

Internet gambling firms target South Africa

Johannesburg – South Africa is soon to become a target for internet gambling operators from Europe as the country's gambling laws are made more accommodating.

Online or interactive gambling is still illegal in South Africa under the National Gambling Act, but this situation is about to change with the imminent passing of the National Gambling Amendment Bill. The bill is presently before the national council of provinces, having already been approved by the national assembly.

Under current legislation, online gamblers in South Africa can be fined up to ZAR 10 million or be jailed for up to 10 years.

British sports betting and gaming entrepreneur Victor Chandler, chairman of the Victor Chandler International group, confirmed this week that he intended opening shop in South Africa in the very near future. Headquartered in Gibraltar, the group's operations include a sports book, poker rooms and a casino.

Also this week, Bloomberg reported that Bwin Interactive Entertainment, based in Vienna, planned to enter the sports betting markets in South Africa, Spain and Ukraine. The news agency gleaned this information from Austria's Wirtschaftsblatt newspaper, which did not say who its source was.

Bwin is Europe's biggest sporting and gaming operator.

Kevin O'Neal, a spokesperson for the company, said he was surprised to see Bloomberg speculating so widely. „I would not like to comment,“ he said. „We like to keep things under wraps until we are ready, for competition reasons.“

Chandler told Business Report this week that the gambling market in South Africa had great potential, with a rapidly growing middle class and rising use of the internet in sport, gaming and casinos.

He said of Bwin's possible move to South Africa: „Wherever we are, they are. Sometimes they follow us, sometimes we follow them.“

The Victor Chandler group has a turnover in excess of GBP 1 billion (ZAR 15.5 billion) and has more than half a million customers in 160 countries.

Chandler said the cost of setting up operations would be between GBP 200 000 and GBP 300 000.

Marketing costs would be dependent on the size of the operation, as would the number of employees, which would depend on whether the operations were online or telephonic, he said.

Despite online gambling being illegal in South Africa there are many gambling sites, mostly operating from outside our borders, that are aimed at luring local punters.

These include the Silver Sands Casino, Jackpot Cash Casino, Casino Las Vegas, Amber Coast Casino, Giant Vegas Casino, Windows Casino, and African Palace Casino.

That online gambling in South Africa was illegal was affirmed by the Pretoria high court in November 2006. It dismissed an application by Casino Enterprises of Swaziland to have Gauteng residents gamble online.

The casino had taken the Gauteng and the national gambling boards, as well as the minister of trade and industry, to court. The basis of the application was that although the gambling was done on computers in Gauteng, the gambling was taking place in Swaziland.

In his ruling, Judge Willie Hartzenberg said it was recognised that gambling could be a great source of revenue for the Gauteng province, which, if spent wisely, could improve standards of living.

He said: „One thinks of licensing of casinos and of a levy on turnover. All monies spent on casino gambling must contribute to the coffers of the state or province.“

In dismissing the application, Hartzenberg said: „It is difficult to see why the Swaziland legislation, in terms of which the plaintiff obtained its casino licence, can have extra-territorial operation. In other words, why actions of the plaintiff within the borders of the Republic are sanctioned by the Swaziland licence.“

Trade and industry minister Mandisi Mpahlwa told the national assembly in September that the National Gambling Amendment Bill sought to protect society from the negative effects of gambling, protect minors from exposure to gambling, and prevent gambling from being a source of crime and a channel for money laundering.

Mpahlwa said the bill provided for everyone engaged in interactive gambling to be registered with a licensed interactive gambling provider. Strict verification procedures that were compliant with the Financial Intelligence Centre Act would need to be followed.

Statutory requirements, such as obtaining sworn statements from players that they were 18 years or older, would ensure that minors did not have access to interactive gambling.