

## Casino gambling accounts for almost 70% of total legal gambling expenditure

### Impact of gambling on household welfare

On the whole, it is calculated that South African households allocated 0.97% of household income/expenditure to gambling in 2012. This finding can be disaggregated as follows by gambling mode:

- ♠ Casinos (0.69%)
- ♠ Bingo (0.01%)
- ♠ Betting on horse racing and sport (0.10%)
- ♠ Limited payout machines (0.06%)
- ♠ National lottery games (0.12%)
- ♠ Total gambling (0.97%)

Comparisons of the 2012 NGB study with previous surveys suggest the following expenditure trends by gambling mode:

- ♠ Casino gambling remains the most important gambling mode (from an expenditure point of view), attracting almost 70% of total legal gambling expenditure. Propensity to gamble at casinos decreased from 1.21 % in the 2005 NGB survey to 0.69% in both the 2009 and 2012 surveys;
- ♠ Horse/sports betting stabilised at approximately 0.10% between 2005 and 2012.
- ♠ The allocation of household expenditure to lottery games reflected a strong downward trend since 2005. The propensity to play lottery games declined from 0.38% in 2005 to 0.09% in 2009 with a slight increase to 0.12% in 2012;
- ♠ Bingo attracted only 0.01% of household expenditure and will probably remain on this relatively low level; and
- ♠ The propensity to play LPMs in 2012 stood at 0.06%, slightly higher than the 0.03% in 2009.

In 2013 the NGB embarked on a study to determine the economic impact of gambling. This study was conducted as a follow-up to previous studies commissioned in 2002, 2005 and 2009. The primary aim of the most recent study was to monitor the economic impact of gambling on both the South African economy, and the effect on South African households in terms of the direct effect on their welfare levels. Specific focus was directed to the following areas: The propensity to indulge in gambling; expenditure displacement effects; the economic redistributive effects of gambling; the economic impact of gambling on the less affluent; gamblers and social grants; macro-economic measurements relevant to revenues/taxes/employment and the economic multiplier effects of the gambling sector. The purpose of this bulletin is for the board to share some of the most pertinent findings from this study.



# The less affluent and gambling



National Gambling Board  
South Africa

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From the 2012 NGB Omnibus Survey a clear indication emerged which is that the less affluent groupings of the South African population are important participants in gambling activities. For example:

- ♠ 29.6% of gambling participants were unemployed
- ♠ 14.8% occupied part-time jobs
- ♠ 37.8% had no formal schooling, only primary education or some high school education (grade 12 excluded)
- ♠ 29.4% earned less than R1 000 per month



The question arises as to which gambling modes the gamblers in the less affluent groupings of the community participate in. Of those earning between R1 and R3 000 per month:

- ♠ 76.1% bought lotto tickets
- ♠ 30.9% gambled at illegal outlets
- ♠ 11.4% bought scratch cards
- ♠ 11.2% wagered on horses/sports events
- ♠ 0.8% frequented casinos



Of the unemployed gamblers:

- ♠ 76.8% bought lotto tickets
- ♠ 22.8% gambled at illegal gambling outlets
- ♠ 12.8% wagered on horses/sports events
- ♠ 11.8% bought scratch cards
- ♠ 6.2% participated in sports betting
- ♠ 3.6% frequented casinos
- ♠ 2.9 % played LPMs



# Contribution of the gambling sector to the South African economy

**The total value added impact of the gambling sector of R21.9 billion represented 0.8% of the Gross Domestic Product (GDP) in 2012**

The initial (or direct) GDP contribution (Gross Value Added) of the gambling sector in 2012 amounted to R11.0 billion with an additional spill over effect (indirect effect) to other sectors of the economy of R11.0 billion. This total value added impact of the gambling sector of R21.9 billion represented 0.8% of the GDP of South Africa in 2012, almost the same as the 0.9% in 2009. It is expected that this contribution of the gambling sector to the economy of approximately 1% will probably remain at this level for the foreseeable future.

The GDP multiplier of the gambling sector is calculated at 2.0. This means that for every R100 value added (GDP) generated by the gambling sector itself, a further R100 value added (GDP) is produced through the indirect and induced effects (multiplier) in other sectors of the economy.

The initial height of household gambling expenditure (due to its novelty effect) started tapering off from approximately 2004 to 2005 to reach a gambling propensity of approximately 1% of household expenditure in 2012.

Future movements in gambling expenditure would probably be sideways, implying that the magnitude of gambling expenditure would probably increase in tandem with household income growth. Although the average propensity to gamble would probably remain at approximately 1% of total household expenditure, gambling (especially illegal gambling and the National Lottery) will probably exert a disproportionately larger negative impact on less affluent households participating in gambling.



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