



GAUTENG GAMBLING STUDY CONCLUSIONS



A socio-economic impact study of gambling in Gauteng – commissioned during 2003 by the Gauteng provincial government and the Gauteng Gambling Board – has provided valuable insights into the way forward for the province's future policy on gambling and the combating of problem gambling.

The impact study, conducted by the Bureau of Market Research at UNISA, was intended inter alia to provide empirical data to enable the Board and the government to review and refine gambling policy and the licensing and regulatory framework.

The study found that 43.2% of the respondents had abstained from gambling during the preceding three months, due to lack of interest (38.6%), lack of money (22.2%), religious beliefs (16.4%), disinclination (13.7%) or lack of gambling facilities (13.7%). Among the other 56.8% of the respondents who did gamble, preferences were as follows:

- 52.6% participated in the National Lottery.
- 10.4% in casino gambling.
- 8.4% in fafi.
- 6.7% in scratch cards.
- 5.3% in horse betting.
- 1.3% in dice.
- 1.0% in sports betting.
- 0.5% in cards.
- 0.2% in bingo.
- 0.1% in on-line gambling.

An overwhelming number were at ease with the gambling concept, 61.1% finding it acceptable, while 21.5% disapproved personally but had no objections to others gambling, and only 17.4% regarding it as totally unacceptable. Views on the importance of gambling as a leisure activity for South Africans, on the other hand, varied from 43.9% (yes) to 37.4% (no), with 18.7% being unable to give a specific answer or saying they did not know.

Almost two out of every five (42.1%) of the respondents indicated that they were aware of under-age gambling, naming the following forms: dice (73.3%), fafi (33.7%), lottery or scratch cards (30.9%), card games (10.9%), casino gambling (10.2%), "spinning" or coin-tossing (2.3%) and horse wagering or sports betting 0.8%.

The study indicated a low awareness of the contribution of gambling institutions to community development, with only 25% of the respondents giving a positive answer to the question "do you think that the gambling industry contributes to community development"?

Surveying public attitudes on the adequacy of gambling venues in Gauteng – one of the aims of the study – produced an interesting range of views. Just over 20% had no opinion in this regard, but 36.4% of respondents felt that there were enough outlets or opportunities, while 27.9% thought that there were too many and 15.6% said that there were not enough.

The results showed that in the three months preceding the survey, 46.6% of respondents bought Lotto tickets twice a week, 29.9% once a week, 6.6% once every two weeks, 9.7% once a month and 7.2% less often than that. Of those who participated in horse and sports betting, 8.8% indulged daily, 31.1% once a week, 13.9% once a fortnight, 13.4% once a month and 32.8% less than once a month.

The statistics also showed that a surprisingly small percentage of respondents claimed to pay frequent visits to casinos. Just 0.7% visited daily, while 10.3% said they went once a week, another 9.4% went once every fortnight and 28.8% visited once a month. Just over half (50.8%) said their visits were less frequent than that.

The responses to the question: "If you win any money from gambling today, on what would you spend it?" (respondents were invited to mention more than one item)

brought some interesting responses which contradicted the popular conception that a substantial gambling win results almost automatically in a spending spree.

A total of 39% of respondents said they would save their winnings, 38.7% said they would buy necessities and 29.7% said they would pay off debts or bonds. Just 24.9% of respondents said they would use the money to buy luxury items, while 12.5% said they would spend it on entertainment and 6.3% said they would spend it on gambling.

The average expenditure on gambling in the month preceding the survey amounted to R94 per respondent, which was estimated to represent an under-reporting of about 27.3%. The distribution of monthly expenditure by respondents on gambling revealed that by far the largest number - 66.2% - spent less than R50 a month on gambling, and the next largest group (22.7%) between R51 and R150. A total of 5.6% spent between R151 and R300, and 3% between R301 and R500. Heavier spenders made up a very small proportion of the total: R501-R1 000 (1.7%); R1 001-R2 000 (0.5%); R2 001-R5 000 (0.2%) and R5 000-plus (0.1%).

On the possible implications regarding gambling policy and regulation in Gauteng, the study concluded that:

- The Gauteng Board "will have to adopt a cautious approach in the roll-out of further gambling opportunities, which may include the delay or a cap in the roll-out of more gambling opportunities, as the community attitude suggests that there is (an) adequate or more than sufficient supply of gambling opportunities".
- There was "an urgent need to improve awareness on measures available to promote responsible gambling and assistance available to problem gamblers".
- There was "a need to minimise the incidence of illegal gambling".

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product. The total value-added impact of the R11.5-billion gambling sector represented 0.9% of the South African GDP. Using the GDP multiplier, this meant that for every R100 value-added generated by the gambling sector, a further R120 value added was produced through the indirect and induced effects (multiplier) in other sectors of the economy.

"It is significant that government's new policy framework since 1996 has yielded some R15.6 billion in new investment, representing 1.2% of the total South African capital formation during this period. The industry is also a major employer, having created almost 100 000 direct and indirect jobs in the 10 years which have elapsed since the passage of the original National Gambling Act in 1996".

SYMPATHETIC EAR FOR GAMBLER'S PROBLEM

It was a call for help that, surely, no-one at the NRGF would ever have expected. A problem gambler had taken the first step towards recovery – admitting that he had a problem, but now he was stymied.

The reason: due to serious impairment of his hearing he was obviously unable to make use of the Problem Gambling Counselling Line. The only possible solution was personal counselling, with the aid of a sign-language interpreter.

The person who fielded the original call for help – from a friend of the problem gambler - was Loren Jordaan, who duly set the wheels in motion. An interpreter was engaged and a counsellor provided who was fluent in Afrikaans, since the sufferer could not speak English.

Never let it be said that the NRGF can't rise to the occasion, whatever it might be!



INTERNET GAMBLING: TOUGH LOVE AND MERCY FOR WAYWARD SONS

Two wayward British sons who used their wealthy parents' credit cards to run up huge Internet gambling losses have been treated with a combination of tough love and judicial mercy.

In Scotland, a 25-year-old gambling addict from Trinity, near Brechin, named Brian Mahan laid hands on his parents' 13 credit cards and lost £158,000 in just 50 minutes in a classic example of how a problem gambler comes to grief.

He started off by logging on to various online betting rooms and rapidly won the staggering sum of £90,000 – a million rands, more or less. But instead of taking the money and running, he carried on. Within two hours of logging on he had lost everything he had won, and then some ... and then carried on, trying to win enough back to cover his (or rather his parents') losses.

Needless to say, he did not. His parents ended up with 13 maxed-out cards and – after trying but failing to commit suicide - he ended up in the Forfar Sheriff's Court, where he pleaded guilty to 13 counts of online fraud.

His lawyer, John Clancy, said in mitigation: "The court should be aware that Internet gambling, along with alcohol and heroin, is the scourge of the 21st Century because it is unregulated. It also raises questions about the wisdom of credit-card companies allowing borrowing levels to be raised without any real checks."

Sheriff Kevin Veal, presiding, said, concurring with this view. The problem of Internet gambling addiction had to be tackled, he said, adding: "If £150,000 can be lost in 50 minutes under clandestine conditions in the early hours of the morning, it is an issue so great that it needs to be addressed by the wider community. It is a social issue."

Mahan's parents escaped liability for their son's losses by complying with a demand from the credit-card companies that they lay a criminal charge against him, or lose their insurance cover. Passing of sentence was postponed, but Mahan was warned he faced imprisonment.

In a similar case in Lancashire 22-year-old Daniel Richardson was baby-sitting his two young sisters while their mortgage-broker father, Stephen, and their mother were holidaying in Amsterdam when he succumbed to his obsession.

A long-time gambling addict, Richardson lifted his father's cards from a briefcase late one night and logged on to sites that allowed him to place unlimited bets on anything from soccer matches to coin-tossing.

Soon he was up by £60 000. Then he made the usual fatal mistake, and within half an hour had not only lost every cent of his electronic winnings but £30 000 of his father's cash besides. Total elapsed time: three hours.

In despair at what he had done, Richardson sent his father an e-mail which directed him to a breakdown of his losses and a poignant written confession in which he said: "I've been lying to you. I've been gambling. It started in the usual way, me trying to cover things up. But things have snowballed.

"I'm so sorry. It has been cutting me up inside for so long that I continued with things and didn't say anything. I've betrayed you and this time I know there is not any way anyone can help me."

At almost the same time his father, Stephen Richardson, reported the theft to the local police because, as he said later in court, he had decided that the only way to help his son was to prosecute him for theft, because "I knew I had to bring him to his senses."

Richardson pleaded guilty to seven counts of online fraud when he appeared before the Blackburn magistrates and asked for five similar offences to be taken into consideration. He was given a supervision order and sentenced to 200 hours of community work, the light sentence being due partly to the "amazing" support of his family, the chairwoman of the magistrates' bench said.

After sentence Richardson appealed to other young people to avoid the pitfalls of Internet gambling.

NRGP news.

NATIONAL RESPONSIBLE GAMBLING PROGRAMME

A public/private sector initiative of government regulators and the gambling industry in South Africa

PROBLEM GAMBLING: PUBLIC EDUCATION IS WORKING!

South Africa's proportion of problem gamblers is about the same as that of other countries ... but in the past two years there has been a perceptible decrease in the number of people who have problems with their gambling.

This is the key finding in a major national problem-gambling prevalence study conducted over the past year by the National Centre for the Study of Gambling, on behalf of the National Responsible Gambling Programme (NRGP).



In a nutshell, the study indicates that the incidence of problem gambling among adults with ready access to commercial gambling facilities has dropped from 6.8% in 2003 to 4.8% currently, with "somewhat under 1%" classed as pathological or compulsive gamblers, according to the NRGP's executive director, Professor Peter Collins.

"This is broadly in line with comparable international jurisdictions in the English-speaking world such as Australia, Canada, New Zealand and the US, where the number of addictive or compulsive gamblers is also around 1%".

The study, involving 3 003 adults living in the country's principal urban areas, where they had easy access to commercial gambling, was carried out by a research team under Professor Collins and Professor Graham Barr of the University of Cape Town, and had two primary aims:

- Estimating the number of pathological or addictive gamblers in need of the same kind of professional help as other addicts.

- Determining the number of problem gamblers - people who were simply gambling too much, out of ignorance or poor life-management skills, and would likely benefit from better information on gambling, and, possibly also counselling.

"This affords us some measure of relief, given the great anxiety which has been expressed in recent times

about the negative consequences of gambling in South Africa," Professor Collins said after publication of the study.

"Significantly, the results of our study are consistent with the findings of recently-published National Gambling Board research, undertaken by the Bureau of Market Research at UNISA, which also showed that the prevalence of problem gambling in our country had declined between 2003 and 2005."

The study's results, he said, confirmed recent research by Dr Rachel Volberg and Dr Max Abbott in the United States and New Zealand, which compared problem-gambling rates in various jurisdictions before and after the introduction of casinos.

"It was found that in Montana and North Dakota, for example, the incidence of problem gambling increased. In Oregon and in New Zealand they declined. The critical variable was whether or not the

EADINGTON: WELL DONE!



World gambling expert Professor William R Eadington, of the Centre for the Study of Gambling and Commercial Gaming at the University of Nevada, had high praise for the new NRGP research report on problem and addictive gambling in South Africa.

Professor Eadington described the report as "extremely valuable" and said that it "will contribute substantially to the international body of research into gambling and problem gambling in developing countries.

"One hopes that it will prove of practical value to South African policy-makers and treatment professionals in keeping the damage caused by problem gambling to a minimum".

Another internationally known American gambling policy expert, Professor Joe Kelly, law professor at the State College of New York and co-editor of the Gaming Law Review, commented that it was particularly important for a developing country like South Africa to understand problem-gambling issues so that everything possible might be done to mitigate the incidence of the phenomenon.

"I have been very impressed with the achievements of the National Responsible Gambling Programme in South Africa, which demonstrates the benefits of close co-operation between government, industry and service providers," he said. "The NRGP is providing vulnerable individuals and communities in that country with high-quality education in respect of problem gambling and professional medical help, and this very comprehensive study will appreciably advance those initiatives."

introduction of new forms of gambling was accompanied by the provision of services for problem gamblers, especially public education about gambling and its potential dangers, along with accessible treatment.

“In South Africa, as in New Zealand and Oregon, we have an extensive programme for raising public awareness about the risks inherent in gambling, and our declining prevalence rate bears testimony to the effectiveness of these efforts so far”, he said.

But he warned that the significant drop in the statistics “does not constitute grounds for complacency, as problem gambling is a condition which develops over a period of time. But what is clear is that South Africans today are better-educated about gambling, and our public awareness initiatives in South Africa have obviously met with some success”.

The research project also suggests that:

- 81.5% of people play the lottery regularly at least once a week (up from 72.3% two years ago)
- The number of people wagering on horses has gone up slightly to 5.9% (5.7% two years ago.)
- Table games in casinos are up to 2.2%, compared with 1.4% in 2003.
- The number of people who only play the lottery grew from 41.4% two years ago to 52.5% in 2005
- The number of people who never gamble dropped from 20.1% in 2003 to 15% in 2005.

On the other hand, several of other forms gambling showed a slight decline from 2003, including slot machines (13.9%, down from 14.1%), newspaper jackpots (2.6%, down from 3.3%) and scratch cards (14%, down from 15%).

This showed, Professor Collins said, that gambling in South Africa remained popular; with growth coming principally from the lottery, and although the number of people who used slot machines had stabilised, the number who played them regularly had declined.

Research into gambling spend confirmed that all income groups were playing the lottery regularly. In the lowest income groups – those with



disposable monthly incomes of less than R1 400 – over 70% of those who gambled regularly played the lottery but less than 3% played slots regularly and only about 7% regularly bet on horses.

Expenditure on slot machines constituted 43.7% of all gambling expenditure in the country, compared to the lottery's 26.4% portion of the total spend, Professor Collins noted, but was expended by a much smaller proportion of relatively wealthier people, who spent an average of R541 a month, while “those who play the lottery spend on average just over R81 per month”.

Conversely, he pointed out, the minority of poor people who did play slot machines and horses spent a high proportion of their income doing so, whereas they only spent modestly on the lottery.

The study also determined that participation in gambling was evenly distributed by race, although a higher percentage of blacks (6.2%) experienced problems with gambling than Indians 5%, coloureds 4.1%, and whites 2.8%.

According to Professor Collins these findings “accord with what common sense would predict”. The lottery was much more accessible to the poor for both geographical and price reasons, whereas slot machines were relatively expensive and casinos were too costly for many people, who could not afford entrance fees, transport, food, drinks and other services and entertainment.

Professor Collins said that the main conclusions to be drawn from the study were:

- South Africa's gambling market had matured to an equilibrium incidence of problem gambling of 4%.
- The decrease over the past two years in the number of people who exhibited problems with their gambling was attributable largely to steps which had been taken in South Africa to address problem gambling, especially public awareness and the provision of treatment, and the effectiveness of those measures – “South Africans today better understand gambling”.
- The majority of South Africans, including the majority of poor people, gambled sensibly.

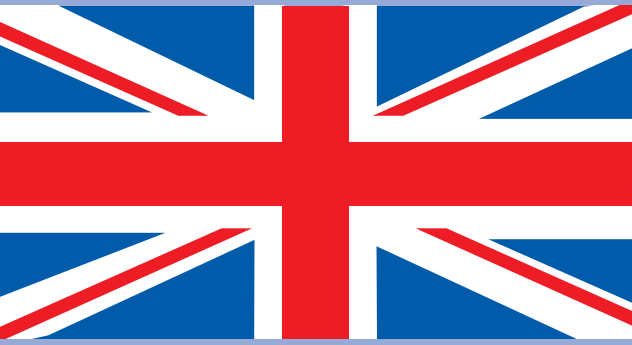
BRITISH PREPARE FOR THE BIG PLUNGE

British gamblers splurged £50 billion last year – more than the government's total spending on defence and transport – according to researchers at Nottingham Trent University. As a newspaper report stated, this represented more than £800 for every man, woman and child living in the sceptred isle.

According to recent government research, Britons spend £1 billion every week on gambling at more than 130 small casinos, plus 8 500 betting shops where punters can gamble on horses, dogs, virtual roulette wheels and one-armed bandits. Millions also gamble on the National Lottery and on thousands of internet poker sites, which are becoming ever more popular.

The Nottingham Trent researchers said that the British government's decision to relax betting rules and introduce more casinos is helping to make gambling one of the country's most lucrative businesses, adding that the changes would increase the demand for gambling and pour an estimated extra £3 billion a year in betting taxes into the official coffers.

British gambling has been growing by leaps and bounds since 2001, when the government introduced the most fundamental modifications of the gambling laws in over 30 years. Stringent 1960's-era regulations which were imposed to prevent criminal involvement were abolished or relaxed, the long-standing nine per cent



BRITISH PREPARE FOR THE BIG PLUNGE

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betting tax on players was removed and plans were announced to license eight Las Vegas-style "super casinos".

Public and media criticism forced the government to cut the number of super casino licences to only one, but it announced that 16 smaller casinos would be built instead. But now, while 27 city councils bid for the super casino and 41 others for the smaller ones, newspapers claim that according to sources close to the government the situation might change again, with more super-casinos being licensed after all.

Professor Leighton Vaughan Williams, director of the betting research unit at Nottingham Trent University and advisor to the Government on the taxation and economic impact of casinos, insists that the growth in gambling would be beneficial.

"Recent policies designed to de-regulate the industry are likely to realise significant gains for the wider economy in terms of economic productivity," he told reporters. "More jobs will be created, leading to an increased standard of living.

"You can't stop people from gambling, but the new Gambling Commission will have greater powers than any regulatory body anywhere in the world to protect the young and vulnerable, to ensure that crime is not promoted and to make sure that there is fair return to the consumer.

"The types of gambling machine to be installed will be the least addictive. There will be a built-in delay before you can put your money in again. From this perspective at the very least, the new phase of casino developments soon to be introduced can only be good news for the economy."

Some economists have predicted that the growth in the number of casinos will provide more than 100 000 jobs.

ANDREW FRASER: IN HIS NICHE AT LAST

Andrew Fraser, who joined the NRGF Problem Gambling Counselling Line in May this year, arrived there by a very roundabout route indeed, and he did so by following his heart rather than his head.

Born in Cape Town, he had his first taste of schooling in the United States when his father worked there for four years from 1971 onwards. Then the family returned to Cape Town and Andrew spent the rest of his school years at Rondebosch Boys' High, followed by a stint at the then Cape Technical College which qualified him as a technical electrical engineer.

At this stage he made a drastic career change by going off and becoming a commercial fisherman. He followed this arduous calling for a long time and liked it, but, as he says, eventually "I sort of grew out of commercial fishing, although I'm still a committed sports angler."

Spending weeks at sea was a little difficult for a man with a wife and child, and, more importantly, he realised that a certain sense of fulfilment was lacking in his life.

The fact was, he says, "I'd always been interested in counselling – I relate quite well to people, and it was something I'd always wanted to do." So Andrew leapt



into yet another career and joined the Problem Gambling Counselling Line.

After a couple of months on the job he says he couldn't be happier: "Being employed by the NRGF is thoroughly satisfying and fulfilling, and I'm enjoying the change of pace.

"I think I've found my niche in life. It's very rewarding to connect with someone on the line and find I can give them guidance.

"It's very important to be passionate about what you do. That's what life is all about – and I look forward to going to work every day."

MIRIAM PHILISO: PEOPLE ARE REWARDING



Miriam Philiso, a new recruit to the NRGF Problem Gambling Counselling Line, has spent her entire working life dealing with people in one way or another. So her new job isn't much of a life-change ... except that it's much more satisfying than any of the others.

Born in the Eastern Cape, Miriam went to school there till Standard 9, then

moved south and matriculated in Khayelitsha, then attended the Peninsula Technikon and got a job as a dental assistant.

Miriam "did lots of courses, like office administration, counselling and bookkeeping", and she particularly liked the counselling training, because "I had always been interested in counselling - it was something I'd always wanted to do".

It took her a while to achieve her goal. She spent nine years as a receptionist at a large holiday resort before she finally got where she had wanted to be for so long, and started working for the NRGF in June.

"I enjoy it a lot," she says. "It's something worthwhile. That's the nice thing about counselling. In everyday life you meet people and listen to their problems, but when you do it professionally, it's much more enjoyable."

SOUTH AFRICAN GAMBLERS ARE MATURING



A new University of South Africa report suggests that the country's gambling market has matured within a relatively short time span, according to Chris Fisser, SARGT deputy chairman and chairman of the National Gambling Board, which commissioned the study.

The study, on the socio-economic impact of gambling, was produced by a team led by Dr Andre Ligthelm of UNISA's Bureau of Market Research and is based on a nation-wide survey among 3 100 respondents during October and November 2005. The researchers also made use of the standard Gamblers Anonymous questions for high-frequency gamblers to ascertain the extent of excessive gambling and of the total respondents, 0.52% could be considered compulsive or addictive gamblers, slightly less than the figure in studies conducted in 2003 and 2004.

"Not only has the novelty effect to some extent worn off, but South Africans are better educated today about gambling, and have come to understand that it is a form of recreation and entertainment. Their expectations are much more realistic now ... 80.6% of South Africans either find gambling acceptable, or have no objection to gambling by others and 19.3% are opposed to gambling.

"This suggests a pleasingly high level of public confidence in the strict regulatory regime which exists in South Africa, and an awareness that government has successfully leveraged the licensing process to extract public interest benefits from the industry such as new investment, tourism and other infrastructure, as well as significant job creation and BEE opportunities".

Advocate Tibbs Majake, CEO of the National Gambling Board, compared South Africans' propensity to gamble with that of other countries, measured by the percentage of household expenditure allocated to the pastime. The South African figure, 1.7% of household income, was lower than that

of Asian countries (3.7%) and Australia (3.4%), and on a par with the United States, Europe and the United Kingdom.

"It is of concern to us that less affluent South Africans constitute just over a quarter of the gambling market," Advocate Majaki added. "Of those in the survey earning less than R1 000 per month, the vast majority (73.3%) gambled through the purchase of lottery tickets or bought scratch cards (15.3%). Of this market, 6.4% visit casinos, 3.2% wager on horses and 1.2% gamble on limited payout machines.

"Similar percentages applied to the unemployed who gamble regularly, of whom 74.6% bought Lotto tickets, 14.4% bought scratch cards, 7% visit casinos and 2.5% wager on horses".



Noting that South Africans spent R11.6-billion on gambling in 2005, up from just under R9-billion in 2003, with casinos accounting for 70%, the lottery and scratch cards for nearly 22%, and horse-racing for 6%, Advocate Majake commented:

"Gambling and other entertainment expenditure increases in times of economic prosperity, as do retail sales, for example, so these results are not altogether surprising. As with propensity levels, we are seeing a clear trend that the growth in gambling in South Africa has stabilised and, as now, in future will largely follow movements in personal disposable income, notably in tandem with salary and wage increments".

The study's finding that the percentage of compulsive or addictive gamblers had dropped slightly "is very much in line with recent research conducted by the NRGP, as it is with general problem gambling levels found in other jurisdictions, and it is thus consistent with international norms", he said, adding that 93.3% of all respondents had said that gambling had no negative impact on them or their households.

Advocate Majake, also an SARGT trustee, said that the gambling sector accounted for a "relatively modest, but not negligible" 1% of gross domestic



SA GAMBLERS MORE RESPONSIBLE NOW - CASA

South African gamblers are beginning to approach their favourite pastime with more commonsense, the Casino Association of South Africa says in a statement about the National Gambling Board's 2006 Socio-Economic Impact Study and compliments the National Responsible Gambling Programme for its efficiency.

The CASA statement says that the NGB study draws a number of important conclusions. The gambling market has matured, with South Africans showing more responsibility and realising that gambling is, first and foremost, entertainment and recreation; and problem gambling has declined since the last UNISA study in 2003.

CASA says that the UNISA findings vindicate the South African casino sector's considerable investment in public education since 2000 - in particular through the National Responsible Gambling Programme, which has clearly achieved the desired results.

CASA says it shares the NGB's concern that a quarter of the gambling market comprises the less affluent (those earning less than R1 000 a month), "but what is significant about this finding in the report is that this segment of the market is overwhelmingly (75%) lottery players. Only a small percentage (7.6%) ever gambles at casinos".

The UNISA study, conducted by the university's Bureau of Market Research into the socio-economic effect of gambling in South Africa, indicates that gambling fever appears to be biting fewer South Africans, compared with five years ago, although spending on gambling increased from just under R9 billion in 2003 to R11.6 billion last year.

Industry analyst and executive director of the NRGP, Professor Peter Collins of the Centre for the Study of Gambling at Salford University in Manchester, said that the UNISA study demonstrated that South Africa was a well-regulated jurisdiction, and seen to be so.

"I think it is fair to say that Government in South Africa has achieved considerable success in its policymaking for, and regulation of, its new gambling industry," he said.

"These findings suggest that the industry is making a worthwhile economic contribution, and such social problems, as are typically caused by excessive gambling, are being effectively addressed.

"In particular, the market has matured in South Africa, and public awareness and education initiatives have met with some success as there is a much better understanding today of how gambling works, the dangers of gambling, and how to avoid them."