



National Gambling Board
South Africa

a member of **the dti** group

SOCIO-ECONOMIC IMPACT OF GAMBLING IN SOUTH AFRICA 2017



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SOCIO-ECONOMIC IMPACT OF GAMBLING IN SOUTH AFRICA, 2017

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NATIONAL GAMBLING BOARD



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EXECUTIVE SUMMARY

1. INTRODUCTION

The gambling industry experienced major structural changes since its inception in 1997. It moved rapidly from a developing gambling market to a fairly matured industry. The scope of the gambling industry also expanded during the last few years. However, this was not only caused by the introduction of, inter alia, electronic devices and online betting but also by the establishment of new gambling facilities in traditional modes such as bingo and LPMs. These developments impacted substantially on the coverage of gambling facilities as well as the affordability and cost of gambling to participants. The gambling market also experienced a substantial decline in the incidence of gambling by the South African population. The regulatory institutions in the gambling industry are continuously involved in initiatives to protect the integrity of the industry, through nurturing its performance among stakeholders in particular but also in a wider context among the South African public. Sound and reliable information is required to effectively regulate and manage a fairly complex industry. Consequently, the NGB commissioned a socio-economic impact study of gambling in South Africa in 2017.

2. MAIN AIM OF THE STUDY

The main objectives of the 2017 study is to determine the socio-economic impact of gambling among the South African population.

3. METHODOLOGY

A household survey among 4 008 respondents was conducted during January to April 2017. A total of 1 008 Computer Aided Telephone Interviews (CATI) as well as 3 000 in-home face-to-face interviews were conducted. A well-established research instrument was used to measure various aspects. These included gambling participation and frequency levels, impact of gambling on household welfare, household expenditure displacement, household budgetary behaviour with regard to gambling, perceived attitudes towards gambling, the most preferred modes, the role of social grants in gambling behaviour and expenditure and visiting patterns to gambling venues.

In addition to the quantitative National household survey, a series of 12 qualitative focus group discussions were conducted with groups ranging from gamblers in the various licensed modes (e.g. casinos, bingo and LPMs) as well as non-gamblers, pensioners and the youth. The focus groups were aimed at eliciting more qualitative information, deeper inner-feelings, attitudes and insights from the participants.

A large volume of data was also sourced from secondary sources to assist in the calculation of, inter alia, the propensity to gamble (i.e. the percentage of household income allocated to gambling) and the contribution of the gambling sector to the South African economy.

4. GAMBLING INCIDENCE

The incidence of gambling amongst the South African population - 18 years and older in licensed (regulated) and unlicensed (unregulated or illegal) modes during the 12 months preceding the interviews were measured. The following survey results were attained.

4.1 GAMBLERS AND NON-GAMBLERS

- 30.6% of respondents gambled
- 69.4% abstained from gambling

The incidence of gambling declined from 56.8% of South Africans 18+ years in 2002 to 49.8% in 2005, 34.9% in 2009 and 30.6% in 2017.





4.2 GAMBLING MODES

Gamblers participated in the following modes (multi-options were allowed):

| MODE | % |
|---|-------|
| Bought lottery tickets | 81.3% |
| Participated in illegal gambling | 27.0% |
| Participated in lucky draws | 14.3% |
| Participated in casino gambling | 14.2% |
| Bought scratch cards | 13.9% |
| Participated in licensed horse/sports betting | 12.6% |
| Played bingo | 2.4% |
| Played LPMs | 2.0% |

The most popular illegal gambling modes were as follows:

| MODE | % |
|---|------|
| Played fafi | 9.5% |
| Participated in card games for money | 7.8% |
| Played illegal dice games for money | 6.3% |
| Betted on horses/sports not at licensed venues | 5.1% |
| Played games for money using a website on any electronic device | 3.7% |

4.3 FREQUENCY OF PARTICIPATION

The frequency of participating in gambling for the seven most important modes was:

| MODE | DAILY | WEEKLY | MONTHLY | LESS THAN MONTHLY |
|--|-------|--------|---------|-------------------|
| National Lottery | 3.3% | 44.2% | 23.2% | 29.3% |
| Lucky draws | 7.8% | 31.3% | 27.1% | 33.7% |
| Scratch cards | 4.3% | 34.2% | 25.5% | 36.0% |
| Licensed horse/sports betting | 12.9% | 40.7% | 25.0% | 21.4% |
| Fafi | 38.3% | 22.4% | 13.1% | 26.2% |
| Slot machines at licensed casinos | 2.0% | 13.7% | 32.4% | 52.0% |
| Card games for money – not at a licensed casino or on the Internet | 25.6% | 21.1% | 17.8% | 35.6% |





4.4 MOST PREFERRED GAMBLING MODES

The following modes were nominated as the most preferred:

| MODE | % |
|---|-------|
| Preferred National Lottery | 67.8% |
| Preferred licensed horse/sports betting | 5.4% |
| Preferred fafi | 4.4% |
| Preferred card games not at a casino or on the Internet | 3.8% |
| Preferred lucky draws | 3.2% |
| Preferred slot machines at a licensed casino | 3.2% |
| Preferred scratch cards | 3.1% |
| Preferred dice games not at casinos or on the Internet | 2.8% |
| Preferred illegal horse/sports betting | 2.0% |

4.5 POSSIBILITY OF EXTENDING/CONTRACTING GAMBLING PARTICIPATION

4.5.1 Extending gambling experience

Willingness to explore new gambling experiences (modes).

| | |
|-------|--|
| 32.0% | Were prepared to explore new modes |
| 64.5% | Will continue playing their existing modes |
| 3.4% | Don't know |

Modes that gamblers participated in for the first time during the past year.

| MODE | % |
|-------------------------------|-------|
| National lottery | 76.2% |
| Unlicensed modes | 18.1% |
| Licensed horse/sports betting | 15.3% |
| Licensed casinos | 14.5% |
| Licensed bingo | 2.3% |





4.5.2 Ceasing of Gambling Modes

Gamblers participated in less gambling modes than the previous year.

| | |
|-------|--|
| 42.5% | Ceased participation in some modes |
| 51.5% | Maintain their participation in existing modes |
| 5.9% | Don't know |

Modes that gamblers ceased to participate in:

| MODE | % |
|-------------------------------|-------|
| National Lottery | 68.2% |
| Licensed casinos | 17.1% |
| Unlicensed modes | 15.1% |
| Licensed horse/sports betting | 13.3% |
| Licensed bingo | 3.1% |
| Licensed LPMs. | 2.4% |

4.5.3 Inference

A total of 392 gamblers extend their gambling experience by participating in more modes. On the contrary, 510 participated in less modes during the year preceding the survey.

This point towards a declining trend in the number of gambling modes in which gamblers are involved. The average number of modes per gambler declined from 2.1 in 2009 to 1.8 in 2017.

4.6 REASONS FOR ABSTAINING FROM GAMBLING

The respondents who abstained from gambling cited the following reasons:

| % | REASONS |
|-------|---------------------------------|
| 57.9% | Not interested |
| 16.7% | Against moral/religious beliefs |
| 10.6% | Lack of money |
| 4.3% | Too expensive |
| 1.3% | Lack of access to outlet |





4.7 REASONS FOR PARTICIPATING IN GAMBLING

The following reasons were advanced for gambling:

| REASONS | % |
|-----------------------------------|-------|
| Chance to win large sums | 55.6% |
| Need the money | 24.0% |
| Relaxation/leisure | 4.1% |
| Enjoy playing games/risking money | 3.4% |
| Friends gamble | 3.2% |
| Share in the excitement | 2.2% |
| Curiosity about gambling | 1.2% |
| Lost their jobs | 1.1% |

Financial reasons is the motivational factor of 79.6% (55.6% + 24.0%) of gamblers to participate in gambling.

4.8 INFLUENCE OF FAMILY/FRIENDS

Percentage of gamblers who confirmed that close family or friends also gamble:

| | |
|-------|--|
| 49.2% | Confirmed that close family/friends gamble |
| 39.5% | Indicated that close family/friends did not gamble |
| 11.3% | Don't know |

Percentage who confirmed that the gambling habit of close family/friends influences them to gamble as well:

| | |
|-------|------------|
| 33.2% | Positive |
| 65.1% | Negative |
| 0.9% | Don't know |





4.9 PERCEPTIONS ON GAMBLING

Perceptions (opinions) of respondents towards gambling reveals:

| | |
|-------|--|
| 91.6% | Perceived gambling as addictive |
| 79.5% | Perceived that gambling leads to a situation in which affected households may lack basic necessities |
| 63.4% | Expressed the view that people should have the right to gamble whenever they want |
| 58.7% | Felt that the gambling industry creates jobs |
| 40.7% | Said that gambling is acceptable to them |
| 39.6% | Said that gambling usually lead to domestic violence. |

4.10 PERCEPTIONS ON THE REGULATORY ENVIRONMENT

Perception of respondents on the regulatory environment reveals:

| | |
|-------|---|
| 69.6% | Were aware of information about the nature and risks of gambling |
| 67.8% | Were aware of the existence of legal and illegal gambling modes |
| 59.6% | Felt that living close to a gambling venue can stimulate problem gambling |
| 40.9% | Were aware of programmes to assist problem gamblers |
| 37.4% | Felt that measures to address problem gambling are effective |
| 43.8% | Were aware of the NGB |
| 41.4% | Perceived that the gambling industry is well regulated |

4.11 GAMBLING OUTLETS

To the question of the adequacy of gambling outlets:

| | |
|-------|---|
| 33.2% | Indicated that there are enough |
| 28.0% | Don't know |
| 21.9% | Indicated that there are not enough outlets |
| 16.9% | Indicated that there are too many |

The finding that almost one fifth expressed the view that there are insufficient outlets should be viewed against the fact that only 1.3% of non-gamblers advanced a lack of access to facilities as a reason for abstaining. Therefore, it would appear that the insufficiency of outlets referred to a need for easier access rather than outright lack of access to gambling facilities.





4.12 UNDER-AGE GAMBLING

Respondents confirmed the following awareness of under-age gambling:

| | |
|-------|---------------------|
| 20.1% | Confirmed awareness |
| 69.0% | Were unaware |
| 10.9% | Don't know |

4.13 GAMBLING AND SOCIAL WELFARE GRANTS

Percentage of gamblers receiving social grants:

- 29.5% received social grants
- 70.5% did not receive social grants

Those who received social grants confirmed the following types of grants:

| TYPE OF GRANT | % |
|---------------------|-------|
| Child support grant | 59.3% |
| Old age pension | 32.9% |
| Disability grant | 8.1% |
| Other grants | 2.0% |

Expressing child support grant recipients as a percentage of all gamblers in the sample population resulted in the fact that one in every six (17.2%) of gamblers are recipients of the grant.

The share of social grant income to total household income:

- 42.0% reported a share of less than 25% of household income
- 23.5% reported a share of between 25 – 50% of household income
- 15.2% reported a share of more than 50% of household income
- 19.3% don't know.

The National Lottery (78.1%) and illegal gambling (26.5%) represented the most important gambling modes of social grant recipients. This implies that 91.4% of gamblers receiving government grants participated in the latter two mentioned modes. Scratch cards (13.3%) and lucky draws (13.3%) also feature prominently. Government grant beneficiaries participated in 1.6 gambling modes on average.

4.14 BUDGETING FOR GAMBLING EXPENDITURE

The budgeting behaviour of respondents participating in gambling reveals the following:

- 26.2% of respondents budgeted a specific amount for gambling
- 70.3% indicated that they did not budget a specific amount for gambling





Of those who did not budget for gambling expenditure:

- 23.5% engaged in impulsive gambling on a regular basis
- 76.5% engaged occasionally in impulsive gambling

4.15 ALLOCATION OF WINNINGS

The response to the way in which winnings would have been allocated may be indicative of the needs of respondents, ranging from household necessities to luxury items. A mix between more affluent expenditure and a basic need orientation emerged. The following were the perceived allocation of winnings (the percentages refer to the percentage of respondents who would spend some (or all) of his/her winnings on a particular item):

| % | ITEM |
|-------|--|
| 36.8% | Of respondents indicated expenditure on luxury items |
| 35.0% | To savings |
| 33.9% | To basic household necessities |
| 21.8% | To payment of debt/bond |
| 14.3% | To payment of bonds/debt |

4.16 EXPENDITURE ON GAMBLING

Gamblers recorded the following monthly expenditure on gambling:

| % | EXPENDITURE |
|-------|-------------------|
| 49.9% | Less than R50 |
| 26.9% | Between R51-R150 |
| 10.1% | Between R151-R300 |
| 4.8% | Between R301-R500 |
| 7.0% | More than R500 |

4.17 WHERE DO GAMBLERS GO: VENUES AND OUTLETS

During the last visit of gamblers to a gambling venue or outlet:

| % | VENUE AND OUTLETS |
|-------|---------------------------------------|
| 75.4% | Went to the one nearest to their home |
| 24.6% | Went to another venue/outlet |





The 24.6% of gamblers who did not visit the nearest venue/outlet were requested to indicate what the aim of the trip was. The following materialised:

| | |
|--------------|-------------------------------------|
| 39.5% | Undertook a dedicated gambling trip |
| 16.4% | Gambled during a holiday trip |
| 13.3% | Gambled during a business trip |

During their last visit to a gambling venue:

| | |
|--------------|---|
| 25.2% | Gamblers also visited restaurants in the same complex |
| 24.5% | Also visited shops in the same complex |
| 4.9% | Also visited other entertainment areas |
| 2.1% | Also visited movie theatres |
| 1.6% | Also made use of hotel accommodation |

5. THE SCOPE OF PROBLEM GAMBLING

5.1 INSTRUMENT USED FOR MEASURING PROBLEM GAMBLING

The Problem Gambling Severity Index (PGSI) was used to measure the magnitude of problem gambling. This is a self-assessment instrument and is based on the Canadian Problem Gambling Index (CPGI). It is simple, easy to apply and globally recognised as a standardised measure.

The PGSI consists of a set of nine questions or statements (see section 4.3). Each question has four response options: never, sometimes, most of the time and always. A 'don't know' option was also allowed.

These responses are scored 0, 1, 2 or 3 respectively. The score of each gambler is summed to produce an aggregate score ranging from 1 to 27 (9 questions times a maximum score of 3 per statement).

The aggregate scores have the following interpretation:

| SCORE | |
|---------|--|
| 0 | Non-problem gambler |
| 1 or 2 | Low level of problems with no negative consequences |
| 3 to 7 | Moderate level of problems with some negative consequences |
| 8 to 27 | Problem gambler with negative consequences |





5.2 SURVEY RESULTS

The following results were attained through this question:

| SCORE | | |
|---------|--|-------|
| 0 | Non-problem gambler | 45.2% |
| 1 or 2 | Low level of problems with no negative consequences | 32.3% |
| 3 to 7 | Moderate level of problems with some negative consequences | 16.7% |
| 8 to 27 | Problem gambler with negative consequences | 5.8% |

The profile of problem gamblers (5.8%) reveals the following:

| | |
|-------|--|
| 19.7% | Younger than 25 years, 60.5% between 26-35 years |
| 42.3% | Unemployed and 25.4% in full-time jobs |
| 56.3% | Secondary school education and 36.6% post matric qualification |
| 56.5% | Male |
| 14.3% | No income and 52.9% a monthly income of less than R5 000 |

Gambling modes frequented by problem gamblers (multiple responses were allowed):

| MODE | % |
|----------------------------|-------|
| National Lottery | 70.4% |
| Illegal modes | 59.2% |
| Scratch cards | 28.2% |
| Casinos | 26.8% |
| Lucky draws | 23.9% |
| Legal horse/sports betting | 22.5% |
| Bingo | 14.1% |

The following three statements attracted the most 'always' responses:

- 'When you gambled, did you go back another day to try and win back the money you lost?'
- 'Gambling caused health problems, including stress and anxiety'.
- 'Still thinking about the past 12 months you needed to gamble with larger amounts to get the same feeling of excitement'.

The above confirms that the involvement in gambling contains a self-generating drive to continue with gambling – owing to the strong financial motivation of participating in gambling.





The following three statements attracted the least 'always' responses:

- 'You borrowed money or sold something to get money to gamble'.
- 'You felt that you might have a problem with gambling'.
- 'Your gambling caused financial problems for you and your household'.

5.3 REHABILITATION PROGRAMMES AND RELATED MATTERS

The following were confirmed by gamblers responding with a 'most of the time' or 'always' on any of the nine questions used to measure problem gambling:

| | |
|--------------|--|
| 46.4% | Are aware of measures to assist problem gamblers |
| 63.9% | Think that problem gamblers are at risk to become involved in other risky behaviours such as substance abuse |
| 25.2% | Draw money at an Automatic Teller Machine (ATM) close to a gambling venue while gambling to fund their gambling expenses |

5.4 PERSPECTIVE

The above confirms that a large percentage of gamblers fall within the less affluent part of the community with (42.3%) unemployed, 67.2% no income or a monthly income of less than R5 000 and 17.2% being the beneficiaries of the child support grant. More affluent gamblers also confirmed their problem with compulsive gambling. However, the question arises: 'To what extent does the feeling of desperation and destitute of the poor and unemployed instigate them to participate in gambling in the hope to win money?'





6. THEMES EMANATING FROM THE FOCUS GROUP (QUALITATIVE PERSPECTIVE)

The general perception towards gambling across all the focus group discussions was that, gambling is a quick and easy way of making money with a hope of getting rich. The word 'gambling' appeared to be synonymous with 'quick money'. However, gamblers acknowledged that gambling is also about taking chances which involved a great risk of losing money and potentially leading to a loss of other valuable things in life.

A high level of participation in gambling was evident from the legalised gambling modes which appeared to be more accessible to the gamblers. These include the National Lottery, LPMs, horse and sports betting, and casinos. There were also incidents of a relatively high participation in illegal gambling modes mentioned during the discussions which included, fafi (often referred to as MuChina), dice, cards, and online gambling.

Winning money appeared to be the major factor in gambling that almost all participants in the focus group discussions, including non-gamblers liked the most about gambling. The biggest drawback associated with gambling was the prospect of losing money and the problem of compulsive gambling behaviour. Majority of participants shared similar negative sentiments against gambling, that it creates problems in households which manifest in the disruption of a normal family life leading to stress, depression, broken personal relationships and even death.

Some gamblers indicated that they perceive gambling as an important source of entertainment and also conducive for other leisure and social activities for family and friends. In view of the current unemployment rate in South Africa which is seen to be relatively high, majority of participants in the focus groups perceived the gambling industry as an important sector in the economy that contributes to employment in South Africa. The gambling industry was further seen to play a significant role in supporting charity organisations in local communities.

Many participants were aware of illegal and legal gambling modes and they could also make a distinction between latter modes by explaining how they vary from each other.

It also emerged that some participants were not aware or informed of the illegality of online web-based gambling activities. Most common types of illegal gambling modes that gamblers and non-gamblers were knowledgeable of included fafi, card games and dice.

The introduction of new gambling facilities such as LPMs and sports betting which were considered to be less costly in some areas has led to lower participation in other gambling modes such as casinos.

Ease of accessibility and closer proximity to a gambling facility encourage higher participation in gambling showing that there is a positive relationship between accessibility and higher level participation in gambling.

Some gamblers perceive gambling privileges as mere marketing strategies used by gambling companies such as casinos to entice gamblers to persuade gamblers to increase their participation in gambling. Similarly, advertisements are seen to be serving the same purpose as the gambling privileges offered by gambling companies with ulterior motives of enticing gamblers to participate more in gambling activities.

Some gamblers strongly felt that the gambling environment including lighting, service of food and alcohol are provided for the purposes of attracting gamblers to the gambling venues and to incite them to gamble more than they planned. However, some gamblers argued that one of the main reasons for overstaying in a gambling venue was associated mainly with greed where gamblers overstay in a gambling venue with the hope of winning more money.





Financial-related gambling problems appears to result mainly from irresponsible financial behaviour leading to higher indebtedness mainly from borrowing gambling money from loan sharks or the so-called 'mashonisa'. Most of the gambling-related health problems are mainly associated with stress and depression resulting from losing money in gambling or incurring higher debt from borrowing money to gamble.

Gamblers and non-gamblers alluded to a problem of the anti-social behaviour including aggression associated with depression and stress that a number of gamblers are often predisposed to especially when they lose money from gambling. Gamblers were also seen to be negligent of their families. Interestingly, some gamblers acknowledged that they spend most of their time in gambling facilities or thinking about gambling instead of spending time with their families.

The stages involved in the transition process from being a non-gambler to a compulsive gambler were largely influenced by the circumstances under which a gambler finds him/herself in life and the manner in which they react to life's challenges. Gamblers' self-induced gambling emanates from acceding to peer-pressure where they join gambling friends and colleagues. Eventually, they end-up as compulsive gamblers. Gamblers perceive unemployment as one of the external drivers leading to gambling. However, non-gamblers negated this notion by arguing that some of the compulsive gamblers are employed citing that gambling is simply an irresponsible individual behaviour.

Majority of gamblers refuted the notion that gamblers are likely to be involved in risky behaviour that may involve substance abuse such as drugs and alcohol. However, it was acknowledged that substance abuse could be the result of depression emanating from losing money from gambling.

An overwhelming majority of gamblers agreed that access to an ATM within the gambling vicinity appeared to be very problematic. Moreover, it contributes to irresponsible gambling behaviour mainly in a form of unnecessary overspending. Gamblers further cited the irresistible urge to withdraw money from an ATM to recover money they lost by gambling more.

Gamblers and non-gamblers suggested that relevant institutions should support compulsive gambling awareness measures. This could be through allocation of resources in facilities and capacities which may involve services of experts and professionals to counsel and rehabilitate problem gamblers.

Mass media was deemed to be the appropriate delivery mode for the responsible gambling messages including radio, television and newspapers. It was also suggested that restrictive measures should be imposed against compulsive gamblers, including access denial to gambling facilities and applying limitations in the participation levels and spending.

The most common main reason that was cited by a number of participants in the focus group discussions for participation in gambling was to win money. However, some gamblers mentioned that they also visit gambling facilities for entertainment with family and friends.

A number of participants in the focus group discussions strongly felt that gambling laws and regulations in South Africa are not being applied and enforced effectively. Some participants appeared to be uninformed of gambling regulations in South Africa. This implies that there should be concerted efforts to raise awareness regarding gambling regulations.

Gamblers appeared to regard unemployment as one of the major drivers for gambling. This is contrary to the views expressed by some of the non-gamblers on the issue of unemployment. The conflicting views on the issue of unemployed as a driver for gambling clearly showed that gamblers and non-gamblers exhibit different attitudes and perceptions towards gambling.





It appears like there are inadequate gambling facilities in areas that are remotely located from the major cities and metropolitan areas in different provinces. This was evident from gamblers who raised concerns regarding costs they incur to travel long distances to gambling facilities that they prefer, including sports betting, LPMs and casinos.

In general, gamblers perceive most of the gambling facilities especially legal ones to be safe. The only safety concerns were outside the legal gambling premises. Illegal gambling modes including dice appears to be most unsafe where incidents of violence were mentioned.

Gamblers prefer gambling modes which provide the highest pay-outs with minimum betting costs and that include LPMs, sports bets and the National Lottery. It also emerged that online/internet gambling is gaining popularity owing to the convenience, privacy and accessibility around the clock anywhere.

It was clear that a number of gamblers perceived gambling to be affecting their personal life negatively. Irresponsible gambling behaviour was perceived to be the primary cause for household financial problems, including spending money in gambling which was intended for household necessities such as food and bills.

A number of gamblers made comments on the devastating impact of gambling on their job performance, including the risk of losing a job. Gamblers indicate that gambling-related problems manifest at the work environment through lack of concentration, fatigue, lack of interest and time to perform their duties.

The sources of money used in gambling activities ranges from salaries and wages of employed gamblers to other sources. The latter include pocket money, grants, stipends from piece jobs as well as pensioners who mentioned that they use pension money for gambling.

When it comes to the use of winnings from gambling, the unemployed and gamblers from poor backgrounds indicated that they normally spend their winnings on basic household necessities such as groceries, clothes, and children, including savings. On the contrary, gamblers who appeared to be employed cited luxury items, including cars, items that they cannot afford with their current salaries and wages.

Majority of gamblers and non-gamblers were aware of under-age gamblers within their neighbourhood, families, friends and other communities. The most popular illegal gambling modes cited that under-age gamblers participate in included fafi (MuChina), dice and cards.

There were mixed reactions from the participants regarding the prevalence of compulsive gambling in South Africa. Some participants stated that problem gambling is highly prominent and they foresee it worsening in the future. However, some gamblers were optimistic. They indicated that there is a small insignificant proportion of problem gamblers and this was evident from the government's lack of policy priority to address problem gambling.

The apparent lack of support structures, facilities and resources to address issues related to problem gambling was further seen to contribute to ineffectiveness of measures to address problem gambling.

Education, awareness campaigns, counselling and imposing restrictions on compulsive gamblers were suggested measures that should be in place to address problem gambling. The mass media including television, radio and social media platforms appeared to be the most preferred modes to deliver the gambling-related educational messages and campaigns. These types of media were regarded as easily accessible to a much broader audience of the society. Other modes such as billboards were also mentioned, including the municipal bills.





7. IMPACT OF GAMBLING ON HOUSEHOLD WELFARE

7.1 PROPENSITY TO GAMBLE

Propensity to gamble is defined as the percentage of household expenditure allocated to gambling (that is, gambling expenditure minus prizes paid out). For South Africa, it is calculated that households allocated R29 683.2 million or 0.97% of household cash income to gambling in 2016.

The 0.97% calculated for 2016 can be disaggregated as follows by gambling mode:

| | PROPENSITY (%) | ALLOCATION OF EACH R100 SPENT ON GAMBLING |
|-------------------------------------|----------------|---|
| Casinos | 0.61 | R 62.89 |
| Bingo | 0.04 | R 4.12 |
| Horse/sports betting | 0.15 | R 15.46 |
| LPMs | 0.09 | R 9.28 |
| National Lottery games ¹ | 0.08 | R 8.25 |
| TOTAL LICENSED GAMBLING | 0.97 | R 100.00 |

Casinos attracted more than 62.9% and the National Lottery 8.3% of money expended on gambling.

7.2 COMPARISONS WITH PREVIOUS NGB STUDIES

The national propensity to gamble at licensed gambling modes shows a gradual decline from 2005 with a stabilisation at just less than 1% (0.97%) since 2012. The percentage of household expenditure allocated to gambling declined as follows:

| | |
|------|-------|
| 2005 | 1.70% |
| 2009 | 1.34% |
| 2012 | 0.97% |
| 2017 | 0.97% |

¹ Estimation





7.3 REDISTRIBUTIONAL EFFECT OF GAMBLING

Gambling has a significant redistributive effect. On average, a significant number of punters spend small amounts while only a small percentage receives large amounts of prize money. This is particularly true with regard to the National Lottery and can be illustrated as follows by using the lotto draw of 25 March 2017 as an example:

| | AMOUNT |
|--|--------------------------|
| Total ticket sales | R26.8 million |
| Total prize pool | R12.1 million |
| Approximate number of participants | 2.6 million (estimation) |
| Average expenditure by participants | R10.00 (assumption) |
| One person received | R2.8 million |
| Nine participants each received | R46 288 |
| 187 participants each received | R1 210 |
| 7 660 participants each received | R319 |
| 3 873 participants each received | R75 |
| 11 883 participants each received | R49 |
| 95.0% of participants received no prizes | R0 |

7.4 THE LESS AFFLUENT AND GAMBLING

A clear indication emerges from the survey that the less affluent groupings of the South African population are important participants in gambling activities. For example:

- Over a quarter (29.8%) of gamblers were unemployed.
- About 37.4% of gamblers earned a household income of less than R2 000 per month.

The question that arises is: What are the gambling modes in which the less affluent groupings (income of less than R2 000 per month) of the community participate?

| | |
|--------------|---|
| 78.6% | Bought lotto tickets |
| 32.1% | Participated in unlicensed gambling modes |
| 14.3% | Participated in lucky draws |
| 12.9% | Bought scratch cards |
| 12.9% | Visited casinos |
| 9.8% | Participated in licensed horse/sports betting |





Of the unemployed:

| | |
|--------------|---|
| 80.1% | Bought lotto tickets |
| 36.3% | Participated in unlicensed gambling modes |
| 13.9% | Bought scratch cards |
| 13.3% | Visited casinos |
| 12.2% | Participated in lucky draws |
| 11.1% | Participated in licensed horse/sports betting |

7.5 STRUCTURAL CHANGES BY LICENSED GAMBLING MODE

A comparison of NGB data on Gross Gambling Revenue (GGR) of 2008 and 2016 shows substantial structural changes by licensed gambling modes during the past eight years.

The following average annual growth in GGR by mode (at current prices) was recorded between 2008 and 2016:

| MODE | AVERAGE ANNUAL GROWTH 2008-2016 (%) |
|----------------------|-------------------------------------|
| Casinos | 4.0 |
| Horse/sports betting | 14.2 |
| LPMs | 19.4 |
| Bingo | 35.5 |
| National Lottery | 3.8 |
| ALL MODES | 6.6 |

Growth rates varies from a low of 3.8% per annum for the National Lottery to a high of 35.5% for bingo. The average annual growth of 6.6% in GGR is somewhat lower than the average annual growth in GDP of 7.7% (at current prices). The relatively low growth in casino gambling and the National Lottery resulted in a declining share of these two modes in total GGR. The opposite is true for the other modes showing a substantial growth in their share of GGR. The share of each mode (in current prices) change as follows from 2008 to 2016:

| MODE | PROPORTION 2008 (%) | PROPORTION 2016 (%) | % CHANGE |
|----------------------|---------------------|---------------------|----------|
| Casinos | 76.4 | 62.6 | -13.8 |
| Horse/sports betting | 9.3 | 16.1 | +6.8 |
| LPMs | 3.6 | 8.8 | +5.2 |
| Bingo | 0.6 | 4.3 | +3.7 |
| National Lottery | 10.1 | 8.2 | -1.9 |
| TOTAL | 100.0 | 100.0 | - |





The share of both casinos and the National Lottery in total GGR declined (e.g. in the case of casinos from 76.4% in 2008 to 62.6% in 2016) while the share of all the other three modes increased substantially. The differentiation in total growth from 2008 to 2016 explained the changes in the proportional representation of the various modes. These changes can be induced by several factors including changes in personal preferences and the establishment of new facilities leading to more choices and more convenient/easier access.

8. THE CONTRIBUTION OF THE REGULATED MODES OF GAMBLING (EXCLUDING THE NATIONAL LOTTERY) TO THE SOUTH AFRICAN ECONOMY

- In 2016, the initial (or direct) GVA (Gross Value Added) contribution of the NGB gambling modes to the South African economy amounted to R19 728.1 million with an additional spill over effect (indirect effect) to other sectors of the economy of R12 428.7 million. This total value added impact of the gambling sector of R32 156.9 million represented 0.81% of the Gross Domestic Product (GDP) of South Africa in 2016.
- The above confirmed that the GDP multiplier of the gambling sector is calculated at 1.63. This means that for every R100 value added (GDP) generated by the NGB gambling modes itself, a further R63 value added (GDP) is produced through the indirect and induced effects (multiplier) in other sectors of the economy.
- The employment multiplier is calculated at 4.6, implying that for every 100 jobs created directly by the NGB gambling sector, a further 360 are created indirectly in other sectors of the economy. A total of 106 110 jobs were created, (directly 23 081 and indirectly 83 029), contributing 0.97% of the job opportunities in the formal sector of the South African economy. The total employment figure of 96 173 only reflects the gambling modes under the jurisdiction of the NGB (the National Lottery is therefore excluded).

9. CONCLUSIONS AND RECOMMENDATIONS

The following main conclusions emanated from the study. The possible remedies that can be considered are also cited.

- (a) Gambling appears to be an important activity among South Africans. Just less than one third of 18 years and older (30.6%) participated in gambling during the year preceding the survey. The National Lottery remains the most popular gambling mode with a participation of no less than 81.3% of all gamblers. Of great concern, however, is the fact that 27.0% of gamblers indulged in unlicensed gambling activities of which fafi and illegal card games (outside casinos) are the most prevalent. Online gambling shows also a strong upward trend. Awareness campaigns on the illegality of unlicensed gambling and the potential risk of compulsivity should be strengthened.

The awareness campaigns on illegal gambling should include the population segments strongly implicated in their involvement in illegal gambling. These segments include, inter alia, social grant beneficiaries (26.5% participation in illegal gambling), the unemployed (participation rate of 36.3% in illegal gambling) and the less affluent (32.1% of gamblers earning an income of less than R2 000 per month participated in illegal gambling modes). It is important to mention that the National Lottery represents the single most important gambling mode of the above-mentioned population segments (almost four in every five in each of the above segments).





- (b) The incidence of gambling by South Africans declined substantially from 56.8% of South Africans 18+ years in 2002 to 30.6% in 2017. The declining trend is also confirmed by a decline in the average number of modes per gambler from 2.1 in 2009 to 1.8 in 2017. Concomitant with this decline in gambling incidence, the percentage of household expenditure allocated to licensed gambling (i.e. the propensity to gamble) also declined from 1.7% in 2005 to 1.34% in 2009. However, this figure seems to stabilise at 0.97% of household expenditure in both 2012 and 2017. This points towards a relative decline in gambling incidence but a maintenance in the percentage of household income allocated to gambling. Therefore, it seems that a decline in the gambler population were countered by a somewhat higher per capita expenditure by gamblers.
- (c) A significant portion of the less affluent groupings of the community is active in gambling especially in the National Lottery and unlicensed modes. Of great concern in this regard is the substantial involvement of social grant beneficiaries in gambling (29.5% of gamblers). Proper education, information and awareness campaigns to highlight the impact of gambling on household welfare in particular but also social well-being in general is of crucial importance.
- (d) Problem gambling will remain an inherent part of gambling behaviour and needs continuous attention from regulatory bodies and the private sector role-players within the industry. However, the majority of respondents indicated that they are aware of information about the nature and risks of gambling. They also reported that more information about the perceived risks of gambling should be made available. Therefore, more information on the risks of gambling and programmes to assist compulsive/problem gamblers is required especially in the following population segments currently representing major portions of problem gamblers: younger people (57.7% of problem gamblers are between 18 and 35 years), the unemployed (42.3% of problem gamblers are unemployed), more educated portion of the population (56.3% and 36.6% of problem gamblers hold respectively secondary and tertiary qualifications), more than half (56.5%) are male and the less affluent (67.2% of problem gamblers earned a monthly income of less than R5 000 per month). The preferred modes of problem gamblers should also be considered in designing and presenting awareness campaigns. The majority of problem gamblers participated in National Lottery games (70.4%) and illegal gambling modes (59.2%). The other modes, albeit less prominent, are also important, namely, scratch cards (28.2%), casinos (26.8%), lucky draws (23.9%), horse/sports betting (22.5%) and bingo (14.1%).
- (e) Structural changes are also evident by mode. The share of the casino industry and the National Lottery in licensed GGR declined substantially between 2008 and 2016. On the contrary, the share of especially bingo gambling as well as LPMs and horse and sports betting shows a strong upward trend. These changes may be activated by several reasons. These include changes in personal preferences and the opening-up of new gambling facilities in areas not previously served by modes such as bingo venues, LPMs and facilities for horse/sports betting. The latter may increase competition in the gambling industry and even further structural adjustments in the licensed gambling fraternity.
- (f) Focus of awareness campaigns (on for example illegal and problem gambling) should include:
- Younger people (57.7% of problem gamblers are 18-35 years).
 - Unemployed (42.3% of problem gamblers are unemployed).
 - Less affluent (67.2% of problem gamblers earned less than R5 000 per month).
 - National Lottery participants (70.4% of problem gamblers bought lottery tickets).
 - Participants in illegal gambling modes (59.2% of problem gamblers participated in illegal modes).
 - Social grant beneficiaries (29.5% of gamblers are social grant beneficiaries).





Possible interventions include (from focus group discussions):

- Involvement of community-based structures such as churches and schools.
- Social media platforms.
- Educational programmes.
- Workshop/discussion forums.
- Mass media e.g. television, radio, etc.
- Use of role models (influential TV personalities) with whom listeners/viewers can identify.
- Distribution of pamphlets/printed material at gambling venues – not effective.

(g) South Africans allocated 0.97% of their cash income to gambling in 2016. The majority (62.9%) of gambling money was allocated to casino gambling. The report also shows that the participation levels of the various licensed modes largely correlates negatively with the amounts allocated to the different gambling modes. The following serves to illustrate this:

- The National Lottery attracted 81.3% of gamblers but only 8.3% of gambling money (GGR) spent on licensed modes.
- Casinos attracted 14.2% of gamblers but 62.9% of money expended on licensed gambling.

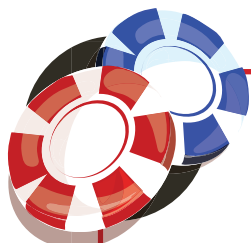
The following inference may be deduced from the above. The large per capita amounts attracted by casinos can probably result in compulsive gambling. Simultaneously, it can also be argued that although National Lottery games attracted small per capita amounts from gamblers, it is overwhelmingly supported by less affluent gamblers that can also be transformed in compulsivity. Large per capital gambling amounts in casinos by affluent gamblers may probably have the same effects on household/personal welfare as small per capital amounts on the lottery by poor gamblers.

(h) The gambling sector's contribution to the economy stood at close to 0.81% in 2016. Although relatively small, it attracted the participation of almost a third of the adult population of South Africa. More than a third (37.9%) of the population perceive gambling as an important leisure activity. This involvement is instigated by personal choice and influenced by family/friends and predominantly motivated by the chance to win large sums of money. The gambling sector provided 0.97% of formal employment opportunities in South Africa. The above results affirmed that a few prominent socio-economic issues will always remain on the agenda of gambling regulators. These include the support and counselling of the youth in gambling, the impact of gambling on the less affluent, counselling support of problem/compulsive gamblers and curbing of unlicensed gambling.

In summary, it can be concluded that South African households allocated just less than 1% of their total household income to gambling. It also provided approximately 1% of total non-agricultural formal employment opportunities in South Africa. It seems as if this level has been maintained since 2012. This implies that the gambling sector will continue to play a significant role in the South African economy and will most likely grow at a rate (at current prices) similar to the growth in labour remuneration. However, major structural changes are evident in the gambling industry with a decline in the GGR contribution of casinos and the National Lottery and an increase in the GGR contribution of horse/sports betting and bingo.

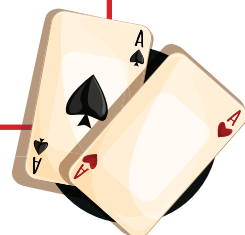
Socio-economic impact studies have the advantage to monitor not only the magnitude and structural changes in the gambling industry, but also the changes in the gambling behaviour of the South African population – including the trends in illegal gambling. In addition to reflecting on the longitudinal trends and changes in gambling behaviour, it also assists regulatory authorities to evaluate the effectiveness of their regulatory responsibilities and success of their awareness campaigns.





CHAPTER 1

BACKGROUND AND OBJECTIVE





1. INTRODUCTION

Regulated gambling in South Africa was extended in 1997 from horseracing and a few casinos in designated areas (especially in the Eastern Cape and North West Provinces) to include casinos in the whole of South Africa, bingo, Limited Payout Machines (LPMs) and the National Lottery. The allocation of the first casino license under the new democratic dispensation began in March 1997. The launching of the National Lottery in March 2000 followed the allocation of the first casino license. Consequently, much debate has been generated on, inter alia, gambling behaviour of South Africans, the impact of gambling on households welfare, the contribution of the gambling sector to the South African economy and the emergence and increase of illegal gambling.

Since its establishment, the National Gambling Board (NGB) has conducted several studies on the above and many more issues (see www.ngb.org.za/research). The first National study on the socio-economic impact of gambling on the South African population was conducted in 2002. This study established the baseline for the South African population's gambling conduct and behaviour with regard to various aspects. The latter include gambling prevalence of the population, propensity to gamble, perceptions on gambling, displacement of household expenditure towards gambling, frequency and visiting patterns to gambling outlets, impact of gambling on the less affluent and the extent of unlicensed/illegal gambling in South Africa. Follow-up National studies were also conducted in 2005 and 2009. Smaller tracking studies on, inter alia, the prevalence of gambling and the extent of compulsive gambling were conducted by the NGB in 2011, 2012 and 2015.

The above studies confirmed structural changes in gambling behaviour and gambling expenditure by the South African population since its establishment in 1997. The licensed gambling sector moved from a developing gambling market during its establishment phase to a higher level of maturity in recent years. It suggests the involvement of a smaller percentage of South Africans in gambling activity over time at a somewhat higher frequency and expenditure level by active gamblers.

The continued success and development of gambling in South Africa is dependent upon public confidence and trust that licensed gambling is conducted honestly and free of criminal influence. In executing this objective, the gambling regulators in South Africa ensure that gambling is conducted fairly and honestly, conducted free of criminal influence, create a responsible gambling awareness and ensuring the protection of gamblers. In addition to creating an enabling gambling environment, a number of prominent issues will always remain on the agenda of gambling regulators as part of their regulatory and social responsibility roles.

These include support and counselling of the youth about gambling, the impact of gambling on the less affluent, facilitating support and counselling to problem gamblers, the level of participation of those receiving social grants, the effect of household expenditure displacement in favour of gambling on the poor, the emergence and increase of illegal gambling and generally, the effective execution of their regulatory roles.

The NGB confirmed its regulatory commitment to conduct socio-economic studies on gambling throughout South Africa. This embrace, inter alia, to keep abreast with developments of the industry, verify the influence of gambling on the community, protect the integrity of the industry and ensure that the industry contributes to economic growth and development in the country.

This would assist regulatory authorities in their strategic planning and implementation to ensure full compliance with their regulatory and social responsibilities. It would also inform government on the need to adjust legislation and regulations to cater for structural adjustments and unintended gambling consequences. Against this background, the NGB commissioned a follow-up study on the incidence of gambling attitudes towards gambling and generally, the socio-economic impact of gambling on the South African population.





1.2 COMPOSITION AND TREND OF THE GAMBLING MARKET IN SOUTH AFRICA

Two independent statutory bodies regulate the gambling market in South Africa. The NGB and the nine Provincial Licensing Authorities are responsible for regulating all gambling modes with the exception of the lottery games. These include the following modes: casinos, horse and sports betting (bookmakers and totalisators), bingo and LPMs. The National Lotteries Commission (NLC) is responsible for regulating lottery games that include, inter alia, the lotto, lotto plus, Powerball and scratch cards.

The number of licensed holders operational at 31 March 2016 by gambling modes (excluding the National Lottery) in South Africa is contained in table 1.1. The number of license holders ranged from 38 operational casinos to 2 072 LPM site operators.

TABLE 1.1: OPERATIONAL GAMBLING LICENSE HOLDERS IN SOUTH AFRICA, 31 MARCH 2016

| MODE | NUMBER |
|---------------------------------|--------|
| Operational casinos | 38 |
| Operational totalisator outlets | 444 |
| Operational bookmaker outlets | 457 |
| Operational LPM site operators | 2072 |
| Operational bingo outlets | 31 |

*Source: NGB 2016. Gambling sector performance report, FY 2015/16

Table 1.2 shows the GGR in current prices by mode between the 2004/05 to 2015/16 financial years. During this 11-year period, total GGR in current prices increased from R9 932.6 million in the 2004/05 financial year to R25 985.2 million in the 2015/16 financial year. This represents an average annual growth of 9.1%. Average annual growth in bingo (27.5%) and horse/sports betting (12.8%) was substantially higher compared to casino gambling (7.0%). The establishment of new gambling outlets in the latter three modes contributed substantially to this trend. Changes in gambling preferences and conduct may also contribute to this trend. A brief analysis of gambling trends over the last five years at constant (2012) prices is presented in table 1.3.

TABLE 1.2: GGR IN CURRENT PRICES BY GAMBLING MODE, FY2004/05 AND FY2015/16

| MODE | FINANCIAL YEAR ENDING 31 MARCH 2005 (RM) | FINANCIAL YEAR ENDING 31 MARCH 2016 (RM) | AVERAGE ANNUAL INCREASE (%) |
|----------------------|---|---|--------------------------------|
| Casinos | 8 690.8 | 18 236.7 | 7.0 |
| LPM | - | 2 363.5 | - |
| Bingo | 64.5 | 936.2 | 27.5 |
| Horse/sports betting | 1 177.3 | 4 448.8 | 12.8 |
| TOTAL | 9 932.6 | 25 985.2 | 9.1 |

*Source: NGB, National Gambling Statistics





Table 1.3 confirms an increase in GGR (at constant prices) from R18 518 million in 2010/11 to R21 728 million in 2015/16. This represents an average annual growth of 3.2% for the modes regulated by the NGB. The average annual growth of 0.1% for casino GGR (that was less than the average growth for all modes of 3.2%) confirms its decline in GGR share. The average annual growth for the five-year period stood at 29.9% for bingo and 11.4% for licensed horse/sports betting.

TABLE 1.3: GROWTH IN CONSTANT (2012) PRICES BY GAMBLING MODE FOR THE 5-YEAR PERIOD FY2010/11 TO FY2015/16

| MODE | FY2010/11 | | FY2015/16 | | AVERAGE ANNUAL GROWTH (%) |
|----------------------|---------------|-----------------|---------------|-----------------|---------------------------|
| | GGR (RM) | COMPOSITION (%) | GGR (RM) | COMPOSITION (%) | |
| Casinos | 15 171 | 81.9 | 15 248 | 70.1 | 0.1 |
| LPMs | 971 | 5.2 | 1 977 | 9.1 | 15.3 |
| Bingo | 212 | 1.1 | 783 | 3.6 | 29.9 |
| Horse/sports betting | 2 164 | 11.7 | 3 720 | 17.1 | 11.4 |
| TOTAL | 18 518 | 100.0 | 21 728 | 100.0 | 3.2 |

1.3 OBJECTIVES OF THE SOCIO-ECONOMIC IMPACT STUDY

The main objective of the research is to determine the socio-economic impact of gambling among the South African population. The objective can be classified in the following secondary objectives:

1.3.1 Social Impact

- Incidence/prevalence of gambling by mode including unlicensed gambling and modes not under the jurisdiction of the NGB.
- Profile of gamblers by gambling mode and demographic characteristics such as age, employment status, educational level, income group and gender.
- Impact of gambling on vulnerable people such as the unemployed and pensioners.
- The prevalence of under-aged gambling (indirect measurement).
- Awareness/participation in legal and illegal modes.
- Frequency of participation by mode.
- Most preferred mode.
- Reasons for gambling or abstaining from gambling.
- Attitudes/perceptions of gambling and its regulatory environment as well as the role of family and friends on gambling behaviour. This includes awareness of programmes to assist problem gamblers and perceptions on gambling regulation in South Africa.
- Social benefits and consequences of gambling on gamblers, the community and regulators/government.
- Impact of loyalty programmes, VIP areas, advertising, income level, winnings, lighting, clocks in gambling areas, information to players and staff training to identify problem gamblers. These impact assessments will be measured in the relevant gambling modes such as casinos.





- The extent of problem gambling among gamblers by using the nine self-assessment questions based on the CPGI. This would allow tracking the prevalence of problem gambling with previous NGB studies. Impact of rehabilitation programmes will also be measured in both the quantitative and qualitative methodologies with relevant respondents. This will include, inter alia, barriers to participation, attitudes towards substance abuse and other forms of risky behaviour.
- Measures to entice responsible gambling.
- Impact of advertisements, campaigns, marketing material, social media and gambling-like content through games on gambling behaviour or the potential to start gambling.

1.3.2 Economic Impact

- Propensity to gambling (i.e. percentage of household income allocated to gambling) including longitudinal comparisons to determine increase/decrease in gambling expenditure.
- Funding of gambling expenditure.
- Gambling expenditure and budgetary behaviour (i.e. extent of pre-commitment and access to cash).
- Expenditure displacement effect of gambling.
- Redistribution effect of gambling.
- Impact of gambling on household welfare levels specifically on the less affluent.
- Gambling behaviour of social welfare recipients.

1.3.3 Economic Contribution of the Gambling Sector

- Size and role of the gambling sector to the SA economy.
- Direct and multiplier effects of Gross Domestic Product (GDP) and employment.
- Relative contributions of gambling modes (GGR versus level of participation).
- Economic benefits and consequences of gambling. The direct and indirect contribution of the gambling sector in terms of GDP contribution, employment and contribution to government taxes was calculated through applying the Cobb-Douglas function and input-output model in previous studies for the NGB. These findings will be updated with more recent gambling statistics and applying the multiplier calculations made in previous studies. The results of these calculations will be able to answer the questions on the benefits and consequences of the gambling sector to the SA economy.
- Various outside economic sources especially those generated by Statistics South Africa (Stats SA) and the South African Reserve Bank (SARB) will be used in the calculations.

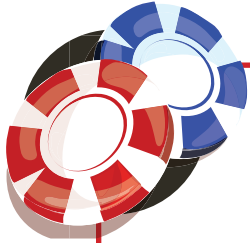
1.4 METHODOLOGY

Owing to the large variation in calculations contained in the report, various methodologies are applied, including household survey procedures, expenditure propensity calculations and market sizing of the gambling industry. Each methodology is discussed in the chapter in which it is applied.

1.5 LAYOUT OF THE REPORT

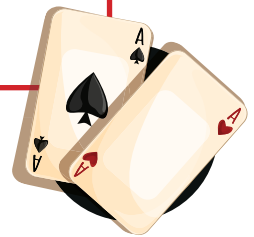
Chapter 1 provides the background to the study, its objective and the outline of the report. A detailed description of the household survey and focus group discussions are elaborated upon in chapter 2. Chapter 3 portrays the main findings of the household survey. An estimate of the magnitude of problem gambling is provided in chapter 4 while the qualitative information gathered through the focus group discussions and specifically the themes emanating from this will be discussed in chapter 5. The impact of gambling on the welfare of households, including less affluent households, is highlighted in chapter 6. Chapter 7 briefly touches on the impact of the gambling sector on the South African economy. Chapter 8 contains the main conclusions and recommendations of the study. An executive summary at the beginning of the report contains the main findings as well as the conclusions and recommendations.





CHAPTER 2

RESEARCH METHODOLOGY





2.1 INTRODUCTION

In order for the NGB to exercise its responsibility effectively as a regulatory authority, a well-founded comprehension of the gambling sector, its continuous structural changes, its impact on the economy and society is imperative. These impacts were determined through primary research implementing both quantitative and qualitative survey methodologies. Quantitative information was collected through a countrywide household survey while qualitative information was gathered through a series of focus group discussions with a wide spectrum of groups, including the youth, pensioners, non-gamblers and participants in the various gambling modes under the jurisdiction of the NGB. The discussion in this chapter provides the basis for the scientific foundation of the study and hence the quality, validity and reliability of the data. The first part of the chapter focuses on the research methodology used in the household survey, followed by a discussion of the focus group research methodology. The last part of the chapter is devoted to sourcing of relevant secondary information for conducting several calculations in the study.

2.2 HOUSEHOLD SURVEY

2.2.1 Sample Size and Population

The scope of the survey extended across the whole of South Africa. For purposes of ensuring a statistically representative sample of the South African population, a two-stage proportionate probability random sampling method was used. The method was applied not only to compute the two methods of information gathering (face-to-face and telephone interviews) but also the correct proportional representation within each of these two segments.

The first stage entailed a proportionate distribution of the sample (4 000 households) between face-to-face (personal) interviews and CATI. Landline telephone interviews would exclude approximately 75% of South African households without in-home landline telephones. Therefore, the survey was augmented with personal face-to-face interviews in areas with the lowest Telkom telephone penetration.

The majority of these areas are located in traditional/tribal (rural) areas, township areas and informal settlement areas. (It should be noted that no sample frame or telephone directories exist for cell telephone users).

Based on the above, the total sample of 4 000 households was distributed as follows:

- 3 000 (75%) face-to-face personal interviews in the following areas: townships, informal settlements and traditional/tribal areas; and
- 1000 (25%) CATI interviews which mainly covers residential areas and commercial farming areas.

2.2.2 Sample Plan Design and Sample Size

The sample design for the telephone and personal interviews is introduced separately.

2.2.2.1 Telephone Interviews

The CATI system was used to conduct the telephone interviews. The areas mainly targeted by telephone interviews (higher income households in residential areas and commercial farming areas) proved also difficult and costly to access through personal interviews owing to household security measures and distances in the case of commercial farming areas. The 19 telephone directories in South Africa served as sample frame for this part of the survey. Only household entries in the directories were consulted. This implies that all bold, business and public sector (government and municipalities) entries were ignored.

Table 2.1 Shows the distribution of respondents interviewed by telephone directory. This number is proportional to the number of household entries by directory. The numbers are rounded off for administrative convenience. The number of respondents per directory ranged from 10 households in the KwaZulu-Natal (KZN) South Coast directory to 120 in the Cape Peninsula directory.





TABLE 2.1: DISTRIBUTION OF RESPONDENTS INTERVIEWED BY TELEPHONE DIRECTORY

| PROVINCE | DIRECTORY | SAMPLE SIZE |
|---------------|-------------------------------------|-------------|
| Western Cape | Boland & West Coast | 50 |
| | Cape Peninsula | 120 |
| | Southern Cape & Karoo | 30 |
| KwaZulu-Natal | Ethekwini | 100 |
| | KZN North Coast | 20 |
| | KZN South Coast | 10 |
| | Pietermaritzburg | 50 |
| Eastern Cape | East London & Border | 30 |
| | Nelson Mandela Bay and Eastern Cape | 50 |
| Gauteng | East Rand | 70 |
| | Johannesburg | 100 |
| | Pretoria | 80 |
| | Vaal Triangle | 20 |
| | West Rand | 50 |
| Free State | Free State | 50 |
| Mpumalanga | Mpumalanga | 50 |
| North West | North West | 50 |
| Limpopo | Limpopo | 40 |
| Northern Cape | Northern Cape & Namaqualand | 30 |
| TOTAL | | 1000 |

Household entries were randomly selected implying that every nth household entry in the directories was selected for an interview.

2.2.2.2 Personal Interviews

A proportional stratified sampling method was applied for the selection of the 3 000 households for in-house face-to-face interviews. The following two aspects were considered during the drawing of the sample:

- Urban/rural divide of the population
- Provincial distribution of the population





The urban/rural distribution was considered as important owing to the differentiated household income patterns of the two segments as well as differentiated access to gambling facilities (especially those regulated by the NGB). These two factors may impact on the gambling behaviour of rural inhabitants compared to urban dwellers. The 2011 population census reported the following distribution:

| | | | |
|----------------------------|---|-------|---------|
| • Urban areas | : | 63.5% | } 36.5% |
| • Tribal/traditional areas | : | 31.8% | |
| • Farm areas | : | 4.7% | |

The rural representation of the population was reported at 42.5% in 2001. Based on the urbanization trends from 2001 to 2011 an urban, rural divide of 66.5% : 33.5% was assumed for 2017. This materialised in the allocation of 1 000 of the 3 000 face-to-face interviews to households residing in tribal and traditional areas and 2 000 to urban and informal settlement areas.

For purposes of the provincial distribution of the face-to-face questionnaires, the provincial distribution of only the population 18 years+ was considered.

It was proposed in the inception report that approximately 30 to 40 areas will be selected to represent provincial as well as the urban-rural divide. These areas were selected to portray the accessibility of casinos and bingo venues to the South African community. It is important to note that the population (18 years and older) residing in the 38 local municipal districts where casinos are located, represents 91.7% of the 2016 urban population of South Africa. This implies that a focus on the local municipal districts with casinos for purposes of sampling would have a marginal influence on randomness. For comparative purposes and to facilitate the construction of longitudinal trends with previous surveys, the selection of locations in especially urban areas largely correlate with the area selection of the 2009 NGB study. It is also important to mention that all nine provinces are represented in the urban areas selection.





Table 2.2 shows the 35 areas selected by provincial grouping for both the urban areas (2 000 questionnaires) and tribal/traditional areas (1 000 questionnaires).

TABLE 2.2: AREA AND PROVINCIAL SELECTION FOR FACE-TO-FACE INTERVIEWS

| PROVINCIAL CLUSTERS | URBAN AREAS | | RURAL AREAS | |
|---|--|-------------------------|---|-------------------------|
| | TOWNSHIPS/ INFORMAL SETTLEMENTS | NO OF QUESTIONNAIRES | TRIBAL/ TRADITIONAL AREAS | NO OF QUESTIONNAIRES |
| North West/ Limpopo/ Mpumalanga | Rustenburg Mmabatho Witbank/ Middelburg Polokwane Mbombela Potchefstroom | 300 | Makapanstad Taung Bushbuckridge Lebowakgomo Malelane Giyani Malamulele Brits | 490 |
| Gauteng | Atteridgeville Mamelodi Soshanguve Mabopane Tembisa Temba Soweto Duduza | 800 | | |
| KZN/Free State | Umlazi Kwa-Mashu Botshabelo Madadeni | 400 | Ulundi Bhekazulu ThabaNchu Ezakeni | 300 |
| Eastern Cape/ Western Cape/ Northern Cape | Galashewe Motherwell Khayelitsha Langa Mitchells Plain Mdantsane | 500 | Butterworth (rural) Umtata (rural) | 210 |
| TOTAL | 22 | 2 000 | 13 | 1 000 |

2.2.3 Selection Procedure

A two-pronged selection procedure was followed during the face-to-face interviews. Firstly, the houses (sample units) were selected on a random basis in the selected areas. This is followed by a prescribed method to select the correct respondent (sample element) within the house.

The selection criteria of dwellings in township, informal settlements and rural areas were as follows:

- All the residential dwellings with Telkom landline telephones in the selected areas were excluded from face-to-face selection. (All these households have already a chance for selection for the CATI interviews.) A screening question at the beginning of the interview facilitated this process.





- Residential dwellings with either street or stand numbers ending with a 'zero' were selected for interviewing and only one dwelling was selected per street. However, exceptions were made in cases where unsystematic numbering occurred. In such cases, interviewers were permitted to count the dwellings and select every nth dwelling. Interviewers were only allowed to follow this procedure after consulting with the field supervisor.
- If there were no numbers (especially in informal settlements and rural areas), any dwelling was randomly selected followed by every nth dwelling (every 10th dwelling in the majority of cases).

It was emphasised to the interviewers that the physical address indicated on the questionnaires had to be such that the dwelling would be located for a return visit for quality control purposes.

The selection criterion of respondents (sample elements) within the selected dwellings was critical to ensure the elimination of any possible bias that may impact on the reliability and validity of the findings. The selection error of respondents remains one of the biggest challenges in household surveys resulting in skewed data as a result of inconsistencies and lack of clear description and instructions in the selection of the respondents. Household members participating in gambling often perceived themselves as better equipped to answer questions and insisted on being selected as respondents. For example, if allowed, this may inflate gambling incidence levels. Interviewers were instructed to strictly adhere to the selection criteria of respondents as stipulated. The respondents had to select any household member who was over the age of 18 and whose birthday was next after the day of visit to that particular household. Substitution with the next person on the list was only allowed after two visits to the household. If households refuse participation in the survey, the next residential dwelling ending with a '0' was selected.

2.2.4 Research Instrument

A structured questionnaire was designed and approved by the NGB prior to its implementation. The questionnaire was almost similar to questionnaires used in previous studies to facilitate the construction of longitudinal trends. This can also assist in decisions to introduce new forms of gambling or establish new venues of existing gambling modes.

The following socio-economic variables were incorporated in the questionnaire:

- Profile of gambling participants in terms of demographic variables such as age, work status, household income, educational level, occupational classification and gender;
- Gambling incidence by gambling mode;
- Reasons for abstaining from gambling;
- Reasons for participating in gambling;
- Perceptions on gambling;
- Perceptions on the regulatory environment;
- Under-age gambling (indirect measurement);
- Gambling and social welfare grants;
- Gambling expenditure and budgetary behaviour;
- Most preferred gambling mode;
- Household welfare impacts of gambling;
- Gambling and the less affluent;
- Where do gamblers most often go (gambling location);
- Household expenditure displacement effects of gambling;
- Magnitude of gambling expenditure;
- The extent of compulsive (problem) gambling;
- Application of winnings;
- Possibility of extending gambling experience to other modes; and
- Prevalence of unlicensed gambling.





A paper-based questionnaire was administered for the face-to-face interviews. The questionnaire was converted into a web-based electronic questionnaire for the CATI interviews.

2.2.5 Fieldwork

Questionnaires were designed to be interviewer-administered implying that both face-to-face and telephone interviews were completed by trained fieldworkers.

2.2.6 Training

The interviewers who were involved in face-to-face interviews were recruited and trained. Only local interviewers who were familiar with and residing in the selected local municipal areas were recruited. The CATI interviewers were also recruited and trained. The interviewers were recruited from the extensive database of experienced interviewers who are also multilingual. The telephone interviews were conducted at a dedicated CATI facility in Pretoria.

2.2.7 Quality Control

Stringent quality control measures were exercised through, for example, a dedicated questionnaire editing process for irregularities and extensive call-back checks with respondents. The interviewers were instructed to submit their first five questionnaires that they completed for assessment purposes before they could continue with the rest of the interviews.

All the questionnaires that were found to be incorrectly completed owing to interviewer non-compliance with the instructions were rejected and the interviewers were dismissed especially in cases where misconduct was detected. A number of questionnaires were replaced. The reasons for replacements included the following:

- Non-compliance with the sampling procedure;
- Incorrect selection procedure of the sample element (respondents);
- Incorrect completion of the questionnaire, cheating (completion of questionnaires without actually conducting the interviews);
- Interviewers' failure to meet the deadline; and
- Withdrawal of interviewers from the study.

2.2.8 Participation

A face-to-face interview is one of the primary data collection methods that have a relatively higher response rate advantage over other methods. This was evident from the relatively higher refusal rate from the CATI than face-to-face interviews. Interviewers reported an overall positive feedback regarding the response rate as the majority of interviewers were willing to participate in the study. However, there were some incidents of non-participation owing to refusals and non-availability of selected respondents from the households.

2.2.9 Realised Sample

Table 2.3 shows the realised sample in comparison with the initial stratified sample. The final realised sample of 4 008 is marginally higher than the initially proposed sample of 4 000. The bingo booster sample of 49 will be used with caution to avoid the creation of bias in the main sample.

The reason being that the initial sample of 4 000 was randomly selected while the booster sample contain elements of subjectivity. The integrity of the data is protected especially with a view to elevate the findings in the sample to the national population.





TABLE 2.3: SAMPLE DISTRIBUTION OF REALISED SAMPLE

| SAMPLE SUB-POPULATION | INITIAL NUMBER | REALISED NUMBER | DIFFERENCE |
|-----------------------|----------------|-----------------|------------|
| CATI | 1 000 | 1 008 | +8 |
| Face-to-face | 3 000 | 3 000 | 0 |
| TOTAL | 4 000 | 4 008 | +8 |
| Bingo booster | ±40 | 49 | +9 |

2.2.10 Longitudinal Comparisons

The findings of the 2002, 2005 and 2009 NGB surveys are incorporated in the analysis. This will allow detection of changes in the gambling behaviour of the population between 2002, 2005, 2009 and 2017. In this comparison, the following should be taken into consideration:

- The gambling industry experienced extremely rapid growth during the period 1998 to 2002. During the course of these few years, the gambling sector showed typical characteristics of a developing gambling market with substantial volatility. It was a new experience for many South Africans, resulting in high frequency levels as well as high winning expectations. Since then the sector has matured with more realistic winning expectations. This may imply a more stabilised gambling market with scaled-down expectations and more moderate frequency levels.
- The level of participation in gambling activities in various surveys may also be influenced by a change to the question enquiring about gambling participation. The 2002 questionnaire enquired about respondents' participation in gambling activities during the 12 months preceding the interview while the 2005 and 2009 surveys recorded gambling participation during the three months preceding the interview. The 2017 survey again reverts to gambling participation during the 12 months preceding the interview.
- The fact that the South African economy experienced very low growth and even recessionary conditions during the past two quarters may impact negatively on disposable income and especially on discretionary expenditure such as entertainment and gambling expenses.

2.3 FOCUS GROUP DISCUSSIONS

In addition to the quantitative household survey, a series of qualitative focus group discussions were conducted. The focus groups were aimed at eliciting more qualitative information, deeper inner-feelings, attitudes and insights from the participants. These will, among others, include aspects such as motivation for gambling, the extent of youth gambling, perception of gambling risks, benefits of gambling, problem gambling, gambling habits, impact of gambling on personal health, interpersonal relationships, work, studies and personal finance.

Each focus group was made up of between 10 to 12 participants and complied with the characteristics prescribed for each group (e.g. casino or bingo gamblers, youth or non-gamblers).





Data gathered from the group discussions were useful in explaining how the respondents conceptualised gambling and the meaning that they construed of it. Such information is usually not captured during quantitative surveys. The information collected from the focus group discussions cannot be seen to be representative of the opinions of the wider gambling community. However, the opinions may indicate how the wider gambling community feels towards particular issues and might explain some of the responses reflected in the quantitative survey.

The following 12 focus groups were conducted:

| GROUPS | NUMBER |
|-------------------------------------|--------|
| Casino gamblers | 2 |
| Bingo gamblers | 2 |
| LPM gamblers | 2 |
| Horse racing/sport betting gamblers | 2 |
| Pensioner gamblers | 1 |
| Non-gamblers | 2 |
| Under-age (16-17 years) learners | 1 |

- The focus group discussions were facilitated using a discussion guide that was developed and approved by the NGB.
- Each focus group was made up with at least 10 participants and complied with the characteristics prescribed for each group (e.g. casino or bingo gamblers, non-gamblers or pension gamblers). The response rate was very positive and in several instances, only a selection of willing participants could be accommodated.
- The discussion group of youth learners/gamblers complied with the ethical boundaries of youth research. These include, inter alia, parental consent of youth learners to participate in the discussion group, prominent indemnity clauses and debriefing options after the discussions to cater for emotional issues (harm) should it be required. A Youth Research Unit of the Bureau of Market Research (BMR) conducted this focus group. A professional social worker with vast experience in youth research acted as moderator of this group.
- All discussions were typed and transcribed.

The results of the focus group discussions and specifically the themes emanating from the discussion are reported in a separate chapter in this report.





2.4 SECONDARY DATA

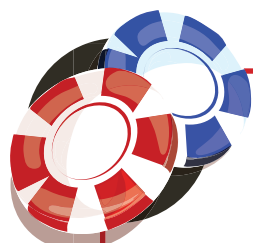
A large volume of data were sourced from secondary sources to assist in calculating, inter alia, the propensity to gamble and the contribution of the gambling sector to the South African economy. The following secondary data sources were consulted:

- The household wealth database of the BMR with specific reference to household income and expenditure structures.
- South African Reserve Bank (SARB) data on Gross Value Added (GVA).
- Input-output model of Statistics South Africa with specific reference to the multiplier effects of various economic sectors and sub-sectors.
- National gambling statistics compiled and published by the NGB.

2.5 CONCLUSION

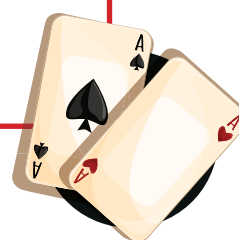
This chapter has provided a brief exposition of the methodology used in this study. Specific reference was made to the qualitative and quantitative research methodology and the main secondary data sources consulted.





CHAPTER 3

SOCIO-ECONOMIC IMPACT OF GAMBLING: FINDINGS OF THE 2017 HOUSEHOLD SURVEY





3.1 INTRODUCTION

This chapter presents the findings of the 2017 National household survey. Some of the data are portrayed in a way that disaggregates community attitudes and gambling behaviour according to the following socio-demographic variables, namely age, work status, educational level, gender and household income. Where applicable the results of the 2017 survey are compared with similar National surveys to detect any longitudinal behaviour changes and trends in the gambling conduct of South Africans.

In interpreting the findings of the survey, it should be noted that respondents were filtered by certain questions. This implies that it was not expected from all respondents to answer all questions. The introductory and demographic questions were asked to all respondents. The second part of the questionnaire was only asked to gamblers. In some of the questions, respondents participating in only some of the gambling modes (for example, casinos) were asked questions on that specific mode (for example, visiting frequency). The survey sub-populations created in such a way, were used as the basis for calculating ratios and percentages for these filtered questions.

3.2 LIMITATION IN THE DATA

A total of 2 243 gambling incidences (by mode) were reported by the 1 227 gamblers interviewed in the survey (see table 3.2). This ranged from 998 gamblers who confirmed their buying of lottery tickets during the 12 months preceding the interviews to only seven gamblers who bet on unlicensed dog racing or any other animal competition excluding horse racing. The gambling modes with relatively low levels of incidence should be interpreted with caution. The theory on survey research states that activities with low levels of occurrence require extremely large samples to ensure the capturing of sufficient occurrences to render such sample data representative. The rule of thumb is that samples should be large enough to include a minimum of approximately 30 observations per occurrence to be reliable (Tustin et al. 2005: 340).

This requirement is attained by aggregating the unlicensed (illegal) gambling modes together while retaining all the licensed modes separately. All the licensed modes conform to this requirement with the exception of bingo (29 players) and LPMs (24 players). The bingo sub-population was boosted with 49 additional interviews resulting in a licensed bingo population of 78 players.

However, it is important to note that the bingo booster sample of 49 was excluded from the calculations to avoid the introduction of biasness into the data. The reasons are that the latter was randomly selected while the booster sample was subjectively constructed. Their inclusion in the main sample of 4 008 would compromise the randomness of the sample and make it unsustainable to apply it as the basis to elevate the survey findings to the national population. However, the bingo booster sample was included in the bingo sub-population and cross tabulated with the demographic variables.

3.3 PARTICIPATION IN GAMBLING

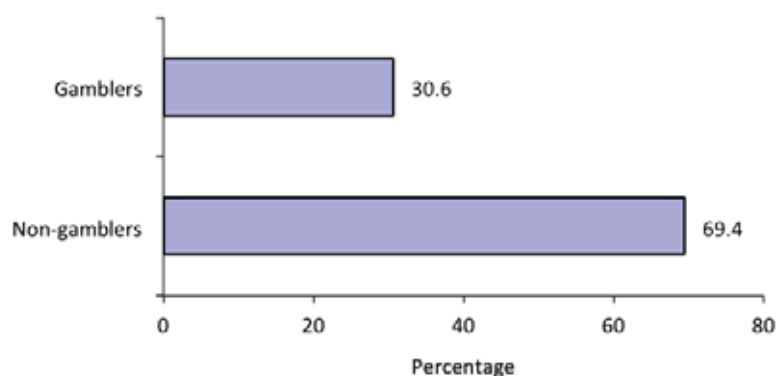
In the first question, all the selected respondents were asked to review a comprehensive list of 20 different gambling modes. They were requested to indicate the listed gambling modes in which they got involved during the 12 months preceding the survey conducted during January to April 2017. This list is inclusive of regulated (licensed or legal) and unregulated (unlicensed or illegal) modes of gambling. Respondents could list multiple modes of gambling or could indicate that they did not participate in any particular mode. For purpose of this study, a gambler is defined as a respondent participating in any one or more of the listed gambling modes during the 12 months preceding the survey.

Figure 3.1 shows that 69.4% of the respondents were not involved in any gambling activity (licensed and unlicensed) during the previous 12 months. Almost one-third of the respondents (30.6%) confirmed their involvement in gambling.





FIGURE 3.1: PARTICIPATION OF THE SOUTH AFRICAN POPULATION IN GAMBLING ACTIVITIES



In similar previous studies conducted by the NGB in South Africa as a whole, it was found that the incidence of gambling declined substantially during the period 2002 to 2017. Table 3.1 shows that the incidence of gambling (participation in gambling) for South Africans declined from 56.8% in 2002 to 30.6% in 2017. It should be noted that gambling is defined in this table as participation in gambling modes under the jurisdiction of the NGB as well as the National Lottery and unlicensed gambling modes.

TABLE 3.1: INCIDENCE OF GAMBLING: COMPARISON OF PREVIOUS NGB STUDIES

| INCIDENCE | 2002 NGB SURVEY ¹⁾ (%) | 2005 NGB SURVEY ²⁾ (%) | 2009 NGB SURVEY ²⁾ (%) | 2017 NGB SURVEY ¹⁾ (%) |
|--------------|---|---|---|---|
| Gamblers | 56.8 | 49.8 | 34.9 | 30.6 |
| Non-gamblers | 43.2 | 50.2 | 65.1 | 69.4 |
| TOTAL | 100.0 | 100.0 | 100.0 | 100.0 |

1) Participation in the 12 months preceding the survey.

2) Participation in the 3 months preceding the survey.

*Sources: Ligthelm 2002; Ligthelm, Mango & Jonkheid 2005; Ligthelm & Jonkheid 2009.

3.4 INCIDENCE OF GAMBLING ACROSS DIFFERENT MODES

As mentioned in the previous section, an interview was commenced by offering respondents an extensive list of gambling modes requesting them to indicate whether they participated in any of the modes. Multi-mentioned responses were allowed implying that a gambler could mention their involvement in more than one mode.

Table 3.2 shows the participation of respondents in the various gambling modes. The modes include both licensed and unlicensed modes and are ranked by popularity in the table. It is important to note that the percentages in the table only reflect the involvement of gamblers (not the total sample population).

The percentages exceed 100% owing to the multiple gambling modes some in which the respondents are involved. It is interesting to note that gamblers on average participated in 1.8 gambling modes in the year preceding the 2017 survey. This figure is lower than the average of 2.1 reported in 2009.





The National Lottery is by far the most dominant mode with 81.3% of gamblers confirming their buying of lottery tickets in the 2017 survey. This is followed by lucky draws with 14.3%. Scratch cards with a participation rate of 13.9% and horse/sports betting with 12.6% are also important licensed gambling modes. With regard to unlicensed modes, fafi/iChina attracted 9.5% of gamblers and card games for money not at a licensed casino or the internet attracted 7.8%. The latter two gambling modes form part of the seven most popular gambling modes among the South African population. The rest of the modes attracted between 6.3% (dice games for money but not at licensed casinos and not on the internet) and 0.6% (betting on unlicensed dog racing or any other animal competitions, excluding horse racing).

TABLE 3.2: GAMBLING INCIDENCE BY MODE (COMPREHENSIVE LIST) ONLY GAMBLERS, 2017

| GAMBLING MODE | NUMBER | % | STATUS OF MODE |
|--|--------|------|----------------|
| National Lottery e.g. Lotto, Powerball and includes buying National Lottery tickets at an outlet or via an online facility such as an ATM | 998 | 81.3 | Licensed |
| Lucky draws | 175 | 14.3 | Licensed |
| Scratch cards | 170 | 13.9 | Licensed |
| Betting on sport, horse racing and other contingencies at a licensed race course, bookmakers or totalisator (betting) outlet in person, on the telephone or via the Internet | 155 | 12.6 | Licensed |
| Fafi / iChina / mo-China / fhafee | 116 | 9.5 | Unlicensed |
| Slot machines at a licensed casino | 116 | 9.5 | Licensed |
| Card games for money but not at a licensed casino and not on the Internet or electronic devices | 96 | 7.8 | Unlicensed |
| Dice games for money but not at a licensed casino and not on the Internet or electronic device | 77 | 6.3 | Unlicensed |
| Betting on sport, horse racing and other contingencies but not at a licensed race course, bookmakers or totalisator (betting) outlet in person, on the telephone and/or via the Internet | 62 | 5.1 | Unlicensed |
| Gambling games for money using a website on any electronic device (such as computer, laptop, tablet, smart phone, etc.) | 45 | 3.7 | Unlicensed |
| Roulette at a licensed casino | 43 | 3.5 | Licensed |
| Card games for money at a licensed casino | 41 | 3.3 | Licensed |





| GAMBLING MODE | NUMBER | % | STATUS OF MODE |
|--|-------------|----------|----------------|
| Bingo (traditional bingo and/or electronic bingo terminals) at a licensed bingo venue | 29 | 2.4 | Licensed |
| Limited Pay-out Machines (LPM) e.g. in a licensed LPM site such as a pub, tavern, restaurant | 24 | 2.0 | Licensed |
| Dice games for money at licensed casino | 22 | 1.8 | Licensed |
| Slot machines not at a licensed casino, in a licensed LPM site such as a pub, tavern, restaurant and not on the Internet or electronic devices slot machines not at licensed place | 20 | 1.6 | Unlicensed |
| Bingo (traditional bingo and/or electronic bingo terminals) but not at a licensed bingo outlet | 12 | 1.0 | Unlicensed |
| Gambling games for money not at licensed venues that provide gambling on computer equipment | 10 | 0.8 | Unlicensed |
| Roulette for money but not at a licensed casino and not on the Internet or electronic devices | 8 | 0.7 | Unlicensed |
| Betting on dog racing or any other animal competitions, excluding horse racing | 7 | 0.6 | Unlicensed |
| NUMBER OF GAMBLERS | 1227 | - | - |
| NUMBER OF GAMBLING OCCURRENCES | 2243 | - | - |

TABLE 3.3: GAMBLING INCIDENCE BY MODE (COMBINED LIST), 2009 AND 2017³⁾

Table 3.3 shows an aggregated list of gambling modes where all the licensed modes are identified separately while the unlicensed modes are combined. The figures are presented for 2017 and 2009. The percentages in this figure reflect the distribution of gamblers (not the total sample population). The figure confirms that casinos attracted 14.2% of gamblers in 2017 (in table 3.2 casinos was disaggregated by slot machines, card games, dice games and roulette at licensed casinos).

| MODE | 2017 | | 2009 | INCREASE (+) OR DECREASE (-) |
|--|--------------|-----------------------|-----------------|---------------------------------|
| | N | % | % | % |
| National Lottery | 998 | 81.3 | 84.2 | -2.9 |
| Lucky draws | 175 | 14.3 | - ¹⁾ | - |
| Casinos | 174 | 14.2 | 18.3 | -4.1 |
| Scratch cards | 170 | 13.9 | 18.4 | -4.5 |
| Horse/sports betting | 155 | 12.6 | 8.3 | +4.3 |
| Bingo | 35 | 2.4 | 0.7 | +1.7 |
| LPMs | 24 | 2.0 | 2.7 | -0.7 |
| All unregulated/ unlicensed/illegal gambling | 331 | 27.0 | 23.1 | +3.9 |
| TOTAL | 1 227 | -²⁾ | - | - |





- 1) Not included in questionnaire in 2009.
- 2) Total add up to more than 100% due to multiple involved in gambling modes by some gamblers.
- 3) Comparisons with previous years (2002 and 2005) not strictly comparable due to the relatively limited gambling facilities in modes such as bingo and LPMs.

The table confirms that the National Lottery remains the most popular gambling mode with 81.3% of all gamblers buying lottery tickets in the 2017 survey.

Unlicensed modes (27.0%), lucky draws (14.3%), casinos (14.2%), scratch cards (13.9%) and horse/sports betting (12.6%) follow the National Lottery. The share of bingo (2.4%) and LPMs (2.0%) remains fairly low.

A comparison of the participation rates of gamblers by mode between 2009 and 2017 confirms some structural changes in the gambling patterns of South Africans. The following is evident:

- Although the National Lottery remains the most popular gambling mode (by the number of participants), the share of gamblers of this mode declined by 2.9% during the past eight years.
- The largest drop in the share of gamblers by mode was evident in scratch cards (-4.5%) and casinos (-4.1%).
- The share of gamblers in the following modes confirms an upward trend: horse/sports betting (+4.3%), unlicensed gambling (+3.9%) and bingo (1.7%).

3.5 INCIDENCE OF GAMBLING ACROSS VARIOUS DEMOGRAPHIC VARIABLES

Gambling incidence reflects the involvement of gamblers in the various modes. In this section, gambling involvement by mode is discussed by age, work status, educational level, population group, gender, household income and area of living.

Although the survey data is available for all 20 modes identified in table 3.2, the discussion in this section only focuses on the various licensed modes while the unlicensed modes are combined together. In order to evaluate any disproportionality by demographic variable, the sample distribution of the sample population as contained in Annexure A should be consulted.

No trend analysis is conducted by demographic variable owing to the relatively long time interval of nine years between the 2008 and 2017 surveys. A number of variables such as changes in gambling behaviour, increased accessibility to newly established gambling venues, changes in household income levels, changes in employment status (especially higher unemployment levels) and changes in the business cycle (high growth versus low growth) may contribute towards changes in the trend line. The specific impact of each of these variables is unknown.

3.5.1 Gambling Incidence by Age Category

Table 3.4 reflects the incidence of gambling by age group. The table (read together with the age distribution of the sample population – Annexure A) confirms that individuals in especially the age groups 26-35 years and 36-45 years and to a lesser extent in the age groups 46-55 years are more predisposed to participate in licensed gambling compared to younger (18-25 years) and older (56 plus) age groups.

Respondents in the age group 18-25 years show proportionally high gambling incidence in LPM's and unlicensed gambling. The table also shows that the age group 36-45 years are proportionally more involved in casino gambling.





TABLE 3.4: GAMBLING INCIDENCE BY AGE CATEGORY

| MODE | 18-25 YEARS | 26-35 YEARS | 36-45 YEARS | 46-55 YEARS | 56 YEARS PLUS | TOTAL |
|--|-------------|-------------|-------------|-------------|---------------|-------|
| | % | % | % | % | % | |
| National Lottery | 10.8 | 28.5 | 25.4 | 16.6 | 18.7 | 100.0 |
| Lucky draws | 11.4 | 32.6 | 25.7 | 14.9 | 15.4 | 100.0 |
| Scratch cards | 14.7 | 32.4 | 25.9 | 13.5 | 13.5 | 100.0 |
| Horse/sports betting | 14.9 | 37.0 | 24.7 | 11.7 | 11.7 | 100.0 |
| Casinos | 13.3 | 28.9 | 23.1 | 14.5 | 20.2 | 100.0 |
| LPMs | 25.0 | 20.8 | 16.7 | 16.7 | 20.8 | 100.0 |
| Bingo | 22.9 | 40.0 | 11.4 | 8.6 | 17.1 | 100.0 |
| All unregulated/ unlicensed/illegal | 24.2 | 32.9 | 19.6 | 13.3 | 10.0 | 100.0 |

3.5.2 Gambling Incidence by Work Status

Table 3.5 shows gambling incidence by work status. Individuals with a full-time job are more inclined to gamble especially in the following modes: horse/sports betting, casinos and bingo. Full-time workers are proportionally less involved in illegal gambling modes and LPMs, which is substantially less than their share in the total sample population (see Annexure A).

It is also noteworthy to mention that, within the total sample population, unemployed people represent 30.0% of the sample population, while their participation in unlicensed gambling stood at a high of 39.7%.

This confirms that unemployed persons are disproportionately more involved in unlicensed/illegal gambling modes than in licensed modes. The table also confirms a disproportionally high involvement of the unemployed in LPM gambling.





TABLE 3.5: GAMBLING INCIDENCE BY WORK STATUS

| MODE | WORK STATUS | | | | | | TOTAL |
|--|---|---|----------------------------------|-----------------------|-------------|---------|-------|
| | FULL-TIME WORK (INCLUDING SELF-EMPLOYED) | PART-TIME WORK (INCLUDING SELF-EMPLOYED) | UNEMPLOYED (LOOKING FOR WORK) | RETIRED/ PENSIONER | HOME DUTIES | STUDENT | |
| | % | % | % | % | % | % | |
| National Lottery | 37.8 | 14.6 | 29.0 | 13.0 | 1.7 | 4.0 | 100.0 |
| Lucky draws | 38.3 | 17.1 | 25.1 | 10.3 | .6 | 8.0 | 100.0 |
| Scratch cards | 36.1 | 17.2 | 29.6 | 7.7 | 2.4 | 7.1 | 100.0 |
| Horse/sports betting | 43.2 | 18.7 | 25.8 | 9.0 | 0.6 | 2.6 | 100.0 |
| Casinos | 39.5 | 13.4 | 27.9 | 14.0 | 1.2 | 4.1 | 100.0 |
| LPM | 25.0 | 16.7 | 37.5 | 12.5 | .0 | 8.3 | 100.0 |
| Bingo | 31.4 | 5.7 | 37.1 | 17.1 | .0 | 8.6 | 100.0 |
| All unregulated/ unlicensed/ illegal | 27.6 | 15.5 | 39.7 | 8.2 | 1.8 | 7.3 | 100.0 |

3.5.3 Gambling Incidence by Educational Level

Table 3.6 shows the gambling public by educational level. A comparison of the share of the various educational groups (from no formal schooling to tertiary education) in the total sample population with their involvement in the various gambling modes, generate the following inferences:

- Gamblers with only primary educational schooling show disproportionately lower involvement in all gambling modes except with regard to LPMs and unlicensed gambling. Their proportionate involvement in horse/sports betting, casinos and bingo is particularly low.
- Disproportionally higher involvement of secondary school qualification holders is evident in the National Lottery and illegal gambling modes.
- Gamblers with post-matric qualifications are disproportionately involved in horse/sports betting, casino gambling and bingo.





TABLE 3.6: GAMBLING INCIDENCE BY EDUCATIONAL LEVEL

| MODE | EDUCATIONAL LEVEL | | | | TOTAL |
|------------------------------------|---------------------|------------------|---------------------|------------------------|-------|
| | NO FORMAL SCHOOLING | PRIMARY (GR 1-7) | SECONDARY (GR 8-12) | TERTIARY (POST MATRIC) | |
| | % | % | % | % | |
| National Lottery | 1.7 | 6.3 | 58.6 | 33.4 | 100.0 |
| Lucky draws | 1.1 | 5.7 | 51.7 | 41.4 | 100.0 |
| Scratch cards | 0.0 | 5.4 | 51.8 | 42.9 | 100.0 |
| Horse/sports betting | 1.3 | 1.9 | 48.1 | 48.7 | 100.0 |
| Casinos | 0.6 | 4.1 | 50.6 | 44.8 | 100.0 |
| LPM | 0.0 | 8.3 | 58.3 | 33.3 | 100.0 |
| Bingo | 0.0 | 0.0 | 54.3 | 45.7 | 100.0 |
| All unregulated/unlicensed/illegal | 0.9 | 7.3 | 62.9 | 28.9 | 100.0 |

3.5.4 Gambling Incidence by Gender

Although the gender distribution in the 18 years and older South African population is 47.2% males and 52.4% females, (Stats SA 2015), the gender distribution within the sample population has a slight bias towards males (52.3% males and 47.7% females). Table 3.7 confirms that males are disproportionately more inclined to gamble than females. This is particularly evident with regard to their participation in horse/sports betting, casinos, LPMs and unlicensed gambling. Their involvement in bingo gambling is proportionally the lowest.

TABLE 3.7: GAMBLING INCIDENCE BY GENDER

| MODE | GENDER | | TOTAL |
|------------------------------------|--------|--------|-------|
| | MALE | FEMALE | |
| | % | % | |
| National Lottery | 53.9 | 46.1 | 100.0 |
| Lucky draws | 48.9 | 51.1 | 100.0 |
| Scratch cards | 45.6 | 54.4 | 100.0 |
| Horse/sports betting | 76.5 | 23.5 | 100.0 |
| Casinos | 48.0 | 52.0 | 100.0 |
| LPMs | 56.5 | 43.5 | 100.0 |
| Bingo | 32.4 | 67.6 | 100.0 |
| All unregulated/unlicensed/illegal | 52.3 | 47.7 | 100.0 |





3.5.5 Gambling Incidence by Household Income

Enquiring on household income in household surveys remains a contentious issue. In addition to the problem of non-disclosure of income (24.0% in the case of this survey), experience also shows that income is often under-reported and often incomplete (rent, interest and fringe benefits are often excluded). Table 3.8 reflects the monthly household income as recorded in the survey.

Generally, gamblers from households in lower income groups are proportionally more involved in unlicensed gambling and LPM gambling while gamblers from middle to higher income households are more likely to participate in casino and bingo gambling.

The following is evident from table 3.8:

- Gamblers in households falling in the no income category show proportionally the highest gambling incidence in LPM gambling.
- Gamblers in households in the less than R2 000 monthly income bracket show disproportionately higher incidence in the following modes: LPMs and especially unlicensed gambling.
- Gamblers from middle income households show the highest incidence in scratch cards, horse/sports betting and bingo.
- Gamblers from higher income households are disproportionately involved in lucky draws, casinos and bingo with relatively low levels in unlicensed modes.

TABLE 3.8: GAMBLING INCIDENCE BY MONTHLY HOUSEHOLD INCOME

| MODE | MONTHLY HOUSEHOLD INCOME | | | | | TOTAL |
|--|--------------------------|-----------------|--------------|------------------|-------------------------|-------|
| | NO INCOME | LESS THAN R2000 | R2001-R10000 | MORE THAN R10000 | DO NOT WANT TO DISCLOSE | |
| | % | % | % | % | % | |
| National Lottery | 8.1 | 25.7 | 29.9 | 11.2 | 25.0 | 110.0 |
| Lucky draws | 7.5 | 27.0 | 29.3 | 12.1 | 24.1 | 100.0 |
| Scratch cards | 4.8 | 27.5 | 30.5 | 9.6 | 27.5 | 100.0 |
| Horse/sports betting | 5.9 | 20.9 | 38.6 | 11.8 | 22.9 | 100.0 |
| Casinos | 9.0 | 23.4 | 30.5 | 15.6 | 21.6 | 100.0 |
| LPM | 17.4 | 34.8 | 26.1 | 8.7 | 13.0 | 100.0 |
| Bingo | 14.7 | 20.6 | 35.3 | 11.8 | 17.6 | 100.0 |
| All unregulated/ unlicensed/illegal | 9.8 | 31.5 | 29.4 | 6.7 | 22.6 | 100.0 |





3.5.6 Gambling Incidence by Area of Living

Table 3.9 reflects gambling incidence by type of area. The following can be inferred from the data:

- Gamblers in suburbs recorded a disproportionately higher incidence in all licensed gambling modes especially with regard to bingo. However, gamblers in suburbs are proportionally much less inclined to participate in LPMs and unlicensed modes.
- Gamblers in townships show proportionally higher concentration of gamblers in the following modes: horse/sports betting, casinos and bingo.
- Gamblers in rural areas show proportionally higher incidences in LPMs and unlicensed gambling.

TABLE 3.9: GAMBLING INCIDENCE BY TYPE OF LIVING AREA

| MODE | TYPE OF LIVING AREA | | | TOTAL |
|------------------------------------|---------------------|----------|-------|-------|
| | TOWN SUBURB | TOWNSHIP | RURAL | |
| | % | % | % | |
| National Lottery | 2.7 | 77.8 | 19.5 | 100.0 |
| Lucky draws | 3.8 | 79.1 | 17.1 | 100.0 |
| Scratch cards | 3.8 | 78.8 | 17.5 | 100.0 |
| Horse/sports betting | 2.8 | 82.8 | 14.5 | 100.0 |
| Casinos | 2.9 | 83.8 | 13.2 | 100.0 |
| LPM | .0 | 65.0 | 35.0 | 100.0 |
| Bingo | 9.4 | 87.5 | 3.1 | 100.0 |
| All unregulated/unlicensed/illegal | 2.3 | 74.3 | 23.5 | 100.0 |

3.6 FREQUENCY OF PARTICIPATING IN GAMBLING ACTIVITIES

Respondents who confirmed their participation in particular gambling modes were requested to indicate the frequency of their gambling habit in that mode. The gambling frequencies offered in the questionnaire are daily, weekly, monthly and less than monthly.

Table 3.10 reflects the frequencies of participating in various gambling modes. The table reflects only those modes attracting at least 2% of the gambling population. The modes with a lesser participation rate become too small for meaningful disaggregation.

The table confirms that large variations are evident in the frequency of participation in the various modes. Participation on a daily basis is particularly prominent in the following modes: fafi (38.3% of fafi players), card games for money not at a licensed casino or on the Internet (25.6%) and gambling games for money using a website or an electronic device (34.2%). The above confirmed that all the high frequency modes (daily involvement) are unlicensed (illegal).

Participation on a weekly basis is prominent in the following modes: lucky draws (31.3%), scratch cards (34.2%), National Lottery (44.2%), dice games for money but not at a licensed casino or on the internet (33.3%), licensed betting on horses/sport events (40.7%) and unlicensed betting on horses/sport events (44.8%).





TABLE 3.10: FREQUENCY OF PARTICIPATING IN GAMBLING BY MODE

| MODE | DAILY | WEEKLY | MONTHLY | LESS THAN MONTHLY | TOTAL | NO OF GAMBLERS |
|--|-------|--------|---------|-------------------|-------|----------------|
| | % | % | % | % | % | |
| Lucky draws | 7.8 | 31.3 | 27.1 | 33.7 | 100.0 | 166 |
| Fafi/iChina/moChina/fhafee | 38.3 | 22.4 | 13.1 | 26.2 | 100.0 | 107 |
| Scratch cards | 4.3 | 34.2 | 25.5 | 36.0 | 100.0 | 161 |
| National Lottery e.g. Lotto, Powerball and includes buying National Lottery tickets at an outlet or via an online facility such as an ATM | 3.3 | 44.2 | 23.2 | 29.3 | 100.0 | 960 |
| Bingo (traditional bingo and/or electronic bingo terminals) at a licensed bingo venue | 16.7 | 20.8 | 20.8 | 41.7 | 100.0 | 24 |
| Dice games for money but not at a licensed casino and not on the Internet or electronic device | 18.1 | 33.3 | 18.1 | 30.6 | 100.0 | 72 |
| Roulette at a licensed casino | 5.3 | 13.2 | 31.6 | 50.0 | 100.0 | 38 |
| Card games for money at a licensed casino | 8.3 | 16.7 | 30.6 | 44.4 | 100.0 | 36 |
| Card games for money but not at a licensed casino and not on the Internet or electronic devices | 25.6 | 21.1 | 17.8 | 35.6 | 100.0 | 90 |
| Slot machines at a licensed casino | 2.0 | 13.7 | 32.4 | 52.0 | 100.0 | 102 |
| Limited Pay-out Machines (LPM) e.g. in a licensed LPM site such as a pub, tavern, restaurant | 5.6 | 5.6 | 16.7 | 72.2 | 100.0 | 18 |
| Betting on sport, horse racing and other contingencies at a licensed race course, bookmakers or totalisator (betting) outlet in person, on the telephone or via the Internet | 12.9 | 40.7 | 25.0 | 21.4 | 100.0 | 140 |
| Betting on sport, horses and other not at a licensed race course, bookmakers | 10.3 | 44.8 | 22.4 | 22.4 | 100. | 58 |
| Gambling games for money using a website on any electronic device (such as computer, laptop, tablet, smart phone, etc.) | 34.2 | 21.1 | 21.1 | 23.7 | 100.0 | 38 |





3.7 MOST PREFERRED GAMBLING MODE

This section focuses on the most preferred gambling mode (licensed or unlicensed). This question was asked only to the respondents who confirmed their participation in gambling during the 12 months preceding the interview. The most preferred gambling mode refers to the gambling activity in which respondents have participated and also nominated as their most preferred gambling activity. Table 3.11 shows that the National Lottery is nominated by almost two thirds of gamblers (67.8%) as their most preferred mode. This is followed by betting on horses and sports at a licensed outlet (5.4%), fafi (4.4%), card games for money not at a licensed casino or on the internet (3.8%), lucky draws (3.2%), slot machines at licensed casinos (3.2%) and scratch cards (3.1%). All other modes attracted less than 2% of the nominations.

TABLE 3.11: MOST PREFERRED GAMBLING ACTIVITY BY GAMBLING MODE

| MODE | NUMBER | % |
|--|-------------|--------------|
| National Lottery e.g. Lotto, Powerball and includes buying National Lottery tickets at an outlet or via an online facility such as an ATM | 810 | 67.8 |
| Betting on sport, horse racing and other contingencies at a licensed race course, bookmakers or totalisator (betting) outlet in person, on the telephone or via the Internet | 65 | 5.4 |
| Fafi / iChina / mo-China / fhafee | 52 | 4.4 |
| Card games for money but not at a licensed casino and not on the Internet or electronic devices | 45 | 3.8 |
| Lucky draws | 38 | 3.2 |
| Slot machines at a licensed casino | 38 | 3.2 |
| Scratch cards | 37 | 3.1 |
| Dice games for money but not at a licensed casino and not on the Internet or electronic device | 34 | 2.8 |
| Betting on sport, horse racing and other contingencies but not at a licensed race course , bookmakers or totalisator (betting) outlet in person, on the telephone and/ or via the Internet | 24 | 2.0 |
| Bingo (traditional bingo and/or electronic bingo terminals) at a licensed bingo venue | 12 | 1.0 |
| Gambling games for money not at licensed venues that provide gambling on computer equipment | 8 | 0.7 |
| Card games for money at a licensed casino | 7 | 0.6 |
| Dice games for money at a licensed casino | 6 | 0.5 |
| Roulette at a licensed casino | 6 | 0.5 |
| Slot machines not at a licensed casino, in a licensed LPM site such as a pub, tavern, restaurant and not on the Internet or electronic devices | 5 | 0.4 |
| Limited Pay-out Machines (LPM) e.g. in a licensed LPM site such as a pub, tavern, restaurant | 4 | 0.3 |
| Bingo (traditional bingo and/or electronic bingo terminals) at a licensed bingo venue | 2 | 0.2 |
| Roulette for money but not at a licensed casino and not on the Internet or electronic devices | 1 | 0.1 |
| | 1194 | 100.0 |





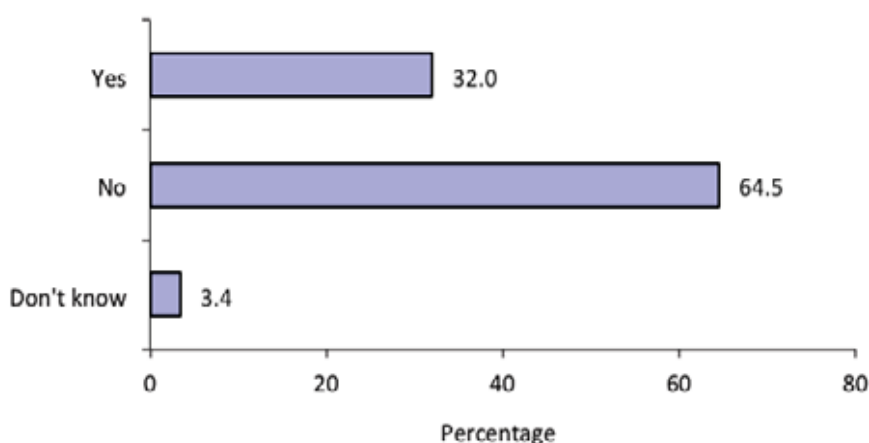
3.8 POSSIBILITY OF EXTENDING/CONTRACTING GAMBLING PARTICIPATION

The previous sections elaborate on the involvement of gamblers in gambling activities during the past 12 months as well as their most preferred gambling mode. Gamblers were also asked if they would consider participating in any gambling mode in which they were not previously involved or consider the possibility of ceasing their participation in modes in which they were involved during the previous year.

3.8.1 Extending Participation

Figure 3.2 confirms that just less than a third (32.0%) of gamblers confirmed their participation in more gambling modes during the past year while 64.5% did not explore any new gambling modes.

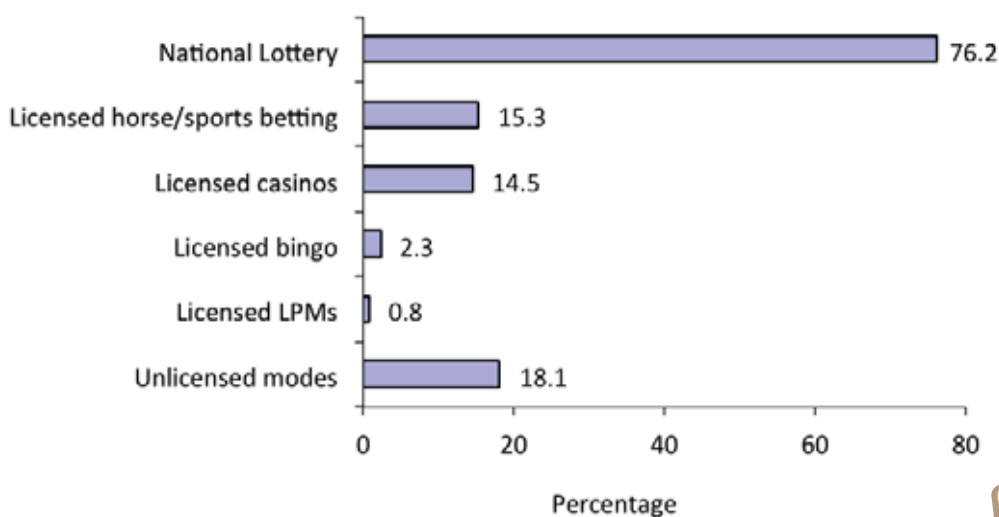
FIGURE 3.2: POSSIBILITY OF GAMBLERS EXTENDING THE GAMBLING EXPERIENCE WITH NEW MODES



The respondents (gamblers) confirming their participation in more gambling modes during the past year (32.0%), were requested to nominate the modes that they participated in for the first time during the past year.

Figure 3.3 shows that 76.2% bought lottery tickets for the first time during the past year. Licensed horse/sports betting was explored for the first time by 15.3% and licensed casinos by 14.5% during the year preceding the survey. Almost one in every five (18.1%) embarked on exploring unlicensed gambling for the first time. Note that the percentages add up to more than 100% implying that several respondents participated in more than one new mode during the past year.

FIGURE 3.3: MODES THAT GAMBLERS PARTICIPATED IN FOR THE FIRST TIME DURING THE PAST YEAR





3.8.2 Ceasing of Participation in Gambling Modes

Figure 3.4 shows that 42.5% of gamblers participated in less gambling modes than the previous year while 51.5% maintain their participation or extending the modes in which they participated.

FIGURE 3.4: CEASING OF PARTICIPATION IN GAMBLING MODES DURING THE PAST YEAR

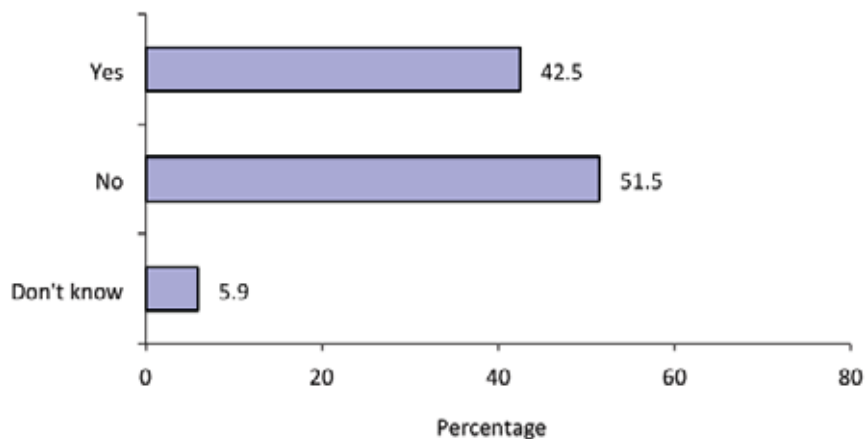
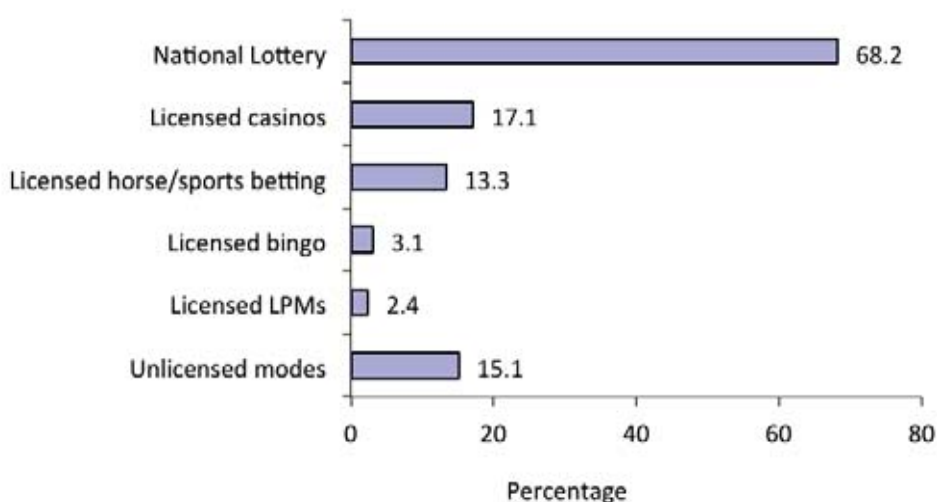


Figure 3.5 confirms that 68.2% of the less active gamblers (participating in less modes) ceased to buy lottery tickets followed by visitors to casinos (17.1%) and participating in horse/sports betting (13.3%). About 15.1% also confirmed they ceased to participate in unlicensed gambling.

FIGURE 3.5: MODES THAT GAMBLERS CEASED TO PARTICIPATE IN DURING THE PAST YEAR





3.8.3 Inference

An interpretation of the above responses confirmed that 392 of the gambler sub-population extend their gambling experience by participating in more gambling modes. On the contrary, 510 participated in less modes during the year preceding the survey. This points towards a declining trend in the number of gambling modes in which gamblers are involved. As mentioned in section 3.4, the average number of modes per gambler declined from 2.1 in 2009 to 1.8 in 2017.

This structural change seems to point towards a decline in casino gamblers and an increase in sports/horse betting and unlicensed gambling.

3.9 REASONS FOR GAMBLING

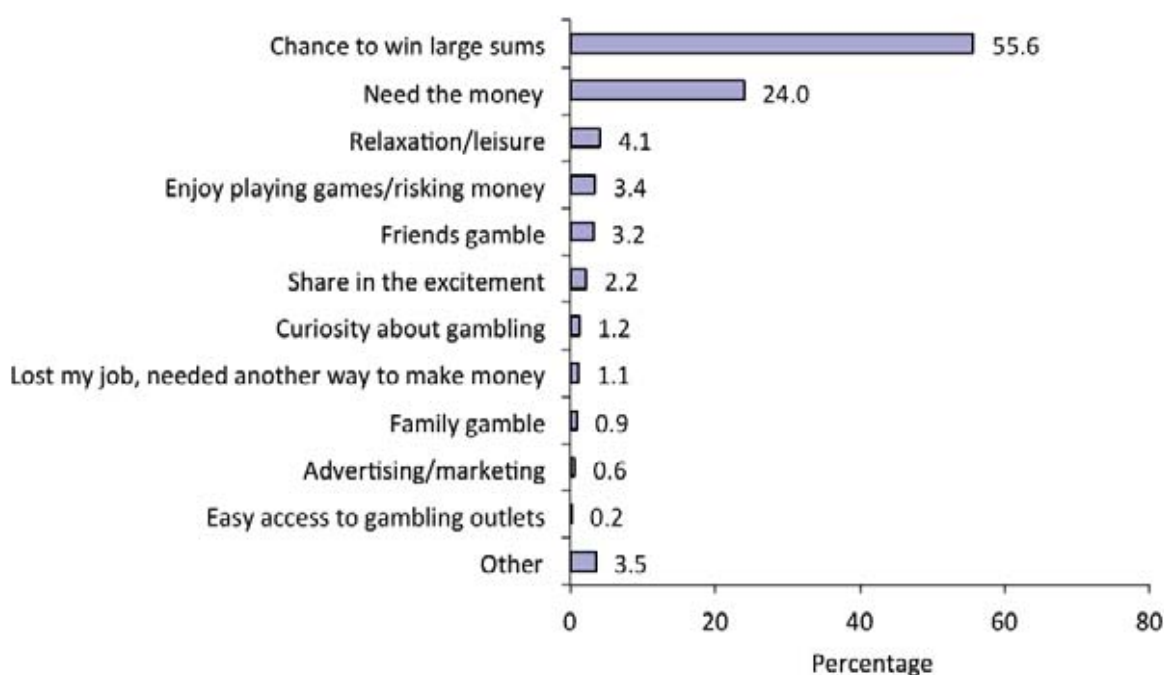
3.9.1 General

Gamblers were requested to indicate their main reason (only one response was allowed) for gambling in the past year. The question was only asked to gamblers and spontaneous feedback was recorded (no alternatives were presented to respondents).

Figure 3.6 reflects the reasons offered by gamblers. Financial reasons are the main motivational factors for participating in gambling. Over half (55.6%) of gamblers cited the potential chance of winning large sums of money as the most important reason for their involvement. A further 24.0% reported that they needed the money.

These two motivational factors confirm that four in every five gamblers (79.6%) gamble in an effort to generate income. Other motivational factors attracted small responses. Worth mentioning is that only 3.4% enjoy playing games/risking money and 4.1% gamble owing to the involvement of their family and friends in gambling and 2.2% want to share in the excitement. Although only 4.1% of gamblers regarded relaxation/leisure as the main reason for their participation in gambling, table 3.12 confirms that just more than a third (37.9%) of gamblers perceived gambling as an important leisure activity.

FIGURE 3.6: MAIN REASONS FOR GAMBLING

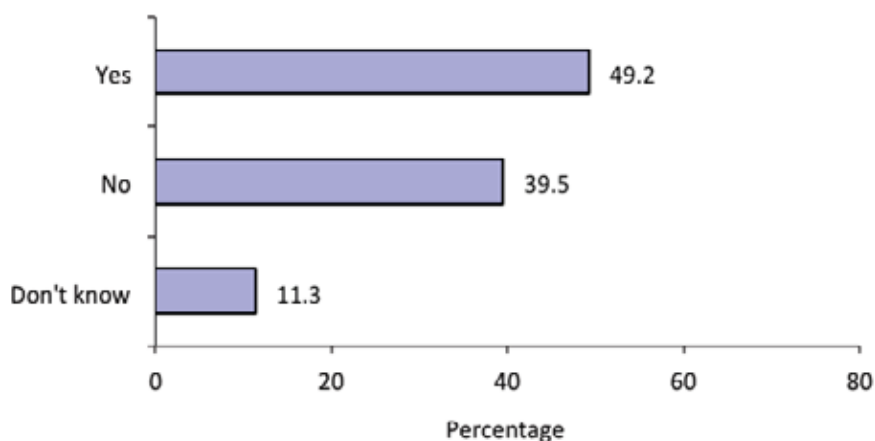




3.9.2 Influence Of Family Members and/or Friends

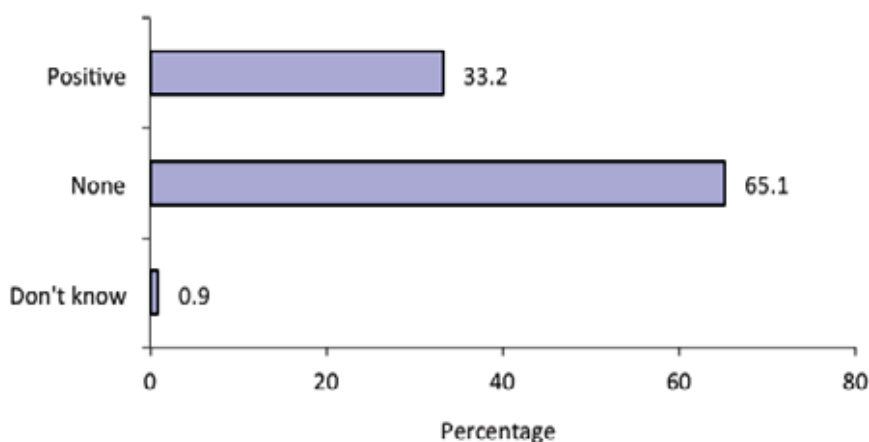
Gamblers were also probed on the influence that close family members and/or friends might have on their gambling habit. Figure 3.7 shows that 49.2% of gamblers confirmed that members of their close family and/or friends were also involved in gambling during the past year.

FIGURE 3.7: PARTICIPATION OF GAMBLERS' CLOSE FAMILY AND FRIENDS IN GAMBLING



Gamblers that confirmed the involvement of close family/friends in gambling during the past year were asked if they think that their family/friends' gambling behaviour influenced them to gamble as well. Figure 3.8 shows that almost a third (33.2%) affirmed that the participation of their family/friends in gambling influenced them to gamble as well.

FIGURE 3.8: INFLUENCE OF FAMILY/FRIENDS ON GAMBLING BEHAVIOUR



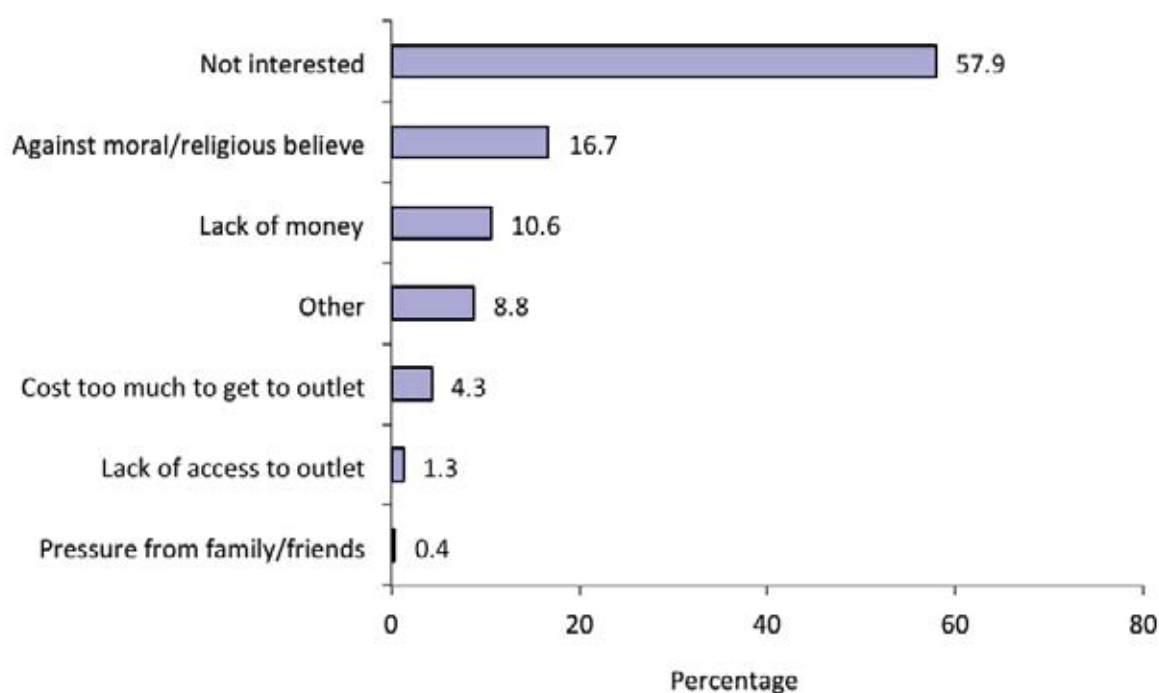


3.10 REASONS FOR ABSTAINING FROM GAMBLING

The almost two thirds (69.4%) of respondents who did not participate in any gambling activity in the 12 months preceding the survey and who are subsequently defined as non-gamblers were asked to spontaneously mention the main reason from abstaining from gambling (no pre-coded reasons were offered to them).

Figure 3.9 shows that almost three in every five of the respondents (57.9%) indicated that they were never interested in gambling. One in every six (16.7%) non-gamblers mentioned that gambling is against their moral or religious beliefs and 10.6% non-participants advanced a lack of money as the main reason for their abstention. It is important to note that only 1.3% of non-gamblers advanced the lack of access to a gambling outlet as reason for their non-participation.

FIGURE 3.9: REASONS FOR ABSTAINING FROM GAMBLING



3.11 ATTITUDES TOWARDS GAMBLING

In addition to monitoring the incidence and frequency of gambling activities in South Africa, the study also investigated attitudes towards gambling. These include perceptions on gambling, perceptions on the regulatory environment, perceptions on household violence originating from gambling and the convenience of accessing gambling outlets.

A set of statements were generated and asked to the whole sample population – gamblers and non-gamblers. In most cases, the respondents had the opportunity to respond to a 3-point agree/disagree scale with the opportunity to select the 'don't know' option if unsure of their response.





3.11.1 Perceptions on Gambling

The respondents were asked to present their views on 12 statements exploring perceptions on gambling. They were allowed to record their views on a 3-point scale, namely, 'agree', 'neither agree nor disagree' or 'disagree'. The results are depicted in table 3.12.

A high level of agreement (in excess of 50% of respondents) was expressed for the following statements:

- Gambling is addictive (91.6%).
- Gambling usually leads to a situation in which the affected households lack basic necessities such as food (79.5%).
- People should have the right to gamble whenever they want (63.4%).
- The gambling industry creates jobs (58.7%).

The strongest disagreement was recorded for the following statements (more than 50%):

- Gambling is acceptable to me (50.2%).
- Gambling does not usually lead to domestic violence (53.3%).

The above responses point towards some aspects that can be perceived as negative towards gambling. These include the perceived negative impact of gambling on household and personal welfare as well as the negative impact on interpersonal relationships in households. Positive aspects include employment creation by the gambling sector and the right of people to exercise choices about their lives.





TABLE 3.12: PERCEPTIONS ON GAMBLING

| PERCEPTION | AGREE | NEITHER AGREE NOR DISAGREE | DISAGREE | DON'T KNOW | TOTAL |
|---|-------|----------------------------------|----------|---------------|-------|
| | % | % | % | % | % |
| Gambling is acceptable to me. | 40.7 | 6.9 | 50.2 | 2.2 | 100.0 |
| Gambling is an important leisure activity for South Africans. | 37.9 | 12.7 | 41.6 | 7.8 | 100.0 |
| People should have the right to gamble whenever they want. | 63.4 | 8.7 | 24.6 | 3.3 | 100.0 |
| Gambling should be discouraged. | 43.4 | 14.7 | 36.8 | 5.0 | 100.0 |
| Most people who gamble do so sensibly. | 39.0 | 17.7 | 33.4 | 9.9 | 100.0 |
| Gambling industry creates jobs. | 58.7 | 7.6 | 27.0 | 6.7 | 100.0 |
| There are not enough opportunities to gamble. | 29.9 | 9.9 | 44.2 | 16.0 | 100.0 |
| Gambling by members of my household has a negative impact on interpersonal relationships. | 47.6 | 8.4 | 36.3 | 7.7 | 100.0 |
| There is enough information available to inform the general public about the perceived risks of gambling. | 39.6 | 9.1 | 39.9 | 11.5 | 100.0 |
| Gambling does not usually lead to domestic violence. | 29.6 | 10.2 | 53.3 | 6.9 | 100.0 |
| Gambling usually leads to a situation in which the affected household lacks basic necessities such as food. | 79.5 | 7.0 | 10.2 | 3.4 | 100.0 |
| Gambling by family members has a negative impact on my welfare. | 91.6 | 2.9 | 3.2 | 2.3 | 100.0 |





3.11.2 Perceptions on the Regulatory Environment

A number of statements (see table 3.13) were included to measure the general perception on the gambling regulatory environment in South Africa.

High levels of agreement (in excess of 50%) were forthcoming for the following statements:

- I am aware of information about the nature and risks of gambling (69.6%).
- I am aware of the existence of legal and illegal gambling modes (67.8%).
- Living close to a gambling venue can stimulate problem gambling (59.6%).

Disagreement (in excess of 30%) for the following statements was recorded:

- I am aware of programmes to assist compulsive/problem gamblers to address their problems (37.2%).
- Gambling by family members has a negative impact on my welfare (36.7%).
- I am aware of the NGB (35.7%).

TABLE 3.13: PERCEPTIONS ON THE REGULATORY ENVIRONMENT OF GAMBLING

| PERCEPTION | AGREE | NEITHER AGREE NOR DISAGREE | DISAGREE | DON'T KNOW | TOTAL |
|---|-------|----------------------------------|----------|---------------|-------|
| | % | % | % | % | % |
| I am aware of information about the nature and risks of gambling. | 69.6 | 5.6 | 17.9 | 6.9 | 100.0 |
| I am aware of programme(s) to assist compulsive/problem gamblers to address their problems. | 40.9 | 5.4 | 37.2 | 16.5 | 100.0 |
| I perceive the measures to address problem gambling as effective. | 37.4 | 14.8 | 24.9 | 23.0 | 100.0 |
| Living close to a gambling venue (within 30 km) can stimulate problem gambling. | 59.6 | 9.9 | 24.6 | 5.9 | 100.0 |
| I am aware of the National Gambling Board. | 43.8 | 3.4 | 35.7 | 17.1 | 100.0 |
| I am aware of the existence of legal and illegal gambling modes. | 67.8 | 5.7 | 16.5 | - | 100.0 |
| I perceive that the gambling industry is well regulated. | 41.4 | 13.4 | 23.9 | - | 100.0 |
| Gambling by family members has a negative impact on my welfare. | 48.6 | 7.7 | 36.7 | - | 100.0 |





Generally, the response to the questions suggests a dualism – relatively high levels of agreement and disagreement on the same statement. This implies that although some regulatory issues seem to be well understood, further awareness/information campaigns remain critical. These include for instance:

- Continue with awareness campaigns on the nature and risk of gambling.
- Awareness campaigns on programmes to assist problem gamblers.
- Continue with the effective regulation of the gambling industry.

3.11.3 Gambling Outlets

The respondents were requested to express their opinions on the adequacy of gambling outlets. Figure 3.10 shows that almost one fifth (21.9%) of the respondents were of the opinion that there are insufficient gambling outlets while almost a third (33.2%) thought that there are enough outlets. Almost one in every six (16.9%) respondents expressed the view that there are too many outlets.

The finding that almost a quarter respondents expressed the view that there are insufficient outlets should be viewed against the fact that only 1.3% of non-participants advanced a lack of access to gambling facilities as a reason for abstaining from gambling (see figure 3.9). Therefore, it would appear that the respondents who indicated that there are insufficient outlets referred more to a need for more convenient/easier access rather than an outright lack of access to gambling facilities.

FIGURE 3.10: OPINIONS ON THE ADEQUACY OF GAMBLING OUTLETS/OPPORTUNITIES

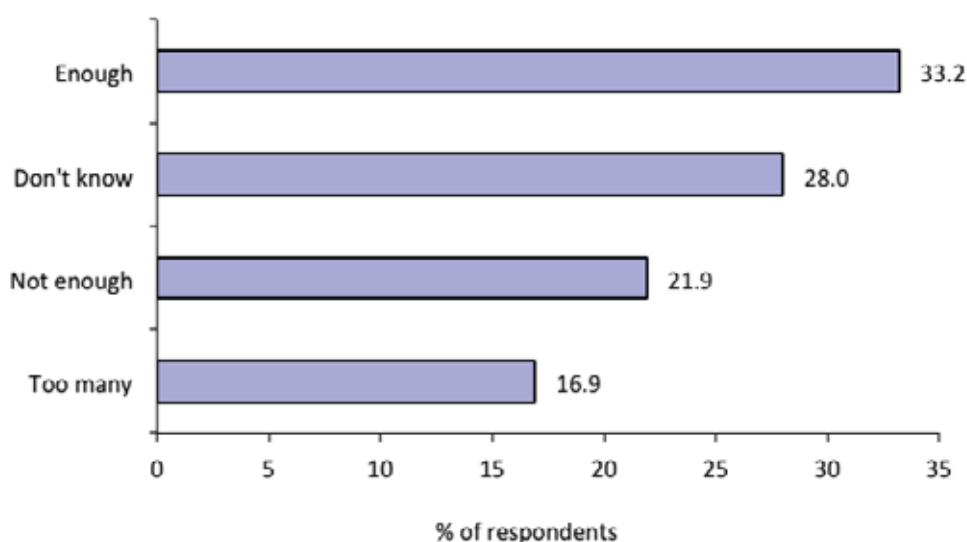
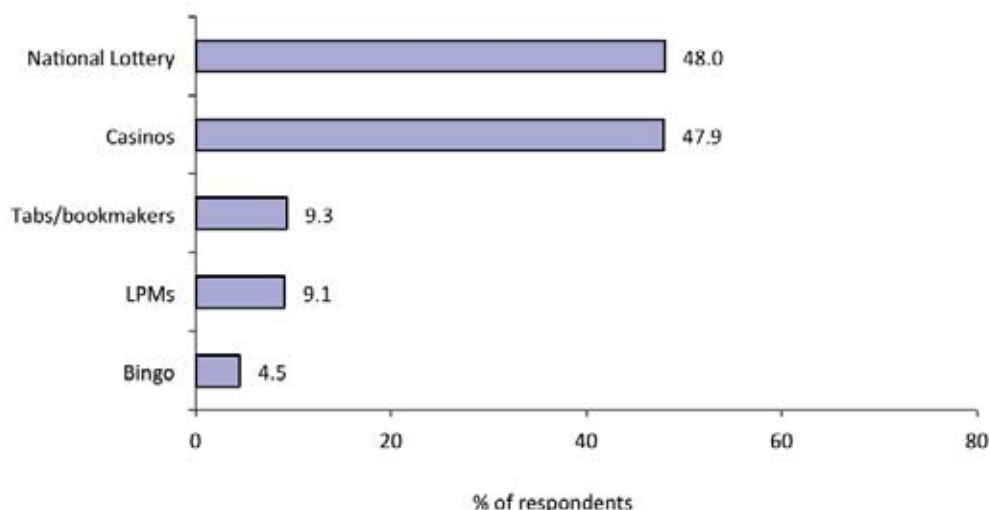




Figure 3.11 depicts the types of outlets required by those (21.9% of respondents) who reported insufficient availability of gambling outlets. The most prominent requirement was for National Lottery outlets (48.0%), casinos (47.9%), totalisators and bookmakers (9.3%), LPMs (9.1) and bingo halls (4.5%).

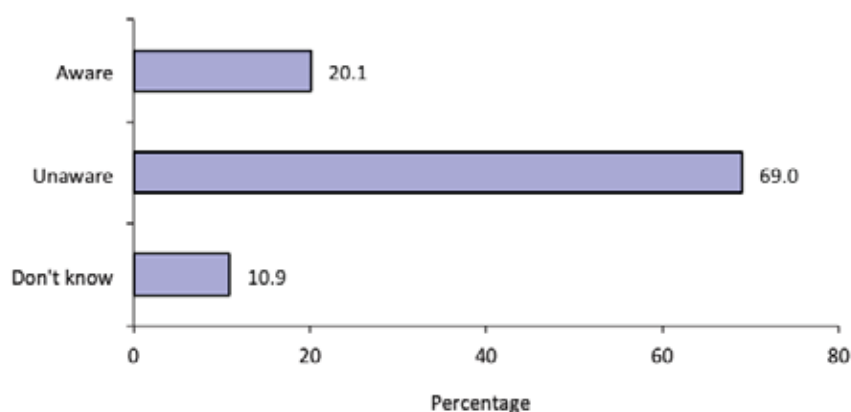
FIGURE 3.11: ADDITIONAL GAMBLING OUTLETS/OPPORTUNITIES NEEDED BY THOSE EXPRESSING INADEQUATE GAMBLING OUTLETS/OPPORTUNITIES



3.12 UNDER-AGE GAMBLING

The involvement of persons below the age of 18 years in gambling activities is a matter of concern. The questionnaire also enquired on the respondents' awareness of under-age gambling. Figure 3.12 confirms that almost one fifth (20.1%) of the respondents were aware of this phenomenon, almost two thirds (69.0%) were not aware and 10.9% indicated that they did not know.

FIGURE 3.12: LEVEL OF AWARENESS OF UNDER-AGE GAMBLING



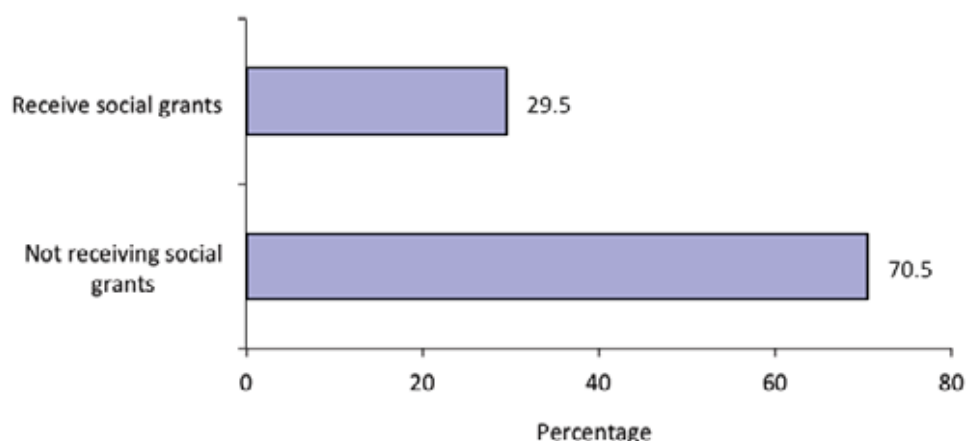
3.13 GAMBLING AND SOCIAL WELFARE GRANTS

Concern is often expressed that gamblers may utilise social welfare payments from government as the source of gambling money. Several questions were asked to gamblers to establish the involvement in gambling by social grant beneficiaries. The first question on the subject established that almost a third (29.5%) of gamblers received social grants from government (see figure 3.13).



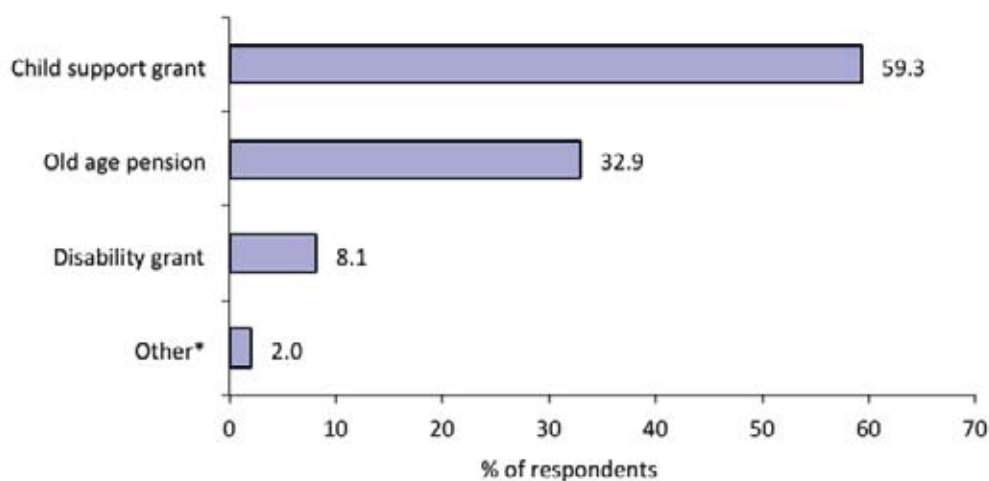


FIGURE 3.13: PERCENTAGE OF GAMBLERS RECEIVING SOCIAL GRANTS FROM GOVERNMENT WHO GAMBLE



A follow-up question to grant beneficiaries enquired on the type of social grant payments received from government. Figure 3.14 shows that almost three in every five (59.3%) received child support grants. Expressing child support grant recipients as percentage of all the gamblers in the sample population resulted in the fact one in every six (17.2%) of all gamblers in the sample are recipients of child support grants.

FIGURE 3.14: TYPE OF GRANTS RECEIVED BY SOCIAL GRANT BENEFICIARIES WHO GAMBLE



*Include, inter alia, war veterans, foster child and care dependency grants

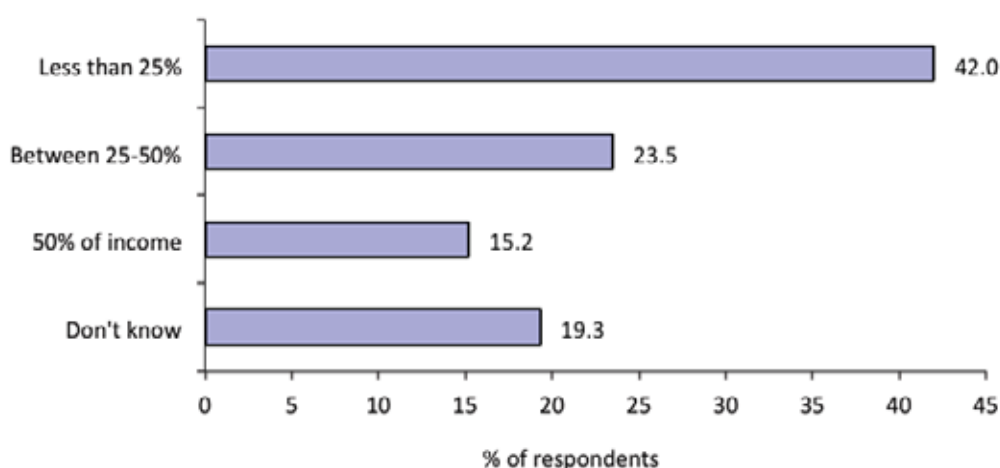
The last question on this topic was an attempt to establish the contribution or share of social grant income to total household income of the grant beneficiaries. The respondents were requested to indicate whether the social grant income represents less than a quarter (25%), between a quarter and a half (25%-50%) or more than half (50%+) of household income.





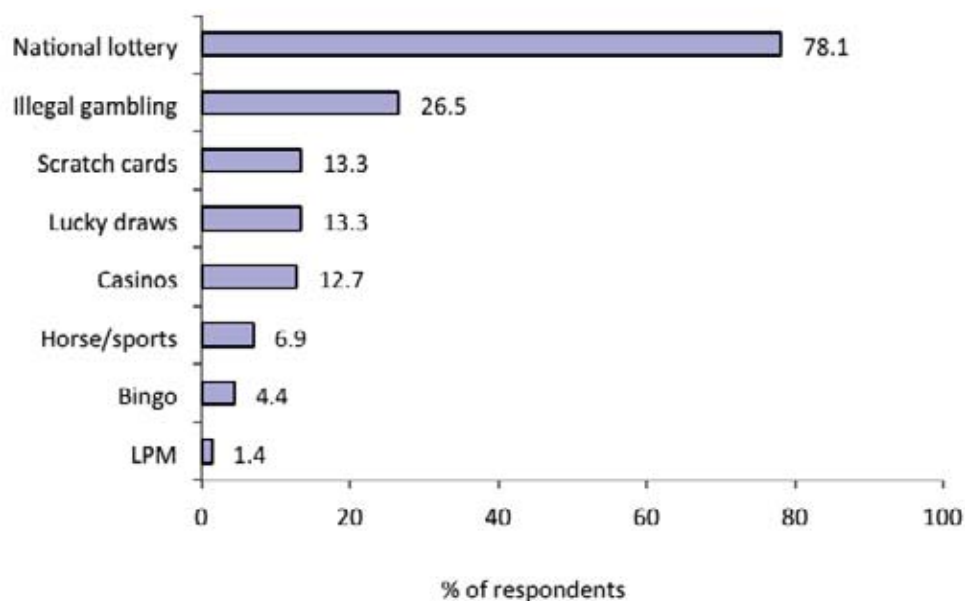
Figure 3.15 shows that almost two in very five (42.0%) of social grant beneficiaries confirmed that their grant income contributed less than a quarter to their total household income. Almost one quarter (23.5%) indicated that the share is between a quarter and a half of their household income and 15.2% reported that it contributed more than half of their household income. This implies that almost two in every five (23.5% + 15.2% = 38.7%) of social grant beneficiaries confirmed that the social grants represent more than a quarter of their income. (Note that child support grant amounts to R350 per month in 2017.)

FIGURE 3.15: SHARE OF SOCIAL GRANT INCOME OF TOTAL HOUSEHOLD INCOME OF BENEFICIARIES



A cross tabulation of social grant beneficiaries with their gambling incidence during the 12 months preceding the survey shows that they were primarily involved in the National Lottery (78.1%) and illegal gambling (26.5%). This implies that 91.4% of gamblers receiving government grants participated in the latter two mentioned modes. Scratch cards (13.3%) and lucky draws (13.3%) also feature prominently. It is also noteworthy to mention that government grant beneficiaries participated on average in 1.6 gambling modes in the past year.

FIGURE 3.16: GAMBLING INCIDENCE OF SOCIAL GRANT BENEFICIARIES





3.14 GAMBLING EXPENDITURE AND BUDGETARY BEHAVIOUR

Several questions in the research instrument touched on gambling expenditure, perceived allocation of winnings and household budgetary behaviour with regard to gambling expenditure. Findings on these questions may enlighten an interpretation of the impact of gambling on household welfare levels. These aspects are highlighted in this section.

3.14.1 Allocation of Winnings

The respondents were requested to indicate on what they would spend winnings from gambling. The question was phrased as follows: 'If you win any money from gambling today, on what would you spend it?' The response to this question would be indicative of the needs of the respondents that may range from household necessities to luxury items.

A strong basic needs orientation and debt payment in the response may be interpreted as the involvement of poor and needy people in gambling activities. Conversely, a strong representation of the purchase of luxury items in the response may be indicative of the involvement of more affluent people in gambling.

On a multiple-choice answering schedule (respondents can nominate more than one item), the following five items were the most prominent for allocating winnings (figure 3.17):

- | | | |
|----------------------------|---|-------|
| • Luxury items | : | 36.8% |
| • Savings | : | 35.0% |
| • Household necessities | : | 33.9% |
| • Payment of debt/accounts | : | 21.8% |
| • Payment of bond/rent | : | 14.3% |

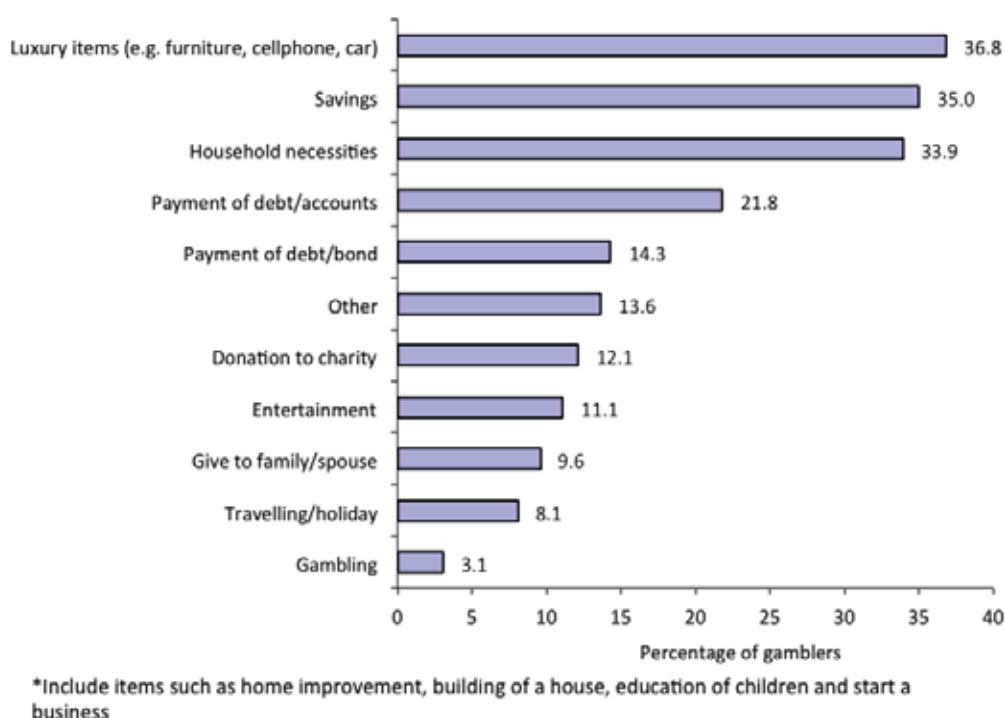
It is important to mention that the respondents were prompted to mention more than one item on which they would spend their winnings. Therefore, percentages allocated to the above items are not necessarily indicative of the relative amounts that winners would devote on such items.

A respondent mentioning, for example, savings and purchase of household necessities would not necessarily allocate equal amounts to these items. The percentages merely refer to the percentage of respondents who would spend some (or all) of his/her winnings on a particular item.





FIGURE 3.17: PERCEIVED ALLOCATION OF WINNINGS



An inference of the above suggests that gamblers consists of the whole welfare spectrum ranging from the more affluent to those in need of household necessities.

3.14.2 Expenditure on Gambling

Respondents were requested to indicate the total amount spent on gambling in the month preceding the survey. Figure 3.18 shows the distribution of monthly expenditure on gambling by expenditure group.

Almost half (49.9%) of the respondents reported gambling expenditure of less than R50 per month. A further 26.9% spent between R51 and R150.

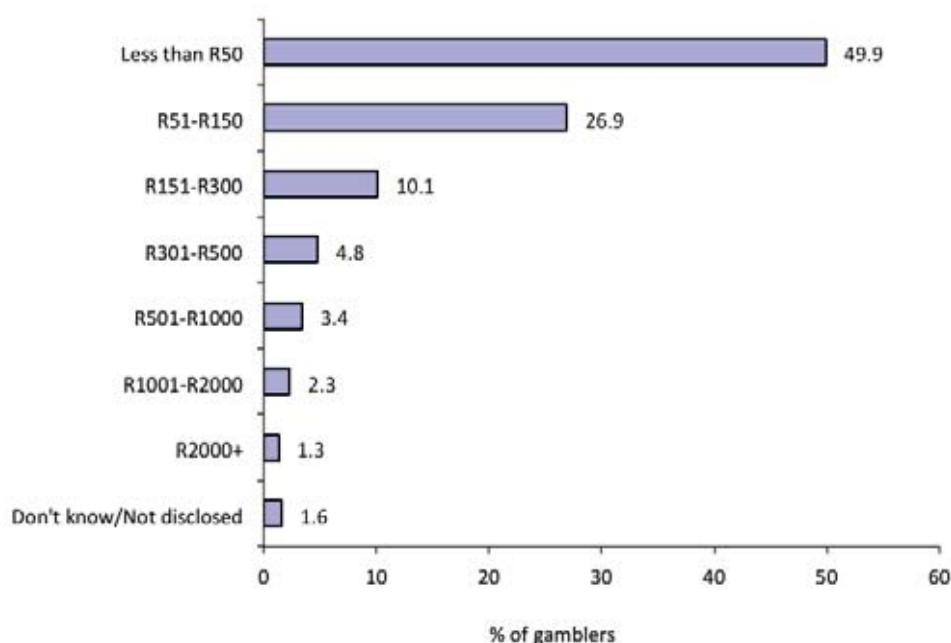
This implies that almost three quarters (76.8%) spent less than R150 per month. However, it should be borne in mind that expenditure of say R50 per month by a poor household earning a meagre income may represent a substantial portion of the household budget compared to the same amount spent by an affluent household.

The figure also shows that 10.1% spent between R151 and R300, 4.8% between R301 and R500 and 7.0% more than R500 per month.





FIGURE 3.18: PERSONAL EXPENDITURE ON GAMBLING PER MONTH



In interpreting the expenditure reported by respondents, the following should be considered:

- (a) It is generally found in surveys that respondents are often reluctant to divulge income and expenditure data. This also applies to this survey. Unwillingness to disclose is often more prevalent among high-income respondents. This implies that the expenditure figures tend to be conservative.
- (b) Enquiry on individual expenditure items often results in over-reporting since the procedure does not allow for balancing expenditure with disposable income. In this survey, expenditure figures were only requested for gambling, which may result in a degree of over-reporting.
- (c) The extent to which the respondents perceive expenditure on gambling as negative, neutral or positive may also influence the extent of over- or under-reporting. Expenditure on gambling is often perceived as negative, which may lead to a degree of under-reporting.

This aspect will be explored further during the calculation of propensity to gamble (see chapter 6).

3.14.3 Budgetary Behaviour Regarding Gambling Expenditure

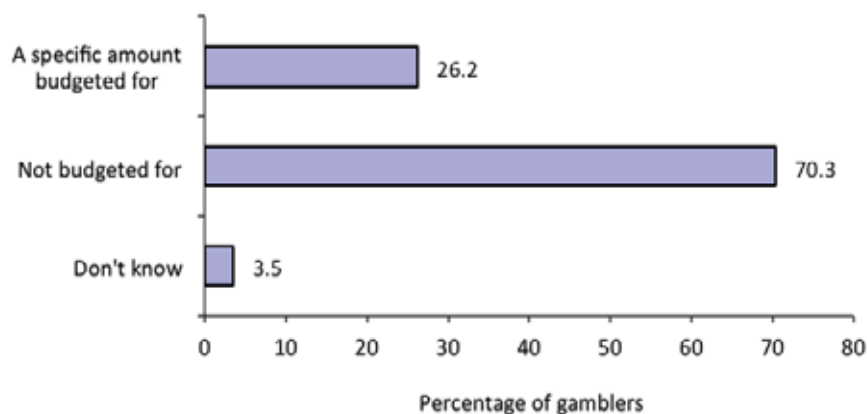
In an effort to establish the budget behaviour of respondents with regard to gambling expenditure, the following question was put to respondents who participated in gambling activities: 'Is money used for gambling (a) a specific amount budgeted for in your budget or (b) not budgeted for?'





Figure 3.19 shows that almost one quarter of respondents (26.2%) made specific provision for gambling expenditure in their budgets. However, over two thirds of gamblers (70.3%) did not specifically budget for gambling expenditure.

FIGURE 3.19: BUDGETARY PROVISION FOR EXPENDITURE ON GAMBLING

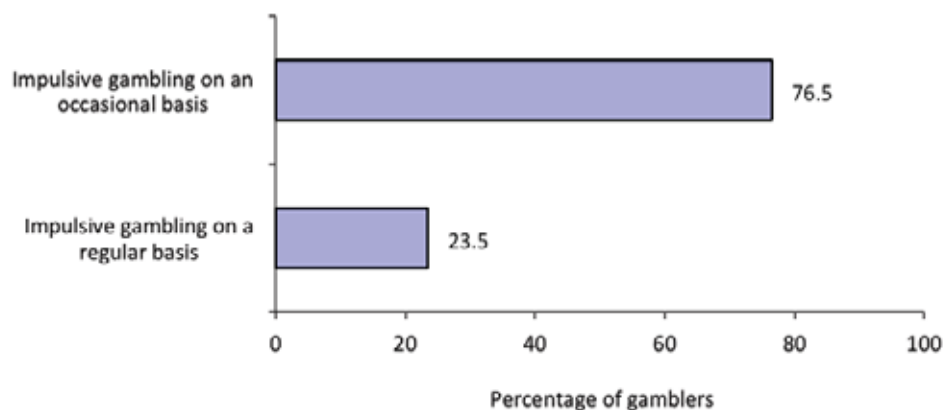


The above percentages closely correlate with the findings of the 2009 NGB survey. The latter showed that 30.0% of gamblers spent a specific budgeted amount on gambling while 70.0 % did not specifically budget for their gambling expenditure.

A follow-up question enquired on the level of impulsive (unforeseen, quick) gambling expenditure. The 70.3% of the respondents who did not specifically budget for gambling were prompted on their impulsive behaviour – whether this occurred regularly or only on an occasional basis. Just more than three quarters of the respondents (76.5%) confirmed their engagement in impulsive gambling on an occasional basis while 23.5% said that they gamble impulsively on a regular basis (figure 3.20).

These figures closely resemble the findings of the 2009 NGB survey, which reported that 67.3 % in 2009 were engaged in impulsive gambling on an occasional basis while 32.7 % gambled impulsively on a regular basis.

FIGURE 3.20: INCIDENCE OF IMPULSIVE GAMBLING EXPENDITURE





The non-compliance with personal budgeting for gambling is a point for concern and is not only peculiar to gambling expenditure. An increasing prevalence and frequency of unplanned, non-essential purchases of consumers are documented.

There is evidence that impulsive buying constitutes a substantial non-rational segment of purchasing or spending behaviour, which is present in normal consumer behaviour, but which can assume such excessive proportions that individuals find themselves in considerable financial debt and psychological distress.

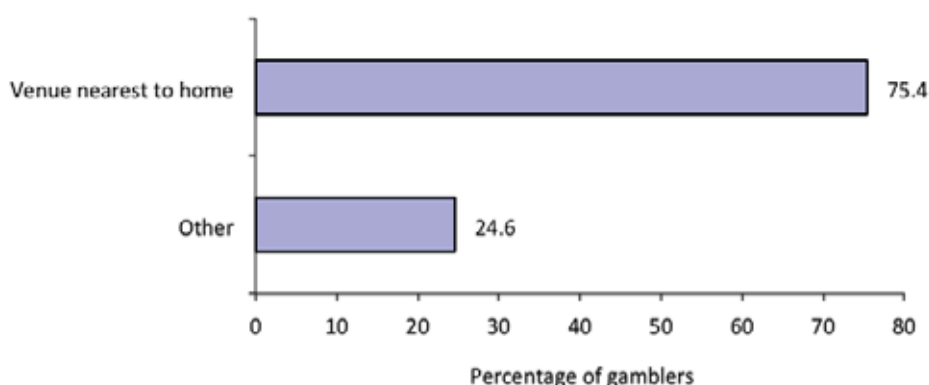
This behaviour confirms that 'over-expenditure' on items such as clothes, motor vehicles or even household necessities, is not peculiar and may be one of the base factors that may lead to 'over-expenditure' on gambling as well.

3.15 GAMBLING LOCATION: WHERE DO GAMBLERS MOST OFTEN GO?

The choice of gambling outlets is strongly influenced by the type of gambling mode. Those gamblers who play National Lottery games only (and who are the most dominant gambling group in South Africa) buy their lottery tickets at a retail outlet often nearest to their home. In contrast, those gamblers who preferred, for example, casinos and bingo venues have to make a trip to a dedicated gambling outlet.

Several questions were asked to gamblers on their visiting behaviour to gambling outlets/venues. Gamblers (all modes included) prefer to participate in their gambling activities at an outlet/venue nearest to their home. Three quarters of gamblers (75.4%) frequent such an outlet during their last visit to a gambling venue (see figure 3.21).

FIGURE 3.21: VISITING PATTERN OF GAMBLERS DURING THEIR LAST VISIT (PRECEDING THE SURVEY) TO A GAMBLING VENUE



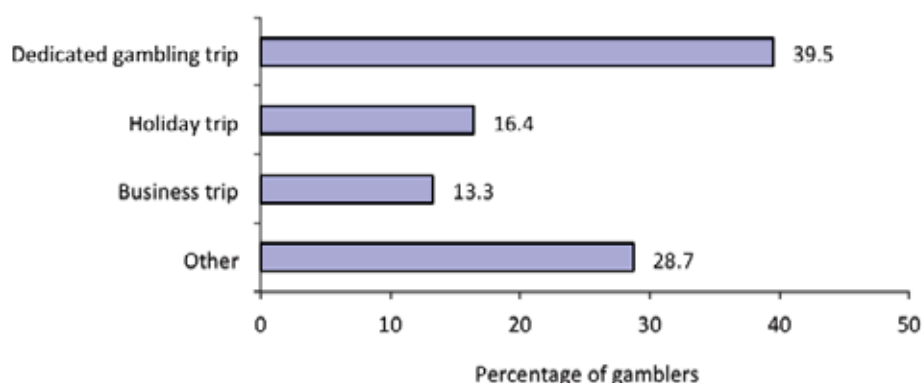
The 24.6% of gamblers, who indicated that their visit was not to the nearest venue, were requested to indicate whether the trip was dedicated to gambling or primarily conducted for another purpose.

Figure 3.22 reflects that almost two in every five (39.5%) of the journeys was dedicated to gambling while 13.3% gambled during a business trip and 16.4 % gambled while on a holiday trip.





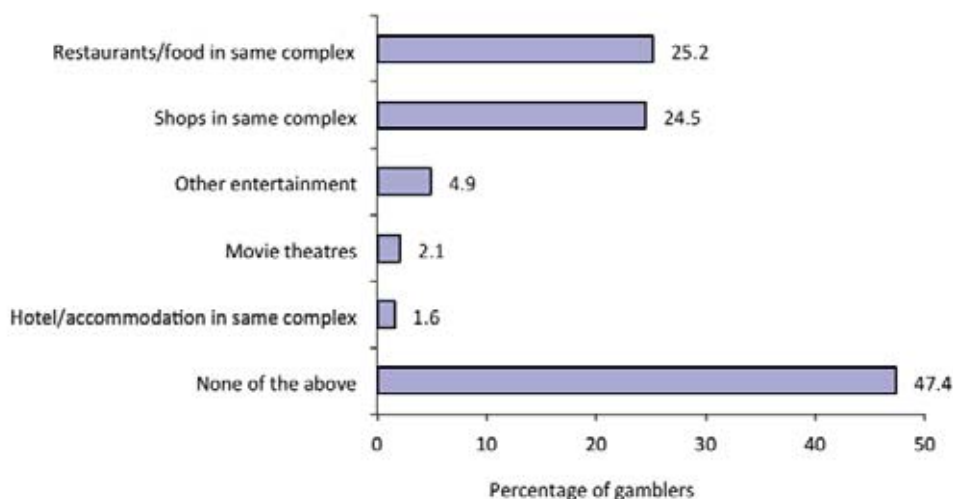
FIGURE 3.22: PURPOSE OF TRIP TO A GAMBLING VENUE NOT NEAREST FROM HOME



Gamblers were also requested to indicate whether (during their last visit to a gambling venue) they visit/spend money on other items such as restaurants and theatres.

Figure 3.23 confirms that almost half of respondents (47.4%) indicated that the visit was solely to gamble. Almost a quarter of gamblers confirmed that they spent money on restaurants/food (25.2%) and/or shops (24.5%) in the same complex as the gambling venue.

FIGURE 3.23: SPENDING AT GAMBLING VENUE OTHER THAN GAMBLING





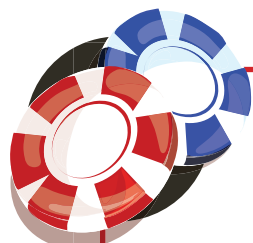
3.16 SUMMARY

The main findings of the household survey can be summarised as follows:

- A third (30.6%) respondents confirmed their involvement in gambling during the past year.
- South Africans' participation in gambling suggests a continuous downward trend from 56.8% in 2002, 49.8% in 2005, 34.9% in 2009 to 30.6% in the current study (2017).
- The National Lottery is by far the most popular gambling mode. Just more than eight in every ten (81.3%) gamblers bought lottery tickets in the past year.
- Lucky draws were the second most popular licensed gambling mode followed by scratch cards and legal betting on sports/horse racing. This is followed by fafi as an illegal gambling mode.
- Just more than one quarter (27.0%) of gamblers were involved in unlicensed (unregulated or illegal gambling). The most popular modes in this regard were fafi and card games for money.
- The frequency of participation in gambling varies substantially by mode. Daily participation is particularly prominent in the following modes: fafi, illegal (unregulated) card games and gambling games for money using a website or an electronic device.
- The three most preferred gambling modes are the National Lottery and betting on horses/sports at a licensed outlet as well as fafi as an unlicensed mode.
- Just less than a third of gamblers confirmed their willingness to explore new gambling experiences (modes not previously involved with).
- Three in every five gamblers confirmed their participation in less gambling modes during the past year.
- Economic and financial reasons (chance to win large sums of money (55.6%) and the need for money (24.0%)) were the main motivational reasons for participating in gambling.
- Almost half of gamblers confirmed that close family members and/or friends were also involved in gambling. More than a third of these respondents affirmed that the participation of family/friends influenced them to gamble as well.
- 'Not interested in gambling' was advanced as major reason (57.9%) for abstaining from gambling.
- Almost three quarters of respondents (79.5%) indicated that gambling may lead to a situation in which the affected household lacks basic necessities such as food.
- Two in every five respondents (39.6%) confirmed their awareness of information about the nature and risks of gambling.
- Almost one quarter of respondents (20.1%) are aware of under-age gambling.
- Just less than a third of gamblers (29.5%) received social grants from government. The most prominent of these are child support grants.
- The highest gambling incidence of gamblers receiving social grants is the National Lottery (78.1%) and unlicensed gambling (26.5%).
- The following items were the most prominent for allocating winnings: luxury items (35.0%), savings (35.0%) and household necessities (33.9%).
- Half of gamblers (49.9%) spent less than R50 per month on gambling.
- Only a quarter (26.2%) of gamblers made budgetary provision for their gambling expenditure.
- Almost three quarters of gamblers (75.4%) visit the nearest gambling venue/outlet to their home during their last visit.
- Almost a quarter of visitors to gambling venues also visited restaurants (25.2%) and shops (24.5%) in the same complex during their last gambling outing.

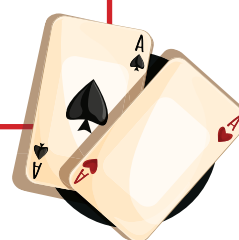
The above findings confirmed a declining involvement in gambling activities in South Africa. National Lottery games are the most prominent licensed mode. A substantial percentage of gamblers are also involved in illegal gambling activities. Economic and financial reasons remain the main motivational reason for gambling.





CHAPTER 4

THE SCOPE OF PROBLEM GAMBLING IN SOUTH AFRICA





4.1 INTRODUCTION

One of the objectives of the 2017 household survey was to investigate the scope of problem gambling in South Africa. This includes the magnitude of problem gambling as well as its patterns and consequences thereof. This chapter reports on the findings of the survey. Reference is also made to aspects concerning problem gambling as summarised by the National Centre for the Study of Gambling (NCSG) in their report entitled: 'Gambling and problem gambling in South Africa (Collins & Barr 2001) and the booklet published by the South African Responsible Gaming Trust (SARGT).

4.2 PROBLEM GAMBLING

Gambling is defined as staking something valuable in the hope of winning a prize where the outcome is unknown to the participants. Gambling activities include playing the lotto, bingo and charity jackpots in newspapers as well as scratch cards, casino games and betting on horses and other sporting events.

Whether gambling is regarded as a vice or a form of recreation depends on moral judgements, which vary in different cultures, at different points in history and among different individuals. Recreational gambling, which is benign from the point of view of the gambler, provides at least the following pleasures:

- Playing games.
- Fantasising about winning large sums of money.
- Feeling artificially endangered.
- Being in a stimulating environment.

Gambling behaviour should be viewed as problematic when gamblers:

- Gamble excessively and thereby cause significant harm to themselves and to others.
- Fail to control this excessive behaviour by themselves or without assistance.

Problem gambling entails gambling to a degree that compromises, disrupts or damages family, personal or recreational pursuits.

The NCSG states that there are severe methodological difficulties surrounding attempts to measure the incidence of problem gambling, most of which apply to all studies of this kind but some of which are peculiar to South Africa. Consequently, all figures for prevalence should only be treated as rough estimates.

4.3 INSTRUMENT USED IN THE HOUSEHOLD SURVEY

Several instruments are available to measure problem gambling. These include, for example, the Oaks Gambling Screen (SOGS), DSM IV (Diagnostic and Statistical Manual) and the Gamblers Anonymous (GA) questionnaire (Ligthelm & Jonkheid, 2009). Research programmes aimed at measuring problem gambling are complex and entail multi-disciplinary methods. Since 2011, the NGB monitors the scope of problem gambling in South Africa by means of regular tracking research. For this purpose, the Problem Gambling Severity Index (PGSI) is applied (NGB, 2013). This self-assessment questionnaire is based on the Canadian Problem Gambling Index (CPGI) (Ferris & Wyne, 2001). The latter is a single instrument that is simple, easy to apply and more importantly, recognised globally as a standardised measure (NGB, 2013). As a result, the questions for this index were also included in the 2017 household survey. The CPGI is a set of nine statements referred to as the PGSI or the scored module of the CPGI aimed at measuring experience over time (NGB, 2013). It sets out to measure the percentage of persons who are either:

- At no risk (to be a problem gambler)
- At low risk (to be a problem gambler)
- At moderate risk (to be a problem gambler)
- At high risk (regarded as a problem gambler).





The nine statements used for calculating the index are the following:

- (a) You bet more than you can really afford to lose.
- (b) Still thinking about the past 12 months, you needed to gamble with larger amounts of money to get the same feeling of excitement.
- (c) When you gambled, did you go back another day to try and win back the money you lost?
- (d) You borrowed money or sold something to get money to gamble.
- (e) You felt that you might have a problem with gambling.
- (f) Gambling caused health problems, including stress or anxiety.
- (g) People criticised your betting habits or told you that you had a gambling problem regardless of whether or not you thought it was true.
- (h) Your gambling caused financial problems for you or your household.
- (i) You felt guilty about the way you gamble or what happens when you gamble.

In calculating the size of problem gambling, each question (statement) has four response options, namely, never, sometimes, most of the time, and always. These are scored 0, 1, 2 or 3 respectively. The score for each gambler is then summed to produce a maximum aggregate score ranging from 0 to 27. The aggregate scores have the following interpretation:

| TOTAL PSGI SCORE | STATUS |
|------------------|--|
| 0 | Non-problem gambler |
| 1 or 2 | Low level of problems with few or no identified negative consequences |
| 3 to 7 | Moderate level of problems leading to some negative consequences |
| 8 to 27 | Problem gambling with negative consequences and a possible loss of control |

The above confirmed that the PGSI is a self-assessment tool and exclude any clinical, medical or psychological tests.

4.4 INCIDENCE OF PROBLEM GAMBLING

The survey results aimed at measuring the extent of problem gambling is shown in table 4.1. The percentage of problem gamblers is calculated at 5.8% of the gambling population. Just less than half (45.2%) of gamblers can be classified as non-problem gamblers, 32.3% as gamblers with low levels of problems (a score of 1 or 2 on the CPGI) and 16.7% with moderate levels of problems (a score of 3 to 7 on the CPGI).

These problems may vary substantially in severity from being criticised by others or felt guilty to much more severe indicators such as bet more than they can really afford or borrow money or sell something to get money to gamble. Owing to the usage of a different problem gambling measurement instrument in previous NGB studies (2005 and 2009), no trend analysis on problem gambling is conducted. The previous studies applied the Gamblers Anonymous (GA) instrument while the 2017 study used the Canadian PSGI instrument.





TABLE 4.1: EXTENT OF PROBLEM GAMBLING IN SOUTH AFRICA

| CPGI CATEGORIES | PSGI SCORE | GAMBLERS | |
|----------------------------|------------|--------------|--------------|
| | | NUMBER | % |
| Non-problem gambling | 0 | 549 | 45.2 |
| Low level of problems | 1-2 | 392 | 32.3 |
| Moderate level of problems | 3-7 | 203 | 16.7 |
| Problem gamblers | 8+ | 71 | 5.8 |
| TOTAL | | 1 215 | 100.0 |

The actual number of problem gamblers identified in the survey amounted to 71 respondents. Their demographic profile is analysed below. It should be borne in mind that the CPGI is based on self-assessment and is therefore not clinically tested.

The profile of high risk or problem gamblers in South Africa is contained in table 4.2. In summary, it looks as follows:

- 19.7% are younger than 25 years, 60.5% between 26-35 years and only 14.1% older than 55 years.
- 42.3% are unemployed and 25.4% occupied full-time jobs.
- 56.3% attained secondary school qualifications and 36.6% post-matric qualification.
- 56.5% are males.
- 14.3% reported no income and 52.9% a monthly income of less than R5 000.

TABLE 4.2: PROFILE OF PROBLEM GAMBLERS

| AGE | 18-25 YEARS | 26-35 YEARS | 36-45 YEARS | 46-55 YEARS | 55 YEARS+ | | TOTAL |
|-----|-------------|-------------|-------------|-------------|-----------|--|-------|
| % | 19.7 | 38.0 | 22.5 | 5.6 | 14.1 | | 100.0 |

| WORK STATUS | FULL-TIME | PART-TIME | UNEMPLOYED | PENSIONER | HOME DUTIES | STUDENT | TOTAL |
|-------------|-----------|-----------|------------|-----------|-------------|---------|-------|
| % | 25.4 | 15.5 | 42.3 | 11.3 | 0.0 | 4.0 | 100.0 |

| EDUCATIONAL LEVEL | NO SCHOOLING | PRIMARY (GR 1-7) | SECONDARY (GR1-8) | TERTIARY (POST MATRIC) | | | TOTAL |
|-------------------|--------------|------------------|-------------------|------------------------|--|--|-------|
| % | 2.8 | 4.2 | 56.3 | 36.6 | | | 100.0 |

| GENDER | MALE | FEMALE | | | | | TOTAL |
|--------|------|--------|--|--|--|--|-------|
| % | 56.5 | 43.5 | | | | | 100.0 |





| MONTHLY HOUSEHOLD INCOME | NO INCOME | LESS THAN R2 000 PM | R2 000 - R5 000 PM | R5 001 – R10 000 pm | R10 001 – R20 000 | R20 000+ | NOT DISCLOSED | TOTAL |
|--------------------------|-----------|---------------------|--------------------|---------------------|-------------------|----------|---------------|-------|
| % | 14.3 | 30.0 | 22.9 | 8.6 | 10.0 | 2.9 | 11.4 | 100.0 |

The incidence by gambling mode is depicted in table 4.3. The table shows that problem gamblers reported an involvement in 174 modes during the year preceding the survey. This implies an average participation of 2.5 modes per gambler.

Buying lottery tickets (70.4%) and participation in illegal gambling (59.2%) are by far the most dominant gambling modes by problem gamblers. The following modes regulated by the NGB featured the most prominent amongst problem gamblers: casinos (26.8%), horse/sports betting (22.5%) and bingo (14.1% of gamblers).

TABLE 4.3: DISTRIBUTION OF PROBLEM GAMBLERS BY GAMBLING MODE

| MODE | INCIDENCE | |
|----------------------|------------|----------|
| | NUMBER | % |
| National Lottery | 50 | 70.4 |
| Scratch cards | 20 | 28.2 |
| Casinos | 19 | 26.8 |
| Lucky draws | 17 | 23.9 |
| Horse/sports betting | 16 | 22.5 |
| Bingo | 10 | 14.1 |
| LPMs | 0 | 0.0 |
| All illegal modes | 42 | 59.2 |
| TOTAL | 174 | - |

4.5 RESPONSES ON THE NINE STATEMENTS

Table 4.4 shows the number of times when any of the nine statements attracted a response (sometimes, most of the time or always) from the respondents. (The respondents were requested to give any of the following responses on for example, the statement: ‘You bet more than you can really afford to lose’ – never, sometimes, most of the time or always).

The table shows that the following three statements attracted the most ‘always’ responses from gamblers:





- 'When you gambled, did you go back another day to try and win back the money you lost?' (55 'always' responses).
- 'Gambling caused health problems, including stress and anxiety' (41 'always' responses).
- 'Still thinking about the past 12 months you needed to gamble with larger amounts of money to get the same feeling of excitement' (24 'always' responses).

The above confirms that the involvement in gambling contains a self-generating drive to continue with gambling owing to the strong financial motivation for participating in gambling. Gamblers go back to try to win back their losses and/or gamble with larger amounts for getting the same excitement. The results further suggest the participation in gambling goes in tandem with stress and anxiety (probably due to winning expectations).

The table also confirmed that the following three responses attracted the least 'always' responses:

- 'You borrowed money or sold something to get money to gamble' (4 'always' responses);
- 'You felt that you might have a problem with gambling' (11 'always' responses).
- 'Your gambling caused financial problems for you and your household (13 'always' responses).

TABLE 4.4: NUMBER OF RESPONSES (SOMETIMES, MOST OF THE TIME OR ALWAYS) BY STATEMENT

| STATEMENTS | NUMBER OF RESPONSES | | | |
|--|---------------------|------------------|--------|-------|
| | SOMETIMES | MOST OF THE TIME | ALWAYS | TOTAL |
| You bet more than you can really afford to lose. | 151 | 35 | 18 | 204 |
| Still thinking about the past 12 months, you needed to gamble with larger amounts of money to get the same feeling of excitement. | 170 | 36 | 24 | 230 |
| When you gambled, did you go back another day to try and win back the money you lost. | 242 | 53 | 55 | 350 |
| You borrowed money or sold something to get money to gamble. | 45 | 8 | 4 | 57 |
| You felt that you might have a problem with gambling. | 88 | 23 | 11 | 122 |
| Gambling caused health problems, including stress or anxiety. | 266 | 49 | 41 | 356 |
| People criticised your betting habits or told you that you had a gambling problem, regardless of whether or not you thought it was true. | 112 | 28 | 19 | 159 |
| Your gambling caused financial problems for you or your household. | 99 | 18 | 13 | 130 |
| You felt guilty about the way you gamble or what happens when you gamble. | 169 | 30 | 19 | 218 |





4.6 REHABILITATION PROGRAMMES FOR PROBLEM GAMBLERS

Any gambler that responded with a 'most of the time' or 'always' on any of the nine PGSI questions were requested to affirm their awareness of measures to assist problem gamblers. They were also asked to affirm their attendance of any rehabilitation programme and if affirmed, their views on the success of the programme.

No less than 317 gamblers qualified to answer these questions. Table 4.5 shows the response on awareness of measures to assist problem gamblers and related questions. The table confirms an even split between those who are aware/not aware of programmes to assist problem gamblers such as rehabilitation programmes, toll free numbers, exclusions, etc. – 46.4% are aware and 47.3% unaware. In interpreting these figures, note should be taken that the overwhelming majority of gamblers are engaged in the National Lottery and unlicensed gambling.

Table 4.5 also confirms that almost two thirds of respondents (63.9%) are of the opinion that problem gamblers are at risk to become involved in other risky behaviours such as substance abuse. Some of the attendees of the focus group discussions also confirmed this view.

The table also shows that one quarter of the respondents (25.2%) confirmed the drawing of money from ATMs close to a gambling venue to source their gambling expenditure. No less than 71.0% of the respondents do not use ATMs close to the gambling venue.

TABLE 4.5: AWARENESS OF MEASURES TO ASSIST PROBLEM GAMBLERS AND RELATED GAMBLING ORIENTED QUESTIONS

| QUESTIONS | YES | NO | DON'T NOW | TOTAL |
|---|------|------|-----------|--------|
| | % | % | % | % |
| Are you aware of measures to assist problem gamblers such as rehabilitation programmes, toll free numbers, exclusions, etc.? | 46.4 | 47.3 | 6.3 | 100.0 |
| Do you think that problem gamblers are at risk to become involved in other risky behaviours such as substance abuse? | 63.9 | 24.1 | 12.0 | 100.0 |
| Are you drawing money at an ATM close to a gambling venue while gambling at that venue to fund your gambling? Total sample. | 25.2 | 71.0 | 3.8 | 100.00 |
| Are you drawing money at an ATM close to a gambling venue while gambling at that venue to fund your gambling? Only casino gamblers. | 41.4 | 58.6 | 0.0 | 100.0 |

Only six of the respondents confirmed their attendance of a rehabilitation programme for problem gamblers during the year preceding the survey. The views of these respondents should be interpreted with caution owing to the small sample that is not necessarily representative of problem gamblers attending rehabilitation programmes. Securing representative views from problem gamblers on their experiences of rehabilitation programmes should be sourced directly from a sample representing only attendees of rehabilitation programmes.





Generally, table 4.6 suggests a mixed view by problem gamblers attending rehabilitation programmes. Some recorded positive experiences on the success of the programmes to overcome their gambling problems while others reported the opposite.

TABLE 4.6: RESPONSE OF PROBLEM GAMBLERS ON REHABILITATION PROGRAMMES

| QUESTIONS | YES | NO | DON'T NOW | TOTAL |
|--|------|------|-----------|--------|
| | % | % | % | % |
| I view the programme as very successful. | 28.6 | 57.1 | 14.3 | 100.0 |
| The programme helps me to overcome my gambling problems. | 33.3 | 50.0 | 16.7 | 100.0 |
| I experience barriers/difficulties during my participation in rehabilitation programmes. | 28.6 | 57.1 | 14.3 | 100.00 |
| The programme could be improved. | 16.7 | 50.0 | 33.3 | 100.0 |

4.7 SUMMARY: PERSPECTIVE ON PROBLEM GAMBLING

The measuring of the magnitude of problem gambling is based on a self-assessment tool where the respondents spontaneously rate their position on the rating scale ranging from 'never' to 'always' on each of the nine statements.

The findings of the survey suggest that the overwhelming majority of problem gamblers fall within the poorer segment of the gambling population. The following substantiate this view:

- More than a third (36.6%) of the self-identified problem gamblers received social grants from government.
- About 42.3% are unemployed, 15.5% are part-time employees and 11.3% are pensioners.
- About 57.7% are younger than 35 years (where the unemployment rate in South Africa is the most severe).
- About 56.3% attained a secondary school qualification, 4.2% have primary school qualification and 2.8% no schooling.
- Over two-thirds (67.2%) are in households with an income of less than R5 000 per month (14.3% are in no-income households).

More general findings of the survey also point towards this view. For example:

- An overwhelming majority of 79.6% of all the gamblers in the survey advanced financial motivations for their involvement.
- An overwhelming majority of 79.5% of all gamblers agreed to the following statement: 'Gambling usually leads to a situation in which the affected households lack basic necessities such as food'.





The gambling preferences (modes) of problem gamblers also support the view that the problem is overwhelmingly biased towards the poorer segment of the gambling population. Their main involvements are the following:

- 70.4% bought National Lottery tickets.
- 59.2% are involved in illegal gambling modes.

Based on the above findings of the household survey, the following question arises: To what extent does the feeling of desperation linked to poverty and unemployment contribute towards the phenomenon of compulsive or problem gambling (even with small amounts)?

However, it is also important to note that some of the problem gamblers showed characteristics of middle and higher income earners. The following testified to this:

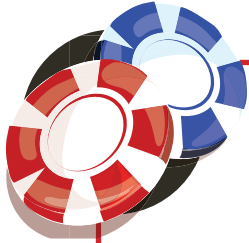
- A quarter (25.4%) are employed on a full-time basis.
- Over a third (36.6%) attained post-matric qualification.
- About 12.9% reported monthly household income in excess of R10 000.
- About 14.2% visited casinos in the previous year.
- About 2.4% visited bingo halls.

The following inference may be deduced from the above. The large per capita amounts attracted by casinos can probably result in compulsive gambling. Simultaneously, it can also be argued that although National Lottery games attracted small per capita amounts from gamblers, less affluent gamblers that can also be transformed in compulsivity overwhelmingly support it.

Large per capita gambling amounts in casinos by affluent gamblers may probably have the same negative effects on household/personal welfare as small per capita amounts on the lottery or unlicensed by poor gamblers.

The nature of the problem gambling phenomenon in South Africa should be fully explored to ensure the selection of appropriate interventions to the various population segments to appropriately address this phenomenon.





CHAPTER 5

SOCIO-ECONOMIC IMPACT OF GAMBLING- QUALITATIVE PERSPECTIVE





5.1 INTRODUCTION

This chapter presents a detailed exposition of the qualitative dimension of this study regarding the perceptions, feelings and experiences of gamblers and non-gamblers on the socio-economic impact of gambling in South Africa. The qualitative method used in this study involved focus group discussions. A total of 12 focus group discussions were conducted in rural and urban areas. To ensure homogeneity and the participants' reflection of the broader spectrum of the diverse society of South Africa, participants were grouped as non-gamblers, under-age (below 18 years), pensioners and gamblers who actively participate in different licensed gambling modes. In addition, the groups comprised both male and female participants from different population groups and comprised 12 participants.

To ensure that all the details and inputs provided by the participants are fully captured, all the group discussion sessions were recorded and transcribed to allow for verbatim quotes. More importantly, it should also be noted that verbatim quotations are presented exactly as they were transcribed from the recordings without any editorial alterations. It should be noted that the purpose of qualitative research is not to generalise the findings of the study but provide insights regarding the attitudes, experiences, perceptions and inner-feelings of participants on various aspects of gambling. It is for this reason that the views emanating from the focus groups cannot be considered to represent the views of all South Africans – gamblers and non-gamblers.

5.2 ORGANISATION OF THE FOCUS GROUP DISCUSSIONS

People who participated in the focus group discussions were recruited in the areas where they resided. People familiar with the areas were used to conduct the recruitment. Regular involvement in a particular licensed gambling mode were used in qualifying variables for inclusion in the following groups, casinos, bingo, LPMs and horse and sports betting. It is important to note that only modes under the jurisdiction of the NGB were selected for structuring the focus group. Therefore, the National Lottery and unlicensed modes were not considered. Focus group discussions were conducted separately with non-gamblers, the youth and pensioners.

A semi-structured discussion guide was used in the focus group discussions to ensure consistency in the moderation approach and discussion process. The themes contained in the discussion guide are used as the basis for structuring this chapter.

5.3 GENERAL PERCEPTION TOWARDS GAMBLING

The discussions commenced by probing participants on their thoughts around the concept of gambling as a way of breaking the ice. The latter entailed initiating the conversations to get a general feeling about the participants' perceptions and attitudes towards gambling.

A common perception that came up prominently from a number of participants across all the focus group discussions was that, gambling is a quick and easy way to make money with a hope of getting rich. The word 'gambling' appeared to be synonymous with making 'more money' and 'getting rich'. Some participants' verbatim responses were expressed as follows:

- *"Whenever we think of gambling, what comes to mind is to make that extra cash."*
- *"To me, it's like you want to make cash quickly, if you talk of gambling. It's like a quick way of making cash."*
- *"When I hear about the word gambling, I think that I'm going to try my luck to become rich if possible."*
- *"Money, thinking about gambling you're thinking of winning a lot of money."*
- *"I think what comes first in my mind when I see the word gambling, I see money. In fact, what comes in my mind is that maybe I can have more money."*





Although participants perceived gambling as way to make money, they acknowledged that gambling is also about taking chances which involved a great risk of losing money and potentially leading to a loss of other valuable things in someone's life. Strangely, gamblers in particular admitted that although they were conscious of the great risks involved in gambling, they were still keen to take chances without thinking of the consequences. Some participants' verbatim responses were expressed as follows:

- *"When I hear the word gambling I think of taking chances."*
- *"I think of people taking a risk with their money."*
- *"It's when you are taking chances. Not matter what is going to come. Without even thinking the outcome of what you are doing."*

Even though non-gamblers also perceived gambling as a quick way of making easy money or taking a risk, it was interesting to note that most of them associated gambling with poverty and irresponsible behaviour. Some participants' verbatim responses were expressed as follows:

- *"What comes to my mind, it's poverty; when I hear gambling I think of poverty."*
- *"That's what I meant by poverty. The poorest of the poorest and they will take that money of that last bread and they'll go and gamble it."*
- *"Irresponsibility."*

In addition to the motive of winning money through gambling, some gamblers indicated that they gamble just for fun.

5.4 FREQUENCY OF PARTICIPATION IN GAMBLING ACTIVITIES

The level of participation in gambling is dependent on a number of factors including availability of time, accessibility of gambling facilities and the type of a gambler involved in gambling (casual gambler versus a compulsive gambler). A higher level of participation in gambling was evident from the legalised gambling modes which appeared to be more accessible to the gamblers including the National Lottery, LPMs, horse and sports betting and casinos.

There were also incidents of a relatively higher participation in illegal gambling modes mentioned during the discussions which included, fafi (often referred as MuChina), dice, cards and online gambling. Online gambling appears to be gaining popularity owing to ease of accessibility around the clock and the convenience of using electronic devices such as personal computers and smart phone technologies anywhere. One participant's verbatim response was expressed as follows:

- *"Mine's a bit worse. I gamble every time I've got spare money, cash. When I've got cash, access to cash, I gamble. In the morning, on the Net, on my cell phone at night at 12 o'clock if I can't sleep I gamble."*

With regard to legalised gambling modes, a number of participants particularly LPM players and participants in horse and sports betting indicated that they often gamble daily at and at different times of the day. Most of the gamblers who participate most frequently in gambling appeared to be unemployed and perceived gambling as an important source of income. Furthermore, there were also employed gamblers who indicated higher level of participation in gambling activities on a daily basis during their lunch time and even during working hours particularly online gambling using their cell phones and work computers. Some participants' verbatim responses were expressed as follows:





- *"I play daily. It means there is a bet that is called 'lunchtime', that is before 13h40 when they close up. That is in the morning until such time. The second one is from 2 to 3 until 7 So I play twice. There's lunchtime and there's tea-time, that is okay."*
- *"I participate every day because you never know when it's your lucky day. Today you stop playing, tomorrow you lose. Tomorrow you play, another day you don't play. So I participate every day because I think the time I stop maybe I'll be near my lucky day."*
- *"I participate always, every time when I have that money to come and gamble. Most of the time I earn something for that day. Because I'm not working."*

5.5 THE LIKES AND DISLIKES OF GAMBLING

Winning money appeared to be the major element of gambling that almost all participants in the focus group discussions including non-gamblers agreed upon.

- *"One of the most interesting things about gambling is that, I'll start with the good things. Of course it's money which you get."*

However, it was interesting to note that, besides the issue of winning money, there was an element of leisure and amusement associated with gambling which appeared to fascinate some participants, particularly gamblers. Some participants' verbatim responses were expressed as follows:

- *"I think gambling is not a bad thing. Like a hobby, hobby is something that you do during your spare time."*
- *"I like gambling for entertaining myself because I haven't got a place to go to entertain myself. When I feel like going out, I'm going to gamble at the gambling place. So I like it because sometimes I win, sometimes I lose. I go there because I know that I'm gonna win or I'm going to lose. But I like it because sometimes it gave me something to free myself, to do something for myself. That's why I like gambling."*

The biggest negative factor associated with gambling was the prospect of losing money and the problem of compulsive gambling behaviour. Gamblers and non-gamblers cited a number of problems that were associated with compulsive gambling which had dire consequences on households' socio-economic welfare. Some participants' verbatim responses were expressed as follows:

- *"...the losing part, like everyone says, which is more common, which happens often, is actually the bad part about the gambling."*
- *"What I don't like about gambling is that it is addictive. And since it is addictive, one who gambles, when he is addicted to it, he cannot leave it even if he sees that he is destroying the family, he is destroying all people under him, he'll still go on and on. And it end up with deaths, it ends up with destroyed families, it ends up with him not knowing his ... position."*
- *"One last thing that I hate about gambling is because it is – what do you call this – smoking cigarette without stopping. You become addicted. If you don't gamble for whatever reason, you feel there's something that's lacking."*





The majority of participants shared similar negative sentiments against gambling, that it creates problems in households which manifest in the disruption of a normal family life leading to stress, depression, broken personal relationships and even death. The latter problems were linked mainly to the effects of negative emotional and behavioural issues which stem from the stress of losing money. In addition to emotional issues, some gamblers indicated that children are often neglected as a result of gamblers spending most of their time focusing on gambling activities leading to improper upbringing of children. Some participants' verbatim responses were expressed as follows:

- *"In my experience, I have a friend who committed suicide because of gambling."*
- *"I dislike gambling when that machines take all my money. Like yesterday, I was there, my last R500 gone. And I didn't sleep. I was so worried. Why did I go there, why, why, why?"*
- *"What I don't like most about gambling is I've experienced a lot of marriages break down by this gambling. Because women go out and gamble and when she comes back the money's not there and the husband would kick her and then the relationship breaks. So that is what I don't like most."*
- *"It puts those that are under you at risk, in terms of provision or whatever that is that they ... And it does not only affect them in terms of provision and in terms of food, it affects them emotionally as well. So, it might have a huge effect in terms of their upbringing or their situation, or whatever it is they may face in life."*
- *"What I don't like about gambling is that it can impact on many aspects of your life, including family, relationships, your finance, your work and even your health."*
- *"I dislike gambling if it is going to make you a slave. You forget about your children, you forget about everything. You gambling so much that you don't even have a second pair of shoes. That is why I dislike it."*

A number of participants cited a lack of self-discipline and financial control to be one of the major drawbacks that gamblers battle to deal with. They further indicated that some of the gamblers are aware of the responsible gambling messages, which emphasise that gamblers know when to stop, particularly casino gamblers, but they persist with irresponsible gambling behaviour. One participant's verbatim response was expressed as follows:

- *"I can say I don't like gambling. Because they say gamblers know when to stop. And if you see that you are not winning, all your money's going, you can stop. But as gamblers, we don't use that. Even after that, you complain. Because all your money's gone."*

Problems related to irresponsible gambling were also linked to issues of personal integrity. Gamblers admitted that there are times when they started living a dishonest life by lying to their families, friends, relatives and even at work when faced with financial difficulties owing to gambling or when they spent too much time on gambling. As a result, they would neglect their family and work responsibilities. One participant's verbatim response was expressed as follows:

- *"Somebody who is gambling, start to be dishonest because you always tell lies, my money was lost. They mock me. Everything that you can tell is a lie and you don't feel ashamed of telling lies. You start to be dishonest to your children, to your husband or wife, to whoever who trust you".*





With regard to financial difficulties resulting from losing money in gambling, some gamblers resort to cash loan sharks so-called 'Mashonisas' or borrow money from friends and family, subsequently becoming over-indebted. It was clearly evident from the discussions pertinent to this issue that the 'dislikes' tended to outweigh the 'likes' of gambling in general according to the participants in different focus groups discussions. Some of the non-gamblers even mentioned that they do not like anything associated with gambling. Some participants' verbatim responses were expressed as follows:

- *"People who are addicted, they always go for Mashonisa. And Mashonisa are the people who are taking your cards."*
- *"There's nothing I like about it. Nothing at all."*

5.6 SOCIO-ECONOMIC BENEFITS OF GAMBLING

5.6.1 Social Benefits

Apart from the overwhelming negative aspects associated with gambling as discussed earlier, it was interesting to note that some gamblers highlighted a few fascinating positive social issues they like about gambling. Although the prospect of winning too much money was the main issue, a lack of recreational and entertainment facilities in some areas appeared to play a role in driving some communities to gambling activities. Some gamblers indicated that they find gambling as an important source of entertainment and also conducive for other leisure and social activities for family and friends. Some participants' verbatim responses were expressed as follows:

- *"I like gambling for entertaining myself because I haven't got a place to go to entertain myself. When I feel like going out, I'm going to gamble at the gambling place. So I like it because sometimes I win, sometimes I lose. I go there because I know that I'm gonna win or I'm going to lose. But I like it because sometimes it gave me something to free myself, to do something for myself. That's why I like gambling".*
- *"...sometimes they host DJs. We go and see the DJs with our family. I can tell my neither that ooooh, there's matukus..."*
- *"Another thing is that our grandchildren, I always take them to Morula Sun to go and swim. And when they are swimming you must monitor them and play in that side where children play. They enjoy it mostly."*

5.6.2 Economic Benefits

In view of the high unemployment rate in South Africa, the majority of participants in the focus groups perceived the gambling industry to be an important economic sector that contributes to employment. Some participants' verbatim responses were expressed as follows:

- *"We've got job problems, or unemployment problems in South Africa; so, if you are winning and then you are not employed at least you'll be able to get something at the end of the day."*
- *"It reduces unemployment, people who are going to be employed to help people to gamble. For society, also with unemployment also. Or maybe certain area they build a casino maybe in that area. The people are going to be employed from that area to work there. Then for people who are working, to earn extra money to help you with whatever you are going to be doing that month, like to earn extra money. If you lose, you lose. If you gain, like you're going to be getting extra money."*





The gambling industry was further seen to play a role in supporting the charity organisations in local communities. It is also important to note that owing to a substantial number of gamblers who participate in the lottery, a number of the participants referred to the lottery as one of the important gambling modes that contributes to numerous charity activities in their local communities. Some participants' verbatim responses were expressed as follows:

- *"Lotto does community project – you can check on the Internet, you can find that they've been donating something to the community, ploughing back to the community. But with the Better Better, none."*
- *"You might find that the very same gambling, let me say for Lotto for example, students who are disadvantaged who does not even money to go to school, they will be given bursaries through that gambling."*
- *"I think the benefits, it actually to elevate the economy of the country."*
- *"You'll find that there are those people who are winning, they are not selfish. Some of them have taken kids to school. And some of them have opened up a business in such a way that they have created employment within the community."*
- *"It's somehow good for us. Like now, I'm not working and then maybe I decide let me go and play and then I get something that will help at home. Maybe for the kids. The money that I get when I win, obviously will help somewhere, somehow, at home. It helps."*

Establishment of large gambling facilities such as casinos were also seen to provide a nucleus for infrastructural and economic development associated with economic growth. Participants often referred to areas where there are large casino facilities such as Sun City including the new casino in Menlyn which are located in areas that now benefit from economic growth by attracting other business opportunities. One participant's verbatim response was expressed as follows:

- *"I think for society as well, development as well. Because if you look at Menlyn now, the place has grown because of that casino. Rapidly. If you looked at Menlyn 10 years ago, it wasn't the way it was. So ever since the casino has been there, dealerships have been revamped, garages have been revamped. There's a bus stop every block. There's, I don't know how many Woolworths there is. There's probably like three McDonalds around there. So I think for society as well there's development."*

5.7 AWARENESS OF LEGAL AND ILLEGAL MODES OF GAMBLING

It was clear from all the focus group discussions that many participants were aware of illegal and legal gambling modes. They could also make a distinction between modes by explaining how they vary from each other. However, the only confusion among the participants was with regard to activities which involve money such as pyramid schemes. Some respondents had the impression that these schemes were part of illegal gambling. It also emerged that some participants were not aware or informed of the illegality of online web-based gambling activities.

Lack of knowledge regarding the legality of internet gambling was apparent from gamblers who mentioned that they participated in certain types of internet gambling modes yet when asked to mention illegal types of gambling, they never mentioned Internet/web-based gambling activities. However, it also emerged during the discussions that some participants were aware of the legal status of internet gambling and internet cafes involved in illegal internet gambling. It was further mentioned that these illegal internet cafes are found everywhere including townships, suburbs and CBDs.





One participant's verbatim response was expressed as follows:

- *"You get those Internet cafes. You get a business; it's set up sort of like an Internet Café. The face and everything will look like it's an Internet Café, but it's actually a facility for people that come and gamble. You get online sort of slots type of software that they use. You get those type of software and then when you get there then they tell all right, you bet so much and then there's an owner or the guy that's running there, they show. So you know that betting starts at 500. So you have a R500, you all put the R500 and then the whole thing is run by some sort of software."*

It was also startling to learn that people who participate in those illegal Internet gambling facilities were aware of the illegality of those activities. They become aware of these facilities through word of mouth and some were recruited by the staff employed in those facilities. One participant's verbatim response was expressed as follows:

- *"Those type of establishment you get a recruiter type of person that would go and recruit and show you how the whole thing works and then give you a crash course and then maybe. That's why I say you get some that starts with 500 or 200 and then you say all right, here's our 500, we're going to start. Here's our money, you don't have to bring in money, there's our money. Start."*

Some unusual illegal gambling activities were also mentioned during the discussion that included street fighting and street racing. However, the most common types of illegal gambling modes that many participants were aware of included fafi, cards games and dice. Some participants' verbatim responses were expressed as follows:

- *"Cards, there's a lot of groups. Especially where we live, there's a lot of groups of ladies playing cards, all over."*
- *"Rolling the dice. It's popular too."*

5.8 IMPACT OF GAMBLING MODES ON EACH OTHER AND THE EXTENT OF SUBSTITUTING ONE MODE FOR ANOTHER

The introduction of new gambling facilities which are considered to be less costly in some areas has led to an increase in the level of participation in gambling leading to lower participation in certain gambling modes.

For instance, the introduction of sports betting facilities and LPMs which operates daily for long hours and appears to be less costly has led to the substitution of other modes such as casinos. In addition, gamblers especially in remote areas alluded to the issue of convenience regarding the proximity of the location of the new gambling facilities as compared to other gambling modes, including casinos which were located very far. Some participants' verbatim responses were expressed as follows:

- *"I've substituted going to the casino slots, with Super Bet, because it's more convenient."*
- *"And you get to bet twice in a day. And you can go and bet and go back to work. Unlike sitting at a casino the whole day and bunking work."*

The 'novelty effect' of a new gambling mode appears to play a role in the substitution effect of other gambling modes that gamblers are accustomed to.





Some participants' verbatim responses were expressed as follows:

- *"On my side, when I was betting National Lottery. I was betting more money, betting with more money. But since the sports betting have just arrived here in Mafikeng, can make more numbers with R12."*
- *"Last year it was more than the previous years, because there were new gambling which were introduced. So we tried some other types of gambling and then it went further than the previous years."*
- *"Like the online ones. Previously we never had those. We were just going to the casinos. And then the Beta Beta, also, they were there but now they are more. They are more exposed than the previous years. So it's more that we are going there and a lot of people have got this information."*
- *"And you must understand the impact of a new thing which is in ... Something that has been introduced, people don't worry whether it is advantageous or what, they go for it. You will experience when it is disadvantage in that. That is why you flock to a new one."*
- *"For me it has increased as well. Because I'm playing, I'm ... soccer every weekend and this other new thing that ... you play it every day. It's just like Lotto, just pick on any number."*

Some gamblers also mentioned that they still play the lotto although their level of participation in the lottery is lower than in other new gambling modes which operate daily and provide instant cash winnings. Furthermore, gamblers associate a higher level of frequency in gambling with higher opportunities to win more money as opposed to the type of gambling modes which can only be played at certain times of the week or at certain times during the day. Some participants' verbatim responses were expressed as follows:

- *"Because I was winning more money so I wanted even more."*
- *"Yeah, it has increased. Gambling, I'm soccer betting now. Because of a ... of money."*
- *"Yes, it has increased. I was playing cards, now I'm betting sports betting and ..."*

It emerged from some of the focus group discussions that some gamblers were not affected by the novelty effect of new gambling modes. That was evident from their gambling behaviour that remained consistent without any change in their level of participation or switching to new types of gambling modes. One participant's verbatim response was expressed as follows:

- *"I would say I don't see any change as such. I still do the same because for me, in most cases towards the end of the month, that's when I gamble. So, I don't think it has decreased, nor has it increased. Most of the time I just go to sports bet and bet on soccer. Sometimes I will play slots."*

5.9 ACCESSIBILITY OF GAMBLING FACILITIES AND ITS INFLUENCE ON LEVEL OF PARTICIPATION IN DIFFERENT TYPES OF GAMBLING MODES

There was a general consensus among the participants that accessibility of gambling facilities has an influence on the level of participation in different types of gambling modes. Ease of accessibility and closer proximity to the gambling facility encourage higher participation in gambling. This shows that there is a positive relationship between accessibility and higher level of participation in gambling. Accessibility to gambling activities especially online gambling has enabled gamblers to spend more time to gamble with the convenience of gambling at any time and everywhere.





Gamblers further mentioned that the introduction of new gambling modes in their areas encouraged them to increase their level of participation in those specific gambling modes. Therefore, they no longer had to travel long distances which allows them to also save on the travelling costs and time. Some participants' verbatim responses were expressed as follows:

- *"Before they introduced this sports bet, I saw some of my friends, teachers, when they get paid their salary on the 26th, they used to collect some money and take a car to Rustenburg, because the sports bet was not here. It was in Klerksdorp and Rustenburg. They used to go and bet there in Rustenburg. Now because it's here, so many people are now coming here. Because even before the sports bet we were not here. People who arrive here in the capital city, they will ask 'where's the sports bet where we can bet? We can choose our own teams or bet the numbers.'"*
- *"... so people started going to gambling because it was just a walking distance. You don't need a taxi to go and reach the ... [coughing!] ... know I can just go to the shop and then buy a ticket ... spending R24 or R26 to come to the town and then I still need another money for betting. So once the facilities are available more people will start to get interested and ..."*

5.10 THE ROLE OF PRIVILEGES THAT REGULAR GAMBLERS ENJOY IN ENCOURAGING THEM TO GAMBLE MORE

A number of gamblers were aware of some of the gambling privileges offered to gamblers such as loyalty programmes memberships, VIP areas as well as advertising campaigns. Some gamblers perceive these gambling privileges as mere marketing strategies used by gambling companies such as casinos to entice gamblers to continue gambling more. One participant's verbatim responses was expressed as follows:

- *"...a lot of these casinos as well as the places where they are doing the betting, they've got marketing strategies in order to entice as well as to arouse the interest of the people on the ground level. So what they do, they are going to come up with the better marketing strategies so as to make the people feel as comfortable as they can, by telling them that you are a VIP, to say that you are a Very Important Person. There is not even a single person who would like to looked down upon. So, everybody will be treated with that treatment of being a VIP. It's going to encourage that particular person to continue with the gambling, by virtue of him or knowing that I'm being treated as a very important person."*

Gamblers who were offered gambling privileges by the gambling companies expressed positive experiences which included among other things, free nights at the hotels, meals, free gambling vouchers and other discounted services at gambling venues. Gambling privileges are mainly accessible to gamblers with certain membership status affiliated to a specific gambling company.

Apparently, the types of gambling privileges vary according to the level of membership status, where for instance, the higher the membership status the more the benefits offered. The level of membership status is often depicted for instance by the types of membership cards which are for example classified as silver, gold and platinum.

Gamblers acknowledged that the membership system is designed to encourage them to gamble more irrespective of whether they win or not to allow them to earn so-called loyalty points which elevates them to a higher membership status.





Some participants' verbatim responses were expressed as follows:

- *"Sometimes they will give you five nights stay there. Five nights bed and breakfast. And then you can stay there at the hotel for five nights. And not only in Morula Sun. Even other places. So those are the benefits for gamblers? Those are the loyalty points?"*
- *"I think these casinos by doing that, they're just making sure that you have a reason to come back. They're giving you a reason to come back. I think it's fine, because as that guy said, sometimes I think I have the worst of luck, because I lose more than I win. So, if you have something in place like that, you also will appreciate that, even as a loser. Because you're going to have access to all of the facilities there."*

The loyalty points system applicable in determining membership status is perceived to be costlier than the actual value of benefits and privileges that the gambler is entitled to. Some gamblers are pessimistic about the benefits and privileges earned through the loyalty point system.

They argued that more gamblers are being misled to believe that when they spend more money in gambling they stand to benefit equally from the rewards, whereas the real motive behind was to keep the gamblers coming back. Some participants' verbatim responses were expressed as follows:

- *"For instance, they would offer you a night at the hotel and maybe a bottle of wine? It's not worth it for the amount of money that you're going to lose if you go in-house."*
- *"When you are in-house, you want to keep on spending more because you believe that these people are on your side, they gave you a free room that's only worth 300 anyway. And a cheap bottle of wine. And then you're going to spend 10 000 bucks. And then tomorrow they're going to slap you with a gold free card and tell you that you are a privileged member."*
- *"Actually yes, they do. Because sometimes they will even send you we're giving you R100 free for you to come and gamble. And then they'll give you a room. So they know that with that R100 you're not going to stop there, you're not just going to stop. When their R100 is finished, obviously you're going to use your money. So they're actually luring you to come."*

Advertisements are seen to be serving the same purpose as the gambling privileges offered by gambling companies with the ulterior motive of enticing gamblers to participate more in gambling activities. In addition, some gamblers were of the opinion that advertisements are intended to attract gamblers to gambling venues.

This is done by using the media to create an impression that gambling provides an opportunity for people to win big prizes and a lot of money with little money spent on gambling. Some participants' verbatim responses were expressed as follows:

- *"If let's say you see maybe someone on TV, let's say they advertise that this person maybe won a house or a car maybe by betting certain things. Like this person won a car by doing nothing, so I can just go there and bet with R2.50 and win a car".*
- *"If you see an advert, like you see someone's winning lots of money, then you'll be interested in what you see there on that advert. Then you're going to go there".*





5.11 THE IMPACT OF WINNINGS PAY-OUTS, LIGHTING, SERVICE OF FOOD AND ALCOHOL ON GAMBLING BEHAVIOUR

Similarly, the gambling environment, type of services offered and winning pay-outs, were perceived to have a similar influence on the gambling behaviour as issues related advertising and privileges. Some gamblers strongly felt that the gambling environment including lighting, service of food and alcohol are provided for the purpose of attracting gamblers to the venue and inciting them to gamble more.

The type of gambling modes also plays a role in this respect. For instance, a casino environment varies significantly to other gambling modes such as horse and sports betting. The casinos appear to provide more of an exciting and relaxing environment with a sense of elegance tailored to resonate with the type of gamblers visiting the casinos, mainly the upmarket and middle-income gamblers.

According to the gamblers' experiences especially in casino venues and bingo halls, the sound of pay-out machines encourages them to continue gambling with a hope of winning, especially huge jackpot pay-outs. One participant's verbatim response was expressed as follows:

- *"They know that, they create the perfect atmosphere for you to relax and look and you see all these lights and you go crazy. And you hear machines [makes noises] especially when you're there. You will hear the sound there and you get encouraged and say I know it means this machine is. And you will win on that machine and you will go to that machine, and you get the hype. Because you will not find the casino's quiet. You will always hear this jingle bells, everything. So it excites you and it stimulates you into saying ... that jackpot today. So you want to win that jackpot, so you go more, more, more."*

It was interesting to note during the discussions that not all gamblers agreed with the general notion that the gambling environment plays a role in encouraging or inciting gamblers to gamble more. Some gamblers believe that the drive to participate in gambling is evoked internally with little influence from external environmental factors such as physical appearance and atmosphere of the venue. One participant's verbatim response was expressed as follows:

- *"I don't necessarily agree that the lights can cause you to gamble. When you're a gambler, you're a gambler... It only makes it more appealing to us, because you get there, it's beautiful, it's nice. But it doesn't necessarily mean that those lights can turn a non-gambler into a gambler. If you want to gamble, you're going to gamble. If you don't want to gamble, you won't gamble. But it's just a matter of making the place look nice so that when I come back I bring a friend."*

Other services such as food and alcohol were also perceived to add to the element of convenience during the gambling process. Gamblers believe that gambling outlets that provide catering services including alcohol tend to encourage gamblers to continue gambling without a need to go out of the gambling vicinity for food and drinks.

The provision of alcoholic beverages in certain gambling venues such as casinos was also considered to play a significant role in gamblers' irresponsible gambling behaviour. Some participants' verbatim responses were expressed as follows:

- *"Alcohol it increases your chances of gambling. It does. Because after you're drinking you feel relaxed and like everything you think it's right. ... So I think the introduction of alcohol in gambling places, they don't want to let you go."*





- *"Because, like if you ...going to gamble, you gamble and then you win. You don't have to go out and ... go buy food or go buy something to drink, or a snack. You'll have all of them inside there."*
- *"And when you are playing by the tables, knowing that you are an alcoholic person, you just tell the lady up front I need a drink, they just clap, waiters are coming ..."*

5.12 FACTORS THAT CONTRIBUTE TO GAMBLING LONGER OR MORE THAN PLANNED

A number of gamblers who participated in all the focus group discussions maintained that overstaying in gambling outlets happens most of the time and that happens for numerous reasons. According to gamblers, many of the reasons for overstaying in a gambling venue was seen to be associated mainly with greed. One participant's verbatim response was expressed as follows:

- *"It's greed and you need to be satisfied".*

The issue of greed mentioned by one of the gamblers apparently stems from the urge to win more money from the gambling activity regardless of the gambling mode that the gambler participates in. It appears like this is one of the peculiar weaknesses in gambling behaviour that gamblers battle to deal with, that is 'when to stop gambling'. Interestingly, gamblers indicated that they are aware of the fact that there is a point in time when they need to stop, yet they still persist even if they have won.

The persistent gambling behaviour to perpetuate the gambling process even after winning is perceived to be driven by the uncontrollable urge to win more money and that is simply a reflection of greed. However, gamblers also pointed out that there are instances when there is a huge jackpot prize at stake. As a result, gamblers continue to gamble longer than it is necessary with a hope of winning the jackpot. Furthermore, gamblers alluded to the sound of machines pay-outs especially in casinos which was deemed to trigger the urge to gamble more with a hope their machine will also pay-out a jackpot. Some participants' verbatim responses were expressed as follows:

- *"Yes, you gamble more than you have planned. Through their advertisement, say in a casino, they advertise it to be that the jackpot on this machine is 10 million. Then you lose."*
- *"The more you win, the more you sit. Maybe I can get 100 000. Let me try again. An then you find that you were having 6 000 and that 6 000 is gone, all of it is gone."*
- *"Then I gambled, won and then I didn't worry about anything else. I wanted to have more. And then the transportation was no more. I had to keep on gambling."*
- *"The sound of the machine, or the sound of money coming out of that machine. Just the sound, you're going to stay there for a long time. I'll get my chance, I'll get my chance, and then by the time you wake up like four in the morning."*
- *"Because there's a saying that when a person is gambling on machine like this, it gets hot. It gets hot. So when that person loses, it might be ... gives you the jackpot."*

Strangely, even if a gambler realises that he/she is losing money from the gambling activity, they still persist with the gambling process. Other reasons cited for that persistent behaviour was the hope of recovering the losses. As a result, the gambler prolongs the gambling time more than they planned until they even lose the last cent in their pocket. This clearly shows that there are psychological issues imbedded in gambling behaviour which manifest in gamblers finding it very difficult to accept the consequences of losing money from gambling. Some participants' verbatim responses were expressed as follows:





- *"For me, when I lose it makes me to play longer. And I end up losing even the money for the transport."*
- *"It's the adrenalin that it gives you. If you lose, you have that hope that maybe I might win. Now if you lose, you want more."*
- *"It usually depends whether you have more money. When you have more money, like sometimes when you have 1 000 when it's in your pocket, you plan to stay for just an hour. Then you exceed that hour, it's two hours, then you say after this hour I'm leaving. Then, when you go home you actually realise that you spent this whole 1 000 on gambling."*

Gamblers further highlighted the issue of having friends and other people that they know in gambling areas to also contribute to their long stay. They indicated that in some instances, they would borrow money from their friends to continue gambling especially when they have lost. Some gamblers form gambling clubs which normally visit gambling outlets such as casinos. Whenever they visit gambling outlets as a group, it becomes difficult to leave the gambling venue at the time which was initially agreed by all as some club members would still want to continue gambling especially when they start to win. As a result, they end up staying longer than they planned. Some participants' verbatim responses were expressed as follows:

- *"...when you go there, there are people that you know. Like maybe if the money that I had, like maybe I didn't win and then I don't have any money with me. I just go to the people that I know back home and say borrow me R500 or something. Then it means I'm going home back."*
- *"In some cases, we've got people who form themselves into groups. And then every Friday or every Saturday they will say that we're getting to the Carousel or we're getting to ... to gamble. It depends, it's a sort of a club of some kind. Now sometimes you find that as they go and gamble, they would set the time of departure to say that we're going to leave at 12 o'clock. But the people who are quite influential, or have got the reigns as to what time are we supposed to leave, are winning and you find that you are compelled to stay there until you've exhausted the last cent which you have."*

5.13 HARMS ASSOCIATED WITH GAMBLING

Gambling is generally associated with a number of challenges that are often experienced by gamblers and their families. Non-gamblers also shared their perceptions and experiences regarding the problems emanating from gambling as some of them were also affected by gambling-related problems or had family members and friends who participated in gambling. Gambling-related problems that were discussed included financial problems, health problems and social-behavioural problems.

5.13.1 Financial problems caused by gambling

Financial-related gambling problems appear to result mainly from irresponsible financial behaviour. Gamblers admitted that there was a common tendency among gamblers to spend money intended for household necessities such as food and bills on gambling. This usually leads to serious disputes and upheavals which adversely affect the welfare of their households. Gamblers also alluded to the feeling of guilt and remorse that they often experience after losing money to gambling, especially when other household members like children were affected. Some participants' verbatim responses were expressed as follows:

- *"Because once you lose, you find that you have got problem with your family because you'll fight over food and over bills of the house, ... You can't afford to pay them. Because all the money has been lost."*
- *"Like myself, yesterday I was there for two hours. But when I come back, my children told me that 'mama, there's not bread'. And I was empty-handed. No bread, no mealie meal. My heart was broken."*





Higher indebtedness resulting from borrowing money with relatively higher repayments costs appeared to be one of the serious problems that gamblers experience. In most instances, gamblers resort to the informal loan sharks so-called 'Mashonisas' who charge extremely high interest for the cash repayment resulting in higher debt cost incurred. Some participants' verbatim responses were expressed as follows:

- *"I borrow. I keep on borrowing with the hope that if I go back there maybe I might bring back. At the end of the day I end up with over into debt."*
- *"It can get even to debt that you cannot even come out of. You going loaning money and they end up taking everything that you have."*
- *"Yes, it does. Because when I want to bet I don't have money. Sometime I go to Mashonisa, to those people who borrowing us money."*

Inconsistent and high risk betting habits by some of the gamblers especially with their salaries or wages appeared to be very problematic. It emerged that some gamblers use their salaries and wages to place higher bets. Moreover, these gamblers take a huge risk of losing a significant portion of their income if not all when they lose. It was mentioned that this kind of irresponsible behaviour happens on paydays. One participant's verbatim response was expressed as follows:

- *"When it's month-end, the person who was betting horses with R6, R10, he has now increase his betting. You see him betting the horse with R500. And normally this guy he used to bet with only R6, R10. Now because he got his salary month-end, he is now increasing his betting. R500 a horse".*

5.13.2 Health problems caused by gambling

Most of the gambling-related health problems are mainly associated with stress and depression resulting from losing money in gambling or incurring higher debt from borrowing money to gamble. Majority of gamblers indicated that they often experience more stress owing to losses incurred from gambling. In some instances, it also leads to a loss of valuable assets including property like houses and cars. Subsequently, higher stress levels could be so unbearable to a point where it leads to death caused by heart attacks and suicides. Some participants' verbatim responses were expressed as follows:

- *"Yes, because every time you think about money, you'll be stressed."*
- *"To start with, like if you lost everything you are in a point of suicide. Before you can even get to the point of suicide, there is stress."*
- *"Depression from being in debt. When you gamble, you borrow money from people and you get in debt. And then you get depressed because you don't have money to pay those people."*

5.13.3 The Impact of gambling on Social Behaviour of gamblers

Gamblers and non-gamblers alluded to the problem of anti-social behaviour including aggression associated with depression and stress to which a number of gamblers are often predisposed. As indicated earlier, losing money from gambling is the main underlying factor leading to depression.

The latter manifests in aggressive and abusive behaviour by gamblers towards their families, friends and other people around them. Some participants' verbatim responses were expressed as follows:

- *"...you have been playing and you didn't even win a single bet. And then when you get home obviously you're going to shout at your wife or maybe your kids. Or even your friends or wherever you're going. Because you've lost a lot of money."*





- *"Because of when you lose more money, you are going to be aggressive to people."*

Gamblers were also seen to be negligent of their families. Interestingly, some gamblers acknowledged that they spend most of their time in gambling facilities or thinking about gambling instead of spending time with their families.

As the saying goes, 'Birds of a feather flock together'. It also emerged from the discussions that gamblers appeared to prefer to associate or socialise with fellow gamblers and that they are self-centred so they do not care about the welfare of other people. Some participants' verbatim responses were expressed as follows:

- *"You can't spend most of your time with your family because you are always not there."*
- *"...there are people who want to do things for other people, to help other people. Gamblers don't think like that. They think of making money for themselves only. They don't care about other issues."*

5.14 THE TRANSITION PROCESS FROM BEING A NON-GAMBLER TO PROBLEM GAMBLER

The transition process from being a non-gambler to a low risk, moderate and problem gambler was perceived to be driven by a number of factors. The stages involved in the transition process were largely influenced by the circumstances in which a gambler finds him/herself in life and the manner in which she/he reacts to life's challenges. Some of the challenges were perceived to be beyond the gamblers' control, whereas some were regarded as self-inflicted.

It was clear from the discussions that factors that appeared to be within the gamblers' control were seen to be self-inflicting which led to a non-gambler to start as moderate gambler to a point where they became a compulsive gambler. Self-inflicting factors included people who for instance acceded to peer-pressure where they joined gambling friends and colleagues and then end-up as problem gamblers. The influence of other people winning too much money from gambling was also mentioned in this regard. Some participants' verbatim responses were expressed as follows:

- *"They start gambling once they see maybe there are friends, those who are at the ... there, are socialising with them, winning money from gambling. And then they become interested also and then from there they start gambling and it goes on like that."*
- *"Maybe if you saw that somebody else won, maybe you think you're going to have the same fate."*

Participants further described a situation that could be beyond the non-gamblers' control including unemployment which could drive a person to start gambling as a source of income. The non-gambler progresses from being a moderate gambler to a problem gambler with the aim of maximising the winnings to get more money. This process starts with small winnings which could bring hope for higher winnings, or they may witness a much bigger pay-out won by another gambler and hope for the same. Eventually, they become compulsive gamblers. Some participants' verbatim responses were expressed as follows:

- *"At some stage, you can become a gambler due to the situation that you are facing."*
- *"It starts with unemployment and then you start to say let me start to gamble, maybe my luck is there. And then you start and you win maybe R200 and then you become hopeful for more. And you become now addicted to gambling, because you think it will eradicate poverty in your home, in your family. And it starts there."*
- *"Also poverty can lead you to do gambling because you look at the situation and say let me go and try my luck there."*





Gamblers in particular also believe that some gamblers are just lazy to work and gambling is simply an easy route to make money or get rich. Subsequently, the thought of making money keeps them going back to gambling facilities. At the same time, this process involves losing money resulting in the urge to recovering loses as well as a hope of winning a huge jackpot. Eventually, the gambler ends-up being a compulsive gambler. Some participants' verbatim responses were expressed as follows:

- *"The other one is that we like to get rich quick ... And on that one still, we find that we are lazy to work, so seeing that I'm lazy, I want to get money through gambling because I'm not working".*
- *"If you lose, you have that desire of going and again, so that maybe I'll win and all my money will be back".*

Participants further referred to the issue of curiosity which could also lead to gambling and subsequent compulsive gambling. The curiosity could arise from the introduction of gambling facilities in areas where local communities are unfamiliar with gambling or never had access to such facilities.

The 'novelty effect' could have a strong effect on the potential gamblers, especially when they start to experience the excitement of winning which could lead to higher expectations of winning more money which entails higher participation levels and subsequent compulsive gambling.

The influence of family members was also highlighted. For instance, gambling parents and other family members were also held responsible for their children becoming gamblers. It starts by parents involving their children in gambling activities that include sending children to bet on their behalf particularly on illegal gambling activities such as fafi and in some instances lotto outlets. Participants perceive early childhood introduction to gambling, especially by parents. This scenario is one of the underlying factors leading gamblers to become compulsive gamblers as they were led to believe that gambling is a way of making a living. Some participants' verbatim responses were expressed as follows:

- *"I think sometimes it starts with curiosity. Like now, I'll be curious, what's happening there? And then I'll start betting and maybe I win. And when I win I'll say okay, this is nice, let me try it again."*
- *"On my side, it starts small. Like your parents would send you to bet for them."*

Some of the gamblers who were employed indicated that they started gambling merely to supplement their income. However, during the process they started gambling more especially when they started winning which led them to become compulsive gamblers. One participant's verbatim response was expressed as follows:

- *"When you are working and you want to earn yourself extra money."*

5.15 THE LIKELIHOOD OF PROBLEM GAMBLERS BEING INVOLVED IN RISKY BEHAVIOUR SUCH AS SUBSTANCE ABUSE

Contrary to a popular belief that gamblers are susceptible to substance abuse, majority of gamblers refuted the notion that gamblers are likely to be involved in risky behaviour that may involve substance abuse such as drugs and alcohol. It was clear from the discussions from the focus groups that gamblers mainly focus on gambling activities with the aim of maximising their winnings.

Apparently, most gambling activities requires high level of alertness without interruptions or undesirable stimulants that may reduce the concentration span of a gambler which may cost them the opportunity to win. In fact, some of the participants in the focus group discussions admitted that they are heavy gamblers. Yet they do not drink alcohol, smoke or take drugs





Some participants' verbatim responses were expressed as follows:

- *"I don't think so because most addicted gamblers are not taking any drugs. They don't have time for drugs."*
- *"I actually want to say that most of the gamblers they don't associate themselves with drugs. When you gamble, you just gamble."*
- *"You don't smoke, you don't take drugs. You don't do those other things. They can drink a beer, one or two, but they don't get drunk. They concentrate on the machines."*
- *"But I think if you are gambling, you concentrate on money not alcohol."*

Gamblers further emphasised that in some cases substance abuse such as alcohol, smoking and drugs by some gamblers result from the stress of losing money. However, they still maintained that gambling does not necessary lead to substance abuse. The general standpoint in this regard was that different people have different ways of handling stress and that some people resort to alcohol and drugs to deal with different sources of stress which may also include gambling-related stress. Some participants' verbatim responses were expressed as follows:

- *"Yes, because you'll be thinking of your money that you lose when you gamble. Then you resort to drinking liquor or whatever to relieve stress."*
- *"For me, it's when I lose. When I lose I drink more."*
- *"I don't think we can easily blame it on gambling and say that people will end up abusing substances merely because it's the way in a gambling house."*

5.16 THE ROLE OF EASY ACCESS TO CASH AT ATMS (IN CLOSE PROXIMITY TO THE GAMBLING VENUE) ON GAMBLING BEHAVIOUR

An overwhelming majority of gamblers agreed that access to an ATM within the gambling vicinity appeared to be very problematic. They argued that this contributes to irresponsible gambling behaviour mainly in a form of unnecessary over-spending. A number of gamblers strongly felt that accessibility of an ATM within the gambling facility has often led them to lose a larger amount of money than they had planned. They indicated that unnecessary loss of money often happens when a gambler starts to lose during the gambling process resulting in the temptation to withdraw more money from an ATM. They do this with the hope of recovering the loss by gambling more and subsequently losing all the money in their bank cards. Some participants' verbatim responses were expressed as follows:

- *"...at some other casinos you can use your card without going to the ATM, and bet with your card direct to the machine. So, it differs. But it does encourage you if you see some ATM, you want to go and draw some money."*
- *"If you have your card, you can withdraw all the money in your account."*
- *"Yes. Because if the money that I was using, I have already lost all that money, if there's ATM, and I know that I have some, I go. And withdraw all the money."*
- *"If I lose that R100 I'm going to go and draw another R100. I'm just going to keep on drawing because the ATM is just here."*
- *"A lot. It also encourages me. I am the one example. Because I was having. I came with my R500, but I had to withdraw 2 000 from the ATM. I don't even think about charges and so forth. What is important if I can get R500 then it's fine."*





5.17 MEASURES TO INTRODUCE/ENCOURAGE RESPONSIBLE GAMBLING

With regard to measures that should be in place to alleviate problem gambling, participants highlighted the importance of a gambler admitting that he/she has a gambling problem. This concession could be considered to encourage responsible gambling.

Gamblers opined that no responsible gambling measure could be effectively implemented to assist gamblers who do not see themselves as compulsive gamblers. This implies that the first step in this process should be to ensure that compulsive gamblers become conscious of their situation and are willing to take action to address the problem. One participant's verbatim response was expressed as follows:

- *"First of all, if someone is a heavy gambler, a habitual gambler, a problem gambler, the first thing before we can even encourage them to have responsible gambling, they need to admit first themselves that they have a problem."*

Concerted efforts to effectively raise awareness campaigns regarding compulsive gambling behaviour was regarded as one of the important measures that should be considered by the respective gambling boards. Relevant institutions investing in facilities and capacities should support compulsive gambling awareness measures. They may involve services of experts and professionals to counsel and rehabilitate problem gamblers. Some participants' verbatim responses were expressed as follows:

- *"I think again there should be workshops whereby gamblers and ... social workers ... so ... taught about the danger of gambling and so on."*
- *"He said earlier they should try to bring the likes of social workers, the people who can talk sense into some other people."*

Participants further alluded to the crucial role of the modes used to deliver awareness messages to the public. Mass media was deemed to be the appropriate delivery mode for the responsible gambling messages including radio, television and newspapers. Some of the popular television programmes and channels which enjoy a wider viewership were suggested as the vehicles that could be considered as effective means to deliver awareness campaign messages to the broader audience of society at large.

In the planning and design process of awareness campaigns, the participants also raised issues pertinent to language diversity and different levels of literacy among the communities. A reference was made to some of the responsible gambling campaigns which were perceived to be ineffective owing to language issues and the manner in which they were implemented which was inappropriate for certain segments of the community. Some participants' verbatim responses were expressed as follows:

- *"So I think it is the responsibilities of either Board or say for example Lottery on its own, it's a responsibility to go around spreading the awareness, creating programmes in media – say we talk about television, we talk about newspapers – of encouraging people to be responsible gamblers."*
- *"Handing out of pamphlets, but they should appear in different languages because as the guy said, some people never went to school, they don't understand English."*
- *"TV programmes. Looking into popular soaps, your Generations, Skeemsaam, Isibaya. All those type of popular shows that they know this has got the masses watching. Maybe they should look into that. Even from childhood, cartoons. There's a lot of things that cartoons can actually teach children. But if you've created fear around it, not necessarily fear, but education around it."*





Another interesting suggestion that was made by one of the gamblers regarding the delivery mode was with reference to cigarette smoking warning messages on the cigarette packaging where a similar approach was also suggested to the gambling facilities used during the gambling process. One participant's verbatim response was expressed as follows:

- *"The cigarette warning packet idea is actually a good one. For them to put like little stickers on every slot machine."*

There were other gambling restrictive measures against compulsive gamblers that were suggested in a number of focus group discussions by gamblers and non-gamblers. The nature of restrictive measures that were suggested ranged from a total ban of a gambler from participating in gambling activities to imposing limitations through a monitoring system of gambling patterns and behaviour of gamblers.

Some participants' verbatim responses were expressed as follows:

- *"They offer the gambling facility people; they offer that we can take a picture of you, which will help you when you want to come and gamble. We check that picture and then we don't allow you to come in. And then you know you're not allowed to come to this facility."*
- *"...maybe if you've got a husband or a wife who's addicted, you can go to Morula Sun and ask them to ban that person, lifetime."*
- *"I think maybe if things could change. Let me say there's a limitation whereby maybe if you gamble, there's a system where you put your IDs, your particulars in fact. Then when you gamble there's a limitation; everyone should be gambling with R50 a day."*

Comments were also made with regard to the visibility of some of the awareness messages in some of the gambling facilities which were not prominently displayed to be clearly seen by patrons who visit the gambling facilities such as casinos.

Those messages included toll-free numbers where gamblers could seek further assistance. A much stronger emphasis was also made with reference to the prominence and visibility of campaigns related to HIV where similar approaches were suggested to be applied in gambling awareness campaigns. One participant's verbatim responses was expressed as follows:

- *"I only saw a toll-free number once with that sign, 'Winners knows when to stop' and there was this 0800 number there. I've been to numerous casinos but I saw it only at one casino."*

5.18 THE MAIN REASON FOR PEOPLE TO PARTICIPATE/NOT PARTICIPATE IN GAMBLING

The most common main reason that was provided by a number of participants in the focus group discussions for people to participate in gambling was to win money. Winning money as the main reason also correlates with one of the major aspects that gamblers liked the most about gambling as discussed in the previous sections.

Coincidentally, apart from the drive to win money from gambling, other reasons that were mentioned for participation in gambling could also be linked to other issues pertaining to the socio-economic benefits of gambling that gamblers and non-gamblers liked about gambling as discussed in the previous section.





It is clear from the reasons provided that gamblers participate in gambling for socio-economic reasons. Winning money is basically an economic reason which could be associated with other reasons that were provided such as unemployment and poverty. On the other hand, social reasons that were provided could also be associated with aspects of entertainment which are pertinent to issues of boredom and fun. In addition, some participants mentioned that gambling provides them with an opportunity to socialise and interact with other people. It was interesting to note that the issue of stress was also mentioned as part of the reason to participate in gambling where gambling was seen to relieve stress as opposed to causing stress as discussed in the previous sections.

5.19 APPLICATION AND ENFORCEMENT OF GAMBLING LAWS AND REGULATIONS IN SOUTH AFRICA IN LICENSED AND UNLICENSED GAMBLING

A number of participants in the focus group discussions strongly felt that gambling laws and regulations in South Africa are not being applied and enforced effectively. Some of the gamblers shared their experiences regarding certain gambling facilities which did not comply with gambling regulations such as age restrictions in the gambling venues. A reference was also made to the prevalence of illegal gambling facilities in some areas which operate freely like legitimate gambling facilities. This implies that there is no effective law enforcement to address the problem. Some participants' verbatim responses were expressed as follows:

- *"To my mind actually they are being applied at casinos. Because they don't allow people under 18 according to the licensed laws."*
- *"I don't think they're applied effectively because if they were applied effectively, there would be people who would be responsible to check, monitor those who are around the corners claiming to become the mini-Marupa."*
- *"No, I think they are not applied because the gambling laws say you must be above 18".*

Some participants appeared to be uninformed of gambling regulations in South Africa. As a result, they found it difficult to comment on the effectiveness of the application and enforcement issues of gambling regulations. Lack of knowledge regarding the gambling regulations by a number of gamblers and non-gamblers should raise concerns on the accessibility of information on gambling regulations and level of awareness by the general public.

Participants further attested to the prevalence of illegal gambling activities in their local communities. Higher level of participation in illegal gambling by local communities should also serve to illustrate lack of knowledge regarding the aspects of illegality of those gambling activities.

Moreover, this is a reflection of ineffective enforcement of the gambling regulations as shown the apparent low levels of convictions. Some participants' verbatim responses were expressed as follows:

- *"Some of us we don't know the laws, the regulations. We don't know they are being enforced or they don't be enforced. And then the problem is that we are not aware, we don't know the laws regulating gambling. Now it's tough for us to say they are enforcing or not."*
- *"In fact, if you can ask people that gamble at a licenced facility and ask them to name five gambling laws, they won't even mention five gambling laws."*
- *"Honestly, the laws are not enforced."*
- *"Whereas illegal gambling seems to be, nowadays you see it at almost every street corner. And yet you have a low level of convictions."*





5.20 THE IMPACT OF HIGH UNEMPLOYMENT LEVELS ON GAMBLING

Contrary to the general perception that unemployment is one of the drivers for participation in gambling, some non-gamblers in particular opined that there were more significant underlying factors driving people to gambling than unemployment.

Non-gamblers argued that some of the compulsive gamblers were employed where gambling was seen to be a case of mere interest and undesirable way in which people live their lives. Some participants' verbatim responses were expressed as follows:

- *"That's basically their hobbies, their interest. It's their daily activities. And that's what they want in their lives."*
- *"I think unemployment; it's just a drop in the ocean. There's a lot of underlying factors around ... because some people have money, and all those things that we discussed."*

Gamblers appeared to regard unemployment as one of the major drivers for gambling as opposed to the views expressed by some of the non-gamblers on the issue of unemployment. The opposing views on the issue of unemployed as a driver for gambling clearly showed that gamblers and non-gamblers exhibit different attitudes and perceptions towards gambling. Moreover, non-gamblers appeared to be more prejudiced against gambling. On the other hand, gamblers were in favour of gambling as they indicated that it provided an alternative source of income for their survival. Some participants' verbatim responses were expressed as follows:

- *"Yes, it does lead into gambling because if we are unemployed, what do we do? We just go over the street, we go to those gambling places and we gamble hoping that we'll get something."*
- *"Of course, yes. Like I said earlier, because of I am not working, so I'm forced to come and bet so that I can survive."*
- *"There is no work and this is their work. So they wake up in the morning, let's go to Hollywood and we bet."*

5.21 ADEQUACY OF THE CURRENT NUMBER OF GAMBLING FACILITIES

The adequacy of gambling facilities as perceived by participants in the focus group discussions varied according to the type of area. As indicated earlier, focus group discussions were conducted in urban and rural areas. It emerged from the discussions that there were inadequate gambling facilities in areas that were remotely located from the major cities and metropolitan areas in different provinces.

It was clear that participants from the urban and metropolitan areas felt that the gambling facilities were more than enough particularly in the cities. Concerns were raised only about certain types of gambling modes such as sports bets which were concentrated in certain areas and not evenly distributed in other areas such as townships. Some participants' verbatim responses were expressed as follows:

- *"If they can start to facilitate that, especially in the rural areas."*
- *"Not enough, because when we talk about Beta Beta, there are only some few machines which everyone want to play but they can't get access to that machine because other person's gambling on the same machine."*





- *"Pretoria East, too much."*
- *"It's more than enough. It's too much. Pretoria CBD."*
- *"Ja, sports and lotto. So we need them at least to have others. I stay in Lotus but if I want to bet, I must travel from Lotus to town. So I must come and bet in town. Whereas, they can move it to Atteridgeville where it can be easier for me to go and bet there."*
- *"Like here in Mafikeng the sports that we are betting, they limited us to Lotto and football. ... when you find different province like Joburg, I was there in Protea Gardens, they play each and every sports – cars, cricket, rugby. Here they have limited us. It's horses, football and Lotto."*
- *"Eastern Cape, PE, there's only one in Summerstrand. I think it's not enough. Because people from Uitenhage come also to PE to gamble."*
- *"Yes, they are not enough. Why? Okay, the distance to Meropa, the distance to Carousel, the distance to Sun City. You spend a lot of money for travelling to those areas. And if there were the other ones nearby where you'd be footing to go there, not spending any cent."*

As expected, non-gamblers indicated that they were happy that in some areas gambling facilities were not enough because they do not want them. Strangely, some of the non-gamblers went as far as suggesting that the gambling facilities should be demolished. It further mentioned that the majority of gambling activities in some areas were illegal which were more than enough. One participant's verbatim response was expressed as follows:

- *"We don't even want them to be here. They are actually not enough for correct reasons. They have only one nice game, Caesars. It's out there next to Kempton Park. Here we have lot of them China, the illegal ones. There are a lot of them here. But we don't want them."*





5.22 THE ISSUE OF SAFETY AROUND THE GAMBLING FACILITIES

In general, gamblers indicated that most of the gambling facilities, especially legal ones were safe. It also appeared that most gambling facilities prioritised safety inside the gambling facility by deploying security and using CCTV cameras to constantly monitor the activities in the gambling venues.

Safety concerns that were raised by a number of gamblers related to their safety outside the gambling venues. Illegal gambling activities were regarded as the most unsafe ones where cases of violence and robbery were reported. Some participants' verbatim responses were expressed as follows:

- *"Yes. Because there's security and those cameras which are controlled by security."*
- *"When you're inside you're safe. But as soon as you win, people outside waiting, so it might be dangerous sometimes."*
- *"You are safe when you are in there, but when you go outside, you are not safe. They can trace you. And kill you in your house."*
- *"Depending on which one. When playing dice it's not safe."*

5.23 THE MOST PREFERRED MODES/TYPES OF GAMBLING

As discussed earlier, for the purposes of homogeneity, focus group discussions were clustered according to the type of gambling modes that gamblers prefer and frequently participate in. Unexpectedly, it emerged from the discussions that gamblers prefer gambling modes which provide the highest pay-outs with minimum betting costs.

Some of the gamblers mentioned that they participate in their current gambling modes owing to their availability in their areas and convenience. Some gamblers even mentioned that they are prepared to travel longer distances to visit the gambling facilities that they most prefer such as casinos. Casinos, sports betting and lottery came up as the types of gambling modes preferred by gamblers.

Strangely, some gamblers indicated illegal gambling modes such as cards as their most preferred gambling activities. Online gambling was also mentioned owing to the convenience of privacy and safety associated with the pay-out process of the online winnings. Some participants' verbatim responses were expressed as follows:

- *"I prefer casino, you can make quick money at casino. You can make quick money."*
- *"I prefer online. Because online it goes straight into your account. There's nobody who can see what I have won. It's just me and the ... company."*
- *"Lotto. Because I think the pay-out is very high. I prefer lottery because you bet small amount and you receive more."*
- *"I prefer cards. Because if each we bet R20, then I know at the end of the day I will go home with something, not empty-handed."*
- *"Even horse racing, I can go and bet and go home. And then I can read the newspaper and see the numbers I have bet. And then nobody will know. If I don't want to be inside the building or around them, I just bet, I go home. And then I can see results from home."*





5.24 IMPACT OF GAMBLING ON GAMBLERS

The socio-economic impact of gambling was discussed in the previous section and it also included gamblers as well. In this section, the discussion was specifically focused on the impact of gambling on the gamblers' personal life, finances, relationships with family and friends, studies and work.

5.24.1 Personal Life

Some of the gamblers were unclear of the extent to which gambling affected their personal life. It was clear that a number of gamblers perceived gambling to be affecting their personal life negatively. However, the only positive aspect on the gamblers' personal life associated with gambling was related to winnings.

Gamblers indicated that winnings in general improved their personal life in terms of self-worth and confidence. Other gamblers mentioned that their lives remain neutral as they are not problem gamblers. However, the issue of time came-up strongly where they indicated that they do not have time for other things in their life. Some participants' verbatim responses were expressed as follows:

- *"I think health wise it affects my personal life, stress, whatever, whatever, it affects me. I don't know whether I'm right."*
- *"Sometimes it eats into your time. You don't have time for other things. You don't keep appointments that you're supposed to keep."*
- *"To me, it doesn't because I'm not that addicted to gambling. I do something else besides. Play sports."*

5.24.2 Finances

It has been shown from the previous section focusing on the harms associated with gambling that winning has a positive effect on the gamblers' finances, whereas losing has an adverse effect on the gamblers' welfare. Gamblers expressed similar sentiments in this instance where losing money results in over-indebtedness.

The issue of irresponsible gambling behaviour was also highlighted which involves using money which was intended for household necessities. However, gamblers indicated that winning from gambling allows them to acquire things that they need and also supplements their income. Some participants' verbatim responses were expressed as follows:

- *"It has a positive. Because it increases what I have."*
- *"You get in debt."*
- *"Sometimes I use the last money in the house."*

5.24.3 Relationship with family and friends

The frustration and stress that an often stem from gambling losses culminate into an aggressive and anti-social behaviour impacts negatively on the gamblers' relationships with his/her family and friends. In addition to stress-related impact of gambling, gamblers alluded to the problematic issue of time that they spend in gambling activities resulting in negligence of their families, including children. Some participants' verbatim responses were expressed as follows:

- *"You start shouting at everybody if you didn't get what you wanted. The relationship, like it doesn't stay the way it was. It just changes completely".*
- *"Maybe you find that you don't have time for your kids. You're always there – gambling".*





5.24.4 Studies

Very few comments were made regarding the impact of gambling on the gamblers' studies. However, the general feeling is that gamblers are unlikely to progress in their studies owing to the time they spend in gambling activities.

A positive remark was made by one gambler who indicated the importance of good time management and discipline in gambling behaviour which enabled her to focus on her studies and family responsibilities. One participant's verbatim response was expressed as follows:

- *"Like me, I'm studying. I'm a wife, I've got children, husband. Like, I usually go there sometimes weekends to gamble. During the week, maybe I'm busy with my studies, my homework, everything".*

5.24.5 Work-related issues

The impact of gambling on work-related issues appeared to be among the very topical themes that were discussed. A number of gamblers made comments on the devastating impact of gambling on their job performance including the risk of losing a job. Gamblers indicated that gambling-related problems manifest at the work environment through lack of concentration, fatigue, lack of interest and time to perform their duties.

Some gamblers spend more hours and energy on gambling activities including online gambling leading to high levels of fatigue and lack of concentration as they are always thinking about gambling. Some participants' verbatim responses were expressed as follows:

- *"Or you could lose your job. Because you can't concentrate, you're always thinking of gambling."*
- *"At work it always distract me. Because instead of being creative and doing your job, you're always thinking if I can win and these numbers and what, what..."*

Lack of productivity and commitment appeared to be among the serious work-related issues that gamblers highlighted. It was mentioned that this was evident from a relatively higher level of absenteeism and disregard for official working hours. Gamblers who often arrive late at work, leave early and excessively extend lunch times confirmed the occurrence of this phenomenon.

In addition, deterioration in the quality of work and unnecessary completing tasks hastily in order to squeeze more hours from work to spend on gambling was also seen to impact very negatively on the gamblers' work commitment and productivity. Some participants' verbatim responses were expressed as follows:

- *"Again, when you are at work, it's more risky. Because when you're addicted, whenever you are able you want to knock off whenever you feel like it. I just want to knock off so that I can go there."*
- *"I even take some extra lunch just to go and gamble. So, it does affect my work. And then, if I have lost certain amount, let's say bigger amount, I can't concentrate on my work."*
- *"Sometimes you come to work and be impatient and let me finish this work. So fast. You don't even check the qualities and the quantities of what you are doing. You just say I want to make sure that by 1 o'clock this work it's finished. So then I can go and get an opportunity to go and bet."*





5.25 SOURCES OF MONEY USED TO PARTICIPATE IN GAMBLING

In view of the gamblers differences in their socio-economic status and backgrounds, numerous sources of money used to gamble were mentioned. The sources ranged from salaries and wages of employed gamblers to other sources including pocket money, support grants, stipends from piece jobs as well as pensioners who mentioned that they use pension money.

Notably, some of the pensioners also mentioned sources such as cash loans from the loan sharks so-called 'Mashonisa'. Remittances from family members including children also formed part of the cash used for gambling where gamblers mentioned that they often felt remorseful especially when they lose money received from their children.

5.26 THE USE OF WINNINGS FROM GAMBLING

The use of winnings from gambling appeared to be one of the interesting themes discussed with the gamblers which evoked positive responses and fantasies. The usage of winnings from gambling clearly reflected the socio-economic background of the gamblers. For instance, unemployed and gamblers from poor backgrounds indicated that they normally spend their winnings on basic household necessities such as groceries, clothes and children, including savings.

On the contrary, gamblers who appeared to be employed cited luxury items including cars, items that they cannot afford with their current salaries and wages. Interestingly, there were also philanthropists who indicated that they would uplift their communities. This clearly showed that they were from very poor communities and clearly experienced the desolation of poverty.

Notably, some gamblers acknowledged that there are cases where the entire winnings would be lost to the same gambling facilities it came from owing to the hope of winning more money. This shows that some gamblers are never satisfied with the money they win, or probably it could be the issue of greed as it was alluded earlier regarding the factors that contribute to gambling longer than planned. One participant's verbatim response was expressed as follows:

- *"But usually people that win, tomorrow they take it back to the casino. Without buying a packet of chips. You take that money back to the casino. Thinking you are going to get more, then you lose it all".*

5.27 UNDER-AGE GAMBLING

In general, gamblers and non-gamblers were aware of under-age gamblers within their neighbourhood, families, friends and other communities. In addition, the participants could even relate the type of gambling modes in which under-age gamblers participate.

5.27.1 Awareness of under-age gamblers

Ironically, one of the non-gamblers referred to his son as one of the under-age gamblers that he is aware of. It was clear from the participants that there is a relatively higher prevalence of under-age gambling in their communities in both rural and urban areas. Lack of discipline, peer pressure and the influence of gambling on family members were some of the factors that were attributed to the problem of under-age gambling. One participant's verbatim response was expressed as follows:

- *"Ja, my son used to gamble."*





5.27.2 Gambling modes/types the under-age gamblers participate

Majority of participants indicated that under-age gamblers participated mainly in illegal gambling modes. The most popular illegal gambling modes cited in which under-age gamblers participate in included fafi (MuChina,) dice and cards.

It was also mentioned that some parents were responsible for introducing under-age gamblers to gambling by involving them especially in illegal gambling modes such as fafi. This happens inadvertently when they would often send children to bet on their behalf or even ask them for numbers or clues for betting purposes. Some participants' verbatim responses were expressed as follows:

- *"Dice, Cards, and China."*
- *"Again, on the things of MuChina and what, the parents are the ones who involve children. Because the start asking ... what did you dream"?*
- *"The teams, they play soccer – as one of the guys said – and then they gamble and then the winning team takes the money".*
- *"Some of the under-age gamblers, it begins here at school, at the street corners. They place some dice, some they play spinning. So I think it's there."*

Interestingly, some of the legal gambling facilities including casinos were fingered to be the culprits where under-age gamblers would sneak into their gambling venues without being identified. This is apparently owing to lack of stringent screening measures in place. One participant's verbatim response was expressed as follows:

- *"When we used to go with this friend of mine's mom, we were 16-17 and we'd get bored from walking around or watching a movie and we'd walk into the casino. And we'd go and buy a drink at the bar. And we would take 50 bucks and we'd sit at the machine."*

5.28 IRRESPONSIBLE/PROBLEM GAMBLING IN SOUTH AFRICA

The larger part of the discussions on aspects pertinent to the impact of gambling revolved around the thorny and problematic issue of irresponsible and compulsive gambling behaviour. It was clear that this is one of the issues related to gambling that appeared to have an adverse impact on the gamblers and non-gamblers' socio-economic welfare.

Gamblers and non-gamblers were requested to share their opinions regarding the prevalence of problem gambling, effectiveness of current measures to address problem gambling and to provide suggestions on other measures that should be in place to address problem gambling in South Africa.

5.28.1 The Prevalence of Problem Gambling in South Africa

There were mixed reactions from the participants regarding the prevalence of compulsive gambling in South Africa. Some participants opined that problem gambling is highly prominent and they foresee it worsening in future.

The argument in this regard was that the current economic conditions are characterised by high unemployment coupled with an increasing high cost of living. This is likely to contribute to higher compulsive gambling as a number of people would consider gambling as an alternative source of income.





Reference was further made to grant recipients including women who receive child support grants that the grants were spent on gambling activities instead of supporting children.

The participants further alluded to the amount of time that many gamblers spend in gambling facilities as a clear sign of problem gambling leading to negligence of families and children.

Some participants' verbatim responses were expressed as follows:

- *"I think it is going to be a problem, because right now things are getting a bit tough in this country. The cost of living is getting really high; people are in debt, people can't buy houses, people can only buy cars and not a house. So, the way the country's going right now, it's going really downstream and people are looking for ways to make money. Quick ways to make money. And they are gambling."*
- *"I think gambling is a problem in South Africa, particularly when you look at those women who are getting money from the government for their kids. Instead of using that money to buy clothes and food for their children, they go to gambling."*
- *"Yes, it's serious. I think it's also a lack of employment which is causing this. Because it means that the way we live today, everything is expensive. So, we can't, we don't manage our bills in our households. So we think going there is a solution."*
- *"I think it's very serious because now if someone is spending time there, he has no time for the children, the family and everything. And then it will cause problems. Yes, it is a problem."*

Contrary to opinions expressed by participants who believed that the prevalence of problem gambling is high and will degenerate in the foreseeable future, some participants appeared to be optimistic regarding the situation. This positive outlook was based on the notion that problem gambling does not seem to be on a priority list of the government action plan as it appears to be seen by the authorities that it is still under control.

Although it was acknowledged that there may be few problem gamblers here and there, the point of departure was that the few problem gamblers do not pose a problem. It was further argued that at the moment real issues of concern were related to unemployment and job creation. The participants' verbatim responses were expressed as follows:

- *"I don't think we're at that point where we can say there's serious problems of gambling in South Africa. Otherwise the government would have started to campaign. So, they're now looking at other things which are more serious."*
- *"It's not yet out of control. Because I think in South Africa now, people are now becoming excited about making more money. ... Maybe it's because of the rate of unemployment, and people who are employed and the amount of money we are earning, like most of us. And the amount of job opportunities that are available. So if like gambling for now is controllable. But there are few of them who are already addicted."*
- *"But gambling is not given a high priority to say this thing is a problem. When someone in a family gambles and they come back home with money, everyone is happy. Then they will eventually just encourage you and say go and have some more."*





5.28.2 Effectiveness of current measures to address Problem Gambling

It became clear from almost all the discussions that participants in general shared the same views regarding the effectiveness of current measures to address problem gambling. Their arguments were mainly based on the apparent lack of support structures, facilities and resources to address issues related to problem gambling. Some of the participants mentioned that they were not even aware of any help-line facilities, for example, Alcoholic Anonymous (AA) focuses on alcoholics, but nothing is available to assist problem gamblers. Some participants' verbatim responses were expressed as follows:

- *"I don't think they are effective because I don't even know the call centre or company or the AAs, I've never heard of them."*
- *"A support line that you can phone if you've got a gambling problem."*
- *"They can improve."*
- *"There are none."*

Participants further referred to a number of loopholes which were seen to exacerbate the problem of compulsive gambling in the absence of effective measures in place particularly within the gambling facilities. For instance, gambling outlets such as casinos were perceived to lack stringent measures and strategies in place to control the problem of compulsive gambling. That was evident from failure to apply restrictions, assessments processes and assistance to gamblers who were potentially vulnerable to compulsive gambling behaviour. One participant's verbatim response was expressed as follows:

- *"We cannot measure, because there's no control whatsoever. There are no restrictions whatsoever."*
- *"...we don't even have those systems in place where the casino itself can see, it can vet and say no, this man looks stressed. What is it that we can do to assist this man? But we don't have that."*

5.28.3 Other measures that should be in place to address Problem Gambling

Four major issues emerged from the discussions regarding other measures that could be considered to address problem gambling, namely, education, awareness campaigns, counselling and imposing restrictions.

- **Educational interventions:**

Lack of adequate education regarding the repercussions of gambling and regulations was perceived as a serious barrier to address problem gambling in the local communities. It was mentioned that more educational interventions and initiatives should be implemented to educate communities on matters related to gambling activities and regulations. One participant's verbatim response was expressed as follows:

- *"I think they need to do more education on the rules of gambling."*

The implementation process of educational initiatives should be extended to the gambling outlets with a view of targeting the gamblers who regularly visit the gambling facilities such as casinos. This approach could involve workshops and discussion forums to educate gamblers on gambling-related matters including compulsive gambling behavioural issues. One participant's verbatim response was expressed as follows:

- *"Like each and every gambling place, they should have some sort of workshop once in a while for their regular visitors to have the sort of discussions so that they can actually understand the impact of gambling in their lives or in society in general."*





- **Awareness campaigns:**

Gambling awareness campaigns through mass media such as television programmes was considered to be an important and viable approach to reach a broader audience of the society. This approach could involve making use of role models such as influential television personalities with whom many viewers could identify. Participants stated that a mere distribution of pamphlets and printed material in gambling venues was not effective. This is owing to a number of gamblers who do not have time to read and some of these materials are written in English. Moreover, some of the local gamblers with lower levels of literacy cannot comprehend or read English. One participant's verbatim response was expressed as follows:

- *"Advertisements. I think it's going to be better. You mustn't just put those leaflets there."*

Direct involvement of the local community-based social and educational structures including churches and schools was also suggested as an alternative channel in the implementation of the gambling related awareness campaigns. The community-based structures were perceived to be more viable channels as they are seen to be much closer to the local communities. One participant's verbatim response was expressed as follows:

- *"We've got quite a lot of structures within the community. We're talking about the schools, we're talking about the churches, we are talking about the parent social groups. Now, if that on its own could be brought to the awareness, as my dear mate here was indicating, that if we could create an awareness, let the teachers be involved, let the pastors, the church elders as well as the different structures within the community."*

- **The role of counselling:**

Lack of problem gambling counselling infrastructure and facilities appeared to be another serious barrier in addressing the problems related to compulsive and irresponsible gambling behaviour. Most participants indicated that they were not aware of any counselling services in their areas to assist problem gamblers. Gamblers in particular, suggested that counselling services should be made available for free to assist the local communities who may be seeking help to address their gambling-related problems. One participant's verbatim response was expressed as follows:

- *"They say counselling for addicted gamblers is free. So, what they can do maybe is having those counsellors in gambling areas. Maybe that can help".*
- *"I think if there are facilities nearby that can help addicted gamblers; it's better. If I think now I've reached the point, but I cannot go back again. So, it's better if we have facilities because I can go there and get help."*

- **Restrictive measures:**

There were some drastic measures that were suggested by the participants during the discussions which included a screening process of gamblers to restrict their access to gambling facilities such as casinos. It was suggested that screening measures should be applied in conjunction with the counselling process of gamblers identified as compulsive gamblers. One participant's verbatim response was expressed as follows:

- *"I like her idea that it would be easy to scan IDs. And every person is supposed to have an ID when they enter a casino and then get monitored that way. And also have somebody that counsels these people. If it's going to get bad, counsel them. There needs to be some counsellors."*





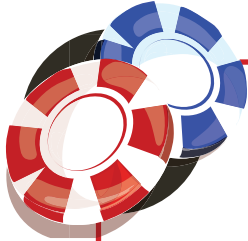
5.29 MEDIUM TO DELIVER THE MESSAGE AROUND PROBLEM GAMBLING

The issue of a preferred media mode to deliver the problem gambling awareness and educational initiatives and interventions messages were discussed in the previous sections. However, towards the end of the focus group discussions participants were specifically requested to further indicate their preferred medium that they felt would be appropriate and effective to deliver the awareness/educational messages to the communities regarding the issues of problem gambling. As indicated earlier in the previous sections, the most preferred mass media platforms appeared to be information or education shared via television, radio and social media. These media types were regarded as easily accessible to a much broader audience of society. Other modes such as billboards were mentioned including municipal bills.

5.30 SUMMARY AND CONCLUSIONS

This chapter presented the findings emanating from the focus group discussions that were conducted as part of the qualitative dimension of this study. The summary of the findings presented in this chapter will be included in section 6 of the executive summary of this report.





CHAPTER 6

IMPACT OF GAMBLING ON HOUSEHOLD WELFARE LEVELS





6.1 INTRODUCTION

The gambling industry is often accused of having a negative impact on household welfare levels. This is particularly true for the less affluent households/punters. They may not only spend a relatively large portion of their income on gambling but are also subject to the large redistributive effect of gambling.

The latter implies that a relatively large number of persons participated in gambling activities (for example, buying lotto tickets) but only a small percentage reaped the benefits of winning.

NGB has to monitor the socio-economic impact of gambling activity within its jurisdiction and consequently requested that information be collected to assess and provide insight into the impact of gambling on household welfare levels. More specifically, the following aspects are discussed in this chapter:

- Propensity to gamble (i.e. allocation of household income to gambling expenditure);
- Household expenditure displacement in favour of gambling;
- The redistributive effect of gambling;
- The impact of gambling on the less affluent part of the community; and
- The contribution of social grants to household income of gamblers.

6.2 PROPENSITY TO GAMBLE

This section highlights the methodology used in calculating the propensity to gamble. No exact data are available on the propensity to spend on gambling. This implies that various assumptions are made in the calculation process.

Information is sourced largely from the NGB statistical bulletins (NGB 2016(a) & (b)). Information on the National Lottery is sourced from the National Lotteries Commission (NLC) (NLC 2016) website and further calculations were subjected to certain assumptions. Therefore, the figures should only be regarded as estimates.

6.2.1 Definition

Propensity to spend on gambling is defined as the percentage of household cash income spent on gambling activities. The amount of household budgets allocated to gambling is calculated as follows:

Total amount wagered by patrons/participants

- (minus) amount returned to players as winnings by licensed operators

= (equals) Gross Gambling Revenue (GGR) of gambling institutions

The GGR amount divided by total household cash income equals propensity to gamble.

The above calculation implies that the prize money paid out by gambling institutions to patrons reverts to households as part of the household income and expenditure stream. However, it should be noted that the allocation of prize money is concentrated largely on a few individuals while a large number of people incurs gambling expenditure.

Although jackpot money reverts to the household income and expenditure stream, large jackpots may be invested and therefore, do not form part of the normal household expenditure cycle over the short term.





It is also important to note that a portion of gambling money (especially at casinos) is sourced from non-South African inhabitants. This implies that this 'imported' GGR cannot be regarded as gambling money sourced from the household cash income of inhabitants of South Africa.

The exact amount of GGR contributed by non-South Africans is unknown and therefore not subtracted from GGR figures for the purposes of calculating the propensity to gamble. Consequently, this may result in a small over-estimation of the propensity to gamble of South African households.

6.2.2 Calculation of Propensity to gamble

The propensity to gamble in South Africa can be calculated by using the GGR of all licensed gambling modes in South Africa. The GGR represents the amount retained by gambling institutions and therefore, the amount forfeited by South African households for gambling. It is important to note that expenditure on unlicensed gambling modes is excluded from this calculation.

Table 6.1 shows the estimated GGR of licensed gambling institutions in 2016. This amounted to R29 683.2 million. The GGR for the modes licensed by the NGB is exact amounts reported by the NGB. The GGR for the National Lottery was assumed as 55% of the lottery ticket sales as reported by the NLC in their Annual Report for the 2015/16 financial year.

This may deviate somewhat from the ticket sales for the full 2016 calendar year (ticket sales declined with 2.9% from 2014/15 to 2015/16) (NLC 2016). The table shows that just less than two thirds (62.6%) of gambling expenditure (GGR) extracted from household income was allocated to casinos, 16.1% to horse and sports betting, 8.8% to LPMs, 8.2% to lottery games and 4.3% to bingo.

TABLE 6.1: ESTIMATED GGR IN SOUTH AFRICA BY MODE, 2016

| GAMBLING MODE | GGR | |
|----------------------|-----------------|--------------|
| | (R'm) | % |
| Casinos | 18 574.9 | 62.6 |
| Horse/sports betting | 4 786.3 | 16.1 |
| LPMs | 2 624.4 | 8.8 |
| Bingo | 1 263.3 | 4.3 |
| National Lottery | 2 434.3 | 8.2 |
| TOTAL | 29 683.2 | 100.0 |

*Source: NGB & NLC





Table 6.2 depicts the changes in the level and composition of GGR by mode since the previous (2009) NGB socio-economic impact analysis (NGB 2009) report. The average annual growth in GGR (at current prices) for the period 2008 to 2016 ranged from a low of 3.8% per annum in lottery ticket sales to a substantial average annual growth of 35.5% in the case of bingo GGR. This differentiated growth by mode implies a decline of the proportional share of both casino GGR (from a share of 76.4% in 2008 to 62.6% in 2016) and the lottery GGR (from 10.1% in 2008 to 8.2% in 2016). All other modes show a substantial increase in their share of GGR:

| SHARE | 2008 (%) | 2016 (%) |
|----------------------|----------|----------|
| Horse/sports betting | 9.3 | 16.1 |
| LPMs | 3.6 | 8.8 |
| Bingo | 0.6 | 4.3 |

The following can provide a perspective on the 2008 to 2016 average annual GGR growth in comparison with the average annual growth of GVA and final consumption expenditure of households (table 6.2):

- GGR growth : 6.6%
- GVA growth : 7.7%
- Growth in final consumption expenditure of households : 7.7%

The above confirms that the GGR average annual growth in GGR of 6.6% for the period is somewhat lower than the average annual growth of both GVA and final consumption expenditure of households that stood at 7.7% for the 2008 to 2016 period.

The above confirms the following:

- A small decline in the share of the gambling sector in the total South African economy due to lower average annual GGR growth in comparison to GVA growth.
- A structural change in the gambling sector by mode. The share of the National Lottery and casinos is declining with a substantial growth in the shares of the following three modes (in order of priority): bingo, LPMs and horse/sports betting.





TABLE 6.2: CHANGES IN GGR BY MODE IN CURRENT PRICES, 2008 AND 2016

| GAMBLING MODE | GGR | | AVERAGE ANNUAL % GROWTH 2008-2016 (current prices) | PROPORTIONAL CONTRIBUTION | |
|-------------------------------|---------------|-----------------|--|---------------------------|--------------|
| | 2008 (Rm) | 2016 (Rm) | | 2008 % | 2016 % |
| Casinos | 13 577 | 18 574.9 | 4.0 | 76.4 | 62.6 |
| Horse/sports betting | 1 650 | 4 786.3 | 14.2 | 9.3 | 16.1 |
| LPMs | 635 | 2 624.4 | 19.4 | 3.6 | 8.8 |
| Bingo | 111 | 1 263.3 | 35.5 | 0.6 | 4.3 |
| National Lottery | 1 800 | 2 434.3 | 3.8 | 10.1 | 8.2 |
| TOTAL | 17 773 | 29683.20 | 6.6 | 100.0 | 100.0 |
| GVA at basic prices | 2 137 190 | 3 871 214 | 7.7 | - | - |
| Final consumption expenditure | 1 421 795 | 2 577 869 | 7.7 | - | - |

* Source: NGB 2009 and 2017 reports; SARB Quarterly Bulletin

The calculated R29 683.2 million GGR of licensed gambling institutions in South Africa (that is, the amount forfeited by households for gambling) in 2016, have the following implications:

- It represents an average annual expenditure of R794 per person older than 18 years in 2016 (population 18+ years equals 37 108 814 in 2016). This represents an average monthly expenditure of R66.
- An average annual expenditure of R2 614 per person participating in gambling. (Section 3 indicated that 30.6% of the population 18 years and older participated in gambling in the 12 months preceding the survey.) The average monthly expenditure amounted to R218 per gambler in 2016.

These amounts are substantially higher than the amounts reported by gamblers in the community survey. This confirms the fact that gambling expenditure is normally under-reported in surveys enquiring on only one expenditure item. Experience has shown that enquiry on single expenditure items in surveys is often not reliable. It excludes the possibility of reconciling total household income with total household expenditure.

BMR calculations (unpublished data) show that personal cash flow income of South African households amounted to R3 056.4 billion in 2016 (BMR estimates). Cash flow income is defined as total cash income derived by households from various sources such as salaries, rent and interest. The 2016 mid-year population estimate for South Africa amounted to 55 420 099 and of these, 37 108 814 were 18+ years (67.0%) and 18 311, 284 (33.0%) less than 18+ years.

The amount of R29 683.2 million expended by South African households on licensed gambling activities gives rise to the following propensity to gamble:

- R29 683.2 million GGR expended on licensed gambling modes divided by R3 065.4 billion cash flow income equals to a 0.97% propensity to gamble representing the percentage of household income allocated to licensed gambling activities.





By disaggregating the GGR according to the various gambling modes, the following propensity-to-gambling estimates can be presented by mode for 2016:

| | PROPENSITY TO GAMBLING (%) | ALLOCATION OF EACH R100 SPENT ON GAMBLING |
|-----------------------|----------------------------|---|
| Casinos | 0.61 | R62.89 |
| Horse/sports betting | 0.15 | R15.46 |
| LPMs | 0.09 | R9.28 |
| Bingo | 0.04 | R4.12 |
| National Lottery | 0.08 | R8.25 |
| TOTAL GAMBLING | 0.97 | R100.00 |

The above confirms that R62.89 in every R100 expended on licensed gambling activities in 2016 was allocated to casinos (propensity of 0.61%). The National Lottery with a propensity of 0.08% received R8.25 in every R100 expenditure on gambling while horse/sports betting with a propensity of 0.15% received R15.46. LPMs were allocated R9.28 and bingo R4.12 for each R100 spent on gambling.

The expenditure of R29.7 billion on gambling compares as follows to a selection of other household expenditure items in South Africa:

| | 2016 EXPENDITURE |
|--|----------------------|
| Glassware, tableware, household utensils | R19.1 billion |
| Passenger transport by air | R21.1 billion |
| Vehicle parts | R22.2 billion |
| Service charges for medical assistance | R24.2 billion |
| Water | R25.2 billion |
| Footwear | R29.1 billion |
| GGR licensed modes | R29.5 billion |
| Banking costs | R32.7 billion |
| Medical and pharmaceutical | R39.9 billion |
| Personal care goods | R42.6 billion |

6.2.3 Comparisons with previous studies

Table 6.3 shows the results of previous NGB studies in comparison with the 2017 study with regard to the propensity to gamble. The propensity calculations were similar in all five reports.

Caution should be exercised in interpreting the results due to the increased availability of gambling opportunities over time as well as variations in access to different gambling modes in various provinces. For example, LPMs were licensed in various provinces at different times. The same holds true for bingo where it is currently not licensed in all provinces.





The following inferences can be deduced from table 6.3:

- Casino gambling remains the most important gambling mode from a household expenditure point of view, attracting a relatively high proportion of licensed gambling expenditure. The propensity to gamble at casinos increased initially as new casinos were constructed, especially at the beginning of 2005. However, it seems that, post the novelty effect of new casinos, a gradual decline in propensity from 1.21% in 2005 to 0.61% in 2016 is evident. The establishment of new LPM, bingo and horse/sports facilities, increasing the convenient access of new/competitive modes, may have also contributed towards substituting casino gambling with other modes of gambling.
- Horse/sports betting remains quite stable at around 0.10% of household income since 2012. A substantial increase to 0.15% was recorded in 2016.
- Propensity to gamble at LPMs shows a gradual upward trend nationally from 0.003% in 2005 to 0.09% in 2016. This trend can be ascribed to the progressive licensing process of LPMs in the various provinces.
- Bingo is only licensed in five of the provinces. Bingo is not offered in the Western Cape, Limpopo, Northern Cape, and Free State as in 2016. The increase can largely be attributed to the opening of new bingo facilities and possibly also due to substituting gambling expenditure towards bingo.
- Lottery games, although attracting the majority of gamblers at licensed outlets, show a gradual decline in gambling expenditure allocation. The propensity to play lottery games declined from 0.38% in 2005 to 0.08% in 2016 for South Africa as a whole (table 6.3).

In general, the National propensity to gamble at licensed gambling modes shows a gradual decline from 1.70% in 2005 to 0.97% in both 2012 and 2016. It shows a fairly stable pattern over the past five years of 0.97% in both 2012 and 2016.

TABLE 6.3: COMPARISON OF PROPENSITY TO GAMBLE CALCULATIONS IN PREVIOUS STUDIES

| GAMBLING MODE | 2002 (NGB STUDY) | 2005 (NGB STUDY) | 2009 (NGB STUDY) | 2012 (NGB STUDY) | 2017 (NGB STUDY) |
|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | SOUTH AFRICA | SOUTH AFRICA | SOUTH AFRICA | SOUTH AFRICA | SOUTH AFRICA |
| Casinos | 0.91 | 1.21 | 1.02 | 0.69 | 0.61 |
| Horse/sports betting | 0.20 | 0.11 | 0.12 | 0.10 | 0.15 |
| LPMs | - | 0.003 | 0.05 | 0.06 | 0.09 |
| Bingo | 0.002 | 0.003 | 0.01 | 0.01 | 0.04 |
| Lottery games | 0.19 | 0.38 | 0.14 | 0.12 | 0.08 |
| TOTAL GAMBLING | 1.30 | 1.70 | 1.34 | 0.97 | 0.97 |

* Source: NGB 2003, 2005, 2009 and 2013 studies





6.2.4 Verification of GGR and Household Expenditure on 'Games of Chance'

Table 6.4 compares the 2016 GGR figure of licensed gambling modes with the amount expended by household on 'games of chance' as recorded during household income and expenditure surveys. The table confirms a GGR income of R29 683.2 million which is R903.8 million (3.0%) less than the amount of R30 587.0 million spent by households on 'games of chance'.

TABLE 6.4: GGR AND SELECTIVE FIGURES FROM THE HOUSEHOLD INCOME AND EXPENDITURE DATABASE, 2016

| ITEM | RAND (R'm) | % OF HOUSEHOLD CASH FLOW INCOME |
|--|-------------|---------------------------------|
| GGR | 29 683.2 | 0.97 |
| Household expenditure on 'Games of chance' | 30 587.0 | 1.00 |
| Household cash flow income | 3 056 371.0 | - |

* Source: 1) NGB unpublished statistics
2) BMR unpublished data

It is important to note that the GGR figure only represents expenditure on licensed gambling modes while expenditure on 'games of chance' also include gambling expenditure at unlicensed/illegal modes. The expenditure on illegal gambling may in all probability reflects an undercount.

It is generally found in surveys that respondents are often reluctant or unwilling to divulge information on illegal or 'negatively perceived' expenditure items such as alcohol and tobacco expenditure and gambling.

6.3 EXPENDITURE DISPLACEMENT EFFECTS

Household expenditure patterns are constantly experiencing structural changes. Households are continuously trading off existing allocations for new expenditure avenues.

Priorities change in tandem with new lifestyles and product and service alternatives. Expenditure items that show favourable growth are mobile phones, education, medical and dental services, household computers, and security. Increased expenditure on these items could either be financed by increased income or displacing existing expenditure in favour of the above items.

Any calculation of expenditure displacement should be handled with extreme caution. Households (gamblers) find it impossible to indicate what household items are forfeited in favour of gambling. Furthermore, when asked about displacement, reference is normally made to only one or two items forfeited while there could have been several small cuts with regard to various items.

Household budget behaviour often consists of small cuts on various discretionary expenditure items rather than substitution of one item by gambling. Gambling expenditure could also result in dissaving, thus implying no immediate displacement but the postponement of the purchase of durable goods frequently funded from accumulated savings.





Therefore, substitution can be effected with regard to the following broad product/service categories:

- Other forms of gambling expenditure (for example, from casinos to bingo or vice versa);
- Retail spending on goods;
- Spending on services such as entertainment, communication or health; or
- Savings.

The magnitude of expenditure displacement may be minimised in a regime of reasonable to high salary increases. This implies that the allocation to gambling expenditure may be sourced from salary/income increments or other discretionary expenditure.

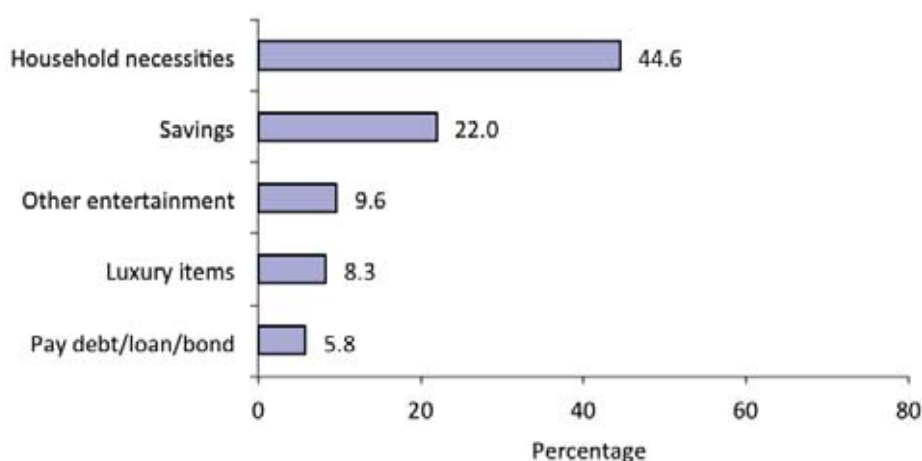
It is also important to keep in mind that gambling represents an expenditure item for households as well as an income flow resulting from winnings. However, a significant number of persons spend numerous (small) amounts on gambling while the income stream is concentrated in one or two large amounts and pay-outs to fewer persons than originally participating in gambling expenditure.

To determine possible displacement effects, the following question was included in the 2017 survey: 'If you were not gambling, on what would you have spent the gambling amount instead?' Although various responses such as 'household necessities' (food, soap, etc.), 'luxury items', 'savings' and 'other entertainment' were provided in the questionnaire, interviewers were requested not to read out these alternatives, in order to get a spontaneous reaction from respondents.

The result of the responses is shown in figure 6.1. Household necessities (44.6%) are mentioned by the majority, followed by savings (22.0%) and other entertainment (9.6%). Note that the percentages refer to the number of households that displaced some of their gambling money from the mentioned items.

Most respondents mentioned more than one item and did not indicate which percentage of money would be sourced from which item. Therefore, it was not possible to determine the relative importance of the items. Consequently, the response to this question provides only the items from which displacement takes place and not the proportion of gambling money sourced from expenditure intended for the various items mentioned. A restriction on the respondents to mention only one expenditure item for displacement would also not necessarily have portrayed a full picture.

FIGURE 6.1: ITEMS FROM WHICH GAMBLING MONEY IS DISPLACED (% OF HOUSEHOLDS)





Previous NGB surveys (NGB 2005; 2009) clearly suggest a far more negative influence of gambling among less affluent households compared to more affluent households. Displacement from household necessities to gambling featured more prominently among younger respondents, particularly the unemployed and part-time employed persons, those with no formal schooling and the lowest income category.

The above information suggests that no exact displacement figures can be presented. The solution probably lies between a pro-rata allocation from other household expenditure items and the community survey results.

Households do not always follow an approach of a pro-rata downscaling of all their expenditure items to generate sufficient money for gambling, nor do they always substitute only one item in favour of gambling. In addition, some household expenditure items such as income tax and insurance premiums cannot be downscaled.

Therefore, the following items can be regarded as important displacement items in favour of gambling and may differ substantially by income level of the gambler or his/her household:

- Household necessities;
- Savings;
- Postponement of procuring luxury items; and
- Other entertainment.

6.4 THE REDISTRIBUTIONAL EFFECT OF GAMBLING

Gambling activities have a significant redistributive effect. On average, a substantial number of punters spend small amounts while only a small percentage receives large amounts of prize money. This is particularly true with regard to lottery games. Owing to the electronic availability of information on the lotto, this mode of gambling will be used to illustrate the redistributive effect.

The redistributive effect of the above is illustrated in table 6.5. The table shows the total ticket sales and prize pool for Saturday 25 March 2017.

On the assumption of an average expenditure of approximately R10 per buyer per draw, table 6.4 shows that approximately 2.7 million people contributed to the ticket sales of R26.8 million for the 25 March 2017 draw. Only 133 872 people (5.0 % of buyers) received something back in the form of prizes.

One person received R3.8 million, nine persons received R46 287.90 each and 187 received division three prizes to the amount of R1 841.10 each. No less than 99.5% of the winners received less than R100 in prize money (division 5 – 7 prizes). An extremely large number of people (almost 2.7 million) each spent small amounts while the prizes were heavily concentrated in only one person (division 1 prize).





TABLE 6.5: TOTAL LOTTO TICKET SALES AND PRIZE POOL, SATURDAY 25 MARCH 2017

| | TOTAL AMOUNT (R) | TOTAL NUMBER OF PARTICIPANTS/WINNERS | INDIVIDUAL PAY-OUT (R) |
|--------------------|---------------------|---|---------------------------|
| Total ticket sales | 26 844 010 | 2 684 401 ¹⁾ | - |
| Total prize pool | 12 079 804 | 133 872 | - |
| Division 1 | - | 1 | 2 848 511.70 |
| Division 2 | - | 9 | 46 287.90 |
| Division 3 | - | 187 | 1 841.10 |
| Division 4 | - | 521 | 1 209.80 |
| Division 5 | - | 7 660 | 74.80 |
| Division 6 | - | 11 883 | 49.30 |
| Division 7 | - | 113 611 | 50.00 |

1) Assumption of R10 ticket sales per participant

*Source: www.nationallottery.co.za/results/lotto

The redistributive effect is far less marked with regard to casinos and other modes of gambling. Only a small percentage of the amount returned to players by casinos constituted jackpot prizes exceeding R250 000.

6.5 THE LESS AFFLUENT AND GAMBLING

A clear indication emerges from the survey that the less affluent population of South Africa are important participants in gambling activities. For purposes of this analysis, the following two proxies are used for defining the less affluent:

- Unemployed people 18 years plus; and
- Monthly income of less than R2 000 per month.

Table 6.6 shows the percentage of the unemployed and low-income earners (<R2 000 per month) who participated in gambling during the year preceding the survey. The table confirms that 30.2% of the unemployed people included in the survey participated in gambling. The figure of those earning less than R 2000 per month amounted to 28.0%.

TABLE 6.6: PERCENTAGE OF THE LESS AFFLUENT (UNEMPLOYED AND LOW INCOME EARNERS) PARTICIPATING IN GAMBLING

| SUBPOPULATION | PARTICIPATED IN GAMBLING (%) |
|--------------------------------------|---------------------------------|
| Unemployed | 30.2 |
| Income of less than R2 000 per month | 28.0 |

Footnote: The unemployed represents 29.8% of the sample population and those earning less than R2 000 per month representing 37.4% of the sample population of 4 008.





Table 6.7 shows the share of the less affluent in the total gambling population of South Africa. The unemployed represents 29.8% of the total gambling population while the share of the less affluent constitutes 37.4% of the total South African gambling population. This confirms that approximately a third of gamblers in South African can be categorised as less affluent or even poor.

TABLE 6.7: LESS AFFLUENT AS PERCENTAGE OF THE TOTAL GAMBLING POPULATION IN SOUTH AFRICA

| SUBPOPULATION | SHARE IN TOTAL GAMBLING POPULATION (%) |
|--------------------------|--|
| Unemployed | 29.8 |
| Income <R2 000 per month | 37.4 |

The following materialised from the household survey in terms of gambling incidence by mode by the less affluent (only the most important modes are identified).

- (a) Gamblers in households earning less than R2 000 per month participated in the following gambling modes:

| MODE | % OF GAMBLERS |
|---------------------------------|---------------|
| National Lottery | 78.6 |
| Unlicensed gambling modes | 32.1 |
| Lucky draws | 14.3 |
| Scratch cards | 12.9 |
| Casinos | 12.9 |
| Horse/sports betting (licensed) | 9.8 |
| LPMs | 2.9 |





(b) Unemployed gamblers participated in the following modes:

| MODE | % OF GAMBLERS |
|---------------------------------|---------------|
| National Lottery | 80.1 |
| Unlicensed gambling modes | 36.3 |
| Scratch cards | 13.9 |
| Casinos | 13.3 |
| Lucky draws | 12.2 |
| Horse/sports betting (licensed) | 11.1 |
| LPMs | 2.5 |

The above clearly suggests that the less affluent gambling participants were overwhelmingly involved in lottery games and unlicensed gambling modes. In the case of low income earners (R<2 000) no less than 78.6% bought national lottery tickets and 32.1% were involved in unlicensed gambling activities. Almost four in every five (80.1%) and 36.3% of the unemployed participated in the national lottery and unlicensed gambling modes respectively.

6.6 CONCLUSION

Household expenditure patterns are continuously changing due to the availability of new products and services. During the past decade, numerous alternative expenditure possibilities such as new communication and IT products and services have emanated.

Changing government priorities favour the less affluent communities in terms of education and health expenditure. However, these priorities exercise greater demand on the more affluent communities, especially with regard to expenditure on health, educational and security services. Therefore, it is clear that expenditure on gambling is but one of the factors contributing to changed household expenditure patterns.

Total gambling expenditure (GGR) on licensed modes amounted to R29.7 billion in 2016 in South Africa. Almost six in every 10 (62.6%) gambling rands were spent on casino gambling. This was followed by horse/sports betting (16.1%), LPMs (8.8%), National Lottery games (8.2%) and bingo (4.1%).

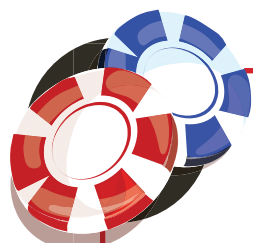
The propensity to gamble was calculated at 0.97% of household cash flow income with casino gambling being the major gambling mode with a propensity of 0.61% in 2016.

Gambling expenditure is financed from displacement from other household expenditure items and/or from increased household income. The impact of such redirection of household budgets is much more critical in the case of less affluent households.

Gambling expenditure is also characterised by huge redistributive effects. Thousands of gambling participants spend relatively smaller amounts while only a small minority benefit from prizes. This is particularly true for lottery games.

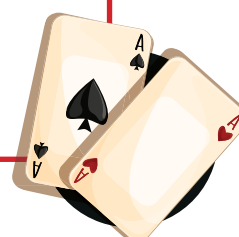
The whole community, including the less affluent to the more affluent participate in gambling activities. The less affluent segment of the population favours national lottery games while the higher income groups favour casino and bingo gambling as an important leisure activity.





CHAPTER 7

THE ROLE OF THE GAMBLING SECTOR IN SOUTH AFRICA





7.1 INTRODUCTION

Major developments in the gambling industry followed the promulgation of the National Gambling Act in 1996. Considerable investments have taken place especially in the casino industry, often accompanied by large supplementary investments such as hotels, convention centres, shopping malls, and other retail facilities. A major event was also the launching of the National Lottery in 2000. As part of this study, an attempt was made to calculate the size of the gambling sector and its contribution to the South African economy. However, it is important to note that the calculation is only concerned with the gambling modes under the jurisdiction of the NGB. Illegal gambling activities were also excluded from the calculations due to the unavailability of the required figures such as R-value of gambling, winnings allocated to players and employment in this sector.

7.2 MEASUREMENT OF THE GAMBLING SECTOR

Prior to measuring the size of the gambling sector (as defined above), this section provides a brief exposition of different approaches towards market sizing of an economic sector.

Macro-economic measurement is usually conducted by applying an econometric input-output model aimed at determining the economic impact or size of a particular sector or industry. The following economic variables can be measured with this methodology, among others:

- Contribution or the market share of the gambling sector to the economy;
- Contribution to total employment in South Africa;
- Contribution to government taxes; and
- Contribution to capital formation in South Africa.

In applying the input-output modelling process, it is also possible to calculate the multiplier or spillover effects of the gambling sector. The input-output model comprises mathematical equations linking the economic flows between sectors; for example, between the gambling industry and the beverage industry, where beverages are sourced from soft drink and liquor-related companies or between the gambling industry and the security industry where security services are sourced from security companies.

The so-called multiplier effect can be defined as additional economic production, employment and government taxes emanating from the initial economic action (say the establishment of a casino). For example, the establishment of a casino creates demand for cement and bricks (during the construction phase) and beverages, electricity and security services (during the operational phase). Moreover, this additional demand results in expanded production in the other industries with the concomitant expansion of employment, government taxes, etc.

In addition, economic expansion owing to casino development also results in increased demand for goods and services because of income earned by employees and shareholders of the gambling industry as well as income arising from the backward linkages of spending in the economy. Backward linkages are, for example, the additional employment created by retailers (for example, Pick n Pay and Checkers), resulting from the increased demand for their products that, in turn, stimulates production in the agricultural sector supplying fresh produce to retailers.

Macro-economic measuring can also be termed external measurement owing to the sizing of the gambling sector relative to the external economic environment.





7.3 DATA COLLECTION

For purposes of this study, information on the gambling sector was sourced from the NGB statistical reports. These data reflect mainly the direct contribution of the NGB regulated gambling modes to the national economy. The approach followed to calculate the indirect effects of the gambling sector on the South African economy especially with regard to additional economic output and employment is discussed in section 7.5.

7.4 GAMBLING ACTIVITIES

Measurement of the following variables by gambling mode will be conducted in this section: the GGR, provincial tax/levy and employment.

7.4.1 Gross Gambling Revenue (GGR)

Table 7.1 depicts the GGR of gambling institutions under the jurisdiction of the NGB by mode. Total GGR amounted to R27 248.8 million in 2016, representing the rand value of the gross income of operators (that is, total turnover, less winnings paid to players). In addition to the above figures, the national lottery also sold lottery tickets to the value of approximately R4 559 million in 2015 (www.nlb.org).

TABLE 7.1: GGR OF THE GAMBLING SECTOR BY MODE, 2016

| MODE | GROSS GAMING REVENUE | |
|----------------------|----------------------|--------------|
| | Rm | % |
| Casinos | 18 574.9 | 68.2 |
| Bingo | 1 263.2 | 4.6 |
| Horse/sports betting | 4 786.3 | 17.6 |
| LPMs | 2 624.4 | 9.6 |
| TOTAL | 27 248.8 | 100.0 |

* Source: NGB data

7.4.2 Taxes paid by the Gambling Industry

The gambling industry makes substantial contributions to government income. Table 7.2 shows the gambling tax levied by the gambling jurisdictions amounted to R2 746.4 million in 2016. The contribution of casinos to the amount of R1 852.9 million represented 67.5% of the total gambling tax levied by gambling jurisdictions in South Africa.



**TABLE 7.2: PROVINCIAL TAX/LEVY BY GAMBLING MODE, 2016**

| MODE | GAMBLING TAX (Rm) | % |
|----------------------|----------------------|--------------|
| Casinos | 1 852.9 | 67.5 |
| Bingo | 138.3 | 5.0 |
| Horse/sports betting | 417.8 | 15.2 |
| LPMs | 337.4 | 12.3 |
| TOTAL | 2 746.4 | 100.0 |

* Source: NGB data, National Gambling Statistics

The figures above exclude any taxes levied on secondary activities originating from the gambling sector, tax/levies paid by the national lottery as well as company tax and net Value Added Tax (VAT) payments of private sector operators in the gambling industry.

The above tax sources are not available from secondary sources and have to be collected directly from companies. However, unlisted Johannesburg Securities Exchange (JSE) companies normally treat this information as highly confidential and sensitive.

JSE listed companies such as, Tsogo Sun Holdings and Sun International are large conglomerates with a proliferation of activities, including non-gambling-related operations such as hotels and catering (McGregor – BFA).

The apportionment of tax payments by type of activity also has to be sourced from the companies themselves. In the most recent survey of the Casino Association of South Africa (CASA 2015), it was indicated that the casino industry alone paid R4.7 billion gambling taxes/levies, VAT and corporate taxes in 2015.

7.4.3 Employment

Employment numbers by the licensed gambling industry in South Africa (excluding the national lottery) are discussed in this section. Table 7.3 shows the number of employees by mode in 2015/16. Total permanent employment amounted to 23 081 with casinos responsible for the bulk of employment.





TABLE 7.3: ESTIMATED PERMANENT FULL TIME EMPLOYMENT BY LICENSED GAMBLING MODE¹,2015/16

| MODE | NUMBER OF EMPLOYEES | % DISTRIBUTION |
|---|---------------------|----------------|
| Casinos ² | 14 649 | 63.5 |
| LPMs | 2 404 | 10.4 |
| Horse/sports betting | 4 606 | 20.0 |
| Bingo | 1 422 | 6.2 |
| National and Provincial Licensing Authorities | - | - |
| TOTAL | 23 081 | 100.0 |

1 Excluding the national lottery

2 Excluded related development such as cinemas and conference facilities.

*Sources: NGB, 2016

7.5 MULTIPLIER EFFECTS OF THE GAMBLING SECTOR

In addition to the normal operational and investment activities of the gambling sector as discussed above, previous South African studies confirm large multiplier effects of the gambling sector. Calculations of the multiplier effects of the gambling sector were derived from a multi-sectoral gambling input-output table compiled in 2005 (Ligthelm, Mango & Jonkheid, 2005), and from the application of the Cobb-Douglas function, which measures the structure of production with particular reference to the utility of labour and capital in an economic sector in 2009 (Ligthelm & Jonkheid, 2009).

These calculations were augmented in this study with information extracted from the most recent social accounting matrix (Stats SA 2016) and input-output table (Stats SA 2015) from Statistics South Africa. The lack of data on intermediate inputs and final demand data of the gambling sector prohibits the construction of separate matrixes and tables for the gambling sector.

Instead, owing to the similarity of the economic (service sector oriented) and labour (labour intensive) structure of the gambling subsector and the hotel and restaurant subsector and the hotel and restaurant subsector (identified separately in the Stats SA data), the multipliers of the latter are applied as proxy for the gambling sector.

The nature and extent of the different multiplier effects of the gambling sector are briefly introduced below.

(a) Initial impact:

The initial impact of the gambling sector is calculated as the impact of a particular project/sector on the economy. The initial impact on GDP of operating or constructing a casino, for example, is equivalent to the direct expenditure undertaken by the casino operator as discussed in section 6.2 (This impact is sometimes referred to as the direct impact).





(b) Indirect impact:

Indirect impact is determined from the activities of suppliers. For example, suppliers include those industries that deliver goods and services to a casino and include suppliers of cement, bricks and trusses in the construction phase and food and security services during the operational phase. Activities of the latter industries are expanded because of establishing a casino. These industries are referred to as first-round suppliers that could in turn stimulate further demand in, for example, the electricity sector supplying additional electricity to cement and other producers (the first-round suppliers), etc. All these transactions originate from the initial establishment or management of a casino or any other gambling facility and can be attributed to the gambling sector.

(c) Induced impact:

Induced impact refers to the impact on the economy owing to increased demand for goods and services by households from the income earned because of the establishment of a gambling institution. This entails the income of employees and shareholders of the project (say a casino or the MGB) and the income arising through the backward linkages of this spending in the economy.

In summary, it can be stated that the initial impact can be regarded as the actual economic contribution of the gambling sector, while the indirect and induced impacts can be regarded as the spillover or multiplier effects of the gambling sector to other sectors of the economy.

7.6 MULTIPLIER CALCULATIONS

The application of the 2007 and 2009 input-output modelling exercise and the Cobb-Douglas production equation and the usage of its utility functions resulted in the following together with the most recent input-output model (Stats SA 2015) and social accounting matrix (Stats SA 2017) resulted in a GDP multiplier of 1.63.

This implies that for every R100 output or value added generated by the gambling sector, a further R63 output or value added is produced through the indirect and induced effects in other sectors of the economy. This is slightly higher than the average economy-wide GDP multiplier of around 1.5.

7.6.1 GDP Contribution

Based on the GDP multiplier of 1.63 the following contribution of the licensed gambling sector (excluding the National Lottery) to the South African economy can be calculated for 2016:

| | |
|---|--------------------|
| GGR of the gambling sector (gambling modes regulated by the NGB) | R27 248.8 million |
| GVA of gambling sector (based a GVA to output ratio of 72.4 to 100 of the hotel and restaurant subsector of SA) | R19 728.1 million |
| GDP multiplier | 1.63 |
| Total GVA of gambling sector (direct, indirect and induced) | R32 156.9 million |
| GVA at basic prices of South Africa (Q4:2016) | R3 962 577 million |
| Contribution of the gambling sector (gambling modes regulated by the NGB) to the South African economy 0.81% | 0.81% |





The above estimates confirm that the NGB regulated gambling sector contributed 0.81% to the South African economy in 2016. This figure stood at 0.93% in 2009 implying a slight decline during the past eight years.

7.6.2 Employment Contribution

In an attempt to calculate the employment multiplier of the gambling sector, the most recent social accounting matrix of Stats SA (2016) was used. However, during the construction of the inverse matrix (for modelling purposes), extremely high residuals materialised rendered the construction of an inverse matrix impossible.

As an alternative, the employment multiplier was derived from the changes detected in the GDP multiplier during the period 2009 and 2012 (the most recent input-output matrix published by Stats SA (2015)). During this period, the relevant GDP multiplier decreased from 2.0 to 1.63. By using this proportional decline, the employment multiplier was therefore deflated from 5.6 in 2009 to 4.6 in 2016.

The above suggests that the initial employment of the gambling sector (excluding the national lottery) of 23 081 in South Africa resulted in an additional 83 092 employment opportunities through the indirect and induced employment effects of the gambling sector and its related activities.

This amounted to a total estimated employment figure of 106 110 contributing 0.97% to total non-agricultural formal employment in South Africa (of 10 963 000 in the first quarter of 2016) (Stats SA 2016(b)). This figure stood at 0.90% in 2009.

7.7 ADDITIONAL CONTRIBUTIONS BY THE GAMBLING SECTOR

In addition to the direct and indirect effects of the gambling sector on the South African economy as calculated above, several of the major private sector role players (especially casino companies) are active participants in corporate social investment programmes. Millions of rands are allocated by the casino industry to do the following among others:

- Support of old age homes;
- Donations to charity institutions;
- Support of SMMEs;
- Support of crèches;
- Donations to upliftment trusts;
- Support of HIV/AIDS programmes, meals projects at schools; and
- Building of classrooms, and many more (see CASA 2008, CASA 2010, CASA 2012 and CASA 2015 for a detailed exposition of the casino industry's social investment programmes).

CONCLUSION

The following reflects the contribution of the gambling sector (excluding the National Lottery) to the South African economy in 2016:

- The initial GDP (value added) generated by the gambling sector amounted to an estimated R19 728.1 million in 2016. Indirect and induced effects to a total GDP contribution of R32 156.9 million multiply this amount. This represents an initial GDP contribution of 0.50% with a further 0.31% indirect and induced contribution. Therefore, the total GDP contribution was 0.81%. The GDP multiplier was 1.63, meaning that for every R100 output or value added created by the gambling sector itself, another R63 was generated in other sectors of the economy.

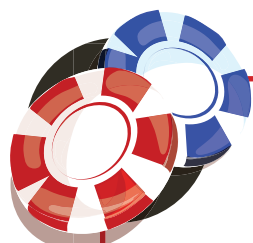




- In total, 23 081 permanent job opportunities were created in the gambling sector of South Africa in 2016. With an employment multiplier of 4.6, an additional 83 092 employment opportunities in South Africa can be ascribed indirectly to the gambling sector resulting in a total employment figure of 106 110. Direct employment contributed 0.21% to total non-agricultural formal employment in South Africa in 2016. It increased to 0.97% if the indirect and induced effects are also considered.

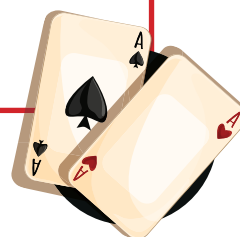
In addition to the above, the large private sector role-players (mainly casinos) in the gambling industry show a high degree of sensitivity regarding corporate social investment, especially in their neighbouring, less developed communities. Broad-Based Black Economic Empowerment (B-BBEE) and historically disadvantaged individuals (HDI) ownership are also prominent in the casino industry.





CHAPTER 8

SUMMARY AND CONCLUSIONS





The following main conclusions emanated from the study. The possible remedies that can be considered are also cited.

- 8.1** Gambling appears to be an important activity among South Africans. Just less than one third of 18 years and older (30.6%) participated in gambling during the year preceding the survey. The National Lottery remains the most popular gambling mode with a participation of no less than 81.3% of all gamblers. Of great concern, however, is the fact that 27.0% of gamblers indulged in unlicensed gambling activities of which fafi and illegal card games (outside casinos) are the most prevalent. Online gambling shows also a strong upward trend. Awareness campaigns on the illegality of unlicensed gambling and the potential risk of compulsivity should be strengthened. The awareness campaigns on illegal gambling should include the population segments strongly implicated in their involvement in illegal gambling. These segments include, inter alia, social grant beneficiaries (26.5% participation in illegal gambling) the unemployed (participation rate of 36.3% in illegal gambling) and the less affluent (32.1% of gamblers earning an income of less than R2 000 per month participated in illegal gambling modes). It is important to mention that the National Lottery represents the single most important gambling mode of the above-mentioned population segments (almost four in every five in each of the above segments).
- 8.2** The incidence of gambling by South Africans declined substantially from 56.8% of South Africans 18+ years in 2002 to 30.6% in 2017. The declining trend is also confirmed by a decline in the average number of modes per gambler from 2.1 in 2009 to 1.8 in 2017. Concomitant with this decline in gambling incidence, the percentage of household expenditure allocated to licensed gambling (i.e. the propensity to gamble) also declined from 1.7% in 2005 to 1.34% in 2009. However, this figure seems to stabilise at 0.97% of household expenditure in both 2012 and 2017. This points towards a relative decline in gambling incidence but a maintenance in the percentage of household income allocated to gambling. Therefore, it seems that a decline in the gambler population were countered by a somewhat higher per capita expenditure by gamblers.
- 8.3** A significant portion of the less affluent groupings of the community is active in gambling especially in the National Lottery and unlicensed modes. Of great concern in this regard is the substantial involvement of social grant beneficiaries in gambling (29.5% of gamblers). Proper education, information and awareness campaigns to highlight the impact of gambling on household welfare in particular but also social well-being in general is of crucial importance.
- 8.4** Problem gambling will remain an inherent part of gambling behaviour and needs continuous attention from regulatory bodies and the private sector role-players within the industry. However, the majority of respondents indicated that they are aware of information about the nature and risks of gambling. They also reported that more information about the perceived risks of gambling should be made available. Therefore, more information on the risks of gambling and programmes to assist compulsive/problem gamblers is required especially in the following population segments currently representing major portions of problem gamblers: younger people (57.7% of problem gamblers are between 18 and 35 years, the unemployed (42.3% of problem gamblers are unemployed), more educated portion of the population (56.3% and 36.6% of problem gamblers hold respectively secondary and tertiary qualifications), more than half (56.5%) are male and the less affluent (67.2% of problem gamblers earned an monthly income of less than R5 000 per month). The preferred modes of problem gamblers should also be considered in designing and presenting awareness campaigns. The majority of problem gamblers participated in National Lottery games (70.4%) and illegal gambling modes (59.2%). The other modes, albeit less prominent, are also important, namely, scratch cards (28.2%), casinos (26.8%), lucky draws (23.9%), horse/sports betting (22.5%), and bingo (14.1%).





8.5 Structural changes are also evident by mode. The share of the casino industry and the National Lottery in licensed GGR declined substantially between 2008 and 2016. On the contrary, the share of especially bingo gambling as well as LPMs and horse and sports betting shows a strong upward trend. These changes may be activated by several reasons. These include changes in personal preferences and the opening-up of new gambling facilities in areas not previously served by modes such as bingo venues, LPMs and facilities for horse/sports betting. The latter may increase competition in the gambling industry and even further structural adjustments in the licensed gambling fraternity.

8.6 Focus of awareness campaigns (on for example illegal and problem gambling) should include:

- Younger people (57.7% of problem gamblers are 18-35 years).
- Unemployed (42.3% of problem gamblers are unemployed).
- Less affluent (67.2% of problem gamblers earned less than R5 000 per month).
- National Lottery participants (70.4% of problem gamblers bought lottery tickets).
- Participants in illegal gambling modes (59.2% of problem gamblers participated in illegal modes).
- Social grant beneficiaries (29.5% of gamblers are social grant beneficiaries).

Possible interventions include (from focus group discussions):

- Involvement of community-based structures such as churches and schools.
- Social media platforms.
- Educational programmes.
- Workshop/discussion forums.
- Mass media e.g. television, radio, etc.
- Use of role models (influential TV personalities) with whom listeners/viewers can identify.
- Distribution of pamphlets/printed material at gambling venues – not effective.

8.7 South Africans allocate 0.97% of their cash income to gambling in 2016. The majority (62.9%) of gambling money was allocated to casino gambling. The report also shows that the participation levels of the various licensed modes largely correlates negatively with the amounts allocated to the different gambling modes. The following serves to illustrate this:

- The National Lottery attracted 81.3% of gamblers but only 8.3% of gambling money (GGR) spent on licensed modes.
- Casinos attracted 14.2% of gamblers but 62.9% of money expended on licensed gambling.

The following inference may be deduced from the above. The large per capita amounts attracted by casinos can probably result in compulsive gambling. Simultaneously, it can also be argued that although National Lottery games attracted small per capita amounts from gamblers, it is overwhelmingly supported by less affluent gamblers that can also be transformed in compulsivity. Large per capital gambling amounts in casinos by affluent gamblers may probably have the same effects on household/personal welfare as small per capita amounts on the lottery by poor gamblers.





8.8 The gambling sector's contribution to the economy stood at close to 0.81% in 2016. Although relatively small, it attracted the participation of almost a third of the adult population of South Africa. More than a third (37.9%) of the population perceive gambling as an important leisure activity. This involvement is instigated by personal choice and influenced by family/friends and predominantly motivated by the chance to win large sums of money. The gambling sector provided 0.97% of formal employment opportunities in South Africa.

The above results affirmed that a few prominent socio-economic issues will always remain on the agenda of gambling regulators. These include the support and counselling of the youth in gambling, the impact of gambling on the less affluent, counselling support of problem/compulsive gamblers and curbing of unlicensed gambling.

In summary, it can be concluded that South African households allocated just less than 1% of their total household income to gambling. It also provided approximately 1% of total non-agricultural formal employment opportunities in South Africa. It seems as if this level has been maintained since 2012. This implies that the gambling sector will continue to play a significant role in the South African economy and will most likely grow at a rate (at current prices) similar to the growth in labour remuneration. However, major structural changes are evident in the gambling industry with a decline in the GGR contribution of casinos and the National Lottery, and an increase in the GGR contribution of horse/sports betting and bingo.

Socio-economic impact studies have the advantage to monitor not only the magnitude and structural changes in the gambling industry, but also the changes in the gambling behaviour of the South African population – including the trends in illegal gambling. In addition to reflecting on the longitudinal trends and changes in gambling behaviour, it also assists regulatory authorities to evaluate the effectiveness of their regulatory responsibilities and success of their awareness campaigns.





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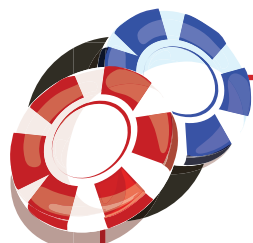
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ANNEXURE A

DEMOGRAPHIC COMPOSITION OF THE SAMPLE POPULATION





This annexure contains the distribution of the sample population by demographic variable. The following demographic variables are considered: age, work status, educational level, gender and monthly income and area of living.

DISTRIBUTION OF THE SAMPLE POPULATION BY AGE GROUP

| AGE | % DISTRIBUTION | |
|---------------------|----------------|------------|
| | VALID | CUMULATIVE |
| 18-25 years | 17.9 | 17.9 |
| 26-35 years | 26.1 | 44.1 |
| 36-45 years | 18.4 | 62.5 |
| 46-55 years | 14.8 | 77.3 |
| Older than 56 years | 22.7 | 100.0 |
| TOTAL | 100.0 | - |

DISTRIBUTION OF THE SAMPLE POPULATION BY WORK STATUS

| WORK STATUS | % DISTRIBUTION | |
|-------------------------------------|----------------|------------|
| | VALID | CUMULATIVE |
| Full-time work (incl self-employed) | 29.9 | 29.9 |
| Part-time work (incl self-employed) | 11.7 | 41.6 |
| Unemployed (looking for work) | 30.0 | 71.6 |
| Retired/pensioner | 17.0 | 88.6 |
| Home duties | 2.2 | 90.8 |
| Student | 9.2 | 100.0 |
| TOTAL | 100.0 | - |





DISTRIBUTION OF THE SAMPLE POPULATION BY EDUCATIONAL LEVEL

| EDUCATIONAL LEVEL | % DISTRIBUTION | |
|------------------------|----------------|------------|
| | VALID | CUMULATIVE |
| No formal schooling | 2.5 | 2.5 |
| Primary Grade 1-7 | 7.2 | 9.7 |
| Secondary (Grade 8-12) | 54.4 | 64.1 |
| Tertiary (Post matric) | 35.9 | 100.0 |
| TOTAL | 100.0 | - |

THE DISTRIBUTION OF THE SAMPLE POPULATION BY GENDER

| GENDER | % DISTRIBUTION | |
|--------------|----------------|------------|
| | VALID | CUMULATIVE |
| Male | 36.9 | 36.9 |
| Female | 63.1 | 100.0 |
| TOTAL | 100.0 | - |

THE DISTRIBUTION OF THE SAMPLE POPULATION BY MONTHLY INCOME

| MONTHLY INCOME | % DISTRIBUTION | |
|-------------------------|----------------|------------|
| | VALID | CUMULATIVE |
| No income | 12.1 | 12.1 |
| Less than R2000 | 26.6 | 38.6 |
| R2001-R10000 | 24.5 | 63.1 |
| More than R10000 | 9.8 | 73.0 |
| Do not want to disclose | 27.0 | 100.0 |
| TOTAL | 100.0 | - |





THE DISTRIBUTION OF THE SAMPLE POPULATION BY AREA

| AREA | % DISTRIBUTION | |
|--------------|----------------|------------|
| | VALID | CUMULATIVE |
| Town suburb | 2.8 | 2.8 |
| Township | 78.4 | 81.2 |
| Rural | 18.8 | 100.0 |
| TOTAL | 100.0 | - |





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