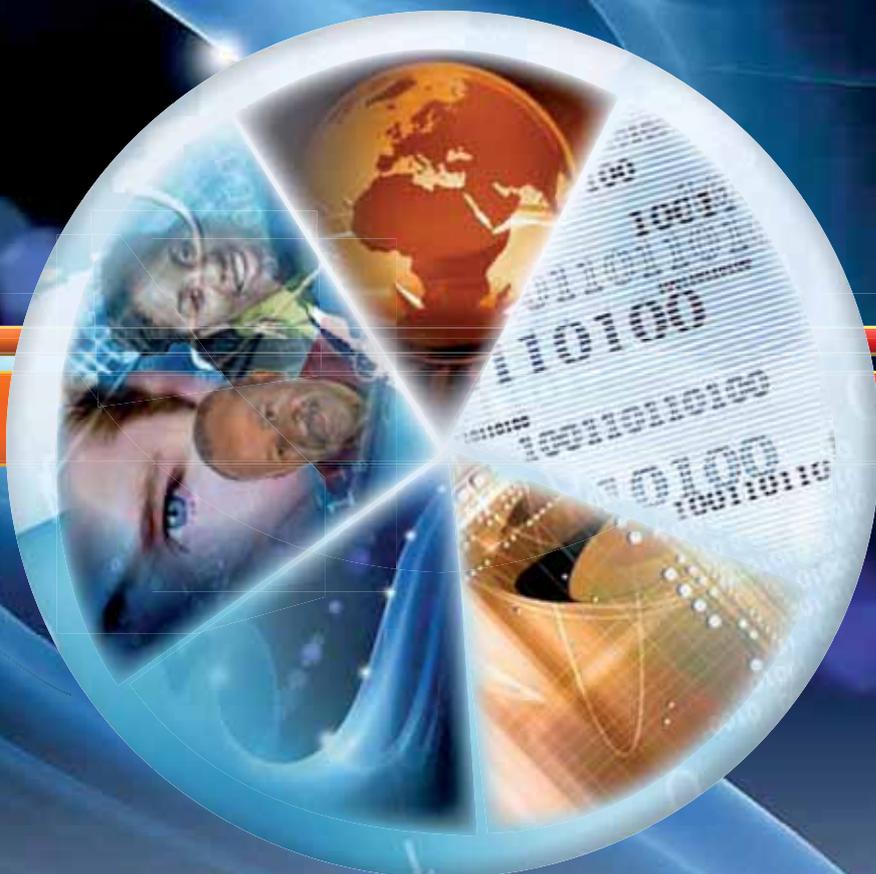


socio-economic impact

of legalised gambling in South Africa

2009



**National
Gambling Board**

a member of **the dti** group

socio-economic **impact**

of legalised gambling in South Africa

GAMBLING BEHAVIOUR IN SOUTH AFRICA:
RESULTS FROM THE 2009 SOCIO-ECONOMIC IMPACT STUDY

October 2009

Study commissioned by the
NATIONAL GAMBLING BOARD

Compiled by
Prof AA Ligthelm

BUREAU OF MARKET RESEARCH
College of Economic and Management
Sciences
University of South Africa

and

Ms E Jonkheid

NATIONAL GAMBLING BOARD





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- Ms Thabiso Mango of the NGB for the monitoring and attendance of various focus group discussions. She was also responsible for collecting secondary data from various institutions for use in the calculations of the contribution of the gambling sector to the South African economy.
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EXCLUSION OF CLAIMS

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foreword

chairperson of the national gambling board: Chris Fismer



The National Gambling Board (NGB) is enjoined by Statute to monitor the socio-economic impact of legalised gambling within the country on a regular basis.

In 2002 the NGB commissioned a socio-economic impact study to establish a baseline on the conduct and behaviour of the South African society with regard to various aspects such as propensity to gamble, the impact of gambling on household welfare levels and the frequency of visiting gambling outlets. The Board commissioned a follow-up study in 2005 which included social aspects, as well as a chapter on qualitative research findings.

In its third study on the impact of gambling on the South African community in 2008-2009, the NGB aimed at gauging the socio-economic and the gambling behaviour of South African society, to identify trends in gambling conduct and to inform the NGB on its regulatory responsibilities. Aspects such as under-age gambling, gambling by the youth and the less affluent as well as the extent of compulsive or problem gambling are of particular concern to the NGB. The NGB focused on all gambling modes with the exception of the National Lottery, which falls under the jurisdiction of the National Lotteries Board (NLB). Amongst others, findings revealed that a smaller number of South Africans are currently involved in gambling at a somewhat higher frequency and expenditure level by

gamblers. This may point towards a more stable gambling community regarding their involvement in gambling as a fairly regular entertainment event. Novelty and irregular gamblers will always be present but they seem to be on the decline after almost a decade of legalised gambling in South Africa.

The study was conducted under the leadership of Prof. André Ligthelm of the Bureau of Market Research (BMR), a unit of the University of South Africa (UNISA). Research staff at the Board assisted in the monitoring of focus groups, analysis of data and the compilation of the two qualitative reports.

The National Gambling Board expresses its sincerest appreciation to the BMR for the professional way in which Prof André Ligthelm and his team approached, conducted and executed this research project.

A handwritten signature in black ink, appearing to read 'Chris Fismer', written in a cursive style.

CHRIS FISMER

Chairperson: National Gambling Board



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executive summary

1. INTRODUCTION

The gambling industry grew rapidly during the 1997 to 2002 period with various gambling modes and/or facilities being introduced. In 2002 the National Gambling Board (NGB) commissioned a socio-economic impact study to establish a baseline on the South African population's gambling conduct and behaviour with regard to various aspects such as propensity to gamble, the impact of gambling on household welfare levels and the frequency of visiting gambling outlets. The study found that the gambling industry showed typical characteristics of a developing gambling market with substantial volatility. This initiative was followed up in 2005 with a similar study. During this study it was concluded that the gambling sector in South Africa attained a high level of maturity within a relatively short time span. These two studies were replicated with a somewhat more extensive study in 2009.

2. MAIN AIM OF THE 2009 STUDY

The main objectives of the 2009 study within a more matured gambling market place were to gauge the socio-economic impact of, and the gambling behaviour of South African society, to identify trends in gambling conduct and to inform the NGB on its regulatory responsibilities.

3. METHODOLOGY

A national survey among 3 100 respondents was conducted during the last half of November 2008 and from mid-January to end February 2009. A research instrument similar to the 2002 and 2005 questionnaire was used to allow longitudinal comparisons with regard to various aspects including participation levels, impact of gambling

on household welfare, propensity to gamble, household expenditure displacement, household budgetary behaviour with regard to gambling and the extent of problem gambling. However, the 2009 study was extended with a few questions on the perceived attitude towards gambling, the most preferred gambling activity, knowledge of gambling and visiting patterns to gambling venues.

Ten focus groups were conducted with regular gamblers who participated in gambling activities at various casinos, Limited Payout Machines (LPMs), bingo halls, as well as a horseracing outlet. An additional three focus groups were held with regular gamblers, aged 18-25 years, at three different casinos. The objectives of the qualitative phase were to determine regular gamblers' perceptions about gambling (experience, frequency, modes of gambling and responsible gambling), the impact of gambling on themselves, family/friends, the community, personal health, relationships, economic status, work/studies, and/or any illegal/criminal behaviour.

4. GAMBLING PARTICIPATION AND COMMUNITY ATTITUDES

4.1 PARTICIPATION IN GAMBLING ACTIVITIES

The propensity of the South African population 18 years and older to participate in legalised gambling activities during the three months preceding the survey was reported as follows (multiple involvement possible):

- 29.2 % bought lotto tickets
- 6.4 % bought scratch cards
- 6.3 % participated in casino gambling
- 3.3 % participated in gaming competitions eg per SMS
- 1.7 % participated in sports betting
- 1.2 % participated in horse betting

- 0.9 % played Limited Payout Machines (LPMs)
- 0.3 % played bingo
- 0.4 % participated in interactive gambling
- 65.1 % abstained from gambling

Illegal gambling was conducted as follows:

- 2.4 % played fafi
- 1.3 % played dice
- 0.6 % participated in other modes (eg cards)

Longitudinal comparisons suggest a decline in the propensity to gamble among the South African population. The following trends were recorded (see chapter 3 for comparability of data):

- Participation in the national lottery (lotto and scratch cards) declined from 71,3 % in 2002 to 45.8 % in 2005 (lotto only) and to 29.2 % in 2009 (lotto only).
- The percentage of respondents visiting casinos declined from 19.3 % in 2002, to 7.1 % in 2005 and to 6.3 % in 2009.
- Respondents who did not participate in any gambling activity increased from 43.2 % in 2002 to 50.2 % in 2005 and to 65.1 % in 2009.

4.2 REASONS FOR ABSTAINING FROM GAMBLING

The respondents who abstained from gambling during the three months preceding the survey, cited the following reasons:

- 49.7 % were not interested
- 15.6 % don't gamble at all
- 13.3 % lack of money
- 13.3 % against religious beliefs
- 1.3 % have no access to gambling facilities

Comparisons with previous surveys suggest that:

- 'Not interested in gambling' was not only the most important reason advanced in all the surveys but has become more and more prominent.
- 'Against religious beliefs' has remained constant at approximately 13.0 % between 2005 and 2009.
- 'Lack of money' has become a less important reason.

4.3 ATTITUDES TO GAMBLING

Attitudes (opinions) of respondents towards gambling reveal that:

- 73.8 % express the view that people should have the right to gamble whenever they want to
- 68.4 % feel that gambling is like a drug
- 65.4 % feel that gambling is dangerous for family life

- 50.4 % feel that gambling is a waste of time
- 49.0 % feel that gambling is an important leisure activity
- 45.1 % find gambling acceptable
- 43.9 % feel that gambling livens up life
- 41.6 % feel that gambling is a fool's game
- 40.9 % feel that most people gamble sensibly
- 37.2 % feel that gambling should be discouraged
- 37.0 % feel it would be better if gambling was banned altogether
- 37.0 % feel gambling is good for communities
- 36.8 % feel gambling is good for society
- 25.7 % feel gambling is an important part of cultural life

4.4 UNDER-AGE GAMBLING

Just more than a third (35.7 %) of all respondents affirmed awareness of under-age gambling. The gambling modes in which the youth participated, as reported, by respondents were:

| | |
|-------------------------------|--------|
| • Dice | 70.7 % |
| • Lotto | 24.4 % |
| • Gaming competitions per SMS | 14.7 % |
| • Fafi | 13.5 % |

4.5 GAMBLING OUTLETS

To the question of the adequacy of gambling outlets:

- 32.4 % indicated that there are too many outlets
- 31.2 % indicated that there are enough
- 15.7 % indicated that there are not enough
- 20.8 % don't know

4.6 MOST PREFERRED GAMBLING ACTIVITY

To the question of the most preferred gambling activity of gamblers:

- 74.9 % preferred lotto
- 10.1 % preferred casinos
- 3.7 % preferred scratch cards
- 3.2 % preferred gaming competitions eg by SMS
- 1.7 % preferred sports betting
- 1.6 % preferred LPMs
- 1.4 % preferred horse betting
- 0.5 % preferred interactive gambling
- 0.2 % preferred bingo

4.7 BUYING OF LOTTO TICKETS

The frequency of buying lotto tickets by those who bought lotto tickets during the three months preceding the survey was as follows:

- 36.7 % bought lotto tickets twice a week
- 31.2 % bought lotto tickets once a week

- 11.6 % bought lotto tickets once every two weeks
- 12.0 % bought lotto tickets once a month
- 8.4 % bought lotto tickets less often

A comparison with the findings of previous surveys suggests a gradual decline in the buying frequency of lotto tickets. Those who bought lotto tickets at least once a week showed the following trend:

- 85.0 % in 2002
- 72.7 % in 2005
- 67.9 % in 2009

4.8 BUYING OF SCRATCH CARDS

Those who bought scratch cards show that:

- 7.4 % bought scratch cards daily
- 34.7 % bought scratch cards once a week
- 22.6 % bought scratch cards once every two weeks
- 20.5 % bought scratch cards once a month
- 14.7 % bought scratch cards less often

4.9 VISITING OF CASINOS

Those who visited casinos confirmed the following frequency:

- 3.1 % daily
- 21.9 % once a week
- 20.3 % once every two weeks
- 28.1 % once a month
- 26.6 % visit casinos less often

High frequency (daily and once a week) visitors show the following pattern:

- 9.3 % of total casino visitors in 2002
- 10.2 % in 2005
- 25.0 % in 2009

4.10 LPMs (Limited Payout Machines)

Those who played LPMs confirmed the following frequency:

- 5.7 % played LPMs daily
- 5.7 % played once a week
- 20.0 % played once every two weeks
- 40.0 % played once a month
- 28.6 % played less often

4.11 WAGERING ON HORSES

The 1.7 % of respondents who recorded their wagering on horses during the three months preceding the survey confirmed the following propensities:

- 17.6 % wagered daily
- 29.4 % wagered once a week
- 17.6 % wagered once every two weeks
- 8.8 % wagered once a month
- 26.5 % wagered less often

4.12 BETTING ON SPORTS EVENTS

Those who betted on sports events confirmed the following propensities:

- 46.6 % once a week
- 26.7 % once every two weeks
- 17.8 % once a month
- 8.9 % less often

4.13 PARTICIPATION IN BINGO

The 0.3 % bingo players participated in bingo as follows:

- 12.5 % once a week
- 50.0 % once a month
- 37.5 % less often

4.14 ALLOCATION OF WINNINGS

The response to the way in which winnings would have been allocated may be indicative of the needs of respondents, ranging from household necessities to luxury items. A mix between more affluent expenditure and a basic need orientation emerged. The following were the perceived allocation of winnings:

- 38.4 % of respondents indicated expenditure on luxury items
- 29.6 % to payment of debt/bond
- 29.3 % to basic household necessities
- 26.5 % to investment
- 24.4 % to savings

Note that the respondents were allowed to mention more than one item. The percentages are therefore not indicative of the relative amounts that respondents would spend on items, but the number of respondents who would spend some of their winnings on a particular item.

Those who prioritise the purchase of necessities from winnings:

- are younger and middle-aged people
- are unemployed
- have no formal schooling or only primary school qualifications
- are overwhelmingly from the African population group
- have a personal income level of less than R2 000 per month



4.15 EXPENDITURE ON GAMBLING

Average monthly expenditure per gambler amounted to R133.70. The percentages of gamblers allocating the following amounts per month were as follows:

- 59.4 % less than R50
- 21.5 % between R51-R150
- 9.2 % between R151-R300
- 5.2 % between R301-R500
- 4.7 % more than R500

4.16 BUDGETING FOR GAMBLING EXPENDITURE

The budgeting behaviour of respondents participating in gambling reveals that:

- 38.2 % of respondents budgeted a specific amount for gambling
- 61.8 % indicated that they did not budget a specific amount for gambling

Of those who did not budget for gambling expenditure:

- 32.7 % engaged regularly in impulsive gambling on a regular basis
- 67.3 % engaged occasionally in impulsive gambling

4.17 EFFECT OF GAMBLING

The following percentages of gamblers agreed with a selection of statements on gambling:

- 73.6 % : Gambling by family members has a negative impact on my welfare
- 55.9 %: I am aware of information about the nature and risks of gambling
- 59.4 %: I am aware of programme(s) to assist compulsive/problem gamblers to address their problems
- 59.4 %: Living close to a gambling venue (within 30 km) can stimulate problem gambling
- 41.8 %: I am aware of the National Gambling Board
- 38.0 %: I am aware of provincial gambling boards

4.18 GAMBLERS AND THEIR FAMILIES

- 31.9 % of gamblers agreed with the statement that 'Gambling of family members has a negative impact on my welfare'.
- 38.3 % of gamblers confirmed that their gambling behaviour originated from the gambling behaviour of family members.

4.19 GAMBLING AND VIOLENCE

Violence is closely related to gambling behaviour. To the question to all respondents:

- 77.8 % affirmed that gambling can lead to domestic violence

- 77.9 % affirmed that gambling can lead to the abuse of women and children
- 67.6 % affirmed that gambling can lead to the abuse of men
- 83.8 % affirmed that gambling can lead to a lack of household necessities

4.20 VISITING GAMBLING VENUES

(THIS QUESTION WAS NOT PUT TO PARTICIPANTS IN NATIONAL LOTTERY GAMES)

During their last visit to a gambling venue:

- 38.8 % respondents also visited restaurants
- 26.6 % also visited shops in the same complex
- 5.3 % also visited games arcades
- 4.0 % also made use of a hotel/accommodation

More than 82.5 % of gamblers visited the gambling venue nearest to their residences.

5. YOUTH GAMBLING

Youth gamblers are defined as falling within the 18 to 25 year age group. Just less than a quarter (24.3 %) of the sample falls within this age group and is analysed separately.

5.1 PARTICIPATION IN GAMBLING

The youth recorded their gambling activities as follows:

- 23.7 % played lotto
- 5.7 % bought scratch cards
- 4.9 % frequented casinos
- 4.1 % participated in gaming competitions eg per SMS
- 2.4 % played dice
- 2.3 % took part in sports betting
- 1.3 % played fafi
- 0.8 % played LPMs
- 0.5 % took part in horse wagering
- 0.5 % took part in interactive gambling
- 0.1 % played bingo
- 69.1 % abstained from gambling

5.2 REASONS FOR ABSTAINING

The following were advanced as reasons for abstaining from gambling:

- 54.8 % of respondents were not interested
- 18.6 % don't gamble at all
- 11.0 % lack money
- 0.4 % feel gambling is against their religious beliefs

5.3 ATTITUDES TOWARDS GAMBLING

More than half the respondents supported the following statements:

- 71.4 %: People should have the right to gamble whenever they want
- 67.9 %: Gambling is like a drug
- 66.3 %: Gambling is dangerous for family life
- 50.0 %: Gambling is a waste of time

The least support was forthcoming for the following statements:

- 23.6 %: Gambling is an important part of family life
- 34.8 %: On balance, gambling is good for society
- 34.9 %: Gambling is good for communities

5.4 UNDER-AGE GAMBLING

Almost half (45.8 %) the youth is aware of under-age gambling mainly in the form of playing dice and buying lotto tickets.

5.5 MOST PREFERRED GAMBLING MODES

The most preferred gambling mode recorded by youth gamblers is lotto (67.0 %) followed by casino gambling (11.6 %).

5.6 FREQUENCY OF BUYING LOTTO TICKETS

The frequency of buying lotto tickets was as follows:

- 31.8 % bought tickets twice a week
- 38.8 % bought tickets once a week
- 9.4 % bought tickets once every two weeks
- 12.9 % bought tickets once a month
- 7.1 % bought tickets less often

5.7 FREQUENCY OF CASINO VISITS

Casino visits shows the following pattern:

- 5.3 % twice a week
- 13.2 % once a week
- 18.4 % once every two weeks
- 26.3 % once a month
- 36.8 % less often

5.8 BUYING OF SCRATCH CARDS

Scratch cards were bought as follows:

- 27.9 % bought scratch cards daily
- 16.3 % once a week
- 32.6 % once every two weeks
- 16.3 % once a month
- 7.1 % less often

5.9 ALLOCATION OF WINNINGS

Respondents would have allocated winnings of gambling activities as follows:

- 38.9 % to luxury items
- 29.9 % to household necessities
- 24.6 % to other entertainment
- 22.2 % to savings
- 21.7 % to investment
- 20.2 % to payment of debt/bond

5.10 EXPENDITURE ON GAMBLING

The average monthly expenditure amounted to R121.80. The distribution by expenditure category was:

- 58.8 % spent less than R50
- 21.8 % spent between R51-R150
- 11.8 % spent between R151-R300
- 4.7 % spent between R301-R500
- 2.8 % spent more than R500

Only 37.9 % of youth gamblers allocated a specific amount in their budgets to gambling.

5.11 EXPENDITURE DISPLACEMENT

Those that participated in gambling displaced some of their gambling money as follows:

- 45.0 % from household necessities
- 21.8 % from savings
- 20.4 % from luxury items

5.12 IMPACT OF GAMBLING

The level of agreement with statements on the impact of gambling reveals the following:

- 33.9 %: Gambling by family members has a negative impact on my welfare.
- 72.3 %: I am aware of information about the nature and risks of gambling.
- 55.9 %: I am aware of programme(s) to assist compulsive/problem gamblers to address their problems.
- 62.9 %: Living close to gambling venues can stimulate problem gambling.
- 35.3 %: I am aware of the National Gambling Board.
- 40.7 %: I am aware of provincial gambling boards.

5.13 INFLUENCE OF FAMILY/FRIENDS ON GAMBLING

41.9 % of youth gamblers confirmed that the gambling behaviour of family/friends influenced them to gamble as well.



5.14 VISITING PATTERN TO GAMBLING VENUES

(QUESTION WAS NOT ASKED TO LOTTO AND SCRATCH CARD BUYERS)

Youth gamblers confirmed engaging in the following during their last visit to a gambling venue:

- 29.5 % visited restaurants and consumed prepared food
- 22.9 % visited shops in the same complex
- 6.7 % visited the games arcade

5.15 GAMBLING AND VIOLENCE

Perceived negative impact that gambling can have on household violence and welfare (percentage of youth):

- 76.3 %: Domestic violence
- 74.7 %: Abuse of women and children
- 62.7 %: Abuse of men
- 82.9 %: Lack of household necessities

5.16 SUMMARY

The propensity to gamble among the youth is somewhat lower than among the adult population. However, their participation levels in lotto, gaming competitions (eg per SMS) and betting on sports events are marginally higher than those of adults. Their gambling behaviour and attitudes to gambling closely resemble those of the rest of the gambling population.

6. QUANTITATIVE PERSPECTIVE

Methodological difficulties surround the measurement of the magnitude of problem gambling. All figures should therefore be treated as rough estimates only.

This study applied the 20 Gamblers Anonymous (GA) questions to determine the extent of problem gambling. In the survey, the 20 GA questions were put to all high frequency gamblers, ie gamblers who bought lotto tickets and scratch cards at least twice a week, visited a casino at least once a week, played LPMs at least once a week, wagered on horses/sport events at least once a week or played bingo at least once a week. The percentage of respondents answering 14 or more of the 20 GA questions in the affirmative are as follows:

- 0.44 % of all respondents who gambled in the three months preceding the survey (0.44 % in 2005).
- 0.16 % of the total South African population 18 years and older (0.20 % in 2005).

The following five GA questions attracted the most affirmatives:

- GA8 'After a win, have you felt a strong urge to return and win more?': 49.3 % in 2009 and 52.1 % in 2005.
- GA7 'After losing, have you felt you must return as soon as possible and win back your losses?': 38.5 % and 44.5 % respectively.
- GA5 'Have you ever gambled to get money with which to pay debts or otherwise solve financial difficulties?': 30.9 % and 35.0 % respectively.
- GA14 'Have you ever gambled more than you had planned?': 26.6 % and 25.2 % respectively.
- GA19 'Have you ever had an urge to celebrate any good fortune by a few hours of gambling?': 24.8 % and 29.4 % respectively.

The above shows that the most affirmatives centred largely on financially-related reactions after winning or losing money. As could be expected, the winning motive captured the imagination of the majority of high frequency players.

7. SOCIO-ECONOMIC IMPACT OF GAMBLING (QUALITATIVE PERSPECTIVE)

7.1 IMPACT ON REGULAR GAMBLERS: 18 YEARS PLUS

The reader needs to be reminded that the following findings resulted from focus groups discussions with regular gamblers. These findings do not necessarily represent the feelings of the general gambling population.

- Gambling in the friendly and vibrant atmosphere was perceived as a stimulating and safe form of entertainment.
- For the more serious gambler who visited the gambling venue almost on a daily basis, winning of easy money was the top priority and main motivator.
- Regular gamblers were generally aware of the nature, risks and negative consequences of excessive gambling, however, many admitted that they found it difficult to control their spending.
- The loss of huge amounts of money resulted in negative feelings which often affected interpersonal relationships.
- When gambling became excessive, it was increasingly more difficult to break out of the negative consequences of gambling.
- More people got exposed to gambling from an early age because gambling had become more popular and accepted and the number of gambling venues and different modes of legalised gambling has become more accessible.
- Parents did not always realise the potential influence their gambling behaviour might have on others, i.e. their children might follow their example and start gambling themselves later on in their lives.

- Under-aged gambling could be a challenge at certain LPM sites as these gambling venues were often not monitored by security staff or owners.
- Under-aged gambling should be monitored more strictly at LPM sites.
- Quite a number of respondents felt that 18 years of age was too young to allow legal gambling.
- There was a huge need for more information and education on the nature and risks of gambling, as well as ways on how to gamble responsibly.
- Some gamblers wished for the establishment of better security measures at gambling venues (eg casinos and bingo halls) to protect the gambling public from armed robberies or petty crime.

7.2 IMPACT ON REGULAR GAMBLERS: 18 TO 25 YEARS ONLY

The reader needs to be reminded that the following findings resulted from focus groups with regular young gamblers, age 18-25 years. These findings do not represent the feelings of the young gambling population in general.

- Regular young gamblers tended to be more socially orientated and fun-seeking than their older counterparts. Gambling formed an integral part of their socialisation patterns and they seemed to enjoy their gambling experience a lot.
- Young gamblers did not have the same financial obligations as the regular older gamblers and they more often did not gamble to win money to pay for family commitments, but rather tended to spend the money on themselves.
- Although young respondents were well aware of the dangers posed by excessive gambling or addictive behaviour, some of them admitted that they found it difficult to control their gambling habits.
- Young gamblers spent more money and time at gambling venues that they initially intended to do. On occasion they lied to others about their spending and whereabouts. In some instances gambling led to an increased consumption of alcohol and heavier smoking.
- A fair number of respondents in this study were exposed to gambling from a (very) young age due to the influence of parents.
- Cases were reported where under-aged gamblers gained access to casinos and/or played on LPMs without being monitored.
- Respondents were divided on the issue of what would be the correct age at which people should be allowed to gamble. Some respondents felt that if the totality of the gambling experience was considered, 21 years of age might be a more responsible age for this.
- The presence of ATMs near or in gambling venues

might offer some convenience but also allow too easy access to cash and should preferably be limited to reduce spending on gambling.

- The majority of young gamblers felt that gambling did not negatively affected their personal relationships, health or their ability to service their financial obligations.
- A few of the young gamblers admitted that their studies or work were sometimes negatively affected by their excessive gambling habits.
- The young gamblers were more intensely aware of upcoming gambling events and promotions (information sent by the gambling industry) than being informed about the nature and risks of gambling.
- The bottom line for these young gamblers remained that gambling was everybody's own choice (and should be so). The risk of becoming a problem gambler would not scare people away from gambling or even convince them to gamble within a set budget if gambling was a serious desire of theirs.

8. IMPACT OF GAMBLING ON HOUSEHOLD WELFARE

8.1 PROPENSITY TO GAMBLE

Propensity to gamble is defined as the percentage of household expenditure allocated to gambling (ie gambling expenditure minus prizes paid out). For South Africa as a whole, it is calculated that households allocated 1.34 % of household disposable income to gambling in 2009. This percentage was calculated at 1.70 % in 2005. Both a more realistic evaluation of winning chances as well as the downturn in the economic cycle (during the survey) may have impacted on this declining trend. The 1.34 % calculated for 2009 can be disaggregated as follows by gambling mode:

| | Propensity (%) | Allocation of each R100 spent on gambling |
|--------------------------|----------------|-------------------------------------------|
| • Casinos | 1.02 | R76.12 |
| • Bingo | 0.01 | R0.74 |
| • Horse/sports betting | 0.12 | R8.96 |
| • LPMs | 0.05 | R3.73 |
| • National Lottery games | 0.14 | R10.45 |
| • Total gambling | 1.34 | R100.00 |

The total amount forfeited on gambling by households amounted to R17 773 million in 2009.

Comparisons of the 2009 NGB study with previous surveys suggest the following expenditure trends by mode:





- Casino gambling remains the most important gambling mode (from an expenditure point of view), attracting just more than 76 % of total legal gambling expenditure. Propensity to gamble at casinos decreased from 1.21 % in the 2005 survey to 1.02 % in the 2009 survey.
- Horse/sports betting stabilised at approximately 0.12 % between 2005 and 2009.
- The allocation of household expenditure to lottery games shows a strong downward trend since 2005. The propensity to play lottery games declined from 0.38 % in 2005 to 0.14 % in 2009.
- Bingo attracted only 0.01 % of household expenditure and will probably remain on this relatively low level.
- The propensity to play LPMs stood at 0.05, slightly higher than in 2005.

8.2 REDISTRIBUTIONAL EFFECT OF GAMBLING

Gambling has a significant redistributive effect. On average, a significant number of punters spend small amounts while only a small percentage receives large amounts of prize money. This is particularly true with regard to the lotto and can be illustrated as follows by using the lotto draw of 28 March 2009 as an example:

| | |
|---------------------------------------------|------------------------|
| • Total ticket sales | R42.1 million |
| • Total prize pool | R35.4 million |
| • Approximate number of participants | 4.2 million |
| • Average expenditure by participants | R10.00 (assumption) |
| • 1 person received | R20 million |
| • 5 persons each received | R151 498 |
| • 161 participants each received | R10 586 |
| • 0.01 % of participants each received | R2 018 |
| • 0.2 % of participants each received | R330 |
| • 0.4 % of participants each received | R128 |
| • 4.4 % of participants each received | R36 |
| • 94.9 % of participants received no prizes | |

8.3 THE LESS AFFLUENT AND GAMBLING

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

- 22.2 % of gambling participants were unemployed
- 15.8 % occupied part-time jobs
- 12.1 % had no formal schooling or had only primary education
- 23.9 % earned less than R1 000 per month

The question arises as to what gambling modes the less affluent groupings of the community participate in. Of those that earned less than R1 000 per month:

- 85.7 % bought lotto tickets
- 21.0 % bought scratch cards
- 9.1 % frequented casinos
- 2.8 % participated in sports betting
- 1.6 % wagered on horses
- 0.4 % played LPMs

Of the unemployed:

- 82.9 % bought lotto tickets
- 17.1 % bought scratch cards
- 9.6 % visited casinos
- 6.2 % participated in sports betting
- 2.9 % wagered on horses
- 2.9 % played LPMs

9. THE CONTRIBUTION OF THE GAMBLING SECTOR TO THE SOUTH AFRICAN ECONOMY

- The initial (or direct) GDP contribution (Gross Value Added) of the gambling sector in 2008 amounted to R9.5 billion with an additional spillover effect (indirect effect) to other sectors of the economy of R9.5 billion. This total value added impact of the gambling sector of R19.0 billion represented 0.9 % of the GDP of South Africa in 2008, exactly the same as it was in 2005. 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 employment multiplier is calculated at 5.6, implying that for every 100 jobs created directly by the gambling sector a further 416 are created indirectly in other sectors of the economy. A total of 89 580 jobs were created directly (19 474) and indirectly (70 106), contributing 0.9 % of the job opportunities in the formal sector of the South African economy.

10. CONCLUSION

It can be concluded that the gambling sector in South Africa has attained a high level of maturity within a rela-

tively short time span. The rapid development during the 1997 to 2002 period, with the establishment of new casinos and the introduction of the National Lottery, exposed the South African population to a totally new experience that was previously confined to horse racing and betting, and a few casinos in the erstwhile homelands. This created expectations of winning valuable prizes while people were also attracted to gambling facilities for recreational purposes.

The 2009 findings clearly suggest a more matured and dedicated gambling fraternity in South Africa. Gambling participation originated from the novelty effect of legalised gambling in South Africa and unrealistically high expectations of winning have probably waned, leaving behind mainly those gamblers that regard gambling as a leisure activity. However, there will always be the more serious gambler who visited gambling venues almost on a daily basis with the top priority of winning easy money. Compulsive gamblers originated primarily from this gambling fraternity. In addition, gambling is perceived by the overwhelming majority of South Africans as fairly negative personal conduct.

By comparing the 2005 survey findings with previous surveys the following gambling patterns and trends emerge:

- Since 2005 a clear declining trend with a smaller percentage of the adult population participating in gambling has become evident. This decline is particularly evident with regard to national lottery games. The decline is much smaller with regard to other legalised gambling modes.
- It is also evident that the frequency of indulging in lottery games has declined substantially. The frequency of visiting casinos has, however, increased.
- However, playing lotto remains the most preferred gambling activity of the overwhelming majority of gamblers (74.9 %). The rest of the gambling modes attracted relatively small numbers of gamblers.
- Problem gambling will remain an inherent part of gambling behaviour and needs continued attention from regulatory bodies and the private sector role-players within the industry.
- A significant portion of the less affluent groupings of the community is active in gambling (especially lottery games). Proper education and information campaigns to highlight the nature of and risks involved with gambling would not only benefit this portion

of the community, but may also inform the general public to alert them against problem gambling.

- The attitudes, gambling behaviour and participation levels of the youth in gambling closely resemble those of the adult gambling population. Some marginal differences are evident in some of the variables measured in the survey.
- The propensity to allocate money to gambling declined from 1.70 % in 2005 to 1.34 % in 2009. This can largely be attributed to the decline in participation levels of the South African population in gambling activities, but may also be influenced by the recessionary conditions of the South African (and world economy) during the survey period (November 2008 to February 2009).
- Participation levels in the various gambling modes largely correlate negatively with the amounts allocated to the different gambling modes. The following serves to illustrate this phenomenon:
 - The lotto attracted 29.2% of gamblers but only 10.1% of gambling money.
 - Casinos attracted 6.3% of gamblers but 76.4% of money expended on gambling.
 - Horse wagering and sports betting attracted 1.2% and 1.7% of punters respectively but 9.3% of gambling money.
- The gambling sector's contribution to the national economy is estimated at just less than 1 % of GDP and formal sector employment in 2008. This was similar to the contribution in 2005 and will probably remain at this level for the foreseeable future.

The above suggests the involvement of a smaller percentage of South Africans in gambling activity at a somewhat higher frequency and expenditure level by gamblers. This may point towards a more stable gambling community regarding their involvement in gambling as a fairly regular entertainment event. Novelty and irregular gamblers will always be present but they seem to be on the decline after almost a decade of legalised gambling in South Africa.

A few prominent issues that will always remain on the agenda of the gambling regulators are the support and counselling of the youth in gambling and the impact of gambling on the less affluent portion of the community.





chapter 1

introduction and objective of the study

1.1 INTRODUCTION

Since 1994, the gambling industry in South Africa has expanded from horse racing to include casinos, bingo, sports betting, the lottery and more recently also limited payout machines (LPMs). The first casino license was allocated during the second half of 1997 while the lottery was launched during March 2000.

The industry grew rapidly from 1997 to 2002 with various gambling modes and/or facilities being introduced during that period. The National Gambling Board (NGB) decided in 2002 to determine the socio-economic impact of gambling on the South African society and the economy. A study was commissioned and a report entitled Economic impact of legalised gambling in South Africa was published by the NGB in 2003. This study established a baseline for the South African population's gambling conduct and behaviour with regard to various aspects such as propensity to gamble, the impact of gambling on the displacement of household expenditure, the frequency of visiting gambling outlets and the impact of gambling on the less affluent portion of society. The study found that the gambling industry showed typical characteristics of a developing gambling market with substantial volatility during the establishment phase of the industry. It concluded that gambling market maturity will probably only be achieved once the various gambling modes have been established and developed and have marketed their products. The intention was also expressed in the report that a follow-up socio-economic impact study would be considered in two to three years' time.

Consequently, the NGB conducted a follow-up study in 2005. This study largely embraced the same topics as studied in 2002. The 2005 study entitled Socio-economic

impact of legalised gambling in South Africa came to the conclusion that:

the gambling sector in South Africa attained a high level of maturity within a relatively short time span. The rapid development during the 1997 to 2002 period, with the establishment of new casinos and the introduction of the National Lottery, exposed the South African population to a totally new experience that was previously confined to horse racing and betting, and a few casinos in the erstwhile homelands. This created expectations of winning valuable prizes while people were also attracted to gambling facilities for recreational purposes.

The NGB decided to conduct a third socio-economic impact study in 2009. This decision was taken by the NGB in September 2008 for commencement in November 2008. Just before commencement of the fieldwork, the world economy experienced a radical economic downturn instigated by the subprima financial crisis in the USA. Economic recessionary conditions were experienced by most of the developed world including the USA and the European Community. Although the economic conditions in South Africa were not as gloomy as in the rest of the world with the commencement of the study, the downturn in the business cycle started to show a trough towards the end of the fieldwork period in February 2009. This may impact on household disposable income and also on gambling expenditure. Negative GDP growth rates were reported for the last quarter of 2008 (-1.8 %) and the first quarter of 2009 (-6.4 %) for the South African economy (Stats SA 2009a & Stats SA 2009b).

The 2009 project was managed and conducted jointly by the NGB and the Bureau of Market Research (BMR) of the University of South Africa (Unisa), supported by Kutu Consulting who was responsible for the fieldwork – both the quantitative survey as well as the focus group discussions. The BMR was also involved in the 2002 and 2005 NGB studies, ensuring methodological stability in the investigation and therefore reliable longitudinal comparisons.

1.2 COMPOSITION OF THE GAMBLING INDUSTRY IN SOUTH AFRICA

The gambling market in South Africa is regulated by two independent statutory bodies. The NGB is responsible for regulating all gambling modes with the exception of the lottery games, including the following modes: casinos, horse/sports betting, bingo and LPMs. The National Lotteries Board is responsible for regulating the lottery games that includes the lotto, lotto plus and scratch cards.

The legalised gambling industry in South Africa consists of the following licensed gambling venues and activities:

- (a) **Casinos**
 - Currently there are 36 operational casinos in the nine provinces.
- (b) **Bingo**
 - Currently seven bingo centres are operational in Gauteng.
- (c) **Horse/Sports betting (for verification)**
 - Total number of horseracing tracks: 10
 - Total number of bookmakers: ±234
 - Total number of tote outlets: ±400
- (d) **Limited Payout Machines (LPMs)**

LPMs have been introduced in the following six provinces:

 - Mpumalanga
 - Western Cape
 - Eastern Cape
 - Limpopo
 - KwaZulu-Natal
 - Gauteng
- (e) **National Lottery**
 - Lotto, launched March 2000
 - Scratch cards, introduced October 2000
 - Lotto Plus, launched November 2003

1.3 OBJECTIVE OF THE STUDY

The main aim of the study is to monitor and assess the socio-economic impact of legalised gambling in South

Africa in terms of the following:

- participation in and community attitudes on gambling
- impact of gambling on household welfare levels
- the propensity to gamble and expenditure displacement effects of gambling
- impact of gambling by sociodemographic variables such as age, educational level, employment status, population group, gender and personal income level
- budgetary behaviour with regard to gambling
- the extent of problem gambling with regard to both the magnitude of the problem and the social impact of gambling

Longitudinal comparisons will be conducted by comparing the findings of the 2009 study with the 2003 and 2005 studies. This will allow the establishment of trends with regard to the gambling behaviour of the South African population.

1.4 METHODOLOGY

Due to the large variation in calculations contained in the report, various methodologies are applied, including community survey procedures, focus group discussions and propensity calculations. Each methodology is discussed in the chapter in which it is applied. The only exceptions are the survey methodology and the procedure applied during the focus group discussions, which are discussed separately in chapter 2.

1.5 OUTLAY OF THE REPORT

The first chapter provides background to the study, its objective and the outline of the report. A detailed description of the community survey and the procedures applied in the focus group discussions are elaborated upon in chapter 2. Chapter 3 portrays the main findings of the community survey. Chapter 4 contains an assessment of youth gambling. An estimate of the magnitude of problem gambling is provided in chapter 5 while chapter 6 provides a qualitative assessment of the socio-economic impact of gambling amongst regular players, with specific focus on young gamblers (age 18-25). The impact of gambling on the welfare of households, including less affluent households, is highlighted in chapter 7. Chapter 8 calculates the contribution of the gambling sector to the South African economy. The main conclusions of the study are contained in a concise executive summary at the beginning of the report.





chapter 2

research methodology

2.1 INTRODUCTION

In order for the NGB to effectively exercise its responsibility as a regulatory authority, a well-founded comprehension of the gambling sector and its impact on the economy and society is imperative. These impacts were determined through primary research implementing both quantitative and qualitative survey methodologies. Quantitative information was collected through a national household survey while qualitative information, particularly with regard to the social impact of gambling, was gathered through a series of focus group discussions at various casinos, LPMs, and a horse racing and a bingo outlet. The discussion in this chapter provides the basis for the scientific foundation of the study and hence the quality, validity and reliability of the data. The first part of the chapter focuses on the research methodology used in the household survey. This is followed by a discussion of the focus group research methodology.

2.2 HOUSEHOLD SURVEY

2.2.1 Sample population

The scope of the survey extended across the whole of South Africa. For purposes of this study the survey was divided into two separate categories. The first was a landline telephone survey among the South African population. Since this survey excluded the approximately 70% of households without in-home landline telephones, it was decided to augment the survey with personal face-to-face interviews in areas with the lowest Telkom telephone penetration. The majority of these areas are located in relatively low-income areas such as squatter camps, RDP houses, informal housing settlements, and in agricultural communities located in typically rural areas. Due to cost considerations, agricultural communities characterised by a dispersed locational pattern, were excluded from the survey. The fact that the level of participation of these

communities in legal gambling activities is generally lower than that of urbanised communities implies that the average participation level for the population as a whole may be somewhat lower than the levels established in this report.

2.2.2 Sample plan design and sample size

The sample design applied for the household survey was a stratified multi-stage sample design. Firstly, the sample of 3 100 households was divided between landline (Telkom) and non-Telkom telephone owners, the reason being that households without in-home Telkom telephones were interviewed face-to-face while the rest were interviewed telephonically. The following division was implemented on the basis that just less than 30 % of all households in South Africa have access to residential landline telephone services:

| | % | No of questionnaires |
|---------------------------|-------|----------------------|
| • Telephone interviews | 29.0 | 900 |
| • Face-to-face interviews | 71.0 | 2 200 |
| • Total | 100.0 | 3 100 |

A sample design where sample distribution is based on probability proportionate to population has the following advantages:

- It ensures that the sample distribution of respondents matches the distribution of the total population.
- It often leads to a self-weighting design that gives all ultimate sample units (households) the same probability of selection regardless of their access to landline telephones.
- It provides control over the sample size while still yielding a self-weighted design.

The allocation of sample elements in the telephone survey was proportional to the distribution of residential en-

tries in the 19 South African telephone directories. The number of interviews ranged from 120 in the Cape Peninsula to 20 in some of the smaller directories.

With regard to the face-to-face interviews the following aspects were considered in the sample plan:

- Access to gambling facilities
The sample stratification distinguished between areas with easy access to physical gambling facilities and those further away from casinos. All the districts in South Africa within a radius of 50 km from casinos were regarded as 'easy access districts'. The percentage of the population residing in these districts averaged at 50 % with some variation by population group.
- Types of households to be interviewed
It is assumed that the majority of formal housing structures have access to landlines, implying that face-to-face interviews were conducted in lower income areas such as informal settlements and RDP areas. A screening question ensured that houses with Telkom telephones were not selected for face-to-face interviews. This implies that personal interviews were extended to less affluent township areas as well.
- Population groups
The majority of face-to-face interviews were conducted with African and Coloured households. Whereas almost four in every five Asian and White households have in-home access to landlines, the percentage for Coloureds is just less than 50 % and for Africans around 15 %. The first-mentioned two population groups were therefore covered largely through the telephone subsurvey and the latter two through face-to-face interviewing.
- Rural areas (villages)
Deep rural areas (villages) and stand-alone agricultural units without in-home landlines were excluded from the survey due to cost considerations. This was also the approach followed in the previous two NGB studies.

On the basis of the above considerations as well as in an attempt to include as many of the areas covered in the 2002 and 2005 NGB studies as possible, the following sample plan was introduced.

The 2 200 personal interviews were divided as follows with regard to their location viz-a-viz casinos.

- 59 % to locations within a radius of 50 km from casinos (1 300 questionnaires)
- 41 % to locations more than 50 km from casinos (900 questionnaires)

As close to 50 % of the population resides in districts located within a radius of 50 km from casinos, a slightly higher percentage of questionnaires were allocated to such districts. The reason for this is that households located in deep rural areas and stand-alone agricultural units without landlines were excluded from the survey population, implying that the percentage of the survey population within a radius of 50 km increased to more than 50 %.

Within each of the two face-to-face subsurveys the allocation of questionnaires was based on the proportion of the African and Coloured populations in the four provincial groupings as proposed in the project proposal.

2.2.3 Sample selection procedure

A two-pronged selection procedure was followed during the face-to-face interviews. Firstly, the houses (sample elements) were selected on a random basis. The procedure prescribed for the selection of sample elements also ensured the selection of houses in the whole study area – cluster sampling was therefore excluded.

If the residents in the selected house refused to participate, the same procedure as described above was followed to select the next house.

Once the house was selected the fieldworker was instructed to interview the household member aged 18 years or older who resides in the house at least two days per week and whose birthday first followed the day of the visit to the household. Interviewers were also instructed to conduct as many interviews as possible after hours or during weekends to prevent a bias towards the unemployed, women and low-income earners.

Fieldworkers reported some problems with the above procedure that may impact on the survey findings to some extent. The following problems were sometimes encountered:

- Household heads or their spouses insisted on acting as interviewees. This was particularly relevant in smaller towns and rural areas.
- Household members participating in gambling activities perceived themselves as better equipped to answer the questions and insisted on being selected as respondent. This may inflate participation levels to some extent.
- The level of crime and the lack of street lights in low-income areas often precluded the possibility of conducting interviews after hours. This may create some bias towards women and the unemployed.

However, it was established that, although the above problems were reported, the frequency thereof was limited and should not distort the findings significantly.





Sample elements (households) in the telephone survey were drawn according to a systematic sampling procedure, implying that residential numbers were chosen in each directory at regular intervals after a random start. Interviews were conducted with the person who answered the telephone, if 18 years or older.

2.2.4 Research instrument

A prestructured questionnaire with dichotomous and multichotomous questions was used for the collection of data. It largely accommodated the questions posed in the 2002 and 2005 NGB surveys to allow for longitudinal comparisons, particularly with regard to possible changes in the gambling behaviour of the South African population between 2002 and 2009. This time span represents a critical period in the gambling industry's development from an establishment phase (1998-2002) to a more established and matured sector in 2005 and a well-established sector with limited novelty in 2009.

The 2009 questionnaire was, however, expanded to include the following:

- 15 statements on attitudes towards gambling;
- a selection of the most preferred gaming activity;
- six statements on gambling awareness;
- complementarity of gambling expenditure and expenditure on closely-related/located activities; and
- gambling venue preferences (nearest versus other venues).

The standard questions on gambling participation by mode, reasons for abstaining from gambling, frequency of gambling involvement, household expenditure displacement effects, propensity to gamble and the demographic profile of gamblers and nongamblers were maintained in the 2009 questionnaire.

2.2.5 Fieldwork

The face-to-face fieldwork was conducted during the last half of November 2008 and from mid-January to end February 2009 by a number of well-trained fieldworkers recruited largely within the selected areas. This allowed for easy selection of sample elements as well as for conducting interviews in the local languages. Strict interviewer control was exercised and a 20 % checkback was conducted. A thorough editing process resulted in several questionnaires being returned to field managers for correction or replacement.

2.2.6 Participation

Generally, participants were positive about the survey. Few refusals were experienced especially with regard to the face-to-face interviews. However, the questions on household income and expenditure on gambling were

experienced as being sensitive and almost 10 % of respondents did not want to divulge this information.

2.2.7 Validity of results

Any sample survey is subject to error, and as such, yields useful estimates but no precise values. The most common errors, namely sample errors, interviewer errors, and reporting errors are discussed below.

2.2.7.1 Sampling errors

Sampling errors arise because only a fraction of the population is interviewed. As the data collected in the NGB survey are based on representative samples drawn by a probability method, the size of the sample error can be calculated. Despite the existence of statistical techniques for calculating the extent of sample errors, it is hardly practical to compute the sample error for every average calculated in the study. Sample errors are computed from the standard deviation of sampling means. The function of the standard deviation is to provide an interval within which the sample mean may have deviated from the true population mean as a result of random sampling variations.

The following formula is used to calculate the sample error for proportionate data:

$$Sp = \sqrt{\frac{p(100-p)}{n}}$$

where p = percentage of respondents who possess the characteristics of interest and n = number of observations.

Table 2.1 shows the interval estimates of the total population based on a 95 % level of confidence for the participation of the population in the main gambling modes.

Table 2.1: Interval Estimates for Gambling Participation, 2009

| Modes | % participation | Interval estimate | |
|--------------------------|-----------------|-------------------|----------|
| | | Low (%) | High (%) |
| Lotto | 29.2 | 27.6 | 30.8 |
| Scratch cards | 6.4 | 5.5 | 7.3 |
| Casino gambling | 6.3 | 5.4 | 7.2 |
| Abstaining from gambling | 65.1 | 63.4 | 66.8 |

Based on a 95% level of confidence, it is clear from the table that a percentage as low as 27.6% and a high as 30.8% are probabilities for the participation of the SA population in the lotto. For those that abstained from gambling the interval estimates may vary between 63.4% and 66.8%.

2.2.7.2 Interviewer errors

Three types of errors can occur as a result of an interviewer's behaviour, namely errors when asking questions, errors when recording answers and errors due to cheating. The level of experience of fieldworkers largely eliminated the first two types of errors. During checkbacks cheating was detected in a few cases, especially in the Cape Peninsula. Questionnaires were discarded and returned for replacement.

2.2.7.2 Reporting errors

Reporting errors usually stem from memory errors, misunderstanding of questions or reluctance to answer them. The need to minimise reporting errors in the survey was borne in mind when constructing the questionnaire and with the selection and training of interviewers.

2.3 LONGITUDINAL COMPARISONS

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

- The gambling industry experienced extremely rapid growth during the period 1998 to 2002. During the course of these few years the gambling sector showed typical characteristics of a developing gambling market with substantial volatility. It was a new experience for many South Africans, resulting in high frequency levels as well as high winning expectations. Since then the sector has matured with more realistic winning expectations. This may imply a more stabilised gambling market with scaled-down expectations and more moderate frequency levels.
- The level of participation in gambling activities in 2002 compared to 2005 and 2009 may also be influenced by a change to the question enquiring about gambling participation. The 2002 questionnaire enquired about respondents' participation in gambling activities during the 12 months preceding the interview while the 2005 and 2009 surveys recorded gambling participation during the 3 months preceding the interview. This adjustment was effected to minimise memory errors that may emanate from a question expecting a 12-month recall period.
- The fact that the world economy experienced its worst economic recession since the 1930s and South Africa its lowest economic growth rate since 1994, impacted negatively on disposable income and especially on discretionary expenditure such as entertainment and gambling expenses.

The longitudinal comparisons also serve as basis for establishing the reliability of the 2009 survey findings.

The reliability of survey findings is measured by comparisons with secondary sources. A community survey was conducted in Gauteng during October to November 2003 (Ligthelm 2004). Although the survey was conducted in Gauteng only, this province is by far the dominant player in the industry, as it represents close to 50 % of gross gaming revenue (excluding the lotto) and just more than 40% of lotto ticket sales. The quantitative contents of the Gauteng study as well as the methodology applied correlates closely with the 2005 NGB survey, making it a valuable validation tool.

2.4 FOCUS GROUP DISCUSSIONS

2.4.1 Introduction

In total, 13 focus group discussions were conducted at selected casino, LPM, horseracing and betting, as well as bingo venues with regular gamblers countrywide between beginning December 2008 and February 2009. Ten focus groups were conducted with regular gamblers who participated in gambling activities at various casinos, LPMs, bingo halls, as well as a horse racing outlet. An additional three focus groups were held with regular gamblers, aged 18-25 years, at three different casinos. The main aim of the focus groups discussions was to establish the social impact of gambling. The focus groups allowed for the exploring of in-depth feelings, attitudes, perceptions and beliefs as cited by respondents. Data gathered from the group discussions were useful in explaining how the respondents conceptualised gambling and the meaning that they construed of it. Such information is usually not captured during quantitative surveys. The information collected from the focus group discussions cannot be seen to be representative of the opinions of the wider gambling community. However, the opinions may indicate how the wider gambling community feels towards particular issues and might explain some of the responses reflected in the quantitative survey.

2.4.2 Profile of groups

Each focus group was made up of between seven to twelve respondents who were randomly selected from gambling venues around the country. Respondents were regarded as regular gamblers if they took part in the same gambling activity more than once a week.

The different gambling modes and population composition that exist in South Africa were also taken into consideration when the sampling plan was put together. The sample was spread across the nine provinces with more

than one focus group discussion being conducted in the three provinces that have the highest contribution to the national GGR, namely Gauteng, Western Cape and Kwa-Zulu-Natal.

2.4.3 Research Instrument

The focus group discussions were facilitated using a discussion guideline that was developed by the NGB. The topics that were addressed include attitudes towards and perceptions of gambling, nature of the respondents' gambling activities, the impact that gambling has on their personal health, interpersonal relationships, work or studies and financial circumstances. The possibility of conducting illegal acts in order to fund gambling habits was also discussed as well as solutions for problem gambling.

2.4.4 Fieldwork

The respondents were randomly selected from the gambling venues by well trained fieldworkers. The respondents for the casinos, bingo and the LPM focus group discussions were recruited a day before the actual discussion took place, from about 14h00 to 20h00. The recruitments were done a day before the specified hours to ensure that the focus groups were well balanced between day time and night time gamblers. These discussions took place at an agreed venue after 17h00.

A different recruitment strategy was, however, used for horse racing and betting focus groups. The respondents for these groups were recruited on the same day that the discussions took place. The change in recruitment strategy was brought about by the fact that horse racing only

took place at particular venues on specific days. The respondents were recruited either before the events took place or during the events and asked to remain at the end of the event for the discussion.

The focus group discussions were conducted in languages that the respondents were comfortable with, in order to allow the respondents to express themselves as freely and as openly as possible.

2.4.5 Participation

The response rate for the focus group discussions was generally positive although there were instances where some of the recruited casino and LPM focus group discussion participants did not show up the following day for the discussion even though they had confirmed attendance. In such cases, the respondents that did not show up were substituted with respondents that were at the gambling venue on the day of the discussion.

Similar substitution methods were used for the horse racing and betting focus group discussions where some of the recruited respondents decided not to attend the discussion at the end of the gambling event because they had had a 'bad gambling day' and were not in the mood to discuss gambling issues.

However, there were cases where the target number of respondents could not be reached. In such instances the focus group discussions had to be conducted with the people that had showed up.

chapter 3

socio-economic impact - quantitative perspective



3.1 INTRODUCTION

This chapter presents the findings of the 2009 national household survey. The information is portrayed in a way that disaggregates community attitudes and gambling behaviour according to the following sociodemographic variables: age, work status, educational level, gender and personal income. The results of the 2009 survey are compared to the 2002 and the 2005 NGB survey results to detect any longitudinal behavioural changes between 2002 and 2009.

In interpreting the findings of the survey it should be noted that respondents were filtered by certain questions, implying that it was not expected from all respondents to answer all questions. For example, only respondents frequenting casinos were asked specific questions on casinos. The survey subpopulations created in such a way were used as basis for calculating ratios and percentages for these filtered questions. This approach is clearly highlighted in this chapter.

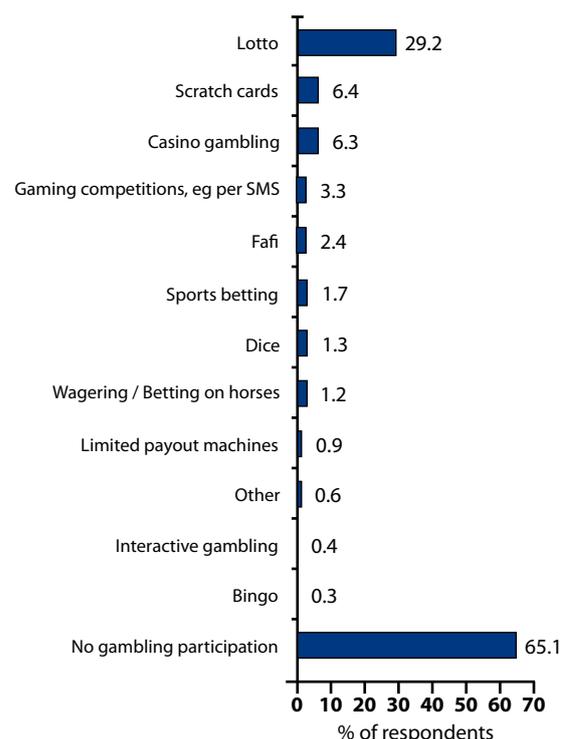
3.2 PARTICIPATION IN GAMBLING ACTIVITIES

The propensity of the South African population (18 years and older) to participate in gambling activities in 2009 is shown in figure 3.1. (Note that the percentages exceed 100 % due to multiple gambling participation by some of the respondents.) The most popular gambling activity by far is the lottery with 29.2 % of respondents having bought lotto tickets and 6.4 % having bought scratch cards in the three months preceding the survey (conducted in November 2008 and during January and February 2009). The figure also shows that 6.3 % of respondents visited casinos, 1.7 % participated in sports betting, 1.2 % bet on horses, 0.9 % played LPMs and 0.3 % played bingo. Participation in interactive gambling was established at 0.4 % and 3.3 % of respondents confirmed their participation in gaming competitions such as per SMS.

Respondents were also prompted on their participation in illegal gambling activities. Almost one in every forty (2.4 %) respondents confirmed their participation in fafi and 1.3 % in dice. This level of participation can be regarded as conservative due to the probable reluctance of respondents to reveal their involvement in illegal gambling activities as well as the fact that fafi and especially dice is often played by the youth (younger than 18 years) that were excluded from the survey population.

Almost two thirds (65.1 %) of the respondents reported that they had not participated in any gambling activities during the three months preceding the study.

Figure 3.1: Participation in gambling activities by mode in the three months preceding the survey





When comparing the propensity to gamble in 2009 as discussed above with previous studies there appears to be some decline in the propensity to gamble among the South African population since the establishment of the legal gambling sector in the 1997 to 2002 period. The following results were attained during previous surveys (table 3.1). It should be stated at the outset that the results of the various surveys are not always directly comparable due to differences in question phrasing (see footnotes in table 3.1) and the definition of gambling modes (national lottery versus the lotto and scratch cards separately).

Some of the pointers emanating from table 3.1 are:

- Participation in the lottery (lotto and scratch cards) declined from 71.3% in 2002 (the year of establishing the lotto) to 45.8 % (lotto only) in 2005 and 29.2% (lotto only) in 2009.
- Buying of scratch cards declined from 7.8% of respondents in 2005 to 6.4% in 2009.
- The percentage of respondents visiting casinos declined substantially from 19.3% in 2002, to 7.1% in 2005. A further slight decline to 6.3 % was recorded in 2009.
- Respondents who did not participate in any gambling activity increased from 43.2% in 2002, 50.2% in 2005 to 65.1% in 2009.

Table 3.1: Participation in gambling activities: NGB surveys

| Gambling mode | 2002 NGB survey ² % | 2005 NGB survey ¹ % | 2009 NGB survey ¹ % |
|-------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Lotto tickets & scratch cards | 71.3 | - | - |
| Lotto | - | 45.8 | 29.2 |
| Scratch cards | - | 7.8 | 6.4 |
| Casino gambling | 19.3 | 7.1 | 6.3 |
| Horse/sports betting | 15.3 | 2.7 | 2.9 |
| No participation | 43.2 | 50.2 | 65.1 |

¹ Participation in the 3 months preceding the survey
² Participation in the 12 months preceding the survey

It should be noted that macro-economic conditions or the business cycle phases differ considerably between the 2002 and 2005 surveys compared to the 2009 survey. The 2002 and 2005 surveys were conducted in positive and fairly expansive economic conditions (GDP growth rate was 3.7 % in 2002 and 5.0 % in 2005) while the 2009 survey was conducted in severe economic recessionary conditions. In fact the economic decline in the last quarter of 2008 (-1.8 % in GDP) and first quarter of 2009 (-6.4 % in GDP) was termed the worst economic recession

since the 1930s (SARB 2009; Stats SA 2009a and Stats SA 2009b). The above conditions impact negatively on employment security, personal income growth and economic expectations – all of which may result in smaller discretionary income, more considered expenditure conditions and ultimately also towards a net decline in gambling expenditure.

3.2.1 Participation by age group

Table 3.2 shows the participation in gambling activities by age group. No significant peculiarities are evident. Buying lotto tickets was somewhat higher among the 36-55 year age group (approximately 35.0 %) compared to the younger than 25 years (23.7 %), and older than 55 years (24.1 %). Casino gambling was fairly similar across the 36 to 55+ years age groups with a somewhat lower propensity among those younger than 35 years. Participation in horse betting was very prominent in the 46-55 year age group compared to the other age categories. In contrast, sports betting was more popular in the younger age groups compared to the respondents older than 46 years. Buying scratch cards was substantially lower among the 55+ year age groups compared to those younger than 55 years. Playing fafi was the most popular among the middle age groups (36-55 years) while the younger age groups (less than 35 years) were proportionally more prominently represented in dice and SMS gaming competitions.

Respondents between 18 and 25 years old and older than 55 years showed the highest abstention rate from gambling.

Table 3.2: Participation in gambling by gambling mode and age group, 2009

| Gambling mode | Age group (years) | | | | |
|--------------------------------|-------------------|---------|---------|---------|-------|
| | 18-25 % | 26-35 % | 36-45 % | 46-55 % | 55+ % |
| Lotto | 23.7 | 30.0 | 34.5 | 35.0 | 24.1 |
| Casino gambling | 4.9 | 4.5 | 8.3 | 7.9 | 6.8 |
| Limited Payout Machines | 0.8 | 0.7 | 1.0 | 0.2 | 1.9 |
| Wagering (betting on horses) | 0.5 | 0.8 | 1.2 | 3.3 | 0.6 |
| Sports betting | 2.3 | 2.1 | 2.0 | 1.2 | 0.4 |
| Bingo | 0.1 | 0.1 | 0.3 | 0.2 | 0.6 |
| Scratch cards | 5.7 | 7.6 | 8.4 | 6.5 | 2.9 |
| Interactive gambling | 0.5 | 0.7 | 0.1 | 0.0 | 0.2 |
| Fafi | 1.3 | 2.0 | 3.9 | 3.7 | 1.5 |
| Dice | 2.4 | 1.7 | 0.4 | 1.4 | 0.4 |
| Gaming competitions eg per SMS | 4.1 | 3.5 | 4.2 | 2.8 | 1.3 |
| Other | 1.5 | 0.7 | 0.1 | 0.2 | 0.0 |
| No gambling participation | 69.1 | 64.8 | 59.4 | 59.3 | 72.6 |

3.2.2 Participation by work status

Table 3.3 depicts the level of participation by work status. The following is evident from the table: full- and part-time workers showed substantially higher propensities to buy lotto tickets and scratch cards than the unemployed, pensioners, those involved in home duties and students; frequenting casinos was proportionally the highest among full-time workers (9.4 %) and the lowest among the unemployed (3.0 %) and retired persons/pensioners (4.5 %). The unemployed were particularly active in buying lotto tickets (26.4 %) and scratch cards (5.4 %). They are proportionally also the most active in participating in illegal gambling activities, namely fafi (4.1 %) and dice (1.7).

Abstaining from gambling activities varies quite substantially by work status. It ranged from a high of 77.2% and 73.0% among those involved in home duties and students respectively to 58.5 % among full-time workers.

3.2.3 Participation by educational level

The propensity to participate in the lotto and casino gambling correlates positively with level of education (table 3.4). The percentage of respondents buying lotto tickets increased from 10.1 % of those with no formal schooling to 30.7 % and 28.6 % of those with a secondary and tertiary qualification respectively. This positive correlation is even stronger among casino attendees. No casino visitors were detected among respondents without formal schooling (who visited casinos in the three months preceding the survey) while the percentage for tertiary qualifieds was 9.9%. The same pattern holds true for sports betting and gaming competitions (eg SMS) with a much larger participation among highly qualifieds compared to those with no or only primary qualifications. The opposite is true with regard to horse betting. The figure dropped from 1.3 % among those with no schooling to only 0.7% of those with tertiary qualifications.

Table 3.3: Participation in gambling by gambling mode and work status, 2009

| Gambling mode | Employed full time % | Employed part time % | Unemployed or looking for work % | Retired or pensioner % | Home duties % | Student % |
|--------------------------------|----------------------|----------------------|----------------------------------|------------------------|---------------|-----------|
| Lotto | 35.0 | 34.2 | 26.4 | 21.3 | 19.5 | 21.4 |
| Casino gambling | 9.4 | 7.2 | 3.0 | 4.5 | 4.9 | 5.3 |
| Limited Payout Machines | 1.0 | 0.2 | 0.9 | 2.0 | 0.0 | 0.7 |
| Wagering (betting on horses) | 2.0 | 0.7 | 0.9 | 0.3 | 0.8 | 0.7 |
| Sports betting | 2.3 | 1.4 | 2.1 | 0.0 | 0.0 | 1.8 |
| Bingo | 0.1 | 0.5 | 0.1 | 0.8 | 0.0 | 0.4 |
| Scratch cards | 7.4 | 10.0 | 5.4 | 2.8 | 4.1 | 5.3 |
| Interactive gambling | 0.3 | 0.2 | 0.3 | 0.0 | 0.8 | 1.4 |
| Fafi | 2.0 | 2.8 | 4.1 | 2.3 | 0.0 | 0.4 |
| Dice | 1.6 | 0.9 | 1.7 | 0.5 | 0.8 | 1.1 |
| Gaming competitions eg per SMS | 3.9 | 4.0 | 2.9 | 1.3 | 2.4 | 4.9 |
| Other | 0.3 | 0.2 | 1.6 | 0.0 | 0.8 | 0.7 |
| No gambling participation | 58.5 | 60.2 | 68.2 | 74.2 | 77.2 | 73.0 |

Table 3.4: Participation in gambling by gambling mode and educational level, 2009

| Gambling mode | No formal schooling % | Primary % | Secondary % | Tertiary % |
|--------------------------------|-----------------------|-----------|-------------|------------|
| Lotto | 10.1 | 26.0 | 30.7 | 28.6 |
| Casino gambling | 0.0 | 2.3 | 6.2 | 9.9 |
| Limited Payout Machines | 0.0 | 0.3 | 1.0 | 1.3 |
| Wagering (betting on horses) | 1.3 | 1.0 | 1.3 | 0.7 |
| Sports betting | 0.0 | 0.8 | 1.8 | 2.3 |
| Bingo | 1.3 | 0.0 | 0.3 | 0.3 |
| Scratch cards | 5.1 | 6.5 | 6.6 | 5.6 |
| Interactive gambling | 0.0 | 0.0 | 0.2 | 1.0 |
| Fafi | 5.1 | 4.7 | 2.4 | 0.9 |
| Dice | 0.0 | 0.8 | 1.8 | 0.4 |
| Gaming competitions eg per SMS | 0.0 | 0.8 | 3.5 | 4.6 |
| Other | 0.0 | 0.5 | 0.8 | 0.1 |
| No gambling participation | 84.8 | 69.0 | 63.7 | 65.0 |





With regard to illegal gambling activities, the table shows the highest propensity to play fafi among those with no formal schooling (5.1%), with the figure dropping to only 0.9% for tertiary qualifieds.

Those that abstained from gambling during the three months preceding the survey are the most prevalent among respondents without any formal schooling (84.8%) and taper down as qualifications increase, with a slightly higher level among those with tertiary qualifications (65.0%) compared to secondary school qualifications (63.7%).

3.2.4 Participation by gender

Table 3.5 confirms that for the majority of gambling modes males were inclined to gamble more than women. The male:female participation rates for the most prominent modes are: lotto 37.4% for males and 24.5% for females, casino 8.0% against 5.4%; wagering on horses 2.7% against 0.3%; and dice 3.0% against 0.4%. Females were more active in bingo (0.3% against 0.2%), fafi (1.8% against 2.8%) and gaming competitions (3.5% against 3.1%).

Overall, the propensity to abstain from gambling of 70.3% for females was substantially higher than the 56.2% for males.

3.2.5 Participation by personal income group

The propensity to gamble is strongly influenced by personal income level. Table 3.6 shows that abstention from gambling amounted to 70.5% among respondents with a personal income of less than R6 000 per annum. The abstention rate decreased as income increased. The lowest abstention rate was recorded in the R60 000-R120 000

Table 3.5: Participation in gambling by gambling mode and gender, 2009

| Mode | Male % | Female % |
|--------------------------------|--------|----------|
| Lotto | 37.4 | 24.5 |
| Casino gambling | 8.0 | 5.4 |
| Limited Payout Machines | 1.1 | 0.9 |
| Wagering (betting on horses) | 2.7 | 0.3 |
| Sports betting | 4.1 | 0.4 |
| Bingo | 0.2 | 0.3 |
| Scratch cards | 8.1 | 5.3 |
| Interactive gambling | 0.4 | 0.3 |
| Fafi | 1.8 | 2.8 |
| Dice | 3.0 | 0.4 |
| Gaming competitions eg per SMS | 3.1 | 3.5 |
| Other | 0.8 | 0.5 |
| No gambling participation | 56.2 | 70.3 |

annual income category. The highest income category R120 000+ per annum recorded a slightly higher abstention rate of 64.5%. The same pattern is relevant for the majority of gambling modes, namely a relatively low participation rate by the lowest income category (less than R6 000 per annum), an increase in participation as income rises with a slight drop in gambling participation among the most affluent group (R120 000+ per annum).

Casino gambling, for example, increased from 3.3% in the lowest income category (less than R6 000 per annum) to 15.4% among those in the highest income category (R60 000-R120 000 and more per annum) with a slight drop to 11.3% in the highest income category (R120 000+ per annum). Participation in the lotto portrayed the same trend, albeit with fairly high participation rates across all

Table 3.6: Participation in gambling by gambling mode and income group, 2009

| Gambling mode | Less than R6 000 pa ¹ % | R6 001- R12 000 pa % | R12 001- R24 000 pa % | R24 001- R60 000 pa % | R60 001- R120 000 pa % | More than R120 000 pa % |
|--------------------------------|------------------------------------|----------------------|-----------------------|-----------------------|------------------------|-------------------------|
| Lotto | 23.6 | 26.5 | 33.8 | 34.9 | 36.0 | 28.6 |
| Casino gambling | 3.3 | 2.4 | 6.8 | 7.1 | 15.4 | 11.3 |
| Limited Payout Machines | 0.7 | 0.0 | 0.8 | 1.1 | 2.3 | 1.9 |
| Wagering (betting on horses) | 0.7 | 0.6 | 0.8 | 2.5 | 2.3 | 0.4 |
| Sports betting | 1.9 | 0.8 | 1.0 | 2.1 | 3.5 | 1.5 |
| Bingo | 0.3 | 0.2 | 0.5 | 0.2 | 0.3 | 0.0 |
| Scratch cards | 4.9 | 6.7 | 8.8 | 8.4 | 9.0 | 0.8 |
| Interactive gambling | 0.3 | 0.4 | 0.5 | 0.0 | 0.6 | 0.4 |
| Fafi | 1.1 | 4.3 | 3.5 | 1.6 | 1.3 | 0.8 |
| Dice | 1.3 | 1.0 | 1.0 | 2.3 | 1.6 | 0.0 |
| Gaming competitions eg per SMS | 3.5 | 3.2 | 2.5 | 3.0 | 5.5 | 3.0 |
| Other | 1.5 | 0.0 | 0.5 | 0.2 | 0.3 | 0.0 |
| No gambling participation | 70.5 | 69.4 | 60.8 | 59.4 | 57.6 | 64.5 |

¹ Includes respondents that reported 'no income'

income categories, varying from 23.6% among the less than R6 000 per annum earners to 36.0% among those in the R60 000-R120 000 income category.

3.2.6 Participation by population group

Table 3.7 shows the propensity to gamble by population group. The African population group, with a gambling abstention rate of 62.7%, presented as the most active in gambling activities. Their abstention rate is followed by Whites (67.4%), Asians (74.5%) and Coloureds (77.3%). For the population as a whole, 65.1 % indicated that they abstained from gambling in the three months preceding the survey. The above figures refer to both legal and illegal gambling activities.

Table 3.7: Participation in gambling activities by gambling mode and population group, 2009

| Gambling mode | Asians % | Africans % | Coloureds % | Whites % |
|--------------------------------|----------|------------|-------------|----------|
| Lotto | 21.3 | 31.7 | 17.1 | 26.7 |
| Casino gambling | 8.5 | 5.6 | 3.7 | 11.5 |
| Limited Payout Machines | 6.4 | 0.4 | 0.7 | 2.6 |
| Wagering (betting on horses) | 1.1 | 1.3 | 0.7 | 0.7 |
| Sports betting | 0.0 | 2.1 | 1.0 | 0.7 |
| Bingo | 1.1 | 0.2 | 1.0 | 0.0 |
| Scratch cards | 5.3 | 7.8 | 3.7 | 1.3 |
| Interactive gambling | 1.1 | 0.2 | 0.7 | 0.9 |
| Fafi | 0.0 | 3.3 | 0.0 | 0.0 |
| Dice | 0.0 | 1.6 | 1.7 | 0.0 |
| Gaming competitions eg per SMS | 1.1 | 3.8 | 1.7 | 2.6 |
| Other | 0.0 | 0.7 | 0.7 | 0.2 |
| No gambling participation | 74.5 | 62.7 | 77.3 | 67.4 |

With regard to the different gambling modes, the following can be highlighted:

- Coloureds showed the lowest propensity (17.1 %) to play the lotto while Africans were the most active participants (31.7 %).
- Casino gambling is the most popular among Whites (11.5 %) and Asians (8.5 %) and the least popular among Africans (5.6 %) and Coloureds (3.7 %).
- Africans (1.3 %) and Asians (1.1 %) were the most active horse betters while Africans (2.1 %) and Coloureds (1.0 %) presented as fairly active in sports betting (4.6 %).
- Scratch cards were the most popular among Africans (7.8 %) and Asians (5.3 %) while this mode attracted only 1.3 % of the White population group.
- Fafi and dice were played predominantly by Africans

(3.3 % and 1.6 % respectively) while it was totally absent among Asians and Whites.

3.3 REASONS FOR ABSTAINING FROM GAMBLING

The 65.1 % of respondents who did not participate in gambling activities during the three months preceding the survey were requested to advance the main reason for abstaining. Figure 3.2 shows that almost half (49.7 %) the nonparticipants indicated that they were not interested in gambling. One in every seven (13.3 %) nonparticipants advanced a lack of money as the main reason while the same percentage of respondents (13.1 %) mentioned that gambling is against their religious beliefs. 5.6 % do not gamble at all. Only 1.3 % mentioned that the lack of access to gambling facilities was the main reason for their abstention.

Figure 3.2: Reasons for not participating in gambling during the three months preceding the survey

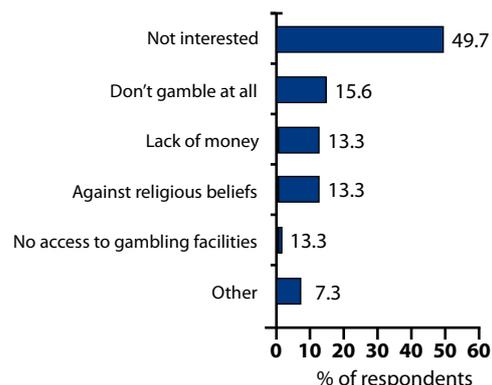


Table 3.8 shows the findings of previous NGB surveys regarding the above question. The following trends are evident:

- 'Lack of money' became a less important reason advanced by respondents as the main reason for abstaining from gambling – a decline from 29.7 % in 2002 to 13.3 % in 2009.
- 'Against religious beliefs' was advanced by 21.9 % of respondents in 2002 and remained fairly stable at just above 13.0 % in 2005 and 2009.
- 'Not interested in gambling' was not only the most important reason advanced in all the surveys but became more and more prominent – increased from 42.9 % in 2005 to 49.7 % in 2009. (A large portion of the 32.8 % under 'Don't gamble at all' in the 2002 survey would probably be recorded under 'not interested' should that have been stated as an alternative option in 2002).





- It is interesting to note that in all three surveys, 'no access to gambling facilities' was advanced by a small percentage of respondents as reason for abstaining from gambling activities (approximately only 1.0 %).

Table 3.8: Reasons advanced for abstaining from gambling by respondents not participating in gambling: NGB surveys

| Reasons | 2002 NGB survey % | 2005 NGB survey % | 2009 NGB survey % |
|----------------------------------|-------------------------|-------------------------|-------------------------|
| Lack of money | 29.7 | 20.0 | 13.3 |
| Against religious beliefs | 21.9 | 13.1 | 13.3 |
| Don't gamble at all | 32.8 | 12.6 | 15.6 |
| No access to gambling facilities | 0.8 | 1.8 | 1.3 |
| Not interested | - | 42.9 | 49.7 |

The following variations are evident regarding the reasons for abstaining from gambling by demographic variable:

- 'Against religious beliefs' was positively correlated with age group, implying that a larger percentage of older people advanced this reason compared to the younger age groups.
- 'Not interested in gambling' decreased as a reason for abstention with higher income categories.
- With regard to the work status of respondents the following materialised: 'lack of money' was very prominent among the unemployed as a reason for abstaining; and 'against religious beliefs' was a much strong motivational factor for abstention among those involved in home duties.
- Respondents with no formal schooling or primary educational qualifications experienced the lack of money as a much stronger impediment to gambling participation than those with a post-matric (tertiary) qualification. A larger percentage of respondents with no formal or only primary qualifications indicated that they 'don't gamble at all' than those with secondary or tertiary qualifications. In all the educational categories, 'not interested in gambling' was advanced by approximately half the respondents.
- Some variations were evident with regard to abstaining from gambling by population group. A larger percentage of the African population group advanced 'lack of money' as a reason than was the case with the other three population groups while 'against religious beliefs' was advanced by substantially more Asians than especially Africans.

- The motivational pattern for abstention was fairly similar by gender.
- As could have been expected 'lack of money' correlated negatively with income level. It also appeared that 'against religious beliefs' materialised more prominently among the higher income groups, where the Asian and White population groups are more prominently represented.

3.4 ATTITUDES TO GAMBLING

All respondents were asked to present their views (opinions) on 15 statements exploring community attitudes towards gambling. Respondents were presented with three alternatives namely 'agree', 'disagree' or 'don't know'. The results are depicted in table 3.9.

A high level of 'agreement' (73.8 %) was expressed for the statement, 'people should have the right to gamble whenever they want'. This reaction confirms a strong support for freedom of choice – even for fairly negative personal conduct (see below). However, the relatively strong disagreement (53.9 %) with the statement 'it would be better if gambling was banned altogether' stands in support of the abolition of gambling.

Overall, respondent reaction suggests a fairly negative view on gambling. In addition to the first statement mentioned above, the following three statements also yielded 'agreement' from more than 50.0 % of the respondents:

| | % Agreement |
|-------------------------------------------|-------------|
| • 'Gambling is like a drug' | 68.5 |
| • 'Gambling is dangerous for family life' | 65.4 |
| • 'Gambling is a waste of time' | 50.4 |

The lowest level of 'agreement' had to do with the following three statements, confirming that the majority of respondents hold a fairly negative view on gambling:

| | % Agreement |
|----------------------------------------------------|-------------|
| • 'Gambling is good for communities' | 37.0 |
| • 'On balance, gambling is good for society' | 36.8 |
| • 'Gambling is an important part of cultural life' | 25.7 |

The rest of the statements attracted agreement from 49.0% for 'gambling is an important leisure activity for South Africans' to 37.2 % for 'gambling should be discouraged'.

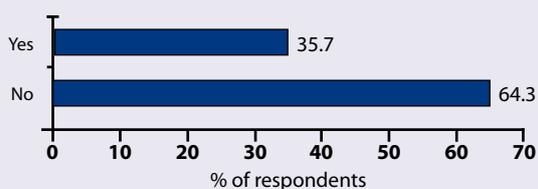
Table 3.9: Personal views on gambling

| Statements | Agree % | Disagree % | Don't know % | Total % |
|------------------------------------------------------------------|---------|------------|--------------|---------|
| (a) People should have the right to gamble whenever they want | 73.8 | 21.6 | 4.6 | 100.0 |
| (b) Gambling is like a drug | 68.4 | 26.0 | 5.5 | 100.0 |
| (c) Gambling is dangerous for family life | 65.4 | 29.3 | 5.2 | 100.0 |
| (d) Gambling is a waste of time | 50.4 | 44.9 | 4.7 | 100.0 |
| (e) Gambling is an important leisure activity for South Africans | 49.0 | 43.5 | 7.6 | 100.0 |
| (f) Gambling is acceptable to me | 48.7 | 49.8 | 1.5 | 100.0 |
| (g) Gambling is a harmless form of entertainment | 45.1 | 47.8 | 7.2 | 100.0 |
| (h) Gambling livens up life | 43.9 | 45.9 | 10.2 | 100.0 |
| (i) Gambling is a fool's game | 41.6 | 51.1 | 7.3 | 100.0 |
| (j) Most people who gamble do so sensibly | 40.9 | 46.3 | 12.8 | 100.0 |
| (k) Gambling should be discouraged | 37.2 | 54.3 | 8.4 | 100.0 |
| (l) It would be better if gambling was banned altogether | 37.0 | 53.9 | 9.1 | 100.0 |
| (m) Gambling is good for communities | 37.0 | 56.8 | 6.3 | 100.0 |
| (n) On balance, gambling is good for society | 36.8 | 53.8 | 9.4 | 100.0 |
| (o) Gambling is an important part of cultural life | 25.7 | 64.0 | 10.3 | 100.0 |

3.5 UNDER-AGE GAMBLING

The involvement of persons below the age of 18 years in gambling activities is a matter of concern. The questionnaire enquired on the awareness among respondents of under-age gambling. Figure 3.3 confirms that 35.7% of respondents were aware of this phenomenon.

Figure 3.3: Level of awareness of under-age gambling, 2009



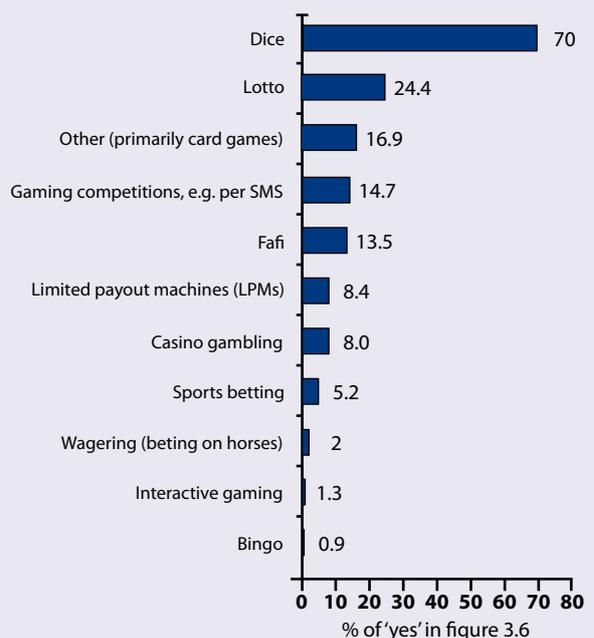
By demographic variable, awareness of under-age gambling was particularly prevalent among respondents in the following categories:

- Age group : 18-25 years
- Work status : Students
- Level of education : Secondary and tertiary qualifieds
- Population group : African population
- Gender : Male
- Income : Lowest income categories

Figure 3.4 shows the types of games mentioned by respondents in response to the question: 'If you are aware

of under-age gambling, what type of gambling do they perform?' Illegal games such as dice (70.7%), fafi (13.5%) and cards (16.9%) featured prominently. However, awareness of involvement in legalised gambling was also reported, particularly the buying of lotto tickets (24.4%), LPMs (8.4%), casino gambling (8.0%) and sports betting (5.2%).

Figure 3.4: Gambling modes engaged in by the youth as reported by respondents, 2009





A comparison of under-age gambling awareness and the gambling modes engaged in by the youth in 2005 and 2009 is shown in table 3.10. The level of awareness in both these years is fairly similar at just over one third of respondents (37.1% in 2005 and 35.7% in 2009). Table 3.10 also shows that the majority of under-age gamblers were reported as being involved in illegal gambling (dice, cards and fafi) in both surveys. Involvement in the buying of lotto tickets declined from 43.7% in 2005 to 24.4% in 2009. Similarly, under-age involvement in casinos declined from 16.4 % in 2005 to 8.0 % in 2009.

Table 3.10: Under-age gambling: level of awareness and modes engaged in by the youth

| Reasons | 2005 NGB survey % | 2009 NGB survey % |
|------------------------------------------|-------------------|-------------------|
| Level of awareness of under-age gambling | 37.1 | 35.7 |
| Modes engaged in by the youth: | | |
| • Dice | 64.8 | 70.7 |
| • Lotto | 43.7 | 24.4 |
| • Cards | 12.6 | 16.9 |
| • Gaming competitions (eg SMS) | - | 14.7 |
| • Fafi | 24.8 | 13.5 |
| • LPMs | - | 8.4 |
| • Casinos | 16.4 | 8.0 |

3.6 GAMBLING OUTLETS

Respondents were requested to express their opinion on the adequacy of gambling outlets. Figure 3.5 shows that almost one in every six (15.7 %) respondents were of the opinion that there are not enough gambling outlets. Almost a third (32.4 %) of respondents expressed the view that there are too many outlets while almost the same percentage (31.2 %) thought that there are enough outlets. The finding that only one in every six respondents expressed the view that there are not enough outlets should be viewed against the fact that only 1.3 % of non-participants advanced a lack of access to gambling facilities as a reason for abstaining from gambling. It would therefore appear that the respondents who indicated that there are not enough outlets referred more to a need for more convenient/easier access rather than an outright lack of access to gambling facilities.

The demographic characteristics of the respondents who reported inadequate as well as an over-supply of gambling outlets are shown in table 3.11. The profiles of respondents who expressed a need for more outlets were younger than 55 years, were unemployed or engaged in part-time work, had a primary or secondary education, belonged to the African population group, were males and fell in the lowest income categories.

Figure 3.5: Adequacy of gambling outlets, 2009

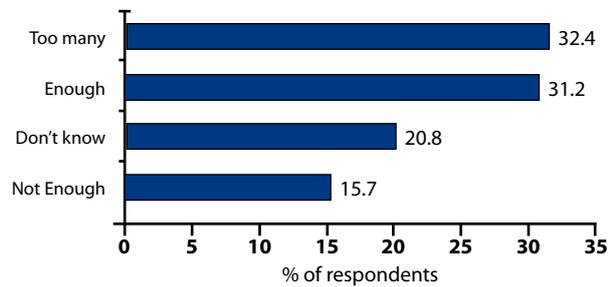
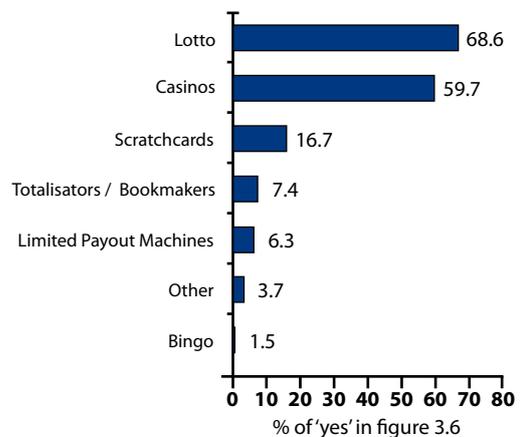


Table 3.11: Demographic characteristics of respondents who reported insufficient gambling outlets

| Demographic variable | Not enough outlets/opportunities | Too many outlets/opportunities |
|----------------------|----------------------------------|--------------------------------|
| Age | Between 18-55 years | Older than 55 years |
| Work status | Part-time workers Unemployed | Pensioners and Home duties |
| Educational level | Primary & secondary education | Tertiary qualification |
| Population group | African | Whites and Asians |
| Gender | Male | Female |
| Personal income | Lower income groups | Higher income groups |

Figure 3.6 depicts the types of outlets required by those (15.7 % of respondents) who reported inadequate availability of gambling outlets. The most prominent requirement was for more lotto ticket outlets (68.6 %), casinos (59.7 %), scratch cards (16.7 %), totalisators and bookmakers (7.4 %) and LPMs (6.3 %).

Figure 3.6: Additional gambling outlets required



3.7 GAMBLING SUBPOPULATION

Detailed questions on gambling mode and gambling conduct were asked only to relevant respondents participating in gambling activities. The percentages calculated

on these gambling-mode specific questions are only for the relevant subpopulations and not for the survey population as a whole. These details are clearly highlighted in each of the subsequent sections.

3.8 MOST PREFERRED GAMBLING ACTIVITY

All respondents participating in gambling activities during the three months preceding the survey were requested to indicate their most preferred gambling activity. Figure 3.7 shows the result. Almost three in every four active gambling participants expressed a preference for lotto (74.9%). This mode is followed by casino gambling (10.1%), scratch cards (3.7%), and gaming competition eg per SMS (3.2%). The other gambling modes attracted fairly limited respondents, namely below 2.0% of active gamblers.

Figure 3.7: Most preferred gambling activity by gambling mode, 2009

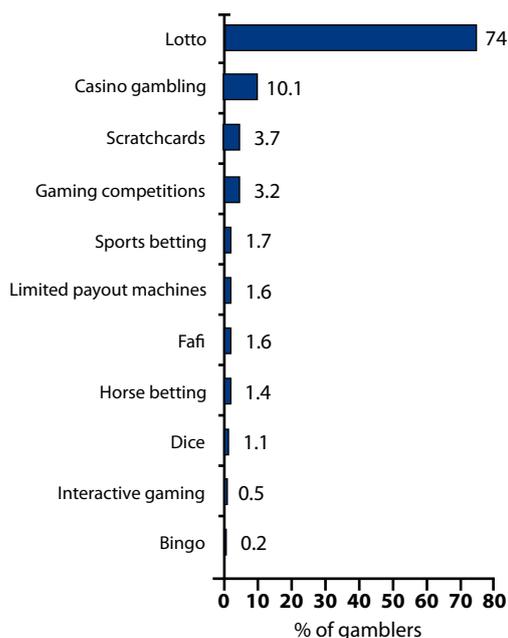


Table 3.13: Most preferred gambling mode by work status, 2009

| Gambling mode | Work status | | | | | |
|--------------------------------|----------------------|----------------------|--------------|------------------------|---------------|-----------|
| | Employed full time % | Employed part time % | Unemployed % | Retired or pensioner % | Home duties % | Student % |
| Lotto | 72.9 | 80.0 | 73.8 | 77.9 | 66.7 | 64.4 |
| Casino gambling | 12.5 | 8.1 | 5.9 | 4.2 | 16.7 | 16.4 |
| Scratch cards | 2.5 | 5.6 | 4.5 | 5.3 | 4.2 | 2.7 |
| Gaming competitions eg per SMS | 2.5 | 1.9 | 4.5 | 2.1 | 0.0 | 8.2 |

Some variations are evident by demographic variable. In presenting gambling preference by demographic variable, only the gambling modes with more than 30 survey respondents are shown in the following tables, namely lotto, casino gambling, scratch cards and gaming competitions. Table 3.12 shows a preference for buying lotto tickets among the older age groups. Preference increased from 67.0% among the 18-25 year category to 77.4% for those older than 55 years. Preference for casino gambling shows some minor variations by age group ranging from 7.0% in the 26-35 year category to 11.6% among the 18-25 year category.

Some of the other features are (not depicted in the table):

- LPMs were particularly favoured by the oldest age category (55+ years).
- Sports betting was favoured by the young and middle age groups.
- Scratch cards and gaming competitions, eg per SMS, were most popular among the younger age groups.

Table 3.12: Most preferred gambling mode by age, 2009

| Gambling mode | Age group (years) | | | | |
|--------------------------------|-------------------|---------|---------|---------|-------|
| | 18-25 % | 26-35 % | 36-45 % | 46-55 % | 55+ % |
| Lotto | 67.0 | 75.7 | 75.0 | 77.0 | 77.4 |
| Casino gambling | 11.6 | 7.0 | 11.2 | 9.9 | 10.2 |
| Scratch cards | 4.7 | 5.2 | 3.4 | 1.9 | 2.2 |
| Gaming competitions eg per SMS | 5.6 | 3.5 | 3.0 | 1.2 | 1.5 |

Table 3.13 shows the most preferred gambling mode by employment status. Participating in lotto was the least preferred among respondents active in home duties (66.7%) and students (64.4%) and the most preferred among part-time workers (80.0%). Casino games were identified as the most preferred gambling mode by 12.5% of full-time workers, 16.4% of students and 16.7% of respondents involved in home duties. In contrast, only 4.2% of retired and 5.9% of unemployed respondents expressed a preference for casino gambling.





Table 3.14 shows the following with regard to gambling preference by educational level:

- Preference for casino gambling correlates positively with educational level – from no preference at all among those with no formal schooling to 17.4 % among those with tertiary qualifications.
- Scratch cards were the most popular among the least qualified groups.
- Gaming competitions were the most preferred among the higher qualifieds.

Table 3.14: Most preferred gambling mode by level of education, 2009

| Gambling mode | Level of education | | | |
|--------------------------------|-----------------------|-----------|-------------|------------|
| | No formal schooling % | Primary % | Secondary % | Tertiary % |
| Lotto | 80.0 | 78.9 | 75.3 | 67.2 |
| Casino gambling | 0.0 | 4.6 | 8.4 | 17.4 |
| Scratch cards | 10.0 | 7.3 | 3.4 | 2.6 |
| Gaming competitions eg per SMS | 0.0 | 0.9 | 3.1 | 4.7 |

Table 3.15 shows that lotto was identified as the most preferred gaming activity by 77.7% of Africans. This percentage was substantially lower among other population groups at 52.2% for Asians, 60.7% for Coloureds and 63.7% for Whites. Casino gambling received first preference as gambling mode among 24.0% of Whites compared to only 6.9% of Africans.

Table 3.15: Most preferred gambling mode by population group, 2009

| Gambling mode | Population group | | | |
|--------------------------------|------------------|----------|-------------|----------|
| | Africans % | Asians % | Coloureds % | Whites % |
| Lotto | 77.7 | 52.2 | 60.7 | 63.7 |
| Casino gambling | 6.9 | 21.7 | 11.5 | 24.0 |
| Scratch cards | 3.4 | 4.3 | 8.2 | 2.7 |
| Gaming competitions eg per SMS | 3.4 | 0.0 | 1.6 | 2.7 |

Table 3.17: Most preferred gambling mode by annual income category, 2009

| Gambling mode | Annual income category (per annum) | | | | | |
|--------------------------------|------------------------------------|-------------------|--------------------|--------------------|----------------------|----------------------|
| | Less than R6 000 % | R6 001- R12 000 % | R12 001- R24 000 % | R24 001- R60 000 % | R60 000 - R120 000 % | More than R120 000 % |
| Lotto | 72.1 | 81.9 | 76.7 | 77.9 | 69.0 | 61.5 |
| Casino gambling | 7.5 | 2.2 | 10.0 | 8.9 | 15.5 | 25.3 |
| Scratch cards | 4.2 | 7.2 | 4.7 | 2.8 | 0.8 | 1.1 |
| Gaming competitions eg per SMS | 5.3 | 2.9 | 1.3 | 1.9 | 3.1 | 3.3 |

Table 3.16 shows a similar level of preference for lotto games by both males and females (74.8 % and 73.3 % respectively). Casino gambling, buying of scratch cards and participation in gaming competitions were slightly more preferred gambling modes for females than males.

Table 3.16: Most preferred gambling mode by gender, 2009

| Gambling mode | Gender | |
|--------------------------------|--------|----------|
| | Male % | Female % |
| Lotto | 74.8 | 73.3 |
| Casino gambling | 8.6 | 11.2 |
| Scratch cards | 2.4 | 4.8 |
| Gaming competitions eg per SMS | 1.3 | 4.8 |

Preferred gambling activity by personal income category is shown in table 3.17. Some variation is evident by income group. However, the general trends show the following:

- A declined preference for lotto and scratch cards as income increases.
- An increased preference for casino gambling among higher income groups.
- A relatively higher preference for gaming competitions among the poorest and most affluent income groups.

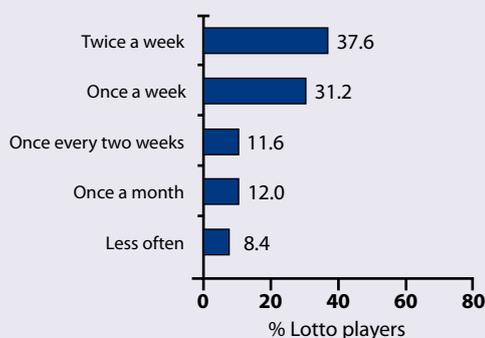
3.9 BUYING OF LOTTO TICKETS

Respondents who confirmed their buying of lotto tickets during the three months preceding the survey were requested to indicate the frequency of their buying habit. It is important to note that the percentage in this section was calculated on the basis of those respondents who bought lotto tickets and not on the basis of the total population interviewed.

Figure 3.8 confirms a relatively high buying frequency. Just more than one third of the respondents (36.7 %) bought lotto tickets twice a week while a further 31.2 % bought tickets once a week. This implies that almost two

thirds (67.9 %) of lotto players bought lotto tickets at least once a week.

Figure 3.8: Frequency of buying lotto tickets



A comparison of the above figures with the results of previous NGB surveys clearly suggests a gradual decline in the frequency of buying lotto tickets since the lottery's inception in 2002. Table 3.18 compares the buying frequencies reflected during the three NGB surveys. Respondents who bought tickets twice a week declined from 60.5% in 2002 to 45.1% in 2005 and 36.7% in 2009. Those who bought tickets at least once a week (ie the twice and once a week combined) declined from 85.0% in 2002 to 72.7% in 2005 and 67.9% in 2009. This suggests a downward trend in the novelty effect as well as a more realistic perception of winning chances.

Table 3.18: Frequency of buying lotto tickets: previous NGB surveys

| Frequency | 2002 NGB survey % | 2005 NGB survey % | 2009 NGB survey % |
|----------------------|-------------------|-------------------|-------------------|
| Twice a week | 60.5 | 45.1 | 36.7 |
| Once a week | 24.5 | 27.6 | 31.2 |
| Once every two weeks | 3.3 | 9.6 | 11.6 |
| Once a month | 6.3 | 9.7 | 12.0 |
| Less often | 5.4 | 8.0 | 8.4 |
| Total | 100.0 | 100.0 | 100.0 |

3.9.1 Buying of lotto tickets by age group

Table 3.19 shows a general negative correlation between

Table 3.20: Frequency of buying lotto tickets by work status, 2009

| Frequency | Employed full time % | Employed part time % | Unemployed or looking for work % | Retired or pensioner % | Home duties % | Student % |
|----------------------|----------------------|----------------------|----------------------------------|------------------------|---------------|-----------|
| Twice a week | 39.6 | 43.8 | 36.5 | 22.9 | 22.7 | 25.9 |
| Once a week | 31.1 | 28.1 | 33.3 | 25.3 | 36.4 | 41.4 |
| Once every two weeks | 12.1 | 15.1 | 9.9 | 13.3 | 4.5 | 5.2 |
| Once a month | 9.8 | 6.8 | 10.9 | 24.1 | 18.2 | 24.1 |
| Less often | 7.5 | 6.2 | 9.4 | 14.5 | 18.2 | 3.4 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

a high frequency of buying of lotto tickets and age group (from 36 years and older). Just more than two in every five (44.3 %) respondents in the 36 to 45 year age group bought lotto tickets twice a week. This percentage gradually declined to 25.6 % of respondents 55 years and older. The once a week buyers show some variation, but also declined from 38.8 % in the 18-25 year age group to 23.2 % of respondents 55 years and older.

Table 3.19: Frequency of buying lotto tickets by age group, 2009

| Frequency | 18-25 years % | 26-35 years % | 36-45 years % | 46-55 years % | 55 years and older % |
|----------------------|---------------|---------------|---------------|---------------|----------------------|
| Twice a week | 31.8 | 40.6 | 44.3 | 34.2 | 25.6 |
| Once a week | 38.8 | 30.2 | 28.3 | 35.6 | 23.2 |
| Once every two weeks | 9.4 | 13.2 | 9.7 | 11.6 | 15.2 |
| Once a month | 12.9 | 9.9 | 8.4 | 10.3 | 23.2 |
| Less often | 7.1 | 6.1 | 9.3 | 8.2 | 12.8 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

3.9.2 Buying of lotto tickets by work status

Work status exercised a strong influence on the buying frequency of lotto tickets. Table 3.20 shows a particularly high frequency (twice a week) among part-time workers (43.8 %), full-time workers (39.6 %) and the unemployed 36.5 %. This frequency dropped to 22.9 % among pensioners and to 22.7 % among those engaged in home duties. Students show the highest representation (41.4 %) among the once a week buyers. The following reflects the percentages of respondents who bought lotto tickets at least once a week (ie twice and once a week):

- Full-time workers : 70.7 %
- Part-time workers : 71.9 %
- Unemployed : 69.8 %
- Pensioners : 48.2 %
- Home duties : 59.1 %
- Students : 67.3 %

3.9.3 Buying of lotto tickets by educational level

Table 3.21 shows a relatively high twice-a-week buying frequency among respondents with no formal schooling.



It dropped from a high of 57.1 % among respondents with no formal schooling to 34.2 % among those with tertiary qualifications. The once-a-week buyers showed a similar trend with a high of 42.9 % among those without formal schooling to round about 31 % among the other educational categories.

Table 3.21: Frequency of buying lotto tickets by educational level, 2009

| Frequency | No formal schooling % | Primary % | Secondary % | Tertiary % |
|----------------------|-----------------------|-----------|-------------|------------|
| Twice a week | 57.1 | 34.7 | 37.6 | 34.2 |
| Once a week | 42.9 | 31.6 | 31.0 | 31.6 |
| Once every two weeks | 0.0 | 12.2 | 11.5 | 11.7 |
| Once a month | 0.0 | 12.2 | 11.7 | 13.3 |
| Less often | 0.0 | 9.2 | 8.2 | 9.2 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 |

3.9.4 Buying of lotto tickets by population group

Distinct variations are evident in the frequency of buying lotto tickets by population group. Table 3.22 shows a particularly high frequency among the African population group with 42.1 % buying lotto tickets twice a week. This percentage dropped to 15.0 % for Asians, 12.2 % for Coloureds and 19.3 % for Whites. The following percentages show the buying of lotto tickets at least once a week (ie twice and once a week):

- Africans : 74.5 %
- Whites : 45.4 %
- Asians : 45.0 %
- Coloureds : 40.8 %

Table 3.22: Frequency of buying lotto tickets by population group, 2009

| Frequency | Asians % | Africans % | Coloureds % | Whites % |
|----------------------|----------|------------|-------------|----------|
| Twice a week | 42.1 | 15.0 | 12.2 | 19.3 |
| Once a week | 32.4 | 30.0 | 28.6 | 26.1 |
| Once every two weeks | 10.8 | 15.0 | 14.3 | 13.4 |
| Once a month | 8.4 | 25.0 | 26.5 | 25.2 |
| Less often | 6.3 | 15.0 | 18.4 | 16.0 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 |

3.9.5 Buying of lotto tickets by gender

The frequency of buying lotto tickets is higher among males than females (table 3.23). The twice-a-week frequency was 44.2 % for males and 30.4 % for females. Slightly more females bought tickets once a week (32.9 %) compared to males (29.1 %).

Table 3.23: Frequency of buying lotto tickets by gender, 2009

| Frequency | Male % | Female % |
|----------------------|--------|----------|
| Twice a week | 44.2 | 30.4 |
| Once a week | 29.1 | 32.9 |
| Once every two weeks | 10.6 | 14.4 |
| Once a month | 8.7 | 15.0 |
| Less often | 7.5 | 9.3 |
| Total | 100.0 | 100.0 |

3.9.6 Buying of lotto tickets by personal income group

The frequency of buying lotto tickets regularly (twice a week) is particularly high among the middle income groups where two in every five respondents bought tickets twice a week (table 3.24). This percentage was 30.7% among the lowest income group (income of less than R6 000 per annum) and 26.7 % among the most affluent group (income of more than R120 000 per annum). The incidence of buying lotto tickets at least once a week (ie twice or once a week) by income group was:

Table 3.24: Frequency of buying lotto tickets by personal income group, 2009

| Frequency | Less than R6 000 pa ¹ % | R6 001- R12 000 pa % | R12 001- R24 000 pa % | R24 001- R60 000 pa % | R60 001- R120 000 pa % | More than R120 000 pa % |
|----------------------|------------------------------------|----------------------|-----------------------|-----------------------|------------------------|-------------------------|
| Twice a week | 30.7 | 44.0 | 41.5 | 37.9 | 38.9 | 26.7 |
| Once a week | 35.1 | 26.4 | 28.9 | 32.8 | 36.3 | 21.3 |
| Once every two weeks | 9.8 | 12.8 | 11.1 | 13.8 | 11.5 | 13.3 |
| Once a month | 14.7 | 12.0 | 8.1 | 8.2 | 9.7 | 22.7 |
| Less often | 9.8 | 4.8 | 10.4 | 7.2 | 3.5 | 16.0 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

¹ Including respondents reporting no income

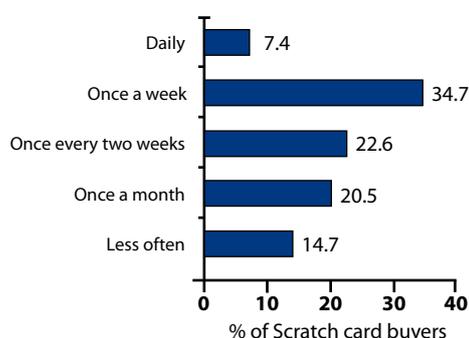
- <R6 000 pa : 65.8 %
- R6 001-R12 000 pa : 70.4 %
- R12 001-R24 000 pa : 70.4 %
- R24 001-R60 000 pa : 70.7 %
- R60 001-R120 000 pa : 75.2 %
- >R120 000 pa : 48.0 %

- The lower middle income group (between R12 000-R60 000 pa) showed the highest buying frequency. Higher-middle and high income earners showed very low (if any) buying frequencies of scratch cards.

3.10 BUYING OF SCRATCH CARDS

The buying of scratch cards materialised as the second most important (next to lotto) gambling activity. A total of 6.4 % respondents (199) confirmed their buying of scratch cards during the three months preceding the survey. Figure 3.9 shows the frequency of buying scratch cards. The relatively high frequency of scratch card buying is illustrated by the fact that just more than two in every five buyers (42.1 %) bought scratch cards at least once a week – 7.4 % daily and 34.7 % once a week. A further 22.6 % confirmed their buying once every two weeks and 20.5 % once per month. Only 14.7 % confirmed a more infrequent buying behaviour of less than once a month.

Figure 3.9: Frequency of buying scratch cards, 2009



The demographic characteristics of the buyers of scratch cards show the following profile:

- High frequency buyers (at least once a week) were strongly located in the middle age group (26-45 years).
- With regard to employment status, the following categories reported fairly high buying frequencies: those involved in home duties, pensioners and the unemployed.
- The highest buying frequency was reported by those with primary education. Respondents with no formal schooling were fairly inactive buyers of scratch cards.
- The Africans were the major supporters of scratch cards with a fairly high buying frequency.
- No substantial differences in buying behaviour were evident by gender.

3.11 VISITING OF CASINOS

Respondents who confirmed their visits to casinos during the three months preceding the survey were prompted on the frequency of their visits. Figure 3.10 reflects that just more than one in every four (25.0 %) casino patrons frequents casinos at least once a week. Daily visitors amounted to only 3.1 % and weekly visitors to 21.9 % of casino visitors. The majority of casino patrons visited the casinos less frequently – 20.3 % once every two weeks, 28.1 % once a month and 26.6 % less often.

Figure 3.10: Frequency of visiting casinos, 2009

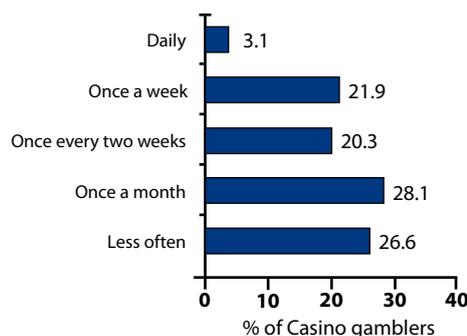


Table 3.25 shows the findings regarding the frequency of casino visits during two previous NGB surveys in comparison with the 2009 NGB survey. The high frequency visitors in 2002 and 2005 (daily and once a week) remained unchanged at around 10 % of patrons, but increased to 25.0 % in 2009. The 2002 NGB survey shows that patrons visiting the casinos less than once per month declined from 64.1 % in 2002 to 40.7 % in 2005 and 26.6 % in 2009. This can probably be explained by the novelty effect during the establishment of the casino industry that faded as the casino market became more integrated in general community behaviour.

Table 3.25: Frequency of casino visits: NGB surveys

| Frequency | 2002 NGB survey | 2005 NGB survey | 2009 NGB survey |
|----------------------|-----------------|-----------------|-----------------|
| Daily | 0.8 | 0.5 | 3.1 |
| Once a week | 8.5 | 9.7 | 21.9 |
| Once every two weeks | 5.8 | 16.2 | 20.3 |
| Once a month | 20.8 | 32.9 | 28.1 |
| Less often | 64.1 | 40.7 | 26.6 |
| Total | 100.0 | 100.0 | 100.0 |



A total of close to 200 casino visitors were interviewed during the survey of just more than 3 100 respondents. By disaggregating the casino visitors by demographic variable (eg age group, educational level or personal income group) the total number of respondents by segment (say casino visitors earning less than R6 000 per annum or with tertiary qualifications) became very small. As a result it was decided to present the characteristics of casino visitors only qualitatively. The following was evident:

- The visiting pattern of casino patrons by age group showed a fairly even distribution. However, high frequency visitors (at least once a week) showed a slight bias towards the middle age group (36-55 years).
- By employment status, the highest frequency was reported by full- and part-time employees as well as those involved in home duties. Retired respondents showed the lowest visiting frequency. Just more than one in every 10 casino visitors were unemployed.
- Only a small portion of casino patrons (one in every twenty) had attained a qualification lower than secondary school level. Patrons with secondary and tertiary qualifications showed fairly similar frequency patterns.
- The highest casino frequency patterns were reported by Africans followed by Whites.
- Limited variation in the casino visiting behaviour by gender was reported.
- Although casino patrons were representative of the whole personal income spectrum, they were strongly biased towards the higher-middle-income group. The poorest and most affluent income categories represented only a small portion of casino visitors. The visiting frequency of the latter two categories was also substantially lower than those of the middle-income groups.

3.12 GAMBLING ON LPMs

Only a small percentage of respondents (0.9 %) confirmed their gambling on LPMs. (A total of 35 respondents gambling on LPMs were captured in the sample.) Due to the limited number of observations, playing patterns on LPMs as shown in figure 3.11 should therefore be interpreted with caution. Almost one in every nine (11.4 %) respondents confirmed playing at least once a week (ie daily and once per week), 20.0 % once every two weeks, 40.0 % once a month and 28.6 % less often.

Figure 3.11: Frequency of playing on LPMs, 2009

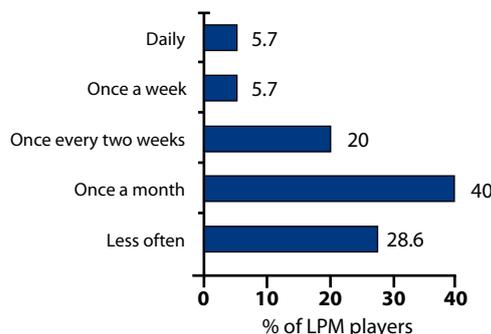


Table 3.26 shows the frequency of playing LPMs in 2005 and 2009. Playing LPMs at least once a week declined from 26.9 % of LPM players to 11.4 %. The 'once-a-month' players increased from 19.2 % in 2005 to 40.0 % in 2009.

Those who played less than once a month decreased from 42.3 % to 28.6 %. These frequency patterns suggest an LPM playing pattern of 20 (high):30 (medium):40 (low) distribution in 2005 to a pattern of 10 (high):60 (medium):30 (low) distribution in 2009.

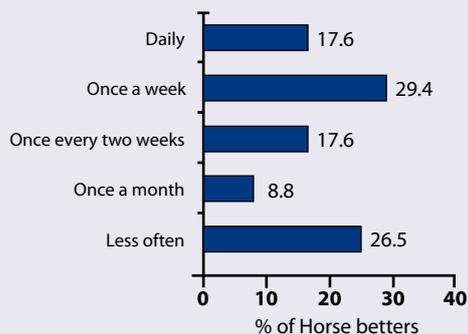
Table 3.26: Frequency of playing on LPMs, 2005 and 2009

| Frequency | 2005 NGB survey (N=27) % | 2009 NGB survey (N=35) % |
|----------------------|--------------------------|--------------------------|
| Daily | 3.8 | 5.7 |
| Once a week | 23.1 | 5.7 |
| Once every two weeks | 11.5 | 20.0 |
| Once a month | 19.2 | 40.0 |
| Less often | 42.3 | 28.6 |
| Total | 100.0 | 100.0 |

3.13 BETTING ON HORSES

The 1.7 % of respondents who recorded their wagering on horses during the three months preceding the survey were requested to indicate the frequency of their wagering activity. Figure 3.12 confirms a fairly high frequency of horse betting. Almost one in every six (17.6 %) respondents indicated a daily involvement in horse betting while a further almost one third (29.4 %) wagered once a week. A further 17.6 % betted once every two weeks and 8.8 % every month. This implies that almost three in every four (73.5 %) wagerers on horses betted at least once a month.

Figure 3.12: Frequency of betting on horses, 2009



A relatively high frequency of horse betters in the 2009 NGB survey is supported by the findings of the previous surveys, which show similar frequency patterns (see table 3.27). Those who betted at least once a week increased from 40.8 % in 2005 to 47.0 % in 2009 while those that betted less than once a month remained stable at just about one quarter of horse betters.

Table 3.27: Frequency of horse/sports betting: previous NGB surveys¹

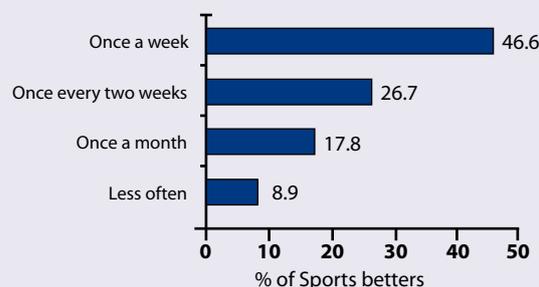
| Frequency | 2002 NGB survey % | 2005 NGB survey % | 2009 NGB survey % |
|----------------------|-------------------|-------------------|-------------------|
| Daily | 11.1 | 9.2 | 17.6 |
| Once a week | 21.5 | 31.6 | 29.4 |
| Once every two weeks | 4.8 | 17.1 | 17.6 |
| Once a month | 9.2 | 13.2 | 8.8 |
| Less often | 53.4 | 28.9 | 26.5 |
| Total | 100.0 | 100.0 | 100.0 |

¹ The 2002 and 2005 surveys include both horse/sports betting while a distinction was made between horse and sports betting in 2009

3.14 SPORTS BETTING

Figure 3.13 shows the frequency of participating in sports betting in the three months preceding the survey (45 respondents). It is evident from the table that the frequency of participating in sports betting is relatively high. Of those participating, just less than half (46.6 %) betted once a week, 26.7 % once every two weeks and 17.8 % once a month. This implies that more than nine in every 10 (91.1 %) sports betters participated in this event at least once a month.

Figure 3.13: Frequency of betting on sports events, 2009



3.15 PARTICIPATION IN BINGO

Participation in bingo is relatively small and stood at only 0.3 % of the population. Only 8 bingo participants were found in the sample of 3 128 respondents, implying that any further disaggregation of the data should be interpreted with caution. The frequency of participation is shown in figure 3.14. Half the respondents (50.0 %) participated in bingo games on a monthly basis and 37.5 % even less than once a month. Only 12.5 % played bingo once a week.

Figure 3.14: Frequency of playing bingo, 2009



3.16 GAMBLING EXPENDITURE AND BUDGETARY BEHAVIOUR

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

3.16.1 Allocation of winnings

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





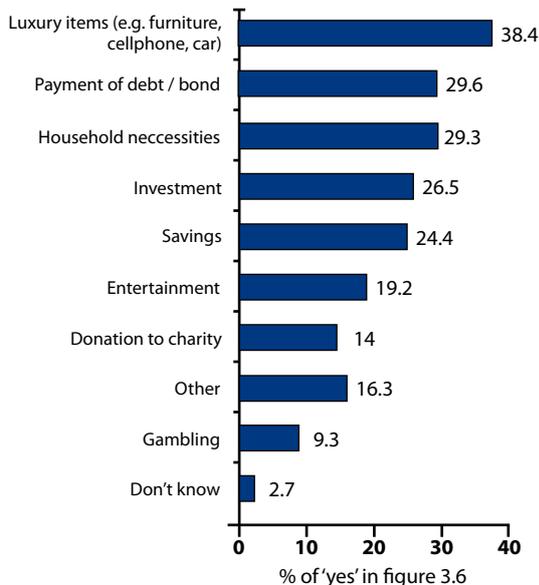
items. A strong basic needs orientation in the response may be interpreted as the involvement in gambling activities of poor and needy people. A strong representation of the purchase of luxury items or savings in the response may be indicative of the involvement in gambling of more affluent people.

On a multiple-choice answering schedule, the following five items were the most prominent for allocating winnings (figure 3.15):

- luxury items : 38.4 %
- payment of debt/bond : 29.6 %
- household necessities : 29.3 %
- investment : 26.5 %
- savings : 24.4 %

It is important to mention that respondents were prompted to mention more than one item on which they would spend their winnings. Percentages allocated to the above items are therefore not necessarily indicative of the relative amounts that winners would devote on such items. A respondent mentioning, for example, savings and purchase of household necessities would not necessarily allocate equal amounts to these items. The percentages merely refer to the number of respondents who would spend some (or all) of his/her winnings on a particular item.

Figure 3.15: Perceived allocation of winnings, 2009



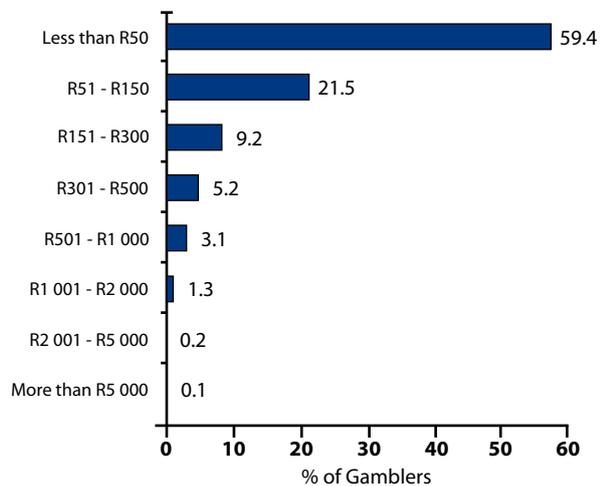
The response embraces a wide spectrum of needs covering household necessities as well as luxury expenditure, investment and savings. Respondents who prioritised the purchase of necessities portray the following characteristics:

- Younger and middle aged people below 45 years.
- Unemployed people and respondents involved in home duties and part-time work.
- Respondents with no formal schooling, followed by those with a primary education.
- Overwhelmingly representative of the African population group.
- People with personal annual income of less than R24 000.

3.16.2 Expenditure on gambling

Respondents were requested to indicate the total amount spent on gambling in the month preceding the survey. Figure 3.16 shows the distribution of personal monthly expenditure on gambling by expenditure group. Almost three in every five (59.4 %) respondents reported gambling expenditure of less than R50 per month. A further 21.5 % spent between R51 and R150, implying that almost eight in every 10 (80.9 %) spent less than R150 per month. However, it should be kept in mind that expenditure of say R50 per month by a poor household earning a meagre income may represent a substantial portion of the household budget compared to the same amount spent by an affluent household. The figure also shows that 9.2 % spent between R151 and R300, 5.2 % between R301 and R500 and 4.7 % more than R500 per month.

Figure 3.16: Personal expenditure on gambling per month, 2009



The average expenditure on gambling amounted to the following:

- An average of R44.70 per month for the total South African adult population.
- An average of R133.70 per gambler.

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

- It is generally found in surveys that respondents are often reluctant to divulge income and expenditure data. This also applies to this survey. Unwillingness to disclose is often more prevalent among high-income respondents, implying that the expenditure figures tend to be conservative.
- Enquiry on individual expenditure items often results in overreporting since the procedure does not allow for balancing expenditure with disposable income. In this survey, expenditure figures were only requested for gambling, which may result in a degree of overreporting.
- The extent to which respondents perceive expenditure on gambling as negative, neutral or positive may also influence the extent of over- or underreporting. Expenditure on gambling is often perceived as negative, which may lead to a degree of underreporting.
- In selecting the respondent (sample unit) within the selected household (sample element), the head of the household or a person that participated in gambling sometimes insisted on being the respondent. This may also inflate the reported amount expended on gambling by the population at large.

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

In table 3.28 the gambling expenditure profile of two previous NGB surveys is compared with the 2009 NGB survey. In all three surveys approximately more than 80% of respondents spent less than R150 per month on gambling. However, it appears that in 2002 and 2005 slightly more respondents spent less than R150 per month compared to the 2009 survey. The table also shows that less than 1% of gamblers spent more than R1 000 per month in 2002 and 2005 while this amount was spent by 1.6% in 2009. It should be kept in mind that although affluent gamblers

Table 3.28: Expenditure on gambling per month: previous NGB surveys

| Frequency | 2002 NGB survey % | 2005 NGB survey % | 2009 NGB survey % |
|------------------|-------------------|-------------------|-------------------|
| Less than R50 | 57.1 | 65.4 | 59.4 |
| R51-R150 | 30.5 | 23.2 | 21.5 |
| R151-R300 | 9.1 | 7.1 | 9.2 |
| R301-R500 | 2.1 | 2.7 | 5.2 |
| R501-R1 000 | 0.9 | 0.8 | 3.1 |
| R1 001-R2 000 | 0.3 | 0.3 | 1.3 |
| R2 001-R5 000 | 0.1 | 0.3 | 0.2 |
| More than R5 000 | - | 0.1 | 0.1 |
| Total | 100.0 | 100.0 | 100.0 |

represent a small percentage of total gambling patrons, their expenditure tends to inflate average gambling expenditure.

A further factor that should be considered in comparing rand values over time is the devaluation of the value of the currency due to inflation. For example, the value (purchasing power) of the rand has depreciated by 22.2% between 2002 and 2008.

Table 3.29 shows a comparison of the monthly expenditure on gambling in 2005 and 2009. The expenditure per gambler (at current prices) increased from R97.55 in 2005 to R133.70 in 2009. This amounted to a percentage increase for the whole 4-year period at current prices of 37.1%. However, at constant prices it amounted to only 14.1% for the whole period. On average the figure boiled down to a real average growth of between 3.0 and 4.0% per annum. The table also shows the average gambling expenditure for the sample (population) as a whole. It decreased slightly by 1.4% for the whole period from R45.35 in 2005 to R44.70 in 2009 (at current prices). At constant prices, average expenditure for the population as a whole showed a decrease of 17.9% for the 2005 to 2009 period or an average annual decrease of approximately 4.0%.

Table 3.29: Average monthly expenditure on gambling per month, 2005 and 2009

| Expenditure | 2005 NGB survey | | 2009 NGB survey at 2009 prices |
|---------------------------------------|------------------------|----------------------|--------------------------------|
| | At current 2005 prices | Constant 2008 prices | |
| Per gambler | R97.55 | R117.20 | R133.70 |
| Per capita for whole adult population | R45.35 | R54.50 | R44.70 |

The expenditure on gambling by work status showed the following average amounts:

| | Average monthly expenditure |
|---------------------|-----------------------------|
| • Full-time workers | R162 |
| • Part-time workers | R126 |
| • Unemployed | R 82 |
| • Retired/pensioner | R 80 |
| • Home duties | R147 |
| • Students | R 90 |

Average expenditure by educational level was distributed as follows:

| | Average monthly expenditure |
|-----------------------|-----------------------------|
| • No formal schooling | R 23 |
| • Primary education | R 86 |
| • Secondary education | R120 |
| • Tertiary education | R183 |



Average expenditure by gender revealed an average of R149 by males and R122 by females.

Average expenditure by personal income group and the percentage of total expenditure contributed by each income group amounted to the following:

| | Average expenditure | % contribution to total expenditure | % contribution of participants |
|------------------------------|---------------------|-------------------------------------|--------------------------------|
| • Less than R6 000 per annum | R76 | 16.2 | 27.2 |
| • R6 001-R12 000 | R81 | 8.8 | 14.3 |
| • R12 001-R24 000 | R110 | 13.2 | 15.3 |
| • R24 001-R60 000 | R119 | 20.1 | 21.6 |
| • More than R60 000 | R247 | 41.7 | 21.6 |

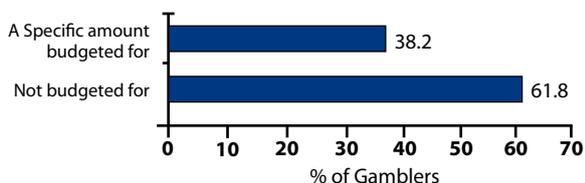
The above data show that the least affluent income group spent, on average, R76 per month on gambling compared to the R247 per month of the most affluent group. It is also evident that the least affluent group contributed 16.2% to total gambling expenditure while they represented 27.2% of participants. The most affluent group represented 21.6% of punters and contributed 41.7% of total gambling expenditure. (It should be noted that gambling expenditure includes all gambling modes, including lotto and scratch cards.)

3.16.3 Budgetary behaviour regarding gambling expenditure

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

Figure 3.17 shows that just more than one in every three respondents made specific provision for gambling expenditure in their budgets.

Figure 3.17: Budgetary provision for expenditure on gambling, 2009



The above percentages closely correlate with the findings of the 2005 NGB survey, which showed that 30.0 % of gamblers spent a specific budgeted amount on gambling while 70.0 % did not budget for their gambling expenditure.

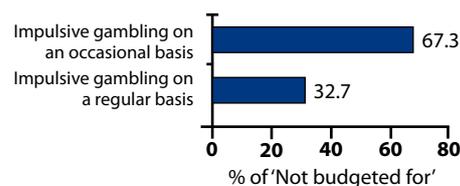
Further findings regarding budgetary behaviour are:

- The lack of sufficient budgetary provision for gambling expenditure was relevant across all age groups where between 29 % and 44 % made budgetary provision.
- Employment status has some influence on this behaviour. Between 22 % and 42 % of all employment groups made provision for gambling expenditure. Those involved in home duties and pensioners reported the lowest incidence of budgeting for gambling.
- Educational level has a marginal influence on budgetary practices. Provision is made by between 33 % and 41 % of all educational levels.
- Africans tend to budget more (41.9 %) for gambling expenditure compared to Coloureds (21.0 %). Asians and Whites occupy a middle position between those two extremes.
- Budgetary behaviour with regard to gambling correlated positively with income level among the low- and middle-income groups (less than R60 000 per annum) where between 25 % and 47 % budgeted for their gambling expenditure. The latter percentage dropped to between 24 % and 39 % among the middle-higher to higher income category.

A follow-up question enquired on the level of impulsive (unforeseen, quick) gambling expenditure. The 61.8% of respondents who did not budget for gambling were prompted on their impulsive behaviour – whether this occurred regularly or only on an occasional basis. Two thirds of the respondents (67.3%) confirmed their engagement in impulsive gambling on an occasional basis while 32.7% said that they gamble impulsively on a regular basis (figure 3.18).

These figures closely resemble the findings of the 2005 NGB survey, which reported that 61.9 % (67.3 % in 2009) were engaged in impulsive gambling on an occasional basis while 38.1 % (32.7 % in 2009) gambled impulsively on a regular basis.

Figure 3.18: Incidence of impulsive gambling expenditure, 2009



The noncompliance with personal budgeting for gambling is a point of concern and is not only peculiar to gambling expenditure. An increasing prevalence and

frequency of unplanned, nonessential purchases of consumers are documented. There is evidence that impulsive buying constitutes a substantial nonrational segment of purchasing or spending behaviour, which is present in normal consumer behaviour, but which can assume such excessive proportions that individuals find themselves in considerable financial debt and psychological distress. Some sources estimate that impulsive buying is as high as 50 %, even in grocery and hardware stores (www.savvy-discount.com & Dittmar et al 1995). This behaviour confirms that 'overexpenditure' on items such as clothes, motor vehicles or even household necessities, is not peculiar and may be one of the base factors that may lead to 'overexpenditure' on gambling as well.

3.17 EFFECT OF GAMBLING

Several questions were asked on the effect of gambling on respondents and their households. This section explores the findings of these questions.

3.17.1 Opinion of gamblers

Question B13 of the questionnaire contained several statements on gambling-related issues expecting gamblers to indicate whether they agree or disagree with these statements. A 'Don't know' option was also allowed. Table 3.30 shows the results.

The first statement read as follows: 'I am aware of information about the nature and risks of gambling'. Almost three in every four gamblers (73.7%) agreed with the statement, confirming a fairly well-informed punter community. However, the 23.1% who disagree (and the 3.3% who don't know) is of concern, serving to advocate a continuation and even intensification of the gambling education campaigns.

This cause of concern is further highlighted by the results emanating from the following statement: 'I am aware of programme(s) to assist compulsive/problem gamblers to address their problems'. Just more than half the gamblers (55.9 %) indicated that they are in agreement with the

statement. Just more than a third (36.5 %) disagreed with the statement, confirming their ignorance of compulsive gambling programmes.

Proximity to gambling venues can, according to gamblers, stimulate problem gambling. Almost two in every five gamblers (59.4 %) recorded their agreement with the statement that 'Living close to a gambling venue – within 30 km – can stimulate problem gambling'.

Awareness of the existence of the National and Provincial Gambling Boards is fairly low. Only 41.8 % of gamblers confirmed their awareness of the NGB while the percentage amounted to only 38.0 % with regard to Provincial Gambling Boards.

3.17.2 Gamblers and their families

The questionnaire contained a number of questions enquiring on the impact of gambling on household/family members. Regarding the statement 'Gambling by family members has a negative impact on my welfare', almost a third of gamblers (31.9 %) agreed with the statement (figure 3.19).

Figure 3.19: Response to the statement 'gambling by family members has a negative impact on my welfare'

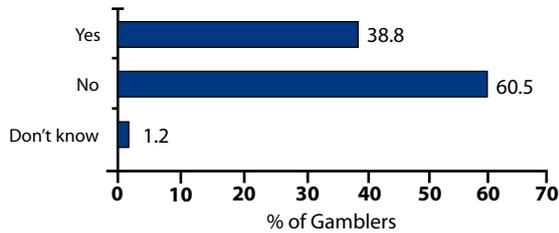


The questionnaire also enquired from the almost half of gamblers (45.1 %) with close family members/friends involved in gambling, to what extent family members'/friends' involvement in gambling influenced them to gamble as well. Figure 3.20 shows that almost two in every five gamblers (with close gambling family/friends) confirmed that their participation in gambling originated from similar behaviour of family/friends.

Table 3.30: Agreement/disagreement on gambling-related statements

| Statement | Agree % | Disagree % | Don't know % | Total % |
|------------------------------------------------------------------------------------------------|---------|------------|--------------|---------|
| (a) I am aware of information about the nature and risks of gambling | 73.6 | 23.1 | 3.3 | 100.0 |
| (b) I am aware of programme(s) to assist compulsive/problem gamblers to address their problems | 55.9 | 36.5 | 7.6 | 100.0 |
| (c) Living close to a gambling venue (within 30 km) can stimulate problem gambling | 59.4 | 34.5 | 6.0 | 100.0 |

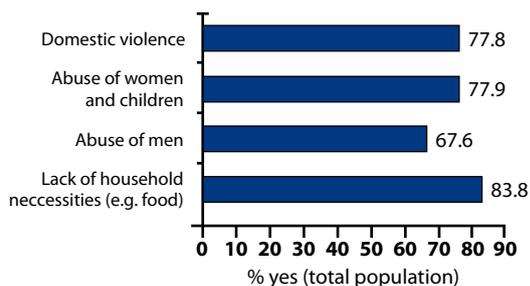
Figure 3.20: Gambling participation originated from the gambling behaviour of family/friends



3.18 GAMBLING AND VIOLENCE

It was required from all respondents (not only gamblers) to express their opinion on the effect of gambling on violence and household welfare levels. Generally, a very negative picture emerged on the negative effect gambling can have on violence and household welfare. Figure 3.21 shows the affirmative responses to the question: 'In your opinion, can participation in gambling lead to domestic violence, abuse of women, children and men, and lack of household necessities?' Just more than three in every four respondents expressed the opinion that gambling can lead to domestic violence (77.8%) and the abuse of women and children (77.9%). The perceived negative impact on the availability of household necessities is even higher at 83.8%. The possible abuse of men stood at 67.6%.

Figure 3.21: Affirmative response ('yes') to the question: Can participation in gambling lead to domestic violence, abuse of women, children and men, and a lack of household necessities



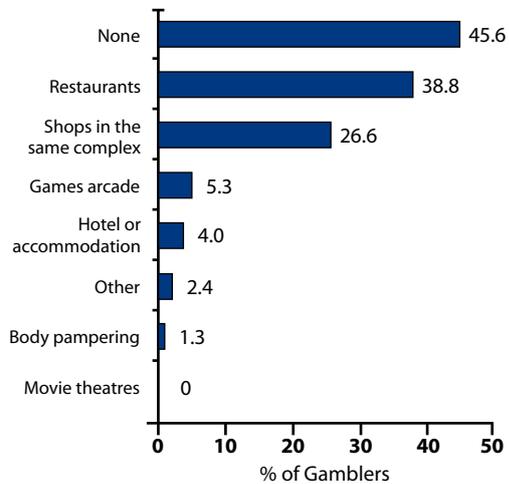
3.19 GAMBLING VENUE VISITING PATTERN

Questions were included in the research instrument to establish the visiting pattern to and behaviour of gamblers at gambling venues. For purposes of this question lotto and scratch card ticket outlets were not defined as gambling outlets. The major 'gambling venues' according to the visiting pattern of gamblers were therefore casinos

but may also have included gambling venues such as LPM sites, bingo halls and race courses.

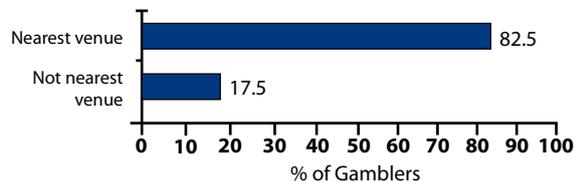
Figure 3.22 shows that 45.6% of gamblers paid a visit to the dedicated gambling venue without visiting/spending money at any other adjacent outlet. Outlets that showed the highest benefits from gamblers were restaurants/prepared food (38.8% of punters) and shops in the same complex as the gambling venue (26.6%). Benefits/spending also flowed over to game arcades (5.3%), hotels or accommodation (4.0%) and body pampering as at day spas (1.3%).

Figure 3.22: Percentage of gamblers visiting other shops/outlets during their visits to gambling venues



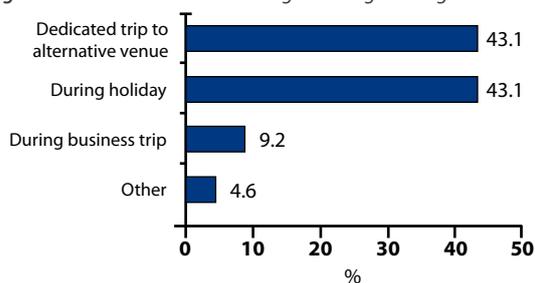
The questionnaire also requested gamblers visiting gambling venues other than venues selling lotto tickets and scratch cards, to indicate whether the nearest venue to them was visited. Figure 3.23 shows that more than eight in every 10 (82.5%) gamblers visited the venue nearest to them during their last visit to a gambling venue.

Figure 3.23: Visiting pattern of gamblers to gambling venues



The 17.5% (66 punters) that did not visit the nearest venues to them were prompted on the reason for this behaviour. Figure 3.24 shows that 43.1% made a dedicated trip to a gambling venue other than the nearest venue. The same percentage (43.1%) visited the venue during a holiday trip and 9.2% during a business trip.

Figure 3.24: Reasons for not visiting nearest gambling venue



3.20 SUMMARY

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

- The lottery is by far the most popular gambling mode. Just less than one third (29.2%) of the South African population bought lottery tickets during the three months preceding the survey. This is considerably less than the 45.8% in 2005.
- Scratch cards were the second most popular gambling mode. Just less than one in every 15 (6.4%) South Africans (18 years+) bought scratch cards. This propensity to buy scratch cards is also somewhat less than the 7.8% of 2005.
- Casino gambling was the third most popular gambling mode attracting just less than one in every 15 (6.3%) adult South Africans – down from 7.1% in 2005.
- Generally the 2009 survey findings suggest a decline in gambling participation of adult South Africans since 2002. This is particularly relevant in the buying of lotto tickets. The percentage of South Africans abstaining from participating in gambling activities increased from 43.2% in 2002, 50.2% in 2005 to 65.1% in 2009.
- ‘Not interested in gambling’ was advanced as the major reason (49.7%) for abstaining from gambling (42.9% in 2005). This is followed by a ‘lack of money’ and ‘against religious beliefs’.
- Just more than a third (35.7%) of respondents are aware of under-age gambling (37.1% in 2005). The majority of under-age gamblers were involved in illegal gambling activities (mainly dice) while the buying of lotto tickets by under-age gamblers was also evident.
- Only one in every six (15.7%) respondents expressed the view that there were insufficient gambling facilities. This percentage was 22.1% in 2005, supporting the finding that the South African population shows a declining trend in their gambling involvement.
- The most preferred gambling activity of South Africans is the lotto (74.9% of respondents). This is followed by casinos with much lower support of only 10.1% and scratch cards with 3.7%.
- Two in every three (67.9%) lotto players bought lotto tickets at least once a week in 2009. This percentage was 72.2% in 2005, also confirming a slight decline in participation levels by active lotto participants.
- The frequency of buying scratch cards was 7.4% on a daily basis and 34.7% once a week.
- The frequency of casino patrons shows an increased visiting pattern from 2005 to 2009. Daily visitors increased from 0.5% (2005) to 3.1% (2009). Once a week patrons increased from 9.7% (2005) to 21.9% (2009). Those visiting casinos less than once a month declined from 40.7% (2005) to 26.6% (2009).
- Only a small percentage (0.9%) of respondents played LPMs. Only one in every ten (11.4%) of them played LPMs at least once a week.
- The 1.2% of respondents who wagered on horses reported a relatively high involvement. Just less than half (47.0%) wagered on horses at least once a week. This percentage stood at 40.8% (horse and sports events) in 2005.
- The 1.7% of sports betters show high levels of participation. Just less than half (46.6%) played once a week and a further 26.7% once every two weeks.
- Bingo participation was extremely low at only 0.3% of respondents. The majority (87.5%) played once a month or less often.
- Almost eight in every 10 (80.6%) gamblers spent less than R150 a month on gambling. The average expenditure amounted to R133.70 per gambler per month. This is somewhat more than the R97.55 spent in 2005 and suggests that although gambling participants declined in the past four years, their average per capita expenditure showed a marginal increase.
- Only two in every five (38.2%) gamblers made budgetary provision for their gambling expenditure. This is slightly more than the 30.0% reported in 2005.
- Almost three quarters (73.3%) of gamblers confirmed their awareness of information about the nature and risks of gambling, but only half (55.9%) expressed their awareness of programmes to assist compulsive/problem gamblers to address their problems.
- Almost three in every five gamblers (59.4%) confirmed that living close to a gambling venue (within 30 km) can stimulate problem gambling.
- Only approximately two in every five (40.0%) gamblers are aware of the existence of the NGB and Provincial Gambling Boards.
- Almost a third (31.9%) of gamblers confirmed that gambling by family members have a negative impact on their welfare.
- Almost two in every five gamblers (38.8%) with close family members and/or friends involved in gambling

confirmed that their gambling activity originated from the gambling behaviour of their close family/friends.

- Three in every four respondents (not only gamblers) confirmed the possibility of gambling participation leading to domestic violence and the abuse of women and children. A high 83.8 % expressed the opinion that gambling participation can lead to a lack of household basic necessities.
- More than eight in every ten (82.5 %) visitors to gambling venues (other than lotto tickets and scratch card sales) visited the gambling venue nearest to them.

- Just more than half (54.4 %) the visitors to gambling venues also visited restaurants (38.8 %) and shops in the same complex (26.6 %) during their gambling outing.

The above findings clearly suggest a more matured and dedicated gambling fraternity in South Africa. Gambling participation originated from the novelty effect of legalised gambling in South Africa as well as unrealistically high winning expectations of gambling factors have probably waned, leaving behind mainly those regarding gambling as a leisure activity as well as those regular gamblers aimed at pocketing fast money.

chapter 4

socio-economic impact of gambling on the youth (18-25) - quantitative perspective



4.1 INTRODUCTION

One of the priority focus areas of the NGB is analysis and monitoring of the impact of gambling on the youth in South Africa. It was therefore decided to devote a separate chapter in this report to youth gambling. For this purpose the age group 18 to 25 years in the socio-economic survey was extracted as a separate subsample. This implies that a similar analysis is conducted for the identified youth group as was presented for the whole sample population in chapter 3.

This chapter will firstly present a biographic profile of the 18 to 25 year age group followed by an analysis of their gambling behaviour.

4.2 THE YOUTH SUBSAMPLE

A summary of the whole sample population by age group is shown in table 4.1. A total of 755 or 24.3 % of the sample population falls into the 18 to 25 year age group, representing the subsample for analysis in this chapter.

Table 4.1: Total sample population by age group

| Age group | Number of respondents | % distribution |
|---------------------|-----------------------|----------------|
| 18-25 years | 755 | 24.3 |
| 26-35 years | 710 | 22.8 |
| 36-45 years | 692 | 22.2 |
| 46-55 years | 428 | 13.8 |
| 56-60 years | 157 | 5.0 |
| Older than 60 years | 370 | 11.9 |
| Total | 3112 | 100.0 |

The above sample was drawn on a random basis, implying that the representation of the 18 to 25 year group closely resembles the share of this age group in the South African population. According to the 2008 population census estimates, the share of the 18 to 25 year age group amounted to 23.9 % of the South African population 18 years and older (BMR 2008 population estimates) compared to the 24.3 % in this sample.

Although the youth sample presents a true proportion of the South African population, the sample size of 755 does not allow for detailed disaggregational analysis. The shortcomings attached to this will be highlighted in the discussion in the rest of this chapter.

4.3 BIOGRAPHIC PROFILE OF THE YOUTH SUB-SAMPLE

Prior to an analysis of the gambling conduct and behaviour of the youth, this section presents a biographic profile of the youth sample in terms of work status, level of education, population group, gender and personal income.

Figure 4.1 shows that the largest percentage of the youth (36.4 %) were enrolled as students followed by just less than a third (31.8 %) who indicated that they were unemployed (looking for work). Just less than a third (30.5 %) of the youth respondents were actively involved in economic activities - 17.3 % as full-time workers and 13.2 % as part-time workers. This implies that a relatively small percentage of the youth is actively earning an income, impacting negatively on the availability of financial resources for gambling.



Figure 4.1: Work status of the youth, 2009

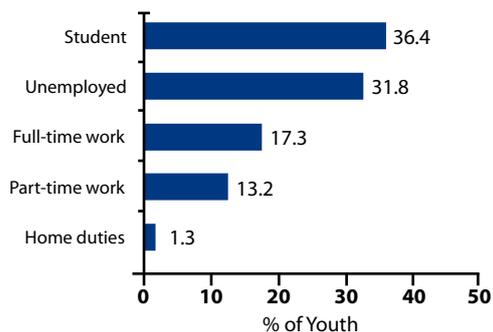
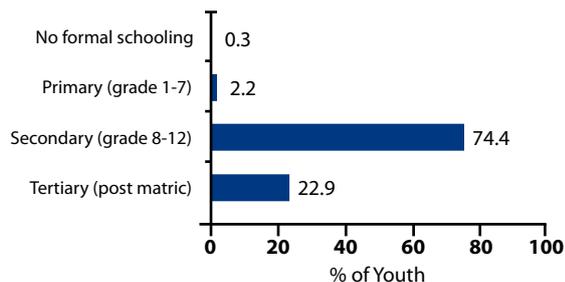


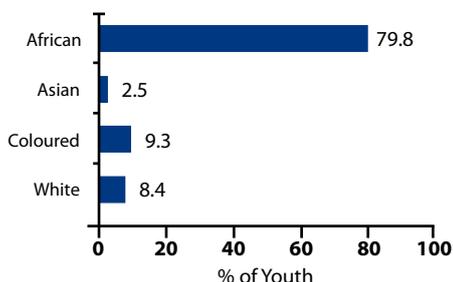
Figure 4.2 depicts the educational level of the youth. Almost three in every four had attained secondary school (Grade 8-12) qualifications followed by almost a quarter (22.9 %) with tertiary (post matric) qualification. Less than 3.0 % had attained no formal schooling or only primary education (Grade 1-7).

Figure 4.2: Educational level of the youth, 2009



The distribution by population group is shown in figure 4.3. The African population group represented 79.8 % of the sample followed by Coloureds with 9.3 % and Whites with 8.4 %. Asians represented 2.5 %.

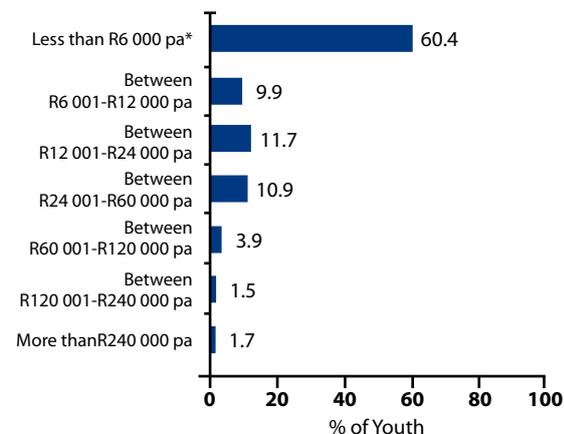
Figure 4.3: Distribution of the youth by population group, 2009



The gender distribution of the youth sample shows a slight bias towards females, representing 60.6 % of the sample.

Figure 4.4 shows the distribution of the youth by personal income group. The sample, as could be expected, is dominated (60.4 %) by respondents with an income below R6 000 per annum. The next three income groups jointly represent approximately 10.0 % of the youth. A total of 7.1 % earned more than R60 000 per annum.

Figure 4.4: Personal income of the youth, 2009



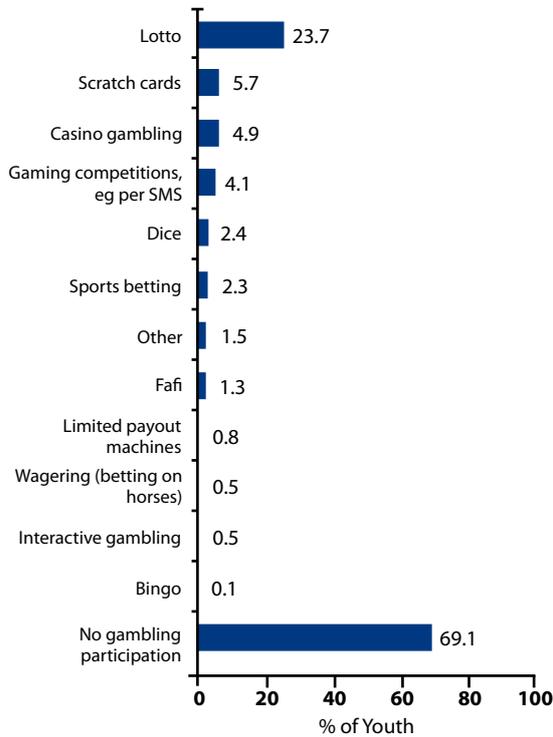
* Including those that reported 'no income'

The importance of profiling the sample is to put the findings into perspective, especially with regard to the representation of the dominant groups in the sample. The youth sample shows, for example, strong representation of students and those looking for work, young people with secondary school qualifications, Africans and relatively low income groups.

4.4 PARTICIPATION OF THE YOUTH IN GAMBLING

Figure 4.5 reflects the participation of the youth in gambling by mode. As was the case for the whole sample, lotto was also recorded as the major gambling activity of the youth. The almost one in every four (23.7 %) youth respondents participating in lotto was somewhat less than the 29.2 % of the total sample. Lotto was followed by scratch cards (5.7 %), casino gambling (4.9 %) and gaming competitions (4.1 %). Almost seven in every 10 youth respondents (69.1 %) abstained from any gambling during the three months preceding the survey.

Figure 4.5: Participation of the youth in gambling by mode, 2009¹

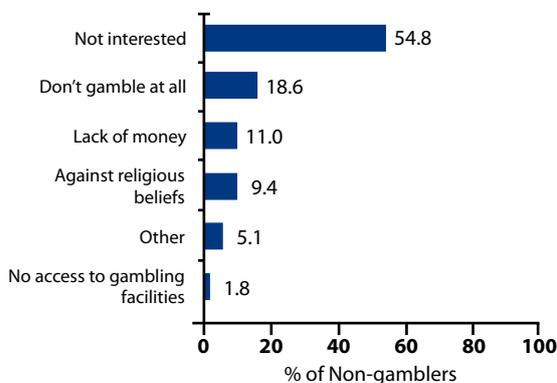


¹ Note that the percentages exceed 100 % due to multiple gambling participation by some of the respondents

4.5 REASONS FOR ABSTAINING FROM GAMBLING

The 69.1% of respondents abstaining from gambling were questioned about their motivation for doing so. Figure 4.6 shows that 54.8% were not interested in gambling, 18.6% indicated that they do not gamble at all, 11.0% recorded a lack of money and 9.4 % said that gambling is against their religious beliefs.

Figure 4.6: Reasons for abstaining from gambling, 2009



4.6 ATTITUDES TOWARDS GAMBLING

Respondents were requested to record their opinions (agreement/disagreement) with 15 statements. Figure 4.7 shows the percentage of respondents affirming their agreement with the statements. The strongest support (over 50.0 % agreement) was expressed for the following statements:

| Statement | % agreement |
|----------------------------------------------------------------|-------------|
| 'People should have the right to gamble whenever they want to' | 71.4 |
| 'Gambling is like a drug' | 67.9 |
| 'Gambling is dangerous for family life' | 66.3 |
| 'Gambling is a waste of time' | 50.0 |

The least support (less than 40.0 % agreement) was forthcoming for the following statements:

| Statement | % agreement |
|-------------------------------------------------------|-------------|
| 'Gambling is an important part of cultural life' | 23.6 |
| 'On balance, gambling is good for society' | 34.8 |
| 'Gambling is good for communities' | 34.9 |
| 'Gambling should be discouraged' | 35.6 |
| 'It would be better if gambling is banned altogether' | 37.9 |

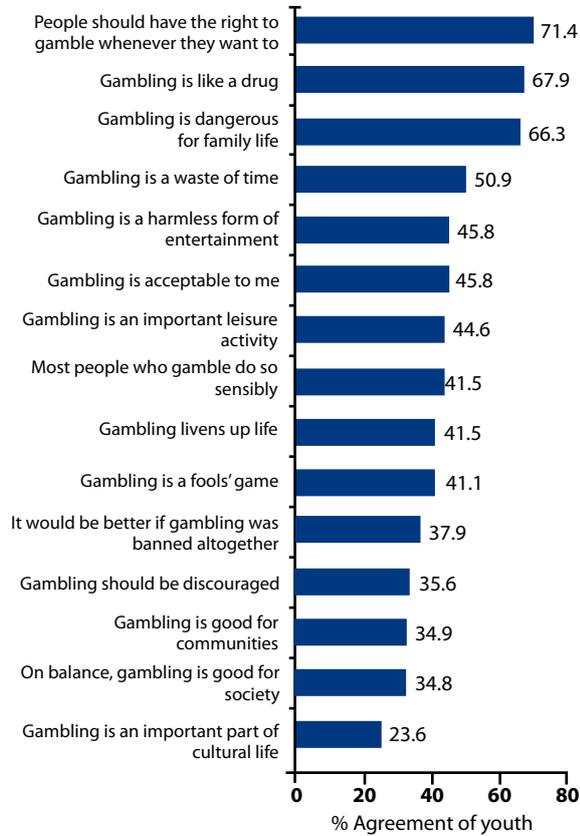
The following two deductions can be made from the above:

- participation in gambling should be an individual's choice and not be dictated by government; and
- gambling is perceived as fairly negative conduct that should not be encouraged.





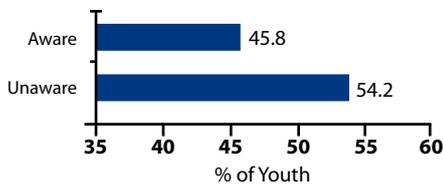
Figure 4.7: Level of agreement with statements on gambling



4.7 UNDER-AGE GAMBLING

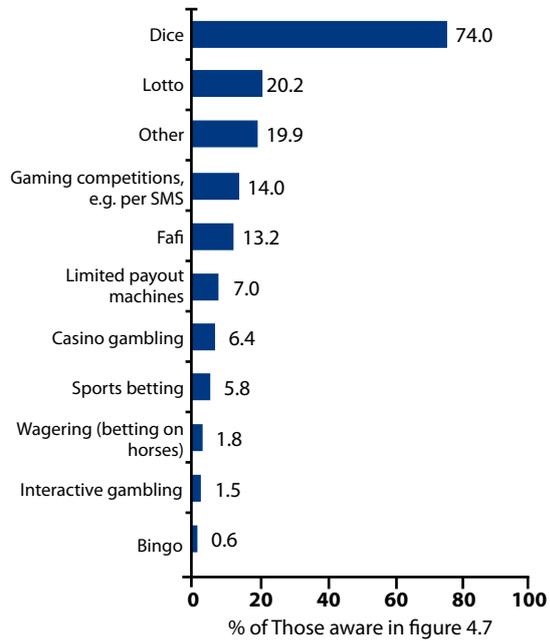
Youth respondents were prompted on their awareness of under-age gambling (ie persons younger than 18 years participating in gambling). Figure 4.8 shows that just less than half (45.8 %) affirmed their awareness of this conduct.

Figure 4.8: Awareness of under-age gambling, 2009



Those that are aware of under-age gambling confirmed that dice was the most common gambling mode exercised by under-age gamblers (74.0 % of respondents). This is followed by lotto (20.2 %) and 'other' (19.9 %) primarily card games (figure 4.9).

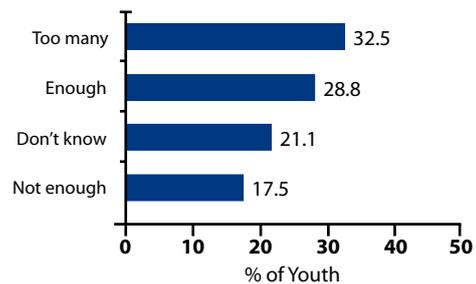
Figure 4.9: Gambling performed by under-age gamblers, 2009



4.8 GAMBLING OUTLETS

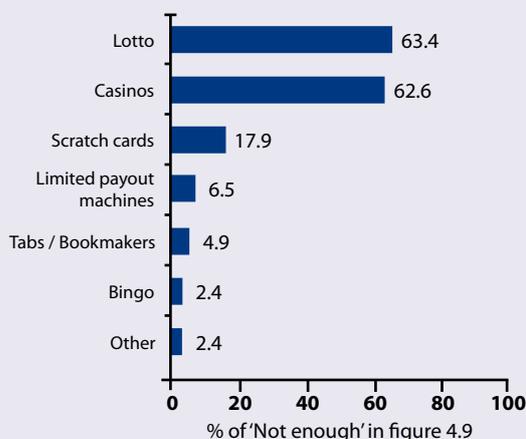
Respondents were probed on their views of the adequacy of gambling outlets/opportunities in South Africa. Figure 4.10 confirms that only one in every six respondents (17.5 %) were of the opinion that there were not enough gambling outlets/opportunities available. Almost one in every three (32.5 %) thought that there are too many gambling outlets/opportunities in South Africa.

Figure 4.10: Opinions on the adequacy of gambling outlets/opportunities in South Africa, 2009



A follow-up question to the 17.5 % respondents expressing the view that there were not enough gambling venues/opportunities available, was asked on the type of legal activities that they would like more of in their areas. Figure 4.11 shows that lotto was recorded as the most needed (63.4 %) closely followed by casinos (62.6 %). The other gambling modes attracted limited response, ranging from 17.9 % for scratch cards to 2.4 % for bingo.

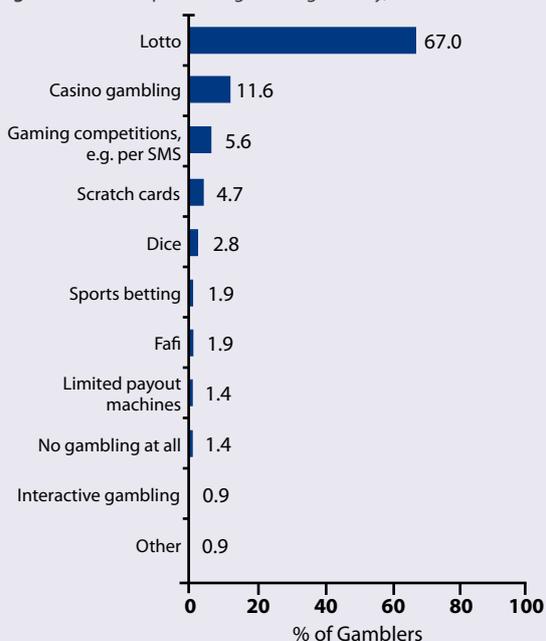
Figure 4.11: Additional gambling outlets/opportunities needed by those expressing inadequate gambling outlets/opportunities



4.9 MOST PREFERRED GAMBLING MODES

The respondents who had confirmed their gambling participation (234 respondents) were probed on their most preferred gambling activity. Figure 4.12 shows that two in every three youth gamblers (67.0%) nominated lotto as their most preferred gambling activity. This is followed by a substantially lower 11.6% preferring casino gambling, 5.6% gaming competitions (eg per SMS) and 4.7% scratch cards. Wagering on horses and bingo were not nominated by any of the youth gamblers.

Figure 4.12: Most preferred gambling activity, 2009



4.10 FREQUENCY OF GAMBLING ACTIVITIES

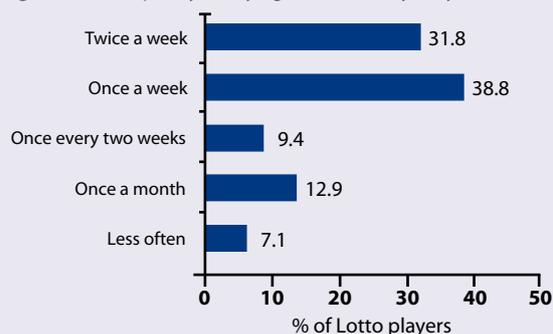
The respondents, who confirmed their participation in the various gambling modes during the three months preceding the survey, were probed on their frequency of participating in each of the gambling modes. Of the total number of youth respondents (755) almost seven out of 10 (69.1 % or 521 respondents) abstained from gambling, leaving 234 (30.9 %) participating in one or more gambling modes. These 234 gamblers participated in 361 gambling modes (ie an average of 1.54 per gambler).

Participation ranged from 179 playing the lotto and 43 buying scratch cards to only one confirming his/her involvement in bingo and four gambling on the Internet. The above numbers confirmed that, statistically, sufficient numbers of respondents materialised in the more popular gambling modes for further disaggregation and analysis. However, the number of respondents is fairly limited in the following modes: LPMs, sports and horse betting, bingo, interactive gambling, fafi and dice. The rest of this section will only explore frequency of participation where more than 30 respondents reported on their participation pattern.

4.10.1 Buying of lotto tickets

Figure 4.13 depicts the frequency of buying lotto tickets. Almost seven in every 10 (70.6 %) bought lotto tickets at least once a month – 31.8 % twice a week and 38.8 % once a week. Only 7.1 % bought lotto tickets less often than once a month.

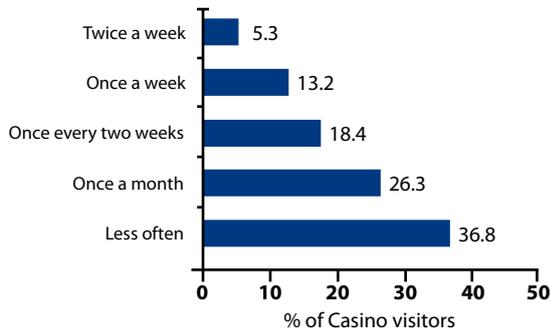
Figure 4.13: Frequency of buying lotto tickets by the youth, 2009



4.10.2 Frequency of visiting casinos

Figure 4.14 shows that almost one in every five youth gamblers (18.5 %) frequented casinos at least once a week – 5.3 % on a daily basis and 13.2 % once a week. The once every two week visitors stood at 18.4 %, once a month at 26.3 % and those visiting casinos less often than once a month at 36.8 %.

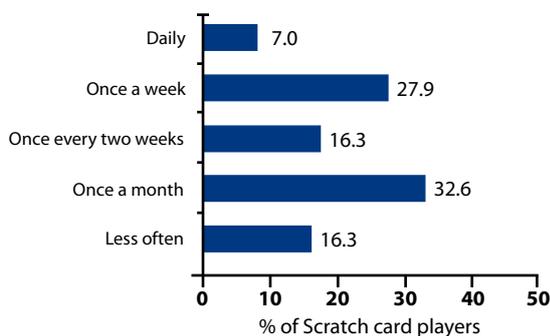
Figure 4.14: Frequency of visiting casinos by the youth, 2009



4.10.3 Buying of scratch cards

Figure 4.15 shows a fairly high frequency of buying scratch cards by youth respondents participating in this mode of gambling. Just more than a third (34.9%) bought scratch cards at least once a week – 7.0% on a daily basis and 27.9% once a week during the three months preceding the survey. Only 16.3% bought scratch cards less often than once a month.

Figure 4.15: Frequency of buying scratch cards by the youth, 2009

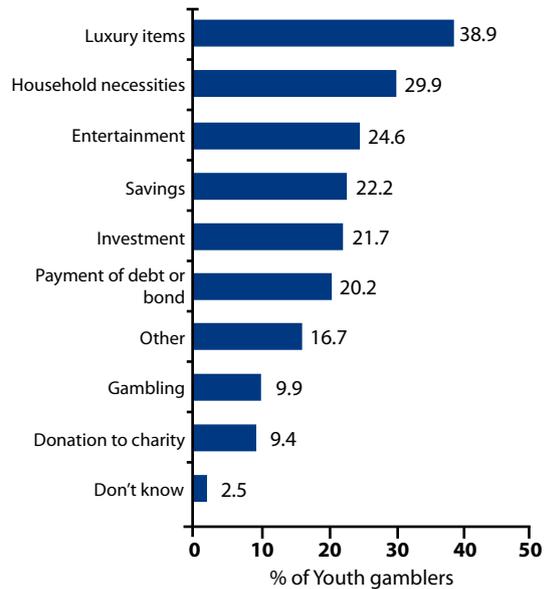


4.11 ALLOCATION OF WINNINGS

Respondents participating in gambling were required to provide an indication of the possible allocation of winnings by answering the following multiple-choice question: 'If you win any amount of money from gambling today, on what would you spend it?'

Figure 4.16 depicts the response. Spending on luxury items was nominated by 38.9% of respondents, followed by spending on household necessities (29.6%), entertainment (24.6%), savings (22.2%), investment (21.7%) and payment of debt 20.2%.

Figure 4.16: Possible allocation of winnings from gambling, 2009



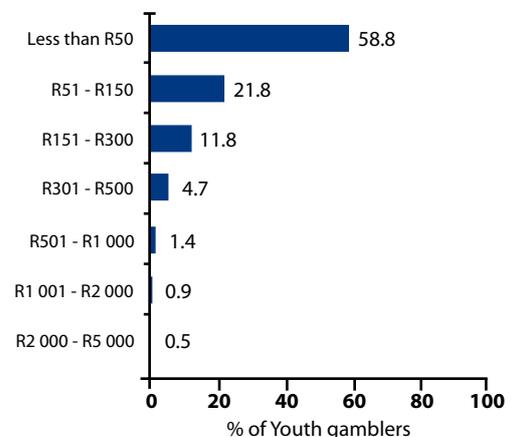
4.12 EXPENDITURE ON GAMBLING

Several questions were put to respondents on their gambling expenditure and budgetary behaviour.

4.12.1 Amount spent on gambling

Figure 4.17 shows the amount spent on gambling during the month preceding the survey by expenditure brackets. Almost three in every five youth gamblers (58.8%) spent less than R50 a month. A further 21.8% spent between R51 and R150 implying that 80.6% spent less than R150. It is interesting to note that 1.4% of gamblers spent more than R1 000 a month.

Figure 4.17: Amount spent by gamblers by expenditure bracket, 2009



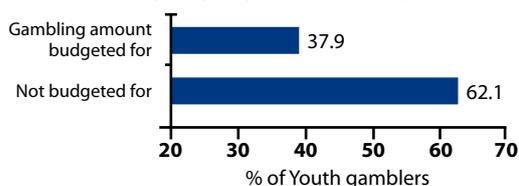
The average amount spent by youth gamblers amounted to R121.80 per month.

4.12.2 Budgetary behaviour

Respondents participating in gambling were probed on their gambling budgeting behaviour – did they budget a specific amount for gambling or was gambling expenditure not budgeted for?

Figure 4.18 shows that just more than one third of youth gamblers (37.9 %) budgeted a specific amount for gambling while the majority (62.1 %) did not.

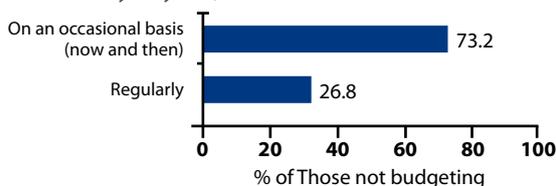
Figure 4.18: Gambling budgetary behaviour of the youth, 2009



Respondents confirming that they did not budget for gambling expenditure were asked whether expenditure on gambling occurred only occasionally (now and then) or on a regular basis.

Figure 4.19 shows that the majority (73.2 %) confirmed that their unbudgeted gambling expenditure occurred only on an occasional basis. However, just more than a quarter recorded unbudgeted gambling expenditure on a regular basis.

Figure 4.19: Frequency of gambling expenditure not budgeted for by the youth, 2009

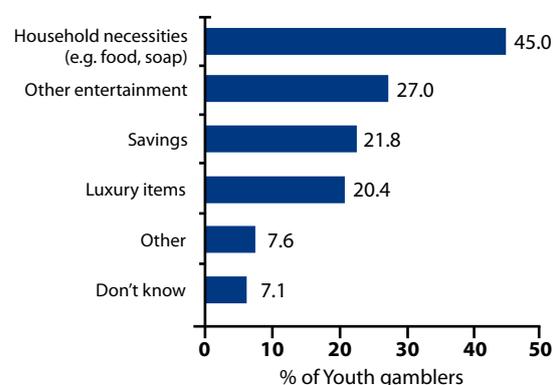


4.12.3 Expenditure displacement

The question formulated as follows: 'If you were not gambling, on what would you have spent the amount instead?' was aimed at establishing the possible expenditure displacement effect of gambling expenditure among the youth.

Figure 4.20 shows that just less than half the respondents (45.0 %) participating in gambling, displaced the amount from household necessities (eg food and soap). Other important displacement items are other entertainment (27.0 %), savings (21.8 %) and luxury items (20.4 %). It is important to note that the above percentages refer to the percentage of respondents mentioning that displacement may be effected from the mentioned items. It does not refer to the proportion of gambling money sourced from various items mentioned.

Figure 4.20: Possible displacement items for gambling expenditure, 2009



4.13 IMPACT OF GAMBLING

Several statements on gambling were put to youth gamblers requesting them to indicate whether they agree or disagree with the statements. (A 'don't know' alternative was also allowed.) The statements with the percentage of respondents in agreement with them are shown in figure 4.21.

One third of the youth gamblers (33.9 %) agreed with the statement that gambling by family members has a negative impact on their welfare (disagree was 64.3 % and don't know 1.8 %).

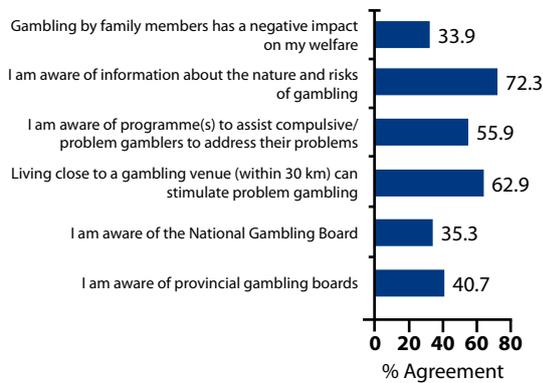
Two of the statements were concerned with the risks of gambling and programmes available to assist problem/compulsive gamblers. Almost three in every four youth gamblers (72.3%) confirmed their awareness of information about the nature and risks of gambling (disagree was 25.5% and don't know 2.3%). Just more than half (55.9%) the youth gamblers agreed with the statement: 'I am aware of programme(s) to assist compulsive/problem gamblers to address their problems' (disagree was 36.4% and don't know 7.7%).

Figure 4.21 also shows that almost three in every five respondents (62.9 %) agreed with the statement that living close to a gambling venue (within 30 km) can stimulate problem gambling (disagree was 31.7 % and don't know 5.4 %).

Awareness of the existence of the NGB and provincial gambling boards among youth gamblers seems to be relatively low. Only 35.3 % were aware of the NGB and 40.7 % of provincial gambling boards.



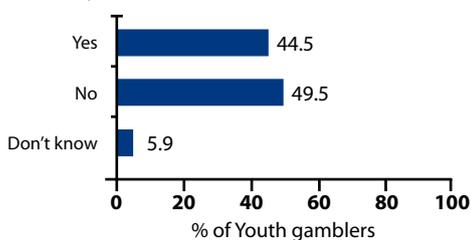
Figure 4.21: Level of agreement with statements on the impact of gambling, 2009



4.14 INFLUENCE OF FAMILY MEMBERS/FRIENDS ON GAMBLING

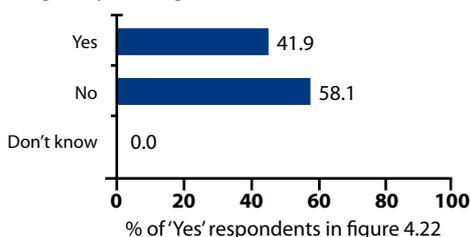
Youth gamblers were probed on the perceived influence exercised by close family/friends on their own gambling behaviour. The first question enquired from respondents if any of their close family members and/or friends had gambled during the three months preceding the survey. Figure 4.22 shows that 44.5 % of respondents responded in the affirmative.

Figure 4.22: Respondents exposed to gambling by close family/friends, 2009



Those exposed to the gambling of close family/friends were asked if they (the respondents) think that the gambling behaviour of family/friends encouraged them to gamble. Figure 4.23 reflects that just more than two in every five (41.9 %) confirmed that their gambling can be traced to the gambling of close family/friends.

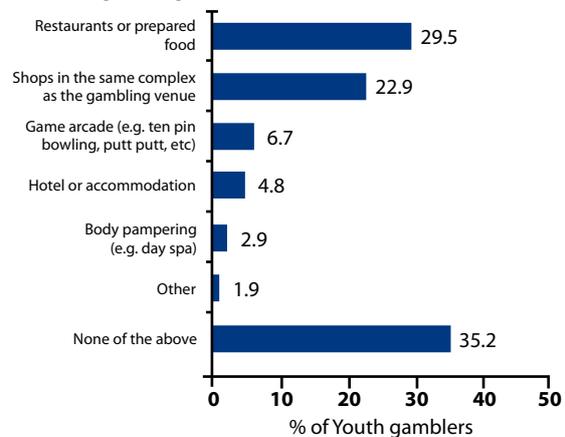
Figure 4.23: Does the gambling behaviour of family/friends encourage the youth to gamble, 2009



4.15 VISITING PATTERNS TO GAMBLING VENUES

Respondents visiting gambling venues other than venues selling lotto tickets and scratch cards were asked about their visiting pattern to gambling venues. The first question was formulated as follows: 'During your last visit to a gambling venue, did you also visit/spend money on ...'. Various alternatives were presented (see figure 4.24). Figure 4.24 shows that just more than a third of youth gamblers (35.2 %) did not visit any other outlet apart from the gambling venue during their last visit to such a venue.

Figure 4.24: Outlets/places visited or items spent on during visit to gambling venue, 2009



When asked whether they visited a gambling venue nearest to them or one further away, 90.5 % of the respondents confirmed that they had visited the nearest gambling venue during their last visit prior to the survey. The 9.5 % of respondents not visiting the nearest venue was equally divided between the following:

- a dedicated trip to a gambling venue other than the nearest venue; and
- during a holiday trip

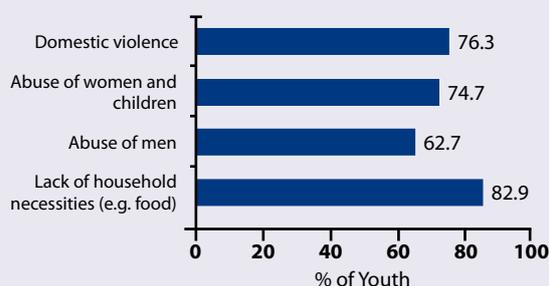
4.16 GAMBLING AND VIOLENCE/HOUSEHOLD WELFARE

All youth respondents (ie gamblers and nongamblers) were asked about their opinion on the potential impact of gambling in terms of violence and household welfare. The question was formulated as follows: 'In your opinion, can participation in gambling lead to ...'. The following four alternatives were indicated, requesting a yes/no response: domestic violence, abuse of women and children, abuse of men and lack of household basic needs.

Figure 4.25 shows the percentage of affirmative response to the above questions. Generally, the perceived negative

impact of gambling in terms of household violence and welfare is extremely high. Three in every four respondents (76.3%) were of the opinion that participation in gambling can lead to domestic violence. Approximately the same percentage (74.7%) expressed the opinion that gambling can lead to the abuse of women and children. The potential impact on men is somewhat lower at 62.7%. An exceptionally high eight in every 10 (82.9%) respondents thought that gambling can lead to a lack of household basic needs.

Figure 4.25: Perceived negative impact of gambling in terms of household violence and welfare, 2009



4.17 SUMMARY

The picture emerging from youth gambling can be summarised briefly as follows:

- Seven in every 10 (69.1 %) of the population 18 to 25 years of age abstained from gambling during the three months preceding the survey.
- Lotto represents the major gambling activity of the youth – almost one quarter (23.7 %) bought lotto tickets during the three months preceding the survey.
- Buying of scratch cards (5.7 %) and casino gambling (4.9 %) were engaged in by one in every 20 of the 18 to 25 age group.
- ‘Not interested in gambling’ was advanced as the major reason (54.8 %) for abstaining from gambling.
- The majority of the youth perceived gambling as negative personal conduct. This is illustrated by the percentage agreement (see in brackets) with the following statements: gambling is like a drug (67.9 %); gambling is dangerous for family life (66.3 %); on balance, gambling is bad for society (65.2 %); gambling is bad for communities (65.1 %) and gambling is a waste of time (50.9 %).
- Notwithstanding the negative perception of gambling, the youth support freedom of choice for par-

ticipating in gambling. The following statement is in support of this: people should have the right to gamble whenever they want to (71.4 %). In addition, only 37.9 % felt that gambling should be banned altogether.

- Almost half the youth (45.8 %) were aware of under-age gambling. According to them, the majority of under-age gamblers were involved in dice (74.0 %), followed by lotto (20.2 %).
- Only one in every six respondents (17.5 %) expressed the view that there were insufficient gambling outlets/opportunities, especially lotto outlets.
- The most preferred gambling modes of the youth were lotto (67.0 %), followed by casino gambling (11.6 %).
- Seven out of every 10 lotto players bought lotto tickets at least once a week.
- Almost one in every five (18.5 %) casino visitors frequented a casino at least once a week.
- Winnings of gambling activities (if materialised) would be used primarily to buy luxury items (38.9 %) and household necessities (29.6 %).
- Eight in every 10 youth gamblers spent less than R150 a month on gambling. The average amount spent on gambling by youth gamblers was R121.80.
- Only one third of youth gamblers (37.9 %) budgeted for their gambling expenditure.
- Gambling money was displaced largely from household necessities (45.0 %) and other entertainment (27.0 %).
- One third of youth gamblers recorded a negative impact on them due to the gambling activities of family members.
- Seven in every 10 gamblers (72.3 %) were aware of information about the nature and risks of gambling.
- Just more than half the gamblers (55.9 %) were aware of programme(s) to assist compulsive/problem gamblers.
- Awareness of the existence of the NGB (35.3 %) and provincial gambling boards (40.7 %) was very low.
- Two in every five (41.9 %) youth respondents exposed to gambling by close family/friends ascribed their gambling behaviour to this exposure.
- Three in every four respondents were of the opinion that participation in gambling can lead to domestic violence and the abuse of women and children.
- Eight in every 10 respondents (82.9 %) expressed the opinion that gambling can lead to a lack of household basic necessities.





chapter 5

problem gambling - quantitative perspective

5.1 INTRODUCTION

As one of its main objectives, the NGB monitors the socio-economic impact of gambling activity on the South African population by means of regular research. This includes the identification of problem gambling as well as the patterns and consequences thereof. Information on the extent of problem gambling as well as its impact on the community is gathered in this study in two ways. The household survey contains a section on problem gambling generating some quantitative information on the magnitude of the problem. This chapter reports on the findings of the survey. Reference is also made in this chapter to aspects concerning problem gambling as summarised by the National Centre for the Study of Gambling (NCSG) in their report entitled Gaming and problem gambling in South Africa (Collins & Barr); the booklet published by the South African Responsible Gaming Trust (SARGT 2001); and the website maintained by the SARGT.

5.2 PROBLEM GAMBLING

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

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

- playing games

- fantasising about winning large sums of money
- feeling artificially endangered
- being in a stimulating environment

Gambling behaviour should be viewed as problematic when gamblers:

- gamble excessively and thereby cause significant harm to themselves and to others
- fail to control this excessive behaviour by themselves or without assistance

Sproston et al (2000:41) described 'problem gambling' as gambling to a degree that compromises, disrupts or damages family, personal or recreational pursuits.

On the basis of the above the National Responsible Gambling Programme (NRGP) recognises three different classes of gambling behaviour. While each may be difficult to distinguish at times, most of the authorities worldwide now recognise these three groups.

- (a) Recreational gamblers gamble on social occasions with friends or colleagues. They have pre-determined acceptable losses and, by and large, their gambling activities cause little harm and their behaviour is associated with minimal guilt. They simply require information and education on gambling behaviour in order to make sensible decisions.
- (b) Problem gamblers spend too much time and money on gambling. Their behaviour causes harm both to themselves and others and is associated with much guilt. Most NCSG patients requiring treatment fall into this group and often respond positively to the intervention.
- (c) Compulsive and pathological gamblers have a psychiatric disorder diagnosable by strict criteria. It is regarded as a disorder of impulse control and has a

very poor prognosis. Such gamblers are unable to control their gambling, with consequent significant damage to themselves and others, and they are very difficult to treat. They constitute less than 1 % of gamblers (SARGT 2001:2).

Compulsive expenditure is not peculiar to gambling. Studies have shown that between 1 % and 2 % of adults have some compulsive shopping tendencies. Psychiatrists in Britain, for example, have cautioned compulsive shoppers that their behaviour could soon be officially recognised as a psychiatric disorder. This addiction is expected to be included in the next edition of the Diagnostic and Statistical Manual of Mental Disorders (DSM) and treatment can then be claimed from medical aid funds (news24 2004).

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

5.3 INSTRUMENT USED IN THE COMMUNITY SURVEY

Three instruments are available to measure problem gambling, namely the South Oaks Gambling Screen (SOGS), DSM IV (Diagnostic and Statistical Manual) and the Gamblers Anonymous (GA) questionnaire. These instruments have the following limitations, implying that prevalence figures should be regarded as rough estimates only (Meyer 2004). The instruments do not discriminate between more or less severe symptoms while the questionnaires were originally developed for a clinical and not a general population. The questionnaires for measuring problem gambling invite respondents to identify themselves as having or not having particular symptoms of problematic behaviour. These symptoms vary in their severity and in the degree to which they manifest in people not identified as having a problem. All cut-off points, distinguishing between problem and nonproblem gamblers, are therefore arbitrary (Collins & Barr 2001:7). This section looks at the results of applying the 20 Gamblers Anonymous (GA) questions to determine the extent of problem gambling.

Gamblers Anonymous offer the following questions to anyone who may have a gambling problem. Their 20 questions are provided to help the individual decide whether he or she is a problem gambler and wants to stop gambling, and read as follows:

- Have you ever lost time from work or school due to gambling?
- Has gambling ever made your home life unhappy?
- Has gambling affected your reputation?
- Have you ever felt remorse after gambling?
- Have you ever gambled to get money with which to pay debts or otherwise solve financial difficulties?
- Has gambling caused a decrease in your ambition or efficiency?
- After losing, have you felt you must return as soon as possible and win back your losses?
- After a win, have you felt a strong urge to return and win more?
- Have you often gambled until losing your last rand?
- Have you ever borrowed to finance your gambling?
- Have you ever sold anything to finance gambling?
- Have you ever been reluctant to use 'gambling money' for normal expenditures?
- Has gambling made you careless of the welfare of yourself or your family?
- Have you ever gambled longer than you had planned?
- Have you ever gambled to escape worry or trouble?
- Have you ever committed, or considered committing, an illegal act to finance gambling?
- Has gambling caused you to have difficulty sleeping?
- Do arguments, disappointments or frustrations create within you an urge to gamble?
- Have you ever had an urge to celebrate any good fortune by a few hours of gambling?
- Have you ever considered self-destruction or suicide as a result of your gambling?

The studies by the NCSG (Collins & Barr 2001 and 2006) contain a very comprehensive analysis of measuring compulsive gambling. They not only applied the GA questionnaire but also utilised other methodologies such as the SOGS questionnaire (South Oaks Gambling Screen) and the 10 questions based on the Harvard DSM IV criteria as used in the UK prevalence study in 2000 (Sproston et al 2000:41).

In applying the above methodologies, the NCSG established a benchmark by questioning respondents who were already in a treatment programme. They were people who identified themselves and were identified by others as having problems with gambling. They were asked to answer the SOGS questionnaire and the 10 questions based on the Harvard DSM IV criteria in addition to the 20 GA questions, on the basis of what was applicable to them before they came into treatment. On the basis of the above, the NCSG established that 14 or more affirmatives to the 20 GA questions constitute a conservative cut-off point for identifying problem or pathological gamblers (Collins & Barr 2001:72). However, using differ-





ent thresholds (number of 'yes' or affirmative responses) to identify problem gamblers is not without conceptual problems. The distribution of scores on gambling screens suggests that problem gambling is a continuous rather than a dichotomous variable, implying that the identification of a problem gambling threshold is an arbitrary one. Nevertheless, the distinction is a useful and necessary one which relies on a best estimate of where this threshold lies (Sproston et al 2000:42).

The 2009 NGB survey put the 20 GA questions to all respondents who bought lotto tickets twice a week and/or visited the casino, played LPMs, betted on horses/sports events, played bingo and/or bought scratch cards at least once a week. The assumption was made that compulsive gambling implies, inter alia, excessive spending in relation to income, which, in turn, could be equated with a high frequency of participating in gambling activities as described above. A total of 512 high gambling frequencies were recorded by 404 respondents. This implies that approximately a quarter of respondents indulged in more than one high-frequency gambling activity (eg playing the lotto twice a week and buying scratch cards or visiting a casino at least once a week). Table 5.1 shows the distribution of high-frequency gambling activity by gambling mode. The overwhelming majority of high-frequency gamblers (80.1 %) played the lotto (64.3 %) and bought scratch cards (15.8 %). This is followed by casino visitors (9.4 %) and sports betters (6.4 %). Due to the relatively small number of observations captured in the non-lottery games, some instability could be expected when these observations are further disaggregated by gambling mode. As a result the dataset is analysed as a whole.

Table 5.1: Number of gamblers reporting high frequency gambling involvement¹

| Gambling mode | Number of gamblers reporting high frequency involvement | % distribution |
|----------------|---------------------------------------------------------|----------------|
| Lotto | 329 | 64.3 |
| Scratch cards | 81 | 15.8 |
| Casino | 48 | 9.4 |
| Sports betting | 33 | 6.4 |
| Horse wagering | 16 | 3.1 |
| LPMs | 4 | 0.8 |
| Bingo | 1 | 0.2 |
| Total | 512 | 100.0 |

¹ The 512 high frequency involvements were reported by 404 respondents, implying that some respondents were involved in more than one mode.

The next section deals with the number of affirmatives with regard to the GA questions and the level of awareness of assistance available to problem gamblers.

5.4 IDENTIFICATION OF THE PROBLEM GAMBLER

Table 5.2 reflects the percentage of respondents according to the number of affirmative ('yes') responses to the 20 GA questions for 2005 and 2009. Readers are reminded that the percentages refer only to the high frequency players. The percentages for all gamblers of the adult South African population at large would be considerably lower than those contained in the table, the reason being that the percentages are based on the high-frequency categories and not on the South African population in total or those participating in gambling. It should also be noted that there is a strong possibility of an undercount of problem gamblers in community surveys due to the negative image attached to problem gambling and therefore a reluctance to reveal full or correct information.

Table 5.2 shows that just less than one in every three gamblers (30.7 %) recorded no affirmatives at all and therefore experienced no addictive problems whatsoever in 2009. The percentage distribution of affirmative responses tends to decline as the number of 'yes' counts increases. For example, 12.4 % of gamblers gave one affirmative response while only 1.7 % recorded 10 affirmative responses. As indicated in the NCSG survey, those with a score of 14 or more affirmatives can be classified as addictive or pathological gamblers. As already indicated, the selection of cut-off points is arbitrary. The table provides sufficient information for the reader to select any cut-off point as required.

On the basis of a cut-off point of 14 or more affirmatives, the following proportions can be deduced regarding the magnitude of problem gambling:

- (a) 1.20 % of those (404 respondents) involved in high-frequency gambling.
- (b) 0.44 % of all the respondents (1 091 respondents) who gambled in the three months preceding NGB survey.
- (c) 0.16 % of the total survey population 18 years and older (3 123 respondents).

The reader should be reminded that the above percentages refers to gamblers as a whole including therefore both those involved in lottery games as well as other gambling modes.

A comparison of the magnitude of problem gambling in 2005 and 2009 shows marginal variations. The following are, inter alia, evident:

- (a) A substantially larger percentage of high-frequency gamblers recorded no affirmative responses in 2009 (25.4 % in 2005 and 30.7 % in 2009).

Table 5.2: Frequency count of affirmative responses for gamblers by GA questions

| Number of affirmatives to GA questions | 2009 | | 2005 | |
|----------------------------------------|----------------|--------------|----------------|--------------|
| | Distribution % | Cumulative % | Distribution % | Cumulative % |
| 0 | 30.7 | 30.7 | 25.4 | 25.4 |
| 1 | 12.4 | 43.1 | 11.0 | 36.4 |
| 2 | 9.2 | 52.2 | 13.4 | 49.8 |
| 3 | 8.4 | 60.6 | 11.3 | 61.1 |
| 4 | 9.2 | 69.8 | 10.6 | 71.7 |
| 5 | 6.7 | 76.5 | 8.9 | 80.6 |
| 6 | 6.2 | 82.7 | 6.1 | 86.7 |
| 7 | 4.5 | 87.1 | 3.7 | 90.4 |
| 8 | 3.5 | 90.6 | 2.9 | 93.3 |
| 9 | 2.0 | 92.6 | 1.9 | 95.2 |
| 10 | 1.7 | 94.3 | 1.3 | 96.5 |
| 11 | 1.5 | 95.8 | 0.9 | 97.4 |
| 12 | 1.0 | 96.8 | 0.4 | 97.8 |
| 13 | 1.2 | 98.0 | 1.1 | 98.9 |
| 14 | 0.7 | 98.8 | 0.2 | 99.1 |
| 15 | 0.7 | 99.5 | 0.7 | 99.8 |
| 16 | 0.2 | 99.8 | 0.1 | 99.9 |
| 17 | 0.2 | 100.0 | 0.1 | 100.0 |
| 18 | - | 100.0 | - | 100.0 |
| 19 | - | 100.0 | - | 100.0 |
| 20 | - | 100.0 | - | 100.0 |
| Total | 100.0 | - | 100.0 | - |

- (b) The percentage of respondents with one to 17 affirmative responses shows marginal variations. For example, 11.0 % (2005) and 12.4 % (2009) with one affirmative response and 1.3 % (2005) and 1.7 % (2009) with 10 affirmative responses.
- (c) Those with 14 or more affirmative responses amounted to 0.9 % in 2005 and to 1.2 % in 2009.

Table 5.3 shows the percentage of affirmatives among gamblers per GA question as well as the ranking of the questions. The table confirms that the following five issues recorded the most affirmatives both in 2005 and 2009:

- GA8 'After a win, have you felt a strong urge to return and win more?': 49.3 % in 2009 and 52.1 % in 2005 .
- GA7 'After losing, have you felt you must return as soon as possible and win back your losses?': 38.5 % and 44.5 % respectively.
- GA5 'Have you ever gambled to get money with

which to pay debts or otherwise solve financial difficulties?': 30.9 % and 35.0 % respectively.

- GA14 'Have you ever gambled more than you had planned?': 26.6 % and 25.2 % respectively.
- GA19 'Have you ever had an urge to celebrate any good fortune by a few hours of gambling?': 24.8 % and 29.4 % respectively.

The above shows that the most affirmatives centred largely on financially-related reactions after winning or losing money. As could be expected, the winning motive captured the imagination of the majority of high-frequency players.

Table 5.3: Frequency count and ranking of affirmative responses for gamblers

| GA Questions | 2009 | | 2005 | |
|--------------|---------------|------|---------------|------|
| | Affirmative % | Rank | Affirmative % | Rank |
| GA1 | 5.1 | 18 | 5.9 | 16 |
| GA2 | 11.9 | 12 | 9.2 | 14 |
| GA3 | 6.3 | 17 | 5.6 | 17 |
| GA4 | 21.9 | 7 | 18.5 | 7 |
| GA5 | 30.9 | 3 | 35.0 | 3 |
| GA6 | 13.9 | 10 | 9.6 | 13 |
| GA7 | 38.5 | 2 | 44.5 | 2 |
| GA8 | 49.3 | 1 | 52.1 | 1 |
| GA9 | 24.2 | 6 | 19.6 | 6 |
| GA10 | 8.9 | 14 | 13.6 | 9 |
| GA11 | 3.4 | 19 | 2.6 | 19 |
| GA12 | 15.5 | 8 | 13.4 | 10 |
| GA13 | 6.7 | 15 | 6.2 | 15 |
| GA14 | 26.6 | 4 | 25.2 | 5 |
| GA15 | 14.4 | 9 | 14.4 | 8 |
| GA16 | 3.4 | 19 | 1.9 | 20 |
| GA17 | 12.4 | 11 | 12.3 | 11 |
| GA18 | 10.3 | 13 | 10.4 | 12 |
| GA19 | 24.8 | 5 | 29.4 | 4 |
| GA20 | 7.2 | 16 | 5.2 | 18 |

5.5 SUMMARY

The magnitude of problem gambling in South Africa according to a cut-off point of 14 affirmatives on the GA questionnaire, is estimated at 0.44 % of gambling participants and 0.16 % of the South African population 18 years and older. This is somewhat less than the 0.52 % and 0.16 % respectively recorded in 2005.





chapter 6

socio-economic impact - qualitative perspective

6.1 INTRODUCTION

An important component of the investigation into the socio-economic impact of legalised gambling in South Africa concerns the perceptions of the impact of this activity on regular gamblers themselves, their friends and family, and to a lesser degree the community at large. Since this investigation revolves around feelings and perceptions, a qualitative research approach was included as part of the study. Focus groups with regular gamblers were conducted countrywide. The study comprised 10 focus groups with regular gamblers aged from 18 to 60+ years (paragraph 6.2), as well as three focus groups with young gamblers between 18 and 25 years only (paragraph 6.3).

Whenever verbatim quotes from respondents were used to emphasise the noted observations, the source of these quotes was only identified by respondent profile and gambling mode, with no reference being made to any particular gambling venue for reasons of confidentiality. The reader should be reminded that the responses and/or assumptions reflected do not necessarily represent the finite gambling behaviour of regular gamblers or ultimate social impact of legalised gambling on regular gamblers. The findings are at best merely indicative of such impact or behaviour and as such should be read only to provide a better understanding of how the respondents in this study perceived or experienced the topics under discussion.

6.2 IMPACT ON GAMBLERS: 18 YEARS AND OLDER

6.2.1 Introduction

Ten focus groups were conducted across the country in all nine provinces at selected gambling venues. These gambling venues included six casinos, two limited pay-out machines (LPMs), one horse racing track and one

bingo hall. Appropriate respondents were selected using a screening questionnaire to ensure that they fit the required profile. These selected regular gamblers were then probed on their perceptions of gambling and their own gambling experiences, their preferred gambling modes, reasons for gambling and awareness of the risks associated with gambling, under-age and excessive gambling, and the impact of their gambling habits on relationships and their financial and employment status. Respondents' awareness of existing information on gambling (eg risks, programmes to assist problem gamblers and the concept of responsible gambling) was also tested.

6.2.2 General perceptions about gambling

Respondents cited a number of reasons for visiting a gambling venue. The majority of regular gamblers admitted that they gambled mainly because of the exciting possibility of winning easy money in a quick and easy way. This money was desired by some to afford extra luxuries, but more often there was an urgency to win extra money just to afford the basics or to ease the strangling cost of living in general in the current economic crunch. A few respondents dreamt of erasing all debt and paying off all accounts in the red with their gambling winnings. Some gamblers even saw gambling as a regular source of income and a means of making a living as opposed to holding a regular job. These gamblers would consequently visit the gambling venues on a near-daily basis. A few practically saw these venues as their second home. Although winning money remained the main draw card, a few gamblers acknowledged that for them the associated 'adrenaline rush' was equally appealing and heightened the attraction of the gambling activity, turning it into a stimulating hobby.

*No one has ever got tired of getting money, no one is ever satisfied with money, and it is always a need. [LPM, African males and females]
Gambling is my life and I have to do it every day.*

[Horseracing, mixed race, males]
This place is like home. [Casino, African females]
It is like a hobby. [Bingo, White males & females]
If you are earning R2 000 at the end of the month, gambling is the only way you can raise another R2 000 to pay off your R4 000 debt. [Casino, African males]
I gamble to make money and I need the money for food. [Casino, Coloured males & females]

Besides the pressing money issue, many regular gamblers visited gambling venues to relax, de-stress and have fun, and just to escape from the pressing realities of everyday life for a few hours. Gambling was seen as a pleasurable pastime and light entertainment fit for the whole family. Often these venues were the only place in the vicinity for socialising and bonding with friends and family. A few gamblers preferred the social ambience of the gambling venue to less social home environments.

The gamblers playing on electronic gaming machines and bingo players regarded gambling venues (casinos, bingo halls and LPMs) as ideal places to meet new people. This casual socialising and striking up of friendships were often initiated by a discussion of gaming results with fellow punters and knew no racial boundaries. Fellow punters soon became like one big family. Gamblers also liked the welcoming and relaxing vibe inside the casinos and the special way in which gamblers were treated with free food, promotions and in specific cases, transport to and from the casinos. These venues were generally regarded as safe and controlled environments (no killing and/or fighting), allowing single females to also enjoy this activity without fearing for their safety.

It is a meeting place, a place of togetherness. [Casino, Coloured males & females]
People here know each other and they are more like family. [LPM, African males & females]
You make it a family day out, when you take the children and the grandparents and you go for a Saturday and you all have fun times with the children and everything. [Casino, Coloured males & females]
I won a lot of money. I called the gentlemen I was with to come and celebrate. So I took it as fun, because it was easy money, easy life. [Casino, African males]

The majority of regular gamblers were well aware of the risks associated with gambling, knowing that it was just a game where one could either win or lose everything. Gambling was thus an activity that demanded respon-

sible behaviour. Gambling is only fun as long as people gamble within a set monetary limit and winning is not driven by desperation. Most of the recreational gamblers were generally fairly mindful of overspending and only used money not needed for important (household) expenditures for gambling.

When caught up in the thrill, fun and irresistible lure of winning money with gambling, the potential danger of (excessive) gambling was only a fleeting thought in the minds of most regular gamblers as they focused only on the outcome of each game/bet/spin. However, many respondents elaborated on the negative impact of gambling in their own private lives, as well as the lives of other gamblers in general (more detail given on this topic later in this chapter), and the real danger of addictive behaviour. Respondents that had already felt the negative effects of gambling reflected that they now realised that people could achieve much more in life if only they could restrain themselves from gambling, or simply gamble more responsibly.

There are more negatives than positives. [Casino, Asian males & females]
It is a web, it catches you, it becomes addictive. [Casino, Asian males & females]
Gamblers never change and it lasts a lifetime. [Horseracing, mixed race, males]
You know it's a risk, but you still take that chance. [Casino, Coloured males & females]
It is something that needs self control. [Casino, Coloured males & females]
At times it is like a drug and if you don't have this drug, you are dead. [Casino, Asian males & females]
With gambling, you make things happen to suit you. [Bingo, White males & females]
Never gamble because you are in desperate need of money, you must gamble for fun. [Casino, African males]

There seem to be a number of myths about gambling. Many gamblers believe that electronic gaming machines are monitored by management and pay-outs are controlled, outcomes are fixed (eg lotto and horse racing) and not all gaming machines paid out at month end. A few gamblers believe that the use of membership cards result in smaller or limited pay-outs. Some gamblers believed that playing only on certain machines (eg 'shiny' machines or machines 'pointed out by the ancestors') could increase their chances of winning and that they should act on a 'good feeling' that suggested that a specific day would be a lucky day at the casino.

They can adjust the winning when they have earned their profits. [Casino, African males]

During the month end they must make sure that they make profit before they can let us win. [Casino, African females]

6.2.3 Gamblers' awareness and experiences of different gambling modes and their reasons for continuous playing/betting

The majority of respondents were well aware of the better known gambling activities such as lotto, casinos (gambling machines and table games) and horse racing. Even though they suspected that some gambling activities might not always be above-board, some respondents also mentioned the card and dice games played by children in the streets of the townships. Respondents were also aware of children taking part in card gambling games played at home with their parents.

Several respondents admitted that they started casual gambling at the age of 18 (mainly casinos and horse racing) with many becoming serious players by the time they were 20 to 35 years of age. The young gamblers found the progression from street card and dice games and card games with parents/family or neighbours to regular gambling at established gambling venues a natural and almost a logical process. Many casino and bingo players became involved in gambling once a gambling venue opened in their neighbourhood and they became intrigued by the prospect of winning easy money. Gambling venues close to people's places of work or in shopping malls (eg bingo halls) allowed them to quickly visit these venues during lunch time and they gradually spent more and more of their free time at these venues.

The decision to actually start gambling was often based on curiosity (ie to see what was happening inside these venues and what gambling was all about) and the attraction of the 'big' money reportedly won by other gamblers in the past in gambling ventures. Other active gamblers (parents, friends, and strangers) could thus motivate the first trials. Radio adverts or aggressive promotions or competitions could also trigger curiosity and motivate people to visit gambling venues. Many people were quite innocently introduced to gambling when they visited one of the interesting restaurants inside a casino for a meal and then experienced the excitement and friendly atmosphere at these venues first hand. The first trials were made more acceptable by the sheer affordability of some of the small denomination electronic gaming machines.

The more you see them, the more you get influenced by them. [Casino, African males]

I suppose it must have been our parents' influence (playing cards) on us that played a role. [Bingo, White males & females]

I was told by a friend that it is easy money to make and so I came by myself. [Casino, Coloured males & females]

But this place is so nice, the lights and the machines, and I love it. [Casino, Coloured males & females]

The reasons why people continue to gamble after the first try are varied. Most often it was the slogan 'who dares, wins' and the expectation of winning, as embodied in the feverish hope that the very next bet might be the lucky one that would strike the jackpot or back the winning horse, that motivate continued gambling. Watching other people win big money could be equally enticing to try again but, more often, once people experience the taste of sweet success of their own first win, they are hooked and keep returning in the hope of winning bigger amounts of money. A few gamblers reflected that the excitement and thrill produced by the interactive nature, graphics and game features (like free spins and bonuses) of the game itself, as well as the rousing sounds (especially when winning) and bright lights on electronic gaming machines, lured them back time and time again.

It is like they put something in the machine that makes you play more and more. It's like there is a magnet in there. [Casino, African females]

Every spin is a new hope. [Bingo, White males & females]

It could be a friend, it could be a person that you meet along the way or you are there when this winning happens, and you get interested. The next day you go there and you win, then you are hooked. This is the start of your gambling career. [LPM, African males & females]

Regular gamblers visited the gambling venues (almost) every day and generally spent between five to eight hours at a time at the gambling venue (especially casino players). Recreational players visited gambling venues less often and stayed for only a few hours at a time. In general the time people spent at gambling venues might be influenced by the amount of money they had available for gambling, ease of access to the venues (ie transport to and from the gambling venue), promotions at gambling venues and when electronic gaming machines 'paid out'.

Respondents rated the positive and negative aspects of the different gambling modes as follows:



| Gambling activity | Positive aspects | Negative perceptions |
|---------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| LPMs | Small denominations, longer play, safe environment | |
| Bingo | Easy to play and understand, longer play due to small denominations, each game guarantees a win | Require a fair level of alertness to recognise and mark numbers |
| Scratch cards | | Often no win |
| Casino and more specifically electronic gaming machines | | |
| [Take note that six out of the 10 groups were conducted at casinos] | Attractive game features, easy to play, cheap to play (small denominations), safe and secure environment, no interference by other players, instant cash, social environment, wide choice of games and machines, ease of access, exciting and more challenging table games and better chances of winning, able to control one's gaming by stopping when one's limit is reached, other interesting facilities such as sports bar & restaurants at casinos | |
| Horse racing | Easy understandable betting criteria, better chance of winning | Need knowledge about the horse's ability and chance of winning |
| Lotto | Cheap | Guessing game, have to wait for results, often no win |

Most of the regular gamblers were aware of and enjoyed the benefits associated with the accumulation of points on loyalty or membership cards (eg free or discounted food and drinks, entering of competitions/promotions, special invitations to social functions, discount on parking, entrance fees and accommodation and preferential entry into competitions or promotions for members only). Some people said that these privileges made them feel special and respected, but for others these feelings faded very soon. Not all respondents were aware of the mentioned benefits and the bingo and LPM players did not have access to membership cards. Some respondents (casino and bingo players) felt that these loyalty cards were just a marketing strategy to get people hooked on gambling and more often these benefits came at a price (ie one had to gamble a lot).

The majority of regular gamblers felt that gambling should be one's own free choice and nobody should be encouraged to gamble. Gambling could be seen as a 'sin' or a 'bad habit' when people fell into its grip and it was no longer controlled. Nobody wanted the guilt of being responsible for another person's addiction to gambling. It was perceivably very easy to be attracted to gambling and enjoy the fun, but difficult to stop. Some of the negative spin-offs of gambling comprised serious addiction that could lead to heavy indebtedness, neglect/breaking up of families and households, loss of possessions, precious time wasted and even ill health. It was consequently important that all gamblers should be informed of the risks and nature of gambling, the need to gamble within a set limit or budget and the motivation to gamble just for fun.

You become a hobo very easily. [Horseracing, mixed race, males]

You are not able to be strong with yourself and say, no, this is enough. [Casino, White males & females]
First when we came here, we were coming for fun, but now it is no longer for fun. [Casino, African males]

Winning wakes you at night and you want to do it again and again. [LPM, African males & females]

6.2.4 Impact of gambling on gamblers' (inter)personal relationships

Even though regular gamblers claimed that they controlled their gambling behaviour so that it would not have any negative impact on family and/or friends and also spent some quality time with their partners/families at the gambling venue on occasion, gambling did interfere in some gamblers' relationships. In severe cases, gambling could take over people's lives and their way of thinking to the extent that they lost their identity. They started to lie about their whereabouts and about the money they lost or won at gambling, mainly to avoid the criticism from family or friends who disapproved of their gambling habits. They did not even want to acknowledge to themselves how much time and money they really wasted on gambling. All this lying led to family distrusting the gamblers in everything they do or say and even distancing themselves from the gamblers. Gamblers tended to neglect their families since they spent all their free time at the gambling venues, often getting home quite late and leaving their children without parental care.



Gambling teaches you to lie. [Horseracing, mixed race, males]

You gamble and you get home and they ask for money, and you come with stories like the money is lost when you know that you have gambled it. You do not come out with the truth. [LPM, African males and females]

You would say I lost two hundred instead of two thousand. [LPM, mixed race, males and females]

They lie because you are also lying to them. When they are asking for money, you lie by saying you will give them tomorrow and tomorrow you don't give them. [Casino, African females]

The negative impact of gambling eventually takes its toll on relationships. Some gamblers break up with their life partners because of lying, loss of trust in handling of the family's finances, neglect of the children and constant domestic fights and arguments over the household's money that was gambled away. Other gamblers become totally asocial and lose all contact with family and friends because they prefer gambling to spending time with the family or their friends – in the process they became desperately lonely and isolated. They also withdraw from the community and do not attend any more church services or funerals, placing the desire for money above any need for human contact. One casino gambler even admitted that he/she avoided a close relationship and intimacy with his/her partner. Sometimes the only social network of confidants was established with other gamblers at the gambling venues since these people understood what gambling was all about and shared the same feelings and experiences.

You want money, you don't want anything else. [Casino, African females]

With gambling, if you lose, the wife leaves you, but when you win, you leave her. [Horse racing, mixed race, males]

It is nicer to go and visit the casino than your sister in law. [Casino, White males and females]

He went home and was confronted by angry words from a spouse, and he knew that any knock on the door was going to be people whose money he gambled with. He thought hard and saw no solution except to get a rope and hang himself. [LPM, African males and females]

One has to make sure that he or she does not get addicted because, through gambling, families are no more, homes are broken. Through gambling, children's lives can easily come to a standstill and that is reality. [LPM, African males and females]

A person who didn't gamble before does not understand. [Casino, African females]

The majority of gambling parents chose not to take their young children to gambling venues. Those parents, who had no other option than to bring their children to the gambling venues, left their children in the childcare and/or game facilities and were quite happy with the care provided. Sometimes gambling parents became too involved in a game and gambled longer than originally intended. These parents would then complain when they had to go and fetch their children from the childcare facility after the maximum allowed care time had expired. A few gamblers admitted that their own gambling behaviour and the perception that was created that 'big money' could be won with gambling could influence their children in future to gamble. Parents who left children outside the LPM venue without any proper care, made it easy for the children to start gambling themselves. Those who showed kids around, especially at horse races or took them on a family outing to a gambling venue did not seem to realise that they were in fact introducing their children to gambling with all the detrimental side effects it could later have in their kids' lives.

It can happen because I am with them and I take them when they have reached that age that they can gamble. It could be that you are just taking them out and because of what you do, they'll see you gambling. As they are with me, I will give them some money to also try their luck, and tomorrow I come with them to the same place. The love or interest is built bit by bit and in no time, they will be coming on their own. [LPM, African male and females]

Fortunately there is little correlation between excessive gambling and a person resorting to any kind of violence. However, there were a few cases where arguments and the constant nagging of spouses about money and the neglect of family responsibilities led to the expression of domestic violence. Arguments between partners about money tended to affect the children negatively and could lead to a decline in a learner's performance at school. In gambling venues, punter frustration could also be expressed in a violent manner when gamblers hit or rammed the machines and were aggressive towards or argued with other players. Aggression towards others was often the result of a gambler's frustration over losing money.

You have to be violent so that the woman will stop asking you about the things that are not there. [Casino, African males]

Bad losers fight and you know you will lose in gambling. [Horse racing, mixed race and males]

When you have lost, you don't want to talk to any-

one and you feel this overwhelming urge to take out your frustration physically onto anyone who will trample on your toes at that particular time. [LPM, African males & females]

Gambling also had an effect on some people's work lives. The repercussions at work could range from arriving late for work because of first visiting the gambling venues, spending more time than an hour during lunch at the venues and then lying to their colleagues about their whereabouts and even taking sick leave for a day or two to gamble. Some were often tired at work due to late-night gambling stints and several of them had already received warnings from their employers or had been served with notices at work. A few self-employed people often rescheduled or postponed work-related activities to gamble. In the odd (severe) case a gambler had taken an early retirement package from his / her employer to be able to gamble full-time.

Many bingo players were retired and either single or had lost their partner and were therefore not accountable to anyone about their whereabouts. In general, players who were self-employed didn't experience any negative impact of gambling on their work or studies.

6.2.5 Impact of gambling on gamblers' emotional and physical health

People who had some spare cash available for gambling or gambled within a set budget, usually did not experience any negative impact of gambling in their personal lives or on their health. However, gamblers were still only human and losing money they could not really afford caused major stress and tension in their lives, as well as negative feelings such as sadness, emotional pain and hurt, depression and feelings of emptiness. For some, it felt like they had stolen money from themselves. They often blamed themselves and then suffered intense feelings of guilt because they subsequently neglected their family responsibilities by not paying accounts or buying much needed food. Often gamblers would be reluctant or scared to go home and face the confrontation with family after they had lost all their money. This inability to honour these family commitments made the gamblers feel like losers because they felt they had lost control over their logical thought processes. This might prompt them to withdraw from family and society out of embarrassment. In some instances gamblers might even become aggressive towards family members because they are so frustrated and irritated with constantly losing. All this negative emotion results in physical illness like headaches, high blood pressure, loss of sleep and appetite. In extreme cases gamblers might even consider committing suicide when they lose all their money and possessions and feel that they have nothing left to live for.

It is like a roller coaster ride. [Bingo, White males & females]

You feel this heat and at that time, the mind seems not be working logically, you cannot think straight. [LPM, African males & females]

You want and you don't get, so it is hurting inside and you've got this pain. [Casino, African females]

There is no more money at home for food and accounts, because you have gone and spent the money on gambling. You get so depressed that you don't know how to go on with the rest of the day when you have lost money. [Casino, Coloured males & females]

Only a few respondents admitted that they had received some medical treatment (ie visited a doctor or had been hospitalised) and treatment after excessive gambling bouts. Some knew of some cases where people actually died from heart attacks inside a casino as a result of gambling-related excitement, or committed suicide. The majority did not usually share their negative feelings with others or receive any counselling to alleviate the negative impact of gambling on their health. Only the odd case was known where a serious gambler had gone for rehabilitation.

I thought that this counselling thing does not help. It only depends on you as a person, if you want to change or not. [Casino, African males]

Some gamblers who smoked reported that gambling would induce even heavier smoking to increase their euphoria and reduce the stress. Some gamblers in casinos and bingo halls would indulge in alcohol while gambling, sometimes simply because card members got drinks for free, but also because alcohol (and drugs) gave people some courage to gamble and dulled the senses to the extent that the conscience was silenced.

It is probably a euphoria. The spins are euphoric. The cigarettes are also euphoric. You are enhancing your euphoria. [Bingo, White males and females]

When I am on this machine and my head does not work, I smoke and drink right through. [LPM, African males and females]

It has to be alcohol or drugs, as it gives you the guts. [Horse racing, mixed race, males]

The majority of regular gamblers would not engage in extramarital sexual activities because they were too committed to the game to care. However, sometimes women who had lost everything would engage in risky sexual behaviour by offering sexual favours in exchange for financial assistance from men at gambling venues. Men who



liked to celebrate a win at the machines might exploit the situation and be actively on the look-out for such women and approach them for these favours.

This only happens with women because a woman has eaten the children's money now. She would want a man to help her, because she is afraid that her husband is going to kill her. [Casino, African males]

6.2.6 Financial impact of gambling

The economic impact of gambling in the lives of people depends very much on the level of self-control of the individual gamblers. Many respondents felt that the individual should be accountable and take responsibility for his/her own actions and the money lost when gambling. Some regular players restricted themselves to gambling responsibly within a strict budget that first allowed the allocation of adequate funds to cover essential expenditures and other contracted financial obligations. One way in which these gamblers ensured that they stick to this budget was to leave all their bank cards at home when they visited a gambling venue and to leave (ie go home) once all the allocated money had been used up.

The majority of gamblers had not had any (serious) financial problems when they started gambling, often with the motivation to win some money to secure a better lifestyle or to pay off incurred debts. However, not all gamblers could control their spending. Some gamblers seemed to lack the discipline to stop gambling once their budgeted amount was exceeded. Once some gamblers entered the gambling venue and got hooked on a game, it would seem as if a type of 'gambling fever' got hold of them and all caution was thrown to the wind. They would be completely unable to abstain from excessive gambling, spending money that was intended for household expenditures. Often people also spent more than intended because they got caught up in a vicious cycle when they kept on gambling to try and win back some of the money they lost.

It doesn't happen, because most of the time, you come here to boost the little that you have. [LPM, mixed race, males & females]

I tell myself that I will spend R300 only, but when I get inside here, everything is shattered. [Casino, African males]

No, that budget never stays that budget. [Bingo, White males & females]

If you are in debt, that makes you want to gamble even more. [Horse racing, mixed race and males]

Usually gamblers would either arrive at the venue with cash in hand or they would draw money at ATMs in the

immediate vicinity of the gambling venue for reasons of safety and convenience (ie they do not bring cash from home or drive around with cash). If gamblers should need some additional cash to continue playing for fun or to try and recover big losses, they could quickly access an ATM inside or very near to gambling venues. This implied that ATMs in or near gambling venues were perceived either as a blessing in terms of ease and convenience or a curse of temptation. Some gamblers preferred to draw cash at the venue as part of a game of denial – this way spouses were not aware of the amount of cash leaving the house to be used for gambling. One casino player complained that bank statements reflecting withdrawals at gambling venues could result in a bad reflection on the profile of the individual. Some gamblers borrowed money from fellow gamblers because they understood the 'nature and temptations' of gambling, while a few would rather go to loan sharks to borrow money, despite their objection to the high interest charged by these lenders.

Well, you used the money that you were supposed to use for other things, and you spent that. [Bingo, White males & females]

You need a lot of discipline and the gambling discipline does not last. Here you only withdraw. [Casino, African males]

You find that if you draw money here, then you can't stop drawing money. [Bingo, White males & females]

It pulls you to take that extra R100 out. [Casino, Coloured males & females]

At times the card is convenient, because the husband won't see the amount of cash leaving the house. [Casino, Coloured males & females]

It is a temptation to get more money especially when you are losing. [Casino, Asian males & females]

Gambling is bad in that you can use your whole salary there, money that was supposed to pay for the kids' education. [Horse racing, mixed race, males]

If the overspending on gambling continued unabated, gamblers could end up losing all their money or their whole salary. This resulted in these people having to lie to everyone around them in the hope of hiding the fact that they had lost money gambling (even pretending that their handbags or purses were stolen). Some lied to convince people to lend them more money to care for the family or to cover essential household expenditures, but also to have more gambling money. This would then start a vicious circle of robbing one person to pay another, and/or people borrowing money even from pension funds and home bonds. The irresponsible gambling of one partner in a marriage and the resultant lying could

thus destroy all the marital bliss and happiness in a family. Although gamblers usually paid back loans to friends, sometimes they even defaulted on these loans with the consequential loss of friendships and them often having to weave a web of lies and deceit to sustain their gambling habits.

Some would even gamble the little money they get as social grants. The odd respondent reflected that they pretended to be disabled to access a government grant to support his/her gambling. Usually there was no material assistance from government or charity organisations for gamblers. However, some respondents thought it would be wise of government to intervene in the case of problems gamblers to help them to earn their own money so that they could provide food for the family.

In general, gamblers would stop short of selling their property or surrendering policies to get money for gambling, although a few cases were mentioned where people had in fact gambled away all their possessions and property. If people become desperate for money for gambling they may rather consider selling or pawning smaller items such as jewellery, cell phones, brand name clothes, grinders and drills (either to pawn shops or to other gamblers) for less than the item is worth. In extreme cases gamblers may even steal money from their employers, illegally use other people's (stolen) credit cards, or steal other people's possessions (eg furniture) and food to pawn or sell for gambling money.

It is not good for us poor people. [Casino, Coloureds, males and females]

You want to get money from the people through lies. [Casino, African females]

When you get home, you are not going to tell that you lost gambling, you will say, I lost the money. [LPM, Africans, males and females]

You lose yourself in gambling. [LPM, Mixed race, males and females]

You are robbing someone else to get money to gamble with. [LPM, African males & females]

You sell it so cheap so that you can get that money to gamble with. [LPM, African males & females]

Gambling is destroying Black people more, especially those who are earning social grants. [Casino, African males]

If money is lost and one person is acting irresponsibly, then the spirits are gone, because that working together is no longer there. People are pulling to different directions. There is no longer happiness in that house. [LPM, African males and females]

Winning money was the flip side of the above and was perceived as a very pleasant experience that induced feelings of excitement, pride, happiness, contentment and being in control. Depending on the particular financial status of the winning gambler and the sum of money won, this money could be used to pay off debts, accounts or the rent, or to pay basic household expenses such as buying food and clothing, pay school fees and buy stationery. If gamblers won big, they may indulge in a few luxury items such as furniture, a new house, television sets, tyres for their cars, sound systems, jewellery, as well as treat the family to good food or a holiday. Sometimes gamblers would play back the winnings with the hope of winning even bigger amounts of money or until they lost it all again. A few gamblers would save their winnings to use in future gambling ventures. Some gamblers would like to be able to deposit their winning money at ATMs even though they were aware of the fact that money could be deposited at cashiers.

You find that good feeling, like lightning, you feel like you are on fire. We like money. [Casino, African females]

It makes you proud when you win money and take money home. [Casino, Coloured males & females]

6.2.7 Impact of gambling on the community

In general the concept of gambling had become much more acceptable in communities than in the past. This was due to the greater exposure to this activity via mass media marketing campaigns and aggressive promotions, and the easy access to the increasing number of gambling venues and modes that allow more people the opportunity to experience it firsthand. Respondents were divided on the issue of whether there were enough gambling facilities countrywide. On the one hand respondents felt the number was too low as people often had to travel far to get to their preferred gambling facility, especially those staying in rural areas. The current casinos were also overcrowded over weekends and during holidays.

On the other hand, many felt that there were currently an adequate number of gambling venues that were easily accessible to communities countrywide (ie casinos, bingo halls and horse racing tracks). There may even be too many LPM sites with too easy access especially for unsupervised children, thus promoting under-age gambling. One person cited a mushrooming of illegal gambling sites that were frequently raided and closed down, just to re-open again a short time afterwards.

I think a radius of 50km for every casino would be OK. [Casino, White males & females]

We need bigger casinos. [Casino, White males & females]





When probed on their perception of the impact of gambling on the community, respondents acknowledged that they did not really give that any thought. Upon further prompting they saw one of the perceived benefits of gambling that the government received tax from these venues that could again be use to build hospices for the disabled and more classrooms at schools, fund food programmes and pay for the general upgrading of areas. The gambling industry (eg casinos and the horse racing environment) was also responsible for creating a fair number of jobs for people and also generated money to assist problem gamblers.

Gambling venues (eg casinos) also offered friendly and safe entertainment areas for people to get together with their families and friends for some quality bonding time in communities and residential areas where other recreational facilities were lacking. Gambling thus tended to bring people together to relax and have fun and created an opportunity for people to socialise, meet new people and form lasting non-judgmental friendships, over and above the chance to win some fast money. Friends made at gambling venues usually understood the lures and traps of gambling, negating the need for lies, and eventually became like family who would rejoice in winnings and lent emotional support in bad times.

It brings us together because we could be from the same community but not know each other, but because we come here together, we tend to get closer to each other. [LPM, mixed race, males & females]

*It feels like a family. [Bingo, White males & females]
You have a group of friends at the casino, and a group of friends at home. [Casino, White males & females]*

When you win, everybody is happy for you, so it brings people together. [Casino, White males & females]

The perception of safety was created by the evident presence of security guards on the premises at gambling venues, hidden cameras inside casinos and the practice of security guards at some casinos to walk gamblers to their cars when they left the casino. Respondents were abundantly aware of the general rise in crime that made any public area unsafe. Some incidents of armed robberies at casinos and bingo halls had occurred in the past despite all the security measures. A few bingo players felt that security at specifically bingo halls was not always up to scratch.

The most obvious negative impact of gambling on communities was the fact that more people had easy access to venues and would spent much needed survival money

on gambling, slowly increasing the poverty level in communities even more. However, the main negative impact lay in the destruction of the family unit and friendships and the moral cohesion of communities through the increasing dysfunctional behaviour displayed by addicted or problem gamblers (continuous lying to loved ones, long periods of absence from home and neglect of family responsibilities, stealing money for gambling and pawning possessions). Apart from losing all their money and possessions, problem gamblers became isolated from the community, making it more difficult to help them. Some respondents felt that the aggressive promotions and advertising of opportunities to win a fantasy life of the super-rich awoke unrealistic dreams in people, encouraging gambling and, as such, were indirectly responsible for the increase of problem gamblers in the community.

They lose and that makes people poorer and poorer, instead of people going forward, they are going backwards. [LPM, Mixed race, males & females]

It breaks up homes because of the finances. [Casino, Asian males & females]

It breaks friendships. You find that one is cross with the other over something very silly and because one is also losing, that rift grows. [LPM, mixed race, males & females]

If you frequent this place, it is like a magnet, you get drawn in. [Casino, Asian males & females]

Gambling itself is problematic, it always has financial complications. [Casino, Asian males & females]

Another specific problem created in the community by the presence of gambling venues was the increased prevalence of under-age gambling, as cited by a few. This problem often started because some children accompanied their parents to gambling venues from an early age and had to entertain themselves in the game and/or crèche facilities. Being exposed to the hype and excitement of the gambling environment they soon started to actively gamble themselves, so increasing the possibility that they could get addicted to gambling later on and so destroy their future. Although the majority of respondents disapproved of under-age gambling, monitoring this activity was not always easy. Many children looked older than what they really were and gained access to casinos without being checked by security. Children also bought lotto tickets and gambled on LPMs without being monitored by anyone. In townships teenagers got involved in illegal card and dice games and also bought scratch cards without any restriction.

Respondents felt that young gamblers would experience the same negative outcomes of irresponsible behaviour as the older regular gamblers, ie spend or lose more

money than they could really afford, increasing debt, neglect of family, lying to others, stealing money from their parents to fund their gambling habits, as well as getting involved in more serious criminal activities to fund gambling. These children would sometimes spend their winnings on drugs and alcohol, contributing to the burden of moral decline in some townships. Some regular gamblers felt that under-age gamblers were not sufficiently equipped with the right information and lacked life experience to gamble responsibly.

Respondents were divided on their opinion as to what would constitute an acceptable age for people to start gambling. Legally it would be just to allow people to gamble from the age of 18, as they could vote, obtain an ID and car licence and purchase alcohol and cigarettes at this age. As 'legal adults' they could then be held accountable for their actions. A few horse racing gamblers also felt that people should become involved in the racing and betting industry from a young age to learn the ropes, gain experience and possibly build a career in this industry. However, a fair number of respondents felt that young people of this age group were not yet mature enough to understand the risks in life and accept and attend to financial responsibilities and obligations. They motivated the following ages as possible acceptable legal ages to start gambling:

- Aged 20 – 21: Finished with school
Can legally sign a contract
Know more about life and can take responsibility for their actions
- Aged 24 – 25: Completed studies and can make sound and informed decisions
More independent from the family structure
Should know the difference between right and wrong, have more common sense and are mature; have a better understanding of what they want from life and the risks in life (ie gambling)
- Aged 30 – 35: Working, earning their own money
Have more experience in life, more mature, supposed to be able to control and discipline themselves, know the consequences of their own actions, know themselves better (ie expected behaviour in certain circumstances)
Know how to manage accounts
Perceivably much more able to gamble responsibly

The majority of respondents felt that under-age gambling could be better monitored at gambling venues if proof of identification (such as showing an ID document) was religiously requested and/or a membership card had to be swiped at all entrances to any gambling area. Casino and security staff (especially at LPMs) should check up on any person that could be perceived as under-age. Young children should also be kept away from gambling areas to minimise exposure – entertainment areas like game halls for children and child care facilities should be excluded from the casino area. Police should also be more vigilant in ensuring that no opportunities existed for under-age persons to play illegal card and dice games in the townships.

6.2.8 Perceptions about responsible gambling

Despite the active government awareness campaigns, the majority of regular gamblers included in this study were not aware of existing information about the nature and risks of gambling. However, they were adequately aware of the attractive marketing material about big competitions and promotions at casinos and bingo halls that were distributed on a regular basis to encourage players to visit the gambling venues. A few respondents could recall advertisements or information on responsible gambling reaching the public via the mass media (radio, billboards and television), as well as brochures and pamphlets distributed at gambling venues and stickers on gambling machines and in the bathrooms of gambling venues. Some could even quote the well-known slogan of 'winners know when to stop' and mentioned the existence of a toll-free number that people could phone if they would like to talk about their gambling experience. However, these messages perceivably did not have any impact on some gamblers as they felt it was their own choice whether they would like to gamble or not, and how much money they would like to spend.

The majority of respondents were not aware of the current programmes to assist problem gamblers. A few respondents mentioned that they were aware of the organisation 'Gamblers Anonymous'; had seen the National Responsible Gambling Programme's sticker (slogan and the toll-free number) on machines, knew about the possibility of self-exclusion, and the fact that casino staff sometimes monitored those who displayed addictive behaviour. The majority of respondents had not asked for (or knew of anybody who had sought) assistance for a gambling addiction.

Respondents suggested a number of ways to promote responsible gambling. More education might be needed to teach people how to gamble within (and stick to) a set budget and how to handle both winning and losing and cope with excessive gambling behaviour. However, this





education should preferably be offered to people before they enter the gambling venue, as gambling tended to become uppermost in a player's mind once he/she entered the gambling venue to the exclusion of any other rational thought. It might be advisable if learners at school were educated about the nature and risks of gambling so that they could make informed choices when considering gambling at a later age.

Membership cards should be used more effectively to monitor excessive spending and the prevalence of unusually frequent visits to casinos, and limits might even be set on cards of suspected problem gamblers to control spending. Advertisements and promotions that highlighted upcoming events to win big money aimed at encouraging people to visit gambling venues, should be 'less sensational' and more balanced. Counselling should be available in-house at venues to those who need to speak to someone about their gambling experiences. Personalised mail or SMSs might be sent to regular players to inform them about ways of gambling responsibly and attractive, eye-catching brochures with the same information could be distributed in the reception area of gambling venues.

*You have to stop me before I walk in. The person outside is a different person to the one entering through the door. [Bingo, White males & females]
If there could be an in-house doctor that could work with people that are addicted to change their mind, their thinking or even make these people never to want to gamble again. [LPM, African males & females]*

Most people lose their money because they do not know how to gamble. Not many people know that there is a lot of education before one becomes a gambler. [Horse racing, mixed race, males]

You need counselling that makes you aware that when you are there, you need to come out, minimise your stay in the gambling house. [LPM, African males & female]

6.2.9 Summary

Gambling in the friendly and vibrant atmosphere in casinos and bingo halls was perceived as a stimulating and safe form of entertainment. Overall, gamblers enjoyed the fun time spent alone at these venues, as well as the relaxed socialising with family and friends, an experience made even more pleasurable by winning some money.

For the more serious gambler who visited the gambling venue almost on a daily basis, winning of easy money was the top priority and main motivator. Although regular gamblers were generally aware of the nature, risks and negative consequences of excessive gambling, many

admitted that they found it difficult to control their spending. The loss of huge amounts of money resulted in negative feelings that often affected interpersonal relationships. When gambling became excessive, it was increasingly more difficult to break out of the negative patterns of the lies used to explain losses and absence from home, ever-deepening debt levels, strained personal relationships, high stress levels and the inability to attend to household/personal financial obligations. People developed a serious need for extra money and time to sustain their gambling behaviour and more often succumbed to the daily urge to visit the gambling venue and try and win back money lost.

In general, people were not aware of all the different modes of legalised gambling. However, more people got exposed to gambling from an early age because gambling had become more popular and accepted, the number of gambling venues and different modes of legalised gambling accessible to the public had increased, and children were accompanying parents to gambling venues. Some were also exposed to the card games of their parents at home and illegal card/dice games in the streets of the townships. It would appear that parents did not always realise the potential influence their gambling behaviour might have on others, ie their children might follow their example and start gambling themselves later on in their lives.

Under-age gambling could be a challenge at certain LPM sites as these gambling venues were often not monitored by security staff or owners. Quite a number of respondents felt that 18 years of age was too young to allow legal gambling. Gambling required a mature personality and levels of responsibility, discipline and accountability often reached only later in life. The majority of regular gamblers would not encourage others to start gambling so that they might not be blamed when these people proved that they were unable to gamble responsibly.

Overall, there was an urgent need for more information and education on the nature and risks of gambling, as well as ways of gambling responsibly. These educational campaigns needed to be more visible to reach as many people as possible. Printed information on the topic should be presented and distributed to the general public (adults and learners) before they visit a gambling venue (ie outside the venues). Gamblers inside the gambling venue were too focused on their game to give attention to any written information on responsible gambling. The majority of the respondents were unaware of mass media campaigns about responsible gambling and the assistance available to problem gamblers. Suggestions to improve responsible gambling from respondents centred on the use of membership cards to monitor a gambler's

frequency of visits to venues and his/her gambling activity (losses, spending, duration of play, etc). Under-age gambling should be monitored more strictly, especially at LPM sites. Parents needed to be discouraged from allowing children to accompany them to a gambling venue. Promotional material from the various gambling institutions must also communicate a more balanced view and not over-promise on prizes to be won and so create a false impression about gambling in general with the members of the public.

Some gamblers wished for the establishment of better security measures at gambling venues (eg casinos and bingo halls) to protect the gambling public from armed robberies or petty crime, so heightening the feeling of safety for the whole family and making the gambling experience even more enjoyable as a form of community entertainment.

6.3 IMPACT ON GAMBLERS: 18 TO 25 YEARS ONLY

6.3.1 Introduction

A specific objective of this part of the research was to determine the impact of gambling on regular younger gamblers (18-25 years of age) in particular, and to a lesser extent the impact on their friends and family and the community at large. In total, three focus groups were held at selected casinos in the Western Cape, Gauteng and KwaZulu-Natal. Appropriate respondents were selected using a screening questionnaire to ensure that they fit the required profile (ie the right age and frequency of gambling). A discussion guide was used to conduct in-depth probing of the perceptions of the selected respondents of gambling and their own gambling experiences, their preferred gambling modes, reasons for starting to gamble and when they started, awareness of the risks associated with gambling (specifically under-age and excessive gambling), and the impact of their gambling habits on relationships and their financial and employment status. Respondents' awareness of existing information on gambling (eg nature and risks of gambling, programmes to assist problem gamblers and the concept of responsible gambling and ways to improve it) was also tested.

6.3.2 Young gamblers' attitude to life and gambling

The respondents in these focus groups were either working, self-employed or were students. In general they were all fairly socially orientated, fun-seeking, physically active and sport-loving by nature. Their favourite pastime activity was 'chilling' or 'hanging out' with friends and listening to or making music. Other activities included participation in or viewing of sport (such as tennis, rugby, soccer, cricket and golf), watching television, indulging in computer games, going to the gym and shopping or just hang-

ing out at the malls. Their disposable income was spent mainly on clothes, petrol, accommodation and food, car payments and insurance, air-time, sport, socialising with friends and gambling. An analysis of their expenditure patterns clearly revealed that these respondents did not have the same burden of financial responsibilities or obligations as the regular gamblers that were married and had a family to support (section 6.2). These younger people consequently enjoyed the freedom to spend whatever money they had in whichever way pleased them most (eg gambling). They made time for gambling and indulged in it on a regular basis and perceived it as a pleasant social activity to be enjoyed with friends.

In general, young regular gamblers felt that people should not be encouraged unduly to start gambling. The decision to gamble should be the individual's own choice and everybody should accept responsibility for his/her actions, so that nobody could be blamed for another person's loss of money or possible addiction to gambling and the associated negative impact it had on people's lives.

6.3.3 Young gamblers' awareness and experiences of different gambling modes and their reasons for gambling

The young regular gamblers perceived gambling as both 'good' and 'bad', depending on whether one won some money or lost a lot. The majority felt that gambling was quite acceptable if gamblers could control their spending and knew where to draw the line (ie gambled responsibly) and only indulged in this activity for its entertainment value. It was not acceptable to get addicted to this 'pastime', visit the venues on a daily basis and lose a lot of money (ie time and money wasted). The easiest way to gamble responsibly was to leave all bank cards at home when visiting the gambling venues and to gamble only with money budgeted for after all other financial obligations were serviced.

It is acceptable but you need to know where to draw the line and when you have money, then you don't have worries. [Mixed gender, Coloureds & Whites]

A major attraction of gambling for these young gamblers was the possibility of winning some quick and easy money that could serve as an income or just as a windfall of extra cash. In general debt was not a motivation for youngsters to start gambling, but more so the need for money to afford luxuries. The majority of young gamblers enjoyed the adventure and adrenaline rush associated with the expected and actual win. There was a perceived level of skill needed to win (especially at the tables) and the challenge to win (against other players) encouraged continuous play even if only to gain recognition from



others. The thrill of an actual win boosted gamblers' confidence and motivated repeat playing in future. For the young people the perceived power of devising or creating their own game plan was most appealing. Equally attractive were the added game-specific features like machine sounds, the wide choice of different denomination machines, free spins and bonuses that could be won, the points one earned on membership cards and the chance to enter members-only competitions or promotions.

We are encouraged to go to school and study to earn a lot of money, but the casino has easy money. [Mixed gender, Africans & Whites]

Gambling is a way of tripling your money. [Mixed gender, Africans & Whites]

Gambling becomes an adventure, because if you won from that particular table, you always go back to that time thinking that you could win again. [Mixed gender, Africans & Whites]

You create your own laws. [Mixed gender, Africans & Whites]

The majority of young gamblers aspired owning a membership card and felt this would make them feel honoured and important. The privileges or perks associated with such a card like free parking, points earned during play that could be converted to credit that qualified as discounts on meals, drinks, movies and accommodation were seen as a welcome recognition of their patronage. A few sceptics felt that these privileges were in fact already paid for and the possession of a card might indirectly induce further spending and also label one as a gambler, something that was not desirable if one was trying to hide the habit from friends and family.

The other major attraction of gambling venues was the opportunity for casual and relaxed social interaction with friends at these venues. Casinos offered a safe and entertaining environment for young people to get together for some quality time and to meet new friends and share in each other's gambling experiences. Gambling was seen as an entertaining and de-stressing pastime that allowed one to escape the realities of life for a few hours. In general the presence of security staff and cameras in-house made gambling venues safer to visit than clubs and dancing venues, even though the odd incidents of a handbag or car being stolen or people mugged in the parking lot when they went home after winning a big amount of money were known to respondents.

When I come out of the casino, I feel like I have left a bag of stress, coming out of the casino with a thought of winning but having won nothing. [Mixed gender, Africans & Whites]

Gambling sometimes is fine because you entertain yourself with the machines especially with friends. You make a little bit of money, but it's more of an entertainment game. [Mixed gender, Africans & Whites]

Respondents were aware of the dangers of excessive gambling (and possible addiction) and the impact it could have on themselves, their family and the community at large. Once one became obsessed with gambling, one usually spent too much time at gambling venues and loose more money than budgeted for, often causing a major breakdown in interpersonal relationships and alienation from the family. Gamblers might even start to pawn all their possessions or steal to sustain their habit. Gamblers were usually quick to tell the family about their winnings, but very reluctant to disclose their losses. They would rather confide in another gambling buddy or gambling family member who understood the nature of gambling. Excessive gambling often started when people tried to win back lost money and some of the respondents admitted to struggling to control their gambling (ie a lack of self-discipline). When they allowed their gambling to become an all-consuming passion that eroded logical thought, they suffered some of the negative impact mentioned above and experienced the disillusionment that accompanied a loss. The supposed stress reliever (gambling) could thus quickly turned into a stress multiplier and a few respondents reflected that the perception that gambling was all about 'winning money', was false and a 'fairy tale lie'.

When I come out of the casino it is like a whole bag of stress has been waiting for me at the gate. And that thought of winning is gone at that time, because I did not win. It is like a fairy tale lie. [Mixed gender, Africans & Whites]

If you go in search of it, then it becomes an addiction. [Indian & African males]

It is almost as if they lead you to believe you are going to win and they give you a bit to win, almost like for the buzz, and then it disappears. [Mixed gender, Coloureds & Whites]

You can drive yourself to suicide. You have just lost everything, your family. You are almost like the casino is your home and now you cannot go there to gamble because you don't have money and your family doesn't want you. [Mixed gender, Coloureds & Whites]

I think if I don't rescue myself, the casino is going to drown me. [Mixed gender, Africans & Whites]

Young gamblers still believed in a few myths regarding gambling. Some believed that membership cards were

perceivably monitored and that the chance of more winnings was substantially reduced after a big win was registered on these cards, ie they believed that one had a better chance of winning using a visitor's card. They also regularly removed their cards from machines so that the machine would register each replacement as a new player so that the same prejudice was negated. A few gamblers believed that one had to alternate between punching in a spin and pulling the handle to increase chances of winning. Some respondents also believed that dealers could control the shuffle box or table games and machines were set to only pay out a certain amount.

When you play bigger chips like the white and the pink (table games), which are R500 and R1 000, then it is very strange that the dealer will always get 21. [Mixed gender, Coloureds & Whites]

I believe that you are monitored by playing with your card because if you won some money, then you can forget winning after that. I am pretty sure that they monitor you with your card. [Mixed gender, Coloureds & Whites]

I can feel when a machine has been set, when it rolls too fast. [Mixed gender, Coloureds & Whites]

Young gamblers were exposed to gambling from a very young age (ie 8 – 16 years of age). These youngsters either accompanied their parents or family members to gambling venues on a regular basis and were given an allowance to keep themselves occupied in the entertainment areas of these venues. Alternatively they were exposed to games like poker that their parents and their friends played at home. This implied that they grew up with gambling and often witnessed other people winning big money, influencing them to also try their luck at gambling as soon as they could do so on their own.

Youngsters under the age of 18 would most often start to gamble at an LPM in the vicinity, using money left over from shopping or their own pocket money. Access to interactive gambling and the screening of poker games on DSTV also encouraged youngsters to start gambling at casinos because of the perceived glamour and excitement attached to 'real' gambling. The fact that adequate monitoring was absent in some instances, allowed minors to slip through the system, so boosting the occurrence of under-age gambling. Some young gamblers started to gamble simply out of curiosity when a gambling venue opened near their places of residence.

I think my parents playing poker at home influenced me a lot. [Mixed gender, Coloureds & Whites]

My dad took me to the casino and that is when I got hooked. [Mixed gender, Africans & Whites]

Seeing someone winning on these machines at the tuck shops made me want to try my luck as well. [Indian & African males]

I gambled at this casino at the age of 16. I guess they allowed me in because I look older. [Mixed gender, Coloureds & White]

It would appear that gambling has thus become a very acceptable way of passing the time for the younger generation and socialising would increasingly happen at gambling venues in the vicinity. Respondents would either plan their visits or visit the gambling venues on the spur of the moment (ie an impulse decision). The decision to go gambling was determined by the availability of extra cash, the time pressures posed by work or study obligations (ie availability of free time), encouragement by friends, or simply the personal need to do so. The majority of respondents visited a casino on a regular basis (once to several times during the week) and they would stay for an undetermined length of time when they became involved in the games. The duration of stay per visit to the casino could depend on whether the player won or not, since a win would make gamblers forget about time, often leading to a stay of 5 – 7 hours and even until early morning.

You sit down and you hardly take notice of the time – time stands still here. [Mixed gender, Coloureds & Whites]

Recruitment of respondents for this study implied a bias towards casinos as preferred gambling mode. This preference was justified by the fact that casino gambling was easily accessible and was perceived as the gateway to quick and easy money, the games were attractive and simple to play, there were many games (machines and table) to choose from and the environment was appealing and safe. The casino environment also offered gamblers the opportunity of socialising and meeting new friends and they could get access to benefits like discounted drinks, meals and accommodation if they became members. Other modes of legalised gambling were not as popular with these respondents for the following reasons:

| | |
|----------------|-----------------------------------------------------------------------------------------|
| Lotto | Small chance of winning the jackpot as millions of people were playing |
| Horse racing | Have to know the history of horses and what betting entails; perceived as a boring game |
| Sports betting | Only accessible on certain days or when the events were taking place |
| Bingo and LPMs | Were not mentioned spontaneously as desirable modes |



6.3.4 Impact of gambling on young gambler's (inter) personal relationships

Although young gamblers were fully aware of the possible negative impact excessive gambling could have on interpersonal relationships, this group of gamblers were still relatively untouched by this. The majority of young gamblers had not as yet started their own families and were consequently still free to manage their own time and do as they wish without any obligations to a spouse or children. At this stage of their life they preferred to spend some time with their family and friends.

However, on occasion, a few of the respondents were rude to family members or friends when they had lost some money or when they were reprimanded by parents about their gambling habits. Some also did not honour appointments because they preferred to spend their time gambling and had even broken up with a boyfriend or girlfriend because they did not have the time outside of their gambling to cultivate and sustain close relationships. The majority admitted that, on occasion, they lied to family and friends about their whereabouts when they were at gambling venues because they did not really want people to know that they gambled. They were reluctant to discuss their losses with anybody (especially when the family disapproved of their gambling habits) and consequently distanced themselves from family and friends to try and forget about their negative experience.

Depending on the amount of money lost, gamblers could feel stressed and sad (if they thought of what they could have done with the money lost), disappointed, depressed, frustrated or angry. These young gamblers said that they rarely resort to any form of violence and at worst they would hit a machine, throw their membership cards out of the window, give somebody a tongue-lashing out of frustration when they lost some money or they wished they could slap the dealer. In the extreme, the odd gambler would express some suicidal notions.

If someone phones you and you are gambling, you get irritated because you want to concentrate on where you are. [Indian & African males]

The thing with gambling is it makes you lie a lot. [Mixed gender, Africans & Whites]

I don't want it to be known that I gamble and that my money makes one of the shareholders (of the casino) a zillionaire while I am getting poorer. [Mixed gender, Africans & Whites]

Our machines are waiting for us. [Mixed gender, Coloureds & Whites]

If I lose money and somebody asks for a drink, I smack the person up. [Mixed gender, Africans & Whites]

Sometimes you start stroking it (machine), but

when it (machine) is not giving you anything, you start smashing it. [Mixed gender, Africans & Whites]

6.3.5 Impact of gambling on young gamblers' health

In general young gamblers were not aware of any ill effects that gambling had on their health. However, a few respondents admitted that they became very stressed when they lost a lot of money and consequently could not pay their bills or care for the family. They also suffered from bouts of sleep and nourishment deprivation, headaches and backache when winning became their main focus and they kept on playing at casinos for too long at a stretch. No one had ever visited a hospital or a clinic to be treated for a gambling-related illness or received any counselling of any form to cure them of excessive gambling.

Whether you are gambling or drinking, you will always get that stress. [Mixed gender, Africans & White]

When you are here for the whole night, you don't think about the fact that you left home without food. You think about making money for food, come hell or high water. [Mixed gender, Africans & White]

Some respondents reflected that they tended to drink and smoke more when gambling to relieve the stress. One person said that he/she started drinking to alleviate his/her feelings of guilt and regret. It was easy to access (strong) liquor at gambling venues and drinking was seen as acceptable at these venues, even though one respondent said that he/she was picked up by the police for driving under the influence after leaving a gambling venue. In general, young gamblers did not perceive casual liaisons with the opposite sex or even engaging in risky sexual behaviour at gambling venues as rare or as shocking. A few male respondents admitted to engaging in casual sex with total strangers when they were drunk or that they were overly demanding sex-wise with their girlfriends when they were stressed out. Men sometimes picked up women that had lost a lot of money and wished to exchange sexual favours for monetary assistance.

My drinking increases when I gamble. [Mixed gender, Coloureds & Whites]

It increases my drinking because when I am playing, I need a glass always with something. And that must be something strong, not the weak things. [Mixed gender, Africans & Whites]

You are anxious all the time, because you are just waiting for the big win. [Mixed gender, Coloureds & Whites]

Sometimes you get so drunk that you wake up

next to a complete stranger. You are thinking how that happened because the last time you remember you were playing the machine. [Mixed gender, Africans & Whites]

6.3.6 Financial impact of gambling

If young gamblers stuck to their own set budget for gambling, gambling usually had no detrimental impact on their finances. However, few displayed this discipline and in general the majority of young gamblers did not budget for their gambling habits. The need to gamble and win instant cash tended to overshadow any monetary sensibility and even solid budgetary intentions flew out of the window when young gamblers became intensely involved in the game.

Budgeting, you need to know where to draw the line. [Mixed gender, Coloureds & Whites]

You can have a budget, but if you know there is a chance that you can double your money you get tempted to play with it. [Mixed gender, African & Whites]

If you are coming here more than four times a week, budgeting time is over. [Mixed gender, African & Whites]

Young gamblers that budgeted for their gambling usually arrived at the gambling venue with a certain amount of cash in their pockets and left all bank cards at home. These patrons would leave after they had used all their money. Others that were less disciplined would use all their cash and then draw some more money at a nearby ATM to continue play (often with money they could not really afford). In that sense the easy access to ATMs in the vicinity of the gambling venues were a temptation to gamblers without discipline, and fewer people would land up in financial problems if these ATMs were removed. The ATM statements showing withdrawals at gambling venues could also damage one's financial profile. The presence of ATMs at gambling venues could thus be either a convenience when gamblers need to withdraw more money during play or a curse when people could not manage their gambling. The odd gambler enjoyed the perceived image of importance when they withdrew money at ATMs in gambling venues. These respondents felt that it was rather inconvenient that they could not deposit money at the ATMs at gambling venues.

I used to leave the card at home, but what is the use, because you prepare to come with a certain amount and it is finished when you are not yet ready to go home. Then it becomes a problem. So now I bring my card along. [Mixed gender, Africans & Whites]

The bottom line is, they (ATMs) are bad and if you come here, it is better if you come with cash and not with a card. [Indian & African males]

When their gambling got out of hand, a few young gamblers would resort to a number of means to try and raise more money for their gambling. Clothing and jewellery accounts would remain unpaid and household money would be used for gambling. Even at this young age, some of the gamblers would deliberately manipulate their accounts to try and free up some gambling money. Daily withdrawal limits at ATMs were increased, debit or stop orders would be restructured and cheques rendered even when they knew these cheques would bounce, just to get some extra cash. Some gamblers would borrow money from family and friends and not always pay it back and progressively land deeper and deeper in debt. A few young gamblers admitted that they pawned personal belongings (watches, jewellery, cell phones, cars, shoes, clothing, and television sets) for extra cash to fund their ongoing gambling, while one person even stole the money his/her parents won through gambling and never gave it back.

I only steal my own money, because I use money that I was not supposed to use. [Mixed gender, Coloureds & Whites]

The money the young gamblers won would either be used to buy something special like linen or clothing, to treat the family or friends or would be invested in an expensive item like a car or the deposit on a house. Sometimes these winnings would be played back in the hope of winning even more money or saved for future play.

6.3.7 Impact of gambling on work/studies

A few young gamblers admitted that their gambling habits affected their work or studies negatively. This was most often because they spent too much time at the gambling venues to study properly for examinations or they were tired at work after extended gambling bouts and missed deadlines. The odd young gambler would even pretend that he/she was ill to be booked off work with a doctor's certificate for a few days. Although one respondent was suspended from work for three weeks after a warning, no respondent has at yet, been expelled from school or fired from work.

One's body can't handle all the late nights and then back to work the next day. I feel totally bushed at work. [Mixed gender, Coloureds & Whites]

6.3.8 Impact of gambling on the community

The young gamblers differed on the issue of the potential negative impact of gambling on the community. On the one hand excessive gambling could lead to interpersonal conflict because gamblers lost money and could not care for the family, leading to eventual separation from the family. On the other hand, gambling venues were perceived as safe and fun places of entertainment to meet



people and strengthen social relationships. The gambling industry also created jobs for people in the community and offered people the opportunity to win some extra cash. The tax paid by the gambling industry could, in return, be used by the government to uplift communities.

When you come to the casino as friends, it actually keeps us together. [Mixed gender, Coloureds & Whites]

In general the young gamblers felt that there were enough gambling venues at present. Even though the number of and easy access to gambling venues as such could not predict people's gambling behaviour, some respondents felt that too many gambling venues would increase the chances of people overspending, becoming addicted and ending up poorer than before or buried in debt. A new gambling venue opening up in the vicinity had the effect of luring potential gamblers to visit the venue out of curiosity.

One serious problem that was created by gambling in the community centred on the alarming emergence of under-age gambling (and drinking). Respondents in all three the groups were aware of under-age gamblers who were allowed to gamble in casinos. This happened because security staff were not diligent in checking identification documents and some young gamblers looked older than they really were. This under-age gambling was perceived as undesirable as it would increase the chances of a young gambler becoming addicted to this pastime later on in life. Some respondents felt that parents who took children with them when visiting gambling venues should shoulder some of the blame for this phenomenon. The feeling was that all people visiting gambling venues should produce ID documents or gain access to the venue by finger-print monitoring and under-age individuals caught entering illegally should be banned from these venues.

They would come in. Some 16-year olds would be having beer in their hands. They just come to play and go out. [Indian & African males]

These security guys just look at you and think that you are older than 18. [Mixed gender, Africans & Whites]

It is teaching the youth the wrong things. [Indian & African males]

The parents are influencing them. They do not come by themselves, the parents are there. [Indian & African males]

Although some respondents felt that young people of the age of 18 are mature enough to manage their own finances and should thus be allowed to gamble, others

felt that people needed to be at least 21 before they were mature enough and had the life experience and sense of responsibility to be allowed to gamble. At the age of 21 most young people can be expected to know the value of money and some already earn their own money.

6.3.9 Perceptions about responsible gambling

Young gamblers felt that it was each individual's own decision or choice to gamble responsibly or not. Everybody had his/her own reason for gambling and would make up his/her own mind about its desirability. The majority of respondents reflected that, in general, they were showered with advertisements in the mass media about specific events or promotions at gambling venues. They receive this information via mail, SMS, TV commercials, adverts on billboards and snippets at movie theatres. In the opinion of young gamblers these adverts raise awareness and stimulate their curiosity but do not necessarily incite increased gambling.

There is no way they can do anything. If you want to gamble, you will gamble and nobody can tell you otherwise. [Mixed gender, Coloureds & Whites]

Only a few respondents were aware of the slogans 'gamble with your head and not your heart', and 'winners know when to stop'. However, some players did not relate to the latter slogan because winning was not as yet part of their paradigm. Few of the young gamblers were aware of existing information about the nature and risks of gambling, the NRGPs stickers on machines, the informative brochures available in casinos, or the treatment and rehabilitation programmes for problem gamblers. One respondent once phoned the helpline as a joke to enquire what the rehabilitation service entailed and another person stated that he/she would be too embarrassed to use this service.

Since so few of the young gamblers were aware of existing information, it was to be expected that the majority felt that the government should do more to inform the general public about the perceived dangers of excessive gambling. Some people found it difficult to control their gambling behaviour, while others could easily stay within a predetermined budget or stick to a set money limit. Measures like setting money and time limits on membership cards, educating learners at school about responsible gambling habits and screening TV commercials on the subject and more effectively monitoring under-age gambling might improve patrons' responsible gambling habits. It might be advantageous to have counselling available inside the casinos for problem gamblers and even closing the casinos for a few hours during the night to restrict access.

6.3.10 Summary

Regular young gamblers between the ages of 18 and 25 tended to be more socially orientated and fun-seeking than their older counterparts. Gambling formed an integral part of their socialisation patterns (ie an opportunity to have fun with friends) and they seemed to enjoy their gambling experience very much. The challenge of the game and the thrill of winning money were seen as a great adventure and casino gambling was the preferred choice among respondents in this study. Apart from the attraction of the gambling venues for quality social interaction, the wide choice of games played with different denominations, the lively vibe of excitement in casinos, the perception that these gambling venues were a safe environment to gather and have fun and the privileges of special treatment associated with membership were further reasons for young people to gamble as a pastime. As the young gamblers did not have the same financial obligations as the regular older gamblers, as a rule they did not gamble to win money to pay for family commitments but rather tended to spend the money on themselves.

Although these respondents were well aware of the dangers posed by excessive gambling or addictive behaviour, some of them admitted that they found it difficult to control their gambling habits. These respondents would consequently spend more money and time at gambling venues than they initially intended to do, and on occasion lie to others about their spending and whereabouts. In some instances gambling led to an increased consumption of alcohol and heavier smoking, with excessive drinking sometimes leading to risky sexual behaviour.

A fair number of respondents in this study were exposed to gambling from a (very) young age due to the influence of parents. Parents either took them along to gambling venues when they were still young or exposed them to gambling games played at home with family and friends. The perception cultivated among young gamblers that gambling was acceptable, often influenced them to try their luck themselves when the opportunity arose. Cases of under-age gambling were therefore not so rare and some of the respondents admitted that they gained ac-

cess to legalised gambling (especially casino gambling and LPMs) on several occasions without being challenged to produce ID documents.

Respondents were divided on the issue of what would be the correct age at which people should be allowed to gamble. Some respondents felt that if the totality of the gambling experience was considered, 21 years of age might be a more responsible age for this. The majority of respondents reflected that they would never encourage anyone to start gambling because individual gambling behaviour was unpredictable and they did not want to be blamed for another person's irresponsible behaviour and possible financial downfall. The presence of ATMs near or in gambling venues might offer some convenience but also makes access to cash too easy. ATMs should preferably be limited to reduce spending on gambling.

The majority of young gamblers felt that gambling did not affect their personal relationships, health or their ability to service their financial obligations negatively. Financial obligations were limited, in any case, as many of the respondents were still dependent on their parents. A few of the young gamblers admitted that their studies or work were affected negatively by excessive gambling on occasion.

The young gamblers were more intensely aware of upcoming gambling events and promotions (information sent by the gambling industry) than being informed about the nature and risks of gambling. The informative material on the dangers of gambling (eg brochures, stickers, etc) currently available was therefore either not noticed or not taken seriously. They consequently advocated for more aggressive education of the public on the topic of responsible gambling and the availability of resources and assistance for problem gamblers. However, the bottom line for these young gamblers is that gambling is everybody's own choice (and should be so) and the risk of becoming a problem gambler would not keep people from gambling or even convince them to gamble within a set budget if they had a strong desire to gamble.



chapter 7

impact of gambling on household welfare levels

7.1 INTRODUCTION

The gambling industry is often accused of having a negative impact on household welfare levels. Grinols (Casinowatch 2007), for example, indicated that there is substantial evidence in the United States that lends credence to arguments that legalised gambling activities eventually cause increased taxes, loss of jobs for the region, economic disruption of other businesses, social welfare costs for society in general and government agencies in particular. The NGB has to monitor the socio-economic impact of gambling activity within South Africa and consequently requested that information be collected to provide insight into the impact of gambling on household welfare levels. More specifically the following aspects are addressed in this chapter:

- propensity to gamble
- household expenditure displacement in favour of gambling
- the redistributive effect of gambling
- the impact of gambling on the less affluent part of the community

7.2 PROPENSITY TO GAMBLE

This section highlights the methodology used in calculating the propensity to gamble. No exact data is available on the propensity to spend on gambling, implying that various assumptions are made in the calculation process. Information is sourced largely from the national and provincial boards and not directly from private sector role-players within the gambling sector. The figures should therefore be regarded as estimates only.

7.2.1 Definition

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

$$\begin{aligned} & \text{Total amount wagered by patrons/participants} \\ & - \quad (\text{minus}) \text{ amount returned to players} \\ & = \quad (\text{equals}) \text{ Gross Gaming Revenue (GGR) of gambling institutions.} \end{aligned}$$

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

The above calculation implies that the prize money paid out by gambling institutions to patrons reverts back to households as part of the household income and expenditure stream. However, it should be noted that the allocation of prize money is concentrated largely on a few households while gambling expenditure is incurred by a large number of households. Although jackpot money reverts back to the household expenditure stream, large jackpots are often invested and therefore do not form part of the normal household expenditure cycle.

7.2.2 Calculation of propensity to gamble

The propensity to gamble in South Africa can be calculated by using the gross gambling revenue (GGR) of all gambling institutions in South Africa. GGR represents the amount retained by gambling institutions, and therefore the amount forfeited by households for gambling.

Table 7.1 shows the estimated GGR of gambling institutions in 2008. This amounted to R17 773 million. Almost three quarters (76.4 %) of gambling expenditure by punters was allocated to casinos, 10.1 % to lottery games and 9.3 % to horse and sports betting.

Table 7.1: Estimated GGR in South Africa, 2008

| Gambling mode | GGR | |
|-----------------------------------|---------------|--------------|
| | (R'm) | % |
| Casinos | 13 577 | 76.4 |
| Horse/sports betting ¹ | 1 650 | 9.3 |
| LPMs | 635 | 3.6 |
| Bingo | 111 | 0.6 |
| Interactive ² | .. | .. |
| Gaming competition ² | .. | .. |
| Lottery ³ | 1 800 | 10.1 |
| | 17 773 | 100.0 |

¹ Bookmakers & totalisators

² Unknown

³ Established at 50 % of estimated sales of two billion tickets/cards by Gidani to the amount of R3.6 billion from October 2007 to September 2008.

Source: NGB internal data & www.gidani.co.za

A comparison of the GGR calculated above with the amount expended on gambling as reported in the NGB survey provides some indication of the possible underreporting of gambling expenditure by respondents.

It was calculated in section 3.16.2 that the average expenditure reported by gamblers in the community survey amounted to R133.70. The calculated R17 773 million (forfeited by punters (ie the GGR of gambling institutions) divided by the 2008 South African population 18 years plus (29 988 585), multiplied by the percentage of this population participating in gambling (34.9%) resulted in an average expenditure per punter of R169.80. This amounts to an estimated underreporting of gambling expenditure by punters of R36.10 or 27.0% of gambling expenditure.

The amount of R17 773 million allocated by households to legal gambling gives rise to the following figures relating to the propensity to gamble:

- 1.34 % of household disposable income (disposable income represents household income minus direct income tax); and
- 1.12 % of total household income (prior to the subtraction of income tax) is allocated to gambling expenditure.

7.2.3 Gambling expenditure in comparison with other household expenditure items

A comparison of the R17 773 million expenditure on gambling with other household expenditure items reveals the following:

- Expenditure on gambling closely resembles the amounts spent by households in 2008 on fruit and

nut products (R16 066 million), sugar products (R17 118 million) and cigarettes and tobacco products (R18 698 million).

- Household expenditure on vegetable products (R33 695 million), milk products (R31 141 million) and recreation, entertainment and sport (R37 059 million) is about twice as high as the amount spent on gambling (Van Aardt & Ligthelm 2009) and Van Aardt & Coetzee (2008).
- Expenditure on alcoholic beverages (R41 194 million) is 2.5 times more than expenditure on gambling.
- Expenditure on cellular phones (R12 765 million) represents 75 % of that expended on gambling (expenditure on cellular phones include expenses on handsets, telephone calls and network connections) (Van Aardt & Ligthelm 2009) and Van Aardt & Coetzee (2008).

7.2.4 Propensity to gamble by mode

By using the GGR of the various gambling modes, the following propensity-to-gamble estimates can be presented by mode for 2008. The percentages are expressed on household disposable income:

| | Propensity (%) | Allocation of each R100 spent on gambling |
|----------------------|----------------|-------------------------------------------|
| Casinos | 1.02 | R76.12 |
| Bingo | 0.01 | R0.74 |
| Horse/sports betting | 0.12 | R8.96 |
| LPMs | 0.05 | R3.73 |
| Lottery games | 0.14 | R10.45 |
| Total gambling | 1.34 | R100.00 |

The above suggests that casinos represented by far the most important form of gambling in terms of household expenditure in 2008. Just more than R76.12 in every R100 spent on gambling was allocated to casinos, followed by lottery games receiving R10.45 in every R100. Horse/sports betting represented the third most important mode, attracting R8.96 in every R100 gambled by patrons. Bingo attracted minute volumes of R0.74 for every R100 gambling expenditure.

7.2.5 Longitudinal comparisons

Table 7.2 shows the results of previous NGB studies with regard to the propensity to gamble. The propensity calculations were similar in all three reports. The following inferences are put forward:

- Casino gambling remains the most important gambling mode (from an expenditure point of view), attracting just more than 70 % of total legal gambling expenditure. Propensity to gamble increased from 0.91 % in the 2002 survey to 1.21 % in the 2005 NGB survey but decreased to 1.02 % in 2009.

- Horse/sports betting shows a decline from 0.20 % in 2002 to 0.11% in 2005 and seems to have stabilised at 0.12% in 2009.
- The allocation of household expenditure to lottery games shows a downward trend since 2003. The propensity to play lottery games increased from 0.19% in 2002 to 0.38% in 2005 and declined to 0.14% in 2009.
- Bingo attracted only 0.01 % of household expenditure in 2009 and will probably remain at this low level.
- The propensity to play LPMs increased from its 2005 level of 0.003% to 0.05% in 2009. In 2005 only the LPMs in Mpumalanga, the Western Cape and Eastern Cape were operational but have since also been licensed in KwaZulu-Natal and Limpopo.

ment but the postponement of the purchase of durable goods, frequently funded from accumulated savings.

Substitution can, therefore, be effected with regard to the following broad product/service categories:

- other forms of gambling expenditure (from casinos to the lottery or vice versa, for example)
- retail spending on goods
- spending on services such as entertainment, communication or health
- savings

The magnitude of expenditure displacement may be minimised in a regime of reasonable to high salary increases implying that the allocation to gambling expenditure may be sourced from salary increments.

Table 7.2: Comparison of propensity to gamble: NGB surveys (% of household expenditure)

| Mode | 2003 NGB survey | 2005 NGB survey | 2009 NGB survey |
|----------------------|-----------------|-----------------|-----------------|
| Casinos | 0.91 | 1.21 | 1.02 |
| Bingo | 0.002 | 0.003 | 0.01 |
| Horse/sports betting | 0.20 | 0.11 | 0.12 |
| LPMs | - | 0.003 | 0.05 |
| Lottery games | 0.19 | 0.38 | 0.14 |
| Total | 1.30 | 1.70 | 1.34 |

7.2.6 Expenditure displacement effects

Household expenditure patterns are experiencing structural changes, especially since the beginning of the 1990s. Households are trading off existing allocations for new expenditure avenues. Priorities change in tandem with new lifestyles and product and service alternatives. Expenditure items that show favourable growth are mobile phones, education, medical and dental services, household computers, security and gambling. Increased expenditure on these items could either be financed by increased income or displacing existing expenditure in favour of the above items.

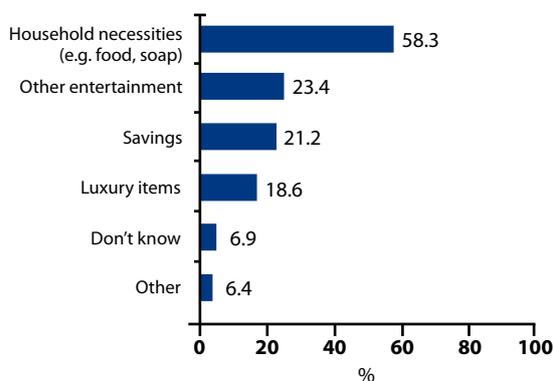
Any calculation of expenditure displacement should be handled with extreme caution. Households (gamblers) find it difficult to indicate what household items are forfeited in favour of gambling. Furthermore, when asked about displacement, reference is normally made to only one or two items forfeited while there could have been several small cuts with regard to various items. Household budget behaviour often consists of small cuts on various discretionary expenditure items rather than substitution of one item by gambling. Gambling expenditure could also result in dissaving, implying no immediate displace-

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

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

The result of the responses is shown in figure 7.1. Household necessities (58.3 %) are mentioned by the majority, followed by other entertainment (23.4 %) and savings (21.2 %). Note that the percentages refer to the number of households that displaced some of their gambling money from the mentioned items. Since most respondents mentioned more than one item and did not indicate which percentage of money would be sourced from which item, it was not possible to determine the relative importance of the items. The response to this question therefore provides only the items from which displacement takes place and not the proportion of gambling money sourced from expenditure intended for the various items mentioned. A restriction on respondents to mention only one expenditure item for displacement would also not necessarily have portrayed a full picture.

Figure 7.1: Items from which gambling money is displaced (% of households)



Displacement by demographic variable reveals, inter alia, the following:

- Age differentials do not exert a substantial influence on displacement choices. However, what is clear is that the 60 year plus age group displaces less from household necessities, savings and luxury items than the other age groups.
- Some differences present themselves by work status. Unemployed and part-time employed respondents report far more displacement from household necessities than other employment categories. Displacement from luxury items and savings is far lower among pensioners than in other work categories.
- Displacement by level of education reveals substantially higher displacement from household necessities among those with no formal schooling or only primary education than among those with a tertiary qualification.
- Displacement from household necessities is substantially higher among Africans than among Whites, for example.
- Displacement by gender is largely similar.
- A negative correlation presents itself between income level and the percentage displacement from household necessities.

The above patterns were confirmed by previous NGB surveys and clearly suggest a far more negative influence of gambling among less affluent households compared to more affluent households. Displacement from household necessities to gambling featured more prominently among younger respondents, the unemployed and part-time employed persons, those with no formal schooling and the lowest income category.

In a 1997 Niagara Falls survey in Canada (Turner 1999), respondents were specifically asked to estimate how much of the money spent at Casino Niagara they would have

spent on entertainment, another form of gambling or household necessities. Responses that added up to more than 100 % were excluded. The following was found on displacement. On average, these respondents reported that 80 % of the money spent at Casino Niagara was diverted from some other type of expenditure: 62 % from entertainment, 11 % from other forms of gambling and 8 % from necessities of life (food, rent, etc). This finding was also confirmed by another survey in Canada (Turner 1999:46). Note that the above percentages are based on the items from which displacement was effected while the percentages in the NGB study are based on households that indicated displacement from certain items. The income levels of the Canadian respondents were also substantially higher than is the case in South Africa.

The above information suggests that no exact displacement figures can be presented. The solution probably lies between a pro-rata allocation from other household expenditure items and the community survey results. Households do not always follow an approach of a pro-rata down-scaling of all their expenditure items to generate sufficient money for gambling, nor do they always substitute only one item in favour of gambling. In addition, some household expenditure items, such as income tax and insurance premiums, cannot be down-scaled.

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

- savings
- postponement of procuring luxury items
- other entertainment
- household necessities

7.3 THE REDISTRIBUTIONAL EFFECT OF GAMBLING

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

The redistributive effect of the above is illustrated in tables 7.3 and 7.4. The tables show the total ticket sales and prize pool for the Saturday 28 March 2009 draw with a large (R20 million) jackpot and the 'normal' draw of 7 March 2009.

On the assumption of an average expenditure of approximately R10 per buyer per draw, table 7.3 shows that approximately 4.2 million people contributed to the ticket sales of R42.1 million for the 28 March 2009 draw. Only 213 175 people (5.1 % of buyers) received something back in the form of prizes. One person received R20.0 million, five persons received R151 498 each and 161 received division 3 prizes to the amount of R10 586 each. No less than nine in every 10 winners (87.6 %) each received R36 (division 7 prizes). An extremely large number of people (almost 4 million) each spent small amounts while the prizes were heavily concentrated in only six people (division 1 and 2 prizes).

Table 7.3: Total lotto ticket sales and prize pool, Saturday 28 March 2009

| | Total amount R | Total number of participants/winners | Individual payout R |
|--------------------|----------------|--------------------------------------|---------------------|
| Total ticket sales | 42 082 992 | 4 208 299 ¹ | - |
| Total prize pool | 35 367 976 | 213 175 | - |
| Division 1 | 20 000 000 | 1 | 20 000 000 |
| Division 2 | 757 490 | 5 | 151 498 |
| Division 3 | 1 704 346 | 161 | 10 586 |
| Division 4 | 946 442 | 469 | 2 018 |
| Division 5 | 3 166 350 | 9 595 | 330 |
| Division 6 | 2 069 376 | 16 167 | 128 |
| Division 7 | 6 723 972 | 186 777 | 36 |

¹ Total sales ÷ R10

The same pattern emerges from table 7.4, illustrating the redistributive effects of a typical draw. Approximately 2.6 million people bought lotto tickets while only 9.8 % received something back. Three persons received division 1 prizes to the amount of R701 409 and 217 747 (86.8 %) received division 7 prizes to the amount of R19.00 each.

Table 7.4: Total lotto ticket sales and prize pool, Wednesday 7 March 2009

| | Total amount R | Total number of participants/winners | Individual payout R |
|--------------------|----------------|--------------------------------------|---------------------|
| Total ticket sales | 25 622 250 | 2 562 225 ¹ | - |
| Total prize pool | 11 497 113 | 250 758 | - |
| Division 1 | 2 104 227 | 3 | 701 409 |
| Division 2 | 461 200 | 16 | 28 825 |
| Division 3 | 1 037 625 | 375 | 2 767 |
| Division 4 | 576 444 | 726 | 794 |
| Division 5 | 1 924 422 | 14 918 | 129 |
| Division 6 | 1 256 002 | 16 973 | 74 |
| Division 7 | 4 137 193 | 217 747 | 19 |

¹ Total sales ÷ R10

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

7.4 THE LESS AFFLUENT AND GAMBLING

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

- Just more than one in every four (22.2 %) gambling participants were unemployed.
- Just more than one in every 10 (15.8 %) occupied part-time jobs.
- 12.1 % had no formal schooling or only primary education.
- A quarter (23.9 %) earned less than R12 000 per annum.

The following three socio-economic variables were selected to illustrate their involvement in gambling: earning a personal income of less than R1 000 a month, being unemployed and having no formal schooling or only a primary school certificate.

In terms of participation in gambling by those earning less than R1 000 per month, the following materialised from the community survey:

- 85.7 % bought lotto tickets
- 21.0 % bought scratch cards
- 9.1 % frequented casinos
- 2.8 % participated in sports betting
- 1.6 % wagered on horses
- 0.4 % played LPMs

The unemployed respondents confirmed the following participation patterns:

- 82.9 % bought lotto tickets
- 17.1 % bought scratch cards
- 9.6 % visited casinos
- 6.2 % participated in sports betting
- 2.9 % wagered on horses
- 2.9 % played LPMs

The respondents with an educational level of primary school or lower showed the following participation levels:

- 82.4 % bought lotto tickets
- 22.1 % bought scratch cards
- 6.9 % visited casinos

- 3.8 % wagered on horses
- 2.3 % participated in sports betting
- 0.8 % played LPMs

The above clearly suggests that the less affluent gambling participants were overwhelmingly involved in lottery games. Only a small minority participated in any of the gambling modes regulated by the NGB during the three months preceding the survey.

7.5 CONCLUSION

Household expenditure patterns are continuously changing due to the availability of new products and services. During the past decade numerous alternative expenditure possibilities have emanated, such as new communication and IT products and services. Changing government priorities favour the less affluent communities in terms of education and health expenditure but exercise greater demand on the more affluent communities especially with regard to expenditure on health, educational and security services. It is therefore clear that expenditure on gambling is but one of the factors contributing to changed household expenditure patterns.

Total gambling expenditure amounted to R17.8 billion in 2008. Almost three in every four (76.4 %) gambling rands were expended on casino gambling. This was followed by lottery games that attracted only 10.1 % of household gambling money. It is important to note that R35 was spent in casinos for every R1 expended on the lottery. The

following shows the relative shares of casinos and the lottery by gamblers and their expenditure:

- casino gamblers represented 18.1% of all gamblers but 76.4 % of gambling money; and
- lottery gamblers represented 83.6% of all gamblers but attracted only 10.1 % of gambling money.

The propensity to gamble was calculated at 1.34% of household disposable income with casino gambling being the major gambling mode with a propensity of 1.02% in 2008. It is expected that the propensity of South African households to gamble will stabilise in the vicinity of 1.30%.

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

Gambling expenditure is also characterised by huge redistributive effects. Relatively small amounts are spent by millions of gambling participants while only a small minority benefit from prizes. This is particularly true for lottery games.

Gambling activities are exercised by the whole community, from the less affluent to the more affluent. National lottery games are favoured by the less affluent segment of the population while the higher income groups favour casino gambling as an important leisure activity.





chapter 8

the role of the gambling sector in the south african economy

8.1 INTRODUCTION

Major developments in the gambling industry followed the promulgation of the National Gambling Act in 1996. Considerable investments have taken place in the gambling industry with the establishment of new casinos, often accompanied by large supplementary investments such as hotels, convention centres, sports facilities and shopping and other retail facilities. A major event was also the launching of the National Lottery in 2000. However, in calculating the size of the gambling sector and its contribution to the South African economy in this study, only the gambling modes under the jurisdiction of the National Gambling Board (NGB) (ie with the exclusion of the National Lottery) are considered. It is further important to note that only gambling-related activities are taken into account implying the exclusion of non-gambling activities such as convention centres and shopping facilities attached to casino developments.

8.2 MEASUREMENT OF THE GAMBLING SECTOR

Prior to measuring the size of the gambling sector, this section provides an exposition of different approaches towards market sizing of an economic sector. Synonyms describing the measurement of an economic sector (eg the gambling sector) include, inter alia, the contribution, market share, market size or impact of the particular sector. Measurement can be undertaken on two levels, namely

- i) on a macro-economic or external level; or
- ii) on an institutional or internal level.

It is important to note that different variables are measured within each of these two levels.

8.2.1 Macro-economic measurement or market share

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

- i) Contribution of the gambling sector to the South African economy or Gross Domestic Product (GDP). This encapsulates the market share of the gambling industry in the South African economy.
- ii) Contribution to the total number of people employment in South Africa.
- iii) Contribution to government taxes.
- iv) Contribution to capital investment in South Africa.

In applying the input-output modelling process, it is also possible to calculate the multiplier or spillover effects of the gambling sector. The input-output model comprises mathematical equations linking the economic flows between sectors, eg between the gambling industry and the beverage industry, where beverages are sourced from soft drink and liquor-related companies or between the gambling industry and the security industry where security services are sourced from security companies. The so-called multiplier effect can be defined as additional economic production, employment and government taxes emanating from the initial economic action (say the establishment of a casino). For example, the establishment of a casino creates demand for cement and bricks (during the construction phase) and beverages, electricity and security services (during the operational phase). This additional demand results in expanded production in the other industries with the concomitant expansion of employment, government taxes, etc.

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

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

8.2.2 Institutional measurement or market share

The macro-economic analysis of the gambling industry should be contrasted with the institutional or internal analysis thereof. Institutional measurement or analysis refers to, inter alia, the company and share ownership structures within the gambling sector.

Variables such as the following may be investigated in this regard:

- i) shareholder structures/major shareholders;
- ii) casino company structures;
- iii) major shareholder groups within the gambling industry;
- iv) casino operators and management companies;
- v) subsidiaries, associates and investments;
- vi) capital structure;
- vii) B-BBEE;
- viii) local/foreign ownership; and
- ix) JSE listed and unlisted companies.

The gambling industry in South Africa portrays a fairly complicated and extensive institutional network, ranging from a few JSE listed companies with numerous subsidiaries, associates and investments (with full to limited ownership holding by JSE companies) to hundreds of small operators and JSE unlisted companies. The latter may include LPM site and route operators, bingo halls, racecourses, totalisator branches and agencies, on-course and off-course licensed bookmakers as well as casino management companies and operators.

In general, this approach boils down to 'who owns whom' within the gambling sector and falls outside the scope of this study. This study is aimed at applying an adjusted version of the macro-economic measurement model.

8.3 DATA COLLECTION

For purposes of this study, it was decided to source information on the gambling sector mainly from the NGB database and the nine provincial gambling authorities. Primary data collection through questionnaires was conducted by the NGB. Secondary data was also sourced from hard copy and electronic sources. Where possible, data was collected for the 2008 calendar year.

The above approach resulted in a lack of intermediate input and final demand data to populate a separate gambling input-output table. Instead, the multiplier or spillover effects of the gambling sector were generated through the application of the Cobb-Douglas function. The Cobb-Douglas function measures the structure of production with particular reference to the utility of labour and capital in an economic sector. By adding the available employment and capital expenditure figures, it was possible to estimate the GDP and employment multipliers of the gambling industry.

8.4 GAMBLING ACTIVITIES

8.4.1 Gross Gaming Revenue (GGR)

Table 8.1 depicts the GGR of gambling institutions under the jurisdiction of the NGB by mode. Total GGR amounted to R15,970 billion, representing the rand value of the gross income of operators (ie total turnover less winnings paid to players for January 2008 – December 2008). Considering an average 'return to player' of 89.0 % for all modes, a total of approximately R145 billion was wagered directly by punters on gambling activities in 2008. It should be noted that the gambling turnover amount of approximately R145 billion represented a large element of double-counting due to the fact that the same R1 (or part thereof) was repeatedly gambled. Total gambling expenditure is therefore not extracted in total from household budgets. Only a portion thereof is allocated by households to gambling and then gambled repeatedly (together with prizes) by punters.

Table 8.1: GGR of the gambling sector by mode, January-December 2008

| Mode | Gross Gaming Revenue | | % Return to players |
|-------------------------------------|----------------------|-------|---------------------|
| | (Rb) | % | |
| Casinos | 13,577 | 85.0 | 93.2 |
| Bingo | 0,111 | 0.7 | 91.9 |
| Betting (Bookmakers & Totalisators) | 1,649 | 10.3 | 81.3 |
| LPMs | 0,633 | 4.0 | 89.4 |
| Total | 15,970 | 100.0 | 89.0 |

Source: NGB data



8.4.2 Taxes paid by the gambling industry

The gambling industry makes substantial contributions to government revenue. Table 8.2 shows the tax/levy contribution to provincial governments for 2008. A total of R1,569 billion was collected by the nine provincial governments. The contribution of casinos to the amount of R1,277 billion represented 81.4 % of the total provincial government gambling revenue.

Table 8.2: Provincial tax/levy by gambling mode, 2008

| Mode | Tax levy (Rb) | % |
|-------------------------------------|---------------|-------|
| Casinos | 1,277 | 81.4 |
| Bingo | 0,209 | 13.3 |
| Betting (Bookmakers & Totalisators) | 0,069 | 4.4 |
| LPMs | 0.014 | 0.9 |
| Total | 1,569 | 100.0 |

The figures above exclude any contributions made by activities originating from the National Lottery as well as company tax and net VAT payments of private sector operators in the gambling industry. The latter two tax sources are not available from secondary sources and have to be collected directly from companies. However, this information is normally treated as highly confidential and sensitive especially by unlisted JSE companies. JSE listed companies such as Gold Reef Resorts and Sun International are large conglomerates with a host of activities including nongambling-related operations such as hotels and catering (McGregors 2008). The apportionment of tax payments by type of activity also has to be sourced from the companies themselves.

8.4.3 Employment

Employment numbers by the gambling industry (excluding the National Lottery) are discussed in this section. Table 8.3 shows the number of employees by mode as on 31 December 2008. These figures represent only permanent employment as reported by the provincial regulators. Total employment amounted to 19 474, with casinos responsible for the bulk of employment (71.4 %).

Table 8.3: Permanent employment by gambling mode, December 2008

| Mode | Number of employees | % Distribution |
|---------------------------|---------------------|----------------|
| Casinos (key and non-key) | 13 911 | 71.4 |
| LPMs | 2 499 | 12.8 |
| Horse/sports betting | 2 364 | 12.1 |
| Bingo | 264 | 1.4 |
| Regulators | 435 | 2.2 |
| Total | 19 474 | 100.0 |

Source: NGB 2009 (Unpublished information)

Table 8.4 shows the employment of casinos as established during the Casino Association of South Africa (CASA) survey in 2008. This survey reported permanent casino employment of 16 021, which is somewhat higher than that shown in the previous table. Table 4 also shows that the bulk (51.5 %) of casino employment was outsourced and includes, for example, security and cleaning services.

Table 8.4: Employment of casinos¹ by type of employment, 2008

| Type | Number of employees | % Distribution |
|------------|---------------------|----------------|
| Permanent | 16 021 | 46.0 |
| Casual | 869 | 2.5 |
| Outsourced | 17 902 | 51.5 |
| Total | 34 792 | 100.0 |

¹ Excludes the employment of one operational casino which is not a member of CASA.

Source: CASA 2008

8.5 MULTIPLIER EFFECTS OF THE GAMBLING SECTOR

8.5.1 Introduction

In addition to the normal operational and investment activities of the gambling sector, the previous NGB studies confirm large multiplier effects of the gambling sector. Calculations of the multiplier effects or economic impact of an industry or project are normally based on a multi-sectoral input-output model (Nel 1999a and Nel 1999b).

As discussed in section 8.3, due to the lack of detailed data on the sectors from which the gambling industry sourced their production inputs (eg security services, construction material and catering products), as well as its forward linkages (eg sectors utilising outputs generated by the gambling sector), it was not possible to compile an input-output table. As an alternative, a Cobb-Douglas function was implemented to calculate the utility functions of capital and labour that can facilitate the calculation of GDP and employment multipliers. The Cobb-Douglas equation is a highly technical mathematical procedure that falls outside the description in this report. It suffices to mention here that the employment multiplier discussed in section 2 contains a slight overestimate of the employment effect or multiplier of the gambling industry due to discounting capital expenditure on, for example, buildings over a shorter period than the normal economic life span (utility life) of buildings.

It should be noted that the impacts are measured as follows:

A concise description of the backward and forward linkages (or various impacts) that the gambling sector may exercise on the South African economy is presented below:

- i) **Initial impact**
The initial impact is calculated as the impact of a particular project on the economy. The initial impact on GDP of operating or constructing a casino, for example, is equivalent to the direct expenditure undertaken by the casino operator. (This impact is sometimes referred to as the direct impact.)
- ii) **Indirect impact**
Indirect impacts are determined from the activities of suppliers. For example, suppliers include those industries that deliver goods and services to the casino and include, for example, suppliers of cement, bricks and trusses in the construction phase and food and security services during the operational phase. Activities of the latter industries are expanded as a result of establishing a casino. These industries are referred to as first-round suppliers that could in turn stimulate further demand in, for example, the electricity sector supplying additional electricity to cement and other producers (the first-round suppliers), etc. All these transactions originate from the initial establishment or management of a casino and can be attributed to the gambling sector.
- iii) **Induced impact**
Induced impacts are the impacts on the economy due to increased demand for goods and services by households from the income earned due to the establishment of a gambling institution, ie the income of employees and shareholders of the project (say a casino) as well as the income arising through the backward linkages of this spending in the economy. Backward linkages are, for example, the additional employment created by retailers (eg Pick 'n Pay), resulting from the increased demand for their products that in turn stimulates production in the agricultural sector supplying fresh produce to Pick n Pay.

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

8.6 MULTIPLIER CALCULATIONS

The application of the Cobb-Douglas production function equation and the use of its utility functions resulted in the following multipliers for 2008:

- i) GDP multiplier 2.0
- ii) Employment multiplier 5.6

The interpretation of these multipliers is discussed below.

8.6.1 GDP contribution

A GDP multiplier of 2.0 means that for every initial R1 value added (GDP) generated by the gambling sector, a further R1 value added (GDP) is produced through the indirect and induced effects of the initial gambling activity. This is slightly higher than the average economy-wide multipliers of around 1.5.

The contribution of the gambling sector (excluding the National Lottery) to the South African economy can be estimated as follows for 1 January 2008 – 31 December 2008:

| | |
|-------------------------------------------------------------------------------------------------------------------------|----------------------------|
| i) GGR of the gambling sector: | R15,971 billion |
| ii) Gross Value Added (GVA) based on a ratio of 59.5:40.5 (total output: GVA) of the hotel and restaurant sector of SA: | R9,503 billion |
| iii) GDP multiplier: | 2.0 |
| iv) Total GVA of gambling sector (direct, indirect and induced): | R19,006 billion |
| v) GVA at basic prices: South Africa | R 2,053,487 billion |
| vi) Contribution of the gambling sector | 0.93 % |

The above estimates show that the gambling sector (excluding the National Lottery) contributed just less than one percent (0.93 %) to the South African economy in 2008.

8.6.2 Employment contribution

The employment multiplier of 5.6 implies that for every 1 job created directly by the gambling sector, a further 4.6 jobs are created through indirect and induced effects.

The above suggests that the initial employment of the gambling sector (excluding the National Lottery) of 19 474 resulted in a total employment of 89 580 through the indirect and induced employment effects of the gambling sector. This amounted to a total estimated contribution of 0.9 % to total formal employment in South Africa of 9 916 500 jobs in 2008.



8.7 ADDITIONAL CONTRIBUTIONS BY THE GAMBLING SECTOR

In addition to the direct and indirect effects of the gambling sector on the South African economy as calculated above, several of the major private sector role-players (especially casino companies) are active participants in corporate social investment programmes. Millions of rands are allocated to, inter alia, support of old age homes, donations to charity institutions, support of Small Medium and Micro Enterprises (SMMEs), support to crèches, donations to the South African Red Cross, donations to upliftment trusts, support to HIV/AIDS programmes, meals projects at schools, building of classrooms, and many more (see CASA 2008 for a detailed exposition of the casino industry's social investment programmes).

8.8 CONCLUDING REMARKS

The establishment of gambling facilities reached its height between 1998 and 2002. Construction activities levelled off from 2001 onwards while the majority of other activities in the gambling sector were in full operation by 2002. This study captured the activities of the gambling sector in its normal operational phase. Future movements would probably be sideways, implying that the magnitude of gambling activities would probably maintain its current level.

The following mirror the contribution of the gambling sector (excluding the National Lottery) in South Africa:

- The initial GDP (value added) generated by the gambling sector amounted to an estimated R9.5 billion in 2008. This amount is multiplied by direct and induced effects to a total GDP contribution of R19.0 billion. This represents an initial GDP contribution of 0.46 % with a further 0.46 % indirect and induced contribution. The total GDP contribution was 0.93 %, which will probably remain at this level for the foreseeable future. The GDP multiplier was 2.0 meaning that for every R100 value added created by the gambling sector itself, another R100 was generated in other sectors of the economy.
- In total, 19 474 permanent job opportunities were created in the gambling sector in 2008. With an employment multiplier of 5.6, a total of 89 580 employment opportunities in South African can be ascribed directly and indirectly to the gambling sector. The latter represented 0.9 % of total formal sector employment in South Africa.

In addition to the above, the role-players in the gambling industry show a high degree of sensitivity regarding corporate social investment, especially in their neighbouring, less developed communities. B-BBEE and HDI ownership is also prominent in the gambling industry.

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