

MINISTRY OF ENVIRONMENT AND TOURISM



**MOTIVATION STATEMENT OF THE GAMING AND
ENTERTAINMENT CONTROL BILL
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MINISTER OF ENVIRONMENT AND TOURISM**

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Comrade Speaker
Honourable Members,

I rise to motivate the Gaming and Entertainment Control Bill which repeals the Licensing of Totalizators Ordinance of 1938 and the Casino and Gambling House Act, 1994 (Act No 32 of 1994).

The new piece of legislation is necessitated by major shortcomings identified in the current Act as per the Damaseb Presidential Commission of Inquiry of July 1997 as well as changes brought about by the globalization of modern economies and the advent of new technology which affects the gaming industry.

The findings of the commission were as follows:

- There are too many gambling machines in the country
- Majority of gamblers are local people from the lower income sectors of our society
- Many of the tourist are interested primarily in our natural and cultural attractions and not in gambling
- Occasional gambling is not considered as necessarily problematic
- It is subject to many complex factors or personality and social environment
- Any gambling has the potential to become driven, disordered, addictive, pathological and also a problem to public health
- Monitoring and enforcement is not adequate

They recommended an immediate moratorium on the issuing of new gambling house licenses in addition to the following:

- Revenue generation
- Protection of the gambler
- Protection of society
- Strict requirements for qualification for gambling licenses
- High Standard and quality of gambling technology
- Transparency and integrity in the industry and effective enforcement
- Assuring a long-term sustainability of the industry
- Enforceability of gambling debts

- The above must be addressed in a law that is strict, comprehensive and has binding rules and regulations aimed at strengthening implementation

The main objectives of the Gaming and Entertainment Control Bill is therefore “to regulate the gambling and gambling activities in Namibia; to set out the principles for gambling and gambling activities; to protect the gambler and society, ensure revenue generation and collection; establish the Gambling Board; to establish the Gambling Trust Fund; and to provide for incidental matters”.

The Honourable House may recall that due to mushrooming of gambling houses among other challenges, Casinos and Gambling Houses Amendment Act, 1996 (Act 28 of 1996) came into effect. The amendment was made to impose a Moratorium on the granting of gambling house licenses which entails temporary suspension of granting of new gambling house licenses as was recommended by the Damaseb Commission.

The situation did not improve and due to other major shortcomings of the Act, the Ministry of Environment and Tourism started the process of reforming the entire law, hence the submission of the Gaming and Entertainment Control Bill which I am tabling before this August House today as approved by both the Office of the Attorney General and Cabinet.

Comrade Speaker

Honourable Members,

There are 260 license holders (6 casinos & 254 *gambling houses*) and a total of 2 845 registered gambling machines (1 145 casinos & 1 700 *gambling houses*) from which the gambling industry contributes to the State Revenue Fund about N\$22 Million annually in our country. However, the unlicensed and illegal gambling operations are estimated to be about 2 600 gambling houses only with an average of approximately 20 000 gambling machines countrywide.

We must note that this Act also regulates casinos. We have so far 6 casino licenses that have been granted. It must also be pointed out that the Damaseb Commission of Inquiry did not find any challenges with the way how the Casino sector is being regulated.

The main objectives of the Gaming and Entertainment Control Bill is “to regulate the gambling and gambling activities in Namibia; to set out the principles for gambling and gambling activities; establish the Gambling Board; to establish the Gambling Trust Fund; and to provide for incidental matters”.

This piece of legislation will not only ensure strict regulation of the gambling activities but it has new provisions to protect members of the public who participate in these activities, the society and the national economy at large.

We are also trying to ensure that the issuing of licenses in respect of gambling and gambling activities is transparent, fair and equitable.

The Bill provides for the establishment of the Board as an administrative body or agency of the government in line with the current law on gambling. The functions of the Board are set in detail and these include issuing of the various licenses, overall supervision of the gambling industry, advising and recommending to the Minister, keeping of various registers and databases and monitoring and ensuring compliance by licensees with other relevant laws. The Board is empowered to carry out certain activities, including promoting cooperation with national, regional and international bodies performing similar functions.

The Board consists of 8 persons equally divided between civil servants and other persons. Certain persons such as political office-bearers are disqualified from membership of the Board and this extends the Bill beyond the current law. There are provisions on tenure of office, filling of vacancies, conflict of interest,

meetings of the Board, remuneration of Board members, appointment of inspectors and confidentiality which provisions largely reflect those in the current law on gambling though in modified form.

There are also new provisions on establishment of a gaming division within the Ministry of Environment and Tourism consisting of the Secretary, inspectors and other staff who constitute the Secretariat, establishment of committees of the Board, funding of the Board and provisions on accountability, audit and reporting of the funds of the Board in line with current trends in corporate governance.

The Bill gives power to the Board to establish and maintain, a register of every gambling machine manufactured within or imported into Namibia, to establish and maintain a central electronic monitoring system capable of – detecting and monitoring significant events associated with a gambling machine or any device associated with the gambling machine that is made available for play in Namibia; and analyzing and reporting the data in accordance with the prescribed requirements.

The Bill further empowers the Minister to prescribe standards for the operation of the central electronic monitoring system, the collection and analysis of data through the system, the fitment of an electronic monitoring system to gambling machines and other matters related to the functioning of the central electronic monitoring system.

The Board must electronically link all the gambling machines to the central electronic monitoring system and the license holder must pay to the Board or to the person contracted under subsection (2) the installation and related costs in relation to the gambling machine.

Comrade Speaker

Honourable members,

It is important to state that subject to this Act, a person who at the commencement of this Act has in his or her possession a gambling machine which is required to be registered or to be linked to the central electronic monitoring system in terms of this Part must, in the prescribed manner, register the gambling machine and link the gambling machine to the central electronic system within a period of six months after the commencement date of this Act or within such further period not exceeding 12 months as may be determined by the Board. Hefty fines or imprisonment are proposed for those who fail to do so.

It is also important to highlight that the Board will only issue a gambling house license to the person, who on an application conducts an accommodation establishment, or retail liquor business. The transfer of gambling house licenses from one area to another will no longer be possible and thus the practice of individuals who buy the gambling machines from others and place them in various shebeens that do not belong to them will no longer be possible.

The Bill further makes provision for the maximum number of licenses per region. The Minister may, after considering the criteria set out in this section, prescribe the maximum number of licenses, other than key employee licenses, that may be granted by the Board in Namibia or in any region or part of Namibia. This will however be done in consultation with the Competition Commission established by the Competition Act in order to enhance the promotion and safeguarding of competition in the gambling industry.

This will also be done considering the impact of incidence and social consequences of compulsive and addictive gambling or gambling activity, the promotion of economic empowerment of previously economically and socially disadvantaged persons in Namibia, the promotion of new entrants to the gambling industry, job creation within the gambling industry, diversity of ownership within the gambling industry, efficiency of operation of the gambling industry or competition within the gambling industry.

If the Minister under subsection (1) prescribes the maximum number of licenses in Namibia as a whole or within a region or part of Namibia which is lower than the number of licenses existing in Namibia or that region or part of Namibia, at the commencement of this Act, the existing license holders may continue to operate under their licenses, but additional licenses may not be issued in Namibia or the particular region or part of Namibia unless the number of licenses are below the prescribed maximum number of licenses.

Comrade Speaker

Honourable members,

Due consideration is also made to the Economic Advancement Pillar of the Harambee Prosperity Plan (HPP), where the Ministry has to play a critical role of broadening the tax base and collection of revenue from the gambling activities. To elevate the importance of regulating the gambling industry therefore the following is recommend:

- a) To prioritize the enactment of the Gaming and Entertainment Control Bill as it has serious impact on social welfare
- b) The sector has potential when effectively regulated to generate substantial revenue for the State
- c) The Ministry to engage in nationwide public consultations on the draft regulations once finalized after the enactment of the Bill.

In conclusion, Chapter seven (7) of the Bill provides for offences for matters which are not specifically criminalized and punishable in specific provisions of the Bill. It covers offenses relating to unlawful conduct of games, playing games contrary to the rules of the game, fraudulent acts in relation to gambling games, possession of unlawful devices on licensed premises, employment of unlicensed employees, failure to pay winnings, giving of false information and offences relating to

inspectors. License holders and their employees are given powers to question and temporarily detain persons suspected of contravening the law pending the arrival of law enforcement agents.

Finally seeing that we passed the lotteries Act just last year I would like to submit to you a short write up that elucidate the differences between the Lottery and the gambling sector for your ease of reference so as not to confuse the two subject matters..

It is in this context that I humbly request this August house to pass this important piece of legislation to enable effective control in the industry and add significant value to our economy.

So I move Comrade Speaker.

I thank you.