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GAMBLING SECTOR PERFORMANCE IN SOUTH AFRICA FY2022/23 Summary


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FOREWORD BY THE **ACCOUNTING AUTHORITY**

Ms Caroline Kongwa
Accounting Authority for the NGB

The National Gambling Board (NGB) is pleased to share the latest gambling sector statistics for the financial year (FY) 2022/23 (1 April 2022 to 31 March 2023). During FY2022/23, the gambling industry continued to exhibit high growth, contributing to the South African economy and providing leisure activities for punters. The industry's performance shows changing preferences, with punters shifting towards betting which translates to the betting sector holding the largest market share in terms of gross gambling revenue. Betting is a fast-expanding sector, opening up opportunities for entrepreneurial activity.

The NGB gathers information from Provincial Licensing Authorities (PLAs) which enables us to assess trends in the South African gambling landscape and inform stakeholders about the size and growth of the industry each year. This follows from the National Gambling Act (NGA), 2004 (Act 7 of 2004), Section 65(2)(e) which provides the mandate to monitor market share and market conduct.

The publication of the summary Gambling Sector Performance report is hoped to be beneficial to stakeholders and the public at large. We are grateful to the all PLAs for providing information and statistics that make this publication possible.

ACKNOWLEDGEMENTS

All PLAs are acknowledged for submitting audited information related to market conduct, market share and provincial gambling statistics per gambling mode, operator and province.

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CONTRIBUTORS

The following PLAs contributed to the compilation of this report by submitting audited provincial gambling statistics and information about market conduct:

- Eastern Cape Gambling Board
- Free State Gambling and Liquor Authority
- Gauteng Gambling Board
- KwaZulu-Natal Gaming and Betting Board
- Limpopo Gambling Board
- Mpumalanga Economic Regulator
- Northern Cape Gambling Board
- North West Gambling Board
- Western Cape Gambling and Racing Board

ACRONYMS

B-BBEE	Broad-Based Black Economic Empowerment
EBT	Electronic Bingo Terminal
EC	Eastern Cape
FS	Free State
FY	Financial Year
GDP	Gross Domestic Product
GGR	Gross Gambling Revenue
GP	Gauteng
KZN	KwaZulu-Natal
L	Limpopo
LPM	Limited Payout Machines
MP	Mpumalanga
N/A	Not Applicable
NC	Northern Cape
NCEMS	National Central Electronic Monitoring System
NGA	National Gambling Act, 2004 (Act 7 of 2004)
NGB	National Gambling Board
NW	North West
PLAs	Provincial Licensing Authorities
Qrt	Quarter
RTP	Return to Punter
the dtic	The Department of Trade, Industry and Competition
TO	Turnover
WC	Western Cape
YoY	Year-on-Year

EXPLANATORY NOTES

Term	EXPLANATION
Broad-based black economic empowerment (B-BBEE)	Broad-based black economic empowerment is the sustainable economic empowerment of all black people – in particular women, workers, youth, people with disabilities and people living in rural areas – through diverse but integrated strategies including, but not limited to: (a) increasing the number of black people who manage, own and control enterprises and productive assets (b) facilitating ownership and management of enterprises and productive assets by communities, workers, co-operatives and other collective enterprises (c) human resource and skills development, (d) achieving equitable representation in all occupational categories and levels in the workforce (e) preferential procurement including the promotion of local content procurement and (f) investment in enterprises that are owned or managed by black people.
Bingo	Bingo means a game played in whole or in part by electronic means using cards or other devices that are divided into spaces, each of which bear a different number, picture or symbol and are arranged randomly such that each card or similar device contains a unique set of numbers, pictures or symbols. An operator calls or displays a series of numbers, pictures or symbols in random order and the players match each such number, picture or symbol on the card or device as it is called or displayed. The player who is first to match all the spaces on the card or device, or who matches a specified set of numbers, pictures or symbols on the card or device, wins a prize.
Bookmaker	A bookmaker, bookie or turf accountant is a person or organisation that takes bets on various events or contingencies such as horse racing, football, rugby, union or marriages, births, names, divorces and in extreme cases, deaths, at agreed upon odds (fixed odds). A bookmaker may be licensed to operate on or off-course; that is, at licensed premises other than a racecourse.
Casino	A casino is a facility that is licensed to house and accommodate certain types of licensed casino style slot machines and table gambling games.
Key employees (licensed)	Senior management of the licensee. If the licensee is a corporate body, every director or officer or equivalent of such corporate body; any individual who has the authority to hire or terminate supervisory casino personnel; any individual who has the authority to supervise or direct a shift of gaming or security activity; individuals who have the authority or responsibility to manage one of more departments or functions of the operations (accounting, credit and collections, cage, personnel, internal audit, security and surveillance); any individual who specifically represents the board as being important or necessary to the operation of the entity; all persons who individually or as part of a group formulate management policy; any job positions or individual who upon notification by the gambling board is to be considered a key employee; anyone who the board considers whose functions and responsibilities place that employee in key employee status.
Other gaming employees (licensed)	Table inspector, dealer/croupier, cashier, counter, change attendant, host, floor attendant, security attendant, gaming machine attendant, gaming machine technician, surveillance personnel (lower ranking), gaming debt collection personnel, internal audit, accounting personnel, data processing, any other occupation upon notification by the board is concerned to be a gambling occupation for the purposes of the regulations.
Permanent employees (key and other)	Key (licensed) and other gaming (licensed) employees.
Temporary employees	Where the application for registration has been made to the board and the operation of the licensees' business will be prejudiced or disadvantaged by the delay. Such temporary licenses may be issued pending the outcome of the applicant's application for registration (in other words a temporary licence issued in anticipation of a permanent employee licence being issued).

Term	EXPLANATION
Gambling machine/ slot machine (used interchangeably)	A slot machine, informally known as a fruit machine, is a casino gambling machine with three or more reels, which spin when a button is pushed, or a handle is pulled (older mechanical types). These slot machines are also known as one-armed bandits because of the one lever on the side of the machine (the arm) and because of their ability to leave the gamer penniless (bandit). The machine pays off based on patterns of symbols visible on the front of the machine when it stops. Slot machines are the most popular gambling method in casinos and constitute about 80% of the average casino's income.
Gross gambling revenue (GGR)	Gross gambling revenue is defined as the rand value of the gross revenue of an operator in terms of turnover, less winnings paid to players.
Horse racing	Horse racing is the sport in which horses and their riders take part in races, typically with substantial betting on the outcome.
Licensed (all modes and outlets)	Licensed is when a person or company is in possession of a valid licence, registration card or certificate allowing him/them to offer approved gambling activities within licensed premises to over 18-year-old persons.
Limited payout machine (LPM)	Limited payout machine means a gambling machine outside of a casino, the playing of which offers limited stakes and prizes.
Return to player (RTP)	Return to player is an average amount of money returned to players achieved over a significant number of game plays and not each time the gambling machine is played (total amount returned to players/total amount wagered by players).
Route operator (RO)	Route operator is a juristic person licensed to own and operate limited payout machines, maintain and effect the collection of money and paying of taxes and levies in respect of all machines under its licence.
Site operator (SO)	Site operator is a natural or juristic person licensed to manage limited payout machines owned by a route operator on their licensed premises (also known as a site) and to make them available to be played by members of the public.
Table game	In casinos, the term 'table game' is used to distinguish games such as blackjack, craps, roulette and baccarat that are played on a table and operated by one or more live dealers like a croupier or poker dealer.
Taxes/levies	Gambling tax levied by and collected by provincial licensing authorities.
Totalisator/pari-mutuel betting (used interchangeably)	Totalisator is the name for the automated pool betting system, which runs pari-mutuel betting, calculating payoff odds, displaying them, and producing tickets based on incoming bets. Pari-mutuel betting is a betting system in which all bets of a particular type are placed together in a pool; taxes and the 'house stake' are removed, and payoff odds are calculated by sharing the net pool among all winning bets.
Turnover (TO)	Turnover is the rand value of money wagered. This includes 'recycling', which refers to amounts staked on more than one occasion. 'TO' in the fixed odds/bookmaking environment is, however, different from other forms of gambling in that the amount of money crossing the table is NOT seen as turnover. This is because the amount of money staked/wagered/bet on an event is returned to the player should the player win the wager/bet, so a true description of turnover in fixed odds/bookmaking parlance is money wagered minus the stakes wagered on winnings bets = fixed odds/bookmaking turnover.

EXECUTIVE SUMMARY

At the end of FY2022/23, R815.1 billion was wagered in the South African gambling industry, which is 45.6% higher than the turnover generated during the previous financial year. Gross gambling revenue (GGR) amounted to R47.2 billion, a 36.9% increase from the previous year.

Analysis of GGR by gambling mode revealed betting to have generated half of industry GGR at 50.3% or R23.7 billion. Casinos also generated a sizable proportion of GGR at R17.3 billion (36.8%). The LPM industry is the third largest sector (9.0%), generating R4.2 billion during FY2022/23. The bingo sector generated 3.9% of revenues at R1.8 billion.

GGR growth between the modes of gambling showed betting to have experienced the highest growth at 53.5%, relative to the previous financial year. Over the same period, growth in the casino, LPM and bingo sectors was 26.1%, 14.4% and 22.3% respectively. While the other gambling modes have grown to surpass pre-COVID GGR, casino GGR has not reached its pre-pandemic level of R18.4 billion.

At a national level, the betting sector is the largest gambling mode, however provincial analysis showed that for Gauteng, KwaZulu-Natal (KZN), the Eastern Cape, North West, Northern Cape and Free State, casinos are the largest sectors at a provincial level. In Gauteng for example, casinos generated 61.7% of GGR during FY2022/23. The betting sector dominated the Western Cape (70.4%), Mpumalanga (88.6%) and Limpopo (69.4%) markets.

Bookmakers' sports betting has experienced tremendous positive growth over the years. Bookmakers' sports betting growth was 61.3% between FY2021/22 and FY2022/23. Betting on horse racing with bookmakers posted growth of 25.5% during the same period. Totalisators, on the other hand, have seen declining revenues. Totalisators horse racing and sports betting fell by 6.4% and 10.1% respectively when compared to the previous financial year.

For the casino sector, the Gauteng province generated the largest proportion of GGR at 45.4%. The Western Cape (36.2%) and Mpumalanga (32.5%) accounted for the highest amount of GGR generated in the betting industry. The LPM sector's largest provinces are the Western Cape (23.8%) and KZN (22.2%). For bingo, it is Gauteng (29.7%) and the Eastern Cape (28.2%) that generated the largest revenues.

Taxes/levies amounted to R4.0 billion during FY2022/23, which is 28.2% higher than the value in the previous year. Casinos generated the largest proportion of taxes/levies at 43.0%, followed by betting (40.6%), LPMs (12.4%) and bingo (3.9%).

SNAPSHOT OF THE GAMBLING INDUSTRY FY2021/22 & FY2022/23

Variable	FY2021/22 Market conduct – as at Quarter 4 Statistics – Total all Quarters	FY2022/23 Market conduct – as at Quarter 4 Statistics – Total all Quarters	FY2022/23 Quarter 1	FY2022/23 Quarter 2	FY2022/23 Quarter 3	FY2022/23 Quarter 4
Number of operational casinos	38	38	38	38	38	38
Number of operational slots (casinos)	20 959	21 978	20 468	21 375	22 058	21 978
Number of operational table (casinos)	842	911	848	826	920	911
Number of operational gambling positions (casinos)	25 507	26 695	24 522	25 896	27 854	26 695
Number of operational totalisator outlets	306	299	299	289	303	299
Number of operational bookmakers	264	326	297	270	297	326
Number of operational bookmaker outlets	527	531	526	534	529	531
Number of operational Limited Payout Machine (LPM) site operators	2 474	2 624	2 533	2 550	2 620	2 624
Number of active LPMs	14 591	15 642	14 887	14 947	15 580	15 642
Number of operational bingo outlets	67	67	66	56	67	67
Number of operational bingo positions	8 625	8 917	8 858	8 897	9 019	8 917
Traditional	132	0	132	132	132	0
Electronic Bingo Terminals	8 960	8 917	8 726	8 765	8 887	8 917
National gambling statistics: Turnover	R559 880 253 827	R815 110 216 812	R175 471 498 001	R193 384 179 551	R222 202 344 386	R224 052 194 874
National gambling statistics: GGR	R34 430 989 724	R47 168 024 499	R10 497 547 481	R11 718 401 656	R12 713 397 628	R12 238 677 734
National gambling statistics: Taxes/levies collected	R3 150 812 854	R4 038 436 170	R922 232 384	R992 758 731	R1 088 052 942	R1 035 392 113

MAXIMUM LICENSES PER GAMBLING MODE PER PROVINCE AS AT 31 MARCH 2023

MAXIMUM NUMBER OF LICENCES	Eastern Cape	Free State	Gauteng	KZN	Limpopo	Mpumalanga	North West*	Northern Cape	Western Cape
Maximum number of casino licenses	5	4	7	5	3	4	4 active 1 pending	3	5
Maximum number of route operator licences	2	2	5	4	No set maximum number	Unlimited	No set maximum number	2	2
Maximum number of bookmaker licenses	Unlimited	No set maximum number	131	48	No set maximum number	Unlimited, subject to sufficient market demand and operational viability	No set maximum number	17	48 Unlimited
Maximum number of totalisator licenses	Unlimited	No set maximum number	1	2	No set maximum number	Unlimited, subject to sufficient market demand and operational viability	No set maximum number	2	1 Unlimited
Maximum number of bingo licenses	15	No roll out currently	11	22	No set maximum number	Unlimited, subject to sufficient market demand and operational viability	9	No roll out currently	No roll out currently Unlimited

CHAPTER 1: NATIONAL GAMBLING STATISTICS

1. Introduction

1.1 The purpose of this section is to provide an overview of national gambling statistics (per gambling mode and province) based on provincial gambling statistics submitted by all PLAs during the reporting periods as indicated.

2. Turnover per gambling mode and province

2.1 A total amount of R815.1 billion was wagered in FY2022/23. This is a 45.6% increase from the previous year's turnover of R559.9 billion. The betting sector generated more than half of industry turnover at 52.9%. Mpumalanga generated the highest amount of turnover at R228.5 billion or 28.0%, followed by the Western Cape (R194.8 billion or 23.9%). The TO per gambling mode and province is reflected in figures 1 and 2.

Figure 1: Turnover per gambling mode, all provinces, FY2022/23

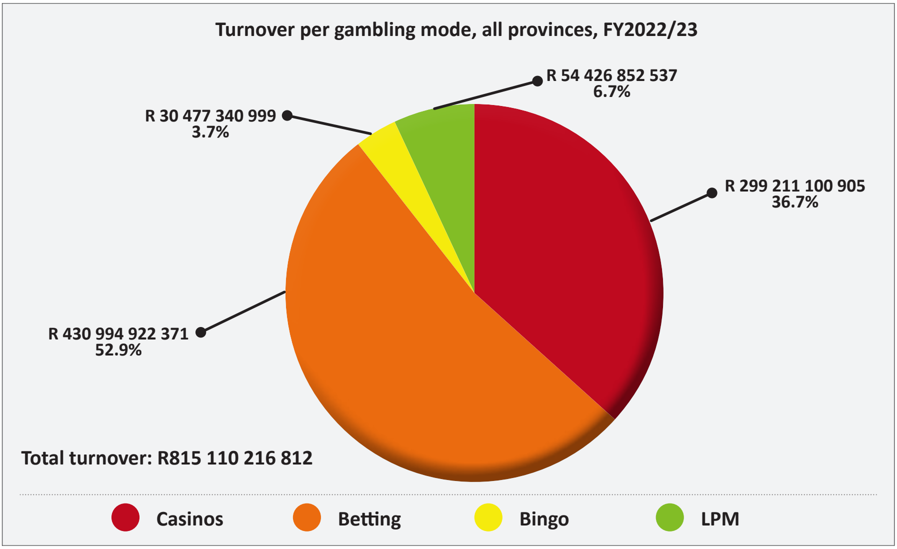
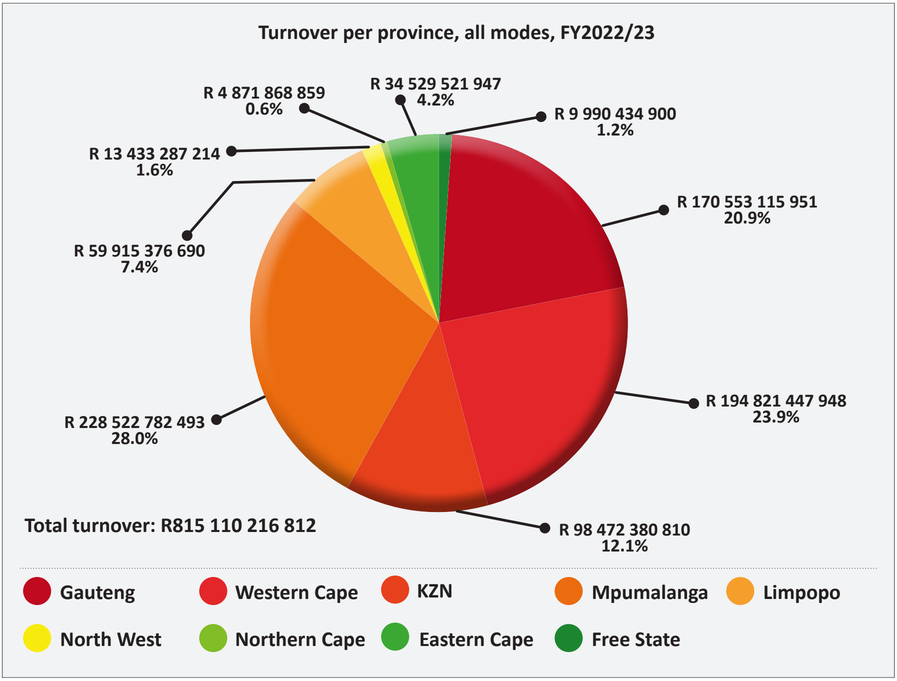


Figure 2: Turnover per province, all modes, FY2022/23



3. Gross gambling revenue per gambling mode and province

3.1 GGR generated in the gambling industry during FY2022/23 amounted to R47.2 billion. This represents a 37.0% increase from the previous year's GGR of R34.4 billion. The largest share of GGR was generated by the betting industry, amounting to half (50.3%) of industry GGR. Gauteng and the Western Cape generate the largest share of GGR across provinces at 27.1% and 25.9% respectively. The GGR per gambling mode and province is reflected in figures 3 and 4.

Figure 3: GGR per gambling mode, all provinces, FY2022/23

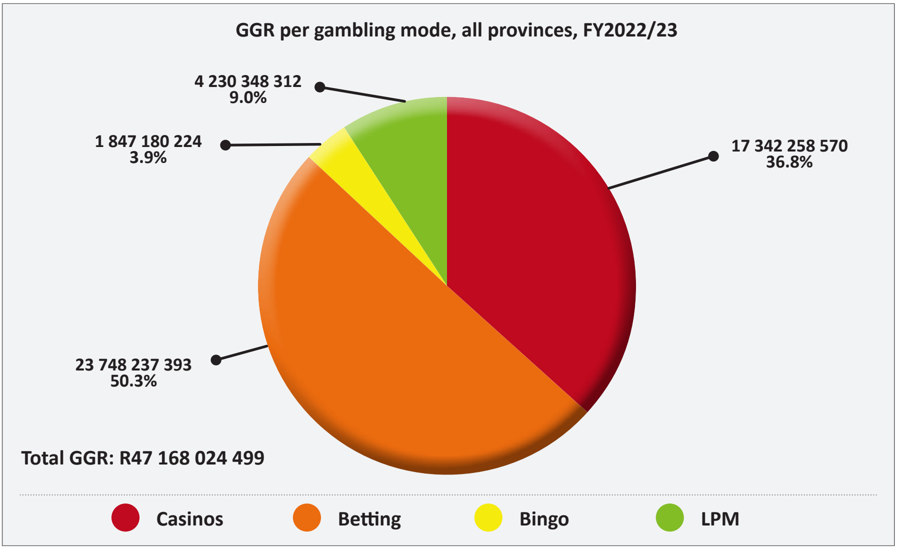
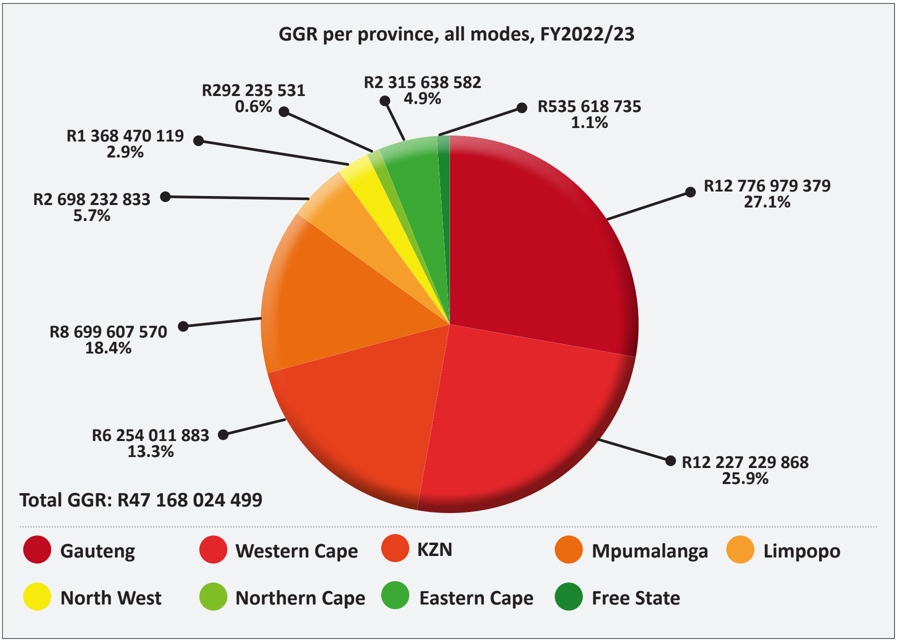
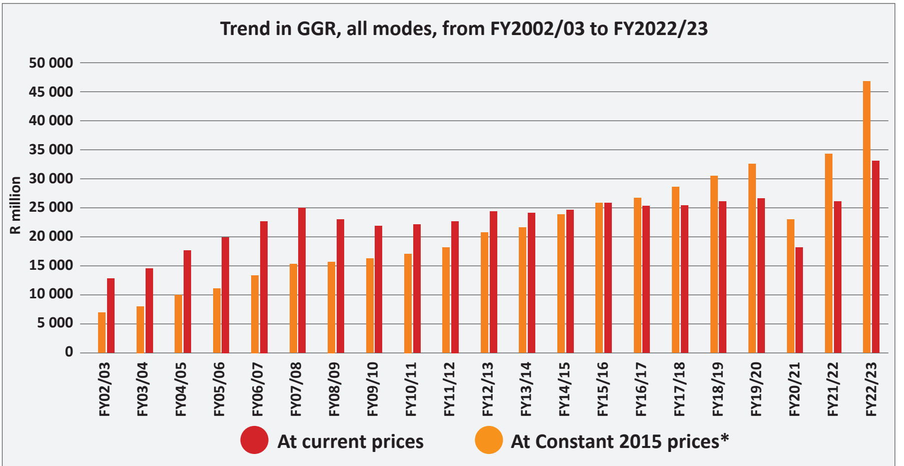


Figure 4: GGR per province, all modes, FY2022/23



3.2 The trend in aggregate GGR is illustrated in figure 5 at constant 2015 prices that account for inflation. Based on constant prices, GGR followed an increasing upward trend since FY2002/03 before dropping in FY2008/09 and FY2009/10. This is the same time as the Global Financial Crisis of FY2007/08 that slowed down economic growth and resulted in a fall in incomes and consequently discretionary income for gambling. In real terms, growth was relatively higher between FY2003/04 and FY2006/07 at 12% to 21%. Real GGR growth lowered towards FY2017/18 remaining around 2% until the pandemic hit when GGR fell by 31%, rebounded by 42% the following year and grew by 28% in FY2022/23.

Figure 5: Trend in GGR, all modes, FY – from FY2002/03 to FY2022/23



*Consumer Price Index for calculation of constant figures sourced from South African Reserve Bank (2023)

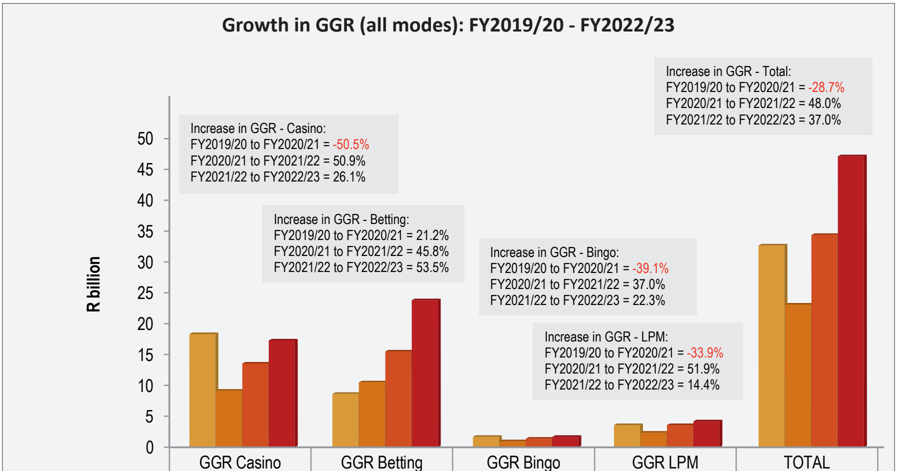
3.3 Analysis of GGR and gambling positions per gambling mode during the period FY2019/20 to FY2022/23 reflected the following growth and trends as shown in figures 6, 7 and 8:

a) GGR overall rose by 36.9% in FY2022/23 compared to the previous financial year. The betting and casino sectors had the highest growth rates, growing 53.3% and 26.1% respectively. The bingo and LPM sectors grew by 21.6% and 14.4% respectively

b) All provinces experienced positive GGR growth over the past financial year, with Mpumalanga having the highest growth at 75.6%. Limpopo and the Western Cape also experienced high levels of growth at 61.8% and 42.9% respectively

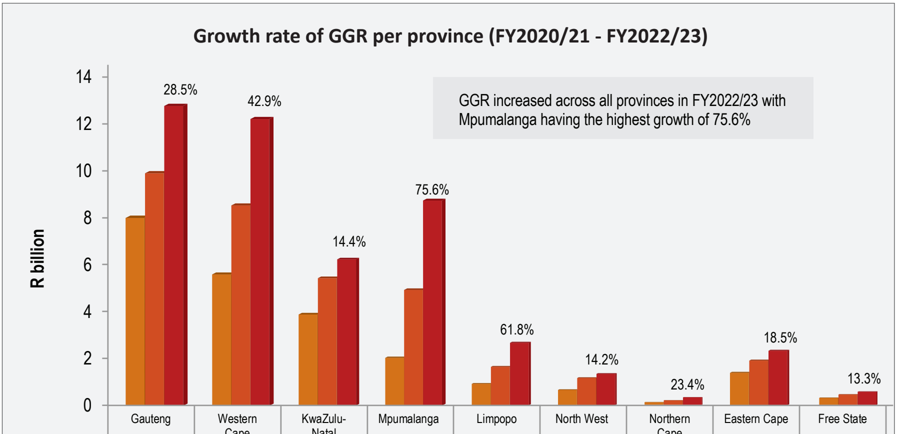
c) In FY2022/23, the number of operational casino positions and LPMs increased relative to the previous year. The number of operational casino positions grew by 4.7% from 25 507 to 26 695. The number of LPMs rose by 7.2% from 14 591 to 15 642. Bingo operational positions decreased by 0.5% to 8782 positions.

Figure 6: Growth in GGR, all modes (FY2019/20 – FY2022/23)



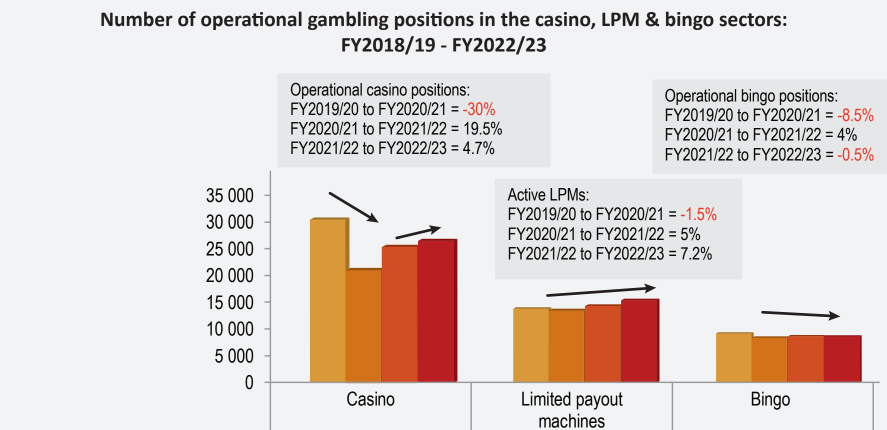
	GGR Casino	GGR Betting	GGR Bingo	GGR LPM	TOTAL
GGR, FY2019/20	18 394 077 253	8 764 027 638	1 810 774 980	3 681 852 665	32 650 732 535
GGR, FY2020/21	9 107 191 030	10 609 620 944	1 103 215 830	2 434 393 885	23 254 421 690
GGR, FY2021/22	13 753 507 077	15 468 352 646	1 510 403 511	3 698 726 491	34 430 989 724
GGR, FY2022/23	17 342 258 570	23 748 237 393	1 847 180 224	4 230 348 312	47 168 024 499

Figure 7: Growth rate of GGR per province (FY2020/21 – FY2022/23)



	Gauteng	Western Cape	KwaZulu-Natal	Mpumalanga	Limpopo	North West	Northern Cape	Eastern Cape	Free State
GGR, FY2020/21	8 075 932 542	5 645 269 379	3 918 530 389	2 058 984 744	970 226 198	688 054 486	162 009 414	1 423 696 775	306 849 610
GGR, FY2021/22	9 922 515 409	8 559 389 433	5 465 114 334	4 953 759 202	1 667 943 324	1 198 675 864	236 898 523	1 953 756 225	472 937 409

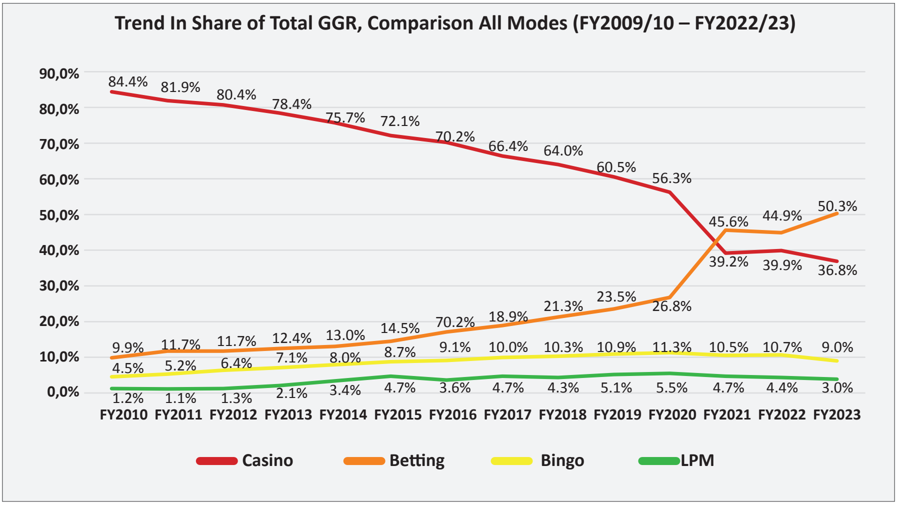
Figure 8: Number of gambling positions in the casino, LPM & bingo sectos: FY2019/20 – FY2022/23



	Casino	Limited payout machines	Bingo
Operational positions, FY2019/20	30 515	14 130	9 427
Operational positions, FY2020/21	21 349	13 914	8 625
Operational positions, FY2021/22	25 507	14 591	8 960
Operational positions, FY2022/23	26 695	15 642	8 917

3.4 As at 31 March 2023, GGR from all modes of gambling totalled R 47 168 024 499 (all quarters). Of this total, betting GGR accounted for the highest share at 50.3% followed by casino GGR at 36.8%. LPM GGR accounted for 9.0% of the market whilst bingo GGR had the least market share of 3.9%. Between FY2009/10 and FY2022/23, the trend in market share saw the share of casino GGR fall from 84.4% to 36.8%, whilst the share of gambling revenues from other modes (betting, LPM and bingo sectors) increased. In FY2020/21, the betting sector grew to surpass the casino sector with market shares standing at 44.9% and 39.9% the following year for the betting and casino sectors respectively; and the betting sector gaining a larger market share in FY2022/23 to 50.3%.

Figure 9: Trend in share of total GGR, comparison all modes (FY2009/10 – FY2022/23)



4. Taxes/levies contribution per gambling mode and province

4.1 Taxes/levies generated by the gambling industry amounted to R4.0 billion during FY2022/23. This is a 28.2% increase from the previous year's taxes/levies of R3.2 billion. The casino and betting sectors generated almost equal shares of taxes/levies, with casinos (43.0%) being slighter higher than betting (40.6%). At 28.1%, the Gauteng province generates the largest share of taxes/levies. Taxes/levies collected per gambling mode and province are reflected in figures 10 and 11.

Figure 10: Taxes/levies per gambling mode, all provinces, FY2022/23

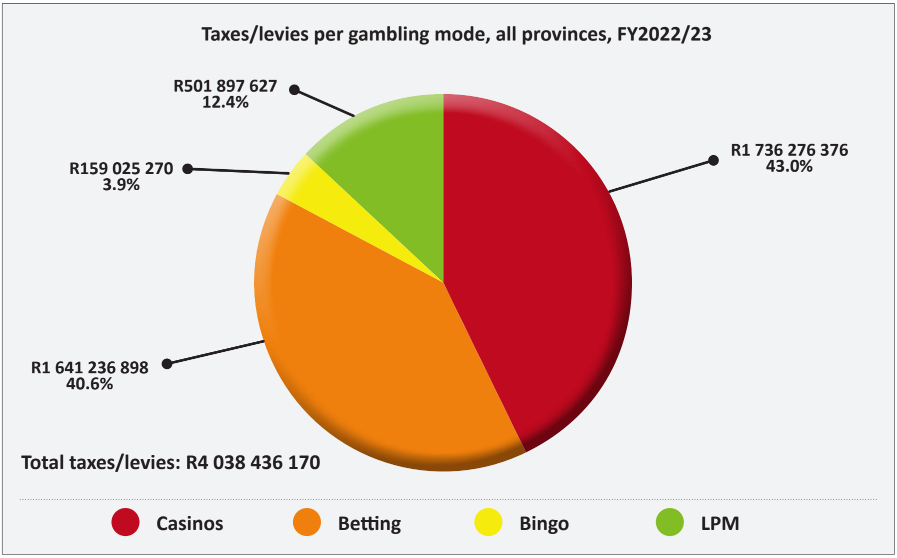
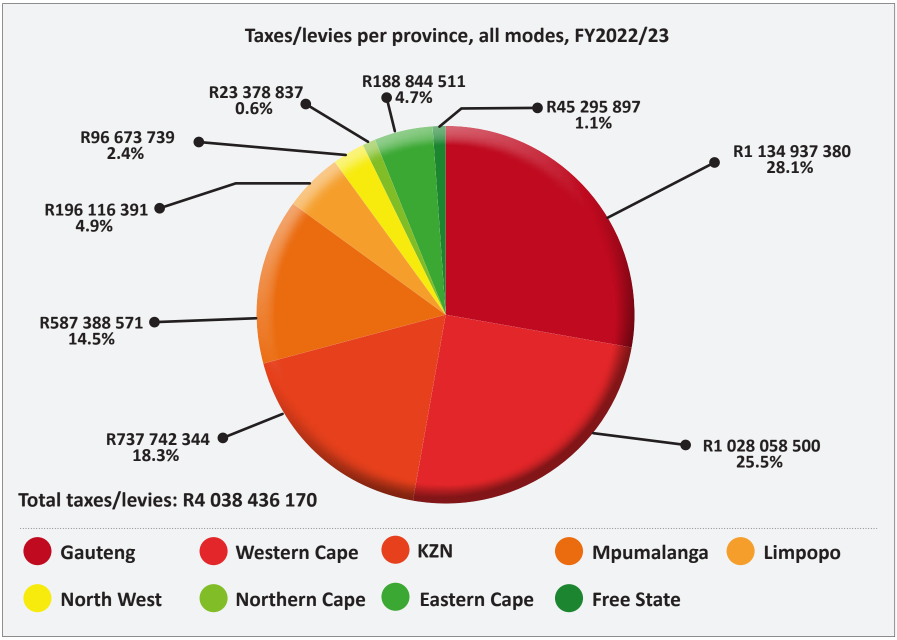


Figure 11: Taxes/levies per province, all modes, FY2022/23



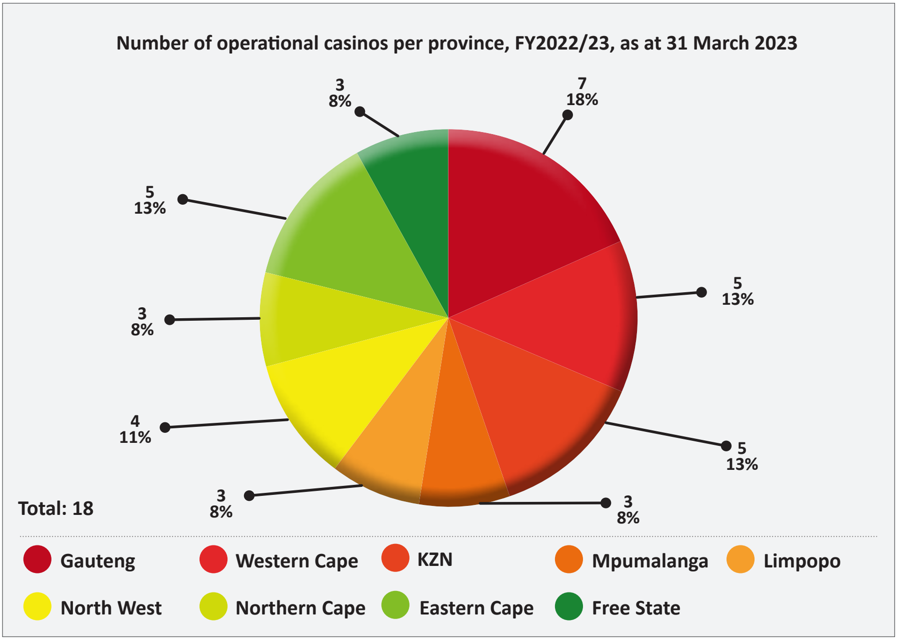
CHAPTER 2: CASINO SECTOR

1. Market conduct

1.1 As at 31 March 2023 a total number of 38 casinos (out of a maximum of 41 licenses) were operational in South Africa. The controlling shareholders for operational casinos are Sun International (12 casinos), Tsogo Sun Holdings/Hosken Consolidated Investments (15 casinos), Peermont Resorts (8 casinos), Northern Cape Casino Consultants (1 casino) and Billion Group (1 casino).

1.2 Of the total casino market, the majority of the casinos are situated in Gauteng (7, 18%). The Western Cape, KwaZulu-Natal and Eastern Cape each host 5 casinos (13% respectively) as reflected in figure 12.

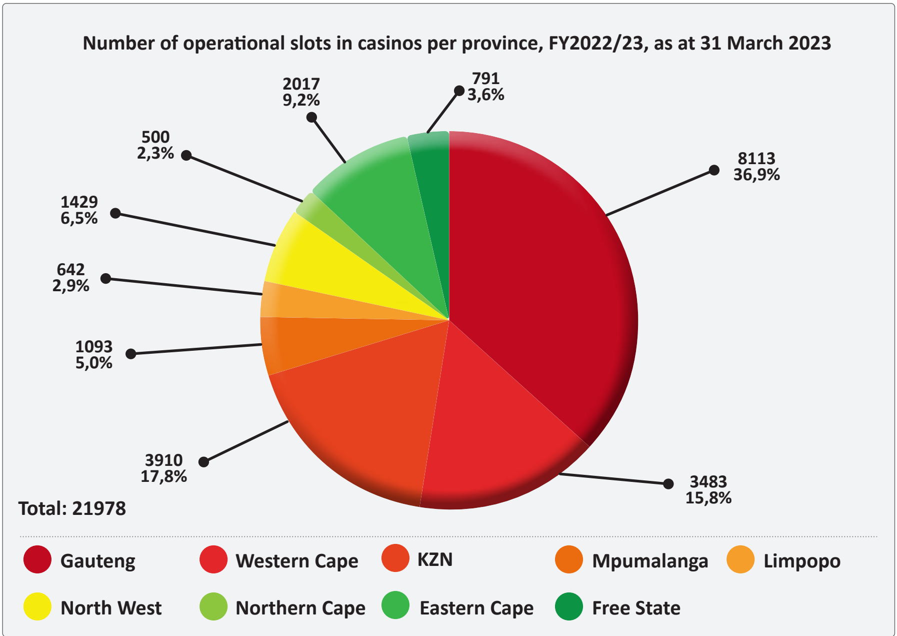
Figure 12: Number of operational casinos per province, FY2022/23, as at 31 March 2023



1.3 The NGB monitors the number of licensed and operational gambling machines/ slots, tables and positions in casinos. Gambling positions are calculated as the sum total of operational slots, plus tables multiplied by the average number of positions that each table represents in a province or casino.

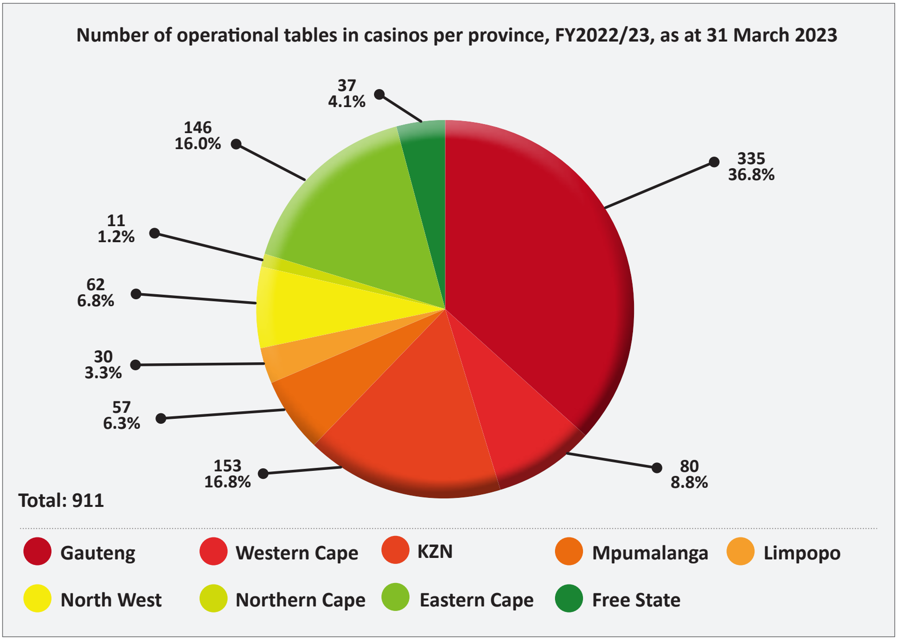
1.4 There are a total of 21 978 slot machines throughout the country. Gauteng accounts for the highest number of slots in casinos, with 8 113 slot machines or 36.9% relative to other provinces. KZN and the Western Cape house 17.8% and 15.8% of the country's slots machines respectively. Refer to figure 13.

Figure 13: Number of operational slots in casinos per province, FY2022/23, as at 31 March 2023



1.5 There are 911 operational casino tables throughout the country. The majority of tables are in Gauteng at 335 tables or 36.8%. The Eastern Cape (16.0%) and KZN (16.8%) also house a sizable number of casino tables.

Figure 14: Number of operational tables in casinos per province, FY2022/23, as at 31 March 2023

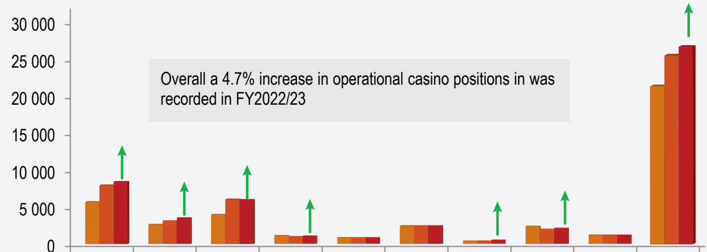


1.6 The number of operational gambling positions is calculated as the number of slots, plus the average number of positions that each table represents at a casino. The number of positions per table differs depending on the nature of the table game, as well as the licensing conditions in a province. Gauteng has the highest number of casinos in South Africa (7 out of 38 operational casinos) as at 31 March 2023 and also accounted for the highest number of operational gambling positions in casinos (8 448) out of a total of 26 695, followed by KwaZulu-Natal (6 052) and the Western Cape (3 563).

1.7 The number of operational gambling positions in casinos (slots and tables) increased from 25 507 at the end of FY2022/23 to 26 695 in FY2022/23 (4.7% increase).

Figure 15: Number of operational positions in casinos per province, FY2019/20 – FY2022/23 (as at 31 March 2023)

Number of operational positions in casinos per province, FY2020/21 - FY2022/23 (as at 31 March 2023)



	Gauteng	Western Cape	KwaZulu-Natal	Mpumalanga	Limpopo	North West	Northern Cape	Eastern Cape	Free State	All provinces
Operational positions, FY2020/21, Qrt 4	5 775	2 710	3 991	1 193	932	2 501	549	2 437	1 261	21 349
Operational positions, FY2021/22, Qrt 4	7 983	3 130	6 028	1 079	932	2 501	549	2 044	1 261	25 507
Operational positions, FY2022/23, Qrt 4	8 448	3 563	6 052	1 150	932	2 501	602	2 186	1 261	26 695

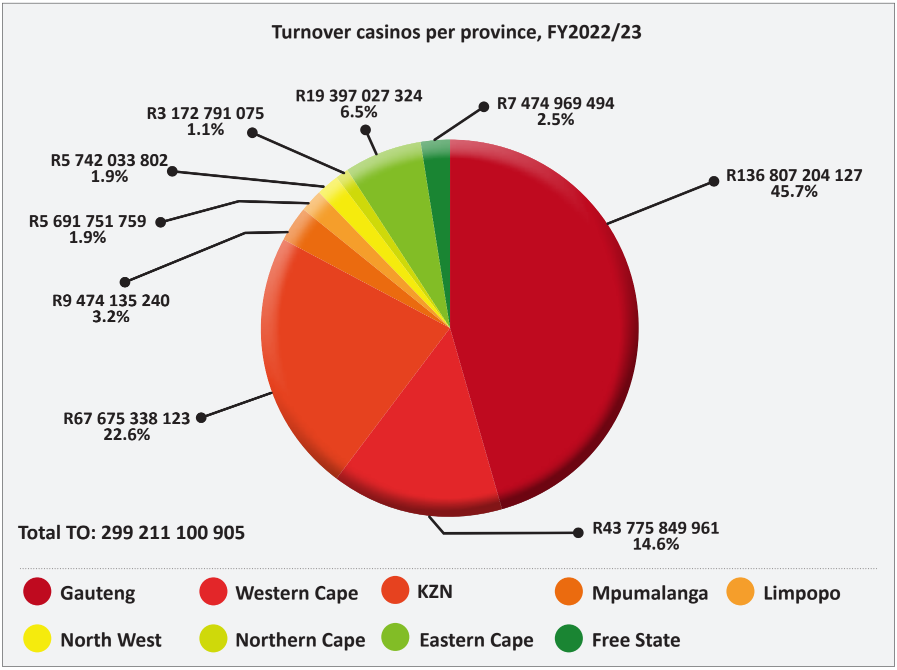
Increased Decreased No change between FY2021/22 and FY2022/23

2. Turnover per province in casinos

2.1 The total value of money wagered in casinos in FY2022/23 was R299.2 billion. This amount represents 36.7% of the total turnover across all gambling modes. Casino turnover grew by 24.1% relative to the previous year. Total turnover has also surpassed pre-pandemic turnover of R292.3 billion.

2.2 Gauteng (45.7%) generates the largest share of turnover relative to other provinces. This is followed by money wagered in casinos in KwaZulu-Natal (22.6%) and Western Cape (14.6%) as reflected in figure 16.

Figure 16: Turnover casinos per province, FY2022/23



3. Gross gambling revenue (GGR) per province

3.1 The total value of GGR generated by casinos in FY2022/23 was R17.3 billion. This amount represents 36.8% of GGR across all gambling modes. Casino GGR grew by 26.1% relative to the previous year. Pre-pandemic, casino GGR was R18.4 billion, hence the current value is still slightly below FY2019/20.

3.2 Gauteng (45.4%) generates the largest share of GGR relative to other provinces. This is followed by GGR in casinos in KwaZulu-Natal (20.7%) and the Western Cape (15.1%) as reflected in figure 17.

Figure 17: GGR casinos per province, FY2022/23

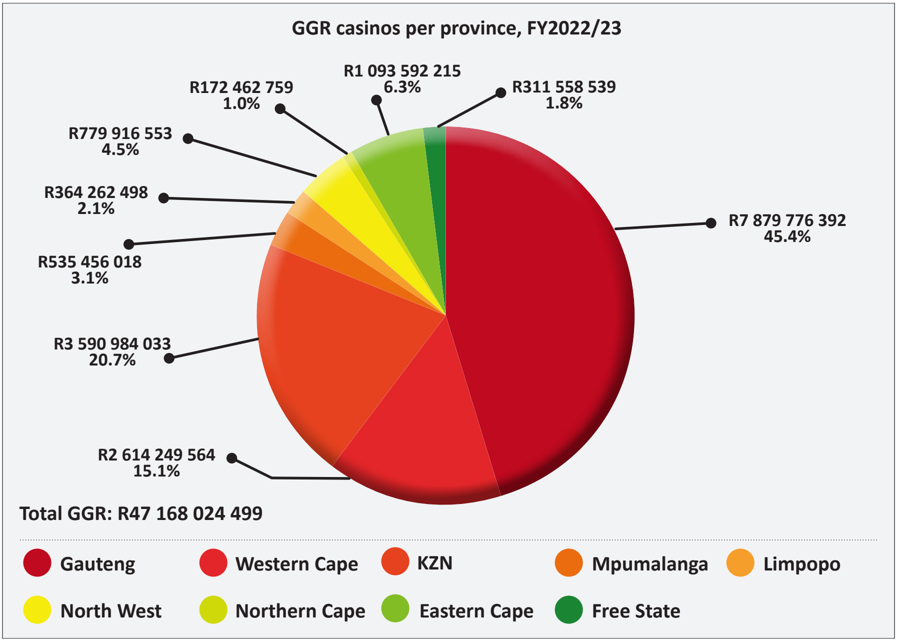
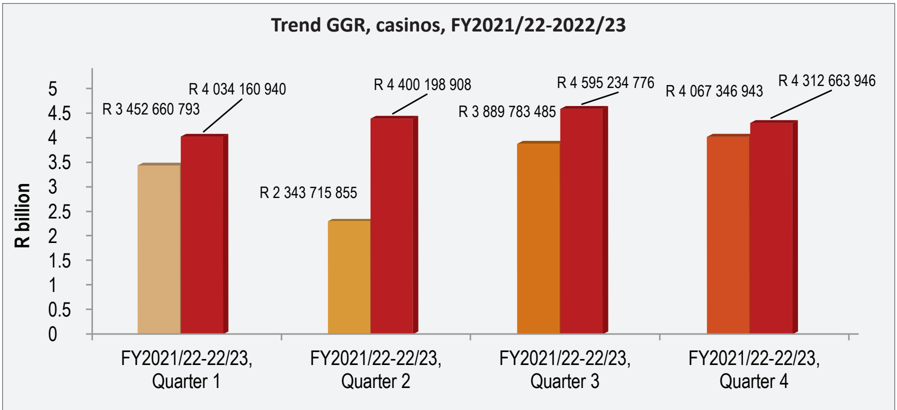


Figure 18: Trend in GGR, casinos, FY2021/22 - 2022/23

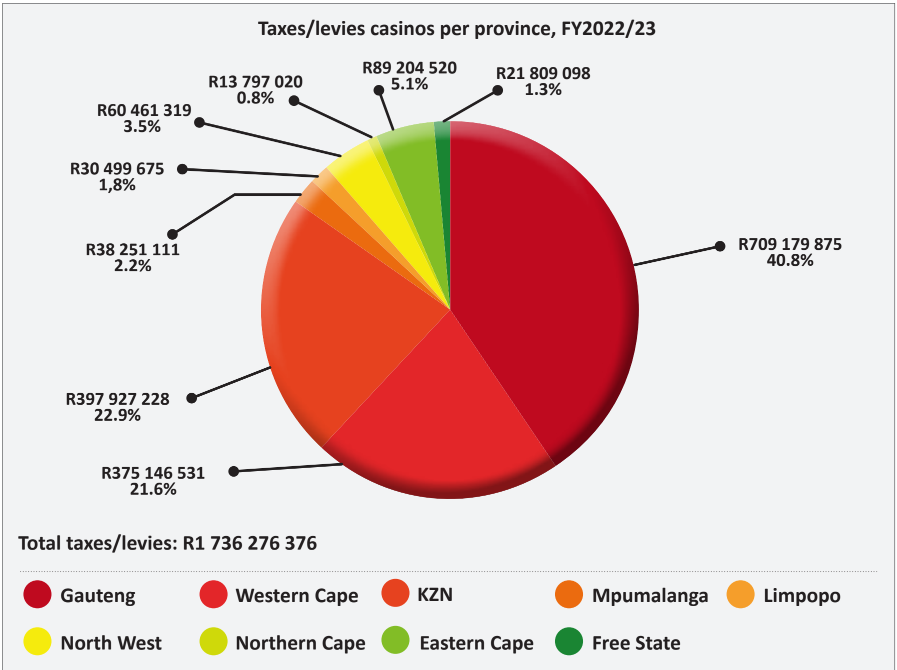


4. Taxes/levies collected by PLAs from the casino sector per province

4.1 The total value of casino taxes/levies generated during FY2022/23 was R1.7 billion. This amount represents 43.0% of taxes/levies across all gambling modes. Casino taxes/levies grew by 24.8% relative to the previous year. Taxes/levies generated were marginally below the FY2019/20 value of R1.9 billion.

4.2 Gauteng (40.8%) generates the largest share of taxes/levies relative to other provinces. This is followed by taxes/levies in casinos in KwaZulu-Natal (22.9%) and the Western Cape (21.6%) as reflected in figure 19.

Figure 19: Taxes/levies casinos per province, FY2022/23



CHAPTER 3: BETTING ON HORSE RACING AND SPORT SECTOR

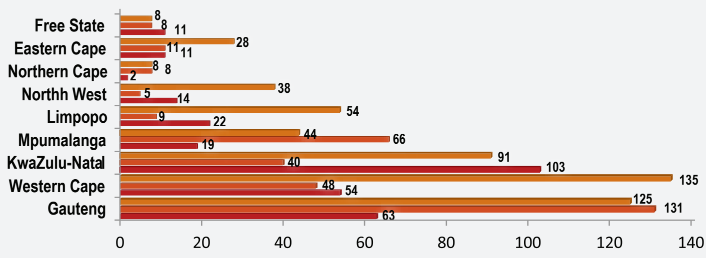
1. Market conduct

1.1 Gold Circle is the totalisator operator in KwaZulu-Natal; 4Racing in Gauteng, Mpumalanga, Limpopo, North West, Northern Cape, Eastern Cape and the Free State; and Kenilworth Racing in the Western Cape. Telebet call centres are located in Gauteng and the Eastern Cape. PowerBet Gaming is a totalisator operating in Mpumalanga. Licensed bookmakers are located in all the provinces throughout the Republic. Bets can be placed on horse racing and sport (on and off course), as well as on any other legal contingency.

1.2 The number of licenced operational bookmakers increased from 264 to 326 over the past financial year, representing an increase of 23.5%. Operational bookmaker outlets increased slightly from 527 to 531. Operational totalisator outlets decreased from 306 to 299. As at 31 March 2023, Gauteng accounted for the highest number of licensed operational bookmakers (125) and KZN (103) had the highest number of totalisator outlets.

Figure 20: Number of licensed operational bookmakers, totalisator and bookmaker outlets, FY2022/23, as at 31 March 2023

Number of operational bookmakers, totalisator and bookmaker outlets per province, FY2022/23, as at 31 March 2023



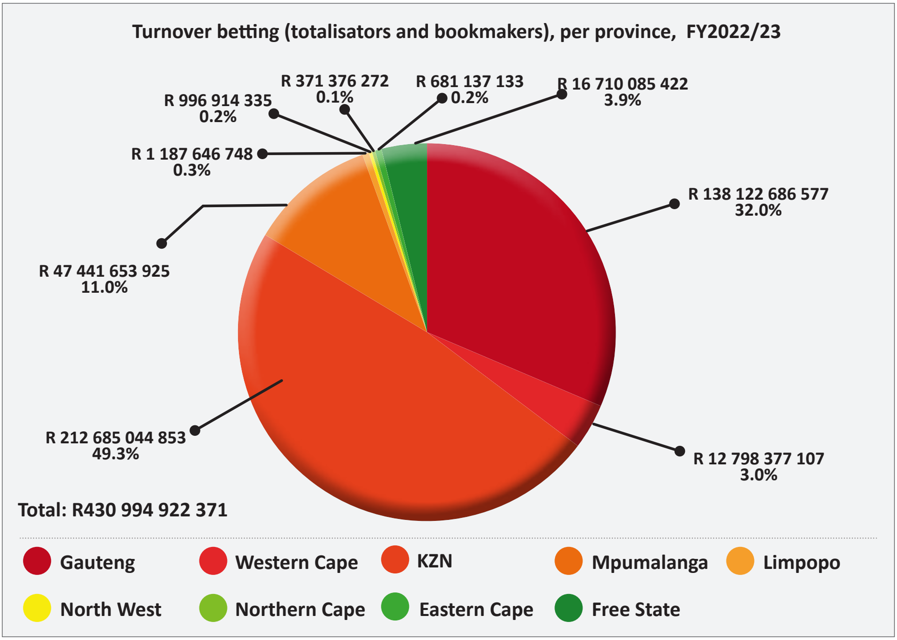
	Gauteng	Western Cape	KwaZulu-Natal	Mpuma-langa	Limpopo	North West	Northern Cape	Eastern Cape	Free State
Operational bookmaker outlets	125	135	91	44	54	38	8	28	8
Operational bookmakers	131	48	40	66	9	5	8	11	8
Operational totalisator outlets	63	54	103	19	22	14	2	11	11

2. Turnover in the betting sector (totalisators and bookmakers) per province[1]

2.1 The total value of money wagered in the betting on horse racing and sport sector during FY2022/23 was R431 billion. This amount represents 52.9% of turnover across all gambling modes. This is a 75.6% increase from the same period last year. Pre-COVID, the industry had generated R75.7 billion showing a drastic rise since the pandemic.

2.2 Mpumalanga (49.3%) accounted for the highest amount of money wagered in the betting on horse racing and sport industry, followed by the Western Cape (32.0%) and Limpopo (11.0%), as reflected in figure 21.

Figure 21: Turnover betting (totalisators and bookmakers), per province, FY2022/23



1 It is important to note that as far as Eastern Cape statistics are concerned, figures for betting on horse racing are inclusive of betting on sport. Unfortunately no splits are available, and therefore, these values and percentages should be read with due caution.

3. Gross gambling revenue generated in the betting sector (totalisators and bookmakers) per province

3.1 The total value of GGR in the betting on horse racing and sport sector during FY2022/23 was R23.7 billion. This amosunt represents 50.3% of GGR across all gambling modes. This is a 53.5% increase from the same period last year and has surpassed the pre-COVID value of R8.8 billion.

3.2 As at 31 March 2023, the Western Cape (36.2%) accounted for the highest GGR generated in FY2022/23 followed by Mpumalanga (32.5%) and Gauteng (15.0%) as reflected in figure 22.

Figure 22: GGR betting (totalisators and bookmakers), per province, FY2022/23

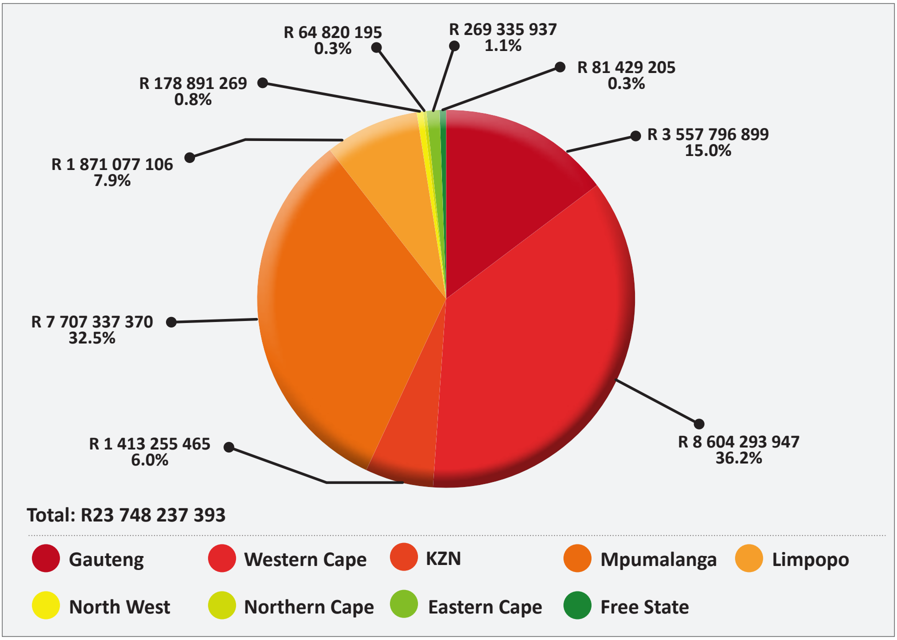
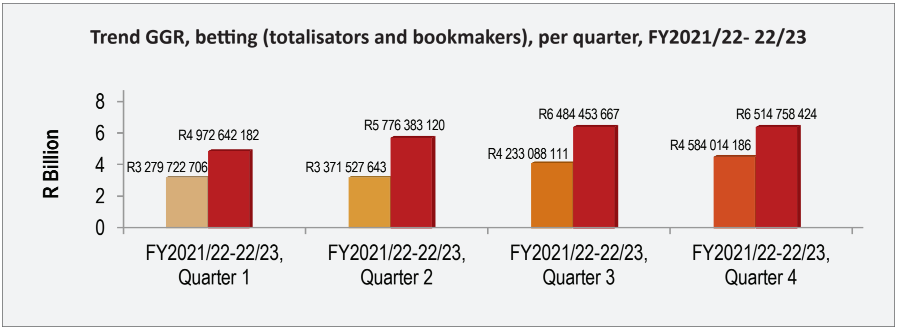


Figure 23: Trend in GGR, betting (totalisators and bookmakers), per quarter, FY2021/22-22/23



3.3 Bookmakers' horse racing GGR has generally been on an upward trend over the years rising by 29% in FY2018/19 and 2% in FY2019/20 as shown in figure 14. It fell marginally by 2% in FY2020/21, in the first year of the pandemic but recovered by 11% the following year. In FY2022/23, GGR increased by 26%.

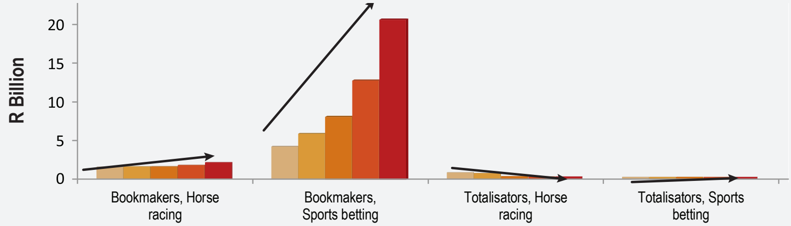
3.4 GGR generated by bookmakers on sports bettings has been on a sharp upward trend since FY2017/18 as shown in figure 14. GGR growth was 29% in FY2018/19, increasing again by 39% and 37% in FY2019/20 and FY2020/21. In FY2021/22, sports betting experienced tremendous growth at 57%, followed by 61% growth in FY2022/23.

3.5 Totalisators' horse racing GGR has been on a downward trend since FY2018/19. In FY2018/19, GGR fell by 1%. In FY2019/20, GGR fell by 15% and saw a drastic decline in FY2020/21 during the first year of the pandemic, falling by 47%. In FY2021/22, GGR continued on its downward path, falling by 2%, and falling a further 6% in FY2022/23.

3.6 Totalisators' sports betting GGR was on a downward path until FY2020/21 when its course reversed. In FY2018/19 and FY2019/20 GGR fell by 6% and 14%. In FY2020/21 and FY2021/22 GGR increased by 20% and 7% respectively; however it fell by 10% in FY2022/23.

Figure 24: Trend in GGR, betting (totalisators and bookmakers), FY2018/19 - FY2022/23

Trend GGR, betting (totalisators and bookmakers), per quarter, FY2021/22- 22/23



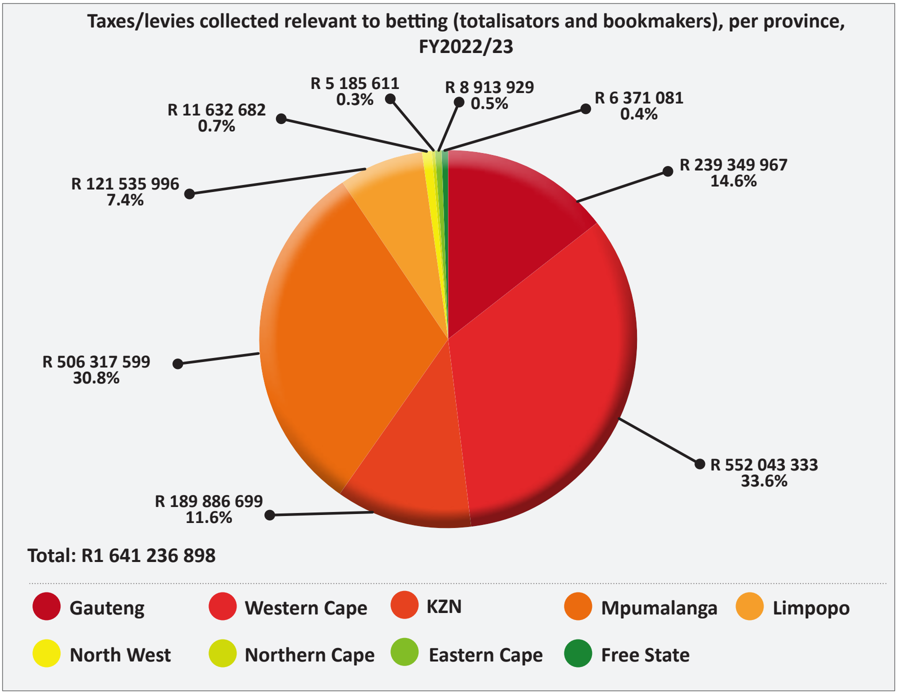
	Bookmakers, Horse racing	Bookmakers, Sports betting	Totalisators, Horse racing	Totalisators, Sports betting
FY2018/19	R1 670 139 075	R4 317 057 494	R941 913 021	R313 592 486
FY2019/20	R1 709 594 514	R5 981 461 167	R803 813 609	R269 158 347
FY2020/21	R1 683 065 295	R8 178 285 690	R426 477 279	R321 792 680
FY2021/22	R1 872 054 678	R12 832 845 899	R419 575 899	R343 876 171
FY2022/23	R2 349 467 556	R20 694 447 979	R392 804 287	R309 147 397

4. Taxes/levies collected by PLAs from the betting sector (totalisators and bookmakers) per province

4.1 The total value of taxes/levies in the betting on horse racing and sport sector during FY2022/23 was R1.6 billion. This amount represents 40.6% of taxes/levies across all gambling modes. This is a 40.3% increase from the same period last year. Pre-COVID taxes/levies generated by the betting sector were R669.9 million – indicating a steep increase after the pandemic.

4.2 The Western Cape accounted for the highest amount of taxes collected in the betting industry (33.6%), followed by Mpumalanga (30.8%) and Gauteng (14.6%).

Figure 25: Taxes/levies collected relevant to betting (totalisators and bookmakers), per province, FY2022/23



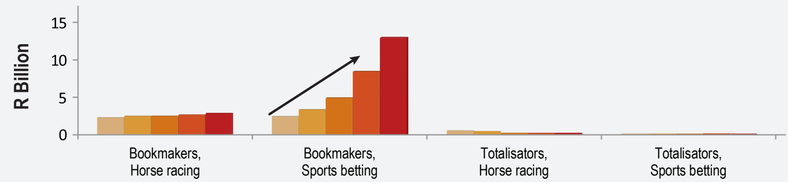
4.3 The collection of taxes/levies from bookmakers offering horse racing increased over the period FY2018/19 to FY2022/23. Growth was 3% in FY2021/22 and 2% in FY2022/23. Refer to figure 26.

4.4 Taxes/levies from sports betting bookmakers experienced sharp growth since FY2018/19 as shown in figure 17. Growth was 72% in FY2021/22, followed by 54% in FY2022/23.

4.5 Totalisators horse racing taxes/levies has been on a downward trend since FY2018/19, falling a further 6% in FY2022/23.

4.6 Taxes/levies collected from totalisator's sports betting has also generally been on a downward trend, with the exception of 38% growth in FY2020/21. Following this, taxes/levies fell by 5% in FY2021/22 and again by 9% in FY2022/23.

Figure 26: Trend in taxes/levies collected relevant to betting (totalisators and bookmakers), FY2018/19 – FY2022/23



	Bookmakers, Horse racing	Bookmakers, Sports betting	Totalisators, Horse racing	Totalisators, Sports betting
FY2018/19	R234 294 532	R242 062 102	R63 114 445	R19 163 213
FY2019/20	R255 643 674	R342 735 894	R54 125 488	R17 218 199
FY2020/21	R254 481 045	R492 317 133	R28 315 504	R23 708 890
FY2021/22	R271 481 798	R846 678 613	R29 315 067	R22 596 620
FY2022/23	R291 719 022	R1 302 474 861	R27 527 538	R20 576 437

CHAPTER 4: LIMITED PAYOUT MACHINE SECTOR

1. Market Conduct

1.1 The main role players in the LPM sector can be defined in three specific categories, namely route and independent operators, site operators and the National Central Electronic Monitoring System (NCEMS). Route/independent operators are companies that are licensed to own, manage and operate LPMs throughout the country. Site operators are privately-owned hotels, pubs or eating establishments, totalisator or bookmaker outlets which may be situated throughout the country. NCEMS is a centralised LPM monitoring and evaluation system operating on a long-term contract basis by Route Monitoring.

1.2 A total of 15 642 LPMs were active throughout the country at the end of FY2022/23. The majority of LPMs were in KZN (21.2%) and Gauteng (18.9%). All provinces, except the Eastern Cape increased the number of active LPMs in their provinces relative to the previous year. Refer to figure 19 and figure 20.

1.3 There were 2 624 operational site operators throughout the country with most site operators in KZN and Gauteng.

Figure 27: Number of active LPMs per province, FY2022/23, as at 31 March 2023

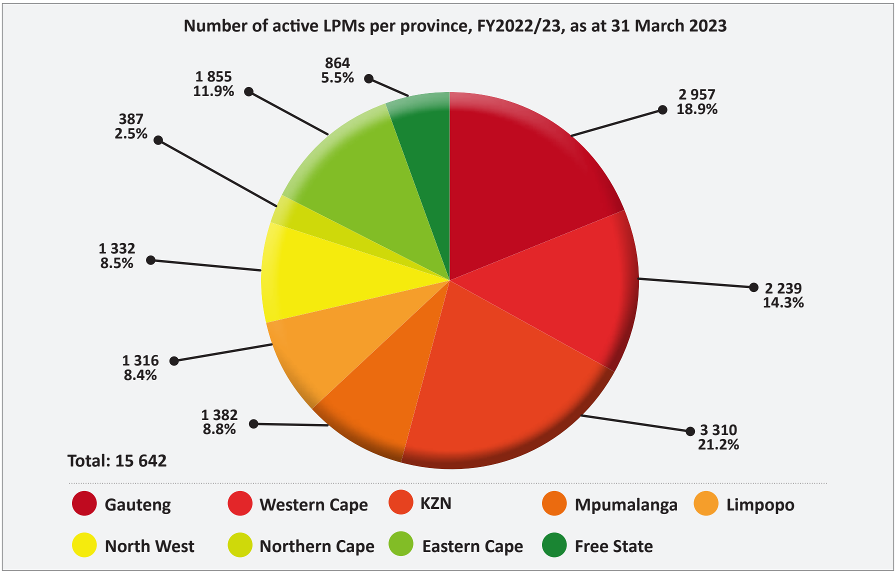
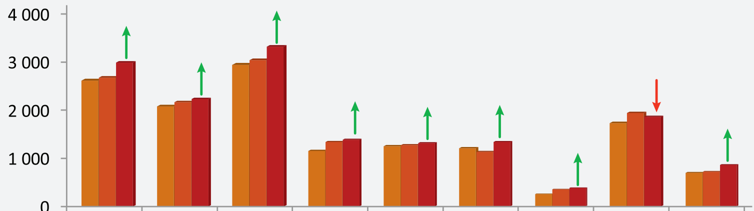


Figure 28: Number of licensed active LPMs per province, FY2020/21 to FY2022/23



	Gauteng	Western Cape	KwaZulu-Natal	Mpumalanga	Limpopo	North West	Northern Cape	Eastern Cape	Free State
Active LPMs, FY2020/21, Qrt 4	2 609	2 078	2 940	1 153	1 253	1 212	258	1 729	682
Active LPMs, FY2021/22, Qrt 4	2 664	2 153	3 035	1 334	1 276	1 130	345	1 936	718
Active LPMs, FY2022/23, Qrt 4	2 957	2 239	3 310	1 382	1 316	1 332	387	1 855	864

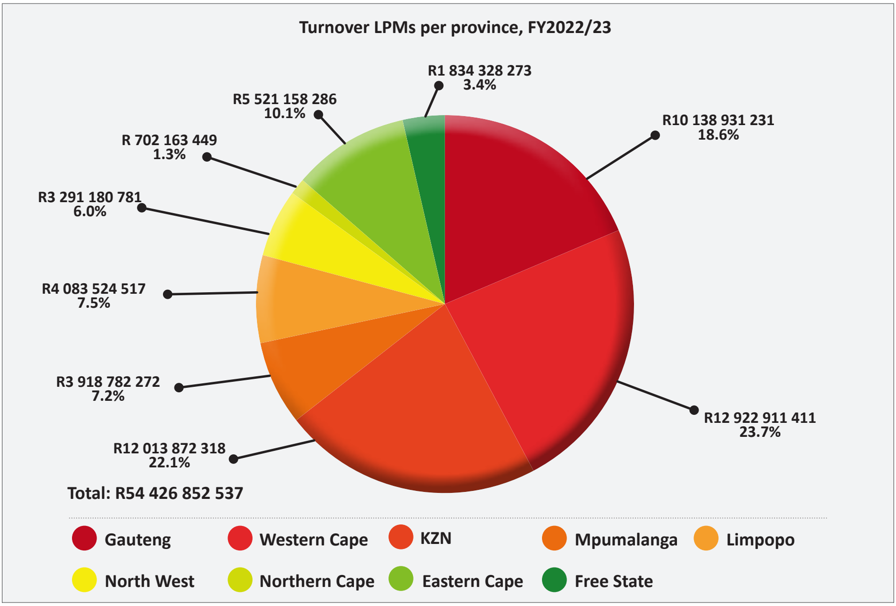
Increased Decreased No change from FY2021/22 to FY2022/23

2. Turnover in the LPM sector per province

2.1 The total value of money wagered in the LPM sector during FY2022/23 was R54.4 billion. This is a 14.0% increase relative to the previous year. The amount represents 6.7% of turnover across the gambling modes. The value in FY2022/23 has surpaased its pre-pandemic GGR of R48.8 billion.

2.2 The highest amounts of money wagered in the LPM sector were in the Western Cape (23.7%) followed by KwaZulu-Natal (22.1%) and Gauteng (18.6%) as reflected in figure 29.

Figure 29: Turnover LPMs per province, FY2022/23



3. Gross gambling revenue generated in the LPM sector per province

3.1 The total value of GGR generated in the LPM sector during FY2022/23 was R4.2 billion. This is a 14.4% increase compared to the previous year. This amount represents 9.0% of the total amount of GGR generated by all gambling modes. Pre-pandemic GGR was R3.7 billion, showing that the LPM industry has surpassed its pre-COVID value.

3.2 The Western Cape accounted for the highest amount of GGR generated in the LPM sector at 23.8% followed by KwaZulu-Natal (22.2%) and Gauteng (18.7%) as reflected in figure 22.

Figure 30: GGR LPMs per province, FY2022/23

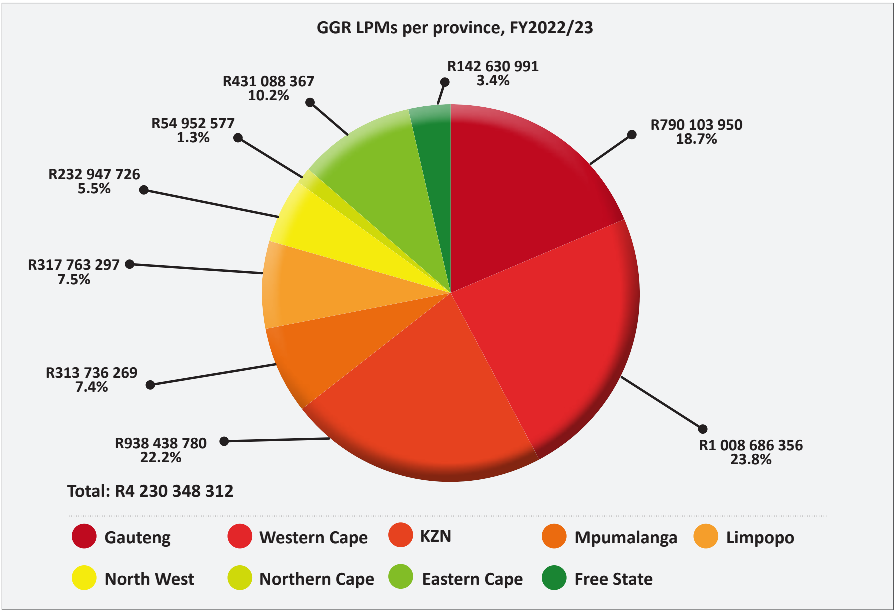
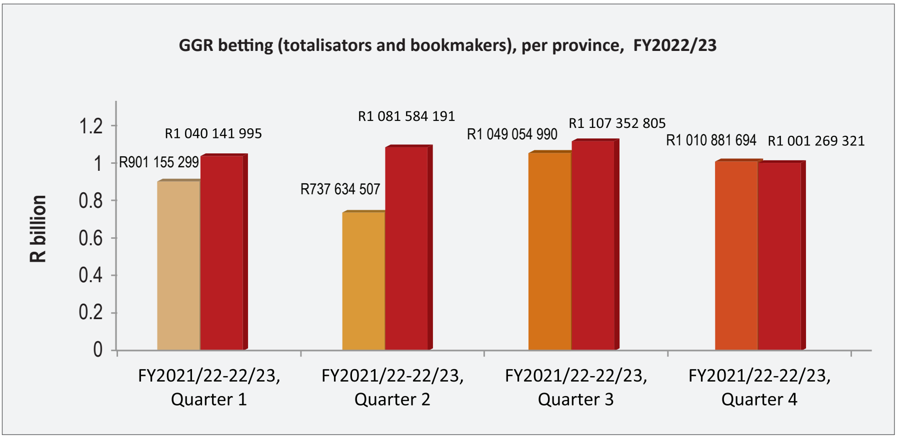


Figure 31: Trend in GGR LPMs, FY2022/23

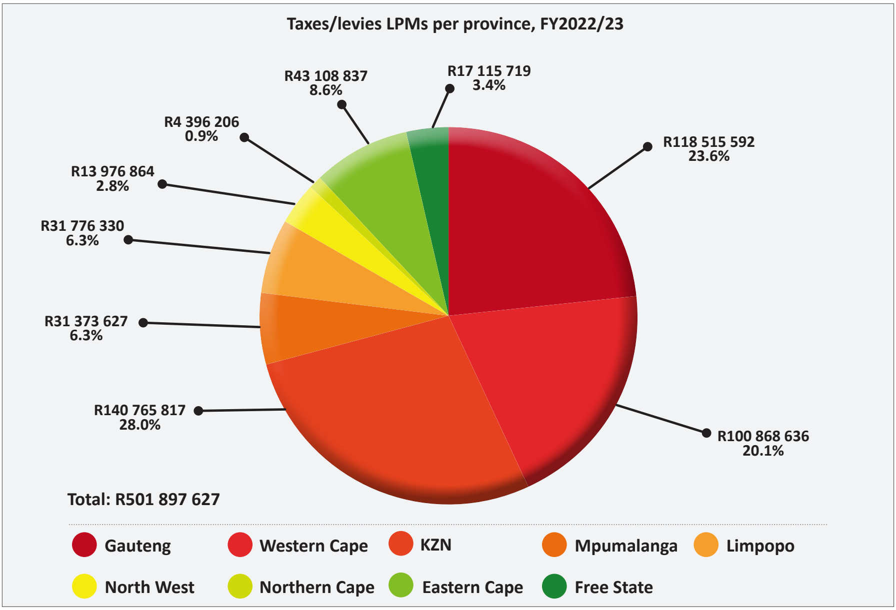


4. Taxes/levies collected by PLAs from the LPM sector per province

4.1 The total value of taxes/levies collected by PLAs from the LPM sector during FY2022/23 was R506.6 million. This amount represents 12.4% of taxes/levies from all gambling modes. LPM taxes/levies increased by 13.5% relative to the previous year and have surpassed the pre-pandemic level of R482.9 million.

4.2 KwaZulu-Natal has the highest number of licensed active LPMs in comparison to other provinces and accounted for 28.0% of the taxes collected during FY2022/23 as reflected in figure 32.

Figure 32: Taxes/levies LPMs per province, FY2022/23



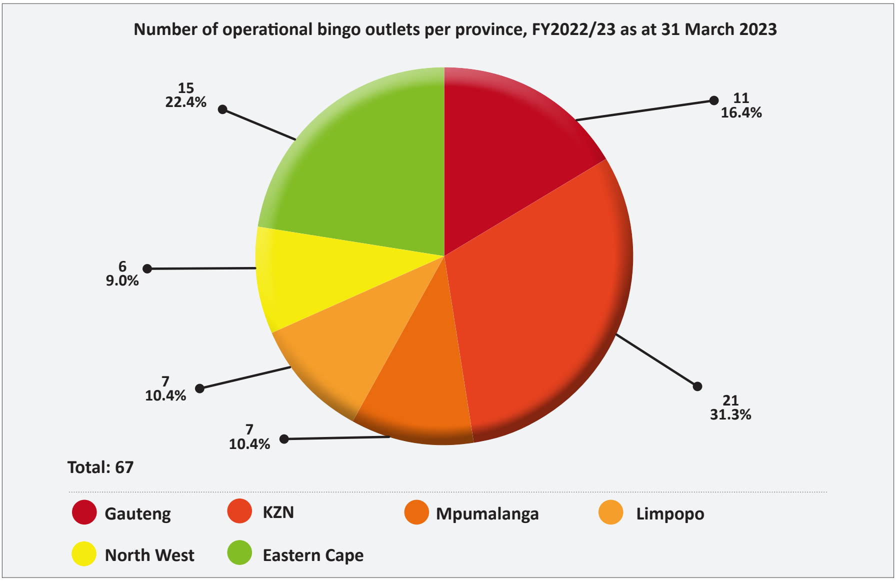
CHAPTER 5: BINGO SECTOR

1. Market conduct

1.1 Of the nine provinces in South Africa, bingo has been rolled out in six provinces; namely Gauteng, Mpumalanga, Limpopo, North West, Eastern Cape and KwaZulu-Natal. A total number of 66 (out of 69 licensed) bingo halls were operational as at 31 March 2023 of which 11 were operational in Gauteng, 15 in the Eastern Cape, 21 in KwaZulu-Natal, 6 in North West, 6 in Mpumalanga and 7 in Limpopo, as reflected in figure 33.

1.2 Gauteng accounted for the highest number of licensed operational bingo positions or seats totaling 2 466 (28%) out of a national figure of 8 917 licensed operational positions in FY2022/23 as at 31 March 2023. The Eastern Cape (24%) had the second highest number of bingo positions followed by KwaZulu-Natal (20%), Mpumalanga (8%), North West (9%) and Limpopo (11%).

Figure 33: Number of operational bingo outlets per province, FY2022/23 as at 31 March 2023

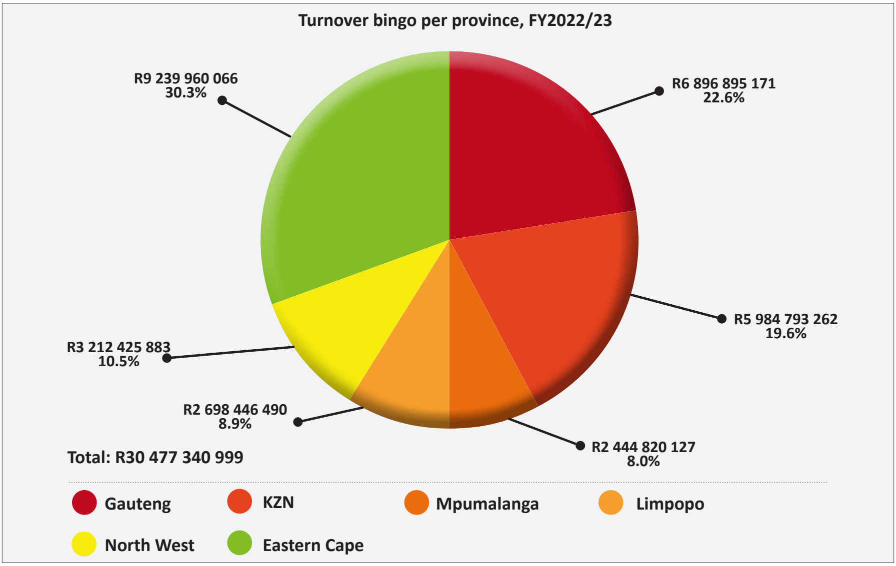


2. Turnover in the bingo sector per province

2.1 The total value of money wagered in the bingo sector during FY2022/23 was R30.4 billion, an 18.7% increase from the same period in the last year.This amount represents 3.7% of turnover of all gambling modes. In FY2022/23, bingo GGR has surpassed its pre-COVID value of R35.2 billion.

2.2 Bingo is offered for play in six provinces namely Gauteng, KwaZulu-Natal, Mpumalanga, Limpopo, North West and Eastern Cape. The highest amount of money wagered in FY2022/23 was recorded in the Eastern Cape (30.3%), followed by Gauteng (22.6%) and KZN (19.6%) as reflected in figure 34.

Figure 34: Turnover bingo per province, FY2022/23



3. Gross gambling revenue generated in the bingo sector per province

3.1 The total value of GGR generated in the bingo sector during FY2022/23 was R1.8 billion, a 22.3% increase from the previous year. This amount represents 3.9% of GGR across all gambling modes. GGR equalled pre-COVID GGR.

3.2 Gauteng (29.7%) accounted for the highest amount of GGR generated in FY2022/23, followed by the Eastern Cape (28.2%) and KwaZulu-Natal (16.9%) as reflected in figure 35.

Figure 35: GGR bingo per province, FY2022/23

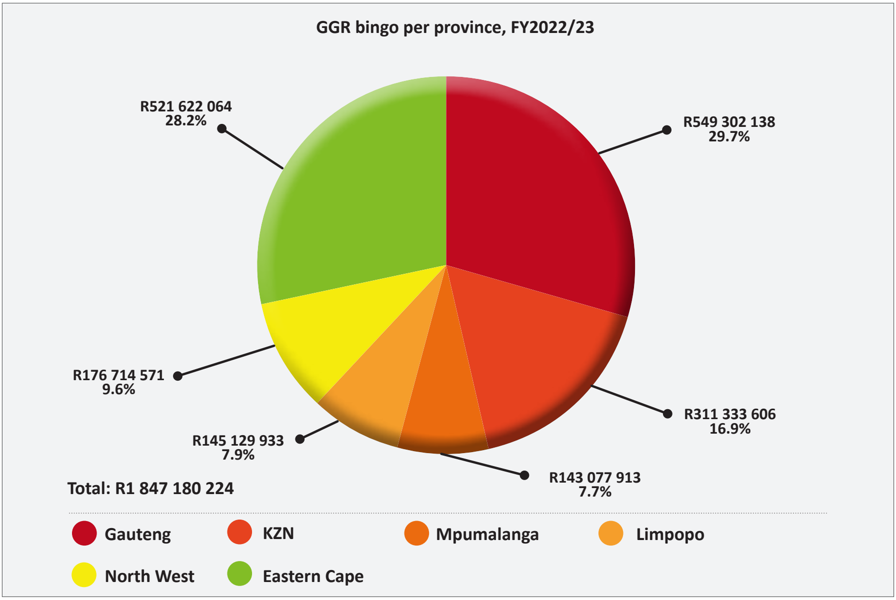
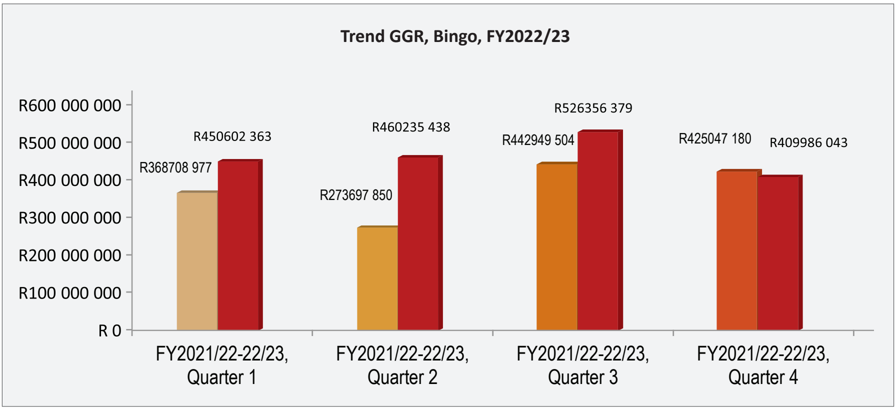


Figure 36: Trend in GGR, Bingo, FY2022/23

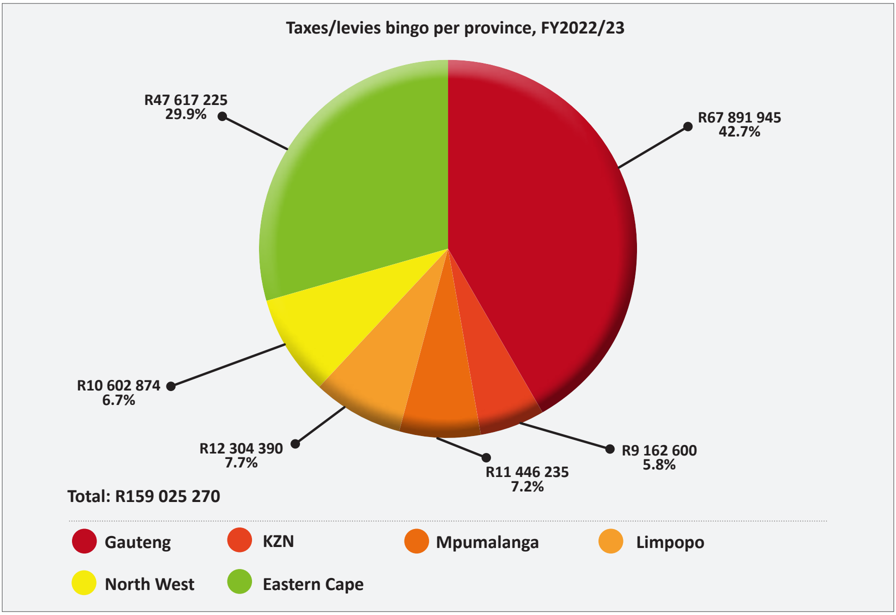


4. Taxes/levies collected by PLAs from the bingo sector per province

4.1 The total value of taxes/levies from the bingo sector during FY2022/23 was R162.6 million, a 15.1% increase from the last year. This amount represents 3.9% of taxes/levies across all gambling modes. The value of taxes collected was however still below the pre-pandemic value of R172.2 million.

4.2 Gauteng accounted for the highest amount of taxes/levies collected in FY2022/23 at 42.7%, followed by the Eastern Cape (29.9%) as reflected in figure 37.

Figure 37: Taxes/levies bingo per province, FY2022/23



CHAPTER 6: EMPLOYMENT

1.1 The NGB monitors direct employment numbers in the gambling sector (industry and regulators). A total number of 32 677 people (direct employment) were employed in the gambling industry (including regulators) as at 31 March 2023, up by 2% from the FY2021/22 level of 31 997. In general, the casino sector, and Gauteng province, accounted for the highest numbers in terms of direct employment in the gambling industry as reflected in table 1 below.

Table 1: Direct employment per province and mode, FY2022/23

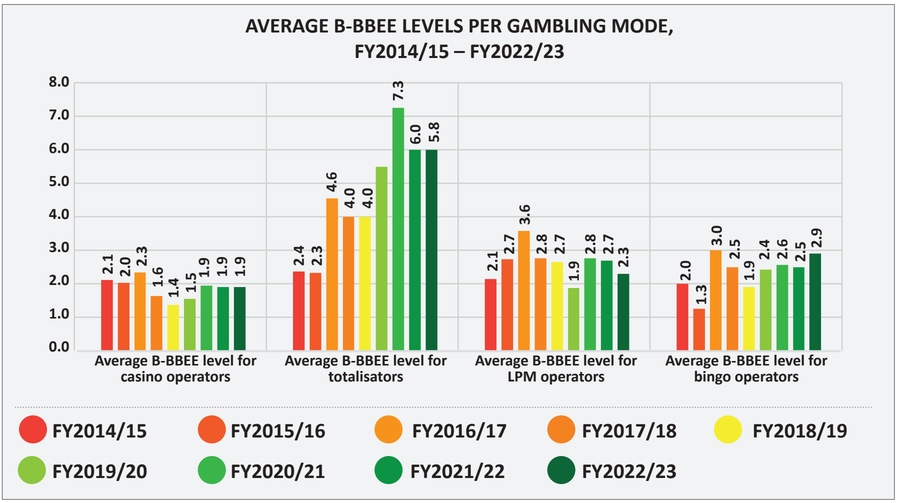
DIRECT EMPLOYMENT PER PROVINCE AND MODE, FY2022/23										
	PROVINCE									
Gambling mode	Gauteng	Western Cape	KwaZulu-Natal	Mpuma-langa	Limpopo	North West	Northern Cape	Eastern Cape	Free State	TOTAL
Casinos	3 450	2 551	4 240	434	340	444	247	1 250	349	13 305
Totalisators	185	139	988	58	54	13	4	78	51	1 570
Bookmakers	5 539	1 586	2 353	604	1 177	132	134	273	208	12 006
LPM	644	66	95	436	739	95	23	692	335	3 125
Bingo	271	0	732	182	158	156	0	393	0	1 892
Regulators										
PLAs	117	69	77	75	65	71	18	163	124	779
TOTAL	**10 206**	**4 411**	**8 485**	**1 789**	**2 533**	**911**	**426**	**2 849**	**1 067**	**32 677**

CHAPTER 7: TRANSFORMATION [B-BBEE LEVELS]

1.1 Broad-based black economic empowerment (B-BBEE) is an economic and political imperative in South Africa. Empowerment in the South African gambling industry is measured in terms of the Codes of Good practice published by the Department of Trade, Industry and Competition. The gambling industry, to date, does not have its own transformation charter. Thus gambling enterprises are measured in terms of the generic score card and more specifically, the following: Ownership, Management Control, Employment Equity, Skills Development, Preferential Procurement, Enterprise Development and Socio-Economic Development. However, on 11 October 2013, **the dtic** released the revised B-BBEE Codes of Good Practice. The old and the new codes have been merged to monitor contributor levels applicable to FY2017/18, and as follows: Ownership, Management Control, Employment Equity, Skills Development, Preferential Procurement, Enterprise (supplier) Development and Socio-Economic Development.

1.2 The average B-BBEE levels per gambling mode between FY2014/15 and FY2022/23 are shown in figure 38 below. Average B-BBEE levels for totalisators have generally increased over time, declining marginally in recent years. In FY2022/23 the average B-BBEE levels were 1.9, 5.8, 2.3 and 2.9 for the casino, totalisator, LPM and bingo operators respectively.

Figure 38: Average B-BBEE levels per gambling mode, FY2014/15 – FY2022/23



NOTES:


NGB

PROBLEM GAMBLING IS TREATABLE
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