

CHAPTER 1

INTRODUCTION

1.1 BACKGROUND

The post-1994 political dispensation in South Africa has had an important effect on gambling in the country. The approach has largely shifted from an environment that outlawed gambling of almost any kind in South Africa (Gambling Act 51 of 1965) to an approach that legalised all varieties of gambling, but subject to strict control.

However, from 1976 onwards, with the advent of the homelands within South Africa's borders, the erstwhile independent TBVC states introduced their own gambling legislation. As a result, a total of 18 casino licenses and a number of lottery licenses were issued between 1976 and the beginning of the 1990s in those areas (Lotteries and Gambling Board 1995:34). With the implementation of the new Constitution of the Republic of South Africa, 1993 (Act 200 of 1993) and following the reincorporation of the TBVC states into South Africa, it was ruled that existing license-holders in those territories may, in terms of section 229 of the Constitution, conduct legal gambling.

The 1994 Constitution recognises the competency of the provincial governments to legislate on matters falling within the functional areas of 'casinos, racing, gambling and wagering'. The National Government promulgated the National Gambling Act 33 of 1996 to ensure that this matter is regulated and co-coordinated by uniform laws and standards that apply throughout South Africa. It also ensures that countrywide uniformity is maintained.

The nine provincial governments speedily activated the gambling function in their provinces. The first casino license was allocated during the second half of 1997. The establishment of casinos peaked during the 1998 to 2000 period. The National Lottery was also launched during March 2000.

The above confirms that the gambling industry has grown rapidly and is still developing, with various gambling modes and/or facilities being introduced from time to time.

The National Gambling Board (NGB) decided to take stock of gambling activities throughout the country, particularly to determine how the gambling industry has impacted on the country's economy. This would allow the NGB as a statutory body established in terms of the National Gambling 33 of 1996, to execute its statutory responsibilities. The NGB was established, inter alia, '...for the regulation and coordination of certain matters relating to casino gambling and wagering' and '...for that purpose to make provision for the promotion of uniform norms and standards applying generally throughout the Republic of South Africa'.

1.2 **OBJECTIVE**

The objective of the study is to measure the economic impact of legalised gambling activity in South Africa since 1994. Particular emphasis will be placed on the following:

- community attitudes of and participation in gambling
- impact of gambling on household welfare levels
- contribution of the gambling sector to the South African economy
- a comparison of the South African gambling sector with that of selected countries

1.3 **METHODOLOGY**

A variety of methodologies have been applied in the study, ranging from primary empirical surveys to the collection of data from all role players in the gambling industry, literature studies and economic input-output modelling. The relevant research methodologies applied is addressed in each chapter relevant for the specific data analysed in that specific chapter.

1.4 **ARRANGEMENT OF THE REPORT**

Although the report generally covers the impact of the gambling sector on the South African economy, distinctive issues are covered in each chapter. Chapter 1 provides background to the study, its objective and an outline of the report. A detailed description of the methodology and findings of a community survey is provided in chapter 2. Chapter 3 portrays the impact of gambling on household welfare levels. Chapter 4 contains the

calculations of the gambling sector to the national economy. Chapter 5 provides a comparison of the South African gambling sector with selected foreign jurisdictions. The main conclusions of the study are portrayed in a concise executive summary at the beginning of the report.