



Introduction

This is the second major research report on gambling and problem gambling behaviour in South Africa prepared by the National Centre for the Study of Gambling at the University of Cape Town on behalf of the National Responsible Gambling Programme. The research for the first report was conducted in 2001 and for the present report the evidence was gathered two years later in 2003. Thus the present report, in addition to giving a reasonably comprehensive insight into how South Africans currently perceive and participate in gambling, will be of particular interest in that it enables us to see to what extent and in what ways gambling behaviour has changed since the early days after the first casinos were opened and the national lottery started operations.

The principal findings of this research were reported to the Department of Trade and Industry and to Parliament's portfolio committee on trade and industry between July and September 2003 during the public hearings on the National Gambling Bill.

With respect to participation in gambling activities, we reported that:

- * Gambling overall has grown: the number of people who never gamble was 25.6% and is now 20.1%.
- * The principal gambling activities in South Africa are the lottery, slots, scratch-cards and the horses in that order.
- * Growth has come principally from the lottery: the number of people who play the lottery regularly was 67.6% and is now 72.3%.
- * The number of people who play slots has grown somewhat overall (28.9% to 31.1%) but the number who play slots regularly has declined (19.2% to 14.1%).
- * Scratch-cards are up both in overall and regular participation (20.8% to 23.7% overall and 12% to 15% regular).
- * All other gambling activities have declined in the face of the new competition.

With respect to expenditure on gambling by different groups we reported that:

- * All income groups tend to play the lottery, including the poorest. Fairly poor people tend to play the horses and more affluent people tend to play the slots.
- * Conversely, when poor people play the slots and horses they spend a very high proportion of their income doing so, whereas they spend only modestly on the lottery.

With respect to problem gambling we reported that:

- * In 2001, 221 out of 5 800 respondents answered seven or more of the 20 Gamblers Anonymous questions affirmatively. In 2003 the number was 270



out of 5 816. These numbers constitute 3.8% and 4.6% respectively of the sample, 1.1% and 1.3% of the population as a whole and 5.3% and 6.1% of regular gamblers.

- * There are probably now 550 000 people who gamble too much to the point where it is causing serious problems to themselves and those close to them and who would benefit from education and/or counselling.
- * In 2001 there were 35 problem gamblers who only played the lottery. In 2003 there were 87.
- * In 2001 there were 186 problem gamblers who played something other than the lottery regularly whether or not they also played the lottery. In 2003 this number was 187.
- * Of problem gamblers in 2001, 84% played something other than the lottery and 16% played the lottery only. In 2003 67.5% of problem gamblers regularly play something other than the lottery, while 32.5% only play the lottery.
- * Of the 270 problem gamblers in 2003
 - 21 members of the group revealed expenditure on roulette, the average monthly spend being R782
 - 123 members of the group revealed expenditure on slots, the average monthly spend being R644
 - 251 members of the group revealed expenditure on the lottery, the average monthly spend being R80.

These numbers show that there has been no significant increase in problem gambling between 2001 and 2003 other than a small increase amongst those who only play the lottery. We attribute this mainly to the fact that the accessibility of machine gambling, especially to poor people in terms of both location and price, has clearly declined since the very extensive illegal casino industry has been almost entirely replaced by the 31 legal casinos which have been opened since 1996.

When we analysed the problem gambling sample by income and race we found that the distributions were fairly flat and did not provide evidence for the view that the poor are especially irresponsible when it comes to spending their money on gambling, nor for the view that black people are especially likely to exhibit gambling problems. (Exactly 5% of black respondents were identified as problem gamblers as opposed to 6.2% of coloured respondents, 3.4% of whites and 4.5% of Indians.)

All these results suggest that levels of problem gambling in South Africa remain broadly in line with those found in other jurisdictions where the availability of commercial gambling is similar. It should again be stressed, however, that all



numbers relating to the prevalence of problem gambling should be interpreted with great caution. The reasons for this are discussed more fully in the theoretical section of this report and relate mainly to the relative crudeness of the instruments used to measure problem gambling, the fact that respondents - especially problem gamblers - often do not tell the truth about their gambling, and the general difficulties with the reliability of surveys. All we can say with certainty is that when we have done the same things as we did in 2001 and very similar things to what is done in other jurisdictions, we have got broadly similar results.

Given their fundamental importance, we again discuss in this report, as we did in 2001, the principal theoretical issues relating to studying problem gambling, paying special attention to problems of definition and measurement. In future, however, in line with current best practice amongst scholars who study gambling around the world, we shall be seeking to refine our understanding of problem gambling in South Africa mainly by focussing on the specific behaviours of different types of gambler and by trying to understand better how the behaviour of the minority of problem gamblers differs from that of the majority who gamble for pleasure without running into problems.

Meanwhile it is important to remind ourselves of the importance of the question: "What do we want information about the prevalence of problem gambling for?" It remains regrettably true in all jurisdictions that the purposes for which most people want the information are political: they seek to harness problem gambling numbers to arguments about whether the availability of gambling should be increased or decreased by law, and to attacks on, or defences of, whatever current government policy happens to be. Very often this is to abuse the numbers.

People think that if the numbers can be made to sound large enough this will strengthen the case for restricting gambling. But really with gambling we know what the relevant facts are: that, as with alcohol, a few people get into very serious trouble from excessive indulgence and most people don't. The argument about whether gambling should be more or less readily available is therefore really about adjudicating between conflicting values. On the one hand there are the principles of liberty which state that adults should be allowed to decide for themselves how they will spend their own time and money in pursuit of pleasure, and that the state should not interfere with commercial transactions entered into between willing buyers and willing sellers except to eliminate the use of force and fraud by either party. On the other hand, there are the principles of compassion, democracy and equality.

Thus, nobody wants to see people ruining their lives and that of their families needlessly. In many communities, the majority does not want commercial gambling operations to be available at all and almost all communities want to place some limits on the availability of commercial gambling. Moreover, in a society like ours,



it is important that gambling not become a way of further enriching rich people (even rich black people) while exacerbating the problems of poverty.

These arguments engage people's moral and religious passions. They also engage substantial material interests. After all, on their outcome depends the size of the profits which commercial gambling companies will make and of the gambling tax revenues which will accrue to governments. They are entirely legitimate arguments which to a large degree depend on answers to questions about proportionality, viz. to what extent should the freedom of the majority be curbed to limit harm to a minority? On the whole, we believe that South Africa's National Gambling Acts of 1996 and 2004 achieve an appropriate balance between these competing claims. They display both sensitivity and common sense. But these are issues in which the results of surveys such as those reported on here properly have only a small role to play.

A much more fruitful use of surveys such as this one is to guide treatment and prevention programmes and to underpin further and more practically focussed research. At present, in many jurisdictions, especially in the Commonwealth, there is much discussion of specific strategies to discourage people from playing less. These range from requiring that gambling machines be re-engineered so as to encourage or compel players to take a break, to requiring casinos to close for specified periods.

So far the evidence seems to be that all such measures serve to irritate non-problem gamblers while having no impact on the incidence of problem gambling. A potentially more fruitful strategy, which the expansion of technology will facilitate, may be to require players to pre-set their own limits.

All of this requires research which is much more specific in its focus and which is designed, not to strengthen the case for or against greater restrictions on gamblers, but to yield more effective strategies for preventing them from getting into trouble in the first place and for enabling them to regain control of their lives if they lose it. To this end we have designed a comprehensive research programme to be undertaken over the next three years. In addition to continuing to monitor prevalence and international best practice in the areas of treatment and prevention, we shall also be investigating:

- * The differences between healthy gamblers and problem gamblers and the reasons why most people gamble harmlessly but a minority do not;
- * The role of false belief and inadequate understanding of how gambling works in provoking and sustaining excessive gambling;
- * The roles of impulsiveness, convenience and availability in the emergence of problem gambling and the implications of this for regulation and public policy;
- * The possible vulnerability of particular communities within South Africa, with special reference to the role of poverty; and



- * The psychology of different forms of gambling and the implications of this for reducing problem gambling in different sectors of the industry.

Like ours, the international research agenda in respect of problem gambling is moving on from prevalence studies to trying to learn more about the causes of problem gambling so as to be better able to prevent and treat it. We hope to contribute substantially to this international work and we therefore, hope that by the time we next report on gambling and problem gambling in South Africa, we shall also be able to report more authoritatively on what are the best strategies for addressing the problems of excessive and compulsive gambling.



PREFACE

This report owes much to many people, including:

- Chris Fisser, Tibbs Majake and their colleagues on the National Gambling Board, who have worked resolutely to secure the public interest in respect of all aspects of the legislation of gambling.
- The members of the Responsible Gaming South Africa (RGSA), who represent the interests of the industry that originally pioneered this programme. Besides providing material support they have offered many invaluable insights into the nature of the gambling business and its customers while remaining scrupulous in not seeking to influence the outcome of the research.
- Our colleagues in the NRGF, Kerry Capstick-Dale and Dr Rodger Meyer, who are responsible for public education and for treatment respectively.
- Charlene Davids and Arthur Mzozoyana of Roots Research, who were responsible for the complex task of arranging for the administration of the survey in a multiplicity of languages in all nine provinces.
- Clive Keegan, our new research co-ordinator and Carol Knoetzer of the National Centre for the Study of Gambling, who provided first class administrative assistance well beyond the call of duty.

There are countless others in academia, the regulatory community and the industry with whom over the years we have had countless profitable discussions.

Professor Peter Collins

Professor Graham Barr



National Centre for
the Study of Gambling



Professor Peter Collins is currently executive director of the UCT-based National Centre for the Study of Gambling, and director of the Centre for the Study of Gambling and Commercial Gaming at the University of Salford. He is also executive director of the South African National Responsible Gambling Programme.

He holds degrees from the Universities of Oxford and of London in Modern Languages and in Philosophy respectively. Since 1995 he has raised public and private sector funding in South Africa for research into all aspects of the gaming industry and has led the research work of a team of 27 national and international academics. He then founded and directed The National Centre for the Study of Gambling at the University of Cape Town. As well as researching the potential costs and benefits of casinos in both national and regional contexts, he has also been responsible for researching and reporting to the South African National Gambling Board on slot routes (1998) and on Internet gaming (1999). He has done other policy work for national government and, also, provincial gambling boards.



Dr Graham Barr is a professor in the department of Statistical Sciences and Economics at UCT. He holds a BA and BSc with majors in Mathematics, Statistics and Economics with six class medals and distinctions in all majors, a first class Honours degree in Mathematical Statistics, a Masters degree in Econometrics and a PhD, all from UCT. His research is in the areas of quantitative analysis, econometrics and forecasting and he has published sixty articles in these fields in international and local journals. He has consulted widely in the public and private sectors in the area of quantitative analysis and economic model building.

Graham was a member of the national academic team set up in 1995, and the forerunner of the National Centre for the Study of Gambling, which studied the optimal number and location of casinos in post-apartheid South Africa. He constructed computer models of optimal casino locations and related casino profitability as a basis for determining the optimal number of casinos in each province and their expected profitability.



Table of Contents

Section One: Executive Summary 9

- A. Summary of theoretical discussion 9
- B. Summary of sample data and
principal empirical findings 12

Section Two: Theoretical Considerations 21

- 1. Background 21
- 2. Sample selection and administration
of questionnaire 21
- 3. Objectives of the survey 22
- 4. Analysis of key concepts (1) 24
- 5. Analysis of key concepts (2) 29
- 6. Measuring problem gambling 33
- 7. Costs and benefits of legalising
gambling in South Africa 37

Section Three: Empirical Data 41