

Chairperson's Report

Acting Chairperson: Prof L. de Vries



Introduction

The financial period under review for the National Gambling Board (NGB) was earmarked by a number of changes within both the political as well as the economic, global and social environment amongst others. The global crisis has resulted in all our stakeholders to consider the challenges, the lessons learnt and the impact of the external environment on our policies and practices. The Gambling legislation and regulation and its resultant industry and all the various influences of this industry is under review as we are learning, focusing and evaluating the role and the impact of the mandate of the NGB on all of the spheres of society.

This period under review was also marked by the departure from the NGB of its first Chairperson Mr. Chris Fisser, who led the implementation of the National Gambling Act of 1996, amended in 2004, to marking the first significant years of gambling being legalised in South Africa with a well regulated framework. His legacy and influence on this industry will be remembered for its national, African and international regulatory impact on gambling.

Gambling Review Commission

The Board was encouraged by the support of the Minister of Trade and Industry in appointing the Gambling Review Commission. The past financial year the NGB recommended to the Minister that the Commission should be established to analyse the gambling industry with respect to the emerging global trends, the impact of technology, and socio-economic impact across the country, voices of stakeholders, enabling legislation to uphold government policies, all information analysed and to inform policy for the future of the industry.

The NGB as well as all provincial gambling regulators participated in the review process. The Board assisted in outlining the past and current status of gambling in the country for point of reference for the Commission. All the previous research studies conducted by the NGB were considered to inform the Commission on the socio-economic history of the gambling industry.

Analysis of the National Gambling Act conducted by Parliament

With the new administration taking office in Parliament in May 2009, the Portfolio Committee and the select Committee on Trade and Industry were established with several new members. As part of their mandate and focus they concluded that there was a need to review the National Gambling Act No. 7 of 2004 for its relevance in addressing the dynamic industry in line with socio dynamics of the South African population.

The Portfolio Committee conducted public hearings and held sessions with the NGB together with **the dti** in 2010.

The Board is hopeful that these concurrent processes of reviewing the NGA Act (No. 7 of 2004) will lead to an enhanced legal framework that will bring about increased vigilance and regulation of the industry, not just under the current situation but will allow future flexibility and pro activeness of gambling regulators.

Research Study

As part of the NGB legislative mandate, we the NGB conduct research studies of the gambling environment to inform policy and practices. The year under review had seen the completion and reporting of one of such studies done by the Board. This has been part of a number of studies reported appropriately over the past years namely on BEE, youth and on socio-economic impact of gambling amongst others. The Board published the follow-up study on the socio-economic impact of legalised gambling in August 2009.

The study revealed a number of key findings which need critical consideration among other factors during the review of the Gambling Commission (2010) and the task of the Portfolio Committee as reported above.

Of critical importance were the findings on youth (18 - 25 years of age) behavior towards gambling. The youth market represents 23.9% (BMR 2008 population estimates) of our society, hence any influence that impact their future and role is of paramount importance to guide policies. We highlight only a few of the key findings, which could be found in our Research Report of 2010. A total of 69.1% of respondents abstained from gambling. Out of those who gambled, lotto (23.7%) was recorded as the major gambling activity of the youth, followed by scratch cards (5.7%), casino gambling (4.9%) and gaming competitions (4.1%). The Socio-Economic Research Report of 2009 was distributed to various stakeholders in the gambling industry e.g. the Department of Trade and Industry (**the dti**), the Department of Education, (DOE) the Department of Social Welfare, the Department of Women, Youth and Disabilities, and the findings were presented to the National Gambling Policy Council (NGPC) in 2010 to provide bases for further action and to address problem areas through their policy determination.

National Databases

All five national registries were brought into effect during the year under review. The implementation of the self-exclusion system brought in the government's master role of ensuring that inherent risk of addictive/excessive gambling by the public is minimised.

Government is aware of the negative impact of gambling on the society hence the NGB as the national regulator is mandated to implement and monitor this system, while advising on policies that will ensure that such negative social effects are not comprised by the economic benefits derived from the industry.

All other registries will serve to monitor the conduct of role players and activities within the industry to ensure that the highest integrity is achieved.

Industry Challenges

Inherently, legislative regulators are reactive to the industry as their roles are often of a lagging nature and not of that of an industry leader. Gambling is one of the dynamic industries which involve a number of key and large influential players in the business sector with leadership and unique entrepreneurial skills to provide them with the necessary sustainable competitive edge within their own highly competitive environment. This leadership position of the legalised gambling industry provides regulators with their own challenges as the nature of entrepreneurial activities and regulation are different in its own dynamics.

A robust regulatory framework is essential for South Africa to ensure we have a comprehensive view of the status of problem gambling, status of our various equipment and machines relating to gambling as well as of all the role players licensed with the various provincial regulatory frameworks pertaining to gambling. We further need to acknowledge the impact of technology on the industry and how it should be regulated and how it evolves.

The South African regulatory regime comprise of ten statutory bodies that can be effective when it acts and engages cohesively. Often the unique relationship between the provincial and national regulatory bodies makes it more difficult to address industry demands and responses expeditiously. We succeeded in addressing transformation matters such as setting BBBEE targets and upholding excellent industry FICA compliance status, but the year did not go without its challenges. The regulatory areas that remain to be addressed with effective policies are Electronic Bingo Terminals, Internet Gambling and the increasing manufacturing and distribution of gambling toys. The first two activities are some of those brought about by the impact of technology on the industry and the two related policies are prolonged by the pending cases before the courts. The last one requires further research on the impact of gambling toys in the market.

The NGB recognise further the reality of an informal and illegal gambling industry that spiral from traditional games like playing cards and dice games. The state of unemployment exacerbated by the global recession saw the emergence of these informal gambling activities of low stakes and low payout. However, of concern to the NGB is the element of addiction within these games. The Board of the NGB has still to determine the impact of this sector on the society and advance on appropriate policy.

The Impact of 2010 FIFA World Cup on Gambling Industry

The NGB envisage the growth of gambling activities during the FIFA World Cup season in the country. It is a trend for activities to respond positively to festive moods of the society. The Board is confident that our regulatory regime is poised to react and regulate gambling activities under the anticipated circumstances.

In terms of the South African gambling legislation, the only valid licences are those issued within the country borders. Hence no international licences will be allowed to operate within our borders. As the national regulator, our executive team and staff will remain vigilant for illegal acts during this time.

Future Regulatory Framework

Earlier in the report, I indicated that both the Minister of Trade and Industry and parliament engaged in the process of reviewing the national policy framework on gambling. The current review process of the Gambling Commission and the other statutory frameworks will view afresh the gambling regulatory framework in South Africa.

The NGB awaits the outcome of the process which may lead to the amendment of the National Gambling Act No. 7 of 2004 as it currently stands. We anticipate that some of the specific recommendations will address some of the industry challenges as listed.

We further anticipate that it will include more cohesiveness of the NGB and the PGB, and further harmonisation in application of the National Gambling Act No. 7 of 2004 by the PGB's.

In Conclusion

One of the key challenges for the NGB was to appoint a suitable CEO for the next phase of the gambling legislation and regulation implementation ahead. We believe that the newly appointed CEO will be of benefit to the administration and management of the NGB.

It is appropriate for us to thank Mr. Chris Fisser, who was Chairperson for the first nine months of the period under review and who served the Board as chair for many years before. Not only for his generosity of spirit and his hands-on leadership displayed over the past reporting period, but also over the past years since the legalisation on gambling in South Africa, as well as his role in the Gaming Regulation in Africa (GRAF) along with the revitalisation of the International Regulatory Body (IAGRA) where he served as Chairperson during one of the years of his tenure at the Board during 2002.

A special word of thanks to him as former Chairperson in 2009 after serving the Gambling Industry and its regulatory needs with such excellence. Chris Fisser will be remembered for his commitment to the legislation and regulation of gambling in South Africa and within Africa and the world through his leadership role across these spheres of influences.

I would like to thank our current acting CEO Ms. Thebi Moja for the way she led the NGB during the period under review. She ensured that we remained focused on our task and our mandate as the NGB and dispensed with our mandate with great success during the past year. She has ensured that the Board could confidently engage in a number of processes knowing that the operational matters were diligently adhered to.

My special thanks go to the board members and the staff and to **the dti** for their support to the Board and its functioning over the past year.



Prof. Linda de Vries
Acting Chairperson