

KwaZulu-Natal
GAMING & BETTING BOARD

BLACK INDUSTRIALIST PROGRAMME

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INTRODUCTION

- A study by the Wiehahn Commission in 1995 recommended that the government regulate gambling to protect society from overstimulation, raise revenue through taxes, create employment and empower the historically disadvantaged to participate in the industry
- Regulators are achieving the element of employment and empowerment through ensuring that licence condition criteria are met for gaming and betting operations.
- As regulators we focused on ensuring that the above happens in actual land based operations, we monitor shareholding, management and control as well as job creation. However that is in the industry itself. What happened to the value chain for the industry?

SOMETHING WAS MISSING

- The industry was growing however it is common knowledge that our licensees still rely on the supply of equipment from International suppliers
- Millions of rands are being spent on importing equipment to South Africa for products such as slot machines, table game equipment, monitoring systems, playing cards, casino chips, even furniture is imported
- A thought provoking question was raised, how were these international companies contributing to South Africa's transformation strategy. They were reaping the financial rewards but what were they giving back.
- Where was the local content and how could we play a role in developing local value chain businesses to support the industry

DTI BI POLICY

Aimed at promoting industrialisation, sustainable economic growth and transformation through the support of black owned entities in the manufacturing sector

KZNGBB BI POLICY

Accelerate the quantitative and qualitative increase and participation of Black Industrialists in the KZN economy, in the gaming hardware and software manufacturing industrial sectors and value chains, as reflected by their contribution to growth, investment, exports and employment; and

Create instruments for Black Industrialists to enter the gambling manufacturing industry

CREATING A BI PROJECT

- It was imperative that we look at the Gaming and Betting Sector to identify the needs of licensees for value add services to the industry
- Due to the level of technology utilized by the industry local and international technical partners have been identified
- Potential BI's were identified through high level interactive communication strategies , awareness campaigns through electronic and print media
- BI's were required to register their information on a database where their area of expertise could be identified and which sector would suit them for participation

SECTOR VALUE CHAIN
OPPORTUNITIES

Manufacturing
Gaming Equipment
CCTV Systems
Printing

SMME Business Support
Security
Food and Beverage
Cleaning Services

**BLACK INDUSTRIALIST
VALUE CHAIN**

Horse – Riding Sector
Equipment
Agriculture
Skills Development (Jockeys,
Farriers, Vet Services)
Transport

IT Related
Software and systems
Code writing
Learnership Programmes

Office of the MEC
Black Industrialist Unit

Local and International
Technical and
Investment Partners

Trade and Investment
KZN

STRATEGIC
PARTNERS

Funding Institutions
ITHALA – Independent
Finance Corporation
KZN Growth Fund

Special Economic
Zones
Dube Trade Port
Richards Bay
Industrial Zone

PARTNER	ROLE
Office of the MEC – Black Industrial Unit	<ul style="list-style-type: none"> ➤ Provincial Strategic Support ➤ Policy development
Local and International Technical and Investment Partners	<ul style="list-style-type: none"> ➤ Foreign Investment ➤ Technical and Development Support ➤ Commercial Partnerships with BI's
Trade and Investment KZN	<ul style="list-style-type: none"> ➤ Investment Support ➤ Business Plan and Budget Development ➤ Management development
Funding Institutions ITHALA – Independent Finance Corporation KZN Growth Fund	<ul style="list-style-type: none"> ➤ New business funding support ➤ MOU's established
Special Economic Zones Dube Trade Port Richards Bay Industrial Zone	<ul style="list-style-type: none"> ➤ Providing location for Commercial property – Manufacturing and raw materials ➤ One Stop shop – business licences, customs, infrastructure ➤ Corporate business incentives

LICENSING

- Regulation of the industry requires any participant to be suitable and this is derived from the Act.
- New applicants in the Black Industrialist Programme have generally only been involved in the running of a normal retail business and have never participated in the sector
- Licensee fees for supplier, manufacturing or even certificate of suitability naturally attract costs for applications and investigation fees.
- It is our experience that these new entrants do not have these monies available at the outset of the application as they do not have the luxury of financial or corporate support

- In order to develop new business, engage with industry and enter into commercial agreements without the relevant licence was found to be an initial challenge
- In order to ensure success of the programme and assist new entrants Executive management used a provision in the Act where the Board could determine the investigation costs
- As a result of the above new entrants are required to pay a nominal amount for investigations fees and pay the full fee once it is licensed and has generated its own revenue.
- It is this red tape challenge that has been overcome by being innovative in order to progress and create new business
- Ultimately the fees are paid in full upon completion of the probity process eliminating any risk associated with licensing and compliance

INDUSTRY COMPLIANCE

- All Gaming and Betting Equipment manufactured as local content will be subject to compliance with SANS 1718 standards prior to use
- Local Test Engineers have been engaged to assist with equipment compliance testing prior to certification to avoid delays in registration of equipment
- Key international stakeholders have partnered with BI's to create new local product for supply to industry. This despite the bleak economic perception of SA
- KZN Gaming Board has engaged with its licensees and will utilize licensed premises to conduct "field trial" tests for new equipment in a controlled environment. For example slots machine performance and revenue evidence can be obtained from these trials in order to provide new clients with accurate information prior to entering into commercial agreements to utilize local content

INDUSTRY COMPLIANCE

- Through licence conditions and ongoing engagements with our licensees the Board intends to encourage the use of local content for SMME development and will regularly provide licensees with information of new sources of SMME services available
- The Board is investigating methods to provide licensees with incentives for use of locally manufactured content. Although not approved yet one of the aspects could be to reduce the license fees for using local content gaming equipment as well as annual fees. This would provide financial relief to licensees who use imported equipment and incur exorbitant costs

Projects	Potential Investment	Jobs
8	R 113 Million	72 Skilled and Semi Skilled

Licensed - 1
Licence pending - 4



Commercial Contracting – 1 completed (value R2.7 Million)
Contracting in progress – 3
Funding to be sought after finalization of offtake agreements

Special Industrial Zone manufacturing plant locations
2 projects in negotiation for premises

International Partners and investors – 2
Italian Technical
Korean Investment and Technical



RBIDZ
Gateway to World Markets

KZN
GROWTH
FUND



R I C H A R D S B A Y
INDUSTRIAL DEVELOPMENT ZONE



DEVELOPMENT FINANCE CORPORATION LIMITED



KWAZULU-NATAL PROVINCE

ECONOMIC DEVELOPMENT, TOURISM
AND ENVIRONMENTAL AFFAIRS
REPUBLIC OF SOUTH AFRICA



**Trade &
Investment**
KwaZulu - Natal
YOUR KNOWLEDGE PARTNER IN BUSINESS



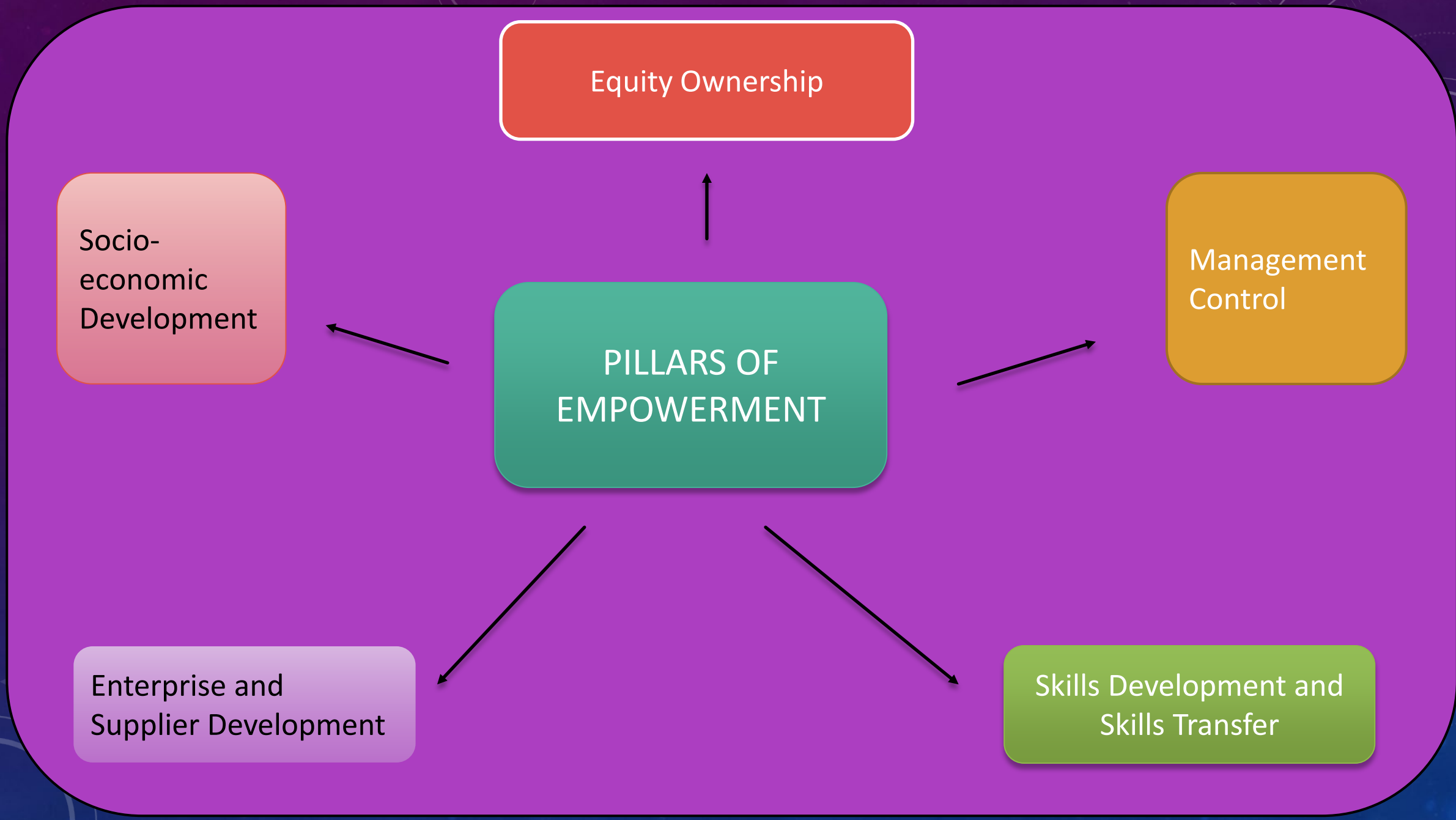
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TRANSFORMATION FUND

The fund aims to accelerate and provide empowerment opportunities for people from poor and marginalised backgrounds to participate in the gaming and betting industry, transform and make a positive difference in society through ensuring the creation of a diverse and inclusive gambling industry.

Absence of adequate sourcing of funding to allow for opportunities for Black entrants into the industry has been one of the barriers to entry. Notwithstanding that black economic empowerment has taken place in certain respects, further interventions are required to ensure meaning economic participation of Black People and Black designated groups, with specific focus to local participation

- The utilisation of funds addresses inequalities, skewed ownership and industry participant structures and the current lack of economic empowerment in the industry which is reflected through the limited participation by historically disadvantaged individuals, where ownership and industry skills and knowledge are located in the hands of a few Black South Africans.
- The fund supports Provincial Government's key transformation priorities, the Provincial Growth and Development Strategy and Medium Terms Strategic Framework, SMME and entrepreneurial development, job creation and skills development, thereby making change possible.



Equity Ownership

Socio-economic Development

Management Control

PILLARS OF EMPOWERMENT

Enterprise and Supplier Development

Skills Development and Skills Transfer

Skills Development

- **Operational / Technical Managerial Development**
- **Study Bursaries (Local and International)**
- **Training and Development Programmes**
- **Grants to Training Institutions**
- **Sponsored**
- **Learnerships/Apprenticeships**

Enterprise and Supplier Development

- **Entrepreneurship and Innovation (Manufactures, Suppliers and Maintenance Providers contemplated in the Act)**
- **Entrepreneurship and Innovation (Provision of goods and services not covered in the Act)**
- **Registration Application Fees and Investigation/Probity Costs**
- **Developers**
- **Guarantees / Securities**
- **Hospitality Suppliers**
- **Infrastructure development**

**Socio Economic
Development**

- *Rural Infrastructure Projects*
- *Awareness/Education Campaigns*
- *Grants to Coastal Care Unit*
- *Research funding for gambling industry*

**Management
and Control**

- *Director / Executive Development Programmes*
- *Leadership Development Programmes*
- *Mentorship Programmes*
- *Management and Operational Development Programmes*

Ownership

- *New or existing business development*
- *Financial Acquisition in terms of the Act*
- *Licence Application Fees and Investigation/Probity Costs*
- *Registration Application Fees and Investigation/Probity Costs*
- *Investment Opportunities*
- *Business Development*

FUNDING OUTCOMES SINCE INCEPTION IN 2021

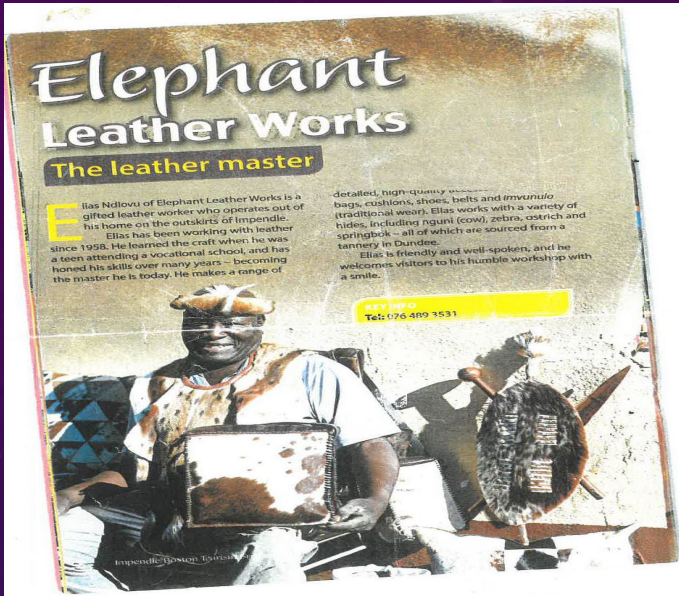
TIER 1 FUNDING

Nature of Fund Request	Funding Request Approved
Training & Skills Development Programmes for grooms in KZN	R200 000.00
Start up subsidy - SMME (Amusement Centre)	R140 000.00
Manager training programme for 10 candidates	R197 704.00
Construction of Borehole at Endumeni Race track - Dundee	R156 900.00
Manufacture and supply of 300 horse blankets for rural horses	R199 720.00

FUNDING OUTCOMES SINCE INCEPTION IN 2021

TIER 1 FUNDING

Nature of Fund Request	Funding Request Approved
Stakes and Prizes – Dundee July	R100 000.00
Equine Welfare – Training and Development	R153 489.54
TOTAL FUNDS DISBURSED	R1 147 813.00
NUMBER OF JOBS CREATED	31



THANK YOU

**GROWING
KWAZULU-NATAL
TOGETHER**