and principles and provide more guidance about the true intentions of the Codes.

The interpretive guide however presented more challenges than was envisaged. Not only was its legal status a subject of legal challenge by certain sectors of stakeholders, some contents of the guide also presented even more uncertainties and confusion. This continued to threaten the credibility of the COGP.

The Act was positioned as soft legislation with no consequences for non-compliance, and therefore had to be strengthened to ensure effective and consistent implementation and reporting across the economy. It is on this basis that the B-BBEE Act of 2003 was amended in 2013 by Act 46 of 2013. The purpose of amending the Act were:

- To align the Act with other legislation impacting on B-BBEE and with the codes of good practice

- To establish the B-BBEE Commission to monitor and evaluate B-BBEE
- To deal with non-compliance and circumvention
- To give effect to government policy aimed at reducing inequality, defeating poverty and creating employment.

The Amended Act and CoGP significantly changed the manner in which B-BBEE status/levels are calculated, as the number of B-BBEE points required to achieve a particular B-BBEE level has been increased. The changes between the 2007 Codes and the newly amended 2013 Codes are set out in the table below.

Table 2.1: 2007 B-BBEE Codes vs 2013 B-BBEE Codes

2007 B-BBEE Codes		2013 Amended B-BBEE Codes of Good Practice		
Element	Weighting	Element	Weighting	Compliance Target
Ownership	20 points	Ownership	25 points	25% + 1 vote
Management control	10 points	Management control	15 points	(50% to 88%)
Employment equity	15 points	-	-	-
Skills development	15 points	Skills development	20 points (Actual scorecard out of 25 points, i.e. 5 bonus points)	6% of payroll
Preferential procurement	20 points	-	-	-
Enterprise development	15 points	Enterprise and Supplier development	40 points (Actual scorecard out of 44 points, i.e. 4 bonus points)	Preferential procurement (PP) = 80% Supplier development (SD) = 2% (NPAT) Enterprise development (ED) = 1% (NPAT)
Socio-economic development	5 points	Socio-economic development	5 points	1% of NPAT

Based on the overall performance of a Measured Entity using the Generic Scorecard and Qualifying Enterprise Scorecard (as per the amended 2013 Codes), a Measured Entity will receive one of the following B-BBEE status uses with the corresponding B-BBEE recognition level:

Table 2.2: B-BBEE Recognition Levels

B-BBEE Status	Qualification (points scored on the Generic Scorecard)		B-BBEE Recognition Level
	2007 B-BBEE Codes	2013 Amended Codes	
Level One Contributor	≥ 100 points	≥ 100 points	135%
Level Two Contributor	≥ 85 but < 100 points	≥ 95 but < 100 points	125%
Level Three Contributor	≥ 75 but < 85 points	≥ 90 but < 95 points	110%
Level Four Contributor	≥ 65 but < 75 points	≥ 80 but < 90 points	100%
Level Five Contributor	≥ 55 but < 65 points	≥ 75 but < 80 points	80%
Level Six Contributor	≥ 45 but < 55 points	≥ 70 but < 75 points	60%
Level Seven Contributor	≥ 40 but < 45 points	≥ 55 but < 70 points	50%
Level Eight Contributor	≥ 30 but < 40 points	≥ 40 but < 55 points	10%
Non-Compliant Contributor	> 30 points	> 40 points	0%



The most significant amendment for purposes of the present discourse is that Section 10 (2013 Amendment Act, Act 46 of 2013) now mandates organs of state and public entities to apply the Codes when, *inter alia*, determining criteria for the issuing of licenses and other authorisations for an economic activity in terms of any law. This is a significant departure from the prescripts of the 2003 B-BBEE Act, which only required organs of state to take the B-BBEE Act into account “as far as reasonably possible”. It prescribes that the B-BBEE Act shall prevail in the event of a provision of the said Act being in conflict with other legislation. It also provides for the cancellation of any contract entered into by an organ of state or public entity where it was awarded on account of false information relating to the B-BBEE status of the other contracting party. (LCF, 2014).

The B-BBEE Amendment Act, 2013 (Act 46 of 2013) mandates organs of state and public entities to apply the Codes of Good Practice and Generic Scorecard for determining criteria for the issuing of licenses, thereby encouraging transformation.

2.4 THE PROMOTION OF EQUALITY AND PREVENTION OF UNFAIR DISCRIMINATION ACT, 2000 (ACT 4 OF 2000), AS AMENDED

The Promotion of Equality and Prevention of Unfair Discrimination Amendment Act, 2002 (Act 52 of 2002) (also referred to as the Equality Act) endeavours to facilitate the transition to a democratic society, united in its diversity, marked by human relations that are caring, compassionate, and guided by the principles of equality, fairness, equity, social progress, justice, human dignity and freedom. The objectives of this Act are:

- (a) To enact legislation required by Section 9 of the Constitution;
- (b) To give effect to the letter and spirit of the Constitution, in particular –
 - (i) The equal enjoyment of all rights and freedoms by every person;
 - (ii) The promotion of equality;
 - (iii) The values of non-racialism and non-sexism contained in Section 1 of the Constitution;
 - (iv) The prevention of unfair discrimination and protection of human dignity as contemplated in Sections 9 and 10 of the Constitution;
 - (v) The prohibition of advocacy of hatred, based on race, ethnicity, gender and religion, that constitutes incitement to cause harm

as contemplated in Section 16(2)(c) of the Constitution and Section 12 of this Act;

- (c) To provide for measures to facilitate the eradication of unfair discrimination, hate speech and harassment, particularly on the grounds of race, gender and disability;
- (d) To provide for procedures for the determination of circumstances under which discrimination is unfair;
- (e) To provide for measures to educate the public and raise public awareness on the importance of promoting equality and overcoming unfair discrimination, hate speech and harassment;
- (f) To provide remedies for victims of unfair discrimination, hate speech and harassment and persons whose right to equality has been infringed;
- (g) To set out measures to advance persons disadvantaged by unfair discrimination;
- (h) To facilitate further compliance with international law obligations including treaty obligations in terms of, amongst others, the Convention on the Elimination of All Forms of Racial Discrimination and the Convention of the Elimination of All Forms of Discrimination against Women.

This Act does not apply, however, to any person to whom and to the extent to which the Employment Equity Act, 1998 (Act 55 of 1998) applies. Section 7 of the act states that no person may unfairly discriminate against any person on the ground of race, including Section 7(b) the engagement in any activity which is intended to promote, or has effect of promoting exclusivity, based on race; and Section 7(e) the denial of access to opportunities, including access to services or contractual opportunities for rendering services for consideration, or failing to take steps to reasonably accommodate the needs of such persons. Sections 8 and 9 further elaborates on the prohibition of unfair discrimination based on the grounds of gender and disability respectively.

The Promotion of Equality and Prevention of Unfair Discrimination Act, 2000 (Act 4 of 2000), as amended, promotes transformation in that it prohibits unfair discrimination against persons based on especially race, gender and disability – across the entire value chain of the gambling industry, as is evident and highlighted by the case of Maharaj vs Gold Circle (Pty) Ltd².

² Maharaj v Gold Circle (Pty) Ltd (AR616/16) [2017] ZAKZPHC 47; [2018] 1 All SA 760 (KZP) (23 September 2017)

2.5 THE COMPETITION ACT, 1998 (ACT 89 OF 1998)

This Act is responsible for the establishment of a Competition Commission responsible for the investigation, control and evaluation of restrictive practices, abuse of dominant position, and mergers. It also has the duty of establishing a Competition Tribunal responsible to adjudicate such matters. Finally, it is responsible for the establishment of a Competition Appeal Court and for related matters.

The purpose of this Act is to promote and maintain competition in the Republic in order:

- To promote the efficiency, adaptability and development of the economy
- To provide consumers with competitive prices and product choices
- To promote employment and advance the social and economic welfare of South Africans
- To expand opportunities for South African participation in world markets and to recognise the role of foreign competition in the republic
- To ensure that small and medium-sized enterprises have an equitable opportunity to participate in the economy
- To promote a greater spread of ownership, in particular to increase the ownership stakes of historically disadvantaged persons

The Competition Act promotes transformation especially in regards to the greater spread of ownership by increasing ownership stakes of HDIs; as well as combating excessive concentrations of ownership by opening the economy to greater ownership by all South Africans and Small and Medium-sized Enterprises.

2.6 NATIONAL GAMBLING POLICY, 2016

The National Gambling Act, 2004 is premised on the National Gambling Policy, 2016. It is through the policy that the outcome of the work of the NGB manifests by the effect and quality of its advice and recommendations, amongst others, matters of national policy and legislative changes relating to gambling. The policy is premised partly on the Gambling Review Commission (GRC) Report, reports from Parliament on the GRC Report, stakeholder engagement, benchmarks and excursion conducted.

The Wiehahn Commission set principles, which became the yardstick for the national gambling policy as enshrined in the National Gambling Act. The policy objectives were analysed to determine if they had been achieved and if not identify any gaps that still exist. The results raised a concern that the achievements have not improved the representations on the ownership by previously disadvantaged and female persons. Progress was reported to be mainly on the employment and senior management positions.

There are key policy proposals that are intended to enhance the current legislative framework, the following are the key elements of these proposals:

- Regulatory structures and framework which looks at the effectiveness of the council and the role of the NGB
- The effective regulation of casinos
- A well regulating licensing process for LPMs
- The need to create a national framework to regulate EBTs
- Statutory regulation of betting by horse racing operators and bookmakers
- Provisions concerning the unlawful winning trust
- Recommendation that the NGR make provision for social impact minimisation
- Responsibility towards penalties of perpetual transgressors in respect of illegal gambling (i.e. online gambling)
- Economic and employment benefits within the gambling sector
- No introduction of new forms of gambling

The Policy document states that all forms of gambling operators must comply with the Employment Equity Act, the Labour Relations Act, the Basic Conditions of Employment Act and the B-BBEE Act and Codes.

The Gambling Policy promotes transformation in that it calls for a conducive environment to be created for new role players to enter the industry to promote transformation within the gambling industry and that all associations must be recognised and must be given an opportunity to affiliate with the regulatory bodies where possible. It states that all provinces must strive for harmonious implementation of employment and economic equity legislations.



2.7 NATIONAL GAMBLING AMENDMENT BILL, 2018

This Bill has been established with the intention to amend the National Gambling Act, 2004 (Act 7 of 2004), so as to amend certain definitions; to transfer the regulation of bets on national lottery, foreign lottery, lottery results and sports pools to the National Lotteries Commission; to prohibit dog racing and bets on dog racing; to strengthen the regulation of casinos, limited pay-out machines and bingo; to provide for the procedure for the forfeiture of unlawful winnings to the National Gambling Regulator; to provide for the regulation of the horseracing industry; to provide for broad-based black economic empowerment in the gambling industry; to provide for the repositioning of the National Gambling Board as a National Gambling Regulator; to enhance the powers and duties of the gambling inspector; to provide for certain new offences; to provide for transitional arrangements; and to provide for matters connected therewith.

The Amendment Bill proposed the insertion of Section 53A after Section 53:

“Promoting broad-based black economic empowerment in the gambling industry”

- 53A. (1) All participants in the gambling industry must achieve the broad-based black economic empowerment targets in the gambling industry to advance the objectives of the Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003), as contemplated in the said Act.
- (2) Provincial licensing authorities must impose the broad-based black economic empowerment targets as licence conditions.
- (3) A provincial licencing authority may suspend or withdraw a licence in the event of non-compliance by any person with licence conditions set in terms of subsection (2).”

The National Gambling Amendment Bill promotes transformation through the addition of the Clause dealing specifically with promoting Broad-Based Black Economic Empowerment in line with the Broad-Based Black Economic Empowerment Act.

2.8 EMPLOYMENT EQUITY ACT, 1998 (ACT 55 OF 1998)

The Employment Equity Act emanated from the recognition that as a result of apartheid and other discriminatory laws and practices, there are disparities in employment, occupation and income within the national labour market; and that those disparities create such pronounced disadvantages for certain categories of people that they cannot be redressed simply by repealing discriminatory laws.

The purpose of the Employment Equity Act is to achieve equity in the workplace by-

- (a) Promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination; and
- (b) Implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, in order to ensure their equitable representation in all occupational categories and levels in the workforce.

The elimination of unfair discrimination and promoting equal opportunity applies to all employees and employers, while affirmative action measures apply only to designated employers, meaning-

- (a) A person who employs 50 or more employees;
- (b) A person who employs fewer than 50 employees but has a total annual turnover that is equal or above the applicable annual turnover of a small business in terms of Schedule 4 of the Act;
- (c) A municipality, as referred to in Chapter 7 of the Constitution;
- (d) An organ of state as defined in section 239 of the Constitution, but excluding local spheres of government, the National Defence Force, the National Intelligence Agency and the South African Secret Service; and
- (e) An employer bound by collective agreement in terms of section 23 or 31 of the Labour Relations Act, which appoints it as a designated employer in terms of this Act, to the extent provided for in the agreement.

The Employment Equity Act promotes transformation in that it seeks to promote equality, eliminate unfair discrimination in employment, aims to achieve a diverse workforce broadly representative of the country's people as well as promoting economic development and efficiency.

CHAPTER 3

ECONOMIC PARTICIPATION AND TRANSFORMATION IN THE SOUTH AFRICAN GAMBLING INDUSTRY

3.1 INTRODUCTION

The purpose of this Chapter is to obtain an understanding of the current levels of transformation and economic participation of HDIs in the regulated gambling industry. The Wiehann Commission Report introduced set targets for the sector to reach Level 2 status by 2015. However, in addition to the B-BBEE Level compliance, the Gambling Bill of 2016 states the following: “It is important for B-BBEE compliance to not only ensure level compliance but to ensure that there is significant participation of historically disadvantaged individuals.” This statement/requirement as set out in the Gambling Bill is currently not being focused on, with gambling operations only being expected to report on their level compliance and not on detailed employment figures”. This is a concern as this opens up opportunities for fronting practices.

However, the Employment Equity Act employs affirmative action provision to employers who employ 50 or more staff members or whose annual turnover is more than that set down in Schedule 4 of the Act. The statistics reflected in the remainder of this section have been obtained on this basis (employment equity reports) through the Department of Labour. These statistics are used as a representation of the current state of transformation and economic participation by Black Employees and Black Female Employees in the gambling industry.

3.2 DEFINING TRANSFORMATION

The main aim of the research (as outlined in Chapter 1 Section 2) is to determine and reflect the current status in terms of economic growth, transformation and economic participation of Historically Disadvantaged Individuals (HDI's) and women in the South African gambling industry (excluding National Lottery). The terms HDI and BEE (Black Economic Empowerment) are used interchangeably in the industry – for example, operators are required to report on B-BBEE levels to regulators,

but yet some PLA license conditions specify targets for HDI inclusion in ownership structures and occupational levels.

It is therefore important to firstly understand the difference between HDI and B-BBEE, to ultimately derive a definition of transformation for the purposes of this study.

“Historically Disadvantaged Individual (HDI)³” are defined by the Preferential Procurement Policy Act as a South African citizen-

- (d) who, due to the apartheid policy that had been in place, had no franchise in national elections, prior to the introduction of the Constitution of the Republic of South Africa, 1983 (Act No 110 of 1983) or the Constitution of the Republic of South Africa, 1993 (Act No 200 of 1993) (“the Interim Constitution”); and/or
- (e) who is a female; and/or
- (f) who has a disability:

Provided that a person who obtained South African citizenship on or after the coming to effect of the Interim Constitution, is deemed not to be an HDI.

The problem with this definition from the Preferential Procurement Regulations is that it is very broad. Almost the only people who are not defined as historically disadvantaged are adult white males. HDI's receive considerable preference when government contracts are awarded. In May 2010, the government began to put in place new procurement rules that would change the definition to include only black people and to reduce fronting by companies – from there the B-BBEE Amendment Act and Codes of Good Practice. These Codes are currently being used by gambling operators to report on B-BBEE levels.

3 As defined by the Preferential Procurement Policy Framework Act, 2000 (Act No 5 of 2000)



“Broad-Based Black Economic Empowerment” means the viable economic empowerment of all black people, in particular women, workers, youth, people with disabilities and people living in rural areas, through diverse but integrated socio-economic strategies that include, but are not limited to-

- (a) increasing the number of black people that manage, own and control enterprises and productive assets;
- (b) facilitating ownership and management of enterprises and productive assets by communities, workers, co-operatives and other collective enterprises;
- (c) human resource and skills development
- (d) achieving equitable representation in all occupational categories and levels in the workforce;
- (e) preferential procurement from enterprises that are owned or managed by black people; and
- (f) investment in enterprises that are owned or managed by black people.

“Black people” is a generic terms which means Africans, Coloureds and Indians-

- (c) who are citizens of the Republic of South Africa by birth or descent; or

- (d) who became citizens of the Republic of South Africa by naturalisation-
 - i. before 27 April 1994; or
 - ii. on or after 27 April 1994 and who would have been entitled to acquire citizenship by naturalisation prior to that date.

For the purposes of this study, and in keeping with the study objectives, transformation in the gambling industry will be measured on (a) the inclusion of black people¹ in ownership/shareholding structures of entities; and (b) on the participation of black people¹ in managerial occupation levels.

To investigate the transformation in managerial occupation levels, the employment equity figures of a sample of companies in each of the four gambling sectors were analysed in terms of compliance to the Management Control Scorecard Statement in the Codes of Good Practice.

The following table represents the criteria used for deriving a score for Management Control under this statement:

Measurement Category and Criteria	Weighting points	Compliance Targets
2.1 Board participation		
2.1.1 Exercisable voting rights of black board members as a percentage of all board members	2	50%
2.1.2 Exercisable voting rights of black female board members as a percentage of all board members	1	25%
2.1.3 Black executive directors as a percentage of all executive directors	2	50%
2.1.4 Black female executive directors as a percentage of all executive directors	1	25%
2.2 Other executive management		
2.2.1 Black executive management as a percentage of all executive directors	2	60%
2.2.2 Black female executive management as a percentage of all executive directors	1	30%
2.3 Senior management		
2.3.1 Black employees in Senior management as a percentage of all senior management	2	60%
2.3.2 Black female employees in Senior management as a percentage of all senior management	1	30%

⁴ As defined by the Broad-Based Black Economic Empowerment Act (Act 53 of 2003) and amended by Act 46 of 2013

Measurement Category and Criteria	Weighting points	Compliance Targets
2.4 Middle management		
2.4.1 Black employees in Middle management as a percentage of all middle management	2	75%
2.4.2 Black female employees in Middle management as a percentage of all middle management	1	38%
2.5 Junior management		
2.5.1 Black employees in Junior management as a percentage of all junior management	1	88%
2.5.2 Black female employees in Junior management as a percentage of all junior management	1	44%
2.6 Employees with disabilities		
2.6.1 Black employees with disabilities as a percentage of all employees	2	2%

3.3 TRANSFORMATION IN TERMS OF SHAREHOLDING/ OWNERSHIP

3.3.1 CASINO SECTOR

The controlling shareholders for operational casinos in South Africa as at 31 March 2019 are Tsogo Sun Holdings/

Hosken Consolidated Investments (14 casinos), Sun International (13 casinos), Peermont Resorts (8 casinos), London Clubs International (1 casino), Northern Cape Casino Consultants (1 casino), and Billion Group (1 casino) and African Pioneer Gaming (Pty) Ltd (1 Casino). The controlling shareholders for the 9 operational casinos, are reflected by name, as well as the names of each shareholder's casinos and the respective number of casinos per shareholder, as in the table below.

Table 3.1: Number of casinos per controlling shareholder (FY2018/19, as at 31 March 2019)

Controlling shareholders	Name of Casino	Number of casinos
Tsogo Sun Holdings/Hosken Consolidated Investments	Hemingways Casino (EC), Suncoast Casino (KZN), Black Rock Casino (KZN), Golden Horse Casino (KZN), Goldfields Casino (FS), The Ridge Casino (Mpum), Emnotweni Casino (MP), Caledon Hotel Spa Casino (WC), Casino Mykonos (WC), Garden Route Casino (WC), Montecasino (GT), Gold Reef City Casino (GT), Silverstar Casino (GT), Grand Oasis Casino (NC)	14
Sun International	Boardwalk Casino (EC), Wild Coast Sun (EC), Sibaya Casino (KZN), Windmill Casino (FS), Naledi (FS), Flamingo Casino (NC), Meropa Casino (L), Grandwest Casino (WC), Golden Valley Casino (WC), Sun City (NW), Carousel Casino (NW), Time Square (GT), Carnival City (GT)	13
Peermont Global	Umfolozi Casino (KZN), Frontier Inn and Casino (FS), Graceland Hotel Casino (MP), Khoroni Hotel Casino (L), Mmabatho Palms Casino (NW), Rio Casino (NW), Emperors Palace (GT), Thaba Moshate (L)	8
London Clubs International	Emerald Safari Resort (GT)	1
Northern Cape Casino Consultants	Desert Palace Hotel Resort (NC)	1
Billion Group	Mayfair Casino (EC)	1
African Pioneer Gaming (Pty) Ltd	Queens Casino (EC)	1
Total		39

Source: Gambling Sector Performance South Africa, National Gambling Board, 2019



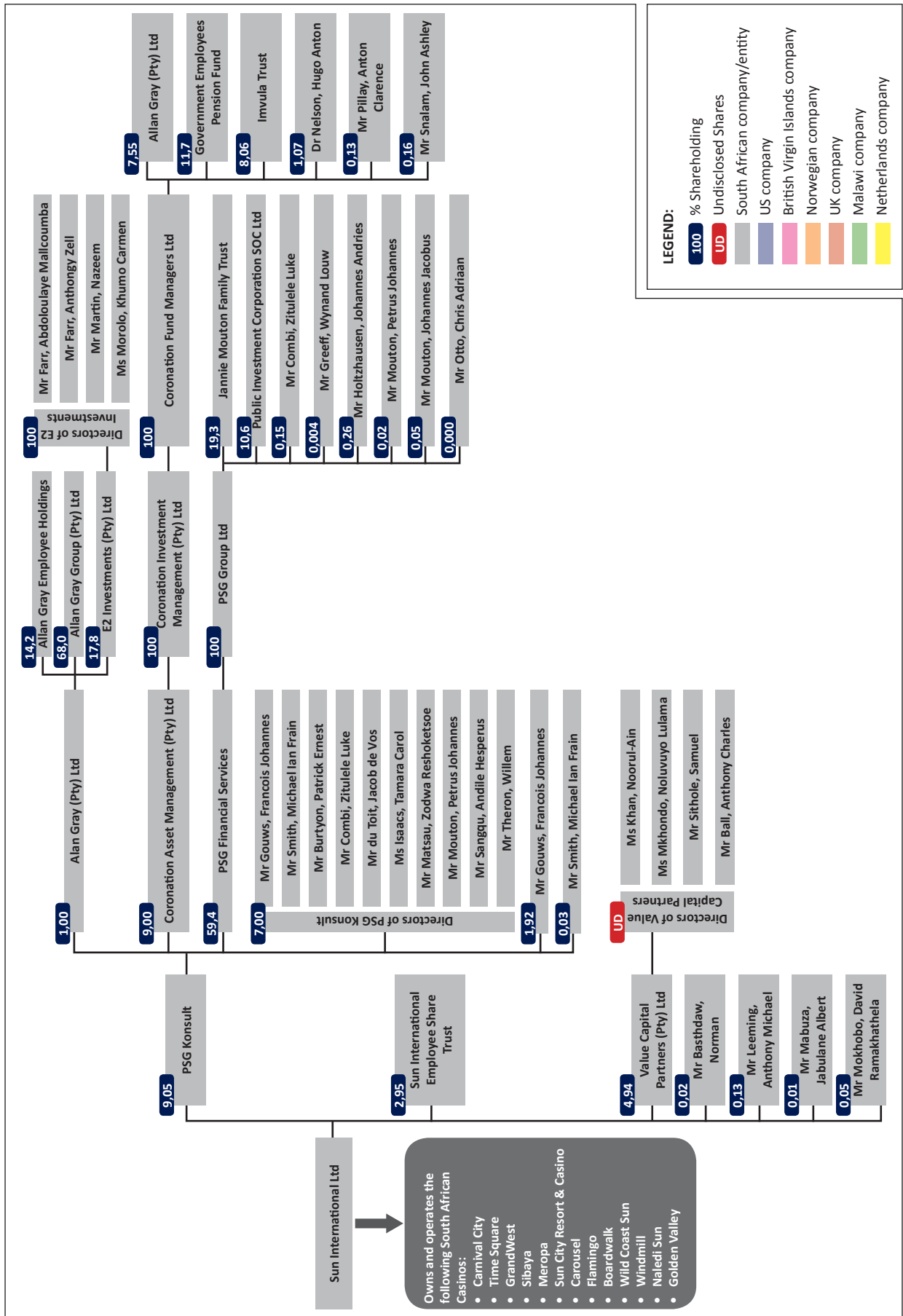
During FY2017/18, the JSE-listed black empowerment investment holding company, Hosken Consolidated Investments (HCI) increased its beneficiary interest in Tsogo Sun securities by 7.75%, taking its total shareholding to 51.18% in the company, thus giving it an outright majority vote in the affairs of the gaming, hotel and entertainment groups.

Towards the end of 2017, HCI also announced that it was consolidating its gaming assets under Tsogo Sun in a R2.1 billion deal that would see the hotel and entertainment group take over Niveus Investments gaming machine and bingo hall business.

The following illustrations provide a summary of the majority shareholders of the following key players in the casino sector:

- Sun International Ltd
- Tsogo Sun Gaming Ltd
- Peermont Global (Pty) Ltd
- Kat Leisure (Pty) Ltd
- Teemane (Pty) Ltd
- Desert Palace Hotel Resort (Pty) Ltd
- Afrisun KZN (Pty) Ltd
- Merald Safari Resort (Pty) Ltd

Illustration 3.1: Shareholding structure for Sun International Ltd



LEGEND:

- 100 % Shareholding
- UD Undisclosed Shares
- South African company/entity
- US company
- British Virgin Islands company
- Norwegian company
- UK company
- Malawi company
- Netherlands company



Illustration 3.2: Shareholding Structure for Tsogo Sun Gaming Ltd

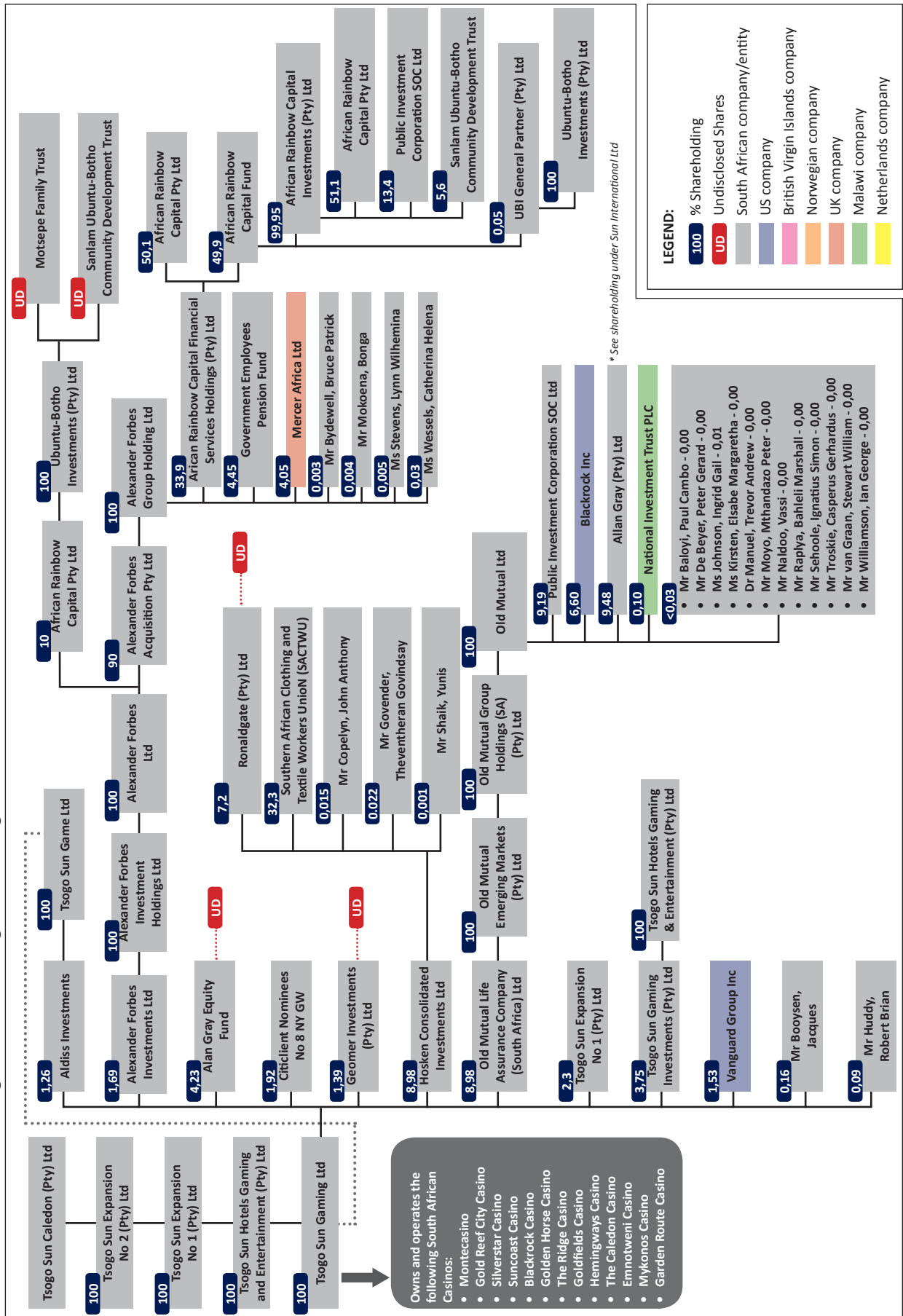


Illustration 3.3: Shareholding Structure for Peermont Global (Pty) Ltd

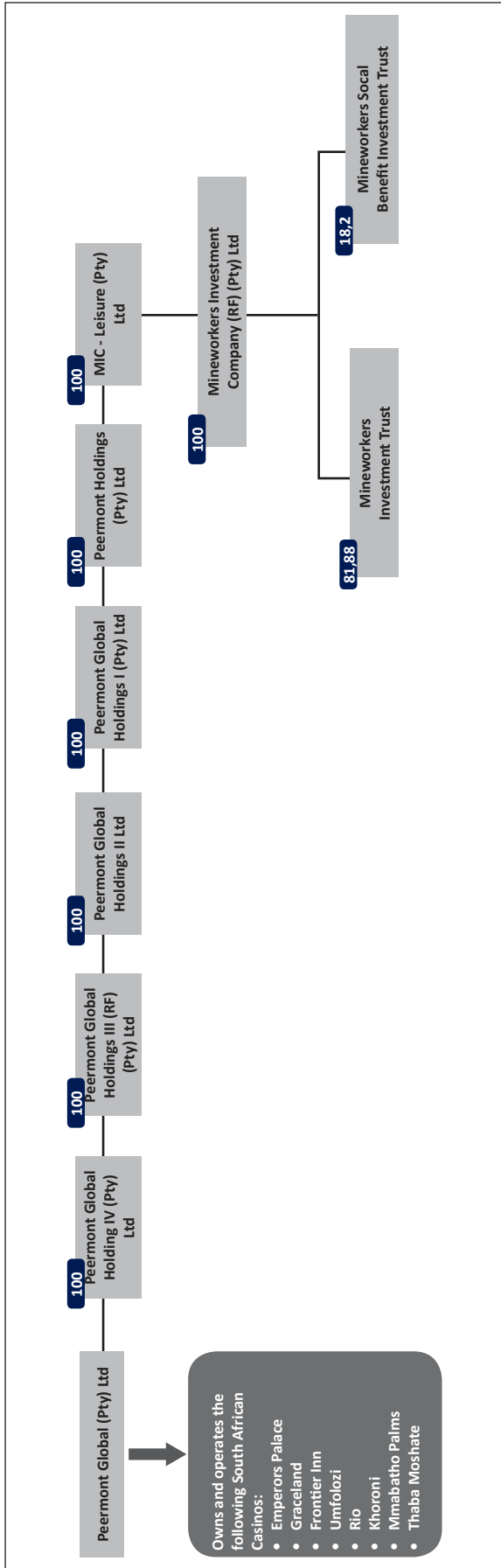


Illustration 3.4: Shareholding Structure for Kat Leisure (Pty) Ltd

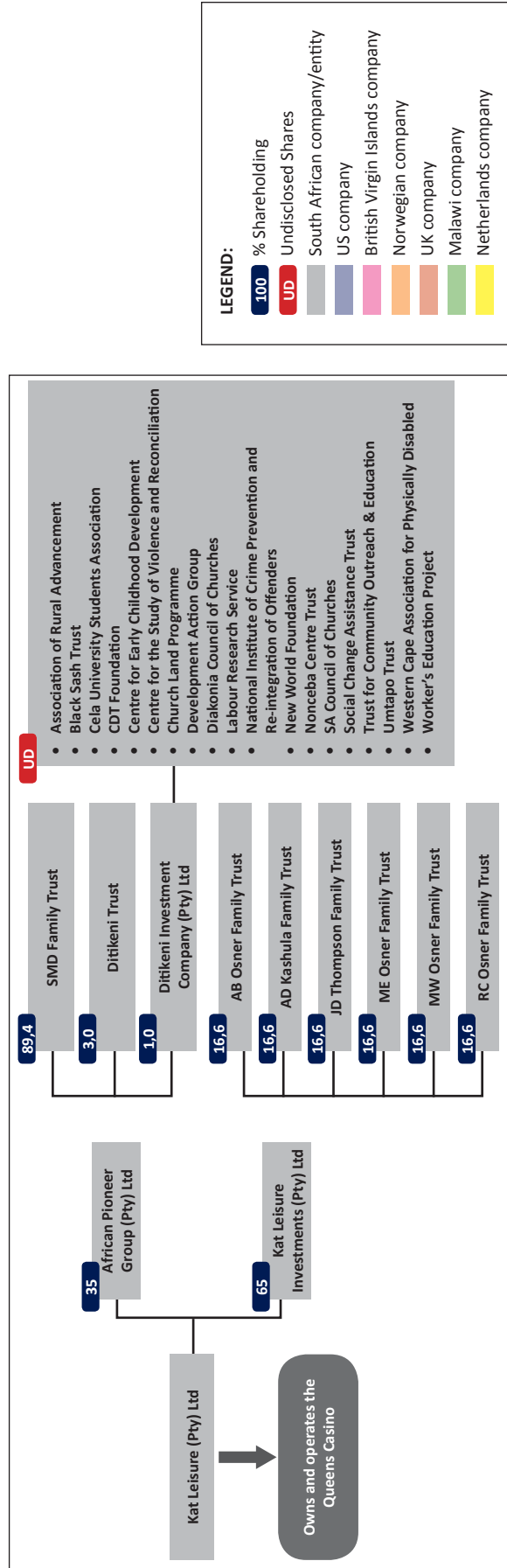


Illustration 3.7: Shareholding Structure for Afrisun KZN (Pty) Ltd

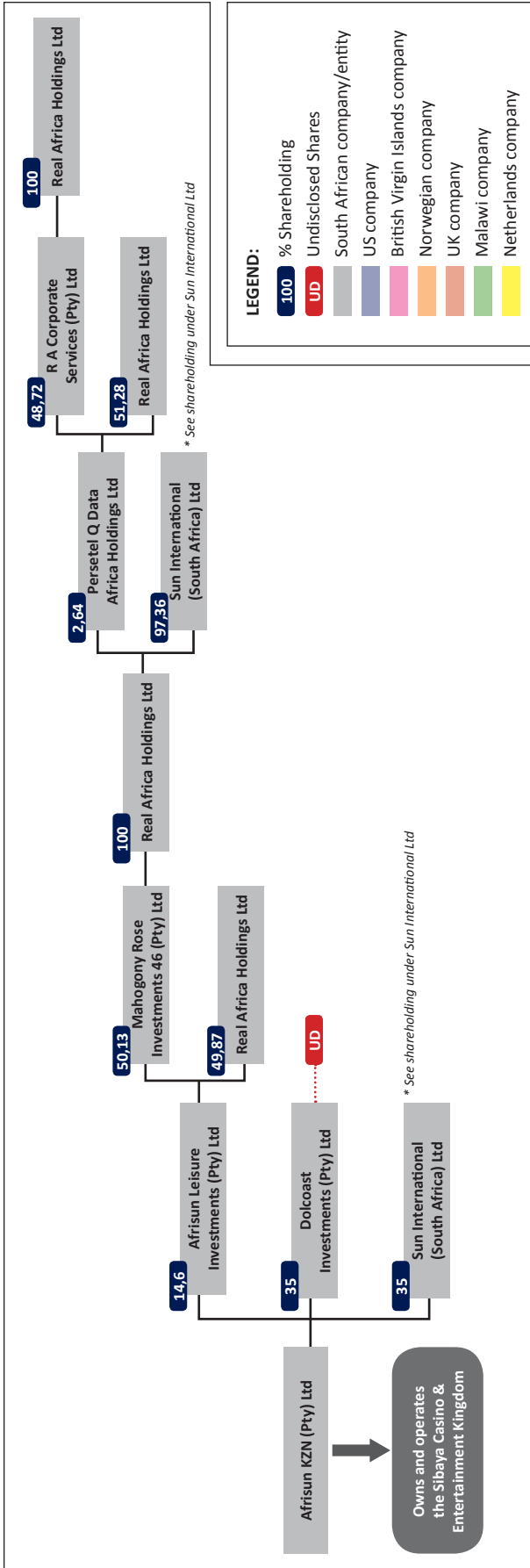
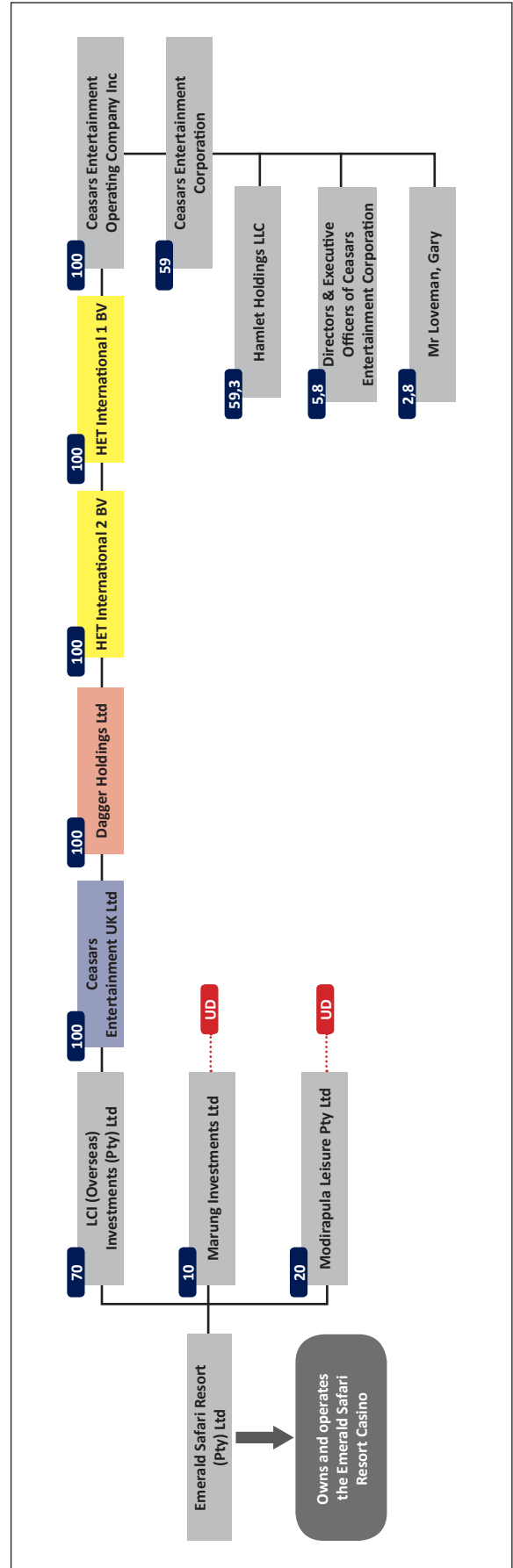


Illustration 3.8: Shareholding Structure for Emerald Safari Resort (Pty) Ltd





It is evident from the illustrations that the shareholding and ownership structures are extremely complex and shares are typically vested in companies and corporate structures. In the case of listed companies, the greater percentage of shares are typically traded with on the open market, leaving a small percentage as ordinary shares. Due the complexity of these shareholding structures, it is

legally acceptable to analyse shareholding and ownership in terms of the B-BBEE Codes of Good Practice and Generic Scorecard, which provides composite indicators to measure transformation.

The following table outlines the scores obtained in terms of the Generic Scorecard for each casino operator as at 31 March 2018.

Table 3.2: Casino Operators' Generic Scorecard Achieved Scores

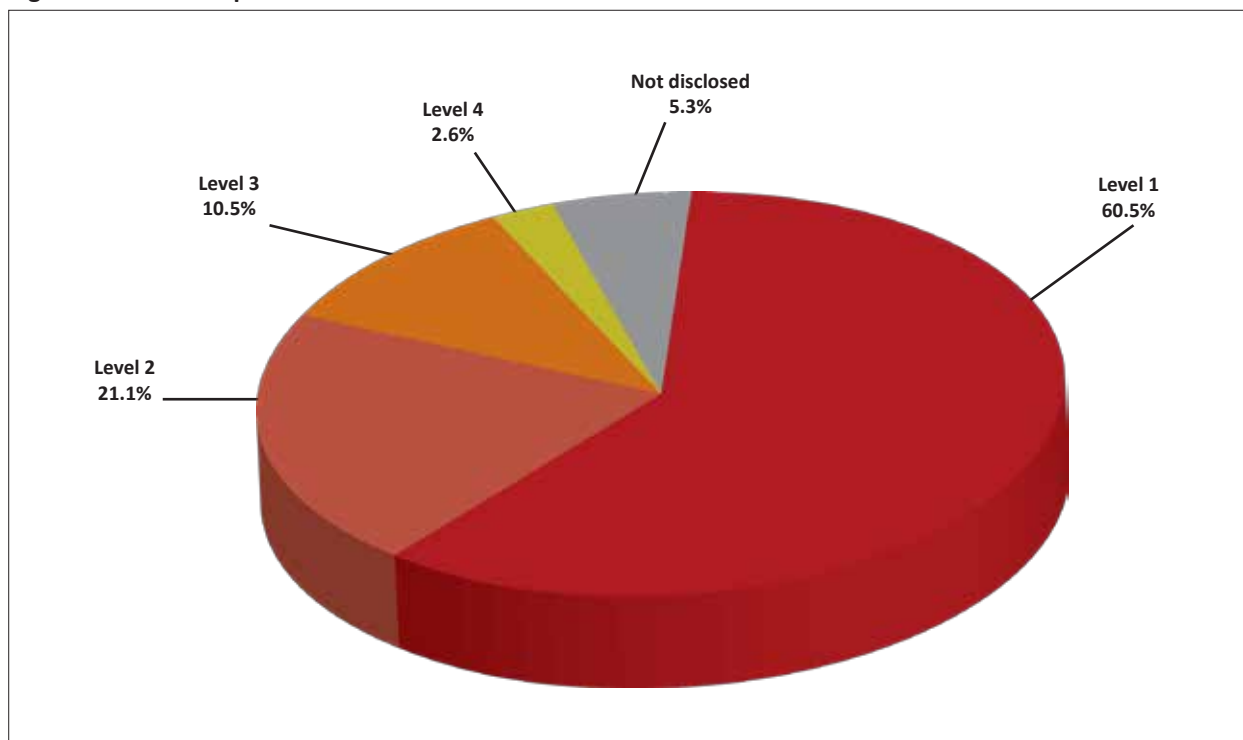
Holding Company	Outlet	Ownership (Weighting = 25)	Managerial Control (Weighting = 15)	Skills Development (Weighting = 20 +5 bonus)	Enterprise & Supplier Development (Weighting = 40 +4 bonus)	Socio-economic development (Weighting = 5)	Total	B-BBEE Level
Sun International (including subsidiaries)	Grandwest Casino and Entertainment World	27	12,59	14,45	28,07	8	90,11	3
	Golden Valley Casino	27	10,74	14,92	40,04	8	100,7	1
	Boardwalk	27	10,67	17,19	Not disclosed	7,03	100	3
	Wild Coast Sun	21,62	7,67	12,05	15	5	92,73	2
	Windmill Casino	26,14	12,12	17,11	33,29	8	85,6	2
	Naledi Sun Hotel and Casino	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed
	Meropa Casino	25,48	15,25	21,22	32,21	8	102,16	1
	Time Square Casino	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed
	Carnival City	26,45	12,57	18,11	37,56	8	102,69	1
	Sun City Resort	25,17	14,47	19,16	39,13	8	105,93	1
	The Carousel Casino	25,17	12,77	16,57	35,11	8	97,62	2
Teemane (Pty) Ltd	Flamingo Casino	25,49	11,08	9,38	32,08	5	83,03	4
Afrisun KZN (Pty) Ltd	Sibaya Casino & Entertainment Kingdom	25,66	10,9	15,79	31,79	8	92,14	3
Tsogo Sun (including subsidiaries)	Caledon Casino and Spa	27	11,63	17,83	37,22	5	98,68	2
	Mykonos Casino	27	12,15	20,96	36,12	5	101,23	1
	Garden Route Casino	27	13,27	18,47	36,3	5	100,04	1
	The Ridge Casino and Resort	27	15,88	20,47	37,77	5	106,12	1
	Emnotweni Casino	27	18,39	18,28	38,97	5	107,64	1
	Hemingways Casino	27	13,65	17,58	37,16	5	100,39	1
	Goldfields Casino	27	17,53	13,04	37,75	Not disclosed	97,33	1
	Montecasino	27	15,74	18,22	37,88	5	103,85	1
Gold Reef City	27	15,02	21,89	37,93	5	106,84	1	

Holding Company	Outlet	Ownership (Weighting = 25)	Managerial Control (Weighting = 15)	Skills Development (Weighting = 20 +5 bonus)	Enterprise & Supplier Development (Weighting = 40 +4 bonus)	Socio-economic development (Weighting = 5)	Total	B-BBEE Level
Tsogo Sun (including subsidiaries) (continued)	Silverstar	27	14,84	15,89	36,02	5	98,75	1
	Suncoast Casino and Entertainment world	27	12,91	18,07	38,07	5	101,05	1
	Blackrock Garden Court	27	14,18	17,98	37,6	5	101,76	1
	Golden Horse Casino	27	13,44	20,68	35,92	5	102,04	1
Peermont Global (including its subsidiaries)	Umfolozzi Hotel Casino Convention Resort	27	16,21	18,16	32,95	8	102,32	1
	Mmabatho Palms Hotel Casino Resort	27	16,6	16,08	34,27	8	101,95	1
	Rio Hotel Casino Convention Resort	27	15,49	19,91	30,43	8	100,83	1
	Graceland Hotel, Casino & Country Club	27	13,94	16,87	39,19	8	105	1
	Frontier Inn & Casino	26,6	16,66	22,3	32,08	8	95,53	1
	Khoroni Casino	27	19,31	22,09	31,09	8	107,49	1
	Thaba Moshate Casino	26,78	17,25	20,8	30,55	8	103,38	1
	Emperors Palace Hotel Casino and Convention Resort	23,6	11,13	19,64	36,02	8	98,39	2
Desert Palace Hotel Resort	Desert Palace Hotel Resort	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	2
Leitlho SPV (Pty) LTD	The Grand Oasis Casino	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	2
Kat Leisure (Pty) Ltd	Queens Casino	25,89	13,32	12,91	35,22	5	92,34	3
Ceasars International	Emerald Safari Resort	21,33	15,04	18,75	36,97	5	97,09	2

Source: Provincial Licensing Authorities' Industry B-BBEE reports, as at 31 March 2018



Figure 3.1: Casino Operators B-BBEE Levels



Source: Provincial Licensing Authorities' Industry B-BBEE reports, as at 31 March 2018

The data in Table 3.2 indicates that the casino sector has made appreciable progress in transformation especially in relation to Ownership (with 31 out of 38 operators achieving that target set out by the Generic Scorecard) as well as Socio-economic Development (with 33 out of 38 operators achieving the targets set out by the Scorecard). The data from the table suggests that increased efforts should be focused on the other three elements, namely Managerial Control, Skills Development and Enterprise Development.

Figure 3.1 it is clear that 60.5% of casino operators hold a Level 1 B-BBEE Level, followed by 21.1% of operators

holding Level 2 status. Despite the 5.3% of operators that did not disclose their B-BBEE level status, no other operators had a B-BBEE status less than Level 4.

3.3.2 BETTING ON HORSE RACING AND SPORT SECTOR

Phumelela Gaming and Leisure Limited is a JSE-listed, Level 4 B-BBEE business; and the biggest role-player in the Betting on Horse Racing sector, licensed to operate horseracing and totalisator betting in seven of South Africa's nine provinces (as is reflected in the table below).

Table 3.3: Controlling shareholders in the Betting on Horse Racing and Sport Sector

Licensed Totalisator	Provincial coverage	Controlling shareholder
Phumelela	Gauteng, Mpumalanga, Limpopo, North West, Northern Cape, Eastern Cape, Free State	Thoroughbred Horseracing Trust (26.72%)
Kenilworth Racing	Western Cape	Thoroughbred Horseracing Trust (100%)
Gold Circle	KwaZulu-Natal	Gold Circle Racing Club (100%)
Trotco	KwaZulu-Natal	

Phumelela's main shareholder, the Thoroughbred Horseracing Trust (26.72% shareholder), is a not-for-profit entity which was formed at the insistence of the Gauteng Provincial Government. The principal objective of the Trust is to "promote the interest of all persons interested in, and affected by, the sport of thoroughbred horseracing in South Africa with a view to the long-term viability of the sport". Additional objectives relate to the promotion of B-BBEE initiatives and affirmative action schemes with the intention of facilitating transformation within horseracing.

The racing clubs in KwaZulu-Natal and the Western Cape joined in the corporatisation process by rationalising their operations under the banner of Gold Circle in 2000. They demerged in 2013 and since then Phumelela has managed horseracing and tote betting in the Western Cape on behalf of Kenilworth Racing with Gold Circle continuing in KwaZulu-Natal.

The following illustrations provide a summary of the majority shareholders of the following key players in the betting sector:

- Phumelela Gaming & Leisure Ltd
- VBetSA Gauteng, Limpopo, Western Cape and Northern Cape
- Supabets (Pty) Ltd
- Gold Circle (Pty) Ltd
- Track and Ball (Pty) Ltd
- Betting World (Pty) Ltd
- Dynamex (Pty) Ltd

As previously indicated, due to the complexity of shareholding and ownership structures, it is considered that B-BBEE levels are the best alternative and available tool to measure ownership and other B-BBEE elements. The following table outlines the scores obtained in terms of the Generic Scorecard for each betting operator as at 31 March 2018.

Illustration 3.10: Shareholding Structure for VBetSA companies

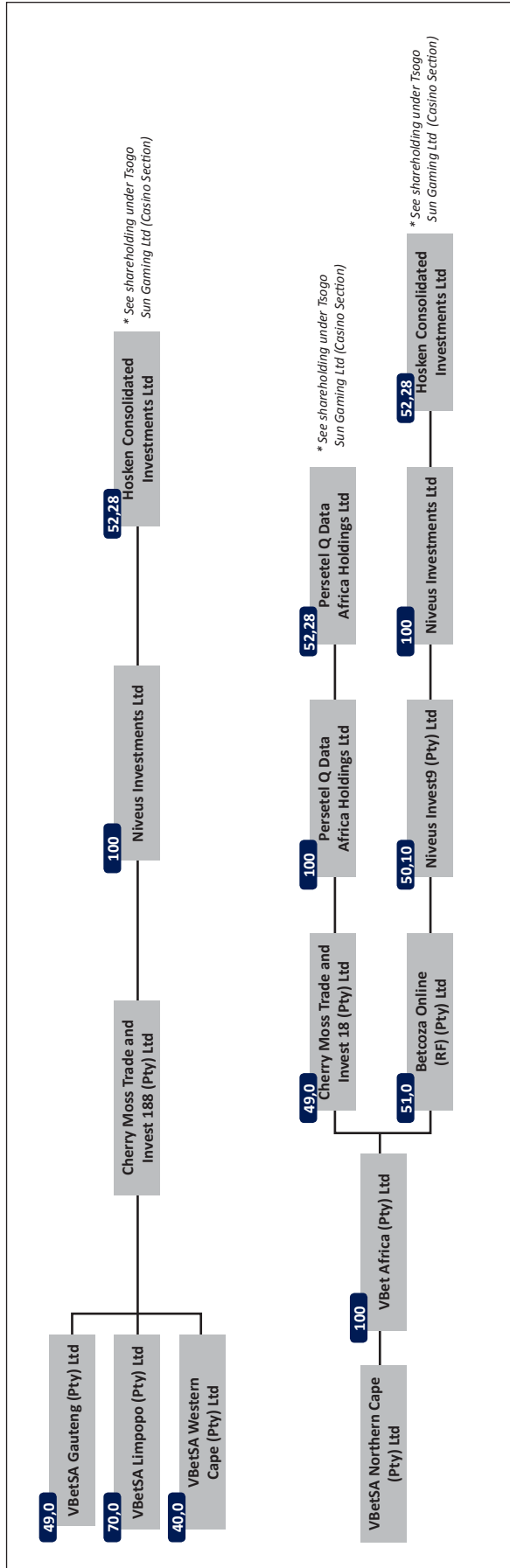
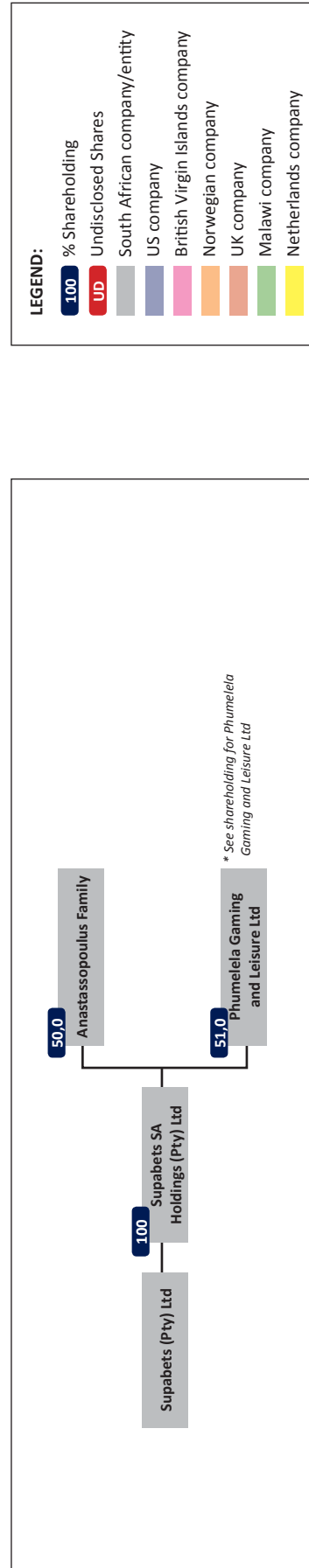


Illustration 3.11: Shareholding Structure for Supabets (Pty) Ltd



LEGEND:

- 100 % Shareholding
- UD Undisclosed Shares
- South African company/entity
- US company
- British Virgin Islands company
- Norwegian company
- UK company
- Malawi company
- Netherlands company



Illustration 3.12: Shareholding Structures for Gold Circle (Pty) Ltd, Track and Ball (Pty) Ltd, Betting World (Pty) Ltd and Dynamex (Pty) Ltd

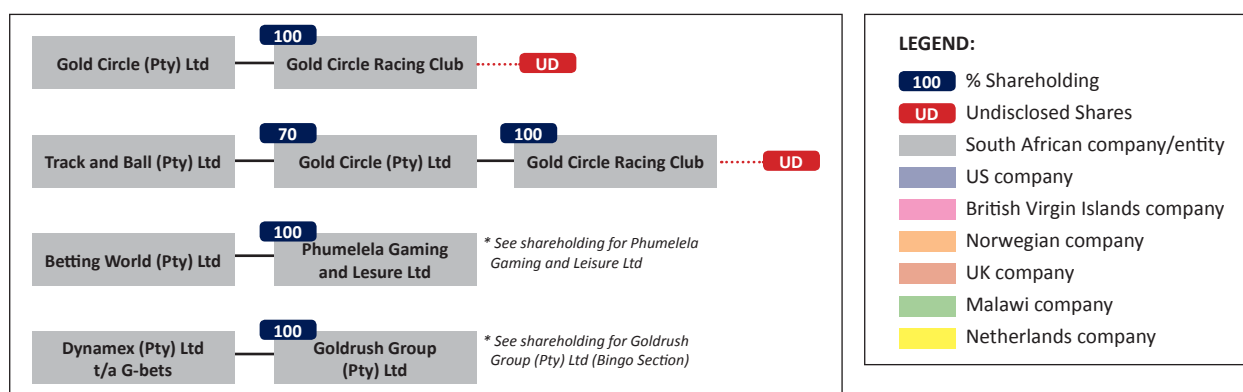


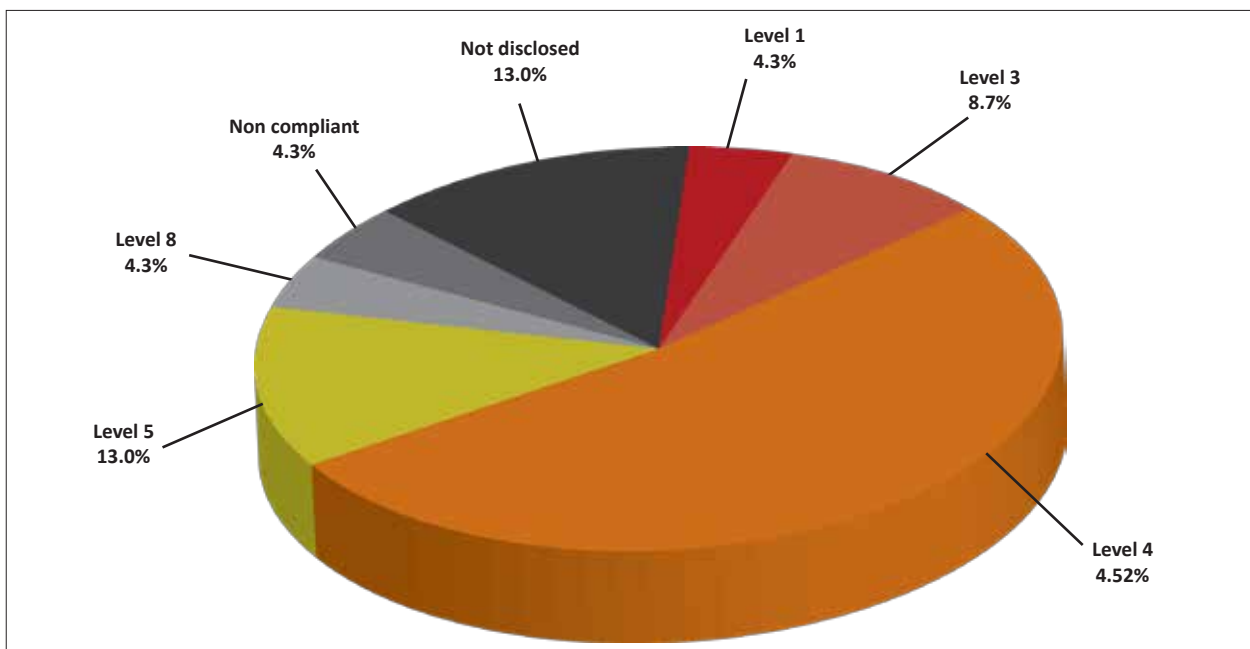
Table 3.4: Betting Operators' Generic Scorecard Achieved Scores

Holding Company	Outlet	Ownership (Weighting = 25)	Managerial Control (Weighting = 15)	Skills Development (Weighting = 20 +5 bonus)	Enterprise & Supplier Development (Weighting = 40 +4 bonus)	Socio-economic development (Weighting = 5)	Total	B-BBEE Level
Phumelela Gaming and Leisure Limited	Kenilworth Race Course	21	11,48	14,01	32,23	5	83,72	4
	Turffontein	21,66	13,34	9,24	32,41	5	81,66	4
	Mpumalanga	23,22	11,41	12,35	31,2	5	83,18	4
	Transvaal, Kuruman	23,22	11,41	12,35	31,2	5	83,18	4
	Eastern Cape	22,46	12,84	8,65	28,73	5	77,68	5
	Johannesburg	22,46	12,84	8,65	28,73	5	77,68	5
	Limpopo	21,66	13,34	9,24	32,41	5	81,66	4
	Gauteng	21,66	13,34	9,24	32,41	5	81,66	4
Gold Circle	Greyville Racecourse	19,97	9,08	20,18	38,89	5	93,12	4
	Scottsville Racecourse	19,97	9,08	20,18	38,89	5	81,17	4
Krugerbets (Pty) Ltd	All Krugerbets outlets in KZN	18	9,84	15,07	33,26	5	76	3
Marshalls World of Sport KZN 1 (Pty) Ltd	Outlets in Sarnia, Tongaat, Umlazi, Ballito, Umhlanga, Reservoir Hills, Port Shepstone and Port Edward	0	Not disclosed	Not disclosed	Not disclosed	25	76,98	3
Marshalls World of Sport KZN 2 (Pty) Ltd	Oulets in Amanzimtoti, Verulam and Isipingo	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	102,62	1
Track and Ball (Pty) Ltd	All Track and Ball outlets in KZN	27	26,28	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed
World Sport Betting KZN (Pty) Ltd	Outlets in Durban CBD, Verulam, Mount Edgecombe, Tongaat and Stanger	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed
Mbuyisa Racing and Sport (Pty) Ltd	Outlet in Pietermaritzburg	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	55,06	8

Holding Company	Outlet	Ownership (Weighting = 25)	Managerial Control (Weighting = 15)	Skills Development (Weighting = 20 +5 bonus)	Enterprise & Supplier Development (Weighting = 40 +4 bonus)	Socio-economic development (Weighting = 5)	Total	B-BBEE Level
United Bet (Pty) Ltd	Outlet in Durban	0	8	22,29	19,77	5	58,02	5
Playabet KZN (Pty) Ltd	Outlets in Moorton, Caneside, Phoenix Plaza, Stonebridge and Tongaat	0	9,46	24,26	19,3	5	87,24	4
Betting World (Pty) Ltd	Ogwini and Club Tab	23,22	9,65	11,98	37,39	5	14,1	Non-compliant
Morris & Bradley Vinik	Outlet in Bayview	0	8	0	1,1	5	Not disclosed	4
Desrae R Thompson	Outlet in Bishopsgate	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	4
Trevor Fourie	Outlet at Fourie Sporting Club (Durban)	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	4
Playa Bets	Mzamba	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed

Source: Provincial Licensing Authorities' Industry B-BBEE reports, as at 31 March 2018

Figure 3.2: Betting Operators B-BBEE Levels



Source: Provincial Licensing Authorities' Industry B-BBEE reports, as at 31 March 2018

The data in Table 3.4 suggest that there is still a lot to be done in the Betting sector to reach the targets set out by the Generic Scorecard, with the only element that scored relatively well being the socio-economic development element. Figure 3.2 also indicates that less than 5% of the betting operators holds a B-BBEE Level 1 status, with the majority of operators (52.2%) holding a Level 4 status.



3.3.3 LIMITED PAYOUT MACHINE SECTOR

The most prominent role player in the Limited Payout Machine Sector, as per the table below, is Vukani Gaming

Corporation (Pty) Ltd, also known as V-slots. Vukani is a wholly owned subsidiary of Hosken Consolidated Investments Ltd (HCI). HCI also wholly owns Niveus Investments, controlling shareholder of Galaxy Gaming.

Table 3.5: Controlling shareholders in the LPM Sector

Controlling shareholder	Names of licensed operational LPM route/independent operators
Vukani Gaming Corporation (Pty) Ltd / (V-slots)	Vukani Gaming Mpumalanga (100%), Vukani Gaming Western Cape (100%), Vukani Gaming Eastern Cape (60%), Vukani Gaming Limpopo (85%), Vukani Gaming KwaZulu-Natal (100%), Vukani Gaming Gauteng (69.4%), Vukani Gaming North West (40%), Vukani Gaming Free State (45%), Vukani Gaming Northern Cape (49%), Luck Holdings – Luck At It KZN and Luck At It Mpumalanga (100%)
Sun International	Grand Gaming Gauteng, Grand Gaming Mpumalanga, Hot Slots, KZN Slots, Kingdom Slots, Grand Slots
RECM and Calibre Limited	Goldrush Gaming/Slots (North West, Northern Cape, Free State, Limpopo, Gauteng), Crazy Slots (Gauteng)
Niveus Investments	Galaxy Gaming (Mpumalanga)
African Pioneer Group	Pioneer Slots (Eastern Cape)
Mr D Puthi	Reno Gaming & Entertainment (Mpumalanga)
Varloflash Pty Ltd	Grand Central Station Entertainment Centre (North West)

The following illustrations provide a summary of the majority shareholders of the following key players in the LPM sector:

- Vukani Gaming Corporation (Pty) Ltd
- Grand Gaming Gauteng & Hotslots
- Grand Gaming Western Cape, Mpumalanga, KwaZulu-Natal & KZN Slots
- Pioneer Slots (Pty) Ltd
- Crazy Slots (Pty) Ltd
- Egoli Gaming (Pty) Ltd

Illustration 3.13: Shareholding Structure for Vukani Gaming Corporation (Pty) Ltd, Grand Gaming companies, Pioneer Slots (Pty) Ltd, Crazy Slots (Pty) Ltd and Egoli Gaming (Pty) Ltd

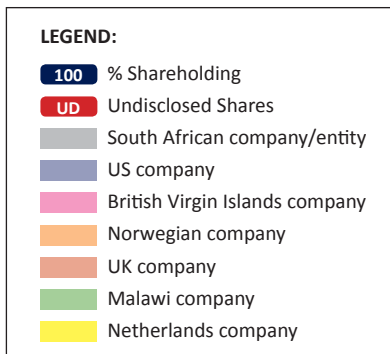
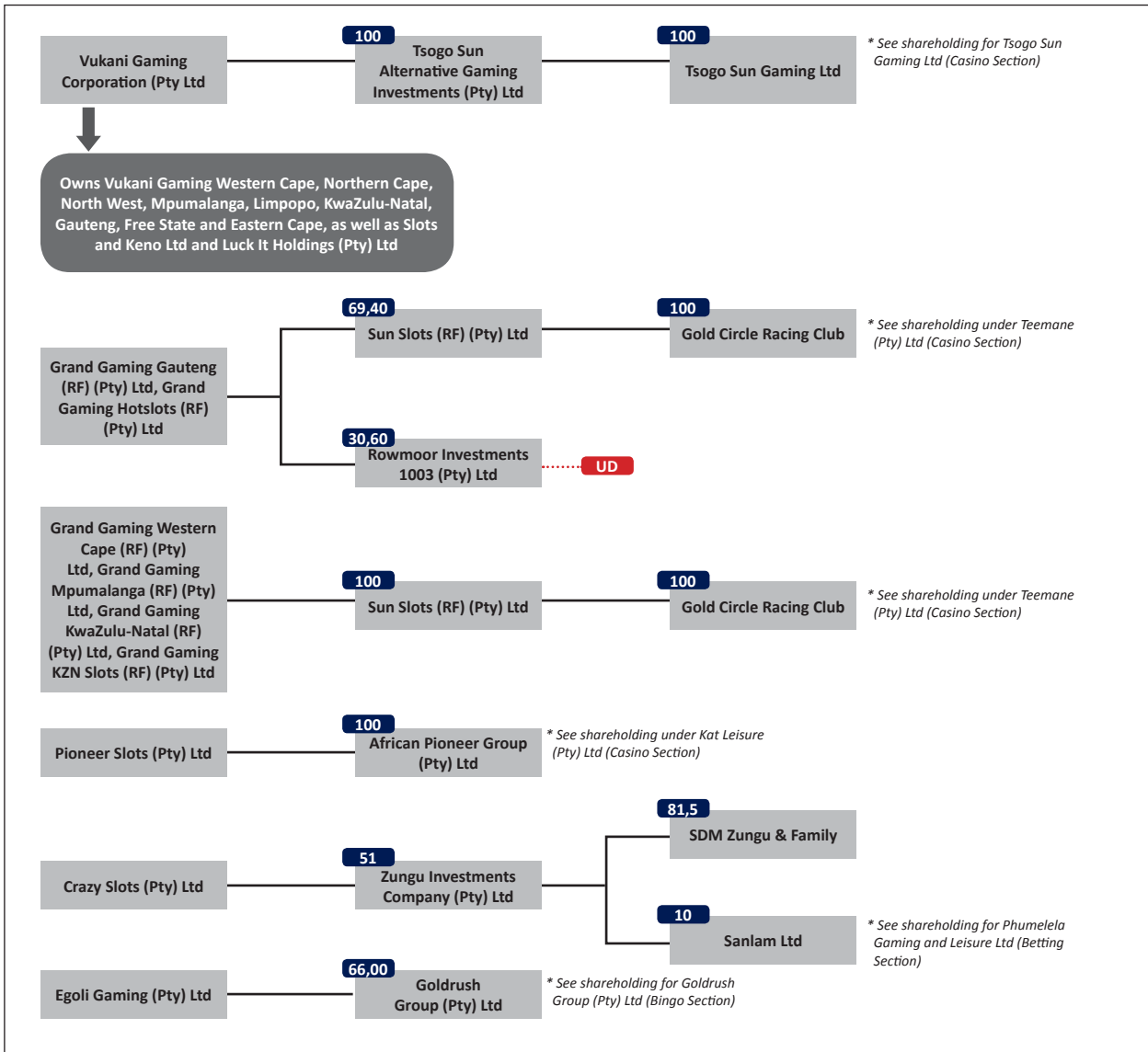




Table 3.6 outlines the scores obtained in terms of the Generic Scorecard for each LPM operator as at 31 March 2018, to obtain a better understanding of the status of transformation in ownership given the complex structure observed in the illustrations above.

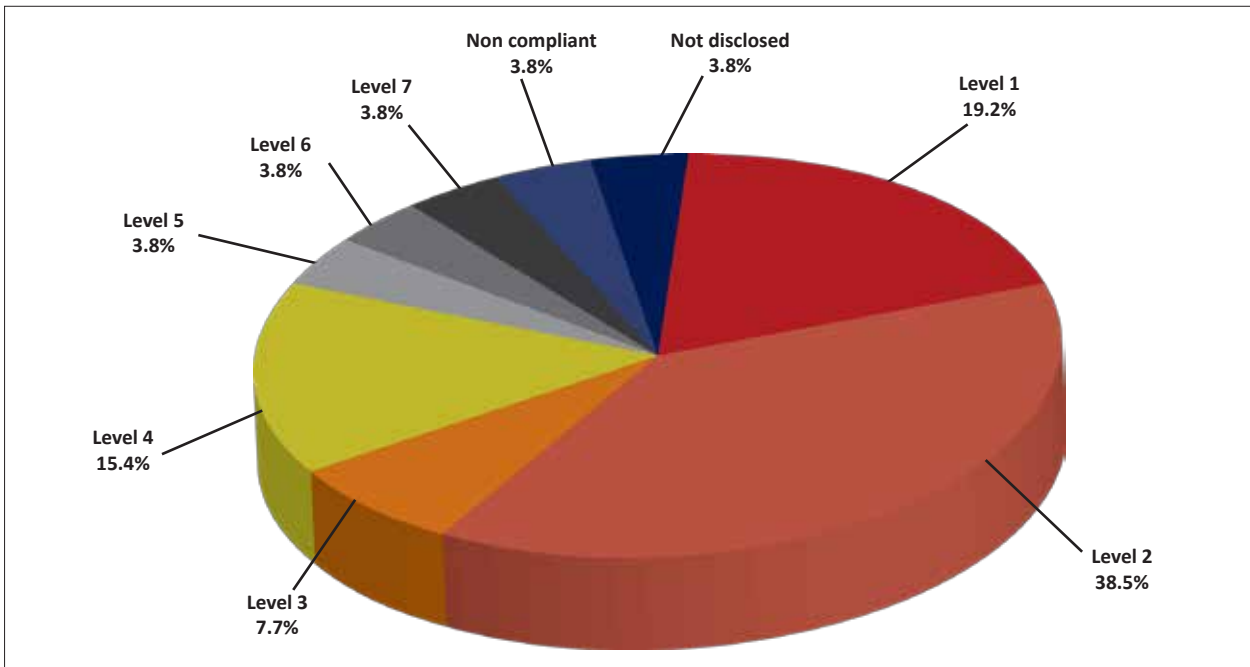
Table 3.6: LPM Operators' Generic Scorecard Achieved Scores

Holding Company	Outlet	Ownership (Weighting = 25)	Managerial Control (Weighting = 15)	Skills Development (Weighting = 20 +5 bonus)	Enterprise & Supplier Development (Weighting = 40 +4 bonus)	Socio-economic development (Weighting = 5)	Total	B-BBEE Level
Vukani Gaming	V- Slots WC	25	15,08	16,92	33,09	5	95,09	2
	V- Slots KZN	25	14,86	23,83	33,5	5	102,19	2
	Luck AT It	25	16,13	21,83	33,01	5	100,98	1
	Vukani Gaming North West	25 (82,98%)	QSE	QSE	QSE	QSE	QSE	2
	Vukani Gaming Mpumalanga	25	9,22	21,95	32,46	5	93,63	3
	Vukani gaming Northern Cape	25 (79,87%)	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	2
	Vukani Gaming Eastern Cape	25	14,73	15,09	31,93	5	91,75	3
	Vukani Gaming Free State	25 (80,85%)	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	2
	Vukani Gaming Limpopo	25	15,23	24,13	32,08	5	101,44	1
	Vukani Gaming Gauteng	25	17	20,23	34,26	5	101,46	1
Grand Gaming	Grand Slots	25 (47,11%)	8,66	16,5	30,99	5	86,15	4
	Grand Gaming Mpumalanga		EME	EME	EME	EME		4
	Grand Gaming Gauteng	27,00%	13,49	20,54	14,05	1,36	76,44	6
Grand Parade Investment	Kingdom Slots	26,82	9,16	17,43	18,04	5	76,45	5
Sun Slots (RF) Prop.Ltd	KZN Slots	25,72	13,93	37,4	24,1	5	86,15	4
Goldrush Gaming	NW Goldrush Gaming	25 (63,25%)	EME	EME	EME	EME		2
	Goldrush slots Northern Cape	(51,25%)	15 (100%)	20 (100%)	Not disclosed	Not disclosed	Not disclosed	2
	Goldrush Limpopo	25	15,42	24,93	32,69	5	103,04	1
	Goldrush Gaming Gauteng	23,47	8,31	8,64	20,16	5	65,58	7
Varloflash (Pty) Ltd	Grand Central Station Entertainment Centre	EME	EME	EME	EME	EME		2

Holding Company	Outlet	Ownership (Weighting = 25)	Managerial Control (Weighting = 15)	Skills Development (Weighting = 20 +5 bonus)	Enterprise & Supplier Development (Weighting = 40 +4 bonus)	Socio-economic development (Weighting = 5)	Total	B-BBEE Level
Nonacol Gaming Enterprises (Pty) Ltd	Reno Gaming & Entertainment	25 (100%)	EME	EME	EME	EME		1
Galazy Gaming	Galaxy Gaming and Entertainment Lydenburg (Pty) Ltd	(78,73%)	EME	EME	EME	EME		2
Pioneer Slots	Pioneer Slots Eastern Cape	27	19.48	0	39.01	5	32	4
Restivox Pty Ltd	Crazy Slots Free State	(66%)	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	2
	Crazy Slots Gauteng	23	9,36	Not disclosed	2,3	Not disclosed	34,66	Non compliant
Hotslots	Hotslots	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed

Source: Provincial Licensing Authorities' Industry B-BBEE reports, as at 31 March 2018

Figure 3.3: LPM Operators B-BBEE Levels



Source: Provincial Licensing Authorities' Industry B-BBEE reports, as at 31 March 2018



Although there are gaps within the data, the data from the above table and figure indicates that the LPM sector also has made appreciable progress in terms of transformation with more than 55% of operators having obtained a Level 1 or Level 2 B-BBEE status.

3.3.4 BINGO SECTOR

Goldrush Bingo and Galaxy Bingo are the two most prominent licensed bingo operators within the bingo

industry, with both operators being active in the six provinces that has rolled-out bingo licenses. Goldrush Bingo is owned by RECM and Calibre Limited, while Galaxy Bingo is owned by Niveus Investments, a wholly owned subsidiary of Hosken Consolidated Investments Ltd (HCI).

The controlling shareholders within the Bingo sector is presented in Table 3.7 below.

Table 3.7: Controlling shareholders in the Bingo Sector

Controlling shareholders	Names of licensed bingo operators
RECM and Calibre Limited	Goldrush Bingo (North West, Mpumalanga, Eastern Cape, KwaZulu-Natal, Limpopo, Gauteng); Boss Gaming (Eastern Cape)
Niveus Investments/ HCI	Galaxy Bingo (North West, Mpumalanga, Eastern Cape, KwaZulu-Natal, Limpopo, Gauteng)
Mr P Shabalala	Great bingo (Mpumalanga, KwaZulu-Natal)
African Pioneer Group	Pioneer Bingo (North West)
Eliocube Pty Ltd	Eliocube (North West)
Vegas Bingo	Vegas Bingo (Limpopo)

The following illustrations provide a summary of the majority shareholders of the following key players in the Bingo sector:

- Galaxy Bingo International South Africa (Pty) Ltd
- Goldrush Group (Pty) Ltd



Table 3.8 outlines the scores obtained in terms of the Generic Scorecard for each Bingo operator as at 31 March 2018, to obtain a better understanding of the status of transformation in ownership given the complex structure observed in the illustrations above.

Table 3.8: Bingo Operators' Generic Scorecard Achieved Scores

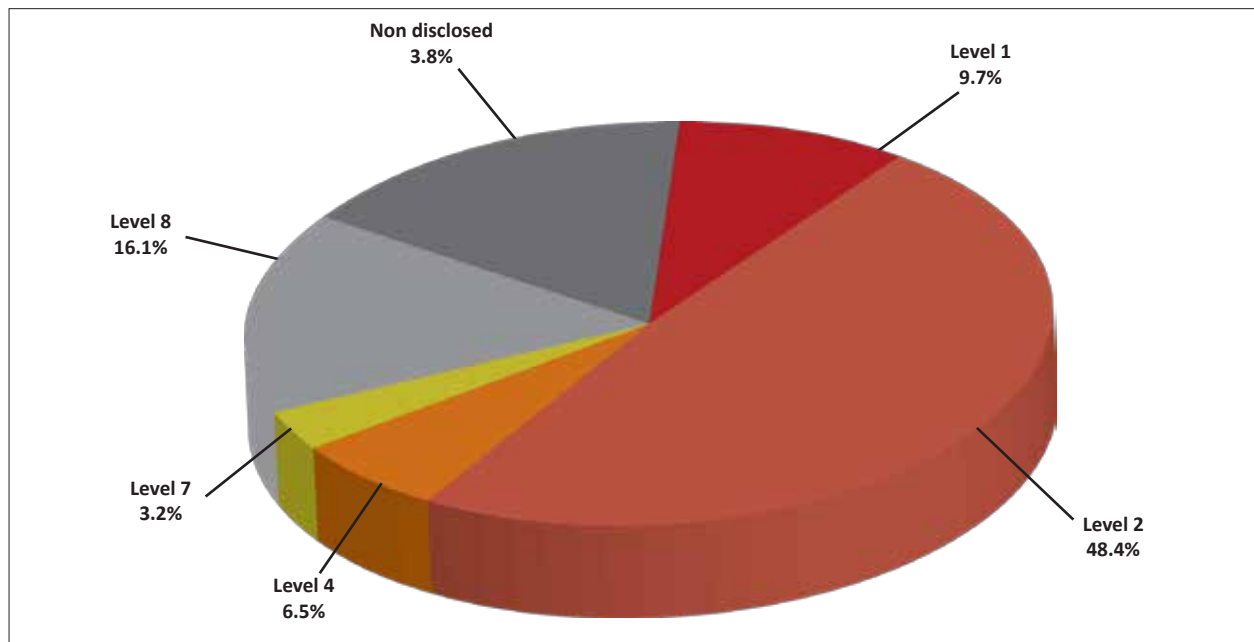
Holding Company	Outlet	Ownership (Weighting = 25)	Managerial Control (Weighting = 15)	Skills Development (Weighting = 20 +5 bonus)	Enterprise & Supplier Development (Weighting = 40 +4 bonus)	Socio-economic development (Weighting = 5)	Total	B-BBEE Level
Galaxy Bingo KZN	Galaxy Bingo Amanzimtoti	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	2
	Galaxy Bingo South Coast	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	2
	Galaxy Bingo Gateway	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	2
	Galaxy Bingo Pavilion	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	2
Galaxy Bingo NW (Pty) Ltd	Galaxy Bingo Brits	(83,56%)	QSE	QSE	QSE	QSE	QSE	4
	Galaxy Bingo Moruleng	(83,56%)	QSE	QSE	QSE	QSE	QSE	4
Galaxy Bingo Hazyview	Galaxy Bingo Hazyview (Pty) Ltd	(78,73%)	EME	EME	EME	EME	EME	2
Galaxy Bingo Tonga	Galaxy Bingo Tonga (Pty) Ltd	(76,6%)	EME	EME	EME	EME	EME	2
Galaxy Bingo Eastern Cape	Galaxy Bingo Eastern Cape	32,28	Not disclosed	12	15	12	Not disclosed	2
Galaxy Bingo Limpopo	Galaxy Bingo Limpopo	(51%)	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	2
Galaxy Bingo Gauteng	Galaxy Bingo Gauteng	25	16,41	24,22	33,72	5	104,35	1
Goldrush Group	Goldrush Malvern	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed
	Goldrush Ballito	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed
	Goldrush Eastern Cape	(61,75%)	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	2
	Goldrush Limpopo	(51%)	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	2
	Goldrush Bingo Kollonade	23,47	11,46	8,64	8,89	4,67	57,17	8
	Goldrush Bingo Vaal Mall	23,47	10,9	8,84	18,1	5	66,31	8
	Goldrush Bingo Mall@ Reds	23,47	11,3	8,71	16,91	5	65,39	8
Goldrush Bingo Alberton	23,47	15	1,14	23,14	5	67,74	7	
Goldrush Bingo Bushbuckridge	Goldrush Bingo Bushbuckridge	(62,89)	EME	EME	EME	EME	EME	2

Holding Company	Outlet	Ownership (Weighting = 25)	Managerial Control (Weighting = 15)	Skills Development (Weighting = 20 +5 bonus)	Enterprise & Supplier Development (Weighting = 40 +4 bonus)	Socio-economic development (Weighting = 5)	Total	B-BBEE Level
Santoscan (Pty) Ltd	Goldrush Bingo Rustenburg	(66%)	EME	EME	EME	EME	EME	2
	Goldrush Bingo Potchefstroom	(66%)	EME	EME	EME	EME	EME	2
Viva Bingo Middelburg (Pty) Ltd	Gold Rush Bingo Ermelo	23,47	11,52	7,61	18,71	5	66,3	8
	Gold Rush Bingo Middelburg	23,47	11,52	7,61	18,71	5	66,3	8
Great Bingo	Great Bingo	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	1
Eliocube (Pty) Ltd	Eliocube Rustenburg	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed
	Eliocube Vryburg	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed
Pioneer Bingo NW (Pty) Ltd	Pioneer Bingo Klerksdorp	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed
Arnostyle (Pty) Ltd	Great Bingo Volksrust	25 (100%)	EME	EME	EME	EME	EME	1
Boss Gaming	Bingo Mthatha	(51%)	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	2
Vegas Bingo Limpopo	Vegas Bingo Limpopo	(51%)	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	2

Source: Provincial Licensing Authorities' Industry B-BBEE reports, as at 31 March 2018



Figure 3.4: Bingo Operators B-BBEE Levels



Source: Provincial Licensing Authorities' Industry B-BBEE reports, as at 31 March 2018

Although gaps exist within the data, the data from the above table and figure indicates that the Bingo sector also has made appreciable progress in terms of transformation with more than 50% of operators having obtained a Level 1 or Level 2 B-BBEE status.

3.3.5 FINDINGS ON OWNERSHIP

From the preceding information it is clear that the gaming and gambling industry has a couple of major role players, being involved in more than one sector of the gaming industry. The major role players include the following:

- **Hosken Consolidated Investments Limited (HCI)** and its subsidiary companies, being involved in the casino, LPM, and Bingo sectors. Hosken Consolidated Investments Limited (HCI) is a black empowerment investment holding company which is listed in the financial sector on the JSE Securities Exchange South Africa. HCI currently holds a Level 2 B-BBEE rating with 76.10% Black Ownership and 43.52% Black Female Ownership. HCI's major shareholder is the South African Clothing and Textile Workers Union with a 32.3% shareholding stake in HCI, followed by Ronaldgate (Pty) Ltd (7.2% share) and thirdly Mr John Anthony Copelyn with a 0.2% share stake. The remainder of the shares are listed shares.
- **Sun International Limited** and its subsidiary companies, also being involved in the casino, LPM and Bingo sectors. Sun International Limited is an international company in the gaming, hospitality and entertainment sector. It is listed on the JSE Securities Exchange South Africa. It's top 5 beneficial shareholders include Allan Gray (11%), PSG Konsult (9%), Old Mutual (7%), Value Capital Partners (5%), Dinokana Investments (5%). 3% of the company's share vests with the Sun International Employee Share Trust.
 - The controlling shares in Allan Gray is held by Allan & Gill Gray Foundation, which has no owners in the traditional sense and is instead designed to exist in perpetuity.
 - The majority shareholder (59.4%) in PSG Konsult is owned by PSG Group Ltd – PSG Group Ltd shareholding is mainly divided between the Jannie Mouton Family Trust (19.3%) and Public Investment Corporation (10.6%). 0.153% of shares in PSG Konsult vests with an African Black Individual (Mr Combi).
 - The largest shareholders in Old Mutual are Allan Gray Pty Ltd (9.48%), Public Investment Corporation (9.19%), and the US-company BlackRock Incorporated (6.6%).

- Value Capital Partners (VCP) is an investment company which holds minority positions in listed companies and acts as an engaged shareholder in those entities to drive maximum returns for all stakeholders.
- Dinokana Investments are owned by Sun International Ltd (73.74%) and the Sun International Employee Share Trust (2.38%).
- **RECM and Calibre (RAC)** and its subsidiary companies, being involved in the LPM, Betting and Bingo Sectors. RAC has been set up as a long term investment company, in the form of a closed-end vehicle, which has access to permanent capital. The ordinary shares of the company are held by two executive directors, as well as entities associated with them. Investors are offered the opportunity to subscribe for preference shares in the company, which enables them to participate in the superior long-term growth prospects of the underlying investments of the company. Investors are afforded liquidity through the listing of the company's preference shares on the JSE.
- **Phumelela Gaming and Leisure Limited** is the major role player within the Betting on Horseracing sector, being licensed totalisator in seven of the nine provinces in South Africa. Phumelela is a JSE-listed, level 4 B-BBEE business. Its main shareholder is the Thoroughbred Horseracing Trust (26.72%), a non-profit entity which was formed at the insistence of the Gauteng Provincial Government with the purpose of promoting the interest of all persons interested in, and affected by, the sport of thoroughbred horseracing in South Africa with a view to the long term viability of the sport.

In analysing the preceding data and key findings, the following observations are made:

- Shareholding and ownership of JSE-listed companies are complex, multi-layered and dynamic, i.e. constantly changing based on open-market trading activity.
- Shareholding has over the years been diluted to the extent where an initial majority shareholder (i.e. 51% plus) in the present day only typically holds a small percentage of shares (say 10-15%).
- Ownership and Shareholding structures continue to be shaped by factors such as corporate law, tax law, regulatory factors, economic considerations, other legal

considerations, liability considerations and market conditions (including shareholder's risk appetite).

- In companies, such as Sun International Ltd, proportionally the largest shareholders generally only hold a small percentage of shares (e.g. Sun International shareholders: Allan Gray-11%, PSG Konsult-9%, Dinokana Investments-6%). The balance of shares is traded on the open market and can be acquired by any individual and/or legal entity, which effectively creates access to shares which is only restricted by the daily volume of activity on the JSE.
- The corporate nature of shareholding still prevails as the casino industry in particular is not conducive to shareholding by small and micro enterprises, due to the extent of capital investment required.
- Gambling operators furthermore create special purpose vehicles for each individually licensed site therefore an assessment of JSE-based shareholding does not accurately reflect on transformation at a site level (i.e. for each individual gambling site). It is at the site level that deals are typically entered into with local entrepreneurs and businessmen and it is therefore at this level that transformation has proven to be highly effective.

Gambling operators are increasingly faced with progressively more onerous regulatory pressures and open market risks. On account of these considerations many operators opt to mitigate risk by sharing and diluting the ownership structure and associated burdens. Margins are reported to be low, prompting operators to actively pursue sensible mergers and acquisitions. Such mergers and acquisitions enable operators to increase margins and profits through economies of scale and improved efficiency. The nature of the industry in general and the casino industry in particular leaves little room for small and micro sized businesses to enter the industry – the LPM and bingo sub-sectors do not require extensive start-up capital in either buildings or equipment and are therefore relatively more accessible to small scale operators. A bingo operator can for instance rent space within an existing shopping centre environment whereas a casino operator has to commit to a substantial capital investment in land, buildings and infrastructure in order to give effect to physical trading space. The subsequent need to raise capital introduces even more onerous requirements from investors and banking institutions.



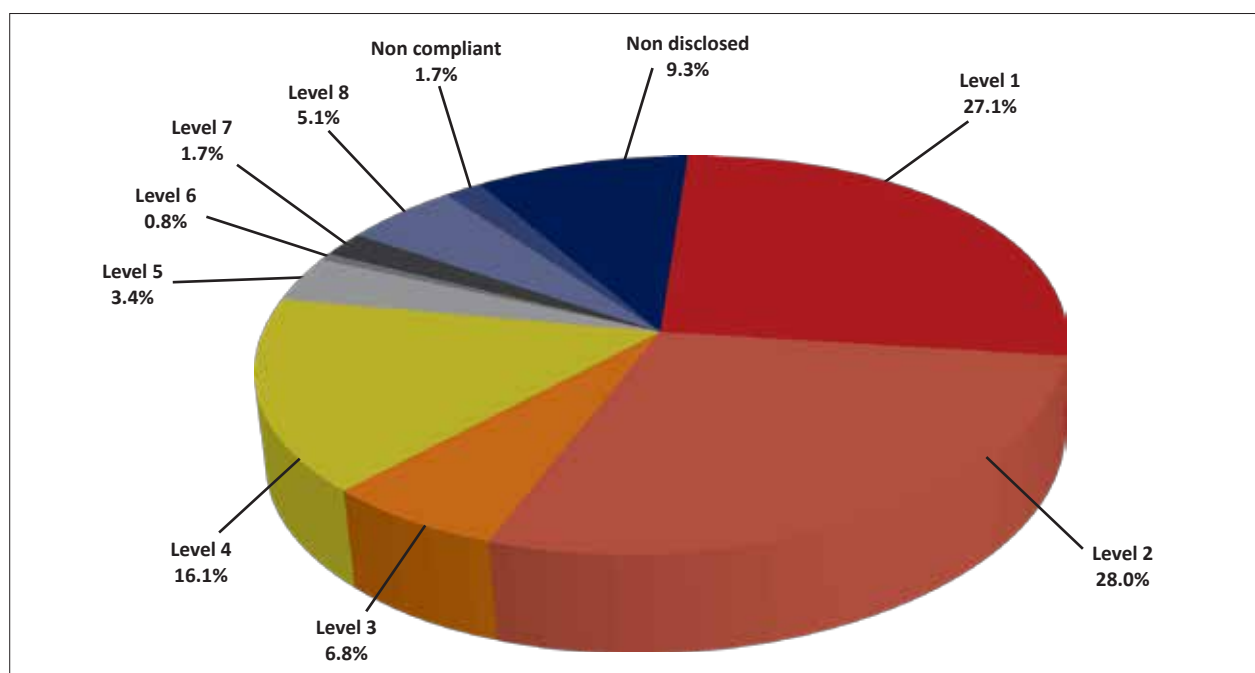
The national shareholding analyses (as per the illustrations provided) reflect on predominantly JSE-based shareholding of holding companies and subsidiaries. The site specific reporting to PLAs are not based on shareholding of holding companies. A special purpose vehicle is typically created for each individually licensed site and it is at this localised level where transformation has taken great effect. Reporting to PLAs is done per site/outlet license and in terms of official B-BBEE Scorecard criteria.

Due to the complexities outlined above the B-BBEE Scorecards remain an effective and legally prescribed mechanism to measure industry transformation. The Scorecard is multi-layered and does measure aspects

related to Ownership, Managerial Control, Skills Development, Enterprise and Supplier Development and Socio-Economic Development. The challenge however appears to be on the reporting side as it was found that significant discrepancies and inconsistencies prevail between the various Provincial Licensing Authorities. In a number of instances certain critical aspects are not reported on. In other instances, the aspects are reported on but significant data gaps exists – this may be due to the PLA (lack of data capturing/enforcement) or the gambling operator only partially reporting on certain attributes.

Figure 3.5 presents the B-BBEE levels of gambling operators across the total gambling industry.

Figure 3.5: Total Gambling Industry Operators B-BBEE Levels



In analysing the above data, the following findings can be made:

- The scorecard results reveals that 27.1% of gambling operators have a B-BBEE Level 1 status, 28.0% have Level 2 status, 6.8% have Level 3 status and 16.1% have Level 4 status. In accordance with the Codes of Good Practices these operators have a B-BBEE Recognition Level of 100%. It can thus be deduced that 78.0% of gambling operators have transformed based on B-BBEE Levels.

- B-BBEE Levels 5 – 8 represent a B-BBEE Recognition Level of between 10 – 80%. It can thus be deduced that 11% of gambling operators are partially transformed based on B-BBEE Levels.
- 1.7% of gambling operators are non-compliant and have a B-BBEE recognition level of 0% and have thus not initiated any transformation.

3.4 TRANSFORMATION IN TERMS OF EMPLOYMENT EQUITY

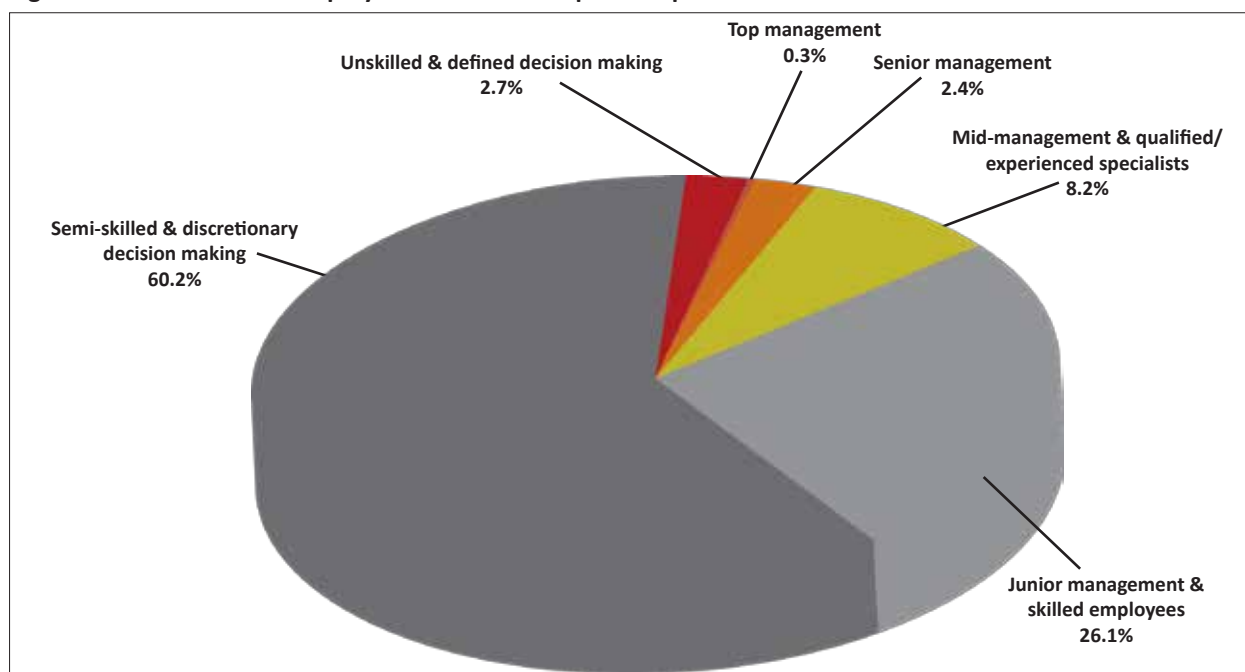
3.4.1 CASINO SECTOR

The statistics reflected in this subsection are based on the employment equity reports from 22 companies, comprising a total workforce of 14 503 permanent employees and 611 temporary employees.

Figure 3.6 presents the percentage breakdown of total employment in the casino sector per occupational level based on the available information obtained through the Department of Labour’s Employment Equity reports. From the figure it is clear that the casino sector comprises mainly of skilled and semi-skilled employment.

Table 3.9 presents the employment breakdown of the casino industry per occupational level.

Figure 3.6: Casino sector employment breakdown per occupation level



Source: Department of Labour EE Reports –refer to Annexure A for detailed list of statistics used

Table 3.9: Casino sector employment breakdown per occupational level

Occupational levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	15.22%	8.70%	6.52%	47.83%	4.35%	4.35%	2.17%	2.17%	8.70%	0.00%	100.0%
Senior management	12.32%	4.87%	10.60%	31.23%	10.03%	5.16%	6.02%	16.33%	3.15%	0.29%	100.0%
Professionally qualified & experienced specialists & mid-management	24.14%	6.71%	8.05%	17.69%	19.95%	5.78%	4.44%	10.65%	1.42%	1.17%	100.0%
Skilled technical & academically qualified workers, junior management, supervisors, foremen & superintendents	34.11%	6.52%	4.80%	5.83%	32.34%	7.12%	3.30%	5.04%	0.76%	0.18%	100.0%
Semi-skilled & discretionary decision making	34.30%	3.51%	1.73%	0.95%	52.14%	4.32%	1.48%	1.01%	0.44%	0.13%	100.0%
Unskilled & defined decision making	43.18%	0.25%	0.00%	0.76%	54.29%	0.76%	0.00%	0.51%	0.00%	0.25%	100.0%
TOTAL PERMANENT	33.1%	4.5%	3.2%	4.5%	43.2%	5.1%	2.3%	3.2%	0.7%	0.2%	100.0%
Temporary employees	37.48%	3.93%	0.98%	4.42%	44.19%	4.58%	1.31%	2.13%	0.98%	0.00%	100.0%
GRAND TOTAL	33.2%	4.5%	3.1%	4.5%	43.3%	5.1%	2.2%	3.2%	0.7%	0.2%	0.0%

Source: Department of Labour EE Reports –refer to Annexure A for detailed list of statistics used

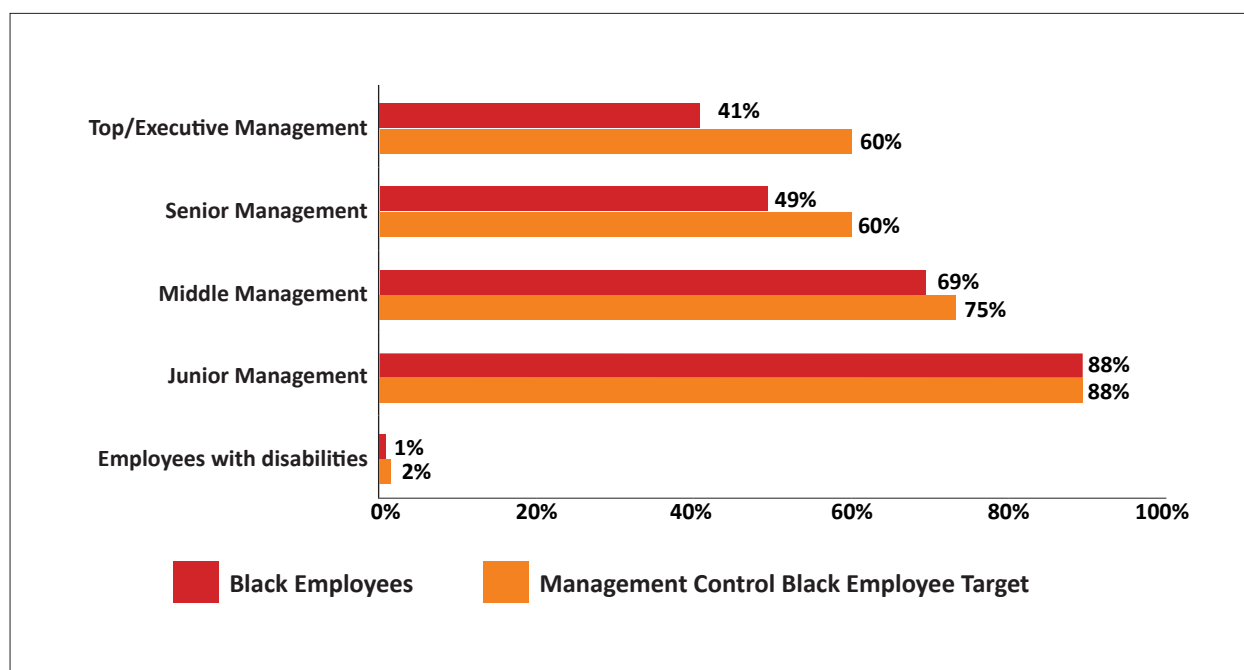


From the data in Table 3.9 it is clear that 47.8% of top managerial positions and 31.2% of senior managerial position in the casino industry are filled by male white persons.

Figure 3.7 and Figure 3.8 present the casino sector’s current status in terms of reaching the management control targets as set out in the 2013 B-BEE Codes of Good Practice issued under Section 9(1) of the B-BBEE Act, 2003 (Act No 53 of 2003).

From the data presented in Figure 3.7 it is clear that there are still some scope for sustained and ongoing transformation in the casino sector in the Top/Executive and Senior Managerial levels, with deficits of 18.70% and 11.00% respectively. The casino sector is nearing the transformation targets set for the middle management and employees with disabilities occupational levels, with deficits of 6.93% and 0.86% respectively. The casino sector has successfully reached the transformation target on a junior managerial level with 88.18% Black employee participation on that level, exceeding the target by 0.18%.

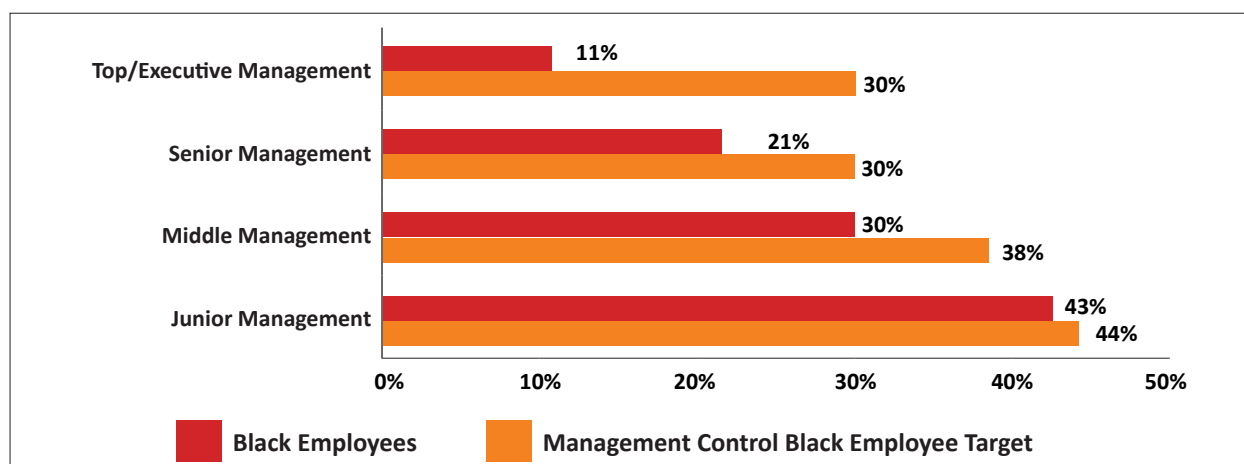
Figure 3.7: Casino Sector Management Control Scorecard Status Quo: Black Employee Participation



Source: Department of Labour EE Reports –refer to Annexure A for detailed list of statistics used

Figure 3.8 presents the casino sector’s current status of transformation in terms of Black Female Employee participation in managerial control.

Figure 3.8: Casino Sector Management Control Scorecard Status Quo: Black Female Participation



Source: Department of Labour EE Reports –refer to Annexure A for detailed list of statistics used

The data from the above figure suggest that there is scope for ongoing transformation in the Top/Executive Managerial Occupation level in terms of Black Female participation recording a deficit of 20.13% to reach the transformation target set out by the Codes of Good Practice. The casino sector in terms of Black Female participation in managerial positions are nearing the transformation targets set for Senior, Middle and Junior management levels, with 8.80%, 7.82% and 1.24% required respectively to reach the transformation target. On average, it is determined that the casino sector has reached 80.01% transformation in terms of Black Employee Participation in managerial control and 70.88%

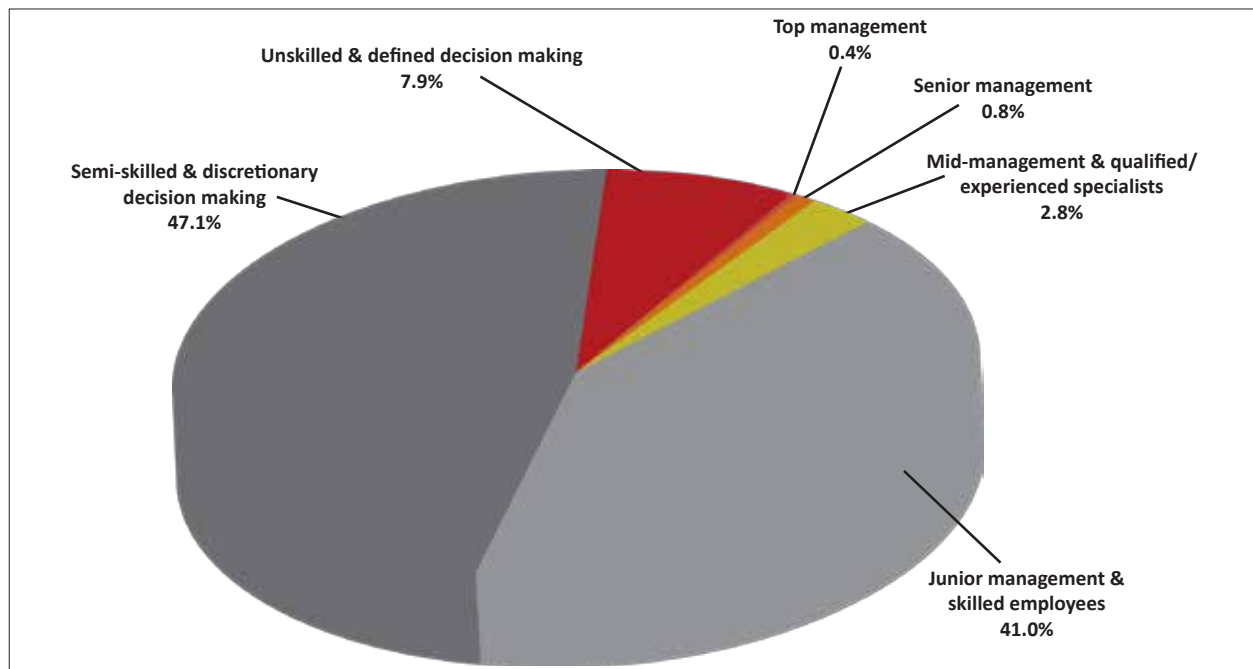
transformation in terms of Black Female Employee participation in managerial positions.

3.4.2 BETTING SECTOR

The statistics reflected in this subsection are based on the employment equity reports from 44 companies, comprising a total workforce of 14 914 permanent employees and 291 temporary employees.

Figure 3.9 presents the total workforce breakdown of the Betting Sector, and shows a similar trend to that of the casino sector with the majority of employees falling in the skilled and semi-skilled occupation levels.

Figure 3.9: Betting sector total employment breakdown per occupational level



Source: Department of Labour EE Reports –refer to Annexure A for detailed list of statistics used



Table 3.10 presents the employment breakdown per occupational level in the betting sector. From the data presented in the table it is clear that 35.9% of Top/Executive managerial positions and 27.3% of Senior Managerial positions are held by male white persons – indicating a similar trend compared to the casino industry.

Table 3.10: Betting sector employment breakdown per occupational level

32.662	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	14.06%	6.25%	17.19%	35.94%	1.56%	0.00%	9.38%	14.06%	1.56%	0.00%	100.0%
Senior management	21.49%	3.31%	10.74%	27.27%	15.70%	3.31%	6.61%	6.61%	4.13%	0.83%	100.0%
Professionally qualified & experienced specialists & mid-management	18.36%	1.45%	13.53%	28.74%	13.29%	4.11%	7.25%	8.21%	3.14%	1.93%	100.0%
Skilled technical & academically qualified workers, junior management, supervisors, foremen & superintendents	26.20%	0.80%	1.67%	1.57%	60.61%	1.83%	1.95%	1.44%	1.49%	2.45%	100.0%
Semi-skilled & discretionary decision making	22.78%	0.83%	2.22%	0.64%	64.41%	3.63%	2.59%	0.97%	0.71%	1.22%	100.0%
Unskilled & defined decision making	31.71%	0.43%	0.26%	0.43%	61.21%	1.79%	0.00%	0.43%	2.39%	1.36%	100.0%
TOTAL PERMANENT	24.7%	0.8%	2.3%	2.2%	60.5%	2.7%	2.3%	1.4%	1.3%	1.8%	100.0%
Temporary employees	27.84%	0.34%	2.41%	0.00%	65.29%	0.69%	2.06%	0.00%	0.34%	1.03%	100.0%
GRAND TOTAL	24.8%	0.8%	2.3%	2.1%	60.6%	2.7%	2.3%	1.4%	1.2%	1.7%	0.0%

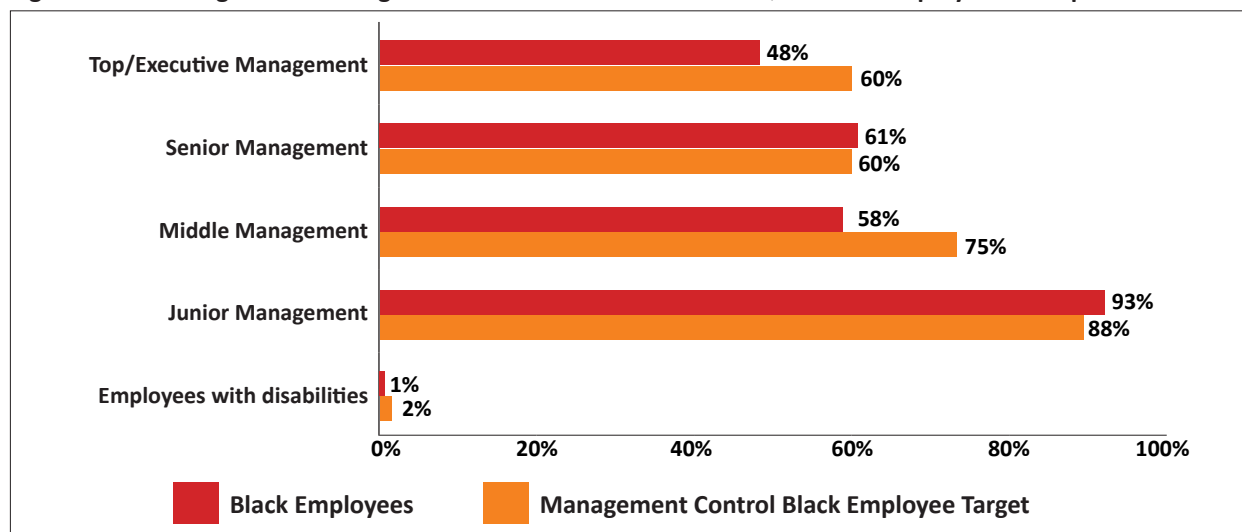
Source: Department of Labour EE Reports –refer to Annexure A for detailed list of statistics used

Figure 3.10 and Figure 3.11 present the betting sector’s current status in terms of reaching the management control targets as set out in the 2013 B-BEE Codes of Good Practice issued under Section 9(1) of the B-BBEE Act, 2003 (Act No 53 of 2003).

It is clear from the data in Figure 3.10 that there is still scope for ongoing transformation in betting sector in terms of Black Employee Participation on a

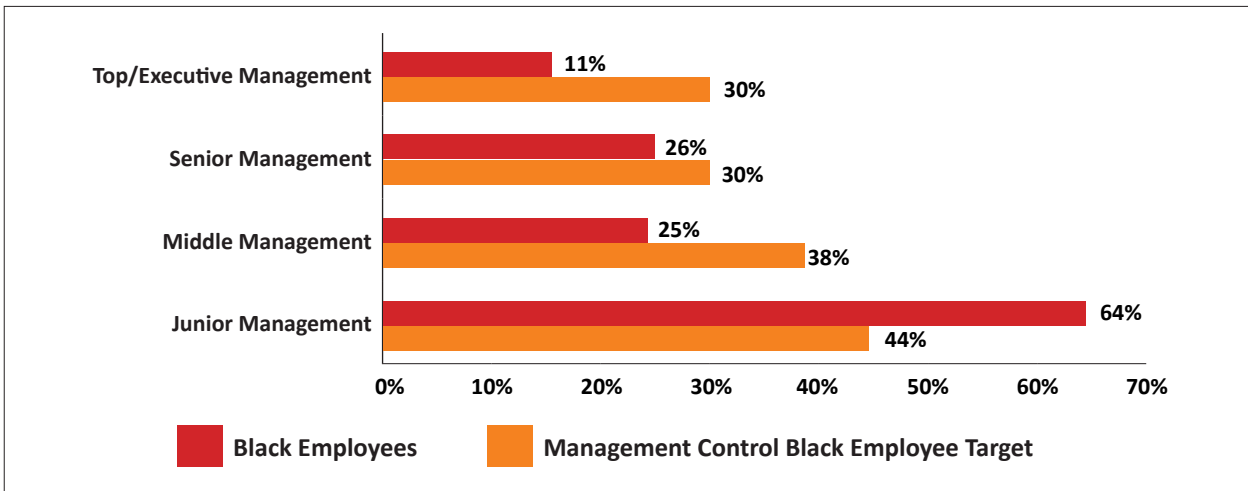
Middle Management Level, recording a 18.30% deficit in reaching the transformation target. The sector is nearing the transformation targets set for Top/Executive Management and Employees with Disabilities, with these occupational levels respectively recording deficits of 11.56% and 1.17%. The betting sector has exceeded the transformation targets set for Senior and Junior management levels, exceeding the targets by 1.16% and 5.05% respectively.

Figure 3.10: Betting Sector Management Control Scorecard Status Quo: Black Employee Participation



Source: Department of Labour EE Reports –refer to Annexure A for detailed list of statistics used

Figure 3.11: Betting Sector Management Control Scorecard Status Quo: Black Female Participation



Source: Department of Labour EE Reports –refer to Annexure A for detailed list of statistics used

Figure 3.11 presents the betting sector’s current status of transformation in terms of Black Female participation in managerial control. From the data presented in the figure it is clear that scope exists in the betting sector for ongoing transformation on Top/Executive and Middle Managerial Levels, respectively recording deficits of 20.06% and 14.38%. This sector is nearing the transformation targets set for Black Female Participation in Senior Management level with 4.38% required to reach the target set. The betting sector has convincingly reached the target set for Black Female Participation on Junior Management Level, exceeding the target by 20.38%.

On average, it is determined that the betting sector has reached 81.45% transformation in terms of Black

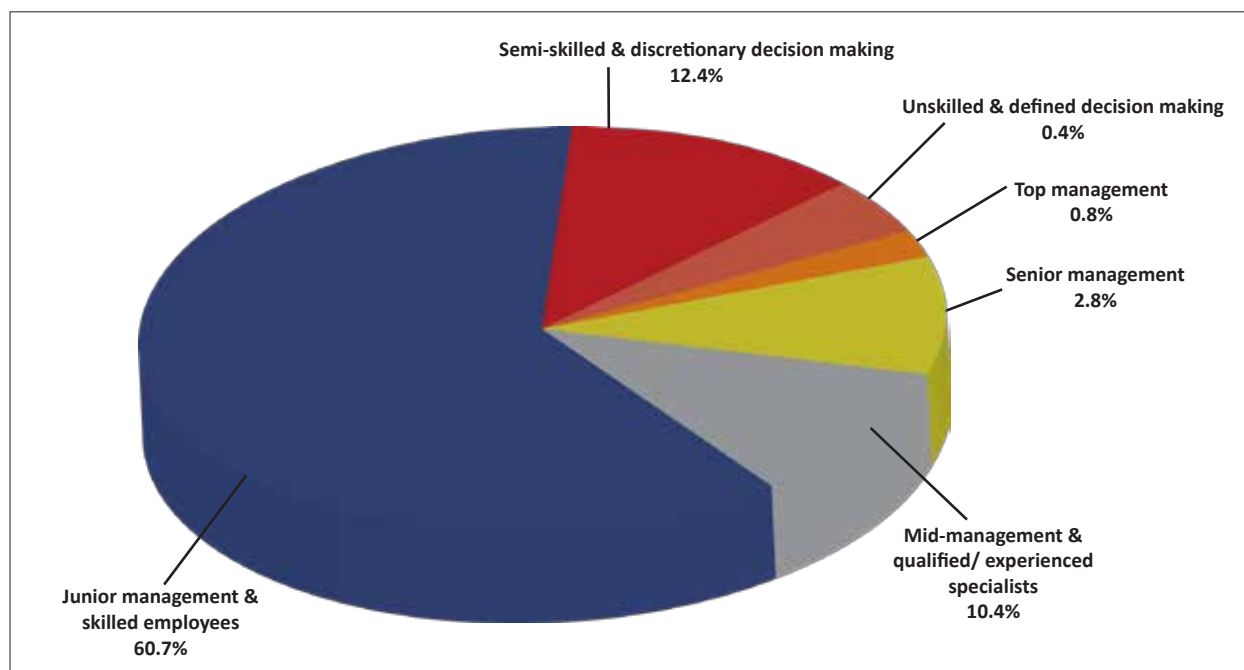
Employee Participation in managerial control and 83.26% transformation in terms of Black Female employee participation in managerial positions.

3.4.3 LPM SECTOR

The statistics reflected in this subsection are based on the employment equity reports from 21 companies, comprising a total workforce of 540 permanent employees and 0 temporary employees. Figure 3.12 presents the total workforce breakdown of the LPM Sector. From the figure it is clear that the LPM sector has a larger percentage junior management and skilled employees and a smaller percentage semi-skilled employees than the casino or betting sectors.



Figure 3.12: LPM sector total employment breakdown per occupational level



Source: Department of Labour EE Reports –refer to Annexure A for detailed list of statistics used

Table 3.11 presents the employment breakdown per occupational level in the LPM sector. From the table it is clear that black people are well represented across all occupational levels.

Table 3.11: LPM sector employment breakdown per occupational level

Occupational levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	25.00%	8.33%	16.67%	16.67%	16.67%	8.33%	8.33%	0.00%	0.00%	0.00%	100.0%
Senior management	26.92%	11.54%	13.46%	7.69%	19.23%	5.77%	5.77%	9.62%	0.00%	0.00%	100.0%
Professionally qualified & experienced specialists & mid-management	21.43%	14.29%	10.71%	10.71%	23.21%	5.36%	5.36%	8.93%	0.00%	0.00%	100.0%
Skilled technical & academically qualified workers, junior management, supervisors, foremen & superintendents	42.68%	11.59%	4.27%	3.05%	21.95%	9.45%	1.83%	4.57%	0.61%	0.00%	100.0%
Semi-skilled & discretionary decision making	28.36%	5.97%	2.99%	1.49%	43.28%	11.94%	2.99%	2.99%	0.00%	0.00%	100.0%
Unskilled & defined decision making	36.00%	4.00%	0.00%	0.00%	52.00%	8.00%	0.00%	0.00%	0.00%	0.00%	100.0%
TOTAL PERMANENT	36.5%	10.7%	5.7%	4.3%	25.7%	8.9%	2.8%	5.0%	0.4%	0.0%	100.0%
Temporary employees	-	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL	36.5%	10.7%	5.7%	4.3%	25.7%	8.9%	2.8%	5.0%	0.4%	0.0%	0.0%

Source: Department of Labour EE Reports –refer to Annexure A for detailed list of statistics used

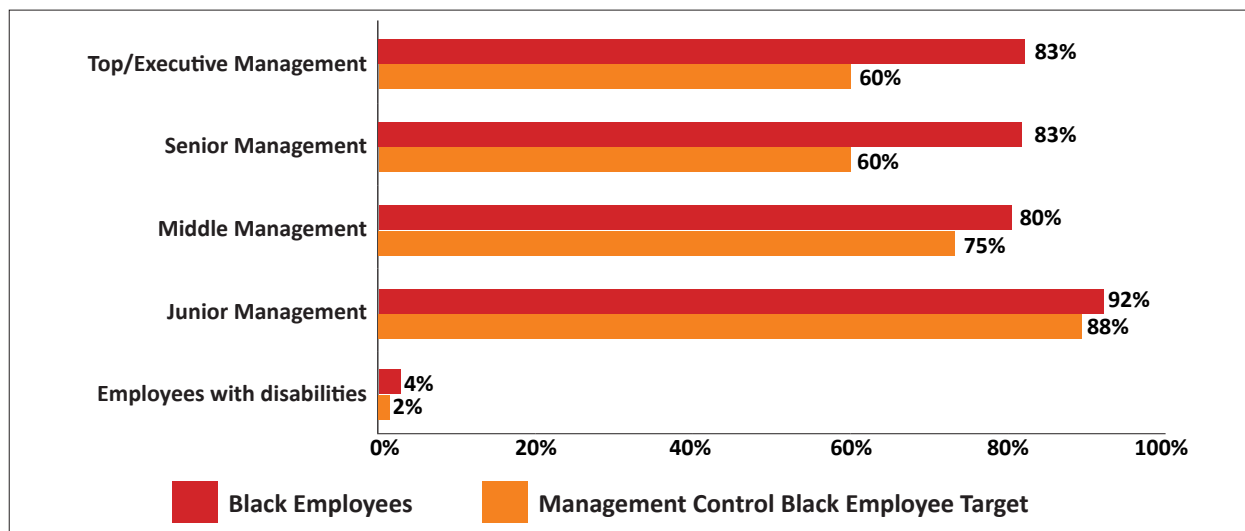
Figure 3.13 and Figure 3.14 presents the LPM sector’s current status in terms of reaching the management control targets as set out in the 2013 B-BEE Codes of Good Practice issued under Section 9(1) of the B-BBEE Act, 2003 (Act No 53 of 2003).

From the data presented in Figure 3.13 it is clear that the LPM sector performed very well in its efforts to reach the targets in terms of Black employee participation as set out in the Codes of Good Practice, with the transformation targets being exceeded on all managerial levels. The

target on Top/Executive Management Level is exceeded by 23.33%, the target on Senior Management level is exceeded by 22.69%, Middle Management is exceeded

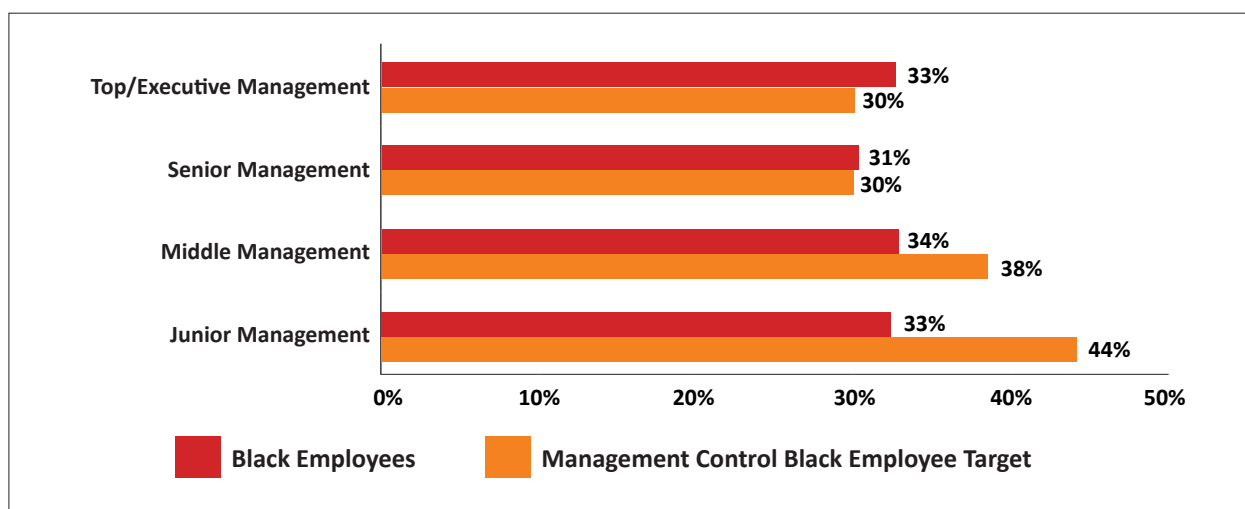
by 5.36%, Junior management target is exceeded by 3.77% and the Employees with Disabilities target is exceeded by 1.52%.

Figure 3.13: LPM Sector Management Control Scorecard Status Quo: Black Employee Participation



Source: Department of Labour EE Reports –refer to Annexure A for detailed list of statistics used

Figure 3.14: LPM Sector Management Control Scorecard Status Quo: Black Female Participation



Source: Department of Labour EE Reports –refer to Annexure A for detailed list of statistics used

Figure 3.14 presents the LPM sector’s current status of transformation in terms of Black Female participation in managerial control. From the data presented in the figure it is clear that the LPM sector has managed to reach the prescribed Black Female participation targets on a top and senior managerial level, with these targets being exceeded by 3.33% and 0.77% respectively. The LPM sector is also nearing the transformation targets for Black Female Participation in both middle and junior

management levels, with deficits of 4.07% and 11.77% required respectively to reach these targets.

On average, it is determined that the LPM sector has reached 132.81% transformation in terms of Black Employee Participation in Managerial Positions (exceeding all the targets set out by the Codes) and reached 94.62% transformation in terms of Black Female Employee participation in managerial positions.

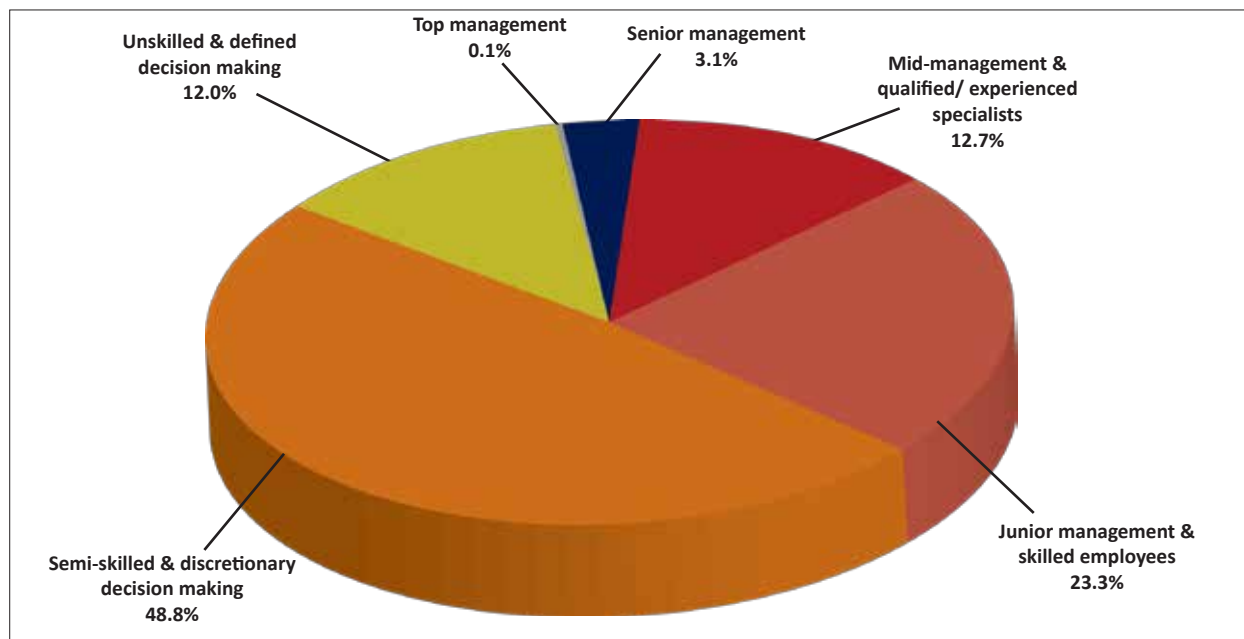


3.4.4 BINGO SECTOR

The statistics reflected in this subsection is based on the employment equity reports from 34 companies, comprising a total workforce of 1 952 permanent

employees and 0 temporary employees. The total breakdown of the Bingo Sector in terms of occupational levels presented in Figure 3.15. The Bingo sector shows a largest percentage of unskilled labour when compared to any of the other gambling modes.

Figure 3.15: Bingo sector total employment breakdown per occupational level



Source: Department of Labour EE Reports –refer to Annexure A for detailed list of statistics used

Table 3.12 presents the employment breakdown per occupational level in the Bingo sector.

Table 3.12: Bingo sector employment breakdown per occupational level

Occupational levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0.00%	0.00%	0.00%	0.00%	50.00%	0.00%	50.00%	0.00%	0.00%	0.00%	100.0%
Senior management	29.51%	0.00%	0.00%	6.56%	54.10%	4.92%	3.28%	1.64%	0.00%	0.00%	100.0%
Professionally qualified & experienced specialists & mid-management	20.24%	2.02%	4.86%	3.24%	55.87%	5.26%	4.05%	4.05%	0.40%	0.00%	100.0%
Skilled technical & academically qualified workers, junior management, supervisors, foremen & superintendents	37.80%	2.64%	0.66%	0.00%	52.31%	6.15%	0.00%	0.44%	0.00%	0.00%	100.0%
Semi-skilled & discretionary decision making	26.65%	2.31%	0.63%	0.21%	64.01%	5.77%	0.10%	0.21%	0.10%	0.00%	100.0%
Unskilled & defined decision making	13.25%	0.00%	0.00%	0.00%	80.34%	5.98%	0.43%	0.00%	0.00%	0.00%	100.0%
TOTAL PERMANENT	26.9%	2.0%	1.1%	0.7%	61.9%	5.8%	0.8%	0.8%	0.1%	0.0%	100.0%
Temporary employees	-	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL	26.9%	2.0%	1.1%	0.7%	61.9%	5.8%	0.8%	0.8%	0.1%	0.0%	0.0%

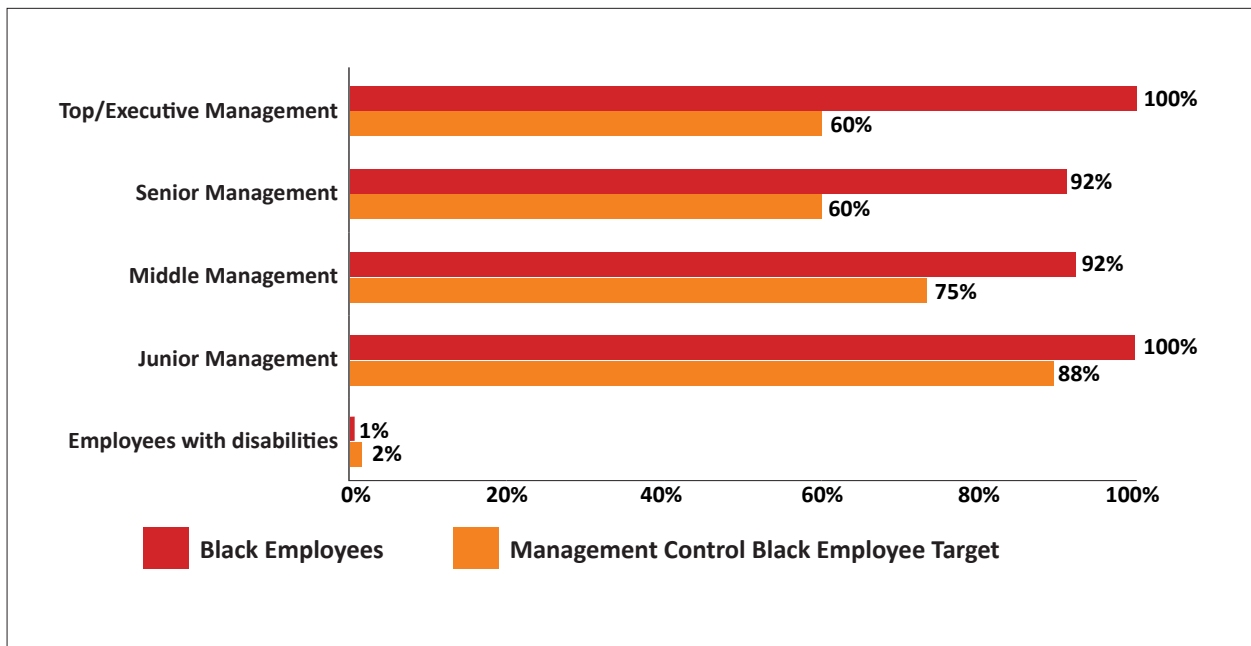
Source: Department of Labour EE Reports –refer to Annexure A for detailed list of statistics used

From the table above, it is clear that the bingo sector is also well represented by black people across all occupational levels.

Figure 3.16 and Figure 3.17 presents the Bingo sector's current status in terms of reaching the management control targets as set out in the 2013 B-BEE Codes of Good Practice issued under Section 9(1) of the B-BBEE Act, 2003 (Act No 53 of 2003).

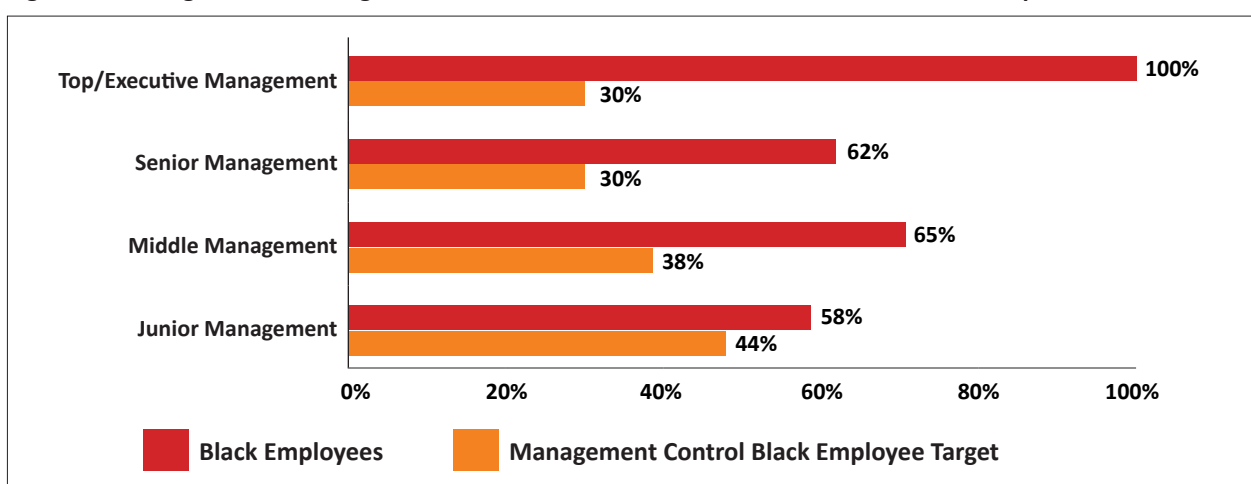
The data in Figure 3.16 reveals that the bingo sector has managed to reach targets in terms of Black Employee participation in top, senior, middle and junior management levels, exceeding these targets by 40.0%, 31.80%, 17.31% and 11.56% respectively. The sector is also approaching the target set for employees with disabilities with 1.49% required to reach the target set.

Figure 3.16: Bingo Sector Management Control Scorecard Status Quo: Black Employee Participation



Source: Department of Labour EE Reports –refer to Annexure A for detailed list of statistics used

Figure 3.17: Bingo Sector Management Control Scorecard Status Quo: Black Female Participation



Source: Department of Labour EE Reports –refer to Annexure A for detailed list of statistics used



Figure 3.17 presents the bingo sector’s current status of transformation in terms of Black Female Employee participation in managerial control. From the figure it is also clear that the bingo sector has over-exceeded expectations in reaching the targets as set out by the Codes of Good Practice. The target for Black Female Employee Participation in Top/Executive Management is exceeded by 60%, Senior Management exceeded by 32.30%, Middle Management exceeded by 27.18% and Junior Management exceeded by 14.46%.

On average, it is determined that the bingo sector has reached 116.30% transformation in terms of Black Employee Participation in Management Control and reached 211.35% transformation in terms of Black Female Employee participation in managerial positions.

3.4.5 TOTAL GAMBLING INDUSTRY

The total gambling industry’s employment breakdown per occupational level is presented in Table 3.13.

Development of the gambling industry in Southern Africa was pioneered by entrepreneur and business man, the late

Sol Kerzner (23 August 1935 – 21 March 2020). Kerzner was a South African accountant and business magnate who founded both of South Africa’s largest hotel groups, the Southern Sun Hotel Group and Sun International. In 1969, in partnership with South African Breweries, he established the chain of Southern Sun Hotels and in 1979 Kerzner developed the Sun City hotel and casino complex. By virtue of its founder and early participants, the formal SA casino industry was, in its early years (i.e. the 1960’s through to the 1990’s) developed and largely managed by White males. The casino complexes were, primarily due to SA legislative constraints at the time, developed in former homeland areas. Substantial financial benefits accrued to the respective homeland governing bodies in the form of capital investment, rates and taxes, job creation and wages. Overall, at top management level approximately 37.9% of positions are filled by mostly male white people, 25.73% on senior management level. However 23.25% on middle management level; 49.05% at junior management level level; 57.92% at semi-skilled level; and 62.04% on unskilled level are however female African persons – as is evident from the data represented in Table 3.13.

Table 3.13: The Gambling Industry employment breakdown per occupational level

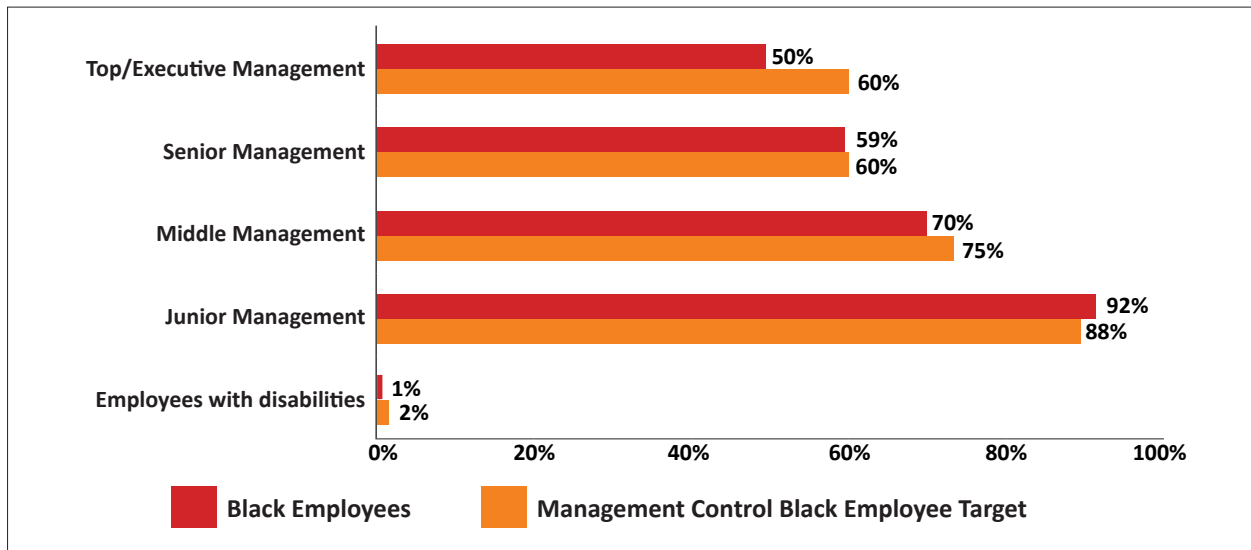
Occupational levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	15.32%	7.26%	12.90%	37.90%	4.84%	2.42%	7.26%	8.06%	4.03%	0.00%	100.0%
Senior management	17.32%	4.63%	9.78%	25.73%	16.64%	4.80%	5.83%	12.18%	2.74%	0.34%	100.0%
Professionally qualified & experienced specialists & mid-management	22.30%	5.18%	8.90%	18.01%	23.25%	5.34%	5.03%	9.21%	1.62%	1.15%	100.0%
Skilled technical & academically qualified workers, junior management, supervisors, foremen & superintendents	30.00%	3.24%	2.82%	3.06%	49.05%	4.12%	2.34%	2.77%	1.14%	1.47%	100.0%
Semi-skilled & discretionary decision making	29.02%	2.33%	1.88%	0.78%	57.92%	4.14%	1.87%	0.95%	0.53%	0.58%	100.0%
Unskilled & defined decision making	31.89%	0.38%	0.16%	0.44%	62.04%	2.19%	0.05%	0.38%	1.53%	0.93%	100.0%
TOTAL PERMANENT	28.8%	2.8%	2.7%	3.2%	52.1%	4.1%	2.2%	2.3%	0.9%	0.9%	100.0%
Temporary employees	34.37%	2.77%	1.44%	2.99%	51.00%	3.33%	1.55%	1.44%	0.78%	0.33%	100.0%
GRAND TOTAL	29.0%	2.8%	2.7%	3.2%	52.1%	4.1%	2.2%	2.2%	0.9%	0.9%	0.0%

Source: Department of Labour EE Reports –refer to Annexure A for detailed list of statistics used

Figure 3.18 and Figure 3.19 presents the overall gambling industry's current status in terms of reaching the management control targets as set out in the 2013 B-BEE

Codes of Good Practice issued under Section 9(1) of the B-BBEE Act, 2003 (Act No 53 of 2003).

Figure 3.18: Total Gambling Industry Management Control Scorecard Status Quo: Black Employee Participation



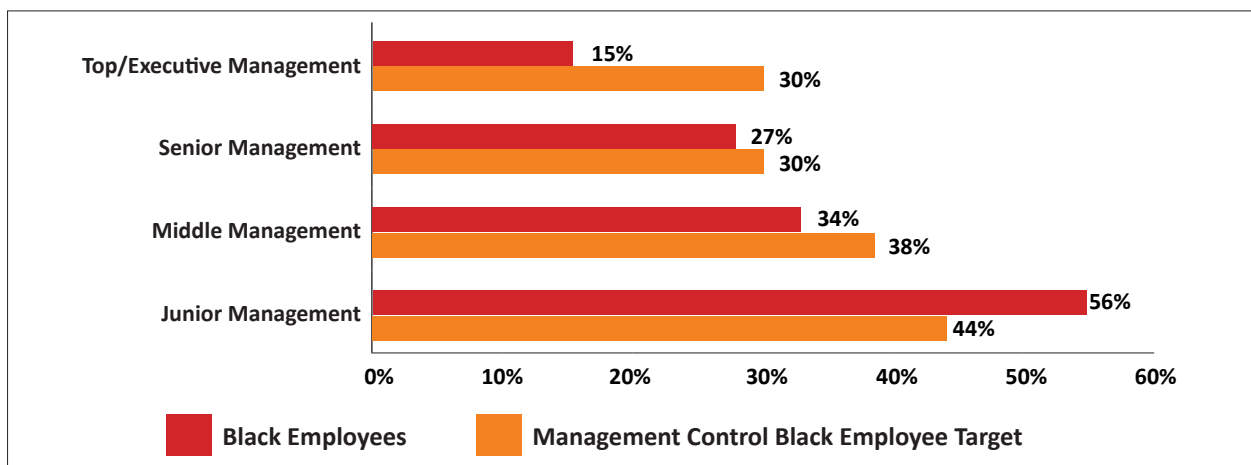
Source: Department of Labour EE Reports –refer to Annexure A for detailed list of statistics used

From the data presented in the figure above it is clear that the overall industry has managed to exceed the transformation target set for Black Employee Participation in Junior Management level by 3.56%. Overall, the gambling industry is also nearing the targets set for Top Management requiring an additional 10.0%, Senior Management requiring an additional 0.99%, Middle Management requiring an additional 5% and Employees with Disabilities requiring an additional 1%.

industry in terms of Black Female Employee Participation in Top/Executive Management level, with a deficit of 15.48% required to reach the set target. The gambling industry is nearing the transformation targets set for Black Female Participation in Senior and Middle Management levels, with deficits of 2.73% and 4.39% required respectively to reach the targets set. The gambling industry has however managed to exceed the target set for Black Female Participation in Junior Management Level, exceeding the target by 11.51%.

The data presented in Figure 3.19 suggests that there is still scope for ongoing transformation in the gambling

Figure 3.19: Total Gambling Industry Management Control Scorecard Status Quo: Black Female Participation



Source: Department of Labour EE Reports –refer to Annexure A for detailed list of statistics used

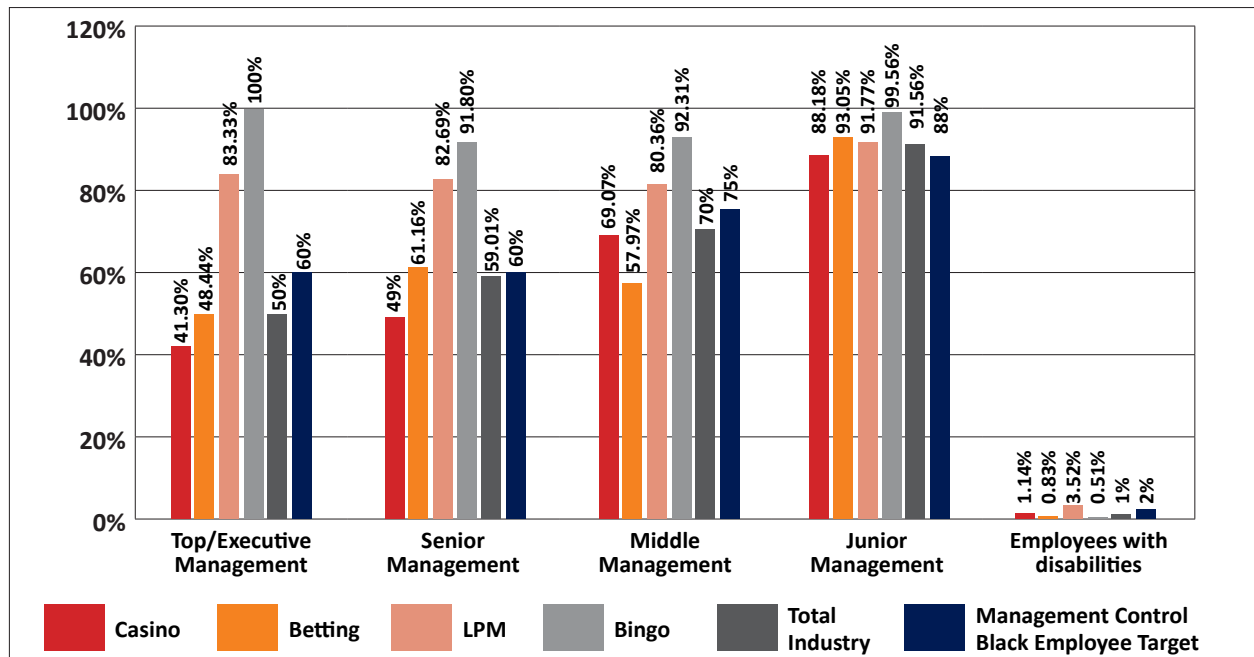


It is calculated that on average the gambling industry has reached 85.81% transformation in terms of Black employee participation and 88.48% transformation in terms of Black Female employee participation in managerial positions to date.

Figure 3.20 and Figure 3.21 respectively presents a sector comparison of Black Employee Participation and Black Female Employee Participation in Managerial

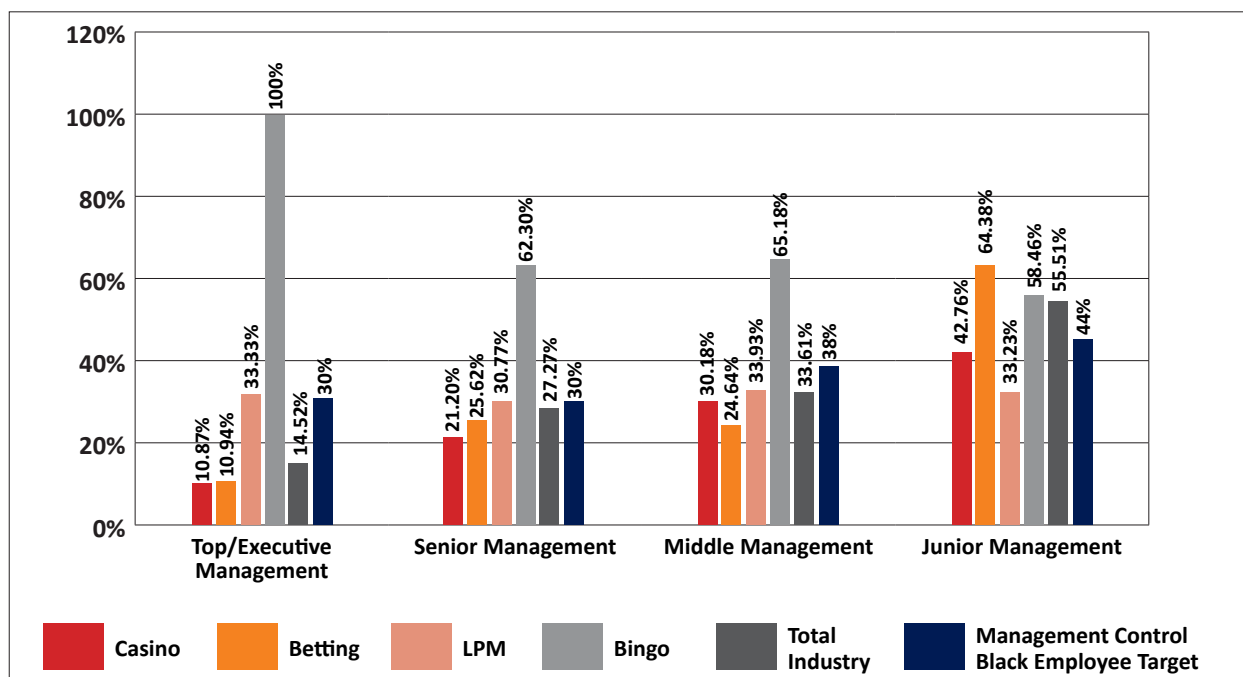
positions. From Figure 3.20 it can be deduced that the LPM and Bingo sectors have performed the best in terms of reaching the Black employee participation targets in terms of Managerial control, exceeding the targets set for top, senior, middle and junior management levels. From the figure it can also be deduced that the Casino sector has not been able to perform as well, only being able to reach one target which is the 88% target on a junior management level.

Figure 3.20: Management Control Scorecard Status Quo: Black Employee Participation – Sector Comparison



Source: Department of Labour EE Reports – refer to Annexure A for detailed list of statistics used

Figure 3.21: Management Control Scorecard Status Quo: Black Female Participation – Sector Comparison



Source: Department of Labour EE Reports – refer to Annexure A for detailed list of statistics used

From Figure 3.21 it can be deduced that the Bingo sector was the only sector that was able to reach all Black Female participation targets across all levels of management.

3.4.6 FINDINGS ON EMPLOYMENT EQUITY AND MANAGERIAL CONTROL

In terms of the 2013 B-BBEE Codes of Good Practice (as issued under Section 9(1) of the B-BBEE Act, 2003 (Act No 53 of 2003), and based on the information and statistics as outlined in Section 3.4, the following key findings were made:

BLACK EMPLOYEE PARTICIPATION				
Occupation Level	Target	Current status	Transformation Gap	Comment
CASINO SECTOR				
Top/Executive Management	60%	41.30%	-18.70%	Scope for sustained/ongoing transformation
Senior Management	60%	49.00%	-11.00%	Scope for sustained/ongoing transformation
Middle Management	75%	69.07%	-6.93%	Nearing the transformation target
Junior Management	88%	88.18%	-0.86%	Transformation target reached
Employees with disabilities	2%	1.14%	+0.18%	Nearing the transformation target
BETTING SECTOR				
Top/Executive Management	60%	48.44%	-11.56%	Transformation in progress and approaching target
Senior Management	60%	61.16%	+1.16%	Transformation target achieved and exceeded
Middle Management	75%	57.97%	-18.30%	Scope for sustained/ongoing transformation
Junior Management	88%	93.05%	+5.05%	Transformation target achieved and exceeded
Employees with disabilities	2%	0.83%	-1.17%	Transformation in progress and approaching target



BLACK EMPLOYEE PARTICIPATION				
Occupation Level	Target	Current status	Transformation Gap	Comment
LPM SECTOR				
Top/Executive Management	60%	83.33%	+23.33%	Target exceeded
Senior Management	60%	82.69%	+22.69%	Target exceeded
Middle Management	75%	80.36%	+5.36%	Target exceeded
Junior Management	88%	91.77%	+3.77%	Target exceeded
Employees with disabilities	2%	3.52%	+1.52%	Target exceeded
BINGO SECTOR				
Top/Executive Management	60%	100.0%	+40.0%	Target exceeded
Senior Management	60%	91.80%	+31.80%	Target exceeded
Middle Management	75%	92.31%	+17.31%	Target exceeded
Junior Management	88%	99.56%	+11.56%	Target exceeded
Employees with disabilities	2%	0.51%	-1.49%	Transformation in progress and approaching target
TOTAL INDUSTRY				
Top/Executive Management	60%	50.0%	-10.0%	Nearing transformation targets
Senior Management	60%	59.01%	-0.99%	Nearing transformation targets
Middle Management	75%	70.0%	-5.0%	Nearing transformation targets
Junior Management	88%	91.56%	+3.56%	Target exceeded.
Employees with disabilities	2%	1.00%	-1.00%	Nearing transformation targets

BLACK FEMALE PARTICIPATION				
Occupation Level	Target	Current status	Transformation Gap	Comment
CASINO SECTOR				
Top/Executive Management	30%	10.87%	-20.13%	Scope for ongoing transformation
Senior Management	30%	21.20%	-8.80%	Nearing transformation targets
Middle Management	38%	30.18%	-7.82%	Nearing transformation targets
Junior Management	44%	42.76%	-1.24%	Nearing transformation targets
BETTING SECTOR				
Top/Executive Management	30%	10.94%	-20.06%	Scope for sustained/ongoing transformation
Senior Management	30%	25.62%	-4.38%	Nearing transformation targets
Middle Management	38%	24.62%	-14.38%	Scope for sustained/ongoing transformation
Junior Management	44%	64.38%	+20.38%	Target exceeded
LPM SECTOR				
Top/Executive Management	30%	33.33%	+3.33%	Transformation target reached
Senior Management	30%	30.77%	+0.77%	Transformation target reached
Middle Management	38%	33.93%	-4.07%	Nearing transformation targets
Junior Management	44%	33.23%	-11.77%	Nearing transformation targets

BLACK FEMALE PARTICIPATION				
Occupation Level	Target	Current status	Transformation Gap	Comment
BINGO SECTOR				
Top/Executive Management	30%	100.0%	+60.0%	Target exceeded
Senior Management	30%	62.30%	+32.30%	Target exceeded
Middle Management	38%	65.18%	+27.18%	Target exceeded
Junior Management	44%	58.46%	+14.46%	Target exceeded
TOTAL INDUSTRY				
Top/Executive Management	30%	14.52%	-15.48%	Scope for sustained/ongoing transformation
Senior Management	30%	27.27%	-2.73%	Nearing transformation targets
Middle Management	38%	33.61%	-4.39%	Nearing transformation targets
Junior Management	44%	55.51%	+11.51%	Transformation target reached

In analysing the preceding data and key findings, the following observations are made:

- Considering the above data it would appear that significant advances has been made in transforming the gambling industry over past two decades.
- In a number of instances the minimum transformation targets have been met and exceeded on various levels – from technical staff to top/executive management level.
- For the larger part, and considering the statement at the 2002 Conference that the Industry was not yet transformed at that point in time, the Industry has successfully transformed.
- The sectors where a gap between the target and current status can be observed include the casino sector, and to a lesser extent the betting sector where, a further 10-20% transformation is still required in order to meet the said target.
- In regards to the industry total, the following transformation gaps still prevail in terms of Black Employee participation in managerial positions:
 - Top/Executive Management (-10.0%)
 - Senior Management (-0.99%)
 - Middle Management (-5.0%)
 - Employees with Disability (-1.0%)
- In regards to the industry total, the transformation gaps for Black Female Employee Participation are as follows:
 - Top/Executive Management (-15.48%)
 - Senior Management (-2.73%)
 - Middle Management (-4.39%)
- In terms of the above it can be deduced that the industry is, on average, 80-90% transformed.
- The industry has moved to the point where certain subsectors have become under-representative of the national demographic by not only meeting but by far exceeding the transformation targets, to the point where certain race groups have been excluded from appointments (e.g. Bingo sector all levels of management).
- The Bingo and LPM gambling subsectors continue to play an important to role in transformation and can be considered powerful transformation vehicles.
- Transformation in the casino sector has taken place progressively albeit at a slower pace when compared to LPM and bingo sectors. It is possible on the account of the fact that the casino industry is older and predates the democratic dispensation, it is also characterised by corporate and multi-national structures with stringent minimum employment criteria. Bingo and LPM operators on the other hand were for the larger part conceived in the modern era and these entities could therefore more easily be aligned with transformation targets, possible because of a clean-slate approach.



CHAPTER 4

QUALITATIVE ANALYSIS

The focus of this Chapter is to establish the status of transformation, as well as the key factors driving or constraining transformation in the gambling industry, as viewed by the various Provincial Licensing Authorities, based on qualitative interviews conducted with each of the PLAs.

4.1 TRANSFORMATION POLICIES/STRATEGIES AND ENFORCEMENT MEASURES

None of the Provincial Licensing Authorities that was successfully engaged, had a formal strategy or plan regarding transformation of the gambling industry in their area of jurisdiction, but rather measures to enforce certain levels of transformation per operator through

license conditions and Request for Applications for specific licenses (RFAs); based on and in line with the Broad-Based Black Economic Empowerment Act (Act 53 of 2003 as amended by Act 46 of 2013).

4.2 TRANSFORMATION CONDITIONS PER GAMBLING MODE

The PLAs that were successfully engaged indicated that the licence conditions imposed by the regulator were very generic in terms of transformation goals, and did not vary much between different modes of gambling. The table below provides the transformation conditions imposed on the different modes of gambling within the North West Province, as an example.

	Casino	Bingo	LPM (Site/Route Operator)	Bookmaker
Ownership	Minimum of 10% Local BBEEE Shareholding with full exercisable voting rights and economic interests	At least sixty percent (60%) shareholding or ownership in the licensed entity must be held by Local HDIs, of which thirty-five percent (35%) is Black women, with full exercisable voting rights and economic interests	At least sixty percent (60%) shareholding or ownership in the licensed entity is held by local HDIs, of which thirty-five percent (35%) is black women, with full exercisable voting rights and economic interests	At least sixty percent (60%) shareholding or ownership in the licensed entity is held by local HDIs, of which thirty-five percent (35%) is black women, with full exercisable voting rights and economic interests
	Provincial empowered component must have the same protection that any other shareholder will enjoy regarding dividends	At least fifty percent (50%) of the local HDI shareholders are appointed as Directors and participate in the day to day running of the enterprise	Site operator: At least fifty percent (50%) of the local HDI shareholders are appointed as Directors and participate in the day to day running of the enterprise Route operator: Local HDI shareholders must be proportionally represented at the Board level (Board of Directors)	Local HDI shareholders must be proportionally represented at the Board level (Board of Directors)
	Minimum of at least one (1) director's position for the nomination of the Local HDI shareholders		Route operator: At least 70% of LPM machines rolled out by 31 March 2020 must be operated by sites owned by local HDIs.	

	Casino	Bingo	LPM (Site/Route Operator)	Bookmaker
Employment Equity	The licensee must compile and submit an annual Employment Equity Plan, including steps, processes, activities and targets in intends to undertake and attain to ensure compliance with the Employment Equity Act upon submission of application for the renewal of a licence	The licensee must compile and submit an annual Employment Equity Plan, including steps, processes, activities and targets in intends to undertake and attain to ensure compliance with the Employment Equity Act upon submission of application for the renewal of a licence	The licensee must compile and submit an annual Employment Equity Plan, including steps, processes, activities and targets in intends to undertake and attain to ensure compliance with the Employment Equity Act upon submission of application for the renewal of a licence	The licensee must compile and submit an annual Employment Equity Plan, including steps, processes, activities and targets in intends to undertake and attain to ensure compliance with the Employment Equity Act upon submission of application for the renewal of a licence
	Creation of sustainable employment opportunities for local HDIs, who are resident in the Province, taking into account the representation of black employees at all levels	Creation of sustainable employment opportunities for local HDIs, who are resident in the Province, taking into account the representation of black employees at all levels	<p>Site operator: the licensee shall ensure that twenty-four (24) sustainable employment opportunities are created for the local HDIs, who are resident in the Province taking into account the representation of black employees at all levels</p> <p>Route operator: the licensee shall maintain direct and indirect employment opportunities for local residents which may be adjusted, should the allocated number of LPMs increase as follows:</p> <ul style="list-style-type: none"> i) Nine (9) direct employment opportunities ii) Thirty-six (36) further indirect employment opportunities (at 4 per direct opportunity) iii) Seventy-five (75) permanent employment positions (at 1 per Type-A site) 	<p>Creation of sustainable employment opportunities for local HDIs, who are resident in the Province, taking into account the representation of black employees at all levels</p> <p>At least hundred (100) employment opportunities should be created by the Bookmaker, through the ten Bookmaker premises within a period of three (3) years, which may be adjusted should the number of Bookmaker licenses increase</p>



	Casino	Bingo	LPM (Site/Route Operator)	Bookmaker
Skills development	The licensee shall submit an annual plan indicating allocation of funds towards skills development as prescribed in the Skills Development Act, and carry out initiatives designed to develop the skills of its black employees, including people with disability, with focus on local HDIs at all levels and those of local HDI shareholders who are also directors upon submission of application for the renewal of a licence.	The licensee shall submit an annual plan indicating allocation of funds towards skills development as prescribed in the Skills Development Act, and carry out initiatives designed to develop the skills of its black employees, including people with disability, with focus on local HDIs at all levels and those of local HDI shareholders who are also directors upon submission of application for the renewal of a licence.	The licensee shall submit an annual plan indicating allocation of funds towards skills development as prescribed in the Skills Development Act, and carry out initiatives designed to develop the skills of its black employees, including people with disability, with focus on local HDIs at all levels and those of local HDI shareholders who are also directors upon submission of application for the renewal of a licence.	The licensee shall submit an annual plan indicating allocation of funds towards skills development as prescribed in the Skills Development Act, and carry out initiatives designed to develop the skills of its black employees, including people with disability, with focus on local HDIs at all levels and those of local HDI shareholders who are also directors upon submission of application for the renewal of a licence.
Investment in Socio-Economic Activities	The licensee shall ensure that one percent (1%) of the gross gambling revenue is contributed to advance and support socio-economic needs of the people in the Province.	The licensee shall ensure that one percent (1%) of the gross gambling revenue is contributed to advance and support socio-economic needs of the people in the Province.	The licensee shall ensure that one percent (1%) of the gross gambling revenue is contributed to advance and support socio-economic needs of the people in the Province.	The licensee shall ensure that one percent (1%) of the gross gambling revenue is contributed to advance and support socio-economic needs of the people in the Province.

4.3 STATUS OF TRANSFORMATION

All of the PLA's that were successfully interviewed indicated that they felt that there has been an extent of successful transformation in the gambling industry (70-80%), although there exists room for improvement. One of the PLAs indicated that although there have been great efforts from the industry to transform, a recent audit conducted by the regulator revealed that some licensees have not yet achieved the prescribed levels. In instances where licensees do not comply, PLAs issue notices of non-compliance and requests licensees to submit plans on how they plan to achieve the prescribed levels. Should non-compliance persist, PLAs generally take disciplinary action against these licensees, with outcomes ranging from penalty fees, licence suspension etc.

4.4 CHALLENGES PREVENTING INDUSTRY TRANSFORMATION

The following challenges were raised by the PLAs as potential constraints towards industry transformation:

- Lack of funding/funds by HDIs to procure shares in existing gambling enterprises

- Fronting and a lack of support/willingness by non-HDIs to transform. It was stated that in cases of family-owned businesses, it is especially difficult to get support for transformation.
- Lack of knowledge. Public perception on what the gambling industry is all about. People do not want to get involved into gambling business – they do not understand that it is regulated and accepted business in South Africa.

4.5 ROLE OF PLA'S IN INDUSTRY TRANSFORMATION

Representatives from various PLAs indicated that the role of the PLAs (as prescribed by Section 10 of the B-BBEE Act) is to ensure transformation in the industry by means of introducing mechanisms (such as license conditions and directives) and to monitor the implementation of these mechanisms and ensure adherence and compliance thereof.

In cases of non-compliance, it is the responsibility of the PLAs to take action as prescribed by law. One of the interviewees indicated that some PLAs might be lacking in this regard, and that perhaps more can be done in enforcing compliance to license conditions.

4.6 ROLE OF NGB IN INDUSTRY TRANSFORMATION

The successfully interviewed PLAs identified the NGB's role to two-fold:

- a) Firstly, to oversee and monitor the PLAs in terms of achieving transformation in the industry
- b) Secondly, to provide the basis from which to report and to ensure uniformity across the different provinces

It was indicated that the NGB fulfils its role in terms of overseeing and monitoring the PLAs, but that the NGB is lacking with regards to creating a uniform basis, as there is no minimum or prescribed standard of what the B-BBEE levels should be. In some provinces the minimum required B-BBEE level for a licensee is Level 3, while in other provinces it could be Level 5. This creates confusion, especially amongst the licensees.

4.7 ROLE OF LICENSEES IN INDUSTRY TRANSFORMATION

The role of licensees is to empower local HDIs and transfer skills to strengthen transformation, and furthermore to devise business opportunities that will cater for participation of HDIs at all levels from ownership, management control, etc.

Although there has been some compliance, improvement is required. It was stated by one respondent that some licensees are not fully committed to B-BBEE and tend to challenge License Conditions and Request for Applications as imposed by the PLA citing that they are erroneous, arbitrary and illegal. These licensees end up submitting proposals that meets the compliance standards, but once operational, they do not comply as per the proposal.

Another respondent indicated that it is the role of the regulators to encourage and support the licensees in fulfilling their role in transformation; and although the PLAs can drive transformation through certain enforcement measures, standardised requirements are required to ensure uniform industry transformation.

4.8 BENEFITS OF TRANSFORMATION

The following benefits can be realised for HDIs through the transformation of the gambling industry, as identified by representatives from various PLAs during interviews:

- Economic participation
- Corporate Governance
- Economic Exposure
- Business Supplier Development
- Skills development

4.9 COMPLIANCE WITH TRANSFORMATION/BBEE LEGISLATION

The successfully interviewed PLAs felt that although there has been transformation in the gambling industry to a certain extent, that the industry as a whole are still experiencing some challenges, particularly related to licensees making use of courts of law to challenge compliance and insufficient efforts by PLAs to ensure that licence conditions are met.

It was indicated that the South African Gambling Industry as a whole need uniformity and a scorecard or charter that specifically caters to the gambling sector and different gambling modes, rather than using the Generic Scorecard. This will also streamline the monitoring and compliance of licensees.

4.10 MEASURES TO ENCOURAGE HDI PARTICIPATION IN THE GAMBLING INDUSTRY

The PLAs indicated that apart from license conditions and RFAs, they try to engage with stakeholders through events specifically focusing on transformation (e.g. Transformation Indaba, B-BBEE Seminars). It was indicated that these type of events are especially valuable to obtain a better understanding of the various stakeholder's perceptions and views on transformation. One of the interviewees indicated that their most recent B-BBEE Seminar was such a success that they are planning a follow-up session.

4.11 CHALLENGES IMPEDING INDUSTRY GROWTH THROUGH TRANSFORMATION

The major challenges that impedes industry growth through transformation, as identified by the representatives from various PLAs, relates to the lack of funding and the lack of skills development and transfer. Representatives from various PLAs revealed that the lack of funding of local HDIs to procure shares, results in licensees offering shares at no cost, but with



certain conditions regarding dividend-payments (like for instance, only receiving dividends after the repayment of a business loan or after a certain time period), in an effort to comply to licence conditions. It was stated that some companies would indicate that they would get more value if they had HDI shareholders that could contribute financially, enabling them to expand/improve facilities and thereby creating more revenue, more jobs, etc.

It was also revealed by the representatives from various PLAs that with regards to Employment Equity, an area's political issues can play a major role. It was stated that sometimes, local people will insist that a register of unemployed youth for the area exists and that people from that list be employed. But, unfortunately those people are not always trainable (proper education) or even willing to work. It was furthermore indicated by the representatives from various PLAs that the costs and timeframes associated with training these people are sometimes exorbitant and can drastically influence a company's financial viability.

4.12 BARRIERS TO ENTRY FOR HDI PARTICIPATION

When probed or asked about what barriers to entry if any exist for HDI participation in the industry, interviewees generally indicated the following as barriers to entry:

- Application fees and the lack of funding (application fees are exorbitant) – lower fees will enable more people to get into the industry. You can then charge higher levies based on business performance.
- Most of the modes of gambling are monopolised. E.g. the casino sector is characterised by a number of large corporate companies that have been operating for years. New entrants to the market will not be able to compete with these big businesses.
- Lack of competence (skills, knowledge, previous experience); lack of complying with license conditions (e.g. tax compliance, etc.). The big boys have the experience and they know that the requirements are – they won't struggle to comply with the RFA requirements. A new and upcoming business does not have the same advantage – compliance with the RFAs might sometimes be difficult.

4.13 POTENTIAL MEASURES TO STIMULATE ECONOMIC PARTICIPATION OF HDI'S IN THE GAMBLING INDUSTRY

- Creating a gambling-related funding scheme/house for new entrants.
- Awareness and Education – for businesses to understand the ins and outs of transformation (laws, codes and requirements, etc.).
- To encourage business owners to participate in various aspects towards transformation – to foster a willingness amongst business owners to get involved in transformation.

4.14 CONCLUDING REMARKS

Provincial Licensing Authorities generally do not have any formal transformation strategies or plans, but rather enforce transformation through licensing conditions and RFAs based on the B-BBEE Act. This was furthermore confirmed in that little difference was observed in terms of the licensing conditions imposed in the different provinces. Licensing conditions are mostly generic and differed very little for the respective modes, except for the ownership conditions for casinos, which differed from those set out for the bingo, LPM and betting sectors.

Although there was a general belief that transformation in the gambling industry had taken place, it was unanimous that more could be done. It is our considered opinion that the lack of detailed statistics and reporting measures is the biggest concern, as none of the PLAs can truly measure the extent of transformation and it is believed that these provincial regulators base their findings on B-BBEE levels, which is based on various factors and not exclusively on transformation in terms of shareholder/ownership and employment equity.

The lack of uniformity in terms of targets and reporting was a key concern raised by the PLAs. Representatives from various PLAs indicated that there is no minimum or prescribed standard of what the B-BBEE levels should be. In some provinces the minimum required B-BBEE level for a licensee is Level 3, while in other provinces it could be Level 5. This creates confusion, especially amongst the licensees.

The major challenges that impedes industry growth through transformation, as identified by the representatives from various PLAs, relates to the lack of funding and the lack of skills development and transfer. Representatives from various PLAs revealed that the lack of funding of local HDIs to procure shares, results in licensees offering shares at no cost, but with certain conditions regarding dividend-payments (like for instance, only receiving dividends after the repayment of a business loan or after a certain time period), in an effort to comply to licence conditions. It was stated that some companies would indicate that they would get more value if they had HDI shareholders that could contribute financially, enabling them to expand/improve facilities and thereby creating more revenue, more jobs, etc.

It was also revealed by the representatives from various PLAs that with regards to Employment Equity, an area's political issues can play a major role. It was stated that sometimes, local people will insist that a register of unemployed youth for the area exists and that people from that list be employed. But, unfortunately those people are not always trainable (proper education) or even willing to work. It was furthermore indicated by the representatives from various PLAs that the costs and timeframes associated with training these people are sometimes exorbitant and can drastically influence a company's financial viability.



CHAPTER 5

ECONOMIC CONTRIBUTION OF THE GAMBLING INDUSTRY

5.1 INTRODUCTION

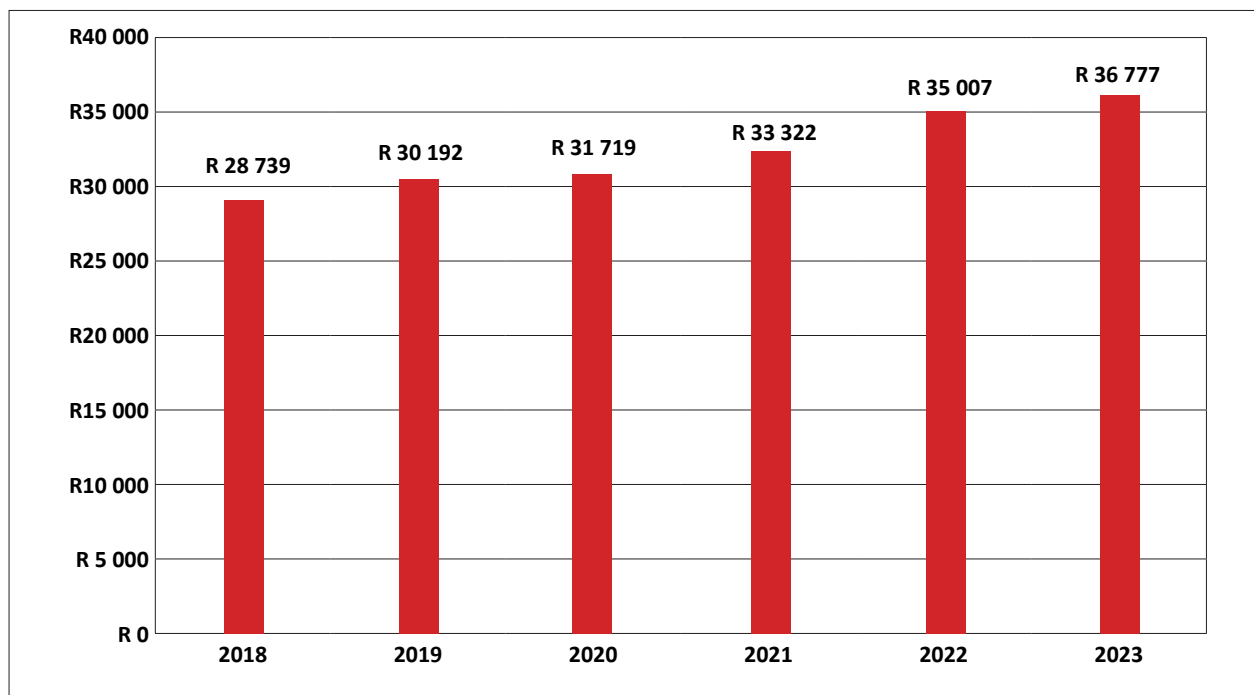
This Chapter will focus on projecting the Gross Gambling Revenue over a 5-year period (2019 – 2023), overall and per mode, using the latest 2018 NGB data as the base-year; as well as the economic impact thereof.

These projections not only took into account historical trends in GGR generation but also looked at other national economic growth indicators (such as economic growth – i.e. GVA growth, growth in the retail sector, disposable income, as well as household expenditure on recreation and entertainment goods).

5.2 OVERALL GAMBLING INDUSTRY

Figure 5.1 depicts the rand value of the gross revenue of operators, charting the amount wagered less winnings paid to players. It is projected that Gross Gambling Revenues as a whole will expand from R28.7 billion in 2016 to R36.7 billion in 2023, based on a Compound Average Growth Rate (CAGR) of 5.06%.

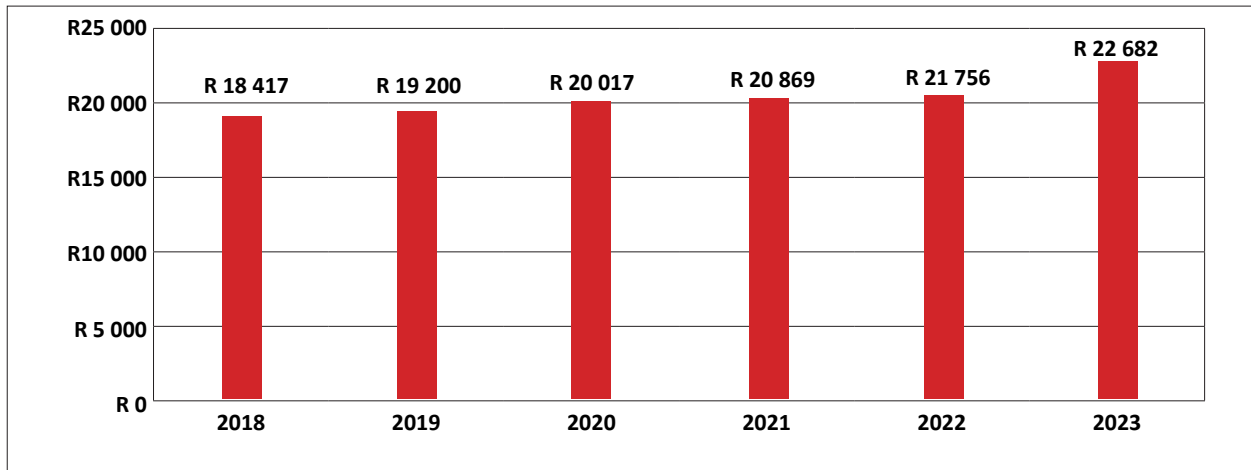
Figure 5.1: Total projected GGR in South Africa (R'million): 2018-2023



5.3 CASINO SECTOR

Figure 5.2 depicts the projected GGR for the casino sector for the period 2018 to 2023. It is projected that the casino sector's GGR contribution will increase at a compound annual rate of 4.25% from R18.4 billion in 2018 to R22.6 billion in 2023.

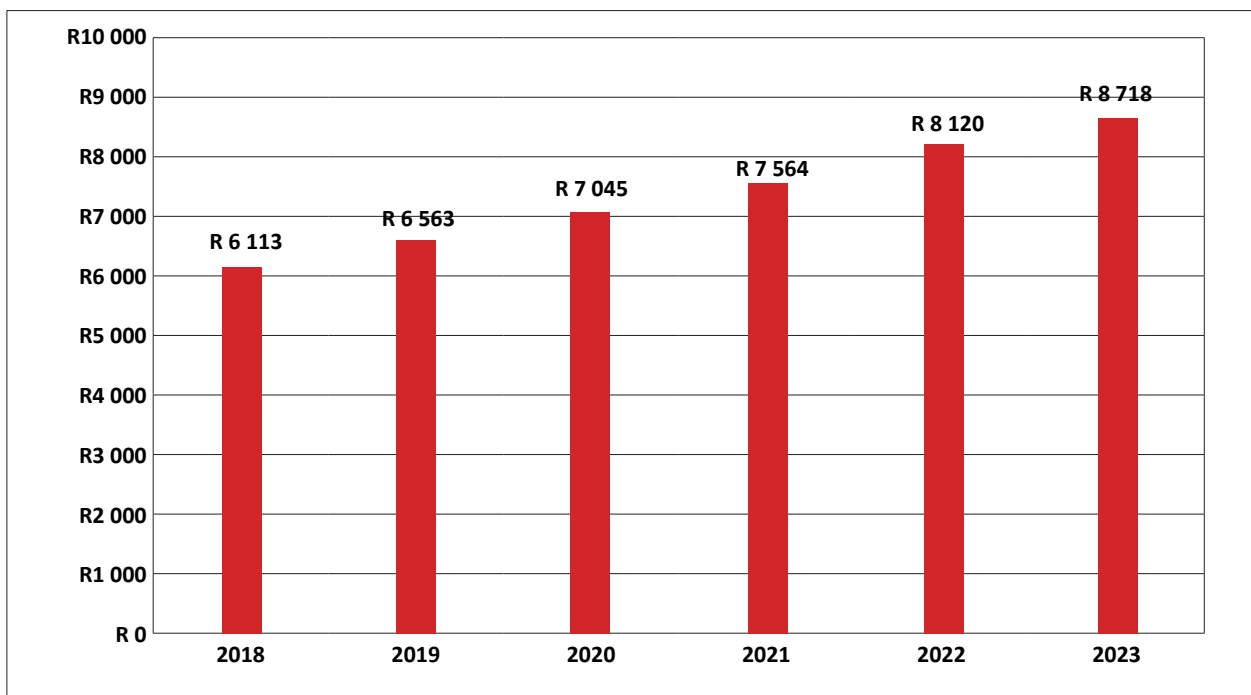
Figure 5.2: Projected GGR for the Casino Sector (R'million), 2018-2023



5.4 BETTING ON SPORT AND HORSERACING SECTOR

The Betting on Sport and Horseracing sector also includes betting on lottery and number-type games, which have proven to be very popular and have contributed to the growth of the sports betting gambling revenue, according to PWC (2017). It is expected that the overall betting sector will expand at a CAGR of 7.36% to increase from R6.1 billion in 2018 to R8.7 billion in 2023.

Figure 5.3: Projected GGR for the Betting Sector (R'million), 2018-2023

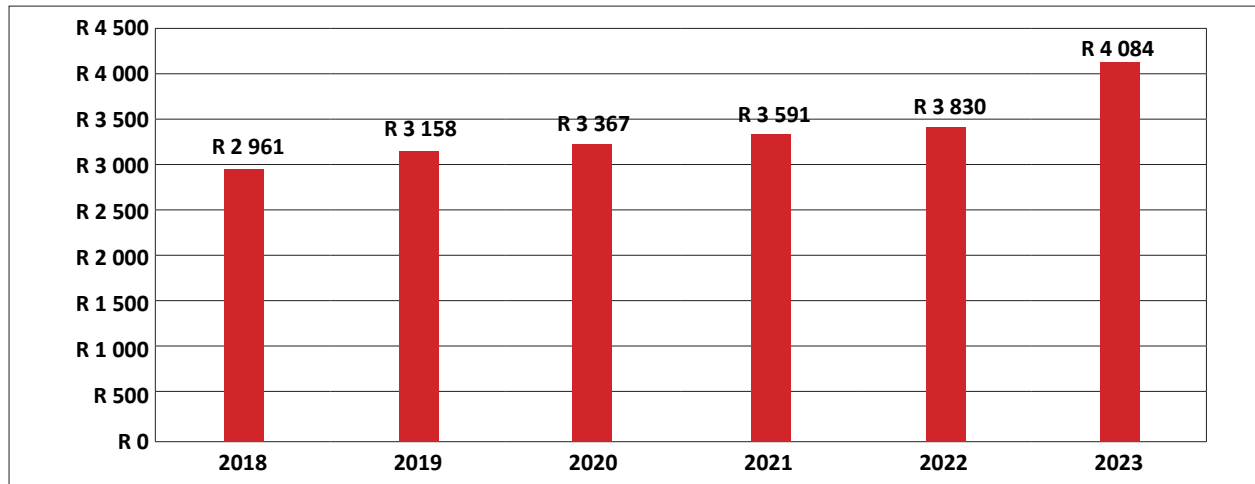




5.5 LPM SECTOR

Figure 5.4 presents the projections in GGR generated by the LPM sector for the period 2018 to 2023. It is anticipated that the LPM GGR growth will average at a CAGR of 6.65%, increasing its GGR contribution from R2.9 billion in 2018 to R4.08 billion in 2023.

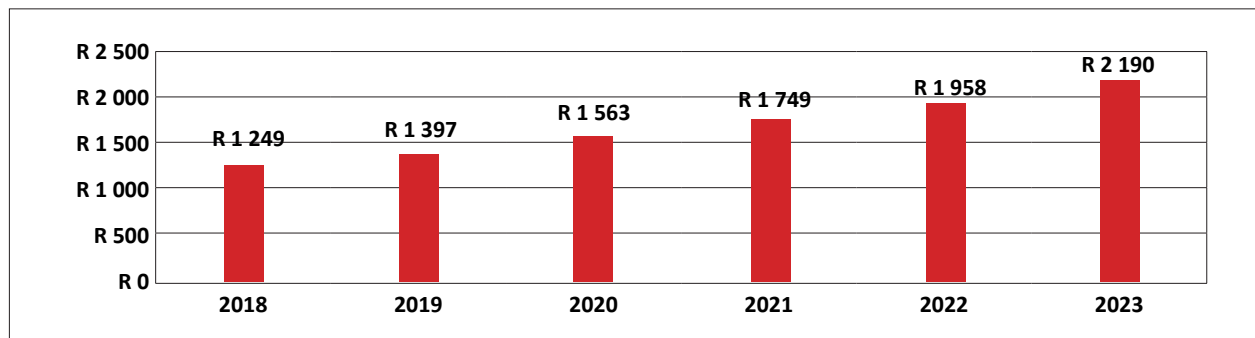
Figure 5.4: Projected GGR for the LPM Sector (R'million), 2018-2023



5.6 BINGO SECTOR

The projected GGR generated by the bingo sector to the year 2023, is presented in Figure 5.5.

Figure 5.5: Projected GGR for the Bingo Sector (R'million), 2018-2023



It is projected that the Bingo sector will grow at a CAGR of 11.9% over the next five years, totalling an estimated R1.85 billion in 2023. The high CAGR is motivated by the continued expansion of bingo positions in the provinces where legal bingo is permitted and specifically the growth in electronic bingo terminals (EBTs), which have proven to be very popular.

5.7 MULTIPLIER CALCULATIONS

For the purposes of this study, the most recent multipliers are based on StatsSA Input-Output and SAM Modelling and developed by Quantec was used.

5.7.1 GDP CONTRIBUTION

A GDP multiplier of 1.51 means that for every initial R100 value added (GDP) generated by the gambling sector,

a further R51 value added (GDP) is produced through the indirect and induced effects of the initial gambling activity. This is slightly lower than the average economy-wide multipliers of around 1.54.

Based on the GDP multiplier of 1.51 the following contribution of the licensed gambling sector (excluding National Lottery) to the South African economy can be calculated for FY2018.

Table 5.1: GDP Contribution of the Licensed Gambling Sector (modes regulated by the NGB), 2018

GGR of the gambling sector (gambling modes regulated by the NGB)	R 28 739.16 million
GVA of the gambling sector (based on a GVA output ratio of 72.4 to 100 of the hotel and restaurant subsector)	R 20 807.15 million
GDP multiplier	1.51
Total GVA of the gambling sector (direct, indirect and induced)	R 31 450.59 million
GVA at basic prices of South Africa (2018)	R 4 341 282.61 million
Contribution of the gambling sector (gambling modes regulated by the NGB) to the South African economy	0.72%

The above estimates confirm that the NGB regulated gambling sector contributed 0.72% to the South African economy in 2018.

5.7.2 EMPLOYMENT CONTRIBUTION

The employment multiplier of 4.68 implies that for every 100 jobs created directly by the gambling sector a further 368 jobs are created through indirect and induced effects.

The above suggests that the initial employment of the gambling sector in 2018 (excluding the national lottery) of 27 387 in South Africa resulted in an additional 100 784 employment opportunities through the indirect and induced employment effects of the gambling sector and its related activities.



CHAPTER 6

CASE STUDIES

6.1 INTRODUCTION

In February 2007, **the dtic** gazetted the Black Economic Empowerment (BEE) Codes of Good Practice, in terms of which a number of Transformation Sector Charters (also referred to as Sector Charters) were introduced, vetted and analysed for compliance, as per the stipulations of either **Section 9** or **12** of the B-BBEE Act, No. 53 of 2003. The responsibility of **the dtic** was to ensure that Sector Charters submitted for gazetting are sufficiently aligned to the B-BBEE Act and Codes of Good Practice and more importantly, that they advance the objectives of sustainable B-BBEE. Each charter is tailored to suit a particular industry; the charters generally stipulate a target of 25% black ownership over the next 10 years.

A number of South African industry charters were sought for analysis, in order to guide what a possible South African Gambling Industry charter may consist of. The industry charters that was considered as part of this section includes the following:

- **Mining Industry B-BBEE Charter:** The Mining Charter is aimed facilitating sustainable transformation, growth and development of the mining and minerals industry. The Mining industry is not comprised of homogenous entities that all behave in the same manner; much the same as the Gambling Industry, and it is for this reason that we investigate this Charter.
- **Tourism Industry B-BBEE Charter:** The gambling industry, according to the SIC codes, falls under the sector: Tourism: Arts, Entertainment and Recreation (SIC 713). The main players within the gambling industry reportedly apply the Tourism Industry B-BBEE codes. It is for this reason that this Charter is also investigated in more detail.

6.2 BROAD-BASED BLACK SOCIO-ECONOMIC EMPOWERMENT CHARTER FOR THE SOUTH AFRICAN MINING AND MINERALS INDUSTRY, 2017

The systematic marginalization of the majority of South Africans, facilitated by exclusionary policies of the

apartheid regime, prevented Black Persons, as defined herein, from owning the means of production and from meaningful participation in the mainstream economy. To redress these historic inequalities, and thus give effect to section 9 (equality clause) of the Constitution of the Republic of South Africa, 1996 (Constitution), the democratic government enacted, *inter alia*, the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002) (MPRDA).

The objective of the MPRDA is to ensure the attainment of Government's objectives of redressing historical, socio-economic inequalities and ensuring broad based and meaningful participation of Black Persons in the mining and minerals industry. In particular, section 100 (2) (a) of the MPRDA provides for development of the B-BBEE charter for the South African mining and minerals industry as an instrument to effect transformation with specific targets.

In 2009 the Department of Mineral Resources conducted a comprehensive assessment to ascertain the progress of transformation of the mining and minerals industry against the objectives of the Mining Charter of 2002 in the mining and minerals industry. The findings of the assessment identified a number of shortcomings in the manner in which the mining and minerals industry has implemented the various elements of the Mining Charter of 2002, viz. ownership, procurement, employment equity, beneficiation, human resource development, mine community development, and housing and living conditions. To overcome these inadequacies, the Mining Charter of 2002 was amended in order to streamline and expedite attainment of its objectives. Further, the sustainable development element, which sought to ensure sustainable transformation and growth of the mining and minerals industry was introduced.

In 2014 a second assessment of the levels of compliance by mining companies with the Mining Charter of 2010 was conducted. This second assessment has revealed the following:

- Although there was a noticeable improvement in levels of compliance, there remains a long way for the mining and minerals industry to be fully transformed.

- Notwithstanding a small number of companies of all sizes that have fully embraced the spirit of the Mining Charter, companies have adopted extremely varied degrees of performance most of which seem to suggest a compliance-driven mode of implementation, designed only to protect the “social license to operate”.
- Whereas the MPRDA has transferred the ownership of the mineral wealth of the country to all the people of South Africa, under the custodianship of the State, a proliferation of communities living in abject poverty continues to be largely characteristic of the surroundings of mining operations.
- Limited progress has been made in embracing the broad-based empowerment ownership in terms of meaningful economic participation of black persons. The trickle flow of benefits that ought not only to service any debt funding, but also include cash-flow directly to BEE Partners, is vastly limited. To this end, the interests of mineworkers and communities are typically held in trusts, which constrain the flow of benefits to intended beneficiaries. As a result, the mining and minerals industry has broadly been faced with increasing tensions with both workers and host communities.

It is against this backdrop that Government initiated another comprehensive review process in 2015 aimed at strengthening the efficacy of the Mining Charter as one of the tools for effecting broad based and meaningful transformation of the mining and minerals industry.

The review process took into account the need to integrate Government policies to remove ambiguities in respect of interpretation and create regulatory certainty. In this regard, the principles of this Mining Charter of 2017 are harmonised with the provisions of the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003) and the Codes of Good Practice (**the dtic Codes**), the Employment Equity Act, 1998 (Act No. 55 of 1998) and other relevant regulatory framework.

The Mining Charter of 2017 introduces new definitions, terms and targets to effect the abovementioned harmonisation. The harmonisation of these policies is intended to ensure meaningful participation of Black Persons in accordance with the objects of the MPRDA and the Mining Charter and provide for policy and regulatory certainty sought to invest in the development of the industry. The vision of the newly revised Mining Charter is “to facilitate sustainable transformation, growth and development of the mining and minerals industry”.

The Mining Charter consists of the following elements:

- Ownership
- Human Resource Development
- Mine Community Development
- Procurement supplier & Enterprise Development
- Employment Equity
- Sustainable Development & Growth

The table below provides the Mining Charter’s Scorecard, providing a summarised description of each of the elements, as well as the targets and weighting for each element.

Table 6.6.1: B-BBEE Charter for the Mining Industry Scorecard

Element description	Measure	Compliance target	Weighting
OWNERSHIP			
Minimum target for representation of Black people ownership.	ESOPs ⁵	30% B-BBEE ownership	Y/N (ring-fenced element)
	BEE Enterprises		
	Community		
HUMAN RESOURCE DEVELOPMENT			

⁵ “ESOPs” refers to black employee share ownership plans, a vehicle used to empower employees of a mining company who are Black Persons, excluding employees who already hold shares in the same company as a condition of their employment agreement except where such condition is a Mining Charter requirement;



Element description	Measure	Compliance target	Weighting
Development of requisite core and critical skills, literacy and numeracy and South African Historically Black Academic Institutions in respect of human resources development initiatives intended to develop solutions in exploration, mining, processing, technology efficiency, beneficiation as well as environmental conservation. HRD expenditure as percentage of total annual Leviable amount (excl. mandatory skills development levy)	Percentage of the total annual Leviable amount contributed to essential skills development activities	2%	Y/N (ring-fenced element)
	Percentage of the total annual Leviable amount contributed to Mining, Transformation and Development Agency.	2%	
	Percentage of the total annual Leviable amount contributed to South African Historically Black Academic Institutions	1%	
MINE COMMUNITY DEVELOPMENT			
Implement locally approved community projects, which are aligned to the district, metropolitan and local municipality's IDPs of revenue projection for two and half years, applicable to a SLP's for five (5) years cycle.	Contribution towards mine community development must be proportionate to the size of the investment		Y/N (ring-fenced element)
PROCUREMENT			
GOODS PROCUREMENT: A minimum of 70% of the total mining goods procurement spend must be spent on South African manufactured goods must be sourced from a BEE compliant manufacturing companies. Calculation of goods and services spend does not include spend on buildings, roads, utilities (electricity and water) and land rates.	Percentage of the total mining goods procurement spend on South African manufactured goods from 50% + 1 vote Black owned and controlled companies.	21%	5%
	Percentage of the total goods procurement spend on South African manufactured goods from companies with a minimum of 50%+1 vote Black women owned and controlled and/or 50% +1 vote youth ownership;	5%	1%
	Percentage of the total goods procurement spend on South African manufactured goods from companies that are at least at level 4 BEE +26% ownership	44%	9%

Element description	Measure	Compliance target	Weighting
SERVICES PROCUREMENT: A minimum of 80% of the total spend on services must be sourced from South African based companies. The abovementioned 80% of the total services procurement spend shall be apportioned in the following manner.	Percentage of total spend on services from companies with a minimum of 50%+1 vote Black women owned and controlled companies.	10%	2%
	Percentage of total spend on services from companies with a minimum of 50%+1 vote youth owned and controlled companies.	5%	2%
PERCENTAGE OF SAMPLES ANALYSES USING SOUTH AFRICAN BASED FACILITIES: Utilise South African based facilities for the analysis of mineral samples across the mining value chain except in cases where samples are analysed for the purpose of verification of the accuracy of local laboratories.	Percentage of samples analysed using South African based facilities	100%	3%
CONTRIBUTION BY FOREIGN SUPPLIERS: Mining companies to submit supplier development plans.	Percentage of annual turnover generated from local mining companies contributed towards the Mining Transformation and Development Agency	1%	3%
Total			30%
EMPLOYMENT EQUITY			
BOARD: A minimum of 50% Black Persons with exercisable voting rights, 25% of which must be female Black Persons.	Africans, Coloureds and Indians as a percentage of all Board representatives	50%	3%
	Black Females as a percentage of all Board representatives	25%	3%
EXECUTIVE/TOP MANAGEMENT: A minimum of 50% Black Persons at the executive directors' level as a percentage of all executive directors, 25% of which must be female Black Persons	Africans, Coloureds and Indians as a percentage of all executive directors	50%	3%
	Black Females as a percentage of all executive directors	25%	3%
SENIOR MANAGEMENT: A minimum of 60% Black Persons in senior management, 30% of which must be female Black Persons.	Africans, Coloureds and Indians as a percentage of all senior managers	60%	4%
	Black Females as a percentage of all senior managers	30%	4%
MIDDLE MANAGEMENT: A minimum of 75% of Black Persons in middle management, 38% of which must be female Black Persons.	Africans, Coloureds and Indians as a percentage of all middle managers	75%	3%
	Black Females as a percentage of all middle managers	38%	3%



Element description	Measure	Compliance target	Weighting
JUNIOR MANAGEMENT: A minimum of 88% Black employees in junior management, 44% of which must be female Black Persons.	Africans, Coloureds and Indians as a percentage of all junior managers	88%	1%
	Black Females as a percentage of all junior managers	44%	3%
EMPLOYEES WITH DISABILITIES: A minimum of 3% employees with disabilities as a percentage of all employees, reflective of national and/or provincial Demographics.	Africans, Coloured and Indians with disabilities as a percentage of all employees	3%	2%
CORE AND CRITICAL SKILLS: A Holder must ensure that a minimum of 60% Black Persons are represented in the Holder's Core and Critical Skills by diversifying its existing pools. Core and Critical Skills must include technical representation across all organisational levels.	Africans, Coloured and Indians in core and critical skills positions as a percentage of all employees	60%	3%
Total			35%
SUSTAINABLE DEVELOPMENT			
Improve the industry's environmental compliance	Compliance with the approved Environmental Management Plans	100%	10%
A minimum of 70% of the right holder's research and development budget must be spent in South Africa	Percentage of research and development budget spent in South Africa	70%	3%
	Percentage of the research budget spent locally and spent on South African Historically Black Academic Institutions.	50%	2%
Total			15%
Elimination of Occupational Diseases	(a) Percentage of all exposure measurement results for respirable crystalline silica below the milestone	95%	1%
	(b) Percentage of all exposure measurement results for platinum dust respirable particulate below the milestone	95%	1%
	(c) Percentage of all exposure measurement results for coal dust respirable particulate below the milestone level	95%	1%
	(d) Tuberculosis incidence rate by 2024	Below National TB incident rate	2%
	(e) Percentage of employees offered HIV Counselling and Testing (HCT) annually	100%	2%
	(f) Percentage of all eligible employees linked to an Anti-Retroviral Treatment (ART) programme	100%	2%

Element description	Measure	Compliance target	Weighting
Elimination of Occupational fatalities and injuries	(a) Percentage annual reduction of fatalities	20%	7%
	(b) Percentage annual reduction of injuries	20%	3%
Culture Transformation Framework	(a) Culture Transformation Framework pillars aiming to significantly improve the culture towards Health and Safety across the mining sector, in accordance with agreed timelines	6 Pillars implemented	1%
Total			20%

6.3 TOURISM B-BBEE SECTOR CODE, 2015

The Tourism B-BBEE Charter Council (the Council) was formally established by the Minister of Tourism to further the objectives of transformation within the Tourism Sector. To this end, the Council was mandated to align the Tourism B-BBEE Sector Code to the Amended Generic Codes of Good Practice (GCGP). As a result, the Council embarked on a nation-wide consultative process to solicit views and inputs from various stakeholders in the sector, which culminated in the development of the Amended Tourism B-BBEE Sector Code. The Amended Tourism B-BBEE Sector Code as published is the only basis for the application and recognition of B-BBEE initiatives in the Tourism Sector.

The participation of all stakeholders was encouraged and obtained in the form of public hearings and written submissions from various constituencies which formed the basis for the development of the Amended Tourism B-BBEE Sector Code for the Tourism Sector. The development of the Amended Tourism B-BBEE Sector Code was based on the definitions, principles and methodologies of transformation outlined in the B-BBEE Amendment Act and the Amended Codes of Good Practice.

The Tourism B-BBEE Codes deviates from the Exempted Micro Enterprises, Qualifying Small Enterprises and Large Enterprise thresholds as set out in the Amended Generic Codes of Good Practice, to address the unique feature of the sector. To create more opportunities for emerging black owned enterprises across the supply and value chains of established businesses, the sector has set the target for supplier development at 3% NPAT which is higher than the 2% of the Generic Codes. An implementation of supplier development in the sector will lead to job creation and overall growth in the sector.

The Priority elements of the Tourism B-BBEE Sector Codes are as follows:

- **Ownership:**

The sub-minimum requirement for Ownership is 40% of Net Value (40% of the 8 points) based on the Time Based Graduation Factor.

- **Skills Development:**

The sub-minimum requirement for Skills Development is 40% of the total weighting points (excluding bonus points) for Skills Development.

- **Enterprise and Supplier Development:**

The sub-minimum requirement for Enterprise and Supplier Development is 40% of the total weighting points (excluding bonus points) of each of the three broad categories, within the Enterprise and Supplier Development element, namely: Preferential Procurement, Supplier Development and Enterprise Development.

For the avoidance of doubt this means that the measured entity must achieve at least: (i) 10 points under the Preferential Procurement category; (ii) 4 points under the Supplier Development category; (iii) 2 points under the Enterprise Development category;

A Large Enterprise (Total revenue of over R45 million) is required to comply with all the Priority elements; while a Qualifying Small Enterprise (Total Revenue between R5 million and R45 million) is required to comply with Ownership as a compulsory element, and either Skills Development or Enterprise and Supplier Development.



Element description	Measure	Compliance target	Weighting
OWNERSHIP			
Voting Rights	Exercisable Voting Rights in the entity in the hands of Black People	30%	4
	Exercisable Voting Rights in the entity in the hands of Black Women	15%	2
Economic Interests	Economic Interest in the entity to which Black People are entitled	30%	4
	Economic Interest in the entity to which Black Women are entitled	15%	2
	Economic Interest of any of the following Black Natural Persons in the measured entity: <input type="checkbox"/> Black Designated Groups <input type="checkbox"/> Black participants in employee share ownership programmes <input type="checkbox"/> Black people in Broad-Based Ownership Schemes <input type="checkbox"/> Black Participants in Cooperatives	3%	3
	Black New Entrants	10%	4
Realisation Points	Net Value	-	8
Total			27
MANAGEMENT CONTROL			
Board Participation	Exercisable Voting Rights of Black Board Members as a percentage of all Board Members	50%	2
	Exercisable Voting Rights of Black Female Board Members as a percentage of all Board Members	30%	1
	Black Executive Directors as a percentage of all Executive Directors	50%	2
	Black Female Executive Directors as a percentage of all Executive Directors	30%	1
Other Executive Management	Black Executive Management as a percentage of all Other Executive Management	60%	2
	Black Female Executive Management as a percentage of all Other Executive Management	30%	1
Senior Management	Black Employees in Senior Management as a percentage of all Senior Management	60%	2
	Black Female Employees in Senior Management as a percentage of all Senior Management	30%	1

Element description	Measure	Compliance target	Weighting
Middle Management	Black Employees in Middle Management as a percentage at all Middle Management	75%	2
	Black Female Employees in Middle Management as a percentage of all Middle Management	38%	1
Junior Management	Black Employees in Junior Management as a percentage of all Junior Management	80%	1
	Black Female Employees in Junior Management as a percentage of all Junior Management	40%	1
Employees with disabilities	Black Employees with Disabilities as a percentage of all Employees	2%	2
Bonus Points	Number of Black Employees with Disabilities over and above the 2% target for Black Employees with Disabilities, as a percentage of all Employees.	1% (over and above 2% target for Black Employees with disabilities)	2
Total (excl Bonus points)			19
SKILLS DEVELOPMENT			
Skills Development Expenditure on any programme specified in the Learning Programme Matrix for Black People as a percentage of the Leviable Amount	Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for Black People in any of the following three tourism sub-sectors as a percentage of Leviable Amount: Accommodation; Hospitality and related services; Travel and related services	6%	5
	Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for Black People with Disabilities in any of the above three tourism sub-sectors as a percentage of Leviable Amount	0.3%	3
Learnerships, Apprenticeships, and Internships	Number of Black Employees participating in Learnerships, Apprenticeships and Internships paid for by the measured entity as a percentage of total Employees	3.5%	8
	Number of Black Unemployed Learners participating in Learnerships, Apprenticeships and Internships paid for by the measured entity as a percentage of number of total Employees	3%	4



Element description	Measure	Compliance target	Weighting
Bonus points	Number of Black People absorbed by the measured and/ or industry entity at the end of the Learnerships/ internship or Apprenticeship programme	100%	5
Total (excl bonus points)			20
ENTERPRISE AND SUPPLIER DEVELOPMENT			
Preferential Procurement	B-BBEE Procurement Spend from all Empowering Suppliers based on the B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	80%	5
	B-BBEE Procurement Spend from all Empowering Suppliers that are Qualifying Small Enterprises based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	15%	3
	B-BBEE Procurement Spend from all Exempted Micro Enterprises based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	15%	4
	B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% Black Owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	40%	9
	B-BBEE Procurement Spend from Empowering Suppliers that are 30% Black Women Owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	15%	4
Supplier development	Annual value of all qualifying Supplier Development contributions made by the measured entity as a percentage of the target	3% of NPAT	10
Enterprise development	Annual value of all qualifying Enterprise Development contributions and Sector Specific Contributions made by the measured entity as a percentage of the target	0.5% of NPAT	5

Element description	Measure	Compliance target	Weighting
Bonus points	Bonus point for graduation of one or more qualifying Enterprise Development beneficiaries to graduate to the Supplier Development level	Yes	1
	Bonus point for creating one or more jobs directly as a result of qualifying Supplier Development and Enterprise Development contributions by the measured entity	Yes	1
Total (excl. Bonus points)			40
SOCIO-ECONOMIC DEVELOPMENT			
Socio-Economic Development	Annual value of all Qualifying Socio-Economic Development contributions by the measured entity as a percentage of the target	1% of NPAT	5
Bonus Points	Status as TOMSA levy collector	Yes	3
Total (excl. Bonus points)			5

It has however been reported by the Sector Charter Council that sector specific challenges with regard to tourism transformation included that the vast majority of tourism enterprises had no black female shareholding. There was also still a very low level of black female absorption at directorship level of tourism enterprises. The recruitment and retention of black skilled staff presented a challenge in meeting employment equity targets particularly for large enterprises where more specialised skills were required. Access to funding was a major challenge for small businesses. Awareness of the Tourism B-BBEE Sector Code as compared to the Department of Trade and Industry's generic code was low.

6.3 FINDINGS

In a recent presentation done by the South African National Accreditation System (SANAS) during workshops related to the newly amended Generic Codes of Good Practice, it was highlighted that the purpose of sector specific charters is:

- To enhance transformation using unique knowledge and characteristics of the sector to deepen meaningful participation in the main stream of the SA economy
- To actively promote transformed, vibrant and globally competitive sectors that reflects

the demographics of SA & contributes to the establishment of an equitable society:

- to add value to the sector by providing the much needed guidance towards transformation
- to assist the stakeholders of the sector on their transformation journey as outlined in the sector codes
- to breathe life into the sector charter process
- develop sector specific interventions

It was further stated that whilst there is some progress and/or concerted effort in some sectors, it is not at the anticipated level and certainly at a slow pace. Sectors that have started monitoring and evaluation of the progress made in terms of respective sector charter have reported that reasonable achievement has been reached in terms of targets set for preferential procurement, enterprise development and socio-economic development. Underperformance was reported in terms of management control and employment equity; while mixed performance was reported in terms of ownership and skills development.

The reasons/challenges reported by the various sectors in reaching the prescribed targets, was presented by SANAS, to be:

- Even after sector code is gazetted (section 9.1), some participants within the sector continue to be use Generic Code of Good Practice



- Verification Agencies that undermine Sector Codes
- When procuring, government does not always use sector codes (they use Generic Codes of Good Practice)

Based on the preceding and taken into account that the Gambling Industry is not comprised of homogenous entities that all behave in the same manner, it is proposed that further investigation is undertaken with industry stakeholders and role-players to determine the need for a sector-specific charter; to ensure that buy-in is obtained.

The following aspects have been highlighted by the Mining and Tourism Charters in support of transformation, which is not covered by the Generic Codes, and could be considered by the Gambling Industry:

- Skills Development/Human Resource Development:
 - The Mining Charter includes an element that requires mining companies to contribute to South African Historically Black Academic Institutions – contributing to the skills shortages amongst black people.
 - The Tourism Charter provides for bonus points should black people be absorbed by the measured and/or industry entity at the end of the Learnerships/ internship or Apprenticeship programme

- Enterprise and Supplier Development
 - The Tourism Charter has set the target for supplier development at 3% NPAT which is higher than the 2% of the Generic Codes – the increased contribution to supplier development in the sector will lead to job creation and overall growth in the sector
- Employment Equity:
 - The Mining Charter included an Employment Equity element over and above the Management Control element (this element was also included in the previous Codes of Good Practice) to promote the inclusion of black people in core and critical skills.
- Compliance:
 - The Tourism Charter deviates from the Exempted Micro Enterprises, Qualifying Small Enterprises and Large Enterprise thresholds as set out in the Amended Generic Codes of Good Practice, to address the unique feature of the sector. A Large Enterprise (Total revenue of over R45 million) is required to comply with all the Priority elements; while a Qualifying Small Enterprise (Total Revenue between R5 million and R45 million) is required to comply with Ownership as a compulsory element, and either Skills Development or Enterprise and Supplier Development.

CHAPTER 7

CONCLUDING REMARKS AND RECOMMENDATIONS

7.1 INTRODUCTION

The purpose of this chapter is to summarise the main findings from the preceding analyses, and to ultimately make conclusive recommendations with regards to the status of transformation and inclusive growth in the gambling industry.

7.2 SUMMARY OF FINDINGS

• FINDINGS REGARDING TRANSFORMATION IN TERMS OF SHAREHOLDING/OWNERSHIP:

- The Statistics and Information provided in Chapter 3 Section 3 clearly indicates that the gambling industry has a couple of major role players, being involved in more than one gambling mode/sector. The major role-players identified, includes:
 - **Hosken Consolidated Investments Limited (HCI)** and its subsidiary companies, being involved in the casino, LPM, and Bingo sectors. Hosken Consolidated Investments Limited (HCI) is a black empowerment investment holding company which is listed in the financial sector on the JSE Securities Exchange South Africa. HCI's major shareholder is the South African Clothing and Textile Workers Union who has 81.29% Black ownership (as at 20 June 2018).
 - **Sun International Limited** and its subsidiary companies, also being involved in the casino, LPM and Bingo sectors. Sun International Limited is an international company in the gaming, hospitality and entertainment sector. It is listed on the JSE Securities Exchange South Africa. It's top 10 beneficial shareholders include Allan Gray (11%), PSG Konsult (9%), Dinokana Investments (6%), Alexander Forbes Investments (5%), Old Mutual (5%), Prudential Investment Managers (5%),

MMI Holdings Ltd (3%), Barclays (3%), Government Pension Fund – Norway (3%), Sun International Employee Share Trust (2%).

- **RECM and Calibre (RAC)** and its subsidiary companies, being involved in the LPM, Betting and Bingo Sectors. RAC has been set up as a long term investment company, in the form of a closed-end vehicle, which has access to permanent capital. The ordinary shares of the company are held by two executive directors, as well as entities associated with them. Investors are offered the opportunity to subscribe for preference shares in the company, which enables them to participate in the superior long-term growth prospects of the underlying investments of the company. Investors are afforded liquidity through the listing of the company's preference shares on the JSE. These shares can be acquired by any legal person/entity in ordinary open market trade.
- **Phumelela Gaming and Leisure Limited** is the major role player within the Betting on Horseracing sector, being licensed totalisator in seven of the nine provinces in South Africa. Phumelela is a JSE-listed, level 4 B-BBEE business. Its main shareholder is the Thoroughbred Horseracing Trust (26.72%), a non-profit entity which was formed at the insistence of the Gauteng Provincial Government with the purpose of promoting the interest of all persons interested in, and affected by, the sport of thoroughbred horseracing in South Africa with a view to the long term viability of the sport.
- In **analysing** the ownership data and key findings, the following observations are made:
 - Shareholding and ownership of JSE-listed companies are complex, multi-layered

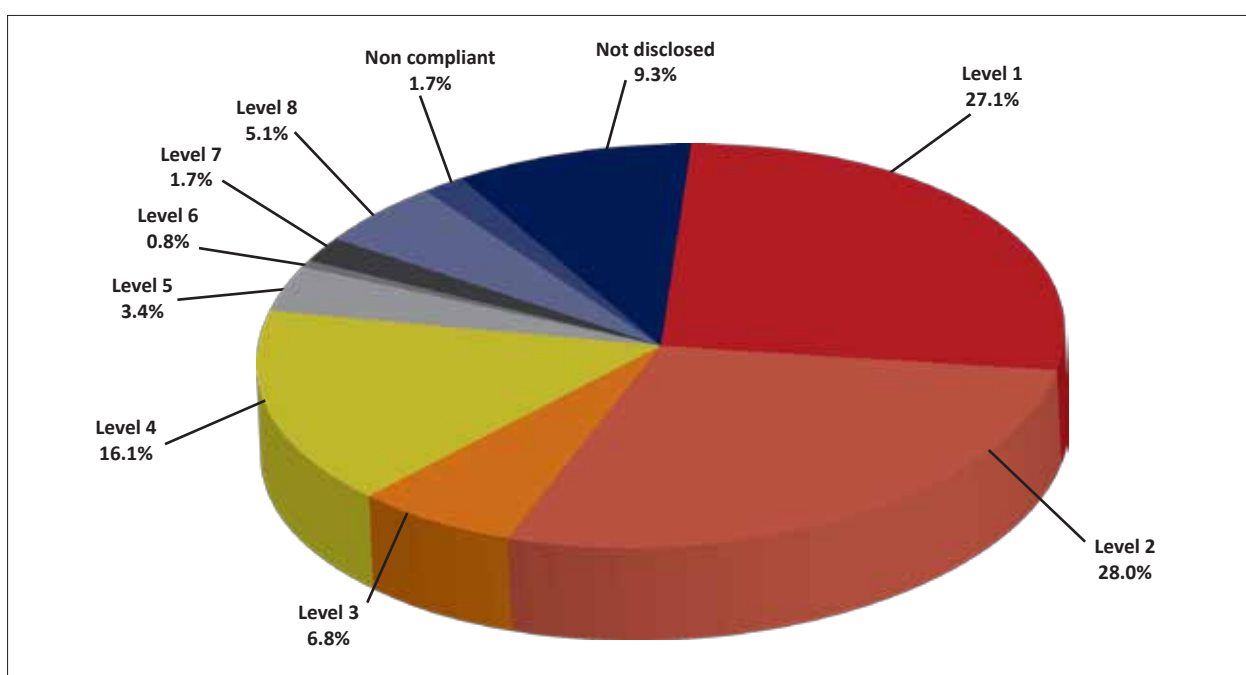


- and dynamic, i.e. constantly changing based on open-market trading activity.
- JSE-listed companies are public companies whose ownership is organized via shares of stock which are intended to be freely traded on a stock exchange or in over-the-counter markets. Open to the public for any individual and/or entity (of any race, gender, sex, marital status, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, culture, language or birth)
 - Shareholding has over the years been diluted to the extent where an initial majority shareholder (i.e. 51% plus) in the present day only typically holds a small percentage of shares (say 10-15%).
 - Ownership and Shareholding structures continue to be shaped by factors such as corporate law, tax law, regulatory factors, economic considerations, other legal considerations, liability considerations and market conditions (including shareholder's risk appetite).
 - In companies, such as Sun International Ltd, proportionally the largest shareholders generally only hold a small percentage of shares (e.g. Sun International shareholders: Allan Gray-11%, PSG Konsult-9%, Dinokana Investments-6%). The balance of shares is traded on the open market and can be acquired by any individual and/or legal entity, which effectively creates access to shares which is only restricted by the daily volume of activity on the JSE.
 - The corporate nature of shareholding still prevails as the casino industry in particular is not conducive to shareholding by small and micro enterprises, due to the extent of capital investment required.
 - Gambling operators furthermore create special purpose vehicles for each individually licensed site therefore an assessment of JSE-based shareholding does not accurately reflect on transformation at a site level (i.e. for each individual gambling site). It is at the site level that deals are typically entered into with local entrepreneurs and businessmen and it is therefore at this level that transformation has proven to be highly effective.
- The national shareholding analyses (as per Illustrations 3.1 – 3.14 provided) reflect on predominantly JSE-based shareholding of holding companies and subsidiaries. The site specific reporting to PLAs are not based on shareholding of holding companies. A special purpose vehicle is typically created for each individually licensed site and it is at this localised level where transformation has taken great effect. Reporting to PLAs is done per site/outlet license and in terms of official B-BBEE Scorecard criteria.
 - Given the complexity of shareholding and ownership structures, the composite indicators used as part of the Generic Scorecard which provides a B-BBEE Level status can also be employed to better understand the current status of transformation. The following key findings were made through analysing the B-BBEE levels of operators in the various sectors:
 - The casino sector has made appreciable progress in transformation especially in relation to Ownership (with 31 out of 38 operators achieving that target set out by the Generic Scorecard) as well as Socio-economic Development (with 33 out of 38 operators achieving the targets set out by the Scorecard).
 - The majority (60.5%) of casino operators hold a Level 1 B-BBEE Level, followed by 21.1% of operators holding Level 2 status. Despite the 5.3% of operators that did not disclose their B-BBEE level status, no other operators had a B-BBEE status less than Level 4.
 - There is still significant scope for transformation in the Betting sector- less than 5% of the betting operators holds a B-BBEE Level 1 status, with the majority of operators (52.2%) holding a Level 4 status.
 - The LPM sector has made appreciable progress in terms of transformation with more than 55% of operators having obtained a Level 1 or Level 2 B-BBEE status.

- The Bingo sector has made appreciable progress in terms of transformation with more than 50% of operators having obtained a Level 1 or Level 2 B-BBEE status.
- The scorecard results reveals that 27.1% of gambling operators has a B-BBEE Level 1 status, 28.0% has Level 2 status, 6.8% has Level 3 status and 16.1% has Level 4 status. In accordance with the Codes of Good Practices these operators have a B-BBEE Recognition Level of 100%. It can

thus be deduced that **78.0% of gambling operators has transformed based on B-BBEE Levels.**

- B-BBEE Levels 5 – 8 represents a B-BBEE Recognition Level of between 10 – 80%. It can thus be deduced that 11% of gambling operators are partially transformed based on B-BBEE Levels.
- 1.7% of gambling operators are non-compliant and has a B-BBEE recognition level of 0% and has thus not initiated any transformation.





● FINDINGS REGARDING TRANSFORMATION IN TERMS OF EMPLOYMENT EQUITY:

BLACK EMPLOYEE PARTICIPATION				
Occupation Level	Target	Current status	Transformation Gap	Comment
CASINO SECTOR				
Top/Executive Management	60%	41.30%	- 18.70%	Scope for sustained/ongoing transformation
Senior Management	60%	49.00%	- 11.00%	Scope for sustained/ongoing transformation
Middle Management	75%	69.07%	-6.93%	Nearing the transformation target
Junior Management	88%	88.18%	-0.86%	Transformation target reached
Employees with disabilities	2%	1.14%	+0.18%	Nearing the transformation target
BETTING SECTOR				
Top/Executive Management	60%	48.44%	-11.56%	Transformation in progress and approaching target
Senior Management	60%	61.16%	+1.16%	Transformation target achieved and exceeded
Middle Management	75%	57.97%	-18.30%	Scope for sustained/ongoing transformation
Junior Management	88%	93.05%	+5.05%	Transformation target achieved and exceeded
Employees with disabilities	2%	0.83%	-1.17%	Transformation in progress and approaching target
LPM SECTOR				
Top/Executive Management	60%	83.33%	+23.33%	Target exceeded
Senior Management	60%	82.69%	+22.69%	Target exceeded
Middle Management	75%	80.36%	+5.36%	Target exceeded
Junior Management	88%	91.77%	+3.77%	Target exceeded
Employees with disabilities	2%	3.52%	+1.52%	Target exceeded
BINGO SECTOR				
Top/Executive Management	60%	100.0%	+40.0%	Target exceeded
Senior Management	60%	91.80%	+31.80%	Target exceeded
Middle Management	75%	92.31%	+17.31%	Target exceeded
Junior Management	88%	99.56%	+11.56%	Target exceeded
Employees with disabilities	2%	0.51%	-1.49%	Transformation in progress and approaching target
TOTAL INDUSTRY				
Top/Executive Management	60%	50.0%	-10.0%	Nearing transformation targets
Senior Management	60%	59.01%	-0.99%	Nearing transformation targets
Middle Management	75%	70.0%	-5.0%	Nearing transformation targets
Junior Management	88%	91.56%	+3.56%	Target exceeded.
Employees with disabilities	2%	1.00%	-1.00%	Nearing transformation targets

BLACK FEMALE PARTICIPATION				
Occupation Level	Target	Current status	Transformation Gap	Comment
CASINO SECTOR				
Top/Executive Management	30%	10.87%	-20.13%	Scope for ongoing transformation
Senior Management	30%	21.20%	-8.80%	Nearing transformation targets
Middle Management	38%	30.18%	-7.82%	Nearing transformation targets
Junior Management	44%	42.76%	-1.24%	Nearing transformation targets
BETTING SECTOR				
Top/Executive Management	30%	10.94%	-20.06%	Scope for sustained/ongoing transformation
Senior Management	30%	25.62%	-4.38%	Nearing transformation targets
Middle Management	38%	24.62%	-14.38%	Scope for sustained/ongoing transformation
Junior Management	44%	64.38%	+20.38%	Target exceeded
LPM SECTOR				
Top/Executive Management	30%	33.33%	+3.33%	Transformation target reached
Senior Management	30%	30.77%	+0.77%	Transformation target reached
Middle Management	38%	33.93%	-4.07%	Nearing transformation targets
Junior Management	44%	33.23%	-11.77%	Nearing transformation targets
BINGO SECTOR				
Top/Executive Management	30%	100.0%	+60.0%	Target exceeded
Senior Management	30%	62.30%	+32.30%	Target exceeded
Middle Management	38%	65.18%	+27.18%	Target exceeded
Junior Management	44%	58.46%	+14.46%	Target exceeded
TOTAL INDUSTRY				
Top/Executive Management	30%	14.52%	-15.48%	Scope for sustained/ongoing transformation
Senior Management	30%	27.27%	-2.73%	Nearing transformation targets
Middle Management	38%	33.61%	-4.39%	Nearing transformation targets
Junior Management	44%	55.51%	+11.51%	Transformation target reached

- In terms of the above the following observations can be made:
 - The industry has moved to the point where certain subsectors have again become under-representative of the national demographic by not only meeting but by far exceeding the transformation targets, to the point where certain race groups have been excluded from appointments (e.g. Bingo sector all levels of management)
 - The Bingo and LPM gambling subsectors continue to play an important role in transformation and can be considered powerful transformation vehicles.
 - In certain respects, the industry has achieved and exceeded transformation targets, included:
 - In terms of African Participation in Managerial Control: Casino sector in Junior management, the Betting sector in Senior and Junior management, LPM sector in all levels of management and employees with disabilities; and the Bingo sector in all levels of management.
 - In terms of African Female Participation in Managerial Control: Betting sector in Junior management, LPM sector in Top/Executive and Senior management; and the Bingo sector in all levels of management.
 - Transformation in the casino sector has taken place progressively albeit at a slower pace when compared to LPM and bingo sectors. It is possible on the account of the fact that the casino industry is older and



predates the democratic dispensation, it is also characterised by corporate and multi-national structures with stringent minimum employment criteria. Bingo and LPM operators on the other hand were for the larger part conceived in the modern era and these entities could therefore more easily be aligned with transformation targets, possible because of a clean-slate approach.

- **FINDINGS REGARDING PROVINCIAL TRANSFORMATION AGENDA'S AND PROVINCIAL REGULATOR'S EXPERIENCES AND PERCEPTIONS**

- Provincial Licensing Authorities generally do not have any formal transformation strategies or plans, but rather enforce transformation through licensing conditions and RFAs based on the B-BBEE Act. This was furthermore confirmed in that little difference was observed in terms of the licensing conditions imposed in the different provinces. Licensing conditions are mostly generic and differed very little for the respective modes, except for the ownership conditions for casinos, which differed from those set out for the bingo, LPM and betting sectors.
- Although there was a general belief that transformation in the gambling industry had taken place, it was unanimous that more could be done. It is our considered opinion that the lack of detailed statistics and reporting measures is the biggest concern, as none of the PLAs can truly measure the extent of transformation and it is believed that these provincial regulators base their findings on B-BBEE levels, which is based on various factors and not exclusively on transformation in terms of shareholder/ownership and employment equity.
- The lack of uniformity in terms of targets and reporting was a key concern raised by the PLAs. Representatives from various PLAs indicated that there is no minimum or prescribed standard of what the B-BBEE levels should be. In some provinces the minimum required B-BBEE level for a licensee is Level 3, while in other provinces it could be Level 5. This creates confusion, especially amongst the licensees.
- The major challenges that impede industry growth through transformation, as identified by the representatives from various PLAs,

relates to the lack of funding and the lack of skills development and transfer. Interviews with representatives from various PLAs revealed that the lack of funding of local HDIs to procure shares, results in licensees offering shares at no cost, but with certain conditions regarding dividend-payments (like for instance, only receiving dividends after the repayment of a business loan or after a certain time period), in an effort to comply to licence conditions. It was stated that some companies would indicate that they would get more value if they had HDI shareholders that could contribute financially, enabling them to expand/improve facilities and thereby creating more revenue, more jobs, etc.

- It was also revealed by the representatives from various PLAs that with regards to Employment Equity, an area's political issues can play a major role. It was stated that sometimes, local people will insist that a register of unemployed youth for the area exists and that people from that list be employed. But, unfortunately those people are not always trainable (proper education) or even willing to work. It was furthermore indicated by the representatives from various PLAs that the costs and timeframes associated with training these people are sometimes exorbitant and can drastically influence a company's financial viability.

7.3 CONCLUDING REMARKS AND RECOMMENDATIONS

Government's radical socio-economic transformation objectives are ultimately about economic inclusiveness, historical redress and redistribution (income, wealth and asset redistribution). The preceding analyses it is evident that certain subsectors of the industry are, for a number of reasons, better positioned to give effect to transformation objectives.

Transformation entails giving effect to structural changes within an industry. Structural changes are not effected easily or over the short term. Instead sustained structural changes are typically effected over the long term. It should furthermore be noted as a general observation that the smaller the niche of the market addressed in a particular target aspiration (e.g. Black female or disabled) the more difficult it becomes to source appropriately qualifying individuals. Conversely, the more open and

unrestricted a particular target the easier it becomes to reach a particular aspiration.

Transformation in the gambling industry, for the purposes of this study, is measured on (a) the inclusion of black people¹ in **ownership/shareholding** structures of entities; and (b) on the participation of black people¹ in **managerial occupation** levels.

Shareholding and Ownership is effectively measured through JSE-listed/Holding Company shareholding (public companies) and shareholding in Special Purpose Vehicles created for specific site/license applications.

In regards to JSE shareholding the complexity of direct shareholding were identified and explained. Shares are traded publicly on the open market and is available to any individual and/or legal entity regardless of race, colour, ethnicity, language, religion, etc. Direct shareholding by individuals is progressively small – a JSE-listed company could have thousands of shareholders; each individual shareholder typically holds no more than 3-5%. Each individual shareholder is not identifiable on publicly reported data such as Who own Whom. It is therefore neither possible nor ideal to measure shareholding based on Holding Companies.

In terms of industry best practice, Special Purpose Vehicles are created for each individual site license application. It is at this level where the participation of HDIs is measurable. Although there are inconsistencies between PLAs in regards to the format and level of detail of data fields reported on, the B-BBEE ratings remain the most important and legally-acceptable mechanism to measure transformation. In terms of the B-BBEE levels, 27.1% of gambling operators were found to be Level 1 (135% B-BBEE Recognition Level), 28.0% were Level 2 (125% B-BBEE Recognition Level), 6.8% were Level 3 (110% B-BBEE Recognition Level) and 16.1% were Level 4 (100% B-BBEE Recognition Level). It can thus be deduced that **78.0% of gambling operators has transformed based on B-BBEE Levels**. Only 11% of gambling operators have been found to have a B-BBEE rating of lower than 5 and therefore considered partially transformed in terms of the B-BBEE Recognition Levels. 1.7% of gambling operators are non-compliant and has a B-BBEE recognition level of 0% and has thus not initiated any transformation.

The analyses investigating the participation of black people in managerial occupation revealed that appreciable advances has been made in reaching transformation targets. To the extent where many transformation targets

have been met and exceeded, and the industry is nearing the targets set on others (see below). In a number of instances the minimum transformation targets have been met and exceeded on various levels – from technical staff to top/executive management level. For the larger part, and considering the statement at the National Gambling Conference in 2002 that the Industry was not yet transformed at that point in time, the industry has transformed appreciably over the past two decades.

The sectors where a gap between the target and current status can be observed include the casino sector, and to a lesser extent the betting sector where, a further 10-20% transformation is still required in order to meet the said target. It can be deduced that the industry is, on average, 80-90% transformed.

Targets that have not been met can be attributed to *inter alia*, specific niches of the market and/or segments of the casino industry in which shareholding has become progressively more complex on account of legislative and taxation considerations and traditionally large corporates now only hold a comparatively small proportion of shares in relation to shares traded on the open market on a daily basis.

It was furthermore found that the lack of uniform reporting systems hindered the accurate and consistent measurement of transformation in the industry. Idiosyncrasies prevail in regards to the interpretation of the codes of practices, BEE standards and reporting formats between the nine provinces.

Each province has its own Act, and each provincial act has its own set of regulations. Even though there is broad alignment between these acts and regulations, there are differences and each province interprets its Act and regulations differently to other provinces. Contrary to the mining charter, gambling operators are not required to report on detailed ownership, employment equity, skills development, enterprise development or socio-economic development statistics to the respective licensing authorities, but rather on their overall B-BBEE Levels. The various provincial acts are also contrary to the town planning industry, in which provincial acts were resident in favour of one uniform national act and regulations to counter the compounded effects of multiple acts, multiple regulations and multiple interpretations. The successes that have been obtained in both the mining industry and tourism industry (as per the case studies) supports the concept of an industry-specific, charter-driven transformation agenda.



Ultimately, one has to remain cognisant of the economic objectives of transformation (i.e. reduce inequality, promote growth, mobilise investment, create jobs and empower citizens) whilst remaining sensitive to racial and gender equality. In a certain number of instances, the target has been pursued to the extent where the racial diversity of the country is no longer fostered (e.g. whites have been fully excluded in the Bingo Sector's Top and Executive Management Level) which raises pertinent questions regarding the purpose of the B-BBEE Act and associated Codes and Scorecard – is the purpose to exclusively promote the interests of a specific racial group or is it intended to promote equality and the interests of all racial groups to ultimately be representative of all the citizens of South Africa? Excluding certain groups might expose the industry to other legal implications and it would be advisable to achieve a sensible balance. The Constitution of the Republic of South Africa, 1996 (108 of 1996) states that everyone is equal and that no-one should be discriminated against, directly or indirectly, in terms of race, gender, sex, pregnancy, marital status, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, culture, language or birth.

In conclusion, the key research questions can thus be answered based on the preceding analyses:

- **Has the gambling industry transformed?**
Yes. There has been appreciable advances made in terms of the various criteria utilised to measure transformation, in the absence of an industry-specific charter and scorecard, the most effective and legally acceptable being the B-BBEE Scorecard measuring various aspects related to Ownership, Managerial Control, Skills Development, Enterprise and Supplier Development and Socio-Economic Development.
- **To what extent are black people benefitting from shareholding and ownership in the gambling industry? (i.e. ownership)**
As explained in detail above, shareholding and ownership is effectively measured through JSE-listed/Holding Company shareholding (public companies) and shareholding in Special Purpose Vehicles created for specific site/license applications. For the reasons provided, it is neither possible nor ideal to measure shareholding based on Holding Companies and JSE-data. However, through utilising B-BBEE ratings as reported on per

operator, it is possible to measure transformation through a legally-acceptable mechanism. The analyses of operator B-BBEE levels revealed that deduced that 78.0% of gambling operators has transformed based on B-BBEE Levels.

- **To what extent do black people participate in the gambling industry? (i.e. economic empowerment and employment equity)?**

Since 2002, the industry has become progressively more diversified to the point where, in the present day, at top management level approximately 50% of positions are filled by black people, 59.01% on senior management level; 70.0% on middle management level; 91.56% at junior management level; 97.16% at semi-skilled level; and 96.72% on unskilled level.

- **Does the gambling industry adhere and conform to the current B-BBEE Act and Codes of Good Practice?**

Yes, although there are isolated instances of non-compliance and inconsistencies in regards to the completion of B-BBEE details on application forms which reflect on lack of enforcement of mandatory requirements by PLAs which should be addressed.

In view of the above, the following recommendations are made:

1. **Strategic and Regulatory:**
 - Develop a charter for the industry.
 - Create and implement a uniform scorecard that specifically caters to the gambling sector and different gambling modes. This will streamline the monitoring and compliance of licensees.
 - The PLAs have to formulate and adhere to a uniform set of transformation targets and criteria to report on.
2. **Supporting and Enabling new entrants:**
 - Encourage industry role-players and potential investors to access various funds available through **the dtic**, IDC and PIC to actively participate in industry activity.
 - Licensing activity not only regulates but also restricts supply-side activity and therefore access to market.
 - The comparatively less-regulated LPM and bingo segments of the industry have proven to be transformation friendly and should ideally

be leveraged to continue to enhance the industry transformation trajectory. Given the significance of LPM and bingo establishments in facilitating transformation a facilitative growth management strategy should be developed for these sectors

- The CATHSSETA should be actively leveraged to give effect to sustain industry growth and transformation.
- The ethnic diversity of the country should be fostered and whilst the objectives and targets of transformation should be adhered to. The interests of minorities (ethnic, language, sex, etc.) should simultaneously be protected in the interest of ethnic

diversity. The objective of B-BBEE codes is not to eradicate ethnic diversity. The analyses reveals that certain gambling subsectors lack ethnic diversity. The implicit objective of transformation codes is to transform the industry by promoting the interest of HDIs whilst protecting the rights of minorities. Implementation of codes should head against racially-exclusive practices. Balance therefore remains an important consideration when implementing transformation objectives and targets, to ultimately ensure the promotion of entrepreneurship, equality, job creation, empowerment of all citizens, inclusiveness, etc.



ANNEXURE A: DATA SOURCES

The Employment Equity Reports of the following companies were used as a basis to determine the current status of transformation in the industry:

Trade Name	dtic Reg Name	dtic Reg #	EE Ref #
CASINO SECTOR			
Casino Mykonos	West Coast Leisure Pty Ltd	1994/05194/07	2909
Garden Route Casino	Garden Route Casino	1998/00391/07	6605
Gold Reef City Casino	Akani Egoli Pty Ltd	1996/006910/07	11559
Goldfields Casino	Goldfields Casino and Entertainment Centre Pty Ltd	97/021858/07	11474
Hemingways Casino	Tsogo Sun Emonti Pty Ltd	1998/017777/07	4506
The Caledon Casino Hotel And Spa	Tsogo Sun Caledon (Pty) Ltd	1996/10708/07	775927
Frontier Inn And Casino	Peermont Global (Eastern Free State) Pty Ltd	1999/011534/07	787709
Desert Palace Hotel Resort Pty Ltd	Desert Palace Hotel Resort Pty Ltd	1997/07689/07	13776
Blackrock Casino	Tsogo Sun Newcastle (Pty) Ltd	1998/02723/07	17212
Emerald Safari Resort	Emerald Safari Resort	1997/07634/07	4808
Khoroni Hotel Casino Convention Resort	Peermont Global (Limpopo) Pty Ltd	2006/034446/07	787748
Leithlo Spv Pty Ltd	Leithlo SPV Pty Ltd	2012/123703/07	816897
Peermont Global Southern Highveld	Graceland Hotel Casino & Country Club	1995/04452/07	788935
Peermont Hotels Casinos Resorts	Peermont Global (Pty) Ltd	2006/006340/07	787706
Rio Casino	Peermont Global (North West) Pty Ltd	2006/028470/07	789297
Sun International	Sun International Mangement Ltd	2004/006377/10	12629
Suncoast Casino	Tsogo Sun KwaZulu Natal Pty Ltd	1997/014551/07	4502
Thaba Moshate Hotel Casino Resort	Peermont Global (Tubatse) Pty Ltd	2006/019823/07	820570
Tsogo Sun Casino Holdings Pty Ltd	Tsogo Sun Holdings Pty Ltd	1995/012674/07	13122
Tsogo Sun Pty Ltd	Tsogo Sun	2002/026000/07	4632
Umfoloji Casino	Peermont Global KZN Pty Ltd	2006/029290/07	787760
Zitolor Pty Ltd	Zitolor Pty Ltd	2015/367881/07	787129
BETTING SECTOR			
Gbets Carltonville	Fundisolve (Pty) Ltd	2014/249900/07	823643
Gbets Atteridgeville	Tauzest (Pty) Ltd	2006/02146/10	823641
Gbets Cosmo City	Saxofor (Pty) Ltd	2015/134103/07	823642
Gbets Escourt	Lonitype (Pty) Ltd	2014/115407/07	823646
Gbets Northern Cape	GBETS Northern Cape (Pty) Ltd	2014/003020/07	823650
Gbets Port Shepstone	Toripax	2014/139498/07	823644
Gbets Roodepoort (Pty) Ltd	Fundisize (Pty) Ltd	2014/249891/07	823649
Gold Circle (Pty) Ltd	Gold Circle Racing & Gaming Group	1998/024366/07	10752

Trade Name	dtic Reg Name	dtic Reg #	EE Ref #
Hollywood Boksburg	Hollywood SB Gauteng Pty Ltd	2008/012291/07	16587
Hollywood Port Elizabeth	Hollywood Sportsbook Eastern Cape Pty Ltd	2008/011560/07	778075
Hollywood Sportsbook Holdings	Hollywood Sportsbook Holdings	2008/009771/07	778691
Hollywood Sportsbook Kzn Pty Ltd	Hollywood Sportsbook KZN	2008/009721/07	788693
Hollywood Sportsbook Limpopo Pty Ltd	Hollywood Sportsbook Limpopo Pty Ltd	2010/023778/07	811534
Hollywood Sportsbook Mpumalanga Pty Ltd	Hollywood Sportsbook Mpumalanga Pty Ltd	2012/107236/07	811533
Betting World	Betting World Pty Ltd	2000/008649	4988
Betxchange Eastern Cape	BetXChange Eastern Cape Pty Ltd	2014/097752/07	824803
Betxchange Western Cape	BetXChange Western Cape Pty Ltd	2014/097759/07	824812
Betxchange Northern Cape	BetXChange Northern Cape Pty Ltd	2014/191774/07	824813
Hollywood Western Cape	Hollywood Sportsbook Western Cape Pty Ltd	2008/011557/07	775579
Isolite Moulding (Phumelela) Pty Ltd	Isolite Moulding (Phumelela) Pty Ltd	2000/025454/07	793629
K A Mclean Ta Newcastle Tattersalls	K A McLean TA Newcastle Tattersalls		824010
Keith H O Betxchange	Keith HO BetXChange	5705195122089	107809
Krugerbets Pty Ltd	Krugerbets Pty Ltd	2012/053556/07	824007
Lm Bookmaker And Soccer Shop	LM Bookmakers Pty Ltd	2018/068238/07	826331
Marshalls World Of Sports Gauteng Pty Ltd	Marshalls World of Sport Gauteng Pty Ltd	1989/005635/07	823189
Marshalls World Of Sport	Marshalls World of Sport KZN 1 Pty Ltd	2001/023647/07	812769
Marshalls World Of Sport Western Cape Pty Ltd	Marshalls World of Sport Western Cape Pty Ltd	2013/074514/07	823192
Marshalls World Of Sport Eastern Cape Pty Ltd	Marshalls World of Sport Eastern Cape Pty Ltd	1998/023845/07	823187
Marshalls World Of Sport Kzn 2 Pty Ltd	Marshalls World of Sport KZN 2 Pty Ltd	2014/021962/07	823190
Mbuyisa Racing And Sport Pty Ltd	Mbuyisa Racing and Sport Pty Ltd		824008
Morris Vee Sports Bet	Bayview Tattersalls		825558
Phumelela Gaming And Leisure	Phumelela Gaming and Leisure	971661006	775673
Sepels Sport Bets	Sepels Best Bets CC	1999/9014238/23	820078
Supabets	Portapa Pty Ltd	2008/019297/07	791354
Topbet Germiston	Anzotrax Pty Ltd	2011/004677/07	816524
Topbet Power	Idada Trading 363	2011/004672/07	816531
Topbet Roodepoort	Anzovect	2011/004764/07	816528
Topbet Sa Pty Ltd	TopBet SA Pty Ltd	2008/006710/07	796353
Topbet Tembisa	Nexiblox	2010/018035/07	816530
Track And Ball Gaming And Betting	Track and Ball Pty Ltd	2013/184683/07	817561
U Bet Sport Pty Ltd	U Bet Sport Pty Ltd	2010/011499/07	819696
U Bet Sport Tembisa Pty Ltd	U Bet Sport Tembisa Pty Ltd	2012/008179/07	819695



Trade Name	dtic Reg Name	dtic Reg #	EE Ref #
United Bets			817897
Vbetsa Western Cape Pty Ltd	VBetSA Western Cape Pty LTD	2012/125109/07	818384
LPM SECTOR			
Grand Gaming Gauteng Pty Ltd	Grand Gaming Gauteng Pty Ltd	2004/023074/07	786583
Grand Gaming Hot Slots Pty Ltd	Grand Gaming Hot Slots Pty Ltd	2003/015499/07	798961
Grand Gaming Kwazulu-Natal Pty Ltd	Grand Gaming KwaZulu-Natal Pty Ltd	2003/027516/07	787686
Grand Gaming Kzn Slots Pty Ltd	Grand Gaming KZN Slots Pty Ltd	1998/025776/07	812635
Grand Gaming Western Cape Pty Ltd	Grand Gaming Western Cape Pty Ltd	2003/016213/07	344736
Grand Gaming	Grand Gaming Mpumalanga Pty Ltd	2004/009776/07	814413
Goldrush Gaming	Egoli Gaming Pty Ltd	2006/033377/07	792796
Crazy Slots	Crazy Slots Pty Ltd	2007/030359/07	823647
Pioneer Slots Pty Ltd	Pioneer Slots Pty Ltd	2011/103218/07	819827
Restivox Pty Ltd	Restivox Pty Ltd	2011/007841/07	823648
Sun Slots Shared Services Pty Ltd	Sun Slots Shared Service Pty Ltd	2008/011456/07	791546
Vukani Gaming Corporation Pty Ltd	Vukani Gaming Corporation Pty Ltd	1995/000842/07	361569
Vukani Gaming Eastern Cape Pty Ltd	Vukani Gaming Eastern Cape Pty Ltd	1997/009974/07	806725
Vukani Gaming Free State Pty Ltd	Vukani Gaming Free State Pty Ltd	1997/009522/07	815142
Vukani Gaming Gauteng Pty Ltd	Vukani Gaming Gauteng Pty Ltd	1997/004845/07	806722
Vukani Gaming Kwazulu Natal Pty Ltd	Vukani Gaming KwaZulu Natal Pty Ltd	1997/004658/07	806724
Vukani Gaming Limpopo Pty Ltd	Vukani Gaming Limpopo Pty Ltd	1997/009399/07	806706
Vukani Gaming Mpumalanga Pty Ltd	Vukani Gaming Mpumalanga Pty Ltd	1996/016417/07	806705
Vukani Gaming North West Pty Ltd	Vukani Gaming North West Pty Ltd	1997/009429/07	806721
Vukani Gaming Northern Cape Pty Ltd	Vukani Gaming Northern Cape Pty Ltd	1997/009676/07	818334
Vukani Gaming Western Cape Pty Ltd	Vukani Gaming Western Cape Pty Ltd	1997/004824/07	806723
BINGO SECTOR			
Galaxy Bingo Moruleng	Galaxy Bingo Moruleng	2013/195636/07	822509
Galaxy Bingo North West (Pty) Ltd	Galaxy Bingo North West (Pty) Ltd	2009/008844/07	813817
Galaxy Bingo Pavillion (Pty) Ltd	Galaxy Bingo Pavillion (Pty) Ltd	2006/021677/07	813700
Galaxy Bingo River Square	Galaxy Bingo Developments (Pty) Ltd	1997/019595/07	804896
Galaxy Bingo South Coast (Pty) Ltd	Galaxy Bingo South Coast (Pty) Ltd	2006/018164/07	819688
Galaxy Bingo Tzaneen (Pty) Ltd	Galaxy Bingo Tzaneen (Pty) Ltd	2012/190282/07	825400
Galaxy Bingo Uitenhage (Pty) Ltd	Galaxy Bingo Uitenhage (Pty) Ltd	2012/126900/07	825401
Galaxy Bingo Limpopo	Galaxy Bingo Limpopo (Pty) Ltd	2006/021500/07	823836
Galaxy Bingo Ngcobo	Galaxy Gaming Zone 4 EC (Pty) Ltd	2006/021537/07	822549

Trade Name	dtic Reg Name	dtic Reg #	EE Ref #
Goldrush Bingo Cradock	Goldrush Bingo Cradock	2014/035444/07	823622
Goldrush Bingo Graaff Reinet	Goldrush Bingo Graaff Reinet	2014/065474/07	823671
Goldrush Bingo Potchefstroom	Goldrush Bingo Potchefstroom	2009/008474/07	815338
Goldrush Bingo Rustenburg (Pty) Ltd	Goldrush Bingo Rustenburg (Pty) Ltd	2009/008362/07	815347
Goldrush Bushbuckridge	Goldrush Bingo Bushbuckridge Pty Ltd	2016/185227/07	823670
Viva Bingo Alberton Pty Ltd	Viva Bingo Alberton Pty Ltd	1997/021520/07	792765
Galaxy Bingo East Rand Mall Pty Ltd	Galaxy Bingo East Rand Mall Pty Ltd	1997/019566/07	458839
Galaxy Bingo Greenstone Mall	Galaxy Bingo Greenstone Pty Ltd	1997/019596/07	804894
Galaxy Bingo Amanzimtoti	Galaxy Bingo Amanzimtoti Pty Ltd	2006/023591/07	804897
Galaxy Bingo East London Pty Ltd	Galaxy Bingo East London Pty Ltd	2012/136888/07	813524
Galaxy Bingo Gateway Pty Ltd	Galaxy Bingo Gateway Pty Ltd	2006/018287/07	813704
Bingo Royale Port Elizabeth	Bingo Royale Cleary Park 9 Pty Ltd	2012/118692/07	813726
Bingo Royale East London	Bingo Royale Buffalo City CBD Pty Ltd	2012/112914/07	813727
Galaxy Bingo Butterworth Pty Ltd	Galaxy Bingo Butterworth Pty Ltd	2012/136895/07	816872
Bingo Royale Jbay	Bingo Royale Jbay Pty Ltd	2012/128005/07	817429
Bingo Royale Lusikisiki	Bingo Royale Lusikisiki	2012/016993/07	820332
Bingo Royale Matatiele	Bingo Royale Matatiele	2014/016944/07	820333
Galaxy Bingo King Williams Town	Galaxy Bingo KWT Pty Ltd	1997/005815/07	822548
Ritz Bingo Mthatha	Arvodex Pty Ltd	2012/112949/07	813728
Viva Bingo Kempton Park Pty Ltd	Viva Bingo Kempton Park Pty Ltd	1997/015980/07	792769
Viva Bingo Kolonnade Pty Ltd	Viva Bingo Kollonade Pty Ltd	1997/015997/07	792791
Viva Bingo Krugersdorp Pty Ltd	Viva Bingo Krugersdorp Pty Ltd	1997/016306/07	792789
Viva Bingo Las Vegas	Viva Bingo (Atterbury North) Pty Ltd	1997/016184/07	792884
Viva Bingo Middelburg	Viva Bingo Middelburg	2002/020177/07	807413
Viva Bingo Westgate Pty Ltd	Viva Bingo Westgate Pty Ltd	1997/016058/07	792710



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