

South Africa

Extreme Contrast

The wealthy one per cent versus the estimated 50 per cent who live in poverty; the educated versus the three million illiterate and the buoyant business market versus crime and corruption. The economy of South Africa is the second largest in Africa after Nigeria and as such major opportunities should exist. It's a regional manufacturing hub and the government owns a share in around 700 State-Owned Enterprises. However, South Africa is hamstrung by multiple tough challenges.



in the 2009 elections. ANC went on to win with 66 per cent of the votes and won the second round in 2014 with 62 per cent of votes.

Ramaphosa has promised to ignite growth and reverse nine years of misrule by his predecessor. He claims he is committed to getting the economy back on track and making the government more efficient. Others say he is pandering to competing internal interests within the ANC, which has ruled the country for the last 25 years.

The IMF and the World Bank have both cited 'weak growth' caused by policy uncertainty, lack of business confidence and infrastructure bottlenecks.

Ramaphosa has been called upon to tackle poor economic growth, which is draining jobs and not creating new opportunities. Unemployment is around 29 per cent whilst GDP growth is expected to be just 0.8 per cent this year.

A wave of optimism washed over South Africa when fifth President Cyril Ramaphosa was elected in February 2018. A protégé of Nelson Mandela he took on the challenges former President Jacob Zuma had left behind.

But Ramaphosa inherited a difficult situation. Structural economic reforms are called for and the pressure has been on Ramaphosa to stabilise the South African government's shaky finances and halt the economy from falling into recession.

Cyril Ramaphosa became the fifth post-

apartheid President of South Africa in 2018. A trade union leader and businessman and anti-apartheid activist, he was elected following the resignation of Jacob Zuma. Previously, he was Deputy President between 2014 and 2018 and elected as President of the ANC in 2017.

The African National Congress (ANC) won the elections in 2004 after securing 70 per cent of the votes and achieved a majority in seven of the nine provinces. In 2007, Jacob Zuma defeated President Thabo Mbeki in the ANC leadership elections, which paved the way for his candidacy



There are several problems. For one economic growth is low whilst tax revenue collections are below forecasts. Meanwhile, debt levels are rising and are the highest they have been in the post-apartheid era and there are reports of poor performance from state-owned companies resulting in large scale government aid.

There are a handful of state-owned companies that control the market and a huge civil service, which is responsible for a whopping 35 per cent of the national budget.

Further hindering the situation is an energy crisis that is sapping business confidence and high levels of crime. According to statistics there are 57 murders per day in South Africa, whilst bank robberies have risen by 333 per cent.

Although the high rates of alcoholism, drug addiction and unemployment play a part, it is said that poverty alone does not cause high rates of crime. Inequality does.

Ramaphosa has promised to ignite growth and reverse nine years of misrule by his predecessor. He claims he is committed to getting the economy back on track and making the government more efficient. Others say he is pandering to competing internal interests within the ANC which has ruled the country for the last 25 years.

The enduring legacy of apartheid coupled with an inequality in education and the weak labour market all play a part. The National Development Plan (NDP) aims to eliminate poverty and reduce inequality by 2030.

These crime figures need to be addressed urgently if the government is to obtain its increased tourism figures by 2021. The sector has

been identified as a key area to contribute to the economy of the country and job creation.

At the moment, there are some 11 million foreign tourists visiting South Africa annually and a further 5.9 million domestic travellers.

After the first democratic elections in 1994, the demand for hotels rooms grew significantly and



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Chris du Toit, CEO, Tsogo Sun Gaming

there was a huge surge in construction of new hotels. The global recession caused a halt in development, but this began again until the 2010 FIFA World Cup.

Today there are some 61,700 hotel rooms available in South Africa with an average 62 per cent occupancy rate. Three star hotels account for 22,100 rooms whilst four star account for 18,300 and five star with 3,100 rooms.

Tourism (direct and indirect) accounts for 9.8 per cent of total employment in the country and around 2.9 per cent of the GDP at US\$10.2bn. Tourism contributes more than agriculture (two per cent), but less than mining (eight per cent).

The government has been making a big push in the tourism sector – speeding up and changing the visa processing system. which has seen an increase in the number of Chinese and Indian visitors in particular, whilst the event infrastructure was upgraded – all in a bid to boost foreign visitors. The measure is part of a goal to attract five million additional visitors.

It’s an ambitious plan considering that last year, January to October, saw 48,000 fewer visitors and at the same time, South African Airlines, the only airline connecting SA with several cities, such as Washington DC, Perth and Nigeria, entered into bankruptcy protection in December 2019.

The airline has not seen a profit since 2011 and by February this year had cancelled several domestic and international routes, including Guangzhou, Hong Kong, Munich and Sao Paulo.

And all this before the effects of the Coronavirus outbreak can be fully known.

CURRENT SITUATION

South Africa declared its national state of disaster in mid-March, which began with travel bans from the US, UK, Italy, China, Germany, South Korea, Iran and Spain. Casinos at the time were mostly unaffected.

South Africa then began its Coronavirus



Essential information and facts about South Africa:

Capital	Pretoria (administrative), Cape Town (legislative), Bloemfontein (judicial)
Total Area	1,219,090 sq.km
Population	56,463,617
Median age	28 years
Religion	Christian (86%), others
Ethnic Groups	Black Africans (81%), Mixed race (8.8%), White (7.8%)
Languages	11 official languages including isiZulu, IsiXhosa, Afrikaans, English
Currency	Rand
Government type	Parliamentary Republic
Chief of State	President Matamela Cyril Ramaphosa (since 2018)
Head of Government	President Matamela Cyril Ramaphosa)
Elections	President is both Chief of State and head of government. President elected indirectly by National Assembly for five year term (with second term). Next election 2024.
Unemployment	30 per cent
Tourism	17 million foreign tourists

lockdown on March 26th. South Africa at this time had the highest number of cases in Africa according to the World Health Organisation.

Companies began to prepare for the worst. Some 80 per cent of guests at Sun International's Table Bay casino are international tourists, so the affect of the Covid-19 will be huge.

Prior to lockdown, the casinos had implemented extra hygiene measures including sanitisers throughout the complexes, additional cleaning measures and educational messages for both staff and guests.

Initially, Sun International kept locations open,

but postponed any events with more than 100 people and removed seats from every second slot machine to ensure social distancing.

Table games were limited to four players with seats removed, whilst dining areas were also limited to 100 people. The company also stopped selling alcohol at any of the casinos, bars and restaurants, whilst crèche facilities at the casinos were closed followed by bars and restaurants as the situation changed.

Sun International is one of Africa's largest tourism and leisure and gaming brands and operates or has an interest in 19 resorts, luxury hotels and casinos.

The company was the pioneer of gaming in South Africa when it opened Sun City. Today, it operates 13 casinos in eight South African provinces plus Sun Slots and Sun Bet operations. Sun Slots (formerly known as GPI Slots) is Sun International's LPM sector, which owns and operate six LPM route operators in four provinces – Grand Gaming Slots in Gauteng and Mpumalanga, Hot Slots in Gauteng, Kingdomslots and KZN Slots in KwaZulu-Natal and GrandSlots in Western Cape.

The company has a total of 4,328 LPMs via Sun Slots and 882 sites plus a total of 10,800 slots in casinos and 380 table games.

Reports

SOUTH AFRICA MARKET

There are 41 casino licences available and 39 operational with a total of 24,781 slots and 932 gaming tables (2019 data). Tsogo Sun has 13 casinos followed by Sun International with 13 casinos, Peermont Group with eight casinos and London Clubs, Northern Cape Casino Consultants, Galaxy Bingo (Tsogo), Eastern Cape Consortium and Billion Group with one casino each.

Financial results released in March 2020 for the financial year 2019 saw an increase in South African income by two per cent to R11.5bn. This is 67 per cent of the company's total income. Time Square is Sun International's latest facility and houses 1,730 slots and 61 table games with an 8,500 seat arena and 238 room hotel.

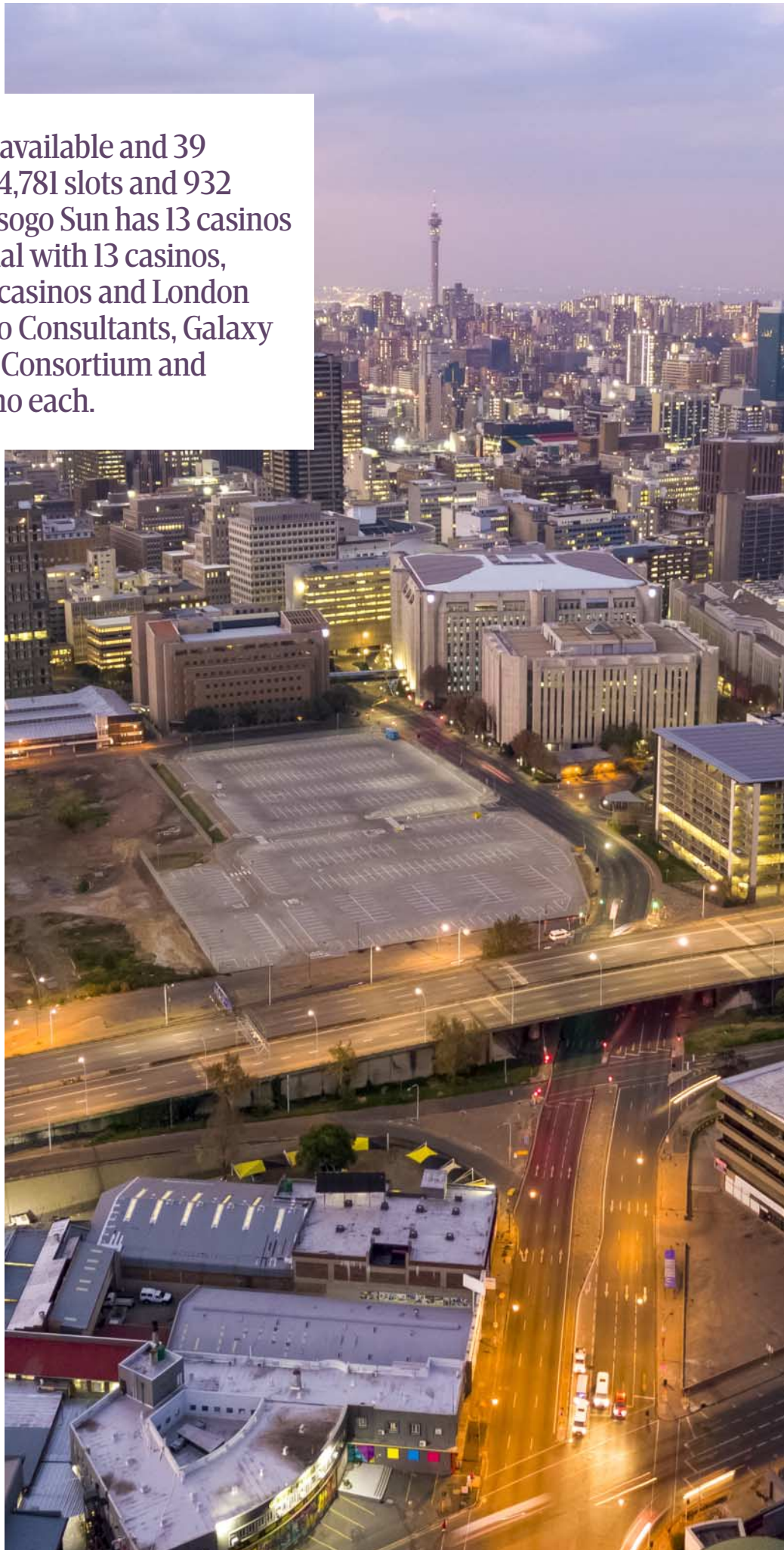
At the end of April this year, Sun International announced it would not re-open its Carousel Casino in the North West and Naledi Sun Hotel in Free State due to rising costs and falling revenues escalated by economic effects of the shutdown due to CV19.

Sun International investors are currently mulling a bid from Chilean Investment company, Nueva Inversiones Pacifico Sur, to acquire a 50.1 per cent controlling stake in the business. While there has been push back from shareholders, the offer includes short-term liquidity as the company has been forced to cut salaries and lay-off staff. Sun Int. also announced it's planning a R1.2bn rights offer.

The other large operator is Tsogo Sun which operates 13 casinos in six provinces in South Africa with a total of 9,465 slots and 357 table games plus 23 Galaxy Bingo sites (including 17 bingo sites with EBTs, four sites with EBTs and LPMs and one independent site operator with 40 LPMs and one casino) and 1,144 LPM VSlots sites and over 6,000 LPM machines.

Machines under management include 3,507 EBTs, 200 LPMs and 162 casino gaming positions. The company also has a total of 153 hotels with more than 24,900 rooms in Africa, UAE and the UK. Tsogo Sun has a 38 per cent share of the casino market in the six provinces in which it operates and 42 per cent share nationally. Total income for the gaming sector for Tsogo Sun last year was R11.6bn of which R9bn was from the 13 casinos; Galaxy Bingo saw an income of R855m (R263m in 2018) and VSlots with R1.55bn (R543m in 2018).

In a statement March 27 2020, Tsogo Sun Gaming's CEO Chris du Toit said: "We applaud President Ramaphosa on the swift and decisive action taken to flatten the curve on the spread of Covid-19 virus. We ask all customers to remain patient during the period of disruption to our business. Tsogo Sun Gaming will be back strongly."





THE GAMBLING ENVIRONMENT

Gambling has existed in South Africa ever since it was partially legalised during the 1970s. The regulatory framework came into place in the late 1990s and the industry was formalised and today operates in a highly regulated and organised format. The market is made up of casinos, LPMs, bingo and sports betting with an annual turnover (2019) of R425.5bn and GGR of R30.7bn, whilst the national lottery rakes in a further R3bn in revenues.

The casino market accounts for around two-thirds of the gaming market (61 per cent) with revenues of R18.6bn in 2019, whilst bingo accounts for around five per cent (R1.58bn), LPMs 11 per cent (R3.35bn) and sports betting and horse racing (R7.22bn) around 23 per cent.

At present there are 41 casino licences available and 39 operational with a total of 24,781 slots and 932 gaming tables (2019 data). Tsogo Sun has 13 casinos followed by Sun International with 13 casinos, Peermont Group with eight casinos and London Clubs, Northern Cape Casino Consultants, Galaxy Bingo (Tsogo), Eastern Cape Consortium and Billion Group with one casino each.

Meanwhile, the maximum number of limited payout machines (LPMs) which can be operated

provinces and Goldrush Gaming operating in seven provinces and Grand Gaming which operates in three and Galaxy Bingo in two provinces.

Bingo is operated in six of the nine provinces and big operators include Galaxy Bingo operational in all six provinces and Gold Rush in five provinces. There are 52 bingo outlets in total and some 8,600 bingo positions (traditional and EBTs).

In the totalisator sector there are some 388 totalisator outlets, 295 bookmakers and over 600 bookmaker outlets in South Africa.

Phumelela Gaming and Leisure Ltd is licensed to operate horse racing and totalisator betting in seven of South Africa's nine provinces. It has 87 branches, 78 agencies and 16 Betting World Fixed Odds outlets across South Africa (2019). The company currently has seven racecourses in five provinces in South Africa. Flamingo Park in Northern Cape closed at the end of last year. The company manages horse racing and tote betting in the Western Cape on behalf of Kenilworth Racing and Gold Circle is the totalisator operator in Kwa Zulu-Natal.

Phumelela is the integrated horse racing and betting operator and conducts fixed odds betting

Phumelela conducts horse racing and tote betting under the TAB banner in Gauteng, Free State, Eastern Cape and Northern Cape. The company reported its worse results in its 22 year history with net losses of R95.8m last year. The company's revenue is down 7.6 per cent year on year with a 9.7 per cent decline in its local betting business. Income in 2019 amounted to R1.41bn compared to R1.52bn in 2018.

throughout South Africa is 50,000 and this is divided up between the nine provinces.

Gauteng has the highest number (20 per cent) with 10,000 followed by Western Cape and KwaZulu-Natal with 9,000 each, Eastern Cape with 6,000, 4,000 in Free State and Mpumalanga and 3,000 in the provinces of Limpopo and North West and 2,000 in Northern Cape. Rollout was done in stages with phase one permitted 50 per cent of the full allocation. There were 2,347 LPM operators in total with over 13,000 LPMs active in the FY 2018/2019.

The maximum number of LPMs permitted per single site is five machines (Type A), between six and 30 (Type B) and 40 plus machines (Type C). The games are limited for over 18s whilst the maximum price of play is R5 and maximum prize is R500.

Only route operators, site operators and independent site operators will be licensed to operate LPMs via the provincial licensing authorities.

The biggest route operating companies are Vukani Gaming which operates LPMs in eight

on horse racing, sports and numbers (lotteries) via bookmaking outlets throughout South Africa and also via call centres and online.

Horse racing in Gauteng was totally restructured in 1997 and Phumelela was formed that year to facilitate horseracing in the province which was later followed by other provinces.

Phumelela conducts horse racing and tote betting under the TAB banner in Gauteng, Free State, Eastern Cape and Northern Cape. It operates tote betting in the other three provinces – Limpopo, Mpumalanga and North West.

Total betting handle for 2019 amounted to R5.27bn divided between totalisator with R2.98bn and fixed odds with R2.29bn. Betting income was R1.06bn divided between totalisator with R773m and fixed odds with R293m.

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SOUTH AFRICA MARKET

Online gambling is still banned as it was under the 2004 act. It is legal to place bets on an online sports betting site with a licensed bookmaker in South Africa however other forms of online gambling are still illegal.

RECENT CHANGES

At the end of 2018 the National Gambling Amendment Act was introduced. This amended the 2004 act, which was last updated in 2008, and basically transferred the regulation of bets on the national lottery, foreign lottery, lottery results and sports pools to the National Lotteries Commission. In addition, it also prohibited dog racing and bets, strengthened the regulation of casinos, LPMs and introduced clarity for the bingo sector with the recognition of EBTs and also outlined the responsibilities of National Gambling Regulator and introduced a self-regulatory body for horse racing.

Online gambling is still banned as it was under the 2004 act. It is legal to place bets on an online sports betting site with a licensed bookmaker in South Africa, however, other forms of online gambling are still illegal.

Despite this it has been estimated players can access as many as 2,000 online casino sites and the problem has always been how to enforce this. There were calls to modify the law on this in 2008, but opposition against was so strong it never changed, whilst in 2010 a law was passed banning all internet gambling even if the providers were outside the country. Penalties were high, with up to R10m in fines or 10 year jail sentences.

In May 2018, the Ministry of Health also released its Draft Tobacco Bill to ban smoking in certain public spaces and clamp down on advertising. This included a zero tolerance policy on in-door smoking in public places and removing smoking areas in restaurants and other locations such as casinos. The draft law has caused some concerns to the gaming sectors as previously each venue could allocate 25 per cent of its area as a smoking zone.

The bill will also seek to ban outdoor smoking in public places, bring in an e-cigarette regulation and ban cigarette vending machines.

The Control of Tobacco Products and Electronic Delivery Systems Bill was first mooted in 2015 and has support from various organisations including the National Council Against Smoking which says 19 per cent of the population in South Africa smoke. Meanwhile, during the 2019 Budget Speech, Finance Minister Tito Mboweni recommended a withholding tax on gambling winnings. This was first discussed back in 2012 with a 15 per cent proposed withholding tax. This was later changed for an additional one per cent levy on a uniform provincial gambling tax base to be introduced in April 2013.



DATA PER PROVINCE.

National Gambling Board 2018/19.

	Gauteng	E. Cape	W. Cape	N. Cape	Limpopo	Mpumalanga	Free State	North West	KZN
CASINOS									
Authorised	7	5	5	3	3	4	4	5	5
Issued	7	5	5	3	3	3	4	4	5
Slots	9,500	2,235	3,770	631	717	1,55	950	1,829	4,092
Tables	356	75	115	16	38	56	37	96	166
Turnover	R129.6bn	R18.3bn	R44.8bn	R3.6bn	R6.4bn	R11.8bn	R8.37bn	R5.21bn	R58.6bn
GGR	R8.23bn	R1.17bn	R2.93bn	R217.4m	R415.8m	R734.6m	R418.6m	R870.5m	R3.6bn
LPM									
Permitted	10,000	6,000	9,000	2,000	3,000	4,000	4,000	3,000	9,000
Turnover	R7.63bn	R4.75bn	R11.9bn	R385.6m	R3.11bn	R2.22bn	R883.5m	R1.76bn	R10.03bn
GGR	R574.3m	R377.5m	R898.4m	R30.3m	R249.2m	R193.8m	R69.1m	R126m	R830.1m
BINGO									
Turnover	R12bn	R9bn	-	-	R2.44bn	R2.48bn	-	R2.8bn	R1.17bn
GGR	R644.4m	R455.7m	-	-	R124.6m	R139.6m	-	R158.3m	R57m
BETTING/TOTO									
Bookmakers	128	n/a	43	14	9	12	8	5	50
Turnover	R39.3bn	R466.7m	R10.5bn	R188.4m	R3.7bn	R2.12bn	R664.7m	R1.85bn	R5.87bn
GGR	R3.1bn	R347.4m	R1.46bn	R33.8m	R523.2m	R415.1m	R141.7m	R229.5m	R923.8m
TOTAL									
Turnover	R189bn	R32.6bn	R67.5bn	R4.1bn	R15.8bn	R18.7bn	R9.9bn	R11.7bn	R75.9bn
GGR	R12.6bn	R2.35bn	R5.29bn	R281.9m	R1.31bn	R1.48bn	R629.9m	R1.38bn	R5.41bn
Taxes	R1.13bn	R191.3m	R646.7m	R22.7m	R103m	R117.4m	R50.3m	R99.9m	R728m

During the 2019 Budget Speech the Finance Minister, Tito Mboweni recommended a withholding tax on gambling winnings. This was first discussed back in 2012 with a 15 per cent proposed withholding tax. This was later changed for an additional one per cent levy on a uniform provincial gambling tax base to be introduced in April 2013.

DATA PER SECTOR

National Gambling Board

Sector	FY2017/2018	FY2018/2019	GGR 2018/19
CASINOS			R.18.6bn
Casino venues	38	39	
Slots in casinos	25,195	24,781	
Tables in casinos	976	932	
Gaming positions in casinos	35,929	35,768	
Betting			R7.22bn
Totalisator outlets	382	388	
Bookmakers	284	295n	
Bookmaker outlets	542	602	
LPM			R3.35bn
LPM operators	2,211	2,347	
LPMs	11,896	13,034	
Bingo outlets			R1.58bn
Bingo positions (total)	8,520	8,610	
Bingo positions (traditional)	1,977	1,219	
Bingo positions (EBTs)	6,543	7,391	
Turnover	R389.7bn	R425.5bn	
GGR	R28.7bn	R30.7bn	R30.7bn
Taxes	R2.89bn	R3.09bn	

North West

Golden Sunshine

Located next to Botswana, the North West province is made up of mostly flat areas with the Magaliesberg mountain range bordering the region and fringed by the Kalahari Desert. It has a population of around four million and is divided into four district municipalities which in turn are divided into 18 local municipalities.

The province is known as the Platinum Province owing to its wealth of precious metal and as such the mainstay of the economy is mining which generates more than half the province's GDP.

The North West Gambling Board is the statutory body governing the gambling sector which was established under the North West Gambling Act 2001. There are four casinos, two route operators, five bingo operators and four bookmakers. Gambling GGR in the North West province was R1.38bn last year with levies of R99.9m.

CASINOS

There are five licences but four casinos open in the North West with 96 table games and 1,829 slots.

Peermont operates two casinos, the Mmabatho Palms which has 155 slots and nine table games. It was opened 40 years ago in Mafikeng and the Peermont Walmont Hotel is linked to the resort plus a conference hall and golf. The second is Rio Casino located in Klerksdorp with conference hall and hotel facilities. There are 274 slots and 11 table games.

Sun International operates the Sun City Resort, which has 700 slots and 51 table games. The resort was opened in Mogwase in 1979 and is known as one of the best holiday resorts in South Africa. The Carousel is situated in Temba near to the border of the North West near Johannesburg, Pretoria and Polokwane and has 400 slots. The Carousel was permanently closed in April.

The application fee for a casino licence is R1.2m plus annual licence fee of R100,000 plus R1,200 per slot and R2,400 per gaming table. Gaming levies range from three to nine per cent depending on GGR so starting at three per cent

for GGR of less than R4m up to nine per cent for GGR over R12m.

Total casino GGR in this province last year was R870.5m with levies of R67.6m.

LPMS

There are two route operators in the North West – GoldRush and Vslots (Vukani). LPM GGR for last financial year was R126m with levies of R7.4m.

A route operator application fee is R109,900 plus licence fee of R31,600 plus R210 per machine. Annual route operator licence renewal is R422 per machine and gaming levy is six per cent.

Site operator application fee is R12,600 plus an annual licence fee of R12,600. Gaming levy is also six per cent of GGR. An independent site operator application fee is R6,000.

There are reports of misconduct and fraud relating to the gambling board which the board had denied, whilst GoldRush's operator licence was suspended last year for "non-compliance on shareholding" when the company's shares

went over the 60 per cent limit that can be held by local previously disadvantaged individuals" in the province.

BINGO

The application fee for a bingo licence is R260 per seat with a maximum of R118,500 plus an annual licence fee of R260 per seat. Gaming levy is six per cent of bingo revenue. Bingo GGR was R158.3m whilst levies were R9.3m.

BETTING

In 2017 there were five bookmakers in this province include Betting World, Central Gaming Management and G-Bets. Total betting GGR was R229.5m made up of R29.3m on horse racing and R200.2m on sports betting. Levies collected amounted to R14.9m.

An application fee for a bookmaker licence is R12,600 plus annual licence fee of R10,525. Gaming tax is six per cent for horse racing and sports betting. An application fee for totalisator is R84,200 plus R63,000 annual licence fee. Gaming levy is 6.5 per cent of gross takings.

Essential information and facts about North West:

Capital	Mahikeng
Population	4 million
Authority	North West Gambling Board
Website	www.nwgb.co.za
GGR	R1.38bn
Gambling Taxes	R99.9m

Sun International operates the Sun City Resort, which has 700 slots and 51 table games. The resort was opened in Mogwase in 1979 and is known as one of the best holiday resorts in South Africa. The Carousel is situated in Temba near to the border of the North West near Johannesburg, Pretoria and Polokwane and was permanently closed in April.



Gauteng

Place of Gold

Gauteng is the smallest South African province located in the north east but is highly urbanised and consists of the administrative capital Pretoria and the country's largest city Johannesburg.



Gauteng is the most populated province with around 15 million and is known for its history of gold mining (its name in Sotho-Tswana means Place of Gold). It is South Africa's economic powerhouse and generates over a third to the country's economic growth. Prior to August 1996 only horse racing and betting on sporting events was permitted in the province. When the Gauteng Gambling Act 1995 was introduced this legalised other forms of gambling and established the Gauteng Gambling Board.

There are currently seven casino licences in Gauteng, 11 bingo licences, five Route Operators, 527 LPM sites, 128 bookmakers, one totalisator and 35 manufacturers.

Gauteng accounts for the highest amount of GGR generated (44 per cent) with R12.6bn and some 36 per cent of the taxes and levies generated with R1.13bn.

Gauteng is trying to increase its gambling taxes after higher targets were set by the provincial treasury which wants to raise R21.2bn over the next three years.

Revenues come mostly from gambling taxes and vehicle licensing. Gauteng contributed around R1.13bn last year made up of R907m in gaming taxes and R228m in betting tax. The aim is to increase this to R1.3bn next year, then R1.8bn and finally R3bn by the third year.

Gauteng Chief Executive Steven Ngubeni says the first step towards this is to move the sector to business automation which will enable the gambling board to monitor industry revenue in real time and invoice the operators rather than the current system of waiting for operators to declare their taxes.

Ngubeni wants to also curb illegal gambling and estimates there are around 400 illegal outlets costing the gambling board R400m each year. There are plans to introduce 50 new betting licences in Gauteng also.

Back in 2016 the Gauteng Provincial

Government developed a strategy to boost economic development via gambling and published an amendment to the Gauteng Gambling Regulation to review the casino tax structure. They wanted to replace the fixed rate of nine per cent with a sliding scale of eight, 12 and 15 per cent tax based on the GGR. But casino association CASA objected to the increase and the provincial government withdrew the proposals and planned a fresh look at gaming levies.

Meanwhile in April 2019 there were changes to the province's gambling regulations which saw licensing fees increased and also an amendment to Regulation 276 which has deprived Phumelela of its 50 per cent cut of the six per cent betting tax gain which came from player winnings on bookmaker bets. This tax was set up in the 1990s to ensure the sustainability of the racing industry and amounts to around R75m per year.

Phumelela cut its workforce by 15 per cent and closed some retail locations and has also reduced prize money. Phumelela is currently negotiating with the Gauteng government to have its share of the levy reinstated.

CASINOS

There are seven casinos in Gauteng. MonteCasino in Fourways has 1,700 slots and 83 tables and saw revenues in 2018/19 of R2.7bn. Gold Reef City is in the heart of Johannesburg and has 1,600 slots, 51 table games and saw revenues of R1.47bn and Silverstar is surrounded by the Magalies Mountains and located in

Krugersdorp and has 900 slots, 31 table games and saw revenues of R691m.

These three are operated by Tsogo Sun which saw a 4.1 per cent growth in provincial gaming in Gauteng in 2018/19. Gaming win growth of 5.1 per cent was achieved at Montecasino and 1.5 per cent at Silverstar and a drop of 1.7 per cent at Gold Reef City.

Emperors Palace in Kempton Park is operated by the Peermont Group. It is located next to the OR Tambo airport in Johannesburg with shuttle services to Peermont's four hotels. The casino has 69 table games and 1,716 slots.

Sun International operates Carnival City with 1,400 slots and 47 table games and also Time Square which opened in 2018 and has 1,736 slots and 61 table games.

Finally, Emerald Safari Resort is operated by Caesars and located on the banks of the Vaal River just 45 minutes outside of Johannesburg.

It opened back in 1997 and there are 430 slots and 22 table games. In May last year Peermont announced a purchase agreement to acquire a 70





Essential information and facts about Gauteng:

Capital	Johannesburg
Population	15 million
Authority	Gauteng Gambling Board
Website	www.ggb.org.za
GGR	R12.6bn
Gambling Taxes	R1.13bn

Goldrush Bingo was awarded the first licence in Gauteng and as such was the first licensed bingo operator in South Africa. Today Viva operates bingo in Gauteng, Mpumalanga, KZN, North West, Eastern Cape and Limpopo. Tsogo Sun operates four Galaxy EBT sites in East Rand Mall, Greenstone, River Square and The Marco Polo in Gauteng.

per cent share in this casino from Caesars. This is still in process.

Gauteng casino application fee is R1.72m and annual licence fee is R174,068 plus R3,180 per slot, R6,360 per gaming tables and R149 per bingo seat.

Taxes are paid at nine per cent of the GGR. Casino GGR for FY2018/19 amounted to R8.23bn and R743.3m in levies.

LPMS

Gauteng began the roll out of LPMs in October 2008 and the province was allocated a total of 10,000 LPMs. There are five route operators – Grand Gaming Slots and Hot Slots (Sun International), Vukani Gaming (VSlots), Gold Rush Group (Crazy Slots) and Egoli Gaming/Goldrush Gaming (GoldRush).

Tsogo Sun operates 146 VSlots sites and 693 VSlots machines whilst Egoli/Goldrush has 1,000 LPMs and 1,000 Crazy Slots.

Route operator application fee is R345 (minimum of R81,522 and maximum of R345,888 and annual licence fee is R156,743

plus R1,584 per machine. Taxes are 15 per cent of the GGR. The gaming machine application fee is R17,306 and annual licence fee R17,306 plus R1,584 per gaming machine. Taxes are 15 per cent of the GGR. LPM GGR was R574.3m whilst R85.9m was paid in levies.

BINGO

Gauteng was the first province to permit bingo in 1998 and there are 11 bingo halls operational. The operators are Galaxy Bingo Ltd with two locations, Viva Bingo (Goldrush) with seven locations, Metro Bingo and Marco Polo Gaming Ltd with one each.

Goldrush Bingo was awarded the first licence in Gauteng and as such was the first licensed bingo operator in South Africa. Today Viva operates bingo in Gauteng, Mpumalanga, KZN, North West, Eastern Cape and Limpopo. Tsogo Sun operates four Galaxy EBT sites in East Rand Mall, Greenstone, River Square and The Marco Polo in Gauteng.

Bingo application fee is R435 per seat and the annual licence fee is R149 per seat. Taxes are 12 per cent tax of revenue. Bingo GGR amounted to R644.4m with levies of R76.8m paid.

BETTING

Phumelela operates 100 TAB outlets across the province, nine TAB/Betting World, the Turffontein racecourse and a telebet call centre in Gauteng.

G-Bets (Goldrush) has a bookmaker and online sports betting licences in this province and also Western Cape, North West, KZN and Eastern Cape and is looking to expand elsewhere in Africa. G-Bets is licensed by the Western Cape Gambling and Racing Board.

Totalisator application fee is R173,007 and annual licence fee is R173,007 plus R1,944 per site outlet. Taxes are 6.5 per cent of GGR. A levy of 8.5 per cent to Sports Development Fund is also paid (except for horse racing).

Bookmaker application fee is R17,293 and annual licence fee is R17,293. Taxes are five per cent on GGR plus one per cent levy for Sports Development Fund.

Betting GGR amounted to R3.14bn of which R734.1m came from horse racing and R2.4bn came from sports betting. Total betting levies amounted to R227.7m.

Kwazulu-Natal

The Garden Province

KwaZulu-Natal, often referred to as the Garden Province, is located in the southeast of the country alongside the Indian Ocean. It is the second most populous province with around 10.2 million. The capital is Pietermaritzburg although the largest city is Durban.

Kwazulu-Natal province is made up of three different geographic areas and two mountainous regions and is divided into one metropolitan municipality and ten district municipalities which are then divided into 48 local municipalities. Agriculture and mining are key industries although it is fast becoming known for its eco tourism with two Unesco World Heritage sites.

The KwaZulu-Natal Gaming and Betting Board regulates the industry under the KZN Gaming and Betting Act No. 8 of 2010 which was amended in 2017. This created a new category of horse racing to allow rural horse racing to be brought into the fold creating more economic opportunities for rural areas.

The amendment also provided clarity for the Electronic Bingo Terminals which have been rolled out and seen a significant growth in tax revenue for the bingo sector.

KZN is the second largest gambling province after Gauteng in terms of revenues. There are five casinos, 22 bingo operators, four route operators, 548 site operators, 50 bookmakers (with 109 premises), two totalisators and two racecourse operators. Total GGR for the province was R5.41bn (17.6 per cent share).

The KZN Gaming and Betting Board recently requested an analytical analysis of the saturation of the municipal areas of the province looking at gambling positions. This aims to help with the location of sites and possible relocation and serves as a framework for future positions or premises.

CASINOS

There are some 4,092 slots and 166 gaming tables operational within five casinos. The GGR for the slots amounted to R2.8bn for FY2018/19 whilst tables saw a GGR of R786.1m. A total of R430.7m was paid in taxes from the casinos.

Tsogo Sun operates three casinos – Suncoast Casino in Durban which has 1,622 slots and 57 table games, BlackRock in Newcastle which has 300 slots and 10 table games and Golden Horse in Pietermaritzburg with 450 slots and 22 table games.

Meanwhile Sibaya in Umhlanga Rocks has 1,244 slots and 48 table games and is operated by Sun International and Umfolozi Casino in Empangeni has 288 slots and 14 table games and is operated by PeerMont.

The application fee for a casino licence is R114,000 plus an annual licence fee of R114,000 plus R2,000 per gaming machine and R10,000 per gaming table. Casinos pay a sliding scale tax rate starting at:

Revenues under R12m pay 9.5 per cent; Revenues R12m up to R30m pay R1.14m plus 11 per cent on GGR over R12m; Revenues of R30m up to R50m pay R3.12m plus 12 per cent on GGR over R30m; revenues of R50m up to R100m pay R5.52m plus 13 per cent on GGR over R50m and for revenues over R100m they pay R12.02m plus 14 per cent of GGR over R100m.

LPMS

There are 2,974 LPMs operational of the 9,000 permitted in 548 active sites (December 2019 data). Phase 1 is for 4,500 LPMs. LPM GGR for FY2018/19 was R819.8m and they paid R122.9m in taxes.

An application fee for a route operator licence is R5,600 plus an annual licence fee is R570 per LPM with a minimum payment of R2,850.

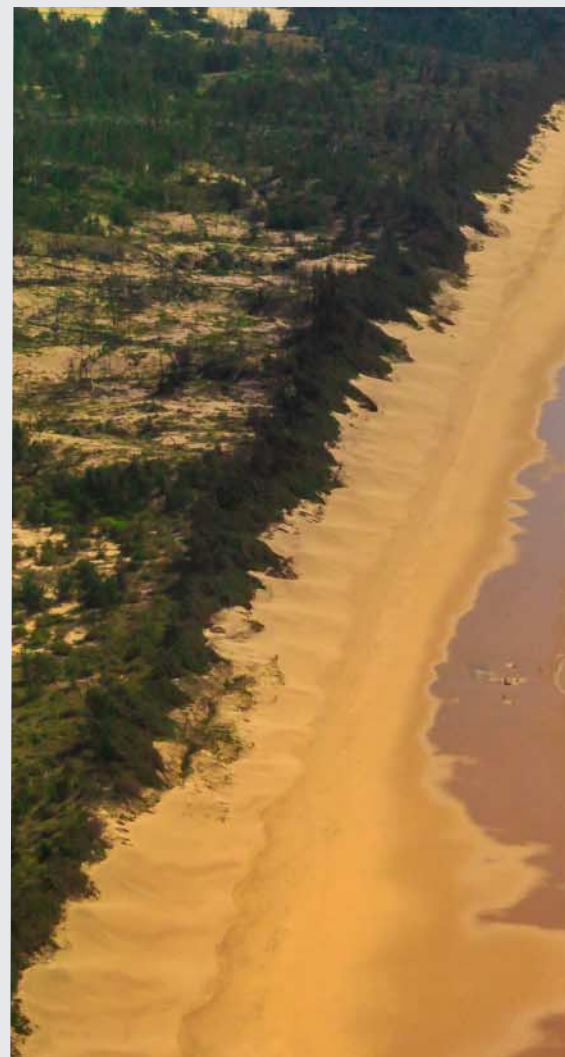
A site operator application fee is R1,500 (Type A) and R10,000 (Type B) and licence fee is R500 per LPM for both A and B types (with minimum payment of R5,000). LPMs pay 15 per cent of GGR.

LPM route operators are Vslots, Kingdom Slots and KZN Slots (Sun International) and Luck@It (Vukani).

BINGO

There are 33 bingo halls and five bingo operators including Galaxy Bingo with 12 locations, Viva Bingo with 10 and Classic Bingo, ShockProof and Silvercrest Trading with the remaining.

GGR for bingo was R57m and total taxes paid was R1.7m. An application fee for a bingo licence is R57,000 with an annual licence fee of R57,000. Bingo pays three per cent of bingo revenue.



BETTING

There are 50 bookmaker rights in the province, two totalisators and two racecourses – Greyville in Durban and Scottsville in Pietermaritzburg. The Golden Horse Casino is located at the back of the Scottsville grandstand. These are operated by Phumelela via Gold Circle. The second totalisator is Ithotho/Trotco which is also licensed in KZN as a totalisator and racecourse operator.

The total GGR on betting (bookmaker and totalisator) was R923.8m divided between horse racing with R510.2m and sports was R413.5m.

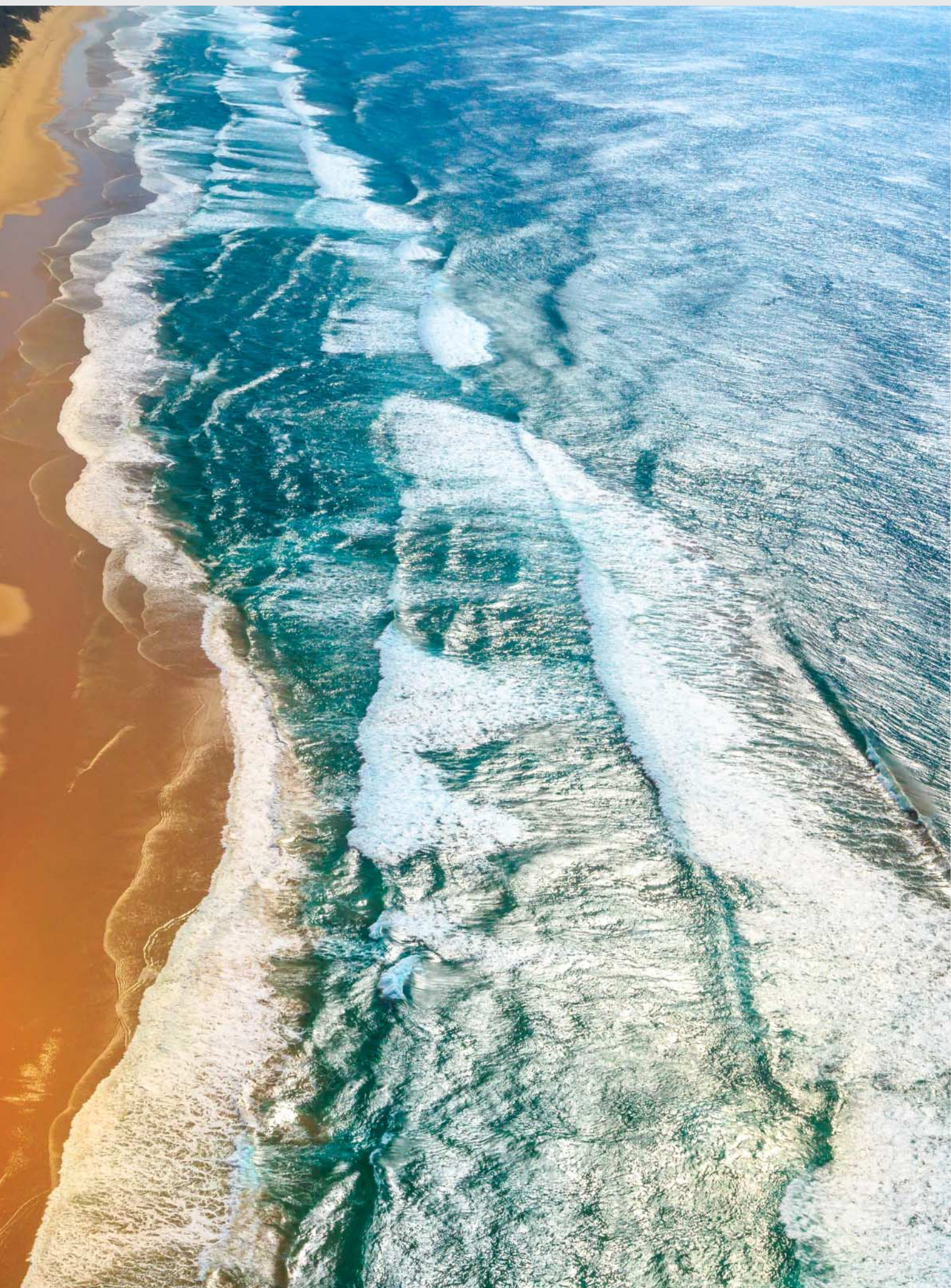
The application fee for a totalisator licence is R10,000 and annual licence fee of R10,000 and the application for a bookmaker licence is R5,000 and bookmaker licensing fee is R4,000 per bookmaking right.

Essential information and facts about Kwazulu-Natal:

Capital Population Authority

Pietermaritzburg
10.2 million
KwaZulu-Natal
Gaming and Betting
Board.
www.kznngbb.org.za
R5.41bn
R728m

Website GGR Gambling Taxes



Mining is a big commodity especially gold and minerals whilst the province accounts for 83 per cent of South Africa's coal production. It's a popular tourist zone especially for nature, wildlife, sports and adventure. There are three district councils – Ehlanzeni, Nkangala and Gert Sibande within the province and then 18 local municipalities with Mbombela as the capital city.

The Mpumalanga Economic Regulator (MER) is the governing body for both the gambling and liquor sectors and functions under the Mpumalanga Gambling Act of 1995 and the Mpumalanga Liquor Licensing Act of 2006.

This organisation was set up in 2017 and merged the former Mpumalanga Gambling Board and Liquor Authority into a new entity to streamline the duties of both. The province offers three casinos, 204 LPM sites, six bingo halls, totalisator with 25 outlets and 37 betting shops (bookmakers).

The gambling GGR for the province in 2018/19 was R1.48bn whilst total tax levies amounted to R117.4m.

CASINOS

Four casino licences were allocated to the province of Mpumalanga and to date there are three operating with a total of 1,155 slots and 56 table games. The authority recently invited proposals for the fourth licence.

Graceland Hotel Casino and Country Club in Secunda operates 294 slots and 18 table games and is operated by Peermont. The casino is situated in a charming resort with the four star Peermont Walmont hotel, golf and recreational facilities.

Tsogo Sun operates the other two casinos – Emnotweni Casino in Mbombela which opened back in 1997 and has 425 slots and 19 table games and The Ridge Casino in Witbank which has 436 slots and 19 table games. There is a smoking casino and salon prive.

The total amount wagered on the casino slots in 2018/19 was R11.3bn whilst GGR was R610.4m. For table games the DROP total was R578.4m and GGR was R124.3m. Total levies collected for the casino sector was R51.7m which represents almost 44 per cent.

Gambling levy is paid at a sliding rate based on monthly GGR. Up to R10m GGR pay five per cent; R10m to R15m pay R500,000 plus 7.5 per cent exceeding R10m whilst those earning R15m or above pay R875,000 plus 10 per cent on anything over R15m.

LPMS

As of March 2019, there were 204 LPM sites operating 1,071 machines. Total money wagered amounted to R2.22bn with GGR of R193.9m. Total levies collected was R19.4m (16.5 per cent of all levies). The province is permitted 4,000 LPMs in total with 2,000 initial rollout divided between 1,760 Type A and B and 240 Type C. There is a limit of five maximum LPM operator licences (type A) and 20 Type B operator licences and a maximum of six licences with two licences per district for Type C.

The application fee for route operator is R50,000; R5,000 for a site operator R25,000 for an independent operator. Annual licence fees are R25,000 plus R250 per LPM for a route

operator; R2,500 for both Type A and Type B site operators and R12,500 plus R250 per LPM for Type C. Gambling levy for all route operators and independent site operators is 10 per cent of monthly GGR.

There are two route operators – Vukani Gaming Mpumalanga and Grand Gaming Slots (Sun International).

BINGO

Bingo has grown significantly and there are currently six bingo sites in the province operating 645 gaming positions.

Application fee is R100 per seat (maximum R50,000) with an annual licence fee of R50 per seat.

Total amount wagered last year was R2.4bn and GGR was R139.6m. Total levies collected was R11.1m (9.5 per cent of all levies). Gambling levy is eight per cent on monthly GGR.

Galaxy operates two sites in Hazyview and Tonga, Goldrush has three sites in Bushbuckridge, Ermelo and Middelburg and Great Bingo has one site in Volksrust.

As of March 2019, there were 204 LPM sites operating 1,071 machines. Total money wagered amounted to R2.22bn with GGR of R193.9m. Total levies collected was R19.4m (16.5 per cent of all levies). The province is permitted 4,000 LPMs in total with 2,000 initial rollout divided between 1,760 Type A and B and 240 Type C.

BETTING

There are 62 betting outlets in Mpumalanga – Totalisator with 25 outlets and 37 bookmaker outlets with 12 bookmakers.

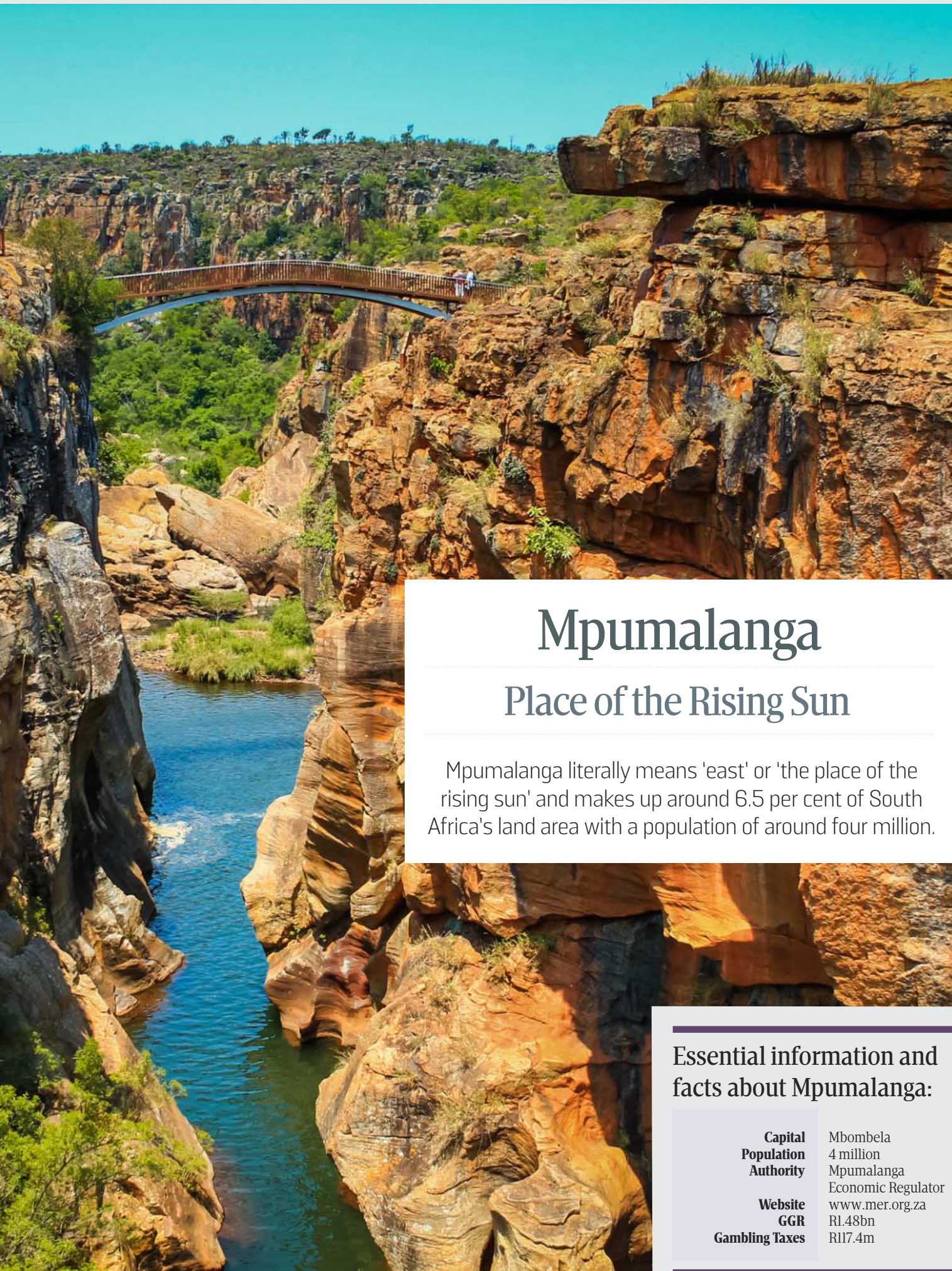
Total stake in 2018/19 was R2.12bn with GGR of R415.1m. Total levies collected was R35m which is 30 per cent of all levies.

Application fee for a totalisator operator licence is R50,000 and R5,000 for a totalisator branch or agency. Totalisator operators pay 2.5 per cent on gross takings and 10 per cent on undistributed takings and unclaimed dividends.

Application fee for bookmakers is R5,000 with annual licence fee of R2,500. The gambling levy for bookmakers is six per cent of punters winnings on horseracing and 6.5 per cent of GGR on sporting events.

Phumelela betting handle in the province was R131m last year with betting income of R35m. Phumelela has 12 TAB totalisator betting outlets in Mpumalanga and 13 agents.





Mpumalanga

Place of the Rising Sun

Mpumalanga literally means 'east' or 'the place of the rising sun' and makes up around 6.5 per cent of South Africa's land area with a population of around four million.

Essential information and facts about Mpumalanga:

Capital	Mbombela
Population	4 million
Authority	Mpumalanga Economic Regulator
Website	www.mer.org.za
GGR	R1.48bn
Gambling Taxes	R117.4m

Free State is mostly made up of grassy flat plains and is divided into one metropolitan municipality and four district municipalities, which are then divided into 19 local municipalities. Agriculture is centre to its economy and there are over 30,000 farms whilst mining has over the years declined putting enormous pressure on the economy.

The Free State Gambling, Liquor and Tourism Authority (FSGTLTA) governs the industry and was set up via the merger of the former Free State Gambling and Racing Board and the Free State Liquor Authority and later the Free State Tourism Authority. The merger also saw the review of the state gambling and liquor acts and saw the Free State Gambling and Liquor Act No 6 introduced in 2010.

This permits four casinos, 4,000 LPMs, totalisator, bookmakers and horse racing. Gambling revenue for the province was R629.9m in 2019 which is two per cent of total South African gambling revenues.

Taxes collected from the Free State gambling

floor, smoking casino and salon privé.

An application fee for a casino licence is R228,000 whilst the holder of a casino licence also pays an annual licence fee of R57,000 plus R570 per gaming machine, R1,140 per casino table and R57 per bingo seat. A gambling levy of 5.7 per cent of GGR is also paid. Casino revenue in 2019 amounted to R418.6m and turnover was R8.39bn.

LPMs

The roll out of LPMs in the Free State began in September 2011 with 1,000 of a total of 4,000 LPMs permitted. There are two Route Operators licensed to roll out LPM sites – Vukani Gaming and Goldrush.

BETTING

Phumelela conducts horse racing and totalisator betting under the TAB banner in Free State and operates the Vaal racecourse. This offers a classic 2,800m oval track and a Vaal Turf 3,000m oval circuit and with 1,600m has the longest straight in South Africa.

The original licence for the Vaal racecourse began in 1944 but halted after objections related to inadequate controls from the Jockey Club of SA. In 1946 it was registered, and the Vaal Racing Club was formed shortly after.

Phumelela betting handle in 2019 amounted to R135m for Free State with R36m in betting income.

Betting GGR (bookmaker and totalisator) for Free State was R141.7m divided between betting on horse racing with R96.6m and betting on sport R44.9m.



sector amounted to R65m in 2019/20 with R8.4m from the horse racing sector, R32.1m from the casino sector and R12.9m from LPMs.

CASINOS

There are four licensed casinos. Windmill Casino is situated in the capital Bloemfontein and operated by Sun International. It has 401 slots and 18 table games plus a salon privé with 16 slots and two tables (non smoking) and three tables and 27 slots in the smoking area. Sun also operates the Naledi Sun located in Thaba Nchu, just 45 minutes drive from Bloemfontein. The site includes a conference centre whilst the casino has 100 slots only. Sun closed this site permanently in April.

Frontier Inn is a Peermont casino and located in Bethlehem and is a boutique casino and offers 143 slots and 10 table games. The Peermont Metcourt Hotel offers three star accommodation with 21 rooms and finally Goldfields is operated by Tsogo Sun in Welkom offering 250 slots and nine table games spread over three areas – main

The application fee for a gaming machine operator licence is R57,000 and an annual licence fee of R28,500 plus R285 per gaming machine. The gambling levy is 11.4 per cent of the GGR.

Application fee for a gaming machine site licence is R5,700 plus an annual licence fee of R2,850 plus R285 per gaming machine. Gambling levy is 11.4 per cent of GGR.

Goldrush has 1,000 LPMs in Free State currently. Vukani is the only gaming operator licensed in all nine provinces and operates Vslots and Luck@It LPMs. Tsogo Sun has 374 Vslots in Free State.

LPM revenue for 2019 was R59.1m and LPM turnover was R883.5m.

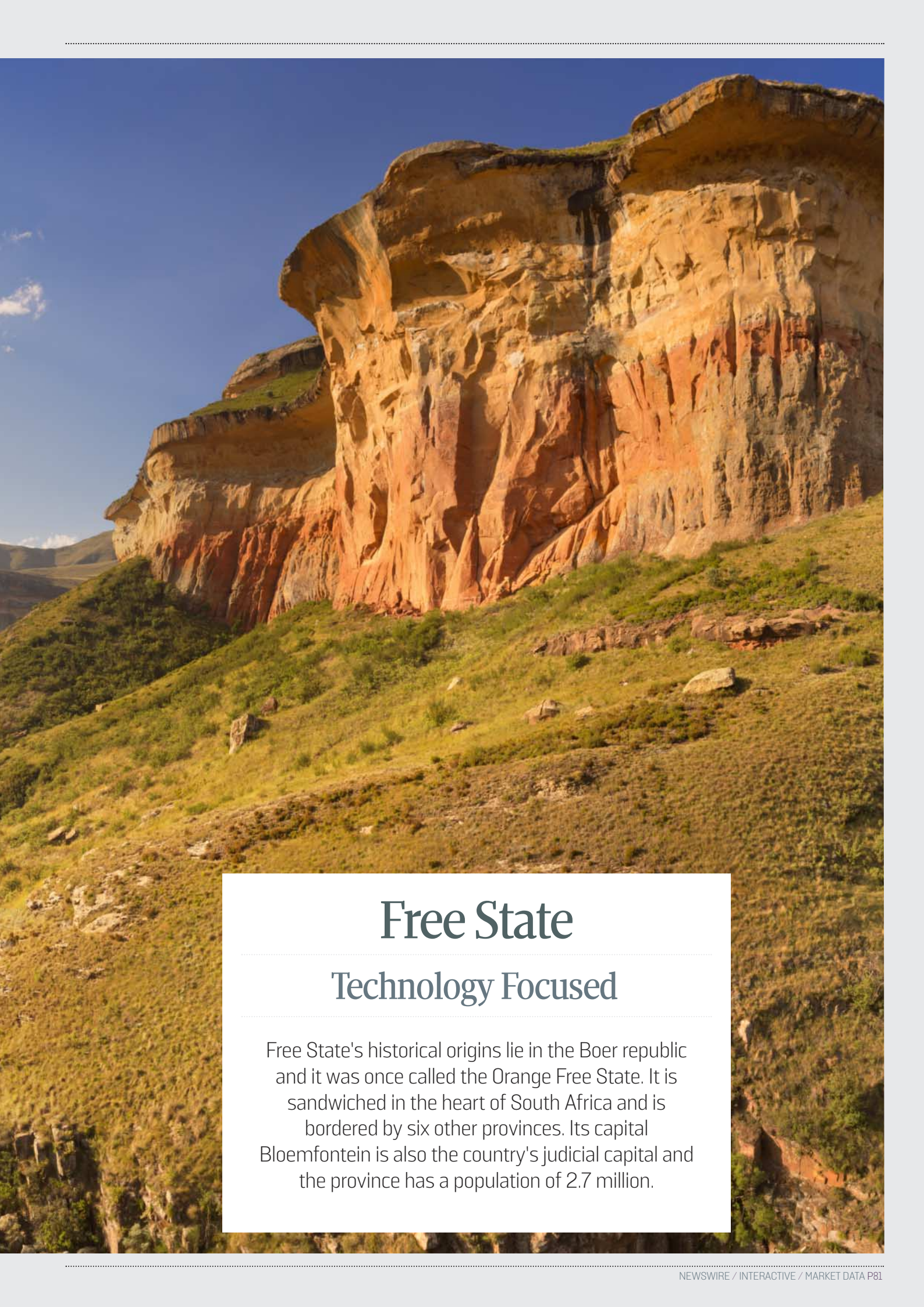
BINGO

No licences. Bingo policy is currently at the final planning stage and requests for application are expected in the near future.

There are eight bookmakers operating with in the province in Lejweleputswa, Mangaung and Thabo Mofutsanyane. During 2018/19 the authority invited interested parties to apply for 21 bookmaker licences around the province's five districts and the process has been finalised and licences awarded which should begin operations in the 2020/21 financial year.

Essential information and facts about Free State:

Capital	Bloemfontein
Population	2.7 million
Authority	Free State Gambling, Liquor and Tourism Authority
Website	www.gla.fs.gov.za
GGR	R629.9m
Gambling Taxes	R50.3m



Free State

Technology Focused

Free State's historical origins lie in the Boer republic and it was once called the Orange Free State. It is sandwiched in the heart of South Africa and is bordered by six other provinces. Its capital Bloemfontein is also the country's judicial capital and the province has a population of 2.7 million.

Eastern Cape

Key to Economic Growth

Eastern Cape is the second largest province in South Africa and the central and eastern part of the province is the traditional home of the indigenous Xhosa people.

In the 1800s many Europeans settled here. Large cities include capital Bisho and East London and Port Elizabeth and it has a population of around 6.5 million.

The Eastern Cape has a diverse climate and landscape and although the Eastern Cape lies on the coast of the South Indian Ocean it is also home to South Africa's only snow ski resort. The province contributes around eight per cent to the national GDP making it the fourth largest regional economy. The gambling sector is overseen by the Eastern Cape Gambling Board (ECGB) and is the fourth largest gaming industry after Gauteng, KwaZulu-Natal and Western Cape and generates more than R2.35bn in revenues across the gaming divisions and R191.3m in gaming taxes.

CASINOS

Eastern Cape is divided into five zones with five casino licences, all of which are now in operation. Total GGR for casinos in 2018/19 was R1.17bn whilst tax levies amounted to R95m.

In this province the licence conditions for casinos requires local provincial based empowerment ownership so Tsogo Sun and Sun International will have shares within the casinos.

The five casinos include the Boardwalk Casino in Port Elizabeth which is the only licensed casino in the Nelson Mandela Bay region. It is housed in the five star hotel complex on the sea front and has 798 slots and 27 table games. This is operated by Sun International which also operates the Wild Coast Sun Casino in Mbizana which has 550 slots and 19 table games.

Tsogo Sun operates the Hemingway Casino in Buffalo City Metro with 507 slots and 16 table games whilst the fourth casino, Queens Casino, is in the heart of Queenstown with 180 slots and seven table games. It is located in the Queens Hotel which has 32 rooms with views of the Walter Everett Gardens and Park. Until last year this was part of Tsogo Sun and is now operated by a local Eastern Cape consortium.

In March 2019 a fifth casino opened in the province. Mayfair Casino is operated by the Billion Group and sits alongside the Mayfair Hotel in the Mthatha region. There are over 200 slots and six tables.

LPMS

The Eastern Cape has 6,000 LPMs permitted. There are six Galaxy EBT sites in this province (2019) and some 100 plus VSlots sites and 895 Vslots by mid 2019. The GGR last year for the

LPM sector amounted to R377.5m with levies of R37.5m

BINGO

There are six bingo sites in the Eastern Cape and Galaxy Bingo has three locations and GoldRush has three locations. The bingo GGR last year was R455.7m with levies of R12.6m.

BETTING

Total betting GGR last year amounted to R347.4m betting with levies of R45.4m.

Essential information and facts about Eastern Cape:

Capital	Bisho
Population	6.5 million
Authority	Eastern Cape Gambling Board
Website	www.ecgb.org.za
GGR	R2.35bn
Gambling Taxes	R191.3m

Limpopo

A River Runs Through It

Limpopo is the northern most province in South Africa and named after the Limpopo River which forms the provincial western and northern borders. The capital is Polokwane and population is around 5.9 million.

Limpopo is divided into five district municipalities which are divided into 25 local municipalities whilst it remains one of the poorest regions in South Africa. Ranching, mining and agriculture are primary contributors to the economy, although eco tourism is a developing business.

The gambling sector is governed by the Limpopo Gambling Board which was established as part of the Department of Economic Development, Environment and Tourism. It was set up under the Limpopo Gambling Act 2013 which replaced the Gambling Act of 1996.

Gaming in the province includes three licensed casinos, two LPM route operators, 215 LPM site operators, five bingo operators, nine bookmaker operators and 95 bookmaker sites.

Total GGR for the casino slots, tables, LPMs and Bingo amounted to R816.5m in 2018/19 – a 20 per cent increase on the previous financial year mostly attributed to an increase in players visiting sites and the opening of further LPM sites and bingo sites. The gambling board has also taken huge strides to combat illegal gambling in the province.

CASINOS

There are three casinos open in Limpopo operating 717 slots in total and 38 table games. The casinos saw around 1.7 million visitors last year and total wagered in the casinos amounted to R6.38bn in 2018/19 with total levies of R36.4m. GGR was R363.2m for slots and R66.1m for tables.

Sun International operates the Meropa Casino with 400 slots and 17 table games whilst PeerMont Group operates both the Khoroni Hotel and Casino, which has 150 slots and nine table games, and the Thaba Moshate Casino with 150 slots and 11 table games.

Application fee for a casino licence is R477,000 whilst the annual licensing fee is R87,980 plus R1,590 per gaming machine and R3,286 per casino table. Gaming levy is 8.6 per cent of GGR.

LPMS

There are 3,000 LPMs permitted and two LPM route operators – Vukani (Vslots) and Gold Rush. At the end of 2019 Vukani had 134 Type A sites and eight Type B sites. GoldRush had 67 Type A sites and five Type B sites. In total they operate 966 Type A machines in 202 sites and 240 Type B machines in 13 sites. Total GGR for LPMs was R249m and levies collected was R25.9m in 2018/19.

Application fee for a gaming machine operator licence is R79,918 plus annual licence fee of R48,760 and R530 per gaming machine. Gaming levy is 10 per cent of GGR.

Application fee for a gaming machine site licence is R8,798 for less than five machines or R80,000 for more than five machines. Annual licence fee is R3,975 (less than five machines) or R5,565 for more than five machines plus R530 per gaming machine. Gaming levy is 10 per cent of GGR.

BINGO

There are five bingo operator licences by end 2019 and seven sites – Galaxy Gaming with three sites and GoldRush Bingo with two sites and a site each by Planet Bingo and Boss Gaming. The seventh site by Boss Gaming in Phalaborwa is not yet operational. There are a total of 1,174 seats licensed.

Application fee for a bingo licence is R100 per seat with a maximum fee of R81,400. Annual licensing fee is R133 per seat. Gaming levy is 8.6 per cent of bingo revenue with total levies in 2018/19 amounting to R10.9m. GGR was R129m.

BETTING

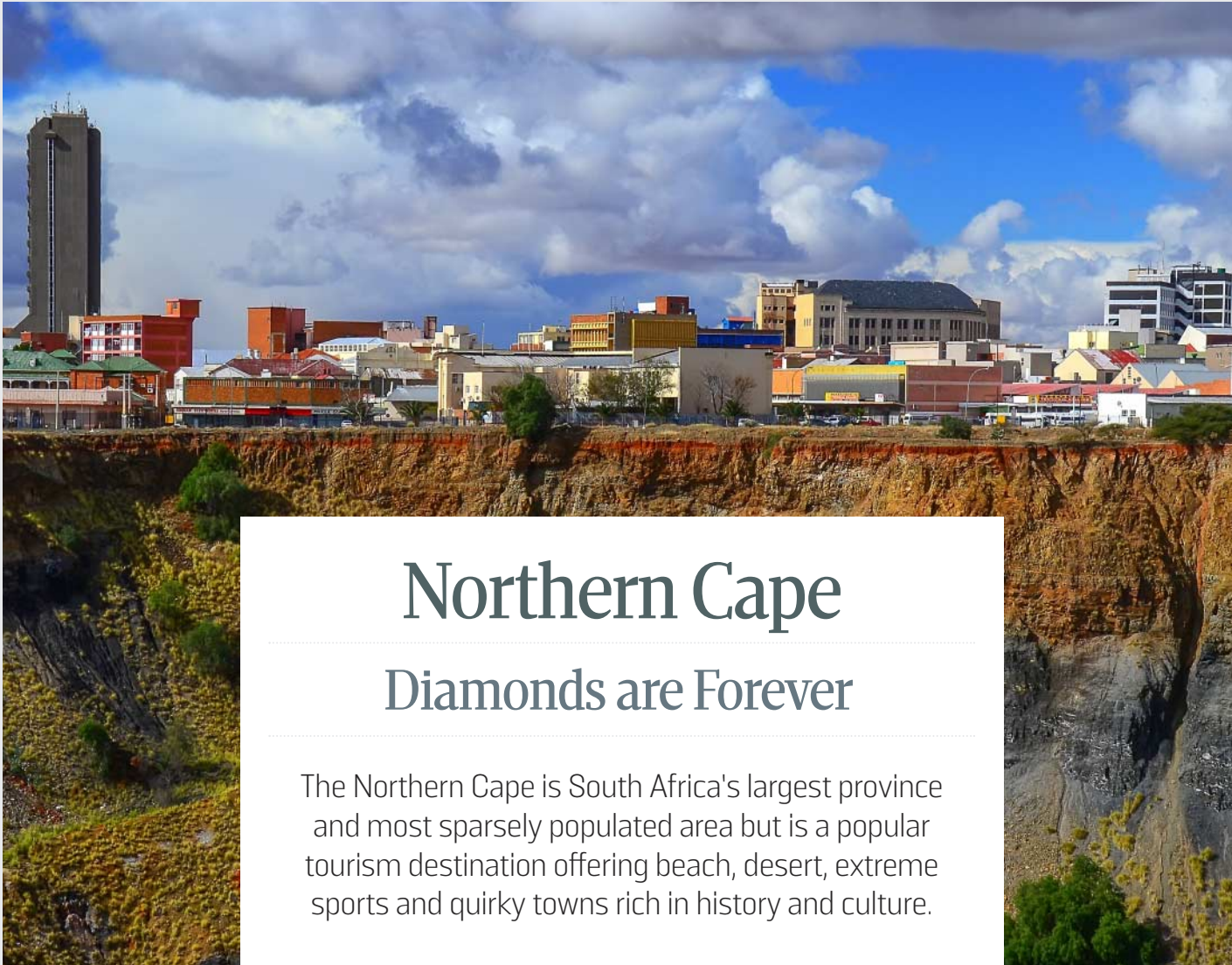
There are nine licensed bookmakers including Hollywood Sportsbook, BetSA (Betting World), BettaGaming, Idada Trading (Topbet Power) and Vbet with a total of around 95 sites. There are 14 totalisator branches and 14 agencies.

A totalisator application fee is R87,980 plus R8,798 per totalisator site outlet. Annual licensing fee is R10,000 plus R10,000 per site outlet and R10,000 per totalisator agency. Gaming levy is seven per cent of the gross betting revenue.

Bookmaker application fee is R87,980 plus R8,798 per bookmaker site outlet. Annual licensing fee is R8,798 plus R885 per site. Bookmaker gaming levy is 6.5 per cent of gross betting revenue. Bookmakers paid R31.8m in levies in FY2018/19 whilst totalisators paid R4.2m

Essential information and facts about Limpopo:

Capital	Polokwane
Population	5.9 million
Authority	Limpopo Gambling Board
Website	www.lgb.org.za
GGR	R1.31bn
Gambling Taxes	R103m



Northern Cape

Diamonds are Forever

The Northern Cape is South Africa's largest province and most sparsely populated area but is a popular tourism destination offering beach, desert, extreme sports and quirky towns rich in history and culture.

The Northern Cape shares the Kgalagadi Transfrontier Park with Botswana, whilst Kimberley's The Big Hole is known for its diamond mining. Around 1.2 million people live here and it is made up of five district municipalities which are divided into 27 local municipalities. It relies heavily on mining and agriculture for the economy.

The Northern Cape Gambling Board was set up in 2017 and was initially faced with a backlog of applications and litigation matters. Since then it has been working on speeding up the roll out of the LPMs and regulating the industry whilst eradicating illegal gambling.

Apparently the provincial government loses some R30m plus in taxes and levies due to illegal gambling whilst problem gambling then also becomes an issue.

There's been some upheaval. In 2018 the Acting Chief Executive Officer of the gambling board and Chief Financial Officer both resigned and the Department of Economic Development and Tourism elected an Acting CEO and Acting Legal Manager to assist the board. There have also been reports of misconduct and gross negligence.

The gambling sector is governed by the Northern Cape Gambling Act of 2008 and there are three casinos, two LPM route operators, 14

bookmakers, two totalisators and one horse racing licence.

Gambling turnover was R4.1bn and total GGR in 2018/19 was R281.9m and total levies collected was R22.7m.

CASINOS

There are three casino licences in the province. Total GGR in 2018/19 for the casinos was R217.4m and R17.3m was collected in levies.

Flamingo Casino is operated by Sun International and located in the capital Kimberley. It has 300 slots and 10 table games and a salon privé. Desert Palace Casino can be found in the heart of Kalahari at the Upington Golf Course and offers 169 slots and six table games. It is operated by Northern Cape Consultants and the three star hotel has 24 superior rooms and 36 standard.

Finally The Grand Oasis Casino in Kuruman has 162 slots. There is a Signature Grill restaurant and theatre on site. The licence was originally awarded to Leithlo Resort and Entertainment World and it was opened by Niveus (HCI) in 2014. Niveus disposed of its investment in Grand Oasis in mid 2018 to Tsogo Sun via Galaxy Bingo.

LPMs

Northern Cape was the last province to receive its LPM route operator licences and roll out of machines began in October 2015. There are two

operators – Vukani and GoldRush Gaming. Total GGR for the LPM sector in Northern Cape was R30.3m and R2.4m was collected in levies from the two operators.

BINGO

No licences

BETTING

Total bookmaker and totalisator betting GGR was R33.8m last year made up of R4.3m from betting on horse racing and R29.4m on sports betting. Levies collected amounted to R2.9m.

Totalisator is operated by Phumelela and there are 14 bookmakers. Phumelela's Flamingo Park racecourse in Kimberley closed at the end of December

Essential information and facts about Northern Cape:

Capital	Kimberley
Population	1.2 million
Authority	Northern Cape Gambling
Website	www.ndgb.co.za
GGR	R281.9m
Gambling Taxes	R22.7m

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Western Cape

Home of the Mother City

Western Cape is located on the south western coast and is the fourth largest province and third most populous with around 6.6 million. Around two thirds of the population live in the metropolitan area of Cape Town, the provincial capital and also the country's legislative capital.

The province stretches along the Atlantic coast and has a strong agricultural and farming sector. Cape Town is known as the Mother City and is a Central Business District with established infrastructure and second most important contributing municipality towards national employment. Around five million visitors went to Cape Town last year (domestic and international).

The Western Cape Gambling and Racing Board was established in 1996 by the Western Cape Gambling and Racing Act and controls and regulates the provincial gambling sector.

Today there are five licensed casinos, two licensed LPM route operators, 43 bookmakers, one totalisator, 6,000 gambling devices and 640 premises made up of 432 LPM premises, 54 totalisator and 154 bookmaker premises.

The Act has been amended over the years and most recently it was updated in 2019 (19th amendment) in order to promote and facilitate the financial self sufficiency of the board. It is estimated that the revenue to be collected from these fees will be around R30m per year. This, plus other fees payable to the board, means the board should be financially self sufficient and less dependent on payments from the Western Cape Provincial Treasury.

As such the bill introduced a new casino operator fee based on what the casinos would have been required to pay, should the 10 year exclusivity period not have expired. This fee is based on the original value of the development of the casino.

In addition the bill revises provisions relating to the LPM operator fees and suggests that certain fees are now paid to the gaming board instead of into the Provincial Revenue Fund.

This includes:

- LPM operator fees – with those less than 500 machines an annual fee of R1,953m shall be paid; for 500-1,000 machines an annual fee of R3,905m and for more than 1,000 machines an annual fee of R5,858m.
- Casino operator fees are divided between those with development costs of less than R175m – to pay R2,805m per year and those above that rate pay R7,150m.

Meanwhile there are also draft regulations proposed to increase the amount of application and licensing fees payable by all sectors. The Western Cape Gambling and Racing Regulations (Fees and Costs) 2020 will come into effect in April 2020.

A casino previously paid R239,650 annual licensing fee plus R7,190 per table and R4,794 per slot annually – this has been increased to R252,351 annual licensing fee and R7,571 per table and R5,048 per slot.

CASINOS

There are five casinos in Western Cape which operate a total of 115 table games (total GGR in 2019 was R405.3m) and 3,770 casino slots with a total GGR of R2.52bn. Total GGR for the casino sector was R2.92bn with R424.4m in total casino tax collected.

The casinos are:

Garden Route Casino is located in seaside town of Mossel Bay in Cape Town with 412 slots and 12 table games. Revenue in 2019 was R245m; Mykonos Casino has 320 slots and six tables and revenues of R179m and Tsogo Sun Caledon has 318 slots and eight tables and revenues of R181m. These three are all operated by Tsogo Sun which saw a provincial gaming win growth of 2.8 per cent last year in total.

Sun International operates two casinos – Golden Valley Casino which is located in the Breede River Valley, just an hour from Cape Town and the only casino in Worcester. It has 227 slots and six table games. Also GrandWest, one of the largest casinos in South Africa and located in Cape Town. There are 2,563 slots and 75 table games and 24/7 entertainment.

LPMS

The Western Cape has the third largest number of LPMS rolled out (by 2019) and as such this province has the best LPM revenues. It has not





Essential information and facts about Western Cape:

**Capital
Population
Authority**

Cape Town
6.6 million
Western Cape
Gambling and Racing
Board

**Website
GGR
Gambling Taxes**

www.wcgrb.co.za
R5.29bn
R646.7m

yet however rolled out Type B and C sites which can operate between six and 40 machines. There were 2,022 LPM machines in the province at the end of 2019 and 432 LPM sites, the majority of which (285) are in Cape Town. Total GGR in 2019 for the LPM sector was R962.2m with total tax payments of R138.4m. There are two route operators – Grand Slots and Vukani Gaming – each awarded 1,500 LPMs each and up to five LPMs can be located in a site.

LPM operator application fee is R252,351 with annual licensing fee of R126,182 and R2,530 per LPM annually. LPM premises application fee is R12,612 with annual licensing fee of R1,258 plus R5,048 per slot.

BINGO

No licences

BETTING

There are 154 bookmaker premises and 54 totalisator premises. The totalisator is operated by Kenilworth Racing which is managed by Phumelela. Phumelela manages the two racecourses in the province, Kenilworth and Durbanville.

Turnover for the sports betting sector in Western Cape was R7.6bn with a GGR of R652m and betting tax of R38m (2018).

There is a decline in the interest of horse racing although sports betting is growing mainly due to the ease of mobile and online betting platforms. Horse Racing total turnover is around R1.5bn with a GGR of R585m and total tax of R35.8m (2018).

A bookmaker new licence application fee is R12,612 with an annual licensing fee of R2,530 plus R10,100 (annual investigation fee). Bookmaker premises application fee is R12,612 with an annual licensing fee of R513 plus R1,258 annual investigation fee.

Garden Route Casino is located in seaside town of Mossel Bay in Cape Town with 412 slots and 12 table games. Revenue in 2019 was R245m; Mykonos Casino has 320 slots and six tables and revenues of R179m and Tsogo Sun Caledon has 318 slots and eight tables and revenues of R181m. All locations are operated by Tsogo Sun.