

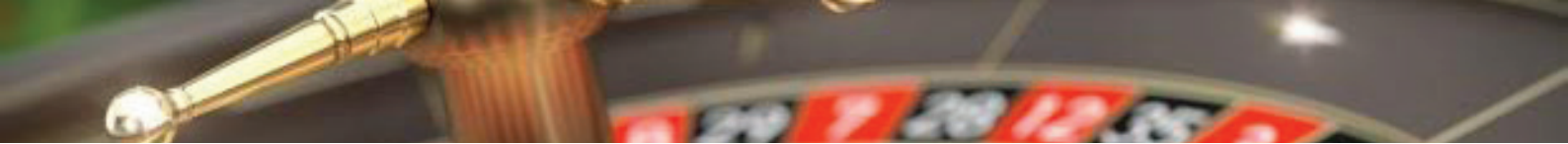
Major structural changes evident in the gambling industry in South Africa

Since its inception in 1997, South Africa's gambling industry has moved rapidly from a developing market to a fairly matured industry with its scope expanding over the last few years. The industry has experienced major structural changes whose developments have impacted substantially on the coverage of gambling facilities, affordability as well as the cost of gambling to participants. 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. The National Gambling Board (NGB) commissioned a study on the Socio-Economic Impact of Gambling in South Africa in 2016/17, whose purpose was to determine the socio-economic impact of gambling among the South African population. The purpose of the research bulletin is to highlight some of the key findings emerging out of the study as well as outline the key recommendations moving forward.

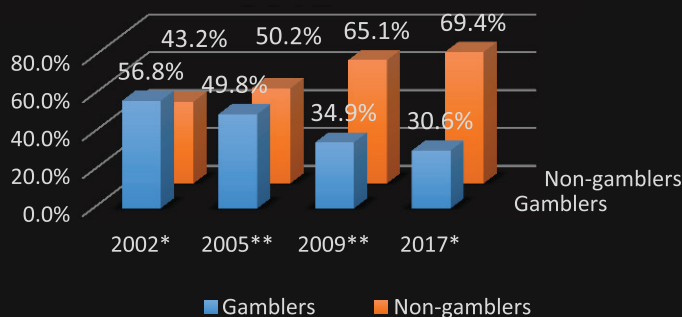
The incidence of gambling by South Africans declined substantially from 56.8% of South Africans aged 18+ years in 2002 to 30.6% in 2017. The declining trend is also confirmed by a decline in the average number of modes per gambler from 2.1 in 2009 to 1.8 in 2017. Concomitant with this decline in gambling incidence is the percentage of household expenditure allocated to licensed gambling (i.e. the propensity to gamble) which also declined from 1.7% in 2005 to 1.34% in 2009 and further to 0.97% in 2012 where it has remained constant to date. Although the participation in gambling has declined over the years, gambling remains an important activity amongst South Africans aged 18+ years with just less than a third of the population who are 18+ years participating in gambling in 2016/17.

**Incidence of gambling has
declined substantially between
2002 and 2017**





Gambling Incidence 2002-2017



Average Annual Growth (%) in GGR 2008-2016

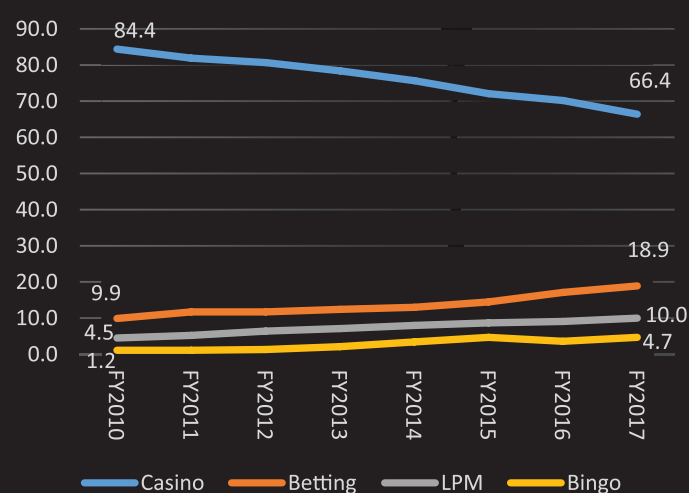
Casino	4.0
Horse/Sports Betting	14.2
LPMs	19.4
Bingo	35.5
National Lottery	3.8
All modes	6.6

27.0% of gamblers participated in unlicensed gambling activities of which fafi and illegal card and dice games (outside casinos) are the most prominent. Participation in illegal online gambling showed a strong upward trend and is gaining popularity owing to the convenience, privacy and ease of accessibility. It also emerged from qualitative research that some participants were not aware or informed of the illegality of online web-based gambling activities.

Casino revenues share in total GGR declined whilst share of revenues from betting on horse racing and sport, bingo and LPM increase substantially

Structural changes are evident in the gambling industry per mode. The share of the casino industry and the National Lottery in licensed Gross Gambling Revenue (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 such as 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. The National Lottery, however, remains the most popular gambling mode with 81.3% of gamblers participating in it, whilst 14.2% engage in casino gambling, 12.6% in horse/sports betting, 2.4% in bingo and 2% in LPMs (multi-response).

Trend in share of total GGR, comparison all modes (FY2010- FY2017)



Over a quarter of social grant beneficiaries gamble illegally

29.5% of gamblers received social grants, of which mainly 59.3% hereof received child support grants, and 32.9% old age pension. Expressing child support grant recipients as percentage of all gamblers in the sample population resulted in the fact that one in every six (17.2%) of gamblers were recipients of the child support 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; and 15.2% reported a share of more than 50% of household income. 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 two modes.

Profile of problem gamblers in South Africa

Problem gamblers were calculated at 5.8% of the gambling population. 45.2% of gamblers were found to be non-problem gamblers, 32.3% were regarded as low level of problem gamblers and 16.7% were regarded as having moderate level of problem gambling. The majority of problem gamblers participated in National Lottery games (70.4%), illegal gambling modes (59.2%), casinos (26.8%), legal betting on horse racing and sport (22.5%) and bingo (14.1%). The profile of problem gamblers is mainly 19.7% younger than 25 years and 60.5% between 26-45 years, 42.3% unemployed and 25.4% in full-time jobs, 56.3% secondary school education and 36.6% post matric qualification, 56.6% males; 14.3% no income and 52.9% a monthly income of less than R5,000.00.

Contribution of gambling to the economy

The gambling sector's contribution to the economy stood at approximately 0.81% of Gross Gambling Revenue (GGR) 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.

PROFILE OF PROBLEM GAMBLERS

AGE	18-25	26-35	36-45	46-55	55+		
	19.7%	38.0%	22.5%	5.6%	14.1%		
WORK STATUS	Full-time	Part-time	Unemployed	Pensioner	Home duties	Student	
	25.4%	15.5%	42.3%	11.3%	0.0%	4.0%	
EDUCATIONAL LEVEL	No Schooling	Primary (Gr 1-7)	Secondary (Gr8-Matric)	Tertiary (Post Matric)			
	2.8%	4.2%	56.3%	36.6%			
GENDER	Male	Female					
	56.5%	43.5%					
MONTHLY HOUSEHOLD INCOME	No income	Less than R2000 pm	R2001- R5000 pm	R5001- R10000 pm	R10001- R20000	R20000+	Not disclosed
	14.3%	30.0%	22.9%	8.6%	10.0%	2.9%	11.4%
GAMBLING MODES FREQUENTED	National Lottery	Illegal modes	Scratch cards	Casinos	Lucky draws	Horse/sports betting (legal)	Bingo
	70.4%	59.2%	28.2%	26.8%	23.9%	22.5%	14.1%



KEY RECOMMENDATIONS

Overall, the study proposes the following key recommendations:

- Awareness campaigns on the illegality of on line and 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) with special focus on child support grant beneficiaries, 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).
- 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.
- 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 gambling industry. Respondents indicated that they need more information about the perceived risks of gambling. 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).
- Based on findings from qualitative research and as discussed in focus groups, information to the public should be considered via involvement of community-based structures such as churches and schools, social media platforms, educational programmes, workshops/discussion forums, mass media (preferably television, radio and newspapers) and the use of role models (influential TV personalities) with whom listeners/viewers can identify.
- 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.
- 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.

