

PARLIAMENT OF UGANDA

REPORT OF THE COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT ON THE LOTTERIES AND GAMING (AMENDMENT) BILL, 2018

OFFICE OF THE CLERK TO PARLIAMENT
May 2018

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1.0 Introduction

The Lotteries and Gaming (Amendment) Bill, 2018 was read for the first time on the 3rd April 2018 and referred to the Committee on Finance, Planning and Economic Development in accordance with Rule 118 of the Rules of Procedure of Parliament.


2.0 Object of the Bill





The object of the bill is to amend the Lotteries and Gaming Act, 2016; to amend the definition of a minor; to provide for the definition of betting intermediary and public lottery; to provide for additional powers of the board; to limit the interest payable on tax to the aggregate of the principal tax and the penal tax; and for related matters.


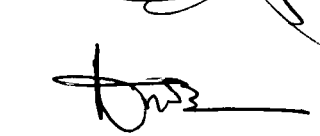


3.0 Methodology





The Committee held meetings and received memoranda from the following:

- (i) Minister of Finance, Planning and Economic Development
- (ii) Ministry of Education and Sports
- (iii) Uganda Revenue Authority
- (iv) Private Sector Foundation
- (v) Uganda Law Society
- (vi) Institute of Certified Public Accountants
- (vii) Uganda Manufacturers Association
- (viii) Uganda Breweries Limited
- (ix) Uganda Bookman and Gaming Association
- (x) Association of Soft Drink Manufacturers
- (xi) Price Waterhouse Coopers

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- (xii) Uganda Bankers Association
- (xiii) Uganda Tax Alliance
- (xiv) Buganda Kingdom
- (xv) MTN Uganda
- (xvi) REEV Consult
- (xvii) Uganda Forex Bureau and Money Lenders Association
- (xviii) Uganda Cooperative and Savings Credit Union Limited
- (xix) Uganda Solar Energy Association

4.0 Observations by the Committee

The Committee observed that:

- (i) It is important for the National Gaming and Lotteries Board to conduct due diligence on new applicants to the industry. However, this cannot be done at the expense of the applicants. It is difficult for a company to pay for government officials for their travel and per diem and then the officials give a negative report about the company. To avoid compromising the officials, government should budget for this activity to conduct due diligence.
- (ii) The betting industry is faced with a challenge of equipment that does not meet the minimum standards set by the regulator. The bill proposes to seize and destroy confiscated equipment or devices without recourse to courts of law. This provision may cause irreparable damage and liability on the part of government where a serious financial loss may arise and the aggrieved parties have to be compensated after the equipment or device has been destroyed. The operators in the gaming industry should be given a chance for fair hearing before destruction of the equipment to avoid government paying huge sums of money in compensations which can be avoided. All equipment for gambling is cleared by the Gaming board.

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- (iii) The bill seeks to give the board powers to approve a franchise or an agent of a licensee before the licensee appoints the franchise or agent. There is a difference between a franchise and agent. While the franchise is independent, the agent and the principal are one and the same. The board in the case of an Agent would be dealing with the Principal and therefore for any noncompliance, the Principal would be answerable. The license issued by the Gaming Board has terms and conditions that the licensee undertakes to abide to or risks his or her business being shutdown. These terms and conditions apply to the agent by virtue of deriving their mandate to operate gaming premises from the principal operator. The Board should regulate the principal operator and not the agents since these already undertake to abide by all the terms and conditions stipulated in the operator's license.
- (iv) The Lotteries and Gaming Regulatory Board is currently comprised of the representative of the Ministry responsible for Finance, a representative of the Ministry responsible for Internal Affairs and 3 other persons who shall not be public officers. Appointing civil servants on boards of other organizations affects the performance of the mother Ministries and also compromises the supervisory function that the parent ministry is supposed to have over the organizations. All government officials should not be sitting on boards of organizations to ensure proper functioning of the boards and stop denying the Ministries the availability of their staff to perform core functions.
- (v) The bill proposes to reduce the age for betting from 25 to 18 to make the law conform to the age of majority as provided for in the Constitution. Age was fixed at 25 years based on the age at which students have completed their education from higher institutions of learning. Considering the risk associated with the business, the age should be left at 25 years.

5.0 Recommendations

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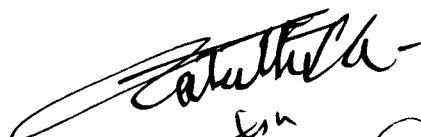


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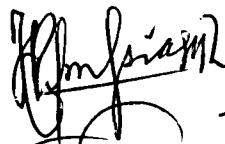

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The Committee recommends that:

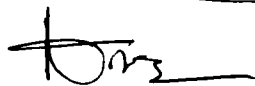
- (i) Government provides funds for due diligence to the Lotteries and Gaming Board;
- (ii) All civil servants who are serving on the board of the National Lotteries and Gaming Board be removed;
- (iii) the Lotteries and Gaming (Amendment) Bill, 2018 be passed into law subject to the proposed amendments.

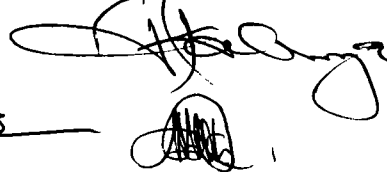


Hagwon Moss Musaka   (4) 







THE LOTTERIES AND GAMING (AMENDMENT) BILL, 2018

1. Clause 2

Clause 2 is amended by deleting paragraph (b)

Justification

Given the nature of this business, it is prudent that the persons who should be permitted to engage in it should be persons of not less than twenty five years of age.

2. Clause 3

Clause 3 should be deleted and substituted with the following:

“3. Amendment of section 5 of principal Act.

Section 5 of the principal Act is amended by-

(a) renumbering the current provision as subsection (1)

(b) by inserting immediately after paragraph (g), the following paragraph-

(h) to seize and confiscate unlicensed equipment or devices;

(i) to enter and search any premises where gaming and betting is taking place with a search warrant;

(j) to direct the closure of any non-compliant gaming or betting premises;

(k) to levy express fines; and

(l) to designate an inspector of the Board.

(2) The levy imposed under subsection (1)(k) shall be collected by the Uganda Revenue Authority and remitted to the consolidated fund.

Justification

1. To remove the irregularity of legislation ousting the jurisdiction of court;

2. To mandate the board to enter and search premises with search warrants;

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3. Collection of levies and fines is a mandate of the Uganda Revenue Authority and should be left with the Authority; and
4. To enable the board to appoint persons who are competent to be inspectors of the board.

3. Insertion of a new clause 4

Immediately after clause 3, insert a new clause 4 to read as follows and the bill be renumbered:

“4. Amendment of section 6 of principal Act.

Section 6 of the principal Act is amended-

- (i) by repealing subsection(1) and substituting the following-

“6. Composition of the Board.

The Board shall consist of-

- (a) seven persons appointed by the Minister not being public officers, who are knowledgeable and experienced in matters relating to the administration of casinos, gaming, betting and private sector management; and

- (b) The Chief Executive Officer who is an ex officio member.

- (ii) by repealing subsection (3) and substituting the following-
“The Minister shall appoint the Chairperson from among the members appointed in subsection (1) (a)

Justification

The Ministry representatives should concentrate on their duties.

4. Clause 5

Clause 5 is amended-


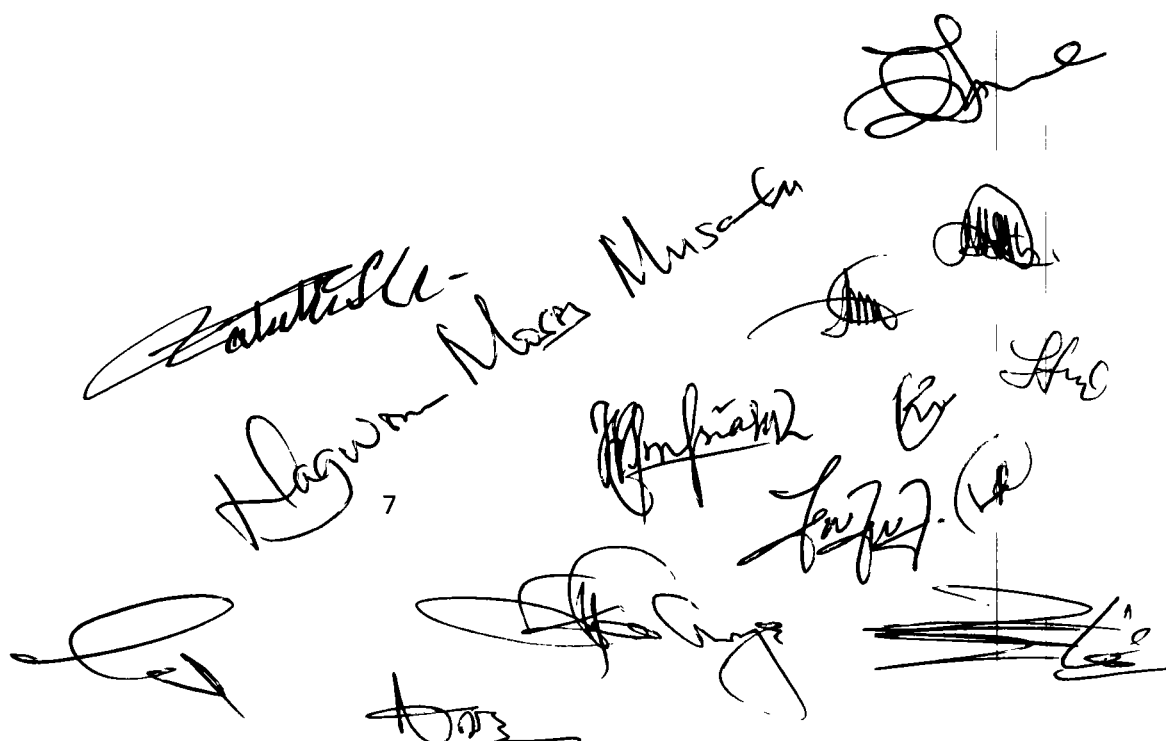
- (i) by deleting the proposed subsection (3b) and substituting the following:

“(3b) The Board shall approve a franchisee of a licensee before the licensee appoints the franchisee.”

- (ii) By deleting the proposed subsection (3d) and substituting the following:
“(3d) The board shall bear the costs of conducting the due diligence.”

Justification

1. Due to the principle of principal and agency, there is no need for the board to approve the licensee; and
2. To avoid compromising situations, it is prudent that the costs of conducting the due diligence be borne by the board.

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**REPORT OF THE COMMITTEE ON FINANCE, PLANNING AND ECONOMIC
DEVELOPMENT ON THE LOTTERIES AND GAMING (AMENDMENT) BILL,
2018**

No	NAME	CONSTITUENCY	SIGNATURE
1	Hon. Musasizi Henry, CP	Rubanda East	
2	Hon. Katali Loy, V/CP	DWR Jinja	
3	Hon. Acidri James	Maracha East	
4	Hon. Lugoloobi Amos	Ntenjeru North	
5	Hon. Asiku Elly Elias	Koboko North	
6	Hon. Bategeka Lawrence N	Hoima Municipality	
7	Hon. KaluleSengo Emmanuel	Gomba East	
8	Hon. KamateekaJovah	DWR Mitooma	
9	Hon. KatotoHatwib	Katerera County	
10	Hon. Lokii John Baptist	Matheniko County	
11	Hon. Nagwomu Moses M	Bunyole East	
12	Hon. Niringiyimana James .K.	Kinkizi West	
13	Hon. Opolot Isiagi Patrick	Kachumbala County	
14	Hon. TumuramyGenensio	Kashongi County	
15	Hon. Naigaga Mariam	DWR Namutumba	
16	Hon. Ilukor Charles	Kumi county	
17	Hon. Okello Anthony	Kioga County	
18	Hon. Ayepa Michael	Labwor County	
19	Hon. WalyomuMuwanika Moses	Kagoma County	
20	Hon. Mulindwa Isaac Ssozi	Lugazi Municipality	
21	Hon. Adong Lilly	Nwoya District	
22	Hon. Mukula Francis	Agule Pallisa	
23	Hon. Kakooza James	Kabule County	
24	Hon. Bagoole John Ngobi	Luuka County	
25	Hon. Nathan Nandala-Mafabi	Budadiri West	

26	Hon. Akol Anthony	Kilak North	
27	Hon. Odonga Otto	Aruu County	
28	Hon. Luttamaguzi Semakula	Nakaseke South	
29	Hon. Akello Judith Franca	Agago District	