



2002 Annual Forum

at Glenburn Lodge, Muldersdrift

The Challenge of Transformation within the Regulatory Environment of the Gambling Industry- The Role within the Southern African Environment

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ABSTRACT

Economic empowerment reflects the challenges, the changes and the strategies of a large part of the South African population to have entry into industries, business sectors where the ownership and the skills were located in the hands of a few South Africans. The attempts of the private and public sector to address these inequalities as well as the skewed workforce balance has been directed by the economic empowerment agenda. The process of change impacted both private sector firms as well as public sector organizations.

The paper will evaluate social equity as a concept within the casino industry as well as the regulators role as a government support policy for the advancement of the economic empowerment process. This paper will particularly focus on the policies, practices of the regulatory environment that could assist in stimulating and supporting social equity development as an imperative.

Furthermore, this paper will determine the key success factors for the operationalisation of such social equity beneficiaries within the gambling environment and the reasons why such initiatives should focus on the support of empowerment initiatives and the possible stimulation of small and medium enterprises as an economic viable strategy.

The main methodological approach will be reflecting on the case of the Western Cape as a provincial regulator within the gambling environment, the impact of social equity as an instrument and its possible lessons learnt and to duplicated or avoided.

EXECUTIVE SUMMARY

The national gambling initiative within South Africa has been a product of the post 1994 transformation. The previous model within Southern Africa was based within the “then homelands’ and that South Africans would chose to visit these sites as holiday makers etc.

The changed legislation enabled provinces within South Africa to consider the directive on gambling and to ensure that the benefits of attracting foreign investment as well as expertise from abroad and locally create a vibrant industry. The model of inclusion of the principles of Black Economic empowerment and therefore participation in the industry is proposed as a model for the industry which needs transformation and that need to demonstrate a shift into access of the business opportunities from such selected industries.

The paper reports on the case of the Western Cape where a dedicated strategy of social equity as a term of reference provided support as well as opportunity for many previously disadvantaged local communities as well as other communities to participate in the opportunity. Recognition is given to the initiatives nationally which is seen as best practice models to the initiatives to ensure a socially responsible gaming agenda for the country.

1. INTRODUCTION

The role of government on economic empowerment and transformation is evident in a number of contexts. In many developing countries, the government serves as the main apparatus for attaining the goal of development. Lerner (1989) showed how the governmental support towards entrepreneurship enhanced the growth process of changing economic wealth from a smaller base to wider base of entrepreneurs and business leaders. The economic transition of South Africa towards a successful a market economy and where the legal environment is enabling rather than restrictive, should benefit the empowerment agenda of the country. Privatization and deregulation, particularly in the services sector (such as telecommunications, transport and tourism) continues to gain momentum in the SADC region, albeit controversial and politicized status (Marudzikwa, 2002: 5).

The tourism sector and its related services is a key sector to bring about economic growth and development for South Africa as well as for the African Union. Gaming is seen to be a key activity to be part of this income generating activity in the service sector. Creating a people centered society (Budget speech, 2000) according to the Minister of Finance, impacts the nature of business and the ideology applied in the regulating of industries with potential large income potential.

1.1 Background

The hope of a transformed South Africa makes South Africans wonder about what has changed, for whom did it change and how much actually changed. The Reality check survey done (1999) indicates how much the people of South Africa dreamt about change and how few of them experienced real change in their employment status, their wealth creation or even new opportunities in entrepreneurship. Many people are even skeptical towards the empowerment initiatives from government. The need to consider the impact of the regulators as a government agency to ensure that the various industry are not only regulated for legal requirements but also regulated to enable participation in the economic benefits of the newly established industries.

Employment opportunities remain scarce, shareholding on the Johannesburg Stock Exchange (JSE) -(national shares market) reflects little change (Finance week, 1998) and board members lists reflects the same groups of people who benefits and serve on the boards of companies.

This paper will evaluate specifically the role of the Social equity committee with the Western Cape gaming board, to fulfill the role as a facilitator of the empowerment agenda and the promises of delivery of giants of industry in this sector.

1.2 Black Economic Empowerment within the context of gambling environment

The period of transition from an apartheid state economy to that of a transformed economy and a government, given the challenges of privatisation (Fine, 1997) which as a focus towards access, and participation in the mainstream economy and to deracialise the economic sector to represent a participative model of all the spheres of society. The challenges for South Africa and Africa in the face of globalisation are to:

“ in the wake of the debt crisis, applying abstract formulae to specific historical conditions: under the dominance of free market conditions, internationally and domestically, most of Africa cease to exist as an economically viable entity in the informational/ globalised economy. This is why the most hopeful's prospects for future developments in Africa come from the potential role that could be played by the new democratic, black majority South Africa, with strong economic and technological linkages to the global economy Castell, 1996: 136).

The challenge for any new industry or old industry which fits the ambit of the ministry of trade and industry and economic affairs should be to assist and to contribute to the Hope of creating the viable economic powerhouse in Africa, which could lead to economic growth and development both in the SADC region and the Nepad countries.

The tourism and service sectors are the fastest growing sectors world wide and within the South African context it provides the springboard for providing access to new entrants to the economic terrain. It needs to ensure the increasing participation of black entrepreneurs in service-related sectors as well as their participation in the value chain of the tertiary sector.

The National Gaming conference in Sun City (2002) had a number of the participants and so called beneficiaries of the economic empowerment agenda, stating very clearly that empowerment failed within the gaming industry and that participation in the mainstream of this industry remain limited and sparse.

The challenges of the skills, the technology and the high capital investments, forced most of the key role players, to be from the global arena with lesser participation of local players in the industry through the empowerment initiatives.

2. NATIONAL GAMBLING ENVIRONMENT

The changing South African context where a broader policy on freedom of choice and elimination of barriers due to specific moral or pseudo religious guidelines were abolished. The acceptance and legislation of gambling (1996) through the National Gambling Act of 1996(Act 33of 1996). The act provided the legislative framework to introduce into the South African economy gambling and related activities. The argument has been raised that the legislation of gambling related activities would contribute towards the fiscuss as well as towards stimulating economic growth in South Africa.

The provincial governments were charged with the responsibility to introduce and regulate gambling in the respective provinces to ensure maximum benefit to the disadvantaged communities and maximizing the tax income for the provinces.

The different provinces are in different stages of the allocation of gambling licenses. Some of the provinces such as North West province and the Eastern Cape Province had casinos before this act under the auspices of the “Bantustan states.” However, the

allocation of licenses for casinos was a contested period in the country that saw many empowerment groups and companies taking legal action to ensure that the allocation of licenses was fair and equitable.

The act provided the following:

- Regulation and coordination of certain matters relating to casino's gambling and wagering
- Promotion of uniform norms and standards
- Establishment of the National Gambling board (SA yearbook, 200/2001).

The gaming environment also saw the announcement of a the introduction of limited payout machines as well as the signing of the National Lottery Contract License with Uthingo Management (Pty) Ltd as the official lottery operator.

Within the period of 1996 and currently the South African public has been exposed to legalized gambling within South Africa, the decriminalization of gambling as well as the exposure to a National Lottery that is extremely successful and makes winners twice a week on the National Television Broadcaster. The presence of gambling within the South African context needs to be critically viewed, during the period of Reconstruction and Development within South Africa as a directive as well as the establishment of the Black Economic Empowerment Commission. The current Chief executive Officer of Uthingo, Mr. Khoza (2002) stated that the National Lottery demonstrated the philosophy and practices of Small and medium enterprise development as well as economic empowerment principles.

Any society in the world, who has legalized gambling also, acknowledges the unintended outcomes of the practice. The establishment of the South African Advisory Council on Responsible Gambling (SAACREG) is a direct initiative from the industry to acknowledge both the tangible benefits for any company with the right to operate a gaming license as well as the unintended consequences of gambling addiction and the provision of alternatives and counseling to address this to patients identified.

The tangible cost to the operators and the intangible cost to a society linked to gaming is therefore deemed to be addressed through such an initiative. The tangible cost to the operators, who operates within this lucrative industry, is a contribution towards the National Responsible Gambling programme. Currently the only contributors to this programme are the casinos. The National lottery is still not yet contributing financially towards this programme.

2.1 Size of the Casino Gaming Industry:

The research indicates that the incidence of gambling in South Africa has increased from 34, 5 % in 1999 to 77,8% in 2001. During the second study the sample also had greater access to gambling products due to the increased number of locations available across the country as well as the number of National lottery outlets.

The industry has a number of International players who invested in South Africa namely from the Austria group, the Australian groups as well as from the UK.

The attraction of foreign investors in this lucrative industry brought in capital but also expertise and knowledge in an industry whose leadership was external. The challenge for the South African economy and for African Union remains that they need to create jobs within a framework where the economic policies create enabling environments for investment and job creation (Natrass, 1999).

The challenge is to transform such an industry in a way that will ensure that tangible benefits also accrue to the national population as well as the costs of the intangible disadvantages.

The National treasury received taxes from all the 9 provinces as all provinces currently have operational casinos that pay taxes to the Treasury.

3. NATIONAL RESPONSIBLE GAMING PROGRAMME(NRGP)

This programme is an industry initiative to limit the disadvantages associated with gambling. The programme has had a number of specific initiatives from participation in national discussion and talk shows as well as to popularize the services within the print media.

Problem gambling was defined as " gambling behaviour which causes significant harm to the gambler and all those close to them, and which the gambler finds difficult to control without assistance. (National Responsible Gaming Programme, 2001,14).

3.1. Research Agenda of NRGP

The research report (to be released in 2002) including a survey of 5800 adult South Africans across provinces was done to ensure that there was also practical usage of the research results. The terms of problem gambling and pathological gambling are also differentiated to facilitate the treatment so offered. The statistics in South Africa for pathological gambling as defined affects about 0.38% of the people with easy access to gambling.

The problem gamblers represent about 1.1 % to 1.4% of the population as a whole.

The statistics in comparison with developed countries in terms of regular gamblers are estimated at 5,29% and 6.67 %. These are in comparison higher than that of developed countries.

This NRGP agenda is being funded by the various casinos currently and provide an important monitor to determine the propensity and impact of gambling on the population.

Table 1: National responsible gambling Help line and Treatment statistics for June 2002to September 2001

MONTH	JUL 01	%	AUG 01	%	SEPT 01	%	TOTAL OVER 15 MONTHS PERIOD	%
Non referrals	56	6.76	117	13.59	13	3.65	451	4.51
Casino enquiries			138	16.03	54	15.17	192	1.92
Hoaxes								
Referrals	96	11.59	104	12.08	51	14.33	117	11.16
Info	69	8.33	66	7.67	35	9.83	1416	14.5
Total	828	100	861	100	356	100	10008	100

Source: National Responsible Gaming Report 200-2001

The above statistics indicate the effectiveness of the help lines at casinos as well as the availability of the support to families who might be exposed to problem gambling. An analysis of the provincial spread of referrals from various sources whether counselors or other indicate that the Western Cape and the Gauteng province has the larger proportion of referrals for treatment.

Table 2: Analysis of the referrals of Problem Gambling Cases

MONTH	JUL 01	AUG 01	%	SEPT 01		TOTAL AS %
Kwa Zulu Natal	11.46%	15.38%		15.69%	126	11.28%
Western Cape	35.42%	31.73%		21.57%		22.56%
Eastern Cape	2.08%	1.92%		5.88%	72	6.45%
Free State	4.17%	2.88%		1.96%	27	2.42%
Gauteng	25%	43.27%		49%	457	40.91%
N. West	0%	0%		0%		0%
Limpopo	2.08%	0%		1.96%	10	.90%
Mpumalanga	0%	2.88%		0	5	.45%
Northern Cape	0%	0%		0%		0%
Others/Unknown	19.79%	1.92%		3.92%	168	15.04%
	100%	100%		100%	1117	100%

Source: National Responsible Gaming Programme Report 200-2001

This could indicate that the contribution to the Gross domestic product of these provinces are relatively higher and also the discretionary income of these provinces than that of the others.

Further more, the fact that for these provinces, the casinos are also very close to the heart of the city centers and is as accessible as what the shopping center for other shopping goods will be.

4. THE CASE OF THE WESTERN CAPE GAMBLING AND RACING BOARD

The Western Cape Gambling and Racing Board is a statutory body established in 1997 by the Western Cape Gambling and Racing law (law 4, 1996). This board primary role is to regulate and control gaming activities within the Western Cape.

The Western Cape board has formulated a policy with respect to gaming, which has been informed by two specific objectives namely:

1. Creation and maintenance of economically viable gambling industry which caters for the need of the market and
2. Ensuring that the negative impact of are not exacerbated by an over supply of gaming products. (WCGB annual report, 2001-2002).

The Western Cape Gambling and Racing board further decided that the allocation of licenses will have specific requirements namely that there will be additional infrastructure be part of the license conditions as well as specific links to resort type casino in the more rural districts. For the Metropole the board decided to allocated only one license with a 10 year exclusivity agreement. This specific prerequisite provides therefore to operators market opportunities to exploit the propensity to gamble as well s to benefit substantially from the controlled environment of regulation and a relative competition free environment. The cost for this opportunity included a capital fee to the province for the w provision of a conference center, which was needed within the Western Cape Region. An amount of R 140 million was therefore levied as part of the bid requirements to ensure that additional to the casino infrastructure for its own competitive site and location, the province and the city would benefit from this one of fee towards the convention center. This convention center will be completed by the end of 2002.

The Western Cape (WCGB), taking cognizance of the issue of problem gambling commissioned a base line study on problem gambling prior to the legalisation of gambling in the province. This study sample was 1000 persons inclusive of both rural and urban within the province. The follow up commissioned research also sampled 1000 persons but this time within the metropolitan area given that the major size casino was built which provided access to people of the metropolitan within their frame of work and play.

The report of this research indicates that the incidence of problem gambling for the province between 1999 and 2001 remained constant at 2 % of the sample.

The Responsible gaming campaign has grown within the province and currently 13 schools within the vicinity of the metropole casino have been trained and a number of others will be addressed. More than 3157 learners have been educated in the dangers of gambling (The National Responsible Gaming programme, 2001)

The challenge for a regulatory body such as the provincial boards is to find a balance between ensuring that the business of gaming meets it objectives in terms of both business and provincial objectives, but that the dangers and negative consequences are contained within a responsible awareness programme.

A further challenge for the Western Cape Gambling board was that of enhancing and supporting the empowerment agenda, which is linked to the National agenda as well as to the RDP plan.

The board as regulator was charged with the responsibility to consider means and policies to ensure that empowerment is both part of the opportunity as well as part of the potential income and job opportunities that could result from this legalized environment.

The board has developed a number of conditions, which would govern the intent of the board towards empowerment as well as the proposed intent as declared within the various bid documentation of the successful applicants for a license.

Currently the board has allocated four licenses in the province of which three of the licenses are operational and has almost complied with all the various requirements in terms of its successful bid status.

4.1 Conditions of Casino Operator Licence Awarded to the Licence Holder

The Western Cape Gaming board set the following conditions to the successful bid companies. The license holders were therefore contractually obliged to submit to an audit and also an assessment of its empowerment credentials and compliance.

“33. All commitments and undertakings made by the license holder in respect of the empowerment of previously disadvantaged persons or communities, both in its bid documentation, and any amendments or supplementations thereto approved by the Board or agreed to between the license holder and the Social Equity Committee of the Board (as ratified by the full Board) subsequent to the lodgment of its Proposal, shall be adhered to by the license holder and monitored through a regular people’s audit.”

4.1.1 Whose Capital and whose shares and whose economic benefit?

The ability of huge financing houses to underwrite financing deals and preferential shares agreement raises the question of whose shares and who really owns the companies. Often through these special investment vehicles the intent of many of the opportunities presented by government or the new opportunities that emerge out in the market place such as casino licenses and others such as cell phone licenses or new television channels, become wonderful works of art for the lawyers, financiers as well as the accountants (Finance week, 1998). Very few real opportunities are for the benefit of the disempowered and disadvantage communities. Any regulator in these industries has to stipulate specifically the empowerment criteria to ensure that at the stage of license allocation, the empowerment imperatives are clear and considered.

These industries are often very capital intensive and the infrastructure cost is so high that it benefits the province, the operator but often makes it impossible for real participation for empowerment shareholders.

The Western Cape Gaming board created the Social Equity Committee (SEC) as a structure as a dedicated committee of the board to ensure that empowerment and its subsequent challenges and implementation is not a theoretical notion but is part of the operational requirements of any of the successful licence holders.

The following were the guidelines to applicants for creating empowerment possibilities:

- The location of the casino and the compatibility of the proposed site with the relevant planning and development policies for the area, with due regard to its accessibility to all sectors of the community, and
- The extent to which sustainable community facilities and the provision of tourism infrastructure will be provided.

The Western Cape Gaming Board social equity committee is therefore charged to ensure that all the various empowerment directives are complied and that the board monitors the delivery of empowerment undertakings by the holders of casino licenses both the qualitative and quantitative basis.

4.2 Conditions of Casino Operator Licence Awarded to the Licence Holder

The board successful allocation of the three licenses to Grand west casinos-the metropolis license holder, the Mykonos Casino and also the Caledon casino, provided many challenges and opportunities to this committee of the board.

The committee became a point of reference for advice, support and control during the operational and construction phase of the current three operational casinos. Many lessons were learnt and many strategies need to be evaluated. The achievements during the construction and the operational phase of the current three casinos are significant given the fact that the empowerment agenda and empowerment commission was only established during this period.

The important criteria in terms of these project was that:

- It would create employment opportunities;
- Provide ownership opportunities of previously disadvantaged individuals;
- Provide opportunities to small and medium enterprises through the procurement opportunities; as well as,
- The subcontracting opportunities in projects of this nature.

4.2.1. The Social Equity Committee tasks

The Social Equity Committee as a committee of the WC Gambling Board-Western Cape is charged with the following specific tasks namely:

Social equity Monitoring

This process indicated that the boards committee monitored the promise of performance as well as became key in terms of ensuring that all parties, namely

communities, public as well as the local labour are informed and participates in the opportunities presented.

Regulatory Framework

The committee further also considers the regulatory framework within which the licences are awarded. Compliance with the act as well as with the overall maintained of a regulatory environment that enables are key challenges.

Procurement Framework

The social equity committee further developed the procurement framework in consultations with the various licensee holders. The monitoring of the compliance with the procurement framework that is in line with the objectives of empowerment and that of the public sector are adhered to.

Employment figures – construction/ operational

The committee also monitors and audits the figures of employment of the PDI during the construction and operational phase of the projects.

These figures are assessed to determine underperformance as well as the reasons for this. The area of upward mobility and skills transfer is key area of discussion. Furthermore the participation of local labour, disabled people as well as women in the overall project are monitored and assessed.

Support and consultations

An important task of this committee is the support function to empowerment groupings within the licensee shareholding. They are offered support and consultation on the very real business issues from equity participations, profit sharing as well as infrastructure development. The board assist through consultations with many of the growth pains that these first time investors or first time participants experience in the partnership with big and often international business.

Monitoring and evaluations

The social equity committee was established in December 1999, after the award of the casino licences to SUNWEST. The functions were to consider the empowerment delivery of the various licence holders. What is important is that these delivery evaluations were both qualitative as well as quantitative.

It is important to indicate that the empowerment initiatives should be meaningful in nature and content and as broad based as possible. Furthermore it is also the task of this committee to ensure it has the intended effect for which was designed.

Feedback

The committee also serves to provide feedback to the public on the promises of performance via the public meetings that the various successful applicants made. The Social Equity committee released such a report, which accounted for the empowerment successes and failures for the period. Noteworthy was the following as part of the process:

- The introduction of a profit-sharing scheme for employees.
- The setting of employment targets, and

Control Procedures

The implementation of an employment equity audit to monitor and assist in the achievement of targets as well as the introduction of an Employment Equity Review Team to ensure that the information emanating from the audit is reliable and its recommendations implemented.

The social equity committee set for itself the broader objective that it will create an enabling environment for community empowerment. The concept “community benefit” included the following key sub-criteria:

- Employment opportunities (opportunities for local employment, including direct and indirect, temporary and permanent, arising out of the development).
- Employment Mix (Projected composition of employees for whom provision is made, including provision for gender and the disabled).

The following were specific guidelines set by the WCGRB for creating empowerment possibilities.

- The location of the casino and the compatibility of the proposed site with the relevant planning and development policies for the area, with due regard to its accessibility to all sectors of the community, and
- The extent to which sustainable community facilities and the provision of tourism infrastructure will be provided.

There was further an overarching vision by the board of possible new opportunities that will emerge due to the creation of this opportunity and its lucrative ness.

- The number of new casual and permanent jobs to be created on-site in the casino and all its ancillary facilities;
- The envisaged degree of employment by the applicant of staff from this Province for all aspects of the operation;
- Possible establishment of SMME

Specific empowerment opportunities

- The applicant’s contribution to the empowerment of local disadvantaged groups in this Province through both employment and equity ownership;
- The degree of employment by the applicant of local professional consultants, construction entities and contractors from the emergent sector in this Province;

4.3 The Achievements of the Empowerment Agenda

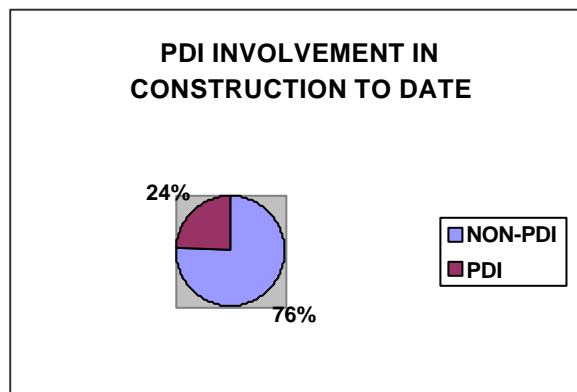
Detailed reports were released by the Board on their findings on empowerment issues including job creation.

- The casinos are also regularly audited to ensure that they comply with legislation and that taxes are paid over correctly and timeously.
- The 3 casinos have contributed the following to the economy of the Western Cape: The following was achieved during the past 3 years within the gambling industry in the Western Cape - given the facilitator role of the regulator.
- Created 7 142 jobs during the construction phase of the projects.
- Created 2 779 jobs during the operational phase. (Predominantly people who had never worked before). This is an important indicator as it employs people from the local communities for these new opportunities.
- Created infrastructure worth R1, 9 billion within the region.
- Served as a catalyst for the construction of the convention center in the Metropole: The overall amount unlocked including the hotel represents a capital investment of more than R1 billion. This is a significant amount within a region where buildings and construction as key contributors to the vibrant economy needed some injection. Further that for every construction job there are potentially 12 other jobs created and benefiting from this activity.
- Through the procurement and subcontracting requirements the committee ensured that R230, 353,454 went to PDI's.

Furthermore there were a number of new opportunities unlocked as a result of the new industry within South Africa and in the Western Cape namely-

- The training of staff, specifying the training to be presented, which will mirror that offered by the Casino Operator, Casinos Austria, in its other international operations.

Figure 1: Mykonos Report:-Involvement of PDI at the construction phase

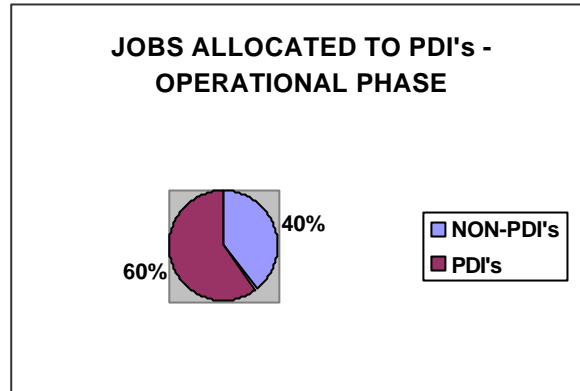


Source: Western Cape Gaming and Racing Board- Social Equity: 2002

Furthermore, a study of the economic empowerment project must take into account the gender stratification in the economy. As can be seen from the above the participation of previously disadvantaged people in the construction stage of Mykonos casino were in the order of 76 % of the overall construction figures.

The South African context is full of examples of large state sponsored enterprises started within the framework of the previous government. The licensing and legalizing of gaming in South Africa related opportunities for a different type of state support namely enabling rather than ownership.

Figure 2: Jobs created during the operational Phase at Mykonos Casino:

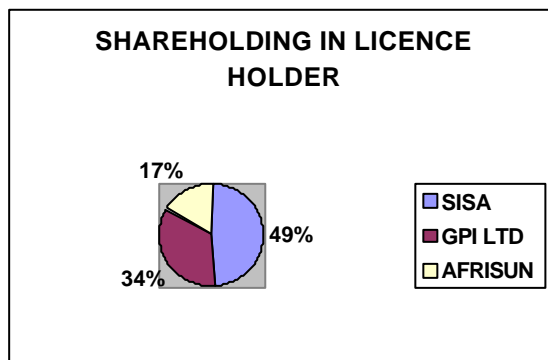


Source: Social Equity Audit reports: 2001

The services provided by the government through its agency the Board and its represented committees towards large private funded enterprises should benefit the empowerment project. This will influence the business environment within which the casinos must do operate.

Given the theory on split entrepreneurship markets for state sponsored entrepreneurs and with the policy of Reconstruction and Development, expectations are that entrepreneurship amongst black people will increase. PDI entrepreneurship will also move from the periphery to the formal sectors of the economy. It is therefore important that economic empowerment evaluate the number of black businesses that grew out of sensitive affirmative action protocol tendering procedures as well as of privatisation and also due to acquiring of shares in the mainstream of the economy.

Figure 3: Grand west Casino- Equity distribution

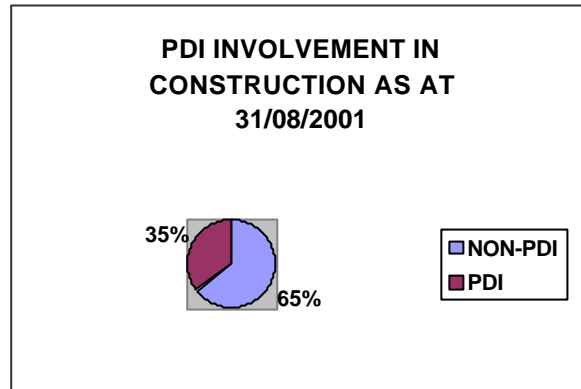


Source: Western Cape Gaming Board- Social Equity Reports: 2002

As can be seen from the shareholding, the major parties remained the Sun International Group, an experienced player in the hotel and leisure industry as well as in the gambling sector.

However, the partnership of an equity partner from an empowerment grouping- Grand Parade Investments of 34 % indicate the dedicated strategy to ensure that such industries benefit the communities previously excluded as well as provide opportunities for the transfer of skills.


Figure 4: Construction phase jobs allocated to PDI-Grand West Casino



Source: WCGB- Social equity Report 2002.

The table demonstrates that an active monitoring and evaluation system of the empowerment imperatives creates, measurable outcomes and measurable contributions to the greater empowerment agenda. Table 6 demonstrates the collective contribution of the current three casinos in operation in the Western Cape contribution to people development and participation in the construction. Employment and operational of casinos in the Western Cape.

Table 3: Opportunities Unlocked through the Casinos in Western Cape



Opportunities-unlocked through strategic job opportunities for people empowerment

	SUNWEST	CALEDON	WEST COAST LEISURE
Creation of jobs during construction	6 947	70	125
% Jobs allocated to PDI's during the construction phase. (Target set by Board was 80%)	80	94	98
PDI involvement in construction. (Target set by the Board was 30%)	35% (R210 705 836)	51% (R17 1444 493)	23,8% (R2 503 125)
Jobs allocated to PDI's during operational phase.	2 283	387	109
% Jobs allocated to PDI's during operational phase.	81	85	60

Source: Western Cape Gaming Board- Social Equity Report-2002

5. SUMMARY

The analysis was taken from the viewpoint of the economic empowerment project as a national agenda to address unemployment, job creation, wealth creation as well as active participation in the overall economic terrain. This is an essential measurement of effective transformation politically and economically towards building a true democratic state and a community where ‘ the people will choose’ through their votes, taxes, income as well as through their wealth.

It is clear that within the framework of state sponsored enterprises the previous government’s practices benefited the big enterprises. Many of these enterprises do not have the capacity to act as a facilitator of job creation. Within the current policy framework of the Ministry for Trade and Industry in South Africa, these large businesses will continue to benefit from the government policies of procurement, financing as well as export incentives due to its size and capacity. However focusing the role of the Agencies of the state through vehicles such as provincial and national boards and their selected vehicles, the country can grow capacity and expertise in sectors and industries where the Previously disadvantaged had no skills, no ownership, nor any economic participation in the process.

The case of the social equity committee of the Western Cape Gaming and racing Board is an attempt and a model of a directed strategy towards transformation within

the Southern African contexts of partnerships, skills transfer as well as equity participation.

6. LESSONS LEARNT AND CHALLENGES

- The gaming industry is much more diverse than only the casino sector. However, the size and the visibility of this sector allows for it to be a significant component of the overall gaming revenue of government.
- The dedicated strategy with specific empowerment imperatives ensured that even though it may be small but that clear participation of Pdi are part of the process as well as dedicated strategies for transfer of skills are possible.
- The gaming industry will be faced with cross border challenges with in the Africa Union as it relates to all the gaming products namely, Limited payout machines, horse racing, casinos as well a lotto.
- The relevance and the debate on Internet gambling cannot be taken in isolation and needs to inform a debate within NEPAD and the strategies of the African Union.
- Empowerment does not have a uniform appearance. A dedicated strategy with specific principles is better as guidelines, than depending on the goodwill of business partners to make it happen.
- A clear process of monitoring and evaluation is important to ensure that the intentions translate into actions.
- The transformation role of the Gaming boards could play a meaningful role as an agency to ensure delivery on the empowerment imperatives.
- The limited payout machines will have befitted form the lessons learnt, the failures and successes of empowerment during the processes thus far.
- Those regulators, such as gaming boards are key agencies to subscribe to a government initiative towards transformation.
- That the intangible cost to a society needs to be evaluated and that who ever benefits from such activities, contributes towards the social cost of the impact of that on society. Research to monitor and to address responsible gambling remains an essential part of dealing with the legalisations of gambling in South Africa.

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