National Gambling Board
South Africa
a member of the dtic group

NGB ANNUAL REPORT 2021/2022 & QUARTER 1 PERFORMANCE REPORT – 2022/2023

Presenter:
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NGB
ANNUAL REPORT
2021/2022

CONTENT

1. Mandate of the National Gambling Board
2. Key highlights for the 2021/2022 financial year
3. Gambling Sector Performance
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5. Financial status and performance
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MANDATE

The NGB is a Schedule 3A Public Entity in terms of the PFMA,1999. The NGB is established in terms of the NGA, 2004. In terms of Sections 33 and 65 of the NGA the NGB is mandated to:

- Evaluate the issuance of national licences and the compliance monitoring of licences by the PLAs
- Conduct oversight evaluation of the performance of PLAs to ensure compliance to both the national and provincial legislation, and adherence to national norms and standards
- Assist PLAs to ensure that the unlicensed gambling activities are detected
- Monitor market share and market conduct
- Establish and maintain national registers
- Research the socio-economic impact of gambling
- Conduct public awareness and education programmes
- Advise the Minister, **the dtic** and any other stakeholder on gambling related matters
- Interact with other jurisdictions that have a common agenda to NGB

KEY HIGHLIGHTS FOR THE 2021/2022 FINANCIAL YEAR

- NGB achieved its 7th consecutive clean audit
- There was a rebound of the gambling industry that saw GGR revert back to pre-COVID-19 levels at R34.4 billion
- In FY2021/22, GGR rebounded to pre-pandemic levels. The betting sector contributed to the acceleration in GGR growth as its revenue surpassed all other modes at 44.9% market share, followed by the casino, LPM and bingo sectors.
- Tax collection also increased to R3,2 billion reaching pre-pandemic levels.

GAMBLING SECTOR PERFORMANCE: SNAPSHOP OF THE INDUSTRY

Variable	FY2020/21 Market conduct – as at Quarter 4 Statistics – Total all Quarters	FY2021/22 Market conduct – as at Quarter 4 Statistics – Total all Quarters	FY2021/22 Quarter 1	FY2021/22 Quarter 2	FY2021/22 Quarter 3	FY2021/22 Quarter 4
Number of operational casinos	38	38	38	38	38	38
Number of operational slots (casinos)	18953	20959	20273	18657	20359	20959
Number of operational table (casinos)	831	842	900	826	899	842
Number of operational gambling positions (casinos)	21349	25507	24522	23064	24849	25507
Number of operational totalisator outlets	328	306	323	302	304	306
Number of operational bookmakers	186	264	268	259	267	264
Number of operational bookmaker outlets	599	527	547	546	533	527
Number of operational Limited Payout Machine (LPM) site operators	2421	2474	2414	2406	2468	2474
Number of active LPMs	13914	14591	13634	14001	14474	14591
Number of operational bingo outlets	65	67	65	66	66	67
Number of operational bingo positions	8625	9178	8718	8195	8449	8960
Traditional	528	132	132	132	132	132
Electronic Bingo Terminals	8097	8828	8586	8063	8317	8828
National gambling statistics: Turnover	R326 420 638 507	R559 880 253 827	R124 353 742 490	R119 311 478 658	R156 361 863 559	R159 853 169 119
National gambling statistics: GGR	R23 254 421 689	R34 430 989 724	R8 002 247 776	R6 726 020 706	R9 615 431 238	R10 087 290 003
National gambling statistics: Taxes/levies collected	R2 049 426 607	R3 150 812 854	R743 785 297	R626 041 785	R882 051 625	R898 934 148

GAMBLING SECTOR PERFORMANCE:

Growth in GGR (all modes): FY2018/19 - FY2021/22

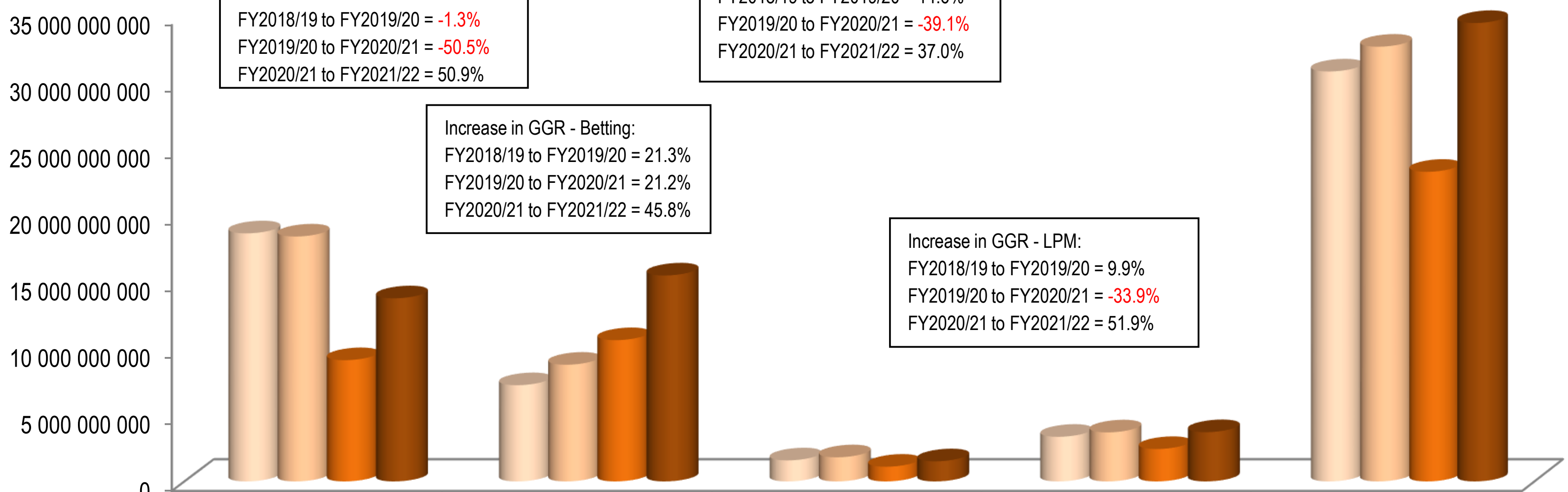
Increase in GGR - Casino:
FY2018/19 to FY2019/20 = -1.3%
FY2019/20 to FY2020/21 = -50.5%
FY2020/21 to FY2021/22 = 50.9%

Increase in GGR - Betting:
FY2018/19 to FY2019/20 = 21.3%
FY2019/20 to FY2020/21 = 21.2%
FY2020/21 to FY2021/22 = 45.8%

Increase in GGR - Bingo:
FY2018/19 to FY2019/20 = 14.6%
FY2019/20 to FY2020/21 = -39.1%
FY2020/21 to FY2021/22 = 37.0%

Increase in GGR - LPM:
FY2018/19 to FY2019/20 = 9.9%
FY2019/20 to FY2020/21 = -33.9%
FY2020/21 to FY2021/22 = 51.9%

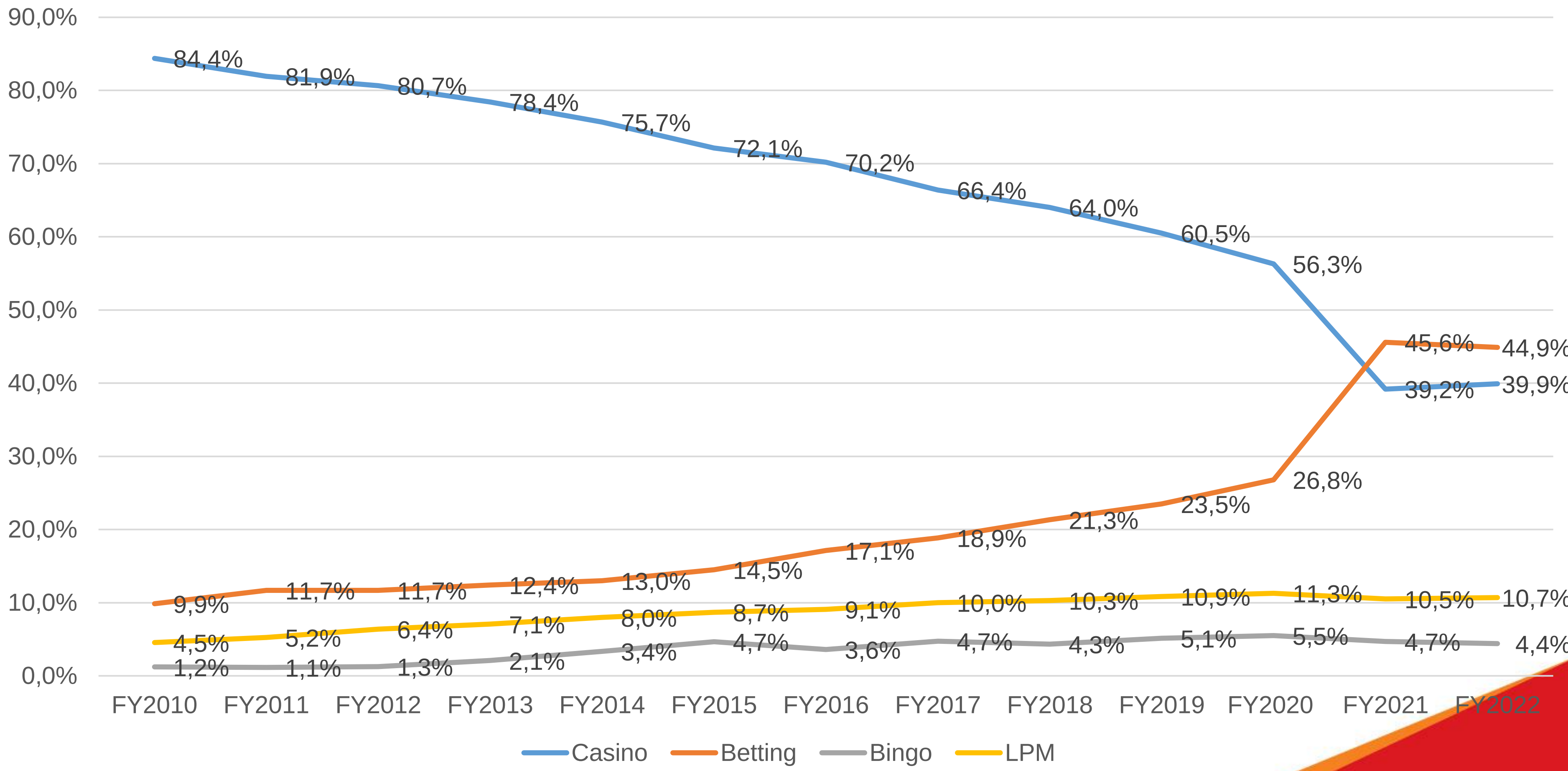
Increase in GGR - Total:
FY2018/19 to FY2019/20 = 6.0%
FY2019/20 to FY2020/21 = -28.7%
FY2020/21 to FY2021/22 = 48.0%



	GGR Casino	GGR Betting	GGR Bingo	GGR LPM	TOTAL
GGR, FY2018/19	18 632 408 686	7 227 082 554	1 580 744 888	3 350 530 532	30 790 766 660
GGR, FY2019/20	18 394 077 253	8 764 027 638	1 810 774 980	3 681 852 665	32 650 732 535
GGR, FY2020/21	9 107 191 030	10 609 620 944	1 103 215 830	2 434 393 885	23 254 421 690
GGR, FY2021/22	13 753 507 077	15 468 352 646	1 510 403 511	3 698 726 491	34 430 989 724

GAMBLING SECTOR PERFORMANCE:

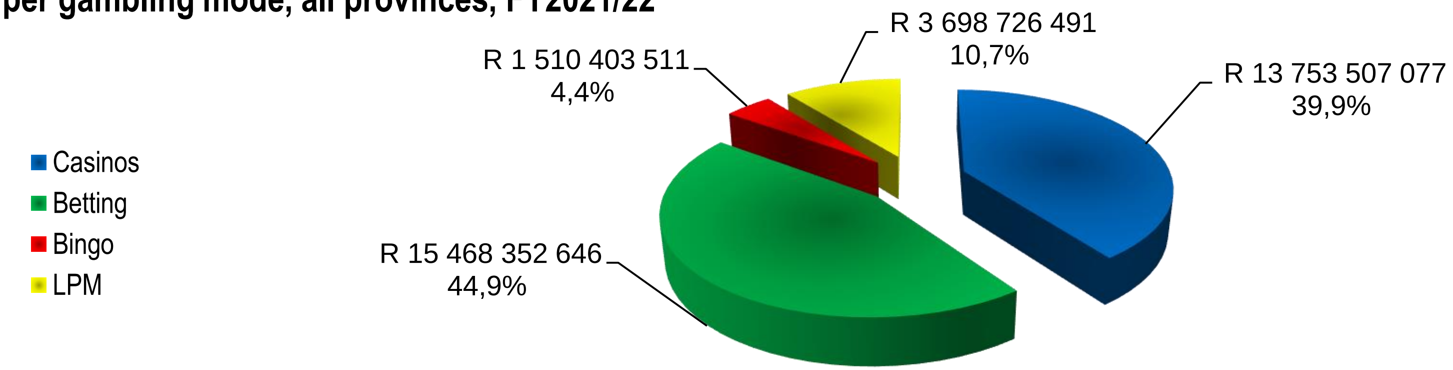
Trend in share of total GGR, comparison all modes (FY2009/10 – FY2021/22)



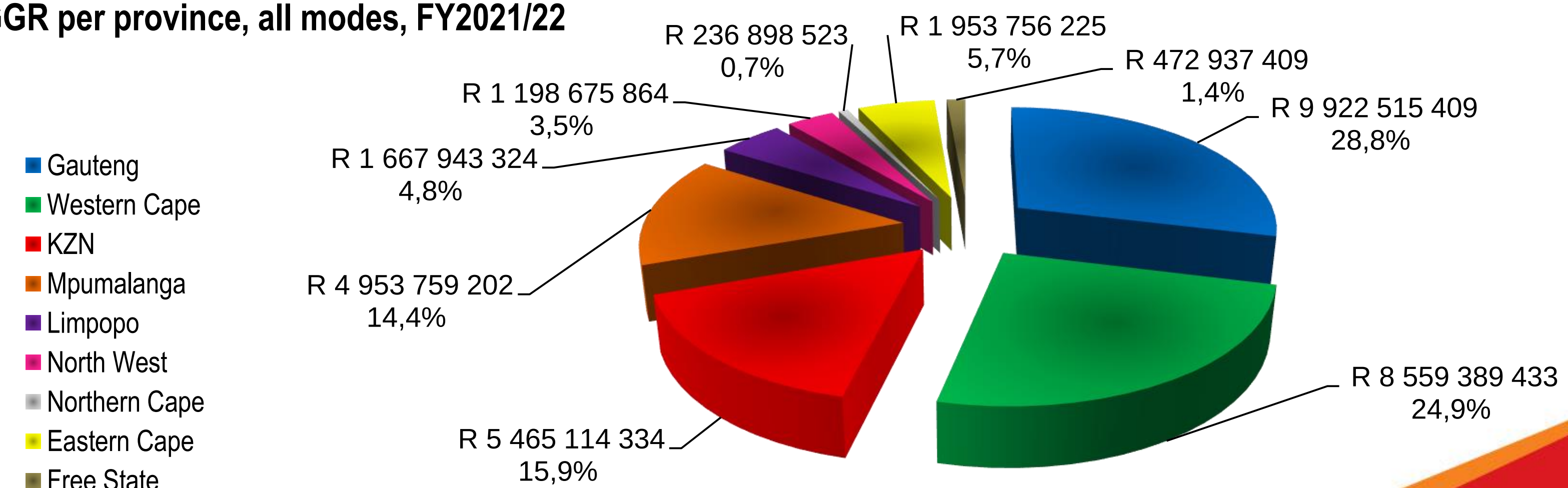
GAMBLING SECTOR PERFORMANCE:

GGR per gambling mode and per province (all modes) (FY2021/22)

GGR per gambling mode, all provinces, FY2021/22



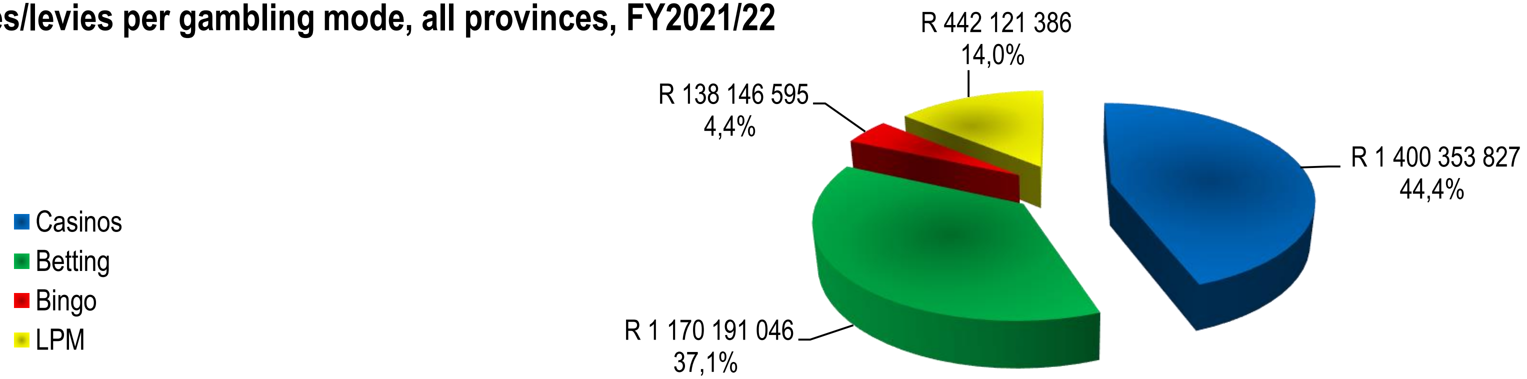
GGR per province, all modes, FY2021/22



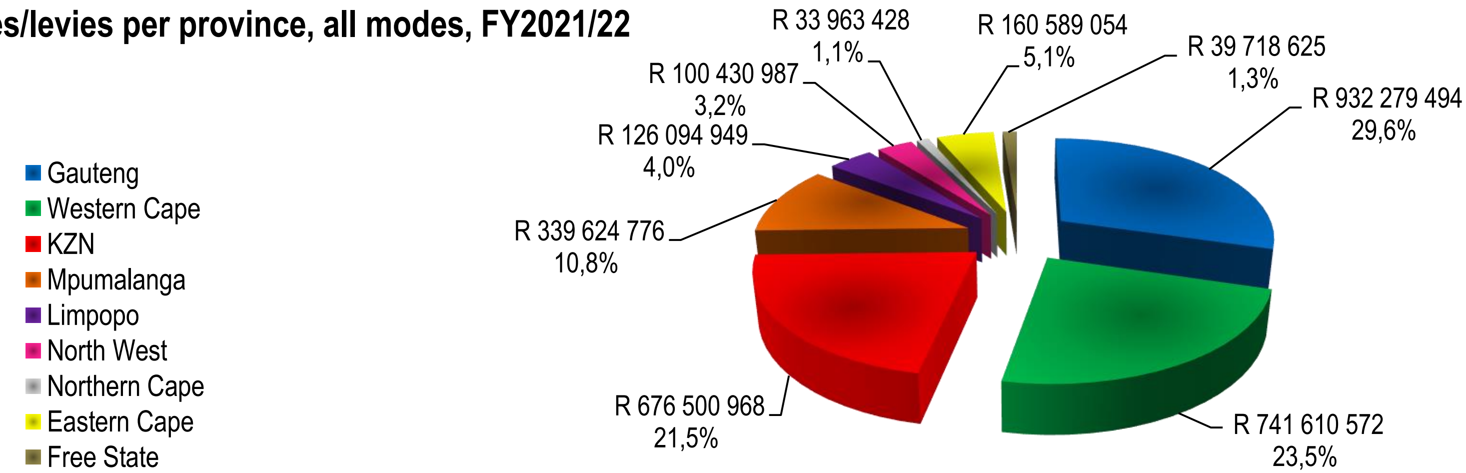
GAMBLING SECTOR PERFORMANCE:

Tax per gambling mode and per province (all modes) (FY2021/22)

Taxes/levies per gambling mode, all provinces, FY2021/22

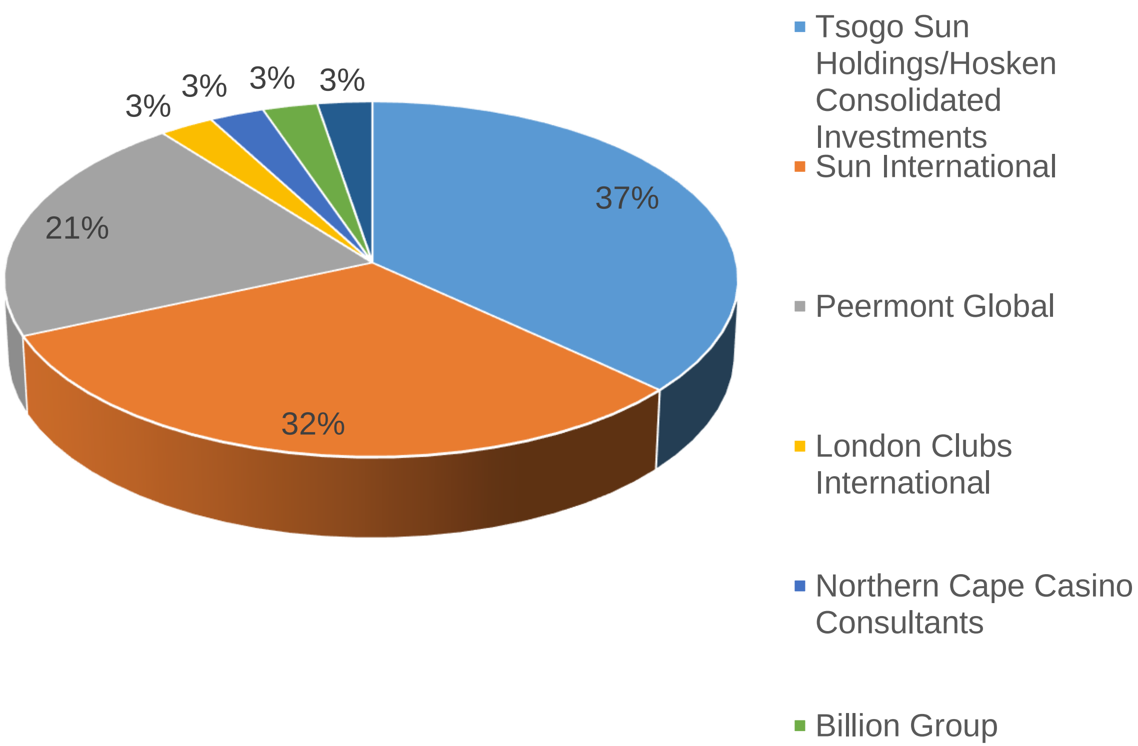


Taxes/levies per province, all modes, FY2021/22



GAMBLING SECTOR PERFORMANCE:

Market share of ownership of operational casinos as at 31 March 2022

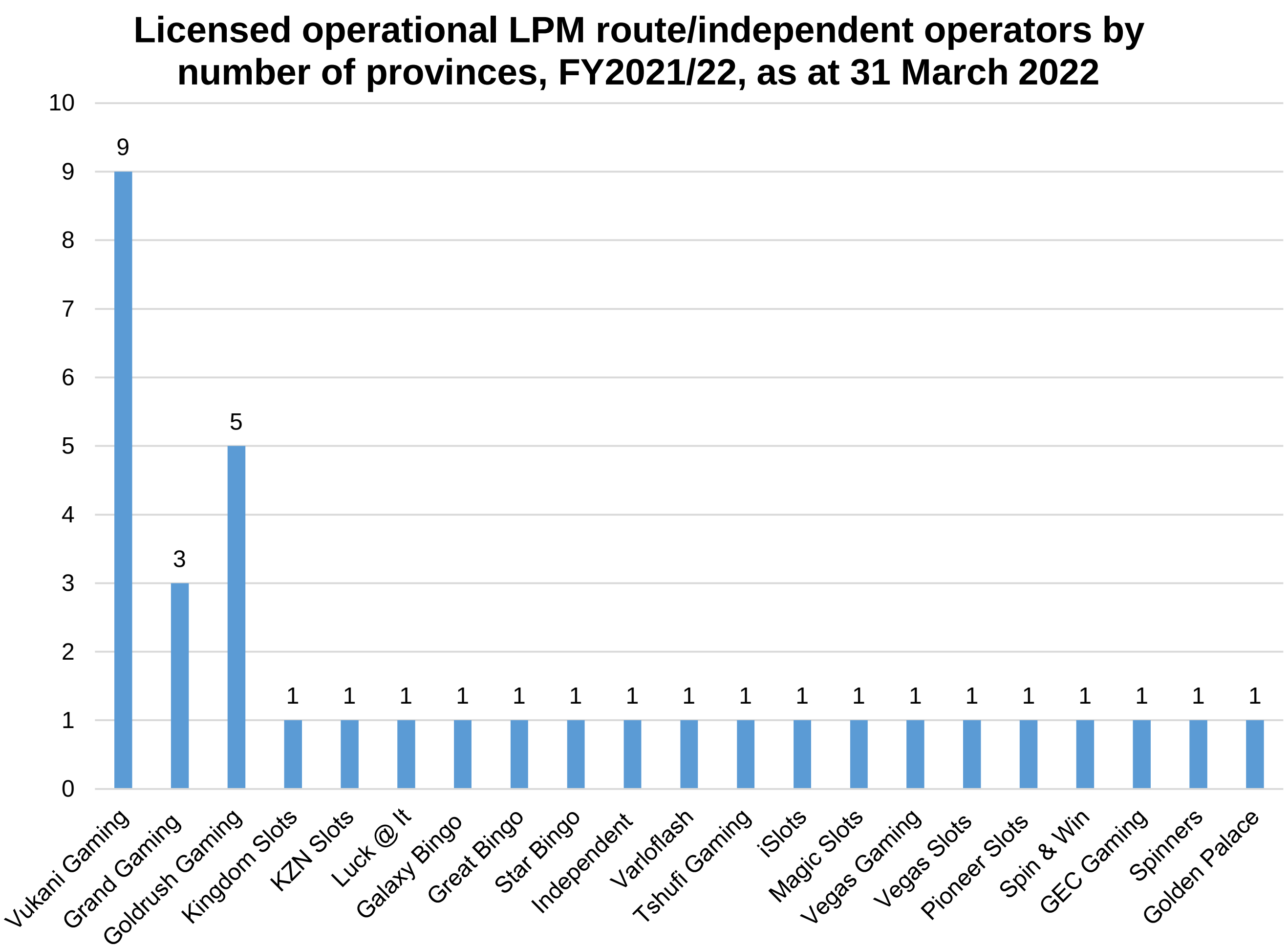


- As at 31 March 2022 a total number of 38 casinos (out of a maximum of 41 licenses) were operational in South Africa.

- The controlling shareholders for operational casinos are Sun International (12 casinos), Tsogo Sun Holdings/Hosken Consolidated Investments (14 casinos), Peermont Resorts (8 casinos), London Clubs International (1 casino), Northern Cape Casino Consultants (1 casino) and Billion Group (1 casino).

GAMBLING SECTOR PERFORMANCE:

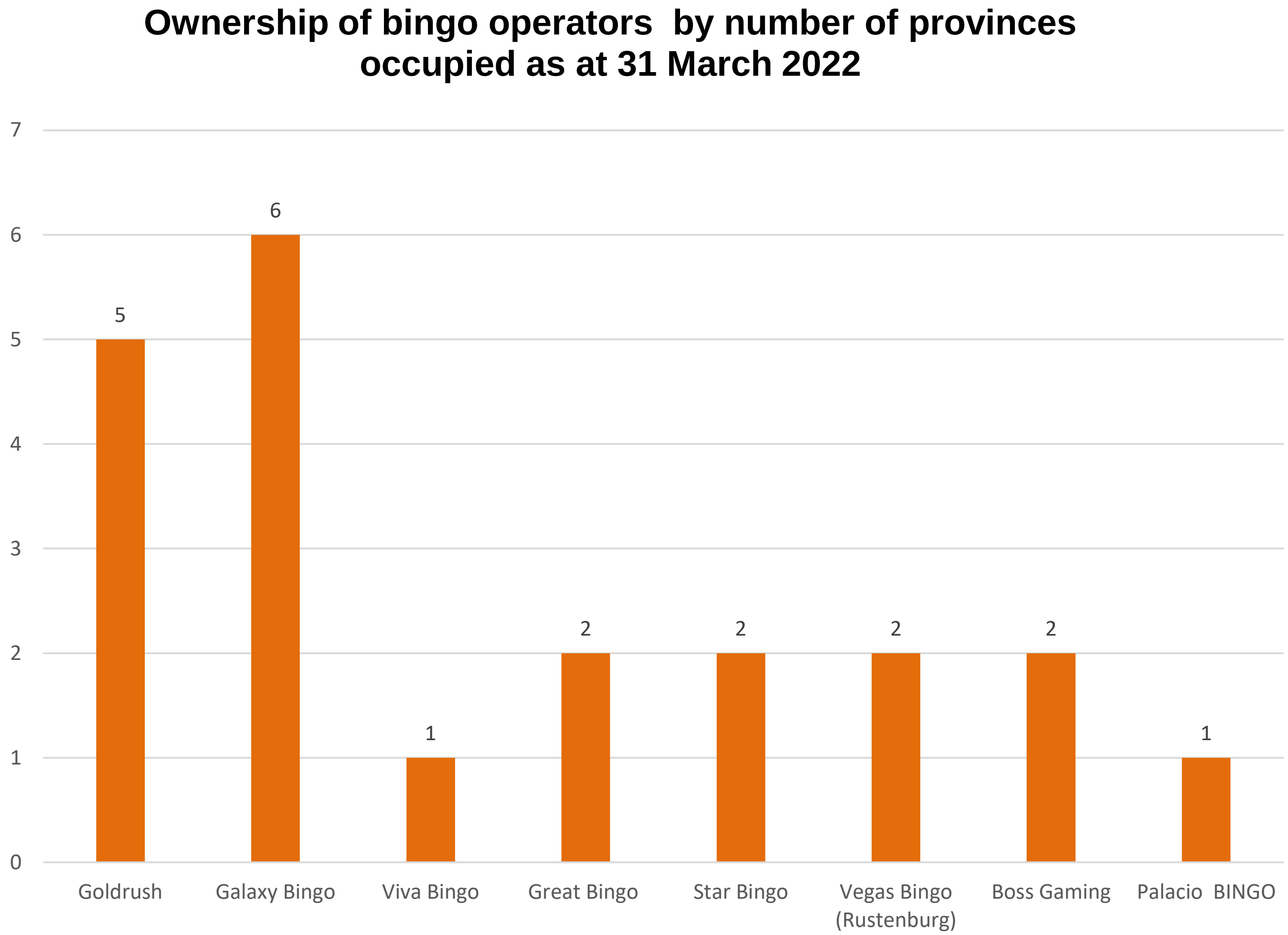
Market share of ownership of operational LPM Operators as at 31 March 2022



- During FY2021/22 Vukani Gaming operated in all nine provinces; Goldrush Gaming operated in six provinces (Gauteng, KwaZulu-Natal, Limpopo, North West, Northern Cape, and Free State); Grand Gaming operated in three provinces (Gauteng, Western Cape and Mpumalanga); Crazy Slots and Hot Slots in Gauteng; Kingdom Slots, KZN Slots, Luck@it and Great Bingo in KwaZulu-Natal; Varloflash, Tshufi Gaming, I Slots, Vegas slots and Magic Slots operated in North West; Pioneer operated in Eastern Cape and an independent operator was also operational in Mpumalanga.

GAMBLING SECTOR PERFORMANCE:

Market share of ownership of operational Bingo Operators as at 31 March 2022



- Bingo is licensed and rolled out in six out of the nine provinces namely Gauteng, North West, Limpopo, Mpumalanga, KwaZulu-Natal and Eastern Cape. The bingo operators which are operational in South Africa are represented by Galaxy Bingo operational in all provinces offering bingo for play i.e. Gauteng, KwaZulu-Natal, Mpumalanga, Limpopo, North West and Eastern Cape. Goldrush operated in five out of six provinces namely Gauteng, KwaZulu-Natal, Limpopo, North West and Eastern Cape; Great Bingo operated in KwaZulu-Natal and Mpumalanga, Vegas Bingo operated in Limpopo and North West, Boss Gaming operated in Limpopo and Eastern Cape, Viva Bingo operated in Mpumalanga and Palacio Bingo in Eastern Cape

ACTUAL PERFORMANCE AGAINST THE ANNUAL PERFORMANCE PLAN (APP - 2021/2022)

#	Outcome	Outcome Indicator	Five (5) year target	Progress made against the five (5) year target	Planned Target 2021/22	Actual Achievement 2021/22
1	Broad-based public education	Percentage implementation of the broad-based public education programme	100% implementation of the broad-based public education programme	The NGB had implemented 96% of the broad-based public education programme	Conduct ten (10) broad-based public educational interventions about the risks and socio-economic impact of gambling	Over-achieved Conducted fourteen (14) broad-based public educational interventions about the risks and socio-economic impact of gambling
2	Effectively monitored socio-economic patterns of gambling activity within the Republic	Publish and disseminate national integrated data and trend analysis to the gambling industry and regulators	Five (5) annual publications	The NGB has published three (3) Gambling Sector Performance Reports for the following financial years: • FY2018/2019; • FY2019/2020; and • FY2020/2021.	Three (3) reports (based on unaudited data) and one (1) annual report on audited gambling sector performance submitted to the Accounting Authority	Over-achieved Seven (7) reports were produced: Three (3) reports (based on unaudited data) and one (1) annual report on audited gambling sector performance were submitted to the Accounting Authority Three (3) reports on socio-economic implications of market share and market conduct in the gambling industry were produced
					Three (3) reports on economic analysis and research conducted on the impact of gambling submitted to the Accounting Authority	Over-achieved Six (6) reports were produced: Three (3) reports on the economic analysis and research conducted on the impact of gambling were submitted to the Accounting Authority Three (3) reports on benchmarking the South African gambling industry against other jurisdictions were produced

ACTUAL PERFORMANCE AGAINST THE ANNUAL PERFORMANCE PLAN (APP - 2021/2022)

#	Outcome	Outcome Indicator	Five (5) year target	Progress made against the five (5) year target	Planned Target 2021/22	Annual Achievement 2021/22
3	Uniformity of legislation in the gambling industry	Authoritative advice on policy, statutory matters and legislation is provided to the Minister	Five (5) Advisory reports presented to the dtic	Five (5) Advisory reports pertaining to the following matters were presented to the dtic: • Norms and Standards 2019/2020 • Future regulation of the gambling industry in FY2020/2021 • The economic recovery and reconstruction plan for the gambling industry in FY2020/2021 • Gambling Legislative Advisory in FY2020/2021 • Market Enquiry 2021/2022	Four (4) S65 advisory reports on gambling regulation and one (1) consolidated S65 report submitted to the Accounting Authority	Over-achieved Eight (8) reports were produced: Four (4) S65 advisory reports on gambling regulation and one (1) consolidated S65 report was submitted to the Accounting Authority Three (3) reports on a legislative review were produced
					Four (4) advisory reports on gaming control and regulation and one (1) consolidated report on regulation submitted to the Accounting Authority	Achieved Four (4) advisory reports on gaming control and regulation and one (1) consolidated report on gaming control and regulation were submitted to the Accounting Authority
4	Account for and identify all legal gambling machines, devices and owners, licensed juristic and natural persons and excluded persons	Percentage variance of uptime on the systems	Within 5% variance of uptime on the systems	There was a zero % variance on the uptime on the systems for • FY2020/2021; and • FY2021/2022.	95% uptime of national registers	Over-achieved 100% uptime of national registers
					95% uptime of National Central Electronic Monitoring System (NCEMS)	Over-achieved 100% uptime of National Central Electronic Monitoring System (NCEMS)

ACTUAL PERFORMANCE AGAINST THE ANNUAL PERFORMANCE PLAN (APP - 2021/2022)

#	Outcome	Outcome Indicator	Five (5) year target	Progress made against the five (5) year target	Planned Target 2021/22	Actual Achievement 2021/22
5	Economic transformation and increased participation of Historically Disadvantaged Individuals in the mainstream gambling industry	Development of an industry-wide transformation agenda	Industry-wide transformation agenda	A draft industry-wide transformation agenda was developed in FY2019/2020	Four (4) reports on economic transformation and participation of HDIs in the mainstream gambling industry submitted to the Accounting Authority	Achieved Four (4) reports on economic transformation and participation of HDIs in the mainstream gambling industry was submitted to the Accounting Authority

FINANCIAL STATUS AND PERFORMANCE

Revenue Collection

PROGRAMMES	2021/2022			2020/2021		
	ESTIMATE	ACTUAL AMOUNT COLLECTED	(OVER) / UNDER EXPENDITURE	ESTIMATE	ACTUAL AMOUNT COLLECTED	(OVER) / UNDER COLLECTION
	R'000	R'000	R'000	R'000	R'000	R'000
Government Grant	35 928 000	35 928 000	-	31 027 000	31 027 000	**-**
NCEMS Licence Fees	200 500 000	221 048 859	20 548 859	145 995 745	146 064 184	**68 439**
Interest Received	3 720 000,00	2 521 115	(1 198 885)	2 534 703	2 315 196	**(219 507)**
Rental	-	400 411	-	3 503 317	2 237 493	**(1 265 824)**
Miscellaneous Income	-	-	-	-	-	**-**
Total	**240 148 000**	**259 898 385**	**19 750 384**	**183 060 765**	**181 643 873**	**(1 416 892)**

FINANCIAL STATUS AND PERFORMANCE

Expenditure Management

Programme/activity/ objective	2020/2021			2021/2022		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Compliance	7 587 506	8 261 399	(673 893)	8 822 443	7 644 526	1 177 917
Advisory And Support Services	13 708 001	14 788 190	(1 080 189)	16 396 561	12 701 536	3 695 024
Finance and Procurement	20 935 860	19 914 838	1 021 022	19 223 349	19 495 522	(272 173)
Technical Compliance	132 763 352	137 118 596	(4 355 244)	187 827 356	198 153 568	(10 326 213)
Total	**174 994 719**	**180 083 023**	**(5 088 304)**	**232 269 708**	**237 995 153**	**(5 725 445)**

CONCLUSION

It is clear that the worlds of technology and gambling continue to rapidly come together especially after the effects of COVID-19, and that the NGB as a regulator, sits at the very heart of that convergence. This provides us with a great opportunity to redefine the industry.

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FIRST QUARTER PERFORMANCE 2022 2023

CONTENT

1. Summary of First Quarter Performance
2. Financial Analysis
3. Conclusion

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SUMMARY OF FIRST QUARTER PERFORMANCE

FIRST QUARTER PLANNED TARGETS

PROGRAMME	OUTPUT INDICATORS	Q1 TARGET	ACHIEVED
PROGRAMME 1: Gaming Control and Compliance	6	6	6
PROGRAMME 2: Corporate Services and Research Division	4	4	4
TOTAL	**10**	**10 (100%)**	**10 (100%)**
Ministerial JKPI			
Consolidated report	**3**	**3**	**3**

13
OUTPUT INDICATORS

13
PLANNED TARGETS

100%
TARGETS ACHIEVED

22,75%
BUDGET SPENT

PROGRAMME 1:
GAMING CONTROL AND COMPLIANCE

	Output: Maintained functional national registers	**Output:** Maintained operational National Central Electronic Monitoring System
Outcome: Account for and identify all legal gambling machines, devices and owners, licensed juristic and natural persons and excluded persons	**Target**: 95% uptime and system analysis on functionality, effectiveness and maintenance of national registers	**Target**: 95% uptime on a fully operational NCEMS and system analysis of data, detection and monitoring of significant events associated with any LPM made available for play in the Republic
	Achievement: Over-achieved • 100% uptime for the period under review. • The NGB has established a National Register of excluded persons in terms of S14 of the NGA. It is imperative that the register is brought into operation.	**Achievement**: Over-achieved • 99.98% uptime for the period under review • Three provinces, KZN, Limpopo, and North West have LPM rollout 69%, 89%, and 77% respectively in terms of the LPM phase 1 allocation. As such, the NGB intends to commence with the socio-economic studies in the three provinces as required in terms of Regulation 13 of the National Gambling Regulations, 2004.

PROGRAMME 1:
GAMING CONTROL AND COMPLIANCE

Outcome: Economic transformation and increased participation of Historically Disadvantaged Individuals in the mainstream gambling industry	Output: Monitored economic transformation commitments for HDIs in the mainstream gambling industry
	Target: One (1) report on S53 economic transformation in the mainstream gambling industry produced

	Achievement:
	
	Achieved
	
	One (1) report on S53 economic transformation in the mainstream gambling industry was produced
	
	• Section 53(1)(a) of the National Gambling Act, 2004 requires that “when considering an application for a licence, other than an employment licence, or when considering an application for the transfer of a licence, provincial licensing authorities must consider the commitments, if any, made by the applicant or proposed transferee in relation to black economic empowerment.
	• The NGB reviewed Sun International Group during the quarter.
	• It was noted that majority of the casinos’ B-BBEE rating levels dropped, this is due to a change in rating codes where previously casinos were rated using the Tourism sector codes and during the current financial year, casinos were rated using the Tourism Sector (revised codes) - Generic Sector Codes. Furthermore, black ownership percentages decreases in seven (7) of the eleven (11) casinos while black women ownership percentages decreased in all the casinos.
	• There is a need for a gambling industry transformation agenda or gambling industry charter to ensure:
	  o Gambling operators’ B-BBEE levels are measured in terms of a uniform industry standard;
	  o Uniform ownership terms and conditions for all gambling operators;
	  o Uniform ownership percentage levels to be held by black people, disabled persons, youth and black women;
	  o Standard reporting guide applicable to all provincial gambling boards.

PROGRAMME 1:
GAMING CONTROL AND COMPLIANCE

	Output: **Evaluation of PLAs compliance with gambling legislation**	Output: **Conducted technical analysis of gambling games, machines and devices**
Outcome: Effectively monitored PLA compliance with gambling legislation	**Target:** One (1) report on compliance evaluation of PLAs produced	**Target:** One (1) report on technical analysis of gambling games, machines and devices produced
	Achievement: Achieved One (1) report on compliance evaluation of two (2) PLAs was produced	**Achievement**: Achieved One (1) report on technical analysis of gambling games, machines and devices was produced • Technical analysis and review of the website of a bookmaker called Hollywood Bets was performed. On the Hollywoodbets websites, one of the offerings to punters is the Spina Zonke games. These are approximately 300 games and are available for punters to choose from to place their bets. • Games offered under the Spina Zonke banner look like online casino games that are available to punters over the internet to play on directly. • The mode of accessing and interacting with the casino games offered, places the activity in the realm of interactive gambling as defined by the National Gambling Act, 2004 (Act 7 of 2004) (NGA), which states, *“interactive game means a gambling game played or available to be played through the mechanism of an electronic agent accessed over the Internet other than a game that can be accessed for play only in licensed premises, and only if the licensee of any such premises is authorised to make such a game available for play.”* • Further the necessary intervention is required at an intergovernmental level.

PROGRAMME 1:
GAMING CONTROL AND COMPLIANCE

	Output: Evaluation of PLAs compliance with gambling legislation	**Output:** Conducted technical analysis of gambling games, machines and devices
Outcome: Effectively monitored PLA compliance with gambling legislation	**Target:** One (1) report on compliance evaluation of PLAs produced	**Target:** One (1) report on technical analysis of gambling games, machines and devices produced
	Achievement: Achieved One (1) report on compliance evaluation of two (2) PLAs was produced • The NGB conducted oversight evaluations over the compliance of Limpopo Gambling Board and Kwa-Zulu Natal Gambling and Betting Board in terms of the NGA, 2004. • Amongst other findings it was noted that no commitments had been made regarding B-BBEE. • Some licencees had displayed expired gambling licences and in certain instances the designated gambling area was not clearly outlined.	**Achievement**: Achieved One (1) report on technical analysis of gambling games, machines and devices was produced • Technical analysis and review of the website of a bookmaker called Hollywood Bets was performed. On the Hollywoodbets websites, one of the offerings to punters is the Spina Zonke games. These are approximately 300 games and are available for punters to choose from to place their bets. • Games offered under the Spina Zonke banner look like online casino games that are available to punters over the internet to play on directly. • The mode of accessing and interacting with the casino games offered, places the activity in the realm of interactive gambling as defined by the National Gambling Act, 2004 (Act 7 of 2004) (NGA), which states, *"interactive game means a gambling game played or available to be played through the mechanism of an electronic agent accessed over the Internet other than a game that can be accessed for play only in licensed premises, and only if the licensee of any such premises is authorised to make such a game available for play."* • Further the necessary intervention is required at an intergovernmental level.

PROGRAMME 1: GAMING CONTROL AND COMPLIANCE

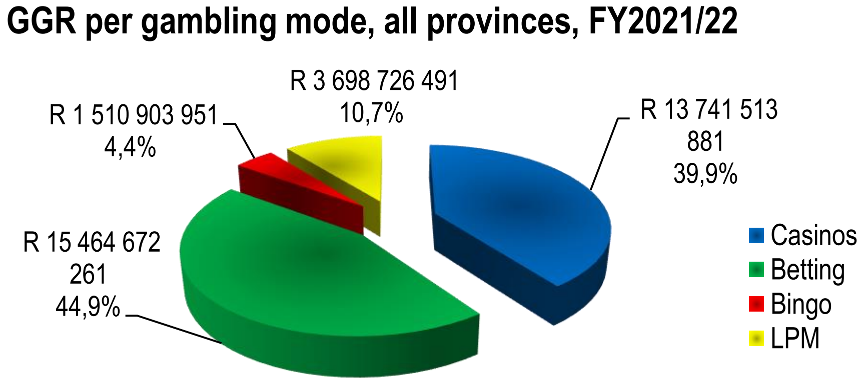
Outcome: Facilitated S16 confiscation of proceeds from illegal gambling activities	**Output:** **Targeted investigations completed on the circumstances of the illegal gambling activity**
	Target: 25% of the total number of cases outstanding investigation completed
	Achievement: Achieved Over-Achieved • Twenty six point zero one percent (26.01%) was achieved. • Forty-five (45) cases were investigated out of one hundred and seventy-three (173) legacy cases. • There were no investigations conducted for new matters as no matters with NGB-2 Forms were received during Q1.

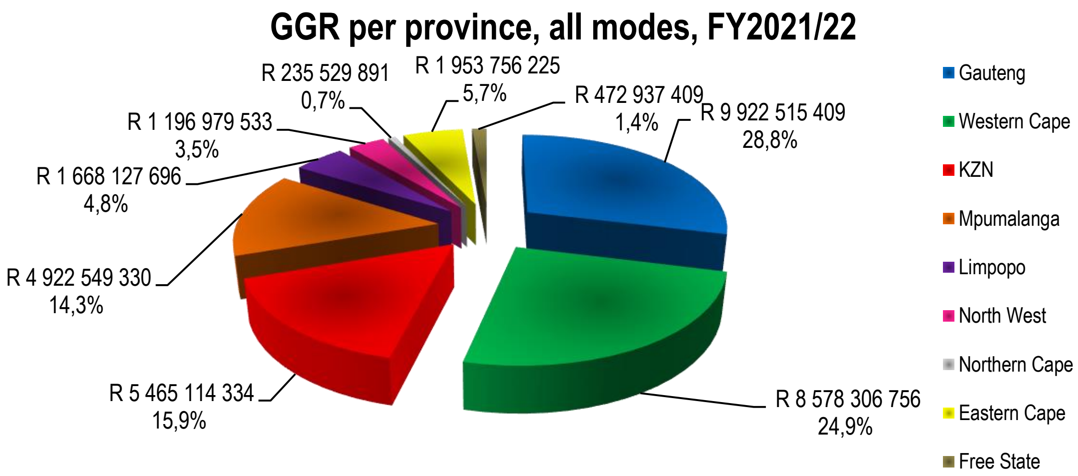
PROGRAMME 2: CORPORATE SERVICES AND RESEARCH DIVISION

	Output: Monitored market share and market conduct in the gambling industry	Output: Conducted economic analysis and research on the impact of gambling
Outcome: **Effectively monitored socio-economic patterns of gambling activity within the Republic**	**Target:** One (1) report on gambling sector performance (4th quarter, FY2021/22) produced	**Target:** One (1) economic analysis and research report on the impact of gambling produced
	Achievement: Over-Achieved Two (2) reports were produced: • One (1) report on gambling sector performance (4th quarter, FY2021/22) • One (1) report on the Socio-economic Implications of market share and market conduct in the gambling industry	**Achievement**: Over-Achieved Two (2) reports were produced: • One (1) report on the economic analysis and research conducted on the impact of gambling • One (1) report on benchmarking the South African gambling industry against other jurisdictions

PROGRAMME 2: CORPORATE SERVICES AND RESEARCH DIVISION

Monitored market share and market conduct in the gambling industry: Unaudited

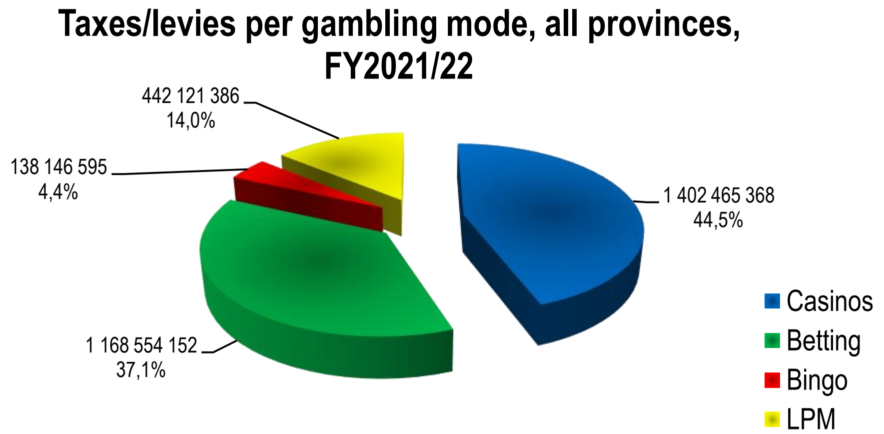


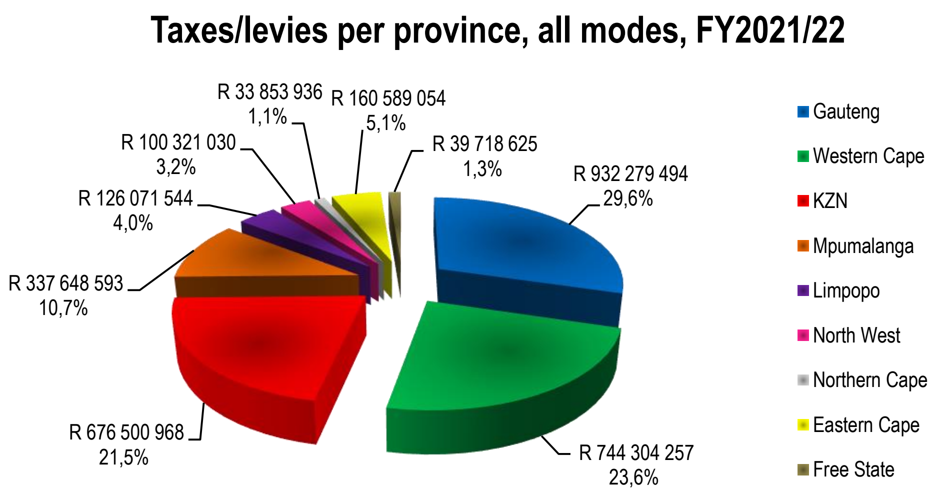


- Betting accounted for the highest GGR generated, being 44,9% as compared to other gambling modes.
- Compared to all other provinces, Gauteng at a 28,8% share, accounted for the highest amount of GGR generated, followed by the Western Cape (24,9%) and KZN (15,9%).

PROGRAMME 2: CORPORATE SERVICES AND RESEARCH DIVISION

Monitored market share and market conduct in the gambling industry



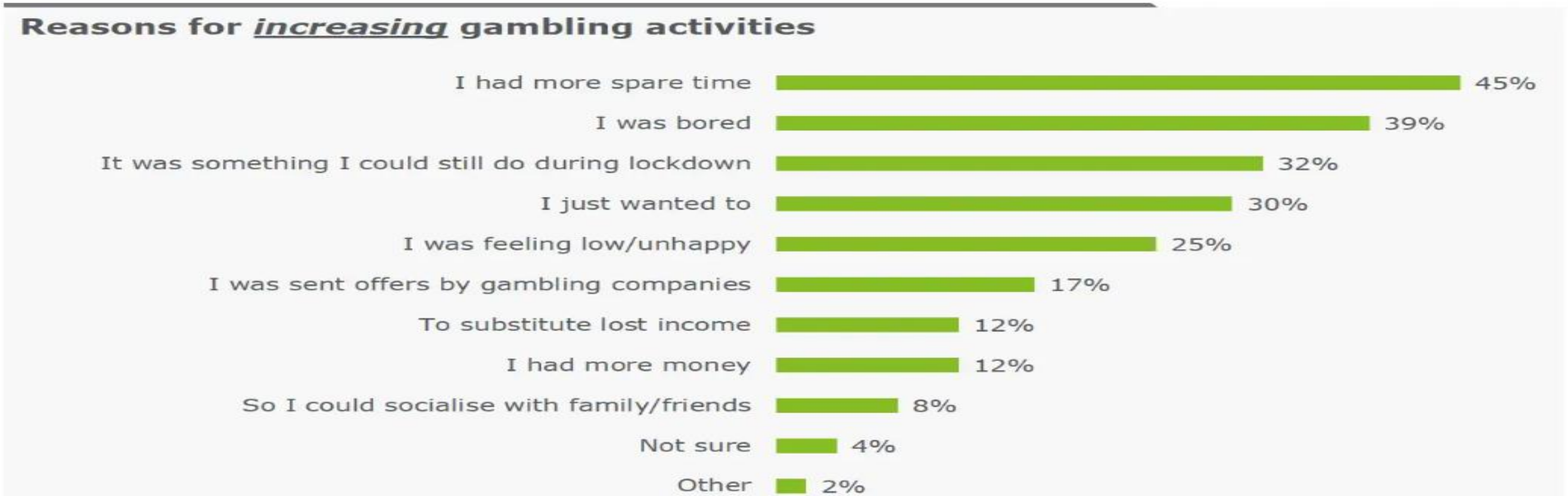


- A total amount of R3,2 billion in taxes/levies was collected during FY2021/22.
- At 44.5%, casinos contributed the highest amount of taxes/levies paid in comparison with other gambling modes
- Gauteng (29,6%) accounted for the highest amount of taxes/levies paid compared to all other provinces, followed by the Western Cape (23,6%) and KZN (21,5%).

PROGRAMME 2: CORPORATE SERVICES AND RESEARCH DIVISION

Conducted economic analysis and research on the impact of gambling

- The betting industry is reported to have also benefited from the boost from COVID-19 lockdowns.
- Reasons for increase in gambling:
  - more time available
  - boredom as primary reasons for increasing time on betting.
  - A few motivated financial reasons
  - others indicate that they were sent offers from gambling companies.



***Source**: Deloitte article titled "The betting and gaming industry face further uncertainty" published online at: https://www2.deloitte.com/uk/en/pages/consumer-business/articles/the-betting-and-gaming-industry-face-further-uncertainty.html*

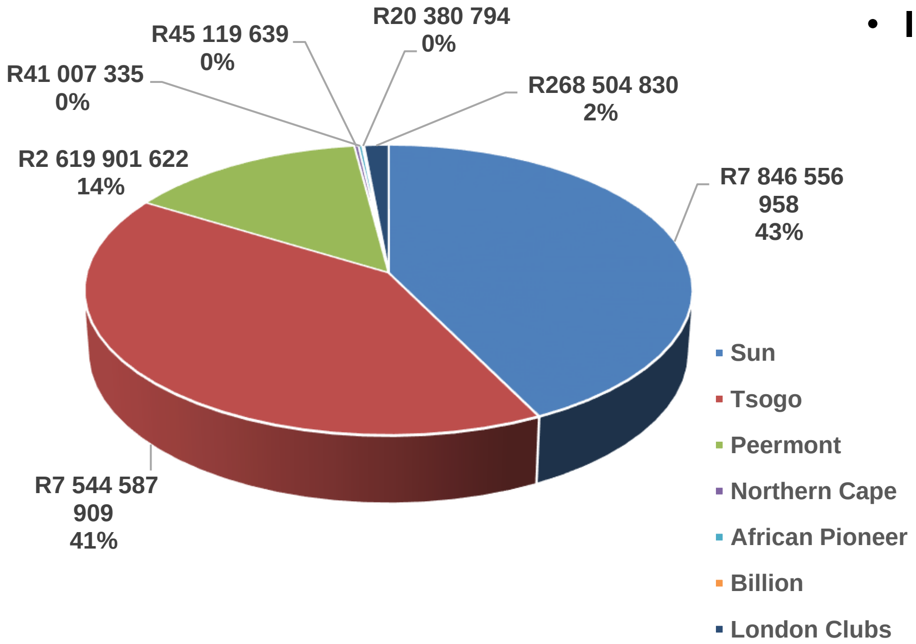
PROGRAMME 2: CORPORATE SERVICES AND RESEARCH DIVISION

Outcome: Uniformity of legislation in the gambling industry	**Output:** **Provided authoritative advice on policy, statutory matters and legislative reform in the Gambling Industry**
	Target: One (1) S65 advisory report on gambling regulation produced
	Achievement: Achieved One (1) S65 advisory report on gambling regulation produced

PROGRAMME 2: CORPORATE SERVICES AND RESEARCH DIVISION

Provided authoritative advice on policy, statutory matters and legislative reform in the Gambling Industry

NATIONAL CASINO SECTOR MARKET SHARES (FY2019/20)



- The NGB was informed about a proposed merger in the gambling industry wherein Tsogo Sun sought to acquire Emerald Casino.
- **Impact of transaction on market shares - Pre-merger**
  - The casino market across all provinces in South Africa is dominated by three major companies, namely Tsogo Sun Gaming, Sun International and Peermont Global with a combined market share of 98% in terms of gross gambling revenue (GGR) for the financial years FY2019/20 and FY2020/21.
  - Tsogo Sun controls 40% of the South African national casino industry. The firm it intends to acquire, Emerald (owned by London Clubs International), holds 2% of the national market. Tsogo Sun’s market share accretion post-merger would therefore be 2%, leading to a 42% share of the market.

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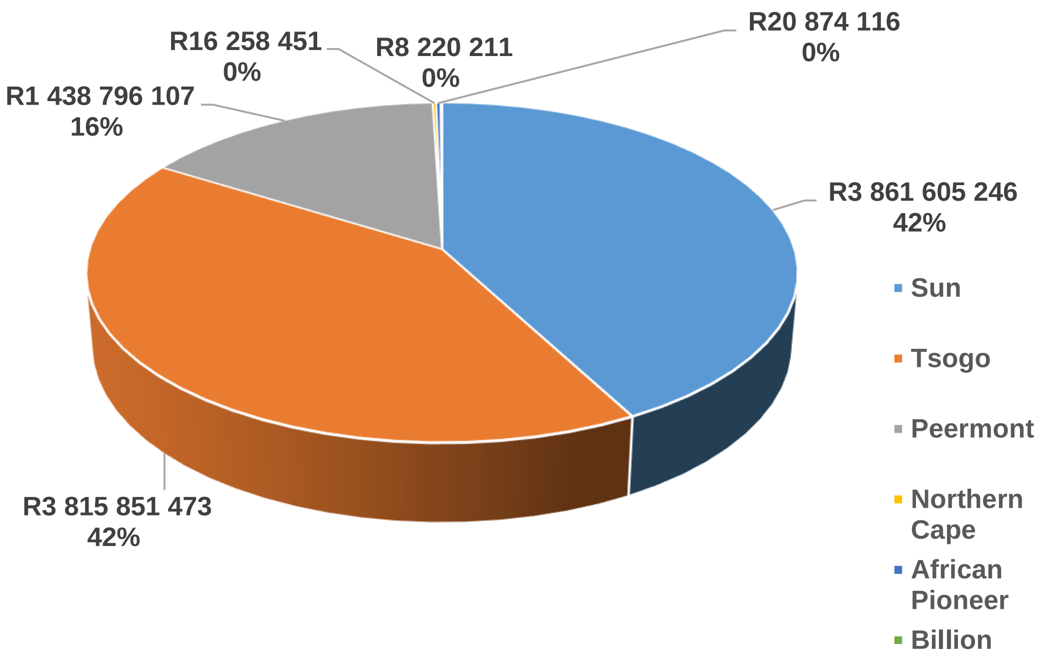
NATIONAL CASINO SECTOR MARKET SHARES (FY2020/21)



- **Impact of transaction on market shares - Post-merger**
  - Post-merger, Tsogo Sun's share of the national market will increase from 40% to 42% following the acquisition of Emerald as per the below figure. Tsogo Sun's market share will therefore be equivalent to Sun International's share at 42%.
  - If the proposed transaction goes through, Tsogo Sun would then have 4 casinos in Gauteng. Tsogo Sun's Gauteng market share would rise from 44% to 47% based on GGR figures as at 31 March 2021

PROGRAMME 2: CORPORATE SERVICES AND RESEARCH DIVISION

Outcome: Broad-based public education	Output: Better informed and educated stakeholders
	Target: Conduct two (2) broad-based public education interventions about the risks and socio-economic impact of gambling
	Achievement: Over- achieved **The NGB conducted eleven (11) broad based public education and awareness programmes.** The interventions comprised**:** • 2 outreaches to the youth and minors on illegal gambling (total of over 500 participants); • 1 website article on the Youth and Responsible Gambling; • 1 media interview on a community radio station in the Western Cape with a listenership of 86 000 middle to low income citizens; • 2 media articles in the Bedfordview and Edenvale News (with a distribution of 47 200 copies) and in the Africa Gambling News publication; and • 5 social media poster campaigns (topics: Responsible Gambling; Illegal Gambling; Underage Gambling; and Excessive Gambling).

JOINT KEY PERFORMANCE INDICATORS

Joint Indicator	Industrialisation
Outcome: Increased industrialisation and localisation opportunities implemented	**Output**: Report documenting the integrated support to drive industrialisation through master plans in national priority sectors; increased and diversified localisation through government and private sector procurement; and promotion of beneficiation
	Target: Analysis of the feasibility of manufacturing gambling products and services
	Achievement: Achieved Report on Analysis of the feasibility of manufacturing gambling products and services was produced. It has been noted that there are established markets in Africa that gambling products and services can be exported to. Consequently, there is an opportunity to develop and nurture talent in the form of local manufacturers in the gambling industry, who could in turn explore these African markets.

JOINT KEY PERFORMANCE INDICATORS

Joint Indicator	Transformation
Outcome: Promoting a growing and inclusive economy	**Output**: Report on actions to promote transformation through structural changes in the economy to enable greater inclusion and growth; and empowerment of designated groups, using the range of public tools such as procurement, incentives, technical support and enabling opportunities
	Target: Report on structural challenges and the promotion of growth and inclusiveness in the gambling industry
	Achievement: Achieved Report on structural challenges and the promotion of growth and inclusiveness in the gambling industry was produced. It was noted that structural challenges exist within the casino sector and can be highlighted with respect to B-BBEE as follows: • Tsogo Sun is a black owned entity meaning it has 51% or more black ownership. Black ownership stands at 63.03% while female black ownership is 34.57%. • Sun International is 35.2% black owned with 11.99% black female ownership which could signify a slower pace of transformation. • Black ownership stands at 25.03% while female black ownership is 12.71% at Peermont Global which could signify a slower pace of transformation.

JOINT KEY PERFORMANCE INDICATORS

<table>
<tr><th>Joint Indicator</th><th>Delivery/ Capable State</th></tr>
<tr><td rowspan="3">Outcome:
Functional, efficient and integrated services within the dtic to improve economic development and ease of doing business</td><td>Output:
Actions to promote functional, efficient and integrated government and measures to reduce red tape across the dtic and entities</td></tr>
<tr><td>Target:

Report on legislative review of the National Gambling Act and regulations</td></tr>
<tr><td>Achievement:

Achieved

Report on legislative review of the National Gambling Act and regulations was produced.

The LPM sector was envisioned to be a sector within the gambling industry with low barriers to entry which would facilitate Previously Disadvantaged Individuals’ (PDI) ownership and control and contribute to the sustainability of the existing primary businesses. At present, LPMs are limited to a maximum bet of R5.00 and maximum winnings of R500. The maximum thresholds for stakes and prizes were set in 2000 and have not been reviewed to date. The value of the maximum stake and prize in the LPM industry has diminished considerably by a factor of 3 since 2000 due to inflation. This is a major constraint to the viability of the industry. Hence it is requested that these values be adjusted in line with inflationary expectations to reflect current economic conditions and aid economic growth, i.e. to max bet of R15 and max win of R1,500 per game.</td></tr>
</table>

National Gambling Board
South Africa
a member of the dtic group

FINANCIAL ANALYSIS

FINANCIAL ANALYSIS

- Financial Performance of the NGB reflects **revenue generated** amounts to **R76 million** and total **expenditure** incurred was **R59 million**, thus a **surplus** of approximately **R17 million** was realized for the quarter ended 30 June 2022.
- Financial Position reflected a **total assets balance of R120.2 million**, which exceeds the **total liabilities of R85.4 million**. This balance includes confiscated winnings amounting to R5.4 million as well as retained earnings from previous financial periods.
- Eligible creditors **payments** were made within **19 days.**

Item Description	Variance	Current Month	YTD Actual 30 June 2022	YTD Budget 30 June 2022	Budget variance	Total Budget for the year
Revenue						
Transfers from Government Department		0	21 886 000	21 886 200	-200	36 477 000
Other Income	A	24 266 297	54 288 841	46 936 000	7 352 841	223 244 000
Total Revenue		**24 266 297**	**76 174 841**	**68 822 200**	**7 352 641**	**259 721 000**
Expenses						
Personnel Costs	B	3 152 261	8 537 971	9 455 817	917 846	44 104 882
Travelling & Subsistence		0	108 156	129 108	20 952	516 429
Administrative Expenses	C	900 282	3 918 768	3 576 192	-342 576	11 029 973
Professional and Consulting Fees	D	20 365 100	45 192 489	43 505 399	-1 687 090	196 801 493
Depreciation		279 371	836 204	807 624	-28 580	3 230 492
Other Operating Expenses	E	332 733	480 958	757 400	276 442	3 994 800
Total Expenses		**25 029 747**	**59 074 546**	**58 231 540**	**-843 006**	**259 678 069**
Surplus (deficit) from Operations		**-763 450**	**17 100 295**	**10 590 660**	**8 195 647**	**42 931**

CONCLUSION

The committee must take note of the following:

- The betting sector now holds the greatest share of market share in the gambling industry and the role of technology can not be ignored. Further, advertising in the betting sector is on the increase;
- There is a notable trend in the strengthening of oligopolies from a competition perspective in the gambling industry;
- Highest GGR has been reported within the gambling industry at R34 billion;
- Regulatory certainty is required for better regulation of the gambling industry and thus pending legislation requires finalization;
- A substantive review of National and Provincial legislation is required.

QUESTIONS

Gambling legally

and

responsibly