

**AN INVESTIGATION INTO THE ECONOMIC IMPACT OF LEGALISING
THE CASINO GAMBLING INDUSTRY IN SOUTH AFRICA:
A STUDY ON THE PERCEPTIONS OF AND IMPACT ON THE
PIETERMARITZBURG COMMUNITY AS A MICROSCOPIC VIEW**

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DECLARATION

“I, Jenny Budree, hereby declare that:

- the work in this report is my own original work;
- all sources used or referred to have been documented and recognised;
- this report has not been previously submitted in full or partial fulfilment of the requirements for an equivalent, or higher qualification at any other recognised educational institution.”

JENNY BUDREE

This dissertation is dedicated to the memory of my mother,
Sonawathi Budree

(5th February 1946 to 30th July 2002)

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LIST OF ACRONYMS

AGA:	American Gamblers Association
AIGR	Australian Institute for Gambling
BEE:	Black Economic Empowerment
BMR:	Bureau of Market Research
GDP:	Gross domestic product
GGR:	Gross gaming revenue
HSRC:	Human Sciences Research Council
NGB:	National Gambling Board
RDP:	Reconstruction and Development Programme
VCGA	Victoria Casino and Gambling Authority

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INTRODUCTION

1.1 BACKGROUND TO THE RESEARCH

Casino gambling in South Africa was in the past not perceived as a mainstream economic activity but rather a reluctant concession. Consequently, it remained an “exiled industry” geographically isolated and strictly regulated. The rationale for this conceptualisation has varied – from religious objections concerning the immorality and irrationality of gambling, to public concern over the establishment of organised and street crime around casinos themselves. Despite the persistence of these arguments, there has over the past decade been a vast and rapid expansion of the industry throughout both South Africa and the world. It is difficult to precisely pinpoint the rationale for this paradigm shift. Popular explanations emphasise a liberalisation of public values concerning gambling, or changes in modes of governance from paternalistic prohibition to regulatory liberalisation.

Many scholarly writings on casino gambling on the other hand, point to a far more sinister political agenda (Hunter and Bleinberger 1995; Rose 1998) that manipulates public perceptions of morality to serve more utilitarian needs. The political expediency of a restricted activity like gambling cannot be discounted. It remains an effective means of attracting capital investment in depressed areas without governments having to offer any quid pro quo. As a regulated industry, a premium is set on immorality, which translates into significant revenue.

Gambling in South Africa has so far generated R11,7 billion in investment, and in the 2002/03 financial year generated R526,4 million in tax revenue¹. It has also created about 50 000 direct and indirect jobs.²

Without a doubt, in a fledgling democracy, trying to balance growth with redress and redistribution, the macro economic advantages from the gambling industry are immediately apparent but macro economic gains should not be at the expense of the country's poorest or at the expense of the moral, physical and spiritual well-being of society. This study is an attempt to probe the intersections of these sometimes conflicting imperatives on the South African society by looking specifically at the Pietermaritzburg community.

1.2 PROBLEM ADDRESSED AND PURPOSE OF THE DISSERTATION

The objective of this study is to examine the impact of legalised casino gambling on the Pietermaritzburg economy by looking at the following specific issues:

- the creation of employment as a direct result of the establishment of the Golden Horse Casino complex;
- the impact of gambling on retail businesses;
- community attitudes towards and participation in gambling activities.

The procedure used in conducting this research project was as follows:

- a vast literature study was conducted, encompassing all aspects of the casino gambling industry;
- global examples of casino gambling institutions were analysed;
- the casino gambling industry in South Africa was then investigated;
- the relevant legislation was also studied;
- telephonic interviews were conducted with stakeholders;
- a study was conducted among local retail businesses in Pietermaritzburg in order to determine the impact of that the establishment of the Golden Horse casino on these businesses;
- an analysis in the form of a questionnaire was carried out, targeting respondents within the Pietermaritzburg area to measure trends and opinions in gambling behaviour and community attitudes to gambling;
- conclusions were drawn and recommendations made.

1.3 CONSTRAINTS PLACED ON THE RESEARCH

A number of factors acted as constraints on the research. The most important of these factors were the limited availability of research and data on the topic, the exclusion of certain key factors from the study due to resource constraints, the time period covered by the study, and the impact of the sample size on the statistical validity of the results.

1.3.1 Limited availability of academic research and data

The researcher was constrained by the limited academic research on the economic impact of casino gambling in South Africa. Although a number of studies have assessed this matter in a qualitative sense, only a few studies have set out to quantify the effects of casino gambling.

1.3.2 The exclusion of certain key factors

Criticism is often levelled against the casino gambling industry for having a negative impact on retail sector activities especially in the direct vicinity of newly established casinos. On the other hand however, the establishment of a casino in a particular area could also impact positively on retail businesses in that area.

Thirty eight percent of the respondents who participated in the survey into the impact of casino gambling on local retail businesses reported an increase in turnover since September 2001. Due to resource and time constraints however, the factors that have contributed to this increase in turnover have not been examined in detail in this study.

1.3.3 Time-period covered by the study

The study measures the impact of legalised gambling activity in South Africa since 1994.

1.3.4 Statistical validity of the data analysis

The findings of the studies should be interpreted with caution as a result of two issues that may impinge on the statistical validity of the results:

- **Sample size**

- a) The sample chosen for the study measuring community attitudes and gambling behaviour consisted of 200 people living in the greater Pietermaritzburg area.
- b) The sample chosen for the study which was conducted to determine the impact that the opening of the Golden Horse casino has had on retail businesses comprised of 60 retail businesses operating in Pietermaritzburg. However, only 58% of the respondents who were targeted were prepared to participate in the survey. This sample size was considered to be relatively small and excluded businesses trading in durable goods and those involved in the motor trade.

- **Sample selection technique**

The sampling technique employed was a non-probability sampling technique, which is essential for the use of inferential statistical techniques. The sampling technique that was used was judgement sampling. The non-probability sampling technique that was used in this study may give misleading results if in spite of our judgement it happens to be unrepresentative of the population. One of the major drawbacks of non-probability sampling is that the samples give no basis for evaluating the size of the sampling variation and the error of estimation.

1.4 METHODOLOGY

A variety of methodologies have been applied in the study ranging from interviews with stakeholders, collecting of secondary data that had been published by reliable sources, literature reviews and two surveys that were conducted in the greater Pietermaritzburg area.

The research methodologies that have been used are addressed in each chapter relevant for the specific data analysed in that specific chapter

1.5 STRUCTURE OF THE REPORT

Chapter 1 provides a background to the study, its purpose and an outline of the report. An analysis of the available literature on the subject of casino gambling and gambling in general in South Africa and abroad is provided in chapter 2. Chapter 3 discusses the impact of the establishment of the Golden Horse Casino on the Pietermaritzburg economy. The methodology and findings of the survey into the impact of casino gambling on local retail businesses is also discussed in this chapter. A detailed description of the methodology and findings of the community survey is provided in chapter 4. The report is concluded with a discussion of the findings and conclusions.

2 LITERATURE REVIEW

2.1 AN OVERVIEW OF GAMBLING IN THE WORLD

Gambling is a worldwide phenomenon and the number of countries that have legalised gambling (or are in the process of doing so) has increased significantly in recent years. Communication technology has made the world “smaller”, brought countries closer to each other and has made the exchange of information, experiences and knowledge about gambling substantially easier.

Casino gambling (unlike lotteries) are developments of more recent times and are presently proliferating worldwide at an alarming rate and in a variety of ways. The process of legalisation is accelerating and many countries are experiencing the liberalisation of casinos and related forms of gambling. A recent development is gaming on mobile premises. In the United States of America nine states have allowed riverboat casinos. Other countries are expected to follow this development and it is not inconceivable that transcontinental trains or flights might have gaming opportunities as pastime activities on board.

The is chapter will concentrate on briefly examining gambling in the United States of America, New Zealand and Australia and then on the South African gambling industry. These countries have been chosen because of the availability of information on their gambling industries.

2.2 INTERNATIONAL EXAMPLES

2.2.1 The United States of America

The growth of legal gambling in the United States in recent decades has been fuelled mainly by increasing public acceptance of gambling as a form of recreation, and by the promise of substantial economic benefits and tax revenues for the communities in which gambling occurs.

In 1996 Arthur Anderson conducted a study on behalf of the American Gaming Association to determine the influence of casino gambling on the American economy. They found that in 1995 the casino industry recorded \$22-25 billion in total revenues, paid a total of \$2.9 billion in direct taxes (including federal and state, property, construction sales and use, and gambling taxes), directly employed almost 300,000 people and paid \$7.3 billion in wages, paid an average national wage of approximately \$26,000 (which exceeds that paid in most related fields) and invested \$3 for every \$1 earned, created 13 direct jobs for every \$1 million in revenues, supported 400,000 indirect jobs paying \$12.5 billion in wages, and spent a large majority of its revenues within the United States on payroll, taxes and other expenses.³

In 2001 there were 433 casinos operating in 34 states in the United States and the commercial casino industry was an important contributor to the United States economy, growing by nearly 5 percent and providing more than 364 000 jobs with

wages of \$11,5 billion. In addition state and local governments received \$3,6 billion in taxes from the casino industry.⁴

A tax rate of thirty five percent is applied to gross gaming revenue which means that the commercial casino industry pays some of the highest corporate tax rates in the country. In 2001 the funds derived from those taxes amounted to \$3,6 billion.⁵

Racetrack casinos have been one of the largest growth areas within the gaming industry. Racetrack casinos produced revenue of \$2,1 billion in 2001. This generated approximately \$577,9 million for state and local governments and created employment for approximately 8 000 people. According to 1999 figures American Indian casinos provided approximately 205 000 additional jobs in 23 states.⁶

2.2.2 Australia

Australia has a relatively long history of legalised gambling and one of the highest levels of per capita spending on gambling among Western industrialized nations.

There are currently 13 casinos in operation in Australia. Eight of these casinos began operating in remote locations such as Perth, Townsville, Tasmania, Alice and Springs during the 1970s and 1980s. The other five casinos were located close to major metropolitan centres.⁷

Significant entertainment and economic benefits are generated by the gambling industry in Australia. \$9,1 billion or 1,5% of the country's gross domestic product comes from gambling.⁸

Gambling services are provided by more than 11 500 Australian businesses. These businesses employ in excess of 220 000 Australians. Businesses mainly serving gambling, lotteries and casinos employ 47 000 people and 120 000 are employed in clubs and hotels that offer gambling in their range of services. Approximately 70 000 hotel and club staff deliver gambling services and gaming generates a significant proportion of the other entertainment in those venues. A large proportion of the jobs are for first time job seekers, people who are employed on a part-time basis and older adults. By comparison 67 000 people are employed in electricity gas and water supply, 75 000 in mining and 114 000 in sport and recreational services.⁹

In 1999-2000 gambling industries in Australia generated \$4,4 billion in gambling specific taxes that are levied by the states and territories.¹⁰ "This tax revenue is equivalent to 8,7% of all taxes levied on the provision of goods and services and 2,2% of all Commonwealth and states' tax revenues."¹¹

2.2.3 New Zealand

Since the 1930s most types of gambling in New Zealand have been state regulated. Currently gambling in New Zealand is regulated under four key statutes: the Gaming and Lotteries Act 1977, the Casino Control Act 1990, the Racing Act 1971 and the Gaming Duties Act 1971.¹²

The rapid growth of the gambling industry in New Zealand in the 1990s saw the introduction of four legal casinos and an increase in the number of gaming machines in clubs and hotels. By 2001 there were 6 casinos operating in New Zealand.

According to the New Zealand Department of Internal Affairs statistics, New Zealand had an annual gambling expenditure of over NZ\$1 billion in 1998. By 1999-2000 this figure had increased to NZ\$ 1,3 billion.¹³

Casinos in New Zealand have created numerous employment opportunities for local residents. The Christchurch Casino for instance has created 524,2 full time jobs (July 1997). 83% of the Christchurch casino workforce are in full time employment. The Sky City casino has a total of 2 493 employees. Of these 1 651 have full-time jobs, 306 have part-time jobs and 536 are casual workers.¹⁴

2.3 OVERVIEW OF THE SOUTH AFRICAN GAMBLING INDUSTRY

2.3.1 History of the gambling industry in South Africa

The South African Gambling Act no.55 of 1965 prohibited all forms of gambling in the country except for horse racing.¹⁵ In the late 1970s, however, casinos began to operate legally in the former homelands of Venda, Ciskei, Transkei and Bophuthatswana. During this period the casino industry was monopolized by Sun International which had established 17 casinos in the homeland area by the early 1990s.

The country's first non-racial constitution repealed the 1965 Gambling Act, with the result that each province could regulate gambling as it pleased. While the homeland casinos continued operations, gambling legislation was a low priority for the provinces, allowing local entrepreneurs to construct an informal gambling industry throughout South Africa (Fisher and Schreuder 1994). Slot machines and blackjack tables appeared in bars; card clubs opened in the cities; non-profit organizations offered bingo and scratch cards. Pressure began to build for the state to put forward a unitary national policy; the government's hand regarding the legality and morality of gambling was forced.

Two committees, the 1992 Howard Commission and 1995 Weihahn Commission¹⁶ were appointed to make recommendations concerning, first, whether or not to

allow a national gambling industry and, if so, how it should be structured. Both committees consisted of academics and government officials; and proceeded by observing gambling sites throughout South Africa, studying legislation and visiting operations in foreign countries, and holding public hearings in which “all interested parties” could come to offer their views.

One of the more important factors taken into account by the Weihahn Interim Report (1994), was that none of South Africa’s neighbouring TBVC states have a ban on gambling, and the Board was of the opinion that a continuing prohibition here would boost the already flourishing casino gambling industries in most of those areas. Such uncontrolled outflow of capital would be very detrimental to South Africa’s economy.¹⁷

Licensed, controlled and regulated gambling in South Africa would secure an important source of income in the form of taxes and levies. It was also believed that much needed funding for the Reconstruction and Development Programme (RDP), welfare and other good causes could be raised through legalised lotteries and gambling. The main use of such funding would assist greatly in the upliftment and development of disadvantaged and disabled people.

In recommending that certain forms of gambling, in particular casino gambling be legalised in South Africa, the Lotteries and Gambling Board in its 1995 report, stated:

“Legalised gambling presents a dramatic change to South Africa. However, no society can afford not to change and while there are great risks in reckless change, greater danger lurks in blind conservatism. The strength of the nation is not in forever holding onto old views and ways but rather in its capacity to adapt itself in an orderly manner to the changing attitudes of its society. Fate has dealt South Africa a mixed hand of cards - we must let our commonsense, courage and faith allow us to play a grand slam with it.”¹⁸

2.3.2 The National Gambling Act (Act no. 33 of 1996)

In 1996 the National Gambling Act (Act no. 33 of 1996)¹⁹ was passed by parliament and provided for the granting of a maximum of 40 casino licenses in South Africa, distributed across the nine provinces as set out in table 1 on page 16.

The first casino licence was allocated during the second half of 1997. During the period 1998 to 2000 the establishment of casinos peaked. By November 2002, twenty-nine casinos were operational in South Africa. Twenty-two of these casinos were in permanent facilities and seven were in temporary facilities.²⁰

The Act prescribes that gambling machines be linked to a central electronic monitoring system so that each gambling machine can be monitored and makes provision for the establishment of a National Gambling Board.

Table 1: Distribution of casino licenses per province

Province	Number of casinos
Eastern Cape	5
Free State	4
Gauteng	6
KwaZulu-Natal	5
Mpumalanga	4
Northern Province	3
Northern Cape	3
North West	5
Western Cape	5

The National Gambling Board was set up in April 1998. One of the main objectives of the board is to set and promote national norms and standards for the South African gambling industry.²¹ Each of the nine provinces has its own gambling board under the direction of the National Gambling Board.

This current regulatory environment has its shortcomings as each provincial licensing authority has its own legislation and, as a result, policies for gambling lack coherence. The National Gambling Board is however, in the process of standardizing practices and promoting uniform norms and standards throughout South Africa and is tasked to formulate national policy with regards to problem gamblers.²²

The regulation of gambling in the country was expected to enhance the national policy of reconstruction and development in the country. One of the policy objectives underlying the regulation of gambling is that the industry must leverage direct fixed investments, contribute towards the process of black economic empowerment, create jobs and promote tourism.²³

Although 40 casino licenses were initially authorized in the country, currently there are only 31 operational legal casinos countrywide.

2.3.3 Casinos in the Republic of South Africa

Table 2 lists the casinos in South Africa that were authorized according to province.

Table 2

CASINOS IN THE REPUBLIC OF SOUTH AFRICA AS AT NOVEMBER 2002

	PROVINCE	AREA	LOCATION	NAME OF RESORT	DATE OPENED	TOTAL CAPITAL INVESTMENT (000,000 r's)
1	Eastern Cape	Zone 1	Port Elizabeth	The Boardwalk	Oct-00	533
2	Eastern Cape	Zone 2	East London	Hemingways Casino	Sep-01	222
3	Eastern Cape	Zone 3	Queenstown			
4	Eastern Cape	Zone 4	Umtata			
5	Eastern Cape	Zone 5	Bizana	Wild Coast Sun	Dec-81	Existing
6	Free State	Zone 1	Southern Region (Bloemfontein)	Zone 1 – Sun International Operations – Two Casinos operational		
7	Free State	Zone 2	Goldfield Region	Thaba Nchu Sun – 200 slots, 15 tables. Opened Oct 85		
8	Free State	Zone 3	Eastern Region (Harrismith)	Naledi Sun – 120 slots, 0 tables. Opened May 89		
9	Free State	Zone 4	Northern Region (Vaal River)	RFP's issued for Zone 2-4, closed on 11 May 01- Applications considered		
10	Gauteng		Fourways	Monte Casino	Sep-98	1,462
11	Gauteng		Gold Reef City	Gold Reef City	Nov-98	910
0	Gauteng		Vanderbijlpark	Emerald Safari Resort	Nov 98	624
12	Gauteng		Kempton Park	Caesars	Dec-98	1,300
13	Gauteng		Brakpan	Carnival City	Dec-98	870
14	Gauteng		West Rand	Rhino Resorts		
15						
16	Kwazulu-Natal	Zone 1	Greater Durban – Village Green	Sun Coast Casino	Nov-02	1,400
17	Kwazulu-Natal	Zone 1	North Durban – Mt Edgcombe	Sugamilli – Sibaya Resorts	Feb-01	917
18	Kwazulu-Natal	Zone 2	North Coast – Empangeni	Tusk Umfolozi Casino	May-02	171
19	Kwazulu-Natal	Zone 3	Northern Natal – Newcastle	Monte Vista Casino & Resort	Sep-99	176
20	Kwazulu-Natal	Zone 4	Natal Midlands - Pietermaritzburg	Golden Horse	Sep-01	204
21	Mpumalanga	Zone 1	Witbank	Champions Casino	Mar-98	152
22	Mpumalanga	Zone 2	Secunda	Graceland Hotel & Casino	Oct-97	220
23	Mpumalanga	Zone 3	Nelspruit	Emmokeni Casino	Oct-97	144
24	Mpumalanga	Zone 4	Pilgrims Rest/Lydenburg/Bushbuck			
25	Northern Province		Polokwane (Pretoriusburg)	Metropa Entertainment World		208
26	Northern Province					
27	Northern Province					
28	Northern Cape		Kimberley	Flamingo	Mar-02	110
29	Northern Cape		Upington	Desert Palace Hotel Resort	Jun-00	40
30	Northern Cape		Colesburg			
34	North West		Mmabatho	Tusk Mmabatho	Dec-78	Existing
31	North West		Pietersburg	Sun City	Dec-79	Existing
35	North West		Taung	Tusk Taung	Oct-88	Existing
33	North West		Mabopane	Morula Sun	Jun-87	Existing
32	North West		Hammanakraal	Carousel	Nov 91	Existing
36	Western Cape	Zone 1	Cape Metropole - Goodwood	Grand West		1,700
37	Western Cape	Zone 2	Southern Cape - Mossel Bay	Pinnacle Pint Casino		190
38	Western Cape	Zone 3	Braeders River	Worcester		
39	Western Cape	Zone 4	Oerberg	Calendar Casino	Oct-00	105
40	Western Cape	Zone 5	West Coast	Club Mykonos Langebaan	Nov-00	67

2.4 THE ECONOMIC IMPACT OF THE GAMBLING INDUSTRY ON THE SOUTH AFRICAN ECONOMY

One of the main factors that have encouraged governments to legalise casinos is the assumption that they will stimulate regional growth and thus contribute directly and indirectly to the regional and national economies. This chapter discusses the contribution of the gambling industry to South Africa's economy and includes but is not limited to the contribution by the casino industry.

The impact of gambling on the economy is determined by the initial impact, which is the actual economic contribution of the gambling sector and the indirect and induced impacts, which are the spill over effects of the gambling sector to other sectors of the economy.²⁴

The economic impact of the gambling industry on South Africa's economy will be examined in terms of its contribution to:

- Gross domestic product
- Employment
- Personal income tax
- Company and personal income tax and value added tax

2.4.1 Gross domestic product

In 2000 the initial impact of the gambling sector amounted to R3,045 billion. A further R6,082 billion was generated by the direct and indirect effects of the gambling sector as a spill over effect into other sectors of the economy. The initial impact represents 0,38 % of the gross domestic product of South Africa.²⁵

Table 3 shows the contribution of the gambling sector to the gross domestic product by province.

Table 3: GDP contribution of the gambling sector by province

Province	%age contribution to GDP
North West	0,62
Gauteng	0,61
Eastern Cape	0,31
Mpumalanga	0,25
Western Cape	0,25
Free State	0,21
KwaZulu-Natal	0,18
Northern Cape	0,11
Limpopo	0,08

Source: Economic Impact of Legalised Gambling in South Africa. February 2003

The GDP multiplier for the gambling sector is 3,00. In other words for every initial R100 value added (GDP) generated by the gambling industry, a further R200 value added

(GDP) is produced through the indirect and induced effects of the initial gambling activity.²⁶

By comparison in Australia the gambling sector contributed 1,5 percent to Australia's national gross domestic product in 1997/1998.²⁷

2.4.2 Direct capital investment

Capital investment is a once-off expenditure which is not repeated at the same level on an annual basis. Once the infrastructure has been established and the buildings erected, further investment is at a far lower level and is mainly in the form of new vehicles, machinery and equipment. Table 4 shows that between 1994 and 1996 there was limited investment in the gambling industry. Since 1997 however, large capital investments in the gambling industry have been made. An amount of R10,1 billion was invested between 1997 and 2000. This represented 21% of the total South African capital formation of R493,7 billion during the 1997 to 2000 period.²⁸

Table 4: Total capital investment of the gambling sector by province, 1994-2000

Province	Investment			Distribution %
	1994-1996 Rm	1997-2000 Rm	1994-2000 Rm	
Eastern Cape	59	562	621	5,9
Free State	3	24	27	0,3
Gauteng	44	5 599	5 643	53,5
KwaZulu-Natal	-	1 207	1 207	11,4
Limpopo	-	1	1	-
Mpumalanga	1	524	525	5,0
North West	381	201	582	5,5
Northern Cape	-	41	41	0,4
Western Cape	4	1 897	1 901	18,0
Total	492	10 056	10 548	100,0

Source: Economic Impact of Legalised Gambling in South Africa. February 2003

2.4.3 Employment contribution

Total employment in South Africa increased from 3 298 in 1994 to 16 103 in 2000. This is an average annual growth of 30,2% over a period of six years. The initial contribution of the gambling sector in South Africa to total non-agricultural formal employment increased from 0,6% in 1994 to 0,34% in 2000.²⁹

In 2000 the employment contribution of the gambling sector amounted to:

- 16 103 initial employment;
- 34 570 induced and direct employment;
- 50 673 total employment.

These figures represent 1,1 % of the total employment in South Africa in the formal non-agricultural sectors in 2000.³⁰

The distribution of initial employment by province is set out in table 5 below:

Table 5: Distribution of employment by province

Province	Distribution of employment
	%
Gauteng	40,5
North West	20,6
Western Cape	10,9
KwaZulu-Natal	9,8
Eastern Cape	8,5
Mpumalanga	4,2
Free State	2,8
Limpopo	1,8
Northern Cape	0,9

Source: Economic Impact of Legalised Gambling in South Africa. February 2003

The distribution of employment in the gambling sector by race shows that 63,8% of employees are Africans. Whites make up 23,7%, coloureds 9,5% and Asians 3,0% of the

people employed in the gambling sector. In 2000, the gambling sector employed 52% females and 48% males.³¹

In Australia a 100 000 direct and indirect jobs were created in the 1997/1998 period. In the United States 577 000 direct jobs were created in the casino industry in 2001.³²

2.4.4 Government income

2.4.4.1 Company tax, personal income tax and value added tax for 2000

In the year 2000 a total amount of R2,571 billion was transferred to the central government by the gambling industry. This figure was made up as follows:

Table 6: Taxes from gambling industry

Tax	Rmillion
Company tax	392,8
Personal income tax paid by employees	849,1
Value added tax	1 330,0

Source: Economic Impact of Legalised Gambling in South Africa. February 2003

In addition to the above an amount of R580,3 million was paid to the provinces in the form of provincial taxes and levies.³³

Table 7 shows the various taxes paid by the gambling industry in 2000. The figures for company tax reflect taxes paid to government resulting from the initial direct and induced

impacts of the gambling industry. The provincial tax figures are for the year ended 31 March 2002.

Table 7: Company tax, personal income tax, vat and provincial tax/levy paid by the gambling industry by province, 2000

Province	Company tax 2000 Rm	Personal income tax 2000 Rm	VAT 2000 Rm	Provincial tax/levy 2002 Rm
Eastern Cape	20,4	52,9	69,0	23,8
Free State	15,3	34,1	53,0	7,0
Gauteng	189,8	398,8	630,9	297,7
KwaZulu-Natal	48,5	96,9	173,3	77,2
Limpopo	7,1	16,2	24,8	6,4
Mpumalanga	16,2	36,4	54,2	20,3
North West	52,7	125,9	175,3	348,8
Northern Cape	2,8	8,5	9,7	2,3
Western Cape	40,0	79,4	139,8	110,8
Total	392,8	849,1	1330,0	580,3

Source: Economic Impact of Legalised Gambling in South Africa. February 2003

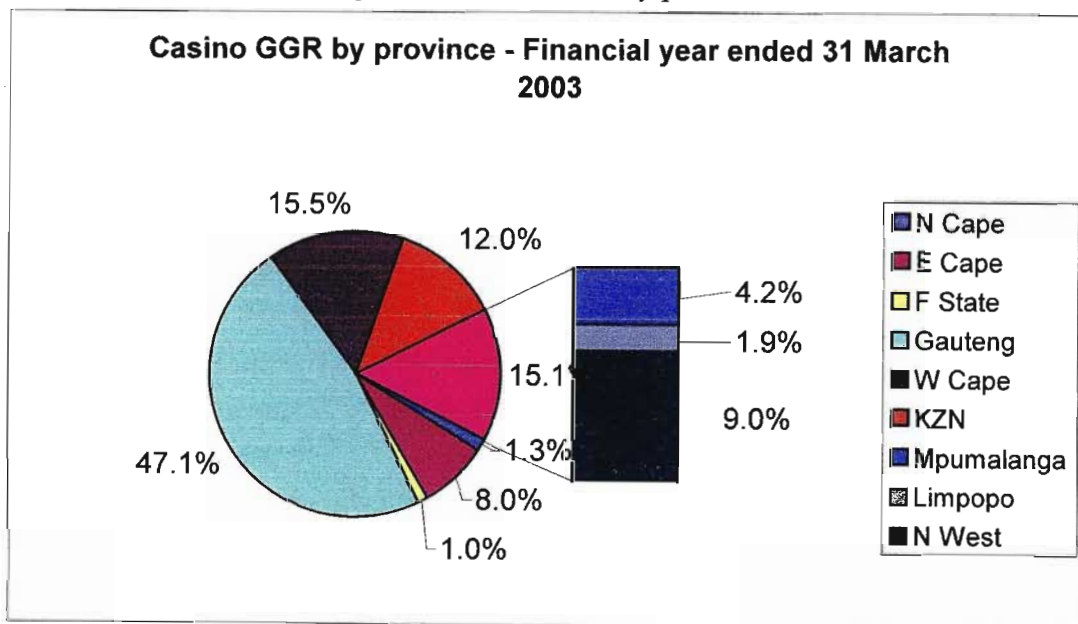
2.4.4.2 Gross gaming revenue (GGR) and casino taxes for 2002/2003

The statistics that are discussed in this section were obtained from the National Gambling Board's website.³⁴

For the 2002/2003 financial year casino gross gaming revenue (GGR) amounted to R6 239,8 million. The distribution of GGR by province shows that the five casinos that are regulated by the Gauteng Gambling Board have the largest share of GGR. The Western Cape follows with 15,5% and KwaZulu-Natal with 12,0%.

The gross gaming revenue of the different provinces for the financial year ended 31 March 2003 is shown in Figure 1.

Figure 1: Casino GGR by province

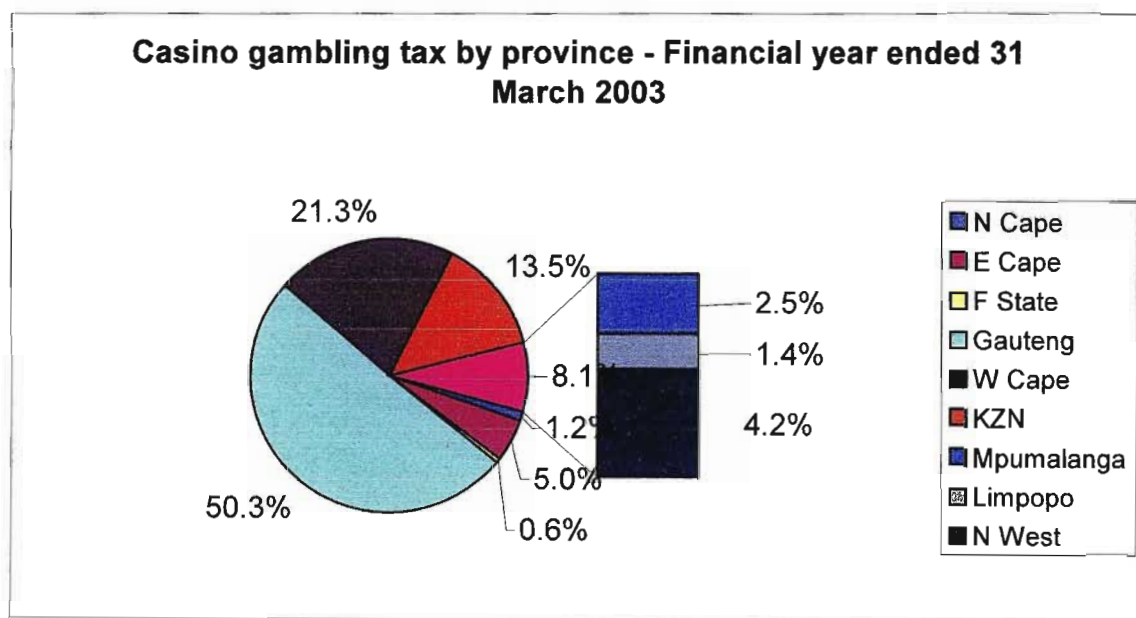


Source: National Gambling Board

For the 2002/2003 financial year casino tax amounted to R526,4 million. The distribution of casino tax that was collected from the different provinces shows that 50,3% of the tax is collected from casinos in Gauteng, 21,3% of the tax is collected from casinos in the Western Cape and 13,5% from KwaZulu-Natal casinos.

Figure 2 shows casino tax by province for the financial year ended 31 March 2003.

Figure 2: Casino gambling tax by province



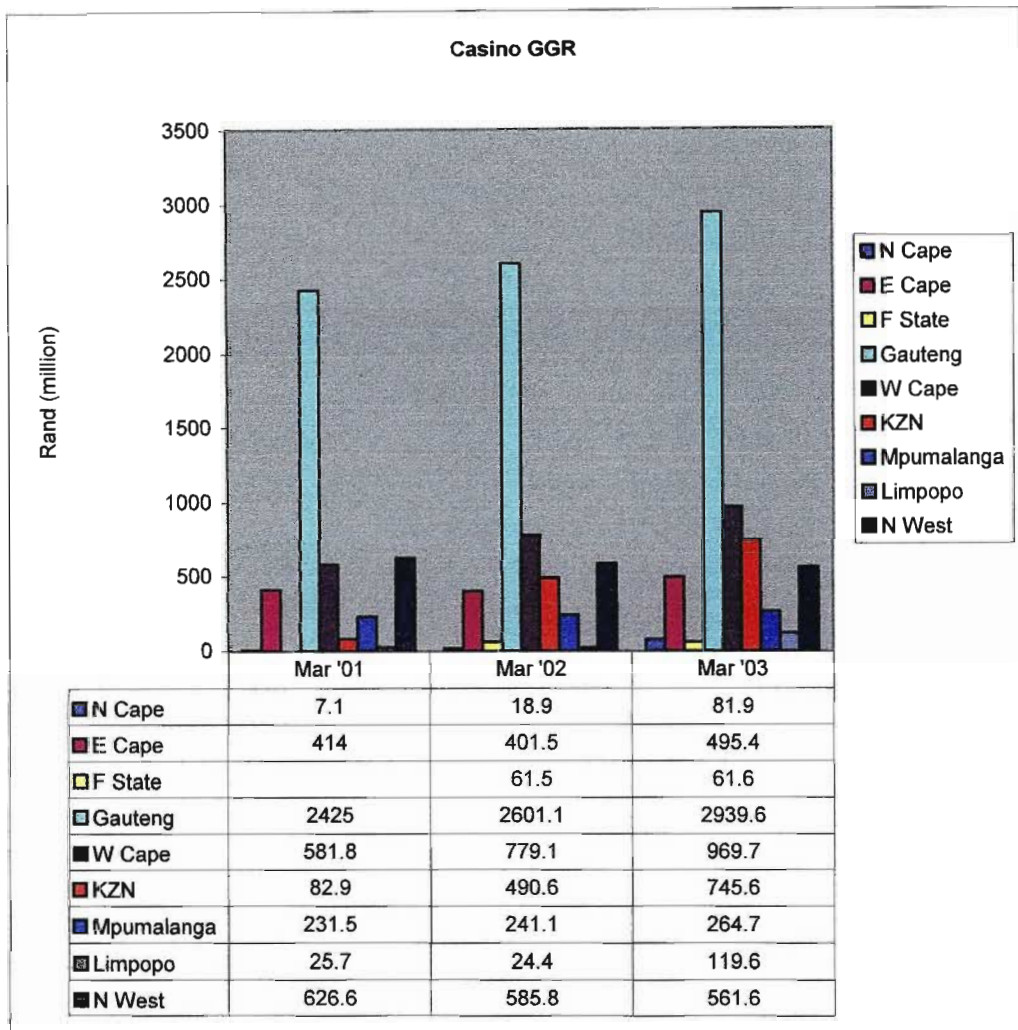
Source: National Gambling Board

Casino gaming revenue increased from R5 203,9 million for the 2001/2002 financial year to R6 239,8 million for the 2002/2003 financial year. This represented an increase in GGR of R1035,9 million or 19%.

With the exception of the North West province, casino GGR increased in all provinces on an annual basis. Limpopo and the Northern Cape showed the highest increases in GGR. In the North West Province GGR decreased by 4,1% from 2001/02 to 2002/03.

Figure 3 shows Casino GGR on an annual basis.

Figure 3: Casino GGR



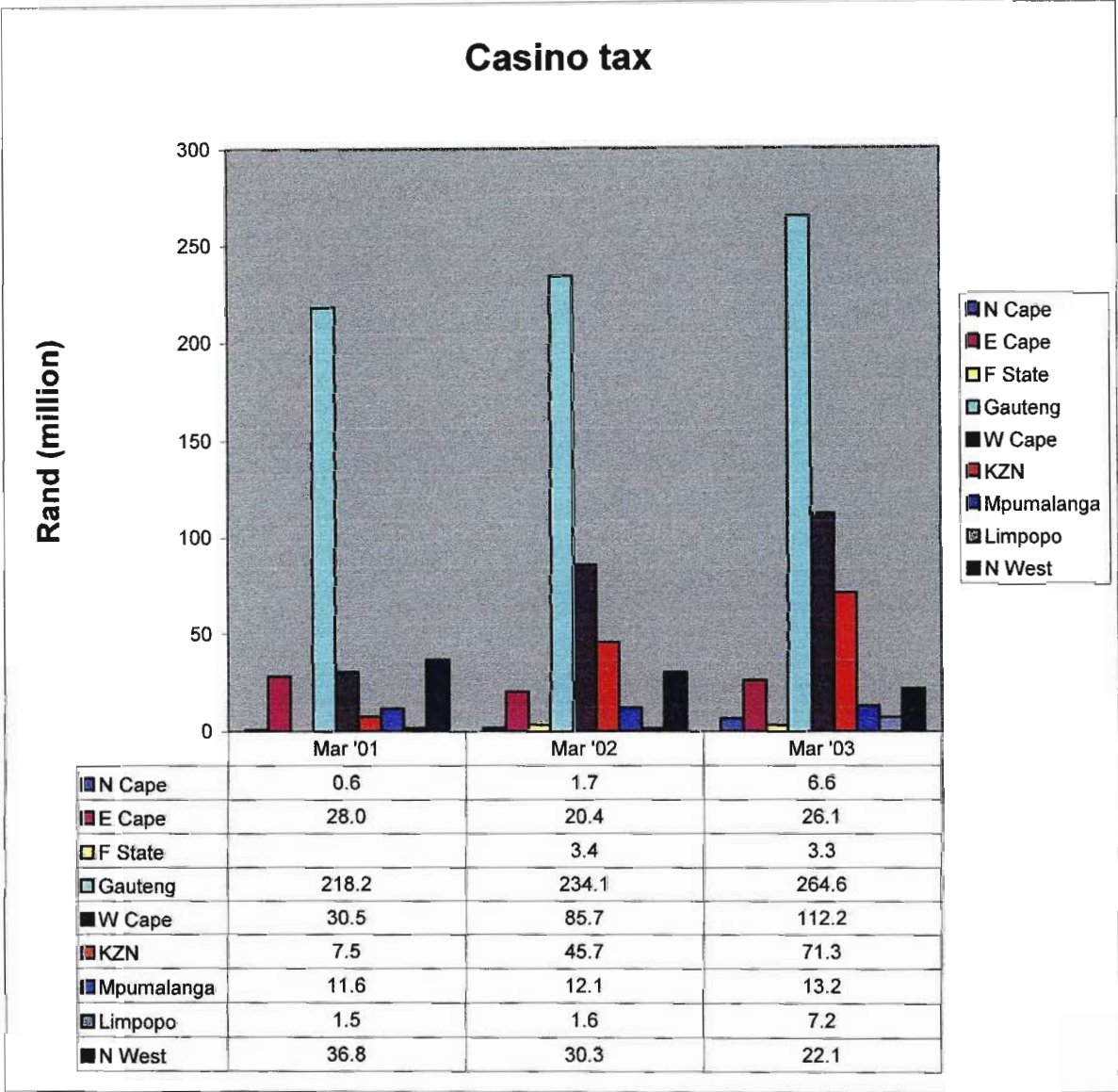
Source: National Gambling Board

Casino tax increased from R434, 8 million for the 2001/2002 financial year to R526, 4 million for the 2002/2003 financial year. This represents an increase of R91,6 million or 21,1%.

When comparing the 2001/2002 and 2002/2003 financial years, the Limpopo and Northern Cape provinces showed the highest increases in casino tax. Casino tax decreased in the North West province by 27,1% and in the Free State by 2,9%.

Figure 4 shows casino tax collected on an annual basis.

Figure 4: Casino tax



Source: National Gambling Board

A comparison of the third and fourth quarters of the financial year ended 31 March 2003 shows that quarterly casino GGR increased by 7,3% in KwaZulu-Natal and by 1,8% in the Northern Cape province.

There were also decreases in the quarterly casino GGR. Table 8 shows the decrease in quarterly casino GGR by province.

Table 8: Decreases in quarterly GGR

Province	Decrease %
Limpopo	-24,1
Eastern Cape	-8,4
Free State	-7,4
North West	-6,6
Mpumalanga	-3,2
Gauteng	-2,3
Western Cape	-1,7

Source: Economic Impact of Legalised Gambling in South Africa. February 2003

The quarterly casino GGR by province is depicted in figure 5.

A comparison of the third and fourth quarters of the financial year ended March 2003 shows that in all the provinces, with the exception of KwaZulu-Natal and the Northern

Cape province, quarterly casino tax decreased. In KwaZulu-Natal casino taxes increased by 2,5%.

Figure 5: Quarterly casino GGR

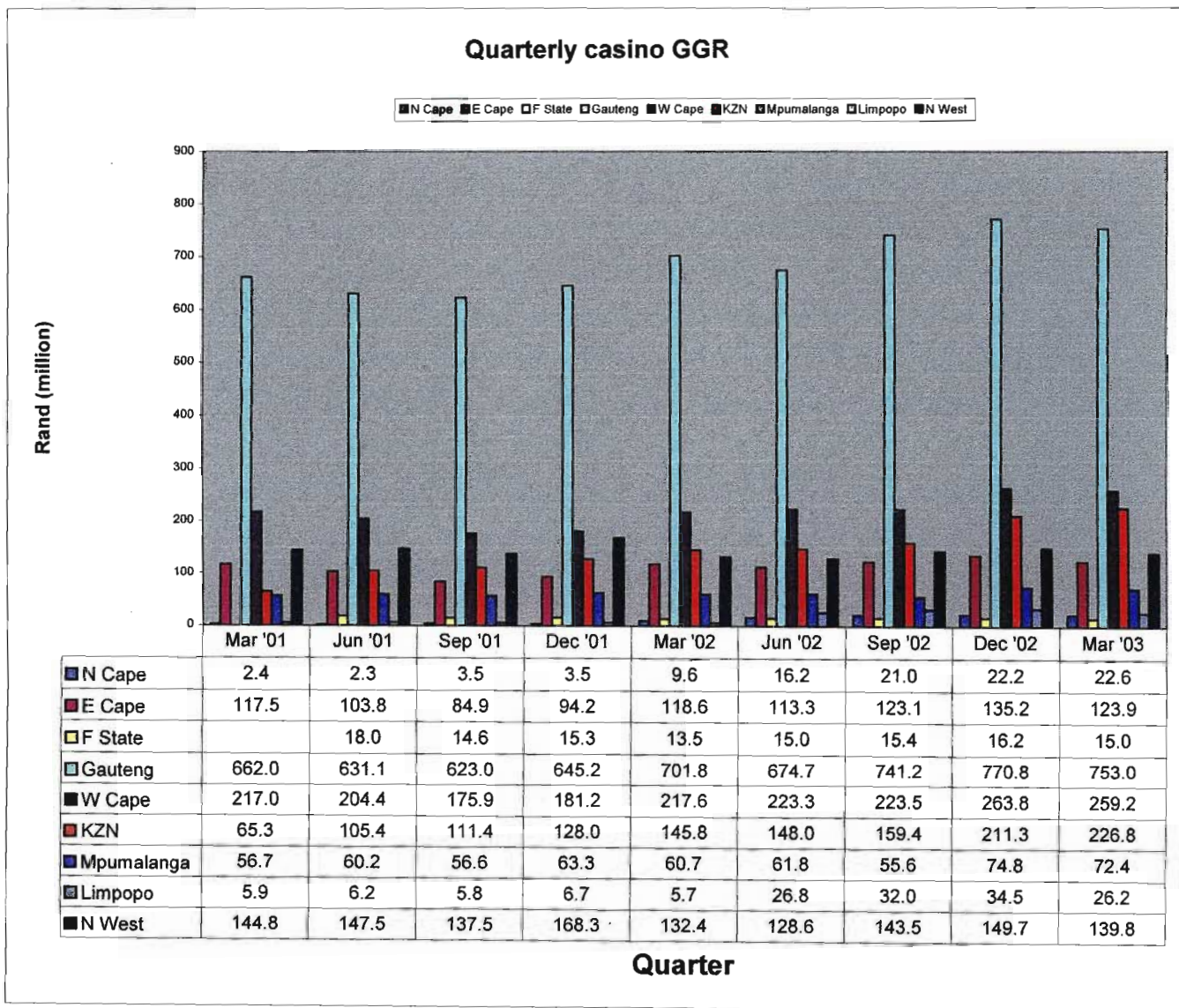
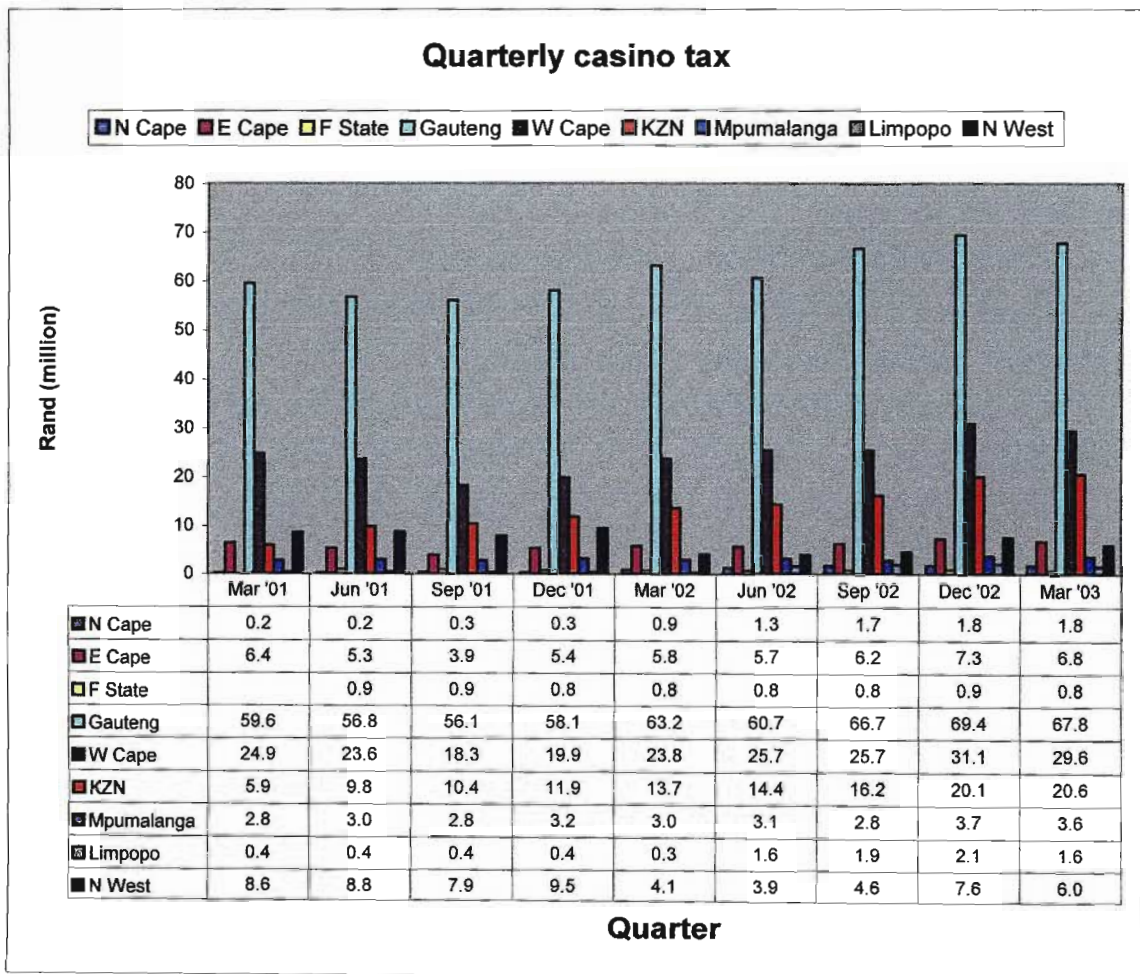


Figure 6 shows casino taxes that were collected by the different provinces on a quarterly basis.

Figure 6: Quarterly casino tax



Source: National Gambling Board

2.4.5 Conclusion

Since the legalisation of the gambling industry in 1994 the gambling sector has made a sizeable contribution to the South African economy. During the latter half of 1998 the first permanent casino was opened and during 2000 the establishment of casinos peaked. Since then there have been significant developments in the gambling industry and the contribution of the gambling sector to South Africa's economy has increased significantly.

Increased public awareness of, and participation in, gambling has however, sparked considerable debate about its economic viability and its overall effect on society. The fundamental question is whether or not the benefits of legalised gambling outweigh the costs. While there is the danger that personal savings and consumer spending on other goods will suffer as individuals gamble away discretionary income, it is believed, from a macroeconomic perspective, that the positive spin-offs outweigh the costs. The total contribution from the gambling industry to the coffers of both provincial and national government in the year 2000 was over R3 billion, certainly a sizeable sum.

Thus, the most indisputable benefit of legalising gambling in South Africa has been the benefits of exchanging an unregulated and untaxed illegal industry for a thoroughly regulated and substantially taxed legal one.³⁵

3. THE IMPACT OF THE ESTABLISHMENT OF THE GOLDEN HORSE CASINO ON THE PIETERMARITZBURG ECONOMY

3.1 BACKGROUND

On the 4 August 2000 Akani Msunduzi Ltd was awarded the licence to establish and operate a casino resort at the Scottsville Race Course in Pietermaritzburg. The projected development cost of the casino was R204 million and it was estimated that the development would produce at least 966 direct and 2300 indirect jobs in the initial construction phase, followed by 417 direct and 1 736 indirect jobs in the operational phase. When fully operational, it was estimated that the complex would generate an annual wage bill of R27,7 million, which would find its way back into the local economy.

One of the explicit requirements of the then Pietermaritzburg Transitional Local Council was that the developers of the casino should make optimal use of local labour, subcontractors and suppliers. According to Murray and Roberts who were appointed by Akani Msunduzi Ltd to build the casino, they worked in conjunction with the local Department of Labour in the hiring of workers. Job seekers had to register with the Department of Labour who would then provide the list of job seekers to the contractors.

During the construction of the casino complex however, criticism was levelled against both the developers and the contractors as it was felt that not enough use was made of local labour, sub-contractors and suppliers.

Casino project development manager, Andrew Stewart, justified the use of labour and contractors from Durban and elsewhere by saying that these skills were not available locally. According to him “any contractors sourced from outside Pietermaritzburg brought specialised skills which cannot be found in Pietermaritzburg.”³⁶ Of the 19 consultants that were employed by Akani Msunduzi Ltd, 8 were from Durban and Johannesburg. Seventy three percent of the labourers employed on site however, were Pietermaritzburg residents. Despite exhaustive enquiries, details of the number of jobs that were actually created in the initial construction and operational phases of the casino could not be obtained.

Amid both justifiable and unjustifiable criticism levelled against the development of the Golden Horse casino, undoubtedly the development has had a positive impact on the Pietermaritzburg economy. There can be little doubt about the positive tangible spinoffs that an investment of R204 million can have on any city. The development of the casino complex is thus of enormous value to the city of Pietermaritzburg, so much so that its construction phase and its related problems are negligible when compared to the direct and indirect labour market economy impact it will have on the city’s gross domestic product.

The Golden Horse casino was officially opened in Pietermaritzburg on the 9 September 2001. The casino complex includes a four-star hotel, a conference centre, three restaurants, a fast food outlet, a children’s entertainment centre, a crèche, a horse museum, and a science centre. The gambling area boasts 450 slot machines and 18 tables.

The hotel within the casino complex is not run by Akani Msunduzi Ltd itself but by the Three Cities group of hotels. The Boston Gold group operates the food and beverage services within the casino complex.

3.2 EMPLOYMENT OPPORTUNITIES

One of the most positive economic development contributions that gambling expansion may bring is the creation of high quality service industry jobs. Gaming industry jobs can provide wages, health care and retirement benefits far superior to similar service industry jobs.

The establishment of the Golden Horse casino in Pietermaritzburg has created many employment opportunities for the local community. Telephonic interviews were conducted with the various stakeholders who operate within the casino complex in order to obtain actual employment figures and details of employee healthcare and retirement benefits.

3.2.1 Number of jobs created by the Golden Horse Casino

The Golden Horse casino itself currently employs 325 people, of whom, 43 are casual workers.

Cleaning services, tollgate services (the manning of the entrance and exit boom gates), security services and the management of the restroom facilities in the casino are outsourced to local companies.

- **Tollgate services:** The Capital Outsourcing Group provides tollgate services to the casino. A total of 16 people are employed by Capital Outsourcing to provide this service.
- **Security services:** A local security company, Siza, provides security services to the casino. For this purpose Siza employs 36 security guards who are permanently stationed at the casino.
- **Cleaning services:** Corporate Cleaning provides general cleaning services to the casino. Sixty people are employed by Corporate Cleaning in order to perform the function of cleaning the Golden Horse casino complex.
- **Maintenance of restroom supplies:** The task of maintaining the supply of paper towels, toilet rolls, hand soap etc. in the casino restrooms is outsourced by the casino to Steiner services.
- **Food and beverage services:** The Boston Gold group operates the food and beverage services at the casino. This includes three restaurants, a fast food outlet and a bar service for the casino patrons within the casino complex.

A total of 171 mostly local people are employed by Boston Gold to work at the Golden Horse casino. This includes managerial staff.

In addition to the above the fast food outlet employs casual waiters. These are mainly students and other people who are employed but use this type of work to

supplement their income. Boston Gold employs approximately 30 people as casual waiters. All 30 casual workers do not however, work at the same time. Approximately 10 casual waiters work at any given time.

- **Hotel services:** The Three Cities hotel group operates the Golden Horse hotel that is situated within the casino complex. The hotel employs a total of 33 people. At the beginning of November 2003 the 33 staff members included 10 staff who were being trained in the hospitality industry.

Certain services such as cleaning and security services are outsourced to local companies by the hotel, which in turn creates employment opportunities for local residents. The hotel mainly supports local businesses for all other goods and services that are required.

3.2.2 Health care insurance

The availability, quality and costs of health insurance is a major factor in overall job quality. Employees of the Golden Horse Casino can choose to join one of two medical aid schemes that are available to them. They can either join Discovery or the Oxygen medical aid scheme which is underwritten by Old Mutual. The casino makes a contribution towards the costs of the medical aid scheme which is compulsory for employees earning over a certain amount.

3.2.3 Provident fund

All employees of the Golden Horse Casino belong to the Gold Reef City Provident Fund. The casino contributes 9,5 % and the employees 6,5% to the provident fund.

Thus the casino gambling industry in Pietermaritzburg has the ability to make significant contributions to economic development by creating jobs with good wages and benefits, creating a standard of living for workers that allows them to support their families without relying on public assistance, state funded health care programs and emergency medical services.

3.3 *IMPACT ON LOCAL BUSINESSES*

3.3.1 Introduction

The casino gambling industry is often accused of having a negative impact on retail sector activities especially in the direct vicinity of newly established casinos. Since the establishment of the Golden Horse casino in Pietermaritzburg the general consensus among local retail businesses has been that the casino was the primary cause of a decline in turnover. Four established restaurants closed down after the casino opened. The previous owner of one such restaurant, which was located in close proximity to the casino, estimated that his monthly turnover dropped by R30 000 after the casino was

opened. In order to establish what impact, if any, the establishment of the casino has had on retail businesses a survey was conducted among the owners/managers of local retail businesses.

This chapter begins with a discussion of the international experience on the possible effect of gambling on retail outlets and is followed by an overview of the relationship between retail sales and gambling expenditure. The result of the survey that was conducted amongst retail businesses in Pietermaritzburg concludes the chapter.

3.3.2 International trends regarding the effect of gambling on retail outlets

3.3.2.1 The United States

The following are some of the key trends experienced in the United States:

- Casino takings are largely redirected from expenditure on other goods and services, especially the entertainment industry, as the time spent on gambling is not available to be spent in pursuit of other consumption activities (Victoria Casino and Gambling Authority (VCGA), 1997: 123).
- Consumers take gambling money from purchases where postponement is possible, for example, clothing and apparel and consumer durables such as furniture (VCGA, 1997:123).
- Casinos in the United States had a negative impact on other forms of entertainment, such as the greyhound racing industry, movies, concerts and

the restaurant industry, and cannibalised some of those existing businesses (Goodman, 1995:32 as quoted in VCGA, 1997:125 and The Evans Group, (1996:2-7)

- Research conducted by Arthur Anderson (Arthur Anderson, 1996:35) focused on the effect of casinos on the fifteen largest supply industries. It was found that for every US \$100 million in gaming revenue, casinos made nearly US \$22,7 million in direct purchases from real estate, advertising, construction, maintenance, landscaping, banking, food and other industries.
- Casinos are responsible for considerable upstream expenditure in the form of procurement of supplies, equipment and services that favours local and retail businesses. The economic impact of downstream expenditure in terms of induced expenditure (spending of wages and salaries by casino staff) should also not be discounted (Australian Institute for Gambling Research (AIGR), 1998:269).
- Although substitution occurs between other discretionary expenditure and gambling, this tends to be concentrated within a year of increased gambling opportunities becoming available. It is claimed that this effect is negated in the longer term by overall income growth (1997:126)

Case studies in the United States on the effect of the establishment of new casinos on existing retail businesses show positive and negative consequences. In some instances casinos established as part of an economic development strategy have proven to be a success. Other examples have however shown that communities generally only benefit

from casinos if the money lost is being imported from outside. When casinos derive most of their money from the local community, all that happens is a redistribution of expenditure from existing businesses.

3.3.2.2 Australia

In 1997 a study was conducted in Australia on national trends in retail sales and gambling expenditure. The period covered by the study was 1989/90 to 1995/96 (VCGA, 1997). Retail sales maintained their share of household disposable income during this period increasing slightly from 31,7% in 1989/90 to 32,0% in 1995/96. During the same seven-year period gambling expenditure as a percentage of disposable income increased from 1,9% in 1989/90 to 3,2% in 1995/96 (VCGA, 1997).

The extension of the international experience to the South African context may be complicated by cultural and socio-economic differences. Vast differences may also prevail with regard to the structure and scale of the industry as well as the size of the population in the different countries and /or towns.

3.3.2.3 Overview of the relationship between retail sales and gambling expenditure

Gaming by patrons can be sourced from the following (VCGA, 1997:2):

- a decline in savings;
- the displacement or substitution from other expenditure items; and/or

- an increase in current income

It is only the displacement or substitution of expenditure that will have a direct impact on the turnover of existing retail businesses. In the long term however, a decline in savings could reduce the expenditure on durable goods since such expenditure is often funded from accumulated savings.

3.3.2.4 Other factors that may influence the level of retail sales

Macroeconomic factors such as a downward movement in the business cycle with its concomitant decline in personal disposable income, private consumption expenditure and retail sales might also cause a decline in the sales and profit of retail outlets. Other factors that could also impact on the turnover of retail outlets are demographic, legal, physical and environmental trends.³⁷

In interpreting the perceived reasons advanced by business owners/managers for experiencing a decline in business turnover in Pietermaritzburg, the above macroeconomic and other factors should be kept in mind.

3.3.3 Objective of the Survey

The objective of the survey was to establish the impact that casino gambling has had on retail business in Pietermaritzburg. Specific emphasis was placed on the following:

- establishing whether there was an increase, decline or no change in turnover after September 2001 when the casino was opened;
- determining the factors that contributed to change in turnover, if any.

3.3.4 Survey methodology

3.3.4.1 Scope of the survey

The target population of the survey were formal retail businesses in Pietermaritzburg.

The respondents fell into the following business categories:

- accommodation
- services
- motor trade
- liquor trade
- durable goods (jewellery, furniture etc)
- non durable goods
- semi durable goods
- recreation and entertainment

3.3.4.2 Sampling

A random sample of 60 businesses was drawn from the Yellow Pages of the 2002/2003 Pietermaritzburg telephone directory. Only 35 (58%) of the businesses that were targeted were however, prepared to participate in the telephonic interview. Although

confidentiality was assured to the respondents, the majority of the respondents who refused to participate in the survey indicated that it was not company policy to divulge confidential information about the business's turnover. None of the respondents falling into the motor trade and durable goods category who were targeted were prepared to participate in the survey. Hence no data is available for these types of businesses.

3.3.4.3 Questionnaire

A pre-structured questionnaire was used for the collection of data. The questions in the questionnaire were designed to establish the following:

- whether there was any change in turnover since the opening of the Golden Horse casino;
- the views of the owner/manager on the three most important reasons for such change in turnover.

3.3.4.4 Time Schedule

The questionnaires were completed during May and June 2003.

3.4 SURVEY RESULTS AND FINDINGS

The results of the survey are discussed in this section.

3.4.1 Types of businesses which participated in the survey

Figure 7: Types of businesses interviewed

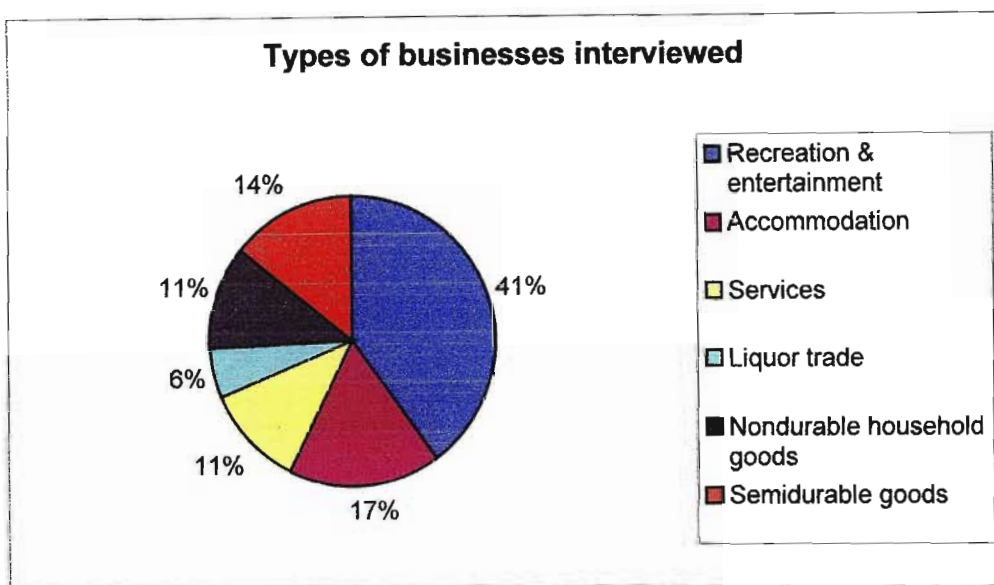


Figure 7 shows the types of businesses that participated in the survey. The majority of the respondents (41%) were involved in the recreation and entertainment industry. These respondents included businesses such as restaurants, franchised fast food outlets and cinema houses.

Seventeen percent of the respondents were involved in the business of providing hotel and bed and breakfast accommodation.

Businesses trading in semi-durable goods such as clothes, shoes and stationary made up fourteen percent of the respondents, while eleven percent of the respondents traded in non-durable goods (bakery, greengrocer, butchery). Only 6% of the respondents were involved in the liquor trade.

Respondents who were involved in the motor trade industry and in the sale of durable goods were not prepared to participate in the survey due to the perceived confidential nature of the questions asked.

3.4.2 Change in turnover

Figure 8 shows the results of the responses to the question: 'Have you experienced any change in turnover since September 2001'? This date corresponded with the opening of the Golden Horse Casino in Pietermaritzburg. Eighty three percent of the respondents reported a change in their business turnover during the indicated period. Only 17% of the respondents experienced no change in turnover.

Figure 8: Change in turnover

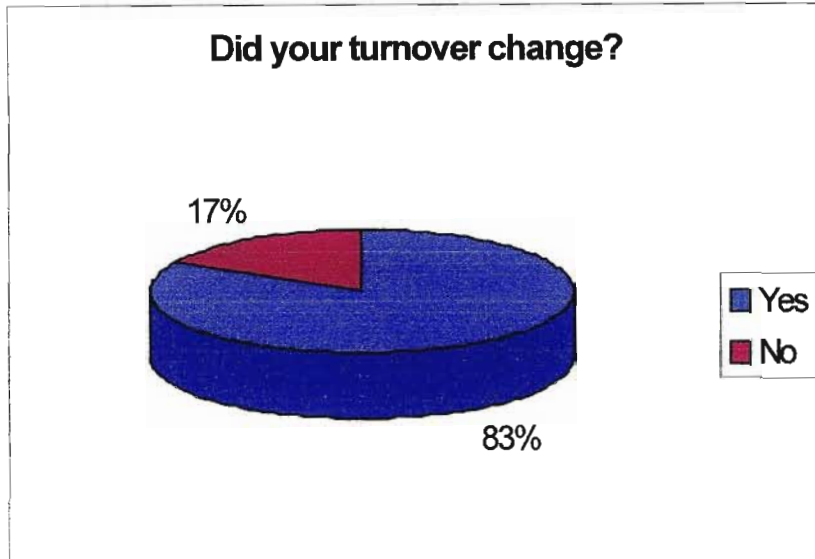


Figure 9: Increase/decrease in turnover

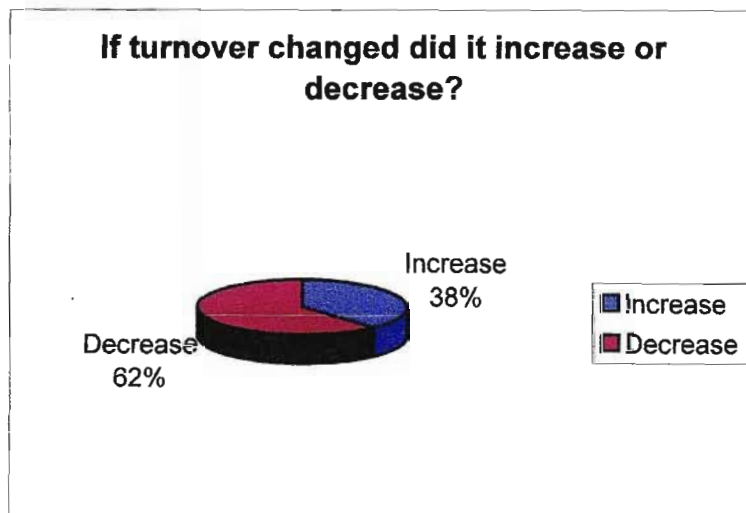


Figure 9 shows that the majority of the businesses (62%) showed a decline in turnover since September 2001. Only 38% of the respondents reported an increase in turnover.

3.4.3 Increase in turnover

Interviews with stakeholders who operate within the casino complex revealed that they support local businesses and that almost all goods and services are sourced locally. Thus the increase in turnover experienced by some of the respondents could possibly be attributed to the establishment of the casino. Two local bakeries for instance provide all the cakes, bread and other baked products that are consumed within the casino complex. Businesses involved in the provision of taxi services also reported an increase in turnover as a direct result of the opening of the casino. The turnover of this type of business probably increased because of the location of the casino and the limited availability of public transport to and from the casino complex especially at night when the casino is the busiest. A detailed analysis of the extent to which the establishment of the casino has resulted in an increase in turnover does not however, fall within the scope of this study.

3.4.4 Decline in turnover

Table 9: Increase/decrease in turnover by business category

Type of business	Increase %	Decline %	No change %	Total %
Recreation and entertainment	7,1	64,3	28,6	100,0
Accommodation	100,0	0,0	0,0	100,0
Services	50,0	50,0	0,0	100,0
Liquor trade	0,0	0,0	100,0	100,0
Non-durable household goods	25,0	75,0	0,0	100,0
Semi-durable goods	20,0	80,0	0,0	100,0
Total	31,4	51,4	17,1	99,9

Businesses in the accommodation industry reported a hundred percent increase in turnover while those in the service industry reported an equal increase and decline in turnover. The recreation and entertainment industry reported a 7.1% increase in turnover. The hundred percent increase in the turnover of hotels and bed and breakfast establishments could possibly be attributed to the increase in the number of people visiting Pietermaritzburg because of the establishment of the casino. One owner of a bed and breakfast establishment that is located in close proximity to the casino had no doubt that the casino had been the reason for the phenomenal increase in business.

Figure 10: Factors contributing to the decline in turnover

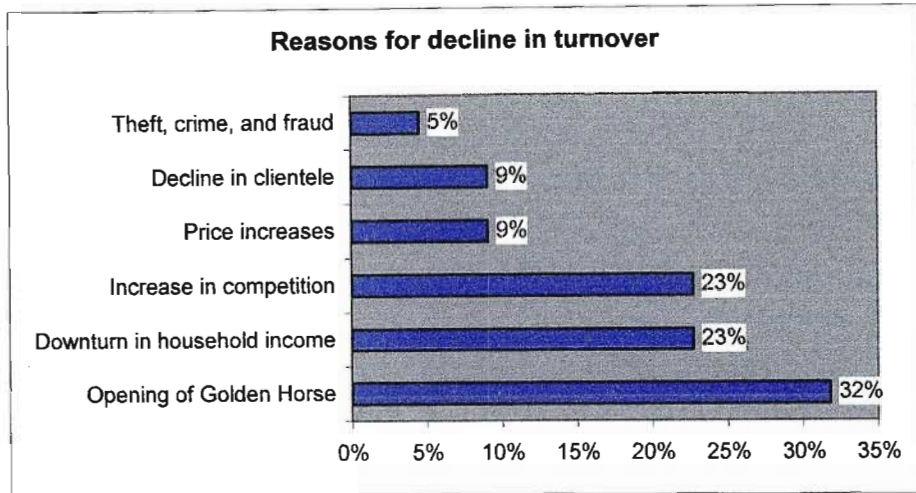


Figure 10 shows the primary factors contributing to a decline in turnover as perceived by the respondents. The majority of the respondents attributed the decline in turnover to the following factors:

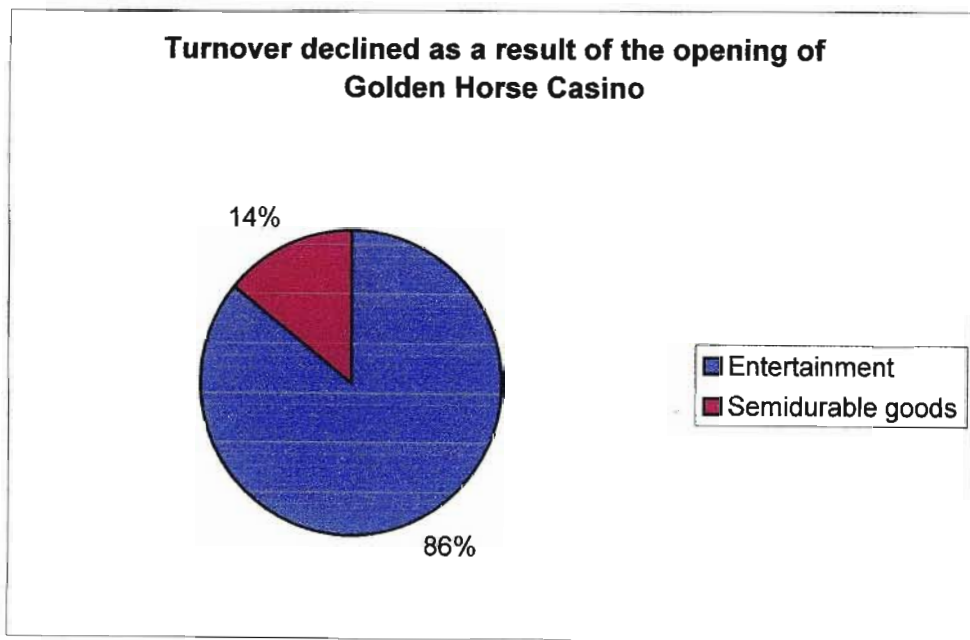
- Thirty two percent of the respondents in the survey attributed the decline in their turnover to the establishment of the Golden Horse casino.
- The two second most important reasons mentioned by the respondents were an increase in competition and a downturn in household income.
- An equal number of respondents attributed the decline in turn over to price increases and a decline in clientele.
- Theft, crime and fraud were advanced by 5% of the respondents as a reason for the decline in turnover.

Thus it would seem that businesses ascribe their declining sales primarily to the opening of the casino, increasing competition and a downturn in household income. This was particularly true for businesses trading in non-durable goods.

3.4.5 Types of businesses influenced by the opening of the casino

Thirty two percent of all the respondents interviewed attributed the decline in their turnover to the opening of the casino in Pietermaritzburg. Figure 11 shows the percentage of businesses in each business category claiming that casinos had a negative impact on their turnover.

Figure 11: Decline as a result of casino opening



Only the recreation and entertainment industry and businesses involved in the sale of semi-durable goods reported a negative impact from the establishment of the casino. These findings correlate with international experience that casino takings are largely

redirected from other goods and services from within the entertainment industry itself and from durable and semi-durable goods where postponement is possible. This was also the finding of the survey that was conducted into the impact of the establishment of the casino industry in the Mpumalanga province.³⁸

It seems however, that the impact of casino gambling on local retail businesses was more severe immediately after the opening of the casino and has to some extent reverted back to normal. A number of the respondents reported that although they did experience a decline in sales for the first six to eight months after the opening of the Golden Horse casino, their sales were now back to normal. As people increased their expenditure on gambling, it is likely that they spent less on other leisure pursuits such as going to restaurants and cinemas and on general retailing. This is of course true of any new industry which competes for consumer expenditure. Experience has shown that consumer behaviour becomes slightly erratic in the presence of new entrants or competitors for the consumers' rand, but reverts back to familiar patterns after a so called "honeymoon" period. This is illustrated by the Pietermaritzburg consumers' reverting back to familiar spending patterns that were in existence prior to the opening of the Golden Horse Casino, but for a small percentage of "dedicated gamblers" in the city.

3.4.6 Conclusion

In general, it seems that the possible effects of casinos on retail and entertainment services may be largely localised. Businesses in the immediate vicinity of casinos might experience negative or positive effects depending on the specific situation of a particular area in which a casino is established. What is clear is that some displacement of household income in favour of gambling is inevitable. The greater the number of local residents who participate in gambling activities the more severe the impact on local retail businesses. Although it is possible that the effect of increased gambling opportunities on retail businesses may be negated in a relatively short period of time if overall economic and income growth is experienced, the substitution effect can have a disastrous effect in a stagnant or declining economy.

The economic development impact that occurs through substitution of expenditure on the local retail sector needs to be fully recognised. International experience has shown that the substitution effect on the retail market can range from highly negative to fairly positive. A factor that can contribute to a positive impact is the incidence of nonlocal patronage of casinos. The higher the percentage of money imported from the outside the less significant the displacement effect on existing retail businesses.³⁹

In the case of the Golden Horse casino a random survey was carried out to determine the incidence of non-local patronage. The survey was carried out on a Sunday and revealed that fourteen buses had arrived from Durban carrying casino patrons. This translates into

at least 1 120 non-local patrons frequenting the casino on a given weekend day. This figure also excludes visitors who arrive with their own transport from elsewhere. The survey also revealed that on average five buses from the Durban area visit the casino on a weekly basis carrying casino patrons. The impact of day visitors is however, extremely limited and largely beneficial only to the casino. The spill over effect on the retail market would be limited to those businesses that have a direct relationship with the casino such as the in-house restaurants and shops situated within the casino complex.

Another factor that can contribute to the positive impact of the substitution effect is the procurement policy of casinos. Expenditure by casinos for services, equipment and supplies could benefit the local economy if there is a “buy local” policy.⁴⁰ The Golden Horse casino itself and the businesses which operate from within the casino complex support local businesses and almost all goods and services are sourced locally, thereby benefiting the local economy.

The size of the local economy in relation to the amount gambled in casinos is another factor that can contribute to the positive impact of the substitution effect. If the economy is small the impact on existing retail expenditure will be greater.⁴¹

The factors that contribute to a positive developmental effect on the surrounding retail market exist only to a limited extent in Pietermaritzburg. The majority of the patrons of the Golden Horse casino live in Pietermaritzburg and most of the non Pietermaritzburg patrons are day visitors from Durban and other surrounding areas. Thus one can conclude

that gambling can harm existing retail businesses as the local community redistributes part of their spending.

It seems however, that the impact of the casino gambling industry on local retail businesses was more severe immediately after the opening of the casino and consumer spending has to some extent normalised.

4. COMMUNITY ATTITUDES TO AND PARTICIPATION IN CASINO GAMBLING ACTIVITIES

4.1 INTRODUCTION

4.1.1 Background

The South African community holds divergent views on gambling related issues: from actively participating in gambling related activities to totally abstaining from them; from finding gambling acceptable to totally disapproving of gambling. In order to measure these and other characteristics a study was conducted within the Pietermaritzburg community.

4.1.2 Objective of the survey

The objective of the study was to examine community attitudes and gambling behaviour in Pietermaritzburg. Specific emphasis was placed on the following:

- establishing the community's participation in casino gambling;
- reasons for abstaining from casino gambling activities;
- personal views and acceptability of gambling;
- gambling frequency;
- gambling as a leisure activity for South Africans;
- allocation of winnings;

- the financing of gambling activities;
- characteristics of gamblers by socio-demographic variables such as age, employment status, educational level, population group, gender and income category.

4.2 RESEARCH DESIGN AND METHODOLOGY

Leedy (1997) defines research as the systematic process of collecting and analysing information with the objective of increasing our understanding of the subject with which we are concerned or in which we are interested. The design of the research is a key element in its success.

Leedy (1997) also states that the design process is the planning of the research and includes the visualisation of the data and the problems associated with the use of those data in achieving the results of the research project.

This is a descriptive, cross-sectional study, which uses an ex post facto design. Both quantitative as well qualitative research methods were used. Campbell and Fiske (1959) argued that to ensure validation, one should use more than one method. The main advantage of triangulation is that it can produce a more complete, holistic and contextual picture of our research results.⁴²

4.2.1 Survey methodology

A survey was conducted in the Pietermaritzburg area in order to determine gambling behaviour and community attitudes towards gambling. A total of 200 respondents over the age of 18 were interviewed and data collection from these respondents was done via two methods:

- Telephonic interviews;
- Personal interviews.

Telephonic interviews

A total of 100 telephonic interviews were conducted using randomly selected names and numbers from the Pietermaritzburg telephone directory. Contact was made with households both during the day and in the evening to ensure a random selection of respondents.

Personal interviews

A total of 100 personal interviews were conducted using the same questionnaire to counteract the bias towards the population without access to a telephone. These interviews were conducted in formal and informal settlements in and around Pietermaritzburg that were most unlikely to be serviced by Telkom.

To ensure that only respondents without direct access to a telephone were interviewed, these respondents were asked at the commencement of the interview whether or not they have access to a telephone at home.

In both the telephonic and personal interviews confidentiality was assured to all respondents and the respondents had to be over the age of eighteen to be interviewed.

4.2.2 Questionnaire

Interviewers were recruited to execute the questionnaire. These interviewers attended a training session at which an in-depth understanding of the appropriate methods in interviewing was gained, as well as a clear understanding of the subject matter. These interviewers were monitored throughout the data collection period.

One of the main objectives of this research is to contribute to a greater understanding of the impact of legalising the casino gambling industry. Within this, there is the need to determine a respondent profile; hence first part of the questionnaire examines biographical data. Other aspects of the questionnaire attempt to determine, inter alia, participation in casino gambling activities, personal views on gambling, source of gambling funds, distribution of winnings and sacrifices made for the purposes of casino gambling. The questionnaire attempts to elicit responses that will permit an analysis of the community attitudes and participation in casino gambling activities in Pietermaritzburg..

The questionnaire used in this study was developed as follows:

Types of questions used:

Questions can be either open or closed. A closed question is only possible where responses are predetermined, typically the kind that requires the respondent to tick boxes. This is the method that was used in the questionnaire developed for the empirical study.

The questionnaire was divided into two parts. The first part was made up of biographical questions that offered choices for the respondent to tick. The second part was made up of closed questions requiring respondents to record the option/s that best described their response.

Wording of questions:

Welman & Kruger (1999) state that questions should not lead respondents who do not have clear views of their own on a particular issue. Grammar should be simple and what the respondents have to keep in mind in order to understand the question should be limited. Specific terms should be used in preference to abstract ones, ensuring a clear understanding of the question by the respondent. Finally, the questions should be easy for the respondent to answer.

Length of questionnaire:

According to Welman & Kruger (1999), a questionnaire should not be long and

complicated. More pages with a clear and user-friendly layout are better than fewer pages of a cramped and forbidding layout.

The above principles were followed when drawing up the questionnaire.

4.2.2.1 The validity and reliability of the questionnaire used in the study

According to Leedy (1997) “validity” and “reliability” are terms used in connection with measuring instruments. The integrity of the research is based on the validity and reliability of that piece of work and, as such, it is important that the study should meet the demands of validity and reliability. A brief discussion of the concepts will follow with an explanation of their relationship to the study conducted.

Validity

Leedy (1997) states that validity is concerned with the soundness and effectiveness of the measuring instrument. Does it measure what it is intended to measure or not, and how accurate is that measure?

In this study, face validity, content validity construct validity and external validity were concentrated on. Leedy (1997) describes the different types of validity:

- **Face validity:** This refers to a subjective validity where the questions are scrutinized to establish their relation to the subject under discussion. Face validity refers to whether the questions seem appropriate;
- **Content validity:** This is related to face validity and gauges the accuracy of the instrument in measuring the factors of concern to the study;
- **Construct validity:** This is the degree to which the content of the study is measured by the questionnaire;
- **External validity:** This is the degree to which the conclusions reached in the study may be generalised.

Reliability

According to Leedy (1997) reliability is seen as the consistency with which the measuring instrument performs. This means that apart from delivering accurate results, the measuring instrument must deliver similar results consistently. Singleton, Straits and Straits (1993) state that reliability may be improved by conducting exploratory studies in the area of interest or by conducting pre-tests on a small sample of persons similar in characteristics to the target group.

In order to ensure consistency and for the purposes of comparison the questionnaire used in this study was modeled on the questionnaire used in the national survey on the economic impact of gambling in South Africa which was conducted by the Bureau of Market Research (BMR)⁴³ and on the questionnaire which was used by the Human

Sciences Research Council (HSRC)⁴⁴ in the national survey on the impact of gambling in South Africa. Both surveys were conducted on behalf of the National Gambling Board.

4.3 THE RESULTS OF THE SURVEY

4.3.1 Biographical data

A total of two hundred respondents were interviewed in the greater Pietermaritzburg area. Before analysing the results of the survey the biographical make up of the respondents will be discussed briefly.

4.3.1.1 Age

Table 10 shows the respondents who participated in the survey according to age group. 20,5 % of the respondents were between the ages of 21 to 25, while 17% of the respondents were between the ages of 26 to 30. Only 5% of the respondents were over the age of 60.

Table 10: Age groups

Age group	Number of respondents	Percentage %
18-20	18	9
21-25	41	20.5
26-30	34	17
31-35	29	14.5
36-40	16	8
41-50	20	10
51-55	19	9.5
56-60	13	6.5
60 +	10	5

4.3.1.2 Gender

Table 11 shows that 55,5% of the respondents who participated in survey were female and that 44,5% of the respondents were male.

Table 11: Gender composition

Gender	Number	%
Male	89	44,5
Female	111	55,5

4.3.1.3 Marital Status

Table 12 shows that 46% of the respondents were single, while 43% of the respondents were married. Only 2,5% of the respondents were divorced.

Table 12: Marital status

Martial Status	Number	%
Single	92	46
Married	86	43
Separated	11	5.5
Divorced	5	2.5
Living Together	6	3

4.3.1.4 Population Group

Table 13 shows the race group of the various respondents. 37% of the respondents were African, 34% were Asian, 15% White and 14% Coloured.

Table 13: Population group

Population Group	Number	%
Asian	68	34
African	74	37
Coloured	28	14
White	30	15

4.3.1.5 Employment Status

The employment status of the different respondents is shown in Table 14. Fifty one percent of the respondents were in full time employment, 18,5% of the respondents were unemployed.

Table 14: Employment status

Status	Number	%
Full Time	102	51
Part Time	35	17.5
Unemployed	37	18.5
Retired / Non worker	17	8.5
Home Duties	9	4.5

4.3.1.6 Monthly Income

The income group of the various respondents is shown in Table 15

Table 15: Monthly income

Income	Number	%
< 500	38	19
501-1000	30	15
1001-2000	34	17
2001-5000	47	23.5
5001-10000	32	16
10001-20000	17	8.5
20000 +	2	1

4.3.1.7 Educational Level

Most of the respondents interviewed had either a secondary or tertiary education. Only one percent of the respondents had no formal schooling. This is shown in Table 16.

Table 16: Educational level

Education Level	Number	%
No Formal School	2	1
Primary	21	10.5
Secondary	123	61.5
Tertiary	54	27

4.4 SURVEY FINDINGS

The most important findings of the survey are discussed in this section.

4.4.1 Participation in casino gambling activities

Figure 12: Participation in gambling

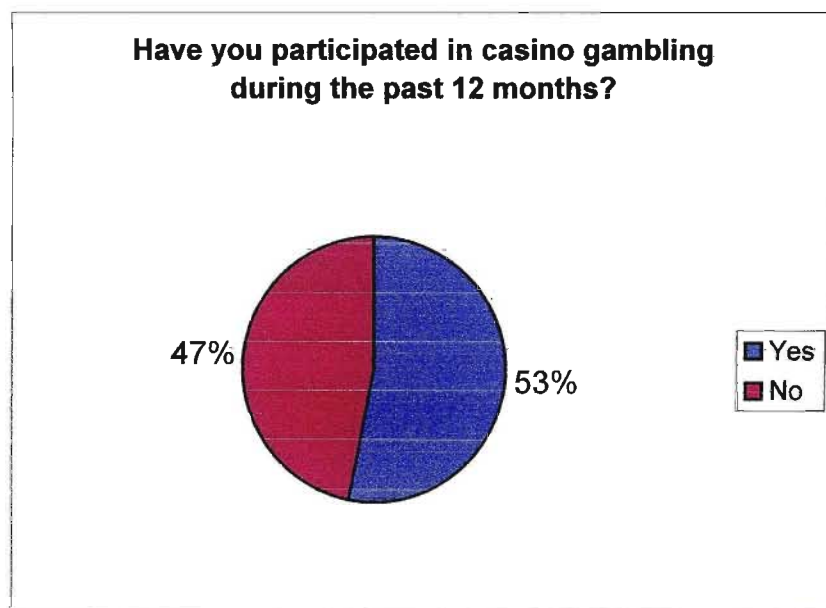


Figure 12 shows that 53% of the respondents who were interviewed participated in gambling activities in the past twelve months.

Participation in casino gambling activities is discussed hereunder in terms of:

- population group
- frequency of participation by population group
- age group
- income category
- educational level
- employment status

4.4.1.1 Participation by population group

Table 17: Participation by population group

Population group	%
Asian	77,94
African	52,70
Coloured	28,57
White	56,67

Table 17 depicts the participation in casino gambling activities by the respondents according to their population group. Out of the total of the 68 Asians who were interviewed, 77,94 % participated in casino gambling activities. The white respondents

were the second highest population group to frequent casinos (56, 67%), closely followed by the African respondents (52,70%). Only 28,57% of the coloured respondents were casino gamblers.

4.4.1.2 Frequency of participation in casino gambling by population group

Figure 13: Frequency of participation by population group

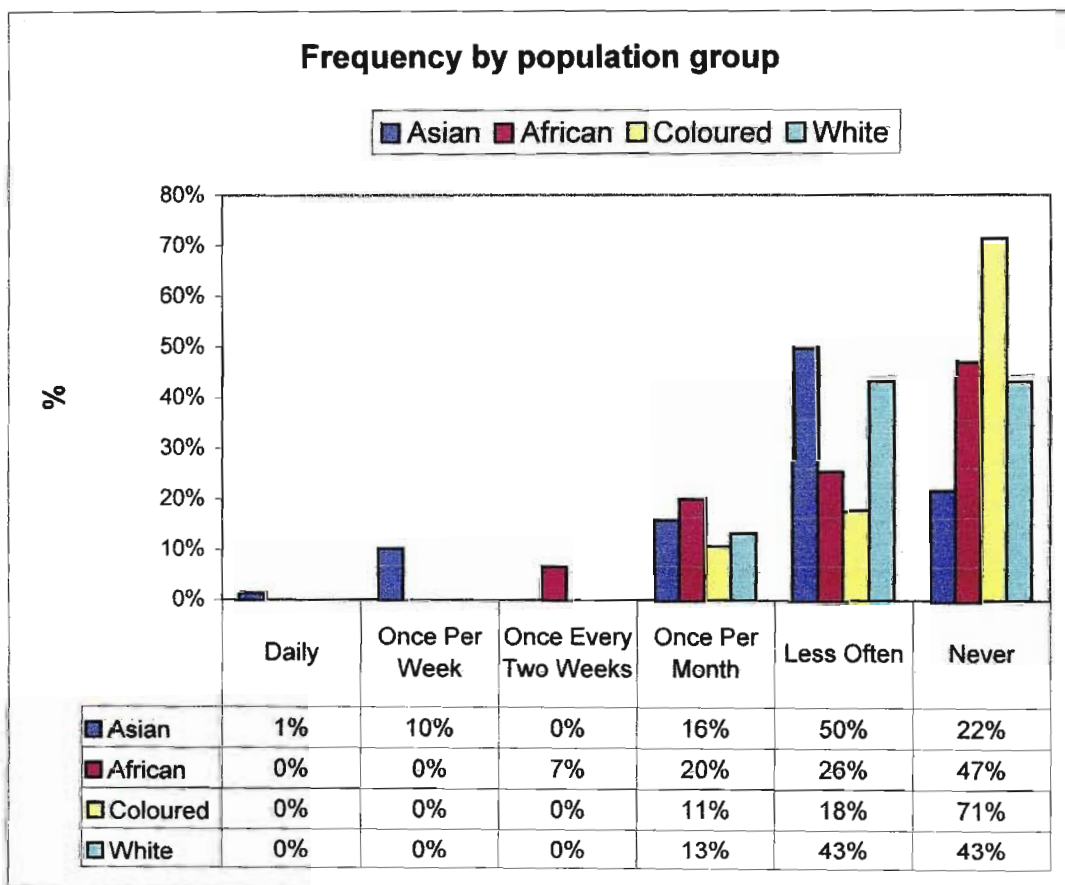


Figure 13 shows the frequency of participation in casino gambling among the respondents. Asians were much more regular gamblers than the other population groups with 1% of the Asian respondents gambling daily and 10% at least once per week. The

above finding correlates with the findings of the HSRC survey (November 2000)⁴⁵ that Asians were more regular gamblers than the other population groups.

4.4.1.3 Participation by age group

Figure 14: Participation by age group

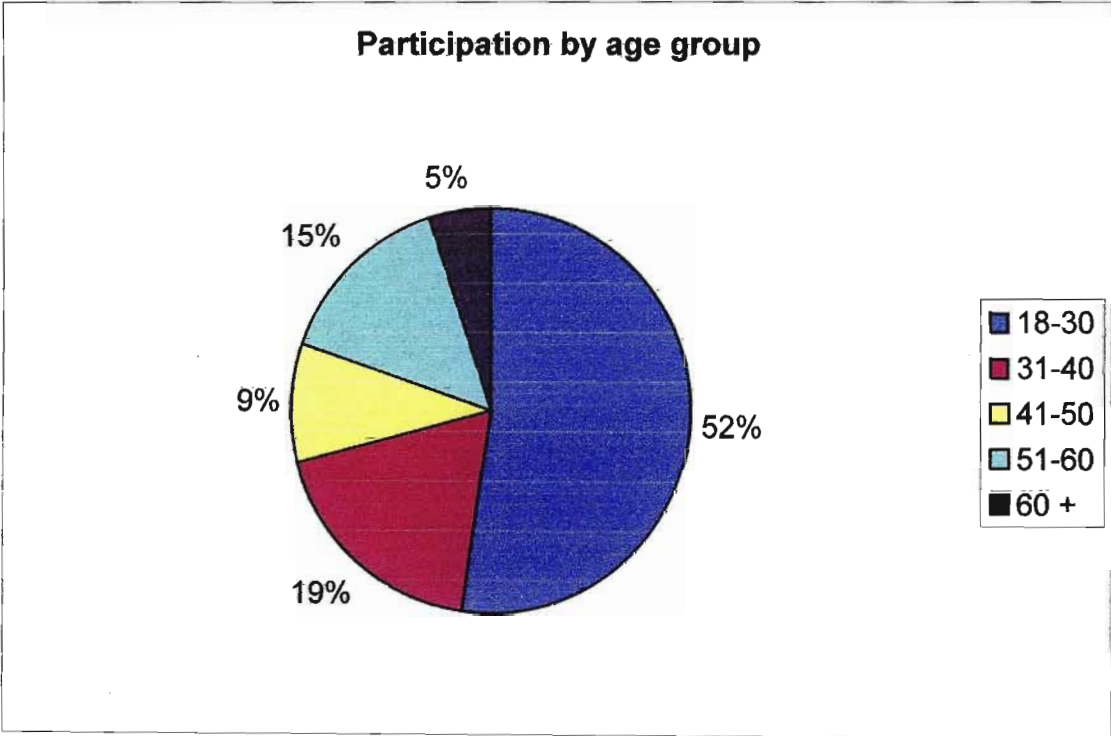


Figure 14 shows participation in casino gambling by age group. Of the respondents, 52% who participated in gambling activities were between the ages of 18 and 30 and 19% between the ages of 31 and 40.

The results of this study mirror the results of the national study which also showed that respondents in the first two age groups, 18 to 30 years and 31 to 40 years were more active in gambling than the older age groups.⁴⁶

4.4.1.4 Participation by income category

Figure 15: Participation by income category

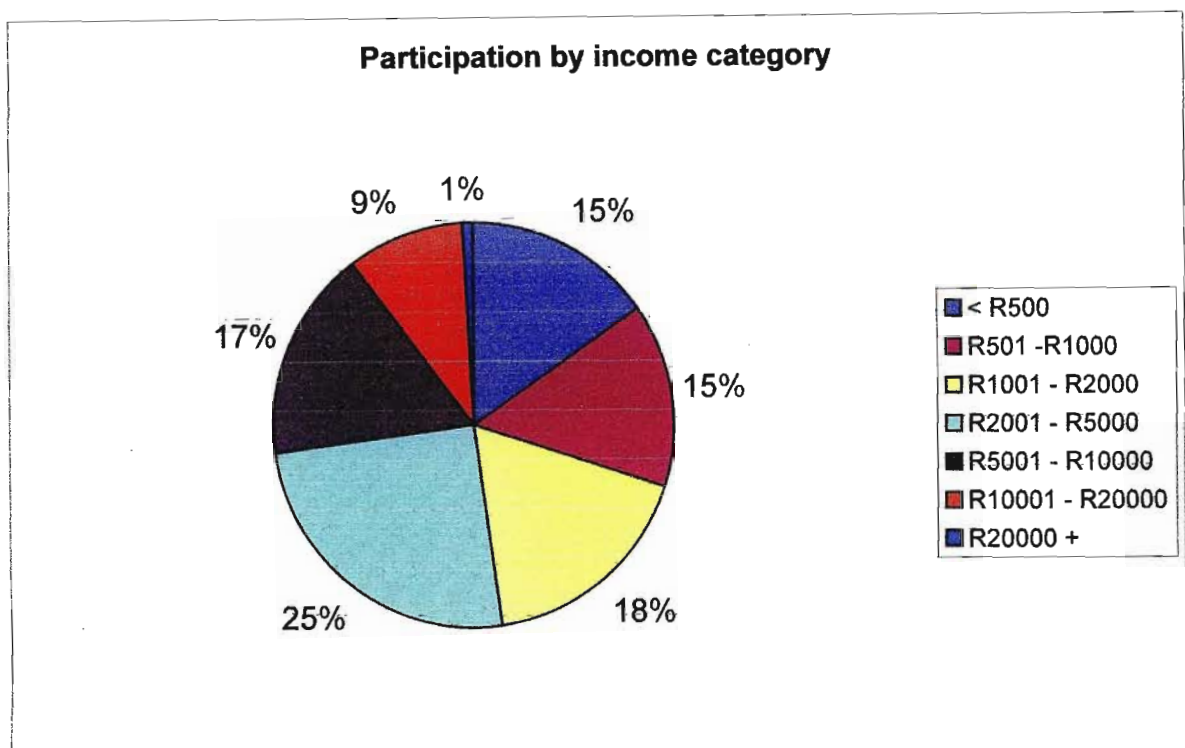


Figure 15 shows that 25% of the gamblers earned R2 001 – R5 000, 18% earned R1 001 - R2 000, and 17% earned R5 001- R10 000. Figure 15 shows further that 15% of the gamblers earned under R500 and 15% R501-R1 000. Gamblers who earned more than R10 000 made up 10% of the total number of gamblers. The propensity to gamble was therefore the greatest among the middle-income groups, and the lowest in the two lower

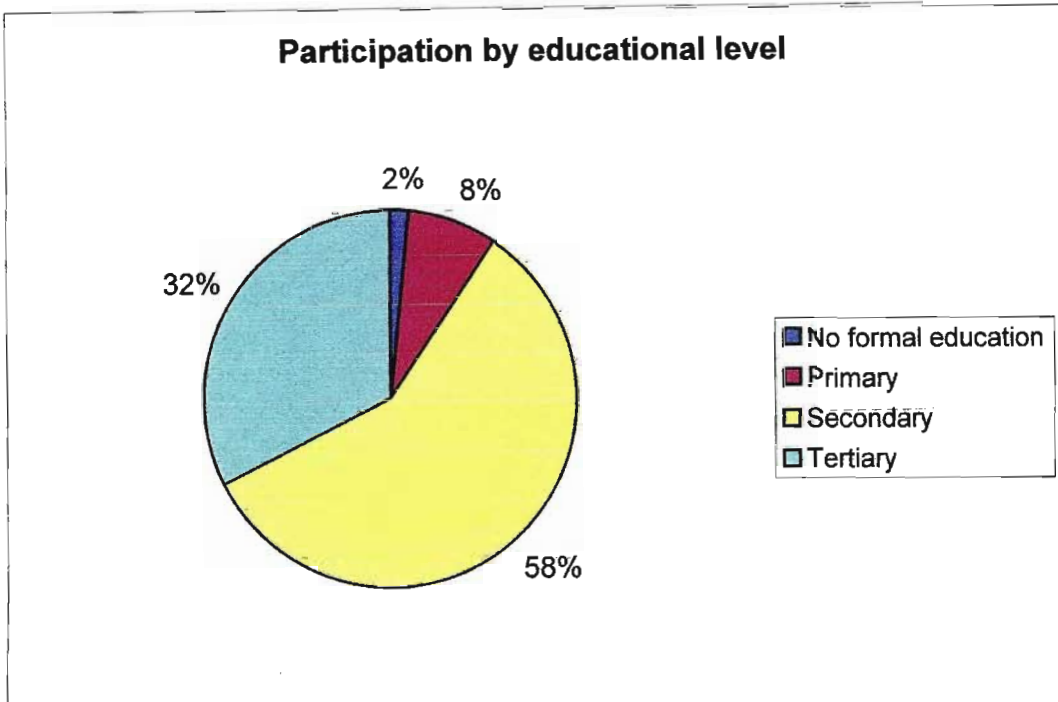
income groups and in the very high-income groups. A factor that may have had a bearing on the finding that gamblers earning between R10 001 and R20 000 had a low propensity to gamble is the fact that only 9,5% of the total number of respondents interviewed fell into this income category, whereas 34% of the respondents fell into the two lowest income categories.

The finding that the propensity to gamble was low among the lower income groups correlates with the findings of the BMR survey⁴⁷ which found that the very low income groups show the lowest propensity to gamble. This low propensity to gamble amongst the lower income groups would probably be as a result of the lack of disposable income to spend on gambling. Any available money would most likely be spent on basic necessities.

4.4.1.5 Participation by educational level

Figure 16 shows that there is a higher propensity to gamble among respondents with a secondary and tertiary education. Ninety percent of the respondents who participated in gambling activities had either a secondary or tertiary education. Only ten percent of the respondents had a primary school education or no formal education. These findings correlate with the findings of the BMR survey⁴⁸ that the propensity not to gamble correlates significantly with the absence of education.

Figure 16: Participation by educational level

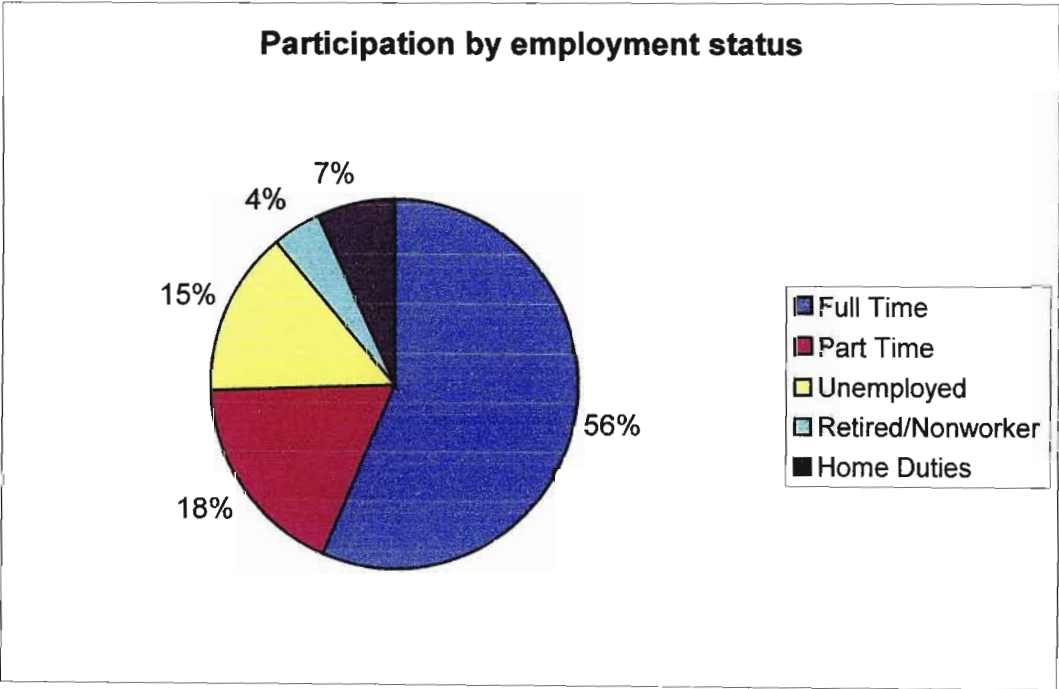


4.4.1.6 Participation by employment status

Figure 17 shows that 74 % of the respondents displaying a propensity to gamble were either in full-time or part time employment. The unemployed and retired/non workers made up only 19% of the gamblers.

These findings correlate with the findings of the BMR survey⁴⁹ on gambling which found that the unemployed and retired/non-workers show a smaller propensity to gamble than those people who are in part-time or full-time employment.

Figure 17: Participation by employment status



4.4.2 Non - participation in casino gambling

4.4.2.1 Reasons for non-participation in casino gambling

Figure 18: Reasons for non-participation in casino gambling

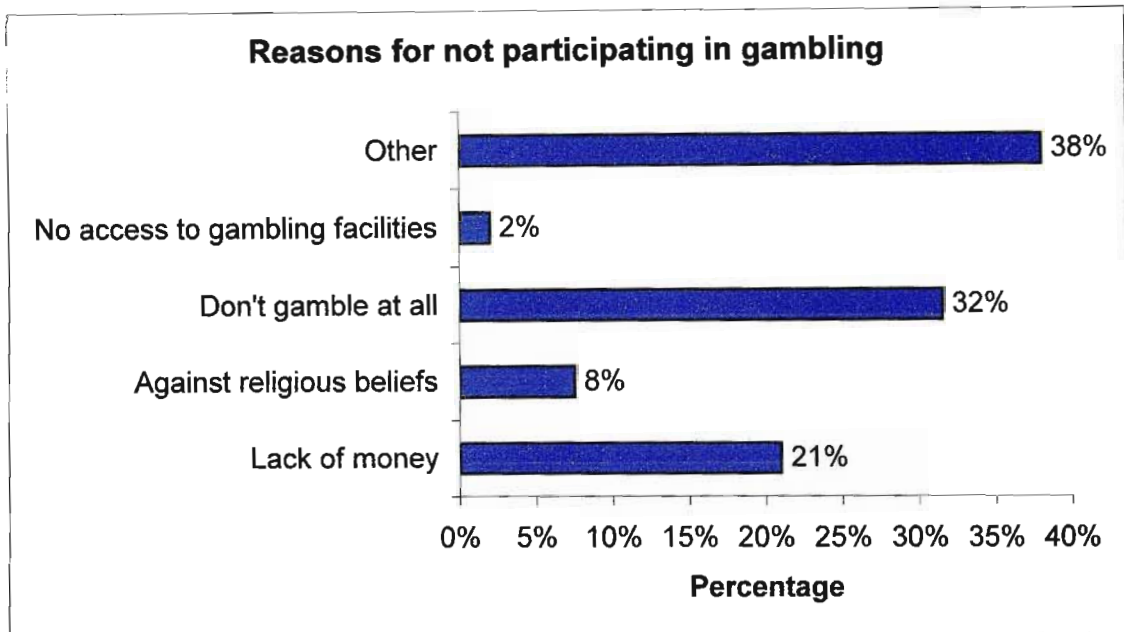


Figure 18 shows that the main reason advanced by respondents for non-participation in casino gambling activities was that they don't gamble at all (32%). A lack of money as a reason for not participating was advanced by 21% of the respondents, while 8% did not gamble because it was against their religious beliefs. Only 2% of the respondents did not gamble because they did not have access to gambling facilities.

These findings correlate with the findings of the BMR survey⁵⁰ which showed that the reasons for non participation in gambling activities advanced by the respondents were:

- don't gamble at all - 32,8%
- lack of money - 29,7%
- against religious beliefs - 21,9%

Non participation in casino gambling activities has been analysed further in this section in terms of the following socio-demographic factors:

- age group
- income group
- educational level
- employment status
- gender

4.4.2.2 Non-participation by age group

Table 18: Non-participation by age group

Activity	18-30 %	31-40 %	41-50 %	51-60 %	>60 %
Lack of money	25,2	15,9	20,0	18,2	20,0
Religious reasons	6,3	9,7	10,0	9,1	0,0
Don't gamble at all	27,8	33,5	25,0	35,0	40,0
No access to gambling	0,0	1,7	10,0	2,6	0,0
Other	40,7	39,1	35,0	35,0	40,0
Total	100,0	99,9	100,0	99,9	100,0

Table 18 shows that the reasons given by the respondents for not participating in casino gambling were fairly similar for the different age groups. The highest percentage of respondents not participating in gambling because of a lack of money was in the 18 to 30 age group, while the highest percentage of respondents who did not gamble at all were over the age of 60.

4.4.2.3 Non-participation by income group

Table 19: Non-participation by income group

Activity	<R500	R501- R1000 %	R1001- R2000 %	R2001- R5000 %	R5001- R10000 %	R10001- R20000 %	>R20000 %
Lack of money	39,5	30,0	17,6	19,1	9,4	0,0	0,0
Religious reasons	2,6	6,7	11,8	8,5	6,3	11,8	0,0
Don't gamble at all	28,9	30,0	32,4	34,0	34,4	29,4	0,0
No access to gambling	0,0	3,3	2,9	0,0	3,1	5,9	0,0
Other	28,9	30,3	35,3	38,3	46,9	52,9	100,0
Total	99,9	100,3	100,0	99,9	100,1	100,0	100,0

Table 19 shows non-participation in gambling by income group. It is not surprising that lack of money as a reason for not gambling was advanced by 39,5% of the respondents earning under R500 and by 30% of the respondents earning between R501-R1 000. Respondents earning under R1000-00 would basically be living on the bread line and would have very little if any money at all to spend on gambling.

Religious reasons were advanced by 11,8% of the respondents earning between R1 001-R2 000 and between R10 001 and R20 000 as a reason for not participating in gambling activities. Only 2,6 percent of the respondents earning under R500 advanced religious reasons for non-participation. From these findings it appears that religious reasons as a

reason for not gambling probably has nothing to do with a person's income category but more to do with the religious faith that one follows.

4.4.2.4 Non-participation by educational level

Table 20: Non-participation by educational level

Activity	No formal education %	Primary %	Secondary %	Tertiary %
Lack of money	50,0	38,1	19,5	16,7
Religious reasons	0,0	0,0	9,8	5,6
Don't gamble at all	50,0	28,6	30,1	35,2
No access to gambling	0,0	9,5	0,0	3,7
Other	0,0	23,8	40,7	38,9
Total	100,0	100,0	100,1	100,1

Table 20 shows that there is a correlation between the level of education and abstaining from gambling owing to a lack of money. The lower the level of education the higher the percentage of respondents who abstained from gambling. Education levels usually determine ones opportunities and economic status. Thus non-participation among respondents with lower levels of education would probably be as a result of a lack of disposable income to spend on gambling.

There is also a correlation between the level of education and abstaining from gambling due to religious reasons. The higher the educational level the greater the percentage of respondents who abstained from gambling due to religious reasons.

The above findings on the relationship between educational levels and non- participation in gambling due to the lack of money and religious reasons correlates with the findings of the BMR survey.⁵¹

4.4.2.5 Non-participation by employment status

Table 21: Non-participation by employment status

Activity	Full time work %	Part time work %	Unemployed/ (looking for work) %	Retired/ Non-worker %	Home duties %
Lack of money	13,7	31,4	32,4	11,8	33,3
Religious reasons	6,9	8,6	10,8	5,9	0,0
Don't gamble at all	34,3	20,0	29,7	47,1	22,2
No access to gambling	1,0	0,0	5,4	0,0	11,1
Other	44,1	40,0	21,6	35,3	33,3
Total	100,0	100,0	99,9	100,1	99,9

As can be expected the highest percentage of respondents not participating in gambling were either unemployed, in part time employment or involved in home duties as is depicted in table 21. These findings correlate with the findings of the BMR survey⁵² that also found that a lack of money was the main reason for not participating in gambling amongst the unemployed.

4.4.2.6 Non-participation by gender

Table 22: Non-participation by gender

Activity	Male %	Female %
Lack of money	23,6	18,9
Religious reasons	9,0	6,3
Don't gamble at all	25,8	36,0
No access to gambling	2,2	1,8
Other	39,3	36,9
Total	99,9	99,9

Table 22 shows that more male respondents do not participate in gambling than females because of a lack of money, religious reasons and no access to gambling facilities. There are more female respondents however, that do not gamble at all.

4.4.3 Personal views on gambling

Figure 19: Personal views on gambling

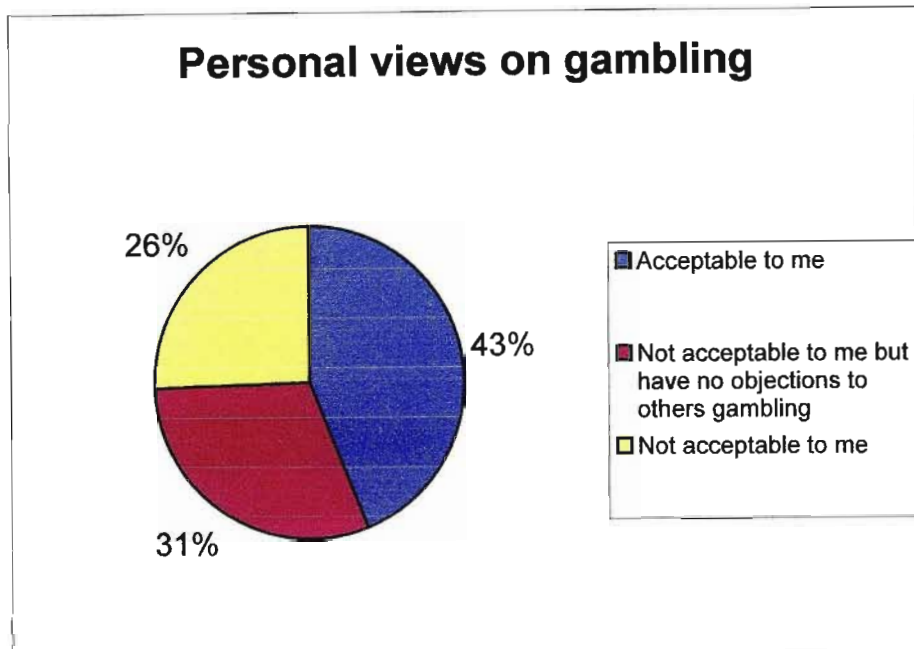


Figure 19 shows that among those expressing a view on gambling, 43% believe that casino gambling is acceptable, while 31% find casino gambling unacceptable but have no objection to gambling by others. Twenty six percent of the respondents believe casino gambling is not acceptable.

The BMR survey⁵³ and the National Gambling Board survey in Mpumalanga (2000)⁵⁴ posed a similar question to respondents. There was a higher acceptability of gambling in the BMR survey with the majority of the respondents (73%) indicating that gambling was acceptable to them. In the Mpumalanga survey only 58% of the respondents believed that gambling was acceptable. Thus the findings of the current survey show a lower level of

acceptability than the other two surveys. One of reasons for this could be that the BMR and Mpumalanga surveys referred to the acceptability of gambling in general whereas the current survey referred to casino gambling only.

The BMR⁵⁵ findings for South Africa correlates with the findings of the American Gambling Association survey which was conducted in 2002.⁵⁶ The AGA survey found that 51% of Americans believe that casino gambling is acceptable and 28% believe that casino gambling is unacceptable but have no objection to gambling by others. Sixteen percent of the United States population found casino gambling to be unacceptable.

Thus the results of the National survey into the acceptability of gambling in South Africa and the findings of the AGA survey in the United States show that gambling is more acceptable to South African citizens than to USA citizens with almost three in every four South Africans indicating that gambling is acceptable to them. Only 54% of Americans expressed a similar opinion. What must be borne in mind however, is the fact that the American survey only referred to casino gambling while the South African survey referred to gambling in general.⁵⁷

The views of the respondents to casino gambling activities has been analysed further in this section in terms of the following socio-demographic data:

- age
- educational level
- employment status
- gender

- income group

4.4.3.1 Personal views by age group

Table 23: Personal views by age group

Activity	18-30 %	31-40 %	41-50 %	51-60 %	>60 %
Acceptable to me	48,5	42,2	50,0	32,4	60,0
Not acceptable to me but have no objections to others gambling	32,3	26,3	35,0	23,5	10,0
Not acceptable to me	19,2	31,5	15,0	44,1	30,0
Total	100,0	100,0	100,0	100,0	100,0

Table 23 shows that gambling was acceptable to about half of the respondents between the ages of 18 and 50. By contrast the BMR survey⁵⁸ found that a higher percentage of respondents (75%) in the 18 to 50 age group found gambling acceptable.

A lower percentage of respondents between the ages of 51 and 60 (32,4%) find gambling acceptable. The high percentage of respondents over the age of 60 who found gambling to be acceptable could be explained by the fact that respondents in this age category made up only 5% of the total number of respondents,

Almost a third of the respondents between the ages of 18 and 60 indicated that while gambling was not acceptable to them they had no objections to others gambling. Only 10% of the respondents over the age of 60 who found gambling unacceptable had no objection to others gambling.

The highest percentage of respondents who found gambling to be unacceptable were between the ages of 51 and 60 (44,1%). Only 19,2% of the respondents between the ages of 18 to 30 and 15 % of the respondents between the ages of 41 to 50 found gambling to be unacceptable.

The BMR survey⁵⁹ found that the percentage of those who held negative views on gambling increased from 12,8% in the 18 to 30 age group to 22,9% in the 60 plus age group.

In the United States it was found that people in their twenties and thirties are more likely to see gambling as being acceptable than those over the age of the age of 65. It also found that acceptability levels decline with age.⁶⁰

4.4.3.2 Personal views by educational level

Table 24: Personal views by educational level

Activity	No formal education %	Primary %	Secondary %	Tertiary %
Acceptable to me	50,0	33,3	44,7	46,3
Not acceptable to me but have no objections to others gambling	0,0	14,3	33,3	31,5
Not acceptable to me	50,0	52,4	22,0	22,2
Total	100,0	100,0	100,0	100,0

According to table 24 an equal number of respondents with no formal education found gambling to acceptable and not acceptable. A greater percentage of respondents with a primary school education (52,4%) found gambling not acceptable than acceptable (33,3%). By contrast 44,7% of the respondents with a secondary education and 46,3% of the respondents with a tertiary education found gambling to be acceptable, thus showing that a greater number of respondents with a no formal education or with a primary school education found gambling to be unacceptable.

4.4.3.3 Personal views by employment status

Table 25: Personal views by employment status

Activity	Full time work %	Part time work %	Unemployed/ (looking for work) %	Retired/ Non-worker %	Home duties %
Acceptable to me	48,0	42,9	37,8	29,4	55,6
Not acceptable but have no objections to others gambling	32,4	34,3	32,4	11,8	22,2
Not acceptable to me	19,6	22,9	29,7	58,8	22,2
Total	100,0	100,1	99,9	100,0	100,0

Table 25 shows that 80,4% of the respondents in full time employment either found gambling to be acceptable or found gambling unacceptable but had no objections to others gambling. Only 19,6% of the respondents in full time employment found gambling totally unacceptable.

4.4.3.4 Personal views by gender

Table 26: Personal views by gender

Activity	Male %	Female %
Acceptable to me	53,9	36,0
Not acceptable to me but have no objections to others gambling	21,3	37,8
Not acceptable to me	24,7	26,1
Total	99,9	99,9

Table 26 depicts that a larger percentage of the male respondents (53,9%) found gambling acceptable. Only 36% of the female respondents found gambling to be acceptable. By contrast more females than males found gambling unacceptable but had no objection to others gambling. An almost equal number of male and female respondents found gambling totally unacceptable.

These findings correlate with the findings of the BMR survey⁶¹ which also found that female respondents found gambling slightly less acceptable than male respondents.

4.4.3.5 Personal views by income group

Table 27: Personal views by income group

Activity	<R500	R501- R1000 %	R1001- R2000 %	R2001- R5000 %	R5001- R10000 %	R10001- R20000 %	>R20000 %
Acceptable to me	42,1	50,0	44,1	46,8	37,5	41,2	50,0
Not acceptable to me but have no objections to others gambling	23,7	20,0	35,3	29,8	34,4	52,9	0,0
Not acceptable to me	34,2	30,0	20,6	23,4	28,1	5,9	50,0
Total	100,0	100,0	100,0	100,0	100,0	100,0	100,0

Table 27 shows that an equal number of respondents earning over R20 000 found gambling to be acceptable. The majority of the respondents earning between R10 001 and R20 000 either found gambling acceptable or found gambling unacceptable but had no objection to gambling by others. Only 5,9% of the respondents in this income category found gambling to be totally unacceptable.

An almost equal number of respondents earning between R5 001 and R10 000 found gambling acceptable, not acceptable, or not acceptable but had no objection to others gambling.

Almost half of the respondents earning between R501 and R5 000 found gambling to be acceptable. Of the respondents earning under R500, 42,1% found gambling acceptable and 34,2% found gambling unacceptable.

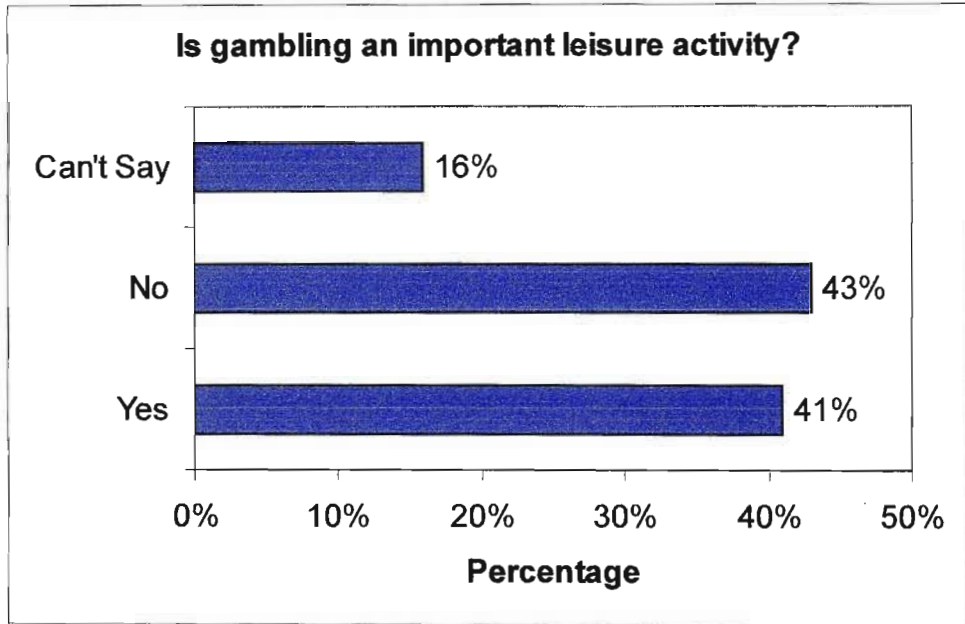
The above findings differ slightly from the findings of the BMR survey⁶² which found that there was a negative correlation in personal views on gambling with income group. In the BMR survey unacceptability of gambling increased from 8,9% of those earning less than R500 per month to 30% of those earning more than R10 000 per month.

4.4.4 Views on casino gambling as an important leisure activity

In order to ascertain the view of the respondents on casino gambling as an important leisure activity, the respondents were asked the question “do you believe that casino gambling is an important leisure activity for South Africans?”

According to figure 20 a slightly higher percentage of the respondents (43%) did not believe that casino gambling was an important leisure activity. Forty one percent of the respondents believed that casino gambling was an important leisure activity while 16% of the respondents were undecided.

Figure 20: Views on casino gambling as an important leisure activity



Views on casino gambling as an important leisure activity are discussed in this section in terms of:

- age group
- educational level
- employment status
- gender
- income group

4.4.4.1 Views on casino gambling by age group

Table 28: Views on casino gambling by age group

Activity	18-30 %	31-40 %	41-50 %	51-60 %	>60 %
Yes	50,5	28,9	45,0	38,5	40,0
No	29,0	53,3	45,0	39,9	41,7
Can't say / don't know	20,4	17,8	10,0	21,6	18,3
Total	99,9	100,0	100,0	100,0	100,0

Table 28 shows that the highest percentage of respondents (50,5%) who agreed that gambling was an important leisure activity were between the ages of 18 and 30. An average of 41 % of the respondents between over the age of 41 also agreed that gambling was an important leisure activity. What is interesting however is that only 28,9% of the respondents between the ages of 31-40 agreed that gambling is an important leisure activity. Over 50% of the respondents in this age group did not agree that gambling was an important leisure activity.

These findings correlate to some extent with the findings of the BMR survey⁶³ which found that the view that casino gambling is an important leisure activity correlates negatively with age. In that study the percentage of respondents that disagreed that casino gambling was an important leisure activity increased from 20,7% in the 18 to 30

year age group to 32,4% in the 60 years plus age group. The main difference between these findings and the findings of the current study is the high percentage of respondents between the ages of 31 and 40 (53,3%) in the current study who did not agree that casino gambling was an important leisure activity.

4.4.4.2 Views on casino gambling by educational level

Table 29: Views on casino gambling by educational level

Activity	No formal education %	Primary %	Secondary %	Tertiary %
Yes	100,0	33,3	43,9	35,2
No	0,0	42,9	37,4	57,4
Can't say / don't know	0,0	23,8	18,7	7,4
Total	100,0	100,0	100,0	100,0

According to table 29 all the respondents (100%) with no formal education agreed that gambling is an important leisure activity. About a third of the respondents with either a primary or tertiary school education also agreed that gambling is an important leisure activity. A slightly higher percentage of the respondents with a secondary school education (43,9%) agreed with this statement.

The highest percentage of respondents who did not agree that casino gambling was an important leisure activity (57,4%) had a tertiary education.

4.4.4.3 Views on casino gambling by employment status

Table 30: Views on casino gambling by employment status

Activity	Full time work %	Part time work %	Unemployed/ (looking for work) %	Retired/ Non-worker %	Home duties %
Yes	42,2	45,7	54,1	11,8	11,1
No	43,1	37,1	27,0	76,5	66,7
Can't say / don't know	14,7	17,1	18,9	11,8	22,2
Total	100,0	99,9	100,0	100,1	100,0

Table 30 shows the views of respondents on casino gambling as a leisure activity by employment status. Retired / non-worker respondents (76,5%) and those involved in home duties (66,7%) formed the largest percentage of those who did not agree that casino gambling was an important leisure activity. A lower percentage of respondents who were in full time employment (43,1), part time work (37,1%) and looking for work (27%) did not agree that casino gambling was an important leisure activity.

The findings of this survey correlate with the findings of the BMR survey⁶⁴ which also found that those involved in home duties and those who were retired / non workers expressed the most widespread disagreement with the statement that casino gambling was an important leisure activity. Full and part time workers and those looking for work showed the least disagreement with the statement.

4.4.4.4 Views on casino gambling by gender

Table 31: Views on casino gambling by gender

Activity	Male %	Female %
Yes	52,8	31,5
No	36,0	48,6
Can't say / don't know	11,2	19,8
Total	100,0	99,9

The views of respondents on casino gambling as a leisure activity by gender are reflected in Table 31. A greater percentage of the male respondents (52,8%) than female respondents (31,5%) agreed that gambling is an important leisure activity.

These findings agree with the findings of the BMR survey⁶⁵, which also found that more males (57,9%) than females (47,1%) felt that casino gambling is an important leisure activity.

4.4.4.5 Views on casino gambling by income group

Table 32: Views on casino gambling by income group

Activity	<R500	R501- R1000 %	R1001- R2000 %	R2001- R5000 %	R5001- R10000 %	R10001- R20000 %	>R20000 %
Yes	52,6	43,3	52,9	36,2	34,4	11,8	50,0
No	26,3	30,0	32,4	46,8	56,3	88,2	50,0
Can't say / don't know	21,1	26,7	14,7	17,0	9,4	0,0	0,0
Total	100,0	100,0	100,0	100,0	100,1	100,0	100,0

Table 32 shows that about half the respondents earning under R500, R1 001-R2 000 and R20 000 and more agreed that casino gambling was an important leisure activity. While about a third of the respondents earning between R2 001 and R10 000 agreed with the statement, only 11,8% earning between R10 001 and R20 000 agreed with the statement. In fact, the highest percentage of respondents disagreeing with the statement fell into this income category.

By contrast, the BMR survey⁶⁶ found that the middle-income groups tended to agree that gambling was an important leisure activity while the strongest disagreement was among the poorest and most affluent income groups.

Thus there seems to be some correlation between propensity to gamble and the view that casino gambling is an important leisure activity for South Africans.

4.4.5 Expenditure on gambling

Figure 21: Amount spent on gambling in the last month

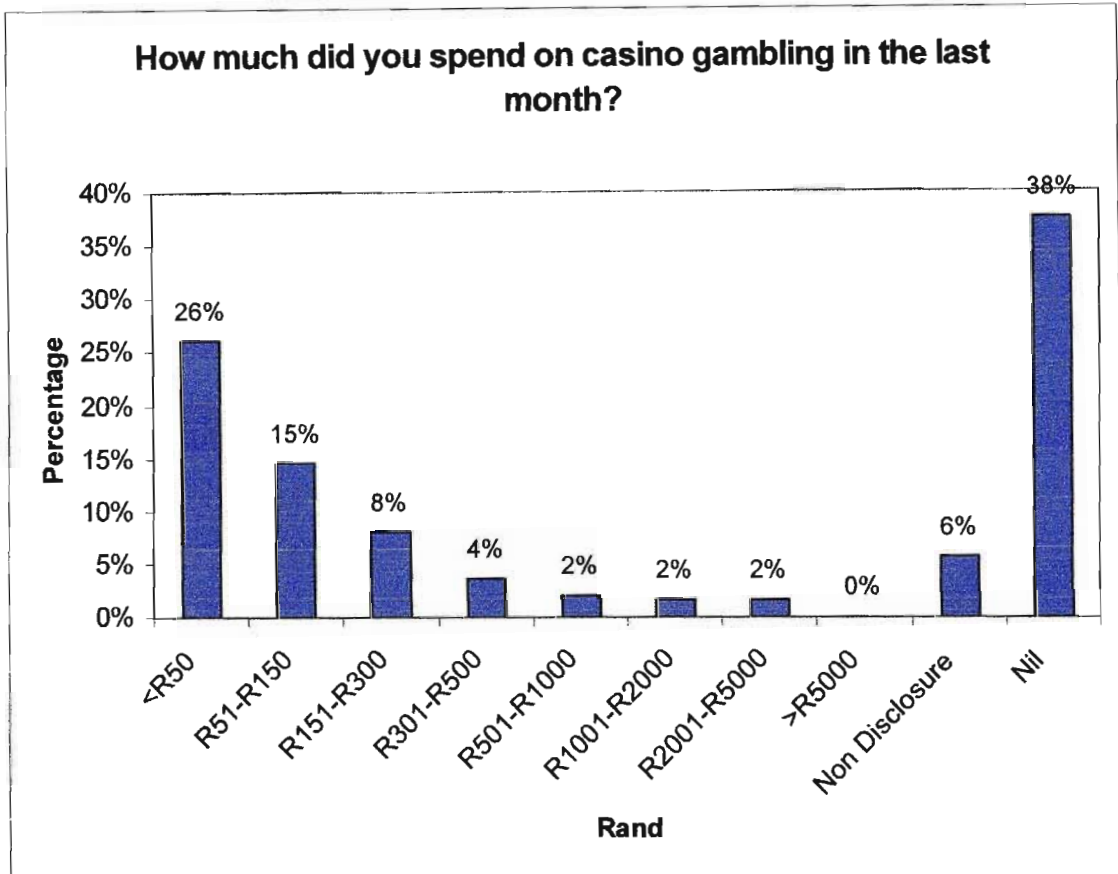


Figure 21 shows the amount spent on casino gambling by the respondents in the last month. The figure shows that 26% of all the gamblers spent under R50 on gambling in the month preceding the survey, and that a further 15% spent between R51 and R150. The figure also shows that 8% of the gamblers spent between R151 and R300. Only 10% of all the gamblers spent more than R300 on gambling in the previous month.

These findings correlate with the findings of the national survey on gambling which found that 57% of all gamblers spent less than R50 per month, 30,5 % spent between R51 and R150, and 9,1% spent between R151 and R300. ⁶⁷ One of the reasons for the lower percentages expressed in the current study may be the fact that such a high percentage (38%) of the people interviewed were non-gamblers and hence did not spend any money on gambling in the month preceding the survey.

Expenditure on gambling is discussed further in this section in terms of:

- age
- educational level
- employment status
- gender
- income group

4.4.5.1 Amount spent on casino gambling in the last month by age group

Table 33 shows the monthly expenditure on gambling according to age group. Table 34 shows that a third of the respondents between the ages of 18 to 30 and those over the age of 51 spent under R50 in the previous month on gambling. Apart from this there are no other significant differences in gambling expenditure by age group. The BMR survey⁶⁸ into the economic impact of gambling made a similar finding.

Table 33: Expenditure on gambling by age group

Activity	18-30	31-40	41-50	51-60	>60
	%	%	%	%	%
Less than R50	33,3	13,3	10,0	31,3	30,0
R51-R150	17,2	15,6	10,0	6,3	20,0
R151-R300	5,4	4,4	15,0	18,8	0,0
R301-R500	3,2	6,7	0,0	0,0	10,0
R501-R1000	0,0	4,4	0,0	3,1	10,0
R1001-R2000	0,0	0,0	15,0	0,0	0,0
R2001-R5000	1,1	2,2	0,0	3,1	0,0
More than R5000	0,0	0,0	0,0	0,0	0,0
Do not want to disclose	5,4	4,4	10,0	3,1	10,0
Nil	34,4	48,9	40,0	34,4	20,0
Total	100,0	99,9	100,0	100,1	100,0

4.4.5.2 Amount spent on casino gambling in the last month by educational level

Table 34: Expenditure on gambling by educational level

Activity	No formal education %	Primary %	Secondary %	Tertiary %
Less than R50	100,0	19,0	23,6	31,5
R51-R150	0,0	9,5	17,1	11,1
R151-R300	0,0	14,3	8,1	5,6
R301-R500	0,0	0,0	2,4	7,4
R501-R1000	0,0	0,0	3,3	0,0
R1001-R2000	0,0	0,0	2,4	0,0
R2001-R5000	0,0	0,0	0,8	3,7
More than R5000	0,0	0,0	0,0	0,0
Do not want to disclose	0,0	4,8	5,7	5,6
Nil	0,0	52,4	36,6	35,2
Total	100,0	100,0	100,0	100,1

Table 34 shows that apart from the fact that all the respondents with no formal education indicated that they spent less than R50 in the previous month on gambling, the level of schooling does not appear to affect expenditure on gambling. These findings correlate with the findings of the BMR survey.⁶⁹

4.4.5.3 Amount spent on casino gambling in the last month by employment status

Table 35: Expenditure on gambling by employment status

Activity	Full time work %	Part time work %	Unemployed/ (looking for work) %	Retired/ Non-worker %	Home duties %
Less than R50	22,5	28,6	32,4	17,6	44,4
R51-R150	16,7	25,7	2,7	11,8	0,0
R151-R300	7,8	2,9	8,1	17,6	11,1
R301-R500	6,9	0,0	0,0	0,0	0,0
R501-R1000	2,0	5,7	0,0	0,0	0,0
R1001-R2000	2,9	0,0	0,0	0,0	0,0
R2001-R5000	2,0	0,0	0,0	0,0	11,1
More than R5000	0,0	0,0	0,0	0,0	0,0
Do not want to disclose	4,9	2,9	8,1	11,8	0,0
Nil	34,3	34,3	48,6	41,2	33,3
Total	100,0	100,1	99,9	100,0	99,9

Table 35 shows the monthly expenditure on gambling according to employment status. According to table 36 more full-time employees spent over R50 per month on gambling than respondents in the other employment categories. The percentage of respondents in the different income groups that spent more than R50 per month on gambling was as follows:

- full-time employees 38,3%

- part-time employees 34,3%
- unemployed respondents 10,8%
- retired /non-worker 29,4%
- home duties 22,2%

The above findings correlate with the findings of the BMR survey⁷⁰ which also found that more full-time employees spent more than R50 per month on gambling.

4.4.5.4 Amount spent on casino gambling in the last month by gender

Table 36: Expenditure on gambling by gender

Activity	Male %	Female %
Less than R50	24,7	27,0
R51-R150	20,2	9,9
R151-R300	10,1	6,3
R301-R500	4,5	2,7
R501-R1000	3,4	0,9
R1001-R2000	2,2	0,9
R2001-R5000	1,1	1,8
More than R5000	0,0	0,0
Do not want to disclose	2,2	8,1
Nil	31,5	42,3
Total	99,9	99,9

Table 36 shows that male respondents spent almost double the amount that their female counterparts spent on gambling in the month preceding the survey. According to table 37, 41,5% of the males spent more than R50 per month on gambling compared to 22,5% of the females who spent this amount on gambling.

These finding correlate with the findings of the BMR survey⁷¹ which also found that there was a higher gambling expenditure among males than females.

4.4.5.5 Amount spent on casino gambling in the last month by income group

Table 37 shows the expenditure on gambling according to income group. The percentage of respondents spending under R50 per month decreased from 31,6% among those respondents earning less than R500 per month to 12,8% among those respondents earning between R2 001 and R5000 per month. A large percentage of respondents (41,2%) earning between R10 001 and R20 000 per month also spent under R50 per month. There seems to be an increase in gambling expenditure with an increase in income with 50% of the respondents earning more than R20 000 per month spending more than R5 000 per month on gambling.

Table 37: Expenditure on gambling by income group

Activity	<R500	R501- R1000 %	R1001- R2000 %	R2001- R5000 %	R5001- R10000 %	R10001- R20000 %	>R20000 %
Less than R50	31,6	40,0	17,6	12,8	28,1	41,2	0,0
R51-R150	13,2	13,3	20,6	14,9	12,5	11,8	0,0
R151-R300	5,3	6,7	14,7	10,6	3,1	5,9	0,0
R301-R500	0,0	0,0	0,0	10,6	6,3	0,0	0,0
R501-R1000	0,0	0,0	2,9	4,3	0,0	5,9	0,0
R1001-R2000	0,0	0,0	0,0	4,3	3,1	0,0	0,0
R2001-R5000	0,0	0,0	0,0	2,1	3,1	0,0	0,0
More than R5000	0,0	0,0	0,0	0,0	0,0	0,0	50,0
Do not want to disclose	5,3	3,3	5,9	8,5	6,3	0,0	0,0
Nil	44,7	36,7	38,2	31,9	37,5	35,3	50,0
Total	100,1	100,0	99,9	100,0	100,0	100,1	100,0

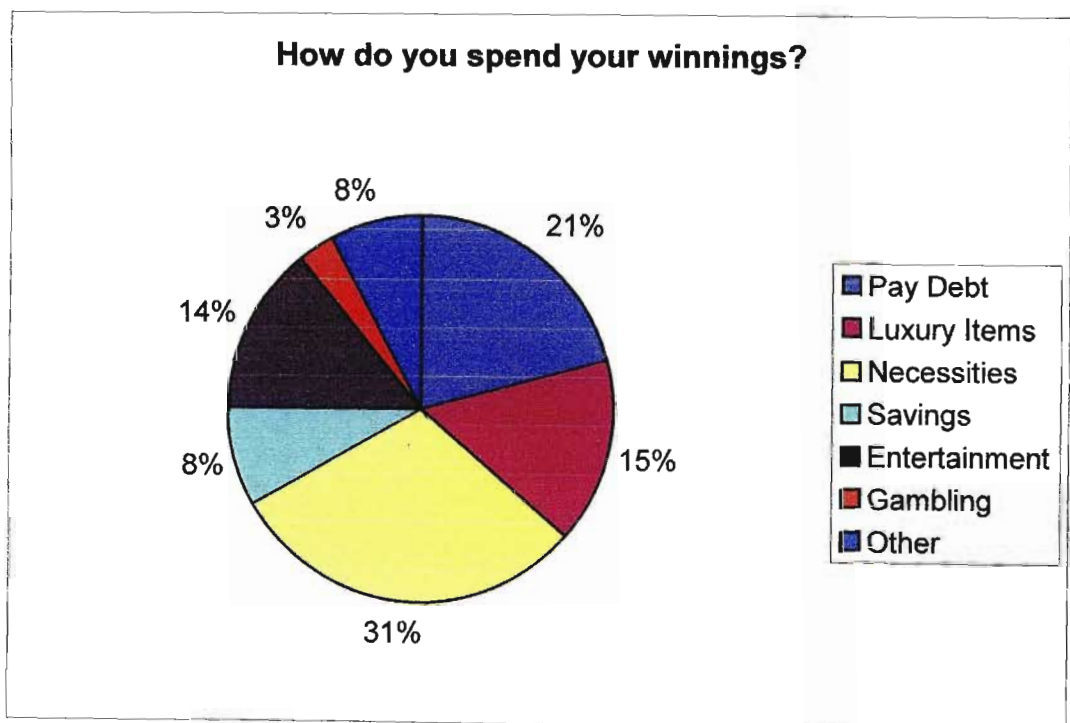
To conclude, the survey into gambling expenditure shows that the expenditure on gambling by the respondents in the month preceding the survey was relatively low. The majority of respondents had spent under R150 on gambling. Only 10% of the respondents had spent more than R300.

The findings of the survey suggest that there is an increase in gambling expenditure with an increase in income with half the respondents earning more than R20 000 per month having spent over R5 000 on gambling in the month preceding the survey. Also more full-time employees spend more than R50 per month on gambling than respondents in the other employment categories.

4.4.6 Allocation of winnings

Figure 22 shows that 31% of respondents spend their winnings from casino gambling on necessities, 21% to pay debt and 8% on savings. A total of 29 % of the respondents spend their winnings on luxury items and entertainment. A very small percentage of the respondents, 3%, spend their winnings on gambling.

Figure 22: Allocation of winnings



Allocation of winnings is discussed in this section in terms of:

- age group
- educational level
- employment status
- income group

4.4.6.1 Allocation of winnings by age group

Table 38: Allocation of winnings by age group

Activity	18-30 %	31-40 %	41-50 %	51-60 %	>60 %
Pay debt	16,1	24,4	25,0	12,5	0,0
Luxury items	12,9	15,6	20,0	3,1	20,0
Necessities	33,3	11,1	15,0	28,1	30,0
Savings	5,4	4,4	10,0	12,5	10,0
Entertainment	12,9	13,3	10,0	6,3	20,0
Gambling	1,1	2,2	0,0	9,4	0,0
Other	7,5	4,4	5,0	6,3	10,0
N/A	10,8	24,4	15,0	21,9	10,0
Total	100,0	99,8	100,0	100,1	100,0

Table 38 shows that about a third of the respondents under the age of 30 and over the age of 51 spend their winnings on necessities. About a quarter of the respondents between the

ages of 31 and 50 utilised their winnings to pay debt, while 20% of the respondents spend their winnings on luxury items. The importance of spending winnings on savings seems to have become more important among the respondents as they became older. A similar finding was made by the BMR survey.⁷²

4.4.6.2 Allocation of winnings by educational level

Table 39: Allocation of winnings by educational level

Activity	No formal education %	Primary %	Secondary %	Tertiary %
Pay debt	0,0	4,8	19,5	18,5
Luxury items	0,0	0,0	11,4	22,2
Necessities	50,0	57,1	23,6	16,7
Savings	50,0	9,5	5,7	7,4
Entertainment	0,0	0,0	13,8	13,0
Gambling	0,0	4,8	2,4	1,9
Other	0,0	4,8	5,7	9,3
N/A	0,0	19,0	17,9	11,1
Total	100,0	100,0	100,0	99,9

Table 39 shows the allocation of winnings by educational level. The purchase of household necessities from winnings is important in all categories but more so among the

respondents with either no formal education or with a primary school education. Using winnings to pay debt, purchase luxury items and for entertainment was important among the respondents who had a secondary and tertiary education. A very small percentage of winnings were utilised by the respondents for gambling. These findings correlate with the findings of the BMR survey.⁷³

4.4.6.3 Allocation of winnings by employment status

Table 40: Allocation of winnings by employment status

Activity	Full time work %	Part time work %	Unemployed/ (looking for work) %	Retired/ Non-worker %	Home duties %
Pay debt	24,5	2,9	21,6	0,0	11,1
Luxury items	15,7	14,3	8,1	0,0	22,2
Necessities	14,7	40,0	43,2	29,4	11,1
Savings	4,9	5,7	10,8	17,6	0,0
Entertainment	15,7	8,6	2,7	11,8	22,2
Gambling	2,9	2,9	0,0	0,0	11,1
Other	6,9	5,7	5,4	5,9	11,1
N/A	14,7	20,0	8,1	35,3	11,1
Total	100,0	100,1	99,9	100,0	99,9

Table 40 shows that the findings of this survey correlate with the findings of the BMR survey⁷⁴ which also indicated that the purchase of necessities was important among all the respondents but more so among those who were either unemployed or in part time employment. Another similarity between the both surveys was that savings was more important to those respondents who were unemployed or retired.

4.4.6.4 Allocation of winnings by income group

Table 41: Allocation of winnings by income group

Activity	<R500	R501- R1000 %	R1001- R2000 %	R2001- R5000 %	R5001- R10000 %	R10001- R20000 %	>R20000 %
Pay debt	10,5	6,7	14,7	27,7	25,0	17,6	0,0
Luxury items	13,2	3,3	14,7	10,6	21,9	17,6	0,0
Necessities	42,1	50,0	26,5	17,0	9,4	0,0	50,0
Savings	5,2	13,3	2,9	6,4	0,0	23,5	0,0
Entertainment	2,6	3,3	11,8	12,8	21,9	23,5	25,0
Gambling	0,0	6,7	2,9	2,1	0,0	5,9	0,0
Other	2,6	3,3	8,8	10,6	3,1	5,9	25,0
N/A	23,7	13,3	17,6	12,8	18,8	5,9	0,0
Total	99,9	99,9	99,9	100,0	100,1	99,9	100,0

The allocation of winnings by income group is contained in table 42. Respondents falling into the lower income groups and those earning more than R20 000 mainly spent their winnings on household necessities. The middle to higher income groups spent their winnings on the payment of debt, luxury items and entertainment. A very small percentage of winnings, and in some cases nothing, was spent on gambling by the different income groups. The BMR survey⁷⁵ also reported that lower income groups tended to spend more of their winnings on the purchase of household necessities.

4.4.7 The financing of casino gambling activities

The questions in this section sought to establish whether the respondents:

- sold belongings to finance gambling
- borrowed money to finance gambling activities
- used household money for gambling

4.4.7.1 The sale of belongings to finance gambling activities

Figure 23: Sale of belongings to finance gambling

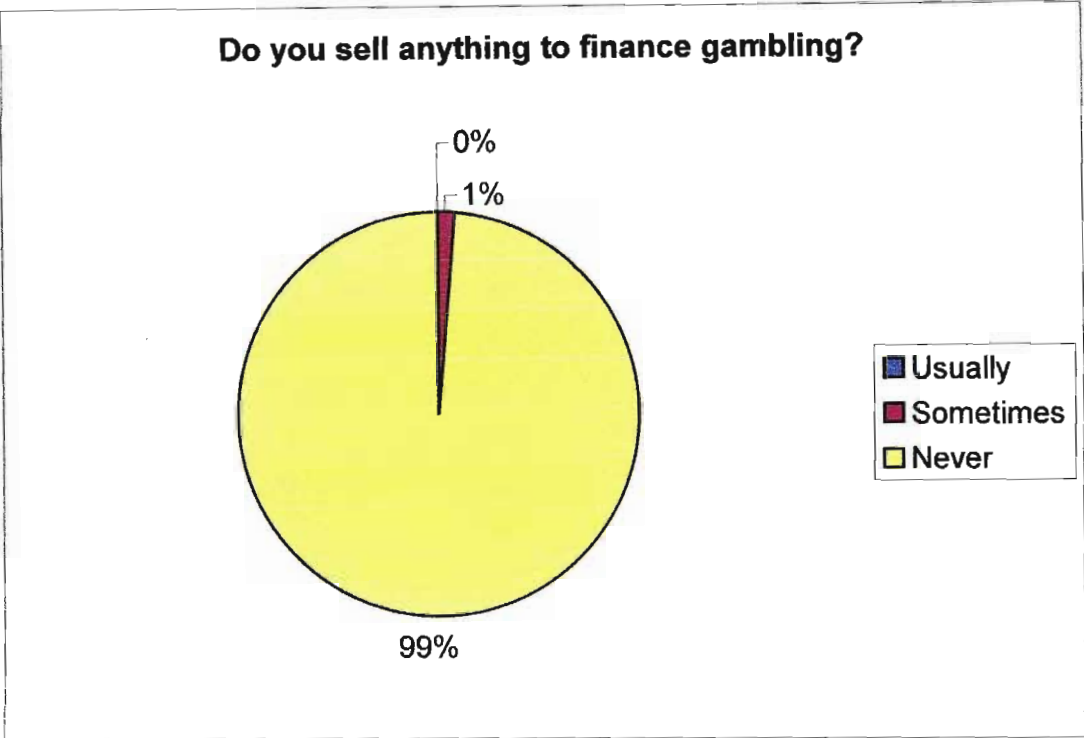


Figure 23 reflects that most of the respondents (99%) did not admit to selling belongings to finance gambling. It is disturbing however, that 1% of the respondents sometimes sold belongings to obtain money with which to gamble.

The findings of this survey correlate with that of the HSRC survey (2000)⁷⁶ that also found that almost all the respondents (95,7%) did not admit to selling belongings to finance gambling activities. Only 4.4% of the respondents in that study admitted to “usually” or “sometimes” selling belongings for the purpose of obtaining gambling money.

4.4.7.2 Borrowing money to finance gambling activities

Figure 24: Borrowing money to gamble

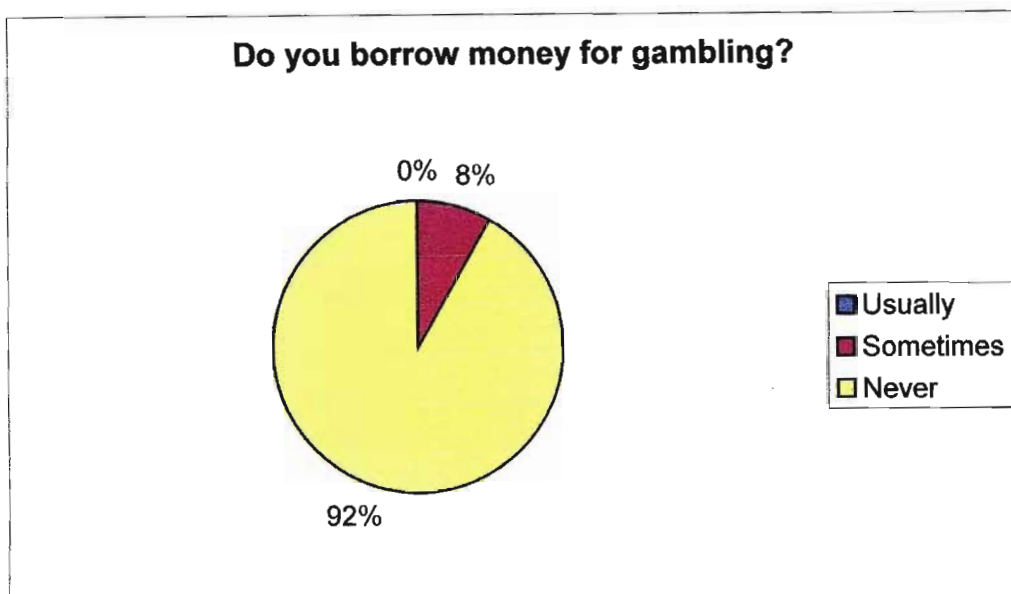


Figure 24 shows that most of the respondents (92%) never borrowed money for gambling. Only 8% of the respondents sometimes borrowed money for gambling. These findings correlate with the findings of the HSRC survey⁷⁷ which found that 85,9% of respondents did not borrow money for gambling and that 13,6% sometimes borrowed money for gambling.

4.4.7.3 The use of household money for gambling

Figure 25: use of household money for gambling

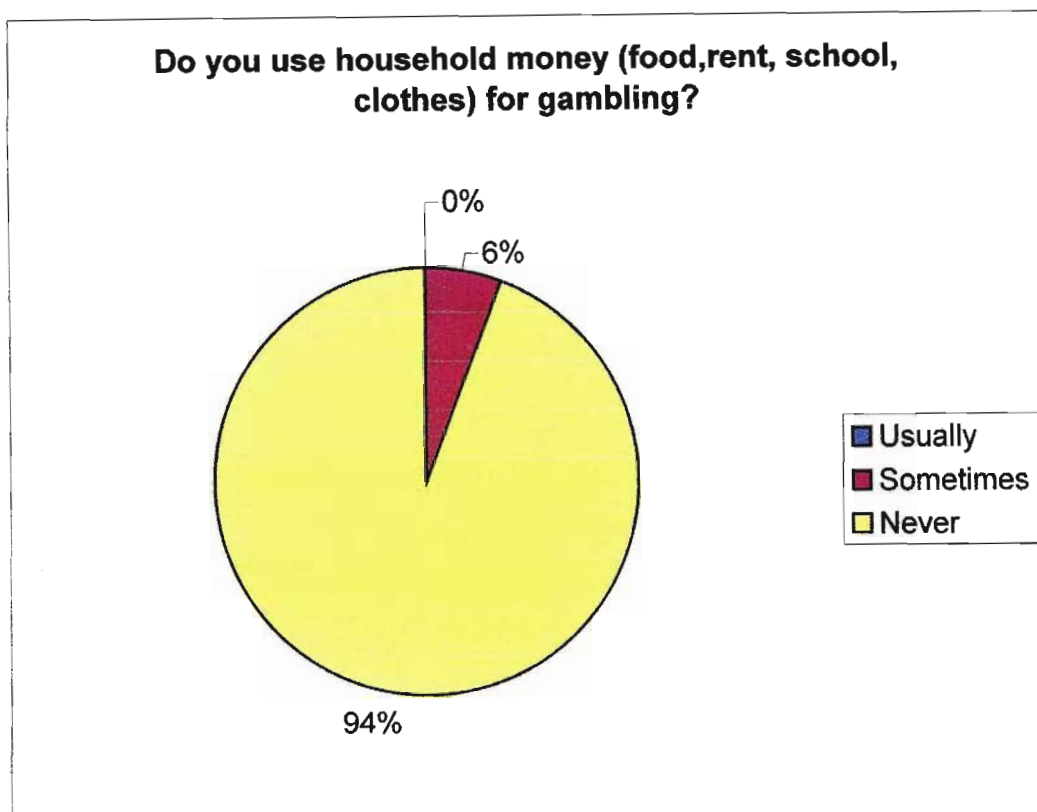


Figure 25 reflects that 94% of the respondents indicated that they never used household money (money for food, rent, school, and clothes) for gambling. It is of concern however, that 6% of the respondents sometimes used household money to finance gambling activities.

The above findings are similar to those of the HSRC survey⁷⁸ that found that more than three-quarters of the respondents never used household money to finance gambling. A

greater percentage of the respondents in that survey (16,4%) however indicated that they sometimes used household monies for gambling.

4.4.8 Summary of findings

The community survey regarding community attitudes and gambling behaviour in Pietermaritzburg showed that just more than half the respondents participated in casino gambling activities during the twelve months preceding the survey. The highest percentage of gamblers belonged to the Asian population group and gambling was more prevalent among the younger respondents with half the respondents between the ages of 18 and 30 participating in casino gambling activities.

The above result is not surprising in that the survey has established that the acceptability of gambling declined with the increasing age of participants. The high rate of participation in gambling activities amongst the respondents in the 18-30 age group could reflect the priorities of this age group who may be single and less likely to be supporting families with school going children etc. A possible lack of recreation opportunities in the greater Pietermaritburg area for persons in this age group may also contribute to the attraction of the casino complex. The lure may therefore not be gambling per se but the opportunities for socialising and entertainment in the context of the complex. Gambling may thus be a means to an end rather than an end in itself. This contention is supported by the fact that although the vast majority of respondents in this age category spent very

little on gambling in the month preceding the survey, the highest percentage of respondents who agreed that casino gambling was an important leisure activity for South Africans were in this age category

The majority of respondents who displayed a propensity to gamble were either in full-time or part-time employment. Respondents falling into these employment categories, depending obviously on their income, would probably have more disposable income to gamble with compared to respondents who were unemployed or retired. Lack of disposable income was no doubt also the reason why there was a low propensity to gamble among the lower income groups. With the high cost of living in this country it is highly unlikely that a person who earns under R1 000 per month or who survives on a state pension of R700 would have money to spend on gambling. Also poor retirement planning and the poor performance of investments as a result of the erratic behaviour of the rand would contribute to the lack of disposable income to spend on gambling among retired respondents.

Those respondents that did not participate in gambling activities advanced the following reasons (in order of importance) for their non-participation: don't gamble at all, lack of money and against religious beliefs. Only 2% of the respondents mentioned lack of access to gambling facilities as a reason for non-participation.

What is interesting is that the survey into reasons for non-participation in gambling activities showed that a very small percentage of respondents in the lower income groups

cited a lack of access to gambling facilities as a reason for non-participation. One can only assume that the location of the casino in Scottsville would make the casino more costly to access for those persons in the lower income groups who live in townships or in the poorer suburbs. These people would probably have to take two taxis to get to the casino and two taxis to get back home, thus making gambling a costly exercise.

The survey also showed that the lower the level of education the higher the percentage of respondents who abstained from gambling. These findings may be explained by the fact that education levels usually determine ones opportunities and economic status. A poor participation rate amongst those with a primary school education or no formal education would probably be as a result of the lack of disposable income to spend on gambling at a legal casino complex. It is also likely that persons with no or minimal education also gamble in informal and often illegal contexts. The stokvels, lotteries and pyramid schemes are more likely to attract this group. The casino complex may also be intimidating or too 'high tech' for uneducated members of the community.

There was also a correlation between the level of education and abstaining from gambling due to religious reasons. Apart from this however, there does not appear to be a clearly defined relationship between abstaining from gambling due to religious reasons and age group, employment status, income category or gender. Abstaining from gambling due to religious reasons probably has more to do with the teachings of the religious faith that one follows. While the Muslim faith totally bans gambling amongst

its followers, other religions frown upon gambling and discourage their members from participating in gambling activities.

There was a high acceptability of gambling among respondents. Only a quarter of the respondents found gambling to be totally unacceptable. There was a correlation between the unacceptability of gambling and those respondents with low levels of education and those who were unemployed or retired who had shown a low propensity to gamble. There was however, no clearly defined negative correlation in personal views on gambling with income group.

The survey into community views on casino gambling as an important leisure activity showed that the respondents were almost equally divided on their views. Forty one percent of the respondents believed that casino gambling was an important leisure activity while forty three percent of the respondents did not.

Surprisingly all the respondents with no formal education agreed that gambling was an important leisure activity in spite of the fact that these respondents had shown a low propensity to gamble. Three quarters of the retired/non worker respondents and those involved in home duties did not agree that casino gambling was an important leisure activity. These respondents had also shown a smaller propensity to gamble than those respondents who are in part-time or full-time employment.

As far as allocation of winnings from gambling is concerned it is reassuring that more than half the respondents spend their winnings from casino gambling on the purchase of household necessities, the payment of debt and savings. A very small percentage of the respondents spend their winnings on gambling. It is important to bear in mind here however, that the amount that respondents referred to as winnings which are gambled with, probably does not include winnings that one gambles with during a continuous gambling session, but rather the total winnings at the end of the gambling session which are then used to gamble with again.

The majority of the respondents did not admit to selling belongings, borrowing money or using household money to finance gambling activities.

Through an analysis of similar studies that were conducted in South Africa, it is evident that the community attitudes towards and participation in casino gambling activities in Pietermaritzburg is reflective of the South African population as a whole.

5. CONCLUSION

South Africa currently portrays a relatively vibrant gambling industry, making it one of the leading gambling nations in the world. This vibrancy has been achieved in a relatively short period of time and is illustrated by the relatively high participation rate in gambling activities and the high level of acceptability of gambling among the South African population.

The study into community attitudes towards and participation in casino gambling activities has shown that the views and gambling behaviour patterns of the Pietermaritzburg community are just as divergent as that of the South African population as a whole: from actively participating in casino gambling related activities to totally abstaining from them; from finding gambling acceptable to totally disapproving of gambling.

The establishment of the casino gambling industry in Pietermaritzburg has had a positive impact on the city's economy. There is no doubt about the positive tangible spinoffs that an investment of R204 million can have on any city. One of the most positive economic development contributions that the casino gambling industry has brought to Pietermaritzburg is the creation of high quality service industry jobs.

The growth of the gambling industry may however, affect the economic performance of other industries. It boosts employment and profits in related industries which either

supply the gambling industry's needs (for instance gaming machine manufacturers) or which receive a boost because they complement the gambling industry. Taxis, for example, may gain custom from the growth of gambling.

On the other hand however, the gambling industry competes against other suppliers of goods and services for the consumers' rand. Thus growth in gambling has an impact on the jobs and investments in these other industries, and the taxes the government earns from them. This study has shown that retail outlets are one sector of the economy on which the gambling industry impacts negatively.

Therefore in determining the overall economic impact of the gambling industry a distinction must be made between which effects are net economic gains and which are merely economic transfers. Money spent on gambling at a casino by tourists who live in other cities or countries represents a net benefit to both the casino and to the community in which the gambling occurs since it is new money entering the local economy. Money spent on gambling by local residents however, is not necessarily a net economic benefit but merely an economic transfer within the community. Without the presence of the casino, the money spent on gambling would have been spent on other recreational or entertainment facilities within the community.

In the case of Pietermaritzburg however, it seems that although the establishment of the casino gambling industry did initially impact negatively on local retail businesses, the impact was far greater in the period immediately after the opening of the casino. With

some two years having passed since the opening of the casino, sales of retail businesses have for the most part reverted to normal.

The South African casino gambling industry is still in its infancy and the findings of this study can be used as a benchmark to measure future trends in community perceptions and behaviour in the gambling market.

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APPENDIX 1

Questionnaire

Hello, my name is _____
I am phoning (visiting) you about a study that is being conducted into the economic impact of casino gambling. All information supplied will be strictly confidential.

BIOGRAPHICAL DATA – Please tick the appropriate block

1. How old are you?

18-20 years	<input type="checkbox"/>
21-25 years	<input type="checkbox"/>
26-30 years	<input type="checkbox"/>
31-35 years	<input type="checkbox"/>
36-40 years	<input type="checkbox"/>
41-50 years	<input type="checkbox"/>
51-55 years	<input type="checkbox"/>
56-60 years	<input type="checkbox"/>
Older than 60	<input type="checkbox"/>

2. What is your gender?

Male	<input type="checkbox"/>
Female	<input type="checkbox"/>

3. What is your marital status?

- Single
- Married
- Separated
- Divorced
- Living together

4. What is your population group?

- Asian
- African
- Coloured
- White

5. How would you describe your employment status?

- Full-time work
- Part-timework
- Unemployed (looking for work)
- Retired / non-worker
- Home duties

6. What is your monthly household income category?

- | | |
|-----------------------|--------------------------|
| Monthly income | <input type="checkbox"/> |
| Less than R500 | <input type="checkbox"/> |
| Between R501-R1000 | <input type="checkbox"/> |
| Between R1001-R2000 | <input type="checkbox"/> |
| Between R2001-R5000 | <input type="checkbox"/> |
| Between R5001-R10000 | <input type="checkbox"/> |
| Between R10000-R20000 | <input type="checkbox"/> |
| More than R20000 | <input type="checkbox"/> |

7. What is your educational level?

- | | |
|--------------------------|--------------------------|
| No formal schooling | <input type="checkbox"/> |
| Primary (Grade 1-7) | <input type="checkbox"/> |
| Secondary (Grade 8 – 12) | <input type="checkbox"/> |
| Tertiary (Post matric) | <input type="checkbox"/> |

8. Have you participated in casino gambling activities during the past 12 months?

- | | |
|-----|--------------------------|
| Yes | <input type="checkbox"/> |
| No | <input type="checkbox"/> |

9. If you have not participated in casino gambling activities during the past 12 months, what was the main reason?

- Lack of money
- Against religious beliefs
- Don't gamble at all
- No access to gambling facilities
- Other
- Not Applicable

10. What are your personal views on gambling?

- Acceptable to me
- Not acceptable to me but have no objections to gambling by others
- Not acceptable to me

11. Do you believe that Casino Gambling is an important leisure activity for South Africans?

- Yes
- No
- Can't say / Don't know

12. How often do you visit a casino?

- Daily
- Once per week
- Once every two weeks
- Once per month
- Less often
- -

13. If you win any money from casino gambling on what do you spend it?

- | | |
|--------------------------|----------------------|
| Payment of debt/bond | <input type="text"/> |
| Purchase of luxury items | <input type="text"/> |
| Purchase of necessities | <input type="text"/> |
| Saving | <input type="text"/> |
| Entertainment | <input type="text"/> |
| Gambling | <input type="text"/> |
| Other | <input type="text"/> |
| Not Applicable | <input type="text"/> |

14. How much did you spend on casino gambling last month?

- | | |
|-------------------------|----------------------|
| Less than R50 | <input type="text"/> |
| R51-R150 | <input type="text"/> |
| R151-R300 | <input type="text"/> |
| R301-R500 | <input type="text"/> |
| R501-R1000 | <input type="text"/> |
| R1001-R2000 | <input type="text"/> |
| R2001-R5000 | <input type="text"/> |
| More than R5000 | <input type="text"/> |
| Do not want to disclose | <input type="text"/> |
| Not Applicable | <input type="text"/> |

15. If you were not gambling in casinos, what would you have spent the above amount on instead?

Household necessities
(groceries, toiletries etc.)

Luxury items

Savings

Other entertainment

Other

Don't know

Not Applicable

16. Do you borrow money for gambling?

Usually

Sometimes

Never

Not applicable

17. Do you sell anything to finance gambling?

Usually

Sometimes

Never

Not applicable

18. Do you use household money (food, rent, school, clothes) for gambling?

Usually

Sometimes

Never

Not applicable

APPENDIX 2

This questionnaire was designed to investigate the effect of casino gambling on retail business in the Pietermaritzburg area

1. Did you experience any change in turnover since September 2001?

Yes

No

2. If yes, did you experience a decline/increase in turnover?

Decline

Increase

3. Do you attribute the decline in turnover to any of the following factors?

High interest rates

downturn in household income

opening of Golden Horse Casino

Increase in competition (similar products
and substitutes)

Inappropriate shop location

bad debt

luxury items

theft, crime and fraud

price increases

decline in clientele (small number of clients)