SERVICE SECTOR - ENTERTAINMENT -

GENERAL

1998

Resignation worries SA gaming industry

Janet Parker

BD 7/1/98 (292)

ALL eyes in SA's gaming industry are trained on the Gauteng Gambling and Betting Board after the recently announced resignation of board CE Edouard Jacot-Guillarmod, just weeks before the province's casino licences are due to be awarded.

Industry specialists have widely punted Gauteng as the most crucial cog in SA's gaming industry, and it has been estimated the province would benefit from 39% of the gambling spend across the country. The process of awarding casinos in the Gauteng would be used as a benchmark for the industry.

With the stakes so high for the 22 casino bidders in Gauteng, anxiety over any perceived or actual disruption in the process was inevitable, and the resignation of Jacot-Guillarmod at this stage raised a number of questions, one analyst said.

Jacot-Guillarmod and the board yesterday confirmed the resignation was due to an "incompatibility of management styles".

In terms of gaming legislation, the CE is not a member of the board, has no say in policy decision-making and has no voting right on the awarding of casino licences.

However, the resignation has caused concern among bidders and investors about the nature of the "incompatibility". Bidders speculated that there may have been a difference over the primary criteria of assessing the bids — whether black empowerment should outweigh the merit of a bid.

The gaming board gave assurances that its processes would in no way be "disrupted or compromised" by the resignation. It was on track to announce the casino licences late this month or early next month. The board was also in talks with Jacot-Guillarmod about employing him as a consultant.

GAMBLING COMMITTEE MEMBER EXPOSED

MP's one-arm bandit deal

CT 9/1/98 (292)

THOUGH BROKERING a deal in illegal gambling machinery is not an offence in itself, one would not expect someone like an MP, who is in a position of trust, to do so, a policeman says. **KARIN SCHIMKE** reports.

AN Inkatha Freedom Party MP this week brokered a deal in the illegal gambling trade — despite his being a full member of the parliamentary ad hoc committee on gambling and lotteries.

Mr Hemanthkumar "Lity" Neerahoo — who is also a member of the parliamentary correctional services committee, the public enterprises committee and an alternate member of the housing and safety and security committees — earlier this week made arrangements for a private investigator posing as an illegal gambling operator to buy illegal gambling machinery.

The Cape Times is in possession of tapes recording conversations between Neerahoo and Mr Anthony Hall, an ex-policeman turned private investigator.

POSITION OF TRUST: MP Lity Neerahoo

Neerahoo put Hall in contact with a man prepared to sell 10 gaming machines at R4 500 each and gambling tokens for the machines at 25 cents each.

Neerahoo also claims during the conversation that he can organise a roulette table for Hall, which, Neerahoo says, he has in Durban.

Having, moving, distributing, servicing or doing anything at all to any gambling machine in the Western Cape is illegal, the Western Cape Gambling and Racing Board has confirmed.

Neither Neerahoo, nor the person selling the machines, is licensed for gambling machines. Since manufacturers' and distributors' licences are not yet available, neither of the two men has a licence to trade in any way with gambling machinery.

Mr Derek Auret, chairperson of the gambling board in the province said: "For anyone to own gambling machines, the machines must meet with SABS requirements. They must have a valid storage permit. The machines must be under lock and key, they may not be used and the public may not have access to them."

The machines Neerahoo referred the private investigator to were stored at a tattersall premises at the Cape Town station. Gambling board officials and police yesterday raided the premises and found 34 machines.

The possession of illegal gambling machines carries a maximum sentence of 10 years' imprisonment or a R2 million fine or both.

Police provincial commander of general investigations detective services Director Andre du Toit yesterday said brokering a deal in the illegal gambling trade was "not an offence in itself, but one would not expect a person in a position of trust to refer anyone to someone who is selling illegal gambling machines". He said the fact that the machines were confiscated yesterday made it clear they were illegal.

Several attempts to reach Neerahoo failed yesterday.

This is a first-hand account of how the deal went down:

● It's sticky hot inside the flat, even now at six in the evening. From outside we can hear the faint splashing and shouting of residents of Acacia Park parliamentary village in Goodwood dipping in the communal pool.

Inside here we're negotiating a deal so bizarre, it doesn't seem real.

What is bizarre about it is not

Neerahoo says he knows a man trying to sell machines and calls him from his cellphone. The

ing — calls Neerahoo just after 11.30am. This is an edited version of their conversation:

with him.

H: And then he'll speak to you afterwards?

machines and they cost him R10 000.

"But what can I do, it's illegal

CONFISCATED: Police and members of the Western Cape Gambling and Racing Board yesterday confiscated 34 illegal gambling machines from a tote at the Cape Town station. MP "Lity" Neerahoo brokered a deal that led to a raid of the premises.

PICTURE: GARTH STEAD

PICTURE: GARTH STEAD

Inside here we're negotiating a deal so bizarre, it doesn't seem real.

What is bizarre about it, is not that it is illegal. This kind of thing probably happens all over the city all the time.

What is bizarre is that one party is a Member of Parliament, another an ex-cop turned private eye and the third is a journalist posing as the wife of the ex-cop.

Anthony Hall is the private investigator. I am his "wife". Lity Neerahoo is the Member of Parliament.

Hall is telling Neerahoo he needs 10 gambling machines. He wants to go in on a 50/50 deal with Neerahoo, like they did last time, but Neerahoo is not interested in this arrangement.

The last time he had a 50/50 deal with Hall, in which Neerahoo supplied 10 machines and took half the takings, he lost out, he says. Hall's Parkwood casino was broken into and the machines were destroyed.

Neerahoo is implacable. He keeps his body and his face still and only his eyes move. They rove our bodies. He looks suspicious and my stomach knots. But the talking continues.

Neerahoo says he knows a man trying to sell machines and calls him from his cellphone. The best price he can get Hall is R5 000 per machine.

"What do you think, babe," Hall asks me. As though we're used to having these conversations. As though I'm used to being called "babe" by a man I hardly know.

Neerahoo and Hall set up a meeting for the next day. At the station. Ten o'clock.

All of this because I was sceptical when Hall told me that corruption and crime had infested every layer of our society. I looked sceptical when he told me he had bought 10 illegal gambling machines from a Member of Parliament less than a year earlier and to prove a point he had called Neerahoo immediately and set up a meeting for this Sunday evening, shortly after New Year.

The next day, Monday, Hall — having missed the 10am meeting — calls Neerahoo just after 11.30am. This is an edited version of their conversation:

H: Howzit, Anthony here, howzit. did you organise?

N: Well, I spoke to the guy there now and he said we must come back at 2pm.

H: And how much is he going to give me the machines for?

Answering to 'babe', Schimke pretended to be the wife of an ex-cop buying gaming goods.

N: Five grand.

H: Not four-and-a-half?

N: You know maybe he ... I told him he must give it to you at four-and-a-half and he said, "Look here, you come here with the cash — we talk again".

H: Where can I meet him?

N: At the tote.

H: And who do I ask for?

N: Mohammed.

H: Mohammed. Ja, and then give him the money?

N: Ja, just do the whole deal with him.

H: And then he'll speak to you afterwards?

N: Ja, and he's got coins there as well.

H: How many tokens has he got?

N: Oh, he's got about 60 000.

H: Okay. I'll go see him.

H: And if there's any problems, I'll let him call you.

N: Yes, call me from there. As soon as you get there, tell him to phone me.

H: Okay.

N: Before you start talking to him.

H: Okay.

N: And I'll negotiate everything for you and then I'll take it from there.

H: Okay.

Neerahoo, Hall and I go to a tote at Cape Town station. The musty, large space with smoke-stained walls is where we meet the man with the machines.

Mohammed tells us gambling is the biggest money-spinner of all. He bought around 40 machines and they cost him R10 000.

"But what can I do, it's illegal now." Mohammed mops his brow and shrugs his considerable shoulders.

He directs an employee to show us the machines. In a backroom, tightly packed in a corner and covered by scraps of wood, cardboard and old doors, stand the dusty machines. The employee leaves Hall and me for a short while to "discuss" things.

Quickly, and with an old camera, I take a picture of Hall with one of the machines.

We go back to Mohammed to discuss a price. He tells us to bring the money: R45 000 is the negotiated cash price. Mohammed will see to the rest. We'll talk about the tokens when we come and pay for the machines.

Back at the Cape Times office, Hall calls Neerahoo one more time. This was the conversation:

H: Hi Lity, Anthony. I went to see Mohammed. (something unclear gets said).

N: What price has he given you?

H: Four-and-a-half.

□ Turn to Page 3

MP exposed

□ From Page 1

N: Okay.

H: What table have you got for me?

N: He's got the table there with him. Just ask him if it's a blackjack table.

H: And he said he bought the tokens from you.

N: Ja.

H: Haven't you got tokens that I can buy from you?

N: He's got tokens there.

H: Won't it be cheaper going through you?

N: I don't have any more left Anthony.

N: How much does he want for the tokens?

H: He said he had 60 000 thousands' worth.

H: And what did he pay you?

N: Uh, I think it was 28 cents per piece.

H: Ja. and have you got any roulette tables?

N: Roulette tables, uh, ... (the rest is unclear)

H: Okay, so when can I organise that?

N: This afternoon.

H: Okay, and these gambling machines, are they working?

N: Yes yes yes, all our machines are working.

N: Okay, tell him to phone me.

H: Alright. Okay. Okay Lity.

The undercover investigation stops there.

Considering all the events I try to find a way in which what Neerahoo has negotiated is okay. But I can't.

And I remember what a Gambling Board staff member once told me long ago:

"You cannot move, make, keep, sell, use — you just about cannot dust a gambling machine, without first going through the board's processes. There is no legal gambling in the province."

INVESTIGATOR GETS DEATH THREAT

IFP probes MP's role in gambling deal bid

CT 12/1/98 (292)

HEMANTHKUMAR NEERAHOO may also be investigated at parliamentary level if a complaint is received that he has failed to declare his interests. **KARIN SCHIMKE** reports.

THE Inkatha Freedom Party is investigating a member of the party who tried to broker a deal in the illegal gambling trade.

And private investigator Mr Anthony Hall, who tipped off the Cape Times about member of Parliament Mr Hemanthkumar "Lity" Neerahoo's willingness to negotiate a deal, has received a death threat since the report appeared on Friday.

Neerahoo, of Maritzburg, is a member of the ad hoc gambling and lotteries legislation committee.

He arranged for Hall, who claimed to be an illegal gambling operator, to contact a seller of illegal gambling machines. Their negotiations were recorded on tape.

"My party is investigating the facts and allegations contained in the article," IFP leader Chief Mangosuthu Buthelezi said at the weekend. "From a legal viewpoint it seems that the activities reported ... might not necessarily be of any illegal nature. However, if accurate, the report would nevertheless raise questions of impropriety.

"I want to assure the public that once all the facts have been properly investigated, adequate action will be taken if (there has been) any impropriety or illegality."

The Cape Times report, carried after a five-day investigation, described Neerahoo's role as a go-between for a man who was prepared to sell 10 illegal gaming machines at R4 500 each and slot-machine tokens, and Hall.

As a result of the investigation, 34 illegal gambling machines were seized by police and the Western Cape Gambling and Racing Board.

"The gambling act is specific: politicians may not become involved in matters pertaining to gambling," Mr Luwellyn Landers, chairman of the parliamentary ad hoc committee on gambling and lotteries legislation, said yesterday. "This was stressed from time to time in the committee." The reason was that any MP involved in gambling was "lending (himself) to corruption".

The committee could merely pronounce itself on the matter, but could not act against Neerahoo, Landers said.

However, Minister of Water Affairs Mr Kader Asmal, who is in charge of the register of MPs' interests, said yesterday that if he received a complaint about Neerahoo he would ensure it was investigated.

"The register of members' interests must show whether a member is a consultant and declare where the member is a director and other such interests," Asmal said.

"It seems in this case the man acted as a consultant, also known as a 'fixer', and if we have a complaint that this is not recorded in the members' register we will certainly investigate. There have been no complaints so far that he has violated register interests. The matter is up to (Neerahoo's) party to investigate."

What drives a person to expose himself to danger by uncovering corruption in high places?

Hall, a policeman turned private investigator, has been asked several times in the past week if his objective is money or if he is merely using the media because he has an axe to grind.

"If I have an axe to grind, it's with corruption," he said. "Shady characters shouldn't be in a position of trust."

Hall has left Cape Town since the Cape Times carried its report. He said he had received five threatening phone calls.

"Four of them were abusive, calling me all kinds of names. But one man said: 'For what you have done, you are dead.' "

> *'Hall is hitting out at corruption ... What he does is in the interests of the community.'*

Hall did not recognise the voice of the caller. He said a former girlfriend, who had been introduced to Neerahoo last year, had also received threatening calls.

He was prepared to testify before a parliamentary or judicial inquiry about his dealings with Neerahoo, Hall said.

Senior Superintendent Simon Mpembe, head of crime prevention in Cape Town's West Metropole, said he would try to protect Hall from harm if he could.

"I have been in this field for more than 14 years and every time (Hall) has given us information it has been correct," he said. "He is hitting out at corruption and that is where people must support him. What he does is in the interests of the community."

Repeated attempts were made to reach Neerahoo for comment yesterday, without success.

Gaming board 'will be operational next month'

(292) BD 13/1/98

Janet Parker

THE national gaming board will be constituted and start operating next month after a lengthy process which began with the publishing of the National Gambling Act last year.

Ajay Sooklal, trade and industry's director for gambling, lotteries and liquor, said yesterday the board had been constituted and would be announced in the first half of next month.

Although the gaming industry has reacted with a sense of relief to the news, some players have questioned how effective the national board will be, given its delayed creation. The industry had hoped the board would become operational in January last year.

Sooklal said that once operational, the board's first priority would be to investigate route and site licence applications. Other initial priorities would be to liaise with similar foreign bodies to advise Trade and Industry Minister Alec Erwin on international developments in the gaming industry.

The new board would also study the regional economic, financial, social and moral interest flowing from the new gaming dispensation, and determine the national norms and standards of gaming in SA.

Sooklal said it was expected that a healthy relationship would exist between the national and provincial boards. Of the 17-member national board, nine positions were reserved for one representative from each provincial gaming board. The board would also consist of one representative each, from the trade and industry, finance, safety and security, and environmental affairs and tourism departments.

One industry analyst, however, said the relationship between the national and provincial boards could prove problematic. "There is already a very strong provincial competency. If the national board makes determinations which conflict with a province's vision, it could be a recipe for conflict."

For instance, if the national board was to restrict route and site licences too stringently, it could prove a hindrance to KwaZulu-Natal and Gauteng. Both provinces were planning large site gaming operations as the size and proliferation of illegal gaming in the two provinces had already indicated a demand for large site operations.

Another industry player said one of the most critical issues which needed to be dealt with at a national level was "problem" or compulsive gambling, for which no structures were in place yet.

However, other gaming pundits said the national board would start operating just when smaller provinces needed guidance most.

Sooklal said that as stipulated in the act the national board's function included advising and offering guidelines on the control and activities of provincial boards and gaming operators. Provincial boards, however, did not have the authority to overstep the gaming act.

IFP's soft line on 'gambling' MP

BD 14/1/98 (292)

KARIN SCHIMKE

A MEMBER OF PARLIAMENT serving on the gambling committee and found by the Cape Times to be involved in brokering deals in the illegal gambling industry is unlikely to be punished by his party.

But the journalist who wrote the story is to be investigated by the Inkatha Freedom Party, the party's chief whip, Mr Koos van der Merwe, has said.

Mr Hemanthkumar "Lity" Neerahoo of Maritzburg — the subject of the Cape Times investigation — represents the IFP on the parliamentary ad hoc committee on gambling and lotteries legislation.

Despite clear rules in the Gambling Act that MPs are not allowed to have any dealings in the gambling industry, it was revealed last week, Neerahoo brokered a deal from his flat in Acacia Park, Goodwood, in which 10 illegal gambling machines were to be sold at R4 500 a piece to a man claiming to be an underground casino operator.

The journalist was present during these negotiations, acting as the wife of the supposed illegal gambling operator. Later conversations between Neerahoo and the Cape Times' source are on tape and in the newspaper's possession.

Having, moving, distributing, servicing or doing anything at all to any gambling machine in the Western Cape is illegal, the Western Cape Gambling and Racing Board has confirmed.

Yet when asked when the IFP would launch an investigation into Neerahoo's actions — as promised by party leader Chief Mangosuthu Buthelezi — Van der Merwe said this week: "As he has clearly not committed a crime, there is no haste.

"What I do intend to bring up in caucus is journalists acting as detectives to hunt MPs."

Van der Merwe said it would be up to his caucus to decide "what action" to take against the journalist once the matter had been investigated.

"Are we now going to be apprehensive of journalists because they go around as detectives?"

Van der Merwe said he would look at the Gambling Act to see whether Neerahoo had "transgressed or abused" his position as an MP.

He would also have a discussion with Neerahoo, he said.

All of this was likely to take place at the end of this month.

But despite these planned investigations Van der Merwe said: "I don't see any disciplinary action (taking place) against Neerahoo."

Meanwhile, members of some of the other parties represented in the parliamentary ad hoc committee on gambling and lotteries legislation have said they would bring Neerahoo's actions up for discussion in the committee.

Mr Mluleki George of the ANC said: "If Neerahoo did indeed do these things, it is not acceptable and we will bring it up in the committee."

National Party gambling spokesperson Mr David Graaff said if Neerahoo had broken the law, it was a matter for the courts to decide.

If, however, it was a matter of parliamentary privilege that had been abused, the relevant committee would have to examine the matter.

Mr Douglas Gibson of the Democratic Party said: "I would have expected that Mr Neerahoo would have resigned from the committee and assume he will do so at the start of the parliamentary session.

"He has not been found guilty of a crime, but the circumstances are such that the DP believes that his continued membership (of the gambling and lotteries legislation committee) is problematic, to say the least.

"If he fails to take action himself, the DP will act," Gibson said.

'What I do intend to bring up is journalists hunting MPs.'

Galaxy franchises bingo in SA

BD 19/1/98 (292)

Janet Parker

INTERNATIONAL business Galaxy Bingo, which has applied for six bingo licences in Gauteng, has introduced the concept of franchising bingo operations to local gaming entrepreneurs.

The bingo company's first franchise partner is the Gauteng Horse Racing Industry, which has joined Galaxy Bingo in two bids for licences, one each at Turffontein and Newmarket.

Galaxy Bingo MD Steve McCain said projected profit for a 700-seater bingo centre operating 16 hours a day, seven days a week, would be R10m in the first year of operation.

Profit ratios would vary in different provinces, but the average would be 70% prize payouts to 30% gross revenue, out of which corporate and gaming taxes, and value added tax would be paid.

An entrepreneur's R7m investment could translate to a turnover of R70m in the first year, he said.

The bingo company has planned two 850-seater luxury complexes near the existing Turffontein and Newmarket racecourse sites. Each development would be worth R20m.

The group has also applied for two other R20m pilot operations, and two 100-seater mini-metro bingo centres at developmental costs of R1,2m, all of which are to be franchised.

One of the franchise requirements would be to contribute to the Galaxy Bingo Community Trust. About R5,5m from each Galaxy bingo centre during the next 10 years would contribute towards economic empowerment and development in surrounding communities, McCain said.

A trust would be appointed to each province to select and approve community projects. The Gauteng Trust is headed by Walter Mokoape, Soweto Chamber of Commerce and Industry president, and patron of Twilight Street Children.

McCain estimates the bingo capacity in SA could support 2-million players and 300 bingo centres. In the UK there were 3-million bingo players a week with revenues topping R12bn annually, R2bn of which accrued to government in taxes.

Galaxy Bingo's manufacturing company, Bingo Vision, has been licensed to manufacture equipment and consumables in Mpumalanga.

Merger heralds new era in racing

(292) Sowetan 23/1/98

Gauteng racing clubs merge assets to form one gaming and leisure club

By Shadrack Mashalaba

THE race to commercialise three horseracing clubs in Gauteng reached a crucial stage yesterday when a new company called Phumelela Gaming and Leisure was unveiled at Turffontein in Johannesburg.

The new corporate identity is a result of merging the assets of Gosforth Park Turf Club, New Market Turf Club and Turffontein Racing Club, formerly under Raceco.

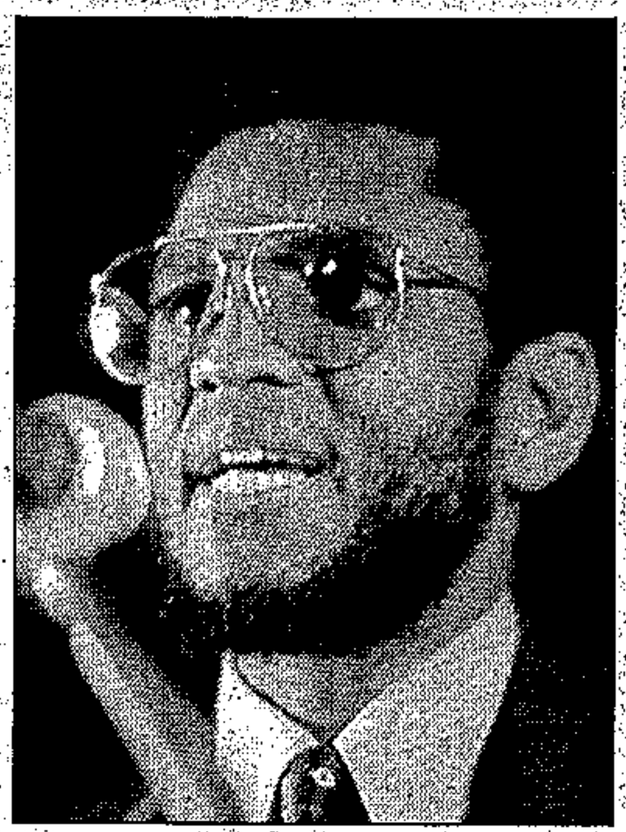
The process to implement transformation was carried out by the interim board which was given a mandate by the Gauteng government.

A new board was also unveiled to carry forward the process of transforming Phumelela to its final conclusion.

The board of directors of Phumelela are Peter Jaeger, Stewart Lumka, Peter Malungani, Brian Mehl, George Negota and Derrick Wiid.

Speaking at the ceremony to launch the company, Gauteng MEC for finance and economic affairs Jabu Moleketi said installation of the board would put the industry on the map.

Moleketi said the gambling industry in South Africa had embarked on a new era which would open it to those who were previously excluded.



Gauteng MEC for Economic Affairs Jabu Moleketi.

"It is important to introduce an element of integrity in the industry whose history in other countries has not been honourable," he said.

Phumelela chairman Lumka said the second stage of transformation would involve setting up of operational structures and the final selection of black economic empowerment groups and strategic equity partners.

Talks are at an advanced stage to include the Vaal Club, Bloemfontein and Newmarket. The Eastern Cape and Western Cape have also expressed interest in joining the new company.

A total of 49 black empowerment consortiums registered their interest for a 22,5 stake in Phumelela last August and will be shortlisted to 19 before the end of the month.

The Strategic Equity Partner will be invited at the end of January, said Lumka.

Lumka said the new company will list before the end of the year.

Once the whole process of centralisation has been completed Phumelela shareholding will be as follows: 30 percent for the Racing Trust, black economic empowerment groups 22,5 percent, strategic investors 20 percent, general public 15 percent, racing public 10 percent and 2,5 percent for the employee share scheme.

Phumelela takes reins of horse-racing sector

BD 23/1/98 (292)

Lucia Mutikani and David Mollett

GAUTENG's horse-racing industry has been merged into a single corporate structure following the launch of Phumelela Gaming and Leisure company to manage the multimillion-rand assets of the former racing clubs.

Turffontein Racing Club, Gosforth Park Turf Club and Newmarket Turf Club transferred their assets to the company at a ceremony yesterday attended by Gauteng finance MEC Jabu Moleketi, Phumelela board of directors and representatives of the Racing Association.

Acting chairman Stewart Lumka said the company would be listed on the Johannesburg Stock Exchange in the second quarter of this year. The value of the new company's assets was still to be established. However, Gosforth Park alone is believed to be worth about R12m.

The shareholding of Phumelela will consist of 30% for the Racing Trust, 22,5% for black consortiums, 20% for the strategic investors and management, 15% for the general public, 10% for the racing public and 2,5% for the employees' share scheme.

Moleketi, who spearheaded the merger, said the provincial government would reduce the high taxation levels for the horse-racing industry. It is believed taxation levels will be slashed from the current 9% to 5% of turnover, with the levy from bookmakers increasing from 0,5% off course to 3% and from 2,5% on course to 3%.

The punters' tax burden has been the biggest gripe among the sport's enthusiasts. But before punters, who are paying 25% on exotic bets such as the Pick 6 and jackpot, can celebrate, it is expected to be several months before any tax deduction is announced.

Moleketi said the provincial government would make an announcement in five weeks on the casino licences for the province. The horse racing industry was expected to have tough competition from casinos, likely to start operating by the third quarter of this year.

Racing Association chairman Kim Latilla said the granting of gaming licences to the industry was crucial for its and Phumelela's survival. Phumelela has submitted applications for gaming licences.

The Racing Association and Phumelela have signed an agreement stipulating, among other things, that members of the association will continue to have preferential access to the members', owners' and training facilities at the racing venues; the association will play a key role in respect of fixtures, programming and allocation of stakes; and racing venues will be maintained to acceptable standards.

The interim board has been appointed as Phumelela's first board of directors.

The members are Lumka, Peter Jaeger, Peter Malungani, Brian Mehl, George Negota and Derrick Wiid.

M&G 30/1 – 5/2/98

Caught in a lie, Mr Premier!

(292)

Stefaans Brümmer and Mungo Soggot

Embattled Gauteng Premier Mathole Motshekga lied this week when he said he had resigned three months ago from a company involved in the province's high-stakes contest for gambling rights.

In fact, he resigned his directorship last week — after it became public.

Motshekga's office said in a statement on Wednesday: "[The premier] resigned from MidDev in October last year, shortly after he was elected chairperson of the ANC and premier-designate of Gauteng." Last weekend, Motshekga was also quoted in *City Press* as "emphatic" that he resigned on becoming premier-elect.

As premier, Motshekga is involved in the decision to award provincial casino operators' licences. His association with one company, even if indirect, may present a conflict of interest.

The statement from Motshekga's office said there had been "several media inquiries attempting to link" Motshekga to MidDev, and that it was "mischievous" to suggest his earlier membership of MidDev's board could have "influenced the awarding of one or the other tender".

Motshekga's attempt to distance himself from MidDev appears to have been in response to a running battle between the Democratic Party and the Midrand Metropolitan Local Council. The DP has questioned the council on allegations it favoured MidDev, a not-for-profit development company, in a R1,8-million sewerage works tender.

The *Mail & Guardian* is in possession of a copy of Motshekga's resignation letter — dated January 21 this year, two days after his inauguration and shortly after the DP queried his position at MidDev.

Motshekga's resignation letter reads: "Since my apppointment as premier, I have had to review my membership and service on various boards, committees etc. As a result, I would like to submit my resignation from the board with immediate effect."

African National Congress councillor Alan Dawson, chair of the Midrand council's executive committee and also a member of MidDev's board, confirmed this week that Motshekga had resigned after his inauguration, when the matter was "discussed" with him.

So far, media interest in Motshekga's position with MidDev has focused on the sewerage tender and similar claims.

But the *M&G* has learnt that last November already, the Gauteng Gambling and Betting Board — the body that has to award up to six casino operator's licences this year — appeared surprised to find Motshekga's name among the directors of MidDev, which was consulting to Johnnic Casino Holdings, part of Cyril Ramaphosa's empire.

Johnnic wants a licence to operate a R1-billion casino at Gallagher Estate in Midrand and MidDev was contracted by it to "interface" with the Midrand community.

Motshekga's association with Johnnic — even if indirect — may compromise the process to award licences. The Gauteng Gambling and Betting Act says the gambling board has to make its decisions "in concurrence with" the provincial Cabinet, of which Motshekga is now head.

A decision on the successful applicants, originally expected before the end of January, has been postponed, among other reasons to allow Motshekga to find his feet in government and participate.

Gauteng finance MEC Jabu Moleketi, who oversees the process, on Monday said Motshekga's apparent link to one of the casino bidders was "news" to him and that he understood the concern. He said he would comment once he had studied the facts. On Thursday, he forwarded the statement from Motshekga's office to the *M&G*, saying: "I have no comments beyond that."

Meanwhile, the ANC national leadership was struggling this week to find suitable candidates to probe earlier allegations against Motshekga. The party's top office-bearers, including Thabo Mbeki and Terror Lekota, decided on Monday to appoint a task team of five "eminent persons".

The national ANC initiative superseded a provincial ANC "inquiry into the need for an inquiry", which was announced on the eve of Motshekga's inauguration. This followed an *M&G* article which gave details of claims that Motshekga had, among other things, fraudulently maladministered international donor money in the late 1980s. Motshekga has denied the allegations.

On Wednesday a senior ANC office-bearer said the leadership was still trying to identify task team members who were "independent ... and effective".

He said an example of the calibre of person considered was Methodist bishop Peter Storey, but that Storey had not been approached because of his position in the church. Some of the allegations against Motshekga stem from two church-linked organisations' apparent unhappiness with the way Motshekga administered funds they had routed to his National Institute for Public Interest Law and Research (Nipilar).

The *M&G* this week found a draft of a letter written by Motshekga to one D Rosendaal in November 1989, informing her that Nipilar's board had accepted her resignation as the organisation's bookkeeper.

The letter — which may shed some light on the sequence of events that raised the suspicions of the Irish Catholic funding agency Trocaire — appears to admonish Rosendaal for having expressed her misgivings to the funders.

It says: "You were appointed and paid by the institute and therefore you were responsible to the institute. You therefore had no right whatsoever to communicate in any way with the funders of the institute."

Trocaire documents say that Nomazizi Ramaphosa, ex-wife of Cyril Ramaphosa and a former employee of the institute, also told Trocaire in 1989 of reservations about Motshekga's administration.

It is not clear whether the ANC-appointed task team will also look at concerns, aired in the *M&G* last Friday, over Motshekga's relationship with Professor André Thomashausen, front-man in South Africa for Mozambique's notorious rebel movement Renamo.

Motshekga worked closely with Thomashausen, who moved in apartheid military intelligence circles, at Thomashausen's Institute for Foreign and Comparative Law at Unisa between 1986 and the middle of last year.

Thomashausen last week confirmed his friendship with Motshekga, but denied they were "house friends" after hearing Motshekga's version. Motshekga described the association as purely academic.

The *M&G* learnt this week that Thomashausen helped organise a dinner six weeks ago at Calisto's Portuguese Restaurant in Turffontein, Johannesburg, at which he introduced the soon-to-be premier to about 50 members of the local Portuguese community.

Thomashausen was also present at Motshekga's inauguration, which was attended by few prominent members of the ANC as the event coincided with a meeting of the party's national executive committee.

MIDEV
P O Box 341
HALFWAY HOUSE
1685

21 January 1998

RESIGNATION FROM THE BOARD

Since my appointment as Premier, I have had to review my membership and service on various boards, committees' etc. As a result, I would like to submit my resignation from the board with immediate effect.

I trust that you will be able to continue your good work and wish you every success for the future.

Yours sincerely

MATHOLE MOTSHEKGA
PREMIER

Trust me, I'm your premier: Motshekga (left) is emphatic that he resigned from MidDev last year. But the letter above says different

Lotteries Act opens doors for growth

Sowetan 5/2/98 (292)

By Themba Rubushe

WHEN Parliament passed the Lotteries Act last October, it opened doors to an institution with a potential for a multibillion rand turnover to improve funding for developmental, welfare, sports and cultural projects.

The recently launched national lotteries in Ireland, Israel and the United Kingdom demonstrated that such an institution can generate a lot of money if it is run properly.

The Lotteries Act allows for the establishment of a single national lottery, as well as for three smaller categories and promotional competitions.

The national lottery will be owned by the state but its operation will be contracted out to a private institution.

The Government decided on a single national lottery because of its enormous income potential and, consequently, its high distribution value.

For it to be successful and credible, a national lottery must be subjected to the strictest accounting and credit controls. Having a competitive lottery industry will place a huge financial burden on the controlling mechanism of the state.

Single national lottery

By regulating for a single national lottery, the Act thus marked the beginning of the end of the road for the existing unregulated lotteries.

Under this legislation, they will not be allowed to conduct business in their current form. They will either have to close down or phase out their operations to fall within the provisions of the Act catering for society lotteries.

The legislation, however, leaves room for three smaller categories of lotteries and promotional competitions. Of the three, the society lottery will be the biggest.

Although it will be restricted in aspects like the number of tickets sold, prize money, frequency, operational costs and advertising, the society lottery will be able to award prizes of up to R1 million a year.

Good cause money

Since in terms of the Constitution, lotteries are a functional area of national legislative competence, provincial governments will not run their own lotteries. They will, however, distribute the good cause money equitably and fairly among the provinces.

The Lotteries Act also closed the doors on the possibility of any sports federation running their own sports pool. In order to avoid duplication of capital investment and allow for controlling mechanisms efficiency, only the national operator will be allowed to run sports pools as well.

From the very beginning, the Lotteries Act followed a path of transparency and consultation.

The former Lotteries and Gambling Board considered a substantial number of oral and written representations, as did the Parliamentary Committees in their consideration of the legislation.

Interested parties were granted ample opportunity to make inputs on the legislation.

The operator of the national lottery will function under a five-to-eight-year contract awarded by the state. The issuing of the licence will be based on normal tender procedures.

All games will in future need to be authorised by the National Lotteries Board, which will soon be established under the new Lotteries Act.

Because of the technical nature of the tender document, applicants for the operator's licence will be allowed about two months to complete and submit their bids. An evaluation committee will then make recommendations to Minister of Trade and Industry Alec Erwin, who will announce his final decision towards the middle of 1998.

Experience elsewhere in the world indicates that it takes a national lottery operator about six months to establish its infrastructure countrywide. Thus it is envisaged that the national lottery will be up and running early next year.

Any local or foreign company, subject to certain conditions like employment creation and empowerment, will be allowed to tender. All games presented by the operator will need the authorisation of the soon-to-be-established National Lotterries Board.

This will make it possible for South Africans to take part in the national lottery, through the well-known instant games, commonly known as scratch card competitions, together with online number games.

The introduction of a national lottery will turn over a new leaf in the developmental efforts of the Government, with millions of rands expected to result from its operation.

This will enable the Government to allocate more funds to deserving projects like water provision, building of schools and clinics, welfare and sports.

The lottery will also enable ordinary South Africans to make their indirect personal contributions to the fast-tracking of the country's development.

● For more details contact Ajay Sooklal of the DTI at (012) 310-9520.

(The writer is the director of communications in the Department of Trade and Industry).

Upliftment lottery faces legislative axe

The new Lotteries Act could spell the end for Lotto KZN, which has been delivering much-needed services in the province, writes MARCIA KLEIN

ST(BT) 8/2/98 (292)

LOTTO KZN, which has already distributed over R100-million in bricks and mortar for grassroots educational facilities in KwaZulu-Natal, faces possible closure if the new Lotteries Act is implemented in its present form.

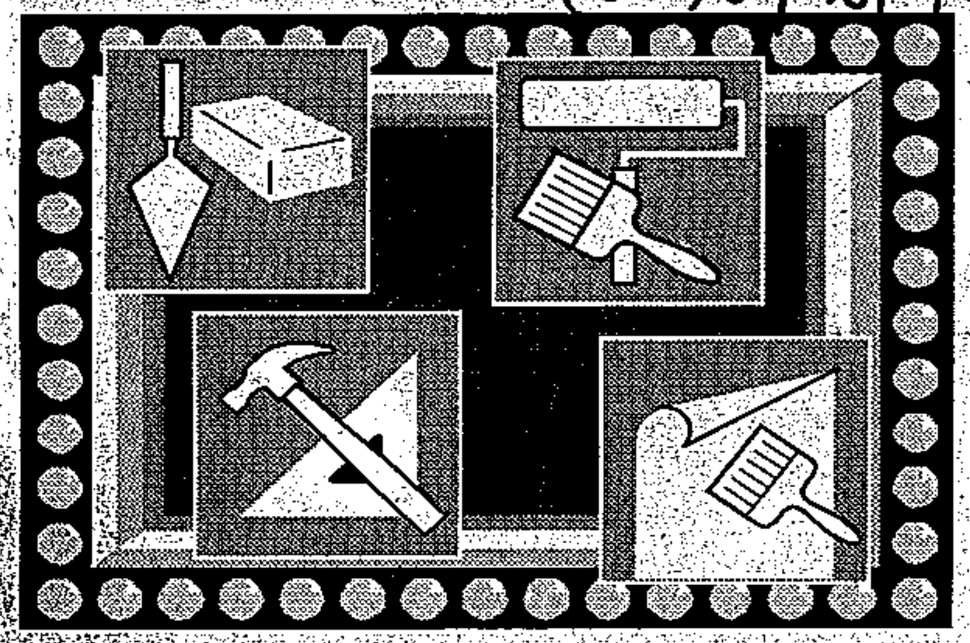
Lotto chairman Roland Starkey says the Act, published in November, identifies three types of lotteries — national, private and society. Private lotteries are restricted to members of a club. Society lotteries are geographically constrained, and must not be for gain. But there is a restriction on the level of the prize to R1-million a year.

Lotto comfortably fits the first two requirements, but it expects to have issued R90-million in prizes in the year to March 1998.

Starkey says a clause in the White Paper enabled society lotteries to make a submission to the Lottery Board to increase the prize money distribution, but in the process of various hearings and submissions, this discretion disappeared from the final version of the Act.

This means that while Lotto will be able to continue to operate in the new dispensation, the limit on prize-money is way below what it pays out. Recently, for example, the prize, which includes various carryovers, was R6.8-million and was won by three parties. A new prize in the order of R800 000 to R900 000 was already up for grabs by the following week.

Lotto was started in 1992 by the Operation Jump Start Association, a section 21 company. Starkey says the lottery was initiated when it was clear there were no available government funds to help build schools, creches and adult education centres.



Lotto, an on-line lottery which is operated through 350 outlets, has R200-million in turnover and will redistribute R85-million (1997: R42-million) this year, most of which goes directly into building educational facilities (some goes to charity).

Since it started operating in 1992, Lotto has given away R100-million to community upliftment projects, more than the provincial capex and RDP budgets for KwaZulu-Natal. It has funded over 2 300 classrooms, which house 120 000 children, built 137 creches, 100 community halls, as well as water tanks, toilets, training centres and playing fields.

It spends less than 1% of gross revenue on administration, 8% on marketing and commissions, 50% in prizes and 41% on upliftment projects.

Starkey says Lotto has made submissions to various commissions, "who have been sympathetic to our structure".

However, he feels the people who pass the Act may not be aware to what extent the delivery of services in KwaZulu-Natal is a direct result of Lotto's efforts.

He says a centrally driven fund will not be as effective in distributing services to local communities or in facilitating employment. Policymakers may not be aware of the fact that Lotto has proved to be a rapid delivery mechanism.

"First prize for us would be to be left alone. If we are allowed to compete with the national lottery, we would be able to survive, although we would expect to lose a considerable amount of turnover, in the order of 25% to 30%. The second prize would be to have a stay of execution. In four years we could basically wipe out the shortage of schools in KwaZulu-Natal — another 12 000 classrooms are still required," says Starkey.

Erwin promises national lottery will be 'up and running' next year

(292)

ARG 13/2/98.

Company and consumer legislation to be reformed

ALIDE DASNOIS
BUSINESS EDITOR

Plans for a national lottery are on track and one should be up and running early in 1999, says Minister of Trade and Industry Alec Erwin.

Mr Erwin yesterday said he would announce the operator of the national lottery towards the middle of the year, after recommendations from the National Lotteries Board.

Advertising for a chief executive and staff for the board had begun.

The appointment of a National Gambling Board, in terms of the National Gambling Act, was pending the comments of six provincial premiers, he said.

Draft regulations had been completed, which would be considered by the board once it was appointed.

Mr Erwin said a priority of his department this year would be reform of company and consumer legislation.

The department would tackle several key projects in 1998.

These included the reform of competition policy and law; the reform of the Companies Act and other legislation affecting companies; the reform of consumer protection, including the Harmful Business Practices Act; and a new Liquor Act.

He hoped to table a Competitions Bill in the second half of the year.

New draft competition policy was already being discussed in the National Economic Development and Labour Council (Nedlac).

A new Liquor Bill would also be tabled this year, he said. The different submissions on the proposed legislation were being integrated into the bill and a new draft would soon be sent to the Cabinet.

> ***'Small business development remains an absolute priority of the department'***

The department wanted to separate the three levels involved in the liquor industry, producers, wholesalers and distributors, but its proposals had drawn fire from several industry lobbies. It would not be possible to satisfy everyone.

"There will be people who are aggrieved," warned Mr Erwin.

Small business development remained "an absolute priority" of his department, he said. This was a difficult sector, but progress was being made.

Mr Erwin said that by next year South Africa's trade arrangements with Europe and its Southern African partners should have been determined.

He hoped to complete negotiations with the Southern African Development Community (SADC) and with the other countries in the Southern African Customs Union (SACU) by the end of the year, and to strike a deal with the European Union (EU).

The trade offer submitted by the EU this year was not acceptable, Mr Erwin said. The market access for South African industrial and agricultural exports to Europe offered by the EU was not sufficient.

But South Africa and the EU had now agreed on how to take negotiations further.

By the end of the year there should also be certainty about measures for the clothing and textile and the automotive industries over the next few years, Mr Erwin said.

All studies showed that employment in the clothing and textile industries had stabilised, although it was difficult to assess the extent of the shift in employment from bigger to smaller companies.

Clothing and, recently, textiles, were performing well on export markets.

Dice loaded

ed for casinos

McKenzie hints that most bidder

(292)

'ers for metropole gambling sites may lose out

ST (CM) 15/2/98

YVETTE VAN BREDA

THE Western Cape has moved a step closer to getting five multimillion-rand casinos.

Ten high-powered bidders, who lodged their applications by Wednesday's closing date, are now to have their financial affairs investigated.

It is expected the first of the successful applicants will be announced around June.

The MEC for Local Government and Gambling, Patrick McKenzie, said the board would not put "all its eggs in one basket" and most of the five metropole applicants would probably be disappointed.

They are Akani Fairest Cape, Culemborg Metropole Casino, Grandwest Casino and Entertainment World, Stocks Hotels & Resorts Cape and Tsogo Sun W Cape.

McKenzie said he was pleased with the process and credited the province's hard line in closing down illegal casinos and gambling dens.

It was essential to begin with "a clean slate" to reduce the risk of corruption.

The Western Cape Gambling Board would go to great lengths to verify the applicants' credibility, McKenzie said.

The venues would be announced over several months.

Five of the 10 applicants' proposed venues are prime properties.

Akani Fairest Cape has chosen a prime site on the Foreshore.

The old railway yard at Culemborg, also on the Foreshore, has been cited by Culemborg Metropole Casino.

Grandwest Casino and Entertainment World has chosen the Cape Showgrounds at Goodwood and Stocks Hotels & Resorts Cape the buildings at the old Milnerton racecourse, which it bought last year.

Tsogo Sun W Cape would open a casino at Century's Gate, the huge shop and hotel development on the N1 near Milnerton.

McKenzie said it was disappointing that no one had applied to open a casino in the Breede River district.

Applicants were required to own the proposed casino sites and agree to a 10-year contract that would leave no room for "fly-by-nights" and unfinished projects, McKenzie said.

Casino taxes would be an unparalleled source of revenue for the province.

Applications are to open in June for five licences to run a limited number of gambling machines, for example at cafés.

The number of licences would be limited so these ventures could be viable, McKenzie said.

Win tickets to Game Fair

THE Sunday Times Cape Metro is giving away 25 double tickets to the Cape Game Fair in Durbanville on February 28 and March 1.

To win a set of double tickets, simply answer this question: On which farm is the Cape Game Fair being held?

The answer can be found in this issue of the Cape Metro. Send your answer on a postcard to:

Sunday Times Cape Metro
Cape Game Fair Competition
PO Box 2447
CAPE TOWN
8000

The competition will close on Tuesday, February 24.

10 firms get big chance

Sowetan 20/2/98 (292)

By Shadrack Mashalaba

PHUMELELA Gaming and Leisure, the new company which controls horse-racing in Gauteng, took a step forward when it announced the names of 10 Black economic empowerment groups yesterday.

The ten selected companies will be invited to own 22,5 percent of the soon-to-be-listed company.

The companies are Gundo Investment Holdings (Pty) Limited, Kiba Investments (Pty) Limited, Indyebo Investments (Pty) Limited, National African Federated Chamber of Commerce (Nafcoc), Mnyama Holdings Limited, National Sports Council Investments (Pty) Limited, Rexile-Health Professional Investment group, Trans South African Investments Holdings (Pty) Limited, Umjago Consortium and Vela International (Pty) Limited.

The companies were shortlisted from a total of 49 organisations. It is not clear at this stage how the process of selection was undertaken and how much each group will own in equity.

Phumelela – which means to succeed – was officially launched on January 22 by Gauteng MEC for finance and economic affairs Jabu Moleketi. It took on a new corporate identity and appointed a six-member board chaired by Stewart Lumka.

In a statement, Lumka said the board was faced with the invidious task of narrowing 49 quality applications down to a final 10.

"We were obviously delighted with the considerable interest shown. The applicants were all top class and broadly representative in national demographic and gender terms. There were very few applicants who were not suitable," Lumka said.

Once the process of transforming Phumelela Gaming and Leisure is completed the company's shareholding will be as follows: 30 percent for The Racing Trust, strategic investors 20 percent, general public 15 percent, racing public 10 percent and 2,5 percent for the employee share scheme.

Phumelela previously comprised Turfontein Racing Club, Gosforth Park Turf Club, Newmarket Turf Club, Totalisator Agency Board and companies under Highveld Racing Authority.

Casino licences to be announced today

Star 25/2/98 (292)

By Robert Brand

The Gauteng Gambling and Betting Board will end months of speculation and intense lobbying when it announces the award of up to six casino licences in the province tonight.

The Johannesburg Stock Exchange's leisure stocks were abuzz yesterday in anticipation of the announcement, which will give the successful bidders a slice of an industry estimated to be worth at least R1,5-billion in annual revenues.

"All the stocks associated with the licensing have been moving up or down because people are really speculating about who is going to win or who is going to lose," an analyst said.

The board has already made its recommendations on the award of licences to the Gauteng executive, which is expected to rubber stamp them at 2pm today. The public announcement will be made at the Turffontein race course at 6.30pm, Gauteng Finance MEC Jabu Moleketi said yesterday.

Moleketi refused to be drawn on the number of licences to be awarded or the identities of the licencees. In terms of national gambling legislation, the province may award a maximum of six casino licences, but there has been speculation that it may limit the number to four or five.

Moleketi said the board's recommendations were made according to the criteria set out in the Gauteng Gambling and Betting Act, including the impact on tourism, empowerment, job creation, equity participation by disadvantaged groups, benefits to local communities, management expertise and project viability.

Public hearings were held in November to test how the applicants measured up against those criteria. Objections, including those from churches and community groups concerned about the social effects of gambling, have also been considered, Moleketi said.

The first legal casinos in Gauteng are likely to be open for business by June, although these will be only temporary facilities, industry sources said. Construction of permanent casino, hotel and retail facilities of the sort proposed by licence bidders may take years to construct.

Construction of permanent casino facilities could also be delayed in the event of legal challenges by applicants who lost out.

The 23 applicants have proposed projects ranging in size from R360-million to R2,5-billion, situated in Johannesburg, Pretoria, the East Rand and on the Vaal River.

Pick Six – The Licence Bidders

- **Global Resorts** R1-billion World Trade Centre near Jhb International Airport.
- **Soweto Casinos Orlando** R690-million hotel, entertainment complex, a hall of fame.
- **Viking Bay Casino Holding Co** Ladbroke Casino Holdings and Mavelane Development: Vaal Marina worth R450-million.
- **Crestalia Gaming**, Hilton Hotel in Sandton, capital cost R20-million.
- **Mo Afrika** joint venture between Ladbroke Casino Holdings and MoAfrika Casino Holdings, Midrand cost in excess of R2-billion.
- **City Urban Renewal Enterprises'** City of Gold, R2,3-billion near the Queen Elizabeth bridge.
- **Emfuleni Safari Resort**, Vanderbijlpark on the Vaal River, R650-million.
- **Magic Kingdom**, City Lake near Pretoria, R375-million.
- **Genting International**, R375-million hotel.
- **Ryoct Investments**, trading as Eldorado Investments casino at the Randburg Waterfront, R700-million.
- **Ramada Rhino Resort** joint venture between Ramada International Hotels, KalRo Group and Rhino Hotel and Resort, application for a R376-million complex in the Krondrai area near Sterkfontein caves.
- **Johnnic Casino Holdings** – Gallagher Estate in Midrand, R1-bn.
- **Karos Hospitality**, Indaba Hotel at Witkoppen, R360-million.
- **Akani Egoli** complex adjacent to Gold Reef City, R750-million.
- **Carlton Centre**, R595-million application relies heavily on the need to revive the CBD.
- **Tsogo Sun** jointly owned by Tsogo Investments and Southern Sun submitted three applications:
  - R1-billion Monte Casino project in Fourways.
  - R1-billion Dixieland complex Benoni Lake.
  - R780-million Movieland complex in Pretoria.
- **Afrisun**, Sun International South African-led consortium put an R870-million bid for a complex to be known as Carnival city in Brakpan.
- **Nokeng-Regency Casino Resort** Vaal, R366-million.
- **Let Sha La Pula**, one of two applicants involving Stocks and Stocks, Victoria Lake Germiston, R357-million.
- **Stocks Hotels and Resorts** casino complex at Centurion outside Pretoria, R779-million.

▶ More reports ... Page 8

Moribo positions itself for licence to run SA's first national lottery

(292)

Sowetan 26/2/98

By Shadrack Mashalaba

WITH the countdown to the establishment of the first National Lottery in South Africa already under way, Games Africa – a division of Moribo Leisure – is optimistic about its chances of securing the rights to manage the venture.

Speaking to *Sowetan Business*, Games Africa managing director Modise Makhene said they were looking at injecting more than R100 million into the project.

"With our capable management, composed of local and international talent, I am sure we will emerge successful," said Makhene. "We will soon be going to the market to recruit more managers to beef up our team."

Born in Johannesburg, Makhene spent most of his life in the former Bophuthatswana in North West.

In 1985 he left South Africa to do a bachelor's degree and later an MBA in the United States.

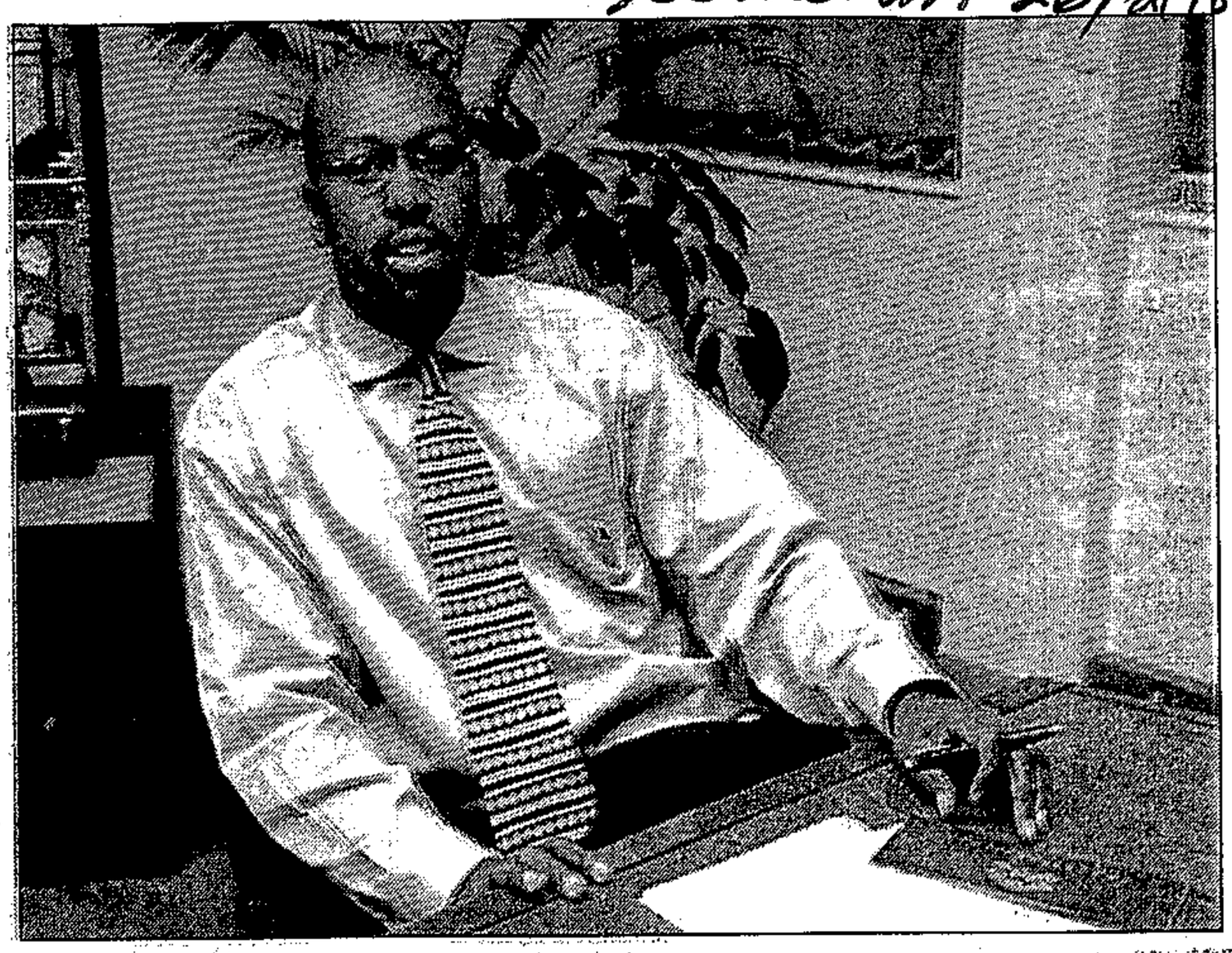
While in the US, he worked for Coca-Cola in Atlanta, Georgia. Makhene came back to South Africa in 1991 and worked for Tastic.

In January 1996 he joined Moribo, working in their marketing division, and was recently appointed to his current position.

He said the company was also looking at signing a partnership agreement with an international company, details of which would be released soon.

Games Africa is wholly owned by Moribo Leisure. Moribo also have a 40 percent stake in Basic Africa (Kappa), a 100 percent in share MME Wilson, 65 percent in Lottec and 45 percent in Gitam-BBDO.

Makhene said he was preparing his company to be ready for the Government's mid-March deadline when interested companies will be invited to a bidders' conference.



Games Africa managing director Modise Makhene is confident of a successful bid.

Licence applications should be submitted to the Trade and Industry Minister by the end of May.

In July the shortlisted bidders will make presentations. This will be followed by site visits in August.

Makhene said there were compelling reasons for the establishment of a lottery in South Africa.

"The revenue generated by the initiative will help alleviate Government resources by contributing to good causes," he said.

"We have been ready for the last five years. The infrastructure is already in place and we intend to beef it up to complement the existing one.

"With the process of issuing casino licences also unfolding, the leisure and gaming industry is set for exciting competition," he said.

Makhene said his company would outsource some of its operations to local small businesses "whenever we can" with the intention of empowering them.

The decision by the minister and notification of the successful applicant is expected in September, which will be followed by the issuing of a licence to the successful applicant in October.

The National Lottery is expected to start operations between March and April next year.

Four casino licences for Gauteng

(292)

By Shadrack Mashalaba

THE gaming industry in the province entered a new era last night when the Gauteng Gambling and Betting Board (GGBB) announced four successful casino applicants.

The four successful consortiums, together with their proposed investments and locations, are Tsogo Sun (R1 billion at Fourways), Afrisun (R870 million at Brakpan), Emfuleni (R650 million at Vaal River) and Global Resorts (R1 billion at the World Trade Centre).

GGBB chairman Mr Vincent Maleka said the board had in the past been put under pressure by the media to make official the "earth-shattering announcement".

He said the board had reached consensus on the announcement of the four consortiums after intense deliberations. "We hope to achieve concurrence on the other two outstanding licences."

Gauteng is by law entitled to six casino licences. The two other licences are expected to be announced within a month.

A total of 23 consortiums submitted applications last year in a process which begun in March last year.

Speaking to *Sowetan* after the announcements, Gauteng MEC for finance and economic affairs Mr Jabu Moleketi said 66 percent of the work had been done and the province would now engage in intense debate on the awarding of the two outstanding licences.

Moleketi dismissed rumours that some of the representatives from the bidding consortiums had been bragging ahead of the announcement about being successful. "I personally have not heard of any person bragging," he said.

Sowetan 26/2/98

Dice fall favourably – for some

*Board had to consider strict criteria before awarding casino licences, write **Robert Brand and Rodney Victor***

Star 26/2/98 (292)

The Gauteng Gambling and Betting Board has awarded casino licences to four consortiums after months of hearings, deliberations and discussions with the Gauteng cabinet.

The four licensees were picked out of 23 bidders. Two more licences are to be awarded within the next month.

In terms of the Gauteng Gambling and Betting Act, the board had to take set criteria into consideration before making its recommendations to the cabinet.

These include the job creation potential of projects, economic empowerment, tourism development, maximisation of government revenues, project viability, equity participation by previously disadvantaged groups, revitalising the economy of depressed areas, and the impact the new casinos would have on operations in other provinces.

The four licensees will have to commission environmental impact studies to the satisfaction of the Department of Environmental Affairs before being allowed to construct and operate their casinos.

Specific conditions will also be set for each licensee, Gambling and Betting Board chairman Vincent Maleka said.

"Licence holders should be aware that the Gauteng provincial government and the Gauteng Gambling and Betting Board intend to rigorously enforce all legislation and regulations pertaining to casinos," the province and board warned in a joint statement.

"It is essential that this new industry operate in a clean and transparent manner. Casinos and all gambling activities will be closely monitored and any transgressions of legislation and regulations will be severely dealt with."

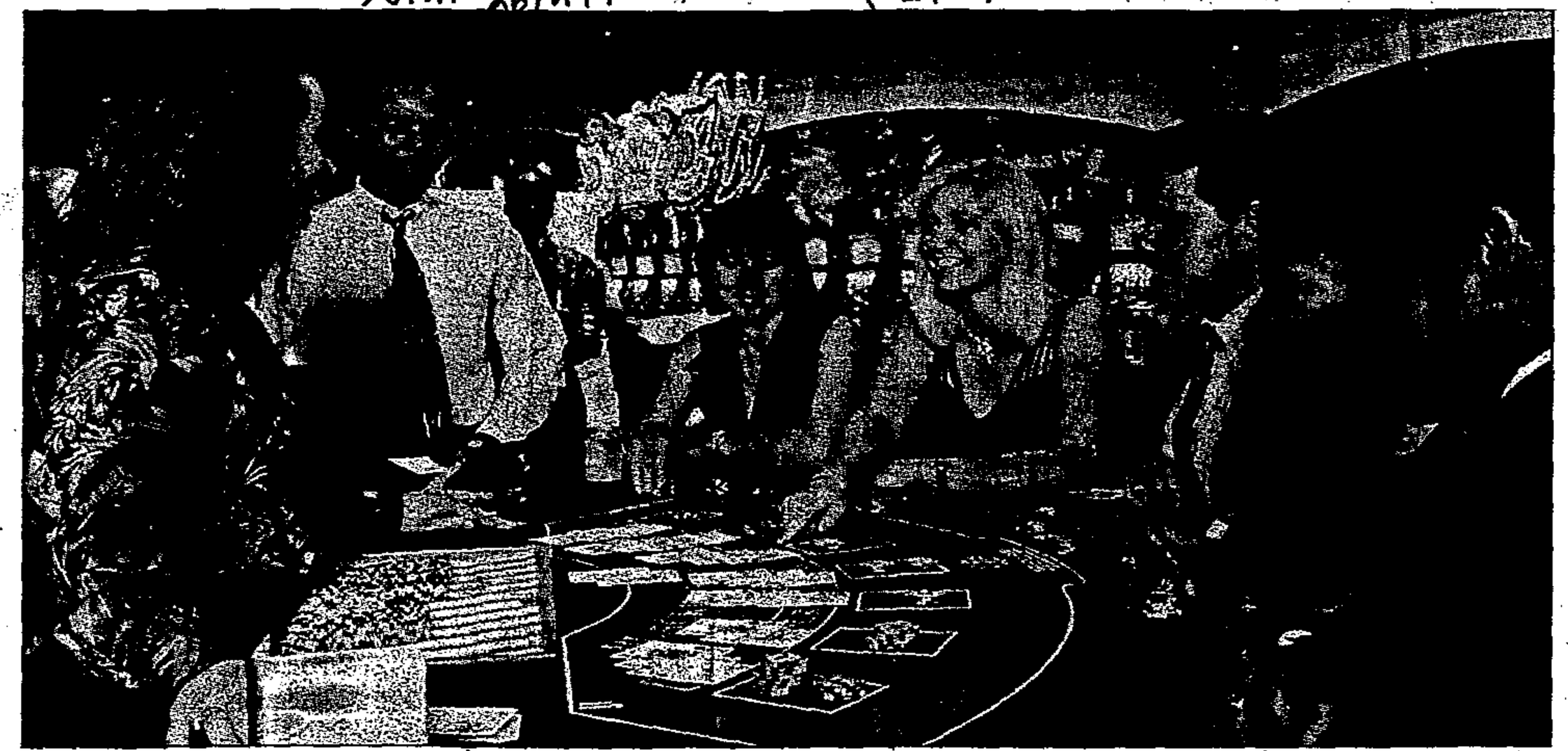
The casinos which have been licensed are:

■ Tsogo Sun, which has proposed a R1-billion Monte Casino development in Fourways. It is owned jointly by Tsogo Investments and Southern Sun.

Tsogo Investments is itself 25% held by Nafcoc, 25% by Fabcos, 13% by trade union federation Nactu, 10% by clothing and textile workers' union Sactwu, and the remaining 27% by various black companies and individuals. Southern Sun's majority shareholder is SA Breweries.

Tsogo will initially operate a temporary casino in the Northgate Dome, which is expected to be up and running by June.

The new facility, a joint casino/hotel complex, will take about three to four years to construct. Southern Sun plans to manage the hotel and Las Vegas-based MGM Grand to manage the casino.



A scene that will become familiar around Gauteng soon ... gamblers enjoy the excitement of challenging Lady Luck

■ Global Resorts, established in 1993 with assistance from RMB Holdings and Genbel Securities, plans to build the R1-billion Caesar's Gauteng casino at the World Trade Centre in Kempton Park. Global Resorts will own 25% of the project and Caesar's World also 25%. National empowerment groups, including the Mineworkers' Investment Company and the Women's Development Company, will hold 30%. Local empowerment groups, including East Rand Business Pty, East Rand Children's Trust, East Rand Youth Trust and East Rand Public Offer Trust, will hold 20%.

■ The R650-million Emfuleni Safari Resort at Vanderbijlpark on the Vaal River is a joint venture between Malaysian-based Samrand, London Clubs International and the Western Vaal Metropolitan Council. The R650-million resort will include a hotel, chalets, a conference centre and a nature park. London Clubs will manage the casino, and Protea Hotels the hotel.

Empowerment groups headed by Sanco will hold 30%, while other stakeholders are Vaal African Chamber of Commerce Investments and Ubambo Investment Holdings.

■ Afrisun, led by Sun International, is to operate its R870-million Carnival City casino and hotel complex on a site in Brakpan currently occupied by the town's drive-in. Sun International Management Ltd will undertake the development management and the operational management in conjunction with empowerment company Gauteng Casino Resort Manco.

Afrisun shareholders are Afrisun East Rand Community Trust, with 15%, Afrisun Leisure Investments with 25% and Sun International with 60%.

Johannesburg, Soweto bidders still confident they'll get a gambling licence

Star 26/2/98 (292)

By Lee-Ann Alfreds

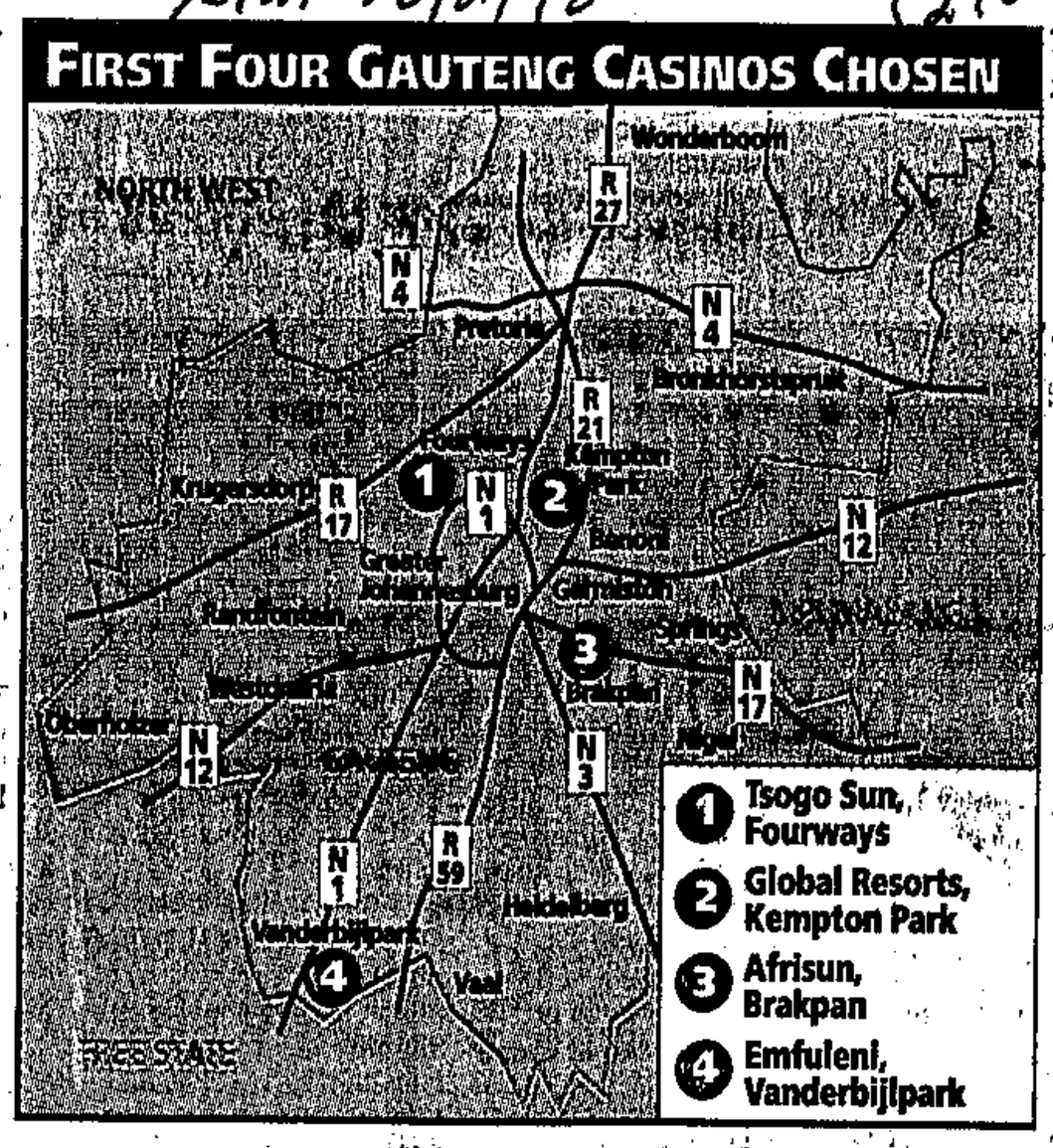
While the battle raged, they fought a good fight. But when the chips were down, the bidders for casino licences in Johannesburg's CBD and in Soweto, south of the city, were completely united in their disbelief.

For them and the proponents of Johannesburg's revitalisation, the awarding of a casino licence was considered central to restoring the city as the economic hub of South Africa.

"We are obviously happy that the board has exercised its discretion. What is remarkable though is that a licence was not granted for the inner city," said Sandile Zungu, chairman of the City Urban Renewal Enterprises (Cure) which had proposed building a R2,3-billion "City of Gold" near the Queen Elizabeth Bridge.

Zungu said Johannesburg's inner city was the most deprived area of Gauteng and that the city needed a casino licence to "reverse the outward mobility of investors from the CBD".

But he expressed confidence that one of the remaining two licences still to be awarded would come Johannesburg's way.



Soweto Investments spokesman Richard Maponya was equally surprised that Soweto had not been awarded a licence, as the township "should have been the first of them".

He, in turn, was confident that Soweto would get one of the two remaining licences.

Soweto Investments had proposed building a R690-million hotel, entertainment complex and a hall of fame in Valley Road, Orlando.

Greater Johannesburg metro council spokesman Kenny Fihla said while they were happy the metro area had been awarded one licence (at Fourways), he wanted to see one closer to the city centre.

He was also positive Johannesburg would be awarded a licence.

Central Johannesburg Partnership executive director Neil Fraser said the city desperately needed the injection a casino could provide.

"The city has got to such a rundown state and desperately needs an injection of some sort," he said

A licence "would have been a political demonstration of support for the city," he added.

In a spin to get venues going by June

By Lee-Ann Alfreds, Tefo Mothibeli and Chriswell Ngwelo

Gauteng's first legal casino is expected to be up and running in June, following the award of four gambling licences in the province last night.

Tsogo Sun, which won a licence to operate a casino in Fourways, north of Johannesburg, should have a temporary casino operating in the Dome at Northgate by mid-year, while Global Resorts should have their temporary casino up and running in about six months, according to their spokesman Monde Tabata.

The other two successful bidders are also expected to open temporary facilities within the year, industry sources say.

A delighted Tsogo Sun managing director Jabu Mabuza said they would use the Dome at Northgate while their permanent casino was being built on the corner of Witkoppen Road and William Nichol Drive in Fourways.

This would take about 30 months to complete and an estimated 12 000 short and long-term jobs would be created in the process, he said.

Tabata said he did not know how long the permanent casino, to be established at the World Trade Centre in Kempton Park, would take to complete.

Meanwhile, there was mixed reaction to the announcement of the successful bidders.

> "We had done spadework to meet the requirements"

Moses Mayekiso, Emfuleni Safari Resort representative, said his group was "in the clouds" after being chosen as one of the four successful bidders.

"The significance of having this licence lies in the fact that the ordinary people are going to be the beneficiaries," he said.

He added that the development "meant real black economic empowerment".

Khehla Mthembu, chairman of the Afrisun group, said he was also thrilled about winning the bid.

"We are very excited. We were confident we would pull through because we had done our spadework to meet all the requirements to the letter," he said.

But Mthembu said he was concerned with the board's decision to award two licences for the East Rand market: "This is such a small market to accommodate two licence holders," he said.

Unsuccessful bidder, Moss Leoka, chairman of the Viking Bay Casino Holding Co said he was satisfied with the way things had gone even though they were unsuccessful.

"Obviously we came here fully aware that there would have to be losers and winners. It must have been difficult for the board to decide on who should receive the licences because of excellent presentations from all bidders," he said.

GAMBLING *Announcement of Gauteng winners follows heated discussions by provincial casino committee*

Jackpot for four casino victors

CT (BR) 26/2/98 (292)

ANN CROTTY

Johannesburg — The Gauteng Gambling and Betting Board has announced that Tsogo Sun, Afrisun, Emfuleni and Global Resorts had been awarded the lucrative gambling licences to operate casinos in the province.

The announcement last night followed a reportedly heated discussion at committee level.

The combined commitment to the casino projects proposed by these groups is R3,5 billion.

The provincial government and the board, which, in terms of the national legislation, is entitled to issue six licences in the province, will make an announcement on the remaining two licences within a month.

This means the 18 applicants who were unsuccessful this time still have an opportunity.

Southern Sun is the controlling partner in Tsogo Sun which will operate in Fourways; Sun International South Africa (Sisa) is the controlling shareholder in Afrisun (Brakpan); Samrand is the major partner in Emfuleni Resorts (at the Vaal); and the main shareholders in Global Resorts (Kempton Park's World Trade Centre) include Global Resorts South Africa, Rand Merchant Bank and black empowerment group Aquila.

Industry sources said last night that, while there were many people who were disappointed with the decision, it was difficult to find fault with the process, which was widely regarded as responsible and transparent.

"The board has not been inconsistent with any of its earlier discussions and its stated criteria; they have chosen good, solid casino operators; it would be difficult to challenge the selection," said one of the applicants who had been unsuccessful.

At the function held to announce the winners, Jabu Moleketi, the Gauteng MEC for financial and economic affairs, stressed that all six licences would be allocated.

One analyst said that the commitment to allocate all six licences was surprising as the board was expected to use one unallocated licence to negotiate exclusivity agreements with the parties that had secured licences.

Yesterday the JSE was awash with speculation about who had secured licences, and a number of shares involved in bids were actively traded.

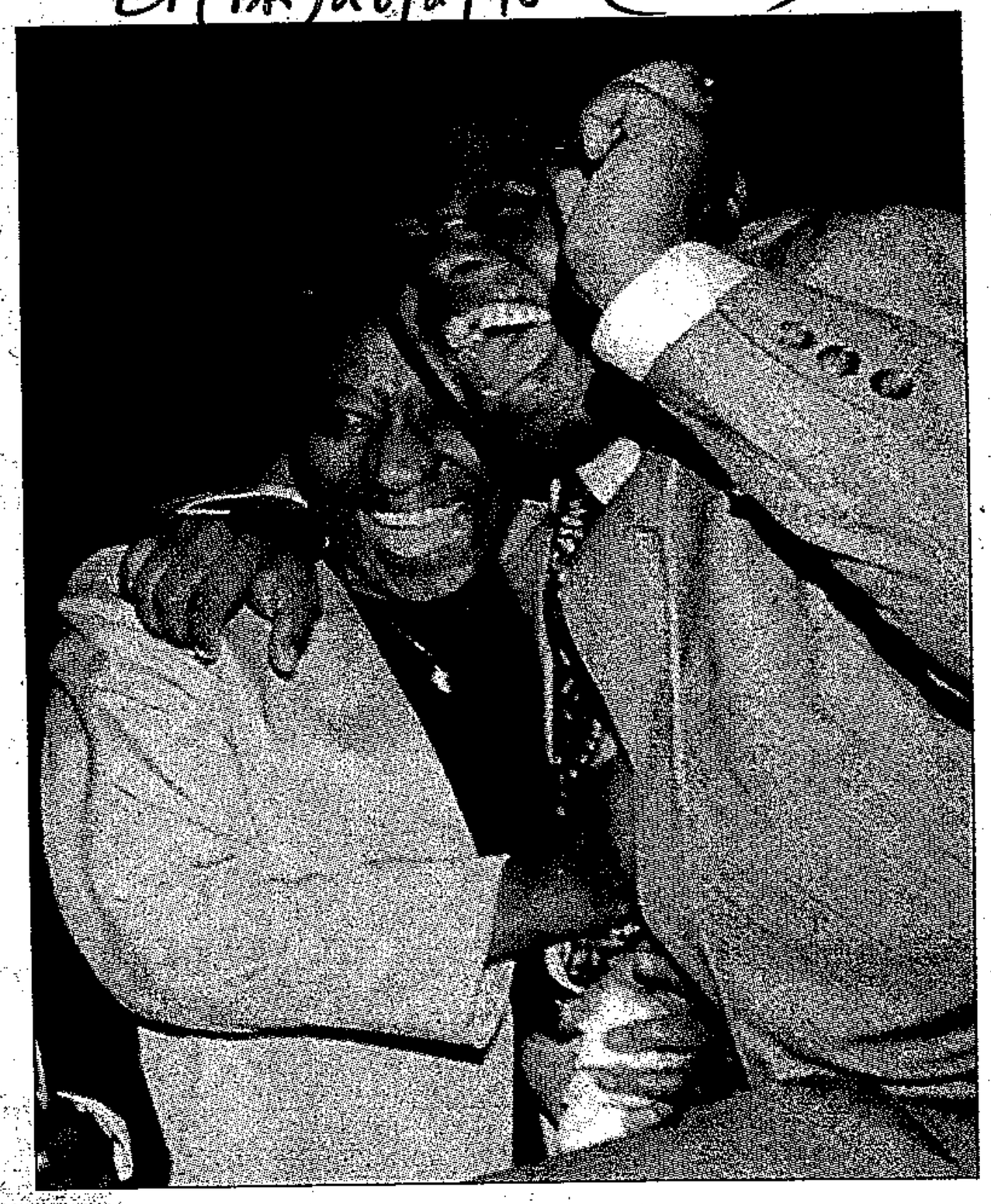
But at the close of trade it seemed that the most accurate speculation related to Sisa, whose share price shot up 38c to close at 388c, which is a level not seen in recent years.

Samrand closed 50c higher at 250c. Stocks Hotels, which was unsuccessful, closed 19c lower at 159c. Johnnic was also unsuccessful with its Midrand bid, but its share price was up 50c to R57,50.

No licences have been issued for the Pretoria region, for Midrand, for Johannesburg CBD, for Johannesburg South or for the West Rand. The absence of a licence in Pretoria and Midrand will ease the pressure on Sisa's existing operations in the North West province.

But one industry source was of the opinion that an applicant from Midrand could win one of the remaining licences because of the acknowledged benefits for tourism offered by this region.

In the Johannesburg South region, Akani Egoli, which is backed by the Krok brothers, was unsuccessful in its bid for a licence for Gold Reef City.



HITTING THE BIG TIME *Fikile Buthelezi, left, and Archie Luhlabo celebrate the awarding of a casino licence last night* PHOTO: JOHN WOODROOF

Gauteng awards four of six casino licences

BD 26/2/98 (292)

Janet Parker

THE Gauteng Gambling and Betting Board has awarded four casino licences — to Afrisun, Emfuleni Safari Resort, Global Resorts and Tsogo Sun's casino proposal in Fourways.

Board chairman Vincent Maleka said yesterday all six casino licences allocated to the province would be awarded, and the decision on the two outstanding licences would be made within months.

Maleka said the licences were awarded subject to applicants completing an environmental impact study. There would be further conditionsthe board would impose on the licence holders, some of which would be negotiated, and others not, he said.

Asked what measures would be in place to ensure transparency, Gauteng finance and economic affairs MEC Jabu Moleketi said the board's processes were subject to public scrutiny.

Kessel Feinstein principle Gillian Saunders said the most unusual aspect of the decision was to award two licences on the East Rand — to Afrisun and Global Resorts.

Afrisun, led by Sun International SA, has proposed an R870m Carnival City casino and hotel development on the site which houses the Brakpan drive-in. Global Resorts, which already has a casino licence in Mpumalanga, has proposed a R1bn complex at the World Trade Centre in Kempton Park, in conjunction with international gaming giant Caesar's World.

Independent hospitality and leisure specialist Delano Caras said the East Rand was a strong market, and it was likely both developments would do well.

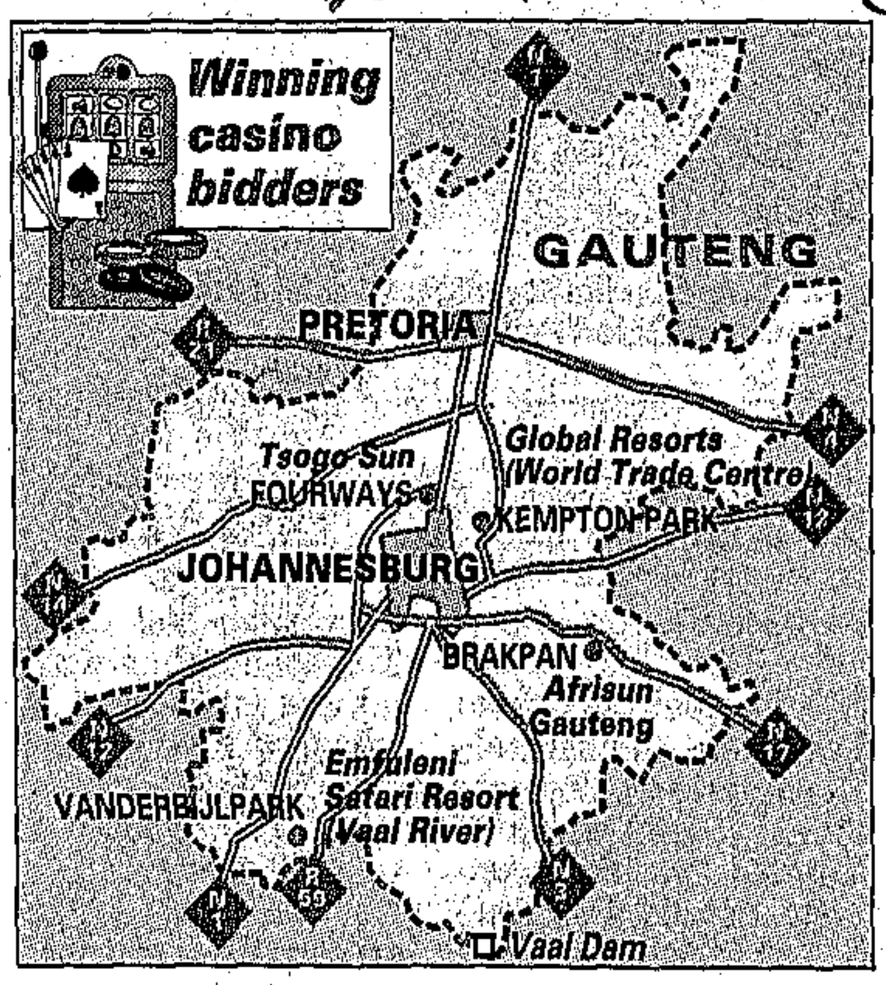
He said it was "regrettable" that all six licences were to be allocated. It would have been more prudent to issue three or four first to test the Gauteng gaming environment.

Global Resorts CE Ernie Joubert said the licence was "a quantum leap forward for Global Resorts".

Tsogo Sun, which submitted three applications in the province, was licensed for its Fourways plan, which entails a R1bn Monte Casino project. As part of its bid it pledged to develop a R350m convention centre at Sandton City.

Tsogo Sun has rented the Northgate Dome for its temporary casino.

Emfuleni Safari Resort, with international partners Samrand of Malaysia and London Clubs International, has proposed a R650m resort near Vanderbijlpark on the Vaal River.



Picture: Page 2

Billions wagered on casino bid

Jobs for 10 000 ride on plans for city centre sites

ARG 26/2/98 (292)

CHENÉ BLIGNAUT
STAFF REPORTER

A consortium of local and foreign companies plans to turn the Good Hope Centre into a world-class convention centre – if its bid for a gambling licence succeeds.

Culemborg Metropole Casino is one of five high-powered bidders for the only casino licence the Western Cape Gambling Board will issue in greater Cape Town.

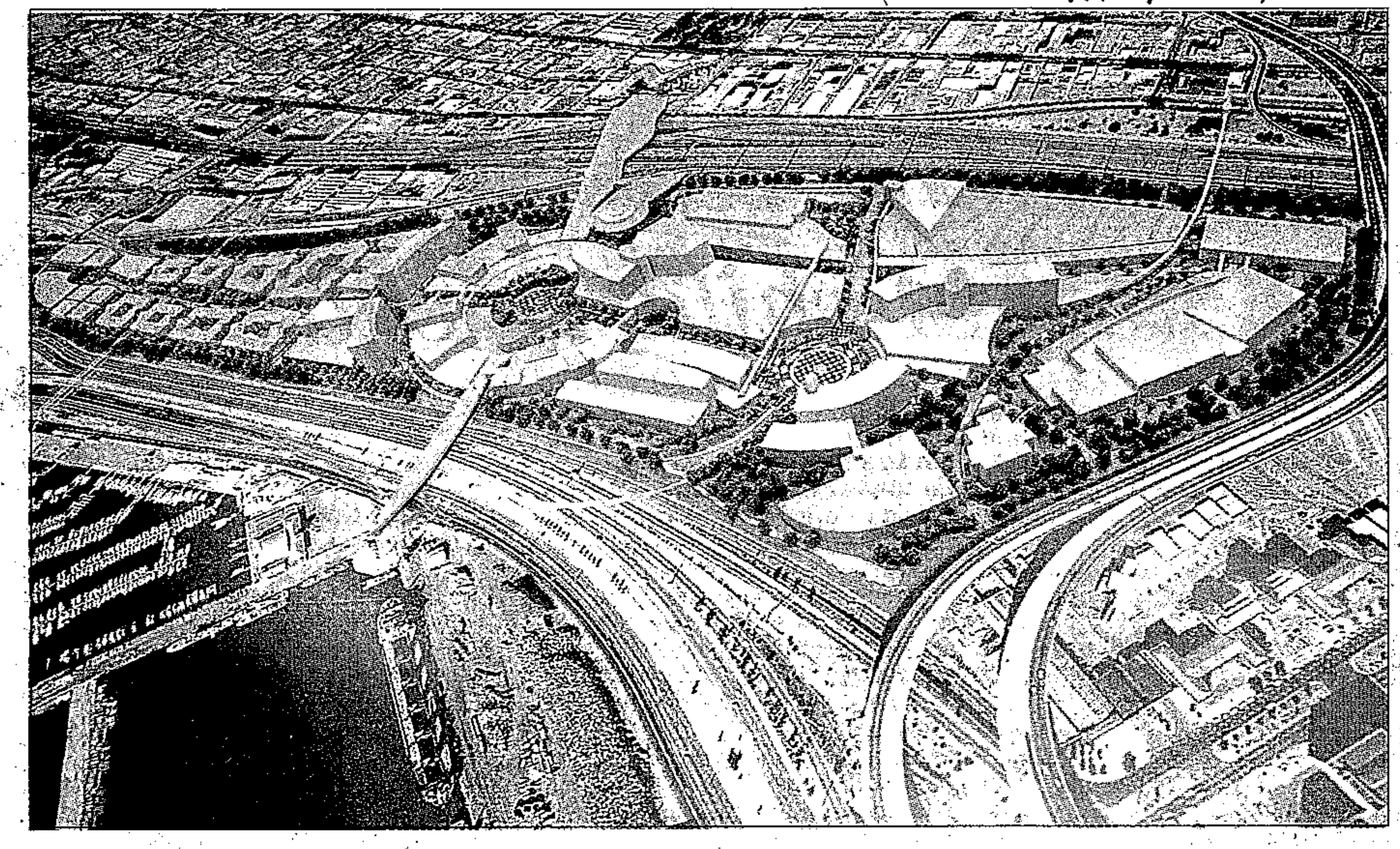
Given the licence, it plans to spend R5-billion on development in the old railway yard on the Foreshore, which it will link to the Good Hope Centre by a pedestrian bridge.

The first phase of the development, at Culemborg, will include a casino with 100 gaming tables and 2 000 slot machines, a hotel, an exhibition centre and film studios.

A R65-million upgrade of the Good Hope Centre will be part of the first phase.

The derelict 43,9ha Culemborg site, which was to have been part of the Olympic 2004 plan had Cape Town won the bid, is bordered by the N1 highway in the north and the elevated N2 highway in the west. The consortium plans to spend R225-million on improving access to the site.

A bus service will link the project with the Waterfront and the central business district. The company also plans to build a station for historic steam and tourist trains.



Future city: a model of the proposed casino development at the Culemborg site

Investments in services, including stormwater and sewage pump stations, form part of phase one.

Long-term plans for the site include a museum, a link to the Royal Cape Yacht Club and Duncan Dock, a reception point for cruise liners and a rail link between the city and the airport.

Project leader Ken Sturgeon of MLH Architects and Planners, said the development would provide a "much-needed catalyst" for development in District Six, Woodstock, Salt River, Maitland and the harbour.

"The site is a sad scar in the heart of the city. The development is an opportunity to rectify planning sins of the past, simply because of the cash flow that the casino will generate," said Mr Sturgeon.

It is estimated that the project will provide about 10 000 jobs during construction and 10 000 when finished.

The consortium consists of a New-York-based entertainment company, a London-based casino venture, local companies and an international hotel group.

Empowerment groups will hold 50% of the equity, and the consortium will embark on an upliftment programme.

The consortium has undertaken to build a temporary casino within 100 working days of being given a license, the issue of which is expected to be announced in June.

The consortium will put its proposals to the Cape Town Municipality on March 18 and the gambling board on March 23.

The other four bidders and their proposed sites for the casino are:

- Akani Fairest Cape, lower Long Street, Cape Town;
- Stocks Hotels and Resorts (Cape), Milnerton race course;
- Grandwest Casino and Entertainment World, Cape Showgrounds at Goodwood; and,
- Tsogo Sun Western Cape, the Century's Gate development beside the N1 highway.

Something is wrong with casino licences – Maponya

Sowetan 27/2/98 (292)

By Shadrack Mashalaba

SOWETO businessman Richard Maponya expressed disappointment that Soweto was not among the four areas awarded casino licences by Gauteng authorities on Wednesday.

Maponya, who is involved in the Soweto Casinos consortium, said: "It would appear something is wrong with the whole process. We are still entrenching the *status quo*."

Maponya said players who were already involved in the industry were favoured, which created a monopoly.

"An opportunity has been missed to involve new players. If the criteria set by the board that the disadvantaged, job creation and the revitalisation of the disadvantaged areas should be considered, then Soweto, without any doubt, deserves to have been the first to be allotted the licence," he said.

Soweto, added Maponya, was depressed and had one of the highest unemployment rates in the country.

"The forum on Wednesday was an ideal opportunity for the board to demonstrate its commitment to empowerment, which is preached by the Government."

Richard Maponya

He said the delay in announcing the two outstanding applicants was not good for the applicants, as a lot of planning was involved in such ventures. "I appeal to the board to speed up the allocation as a matter of urgency," Maponya said.

However, it appears that granting a casino licence to Soweto will not materialise, according to sources close to the Gauteng Gambling and Betting Board.

A source said the names of the four consortiums announced as winners on Wednesday were already known.

The source named the remaining two winners as Ramada Rhino Resort and Akani Egoli.

Ramada is a joint venture between Ramada International Hotels, KaiRo Group and Rhino Hotel and Resort, who intend to inject an investment of R376 million into the Kromdraai area, near the Sterkfontein Caves, in Krugersdorp.

Akani's complex will be next to Gold Reef City, with an investment of R750 million.

4 awarded casino licences, but no decision on Soweto

(292) Star 27/2/98

By Lee-Ann Alfreds and Robert Brand

The Gauteng cabinet opted to award only four out of six casino licences on Wednesday because the gaming board and politicians could not agree on the final two licences.

Gold Reef City had received the nod from the board ahead of the politicians' much-fancied choice of Soweto, a source told The Star yesterday.

The source said Soweto and Johannesburg CBD's two bids – for casinos in the Carlton Centre and near the Queen Elizabeth Bridge – had not made the final list at all.

The gaming board chose Gold Reef City's bid, headed by the consortium Akani Egoli, and the Ramada Rhino Resort – for a R376-million complex in the Kromdraai area near the Sterkfontein Caves – leaving cabinet members with a major headache, as choosing Soweto would have been seen as a gesture of support for disadvantaged communities.

Licences were awarded to the Tsogo Sun for a casino in Fourways; Afrisun for a facility in Brakpan; Global Resorts for a casino complex at the World Trade Centre in Kempton Park; and Emfuleni (also known as Tortello Investments) for a casino near Vanderbijlpark.

The announcement came after months of deliberation by the board, which had to recommend six licensees to the Gauteng cabinet.

The naming of the last two was deferred for a month.

Both Finance MEC Jabu Moleketi and board chairman Vincent Maleka have refused to be drawn on the remaining two licences, saying they will explain the reasons after the successful bids are made known.

■ Richard Maponya, who headed Soweto's bid, was still in the dark yesterday about the withholding of the two names.

▶ Reports and graphics ... Page 6

'A voice for everyone'

South Africans need to be educated about the Bill of Rights so as to own these rights, **Patricia de Lille** argues in her speech ...

(292)

THE PAST FEW YEARS have seen the genesis of a new nation from the ruins of apartheid. And in the course of this evolution, we have not been spared the trauma that comes with change.

We have been at pains to understand what our new system truly means. In particular, we have had to tackle the issues of freedoms and rights.

Against the background of our new Constitution, we have had to negotiate new terms, new concepts, new ideas. And among these is the concept of freedom of expression.

What does it mean? How does it work? These and similar questions remain unresolved.

Archbishop Desmond Tutu, looking at the various colours of South Africa, called us the "rainbow nation". One wonders what he would call us if he were to listen to the various sounds this nation makes.

Presuming we all spoke with one voice and had the same things to say, he might call us the "melody" nation. Alas, he did not look that far, for that is a much more difficult thing to do.

While it is easier for the various colours to line up and form a lovely rainbow, it is a lot harder for the different voices of the nation to combine in a symphony of music.

In fact, the South African tradition seems to be that we each need to stand up and shout the loudest, each of us wanting to be heard.

And the challenge arises when the different voices become dissenting voices, each speaking at its own pace and in a different tone.

And each of us has a right to our unique voice and to have it heard. So the challenge then is ensuring that each of our different voices remains different, without creating a cacophony.

Since eventually we all need to live together on this land, share our resources, create a strong community and share a common nation. So the challenge is – how to harmonise?

Our Constitution has tried to allow us to create a melody. The Bill of Rights "enshrines the rights of all people in our country and affirms the democratic values of human dignity, equality and freedom".

But to begin to establish the harmony we seek, we first need to give expression to the ideas and concepts embodied in the Constitution.

Ordinary South Africans need to be educated about these rights, become aware of them and claim them for themselves. Once aware of their rights, our people may begin to own these rights.

And only in owning these rights will we be able to test them. We need to allow these rights to be challenged and tested. It is the only means for getting clarity on the finer applications of these rights.

> **And as a nation we need to give life and form to the principles of our Constitution**

Sowetan 2/3/98

We need to see vertical challenges between the citizenry and the state and horizontal challenges amongst citizens, business, the media, in education and every sphere where these rights are played out daily.

We need to test both our individual and corporate commitments as well as the national state's commitment to these rights. At the moment we are not really very sure about the extent and degree of freedom or accountability of these rights.

And as a nation we need to give life and form to the principles of our Constitution. We need to begin to clear the waters so that we can be certain of how free we truly are.

We need to know the implications of Clause 36 on the Limitation of Rights. How far is "far enough"? What is "too far"?

Establish harmony

In order to establish the harmony we seek, the array of rights guaranteed in the Bill of Rights must of necessity complement one another.

The right to equality before the law is complemented by the right to protection of human dignity and the right to freedom and security of persons.

The right to freedom of religion, belief and opinion is intrinsically tied to the right of freedom of expression and freedom of association. Inevitably, then, encroachment on any of these rights implies a systematic erosion of a host of other rights.

While some argue for the necessity of a Limitation of Rights Clause to enable some sort of control, others present an equally strong argument against the clause's capacity to erode existing rights.

No doubt both arguments speak to the propensity for abuse. Yes, we need to prevent abuse, but how will we know when the limitations we set are in themselves abusive?

In the light of our history, our cultural diversity and dynamism, our political astuteness and our sensitivity to oppression, what boundaries will South African society establish on freedom of expression?

What will be the place of censorship within a rights-affirming culture? And what will it determine to be the parameters of censorship?

The media is clearly the most obvious user of the right to freedom of expression. It stands at the very heart of our democracy, mediating between the citizenry and the state.

It has certainly been interesting watching the media evolve in the context of the new South Africa as society, the state, corporates and unions trade their rights and freedoms against the all-imposing freedom of expression.

Here the media has cornered the market.

The power the media holds, lies in its ability to select and determine the information it puts out. Caught between various contenders for power, the media is taxed with maintaining both its own right and the public's right.

And it is a tough job indeed. But the public has a right to know, and that means to know everything. Not just one view, but all views and all opinions so that it can really decide for itself.

The media must provide an avenue for every voice, however out of tune, to be heard. Even those who sing out of tune within the golden gates of Parliament need a voice in the media!

Ours is a nation struggling for harmony. To achieve this, we need to be able to read the musical score before us. That means understanding our Constitution and owning the rights and freedoms it offers.

Once we have done this, we need to play them out, to challenge them and to test them so as to entrench them in our lives. By teasing out the different voices, we will create a space for each voice and still sing in harmony.

(This is an edited version of a speech by Pan Africanist Congress MP Patricia de Lille at a multimedia launch by the Freedom of Expression Institute and the SABC in Johannesburg last week.)

Dutch govt gives R1-m to Madiba's arts trust

(292) Sowetan 3/3/98

By Elliot Makhaya
Entertainment Editor

THE President's Arts and Culture Trust says the Netherlands government has become its founding partner with a contribution of R1 million.

The trust, whose chief patron is President Nelson Mandela, has Nedcor Bank, Sun International and the Ministry of Arts, Culture, Science and Technology as its major funders. They each made initial capital contributions of R1 million, which entitles them to founding party status.

Trust chairman Andries Oliphant says: "We are delighted to have the Netherlands government on board, as they have played a major role in our recent cultural development by providing financial support, as part of development-through-culture programmes, training arts managers and a wide variety of cultural exchanges.

"We look forward to developing the trust as an effective partnership between our Government, private sector and international community in supporting local arts and culture."

The trust – which has Nadine Gordimer, Abdullah Ibrahim, Nomsa Manaka and Anant Singh as its trustees – has so far provided almost R2 million to 94 projects and 42 arts and culture bursaries across the country.

The capital is invested and the interest – together with money raised through fund-raising events and the contributions from Nedbank's affinity products – is distributed in support of arts and culture projects by the trustees who meet twice a year.

Culture is integral

"We believe that culture is integral to reconstruction and development and to building relationships between people in South Africa and between South Africans and the international community," says Netherlands ambassador Herman Froger.

"We are proud to be working alongside the South African Government and the local business community, through the Arts and Culture Trust of the President, to make this vision a reality."

Meanwhile, the trust has launched an annual awards event which seeks to recognise and reward people and institutions for the development and promotion of the arts and culture in this country.

Of the 11 categories, eight carry prizes of R10 000 each, while the three non-monetary prizes recognise the province, city and international agency which has contributed most to the arts and culture during a specific year.

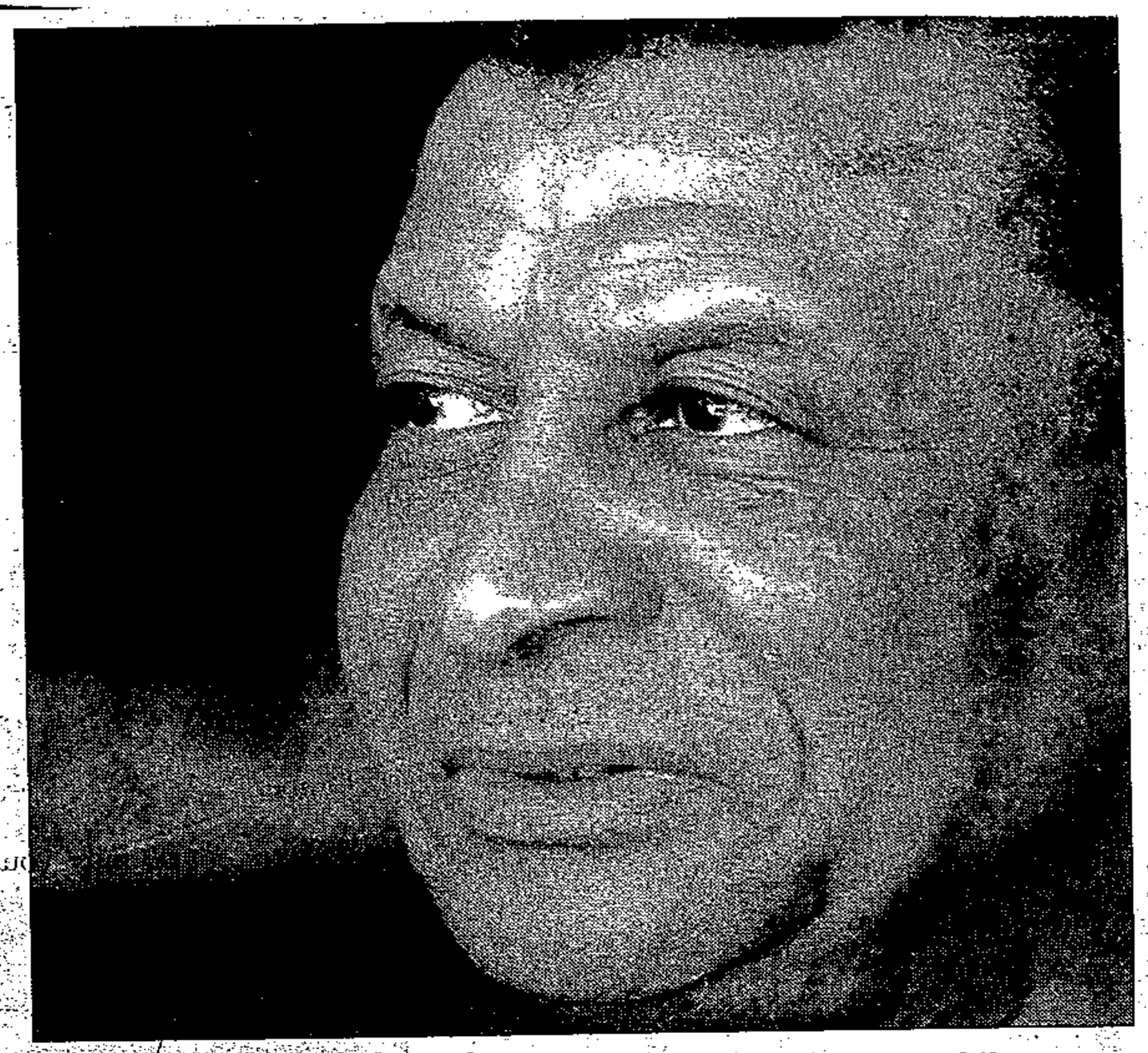
The awards ceremony will be held on May 27 at the Planet Hollywood in Cape Town.

Nominations are invited for the various categories.

They should include a letter with the nominee's name, the nominee's signed agreement to be nominated, a motivation for the nomination, the name of the company, organisation or person nominating the nominee, and a *curriculum vitae* of the nominee or a list of activities of the institution.

Details should be sent to Act Awards, Arts and Culture Trust of the President, Suite 234, PO Box 51037, Musgrave Road, 4062, or faxed to (021) 465-5998 by April 3.

The categories are: arts and culture journalist of the year; print publication of the year; electronic media of the year in support of the arts and culture; arts and culture publicists of the year; arts and culture education project of the year; cultural development project of the year; arts administrator of the year; city of the year in support of the arts; arts and culture MEC of the rear; international arts sponsor of the year and lifetime achievement award.



Abdullah Ibrahim is a trustee of the Arts and Culture Trust of the President.

those countries judged by the president to be committed to market-based economic and political reforms.

Ndumiso Ntshinga, deputy chief of mission at the SA embassy, stressed yesterday that "our concerns should

could lead to the creation of [illegible] new jobs in SA alone.

He was puzzled that the SA government should be worried about the bill's "terms and conditions" which SA already fulfilled.

blue sky potential [illegible] tractive to JCI.

Rapdgold sources said there could be a number of major announcements made by the company this week.

Sadler confirmed that the judge recused adjourned when the judge recused grounds of alleged bias towards the state. The new three times as case has been adjourned a further

Competition puts squeeze on Toyota

Samantha Enslin

BD 5/3/98

(292)

TOUGH competition and an increased market share of low-margin entry-level vehicles put pressure on Toyota SA's attributable income, which dropped 12,9% to R170,9m for the year ended December 31 1997.

Earnings a share fell to 420,2c from 482,4c in 1996, but the final 73c dividend brought the total for the year to 97c from 88c previously. Turnover increased 5,7% to R6,56bn from R6,2bn the year before.

Toyota's vehicle sales last year compared favourably with industry figures released yesterday. It exported 3 800 vehicles to African countries and increased local retail sales to 97 311. Combined — a total of 101 111 units — this figure represented a new record for SA motor vehicle manufacturers, said Toyota.

One analyst said the push to sell 100 000 vehicles must have cost Toyota dearly. "They must have had to cut prices to reach that target."

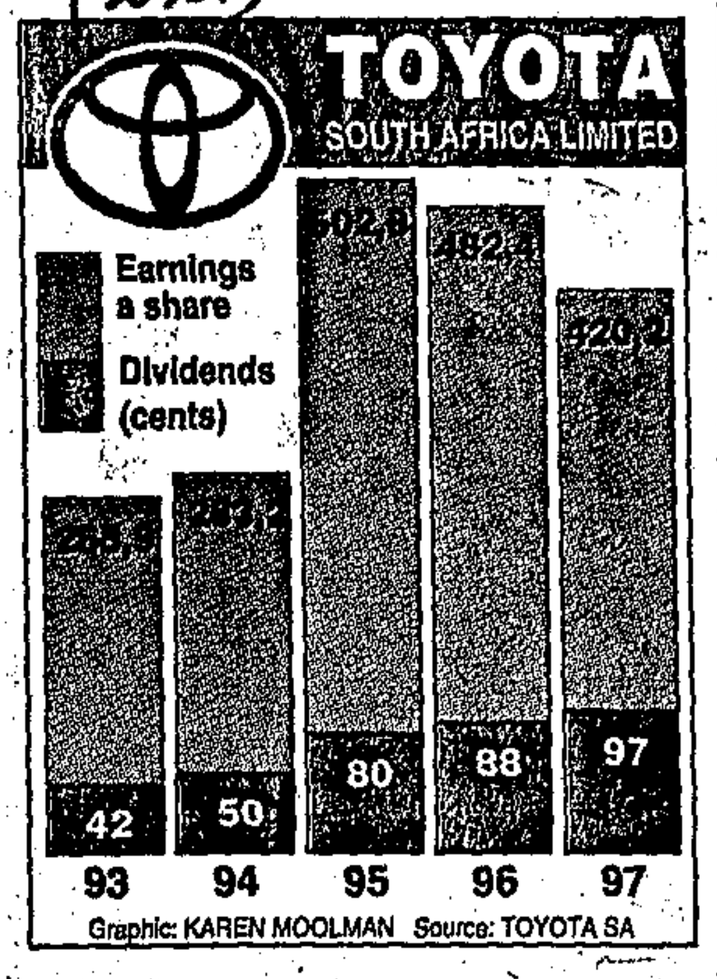
However, Toyota financial director Peter Robinson said growth in entry-level vehicle sales had been substantial. Entry-level vehicles constituted 12% of Toyota's passenger vehicle sales in 1996 and increased to 32% last year.

According to the National Automobile Manufacturers' Association of SA, Toyota SA cornered 24,6% of the new car sales market last year. Among light, medium and heavy commercial vehicles it held 30,3% of the market.

Toyota Motor Corporation of Japan, which holds a 28,7% share in Toyota SA, assisted with an aggressive marketing campaign and continued to assist with implementing improved efficiency and cost reductions., the effects of which would not be seen immediately, Robinson said.

Toyota SA said discussions with the Japanese parent company to establish consensus on acceptable medium- to longer-term objectives for the group regarding factory utilisation, market share, exports, new ventures and financial matters were continuing.

Toyota said profit margins of motor vehicle manufacturers were likely to remain under pressure and it expected there would be further increased demand for entry-level vehicles.



Sales worse than feared: Page 3

New gambling board named

(292)

Amanda Vermeulen BD 10/3/98

THE trade and industry department has announced the members of the National Gambling Board, following lengthy delays. The new board will be responsible for overseeing SA's fledgling gambling industry and ensuring all the provinces comply with the National Gambling Act.

Board chairman is Chris Fismer, the former National Party minister who guided SA's new lottery and gambling laws into enactment in 1995. Other board members include provincial gambling board and department of trade and industry officials.

Mpumalanga Gambling Board CEO Andre Wilsenach and Western Cape Gambling Board chairman Derek Auret are both members. SA's gaming industry waited about two years for this national board.

GAMBLING LICENCES

Casino countdown sparks feeding frenzy

CT(BR) 10/3/98 (292)

ANN CROTTY

Whatever happened in the final hours before the announcement made by the Gauteng Gambling Board to persuade it to make only an abbreviated response to its obligation to issue six casino licences in the province? The few individuals who were party to those goings-on will know exactly what drove the board's decision to announce four and not six lucky winners.

Everybody else is speculating wildly about the motives behind the decision: top of the list is political pressure. This may refer to favours dispensed to the right people or it may refer to the perceived need to locate at least one casino complex in an area that doesn't brush up against affluence.

This unfortunate final-hour development has created suspicion of a process that until then was impressive. The board's even-handed and informed handling of the presentations made by the 22 applicants last November seemed to astound even some of the applicants.

It is a reflection of the billions of rands at stake that 10 of the 18 unsuccessful applicants are now reasonably convinced they will be awarded one of the two remaining licences — although not so convinced that some of them aren't limbering up for litigation in the event of final failure. Each of these parties has already invested millions of rands in preparing and presenting applications for projects, many of which are valued in excess of R1 billion.

According to the official announcement, the "board and the provincial executive have agreed to continue their deliberations and to make an announcement on the remaining two licences within a month". At the same function Vincent Maleka, the board chairman, had stated his board and the executive council had achieved concurrence on four applications — Tsogo Fourways, Afrisun, Emfuleni and Global Resorts.

By extension industry players assumed the delay on the other two licences derived from the fact that the board and the council, comprising politicians, had not "achieved concurrence" on the two groups that had been recommended by the board.

To their credit, the politicians involved have made no public statements on the issue. Neither has the board. But this has not put a stop to the growing spin of speculation. Indeed, the lack of official comment has probably added to the speed of that spin.

A key aspect of that speculation is that the other two applicants selected by the board were Ramada Rhino Park, for a project in the West Rand, and Akani Egoli, for a project located around the Gold Reef City complex.

The full six apparently represented a package that took into consideration important factors such as location, size, ownership and management experience.

The 10 applicants that reportedly feel they are still in with a chance are four in the north of Gauteng (Johnnic and MoAfrika in Midrand, Stocks Hotel and Leisure proposal at Centurion, and Magic Kingdom at City Lake near the Pretoria city centre); four in Johannesburg south and central (Soweto Casinos' application for a complex in Soweto, Akani Egoli, City Urban Renewal Enterprises for a complex adjacent to the Queen Elizabeth bridge in the Johannesburg CBD and Carlton Towers (also for the Johannesburg CBD); and two in the West Rand area (Ramada Rhino and Silver Star Casino).

The other applicants seem to be out of the running because their proposals relate to sites that are too close to one of the four that has been granted a licence — two at the Vaal, where Emfuleni has a licence; one in Germiston near Afrisun and Global Resorts; and the Ryoct, Karos and Sandton Hilton proposals, which are too close to Tsogo Fourways. Tsogo Sun's other two applications are unlikely because this company has already been granted a licence.

The situation relating to Cure is uncertain. London Clubs, which is set to manage this casino, has already secured the Emfuleni casino at the Vaal.

Cure claims, despite considerable international evidence to the contrary, that its R2,5 billion project will be a major contributor to the revitalisation of the CBD — "it may in fact save the CBD from irreversible breakdown".

The original R2,5 billion proposal included the condition that only four licences be granted in the province and that no licence be granted within a 50km radius of Cure's site. These conditions were apparently changed in private discussion with the board.

Cure will not provide details of the changes and will not say whether it plans to cut back the size of the project given that licences have been allocated within the 50km radius.

The board does need a site in the southern/central Johannesburg area. Of the four on offer Akani Egoli seems to present the most acceptable compromise. Apart from location, the project has solid financial backing. However, the Soweto project appears to have political support outside the board and Cabinet.

There is far less clarity on the battle for the Midrand/Pretoria areas. Much will hinge on whether the Gauteng government has given undertakings to the North West government to protect the Carousel and Marula.

If such a deal was struck, this should have been made public at the start of the process and not jeopardised the board's integrity at this late stage.

And finally the West Rand area, where most comment has been surprise that either Ramada Rhino Resort or Silver Star would be serious contenders for a licence.

If the politicians force their selection against the board's informed judgment, it could prove to be a winner primarily for the legal profession.

Lack of insight into value of music centres could cost children dearly

BD 17/3/98 (292)

Budget cuts by the Gauteng education department have led to the closure of many music centres, cutting thousands of children off from the opportunity to learn music, writes Rexleigh Bunyard

SILENT contagions stalk the corridors of education, plaguing the futures of our children: these are ignorance, ineptitude and indifference.

Wearing the cloaks of directors and administrators, they threaten the defenceless underbelly of the nation, our greatest asset. Some of their most recent victims are children who took music in 79 extracurricular centres across Gauteng. That is, until they were closed down by budget cuts from January.

No one represents the arts on the committee of Curriculum 2005 in Gauteng. Severe provincial education department overspending (to the tune of R300m so far and an expected R900m by the end of this financial year) has resulted in radical and ill-conceived economising by a department desperate to retrieve enough funds to spend "on core education".

We were robbed by the perpetrators of a twisted idealism for more than 40 years. Children bled in Soweto in 1976 to beg release from "education servitude". Today lack of vision and forward planning combine to strip the youth of opportunity.

The extracurricular music centres were first formed in 1975. Twenty-two years later, at least 8 000 children in these and in satellite centres, such as Johannesburg Symphonic's project in Soweto, will have nowhere to go unless they are able to pay higher fees. This will place musical training out of reach of all but the wealthy.

A circular terminating part-time posts as from January 1 this year was received by the centres two weeks later. Although department spokesman Aubrey Mashiqi claimed that matric pupils would not be affected by the closure, a number of matric pupils whose schools do not offer musical training are catered for in the extracurricular centres. There has been no information about the studies of these pupils.

The history of arbitrary, nonconsultative budget cuts to music centres dates back to 1993, when there was a 20% cut. In 1994 the terms of employment of part-time staff were arbitrarily changed, allowing them to claim only for hours worked, and divesting those who also worked elsewhere of access to pension and medical aid schemes.

Budding musicians are being silenced by budget cuts

Missing salaries

Last year the status of remaining part-time teachers became temporary and to date a number of them have not received their pension payouts. In August last year the department stopped all cheques to music-centre staff in an effort to flush out possible "ghost" teachers. No notice was given about the whereabouts of the cheques, some of which were retrieved after a long search. In October an attorney was hired to chase the missing salaries. The teachers are still waiting for their December salaries.

According to Laurie Wapenaar, head of the Johannesburg Symphonic Music Centre at the Johannesburg College of Education, at a meeting in March 1996 Edcent Williams, then Gauteng education director of support services, told music centres to redress inequalities of the past by making themselves accessible to all. No supplementary budget was provided and no direction was given. At the department's request, the centres produced proposals for programmes they would undertake, including stock lists and budgets. To date, none has received recognition or assessment.

After many fruitless reconstruction and development programme arts project committee meetings, no one in the department seems able or willing to take any decisions. An inventory of the instruments and equipment at the centres must be taken, but the department has no plans of what to do with it nor where to store equipment.

Instead of retaining transformed centres and centres with satellites in poorer areas, the department has thrown the baby out with the bath water by axing teachers who work at several centres.

Even more disturbing is that the nature of music education has been totally overlooked.

Marguerite Barker-Reinecke, music education lecturer at Wits University, says musical training has an enormously positive impact on literacy, modes of communication, numeracy, critical and creative thinking and problem solving. In countries where outcomes-based education is practised it is known for teaching self-organisation and social skills, including teamwork, leadership and cultural awareness. At a recent conference on education, a discussion document was presented to delegates which emphasised four core outcomes for teacher education. They were: communication, life orientation, literacies and teaching studies. Aesthetic development was mentioned only in life orientation.

Barker-Reinecke said: "It can only mean that there is a lack of insight at local and national government level into the intrinsic nature of the arts. We need decision makers with the capacity to understand that learning 'in and through the arts' is essential for a balanced education."

Isaac Thobye, previously a student in the teacher training programme at the Johannesburg Symphonic centre, entered the Roodepoort opera company recently. Others will not have this opportunity. Their goals will be unattainable, unless concerted efforts are made to keep extracurricular music/arts centres on the cards and accessible to all.

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OTR is pleased to announce that, further to its recent cautionaries, negotiations have been finalised which will result in the increased cash capitalisation of the company by R12,7-million. There has been no increase in the issued share capital of the company.

17 March 1998

FROM THE DESK OF THE EDITOR:

MPUMALANGA INVESTMENT OPPORTUNITIES

A BUSINESS DAY SURVEY – April 23 1998

Mpumalanga province is faced with enormous challenges, such as growing industrial activity around Middleburg and Witbank, as well as the development potential of the Mpumalanga corridor.

In its survey on April 23, Business Day will take a close look at what the province has to offer the corporate sector and smaller business. We will discuss the prospect for such sectors as tourism, agriculture and manufacturing paying special attention to the mining, energy, steel and pulp and paper industries and the subsidiary industries which support them.

The survey will explore how these developments impact on the environment and what is being done to address issues such as overloading of natural resources and pollution. These and a wide range of other issues will be discussed in interviews with representatives of the business community, Government, labour and civic leadership. Mpumalanga's potential is enormous – and people who have moved in to take advantage of opportunities there have found the rewards very satisfying.

People with information that may be relevant to the survey should contact the writers Val Pienaar and Erica Webster on
Tel: (011) 888-6409 / 782-8021;
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Business Day
NEWS WORTH KNOWING

Licence allocation under scrutiny

Casino bidders fear a trade-off

CT(BR) 17/3/98 (292)

ANN CROTTY

Johannesburg — There is growing concern among Gauteng casino applicants that an agreement existed between the Gauteng and North West governments to provide some protection for the Sun International South Africa (Sisa) operations in North West.

There are fears that this set the parameters for the allocation of licences in Gauteng.

Provincial officials would not comment on this speculation.

Jabu Moleketi, the MEC for economic and financial affairs in Gauteng, would only say: "As a provincial government we are bound by the act to give reasons for our decisions and we will do so."

The government is obliged to give reasons within a month of announcing the names of the successful applicants.

None of the applicants is claiming that the provincial governments did not have the authority to reach such an agreement, but they state that if an agreement existed it should have been made public.

Of the 22 applications received, several of the strongest were made for projects to be sited in Midrand, Johannesburg North or Pretoria.

Tsogo Sun's R1,2 billion successful application for a casino complex in Fourways is regarded as the most threatening to Sisa's operations in North West.

A licence for one of the three applications for the Pretoria area — Tsogo Sun, Stocks Leisure and Magic Kingdom — would have done considerably more damage to Sun City and Marula Sun. The allocation of a licence to one of the two megaprojects proposed for Midrand — Johnnic Casino and MoAfrika — would also affect Sisa operations.

The Rhino Hotel and Resort, which was tipped as one of the lucky six but did not make it in the first official announcement, would have presented a challenge to Sisa in the North West. One casino operator said this could have been tolerated because of the relatively small size of the Rhino proposal.

In terms of the national gambling legislation, provincial governments have authority over the administration of provincial casino matters, but this must be done with reference to the interests of other provinces. Last month the Gauteng government said one of the key criteria for selection was "inter-provincial relationships".

Applicants said this was in contrast to earlier statements from the government and the Gambling Board, which were equivocal on the matter.

An executive of one team acknowledged that Sun City was a major tourist attraction for the country as well as an important employer for the province, but if an agreement existed, there was an element of bad faith on the part of the government.

"Millions of rands were spent developing proposals for areas that now seem to have been out of the running from the very start," said one applicant.

Gauteng expects to net R20m in taxes

THABO LESHILO
BUSINESS EDITOR

Johannesburg — Gauteng's six casinos would generate only R20 million in taxes next year, much less than the R160 million the province got from horse racing, Jabu Moleketi, the MEC for finance and economics, said yesterday.

"Our projections are that we would be able to generate R2 billion over 10 years from gambling in the province once the casinos are fully operational. We don't want to be too ambitious in our estimates and ... err on the side of caution."

He said most of the benefits would be in infrastructure development and job creation. The casinos are expected to create 30 000 jobs.

Moleketi said the winning bids for the province's two remaining casino licences would be announced next week.

The tax rate on horse racing would be reduced from 9 percent to 5 percent.

Gaming board members set up new body

BD 18/3/98 (292)

Janet Parker

PROVINCIAL gaming board members from all nine provinces, as well as gaming authorities of Botswana and Swaziland, met recently and established the Southern African Gaming Regulators' Association (Sagra).

Sagra secretariat Andre Wilsenach, who is also the CEO of the Mpumalanga Gaming Board, said yesterday that the association would ultimately be the vehicle for interprovincial and inter-regional co-operation.

Sagra aimed to create a forum allowing gaming regulators in SA and neighbouring territories to interact with one another and "liaise on matters of common interest".

Being essentially an association consisting of regulators, it was hoped Sagra would be used as a forum for regulators to reach consensus on issues before they were debated at national level via the recently-formed National Gaming Board. The board had representatives from all provinces, although not all of them were regulators and as such would not be as familiar with issues surrounding gaming regulation.

Issues raised with Sagra would include discussions on how to deal with illegal gaming as well as Internet gaming, which was a "critical issue at the moment".

Internet gaming was "currently a regulator's nightmare" and a worldwide problem. People could gamble via the Internet and certain games were accessible in jurisdictions where gaming was prohibited, with payment taking place via credit card transactions.

Another vital issue was that of limited payout machines (slot machines) and the issue of route and site operator licences. Consensus on the number of machines a site and the number of route licences a province was yet to be reached.

A proliferation of route and site operators could have dire consequences for casino operators, and have caused a number of casualties in the Namibian and Australian gaming industries, among others.

Fight hots up for big casino jackpot

(292)

DAN SIMON

CT 23/3/98

THE hunt is on for the one casino licence that counts and which is up for grabs in the Cape Metropole.

Today sees the start of a week of presentations before the Western Cape Gambling and Racing Board, which will decide which of the five applicants secures the lucrative gaming licence that will account for billions of rands in investment for the province and realise enormous profits for the successful licence-holder.

Presentations for casino licences in the Southern Cape, Overberg and West Coast regions will also be heard this week. The licences are expected to be awarded in June or July.

Huge stakes rest on the board's decision and each applicant for the Metropole's single licence will be going all out to impress the board with the quality of their project proposals, the amount of capital to be injected into the provincial economy, coupled with details of short and long-term job-creation opportunities.

The bid presentations will also include sweeteners such as empowerment and shareholding schemes for disadvantaged communities, large-scale family oriented entertainment centres, tourist-related features and state-of-the-art conference facilities. Everything hinges on the licence.

And to add substance to their presentation, the applicants are also offering a canal on the Foreshore, a light rail system, an airship and even the completion of the half-finished highways in the city.

Applicants bidding for the Cape Metropole licence are Sunwest International, Tsogo Sun Western Cape, Stocks Hotels & Resorts, Akani Fairest Cape and Culemborg Metropole. The proposed sites in order of each applicant are the Cape Showgrounds in Goodwood, Century City along the N1, Milnerton Racecourse, Lower Long Street and the Culemborg goods yard.

Each presentation will last two hours, beginning with Culemborg at 9 this morning.

In a warm-up exercise before today's presentation to the board, Stocks Hotels & Resorts, which will trade as Cape Millenium Casino & Leisure World Project, introduced details of its proposed R2,4-billion investment during a public presentation on Friday.

● Once the board has allocated the five gaming licences, it will then begin the process of issuing five slot-route operators' licences.

The Gambling Board, in terms of the slot-route operators' licences, has set a ceiling of 5 000 slot machines for the Western Cape.

Applications for the slot-route operators' licences will only be called for after June and are only likely to be issued in early 1999.

Court holds up issuing of Gauteng casino licences

Janet Parker

BD 24/3/98 (292)

THE Gauteng government has been prevented by the courts from granting the province's two remaining casino licences, which were due to be announced tomorrow.

MoAfrika Casino Holdings, which is bidding for a R2,5bn casino project in Midrand, was granted an urgent interim interdict yesterday in the Witwatersrand Division of the High Court to prevent the licences being granted. The matter is to be heard on April 21.

MoAfrika said it was concerned about the "continued integrity" of the licensing process. It said there were "reasonable grounds for believing that the Gauteng province had sometime previously undertaken not to agree to the allocation of licences in the Midrand, Centurion and Pretoria area".

Industry members and analysts said the development exacerbated the "frustration, rising expense and lack of confidence" in the process. The Gauteng Gambling and Betting Board issued four casino licences last month, after a month-long delay. It reserved its right to announce the final two casino licences after further deliberations.

Attorney and gaming consultant Grant Kaplan said the delay was likely to retard the whole process, as 19 bingo applicants were waiting to have hearings. Decisions on route and site operators were also likely to be delayed. He said a challenge was not unexpected as the gaming board had left a number of "gaps" for applicants who wished to frustrate a process that was not as "watertight" as everyone in the industry wished.

However, the dilemma was more likely to be political rather than legal given the behind-the-scenes discrepancy between what the politicians wanted and the board wanted, he said.

Independent hospitality specialist Delano Caras said a long legal battle would be harrowing for the industry, particularly for the four casino licence holders who would remain uncertain about the gaming environment.

Gauteng finance and economic affairs MEC Jabu Moleketi is expected to appear before a provincial subcommittee this week to answer questions on the issues raised by MoAfrika.

Ruling 'won't affect already-issued licences'

Gauteng plays down casino row

CT (BR) 24/3/98 (292)

PETER GALLI
EXECUTIVE EDITOR

Johannesburg — The Gauteng government was "unconcerned" about the legal action that had delayed the issuing of the two remaining casino licences for the province, Jabu Moleketi, the MEC for economic affairs and finance, said yesterday.

The Johannesburg High Court on Sunday granted MoAfrika Casino Holdings an urgent interdict preventing Gauteng from allocating the outstanding two casino licences until after it appears in court on April 21.

Gauteng has already issued four casino licences to Global Resorts, Afrisun Gauteng, Emfuleni Resorts and Tsogo Sun. The successful applicants for the last two licences were to have been announced this week.

MoAfrika, which is seeking a licence for its Woolworths-backed MoAfrika Mall at Randjiesfontein in Midrand, said there "are reasonable grounds for believing that the Gauteng province had some time previously undertaken not to agree to the allocation of licences in the Midrand, Centurion and Pretoria area.

"Its input is now required before a final decision is taken on the allocation of these licences. MoAfrika also considers it necessary to seek an order requiring full disclosure and full details in respect of any such undertaking."

It is widely believed that such an agreement may exist between Gauteng and the North West province to protect some of Sun International South Africa's casino operations in the area. These include Sun City, the Carousel and the Morula Sun.

Moleketi refused to comment on whether any agreements existed between it and the other provinces that prevented the allocation of gambling licences in certain parts of Gauteng. "The matter is sub judice and will be dealt with in court next month."

But Leon Bevan, the spokesman for Martin Kuscus, the MEC of finance and economic affairs in the North West province, said no written agreement existed between the two provinces.

"The finance MECs and premiers of both provinces held informal discussions last year. We informed them of the implications for our province and they agreed to take this into account. But there's no formal agreement to consider provincial boundaries or the impact on existing casino operations," he said.

Industry sources say the court judgment could have dramatic implications for all six licences, particularly if it can be proved that a tacit or implicit agreement existed, preventing the allocation of licences in certain areas.

Moleketi said the four casino licences already awarded in Gauteng would be unaffected.

"We'll discuss the matter with our lawyers, and present our case at the return court hearing set down for April 21," he said.

Afrisun, Tsogo Sun and Global Resorts all declined to comment yesterday.

□ **Business Watch, Page 18**

Casino interdict gags Moleketi

CT (BR) 25/3/98 (292)

PETER GALLI

Johannesburg — Jabu Moleketi, Gauteng's finance and economic affairs MEC, has been saved, for now, from answering questions on the controversial subject of the province's casino licences.

The matter is now sub judice following the urgent interdict obtained on Sunday by MoAfrika Casino Holdings, which prevents Gauteng from allocating the two outstanding licences until after it appears in court on April 21.

The provincial standing committee on economic affairs and finance was to have grilled Moleketi tomorrow on all aspects of Gauteng's casino licences. In particular, it wanted to know whether any agreements existed with the other provinces preventing the allocation of gambling licences in certain parts of Gauteng.

Moleketi is scheduled to attend the meeting, but said this week he would not answer any questions related to MoAfrika's legal challenge.

MoAfrika claims the Gauteng government had probably previously agreed not to allow licences to be allocated in the Midrand, Centurion and Pretoria areas.

Many other industry stakeholders agree such a deal exists, even if tacitly.

The Gauteng Gaming and Betting Board said yesterday it wanted to resolve the dispute with MoAfrika over the issuing of the remaining two licences as speedily as possible. "We hope the matter will be resolved within a week, or as soon as possible after the return court date of April 21," it said.

Gauteng has already issued four casino licences to Global Resorts, Afrisun Gauteng, Emfuleni Resorts and Tsogo Sun. Sources within these companies, speaking on condition of anonymity, said the battle did not involve them and was primarily a political tussle between MoAfrika and the Gauteng executive. Most felt the gambling board had been caught in the political crossfire.

But they were concerned about the uncertainty the legal action had created in the industry and the possible ramifications this could have for them.

Real power is economic

Casino licences: court steps in

Sowetan 25/2/98

(292)

By Isaac Moledi

THE issuing of casino licences in Gauteng has been thrown into controversy after the successful legal action by MoAfrika Casino Holdings to stop the Gauteng Gambling and Betting Board from granting the remaining two licences.

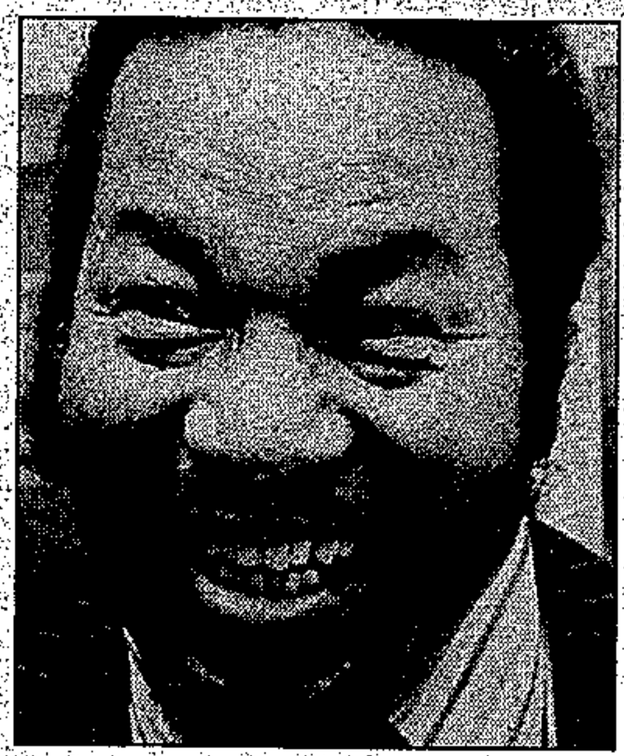
The provincial gaming board was supposed to issue the outstanding licences today, but this has been delayed after the Johannesburg High Court granted MoAfrika an urgent interdict preventing the province from doing so until after it appeared in court on April 21.

Although the delay seemed not to have worried the provincial authorities, more individuals and groups are beginning to come out in the open criticising the initial granting of the licences to four gaming groups.

The groups granted the licences in February are Global Resorts, Afrisun Gauteng, Emfuleni Resort and Tsogo Sun.

The locations where the four successful investors are proposing to build their multi-million rand casino investments has been questioned.

Global Resorts plans to build a R1-billion casino in Kempton Park, Afrisun Gauteng a R870-million investment in Brakpan, Emfuleni a R650-million complex in Vanderbijlpark and Tsogo Sun a R1-billion casino in Fourways.



Soweto tycoon Richard Maponya whose casino group Soweto Casinos Orlando failed to win the bid to build a casino in the township when four casino groups were announced in February.

Concerned about the black townships, businessman Thabang Mamonyane said he was concerned that areas "as big as Soweto" were not considered when casino licences were issued.

He said he was concerned that the majority of the casino applicants represented an "over-abundance of massive gin palaces" primarily aimed at serving the affluent societies of the northern areas of the Johannesburg metropolitan spread.

Mamonyane said these areas already had luxurious homes, shopping centres and decentralised office parks.

"The question pops up whether much has really changed in the South African mindset," said Mamonyane.

He said the Gauteng provincial gaming board would help all South Africans if it explained how the Soweto bid fell short in meeting the board's criteria.

Surprised

Other people, who preferred to remain anonymous, said they were also surprised that Soweto and the Johannesburg central business district did not appear on the list of the board members when they made their initial announcement.

"Soweto and the surrounding coloured and Indian areas of Eldorado Park and Lenasia could have been No 1 on the list of the board members because they are deteriorating and need to be given the opportunity to be revitalised," said one man.

He wondered why Soweto businessman Richard Maponya was not given a second chance, as Global Resorts was, when it became clear that he was going to fail in his first bid attempt.

Now it's time for delivery

(292) M+G 27/2-5/3/98

Does the Pact crisis spell a larger problem with cultural policy? **Charl Blignaut** argues that implementation is the real problem

"If I were to tell you everything that's going on here at Pact I would be fired and you would receive a promotion," said a Pact worker to the *Mail & Guardian* over the phone this week. Four years into the new government and the Performing Arts Council of the Transvaal (Pact) is still nowhere near transformed. So what has gone wrong?

It was in Pretoria in 1981, in a blaze of patriotic pomp and fervour, that the National Party introduced to the world its newest bastion of *Afrikaner nationalism* — the State Theatre, a monolithic concrete mass that was to be home to Pact and a new arena for the whiter shade of *Suid-Afrikaanse kultuur*.

In 1993, this same structure was to be the site of several highly publicised protests by the recently unbanned African National Congress's cultural desk. A symbol of all that needed transformation in a new South Africa, the State Theatre *precinct was to witness the then*-head of the ANC's department of arts and culture, Mongane Wally Serote, glaring eyeball-to-eyeball with Pact boss Dennis Reinecke just before he was taken away by the police. Pact, said the ANC, belonged to the people, and if it was not offered up for transformation, the people would take it by force.

It is this specific history that makes recent developments around the Pact situation more than just a little confounding. Fresh on the heels of the opening of the 1998 parliamentary year, Minister of Arts, Culture, Science and Technology Lionel Mtshali called the media to a briefing to announce that the time has come to dissolve the troubled "reformed" board of Pact. In so doing, he said, the ministry and its accompanying department of arts, culture, science and technology (Dacst), would be able to renew the process of restructuring the old performing arts councils.

Pact shall in future serve Gauteng province and Gauteng province only, said the minister. Until now, the board has also comprised representatives from Mpumalanga, the North West and the Northern Province, who fall under Pact's jurisdiction. The decision to dissolve the board is the result, said the minister, of the findings of an advisory panel appointed by himself to look into "the Pact problem".

But, although the dissolution of the board is aimed at solving problems that have arisen on the board, it is just as much a step towards initiating performing arts councils for the affiliate provinces.

Rot and nonsense, say several observers of the Pact transformation process. Why is the ministry still unable to transform the most basic of cultural structures? The real reason for the dissolution of the Pact board, they say, is that the ministry screwed up the process and must now begin again from scratch. And Pact, they say, is indicative of a larger problem of implementation of South Africa's new arts and culture policy.

What seems clear is that the minister's decision to dissolve the board has just as much to do with getting rid of "problem cases" on that board. The problem cases, say insiders, are the Northern Province delegate Arlette Franks and Gauteng's Meredie Wixley, broadly nominated to the board as a dance representative. These two board members have been *repeatedly identified as suffering* from "personality problems". That is, they have called on the board to account for its financial dealings and have urged the board to resolve the issue of Pact's secret slush fund, uncovered by the new board but not made public until pressed.

A direct upshot of Franks and Wixley's demand for transparency has been the initiation of several inquiries into the financial dealings and *management of the board that* is to dissolved, chairmanship of which was shared by National Arts Council (NAC) and Market Theatre head John Kani and theatre administrator Alan Joseph. These include an audit by Deloitte & Touche and ongoing investigations by the public protector, the registrar of companies and the public accounts and auditor's board.

All smiles: Arts minister Lionel Mtshali. PHOTO: RODGER BOSCH

Kani and Joseph, deemed by Franks in an open letter to the minister to be "untouchables", can now leave their positions before the findings of the inquiries have been made public. Is it an attempt to absolve them of any potential wrongdoing? Not at all, says the minister, he has *been advised by his own commission* of inquiry to establish a new framework for the board.

What the minister is saying is that he is embarking on a new "policy thrust". But is getting rid of the critics going to make the problems disappear? Is his new "policy thrust" for the good of the arts or is it to solve a wrangle of his own making?

Arts and culture is on track, said the minister at his briefing, and 1998 is to be the year that science and technology take the spotlight.

But the situation at Pact suggests that arts and culture are not, in fact, "on track". Certainly issues of transparency and accountability have not been resolved and Dacst seems to have used its "arm's-length" status from the Pact board to keep its nose clean.

No one is suggesting that Dacst and the ministry are pursuing unwise arts and culture policies. These were, after all, provided primarily from recomendations to the minister from the Arts and Culture Task Group (Actag), in turn gleaned from the arts community. It was these policies that informed the White Paper. The policies are strong. It's the implementation that is at fault. Certainly the Pact wrangle would bear out such an *assertion*.

If one were to draw up a report card on the ministry and its companion department, the key successes would be the establishment of the NAC funding body and the creation of a private sector funding initiative Business Arts South Africa (Basa).

Furthermore, 43 potential sites for community arts centres have been identified across the country, been budgeted and are *ready for development*. Iniatives to develop South Africa as a viable destination for cultural tourism are under way; a film and video foundation has been established; draft heritage legislation is ready for presentation to Parliament; legacy issues are being investigated; and Dacst has identified key problem areas in South African culture that may well need government intervention and policy — such as the music industry, the craft sector, film industry and the issue of public monuments.

It's a list that, on the surface, should make South Africa's arts and culture community proud. Yet critics of the department will point out that, while the policies outlined in this shopping list are solid enough, the efficient implementation of almost all of them is lacking. Even the director general of Dacst, Roger Jardine, admits: "Our failure has been the reality that we could have done things far quicker and more efficiently. We are, in a sense, still learning about governmental processes."

"Government appears to lack the capacity, skills, experience, leadership and resources to do its work effectively," writes policy adviser and editor of *The Cultural Weapon*, Mike van Graan, in the September 1997 edition of his magazine. His increasingly frustrated bottom line is that Dacst seems unable to learn from its mistakes.

The carnival is coming to town: Hairdresser Ciske Snyman (centre) and Poppie Duvenage (right). PHOTOGRAPHS: RUTH MOTAU

From one-horse town to one-armed bandits

M+G 27/2 -5/3/98 (292)

The dull East Rand dorp Brakpan is to become a new gambling Mecca after being granted a casino licence, reports **Angella Johnson**

Reverend David Mofokeng: 'A casino will offer the opportunity for people to get jobs'

It's hard to image Brakpan as a gambling Mecca — an Atlantic City perched on the East Rand. But that is exactly what local people are hoping will happen now their impoverished town has been awarded a coveted Gauteng casino licence.

"We are very happy because it's going to be very good for business," said Louise Holm, who runs a panel-beating business with her husband Robert. "There's nothing here anymore, not even decent shops to buy groceries. I do my shopping in Benoni or at the Eastgate Mall. Believe me, this is a one-horse town — and the horse is on his last legs."

Afrisun, led by Sun International, was granted a licence on Wednesday to operate a casino in the town.

It proposed to build a R870-million carnival city on a site that presently houses the Brakpan drive-in.

A town with some 250 000 people, Brakpan is suffering the effects of unemployment, running at a 48% high, and the casino has promised to bring in more than 1 000 new jobs.

The newly appointed mayor, Dlephu Calcot, says it is like being thrown a lifeline.

"Frankly, it means a lot, since we've heard on the grapevine that our biggest employer, the mining company Ergo, is thinking of closing because the minerals have run out," Calcot explained.

Even Brakpan's Roman Catholic priest is prepared to give the project his blessing for the sake of the community. "We really need something to inject new life into the area," said Father David Mofokeng.

He argued that Brakpan, a once-thriving coal-mining town, is being slowly eroded by the closure of small businesses and the exodus of its young people. "A casino will offer the opportunity for people to get jobs," he said.

But what of the moral implications of gambling and the possibility of Brakpan degenerating into a Sodom and Gomorrah? Mofokeng was unrepentant: "I don't condone gambling, but the main thing is to get this town back on its feet."

Originally a farm named because of a small lake of brackish water, Brakpan came to prominence when coal was discovered there in 1888.

But, unlike its neighbours Benoni and Boksburg, it never quite matured as a fashionable or industrial town in its own right.

Doris Erasmus (75) moved there after her marriage in 1941. "It was quite a nice place then, very quiet, and everyone knew each other. But things started to go down about 20 or 30 years ago when the mines started closing, and we never recovered."

The main street is a testament to the town's demise, with rows of empty shops and a noticeable absence of the kind of popular chain-store names one would expect to see. Even the pawnshops are closed.

Which explains why Erasmus welcomes the prospect of a gambling complex in her backyard. "I worry about the kind of people who will be coming here then, but if it brings in money and puts the place on the map, then that is what really matters."

Hairdresser and salon owner Ciske Snyman was the sole dissenter to be heard on the Gauteng Gambling and Betting Board's decision. "I don't think it's a good idea because people here have little enough money and this will only encourage them to gamble in order to win more. And we know that's not what happens," he said.

"We may get jobs, but I can see it ruining families when the breadwinner goes out and blows his entire earnings on roulette or the slot machines."

Irregularities acknowledged

BD 3/4/98 (292)

Janet Parker

THE Western Cape Gaming Board has acknowledged allegations of irregularity in the Sunwest bid for a casino licence in the Cape metropolitan area as an official objection.

Zola Sotyato, formerly head of a consortium named CIC — which was registered with Sunwest, a consortium led by Sun International — has made allegations that a gaming board member and his family, in contravention of gaming legislation, were involved in the Sunwest bid.

Sotyato said he had informed Sunwest of the irregularities. Sunwest allegedly then had private meetings with the board member and expelled CIC from the consortium.

He said the matter was of "great concern". The Sunwest bid "should not be accepted and these issues investigated and exposed," he said.

Western Cape Gaming Board CEO Rossouw Lubbe said yesterday the matter had been bought to the board's attention, and the allegations would be treated as a formal objection, to which Sunwest had the right to respond.

The board member in question had also resigned long before the casino licence application process had formally started, he said.

A Sunwest spokesman said yesterday the group was "perfectly comfortable" with the response it would give, as the allegations were "entirely without substance".

Bidders for a casino licence in the area already have given oral presentations to the board. Objections will be heard on April 6 for most bidders and on April 20 for Tsogo Sun.

Fresh speculation on bidders emerges

Janet Parker

SPECULATION has started again on which of the remaining bidders will be awarded the two licences to develop and operate casinos in the Gauteng province, following MoAfrika Casino Holdings dropping its interim interdict preventing the province from awarding the remaining two licences.

Gauteng gambling and betting board chairman Vincent Maleka said it was likely the licences would be awarded within the next two weeks.

However, the board and provincial government still had to concur on which of the 18 bids would be allocated the licences.

The board allocated four of the six licences in February, but failed to reach concurrence at that stage on the candidates for the remaining two, resulting in a month's delay.

Analysts speculated at the time that the disagreement related to whether a licence should be awarded in Johannesburg's CBD to encourage inner city revitalisation.

They said yesterday it was likely the two licences would be issued to developments on the West Rand and to the south of Johannesburg.

The most favoured candidates were the proposed Ramada Rhino Resort development — a R375m joint venture with Ramada International Hotels, the KaiRo group, and Rhino Hotel & Resort on the West Rand — and the Akani Egoli bid adjacent to Gold Reef City south of Johannesburg.

No decision can be made before the court processes MoAfrika's withdrawal of the interdict on April 8.

ON A ROLL . . . the new National Gambling Act has given provinces some discretion to oversee gambling in their territories

After years of waiting, the post-apartheid gambling industry has got off the ground. MARCIA KLEIN looks at the new licensees and at the race to operate the new national lottery

Cards on the table as licences are awarded

(292) ST(BT) 5/4/98

SOUTH Africa's gambling industry, for years the sole domain of the Sun International monopoly, sped into high gear over the past few months as provinces started to issue licences to bring new players into the industry.

Mpumalanga and Gauteng were first to deal their hands, while other provinces have either invited bids for gambling licences or are set to do so soon. All are following the spirit of the new National Gambling Act, which allows provinces some discretion in awarding licences and overseeing and regulating gambling in their areas through provincial gaming boards.

A thriving gambling industry is clearly in the provinces' interests. Most provincial governments are in dire straits, having run up huge deficits and now being told by Finance Minister Trevor Manuel that they have to get their houses in order. The problem for most provinces, though, is that they get most of their funds from central government and there are limited ways in which they can collect revenue. Most budgets going forward are extremely tight, and for many provinces, too small.

Gambling provides them with one of the few avenues in which they can get revenue.

In March last year, Mpumalanga awarded SA's first two licences — one in Nelspruit and one in Witbank — to Tsogo Sun, and one in Secunda to Global Resorts, establishing the groups as the first new major players in the industry.

Tsogo is a joint venture between Southern Sun and black business, while Global, headed by former Sun International marketing director Ernie Joubert, has Rand Merchant Bank and Gensec as its backers.

The two both scooped licences in Gauteng, the second province to issue licences, entrenching their position as the new casino industry hotshots.

Amid much controversy, Gauteng recently awarded four of its six allocated licences in what is sure to be the most hotly contested battle of all the provinces. The award of licences in the province is now the subject of court action after strong opposition from one applicant, Mo Afrika.

Gambling gives the provinces one of the few avenues where they can earn revenue

Licences were awarded to Global Resorts (at the World Trade Centre in Kempton Park), Tsogo Sun (in Fourways), Emfuleni Safari Resorts (at the Vaal River) and Afrisun Gauteng (in Brakpan). The new licensees are expected to spend about R3.2-billion between them on their resorts, although some have already indicated they may scale back their proposed projects.

Another new player in the gambling world is Thebe Investment Corporation's wholly-owned division Moribo Investment Holdings, which recently bought five casinos (with total gaming revenues of R200-million) from Sun International for R95-million in line with Sun International's obligation to reduce its number of casinos by May 1999.

The deal, which was financially facilitated by Sun International SA, saw Moribo buy the Mmabatho Sun, Molopo Sun, Taung Sun, Venda Sun and Amatola Sun. With its ambitions to also win the national lottery, Moribo is clearly intending to be one of SA's major gambling concerns.

In the Western Cape, the gambling board has recently received applications. They include an application by SunWest International — a consortium including Sun International — in Goodwood, and one from Tsogo Sun, at Century City.

Other applicants include Dalay Street (a consortium including Thebe), Stocks Hotels, Karos, Ogden (London Clubs), Caledon Casino (Ladbroke) and two from Akani, which includes Leisurenet, Cullinan Hotels and the Krok brothers.

Meanwhile, the first few new legal gambling operations have already opened in Mpumalanga. Global Resorts has opened its Graceland casino in Secunda and Tsogo Sun opened its Emnotweni casino in Nelspruit.

Other provinces are also making strides. Recently North West, which already houses Sun International's prime casino sites (Sun City, the Carousel and Marula), announced the appointment of a six-member board to preside over its five casino licences.

New players take up their positions

GLOBAL Resorts and Tsogo Sun — which have five casino licences between them — are fast emerging as the new major players in SA's gambling industry.

Sun International, which is shedding some of its resorts, remains a significant player, while Moribo, which picked up five of Sun International's resorts, has also made itself an instant player of some substance. As can be expected, the award of licences has created a fair share of controversy.

When Global and Tsogo Sun won in Gauteng, critics said a pattern was emerging as provinces were favouring groups which were already established, creating monopolies. Apart from court action by one bidder, Mo Afrika, relating to the award of licences, the casino bids have been plagued from the start.

While provinces are eager to get casinos established and have an interest in them bringing in as much revenue as possible, there has been much criticism about awarding licences in city centres. The Gauteng Gambling and Betting Board, which issued only four of six licences, avoided metropolitan areas like the Johannesburg CBD, Soweto and Midrand, but it may still issue licences in these areas.

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Nevertheless, the new industry is resulting in the erection of some major resorts, with the possibility of job creation and other economic spinoffs.

Global CE Ernie Joubert, previous marketing director of Sun International, is building resorts on the scale of those of his previous employer. He has unveiled plans for the lavish Graceland resort in Secunda (phase one is already complete) and the proposed Caesars resort in Kempton Park, Gauteng.

Tsogo Sun, which has won licences in Nelspruit, Witbank and Fourways, last year opened SA's first legal casino, the R36-million Emnotweni in Nelspruit.

Two more casinos on the way

Gauteng Gambling Board expected to say this week who the new licence holders are

(292) CP 5/4/98

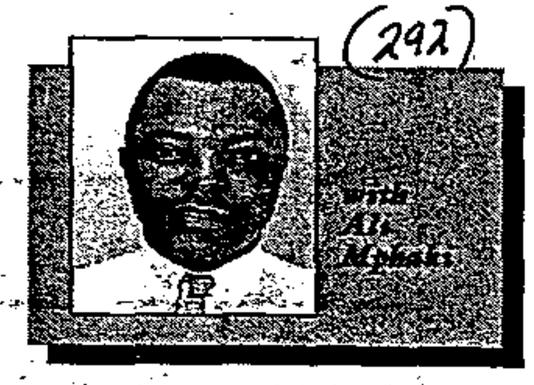
NOW that the Gauteng Gambling Board has been freed by the courts to issue the two remaining casino licences, there is renewed hope among those bidders who did not make it when the board granted the first four licences at the end of February.

An announcement is expected this week, now that the delay caused by one of the bidders, MoAfrika Casino Holdings, instituting legal action against the gambling board, is over.

MoAfrika withdrew the legal action, which had been barring the board from issuing the two remaining licences, on Wednesday, saying that they are now assured that those regions of Gauteng in question are not precluded from consideration for a licence.

The four that were awarded licences are Afrisun, Tsogo Sun, Global Resorts and Emfuleni.

One of those bidders hoping to be awarded one of the two licences is Rhino Ramada International chairman Tso Modise, who has plans to



build a R450 million casino and entertainment centre in western Gauteng.

Said Modise: "We're obviously keeping our fingers crossed that when the board makes the final announcement, we will be one of the two."

Another bidder who is hopeful is Soweto millionaire Richard Maponya, the only bidder for a casino license in Soweto.

Maponya was obviously hurt when his bid did not get the nod from the board when they awarded the first four licences, prompting him argue that denying Sowetans a casino license "merely serves to perpetuate the current situation where blacks remain the white man's servants".

"Right now Soweto has no mass entertainment complex for its estimated four million residents. Denying them a casino licence means they will be economically marginalised even in this time of black rule," Maponya was quoted as saying.

Also optimistic is Mavelani Developments under the chairmanship of Moss Leoka, whose Viking Bay casino and hotel resort proposed for the Vaal is said to be the best candidate for a licence.

Leoka said based on casino evaluation data prepared by Econometrix, the Mavelani consortium has examined the demographic impact of the proposed Viking Bay development and found it will have minimum impact on the other four casinos.

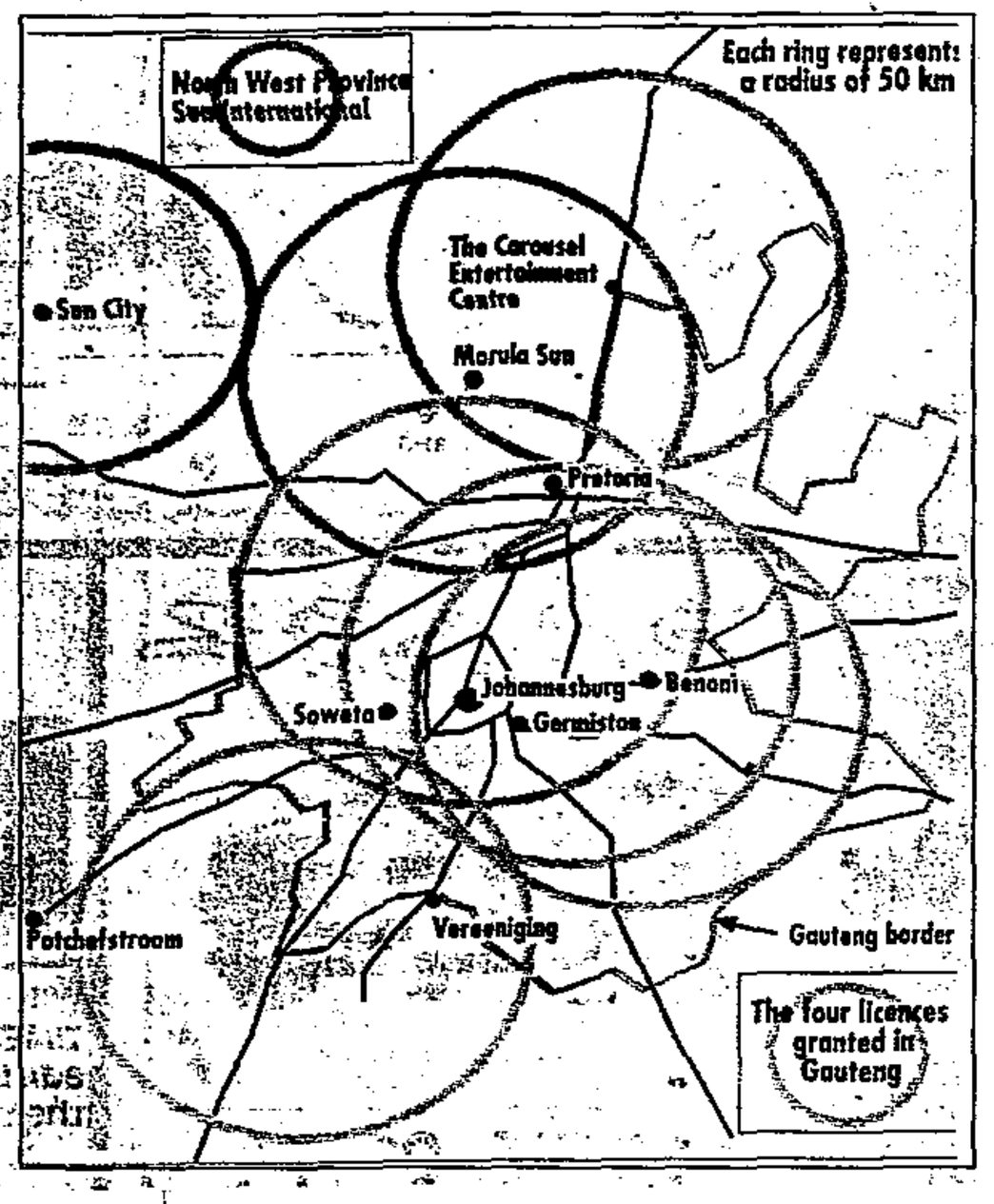
Leoka mentioned that when looking at the location of other expect-

OPTIMISTIC BIDDERS . . . Rhino Ramada International chairman Tso Modise (left) and Richard Maponya (right) are each hoping for a licence

ant bidders, there is considerable cross-over in terms of population demographics.

"By drawing a 50 km radius from the centre of each allocated casino, we see that there is already considerable overlap. We believe that another casino too close to existing facilities will not only be economically unviable for everyone, but will fail to address most of the fundamental community development principles which are embodied in the Gaming Act," Leoka added.

☐ The Gambling Board is expected to issue the licences after April 8, assuming no other legal action is initiated.



New Dakawa will open in time for Arts Festival

CP 5/4/98 (292)

The Dakawa arts and culture project, which closed in disarray last year, has been infused with new life in the form of eager staff and a government subsidy

By MIKE LOEWE

DAKAWA, once the ANC's international African resistance art showpiece, is back on its feet.

Relocated from Tanzania to Grahamstown amid great expectations in the heady days of Codesa and the 1994 elections, the project soon plunged into dissarray with allegations of mismanagement, financial irregularities and racial tension.

In October last year, Dakawa fell silent. The only sign of life at the once buzzy blue-and-white complex was the car of a lone, well-paid caretaker.

Five of the seven Dakawa trustees had resigned. All staff and trainees had been retrenched or dismissed – some of them unfairly, a labour court found.

But this week, when ECN visited, the place seemed to have come alive again.

Three new staff members, among them the new director, Peter Kota, and trustee Pierre Ranchhod, spoke with great enthusiasm about what they called "the new Dakawa".

Ranchhod said the new Dakawa was apolitical "in the sense that everybody has a right to have access to it".

He said the new trustees, chosen to represent different areas of expertise, included a lawyer, a business person, a teacher, a town councillor and arts administrators.

Kota, who was appointed in November, said Bisho's new Arts and Culture Department had given R1,5 million to restart the centre.

However, the project has up to three years to change from being 70-percent funded to becoming purely commercial.

Kota said Dakawa's staff of 13 were working hard for a July 4 relaunch during the National Arts Festival.

Two original trustees, including town councillor and local ANC women's league leader Nozipho Mpahlwa, had stayed on.

Kota said Dakawa would be fitting in with the province's new arts and culture strategy, which is centred on 150 cultural officers, who were appointed last year amid an outcry over the lack of a budget.

The province was trying to find talented people in Eastern Cape towns and villages, to stimulate their artistic impulses and teach them how to market their goods to tourists, said Kota. Cultural officers were talent-scouting in almost every town.

Kota said the cultural officers were working according to a six-phase strategy drawn up by the department. He said Dakawa had been chosen by Bisho to be the province's shopping window to the world. Top Eastern Cape arts and crafts would be exhibited there in July.

While he and his staff were committed to producing great art, Dakawa intended to fit into the province's financial plans.

Kota said 15 trainees from Grahamstown had been recruited and "the core" would go on to receive formal business training.

In the past, Dakawa trainees protested against their contracts, which were extended from one year to two by mistake.

Kota and his staff claim there are still perceptions that Dakawa operates in a "pocket of poverty".

These views probably stem from the messy fights in Dakawa in the past and could turn out to be irrelevant. The new Rhodes Fine Arts head, Professor Mark Haywood of Britain, has said he is keen on the art-as-craft genre. He took up his post in mid-last year with every intention of linking up with Dakawa.

This week Ranchhod said Rhodes and other art schools in Grahamstown would be called on to contribute their expertise.

Kota said new checks and balances in management would eliminate the problems of the past. The project now operated according to a cashflow projection, and the trust was to meet every three months to consider financial and management reports.

He said the project was also trying to persuade their original Swedish funder, Sida, to return to the project and match the government's R1,5-million input.

A walk through the centre reveals that work is in progress.

For a town with little industry, Dakawa's facilities for making art are awesome. We were shown large, state-of-the-art machines used for producing prints.

In one building, township people were being trained to design and make prints, and middle-aged women were sewing traditional Xhosa garments.

Whether this was new and dynamic arts and crafts in the making, or old-style sheltered employment, remains to be seen.

However, the words of 51-year-old trainee Welile Nika hold some hope. He said: "We are trying to build something for tomorrow, something for the people." – ECN Weekend Service

Arts funding takes a new path

(292) Sowetan 17/4/98

By Roger Jardine

THE role of Government in the arts is a debatable subject. Most arguments tend to fall on either end of the scale – the "hands-on" state versus the "hands-off" state. We have chosen to walk a complex path called "arm's length".

While the Department of Arts, Culture, Science and Technology (DACST) was formed after the elections in 1994, the management echelon was only appointed in 1995. It is therefore an appropriate time to examine the department's record in its first three years.

Since its establishment, DACST has managed to transform the way in which Government views, supports and develops arts and culture.

Previously the government's role was merely a conduit for public money to be passed on to the four performing arts councils (PACs). The arts were narrowly defined as the provision of entertainment for a minority of the population.

If we look at the kind of arts projects funded by Government before, it is difficult to find anything other than the classical ballet, opera, music theatre and orchestras directly linked to the PACs.

Wide variety

Three years later, the situation is very different. While the art forms catered for by the PACs are still able to access funding, a far wider variety of arts organisations, projects and artists have received financial support for the first time.

Since 1994 DACST has funded 536 arts organisations and projects. And often DACST funding serves as a catalyst for the particular organisation or project to lever other funds from foreign embassies and the private sector.

Drama and poetry workshops have been held in prisons; an educational play on how to access Reconstruction and Development Programme funds has been able to tour the most impoverished and inaccessible areas of the country; visual artists have been able to hold public exhibitions on their work; and a number of authors and playwrights have been able to rely on a grant, enabling them to concentrate on completing their novels and plays.

A total of 143 organisations and projects have been assisted to travel and perform overseas. For example two groups, the Natal 77 Isicathamiya group and the International Church of God Choir from Pietersburg, were funded to perform in Washington.

The reprioritisation of the arts and culture budget has meant the redefinition of the role of arts and culture.

The arts and culture are being made to take up their rightful position in contributing to the social, culture and economic development of South Africa. This has been recognised by the Government as a whole, as well as by the country's economists, developers and industrial strategists.

DACST's input into a number of national policy processes has ensured that culture and cultural development is included in the national tourism strategy. In 1996, for example, DACST organised the Conference on Cultural Tourism attended by over 300 people from the tourism industry.

Such is the success in effecting the national paradigm shift in understanding the role of the arts and culture that the Department of Trade and Industry (DTI) and the Department of Labour now include culture in their industrial and employment strategies.

DTI is currently working with DACST on finalising the country's first industrial development strategies for the film and television, publishing and multimedia, crafts and music industries.

DTI has also included the cultural industries in their foreign trade missions to Japan, Brazil and South Korea.

And after extensive work with the provincial governments, we plan to spend about R50 million on building 43 community arts centres this year. These centres will provide much-needed cultural infrastructure in the poorest and most underdeveloped areas of the country.

A library in Mangusi, an arts centre in Umtata, a multipurpose youth centre in Langa and a multipurpose hall in Badplaas are just some of the projects that form part of this initiative.

For the first time, people in townships and rural areas will have access to museums, libraries and creative spaces in which to learn about, teach, create, perform and sell art.

The full range of the country's arts and culture will benefit from the new funding policy.

The centres are being developed in such a way that they will act as catalysts for urban and rural development, encouraging further development and investment in the areas in which they are located.

Significant decline

In 1994 the PACs accounted for 67,6 percent of the arts and culture budget. In the 1998-1999 budget the PACs will receive 31,9 percent of the budget, a significant decline which reflects the new policy direction.

Money is also being redirected to develop the full range of the country's arts and culture.

Perhaps the most important development of the last three years is the new relationship between government and the arts.

In democratic countries all over the world it is accepted that government should not have the power to decide which art forms should or should not be supported. The dangers that would arise from such a system of direct influence are obvious.

Therefore we have adopted a structure that is used successfully in democratic countries – the arts are administered and funded by institutions set up for that purpose at arm's length from Government.

Artistic decisions about where funding should be directed are made by people who are knowledgeable in the various art forms and whose interest is in the further national development of the particular art form.

This makes the unsavoury notion of state-sanctioned art an impossibility, and encourages a situation in which it is possible to achieve excellence in the various art forms.

The National Arts Council (NAC) was recently established and will receive an annual grant from DACST. Its members were nominated and elected by the public through a transparent process.

The NAC has set up discipline-based advisory panels consisting of respected artists and art administrators. It will be the responsibility of these panels to advise the NAC on which artists, organisations and projects to fund.

Delivering

DACST is therefore delivering through the establishment of effective, publicity accountable, specialised bodies which operate at arm's length from Government.

The NAC will be followed this year by the establishment of the National Film and Video Foundation and the National Heritage Council.

The arm's length policy framework is complex and requires ongoing negotiation and debate. The arm's length relationship in the governance of the arts pertains to the right of artists to make decisions about creativity free from government intervention.

Arm's length does not, however, absolve Government from its mandate to make national policy and address the legacy of the systematic underdevelopment of the majority.

It is therefore Government's responsibility to ensure that arts institutions are acting within the broad developmental policy objectives of Government as a whole, and that various legislative and treasury instructions are being met.

It is in all of our interests that this important sector takes its rightful place in the mainstream of society.

(The writer is the director-general of the Department of Arts, Culture, Science and Technology.)

Yvonne Motsisi, left, Kgomotso Modise and Gogo Mashugane, members of the Ramada Rhino Hotel & Resort consortium, celebrate yesterday after hearing they had won one of the two remaining casino licences in Gauteng. Picture: ROBERT BOTHA

Gauteng casino licences awarded after court bids

(292)

Janet Parker

BD 22/4/98

GAUTENG's final two casino licences were awarded yesterday to the Akani Egoli and Ramada Rhino Hotel & Resort consortiums, following weeks of delays bought about by court bids from rival applicants.

However, certain failed bidders expressed disappointment at the decision, saying the process of awarding the licences was "flawed". Analysts said there was a possibility that failed applicants would take legal action.

In the interest of transparency the Gauteng Gambling and Betting Board had prepared a document detailing reasons for its decision, containing certain previously confidential and "business sensitive" information on the bids.

However, the document would be released only once the applicants had given their consent to the release of sensitive information. Board chairman Vincent Maleka said it was hoped the document would be available for release on Friday.

The next step was to issue temporary casino licences to Gauteng's successful bidders, which would place within 30 days. Tsogo Sun Holdings, Global Resorts, Afrisun Gauteng and Emfuleni Safari Resorts were awarded the first four casino licences in February.

The Akani Egoli consortium, driven by Reul Khoza's Co-ordinated Network Investments and including the Krok

Continued on Page 2

Casino

(292)

Continued from Page 1

brothers, plans a development adjacent to Gold Reef City in southern Johannesburg.

Ramada Rhino Hotel & Resorts has planned a R375m venture near Krugersdorp on the West Rand with Ramada International Hotels, the KaiRo group and Rhino Hotel & Resort.

However, Carlton Add-Ventures, which had bid for a R600m development at the Carlton Centre in the Johannesburg city centre, said the decision by the board and provincial government was "tragic".

The process had not complied with the criteria set forth in the request for proposals such as the revival of economically depressed or declining areas, or spatial development issues such as the enhancement of existing infrastructure. "We view the joint decision taken by the board and provincial government, not as a success, but a decision of failure. Failure to understand the real issues behind empowerment, but rather perpetuating the status quo," it said.

MoAfrika Casino Holdings, one of the bidders which had attempted court action on the "integrity" of the licence award process, said the decision was a "disappointment". MoAfrika chairman Rufus Maruma said the decision had "dealt a blow" to black empowerment, and would affect the shares held in the project by the previously disadvantaged. However, the megacentre development in Midrand, which was set to be the largest retail and leisure centre in the southern hemisphere, would go ahead as planned.

One of the successful bidders said legal action from failed bidders would prove tricky. Contestors would have to "take on the industry, not just the gaming board, and the six winners are the industry in this province".

BD 22/4/98

Last two casino licences won

CT (BR) 22/4/98 (292)

THABO LESHILO
BUSINESS EDITOR

Johannesburg — Joy and disappointment greeted the award of Gauteng's last two gambling licences to Akani Egoli and Ramada Rhino Resort yesterday.

Yvonne Motsisi, from Rhino, screamed with joy on hearing her group declared the winner by Refilwe Mokoena-Msiza, of the Gauteng Gambling and Betting Board.

"I feel terribly excited. We feel it's especially good for the people of the depressed area," said Kgomotso Modise, the head of Rhino. Their R376 million casino would be built near the Sterkfontein caves to the west of Gauteng.

Solly and Abe Krok from Akani congratulated Vincent Maleka, the chairman of the gambling board, and his team for a job well done. "I just admire the integrity of the gambling board," said Krok.

"I always like to be a winner," said Solly Krok. Akani's R750 million casino would be built at Gold Reef City.

WINNING BET *Yvonne Motsisi and Kgomotso Modise, from Ramada Rhino Resort, are overwhelmed with joy on hearing their bid had won one of two outstanding casino licences in Gauteng. The other went to Akani Egoli*

PHOTO: JOHN WOODROOF

The initial four licences were awarded on February 25 to Tsogo Sun (Fourways), Global Resorts (near Johannesburg International Airport), Afrisun (Brakpan) and Emfuleni Safari Resorts (Vaal dam).

The award of the last two had been delayed because the board and the Gauteng provincial executive council could not concur.

City Urban Renewal Enterprises and Mo Afrika added to the delay by challenging the board in court. They later withdrew their actions.

Richard Maponya lamented the failure of his group's bid for a gambling licence in Soweto. "This is the worst thing that can ever happen for this country, given the new political dispensation. There is no change.

"What we are seeing is that those who have been empowered by apartheid are now being enriched. It is a mockery of our democracy." He said his group might contest its loss in court. "I don't believe Soweto people will accept it. Something has gone horribly wrong here," he said.

Carlton Add-Ventures, whose application for a casino at the mothballed Carlton Centre also failed, said the board's decision was "tragic".

"With six major licences awarded on the periphery, they have strangled the city and lost a tremendous revitalisation opportunity to position the city for renewed growth and development," said Add-Ventures' Russell Steven.

The board did not give reasons for its decisions. Maleka said its report would first be made available to the 22 bidders before being released to the media by Friday.

Environmental concern over newly licensed casino

Star 22/4/98 (292)

By Cecilia Russell
Political Staff

Months of speculation ended yesterday when the Gauteng Gaming and Betting Board awarded its final two casino licences to Akani Egoli at Gold Reef City, in the south of Johannesburg, and Rhino Hotel and Resort, near Kromdraai on the West Rand.

In February the board gave licences to four applicants – Tsogo Sun Holdings, Global Resorts, Afrisun Gauteng and Emfuleni Safari Resorts/Tortello Investment.

But the final two could not be announced at the time because the board and the Gauteng executive council had not reached consensus on which of the remaining 19 casino bidders would win licences.

The board's chairman, Vincent Maleka, said detailed reasons for the board's decisions would be released once there was agreement from the applicants that "confidential and business-sensitive information" could be divulged.

Spokesman for contender Carlton Add-Ventures, Russell Stevens, said by locating the casinos on the periphery of, rather than in centre of Johannesburg, the board had lost a tremendous revitalisation opportunity to position the city for renewed growth.

Akani Egoli's chairman Solly Krok said the casino's location at Gold Reef City would link Soweto with the southern suburbs of Johannesburg, giving an economically depressed area the impetus for development.

An excited Rhino Hotel and Resort chairman Tso Modise said after the announcement that he would be true to his promise to set up a trust fund for the poorest of the poor.

This application caused a storm of controversy from environmentalists and palaeontologists, because it is located in the middle of the richest palaeontological sites in SA.

Professor Phillip Tobias of the University of the Witwatersrand said: "Although I don't know the details of the area involved I do know that it is very close to the buffer zone surrounding the 11 famous fossil sites – Sterkfontein Valley Sites – which will form one of South Africa's first proposed World Heritage Sites. I only hope the proximity of this development to the Sterkfontein Valley sites will not jeopardise our chances of having this proposal accepted by the World Heritage Centre at Unesco in Paris."

But Modise said yesterday that "in consultation with international experts on the preservation of World Heritage Sites (we have) committed ourselves to play a meaningful role in the management of our invaluable heritage sites in the district." The group intends to appoint an international environmental agency, PLB, which manages Hadrian's Wall in England, to manage the site.

SABC TV looking to give a leg-up to local film industry

Objective is to give viewers what they want

(292) ARG 25/4/98

JACQUIE GOLDING-DUFFY
NATIONAL MEDIA EDITOR

Newly appointed SABC programme director Mandla Langa reckons the TV industry in this country could help to put South African filmmaking on the international map.

The poet and author believes that the competition between the SABC and its coming rival, e.tv, which goes on air in October, will mean better television all round. That means top-class documentaries and a new South African soapie, he promises.

Langa took up his position in January and works with the heads of all three SABC channels in a bid to co-ordinate better programming as well as to "formulate more workable commissioning procedures".

He envisages a forum that will advise on buying overseas programmes as well co-ordinating the packaging of local programmes to fit the profiles of the SABC's three channels.

Bureaucracy has always been a problem at the SABC, says Langa, adding that he is geared towards "cutting through this" and creating synergy between the SABC and the independent production industry.

Over the past three years, independent filmmakers have accused the SABC of foot-dragging, but this is changing. According to some independents and SABC insiders, Langa is committed to improving relations with the independent production formations as well as other players in broadcasting.

He observes that "the obstacles faced by independents impact on the SABC and therefore have to be sorted out quickly and efficiently".

Langa has no assistants besides a secretary, but hopes to build up a staff of at least four people to assist him with the mammoth task of sourcing programmes.

Langa is spearheading research into communities where "grassroots evaluation" of SABC programmes is being made.

"We need to find out exactly what people want to see on television and try to provide them with those programmes which they find entertaining and which speak to their needs," he says.

MANDLA LANGA: has exciting ideas in the pipeline, including a local-is-lekker soapie

Although he admits this is an onerous task and that the SABC cannot be everything to everybody, he believes that the public broadcaster can strive to meet the needs of the public in an entertaining and creative manner.

On the SABC's public mandate, Langa argues that local content is a priority: "We are starting to concentrate on quality. To achieve quality programming might mean re-evaluating the cost-per-minute scenario, and we would have to take each script on merit."

The SABC, he says, is willing to go the extra mile to ensure that a particularly good locally generated script is translated into a quality drama that can be sold on the international film scene.

"The quality of our local dramas can be enhanced and the SABC has a vision to do this ... allowing South African filmmakers to make their mark on the continent and in the world."

There is lots in the pipeline, says Langa. Among other things, the SABC is planning to increase its commissioning in an attempt to generate more documentaries.

It is also working on an "unmistakably South African soapie", which is shrouded in secrecy but is bound to boost ratings for the SABC, as well as a range of other "cutting-edge" material, international and local.

Langa's department has an annual budget of R38-million – which is not much, according to media analysts, considering that the cost of buying international programmes and the cost of local productions is astronomical.

Langa, aware of his department's cost constraints, is forging links with state departments and even the Government's newly established communication service in a bid to meet the public mandate.

There has been talk about involving departments such as Correctional Services, Welfare and Land Reform, among others, in an effort to generate possible programmes that can both inform and educate viewers.

"South Africa needs information in almost every sphere and we must push the frontiers of learning and understanding in the areas of governance," says Langa.

He is acutely aware of the upcoming elections, which he says will place the SABC under scrutiny: "There will probably be a lot of apathy at the next elections, with people under the misapprehension that they do not need to vote. As the public broadcaster, it will be our duty to educate and inform viewers of the importance of voting and we have to lure more people in front of their television sets before next year."

Langa was born in Durban in 1950 and studied at the universities of Fort Hare and Budapest, as well as in England.

His novels include *Tenderness of Blood*, *A Rainbow on the Paper Sky* and *The Memory of Stones*, and he has written a collection of short stories called *The Naked Song*.

His most exciting creative venture is a musical opera which will be showcased next year at the 25th anniversary of the Grahamstown Festival. Commissioned by the Kennedy Centre in the US, it will tour the Americas after South Africa.

"I think there is a need for film literacy and the moulding of other creative skills such as writing. South Africans should move away from a mindset of images that have nothing to do with their reality. Everything youngsters look to is American. We need to tell our own South African story," he says.

Modise says a clinic and police station to be built.

'Casino to revitalise Gauteng's economy'

CP 26/4/98

We will train locals, says happy consortium winner

(292)

IT'S been an up and down year for businessman Kgomotso Modise, ALI MPHAKI reports.

KGOMOTSO Modise should be overwhelmed by the many things happening in his life – especially this year.

It's just a pity that his wife, Dombolo Tshabalala, who died after a long battle with cancer early this year, is not here to share in his new found empowerment deal.

And if it that were not enough, two events, one sad, one joyful, affected his state of being this week.

First, his father-in-law, Ephraim "Mshengu" Tshabalala, succumbed to a heart failure and died at the Len-Med hospital, in Lenasia. While Modise was still reeling from that shock, good tidings were on their way with news that his bid for a casino licence west of Gauteng was successful.

For a man who is credited for having kick-started non-racial soccer in South Africa, his stated mission is to economically revitalise the poorest section of Gauteng with his R375 million Ramada Rhino Resort.

There is a definite look of happy purpose in his face as we speak to him at his Saatchi & Saatchi offices in Sandton, where he is a director.

His cheerfulness is not without reason. His telephone never stopped ringing, with friends congratulating him on his winning bid.

"You are now talking to a millionaire," he joked with a caller.

Modise's consortium joins five others awarded six casino licences, after a delay brought about by court bids from rival applicants.

While Modise's consortium intends to list on the JSE as soon as possible, one of the directors has been immediately pulled into the director personnel position so she can start screening applications.

"She will be looking at employing people from around Krugersdorp and the Magaliesberg area.

"We have committed ourselves to the programme that any job that does not need highly specialised skills will go to a local, who we will train," he said.

Most importantly, Modise adds, was the promise his consortium made in their bid to win the casino licence, to build a clinic and a police station in the area.

"We are going to do just that, and giving out all jobs to black SMMEs.

"After completion of these we will be handing them over to the respective ministries," he promised.

☐ World Conservation officials have recently declared the area where the casino/hotel resort will be situated a world heritage site.

There has been numerous archaeological finds in the area, with scientists discovering human bones that are over one million-years-old. This, says Modise, makes the consortium believe that they are the best placed of all the casino licence winners as far as "Gauteng's need to attract international tourism is concerned".

Gambling board expected legal action

Reasons for the casino licence delay explained

CT (MR) 30/4/98 (292)

ANN CROTTY

Johannesburg — Members of the Gauteng Gambling and Betting Board expected legal action over the exclusion of applicants from the Pretoria area, the published executive summary of the board's deliberations reveals.

The board members expressed their concerns about legal action at a meeting of the board held just days before the announcement of four of the six successful casino applicants.

Shortly after the initial four licences were awarded, MoAfrika Holdings initiated legal action on the grounds that the process was flawed by an undisclosed agreement that Gauteng would protect the existing casino operations in the North West province.

MoAfrika subsequently withdrew the action, apparently over concerns of its black empowerment and community partners.

The executive summary includes the minutes of a board meeting held on February 19 which states that, after holding discussions with the various applicants, the board resolved that "it was never part of the consideration that Pretoria would not be given a licence and that the applicants were not informed before they were invited to apply for a licence that Pretoria would not be issued with a licence. This might expose the board and the province to ... litigation."

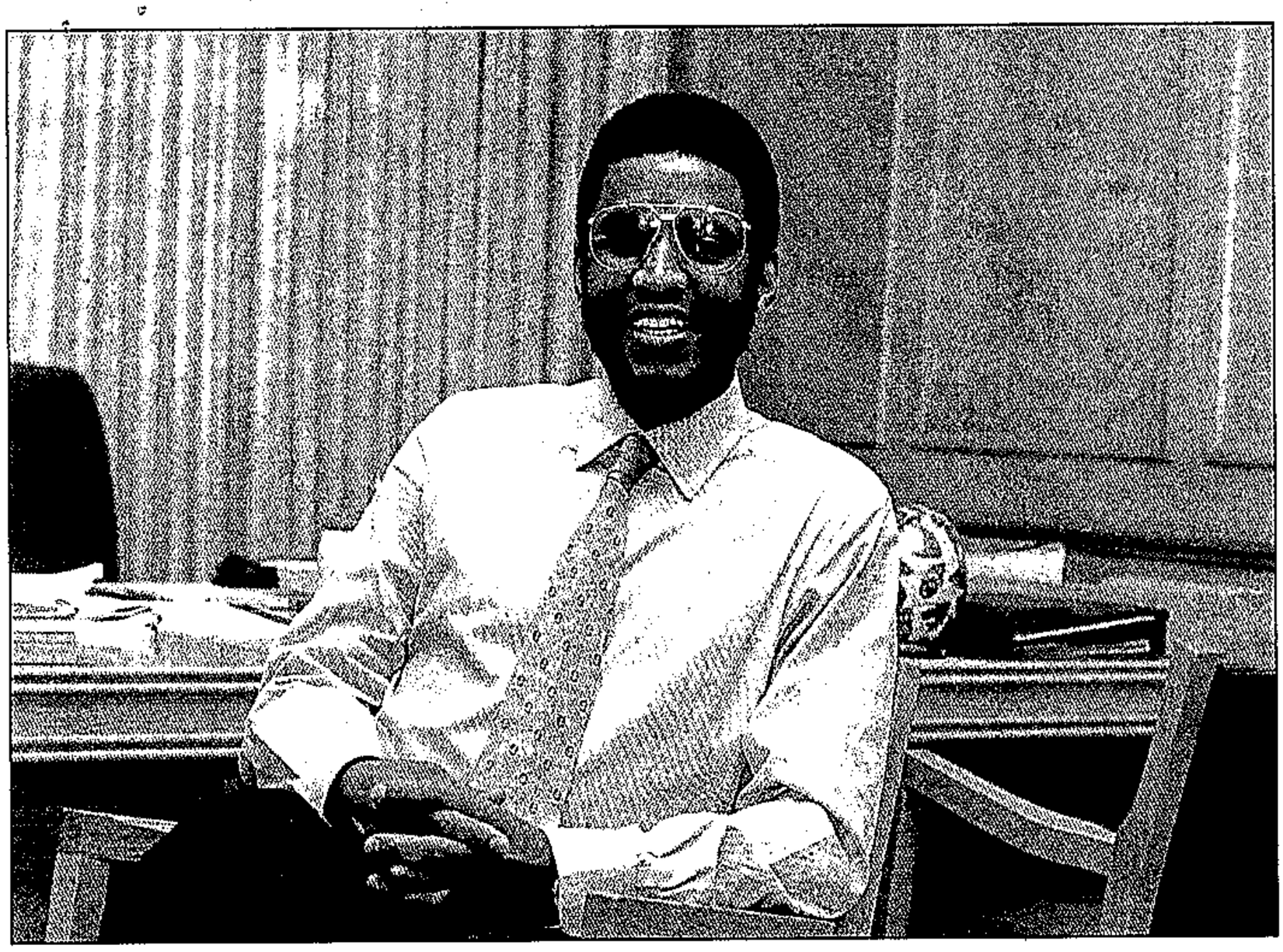
The board's final selection excluded the Pretoria, Centurion and Midrand areas.

At a February 16 meeting of the board's executive and Jabu Moleketi, the Gauteng MEC for financial and economic affairs, at which the board's recommendations were discussed, Moleketi said the Cabinet broadly agreed with the recommendations.

But it was not happy with two issues. "The Cabinet felt the viability of the casinos in the North West province would best be served by not awarding a licence in Pretoria," the report says.

The second area of disagreement related to the awarding of a licence to Akani at Gold Reef City. "Cure (one of the applicants) seemed to be the best-qualifying applicant in that it revitalises the Johannesburg CBD."

It was apparently the inability to resolve these two issues that delayed the granting of the final two licences.



Jabu Moleketi. . . does he know something we don't?

GAUTENG CASINOS

(292) FM 8/5/98

The sun always rises (in Gauteng)

Finance MEC Jabu Moleketi denies there was an intervention

As the dust settles on controversy over the allocation of casino licences in Gauteng, a single point is left standing: Sun International SA (Sisa) has emerged as a major beneficiary.

Sisa casinos in North-West province are partially protected from Gauteng-based competition by the Gauteng Gambling Board's decision — taken in conjunction with the Gauteng provincial government — not to allocate any of the province's six licences to consortiums proposing to operate close to North-West.

Sisa casinos in North-West, which has incorporated former Bophuthatswana, include the company's crown jewel, Sun City.

What might have been a disaster for Sisa has been averted by the allocation of licences to casinos less likely to attract its clients. But Sisa's financial future is boosted by another development. One of the six licences allotted in Gauteng is held by Afrisun, a Sisa-led consortium.

The combined impact of these developments has rekindled suspicions in gaming circles that there could have been at the very least an understanding between the North-West and Gauteng governments that no casinos would operate in Midrand, Centurion or Pretoria.

One industry observer who declined to be identified cites a triad of events to substantiate his belief that there was a deal.

- First, the original draft law controlling the allocation of licences empowered the Gambling & Betting Board to make the final decision;
- Second, the law was changed after representations from Sisa to stipulate that the Gauteng government had to concur with the board's decisions; and
- Lastly, the board allocated a licence in Pretoria to the Magic Kingdom consortium but the decision was revoked after objections from the Gauteng government.

The minutes of a board meeting held just before the allocation of the first four licences reads: "The cabinet felt that the viability of the casinos in the North-West province will best be served by not awarding a licence in Pretoria."

The same observer points out that the North-West government has a major share in Sisa operations in that province. It inherited the 50% stake formerly held by the Bophuthatswana Development Corp.

The inference to be drawn is that government at national and North-West level has powerful reasons for favouring Sisa above competitors in which it has no direct financial stake.

Magic Kingdom's Fred Ndlovu is one of those who suspect that there may have been a mutual understanding, if not a formal agreement, between the North-West and Gauteng governments to veto the establishment of a casino in or near Pretoria.

Ndlovu quotes statistical data to suggest that one of the six casino licences allocated in Gauteng should have gone to Pretoria. Kempton Park and Brakpan on the East Rand — where two newly licensed casinos will operate — account for a mere 7% of Gauteng's GDP, whereas Greater Pretoria — which was not allotted a casino — accounts for 22% of the province's GDP. Ndlovu concludes that "simple economics shows it would have made more sense to have a casino in Pretoria."

His argument for a casino in the northern portion of Gauteng is backed by the industry observer quoted above. The observer recalls that a survey in the late Eighties showed that Verwoerdburg, now renamed Centurion, contained some of the wealthiest people in SA. He says they could have provided an important market for a casino in Pretoria, Centurion or Midrand, the three towns which were excluded when the licences were granted.

Gauteng MEC for Economic Affairs & Finance Jabu Moleketi flatly denies that there was an agreement with North-West on an "exclusion zone" within Gauteng. Though there were discussions between the two provincial governments, he insists that there was never an agreement or understanding on the allocation of licences in Gauteng.

It would have made no sense, Moleketi argues, to agree to an exclusion zone because "any casino in Gauteng" would have a negative effect on casinos in North-West. Recognising that, Sisa applied (successfully) for a licence in Gauteng to offset its potential losses in North-West, he adds.

The only inter-government agreement, Moleketi says, is between Gauteng and the Free State on the sharing of revenue generated by casinos in the Vaal area, where one of the six casinos allocated by Gauteng,

Emfuleni Safari Resorts, is situated.

Moleketi notes with exasperation that he has repeatedly repudiated reports of a secret agreement or understanding, to no avail. His problem, however, is the minuted note referred to above, recording the Gauteng cabinet's opposition to award a licence in Pretoria because it would be inimical to casinos in North-West.

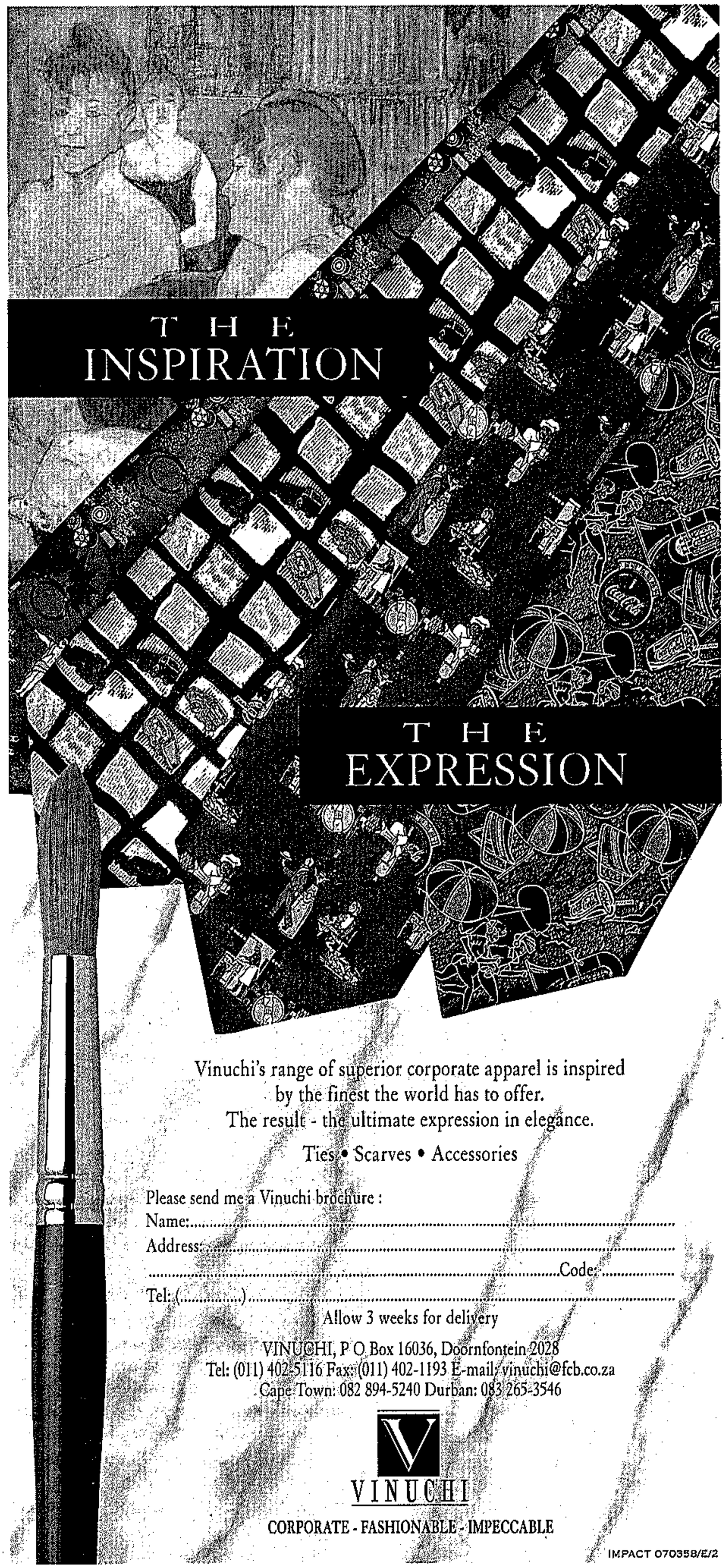
There is another unexplained anomaly. One of the criteria set by the Gauteng government for the assessment of applications for casinos is revitalisation of "economically depressed and declining areas". Yet the board, with the concurrence of provincial government, has failed to award a licence to any of the applicants planning to operate from Johannesburg's decaying CBD or from historically disadvantaged Soweto.

One of the applicants, City Urban Renewal Enterprises (Cure), planned to invest R2,2bn in the declining CBD. Yet its application was turned down, seemingly in favour of a casino at Fourways (owned by the consortium Tsogo Sun). Similarly, a group planning a casino in Soweto (Richard Maponya's Soweto Investments) seems to have lost out to the applicant for a licence at Gold Reef City (Akani Egoli). The seeming inconsistency — of making revitalisation a criterion but not allotting a licence to areas that need it — is compounded by the failure to apply the same criterion in awarding a licence to Tsogo Sun.

It is pertinent to note that the proposal to establish a casino at Fourways was opposed by the Greater Johannesburg Metropolitan Council last June for several reasons. They include the council's conclusion that proposal was contrary to the Reconstruction and Development Programme and the Development Facilitation Act. One wonders why the board and provincial government took a different view.

Moleketi advises those seeking to understand the rationale behind the allocation of licences should study the memorandum on the issue released by the Gambling Board.

The memorandum shows, however, that revitalisation was not appraised when Tsogo Sun's application for a licence at Fourways was considered and that the interests of North-West casinos were a factor in rejecting Magic Kingdom's application for a licence in Pretoria. Neither does it provide a convincing explanation for allowing a casino near the world-famous anthropological site at the Sterkfontein Caves and thereby, in the eyes of many observers, jeopardising its nomination as a United Nations World Heritage Site. **Patrick Laurence**



Anyone's guess if the odds were even

CT (BR) 4/6/98 (292)

ANN CROTTY

The Gauteng Gambling and Betting Board last week issued the temporary licences to the lucky six applicants who had secured casino licences in the province.

The first temporary facility expected to be up and running is Tsogo Sun's Fourways casino. This will be housed in the Northgate Dome, which means that for the forseeable future Irish-American tap dancers will have to find somewhere even less appropriate to strut their wares.

It will be years before it is possible to gauge the full impact of legal gambling in the province. But in time it is likely that the social fall-out will increasingly be seen to outweigh the financial benefits to the provincial coffers and the various shareholders.

Already there seems to be some discrepancy between Tsogo Sun perceptions of the success it is having with its two temporary casinos in Mpumulanga and that province's finance minister's perceptions of that success.

At a recent session in the provincial parliament the minister said that on the basis of the initial experience in this fledgling industry indications were that the income figures projected at the application phase of the licensing process had been substantially overstated.

Tsogo Sun, which won two of the three licences allocated in Mpumulanga, claims however that things are going very nicely indeed.

In Gauteng each of the six winners is also facing various degrees of uncertainty. Indications from the brief Mpumulanga experience are that the propensity to gamble is considerably affected by closeness of facilities to the potential gambler's neighbourhood or workplace.

There is already some speculation that Global Resorts is hesitant about the extent of its financial commitment given that Afrisun was issued a licence for a complex just 17 kilometres down the road. In terms of the licensing process Global is not being allowed to scale back on this commitment.

Of the six successful Gauteng applicants Afrisun's major shareholder, Sun International South Africa (Sisa) appears to have gained the most out of the workings of the provincial Gambling and Betting Board.

Not only did it pick up a reasonably attractive licence, but much more valuable was the fact that the allocation of the other five appears to have been made with a view to protecting Sisa's operations in the North West Province.

For the 16 losers it would be difficult to completely take the sting out of the failure to win a casino licence. Yet for those who put considerable time, effort and money into the application process, losing might have been a little easier to deal with if the gaming board's report on the outcome had presented more credible and vigorous arguments to support their selection.

The report is a poorly presented piece of work and is substantially at odds with the vigour and excellence that typified most of the board's operation in its two years' existence. It is particularly at odds with the performance of the board at the public hearings into the 22 applicants held last November.

It was invigorating to watch the board put just about every candidate through a rigorous questioning session, apparently not prepared to take lightly any claim included in an application.

The questioning was clearly based on an extensive knowledge of the international industry as well as a familiarity with the local applicants. The board members also exhibited a commendable disregard for the cult of the personality and rigorously put everyone through the same ropes.

So the final report, that was going to reveal the thinking behind the board's decision, came as a considerable surprise to many of the people who had followed the process from day one.

The content and presentation were completely unconvincing. In key areas of competency, such as casino management, hotel management and financial viability, the recurring comment from the board was that the resources of the applicant in question were adequate for its proposed casino project. It therefore complied with" the relevant section of the act".

There was no attempt to rank the proposals in terms of a judgement of the quality of the management or the security of the funding.

Perhaps this vagueness and lack of commitment was intended to minimise the inclination by unsuccessful applicants to take legal action. There is little doubt that an army of lawyers was standing by ready to launch an attack on the board's decision.

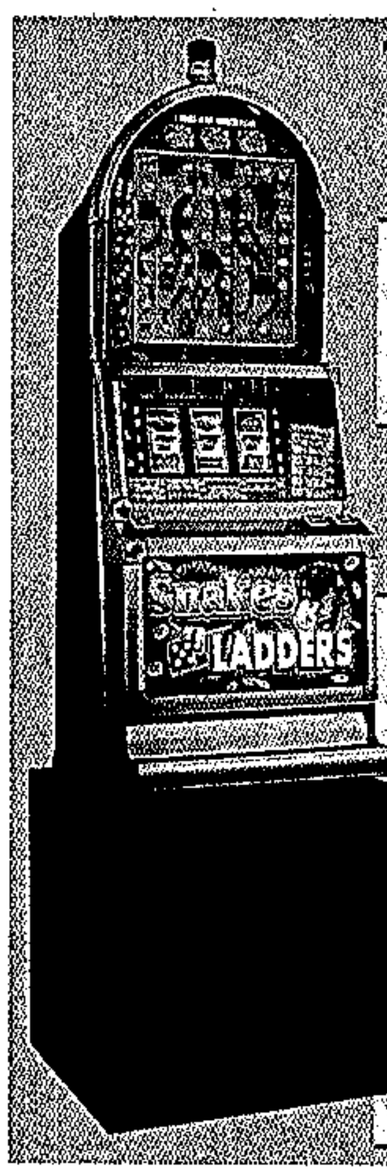
Specific details would have fuelled this attack. By avoiding the specifics the board undoubtedly minimised the scope for legal battles but it also minimised the apparent quality of the decision-making process.

The effect of this considerable flaw was heightened by a number of inconsistencies in the report, chief of which was that the board seemed prepared at a late stage in the process to allow the provincial cabinet to exercise considerable influence on the outcome.

A copy of the minutes of a meeting held just days before the announcement of the successful applicants refers to the fact that the provincial cabinet "felt the viability of the casinos in the North West Province will be best served by not awarding a licence in Pretoria".

Not only did the board not award a licence in Pretoria, but major proposals for the Midrand and Centurion areas appear to have been overlooked in what now seems like an attempt to please Sisa.

Casino applicants in other provinces would do well to consider closely the details and outcome of the Gauteng casino licensing process.



TOP GAMING MACHINE OPERATORS

Operator	Owners		Investment	Monthly running costs
Monyaka	Bass Leisure (UK)	40%	R50m	R1,5m
	Southern Sun	30%		
	Nafcoc	15%		
	Fabcoc	15%		
Playmeter	Ladbroke Group (UK)	±50%	±R20m	Not available
	George Cooper & Morris Coldough	(unspecified)		
Lottec	Is subsidiary of Moribo Leisure (controlling shareholder Thebe Investments)		R10m-R20m	R200 000
SA Video Gaming Corporation (SAVGC)	SA Clothing & Textile Workers Union	53%	R30m	R400 000
	Hosken Consolidated Investments	25%		
	Founders	Balance		
SA Gaming International (Sagi)	Nitro Gaming (US)	50%	Not available	Not available
	Safika	50%		

GAMBLING

VULTURES WAITING TO SWOOP ON MASSIVE JACKPOT

(292)

Legislative delays cause anxiety all around

FM 19/6/98

There are signs that nerves are fraying among the big-time players in the gaming machine industry. They have been waiting nine months for the go-ahead to chase a R4,8bn/year jackpot.

These are the potential takings from the 80 000 "legal" fruit machines, each taking R5 000/month, that industry experts believe SA can sustain.

Legislation is in place under the National Gambling Act of 1996. But no licences to operate limited payout gaming machines outside casinos can be issued until the regulations accompanying the act have been finalised due to long delays in the formation of the National Gambling Board. It met for the first time only last month compared to provincial boards that have been in place for at least a year.

Last week potential operators met National Gambling Board chairman Chris Fismer, hoping to hear that the board had finished its deliberations and would be passing its recommendations to Trade & Industry Minister Alex Erwin, to be promulgated. But Fismer told them the drafting would take a further two or three months.

Some operators and provincial gambling boards have decided not to wait — and are openly defying Fismer. The Northern Cape Gambling & Racing Board has issued "special licences" to 15 operators, who have up to 1 000 illegal machines raking in about R10m/month in towns like Kimberley, Upington and Springbok.

Walter Fouche, chief executive officer of the Northern Cape board, is unrepentant. "It's not illegal," he claims. "It's being done in accordance with our provincial Act.

"There's different opinions and from our legislation, regulations and policy documents, we're not in contradiction with the national act."

Fismer disagrees. "These are illegal operators, without a doubt."

He shares industry fears that other provinces are planning to follow Northern Cape's move. If that happens the big time "legal" operators — like the UK's Bass Leisure and America's Nitro Gaming — might as well pack up and go home.

The National Gambling Act states clearly that no licences should be issued by provincial gambling boards until its regulations are in place.

These regulations will set industry standards — such as the maximum number of machines/province. Also, all machines must be approved by the SA Bureau of Standards to ensure that they are not programmed and give punters a fair percentage payout. Every cent pumped in by punters must be accounted for, through a computerised monitoring system linked to the Revenue Service.

None of the "illegal" machines in the Northern Cape comply with these requirements.

"We've asked the provincial board to cease its activity immediately and to implement steps to rectify the situation," says Fismer.

Richard Biesheuvel, chief operating officer of Lottec Holdings, a subsidiary of Thebe's entertainment arm, Moribo says: "This is not in the spirit of launching gaming in the correct manner. In our opinion it contravenes the national gaming legislation and the constitution. How do we know these guys are paying taxes?

"Gaming is such a sensitive issue, you've got to run it strictly according to strict rules."

The big operators who want to play it the legal way sit and wait for the national act's regulations. The biggest is Monyaka, a consortium owned by Bass Leisure, Southern Sun, Nafcoc and Fabcos, the black Chambers of Commerce. Chief operating officer Neil Moir says Monyaka's investment so far is R50m. Though staff have been laid off, just waiting for the regulations to come through is costing R1,5m/month.

"Fismer's committed to passing his recommendations to the Minister within three months," says Moir. "This isn't the news we were looking for, but we've had so much pain that another two to three months is not a disaster as long as it happens. We made our investment decisions almost two years ago following extensive consultation with provincial governments and the DTI. We are here for the long haul."

Lawrence Smith, chief operating officer of the SA Video Gaming Corporation, which has invested R30m, says: "The waiting's frustrating, but the delays have made sure that we've got a solid base in terms of rules and regulations which are comparable with anywhere in the world. Provided we can now finally actually get going I think we'll all be fairly satisfied."

Fismer is irked by the heat being put on him by would-be operators. "After two or three months we'll have a clearer picture," he says. "We'll submit our initial drafting to the Minister and it's up to him to decide whether he's going to promulgate it, amend or throw it away. He may decide to postpone it."

He has little sympathy for aspiring players who've made large investments. "Some of them have made investment decisions and business decisions knowing that there's no legal framework in place. Now they put the pressure on us and blame us for their bad business decisions."

Jack Lundin

Competition rife as firms go head-to-head for gaming licences

The race for the Western Cape's five casino licences has entered its final stretch, writes **Samantha Sharpe** in Cape Town BD 23/6/98 (292)

FIVE of the nine firms bidding for Western Cape gaming licences are stalking a single Cape metropolitan and winelands licence — potentially the most lucrative, with 70% of the province's population and the most tourists.

The Western Cape Gambling and Racing Board is expected to announce the metropolitan licence winner as early as August.

The four other licences in the province will be in the southern Cape Klein and central Karoo district, the Breede River district, the Overberg district, and the west coast district.

No application has been made for a Breede River licence, with the southern Cape attracting two bids and the Overberg and west coast regions one each. Successful applicants are to be announced later in the year.

While impossible to second guess the board's decisions, its request for proposal documents says that the successful bidders will be those that address the core objectives of the casino licences. These are "to make a significant and lasting contribution to the region, increasing the sustainable benefits of tourism" and to "involve previously disadvantaged and, more specifically, local communities in the mainstream of the economy".

Factoring in contentious issues such as how the bids address the social issue of "problem gambling" and the potential "displacement" of existing economic developments, one gets an idea of the complexity of the process.

However, the proposals of the five metropole licence competitors does reveal some interesting differentiating features. The bidders are Akani Fairest Cape (high-rise modern architectural theme), SunWest International (Cape heritage theme), Ogden Entertainment (modern city architecture), Tsogo Sun (French theme based on the architectural style of Century City) and Stocks Hotels & Resorts Cape (Italian-Venetian theme).

In terms of initial capital expenditure, the SunWest application promises the largest investment in the first phase at R1,56bn, followed closely by Akani Fairest Cape's R1,52bn and Tsogo Sun's R1,5bn. Ogden Entertainment's capital expenditure in phase 1 is R1,2bn and Stocks Hotels & Resorts' plan would cost R1,3bn.

However, most offer the potential of further development and add-on components depending on the success of the first phase, which might kick these figures higher.

In terms of empowerment, Akani shows a 40% share held by Akani Leisure Western Cape, with other shareholders being LeisureNet (25%), Cullinan Hotels (12,5%), the Krok brothers (12,5%), and the balance split between other parties. Detractors say the bid's operator, Casinos Austria, has a poor record outside Austria and no southern African or developing-nation experience, though its strong Cape ownership and plans for inner city revival make it a strong contender.

Ogden's bid documents offer little detail in terms of shareholding and its empowerment structure, though 39% is SA based and others include the US Ogden Corporation, UK-based London Clubs, the Star 30 Trust and the Cape Metropole Empowerment Trust. Again, questions have been asked about the local experience of the international operator, London Clubs, a position partially offset by the bid's sensitivity to potential displacement and its strong element of urban rejuvenation.

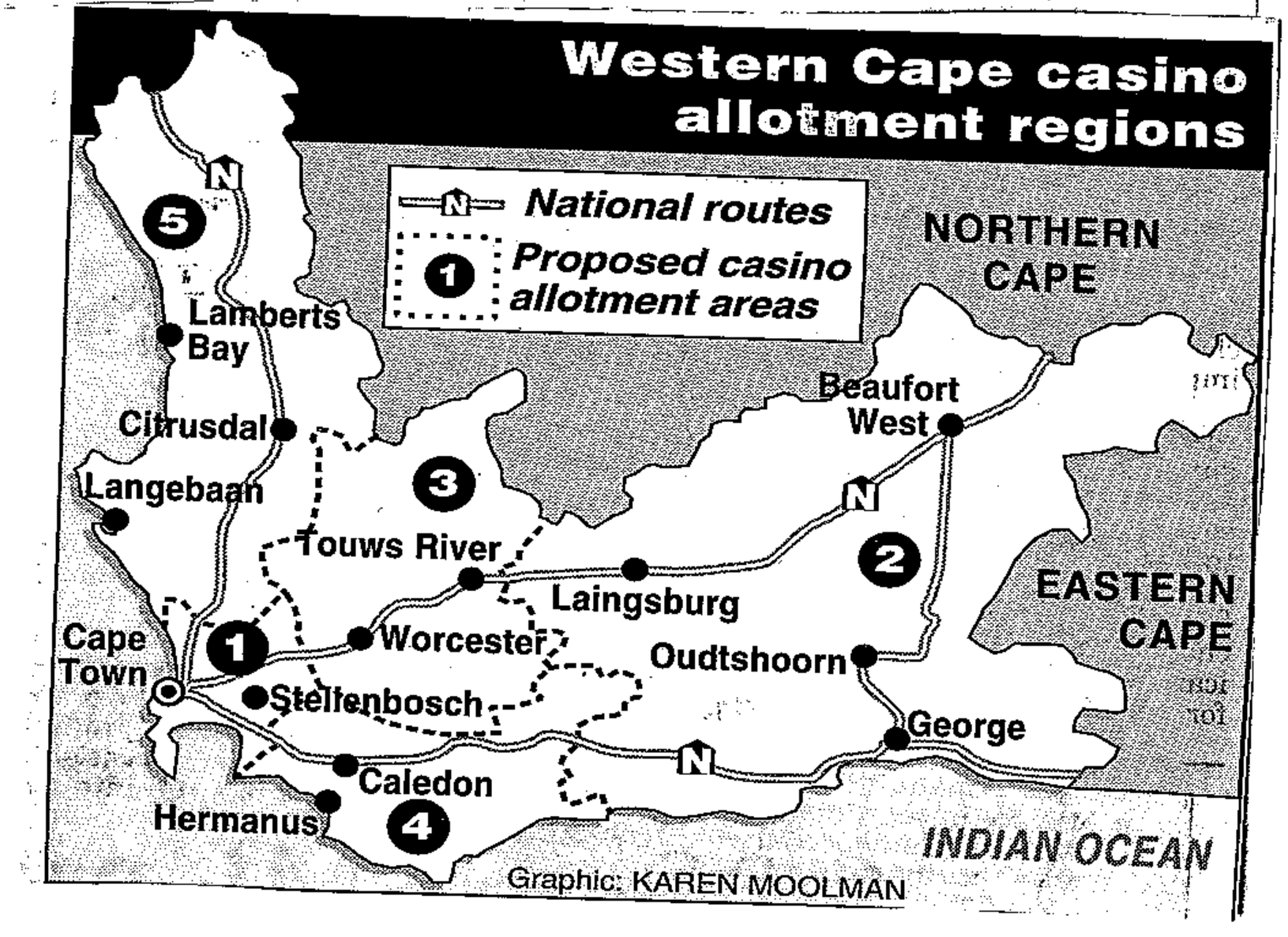
Stocks Hotels shows its shareholding split at 59-to-41 between Stocks and the Cape community, while SunWest shareholders include Western Cape empowerment company Grand Parade Investments (34%), national empowerment group AfriSun Leisure (17%), with the balance held by Sun International SA.

While the Stocks bid is strong in terms of construction, with Stocks & Stocks acknowledged to have expertise in the area, the bid could be criticised for the fact that a majority of its equity is not in Cape hands.

On this score, the SunWest bid is strong. Through Grand Parade Investments, Safren and Old Mutual, more than 50% of the equity is owned by Cape-based companies. As an operator, Sun International has both local and southern African experience.

The Tsogo Sun bid is 46% held by Tsogo Sun Holdings, 25% by Vukani Leisure, and 29% by Century City investments. Industry insiders say the fact that the group has won three out of five applications in other parts of the country bodes well for the bid.

However, it is to be situated less than 100m from the proposed Century City shopping complex, which might be interpreted as being at odds with the request for proposal documents, which specifically disapproves of supermarkets dealing in consumables being included in bid projects in an attempt to curb the negative social effects of gambling.



Graphic: KAREN MOOLMAN

Cape 'pirates' sailing into trouble with bootleg music

(292)

MANDLA MNYAKAMA
SPECIAL CORRESPONDENT

ARG 29/6/98

The campaign against music piracy appears to be falling on deaf ears in some parts of the Peninsula where the trade in illegal cassettes and CDs is flourishing.

While the music industry battles to win support among listeners for curbs on pirated recordings, black market traders say it is their livelihood, and one of the few options available to them to escape poverty.

Copyright laws prohibit making and selling pirate recordings.

The Association of the South African Music Industry (ASAMI) says piracy is tantamount to theft.

But numerous campaigns to highlight the illegality of the pirate trade do not seem to have had much impact.

Those engaged in the trade in the Peninsula regard it as their "business", and are often surprised when police pounce, confiscating their equipment and their pirated stocks.

Some of them say their customers have been put off by the high price of cassettes and CDs in the shops, and that the much lower prices of the pirated versions is the main reason piracy is flourishing.

The tapes, often with photocopied covers, are usually sold from stalls at stations and taxi ranks, and cost between R15 and R20 each.

The pirates say they would be keen to sell original tapes, but only if the prices were cut by half.

Anything more than that would be beyond the resources of the average squatter or township resident.

"Not all members of the public can afford to buy original tapes, and many of them have urged us to make pirate copies, because each time they come to look for their music they find the original recordings too expensive," said Sipho Tshingana, who owns a stall at Philippi.

"When they asked us to bring prices down, dubbing was the only solution."

Often, the pirates only become aware of the illegality of what they are doing when police arrest them and confisticate their stock.

Music pirates running makeshift stalls in Cape Flats townships all said they hoped for a more understanding relationship with the music industry.

They were keen to become bona fide music retailers, but said that for the moment piracy was the only way to make money selling music.

"If they could set up these (discounted) prices for us, I tell you, we can leave this kind of business (piracy). We know that it's unlawful, but even the police know that we do it for a living and that it's better than robbing someone," said Themba Gontsana of Mkonto squatter camp, who has been selling dubbed tapes at Nyanga for the past three years after battling to find a job.

Nokwakha Tshuku, a mother of five from Delft who has sold pirate recordings since 1996, acknowledged that she knew piracy was against the law.

Her "business" suffered a blow last year when police confiscated all her dubbed tapes, a cassette player, a car battery and hi-fi speakers.

"It was really a downfall and I struggled had to get back on my feet again. As an unemployed single mother this is the only way I have to earn some money," said Mrs Tshuku.

But Juan Varalla of the music industry association said musicians were "losing a lot" because of piracy.

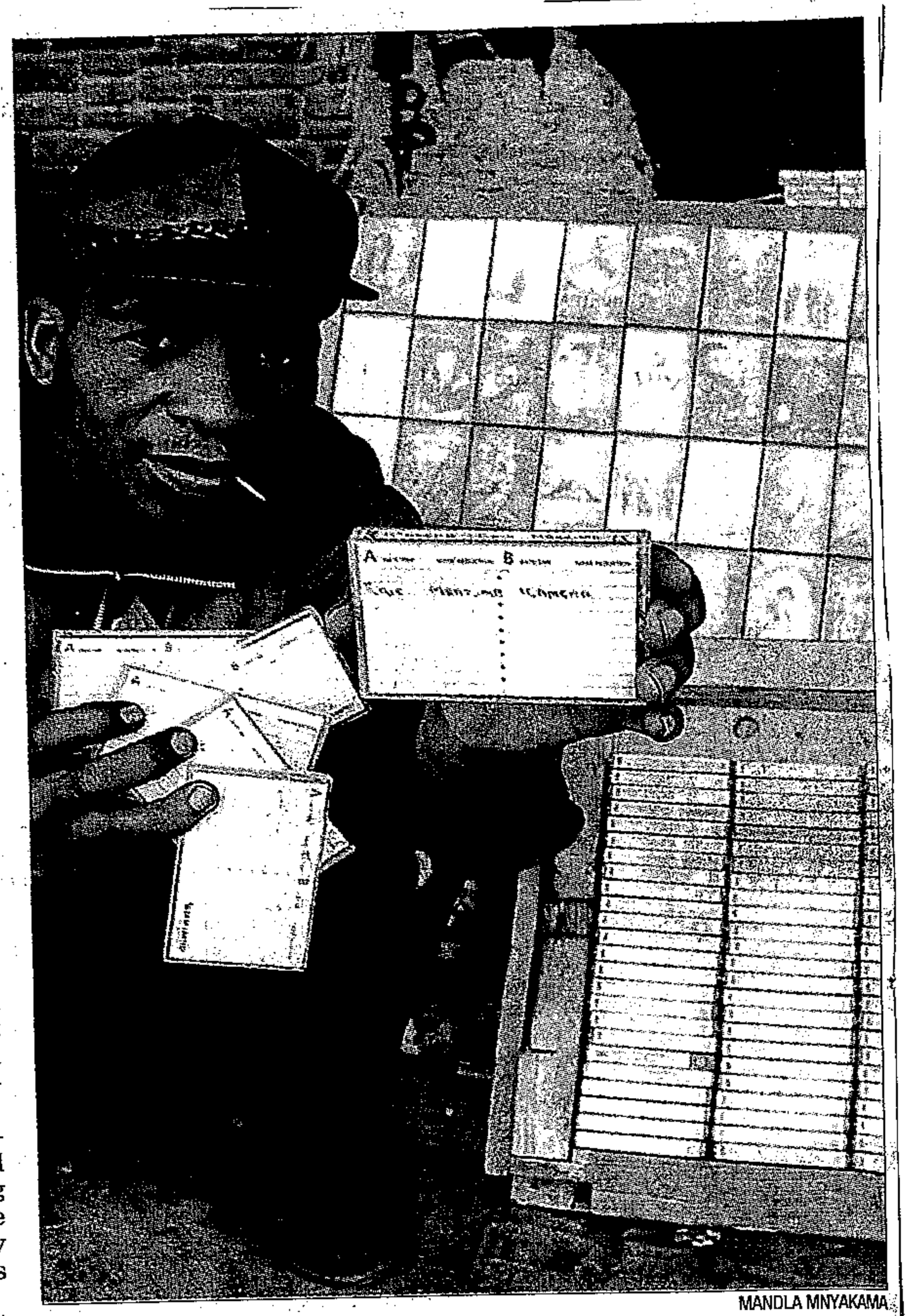
"That was why we had the 'End music piracy campaign'. The idea was to entertain people while educating them about the consequences of piracy," she said.

She believed the association could play a role in helping to provide a link between pirates and legitimate retail outlets so that they could sell legitimate products at competitive prices.

"We sympathise with pirates, and would like to help them. But the fact is, piracy is classified as a criminal offence. It's something akin to breaking into at somebody's house."

Ms Varalla said that after the association's recent launch of the "end music piracy campaign" at Tygerberg Valley, there had been "a massive bust" of 50 000 bootleg CDs illegally imported from countries such as Dubai and Bulgaria.

■ For further information about ASAMI, call (011) 8861342.



MANDLA MNYAKAMA

Tapes for sale: Petros Mnqwazi of Khayelitsha at his music stall in Site C

GAMBLING *Licensee required to spend up to R1bn, boost infrastructure and create jobs*

State outlines tough terms for lottery

(292) CT (BR) 30/6/98

LYNDA LOXTON
PARLIAMENTARY CORRESPONDENT

Cape Town — The successful bidder for South Africa's first national lottery would have to invest between R500 million and R1 billion over the next five to seven years to build up a sophisticated national network that would reach more than 25 million adults, Alec Erwin, the trade and industry minister, said yesterday.

According to Erwin, the bidder would also have to strengthen state infrastructure by involving Telkom, the Post Office and the Government Printer, and ensuring job creation and other spinoffs for small, medium and micro enterprises run by previously disadvantaged South Africans.

It will also have to ensure that "none of the potentially negative social influences of gambling" affects South Africans, especially those under 18, and devise ways of maximising the funds raised for good causes.

It has been estimated that the lottery could raise between R2 billion and R7 billion a year. However, a cap will be placed on how much the licensee can keep, with the rest going to the National Lottery Distribution Trust Fund.

The cap, as well as the salaries to be paid to the staff of the successful bidder, will be negotiated by government and the bidder to avoid "excesses" experienced in other countries.

Erwin said it would be in the best interests of all South Africans to establish a national lottery operated by an expert private lottery company.

"We have no doubt that the framework proposed for a private lottery company will maximise funds for good causes, ensure propriety and integrity, and provide the most efficient, effective and attractive national lottery."

WORD IS OUT *Alec Erwin has explained the criteria for the successful national bidder*

PHOTO: JOHN WOODROOF

Erwin said extra efforts had been made to ensure that the lottery was "truly South African and not just a mirror image of another lottery". He said a national lottery should be seen as a fun experience that encourages participation and contributes to good causes.

"However, the licensee must make every effort to avoid negative social effects such as addiction and access by underage players, and shall comply strictly with the regulations as contained in the licensee's bidding document and the licence agreement."

Although 80 percent of the lottery will be owned by the licensee, 15 percent will be held by the Post Office and the remaining 5 percent by the National Empowerment Fund.

A draft of the bidding document or Request for Proposals will be made available soon, and a bidders' conference is scheduled for July 15.

Final bids will have to be submitted by September. It is expected that the licence will be awarded in December, with the lottery going into operation by the middle of next year.

Erwin also envisaged that the lottery should be linked in some way to a state savings scheme in the long run, with a percentage of each player's lottery spending being linked to a savings account in his or her name.

He said the licensee would be expected to "operate up-to-date systems and technologies and provide an efficient and reliable service to players and retailers".

Erwin said the licensee would also be expected to provide "a comprehensive retail distribution network". He added that coverage of remote regions would be a challenge.

Signal trackers will hunt down pirate viewers

(292) BD 30/6/98

THE SA Broadcasting Corporation (SABC) is to employ the services of a signal tracking company to trace pirate television viewers.

SABC TV licence field operations manager Jane Cilliers said yesterday the corporation's process of tracing pirate viewers was not financially viable.

"The (tracking) company has the necessary technology and infrastructure to reach everyone. No pirate viewers will be able to escape the net anymore."

The Traces tracking company would utilise general information system software and signal detector vans to check whether a person was watching television, as well as which channel was being viewed and whether the viewer had a valid licence.

Field workers would wear uniforms and carry identity documents identifying them as licence representatives.

The representatives were not allowed to collect any cash from licence defaulters, but would refer them to a licence paypoint such as a post office or Pick 'n Pay store.

The SABC would start outsourcing the programme in Gauteng and Western Cape. Between August and February the system would be put into effect in Free State, KwaZulu-Natal, Eastern Cape, Northern Cape and Mpumalanga. — Sapa.

Legislation to fight child pornography 'fast-tracked'

(298)

Sowetan 1/6/98

NEW legislation to tighten controls over child pornography will come into effect today, Deputy Home Affairs Minister Lindiwe Sisulu-Guma announced this weekend.

She said the department had worked overtime to "fast-track" the Film and Publications Act in recognition of Children's Week.

The new Act was an important step forward in the Government's attempt to deal effectively with the sensitive question of pornography, especially child pornography.

The new legislation had been crafted as a fine balance between the freedom of speech as enshrined in the Constitution and the need to protect children, Sisulu-Guma said.

The new legislation makes the importation, production, possession and distribution of child pornography an offence.

"Anyone who downloads pornography from the internet will commit an offence.

"Anybody in South Africa who places pornography on the internet will be committing an offence and anyone distributing pornography to a person under the age of 18 is guilty of an offence."

Because of the abuse of cyberspace for pornographic purposes internationally, South Africa's laws would be amended to be consistent with relevant legislation in other countries.

A five-member committee had been appointed to formulate guiding principles, taking into account the need to protect children from abuse without affecting the free flow of information, she said. – *Sapa.*

Muslims to oppose casino licence bid

'Gambling leads to addiction'

ARG 2/7/98 (292)

BEAUREGARD TROMP
STAFF REPORTER

The powerful Muslim Judicial Council is against the establishment of a casino in Cape Town.

It says communities will ultimately have to deal with the gambling addicts and social ills the venture will spawn.

The council, said to represent about 90% of Muslims in the Western Cape, yesterday picketed a public meeting called by the Culemborg Metropole Casino group.

The group has asked people to identify issues relating to the social and physical environment of its bid for the lucrative casino licence. Secretary-general of the MJC Achmat Sedick said casinos would help only towards further degeneration of communities.

One of the stipulations by the Western Cape Gambling and Racing Board is that the casino should provide visible black empowerment and long-term benefits to the city.

The Culemborg group says 50% of the shares in its casino will be available to residents' associations in areas like Mitchell's Plain.

But Sheikh Sedick argued that a casino would have a negative impact on communities and its benefits would not really reach ordinary people.

"It will be the same as we have with drug addicts where the supplier will not be burdened with the addict and the communities will ultimately suffer," said Sheikh Sedick.

The MJC handed over a petition to the group signed by more than 20 000 people from communities as far afield as Athlone in the south to Bonteheuwel in the north.

"These guys look at it from an economic point of view, but the benefit to the community is minimal.

"It holds temporary economic benefits for a few, but over and above, it denigrates the poor.

"Casinos are known to be places for money laundering, extortion and racketeering no matter how the Government wants to regulate the law around this," said Sheikh Sedick. The casino would be a "breeding nest" for prostitution, alcoholism and socio-economic problems.

"These guys intend to invest close to R10-billion to build a casino and other recreational facilities. Why can't they use that money to help impoverished communities?" said Sheikh Sedick.

Five consortiums have bid for the licence, expected to be awarded next month.

The others are Akani Fairest Cape, Tsogo Sun Western Cape, SunWest International and Stocks Hotels and Resorts.

Gaming licence announcement delayed

BD 7/7/98 (292)

Janet Parker

THE Northern Province Casino and Gaming Board delayed announcing the province's casino licence winner on Friday after two of the bidding consortia applied for court interdicts to stop it doing so.

Gaming board chairman Lazarus Mahlangu said yesterday two consortiums — Great North Resorts and Hunters Entertainment Centre — had applied for interdicts against the board, and were challenging its capability and its short-listing procedure.

The courts would adjudicate the applications tomorrow. The board had instructed its counsel to oppose the application, Mahlangu said.

Last month the board announced a short list of four applicants — Great North Resorts, Thobela Investments, Meropa Entertainment World and Tsogo Sun Holdings.

At the same time, it announced it would issue only one of the two available casino licences during the current process, as the proposed casino locations were "too close together". All short-listed proposals were in or around Pietersburg. The allocation of another licence would be considered later.

The board initially received seven applications for casino licences in the province. Hunters Entertainment Centre and Akani Leisure did not make the short list. Karos Mohlopi withdrew from the process at an earlier stage.

The province was allocated a total of three casino licences, but Sun International already has a small gaming operation, the Venda Sun, in the province.

Mahlangu said it was difficult to estimate how long the developments would delay the board's announcement on the province's casino licence award.

The pending action follows similar situations which emerged in Gauteng and Mpumalanga during the casino licensing process. Interdicts preventing the Gauteng Gambling Board from announcing the last two of the province's six casinos were granted to unsuccessful casino applicants but later withdrawn. The Mpumalanga Gaming Board is still facing action on its decision to award casino licences to Tsogo Sun in Nelspruit and Witbank. The two casinos are already trading in their temporary or phase one stage.

The Northern Province Casino and Gaming Board was to have had discussions with the short-listed companies and the successful applicant was to be announced on Friday. The next step would have been to conclude a binding agreement with the successful applicant to ensure all conditions relating to the running of the casino were followed.

SA actors play a unique role in US

Simon Barber (292) BD 8/7/98

WASHINGTON — Actors Equity, a protectionist US theatrical union, has agreed to let six SA performers keep their parts in the blockbuster Broadway musical, The Lion King, a stage version of the Walt Disney cartoon hit.

The South Africans, including Tsidi Le Loka, who plays Rafiki, a sage baboon, have in turn agreed to train local actors to play their roles, which involve singing and chanting in several African languages that do not trip easily off American tongues.

The union, which works hard to minimise the number of foreign actors on US stages, originally agreed that the South Africans should be allowed to perform only from the show's opening last November until June 30.

Disney Theatrical Productions said it wanted to keep the South Africans in the cast because they provided a "unique service" and gave the show, a sort of musical Hamlet with an all-animal cast set in the Serengeti rather than Denmark, an authentically African flavour.

The union relented and has decided the South Africans may stay indefinitely so long at they are prepared to transfer their skills by holding master classes and so cease to become unique.

'South Africa gambling

Rationale for casino development hypocr

INSIDE STORY

The Government should have made a more thorough study of the casino development before it was enacted into legislation, writes SHEIKH ACHMAT SEDICK of Mitchells Plain

Approval to establish and legalise a wide range of gambling activities in South Africa – including five casino licences in the Western Cape – was given by the national Parliament in 1996.

It prompts the view that clauses in the South African constitution allow life to become morally and socially bankrupt, impure and impoverished, to the point that society is dehumanised.

The Government does not see – or at least, refuses to acknowledge – that gambling and casinos are an immoral and crime-infested entity within the South African context.

The State sees casinos and gambling only as a viable and lucrative economic opportunity which is an avenue that will alleviate poverty in South Africa.

Ironically, America is the model of success in the arenas of economics, crime, general societal life, and practically in everything insofar as this government is concerned.

Yet, America is at its lowest ebb when it comes to the altruistic moral values within a society.

We need to remember that immorality inherits poverty.

Poverty breeds disbelief and disillusionment.

Disbelief and disillusionment create dissension and criminality.

First and foremost, the mere fact that all the land available for the casino development is in close proximity to so-called underdeveloped and underprivileged areas constitutes a very serious indictment on the developers and planners of casinos.

Their integrity and sincerity are in question here. Who is truly benefiting financially from this?

Why wasn't the land chosen for the casinos in developed areas like Bishopscourt, Durbanville or Tamboerskloof?

It is said that the casino development will improve and upgrade the surrounding areas by providing recreational facilities as well. This is very far-fetched and hypocritical.

In comparison, the same thing was said about legalising and regulating illegal liquor trading and shebeening in residential areas.

This regulation has proven to be a failure and it had a negative impact on society.

The communities are in a more abject state of misery and crime-infestation.

Investors in casino development say they represent the interests of the historically disadvantaged communities by giving them the opportunity to take part in the leisure industry (gambling industry) which was traditionally concentrated in the hands of established companies.

This is a good sales ploy, but it is full of untruths and infidelity.

Since when do these developers and investors represent the "historically disadvantaged communities?" They do not even live in these communities. This is the good opinion they have of people living in slums and impoverished areas.

Empowerment has become a swear word in their vocabulary.

This is because self-interest, self-development and self-enrichment are top priority in their dictionary.

Why are they afraid to invest in upgrading disadvantaged and slum areas and make the people part of the process?

It is a sound philosophy and constructive, simple psychology that once a person feels part of, and identifies with, a success story, he/she will uphold it with pride and honour and nurture it for the rest of his/her life.

> ***'Casinos and gambling, most definitely, are not good for any South African society'***

Isn't this nation building? Isn't this restoring self-respect and self-esteem?

Isn't this the answer to the multifarious social and criminal problems prevalent in our communities?

Instead of building an elaborate casino and entertainment complex, which will obviously attract some people, enrich some, and denigrate most others – but ultimately destroy them, their children and their households.

South Africa is a secular state wherein religion is accommodated and tolerated but it does not necessarily influence the law.

The law is acceptable as long as it serves the interests of all, not being prejudiced and discriminatory, in accordance with the Bill of Rights and the constitution of the country.

I am not a legal eagle but this is the basic understanding I have about the law of this country.

If it is so that all legislation must be "in the interests of all", then the Government should have made a more thorough study of the casino development before it was enacted into legislation.

There should have been broader community consultation to produce a more informed and well-balanced blueprint before enacting it into law.

Religion most definitely plays a role in these decisions because the root of any value system stems from a person's religious convictions.

All religious persuasions agree with the Government that whatever is legislated in a country must be in the good interest of all. Human goodwill is important.

Islam is totally against casino development and gambling, and so are all the Muslims.

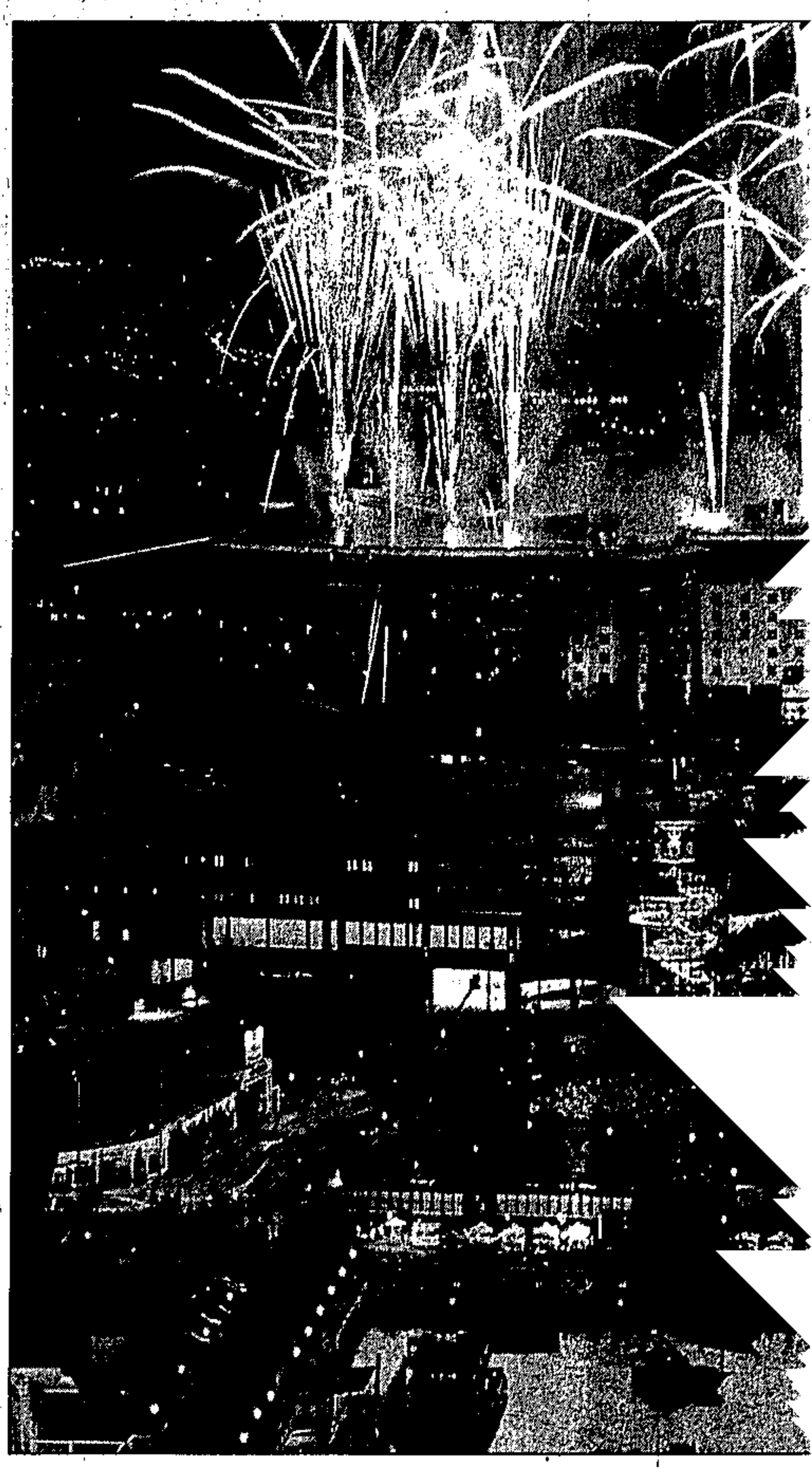
Muslims know for a fact that they cannot be involved or engaged in any activity or in any aspect of casino development or gambling.

Those Muslims who serve on some of the activities related to this project, like the investors, promoters, punters and gamblers, know for a fact that what they are doing is a gross violation of the laws of Allah, and therefore punishable by Allah.

They are bad Muslims.

The weakness in them is that they are enticed by Satan in terms of money, prestige and power.

Some of Satan's handiwork is beautifying the evil of gambling and casinos for mankind, through all sorts of temptations.



Bright sky: fireworks over Sydney casino on opening night in November 1997. According to a

nbling with morality'

(292) ARG 13/7/98

ent hypocritical and far-fetched – Sheikh

ling night in November 1997. According to an assessment of income patterns, Australians are the western world's biggest gamblers, spending more per head on betting than on food

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These people, after all, are strong-minded persons with some economic muscle.

Casinos and gambling – without doubt – will temporarily enrich them, but ultimately destroy them.

However, what about those poor people without any means of survival, who are desperate to feed a stomach?

Because of this disillusionment of the millions of rands they may win at the casinos or gambling machines, they will steal and even kill just to get a penny, or take their hard-sweat pay packet in order to try their luck at the machines.

The devastating and demoralising fact is that they may hit the jackpot once in a 100 attempts – or never – but they will inevitably return to that abject, desperate home where hungry stomachs are awaiting them.

As one writer observed: "To stake their gambling they often dissipate their savings, neglect their families, default on bills, and borrow money from friends and loan companies.

"Eventually they may resort to writing bad cheques, embezzlement, or other illegal means of obtaining money."

This is how casinos and gambling will destroy people and nations.

Statistics are self-evident, and believe me, it is not a case of controlling gambling habits or taking measures to avoid compulsive gambling.

The establishment of casinos and gambling, wherever they may be, must be planned.

If you think Las Vegas is your model of success for gambling, then please emigrate and make your living there.

Casinos and gambling, most definitely, are not good for any South African society.

I am sure that many of the other religious persuasions, if not all, are also advocating the same sentiments.

The point is that responsibility does not go without accountability.

As Muslims, we believe that Almighty Allah is good and only wants good for His creations.

He made laws that are a benefit and advantage for mankind and never to man's detriment.

Therefore we believe that every human being is accountable to Allah because all of us come from Allah, and unto Him is our final return.

waives duties. The company argued that the money it would save on imports otherwise facing tariffs of 3,7% lawyer, representing an affected importer, called the "hostages" taken by the US trade representative.

tory and continued firmer yesterday.

Continued on Page 2

SA gaming figures a bit of a gamble

BD 15/7/98 (292)

Janet Parker

A REPORT by tourism, hospitality and leisure specialist Grant Thornton Kessel Feinstein raises questions about some of the key assumptions supporting SA's fledgling gambling dispensation.

Gillian Saunders of Grant Thornton Kessel Feinstein said the question was whether the SA public had enough disposable income to sustain the various forms of gambling on offer.

Despite SA's low per capita disposable income, casino operators in Gauteng were expecting casino spending to be as high as the top casino spending areas of the US, where per capita disposable income was much higher, Saunders said.

SA's casino industry is already estimated by operators to be capable of generating about R5,8bn by 2000.

Ajay Sooklal, the trade and industry department's director of lotteries, said the national lottery was expected to produce about R6bn a year and once fully developed, the bingo industry was estimated to be able to generate R2,7bn in annual turnover.

The gambling industry estimated SA could sustain about 40 000 limited payout machines or slot machines which would be housed in restaurants, pubs and clubs, with an estimated revenue a machine of between R36 000 and R108 000 a year.

While the revenue forecasts are from different sources, they are generally accepted estimates and the annual revenue of gambling activities, excluding the horse racing industry, tallies up to between R16bn and R19bn a year, a figure analysts have dismissed as ridiculously high.

Richard Biesheuvel, the chief operating officer of gambling and leisure group Moribo Leisure, said that once fully developed, SA's gambling industry — casinos, limited payout machines, the lottery, bingo and horse racing — would generate a maximum of R12,2bn a year, not only because of economic restrictions, but also because of a relative shortage of sites available for limited payout machine gambling.

Using Gauteng's casinos as an example, Saunders said that "current international wisdom states that one of the best measures of casino performance is to equate total gross casino win (total losses for gamblers) to total disposable income".

Based on last year's statistics, disposable income was estimated at R146bn and the expected total win for the six Gauteng casinos was R1,96bn, which equated to 1,34% of the disposable income.

Ster-Kinekor aims to conquer Africa

BD 22/7/98 (292)

Janet Parker

STER-Kinekor has unveiled an aggressive expansion plan which will see it developing cinema complexes throughout Africa.

The cinema operator, which is wholly owned by entertainment and media group Primedia, has also committed R62m over the next two years to expanding its SA operations by 12 complexes, and a further 26 projects are being considered.

Development executive Anton Botha said the group was investigating markets in Zimbabwe, Botswana, Namibia, Tanzania, Uganda, Kenya, Mozambique, Malawi, Zambia, Gabon and Côte d'Ivoire, with some projects at the final approval stage.

Ster-Kinekor complexes would continue to be developed, expanded and refurbished in major cities locally as the group believed it had not yet reached saturation point. Smaller towns would also be reached, with confirmed developments at Shelley Beach, Pietersburg, George, Rustenburg, Uppington and Vereeniging.

The Ster-Kinekor brand would also be taken into predominantly black residential areas to capture the emerging market. Botha said a complex was planned for Soweto and "a few others" were in the pipeline.

The initial capital investment of R62m will be spread over two years and result in 12 new cinema complexes, which translate into 70 screens and 12 000 seats. This will bring Ster-Kinekor's SA screen capacity to about 500 at 75 complexes.

Botha said the group aimed to increase further its market share, which is at 72%, expecting about 22-million cinema-goers this year from 20-million last year.

Market share was expected to grow via organic growth and customer-orientated programmes such as the Movie Club, Kids Club and Sixty Plus Card, which had proved successful.

The group's SA plans include super-complexes of up to 16 screens, and others of between four and six screens in smaller towns.

Boards defy govt on slot machines

BD 23/7/98 (292)

Janet Parker

THE Northern Cape and Free State gaming boards have disregarded pointed government requests not to grant special or temporary licences to illegal slot machine operators.

Both provinces have issued "phase-out" licences to route and site operators — limited payout or slot machines — prompting protests from national regulators and potential bidders.

Ajay Sooklal, the trade and industry department's director of gambling and lotteries, said yesterday the two provinces issued the special licences despite a letter from Trade and Industry Minister Alec Erwin to all the provinces in March expressing concern at the move. Sooklal said the Northern Cape and Free State disregarded the letter and the licences they issued were therefore "ultra vires".

Southern African Gaming Regulators' Association secretary Andre Wilsenach said the move was "unacceptable". There was already a drop in foreign investor interest in SA's route and site industry due to delays in formulating national policy and an unregulated industry could scare foreigners away completely, he said.

Northern Cape Gaming Board CEO Wouter Fouche defended the province's actions, saying its gaming act made provision for special licences. The board issued the licences in March after they had been granted by the provincial cabinet. They would expire at the end of next month and no provision for renewal had been made.

The province had to choose between an illegal industry which did not contribute to provincial coffers, or a "sunset" period of special licences which offered the benefit of gaming taxes.

One industry source said: "The special licence gives illegals certain rights and the (provinces) could find it very difficult to take those rights away."

NE

State selling applications for R25 000

CT (BR) 23/7/98

SA national lottery licence up for grabs

(292)

THABO LESHILO

BUSINESS EDITOR

Johannesburg — South Africa moves closer to its first multibillion-rand national lottery today when the trade and industry department starts selling application documents to prospective lottery operators for R25 000 each.

Ajay Sooklal, the department's gambling, lotteries and liquor director, said the draft "request for proposals" and licence documents would be on sale by today.

Applicants have to declare their interest in running the lottery to the trade and industry minister by noon on July 31. The application fee of R1 million is non-refundable.

Jacques Verster, a consultant to the lottery industry, said the lottery was expected to have a turnover of between R3 billion and R6 billion a year. The prizes are expected to be astronomical, easily topping R50 million.

The lottery will be 80 percent-owned by the private sector, 15 percent-owned by the Post Office and 5 percent-owned by the National Empowerment Fund.

Ithuba, Viva and Zama Zama, some of the scratch card competitions run by Games Africa on behalf of charity trusts, would be allowed to run only up to a week before the launch of the national lottery. The probable date for the launch of the lottery is the beginning or middle of next year.

Verster said the main contenders for the lottery licence included International Lottery and Totalisator Systems, based in San Diego, Scientific Games, based in Atlanta, and Tattersalls Australia.

The international players will bid together with local empowerment groups, including front-runner Moribo Leisure, the holding company for Games Africa.

"The government wants transparency and will want to avoid obscene profits by the operator — like in the UK. Whoever runs the lottery would have to be squeaky clean," said Verster.

He expected the Ithuba Trust, Viva Trust, Kagiso Trust and the Red Cross, which are beneficiaries of the scratch card business, to benefit even more from the lottery.

Top Nats in Cape casino bribe probe

(292) ARG 23/7/98

ANDREA WEISS
POLITICAL REPORTER

The Office for Serious Economic Offences (Oseo) is investigating the possibility of corruption surrounding the allocation of the single casino licence in the Cape metropolitan area.

This was confirmed today after the African National Congress called a press conference in which it implicated a senior member of the Western Cape National Party and a provincial administration official in taking bribes, one of R1-million.

Tommy Prins, assistant director of Oseo's Cape Town office, confirmed that his office was preparing investigations into "the circumstances preceding and surrounding the applications for casino operating licences in the Cape metropole, with the view to establishing the possibility of corruption".

Mr Prins said he had not been given details of any specific figures or names of senior NP members or officials.

Five companies are bidding for Cape Town's single licence. Public hearings are scheduled to be held in August. The winning company will have secured the province's most coveted licence.

The ANC named NP members, alleging that at least R1-million had changed hands, but it failed to provide any documentation to substantiate the allegation.

ANC leader Ebrahim Rasool said the ANC was "obviously protecting sources" in declining to give any further details, but the allegations had been corroborated and were not based on a single source.

Mr Rasool said it appeared it was "common knowledge" that money had been paid over to a senior NP member to secure gambling licences. It was obvious that the motive was to influence decisions around gambling sites and rights.

The ANC said the matter had been reported by the legal adviser at a meeting of the Western Cape Gambling and Racing Board.

Jan Kruger, media liaison officer for the NP in the Western Cape, said the ANC was "making politics out of unsubstantiated allegations".

THE CAPE!

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How the dice rolled in casino 'bribe'

Top Nats threaten legal action against provincial ANC leader

(292) ARG 24/7/98

ANDREA WEISS
POLITICAL REPORTER

Western Cape director-general Niel Barnard says allegations about gambling corruption in the Western Cape are "vague, unsubstantiated and unconfirmed" – even although he has not seen an affidavit submitted to the Office for Serious Economic Offences (Oseo).

The office is withholding the affidavit while it conducts an investigation and has told Dr Barnard it is unwilling to release it to the province at this stage.

The affidavit is believed to be from the same source as a letter to the Western Cape Gambling and Racing Board on June 25, alleging that one of the five bidders for a metro licence bribed former premier Hernus Kriel and an unidentified provincial official.

The Gauteng-based source has refused to deal directly with the gambling board, according to Patrick McKenzie, the provincial minister responsible for casinos.

An urgent meeting of the Western Cape cabinet was also convened yesterday to discuss the crisis, shortly after the African National Congress called a press conference on the matter, alleging the involvement of former premier Hernus Kriel.

Mr Kriel, who is in Gauteng, said through his former press secretary, Chris Koole, that he had been in contact with Premier Gerald Morkel and assured him the allegations were "devoid of all truth". He was also considering "the necessary legal action".

The name of another official, also mentioned in the letter, has not been revealed, and Dr Barnard said he did not believe it would be fair to reveal it at this point. He said he had spoken to the official concerned.

Dr Barnard also told a press conference last night that anybody who had made allegations about him was "a liar", and said he had told his lawyer to write to ANC provincial leader Ebrahim Rasool demanding a public apology and retraction for allegations made at the ANC press conference, calling them "unfounded and blatant untruths".

Mr McKenzie revealed to the media what had transpired since the board received the letter on June 25 and said he believed the awarding of licences was still on track, although a delay of three weeks in the time frame was likely.

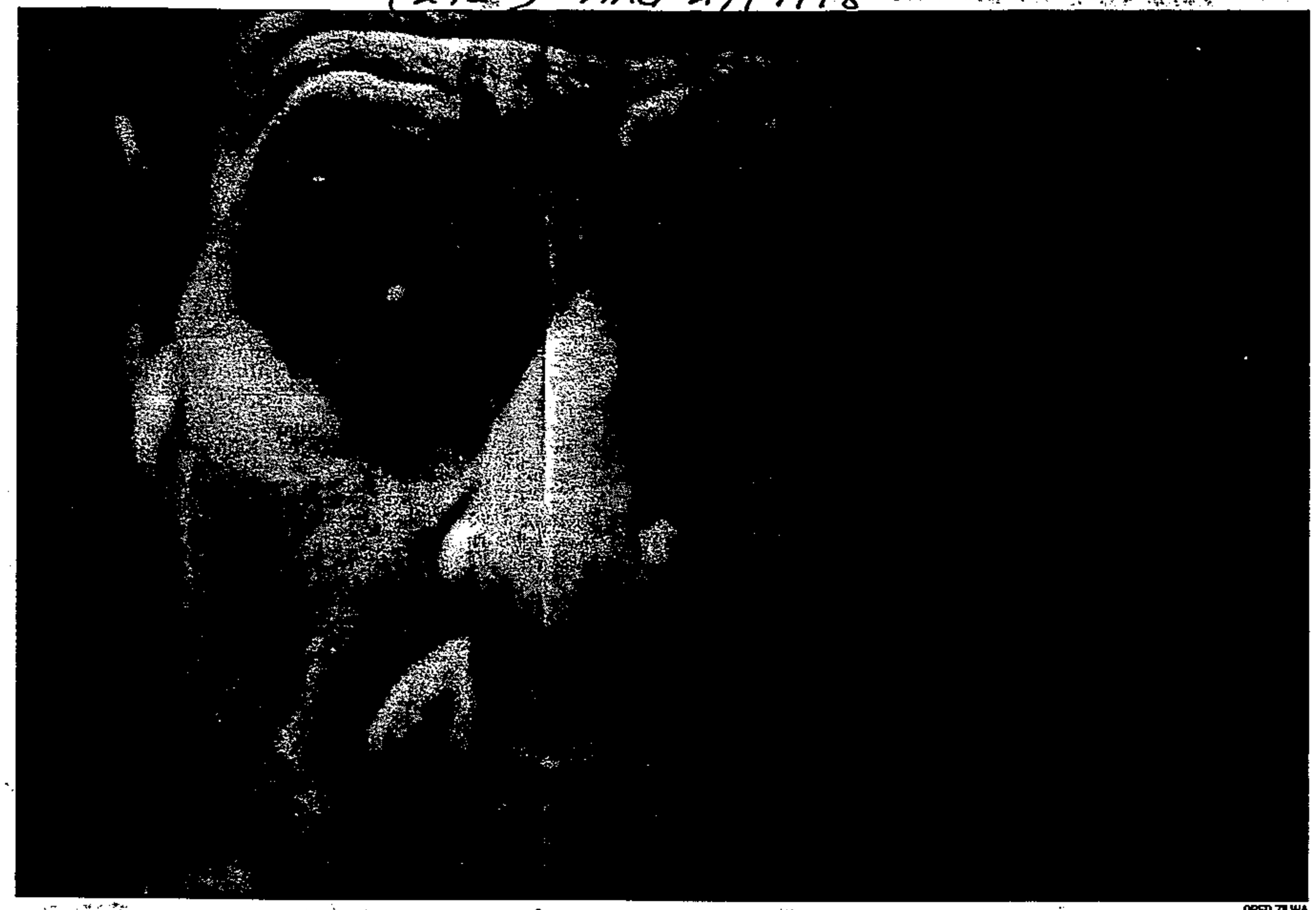
- On June 26, the gambling board contacted the writer of the letter, asking for substantiating evidence, and a meeting was arranged in Gauteng.
- On June 29, the date of the proposed meeting, it transpired the letter-writer was unwilling to meet the board's legal representative.
- On July 1, a further attempt to obtain evidence from the letter-writer was unsuccessful.
- On July 8, the letter-writer's representatives told the board that he or she would not deal directly with it, but would consider approaching the attorney-general.

The applicant alleged to have paid over the bribe was also called in and asked to elaborate on rumours that were in circulation. Also on July 8, gambling board chairman Derek Auret reported the allegations to Mr McKenzie, who asked for a full history of what had happened since the letter reached the board.

- On July 15, there was a meeting of representatives of the board, the letter-writer and Oseo, which had not yet been informed, and a follow-up meeting was arranged for July 20.
- On July 16, the applicant named by the letter-writer provided further information to the board.
- On July 17, Oseo and the board met to discuss what information could be shared.
- On July 22, Mr McKenzie met Mr Morkel, Dr Barnard and members of the board to discuss evidence needed, possible courses of action and public statements.
- Yesterday, the ANC held a press conference, blowing the whistle on the investigations, just half an hour before a National Party meeting to decide on press statements was held. Later in the afternoon, a cabinet subcommittee on gambling (including Kobus Meiring and Hennie Bester of the Democratic Party) met, followed by a full meeting of the cabinet.

Meanwhile, the DP had issued a statement that it believed the allegations should be investigated by police, adding: "The process of the allocation of any casino licence in the province should be above suspicion.

"We call upon the police to expedite their investigation."



OBED ZILWA

Angry: Western Cape director-general Niel Barnard tells yesterday's press conference that allegations into gambling corruption in the Western Cape are 'vague and unsubstantiated'

The five bidders for the casino licence, who made presentations to the Chamber of Commerce at the Arthur's Seat Hotel last night, are concerned that the latest development will lead to costly delays.

Already, the public hearings scheduled to have been held in early August have been postponed.

Another problem is that the gambling board is now short of a quorum after two members resigned in July.

Western Cape's casino licensing process tainted by bribery claims

BD 24/7/98 (292)

Linda Ensor

CAPE TOWN — The process of awarding the Cape Town casino licence was tainted yesterday by allegations of corruption that included a charge that former premier Hernus Kriel, the National Party (NP) and provincial officials had accepted bribes.

All the allegations have been vehemently denied.

Local government and gambling MEC Patrick McKenzie said yesterday that one of the five short-listed applicants, Sunwest, had been accused, without any substantiation, of being involved in irregular activities.

Tom Prins, deputy director of the Office for Serious Economic Offences, confirmed that a preparatory investigation had been launched into the circumstances surrounding the application for a casino operator's licence in the Cape metropolitan area.

The office had received a sworn affidavit from an undisclosed informant last week, and director Jan Swanepoel decided to investigate whether there was any possibility of corruption.

McKenzie said the office had already met the informant.

Kriel emphatically rejected the allegation that he had been paid R1m as being "devoid of all truth".

He said he would consult his legal representatives about what action to take against his accuser, the African National Congress (ANC).

Provincial director-general Niel Barnard also denied ANC allegations that he was involved. His lawyers had written to ANC provincial leader Ebrahim Rasool demanding a retraction and apology by 5pm yesterday. But in a news release sent out after 5pm Rasool reiterated his earlier statement that the ANC had received information from sources in the gambling industry "that large-scale bribery and corruption is suspected in the handling of the licensing and site allocation of casinos in the Western Cape.

"According to this information the legal adviser to the gambling board reported to a board meeting that substantial evidence exists which shows that Mr Kriel, in his then capacity as premier of the Western Cape, received R1m and the director-general, Dr Barnard and the NP received undisclosed payments from a company bidding for a casino licence in order to influence their chances to gain a licence."

The ANC called for the dissolution of the board and the resignation of its chairman, Derek Auret, and CEO Roussouw Lubbe, as well as Barnard. It said the whole application process

Continued on Page 2

Bribe

(292)

Continued from Page 1

BD 24/7/98

for licences should start over.

McKenzie said the Western Cape Gambling and Racing Board received a letter on June 25 alleging that Kriel had received a bribe, and later heard unsubstantiated rumours that one of the applicants for a licence had been involved in irregular conduct.

The board contacted the unnamed informant in Gauteng, but he was unwilling to be interviewed by the board, which immediately informed McKenzie and also passed on the information to the Office for Serious Economic Offences. Urgent provincial cabinet and gambling board meetings were held yesterday to discuss the matter.

McKenzie said there could be a delay of two to three weeks in awarding the licences because of the need to appoint two new members to the board to make a quorum after two members had resigned. He said it was fortunate that the adjudication of the bids had not yet begun — this would await the completion of the investigations.

There was no way in which politicians could influence the board's decisions as it was completely independent, McKenzie said. Furthermore, a recent audit into the board's finances by the auditor-general had produced "an absolutely clean bill of health".

Barnard said he received information on Tuesday that the Office for Serious Economic Offences had a sworn statement containing "vague, unsubstantiated and unconfirmed" allegations that a provincial official had been involved in improper conduct aimed at influencing the board's decision.

Apart from Sunwest, the other applicants for the Cape metropole licence are Fairest Cape, Ogden Inc, Stocks & Stocks and Tsogo Sun.

CORRUPTION CLAIMS

Kriel named in casino row

CT 24/7/98 (292)

ALLEGATIONS OF corruption during the awarding of casino licences in the Western Cape have brought the process to a halt. **DAN SIMON, CHRIS BATEMAN and WILLEM STEENKAMP** report.

The process of awarding casino licences, which will result in billions of rands in investment for the Western Cape, has ground to a halt following allegations of bribery and corruption.

The process has been crippled because:

- Two members of the Western Cape Gambling and Racing Board (WCGRB) have resigned on "technical grounds".
- Allegations by the ANC that former Western Cape premier Hernus Kriel and current provincial director-general Niel Barnard have accepted bribes for the gambling licence have surfaced.
- The Office for Serious Economic Offences (OSEO) has undertaken to launch an investigation into the claims of corruption in the fledgling Western Cape gambling industry.

Yesterday, ANC Western Cape leader Ebrahim Rasool at a press conference which was later broadcast on television news, alleged that Kriel and Barnard, as well as the National Party, had taken bribes from one of the five bidders for the coveted provincial gambling licence.

Rasool alleged that Kriel had received R1 million, but he did not mention amounts linked to Barnard or the NP.

Flanked by senior members of the ANC provincial caucus, Rasool said it appeared that the allegations were "commonly known in certain circles in the gambling industry".

He said "substantial evidence" existed to support the claims.

He said the alleged bribery had been exposed by the Western Cape Gambling and Racing Board's legal adviser during a meeting of the board last week.

The legal adviser is Alicia Mary Gibson, but she declined to comment yesterday and referred inquiries to the MEC responsible for gambling, Patrick Mackenzie.

Chris Kohler, spokesman for Premier Gerald Morkel, said that Kriel — his former boss — had immediately informed Morkel upon hearing of the allegations yesterday.

Kriel had told Morkel that the claims were "devoid of all truth" and that he would be taking the necessary legal steps.

The head of OSEO in Cape Town, Tommy Prins, confirmed yesterday that the OSEO national director, Jan Swanepoel, had "launched a preliminary investigation into the circumstances before and around the applications for casino operators' licences in the Cape Metropole, with a view to establishing if corruption was committed".

Prins said the allegations against Kriel, Barnard and the NP "have not been laid before us".

He said he did not know who had blown the whistle on the alleged criminality.

Paul Setsetse, spokesman for Justice Minister and former Western Cape ANC leader Dullah Omar, said yesterday the minister could not comment other than to say that the OSEO was an independent body and "any member of the public, or an organisation, has the right to approach the OSEO with information about any serious economic offence".

The OSEO would then conduct a preliminary investigation and, if it was warranted, ask the Ministry of Justice for resources to conduct a full inquiry.

While the OSEO was independent, "we empower it in terms of its needs".

"The ministry always helps them to carry through their investigations," Setsetse said.

He added that Omar had not hesitated to provide the OSEO with resources to investigate another former ANC Western Cape leader, Allan Boesak.

"Each and every case will be treated according to its merits," he said.

The Office for Serious Economic Offences is in possession of a sworn affidavit containing details of the alleged bribe, and is in the process of evaluating the information as part of its preliminary investigation.

McKenzie said that while the process of awarding casino licences may be delayed by about a month, this would in no way affect the process of investigation and scrutiny of the applications for a casino operator licence.

Barnard later lashed out at Rasool for levelling bribery allegations against him which were aimed at swaying the decision-making process of the Western Cape Gambling and Racing Board.

Barnard also said that he was taking legal action against Rasool and the ANC for making defamatory remarks which were based on vague, unsubstantiated and unconfirmed allegations.

"If Rasool said I took money then I deny this categorically. Anyone who said I took money is a liar," said Barnard.

"I have made sure that all possible steps are being taken to thwart any efforts to influence the decisions of the Western Cape Gambling and Racing Board."

The board, which started out with seven board members in February 1997, is now down to three, following the resignations last Friday of chartered accountant Blum Khan and city architect Gerrie Steenkamp. This leaves it without a quorum or any decision-making powers.

In February, the one-year contract of union negotiator Derrick Apollis expired while Cape Technikon vice-chancellor Dr Mandla Tshabalala resigned from the board last September because of conflicting interests.

As a result, public hearings which were scheduled for next month and at which the board would have acted as facilitators have been postponed indefinitely.

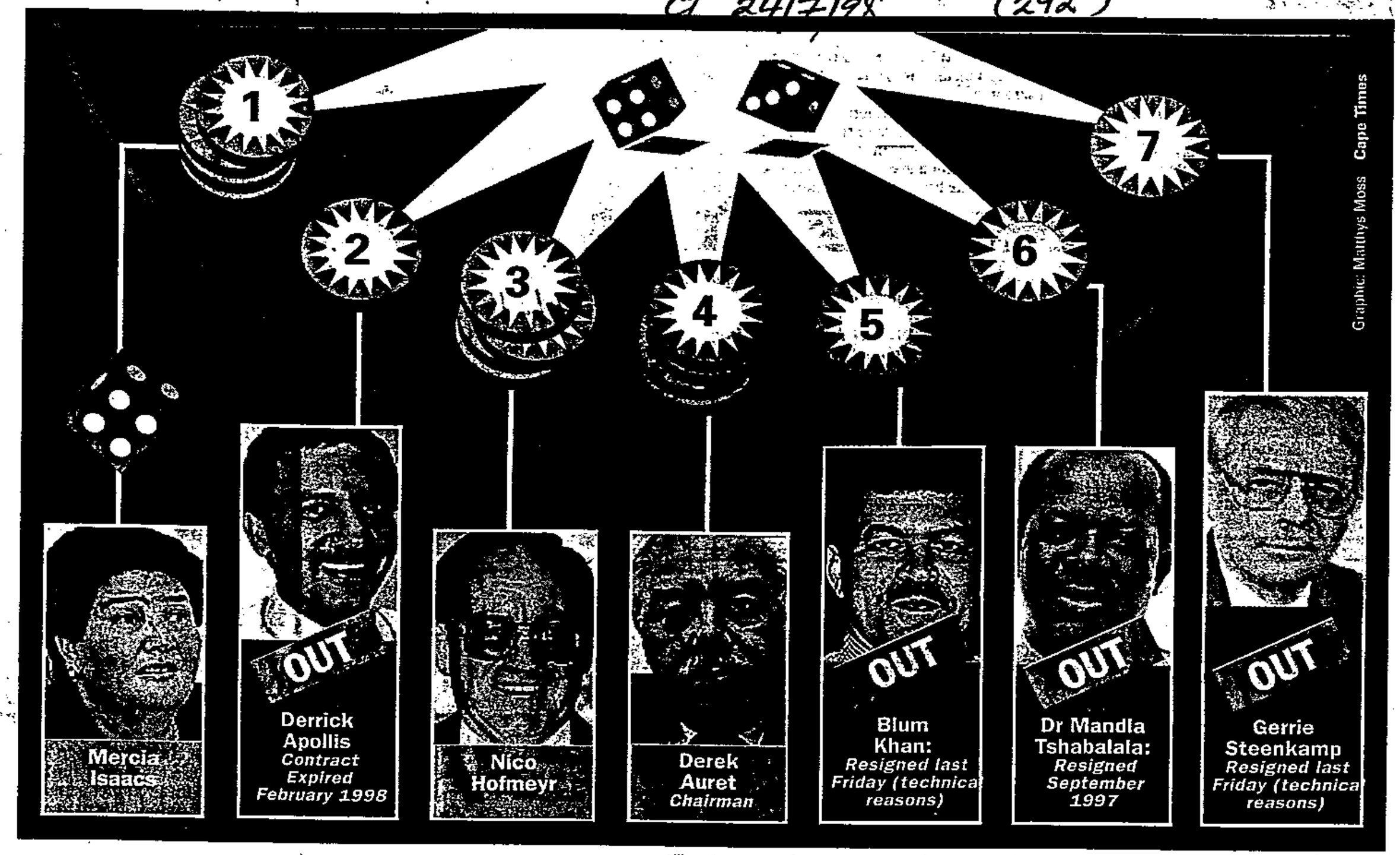
The meetings were to be the penultimate phase of a lengthy process before each bid was evaluated and the four winners decided upon and awarded casino licences by the board.

One of the licences affected is that of the Cape Metropole, for which there are five bids.

Those vying for this lucrative license are Akani Fairest Cape, Cape Millennium Casino, Culemborg Metropole Casino, Sunwest International and Tsogo Sun.

Casino and entertainment related development projects ranging from R1,5 billion to R4 billion have now been put on hold until the posts are advertised and the process of selecting new board members is completed.

The awarding of casino licenses for the Overberg, West Coast, Southern Cape regions will also be delayed.



Barnard set to sue as ANC scraps claims

ANDREA WEISS
POLITICAL REPORTER

(292)

ARG 24/7/98

Legal letters between African National Congress provincial leader Ebrahim Rasool and Western Cape Director-General Niel Barnard are flying thick and fast in the wake of the gambling probe disclosures yesterday.

Dr Barnard threatened to sue Mr Rasool yesterday for alleging that he was linked to casino corruption and, in spite of a qualified retraction from Mr Rasool to Dr Barnard's lawyers, he has repeated his threat.

Early today Mr Rasool retracted the allegations he made against Dr Barnard at a press conference, saying that "insofar as your letter to me constitutes a denial by your client of any involvement in this matter, we have no reason to disbelieve your client's denial".

But Dr Barnard felt this was not sufficient and repeated his threat to sue, giving Mr Rasool until later today to set the record straight and formally to withdraw "defamatory and unsubstantiated allegations".

Dr Barnard's letter pointed out that the allegations made by Mr Rasool were repeated yet again on Radio Sonder Grense today.

He said he was still reserving his rights to take legal action against Mr Rasool and his colleagues.

This drama follows yesterday's dramatic announcement of a corruption investigation

To page 5

ANC scraps claim, but Barnard may sue

From page 1

of the awarding of a casino licence in the province.

Hopes of the speedy awarding of a gambling licence in the Cape metro were dashed yesterday as the process was plunged into a crisis when it was disclosed that the Office for Serious Economic Offences had decided to begin investigating whether there was any corruption.

The Western Cape Gambling and Racing Board, which is to award the licence, is in disarray because of a shortage of members, two of whom resigned recently, leaving only three of the seven-member board in place.

Reasons advanced for the resignation of Blum Khan and Gerrie Steenkamp this month were that minutes were arriving late and that there was a difference of opinion over the siting of a convention centre.

The winner of the metropolitan casino licence is expected to provide a convention centre for the city.

Casino 'bribes': Barnard hits back

(292)

ARG 25/7/98

ANDREA WEISS
AND GLYNNIS UNDERHILL

Sensational allegations by the African National Congress that former premier Hernus Kriel and a senior provincial official accepted bribes from one of the bidders for the province's casino licence may have backfired.

By week's end, the party was facing a costly lawsuit from provincial director-general Niel Barnard, who twice rejected the party's apology and its retraction of allegations of corruption.

The ANC was also under pressure from the Office for Serious Economic Offences (OSEO) to substantiate its claims.

However, it was strongly defending its position last night.

The party had alleged that Mr Kriel accepted a R1-million bribe to influence the award of the coveted casino licence in the Cape metropolitan area.

In a strongly worded fax sent to the ANC offices yesterday, the OSEO pressured Western Cape ANC leader Ebrahim Rasool to provide evidence to back the claims he made at a press conference on Thursday.

OSEO director Jan Swanepoel said it had become apparent Mr Rasool had more evidence than his office.

"Judging by the information from the press conference he held, Mr Rasool must have more access to information than I have," he said.

ANC spokesman Cameron Dugmore defended the ANC's decision to go public with the allegations. He said the press conference had been held when it became clear the National Party had no political will to make public the allegations.

"As the official opposition party in the legislature, we felt we had a duty to inform the public of the allegations. We do not trust the NP to be transparent," he said.

The allegations arise from a letter presented to the Western Cape Gambling and Racing Board on June 25.

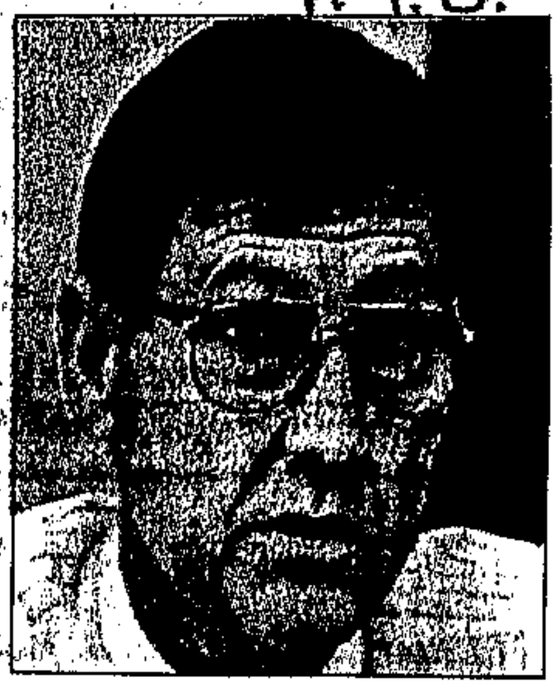
The letter – which contained what have been termed "unfounded and unsubstantiated allegations" – claims that SunWest, the company bidding to build a casino at the Goodwood showgrounds, had bribed Mr Kriel and a senior provincial official.

The author of the letter has not yet been identified, but the OSEO has an affidavit believed to be from the same person. SunWest said it was unable to respond fully to the "unfounded and unsubstantiated allegations" in the letter because of the strict parameters laid down by the gambling board regarding public statements. "However," the

To page 2

P.T.O.

ANC LEADER: Ebrahim Rasool



DIRECTOR-GENERAL: Niel Barnard

ANC faces lawsuit as casino corruption charges backfire

From page 1

company said, "SunWest wishes to state categorically that it absolutely rejects any suggestion that the company, or its associated companies, have been involved in any way in the impropriety referred to in these reports."

Meanwhile, it is unclear whether the ANC saw the letter before hastily convening its press conference on Thursday. Mr Dugmore refused to confirm or deny whether the party had seen the letter and its contents.

On the issue of the OSEO's request for further information, he said: "We have agreed to share all the information we have and to co-operate with OSEO."

He declined to elaborate on what information the ANC had to substantiate its claims.

Dr Barnard's lawyers sent a terse letter to the ANC late yesterday saying a summons would be issued "as speedily as possible" because the party had not fully complied with his demand for a public apology.

Mr Rasool's second apology to Dr Barnard read: "While I was not the initiator of the allegations, I reported on an impression with regards to the possible involvement of Dr Barnard and I confirm my earlier withdrawal of the specific allegations levelled at Dr Barnard regarding the taking of money and realise that the way in which I raised this matter with the public may have caused harm to the person of Dr Barnard.

"I, therefore, put on record my apology for any such harm suffered by Dr Barnard."

Dr Barnard's lawyers replied that the apology did not comply with Dr Barnard's demand for a full retraction and advised Mr Rasool that a summons would be issued.

Director Swanepoel said he was in possession of a signed affidavit from a man who claimed to have first-hand information about corruption involving the award of a casino licence, but that he was still checking the story.

He declined to name the man. "The man is scared – wouldn't you be?" he said.

The person had consulted him in Pretoria, with his lawyer present, Director Swanepoel said.

"At this stage we are doing a preparatory investigation and not a full investigation. We don't want to say much because it is important we first check out the validity of his statement," he said.

Mr Swanepoel said the career of Abe Williams, former Minister of Welfare, who was accused of corruption, had been destroyed, but OSEO had still not completed that investigation.

Director Swanepoel said he was did not want to pre-empt the findings of a preliminary investigation.

Sapa reports that Mr Kriel has strongly denied the ANC's allegations that he accepted bribes.

He had not done anything improper to influence the granting of a casino licence to anyone, he said in a statement through his lawyers.

He welcomed the referral of the matter to the OSEO and had asked them to investigate the allegations against him as speedily as possible.

He said he would take further appropriate steps after the investigation.

Mr Kriel said he deplored the transparent politicking that lay behind by Mr Rasool's press statement.

Casino bribe claim 'based on secret letter'

(292)

KEN VERNON

ST(CM) 26/7/98

WESTERN Cape ANC leader Ebrahim Rasool has conceded that he has no hard evidence to support his claims that top National Party officials accepted bribes — but says they are based on a letter from an unknown source.

He is sticking to his guns on an issue that threatens to grow into a major political storm.

He says the mysterious letter implicates former premier Hernus Kriel and others, claiming they accepted money in exchange for allocating casino licences.

However, in an interview this week Rasool said he did not have the vital letter in his possession, nor had he seen it.

Cape Metro has established the existence of a a letter from a "source" allegedly implicating Kriel, and that it has been in the possession of the Gauteng branch of the Gambling and Racing Board for more than a month.

Over a month ago a separate sworn affidavit was obtained by the Office for Serious Economic Offences, implicating an unnamed person in irregularities in the granting of a gambling licence for Cape Town.

According to OSEO head Jan Swanepoel, the letter and the affidavit are not the same, nor does the affidavit implicate "those people whom Rasool has accused".

"We have no evidence to back up what Rasool has been saying about bribing of certain officials and we have asked him to supply whatever evidence he has," said Swanepoel.

Rasool has had to retract his accusations against regional director-general Dr Niel Barnard, but he faces court action as Barnard has rejected his apology.

Kriel and local Gambling Board chairman Derek Auret, implicated by Rasool for accepting bribes, have also said they may sue.

The MEC responsible for gambling, Patrick McKenzie, said: "I am not going to bail Rasool out. He acted impetuously on rumours and that is no way for a responsible leader of a major party to act. He has made his bed and must lie on it."

55

Casino delay 'threatens Cape projects'

(292)

Linda Ensor

CAPE TOWN — A delay in finalising the award of the Cape Town casino licence because of corruption allegations could have significant budgetary implications for the province, finance MEC Lampie Fick warned yesterday.

Without the required financial contribution of R150m by the successful bidder to the budget, capital projects worth R200m might have to be suspended to keep the province within budget, Fick said.

Last week African National Congress (ANC) provincial leader Ebrahim Rasool accused former premier Hernus Kriel, the National Party and provincial director-general Niel Barnard of taking bribes to favour one of the applicants for the Cape metropolitan licence. The accusation against Barnard was withdrawn by the ANC, which first publicised the fact that the corruption allegations were being investigated by the Office for Serious Economic Offences (OSEO).

Fick said the suspension of capital projects by the public works and roads departments could have a "disastrous effect", especially on small contractors.

"Should the awarding of the casino licence be delayed by more than three months because of the OSEO investigations, capital works projects to the value of R200m may have to be suspended. Contractors may have to sue the ANC for damages suffered because of the suspension of contracts as a consequence of their allegations."

Fick said the provincial cabinet would take a decision on August 5 on whether to suspend the contracts.

ANC spokesman Cameron Dugmore dismissed the accusations as "empty politicking". The delays were not caused by the ANC but by an independent report to the office and by the internal troubles at the Western Cape Gambling and Racing Board.

Kriel and Barnard have threatened the ANC with legal claims of R10m each. Kriel said he was not satisfied with the apology and retraction of the allegations on Friday by Rasool.

The licence applicant accused of making the bribes, Sunwest International, has rejected the allegations as unfounded and unsubstantiated.

Kriel, 57, has denied accepting a R1m bribe. He claims through close associates that the allegation has damaged his credibility at a time when he is setting up a consultancy.

The ANC plans to oppose the court actions. It was correct to publicise the allegations, Dugmore said, otherwise it would have been failing in its duty as an opposition party. The allegations were made on the basis of reliable information based on a legal adviser's report to a board meeting.

BD 27/7/98

Barnard launches R20-m defamation claim

ANDREA WEISS (292)
POLITICAL REPORTER

ARG 28/7/98

Lawyers for Western Cape Director-general Niel Barnard today summonsed African National Congress provincial leader Ebrahim Rasool for defamation.

Dr Barnard is believed to be seeking a R20-million settlement over allegations at an ANC news conference on casino corruption.

Mr Rasool alleged Dr Barnard had received money in a corruption scam surrounding the awarding of a casino licence in the Cape metropolitan area.

He subsequently withdrew his remarks twice in response to demands from Dr Barnard's lawyers, but both retractions were rejected on the grounds that they did not fully meet the demands.

In a letter to Mr Rasool's lawyers today, Dr Barnard's attorneys said there was no factual substance for the ANC leader's remarks and he would have been able to establish this by telephoning Dr Barnard or the Office for Serious Economic Offences.

The letter rejected Mr Rasool's "unsatisfactory and heavily qualified" first retraction, as well as the fact that it was not made public. It said the second retraction was also not made public by Mr Rasool.

(52)

Bribery claim absurd — Morkel aide

(292)

Linda Ensor

CAPE TOWN — Western Cape premier Gerald Morkel confirmed yesterday that one of the provincial officials accused of taking bribes from gambling operators worked in his office.

The official, Marius Durandt, is Morkel's personal assistant and worked in the same capacity for former premier Hernus Kriel. Kriel has denied allegations that he personally took a bribe to secure a particular decision regarding the casino licence for the Cape Town metropolis.

Durandt rejected the allegations as "absurd", saying they should be treated with the contempt they deserved. He was interviewed last week by provincial director-general Niel Barnard, accused by the African National Congress (ANC) as being one of the beneficiaries of corruption. The ANC later withdrew the claim.

Barnard said last week the unnamed official he had interviewed had proclaimed his innocence.

Sapa reports Barnard had instructed his attorneys to serve summons for libel on the ANC's provincial leader, Ebrahim Rasool, for the allegations made last week.

Kriel said he deplored the "transparent politicking which lay behind the irresponsible press statement" made by Rasool. Kriel indicated legal action could ensue against Rasool.

Morkel called on the Office for Serious Economic Offences to expedite its probe of the corruption allegations. He said the provincial government had budgeted to receive R135m this fiscal year from the R150m the successful applicant would pay into the treasury.

BD 28/7/98

Casino policy planners now gambling with the bidders

CT 28/7/98 (292)

WILLEM STEENKAMP, DAN SIMON AND CHRIS BATEMAN

THREE former senior Western Cape officials, who played pivotal roles in the formulation of provincial gambling policy, are now acting for some of the bidders for the lucrative Cape Metropole casino licence.

They are former provincial director-general Herbert Beukes, former provincial revenue chief Chris Lötter and Dawie le Roux, former gambling adviser to ex-premier Hernus Kriel and the driving force behind the province's gambling legislation.

Another top official, Briand Louw, former Western Cape chief director of planning, resigned his post last year and has since taken up a job as an expert consultant to the Gambling Board itself.

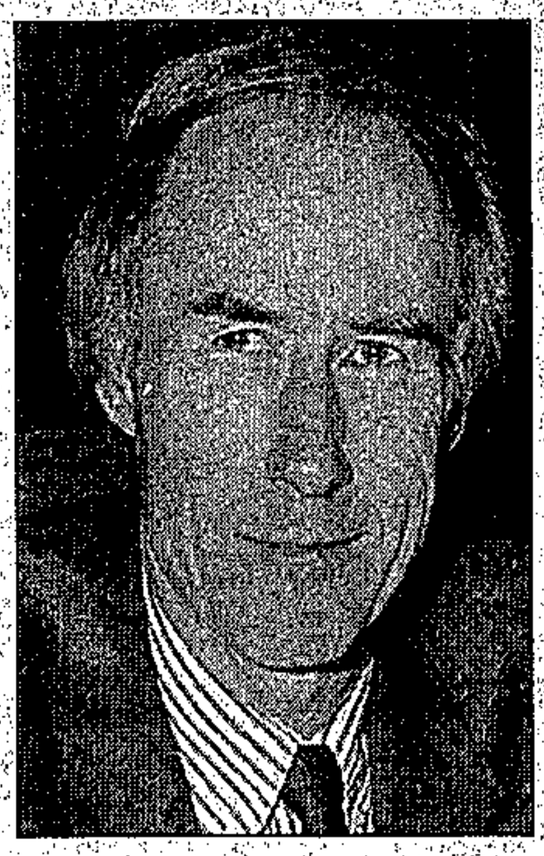
The process for allocating the metropole casino licence was embroiled in controversy last week when ANC Western Cape leader Ebrahim Rasool claimed former premier Hernus Kriel and provincial director-general Niel Barnard had been involved in taking bribes.

Rasool withdrew his remarks and apologised over the weekend — only to then repeat the allegations against Kriel — but Sapa reports that Barnard yesterday instructed his attorneys to serve summons for libel against Rasool.

Kriel, who has denied the allegations, said yesterday he deplored the "transparent politicking which lay behind the irresponsible press statement" made by Rasool. He would await the findings of an Office for Serious Economic Offences (OSEO) probe and indicated that legal action could then ensue against Rasool.

The ANC's Western Cape spokesperson Cameron Dugmore asked whether it was ethical for officials who gained all their experience at state expense to take huge packages and then "benefit further in the private sector of the same field".

Beukes is a consultant to Akani Leisure, which is bidding for a casino on the Foreshore, and Le Roux is vice-chairperson and Lötter a board member of the multinational bid for a casino at the Culemborg site.



CROSSED THE LINE: Herbert Beukes

While they were civil servants, the province spent thousands of rands funding research by Lötter and Le Roux in Hong Kong, Australia and Las Vegas. Le Roux, formerly racing MEC in the Western Cape, was appointed in terms of a three-year contract as a special adviser to Kriel after the 1994 general election.

He said yesterday that one of his duties was to assist in the preparation of gambling legislation which entailed overseas trips to Australia and the Far East to gain "first-hand" knowledge.

"I was asked to join the Culemborg bid in April this year. I left before my contract expired for no reason other than wanting to go back to my practice."

Lötter formerly employed with the Western Cape administration for 32 years, now runs Chris Lötter Consultant CC which specialises in gaming and racing matters. He is a consultant to the Culemborg bid on an ad hoc basis.

Lötter yesterday said he took a severance package last year after applying for the package in 1996. During his career, Lötter became director of taxes, levies and duties. It was in this capacity that he played a major role in compiling the gambling legislation in the Western Cape.

Beukes could not be reached for comment yesterday, but Akani chairperson Frans Stroebel yesterday confirmed that Beukes was being consulted by the consortium on strategic planning.

Democratic Party Western Cape leader Hennie Bester said last night he did not "necessarily have a problem" with former provincial employees using their skills, acquired in government service, elsewhere.

He would object if they were employed "on the assumption that they could possibly influence their erstwhile colleagues" — but that he did not think this was the case with Le Roux, Beukes or Lötter.

❑ Turn to Page 3

Former W Cape officials acting for casino bidders

(292)

❑ From Page 1

"Our concern is about the integrity of the decision-makers, that is, the board, and the integrity of the (licensing) process," Bester said.

The persons allocating gambling licences had to be "impartial and beyond reproach", he added.

Bester also stressed that the Western Cape's gambling legislation had been carefully formulated — to prevent legal problems, and was so good it had been used by other provinces.

"We spent a hell of a lot of money to produce good legislation," he said.

● Wellington attorney Peter Ingwersen's bid to join the Gambling Board, which is down to three out of seven members and no longer has a quorum, was put before the Portfolio Committee on Gambling last week and rejected — but not before, insiders say, "several eyebrows were raised" at the fact that Gambling Board chairperson Derek Auret is Ingwersen's brother-in-law.

All licence applications are publicly advertised and, to save expenses, full probity checks are done on only those remaining after the "weeding out" process by the portfolio committee.

The final choices are then put to Gambling MEC Patrick McKenzie, who then reports to cabinet, who make the final decision.

Auret declined to comment on the matter last night.

CT 28/7/98

CAPE ARGUS ISSUES

ANC reels from bribery allegation 'blunder'

Red-faced by Rasool's apology, supporters are asking if executive was set up

ARG 5/8/98 (292)

INSIDE STORY

The debacle over bribery charges against the NP has left voters confused, and angry, says Staff Reporter **BLACKMAN NGORO**

With elections around the corner, the African National Congress in the Western Cape is hoping that the controversy caused by the provincial executive when its leader, Ebrahim Rasool, implicated Dr Niel Barnard in bribery allegations, will go away. This would allow them to go on with their business of catching votes.

But it certainly will not.

Mr Rasool recently alleged that Dr Barnard, director-general of the provincial administration, and Hernus Kriel, the former premier, accepted bribes during the process of allocating gambling licences in the province.

Mr Rasool and the ANC are now being sued by Dr Barnard for R2-million over the allegations.

Possible financial implications apart, the incident has proved embarrassing to the ANC. Leaders don't make unfounded allegations.

Sources claim that the provincial leadership of the ANC has not come up with a shred of written evidence to back its story that Dr Barnard, together with Mr Kriel, accepted a bribe of R1-million.

Tactically, it was also a mistake for the ANC to call a press conference.

The matter could have been raised in the provincial legislature, where politicians enjoy parliamentary privilege.

Was the ANC provincial executive set up by the National Party?

That is a question many ANC supporters are asking.

The provincial executive didn't think about the massive implications of its action in terms of who it was coming up against – "big business", including ANC-aligned black and coloured entrepreneurs.

Some of these ANC-aligned entrepreneurs say that the postponement in the awarding of gambling licences – because of Mr Rasool's allegations – is "taking bread from our children's mouths".

ship of the ANC must prepare itself for some painful decisions that it may be forced to make.

They feel the NP, as the national opposition party, will use this incident mercilessly in the election campaign to attack Mr Rasool personally, as well as to cast doubt on his management ability.

The NP, they say, will try to detract from real electoral issues, which are the main concern of the ANC constituency – job creation, the provision of housing, amenities, clinics and electricity provision, child welfare, rural development and women's rights.

As a result of the fiasco, the ANC in the province has been forced on to the defensive, something which, as the main political party in the country, it must find abhorrent.

According to some Members of Parliament in the National Assembly, who have roots in the coloured communities, coloured voters are still fuming over the apology and the withdrawal of the allegations against Dr Barnard by the ANC.

"How can he bow before the boere?" asked one voter.

One national MP said the people had not been fully informed about the incident and no one was explaining to Cape voters the circumstances that led to Mr Rasool withdrawing his allegation.

ANDREW INGRA

Under attack: Ebrahim Rasool's actions are being queried by the ANC party faithful, and his political career is in the balance. But if he goes, observers say there is no obvious successor in the Western Cape

ANC, in fact, remains to be seen.

CAPE ARGUS, WEDNESDAY, AUGUST 5, 1998

Rural casinos first in queue

New board members undergo forensic tests

(292) ARG 5/8/98

GLYNNIS UNDERHILL
SPECIAL WRITER

Western Cape gambling minister Patrick McKenzie will focus on the processing of rural casino licences after the expected appointment today of two new members to the Western Cape Gambling Board.

Amid allegations that the licensing process has been tainted by corruption, all members of the board are undergoing stringent forensic tests to double check their banking and personal credentials.

"We are doing this probity test to show that the Gambling Board has a clean bill of health. Not only the members, but their families are being checked out," said Mr McKenzie

"It is actually a very stiff test."

International forensic auditing firm KPMG was conducting the tests, and none of the board members had objected, he said.

Mr McKenzie suspended the granting of Cape Town's casino licence amid allegations by Western Cape African National Congress leader Ebrahim Rasool of bribery and corruption.

Mr McKenzie will put forward two names to the provincial cabinet today, asking for their immediate approval as board members, to get "the show on the road again".

The candidates are Derrick Apollis, whose contract as a board member has expired, and M Mazamisa from the University of Cape Town.

Patrick McKenzie: 'stringent measures'

Both men had already undergone forensic tests, three years ago, said Mr McKenzie.

Cape Times 5/8/98

The provincial cabinet would be asked to approve the appointments immediately, as millions of rands were being lost daily while the process was in limbo.

Mr McKenzie said the province would also be asked to approve the granting of rural casino licences ahead of the Cape Town licence.

The work of the Gambling Board had not come to a standstill after the allegations were made public, as none of the members had been implicated in any way, he said.

But a quorum was needed urgently to begin the process of issuing licences in the rural areas, and the appointment of the two new members would achieve this, said Mr McKenzie.

The two candidates had been processed by the portfolio committee on general provincial affairs. Two other posts on the board would be advertised this weekend.

Mr McKenzie said the licensing process would continue, but he would like to have the full board in place before decisions were made.

"We at the Gambling Board just want to get the show on the road as soon as possible. Delays are costing the bidders and the province millions of rands. We want to get the casinos up and running," he said.

■ Small businesses like clubs and pubs would be able to have up to five gambling machines on their premises, paying out a maximum bet of R500, according to Ken Ladbrooke, acting chief executive officer of the KwaZulu Natal Gambling Board.

Businesses would be able operate these machines provided they served only as a secondary operation to the main line of business, he said.

"If a businessman is operating a pub for instance, he will be allowed to have up to five machines on his premises. The pub will be his main business and the gambling machines will be seen as a secondary operation," he said.

He told members of the KwaZulu-Natal Hospitality Association, that the National Gambling Board would make a decision on rules governing small gambling operations in about two months.

ANC reels from bribery 'blunder', page 10

Top lawman adds weight to casino corruption probe

GLYNNIS UNDERHILL

The Office for Serious Economic Offences is studying banking accounts as it speeds up its preliminary investigation into allegations of gambling corruption.

Senior state advocate Jannie van Vuuren, who was working on the Nel Commission investigating the collapse of Masterbond and other schemes, has been seconded to the office for six weeks.

Former Western Cape premier Hernus Kriel and top provincial officials were named at a press conference by the African National Congress leader in the Western Cape, Ebrahim Rasool, as having been involved.

Said Tommy Prins, head of the office in the Western Cape: "We have still to establish if any bribes were paid, and if they were, by whom."

Office director Jan Swanepoel would decide, after a preliminary investigation, whether to conduct a full investigation.

He said the office had not interviewed Mr Kriel since the allegations.

Gambling minister Patrick McKenzie has suspended granting Cape Town's casino licence during investigations.

Competition for SA lottery intensifies

(292) Sowetan 5/8/98

By Isaac Moledi

COMPETITION to bid for South Africa's national lottery heightened yesterday after the launch of Moraba – a South African owned black empowerment consortium – to bid for the country's national lottery.

The consortium comprises Moribo Leisure, Real Africa Holdings, Union Alliance, Makana Trust, Ithuba Trust and Association of Race Courses South Africa.

The consortium has, however, contracted international expertise suppliers, Scientific Games International, International Lottery and Totaliser Systems and ICL SA to put forward Moraba's bid to manage and operate the national lottery.

Moss Mashishi, Moribo Leisure chief executive and Moraba spokesman, said Moraba had all the vital elements to win the bid.

"The consortium is unique in that it is 100 percent South African owned and through our shareholders, Moraba truly meets the empowerment requirements as outlined in the requirements for proposal," he said.

The launching of Moraba brings into play stiff contest in the national lottery.

The Trade and Industry Ministry said last week that it had received six letters of intent and three inquiries for the tender to operate South Africa's multi-billion rand national lottery.

> **More bidders expected to join the fray deadline**

Although the ministry declined to release details about the bidders, it said more bidders were expected to join the fray to beat the October deadline for formal proposals.

Mashishi said Moraba would benefit from Moribo Leisure, which through its subsidiary, Games Africa, has more than six years in charitable game experience and understanding of local consumers.

Games Africa has also had a long-standing working relationship with the Post Office, now a 15 percent equity holder in the lottery.

The other key shareholder is Real Africa Holdings, a financial services, information technology and industrial holding group, to add financial power and credibility to the organisation, Mashishi said.

The Government said tenderers needed to hand in their letters of intent by Friday last week and the bidders' conference is expected to be held tomorrow. Tenderers will have to make formal proposals on their bids on October 9. Winners will be announced in January next year.

Gambling board under fire

(292) CP 9/8/98

Top politician blasts board for looming job cuts on Sunshine Coast

By QUENTIN WRAY

THE Eastern Cape Provincial Gambling Board has been accused by a top politician of cynically acting in the interests of a privileged handful of people. In a press briefing in Grahamstown this week Speaker of the Eastern Cape Legislature and ANC Albany chairman, Gugile Nkwinti, said the board had acted "very cynically".

Nkwinti said the casino licensing process had been subverted by the board and those bidding for the licences.

Nkwinti's comments were not at all well received by Eastern Cape MEC for Finance and Economic Affairs, Enoch Godongwana.

An East London newspaper reported this week that Godongwana had lashed out at Nkwinti, saying his (Nkwinti's) comments had been "misleading".

Godongwana defended the board, saying its recommendations had been published for public comment, giving communities a chance to voice their feelings.

He said the issue of where licences would be allocated should not be contested between political parties or between regions of the same party. Rather, licences should be given where economic development would be maximised. He said where "rural bias" made economic sense, a licence would be considered.

Nkwinti said his rural constituents – who were among the poorest people in the Eastern Cape – would pay the price if the Fish River Sun lost its licence and one was granted in Port Elizabeth.

The Eastern Cape is allowed to issue five casino licences and has been divided into five zones for this purpose.

Nkwinti said the Fish River Sun had inexplicably been put in zone two – which included East London – rather than the Port Elizabeth zone (zone one). This was despite most of its trade coming from Port Elizabeth.

Nkwinti said this had created the "artificial impression" that zone one (PE) had no casinos – this would make the board's decision to grant a licence in Port Elizabeth much easier as it would not be forced to choose to close an existing facility in favour of opening a new one.

Meanwhile, he said, Hamburg – which lies eastwards of Fish River and is closer to East London – had been included in the PE-dominated zone.

He said as there were already three operating casinos in the Eastern Cape – the Wild Coast Sun, the Fish River Sun and the Amatola Sun – these resorts should keep their casino licences and two new licences should be granted, preferably to resorts in the Karoo and around Queenstown.

Nkwinti said the government could not absolve itself of its responsibility to retain existing jobs as well as ensuring a balanced distribution of wealth, leisure opportunities and jobs.

He said Port Elizabeth did not need a casino as it had already benefited from lots of job-creating opportunities – Coega, the Volkswagen South Africa export deal and the Samcor motor plant export order.

Nkwinti said he feared the loss of the licence would cost much-needed jobs and that they would not be replaced.

Nkwinti said government had a moral and political responsibility to fight the move.

Control of the Fish River Sun has been handed to the predominantly black-owned Emfuleni Resorts, which has indicated it will be applying for a casino licence for Port Elizabeth and that it intends to let the Fish River Sun licence lapse next year.

The company says it will upgrade the hotel's conference and sporting facilities to counteract the effects of the loss of its casino.

Nkwinti said he was very sceptical of how successful this would be.

He said Emfuleni had not consulted with the ANC in the area about the effect their plans would have on local communities.

He said he wanted to meet with Emfuleni management to discuss the matter further.

Emfuleni spokesperson Nick Motsatse said his organisation had no comment to make on the subject of potential job losses. – ECN Weekend Service

Casino to create 1 400 jobs

(292) Sowetan 11/8/98

By Shadrack Mashalaba

UP TO 1 400 jobs will be created when Tsogo Sun's temporary casino at MTN Sundome in Randburg opens late in September.

An investment of more than R200 million will be injected to convert the basement of the dome, currently under construction, to set-up a temporary casino.

Work on the project to install equipment and furniture for a casino operation started after Tsogo was awarded a licence by the Gauteng Gambling and Betting Board.

Tsogo Sun currently has three casino licences – one in Gauteng and two in Mpumalanga.

Speaking to the media at the weekend, Tsogo Sun chief executive Jabu Mabuza said work on the temporary casino was progressing well.

Mabuza said operations in Mpumalanga were performing satisfactorily. He said they were also aiming for another licence in Durban. Other provinces targeted were Western Cape, Free State and the Eastern Cape.

Staffing issues

Sundome casino general manager Howard Berchowitz said they were currently dealing with staffing issues.

Berchowitz said Tsogo had committed itself to the training and employment of people who are unemployed.

"Staff recruitment for the Sundome is at an advanced stage. On the tables side of the operation, 120 trainee dealers have already been selected and are undergoing intensive training and a further 210 experienced dealers will be recruited by September," said Berchowitz.

Training is being conducted internally.

Tsogo Sun is a 50-50 partnership between Tsogo Investments and Southern Sun Gaming.

Southern Sun Gaming Investments is subsidiary of Southern Sun, which in turn is owned by South African Breweries.

Tsogo Sun comprises the National African Federated Chamber of Commerce and Industry, the Foundation for African Business and Consumer Services, the National Council of Trade Unions and the South African Clothing and Textile Workers Union.

Other shareholders in Tsogo include individuals.

CASINO LICENCES *After much money spent, there is still only one facility*

Only lawyers seem to have benefited in gambling rush

(292) CT (BR) 12/8/98

ANN CROTTY

Johannesburg — At a very early stage it was apparent that the legal fraternity was likely to be the major winner in the process that was to take South Africa into a new gambling and betting legislative environment. Two years later and after considerable time and money has been spent, the country has only one functioning permanent casino complex.

In Gauteng, SilverStar Development has instituted legal action against the chairman of the Gauteng Gambling and Betting Board, the Gauteng MEC for finance and economic affairs and the Rhino Hotel and Resort; in Mpumalanga there has still been no resolution of the legal disputes initiated by Karos/Eskihehleni and Afrisun relating to the two licences allocated to Tsogo Sun; in the Western Cape the Office for Serious Economic Offences is investigating allegations of certain irregularities regarding one of the applicants for the Cape Metropole area; in the Northern Province the Supreme Court issued an interdict against that province's gambling board to refrain from announcing the successful casino applicant.

Reports from Gauteng suggest that some backers are getting cold feet

For those growing increasingly cynical about the much-touted benefits of this industry, the good news is that all this litigation inevitably delays the full effect of the onslaught of legal gambling on society. Far from being a source of funds for alleviating poverty in urban areas, the emphasis seems to be turning to the destruction the industry can wreak on urban areas.

And as each day passes it is likely that even those with a stake — or hoping for a stake — in the industry are less enthused about prospects. Less than scientific estimates put the total annual spend for gambling at about R4 billion. The figure is not only based on some fairly heroic assumptions but covers casinos, horse-racing, bingo, lottery, faah-feeh and slots. In addition to the uncertainty that surrounds these estimates, there is the important matter of consumer spending, which daily seems to weaken. Few retailers are forecasting any appreciable improvement in the foreseeable future.

Reports from Gauteng sources suggest a number of the backers of some of the licence winners are getting cold feet. But gambling board executives say they are not aware of any of the six licence holders in the province having financial difficulties and that things are running to schedule.

By early October, Gauteng will have its first legal casino when Tsogo Sun opens its temporary facility at Fourways; more will be opened in November, with the last hoping to be open for business in time for the important Christmas period.

But to date the only permanent casino that is up and running is Global Resorts' Secunda complex in Mpumalanga. The official launch a few weeks ago was over a year after the licence was issued.

In April last year, Global Resorts secured one of the three licences that were issued in that province. In an unexpected stroke of good fortune Tsogo Sun won the other two — one licence was for a Nelspruit site and the other for a site in Witbank.

The selection of Tsogo Sun as the preferred finalist in Nelspruit and Witbank precipitated 25 formal objections. The Mpumalanga Gambling Board dealt with the objections and went ahead and issued the two licences to the Southern Sun-controlled company. But that was not to end Tsogo Sun's tussles.

Indeed, one year and three months later Tsogo has not been able to go ahead with its permanent casinos in that province because legal action by two unsuccessful licence contenders is still unresolved. Karos/Eskihehleni, an unsuccessful bidder for the Nelspruit licence, is behind the legal action relating to Tsogo Sun's Nelspruit casino, and Afrisun has taken legal action against the Secunda project.

The delay is not entirely bad news for Tsogo Sun, which until the legal wrangle is resolved cannot establish permanent facilities. This means it is saved the considerable expense of setting up permanent facilities but can continue to operate temporary casinos.

In Gauteng, there have been a number of threatened legal actions spinning from the Gambling and Betting Board's selection of licence holders. MoAfrika withdrew before its action got to court; City Urban Renewal Enterprises withdrew its action after the parties appeared in court.

SilverStar's action is tabled for December 1, but the board is keen to bring the date forward to create certainty for Rhino Ramada.

Industry sources say the absence of litigation against the board and the provincial government has more to do with concerns about the subsequent political fallout than satisfaction with the process. A number of concerned parties are attempting to motivate a commission of inquiry into the awarding of the six licences.

In Cape Town, the allegations of certain irregularities regarding one of the applicants for the Cape Metropole area, regarded as potentially the most lucrative licence in the country, is under investigation by the Office for Serious Economic Offences. According to an industry magazine, Gaming for Africa's infoline, the matter is expected to be dealt with speedily and a licence should be issued by December.

The recent resignation of four members of the Western Cape gambling board has required it appoint two new members, in something of a rush, to ensure a quorum.

And in the Northern Province, according to Gaming for Africa, the interdict against the Gambling Board was granted "on the basis that companies owned by certain board members were contracted and received payments of large sums of money to do evaluation on applicants for casino licences".

All in all, the undoubted winners in this so-far patchy process have indeed been the legal fraternity.

Death-bed letter implicates Kriel in R50-m bribe

Star 13/8/98 (292) (283)

By Roger Friedman
Cape Town

A dying man wrote a letter alleging that former Western Cape premier Hernus Kriel was offered a R50-million bribe to ensure that the Cape Metropole casino licence was awarded to a subsidiary of Sun International.

Kriel's lawyer laughed when he heard his client stood accused by a dead man, but the Office for Serious Economic Offences (OSEO) has confirmed that it is scrutinising the claims contained in the letter written by the terminally ill David Price.

Price, describing himself in the letter dated June 14 as an "ex-bookmaker and professional casino gambler", died on July 2. He had instructed an associate to release the letter to the OSEO, members of the media, government departments and political leaders after his death.

"By the time this letter reaches you I will be dead. My name is David Price, ex-bookmaker and professional gambler. I have always been an honourable gambling man living by a code of ethics which is fair play. I have instructed an associate to release this letter after my death as I did not wish to be questioned and labelled a telltale in the last days of my life. I am dying of an incurable disease. I believe that the following disclosures I am about to make are in the interest of justice," he wrote.

According to Price, two men, whose names lawyers recommended we did not publish, concluded a deal between themselves and Sun International for the purchase of Goodwood Showgrounds.

"A package deal of R100-million was offered to Sun International, which included the delivery of a casino licence for the Cape Metropole."

The letter continued that the property was transferred for R46,5-million. "The other R50-million will be paid to the Ex-Premier Hernus Kriel for making sure that SunWest will be awarded the Cape Metropole licence."

Price wrote that Kriel insisted on the appointment of a certain member of the Western Cape Gambling Board, to "ensure" SunWest was awarded the licence.

Kriel's lawyer, Jeff Malherbe, said he could not comment on the letter as he had not seen it.

A close associate of Kriel's told The Star that Kriel was waiting for the OSEO to complete its investigation. Thereafter, Kriel would sue ANC Western Cape leader Ebrahim Rasool for bringing the original allegation – involving a R1-million bribe – to public notice.

OSEO assistant director Tommy Prins said he was personally involved in conducting a preparatory investigation into matters arising from the casino licensing process.

"Our first source was not the letter from Price," he said. "In view of the seriousness of the allegation, we decided to institute a preparatory investigation."

Some of Price's former gaming associates this week expressed surprise that he would have penned such a letter. They described him as a "compulsive" and "addicted" casino gambler.

According to deeds office records, the Goodwood Showgrounds site was transferred in two pieces from the Western Province Agricultural Society to H Investments No 55 Pty Ltd in August 1994 and April 1995 for a total of R46,58-million. H Investments No 55 Pty Ltd subsequently changed its name to SunWest.

► Sun West's statement
Page 8

Six rivals in the running for SA lottery

Janet Parker (292) BD 13/8/98

SIX companies, including a few "surprise entrants", are in the running for SA's National Lottery — one of the world's last big lotteries up for grabs.

Two of the more surprising potential applicants to file expressions of interest were Virgin and International Growth Company, which industry insiders said was an "unknown name in gaming and lottery circles".

Ironically, while it had been speculated widely that Virgin would enter the race, Virgin's chairman Richard Branson, when visiting SA late last year, said his group was not interested in running SA's lottery, but wished to advise on how it should be done.

According to a list of potential bidders released by the trade and industry department, Pan Malaysian Pool Management SDN BHD, a Malaysian sports pool group, has notified the department of its intention to bid.

The remaining potential bidders are Lottoyethu, Morrealot trading as Moraba, and Rainbow Entertainment.

The department said although Ladbroke Holdings SA had purchased the request for proposals document inviting applications for the lottery, it had not submitted an expression of interest letter by the required date.

Lottoyethu is a 100% SA-owned consortium led by trade union-based investment vehicle Hosken Consolidated Investments and International Gaming Networks, the gaming and lotteries division of pay television group MIH Holdings. Its international supplier is Automated Wagering International, the world's second-largest supplier of lottery technology.

The Moraba consortium, also 100% SA owned, brings together Moribo Leisure, Real Africa Holdings, Union Alliance, Makana Trust, Ithuba Trust and the Association of Race Courses SA as stakeholders. Moraba has secured the exclusive contracts of international suppliers Scientific Games International and International Lottery and Totalizator Systems, and technology group ICL SA.

Rainbow Entertainment includes US-based lottery and gaming group GTech Holdings Corporation.

SA's national lottery has been estimated to be worth between R2bn and R6bn in annual revenues, 50% of which will be "good cause" money. Industry members said the competition for the operating contract would be stiff as SA's national lottery was one of the largest in the world still up for tender, after China and India.

Government is expected to announce the winner in January.

Six rivals in the running for SA lottery

Janet Parke (292) BD 13/8/98

SIX companies, including a few "surprise entrants", are in the running for SA's National Lottery — one of the world's last big lotteries up for grabs.

Two of the more surprising potential applicants to file expressions of interest were Virgin and International Growth Company, which industry insiders said was an "unknown name in gaming and lottery circles".

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Kriel to sue for R15m over bribe allegations

CT 14/8/97 (292)

ROGER FRIEDMAN

FORMER Western Cape premier and apartheid-era police minister Hernus Kriel has instructed his lawyer to sue the *Cape Times*, Western Cape ANC leader Ebrahim Rasool and the ANC for R5 million each, for defamation.

The proposed legal suit relates to allegations of bribery and corruption in the run-up to the awarding of a single, lucrative casino licence for the Cape Metropole. The allegations are presently the subject of a preparatory investigation by the Office for Serious Economic Offenses.

Lawyer Jeff Malherbe confirmed last night he had received instructions from Kriel to issue summons "in view of the continual spreading of defamatory reports against him".

Allegations that Kriel was under suspicion of accepting a R1m bribe to influence the casino licence process surfaced publicly at a press conference on July 23 called by the ANC and addressed by Rasool. Rasool called for a full investigation into the allegation.

LEGAL SUIT: Hernus Kriel is suing for defamation.

Then, yesterday, the *Cape Times* published a letter alleging that Kriel had been offered a R50m bribe to ensure that the Cape Metropole casino licence was awarded to Sun West, a subsidiary of Sun International.

The letter was written by the dying David Price — a self-described bookmaker and professional casino gambler — who instructed that it only be released after his death. He died on July 2.

Sun West dismissed Price's allegations as a pack of lies aimed to discredit its casino licence bid.

Malherbe said last night he could not comment on Price's letter because the matter had become sub judice the moment he received instructions to sue.

Rasool and the ANC are already being sued for R1 million each by Western Cape director-general Niel Barnard over Rasool's handling of the July 23 press conference.

Responding to Kriel's proposed legal suit, the *Cape Times* Editor Ryland Fisher said it was Kriel's "democratic right to take whatever legal action he wants to take".

Fisher said: "We stand by the stories we have published so far. We have published these stories as we believe they are in the public interest, and not because we are part of any campaign to defame Mr Kriel or anyone else."

Approached for comment, the Western Cape ANC said last night it had not received any official notification from Kriel or his lawyer.

The ANC said: "Mr Kriel has every right to resort to the courts. The ANC Western Cape will defend any action instituted by him. Our initial decision to make public allegations in order that they may be fully investigated was based on fulfilling our mandate as the official opposition in the legislature. This is both a moral and public responsibility we have. It was done in the public interest.

"Earlier this evening, our provincial executive committee reaffirmed its full support for the leadership collective and in particular our provincial chairperson, Ebrahim Rasool. The leadership was also mandated to intensify our campaign to bring to the fore all allegations of corruption so that they may be fully investigated. No one will stop us from playing the role of whistle-blowers."

Closure of illegal gambling outfits boosts Sun International

(292) BD 14/8/98

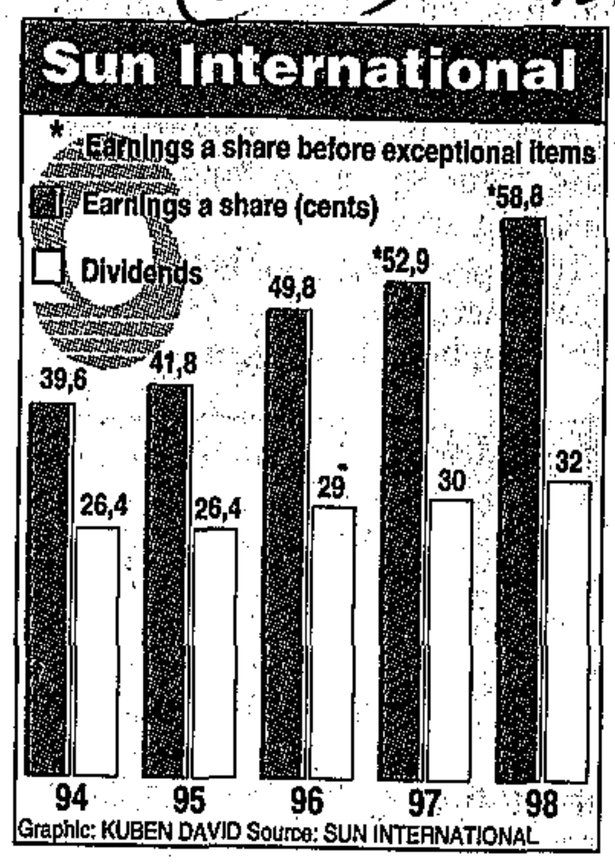
Janet Parker

GAMBLING and hospitality group Sun International SA (Sisa) lifted attributable earnings before exceptional items 11% to R465,3m for its full year to June, after increased revenues resulting from the closure of illegal gambling operations helped the bottom line.

The group said its earnings would "materially decline" in the coming year following Gauteng's phase one casinos opening, affecting Sisa's existing gambling operations in the North West province.

Disposal or closure of other of its gambling operations to reach compliance with the National Gaming Act and the prevailing difficult trading conditions in the hospitality industry would further affect future group earnings.

Share earnings before exceptional items increased 11% to 58,8c a share. Because of potential funding requirements for the development of new casinos, the directors would make a capitalisation award in lieu of a dividend, although shareholders could elect to receive a final cash dividend of 15,5c a share. The total dividend for the year rose 7% to 32c a share.



Analysts said yesterday the results under review were better than expected. However earnings were likely to decline 30% to 40%, given a "best case scenario". This would result if Sisa won a casino licence both in Cape Town and Durban to add to the licence already won in Gauteng, one analyst said yesterday.

Group revenue increased 12% to R2,6bn, and profit from operations rose 20% to R657,9m, reflecting a two percentage point increase in profit margins to 25%. Gambling and hospitality revenues increased 9% and 18% respectively, although excluding the Table Bay Hotel, the group posted a three percentage point decline in average room occupancies to 64%.

The group said that despite a disappointing 4% increase in overall revenues at its Sun City operation, the resort had achieved a small operating profit compared to the previous year's R40m loss.

Group interest income fell slightly to R27,6m (1997: R28,3m) and the tax bill increased to 38% to R182,3m after increased pretax earnings, reduced benefit of the tax equalisation reserve, as well as the lower secondary tax on companies charge owing to the proposed capitalisation award.

The directors said Sisa's agreement to dispose of five of its casinos and hotels to Moribo Investments, due to take effect from June 30, had been delayed.

Casino probe to target bank accounts

ARG 5/9/98 (292)

WILLEM STEENKAMP

Investigators sifting through the allegations of bribery and corruption surrounding the award of the Cape Town casino licence have called for details of at least 60 bank accounts.

Tommy Prins, of the Office for Serious Economic Offences (Oseo), told Saturday Argus that Oseo investigators visited Western Cape Premier Gerald Morkel this week to inform him of the development.

"We realise the financial implications of the allegations on the province and we informed the premier that the investigation was still continuing. No deadline can yet be set on the completion of the investigation," said Mr Prins.

"Currently we are busy with a preliminary investigation into the bribery allegations. We have called for the disclosure of at least 60 bank accounts and more are to follow. We are following a paper trail."

Allegations of bribery were initially levelled by Western Cape African National Congress leader Ebrahim Rasool against former premier Hernus Kriel and Western Cape director General Niel Barnard.

Dr Barnard is suing Mr Rasool for R2-million. Mr Kriel indicated that he would sue the Cape Times, SABC and others for a total of R15-million after they published allegations that he was offered a R50-million bribe.

The allegations were contained in a letter written by bookmaker David Price, who asked that the letter be publicised after his death. Mr Price died of AIDS on July 2.

After the letter was published, Saturday Argus was informed that three businessmen had allegedly guaranteed the delivery of the casino licence to any bidder prepared to buy the Cape Showgrounds.

The businessmen – a Cape Town lawyer, a Cape Town businessman who was involved in several controversial property deals, and a Johannesburg businessman – are well-known in local financial circles. The showgrounds were eventually bought by SunWest and sources said the men were given an option of a 10% shareholding in the company.

SunWest director Ian Douglas has strongly denied these allegations. He said that although the three men were offered a share option, it was not as high as 10% and that their interest had been declared to the Western Cape Gambling and Racing Board. He said the businessmen were reputable and the transaction was above board.

"As is common practice in the casino industry, the overall consideration for the Goodwood (Cape) showgrounds includes a payment based on the enhanced value of the land should SunWest obtain a casino licence.

"This consideration compares favourably with the land cost included in other casino bids," said Mr Douglas.

As far as can be established, the three businessmen have been asked to disclose their financial details to Oseo.

The original affidavit, in which allegations of bribery were made against top officials of the Western Cape government and which sparked the Oseo investigation, was apparently made by a man believed to be related by marriage to one of the three businessmen.

John van Breda of the Good Hope Agricultural Society, which sold the showgrounds in 1994, said the society had been approached by an agent who had introduced him to the three businessmen.

"The agent received a commission and we received a cheque of about R40-million.

"I do not know who paid the money. At no time was a casino licence mentioned to me," said Mr Van Breda.

Ex-unionist nominated to chair lotteries board

BD 25/9/98 (292)

Janet Parker

JOE Foster, a former trade unionist and African National Congress delegate to the National Council of Provinces, has been nominated to be the first chairman of the National Lotteries Board.

Foster was chosen by a parliamentary committee, which forwarded the decision to the National Assembly on Wednesday. The decision is expected to be approved and passed to Trade and Industry Minister Alec Erwin before it is announced.

The move is in line with a statement made earlier this week by Ajay Sooklal, the trade and industry department's director of gambling and lotteries, who said the makeup of the board would be announced next week.

Other candidates for the post of chairman included former olympic bid company chairman Chris Ball, Cape Town attorney Joe Verster and labour expert Nic Wiehahn.

The final request for proposals document, inviting applications to run the lottery, still have to be ratified by the new board and it is expected to be released next week, formally setting the lottery tender process in motion.

According to government's initial schedule, applications were to be handed in by October 9. However, Sooklal said the new board was likely to announce a postponement to a date in late November.

Industry sources expect this to push out the board's decision on the winning applicant to about March, meaning the lottery should be up and running in the third quarter of next year.

Six bidders are expected to apply to run the national lottery, control of which will be split between the successful private operator, the post office and government's national empowerment fund on an 80:15:5 basis.

The potential bidders include the Moribo Leisure-led Moraba consortium; the Lottoyethu consortium incorporating Hosken Consolidated Investments and MIH Holdings; Rainbow Entertainment with international group GTech; Virgin; Pan Malaysian Pool Management, and International Growth Company.

Gauteng gaming set in motion

Sowetan 2/10/98 (292)

By Sowetan Business Reporter

GAUTENG gaming was set in motion yesterday with the opening of a temporary casino and the launch of another.

Tsogo Sun opened its R200 million temporary casino at the MTN's Sundome in Randburg.

Across town at Nasrec, the Akani consortium officially launched its multimillion rand temporary casino at the Expo Centre. It will officially open in November.

Work at Tsogo's temporary casino, which is housed in the basement of the dome, started immediately after the company was awarded one of the six casino licences by the Gauteng Gambling and Betting Board early this year.

The MTN Sundome at Northgate Shopping Centre will house the casino for 29 months while the R1,943 billion Montecasino Entertainment World in Fourways is under construction.

This licence is the third to be awarded to Tsogo Sun, a 50–50 partnership between Southern Sun and Tsogo Investments. Southern Sun Gaming Investments is a subsidiary of Southern, which in turn is owned by South African Breweries.

Tsogo Sun comprises the National African Federated Chamber of Commerce and Industry, the Foundation for African Business and Consumer Services, the National Council of Trade Unions and the South African Clothing and Textile Workers Union. Tsogo also has individual shareholders.

As part of the empowerment drive, 70 percent of employees at the dome will come from disadvantaged local communities and 30 percent of new recruits will be previously unemployed. The company also enjoys a management agreement with MGM Grand, a Las Vegas–based world class gaming company.

Tsogo has two casino licences in Mpumalanga. The company is also targeting other licences in the Western Cape, Eastern Cape and Free State.

The 24–hour Sundome casino will have 1 700 slot machines and 50 tables, a food court, accessible parking, a dynamic all-purpose indoor exhibition and entertainment centre.

Speaking at the launch of Akani, chairman Reuel Khoza said the project will put his consortium ahead of the pack in the industry.

Khoza said 483 jobs have been created in the operation. He said work on Akani's permanent casino will start soon and this will be completed towards the end of next year.

The Akani consortium includes the Krok brothers, Coordinated Network Investments, Siphumelele Investments, Black Management Forum, G7 Investment Holdings, Youth Investment Network, Prime Portfolio Investments, Xau Women's Investment and Young Christian Association.

Now labour row rocks casino panel

ARG 5/10/98 (292)

ANDREA WEISS
POLITICAL REPORTER

An unsuccessful gambling board applicant has declared a labour dispute with the province in the latest twist in the troubled saga of attempts to award casino licences in the Western Cape.

This follows the appointment last week of Johannes Hamilton of Worcester as the fifth member of the Western Cape Gambling and Racing Board, which will give it a quorum to resume its work.

The board has been unable to consider applications for gambling licences because it has been without a quorum for two months.

Although the process appeared to be back on track when Dr Hamilton was appointed, applicant Derrick Apollis lodged a complaint with Premier Gerald Morkel, objecting to the appointment on the grounds that it was in breach of the Labour Relations Act.

Mr Apollis, a deputy director of labour relations in the provincial administration, was nominated by a provincial standing committee as a candidate, but the cabinet refused to ratify his appointment.

He said he had handed the matter to his lawyer and was considering applying for an interdict on the grounds that he was better qualified for the job.

Mr Apollis said he had been co-opted back on to the board after his 18-month term lapsed, had been sent on a R162 000 training programme in Las Vegas and attended world conferences on gambling.

Until a fortnight ago, he was being sent all information pertaining to the board.

He said he regarded himself as better equipped to serve on the board, and by not reappointing him the province was throwing taxpayers' money down the drain.

Board members are paid R2 000 a meeting and R250 an hour for reading.

Gambling Minister Patrick McKenzie said he did not believe the dispute with Mr Apollis would further delay the process of awarding a licence.

He said he was pleased that Dr Hamilton had been appointed because he came from a comparatively rural area and he also had a background in psychology.

Mr McKenzie added that all applicants had been subjected to intense scrutiny and had been interviewed thoroughly.

■ The Office for Serious Economic Offences has appointed an accountant in its probe

To page 3

New roll in gambling board saga

From page 1

of allegations of gambling corruption in the Western Cape, in what appears to be a deepening of its investigation.

Oseo's Tommy Prins said the accountant would look into bank accounts and other financial details, but he would not say whether they had decided if there were sufficient grounds for a criminal prosecution.

Board chairman Derek Auret said that now the board had a quorum it could resume its work. The first priority would be to inform the licence applicants of what was happening.

He said he believed it was still possible to award a licence before the end of the year.

Of the delays, Mr Auret said: "This is not something that we take any pleasure in."

The board is due to meet again on Wednesday. Among the issues it is likely to consider is whether to proceed with awarding the metropolitan licence, or whether to award the first of the rural licences.

These are not affected by the investigation into corruption being

SA film industry 'needs cash boost'

(292) Sowetan 5/10/98

Sowetan Business Reporter

THE South African film industry has the potential to increase the number of people it currently employs by between 10 and 20 percent if much-needed support is injected into the industry.

The Southern African International Film and Television Market (Sithengi) chair Shaun Moodley says the Government can help the industry by granting a once-off lump sum to help rekindle the industry. Moodley says the industry is not an open bowl waiting to be fed with funds but an industry that can play a competitive role.

Films 2 People producer Indra de Lanerolle says the local industry, with its "parochial" outlook, collapsed at the beginning of the 1990s. The industry had "nosedived" because it was no longer profitable and was also faced with globalisation.

Top film and television directors, producers and financiers will descend on the Cape metropolitan area from November 13 to 20 for Sithengi 1998, the third annual Southern African International Film and Television Market, which will be held at the new studios at the Cape Town Waterfront.

A number of officials from the Ministries of Trade and Industry, Arts, Culture Science and Technology, and Broadcasting will address a one-day film finance and investment workshop that will be held on November 16 at Sasani Studios.

According to the organisers of Sithengi 1998 the main objective of the workshop, sponsored by the Cape metropolitan area which has contributed R200 000, is to explore private-sector and public-sector investment opportunities in the film and broadcasting industry.

Finance Ministry Director-General Maria Ramos will address the workshop on The Macro Economic Framework of Film Industry Investments: An examination of the current legal and taxation environment.

Also in attendance will be representatives from merchant banks, finance houses and investment companies and foreign missions.

Neglect of priceless art collection a scandal

(292) ARG. 6/10/98

'Gem of a museum' may be forced to close as public funding dries up

The theft of a painting from the National Gallery at the weekend highlights the risks under-funded cultural institutions face when their budgets barely provide for even basic security. The Michaelis Collection in the Old Town House on Greenmarket Square is in a similar predicament. Special Writer **MICHAEL MORRIS** reports

Among Hans Fransen's charges is a woman with whom it is fair to say he is intimate. Oddly enough, he doesn't actually know who she is.

He talks of her – her dignity, poise, a certain unblushing candour – with a lover's unreasonable affection. And so he might. Not only is the subject of his attentions a masterwork by Frans Hals, a rare possession for any world-class gallery, but – for want of sufficient public funding – a painting prone to more risks than it deserves.

As director of the Michaelis Collection in the Old Town House in Greenmarket Square, Dr Fransen presides over a priceless cultural asset which, if it is not quite in decline, certainly suffers neglect.

The Hals portrait of an unnamed woman is the most valuable item of the collection's 100 major pieces.

The whole collection, which includes hundreds of drawings and etchings, several by Rembrandt and Van Dyck, is worth a fortune.

But the annual grant is a pitiful R372 000 – as at the National Gallery, salaries account for the bulk of it – and the institution is all but ignored by the Department of Arts, Culture, Science and Technology. "It is," Dr Fransen says frankly, "a scandal.

"The Michaelis Collection has always been only modestly funded, but was, for most of its existence, able to add to its core collection and look after its physical well-being. For almost 10 years now, however, the state allocation has remained static in rand terms, amounting, due to inflation, to an effective 60% cut in its funds.

"The marginalisation of the Michaelis Collection is further symbolised by a total absence of interest from the Department of Arts, Culture, Science and Technology.

"Our gem of a museum, visited annually by tens of thousands of foreign tourists, has – despite repeated invitations – never had a courtesy visit from the minster, his deputy or indeed the previous minister or deputy or from the director-general and his deputies.

"Nor has the Department of Public Works shown any interest, for a number of years now, in a building nominally under its care.

"Despite its energetic cultural programme – visiting exhibitions, concerts, lectures – the state of the collection and its lighting, its physical environment and its building have become an embarrassment."

The Michaelis's home is a grand presence in a lively part of town. Inside, many of the pale, faintly imploring faces of the Dutch and Flemish masters' portraits peer out dimly from ill-lit walls.

Dr Fransen says of the poor lighting: "I have had visitors say: 'This is a lovely collection ... it's just a pity you can't see it.' Some of the paintings you can hardly make out."

In some cases, this is because they are in need of restoration, for which there is a backlog. This is not surprising, given that the restoration of a single Ruisdael cost R10 000.

Private fundraising has "done little more than enable the museum to forestall its now inevitable bankruptcy". "Reserve funds are now sufficient for only one more year of shortfalls. No further cuts being possible, the closure of one of the city centre's chief cultural assets now seems a distinct possibility," says Dr Fransen.

Politically, one might say, the collection is at a disadvantage in being not merely "eurocentric", but in having been established in 1914 by Rand baron Max Michaelis as a post-Union gesture of reconciliation between English and Afrikaans-speaking South Africans.

Even if that were a "sin", the work itself will always offer generations to come first-hand experience of one of the most highly regarded international schools of art. And anyway, beyond that, the gallery has become much more than merely a home for old, white men's paintings.

An engaging programme of exhibitions, concerts and lectures, and the opening of a small restaurant and tea garden, has turned the historic 1755 town hall building into a real cultural amenity.

Even bookkeepers would see the rands-and-cents value of that. When Dr Fransen became director in 1990, there were about 13 000 visitors a year. Today, the tally is approaching 50 000 a year. That the collection has been "put on the map" is a source of gratification to Dr Fransen.

What worries him is how, without better funding, he or anyone else will preserve a priceless collection.

Sowetan
BUSINESS

Real power is economic

'Gaming board to indemnify itself'

(292)

By Shadrack Mashalaba

THE National Gaming Board says it will try find ways to prevent future court actions being lodged against the provincial gambling boards by casino bidders.

Addressing the 1998 Managers' Forum for Gaming & Gambling conference in Johannesburg yesterday, National Gambling Board chairman Chris Fismer said an audit procedure would need to be put in place to see whether the provincial boards have carried out their obligations.

Fismer expressed concern at the growing number of court actions being brought against provincial gambling boards.

The provincial gambling boards have constantly been served court interdicts as casino bidders accuse them of various irregularities, including mismanagement.

The latest incident took place in Northern Province where Hunters Entertainment Centre and the Great North Resort applied for court interdicts charging irregularities in the process of nominating the shortlisted consortium.

This led to a raid of the Northern Province Casino and Gaming Board by the Office for Serious Economic Offences last Friday.

During the raid the police unit confiscated documents related to licencing.

Expressed dissatisfaction

"While litigation cannot be avoided, it has developed to a situation where the credibility of the industry is threatened," warned Fismer.

In Gauteng and Mpumalanga there were also cases of litigation against the respective boards where some of the applicants expressed their dissatisfaction about the process of awarding of licences.

Western Cape casino companies also alleged that a member of the board had received a bribe.

The National Gaming Board recommended that no more than 50 000 slot machines be allowed outside South Africa's 40 permitted casinos.

The board, in a report undertaken by a multidisciplinary team of academics advised by international experts, recommended that limited payout machines accept bets of not more than R5. The jackpot payout on these machines should not exceed R500.

Fismer said the report was the first step towards legalising South Africa's potential R3 billion slot machine industry.

The board meets again on November 6, after which policy proposals will be submitted for consideration by the minister of trade and industry.

According to Fismer, 1998 was the year of implementation. The challenge was to develop an independent research regime which would help maximise of benefits while at the same time minimising dangers in the industry.

"In the next coming two years or so we hope to review legislation in provinces to bring about uniformity," he said.

Sowetan 21/10/98

Rocky patch for Northern gaming industry

(292) CP 25/10/98

By HANGWANI MULAUDZI

NORTHERN Province's gaming industry has hit a rocky patch before opening for business which is already three months late.

The delay follows a High Court ruling last month that the announcement of successful applications for licences in the province be suspended pending a judicial investigation.

Last Friday the Office for Serious Economic Offences (OSEO) raided the Casino and Gaming Board's offices in Pietersburg after a board official apparently leaked confidential information to the media alleging, among other things, irregularities in granting licences to prospective casino owners.

The raid by the Pretoria-based OSEO special team, which seized documents related to the casino licence application process, followed sworn statements last week to the OSEO by Charles Gericke, head of the board's law enforcement section.

Also last Friday two casino licence applicants Hunters Entertainment and Great North Resorts served the board with two High Court interdicts to prevent the board announcing successful applications.

But the results were not announced because of a number of problems and technicalities regarding a number of applicants.

The two applicants, seeking High Court relief, claimed that board member and well-known businessman Junious Lekgetha has interests in a financial services firm and this would result in a conflict of interests.

Another board member Josia Tsanwani, is alleged to have been with Lekgetha at a board meeting which awarded contracts to their companies as consultants.

The two applicants also claimed in their papers that the two members (Lekgetha and Tsanwani) were paid R1,7 million for consultation services rendered to the board.

At a press conference this week in Pietersburg, board chairman Lazarus Mahlangu would not be drawn to discuss the allegations involving Lekgetha and Tsanwani.

However, Mahlangu said board members were aware of the fact that Lekgetha and Tsanwani had consulting firms when they were appointed to the board last year.

Mahlangu said when applications for consulting firms to the board were considered last year Lekgetha and Ntsanwani recused themselves from the meeting which appointed their firms as board consultants.

"I am not aware of any circumstances relating to any board member that may conflict with the proper performance of his or her duties as a member of the board," said Mahlangu.

millions down the drain

Casino licence delay costs bidders and province a fortune

ST(CM) 25/10/98

MARCIA KLEIN (292)

THE delay in the issuing of casino licences in the Western Cape is costing increasingly impatient bidders and the province millions of rands a day.

Despite assurances by the Western Cape MEC for local government and gambling, Patrick McKenzie, that the first licence will be issued before the end of the year — barring anything unforeseen — applicants believe the plum licence for greater Cape Town (Metropole) is unlikely to be awarded before an investigation into allegations of bribery is wound up.

But the investigation, which is being conducted by the Office for Serious Economic Offences, could take years.

Hardest hit by the delay are the smaller operators who have bid for licences in outlying areas. Some do not have huge financial resources to absorb the mounting costs involved in playing a wait-and-see game. Some of the bigger companies could have spent up to R50-million each to date, excluding income lost because of the delay.

There are nine applicants for the five licences available in the province.

The five applicants for the one licence in greater Cape Town are:

- Milnerton, Stocks Hotels and Resort Holdings;
- Century City, Tsogo Sun;
- Goodwood, SunWest; and
- Two bids at the Foreshore by Culemborg Metropole Casino and Akani Fairest Cape.

The applicants for the four remaining licences are:

- Mossel Bay, Pinnacle;
- George, Akani;
- Overberg: Caledon Casino Bid Company; and
- Langebaan: Club Mykonos.

It was originally expected that the first licence would be issued in August, but now the applicants, who each paid the province a non-refundable R1-million application fee, are expecting a six-month delay, at best. It is estimated that the applicants for the greater Cape Town licence are incurring costs of close to R1-million a month.

The casinos were expected to generate a total revenue of about R400-million in the first year and more after that.

It was agreed that whoever won the greater Cape Town licence would pay a R135-million fee, so interest on this money is being lost to the province. It was expected that this money would be used for an international convention centre, and the tourism consultancy arm of Grant Thornton Kessel Feinstein estimates that about R1,8-million a day in revenue from an international convention centre is being lost.

McKenzie remained positive. "We are pleased with how the process is developing," he said.

"We met with each company two to three weeks ago."

He said the portfolio committee would by Thursday complete the interviewing of candidates for the two posts on the board which were left open by two members who resigned at the time of the corruption allegation.

"If all goes well we will submit names on November 4, and if cabinet accepts, we will have a full complement soon thereafter."

McKenzie said it was important for the greater Cape Town licence "that when we begin to interview applicants, we have a full board to do this".

"I don't see any reason, with the information I have, why we should not, by the end of this year or very early next year, issue the first licence."

It was not necessarily true that the greater Cape Town licence would be issued last. "Obviously the easiest licences are those outside, but although there is often one applicant in an area, it is not automatic that they will get it."

The bidders are less patient.

Chris Drummond, chairman of Pinnacle Point Casino, which has bid for Mossel Bay, said bidders had incurred huge costs, "not only in the capital sums expected in the bid process, but also professional fees and financial commitments in terms of property".

"We are expecting a minimum delay of five months — the loss of interest is massive, and there is also the loss of revenue to government and provincial authorities."

Tsogo Sun Western Cape chairman Jabu Mabuza said the delay was regrettable, but he recognised the need for the process to retain its integrity.

"We are losing money. We are holding land, and a lot of people are standing by. The more it is delayed the more job creation and taxation is delayed. In this industry there are long lead times and this puts pressure on our resources."

SunWest executive director Ian Douglas said he was upset about the delay. He said the bribery allegations, which implicate SunWest, were "strenuously denied".

Kriel probe drags on

THE preliminary investigation into a claim that former Western Cape premier Hernus Kriel accepted a R1-million bribe from a casino bidder is still under way after three months, writes **KEN VERNON.**

The Cape head of the Office for Serious Economic Offences, Tommy Prins, this week refused to put a time limit on the probe — first expected to take two weeks. Kriel was accused in an anonymous letter to the Gauteng Gambling and Racing Board early this year.

It later emerged that the bribe was alleged to have been paid by casino applicant SunWest, and that the author of the letter had since died.

Prins said more experts had joined the probe and bank records had been subpoenaed. "It is a time-consuming, arduous business. I have to be thorough."

CAPE TIMES
★ WEDNESDAY, NOVEMBER 4, 1998

PROBE INTO RESIGNATIONS URGED

New crisis for gambling board

(292) CT 4/11/98

PROVINCIAL gambling board chief Derek Auret said yesterday he was alarmed that his integrity was the subject of whispering in the provincial building. **ROGER FRIEDMAN** reports.

THE Western Cape Gambling and Racing Board has been plunged into a fresh crisis with the revelation that two board members who resigned four months ago did so out of concern over the way in which the board was being managed.

Gerrie Steenkamp and Blum Khan resigned in July shortly before the Office for Serious Economic Offences (Oseo) began a preparatory probe into alleged impropriety in the casino licence bidding process.

Among others, Oseo is probing former premier Hernus Kriel, who threatened to sue the *Cape Times* for R5 million after the newspaper published a letter from the grave claiming he had been offered a R50m bribe. The letter, written by a dying bookmaker and released after his death, also implicated a member of the board.

Local Government and Gambling Minister Patrick McKenzie told a meeting of the standing committee on agriculture, environmental affairs, tourism and gambling last month that Steenkamp and Khan resigned because of pressure of work, and not over concerns about the functioning of the board.

But the ANC believes that McKenzie was trying to gloss over serious problems in the board in a bid to steamroll the award of at least some gambling licences this year. The ANC wrote a letter to premier Gerald Morkel last week, urging him to establish an ad hoc select committee to investigate whether McKenzie deliberately misled the standing committee on the circumstances of the resignations.

McKenzie was unavailable for comment yesterday, and did not return the call by the *Cape Times* as promised by his private secretary.

Steenkamp and Khan's resignations compounded the September 1997 resignation of board member Mandla Tshabalala, due to a conflict of interest, and the expiry of board member Derrick Apollis' contract in February this year. The effect of the four departures was that the seven-member board lost its quorum, thus delaying the award of casino licenses scheduled for August.

The delay has had serious financial implications for the province. Not only was R130m in tax revenue from gambling included in this year's budget, but the board has had to approach the province for an extra R6m — on top of the R4m already allocated for this year — to cover operating expenses.

After members of the board met members of the provincial standing committee on finance yesterday, ANC gambling spokesperson Yusuf Gabru said his party feared there was "something fundamentally wrong" with the board. He called for a probe to determine whether it was not necessary for the board to be totally reconstituted.

"We all know about the Oseo investigation, which is ongoing. This relates to alleged corruption and we know that they have been interviewing board members. The matter of Steenkamp and Khan's resignations should not be regarded as entirely separate because they relate to the manner in which the board is run," Gabru said.

"Because the stakes are so high, it is clear that if the board is not perceived to be functioning properly the entire process will be subject to litigation, which will further delay the process. The ANC says the process must be open and transparent, and should function in such a way that there will be no suspicions afterwards," Gabru said.

The board told the finance committee yesterday it hoped to award two or three regional licenses (outside the Cape Metropole) by December. It was in the final stages of considering three licensing applications from the South Coast region, one from the West Coast and one from the Overberg.

McKenzie is apparently planning to announce today the names of two new board members, whose appointments will bring the board up to full complement.

Auret said yesterday he had "great difficulty" responding to questions about Steenkamp and Khan's resignations, because he did not know if he was allowed to comment under the law.

But board deputy chairperson Mercia Isaacs conceded: "There was unhappiness about things that were happening on the board. I don't know if I am allowed to say that, but I feel I cannot just sit here."

According to the ANC's letter to Morkel requesting that McKenzie be investigated, both Khan and Steenkamp resigned because they were uncomfortable over the way in which the board was governed, the way decisions were taken, the way in which a casino application from George was handled, and Auret's "dictatorial attitude".

"The ANC believes that Mr McKenzie deliberately misled the standing committee to conceal the fact that there is something fundamentally wrong in the gambling board," the ANC told Morkel.

It emerged that the board had established a sub-committee of its own — consisting of board members John Hamilton and Nico Hofmeyr — "to try and establish on a balance of probabilities whether the rumours (of impropriety) are sustainable or should be rejected", Hofmeyr said.

Auret said that members of the board had been subjected twice to vigorous financial scrutiny. "If you look at those reports, you will see they went back into our records from A-Z without any problems."

He added: "Allegations have been made which I frankly find surprising and alarming in respect of me personally, and that is unacceptable. There has been a lot of rumour-mongering and people have accepted this as the truth. Nobody has ever approached me."

Heath unit probes gambling licences

Star 20/11/98 (292)

By Ryan Cresswell

'Preliminary investigation' looks into allegations of impropriety

The Heath Special Investigation Unit has started a "preliminary investigation" into the circumstances surrounding the Gauteng Gambling and Betting Board's granting of casino licences last year.

The investigations could result in a comprehensive probe into alleged irregularities, including kick-backs, during the bidding process.

Guy Rich, personal assistant to unit head Judge Willem Heath, said the investigation would try to determine whether allegations made by various parties could be substantiated and if the issue fell into the ambit of the agency.

"We will have to look at the possibility of state losses. A substantial amount of money could be involved," he said.

Rich made it clear that the unit would gear up to a full, proclaimed investigation only if detectives and legal representatives at the unit were sure of their case.

He said applicants, as well as board members, could be investigated.

After six licences were awarded, members of the Gauteng legislature's finance and economic affairs standing committee raised questions about the board's awarding of casinos to certain operators.

Meanwhile, SilverStar Development has instituted legal action against the chairperson of the Gauteng Gambling Board, the MEC for finance and economic affairs, and the Rhino Hotel and Resort.

Both MoAfrika and City Urban Renewal Enterprises started legal proceedings but later withdrew.

Ron Spies, a director of City Urban Renewal Enterprises, said yesterday he had been "amazed" that his group did not receive a casino licence, because the group's aim was to revitalise Johannesburg's city centre.

"Tsogo got it, and Fourways is as far away from a deprived area as you can get in the southern hemisphere," he added.

But Jacques Booysen, chief executive officer of the gambling board, said he was not aware of a preliminary investigation by the Heath unit.

"We will have to speak to the unit. The board has given full reasons for its decisions. It was all open and transparent," said Booysen.

Casinos could net R1,5 bn in investments in E Cape

(292)

By QUENTIN WRAY.

MORE than R1,5 billion in new fixed investment could flow into the Eastern Cape when the province's five casino licences are granted on May 19 next year.

Officials also said that a study showed that building a casino in Port Elizabeth would create 3 200 construction jobs and 1 700 full-time posts afterwards.

Eastern Cape Gambling and Betting Board chairman Vuyo Poswa, who came up with the figure of R1,5 billion, said "thousands" of jobs would be created in the construction phase and in running the casinos.

Many more jobs would flow to downstream businesses.

However, he said, the scale of the investment depended on who won the licences.

He said there were 12 bidders in the running and they had expressed interest in all zones except for Zone 4 which covered Umtata and its surroundings.

If licences were allocated to Port Elizabeth and East London, fixed investments of more than R500 million would be made in each of the province's two cities.

Successful applicants had to furnish guarantees that they had enough financial backing.

Gambling Board CEO Mac Gantsho said a study commissioned by the board had shown that if a casino were to be built in Port Elizabeth, 3 200 jobs would be created in the construction phase.

There would also be 1 700 full-time posts created. This excluded jobs in downstream and support industries.

When asked about the effect that losing casino licences would have on communities near the Fish River, Amatola, Wild Coast and Mdantsane Sun hotels, Poswa said there would "obviously be job losses".

All casino licences expire on May 10.

However, he said job losses would be absorbed by the new casinos and the number of jobs lost would be exceeded by those created.

He said people must not be "sentimental" when looking at job losses in poor rural areas.

He said the board had to serve the "broad interests of the Eastern Cape and not just those of one community".

Poswa said the 12 interested parties had until Monday to hand in their request for proposal forms.

The board would then inspect the proposed premises for the casinos and send copies of applications to affected local authorites.

Interested parties had until January 21 to object to the proposals.

Objections had to be forwarded to the applicants within a week and responded to by February 22.

He said public hearings would be held in the last week of March and the board had to complete all its investigations by April 6.

Successful applicants were to be notified on April 19 and the licences would be awarded by May 19.

Applicants had two years to get the casinos up and running in terms of their proposals. – ECN Business

CP 6/12/98

Creative job creation

(292) 2 (

The Government has identified the arts and entertainment industry as the next growth point for employment and investment, writes **Sharon Chetty**

Sowetan 11/12/98

THE ARTS and culture industry in South Africa is being redirected towards making the sector contribute more to job creation.

This week a strategic plan – which will enable the crafts, film, television, music and the publishing industries to become more commercial – was made public by the Ministry of Arts, Culture, Science and Technology.

According to Deputy Minister Brigitte Mabandla, growing global trends show that the arts will be among the main creators of jobs and wealth in the early part of the next century.

The most significant part of the new strategy, she says, is that the economic impact of the industry is being focussed on.

But she reassures: "We will be organising the arts and culture industry properly without losing aesthetic values."

The reorientation is happening while there are already concerns about globalisation and its impact on national culture, a factor people here are well aware of, she says.

"There are fears that countries are losing their uniqueness, that cultures are under threat.

"But there is also the opportunity to use the arts and culture of a society for broader purposes ... the fears about globalisation are well known and therefore will not be ignored.

"We do not want our uniqueness to get lost in the global scheme of things. At the same time, we are also saying that we can use what's special about us to promote South Africa further."

Mabandla says that debate about more local content on radio stations and a move towards local productions shows that already there's a "need to promote and enjoy our own productions".

At least three international conferences in the past year have examined the relationship between culture, heritage and development, she says.

According to the last census, the craft and related trades sector employs 1,2 million people. The local music industry is worth more than R900 million and employs more than 12 000, while there is work for more than 20 000 in the film sector, which is worth R1,3 billion.

The publishing industry employs over 20 000 and is worth an estimated R4 billion.

There is the potential to make these industries expand further and through the trickle-down effect absorb more people in gainful employment.

The policy has been worked on for more than a year and all interested parties had their say. Public hearings were also held in the different provinces to ensure broad consultation.

While the focus is on the arts and culture industries, allied sectors like science and technology will play a vital part, she says. An example would be the development of materials for the crafts industry.

Deputy Minister Brigitte Mabandla says that arts and culture can make a big difference to the economy.

Now that the study has been launched, there will be a parallel process of ensuring the industries carry out some of the recommendations and Government is expected to play a supportive role.

"This will be an ongoing process ... in a few years we'll be able to review and modify our plans."

The industries have been evaluated and their strengths outweigh their weaknesses, she says.

Already existing infrastructure is definitely an advantage. There is also "substantial natural talent" in this country that just needs to be nurtured and supported, she says.

Another plus factor is that the international drive towards harnessing the cultural industry for development has just started, which means that South Africa can use this to its advantage.

On the downside, South Africa would have to improve on its productions to be able to compete globally.

The Government also needs to do more to ensure an environment conducive to creativity. Certain impediments, like the fact that there is no legal framework for the protection of musicians as creators, need to be removed, says Mabandla.

Training facilities will also be looked at and among the plans is a state-sponsored film school that will provide international standard tuition.

"Government has to create the environment that lets talent grow. We will have to put in the seed money in projects and let them develop into something more."

However, there will have to be "a concerted effort" in several areas of Government and the private sector in order for the plan to work, she admits.

As a start the education curriculum will have to be more sensitive towards the arts and culture, and nurture young talent. The tourism industry would "naturally" have to work more closely with the different sectors as it would provide the international exposure.

"Like there are design schools for people to learn certain skills, we will have to have the facilities that will encourage the development of other creative talents."

Mabandla uses an example from nature to emphasise her point. "In agriculture there is no endless supply of water, but we need it to survive. The technicians have to dig deep and look far to find the water.

"Similarly, there is a lot of natural talent that is vital for our nation. We have to be able to use that as best we can," she says.

Arts and culture has always been the "stepson and stepdaughter" of the Government and is seldom seen as very important, she says.

Finally, "people are waking up to the fact that it is a vital area and far more important to the economy".

SS - ENTERTAINMENT GENERAL

1999

Urgent meeting over bribery allegations

Sowetan 5/1/99 (292)

By Shadrack Mashalaba

THE Heath Special Investigating Unit is to hold an urgent meeting this month with Gauteng Premier Mathole Motshekga following allegations of bribery in the allocation of casino licences in the province.

Speaking to *Sowetan* yesterday, Judge Willem Heath confirmed that the unit would be meeting the premier at his office on January 17.

Heath also confirmed that the unit had received a complaint alleging bribery.

He said the meeting with Motshekga would discuss the bribery claims that have been lodged by parties. "Their identity cannot be disclosed at this stage," he said.

He said depending on the outcome of the meeting with the Premier, the matter would be referred to the office of President Nelson Mandela. It would issue a proclamation to give the unit the powers to go ahead to investigate the case.

The investigation is expected to "open a can of worms" that will result in a long legal battle.

Casino licences

The awarding of casino licences in Gauteng and other provinces was characterised by litigation which threatened to derail the process.

Gauteng completed the process of allocating its six casino licences last year.

The licences were awarded to Akani Egoli (Nasrec), Global Resorts East Rand (Kempton Park), Afrisun (Brakpan), Tsogo Sun (Fourways), Emfuleni Safari Resort (Vaal) and Rhino Hotel and Resort (West Rand).

Sowetan has learnt from sources who prefer to remain anonymous that some members of the Gauteng Gambling and Betting Board had been approached by applicants who offered them bribes.

The sources also allege that some members of the board had, among other things, received cellphones.

The Heath unit was appointed in terms of Act No 74 of 1996 to investigate serious maladministration, corruption, fraud and other matters emanating there from in connection with the administration of state institutions, state assets and public money, and to institute civil proceedings arising from such investigations.

Gauteng casinos welcome probe into licences

(292)

Sowetan 7/1/99

By Shadrack Mashalaba

SUCCESSFUL Gauteng casino consortia have welcomed investigations by the Heath Investigating Unit into allegations of bribery in the allocation of licences in the province.

Judge Willem Heath confirmed this week that his unit had received a complaint from an "undisclosed person", alleging that bribery had played a role in the awarding of licences.

Heath is expected to hold a meeting with Gauteng Premier Mathole Motshekga this month at which the allegations will be discussed.

Global Resorts chief executive Mr Ernie Joubert said he had heard rumours about bribery.

Joubert said Global Resorts had not received any communique from either the Heath Unit or provincial government about the latest developments.

He denied any suggestions of bribery and said his company was committed to opening its books to anyone as it had nothing to hide.

"If such action existed it did not come from our company. We did not meet any government or board official, nor lobby them. Ours was the best bid and package and it won us the licence," he said.

Chairman of Ramada Rhino Hotel and Resort Mr Tso Modise said his consortium would have no problem being investigated by the Heath Unit.

Modise said his company won the licence because of its impeccable presentation to the Gauteng Gambling and Betting Board.

"Our presentation was worth putting forward. We are prepared to open every document for investigation, we are even prepared to re-do our presentation if we have to," said Modise.

Wouldn't comment

Stocks Leisure Holdings managing director Mr Bruno Corte, whose consortium made an unsuccessful bid, would not comment on the bribery allegations.

He said Stocks Leisure would wait for the outcome of the meeting between Heath and Motshekga.

The six consortia awarded licences were Akani Egoli, Global Resorts, Afrisun, Tsogo Sun, Emfuleni Safari Resort and Rhino Hotel and Resort.

Empowerment groups vie for lottery licence

(292) ST(BT) 24/1/99

BIDDING RACE

By SHERILEE BRIDGE

THE race is on for SA's first licence to operate the national lottery, which is expected to rank among the 20 largest in the world.

Ajay Sookal, the Department of Trade and Industry's director of gambling and lotteries, confirmed on Friday that three black empowerment consortiums are in the running for the licence, expected to generate sales of between R3-billion and R6-billion a year.

Bids were received from LottoYethu, a wholly-owned SA consortium, driven by union investment vehicle Hosken Consolidated Investments and International Gaming Networks, the gaming and lotteries arm of Multichoice; Moraba Consortium, another solely SA-owned group, driven by Moribo Leisure; and Uthingo with its 70% local ownership and 30% international partnerships.

Expected to be awarded by May this year, the licence will be granted initially for five years, with the potential to extend it in annual increments to a maximum of eight years.

It is proposed to launch in October, perhaps starting only with the instant scratch-card lottery to be followed by more infrastructure-intensive games.

It is expected that the winning bidder will have to invest up to R1-billion in setting up a lottery infrastructure, including a retail network of 3 000 to 10 000 terminals.

Because of the sheer scale of the project, and its risk of falling foul to operator exploitation, the department has decided to follow a model similar to the one used in the UK.

The UK National Lottery has been a phenomenal success. In its first year, it paid R215-billion in prizes and R98.2-billion to good causes.

It took five years to come up with a formula that balanced the profitability of a lottery with Britain's social needs. Operators' profit was capped at 35%, and at least 20% of revenues have to be distributed to "good cause" funds.

Hence the department's criteria are compliance with probity, financial and technical skills, maximisation of "good cause" revenues, accessibility, affordability, commitment to economic empowerment and social responsibility.

As LottoYethu says, the government is essentially looking for an operator with the experience, integrity and SA know-how to establish the SA National Lottery as one of the leading lights of international lottery practice.

Arm-twisting stalls gaming licences in Durban

(292)

Intense battles within the IFP are said to have caused protracted delays, writes RANJENI MUNUSAMY

ST (BT) 24/1/99

WHILE political wrangling continues to stall the process of awarding casino licences in Durban, a new debate has surfaced about the viability of two multimillion rand gaming institutions in the city.

The original plan that there should be only one casino in the Durban area was overturned by the KwaZulu-Natal cabinet after a study by Ernst & Young found Durban could probably sustain two casinos.

According to the study, Durban is likely to account for 66% of the gaming revenue in the province and 59% of casino visitors would come from the city. "The average percentage of disposable income likely to be spent on casino gaming in KwaZulu-Natal is relatively high at 1.27%, lagging behind Gauteng and the Western Cape only marginally."

But the city's mayor, Obed Mlaba, is now opposing the two-casino option, claiming that the city has neither the market nor the resources to sustain two mega-complexes.

"It is not likely that two casinos worth a billion rand a few kilometres apart from each other would survive. Neither do we want two Mickey Mouse casinos.

Premier Ben Ngubane is alleged to have crossed swords with MEC Peter Miller over the issue

"Of great importance to us is what these casino developments can give back to the city in terms of related development, downstream jobs and upgrading of the surrounding area. But in reality, casinos do not create broad economic growth and opportunities. It is a high-level game between friends that creates wealth for a few," Mlaba said.

He said the council preferred one casino development "in a strategic location" that would fit into the city's broader development plan.

Mlaba's argument has been supported by the provincial department of economic affairs and tourism.

Rohan Persad, adviser to MEC Jacob Zuma, said it was ambitious to assume that five casinos in KwaZulu-Natal would be sustainable.

"The market is not very big and there is no new money in the province. We have been in economic decline and that should continue for a few years yet."

The provincial gambling board is scheduled to announce the names of the two preferred finalists on February 8 and they will then be invited to apply for the licences.

The provincial cabinet has rejected the recommendations of the board on two occasions, claiming that "further consultation needs to be done".

But it has surfaced that intense battles within the Inkatha Freedom Party over which consortiums should be selected as the preferred finalists have caused the protracted delays in the matter.

IFP sources say KZN Premier Ben Ngubane is under pressure from party leadership to ensure that the KwaKhangela consortium headed by IFP backer and British businessman John Aspinall is one of the preferred finalists. But the R804-million bid for a casino at Clairwood Park racecourse is apparently not among the board's top choices.

It is believed that the R2.4-billion Add-Venture World bid for a casino complex at Durban's Village Green has repeatedly emerged as the board's first choice, with former IFP secretary-general Oscar Dhlomo's R900-million Umdloti resort bid coming in second.

Ngubane is alleged to have crossed swords with finance, gambling and local government MEC Peter Miller over the issue.

Miller is apparently not willing to toe the party line and is supporting the recommendations and independence of the gambling board.

Both Ngubane and Miller have denied the dispute. But IFP sources say both Ngubane and Miller are facing extreme heat from the party leadership. It is alleged that Ngubane is soon to be replaced by the Arts, Culture, Science and Technology Minister Lionel Mtshali and Miller will lose his gambling portfolio to KZN Welfare MEC Prince Gideon Zulu.

Picture: JACKIE CLAUSEN

HOMING IN ON THE SPOILS ... an aerial view of Durban's Village Green, one of the planned venues for a casino

fleece casino punters

Gamblers face arrest

(292) ARG 6/2/99

WILLEM STEENKAMP

Top Cape Town businessmen are running illegal casino operations and fleecing hundreds of naive gamblers in crooked card games by using marked cards.

This scam has been uncovered by officials of the Western Cape Racing and Gambling Board.

Gambling Board officials say the illegal casinos run from private homes in the city are also used by gangsters and druglords to launder "hot" money.

In a desperate attempt to combat the growing number of these illegal operations, law enforcers at the Gambling Board will start targeting punters.

People found guilty of visiting these premises will face fines of up to R2-million, Derek Auret, chairman of the board, told Saturday Argus.

The Gambling Board already has a comprehensive database of names of illegal casino operators as well as the names of those who frequent the venues.

Saturday Argus has been told that teachers, doctors, lawyers and executives at leading financial institutions in the city regularly visit the establishments.

These people will now face the full force of the law. "It's easy money," said Mr Auret. "And although we know who runs these operations, when we raid the places front men are put forward to appear in court to take the blame. The real owner simply opens up a new operation under a different name.

"But now the gloves are off. We are not only going to target the operators of these venues but will also arrest the punters. In the past we were soft on these people but this will now change.

"Although legislation allows us to arrest both staff and punters at these venues, the board has up till now not chosen this route," Mr Auret said.

"However, in order to show illegals that we will not tolerate any further contravention of the law, an agreement has been reached between the board, the police and the office of the Director of Prosecutions in terms of which all staff and punters found on casino premises will now be arrested and charged.

"It must also be remembered no one arrested and found guilty of a contravention of the law will qualify for a licence to work or operate in the legal gambling industry."

The board expects to decide in May which of five bidders will get the licence to operate Cape Town's only legal casino.

Mr Auret said the illegal casinos ran crooked card games using marked cards to fleece gamblers. Their employees, who knew how to recognise marked cards, posed as punters.

They occupied the last position on blackjack tables and would call for a card or ask to "stick" in a way that favoured the dealer.

Often the payout rate of slot machines was set as low as 30%, while the internationally accepted payout standard at legal casinos was above 85%.

He said gangsters were also becoming increasingly involved in running these illegal operations.

And although illegal gambling debts were not enforceable by law, owners of illegal casinos used strong-arm methods to collect their money.

However, someone who won a lot of money at an illegal venue would have no recourse to the law to force these casinos to shell out.

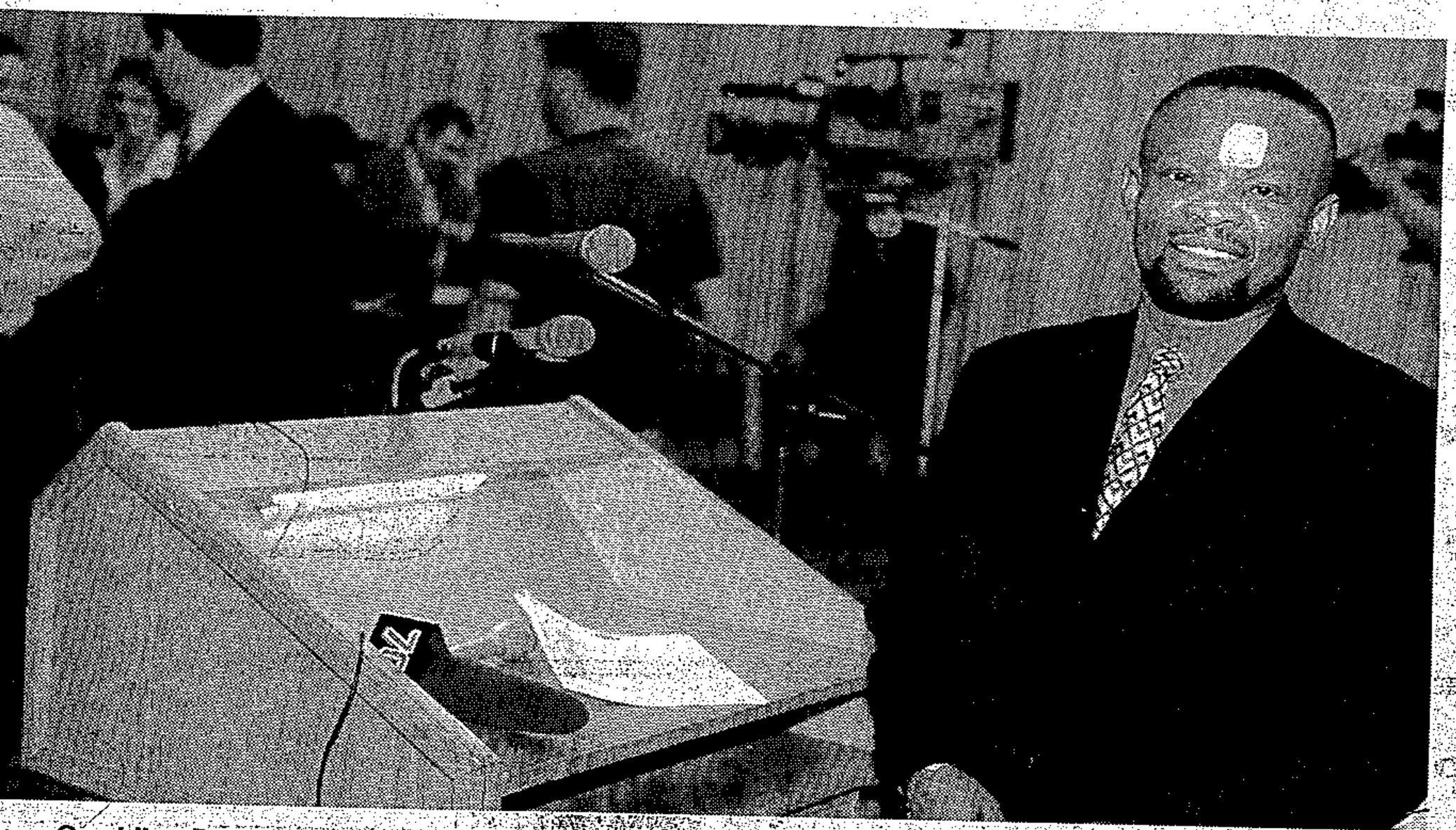
Since August 1997 Gambling Board officials, helped by the police and the office of the Director of Prosecutions, have closed down more than 150 illegal casinos in the Western Cape.

More than 2 700 slot machines and about 50 tables have been seized and will be destroyed.

The maximum fine for contravening the law for the first time is now R2-million or 10 years' imprisonment. If found guilty again, trangressors could face even steeper fines and longer sentences.

Mr Auret said because of successful raids, illegal casino operators had lately altered their strategy to get around the law.

"They now operate in closed private clubs with restricted access to known gamblers only. But these clubs – many run from private homes – are under constant surveillance.



eng Gambling Board vice-chairman Ishmael Semenya has offered a reward for information implicating board bers or members of provincial executive council in corruption.

Picture: TREVOR SAMSON

Gambling board offers reward

(292) BD 17/2/99

Pearl Sebolao

A REWARD of about R250 000 has been offered for information implicating any member of the Gauteng Gambling Board or the provincial executive council in acts of corruption stemming from the issuing of casino licences.

This follows allegations that awarding of the licences was fraught with corruption and irregularities.

Gambling board vice-chairman Ishmael Semenya said in Johannesburg yesterday that relevant information could be forwarded to either the Heath special investigating unit, the national director of public prosecutions or the police.

Semenya, who welcomed the proposed probe into the allegations by the Heath unit, said the board intended to pursue the matter without compromise, even if board members were implicated.

He would not speculate on what action would be taken against implicated individuals, saying the last word would remain with the courts.

Defending the board's decision to offer the reward, Semenya said "it would be useful to stimulate interest" if appeals from the law were not sufficient for people to come forward.

The offer was all encompassing and did not exclude anyone.

Gauteng Democratic Party leader Peter Leon — who said last week in the provincial legislature that an unnamed senior MEC had accepted a R1m bribe from Tsogo Sun for awarding the company a licence for a casino in the north of Johannesburg — would also be considered for the reward if he satisfied the conditions of the reward, Semenya said

"I am not aware, so far, of any conditions that might exclude him (Leon) from the reward," he said.

Finance MEC Jabu Moleketi, said to be the target of Leon's allegations, welcomed the board's decision to offer a reward, saying it underlined its commitment "to a casino industry which is free of any taint of corruption or scandal".

Theunis Rheeder, the Heath unit's Gauteng manager, declined to comment as the unit's probe had not started.

The unit would investigate the whole gambling process, including the events prior to the existence of the gambling board, he said.

Bookmaker's 'letter from beyond the grave' alleging bribery was a hoax, says SunWest

(292)

WILLEM STEENKAMP

SunWest, one of five applicants for the lucrative Cape Town casino licence, believes it has proof that the "letter from beyond the grave" accusing it of bribery was a hoax.

The letter, allegedly written by bookmaker David Price, who died of AIDS, contained bribery allegations of R50-million against former premier Hernus Kriel and SunWest. A newspaper last year published the letter after Mr Price's death.

SunWest had hoped to hold a press conference this week to prove the letter was a fake. However, a SunWest spokesman told Saturday Argus that the Western Cape Racing and Gambling Board had requested the company not to disclose information on their findings.

Gambling Board chairman Derek Auret confirmed that the gambling authority had requested SunWest not to disclose the information.

"All the applicants for the metropolitan casino licence have agreed that the process should now take its course. Only once a preferred applicant has been identified by the board will we do a probity check. Only at that time will the board investigate any allegations," he said.

Mr Auret said if SunWest now made known the findings on the so-called letter from the grave, it would again disrupt the process.

However, he said this was a request to SunWest, and didn't mean that the board was trying to remove the company's right to clear its name. Mr Kriel and Niel Barnard, Western Cape provincial administration director-general against whom bribery allegations were levelled, indicated that they would take legal action to clear their names.

Saturday Argus was also told this week that Mr Auret, who was allegedly also named in the so-called letter from the grave, was intent on suing the newspaper which first published the controversial letter. Mr Auret would neither confirm nor deny that he had launched legal action.

Meanwhile, it is believed that the SunWest investigation has exposed glaring inaccuracies and doubts about the origins of the letter.

They say the letter could not have been written or posted from a city clinic because the "author" of the letter, David Price, was not at that hospital at the time the letter was supposedly written. Handwriting experts also had serious questions about the authenticity of the signature.

Tommie Prins, head of the Cape Town Office for Serious Economic Offences (Oseo), said Oseo would complete a preliminary investigation into allegations of bribery in the local casino industry by the end of next month. Only then would they decide whether to launch a full-blown investigation into the issue.

Casinos' deal: silence or death

ARG 20/2/99

WILLEM STEENKAMP

People who "grass" (give information) on Cape Town's many illegal casinos could end up paying the ultimate price – death.

So afraid are customers and staff to provide information or give evidence that police and the Western Cape Racing and Gambling Board are almost powerless to close down illegal gaming houses.

This chilling claim was made to Saturday Argus by Gambling Board investigator Marius du Preez, who is also a deputy director of the board.

He said the board had information that punters who informed or gave evidence about the activities of illegal casino operators would be "taken out".

Saturday Argus approached Mr Du Preez after receiving several calls from people wanting to know why certain casinos in the city were not being closed down even though their existence was well known.

"Our information is that a gang on the Cape Flats can be hired for as little as R500 to take out anyone earmarked for death by the illegal casino operators," Mr Du Preez said.

This was no idle threat and informers whose cover was blown while informing on criminal activities had paid the ultimate price.

He said this was the main reason Gambling Board officials had great difficulty closing some of the larger and better organised casinos which operated illegally.

"We need to get evidence or a statement from a witness before we can get a warrant issued by the courts to raid an illegal casino.

"But no one is prepared to give evidence or supply statements. Our under-cover agents are already known to most of the illegal casinos and cannot get into these venues.

"Organised crime bosses run these casinos as closed-shop operations. This means that they will let in only punters known to them. And they will let in only new gamblers who are introduced by one of their regular punters.

"This means that if one of our informers manages to get into such a venue by having himself introduced by a known punter, that punter's life is in danger once our informer hands over evidence that illegal gambling is indeed taking place.

"This means no one is prepared to come forward. Even croupiers at these venues who tip us off are not prepared to put their names to statements. There is no doubt that organised crime is behind these operations. Fear is their ultimate weapon."

Mr Du Preez said the board was eagerly awaiting new legislation on organised crime. "This will give us greater powers and we will be able to close down these venues once and for all and also confiscate money made from these illegal operations."

Many illegal casinos were under constant surveillance by Gambling Board officials. "We know the names of some of Cape Town's top businessmen and their wives who frequent these places. These people have lost fortunes, but they are too afraid to come forward and give evidence."

An American businessman, who owns two casinos in Las Vegas, told Saturday Argus he was shocked by the "soft" approach of local police and gambling authorities against illegal casinos.

The businessman, who asked not to be named, is married to a South African and is visiting Cape Town.

"In Las Vegas, when we become aware of illegal operators, we inform the police, who immediately raid these places. They kick down the doors of these venues and destroy equipment with hammers and axes.

"I do not understand why the same thing is not done here. The wife of one of my business friends in Sea Point has become hooked on gambling and she has blown more than R200 000 at one of these venues.

"My friend is virtually ruined and has had to sell his house. These illegal casino operators are totally unscrupulous. They have to be stopped," said the businessman.

■ Saturday Argus reported recently that illegal casinos use marked cards and gamblers on the last seats at blackjack tables to take cards or "stick" to favour the house.

CAPE ARGUS, THURSDAY, FEBRUAI

Arts funding racist, ANC tells council

ARG 25/2/99

NORMAN JOSEPH
METRO REPORTER

(292)

Charges of racism were levelled at the New National Party-controlled Cape Metropolitan Council after it proposed to sponsor an arts event in the Blaauwberg to the tune of R100 000.

African National Congress councillors declined to vote on the agenda item, saying the event was a local one and therefore did not deserve the funding.

The money was intended to support the Blaauwberg Arts and Culture Extravaganza.

ANC chief whip David Dlali said his party members did not oppose the extravaganza, but it did not meet the criteria used to accept the project for funding as part of the CMC's major events programme.

The CMC's technical services department stipulates that entirely local events cannot receive funding. Only projects affecting the entire Cape metropolitan area are in line for sponsorship.

ANC councillor Mzukisi Gaba said several Guguletu projects had not been given the green light by the CMC because they were deemed "local", but now the rules were being bent to accommodate Blaauwberg.

ANC councillors said this was racism because "white people" had applied for the funding.

New NP councillors voted without the ANC, giving the green light for the event to be funded.

JANET HEARD

The wheel of MISFORTUNE

ST (CM) 14/3/99 (292)

Leaked report renews controversy over Cape Town casino bid

THE troubled Western Cape Gambling and Racing Board is to proceed with the issuing of the Cape metropolitan casino licence despite damning allegations made this week by a former board member.

Finance and Gambling MEC Leon Markovitz said the process must continue and he was "more than 100 percent" satisfied that the board was operating fairly and independently.

This week a document was leaked to Cape Metro alleging former premier Hernus Kriel exerted undue influence on the board and urged a cover-up of an alleged bribe in which a business friend was involved.

Former board member Gerrie Steenkamp, an architect and former Handelsinstituut president, made the allegations in a 40-page memorandum handed to a firm of auditors. Dated October 1998, it formed the basis of an affidavit Steenkamp made to the Officefor Serious Economic Offences, which is investigating allegations of corruption in the lobbying for greater Cape Town's lucrative casino licence.

Kriel stands at the centre of allegations that a R1-million bribe was paid by someone connected to SunWest International, one of five bidders for the sole licence. The SunWest site is in Goodwood.

SunWest and Kriel have denied all allegations and Kriel has welcomed the Oseo investigation, which he said would clear his name.

He has also threatened to sue the Western Cape's ANC leader, Ebrahim Rasool, who went public with the bribery allegations last July.

The Oseo investigation has stalled the bidding process and cost the provincial government and bidders millions in potential revenue. However, the board is now carrying on and hopes to announce a preferred winner in May.

In an interview this week, Steenkamp called for a suspension of the issuing of the metropolitan licence pending the investigation's outcome. He said he resigned last July because of the authoritarian manner in which chairman Derek Auret conducted the board. Another board member, Bluhm Khan, also resigned.

Steenkamp, who does not implicate Kriel in any bribery allegations, made the following claims in his memorandum:

- That before even being appointed to the board, Kriel suggested that he make contact with a friend of his who was interested in a casino bid;
- That Steenkamp's friendship with Kriel had an influence on his being appointed to the board. Kriel had told him that a person with his skills could be used by the board;
- That he was under pressure to toe the National Party line and not act as an individual on the board; and
- That Auret was authoritarian as chairman and certain decisions were made without Steenkamp's knowledge and not at full board level.

He said that during a meeting with Kriel on October 7 1997, Kriel remarked that he would like to give something back to his constituency and that he was eager for the proposed casino to be located in the northern suburbs.

When Steenkamp raised his concerns about the board, Kriel said that he had the NP to thank for his position on the board and therefore he had to act according to the party's wishes.

"Several weeks later I got a call from Kriel. I told him I had gathered from newspaper reports that he was having a lot of problems, but that I was in a position to confirm that he had never specifically asked me to support the Goodwood site.

"During this conversation with Kriel, he asked me if I had ever been offered money to support any of the schemes. My answer to this was 'Yes'.

"Kriel requested me to rather forget about this, whereupon I informed him that I wanted to do this, but if I was asked to give evidence I would have no option but to reveal this. Kriel again told me he was completely innocent, but that such a disclosure would not be to his advantage. My answer to him was that if he is innocent, as he claims, why is he so worried about this being disclosed?"

Kriel denied he had exerted undue influence on the casino licensing process or that he had urged a cover-up of a bribe.

He said there was no way he could have bent the rules or appointed individual members.

"I believe the record will show Mr Steenkamp's resignation had more to do with his resentment over his financial compensation as a board member than with disagreements over policy."

Oseo director Tommy Prins said all leads and allegations were being followed and the team hoped to wrap up its investigation by the end of next month.

Kriel 'bent' casino bid rules

(292) MMG 12-18/3/99

Allegations that Hernus Kriel influenced casino licensing have surfaced. **Chiara Carter** *and* **Ivor Powell** *report*

Hernus Kriel: Accused of exerting undue influence on decisions to license casinos and urging a cover-up of an alleged bribe by a business friend. PHOTOGRAPH: ERIC MILLER/ IAFRIKA PHOTOS

A man who served on the Western Cape Gaming Board has accused former premier Hernus Kriel of exerting undue influence on decisions to license casinos and urging a cover-up of an alleged bribe by a business friend.

The allegations are contained in a statement which has been kept under wraps by the Office for Serious Economic Offences (Oseo) since last year — but was leaked to the *Mail & Guardian* this week.

It was the springboard for an Oseo investigation which was sparked by African National Congress claims that Kriel took bribes — and which last month saw investigators search Kriel's homes. They also searched for documents from Gambling and Racing Board chair Derrick Auret and businessman Ian Hirschon.

The statement was made by Cape Town architect Gerrie Steenkamp — a gambling board member who resigned from the body last year and who is also being investigated. He alleges in a statement that Kriel and other key New National Party members including MEC for Environment, Culture, Sport and Recreation Kobus Meiring promoted his candidature for the board.

After Steenkamp expressed growing disenchantment with the model for regulating gaming in the Cape, Kriel allegedly berated him for daring to question decisions taken by the provincial government.

Steenkamp claims an angry Kriel urged him to "remember he had been put in this position by the National Party and must act in accordance with the decisions of the National Party".

Steenkamp replied that, in his understanding, the board was independent and its members bound to take decisions on the basis of merit. He was then allegedly told that Kriel was eager that the bid for a casino in Goodwood should succeed, since Kriel wanted to do something to benefit his old parliamentary constituency.

Steenkamp also claims he was offered bribes by Kriel's friend — a businessman linked to the bid by SunWest International to run the proposed Goodwood casino. Steenkamp alleges the businessman twice offered him payment saying the money had already been secured abroad.

He quotes the businessman as saying "[Steenkamp's] money was safe overseas". On another occasion, Steenkamp claims the businessman referred to money waiting for him in Greece.

Steenkamp understood this to be a sweetener to induce him to support the Goodwood bid — although he had developed serious reservations about it. SunWest used the businessman to secure a site for the proposed casino.

After signing a sales contract, the company paid the businessman and two partners money upfront and the remainder was to be paid later, on condition they did not jeopardise the bid. Steenkamp claims that long before he joined the board, Kriel introduced him to the businessman.

After Steenkamp joined the board, the businessman allegedly tried to discuss the casino bids on several occasions. The situation reached the point where Steenkamp asked Kriel to intervene and tell the businessman to desist.

Steenkamp also asked Kriel about an insinuation by Auret that the former premier had received kickbacks from bidders. Kriel put Steenkamp's mind at ease, assuring him that this was not the case. Steenkamp claims the businessman later made another approach, visiting his office under false pretences. At this encounter the businessman indicated that he had inside information on the board's discussions.

Steenkamp says they then went out on the terrace where the businessman allegedly told him he had no cause for concern because his "money was very safe in Greece".

He reported this conversation to two board members. Steenkamp says that shortly after the ANC went public with its accusations against Kriel, the former premier contacted him. Steenkamp alleges Kriel asked him not to mention the businessman attempted bribes.

"In this discussion Mr Kriel asked me if I was ever offered money to favour a scheme. My answer was yes, [the businessman] did this. Mr Kriel asked me to please forget this whereupon I responded that I would rather this happened. However if I were asked to give evidence, I would have no other option but to make it public. Mr Kriel again said to me that he was totally innocent in the whole affair but that such a revelation would revelation would not be to his advantage," Steenkamp says.

He also claims that in August last year another senior NNP politician, Lampie Fick, invited him to lunch. Steenkamp was astonished to be joined at Fick's office by one of the bidders for a casino licence in Caledon, an area where Fick has business interests.

After Steenkamp told Fick that he believed the Cape metropole should have more than the one casino favoured by the provincial government, Kriel allegedly called Steenkamp to order for going against the decisions of the NNP.

Steenkamp's report paints a picture of intrigue and mismanagement in the board, which fell apart after the resignations of almost all its members last year.

He alleges the board was told by Auret that the real reason for the abrupt departure last year of a key board member (Cape Technikon vice-rector Mandla Tshabalala) was that Kriel and Auret had information about this man's interests in one of the groups involved in the Sun bid.

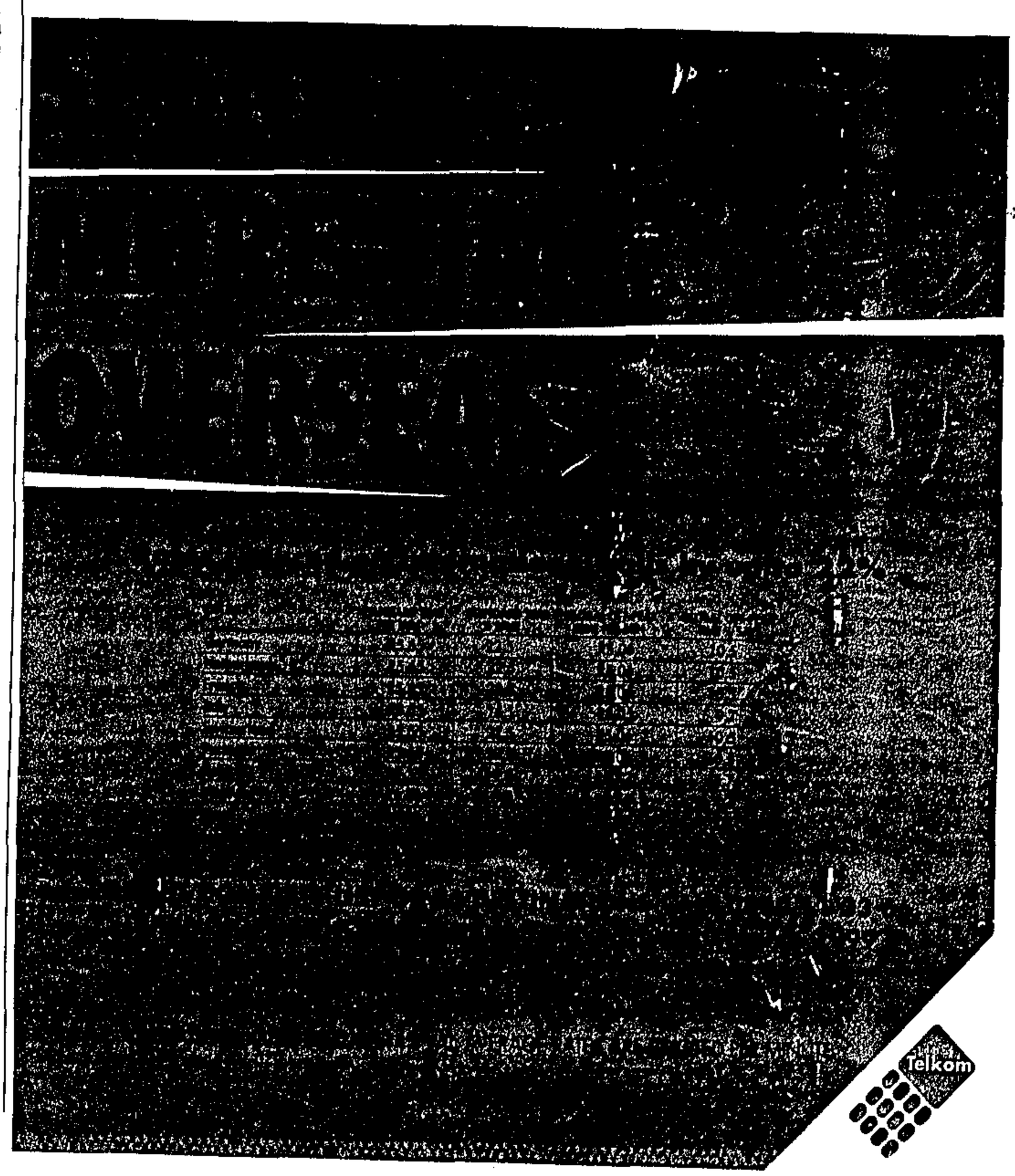
Steenkamp places much of the blame for board members' unhappiness at the door of Auret, a full-time chairperson whom Steenkamp accuses of being an autocrat and whose appointment was prearranged.

Steenkamp says that he, like several experts, was not happy with the Goodwood site. As he gained more experience on the board, he became increasingly concerned that the province was opting for a single casino in the metropole rather than several as suggested by some consultants and international experts.

Steenkamp's own view was that the Cape Metropole could sustain at least three casinos. He says it was never satisfactorily explained to him why other options than that of a single casino were never discussed at board meetings.

Steenkamp had links to the Sun bid. His firm of architects made an unsuccessful attempt to be appointed to the Sun casino project.

Kriel declined to comment, saying he was out of politics. Steenkamp declined to comment, referring questions to the Oseo. Its investigator, Jannie van Vuuren, confirmed the Oseo had the statement, but said it was confidential.



Strict rules for gaming board staff

Sowetan 23/3/99 (292)

EASTERN Cape officials involved in gambling will have a tough time if they try to benefit financially from their involvement in the bidding process.

Eastern Cape Gambling and Betting Board legal affairs head Keith Harvey said the board's operations were structured to minimise any chance of people getting away with accepting bribes.

Such scandals have rocked the issuing of gambling licences in other provinces. Harvey said their best defence against board members and staff being offered bribes, was that they were running as "a small self-contained unit ... everyone works in closely knit teams" and if anyone suddenly became a lot richer it would be noticed immediately.

The gambling board also had permission from members and staff to access their income tax and bank information should it need to investigate their financial affairs.

Board directors and staff members – "from the person who makes the tea to the chief executive" – have to fill in a comprehensive "personal history disclosure form", which details their family's financial affairs, assets, liabilities, investments, houses and other property owned by them.

They have to detail donations made to political parties, past employment information, criminal records, previous involvements in the gambling industry, details of employment disciplinary hearings and whether they or their spouse have ever been sued in their personal capacity or declared bankrupt.

One of the questions asked is: "Have you ever been involved in a business relationship with anyone which you later regretted?"

They are also asked if they are linked to anyone involved in organised crime. Directors and employees are also asked if they have suffered personal or business losses which resulted in their getting an insurance payment of more than R20 000, and whether they have ever owned property that was destroyed by fire or an explosion.

At a media briefing last week board chief executive Malixole Gantsho admitted, however, that there would always be allegations of bribery in the gambling industry.

"There are no happy losers in gambling," Gantsho said. – *ECN Business.*

'All above board' in casino licence scramble

Star 23/3/99

By Cecilia Russell (292)
Political Staff

The Gauteng Gambling Board has defended its allocation of casino licences.

Board chairperson Vincent Maleka last week attended a meeting of the Gauteng finance standing committee to answer questions about the awarding of the licences.

These questions included how Tsogo Sun Fourways had been awarded a licence when it had not received town planning rights and why no licences were awarded to the Johannesburg city centre.

He was asked whether the board or Gauteng's executive committee had interfered with or cancelled a series of presentations by casino applicants, arranged by the Johannesburg metro council, and whether a board member, Ruth Friedman, had failed to declare a conflict of interest.

He said Tsogo Sun Fourways "had obtained appropriate zoning rights" when its application was considered.

He said the board did not ignore the criteria for the revival of depressed areas, but applicants from the city centres, including Johannesburg, had failed for "other reasons".

Maleka denied that the board had told the Johannesburg metro council to cancel its presentations. He also denied that Friedman had failed to disclose her property interests.

"Mrs Friedman had no property interest in Fourways ... . Her status in the adjudication process ought not be elevated any higher than that of the other board members."

A truly transparent licensing system is the only hope fo
which has been beset by allegations of bribery and c

Time to put all card

The gambling industry in South Africa is being plagued with damaging allegations of corruption. This is true not only of the Western Cape but of the rest of the country as well. Most of these allegations centre on claims that politicians and members of gambling boards have been bribed to secure casino licences.

In the Western Cape, the Office for Serious Economic Offences is investigating an allegation that former premier Hernus Kriel accepted a bribe from Sun International.

In Gauteng, the Heath Commission is investigating whether the provincial finance minister was bribed by Tsogo Sun.

Rumours of scandalous political interference are rife in KwaZulu Natal and are likely to feature in litigation soon.

Trouble of one sort or another is brewing in the other provinces, not only in relation to the award of the casino licences but also the award of the national lottery licence and the licensing of the operators of gambling machines outside casinos.

These allegations have rightly and inevitably attracted a great deal of coverage. They have also – less rightly but no less inevitably – furnished opposition politicians with irresistible electioneering opportunities.

This is an extraordinarily dangerous and damaging situation.

The delays that these allegations occasion are hugely expensive. They are depriving the Western Cape of vital revenue, jobs, tourism and empowerment opportunities worth hundreds of millions of rands a year.

The delays also create deep scepticism among national and international investors about South Africa's ability to create an environment of clean and efficient public administration in which it is safe to invest.

Before we can discuss the remedy for this thoroughly unwholesome situation – and fortunately there is one – we need to understand more about the process from which it has emerged.

As is often the case, it is a story of the unintended consequences of good intentions.

NO DICE: trouble of one sort or another is brewing in relation to casino licences in all the provinces

What has happened is this: since 1994, for thoroughly laudable reasons, there has been a determination on the part of the Government to make it as easy as possible for people with evidence of corruption to report it to appropriate authorities.

Hence, the existence of Oseo and the Heath Commission, which operate with their own rules. These rules include measures enabling potential whistle-blowers to give evidence without fear of having their identity revealed.

In the case of the gambling industry, this has led to allegations of corruption against people who are prevented from knowing who is accusing them and of what. They may indeed only learn that allegations against them are being investigated when this information is leaked to the press or divulged by politicians in the privileged context of Parliament.

Once this has happened, ordinary people tend to apply the adage "There's no smoke without fire", which is understandable but deeply regrettable, not only because it is unfair but because it creates for public authorities the huge problem of public perceptions, as is clearly evident in the Cape Town casino licence bid.

There are five consortiums bidding for this licence, two of which are the object of so far wholly unsubstantiated bribery allegations.

only hope for South Africa's gambling industry, bribery and corruption. **Peter Collins** reports

cards on the table

ARG 3/4/99 (292)

provinces

e tend to apply the adage o smoke without fire", understandable but egrettable, not only is unfair but because it public authorities the lem of public percep- clearly evident in the casino licence bid.

e five consortiums bid- is licence, two of which bject of so far wholly itiated bribery allega-

But what are the provincial authorities, which need to award a licence now, to do? If they award the licence to either of these bidders, they will be accused of having been bribed. If they fail to award to either of these bidders, people will accuse them of having been prejudiced against the candidates because of unproven allegations.

The fact is that while our anti-corruption procedures make it exceptionally easy for people to expose corruption without fear of reprisal, they also create a huge opportunity for people to make damaging but false allegations. Those people may be malicious, embittered, in pursuit of illegitimate commercial or political advantage over a rival, or simply deranged.

Unfortunately, it is not practicable to let the investigations run their course. Not only would that prove quite intolerably expensive but it would still not furnish us with a defence against the possibility of new allegations being made, maliciously or otherwise, therefore making it impossible ever to award a licence.

Fortunately, however, there is an alternative. While we cannot eliminate the possibility of bribery, what we can do fairly easily is to develop procedures for awarding gambling licences that make it impossible for a bribe to be effective.

The key here is genuine transparency: the deliberations of the licensing authorities must be conducted by the participants in the knowledge that everything they say may be subjected to subsequent scrutiny by the public, by the courts, by the Cabinet and by the unsuccessful bidders. Therefore, the licensing authorities would have to make their process of reasoning fully explicable and defensible. They must be able to say:

■ These were the objectives that the Government sought to secure by licensing this form of gambling.

■ These were the minimum conditions in terms of financial soundness and probity that we required companies to meet to avoid disqualification.

■ These are the criteria against which we evaluated competing bids – and these criteria are consistent with the Government's objectives.

■ This is how we weighted the different criteria and these are the reasons why we weighted them as we did.

■ We awarded scores to the competing bids according to the following criteria: financial viability; economic impact; town and regional planning issues; environmental issues; problem gambling issues; recreational and business tourism issues.

And we quote:

■ Where we did not agree with the conclusion of the experts, it was for the following reasons.

■ On the (comparatively rare) occasions where we had to rely on subjective rather than objective judgments, as for example in aesthetic matters, this was how the discussion and the voting went.

■ For all these reasons, we finally concluded that the candidates should be rated as follows.

■ If you disagree with these conclusions, you must show that we were mistaken about matters of fact, that our reasoning was fallacious or that our exercise of judgment was irresponsible. It is not enough that you simply dislike the result.

It is extraordinarily difficult to conceive how the members of a gambling board, knowing that they will have to justify themselves with this degree of detail, could actually pervert the judgment of a board in favour of an undeserving bid.

This does not mean that allegations of bribery or other impropriety should not be fully investigated.

On the contrary, anyone against whom allegations of dishonesty or other malpractice are upheld can and should be immediately prevented from participating in or benefiting from the operation of a gambling licence. And this can easily be done by revoking their licence. But, of course, this should only happen once the allegations have been proved.

What must not be allowed is for the mere existence of unsubstantiated allegations to deprive ordinary citizens in the Western Cape of the benefits of new employment opportunities, a more successful tourism industry and the alleviation of pressure on the public purse – worth between R1,5-million and R2-million a day.

■ *Peter Collins teaches business ethics at the University of Cape Town. He is the leader of a team of national and international academics who specialise in researching gambling policy. They recently reported on public policy for slot machines outside casinos for the National Gaming Board.*

Poor and disadvantaged support Tsogo casino bid

CT 23/4/99

(292)

LOREN KOLEVSOHN

POOR and disadvantaged communities in the Blaauwberg municipal area yesterday gave the thumbs-up to Tsogo Sun Western Cape in its bid to build a casino at Century City.

Residents from Atlantis, Marconi Beam, Witsands and Mamré gave their full support for the casino development and "looked forward to making a success of the project".

The Milnerton Library's 100-seater auditorium was packed with local and township residents trying to partake in a public hearing with the Western Cape Gambling and Racing Board and Tsogo Sun, one of five consortia bidding for the Cape Metropole casino licence.

Secretary-general for the South African Association of Black Contractors, Frank Fredricks, said that the bid should be given to Tsogo Sun as the construction business is in a recession and, "we need the job opportunities that are going to be provided".

Atlantis resident Rachel Donough thanked the board for the opportunities it could provide with the casino development.

"The casino licence will provide jobs closer to home for the the people living in the area. Tsogo Sun will provide jobs for our children," she said.

A small group of mostly Muslim protesters waving placards stood outside the library.

They made their voices heard when any objections to the Casino Du Cap were called for by the head of the board, Derek Auret.

"These are all marketing strategies at the expense of human beings who will still have the same problems of poverty and crime once the casino is built," said a local Imam of the Kensington Mosque.

A resident of Factreton, James Kaler, pleaded with the board not to approve the licence bid in order to prevent further "destruction of compulsive gamblers".

He added: "My own son lives in Summer Greens, right next door to the proposed development, and he has a problem.

"I make an appeal to the board about our young people becoming compulsive gamblers."

Auret said he was sympathetic to Kaler's own personal problem but said that the board had dealt with the issue of gambling addiction.

Most of the objectors felt that the casino development would influence alcohol consumption and add to the misery of the poor communities in the area.

However, Rod Stringfellow, a director of Tsogo Sun Western Cape, said the group was working towards employing local people during and after construction.

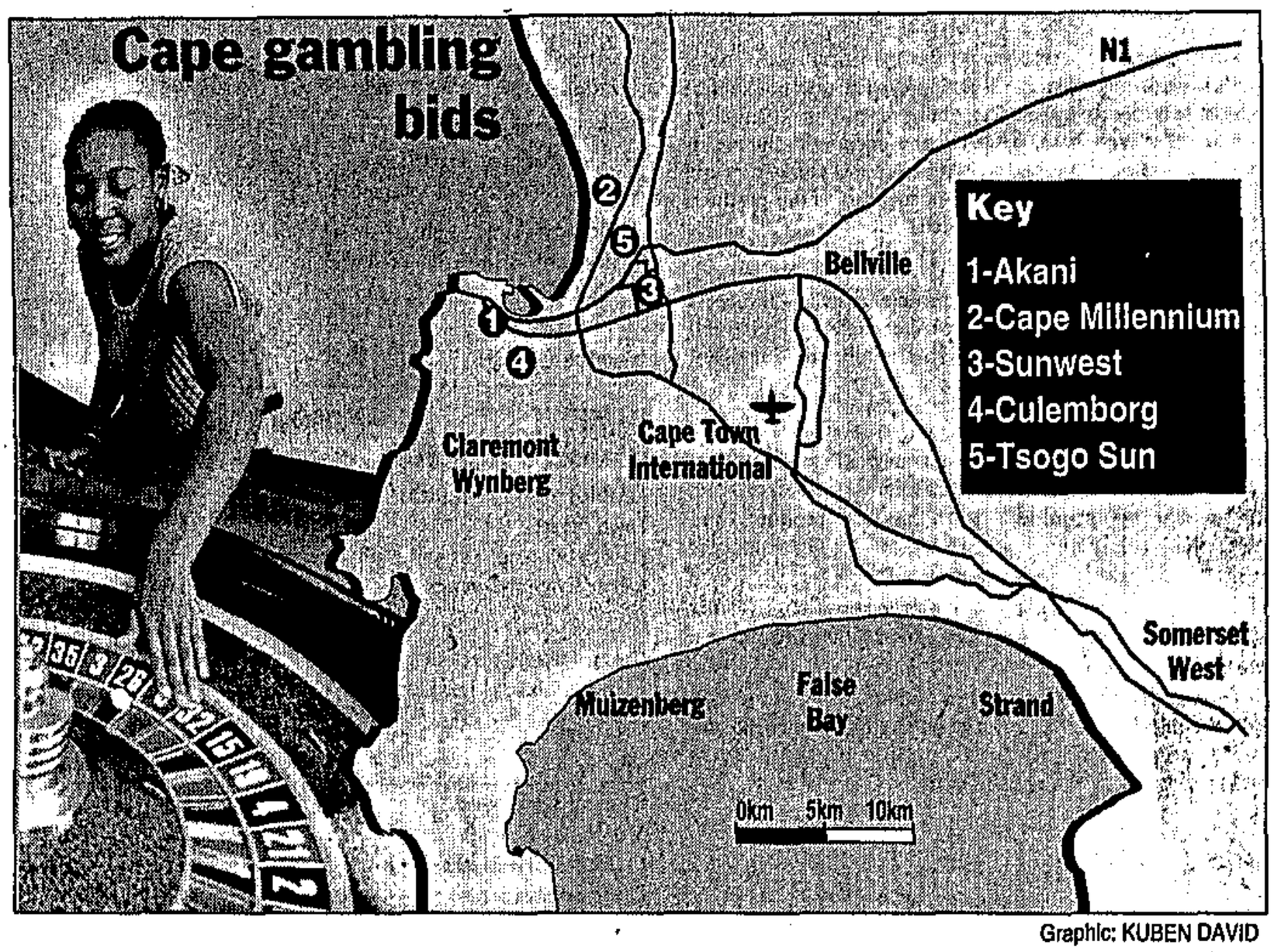
"We want to employ as many people as possible from the surrounding communities with at least 95% of the workers coming from these areas. But there will be a need for experienced casino skills which may not be available here as there have not been any legal casinos in the Western Cape."

BD 30/4/99

No winners yet in bid for Western Cape gaming licence

(292)

Bids for the lucrative Cape Town metropolitan casino are extravagant and competitive. But the province has failed to get gambling off the ground, writes associate editor Tim Cohen



Graphic: KUBEN DAVID

FIVE bidders for the jewel of SA's casino licences, the Cape Town metropolitan licence, have just completed the bidding process which began enthusiastically but has ended in uncertainty. The question of who will win the prize is overshadowed by the question of how long it will take before gambling actually begins in the Western Cape.

The bidding process has been long and sometimes bizarre. There have been the curious episodes of deathbed allegations of fraud by one of the bidders in a local newspaper and investigators searching the house of the head of the gambling board.

In many ways, the seeds which complicated the process were planted in the Western Cape's legislature, which declared that each region in the province would be granted a single licence.

This was arrived at for the best possible reasons: to ensure equity between the regions, to encourage development outside the metropolis and to maximise the size of the construction projects, which only an exclusive licence would permit.

However, the result has been the opposite. The value of the Cape Town licence has increased to such an extent that competition for it has been white hot, deflecting attention from the other licences as serious bidders wait to see if they get Cape Town before casting their eyes elsewhere.

It has also encouraged bidders to use underhand tactics in spiking each other's bids.

The unintended result has been that not only has no legal gambling taken place in the province and only minuscule construction has begun despite the granting of three licences so far in the province.

This spectacular laxity is a result of something going wrong with each bid. The exclusivity of the licences has meant that all the eggs have been in one basket and a single failure in each region has meant that no alternative has been available, and, hence, no building has taken place. This has been the case both when the accusation of fault lay with the bidder and when it lay with the board.

In the case of the Overberg casino, guarantees provided by Ladbrokes, a partner in the Caledon Casino Bid Company, were withdrawn after this company was involved in an international buy-out.

In the southern Cape region, financial guarantees provided for the Pinnacle Point development near Mossel Bay were deemed insufficient by the board. The board withdrew the Worcester licence because no acceptable bid was put forward and the west coast licence for Langebaan was withdrawn after a change in the bid company's shareholdership.

In each case, the board has acted scrupulously, sticking strictly to the legislative requirements. Its scrupulousness is bolstered by the likelihood of legal action by failed bidders if it is not. The exclusivity of licences has meant the spoils are located in fewer hands and the competition is more intense.

The problem for the drafters of the Western Cape's gambling legislation is that the size of the gambling market is unknown. Only a guesstimate is possible by extrapolating from population size and other indicators.

The Cape Town environment is also different. There are vociferous religious objections to gambling, especially from Muslims. Capetonians also have more entertainment distractions than their up-country brethren in the form of beaches, mountains and vineyards. This all makes it difficult to predict demand accurately and, indeed, where to place the casino.

On the up side, the positive consequence of a single exclusive licence has been that the bids for the metropolitan licence have been fabulous. The huge value of the licence has unleashed a wave of creativity in the formulation of the bids.

Akani's in-town tram system, Sunwest's extension of the Waterfront's waterway into the city, Tsogo's science park, among others, are all marvellous ideas which will boost a city already rich in attractions.

There is also a down side. However much bidders claim the evils of gambling are controllable, this is contradicted by the simple act of standing in a casino and watching poor people pour coins into slot machines. Gambling is entertainment for some but it is also a desperate act for desperate people.

Casino operators' best argument is the one they use the least: gambling will take place anyway but at least in a controlled environment the operators pay tax.

If the city gets a casino, which one should it be? This is a difficult question for outsiders, as the details of each bid runs to volumes.

Nevertheless, some of the charms on offer by bidders include:

- The Culemborg bid offers a big conference centre which the city needs and a large slab of foreign investment, probably the largest pending fixed investment into SA. This has the added advantage of a double check because the company will be subject not only to SA law but also US gaming law.
- Sunwest claims its bid will be the largest in financial terms — a claim hotly disputed by other bidders — and it includes a broad-based empowerment exercise and well-designed complex.
- Tsogo Sun's bid is located in the huge Century City complex — of which the Ratanga Junction amusement park is a part — which promises to be an extraordinary attraction.

Unfortunately for all three of these bidders, they are having "probity problems", which is another way of saying they are accused of cheating.

Sunwest is being investigated by the Independent Directorate: Serious Economic Offences. Tsogo's Gauteng relatives are to be investigated by the Heath special investigating unit and Culemborg faces a court case relating to its purchase of Transnet property for the casino.

The granting of the licence is also a political matter. Tsogo's political connections on a national level are impeccable but Culemborg has aligned itself with strong Western Cape interests. How the board will tiptoe around these powerful lobbies will be interesting to watch.

In a sense, it does not matter who they choose. All the bidders will bring investment — in the region of R2bn — to the city.

Most of the contenders anticipate enlargements to the surrounding sites. All have black empowerment components.

The problem is that the whole process has been so fraught, creating an ideal environment for the losers to rush to the courts.

The coming elections may also throw a spanner in the works. If the Cape Town licence is not decided before June 2, it is possible the province's government will change, which may lead to a review of the gambling legislation.

This will mean back to the drawing board for all the bidders. The Western Cape Gambling Board needs to get this one away quickly, to stabilise the foundations of the gambling scene in the province and also to boost its battered credibility.

ANNOUNCEMENT AT NOON

Casino licence for city today

(292) CT 19/5/99

THE first of five licences expected to be awarded in the Western Cape will be made known today, with thousands of potential jobs and promised economic upliftment hanging on the decision. **PRISCILLA SINGH** reports.

THE Western Cape Gambling and Racing Board will announce today the preferred finalist for the Cape Metropole casino licence — ahead of the results of an investigation into bribery and corruption in the allocation process.

Representatives of the bid companies — Akani Fairest Cape, Sunwest, Stocks Hotels and Resorts, Tsogo Sun and Culemborg Metropole Casino — will be present for the announcement, which will be made at the board's offices in the city at midday.

Allegations of bribery and procedural hitches have plagued the bid process for a year.

In agreement with the bid companies, the board emphasised that probity considerations (possible bribery or corruption) had been excluded from the decision.

The Investigative Directorate of the Office for Serious Economic Offences (OSEO) has concluded its investigations into alleged bribery in casino licence applications and is awaiting a final report before it makes its findings public.

The preferred finalist will only be confirmed as the successful applicant once it has been proven that the company does not have any "exceptions, non-disclosures or potentially disqualifying" impediments. If the finalist is found wanting by the OSEO's investigations another applicant will be selected.

With this in mind, the board will also announce the second to fifth finalists in order of preference.

Tommy Prins, chief of the OSEO investigative directorate in the Western Cape, said yesterday that the board's announcement would have no bearing on the investigation.

"I will be reading with interest who the preferred bidder is, but we will only be acting on our findings once the report of the investigation is finalised. For now, the board can go ahead and do whatever it wants," Prins said.

There was excitement and tension yesterday among the bid kingpins.

Sunwest director Ian Douglas said yesterday they were looking forward to the board's announcement. He added that it was also important that the OSEO make its decision as soon as possible.

"This bid has been an extremely long road and everyone is anxious to hear the result. We hope we will be the successful ones," he added.

Sunwest, a subsidiary of Sun International, was questioned as part of the OSEO's investigation.

All five bid companies punted the economic empowerment of disadvantaged communities as one of their strongest selling points. The promise of thousands of jobs also ensured the support of many in the Cape Metropole.

But the bid process has also been marred by protests by the Muslim community.

Yagyah Adams of the Muslim Judicial Council said the location of a casino in the area was a problem because it was too close to the mosques in Walmer Estate, Salt River and the Bo-Kaap. The board had not lived up to its promise to meet the MJC before the announcement, he added.

"They promised a private meeting with the MJC before they finalised the preferred bidder because of our protests against a casino in the Western Cape," Adams said.

Board chairperson Derek Auret was in a meeting all day and could not be reached for comment.

● See page 14.

What the bidders promise

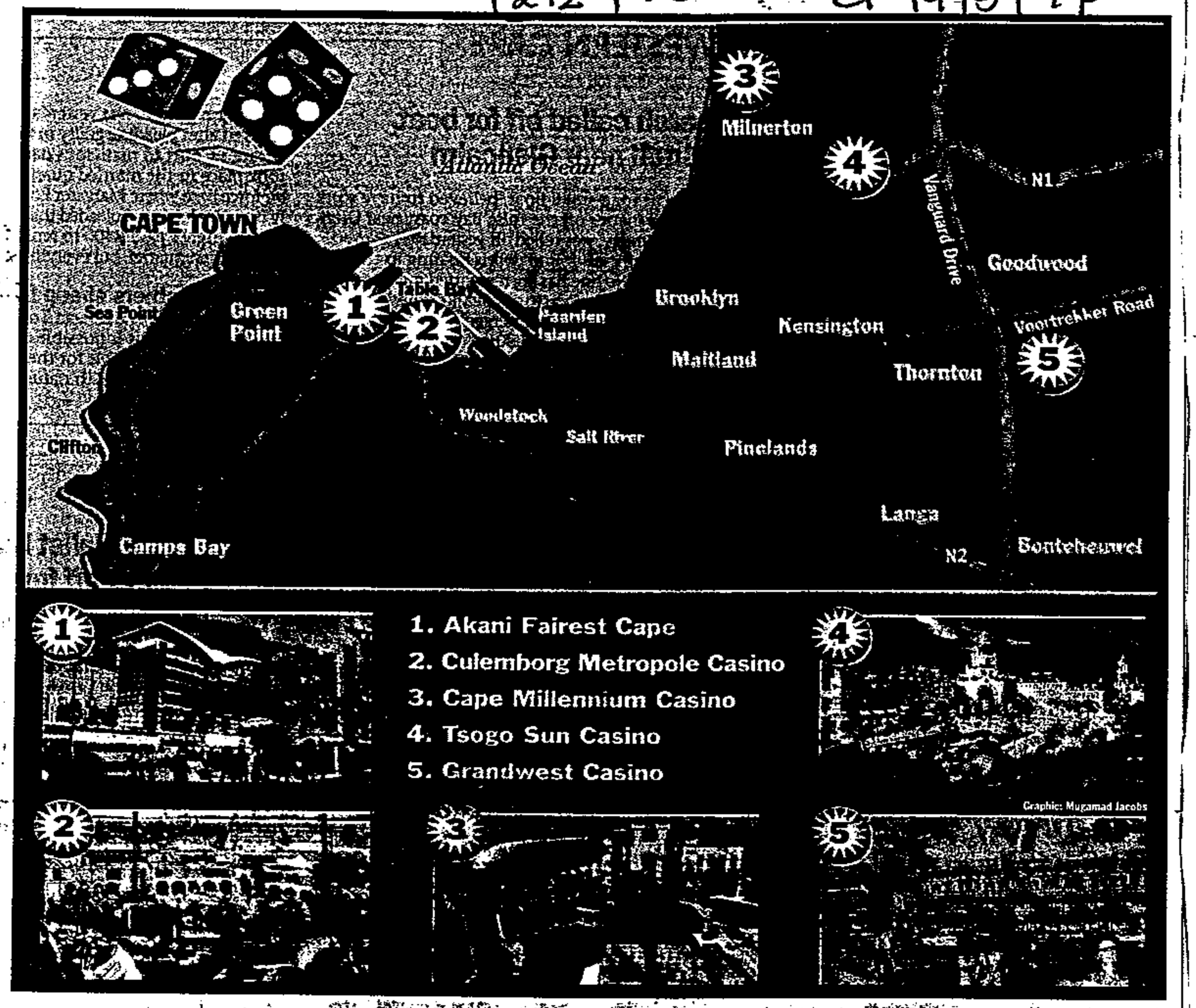
● Akani Fairest Cape would be making a R1,5 billion investment on the Foreshore. This includes a R403 million casino development and a R304m convention and exhibition centre. Projected employment includes about 3 900 direct jobs during construction, as well as the completion of the western bypass to Sea Point.

● Sunwest's Grandwest Casino and Entertainment World at the Goodwood Showgrounds would involve a R1,7bn investment. This includes a R1,2bn complex at the old Cape showgrounds site. Sunwest would spend an additional R400m on a leisure and convention centre on the Foreshore and a canal to the Waterfront.

● Cape Millennium Casino and Leisure World in Milnerton would consist of a R2,05bn casino and entertainment area at the old Milnerton racecourse. Its backers promise 6 260 jobs during construction and 5 260 permanent jobs in the casino, hotel and entertainment area.

● Plans for Tsogo Sun Western Cape at Century City include a "Casino du Cap" with a R1,4bn investment. Its backers promise 4 700 jobs during construction and 3 229 jobs in daily operations. The complex would boast a theatre, conservation park, craft market and convention centre.

● Culemborg Metropole Casino would be situated just behind the Foreshore on a wasteland in Culemborg. It would involve an investment of R1,35bn. Its backers promise 35 000 jobs during construction and 24 000 during the permanent operational phase. It would include a R170m casino hotel and another R164m casino.



Slots lobby counts cost of govt delay

An integral part of SA's gambling mix has become a political football on a field where the goal posts keep shifting, writes **Janet Parker**.

(292)

BD 19/5/99

THE long-awaited slot machine industry is again at risk of being cast aside as other issues take precedence on government's agenda.

These include creating the most favourable climate for government to launch the National Lottery, belated concerns that the SA market will be overexposed to gambling of all varieties and the possibility that control of the industry will be centralised so some degree.

However members of the noncasino slot-machine industry have compelling arguments in favour of the swift implementation of legislation — regardless of any moves afoot to centralise the industry — to allow them to start operating.

The illegal slot machine industry is roaring ahead, with an estimated 60 000 machines in SA. Proposed regulation sets out a maximum of 50 000 machines nationally.

Industry members thus dismiss arguments SA's gaming market cannot safely sustain an introduction of the legal slot machine operators, saying it would ultimately be of benefit by reducing its size.

First, the delay in kickstarting the industry is giving the illegal industry the gap to expand at an alarming rate. Also, illegal slot machine operators change machines' payout setting regularly to maximise profit.

This results in occasional jackpots of up to R10 000, enticing gamblers hoping for big jackpots and pitting the illegal slot machine industry in direct competition with casinos — the only other big win opportunity on machines.

The proposed maximum payout for the legal slot machine industry is R500, with a maximum wager of R5, thus orientating noncasino slot machine gaming more in the realm of entertainment and creating a niche that does not compete directly with casinos. "No one will wager R500 to win R500," as one operator said.

On a practical level the situation for potential legitimate slot operators has become increasingly frustrating. Local and international operators have been waiting for three years for the industry to get off the ground, and have already invested more than R300m.

International players in particular, generally have associations with global gaming and leisure conglomerates, which are becoming increasingly disillusioned with SA's gaming industry and with the country as an investment opportunity. "If we can't find a home for our money here, we'll take it elsewhere," one industry-affiliated source said yesterday.

The legal industry is capable of generating between R1bn and R1,5bn a year for local and national government coffers through VAT, gaming levies and income tax. Government is not receiving a cent from the 60 000 illegal machines in operation.

Once given the go-ahead, the legitimate slot machine industry will create 5 000 direct and 2 500 indirect jobs.

It will also empower and provide security to about 20 000 site owners, through skills transfer and a 50% profit share.

Given these immediate and quite obvious benefits, industry members have grown increasingly angry by the delay. "These repeated delays cannot have anything to do with logic. It has turned political ... undermining good legislation, and bastardising and delaying this process," one industry member said this week.

While the industry hopes to gain clarity on the matter from the Trade and Industry Minister Alec Erwin before the June 2 election, most industry members are deeply cynical about any favourable developments occurring soon. The general feeling is that a legitimate and lucrative industry is being kicked around on a field where the goal posts keep shifting.

Stormers players to be charged over pay demands

(292)

MARK KEOHANE ARG 29/5/99

Stormers players will face a South African Rugby Football Union disciplinary committee hearing because of their pay for play demands on the eve of last weekend's Super 12 semi-final.

Player representative Andy Marinos and team captain Corné Krige are expected to be charged with bringing the game into disrepute by threatening to strike if financial guarantees of R30 000 a player and a R5 000 win bonus were not assured before kick-off.

Sarfu chief executive Rian Oberholzer said yesterday he had personally investigated the matter and, after hearing from all the major role players, had referred it to the disciplinary committee.

"My decision is not based on public reaction but on the facts in front of me," said Mr Oberholzer.

"I believe there is enough cause for further action to be taken. The matter is now in the hands of the disciplinary committee.

"They will meet today to determine what the charge is and which individuals are implicated."

Marinos and Krige are believed to be the only players who will be asked to attend the hearing, as they were responsible for the higher match fee negotiations, as reported in Saturday Argus last week.

Marinos, acting as team spokesman, told Saturday Argus last week that the team would not play unless the financial crisis was resolved. When interviewed on the eve of the game, Marinos was adamant the players' demands were not unreasonable.

WP Rugby Pty Ltd chief executive Rob Wagner, who doubles as the Stormers' chief executive, confirmed that the demands had not been unreasonable.

But he said the union did not have the additional funds to pay the players.

Pick 'n Pay boss Raymond Ackerman read about the crisis in Saturday Argus, met the Stormers and wrote out a cheque for R142 000 to ensure the game was played.

Mr Ackerman, initially offered the team R110 000, but negotiations were concluded only when the figure was upped to R142 000.

After the match Stormers coach Alan Solomons denied there had ever been a crisis and defended his players by saying the issue had been blown out of proportion.

He also argued that his players had not held the union to ransom and were not greedy.

Weekend Argus investigations this week found that the Stormers squad of 22 each received R29 000 for playing Saturday's semi-final, more than the Springboks earn for a test match and more than they got for beating Australia to win last year's Tri-Nations.

Mr Oberholzer confirmed the Boks were each paid R25 000 for a test match, regardless of the result and the opposition. The standard win bonus is R3 000.

"Each Springbok got his match fee and win bonus after beating Australia, and because of the achievement Sarfu decided to give the entire squad (players and management) an additional bonus," said Mr Oberholzer.

He added that he was aware of the amount each Stormers squad member had been paid for playing the semi-final, but would not release the figure.

However, it has been established that with the addition of Mr Ackerman's cheque, each player got R29 000.

The average salary for the Stormers (working on a conservative monthly retainer of R25 000) is R38 400 for the past five months, which amounts to a total of R192 000 for January to May.

Dr Ben Ngubane, the Minister of Arts, Culture, Science and Technology.

Ngubane eyes Pact's R16-m for art projects

(2912)

Sowetan 31/5/99

By Elliot Makhaya
Entertainment Editor

ARTS, Culture, Science and Technology Minister Ben Ngubane has expressed hope that the money in the special reserve fund by the Performing Arts Council of the Transvaal (Pact) could be used to fund a broad range of arts and culture projects in the country.

Ngubane said that, subject to the findings of the Heath Commission, the R16 million from the Pact fund established in 1989, could be used in a transparent fashion to fund the development and promotion of the arts in South Africa.

When the fund came to the attention of the Department in 1995, the department's director general Roger Jardine instructed auditing firm Deloitte and Touche to conduct a forensic investigation into certain aspects of the secret fund.

Pending the findings and recommendations arising from the investigation, it is hoped the money could be made available to meet the needs of the arts community and the country as a whole.

Ngubane expressed hope that the money could now be channelled to a broad range of arts and culture stakeholders.

And this could be done in a process overseen by appropriate and accountable institutions such as the National Arts Council (NAC) and Business Arts South Africa.

This could involve the formation of a committee comprising representatives of the NAC, the state theatre and the Department of Arts, Culture, Science and Technology for overall disbursement.

Such a committee would assess the best possible methods for using the money for theatre and artistic development to the benefit of the nation.

Invaluable contribution

Ngubane said transformation in funding of the arts, culture and heritage in South Africa has given rise to a diverse range of projects and the R16 million could benefit the sector.

Several such initiatives in all provinces have been supported in the past five years, and arts sector has grown significantly and made an invaluable contribution to the country's emerging pride.

For more details on arts and culture funding you should contact Kimberley Worthington of the ministry of Arts, Culture, Science and Technology at (012) 337-8257.

Delayed report costs R1,5m daily

CT 9/6/99

(292)

PRISCILLA SINGH

FOR every day that the Office for Serious Economic Offences (Oseo) delays making public its outcome on the investigation into allegations of bribery and corruption in the allocation of casino licences, it costs the province R1,5 million.

It has been at least three weeks since the Western Cape Gambling and Racing Board announced Sunwest as the preferred finalist to establish a casino in the province, and Oseo says it has yet to finalise its report.

Oseo's investigations were also completed about the same time.

Word on the street is that the report has been finalised, but Oseo chief director in the Western Cape, Tommy Prins, said yesterday that he was still waiting for advocate Jannie van Vuuren to complete it.

Once finalised, it will be handed to Prins, then to national Oseo director Jan Swanepoel before the national director of public prosecutions, Bulelani Ngcuka, peruses it for final approval.

Only then will the Gambling Board be able to conduct its probity investigations into Sunwest.

Sunwest director Ian Douglas said that "time was money" and they wanted to move forward with the plans for setting up a temporary casino for operation by March next year.

In terms of the provincial costs, the delay is costing the Western Cape R1,5m a day.

On a national basis this figure doubles to about R3m a day, Douglas added.

"It's not lost money, but it's delayed. These projects are all about getting construction underway. The empowerment groups are also very frustrated.

"This is not a get-rich-quick scheme and everyone is counting on jobs," Douglas said.

On Monday, Sunwest did a presentation in a Site C community hall in Khayelitsha, where about 100 women shareholders in the Sun International-backed consortium shared a cup of tea with Douglas and listened to how they would reap the benefits of the casino development.

Sunwest's Grandwest Casino and Entertainment World will comprise a R1,2 billion complex at the old Cape showgrounds in Goodwood.

The casino will have 1 750 slot machines and 66 tables operated by Sun International. There will be an amusement park, an ice rink, entertainment areas and cinemas, and in a separate development, a convention centre at the Foreshore with a Venetian-type canal to the Waterfront.

Construction at Goodwood is expected to create 3 829 jobs and 1 147 at the convention centre. During the operational phase at the casino, there will be 3 080 jobs available at the casino and 80 for the convention centre.

Douglas says the casino is near its market, creating development opportunities in Goodwood where they are needed most. "But most of the expenditure on tourism is in the city, where the canal and the convention centre will enhance existing infrastructure.

"Now that everyone is anxious to begin what they have worked extremely hard for, they are being held back by Oseo's delay in releasing the report," Douglas said.

It might be time to break the curators' egg ...

When heritage becomes a thing of the past

(292) BD 25/6/99

*Are the new SA's cultural artefacts being properly marketed? **Jonny Steinberg** dusts off the museums to find a full-scale battle under way*

WHITE people don't plant oak trees anymore, says Stephan Welz of Sotheby's. "In the past, white South Africans did things for future generations. They were thinking of their grandchildren. Now there has been a shift. Things are uncertain for whites. They are leaving options open. They are not thinking on behalf of posterity.

"And as for blacks, things are permanent for many people for the first time. People can start buying property, homes, artefacts, and can think of leaving them for their children. Once that starts happening, it will reflect itself in our heritage.

"You may think these things are far from the world of museums," Welz says, "but they are not. Several generations of certainty have dissolved into thin air. The new is still shaky. In the interim, the institutions of our heritage battle to find themselves."

Mention the word museums and, on the "coal face", people use the discourse of war: museum directors on one side, government's department of arts and culture on the other. In the latest round of battle, SA National Gallery director Marylin Martin writes a scathing broadside against government in the latest edition of Leadership magazine.

"From 1994 to 1997 our budget for acquisitions remained at R200 000," Martin writes. "Now we have nothing. A collection stagnates if it is not added to in a strategic and consistent manner, and we lose important historical and contemporary works because we cannot compete with private and corporate collectors. What is wrong with the new SA?" Martin asks. "The initiatives by the department speak of political will... And yet there is a long shadow between vision and reality."

The shadow, for Martin, is the looming menace of the growth, employment and redistribution (Gear) strategy, which she sees as a maniacal, neo-liberal project to strip the public sector of assets and leave the world to the senseless vagaries of market forces.

"There is a danger that museums may be denuded of their social role by becoming institutions that are driven by the profit motive," Martin writes. "The pressure constantly to seek money from other sources diminishes our dignity and status and threatens our independence... Many artists are disillusioned... For the majority of black artists nothing has changed — they still have no access to education, facilities or even basic materials."

The department acknowledges that fiscal restraint makes its task a tough one. But it also insists that Martin's facts are wrong. Government spends R150m a year on museums. Counting inflation, this means public expenditure on heritage has been restored to 1987 levels, having dropped considerably during the early 1990s.

The problem, the department argues, is not simply a scarcity of funding, but the utter ineptitude of museum directors to make anything with what they have.

"There is nothing more deadening than working in institutions without incentives," says Gordon Metz, a consultant to the department. "Museum directors complain about being left to the cruelty of the market. But they must engage the market, shape it, lead it. The Monet exhibition at London's National Gallery had to stay open 18 hours a day to meet public demand. Good museums capture markets. That is the story the world over."

Some say the crusty old institutions of South African heritage pride themselves on their inaccessibility. "A museum director I met boasted with delight that his insect collection had never been on public display," says an observer.

"Part of the problem is that, in the 1980s, museums were financially rewarded for research, not for innovations in public exhibition. Directors thought of the public as little more than an irritant. The culture that has pervaded national museums for years is an obstacle: they do not know how to market the treasures they hold."

Success stories in the post-apartheid era appear to come not from the old guard of the national museums, but from the ventures of brave new entrepreneurs.

(GRAPHIC: MATTHYS MOSS)

"The District Six Museum in Cape Town was an independent initiative, set up with little state assistance; but it is wonderful and it is thriving," says Prof Carolyn Hamilton, who teaches a heritage course at Wits University. "It uses context. It does not stultify and banalise its artefacts. It takes landscape, music, culture and weaves them together to animate a corner of the past."

If there is any evidence that SA's museums are part authors of their own depression, it is the story behind the steady stream of local artefacts being pawned on the world's black markets. "Theft at the moment is tremendous," Welz says. "I am often commissioned by museums to trace stolen artefacts.

"More often than not, staff are involved... Staff are despondent. They feel the institution they are serving is collapsing... They lose all respect for the reason they are there in the first place."

How successful is Welz at tracing artefacts through the labyrinths of the black market?

"It is difficult to believe, but even the most prestigious national museums do not keep photographic records of their collections. So there is no way of proving where they come from.

"Last year," Welz says, "a well-known Pretoria museum lost its silver collection, and the director and staff did not even notice it was missing. Six to eight months later, the museum was contacted by a Belgian organisation to say its collection had turned up in northern Europe. It was the first the museum had heard of the matter."

If museums lack the professionalism to hold on to their collections, where will they find the creativity to renew and innovate?

The place of museums as keepers of the past is by no means secure. There are other media which arguably command more depth and nuance.

A recent trip to the hi-tech, lavishly funded Museum of Tolerance in Los Angeles brought the point home. It is prided for its encyclopaedic database on the Holocaust. I approached one of the hundreds of computers and entered the name Martin Heidegger. "Famous philosopher who publicly acknowledged that he worked with the National Socialists," the computer replied.

Heidegger, arguably the most astute diagnostician of our age, donned a swastika while penning one of his greatest works. I was hoping the fabled museum may have captured something of the eerie ambivalence of this spectacle. Instead, its offering is pathetically banal. Will our museums do the same to apartheid? Or will they be staffed by people with the inspiration to bring life to the frozen, potentially stultified form of the museum?

"There have been responses to the end of apartheid," Welz says. "But they are going through the motions; they are not bringing much imagination to the task.

"Museum Africa displays the interior of a servant's quarters. Who is this for? What is its meaning? We have all seen servants' quarters... Does a display like this one say anything profound or unusual about apartheid? I don't think so."

Some argue that government was always on a hiding to nothing in the arena of heritage. Animated by the watchword of reconciliation, government left untouched the old crew that runs SA's national museums, and developed an arms-length relationship with it. To date, not a single black museum director has been appointed.

"The department developed wonderful policies," says an observer, "but there was nobody with whom to play ball." Yet the story is more complex than that.

"That the African National Congress (ANC) decided to give the arts and culture portfolio to an Inkatha Freedom Party minister speaks volumes," the observer says. "Why did the ANC never train people to run museums during the 1980s? It has never really grasped what culture means as an institution or a political project. It has never taken seriously, despite lip service, the idea that a nation can invent itself through the imaginative deployment of heritage."

Welz agrees. "When I compare 1994 and 1948 I wonder whether government is not squandering a wonderful opportunity," he says.

"The problem for Afrikaner nationalism in the 1930s and 1940s was the poor white problem... Afrikaners put up the Vroue and Voortrekker monuments by getting 50c from the pocket of every white working class school kid... There is a popular, proud identity inscribed onto those monuments. With imagination and creativity, the ANC could do the same."

While few and far between, the SA landscape does show some traces of a rich post-apartheid imagination. On a hillside high above Mbuzini, Mpumalanga, at the site where the plane of Mozambique's first president came crashing to the ground, is a monument to Samora Machel.

There is a slab of concrete on the ground. A plaque naming the 35 people who died on the spot is set in the concrete. Thirty-five rusty, hollow pipes are laid into the concrete. The hillside wind brings the pipes to life; an eerie, mournful sound. Next to the plaque is a deep crater, a concrete prism rising from its floor. Rocks taken from the site of the crash and the remains of the plane itself lie in the crater. Some of the innards of the plane are contorted and have the colour of flesh: they look like mangled human limbs.

Commissioned by the arts and culture department, this is perhaps post-apartheid SA's finest foray into its prehistory. The wreckage of a disaster cradles the past in all its ambiguity: its dark politics, its heroes, the dignity of those who were killed by it.

It might be time to break the curators' spell ...

When heritage becomes a thing of the past

(292) BD 25/6/99

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If museums lack the professionalism to hold on to their collections, where will they find the creativity to renew and innovate?

The place of museums as keepers of the past is by no means secure. There are other media which arguably command more depth and nuance.

A recent trip to the hi-tech, lavishly funded Museum of Tolerance in Los Angeles brought the point home. It is prided for its encyclopaedic database on the Holocaust. I approached one of the hundreds of computers and entered the name Martin Heidegger. "Famous philosopher who publicly acknowledged that he worked with the National Socialists," the computer replied.

Heidegger, arguably the most astute diagnostician of our age, donned a swastika while penning one of his greatest works. I was hoping the fabled museum may have captured something of the eerie ambivalence of this spectacle. Instead, its offering is pathetically banal. Will our museums do the same to apartheid? Or will they be staffed by people with the inspiration to bring life to the frozen, potentially stultified form of the museum?

"There have been responses to the end of apartheid," Welz says. "But they are going through the motions; they are not bringing much imagination to the task.

"Museum Africa displays the interior of a servant's quarters. Who is this for? What is its meaning? We have all seen servants' quarters... Does a display like this one say anything profound or unusual about apartheid? I don't think so."

Some argue that government was always on a hiding to nothing in the arena of heritage. Animated by the watchword of reconciliation, government left untouched the old crew that runs SA's national museums, and developed an arms-length relationship with it. To date, not a single black museum director has been appointed.

"The department developed wonderful policies," says an observer, "but there was nobody with whom to play ball." Yet the story is more complex than that.

"That the African National Congress (ANC) decided to give the arts and culture portfolio to an Inkatha Freedom Party minister speaks volumes," the observer says. "Why did the ANC never train people to run museums during the 1980s? It has never really grasped what culture means as an institution or a political project. It has never taken seriously, despite lip service, the idea that a nation can invent itself through the imaginative deployment of heritage."

Welz agrees. "When I compare 1994 and 1948 I wonder whether government is not squandering a wonderful opportunity," he says.

"The problem for Afrikaner nationalism in the 1930s and 1940s was the poor white problem... Afrikaners put up the Vroue and Voortrekker monuments by getting 50c from the pocket of every white working class school kid... There is a popular, proud identity inscribed onto those monuments. With imagination and creativity, the ANC could do the same."

While few and far between, the SA landscape does show some traces of a rich post-apartheid imagination. On a hillside high above Mbuzini, Mpumalanga, at the site where the plane of Mozambique's first president came crashing to the ground, is a monument to Samora Machel.

There is a slab of concrete on the ground. A plaque naming the 35 people who died on the spot is set in the concrete. Thirty-five rusty, hollow pipes are laid into the concrete. The hillside wind brings the pipes to life; an eerie, mournful sound. Next to the plaque is a deep crater, a concrete prism rising from its floor. Rocks taken from the site of the crash and the remains of the plane itself lie in the crater.Some of the innards of the plane are contorted and have the colour of flesh: they look like mangled human limbs.

Commissioned by the arts and culture department, this is perhaps post-apartheid SA's finest foray into its prehistory. The wreckage of a disaster cradles the past in all its ambiguity: its dark politics, its heroes, the dignity of those who were killed by it.

DEVELOPER SPEAKS FROM GREECE

CT 29/6/99

Business dealings with ex-premier explained

(292)

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AFTER THE RELEASE of a report from the Oseo which says there is no evidence of irregular payments to ex-premier Hernus Kriel relating to the awarding of a casino licence, property developer Ian Hirschson explains his business dealings with Kriel. **ROGER FRIEDMAN** reports.

WHILE investigators from the Office for Serious Economic Offences found prior business dealings between Kriel, Hirschson and Johannesburg property developer Martin Janit "suspicious" — and some of their explanations "unsatisfactory" — they could find no evidence of payments to Kriel in respect of the sale of the Goodwood Showgrounds to a casino company.

Hirschson, Janit and city attorney Raymond Mallach split the R20 million "vendors" commission after securing an option on the Goodwood Showgrounds site and then brokering the deal with the company.

According to Oseo: "H Investments No 55 was a shelf company acquired by the vendors (Janit, Hirschson and Mallach) to secure an option to acquire the Goodwood Showgrounds for a future casino development from the Western Province Agricultural Society. H Investments was subsequently purchased by Kersaf Investments, which thereby indirectly acquired the option to purchase the Goodwood Showgrounds. The ownership of H Investments was subsequently transferred from Kersaf to Sun International (SA) and the name of H Investments was changed in April 1997 to SunWest."

Janit has since died, Kriel has stepped down as premier, SunWest has been chosen as the "preferred" bidder for the Cape Metropole licence, and Oseo has just completed an 11-month investigation into allegations that Kriel was paid R1m to use his influence to ensure that Sunwest obtained the sought-after casino licence.

The investigation was initiated after Oseo received affidavits alleging that Kriel was involved in a corrupt deal with two friends — Janit and Hirschson — to "deliver them" the operator's licence.

Oseo did not only investigate the origin and destination of the R20m commission, but also delved into previous business associations of the central role-players. It was found that Kriel had on occasion loaned money to Janit; invested in one of Janit's property developments; been paid consultancy fees by Hirschson, and that Hirschson was a trustee of "various trusts" established by Kriel.

But Oseo found that "although a comprehensive forensic accounting review was done in respect of the R20m paid to the vendors, no substantial amounts, as was claimed, could be traced to Kriel's accounts".

Speaking from Greece yesterday, Hirschson said Kriel had been unaware of his and Janit's negotiations over the Goodwood Showgrounds property "until we had it in the bag".

Said Hirschson: "I started the negotiations, then Janit heard what was happening and approached me about it. We subsequently joined forces. Kriel did not know about our negotiations."

Oseo investigators found that Kriel had in the past been paid a monthly consultancy retainer by Hirschson, and that in 1991 Hirschson contributed R40 000 toward the buying of a flat for Kriel in the city.

Hirschson responded yesterday that presenting these findings without providing any context served to distort the real issues.

He said that Kriel was paid a retainer by his property company, Equikor — among other property companies — from 1985 to 1989. He was then a NP MP for Parow.

"In 1989 he became minister of provincial affairs. He immediately resigned from us. There was a rule that members of the cabinet could not engage in private business activities."

Hirschson said the flat in Mouille Point was sold to Kriel by a firm called Unidev, which had shares in Equikor.

As a new minister, Kriel had been given a government car. "He came to me and said he did not need his private car any more, and did I want to buy it. I bought it and I still have the car. I paid him R40 000 for the car (a Nissan Skyline) and what he did with the money is his business.

"Unidev sold him the flat, not Equikor or me," Hirschson said.

Oseo found: "Both Kriel and Hirschson suggested that the sale of a car by Kriel to Hirschson could have been the underlying reason for the above mentioned payment of R40 000 by Hirschson in respect of the flat. No documentary evidence to substantiate this suggestion was obtained. Although the explanations advanced were unsatisfactory, further investigation proved to be fruitless."

MAIL & GUARDIAN
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Gambling appeal fails

M+G 4-10/6/99

Mungo Soggot

The Pretoria High Court has dealt another blow to the Mpumalanga Gaming Board by refusing leave to appeal against a court order instructing them to hand over videotapes and documents of its deliberations.

The decision is the latest in a series of court orders which have reversed or implicitly questioned decisions taken by provincial gaming boards. These judgments have eroded the credibility of the gaming boards, opening the door to Minister of Trade and Industry Alec Erwin's threat last month to scrap them and create one national gaming regulator.

The minister signalled his dissatisfaction with the current provincial set-up at a meeting with an organisation representing slot machine operators.

The latest Mpumalanga order was given in a case lodged by Afrisun, a division of Sun International, against a decision by the gaming board to give a licence in Witbank to rival Tsogo Sun. Both Tsogo and the board applied for leave to appeal, but were turned down by Judge Brian Southwood, who released his written judgment last week.

Judge Southwood dismissed arguments raised by Tsogo and the Mpumalanga Gaming Board that it could appeal the order. "While the decision and the orders may cause the respondents some inconvenience and place them at a disadvantage in the litigation, that is not relevant to the question of appealability," he said.

The Mpumalanga Gaming Board insists that details of its deliberations should not be made public. Chair Keith Kunene said recently that otherwise "[board members] would never be free to say what they want".

Kunene's board has been hit with a similar disclosure order over its decision to give a licence to Tsogo Sun in Nelspruit. Tsogo was refused leave to appeal, but then petitioned the chief justice for an appeal, which was granted last month. The rival applicant in that case is Karos Hotels.

In March, the Pretoria High Court set aside a decision by the Gauteng Gambling Board to grant a licence to a company to build a casino near the Sterkfontein caves outside Krugersdorp. The court found the Gauteng board had taken incorrect facts into account in reaching its decision.

The Gauteng board has also been the subject of controversy surrounding its decision to grant a licence in Fourways to Tsogo Sun. The Democratic Party's Peter Leon has accused Tsogo of paying a R1-million bribe to secure a Gauteng licence — an accusation for which the provincial DP leader is now being sued.

Leon last week sought to persuade the Johannesburg High Court that Tsogo's R10-million defamation claim should be dismissed because he was protected by the doctrine of parliamentary privilege. Leon argued his statement outside the provincial legislature was also protected by the privilege doctrine, citing foreign cases in which politicians who had confirmed outside Parliament statements made during debates had been shielded from libel suits. Judgment in Leon's case was reserved.

Leon made his allegation in the Gauteng legislature in February, saying Tsogo Sun paid a senior MEC R1-million for its licence. The politician in question was later identified as MEC for Finance Jabu Moleketi by one of Moleketi's senior colleagues, Firoz Cachalia.

Cop team targets illegal casinos in Western Cape

(292) ARG 3/7/99

WILLEM STEENKAMP

A special police task team has been deployed to close down the growing number of illegal casinos in the Western Cape.

Andre du Toit, commander of the provincial detective services, said the team had been specially trained to stamp out illegal gambling operations, and it was a matter of time before illegal casinos were closed.

Director Du Toit said the police had been winning the battle against illegal operators until about a year ago. Their operations suffered a setback when the casino licensing procedure was delayed following allegations of bribery against one of the bidders for the Cape Town licence.

The vacuum period gave illegal casino operators the opportunity to regroup. They had perfected their operations, setting up intricate membership procedures and using surveillance equipment at entrances, which made it virtually impossible for people who were not known to the operator to enter the premises.

But the police were confident that the task team would soon be able to act successfully against illegal operators.

Director Du Toit has also received international training in policing of illegal casinos.

"It must be remembered that we have to present *prima facie* evidence to a magistrate before we are issued a search warrant. Because it is difficult to enter these premises to gather evidence, we have difficulty in obtaining search warrants. However, this situation is now being addressed."

He said police were working closely with officials of the Western Cape Racing and Gambling Board and he expected several breakthroughs.

Some illegal casinos have been operating in parts of the city for the past two years without any action taken against them. Director Du Toit said police were monitoring the situation.

"We have reached a very sensitive stage of our investigations and we cannot give any details for fear of jeopardising these investigations," said Director Du Toit.

Reacting to claims that policemen were being bribed to allow some illegal casinos to continue operating, Director Du Toit said he could not react to unsubstantiated allegations.

"We want to give the assurance that we will act on these allegations if anyone supplies us with information. We will not hesitate to act against any member of the force who is guilty of receiving bribes."

He called on people who had information to come forward. He said their identity would be protected.

Tomorrow is D-day for casino licence bidders

Caledon, Bredasdorp, Hermanus and Kleinmond in the running for the Overberg region

(292) ARG 7/7/99

MURRAY WILLIAMS
STAFF REPORTER

Tomorrow is D-day for the contestants in the new race for two of the province's lucrative mega-casino licences – in the Breede River and Overberg regions.

The bid consortiums then have until October 15 to submit their R228 000, non-refundable deposits and the complete planning proposals for their "international-standard" resorts.

If all goes without a hitch, the Gambling Board will then select preferred finalists, approve their financial guarantees and award the two licences.

The Gambling Board is mum on when it will make its final decisions, but it is thought that the winners will be announced early next year.

The province is to eventually have a casino in each of its five new regions: the Cape Metropolitan area, the West Coast, the Overberg, the Breede River and the Southern Cape.

The Western Cape's casino licensing process has been fraught with drama, threatened litigation and delays since it began almost two years ago.

The Overberg farming town of Caledon is still smarting with disappointment after the dramatic collapse of its successful Ladbroke/-Fortes King casino bid earlier this year.

Residents' hopes of hundreds of new jobs and an economic boom were shattered when the Caledon Casino Bid Company's major financial partner – the British-based Ladbroke gaming group – withdrew in March after successfully securing the Overberg licence.

Ladbroke came under a barrage of condemnation from small-time local investors making up the Overberg Empowerment Company, local builders and residents, when it failed to guarantee its R200-million-odd contribution to the financing.

The Gambling Board refuses to speculate on the identity of possible new applicants, but it is rumoured that Fortes King will again go all out for a share in the Overberg licence.

Ladbroke's R270-million Caledon Hotel, Spa and Casino Resort proposal comprised a 151-room Hilton Hotel, a health spa built around Caledon's seven mineral hot springs, a health and racquet club, squash and tennis courts, and a golf course.

The local community's prize empowerment opportunity was to have been a tourist village "showcasing uniquely regional businesses such as brewing, wild flower arrangements and weaving".

The resort would have been built on the site of the Overberger Country Hotel on the mountain slopes outside Caledon, which had already closed its doors in anticipation of work on the new development - due to begin two weeks after Ladbroke's withdrawal.

The hot-water springs were also closed, but have since re-opened.

The architecture was to have been a mixture of Dutch baroque, Victorian and Edwardian styles – supposedly to blend with the countryside.

It is not known whether the Gambling Board will accept a scaled-down version of the initial Ladbroke proposal, or, if Fortes King does re-apply, whether its new proposal will use the same plans and designs.

Caledon's mayor, Rhodes Johannes, said people had been eagerly awaiting the creation of hundreds of jobs from the tourist village before the let-down.

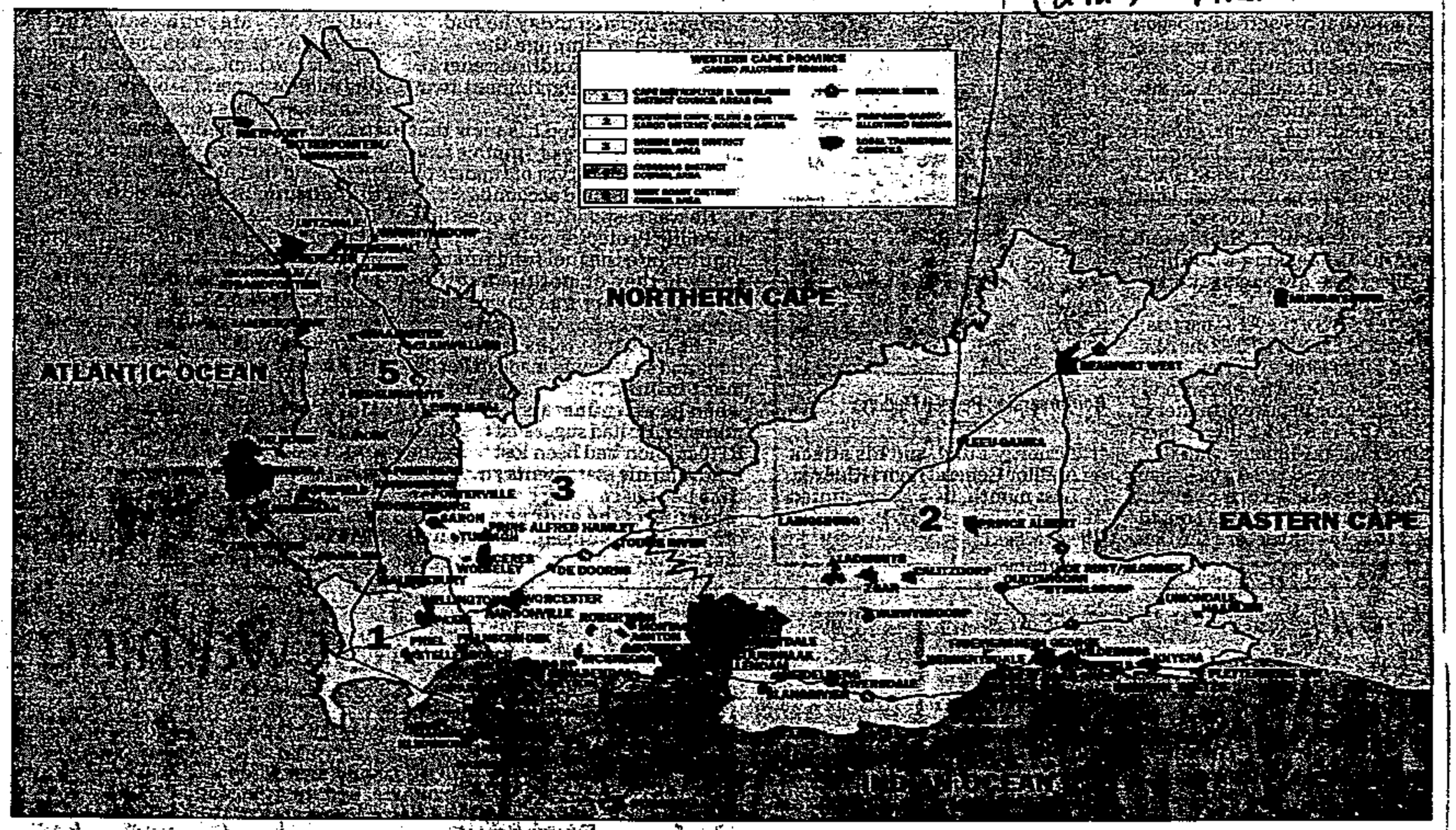
"I hope that the Gaming Board will be sympathetic towards us. I don't think Hermanus will be able to handle a casino – they're already too overcrowded. Caledon has everything in place – we're in a very favourable position. I think we'll be successful again."

Other Overberg towns that could end up boasting a classy, giant casino resort complex are Bredasdorp, Hermanus and Kleinmond.

In the neighbouring Breede River region, the Gambling Board did not receive a single proposal when it first opened for applications.

■ In the Western Cape's other two regions, the West Coast Region's licence process is due to start up again shortly, after the Gambling Board put it on hold last year.

In Cape Town, only the results of Sun West's probity check are outstanding before construction begins at the Goodwood Showgrounds.



The Western Cape's five 'gambling regions' will each be home to a luxury casino resort. In the Cape Town Metropolitan area (1), the licence will awarded to Sun West if if passes the Gambling Board's probity check. In the Southern Cape (2), Pinnacle Point has won its court bid to secure a licence. On the West Coast (5), the Board is to rescind its order which halted the process after complications and proceed with the licensing process. The deadline for the Breede River (3) and Overberg (4), is 4pm tomorrow.

Heath probe uncovers irregularities in Gauteng

(292)

By Joshua Raboroko

THE Heath Special Investigation Unit has uncovered irregularities in the Gauteng housing department and the awarding of casino licences involving huge sums of money, the unit's preliminary report revealed yesterday.

But the report, which was given to Gauteng Premier Mbhazima Shilowa and housing MEC Paul Mashatile, did not identify the irregularities because the unit has not completed its work.

After a two-hour meeting between the unit's representatives and a delegation from the provincial government, the unit's spokesman, Mr Guy Rich, would not release details of the irregularities, saying this could "jeopardise the discovery of huge sums of money".

Investigations started after former president Mr Nelson Mandela signed a proclamation giving the unit the go-ahead for a full probe into alleged nepotism, irregularities and corruption in the housing department.

The proclamation outlined 18 allegations involving housing developers, conveyancers, department officials and the Gauteng Housing Advisory Board.

The anti-corruption unit was also given the green light to look into the awarding of casino licences, including claims that certain gambling board members received commissions and favours from applicants and did not disclose their personal interests in the licences.

The unit will also investigate the conduct of lawyers with claims against the Road Accident Fund after the then minister of transport, Mr Mac Maharaj, requested the probe.

Rich said the purpose of yesterday's meeting was to brief the provincial executive on the progress made by the unit in its investigations.

He said the unit was receiving co-operation from officials of the provincial housing department as well as other executives.

"We are going through tremendous volumes of documents since we started our probe in April," Rich said. "We want to uncover any form of irregularity that might arise."

He said the unit would summon any official it wanted to interview, but he could neither deny nor confirm that they would do so with former MEC for housing and land affairs Mr Dan Mofokeng.

Shilowa's spokesman, Mr Thabo Masebe, said yesterday that the premier had pledged to support Judge Willem Heath's unit in its work.

(292) ST(BT) 3/8/99

Bass gives Erwin licence ultimatum

GAMING INDUSTRY

By AMANDA VERMEULEN

UK GAMING and brewing group Bass Leisure has fired off an ultimatum to government, warning that unless it receives clarity by the end of the month on a timetable for issuing certain gaming licences, it will disinvest from SA immediately.

Bass is a FTSE-100 group with a market capitalisation of around £8-billion. It has significant global market share in the gaming machine, pub and brewing industries.

Bass Leisure SA MD Neil Moir said this week it could not sustain its investment in SA — now at about R100-million — unless government provided certainty on the timetable for licensing the limited payout machine (LPM) manufacturing industry.

Bass set up an operation in SA three years ago following the introduction of a new gambling dispensation. The group was awarded a four-year inward investment tax holiday by the Department of Trade and Industry but has racked up significant costs related to setting up a plant and staff without earning income.

Moir said the creation of a viable, regulated LPM industry had been stalled by unexplained delays in promulgating national regulations.

The most recent communication from Trade and Industry Minister Alec Erwin, dated August 2, was that a proposal was being considered for the introduction of LPMs in a phased manner and under certain conditions but "at this stage I will not be making any further announcements".

ALEC ERWIN

Bass's empowerment partners, Nafcoc and Fabcos, stand to lose investment value of R30-million each if Bass disinvests from the joint venture. Nafcoc president Steve Skosana said "it did not augur well for the country if government made promises to foreign investors and failed to keep to the timetable."

National Gambling Board chairman Chris Fismer said that Bass had misinterpreted elements of the gambling legislation, but that it had valid concerns and "a right to expect answers (from government)".

Erwin said: "Government will not respond to threats of this nature. Bass invested in SA at its own commercial risk.

"We acknowledge the group has legitimate concerns, and it's our intention to provide clarity as soon as possible. But Bass would be very unwise to disinvest over this issue."

He said that Cabinet and the ministry had discussed a number of "confidential concerns" about the gambling industry but declined to outline a timetable for the issuing of LPM licences.

Gambling industry surprised by ad for new chairman

CT (BR) 30/8/99 (292)

ANN CROTTY

Johannesburg – Indications that Chris Fismer, the chairman of the National Gambling Board, was about to be replaced were met with astonishment and concern by gambling industry leaders yesterday.

They expressed amazement at a notice in the Sunday papers inviting nominations for the appointment of a chairman for the National Gambling Board.

That position is now held by Fismer, who is highly regarded by industry players. He has headed the board since its inception in March last year and, since the mid-nineties, has been a key player in establishing the newly legislated industry.

Neither Fismer nor officials from the trade and industry department were available for comment yesterday.

Sfiso Buthelezi, the chief executive of the board, said yesterday that he was unaware of the situation until he saw the notice. At this stage it is unclear what prompted the move or whether Fismer will remain to head the board until a replacement is found.

The suddenness of the move has sparked speculation that there could be a rift between Fismer and politicians at national level. "It may just be that for personal reasons Fismer has decided to move out of the industry, but the unexpected announcement of plans to look for a new chairman does lead to speculation of some sort of rift," one analyst said.

A senior corporate executive said Fismer had an extensive knowledge and understanding of the industry, which would be difficult to replace.

"One of the extremely frustrating aspects of creating a new legislative environment for the gambling industry has been the shortage of skilled and informed individuals at government level.

"Now it looks as though we will be replacing one of the few skilled individuals in a key position with a comparatively new player; the consequences may not be so bad for casinos or the lottery where legislation has been put into play, but it will be severe for the slots sector of the industry where things have not yet been finalised," the executive said.

Fismer was appointed in March last year when the board was formally established.

The establishment of the board came 15 months after nominations were advertised for the position of chairman and two general board members. The delay in appointing Fismer chairman has sparked concerns about another period without an effective head of the national board.

CITY PRESS SEPTEMBER 5 1999 ★★★★

Setting the record straight for Samro

(292)

CP 5/9/99

THE Southern African Music Rights Organisation (Samro) has pointed out that it is a non-profit organisation whose constituents are its members and members of affiliated societies worldwide.

"Samro has approximately 4 300 local members who are composers, lyricists, beneficial rights-holders and publishers of musical works.

"Those persons who wish to qualify for Samro membership should preferably have had at least some of their original musical works published by recognised music publishers and/or commercially recorded.

"The report that appeared in City Press on August 15, under the headline 'The face of our recording industry is ugly indeed and SA musicians lose millions in unpaid royalty payments', contained numerous inaccuracies and misrepresentations of fact in regard to Samro and its business activities.

"The main functions of Samro are:

- "To administer the rights of broadcasting, performing in public and transmitting in a diffusion service the works of its own members and the members of its affiliated societies all over the world; and
- "To collect the appropriate licence fees from the authorised licensees and to distribute the net royalties to members of Samro and members of its affiliated societies.

City Press referred to Samro in the article as a 'collection agency' responsible for the collection of royalties and this suggested that Samro's inefficiency, or alternatively non-transparent operations, had resulted in musicians not receiving that which was due to them in respect of royalty payouts.

"Samro takes exception to the use of the term 'collection agency' in respect of its business operations.

"That Samro has established an off-shore bank account is untrue and defamatory.

"The statement that Mahlathini only received R4 146 in respect of royalties for the period January to September 1996 is inaccurate.

"In this regard Mahlathini's royalty earnings for the past five years amounted to thousands of rand and all amounts due to him were paid by Samro.

"Hugh Masekela is not a member of Samro but is a member of an affiliated society of Samro, namely Broadcast Music Incorporated.

"All his royalties have been paid to this body.

In general the association of Samro with an 'ugly face of the recording industry' is disappointing and misleading. Samro administers rights arising out of broadcasts, performances and transmissions of musical works."

Erwin lashes out at US, Germans

'Stay out of row over gambling'

(292)

ARG 17/9/99

New challenge to casino victor

'Law change will scare off investors'

Flashback: Tuesday's Cape Argus with the casino row

CHARLES PHAHLANE
PARLIAMENTARY BUREAU

Trade and Industry Minister Alec Erwin has lashed out at United States and German business lobby groups for allowing themselves to be used in fighting battles for local gambling consortia.

Speaking during debate on the Gambling Matters Amendment Bill, Mr Erwin said there was much exaggeration on the bill by the American Chamber of Commerce (Amcham) and the Association of German Businesses in Southern Africa (VDU) together with Culemborg, the runner-up to the Cape Town licence.

Amcham and VDU said the bill would result in a loss of confidence in South African business, an argument which if successful would have resulted in the disqualification of the preferred bidder Sunwest, a consortium including Sun International South Africa (Sisa) which is part-owned by the parastatal North West Development Corporation (NWDC).

Mr Erwin said such an argument was "a gross distortion based on pure self interest".

He said organised business had every right to speak out for its members but "they will lose everyone's respect if they promote pure self-interest at the expense of facts".

Mr Erwin said parastatals were given until this year to get rid of their shareholding in Sisa in line with Government policy of not holding gambling interests. But the unwinding of NWDC and the Eastern Cape Development Corporation, inherited from former homelands, was more difficult.

If Government continued with the sale it would lead to job losses and Government would lose R1-billion. Government passed an act granting parastatals a further three years to divest themselves of gambling interest. But there was uncertainty as to whether the NWDC was covered after it converted itself into a public company.

"As the democratic South Africa extracts itself from this mess we have encountered numerous difficulties and I personally find it distasteful in the extreme for gambling consortia to try and advance their material interests by trying to capitalise on this problem.

"I am particularly disappointed that representative American and German business interests have associated themselves with this," Mr Erwin said.

DP MP Mr Nigel Bruce said his party had reservations about the bill because Government would not be trusted by investors if it kept on changing rules.

He said the DP would support the bill if Mr Erwin gave an undertaking that Sisa would be excluded from further consideration for any casino licence and that Government's interest in Sisa be considered in assessing candidates.

The Inkatha Freedom Party, the New National Party, the United Democratic Movement supported the bill.

Some DP members voted for the bill when a division was called, with the African Christian Democratic Party and the Afrikaner Eenheidsbeweging voting against it because of their objections on principle to gambling in any form whatsoever.

Bill rectifies 'a technical omission'

Erwin blasts 'self-interest' in gambling

CT(BR) 17/9/99 (292)

LYNDA LOXTON
PARLIAMENTARY CORRESPONDENT

Cape Town – Alec Erwin, the trade and industry minister, yesterday accused groups opposing the National Gambling Amendment Bill of "gross distortion based on pure self-interest."

During the debate on the bill in the national assembly, he attacked US and German business interests as well as local empowerment groups who opposed moves to allow North West Development Corporation to hold on to its shares in Sun International until 2003.

Sun has been named the preferred bidder for the Western Cape casino licence.

"Organised business chambers have every right to speak out for their members, but they will lose everyone's respect if they promote pure self-interest at the expense of facts," he said.

Erwin was also concerned that empowerment groups had backed the consortia of US and German interests vying for the Western Cape licence despite the fact that this could lead to the loss of thousands of jobs in the North West and debts of more than R1 billion for the province.

"This is a matter which the various consortia that are now taking us to court care nothing for as they are convinced that their perceived loss of a gambling licence is the only matter of economic importance.

"I personally find it difficult to respect this viewpoint, especially when it comes from so-called empowerment groups."

The bill was drafted to rectify a "technical omission" that excluded the North West province from the National Gambling Act but allowed other former homelands to hold on to their gambling assets until 2003.

North West, however, would have had to sell its interests at "fire sale" prices.

The American Chamber of Commerce alleged during public hearings this week that the amendment would lead to a lack of investor confidence in South Africa.

Erwin said it was unlikely the amendment would affect investor confidence as it merely rectified a technical oversight.

Most parties supported the amendment, but Nigel Bruce of the Democratic Party said he could only support it if the government ensured that Sun International did not get any casino licences.

The amendment, he said, reflected badly on the government's privatisation programme as it allowed the North West government to hold on to its gambling shares, even if only for the short term.

Slot machines win Erwin's approval

(292)

Industry players say the decision will engender investor confidence

BD 21/9/99

Janet Parker

TRADE and Industry Minister Alec Erwin has given the thumbs-up to SA's long-delayed slot machine industry. He said yesterday it would be introduced no later than September next year.

The move will effectively kickstart an industry capable of generating between R2bn and R3bn a year, and which will create about 5 000 direct and 2 500 indirect jobs. Local and international members of the route and site gaming industry, also known as the noncasino slot machine industry, have waited for more than two years and invested more than R300m waiting for the go-ahead.

The delays have also proved damaging to SA's reputation to international gaming investors. Earlier this month, frustrated by the spiralling costs associated with delays and uncertainty surrounding the industry, UK gaming group Bass Leisure pulled out of SA.

The delays have also resulted in SA's illegal slot machine industry mushrooming to about 60 000 machines.

However, Erwin said yesterday he had begun talks with the provinces to "improve a co-ordinated introduction of the industry over the coming years". Noncasino slot machines (or limited payout machines) would be introduced no earlier than June next year but no later than September, he said.

"The reason for formulating the announcement in this way is that the launch of the national lottery is being given priority and I would like a gap between its launch in March and the commencement of operations of limited payout machines."

Key features of the regulations include a wager limit of R5, a maximum payout of R500 with no linked jackpots, and a maximum of five machines a site.

These features are in line with a report, released last year, which was commissioned by the National Gambling Board and drawn up by an academic research group.

But where the report recommends a phased-in approach to licensing the slot machine industry, with phase one capping the maximum number of slot machines to 50 000 nationally, Erwin did not specify the number of machines, saying instead there would be "an agreed allocation for all provinces and implementation in all provinces".

He said the National Gambling Board and the department were consulting stakeholders in the "detailed drawing up of the regulations within this framework. These detailed regulations will be published as soon as they are ready, and it is likely that this will be very early in 2000."

Industry members believe, however, that Erwin is committed to the recommended number of 50 000 machines, and will allow the industry to go live in all provinces at the same time.

Other features of the regulations would be a common national standard for all machines, as well as a central monitoring system "which will allow provinces to carry out their regulatory obligations as well as provide a national monitoring capacity", Erwin said.

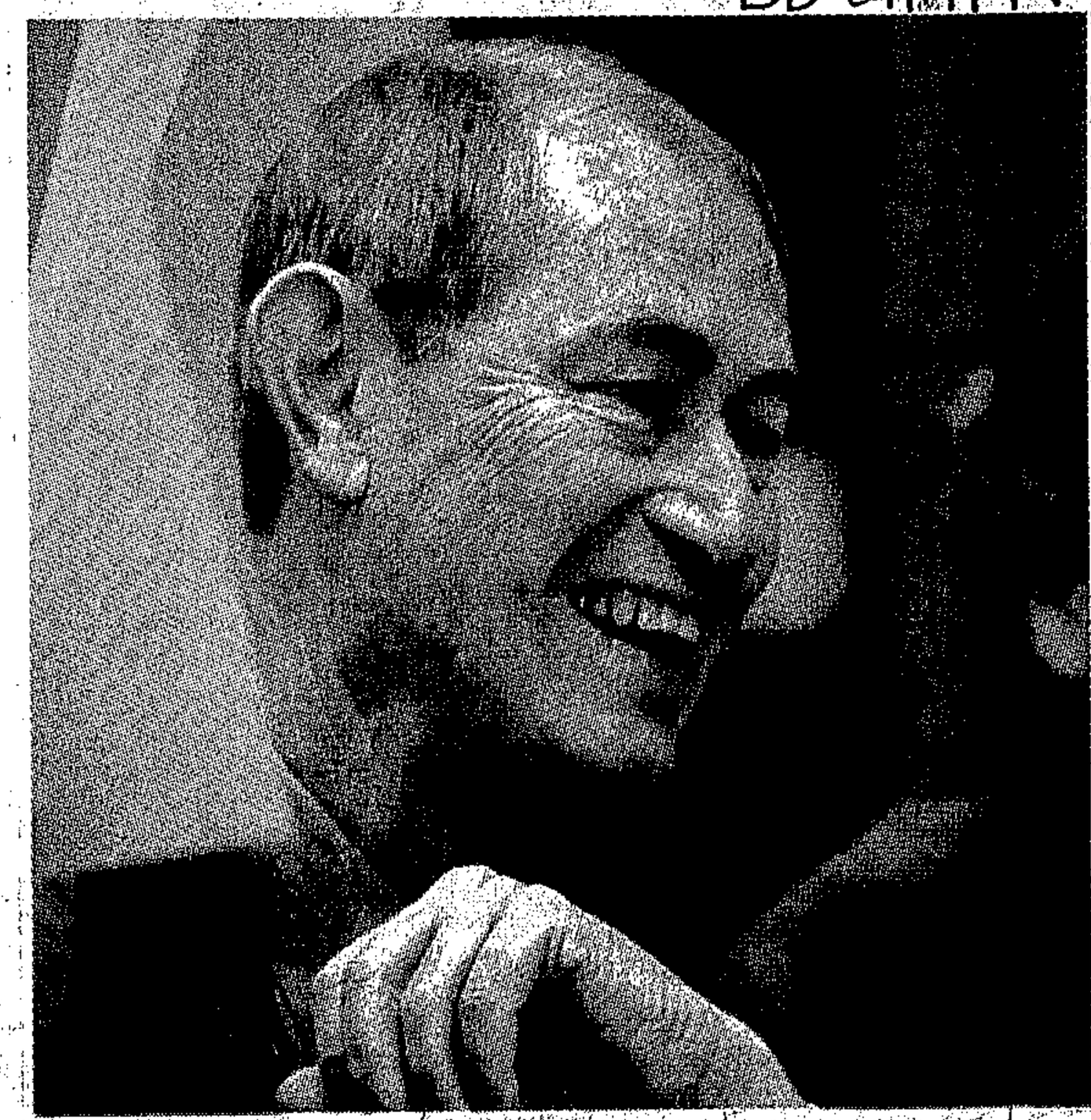
The slot machine industry has welcomed the development, saying it would engender investor confidence. Moss Mashishi, chairman of the industry watchdog, the Limited Payout Machine Association, said "the industry overwhelmingly welcomes the commitment to fixed time frames which will assist it in managing its exposure to investment in the industry".

Mashishi said the industry also supported the national standardisation, and the uniform national approach the minister was adopting.

Route operator companies generally target small sites with a liquor licence in both central business districts and the suburbs. As a result, the industry is one of a few which takes economic empowerment to grassroots levels.

Erwin issued a warning to illegal operators, saying they would be dealt with "to the full extent of the law and no concessions will be entertained".

Grant Kaplan, of gaming consultancy Grant Kaplan & Friedgut Attorneys, said the illegal slot machine industry, at its prime, had 130 000 machines, indicating a large latent consumer base.



Trade and Industry Minister Alec Erwin approved SA's slot machine industry yesterday after a long delay. Picture: TYRONE ARTHUR

Jobs shock as two casinos evaporate

ST (BT) 3/10/99

(292)

LICENCES REFUSED

By QUENTIN WRAY

EASTERN Cape gambling authorities decided not to issue casino licences to two of the province's four successful bidders.

This means the R252-million casino destined for East London and the R52-million casino destined for Queenstown will not be built — at least in the short term.

The green light was given to Sun International-backed Emfuleni Resorts' R533-million Port Elizabeth casino, conference centre and resort; and to Sun International's Wild Coast Sun near Bizana on the Wild Coast.

The Wild Coast Sun was awarded its licence a month ago. It was the only existing Eastern Cape casino to have its licence renewed.

The provincial gambling and betting board had set down strict requirements for financial guarantees.

Thebe Investments-backed Gompo Leisure Resorts had put in the bid for East London, and Siyakha Leisure Resorts, also linked with Thebe, won its bid for Queenstown.

Gompo CE Thabo Mokoena said he felt the board's decision and had been "administratively unjust and unfair".

His group had been told to furnish R111-million in guarantees. However, by close of business on Monday, Gompo had furnished only R70-million in guarantees. Mokoena said he was confident his company would have found the remaining R41-million in the stipulated 30-day period. The board then demanded that the R70-million be forfeitable should the remaining guarantees not be found.

Mokoena said this was unacceptable as Gompo was more than 90% empowerment owned and could not afford to lose such an amount of money.

He said the "vagaries of the market" meant it was impossible to guarantee the remaining sureties would have been found.

Gambling Board chairman Joe Lukwago-Mugerwa said he was disappointed that the board had not been able to issue the licences. However, he was not prepared to "get into a newspaper debate with the applicants" over the non-issuing of licences, save to say that if the board had issued the licences, they would not have "done justice to the people of East London or their statutory obligations".

Border-Kei Chamber of Business CE Les Holbrook said while he regretted the loss of the licence, he was "pleased the board was sticking by its principles". He said it had been made clear from the beginning that proper guarantees would be needed. "There would be nothing worse than them having to suspend building operations halfway because of a lack of capital."

Not only did the loss of the licence cost East London the R252-million investment, it also puts on hold indefinitely the creation of the 1 600 much-needed construction-phase and 660 operation-phase jobs.

Also lost to the region is the re-opening of King William's Town's Amatola casino and hotel. The Amatola would have been the venue for Gompo's temporary casino. — *ECN Weekend*

Kenya film industry loses R2,4bn to SA in shoots

(163) (292)

ARG 9/10/99

Nairobi – Kenya has lost location shootings to South Africa of at least eight feature films with budgets totalling some $402 million (R2,42bn), a Kenyan film producer said yesterday.

Noor Ali of Telecine Productions said the films were lost to the South African Film and Telecommunications office in Los Angeles because of poor marketing of Kenya as a location site. – Sapa-AP

FILM INDUSTRY

Kenya loses film shoots to South Africa

ET 11/10/99 (292)

KENYA has lost location shootings to South Africa of at least eight feature films whose budgets total $402 million, according to a Kenyan film producer.

Noor Ali, of Telecine Productions, said the films, which were initially to have been shot in Kenya, were lost to the South African Film and Telecommunications office in Los Angeles, California, because of poor marketing of Kenya as a location.

"In 1996 alone, three feature films based on Kenyan stories were poached by South Africa for production."

Ali was speaking at the annual Kenya Audiovisual Week conference in Nairobi.

Some of the films lost to South Africa include *The Air Up*, *Ghosts and the Darkness* (based on the book, *The Man-Eaters of Tsavo*), *I Dreamed of Africa*, *Tarzan* and a remake of *Born Free*.

The original *Born Free* and *Out of Africa*, about the life of Danish novelist Karin Blixen, were filmed in Kenya.

South African producers flew Masai tribesmen to South Africa and recreated the Kenyan savannah for the shooting of *Ghosts and the Darkness*.

Ali said a steady flow of feature films and commercials had been shot on location in Kenya after *Out of Africa* put the country on the audiovisual map in the early 1980s.

Producers and directors were now shunning Kenya because it did not have a film commission to market the country and deal with bureaucracy.

Other participants pointed out that the South Africa had better infrastructure and that production companies had begun to head south after the end of apartheid in the early 1990s.

"There is a stiff competition," said Steven Kirago of the Kenyan Ministry of Information. "We are not aggressive enough in marketing Kenya."

Although Kenya had better locations, South Africa offered production companies a better package of economic incentives, Kirago said. Several American actors, saying they were concerned about personal safety, had refused to go to Kenya. Insurance companies charge maximum premiums to cover actors because the East African nation is in the high-risk category.

During the week-long conference, Kenyan directors and producers criticised the country's television stations for the excessive use of "dumped" foreign material to cut down on costs.

Ali said at least 65% of commercials screened by television stations had been produced for foreign audiences and were "dumped" in the Kenyan market at little cost to TV stations. But broadcasting representatives said agencies and production companies should come up with products to meet their demands.

"We are not saying we should make our film industry meet the standards of Hollywood — we can't, but we can develop our own standards," said Joe Ambwoka of a new television and radio station to be launched by the Nation Media Group. — *Sapa-AP*

ex (BR) 19/10/99

Naledi to 'globalise' rural arts and crafts

(173) (292)

BONTLE HEADBUSH

Johannesburg – Naledi Ya Afrika (Naledi), the empowerment company, said yesterday it would use extensive marketing to globalise rural products.

"By vigorously developing the export market for indigenous arts and crafts, Naledi will also be promoting the heritage and riches of different cultures of our country," said King Goodwill Zwelithini, one of the company partners.

Other shareholders in Naledi, which was launched yesterday, included the Centre for Scientific and Industrial Research (CSIR), Kuzwayo Trust, Penduka Trust and the controlling shareholder, the Msomi Trust.

Naledi seeks to create jobs and facilitate development, particularly in the rural areas, through the establishment of small, micro and medium sized enterprises (SMMEs) and the provision to them of direct access to external communication and marketing.

It will operate under four divisions: Naledi Financial Services, which will establish a financial system between the small business units it sets up, using a cash-free smart card system; Naledi Technologies, which will be managed by the CSIR and will oversee the employment of technologies by the SMMEs; Naledi Manufacturing, which will assist the SMMEs with the implementation of appropriate manufacturing technologies; and Naledi Marketing and Communications, which will be responsible for all promotional activities.

The SMMEs would keep 70 percent of the profits derived from the distribution of goods produced by it, Naledi said. It would receive 20 percent and the remaining 10 percent would be donated to community projects.

Ben Ngubane, the minister of arts, culture, science and technology, said Naledi's integrated business plan embraced the latest technologies and helped transform the dream of sustainable multipurpose community centres into an achievable reality.

Body 'will protect culture'

Farouk Chothia (292)

CAPE TOWN — President Thabo Mbeki would appoint members of the commission for the promotion and protection of language, cultural and linguistic rights, with no role envisaged for Parliament in the process, said provincial affairs and local government department deputy director Richard Sizani.

He said yesterday that legislation on the commission would be tabled in Parliament in January, and the commission was likely to be formed during June next year. It would be made up of between 11 and 17 members, with a budget of R3,2m.

Sizani was briefing the national assembly's provincial affairs and local government committee on progress in getting the commission off the ground. The constitution requires that the commission be established.

The commission would be made up of the "main communities" in SA. Organisations would make submissions seeking representation on the commission and Mbeki would appoint its members. He would define the term "main communities".

Sizani said a role for Parliament was not envisaged in the appointment process as there was a need to avoid "political bargaining" over the issue. However, Parliament would have to approve legislation, Sizani said.

African Christian Democratic Party MP Rhoda Southgate questioned the need for the commission, saying its work would overlap that of other bodies.

Carrim said the commission was needed when one considered that ethnically driven wars were raging in various parts of the world. The commission would allow for "cultural self-determination", he said.

BD 20/10/99

Orchestra plea for state help

(292)

STAFF REPORTER

The Cape Town Philharmonic Orchestra is to make urgent presentations to all levels of government in the coming week in an attempt to secure bridging funding. It needs R5-million by the end of the month or it will be forced to close.

Spokeswoman Shirley de Kock said if the orchestra was allowed to fold, other orchestras in the country wouldn't be far behind.

The orchestra has been invited to represent Cape Town and Africa at the World Music Festival in the Canary Islands in January.

"Can you imagine the kind of message we would be sending out if we have to back out at this stage? We would be saying that Africa can't get its act together."

Ms De Kock said a community concert and a symphony had already been cancelled and a concert planned for Govan Mbeki in December was in jeopardy.

She said Mr Mbeki, father of President Thabo Mbeki, had pledged his support and promised to do what he could to help secure funding.

The orchestra's annual budget is R13-million of which R800 000 a month is spent on salaries. "Musicians aren't well paid, but they're passionate about what they do. It's their life," said Ms De Kock.

An R8-million investment plan, in the form of unit trusts, was set up about three years ago, one of several attempts to keep the orchestra afloat.

"The orchestra uses the interest from that money which has amounted to R1,5-million over the past two years."

Ms De Kock said they realised the Government had other priorities for funding but had hoped big business would sustain them. "Unfortunately that hasn't happened." Money for sponsoring young musicians from disadvantaged areas was vital.

"You don't come out of school and join a world-class orchestra. It takes years of practice and you can't fast-track musicians," said Ms De Kock.

Meanwhile the strain of living under the threat of closure is taking its toll on the musicians.

Flautist Nerina von Mayer said it was tragic that one of the city's time-honoured traditions could be lost. "We all try to be as professional as we can but the possibility of closure is an overriding preoccupation. If it goes, the heart of the city will be gone."

ARG 21/10/99

Orchestra: R3m today or it's over

Last calls for cash

ARG 28/10/99 (292)

MICHAEL MORRIS
SPECIAL WRITER

Today is D-Day for the Cape Town Philharmonic Orchestra. It will close unless it finds R3-million by 6pm, when the orchestra's executive board meets.

If by that time it does not have sufficient pledges of financial support to guarantee musicians' salaries and meet other essential running costs, Cape Town will lose one of its finest and most misunderstood cultural assets.

Not for the first time, the orchestra finds itself in a bottom-line squeeze.

Its own longer-term financial initiatives – prompted, in part, by mounting pressure to be more self-sufficient – have not yet yielded enough to tide it over the immediate future.

It needs pledges of at least R3-million to go on. Ideally, R5-million is needed, to get through to the end of March. The orchestra costs about R1-million a month to run.

Since its plight was publicised 10 days ago, there has been a groundswell of popular support, and pledges, from the public. But the sums involved are not nearly sufficient.

There remains hope that the various levels of government will help keep the orchestra going, but it will need private sector help, too.

In what is effectively a challenge to the city's business community, the Western Cape's Cultural Affairs Minister, Glen Adams, has promised to ask the provincial cabinet to

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It's R3m or curtains for Cape Town's Philharmonic orchestra

From page 1

approve an advance on the annual allocation of R1-million, but only if the remainder of the R3-million shortfall "has been secured".

Pledges of support today could make the difference between sound and silence for the orchestra's 78 musicians, whose first concert of the season, under the baton of David Tidboald, takes place after this evening's meeting.

Dutch cellist Pieter Wispelwey will be the guest soloist in Haydn's *Cello Concerto* and Tchaikovsky's *Rococo Variations*.

■ Pledges of support may be submitted until 5pm on 418 9190.

Saving a vital piece of our heritage

Orchestra isn't an irrelevance, says Special Writer **Michael Morris** – it's for

ARG 29/10/99 (292)

Fikile Mvinjelwa's thoughts on the risk of Cape Town losing its orchestra are strictly partisan.

In a brief encounter in the Nico canteen yesterday, he got to the point quickly enough, leaving for others the discursive philosophising the orchestra debate has spawned.

"This can't happen, it just can't happen," he insisted. "We must survive."

The cheerful buzz of activity behind us, as the Cape Town Philharmonic Orchestra took a break in rehearsals, seemed, then, especially deceptive.

After all, at noon yesterday, who could say if the orchestra would survive? Only the idea that it was unthinkable made it less of a threat.

But as a lead singer in the opera Elektra, opening soon, Mvinjelwa has a stake, and the risk was real.

This Cape Town-trained opera singer is a product of the reach of the classical tradition.

The orchestra is, in fact, a most impressive contributor to city culture.

Its impact on lives and aspirations, beyond the confines of the upper middle class (erroneously supposed to be the sole beneficiaries) is underestimated.

School and university students across the socio-political spectrum, the opera and ballet schools – and plans for youth orchestra – depend on the efforts and skills of its musicians.

There are celebrated collaborations with performers of non-classical music, and the orchestra provides opportunities for such composers as Peter van Dijk and Hendrik Hofmeyr to orchestrate and arrange African music, enriching both traditions.

Increasingly, it is a source of popular entertainment, and a significant element of the tourism that is one of the region's economic mainstays.

But the true justification of the cultural asset that is an orchestra of the CTPO's calibre is not its potential for socio-political betterment.

Taking a break yesterday, conductor David Tidboald provided the corollary to Mvinjelwa's plea when he said that without music and art, "we'd be no better than battery chickens".

"It's these things, not power stations, that make civilisation."

Still glistening with sweat after tackling the pacier bits of Strauss's symphonic poem, *Don Juan*, Tidboald was slightly breathless, and with that exhilarated look of someone not yet back from an ecstatic diversion.

He reminded me fleetingly of a rock star, backstage after a concert, on a high.

It seems, on reflection, a bit far-fetched, but the image came to mind after recent comparisons of classics and pop, intended, apparently, to doubt the "relevance" of the orchestra.

The truth is, this orchestra is no more or less "relevant" than those in New York or Vienna. Relevance is a false measure.

Equally, celebrating the orchestra takes nothing from the exuberance of a Jimi Hendrix or a Carlos Santana.

Pop stars, through popularity – less demanding listening – have a bigger market, and no need of state funds.

Profits, while never a trustworthy aesthetic yardstick, do not preclude artistry. But nor does dependence on the public purse signify irrelevance.

Public assistance does not mean propping up an effete extravagance, but that there is enough of a collective sensibility to sanction it.

As Fikile Mvinjelwa's comments imply, the issue is not whether the orchestra has sufficient outreach programmes, or is relevant, has the right colours in its complement, or makes a mint.

The issue is whether society will see the sense in sustaining its magnificence for the sake of the elevating, masterful thing that it is.

The finest orchestras, playing to clamorous appreciation in the citadels of eurocentrism, also mostly depend on state funds.

They are not being propped up so much as appreciated for what they are.

Or, indeed, they are suffering from the same creeping philistinism that mistakes gross takings for genius, cash for culture, and which finds a cheerless partner in insecurity dressed up as political correctness.

At the heart of it, the classical tradition (a very broad church, considering the range from plainsong to Poulenc, not to mention African and other contributions) is not – as oriental virtuosos and audiences, for instance, have long appreciated – the reserve of whites, or the wealthy, or "westerners", but a rich and vivifying feature of human cultural heritage. It is there for everyone.

That's exactly what Fikile Mvinjelwa was saying.

ROY WIGLEY

Strike up the band: David Tidboald conducts a rehearsal of the Cape Town Philharmonic Orchestra, saved from closure by public pledges and a promise of a city council loan

CTPO escapes final curtain – for now ...

MICHAEL MORRIS

Last-minute pledges and the promise of a loan from the City of Cape Town have put off the hour of crisis for the Cape Town Philharmonic Orchestra.

The music plays on, for the moment, but until a range of commercial initiatives aimed at making the orchestra more self-sufficient is implemented, the orchestra will need every cent it can get in contributions from individual and business donors.

The orchestra's executive board met before the first concert of the season last night and decided to "defer" a final decision on the CTPO's future, pending discussions next week with the city council on the terms of its loan, and with Rob Adam, director-general of the Department of Arts and Culture.

The orchestra's fortunes have improved substantially this week, with pledges from companies and the public of about R500 000 – including one from Rand Merchant Bank for R250 000 and another from Old Mutual for R100 000.

Scores of individual pledges have ranged from R40 to R25 000.

The orchestra, which costs about R1-million a month to operate, needs at least R3-million to tide it over the present cash crisis.

But its financial situation is expected to be much improved from early next year when more "commercially directed" activities will boost its self-sufficiency, says orchestra spokeswoman Shirley de Kock.

Among projects in the offing are the recording of film scores for overseas movie companies, and the recording of a "pop" CD.

Ms De Kock said the orchestra remained committed to functions enriching the cultural life of the broader community.

... the lifeline has a few new strings attached

NORMAN JOSEPH
STAFF REPORTER

Although the City of Cape Town is to hold urgent talks with Cape Town's Philharmonic Orchestra aimed at throwing it a financial life-line, it questioned whether the orchestra represented the city's demographics.

Yesterday, the council decided to send a delegation to meet the orchestra's board.

The proposed meeting would be called soon to discuss how to save the orchestra by means of a loan from the council and how to introduce a programme for the orchestra's future financial stability.

The council would raise its concerns regarding the composition and transformation of the orchestra and a programme for transformation.

The delegation would also discuss time-frames and commitment to financial and transformation programmes.

The orchestra needs urgent financial support to pay musicians' salaries and meet other operating costs.

Executive committee chairman Saleem Mowzer said the council had financed the orchestra to the tune of more than R40-million since 1986.

This financial backing, Mr Mowzer said, was a contradiction in a city where the majority of citizens lived in poverty.

He asked:

- Whether the orchestra and its board were representative of the city's demographics.
- What standards were being applied when the orchestra performed at traditional venues.
- What marketing strategies were being used to build new audiences.

The orchestra was a cultural institution which complemented cultural development and excellence within the city.

But the council was concerned about representivity in its composition and general transformation, Mr Mowzer said.

DESPITE TRANSFORMATION CONCERNS

City council saves broke orchestra

CT 29/10/99 (292)

THE CASH-STRAPPED Cape Town Philharmonic Orchestra has been offered an eleventh-hour lifeline by the Cape Town City Council — with some strings attached. **JUDITH SOAL** reports.

THE Cape Town City Council voted yesterday afternoon to bail out the Cape Town Philharmonic Orchestra (CTPO) by offering it a loan to prevent its closure.

However, this offer was accompanied by some strongly-worded concerns about the orchestra's lack of transformation.

"The council has funded the orchestra to the tune of over R41 million since 1986," executive committee chairperson Saleem Mowzer said. "This is a high cost and perhaps a contradiction for a city where the majority of the population live in poverty."

Nevertheless, the council voted unanimously for a delegation led by Mowzer, city manager Andrew Boraine and councillor Faldiela de Vries to meet the orchestra board to discuss:

- The offer of a loan to save the orchestra.
- A programme for the future financial stability of the orchestra.
- "Areas of concern" regarding the composition and transformation of the orchestra.
- An implementation plan and timeframes for financial and transformation programmes.

The urgent motion to the council was introduced in response to an announcement earlier this month that the orchestra, which costs about R1m a month to operate, would have to close by the end of this month if it could not raise R5m by today.

Orchestra board chairperson Kenneth Marcus said last night he was "delighted" with the offer.

"We look forward to meeting the council to discuss the details with them," he said after a board meeting last night.

"In the light of this offer and coming discussions with the national Department of Arts, Culture, Science and Technology over possible funding, we have postponed the decision on our future until next week."

By late yesterday last-minute appeals had attracted pledges of about R500 000 from corporate and private donors. Marcus said the support had been most encouraging.

"These people can see that Cape Town would lose more than its symphony orchestra, which is the kernel of musical life in the city. Not being able to support the philharmonic will send out a message of incompetence, of a city unable to offer one of the cornerstones of civilisation."

Marcus said the CTPO had a business plan to make it more self-sufficient.

"We have initiated business projects which will earn more than R4m. If we get this bridging finance to keep us going until the end of March, the orchestra will be able to run purely on business lines."

It is these business plans that the council is interested in, along with concerns about the role of the orchestra.

"Fighting for the survival of a cultural

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CT 29/10/99 (292)

Orchestra saved

❑ From Page 1

institution like the CTPO is tied up with the development of the city," said Mowzer.

"The orchestra management must take responsibility for cultural development in its sphere of activity. This is not evident in the practical working of the orchestra.

"Does the orchestra represent the demographics of the city? Is it true that over 80% of its members are foreign? How often do people who are poor get to view the orchestra?" Mowzer asked, adding he would raise these questions with the board.

While the CTPO is breathing a sigh of relief, others in the music industry are questioning the concentration on one project.

"If you gave me R1m a month, I could produce at least 10 CDs a month at the South African level," said Rod Harrod, director of an Athlone-based music education and training body called Prompt.

"Or I could produce one or two world-class CDs. All you need is for one of these to be a hit and you can plough all the money back into training."

He asked why the bulk of the provincial and local government's arts and culture budgets were spent on the orchestra, opera and ballet. "The figures show that an investment in the contemporary music industry has the potential to create over 100 000 jobs in South Africa. Around the world, contemporary music is second only to the computer industry for job creation, which is crucial in this country."