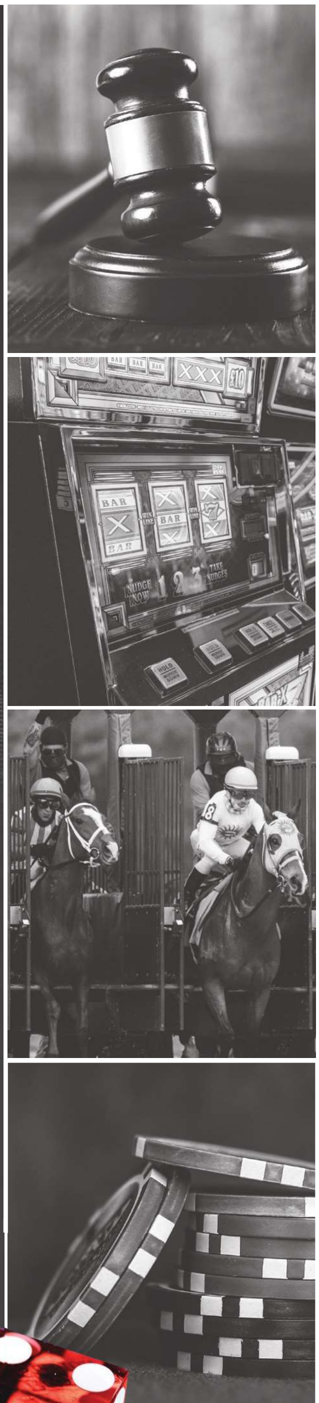
GAMBLING SECTOR PERFORMANCE IN SOUTH AFRICA FY2021/22

Summary



National Gambling Board
South Africa
a member of **the dtic** group

The National Gambling Board is committed to proper, fair and effective regulation of the gambling industry.

Contents

Foreword
BY THE ACCOUNTING AUTHORITY

The South African gambling industry continued on its upward growth path in FY2021/22, driven in particular by the betting industry. The tremendous growth of the betting industry has translated into new businesses and additional jobs for the industry. The number of operational bookmakers increased from 186 to 264, showing that the growth of the industry is not concentrated in the hands of a few large companies. This increased spread of ownership is imperative for the country's inclusive growth agenda.

The National Gambling Board (NGB) is pleased to share the latest gambling sector statistics for the financial year FY2021/22. The NGB monitors market conduct and market share in South Africa as mandated by the National Gambling Act (NGA), 2004 (Act 7 of 2004), Section 65(2)(e). The NGB gathers information from provincial licensing authorities (PLAs) which enables it to publish audited statistics on the sector's turnover, gross gambling revenue and taxes/levies collected each year.

We trust that our stakeholders and the public will find the content informative, useful and beneficial. The NGB would also like to extend its gratitude to all PLAs for submitting information and statistics as required, without which this report would not have been possible.

Ms Caroline Kongwa

Accounting Authority

ACKNOWLEDGEMENTS

All provincial licensing authorities (PLAs) are acknowledged for submitting audited information related to market conduct, market share and provincial gambling statistics per gambling mode, operator and province.

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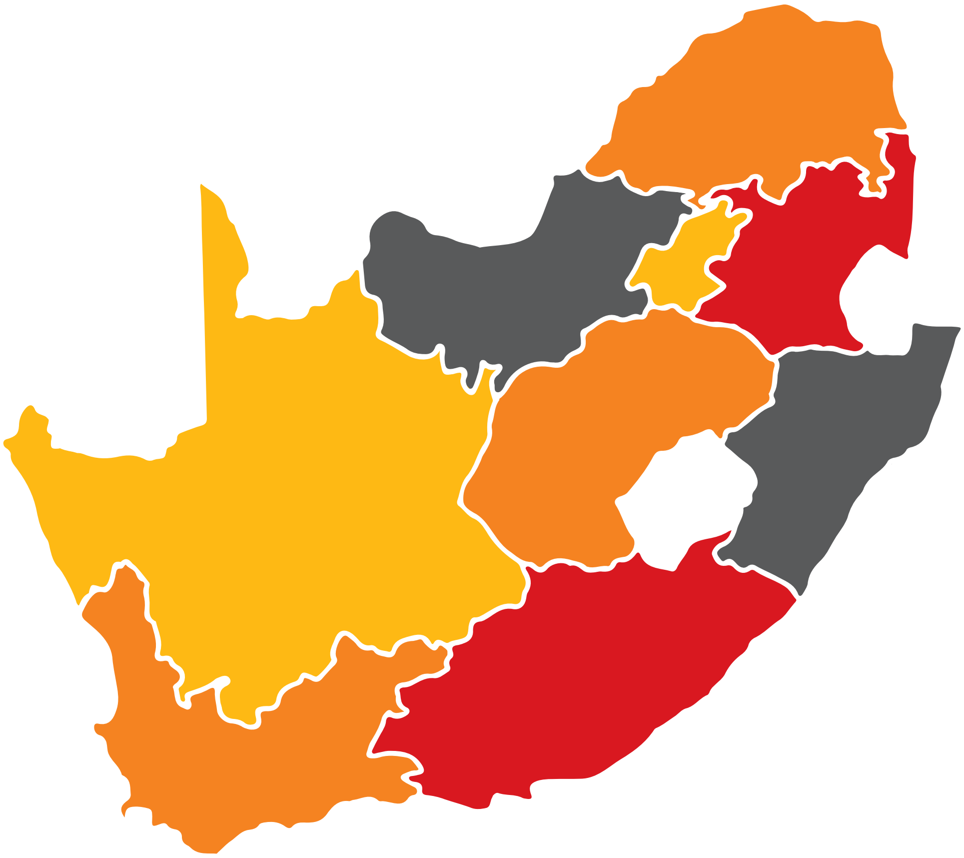
CONTRIBUTORS

The following PLAs contributed to the compilation of this report by submitting audited provincial gambling statistics and information about market conduct:

- Eastern Cape Gambling Board
- Free State Gambling and Liquor Authority
- Gauteng Gambling Board
- KwaZulu-Natal Gaming and Betting Board
- Limpopo Gambling Board
- Mpumalanga Economic Regulator
- Northern Cape Gambling Board
- North West Gambling Board
- Western Cape Gambling and Racing Board



ACRONYMS

B-BBEE	Broad-Based Black Economic Empowerment
EBT	Electronic Bingo Terminal
EC	Eastern Cape
FS	Free State
FY	Financial Year
GDP	Gross Domestic Product
GGR	Gross Gambling Revenue
GP	Gauteng
KZN	KwaZulu-Natal
L	Limpopo
LPM	Limited Payout Machine
MP	Mpumalanga
N/A	Not Applicable
NC	Northern Cape
NCEMS	National Central Electronic Monitoring System
NGA	National Gambling Act, 2004 (Act 7 of 2004)
NGB	National Gambling Board
NW	North West
PLAs	Provincial Licensing Authorities
Qrt	Quarter
RTP	Return to Punter
the dtic	The Department of Trade, Industry and Competition
TO	Turnover
WC	Western Cape
YoY	Year-on-Year

EXPLANATORY NOTES

TERM	EXPLANATION
Broad-based black economic empowerment (B-BBEE)	Broad-based black economic empowerment is the sustainable economic empowerment of all black people – in particular women, workers, youth, people with disabilities and people living in rural areas – through diverse but integrated strategies including, but not limited to: a) increasing the number of black people who manage, own and control enterprises and productive assets b) facilitating ownership and management of enterprises and productive assets by communities, workers, co-operatives and other collective enterprises c) human resource and skills development, d) achieving equitable representation in all occupational categories and levels in the workforce e) preferential procurement including the promotion of local content procurement and f) investment in enterprises that are owned or managed by black people.
Bingo	Bingo means a game played in whole or in part by electronic means using cards or other devices that are divided into spaces, each of which bear a different number, picture or symbol and are arranged randomly such that each card or similar device contains a unique set of numbers, pictures or symbols. An operator calls or displays a series of numbers, pictures or symbols in random order and the players match each such number, picture or symbol on the card or device as it is called or displayed. The player who is first to match all the spaces on the card or device, or who matches a specified set of numbers, pictures or symbols on the card or device, wins a prize.
Bookmaker	A bookmaker, bookie or turf accountant is a person or organisation that takes bets on various events or contingencies such as horse racing, football, rugby, union or marriages, births, names, divorces and in extreme cases, deaths, at agreed upon odds (fixed odds). A bookmaker may be licensed to operate on or off-course; that is, at licensed premises other than a racecourse.

Casino	A casino is a facility that is licensed to house and accommodate certain types of licensed casino style slot machines and table gambling games.
Key employees (licensed)	Senior management of the licensee. If the licensee is a corporate body, every director or officer or equivalent of such corporate body; any individual who has the authority to hire or terminate supervisory casino personnel; any individual who has the authority to supervise or direct a shift of gaming or security activity; individuals who have the authority of responsibility to manage one of more departments or functions of the operations (accounting, credit and collections, cage, personnel, internal audit, security and surveillance); any individual who specifically represents the board as being important or necessary to the operation of the entity; all persons who individually or part of a group formulate management policy; any job positions or individual who upon notification by the gambling board is to be considered a key employee; anyone who the board considers whose functions and responsibilities place that employee in key employee status.
Other gaming employees (licensed)	Table inspector, dealer/croupier, cashier, counter, change attendant, host, floor attendant, security attendant, gaming machine attendant, gaming machine technician, surveillance personnel (lower ranking), gaming debt collection personnel, internal audit, accounting personnel, data processing, any other occupation upon notification by the board is concerned to be a gambling occupation for the purposes of the regulations.
Permanent employees (key and other)	Key (licensed) and other gaming (licensed) employees.
Temporary employees	Where the application for registration has been made to the board and the operation of the licensees' business will be prejudiced or disadvantaged by the delay. Such temporary licences may be issued pending the outcome of the applicant's application for registration (in other words a temporary licence issued in anticipation of a permanent employee licence being issued).

Gambling machine/slot machine (used interchangeably)	A slot machine, informally known as a fruit machine, is a casino gambling machine with three or more reels, which spin when a button is pushed, or a handle is pulled (older mechanical types). These slot machines are also known as one-armed bandits because of the one lever on the side of the machine (the arm) and because of their ability to leave the gamer penniless (bandit). The machine pays off based on patterns of symbols visible on the front of the machine when it stops. Slot machines are the most popular gambling method in casinos and constitute about 80% of the average casino's income.
Gross gambling revenue (GGR)	Gross gambling revenue is defined as the rand value of the gross revenue of an operator in terms of turnover, less winnings paid to players.
Horse racing	Horse racing is the sport in which horses and their riders take part in races, typically with substantial betting on the outcome.
Licensed (all modes and outlets)	Licensed is when a person or company is in possession of a valid licence, registration card or certificate allowing him/them to offer approved gambling activities within licensed premises to over 18-year-old persons.
Limited payout machine (LPM)	Limited payout machine means a gambling machine outside of a casino, the playing of which offers limited stakes and prizes.
Return to player (RTP)	Return to player is an average amount of money returned to players achieved over a significant number of game plays and not each time the gambling machine is played (total amount returned to players/ total amount wagered by players).
Route operator (RO)	Route operator is a juristic person licensed to own and operate limited payout machines, maintain and effect the collection of money and paying of taxes and levies in respect of all machines under its licence.

Site operator (SO)	Site operator is a natural or juristic person licensed to manage limited payout machines owned by a route operator on their licensed premises (also known as a site) and to make them available to be played by members of the public.
Table game	In casinos, the term 'table game' is used to distinguish games such as blackjack, craps, roulette and baccarat that are played on a table and operated by one or more live dealers like a croupier or poker dealer.
Taxes/levies	Gambling tax levied by and collected by provincial licensing authorities.
Totalisator/pari-mutuel betting (used interchangeably)	Totalisator is the name for the automated pool betting system, which runs pari-mutuel betting, calculating payoff odds, displaying them, and producing tickets based on incoming bets. Pari-mutuel betting is a betting system in which all bets of a particular type are placed together in a pool; taxes and the 'house stake' are removed, and payoff odds are calculated by sharing the net pool among all winning bets.
Turnover (TO)	Turnover is the rand value of money wagered. This includes 'recycling', which refers to amounts staked on more than one occasion. 'TO' in the fixed odds/bookmaking environment is, however, different from other forms of gambling in that the amount of money crossing the table is NOT seen as turnover. This is because the amount of money staked/wagered/bet on an event is returned to the player should the player win the wager/bet, so a true description of turnover in fixed odds/bookmaking parlance is money wagered minus the stakes wagered on winnings bets = fixed odds/bookmaking turnover.

EXECUTIVE SUMMARY

FY2021/22, the second year of the Covid-19 pandemic, saw the gambling industry rebound. While FY2020/21's restrictive coronavirus measures lowered industry gross gambling revenue (GGR) by about 30%, the easing of restrictions and general recovery across the economy led to growth of 48% in the financial year under review. Overall, GGR in FY2021/22 totalled R34.4 billion, a figure above that of the year before the pandemic hit of R32.7 billion. The largest growth year-on-year (YOY) occurred in the LPM and casino sectors, which grew 51.9% and 50.9% respectively. Betting and bingo YOY GGR growth were also high at 45.8% and 37% respectively.

While the betting industry has almost doubled its pre-crisis figure, casino and bingo GGR are still below their FY2019/20 sums. The LPM industry matched its FY2019/20 performance, with the industry rolling out an additional 677 LPMs across the country. What this shows is that industry recovery is driven largely by the stellar performance of the betting industry.

Demand for betting skyrocketed in FY2020/21, spurred on by its availability during stringent lockdowns. This trend continued unabated in the financial year under review with the provincial licencing authorities (PLAs) authorising additional betting licences. The number of operational bookmakers increased by 42% between FY2020/21 and FY2021/22 (186 to 264 bookmakers). However, the number of bookmaker outlets fell from 599 to 527 by 31 March 2022. This is an indication that the growing number of licensed operators are setting up shop online, as opposed to having physical outlets. The number of totalisator outlets also fell over this period from 328 to 306. Betting off-course exhibited exponential growth while that conducted on-course has remained flat over the past decade. Growth in online betting markets presents promising opportunities for the industry but requires closer regulatory scrutiny to prevent problem gambling.

At present, the betting industry generates 44.9% of total industry GGR, followed by the casino (39.9%), LPM (10.7%) and bingo (4.4%) sectors. This is a starkly different picture to that of just 10 years ago when casinos held roughly 80% of the market share.

At the provincial level, statistics show that all provinces experienced positive growth in FY2021/22, contrasting with the previous year in which only Mpumalanga's growth was positive. Mpumalanga was still an outlier this year, posting growth of 139.1%, significantly higher than growth rates seen in the North West (74.3%) and Limpopo (72.7%). Mpumalanga's growth was driven by the betting sector which grew by 183%. Gauteng and the Western Cape, provinces that generate the highest levels of GGR, had relatively lower growth rates of 22.9% and 51.5% respectively.

Provinces where casinos still generate the largest proportion of GGR relative to other modes within the province are Gauteng, KwaZulu-Natal, Eastern Cape, North West, Northern Cape and Free State. In Mpumalanga (82.5%), the Western Cape (65.2%) and Limpopo (57%), the largest proportion of GGR is generated by the betting industry.

The provinces collected R3.2 billion in taxes/levies in FY2021/22, a 53.8% increase compared to the previous year. Before the pandemic, PLAs collected R3.2 billion in FY2019/20. While the betting industry generated the largest amount of revenue, casinos (44.5%) continue to contribute the larger share of taxes/levies relative to the betting (37.1%), LPM (14%) and bingo (4.4%) sectors.

The South African gambling industry is largely a land-based fraternity as online gambling is illegal. Betting online is, however, permitted and its growth over the past two financial years shows that demand for online gambling products has grown, with betting becoming the preferred gambling mode.

SNAPSHOT OF THE GAMBLING INDUSTRY FY2020/21 & FY2021/22

Variable	FY2020/21	FY2021/22	FY2021/22	FY2021/22	FY2021/22	FY2021/22
	Market conduct – as at Quarter 4 Statistics – Total all Quarters	Market conduct – as at Quarter 4 Statistics – Total all Quarters	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Number of operational casinos	38	38	38	38	38	38
Number of operational slots (casinos)	18953	20959	20273	18657	20359	20959
Number of operational tables (casinos)	831	842	900	826	899	842
Number of operational gambling positions (casinos)	21349	25507	24522	23064	24849	25507
Number of operational totalisator outlets	328	306	323	302	304	306
Number of operational bookmakers	186	264	268	259	267	264
Number of operational bookmaker outlets	599	527	547	546	533	527
Number of operational Limited Payout Machine (LPM) site operators	2421	2474	2414	2406	2468	2474
Number of active LPMs	13914	14591	13634	14001	14474	14591
Number of operational bingo outlets	65	67	65	66	66	67
Number of operational bingo positions	8625	8960	8718	8195	8449	8960
Traditional bingo	528	132	132	132	132	132
Electronic Bingo Terminals	8097	8828	8586	8063	8317	8828
National gambling statistics: Turnover	R326 420 638 507	R559 880 253 827	R124 353 742 490	R119 311 478 658	R156 361 863 559	R159 853 169 119
National gambling statistics: GGR	R23 254 421 689	R34 430 989 724	R8 002 247 776	R6 726 020 706	R9 615 431 238	R10 087 290 003
National gambling statistics: Taxes/ levies collected	R2 049 426 607	R3 150 812 854	R743 785 297	R626 041 785	R882 051 625	R898 934 148

MAXIMUM LICENCES PER GAMBLING MODE PER PROVINCE AS OF 31 MARCH 2022

MAXIMUM NUMBER OF LICENCES	EC	FS	GP	KZN	LP	MP	NW	NC	WC
Maximum number of casino licences	5	4	7	5	3	4	4 active	3	5
Maximum number of route operator licences	2	2	5	4	No set maximum number	Unlimited	No set maxi-mum number	2	2
Maximum number of bookmaker licences	Unlimited	No set maximum number	131	48	No set maximum number	Unlimited, subject to sufficient market de-mand and operation-al viability	No set maxi-mum number	17	48
Maximum number of totalisator licences	Unlimited	No set maximum number	1	2	No set maximum number	Unlimited, subject to sufficient market de-mand and operation-al viability	No set maxi-mum number	2	1
Maximum number of bingo licences	15	No roll out currently	11	22	No set maximum number	Unlimited, subject to sufficient market de-mand and operation-al viability	9	No roll out cur-rently	No roll out cur-rently

CHAPTER 1: NATIONAL GAMBLING STATISTICS

1.1 Introduction

FY2021/22, the second year of the Covid-19 pandemic, saw the gambling industry rebound. While FY2020/21's restrictive coronavirus measures lowered industry gross gambling revenue (GGR) by about 30%, the easing of restrictions and general recovery across the economy led to growth of 48% in the financial year under review. The purpose of this section is to provide an overview of national gambling statistics (per gambling mode and province) based on provincial gambling statistics submitted by all PLAs during the reporting periods as indicated.

1.2 Turnover per gambling mode and province

A total amount of R559 880 253 827 was wagered in FY2021/22, an increase of 71.5% from the previous financial year FY2020/21 (R326 420 638 507). This recovery reflects the opening up of the industry following stringent lockdowns in 2020. The betting and casino sectors accounted for the highest TO at 43.8% and 43.1% respectively. Gauteng (27.6%) accounted for the highest TO in respect of all gambling modes, followed by the Western Cape (23.4%) and Mpumalanga (20.6%). The TO per gambling mode and province is reflected in figures 1 & 2.

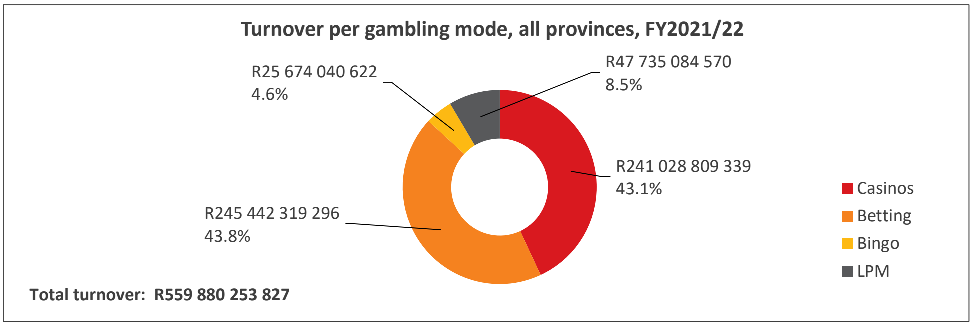


Figure 1: Turnover per gambling mode, all provinces, FY2021/22

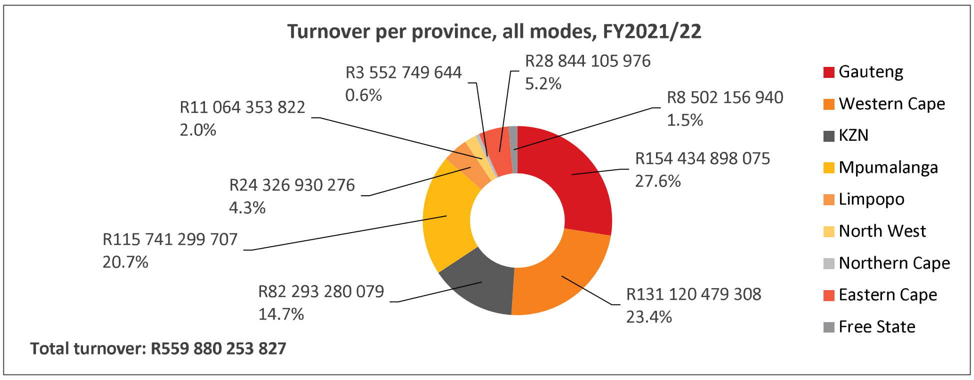


Figure 2: Turnover per province, all modes, FY2021/22

1.3 Gross gambling revenue per gambling mode and province

GGR generated in the gambling industry was R34 430 989 724 in FY2021/22, which is a 48% increase compared to the previous financial year. In previous years, the trend in GGR was largely positive, but fell drastically in the year the pandemic hit. GGR increased by 3.8% from R 26.0 billion in FY2015/16 to R 27.0 billion in FY2016/17, by 6.7% from FY2016/17 to R 28.8 billion in FY2017/18, and by 7.0% from FY2017/18 to R 30.8 billion in FY2018/19. GGR increased by 6.1% to R32 651 969 283 in FY2019/20. In FY2020/21, however, GGR decreased by 28.8% to R23 254 421 689 because of the effects of the pandemic. In FY2021/22, betting accounted for the highest GGR generated, 44.9% compared to other gambling modes. Compared to all other provinces, Gauteng, at a 28.8% share, accounted for the highest GGR. The GGR per gambling mode and province is reflected in figures 3 & 4.

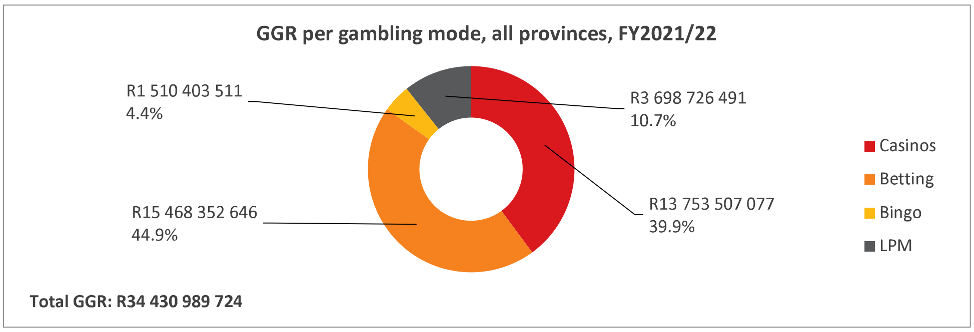


Figure 3: GGR per gambling mode, all provinces, FY2021/22

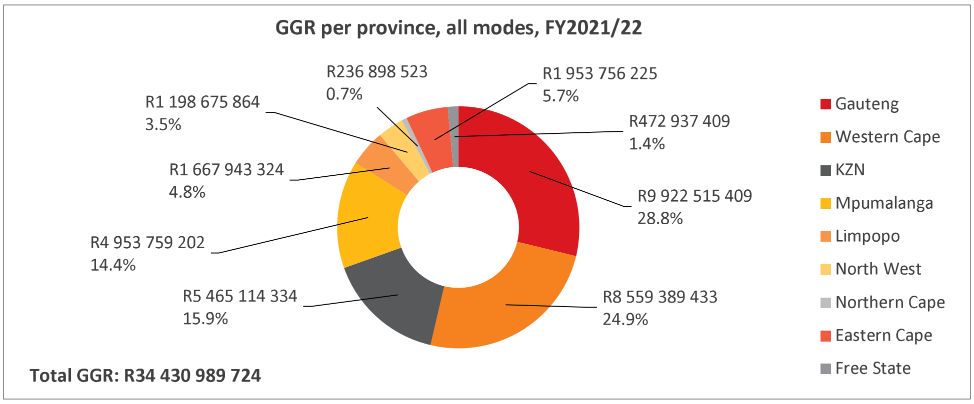
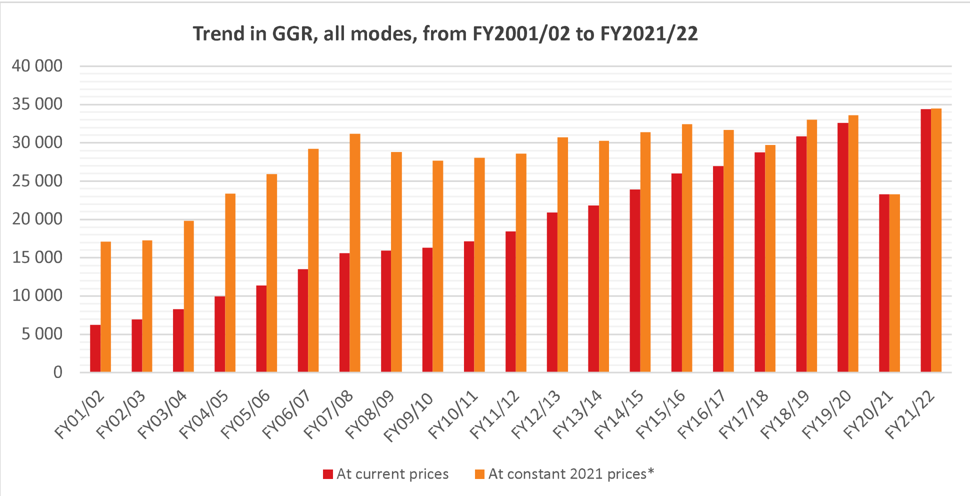


Figure 4: GGR per province, all modes, FY2021/22

The trend in GGR for all modes and all provinces is illustrated in figure 5 at current and constant 2021 consumer price indices that account for inflation. Looking at the constant price trend, real prices show that from FY2001/02, GGR followed an increasing upward trend before dropping in FY2008/09 and FY2009/10. This was the time of the Global Financial Crisis of FY2007/08 that slowed down economic growth and resulted in a fall in incomes and consequently discretionary income for gambling. From FY2010/11, GGR at constant prices increased from R28.0 billion to R32.5 billion in FY2015/16, decreased to R29.8 billion in FY2017/18, increased to R33.0 billion in FY2018/19 and further increased to R33.6 billion in FY2019/20. However, due to the Covid-19 pandemic, GGR fell to R23.2 billion in FY2020/21, rebounding to R34.4 billion in FY2021/22.

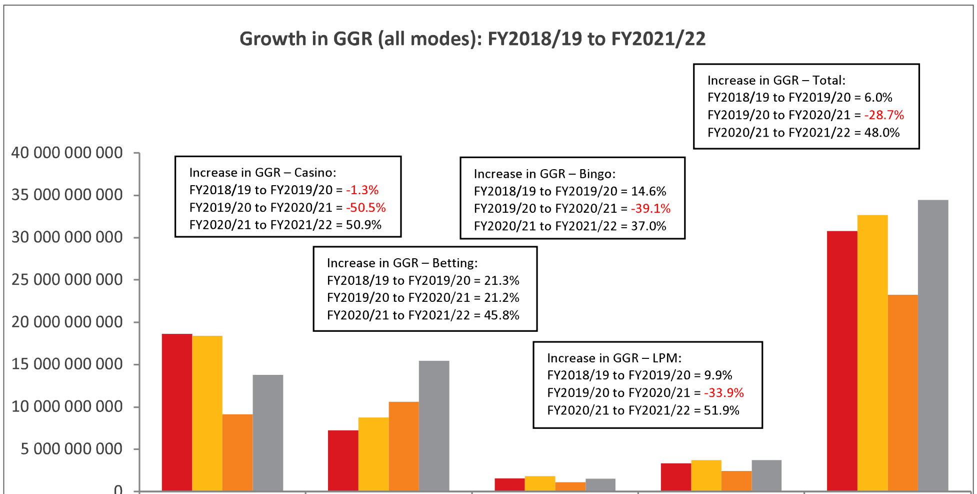


Consumer Price Index for calculation of constant figures sourced from South African Reserve Bank (2022)

Figure 5: Trend in GGR, all modes, FY – from FY2001/02 to FY2021/22

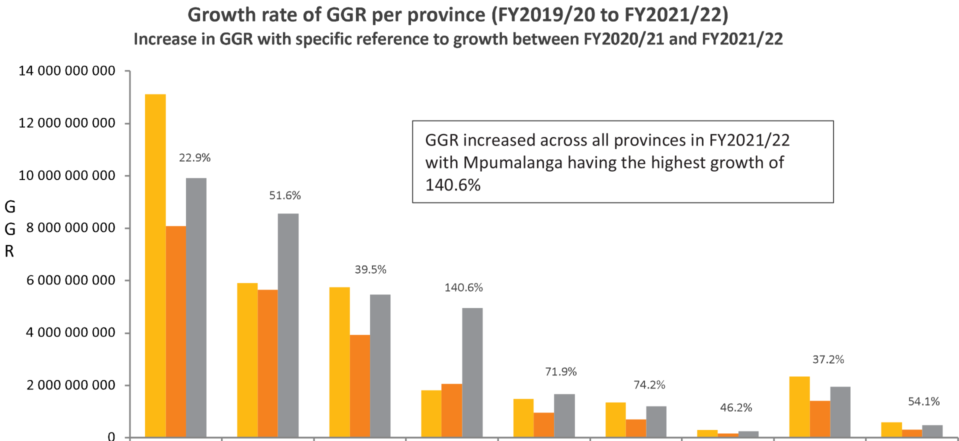
Analysis of GGR and gambling positions per gambling mode during the period FY2018/19 to FY2021/22 reflected the following growth and trends as shown in figures 6, 7 and 8:

- GGR overall rose by 48% in FY2021/22 compared to the previous financial year. The LPM and casino sectors had the highest growth rates, growing 51.9% and 50.9% respectively, while the betting and bingo sectors grew by 45.8% and 37%.
- In FY2021/22, the number of operational casino, LPM and bingo positions increased relative to the previous year. The number of operational casino positions grew by 10% from 21 349 to 23 471. The number of LPMs rose by 5% from 13914 to 14591. Bingo operational positions increased by 2% to 8782 positions.
- All provinces experienced positive growth over the past financial year, with Mpumalanga standing out as an outlier at 139.1% growth in GGR. North West and Limpopo also experienced high levels of growth at 74.3% and 72.7% respectively.



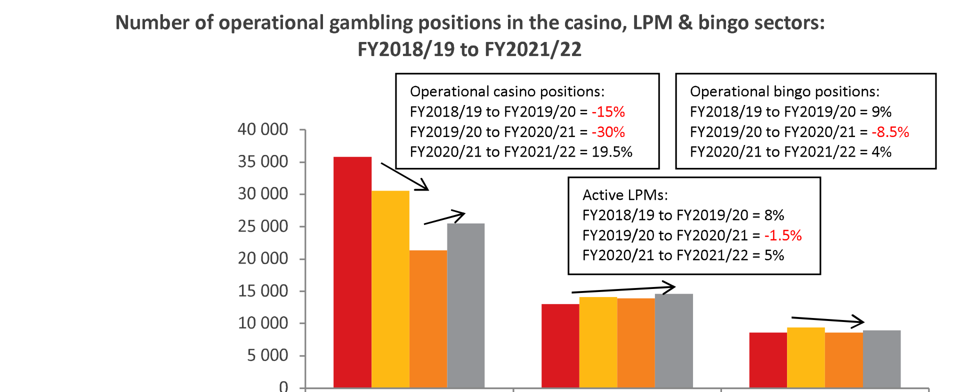
	GGR Casino	GGR Betting	GGR Bingo	GGR LPM	TOTAL
GGR, FY2018/19	18 632 408 686	7 227 082 554	1 580 744 888	3 350 530 532	30 790 766 660
GGR, FY2019/20	18 394 077 253	8 764 027 638	1 810 774 980	3 681 852 665	32 650 732 535
GGR, FY2020/21	9 107 191 030	10 609 620 944	1 103 215 830	2 434 393 885	23 254 421 690
GGR, FY2021/22	13 753 507 077	15 468 352 646	1 510 403 511	3 698 726 491	34 430 989 724

Figure 6: Growth in GGR, all modes (FY2018/19 to FY2021/22)



	Gauteng	Western Cape	KwaZulu-Natal	Mpuma-langa	Limpopo	North West	Northern Cape	Eastern Cape	Free State
GGR, FY2019/20	13 112 321 197	5 905 399 667	5 748 122 247	1 814 939 085	1 480 212 530	1 353 849 671	292 942 263	2 343 164 650	601 017 974
GGR, FY2020/21	8 075 932 542	5 645 269 379	3 918 530 389	2 058 984 744	970 226 198	688 054 486	162 009 414	1 423 696 775	306 849 610
GGR, FY2021/22	9 922 515 409	8 559 389 433	5 465 114 334	4 953 759 202	1 667 943 324	1 198 675 864	236 898 523	1 953 756 225	472 937 409

Figure 7: Growth rate of GGR per province (FY2019/20 to FY2021/22)



	Casino	Limited payout machines	Bingo
Operational positions, FY2018/19	35 768	13 034	8 610
Operational positions, FY2019/20	30 515	14 130	9 427
Operational positions, FY2020/21	21 349	13 914	8 625
Operational positions, FY2021/22	25 507	14 591	8 960

Figure 8: Number of gambling positions in the casino, LPM & bingo sectors: FY2018/19 to FY2021/22

As at 31 March 2022, GGR from all modes of gambling totalled R34 430 989 724 (all quarters). Of this total, betting GGR accounted for the highest share, at 44.9%, followed by casino GGR at 39.9%. LPM GGR accounted for 10.7% of the market while bingo GGR had the least market share (4.4%) in terms of GGR. Between FY2009/10 and FY2021/22, the trend in market share saw the share of casino GGR fall from 84.4% to 39.9%, while the share of gambling revenues from other modes (betting, LPM and bingo sectors) increased. In FY2020/21, the betting sector grew to surpass the casino sector with market shares of 44.9% and 39.9% in FY2021/22 for the betting and casino sectors respectively.

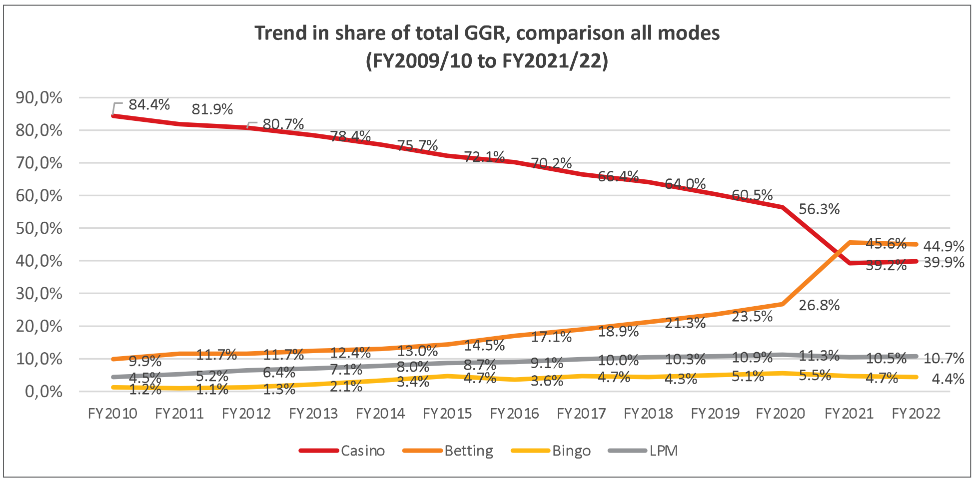


Figure 9: Trend in share of total GGR, comparison of all modes (FY2009/10 to FY2021/22)

1.4 Taxes/levies contribution per gambling mode and province

A total amount of R3 150 812 854 in taxes/levies was collected during FY2021/22. At 44.4%, casinos contributed the highest amount of taxes/levies paid in comparison with other gambling modes. Gauteng (29.6%) accounted for the highest amount of taxes/levies paid compared to all other provinces. The collection of taxes/levies decreased by 1.0% from R2.8 billion in FY2015/16 to R2.7 billion in FY2016/17, increased by 5.7% to R2.9 billion in FY2017/18, by 6.8% to R3.1 billion in FY2018/19 and by 3.2% to R3.2 billion in FY2019/20, but decreased by more than a third (36.1%) to R2.0 billion in FY2020/21. In FY2021/22, taxes/levies collected increased by 53.8%. Taxes/levies collected per gambling mode and province are reflected in figures 10 & 11.

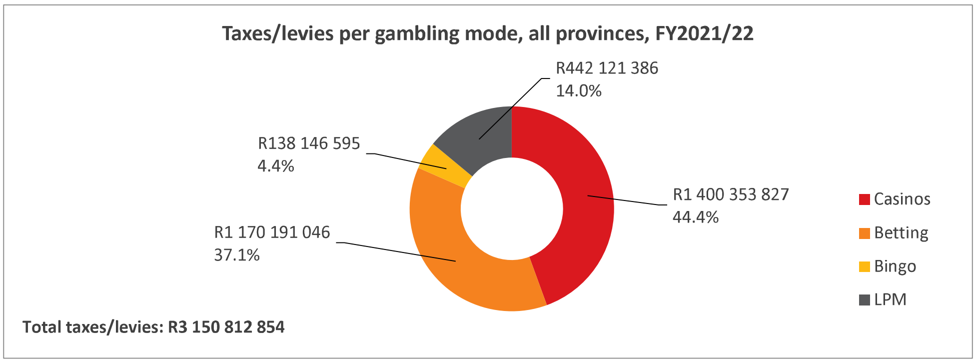


Figure 10: Taxes/levies per gambling mode, all provinces, FY2021/22

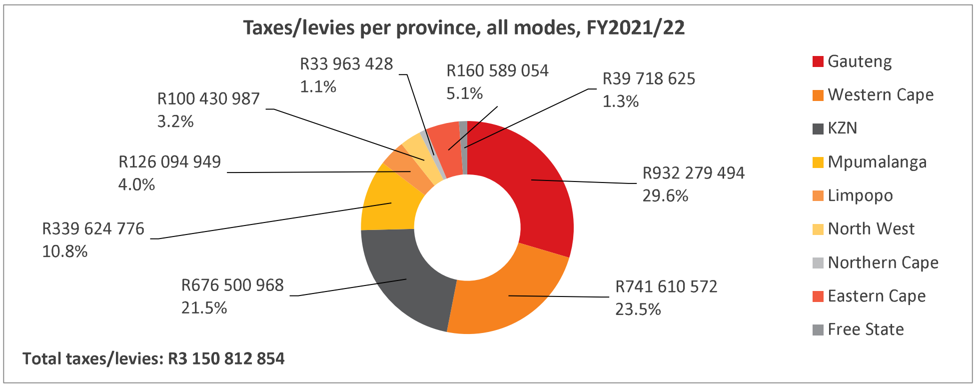


Figure 11: Taxes/levies per province, all modes, FY2021/22

CHAPTER 2: CASINO SECTOR

2.1 Market conduct

By the end of the financial year FY2021/22, as at 31 March 2022, a total of 38 casinos (out of a maximum of 41 licences) were operational in South Africa. This follows the closure of Naledi Casino in the Free State, owned by Sun International, following the Covid-19 pandemic. The controlling shareholders for operational casinos are Sun International (12 casinos), Tsogo Sun Holdings/Hosken Consolidated Investments (15 casinos), Peermont Resorts (eight casinos), Northern Cape Casino Consultants (one casino), Billion Group (one casino) and African Pioneer Gaming (one casino).

Of the total casino market, the majority of the casinos are situated in Gauteng (7, 18%), compared to the Western Cape, KwaZulu-Natal and Eastern Cape which each host five casinos (13% respectively) as reflected in figure 12.

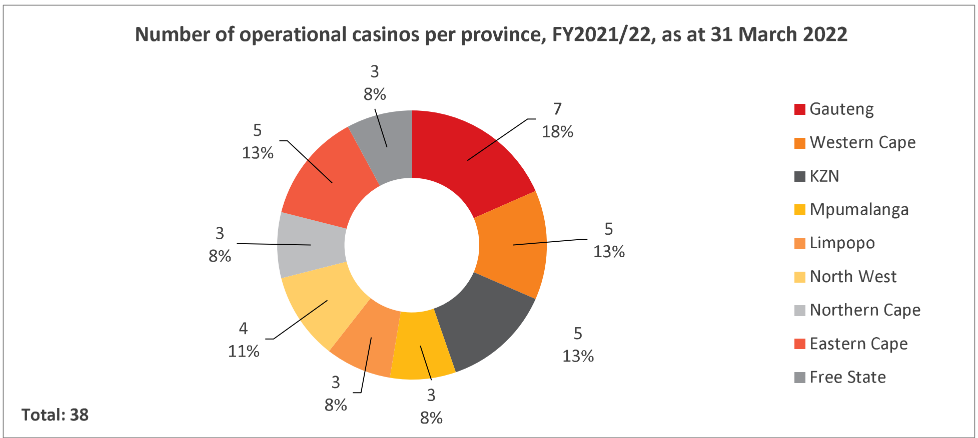


Figure 12: Number of operational casinos per province, FY2021/22, as at 31 March 2022

The NGB monitors the number of licensed and operational gambling machines/slots, tables and positions in casinos. Gambling positions are calculated as the sum total of operational slots, plus tables multiplied by the average number of positions that each table represents in a province or casino.

As at 31 March 2022, Gauteng accounted for the highest number of licensed operational slots in casinos (7 653) compared to KwaZulu-Natal (3 844) and Western Cape (3054) out of the total number of 20 959. The number of operational slots has been declining over the past financial years; however the decline in FY2020/21 was exacerbated by the Covid-19 pandemic. In the financial year under review, the number of operational slots increased by 10.6%.

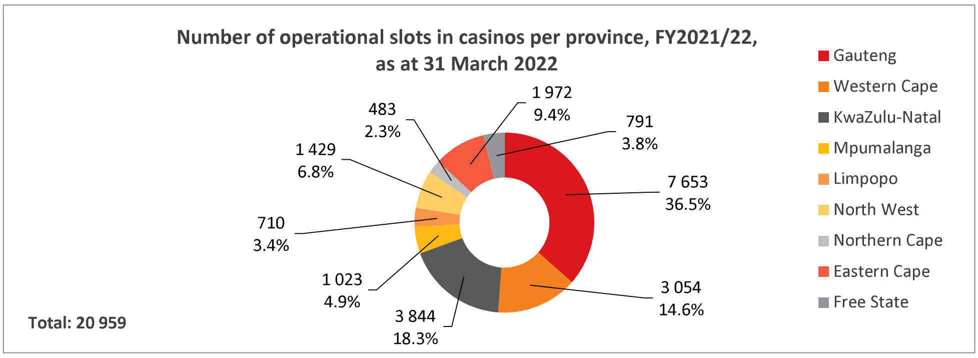


Figure 13: Number of operational slots in casinos per province, FY2021/22, as at 31 March 2022

Gauteng accounted for the highest number of operational tables, 330 out of a total of 842, compared to KwaZulu-Natal (156) and the Western Cape (76), as at 31 March 2022, as reflected in figure 14. The number of operational tables decreased from 935 to 831 between FY2019/20 and FY2020/21 because of the Covid-19 pandemic. In the financial year under review, the number increased marginally to 842.

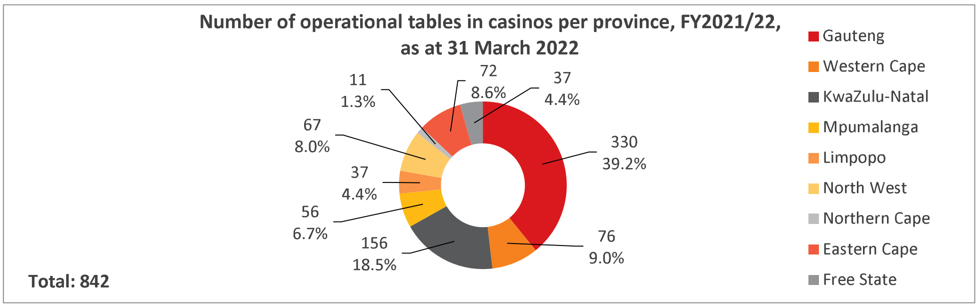
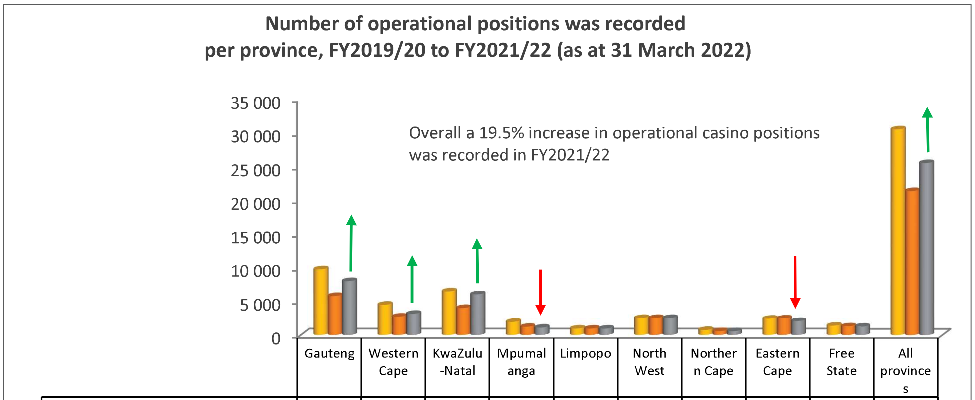


Figure 14: Number of operational tables in casinos per province, FY2021/22, as at 31 March 2022

The number of operational gambling positions is calculated as the number of slots, plus the average number of positions that each table represents at a casino. The number of positions per table differs depending on the nature of the table game, as well as the licencing conditions in the province. Gauteng had the highest number of casinos in South Africa (seven out of 38 operational casinos) as at 31 March 2022 and also accounted for the highest number of operational gambling positions in casinos (7983 out of a total of 25507), followed by KwaZulu-Natal (6028) and Western Cape (3130).

The number of operational gambling positions in casinos (slots and tables) increased by 8.1% from FY2016/17 (33 249) to FY2017/18 (35 929), decreased by 0.4% (35 768) in FY2018/19, and further declined in FY2019/20 by 14.7% to 30515. In FY2020/21 the number of operational gambling positions declined by 30% to 21 349 owing to the Covid-19 pandemic; FY2021/22, however, saw an increase of 19.5%.



	Gauteng	Western Cape	KwaZulu-Natal	Mpumalanga	Limpopo	North West	Northern Cape	Eastern Cape	Free State	All provinces
Operational positions, FY2019/20, Qrt 4	9 729	4 478	6 454	1 921	939	2 501	729	2 403	1 361	30 515
Operational positions, FY2020/21, Qrt 4	5 775	2 710	3 991	1 193	932	2 501	549	2 437	1 261	21 349
Operational positions, FY2021/22, Qrt 4	7 983	3 130	6 028	1 079	932	2 501	549	2 044	1 261	25 507

Increased Decreased No change between FY2019/20 and FY2021/22

Figure 15: Number of operational positions was recorded per province, FY2019/20 to FY2021/22 (as at 31 March 2022)

2.2 Turnover per province in casinos

The total rand value of money wagered in casinos in FY2021/22 was R241 028 809 339. This amount represents 43.1% of the total turnover (money wagered) in all gambling modes. In comparison with last year's turnover as at 31 March 2021 of R 158 803 558 751, this represents an increase of 51.8%.

As at 31 March 2022, Gauteng had the highest number of casinos compared to other provinces which resulted in the highest amount of money wagered during FY2021/22 at these gambling venues (45.3%). This was followed by money wagered in casinos in KwaZulu-Natal (22.3%) and Western Cape (14.8%) as reflected in figure 16.

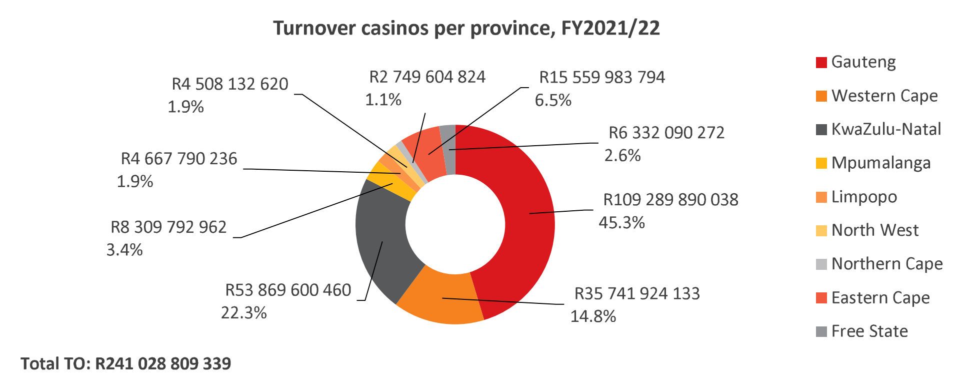


Figure 16: Turnover casinos per province, FY2021/22

2.3 Gross Gambling Revenue (GGR) per province

The total rand value of GGR generated in casinos during FY2021/22 was R13 753 507 077, a 50.9% increase from FY2020/21 (R9 107 191 030). The share of casino GGR represents 39.9% of the total amount of GGR generated by all gambling modes. GGR generated by the casino sector decreased by 1.8% between FY2015/16 (R 18 236 685 695) and FY2016/17 (R17 900 747 071), increased by 2.9% in FY2017/18 (R18 417 094 967), increased by 1.2% in FY2018/19 (R18 632 408 686) but declined by 1.3% in FY2019/20 and further declined by 50.5% in FY2020/21.

Gauteng has the highest number of casinos compared to other provinces resulting in the highest amount of GGR generated during FY2021/22 in these gambling venues (43.6%), followed by KwaZulu-Natal (21.0%) and Western Cape (15.1%), as reflected in figure 17.

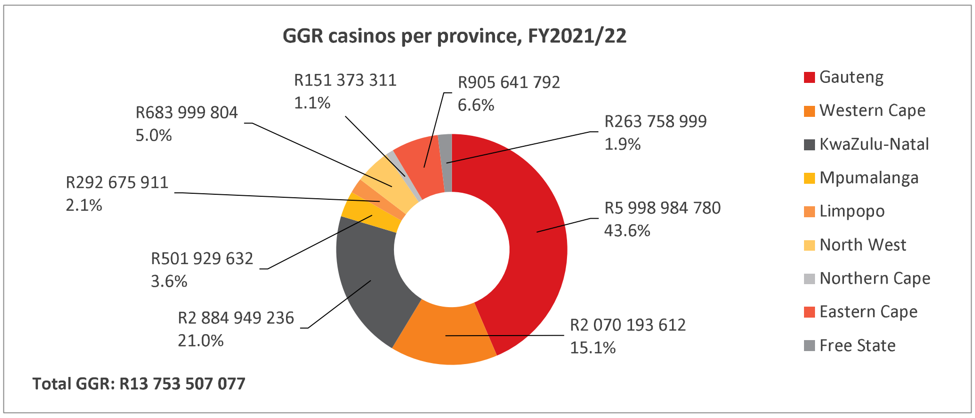


Figure 17: GGR casinos per province, FY2021/22

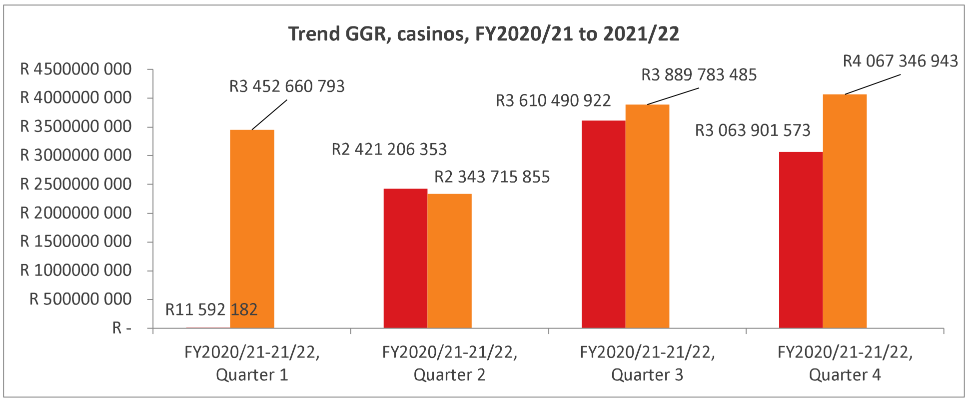


Figure 18: Trend in GGR, casinos, FY2020/21 to 2021/22

2.4 Taxes/levies from the casino sector per province

The total rand value of taxes/levies collected by PLAs from the casino sector in FY2021/22 was R1 400 353 827, an increase of 61.6% from the previous financial year FY2020/21 (R866 610 010). This amount represents 44.5% of the total amount of taxes/levies collected from all gambling modes (inclusive of betting on horse racing and sport, LPMs and bingo). Taxes/levies collected decrea by 7.3% between FY2015/16 (R 1 969 759 247) and FY2016/17 (R 1 826 714 702), increasec 2.8% in FY2017/18 and 2.7% in FY2018/19. In FY2019/20, industry taxes/levies fell by 2.3%, and drastically further by 54% in FY2020/21.

As at 31 March 2022, Gauteng accounted for the highest number of casinos by comparison v other provinces, resulting in the highest amount of taxes/levies collected from these gamb venues (38.6%), followed by KwaZulu-Natal (24.5%) and Western Cape (20.0%) as reflectec figure 19.

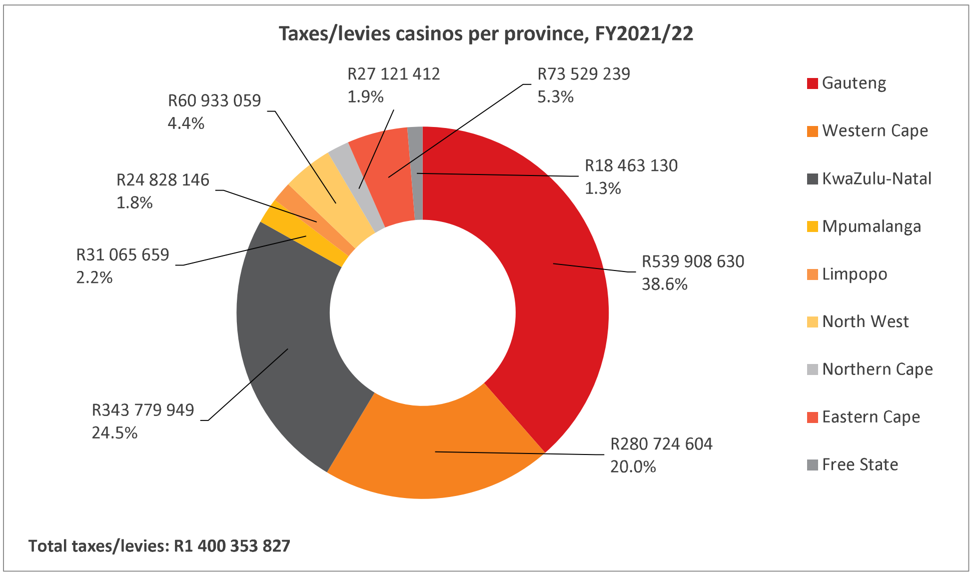


Figure 19: Taxes / levies casinos per province, FY2021/22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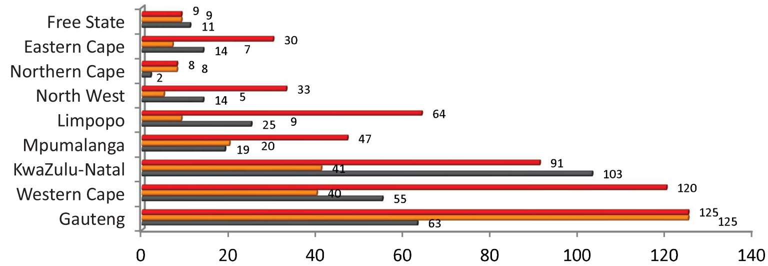
CHAPTER 3: BETTING ON HORSE RACING AND SPORT SECTOR

3.1 Market conduct

Gold Circle is the totalisator operator in KwaZulu-Natal, and 4Racing is the operator in Gauteng, Mpumalanga, Limpopo, North West, Northern Cape, Eastern Cape and the Free State. Trotco (Pty) Ltd t/a Ithotho is licensed in KwaZulu-Natal as a totalisator and a race course operator. Telebet call centres are located in Gauteng and Eastern Cape. PowerBet Gaming is a totalisator operating in Mpumalanga. Licensed bookmakers are located in all the provinces throughout the Republic. Bets can be placed on horse racing and sport (on- and off-course), as well as on any other legal contingency.

As at 31 March 2022, Gauteng accounted for the highest number of licensed operational bookmakers (125) followed by KwaZulu-Natal (41) and Western Cape (40). The highest number of licensed operational bookmaker outlets were situated in Gauteng (125) followed by the Western Cape (120) and KwaZulu-Natal (91). KwaZulu-Natal (103) accounted for the highest number of licensed operational totalisator outlets followed by Gauteng (63) and the Western Cape (55).

Number of licensed operational bookmakers, totalisator and bookmaker outlets per province, FY2021/22, as at 31 March 2022



	Gauteng	Western Cape	KwaZulu-Natal	Mpumalanga	Limpopo	North West	Northern Cape	Eastern Cape	Free State
Operational bookmaker outlets	125	120	91	47	64	33	8	30	9
Operational bookmakers	125	40	41	20	9	5	8	7	9
Operational totalisator outlets	63	55	103	19	25	14	2	14	11

Figure 20: Number of licensed operational bookmakers, totalisator and bookmaker outlets, FY2021/22, as at 31 March 2022

3.2 Turnover in the betting sector (totalisators and bookmakers) per province

The total rand value of money wagered in the betting on horse racing and sport sector during FY2021/22 was R245 442 319 296, an increase by 107.2% from FY2020/21 (R118 462 022 161). This amount represents 43.8% of turnover (money wagered) across all gambling modes.

As at 31 March 2022, Mpumalanga accounted for the highest amount of money wagered in the betting on horse racing and sport industry (41.6%) compared to the Western Cape (34.1%) and Gauteng (12.5%), as reflected in figure 21.

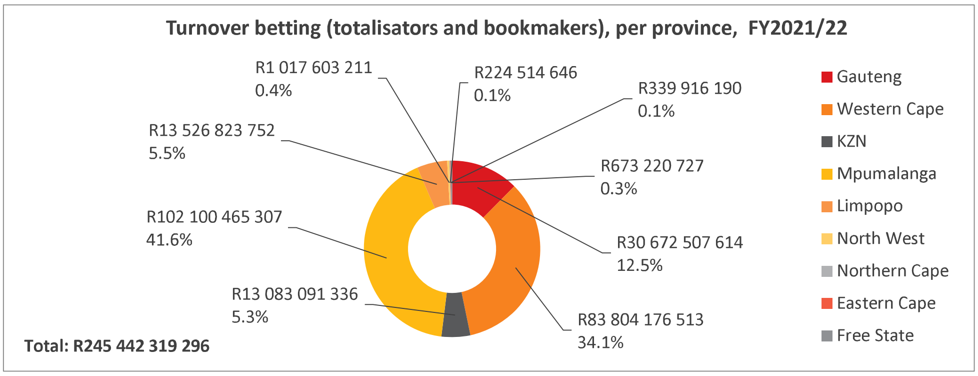


Figure 21: Turnover betting (totalisators and bookmakers), per province, FY2021/22

3.3 Gross gambling revenue generated in the betting sector (totalisators and bookmakers) per province

The total rand value of GGR generated in the betting on horse racing and sport sector during FY2021/22 was R15 472 370 547, a 45.8% increase from FY2020/21 (R10 609 620 944). This amount represents the largest share (44.9%) of total GGR including the betting, casino, LPM and bingo sectors.

As at 31 March 2022, the Western Cape (36.1%) accounted for the highest GGR generated in FY2021/22 followed by Mpumalanga (26.2%) and Gauteng (18.0%) as reflected in figure 22.

GGR generated in the betting industry increased by 14.3% from R4 448 765 756 in FY2015/16 to R5 085 630 664 in FY2016/17. In FY2017/18, GGR increased by 20.7%, followed by consecutive positive increases by 17.8%, 21.3% and 20.4% in FY2018/19, FY2019/20 and FY2020/21 respectively.

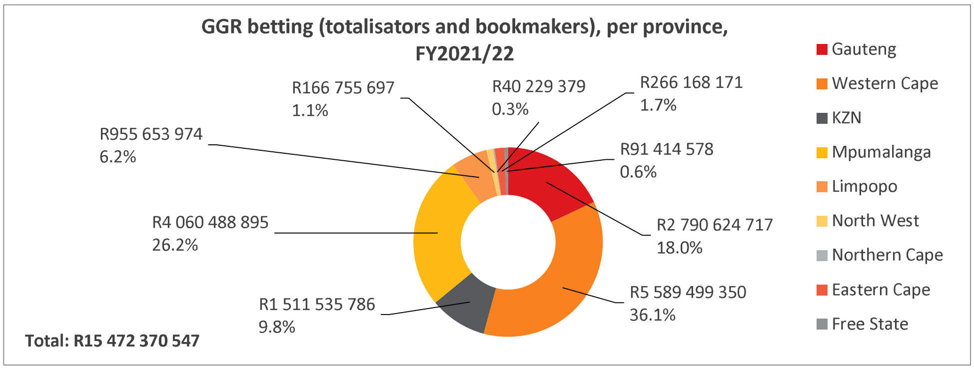


Figure 22: GGR betting (totalisators and bookmakers), per province, FY2021/22

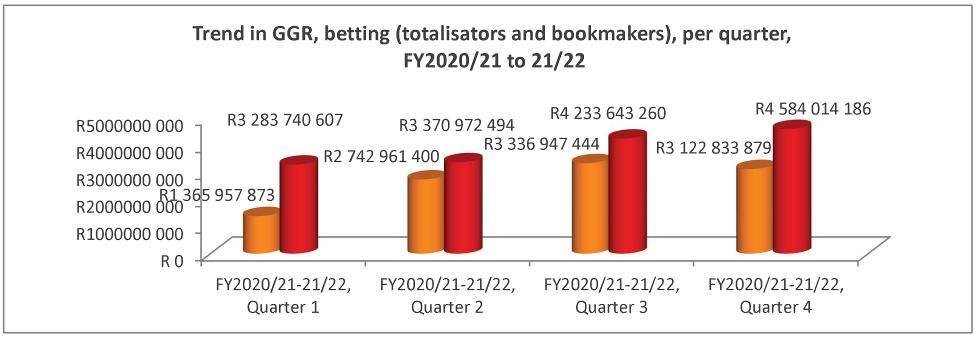


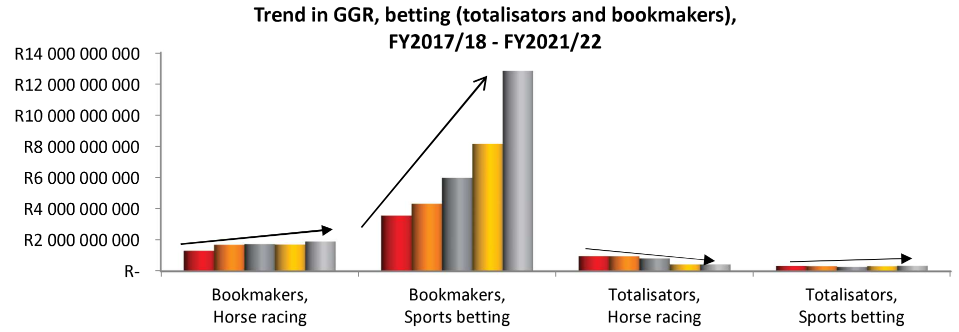
Figure 23: Trend in GGR, betting (totalisators and bookmakers), per quarter, FY2020/21 to 21/22

Bookmaker's horse racing GGR has generally been on an upward trend over the years rising by 29% in FY2018/19 and 2% in FY2019/20 as shown in figure 24. It fell marginally by 2% in FY2020/21, in the first year of the pandemic, but recovered by 11% the following year.

GGR generated by bookmakers on sports betting has been on a sharp upward trend since FY2017/18 as shown in figure 24. GGR growth was 29% in FY2018/19, increasing again by 39% and 37% in FY2019/20 and FY2020/21. In the present financial year, sports betting experienced tremendous growth at 57%.

Totalisator's horse racing GGR has been on a downward trend starting in FY2017/18. In FY2018/19, GGR fell by 1%. In FY2019/20 GGR fell by 15% and it saw a drastic decline in FY2020/21 during the first year of the pandemic, falling by 47%. In FY2021/22, GGR continued on its downward path, falling by 1%.

Totalisator's sports betting GGR was on a downward path until FY2020/21 when its course reversed. In FY2018/19 and FY2019/20 GGR fell by 6% and 14%. In FY2020/21 and FY2021/22 GGR increased by 20% and 7% respectively.



	Bookmakers, Horse racing	Bookmakers, Sports betting	Totalisators, Horse racing	Totalisators, Sports betting
FY2017/18	R1 289 865 606	R3 563 907 799	R947 674 300	R335 385 203
FY2018/19	R1 670 139 075	R4 317 057 494	R941 913 021	R313 592 486
FY2019/20	R1 709 594 514	R5 981 461 167	R803 813 609	R269 158 347
FY2020/21	R1 683 065 295	R8 178 285 690	R426 477 279	R321 792 680
FY2021/22	R1 872 054 678	R12 832 845 899	R423 413 731	R343 876 171

Figure 24: Trend in GGR, betting (totalisators and bookmakers), FY2017/18 to FY2021/22

3.4 Taxes / levies from the betting sector (totalisators and bookmakers) per province

The total rand value of taxes/levies collected by PLAs from betting on the horse racing and sport sector during FY2021/22 was R1 170 191 046, an increase of 46.6% from FY2020/21 (R798 439 342). This amount represents 37.1% of the total amount of taxes/levies collected from all gambling modes (inclusive of casinos, LPMs and bingo). The collection of taxes/levies increased by 8.5% from R 396 775 739 in FY2015/16 to R 430 497 110 in FY2016/17, increased by 16.1% in FY2017/18 to R 499 817 351, by 11.4% in FY2018/19 R556 709 987 and increased by 20.3% and 19.1% in FY2019/20 and FY2020/21 respectively.

As at 31 March 2022, the Western Cape accounted for the highest amount of betting taxes collected in the betting industry (31.7%), followed by Mpumalanga (23.2%) and Gauteng (20.1%).

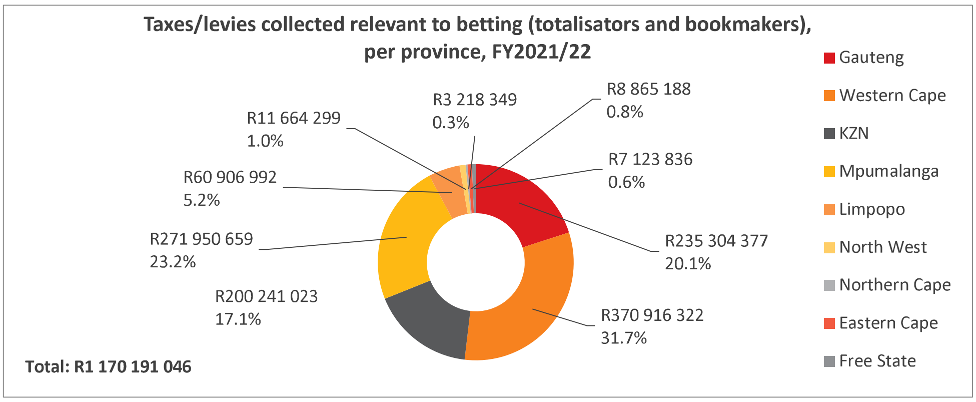
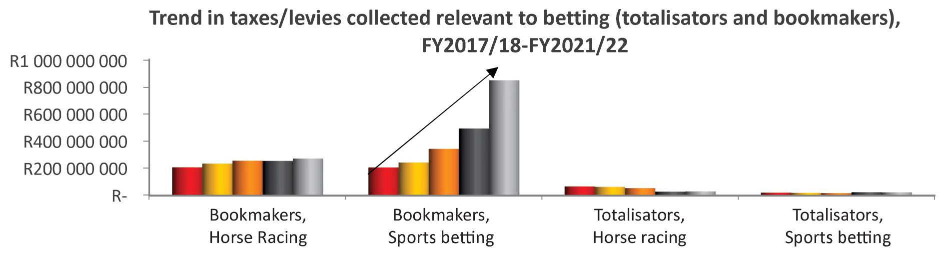


Figure 25: Taxes/levies collected relevant to betting (totalisators and bookmakers), per province, FY2021/22

The taxes/levies collected from bookmakers offering sports betting increased by 27.7% between FY2015/16 and FY2016/17, by 37.7% in FY2017/18, by 17.6% in FY2018/19, by 21.4% in FY2019/20 and by 42.8% in FY2020/21. In FY2021/22 sports betting taxes from bookmakers increased by 71.7%. Taxes/levies collected from totalisators offering sports betting increased by 36.5% between FY2015/16 and FY2016/17 and by 1.4% in FY2017/18, fell by 10.1% in FY2019/20 before rising again by 37.7% in FY2020/21. In the financial year under review, totalisator sports betting taxes/levies fell by 4.7%.

The collection of taxes/levies from betting on horse racing offered by bookmakers increased by 3.0% from FY2015/16 to FY2016/17, by 8.1% from FY2016/17 to FY2017/18, by 13.2% from FY2017/18 to FY2018/19, by 9.7% in FY2019/20 and then fell by 0.5% in FY2020/21 before rising by 6.6% in FY2021/22.

Taxes/levies collected from betting on horse racing offered by totalisators decreased by 12.4% from FY2015/16 to FY2016/17, by 4.3% from FY2016/17 to FY2017/18, and by 4.7% from FY2017/18 to FY2018/19 before further declining by 15.5% in FY2019/20 and drastically declining in FY2020/21 by 47.7%. FY2021/22 recorded almost no change with an increase of 0.7%. Refer to figure 26.



	Bookmakers, Horse racing	Bookmakers, Sports betting	Totalisators, Horse racing	Totalisators, Sports betting
FY2017/18	R207 019 752	R205 840 847	R66 260 932	R20 695 820
FY2018/19	R234 294 532	R242 062 102	R63 114 445	R19 163 213
FY2019/20	R255 643 674	R342 735 894	R54 125 488	R17 218 199
FY2020/21	R254 481 045	R492 317 133	R28 315 504	R23 708 890
FY2021/22	R271 481 798	R846 678 613	R29 315 067	R22 596 620

Figure 26: Trend in taxes/levies collected relevant to betting (totalisators and bookmakers), FY2017/18 to FY2021/22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CHAPTER 4: LIMITED PAYOUT MACHINE SECTOR

4.1 Market Conduct

The main role players in the LPM sector fit into in three specific categories, namely route and independent operators, site operators and the National Central Electronic Monitoring System (NCEMS). Route/independent operators are companies that are licensed to own, manage and operate LPMs throughout the country. Site operators are privately-owned hotels, pubs or eating establishments, totalisator or bookmaker outlets which may be situated throughout the country. NCEMS is a centralised LPM monitoring and evaluation system operated by Route Monitoring on behalf of the NGB.

The highest number of operational site operators in FY2021/22 as at 31 March 2022 were situated in KwaZulu-Natal (552), followed by 486 in Gauteng and 465 in the Western Cape.

KwaZulu-Natal had the highest number of licensed active LPMs as at 31 March 2022, 3035, followed by Gauteng (2664) and the Western Cape (2153). The number of licensed active LPMs increased by 2.1% from 11 502 in FY2016/17 to 11 744 in FY2017/18, and increased by 11.0% from FY2017/18 to 13 034 in FY2018/19 as a result of increases in almost all provinces except the Northern and Eastern Cape. This further increased by 8.4% to 14 130 in FY2019/20, decreased to 13 914 in FY2020/21 and increased by 5% to 14 591 in FY2021/22, as reflected in figure 28.

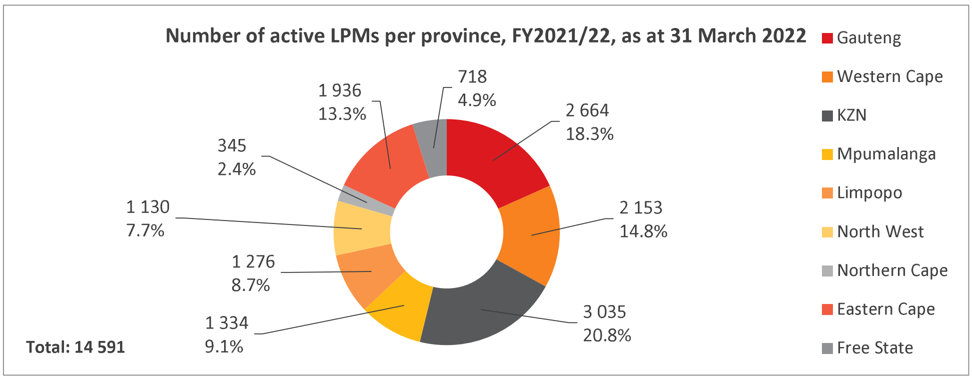
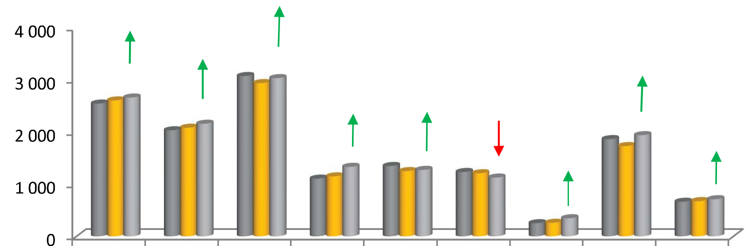


Figure 27: Number of active LPMs per province, FY2021/22, as at 31 March 2022

Number of licensed active LPMs per province, FY2019/20 to FY2021/22



	Gauteng	Western Cape	KwaZulu-Natal	Mpumalanga	Limpopo	North West	Northern Cape	Eastern Cape	Free State
Active LPMs, FY2019/20, Qrt 4	2 549	2 029	3 075	1 110	1 350	1 236	250	1 861	670
Active LPMs, FY2020/21, Qrt 4	2 609	2 078	2 940	1 153	1 253	1 212	258	1 729	682
Active LPMs, FY2021/22, Qrt 4	2 664	2 153	3 035	1 334	1 276	1 130	345	1 936	718

Increased Decreased No change from FY2019/20 to FY2021/22

Figure 28: Number of licensed active LPMs per province, FY2019/20 to FY2021/22

4.2 Turnover (rand value of money wagered) in the LPM sector per province

The total rand value of money wagered in the LPM sector during FY2021/22 was R 47 735 084 570, an increase of 49.4% from the previous financial year FY2020/21 (R31 952 777 238). This amount represents 8.5% of turnover (money wagered) from all gambling modes.

The highest amounts of money wagered in the LPM sector were in the Western Cape (24.2%) followed by KwaZulu-Natal (22.6%) and Gauteng (17.7%), as reflected in figure 29.

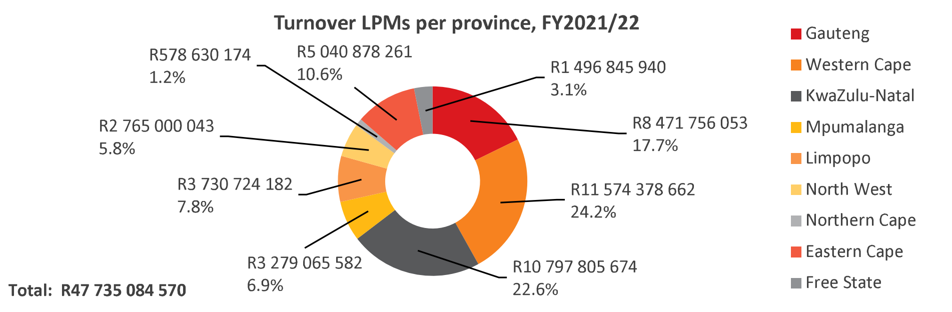


Figure 29: Turnover LPMs per province, FY2021/22

4.3 Gross gambling revenue generated in the LPM sector per province

The total rand value of GGR generated in the LPM sector during FY2021/22 was R3 698 726 491, a 51.9% rise from the previous financial year FY2020/21 (R2 434 393 885). This amount represents 10.7% of the total amount of GGR generated by all gambling modes. GGR in the LPM sector increased by 14.1% from FY2015/16 (R2 363 501 788) to R 2 696 846 443 in FY2016/17, by 9.8% to R2 960 822 948 in FY2017/18, by 13.2% to R3 350 530 532 in FY2018/19 and by 9.9% in FY2019/20 and fell by 33.9% in FY2020/21.

The Western Cape accounted for the highest amount of GGR generated in the LPM sector at 26.9% followed by KwaZulu-Natal (24.6%) and Gauteng (17.2%) as reflected in figure 30.

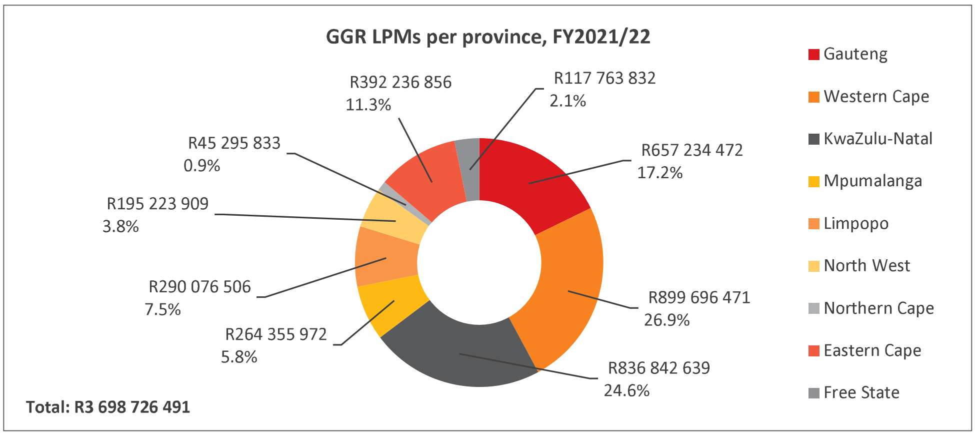


Figure 30: GGR LPMs per province, FY2021/22

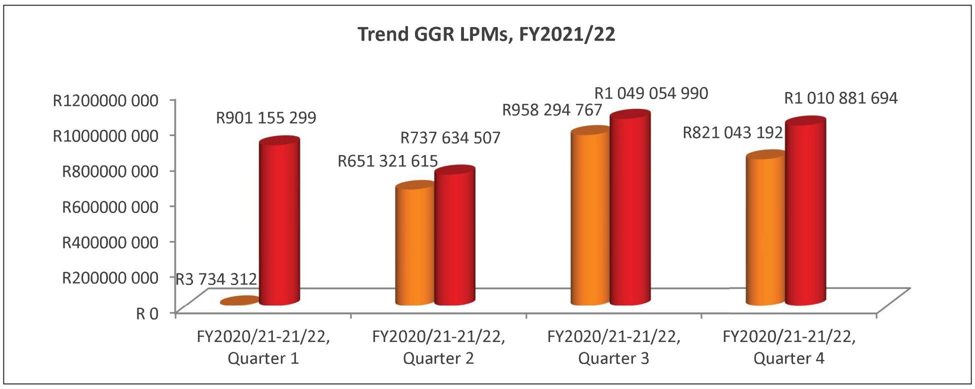


Figure 31: Trend in GGR LPMs, FY2020/21 to 2021/22

4.4 Taxes/levies from the LPM sector per province

The total rand value of taxes/levies from the LPM sector during FY2021/22 was R442 121 386, a 51.7% increase from the previous financial year FY2020/21 (R291 356 069). This amount represents 14.0% of the total amount of taxes/levies collected by PLAs from all gambling modes. The collection of taxes/levies increased by 14.8% from R302 620 457 in FY2015/16 to R 347 357 694 in FY2016/17, by 12.9% to R 392 262 823 in FY2017/18, by 15.9% to R 454 627 239 in FY2018/19, by 6.2% in FY2019/20 and decreased by 40% in FY2020/21 because of the effects of the Covid-19 pandemic.

KwaZulu-Natal had the highest number of licensed active LPMs in comparison to other provinces, and accounted for 28.4% of the taxes collected during FY2021/22. Gauteng and the Western Cape accounted for 22.3% and 20.3% respectively during the same period, as reflected in figure 32.

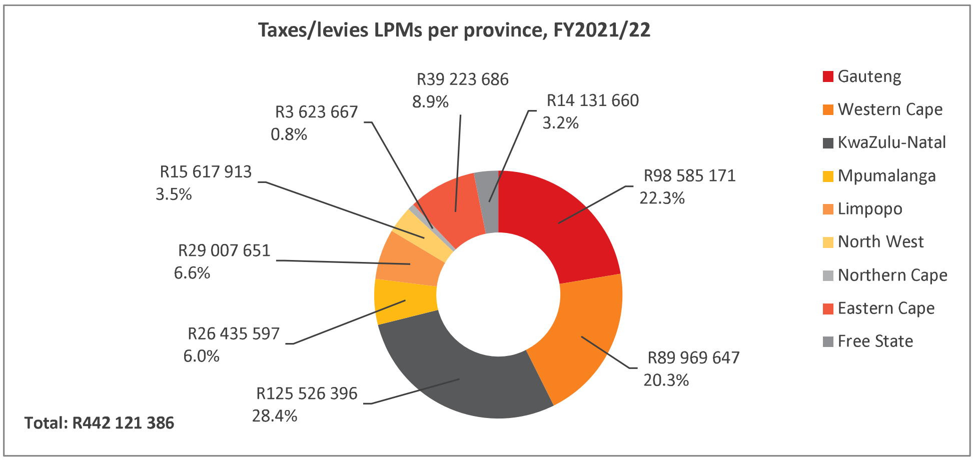


Figure 32: Taxes / levies LPMs per province, FY2021/22

CHAPTER 5: BINGO SECTOR

5.1 Market conduct

Bingo has been rolled out in six of the nine provinces in South Africa namely Gauteng, Mpumalanga, Limpopo, North West, Eastern Cape and KwaZulu-Natal. A total number of 66 (out of 69) licensed bingo halls were operational as at 31 March 2022, 11 in Gauteng, 15 in Eastern Cape, 21 in KwaZulu-Natal, 6 in North West, 6 in Mpumalanga and 7 in Limpopo, as reflected in figure 33.

The bingo operators in South Africa include Galaxy Bingo, which operates in all provinces offering bingo for play. Goldrush operates in five out of six provinces, namely Gauteng, KwaZulu-Natal, Limpopo, North West and Eastern Cape; Great Bingo operates in KwaZulu-Natal and Mpumalanga, Vegas Bingo in Limpopo and North West, Boss Gaming in Limpopo and Eastern Cape, and Viva Bingo in Mpumalanga.

Gauteng accounted for the highest number of licensed operational bingo positions or seats, totalling 2 475 (28%) out of the national figure of 8 960 licensed operational positions in FY2021/22 as at 31 March 2022, compared to Eastern Cape (2 158, 25%), KwaZulu-Natal (1 776, 20%), Mpumalanga (746, 6%), North West (780, 9%) and Limpopo (1 025, 12%).

Overall, more Electronic Bingo Terminals (EBTs) (8 828) were operational than traditional bingo positions or seats (132) as at 31 March 2022. The number of operational bingo positions increased by 31.3% from FY2016/17 (6 497) to 8 520 in FY2017/18, by 1.1% from FY2017/18 to 8 610 in FY2018/19 and by 9.5% to 9 427 in FY2019/20 but declined in FY2020/21 to 8 625. In FY2021/22, the number increased marginally by 3.7% to 8 960.

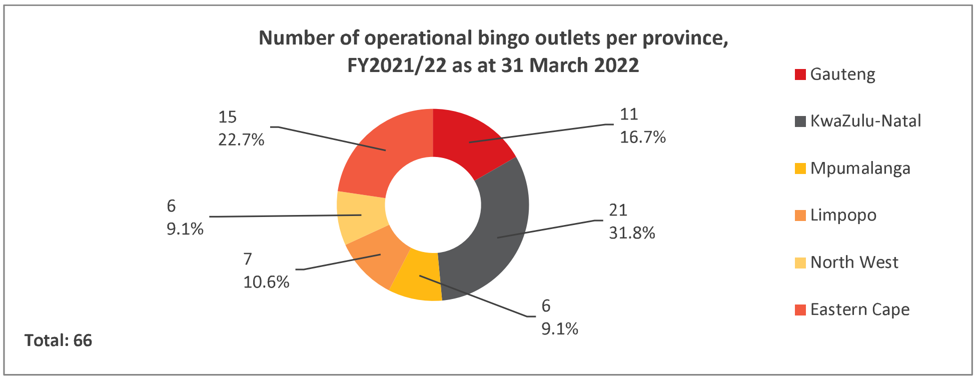


Figure 33: Number of operational bingo outlets per province, FY2021/22 as at 31 March 2022

5.2 Turnover in the bingo sector per province

The total rand value of money wagered in the bingo sector during FY2021/22 was R25 674 040 622, a 49.2% rise from R17 202 280 357 in FY2020/21. This amount represents 4.6% of all turnover (money wagered) from all gambling modes.

Bingo is offered for play in six provinces, namely Gauteng, KwaZulu-Natal, Mpumalanga, Limpopo, North West and Eastern Cape. The highest amount of money wagered in FY2021/22 was recorded in Eastern Cape, as reflected in figure 34.

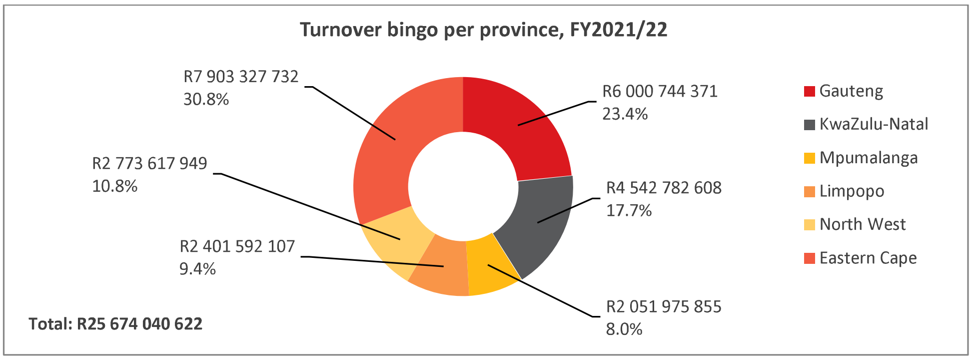


Figure 34: Turnover bingo per province FY2021/22

5.3 Gross gambling revenue generated in the bingo sector per province

The total rand value of GGR generated by the bingo sector during FY2021/22 was R 1 510 403 511, a 37% increase from FY2020/21 (R1 103 215 830). This amount represents 4.4% of the total amount of GGR generated by all licensed gambling modes. GGR increased by 36.6% between FY2015/16 (R 936 166 348) and FY2016/17 (R 1 278 664 383), decreased by 2.4% to R 1 248 509 057 in FY2017/18, increased by 26.6% to R 1 580 744 888 in FY2018/19 and increased by 14.5% in FY2019/20. In FY2020/21, GGR fell by 40% to R1 103 215 830.

Gauteng generated the highest amount of GGR in FY2021/22, followed by the Eastern Cape and KwaZulu-Natal, as reflected in figure 35.

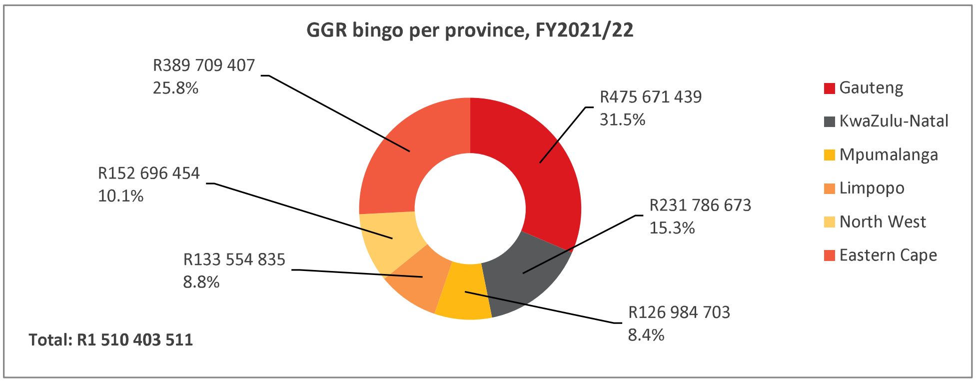


Figure 35: GGR bingo per province, FY2021/22

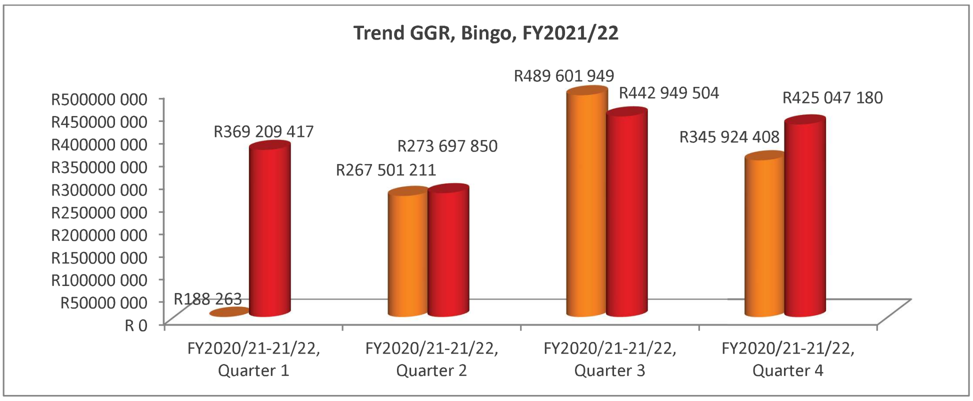


Figure 36: Trend in GGR, Bingo, FY2021/22

5.4 Taxes / levies from the bingo sector per province

The total rand value of taxes/levies collected from the bingo sector by PLAs during FY2021/22 was R138 146 595, an increase of 48.5% from the previous financial year FY2020/21 (R93 021 186). This amount represents 4.4% of all taxes/levies collected from all gambling modes. The collection of taxes/levies increased by 37.6% between FY2015/16 (R101 588 469) and FY2016/17 (R139 826 159), decreased by 7.6% to R129 221 043 in FY2017/18 and increased by 20.6% to R155 778 315 in FY2018/19. Taxes increased by 10.3% in FY2019/20 but fell by 45.9% in FY2020/21 because of the Covid-19 pandemic.

Gauteng accounted for the highest amount of taxes/levies collected in FY2021/22, at 42.3%, as reflected in figure 37.

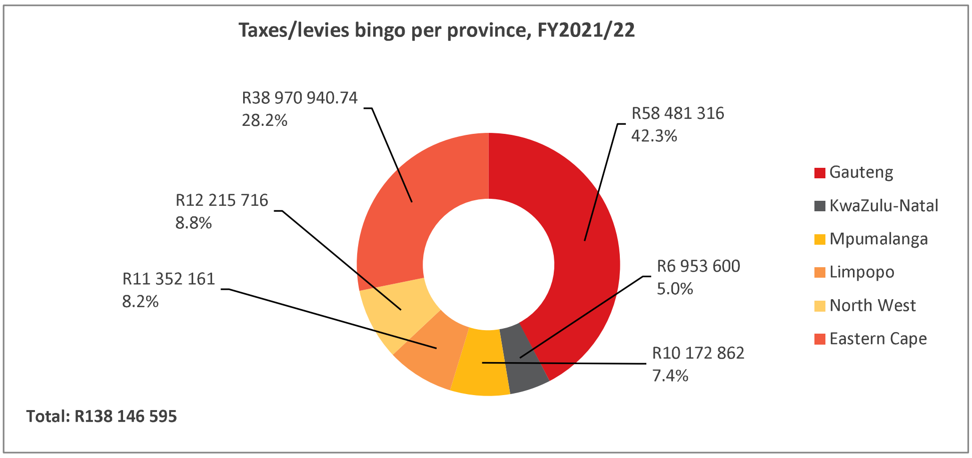


Figure 37: Taxes/ levies bingo per province, FY2021/22

CHAPTER 6: EMPLOYMENT

The NGB monitors direct employment numbers in the gambling sector (industry and regulators). 31997 people (direct employment) were employed in the gambling industry (including regulators) as at 31 March 2022, down by 3.3% from the FY2020/21 level of 33095. In general, the casino sector, and KwaZulu-Natal province, accounted for the highest numbers in terms of direct employment in the gambling industry, as reflected in table 1 below.

DIRECT EMPLOYMENT PER PROVINCE AND MODE, FY2021/22										
PROVINCE										
Gambling mode	GP	WC	KZN	MP	LP	NW	NC	EC	FS	TOTAL
Casinos	3144	2491	4312	460	326	534	204	613	393	12477
Totalisators	205	139	1049	29	49	14	4	15	47	1551
Bookmakers	3163	1566	3273	540	808	813	134	301	279	10877
LPMs	1903	66	94	384	754	124	23	692	144	4184
Bingo	353	0	754	271	188	160	0	368	0	2094
Regulators										0
NGB	33									33
PLAs	112	69	77	75	63	78	18	163	126	781
TOTAL	8913	4331	9559	1759	2188	1723	383	2152	989	31997

*** Gauteng employment figures for Totalisators are for 2020/21.*

Table 1: Direct employment per province and mode, FY2021/22

CHAPTER 7: TRANSFORMATION [B-BBEE LEVELS]

Broad-based black economic empowerment (B-BBEE) is an economic and political imperative in South Africa. Empowerment in the South African gambling industry is measured in terms of the Codes of Good Practice published by the Department of Trade & Industry. The gambling industry, to date, does not have its own transformation charter. Thus gambling enterprises are measured in terms of the generic score card and, more specifically, the following: ownership, management control, employment equity, skills development, preferential procurement, enterprise development and socio-economic development. However, on 11 October 2013, the Department of Trade & Industry released the revised B-BBEE Codes of Good Practice. The old and new codes have been merged to monitor contributor levels applicable to FY2017/18, as follows: ownership, management control, employment equity, skills development, preferential procurement, enterprise (supplier) development and socio-economic development.

The average B-BBEE levels per gambling mode between FY2013/14 and FY2021/22 are shown in figure 38 below. In general, the trend shows a decline in casino operator levels, and a rise in totalisator B-BBEE levels. In FY2021/22, the average B-BBEE levels were 1.9, 6.0, 2.7 and 2.5 for the casino, totalisator, LPM and bingo operators respectively.

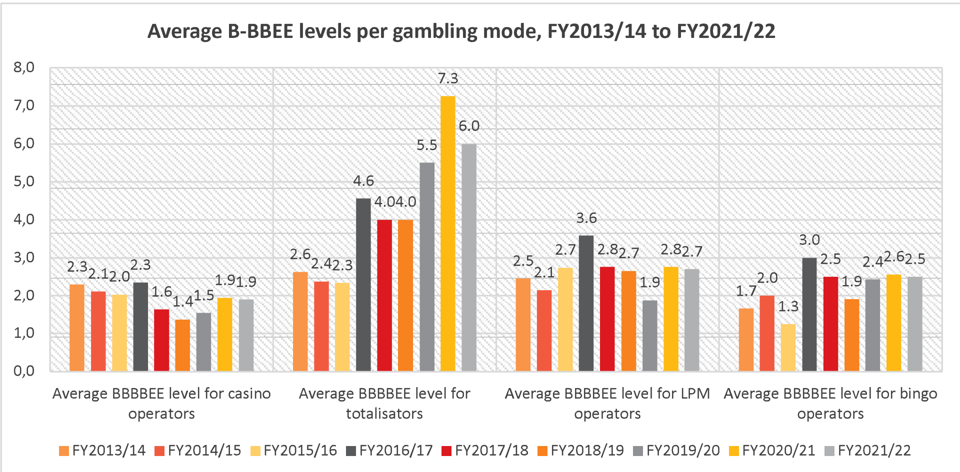


Figure 38: Average B-BBEE levels per gambling mode, FY2013/14 to FY2021/22

REFERENCE

National Gambling Act, 2004 (Act 7 of 2004).

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