

## **CHAPTER 5**

### **COMPARISON OF THE SOUTH AFRICAN GAMBLING INDUSTRY WITH THAT OF SELECTED COUNTRIES**

#### **5.1 INTRODUCTION**

The NGB requested that, as part of the analysis of the economic impact of legalised gambling on the South African economy, the South African gambling industry be compared with that of selected countries for which comprehensive data are available on their gambling industry, specifically casino development. Of particular interest are New Zealand and Australia, as well as Swaziland, Botswana and Zimbabwe, depending on the availability of data.

#### **5.2 METHODOLOGY**

The information base for the comparison with other countries was generated through Internet and literature research. All efforts to gather information from Swaziland, Botswana and Zimbabwe, either by fax, e-mail, telephone calls to gambling boards, the casino industry or ministries in these countries proved fruitless. Except for some data contained in the Global Betting and Gambling Consultants Report (GBGC 2002), no other data are available on the Southern African countries.

This chapter compares the South African gambling industry with that of Oceania (Australia and New Zealand) and the USA. These countries were selected due to the availability of data on their gambling industries. Some comparisons with the gambling industry in SADC and selected other countries are included.

#### **5.3 CONTENTS**

This chapter is structured as follows. Section 5.4 contains a brief comparison of welfare and population levels in South Africa, New Zealand, Australia and the USA - the countries selected for detailed comparisons with South Africa. Section 5.5 provides a

broad comparison of the gambling sectors in the selected countries while section 5.6 portrays the views of the various populations. Section 5.7 compares the selected countries in terms of several demographic factors relating to gambling. Sections 5.8 and 5.9 depict the ranking of South Africa among the leading gambling nations and SADC respectively in terms of several expenditure variables. Some conclusions are drawn in section 5.10.

It is in order to define the concepts often used in the international comparisons. Gross gaming turnover (GGT) or gross turnover refers to the actual amount gambled by participants with operators such as casinos. Gross gaming yield (GGY) or gross gaming revenue (GGR) is defined as the gross turnover less the amount paid out to customers as winnings. GGY provides a true representation of punters' losses and thus the real economic value of the gambling industry in comparison to the rest of the economy (GBGC 2000).

#### 5.4 **PERSPECTIVE**

Prior to comparing the gambling industry in South Africa with those of Australia, New Zealand and the USA, some economic and welfare comparisons between these countries are in order to elucidate differences between the mentioned countries.

Table 5.1 depicts the population size and national income of the above-mentioned four countries. Of particular importance for gambling expenditure and behaviour are the huge differences in welfare levels and population densities. These variables largely explain affordability of and access to gambling facilities. The per capita income of the USA (US\$34 100) was almost eleven times higher than that of South Africa in 2000 (US\$3 020) while that of Australia (US\$20 240) was almost seven times and that of New Zealand (US\$12 990) four times that of South Africa. Population densities of the countries ranged from two persons per square kilometre in Australia to 35 persons in South Africa.

**TABLE 5.1**  
**POPULATION, GNI AND GNI PER CAPITA FOR SELECTED COUNTRIES, 2000**

<b>Country</b>	<b>Population 2000 (‘000)</b>	<b>Gross national income, 2000 (US\$ billions)</b>	<b>Gross national income per capita, 2000 (US\$)</b>	<b>World ranking (GNI/capita )</b>	<b>Population density (population per sq km)</b>
South Africa	43 309	129,2	3 020	91	35
New Zealand	3 778	49,8	12 990	45	14
Australia	19 138	388,3	20 240	27	2
USA	283 230	9601,5	34 100	7	31

Source: World Bank 2002

## 5.5 THE GAMBLING SECTOR

### 5.5.1 Composition of the gambling sector

Table 5.2 shows the composition of gambling activities in the selected countries. With the exception of the USA, with a total of 433 operating casinos, South Africa with its 29 operating casinos in 2002, housed considerably more casinos than Australia (with 13) and New Zealand (with six). The other modes of gambling are present in all four countries.

**TABLE 5.2**  
**GAMBLING ACTIVITIES IN SELECTED COUNTRIES**

<b>Country</b>	<b>Participation in gambling activities by gambling mode</b>			
	<b>Year</b>	<b>Number of casinos</b>	<b>National/State lottery operators</b>	<b>Horse/sports betting</b>
South Africa	2002	29	1	Several
Australia	2001	13	10	Several
New Zealand	2001	6	1	Several
United States of America	2001	433 <sup>1)</sup>	Several	Several

1) Commercial casinos operating in 11 states, ie excluding the American Indian casinos operating in 23 states. A total of 247 of these casinos are operating in Nevada alone.

Sources: Public Inquiry 1999, AGA 2002, NGB 2002, NORC 1999, AIGR 1998

### 5.5.2 Contribution of the gambling sector

Information on the contribution of the gambling sector to national economies is very incomprehensive. Different measuring instruments are also often used. Contributions in some countries are expressed in terms of total gambling revenue or household expenditure and seldom as a value added contribution to GDP.

Table 5.3 shows some indication of the contribution of the gambling sector to the economies of selected countries. Australians are known as a nation of keen punters. The gambling sector's contribution to Australia's National GDP amounts to 1,5 % compared to only 0,38 % in South Africa.

**TABLE 5.3**  
**CONTRIBUTION OF THE GAMBLING SECTOR TO THE NATIONAL ECONOMY**

Country	Date	Value added	Contribution to GDP	Total revenue/expenditure	Employment
South Africa	2000	R3,0 billion initial R9,1 billion total	0,38 % 1,03 % <sup>1)</sup>	R6,8 billion	16 103 directly 34 570 indirectly
Australia	1997/98	AUD3,5 billion	1,5 %	AUD13,8 billion gambling expenditure	+100 000 directly and indirectly
New Zealand	1999			NZD1,3 billion gambling expenditure	
United States of America	2001			US\$25,7 billion GGR	577 000 direct jobs in casinos

1) Include initial, indirect and induced GDP impacts.

Source: Public Inquiry 1999, AIGR 1998, NORC 1999, AGA 2002, Chapter 2 of this report.

## 5.6. VIEWS ON AND PARTICIPATION IN GAMBLING

### 5.6.1 Acceptability of gambling

Table 5.4 shows the response of a national survey to the acceptability of gambling in South Africa and the USA. It seems from the table that gambling is more acceptable to South Africans than to USA citizens – almost three in every four South Africans indicated that gambling is acceptable to them compared to the 54,0 % of Americans who expressed a similar opinion. However, it should be recognised that the South African survey referred to gambling in general while the American survey referred only to casino gambling. The percentage of the population disapproving of gambling in South Africa (12,2 %) does not differ substantially from that in the USA (17,0 %). One in every four (26,0 %) Americans expressed the view that casino gambling is not acceptable to them but have no objections to gambling by others. Only 14,8 % of South Africans expressed the latter view with regard to gambling in general.

**TABLE 5.4**  
**VIEWS OF THE POPULATION ON GAMBLING**

Country	Acceptable to me %	Not acceptable to me %	Not acceptable to me but have no objections to gambling by others %
South Africa (Total gambling)	73,0	12,2	14,8
USA (Casino gambling)	54,0	17,0	26,0

Sources: AGA 2002, Chapter 2 of this report.

### 5.6.2 Nonparticipation in gambling

Table 5.5 shows the nonparticipation of the adult population in gambling activities. The 27,5 % nongamblers in South Africa is slightly higher than the 18,0 % for Australia and considerably higher than the nonparticipation levels of the population in the two metropolitan areas of New Zealand, namely 6,5 % in Christchurch and 10,2 % in Auckland.

**TABLE 5.5**  
**NONPARTICIPATION IN GAMBLING DURING THE PREVIOUS TWELVE MONTHS**

Country	Date	% Nonparticipation	Survey coverage
South Africa	2002	27,5	National
New Zealand	1998	10,2	Auckland
	1998	6,5	Christchurch
Australia	1999	20,0	National metropolitan
		16,0	National nonmetropolitan
		18,0	National

Sources: AIGR 1998, Public Inquiry 1999, Chapter 2 of this report.

### 5.6.3 Propensity to gamble

The importance of gambling among Australians is highlighted by their propensity to gamble. Table 5.6 confirms that Australians allocated 3,1 % of their personal disposable income to gambling in 1997/98. This is more than twice as high as the 1,30 % expended by South Africans in 2001. The propensity to gamble was calculated at just over 1 % in New Zealand in 1997 and 0,6 % in the USA in 2000.

**TABLE 5.6**  
**PROPENSITY OF THE ADULT POPULATION (18 YEARS+) TO GAMBLE IN  
SELECTED COUNTRIES**

Country	Year	Propensity %
South Africa	2001	1,30
New Zealand	1997	1,04
Australia	1997/98	3,1
USA	2000	0,6

Source: AIGR 1998, Evans Group 1996, VCGA 1997, Ligthelm 2002

It is important to note that the 1,30 % propensity to gamble for South Africa is based on 2001 calculations. Since then, a considerable increase in gambling expenditure, especially on the National Lottery, has been experienced. Lottery sales have increased almost two

and a half fold from R1,6 billion for the whole of 2001 to R5,7 billion for the first nine and a half months of 2002 (19 October 2002). On the basis of the assumption that the sales of lottery tickets will continue at the same level for the rest of 2002 (resulting in sales of R7,2 billion) and that propensity to gamble will remain at 2001 levels for the other gambling modes, propensity to gamble is estimated as follows for 2002:

• Casinos	0,91 % (2001 level)
• Bingo	0,002 % (2001 level)
• Horse betting	0,20 % (2001 level)
• National Lottery	0,75 % (2001 = 0,19 %)
<b>South Africa</b>	<b>1,86 % (Estimate)</b>

The above implies that propensity to gamble in South Africa is three fifths of that in Australia, three times that in the USA and almost twice that in New Zealand.

## 5.7. DEMOGRAPHIC COMPARISONS

Information is not always directly comparable between countries due to differences in survey years, mode of gambling covered in the surveys, geographic coverage of surveys, etc. These differences are clearly indicated in the tables.

### 5.7.1 Gambling by gender

Table 5.7 reflects the gender composition of participation in gambling activities. It shows male participation in casino gambling in South Africa (58,7 %) to be higher than that of females (41,3 %). In the other selected countries, participation seems to be more equally distributed between the genders. In the case of Australia a composite figure for poker/gambling machines and table games was not available and the gender distribution may well be comparable to the South African scenario.

**TABLE 5.7**  
**DISTRIBUTION OF GAMBLERS BY GENDER**

Country	Date	Gambling mode	Male %	Female %	Total %
South Africa	2002	Casinos	58,7	41,3	100,0
Australia	1999	Poker and machine games	50,0	50,0	100,0
	1999	Table games	65,0	35,0	100,0
New Zealand	1998	Auckland Casino	50,0	50,0	100,0
	1998	Christchurch Casino	49,0	51,0	100,0
USA	1998	All modes	49,0	51,0	100,0

Sources: AIGR 1998, NORC 1999, Public Inquiry 1999, Chapter 2 of this report

### 5.7.2 Gambling by age group

Table 5.8 reflects the participation in gambling by age group. As can be seen from the table, the age group categorisation differs from country to country but still allows broad comparisons between countries.

The situation with regard to the various countries cannot be compared directly because of varying age groups used in the respective studies. However, the majority of gamblers seem to come from the age groups 40 or 45 years and younger. Those below 40 make up 70,7 % of casino gamblers in South Africa while those below 45 years constitute approximately 60 – 69 % of gamblers in New Zealand and 58 % of gamblers in the United States of America. The table also shows that the share of the highest age group (60+ or 65+ years) is more prominent in the other countries compared to South Africa.



**TABLE 5.8**  
**DISTRIBUTION OF GAMBLERS BY AGE GROUP**

Country	Date	Gambling mode	18-30	31-40	41-50	51-60	60+	Total
South Africa	2002	Casinos	37,3	33,4	16,0	6,8	6,5	100,0
Australia	<b>Date</b>	<b>Mode</b>	<b>18-24</b>	<b>25-35</b>	<b>35-49</b>	<b>50-64</b>	<b>65+</b>	<b>Total</b>
	1999	Poker/gambling machine	26,0	19,0	25,0	20,0	9,0	100,0
		Table machines	34,0	27,0	21,0	13,0	4,0	100,0
New Zealand	<b>Date</b>	<b>Mode</b>	<b>18-25</b>	<b>26-35</b>	<b>36-45</b>	<b>46-55</b>	<b>55+</b>	<b>Total</b>
	1997	Auckland Casino	17,9	27,9	22,9	13,7	17,6	100,0
	1997	Christchurch Casino	15,1	21,2	23,6	21,2	18,9	100,0
USA	<b>Date</b>	<b>Mode</b>	<b>18-24</b>	<b>25-44</b>	<b>45-64</b>		<b>65+</b>	<b>Total</b>
	1998	All modes	12,0	46,0	25,0		16,0	100,0

Sources: NORC 1999, AIGR 1998, Public Inquiry 1999, Chapter 2 of this report

### 5.7.3 Gambling by income category

Gambling by income category is illustrated in table 5.9. No direct comparison is possible due to different currencies and large variations in income levels and income categories. However, it would seem that more low-income casino gamblers (38,9 %), namely those earning R12 000 and less per annum, are found in South Africa compared to New Zealand (10,9 % in Auckland and 21,5 % in Christchurch received less than NZD20 000). The distribution of gamblers in South Africa across the low-income, medium-income and high-income groups, is about the same as in Australia. Casino gamblers in New Zealand tend to be more medium- and high-income earners. However, there is a distinct difference between the income distributions of gamblers frequenting the casinos in Auckland and Christchurch, which may be a function of the occupational and income differences of the two venues.

**TABLE 5.9**  
**DISTRIBUTION OF GAMBLERS BY ANNUAL INCOME CATEGORY**

Country	Year	Gambling Mode	Low income	Medium income	High income	Total
			R12 000 and less	R12 001- R60 000	More than R60 000	
South Africa	2002	Casinos	38,9	42,8	18,3	100,0
Australia	1999	Poker and gambling machines	<b>AUD25 000 and less</b>	<b>AUD25 001- AUD50 000</b>	<b>More than AUD50 000</b>	<b>Total</b>
			41,0	43,0	16,0	100,0
	1999	Table games	36,0	34,0	30,0	100,0
New Zealand	Auckland	Casinos	<b>NZD20 000 and less</b>	<b>NZD20 001- NZD60 000</b>	<b>More than NZD60 000</b>	<b>Total</b>
			10,9	42,4	46,7	100,0
	Christchurch	Casinos	21,5	54,4	24,1	100,0

Sources: Public Inquiry 1999, AIGR 1998, Chapter 2 of this report

#### 5.7.4 Gambling by employment status

A comparison of participation in gambling activities by employment status between South Africa and Australia in table 5.10 reveals that the unemployed seem to be far more active casino gamblers in South Africa than in Australia. However, it should be realised that the unemployment rate in South Africa, of close to 30 %, is almost four times as high as the 8 % in Australia (World Bank 2002). Retired people constitute a far higher proportion of gamblers in Australia (17,1 %) than in South Africa (5,0 %).

**TABLE 5.10**  
**DISTRIBUTION OF GAMBLERS BY EMPLOYMENT STATUS**

Country	Date	Full-time work	Part-time work	Unemployed/ looking for work	Retired/ nonworker	Home duties	Other	Total
South Africa (Casino gambling)	2002	50,6	19,8	22,1	5,0	2,5		100,0
Australia	1999	47,2	15,9	2,8	17,1	10,0	6,8	100,0
USA	2001	<b>White collar<sup>1)</sup></b>	<b>Blue collar<sup>2)</sup></b>		<b>Retired</b>		<b>Other</b>	
		41,0	28,0		13,0		18,0	100,0

- 1) White collar workers are those people who are engaged in low- and middle-level administrative work as well as supervisory and low-level management.
- 2) The bulk of activities of blue collar workers consists of working with machinery or other similar technologies such as industrial and construction equipment.

Source: Public Inquiry 1999, AGA 2002, Chapter 2 of this report

#### 5.7.5 Gambling by educational level

More than half (55,3 %) the casino gamblers in South Africa have secondary education while just more than a quarter (28,8 %) have a tertiary qualification (table 5.11). This is roughly the same distribution as in Christchurch (New Zealand).

Patrons with a secondary or higher qualification predominate in all the countries compared. The respective percentages for the various countries are 84,1 % (South Africa), 75,0 – 84,0 % (Australia), 78,2 – 83,3 % (New Zealand) and 55,0 % (United States of America).

**TABLE 5.11**  
**DISTRIBUTION OF GAMBLERS BY EDUCATIONAL LEVEL**

Country	Year	Gambling Mode	No formal schooling	Primary (Gr 1-7)	Secondary (Gr 8-12)	Tertiary (Post matric)	Total
South Africa	2002	Casinos	3,0	12,9	55,3	28,8	100,0
Australia	1999			<b>Year 10 or less</b>			
		Poker and gambling machines		26,0	32,0	43,0	100,0
	1999	Table games		17,01	29,0	55,0	100,00
New Zealand	Auckland	Casinos		16,7	40,8	42,5	100,0
	Christchurch	Casinos		21,7	47,4	30,8	99,9
USA	2001	Casinos	<b>No college<sup>1)</sup></b>	<b>Some college<sup>2)</sup></b>		<b>Bachelor's &amp; post Bachelor's</b>	
			45,0	30,0		25,0	100,0

1) Grade 12 or less

2) Certificate and diploma

Source: AGA 2002, NORC 1999, AIGR 1998, Chapter 2 of this report

## 5.8. RATING SOUTH AFRICA'S GAMBLING POSITION

Global Betting and Gambling Consultants (2002) of London publish an annual review of the global gambling market. South Africa is rated relative to other major gambling countries with regard to several financial variables expressed in UK pounds. Some of these ratings were highlighted in this section. Apart from the variables, such as gross gambling turnover or GGR, the tables also depict the 2000 population sizes of the countries as well as the relevant per capita figures. It is also important to note that the per capita figures portray the amount per head of the total 2000 population and not the amount per head of the total population eligible to participate in gambling (18 years and older in the case of South Africa).

### 5.8.1 Ranking in terms of gross gambling turnover

Table 5.12 shows the fifty leading countries by gross gambling turnover in 2000 expressed in UK sterling. South Africa occupies ranking number 14, implying that only

thirteen countries had a higher gambling turnover than South Africa's £4,6 billion turnover in 2000. The South African figure represents only 2,4 % of the world's leading nation in terms of gross gambling turnover, namely Japan with a gambling turnover of £193,0 billion. The GBGC report (2002:175) confirms that despite the limited gambling choices in Japan, the Japanese desire for risk, a national obsession with Pachinko (a form of gambling machine) and the rapid development of the economy gave the Japanese gambling industry a considerable head start during the early 1990. Japan is followed by the USA (£184,5 billion). The countries with higher turnovers than that of South Africa are mainly the wealthy countries located in North America and the European Union.

Turning to gross gambling turnover per capita, South Africa's per capita gross gambling turnover of £105,46 translates into a ranking of 28<sup>th</sup> in the world, well below the extremely high per capita gross gambling turnover of £34 784,38 of Monaco and the £14 123,20 of Macao. These high turnovers are explained by the fact that large numbers of nonresidents frequent casinos located in these small states. Considering that South Africa is ranked 29<sup>th</sup> in the world in terms of the size of its economy (GDP) and 91<sup>st</sup> in terms of per capita income, its gross gambling rating of 14<sup>th</sup> implies a relatively large gambling sector.

**TABLE 5.12**  
**LEADING FIFTY NATIONS RANKED BY LAND-BASED GROSS GAMBLING**  
**TURNOVER, 2000**

Rank	Country	Gross gambling turnover £'000	Population '000	Gross gambling turnover per capita £
1	Japan	193 023 900	127 096	1 518,73
2	USA	184 547 100	283 230	651,58
3	Australia	28 900 600	19 138	1 510,12
4	UK	28 080 000	59 415	472,61
5	Canada	18 945 100	30 757	615,96
6	Spain	15 951 000	39 910	399,67
7	France	14 434 000	59 238	243,66
8	Italy	12 414 000	57 530	215,78
9	Germany	8 532 200	82 017	104,03
10	India	8 312 700	1 008 937	8,24
11	Hong Kong	7 052 900	6 860	1 028,12
12	Macao	6 270 700	444	14 123,20
13	Norway	4 680 600	4 469	1 047,35
<b>14</b>	<b>South Africa</b>	<b>4 567 500</b>	<b>43 309</b>	<b>105,46</b>

15	China	4 469 100	1 275 133	3,50
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(continued)

**TABLE 5.12 (CONTINUED)**

Rank	Country	Gross gambling turnover £'000	Population '000	Gross gambling turnover per capita £
16	Singapore	3 454 800	4 018	859,83
17	Poland	3 387 500	38 605	87,75
18	Argentina	3 318 600	37 032	89,61
19	South Korea	3 135 400	46 740	67,08
20	The Netherlands	2 890 900	15 864	182,23
21	Brazil	2 783 200	170 406	16,33
22	New Zealand	2 445 300	3 778	647,25
23	Greece	2 369 300	10 610	223,31
24	The Philippines	2 327 800	75 653	30,77
25	Sweden	2 317 800	8 842	262,14
26	Malaysia	2 002 300	22 218	90,12
27	Austria	1 685 400	8 080	208,59
28	Taiwan	1 641 800	21 500	76,36
29	Switzerland	1 638 600	7 170	228,54
30	Netherlands Antilles	1 516 900	215	7 055,35
31	Finland	1 442 300	5 172	278,87
32	Egypt	1 409 500	67 884	20,76
33	Ireland	1 196 900	3 803	314,73
34	Lebanon	1 121 000	3 496	320,65
35	Monaco	1 113 100	32	34 784,38
36	Czech Republic	1 018 200	10 272	99,12
37	Columbia	864 300	42 105	20,53
38	Israel	831 200	6 040	137,62
39	Turkey	813 100	66 668	12,20
40	Denmark	812 000	5 320	152,63
41	Belgium	777 000	10 249	75,81
42	Hungary	748 400	9 968	75,08
43	Thailand	643 100	62 806	10,24
44	Bahamas	596 000	304	1 960,53
45	Ukraine	497 300	49 568	10,03
46	Mexico	489 100	98 872	4,95
47	Puerto Rico	407 100	3 915	103,98
48	Vietnam	395 800	78 137	5,07
49	Cyprus	392 600	784	500,77
50	Portugal	81 610	10 016	8,15

Source: GBGC 2002, UN 2002

Note: Gross gambling turnover per capita is calculated by dividing gross gambling turnover by the relevant country's population. Foreign participants are therefore excluded from the per capita figure.

### 5.8.2 Ranking in terms of gross gambling yield

The ranking of the leading fifty countries by gross gambling yield is shown in table 5.13. South Africa's rating dropped from 14 in terms of gross gambling turnover to 23 in terms of gross gambling yield. This implies that the returns to players are higher in South Africa compared to some of the other countries. The gross gambling yield, as a percentage of gross gambling turnover of South Africa, of 13,1 % compares as follows with some of the other leading countries:

- Japan                                21,4 %
- USA                                    17,4 %
- Australia                            18,8 %
- United Kingdom                24,7 %
- Canada                                26,1 %

It is also interesting to note the huge drop in per capita gross gambling yield compared with per capita gross gambling turnover. In the case of South Africa, for example, the per capita gross gambling turnover of £105,46 dropped to only £13,86 in 2002.

**TABLE 5.13**  
**LEADING FIFTY NATIONS RANKED BY LAND-BASED GROSS GAMBLING YIELD, 2000**

Rank	Country	Gross gambling yield £'000	Population '000	Gross gambling yield per capita £
1	Japan	41 338 400	283 230	145,95
2	USA	32 106 900	127 096	252,62
3	UK	6 937 000	59 415	116,76
4	Australia	5 434 800	19 138	283,98
5	Spain	5 189 200	39 910	130,02
6	Canada	4 950 000	30 757	160,94
7	Italy	4 483 400	57 530	77,93
8	France	3 960 500	59 238	66,86
9	India	3 619 400	1 008 937	3,59
10	Germany	2 818 700	82 017	34,37
11	China	2 011 100	1 275 133	1,58

(continued)

**TABLE 5.13 (CONTINUED)**

<b>Rank</b>	<b>Country</b>	<b>Gross gambling yield £'000</b>	<b>Population '000</b>	<b>Gross gambling yield per capita £</b>
12	Hong Kong	1 345 100	6 860	196,08
13	Macao	1 132 600	444	2 550,90
14	Brazil	1 059 800	170 406	6,22
15	Norway	1 050 900	4 469	235,15
16	Argentina	947 600	37 032	25,59
17	Singapore	925 400	4 018	230,31
18	Sweden	907 500	8 842	102,64
19	South Korea	866 500	46 740	18,54
20	Poland	841 400	38 605	21,80
21	The Netherlands	821 100	15 864	51,76
22	Malaysia	777 400	22 218	34,99
<b>23</b>	<b>South Africa</b>	<b>600 300</b>	<b>43 309</b>	<b>13,86</b>
24	Greece	545 700	10 610	51,43
25	Finland	492 800	5 172	95,28
26	Austria	492 000	8 080	60,89
27	Taiwan	485 700	21 500	22,59
28	The Philippines	477 000	75 653	6,31
29	Switzerland	434 900	7 170	60,66
30	New Zealand	416 100	3 778	110,14
31	Turkey	377 500	66 668	5,66
32	Portugal	324 100	10 016	32,36
33	Ireland	323 000	3 803	84,93
34	Denmark	320 200	5 320	60,19
35	Belgium	313 300	10 249	30,57
36	Czech Republic	259 500	10 272	25,26
37	Egypt	253 700	67 884	3,74
38	Israel	239 000	6 040	39,57
39	Thailand	238 600	62 806	3,80
40	Columbia	225 900	42 105	5,37
41	Mexico	220 100	98 872	2,23
42	Hungary	215 800	9 968	21,65
43	Ukraine	214 200	49 568	4,32
44	Lebanon	205 300	3 496	58,72
45	Monaco	200 400	32	6 262,50
46	Vietnam	178 100	78 137	2,28
47	Chile	136 300	15 211	8,96
48	Puerto Rico	130 100	3 915	33,23
49	Panama	128 000	2 856	44,82
50	Bahamas	106 200	304	349,34

Source: GBGC 2002, UN 2000

**5.8.3 Ranking in terms of gross casino yield**



Table 5.14 depicts the 25 leading countries in terms of gross casino yield in 2000. The table confirms that South Africa can be regarded as one of the leading casino countries in terms of its gross casino yield. Its world ranking of 8 is surpassed only by the two North American countries (USA and Canada) classified as the world's two leading casino countries, three countries in the European Union (France, Germany and the United Kingdom), Macao and Australia.

South Africa's gross casino yield of £381 million compares as follows with that of the five leading countries (SA's yield as a percentage of the yield of the relevant country):

	%	Per capita income (US\$)
• USA	1,7	34 100
• Canada	23,1	24 430
• France	31,3	24 090
• Macao	35,8	14 580
• Australia	38,9	20 240
• South Africa	-	3 020

The above confirms that South Africa with its US\$3 020 per capita income has a relatively vibrant casino sector if compared to the leading nations with considerably higher income levels.

**TABLE 5.14**  
**LEADING TWENTY FIVE CASINO NATIONS (INCLUDING INDIAN GAMBLING IN THE USA) IN TERMS OF LAND-BASED GGY, 2000**

Rank	Country	Gross casino yield £'000	Population '000	Gross casino yield per capita £
1	USA	22 990 400	283 230	81,17
2	Canada	1 656 100	30 757	53,84
3	France	1 218 600	59 238	20,57
4	Macao	1 065 700	444	2 400,23
5	Australia	980 600	19 138	51,24

(continued)

**TABLE 5.14 (CONTINUED)**

Rank	Country	Gross casino yield £'000	Population '000	Gross casino yield per capita £
6	Germany	627 800	82 017	7,65
7	UK	533 000	59 415	8,97
<b>8</b>	<b>South Africa</b>	<b>381 200</b>	<b>43 309</b>	<b>8,80</b>
9	The Netherlands	369 600	15 864	23,30
10	The Philippines	365 200	75 653	4,83
11	Italy	350 900	57 530	6,10
12	Poland	308 700	38 605	8,00
13	Argentina	305 300	37 032	8,24
14	Egypt	253 700	67 884	3,74
15	Spain	215 300	39 910	5,39
16	Monaco	200 400	32	6 262,50
17	Lebanon	198 700	3 496	56,84
18	Switzerland	197 300	7 170	27,52
19	Greece	186 600	10 610	17,59
20	Austria	148 500	8 080	18,38
21	South Korea	125 400	46 740	2,68
22	New Zealand	107 400	3 778	28,43
23	Bahamas	105 700	304	347,70
24	Mauritius	61 700	1 161	53,14
25	Cyprus	51 100	784	65,18

Source: GBGC 2002, UN 2002

#### 5.8.4 Ranking in terms of gross lottery sales

South Africa achieved a world ranking of 39 in terms of gross lottery sales in 2000, which correlates closely with countries such as Chile and Hungary that recorded more or less similar living standards in terms of per capita income.

South Africa's gross lottery yield amounted to £197,3 million in 2000, resulting in a per capita gross lottery yield of £4,56. However, it should be noted that total lottery sales in 2000 amounted to R2,3 billion. This figure has rocketed to R9,6 billion for the first ten months of 2002 (*Beeld* 2002) that may influence the rating of South Africa.

**TABLE 5.15**  
**LEADING FIFTY LOTTERY NATIONS IN TERMS OF LAND-BASED GROSS**  
**LOTTERY SALES, 2000**

<b>Rank</b>	<b>Country</b>	<b>Gross turnover £'000</b>	<b>Population '000</b>	<b>Gross sales per capita £</b>
1	USA	23 681 900	283 230	83,61
2	Italy	8 004 000	57 530	139,13
3	India	7 861 100	1 008 937	7,79
4	Japan	6 236 700	127 096	49,07
5	Australia	5 587 000	19 138	291,93
6	Spain	5 366 700	39 910	134,47
7	UK	5 040 000	59 415	84,83
8	Germany	4 699 900	82 017	57,30
9	China	4 469 100	1 275 133	3,50
10	France	3 966 700	59 238	66,96
11	Canada	2 676 000	30 757	87,00
12	Malaysia	1 524 500	22 218	68,62
13	Sweden	1 248 800	8 842	141,24
14	Brazil	1 160 200	170 406	6,81
15	Singapore	1 087 800	4 018	270,73
16	Argentina	931 800	37 032	25,16
17	The Netherlands	809 900	15 864	51,05
18	Finland	803 500	5 172	155,36
19	Austria	713 100	8 080	88,25
20	Taiwan	704 200	21 500	32,75
21	Portugal	639 300	10 016	63,83
22	Belgium	626 200	10 249	61,10
23	Norway	609 800	4 469	136,45
24	Denmark	608 300	5 320	114,34
25	New Zealand	596 700	3 778	157,94
26	Thailand	536 700	62 806	8,55
27	Israel	531 200	6 040	87,95
28	Switzerland	504 000	7 170	70,29
29	Mexico	489 100	98 872	4,95
30	Ukraine	466 700	49 568	9,42
31	Vietnam	395 800	78 137	5,07
32	Greece	379 700	10 610	35,79
33	Poland	350 300	38 605	9,07
34	Turkey	289 200	66 668	4,34
35	Panama	248 300	2 856	86,94
36	Ireland	240 800	3 803	63,32
37	South Korea	216 200	46 740	4,63
38	Chile	215 800	15 211	14,19

(continued)

**TABLE 5.15 (CONTINUED)**

Rank	Country	Gross turnover £'000	Population '000	Gross sales per capita £
<b>39</b>	<b>South Africa</b>	<b>197 300</b>	<b>43 309</b>	<b>4,56</b>
40	Puerto Rico	177 100	3 915	45,24
41	Hungary	149 000	9 968	14,95
42	The Philippines	133 400	75 653	1,76
43	Columbia	132 900	42 105	3,16
44	Czech Republic	114 400	10 272	11,14
45	Dominican Republic	98 200	8 373	11,73
46	Sri Lanka	87 400	18 924	4,62
47	Costa Rica	86 000	4 024	21,371
48	Trinidad and Tobago	79 800	1 294	61,67
49	Antigua and Barbuda	79 200	68	1 164,71
50	Uruguay	78 300	3 337	23,46

Source: GBGC 2002, UN 2002

## 5.9. SOUTH AFRICA IN A SADC PERSPECTIVE

### 5.9.1 Gross gambling turnover

Table 5.16 shows that South Africa is the predominant role player in the gambling industry in the SADC region, with a gross gambling turnover of £4 567,5 million during 2000, followed by Mauritius with £764,2 million which constitutes a mere 16,7 % of the turnover of South Africa. The turnover of the neighbouring countries as a percentage of South Africa's turnover amounts to:

- Botswana                    2,4 %
- Lesotho                    0,3 %
- Namibia                    1,1 %
- Swaziland                   1,0 %
- Zimbabwe                   2,5 %

The dominance of South Africa in the SADC gambling market is confirmed by the fact that South Africa's casino turnover represented almost 84,4 % of the casino market in 2000 and its lottery sales 88,6 % of lottery sales in the SADC region.

**TABLE 5.16**

**GROSS GAMBLING TURNOVER BY GAMBLING MODE AND SADC COUNTRY,  
2000**

Country	Casino		Lottery		Other		Total	
	£million	%	£million	%	£million	%	£million	%
South Africa	3 872,4	84,4	197,3	88,6	497,8	49,4	4 567,5	78,5
Botswana	109,8	2,4					109,8	1,9
DRC	6,0	0,1	11,7	5,3			17,7	0,3
Lesotho	12,2	0,3					12,2	0,2
Mauritius	318,6	6,9	10,2	4,6	435,4	43,2	764,4	13,1
Mozambique	3,3	0,1	1,3	0,6			4,5	0,1
Namibia	35,3	0,8			13,6	1,3	48,9	0,8
Seychelles	88,5	1,9					88,5	1,5
Swaziland	47,2	1,0	0,5	0,2			47,7	0,8
Tanzania	11,7	0,3	0,2	0,1			11,9	0,2
Zambia	19,7	0,4	1,0	0,4	13,8	1,4	34,5	0,6
Zimbabwe	65,0	1,4	0,4	0,2	47,9	4,7	113,3	1,9
<b>Total SADC</b>	<b>4 589,7</b>	<b>100,0</b>	<b>222,6</b>	<b>100,0</b>	<b>1 008,5</b>	<b>100,0</b>	<b>5 820,7</b>	<b>100,0</b>

Source: GBGC 2002

### 5.9.2 Gross gambling yield: SADC

Table 5.17 depicts the gross gambling yield by gambling mode and SADC country. No less than 76,0 % of gross gambling yield in the SADC region is generated in South Africa.

The share of the next five countries amounts to:

- Mauritius                    12,1 %
- Botswana                    2,6 %
- Namibia                    1,1 %
- Seychelles                2,1 %
- Zimbabwe                2,5 %

In terms of gambling modes, South Africa generates 73,9 % of SADC's gross casino yield and 89,1 % of its gross lottery yield.

**TABLE 5.17**

**GROSS GAMBLING YIELD BY GAMBLING MODE AND SADC COUNTRY, 2000**

Country	Casino		Lottery		Other		Total	
	£million	%	£million	%	£million	%	£million	%
South Africa	381,2	73,9	93,7	89,1	125,4	74,5	600,3	76,0
Botswana	20,9	4,1					20,9	2,6

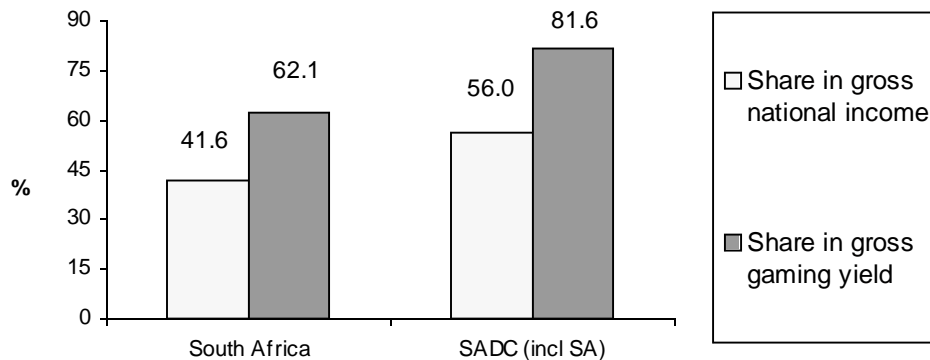
DRC	0,9	0,2	5,3	5,0			6,2	0,8
Lesotho	2,2	0,4					2,2	0,3
Mauritius	61,7	12,0	4,6	4,4	29,4	17,5	95,7	12,1
Mozambique	0,6	0,1	0,6	0,6			1,2	0,2
Namibia	6,6	1,3			2,4	1,4	9,0	1,1
Seychelles	16,2	3,1					16,2	2,1
Swaziland	8,7	1,7	0,2	0,2			8,9	1,1
Tanzania	2,2	0,4	0,1	0,1			2,3	0,3
Zambia	3,7	0,7	0,5	0,5	2,5	1,5	6,7	0,8
Zimbabwe	11,0	2,1	0,2	0,2	8,6	5,1	19,8	2,5
<b>Total SADC</b>	<b>515,9</b>	<b>100,0</b>	<b>105,2</b>	<b>100,0</b>	<b>168,3</b>	<b>100,0</b>	<b>789,4</b>	<b>100,0</b>

Source: GBGC 2002

South Africa's and SADC's shares in Sub-Saharan Africa's gross gambling yield are substantially larger compared with their share in GDP. Figure 5.1 reflects SADC's share in Sub-Saharan Africa's gross national income (GNI) as 56,0 % against its share of 81,6 % in gross gambling yield. South Africa's share in gross gambling yield of 62,1 % is slightly higher than its share of 41,6 % in GNI.

**FIGURE 5.1**

**SOUTH AFRICA'S AND SADC'S SHARE IN SUB-SAHARAN AFRICA'S GROSS GAMBLING YIELD AND GROSS NATIONAL INCOME**



Source: GBGC 2002, World Bank 2002

#### 5.10. CONCLUSION

The size of South Africa's gambling sector is disproportionately large compared to the size of its economy and level of its per capita income. Table 5.18 shows South Africa's world ranking in terms of selected economic and gambling variables.

South Africa is ranked 29<sup>th</sup> and 91<sup>st</sup> in terms of GNI and per capita GNI respectively. GNI measures the total domestic and foreign value added claimed by residents of a particular

country. It comprises GDP plus net receipts of compensation of employees and property income from nonresident sources. Per capita GNI denotes the average income of the population of a particular country.

In contrast to the above wealth indicators, table 5.18 shows that the ranking of the country is considerably higher with regard to gambling activities. South Africa is ranked 14<sup>th</sup> in terms of gross gambling turnover, 23<sup>rd</sup> with regard to gross gambling yield and a high of 8<sup>th</sup> in terms of gross casino yield. Per capita gambling expenditure of all modes in South Africa is also rated considerably higher than South Africa's per capita income ranking: 28<sup>th</sup> for per capita gross gambling expenditure, 38<sup>th</sup> for per capita gross gambling yield, 17<sup>th</sup> for per capita gross casino yield and 46<sup>th</sup> for per capita lottery sales.

**TABLE 5.18**

**SOUTH AFRICA'S WORLD RANKING BY SELECTED VARIABLES, 2000**

Variable	South Africa's world ranking
<b>Economy:</b>	
Gross national income (GNI)	29
GNI per capita	91
<b>Gambling:</b>	
Gross gambling turnover	14
Gross gambling turnover per capita	28
Gross gambling yield	23
Gross gambling yield per capita	38
Gross casino yield	8
Gross casino yield per capita	17
Lottery sales	39
Lottery sales per capita	46

Source: GBGC 2002, World Bank 2002

A further indication of South Africa's expenditure on gambling relative to other countries is provided in table 5.19 where per capita gross gambling yield is compared to per capita income (GNI). The ratio in the last column shows the size of per capita income of the population for every £1 gross gambling yield in 2000. In South Africa, the population forfeited £1 in the form of gross gambling yield for every £138 earned in 2000. Only Australia, the USA, Canada and three EU countries recorded a smaller ratio. A comparison of the levels of per capita GNI, reveals that South Africa's per capita GNI of £1 930 is far lower than that of the other major gambling nations of the world, which are

predominantly from the high-income countries of the world. It should also be noted that the above ratios are based on 2000 expenditure figures.

**TABLE 5.19**  
**RATIO OF PER CAPITA GGY TO GNI FOR SELECTED MAJOR GAMBLING COUNTRIES, 2000**

Country	Gross gambling yield (GGY) per capita	GNI per capita	Ratio - GGY to GNI
	£	£	£
Australia	284	12 950	46
Spain	130	9 651	74
Canada	161	13 520	84
USA	253	21 800	86
Norway	235	22 100	94
United Kingdom	117	15 653	134
South Africa	14	1 930	138
Japan	146	22 800	156
Italy	78	12 902	165
France	67	15 420	230
Germany	34	16 080	473

The propensity to gamble, defined as the percentage of household expenditure allocated to gambling, is the most reliable indicator of the importance of gambling in a particular country. Propensity to gamble for South Africans amounted to 1,30 % for 2001. Since then, new casinos have been established while a considerable increase has also occurred in lottery ticket sales in 2002. On the basis of the assumption that the 2002 expenditure on casino gambling and horse betting maintains the 2001 levels and the level of lottery sales for the last two and a half months remains at the January to mid-October 2002 level, propensity to gamble for South Africans will increase to just below 2,0 %. This is 60 % of the propensity to gamble in Australia and more than three times that in the USA and almost twice that in New Zealand. It is probably safe to conclude that SA is one of the countries with the highest propensity to gamble in the world.